



Daily Fixed Income

September 4, 2017

Chief Economist

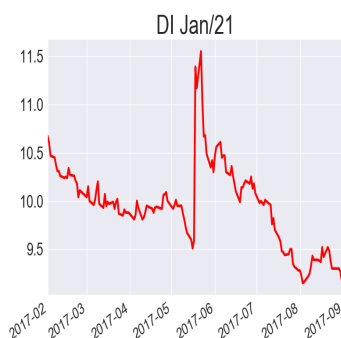
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Index		+/-
CDS 5Y	192.8	-0.0pts
DAX	12095.1	-0.4%
T-10	2.2	0.0pts
S&P Fut	2462.6	-0.5%
EUR	1.19	0.4%
MXN	17.92	0.6%
OIL	47.3	0.0%
Iron Ore	582.5	0.9%
Soya	949.5	0.0%
VIX	10.1	0.0%

Source: Bloomberg
 4th September 2017 12:38pm -03:00



Source: Bloomberg

Highlights

- *Overseas markets: European equities are broadly down and US are closed.*
- *Local news: Anxieties ahead of second charge against Temer and Presidential race.*
- *Market readout: CPI for 2017 down by 2bps to 3.38% and from 4.18% from 4.20%.*

Global Markets. European equities are broadly down while S&P future is falling 0.4%. The Mexican peso is falling against the USD by 0.55%. Commodities: Oil is roughly flat and steel is up by 1.6%.

Local News. Politics comes to back to fore with a pretty full agenda ahead of September 7th holiday. For one, the Upper House ought to approve the provisional measure on the TPL, which is expected to take place on this coming Tuesday. In the meantime, there is a growing anxiety that the ousting Attorney General may finally release its second charge against President Temer, pending only the approval by the Supreme Court of the plea bargain by Mr. Furnaro, the former PMDB's financier.

Against this background, the newspapers indicate that the Presidential race is getting steam. On one hand, the O Estadão, published an interviews with the Mayor of Sao Paulo City, where he made no effort to deny his ambitions, stating that whoever will be leading the polls should be PSDB's president. On the other one, according to O Valor, Mr. Alckmin has stated his ready to step down on April in other to run for President. As one may gather, both politicians are ready for the fight.

Still on the political front, the media also resonates the sour dispute between PMDB and DEM, also motivated by 2018 general elections. At the end of the day, both parties are looking forward to enlarging their Congress share in Congress and are thus disputing the politicians from other parties, particularly from PSB. This is leaving a few bruises opened, which may threaten the stability of Mr. Temer's support.

Finally, on the economic front, the O Valor discusses Brazil's 2Q2017 GDP. Overall, the material therein looks more upbeat with regards to activity outlook, particularly with regards to 2018.

Agenda - Highlights: Brazil: Market readout and IGD-DI of August. July. US: Factory Orders, July.

Time	Country	Indicator	Period	Forecast	Impact
11:00:00	US	Factory Orders	July	-3,3% mom	Medium

Bottom Line. Global markets starts off with negative mode, while local news comes with mixed feelings. Overall, neutral for local markets.

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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	7.7581	-0.01	-3.19	0.03	99.81	0.01	Jan-02-18	1509	525
Jan-19	7.745	0.04	-5.5	-0.0	99.46	0.02	Dec-06-18	6023	547
Jan-21	9.0644	0.03	-14.56	0.44	99.63	0.05	Jul-23-20	13700	605
Jan-23	9.6133	0.03	-22.67	0.51	99.43	0.04	Nov-25-21	19797	675
Jan-25	9.86	0.04	-31.0	0.69	99.07	0.08	Dec-30-22	24736	757
Jan-27	10.015	0.04	-34.5	0.79	99.04	0.09	Nov-28-23	28693	852

LTN

Expiry	Yield	Daily Ch. (%)	Spread	Daily Ch. Daily	%DI	Daily Ch. (%)	Duration (Macaulay)	BRL PV01	DI Conts.
Oct-17	8.4058	-0.03	3.59	0.01	100.88	0.05	Oct-02-17	328	500
Jan-18	7.7339	-0.01	-5.61	-0.0	99.51	0.0	Jan-02-18	1421	500
Apr-18	7.575	0.0	1.5	0.0	100.33	0.0	Apr-02-18	2480	500
Jul-18	7.5689	0.02	1.39	0.14	100.28	0.02	Jul-02-18	3531	500
Oct-18	7.665	0.04	1.5	-0.0	100.26	-0.0	Oct-01-18	4566	500
Jan-19	7.8083	0.04	0.83	-0.17	100.15	-0.02	Jan-02-19	5489	500
Apr-19	7.985	0.04	1.5	0.0	100.22	-0.0	Apr-01-19	6377	500
Jul-19	8.17	0.02	1.0	-0.0	100.14	-0.0	Jul-01-19	7215	500
Oct-19	8.41	0.01	2.0	-0.11	100.25	-0.01	Oct-01-19	8043	500
Jan-20	8.59	0.03	1.0	-0.0	100.12	-0.0	Jan-02-20	8791	500
Jul-20	8.95	0.04	1.0	-0.0	100.11	-0.0	Jul-01-20	10112	500
Jul-21	9.4564	0.02	0.64	-0.01	100.06	-0.0	Jul-01-21	12309	500

NTN-B

Expiry	Yield	Daily Ch. (%)	BE	Ch. BE	FRA	FRA BE (Daily)	Duration (Macaulay)	BRL PV01	Carry (bps)
Aug-18	3.39	0.04	4.05	-0.01	0.0	0.0	Jun-04-20	8320	-0.04
May-19	3.39	0.01	4.5	0.02	3.39	3.39	Dec-31-20	10245	-0.01
Aug-20	4.1141	0.01	4.66	0.02	4.11	4.66	Jan-17-22	13280	0.02
May-21	4.31	0.02	4.79	0.01	5.24	5.43	Jul-14-22	14992	0.03
Aug-22	4.62	0.01	4.84	0.01	5.61	4.97	Jul-04-23	17881	0.03
May-23	4.74	0.02	4.83	0.0	5.81	4.73	Oct-22-24	21891	0.03
Aug-24	4.7744	0.02	4.98	0.01	4.95	5.76	Jan-13-27	29010	0.03
Aug-26	4.9783	0.04	4.96	-0.01	5.89	4.89	Jan-08-29	36087	0.03
Aug-30	5.1047	0.0	4.97	0.03	5.51	4.99	Dec-30-30	42133	0.02
May-35	5.1444	-0.0	4.96	0.04	5.33	4.93	Jan-05-32	45657	0.03
Aug-40	5.1952	0.0	4.93	0.05	5.49	4.76	May-04-33	49680	0.02
May-45	5.3058	0.0	4.83	0.05	6.76	3.53	Dec-23-33	53049	0.02
Aug-50	5.29	0.0	4.86	0.05	5.12	5.11	Dec-23-33	53049	0.02
May-55	5.2463	0.0	4.9	0.05	4.19	6.11	Dec-23-33	53049	0.02

Fixed-Rate Bonds



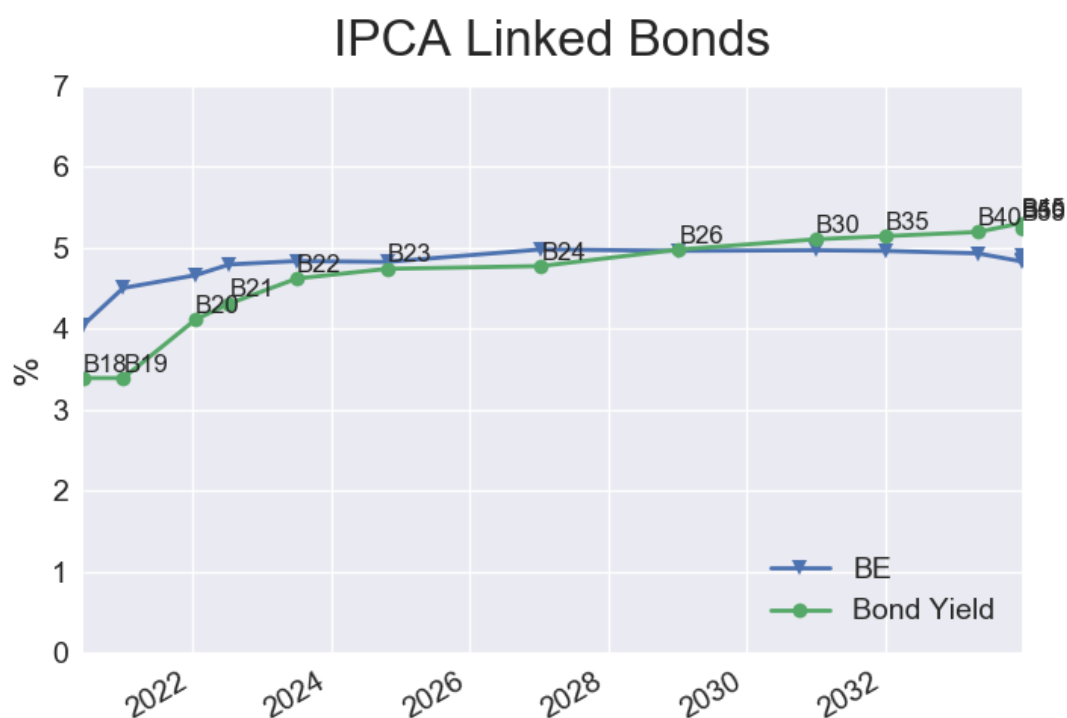
Fixed Bonds x DI





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2 DI - Open Interest

Institutions	Contracts (k)	Long (%)	Ch. (k)	Contracts (k)	Short (%)	Ch. (k)	Net Position (k)	Net Ch. (k)
Financial Institutions	6042.0	27.36	38.0	6772.0	30.67	-174.0	-730.0	212.0
Banks	6031.0	27.31	40.0	6597.0	29.87	-173.0	-566.0	214.0
Brokers & Dealers	0.0	0.0	0.0	2.0	0.0	-0.0	-2.0	0.0
Other	11.0	0.04	-3.0	173.0	0.78	-0.0	-162.0	-2.0
Institutional Investors	11795.0	53.41	-343.0	10574.0	47.88	-45.0	1221.0	-298.0
Domestic	11795.0	53.41	-343.0	10574.0	47.88	-45.0	1221.0	-298.0
Nonresident Investors	4204.0	19.03	3.0	4711.0	21.33	-82.0	-507.0	85.0
Corporations	20.0	0.09	1.0	18.0	0.08	-1.0	2.0	2.0
Individuals	19.0	0.08	-0.0	5.0	0.02	0.0	14.0	-0.0
Total	22080.0	100.0	-301.0	22080.0	100.0	-301.0	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	1898.7	6148.4	5086.0	5192.0	4856.1	4928.3
V17	8.37	380.9	88.3	104.9	80.5	53.7	48.3
X17	8.19	23.7	11.2	2.0	4.3	2.2	1.5
Z17	7.95	12.8	9.0	2.1	5.3	2.7	2.0
F18	7.79	420.2	389.5	505.8	428.3	380.0	468.0
G18	7.68	2.0	2.4	0.2	2.5	4.2	2.1
H18	7.61	4.1	5.6	1.5	2.0	1.0	0.5
J18	7.56	58.2	93.2	47.3	72.9	62.2	49.5
N18	7.56	109.3	248.1	157.7	135.9	112.7	98.6
V18	7.65	12.0	34.9	12.3	25.6	32.2	56.9
F19	7.8	290.4	1020.9	912.2	965.5	889.2	931.4
J19	7.97	4.2	17.3	60.7	114.3	87.1	48.7
N19	8.16	41.9	192.8	61.6	56.0	49.4	46.8
V19	8.39	12.0	61.5	3.7	4.4	2.6	3.2
F20	8.58	139.6	784.2	524.1	472.2	476.3	477.8
J20	8.76	1.1	6.9	4.1	2.0	1.3	4.4
N20	8.94	44.2	285.4	218.9	261.4	241.7	239.3
V20	9.1	1.5	10.4	0.5	2.6	1.7	7.2
F21	9.21	171.0	1233.9	1190.3	1211.6	1176.7	1176.6
J21	9.32	0.6	4.3	0.1	1.8	1.0	0.8
N21	9.45	22.9	179.9	8.6	9.0	9.7	5.8
V21	9.55	0.0	0.4	0.1	1.5	0.6	1.3
F22	9.61	4.4	37.1	45.5	35.8	32.4	30.9
N22	9.74	0.2	1.6	0.1	0.1	0.1	0.1
F23	9.84	52.2	487.8	460.9	476.1	417.0	397.5
N23	9.92	0.0	0.0	0.0	0.1	0.0	0.1
F24	10.03	0.0	0.4	6.8	3.7	3.7	4.4
N24	10.09	0.0	0.0	0.0	0.0	0.0	0.0
F25	10.17	42.8	444.9	315.9	365.9	338.6	318.2
F26	10.26	1.9	20.5	0.8	5.3	5.8	5.4
F27	10.36	44.4	476.0	263.5	251.8	211.5	179.0
F28	10.4	0.0	0.0	0.0	0.0	0.0	0.0
F29	10.41	0.0	0.0	0.0	0.1	0.2	0.3
F30	10.45	0.0	0.0	0.0	0.1	0.0	0.0



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5 DI FRAs

FRA	Yield	NTN-B	D11V17	D11F18	D11N18	D11F19	D11N19	D11F20	D11N20	D11F21	D11N21	D11F22	D11F23	D11F24	D11N24	D11F25	D11F26	D11F27	D11F29	D11F30
D11V17	8.33%	8.33%																		
D11F18	7.77%	7.77%	7.60%																	
D11N18	7.55%	7.55%	7.47%	7.40%																
D11F19	7.80%	7.80%	7.76%	7.80%	8.20%															
D11N19	8.16%	8.16%	8.15%	8.24%	8.66%	9.13%														
D11F20	8.58%	8.58%	8.59%	8.71%	9.14%	9.61%	10.06%													
D11N20	8.94%	8.94%	8.96%	9.09%	9.51%	9.95%	10.35%	10.67%												
D11F21	9.21%	9.21%	9.23%	9.36%	9.75%	10.15%	10.47%	10.69%	10.71%											
D11N21	9.45%	9.45%	9.47%	9.60%	9.97%	10.33%	10.63%	10.82%	10.90%	11.09%										
D11F22	9.61%	9.61%	9.63%	9.76%	10.09%	10.41%	10.66%	10.82%	10.87%	10.95%	10.81%									
D11F23	9.84%	9.84%	9.86%	9.97%	10.26%	10.52%	10.71%	10.83%	10.86%	10.90%	10.83%	10.84%								
D11F24	10.03%	10.03%	10.05%	10.15%	10.40%	10.62%	10.78%	10.88%	10.91%	10.94%	10.91%	10.94%	11.03%							
D11N24	10.09%	10.09%	10.11%	10.21%	10.44%	10.65%	10.80%	10.88%	10.91%	10.94%	10.91%	10.93%	10.99%	10.91%						
D11F25	10.17%	10.17%	10.19%	10.28%	10.50%	10.70%	10.84%	10.92%	10.94%	10.97%	10.96%	10.98%	11.05%	11.07%	11.23%					
D11F26	10.26%	10.26%	10.27%	10.36%	10.55%	10.72%	10.84%	10.91%	10.93%	10.95%	10.94%	10.95%	10.99%	10.97%	10.99%	10.88%				
D11F27	10.36%	10.36%	10.38%	10.45%	10.63%	10.79%	10.90%	10.96%	10.98%	11.00%	10.99%	11.01%	11.05%	11.06%	11.09%	11.06%	11.24%			
D11F29	10.41%	10.41%	10.43%	10.49%	10.64%	10.76%	10.85%	10.89%	10.90%	10.92%	10.90%	10.91%	10.92%	10.90%	10.90%	10.86%	10.85%	10.66%		
D11F30	10.45%	10.45%	10.46%	10.52%	10.66%	10.77%	10.85%	10.89%	10.90%	10.91%	10.90%	10.91%	10.92%	10.90%	10.90%	10.86%	10.73%	10.88%		

Spreads at the Curve

D11F18	D11F19	2
D11F19	D11F21	141
D11F19	D11F23	204
D11F21	D11F23	63
D11F21	D11F25	96
D11F23	D11F25	33



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