

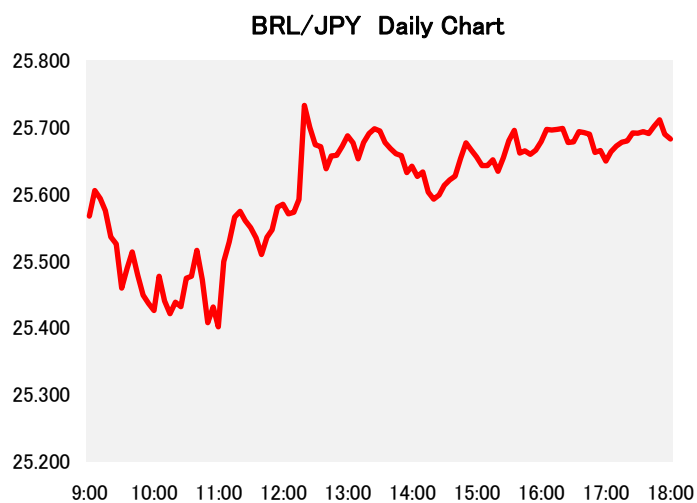
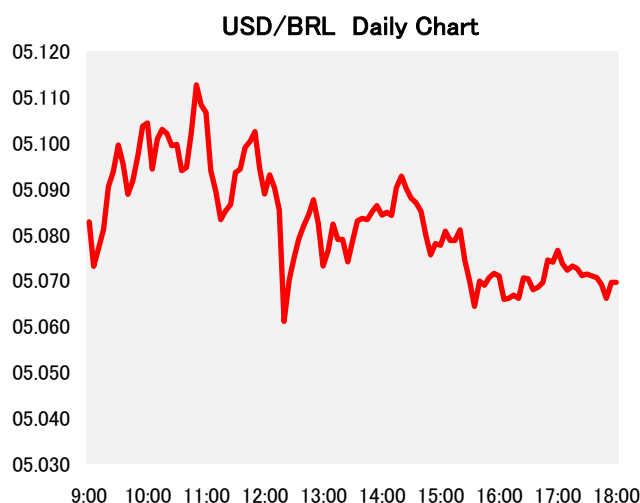


## 1. Market Rates

			19-Jan	20-Jan	23-Jan	24-Jan	26-Jan	Net Chg
FX	USD/BRL	Spot	5.1770	5.2070	5.1960	5.1420	5.0700	-0.0720
	BRL/JPY	Spot	24.81	24.88	25.14	25.32	25.68	+0.36
	EUR/USD	Spot	1.0830	1.0860	1.0870	1.0880	1.0890	+0.0010
	USD/JPY	Spot	128.42	129.60	130.67	130.17	130.26	+0.09
Rates	Brazil DI	6MTH(p.a.)	13.699	13.707	13.725	13.704	13.707	+0.003
	Future	1Year(p.a.)	13.418	13.483	13.516	13.430	13.437	+0.007
	On-shore	6MTH(p.a.)	6.184	6.149	6.210	6.082	5.983	-0.099
	USD	1Year(p.a.)	6.291	6.306	6.329	6.227	6.106	-0.120
Equity	Bovespa Index		112,984.26	112,265.98	111,873.54	113,028.15	114,280.86	+1,252.71
CDS	CDS Brazil 5y		245.53	246.81	248.68	243.66	240.99	-2.67
Commodity	CRB Index		276.623	278.457	280.250	277.966	279.550	+1.58

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 5.0745 ahead of the vote of Petrobras board about the new CEO Jean Paul Prates. In the beginning of the session, BRL was influenced by the expectation of GDP figure in the USA, what made USDBRL to reach the lowest level at 5.1164. 4Q GDP in the USA posted stronger-than-expected figure: 2.9% against 2.6%, reducing the concerns on economic slowdown. EM currencies benefitted from this positive global activity scenario, and in the case of BRL, kept carry-trade attractive. USDBRL moved to the highest level at 5.0600. There is some support at around 5.05 and the market couldn't break it. USDBRL closed at 5.070.
- In December, the current account (CA) posted a deficit of USD 10.9 billion and the Foreign Direct Investment (FDI) amounted to USD 5.6 billion. In the whole 2022, CA deficit and FDI accumulated USD 55.7 billion and USD 90.6 billion, respectively. FDI showed the highest level since 2012. For this year, we expect weak economic growth between +0.20% and +0.25% per quarter due to the combination of relatively high inflation and interest rates at high levels during most of next year. Our baseline scenario is of FDI at USD 75 billion and CA deficit at 45 bi. But, in case of sharper-than-expected deterioration of fiscal stance, then we will see a negative combination of weaker BRL, higher inflation expectation and Selic rate at high level for a longer period, or even at higher levels. In such scenario of the current account deficit might reduce even more, but also reduce the FDI perspectives. Anyway, even in such scenario FDI tends to finance CA deficit.

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