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Economist

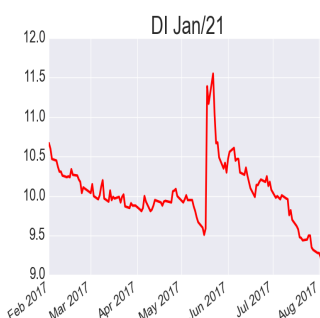
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Index		+/-
CDS 5Y	199.0	-0.4pts
DAX	12231.8	-0.5%
T-10	2.3	0.0pts
S&P Fut	2474.0	0.1%
EUR	1.18	0.2%
MXN	17.97	0.5%
OIL	48.9	-1.3%
Iron Ore	563.5	2.9%
Soya	964.0	0.8%
VIX	10.3	0.3%

Source: Bloomberg
7th August 2017 7:55am -03:00



Source: Bloomberg

Highlights

- Overseas markets: European equities look lukewarm. Treasuries are up, but mildly.
- Local news: The strategy to tackle the social security reform is starting to take shape.

Global Markets. European equities are sort of mixed, while the S&P future is up by 0.15%. In the meantime, the Mexican peso is down noticeably by 0.5% against the USD, and the yield of the 10 years Treasury is up to 2.27%. Commodities: Oil is down 1.6% to USD48.9.

Local News. According to most newspapers, **the strategy to tackle the social security reform is starting to that shape.** To start with, the Congress will vote two provisional measures that are due to expire this week. Thus doing, the government plans to test the type of support it owns today on both Houses with subjects that demand only single majority. At least, this is what both the O Globo and the Estado de São Paulo report this morning.

More specifically, the matters to be voted this week are indeed of high importance for the Ministry of Finance, at least in so far as the primary fiscal target is concerned. The first one is the **tax-debt forgiveness bill (Refis)**, which has been substantially watered down by the Lower House's rapporteur, and now the government is trying to mold it back to its original intent prior its final voting. The other is the **revision of all payroll subsidies** put in place during Mrs. Dilma's tenure, which may have substantial implications to 2018's revenues.

These are going to be tough subjects, given all the entrenched interest around them. Be that as it may, and once the are done way, the idea is to bring the social security bill back to the fore around September, also after the political reform having been deal with in the Congress. As of now, according to Estado de São Paulo, the modifications to the original bill are the major sticking points, where some political actors favor a softer version.

On the political front, the Folha de Sao Paulo and others speculate over the next charge the Attorney General may raise against Mr. Temer. Apparently, there isn't anything new, but the anxiety remains being the new information that new plea bargain agreements may bring to the fore prior the case is done.

Agenda - Highlights: Brazil: Central Bank's Market readout. US: Thin.

Time	Country	Indicator	Period	Forecast	Impact
08:25:00	BZ	Weekly Market Readout	1-w Aug	-	Medium
15:00:00	BZ	Weekly Trade Balance	1-w Aug	-	Low
16:00:00	US	Consumer Credit	June	15,250b	Low

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Bottom Line. Global markets look relatively calm, while local news brings nothing earth shaking. This should set a favorable backdrop for the local early session.

1 Brazilian Bonds

NTNF

Expiry	Yield	Daily Ch. (%)	Spread	Daily Ch. Daily	%DI	Daily Ch. (%)	Duration (Macaulay)	BRL PV01	DI Conts.
Jan-18	8.1666	0.0	-1.84	-0.22	99.9	-0.02	Jan-02-18	1865	524
Jan-19	7.934	0.03	-5.6	-0.21	99.38	-0.01	Dec-06-18	6344	549
Jan-21	9.0148	0.01	-14.52	0.07	99.46	-0.01	Jul-23-20	14010	607
Jan-23	9.515	-0.01	-20.5	-1.0	99.45	-0.12	Nov-25-21	20132	676
Jan-25	9.6929	-0.02	-27.71	-0.71	99.05	-0.11	Jan-03-23	25207	758
Jan-27	9.7928	-0.01	-30.72	-0.83	98.92	-0.08	Dec-05-23	29371	850

LTN

Expiry	Yield	Daily Ch. (%)	Spread	Daily Ch. Daily	%DI	Daily Ch. (%)	Duration (Macaulay)	BRL PV01	DI Conts.
Oct-17	8.8081	0.0	2.41	0.03	100.36	0.01	Oct-02-17	684	500
Jan-18	8.1307	0.0	-5.43	-0.08	99.47	-0.01	Jan-02-18	1762	500
Apr-18	7.9513	0.01	0.63	0.63	100.17	0.08	Apr-02-18	2801	500
Jul-18	7.87	0.01	0.5	0.5	100.13	0.06	Jul-02-18	3836	500
Oct-18	7.9261	0.01	1.61	0.36	100.25	0.04	Oct-01-18	4853	500
Jan-19	8.0037	0.04	1.37	0.55	100.2	0.06	Jan-02-19	5763	500
Apr-19	8.155	0.04	1.5	0.16	100.21	0.02	Apr-01-19	6635	500
Jul-19	8.295	0.02	0.5	0.27	100.08	0.03	Jul-01-19	7462	500
Oct-19	8.5006	0.02	2.06	-0.01	100.25	0.0	Oct-01-19	8278	500
Jan-20	8.625	0.04	0.5	0.27	100.07	0.03	Jan-02-20	9024	500
Jul-20	8.92	0.02	1.0	0.0	100.11	0.0	Jul-01-20	10339	500
Jul-21	9.3623	0.0	-0.77	0.05	99.92	0.01	Jul-01-21	12529	500

NTN-B

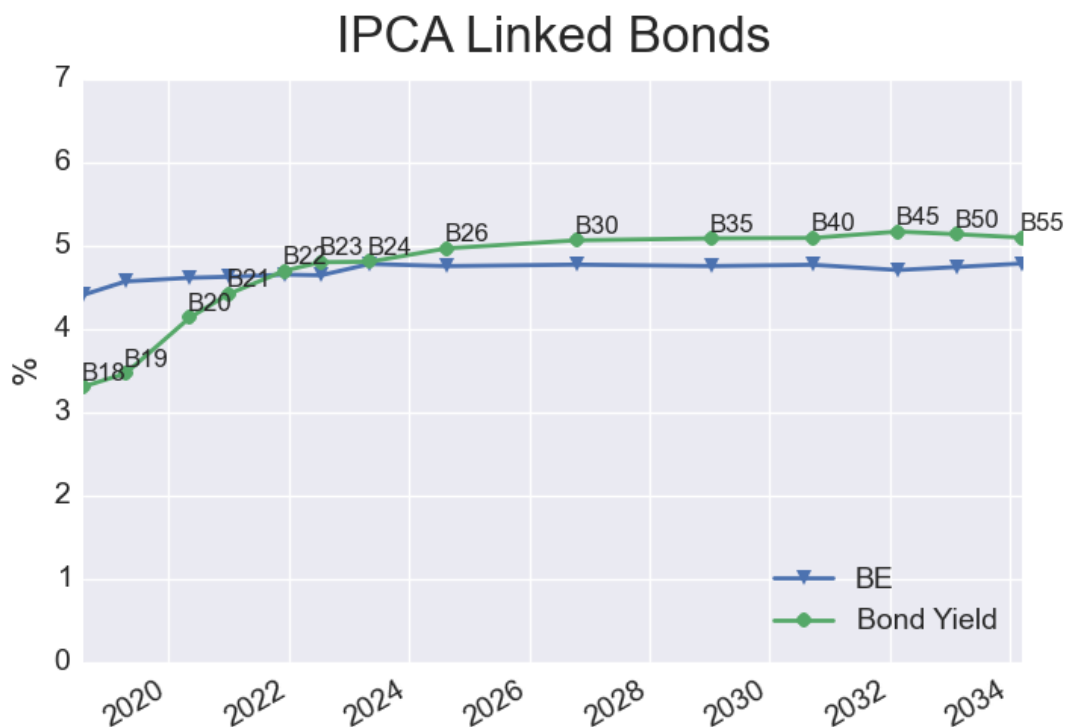
Expiry	Yield	Daily Ch. (%)	BE	Ch. BE	FRA	FRA BE (Daily)	Duration (Macaulay)	BRL PV01	Carry (bps)
Aug-18	3.31	0.02	4.41	-0.02	3.31	4.41	Aug-01-18	2979	-1.81
May-19	3.47	0.04	4.57	-0.01	3.7	4.8	Apr-15-19	5103	-1.02
Aug-20	4.1378	0.04	4.62	-0.02	5.2	4.69	May-08-20	8493	-0.53
May-21	4.4225	0.0	4.63	0.0	5.63	4.68	Dec-31-20	10361	-0.39
Aug-22	4.7	0.0	4.66	0.0	5.73	4.75	Dec-03-21	13361	-0.29
May-23	4.8044	-0.01	4.65	0.01	5.54	4.59	Jul-14-22	15059	-0.24
Aug-24	4.81	-0.01	4.78	0.0	4.84	5.62	May-08-23	17940	-0.21
Aug-26	4.97	-0.01	4.76	0.01	5.69	4.64	Aug-15-24	21977	-0.16
Aug-30	5.0674	-0.02	4.78	0.02	5.38	4.83	Oct-16-26	29151	-0.12
May-35	5.0902	-0.02	4.76	0.02	5.18	4.69	Jan-15-29	36342	-0.09
Aug-40	5.0957	-0.02	4.77	0.02	5.13	4.88	Sep-19-30	42816	-0.08
May-45	5.1717	-0.02	4.71	0.02	5.88	4.12	Feb-19-32	46827	-0.07
Aug-50	5.1406	-0.02	4.75	0.02	4.68	5.29	Feb-08-33	51290	-0.07
May-55	5.1	-0.02	4.79	0.02	4.52	5.39	Mar-13-34	54884	-0.06

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	5636.0	28.53	80.0	6735.0	34.09	16.0	-1099.0	64.0
Banks	5623.0	28.46	80.0	6557.0	33.19	15.0	-934.0	65.0
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	176.0	0.89	0.0	-163.0	0.0
Institutional Investors	10435.0	52.83	-36.0	9179.0	46.47	46.0	1256.0	-82.0
Domestic	10435.0	52.83	-36.0	9179.0	46.47	46.0	1256.0	-82.0
Nonresident Investors	3649.0	18.47	61.0	3817.0	19.32	44.0	-168.0	17.0
Corporations	18.0	0.09	2.0	15.0	0.07	1.0	3.0	1.0
Individuals	13.0	0.06	1.0	5.0	0.02	0.0	9.0	1.0
Total	19751.0	100.0	107.0	19751.0	100.0	107.0	0.0	0.0

Fixed Income Daily

August 7, 2017

Contracts	D-1 (k)	D-Zero (k)	Ch. Daily (k)	Vol. (k)
U17	491.7	500.2	8.6	2877.9
V17	2459.4	2444.7	-14.8	10909.8
X17	179.3	209.6	30.3	3252.1
Z17	188.4	188.4	0.0	1.5
F18	3504.4	3516.6	12.1	13588.2
G18	45.1	47.1	2.0	216.6
H18	28.8	28.8	0.0	1.0
J18	938.5	943.0	4.6	1696.8
K18	22.3	22.3	0.0	0.0
M18	20.1	20.1	0.0	0.0
N18	972.1	986.8	14.7	4241.0
Q18	0.0	0.0	0.0	0.0
V18	578.9	584.5	5.6	1209.3
F19	2523.0	2556.4	33.3	25448.5
J19	574.5	572.7	-1.8	602.0
N19	461.2	462.5	1.3	1202.1
V19	181.9	182.1	0.3	330.6
F20	1696.5	1694.0	-2.5	12479.2
J20	73.6	73.7	0.1	5.2
N20	1278.5	1279.7	1.2	3283.6
V20	49.9	50.0	0.2	73.5
F21	1268.4	1275.0	6.6	15861.8
J21	33.0	32.7	-0.2	22.8
N21	143.2	143.2	0.0	585.8
V21	16.8	16.8	0.0	0.0
F22	105.4	106.7	1.3	519.6
J22	1.7	1.7	0.0	0.0
N22	13.2	13.2	0.0	0.3
F23	723.9	730.0	6.1	2697.8
N23	3.5	3.6	0.0	1.2
F24	56.9	57.0	0.0	4.7
N24	3.4	3.5	0.0	0.8
F25	541.8	539.7	-2.1	2138.4
F26	62.1	62.1	0.0	0.9
F27	397.5	397.8	0.3	386.0
F28	0.0	0.0	0.0	0.0
F29	4.4	4.4	0.0	0.0
F30	0.7	0.7	0.0	0.0

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	1222.0	5456.7	5385.4	5049.9	5868.1	5497.6
N17	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Q17	0.0	0.0	0.0	1.1	0.0	0.0	0.0
U17	9.14	29.0	6.7	46.0	20.2	14.9	9.1
V17	8.78	110.6	50.8	95.2	81.1	92.4	78.4
X17	8.57	33.2	23.2	8.4	5.1	3.9	3.7
Z17	8.36	0.0	0.0	2.3	4.0	6.5	4.7
F18	8.18	140.2	160.7	290.2	276.3	346.8	374.5
G18	8.08	2.2	3.1	0.4	1.0	1.3	2.7
H18	8.0	0.0	0.0	0.7	1.3	0.8	0.9
J18	7.94	17.8	32.3	65.3	60.3	46.3	58.0
K18	7.9	0.0	0.0	0.8	2.2	1.6	1.6
M18	7.88	0.0	0.0	0.9	2.3	2.5	2.5
N18	7.86	45.4	112.1	192.3	147.1	138.4	130.7
V18	7.91	13.2	41.0	37.8	48.1	34.7	32.4
F19	7.99	283.2	1048.2	1011.6	891.1	1216.8	1082.4
J19	8.14	6.8	29.1	91.5	63.2	74.6	83.5
N19	8.29	14.0	66.7	64.7	56.4	63.4	59.9
V19	8.48	3.9	20.8	64.7	48.4	22.7	12.8
F20	8.62	152.1	879.1	797.6	680.7	765.7	632.3
J20	8.76	0.1	0.4	5.9	3.3	3.2	2.2
N20	8.91	42.0	277.8	198.9	225.7	287.6	272.8
V20	9.06	1.0	6.8	1.7	1.4	2.5	2.1
F21	9.16	213.6	1574.4	1212.5	1254.4	1503.6	1376.8
J21	9.27	0.3	2.4	1.2	1.7	1.3	1.1
N21	9.37	8.3	66.4	70.8	89.0	34.8	20.5
V21	9.45	0.0	0.0	0.3	2.1	1.0	1.0
F22	9.52	7.7	66.5	40.1	38.1	36.3	33.4
N22	9.64	0.0	0.0	4.9	1.8	1.3	0.7
F23	9.72	44.5	423.0	451.9	451.1	474.8	448.0
N23	9.78	0.0	0.2	0.0	0.0	0.2	0.1
F24	9.86	0.1	0.9	7.7	2.4	4.4	4.2
N24	9.91	0.0	0.2	0.3	0.1	1.4	0.7
F25	9.97	43.2	458.8	392.8	380.3	384.8	374.9
F26	10.02	0.0	0.2	0.9	3.9	4.4	5.1
F27	10.1	9.5	105.0	223.8	202.4	240.7	225.3
F28	10.14	0.0	0.0	0.0	0.0	0.0	0.0
F29	10.15	0.0	0.0	0.0	0.0	1.0	0.6
F30	10.19	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	3,31%													
B-19	3,47%	3,70%												
B-20	4,14%	4,60%	4,14%											
B-21	4,42%	4,88%	4,42%	4,42%										
B-22	4,70%	5,11%	4,70%	4,70%	4,70%									
B-23	4,80%	5,18%	4,80%	4,80%	4,80%	4,80%								
B-24	4,81%	5,12%	4,81%	4,81%	4,81%	4,81%	4,81%							
B-26	4,97%	5,24%	4,97%	4,97%	4,97%	4,97%	4,97%	4,97%						
B-30	5,07%	5,28%	5,07%	5,07%	5,07%	5,07%	5,07%	5,07%	5,07%					
B-35	5,09%	5,26%	5,09%	5,09%	5,09%	5,09%	5,09%	5,09%	5,09%	5,09%				
B-40	5,10%	5,24%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%			
B-45	5,17%	5,31%	5,17%	5,17%	5,17%	5,17%	5,17%	5,17%	5,17%	5,17%	5,17%	5,17%		
B-50	5,14%	5,27%	5,14%	5,14%	5,14%	5,14%	5,14%	5,14%	5,14%	5,14%	5,14%	5,14%	5,14%	
B-55	5,10%	5,21%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%

Spreads at the Curve

B-19	B-22	-16
B-20	B-21	-83
B-22	B-26	-139
B-22	B-45	-139
B-35	B-45	-178
B-35	B-50	-178

5 DI FRAs

FRA DI	DI1V17	DI1F18	DI1J18	DI1N18	DI1F19	DI1N19	DI1F20	DI1N20	DI1F21	DI1N21	DI1F22	DI1F23	DI1F24	DI1F25	DI1F26	DI1F27
DI1V17	8,77%															
DI1F18	8,18%	8,77%														
DI1J18	7,94%	7,79%	7,55%													
DI1N18	7,86%	7,67%	7,61%	7,66%												
DI1F19	7,99%	7,89%	7,91%	8,03%	8,21%											
DI1N19	8,29%	8,24%	8,32%	8,47%	8,68%	9,15%										
DI1F20	8,62%	8,61%	8,71%	8,87%	9,07%	9,50%	9,83%									
DI1N20	8,91%	8,92%	9,03%	9,19%	9,38%	9,78%	10,08%	10,35%								
DI1F21	9,16%	9,18%	9,29%	9,45%	9,63%	9,98%	10,25%	10,47%	10,59%							
DI1N21	9,37%	9,40%	9,51%	9,66%	9,82%	10,15%	10,40%	10,59%	10,71%	10,84%						
DI1F22	9,52%	9,55%	9,66%	9,79%	9,95%	10,24%	10,45%	10,61%	10,70%	10,76%	10,67%					
DI1F23	9,72%	9,75%	9,84%	9,96%	10,09%	10,33%	10,50%	10,61%	10,66%	10,68%	10,63%	10,61%				
DI1F24	9,86%	9,88%	9,97%	10,07%	10,18%	10,38%	10,52%	10,61%	10,64%	10,65%	10,61%	10,60%	10,59%			
DI1F25	9,97%	10,00%	10,07%	10,17%	10,26%	10,44%	10,55%	10,63%	10,66%	10,66%	10,63%	10,63%	10,70%	10,43%		
DI1F26	10,03%	10,05%	10,12%	10,20%	10,29%	10,43%	10,53%	10,59%	10,61%	10,62%	10,59%	10,58%	10,57%	10,57%	10,74%	
DI1F27	10,10%	10,12%	10,19%	10,26%	10,34%	10,47%	10,56%	10,61%	10,63%	10,64%	10,62%	10,61%	10,62%	10,58%	10,49%	10,40%
DI1F29	10,15%	10,17%	10,22%	10,29%	10,35%	10,46%	10,53%	10,57%	10,58%	10,58%	10,55%	10,54%	10,53%	10,49%	10,51%	10,40%

Spreads at the Curve

DI1F18	DI1F19	-19
DI1F19	DI1F21	117
DI1F19	DI1F23	173
DI1F21	DI1F23	56
DI1F21	DI1F25	81
DI1F23	DI1F25	25

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