


Banco MUFG Brasil S.A.

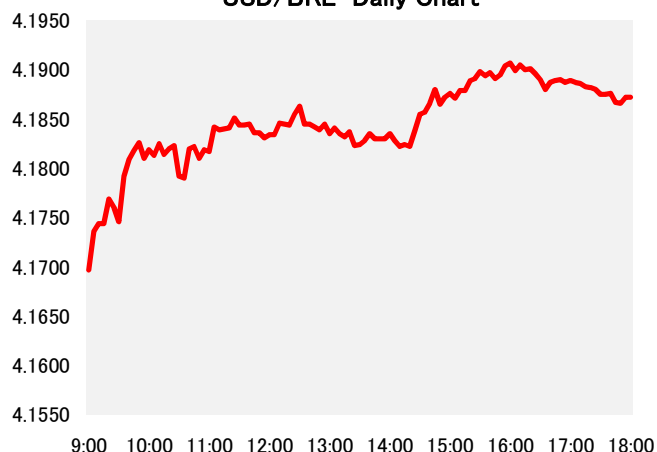
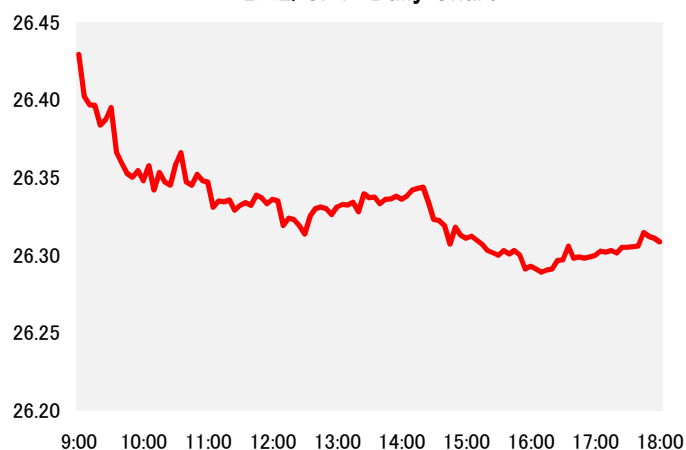
Treasury & Markets
 Av. Paulista, 1274 – Bela Vista
 São Paulo, SP – 01310-925

1. Market Rates

| | | | 14-Jan | 15-Jan | 16-Jan | 17-Jan | 20-Jan | Net Chg |
|-----------|---------------|-------------|------------|------------|------------|------------|-------------------|---------|
| FX | USD/BRL | Spot | 4.1310 | 4.1830 | 4.1840 | 4.1620 | 4.1870 | +0.0250 |
| | BRL/JPY | Spot | 26.610 | 26.290 | 26.33 | 26.46 | 26.31 | -0.15 |
| | EUR/USD | Spot | 1.1128 | 1.1152 | 1.1137 | 1.1093 | 1.1097 | +0.0004 |
| | USD/JPY | Spot | 109.97 | 109.90 | 110.15 | 110.15 | 110.17 | +0.02 |
| Rates | Brazil DI | 6MTH(p.a.) | 4.263 | 4.237 | 4.262 | 4.247 | 4.243 | -0.004 |
| | Future | 1Year(p.a.) | 4.468 | 4.423 | 4.475 | 4.447 | 4.453 | +0.006 |
| | On-shore USD | 6MTH(p.a.) | 2.469 | 2.457 | 2.437 | 2.432 | 2.456 | +0.024 |
| | | 1Year(p.a.) | 2.420 | 2.417 | 2.458 | 2.458 | 2.467 | +0.009 |
| Equity | Bovespa Index | | 117,329.60 | 116,359.60 | 116,505.90 | 118,478.30 | 118,861.60 | +383.30 |
| CDS | CDS Brazil 5y | | 101.44 | 100.33 | 97.57 | 97.23 | 97.74 | +0.50 |
| Commodity | CRB Index | | 183.641 | 182.694 | 182.248 | 182.887 | 182.887 | -0.00 |

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 the highest level of 4.1640. However, it showed a depreciation trend during the day. In the morning session, local markets reacted somewhat negatively amid Paulo Guedes' interview to the website "Poder 360" in which he mentioned once again about the new normal of Brazilian economy of low interest rates and BRL at depreciated levels. Markets interpret this speech as a signal that Central Bank might not intervene in the FX market, and therefore USDBRL depreciated. Additionally, note that FX liquidity today was reduced due to the US holiday (Martin Luther King day) and USDBRL continued depreciated until reaching the lowest of 4.1910. USDBRL ended today session at 4.1870.
- Furthermore, BCB Focus report released this morning showed another round of downward revision for IPCA forecast this year. Among the top 5 short-term ranking, IPCA forecast for this year reduced to 3.40% from 3.68% that was expected 4 weeks ago.
- BCB FOCUS Market expectation considering all the economists' expectation: IPCA inflation for 2020 reduced slightly to 3.56% from 3.58% in the previous week, and for 2021 it kept stable at 3.75%. GDP growth for 2020 increased slightly to 2.31% from 2.30% and for 2021 kept stable at 2.5%. USDBRL by the end of 2020 depreciated slightly to 4.05 from 4.04, and for 2021 it kept stable at 4.0. And regarding Selic policy rate, expectation by the end of 2020 and 2021 kept stable at respectively 4.50%, and 6.25%

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