


Banco MUFG Brasil S.A.

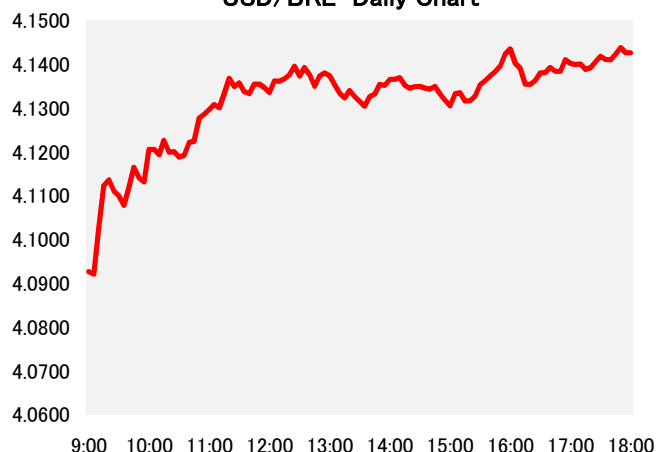
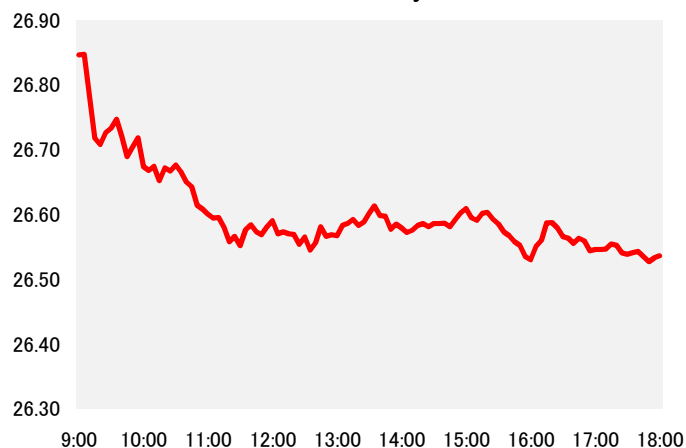
Treasury & Markets
Av. Paulista, 1274 – Bela Vista
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1. Market Rates

			7-Jan	8-Jan	9-Jan	10-Jan	13-Jan	Net Chg
FX	USD/BRL	Spot	4.0660	4.0640	4.0890	4.0980	4.1430	+0.0450
	BRL/JPY	Spot	26.700	26.860	26.77	26.71	26.54	-0.17
	EUR/USD	Spot	1.1144	1.1110	1.1106	1.1122	1.1137	+0.0015
	USD/JPY	Spot	108.55	109.08	109.50	109.48	109.93	+0.45
Rates	Brazil DI	6MTH(p.a.)	4.298	4.280	4.280	4.299	4.299	-0.001
	Future	1Year(p.a.)	4.497	4.472	4.459	4.512	4.511	-0.001
	On-shore	6MTH(p.a.)	2.359	2.430	2.463	2.447	2.479	+0.032
	USD	1Year(p.a.)	2.349	2.416	2.410	2.388	2.432	+0.044
Equity	Bovespa Index		116,571.40	116,247.10	115,923.70	115,503.40	117,325.30	+1,821.90
CDS	CDS Brazil 5y		99.70	97.53	97.53	98.65	99.94	+1.29
Commodity	CRB Index		186.925	183.375	183.561	184.131	183.009	-1.12

Source: Bloomberg

* The rates above are end of the day market price/ rate and used for your reference only

USD/BRL Daily Chart

BRL/JPY Daily Chart


Source: Bloomberg

2. Topics

- USDBRL opened at 4.0910. This was the highest levels once during the morning session USDBRL depreciated sharper than other emerging currencies. Some local news mention that the chances of further cuts of Selic policy rate amid weak industrial production (released last week) leads to further reduction on interest rate gap between Brazil and the U.S. So, lower scope for FX carry-trade explain this FX movement.
- On the other hand, Ibovespa stock index showed some increase following the positive mood abroad with the expectation that the phase 1 of the trade deal between China and U.S. will be signed this week. Chinese delegation arrived on this Monday in Washington D.C.
- In the afternoon session, USDBRL depreciated somewhat additionally and reached the lowest of 4.1450. This depreciation came despite positive mood abroad that was reinforced with the rumors that U.S. authorities could remove China from the list of currency manipulators. The closing price was at 4.1430
- BCB FOCUS Market expectation: IPCA inflation for 2020 reduced slightly to 3.58% from 3.60% in the previous week, and for 2021 it kept stable at 3.75%. GDP growth for 2020 and 2021 kept stable respectively at 2.3% and 2.5%. USDBRL by the end of 2020 appreciated slightly to 4.04 from 4.09, and for 2021 it kept stable at 4.0. And regarding Selic policy rate, expectation by the end of 2020 kept stable at 4.50%, and by the end of 2021 it changed to 6.25% from 6.50%.

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