

RECOVERY OF THE BRAZILIAN ECONOMY



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MINISTRY OF
**PLANNING, DEVELOPMENT
AND MANAGEMENT**



BRAZIL WITHIN THE WORLD ECONOMY

A GLOBAL POWERHOUSE

The largest economy in Latin America

The 9th largest GDP in the world (USD 1,8 trillion in 2016)

5TH LARGEST COUNTRY BY AREA (8 515 767 sq km)

5TH LARGEST POPULATION (208 MILLION)

GLOBAL DESTINATION FOR INVESTMENT

6th FDI host economy, averaging over USD 85 billion per year from 2010 to 2016

NET EXTERNAL CREDITOR

Brazil has accumulated substantial international reserves (USD 381 billion in 2017)

Reserves are more than enough to cover its total external debt



A RESILIENT MARKET

GDP GROWTH RATE OF 2.6% ON AVERAGE SINCE 2000.

HIGH HUMAN DEVELOPMENT INDEX (0.754)

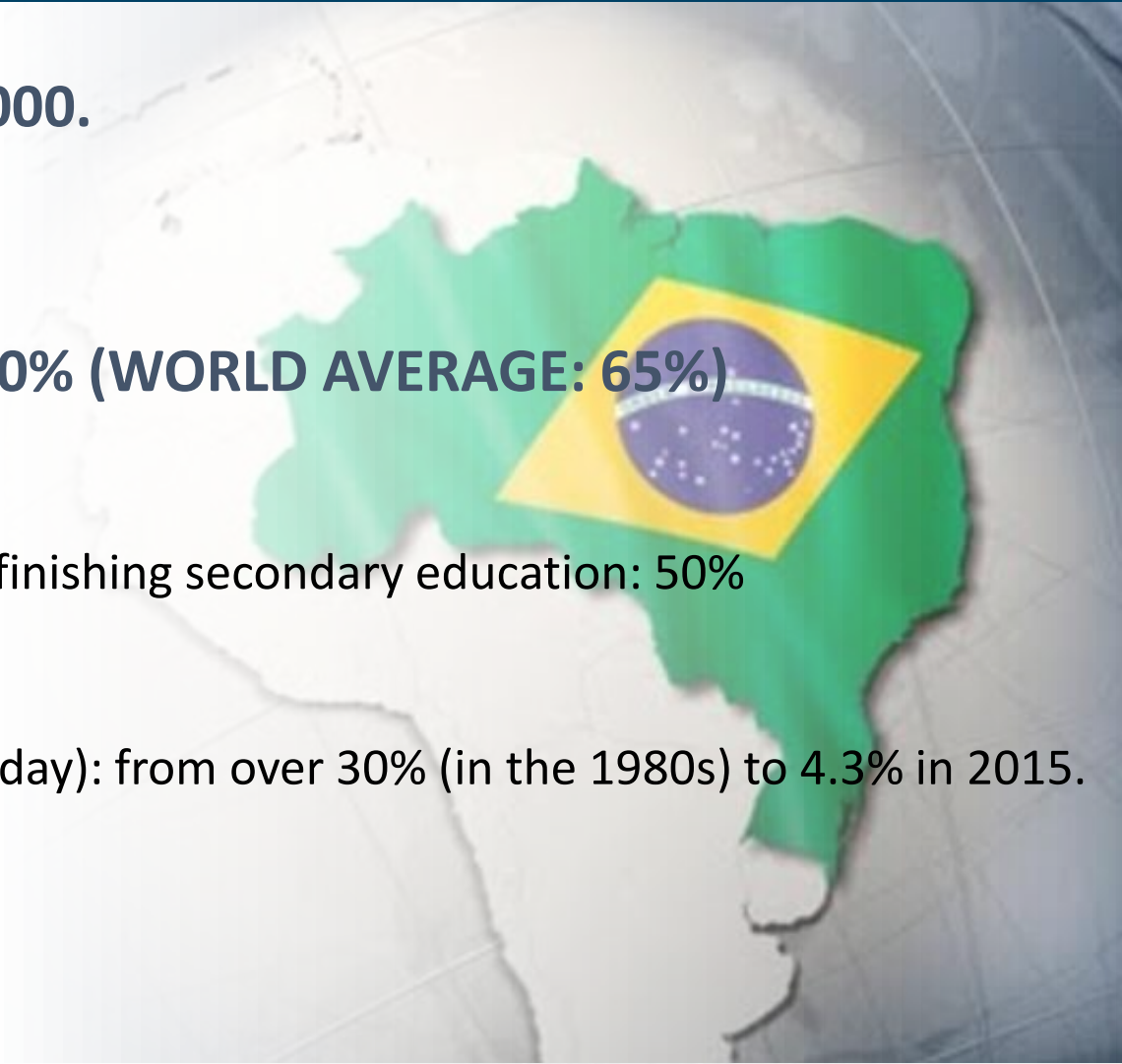
ACTIVE WORKING AGE POPULATION OF AROUND 70% (WORLD AVERAGE: 65%)

HIGH LEVEL OF FORMAL EDUCATION

Adults with advanced education: almost 20% of the total; finishing secondary education: 50%

SHARP DECLINE IN POVERTY

Share of the population living in poverty (under USD 1.90/day): from over 30% (in the 1980s) to 4.3% in 2015.



A DIVERSIFIED ECONOMY WITH PLENTY OF NATURAL RESOURCES

A COMPETITIVE INDUSTRIAL SECTOR

Latin America's largest aerospace, automotive, oil and gas, mining, capital goods, medical equipment and chemical industries.

Host to many leading multinational manufacturers and world-class service industries.

A KEY PLAYER IN THE INTERNATIONAL MARKET

Among the top producers and exporters of commodities

Second-highest exporter of food (FAO 2015)

One of the top producers and exporters of ethanol biofuel

Major producer and exporter of agricultural and mining products

14% of global iron ore reserves and 18% of global iron ore production

VAST NATURAL RESOURCES

One of the largest petroleum reserves

Over 43% of Brazil's energy matrix comprised of renewable sources

Cultivated land area comprises only 7.6% of the country's total area (NASA 2017)

Hydroelectric power provides over 60% of Brazil's electricity needs

Biggest fresh water reserves in the world



SOLID FOUNDATIONS AND FINANCIAL STABILITY

The Brazilian macroeconomic framework has been the same for nearly 2 decades

Inflation target
Floating exchange rate
Fiscal responsibility

Macroeconomic and financial stability

Credit market with high potential for expansion
Financial and social inclusion
High level of international reserves

THE ECONOMY REFLECTS THE ADJUSTED POLICIES

BOOMING CAPITAL MARKET

87,652 pts
STOCK EXCHANGE RECORD HIGH
CLOSING INDEX OF FEB. 26, 2018

LOW INFLATION

2.95%
LOWER ANNUAL INFLATION RATE SINCE 1998
CONSUMER PRICE INDEX (IPCA) FOR 2017

ECONOMIC RECOVERY

LOWEST INTEREST RATE
IN HISTORY
COPOM BASE RATE IN FEB.
2018

LOW
INTEREST
RATE

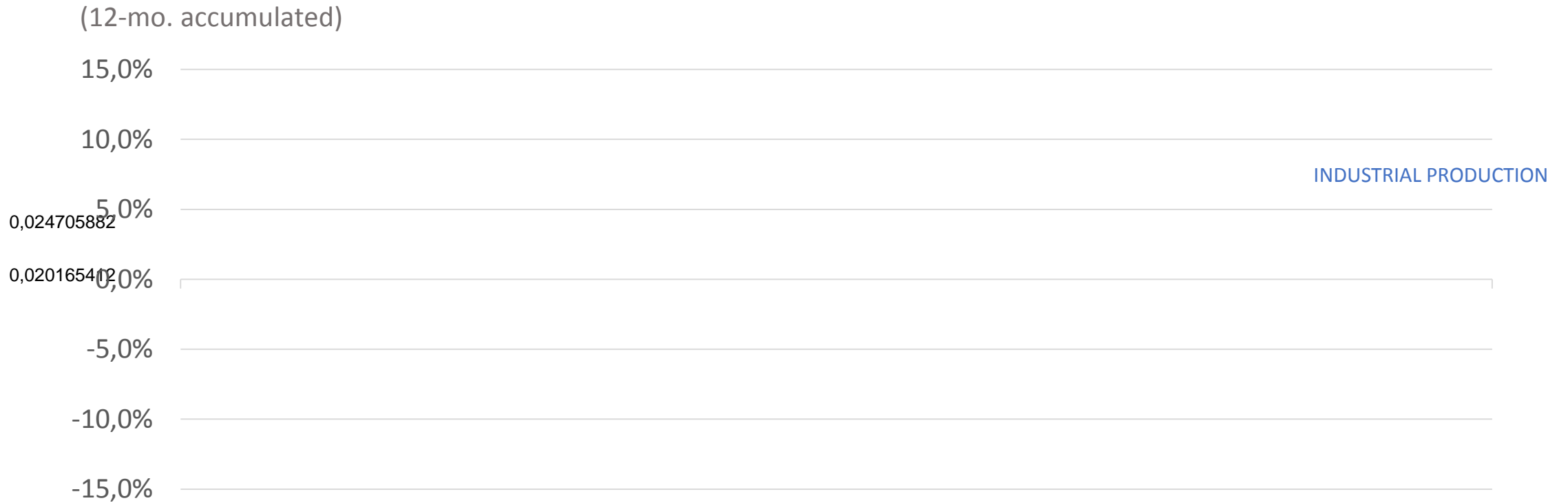
STABLE RESERVES FOR THE PAST 6 YEARS

US\$ 380 billion



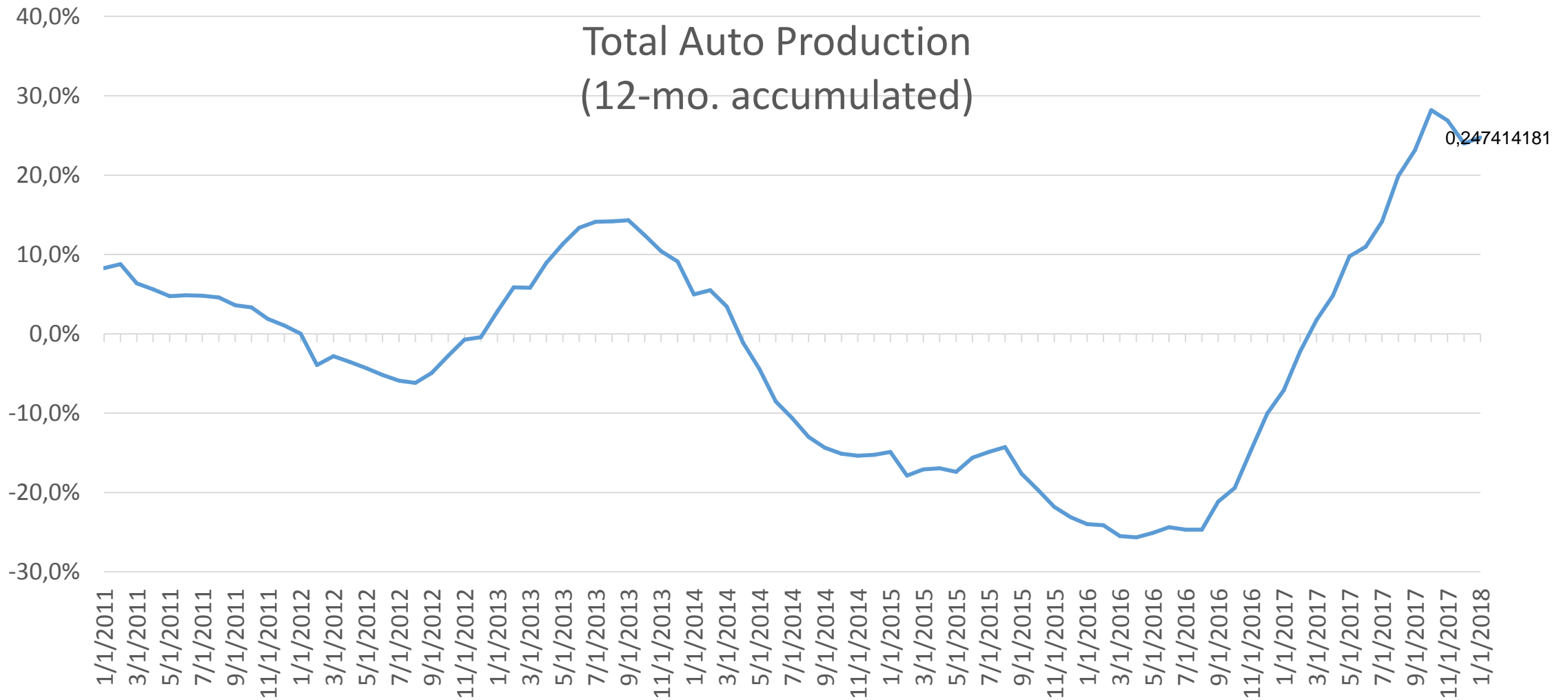
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SHARP RECOVERY OF THE ECONOMIC ACTIVITY



Source: IBGE

AUTO PRODUCTION REGISTERS AN IMPRESSIVE RECOVERY

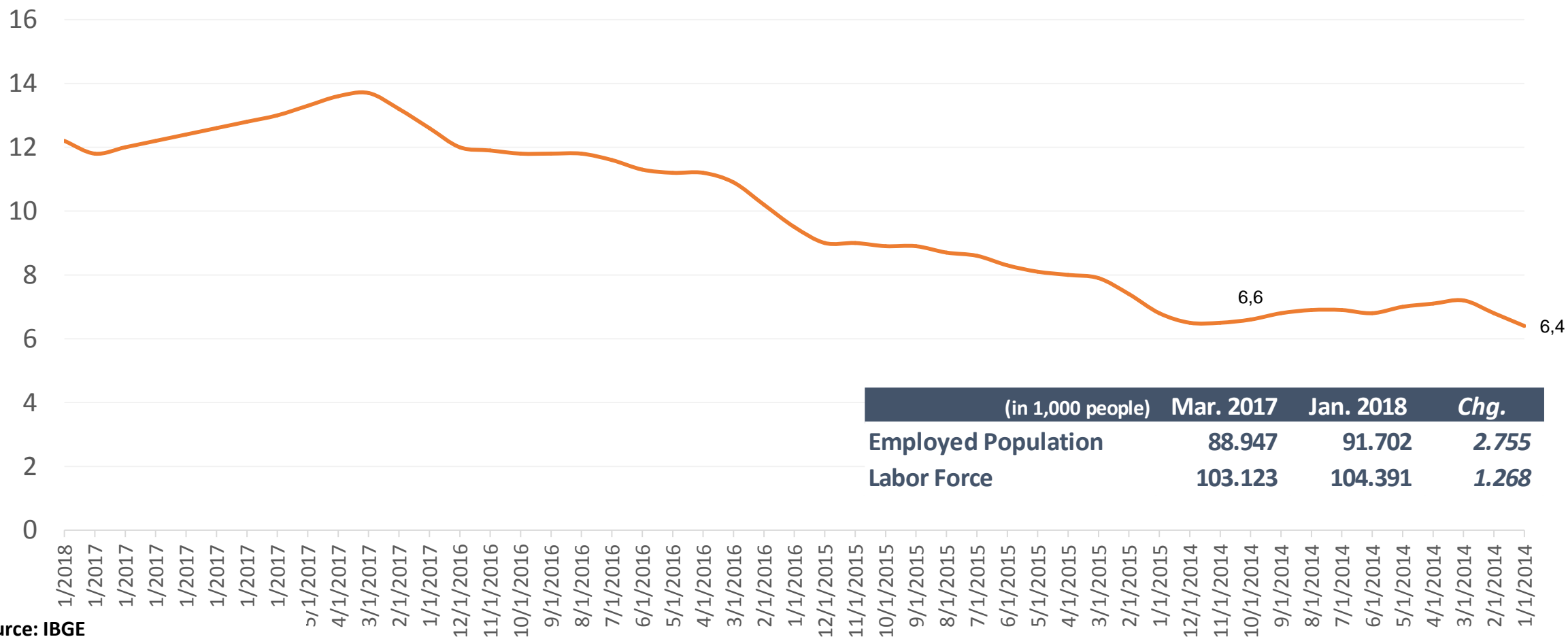


Source: ANFAVEA

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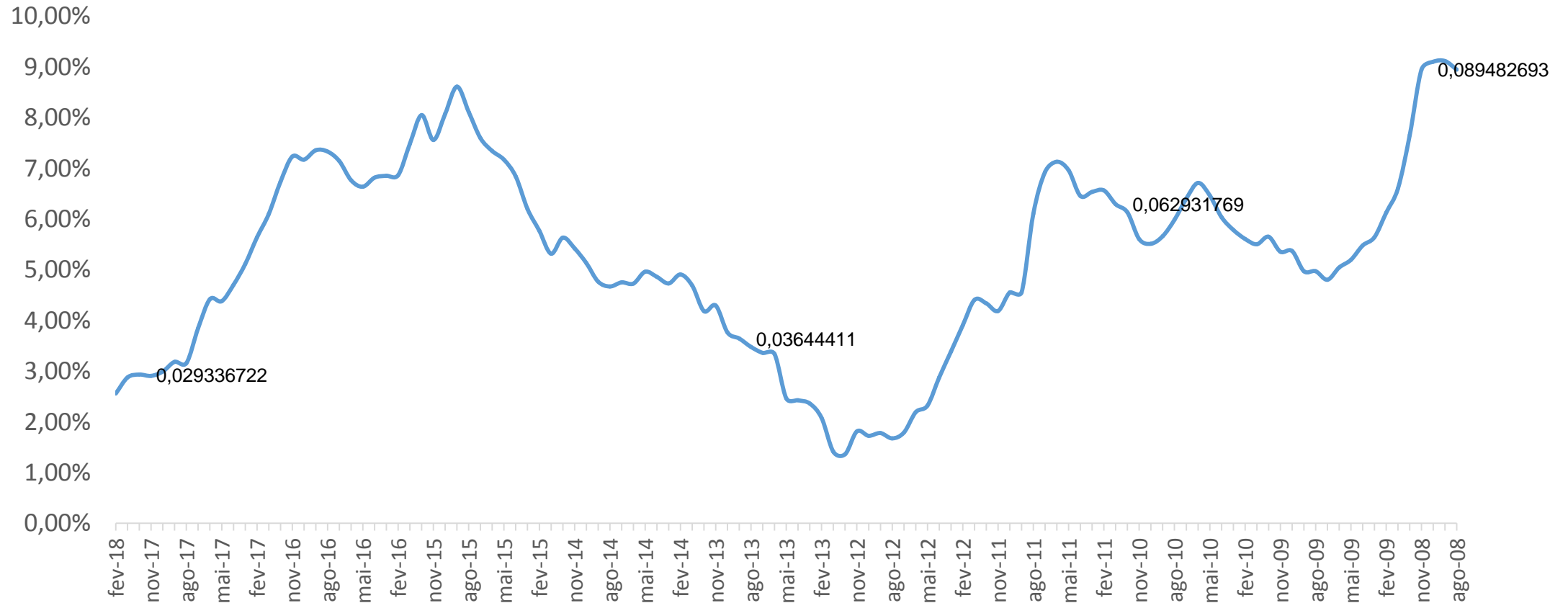
THE LABOR MARKET RECOVERS



Source: IBGE

REAL INTEREST RATES ARE FALLING

Real interest rate ex-ante* (%)



Source: Brazilian Central Bank - BCB

* Swap DI-Pre of 360 days over expected IPCA inflation in 12 months

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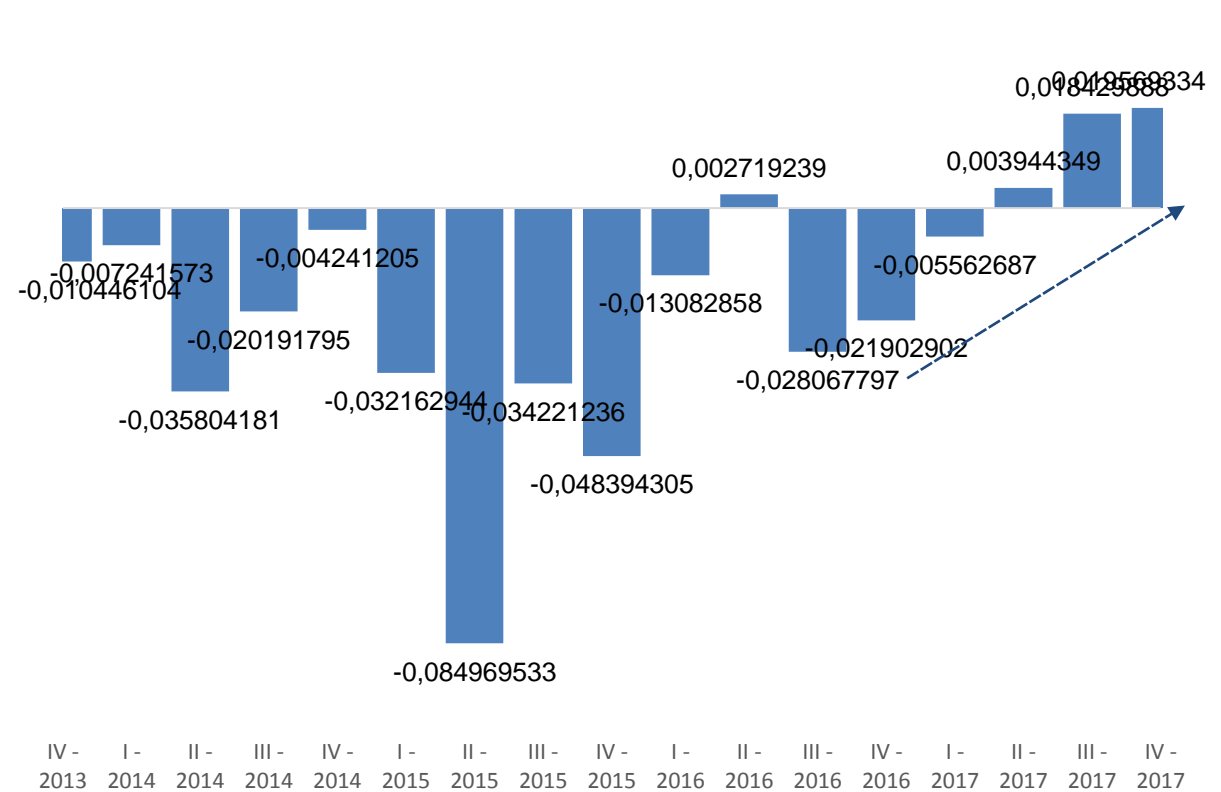
INVESTMENT IS GAINING TRACK

Production of Capital Goods
Index 2012=100 s.a., 3-mo moving average



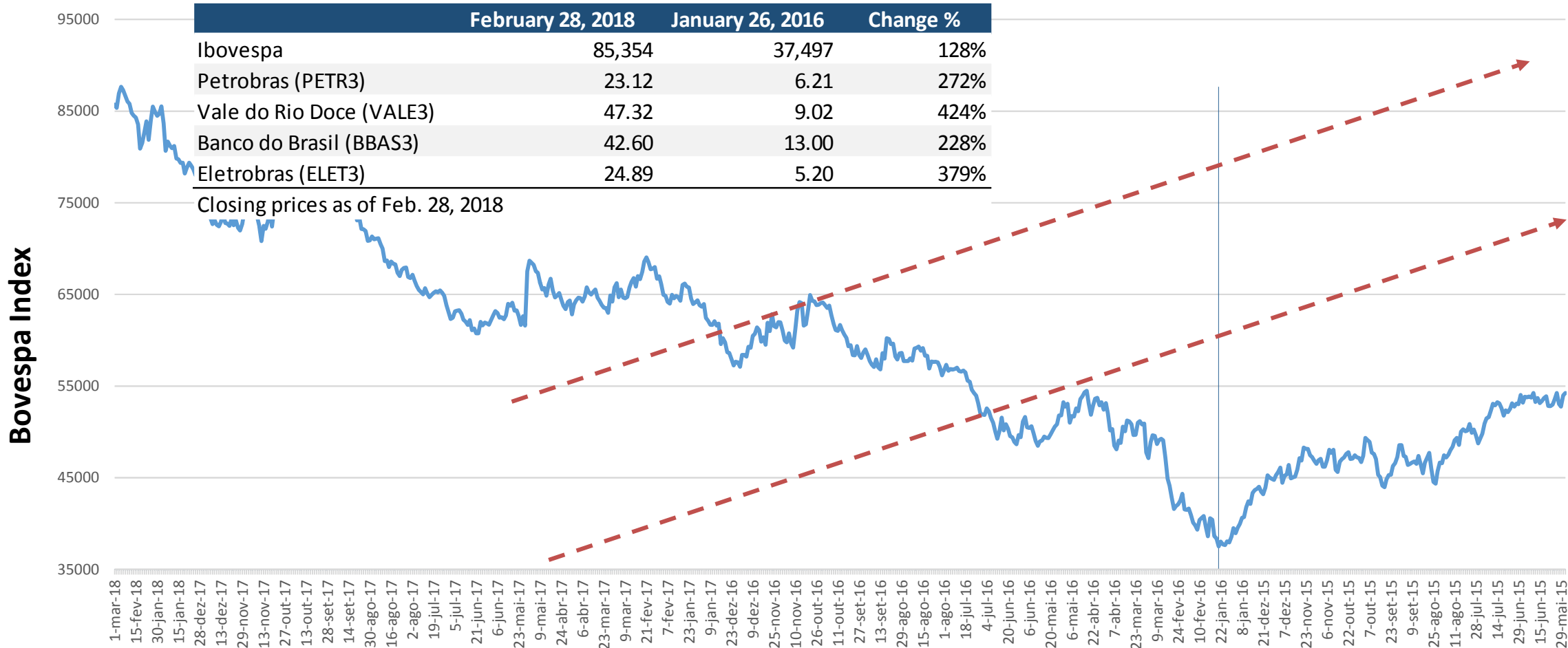
Source: IBGE

Gross Fixed Capital Formation
QoQ %, s.a.



Source: IBGE

THE STOCK EXCHANGE IS AT RECORD HIGHS



Source: Bloomberg

CREDIT CONDITIONS ARE IMPROVING

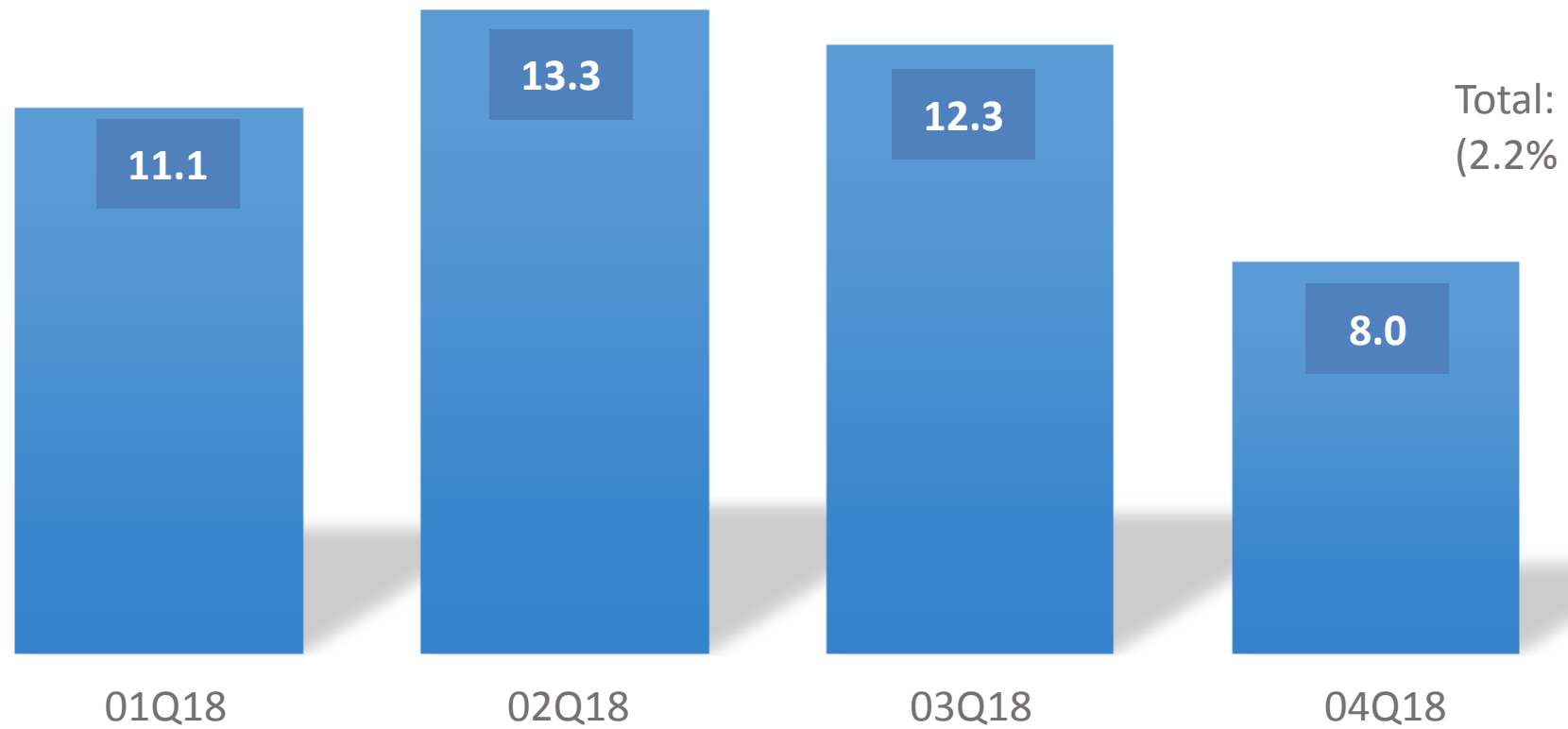
Credit Approval
(12-mo. accumulated)



Source: BCB

INCREASE IN THE DISPOSABLE INCOME DUE TO INTEREST RATE REDUCTION

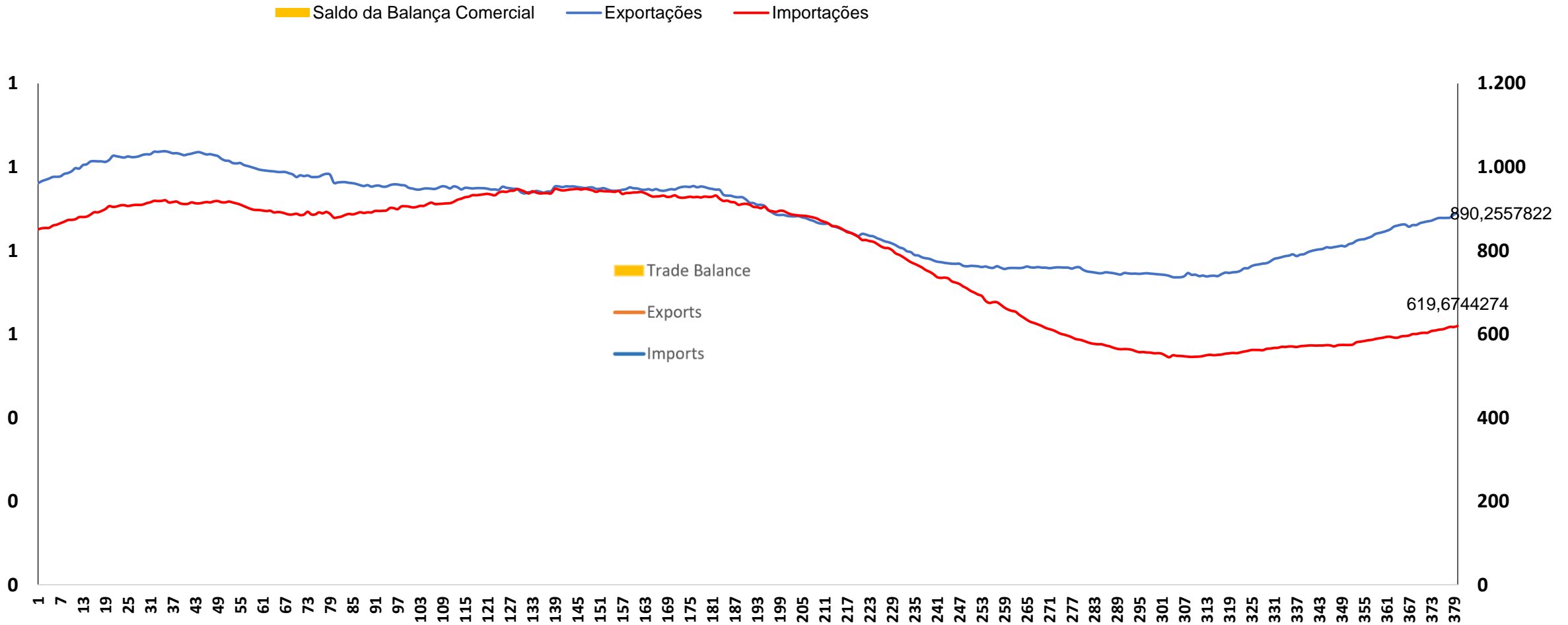
(US\$ bi)



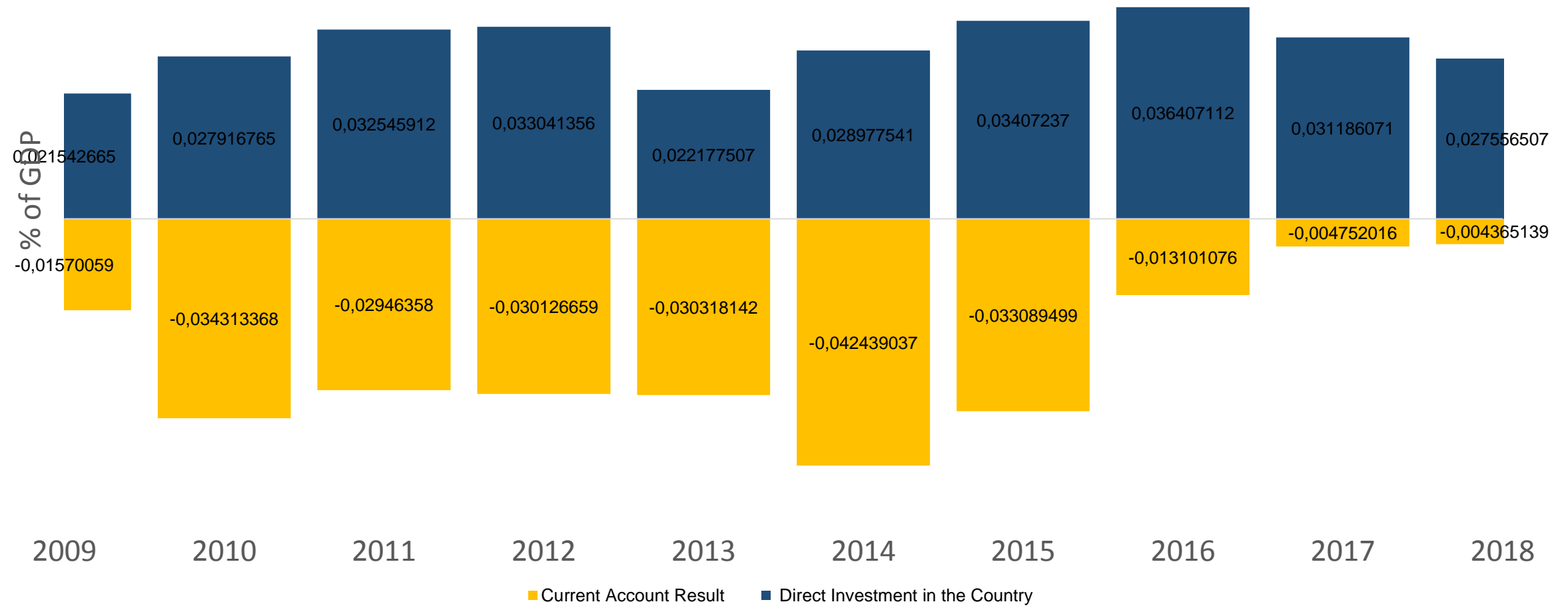
Total: US\$ 44.7 billion**
(2.2% PIB)

*(Exchange rate of 3.2439 BRL per USD, Feb. 2018 monthly average)

TRADE BALANCE AT RECORD HIGH



EXTERNAL FINANCIAL NEEDS COVERED BY FOREIGN INVESTMENTS

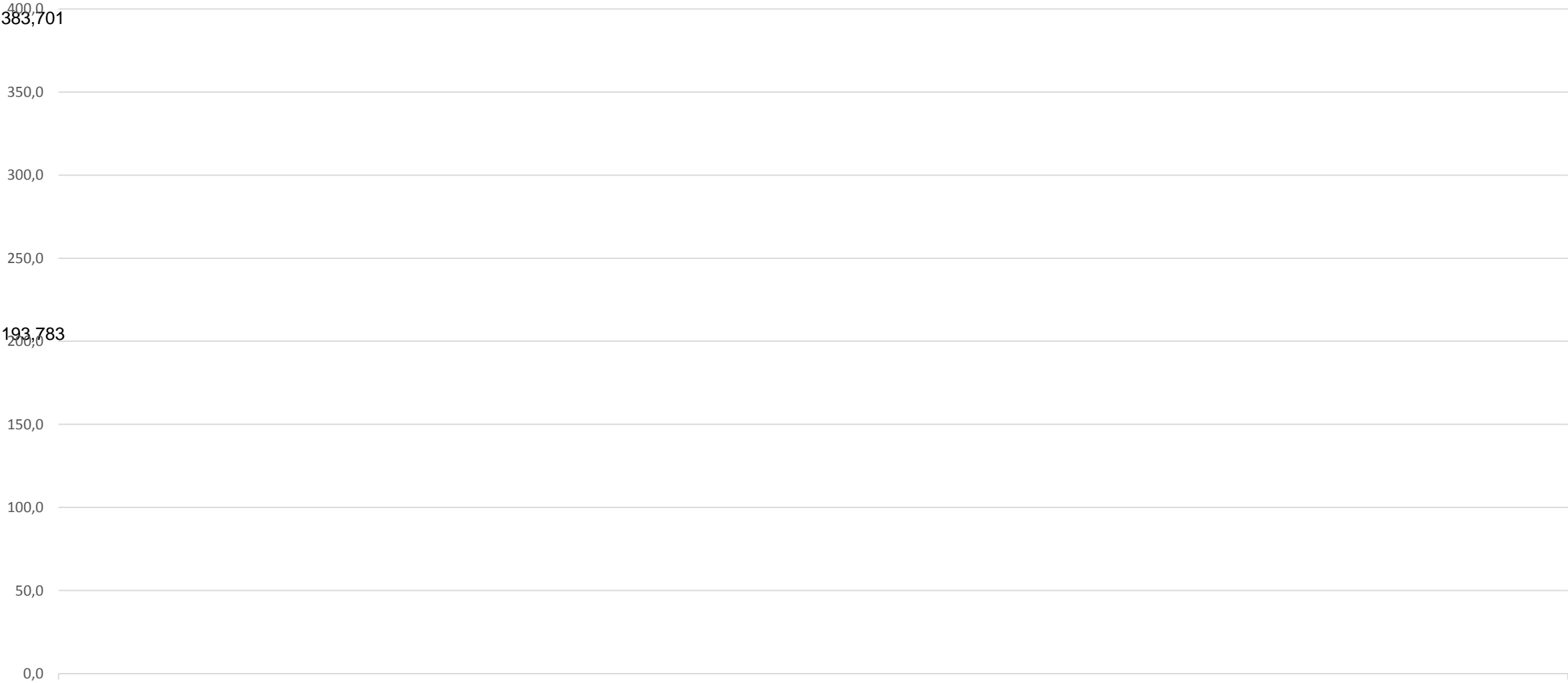


Source: BCB

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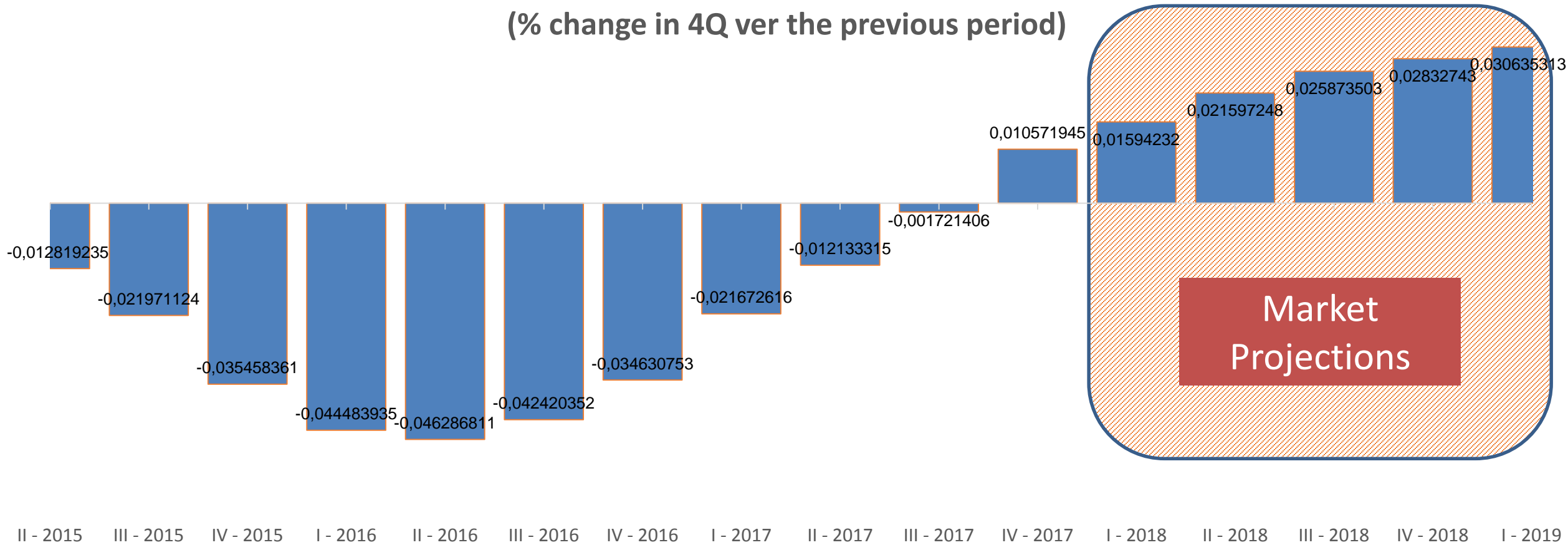


STABLE INTERNATIONAL RESERVES FOR THE PAST 6 YEARS



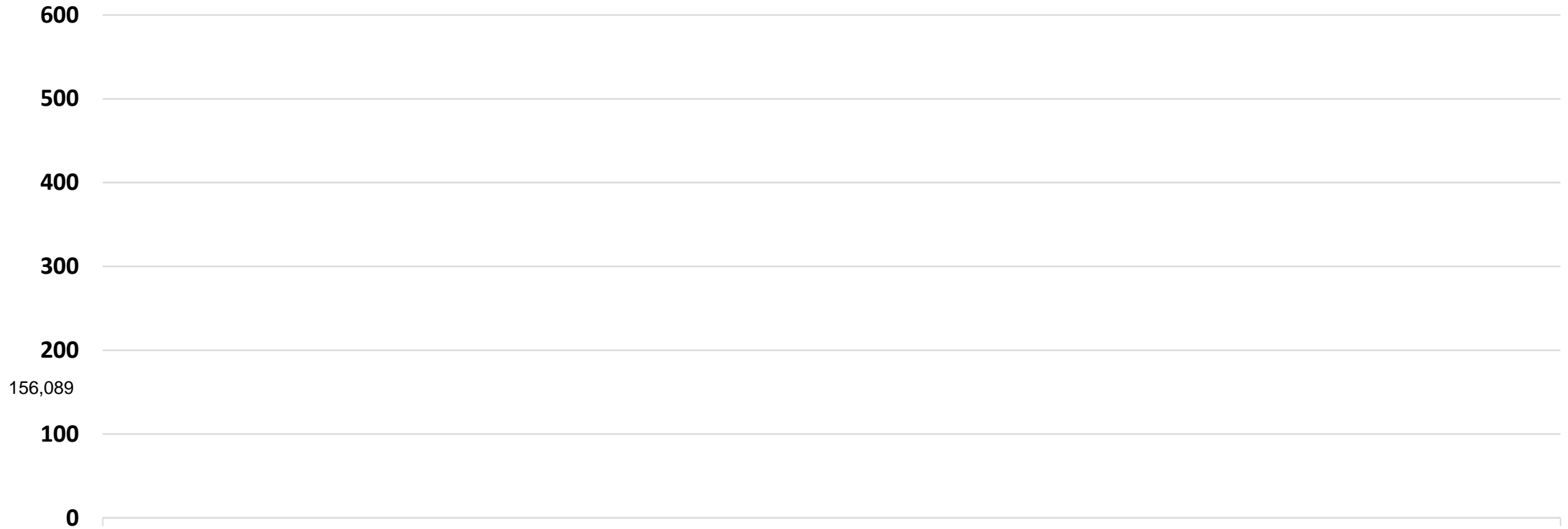
THE END OF THE ECONOMIC RECESSION

Gross Domestic Product
(% change in 4Q ver the previous period)



Source: IBGE and BCB/FOCUS of Feb. 23, 2018

FOREIGN CONFIDENCE ON BRAZILIAN FUNDAMENTALS HAS IMPROVED



PPI - INVESTMENTS, CONCESSIONS AND PRIVATIZATIONS

145

Projects in PPI Portfolio

70

Auctioned/
Renewed

US\$ 8.6 billion*

in signature bonuses

US\$ 43.8

billion*

In expected investments

* R\$ 28 billion and ** R\$ 142 billion
(Exchange rate of 3.2439 BRL per USD, Feb. 2018)

Oil and Gas

4th Marginal Fields Round

May 11th, 2017

14th Exploratory Blocks Bidding Round

Sept. 27th, 2017

2nd and 3rd Pre-Salt Production Sharing Bidding Rounds

Oct. 27th, 2017

Airports

Florianópolis, Fortaleza, Porto Alegre e Salvador

July 27th, 2017

Electric Power

Privatization of CELG-D

Feb. 14th, 2017

Hydroelectric Plant–Pery/SC

July 07th, 2017

Concession of 31 Transmission Lots

Aug. 11th, 2017

Concession of 11 Transmission Lots

Dec. 15th, 2017

Concession of Hydroelectric Plants: São Simão, Jaguará, Miranda e Volta Grande

Sept. 29th, 2017

Port Terminals

Terminal of Salvador-Tecon

Nov. 16th, 2016

Terminal of Paranaguá-Fospar

Nov. 16th, 2016

Terminals STM 04 e 05 – Santarém

March 23th,
2017

Terminal of Santa Catarina–Tesc

July 27th, 2017



ONGOING PROJECTS

75

PPI Projects

US\$ 41.7 billion*

in expected investments



Highways

8

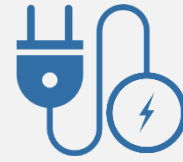
- 4 Biddings
- 4 Studies



Railways

8

- 5 Renewals
- 3 Biddings



Electric Power

8

- UHE - 1 Extension
- 6 Distributors
- 1 Privatization



Oil and gas

3

- 1 Pre-salt sharing
- 1 Exploration and Production
- 1 Marginal accumulation



Mining

4

- Concession to exploitation of Mining areas



Airports

17

- 13 Concessions
- 4 Shareholding selling



Port Terminals

22



COMAER

1

- Public-Private Partnership (PPP)



Lottery

1

- Concession of the right to exploit



CMB

Currency House

1

- Privatization



Supply

2

- CEASAMINAS
- CASEMG
- Privatization

*R\$ 135.4 billion
(Exchange rate of 3.2439 BRL per USD, Feb. 2018 monthly average)

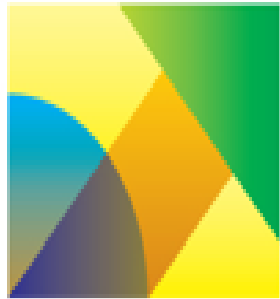
PRIORITY AGENDA

- ✓ Tax simplification: Social Contribution Reform
- ✓ Central Bank autonomy
- ✓ Legal framework for tenders and public procurements
- ✓ New public finance law
- ✓ Regulation on civil servants' salaries
- ✓ Privatization of Eletrobras
- ✓ Strengthening of Regulatory Agencies

PRIORITY AGENDA

- ✓ Central Bank's voluntary deposits
- ✓ Reducing the payroll tax break
- ✓ Business improvement and recovery program of state-owned companies
- ✓ Positive Registry
- ✓ Electronic system to centralize the register of trade receivables
- ✓ Real estate purchase contract termination
- ✓ Update of the General Telecommunications Law
- ✓ Termination of the Sovereign Fund

BRASIL INVESTMENT FORUM 2018



BRASIL
INVESTMENT
FORUM 2018

May 29-30, in São Paulo, Brazil

Unique opportunity for direct meetings with high-level Brazilian authorities

- ❑ High-level event for CEOs
- ❑ 2 full days of Panels with Ministers and CEOs
 - ✓ macroeconomic scenario
 - ✓ investment opportunities
 - ✓ regulatory framework
- ❑ More information and pre-register: www.brasilinvestmentforum.com

THANK YOU!

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