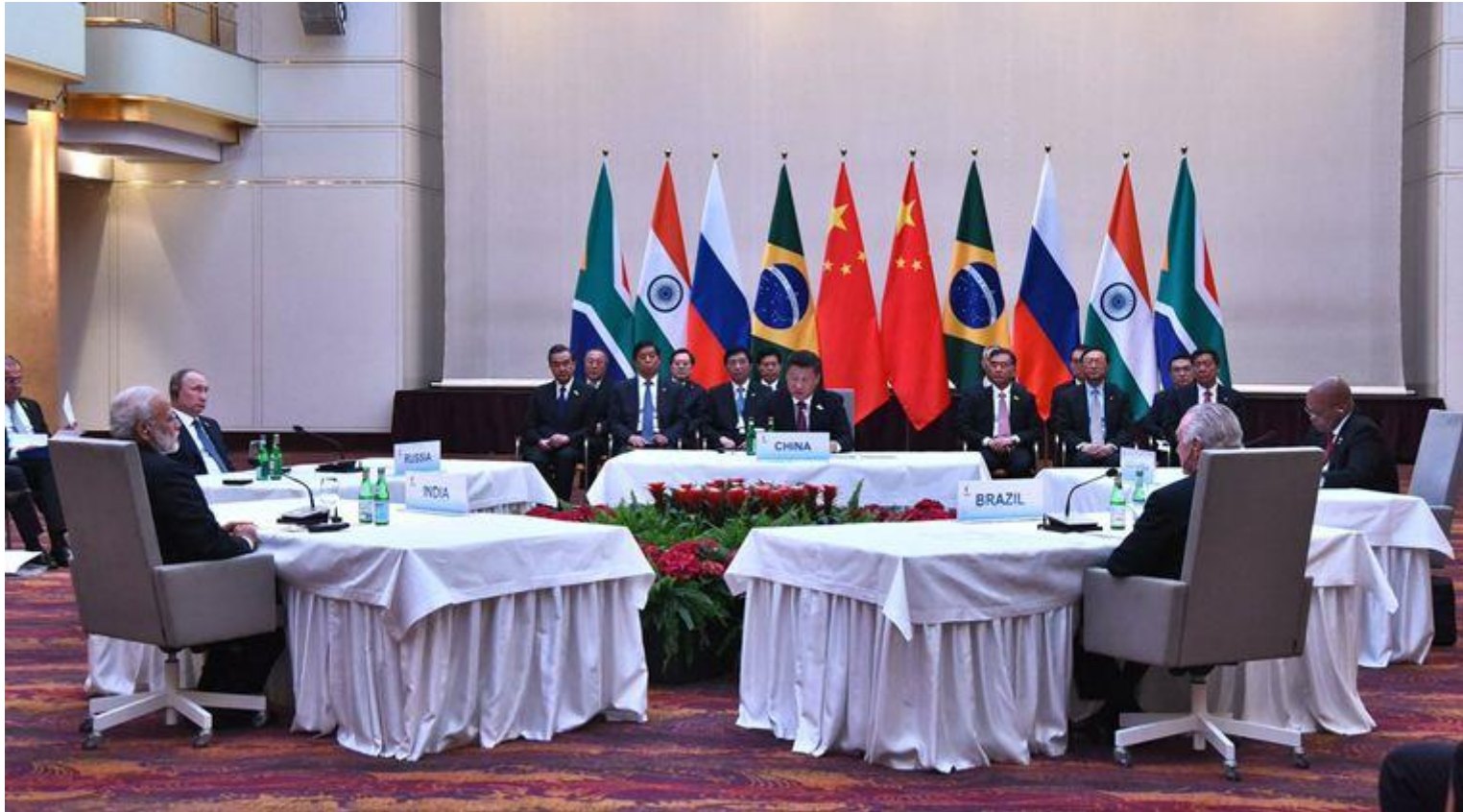
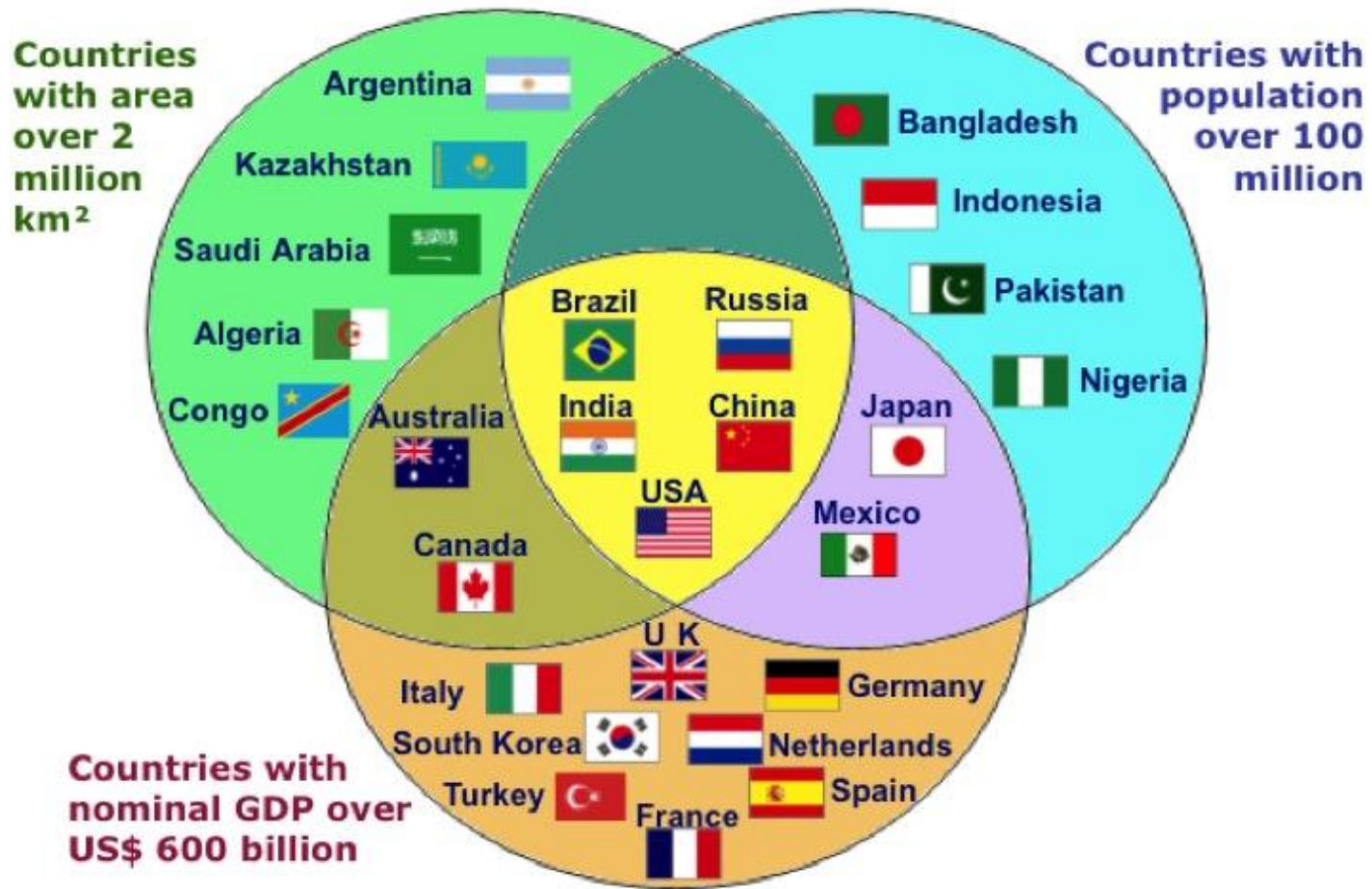




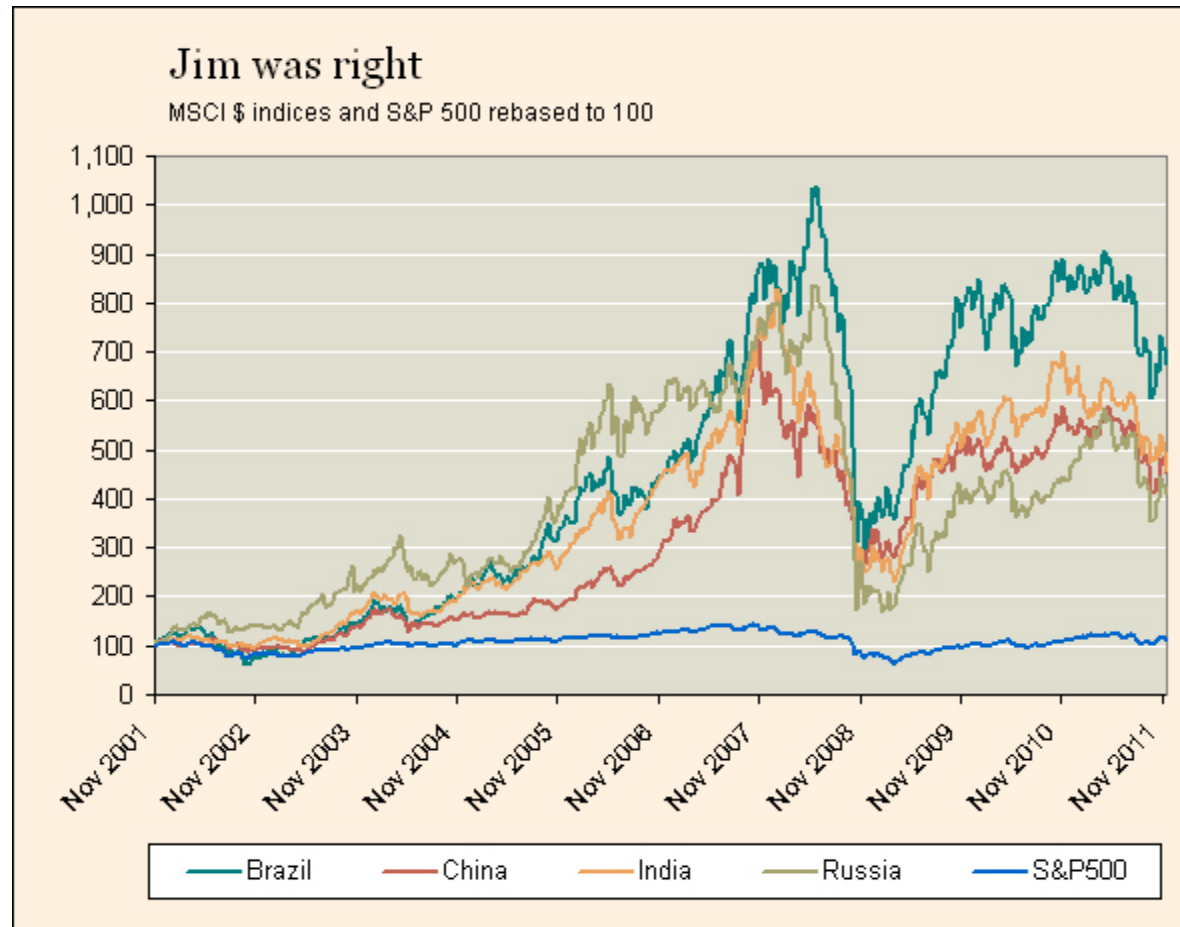


Tête à tête for five





Was he really right?



Old forecasts and the reality...

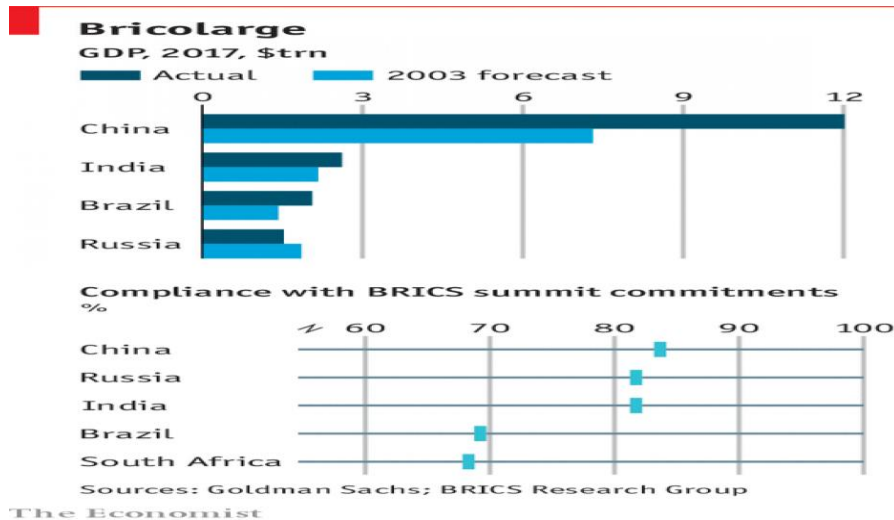
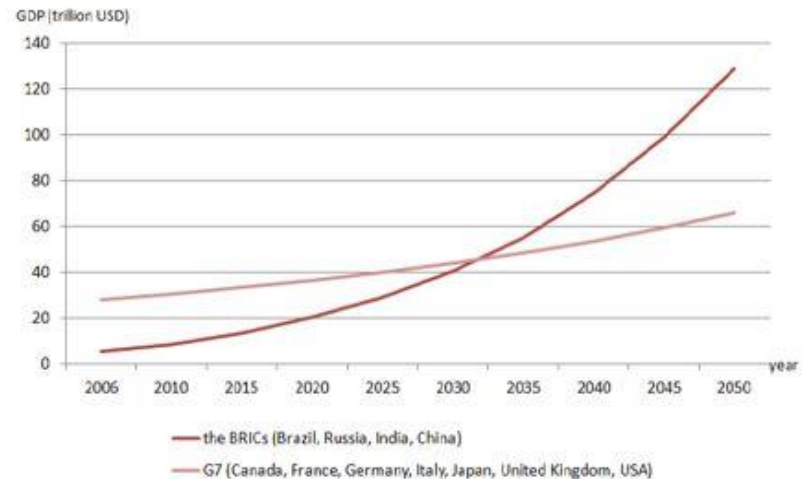


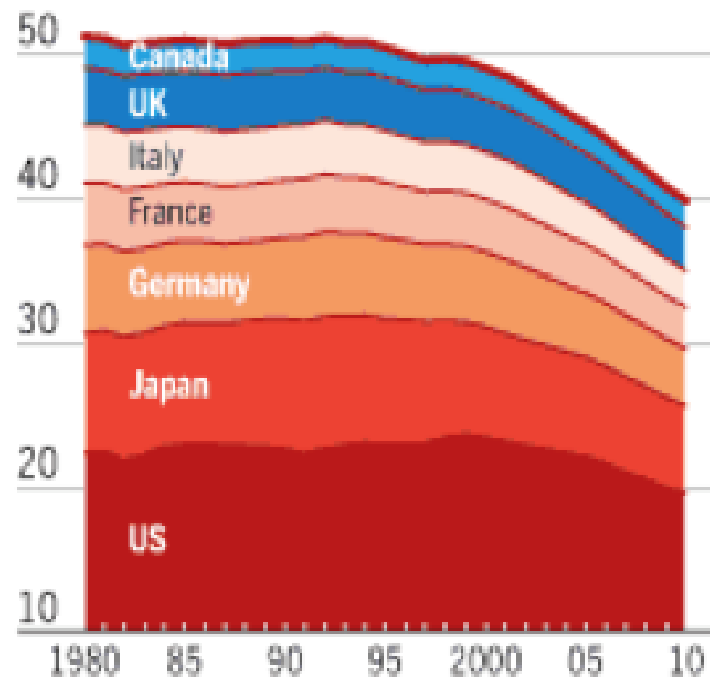
FIGURE 1.
NOMINAL GDP 2006-2050, THE BRICS VS. G7



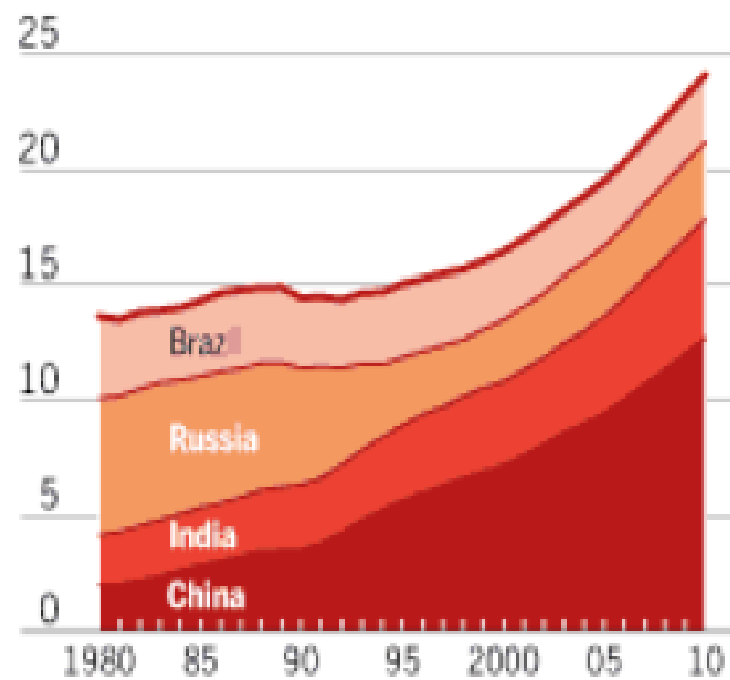
Source: O'Neill (2007).

GDP shares of the G7 . . .

% of world total, at purchasing power parity



. . . and the Brics



Sources: Consensus Economics; IMF

SOUTH AMERICA

- Between Dreams, Social Dramas, Paradoxes, State intervention, Populisms, Hyper Inflation, Juntas, Chicago Boys, Washington Consensus,
- new economic giants,
- and no-global heroes





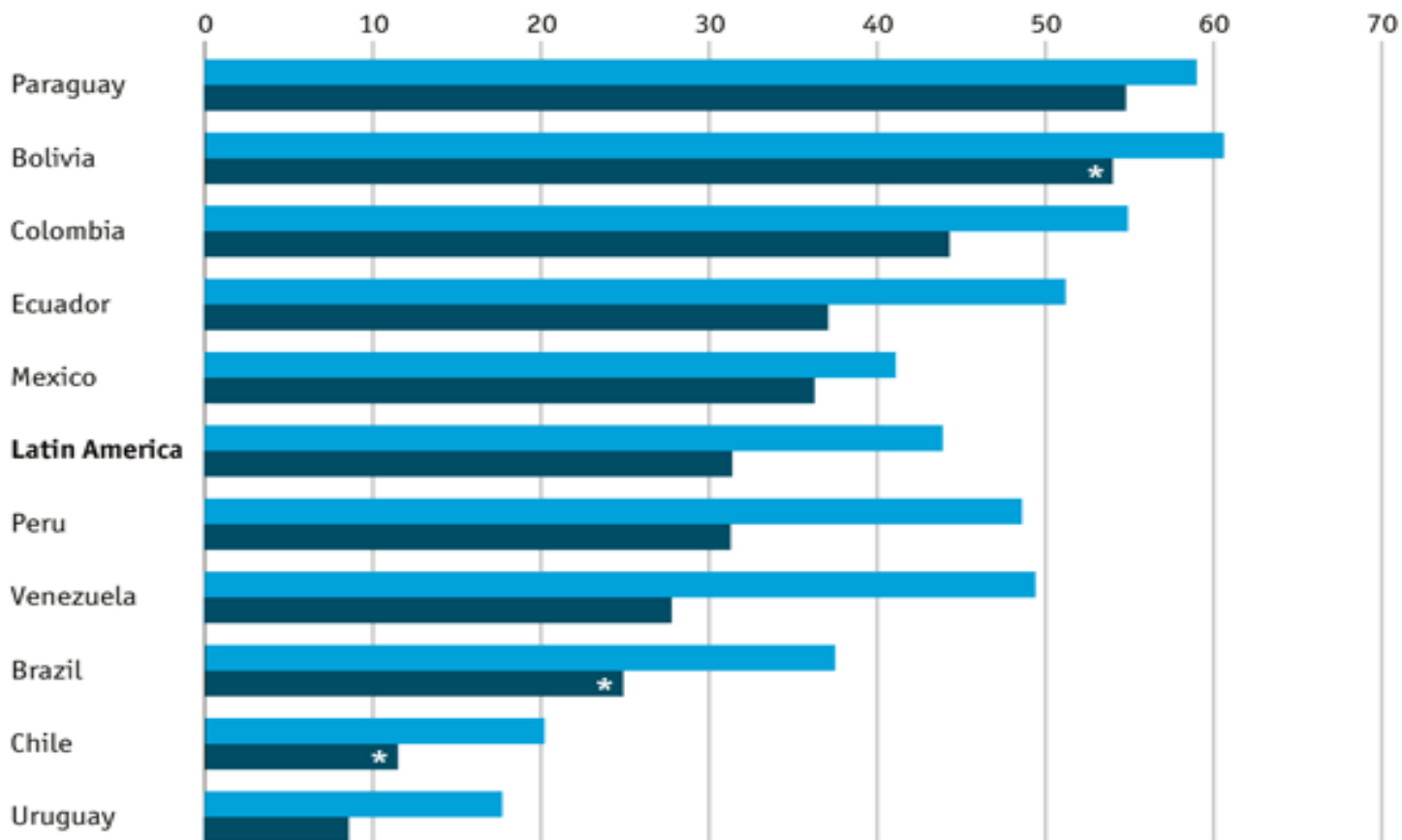


Latin America

% of total population living in poverty

1999

2010



Source: ECLAC

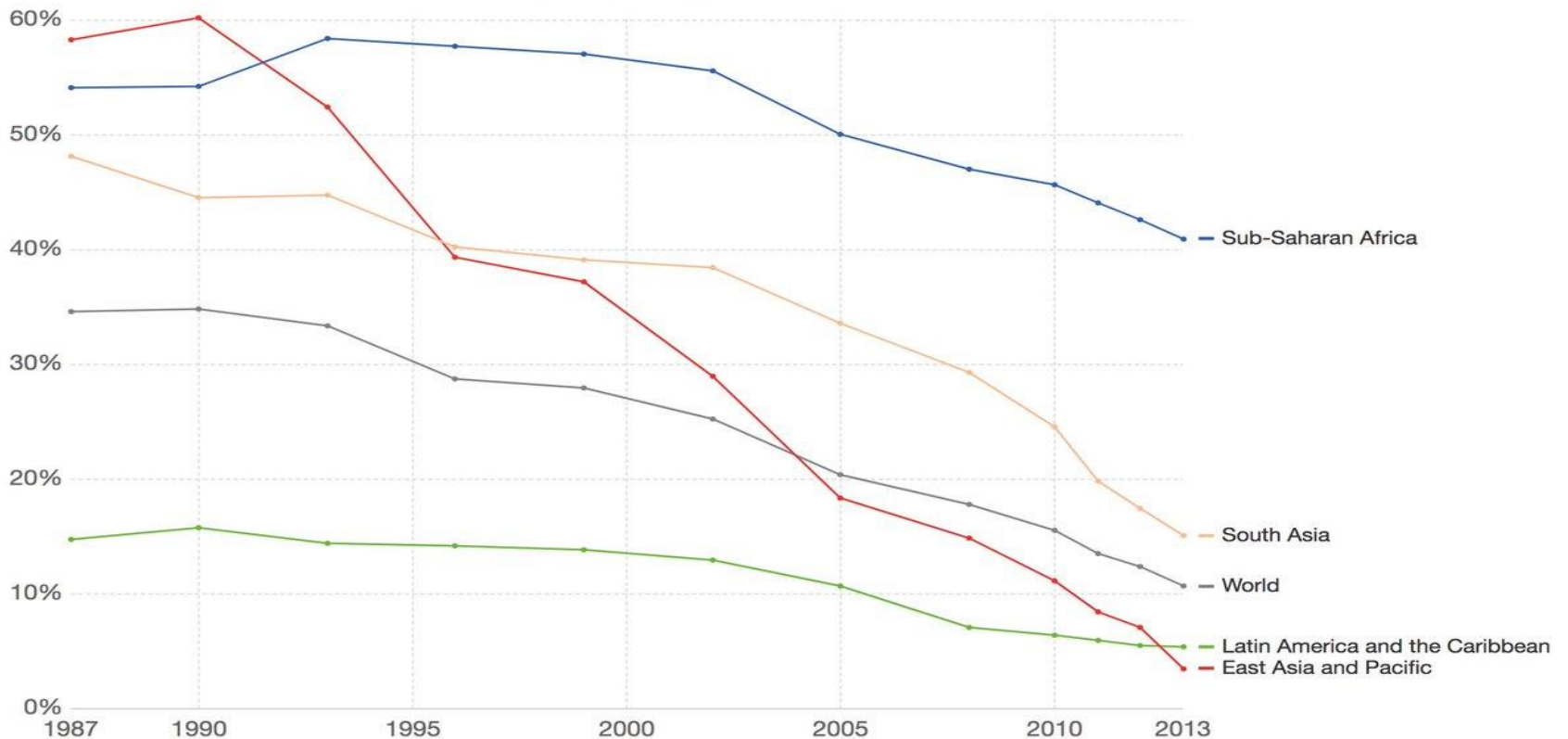
*2009

Other areas of the world did it better



Share of the population living in extreme poverty, by world region

Extreme poverty is defined as living with per capita household consumption below 1.90 international dollars per day (in 2011 PPP prices). International dollars are adjusted for inflation and for price differences across countries.



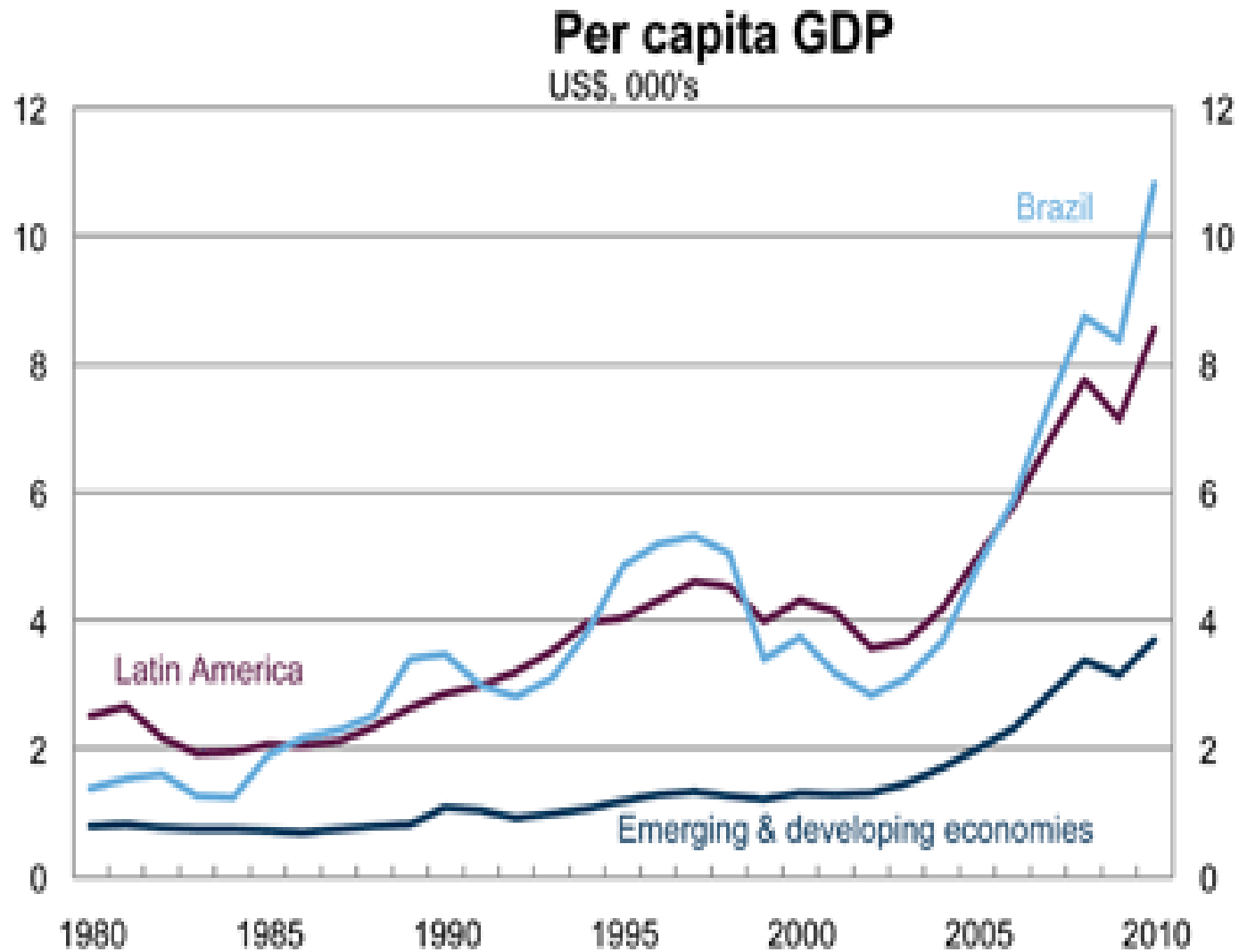
Source: Share of the population living in extreme poverty by world region - PovcalNet World Bank

OurWorldInData.org/extreme-poverty/ • CC BY-SA

Note: Consumption per capita is the preferred welfare indicator for the World Bank's analysis of global poverty. However, for about 25% of the countries, estimates correspond to income, rather than consumption.



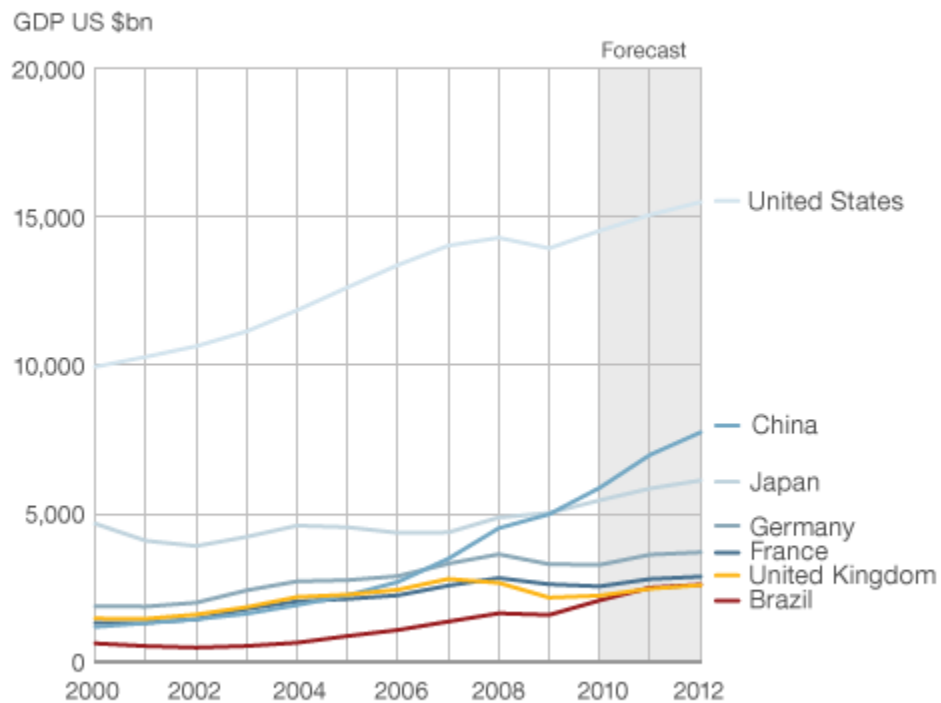
Is there a new giant in South America ?



Sources: EPIG/JP

Beating the teachers... and not only in football

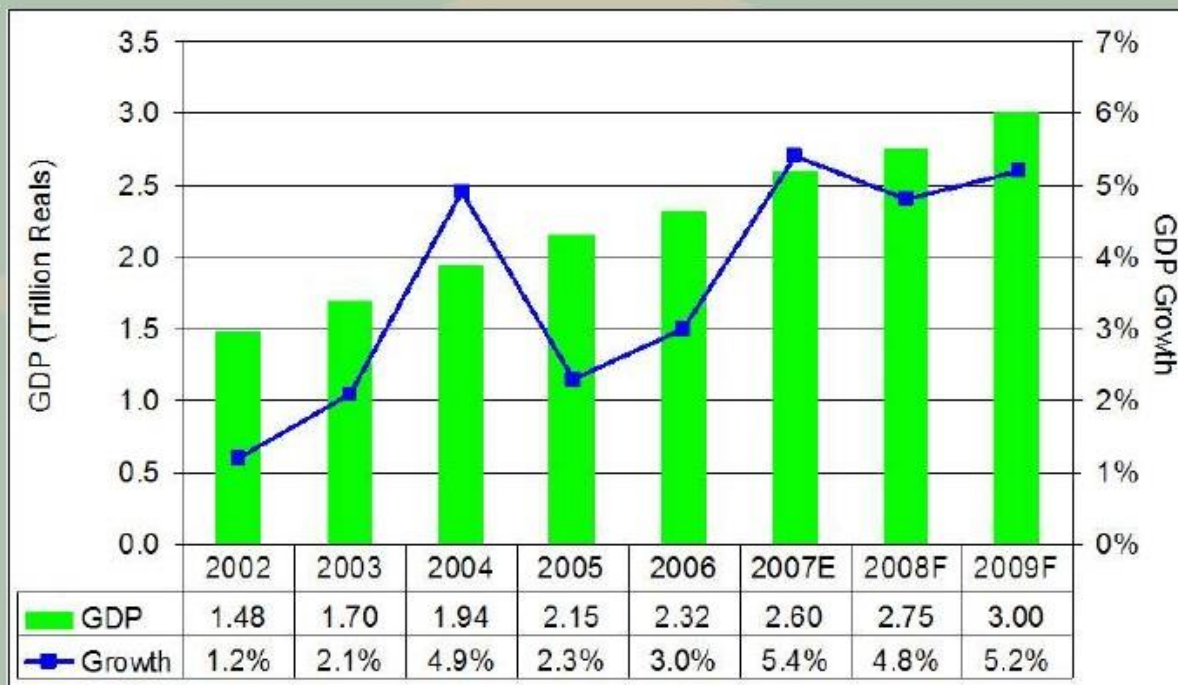
Brazil about to overtake UK as world's sixth biggest economy



Source: IMF

The «happy years»

1. GDP and GDP Growth rate



Rank-8

A mature economy ?

The Brazilian Economy by Sector

Agriculture - products:

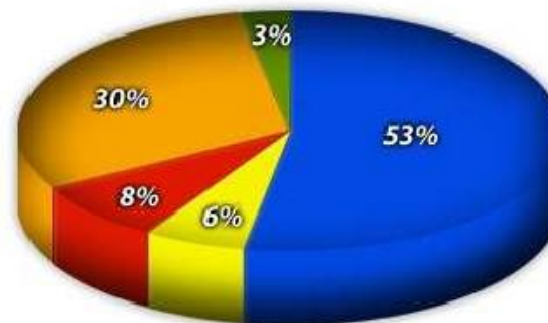
Coffee, soybeans, wheat, rice, corn, sugarcane, cocoa.

Brazil is the world's leading producer and exporter of coffee-35%.

Industries:

Textiles, shoes, chemicals, cement, lumber, iron, tin, steel, aircraft, motor vehicles and parts, other machinery and equipment

THE BRAZILIAN ECONOMY BY SECTOR



Source: Instituto Brasileiro de Geografia e Estatística

Copyright STRATFOR 2010 www.STRATFOR.com

4. Export-Import

Exports: Rank-23

\$158.9 billion (2009 est.)

\$197.9 billion (2008 est.)

Exports - commodities:

transport equipment, iron ore,
soybeans, footwear, coffee, autos.

Imports: Rank-25

\$136 billion (2009 est.)

\$173.1 billion (2008 est.)

Imports - commodities:

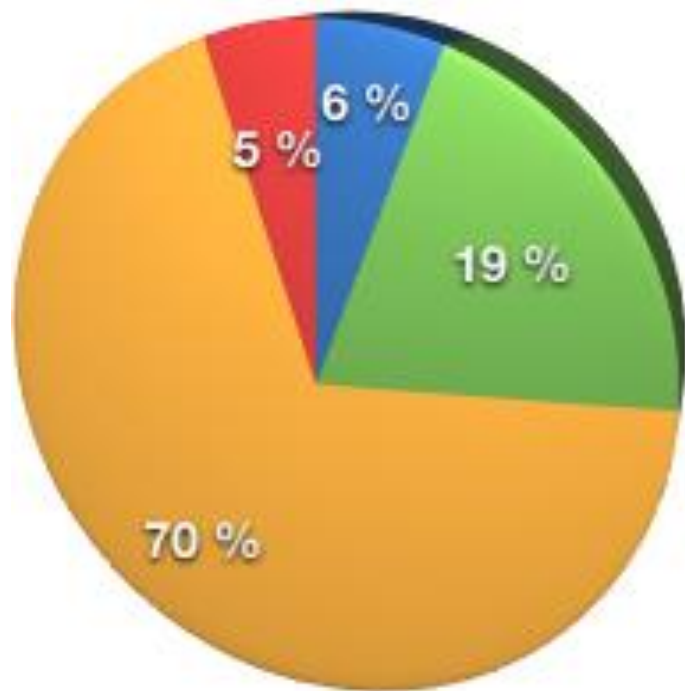
machinery, electrical and transport equipment, chemical products, oil,
automotive parts, electronic



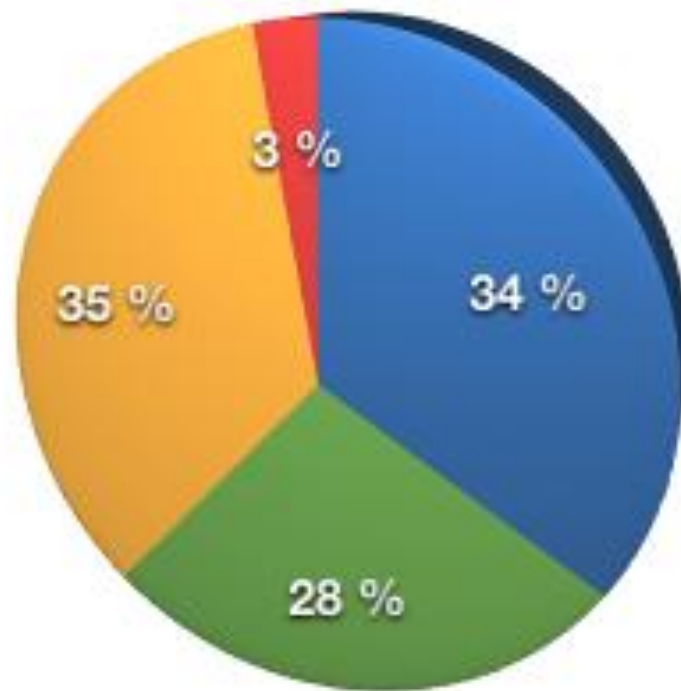
	04-08	2009	2010	2011
Exports (% growth)	22.1	-22.7	13.0	18.0
Imports (% growth)	29.1	-26.3	44.0	8.0

Import-export structure (2012)

Import Brazil

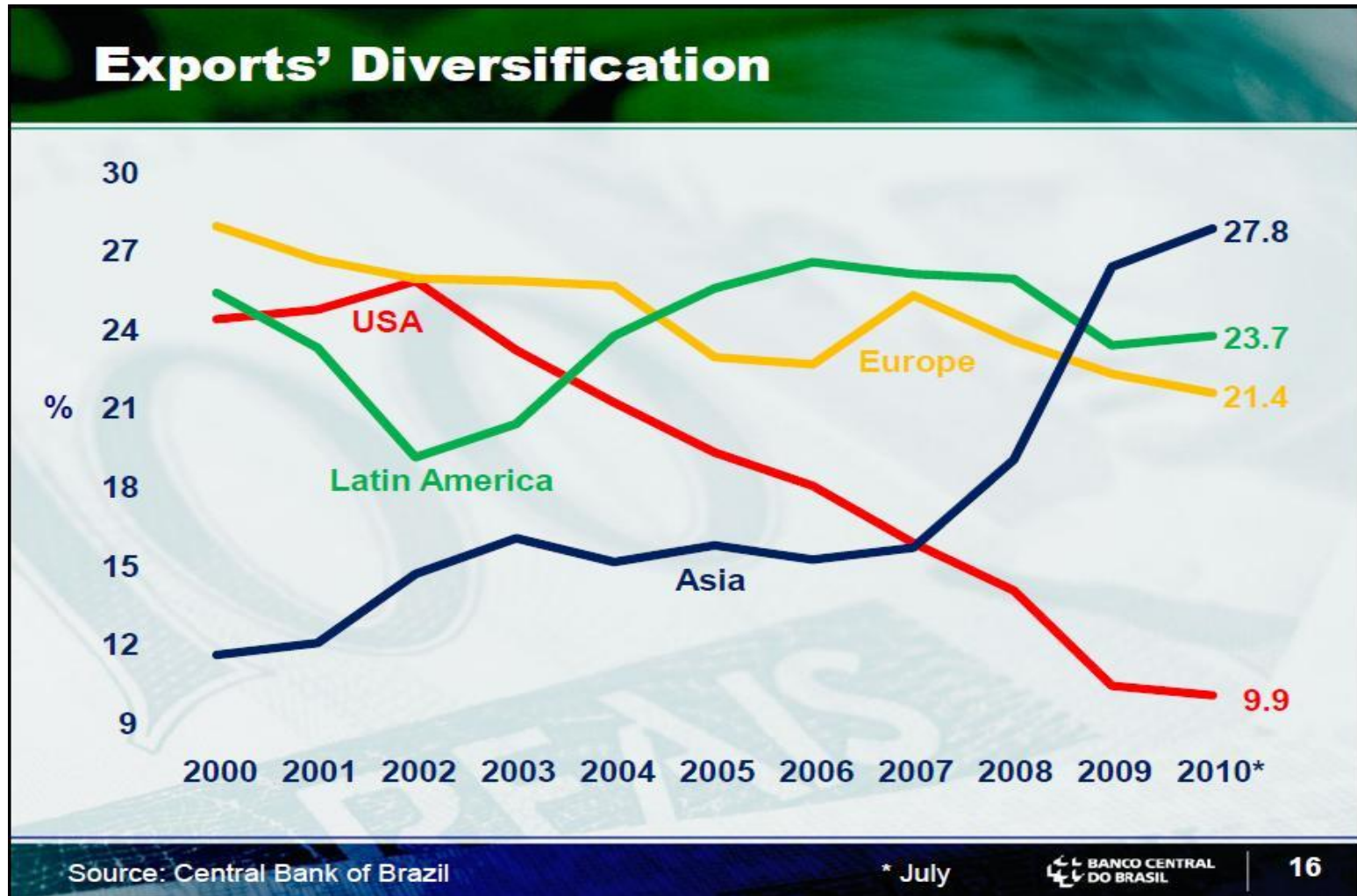


Export Brazil



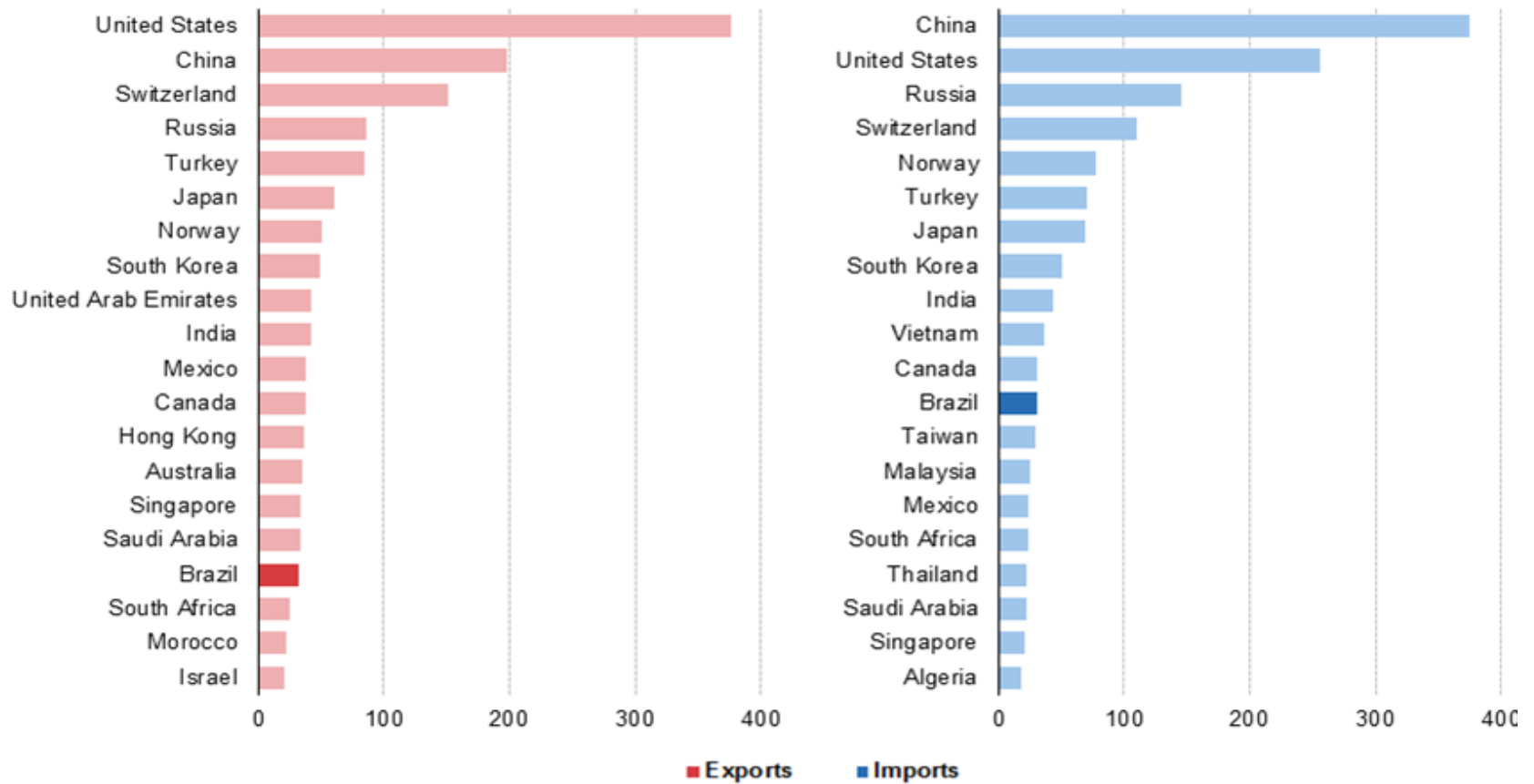
● Agriculture ● Fuels and mining ● Manufactures ● Other

A new international trade geography



Top importers and exports destinations

Top 20 import and export partners for trade of goods of the EU with a focus on Brazil, 2017
(EUR billion)



Source: Eurostat (online data code: ext_lt_maineu)



Growth-Accelerating Program: 2007-2010 ***(Programa de Aceleração do Crescimento - PAC)***

The PAC is a set of government actions to:

- Stimulate private investment;
- Increase government investment in infra-structure;
and
- Remove the main obstacles to economic growth
(bureaucracy, inadequate norms and regulation)

The PAC depends on the collaboration between the Executive and Legislative branches of the Government, as well as on the participation of workers' and business' leaders.



Investment in Infra-Structure

The increase in investment aims to:

- **Eliminate the main bottlenecks that may constrain the growth of the economy;**
- **Reduce costs and increase productivity;**
- **Induce an increase in private investment; and**
- **Reduce the regional inequalities within Brazil.**



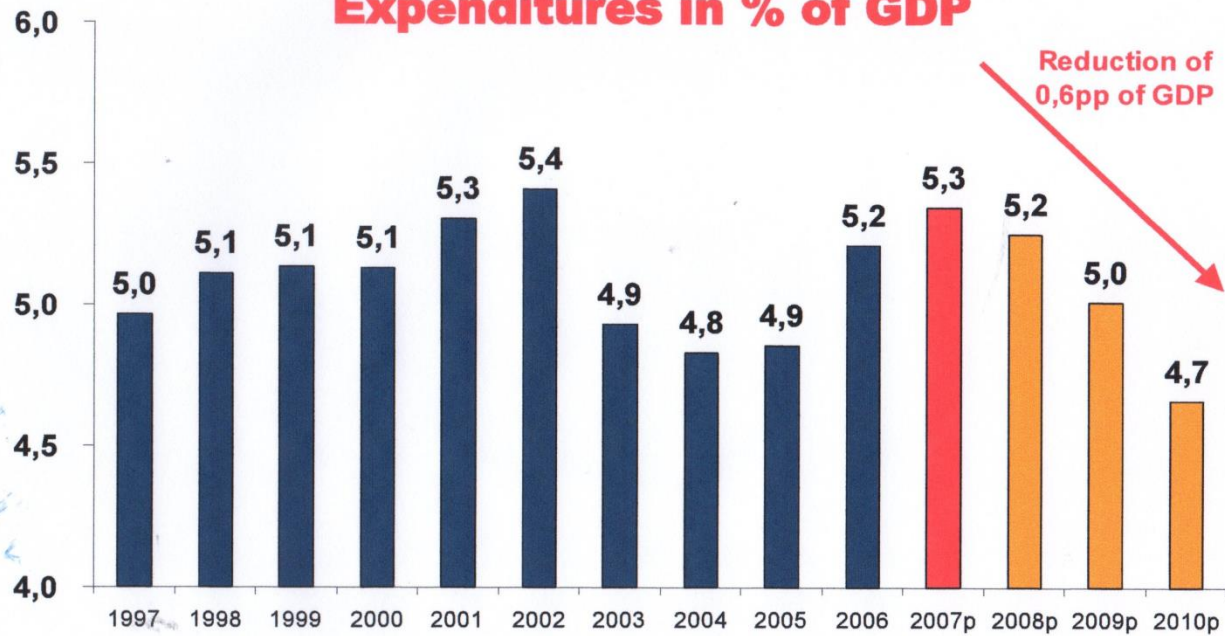
Tax Cuts

- ✓ Tax cuts to stimulate private investment, specially in **civil construction and infrastructure** projects.
- ✓ Tax cuts to stimulate the growth and formalization of **micro and small enterprises**.
- ✓ Tax incentives to the development of the production of **Digital TVs** and **semiconductors** in Brazil.
- ✓ Tax cut of the **personal income tax**.



Fiscal Consistence

Federal Government's Personnel Expenditures in % of GDP



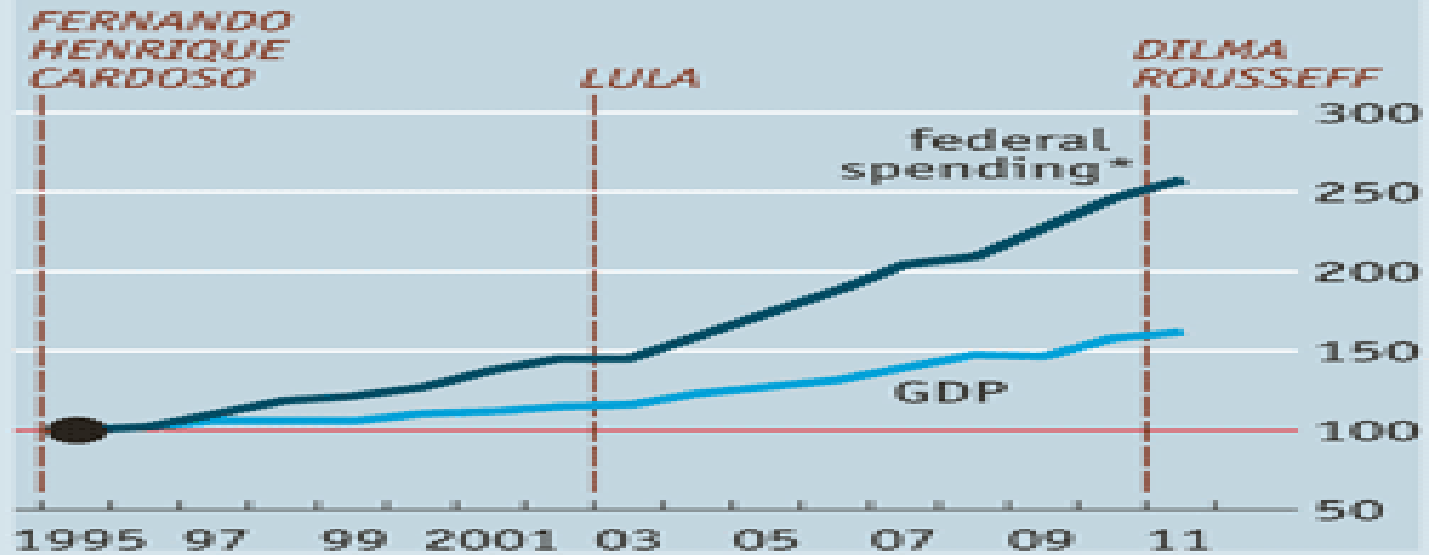
Pensioners' party

Brazil's:

federal spending and GDP

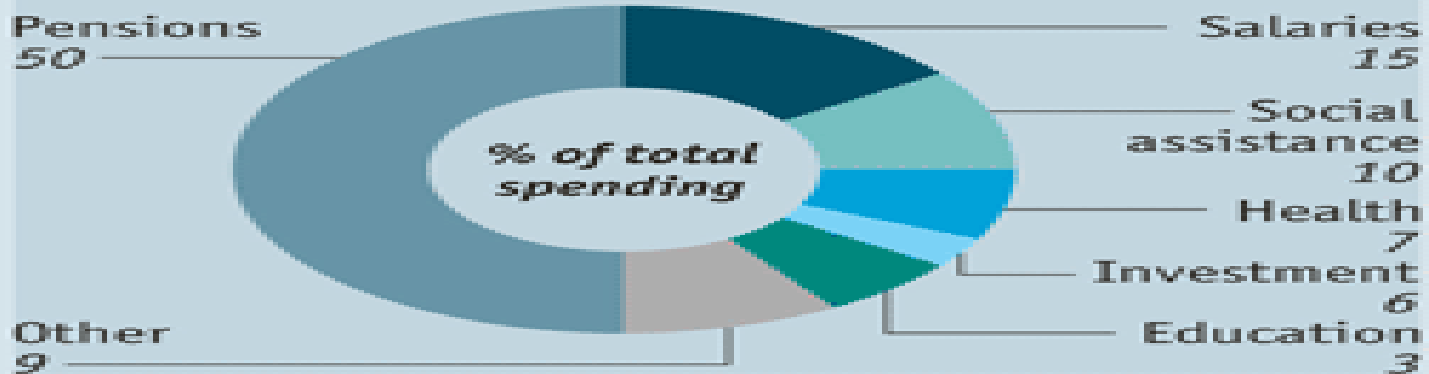
By president, 1995=100

1



federal spending, 2011

2



Sources: Government reports;
Raul Velloso

* Excluding investment

- Export promotion and diversification have been a constant concern of emerging economies' policy-makers for the past four decades. Traditional economic wisdom accepted the approach that concentration of a country's exports on a few primary commodities contributes largely to the instability of that country's export earnings

Industrial production

January 2008=100



Source: Haver Analytics

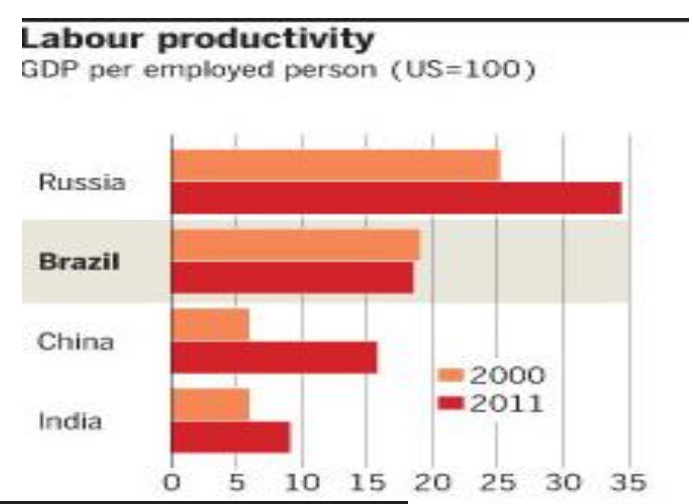
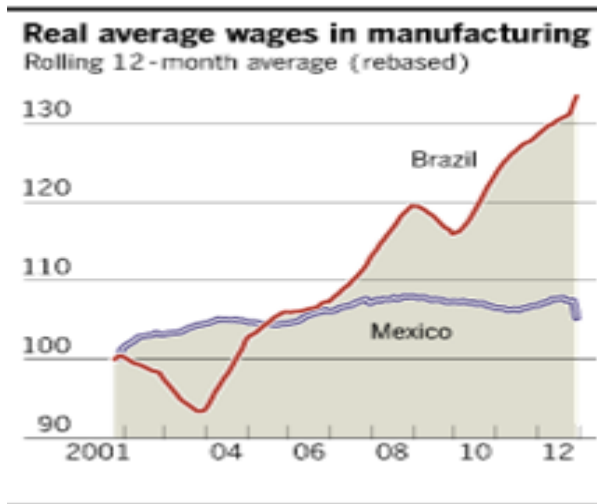
The New Giant of South America

- The Germany of the “Cono Sur” ?

The size of the domestic market

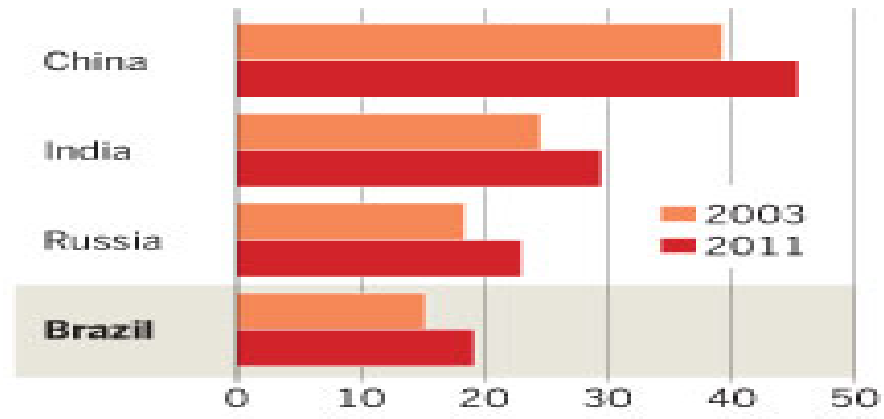
Interdependence and integration process in South American economies

Some painful comparisons

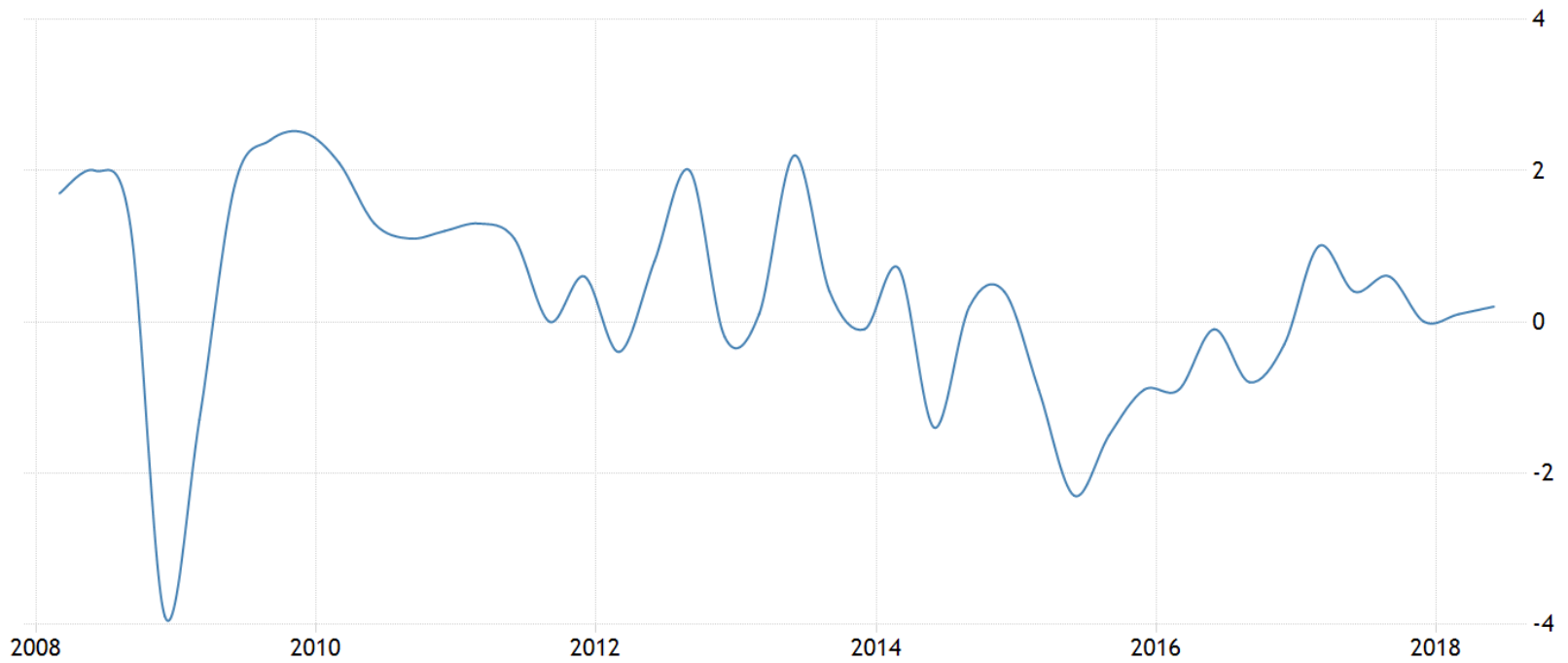


Investments

Gross fixed capital formation (% of GDP)



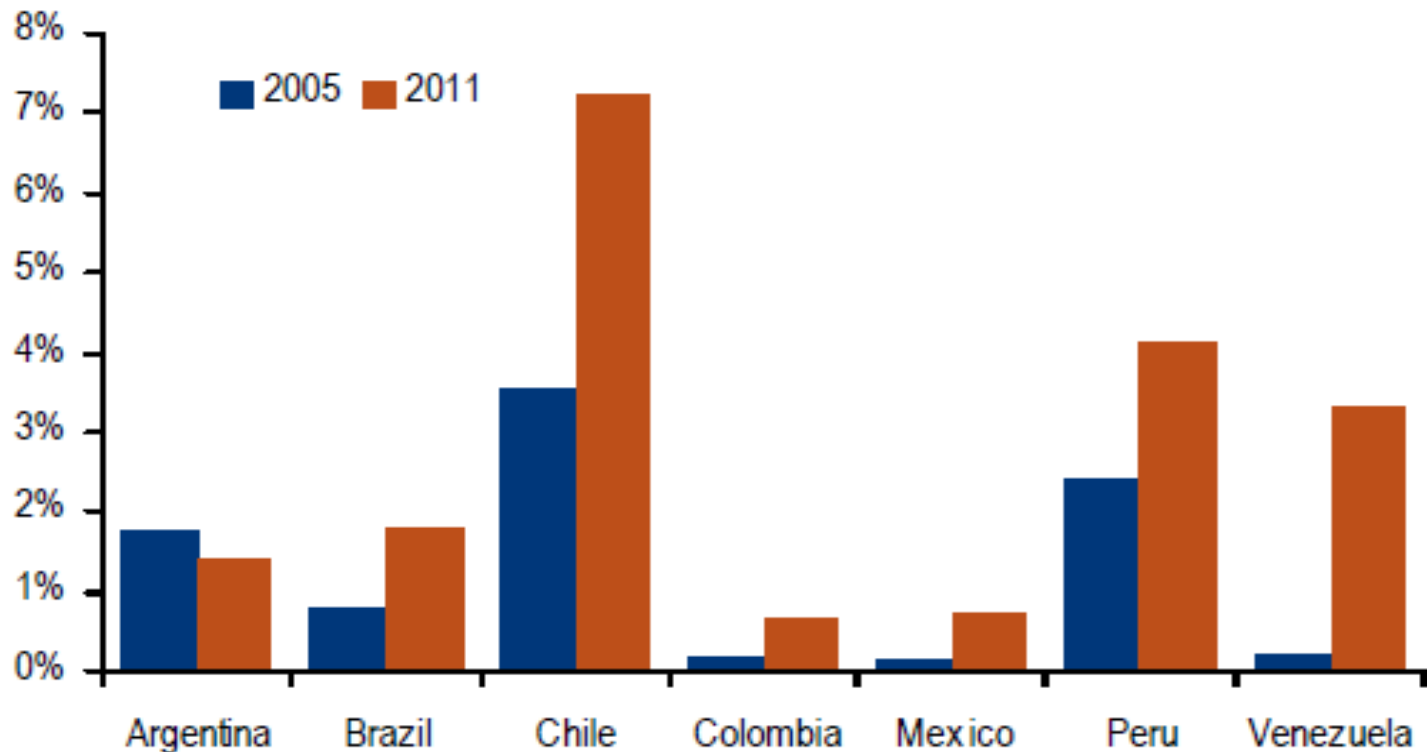
And the most recent trend



SOURCE: TRADINGECONOMICS.COM | INSTITUTO BRASILEIRO DE GEOGRAFIA E ESTATÍSTICA (IBGE)

The big partner...

Chart 10: Exports to China as % of GDP



Source: BofA Merrill Lynch Global Research

And the risks of a new dependence

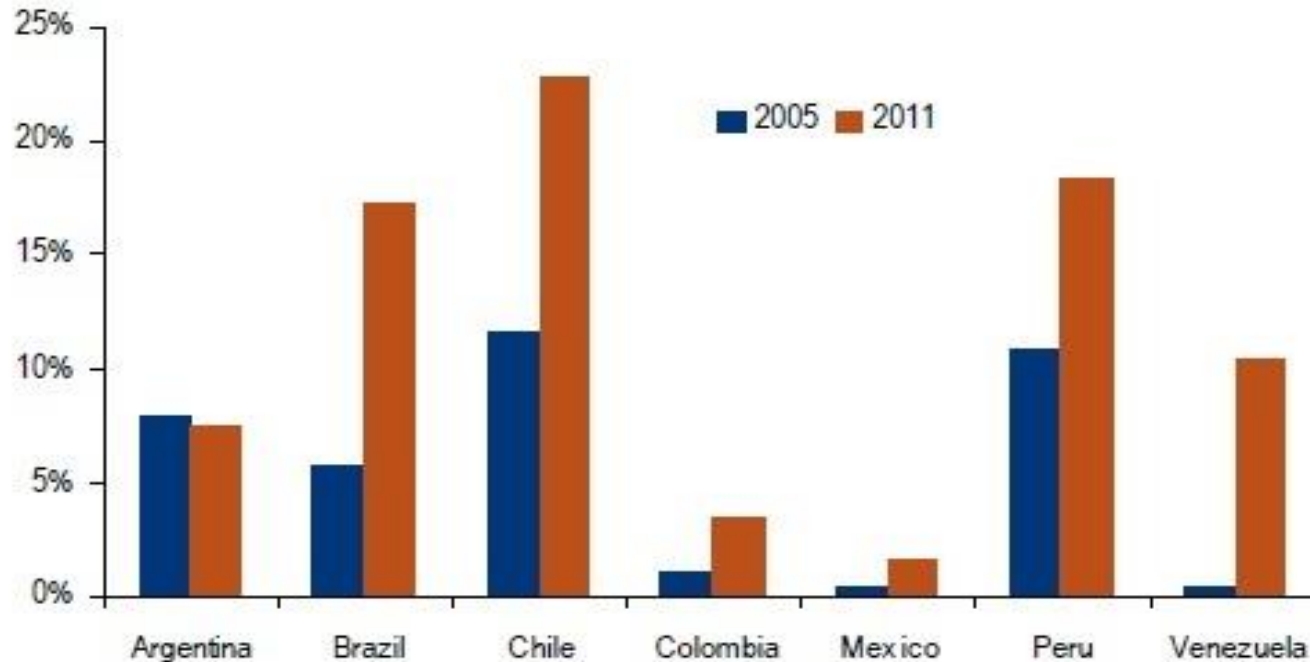
Chart 1: LatAm exposure to China increased fast in last six years



Source: BofA Merrill Lynch Global Research

for all the Continent

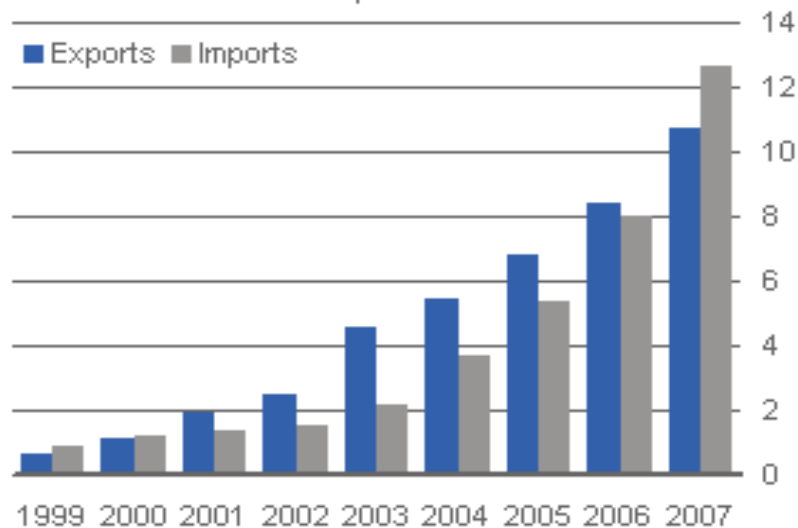
Chart 2: Chile, Peru and Brazil, the most exposed to China (1)



Source: BofA Merrill Lynch Global Research; (1) Exports to China as % of total exports

Brazil starts registering trade deficits with China

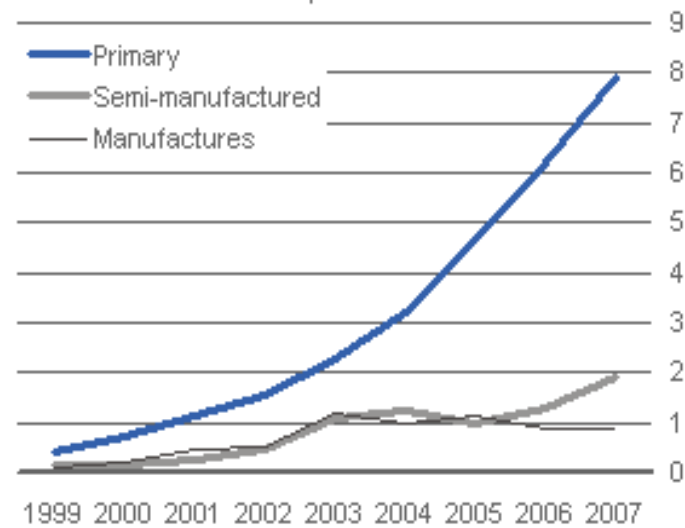
Bilateral trade with China, USD bn



Source: Ministerio do Desenvolvimento

Not exactly a manufacturing export based trade pattern

Bilateral trade with China, USD bn



Source: Ministerio do Desenvolvimento

“God is Brazilian”, but he’s gone on holiday

“GOD is Brazilian,” goes a saying that became the title of a popular film. Brazil’s beauty, natural wealth and music often make it seem uniquely blessed. But these days Brazilians must wonder whether, like the deity in the film, God has gone on holiday. The economy is a disaster, the public finances are under strain and politics are thoroughly rotten. Street crime is rising, too. Seven Brazilian cities feature in the world’s 20 most violent”

The Economist, 22.9.2018

“God is Brazilian”, but he’s gone on holiday

The worst recession in its history

GDP per person shrank by 10% in 2014-16 and has yet to recover.

The unemployment rate is 12%

“He has a long history of being grossly offensive. He said he would not rape a congresswoman because she was “very ugly”; he said he would prefer a dead son to a gay one; and he suggested that people who live in settlements founded by escaped slaves are fat and lazy. Suddenly that willingness to break taboos is being taken as evidence that he is different from the political hacks in the capital city, Brasília.”

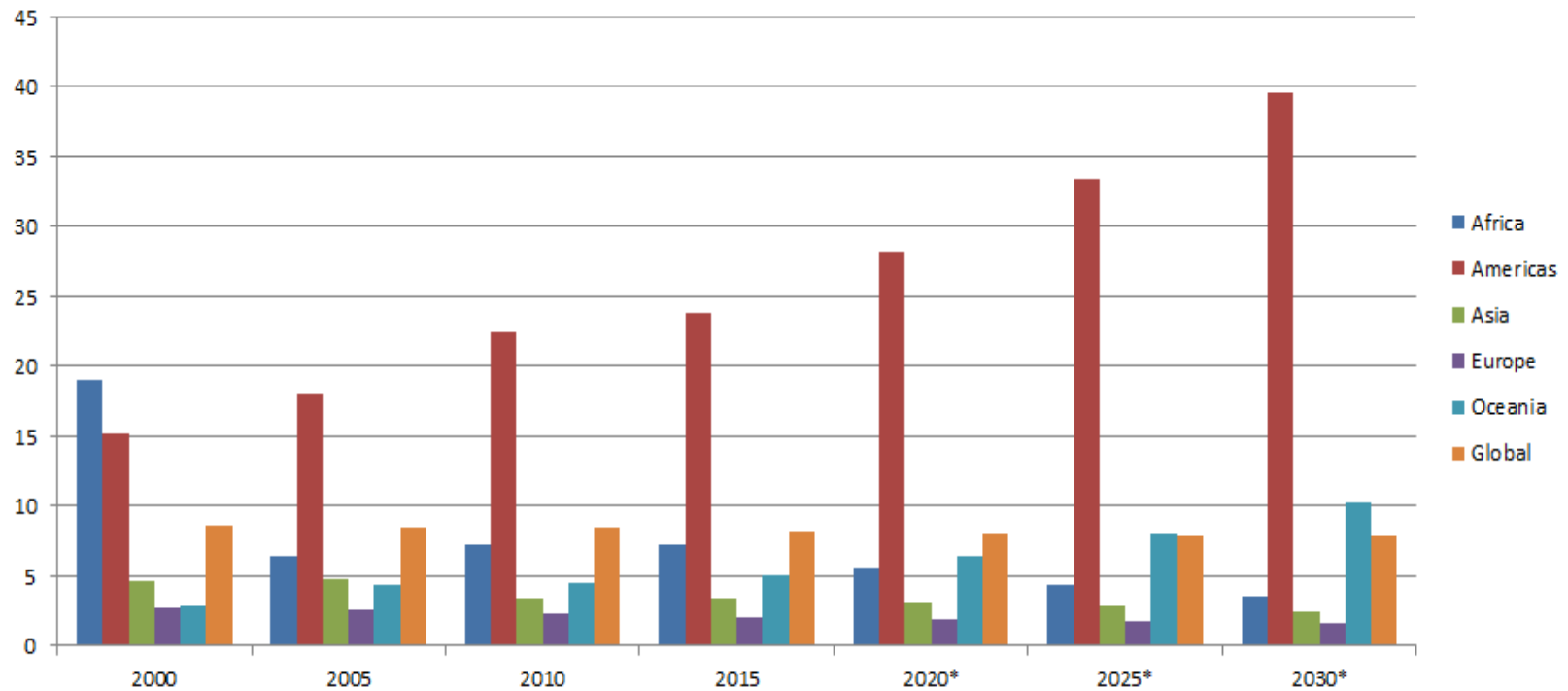


The Economist, 22.9.2018

A dramatic record

Rising homicide in the Americas

Homicide rates per 100,000, 2000-2030



Source: Igarapé Institute (2016); *Projection

2017 Homicide Rates in Latin America and the Caribbean



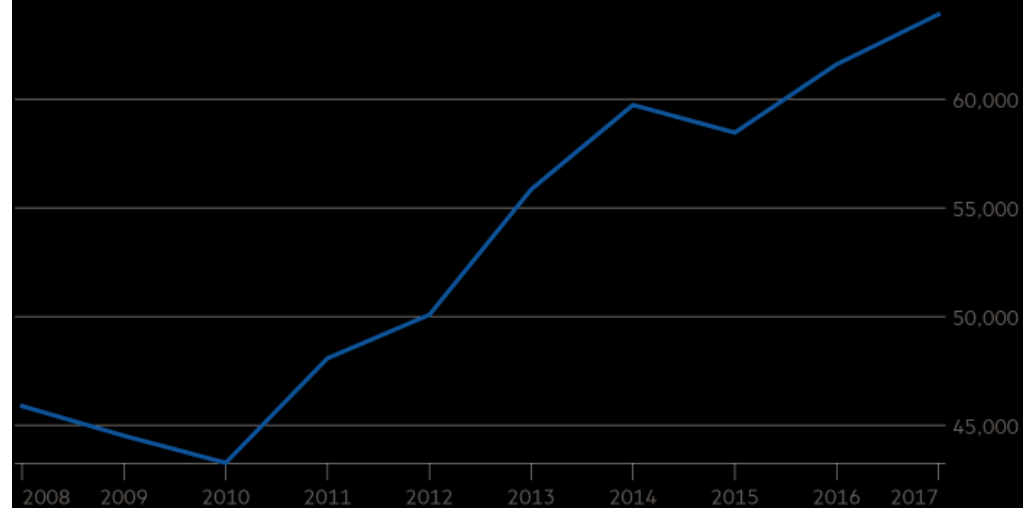
HOMICIDE RATE (PER 100,000)



VENEZUELA	89
EL SALVADOR	60
JAMAICA	55,7
HONDURAS	42,8
BRAZIL*	29,7
GUATEMALA	26,1
COLOMBIA	24
PUERTO RICO	19,7
MEXICO	19,5
DOMINICAN REPUBLIC	14,9
COSTA RICA	12,1
PANAMA	10,2
PARAGUAY	9,8
BOLIVIA	8,5
URUGUAY	7,8
PERU	7,7
NICARAGUA	7
ARGENTINA*	6
ECUADOR	5,8
CHILE	3,3

* Homicide rate for the year 2016 due to the absence of 2017 statistics

Number of intentional homicides



Source: Brazilian forum of public security