Santander
Macroeconomic Research

BRAZIL MACRO

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MACRO COMPASS

EYEING THE RETURN OF CONGRESSIONAL ACTIVITIES

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- The pandemic continues to prompt downside risks for activity into 1Q21, as the high level of infections make some local governments take further mobility restrictions in key regions (such as São Paulo state). Amid a slow start to the immunization process, the good news is that additional vaccine supplies are about to make their way to Brazil in coming weeks. As of January 27, ~1.2 million doses have been given in the country.
- The Brazilian Central Bank (BCB) published the minutes of its January 19-20 COPOM policy meeting. The text displayed a hawkish tone, with the committee showing an inclination to kick off a timely adjustment (seen as a “partial normalization”) in the policy stance as early as March. This imparts considerable upside risk to our previous Selic rate call (2.50%) for YE2021.
- The hawkish tone of the BCB paved the way for a flattening of the nominal yield curve, with the front end nearly stable and the back end moving lower (helped by optimism about how the elections for speakers for the two houses of Congress might favor the approval of reforms).
- Despite some BRL support provided by the hawkish minutes and the fiscal hopes, the Brazilian currency weakened 1.5% vs. the USD for the week, nearly in line with peers. The currency has remained on a fairly volatile path in recent days.
- January’s IPCA-15 registered a 0.78% MoM change (4.30% YoY), slightly below our forecast (0.81% MoM) and the market’s median expectation (0.82% MoM). The report showed mixed signals, but overall still displayed an unpleasant picture for current inflation, as qualitative measures (cores and diffusion) remained at high levels. We continue to see upside risks for this year’s IPCA forecasts.
- The recent batch of employment numbers was a mixed bag, as joblessness and payrolls continue to rise. The adverse economic (and health) conditions, the falling wage bill, and the methodological problems with the payroll data make us wary about job market conditions. For the coming week, December industrial production will hit the wires, and we expect growth of 0.5% MoM (7.8% YoY).
- The downward adjustment in the current account deficit (to USD12.5 billion in 2020 from USD50.7 billion in 2019) was more widespread than on previous occasions. We see that as a bellwether that future currency moves should have a more rapid impact on the current account trends. This flexibility is a positive aspect related to Brazil’s balance of payments.
- In a week crowded with fiscal policy events, the Treasury published the 2021 Annual Borrowing Plan, showing quite realistic debt management targets, in our view. We learned that federal tax collection fell by 6.9% in real terms for 2020 and that the central government posted a full-2020 deficit of BRL743.1 billion (10% of GDP). In the coming week, eyes will turn to the election of speakers in Congress and the restart of parliamentary discussions on key themes such as budget 2021, macro reforms, and fiscal stimulus.

This report uses information up to the end of Thursday, January 28, 2021.

Figure 1. Brazil Macro Agenda for the Week February 01-05, 2021

Indicators	Source	Reference	Date	Santander Estimate	Prior
Industrial PMI	Markit	Jan-21	Mon, 01-Feb	--	61.5
Trade Balance (USD billion)	SECINT	Jan-21	Mon, 01-Feb	-2.5	-4.2
Vehicle Sales (thousands)	Fenabrave	Jan-21	Mon, 01-Feb	--	244
Industrial Production (% MoM)	**IBGE**	**Dec-20**	**Tue, 02-Feb**	**0.5**	**1.2**
Industrial Production (% YoY)	**IBGE**	**Dec-20**	**Tue, 02-Feb**	**7.8**	**2.8**
PMI Composite	Markit	Jan-21	Wed, 03-Feb	--	53.5
PMI Services	Markit	Jan-21	Wed, 03-Feb	--	51.1
Vehicle Production (thousands)	Anfavea	Jan-21	Thu,04-Feb	--	209
IGP-DI Inflation (% MoM)	FGV	Jan-21	Fri, 05-Feb	2.80	0.76
IGP-DI Inflation (% YoY)	FGV	Jan-21	Fri, 05-Feb	26.41	23.08
Elections for Congress Speakers	**--**	**--**	**01- to 02-Feb**	**--**	**--**

Source: Santander Brazil.

For details on Santander's economic forecasts for Brazil, please refer to our latest scenario review[1].

[1] **Santander Brazil - Macroeconomic Scenario:** ***"(Another) Challenging Year Ahead"*** **–** December 17, 2020- Available on: https://bit.ly/Sant-Scenario-Rev-Dec-20

LOCAL MARKETS—Rates

A flattening in the nominal yield curve took place in recent days. The front-end of the curve (Jan-22 DI future) fell to 3.34% (-4 bps since our last report), while the back-end (Jan-27 DI future) fell to 7.11% (-15 bps since our last report). Hence, the steepness in this segment fell from 388 bps to 377 bps since last Thursday.

At the front end, many market participants seem to have interpreted the COPOM's minutes as even more hawkish than last week's statement (refer to the monetary policy section in this report for a detailed analysis). Yet yields fell slightly for the week. At the long end, the market interpreted the domestic news regarding the fiscal debate as calmer, anticipating that the elections of speakers in Congress will improve the likelihood of passing key (macro and fiscal) reforms, despite the rising potential for a new round of income emergency aid for households amid this second wave of COVID-19 infections.

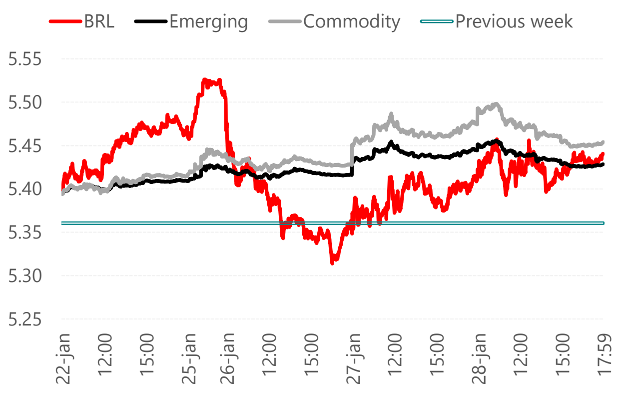
We continue to see the potential for volatility ahead, amid lingering uncertainties about the next fiscal policy steps, especially as the pandemic continues to pose threats to the speed of the reopening process in many regions. Although we believe there may still be a little premium in the short end of the curve, the more hawkish tone of the BCB helps make flatteners (receiving the belly vs. paying the short end) attractive at this juncture.

LOCAL MARKETS—FX

Once again, the USD/BRL pair has moved within quite a wide range since last Thursday, having reached levels as high as 5.53 and as low as 5.31 in the last couple of days, closing the January 28 trading session at 5.44. **Although in absolute terms this means a weekly drop of nearly 1.5% vs. the greenback, in relative terms the BRL delivered a similar performance to that of emerging and commodity currencies in the period.**

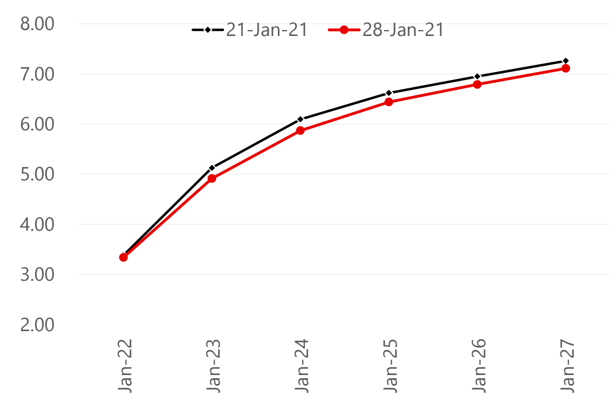
In our opinion, the same factors that led the nominal yield curve (hawkish COPOM, fiscal hopes) also propped up the BRL in recent days, especially as market participants and some analysts have faulted the narrow interest rate differential as among the factors standing in the way of a stronger BRL. Although we admit that the narrow interest rate differential has an impact on the BRL, the risk associated with the fiscal policy seems to us to be having a much greater influence on the trajectory of the Brazilian currency. Thus, we believe that progress on this front is likely to lead the BRL to react in a much stronger fashion than the potential normalization of the monetary policy would do.

Figure 2.A. – USD/BRL Intraday Market



Sources: Bloomberg, Santander.
Note: As of the closing of Thursday, January 28, 2021.
Note2: For other currencies, we use USDBRL values as a base-index

Figure 2.B. – Brazilian Domestic Yield Curve (% pa)



Sources: Bloomberg, Santander.
Note: As of the closing of Thursday, January 28, 2021.

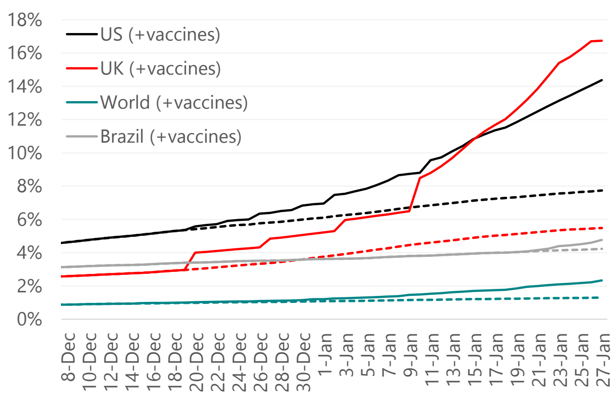
COVID-19 MONITORING

U.S. new cases resume downward trend, followed by declining hospitalizations. The U.S. is at the lowest level for new cases since mid-November. The pace of vaccinations in the country is currently at 1.1 million/day (7-day moving average), with a positive outlook (the federal government has announced plans to purchase even more vaccine doses). In Europe, as vaccine production falls behind schedule, new cases in Spain are still high, while rising hospitalizations in France increase fears of a third national lockdown. In the U.K., the total death toll has surpassed 100k, though the curve is beginning to bend.

After a slow start, additional vaccine supplies should arrive in Brazil in the coming weeks. *Instituto Butantan* expects supplies for around 8.6 million doses of *Butantan*/Sinovac's vaccine in early February. The production process can take up 20 days, after which it is authorized for distribution. As for *Fiocruz*/Astrazeneca's vaccine, *Fiocruz* stated that 10 million doses are ready for use, and supplies for another 7.5 million doses are also due to arrive in February. In total, these new shipments would add to the 12.1 million doses currently available. As of Wednesday (January 27, 2021), 1.2 million doses have been administered in the country.

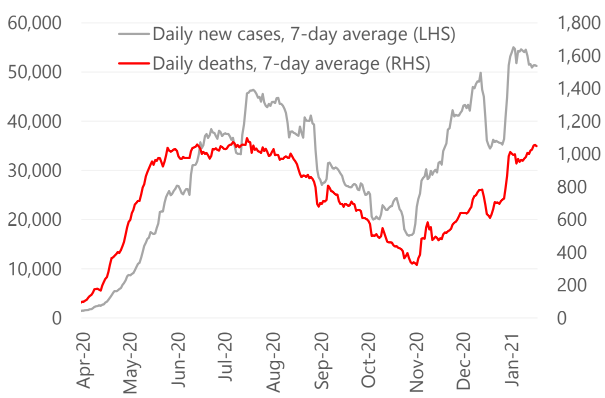
Albeit much less tight than in the first wave, new restrictions in places like São Paulo state may weigh on (tertiary) activity in 1Q21. At a regional level, a reclassification of *Plano SP* (reopening process plan) pushed the entire São Paulo state to the red phase – where only essential services are allowed – on weekday nights (from 8pm to 6am) and for the whole weekend (all-day). These restrictions are expected to last until February 7. ICU occupancy rate in the state is currently stable at around 70%. Johns Hopkins data for Brazil reports an average of 51k daily new cases (7-day moving average) as of Wednesday (January 27, 2021), down 6.0% from last week, while daily deaths (7-day moving average) stood at 1,047, up 6.7% in the same comparison.

Figure 3.A. – (Total Cases + Vaccines) - % Population



Sources: John Hopkins University, Our World in Data, Santander.

Figure 3.B. – Daily COVID-19 Cases, Deaths in Brazil



Sources: Brazil Ministry of Health, Santander.

MONETARY POLICY

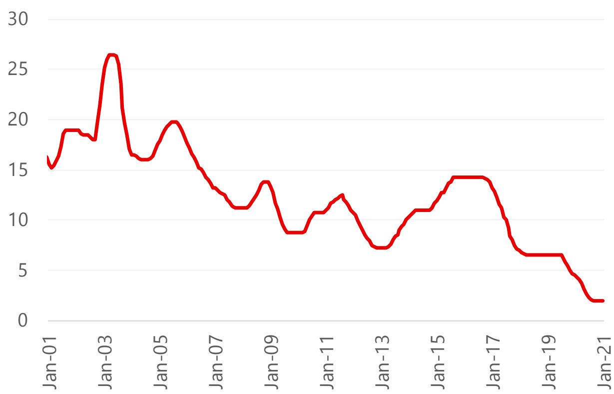
The BCB published the minutes of its January 19-20 COPOM policy meeting, which displayed a hawkish tone. The COPOM notes that while the baseline scenario has it that "inflation projections are around the target in the relevant horizon," the BCB considers that the "**fiscal risks** generate an upward bias in these projections, potentially justifying **an increase in policy rates earlier than that assumed** in its baseline scenario." (**Bold** emphasis is ours.)

According to the minutes, some members posed the question whether "it would still be appropriate to maintain an extraordinarily high degree of stimulus, given the **normalization** of the economic activity observed in recent months," despite the presence of the forward guidance of stable interest rate – which had been valid up to that meeting. These members supported the start of a "process of **partial normalization**, reducing the "extraordinary" degree of monetary stimuli." The rationale is that since the BCB opted for a very large stimulus (as of May 2020), there was a reversal in the deflationary shock that affected both actual CPI and inflation expectations. These members also cite "a decline on economic slack." All of this leads to "inflation projections on the baseline scenario closer to its target in the relevant horizon," according to these BCB officials.

The conclusion of the committee as a whole, however, was more cautious: despite what is seen as "some normalization in economic activity," the COPOM still believes that the "uncertainty regarding the future dynamics of main economic variables remains above the usual." The decision then was to **wait for further information regarding "the evolution of the pandemic, economic activity, and fiscal policy**." Thus, the BCB chose to maintain "the extraordinarily high degree of monetary stimulus" "**at this time**", with this last wording, in our view, meaning there is lack of commitment to a similar decision henceforth[2].

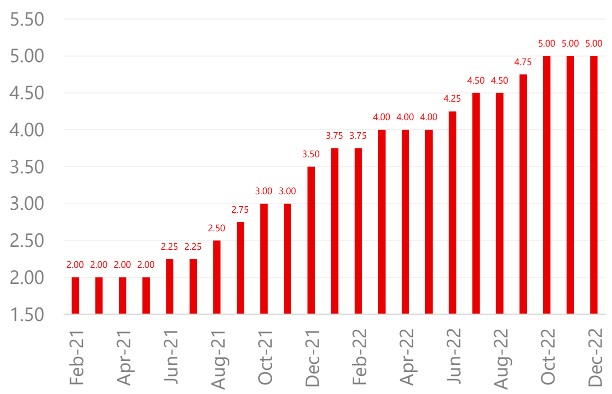
In our view, the document signaled a growing discomfort among the policy committee about the currently "extraordinary" level of monetary stimulus. The minutes also expressed an inclination to kick off a timely adjustment (seen as "partial normalization") in rates, which could start as early as March. The timing, pace, and magnitude of the adjustment are data dependent, and therefore will hinge especially on the evolution of the pandemic, mobility, employment, core inflation, and the upcoming fiscal decisions. Yet we have to recognize there is considerable upside risk to our previous Selic call (2.50%) for 2021YE. See link below[3].

Figure 4.A. – Selic Rate (monthly average, % p.a.)



Source: Brazilian Central Bank, Santander.

Figure 4.B. – Analysts' Forecasts for Selic Rate (Focus)



Sources: Brazilian Central Bank, Santander.

[2] The wording "at this moment" has already been used by the BCB in the past. Historically, we calculate this expression appeared 31 times in previous COPOM statements: out of those, 14 times the subsequent COPOM decision was the same as the previous one. So, we conclude that this expression means just a lack of commitment to a future decision, not necessarily a signal of a pre-determined move afterward.

[3] **Santander Brazil Monetary Policy - *"An Earlier Start to a Partial Normalization"* –** January 26, 2021- Available on: http://bit.ly/Sant-COPOM-jan21

INFLATION

IPCA-15 for January was an unpleasant reading. January's IPCA-15 registered a 0.78% MoM change (4.30% YoY). The result was slightly below our forecast (0.81% MoM) and the market's median expectation (0.82% MoM). Two groups that the BCB recently cited (in the most recent Copom minutes) as creating upward pressures for its inflation forecasts surprised to the downside: food-at-home (-4 bps) and fuels (-4 bps). Industrial goods – also a source of pressure on IPCA in recent readings – surprised to the downside too (-2 bps). Finally, services and administered prices were basically in line with expectations (+1 bp of deviation each).

Core measures continued to experience upward pressure, with EX3 core rising 0.83% MoM vs. our forecast of 0.72%, but the trend (3mma-saar) of most cores (recently cited by the BCB as being "above the range compatible with meeting the inflation target") showed preliminary signs of stabilization (as the 3mma-saar moved to 5.4% from 5.6%). In any case, in sequential terms, underlying inflation gauges continued at high levels (above the upper bound of BCB's inflation target). All in all, we see January's IPCA-15 as showing mixed signals, but overall still displaying an unpleasant picture for current inflation.

Our IPCA 2021 tracking went up to 3.6% from 3.2% (the official forecast is 3.0%, but the bias is denoted by the direction of the high-frequency tracking). The balance of risks to IPCA 2021 continue to be tilted to the upside. For 2022 we continue to see a more benign scenario for inflation (3.2% IPCA 2022 forecast, below the BCB's 3.5% target. See link below[4].

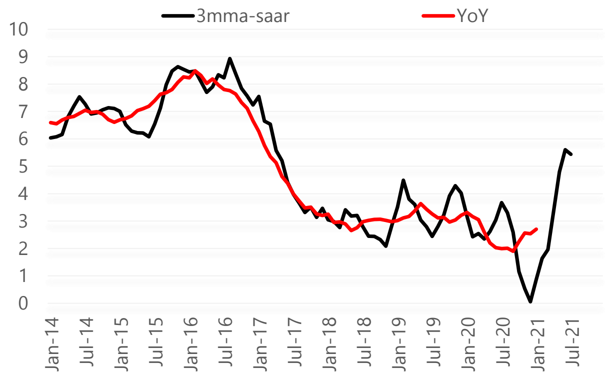
IGP-M inflation for January was also released, rising 2.58% MoM (25.71% YoY), a bit above our forecast of 2.48% and the market's median expectation of 2.41%. The result showed a renewed pressure on wholesale prices, particularly in the industrial segment. Next week IGP-DI for January will come out, and we expect agricultural wholesale prices to gather momentum, but with industrial costs easing a bit, leading to headline gain of 2.80% MoM (26.41 %YoY).

Figure 5.A. – IPCA by Groups %

	MoM			YoY	
	Jan-21	Santander	Dev.	Dec-21	Jan-21
IPCA-15	0.78	0.81	-0.03	4.2	4.3
Administered	1.01	0.96	0.01	1.7	2.3
Free	0.70	0.75	-0.04	5.1	5.0
Food-at-home	1.73	1.96	-0.04	18.7	18.0
Industrial goods	0.85	0.93	-0.02	2.7	3.2
Services	0.18	0.15	0.01	1.8	1.5
EX3 Core	0.83	0.72	0.11	2.2	2.5

Sources: IBGE, Santander.

Figure 5.B. – Core Inflation Average – Annual %



Sources: IBGE, BCB, Santander.

[4] **Santander Brazil Inflation - *"IPCA-15 January: Still an Unpleasant Reading"* –** January 26, 2021- Available on: http://bit.ly/Sant-IPCA-15-jan21

ECONOMIC ACTIVITY

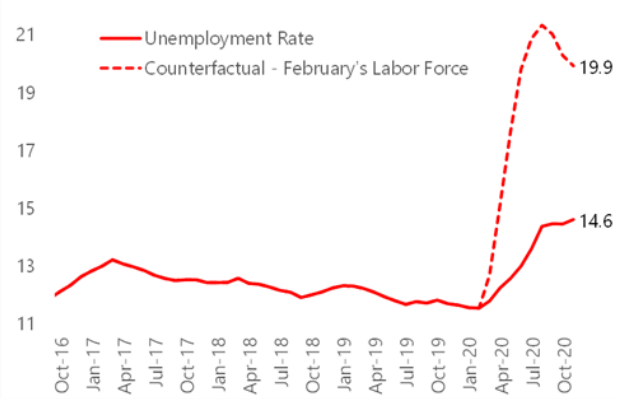
According to FGV's industrial survey, headline manufacturing confidence showed a 3.1% MoM-sa decline, the first fall since April's tumble, adding to a deceleration at the margin seen in the last few months, with the 3mma registering a stable result (0%). In comparison to the pre-crisis mark, the headline index is almost 10% above February's reading, and it is still reflecting optimism in the sector, which was much less affected by the pandemic. In the survey details, capacity utilization was up to 79.9% (from 79.3%), close to the historical average, while the desired inventories are still running at historically low levels. In our view, these figures are a tailwind for production ahead.

Regarding other sectors, consumer and retail confidence posted monthly declines (3.4% and 1.0%, respectively), reinforcing the downward trend observed in recent months. In our view, possible reasons for this negative pace are the withdrawal of the emergency aid, the price hikes in essential goods (e.g., Foods), and the negative outlook for employment. The figures from the construction survey also showed a decrease (-1.5%), with the headline index fully giving back the gains seen until December.

According to the IBGE's National Household Survey (PNAD), the unemployment rate stood at 14.1% in the three months to November, implying a 2.9 p.p. rise from the year-ago level (11.2%). We calculate that the seasonally adjusted jobless rate moved up to 14.6%, compared to 14.5% in October. The results showed gains of 0.4% MoM-sa and 0.6% MoM-sa in the employed population and the labor force, respectively. This reflects improved labor market conditions during 4Q20 (despite the unequal pattern of recovery among sectors), as well as higher mobility due to the easing of restrictions. The effective real wage bill has recovered somewhat, but remains depressed in YoY terms (-8.6%), which means headwinds for consumer spending in 2021, without stimulus. Looking ahead for 1Q21 we expect deterioration in the unemployment rate, as the labor force continues to rise, combined with a slight fall in employment, following the end of the government's emergency aid program and new mobility restrictions as the number of COVID cases surges. The December 2020 CAGED survey, on the other hand, pointed to net (unadjusted) formal job creation of -67.9k, the highest figure for a December in the time series. In seasonally adjusted terms, net job creation stood at 385.3k, only a slight increase from November (374.0k), but still at historically high levels. In the past few months, CAGED data has shown much better results than IBGE's PNAD survey: we believe this could reflect CAGED's underreporting of layoffs by firms going out of business in the recent period, as the number of responding establishments is well below the historical average. See link below[5].

For the coming week, FGV will release on Monday (February 1) the aggregate business index for January. On Tuesday (February 2), IBGE is scheduled to release industrial production data for December 2020, and we expect monthly growth of 0.5% (7.8% YoY).

Figure 6.A. –Unemployment Rate (s.a., % labor force)



Sources: IBGE, Santander.

Figure 6.B. – CAGED Net Job Creation (s.a., thousands)

Sources: Labor Ministry of Brazil, Santander.

[5]**Santander Brazil Labor Market - *"Signals Still Mixed in Labor Market"* –** January 28, 2021- Available on: http://bit.ly/Sant-IPCA-15-jan21

BANK LENDING

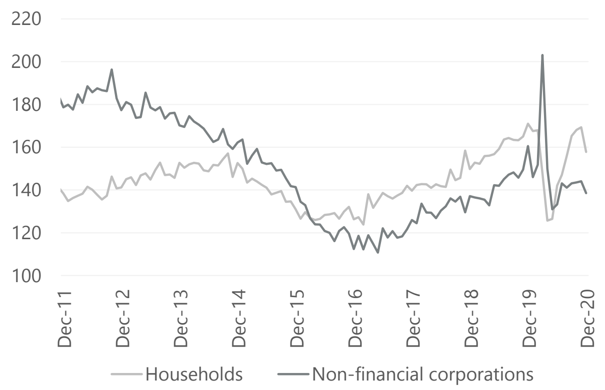
Total outstanding loans in the National Financial System (SFN) posted inflation-adjusted growth of 10.5% YoY in December (totaling BRL4.0 trillion), up 6.1% YoY for households and 16.6% YoY for non-financial corporations. New loans adjusted for inflation and seasonality decreased 11.0% MoM, with the contraction driven by the corporate segment.

For corporations, there was a decrease of 3.5% MoM-sa in non-earmarked lending, driven mainly by the deceleration in working capital (-28.2% MoM-sa). In the earmarked segment, there was a decrease of 50.8% MoM-sa, even considering the third Pronampe disbursement (BRL 10 billion**). In 2020 companies relied heavily on emergency credit programs (PEAC, Pronampe) and working capital to meet short-term liquidity needs. Accordingly, a slowdown in these (countercyclical) pandemic-related sources of credit was expected as economic activity recovers.**

For households, the non-earmarked segment saw a decrease of 7.2% MoM-sa in December, which in our view is likely a result of tighter social restrictions (due to the worsening pandemic) and the reduction of the emergency aid (and a resulting slowdown in demand). In the earmarked segment, real estate financing remains high (49.4% YoY), as financial conditions are favorable.

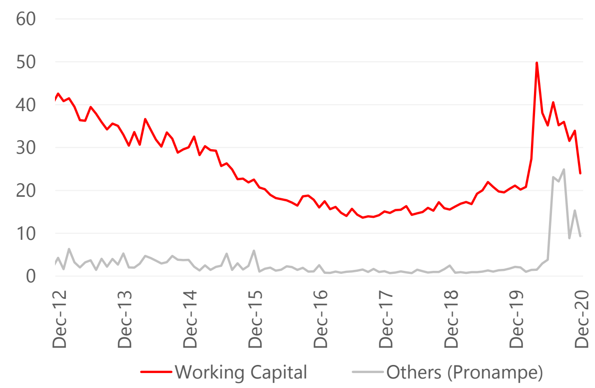
Still with respect non-earmarked loans, the seasonally adjusted NPL (percentage of 90-day past due loans) dropped another 0.1 p.p. in the month for households, standing at 4.2%. For corporations, there was a reduction of 0.1 p.p., to 1.4%. In both cases, these are the lowest values observed in the historical series that began in March 2011. **Despite another decrease in NPLs, we maintain our view that delinquencies are likely to increase in the coming months, with the end of the government's emergency aid and of loan payment deferrals.** See link below[6].

Figure 7.A. – New Loans – Non-Earmarked (adjusted for inflation and seasonality, BRL billion)



Sources: Brazilian Central Bank, Santander.

Figure 7.B. – New Loans – Earmarked (adjusted for inflation and seasonality, BRL billion)



Sources: Brazilian Central Bank, Santander.

[6]**Santander Brazil Credit - *"Weak Figures for December"* –** January 28, 2021- Available on: http://bit.ly/Sant-credit-290121

BALANCE OF PAYMENTS

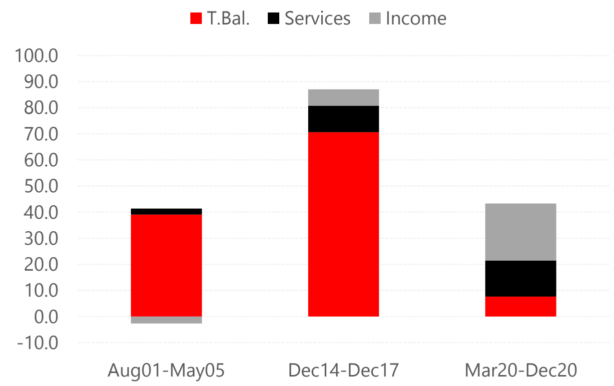
As we expected, the trade balance deficit observed in December 2020 – which was associated with the USD4.7 billion import of oil platforms – weighed on the current account outcome last month and led it to register an imbalance of USD5.4 billion in the period (our estimate was a USD5.7 billion deficit). Nonetheless, the annual deficit receded to USD12.5 billion in 2020 from USD50.7 billion observed in 2019 and consolidated the trajectory of adjustment started in March 2020, thus underpinning the favorable outlook for the Brazilian balance of payments in the medium term, in our view.

The move meant a decline in the current account deficit of nearly 2.0% of GDP. Unlike other occasions, the movement in the trade balance was not the highlight of the process, as the contraction observed in the remittances of profits and dividends and the decline in the services account deficit led the improvement, with the increase in the trade balance surplus observed last year playing a minor role this time. This more widespread response leads us to believe that future adjustments in the current account imbalances should require less intense FX rate moves than in the past, given the greater sensitivity of the components of the current account to cyclical and currency changes.

Topping these constructive features of Brazilian external sector data, the financial account showed that foreigners added Brazilian domestic financial assets to their portfolios for the seventh month in a row. It is true that direct investments in the country fell short of our estimate in December 2020, but the negative surprise had to do with ad hoc factors related to the over-hedge issue. With direct investment covering nearly three times the current account gap, this setback does not change the country's current comfortable situation as far as its external financing needs are concerned. (See link below[7]).

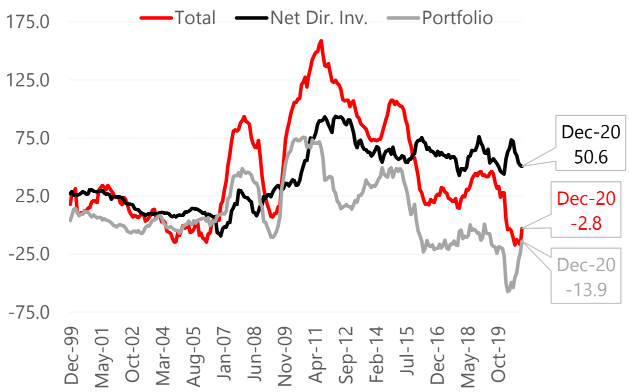
Last but not least, next Monday (February 1, 2021) the Foreign Trade Secretariat (SECINT) will release the trade balance for January 2021, and, once again, import of oil platforms will affect the monthly result. According to our calculations, the trade balance is likely to register a USD2.5 billion deficit in the wake of import of oil platforms that totaled USD2.0 billion in the period. This ad hoc influence does not change our expectation of a USD65.2 billion trade surplus in 2021.

Figure 8.A. – Current Account Adjustment Cycles (USD billion)



Sources: Brazilian Central Bank, Santander.

Figure 8.B. – Components of Financial Accounts (USD billion, 12M-to-date)



Sources: Brazilian Central Bank, Santander.

[7] **Santander Brazil External Sector - *"A Diversified Adjustment"* –** January 27, 2021- Available on: http://bit.ly/Sant-ext-sec-270121

FISCAL

In a week crowded with fiscal policy events, the Treasury published the 2021 Annual Borrowing Plan – with BRL1,674 billion in net borrowing needs and quite realistic debt management targets, in our view. We learned that federal tax collection fell by 6.9% in real terms for 2020 and that the central government posted a full-2020 deficit of BRL743.1 billion (10.0% of GDP).

The National Treasury released (on January 27) the Annual Borrowing Plan[8] for 2021. The total outstanding debt reached ~BRL5.0 trillion in December 2020 and could reach BRL6 trillion in 2021 according to the plan. The average maturity is expected to continue to decrease (see Figure 8.A.). In the debt profile, the National Treasury intends to increase fixed-rate issuances relative to floating rate bonds. Additionally, the net borrowing requirements for 2021 totaled ~BRL1.67 trillion, close to our forecast (~BRL1.54 trillion) – which also considers that BNDES will repay the Treasury BRL100 billion, loans owed to the federal government that are now due. In 2020, this amount accounted to BRL1.1 trillion, including the transfer of BRL325 billion from the Central Bank FX result to the Treasury.

On January 25, the Brazilian internal revenue service published the federal tax collection data for December 2020. The monthly result (BRL159.1 billion, or +3.2% real YoY) came in exactly in line with our forecast (BRL159.1 billion). In 2020, tax collection registered a decrease of 6.9% YoY in real terms – with a significant recovery in 4Q20 driven by the better performance of economic activity and the payment of taxes that had been deferred early in the pandemic. We expect some accommodation in 1H21 considering the end of the fiscal stimulus and possible impact of the increase of COVID-19 cases, which may translate into some softening in real activity and tax proceeds. For 2021, we expect 3.8% YoY real growth.

Finally, the central government posted a primary deficit of BRL44.1 billion in December 2020. With this result the deficit for 2020 as a whole will come in at BRL743.1 billion, or 10.0% of GDP. Total revenue decreased 13.1% in the year, while total expenses jumped 31.1%. Total spending related to COVID-19 at end-2020 stood at BRL539 billion, short of the BRL605 billion that had been budgeted. According to our forecasts, the deficit will decrease to BRL240 billion in 2021– meaning a (rather risky) return to gradual fiscal consolidation after the massive stimulus as of 2020. Next week be marked by the end of the legislative recess – with the elections for the speakers of both houses of Congress scheduled for Monday and Tuesday (February 1-2). After the elections of the new speakers, eyes will turn to the evolution of some key discussions, such as budget 2021 and key macro reforms (emergency budget curbs, tax and administrative reforms), as well as an eventual temporary extension of emergency (pandemic-related) stimulus.

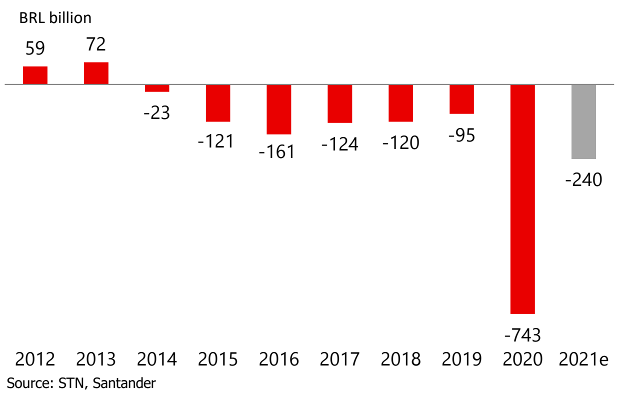
Figure 9.A. – Annual Borrowing Plan (PAF) 2021

INDICATORS		ABP 2020		Dec-20	ABP 2021	
		Min	Max	-	Min	Max
Outstanding Debt (BRL billion)		4,600	4,900	5,010	5,600	5,900
Average Maturity (years)		3.5	3.8	3.6	3.2	3.6
% Maturing in 12m		24.0	28.0	27.6	24.0	29.0
Profile (%)	Fixed-rate	30.0	34.0	34.8	38.0	42.0
	Inflation-linked	23.0	27.0	25.3	24.0	28.0
	Floating Rate	36.0	40.0	34.8	28.0	32.0
	FX	3.0	7.0	5.1	3.0	7.0

ABP - Annual Borrowing Plan

Sources: National Treasury, Santander.

Figure 9.B. – Central Gov. Primary Fiscal Balance



Sources: National Treasury, Santander.

[8] Annual Borrowing Plan is the main instrument used to inform the market players and society about the financing guidelines for the Federal Public Debt (FPD) management, including the goals and strategies proposed.

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