



Daily Fixed Income

September 11, 2017

Chief Economist

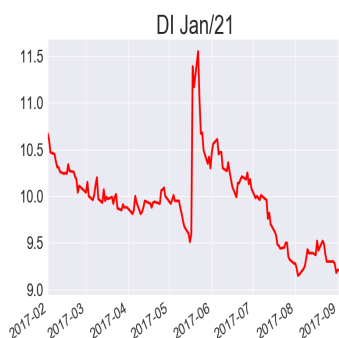
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Index		+/-
CDS 5Y	181.7	0.2pts
DAX	12437.9	1.1%
T-10	2.1	0.0pts
S&P Fut	2474.0	0.5%
EUR	1.2	-0.2%
MXN	17.68	-0.2%
OIL	47.8	0.7%
Iron Ore	530.0	-2.8%
Soya	963.8	0.2%
VIX	11.1	-1.0%

Source: Bloomberg
 11th September 2017 8:22am -03:00



Source: Bloomberg

Highlights

- Overseas markets: Markets are surging.
- Local news: Political and fiscal (no) news: Emboldened Temer and fiscal dire straits.

Global Markets. European equities are surging, while the S&P future is up by 0.55%. In the meantime, the Mexican peso is up 0.2% against the USD, and the yield of the 10 years Treasury is at 2.09%. Commodities: Oil is up 0.8% to USD47.8, steel is climbing 1.5% and soy prices is about flat.

Local News. The week starts off with the looming risks around the **second charge by Attorney General against President Temer**. On this front, the Folha de Sao Paulo resonates the impression within the government that, after the affair concerning the General Attorney and the JBS plea bargain, the President will need to dispense less of a political capital to safeguard his position.

In fact, in line with the news along the weekend, the government is feeling so emboldened that is floating the idea of **voting a full pension system reform by October**. Today, it was down to the O Valor to circulate this very same idea. In addition, the article makes the necessary conjectures over what ought to be approved through a constitutional amendment and what may be fixed through provisional measures.

On the fiscal front, we sort of have more of the same. *As per O Globo, the government continues to struggle with disappointing revenues*, which are threatening its new primary target for the year. To be sure, the article brings little novelties and, yet again, revisits all the well mapped out fiscal risks for the year: Cemig's asset action, provisional measures not yet approved, and so on.

Finally, over the weekend, the news underscored the possibility of a **BNDES' transfer of about R\$180bn** to the Treasury, as opposed to the R\$100bn previously leaked through the press. Moreover, R\$50bn would be transferred already this year, which was totally out of the radar screen. Worth pointing out, however, that nothing looked set on the stone already, since officials of the BNDES themselves were raising doubts about the whole transaction.

Agenda - Highlights: Brazil: IGP-DI, august and market readout. US: Empty.

Time	Country	Indicator	Period	Forecast	Impact
08:00:00	BZ	IGP-M 1F @ 0,345	August	0,34% mom	Medium
08:00:00	BZ	IPC-S @ 0,10%	1W Sep	0,10% mom	Medium

Bottom Line. Global folly and neutral local news should set the session for a positive 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	7.6136	-0.0	-4.64	-0.17	99.49	-0.18	Jan-02-18	1437	525
Jan-19	7.565	0.0	-5.5	0.0	99.41	-0.02	Dec-06-18	5976	547
Jan-21	8.775	-0.04	-13.5	0.23	99.62	-0.01	Jul-23-20	13793	604
Jan-23	9.3087	-0.04	-21.13	0.59	99.44	0.02	Nov-29-21	20075	673
Jan-25	9.5284	-0.06	-29.16	0.57	99.04	-0.03	Jan-05-23	25261	754
Jan-27	9.705	-0.08	-31.5	1.12	99.17	-0.03	Dec-08-23	29395	845

LTN

Expiry	Yield	Daily Ch. (%)	Spread	Daily Ch. Daily	%DI	Daily Ch. (%)	Duration (Macaulay)	BRL PV01	DI Conts.
Oct-17	8.1804	-0.06	3.84	0.08	100.45	0.05	Oct-02-17	256	500
Jan-18	7.5899	-0.0	-7.01	-0.15	99.2	-0.02	Jan-02-18	1353	500
Apr-18	7.41	-0.05	1.0	-0.5	100.2	-0.06	Apr-02-18	2417	500
Jul-18	7.3879	-0.05	0.79	-0.71	100.15	-0.09	Jul-02-18	3476	500
Oct-18	7.47	-0.04	1.0	-0.5	100.16	-0.06	Oct-01-18	4520	500
Jan-19	7.6279	-0.0	0.79	-0.15	100.12	-0.02	Jan-02-19	5449	500
Apr-19	7.765	-0.02	1.5	0.0	100.2	0.0	Apr-01-19	6352	500
Jul-19	7.9516	-0.02	1.16	0.16	100.15	0.02	Jul-01-19	7201	500
Oct-19	8.1733	-0.04	2.33	-0.01	100.27	0.0	Oct-01-19	8045	500
Jan-20	8.32	-0.04	1.0	0.0	100.11	0.0	Jan-02-20	8814	500
Jul-20	8.66	-0.04	1.0	-0.0	100.1	0.0	Jul-01-20	10171	500
Jul-21	9.1605	-0.05	1.05	0.17	100.1	0.02	Jul-01-21	12435	500

NTN-B

Expiry	Yield	Daily Ch. (%)	BE	Ch. BE	FRA	FRA BE (Daily)	Duration (Macaulay)	BRL PV01	Carry (bps)
Aug-18	3.37	-0.01	3.89	-0.03	0.0	0.0	Jun-05-20	8323	0.08
May-19	3.338	-0.0	4.34	-0.01	3.34	3.34	Dec-31-20	10272	0.09
Aug-20	3.98	-0.05	4.53	0.01	3.98	4.53	Jan-17-22	13351	0.1
May-21	4.17	-0.03	4.66	-0.01	5.08	5.26	Jul-15-22	15101	0.1
Aug-22	4.48	-0.03	4.67	-0.01	5.47	4.73	Jul-05-23	18051	0.08
May-23	4.59	-0.04	4.67	-0.0	5.56	4.64	Oct-25-24	22199	0.08
Aug-24	4.6234	-0.04	4.81	-0.02	4.79	5.5	Jan-25-27	29607	0.06
Aug-26	4.81	-0.06	4.81	-0.02	5.64	4.84	Jan-31-29	37089	0.05
Aug-30	4.93	-0.06	4.86	-0.02	5.31	5.01	Feb-10-31	43571	0.05
May-35	4.9631	-0.05	4.95	-0.03	5.12	5.38	Mar-04-32	47411	0.05
Aug-40	5.0136	-0.06	4.97	-0.02	5.3	5.09	Jul-20-33	51886	0.04
May-45	5.1271	-0.06	4.91	-0.03	6.56	4.12	Apr-03-34	55662	0.04
Aug-50	5.1067	-0.06	4.96	-0.02	4.89	5.47	Apr-03-34	55662	0.04
May-55	5.06	-0.06	5.02	-0.02	4.01	6.36	Apr-03-34	55662	0.04



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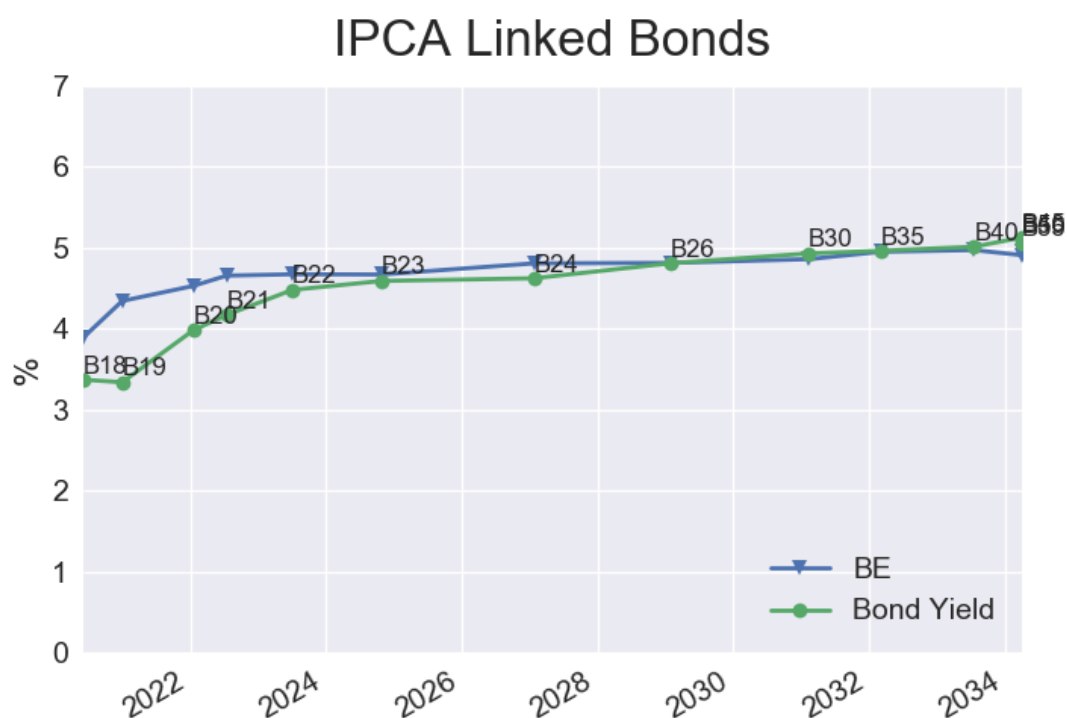
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Fixed-Rate Bonds



Fixed Bonds x DI





2 DI - Open Interest

Institutions	Contracts (k)	Long (%)	Ch. (k)	Contracts (k)	Short (%)	Ch. (k)	Net Position (k)	Net Ch. (k)
Financial Institutions	5815.0	26.23	-326.0	6901.0	31.14	112.0	-1086.0	-438.0
Banks	5804.0	26.19	-326.0	6726.0	30.35	111.0	-922.0	-437.0
Brokers & Dealers	0.0	0.0	0.0	2.0	0.0	0.0	-2.0	0.0
Other	11.0	0.04	0.0	173.0	0.77	0.0	-162.0	-0.0
Institutional Investors	11928.0	53.82	185.0	10469.0	47.24	-168.0	1459.0	354.0
Domestic	11928.0	53.82	185.0	10469.0	47.24	-168.0	1459.0	354.0
Nonresident Investors	4372.0	19.72	149.0	4763.0	21.49	65.0	-391.0	84.0
Corporations	26.0	0.11	1.0	21.0	0.09	-0.0	5.0	1.0
Individuals	20.0	0.09	1.0	7.0	0.02	2.0	14.0	-1.0
Total	22160.0	100.0	10.0	22160.0	100.0	10.0	0.0	0.0



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Contracts	D-1 (k)	D-Zero (k)	Ch. Daily (k)	Vol. (k)
V17	3283.0	3174.3	-108.7	26500.5
X17	300.7	307.8	7.1	717.8
Z17	263.7	281.1	17.5	10054.1
F18	4213.3	4221.4	8.1	24623.8
G18	75.6	75.7	0.0	129.3
H18	63.8	63.8	0.0	119.0
J18	1245.8	1276.2	30.4	8122.1
K18	26.3	26.3	0.0	2.4
M18	36.4	36.4	0.0	58.0
N18	1478.5	1469.9	-8.6	13739.0
Q18	5.5	5.5	0.0	0.0
U18	4.4	4.4	0.0	0.0
V18	635.7	641.0	5.3	2887.6
F19	2322.8	2122.8	-200.0	63759.4
J19	567.9	568.1	0.2	586.6
N19	578.0	577.0	-1.1	1407.0
V19	260.1	266.8	6.7	1614.3
F20	1640.7	1724.6	83.8	18120.1
J20	73.9	74.1	0.2	45.5
N20	1320.9	1322.2	1.2	1514.0
V20	49.6	50.2	0.5	46.4
F21	1459.2	1462.3	3.1	12443.9
J21	33.9	33.9	-0.0	8.8
N21	248.0	259.8	11.8	2165.6
V21	17.1	17.1	0.0	12.2
F22	109.5	111.4	1.8	865.5
J22	1.6	1.6	0.0	0.0
N22	12.0	12.0	0.0	0.3
F23	761.5	762.5	1.0	3941.8
N23	4.0	4.0	0.0	0.0
F24	57.0	57.0	-0.0	26.6
N24	3.4	3.4	0.0	0.0
F25	525.5	524.8	-0.7	2091.9
F26	62.7	62.7	0.0	66.7
F27	412.5	414.1	1.6	996.5
F28	0.0	0.0	0.0	0.0
F29	4.6	4.6	0.0	0.0
F30	1.2	1.2	0.0	0.0



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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))
Markeit	nan	2211.3	7916.0	5086.0	5192.0	4883.4	4928.3
V17	8.14	266.3	50.4	104.9	80.5	53.7	48.3
X17	8.07	7.3	3.2	2.0	4.3	2.2	1.5
Z17	7.84	102.3	68.3	2.1	5.3	2.7	2.0
F18	7.66	251.8	226.4	505.8	428.3	377.4	468.0
G18	7.53	1.3	1.5	0.2	2.5	4.2	2.1
H18	7.47	1.2	1.7	1.5	2.0	1.0	0.5
J18	7.4	84.5	134.1	47.3	72.9	62.2	49.5
N18	7.38	145.4	330.6	157.7	135.9	112.7	98.6
V18	7.46	31.1	91.5	12.3	25.6	32.2	56.9
F19	7.62	701.1	2489.2	912.2	965.5	889.2	931.4
J19	7.75	6.6	27.1	60.7	114.3	87.1	48.7
N19	7.94	16.1	75.4	61.6	56.0	49.4	46.8
V19	8.15	19.0	99.0	3.7	4.4	2.6	3.2
F20	8.31	217.7	1246.8	524.1	472.2	476.3	477.8
J20	8.48	0.6	3.5	4.1	2.0	1.3	4.4
N20	8.65	19.1	125.9	218.9	261.4	241.7	239.3
V20	8.82	0.6	4.2	0.5	2.6	1.7	7.2
F21	8.91	164.8	1219.7	1190.3	1211.6	1176.7	1176.6
J21	9.02	0.1	0.9	0.1	1.8	1.0	0.8
N21	9.15	30.2	243.2	8.6	9.0	9.7	5.8
V21	9.23	0.2	1.5	0.1	1.5	0.6	1.3
F22	9.32	12.7	110.0	45.5	35.8	32.4	30.9
N22	9.43	0.0	0.0	0.1	0.1	0.1	0.1
F23	9.52	63.7	616.2	460.9	476.1	417.0	397.5
N23	9.59	0.0	0.0	0.0	0.1	0.0	0.1
F24	9.68	0.5	4.9	6.8	3.7	3.7	4.4
N24	9.74	0.0	0.0	0.0	0.0	0.0	0.0
F25	9.82	41.3	448.9	315.9	365.9	338.6	318.2
F26	9.91	1.5	16.3	0.8	5.3	5.8	5.4
F27	10.02	24.2	272.2	263.5	251.8	211.5	179.0
F28	10.06	0.0	0.0	0.0	0.0	0.0	0.0
F29	10.07	0.3	3.5	0.0	0.1	0.2	0.3
F30	10.11	0.0	0.0	0.0	0.1	0.0	0.0



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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	3,37%													
B-19	3,34%	3,29%												
B-20	3,98%	4,29%	4,87%											
B-21	4,17%	4,48%	4,94%	5,08%										
B-22	4,48%	4,78%	5,14%	5,33%	5,47%									
B-23	4,59%	4,87%	5,20%	5,38%	5,50%	5,56%								
B-24	4,62%	4,86%	5,11%	5,20%	5,22%	5,05%	4,79%							
B-26	4,81%	5,02%	5,23%	5,33%	5,37%	5,33%	5,28%	5,64%						
B-30	4,93%	5,10%	5,26%	5,32%	5,35%	5,32%	5,29%	5,43%	5,31%					
B-35	4,96%	5,10%	5,23%	5,27%	5,29%	5,26%	5,24%	5,32%	5,22%	5,12%				
B-40	5,01%	5,13%	5,24%	5,28%	5,29%	5,27%	5,25%	5,31%	5,24%	5,21%	5,30%			
B-45	5,13%	5,25%	5,35%	5,40%	5,41%	5,41%	5,40%	5,47%	5,44%	5,49%	5,73%	6,56%		
B-50	5,11%	5,21%	5,30%	5,34%	5,35%	5,34%	5,33%	5,39%	5,35%	5,36%	5,47%	5,62%	4,89%	
B-55	5,06%	5,16%	5,24%	5,27%	5,28%	5,25%	5,30%	5,30%	5,25%	5,23%	5,27%	5,26%	4,60%	4,01%

Spreads at the Curve	B-19	B-22	114
B-19			19
B-20			33
B-22			65
B-26			16
B-45			14



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5 DI FRAs

FRA Yield NTN-B	DI1V17	DI1F18	DI1N18	DI1F19	DI1N19	DI1F20	DI1N20	DI1F21	DI1N21	DI1F22	DI1F23	DI1F24	DI1N24	DI1F25	DI1F26	DI1F27	DI1F29	DI1F30
8,14%	8,14%	7,65%	7,38%	7,62%	7,94%	8,31%	8,65%	8,91%	9,15%	9,32%	9,52%	9,68%	9,74%	9,82%	9,92%	10,02%	10,07%	10,11%
DI1V17	8,14%																	
DI1F18	7,65%	7,53%																
DI1N18	7,38%	7,31%	7,21%															
DI1F19	7,62%	7,59%	7,61%	8,00%														
DI1N19	7,94%	7,93%	8,00%	8,39%	8,80%													
DI1F20	8,31%	8,31%	8,41%	8,81%	9,21%	9,60%												
DI1N20	8,65%	8,66%	8,77%	9,16%	9,55%	9,92%	10,27%											
DI1F21	8,91%	8,93%	9,04%	9,40%	9,76%	10,07%	10,31%	10,35%										
DI1N21	9,15%	9,17%	9,28%	9,63%	9,96%	10,24%	10,47%	10,56%	10,79%									
DI1F22	9,32%	9,34%	9,45%	9,77%	10,06%	10,31%	10,50%	10,57%	10,69%	10,60%								
DI1F23	9,52%	9,54%	9,64%	9,90%	10,14%	10,33%	10,46%	10,50%	10,54%	10,46%	10,39%							
DI1F24	9,68%	9,70%	9,78%	10,02%	10,22%	10,38%	10,48%	10,51%	10,54%	10,49%	10,46%	10,54%						
DI1N24	9,74%	9,76%	9,84%	10,06%	10,25%	10,39%	10,49%	10,51%	10,54%	10,50%	10,48%	10,54%	10,85%					
DI1F25	9,82%	9,83%	9,92%	10,12%	10,30%	10,44%	10,52%	10,55%	10,58%	10,55%	10,54%	10,62%	10,70%	10,85%				
DI1F26	9,92%	9,93%	10,00%	10,19%	10,35%	10,46%	10,54%	10,56%	10,58%	10,56%	10,61%	10,65%	10,69%	10,85%	10,61%			
DI1F27	10,02%	10,03%	10,10%	10,27%	10,42%	10,52%	10,59%	10,61%	10,64%	10,62%	10,63%	10,69%	10,73%	10,75%	10,90%	10,75%		
DI1F29	10,07%	10,08%	10,14%	10,28%	10,40%	10,48%	10,53%	10,54%	10,56%	10,54%	10,56%	10,57%	10,57%	10,53%	10,51%	10,32%		
DI1F30	10,11%	10,12%	10,17%	10,30%	10,41%	10,48%	10,53%	10,54%	10,55%	10,54%	10,54%	10,56%	10,56%	10,57%	10,52%	10,39%	10,54%	

Spreads at the Curve

DI1F18	DI1F19	-4
DI1F19	DI1F21	129
DI1F19	DI1F23	190
DI1F21	DI1F23	61
DI1F21	DI1F25	91
DI1F23	DI1F25	30



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6 Disclaimer

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