


Banco MUFG Brasil S.A.

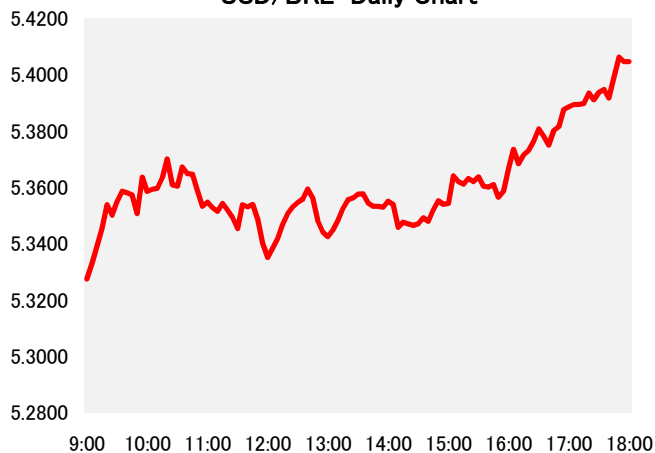
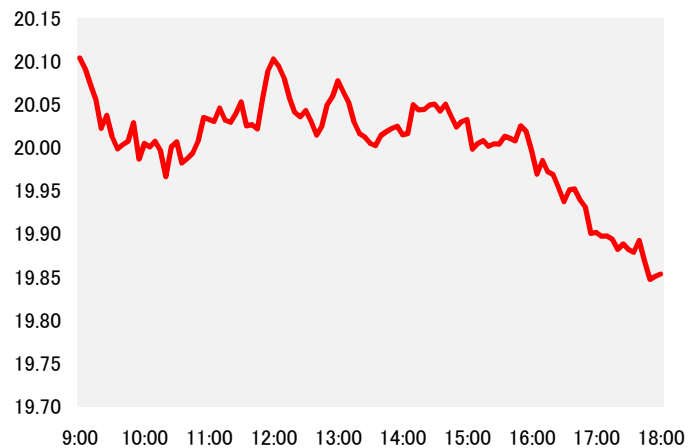
Treasury & Markets
 Av. Paulista, 1274 – Bela Vista
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1. Market Rates

			7-Jul	8-Jul	9-Jul	10-Jul	13-Jul	Net Chg
FX	USD/BRL	Spot	5.3820	5.3400	5.3440	5.3260	5.4050	+0.0790
	BRL/JPY	Spot	19.990	20.090	20.07	20.08	19.85	-0.23
	EUR/USD	Spot	1.1274	1.1330	1.1285	1.1300	1.1343	+0.0043
	USD/JPY	Spot	107.57	107.30	107.21	106.92	107.29	+0.37
Rates	Brazil DI	6MTH(p.a.)	2.098	2.136	2.131	2.066	2.086	+0.020
	Future	1Year(p.a.)	2.431	2.545	2.579	2.484	2.516	+0.031
	On-shore	6MTH(p.a.)	1.014	1.025	1.043	1.004	0.991	-0.014
	USD	1Year(p.a.)	1.148	1.163	1.124	1.106	1.087	-0.018
Equity	Bovespa Index		97,761.10	99,769.90	99,160.30	100,031.80	98,697.10	-1,334.70
CDS	CDS Brazil 5y		235.61	239.26	241.93	243.15	243.75	+0.60
Commodity	CRB Index		141.562	141.959	140.457	141.519	140.676	-0.84

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 slightly stronger at 5.3200 following the positive external environment. USDBRL reached its highest level at 5.3129. However, BRL and MXN detached from other EM currencies and depreciated against USD. There is no clear reason for that, but one point in common between the two Latam currencies is the market concern about the new Covid-19 cases in the US and in Latam. Another reason for BRL is the search for FX hedge once Bovespa equity index consolidates above 100,000, following S&P 500. Just to remember, investor are looking for equity in an environment of very low interest rate and economic activity under recovery, but as the risks for a downturn are still meaningful, they made FX hedge that is cheap because of the low interest rate. But, covid-19 cases in California and the decision of some districts to halt presencial classes made S&P 500 to revert the growth and BRL to reach new lows. USDBRL reached its lowest level at 5.4072 and it closed at 5.4050.
- This week, the FOCUS survey made some small adjustments in its scenario. IPCA inflation rate is expected to increase 1.72% in 2020 against former forecast of 1.63%, while it kept at 3.00% for 2021. For the 2020 GDP, market expects a drop of 6.10% from -6.50% in the previous week, reflecting the improvement of economic activity figures in May and leading/coincident indicators for June also showing the manitenance of growth, For 2021, market expects a patial recovery with a forecast of +3.50%. Teh FX rate to the end of 2020 was kept at 5.20, but it was finetuned to 5.00 from 5.05 to the end of 2021. No change in the expectation of Selic policy rate: 2.00% to the end of 2020 and 3.00 to the end of 2021.



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