

Brazil – Economic and Political Calendar
What to Watch in Brazil in 2019

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The following calendar is our attempt (probably not comprehensive) to list events scheduled for the rest of 2018 and next year that have some potential to move markets.

| December 2018 | | |
|---------------|---|---|
| Date | Event | What to Watch |
| Dec. 31 | End of government diesel fuel subsidies (decree 847/2018). | Falling crude prices and a stronger currency could smooth out the ending of these subsidies (which only are triggered by certain combinations of international prices and exchange rates; with current market prices, there are no subsidies). In any case, the incoming government will have to determine what pricing policy will prevail from 2019 onward. |
| Dec. 31 | End of federal intervention in Rio de Janeiro state (decree 9288/2018). | President-elect Jair Bolsonaro already stated that the intervention will not be extended. Federal interventions need to be at least temporarily lifted for Congress to vote on proposed constitutional amendments. |
| Dec. 31 | End of the “financial emergency” period in Rio de Janeiro state. | During this period, the state is allowed to temporarily breach debt and payroll spending ceilings imposed by the Fiscal Responsibility Law. The end of it will further tighten the budget constraints imposed by the Fiscal Recovery Regime, to which the state adhered in 2017. |



January 2019

| Date | Event | What to Watch |
|------------|--|---|
| Jan. 1 | Jair Bolsonaro's inauguration ceremony in Brasília. | The inauguration speech should set the president-elect's priorities and main goals. |
| Jan. 22-25 | The World Economic Forum's annual meeting in Davos, Switzerland. | Bolsonaro's first opportunity to show the world his vision for the country through the next four years. |

February 2019

| Date | Event | What to Watch |
|--------|--|--|
| Feb. 1 | Preparations begin for leadership elections of the Lower House. Parties can gather in blocks to claim seats on the House's board (<i>mesa diretora</i>), which are distributed proportionally according to the block sizes. Candidacies for Speaker of the Lower House are registered. | The composition of blocks is the initial indication of how parties will align for important votes. It will be important to watch which registered candidate (if any) will be supported by the government. |
| Feb. 1 | Election of Senate President. | An important data point to gauge at this early stage is the new government's influence and the balance of power in the Upper House. Since 2001, all such elections have been won by a candidate from the Brazilian Democratic Movement (MDB), which, despite having lost 7 seats in the 2018 elections, will still be the largest block in the Senate, with 12 senators. |
| Feb. 2 | Election of the Speaker of the Lower House. | This will be the most important political event on 1Q19, in our view (perhaps rivaled by the possible presentation of the pension reform proposal). A speaker not aligned with the economic reform agenda would be a troubling sign, in our view. |
| Feb. 6 | Copom's first 2019 meeting. | Possibly the last Copom meeting with Ilan Goldfajn as governor; in November 2018, he announced that he will stay until the Senate approval of the next appointed governor, Roberto Campos Neto. |



March 2019

| Date | Event | What to Watch |
|---------|---------------------------------|---|
| Mar. 5 | Carnival's Fat Tuesday | Common wisdom says that the new year in Brazil only starts after Carnival, which is probably more than partially true. Carnival marks the end of the long summer holidays and probably the beginning of a period of higher expectations on the government's ability to move forward with the reform agenda. |
| Mar. 20 | Copom's second meeting of 2019. | Possibly the first meeting chaired by Roberto Campos Neto. Markets will be looking for clues about the BCB's new reaction function. |

April 2019

| Date | Event | What to Watch |
|---------|--|--|
| Apr. 11 | Jair Bolsonaro's 100 th day in power. | As good a time as any to evaluate the progress of the reform agenda. |
| Apr. 15 | Deadline for the government to submit to Congress the 2019 Budget Guidelines Bill (LDO). | LDO sets the government's goals and priorities for the following year. At this time, the new government should have a new proposal for the minimum wage adjustment, replacing the indexation rule that expired on January 1. |

May 2019

| Date | Event | What to Watch |
|-------|--------------------------------|---|
| May 8 | Copom's third meeting of 2019. | We expect Copom to stay on hold (keeping the Selic rate at 6.5%) throughout 2019. |

June 2019

| Date | Event | What to Watch |
|---------|--|--|
| Jun. 7 | The 8th edition of the most important global women's soccer tournament kicks off in Paris. | Argentina, Brazil, and Chile will try to win Latin America's first title in the competition. |
| Jun. 14 | <i>Copa América</i> , South America's centenary international men's football championship, kicks off in São Paulo. The final match is scheduled for July 7, at the Maracanã stadium. Japan and Qatar were invited as guests. | Brazil's home field advantage should make it hard for Chile to defend its title. Argentina played 4 out of the 5 last final matches and is a perennial favorite. |



| | | |
|-------------------|---|--|
| Jun. 19 | Copom's fourth meeting of 2019. | We expect Copom to stay on hold (keeping the Selic rate at 6.5%) throughout 2019. |
| Jun. 27 | The National Monetary Council (CMN) meets to define the inflation target rate for 2022. | The 2021 target was defined in 2018 at 3.75%, plus/minus 1.5 pp. We expect CMN to keep on with the gradual target reduction of the past few years. |
| Jun. 28-29 | G20 summit in Osaka, Japan. | Who knows what kind of trade tensions will be brought to the negotiating table next year. |

July 2019

| Date | Event | What to Watch |
|---------------------------------|--|---|
| Jul. 5 (to be confirmed) | June CPI inflation (IPCA) release. | 12-month inflation up to June is used to adjust the constitutional spending ceiling. Inflation in June 2018 was extraordinarily high because of the truckers' strike in the previous month; the removal of this effect should result in a tighter ceiling for 2020 (we expect 12-month inflation at 3.3% on June 2019). |
| Jul. 17 | Last day of Congress sessions in 1H19. | Activity in Congress actually starts to slow down by mid-June, with the local midwinter celebrations (<i>Festas Juninas</i>). |
| Jul. 31 | Copom's fifth meeting of 2019. | We expect Copom to stay on hold (keeping the Selic rate at 6.5%) throughout 2019. At this point, 2020 inflation expectations should start to play a bigger role on BCB's reaction function. |

August 2019

| Date | Event | What to Watch |
|----------------|---|--|
| Aug. 1 | Congress resumes regular sessions, after the winter recess. | |
| Aug. 31 | Deadline for the government to submit to Congress its four-year budget plan (PPA) and the 2019 budget bill (LOA). | The PPA sets the public administration investment and spending plan for the following four years, a blueprint for the following annual budgets. LOA sets the "hard" budget for the following year. |



September 2019

| Date | Event | What to Watch |
|---------|--------------------------------|---|
| Sep. 18 | Copom's sixth meeting of 2019. | We expect Copom to stay on hold (keeping the Selic rate at 6.5%) throughout 2019. |

October 2019

| Date | Event | What to Watch |
|---------|---|---|
| Oct. 27 | First round of presidential elections in Argentina. | The continuation of Mauricio Macri's pro-market policies is at stake. Argentina is Brazil's third largest external trade partner. |
| Oct. 30 | Copom's seventh meeting of 2019. | We expect Copom to stay on hold (keeping the Selic rate at 6.5%) throughout 2019. |

November 2019

| Date | Event | What to Watch |
|---------|--|--|
| Nov. 24 | Argentina's presidential run-off election (if needed). | A run-off will take place if no candidate secures at least 45% of valid votes in the first round, or at least 40% and 10 percentage points over the runner-up. |

December 2019

| Date | Event | What to Watch |
|---------|---|--|
| Dec. 11 | Copom's eighth (and final) meeting of 2019. | We expect Copom to stay on hold (keeping the Selic rate at 6.5%) throughout 2019. |
| Dec. 20 | Last day of Congress sessions in 2019. | 2020 budget should be approved by this date; otherwise, the recess start can be postponed. |

Throughout 2019 (no date settled yet)

- **President-elect Jair Bolsonaro will have to undergo a new surgery**, possibly in January.
- **Brazil will host the 11th BRICS summit**, gathering leaders of Russia, India, China, and South Africa. Date and venue are still to be determined. The recently opened São Paulo office of the New Development Bank, BRICS' multilateral lender, should increase the group's footprint in Latin America. The past five summits took place between July and October.



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