


Banco MUFG Brasil S.A.

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

			2-Jul	5-Jul	6-Jul	7-Jul	8-Jul	Net Chg
FX	USD/BRL	Spot	5.0590	5.0950	5.2000	5.2320	5.2600	+0.0280
	BRL/JPY	Spot	21.94	21.78	21.28	21.16	20.87	-0.29
	EUR/USD	Spot	1.1865	1.1863	1.1825	1.1794	1.1844	+0.0050
	USD/JPY	Spot	111.02	110.95	110.63	110.65	109.74	-0.91
Rates	Brazil DI	6MTH(p.a.)	5.652	5.743	5.429	5.763	5.853	0.090
	Future	1Year(p.a.)	6.582	6.692	6.777	6.743	6.854	0.112
	On-shore	6MTH(p.a.)	0.714	0.670	0.657	0.639	0.674	+0.035
	USD	1Year(p.a.)	0.763	0.724	0.691	0.746	0.805	+0.060
Equity	Bovespa Index		127,621.60	126,920.10	125,094.90	127,018.70	125,427.80	-1,590.90
CDS	CDS Brazil 5y		167.75	166.74	171.01	172.77	176.33	+3.56
Commodity	CRB Index		214.955	214.955	210.240	209.205	209.552	+0.347

Source: Bloomberg

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

2. Weekly Topics

- It was a negative week for EM currencies, as well as liquidity was low due to US holiday on July 04th and State of São Paulo holiday on July 09th. USDBRL opened at 5.1992 and soon reached the highest level at 5.1716. Foreign market operated in risk-off mode concerned with another deterioration of the pandemic due to the Delta variant and ahead of the FOMC minutes. Here the market speculated about the pandemic probe and the tough negotiations about the tax reform. FOMC minutes didn't bring any evidence of a more hawkish FED, but investor continued cautious about the possibility of reversal of the economic recovery because of the Delta variant. Here, investor looked for protection during the holiday in São Paulo, when part of the market will be closed and the liquidity will be low. USDBRL moved to the lowest level at 5.3124, prompting Central Bank to intervene and place USD 500 MM of FX swaps. USDBRL closed at 5.2600.
- IPCA posted +0.53% in June. In the last 12 months, IPCA accumulated +8.35%. For July, we expect an acceleration of inflation (+0.60%) pressured by electricity. ANEEL might readjust further electric energy tariff in August. In such case, it will probably add further 15 to 20 bps on IPCA, so our 6% call for 2021 IPCA has an upward bias.

3. Next Week's Topic
USD/BRL Next Week's Forecast & Range : 4.90–5.50

- In Brazil, despite the pandemic, the market will monitor the last week of work of the Congress before the mid-year recess
- In Brazil, there will be economic activity figures as well as in the USA

4. Next Week's Economic Indicators

Country	Date	Indicator	Term	Forecast	Previous
BZ	7/13	IBGE Services Sector Volume YoY	May		19.80%
US	7/13	CPI MoM	Jun	0.50%	0.60%
BZ	7/14	Economic Activity YoY	May		15.92%
BZ	7/14	Economic Activity MoM	May		0.44%
US	7/15	Empire Manufacturing	Jul	19.0	17.4
US	7/15	Initial Jobless Claims	Jul 10		
US	7/15	Industrial Production MoM	Jun	0.60%	0.80%
US	7/16	Retail Sales Advance MoM	Jun	-0.10%	1.30%
US	7/16	U. of Mich. Sentiment	Jul P	86.5	85.5

Source: Bloomberg

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