



FERI Country Dossier
Economic Forecast
Brazil

June 2018

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Executive Summary

In 2017, after two years of strong economic decline caused by political turmoil and low commodity prices, Brazilian GDP growth returned to positive territories, mostly thanks to recovering commodity prices, cuts in the monetary policy rate and first effects of reform efforts. For 2018, we expect a moderate increase of the growth rate, driven by a strong rebound of private consumption growth and returning fixed investment growth.

After the congressional impeachment of Dilma Rouseff in May 2016, Michael Temer was appointed as the new president. Unlike his predecessor he initiated a program of highly needed structural reforms, of which especially a debt relief program and a reform of the oil sector were implemented. However, as the Brazilian Supreme Court authorized an investigation against Temer on corruption accusations in May 2017, political uncertainties returned, stalling further measures against the economic weakness, like the privatization of the electricity industry, infrastructure investments, labor and pension reforms. We do not expect large reform progress until the next general elections in October 2018. The new political turmoil caused heavy plunges on Brazilian financial markets and cuts in Brazil's credit outlook. This especially constrains the public balance, which was at the high level of around -8% relative to the GDP in 2017 and is expected to recover only gradually in 2018. To offset the economic downturn the Brazilian central bank stepwise lowered its key interest rate since September 2016 to 6.75% in February 2018. Due to the recovery of commodity prices and the weak Real, Brazil will have the chance to post a current account surplus for the first time in the last ten years in 2018. Because of the recession in the last three years, the Brazilian unemployment rate rose markedly. Regarding the weak economic growth and the growing labor force potential, we estimate the unemployment rate to decrease only slowly over 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.

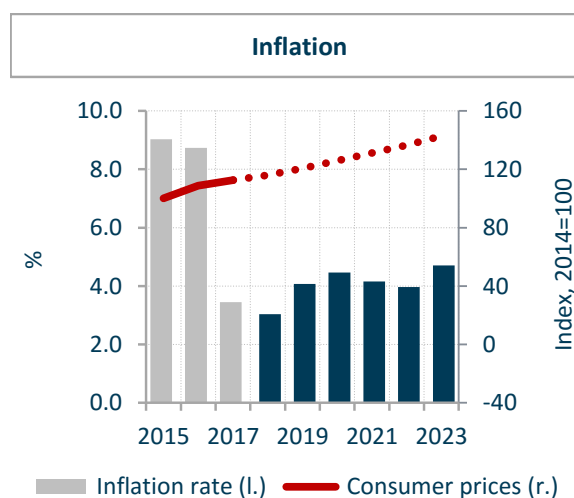
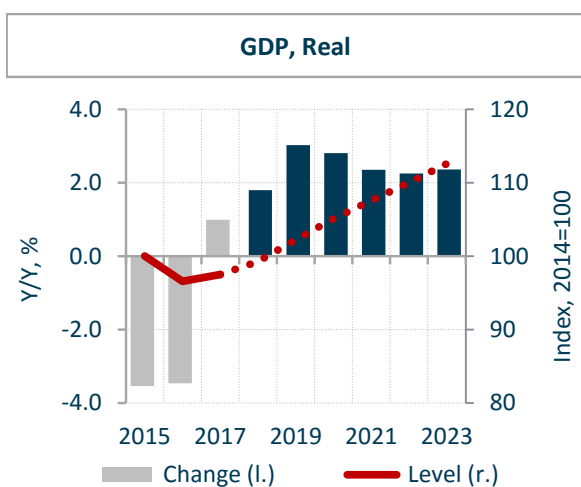
Given its orientation towards domestic demand, the economy was not as heavily affected by the global recession in 2009 as other countries: Although GDP did decline slightly, the recession was moderate. In the wake of globally weaker demand for raw materials, Brazil's main export goods, and the ongoing 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				
	2016	2017	2018	2019
GDP Per Cap., Nominal (1000 US\$ (PPP))	15305	15607	16105	16871
GDP, Real (% Change)	-3.5	1.0	1.8	3.0
Consumer Prices (% Change)	8.7	3.4	3.0	4.1
Unemployment Rate (%)	11.3	12.8	12.2	11.0
Public Balance (% of GDP)	-9.0	-7.8	-6.4	-6.3
Gross Public Debt (% of GDP)	78.4	84.0	86.1	88.0
Current Account Balance (% of GDP)	-1.3	-0.5	-1.0	-1.2
Industrial Production (% Change)	-6.4	2.4	2.7	2.9
Central Bank Rate (%)	14.1	9.8	6.4	7.1
Government Bond Yield, Avg. Mat. (%)	13.0	10.3	9.7	9.9
BRL / €	3.86	3.60	4.05	4.07
BRL / US\$	3.49	3.19	3.37	3.53



Country Profile



Profile Data*

Constitution		People	
Official Name	Federative Republic of Brazil	Population (Mn.)	209.3
Capital	Brasília	Area (sq. km)	8 515 770
Form of State	Federal Republic	Population Density (People/sq. km)	24.8
Chief of State	Michel Temer	Avg. Annual Population Growth	0.8
Head of Government	Michel Temer	Net Migration	15 924
Structure		Birth Rate (per 1,000 People)	14.4
Language	Portuguese	Death Rate (per 1,000 People)	6.1
Religion		Fertility Rate (Births per Woman)	1.7
Roman Catholic	73%	Urban Population (% of Total)	85.9
Protestant	15%	São Paulo	10.4
Other/Non specified	12%	Rio de Janeiro	6.3
Currency		Salvador	2.9
Currency	Real (BRL)	Fortaleza	2.6
Exchange Arrangement	Independently Floating	Brasília	2.5

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

Country Profile

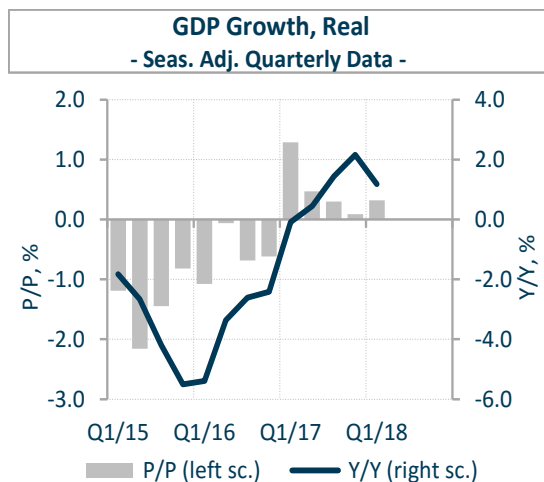
Socioeconomic Data*	
Welfare	
Human Development Index (Ranking out of 188 Countries)	75
GDP per Head (1000 US\$)	9.8
Life Expectancy, Years	75
Life Expectancy, Male (Years)	72
Life expectancy, Female (Years)	79
Poverty Gap at \$2 a Day (%)	-
Health	
Health Expenditure (% of GDP)	8.3
Health Expenditure per Capita (Current US\$)	947
Hospital Beds (per 1,000 People)	2.3
Improved Sanitation Facilities (% of Population with Access)	82.8
Improved Water Source (% of Population with Access)	98.1
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)	9.6
Container Port Traffic (TEU: 20 Foot Equivalent Units)	9 289 501
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)	115.3
School Enrollment, Secondary (% Gross)	99.7
School Enrollment, Tertiary (% Gross)	50.6
Labor Market	
Labor Force	104 278 814
Female Labor Force (% of Total Labor Force)	42.9
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)	3.5
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	79.5
Ease of Doing Business Index (1 = Most Business-friendly Regulations)	125
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 changes in inventories GDP growth has been positive in 2017. In 2018, GDP growth is expected to improve due to stronger private consumption. The overall economic growth rate in 2018 will be weaker than the historical average.



GDP Growth, Real
- Annual Data in % -

	Brazil	Emerging Countries
Previous 10 years (2006-2015)	2.8	5.7
2016	-3.5	4.2
2017	1.0	4.7
2018	1.8	4.9
Next 10 years (2018-2027)	2.4	4.2

GDP growth in Brazil has been positive in 2017. In 2017, changes in inventories and private consumption have been the main supportive drivers of the economic development. In 2018, GDP growth is expected to improve. Now, stronger growth contributions from private consumption and fixed investment will be the driving forces of higher GDP growth. All in all, GDP growth in 2018 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 2015. 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 4.2 percent per year, Brazil's economy is expected to grow by 2.4 per year in the next decade. Brazil's growth rate in the next 10 years will be weaker than historical economic growth up to 2015.

Demand

Growth of GDP Components - Annual Data in % -						
	2006-2015	2016	2017	2018	2019	2020-2029
GDP Growth	2.8	-3.5	1.0	1.8	3.0	2.4
Private Consumption	3.9	-4.3	1.0	2.6	3.0	2.7
Government Consumption	2.2	-0.1	-0.6	1.0	2.0	1.7
Fixed Investment	3.8	-10.3	-1.8	4.2	5.0	2.6
Exports	2.6	1.9	5.2	6.2	2.5	3.2
Imports	7.3	-10.2	5.0	8.8	5.5	4.3

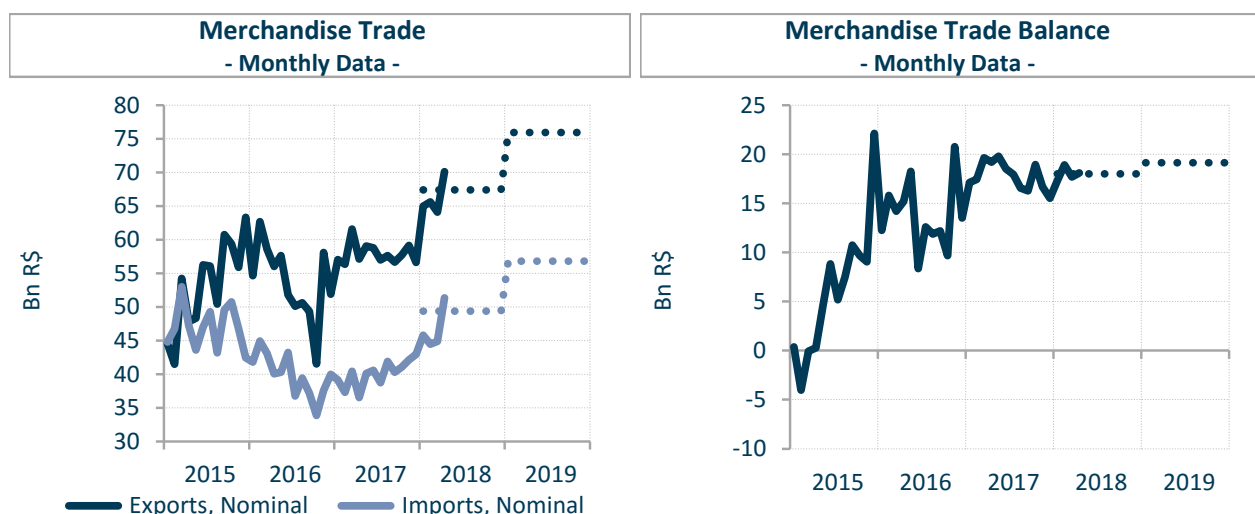
Contribution to GDP Growth (Y/Y) by Components - In Percentage Points -						
	2006-2015	2016	2017	2018	2019	2020-2029
GDP Growth	2.8	-3.5	1.0	1.8	3.0	2.4
Private Consumption	2.4	-2.7	0.6	1.6	1.9	1.7
Government Consumption	0.4	0.0	-0.1	0.2	0.4	0.3
Fixed Investment	0.7	-1.9	-0.3	0.7	0.8	0.4
Net Exports	-0.5	1.3	0.1	-0.2	-0.3	-0.1
Chg. in Inv.	-0.2	-0.2	0.7	-0.6	0.2	0.5

In 2017, GDP growth was positive. Economic growth was mainly driven by strong changes in inventories and private consumption. GDP growth in 2018 will improve compared to the previous year due to stronger growth contributions especially from private consumption and fixed investment. In the long-term perspective economic growth in Brazil will be lower than in the decade up to 2015. Weaker private consumption growth will be a main driver of lower GDP growth in the next 10 years up to 2029.

Trade

The level of merchandise exports has been higher than that of imports in recent months. This trend is expected to persist for 2018 as a whole. Net exports, which include not only merchandise goods, but also services, are expected to be positive in 2018.

The current account balance that includes also net income from abroad and net current transfers, is expected to be negative in 2018. The current account deficit implies that Brazil is a net borrower from the rest of the world.

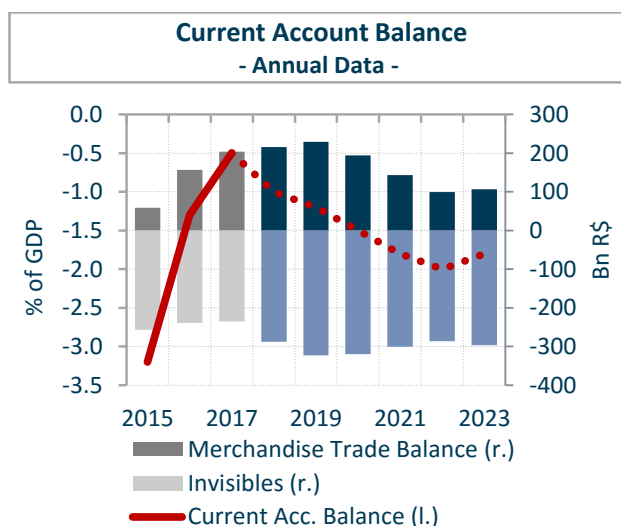
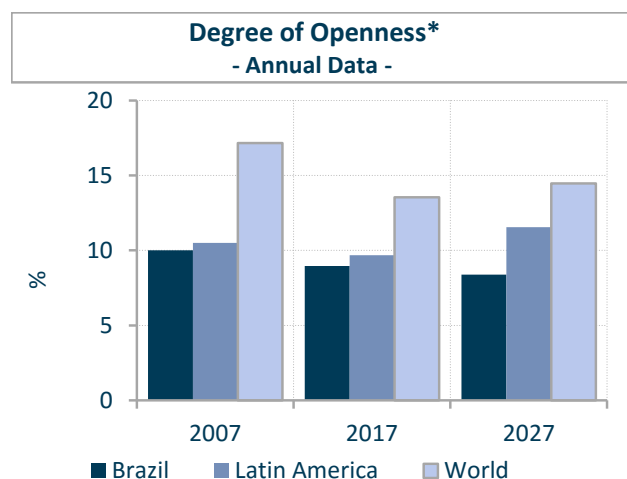


Foreign Trade Forecast - Annual Data -						
	2006-2015	2016	2017	2018	2019	2020-2029
Merchandise Exports (Bn R\$)	422	643	695	809	911	1 094
Merchandise Imports (Bn R\$)	375	478	481	593	682	948
Merch. Trade Bal. (Bn R\$)	47	165	214	216	230	146
Exports, real (G+S), % Y/Y	2.6	1.9	5.2	6.2	2.5	3.2
Imports, real (G+S), % Y/Y	7.3	-10.2	5.0	8.8	5.5	4.3
Net Exports (Bn. LC, nom.)	-40	26	67	73	74	66
CAB (Bn. US\$)	-50.9	-23.5	-9.8	-21.3	-26.3	-54.7
CAB (% of GDP)	-2.2	-1.3	-0.5	-1.0	-1.2	-1.5

Trade

Main Trading Partners - Share in Total Trade in % -			
Exports	2017	Imports	2017
China	21.8	China	18.1
USA	12.4	USA	16.7
Argentina	8.1	Argentina	6.3
Netherlands	4.2	Germany	6.1
Japan	2.4	Korea	3.5

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

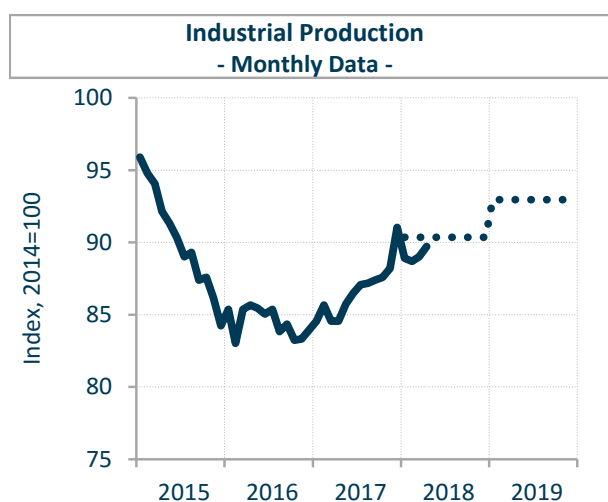


* Degree of Openness = $0.5 * (\text{Exports} + \text{Imports}) / \text{nominal GDP}$
The degree of openness measures the extent to which the country depends on trade with other countries. A level of 100% means that the trade volume equals the level of economic output.

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 more significant up to 2027. 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.

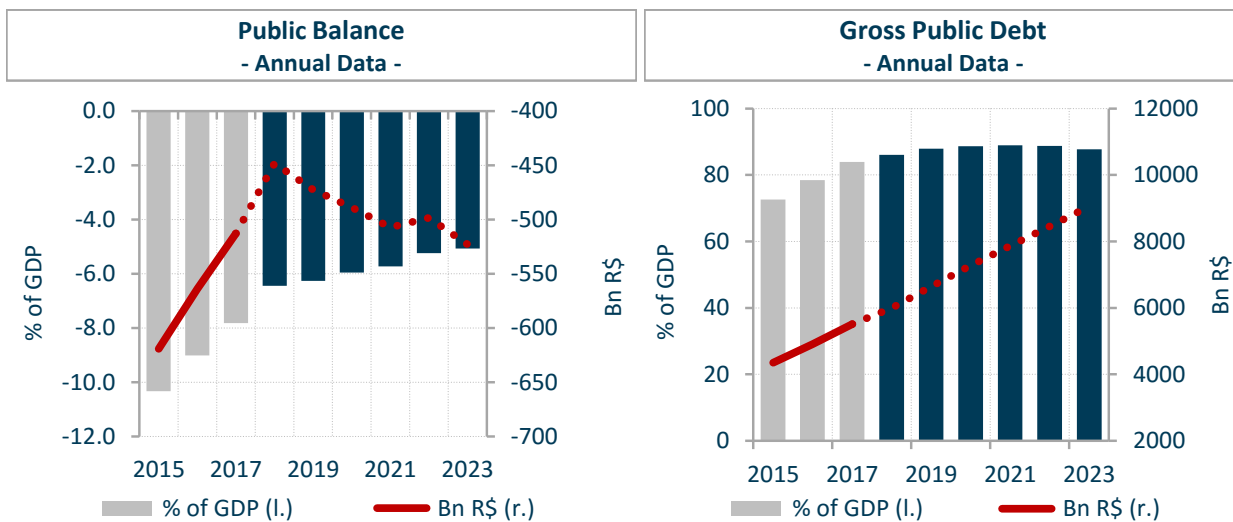


- Industrial production has been moving sideways in the last three months. However, we expect production to increase in 2018 compared to the previous year.

	GDP Composition, Real - Share of GDP; Annual Data in % -			Growth by Sectors - Annual Growth in % -	
	2007	2017	2027	2007-2016	2017-2026
Primary Sector	5.0	6.0	6.6	2.4	4.3
Secondary Sector	16.2	12.5	12.6	-0.7	2.5
Tertiary Sector	78.8	81.5	80.8	2.0	2.2
Personal Rel. Svs.	17.1	16.7	16.2	1.5	1.9
Business Rel. Svs.	15.7	15.9	15.6	1.9	2.0
Trade	12.3	11.8	11.4	1.6	2.0
Other Services	33.6	37.1	37.7	3.3	2.3

Public Sector

In 2017, 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 improve. Brazil will have a moderate public expenditure quota in 2018. A moderate public expenditure quota means that the government interferes moderately in the economy.

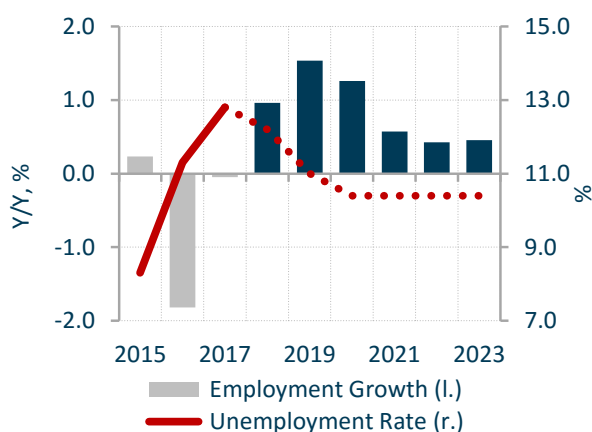


Public Finance Forecast - Annual Data -			
	2008	2018	2028
Public Expenditure / GDP (%)	37.4	36.4	32.7
Interest Expend. / Receipts (%)	14.8	24.1	20.5
Receipts (% Y/Y)	17.6	5.5	9.1
Expenditures (% Y/Y)	13.7	1.8	7.9
Primary Balance (% of GDP)	-	-	-

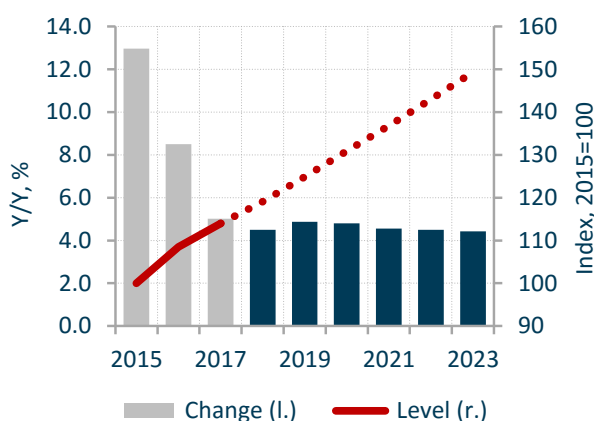
Labor Market & Income

The unemployment rate in Brazil was very high in 2017. In 2018 and the following years, the rate will tend lower because of positive employment growth. Real wages grew stronger than productivity between 2012 and 2017. 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 -

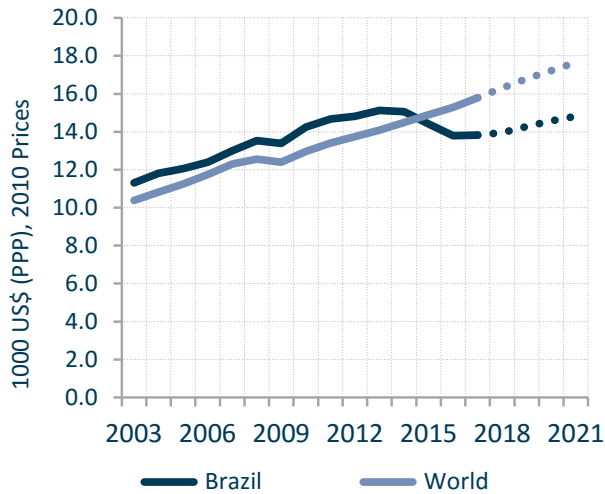


Real Wages & Productivity
- Annual Data -



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

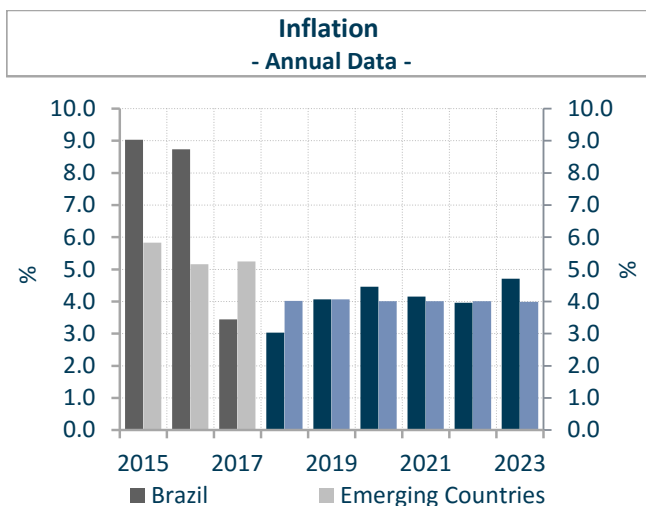
- The Gini coefficient in Brazil shows a high inequality of income distribution in the country.

***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.

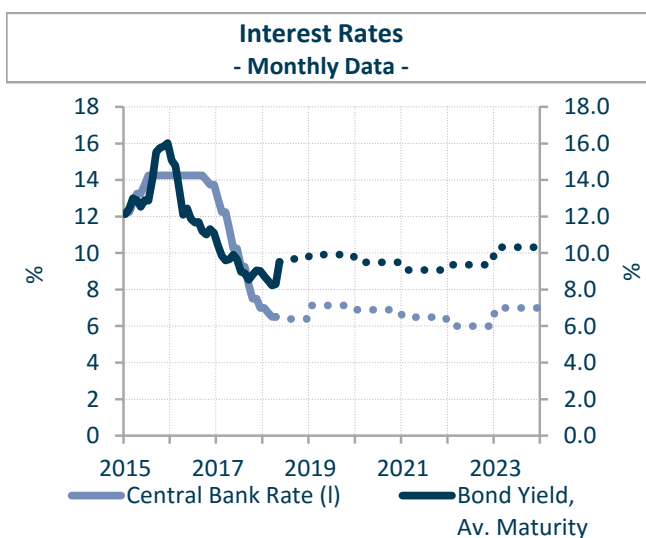
Prices, Interest Rates & Exchange Rates

Inflation has been moderate in Brazil in 2017. In 2018, the inflation rate is expected to decrease temporarily. While the inflation rate in Brazil will rise by 0.6 percentage points from 2017 to 2019, the inflation rate in the Emerging Countries is expected to grow by 0.2 percentage points. The central bank lowered the key interest rate most recently in March 2018 by 0.25 percentage points to 6.5 percent. Since we expect the inflation rate to increase from 2018 to 2019 we anticipate higher central bank interest rates in order to fight the inflationary pressure.



Prices
- Annual Growth in % -

	Consumer Prices	Producer Prices
2017	3.4	2.6
2018	3.0	7.4
2019	4.1	4.5
2020	4.5	3.7
2021	4.2	3.6



Interest Rates
- Annual Data in % -

	Central Bank Rate	Bond Yield, Av. Maturity
2017	9.8	10.3
2018	6.4	9.7
2019	7.1	9.9
2020	6.9	9.5
2021	6.5	9.1

Exchange Rate Forecast
- Annual Data -

(Index, 2014=100)	2016	2017	2018	2019
Local Currency / US\$	148.3	135.5	143.2	weaker
Local Currency / Euro	123.7	115.4	129.6	weaker
Trade Weighted Exchange Rate (real) Appreciation Y/Y	5.9	8.0	-6.4	weaker

Forecast Tables

Demand: GDP and Components										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2027
Gross Domestic Product (GDP)										
GDP, Nominal	5996	6259	6560	6965	7553	8204	8849	9519	10321	14472
Y/Y % Change	3.8	4.4	4.8	6.2	8.4	8.6	7.9	7.6	8.4	8.9
GDP, Real (2015=100)	100.0	96.5	97.5	99.2	102.2	105.1	107.6	110.0	112.6	123.7
Y/Y % Change	-3.5	-3.5	1.0	1.8	3.0	2.8	2.4	2.3	2.4	2.4
GDP, Nominal (US\$ PPP)	3224	3152	3241	3371	3557	3714	3846	3976	4118	4696
Y/Y % Change	-2.5	-2.2	2.8	4.0	5.5	4.4	3.5	3.4	3.6	3.4
GDP Per Cap., Nominal (1000 US\$ PPP)	15.8	15.3	15.6	16.1	16.9	17.5	18.0	18.5	19.0	21.2
Y/Y % Change	-3.4	-3.1	2.0	3.2	4.8	3.6	2.8	2.7	2.9	2.8
GDP Per Cap., Real (1,000 US\$ PPP)	14.4	13.8	13.8	14.0	14.3	14.6	14.8	15.1	15.3	16.5
Y/Y % Change	-4.4	-4.2	0.2	1.0	2.3	2.1	1.7	1.6	1.7	1.9
Components of GDP										
Consumption										
Private Consumption, Real	2600	2487	2511	2576	2654	2731	2812	2895	2969	3280
Y/Y % Change	-3.2	-4.3	1.0	2.6	3.0	2.9	2.9	3.0	2.5	2.5
Government Consumption, Real	779	779	774	782	798	811	825	839	853	913
Y/Y % Change	-1.4	-0.1	-0.6	1.0	2.0	1.7	1.7	1.7	1.7	1.7
Investment										
Fixed Investment, Real	749	672	660	688	722	751	771	790	808	889
Y/Y % Change	-13.9	-10.3	-1.8	4.2	5.0	4.1	2.7	2.4	2.2	2.5
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	-35	-43	-15	-38	-31	-15	-8	-4	-2	0
Trade										
Net Exports (Goods & Services), Real	19	74	79	73	61	43	22	2	1	6
Exports (Goods & Services), Real	474	483	508	540	554	563	577	590	611	707
Y/Y % Change	6.8	1.9	5.2	6.2	2.5	1.6	2.6	2.3	3.4	3.8
Imports (Goods & Services), Real	455	409	430	467	493	520	555	589	609	700
Y/Y % Change	-14.2	-10.2	5.0	8.8	5.5	5.5	6.7	6.1	3.5	3.6

Forecast Tables

Demand: GDP and Components										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2027
Retail Sector										
Retail Sales, Value (2015=100)	100.0	101.6	107.7	114.5	123.2	132.6	142.3	152.6	164.0	221.0
Y/Y % Change	3.5	1.6	5.9	6.3	7.6	7.6	7.3	7.2	7.5	7.8
Retail Sales, Volume (2015=100)	100.0	94.0	96.0	98.7	102.4	106.0	109.7	113.6	117.0	131.7
Y/Y % Change	-4.0	-6.0	2.2	2.9	3.7	3.5	3.5	3.5	3.0	3.0
Retail Sales, Price (2015=100)	100.0	108.2	112.2	115.9	120.3	125.1	129.7	134.4	140.2	167.8
Y/Y % Change	7.8	8.2	3.7	3.4	3.8	4.0	3.7	3.6	4.3	4.6

Trade										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2027
Balance of Payments										
Current Account Balance	-190.2	-82.2	-31.1	-71.7	-92.7	-124.9	-156.2	-186.4	-189.2	-187.1
% of GDP	-3.2	-1.3	-0.5	-1.0	-1.2	-1.5	-1.8	-2.0	-1.8	-1.3
Current Account Balance (US\$)	-59.4	-23.5	-9.8	-21.3	-26.3	-38.0	-50.9	-63.9	-63.0	-54.2
Trade Balance (Current Account), Nominal	58.9	157.2	204.3	215.7	229.7	194.7	143.6	99.7	106.6	157.9
Exports (Current Account)	633.1	643.7	693.1	807.1	911.3	880.3	843.5	822.3	893.2	1293
Y/Y % Change	20.0	1.7	7.7	16.4	12.9	-3.4	-4.2	-2.5	8.6	9.8
Imports (Current Account)	574.3	486.5	488.8	591.3	681.5	685.6	699.8	722.6	786.6	1135
Y/Y % Change	5.7	-15.3	0.5	21.0	15.3	0.6	2.1	3.3	8.9	9.7
Invisibles Balance *	-	-	-	-	-	-	-	-	-	-
Foreign Trade (Merchandise)										
Trade Balance, Nominal	74.2	164.7	213.7	216.2	229.7	194.7	143.6	99.7	106.6	157.9
Exports, fob	638.4	642.9	694.8	808.7	911.3	880.3	843.5	822.3	893.2	1293
Y/Y % Change	21.0	0.7	8.1	16.4	12.7	-3.4	-4.2	-2.5	8.6	9.8
Imports, fob	564.3	478.2	481.1	592.5	681.5	685.6	699.8	722.6	786.6	1135
Y/Y % Change	4.8	-15.3	0.6	23.2	15.0	0.6	2.1	3.3	8.9	9.7
Foreign Reserves										
Foreign Res., Excl. Gold (US\$)	354.2	362.5	371.2	439.5	505.9	565.3	617.3	661.6	711.9	990.5
Y/Y % Change	-1.9	2.4	2.4	18.4	15.1	11.7	9.2	7.2	7.6	9.1

Forecast Tables

Supply										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2027
Production										
GDP, Real	4112	3969	4009	4080	4204	4321	4423	4522	4629	5088
Y/Y % Change	-3.5	-3.5	1.0	1.8	3.0	2.8	2.4	2.3	2.4	2.4
Net Production (2015=100)	100.0	93.7	96.0	99.2	101.7	103.6	105.4	107.3	109.3	117.7
Y/Y % Change	-9.8	-6.3	2.5	3.3	2.5	1.9	1.7	1.8	1.9	1.9
Capacity Utilization (%)	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Origin of GDP, Gross Value Added by Sector										
Total GVA - Whole Economy	3485	3381	3406	3467	3572	3673	3760	3846	3938	4339
Y/Y % Change	-3.2	-3.0	0.7	1.8	3.0	2.8	2.4	2.3	2.4	2.5
Primary Sector										
Agr., forestry & fishing	188	180	204	209	218	226	233	241	249	284
Y/Y % Change	3.3	-4.3	13.0	2.8	4.0	3.8	3.3	3.2	3.3	3.4
Mining & quarrying	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Secondary Sector										
Manufacturing	443	419	426	437	450	462	473	484	496	547
Y/Y % Change	-8.5	-5.6	1.7	2.7	2.9	2.7	2.4	2.4	2.4	2.5
Electricity, gas & water	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Tertiary Sector										
Wholesale & retail trade	420	395	401	407	418	428	437	445	454	493
Y/Y % Change	-7.3	-6.1	1.8	1.4	2.7	2.5	2.0	1.9	2.0	2.0
Hotels & Restaurants	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Transport & communication	150	140	141	143	147	150	153	156	159	172
Y/Y % Change	-4.3	-6.8	0.9	1.3	2.6	2.4	1.9	1.8	1.9	1.9
Financial intermediation	242	234	231	240	252	264	275	287	299	355
Y/Y % Change	-1.2	-3.3	-1.3	3.7	5.0	4.8	4.3	4.2	4.3	4.4
Real Est., Rent. & Bus. Act.	559	541	543	552	567	582	595	607	620	677
Y/Y % Change	-3.7	-3.2	0.4	1.6	2.8	2.6	2.2	2.1	2.2	2.2
Public Administration	570	573	570	578	594	609	622	634	647	704
Y/Y % Change	0.2	0.6	-0.6	1.5	2.7	2.5	2.1	2.0	2.1	2.1
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 -										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2027
Prices										
Consumer Prices (2015=100)	100.0	108.7	112.5	115.9	120.6	126.0	131.2	136.4	142.8	174.0
Y/Y % Change	9.0	8.7	3.4	3.0	4.1	4.5	4.2	4.0	4.7	5.1
Consumer Prices, Core (2015=100)	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Producer Prices (2015=100)	100.0	103.9	106.6	114.5	119.7	124.1	128.6	133.7	141.1	175.7
Y/Y % Change	6.0	3.9	2.6	7.4	4.5	3.7	3.6	3.9	5.5	5.6
Export Prices (2015=100)	100.0	98.3	98.9	112.0	124.5	118.2	112.3	109.0	116.6	157.2
Y/Y % Change	11.0	-1.7	0.6	13.2	11.2	-5.0	-5.0	-3.0	7.0	7.8
Import Prices (2015=100)	100.0	95.4	90.8	101.1	110.2	104.3	98.9	95.6	100.3	124.4
Y/Y % Change	24.7	-4.6	-4.9	11.4	9.0	-5.4	-5.1	-3.3	4.9	5.6
Monetary Policy and Monetary Supply										
Central Bank Rate (%)	13.6	14.1	9.8	6.4	7.1	6.9	6.5	6.0	7.0	7.5
Money Supply M1	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Money Supply M2	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Money Supply M3	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Money Markets										
Call Money Rate (%)	13.3	14.1	10.0	6.3	6.9	6.7	6.3	5.8	6.7	7.3
Interbank Rate, 1 Month (%)	-	-	-	-	-	-	-	-	-	-
Interbank Rate, 3 Months (%)	-	-	-	-	-	-	-	-	-	-
Interbank Rate, 6 Months (%)	-	-	-	-	-	-	-	-	-	-
Bond Markets										
Government Bond Yield, 1 Y. (%)	14.2	13.3	8.6	6.6	7.4	7.1	6.7	6.4	7.4	8.0
Government Bond Yield, 3 Y. (%)	14.0	12.9	9.5	8.6	9.0	8.7	8.2	8.3	9.3	9.8
Government Bond Yield, 5 Y. (%)	13.8	12.9	10.0	9.1	9.4	9.0	8.6	8.8	9.8	10.2
Government Bond Yield, Avg. Mat. (%)	13.7	13.0	10.3	9.7	9.9	9.5	9.1	9.4	10.3	10.8
Exchange Rates (Avg.)										
BRL / €	3.69	3.86	3.60	4.05	4.07	3.72	3.51	3.40	3.57	4.31
Y/Y % Change	18.2	4.6	-6.7	12.3	0.5	-8.6	-5.5	-3.2	5.0	4.8
BRL / US\$	3.33	3.49	3.19	3.37	3.53	3.29	3.07	2.92	3.01	3.46
Y/Y % Change	41.5	4.8	-8.6	5.7	4.6	-6.7	-6.6	-5.0	3.0	3.6
Tr.-W. Ex. Rate, Nom. (2010=100)	64.0	65.4	71.7	68.4	66.9	72.3	77.7	82.0	80.0	71.9
Y/Y % Change	-21.2	2.2	9.7	-4.6	-2.2	8.2	7.4	5.6	-2.4	-2.7
Tr.-W. Ex. Rate, Real (2010=100)	74.0	78.3	84.6	79.2	77.6	85.2	92.8	99.2	98.7	98.1
Y/Y % Change	-16.8	5.9	8.0	-6.4	-2.0	9.8	8.9	6.8	-0.5	-0.1

Forecast Tables

Labor Market and Income										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2027
Labor Market										
Wages, Real (2015=100)	100.0	98.1	100.6	102.9	105.2	107.1	109.5	112.0	113.8	119.8
Y/Y % Change	-0.2	-1.9	2.6	2.3	2.2	1.9	2.2	2.3	1.6	1.2
Earnings (2015=100)	100.0	107.0	113.0	119.0	127.0	135.0	144.0	153.0	163.0	208.0
Y/Y % Change	9.0	7.0	6.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Productivity (1,000 US\$)	10.8	10.6	10.7	10.8	11.0	11.1	11.3	11.5	11.8	12.7
Y/Y % Change	-3.8	-1.7	1.0	0.8	1.5	1.5	1.8	1.8	1.9	1.9
Unit Labor Cost (2015=100)	100.0	108.5	113.9	119.1	124.9	130.9	136.8	143.0	149.3	177.6
Y/Y % Change	13.0	8.5	5.0	4.5	4.9	4.8	4.6	4.5	4.4	4.4
Employment (Mn.)	92.2	90.5	90.5	91.4	92.8	93.9	94.5	94.9	95.3	97.2
Y/Y Abs. Change	0.21	-1.68	-0.04	0.87	1.40	1.17	0.54	0.40	0.43	0.49
Unemployment (Mn.)	8.4	11.5	13.2	12.7	11.4	10.9	10.9	11.0	11.0	10.4
Y/Y Abs. Change	1.66	3.14	1.75	-0.56	-1.27	-0.53	0.05	0.10	0.01	-0.23
Unemployment Rate (%)	8.3	11.3	12.8	12.2	11.0	10.4	10.4	10.4	10.4	9.7
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	3835	4007	4161	4395	4708	5055	5413	5789	6208	8315
Y/Y % Change	5.4	4.5	3.8	5.6	7.1	7.4	7.1	6.9	7.2	7.6
Pers. Disposable Income, Real (2015=100)	-	-	-	-	-	-	-	-	-	-
Y/Y % Change	-	-	-	-	-	-	-	-	-	-
Private Consumption, Real (2015=100)	100	96	97	99	102	105	108	111	114	126
Y/Y % Change	-3.2	-4.3	1.0	2.6	3.0	2.9	2.9	3.0	2.5	2.5
Personal Savings Ratio (%)	-	-	-	-	-	-	-	-	-	-
Population (Mn.)	206.0	207.7	209.3	210.9	212.4	213.9	215.3	216.6	217.9	222.6
Y/Y Abs. Change	1.7	1.7	1.6	1.6	1.5	1.5	1.4	1.4	1.3	1.1
GDP Per Cap., Real (PPP, 2015=100)	100.0	95.8	95.9	96.9	99.1	101.2	102.9	104.6	106.4	114.5
Y/Y % Change	-4.4	-4.2	0.2	1.0	2.3	2.1	1.7	1.6	1.7	1.9

Forecast Tables

Public Sector										
In Bn R\$ unless otherwise specified										
- Annual Data -										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2027
Government Finance										
Public Balance	-619	-564	-513	-448	-473	-489	-507	-498	-523	-545
as % of GDP	-10.3	-9.0	-7.8	-6.4	-6.3	-6.0	-5.7	-5.2	-5.1	-3.8
Expenditures	2303	2473	2488	2532	2668	2862	3085	3268	3496	4772
Y/Y % Change	5.3	7.4	0.6	1.8	5.4	7.3	7.8	5.9	7.0	7.7
Revenues	1684	1909	1975	2084	2195	2373	2578	2770	2973	4227
Y/Y % Change	-10.3	13.4	3.5	5.5	5.3	8.1	8.6	7.5	7.3	9.5
Gross Public Debt	4351	4908	5508	5996	6643	7277	7870	8448	9051	11671
as % of GDP	72.6	78.4	84.0	86.1	88.0	88.7	88.9	88.8	87.7	80.7
Public Expenditure Quota	38.4	39.5	37.9	36.4	35.3	34.9	34.9	34.3	33.9	33.0
Y/Y % Change	0.0	2.9	-4.0	-4.1	-2.9	-1.2	0.0	-1.5	-1.3	-1.1

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