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**Global Markets.** European equities are mixed while S&P future is falling 0.24%. The Mexican peso is up 0.3% against the USD and the yield of the 10 years treasury is down to 2.13%. Commodities: Oil is up 1.4% to USD48.00, steel is flat and soy is climbing 0.9%.

**Local News.** Politics rules the day. In a much unexpected twist, the Attorney General brought to light the information that his former right arm may have helped Mr. Joesley Baptista in his plea bargain, thus shedding a cloud of doubts over the whole affair.

Newspapers all around agree the whole thing should favor Mr. Temer. For one, there are now doubts whether the second charge against the President is going to go ahead at all. Secondly, the whole affair against Mr. Temer looks so surreal by now that it may lose all credibility and just unravel.

Be all that as it may, although still small, it follows that the odds of a social security reform are now higher than they were a day ago, and the market should price that in accordingly. In a nutshell, as natural consequence, Temer's political capital is likely to increase while Congress' bargain power, shrink. Granted, it is certainly early for a full assessment, but this is one of the main conclusions one can gather out of this whole episode.

Economics also make a few headlines. Yet again, the O valor underscores that analysts are more confident over economic recovery. In the meantime, with the COPOM's decision due to tomorrow, the debate of how long the Central Bank will go on cutting rates is gaining some traction, as underscore by a couple of articles also at the O Valor newspaper. In sum, the economy is also bring some positive vibes for today's session.

**Agenda - Highlights:** Brazil: Industrial Production of July - our call: 0.8%mom. US: durable goods order, July.

<sup>2grey!15white</sup> Time	Country	Indicator	Period	Forecast	Impact
09:00:00	BZ	IP	July	0,8% mom	High
11:00:00	US	Durable Orders	July	-3,3% mom	Medium

**Bottom Line.** Local markets are likely celebrate the political headlines.