



**Banco MUFG Brasil S.A.**

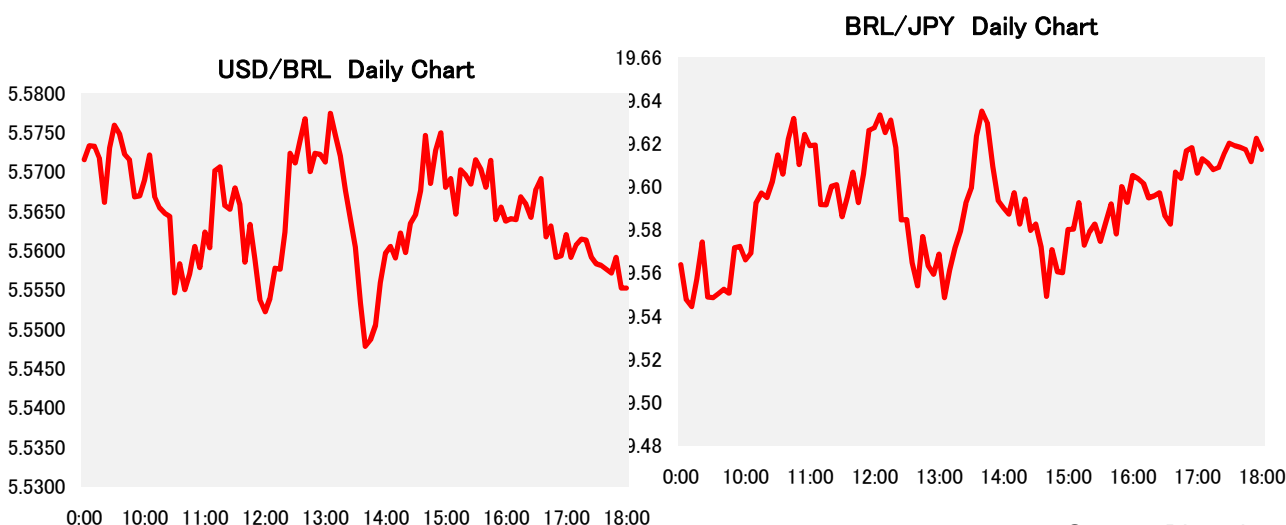
Treasury & Markets  
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**1. Market Rates**

			19-Mar	22-Mar	23-Mar	24-Mar	25-Mar	Net Chg
FX	USD/BRL	Spot	5.4910	5.5044	5.5213	5.6227	<b>5.6476</b>	+0.0249
	BRL/JPY	Spot	19.832	19.776	19.67	19.34	<b>19.33</b>	-0.01
	EUR/USD	Spot	1.1904	1.1933	1.1849	1.8130	<b>1.1764</b>	-0.6366
	USD/JPY	Spot	108.88	108.85	108.59	108.73	<b>109.19</b>	+0.46
Rates	Brazil DI	6MTH(p.a.)	3.945	3.949	4.025	4.085	<b>4.348</b>	+0.263
	Future	1Year(p.a.)	5.024	5.034	5.176	5.249	<b>5.095</b>	-0.154
	On-shore USD	6MTH(p.a.)	1.192	1.115	1.085	1.100	<b>1.083</b>	-0.018
		1Year(p.a.)	1.266	1.194	1.135	1.167	<b>1.166</b>	-0.002
Equity	Bovespa Index		116,221.60	114,978.90	113,261.80	112,064.20	<b>113,749.90</b>	+1,685.70
CDS	CDS Brazil 5y		194.76	202.75	209.52	214.64	<b>222.360</b>	+7.72
Commodity	CRB Index		188.788	189.065	184.502	187.911	<b>183.347</b>	-4.56

Source: Bloomberg

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



Source: Bloomberg

**2. Topics**

- USDBRL opened weaker at 5.6273 amid adverse external environment for EM currencies and market reaction to Mr. Lira speech yesterday that charged government actions to deal with the pandemic. Concerns with the worsening of pandemic and fiscal risk completed this negative scenario. USDBRL moved to the lowest level at 5.6795. The FX rate just have some relief after the Central Bank sold USD 3 billion in the spot market, erasing all the loses. But, it didn't sustain. The Central Bank governor Roberto Campos Neto declared that the Central Bank wasn't behind the curve, indicating that the CDI pricing in futures markets is exaggerated. USDBRL worsened closed to the lows, but it closed at 5.6476.
- The IPCA-15 posted +0.93% in March. We expect IPCA in the full March at about the same level of +0.93%. Inflation in the next months might come at lower levels considering lower pressures from fuels. Anyway, our 3.75% call for 2021 inflation has an upward bias in the wake of high inflation in the beginning of this year .
- The Central Bank disclosed its quarterly inflation report. The tone was quite similar to the Copom minutes and communiqué. In such context and considering that the balance of risks to inflation is tilted to the high due to the fiscal risks, we keep our call for Selic rate with 75 bps hike in May, followed by three hikes of 50 bps and two hikes of 25 bps in the remaining this year. In this scenario, the Selic policy rate would end 2021 at 5.5%. The 25 bps hikes would continue in 2022 until it reaches its equilibrium rate of 6.5% in June, stabilizing at this level and assuming a more solid vaccination rollout

March 25, 2021



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