


Banco MUFG Brasil S.A.

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

			15-Aug	16-Aug	17-Aug	18-Aug	19-Aug	Net Chg
FX	USD/BRL	Spot	5.0970	5.1480	5.1660	5.1690	5.1700	+0.0010
	BRL/JPY	Spot	26.16	26.08	26.13	26.29	26.48	+0.20
	EUR/USD	Spot	1.0160	1.0170	1.0180	1.0090	1.0040	-0.0050
	USD/JPY	Spot	133.34	134.23	135.06	135.88	136.91	+1.03
Rates	Brazil DI	6MTH(p.a.)	13.695	13.698	13.719	13.721	13.746	0.025
	Future	1Year(p.a.)	13.354	13.313	13.351	13.434	13.506	0.073
	On-shore	6MTH(p.a.)	4.110	4.160	4.209	4.166	4.139	-0.027
	USD	1Year(p.a.)	4.523	4.558	4.586	4.531	4.517	-0.013
Equity	Bovespa Index		113,031.98	113,512.38	113,707.76	113,812.87	111,496.21	-2,316.66
CDS	CDS Brazil 5y		244.33	248.38	252.79	251.83	264.17	+12.34
Commodity	CRB Index		289.542	287.673	288.872	290.332	292.028	+1.696

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 5.0735 and BRL weakened over the week due to a set of domestic and mainly external factors.
- In China, economic activity data disappointed in July, there was Covid surge in the touristic province of Hainan and the intense heat wave in China (worst in 6 decades) impact agricultural crops and factories production, thus sparking concerns on global supply chain and inflation. In Germany, PPI inflation reached the all-time monthly high of +5.3% in July, and in the Eurozone, CPI reached the all-time annual high of +8.9% in July. Such round of negative data abroad sparked risk-off mood. In the USA, the FOMC minutes revealed their members considers that it would become appropriate at some point in the future to slow the pace of policy rate hike.
- On the local side, focus on the kick-off of the electoral campaign amid a polarized scenario between former president Lula and incumbent president Bolsonaro. Petrobras announced BRL 0.18 cut of gasoline prices a refineries, reducing even more inflation expectation for this whole year to below 7%. The current inflation figures show deflation amid reduction of fuel and energy prices, and the drop of commodities leading to producer prices deflation.
- USDBRL reached highest at 5.0775, the lowest at 5.2155 and ended up today's session at 5.1695

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

- The market will continue to monitor the political movements of the candidates for October election and the opinion polls.
- In Brazil, the focus will be on the release of IPCA-15 inflation for August, for which we expect 0.83% deflation still influenced by the reduction of fuel and electric energy prices.
- Abroad, highlight for the release of GDP, Personal Income & Spending and PCE inflation in the USA. And the Jackson Hole Monetary Policy Symposium to be held on Aug 25th to 27th might bring some hints on the next monetary policy steps.

4. Next Week's Economic Indicators

Country	Date	Indicator	Term	Forecast	Previous
US	8/23	New Home Sales	Jul	575K	590K
EC	8/23	S&P Global Eurozone Composite PMI	Aug P	48.90	49.90
EC	8/23	Consumer Confidence	Aug P	-28.00	-27.00
BZ	8/24	IPCA-15 MoM	Jul	-0.83%	0.13%
US	8/24	Durable Goods Orders	Jul P	0.80%	2.00%
US	8/25	GDP Annualized QoQ	2Q (2nd reading)	-0.80%	-0.90%
BZ	8/26	Current Account Balance (USD Billion)	May		-2.76
BZ	8/26	Direct Investment (USD Billion)	May		7.58
US	8/26	Personal Income	Jul	0.60%	0.60%
US	8/26	Personal Spending	Jul	0.50%	1.10%
US	8/26	PCE core deflator YoY	Jul	4.70%	4.80%

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Source: Bloomberg

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