


**Banco MUFG Brasil S.A.**

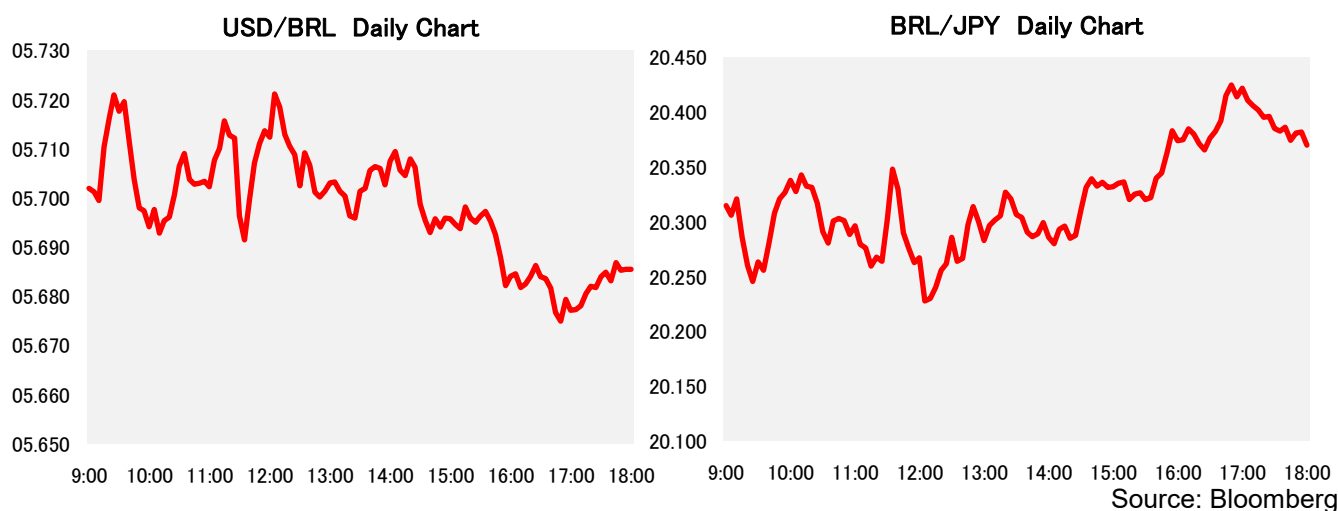
Treasury & Markets  
Av. Paulista, 1274 – Bela Vista  
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**1. Market Rates**

			30-Dec	3-Jan	4-Jan	5-Jan	6-Jan	Net Chg
<b>FX</b>	USD/BRL	Spot	5.5699	5.6730	5.6850	5.7160	<b>5.6860</b>	-0.0300
	BRL/JPY	Spot	20.645	20.324	20.42	20.31	<b>20.37</b>	+0.06
	EUR/USD	Spot	1.1322	1.1300	1.1290	1.1310	<b>1.1290</b>	-0.0020
	USD/JPY	Spot	115.08	115.30	116.13	116.12	<b>115.92</b>	-0.20
<b>Rates</b>	Brazil DI	6MTH(p.a.)	11.230	11.360	11.425	11.492	<b>11.411</b>	-0.081
	Future	1Year(p.a.)	11.794	11.860	12.035	12.109	<b>11.967</b>	-0.142
	On-shore	6MTH(p.a.)	0.688	0.713	0.810	0.813	<b>0.771</b>	-0.043
	USD	1Year(p.a.)	0.306	1.043	1.119	1.172	<b>1.163</b>	-0.009
<b>Equity</b>	<b>Bovespa Index</b>		104,822.40	104,078.10	103,515.10	101,051.80	<b>101,309.10</b>	+257.30
<b>CDS</b>	<b>CDS Brazil 5y</b>		204.80	202.45	204.68	210.92	<b>213.670</b>	u.c.
<b>Commodity</b>	<b>CRB Index</b>		233.960	233.004	235.505	236.710	<b>236.752</b>	+0.04

Source: Bloomberg

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


**2. Topics**

- USDBRL opened at 5.7020 and during the morning session showed a volatile path within the range between 5.69 and 5.72. For instance the USDBRL reached the lowest of 5.7212 right after noon.
- Markets abroad are still digesting the hawkish tone of the FOMC minutes. According to MUFG analysis in the FX daily report, the tone of the minutes suggest that the Fed is considering raising rates as soon as in March influenced by the scenario of high inflation and rapid recovery of labor market. The recent sharp rise in COVID cases in the US would have to significantly dampen US labour market momentum in the coming months to delay the Fed's lift off plans. And the minutes suggest that Fed could even begin to shrink their balance sheet as well later this year. Overall the hawkish tone of the minutes support an outlook for further US dollar strength at the start of this year. Today, the Services PMI services came at 62 in December, being worse than the previous month (69.1) and the expectation of 66.8.
- On the local side, markets continue watching and concerned with the increasing pressure from public servants for wage readjustments. Protests in the port of Santos and in the borders of the country is also worrisome due to risk of supply bottlenecks. Economic activity data once again disappointed with industrial production showing slight contraction of 0.2% in November, whereas economists expected 0.2% growth
- In the afternoon session, there was no big news and BRL appreciated due to profit taking after 3 days in a row of USD appreciation versus BRL, and USDBRL reached the highest of 5.6750 at 16:50 (Brazil time) and closed today's session at 5.6855

January 6, 2022



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