


Banco MUFG Brasil S.A.

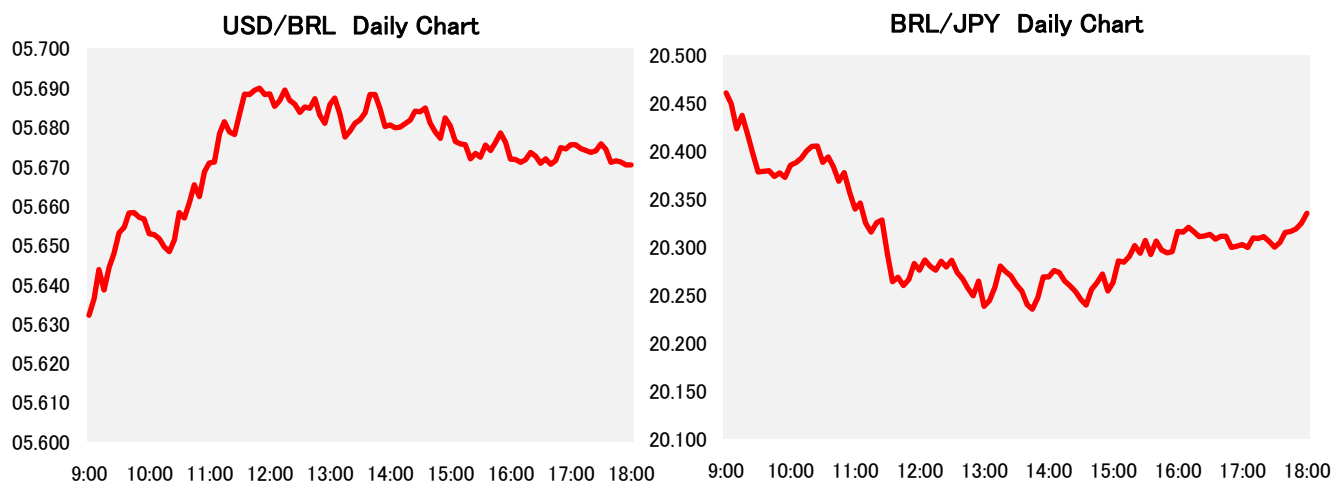
Treasury & Markets
Av. Paulista, 1274 – Bela Vista
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1. Market Rates

			4-Jan	5-Jan	6-Jan	7-Jan	10-Jan	Net Chg
FX	USD/BRL	Spot	5.6850	5.7160	5.6860	5.6340	5.6700	+0.0360
	BRL/JPY	Spot	20.424	20.314	20.37	20.51	20.34	-0.17
	EUR/USD	Spot	1.1290	1.1310	1.1290	1.1360	1.1330	-0.0030
	USD/JPY	Spot	116.13	116.12	115.92	115.58	115.26	-0.32
Rates	Brazil DI	6MTH(p.a.)	11.425	11.492	11.411	11.430	11.510	+0.080
	Future	1Year(p.a.)	12.035	12.109	11.967	11.983	12.086	+0.103
	On-shore	6MTH(p.a.)	0.810	0.813	0.771	0.886	0.937	+0.051
	USD	1Year(p.a.)	1.119	1.172	1.163	1.235	1.268	+0.033
Equity	Bovespa Index		103,515.10	101,051.80	101,309.10	102,523.10	101,729.60	-793.50
CDS	CDS Brazil 5y		202.45	204.68	210.92	212.71	214.347	+0.96
Commodity	CRB Index		233.004	235.505	236.710	237.898	236.637	-1.26

Source: Bloomberg

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


2. Topics

- USDBRL opened the week at 5.6322 and this was also the strongest BRL level today, once it weakened mainly during the morning session amid risk factors domestically and abroad.
- On the local side, fiscal risks remain high, in the short-run with the higher pressure for wage readjustments by public servants, and possibility of some strikes, even after signals by Bolsonaro that the readjustment proposed only to federal police officers might be cancelled. And in the longer-run, with concerning signals from PT economic advisors supporting the resumption of heterodox policies (reverting current policies of privatization, labor reform, fuel price policy and spending cap) in case of Lula administration.
- Abroad, despite the weaker-than-expected payroll released last Friday, market continues betting on beginning of rate hike in the US in March with 4 rate hikes during this year, and USD appreciated abroad. That is the main reason for the BRL depreciation today. USDBRL reached the lowest of 5.69 and ended today's session at 5.67.
- The market made small adjustments in the macroeconomic scenario according to the Focus weekly survey. IPCA inflation remained at 5.03% for 2022 and reduced to 3.36% from 3.41% for 2023, thus getting closer to the 3.25% target. Growth expectation remained at 4.50% for 2021 and decreased to 0.28% from 0.36% for 2022. The FX rate for 2022 remained at 5.60. And the expectation for Selic rate increased to 11.75% from 11.50% to the end of 2022.

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