

Brazil Outlook

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July 28, 2017

Investment Thesis

Main themes

Main Forecasts

Global Economy

Outlook

Growth Growth

Global Markets

Commodity Prices

Brazil

Outlook

Activity

Inflation

Fiscal Policy

Risks

Main Risks:

Disclaimer

- ▶ Recovery to remain gradual over 2017 and gathering momentum into 2018.
- ▶ Central Bank to lower the Selic rate until reaching 7.50%
- ▶ General Elections of 2018 is key event to start monitoring from October 2017.
- ▶ Prior to that, attempt to push forward with social security reform will be of prime importance, although with low successful odds.

Variable	2016	2017E	2018E
GDP (% yoy)	-3.5	0.4	2.0
Selic Rate (%)	13.25	7.50	7.50
Fx Rate (BRL per USD)	3.20	3.30	3.40
CPI (% yoy)	6.3	3.5	4.0
Primary Surplus (% GDP)	-2.1	-2.0	-1.5
Current Account (%GDP)	-1.2	-1.2	-1.8

- ▶ Growth standing at/close to potential at DMs amid below target inflation.
- ▶ Easy financial conditions and asset valuations near record levels.
- ▶ Firm Economic performance at emerging Asia.
- ▶ Evolution of inflation in DMs looks key at the moment.
- ▶ Change of inflationary conditions in DMs.
- ▶ Fiscal condition in Brazil