



BANCO CENTRAL DO BRASIL

**Brazil:
Increasing Resilience to External
Shocks**

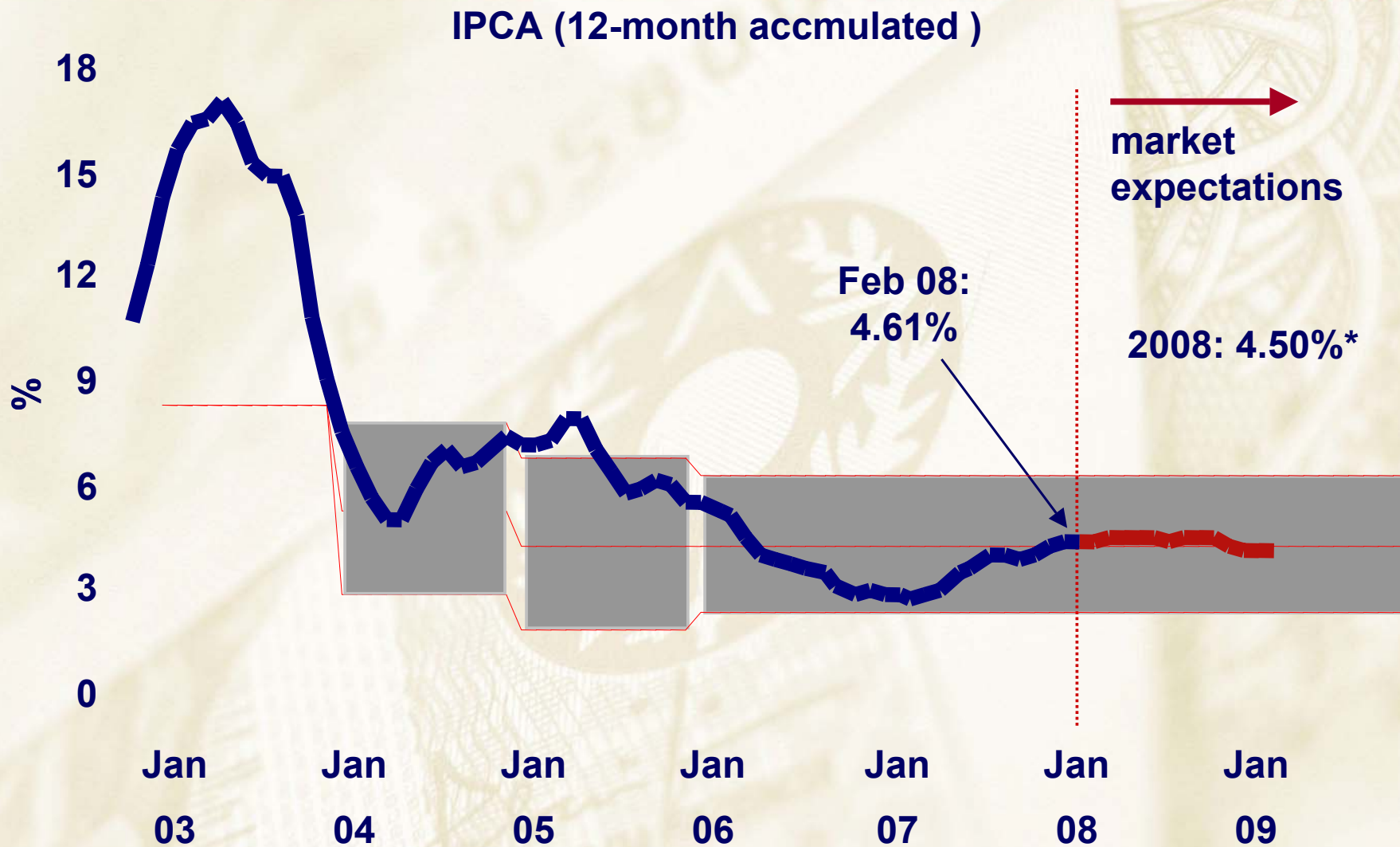
Mário Mesquita

April 2008



I. Inflation

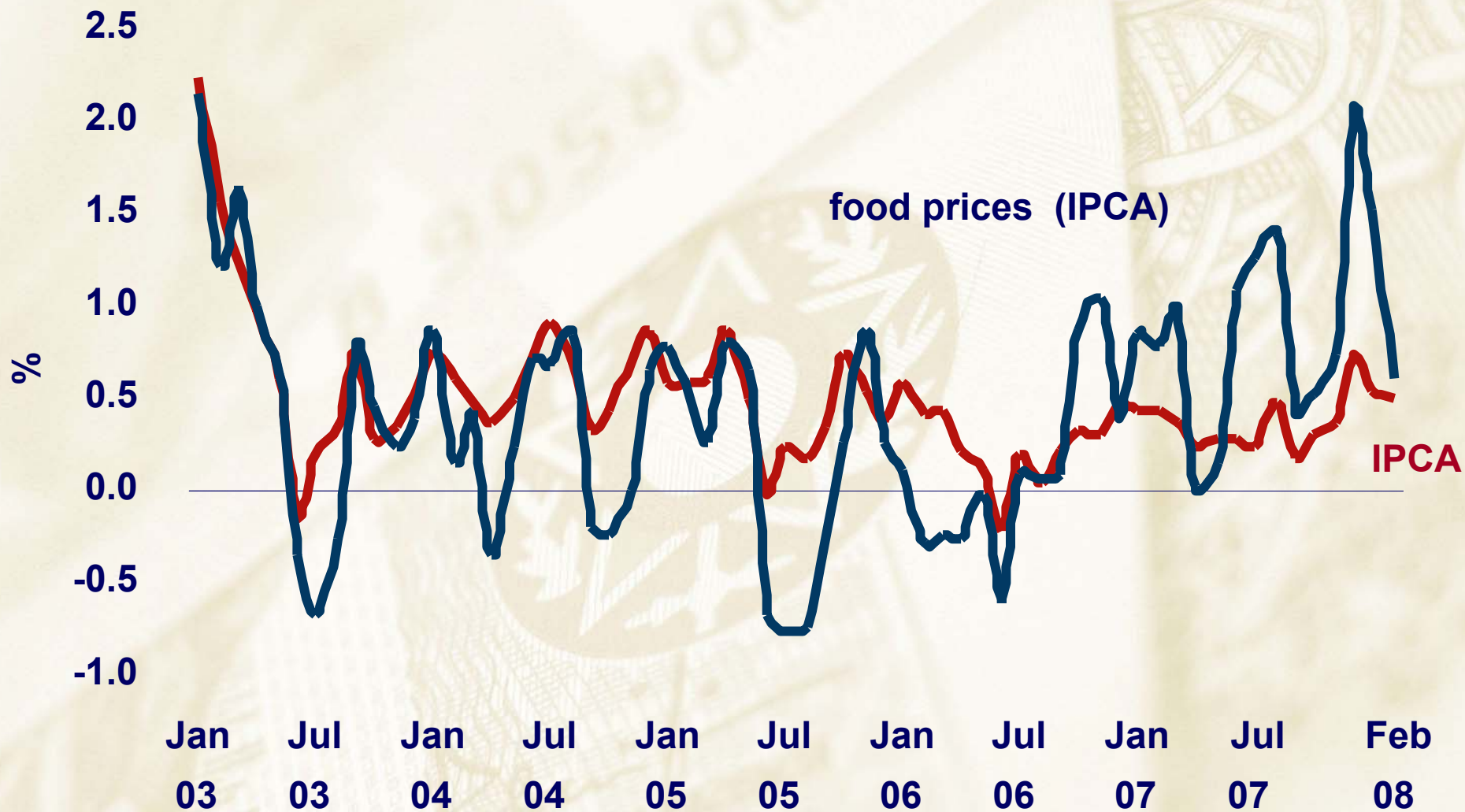
IPCA Inflation Convergence to Targets



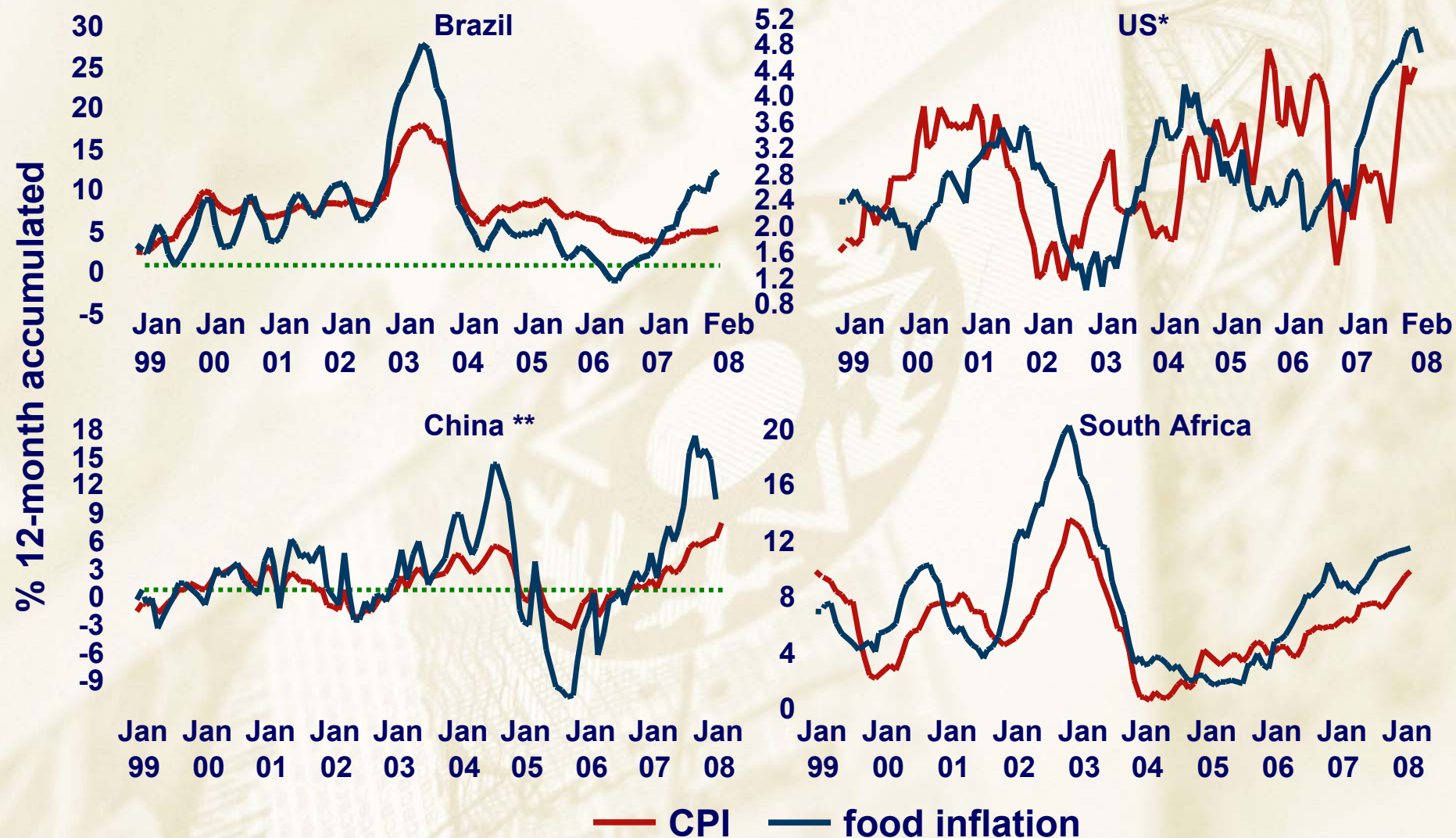
Inflation Expectations and Targets



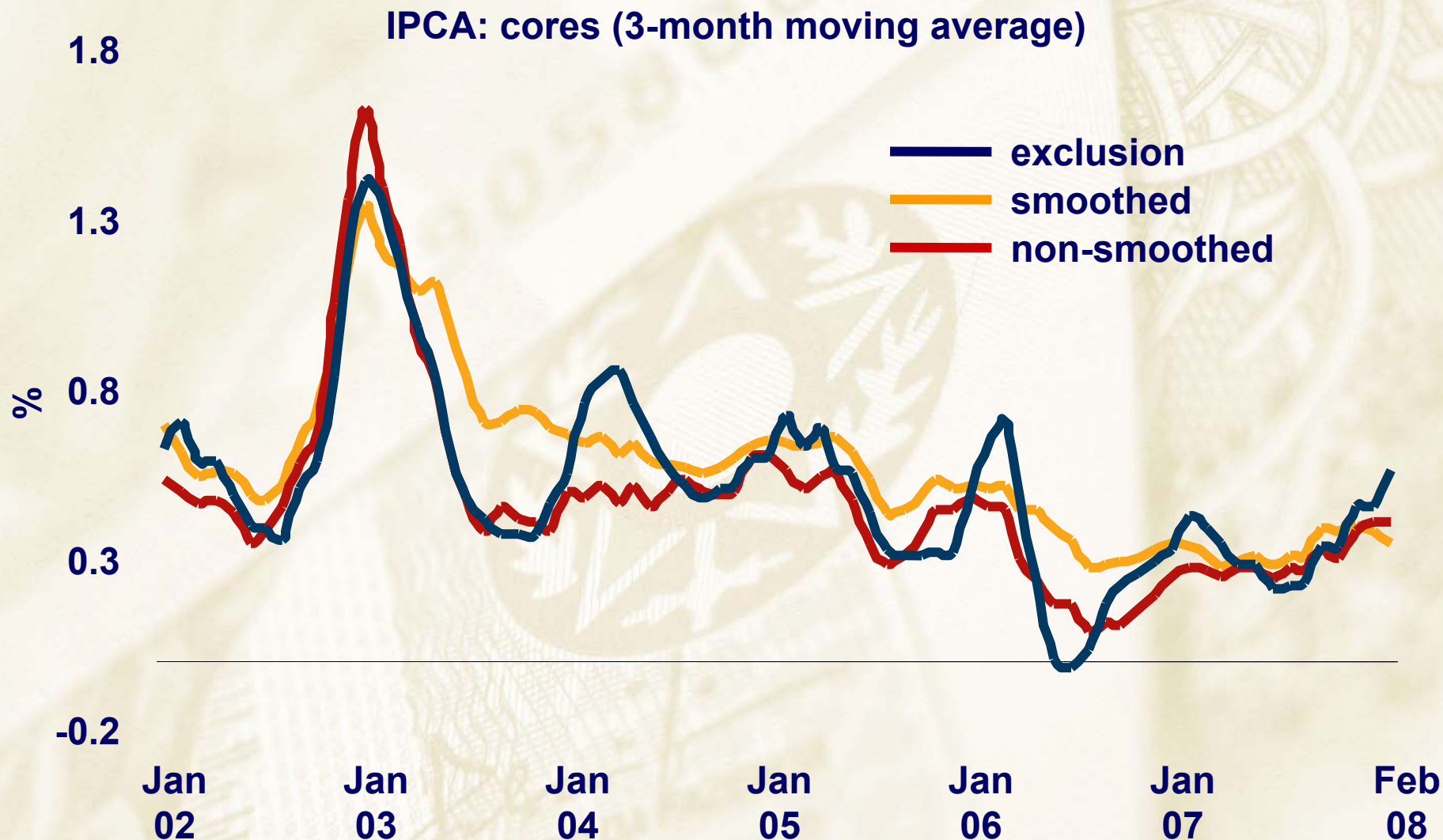
IPCA x Food Prices



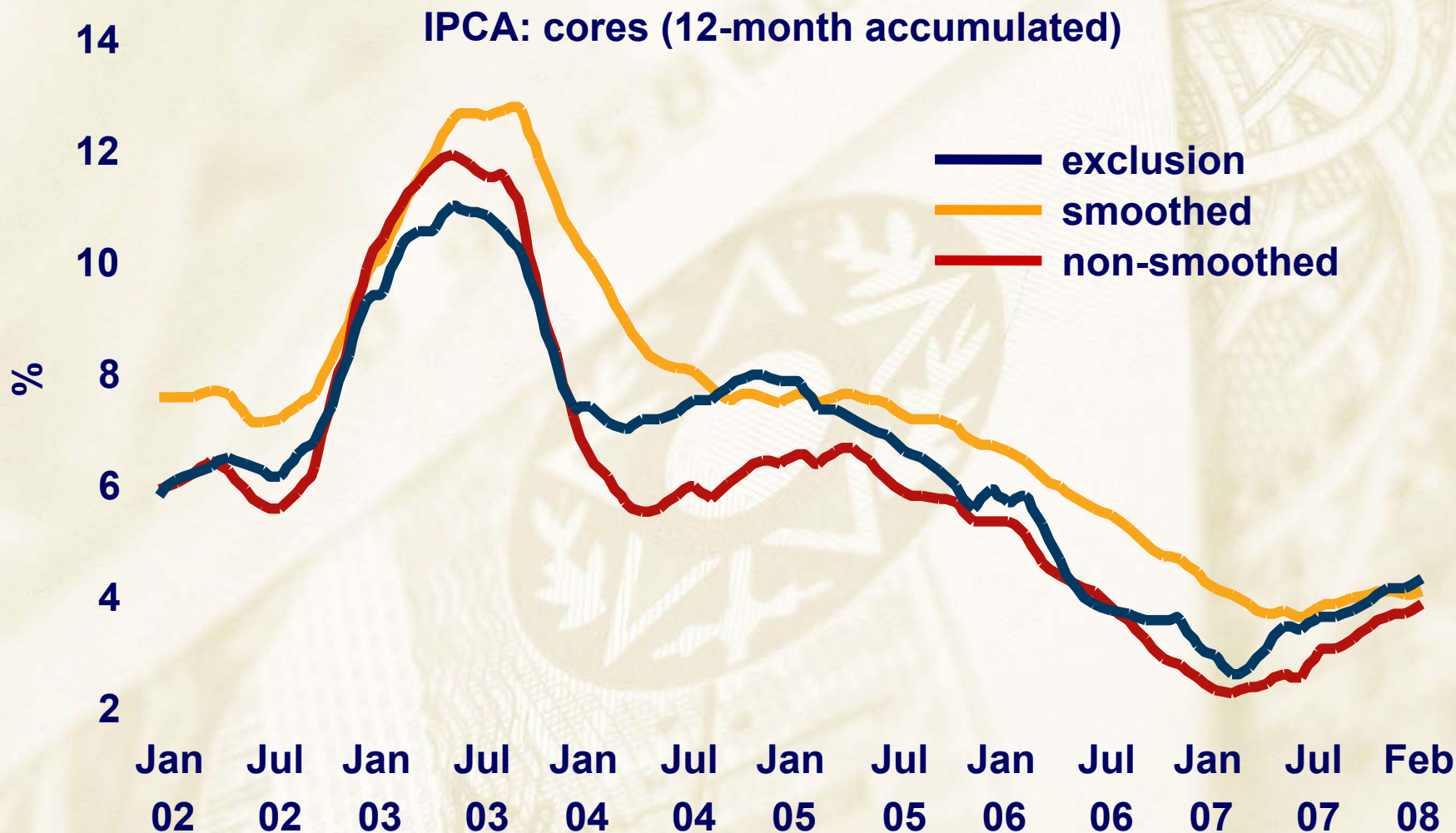
IPCs and Food Inflation – Selected Countries



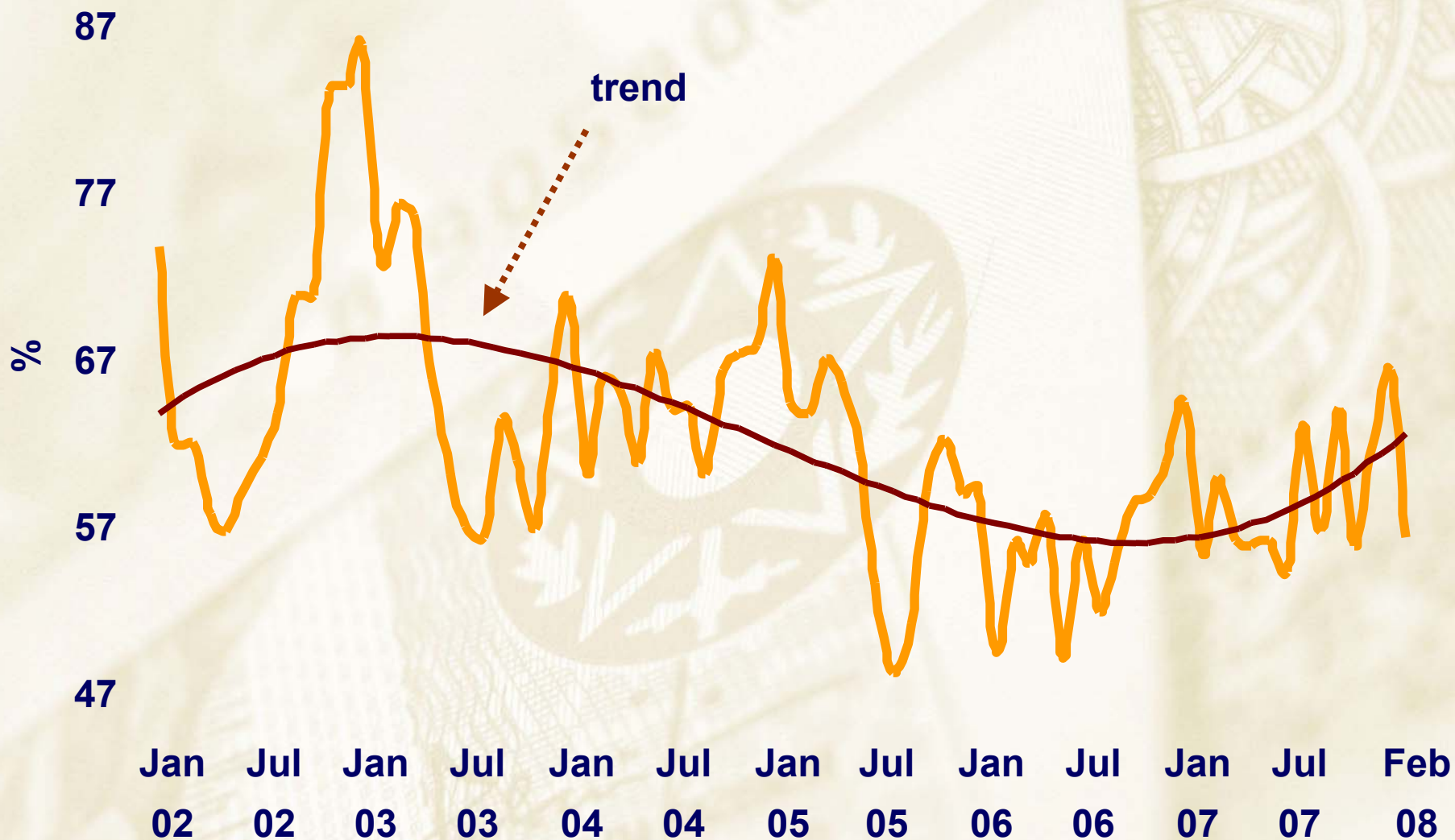
IPCA Inflation Core Measures



IPCA Inflation Core Measures

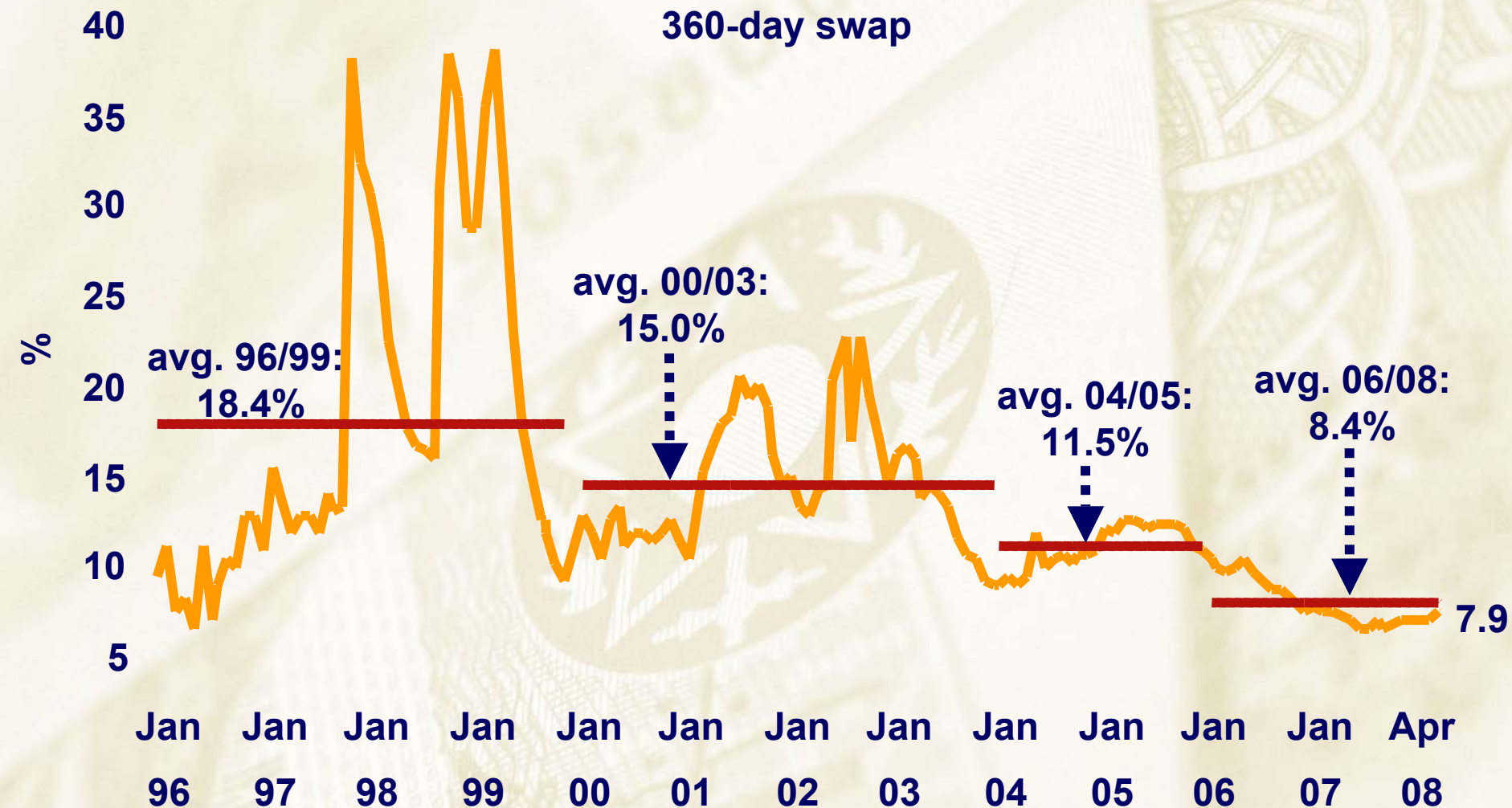


IPCA: % of Items with Price Increases



Real Interest Rates

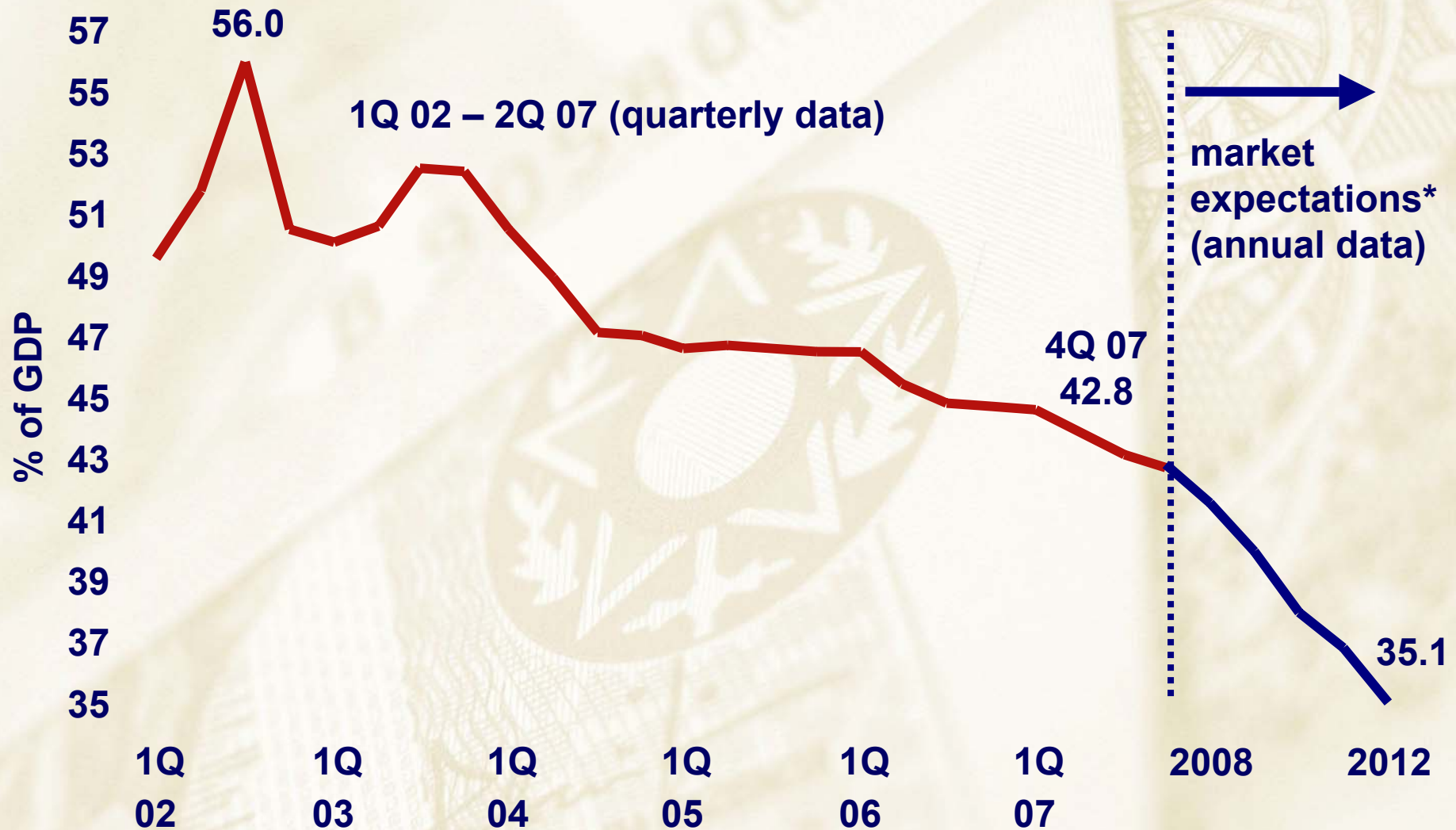
360-day swap



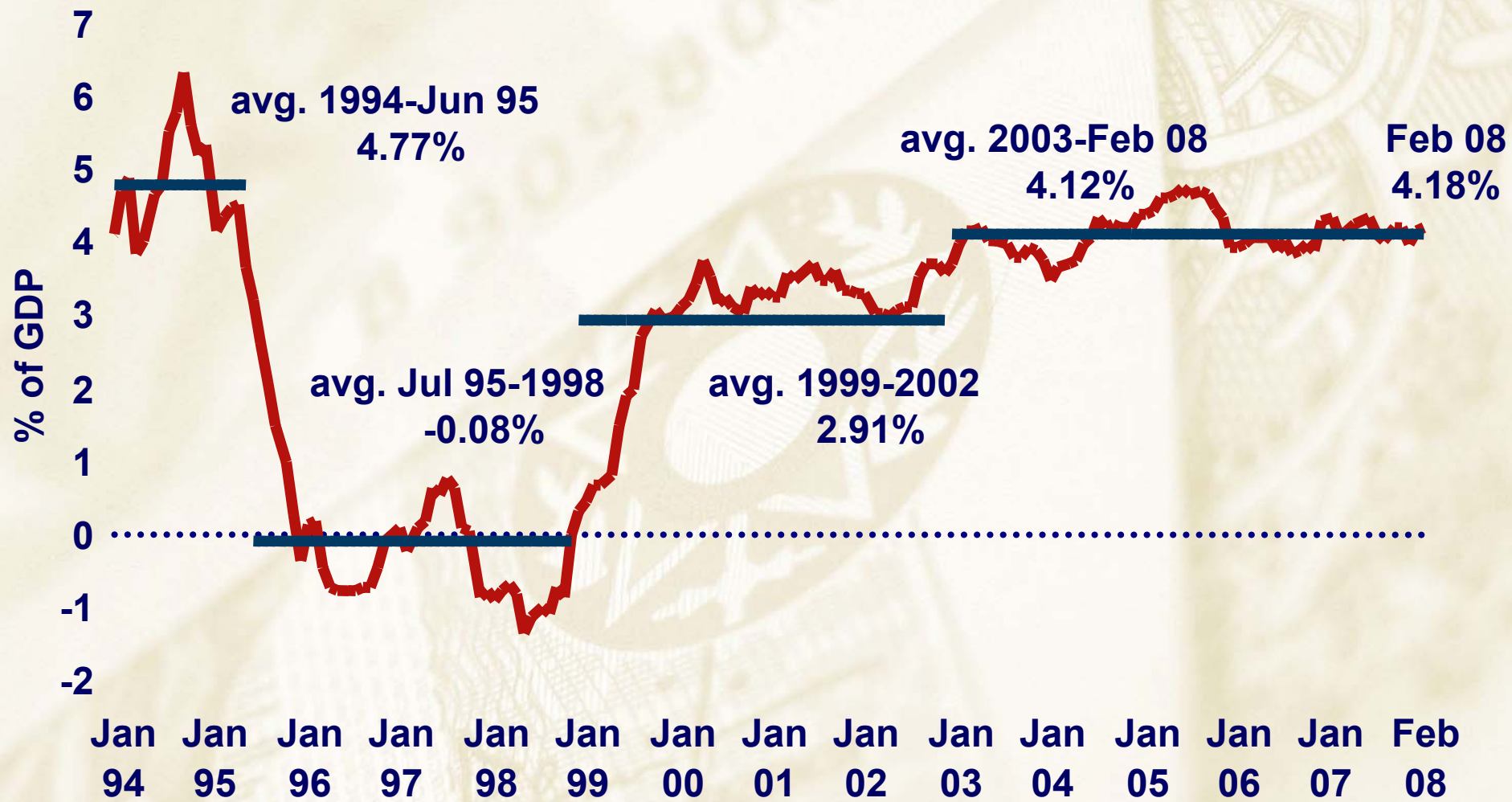


II. Fiscal Indicators

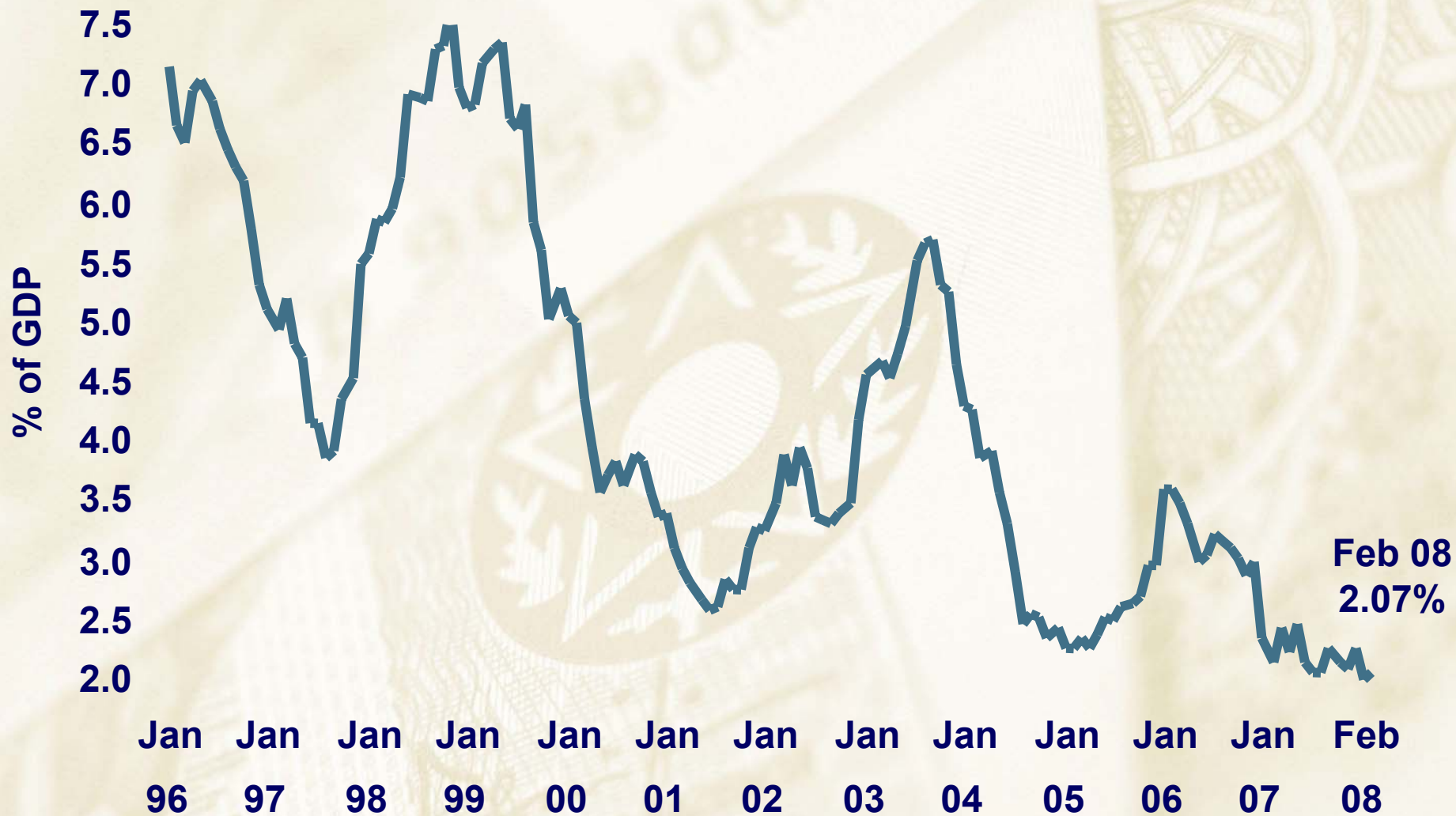
Debt-to-GDP Ratio Trend



Consolidated Public Sector Primary Surplus



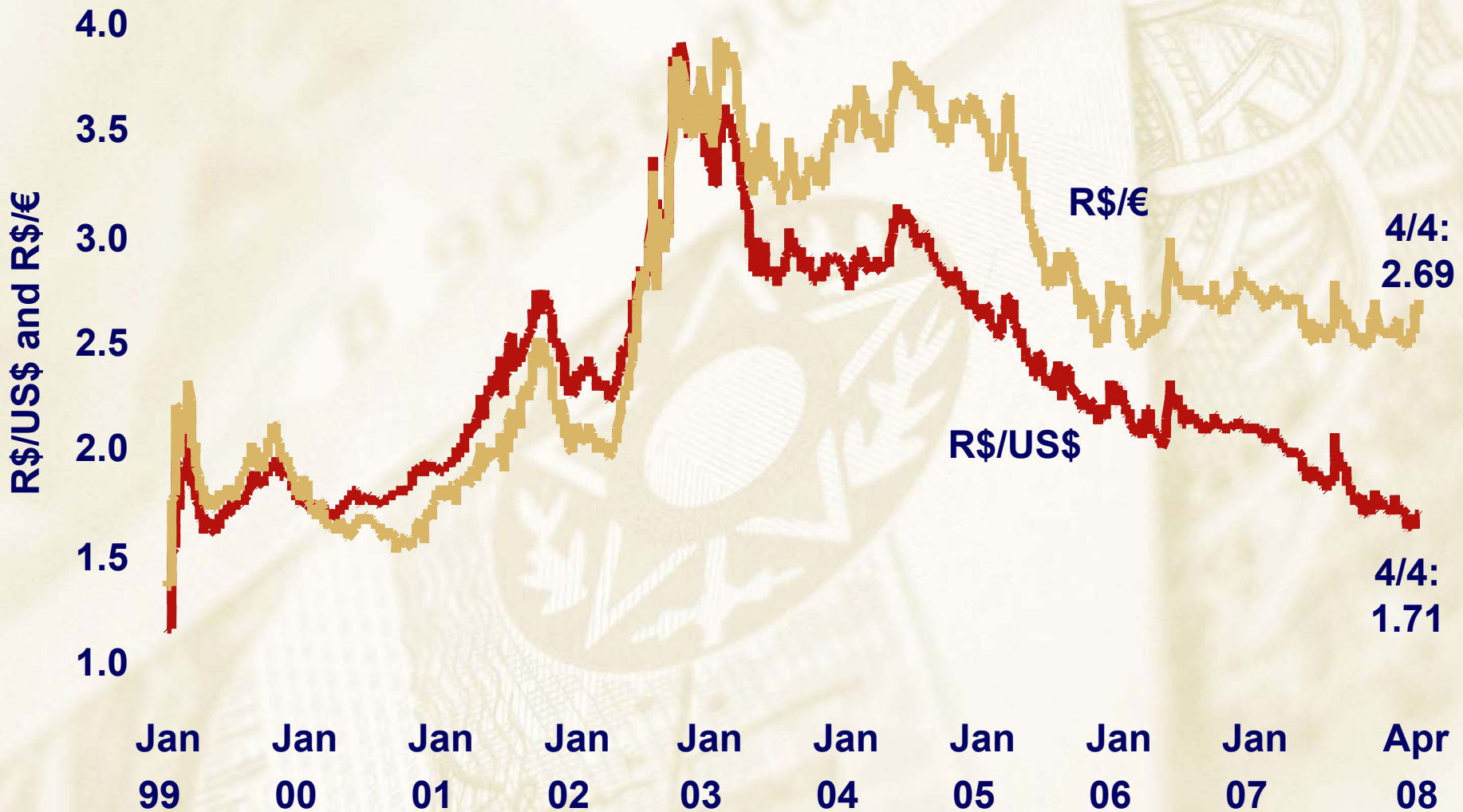
Consolidated Public Sector Nominal Deficit



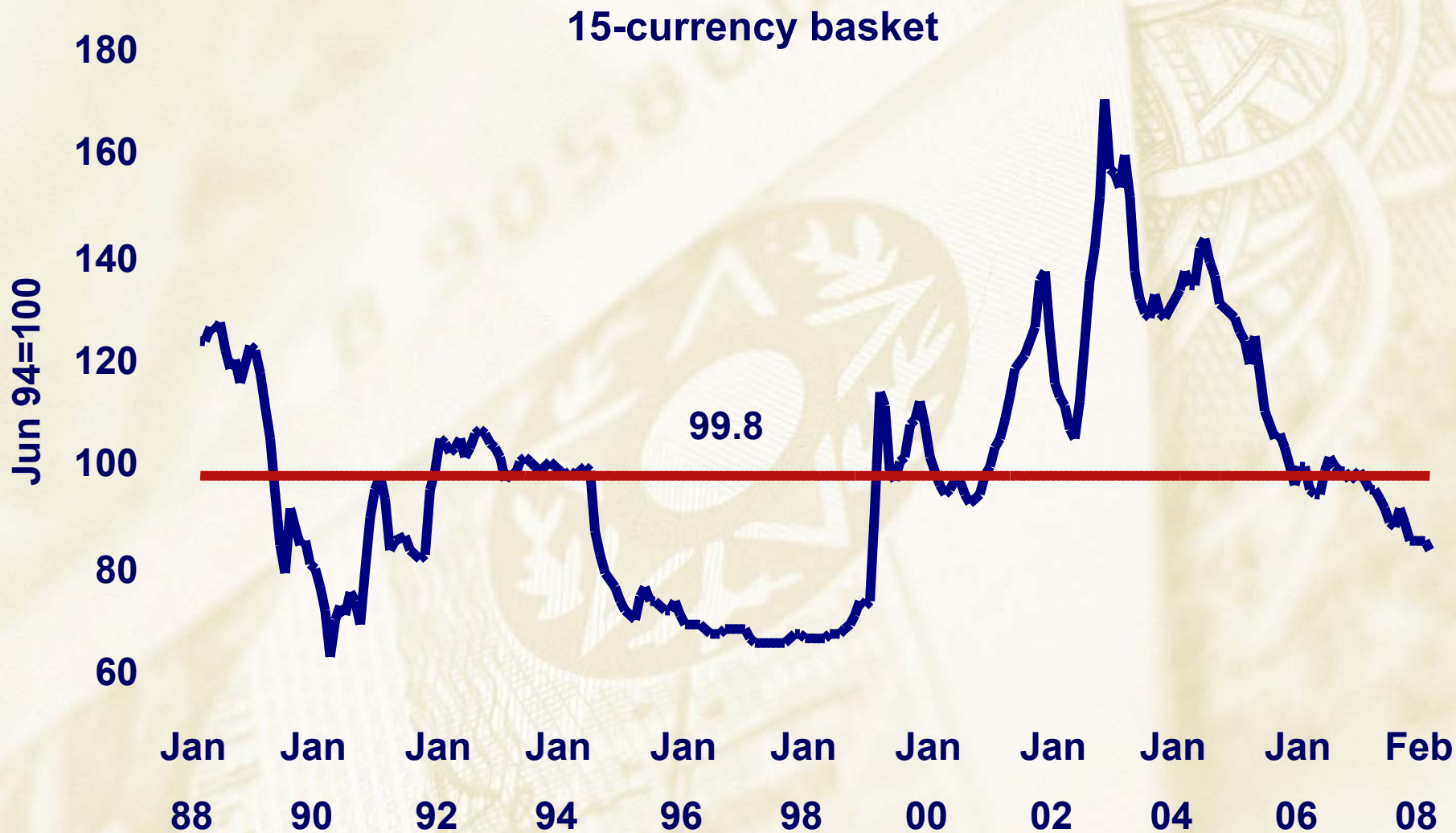


III. External Sector

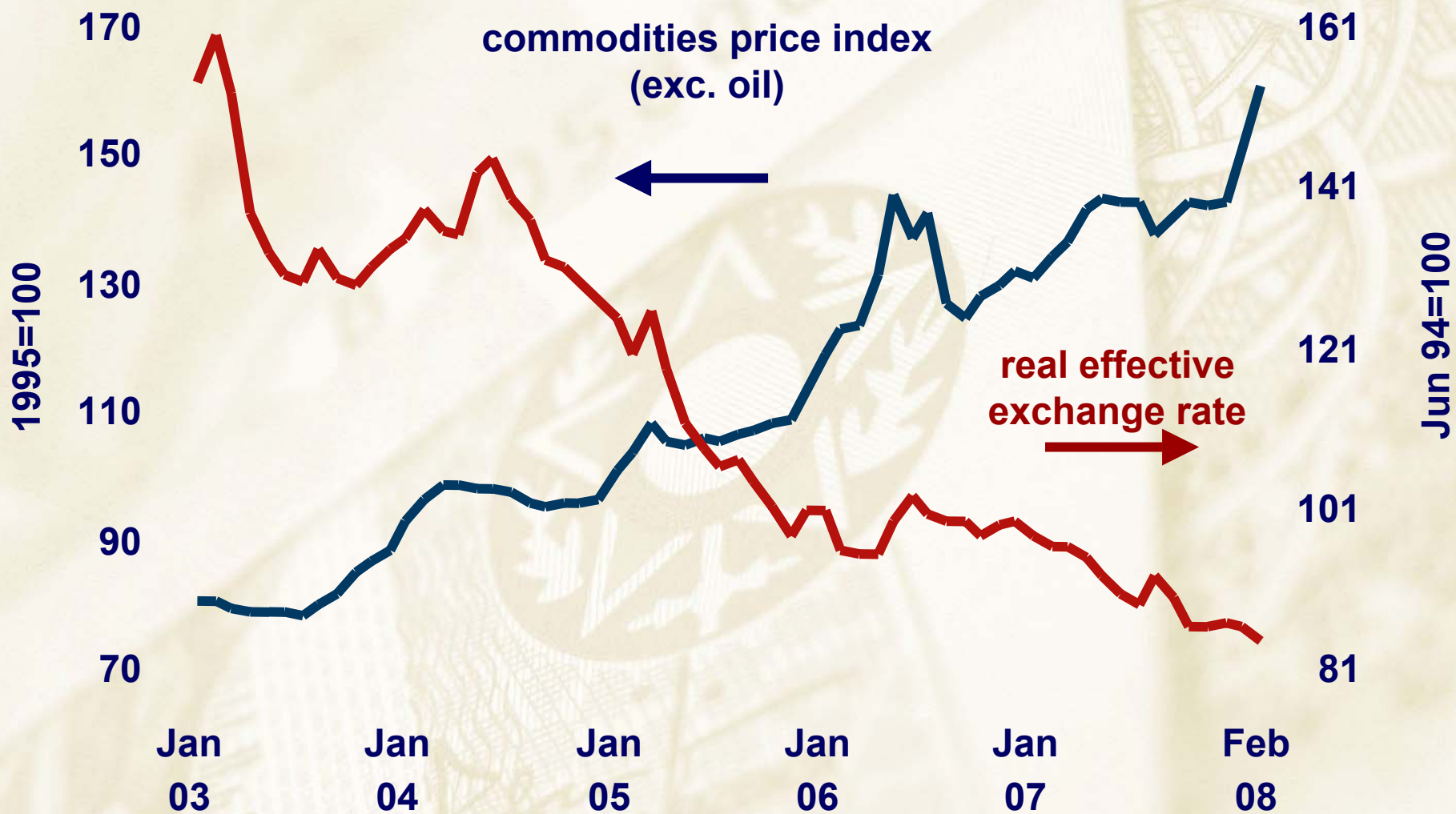
Nominal Exchange Rates



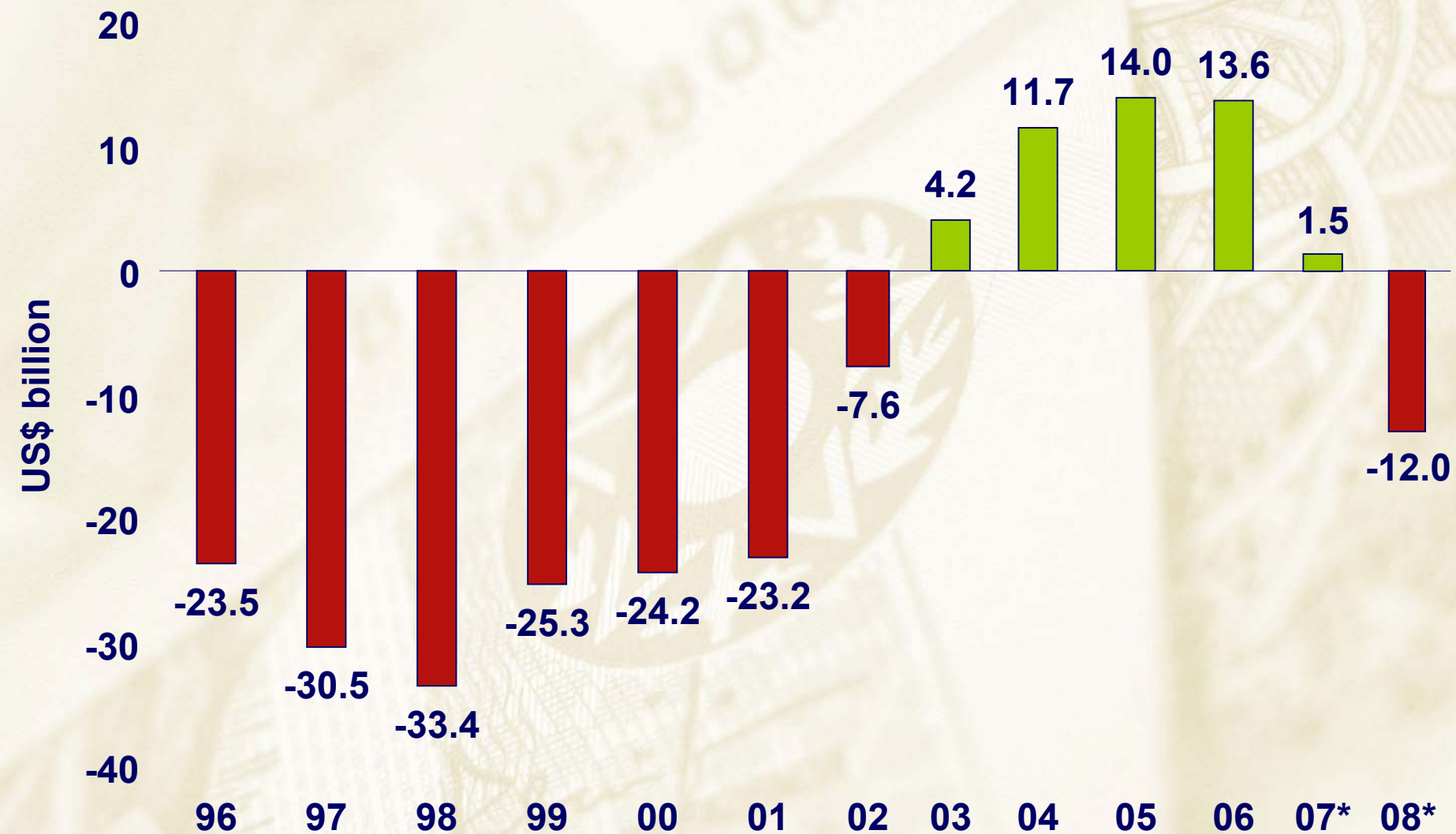
Real Effective Exchange Rate



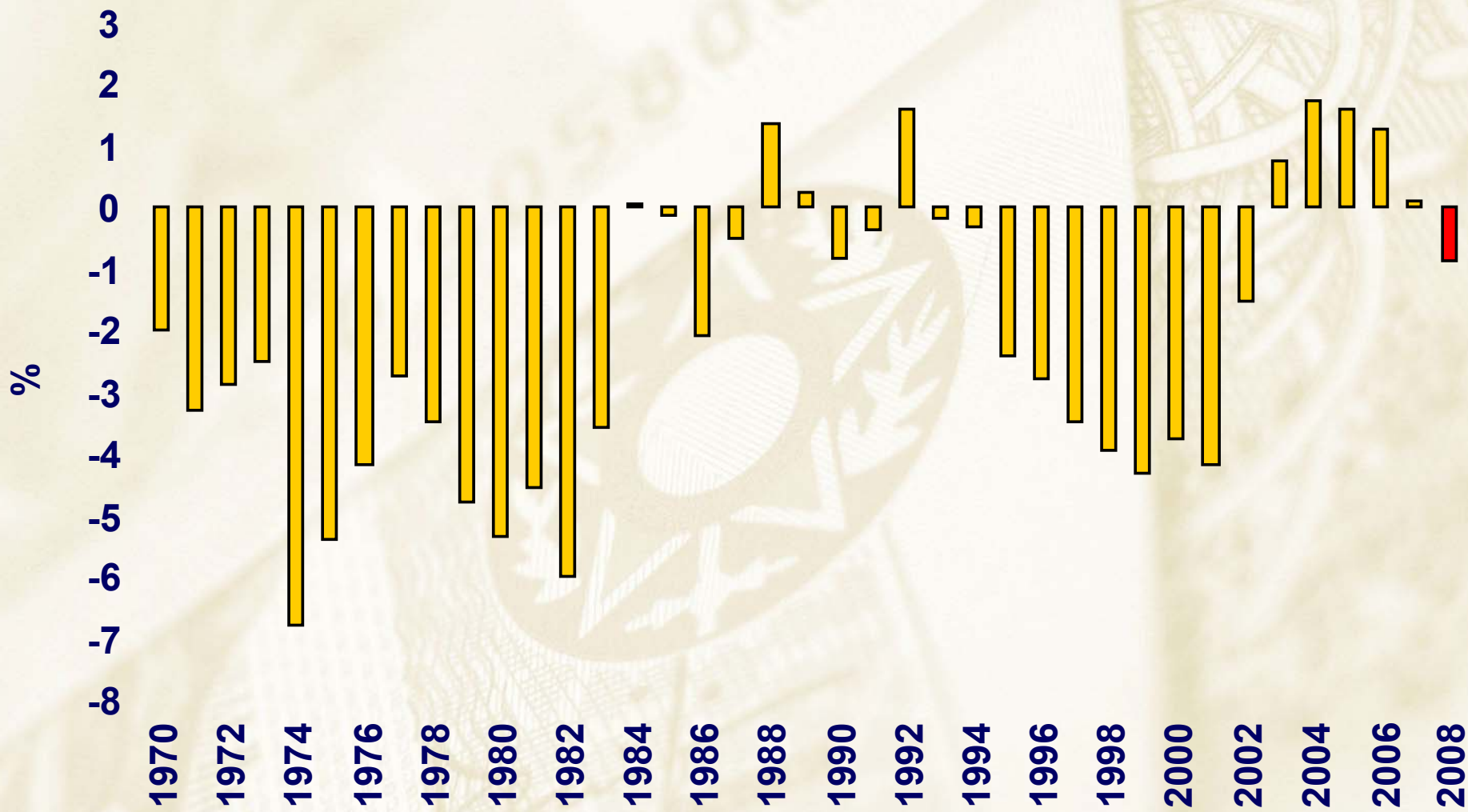
Real Effective Exchange Rate x Commodities Prices



Current Account



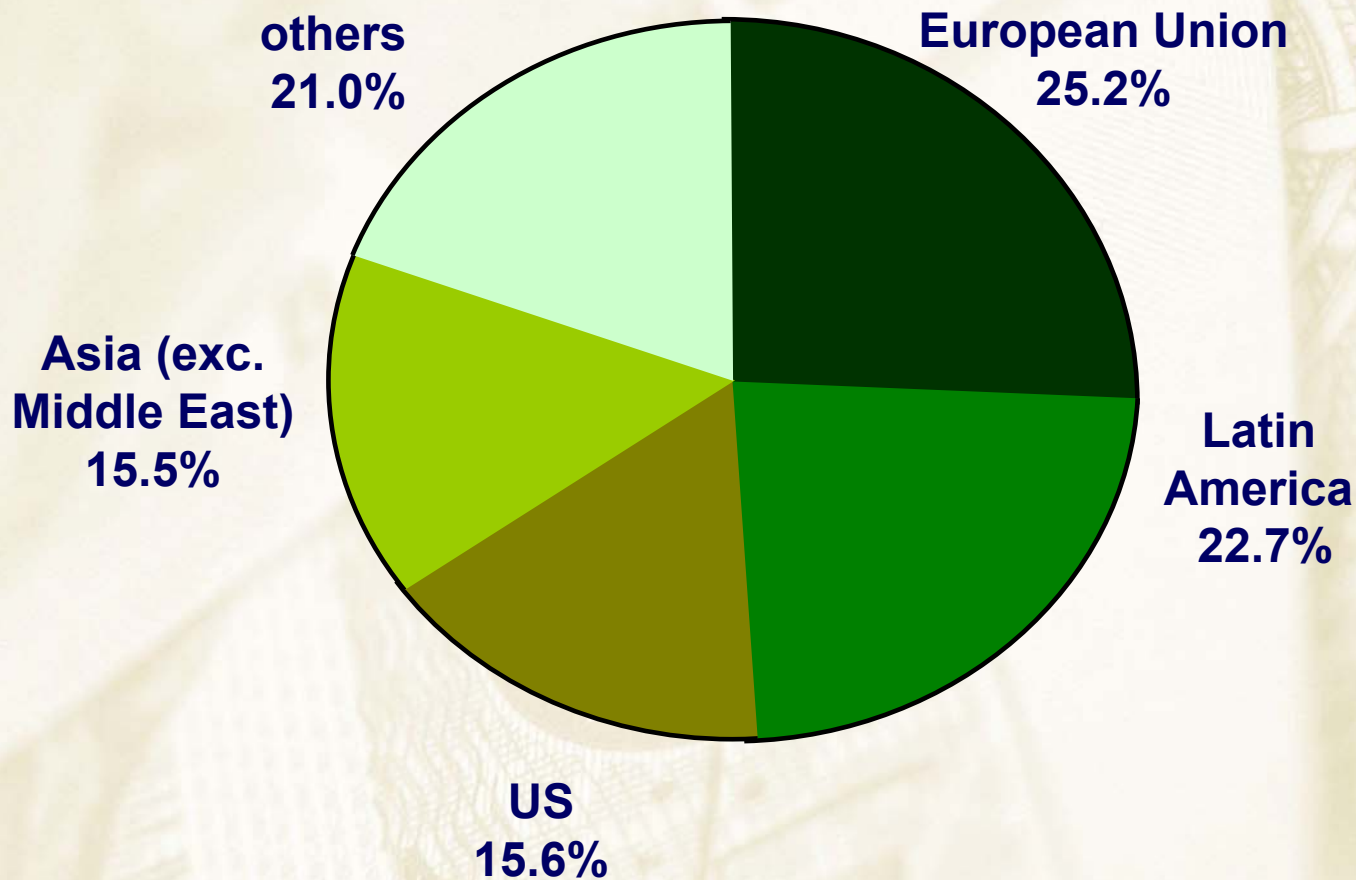
Current Account/GDP



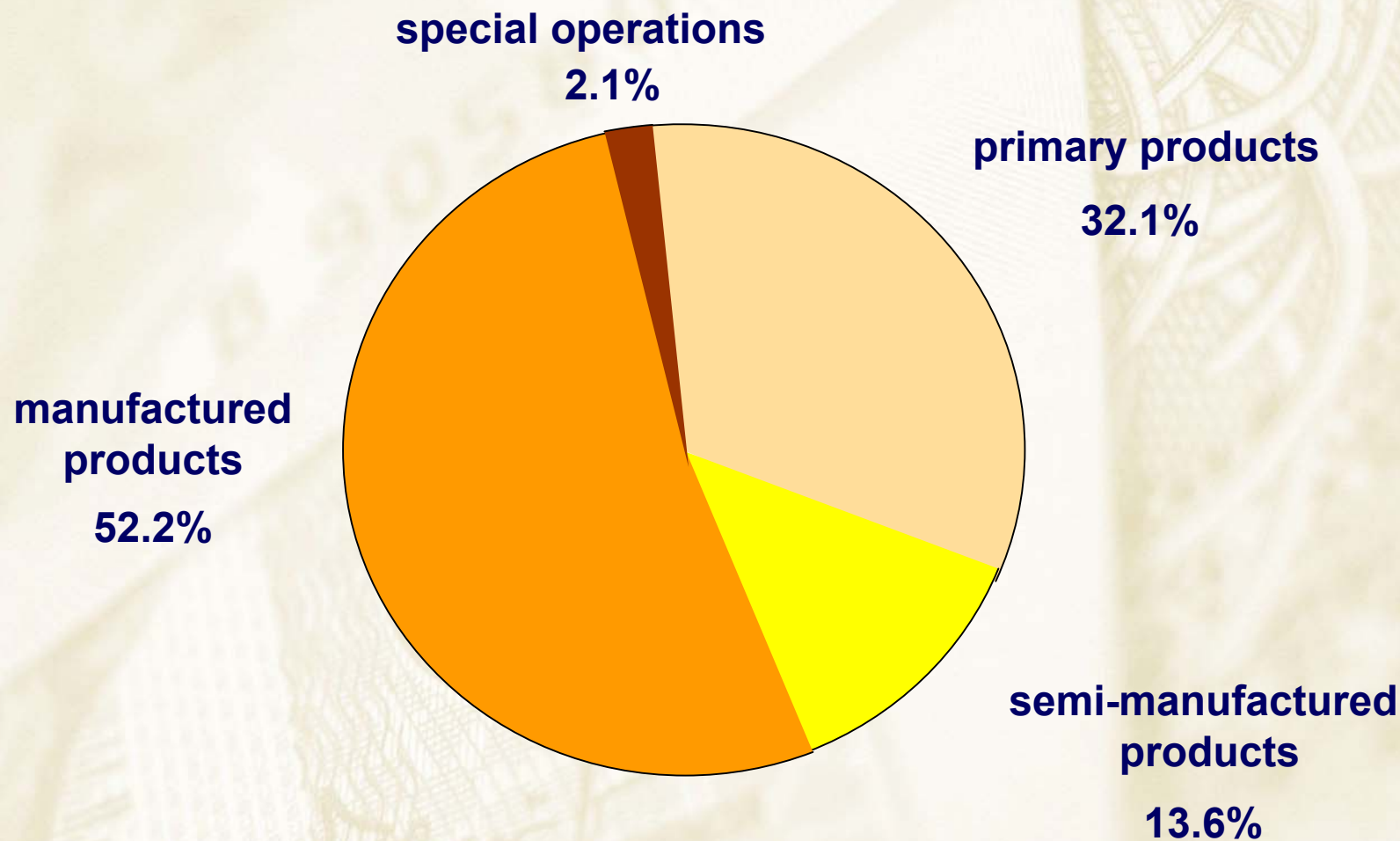
Trade Balance



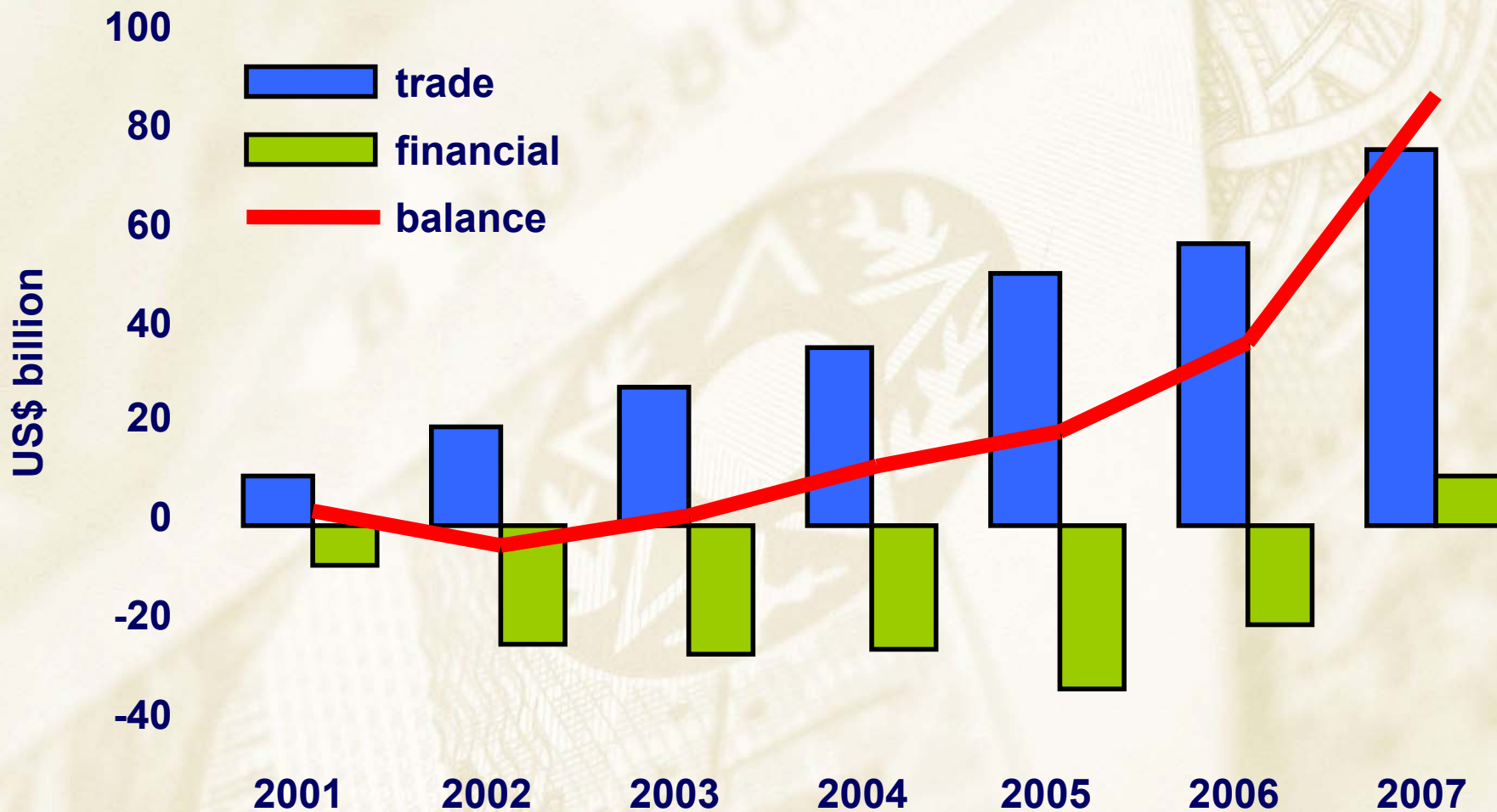
Exports Diversification by Destination: 2007



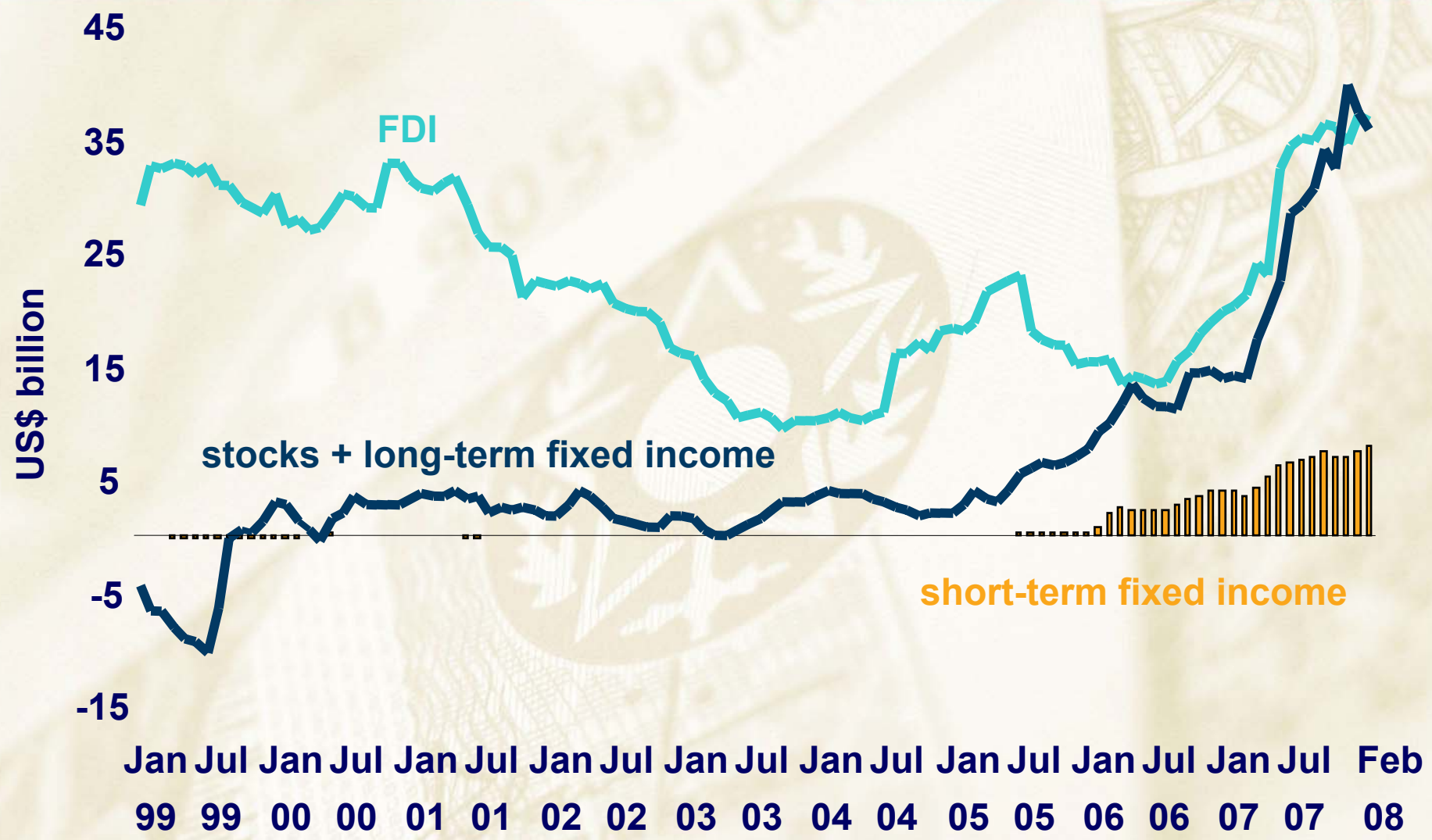
Exports Diversification by Product: 2007



FX Net Flows



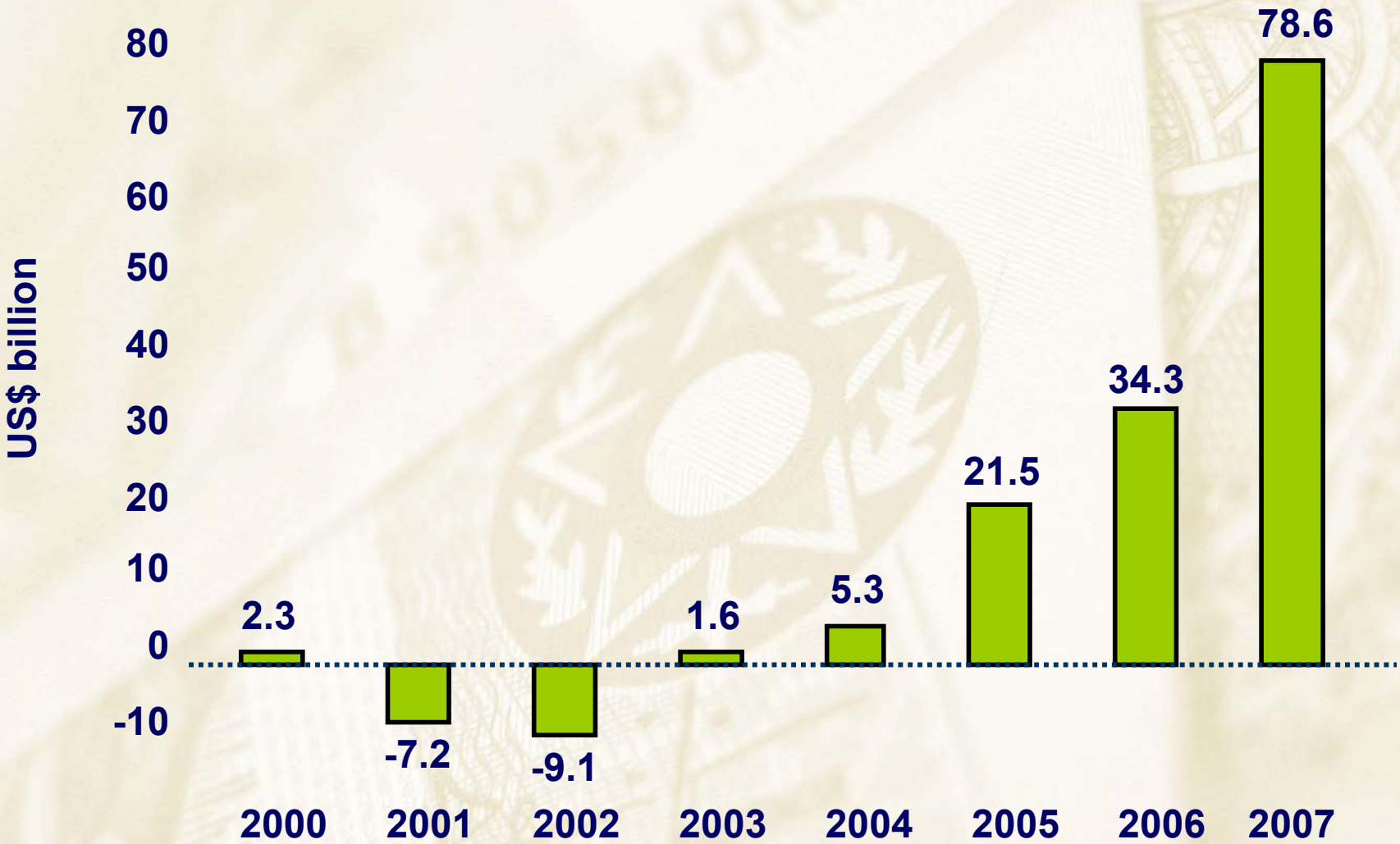
Net FDI and Net Foreign Investment in Stocks and Short and Long-Term Fixed-Income



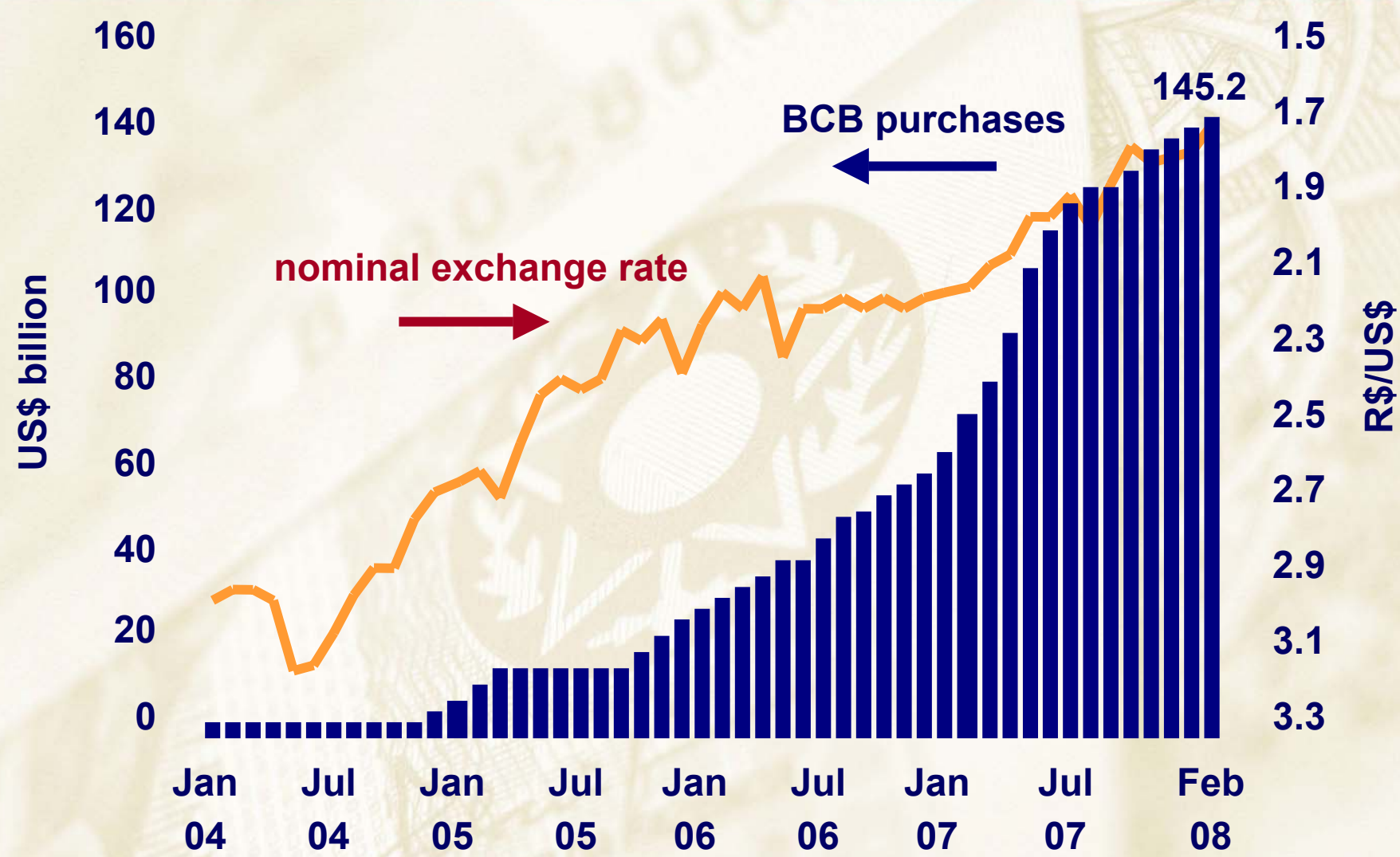
International Reserves



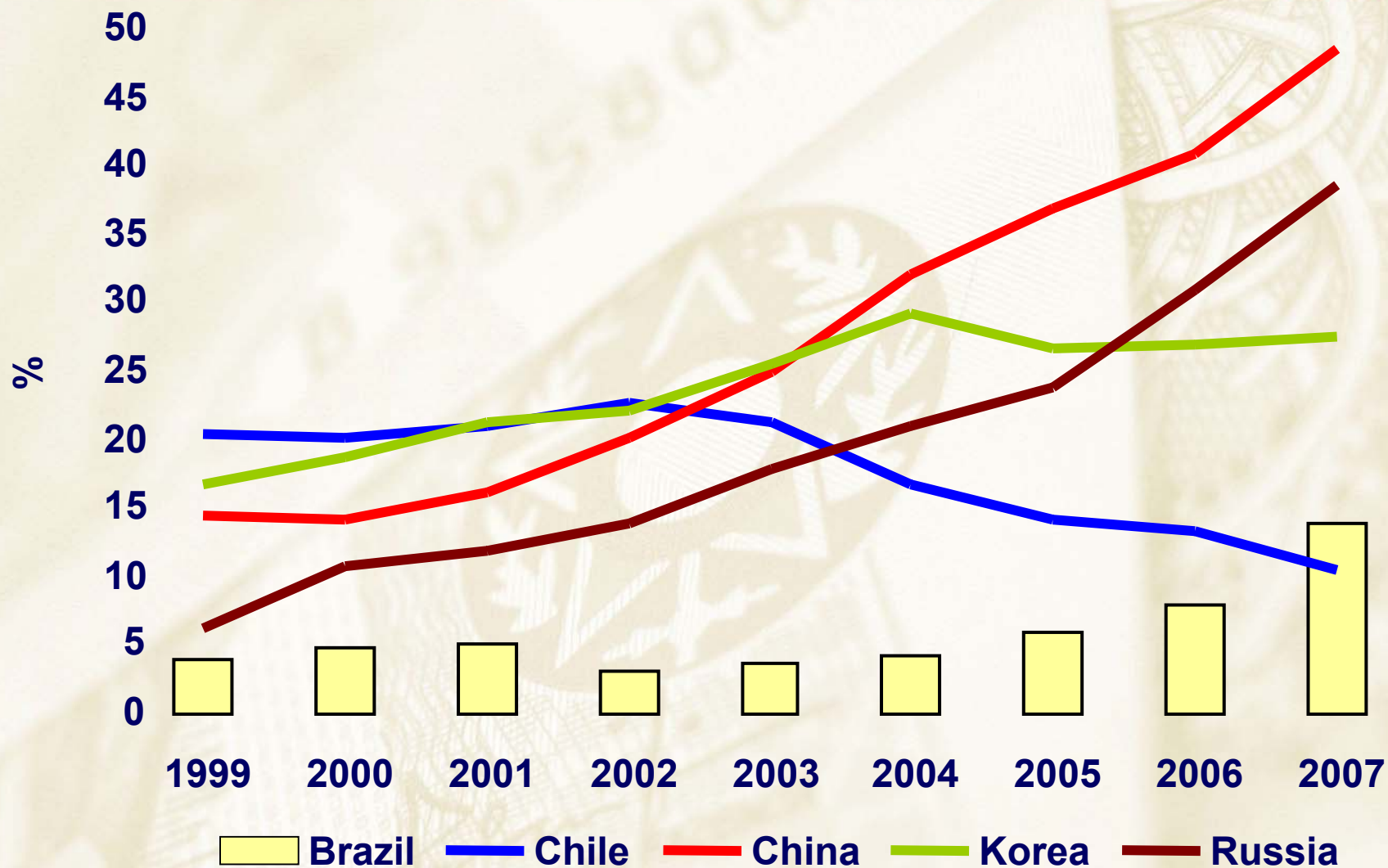
BCB FX Net Acquisitions



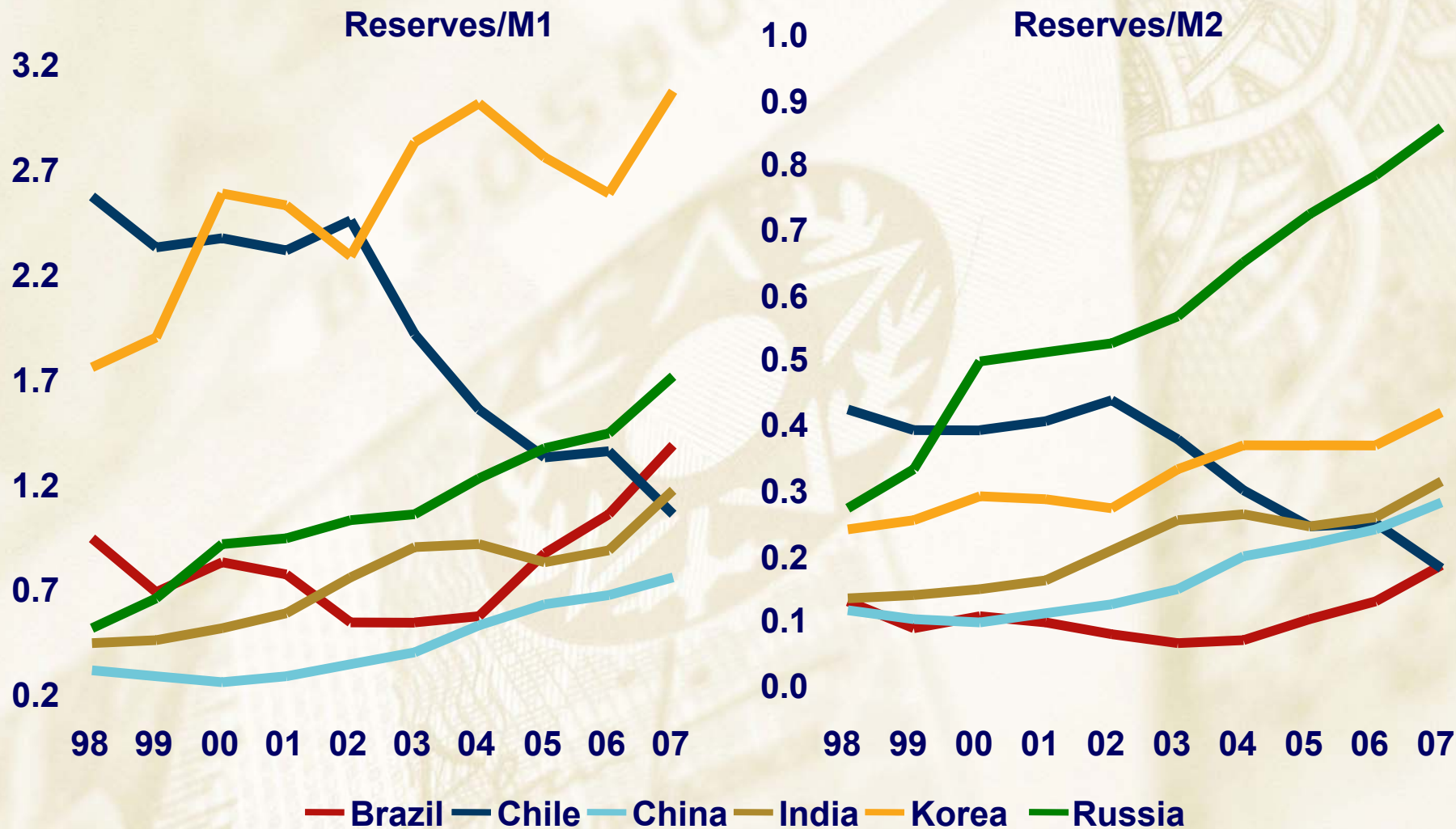
BCB Accumulated FX Purchases since Jan/2004 and Nominal Exchange Rate



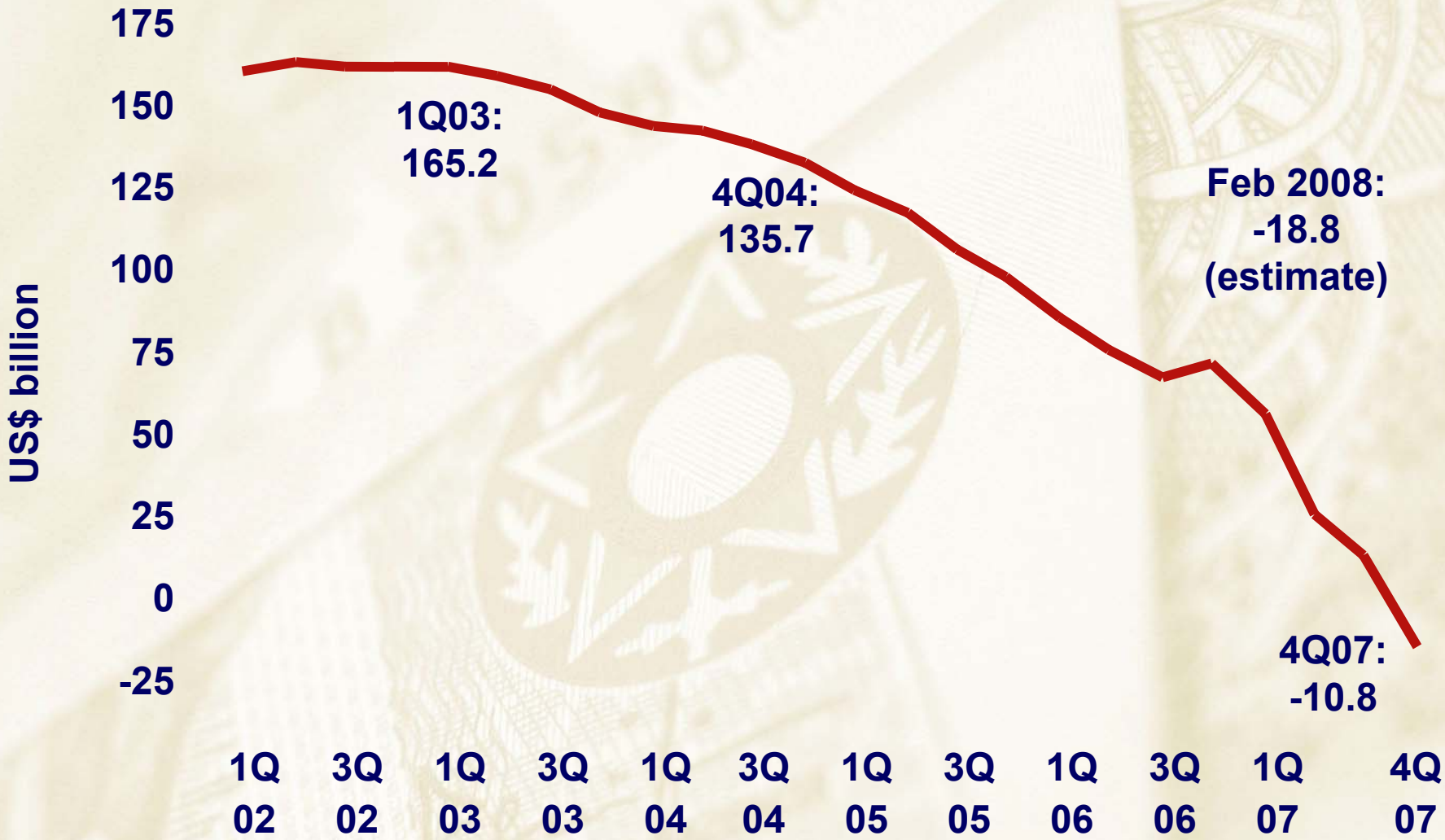
Reserves/GDP



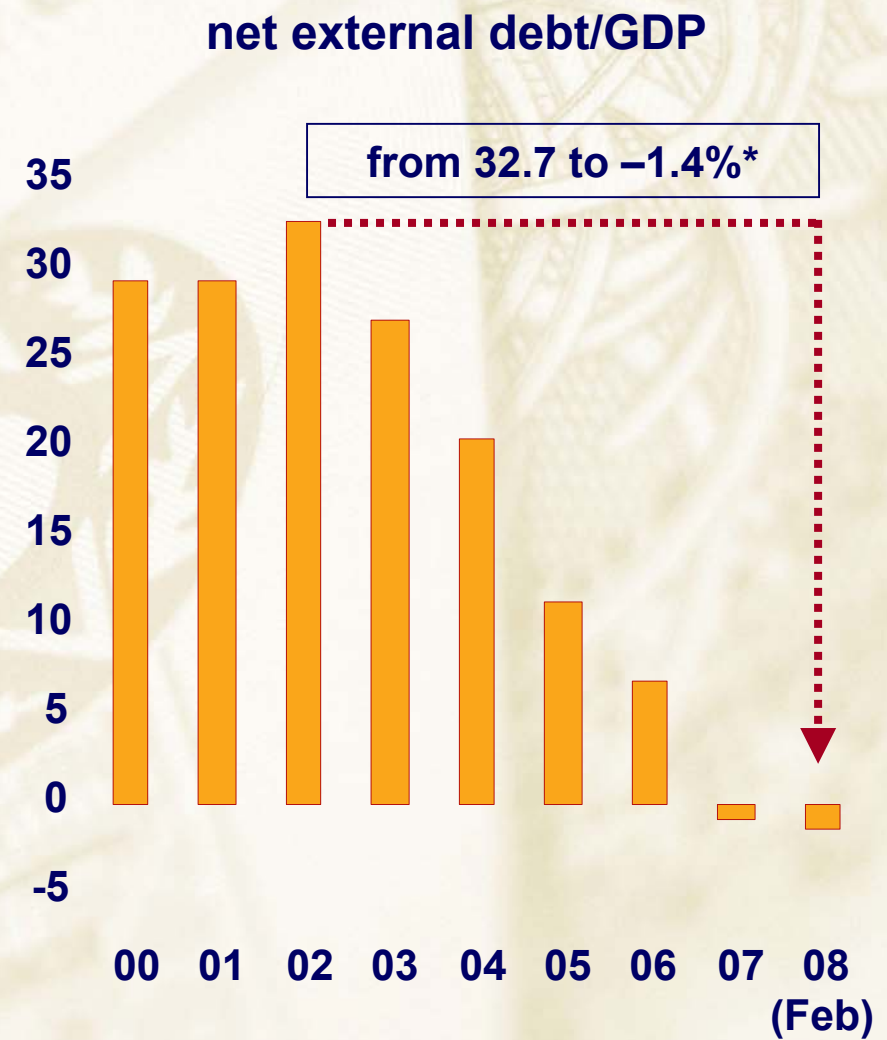
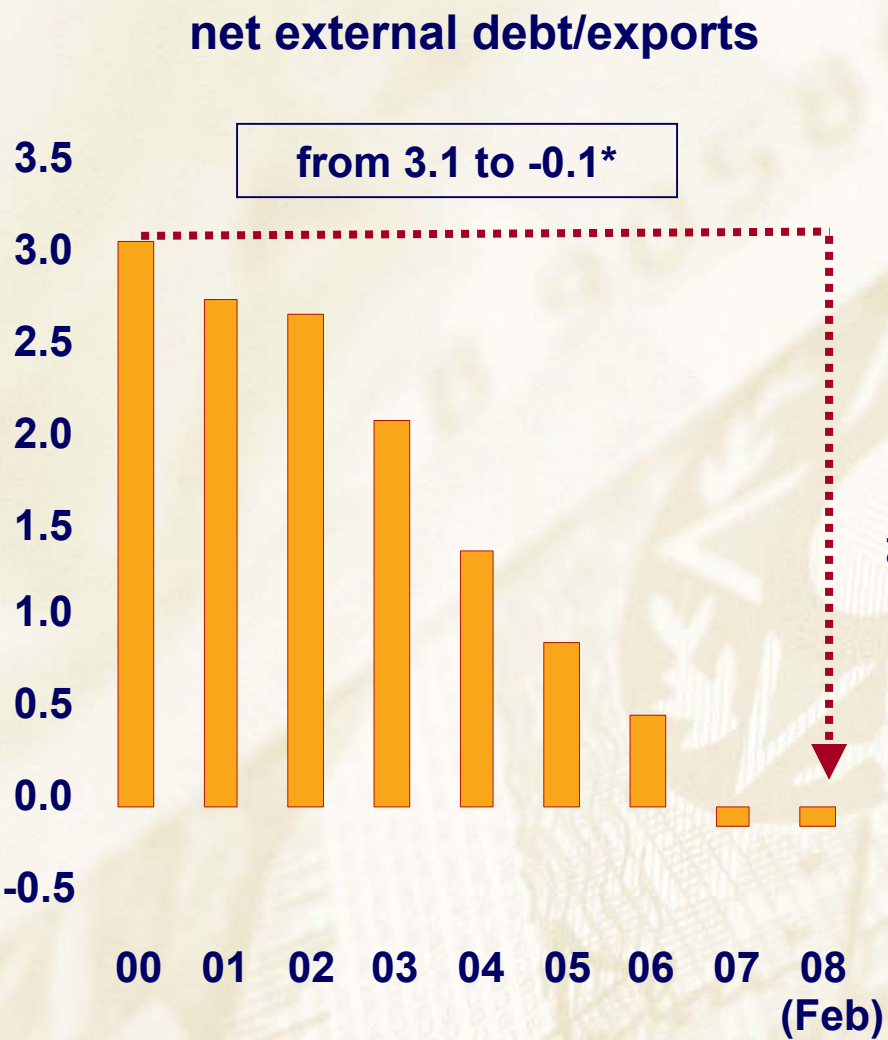
International Reserves x Monetary Aggregates



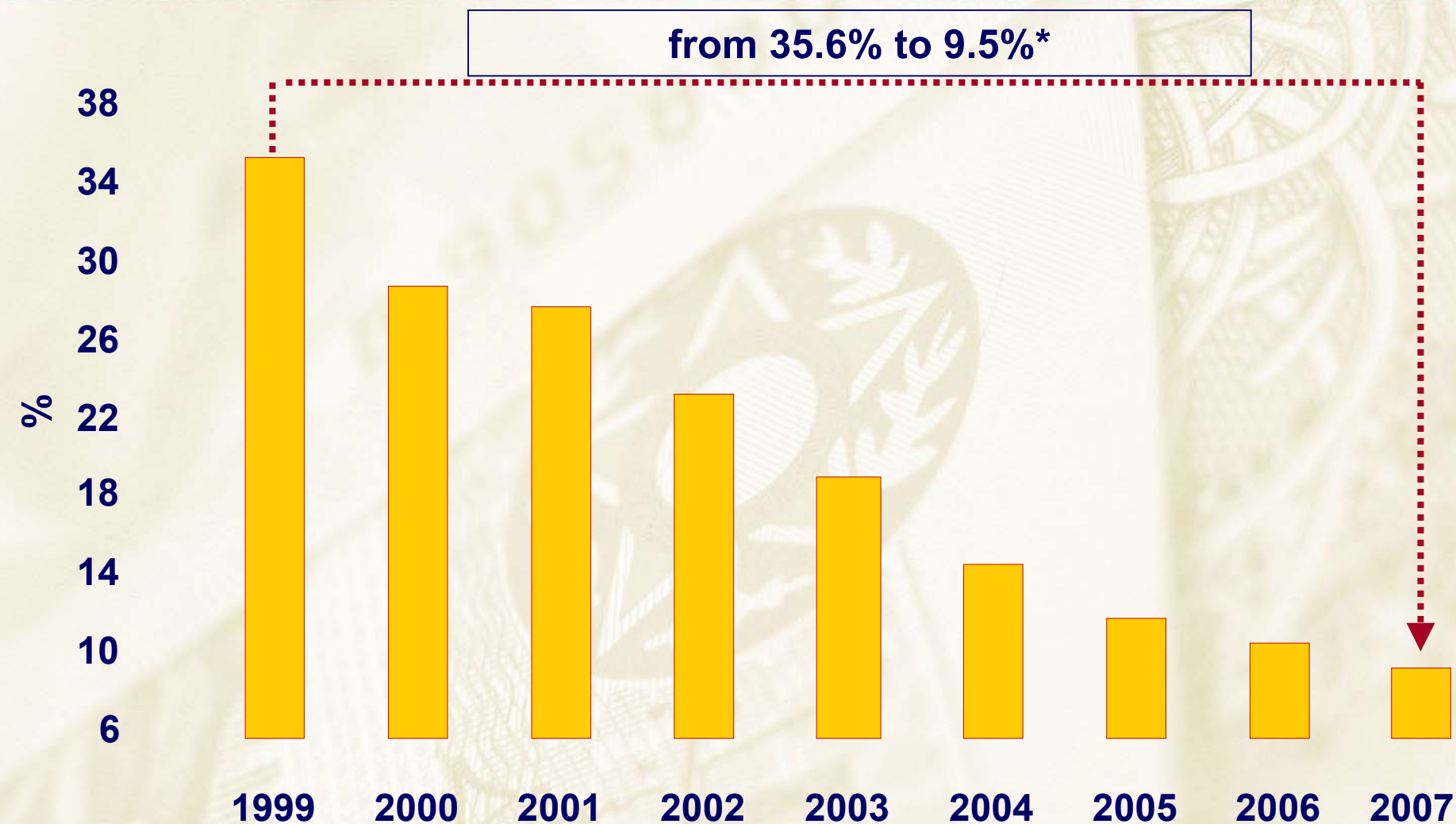
Net External Debt



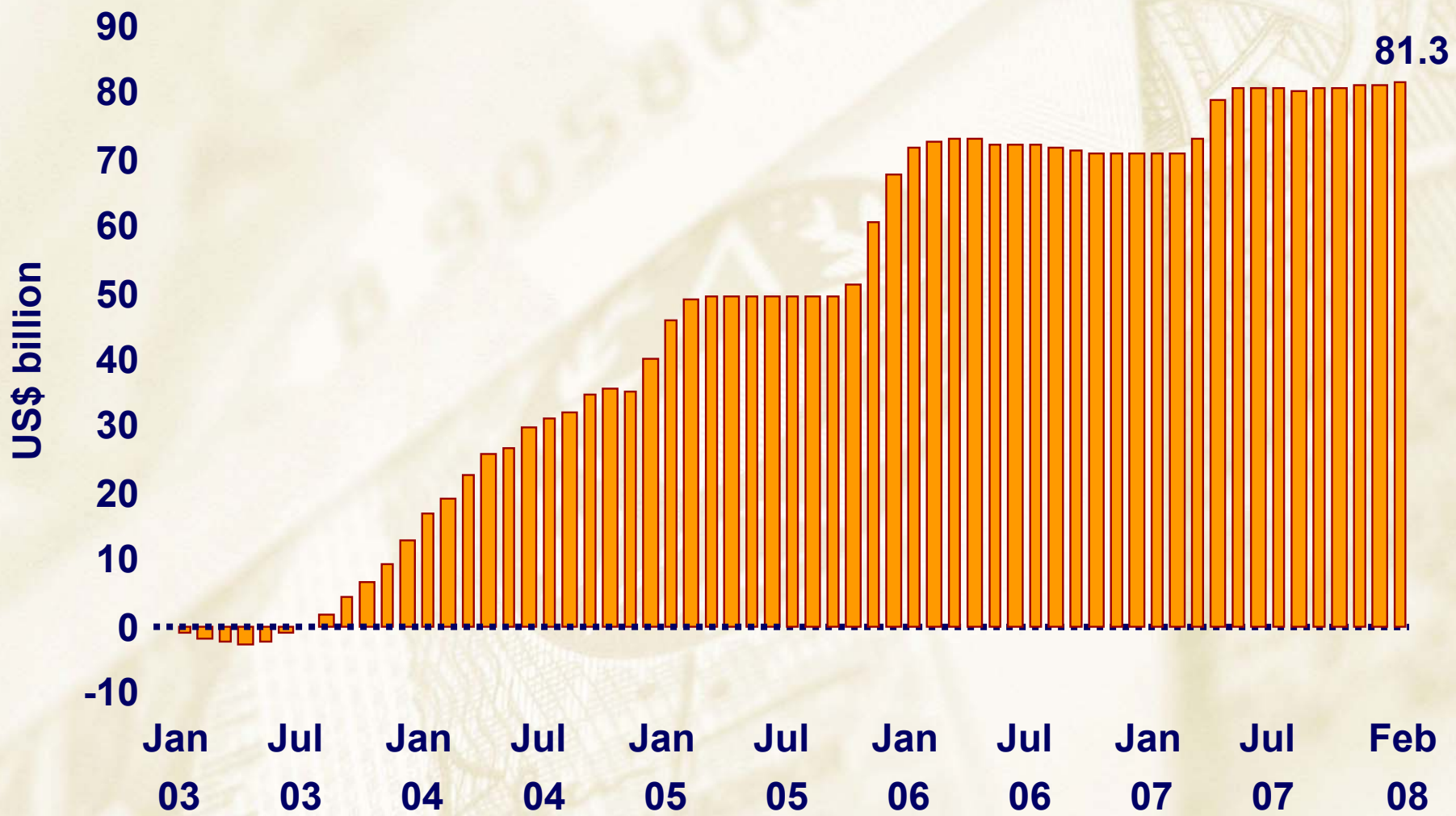
External Sustainability Indicators



Interest Payment/Exports Ratio



Accumulated Reduction of FX Domestic Debt since Jan/2003



Impact of a 1% FX Change on Net Debt-to-GDP Ratio



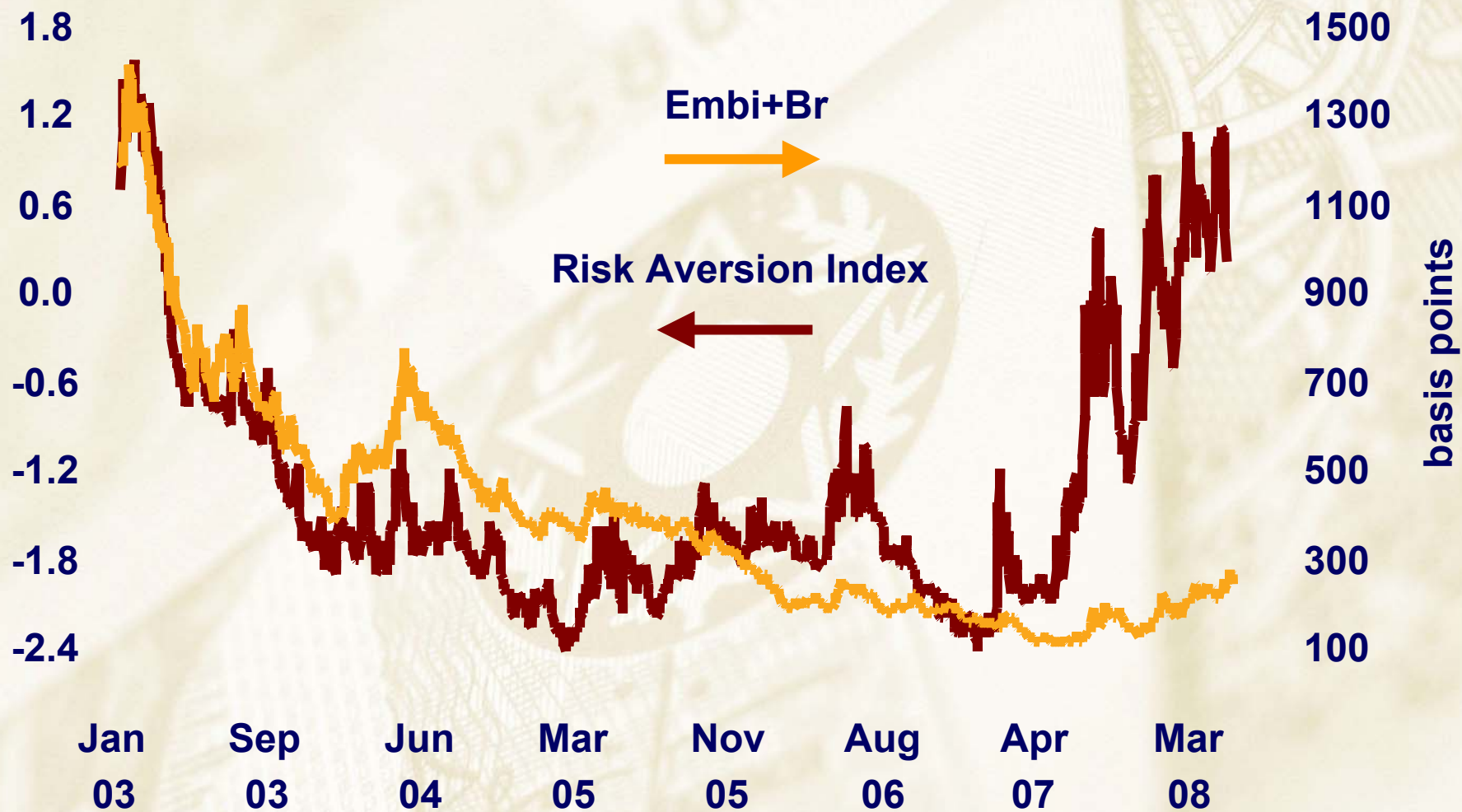


IV. Asset Prices

Country Risk and Risk Aversion Index (RAVI)



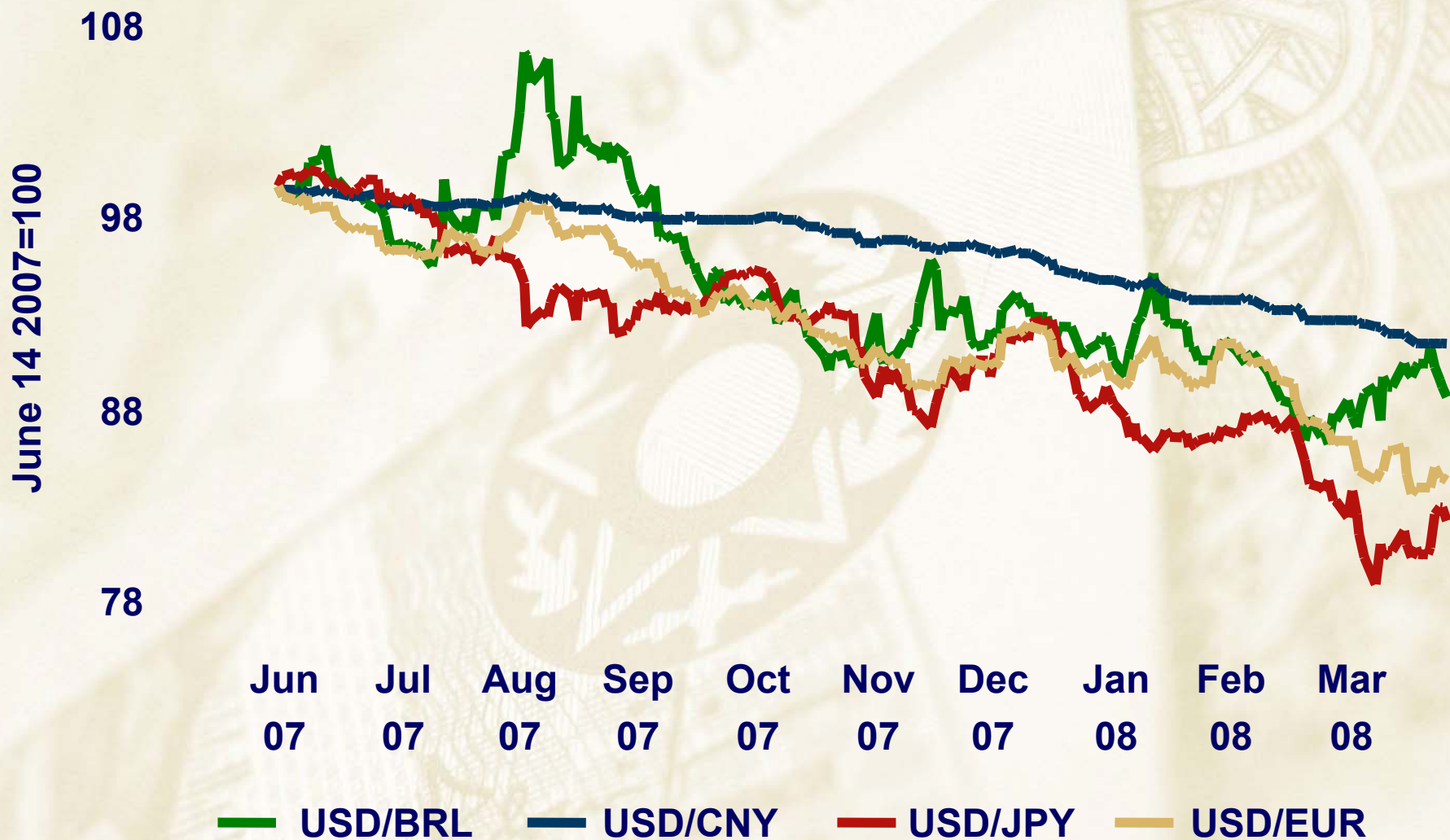
Country Risk and Risk Aversion Index



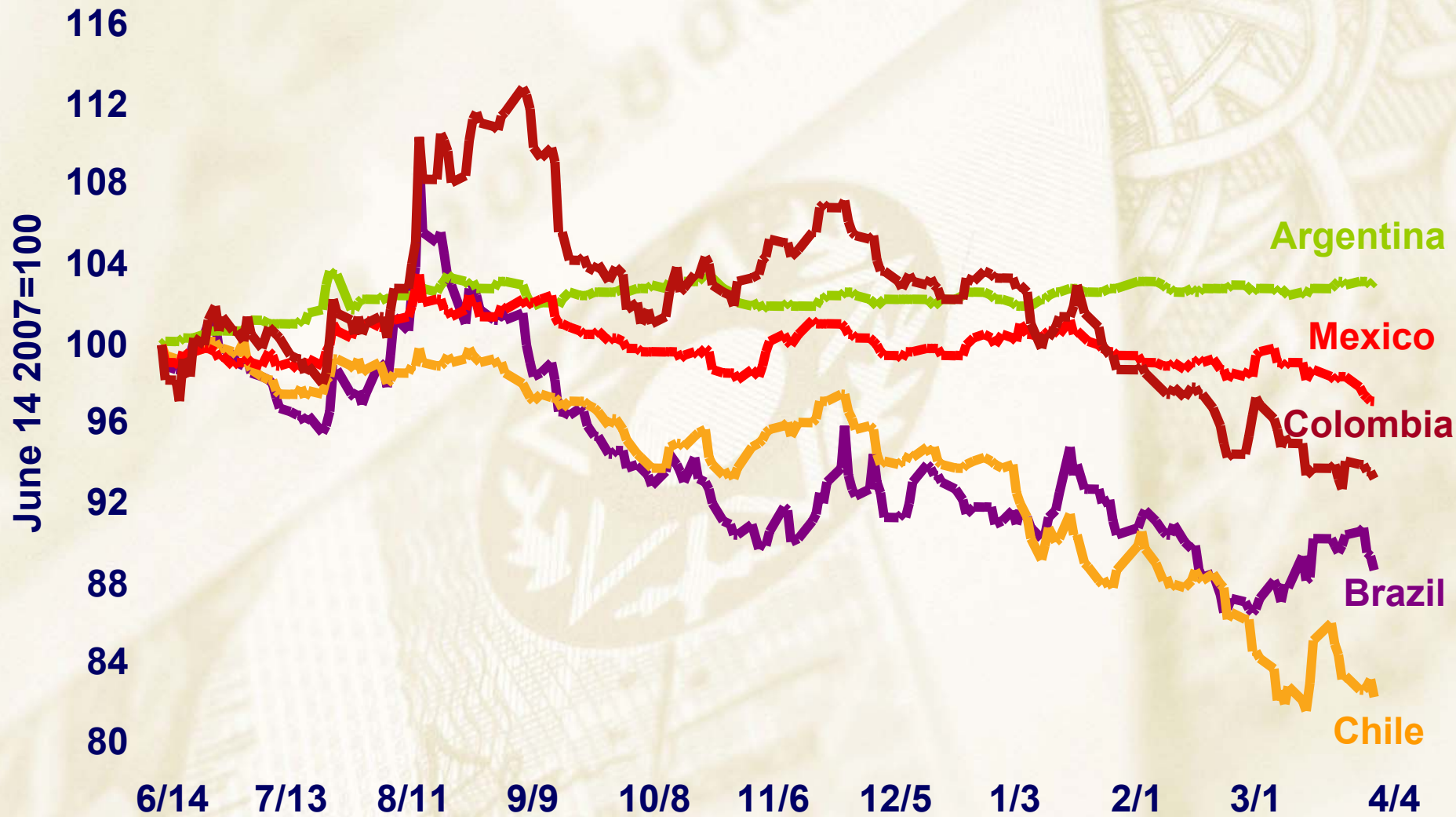
Risk Aversion Index



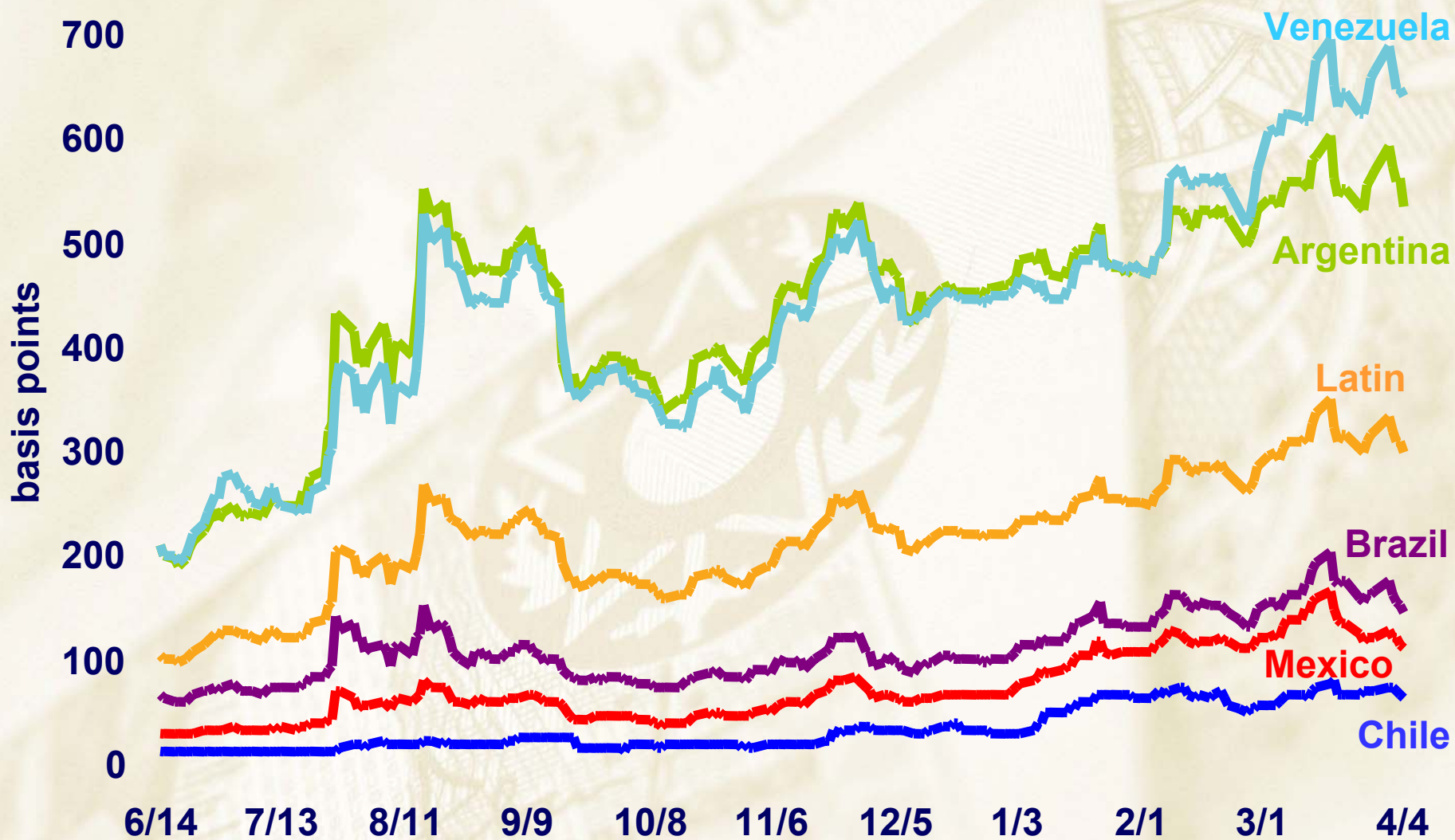
US Dollar Weakening



Nominal Exchange Rates: Latin America



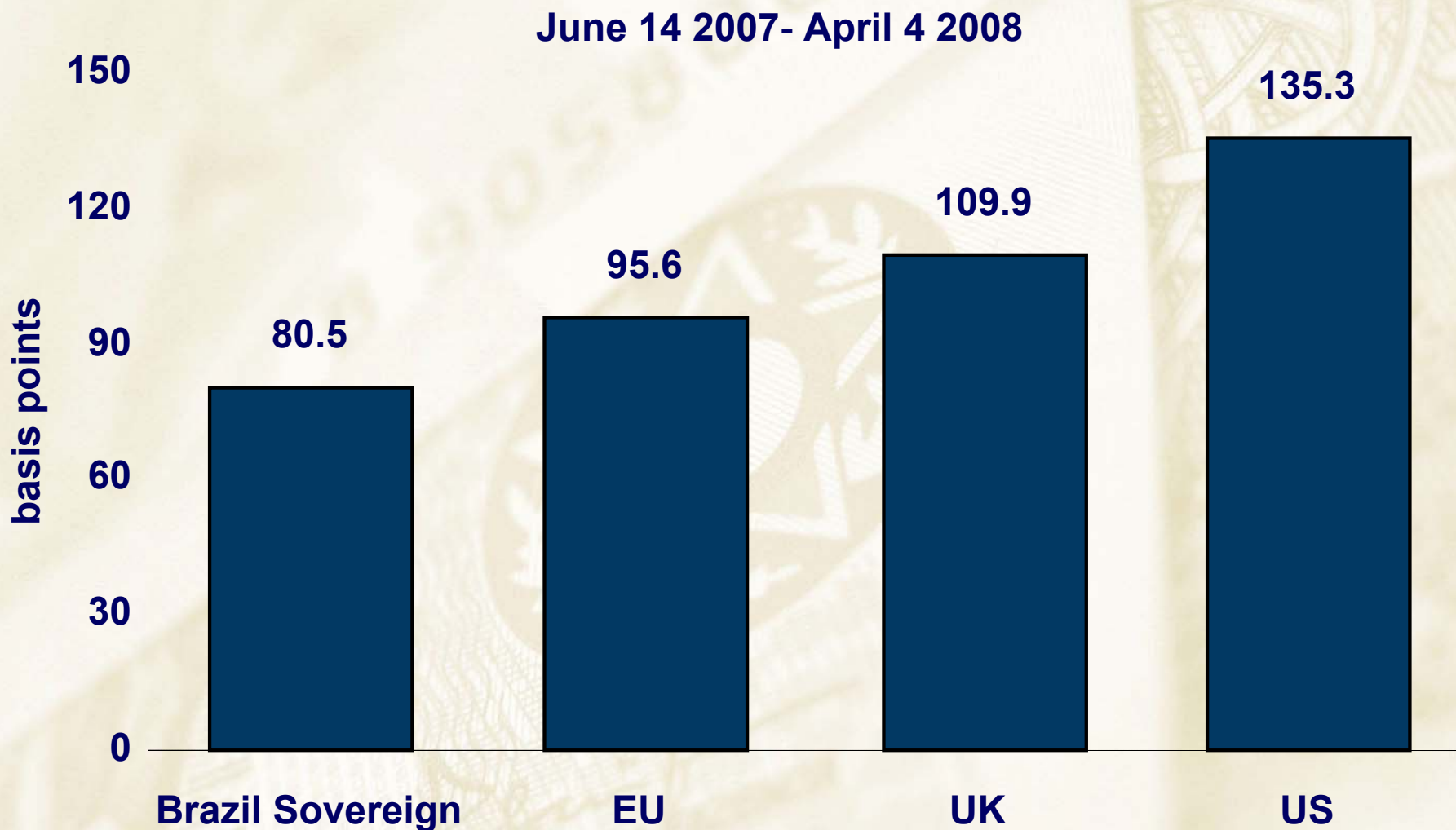
CDS (5 years): Latin America



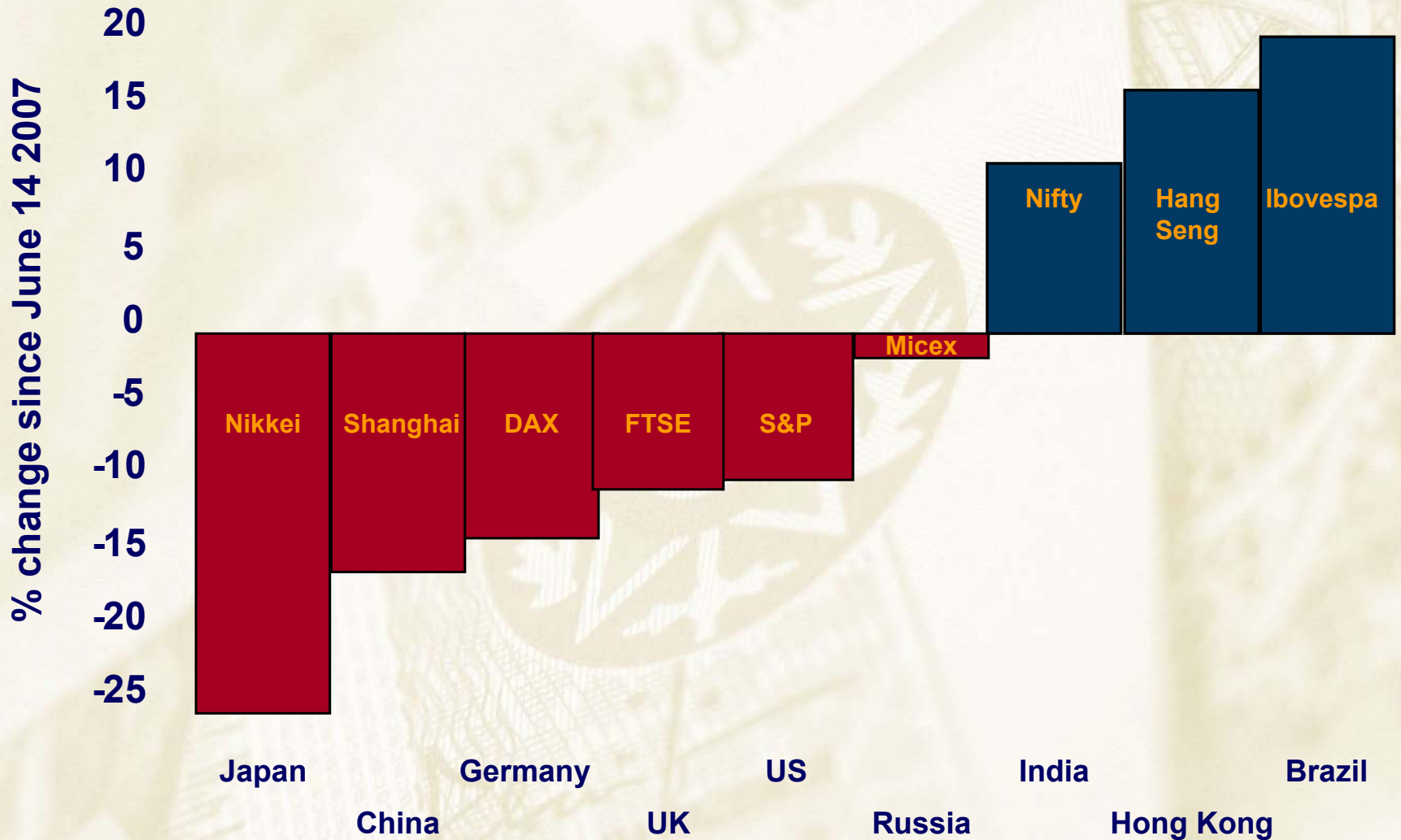
CDS (5 years): Latin America



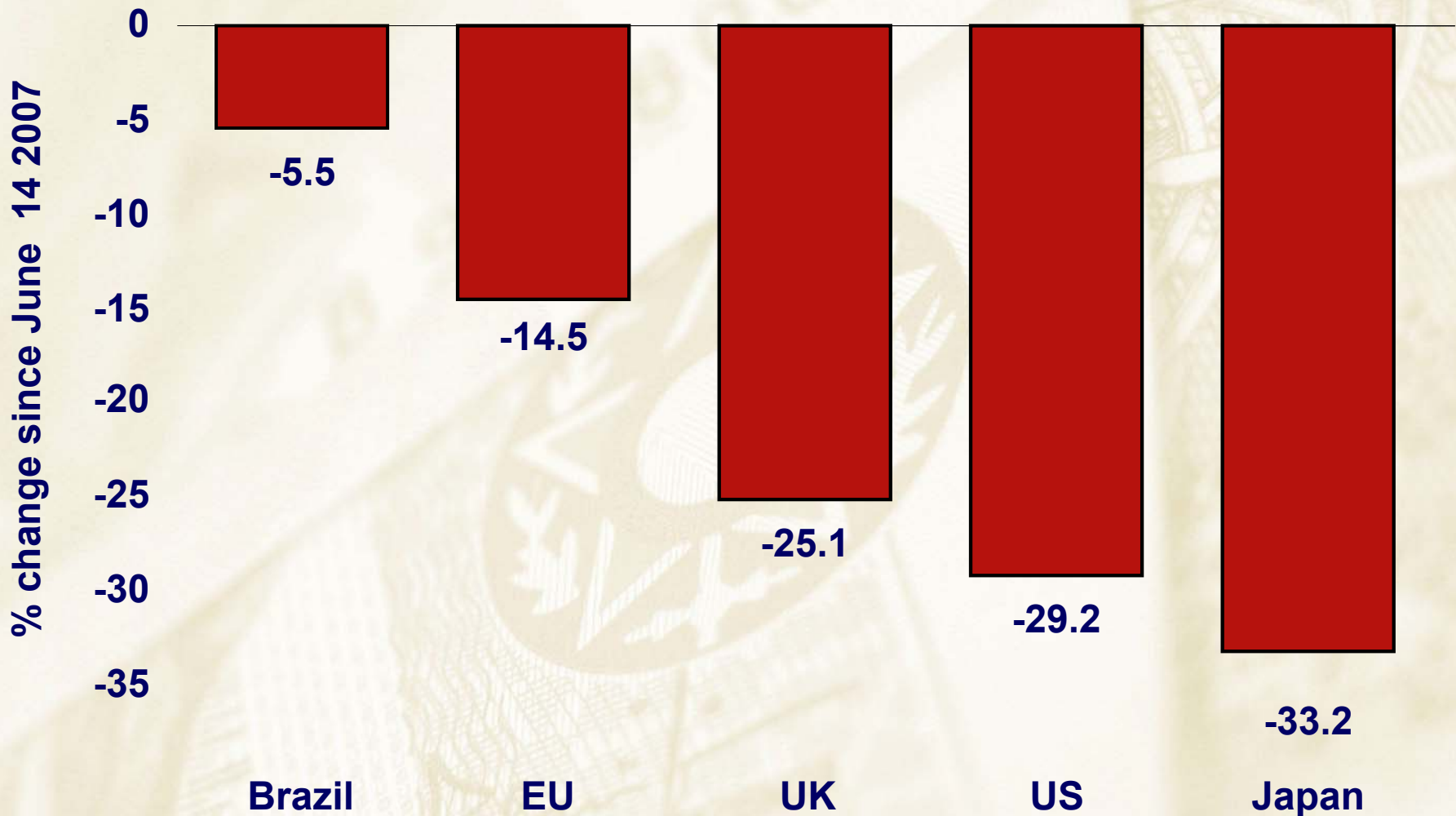
CDS – Banks Sector (5 years): European Union, United Kingdom and United States



Ibovespa x Non-Latin Stocks Indices



Stocks Indices: Banks Sector in Selected Countries



Ibovespa x Latin American Stocks Markets





BANCO CENTRAL DO BRASIL

**Brazil:
Increasing Resilience to External
Shocks**

Mário Mesquita

April 2008