



Daily Fixed Income

September 5, 2017

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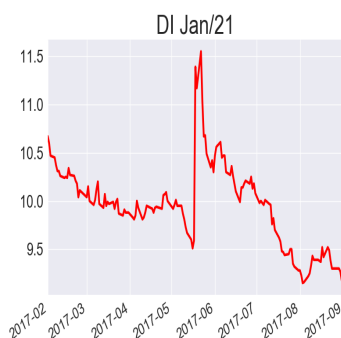
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| Index | | +/- |
|----------|---------|---------|
| CDS 5Y | 192.8 | -0.0pts |
| DAX | 12095.1 | -0.4% |
| T-10 | 2.2 | 0.0pts |
| S&P Fut | 2462.6 | -0.5% |
| EUR | 1.19 | 0.4% |
| MXN | 17.92 | 0.6% |
| OIL | 47.3 | 0.0% |
| Iron Ore | 582.5 | 0.9% |
| Soya | 949.5 | 0.0% |
| VIX | 10.1 | 0.0% |

Source: Bloomberg

5th September 2017 8:50am -03:00



Source: Bloomberg

Highlights

- *Overseas markets: European equities are mixed while S&P future is down.*
- *Local news: Politic: An unexpected twist that favors Temer.*
- *Market readout: BZ industrial production of July to be out today-our call: 0.8%mom.*

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.

| 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.

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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 | 7.7276 | -0.03 | -3.24 | -0.05 | 99.81 | 0.0 | Jan-02-18 | 1491 | 525 |
| Jan-19 | 7.755 | 0.01 | -5.5 | -0.0 | 99.47 | 0.01 | Dec-06-18 | 6005 | 547 |
| Jan-21 | 9.055 | -0.01 | -14.5 | 0.06 | 99.62 | -0.0 | Jul-23-20 | 13690 | 605 |
| Jan-23 | 9.6011 | -0.01 | -22.89 | -0.22 | 99.41 | -0.02 | Nov-25-21 | 19799 | 675 |
| Jan-25 | 9.8266 | -0.03 | -31.34 | -0.34 | 98.99 | -0.07 | Dec-30-22 | 24783 | 757 |
| Jan-27 | 9.985 | -0.03 | -34.5 | -0.0 | 99.0 | -0.04 | Nov-29-23 | 28756 | 851 |

LTN

| Expiry | Yield | Daily Ch. (%) | Spread | Daily Ch. Daily | %DI | Daily Ch. (%) | Duration (Macaulay) | BRL PV01 | DI Conts. |
|--------|--------|---------------|--------|-----------------|--------|---------------|---------------------|----------|-----------|
| Oct-17 | 8.3553 | -0.05 | 3.63 | 0.04 | 100.95 | 0.07 | Oct-02-17 | 310 | 500 |
| Jan-18 | 7.705 | -0.03 | -5.5 | 0.11 | 99.53 | 0.02 | Jan-02-18 | 1404 | 500 |
| Apr-18 | 7.565 | -0.01 | 1.5 | -0.0 | 100.34 | 0.0 | Apr-02-18 | 2463 | 500 |
| Jul-18 | 7.5699 | 0.0 | 1.49 | 0.1 | 100.29 | 0.01 | Jul-02-18 | 3514 | 500 |
| Oct-18 | 7.685 | 0.02 | 1.5 | 0.0 | 100.26 | -0.0 | Oct-01-18 | 4548 | 500 |
| Jan-19 | 7.818 | 0.01 | 0.8 | -0.03 | 100.15 | -0.0 | Jan-02-19 | 5473 | 500 |
| Apr-19 | 7.985 | 0.0 | 1.5 | -0.0 | 100.22 | 0.0 | Apr-01-19 | 6363 | 500 |
| Jul-19 | 8.17 | 0.0 | 1.0 | 0.0 | 100.14 | 0.0 | Jul-01-19 | 7202 | 500 |
| Oct-19 | 8.4106 | 0.0 | 2.06 | 0.06 | 100.25 | 0.01 | Oct-01-19 | 8030 | 500 |
| Jan-20 | 8.58 | -0.01 | 1.0 | -0.0 | 100.12 | 0.0 | Jan-02-20 | 8782 | 500 |
| Jul-20 | 8.94 | -0.01 | 1.0 | 0.0 | 100.11 | 0.0 | Jul-01-20 | 10105 | 500 |
| Jul-21 | 9.4356 | -0.02 | 0.56 | -0.08 | 100.05 | -0.01 | Jul-01-21 | 12312 | 500 |

NTN-B

| Expiry | Yield | Daily Ch. (%) | BE | Ch. BE | FRA | FRA BE (Daily) | Duration (Macaulay) | BRL PV01 | Carry (bps) |
|--------|--------|---------------|------|--------|------|----------------|---------------------|----------|-------------|
| Aug-18 | 3.42 | 0.03 | 4.03 | -0.02 | 0.0 | 0.0 | Jun-04-20 | 8314 | -0.04 |
| May-19 | 3.4 | 0.01 | 4.49 | -0.01 | 3.4 | 3.4 | Dec-31-20 | 10238 | -0.01 |
| Aug-20 | 4.1022 | -0.01 | 4.66 | 0.0 | 4.1 | 4.66 | Jan-17-22 | 13279 | 0.02 |
| May-21 | 4.3053 | -0.0 | 4.78 | -0.01 | 5.27 | 5.34 | Jul-14-22 | 14999 | 0.03 |
| Aug-22 | 4.61 | -0.01 | 4.83 | -0.01 | 5.58 | 4.96 | Jul-04-23 | 17887 | 0.03 |
| May-23 | 4.7237 | -0.02 | 4.83 | 0.0 | 5.74 | 4.83 | Oct-22-24 | 21903 | 0.03 |
| Aug-24 | 4.7655 | -0.01 | 4.96 | -0.02 | 4.98 | 5.64 | Jan-14-27 | 29041 | 0.03 |
| Aug-26 | 4.97 | -0.01 | 4.94 | -0.02 | 5.88 | 4.87 | Jan-09-29 | 36153 | 0.03 |
| Aug-30 | 5.0952 | -0.01 | 4.95 | -0.02 | 5.5 | 4.96 | Jan-02-31 | 42215 | 0.02 |
| May-35 | 5.1324 | -0.01 | 4.93 | -0.03 | 5.31 | 4.86 | Jan-07-32 | 45743 | 0.03 |
| Aug-40 | 5.185 | -0.01 | 4.89 | -0.04 | 5.49 | 4.68 | May-09-33 | 49802 | 0.02 |
| May-45 | 5.2973 | -0.01 | 4.79 | -0.04 | 6.78 | 3.4 | Dec-28-33 | 53165 | 0.02 |
| Aug-50 | 5.28 | -0.01 | 4.81 | -0.04 | 5.09 | 5.06 | Dec-28-33 | 53165 | 0.02 |
| May-55 | 5.2382 | -0.01 | 4.86 | -0.05 | 4.23 | 6.0 | Dec-28-33 | 53165 | 0.02 |

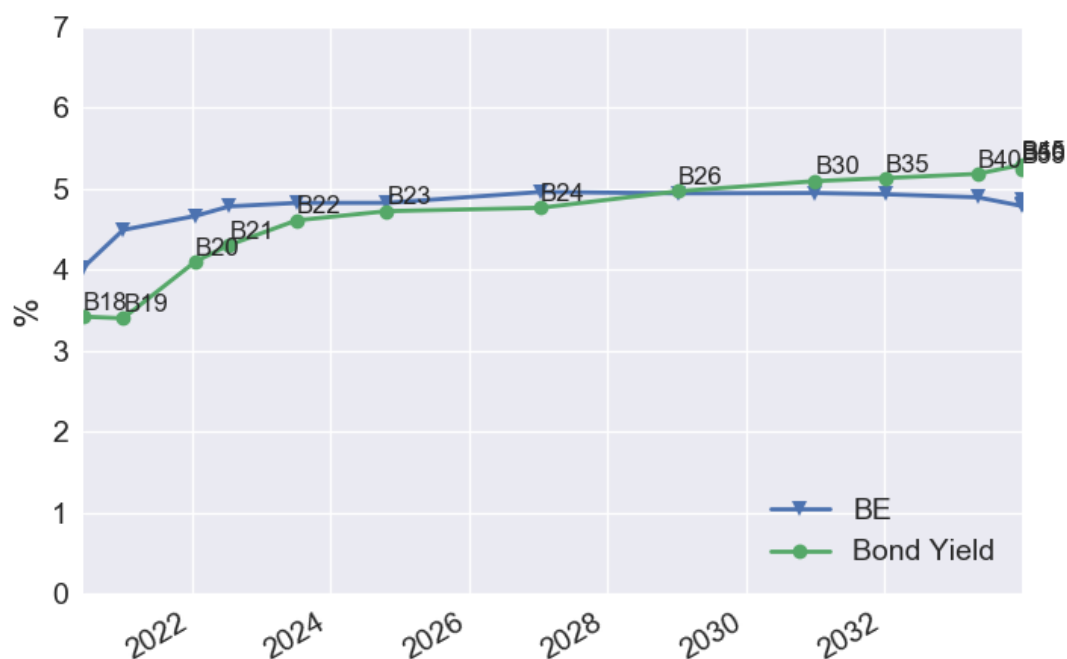
Fixed-Rate Bonds



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 | 6089.0 | 27.49 | 47.0 | 6764.0 | 30.54 | -8.0 | -676.0 | 54.0 |
| Banks | 6078.0 | 27.45 | 47.0 | 6590.0 | 29.76 | -7.0 | -512.0 | 54.0 |
| 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 | 172.0 | 0.77 | -1.0 | -162.0 | 1.0 |
| Institutional Investors | 11796.0 | 53.27 | 1.0 | 10631.0 | 48.01 | 58.0 | 1165.0 | -56.0 |
| Domestic | 11796.0 | 53.27 | 1.0 | 10631.0 | 48.01 | 58.0 | 1165.0 | -56.0 |
| Nonresident Investors | 4215.0 | 19.03 | 11.0 | 4721.0 | 21.32 | 10.0 | -506.0 | 1.0 |
| Corporations | 23.0 | 0.1 | 3.0 | 21.0 | 0.09 | 3.0 | 2.0 | 0.0 |
| Individuals | 19.0 | 0.08 | 0.0 | 5.0 | 0.02 | 0.0 | 15.0 | 0.0 |
| Total | 22142.0 | 100.0 | 62.0 | 22142.0 | 100.0 | 62.0 | 0.0 | 0.0 |



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| Contracts | D-1 (k) | D-Zero (k) | Ch. Daily (k) | Vol. (k) |
|-----------|------------|---------------|------------------|-------------|
| V17 | 3201.6 | 3325.1 | 123.5 | 37851.4 |
| X17 | 271.5 | 284.2 | 12.7 | 2336.4 |
| Z17 | 263.6 | 261.1 | -2.6 | 1261.4 |
| F18 | 4157.3 | 4116.2 | -41.1 | 41016.2 |
| G18 | 72.3 | 73.3 | 1.0 | 196.5 |
| H18 | 52.3 | 56.3 | 4.0 | 392.5 |
| J18 | 1205.5 | 1241.2 | 35.7 | 5587.9 |
| K18 | 25.8 | 25.8 | -0.0 | 0.5 |
| M18 | 35.0 | 35.0 | -0.0 | 236.6 |
| N18 | 1425.8 | 1462.2 | 36.3 | 10303.9 |
| Q18 | 5.5 | 5.5 | 0.0 | 0.0 |
| U18 | 0.0 | 0.0 | 0.0 | 0.0 |
| V18 | 639.1 | 638.2 | -1.0 | 1105.1 |
| F19 | 2324.1 | 2311.6 | -12.5 | 26319.2 |
| J19 | 571.1 | 570.6 | -0.5 | 376.4 |
| N19 | 541.6 | 560.6 | 19.0 | 3636.3 |
| V19 | 245.2 | 248.0 | 2.8 | 1014.8 |
| F20 | 1740.8 | 1733.4 | -7.4 | 11549.2 |
| J20 | 74.7 | 74.0 | -0.7 | 92.1 |
| N20 | 1322.5 | 1319.5 | -3.0 | 3484.0 |
| V20 | 50.1 | 50.1 | -0.0 | 116.8 |
| F21 | 1430.2 | 1443.5 | 13.3 | 12790.8 |
| J21 | 33.8 | 33.6 | -0.2 | 41.2 |
| N21 | 219.2 | 228.4 | 9.2 | 1628.6 |
| V21 | 17.1 | 17.1 | 0.0 | 3.1 |
| F22 | 106.2 | 106.6 | 0.4 | 296.8 |
| J22 | 1.8 | 1.8 | 0.0 | 0.0 |
| N22 | 12.8 | 12.8 | 0.0 | 11.6 |
| F23 | 766.3 | 761.1 | -5.1 | 3179.7 |
| N23 | 4.0 | 4.0 | 0.0 | 0.0 |
| F24 | 57.1 | 57.1 | 0.0 | 2.5 |
| N24 | 3.4 | 3.4 | 0.0 | 0.0 |
| F25 | 545.4 | 544.3 | -1.0 | 2115.9 |
| F26 | 61.9 | 62.0 | 0.2 | 85.8 |
| F27 | 397.3 | 406.4 | 9.2 | 1782.0 |
| F28 | 0.0 | 0.0 | 0.0 | 0.0 |
| F29 | 4.5 | 4.5 | 0.0 | 0.0 |
| F30 | 1.2 | 1.2 | nan | nan |



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3 DI - DV01 Table

| DI | Last Trade (%) | Contracts (k) | DV01 (k) | DV01-5 Bus. Days (Ave. (k)) | DV01-21 Bus. Days (Ave.(k)) | DV01-63 Bus. Days (Ave.(k)) | DV01-126 Bus. Days (Ave.(k)) |
|----------------|-------------------|------------------|-------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| Overall market | nan | 610.7 | 2242.0 | 5086.0 | 5192.0 | 4794.3 | 4928.3 |
| V17 | 8.32 | 43.2 | 9.5 | 104.9 | 80.5 | 53.7 | 48.3 |
| X17 | 8.17 | 3.9 | 1.8 | 2.0 | 4.3 | 2.2 | 1.5 |
| Z17 | 7.92 | 2.0 | 1.4 | 2.1 | 5.3 | 2.7 | 2.0 |
| F18 | 7.76 | 103.0 | 94.3 | 505.8 | 428.3 | 375.3 | 468.0 |
| G18 | 7.66 | 0.0 | 0.0 | 0.2 | 2.5 | 4.2 | 2.1 |
| H18 | 7.6 | 8.6 | 11.7 | 1.5 | 2.0 | 1.1 | 0.5 |
| J18 | 7.54 | 36.1 | 57.4 | 47.3 | 72.9 | 62.2 | 49.5 |
| N18 | 7.56 | 33.7 | 76.1 | 157.7 | 135.9 | 112.7 | 98.6 |
| V18 | 7.66 | 16.4 | 47.7 | 12.3 | 25.6 | 32.2 | 56.9 |
| F19 | 7.81 | 156.3 | 547.8 | 912.2 | 965.5 | 889.2 | 931.4 |
| J19 | 7.98 | 3.5 | 14.3 | 60.7 | 114.3 | 87.1 | 48.7 |
| N19 | 8.17 | 13.1 | 60.3 | 61.6 | 56.0 | 49.4 | 46.8 |
| V19 | 8.39 | 6.8 | 34.6 | 3.7 | 4.4 | 2.6 | 3.2 |
| F20 | 8.56 | 70.2 | 393.7 | 524.1 | 472.2 | 476.3 | 477.8 |
| J20 | 8.74 | 0.0 | 0.3 | 4.1 | 2.0 | 1.3 | 4.4 |
| N20 | 8.93 | 10.7 | 68.7 | 218.9 | 261.4 | 241.7 | 239.3 |
| V20 | 9.09 | 0.3 | 1.9 | 0.5 | 2.6 | 1.7 | 7.2 |
| F21 | 9.2 | 67.1 | 484.0 | 1190.3 | 1211.6 | 1176.7 | 1176.6 |
| J21 | 9.31 | 0.0 | 0.4 | 0.1 | 1.8 | 1.0 | 0.8 |
| N21 | 9.44 | 7.1 | 55.6 | 8.6 | 9.0 | 9.7 | 5.8 |
| V21 | 9.54 | 0.0 | 0.1 | 0.1 | 1.5 | 0.6 | 1.3 |
| F22 | 9.59 | 2.2 | 18.3 | 45.5 | 35.8 | 32.4 | 30.9 |
| N22 | 9.72 | 0.2 | 1.8 | 0.1 | 0.1 | 0.1 | 0.1 |
| F23 | 9.83 | 13.8 | 129.1 | 460.9 | 476.1 | 417.0 | 397.5 |
| N23 | 9.9 | 0.4 | 3.5 | 0.0 | 0.1 | 0.0 | 0.1 |
| F24 | 9.99 | 0.4 | 3.5 | 6.8 | 3.7 | 3.7 | 4.4 |
| N24 | 10.06 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| F25 | 10.14 | 6.9 | 72.0 | 315.9 | 365.9 | 338.6 | 318.2 |
| F26 | 10.22 | 0.0 | 0.1 | 0.8 | 5.3 | 5.8 | 5.4 |
| F27 | 10.34 | 4.8 | 51.9 | 263.5 | 251.8 | 211.5 | 179.0 |
| F28 | 10.37 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| F29 | 10.4 | 0.0 | 0.2 | 0.0 | 0.1 | 0.2 | 0.3 |
| F30 | 10.42 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |



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4 NTNBFRA_s

| 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 | 3,39% | 3,39% | | | | | | | | | | | | | |
| B-20 | 4,11% | 4,48% | 5,13% | | | | | | | | | | | | |
| B-21 | 4,31% | 4,67% | 5,17% | 5,24% | | | | | | | | | | | |
| B-22 | 4,62% | 4,95% | 5,34% | 5,48% | 5,61% | | | | | | | | | | |
| B-23 | 4,74% | 5,06% | 5,41% | 5,56% | 5,68% | 5,81% | | | | | | | | | |
| B-24 | 4,77% | 5,04% | 5,30% | 5,37% | 5,39% | 5,24% | 4,95% | | | | | | | | |
| B-26 | 4,98% | 5,22% | 5,44% | 5,52% | 5,56% | 5,55% | 5,49% | 5,89% | | | | | | | |
| B-30 | 5,10% | 5,29% | 5,46% | 5,52% | 5,54% | 5,53% | 5,50% | 5,65% | 5,51% | | | | | | |
| B-35 | 5,14% | 5,30% | 5,43% | 5,48% | 5,49% | 5,47% | 5,45% | 5,54% | 5,43% | 5,33% | | | | | |
| B-40 | 5,20% | 5,33% | 5,44% | 5,48% | 5,49% | 5,48% | 5,46% | 5,52% | 5,45% | 5,41% | 5,49% | | | | |
| B-45 | 5,31% | 5,44% | 5,55% | 5,59% | 5,61% | 5,61% | 5,60% | 5,67% | 5,63% | 5,68% | 5,92% | 6,76% | | | |
| B-50 | 5,29% | 5,41% | 5,51% | 5,54% | 5,55% | 5,55% | 5,54% | 5,60% | 5,55% | 5,57% | 5,67% | 5,83% | 5,12% | | |
| B-55 | 5,25% | 5,36% | 5,45% | 5,48% | 5,49% | 5,48% | 5,46% | 5,51% | 5,45% | 5,44% | 5,48% | 5,47% | 4,82% | 4,19% | |



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5 DI 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 | 3,39% | 3,39% | | | | | | | | | | | | |
| B-20 | 4,11% | 4,48% | 5,13% | | | | | | | | | | | |
| B-21 | 4,31% | 4,67% | 5,17% | 5,24% | | | | | | | | | | |
| B-22 | 4,62% | 4,95% | 5,34% | 5,48% | 5,61% | | | | | | | | | |
| B-23 | 4,74% | 5,06% | 5,41% | 5,56% | 5,68% | 5,81% | | | | | | | | |
| B-24 | 4,77% | 5,04% | 5,30% | 5,37% | 5,39% | 5,24% | 4,95% | | | | | | | |
| B-26 | 4,98% | 5,22% | 5,44% | 5,52% | 5,56% | 5,49% | 5,89% | 5,51% | | | | | | |
| B-30 | 5,10% | 5,29% | 5,46% | 5,52% | 5,53% | 5,50% | 5,65% | 5,43% | 5,33% | | | | | |
| B-35 | 5,14% | 5,30% | 5,43% | 5,48% | 5,47% | 5,45% | 5,54% | 5,45% | 5,41% | 5,49% | | | | |
| B-40 | 5,20% | 5,33% | 5,44% | 5,48% | 5,49% | 5,46% | 5,52% | 5,45% | 5,68% | 5,92% | 6,76% | | | |
| B-45 | 5,31% | 5,44% | 5,55% | 5,59% | 5,61% | 5,60% | 5,67% | 5,63% | 5,57% | 5,67% | 5,83% | 5,12% | | |
| B-50 | 5,29% | 5,41% | 5,51% | 5,54% | 5,55% | 5,54% | 5,60% | 5,55% | 5,44% | 5,48% | 5,47% | 4,82% | 4,19% | |
| B-55 | 5,25% | 5,36% | 5,45% | 5,48% | 5,48% | 5,46% | 5,51% | 5,45% | 5,44% | 5,48% | 5,47% | 4,82% | 4,19% | 5,25% |

Spreads at the Curve

| | | |
|------|------|-----|
| B-19 | B-22 | 123 |
| B-20 | B-21 | 20 |
| B-22 | B-26 | 36 |
| B-22 | B-45 | 69 |
| B-35 | B-45 | 16 |
| B-35 | B-50 | 15 |



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