

## Chief Economist

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## Economist

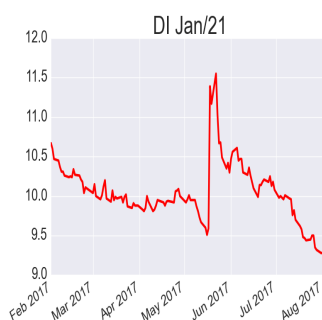
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Index		+/-
CDS 5Y	203.8	-0.4pts
DAX	12144.8	-0.3%
T-10	2.3	-0.0pts
S&P Fut	2471.5	-0.1%
EUR	1.18	-0.1%
MXN	17.82	0.0%
OIL	49.8	0.3%
Iron Ore	543.0	0.4%
Soya	961.0	-1.7%
VIX	10.4	0.1%

Source: Bloomberg  
4th August 2017 8am -03:00



Source: Bloomberg

## Highlights

- Overseas markets: Equities look lukewarm. Treasuries are up.
- Local news: Rift mending before the reforms. Fiscal drama continues.
- Watch out for US payroll!

**Global Markets.** European equities are mixed, while the S&P future is up for a tad. In the meantime, the Mexican peso is down by 0.13% against the USD, and the yield of the 10 years Treasury is up to 2.31%. Commodities: Oil is down 0.9% to USD48.6.

**Local News.** Newspapers this morning deal with **Temer's next steps, particularly with respect to his reforming agenda.** In fact, major news outlets, such as the O Valor, O Globo and Estado de Sao Paulo, underscore Mr. Meirelles statements of yesterday, whereby he affirmed the will to approve the social security and the tax reforms by late October.

A few things are made clear to stand in the middle, however. For one, the government ought to rebuilt its coalition on firmer grounds, assuming a weak correlation among those who voted Temer a couple of days ago and those who may vote for reforms. Here, PSDB would take a pivot role. Second, prior to the other reforms, the Congress has to deal with the political reform, which will take a prominent role in Congress given the personal interests of the members of both Houses.

On the economic front, yet again the **fiscal theme is standing out.** The O Globo reports that the social security alone is likely to bring public spending up to its constitutional limit, and there remains only the alternative to curb the civil servant bill. At the State level, as much expected, the Rio Grande do Sul State has defaulted on its debt services owned to the Central Government, and with the blessings of the Supreme Court. It should now enter into negotiations in order to tap in the recently approved bankruptcy law for States, much like the Rio de Janeiro State has already done.

In sum, while the government has got some time to breath, the challenges to move on are big and won't refuse to go way.

**Agenda - Highlights:** Brazil: Vehicle production and Sales, July. US: Labor report, July.

Time	Country	Indicator	Period	Forecast	Impact
09:30:00	US	Nonfarm Payrolls	July	180k	High
09:30:00	US	Unemployment rate	July	4,3%	High
09:30:00	US	Trade Balance	June	-44,5b	Medium
11:20:00	BZ	Vehicle Production	July	-	Low

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**Bottom Line.** A bit of a headwind from the external front, and a neutral local flow of news sets the stage with slight negative twist.

## 1 Brazilian Bonds

### NTNF

Expiry	Yield	Daily Ch. (%)	Spread	Daily Ch. Daily	%DI	Daily Ch. (%)	Duration (Macaulay)	BRL PV01	DI Conts.
Jan-18	8.1688	-0.03	-1.62	-0.28	99.92	-0.03	Jan-02-18	1883	524
Jan-19	7.9061	-0.06	-5.39	-0.06	99.39	-0.02	Dec-06-18	6365	549
Jan-21	9.0041	-0.08	-14.59	-0.09	99.47	-0.04	Jul-23-20	14029	607
Jan-23	9.525	-0.09	-19.5	0.0	99.57	-0.05	Nov-25-21	20133	676
Jan-25	9.71	-0.08	-27.0	0.0	99.16	-0.02	Jan-03-23	25187	757
Jan-27	9.8011	-0.1	-29.89	-0.03	99.0	-0.09	Dec-05-23	29359	850

### LTN

Expiry	Yield	Daily Ch. (%)	Spread	Daily Ch. Daily	%DI	Daily Ch. (%)	Duration (Macaulay)	BRL PV01	DI Conts.
Oct-17	8.8128	-0.01	2.38	0.43	100.36	0.05	Oct-02-17	702	500
Jan-18	8.1315	-0.02	-5.35	0.0	99.48	0.0	Jan-02-18	1779	500
Apr-18	7.945	-0.04	0.0	0.0	100.09	0.0	Apr-02-18	2818	500
Jul-18	7.865	-0.04	0.0	0.0	100.07	0.0	Jul-02-18	3852	500
Oct-18	7.9125	-0.03	1.25	0.25	100.2	0.03	Oct-01-18	4869	500
Jan-19	7.9682	-0.06	0.82	0.32	100.14	0.04	Jan-02-19	5782	500
Apr-19	8.1134	-0.06	1.34	0.11	100.19	0.02	Apr-01-19	6656	500
Jul-19	8.2723	-0.07	0.23	0.13	100.05	0.02	Jul-01-19	7480	500
Oct-19	8.4807	-0.05	2.07	-0.12	100.25	-0.01	Oct-01-19	8296	500
Jan-20	8.5823	-0.06	0.23	0.23	100.04	0.03	Jan-02-20	9048	500
Jul-20	8.9	-0.07	1.0	0.06	100.11	0.01	Jul-01-20	10357	500
Jul-21	9.3618	-0.08	-0.82	-0.32	99.91	-0.03	Jul-01-21	12537	500

### NTN-B

Expiry	Yield	Daily Ch. (%)	BE	Ch. BE	FRA	FRA BE (Daily)	Duration (Macaulay)	BRL PV01	Carry (bps)
Aug-18	3.2894	-0.01	4.43	-0.02	3.29	4.43	Aug-01-18	2992	-1.81
May-19	3.43	-0.03	4.58	-0.03	3.63	4.8	Apr-15-19	5120	-1.03
Aug-20	4.0963	-0.02	4.64	-0.04	5.15	4.73	May-08-20	8517	-0.53
May-21	4.42	-0.06	4.62	-0.01	5.79	4.55	Dec-31-20	10372	-0.39
Aug-22	4.7	-0.05	4.66	-0.02	5.74	4.78	Dec-03-21	13370	-0.29
May-23	4.81	-0.05	4.64	-0.03	5.59	4.53	Jul-14-22	15063	-0.24
Aug-24	4.8181	-0.04	4.78	-0.03	4.87	5.63	May-08-23	17938	-0.21
Aug-26	4.98	-0.03	4.75	-0.06	5.71	4.61	Aug-15-24	21965	-0.16
Aug-30	5.0898	-0.04	4.75	-0.05	5.45	4.76	Oct-14-26	29080	-0.12
May-35	5.1125	-0.05	4.74	-0.04	5.21	4.66	Jan-11-29	36224	-0.09
Aug-40	5.1155	-0.06	4.75	-0.03	5.14	4.88	Sep-13-30	42664	-0.08
May-45	5.1959	-0.08	4.69	-0.02	5.94	4.05	Feb-11-32	46591	-0.07
Aug-50	5.16	-0.07	4.73	-0.02	4.63	5.34	Jan-31-33	51057	-0.07
May-55	5.12	-0.07	4.77	-0.02	4.55	5.36	Mar-02-34	54603	-0.06

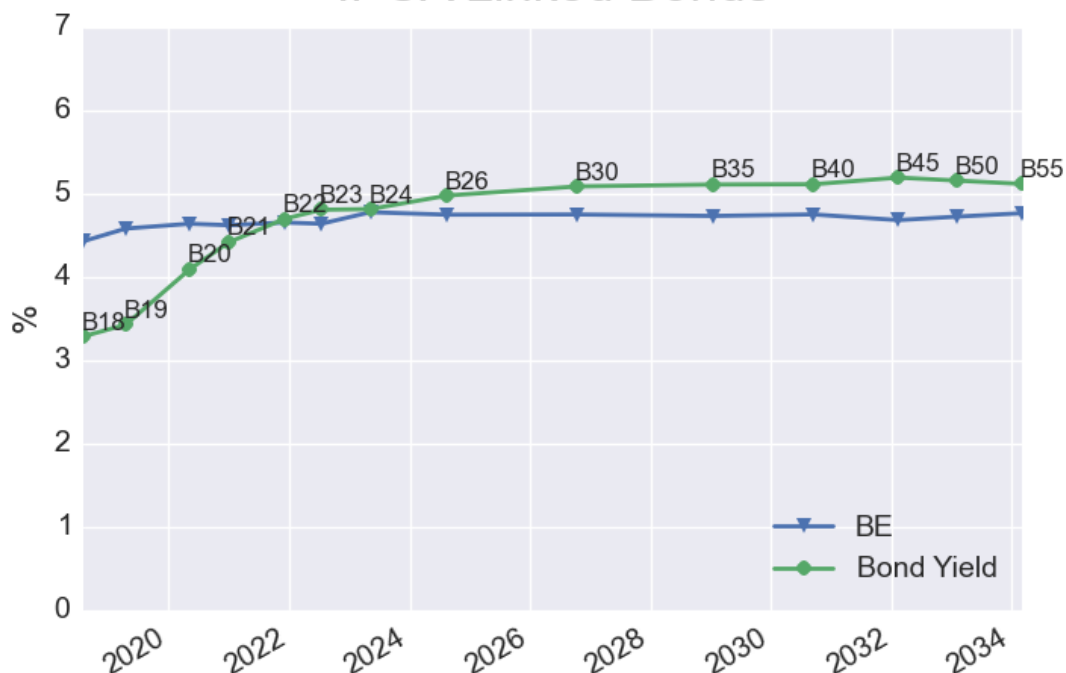
## Fixed-Rate Bonds



## 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	5556.0	28.28	50.0	6719.0	34.2	78.0	-1163.0	-28.0
Banks	5543.0	28.21	50.0	6541.0	33.29	77.0	-998.0	-27.0
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	10472.0	53.3	74.0	9134.0	46.49	16.0	1338.0	57.0
Domestic	10472.0	53.3	74.0	9134.0	46.49	16.0	1338.0	57.0
Nonresident Investors	3588.0	18.26	-66.0	3772.0	19.2	-34.0	-185.0	-33.0
Corporations	16.0	0.08	0.0	14.0	0.07	0.0	2.0	0.0
Individuals	13.0	0.06	3.0	5.0	0.02	0.0	8.0	3.0
Total	19644.0	100.0	60.0	19644.0	100.0	60.0	0.0	0.0

# Fixed Income Daily

August 4, 2017

Contracts	D-1 (k)	D-Zero (k)	Ch. Daily (k)	Vol. (k)
U17	474.3	491.7	17.3	3179.7
V17	2399.5	2459.4	59.9	7694.3
X17	176.1	179.3	3.2	392.0
Z17	188.4	188.4	0.0	1.5
F18	3540.5	3504.4	-36.1	25542.1
G18	45.1	45.1	0.0	1.0
H18	28.8	28.8	0.0	1.4
J18	938.7	938.5	-0.2	604.1
K18	22.3	22.3	0.0	7.1
M18	20.1	20.1	0.0	0.0
N18	971.3	972.1	0.8	4933.4
Q18	0.0	0.0	0.0	0.0
V18	580.4	578.9	-1.4	884.1
F19	2500.0	2523.0	23.0	38271.5
J19	573.7	574.5	0.8	703.1
N19	461.9	461.2	-0.8	930.4
V19	181.8	181.9	0.1	265.5
F20	1703.1	1696.5	-6.6	14431.7
J20	73.5	73.6	0.2	69.3
N20	1263.7	1278.5	14.8	4290.5
V20	49.9	49.9	0.0	14.8
F21	1279.8	1268.4	-11.4	22732.9
J21	32.9	33.0	0.0	2.9
N21	156.8	143.2	-13.5	3351.4
V21	16.8	16.8	0.0	0.3
F22	105.9	105.4	-0.4	399.9
J22	1.7	1.7	0.0	0.0
N22	13.3	13.2	0.0	0.3
F23	717.5	723.9	6.4	3678.1
N23	3.5	3.5	0.0	0.3
F24	56.9	56.9	0.0	5.8
N24	3.4	3.4	0.0	0.0
F25	539.8	541.8	2.1	3162.3
F26	61.6	62.1	0.4	21.1
F27	396.3	397.5	1.3	795.6
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 (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))
Market	nan	1631.4	7814.1	5385.4	5049.9	5905.6	5497.6
N17	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Q17	9.14	0.0	0.0	1.1	0.0	0.0	0.0
U17	9.14	32.0	7.8	46.0	20.2	14.9	9.1
V17	8.79	78.0	36.9	95.2	81.1	92.4	78.4
X17	8.57	4.0	2.9	8.4	5.1	3.9	3.7
Z17	8.35	0.0	0.0	2.3	4.0	6.5	4.7
F18	8.18	263.7	306.8	290.2	276.3	349.1	374.5
G18	8.09	0.0	0.0	0.4	1.0	1.2	2.7
H18	8.01	0.0	0.0	0.7	1.3	0.8	0.9
J18	7.94	6.3	11.6	65.3	60.3	46.3	58.0
K18	7.9	0.1	0.2	0.8	2.2	1.6	1.6
M18	7.88	0.0	0.0	0.9	2.3	2.5	2.5
N18	7.88	52.8	131.7	192.3	147.1	138.4	130.7
V18	7.91	9.6	30.3	37.8	48.1	34.7	32.4
F19	7.98	426.1	1589.7	1011.6	891.1	1216.8	1082.4
J19	8.11	8.0	34.2	91.5	63.2	74.6	83.5
N19	8.27	10.8	52.0	64.7	56.4	63.4	59.9
V19	8.45	3.2	16.9	64.7	48.4	22.7	12.8
F20	8.59	175.9	1024.7	797.6	680.7	765.7	632.3
J20	8.74	0.9	5.4	5.9	3.3	3.2	2.2
N20	8.9	54.9	365.7	198.9	225.7	287.6	272.8
V20	9.05	0.2	1.4	1.7	1.4	2.5	2.1
F21	9.15	306.3	2273.3	1212.5	1254.4	1503.6	1376.8
J21	9.26	0.0	0.3	1.2	1.7	1.3	1.1
N21	9.37	47.5	382.3	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	6.0	51.6	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	60.7	581.0	451.9	451.1	474.8	448.0
N23	9.78	0.0	0.0	0.0	0.0	0.2	0.1
F24	9.86	0.1	1.1	7.7	2.4	4.4	4.2
N24	9.91	0.0	0.0	0.3	0.1	1.4	0.7
F25	9.98	64.0	683.0	392.8	380.3	384.8	374.9
F26	10.04	0.5	5.2	0.9	3.9	4.4	5.1
F27	10.11	19.7	218.1	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	3,29%													
B-19	3,43%	3,63%												
B-20	4,10%	4,55%	4,10%											
B-21	4,42%	4,89%	4,42%	4,42%										
B-22	4,70%	5,12%	4,70%	4,70%	4,70%									
B-23	4,81%	5,19%	4,81%	4,81%	4,81%	4,81%								
B-24	4,82%	5,14%	4,82%	4,82%	4,82%	4,82%	4,82%							
B-26	4,98%	5,26%	4,98%	4,98%	4,98%	4,98%	4,98%	4,98%						
B-30	5,09%	5,31%	5,09%	5,09%	5,09%	5,09%	5,09%	5,09%	5,09%					
B-35	5,11%	5,29%	5,11%	5,11%	5,11%	5,11%	5,11%	5,11%	5,11%	5,11%				
B-40	5,12%	5,27%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%			
B-45	5,20%	5,34%	5,20%	5,20%	5,20%	5,20%	5,20%	5,20%	5,20%	5,20%	5,20%	5,20%		
B-50	5,16%	5,29%	5,16%	5,16%	5,16%	5,16%	5,16%	5,16%	5,16%	5,16%	5,16%	5,16%	5,16%	
B-55	5,12%	5,24%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%	5,12%

### Spreads at the Curve

B-19	B-22	-14
B-20	B-21	-81
B-22	B-26	-141
B-22	B-45	-141
B-35	B-45	-182
B-35	B-50	-182

## 5 DI FRAs

FRA DI	DI1V17	DI1F18	DI1J18	DI1N18	DI1F19	DI1N19	DI1F20	DI1N20	DI1F21	DI1N21	DI1F22	DI1F23	DI1F24	DI1F25	DI1F26	DI1F27
DI1V17	8,78%															
DI1F18	8,18%	8,18%														
DI1J18	7,94%	7,66%	7,54%													
DI1N18	7,86%	7,66%	7,60%	7,66%												
DI1F19	7,96%	7,85%	7,87%	7,97%	8,13%											
DI1N19	8,27%	8,22%	8,29%	8,44%	8,64%	8,13%										
DI1F20	8,58%	8,56%	8,66%	8,82%	9,01%	9,45%	9,72%									
DI1N20	8,89%	8,90%	9,01%	9,16%	9,35%	9,77%	10,06%	10,43%								
DI1F21	9,15%	9,17%	9,28%	9,44%	9,61%	9,99%	10,26%	10,54%	10,64%							
DI1N21	9,37%	9,40%	9,51%	9,66%	9,83%	10,17%	10,42%	10,66%	10,77%	10,91%						
DI1F22	9,53%	9,56%	9,67%	9,81%	9,96%	10,27%	10,49%	10,69%	10,77%	10,84%	10,76%					
DI1F23	9,72%	9,75%	9,85%	9,96%	10,09%	10,34%	10,51%	10,64%	10,69%	10,70%	10,63%	10,56%				
DI1F24	9,86%	9,89%	9,97%	10,08%	10,19%	10,40%	10,53%	10,64%	10,67%	10,63%	10,59%	10,63%	10,69%			
DI1F25	9,98%	10,01%	10,08%	10,18%	10,28%	10,46%	10,57%	10,66%	10,69%	10,69%	10,64%	10,59%	10,74%	10,69%		
DI1F26	10,04%	10,06%	10,13%	10,21%	10,30%	10,45%	10,55%	10,62%	10,64%	10,64%	10,61%	10,59%	10,74%	10,60%	10,44%	
DI1F27	10,10%	10,12%	10,19%	10,26%	10,34%	10,48%	10,57%	10,63%	10,64%	10,62%	10,62%	10,60%	10,61%	10,55%	10,65%	10,61%
DI1F29	10,15%	10,17%	10,23%	10,29%	10,35%	10,46%	10,53%	10,58%	10,59%	10,58%	10,55%	10,54%	10,53%	10,47%	10,48%	10,40%

### Spreads at the Curve

DI1F18	DI1F19	-22
DI1F19	DI1F21	119
DI1F19	DI1F23	176
DI1F21	DI1F23	57
DI1F21	DI1F25	83
DI1F23	DI1F25	26

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