


Banco MUFG Brasil S.A.

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

			17-Feb	18-Feb	19-Feb	20-Feb	21-Feb	Net Chg
FX	USD/BRL	Spot	4.3280	4.3620	4.3640	4.3900	4.3890	-0.0010
	BRL/JPY	Spot	25.40	25.18	25.49	25.53	25.42	-0.11
	EUR/USD	Spot	1.0833	1.0795	1.0810	1.0789	1.0849	+0.0060
	USD/JPY	Spot	109.93	109.86	111.25	112.09	111.58	-0.51
Rates	Brazil DI	6MTH(p.a.)	4.144	4.139	4.128	4.147	4.129	-0.018
	Future	1Year(p.a.)	4.279	4.281	4.248	4.257	4.250	-0.007
	On-shore	6MTH(p.a.)	2.451	2.518	2.491	2.330	2.271	-0.059
	USD	1Year(p.a.)	2.392	2.409	2.397	2.262	2.220	-0.043
Equity	Bovespa Index		115,356.80	114,675.90	116,517.60	114,619.30	113,588.30	-1,031.00
CDS	CDS Brazil 5y		93.66	92.65	91.98	92.63	92.78	+0.15
Commodity	CRB Index		172.955	173.813	175.499	174.727	174.646	-0.081

Source: Bloomberg

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

2. Weekly Topics

- It was a very volatile week. USDBRL bet day after day the intraday historical low level. This behavior was due to the adverse external environment on the impact of the coronavirus on the global economy. Dostically, market reacted to rumors of Cental Ban intervention, what didn" happen. And, also to BCB staff taking about not having a target for FX level and that intervencion will only take place in case of lack of liquidity or some disfunction in the FX market. It opened the week ar 4.3010, which was also the highest level for the week, once USDBRL depreciated almost continuously. It reached the highest historical level today at 4.3939, but it closed at 4.3890
- In January, current account deficit (CAD) at USD 11.9 billion came worse than than expectation of -USD 11 billion, and also above the FDI of USD 5.6 billion. Despite this negative figure, CAD was influenced by seasonal outflows (interest payments and travel abroad) and one-off flow related to registering of oil platform. Central Bank foresees a much more moderate CAD in February (-USD 4 billion), which might be lower than the FDI estimated at USD 6.1 billion. For the whole 2020, we expect CAD at USD 50 billion, and FDI at USD 80 billion.

3. Next Week's Topic
USD/BRL Next Week's Forecast & Range : 4.30–4.45

The Carnival will make next week be short. We highlight the two labor market indicators (Formal Job Creation and Unemployment Rate) which might indicate the status of the economic recovery. Likewise, the fiscal figures to be released on 28th February will present the results of 2020 public accounts.

In the US, we highlight the GDP to be released on 27th February, which positive figure maa provide support for a strong USD and, consequently, weak EM currencies

4. Next Week's Economic Indicators

Country	Date	Indicator	Term	Forecast	Previous
US	2/25	Conference Board Consumer Confider	Feb	132.30	131.60
US	2/27	GDP Annualized QoQ	4Q19	2.20%	2.10%
BZ	2/27	FGV Inflation IGPM MoM	Feb	-0.03%	0.0048
BZ	2/27	Formal Job Creation Total	Jan	77500.00	-307311.00
BZ	2/27	Total Outstanding Loan	BRL bln		3471.00
BZ	2/28	National Unemployment Rate	Jan	11.30%	11.00%
BZ	2/28	Primary Budget Balance	BRL bln		-13.50

Source: Bloomberg

February 21, 2020



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