


Banco MUFG Brasil S.A.

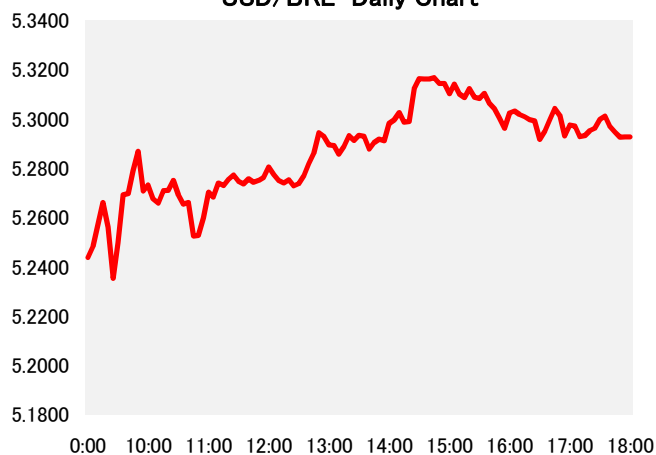
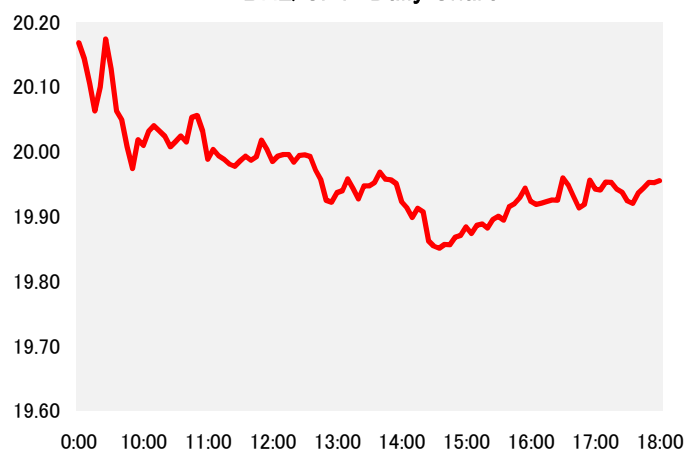
Treasury & Markets
Av. Paulista, 1274 – Bela Vista
São Paulo, SP – 01310-925

1. Market Rates

			30-Jul	31-Jul	3-Aug	4-Aug	5-Aug	Net Chg
FX	USD/BRL	Spot	5.1550	5.2230	5.3230	5.2890	5.2930	+0.0040
	BRL/JPY	Spot	20.320	20.270	19.92	19.99	19.95	-0.04
	EUR/USD	Spot	1.1846	1.1777	1.1763	1.1799	1.1862	+0.0063
	USD/JPY	Spot	104.74	105.86	106.01	105.75	105.62	-0.13
Rates	Brazil DI	6MTH(p.a.)	1.915	1.933	1.910	1.939	1.964	+0.025
	Future	1Year(p.a.)	2.263	2.301	2.258	2.334	2.352	+0.018
	On-shore	6MTH(p.a.)	0.846	0.846	0.900	0.882	0.877	-0.006
	USD	1Year(p.a.)	0.914	0.976	1.004	1.006	0.993	-0.013
Equity	Bovespa Index		105,008.70	102,912.30	102,829.90	101,215.90	102,801.80	+1,585.90
CDS	CDS Brazil 5y		223.61	221.43	220.77	224.79	223.12	-1.67
Commodity	CRB Index		142.776	143.694	146.772	147.916	148.708	+0.79

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 stronger at 5.2829. Market is more constructive abroad as there is growing pressures for the approval of new stimulus measures in the US Congress. In the domestic market, this positive mood abroad limits the BRL gains before the Copom decision today after markets are closed and due to concerns about the fiscal accounts once there are several initiatives at the Congress that increases government expenditures. USDBRL reached its highest level at 5.2333. However, the content of Copom decision, with Central Bank signaling or not further cuts, and the concerns on fiscal accounts, made USDBRL revert all the gains, reaching its lowest level at 5.3193. The hearing of minister Paulo Guedes also caught attention, specially to his insistence about the creation of a tax on digital transaction, dubbed by media and congress as new CPMF with a strong rejection from lawmakers. Additionally, Guedes declared that the high interest rate in the past distorted the FX market, what was understood by the market that there isn't uneasy with the current FX level. USDBRL was among the worst performers today. It closed at 5.2930.
- The Central Bank decided to cut the Selic policy rate by 25 bps to 2.00% and it indicated this might be the end of the easing cycle. We expect the maintenance at this level until July 2021 and start to normalize the monetary policy from August 2021 on, withdrawing the monetary stimulus, moving gradually to 6.5%, the neutral level.



August 5, 2020

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