Brazil Macro | February 2021

FISCAL POLICY

ÍTALO FRANCA
italo.franca@santander.com.br
+55 11 3553-5235

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Summary – Better short-term figures, higher uncertainties

- After seven years with the primary budget surplus in red ink, the public sector result reached a primary surplus of BRL64.7 billion (0.75% of GDP) in 2021, compared to a BRL703 billion (9.4% of GDP) deficit in 2020 (which was affected by the massive fiscal stimulus in that year) and -BRL61 billion (-0.8% of GDP) in 2019. The highlight was regional governments, with a primary surplus of BRL97 billion (1.1% of GDP), an all-time high in the full-year result.
- Despite this good result, for this year we estimate a public sector primary deficit of BRL95 billion (1.0% of GDP), considering increased expenditures and some softening revenue growth — although a more lasting price shock effect on revenue could add a downward bias for the deficit estimate.
- We believe that the main legislative agenda in the short term could involve tax exemptions. One of the key legislative items that is likely to be discussed is the possibility for the government to cut taxes on fuel (PIS/Cofins). We have not yet included the approval of these measures in our fiscal scenario, but we believe that in the end all the measures approved could imply a revenue loss of ~BRL50 billion for the federal government.
- Gross debt reduced to 80.3% of GDP in 2021, compared to 88.6% in 2020 and 74.4% of GDP in 2019. The result for the year was below the estimate at the beginning of last year, about three-fourths of which can be explained by the inflation effect and the activity recovery.
- Despite this improvement in estimates, we continue to envision a risker path to the fiscal consolidation. The decision to raise spending and change the fiscal framework (in the *PEC dos Precatórios*) implies more challenges for long-term debt stabilization, given the necessity for further structural reforms and a more trustworthy fiscal anchor.

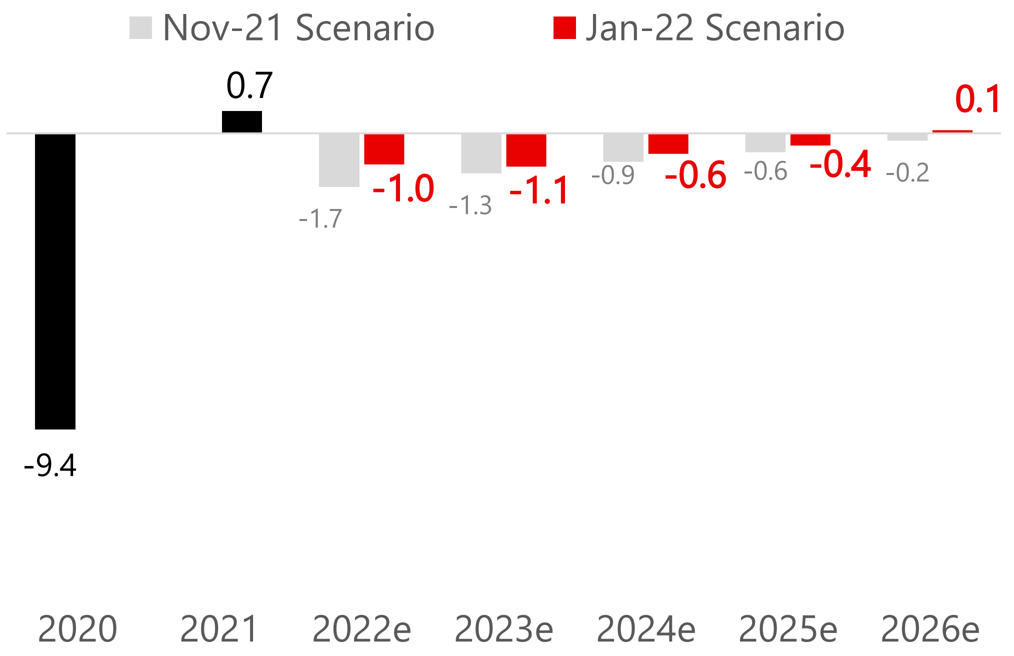
Fiscal Scenario

02

Fiscal – Better for the short term, more risks for the medium/long run

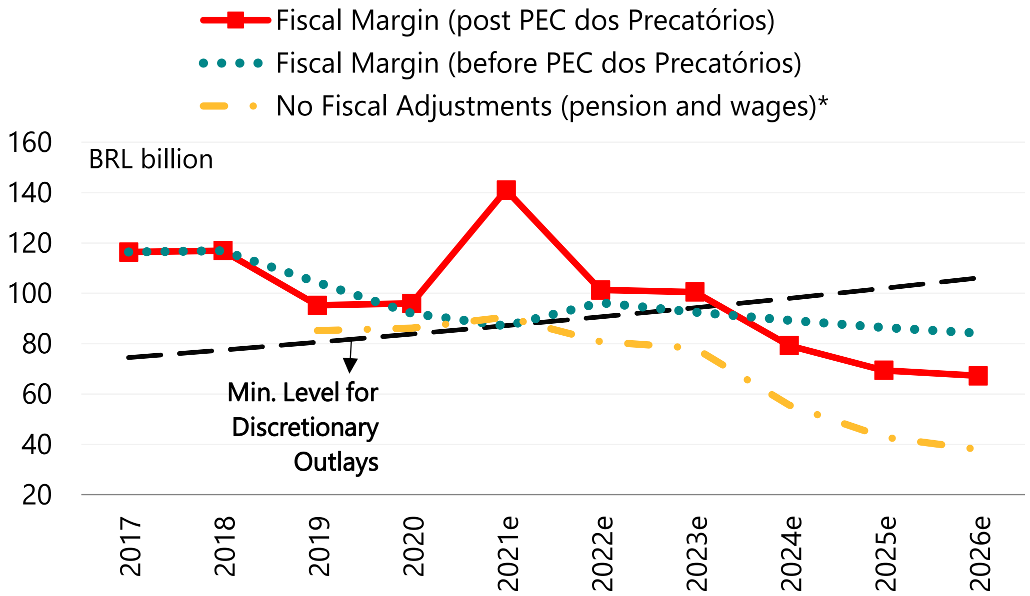
- *PEC dos Precatórios* affected our primary balance estimates with higher expenditures ahead,
- The final primary balance results will depend on the revenues result, we believe that part of the extraordinary revenues that "helped" in 2021 (corporate restructuring) will be lower 2022 onwards. On the other hand, oil-revenues should increase with pre-salt and oil prices.
- After seven years with the primary budget surplus in red ink, the public sector result reached a primary surplus of BRL64.7 billion (0.75% of GDP) in 2021.

Public Sector Primary Result (% GDP)



Sources: BCB, Santander.

Fiscal Margin – BRL billion



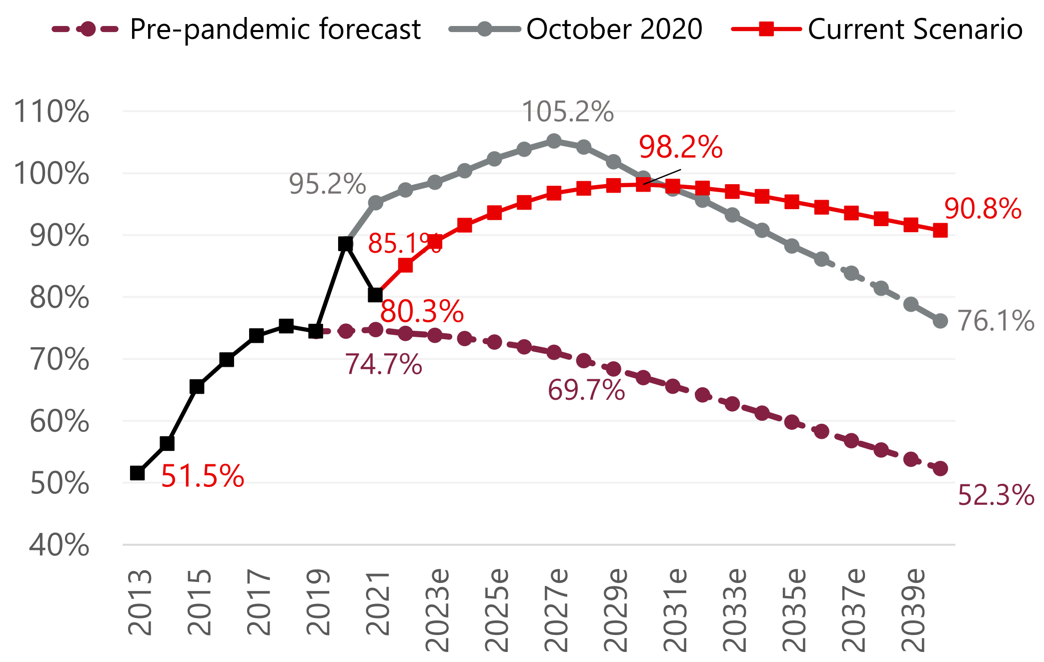
Fiscal Margin = Spending cap Max limit - Mandatory Outlays
* Simulation **WITHOUT** the approval of the PENSION REFORM and WITH PUBLIC SERVANTS WAGES readjusted by inflation

Sources: National Treasury, Santander.

Fiscal – A higher interest burden ahead, deteriorating the debt dynamics

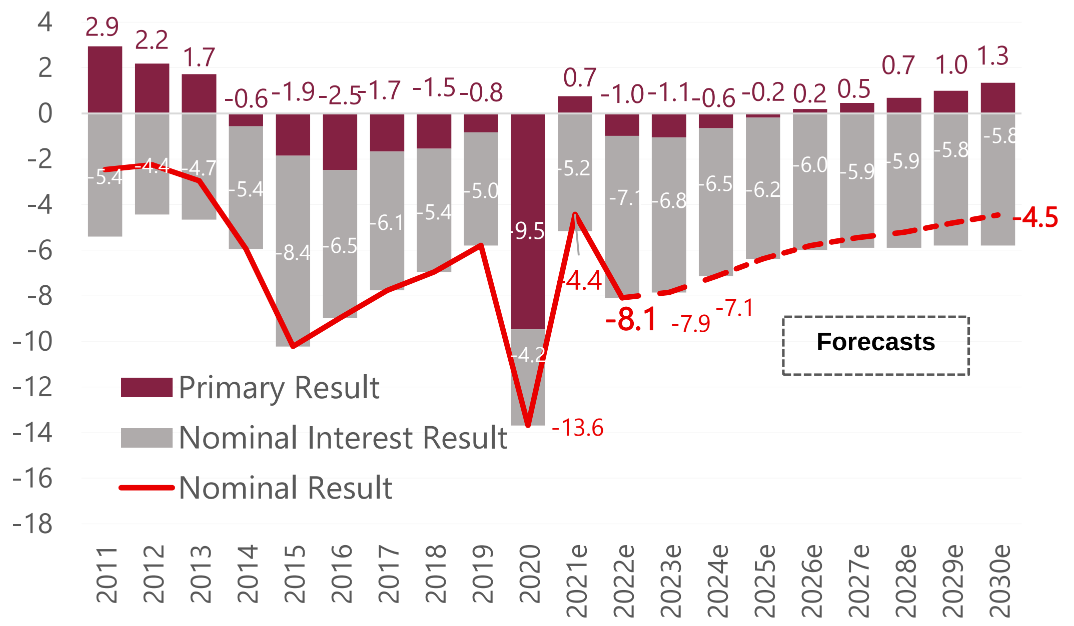
- We forecast the Selic rate at 12.25% in YE2022. Our real interest rate estimate is at 4.0% per year in the long run (7.0% nominal).
- This will contribute to increase the nominal deficit, specially after 2022.
- The rise in the Selic rate is increasing the debt cost, with higher interest accrual. The interest payments will increase to more than BRL620 billion in 2022, from BRL431 billion in 2020 and BRL312 billion in 2019.

Scenarios - Gross Debt Scenario (% GDP)



Sources: BCB, Santander

Public Sector's Financing Needs (% GDP)

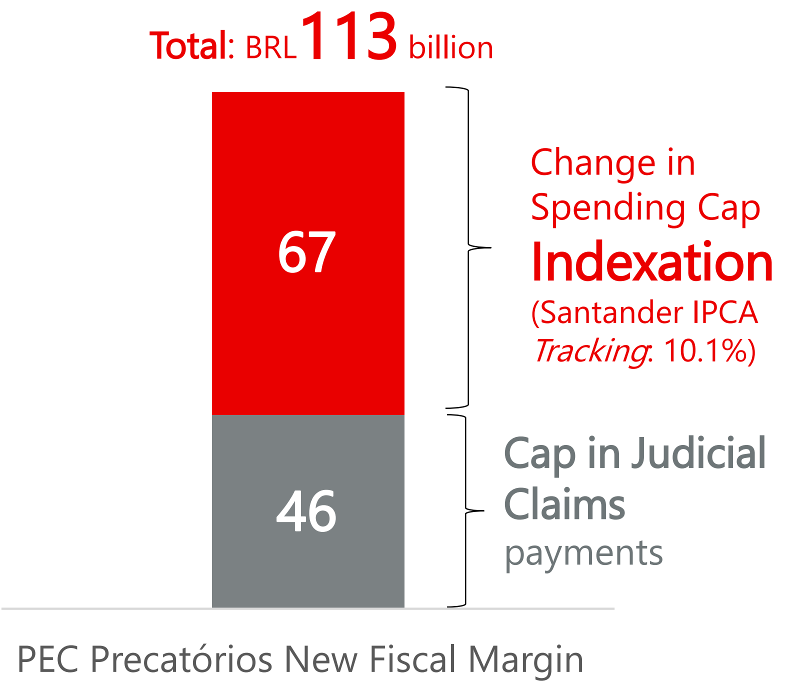


Sources: BCB, Santander.

Fiscal – The *Precatórios* amendment

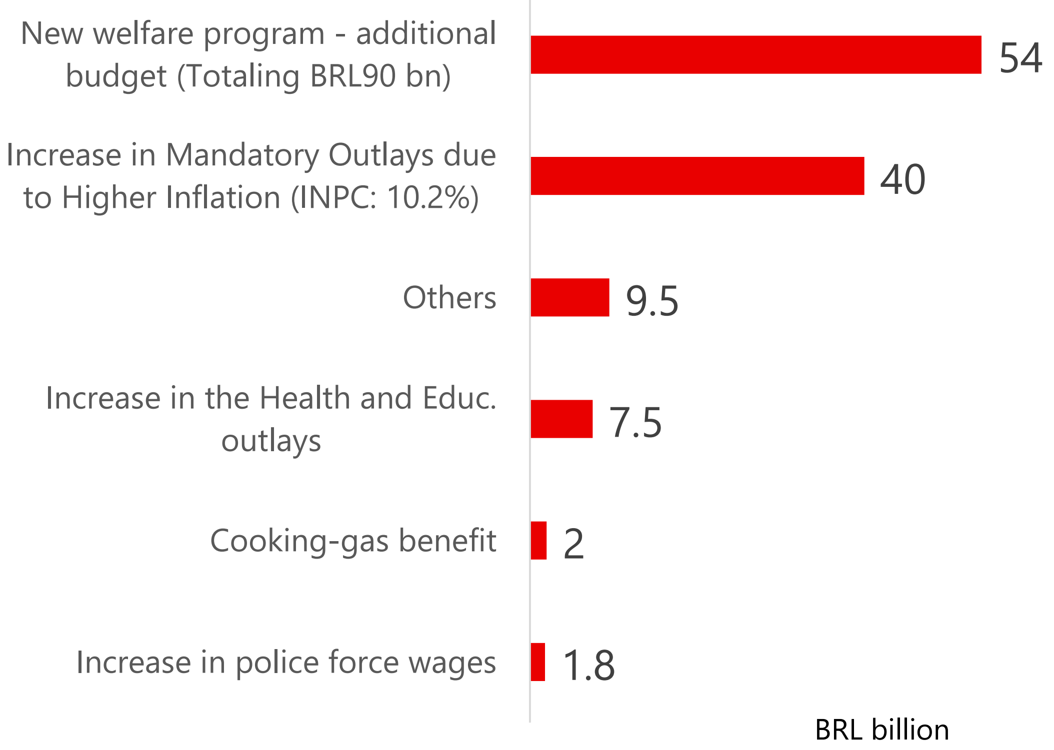
- Our INPC rose 10.16% in 2021, this reduced the spending cap margin in -BRL38 billion by the direct impact on mandatory outlays.
- *PEC dos Precatórios* opened a fiscal margin of BRL113 billion, with the December IPCA YE2021 at 10.1%
- This value should be used to increase the new welfare program, increase in mandatory outlays (i.e. Pension Benefits) and others.

Fiscal Margin – *PEC dos Precatórios*



Sources: Ministry of Economy, Santander

Expected Expenditures – BRL billion

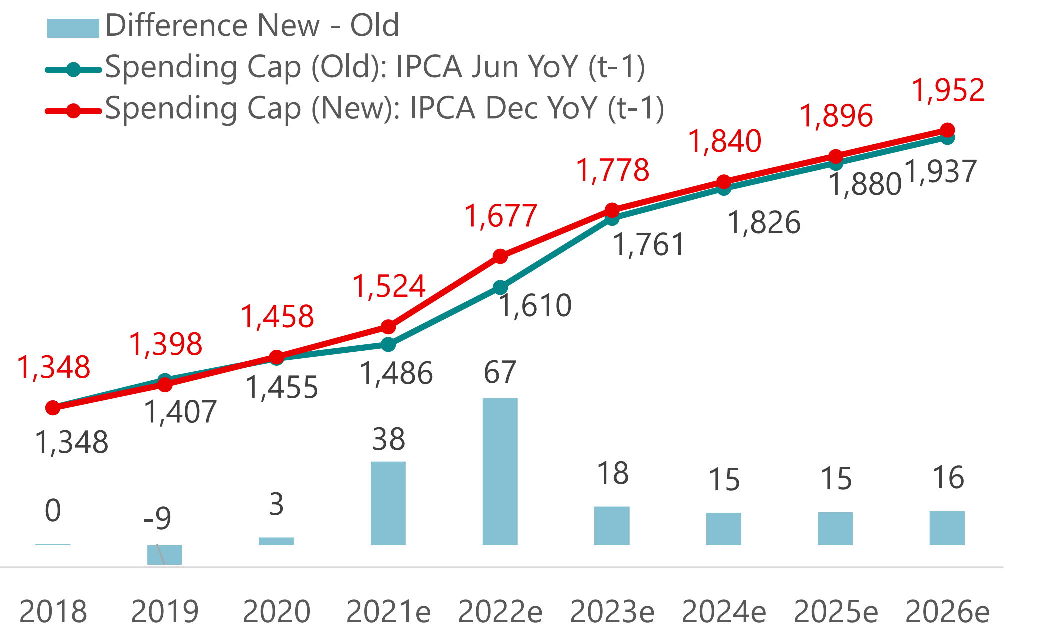


Sources: National Congress, Ministry of Economy, Santander

Fiscal – *PEC dos Precatórios* was the legal vehicle for the new welfare program

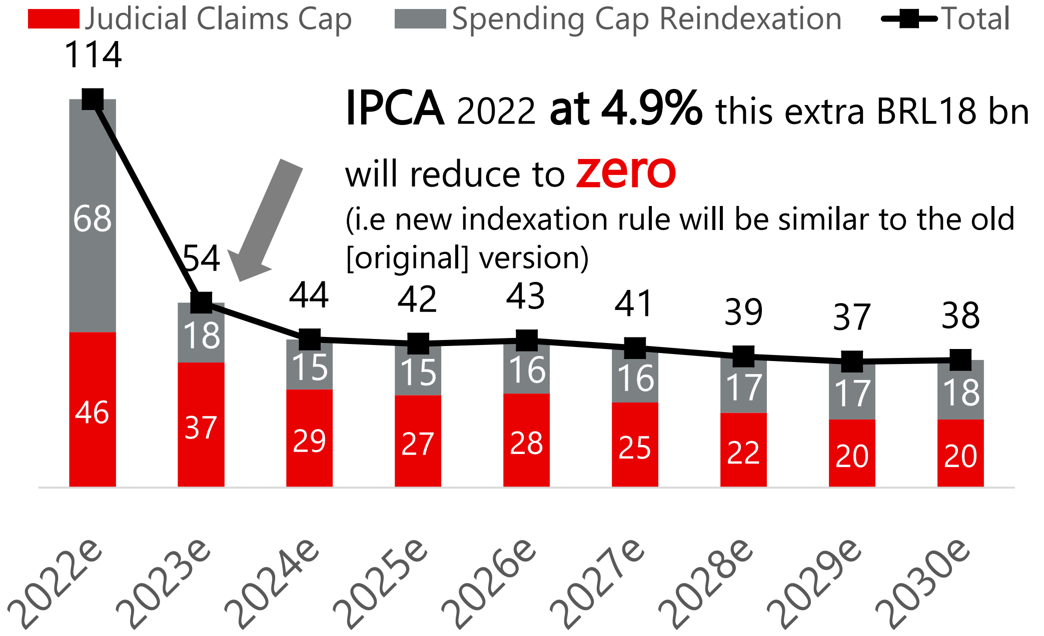
- PEC *dos Precatórios* created a margin of BRL113 bn in the spending cap rule (BRL46 bn through court-ordered debt cap + BRL67 bn by changing the spending cap indexation rule)

Change in the index of Spending Cap Rule



Sources: Ministry of Economy, IBGE, Santander

Change in the index of Spending Cap Rule



Sources: Ministry of Economy, IBGE, Santander

This space of Judicial claims is calculated comparing to our estimates (see Slide 11). There is an uncertainty in future values of this expense.

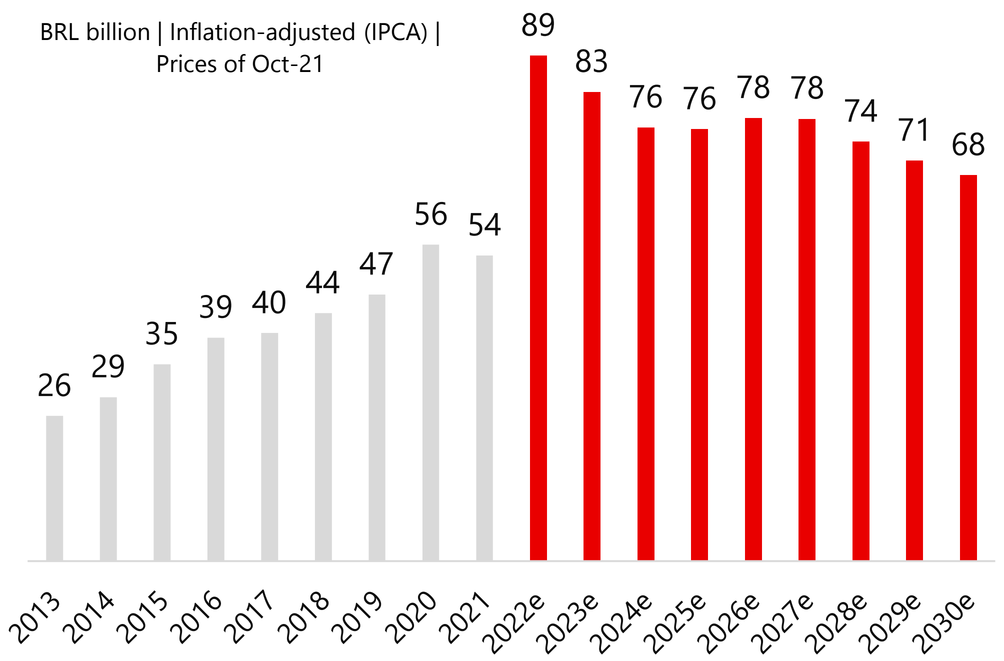
Court-ordered Debt - *Precatórios*

03

We estimate an increase in judicial claims over the next years

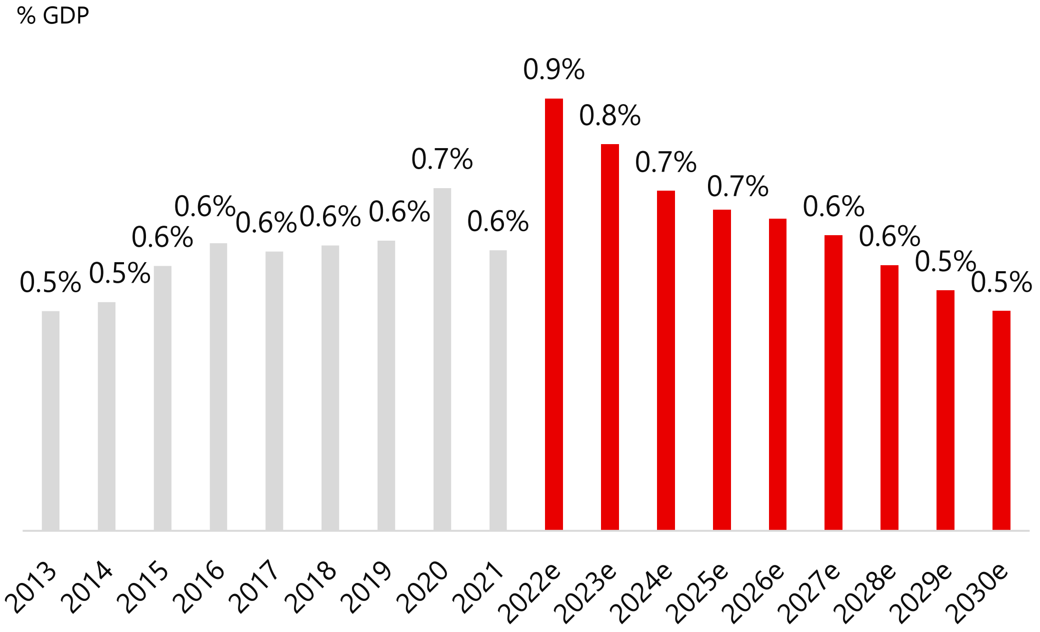
- We constructed a forecast based on the Budget Guidelines (LDO) probable judicial claim for next the years. In the short-run we see more pressure from the Fundef (educational fund) and those related to pension payments.
- Our preliminary estimate is only a preliminary "educated-guess" in view of the difficulty in estimating and the uncertainties related to the legal process. Either way, it has a relevant fiscal risk and requires a fiscal discipline in management to this increase.

Our Preliminary Estimates for judicial claims budget



Sources: LDO 2022, Santander

Judicial claims estimates



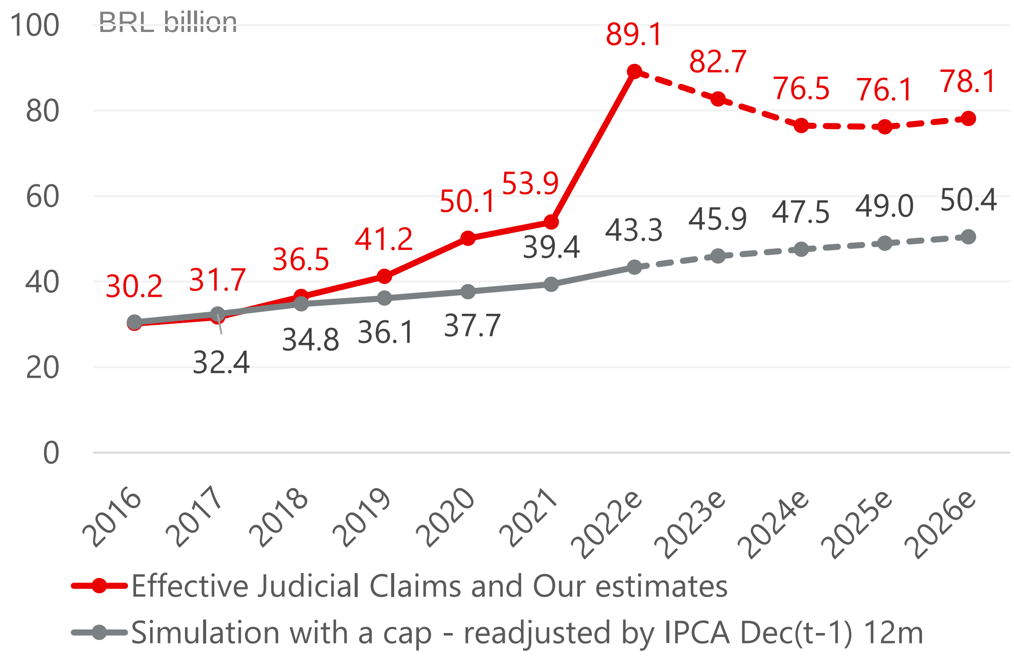
Sources: LDO 2022, Santander

Based on the LDO 2022 Tables 14 to 20

Simulation – effects of creating a cap for the payment

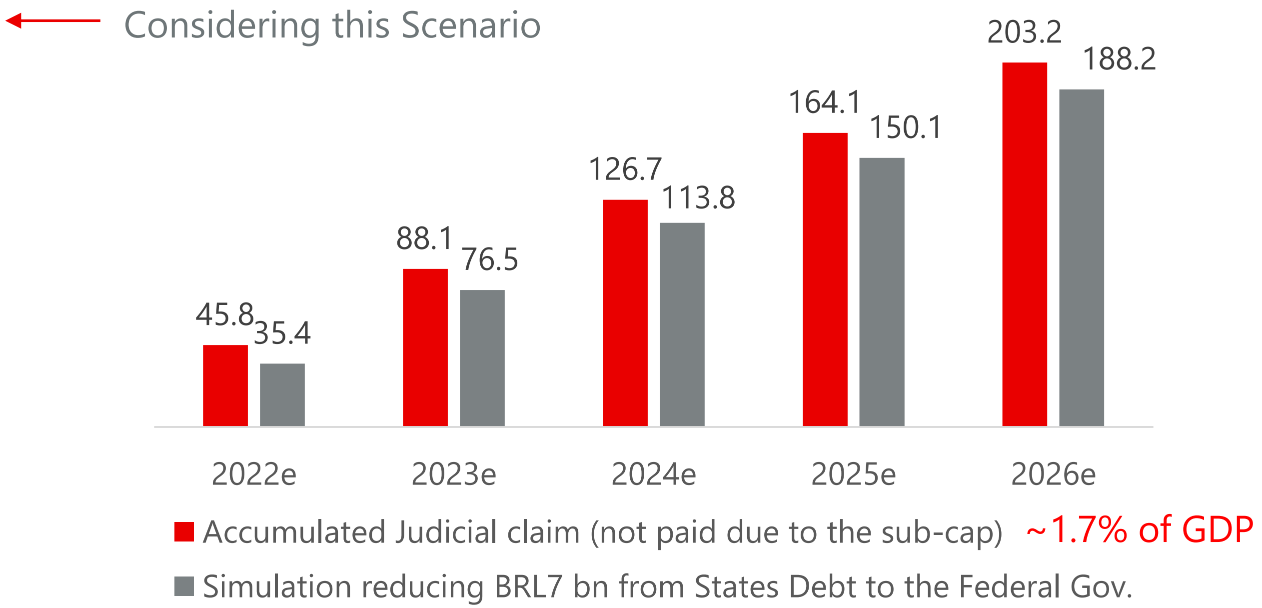
- In order to reduce the judicial claims payments, the government proposed to create a ceiling for these liabilities and postponing the remaining for the next few years (or paying outside the spending cap limit).
- Creating a cap since 2016 would reduce the judicial claim payments in 2022 to close to BRL43 billion, from the BRL89.1 billion official number.

Simulation - A limit for Judicial Claims payments



Sources: National Treasury, BCB and Santander.

Simulation with a cap – Accumulated judicial claims



Sources National Treasury, BCB and Santander.

New Welfare Program – named as *Auxílio Brasil*

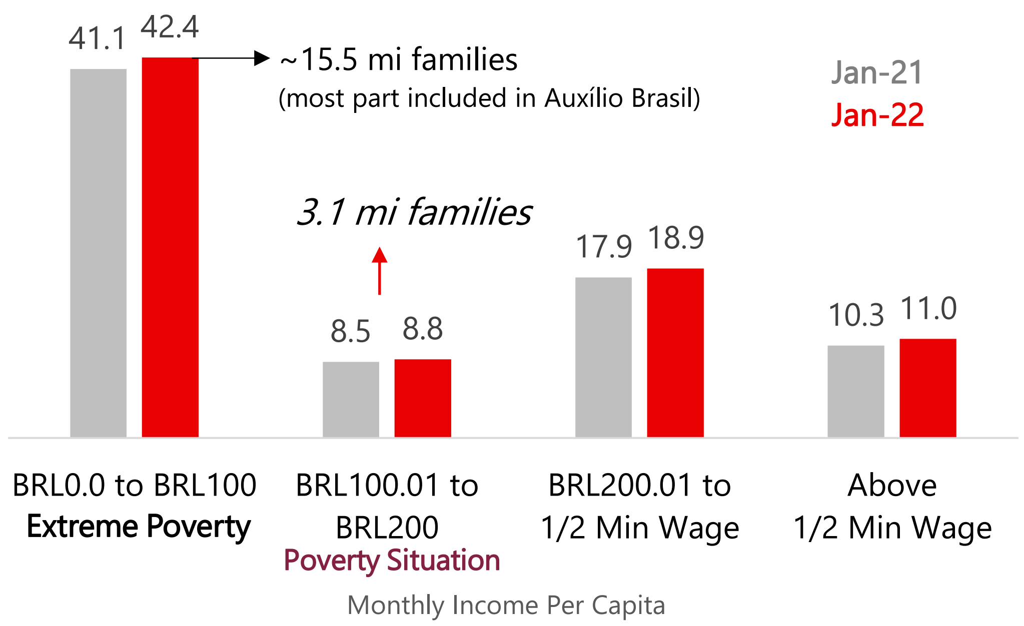
04

New welfare program – *Auxílio Brasil*

- Regarding the fiscal transfers, the emergency aid program ended in October. The new welfare program *Auxílio Brasil* started in November, with the BRL400 benefit payments starting in December (post *PEC dos Precatórios*). The government stated that in 2022 Budget there will be ~BRL90 billion for the program.
- The current monthly average benefit of the welfare program is BRL 407.5, reaching 17.5 million families.

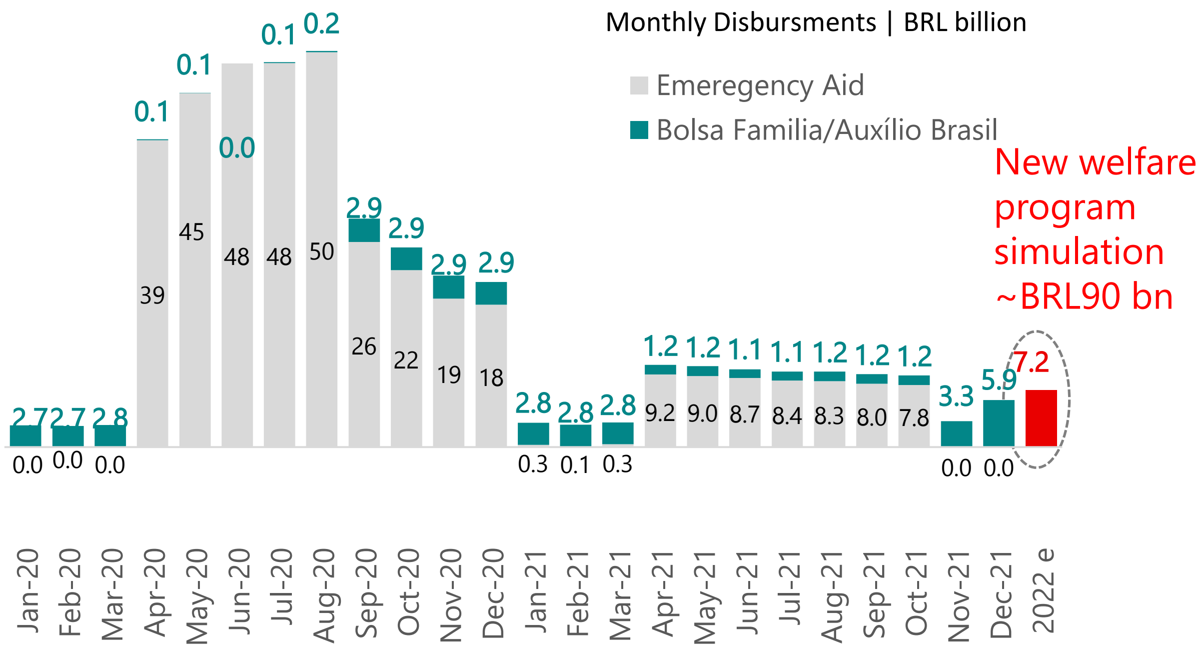
Cadastro Único – Gov. Database

People Registered in *Cadastro Único* - Monthly Income Per Capita Intervals



Sources: Ministerio da Cidadania, Santander

Simulation: New welfare program – BRL billion

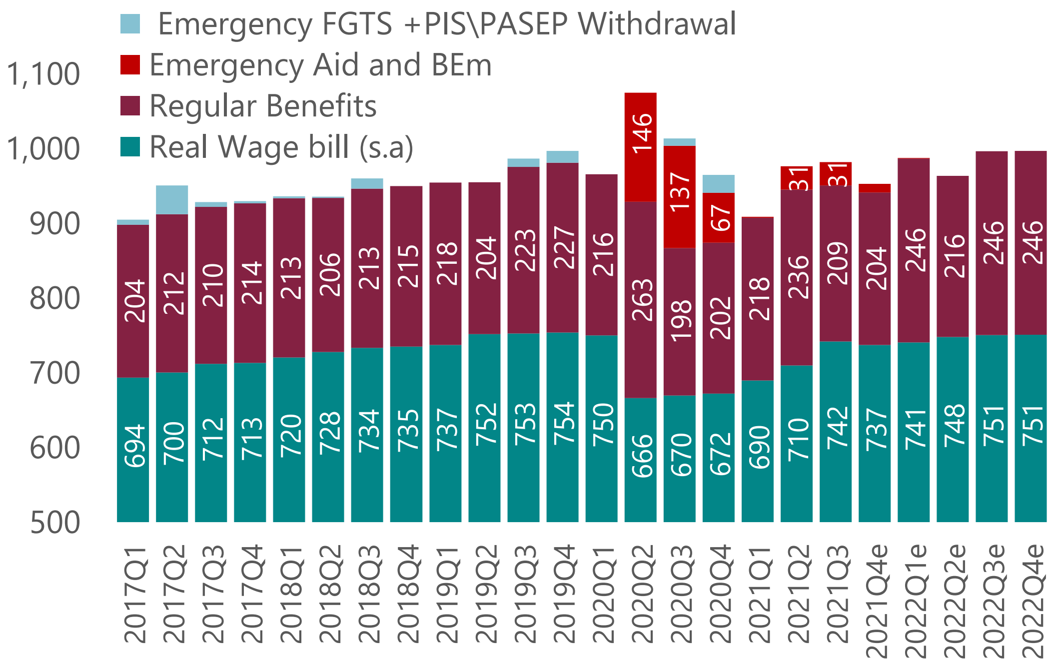


Sources: National Treasury, Santander.

“Expanded” Real Wage Bill Probably Dropped in 2021, With Partial Recovery in 2022

- Considering PEC of *Precatórios*, with the government transfers increase, the overall effect on the real wage bill is neutral. The effect of the new value of the welfare program and the revised value of regular transfers (impact of +1.3p.p.) barely offsets the negative impact of labor income due to inflation and monetary policy (-1.2p.p.). We expect the “expanded” real wage bill to post 3.2% growth in 2022. Considering the revised levels of inflation and the Selic rate for the alternative simulations, we estimate the growth of the “expanded” real wage bill as between 2.9% and 3.6%. We still consider these scenarios as compatible with an expansion of household consumption of around 1.0% in 2022.

“Expanded” Real Wage Bill (BRL billion)



Sources: National Treasury, IBGE, Ministry of Economy, Santander.

	2020	2021(E)	2022(E) - Selic Rate Simulation 10.50%	12.25%	13.50%
Real Wage Bill (No Fiscal Stimulus)	-8.0%	+4.6%	+4.2%	+3.8%	+3.3%
Real Wage Bill (Fiscal Stimulus + Auxilio Brasil BRL35bn)	+3.1%	-4.8%	+2.5%	+2.1%	+1.8%
Real Wage Bill (Fiscal Stimulus + Auxilio Brasil BRL82bn)			+3.6%	+3.2%	+2.9%

Sources: National Treasury, IBGE, Ministry of Economy, Santander.

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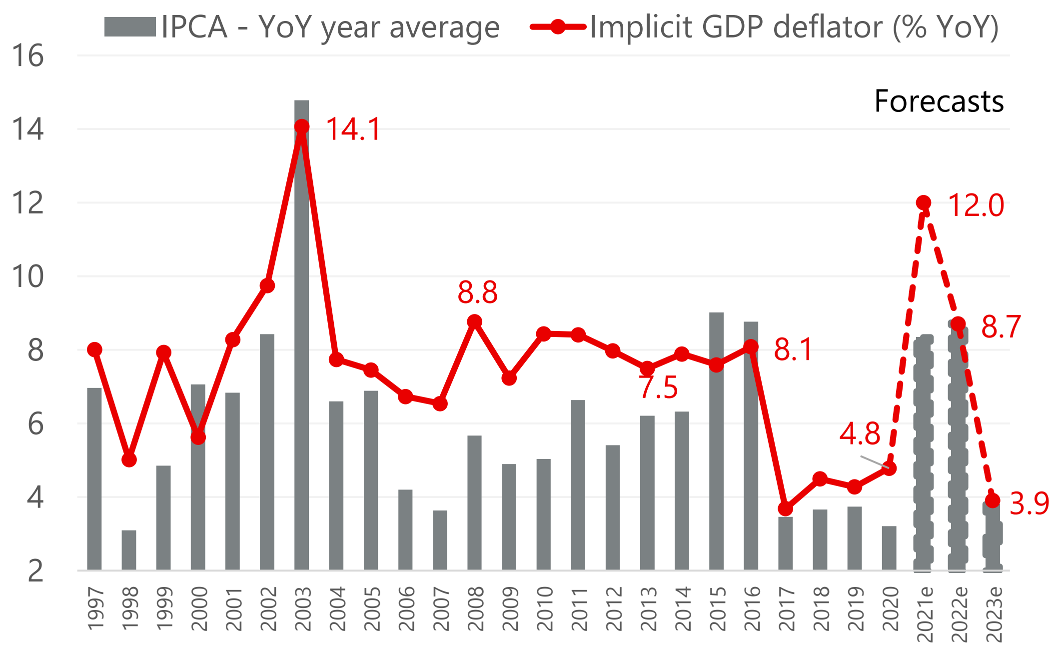
Fiscal Baseline Scenario – Primary Result and Simulations

GDP Deflator Impact – Terms-of-Trade and Inflation Shock Effect

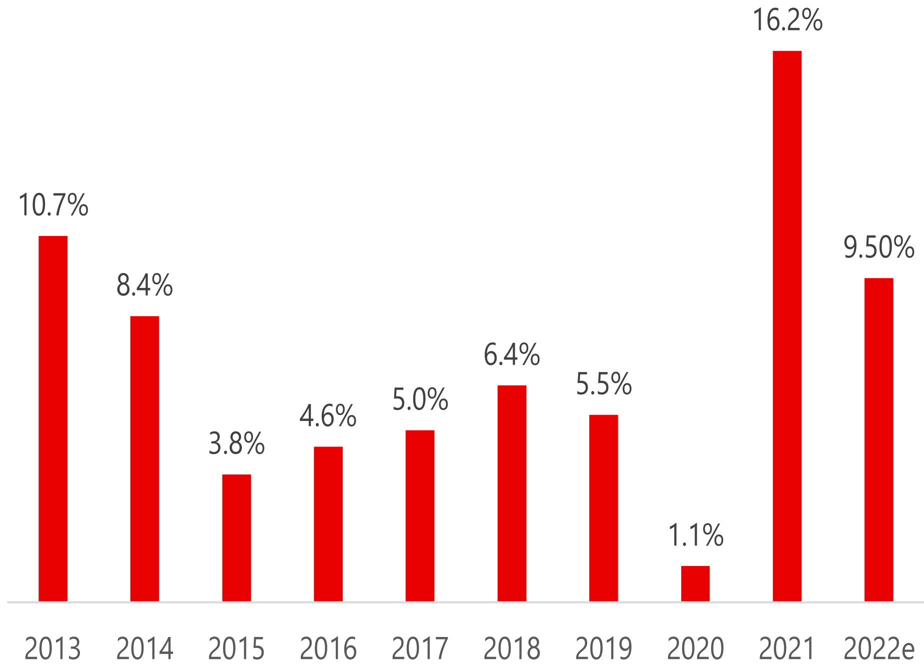
- Inflation played a significant role in improving public accounts in the short run. In March 2021 we estimated nominal GDP at 7%, but it ended the year with a 16.2% increase, according to the BCB number. It is this number that we believe will be even higher when the official 2021 GDP data is unveiled by IBGE in March. In this report we also highlight the effect of the massive increase in the GDP deflator in the fiscal-statistics-to-GDP ratio.

IPCA and GDP Deflator



Sources: IBGE, Santander.

Nominal GDP Increase YoY

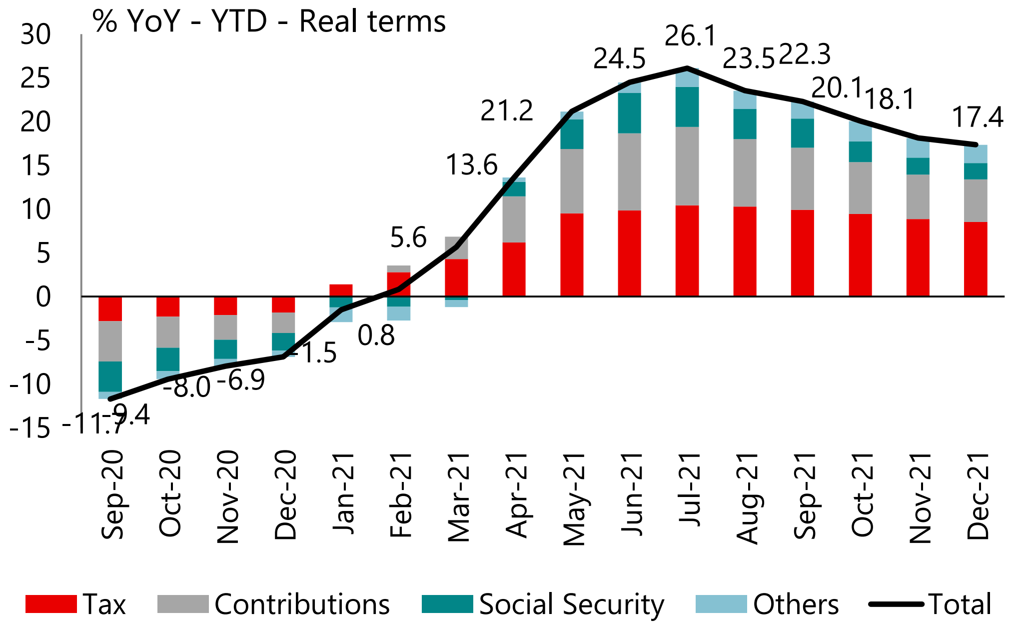


Sources: IBGE, FGV, Santander.

Revenues Impact – Inflation is Boosting Tax Collection in Federal and Regional Terms

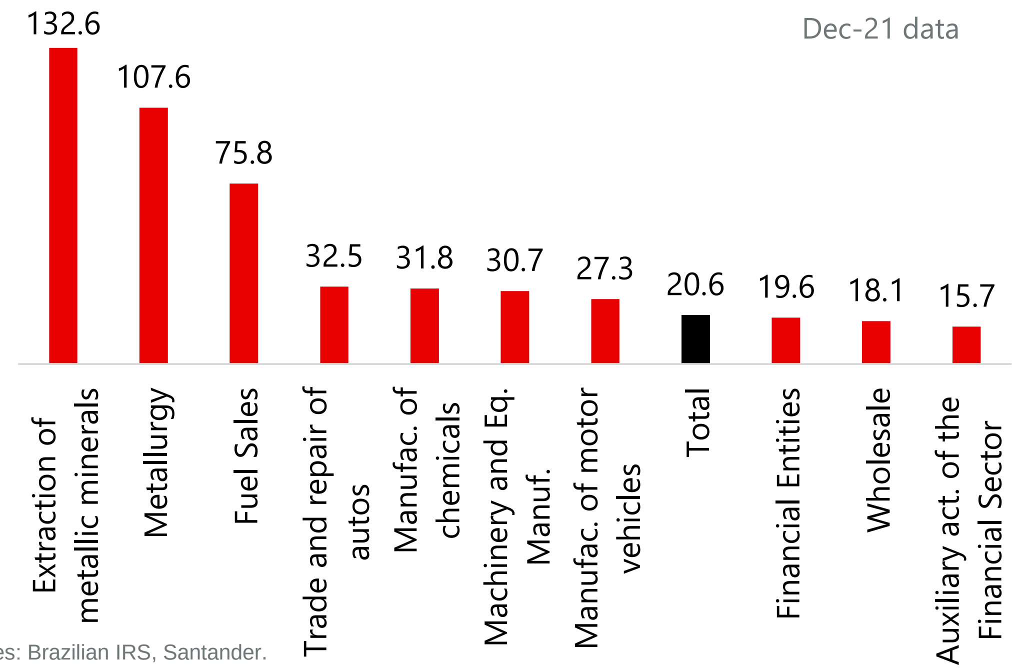
- We see a strong recovery in federal tax collection in recent months, mainly direct taxes linked to the corporate sector, which have posted good results. We can also observe that the increase in tax collection is highly correlated with sectors linked to the commodity boom, especially those related to metals.
- In our view, we expect revenue growth to slow down (still positive), for the following reasons: i) Greater basis for comparison; ii) commodity prices losing steam; iii) normalization of the consumption basket - with more services (lower tax collection); iv) activity at a slower pace of growth after the crisis recovery.

Federal Tax Revenue: Year-to-date (%YoY)



Sources: Brazilian IRS, Santander.

Federal Tax Revenue by sectors YTD (%YoY)

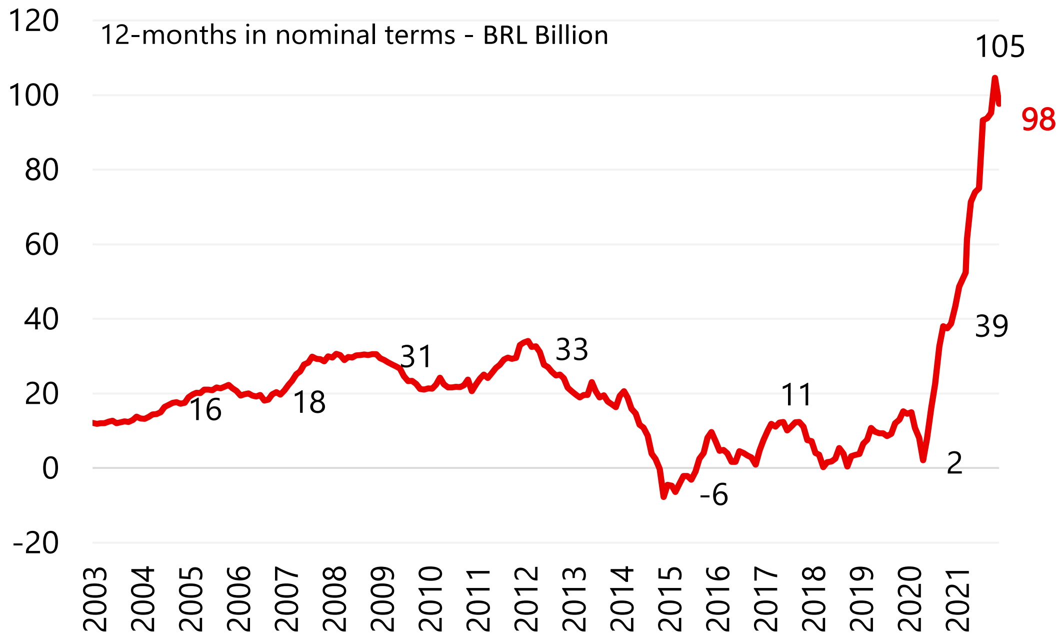


Sources: Brazilian IRS, Santander.

Revenues Impact – Inflation is Boosting Tax Collection in Federal and Regional Terms

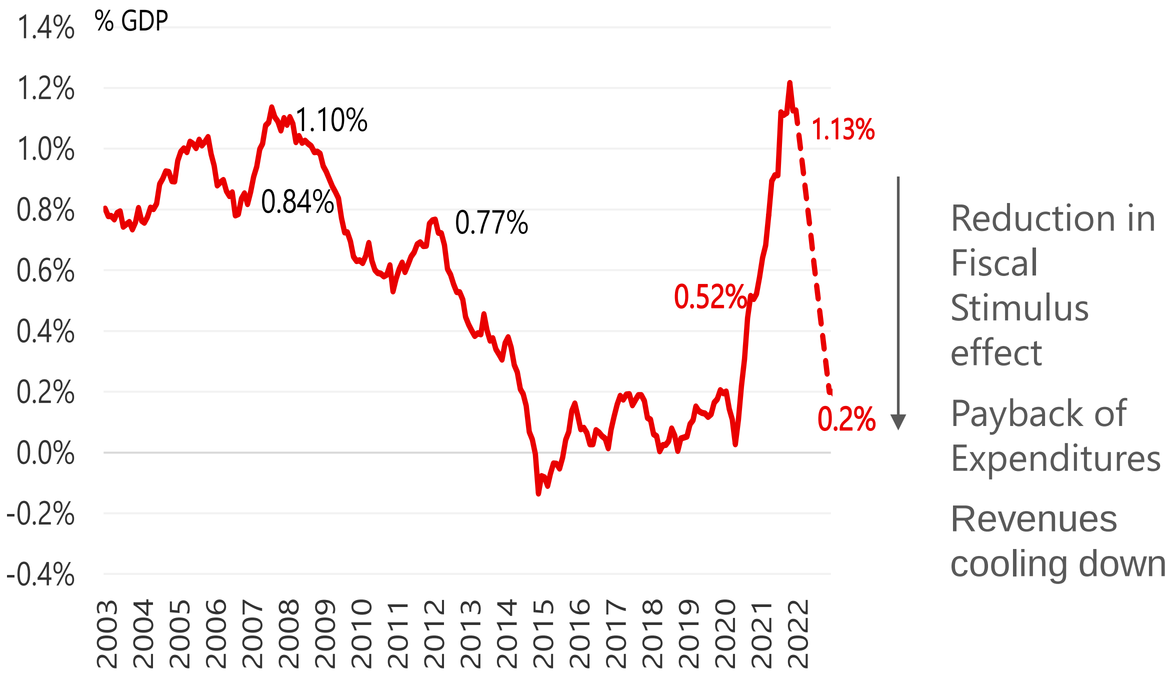
- In 2021, regional governments posted a primary fiscal surplus of BRL97.7 billion (1.1% of GDP), for an all-time high as a percentage of GDP and in real values in the full-year result. In 2020, the result was a surplus of BRL38.7 billion, (0.5% of GDP), considering the fiscal stimulus (BRL78.2 billion in directly federal transfers to mitigate the pandemic effects) and activity recovery.
- However, in the coming years we believe that regional governments could face the challenge of reestablishing the fiscal balance as fiscal and monetary stimuli come to an end—mainly, in our view, because of pressure to increase mandatory expenditures in the following year (for example, pressure to increase public servants' wages after years without a nominal increase).

Regional Governments – Primary Result



Sources: BCB, Santander.

Regional Governments – Primary Result

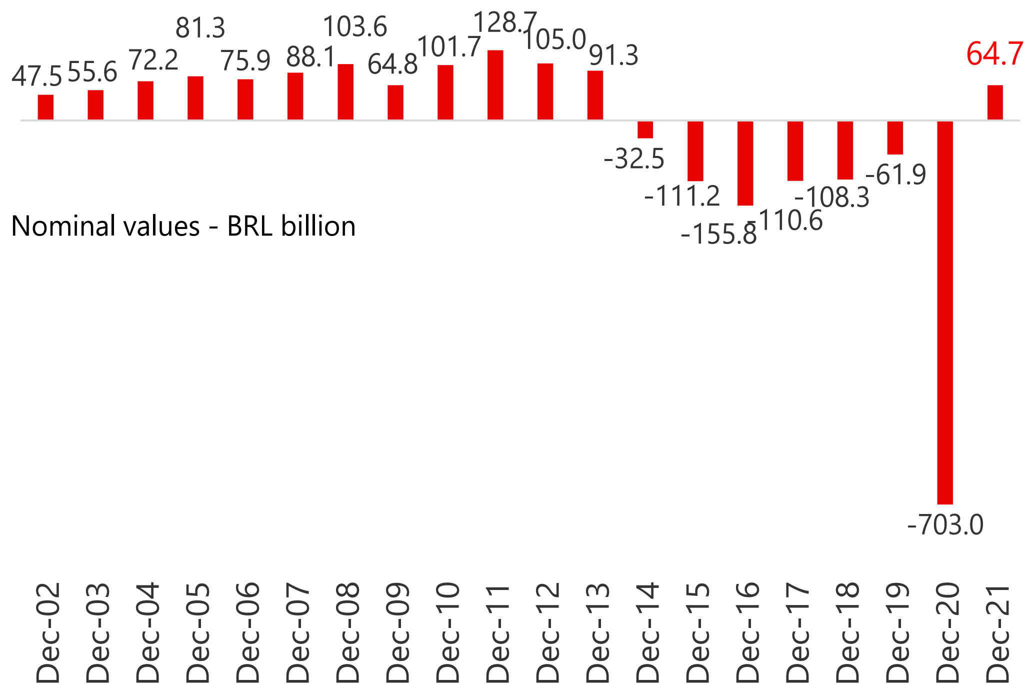


Sources: BCB, Santander.

Public Sector Primary Result Improving with the Inflation-effect

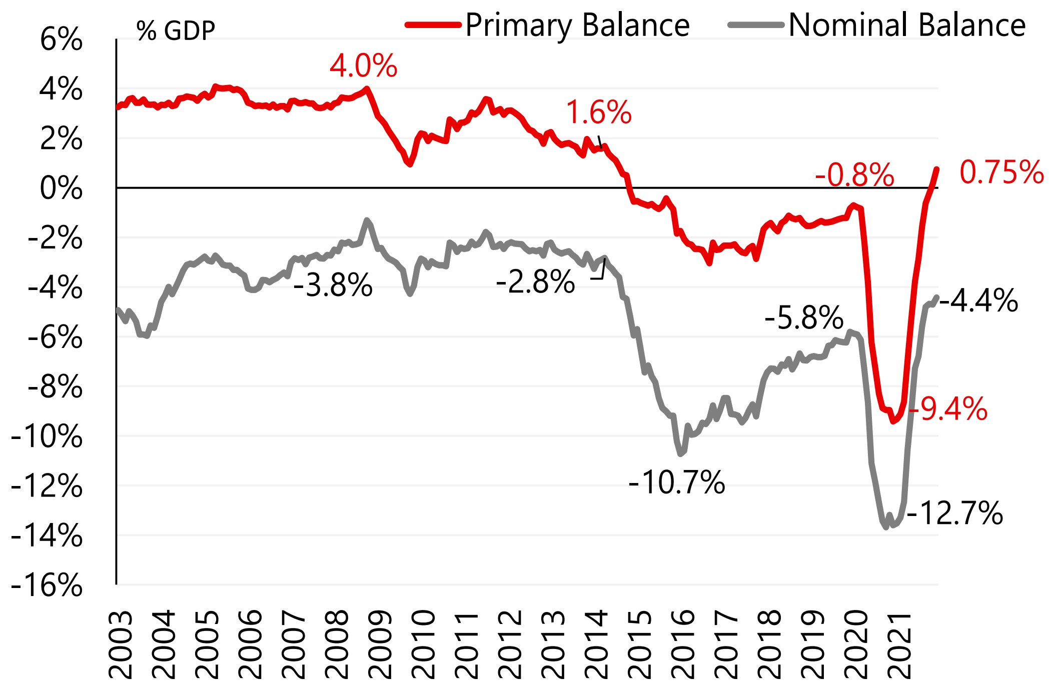
- In 2021, considering the positive result for regional governments, the public sector reached a primary surplus of BRL64.7 billion (0.75% of GDP), compared to a BRL703 billion (9.4% of GDP) deficit in 2020, which was affected by the massive fiscal stimulus in that year, and -BRL61 billion (-0.8% of GDP) in 2019. The fiscal result is maintaining a downward trajectory after a sharp reduction in fiscal stimulus in 2020 vs. 2021 (close to 9.4% of GDP summing up both years).

Public Sector – Primary Result



Sources: BCB, Santander.

Public Sector – 12m % GDP



Sources: BCB, Santander.

Fiscal – Unanchored with a riskier path to a long-term debt stabilization

Central Government's Primary Balance																
Fiscal Items (% of GDP)	2017	2018	2019	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Δ 26-17	Δ 30-17
Total Revenue	21.0	21.2	22.1	19.7	22.3	21.5	21.4	21.7	21.9	22.1	22.2	22.3	22.3	22.4	1.1	1.4
Revenues Collected by the IRS (1)	12.7	12.9	12.8	12.0	13.8	13.3	13.0	13.1	13.2	13.2	13.2	13.2	13.2	13.2	0.5	0.5
Net Social Security Revenues (2)	5.7	5.6	5.6	5.4	5.3	5.1	5.1	5.1	5.2	5.3	5.4	5.4	5.5	5.5	-0.4	-0.2
Revenues Not Collected by the IRS (3)	2.6	2.7	3.7	2.2	3.2	3.2	3.3	3.4	3.6	3.6	3.6	3.7	3.7	3.7	1.0	1.1
Transfers by Revenue Sharing	3.5	3.7	3.9	3.5	4.0	4.1	4.1	4.0	4.0	4.0	3.9	3.9	3.9	3.9	0.5	0.4
Net Revenue	17.5	17.6	18.2	16.1	18.2	17.4	17.3	17.7	17.9	18.1	18.2	18.3	18.4	18.5	0.6	1.0
Total Expenditure	19.4	19.3	19.5	26.1	18.6	18.6	18.5	18.3	18.2	18.1	18.0	17.9	17.7	17.6	-1.4	-1.8
Social Security Benefits (4)	8.5	8.4	8.5	8.9	8.2	8.1	8.3	8.3	8.4	8.4	8.4	8.5	8.5	8.5	0.0	0.0
Payroll (5)	4.3	4.3	4.2	4.3	3.8	3.6	3.6	3.5	3.5	3.5	3.4	3.4	3.3	3.3	-0.8	-1.0
Other Mandatory Expenses (6)	3.0	2.9	2.6	9.6	3.5	2.8	2.7	2.7	2.6	2.6	2.5	2.5	2.5	2.4	-0.4	-0.6
Expenses with Cash Control (7)	1.9	2.0	1.9	1.8	1.7	2.8	2.7	2.7	2.6	2.5	2.5	2.5	2.4	2.4	0.6	0.5
Discretionary Expenses (8)	1.8	1.8	2.2	1.4	1.4	1.3	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	-0.7	-0.7
Central Gov. Primary Balance	-1.9	-1.7	-1.3	-10.0	-0.4	-1.2	-1.1	-0.7	-0.4	0.1	0.3	0.5	0.7	0.9	2.0	2.8
Public Sector Primary Balance	-1.7	-1.5	-0.8	-9.4	0.7	-1.0	-1.1	-0.6	-0.4	0.1	0.3	0.5	0.7	0.9	1.8	2.6
Nominal GDP (BRL billion)	6,585	7,004	7,389	7,468	8,674	9,585	9,958	10,513	11,087	11,692	12,330	13,003	13,713	14,462	5,107	7,876

*IRS - Brazilian Internal Revenue Service

Notes and Hypothesis

(1) Elasticity: Revenues-GDP 2021: 1.7 | 2022: 1.1 | Long-term: 1.06. We see a slowdown in extraordinary revenues from 2021 to 2022.
(2) Gradual recovery in the formal labor market and earnings
(3) Oil revenues will increase with greater federal share in pre-salt
(4) Pension Reform approved in 2019 will stabilize the expenditures as % of GDP in the long-term (even with the rapid aging of the population)
(5) Gradual increase in admissions to the federal workforce (“normalization”). Long-term: lower levels of admission (digitalization) + wages readjusted by inflation.
(6) Includes: the increase in Court-ordered debt budget, rise in federal contribution to Fundeb (Educational Fund), BPC (pension benefit)
(7) The main change was the increase in the new welfare program (*Auxílio Brasil*). 2022 budget: BRL90 billion (from BRL35 bn of the former Bolsa Família program)
(8) Discretionary Expenses maintained close to 1.1% - a level that we consider enough to avoid a partial shutdown of public services;
(9) Not consider a increase in Tax exemption (currently in Debate) from 2022 onwards.

Fiscal Risks – Size Of The Fiscal Stimulus And Leftovers

- The larger part of the worsening of the recent fiscal result was the massive stimulus ("extra-cap" spending) related to Covid-19, which totaled 7.0% of GDP in 2020 and 1.4% in 2021. The trend is for the stimulus to decrease as the effects of the pandemic fade, yet Brazil has changed the fiscal framework to open up more space for spending.

2020-21 Fiscal Stimulus Measures (BRL billion)

	2020			2021		
In BRL billion - Accumulated	Dec-20	Total Budget	Executed	Dec-21	Total Budget	Executed
Bem - Employment program (MP 935)	33.5	51.5	65.0%	7.7	10.7	71.5%
Expansion of Bolsa Família (MP 929)	0.4	0.4	100.0%	-	-	-
Emergency Aid (MP 937)	293.1	322.0	91.0%	60.7	63.9	94.9%
Transfers to regional governments (MP 939)	78.3	79.2	98.8%	-	-	-
Credit for payroll (MP 943)	6.8	6.8	100.0%	-	-	-
Energy Sector (MP 950)	0.9	0.9	100.0%	-	-	-
Ministry of Health and others	42.7	50.8	84.0%	25.8	43.2	59.7%
Guarantees for credit measures for SME (MP 977)	58.1	58.1	100.0%	5.0	5.0	100.0%
Financing of Tourism Infrastructure (MP 963)	3.1	5.0	61.6%	0.6	1.3	42.3%
Emergency Credit Program - "Maquininhas"	5.0	10.0	50.0%	-	-	-
Vaccine Acquisition	2.2	20.0	11.1%	21.8	26.2	83.4%
Accumulated Total	524.0	604.7	86.7%	121.4	150.2	80.8%

Updated until 1/0/2022

Sources: National Treasury, Santander.

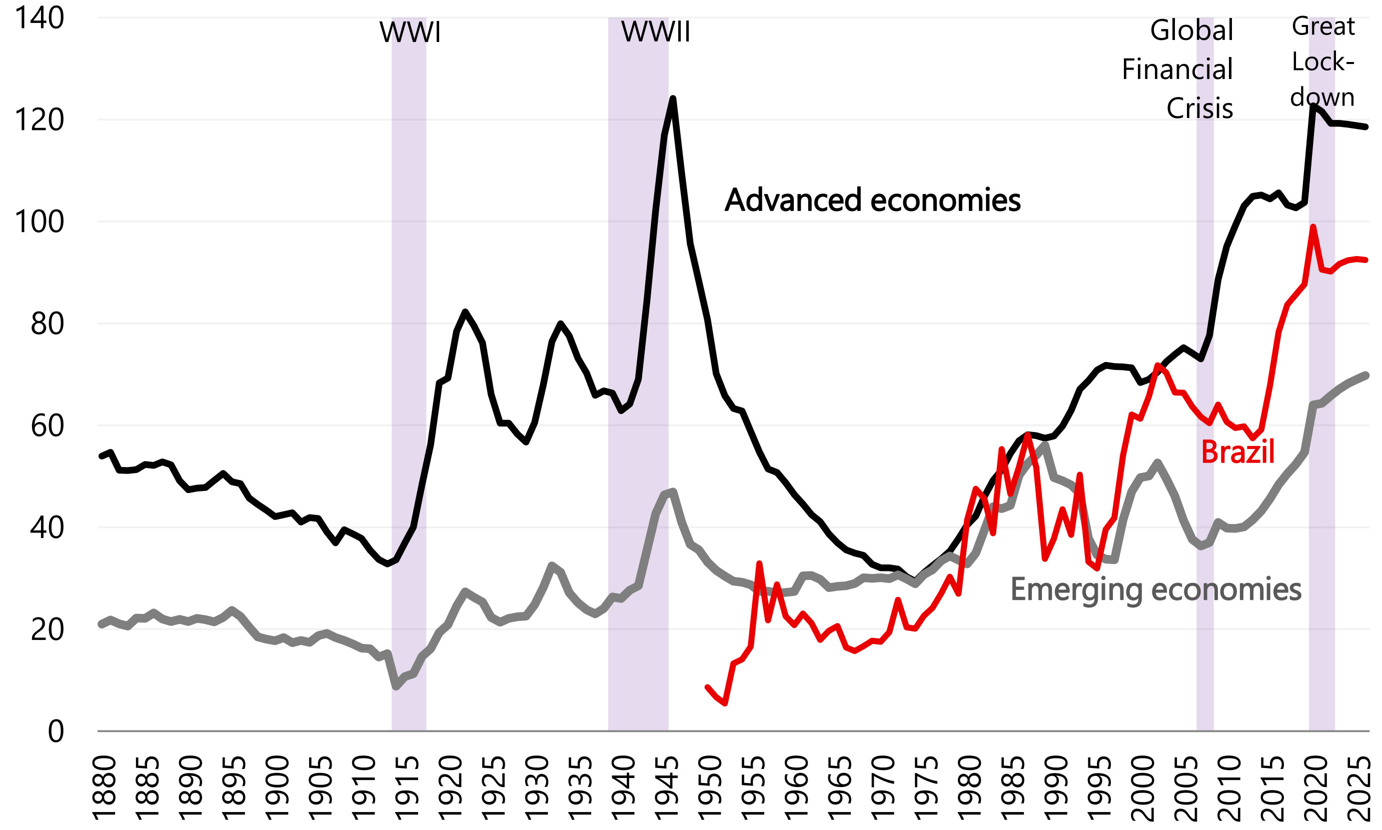
Public Debt Scenario and Simulations

06

Brazilian gross debt approaches the level of advanced countries – International Comparison

- Brazilian government finances registered an unprecedented deterioration in 2020, affected by the government's measures to mitigate the economic and health effects of the pandemic.

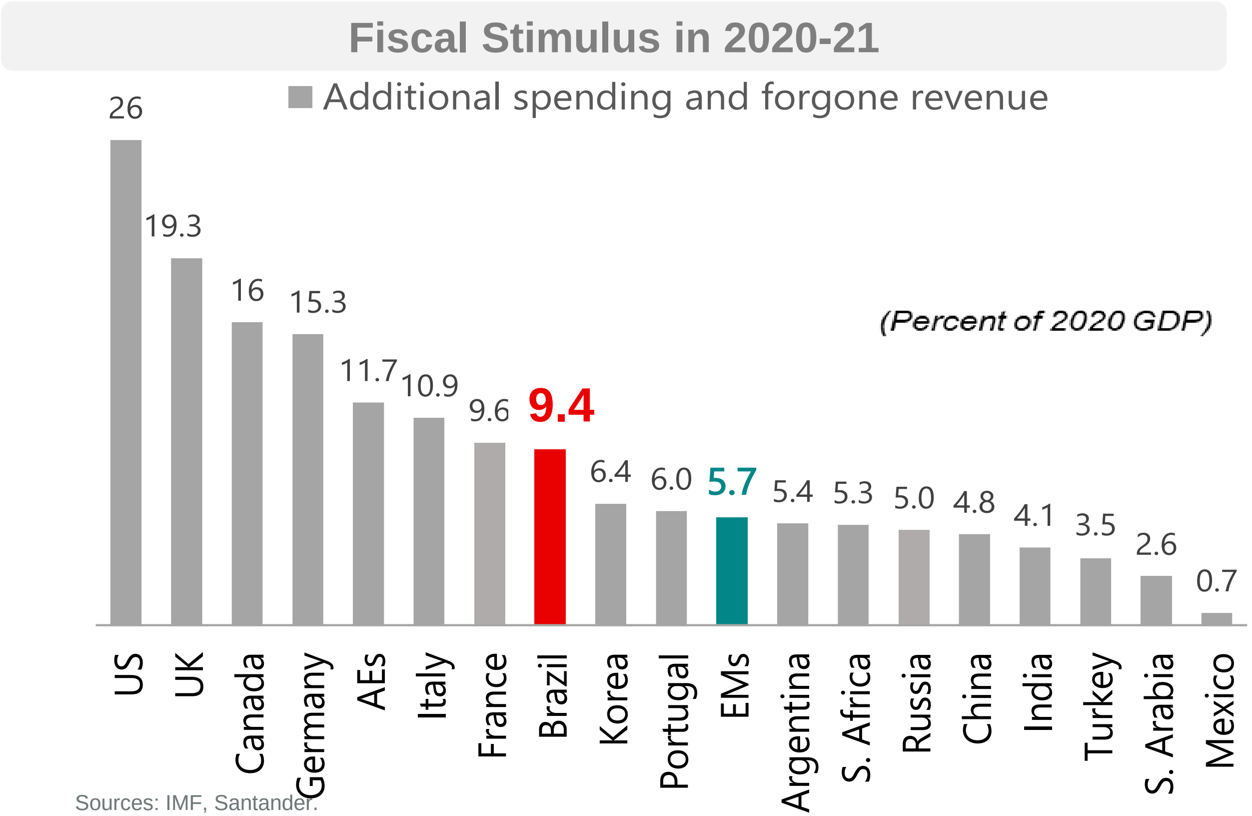
Historical Patterns of General Government Debt (% GDP)



Sources: IMF, Santander.

Fiscal Monitor – IMF Scenario

- According to data from both 2020 and 2021, Brazil's fiscal stimulus reached 9.4% of GDP, higher than the 5.7% of GDP for the average of emerging economies (EM). This measure also considers foregone revenues.
- In short, the fiscal outlook presented by the IMF is close to our fiscal scenario and reinforces the importance of both measures and reforms to guarantee the credibility of the fiscal consolidation.



Sources: IMF, Santander.

Fiscal Accounts: Trajectories for the Brazilian Government Debt

- Public sector's primary balance (% GDP) required for the stabilization of the gross public debt-to-GDP ratio at **90%**
- We see the neutral interest rate hypothesis at 4.0%, this implies a larger primary surplus needed to stabilize the debt.
- Not considering the effects of the cyclical recovery, the long-term outlook will require a remaining 2.5-3.0% of GDP primary fiscal adjustment, just to stabilize the ratio debt-to-GDP around the level of ~90% of GDP.

Current situation:

. Real interest rate (ex-ante) 1-year: ~6.2%,
. GDP: +4.6% in 2021 and 0.7% in 2021

Liquidity reserves up to 11 months of debt maturities

Increase in debt cost (Selic + IPCA)

Steady-state:

According to our hypothesis:
. Real interest rate at +4.0%
. Potential GDP at +1.5%,

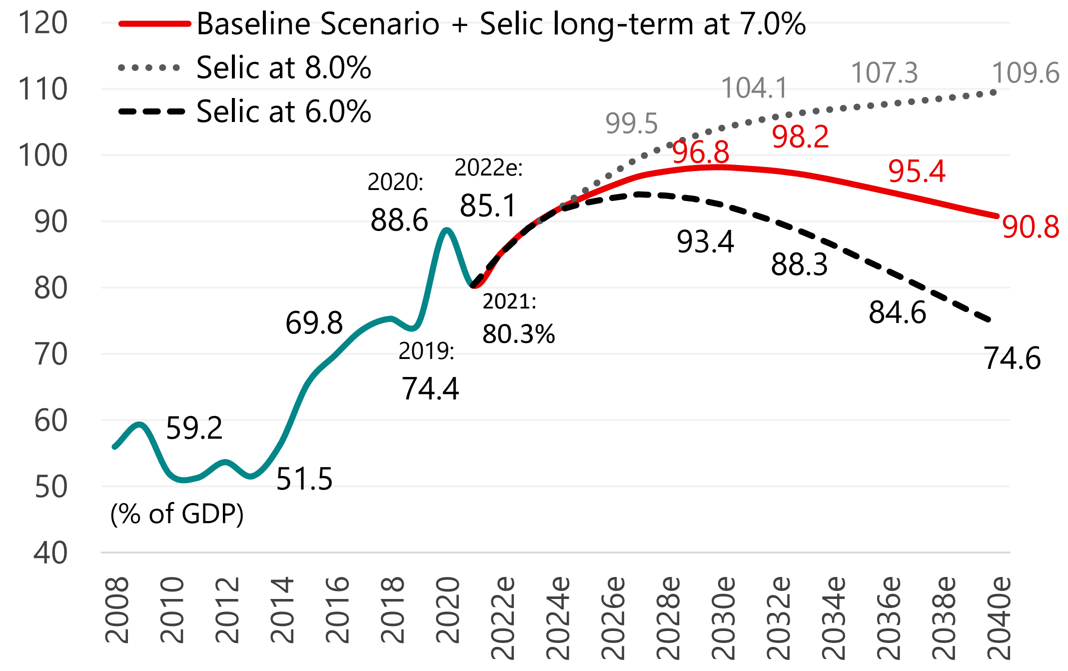
. The primary surplus must reach 1.8-2.2% of GDP to maintain the gross debt stable.

	Real Interest Rate							
GDP Growth	-1.0%	0.0%	1.0%	2.0%	2.5%	3.0%	4.0%	5.0%
1.0%	-1.8	-0.9	0.0	0.9	1.3	1.8	2.7	3.6
1.5%	-2.2	-1.3	-0.4	0.4	0.9	1.3	**2.2**	3.1
2.0%	-2.6	-1.8	-0.9	0.0	0.4	0.9	**1.8**	2.6
2.5%	-3.1	-2.2	-1.3	-0.4	0.0	0.4	1.3	2.2
3.0%	-3.5	-2.6	-1.7	-0.9	-0.4	0.0	0.9	1.7
3.5%	-3.9	-3.0	-2.2	-1.3	-0.9	-0.4	0.4	1.3

Sources: BCB, Santander.

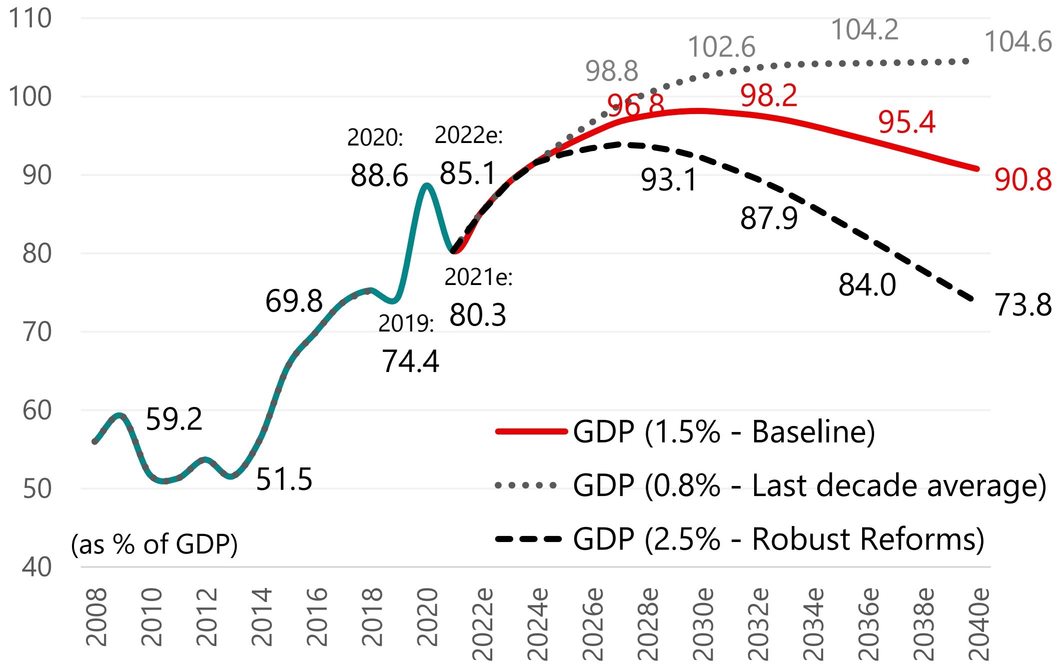
Debt Scenarios: Sensitivity to Changes in the Long Run Macro-outlook

Government Debt – Simulations for Selic Rate Hypotheses



Sources: BCB, Santander

Government Debt– Simulating for Trend GDP Hypotheses



Sources: BCB, Santander.

Notes: Debt issuances: we added a spread of + 1.0 pp in addition to the Selic rate in the models.

PEC Emergencial: Funds (+BRL150 billion for liquidity cushion in 2021 + BRL30 billion in 2022)

2022 GDP Deflator: 8.7% | GDP: 0.7% | Selic Rate: 12.25%

2022 hypotheses: BNDES and Public Banks (BRL60 bn)

2023-40: GDP deflator: 3.9%, which is Inflation target + 0.9%
(close to the average difference of the last decade between IPCA and GDP deflator)

Debt Management

07

Annual Borrowing Plan 2022

- The National Treasury released (on January 26) the Annual Borrowing Plan (Portuguese acronym: PAF) for 2022. The total outstanding debt reached ~BRL5.6 trillion in December 2021 and could reach BRL6 trillion this year, according to the fiscal authority's plan. The average maturity is expected to remain close to ~4.0 years, according to the PAF. In the debt profile, the National Treasury stated that it intends to increase the floating-rate total relative to fixed-rate bonds.

Annual Borrowing Plan (PAF 2022)

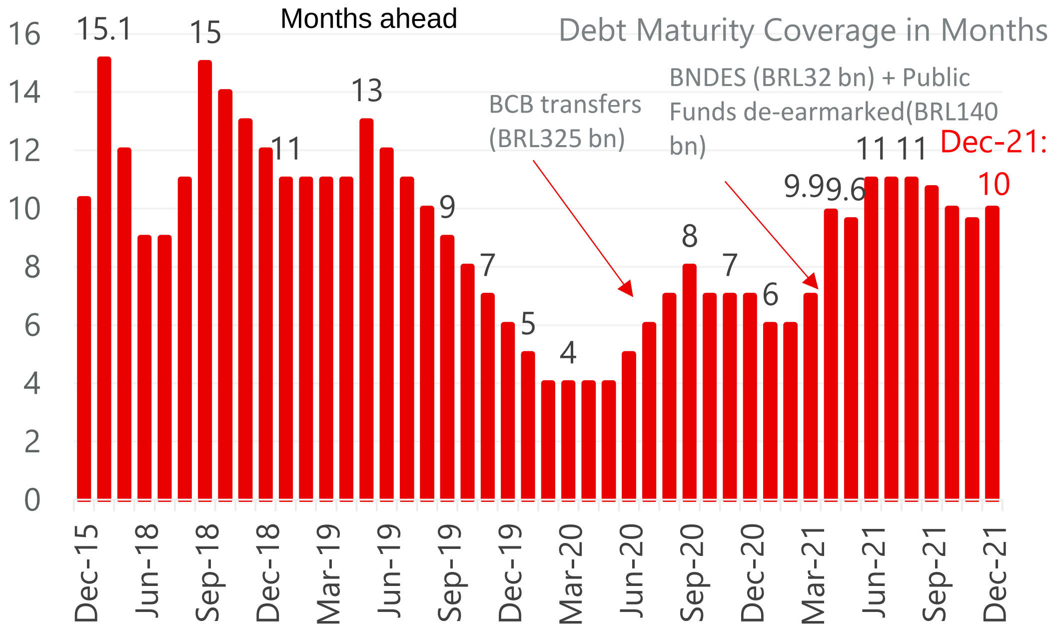
	2020	2021	PAF 2022 range		PAF 2021 Revised (May21)		PAF 2021 (Jan-21)	
Outstanding volume (BRL billion)			Min	Max	Min	Max	Min	Max
Federal Public Debt	5,010	5,614	6,000	6,400	5,500	5,800	5,600	5,900
Composition (%)								
Fixed-rate	34.8	28.9	24	28	31	35	38	42
Inflation-linked	25.3	29.3	27	31	26	30	24	28
Floating-rate	34.8	36.8	38	42	33	37	28	32
FX	5.1	5	3	7	3	7	3	7
Maturity Structure								
% maturing in 12 months	27.6	21	19	23	22	27	24	29
Average maturity (years)	3.6	3.8	3.8	4.2	3.4	3.8	3.2	3.6

Sources: National Treasury; Santander

Treasury's Cash Position Improved in the Last Few Months with Larger Auctions

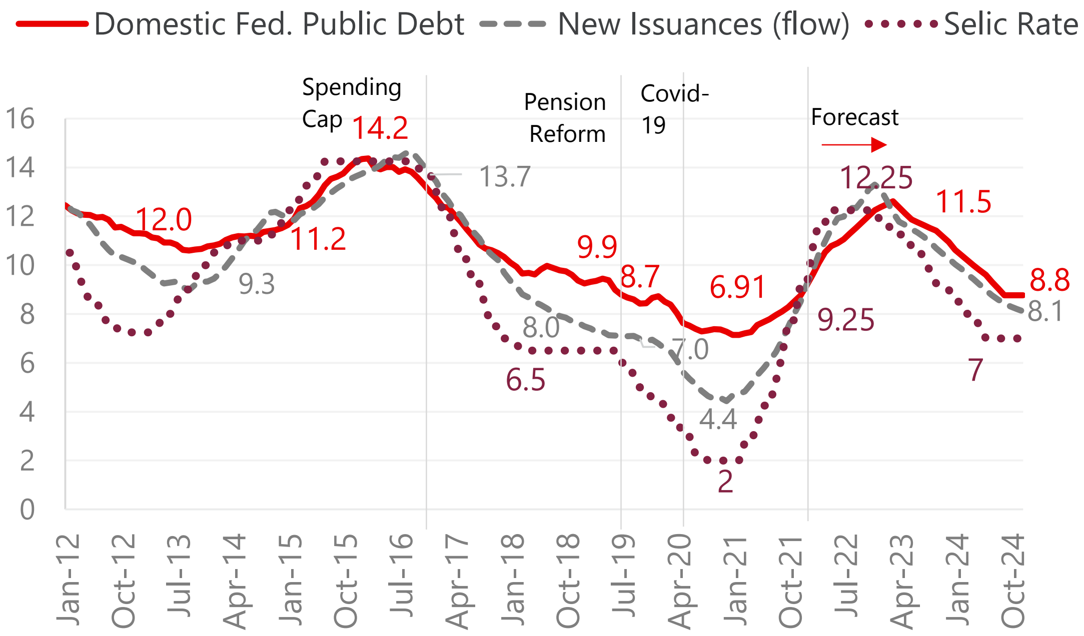
- With debt shortening it is important to keep the level of the liquidity cushion at comfortable levels.
- We observe an increase in the cost of debt issuance (part due to Selic rate and part long maturity issuances – especially with inflation-linked bonds). In the short-run the cost level of new issuances is still below the outstanding debt average cost, yet this should reverse ahead.

Liquidity cushion coverage of domestic debt



Sources: National Treasury, Santander.

Average cost of Federal Debt - 12 months – (%)

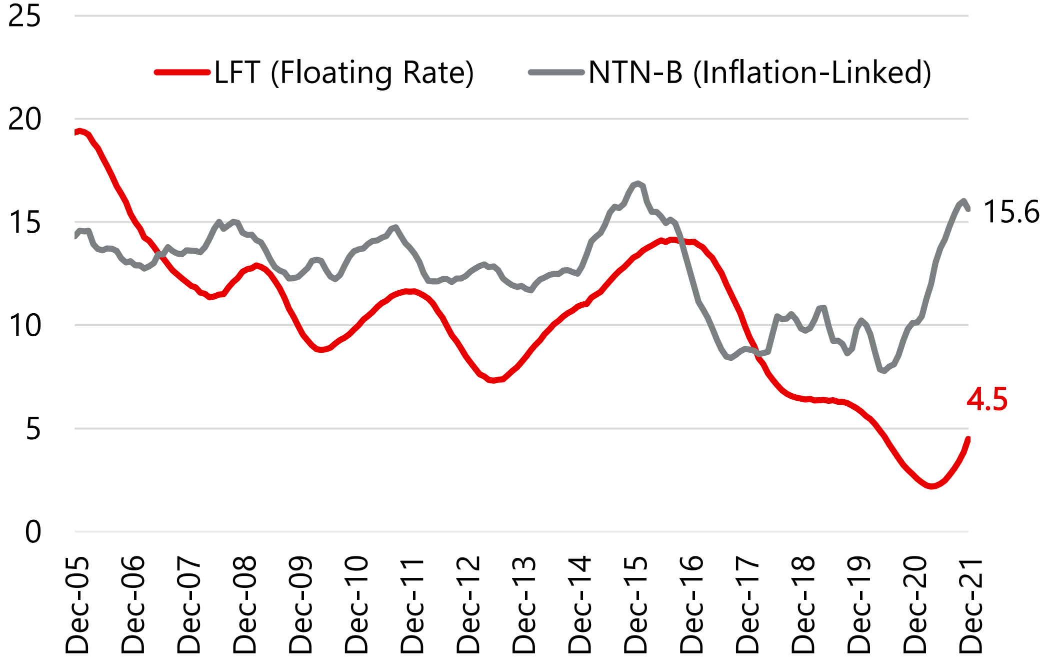


Sources: National Treasury, Santander.

At the margin there is a increase in debt cost related to Selic and Inflation

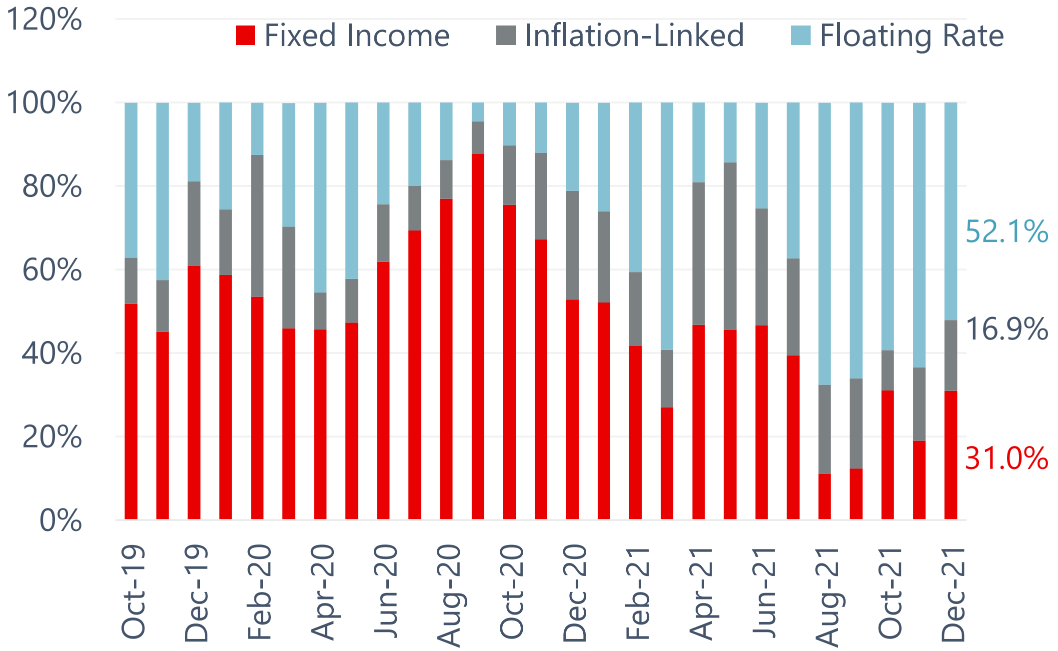
- The debt cost continued to rise, due to both inflation and Selic increase. The NTN-B (inflation-linked bonds) cost in the last 12m ended 2021 at 15.6% p.y. (+5.5pp since Jan-21). The cost of LFT (floating rate) in 12m increased to 4.5% (from 2.55% in Jan-21), the Selic increase (currently at 10.75%) could add an additional pressure in debt costs in coming months.

Average Debt Cost in the last 12 M (Accum.)



Sources: National Treasury, Santander.

Participation in total issuances (%)

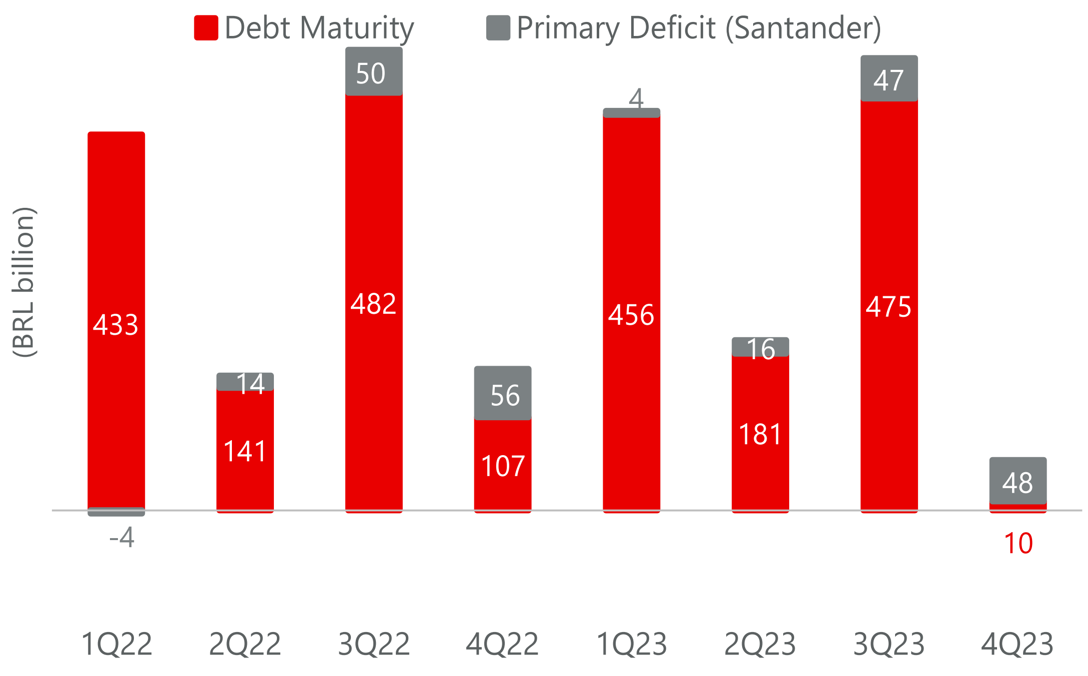


Sources: National Treasury, Santander.

Fiscal – The debt is at a higher level and with a shorter maturity

- Despite the increase in liquidity reserves the debt maturity level is still challenging. Structural reforms will help to increase debt maturity and reduce the primary deficit.

Debt maturity - (BRL billion)



Sources: National Treasury, Santander

Profile by categories - (BRL billion)

Quarter	Fixed Rate	Floating Rate (selic)	Inflation-Linked	FX-Exchange	Other	Total
1Q22	137.0	264.8	26.2	3.9	1.3	**433.2**
2Q22	124.7	-	15.4	-	1.3	**141.4**
3Q22	127.2	168.7	180.8	3.7	1.2	**481.6**
4Q22	89.5	-	15.0	-	2.9	**107.4**
1Q23	269.0	162.4	20.6	3.5	0.7	**456.2**
2Q23	0.0	0.0	179.2	0.0	1.4	**180.6**
3Q23	190.6	259.7	20.1	3.3	1.3	**475.0**
4Q23	0.0	0.0	9.6	0.0	0.9	**10.4**

Sources: National Treasury, Santander.

MACRO SCENARIO: Forecasts

Macroeconomic variables		Previous	Current
GDP (%)	2021E	4.7	4.6
	2022E	0.7	0.7
	2023E	-0.2	-0.2
IPCA (%)	2022E	5.8	6.0
	2023E	3.5	3.5
Selic Rate (% end of period)	2022E	12.25	12.25
	2023E	9.00	9.00
FX Rate - USDBRL (end of period)	2022E	5.70	5.70
	2023E	5.20	5.20
Current Account Balance (% of GDP)	2022E	-0.7	-1.2
	2023E	-2.0	-2.0
Primary Fiscal Balance (% of GDP)	2022E	-1.7	-1.0
	2023E	-1.3	-1.1
Gross Public Debt (% of GDP)	2022E	87.1	85.1
	2023E	94.1	88.9

Sources: IBGE, The National Treasury Secretariat, BCB and Santander.

- **The forecasts refers to our latest Scenario Review**

"INFLATION STILL A CONCERN" *

(sent on January 20, 2022)

- **For the full report click on the link:**

https://bit.ly/Std-scenupdate-jan22

Thank you.

Our purpose is to help people and businesses prosper.

Our culture is based on believing that everything we do should be:

Simple Personal Fair

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Brazil Macroeconomic Research Team

Ana Paula Vescovi
Chief Economist
anavescovi@santander.com.br
+55 (11) 3553-8567

Mauricio Oreng
Head of Research & Strategy
mauricio.oreng@santander.com.br
+55 (11) 3553-5404

Jankiel Santos
Economist – External Sector
jankiel.santos@santander.com.br
+55 (11) 3012-5726

Ítalo Franca
Economist – Fiscal Policy
italo.franca@santander.com.br
+55 (11) 3553-5235

Tomas Urani
Economist – Global Economics
tomas.urani@santander.com.br
+55 (11) 3553-9520

Daniel Karp Vasquez
Economist - Inflation
daniel.karp@santander.com.br
+55 (11) 3553-9828

Lucas Maynard
Economist – Economic Activity
lucas.maynard.da.silva@santander.com.br
+55 (11) 3553-7495

Felipe Kotinda
Economist - Commodities
felipe.kotinda@santander.com.br
+55 (11) 3553-8071

Fabiana Moreira
Economist - Credit
fabiana.de.oliveira@santander.com.br
+55 (11) 3553-8071

Gilmar Lima
Economist – Modeling
gilmar.lima@santander.com.br
+55 (11) 3553-6327

Gabriel Couto
Economist – Special Projects
gabriel.couto@santander.com.br
+55 (11) 3553-8487

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