


Banco MUFG Brasil S.A.

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

1. Market Rates

			31-Aug	1-Sep	2-Sep	3-Sep	4-Sep	Net Chg
FX	USD/BRL	Spot	5.4940	5.3960	5.3420	5.2920	5.3020	+0.0100
	BRL/JPY	Spot	19.28	19.63	19.87	20.07	20.04	-0.03
	EUR/USD	Spot	1.1937	1.1913	1.1852	1.1852	1.1838	-0.0014
	USD/JPY	Spot	105.91	105.97	106.15	106.17	106.24	+0.07
Rates	Brazil DI	6MTH(p.a.)	2.110	2.080	2.084	2.052	1.907	-0.145
	Future	1Year(p.a.)	2.519	2.445	2.490	2.452	2.417	-0.035
	On-shore	6MTH(p.a.)	1.071	1.004	0.974	1.018	1.054	+0.036
	USD	1Year(p.a.)	1.183	1.124	1.089	1.119	1.155	+0.036
Equity	Bovespa Index		99,369.10	102,167.60	101,911.10	100,721.40	101,241.80	+520.40
CDS	CDS Brazil 5y		217.80	208.02	198.27	205.48	209.69	+4.21
Commodity	CRB Index		153.214	153.344	151.438	150.420	149.693	-0.726

Source: Bloomberg

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

2. Weekly Topics

- It was another positive week for EM currencies. Although USD gained some ground over G-7 currencies, EM currencies were somewhat stable as of good economic indicators from China, sustaining commodity prices, and Europe. But, domestic issues made BRL outperform its peers. USDBRL opened the week at 5.3895 amid concerns on the fiscal accounts once the government was submitting the 2021 budget to the Congress, there was doubts about president Bolsonaro extending the emergency stipend and the internal discussions about the social program "Renda Brasil". In this scenario, USDBRL reached its lowest level at 5.4946. But, concerns weren't confirmed. The 2021 budget didn't breach any fiscal limit, like the spending cap, the president cut the monthly stipend by half to BRL 300 until the end of the year, not making populism by keeping the R\$ 600 amount and it also brings the surprise of submitting the administrative reform to the Congress, strongly signaling to the market and investors that the government continues committed to the fiscal responsibility. USDBRL reached its highest level at 5.2479. In the end of the week, profit taking and protective movement because of the holiday on Monday coupled with no so favorable external environment made USDBRL close at 5.3020.

3. Next Week's Topic
USD/BRL Next Week's Forecast & Range : 4.90–5.80

- The market will continue focusing on the progress of the pandemic here and abroad and the progress of the reforms and other bills at the Congress
- In terms of the economic agenda, it will be a weak one. Here, focus on inflation and economic activity indicators, while in the US there will be labor market indicator.

4. Next Week's Economic Indicators

Country	Date	Indicator	Term	Forecast	Previous
BZ	9/9	IBGE Inflation IPCA MoM	Aug	0.19%	0.36%
BZ	9/9	IBGE Inflation IPCA YoY	Aug	2.39%	2.31%
BZ	9/10	Retail Sales Broad MoM	Jul		12.60%
BZ	9/10	Retail Sales MoM	Jul		8.00%
US	9/10	Initial Jobless Claims	Sep 5		881K
BZ	9/11	IBGE Services Sector Volume YoY	Jul		-12.10%
US	9/11	CPI MoM	Aug	0.30%	0.60%

Source: Bloomberg

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