


Banco MUFG Brasil S.A.

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

			10-Jan	11-Jan	12-Jan	13-Jan	14-Jan	Net Chg
FX	USD/BRL	Spot	5.6700	5.5740	5.5200	5.5300	5.5290	-0.0010
	BRL/JPY	Spot	20.34	20.70	20.73	20.64	20.65	+0.01
	EUR/USD	Spot	1.1330	1.1370	1.1450	1.1450	1.1410	-0.0040
	USD/JPY	Spot	115.26	115.30	114.51	114.11	114.21	+0.10
Rates	Brazil DI	6MTH(p.a.)	11.510	11.504	11.444	11.508	11.548	0.040
	Future	1Year(p.a.)	12.086	12.028	11.867	11.939	11.957	0.018
	On-shore USD	6MTH(p.a.)	0.937	0.931	0.928	1.005	0.974	-0.031
		1Year(p.a.)	1.268	1.266	1.268	1.319	1.302	-0.018
Equity	Bovespa Index		101,729.60	103,591.10	105,857.60	105,480.40	106,960.00	+1,479.60
CDS	CDS Brazil 5y		214.35	212.06	210.39	218.75	222.83	+4.07
Commodity	CRB Index		236.637	241.586	245.194	242.899	245.432	+2.534

Source: Bloomberg

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

2. Weekly Topics

- USDBRL opened the week at 5.6322 and depreciated on Monday amid pressure for wage readjustments by public servants
- However, BRL appreciated from Tuesday due to a set of factors. On the local side, IPCA for December came at +0.73%, above expectation of +0.65%, ending up last year at +10.06%. And Petrobras announced price hike of diesel at refineries by 8% and gasoline by 4.85%. We had better-than-expected activity data this week. Services grew 2.4% and Core and Broad Retail sales grew 0.6% and 0.5%, respectively. Abroad, market increased risk appetite and USD weakened abroad after Powell hearing. He affirmed that FOMC members still didn't take a decision about the plans of reduction of FED balance sheet, which might be later this year. On the other hand, several FOMC members made a more hawkish speech showing their concern with inflation and tight labor market, thus reinforcing market bets on beginning of rate hike cycle in March. Such hawkish speech influenced some USD appreciation versus other currencies on Friday and surpassed the weaker-than-expected figures for Industrial Production and Retail Sales in the US for December.
- USDBRL reached the lowest at 5.69, the highest at 5.5055, and ended this week's session at 5.5290

3. Next Week's Topic
USD/BRL Next Week's Forecast & Range 5.40 - 5.80

- Congress in recess in Brazil
- Focus on the public servants protests arranged for this Tuesday. There are also new protests for next week (Jan 25, 26th) and a general strike in the second half of February.
- For this week, we highlight the release of IBC-BR for November. And abroad the focus will be on the economic activity data in China and CPI in the Eurozone

4. Next Week's Economic Indicators

Country	Date	Indicator	Term	Forecast	Previous
CH	1/16	GDP (YoY)	4Q	3.3%	4.9%
CH	1/16	Industrial Production (YoY)	Dec	3.7%	3.80%
CH	1/16	Retail Sales (YoY)	Dec	3.8%	3.9%
CH	1/16	Fixed Investments (YoY)	Dec	4.8%	5.2%
BZ	1/17	IBC-BR Economic Activity Index (MoM)	Dec	0.6%	-0.4%
BZ	1/17	IGP-10 Inflation	Dec		-0.14%
GE	1/18	Zew Economic Sentiment Survey	Jan	32	26.8
BZ	1/19	IGP-M inflation (2nd preview)	Dec		1.41%
US	1/19	Housing Starts (MoM)	Dec	-1.7%	11.8%
EC	1/20	Eurozone CPI (YoY)	Dec	5.0%	4.9%
US	1/21	Leading Index	Dec	0.8%	1.1%

Source: Bloomberg

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