



FERI Country Dossier
Economic Forecast
Brazil

June 2019

© 2019 FERI Trust GmbH, Bad Homburg.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical or photocopying, recording, or otherwise without the prior permission of the publisher.

Disclaimer:

All information included in this report has been cross-verified to the greatest extent possible. Although every attempt has been made to ensure the accuracy of the information included in this report, FERI Trust GmbH claims no responsibility for any loss or damage resulting from any publication, error or omission in this report.

Table of Contents

Executive Summary	5
Country Profile	6
Economic Forecast	9
Demand	10
Trade	12
Supply	14
Public Sector	15
Labor Market & Income	16
Prices, Interest Rates & Exchange Rates	18
Forecast Tables	19
Contact Info	26

Executive Summary

The Brazilian economy has experienced a strong recession in 2015 and 2016. As the subsequent recovery with growth rates slightly above 1% was very weak compared to other emerging market economies, the GDP has not reached its pre-recession level again and the unemployment rate is still near 12%. The slowing world economy will prevent stronger economic growth even in 2019. Growth will remain subdued and below 2% until 2020, as the country suffers from a weak institutional framework and high public deficits, hindering a stronger recovery. During his presidency from May 2016 to October 2018, former conservative President Michael Temer began implementing some minor structural reforms, including a debt relief program and a reform of the oil sector. The appointment of several market-friendly economists as ministers by newly-elected, far-right President Jair Bolsonaro has raised investor confidence. His proposed pension reform would relieve the country's budget from a large burden and significantly increase leeway for urgently needed investment in public safety and the reduction of the high tax burden. While other reforms like privatizations and lower tariffs are regarded less important, international investors especially eye the pension reform. Indeed, Bolsonaro's reform successfully passed the first test: a congressional committee voted that the proposed legislation could proceed to Congress. Future foreign investments will rely heavily on the scale the proposed reform will be amended.

After inflation reached levels near 9% during the former recession, the National Monetary Council (CMN) has set an inflation target of 4.25% in 2019, decreasing by 25 basis points per year thereafter, however, with a high tolerance margin. We expect inflation to increase in 2019 and 2020, despite gradual policy rate increases until 2020. Regarding the weak economic growth and the growing labor force potential, we estimate the unemployment rate to stagnate near 12% in the next few years.

As an emerging industrialized country, the Brazilian economy is already the sixth biggest in the world and remains heavily oriented towards domestic demand, with trade playing a minor role. Demand is driven largely by private consumption (aided by climbing wages) and by fixed investment, with industrial investments playing an essential role.

Given its orientation towards domestic demand, the economy was not as heavily affected by the global recession in 2009 as other countries: Although GDP did decline slightly, the recession was moderate. In the wake of globally weaker demand for raw materials, Brazil's main export goods, and the ongoing crisis in Argentina, one of Brazil's most important trading partners, exports have been suffering in the last few years.

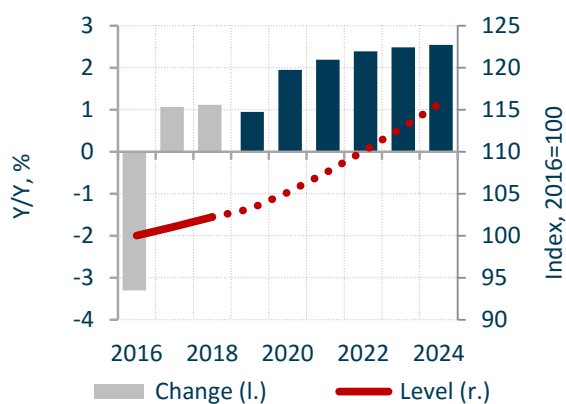
Agricultural products and foodstuffs still dominate exports, while imports are largely chemicals and oil, industrial goods and advanced consumer goods. The importance of the primary sector for the economy will not change significantly during the forecast period. While the secondary sector is expected to decline in terms of generated GDP, this reflects not an absolute decline of this sector, but rather the emergence of a robust and strong Brazilian financial sector, driven by the financial demands of the emerging Brazilian middle class.

After decades of failed policies and errors that led to several waves of severe inflation, economic policy has, along with a more efficient monetary policy, aided in gaining some more control over inflationary pressures overall. While Brazilian inflation still posts higher rates than in industrialized countries, it seems to remain at clearly more manageable levels than in the past.

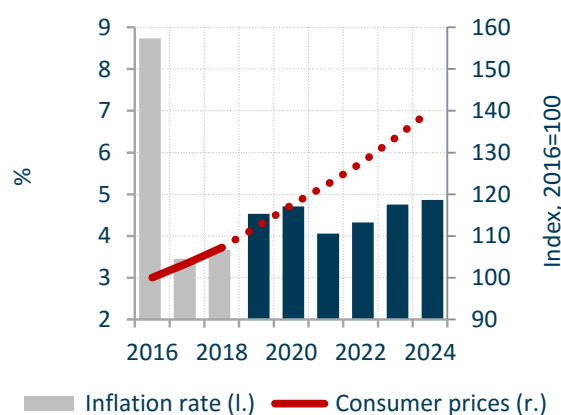
Executive Summary

Summary Economic Forecast				
	2017	2018	2019	2020
GDP Per Cap., Nominal (1000 US\$ (PPP))	15558	15966	16307	16781
GDP, Real (% Change)	1.1	1.1	0.9	1.9
Consumer Prices (% Change)	3.4	3.7	4.5	4.7
Unemployment Rate (%)	12.8	12.3	11.8	12.0
Public Balance (% of GDP)	-7.9	-6.8	-7.2	-6.8
Gross Public Debt (% of GDP)	84.1	87.9	91.8	93.7
Current Account Balance (% of GDP)	-0.3	-0.8	-1.2	-1.5
Industrial Production (% Change)	2.5	1.1	-0.1	2.2
Central Bank Rate (%)	9.8	6.6	6.6	7.1
Government Bond Yield, 10 Y. (%)	10.3	10.6	9.2	9.6
BRL / €	3.60	4.31	4.48	4.72
BRL / US\$	3.19	3.65	3.95	4.11

GDP, Real



Inflation



Country Profile



Profile Data*

Constitution		People	
Official Name	Federative Republic of Brazil	Population (Mn.)	210.9
Capital	Brasília	Area (sq. km)	8 515 770
Form of State	Federal Republic	Population Density (People/sq. km)	25
Chief of State	Jair Bolsonaro	Annual Population Growth	0.8
Head of Government	Jair Bolsonaro	Net Migration	-
Structure		Birth Rate (per 1,000 People)	14.2
Language	Portuguese	Death Rate (per 1,000 People)	6.2
Religion		Fertility Rate (Births per Woman)	1.7
Roman Catholic	73%	Urban Population (% of Total)	86.3
Protestant	15%	São Paulo	12.1
Other/Non specified	12%	Rio de Janeiro	6.7
Currency		Brasília	3
Currency	Real (BRL)	Salvador	2.9
Exchange Arrangement	Independently Floating	Fortaleza	2.6

*) Sources: Feri Databases; World Bank Data; www.world-gazetteer.com; CIA World Factbook.

Country Profile

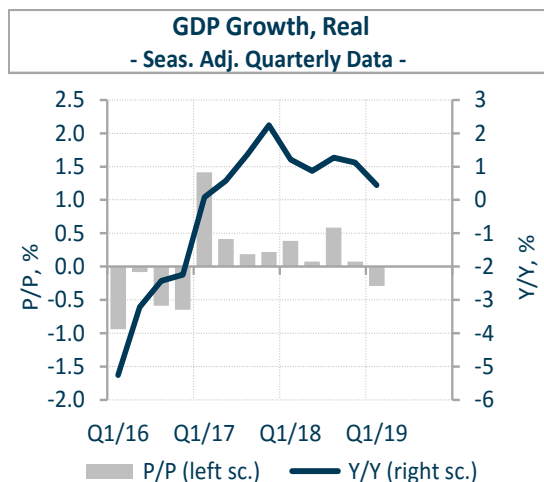
Socioeconomic Data*	
Welfare	
Human Development Index (Ranking out of 188 Countries)	75
GDP per Head (1000 US\$)	8.9
Life Expectancy, Years	76
Life Expectancy, Male (Years)	72
Life expectancy, Female (Years)	79
Poverty Gap at \$2 a Day (%)	-
Health	
Health Expenditure (% of GDP)	-
Health Expenditure per Capita (Current US\$)	-
Hospital Beds (per 1,000 People)	2.2
Improved Sanitation Facilities (% of Population with Access)	-
Improved Water Source (% of Population with Access)	-
Prevalence of HIV (% of Population Ages 15-49)	0.6
Infrastructure & Communication	
Electric Power Consumption (kWh per Capita)	2 601.4
Electric Power Transmission and Distribution Losses (% of Output)	15.8
Arable Land (% of Land Area)	9.7
Container Port Traffic (TEU: 20 Foot Equivalent Units)	10 049 282
Passenger Cars (per 1,000 People)	-
Roads, Total Network (km)	-
Roads, Paved (% of Total Roads)	-
Internet Users (per 100 People)	-
Population Covered by Mobile Cellular Network (% of Total)	-
Education	
Literacy Rate, Adult (% of People Ages 15 and Above)	92
School Enrollment, Primary (% Gross)	113.9
School Enrollment, Secondary (% Gross)	101.5
School Enrollment, Tertiary (% Gross)	50.5
Labor Market	
Labor Force	105 306 920
Female Labor Force (% of Total Labor Force)	43
Labor Force with Tertiary Education (% of Total)	-
Rigidity of Employment Index (0 = Less Rigid, 100 = More Rigid)	-
Economically Active Children (% of Children Ages 7-14)	2.5
GINI Coefficient (0 = Total Equality of Income Distribution, 100 = Total Inequality)	51.3
Business	
Number of Start-up Procedures to Register a Business	11
Cost of Business Start-up Procedures (% of GNI per Capita)	5
Days Required to Start a Business	20.5
Ease of Doing Business Index (1 = Most Business-friendly Regulations)	109
Number of Procedures to Enforce a Contract	-
Days Required to Enforce a Contract	731
Hours Required to Prepare and Pay Taxes	1958
Years to Resolve Insolvency	4

*) Source: World Bank Data

Economic Forecast

Demand

Mainly due to strong private consumption GDP growth has been positive in 2018. In 2019, GDP growth is expected to worsen due to weaker fixed investment. The overall economic growth rate in 2019 will be weaker than the historical average.



	Brazil	Emerging Countries
Previous 10 years (2007-2016)	2.0	5.4
2017	1.1	4.8
2018	1.1	4.7
2019	0.9	4.2
Next 10 years (2019-2028)	2.3	4.3

GDP growth in Brazil has been positive in 2017 and 2018. In 2018, private consumption and fixed investment have been the main supportive drivers of the economic development. In 2019, GDP growth is expected to worsen. Now, weaker growth contributions from fixed investment and changes in inventories will be the driving forces of lower GDP growth. All in all, GDP growth in 2019 will be positive and much weaker than economic growth in the Emerging Countries.

Brazil's GDP growth has been strong in the 10 years up to 2016. It has been weaker than the economic growth rate in the Emerging Countries. The same relationship will hold in the next 10 years. While the Emerging Countries will grow 4.3 percent per year, Brazil's economy is expected to grow by 2.3 per year in the next decade. Brazil's growth rate in the next 10 years will be similar to historical economic growth up to 2016.

Demand

Growth of GDP Components - Annual Data in % -						
	2007-2016	2017	2018	2019	2020	2021-2030
GDP Growth	2.0	1.1	1.1	0.9	1.9	2.5
Private Consumption	3.0	1.4	1.9	1.8	2.2	2.6
Government Consumption	1.8	-0.9	0.0	0.5	0.5	1.5
Fixed Investment	1.8	-2.5	4.1	-0.1	1.9	2.4
Exports	2.1	5.2	4.1	1.5	1.2	3.8
Imports	4.4	5.0	8.5	-2.3	2.0	3.8

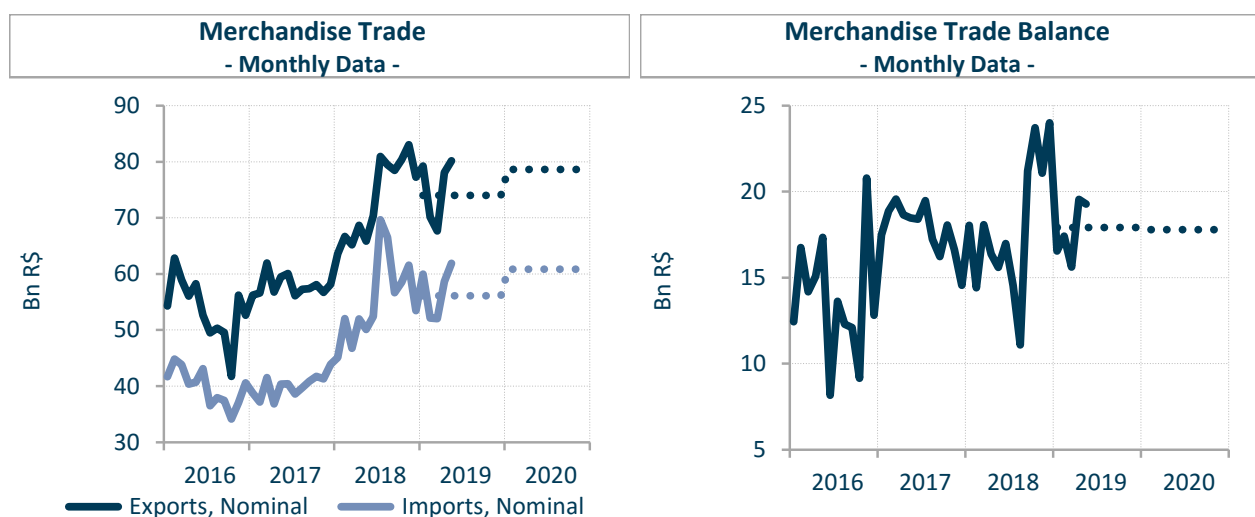
Contribution to GDP Growth (Y/Y) by Components - In Percentage Points -						
	2007-2016	2017	2018	2019	2020	2021-2030
GDP Growth	2.0	1.1	1.1	0.9	1.9	2.5
Private Consumption	1.8	0.9	1.2	1.1	1.4	1.7
Government Consumption	0.4	-0.2	0.0	0.1	0.1	0.3
Fixed Investment	0.4	-0.4	0.7	0.0	0.3	0.4
Net Exports	-0.3	0.1	-0.4	0.5	-0.1	0.1
Chg. in Inv.	-0.2	0.7	-0.3	-0.7	0.2	-0.2

In 2018, GDP growth was positive. Economic growth was mainly driven by strong private consumption and fixed investment. GDP growth in 2019 will worsen compared to the previous year due to weaker growth contributions especially from fixed investment and changes in inventories. In the long-term perspective economic growth in Brazil will be higher than in the decade up to 2016. Stronger net exports growth will be a main driver of higher GDP growth in the next 10 years up to 2030.

Trade

The level of merchandise exports has been higher than that of imports in recent months. This trend is expected to persist for 2019 as a whole. Net exports, which include not only merchandise goods, but also services, are expected to be positive in 2019.

The current account balance that includes also net income from abroad and net current transfers, is expected to be negative in 2019. The current account deficit implies that Brazil is a net borrower from the rest of the world.

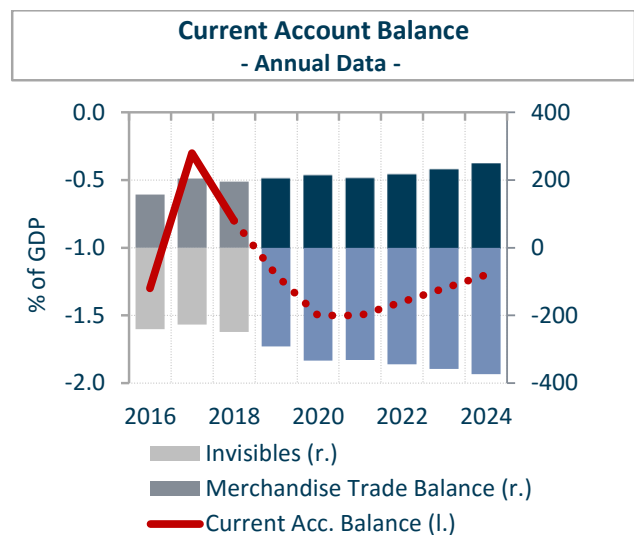
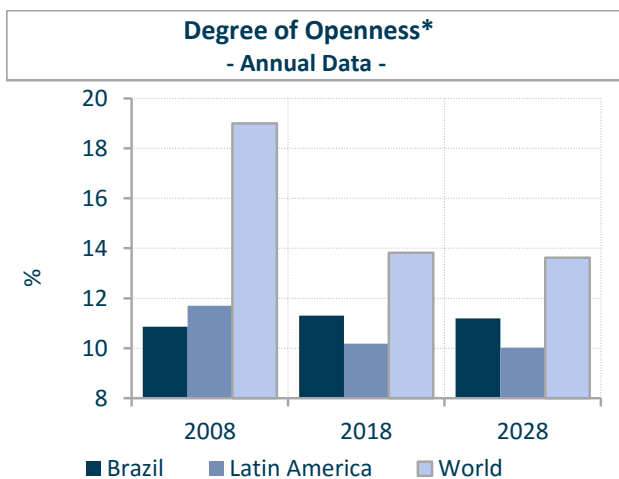


Foreign Trade Forecast - Annual Data -						
	2007-2016	2017	2018	2019	2020	2021-2030
Merchandise Exports (Bn R\$)	456	695	880	888	944	1 523
Merchandise Imports (Bn R\$)	403	481	665	673	730	1 236
Merch. Trade Bal. (Bn R\$)	53	214	215	215	214	287
Exports, real (G+S), % Y/Y	2.1	5.2	4.1	1.5	1.2	3.8
Imports, real (G+S), % Y/Y	4.4	5.0	8.5	-2.3	2.0	3.8
Net Exports (Bn. LC, nom.)	-44	66	36	56	53	303
CAB (Bn. US\$)	-55.5	-7.2	-14.5	-22.4	-29.2	-25.1
CAB (% of GDP)	-2.5	-0.3	-0.8	-1.2	-1.5	-1.0

Trade

Main Trading Partners - Share in Total Trade in % -			
Exports	2018	Imports	2018
China	26.4	China	19.4
USA	12.0	USA	16.4
Argentina	6.2	Argentina	6.2
Netherlands	5.4	Germany	5.9
Chile	2.6	Korea	3.0

Items of Trade - Share in Total Trade of Goods in % -			
Exports	2017	Imports	2017
Agriculture	19.0	Chemicals	19.4
Food	18.1	Computers	12.4
Metal Ores	10.5	Other Mach.	9.1
Basic Metals	8.8	Petro. Prod.	8.9
Oil & Gas	7.8	Automotives	8.2

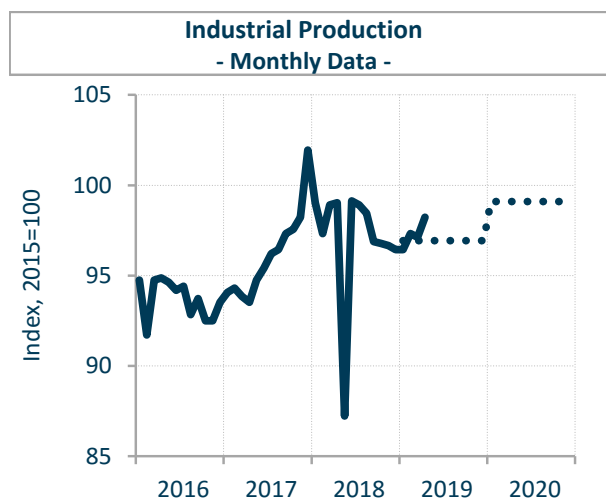


* Degree of Openness = 0.5*(Exports+Imports) / nominal GDP
 The degree of openness measures the extent to which the country depends on trade with other countries. A level of 100% means that the trade volume equals the level of economic output.

Supply

The primary sector, comprising mining & quarrying, agriculture, forestry and fishing, usually is of minor importance today. In Brazil, the sector is still large. Its importance is expected to rise slightly in the next decade. The industrial or secondary sector is of moderate importance in Brazil. It is expected to become less significant up to 2028. Finally, the tertiary sector in Brazil, comprising the service industry, is relatively very large. We forecast that it will lose in importance over the next 10 years.

All in all, the primary sector will likely show the highest growth rate and thus expand the most in the next decade.

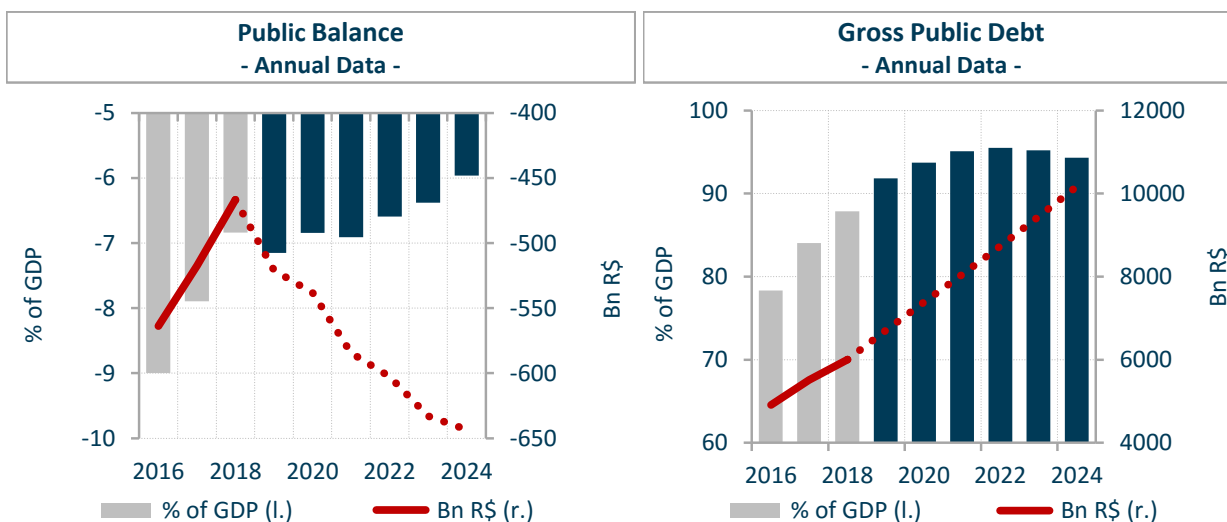


- Industrial production has been rising in the last three months. However, we expect production to fall in 2019 compared to the previous year.

	GDP Composition, Real - Share of GDP; Annual Data in % -			Growth by Sectors - Annual Growth in % -	
	2008	2018	2028	2008-2017	2018-2027
Primary Sector	5.0	5.8	6.4	3.2	2.9
Secondary Sector	16.1	12.6	12.5	-1.1	2.1
Tertiary Sector	78.8	81.5	81.2	1.6	2.2
Personal Rel. Svs.	16.5	16.6	16.0	1.2	1.8
Business Rel. Svs.	15.7	16.3	16.1	1.8	2.1
Trade	12.4	11.9	11.4	1.0	1.9
Other Services	34.2	36.7	37.6	2.4	2.4

Public Sector

In 2018, the level of public debt in percent of GDP was large. In the next three years, the debt ratio will rise. Brazil will have a high public deficit and strong nominal GDP growth. Within the next three years, the public balance is expected to remain roughly the same. Brazil will have a moderate public expenditure quota in 2019. A moderate public expenditure quota means that the government interferes moderately in the economy.

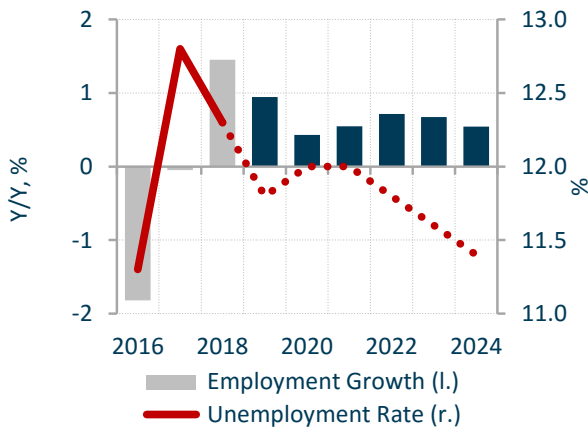


Public Finance Forecast - Annual Data -			
	2009	2019	2029
Public Expenditure / GDP (%)	37.1	38.1	36.4
Interest Expend. / Receipts (%)	15.2	23.1	23.1
Receipts (% Y/Y)	1.3	5.6	9.1
Expenditures (% Y/Y)	6.3	6.7	8.6
Primary Balance (% of GDP)	-3.2	0.0	2.2

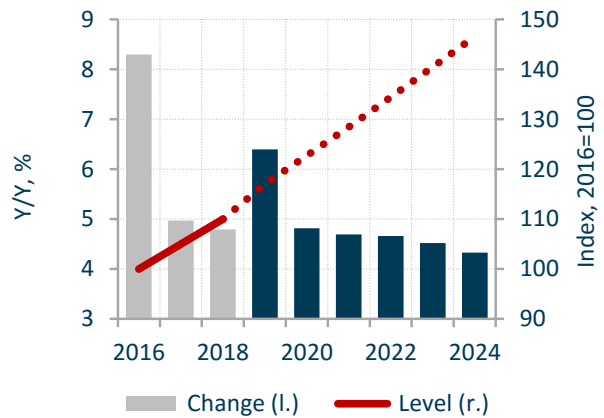
Labor Market & Income

The unemployment rate in Brazil was very high in 2018. In 2019, the rate will temporarily tend lower because of positive employment growth. Real wages grew stronger than productivity between 2013 and 2018. In the next five years, real wages will grow at about the same rate as productivity. Insofar, the competitiveness of the companies in Brazil will remain about unchanged.

Employment & Unemployment
- Annual Data -



Unit Labor Costs
- Annual Data -

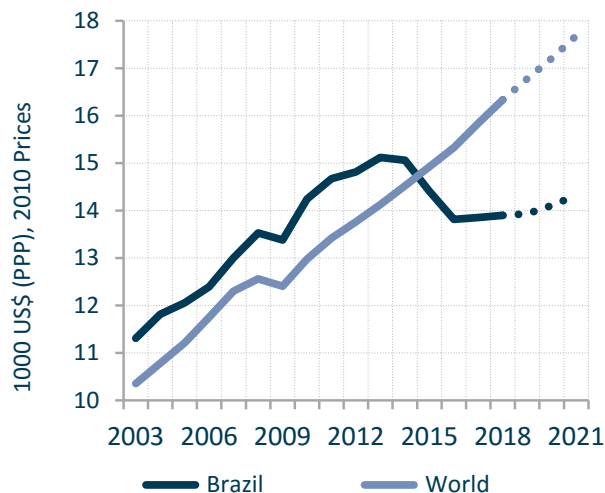


Real Wages & Productivity
- Annual Data -



Labor Market & Income

GDP per Capita (real)
- Annual Data -



- Brazil's real GDP per capita is fairly lower than the world average. The gap is expected to widen in the next five years.

Gini Coefficient
- Annual Data in % -

	Current Value
Gini Coefficient*	51

- The Gini coefficient in Brazil shows a high inequality of income distribution in the country.

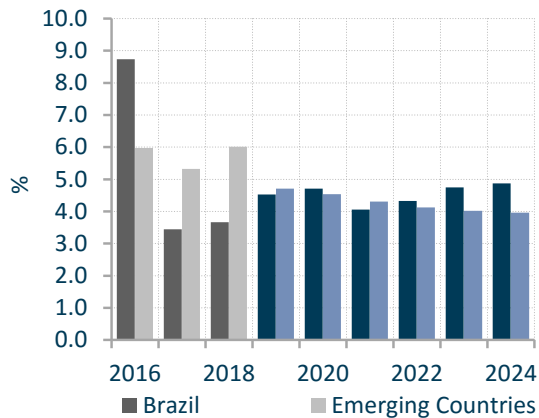
***Gini Coefficient:**

The Gini coefficient is a measure of statistical dispersion reflecting the income distribution of the residents within a country. A Gini coefficient of 0% means perfect income equality in a country, where all residents have the same income, whereas a Gini coefficient of 100% expresses maximal income inequality, where only one resident has all the income.

Prices, Interest Rates & Exchange Rates

Inflation has been moderate in Brazil in 2018. In 2019, the inflation rate is expected to increase. While the inflation rate in Brazil will rise by 1 percentage points from 2018 to 2020, the inflation rate in the Emerging Countries is expected to grow by 0.3 percentage points. The central bank lowered the key interest rate most recently in March 2018 by 0.25 percentage points to 6.5 percent. Although we expect the inflation rate to remain about unchanged from 2019 to 2020 we anticipate higher central bank interest rates in order to fight the inflationary pressure.

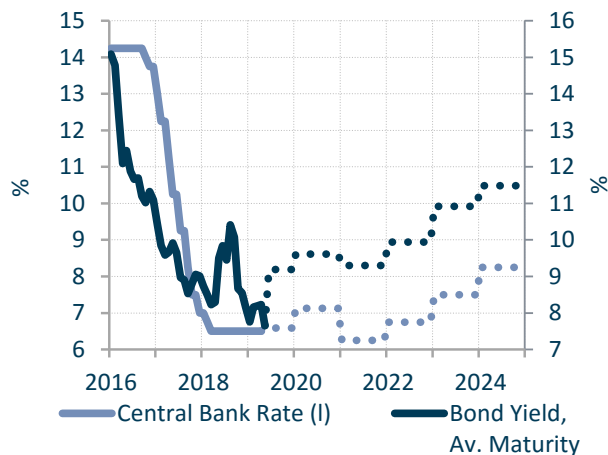
Inflation
- Annual Data -



Prices
- Annual Growth in % -

	Consumer Prices	Producer Prices
2018	3.7	11.3
2019	4.5	6.3
2020	4.7	3.7
2021	4.1	4.9
2022	4.3	5.6

Interest Rates
- Monthly Data -



Interest Rates
- Annual Data in % -

	Central Bank Rate	Bond Yield, Av. Maturity
2018	6.6	10.6
2019	6.6	9.2
2020	7.1	9.6
2021	6.3	9.3
2022	6.8	9.9

Exchange Rate Forecast
- Annual Data -

(Index, 2015=100)	2017	2018	2019	2020
Local Currency / US\$	95.8	109.7	118.5	weaker
Local Currency / Euro	97.6	116.7	121.4	weaker
Trade Weighted Exchange Rate (real) Appreciation Y/Y	8.9	-10.6	-2.5	weaker

Forecast Tables

Demand: GDP and Components										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2028
Gross Domestic Product (GDP)										
GDP, Nominal	6267	6554	6828	7290	7870	8463	9141	9921	10785	15104
Y/Y % Change	4.5	4.6	4.2	6.8	8.0	7.5	8.0	8.5	8.7	8.7
GDP, Real (2016=100)	100.0	101.1	102.2	103.2	105.2	107.5	110.0	112.8	115.6	128.0
Y/Y % Change	-3.3	1.1	1.1	0.9	1.9	2.2	2.4	2.5	2.5	2.5
GDP, Nominal (US\$ PPP)	3162	3256	3367	3464	3589	3709	3843	3986	4130	4753
Y/Y % Change	-2.3	3.0	3.4	2.9	3.6	3.3	3.6	3.7	3.6	3.5
GDP Per Cap., Nominal (1000 US\$ PPP)	15.2	15.6	16.0	16.3	16.8	17.2	17.7	18.3	18.8	21.3
Y/Y % Change	-3.0	2.2	2.6	2.1	2.9	2.7	3.0	3.1	3.0	3.0
GDP Per Cap., Real (1,000 US\$ PPP)	13.8	13.9	13.9	13.9	14.1	14.3	14.6	14.8	15.1	16.4
Y/Y % Change	-4.1	0.3	0.4	0.2	1.2	1.5	1.7	1.9	2.0	2.0
Components of GDP										
Consumption										
Private Consumption, Real	2499	2533	2581	2626	2683	2751	2822	2896	2969	3294
Y/Y % Change	-3.9	1.4	1.9	1.8	2.2	2.5	2.6	2.6	2.5	2.6
Government Consumption, Real	781	774	774	778	782	791	803	815	827	878
Y/Y % Change	0.2	-0.9	0.0	0.5	0.5	1.2	1.5	1.5	1.5	1.5
Investment										
Fixed Investment, Real	658	642	669	668	680	692	704	721	739	822
Y/Y % Change	-12.1	-2.5	4.1	-0.1	1.9	1.7	1.8	2.4	2.5	2.6
Construction, Real	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Construction, Resid., Real	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Machinery & Equipment, Real	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Other, Real	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Change in Stocks	-33	-6	-20	-49	-39	-30	-25	-22	-16	-1
Trade										
Net Exports (Goods & Services), Real	71	76	59	78	76	68	71	74	78	98
Exports (Goods & Services), Real	481	507	527	535	542	554	571	594	617	728
Y/Y % Change	0.9	5.2	4.1	1.5	1.2	2.2	3.2	3.9	3.9	4.2
Imports (Goods & Services), Real	411	431	468	457	466	485	501	520	539	630
Y/Y % Change	-10.3	5.0	8.5	-2.3	2.0	4.1	3.3	3.8	3.7	3.9

Forecast Tables

Retail Sales										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2028
Retail Sector										
Retail Sales, Value (2016=100)	100.0	104.1	109.9	117.0	124.7	133.2	142.5	153.3	165.0	221.8
Y/Y % Change	8.0	4.1	5.6	6.4	6.6	6.8	7.0	7.6	7.6	7.7
Retail Sales, Volume (2016=100)	100.0	100.4	102.1	104.7	107.3	110.7	114.1	117.6	121.1	136.8
Y/Y % Change	0.0	0.4	1.7	2.5	2.5	3.1	3.0	3.1	3.0	3.1
Retail Sales, Price (2016=100)	100.0	103.7	107.7	111.7	116.2	120.4	125.0	130.4	136.2	162.1
Y/Y % Change	8.0	3.7	3.8	3.8	4.0	3.6	3.8	4.3	4.4	4.5

Trade										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2028
Balance of Payments										
Current Account Balance	-84.5	-23	-51.2	-87.9	-119.3	-125.5	-127.1	-126.6	-124.9	-104.2
% of GDP	-1.3	-0.3	-0.8	-1.2	-1.5	-1.5	-1.4	-1.3	-1.2	-0.7
Current Account Balance (Bn US\$)	-24.0	-7.2	-14.5	-22.4	-29.2	-31.3	-30.9	-29.9	-28.6	-20.9
Trade Balance (Current Account), Nominal	157.2	204.3	195.8	204.7	213.5	205.8	216.6	231.3	248.4	337
Exports (Current Account)	643.7	693.1	873.5	878	943.5	975.4	1056	1155	1267	1859
Y/Y % Change	1.7	7.7	26.0	0.5	7.5	3.4	8.3	9.4	9.7	10.0
Imports (Current Account)	486.5	488.8	677.7	673.3	730	769.6	839.3	924	1019	1522
Y/Y % Change	-15.3	0.5	38.6	-0.7	8.4	5.4	9.1	10.1	10.2	10.5
Invisibles Balance	-241	-227.4	-248.9	-292	-333.4	-331.9	-344.4	-358.5	-373.9	-441.7
Foreign Trade (Merchandise)										
Trade Balance, Nominal	164.7	213.7	215.1	215	213.5	205.8	216.6	231.3	248.4	337
Exports, fob	642.9	694.8	879.8	888.2	943.5	975.4	1056	1155	1267	1859
Y/Y % Change	0.7	8.1	26.6	1.0	6.2	3.4	8.3	9.4	9.7	10.0
Imports, fob	478.2	481.1	664.7	673.3	730	769.6	839.3	924	1019	1522
Y/Y % Change	-15.3	0.6	38.2	1.3	8.4	5.4	9.1	10.1	10.2	10.5
Foreign Reserves										
Foreign Res., Excl. Gold (Bn US\$)	362.5	371.2	371.9	463.5	550.7	638.8	731.8	831.2	937.7	1447
Y/Y % Change	2.4	2.4	0.2	24.6	18.8	16.0	14.6	13.6	12.8	10.8

Forecast Tables

Supply										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2028
Production										
GDP, Real	3976	4018	4063	4102	4181	4273	4375	4484	4597	5091
Y/Y % Change	-3.3	1.1	1.1	0.9	1.9	2.2	2.4	2.5	2.5	2.5
Net Production (2016=100)	100.0	102.6	103.6	104.3	106.4	108.0	109.6	111.5	113.5	122.4
Y/Y % Change	-6.3	2.6	1.0	0.7	2.0	1.5	1.5	1.7	1.8	1.9
Capacity Utilization (%)	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Origin of GDP, Gross Value Added by Sector										
Total GVA - Whole Economy	3383	3408	3443	3476	3544	3622	3710	3803	3901	4331
Y/Y % Change	-2.9	0.7	1.0	1.0	2.0	2.2	2.4	2.5	2.6	2.6
Primary Sector										
Agricult., Forestry & Fishing	179	201	201	205	211	217	224	232	240	275
Y/Y % Change	-5.2	12.5	0.1	1.8	2.8	3.1	3.3	3.4	3.4	3.4
Mining & Quarrying	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Secondary Sector										
Manufacturing	422	429	435	435	444	454	465	477	489	540
Y/Y % Change	-4.8	1.7	1.3	-0.1	2.2	2.3	2.4	2.5	2.5	2.5
Electricity, Gas & Water	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Tertiary Sector										
Wholesale & Retail Trade	392	401	410	412	418	426	435	444	453	494
Y/Y % Change	-6.7	2.1	2.3	0.6	1.6	1.8	2.0	2.1	2.2	2.1
Hotels & Restaurants	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Transport & Storage	142	143	147	147	150	152	155	159	162	177
Y/Y % Change	-5.6	1.2	2.2	0.6	1.6	1.8	2.0	2.1	2.2	2.1
Financial Intermediation	234	230	231	237	247	257	268	280	292	349
Y/Y % Change	-3.4	-1.6	0.4	2.9	3.9	4.1	4.3	4.4	4.5	4.4
Real Est., Rent. & Bus. Act.	551	555	561	566	577	589	602	617	632	699
Y/Y % Change	-1.4	0.7	1.0	0.9	1.9	2.1	2.3	2.4	2.5	2.4
Public Administration	571	570	571	575	584	595	608	621	635	695
Y/Y % Change	0.3	-0.2	0.2	0.6	1.6	1.9	2.1	2.2	2.2	2.2
Education	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Health & Social Services	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Other Social & Personal Services	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Private Households	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-

Forecast Tables

Prices, Interest and Exchange Rates										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2028
Prices										
Consumer Prices (2016=100)	100.0	103.4	107.2	112.1	117.4	122.1	127.4	133.5	140.0	169.5
Y/Y % Change	8.7	3.4	3.7	4.5	4.7	4.1	4.3	4.8	4.9	4.9
Consumer Prices, Core (2016=100)	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Producer Prices (2016=100)	100.0	102.6	114.2	121.3	125.8	132.0	139.4	147.2	155.4	193.0
Y/Y % Change	3.9	2.6	11.3	6.3	3.7	4.9	5.6	5.6	5.6	5.6
Export Prices (2016=100)	100.0	100.6	121.2	125.4	133.6	135.1	144.0	154.1	165.2	219.3
Y/Y % Change	-1.7	0.6	20.5	3.4	6.5	1.2	6.5	7.0	7.2	7.4
Import Prices (2016=100)	100.0	95.1	117.1	123.6	131.6	131.3	137.0	143.6	150.8	184.0
Y/Y % Change	-4.6	-4.9	23.0	5.6	6.4	-0.2	4.3	4.8	5.0	5.1
Monetary Policy and Monetary Supply										
Central Bank Rate (%)	14.1	9.8	6.6	6.6	7.1	6.3	6.8	7.5	8.3	8.3
Money Supply M1	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Money Supply M2	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Money Supply M3	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Money Markets										
Call Money Rate (%)	14.1	10.1	6.5	6.5	7.0	6.1	6.6	7.4	8.1	8.1
Interbank Rate, 1 Month (%)	-	-	-	-	-	-	-	-	-	-
Interbank Rate, 3 Months (%)	-	-	-	-	-	-	-	-	-	-
Interbank Rate, 6 Months (%)	-	-	-	-	-	-	-	-	-	-
Bond Markets										
Government Bond Yield, 1 Y. (%)	13.3	8.6	7.0	6.6	7.3	6.6	7.2	8.0	8.7	8.7
Government Bond Yield, 3 Y. (%)	12.9	9.5	9.1	7.9	8.5	8.0	8.7	9.6	10.2	10.2
Government Bond Yield, 5 Y. (%)	12.9	10.0	9.8	8.6	9.2	8.8	9.5	10.4	11.0	11.0
Government Bond Yield, Avg. Mat. (%)	13.0	10.3	10.6	9.2	9.6	9.3	9.9	10.9	11.5	11.5
Exchange Rates (Avg.)										
BRL / €	3.86	3.60	4.31	4.48	4.72	4.67	4.89	5.15	5.43	6.75
Y/Y % Change	4.6	-6.7	19.6	4.0	5.3	-1.0	4.7	5.3	5.4	5.7
BRL / US\$	3.49	3.19	3.65	3.95	4.11	4.04	4.14	4.26	4.39	5.00
Y/Y % Change	4.8	-8.6	14.5	8.1	4.0	-1.7	2.5	2.9	3.2	3.3
Tr.-W. Ex. Rate, Nom. (2010=100)	64.2	70.2	63.5	63.4	62.8	66.2	65.0	63.6	62.1	56.1
Y/Y % Change	1.3	9.4	-9.7	0.0	-1.0	5.4	-1.7	-2.2	-2.3	-2.6
Tr.-W. Ex. Rate, Real (2010=100)	79.3	86.4	77.2	75.3	73.8	77.8	77.3	77.0	76.8	76.2
Y/Y % Change	6.2	8.9	-10.6	-2.5	-2.0	5.4	-0.6	-0.4	-0.2	-0.2

Forecast Tables

Labor Market and Income										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2028
Labor Market										
Wages, Real (2016=100)	100.0	102.6	103.4	105.2	106.9	109.3	111.5	113.3	114.9	121.6
Y/Y % Change	-1.9	2.6	0.7	1.8	1.6	2.3	2.0	1.6	1.5	1.4
Earnings (2016=100)	100.0	106.0	111.0	118.0	126.0	134.0	142.0	151.0	161.0	206.0
Y/Y % Change	7.0	6.0	4.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Productivity (1,000 US\$)	10.6	10.8	10.7	10.7	10.9	11.1	11.2	11.4	11.7	12.6
Y/Y % Change	-1.5	1.1	-0.3	0.0	1.5	1.6	1.7	1.8	2.0	1.9
Unit Labor Cost (2016=100)	100.0	105.0	110.0	117.0	122.7	128.4	134.4	140.5	146.6	173.7
Y/Y % Change	8.3	5.0	4.8	6.4	4.8	4.7	4.7	4.5	4.3	4.4
Employment (Mn.)	90.5	90.5	91.8	92.7	93.1	93.6	94.2	94.9	95.4	97.7
Y/Y Abs. Change	-1.68	-0.04	1.31	0.87	0.40	0.51	0.67	0.63	0.51	0.55
Unemployment (Mn.)	11.5	13.2	12.8	12.4	12.7	12.8	12.6	12.4	12.3	11.1
Y/Y Abs. Change	3.14	1.75	-0.42	-0.39	0.24	0.07	-0.17	-0.19	-0.12	-0.34
Unemployment Rate (%)	11.3	12.8	12.3	11.8	12.0	12.0	11.8	11.6	11.4	10.2
Private Households										
NNP, Nominal at Factor Costs	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Compensation of Employees	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Gross Profits & Rental Income	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Pers. Disposable Income, Nominal	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Private Consumption, Nominal	4026	4194	4392	4669	4990	5318	5685	6104	6556	8766
Y/Y % Change	5.0	4.2	4.7	6.3	6.9	6.6	6.9	7.4	7.4	7.5
Pers. Disposable Income, Real (2016=100)	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Private Consumption, Real (2016=100)	100	101	103	105	107	110	113	116	119	132
Y/Y % Change	-3.9	1.4	1.9	1.8	2.2	2.5	2.6	2.6	2.5	2.6
Personal Savings Ratio (%)	-	-	-	-	-	-	-	-	-	-
Population (Mn.)	207.7	209.3	210.9	212.4	213.9	215.3	216.6	217.9	219.2	223.6
Y/Y Abs. Change	1.7	1.6	1.6	1.5	1.5	1.4	1.4	1.3	1.2	1.0
GDP Per Cap., Real (PPP, 2016=100)	100.0	100.3	100.6	100.9	102.1	103.7	105.5	107.4	109.5	118.9
Y/Y % Change	-4.1	0.3	0.4	0.2	1.2	1.5	1.7	1.9	2.0	2.0

Forecast Tables

Public Sector										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2028
Government Finance										
Public Balance	-564	-517	-467	-521	-538	-584	-603	-633	-643	-781
as % of GDP	-9.0	-7.9	-6.8	-7.2	-6.8	-6.9	-6.6	-6.4	-6.0	-5.2
Expenditures	2497	2533	2604	2778	2969	3194	3423	3681	3967	5495
Y/Y % Change	7.8	1.5	2.8	6.7	6.9	7.6	7.2	7.5	7.8	8.3
Revenues	1933	2016	2137	2257	2431	2609	2820	3048	3323	4714
Y/Y % Change	13.5	4.3	6.0	5.6	7.7	7.3	8.1	8.1	9.1	9.1
Gross Public Debt	4908	5508	5999	6694	7378	8047	8730	9444	10170	13460
as % of GDP	78.3	84.1	87.9	91.8	93.7	95.1	95.5	95.2	94.3	89.1
Public Expenditure Quota	39.84	38.65	38.14	38.10	37.73	37.73	37.44	37.10	36.78	36.38
Y/Y % Change	0.0	-3.0	-1.3	-0.1	-1.0	0.0	-0.8	-0.9	-0.9	-0.4

FERI Trust GmbH

Haus am Park
Rathausplatz 8-10
61348 Bad Homburg
Germany

Phone: +49 (0) 6172 916-3050

E-Mail: economics@feri.de

This presentation contains information, analysis, forecasts and concepts that serve only your non-binding information. The presentation is not a tax, legal or other advice and does not constitute an offer for the management of assets or recommendation / advice on asset dispositions.

The presentation has been prepared on the basis of subjective assessments by us. Some information contained in the presentation is based on and / or derived from information which has been provided by independent third parties. We always act on the assumption that such information is accurate and complete and comes from trusted sources. A guarantee for the correctness and completeness of the information contained in the presentation will not be borne by us.

The presentation does not replace individual advice. Anyone interested should make any decision only after carefully considering the risks associated with a particular contract and seek legal and tax advice and – if necessary - other advice. We do not take over any responsibility towards either the recipient of this presentation or third persons in respect of actions that are taken on the basis of this presentation.

The opinions mentioned in this presentation are current opinions as of the date listed in this document. The presentation is to be treated strictly confidential and may be used only by the person for whom it was created and solely for their internal purposes. Reproductions of any kind are permitted only upon our prior written consent and upon the exact acknowledgement of the source.