


Banco MUFG Brasil S.A.

Treasury & Markets
 Av. Paulista, 1274 – Bela Vista
 São Paulo, SP – 01310-925

1. Market Rates

			10-Feb	13-Feb	14-Feb	15-Feb	17-Feb	Net Chg
FX	USD/BRL	Spot	5.1710	5.1890	5.2170	5.2200	5.1620	-0.0580
	BRL/JPY	Spot	25.62	25.66	25.71	25.65	25.98	+0.34
	EUR/USD	Spot	1.0720	1.0740	1.0690	1.0670	1.0700	+0.0030
	USD/JPY	Spot	132.27	133.03	134.13	133.89	134.19	+0.30
Rates	Brazil DI	6MTH(p.a.)	13.655	13.608	13.531	13.504	13.503	-0.002
	Future	1Year(p.a.)	13.435	13.339	13.173	13.106	13.117	0.011
	On-shore	6MTH(p.a.)	5.992	6.024	6.024	6.024	6.024	u.c.
	USD	1Year(p.a.)	6.120	6.195	6.195	6.195	6.195	u.c.
Equity	Bovespa Index		108,836.47	107,948.66	109,502.00	110,067.11	109,288.68	-778.43
CDS	CDS Brazil 5y		233.25	228.34	224.96	226.57	232.33	+5.76
Commodity	CRB Index		272.792	273.557	270.383	270.249	267.570	-2.679

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 at 5.2184 keeping an eye on the tension between the Executive and the Central Bank regarding the inflation and the monetary policy. The good mood was enhanced by the interview of the Central Bank governor on TV defending the inflation targetin and denying supporting any changes on it. He admitted studies for improvements of the instrument, but not an increase of the target. USDBRL reached the highest level at 5.1295 on the 14th, but the FX rate rmmoved away from the highs when it popped up in the screens the news that president Lula has communicate the economic team about his decision to increase the inflation target by 1 percentage point. Finance minister Haddad denied that the change of the inflation target would be submitted to the National Monetary Council and on the 16th the Council effectively didn't deal with the subject, but USDBRL suffer the impact of data in the USA showing high inflation and tight labor market, coupled with hawish apeeches delivered by some FED members. USDBRL reached the lowest level at 5.2581 on the 16th. At the end of the week, the external mood improved as FED members delired more dovish speeches. USDBRL closed the week at 5.1620.

3. Next Week's Topic
USD/BRL Next Week's Forecast & Range : 4.90 – 5.40

- The market will monitor the external environment and government officials sstatements to the press during the Carnival holiday
- In Brazil, there will be inflation and external sector figures, while in the USA the focus will be monitor among other indicators

4. Next Week's Economic Indicators

Country	Date	Indicator	Term	Forecast	Previous
US	21-Feb	S&P Global US Manufacturing PMI	Feb P	47.2	46.9
US	23-Feb	GDP Annualized QoQ	4Q S	2.90%	2.90%
US	23-Feb	Initial Jobless Claims	Feb 18	200k	194k
BZ	24-Feb	IBGE Inflation IPCA-15 MoM	Feb		0.55%
BZ	24-Feb	IBGE Inflation IPCA-15 YoY	Feb		5.87%
BZ	24-Feb	Current Account Balance	Jan		-\$10878m
BZ	24-Feb	Foreign Direct Investment	Jan		\$5570m
US	24-Feb	Personal Income	Jan	0.90%	0.20%
US	24-Feb	Personal Spending	Jan	1.30%	-0.20%
US	24-Feb	Univ. of Mich. Sentiment	Feb F	66.4	66.4

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Source: Bloomberg

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