


Banco MUFG Brasil S.A.

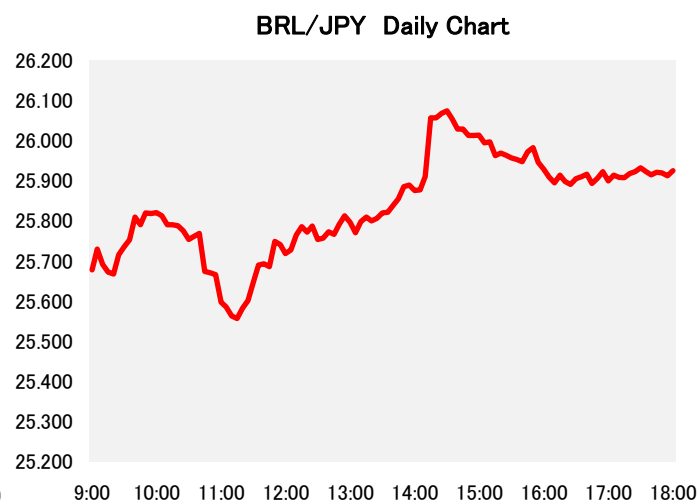
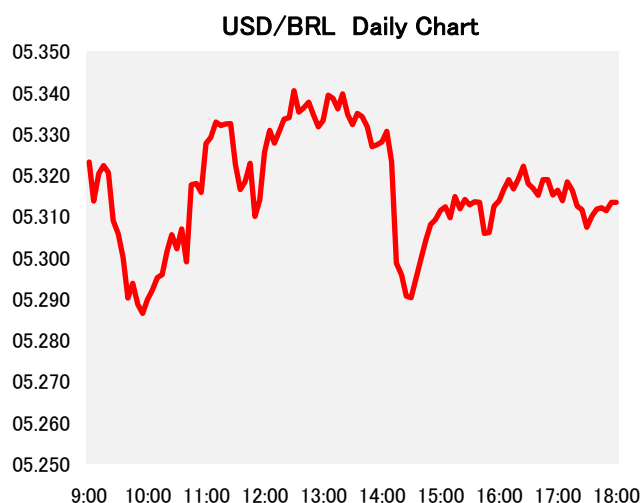
Treasury & Markets
Av. Paulista, 1274 – Bela Vista
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1. Market Rates

			9-Dec	12-Dec	13-Dec	14-Dec	15-Dec	Net Chg
FX	USD/BRL	Spot	5.2470	5.2930	5.3050	5.2900	5.3130	+0.0230
	BRL/JPY	Spot	26.05	25.95	25.57	25.59	25.92	+0.34
	EUR/USD	Spot	1.0530	1.0540	1.0630	1.0680	1.0620	-0.0060
	USD/JPY	Spot	136.68	137.71	135.59	135.30	137.72	+2.42
Rates	Brazil DI	6MTH(p.a.)	13.816	13.878	13.908	13.900	13.844	-0.056
	Future	1Year(p.a.)	13.847	13.911	14.069	14.084	13.915	-0.169
	On-shore	6MTH(p.a.)	6.150	6.160	6.058	6.018	5.982	-0.035
	USD	1Year(p.a.)	6.237	6.266	6.166	6.146	6.097	-0.050
Equity	Bovespa Index		107,519.56	105,396.27	103,671.14	103,877.62	103,659.87	-217.75
CDS	CDS Brazil 5y		242.49	246.51	249.26	251.00	254.72	+3.72
Commodity	CRB Index		266.276	269.368	275.033	276.630	274.718	-1.91

Source: Bloomberg

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



Source: Bloomberg

2. Topics

- USDBRL opened at the highest level of 5.2797 reacting to FOMC decision yesterday when the American monetary authority indicated a higher peak for the FFR and the possibility of no cuts in 2023. In the domestic market, investors keep an eye on the Supreme Court ruling on lawmakers appropriations (“orçamento secreto”) and the progress of the fiscal waiver bill at the Lower House. The possible change on the state owned company bill will be also monitored closely. After some volatility, the negative mood abroad predominated after negative figures of retail sales and industrial production in the USA. This movement deepened after the hawkish speech delivered by ECB president Christine Lagarde after raising the policy rate by 50bps in the Euro area. USDBRL moved to the lowest level at 5.3463. The hurdles to vote the change on the state owned law and the fiscal waiver benefitted BRL that moved close to the highs. However, the bearish external scenario predominated and USDBRL closed at 5.3130.
- CB inflation model results in inflation of 6.0%, 5.0% and 3.0%, respectively for 2022, 2023 and 2024, with higher-than-usual uncertainties on assumptions and forecasts. The tone of the Inflation Report was quite similar to the Copom minutes and communiqué. Although Central Bank warned that it may resume the tightening cycle in case disinflation path is not in line with its scenario, our baseline scenario assumes that Copom will keep Selic rate at current 13.75% level up to July 2023, and from August onwards it might gradually reduce it, conditioned on the inflation expectation for the following years being closer to the central target. Such scenario assumes that the new government will be responsible in the management of fiscal policy.

December 15, 2022



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