


Banco MUFG Brasil S.A.

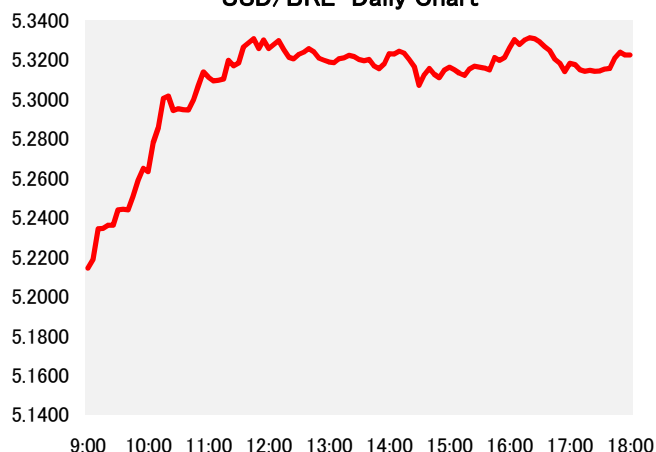
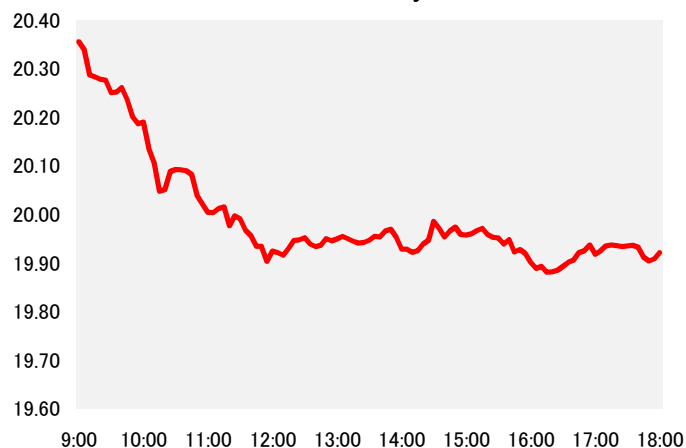
Treasury & Markets
 Av. Paulista, 1274 – Bela Vista
 São Paulo, SP – 01310-925

1. Market Rates

			28-Jul	29-Jul	30-Jul	31-Jul	3-Aug	Net Chg
FX	USD/BRL	Spot	5.1580	5.1700	5.1550	5.2230	5.3230	+0.1000
	BRL/JPY	Spot	20.370	20.290	20.32	20.27	19.92	-0.35
	EUR/USD	Spot	1.1718	1.1790	1.1846	1.1777	1.1763	-0.0014
	USD/JPY	Spot	105.07	104.92	104.74	105.86	106.01	+0.15
Rates	Brazil DI	6MTH(p.a.)	1.938	1.938	1.915	1.933	1.910	-0.023
	Future	1Year(p.a.)	2.318	2.325	2.263	2.301	2.258	-0.043
	On-shore USD	6MTH(p.a.)	0.866	0.849	0.846	0.846	0.900	+0.054
		1Year(p.a.)	0.925	0.910	0.914	0.976	1.004	+0.028
Equity	Bovespa Index		104,109.10	105,605.20	105,008.70	102,912.30	102,829.90	-82.40
CDS	CDS Brazil 5y		227.10	224.03	223.61	221.43	220.77	-0.66
Commodity	CRB Index		143.478	144.339	142.776	143.694	146.772	+3.08

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 5.2253, which it was also the highest level. USDBRL is following its peers abroad as USD is strengthening after the strong weakening in July. The new tension between USA-China with president Trump threatening to adopt measures against Chinese software also reinforced some risk aversion movement. In the domestic market, market is anticipating a tough negotiation of the tax reform once president Bolsonaro authorized finance minister Paulo Guedes to negotiate the new CPMF, conditioning to no increase of tax burden. As Congress has resistance to the idea, the debate may delay the reform. Another issue is technical, as investors are adjusting their position to a possible cut of the Selic policy rate by 25 bps to 2.00% next Wednesday. USDBRL moved to its lowest level at 5.3359 and it was traded in the range 5.30–5.32 from then on. USDBRL closed at 5.3230.
- Just a few adjustments in 2020 forecast coming from the Focus survey. For inflation, the median of market expectation reduced to 1.63% from 1.67% for 2020 and it was maintained at 3.0% for 2021. GDP forecast was improved to -5.66% from -5.77% for 2020 and kept at 3.50% for 2021. The FX to the end of 2020 and 2021 were kept at, respectively, 5.20 and 5.00. The same for the Selic policy rate at the end of each year to 2.00% and 3.00%.



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