


Banco MUFG Brasil S.A.

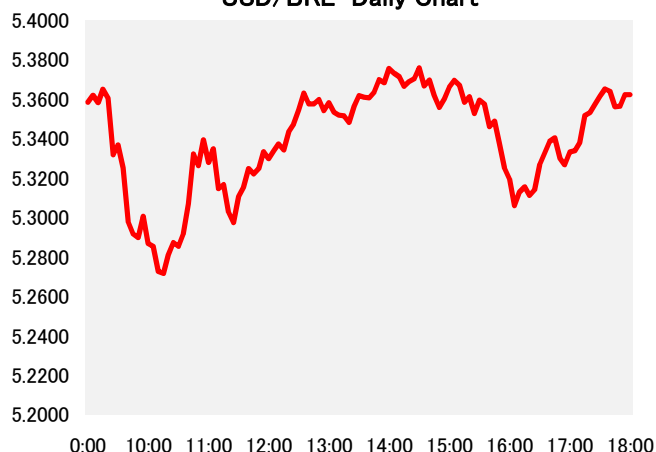
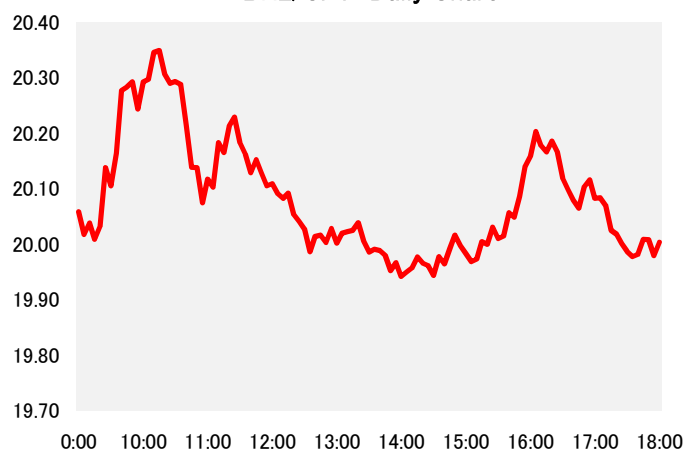
Treasury & Markets
 Av. Paulista, 1274 – Bela Vista
 São Paulo, SP – 01310-925

1. Market Rates

			19-Jun	22-Jun	23-Jun	24-Jun	25-Jun	Net Chg
FX	USD/BRL	Spot	5.3120	5.2570	5.1540	5.3470	5.3620	+0.0150
	BRL/JPY	Spot	20.120	20.330	20.67	20.02	20.00	-0.02
	EUR/USD	Spot	1.1178	1.1262	1.1308	1.1253	1.1219	-0.0034
	USD/JPY	Spot	106.88	106.90	106.52	107.06	107.23	+0.17
Rates	Brazil DI	6MTH(p.a.)	2.035	2.051	2.041	2.049	2.049	+0.000
	Future	1Year(p.a.)	2.379	2.402	2.400	2.425	2.391	-0.034
	On-shore	6MTH(p.a.)	1.105	1.148	1.101	1.052	1.054	+0.002
	USD	1Year(p.a.)	1.235	1.260	1.168	1.104	1.109	+0.005
Equity	Bovespa Index		96,572.10	95,335.90	95,975.20	94,377.40	95,983.10	+1,605.70
CDS	CDS Brazil 5y		267.86	265.81	257.11	265.87	265.62	-0.25
Commodity	CRB Index		137.974	139.050	138.591	135.244	135.369	+0.12

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 weaker at 5.3486. Global markets are concerning about the resurgence of Covid-19 in several countries and if the actions taken by Central Banks will effectively foster a fast economic recovery. The IPCA-15 for June (0.02%) and the quarterly inflation report not bring any relevant news didn't add pressure on BRL. On the positive side was the approval of the sanitation bill at the Congress yesterday, being easier than expected. USDBRL appreciated strongly to the highest level at 5.2685, well correlated to the USD losing ground to EM currencies after a US GDP figure in the 1Q20 be in line with market expectation: -5.0% annualized. In a volatile session, USDBRL depreciated again after Central Bank governor reaffirmed FX market is a floating regime and indicating that the current situation might not require the monetary authority intervention. USDBRL moved to its lowest level at 5.3791. And, it closed at 5.3620.
- IPCA-15 posted 0.02% in June. In the 12 months, inflation accumulated +1.92%. We expect IPCA at +0.25% by the end of June, being driven by Food and Fuel inflation. Despite some specific pressures we keep our call that IPCA might end up at +1.7%, once we don't see scope for widespread pressure on inflation in times of sluggish domestic demand.
- The Central Bank released its quarterly inflation report, showing an estimate of -6.4% in 2020 GDP. The Central Bank four models show that inflation forecasts are well below the central target for 2020 and 2021. For 2022, forecasts are around the central target. The tone of the Inflation Report was quite similar to the Copom minutes and communiqué, what was widely expected. In such context, we keep our baseline call of the maintenance of Selic policy rate at 2.25% until July 2021. Of course, we cannot discard the alternative scenario of the residual cut on the policy rate in case of worse-than-expected path of the pandemic in the next months. But in such context, CB tends to cut Selic rate by only 25 bps to 2%.
- The National Monetary Council defined 2023 inflation target at 3.25%, keeping the 25 bps pace reduction.



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