

HENRIQUE DE CAMPOS MEIRELLES, GOVERNOR OF THE CENTRAL BANK OF BRAZIL

Mr. Meirelles was President and Chief Operating Officer of BankBoston Corporation, Boston, USA. After BankBoston's merger with FleetBank, he became FleetBoston's President of Global Banking. He was also responsible for Financial Services, Wholesale Banking and was the Senior Executive for the New York Metropolitan Area from 2000 to 2001. Before that, he had been President of BankBoston Brazil for 12 years.

During his career in the private sector, Mr. Meirelles took active part in several trade associations. He was Chairman of the American Chamber of Commerce, São Paulo, Brazil; President of the Brazilian Association of International Banks; Executive Director of Brazilian Banks Federation; Founding President of the Latin American Leasing Federation; President of the Brazilian Association of Leasing Companies; Member of the Advisory Board of the Brazilian Mercantile & Futures Exchange and Member of the Board of Directors of the Council of the Americas, in the USA.

Henrique Meirelles has played an active role in the academic community. He was a member of: the Dean's Council at the Kennedy School of Government, Harvard University, USA; the Advisory Committee of the Global Corporate Governance Initiative, Harvard Business School; the Dean's Advisory Council of the Sloan School of Management; the Board of Advisors of the Carroll School of Management, Boston College; the Board of Trustees of New England Conservatory of Music, and the Advisory Board of the Center for Latin American Issues, The George Washington University.

In Brazil, Mr. Meirelles is actively involved with social programs. He is the Chairman of *Associação Viva o Centro*, a nonprofit organization, which helps the revitalization of São Paulo's downtown area. *Associação Viva o Centro's* actions have been an example for recovery projects in urban centers all over Brazil. Mr. Meirelles has been the Chairman of *Travessia Foundation*, which assists street children in São Paulo, providing them with foster families and arranging their return to school.

After leaving the corporate sector, in 2002, Mr. Meirelles was elected to the House of Representatives.

He is Bachelor of Science in Engineering from São Paulo University, holds a MBA from the University of Rio de Janeiro and an Honorary Degree from Bryant College, Rhode Island, USA.



Brazil: Towards Sustained Economic Growth

Henrique de Campos Meirelles
Governor of Central Bank of Brazil

Brazil: Towards Sustained Economic Growth

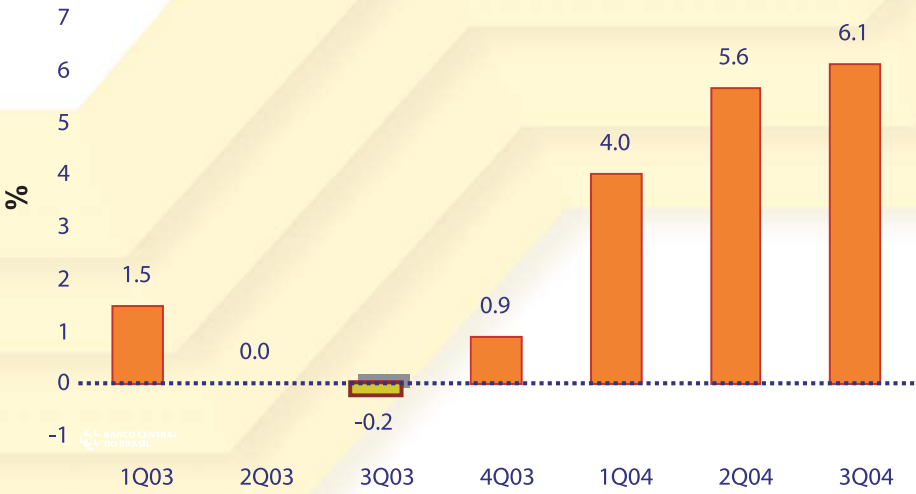
- I. Back on the Growth Track**
- II. Disinflation**
- III. FX Policy**
- IV. Reduction of the FX Exposure of the Public Debt**
- V. Reduction of External Vulnerabilities**
- VI. Credit**

Brazil: Towards Sustained Economic Growth

I. Back on the Growth Track

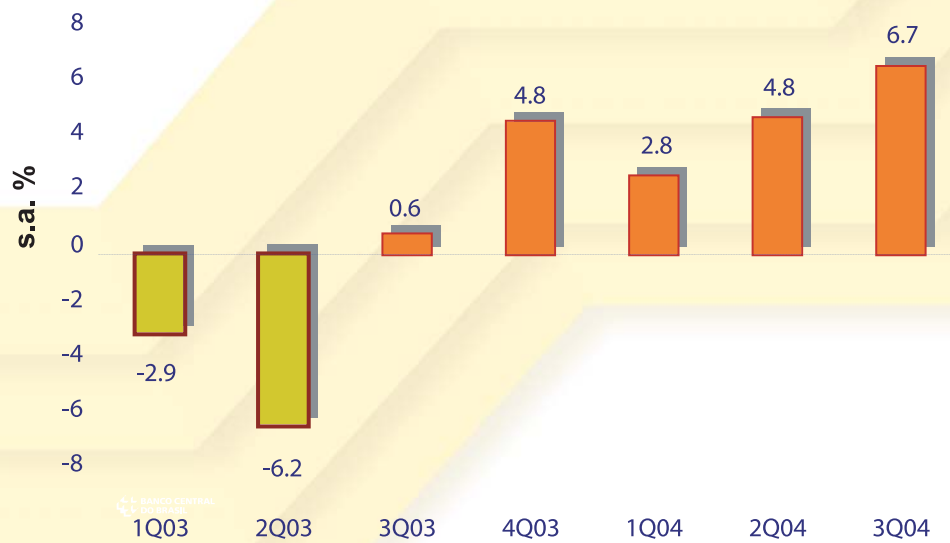
GDP Growth

Compared to Same Quarter of Previous Year



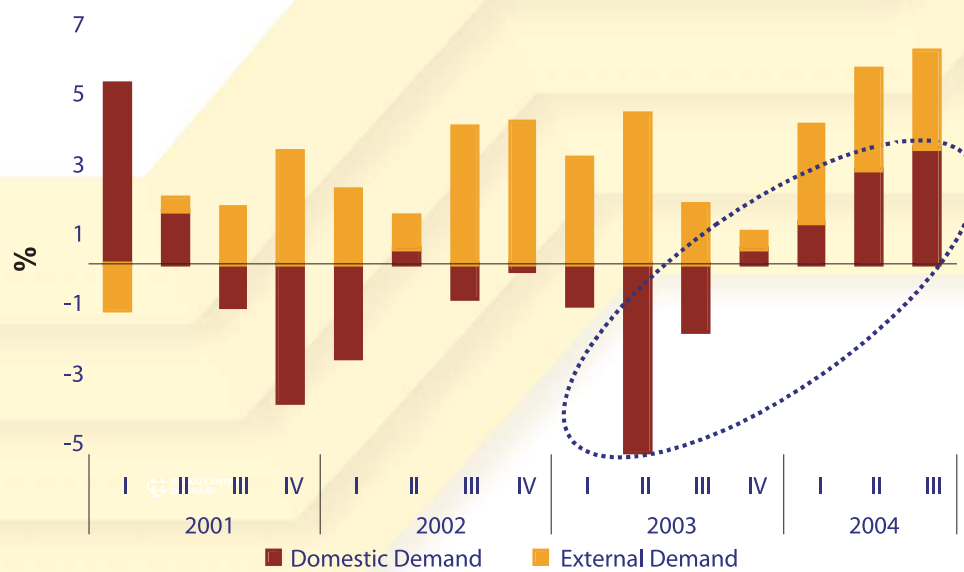
Source: IBGE

Fixed Capital Investment



Source: IBGE

Domestic and External Contribution to Growth

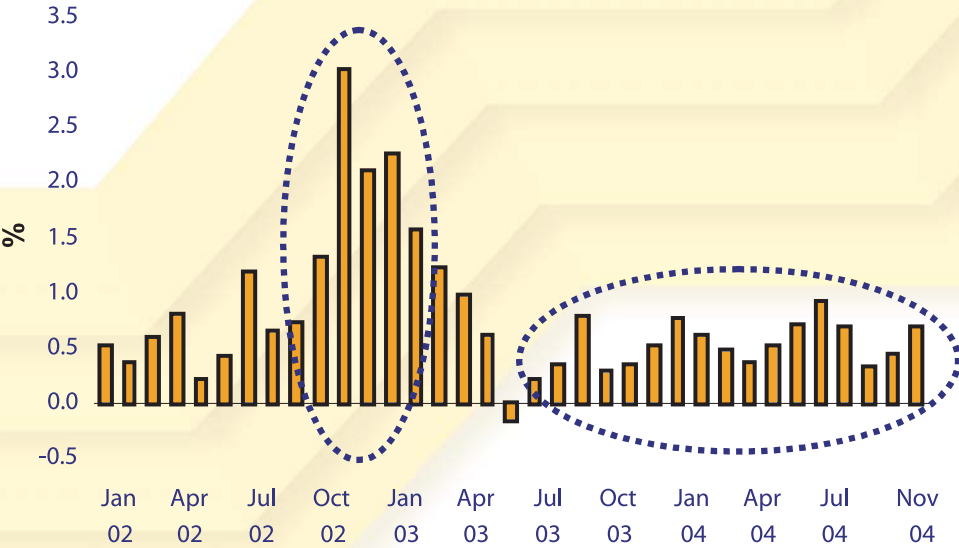


Source: IBGE

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II. Disinflation

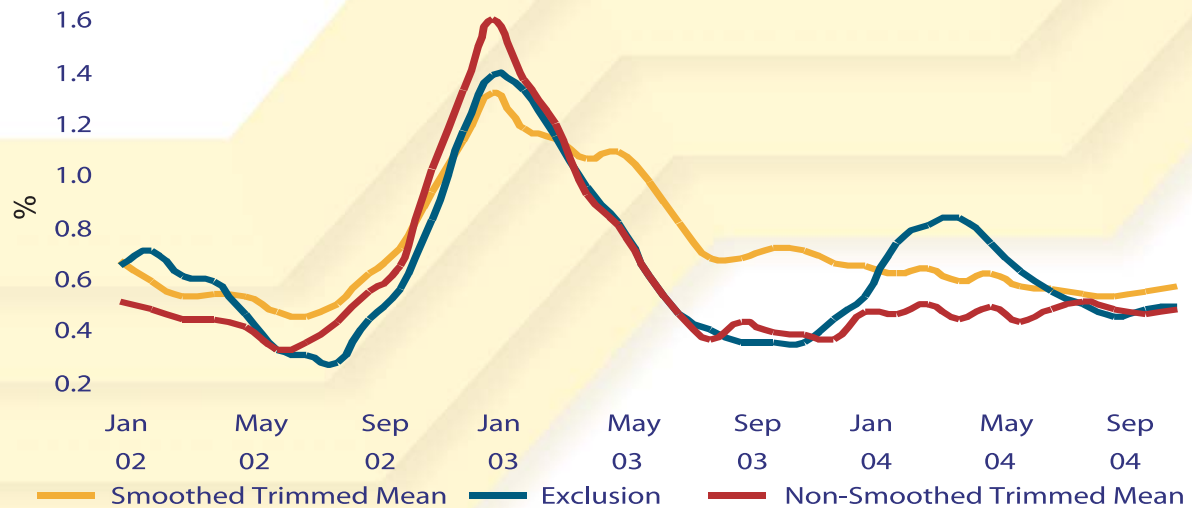
IPCA Inflation Rate



Source: IBGE

Core Inflation

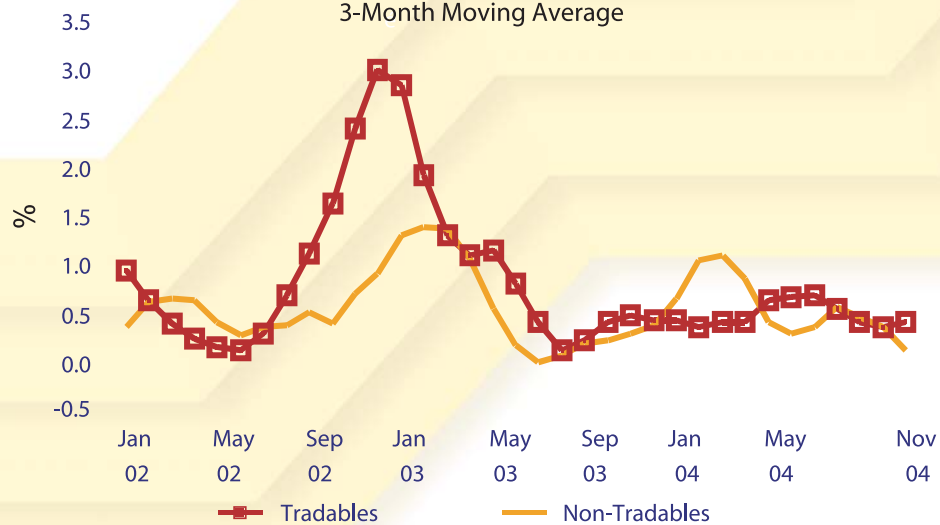
IPCA: Core Measures (3-Month Moving Average)



Source: Bacen

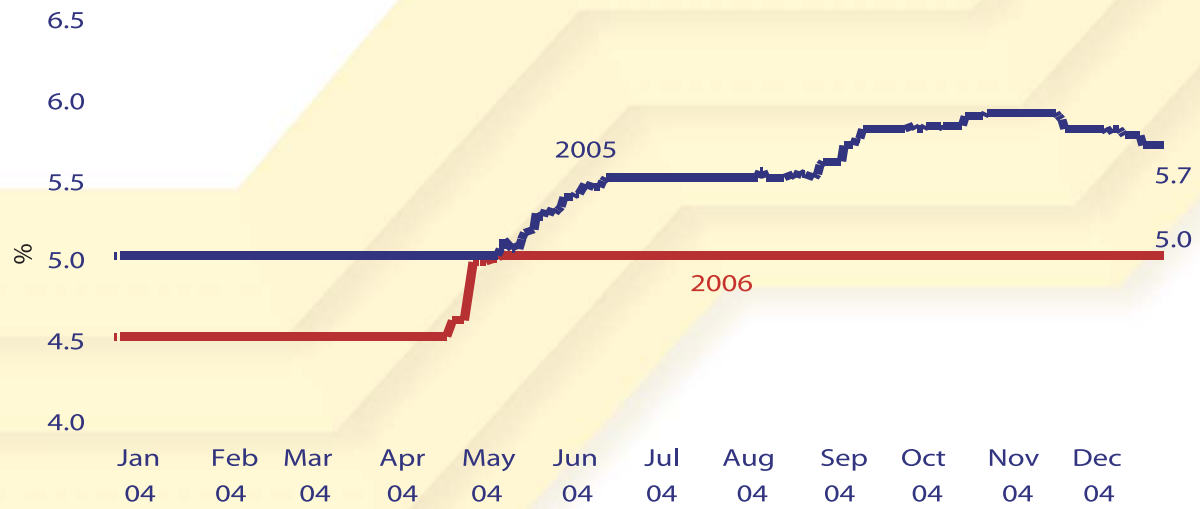
Tradables x Non-tradables Inflation

3-Month Moving Average



Source: IBGE/Bacen

Market Expectations: IPCA for 2005 and 2006

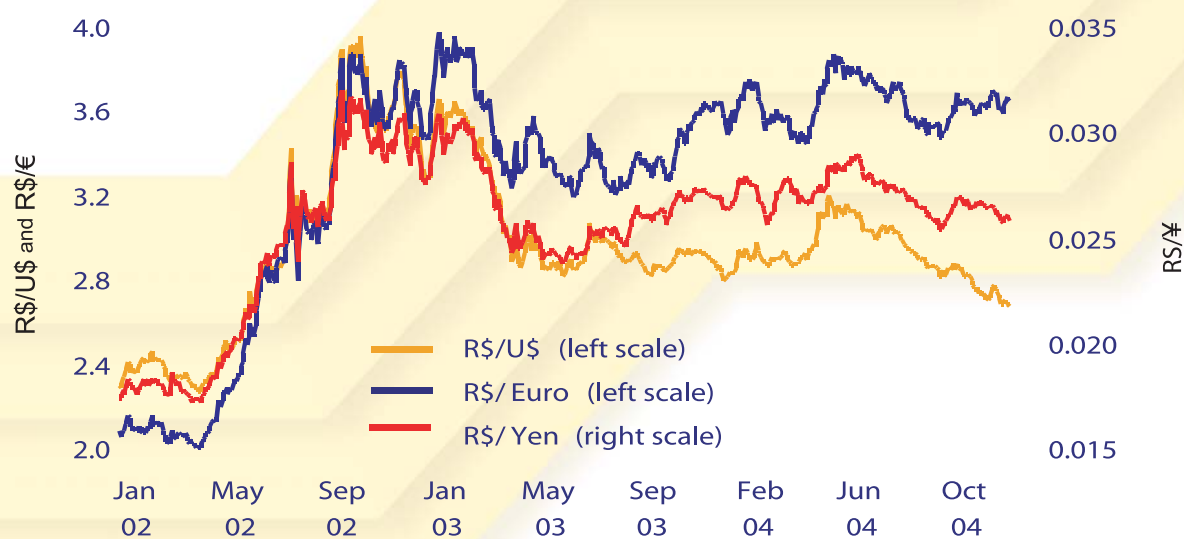


Source: Bacen

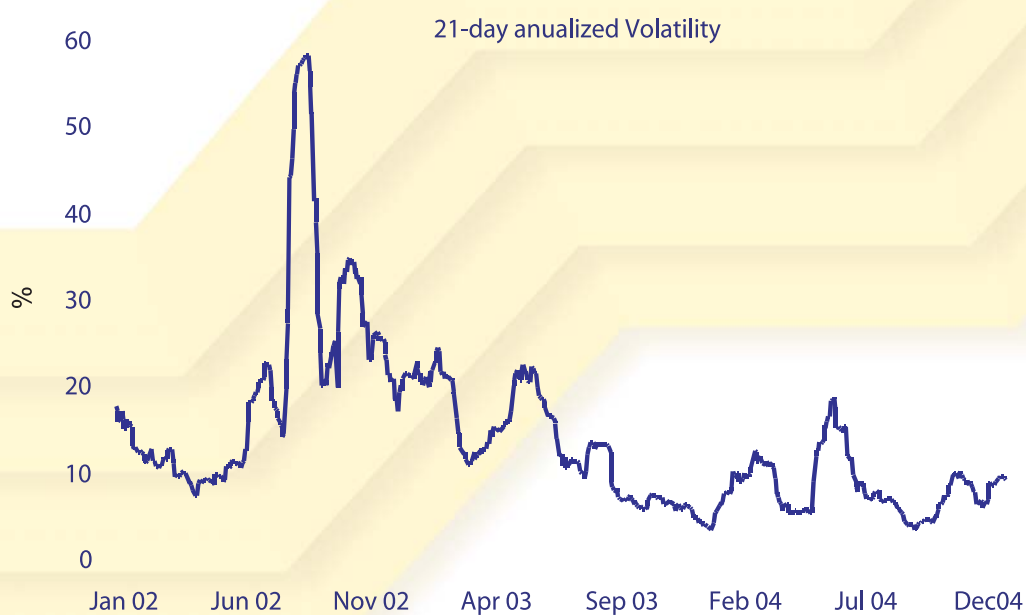
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III. FX Policy

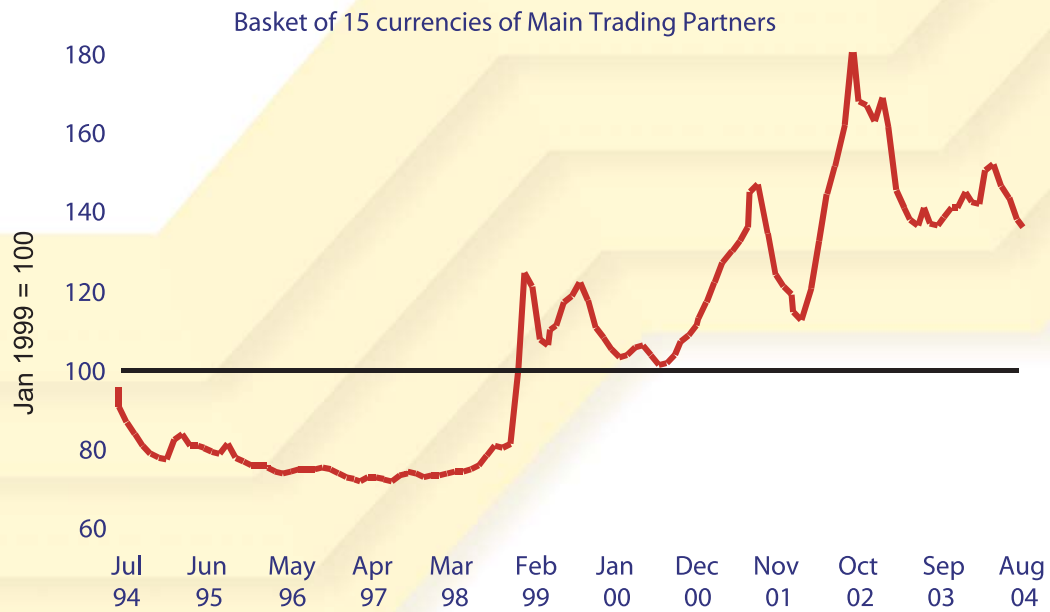
Exchange Rates



Exchange Rate Volatility

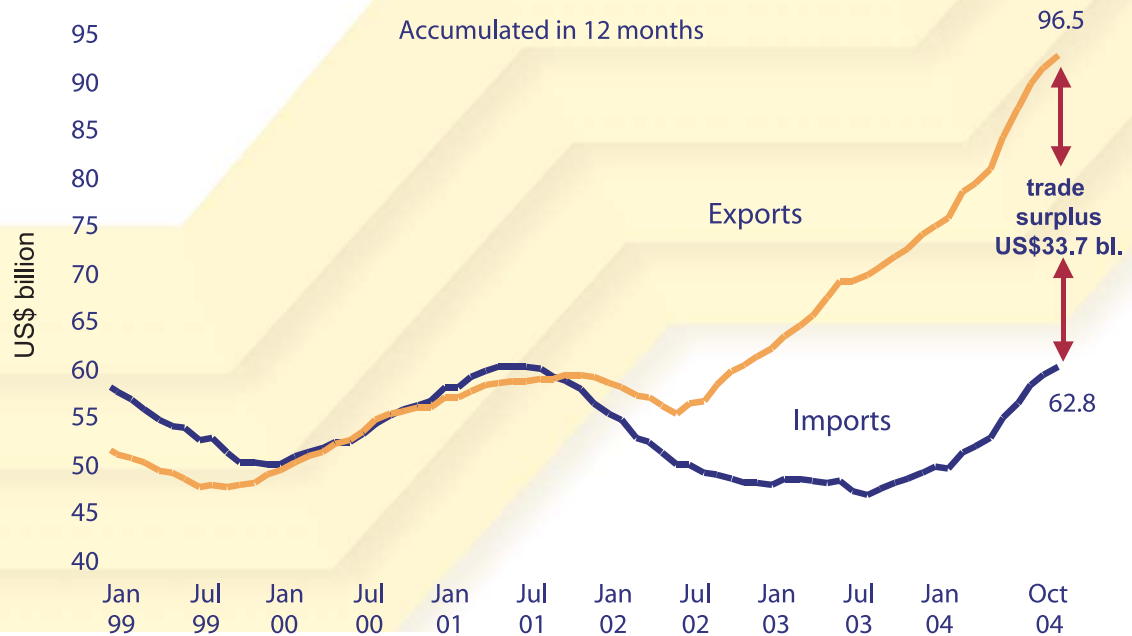


Real Effective Exchange Rate



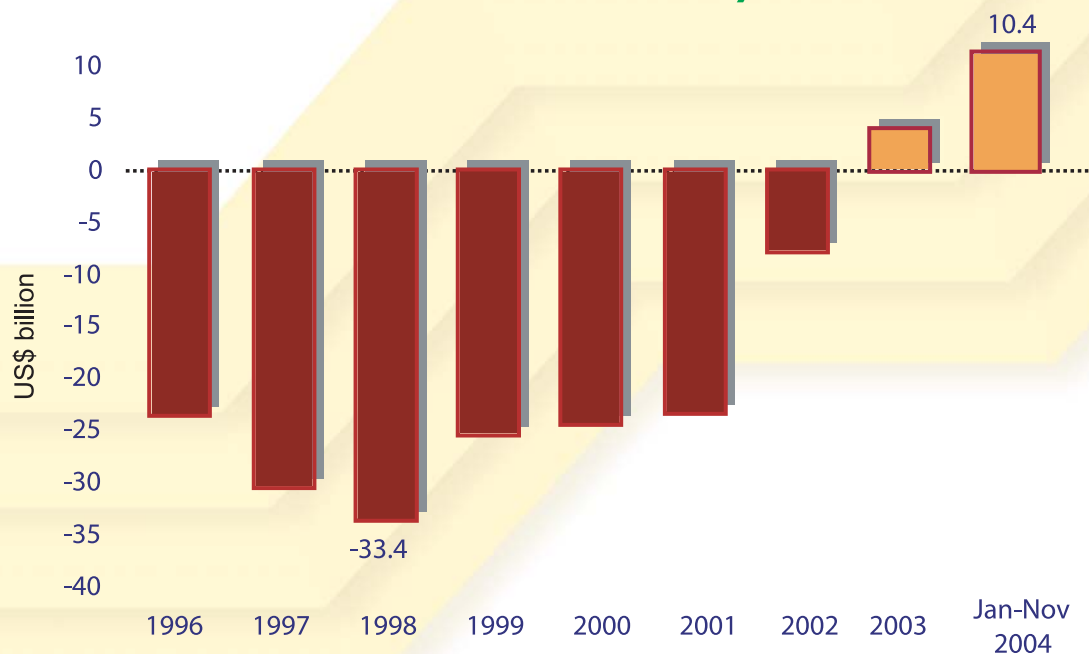
Source: Bacen

Trade Balance



Source: MDIC

Current Account: 1996/2004

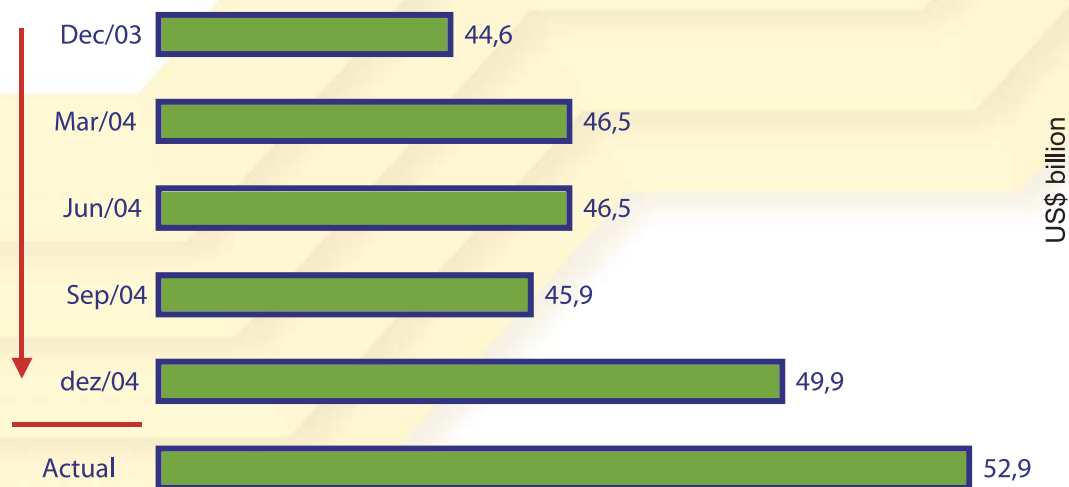


Source: Bacen

International Reserves

Central Bank's Estimates for International Reserves
at the end of 2004, in Selected Months

Estimate:

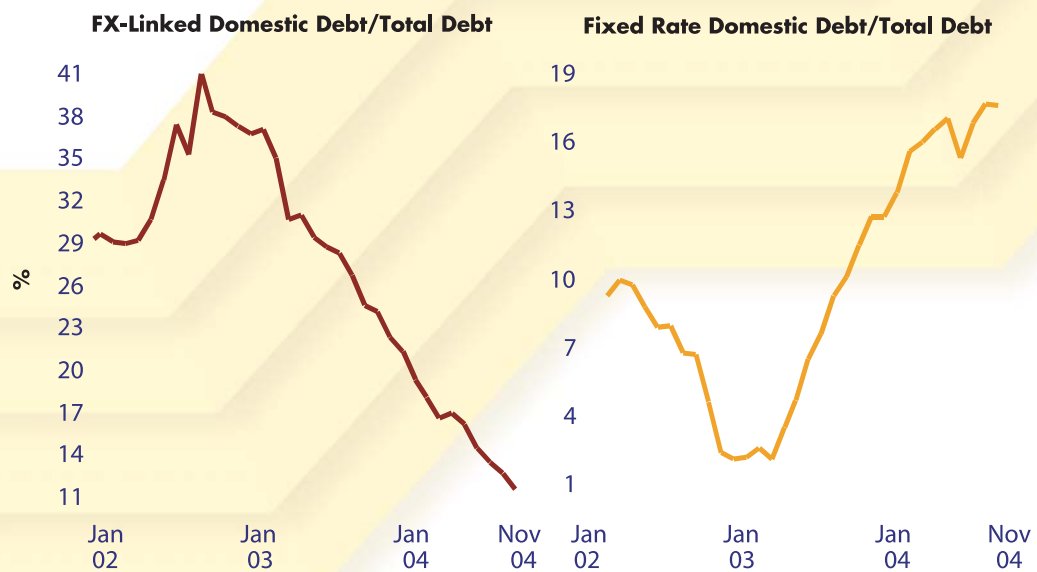


Source: Bacen

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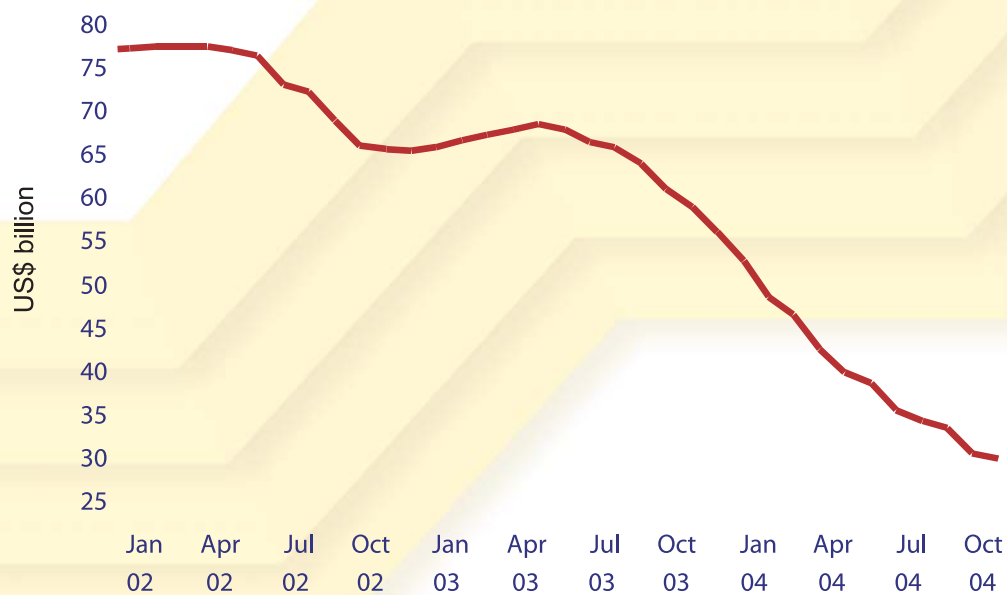
IV. Reduction of the FX Exposure of the Public Debt

FX-Linked and Fixed Rate Domestic Debt as a Share of the Total Debt



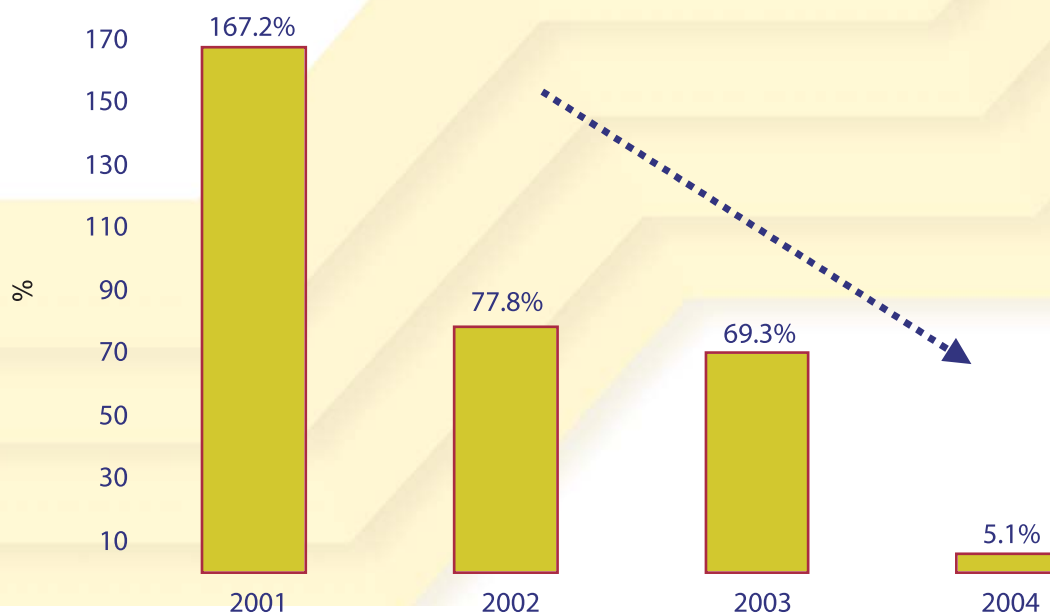
Source: Bacen

FX-Linked Debt Outstanding



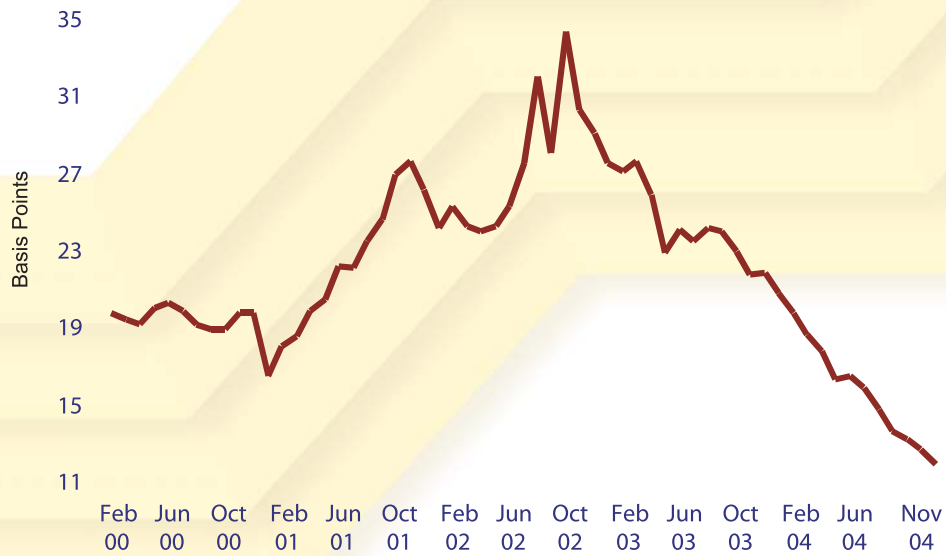
Source: Bacen

Rollover of FX-Linked Debt



Source: Bacen

Impact of 1% of Exchange Rate Variation in the Net Debt/GDP Ratio



Source: Bacen

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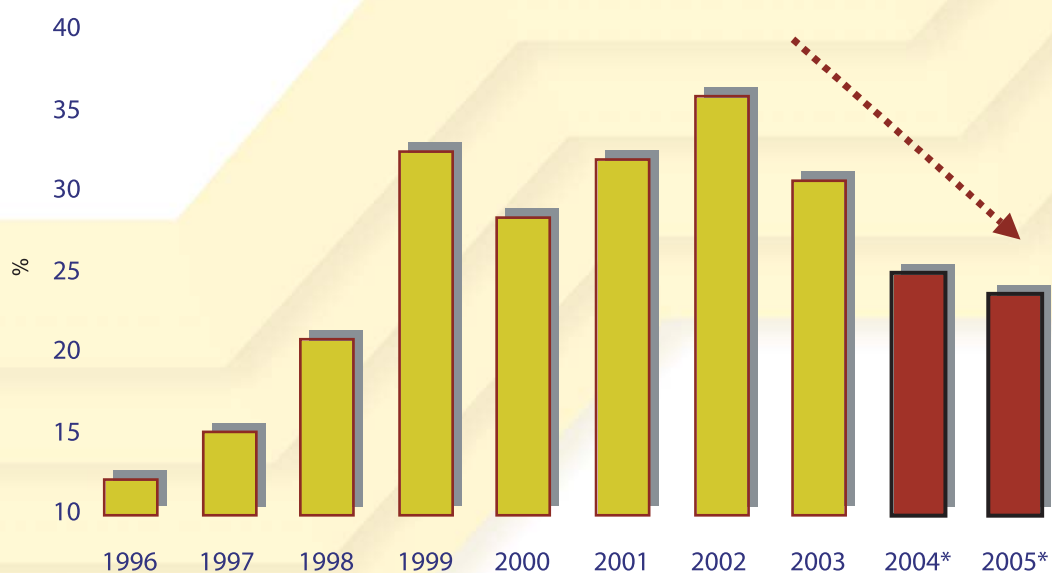
V. Reduction of External Vulnerabilities

Brazil Risk



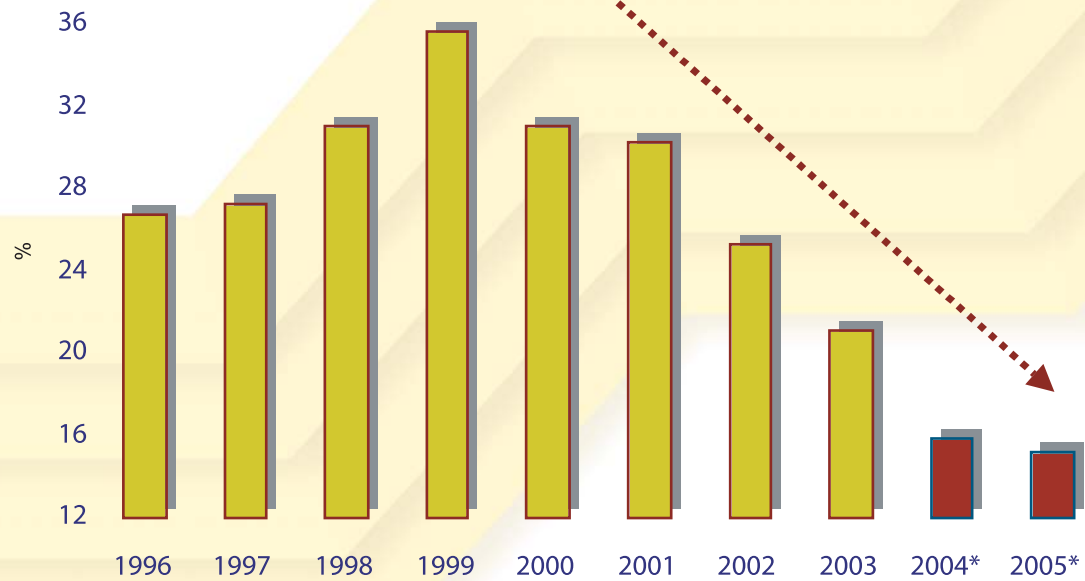
Source: JP Morgan Chase

Net External Debt/GDP



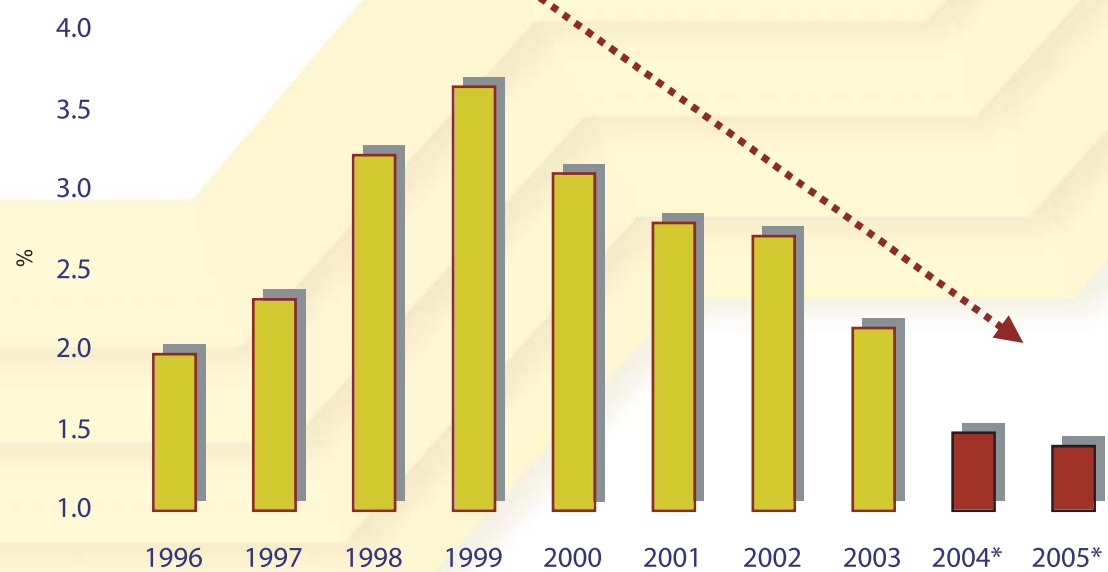
*2004 e 2005: Bacen projections
Source: Bacen

Interest Payments/Exports



*2004 e 2005: Bacen projections
Source: Bacen

Net External Debt/Exports

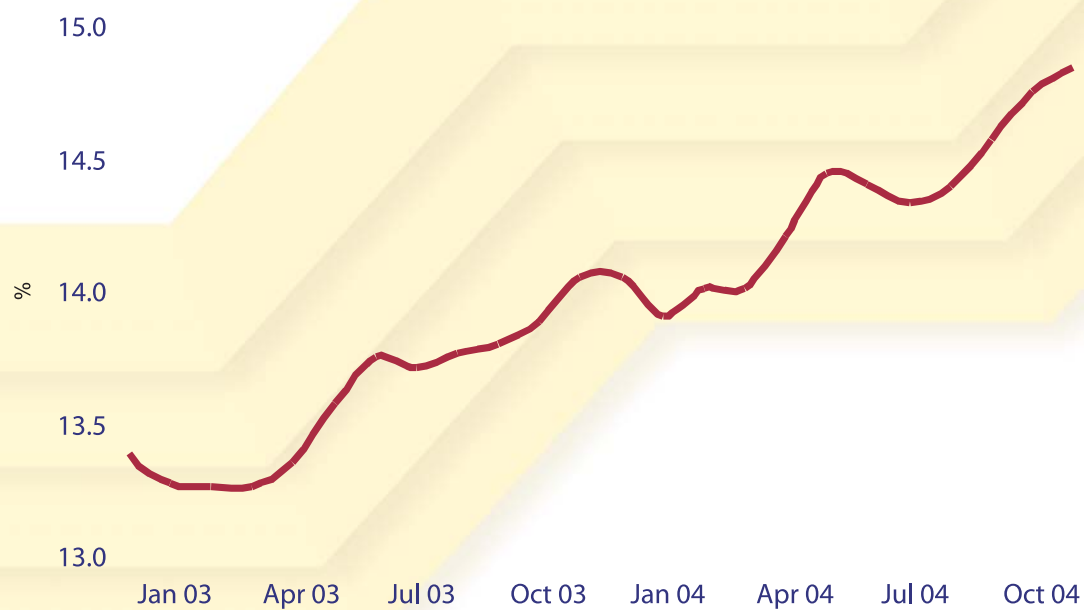


*2004 e 2005: Bacen projections
Source: Bacen

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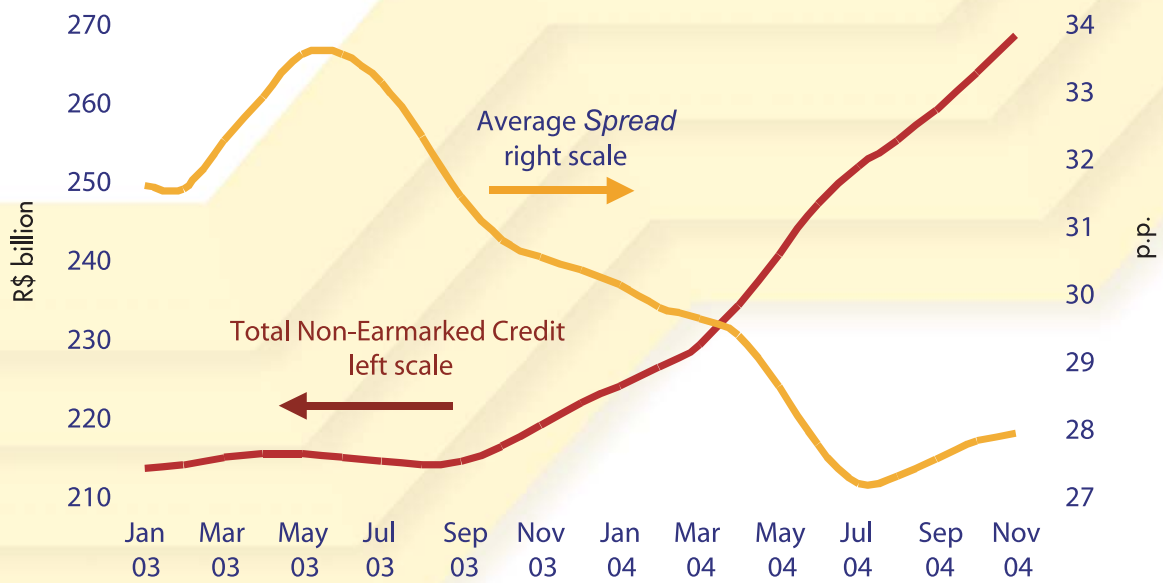
VI. Credit

Non-Earmarked Credit/GDP



Source : Bacen

Spread vs. Credit Supply



Source: Bacen

Non-Earmarked Credit: Average Spread for Individuals



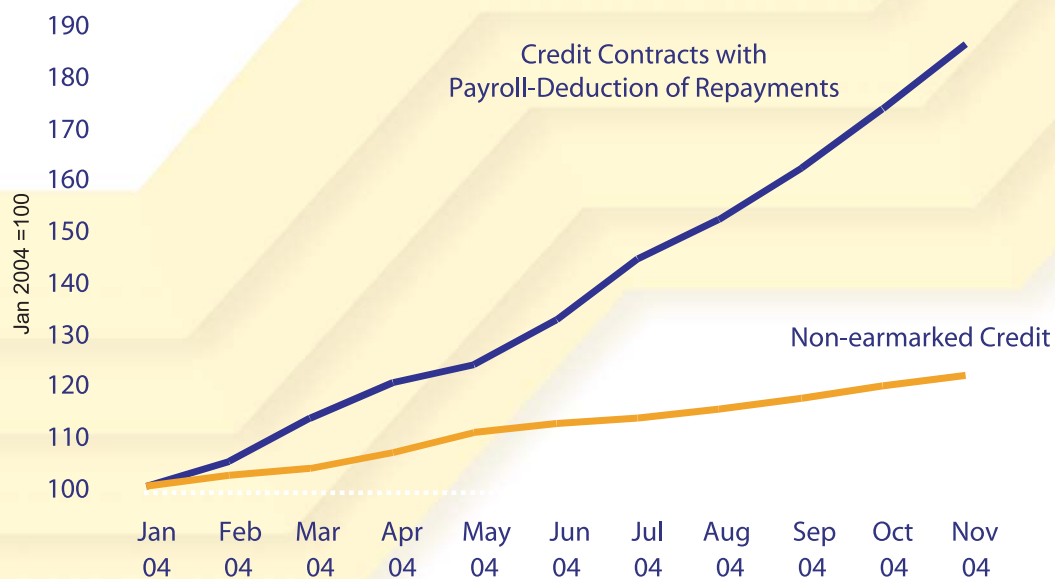
Source: Bacen

Non-Earmarked Credit: Average Spread for Corporates



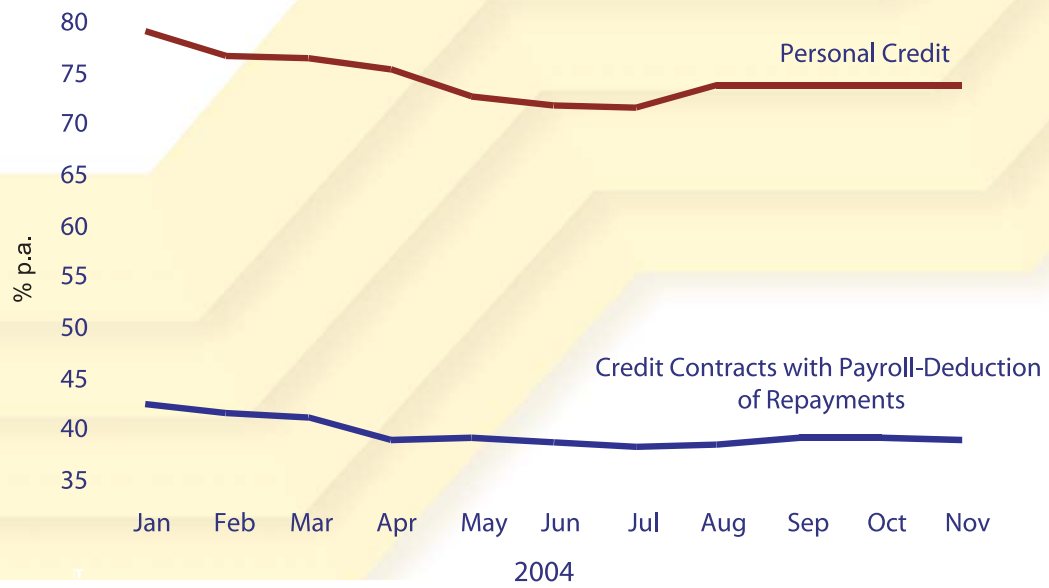
Source: Bacen

Credit Contracts with Payroll-Deduction of Repayments



Source: Bacen

Credit Contracts with Payroll-Deduction of Repayments



Source: Bacen