



Daily Fixed Income

September 12, 2017

Chief Economist

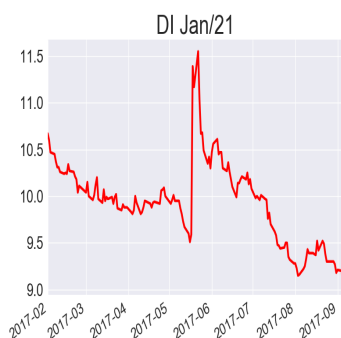
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Index		+/-
CDS 5Y	180.1	-0.5pts
DAX	12546.6	0.6%
T-10	2.2	0.0pts
S&P Fut	2489.8	0.2%
EUR	1.2	0.1%
MXN	17.7	0.1%
OIL	47.8	-0.5%
Iron Ore	536.0	1.1%
Soya	957.5	-0.3%
VIX	10.6	-0.2%

Source: Bloomberg
 12th September 2017 7:54am -03:00



Source: Bloomberg

Highlights

- *Overseas markets: Markets are yet again on the way up.*
- *Local news: Politics gets cloudy again with accusations against Mr. Temer and aides.*
- *Watch Out: Retail Sales of today (our call, 0.4% mom for narrow sales) and COPOM Minutes.*

Global Markets. European equities are on the way up again, while the S&P future is climbing by 0.14%. In the meantime, the Mexican peso is down 0.1% against the USD, and the yield of the 10 years Treasury is up to 2.15%. Commodities: Oil is down 0.4% to USD47.8, steel is climbing 2.4%, and soy prices is roughly down to 0.3%.

Local News. The main headline of the day, by o Estadão, focus on **Prosecutor General charge against PMDB group**, that is, a set of key politicians from PMDB accused of molding a criminal organization among themselves. Importantly, Mr. Temer is tipped to be included in the group, along with few of his closest aides, who are accused of having reaped pecuniary benefits amounting to R\$31mn.

To be sure, as of now there are no evidences that wrongdoings may have been practiced during Mr. Temer's presidential tenure, but the accusations are likely to bring some political implications anyway. Moreover, it sheds lights on the direction the Prosecutor General may follow in his second charge against the President. As part of ritual, the President and his aides have flatly denied any of the aforementioned charges.

Against this backdrop, the **former President Lula will be brought before the almighty judge Sergio Moro**, tomorrow and anxiety is mounting. In fact, some analyst are reckoning that as a sort of D day for his Presidential ambitions, particularly in light of all the informations his former Ministry of Finance, Mr. Palocci, has put forth.

On the economic front, there a few recurring themes meeting the headlines that refuse to go away. First, *as per* O Globo, first tier BNDES' members are showing their reluctance to make the R\$180bn transfer back to the Treasury until 2018 year-end. Second, the Estadão reports once again on the fiscal difficulties to reached the 2017E primary target while not bringing the public sector to a halt. Finally, on a interview at O Valor, the Minister of Finance yet again underscored his resolve to push forward with an unmodified social security reform.

Agenda - Highlights: Brazil: Retail, July and COPOM Minutes. US: Thin.

Time	Country	Indicator	Period	Forecast	Impact
08:00:00	BZ	COPOM Minutes	September	-	High
09:00:00	BZ	Retail Sales	July	0,10% mom	Medium
11:00:00	US	Jolts Report	July	6k	Low

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Bottom Line. Global folly continues and, despite the negative edge on the political flow of news, it may give the local market a bit of push again.



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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	7.6101	-0.0	-4.99	-0.35	99.45	-0.04	Jan-02-18	1419	525
Jan-19	7.625	0.06	-5.5	-0.0	99.43	0.02	Dec-06-18	5951	547
Jan-21	8.86	0.08	-13.0	0.5	99.69	0.07	Jul-23-20	13734	604
Jan-23	9.4	0.09	-21.0	0.13	99.5	0.06	Nov-26-21	19966	673
Jan-25	9.6235	0.1	-28.65	0.51	99.15	0.11	Jan-04-23	25089	754
Jan-27	9.81	0.11	-31.0	0.5	99.3	0.13	Dec-05-23	29137	846

LTN

Expiry	Yield	Daily Ch. (%)	Spread	Daily Ch. Daily	%DI	Daily Ch. (%)	Duration (Macaulay)	BRL PV01	DI Conts.
Oct-17	8.1806	0.0	3.86	0.02	100.45	0.0	Oct-02-17	237	500
Jan-18	7.59	0.0	-7.0	0.01	99.2	0.0	Jan-02-18	1336	500
Apr-18	7.42	0.01	1.0	0.0	100.2	-0.0	Apr-02-18	2400	500
Jul-18	7.415	0.03	1.0	0.21	100.18	0.03	Jul-02-18	3457	500
Oct-18	7.5232	0.05	1.32	0.32	100.2	0.04	Oct-01-18	4499	500
Jan-19	7.6879	0.06	0.79	-0.0	100.12	-0.0	Jan-02-19	5427	500
Apr-19	7.8549	0.09	1.49	-0.01	100.19	-0.01	Apr-01-19	6324	500
Jul-19	8.0214	0.07	1.14	-0.02	100.14	-0.01	Jul-01-19	7174	500
Oct-19	8.255	0.08	2.5	0.17	100.29	0.02	Oct-01-19	8013	500
Jan-20	8.4009	0.08	1.09	0.09	100.12	0.01	Jan-02-20	8780	500
Jul-20	8.74	0.08	1.0	-0.0	100.1	-0.0	Jul-01-20	10131	500
Jul-21	9.24	0.08	1.0	-0.05	100.09	-0.01	Jul-01-21	12383	500

NTN-B

Expiry	Yield	Daily Ch. (%)	BE	Ch. BE	FRA	FRA BE (Daily)	Duration (Macaulay)	BRL PV01	Carry (bps)
Aug-18	3.3924	0.02	3.91	0.01	0.0	0.0	Jun-04-20	8287	-0.26
May-19	3.3828	0.04	4.38	0.03	3.38	3.38	Dec-31-20	10216	-0.19
Aug-20	4.02	0.04	4.57	0.04	4.02	4.57	Jan-17-22	13277	-0.12
May-21	4.2359	0.07	4.66	0.01	5.26	5.13	Jul-15-22	15025	-0.1
Aug-22	4.54	0.06	4.7	0.02	5.51	4.8	Jul-05-23	17968	-0.08
May-23	4.6369	0.05	4.7	0.03	5.49	4.73	Oct-25-24	22118	-0.05
Aug-24	4.6599	0.04	4.85	0.04	4.77	5.59	Jan-25-27	29526	-0.04
Aug-26	4.83	0.02	4.88	0.07	5.58	5.04	Feb-01-29	37044	-0.03
Aug-30	4.9381	0.01	4.94	0.08	5.28	5.13	Feb-10-31	43482	-0.02
May-35	4.96	-0.0	5.05	0.1	5.06	5.53	Mar-01-32	47215	-0.02
Aug-40	5.0158	0.0	5.06	0.09	5.33	5.15	Jul-18-33	51684	-0.02
May-45	5.1391	0.01	4.99	0.08	6.72	4.07	Mar-24-34	55353	-0.02
Aug-50	5.1165	0.01	5.04	0.08	4.88	5.58	Mar-24-34	55353	-0.02
May-55	5.0755	0.02	5.1	0.08	4.14	6.34	Mar-24-34	55353	-0.02



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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	5960.0	26.77	84.0	6939.0	31.17	30.0	-979.0	54.0
Banks	5949.0	26.72	84.0	6763.0	30.38	30.0	-814.0	54.0
Brokers & Dealers	0.0	0.0	0.0	3.0	0.01	1.0	-3.0	-1.0
Other	11.0	0.04	0.0	173.0	0.77	-0.0	-162.0	0.0
Institutional Investors	11675.0	52.44	5.0	10313.0	46.33	72.0	1362.0	-67.0
Domestic	11675.0	52.44	5.0	10313.0	46.33	72.0	1362.0	-67.0
Nonresident Investors	4576.0	20.55	148.0	4979.0	22.36	135.0	-403.0	13.0
Corporations	26.0	0.11	0.0	21.0	0.09	-0.0	5.0	0.0
Individuals	24.0	0.1	1.0	8.0	0.03	1.0	15.0	-0.0
Total	22260.0	100.0	239.0	22260.0	100.0	239.0	0.0	0.0



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Contracts	D-1 (k)	D-Zero (k)	Ch. Daily (k)	Vol. (k)
V17	3174.3	3187.8	13.4	22736.3
X17	307.8	314.8	7.0	1620.0
Z17	281.1	281.3	0.1	187.8
F18	4221.4	4252.2	30.8	15570.9
G18	75.7	75.7	0.0	0.5
H18	63.8	64.7	0.9	145.6
J18	1276.2	1348.0	71.9	9377.2
K18	26.3	27.1	0.8	114.8
M18	36.4	36.4	0.0	64.2
N18	1469.9	1502.2	32.3	11424.5
Q18	5.5	5.5	0.0	0.0
U18	4.4	4.4	0.0	0.0
V18	641.0	642.9	1.9	2006.2
F19	2122.8	2147.4	24.6	36720.6
J19	568.1	576.7	8.6	3054.4
N19	577.0	589.0	12.1	3622.5
V19	266.8	268.7	2.0	1557.7
F20	1724.6	1756.1	31.5	15354.0
J20	74.1	74.1	0.0	3.2
N20	1322.2	1326.3	4.1	1836.7
V20	50.2	50.3	0.1	44.8
F21	1462.3	1454.1	-8.2	12047.6
J21	33.9	33.9	0.0	4.0
N21	259.8	262.3	2.5	977.8
V21	17.1	17.1	0.0	4.5
F22	111.4	112.6	1.2	666.3
J22	1.6	1.6	0.0	0.0
N22	12.0	12.0	0.0	18.1
F23	762.5	767.7	5.2	3010.6
N23	4.0	4.0	0.0	0.0
F24	57.0	57.0	0.0	28.8
N24	3.4	3.4	0.0	0.0
F25	524.8	520.5	-4.3	2169.7
F26	62.7	62.6	-0.1	5.0
F27	414.1	414.4	0.2	760.1
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))
Market	nan	1648.2	6238.1	5086.0	5192.0	4857.8	4928.3
V17	8.14	228.4	40.3	104.9	80.5	53.7	48.3
X17	8.06	16.4	6.9	2.0	4.3	2.2	1.5
Z17	7.83	1.9	1.2	2.1	5.3	2.7	2.0
F18	7.66	159.2	140.6	505.8	428.3	376.1	468.0
G18	7.53	0.0	0.0	0.2	2.5	4.2	2.1
H18	7.48	1.5	2.0	1.5	2.0	1.0	0.5
J18	7.41	97.5	152.9	47.3	72.9	62.2	49.5
N18	7.4	120.9	272.0	157.7	135.9	112.7	98.6
V18	7.51	21.6	63.0	12.3	25.6	32.2	56.9
F19	7.68	404.0	1421.1	912.2	965.5	889.2	931.4
J19	7.84	34.3	140.1	60.7	114.3	87.1	48.7
N19	8.01	41.5	192.4	61.6	56.0	49.4	46.8
V19	8.23	18.3	94.7	3.7	4.4	2.6	3.2
F20	8.39	184.6	1047.7	524.1	472.2	476.3	477.8
J20	8.56	0.0	0.2	4.1	2.0	1.3	4.4
N20	8.73	23.2	151.5	218.9	261.4	241.7	239.3
V20	8.9	0.6	4.0	0.5	2.6	1.7	7.2
F21	8.99	159.7	1171.2	1190.3	1211.6	1176.7	1176.6
J21	9.1	0.1	0.4	0.1	1.8	1.0	0.8
N21	9.23	13.6	108.9	8.6	9.0	9.7	5.8
V21	9.3	0.1	0.5	0.1	1.5	0.6	1.3
F22	9.38	9.8	84.0	45.5	35.8	32.4	30.9
N22	9.51	0.3	2.6	0.1	0.1	0.1	0.1
F23	9.61	48.7	466.2	460.9	476.1	417.0	397.5
N23	9.66	0.0	0.0	0.0	0.1	0.0	0.1
F24	9.74	0.5	5.3	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	43.0	461.5	315.9	365.9	338.6	318.2
F26	10.01	0.1	1.2	0.8	5.3	5.8	5.4
F27	10.12	18.5	205.6	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	0.0	0.0	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	3,39%													
B-19	3,38%	3,37%												
B-20	4,02%	4,33%	4,91%											
B-21	4,24%	4,56%	5,02%	5,26%										
B-22	4,54%	4,84%	5,21%	5,42%	5,51%									
B-23	4,64%	4,93%	5,25%	5,44%	5,50%	5,49%								
B-24	4,66%	4,90%	5,14%	5,23%	5,22%	5,02%	4,77%							
B-26	4,83%	5,04%	5,25%	5,33%	5,22%	5,28%	5,24%	5,58%						
B-30	4,94%	5,10%	5,26%	5,32%	5,32%	5,28%	5,26%	5,39%	5,28%					
B-35	4,96%	5,10%	5,22%	5,26%	5,26%	5,22%	5,20%	5,27%	5,06%					
B-40	5,02%	5,13%	5,24%	5,27%	5,27%	5,24%	5,23%	5,29%	5,20%	5,33%				
B-45	5,14%	5,26%	5,36%	5,40%	5,41%	5,40%	5,39%	5,46%	5,51%	5,80%	6,72%			
B-50	5,12%	5,22%	5,31%	5,35%	5,35%	5,33%	5,38%	5,35%	5,37%	5,52%	5,67%	4,88%		
B-55	5,08%	5,17%	5,26%	5,29%	5,27%	5,26%	5,30%	5,26%	5,26%	5,33%	5,33%	4,63%	4,14%	

Spreads at the Curve	B-19	B-22	116
B-19			
B-20			22
B-22			29
B-22			60
B-35			18
B-35			16



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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%	8.14%	7.65%	7.40%	7.68%	8.01%	8.39%	8.73%	8.99%	9.23%	9.38%	9.61%	9.74%	9.82%	9.91%	10.01%	10.12%	10.17%	10.21%
7.65%	7.65%	7.54%	7.35%	7.25%	7.69%	8.12%	8.50%	8.91%	9.31%	9.71%	10.02%	10.34%	10.64%	10.93%	11.21%	11.48%	11.74%	12.00%	12.26%
7.40%	7.40%	7.35%	7.25%	7.15%	7.69%	8.12%	8.50%	8.91%	9.31%	9.71%	10.02%	10.34%	10.64%	10.93%	11.21%	11.48%	11.74%	12.00%	12.26%
7.68%	7.68%	7.69%	7.69%	8.12%	8.50%	8.91%	9.31%	9.71%	10.02%	10.34%	10.64%	10.93%	11.21%	11.48%	11.74%	12.00%	12.26%	12.52%	12.78%
8.01%	8.01%	8.08%	8.50%	8.91%	9.31%	9.71%	10.02%	10.34%	10.64%	10.93%	11.21%	11.48%	11.74%	12.00%	12.26%	12.52%	12.78%	13.04%	13.30%
8.39%	8.39%	8.40%	8.50%	8.91%	9.31%	9.71%	10.02%	10.34%	10.64%	10.93%	11.21%	11.48%	11.74%	12.00%	12.26%	12.52%	12.78%	13.04%	13.30%
8.73%	8.73%	8.74%	8.86%	9.26%	9.65%	10.02%	10.34%	10.64%	10.93%	11.21%	11.48%	11.74%	12.00%	12.26%	12.52%	12.78%	13.04%	13.30%	13.56%
8.99%	8.99%	9.01%	9.12%	9.50%	9.85%	10.16%	10.43%	10.64%	10.86%	11.07%	11.28%	11.49%	11.70%	11.91%	12.12%	12.33%	12.54%	12.75%	12.96%
9.23%	9.23%	9.25%	9.37%	9.72%	10.04%	10.33%	10.54%	10.64%	10.86%	11.07%	11.28%	11.49%	11.70%	11.91%	12.12%	12.33%	12.54%	12.75%	12.96%
9.38%	9.38%	9.40%	9.51%	9.83%	10.12%	10.36%	10.53%	10.59%	10.68%	10.77%	10.86%	10.95%	11.04%	11.13%	11.22%	11.31%	11.40%	11.49%	11.58%
9.61%	9.61%	9.63%	9.73%	10.00%	10.24%	10.43%	10.56%	10.60%	10.64%	10.67%	10.70%	10.73%	10.76%	10.79%	10.82%	10.85%	10.88%	10.91%	10.94%
9.74%	9.74%	9.76%	9.85%	10.08%	10.28%	10.43%	10.53%	10.55%	10.57%	10.59%	10.61%	10.63%	10.65%	10.67%	10.69%	10.71%	10.73%	10.75%	10.77%
9.82%	9.82%	9.83%	9.92%	10.14%	10.33%	10.47%	10.56%	10.58%	10.61%	10.63%	10.65%	10.67%	10.69%	10.71%	10.73%	10.75%	10.77%	10.79%	10.81%
9.91%	9.91%	9.92%	10.01%	10.22%	10.40%	10.53%	10.62%	10.65%	10.68%	10.70%	10.72%	10.74%	10.76%	10.78%	10.80%	10.82%	10.84%	10.86%	10.88%
10.01%	10.01%	10.02%	10.10%	10.29%	10.45%	10.56%	10.64%	10.66%	10.69%	10.71%	10.73%	10.75%	10.77%	10.79%	10.81%	10.83%	10.85%	10.87%	10.89%
10.12%	10.12%	10.13%	10.20%	10.38%	10.52%	10.63%	10.70%	10.72%	10.75%	10.77%	10.79%	10.81%	10.83%	10.85%	10.87%	10.89%	10.91%	10.93%	10.95%
10.17%	10.17%	10.18%	10.24%	10.38%	10.50%	10.58%	10.63%	10.65%	10.66%	10.67%	10.68%	10.69%	10.70%	10.71%	10.72%	10.73%	10.74%	10.75%	10.76%
10.21%	10.21%	10.22%	10.28%	10.41%	10.51%	10.59%	10.63%	10.65%	10.66%	10.67%	10.68%	10.69%	10.70%	10.71%	10.72%	10.73%	10.74%	10.75%	10.76%

Spreads at the Curve

DI1F18	DI1F19	2
DI1F19	DI1F21	131
DI1F19	DI1F23	193
DI1F21	DI1F23	62
DI1F21	DI1F25	92
DI1F23	DI1F25	30



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6 Disclaimer

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