


Banco MUFG Brasil S.A.

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

			17-Dec	18-Dec	21-Dec	22-Dec	23-Dec	Net Chg
FX	USD/BRL	Spot	5.0660	5.0840	5.1270	5.1630	5.2060	+0.0430
	BRL/JPY	Spot	20.36	20.29	20.15	20.10	19.87	-0.23
	EUR/USD	Spot	1.2263	1.2247	1.2228	1.2161	1.2191	+0.0030
	USD/JPY	Spot	103.15	103.31	103.33	103.67	103.52	-0.15
Rates	Brazil DI	6MTH(p.a.)	2.149	2.159	2.149	2.104	2.097	-0.007
	Future	1Year(p.a.)	2.911	2.914	2.915	2.856	2.846	-0.010
	On-shore	6MTH(p.a.)	1.206	1.111	1.082	1.048	1.037	-0.011
	USD	1Year(p.a.)	1.078	1.034	0.999	0.970	0.989	+0.019
Equity	Bovespa Index		118,223.80	117,995.60	115,807.20	116,518.90	117,848.90	+1,330.00
CDS	CDS Brazil 5y		150.13	151.80	151.45	150.69	148.11	+0.76
Commodity	CRB Index		165.489	166.453	164.826	163.612	165.284	+1.672

Source: Bloomberg

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

2. Weekly Topics

- In this short business week, EM currencies were under pressure, and USDBRL opened the week at 5.1977 with global concerns amid the new variant of Covid-19 detected in UK which spread much faster (70% more transmissible) than current Covid-19 viruses. On the positive side, US Congress approved the USD 900 billion fiscal stimuli pack, although Trump hesitate to enact the bill being in favour of a larger pack. USDBRL reached on Monday the highest of 5.1024.
- On the domestic side, BRL depreciated on Tuesday once Congress discussed the PEC of municipalities, that aims to increase by 1% the amount of regular transfers from federal government to municipalities. But Lower House suspended the vote session, although there is a risk to schedule a floor vote again in February. BRL reached the lowest of 5.223. On Wednesday, BRL weakened with higher demand for USD spot for remittances of interest payment and dividends, and due to overhedge demand, and ended this Wednesday at 5.2053.
- IPCA-15 for Dec20 posted +1.06%, coming below market expectation (+1.16%). CAGED data showed net creation of nearly 415 thousand jobs at the formal labor market in November, coming much better than expectation of +279 thousand.

3. Next Week's Topic
USD/BRL Next Week's Forecast & Range : 4.80–5.50

- Congress will be in recess in Brazil
- In the economy, there will be the release of IGP-M inflation for December and PNAD labor market data. On the latter, median of market expectation of at 14.7% in the average from August to October.

4. Next Week's Economic Indicators

Country	Date	Indicator	Term	Forecast	Previous
BZ	12/29	FGV IGP-M Inflation MoM	Dec		
BZ	12/29	IBGE PNAD Labor Market QoQ	Oct	14.70%	14.60%
BZ	12/30	BCB Public Sector Fiscal Balance	Nov		
CH	12/30	Manufacturing PMI	Dec	52.00	52.10
CH	12/30	Non-Manufacturing PMI	Dec	56.40	56.40

Source: Bloomberg



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