


**Banco MUFG Brasil S.A.**

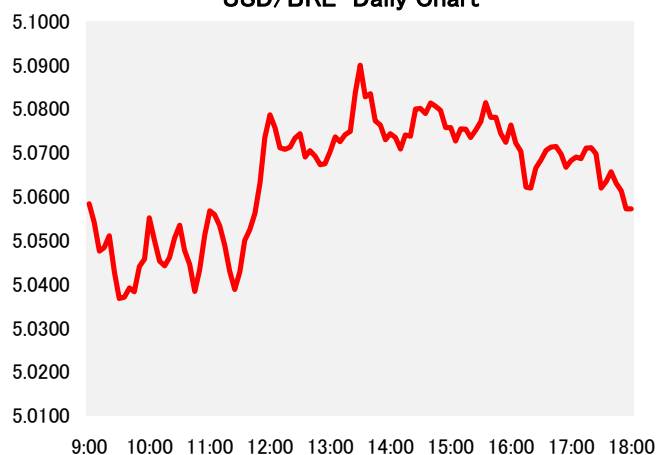
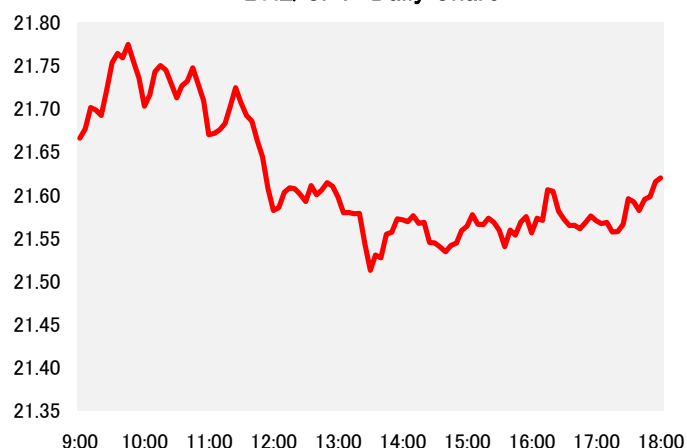
Treasury & Markets  
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**1. Market Rates**

			4-Jun	7-Jun	8-Jun	9-Jun	10-Jun	Net Chg
FX	USD/BRL	Spot	5.0490	5.0460	5.0350	5.0630	<b>5.0570</b>	-0.0060
	BRL/JPY	Spot	21.700	21.650	21.74	21.65	<b>21.62</b>	-0.03
	EUR/USD	Spot	1.2167	1.2192	1.2173	1.2180	<b>1.2175</b>	-0.0005
	USD/JPY	Spot	109.53	109.25	109.49	109.63	<b>109.33</b>	-0.30
Rates	Brazil DI	6MTH(p.a.)	4.886	4.899	4.959	5.075	<b>5.171</b>	+0.096
	Future	1Year(p.a.)	5.887	5.969	5.988	6.109	<b>6.239</b>	+0.130
	On-shore	6MTH(p.a.)	0.790	0.736	0.653	0.682	<b>0.730</b>	+0.048
	USD	1Year(p.a.)	0.928	0.854	0.813	0.842	<b>0.872</b>	+0.030
Equity	Bovespa Index		130,125.80	130,776.30	129,787.10	129,906.80	<b>130,076.20</b>	+169.40
CDS	CDS Brazil 5y		165.53	163.17	162.46	160.88	<b>160.218</b>	-0.67
Commodity	CRB Index		210.294	209.533	211.206	211.166	<b>212.186</b>	+1.02

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**

- On the political side, as for Eletrobras bill the senator Marcos Rogério wants to present the report today and if so, the floor voting might take place on next tuesday.
- Markets today opened with the expectation of the release of US CPI in the USA and ECB decision. As for the ECB, the decision was quite dovish leading to EUR weakening. As expected by the market, ECB kept the total size of its PEPP bonds purchase program at 1.85 trillion, and committed to keep the pace of monthly purchase higher than beginning of the year., and it might last at least until March 2022. Refinance and deposit rates were kept at 0.0% and -0.5%, respectively. Some market analysts expect that ECB might start the tapering during the second half of this year, thus earlier than signalled today.
- As for the US CPI, market expected +0.5% for May and it came stronger at +0.6%. And the annual inflation came at 5%, also above expectation of +4.7%. Despite this stronger CPI, the immediate market reaction was for the continuity of a weaker dollar abroad, and BRL appreciated reaching levels around 5.03 amid assessment that the CPI alone is not enough to change Fed's gradual approach on the monetary policy stance. The market debate is on whether the tapering might start by the end of this year or early next year. The CPI itself does not necessarily show how disseminated is the inflation, and therefore it might be more driven by temporary factors such as some supply constraints (raw material and job supply). Another factor that supported weaker dollar during morning session was the US weekly jobless claims at 376K showing a decrease of 9K compared to the previous week, whereas market expected a sharper reduction of 15K to 370K. This data reinforces the current weak labor market conditions, and therefore, support a more dovish policy stance by the FED.
- However, from late morning onwards, USD appreciated abroad and BRL reached weaker levels around 5.08 in the beginning of afternoon.



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