

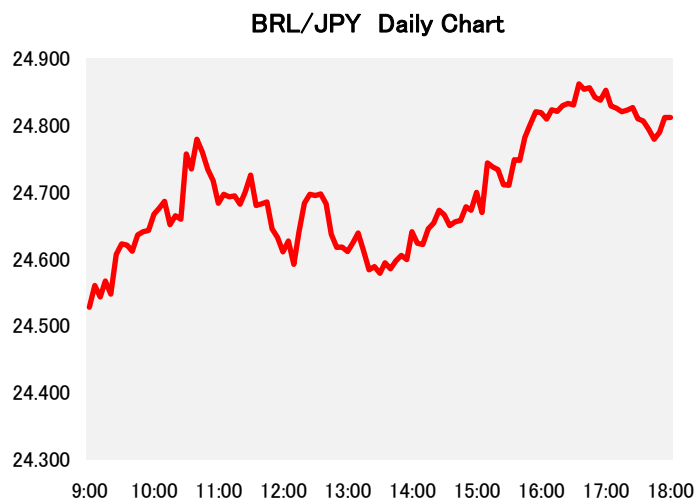
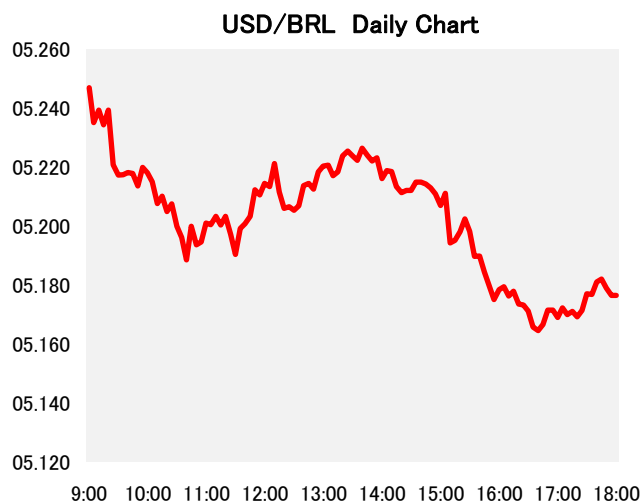


1. Market Rates

			13-Jan	16-Jan	17-Jan	18-Jan	19-Jan	Net Chg
FX	USD/BRL	Spot	5.1020	5.1520	5.1040	5.1820	5.1770	-0.0050
	BRL/JPY	Spot	25.07	24.97	25.12	24.86	24.81	-0.05
	EUR/USD	Spot	1.0830	1.0820	1.0790	1.0790	1.0830	+0.0040
	USD/JPY	Spot	127.88	128.54	128.25	128.82	128.42	-0.40
Rates	Brazil DI	6MTH(p.a.)	13.705	13.730	13.705	13.697	13.699	+0.002
	Future	1Year(p.a.)	13.396	13.486	13.418	13.414	13.418	+0.005
	On-shore	6MTH(p.a.)	6.129	6.218	6.233	6.287	6.184	-0.104
	USD	1Year(p.a.)	6.293	6.404	6.380	6.331	6.291	-0.040
Equity	Bovespa Index		111,049.35	109,209.07	111,540.50	112,369.46	112,984.26	+614.80
CDS	CDS Brazil 5y		241.33	241.09	242.59	240.29	245.53	+5.24
Commodity	CRB Index		275.912	275.912	277.220	276.132	276.623	+0.49

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 today's session at the lowest of 5.2471 amid the extension of risk aversion mood abroad with fears of recession in the United States.
- in Europe the ECB minutes suggests the intention to hike policy rate by 50bps in the next 2 meetings, at least, to curb inflationary pressures.
- On the local side, the unemployment rate came at 8.1% in the Sep22–Nov22 average, in line with our expectation, and below the previous reading of 8.3%; Such improvement was driven by the seasonal hiring of temporary workers in the year-end.
- President Lula said once again his support to the income tax exemption for those earning up to 5thousand, but it conditioned such measure to the approval of tax reform. But what concerned market today was his criticism to the 3% inflation target for next years, saying that the target should be higher at 4.5% to allow higher growth. He also questioned the higher efficiency of independent Central Bank on monetary policy issues. In the mid-afternoon the speech by minister of institutional affair Mr. Padiha saying that president Lula will give full autonomy to the Central Bank contributed to calm down the market.
- In the afternoon, Central Bank governor Campos Neto said that tax cuts on fuels and electric energy were responsible for inflation below 6% last year, once without those tax cuts, the inflation would be at 9%. Such speech was to reinforce the need of hawkish monetary policy to curb inflation pressures, and it was a response to the concerns triggered by president Lula speech
- USDBRL reached the highest at 5.1346 and ended up today's session at 5.1765

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