



Daily Fixed Income

September 19, 2017

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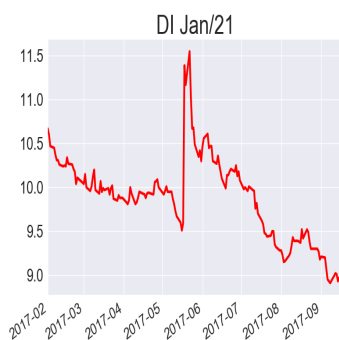
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Index		+/-
CDS 5Y	178.3	0.3pts
DAX	12544.8	-0.1%
T-10	2.2	-0.0pts
S&P Fut	2504.7	0.1%
EUR	1.2	0.3%
MXN	17.75	-0.0%
OIL	50.4	0.9%
Iron Ore	507.0	0.4%
Soya	967.8	0.0%
VIX	10.0	-0.2%

Source: Bloomberg

19th September 2017 8:02am -03:00



Source: Bloomberg

Highlights

- Overseas markets: Overseas markets on a flat note.
- Local news: revisiting topics - Temer's second charge and fiscal worries.

Global Markets. European equities are roughly flat, and so is the S&P future. In the meantime, the Mexican peso is selling sideways against the USD, while the yield of the 10 years Treasury is roughly flat at 2.22%. Commodities: Oil is up by 0.8% to USD50.8 and so are steel and soy prices, climbing 1.0% and 0.1%, respectively.

Local News. Newspapers discuss the fate of the second charge against President Temer. For one, both the Folha de Sao Paulo and the Correio Braziliense raise the possibility Supreme Court may return the charge to the Prosecutor General till further investigations are concluded. The argument is that most of the accusations pertain to wrongdoings possibly undertaken prior to Temer's Presidential Tenure.

Alternatively, the O Valor sticks to the original thought that the Supreme Court should merely send the charge to the Lower House. As put forth in the case of the first charge, this view is based on the take that, according to the constitution, the Supreme Court is a solely intermediary in this particular case, and should thus act accordingly.

Against this background, the fiscal issue around the 2017 primary target comes back to the fore yet again. On one hand, the O Globo brings the news that the economic team is fearing the target may not be reached and may call for further adjustments. Yet again, the problems pertain to lower-than-expected revenues related to one-timers, such as the action of the Cemig assets and Refis.

On the positive side, however, the O Valor conveys the information that Mr. Temer would have settled the case around the BNDES and its transfers to the Treasury. According to the newspaper, the decision is that things should take place as planned, that is, R\$50bn should be transferred in 2017 and R\$100bn next year, and that it that. Still on the positive camp, the Folha de Sao Paulo brings the information that August's federal revenues would have climbed 8% in real terms, based primarily on income taxes of financial institutions.

Finally, the O Valor brings a patch of articles delving on what the Quarterly Inflation Report may bring on to the table. Two key issues stand out: 1) detailed inflation forecasts may suggest a below target for 2017's CPI, and 2) wonder the implications of that to the Selic rate. In the meantime, on the political front, it is worth checking out the Sao Paulo mayor's interview to the journalist, Kenneth Alencar. Interesting to the note how he is trying to strike a very difficult balance between being the new and, at the same time, sooth the establishment.

Agenda - Highlights: Brazil: IGP-M and Central Banks rollover currency swap. US: Housing starts and permits, August.

Time	Country	Indicator	Period	Forecast	Impact
09:30:00	US	Housing Starts	Aug	1,17 mi	Medium
09:30:00	US	Building Permits	Aug	1,22 mi	Medium
11:30:00	BZ	Linked Bond Auction	nan	750k	Medium
11:30:00	BZ	Swap Rollover	nan	12k	Medium

Bottom Line. Amid mixed global markets and lukewarm flow of news, a mixed kick-off of the trading session looks the most likely the way to go.

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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	7.508	-0.03	-7.7	-0.63	99.12	-0.08	Jan-02-18	1328	525
Jan-19	7.3964	-0.06	-6.36	-0.16	99.27	-0.04	Dec-06-18	5891	546
Jan-21	8.8035	-0.03	-13.65	-0.35	99.71	-0.03	Jul-23-20	13690	604
Jan-23	9.37	-0.03	-22.0	-0.63	99.5	-0.04	Nov-26-21	19938	672
Jan-25	9.5966	-0.03	-31.34	-1.0	98.99	-0.09	Jan-04-23	25086	754
Jan-27	9.7704	-0.03	-34.96	-0.64	99.0	-0.06	Dec-06-23	29191	848

LTN

Expiry	Yield	Daily Ch. (%)	Spread	Daily Ch. Daily	%DI	Daily Ch. (%)	Duration (Macaulay)	BRL PV01	DI Conts.
Oct-17	8.1759	-0.0	3.48	-0.03	100.41	-0.0	Oct-02-17	146	500
Jan-18	7.4828	-0.03	-10.22	-0.86	98.8	-0.11	Jan-02-18	1249	500
Apr-18	7.2657	-0.04	-1.93	-1.43	99.83	-0.19	Apr-02-18	2319	500
Jul-18	7.215	-0.06	-2.0	-1.5	99.79	-0.2	Jul-02-18	3386	500
Oct-18	7.2981	-0.07	-1.19	-1.45	99.89	-0.19	Oct-01-18	4439	500
Jan-19	7.4468	-0.07	-1.32	-0.82	99.86	-0.1	Jan-02-19	5379	500
Apr-19	7.6371	-0.06	-0.29	-0.5	99.98	-0.06	Apr-01-19	6284	500
Jul-19	7.8562	-0.04	0.62	-0.38	100.08	-0.04	Jul-01-19	7135	500
Oct-19	8.12	-0.04	2.0	-0.35	100.24	-0.04	Oct-01-19	7978	500
Jan-20	8.2869	-0.04	0.69	-0.31	100.08	-0.03	Jan-02-20	8748	500
Jul-20	8.6688	-0.02	0.88	-0.12	100.09	-0.01	Jul-01-20	10101	500
Jul-21	9.1887	-0.04	0.87	-0.13	100.08	-0.01	Jul-01-21	12367	500

NTN-B

Expiry	Yield	Daily Ch. (%)	BE	Ch. BE	FRA	FRA BE (Daily)	Duration (Macaulay)	BRL PV01	Carry (bps)
Aug-18	3.4152	0.02	3.73	-0.07	0.0	0.0	Jun-05-20	8248	-0.14
May-19	3.3946	0.0	4.19	-0.05	3.39	3.39	Dec-31-20	10151	-0.08
Aug-20	3.9839	-0.01	4.53	-0.02	3.98	4.53	Jan-17-22	13198	-0.03
May-21	4.2745	0.01	4.57	-0.05	5.66	4.8	Jul-14-22	14927	-0.02
Aug-22	4.5917	0.01	4.61	-0.04	5.59	4.73	Jul-04-23	17844	-0.01
May-23	4.7	0.0	4.62	-0.02	5.66	4.67	Oct-24-24	21991	-0.0
Aug-24	4.7281	-0.0	4.77	-0.01	4.87	5.56	Jan-21-27	29396	0.0
Aug-26	4.88	-0.0	4.83	-0.02	5.55	5.07	Jan-24-29	36700	0.0
Aug-30	4.97	-0.0	4.87	-0.02	5.26	5.0	Jan-31-31	43210	0.0
May-35	5.02	-0.0	4.83	-0.01	5.25	4.65	Feb-24-32	47034	0.01
Aug-40	5.05	-0.01	4.82	-0.01	5.22	4.79	Jul-12-33	51532	0.01
May-45	5.158	-0.01	4.73	-0.01	6.52	3.54	Mar-17-34	55163	0.0
Aug-50	5.13	-0.01	4.76	-0.01	4.84	5.13	Mar-17-34	55163	0.0
May-55	5.09	-0.01	4.81	-0.01	4.17	5.79	Mar-17-34	55163	0.0



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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	5837.0	26.59	-24.0	6984.0	31.82	11.0	-1147.0	-35.0
Banks	5827.0	26.54	-24.0	6807.0	31.01	10.0	-980.0	-34.0
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	176.0	0.79	0.0	-165.0	-0.0
Institutional Investors	11460.0	52.21	-1.0	10064.0	45.85	21.0	1396.0	-23.0
Domestic	11460.0	52.21	-1.0	10064.0	45.85	21.0	1396.0	-23.0
Nonresident Investors	4607.0	20.99	26.0	4870.0	22.18	-31.0	-263.0	57.0
Corporations	28.0	0.12	-1.0	23.0	0.1	0.0	5.0	-1.0
Individuals	16.0	0.07	1.0	7.0	0.03	0.0	9.0	1.0
Total	21948.0	100.0	1.0	21948.0	100.0	1.0	0.0	0.0



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Contracts	D-1 (k)	D-Zero (k)	Ch. Daily (k)	Vol. (k)
V17	2650.0	2627.2	-22.8	5529.8
X17	319.8	323.8	4.0	3217.7
Z17	312.8	312.9	0.1	173.8
F18	4438.8	4450.9	12.0	16017.9
G18	76.0	77.6	1.5	148.0
H18	66.4	67.1	0.7	383.3
J18	1502.8	1507.6	4.9	11697.8
K18	27.1	27.1	0.0	0.0
M18	36.4	36.4	0.0	0.0
N18	1488.8	1487.2	-1.6	6193.2
Q18	9.3	9.3	0.0	0.0
U18	4.4	4.4	0.0	0.0
V18	631.0	635.1	4.0	1441.6
F19	2057.0	2073.6	16.6	17835.8
J19	567.0	566.3	-0.7	1121.7
N19	585.7	587.4	1.8	1080.3
V19	271.9	274.2	2.2	1356.5
F20	1728.1	1720.0	-8.1	8456.2
J20	74.6	74.6	0.1	5.3
N20	1323.4	1322.1	-1.2	1391.4
V20	50.0	50.3	0.2	20.9
F21	1466.4	1463.8	-2.6	6307.3
J21	33.7	33.7	0.0	8.8
N21	281.6	264.3	-17.2	2135.2
V21	17.3	17.3	0.0	10.8
F22	112.4	112.7	0.3	214.0
J22	1.6	1.6	0.0	0.3
N22	12.0	12.0	0.0	0.3
F23	766.9	767.7	0.9	1723.4
N23	4.0	4.0	0.0	0.0
F24	56.9	56.9	0.0	7.5
N24	3.4	3.4	0.0	0.0
F25	489.3	494.1	4.8	1337.9
F26	62.7	62.6	-0.2	10.9
F27	412.0	413.8	1.8	469.0
F28	0.0	0.0	0.0	0.0
F29	4.6	4.6	0.0	16.8
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))
Market	nan	999.9	3621.8	5086.0	5192.0	4816.1	4928.3
V17	8.14	55.5	6.5	104.9	80.5	53.7	48.3
X17	8.04	32.5	11.7	2.0	4.3	2.2	1.5
Z17	7.81	1.8	1.0	2.1	5.3	2.7	2.0
F18	7.58	163.5	133.8	505.8	428.3	376.0	468.0
G18	7.45	1.5	1.6	0.2	2.5	4.2	2.1
H18	7.38	4.0	5.0	1.5	2.0	1.0	0.5
J18	7.28	121.4	182.1	47.3	72.9	62.2	49.5
N18	7.24	65.4	142.5	157.7	135.9	112.7	98.6
V18	7.31	15.5	44.0	12.3	25.6	32.2	56.9
F19	7.46	195.5	674.3	912.2	965.5	889.2	931.4
J19	7.64	12.5	50.4	60.7	114.3	87.1	48.7
N19	7.85	12.3	56.3	61.6	56.0	49.4	46.8
V19	8.1	15.9	81.0	3.7	4.4	2.6	3.2
F20	8.28	101.4	567.4	524.1	472.2	476.3	477.8
J20	8.48	0.1	0.4	4.1	2.0	1.3	4.4
N20	8.66	17.5	112.9	218.9	261.4	241.7	239.3
V20	8.82	0.3	1.9	0.5	2.6	1.7	7.2
F21	8.94	83.5	604.5	1190.3	1211.6	1176.7	1176.6
J21	9.06	0.1	0.9	0.1	1.8	1.0	0.8
N21	9.18	29.7	234.7	8.6	9.0	9.7	5.8
V21	9.26	0.2	1.3	0.1	1.5	0.6	1.3
F22	9.35	3.1	26.6	45.5	35.8	32.4	30.9
N22	9.48	0.0	0.0	0.1	0.1	0.1	0.1
F23	9.59	27.9	263.9	460.9	476.1	417.0	397.5
N23	9.66	0.0	0.0	0.0	0.1	0.0	0.1
F24	9.75	0.1	1.4	6.8	3.7	3.7	4.4
N24	9.82	0.0	0.0	0.0	0.0	0.0	0.0
F25	9.91	26.6	281.8	315.9	365.9	338.6	318.2
F26	10.02	0.2	2.6	0.8	5.3	5.8	5.4
F27	10.12	11.4	125.7	263.5	251.8	211.5	179.0
F28	10.16	0.0	0.0	0.0	0.0	0.0	0.0
F29	10.17	0.5	5.5	0.0	0.1	0.2	0.3
F30	10.21	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	3,42%													
B-19	3,39%	3,37%												
B-20	3,98%	4,26%	4,79%											
B-21	4,27%	4,59%	5,08%	5,66%										
B-22	4,59%	4,90%	5,27%	5,62%	5,59%									
B-23	4,70%	4,99%	5,33%	5,63%	5,62%	5,66%								
B-24	4,73%	4,97%	5,22%	5,39%	5,33%	5,13%	4,87%							
B-26	4,88%	5,09%	5,30%	5,44%	5,40%	5,33%	5,55%							
B-30	4,97%	5,13%	5,29%	5,37%	5,35%	5,30%	5,36%	5,26%						
B-35	5,02%	5,16%	5,28%	5,35%	5,32%	5,28%	5,32%	5,25%	5,25%					
B-40	5,05%	5,17%	5,27%	5,32%	5,30%	5,27%	5,30%	5,24%	5,24%	5,22%				
B-45	5,16%	5,27%	5,37%	5,43%	5,42%	5,40%	5,45%	5,43%	5,50%	5,67%	6,52%			
B-50	5,13%	5,23%	5,32%	5,37%	5,35%	5,33%	5,36%	5,33%	5,36%	5,41%	5,57%	4,84%		
B-55	5,09%	5,19%	5,27%	5,31%	5,29%	5,25%	5,29%	5,25%	5,25%	5,24%	5,26%	4,62%	4,17%	

Spreads at the Curve	B-19	B-22	120
B-19			
B-20			29
B-22			29
B-26			29
B-45			57
B-45			14
B-50			11



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5 DI FRAs

FRA DI	DI1V17	DI1F18	DI1N18	DI1F19	DI1N19	DI1F20	DI1N20	DI1F21	DI1N21	DI1F22	DI1F23	DI1F24	DI1N24	DI1F25	DI1F26	DI1F27	DI1F29	DI1F30
DI1V17	8.14%																	
DI1F18	7.58%	7.49%																
DI1N18	7.23%	7.19%	7.04%															
DI1F19	7.46%	7.42%	7.81%															
DI1N19	7.85%	7.84%	7.90%	8.33%	8.87%													
DI1F20	8.28%	8.28%	8.38%	8.82%	9.33%	9.76%												
DI1N20	8.66%	8.67%	8.78%	9.22%	9.70%	10.10%	10.45%											
DI1F21	8.94%	8.95%	9.07%	9.47%	9.89%	10.22%	10.46%	10.48%										
DI1N21	9.18%	9.19%	9.31%	9.69%	10.07%	10.37%	10.58%	10.64%	10.80%									
DI1F22	9.35%	9.36%	9.48%	9.82%	10.16%	10.42%	10.59%	10.63%	10.71%	10.62%								
DI1F23	9.59%	9.60%	9.70%	10.00%	10.28%	10.48%	10.60%	10.63%	10.67%	10.62%	10.62%							
DI1F24	9.75%	9.76%	9.85%	10.11%	10.34%	10.50%	10.60%	10.62%	10.65%	10.62%	10.61%	10.76%						
DI1N24	9.82%	9.83%	9.92%	10.16%	10.38%	10.53%	10.62%	10.64%	10.66%	10.64%	10.66%	10.76%	10.91%					
DI1F25	9.91%	9.92%	10.00%	10.23%	10.44%	10.58%	10.66%	10.69%	10.71%	10.70%	10.71%	10.76%	10.84%	10.87%				
DI1F26	10.02%	10.02%	10.10%	10.31%	10.49%	10.61%	10.68%	10.70%	10.73%	10.72%	10.73%	10.76%	10.84%	10.87%	10.78%			
DI1F27	10.12%	10.13%	10.20%	10.39%	10.55%	10.66%	10.73%	10.75%	10.77%	10.78%	10.82%	10.89%	10.92%	10.89%	11.00%			
DI1F29	10.17%	10.18%	10.24%	10.39%	10.52%	10.61%	10.66%	10.67%	10.68%	10.67%	10.68%	10.69%	10.70%	10.65%	10.61%	10.41%		
DI1F30	10.21%	10.22%	10.27%	10.41%	10.53%	10.61%	10.66%	10.67%	10.68%	10.67%	10.68%	10.69%	10.69%	10.65%	10.62%	10.49%	10.64%	

Spreads at the Curve

DI1F18	DI1F19	-12
DI1F19	DI1F21	148
DI1F19	DI1F23	213
DI1F21	DI1F23	65
DI1F21	DI1F25	97
DI1F23	DI1F25	32



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