

## Chief Economist

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## Economist

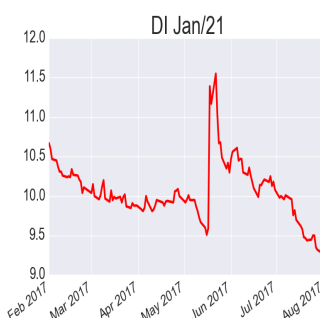
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Index		+/-
CDS 5Y	207.3	-0.0pts
DAX	12235.8	-0.1%
T-10	2.3	0.0pts
S&P Fut	2473.6	0.1%
EUR	1.18	0.3%
MXN	17.9	0.1%
OIL	49.2	0.0%
Iron Ore	541.0	-1.4%
Soya	977.0	0.5%
VIX	10.0	-0.1%

Source: Bloomberg  
2nd August 2017 8:13am -03:00



Source: Bloomberg

## Highlights

- Overseas markets: European equities are sliding and S&P is unchanged.
- Local news: Primary fiscal target to be adjusted. By how much? Will 2018's be changed too?
- Watch out for ADP's figure of July.

**Global Markets.** European equities are sliding, and the S&P future is unchanged. In the meantime, the Mexican peso is flat against the USD, while the yield of the 10 years Treasury is standing at 2.27%. Commodities: Oil is down slightly to USD48.99.

**Local News.** Newspapers take grant that the primary fiscal target should be changed for 2017, and also probably for 2018. According to them, it remains to be seen pretty much only when these changes will be announced and how large they should be. Certainly, these pending question open room for a wide range of speculations over these two topics.

In regard to 2017, numbers with respect to the new target range from R\$159bn, the primary deficit of 2016, to R\$170bn, as reported by the O Globo, a number favored by some political aides of President Temer. As for the announcement, the CorreioBraziliense is one of the few media outlets to be quite assertive about it. According to the newspaper, it is bound to occur next week.

Obviously, comparisons between the Mr. Meirelles and the former Minister of Finance, Joaquim Levy, is starting to pop up. In this respect, the O Globo underscored the clash between the Planning and the Finance Ministries, where the former fights for a budgetary relaxation in order to avoid the showdown of public services.

Newspapers also resonates yesterday's COPOM minutes and the likely consequences to interest rate path. On this front, there are little dissonant voices, where analyst and columnist alike agree that conditions are set for the Selic rate to stand at the low 7's in near-term.

Finally, on the political front, newspaper touch on Mr. Temer accusation subject. Perhaps, the most interesting point is made by the Estadão, which puts forth the thesis that the President should spare the infidels of any avenge, already targeting the voting of the social security reform.

**Agenda - Highlights:** Brazil: Thin US: ADP of July.

Time	Country	Indicator	Period	Forecast	Impact
08:00:00	US	MBA Mortgages	4-w July	-	Low
09:15:00	US	ADP Report	July	190k	High
11:30:00	BZ	Currency Flows Weekly	4-w July	-	Low

**Bottom Line.** Neutral global background and while local flow of news isn't that beautiful but expected, setting the stage for mixed start.

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## 1 Brazilian Bonds

### NTNF

Expiry	Yield	Daily Ch. (%)	Spread	Daily Ch. Daily	%DI	Daily Ch. (%)	Duration (Macaulay)	BRL PV01	DI Conts.
Jan-18	8.2188	-0.03	-1.12	0.01	99.97	-0.01	Jan-02-18	1918	524
Jan-19	7.9971	-0.06	-5.29	-0.79	99.42	-0.1	Dec-06-18	6386	549
Jan-21	9.1346	0.0	-14.54	0.45	99.53	0.05	Jul-23-20	13987	608
Jan-23	9.6862	0.01	-19.38	0.62	99.69	0.08	Nov-24-21	19980	677
Jan-25	9.8776	0.0	-27.24	-0.03	99.26	0.03	Dec-30-22	24917	759
Jan-27	9.9697	-0.01	-30.03	0.47	99.11	0.02	Nov-29-23	28971	852

### LTN

Expiry	Yield	Daily Ch. (%)	Spread	Daily Ch. Daily	%DI	Daily Ch. (%)	Duration (Macaulay)	BRL PV01	DI Conts.
Oct-17	8.8225	-0.01	1.45	0.45	100.24	0.05	Oct-02-17	737	500
Jan-18	8.1726	-0.02	-5.74	1.11	99.43	0.13	Jan-02-18	1812	500
Apr-18	7.9985	-0.03	-0.15	0.35	100.07	0.04	Apr-02-18	2849	500
Jul-18	7.92	-0.04	0.0	0.22	100.07	0.03	Jul-02-18	3881	500
Oct-18	7.97	-0.05	1.0	0.0	100.17	0.0	Oct-01-18	4894	500
Jan-19	8.055	-0.05	0.5	0.3	100.1	0.04	Jan-02-19	5801	500
Apr-19	8.2014	-0.05	1.14	0.27	100.16	0.03	Apr-01-19	6670	500
Jul-19	8.36	-0.05	0.0	0.1	100.02	0.01	Jul-01-19	7489	500
Oct-19	8.5728	-0.05	2.28	-0.03	100.27	0.0	Oct-01-19	8299	500
Jan-20	8.6864	-0.02	-0.36	0.01	99.97	0.0	Jan-02-20	9043	500
Jul-20	9.0196	-0.02	0.96	-0.03	100.1	0.0	Jul-01-20	10335	500
Jul-21	9.4958	-0.01	-0.42	0.08	99.95	0.01	Jul-01-21	12479	500

### NTN-B

Expiry	Yield	Daily Ch. (%)	BE	Ch. BE	FRA	FRA BE (Daily)	Duration (Macaulay)	BRL PV01	Carry (bps)
Aug-18	3.3043	-0.04	4.44	-0.03	3.3	4.44	Aug-01-18	3014	-1.79
May-19	3.4385	-0.05	4.66	0.05	3.63	4.98	Apr-15-19	5141	-1.02
Aug-20	4.13	-0.08	4.7	0.05	5.23	4.77	May-08-20	8527	-0.53
May-21	4.4931	-0.06	4.67	0.05	6.04	4.55	Dec-31-20	10358	-0.39
Aug-22	4.7479	-0.05	4.71	0.03	5.7	4.85	Dec-03-21	13353	-0.28
May-23	4.86	-0.04	4.74	0.05	5.66	4.97	Jul-13-22	15034	-0.24
Aug-24	4.88	-0.04	4.87	0.04	5.0	5.61	May-05-23	17875	-0.2
Aug-26	5.03	-0.04	4.85	0.02	5.71	4.76	Aug-14-24	21883	-0.16
Aug-30	5.1551	-0.02	4.84	-0.01	5.56	4.82	Oct-08-26	28867	-0.11
May-35	5.191	-0.02	4.82	0.01	5.34	4.71	Jan-02-29	35804	-0.09
Aug-40	5.2004	-0.02	4.82	0.0	5.27	4.88	Aug-26-30	42009	-0.08
May-45	5.3182	-0.02	4.72	0.01	6.45	3.74	Dec-31-31	45419	-0.07
Aug-50	5.287	-0.02	4.76	0.0	4.81	5.28	Dec-07-32	49560	-0.07
May-55	5.242	-0.02	4.81	0.0	4.59	5.53	Dec-26-33	52928	-0.06

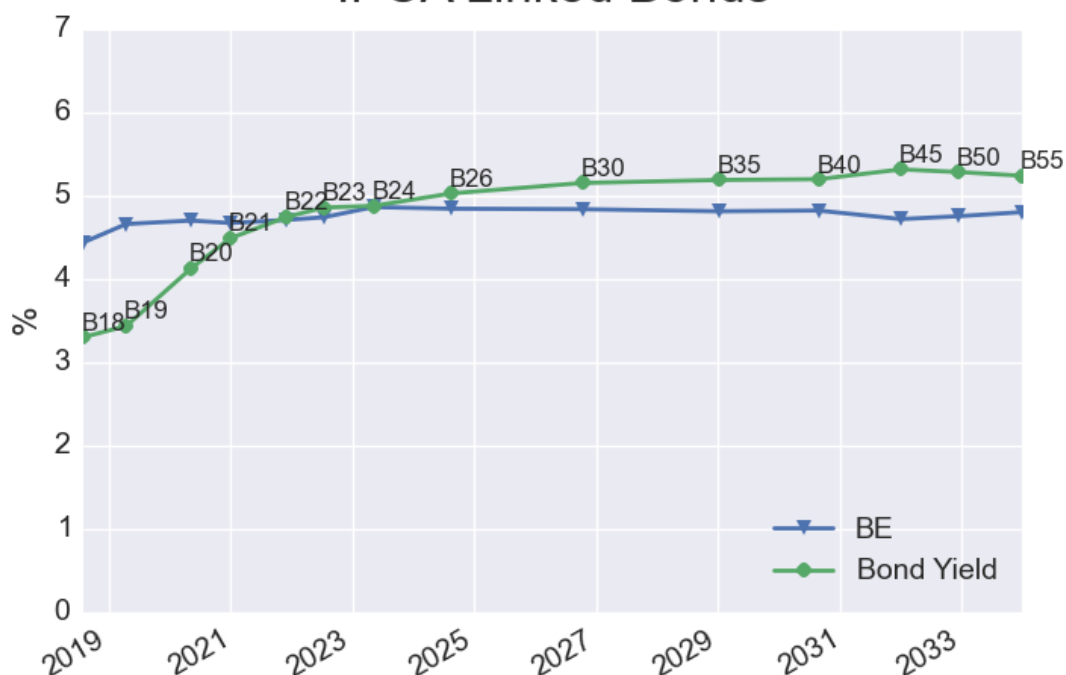
## Fixed-Rate Bonds



## Fixed Bonds x DI



## IPCA Linked Bonds



## 2 DI - Open Interest

Institutions	Contracts (k)	Long (%)	Ch. (k)	Contracts (k)	Short (%)	Ch. (k)	Net Position (k)	Net Ch. (k)
Financial Institutions	5537.0	28.32	-67.0	6624.0	33.88	-445.0	-1087.0	378.0
Banks	5524.0	28.26	-67.0	6447.0	32.98	-446.0	-922.0	379.0
Brokers & Dealers	0.0	0.0	0.0	2.0	0.01	0.0	-2.0	0.0
Other	13.0	0.06	0.0	175.0	0.89	1.0	-162.0	-1.0
Institutional Investors	10321.0	52.79	-236.0	9109.0	46.59	-369.0	1212.0	133.0
Domestic	10321.0	52.79	-236.0	9109.0	46.59	-369.0	1212.0	133.0
Nonresident Investors	3663.0	18.73	-538.0	3796.0	19.41	-25.0	-133.0	-512.0
Corporations	16.0	0.08	2.0	13.0	0.06	0.0	3.0	1.0
Individuals	10.0	0.05	-1.0	6.0	0.02	-1.0	5.0	0.0
Total	19548.0	100.0	-840.0	19548.0	100.0	-840.0	0.0	0.0

# Fixed Income Daily

August 2, 2017

Contracts	D-1 (k)	D-Zero (k)	Ch. Daily (k)	Vol. (k)
Q17	877.3	0.0	-877.3	4844.2
U17	436.6	475.9	39.3	5596.8
V17	2403.4	2391.1	-12.3	566.0
X17	176.0	177.1	1.1	94.9
Z17	189.0	189.0	0.0	24427.3
F18	3597.9	3582.4	-15.6	754.0
G18	39.5	45.0	5.6	2.4
H18	28.8	28.8	0.0	1667.2
J18	933.6	931.4	-2.3	0.5
K18	22.3	22.3	0.0	0.5
M18	20.1	20.1	0.0	10734.3
N18	924.6	957.9	33.3	0.0
Q18	0.0	0.0	0.0	419.1
V18	583.1	584.3	1.1	23968.2
F19	2517.5	2497.1	-20.4	188.1
J19	577.1	576.7	-0.4	1547.2
N19	474.1	461.1	-13.0	913.7
V19	174.6	178.0	3.4	9781.7
F20	1650.7	1661.6	10.9	89.4
J20	73.6	73.8	0.2	1991.6
N20	1243.0	1243.9	0.9	399.4
V20	47.2	49.7	2.4	14299.8
F21	1310.6	1298.9	-11.7	20.9
J21	32.6	32.9	0.2	656.4
N21	148.7	152.6	3.9	4.4
V21	16.8	16.8	0.0	492.5
F22	105.3	105.4	0.1	1.3
J22	1.5	1.5	0.0	403.0
N22	7.4	13.6	6.2	2536.5
F23	705.9	706.6	0.7	0.0
N23	3.5	3.5	0.0	4.3
F24	56.7	56.7	0.0	0.0
N24	3.4	3.4	0.0	1715.3
F25	539.1	541.3	2.2	7.3
F26	61.6	61.6	0.0	726.3
F27	399.2	400.6	1.5	0.0
F28	0.0	0.0	0.0	0.0
F29	4.4	4.4	0.0	0.0
F30	0.7	0.7	nan	nan

## 3 DI - DV01 Table

DI	Last Trade	Contracts	DV01	DV01-5	DV01-21	DV01-63	DV01-126
	(%)	(k)	(k)	Bus. Days (Ave. (k))	Bus. Days (Ave.(k))	Bus. Days (Ave.(k))	Bus. Days (Ave.(k))
Market	nan	1271.8	5335.2	5385.4	5049.9	5866.2	5497.6
N17	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Q17	9.14	0.0	0.0	1.1	0.0	0.0	0.0
U17	9.14	48.8	13.0	46.0	20.2	14.9	9.1
V17	8.81	56.8	28.1	95.2	81.1	92.4	78.4
X17	8.6	5.8	4.2	8.4	5.1	3.9	3.7
Z17	8.38	1.0	0.9	2.3	4.0	6.5	4.7
F18	8.23	252.4	297.9	290.2	276.3	349.0	374.5
G18	8.12	7.8	11.2	0.4	1.0	1.4	2.7
H18	8.06	0.0	0.0	0.7	1.3	0.8	0.9
J18	8.0	17.5	32.3	65.3	60.3	46.3	58.0
K18	7.97	0.0	0.0	0.8	2.2	1.6	1.6
M18	7.94	0.0	0.0	0.9	2.3	2.5	2.5
N18	7.92	115.0	287.9	192.3	147.1	138.4	130.7
V18	7.96	4.6	14.4	37.8	48.1	34.7	32.4
F19	8.05	267.2	996.6	1011.6	891.1	1216.8	1082.4
J19	8.19	2.1	9.2	91.5	63.2	74.6	83.5
N19	8.36	18.0	86.5	64.7	56.4	63.4	59.9
V19	8.55	10.9	58.0	64.7	48.4	22.7	12.8
F20	8.69	119.5	693.3	797.6	680.7	765.7	632.3
J20	8.86	1.1	7.0	5.9	3.3	3.2	2.2
N20	9.01	25.6	169.3	198.9	225.7	287.6	272.8
V20	9.17	5.3	36.9	1.7	1.4	2.5	2.1
F21	9.28	193.4	1424.5	1212.5	1254.4	1503.6	1376.8
J21	9.39	0.3	2.2	1.2	1.7	1.3	1.1
N21	9.5	9.3	74.6	70.8	89.0	34.8	20.5
V21	9.58	0.1	0.5	0.3	2.1	1.0	1.0
F22	9.66	7.4	63.2	40.1	38.1	36.3	33.4
N22	9.75	6.3	57.4	4.9	1.8	1.3	0.7
F23	9.88	42.1	398.1	451.9	451.1	474.8	448.0
N23	9.95	0.0	0.0	0.0	0.0	0.2	0.1
F24	10.02	0.1	0.8	7.7	2.4	4.4	4.2
N24	10.08	0.0	0.0	0.3	0.1	1.4	0.7
F25	10.15	35.0	367.8	392.8	380.3	384.8	374.9
F26	10.2	0.2	1.8	0.9	3.9	4.4	5.1
F27	10.27	18.2	197.6	223.8	202.4	240.7	225.3
F28	10.31	0.0	0.0	0.0	0.0	0.0	0.0
F29	10.32	0.0	0.0	0.0	0.0	1.0	0.6
F30	10.36	0.0	0.0	0.2	0.1	0.0	0.1

## 4 NTNB FRAs

FRA YIELD NTN-B		B-18	B-19	B-20	B-21	B-22	B-23	B-24	B-26	B-30	B-35	B-40	B-45	B-50	B-55
B-18	3,34%	3,3%	3,3%	3,3%	3,3%	3,3%	3,3%	3,3%	3,3%	3,3%	3,3%	3,3%	3,3%	3,3%	3,3%
B-19	3,49%	3,70%													
B-20	4,21%	4,70%	4,21%												
B-21	4,55%	5,05%	4,55%	4,80%											
B-22	4,80%	5,24%	4,80%	4,80%	4,80%										
B-23	4,90%	5,30%	4,90%	4,90%	4,90%	4,90%									
B-24	4,92%	5,25%	4,92%	4,92%	4,92%	4,92%	4,92%								
B-26	5,07%	5,36%	5,07%	5,07%	5,07%	5,07%	5,07%	5,07%							
B-30	5,17%	5,40%	5,17%	5,17%	5,17%	5,17%	5,17%	5,17%	5,17%						
B-35	5,21%	5,39%	5,21%	5,21%	5,21%	5,21%	5,21%	5,21%	5,21%	5,21%					
B-40	5,22%	5,38%	5,22%	5,22%	5,22%	5,22%	5,22%	5,22%	5,22%	5,22%	5,22%				
B-45	5,34%	5,49%	5,34%	5,34%	5,34%	5,34%	5,34%	5,34%	5,34%	5,34%	5,34%	5,34%			
B-50	5,31%	5,44%	5,31%	5,31%	5,31%	5,31%	5,31%	5,31%	5,31%	5,31%	5,31%	5,31%	5,31%		
B-55	5,26%	5,38%	5,26%	5,26%	5,26%	5,26%	5,26%	5,26%	5,26%	5,26%	5,26%	5,26%	5,26%	5,26%	

Spreads at the Curve		B-19	B-22
B-19	B-22	-15	
B-20	B-21	-87	
B-22	B-26	-146	
B-22	B-45	-146	
B-35	B-45	-187	
B-35	B-50	-187	

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