



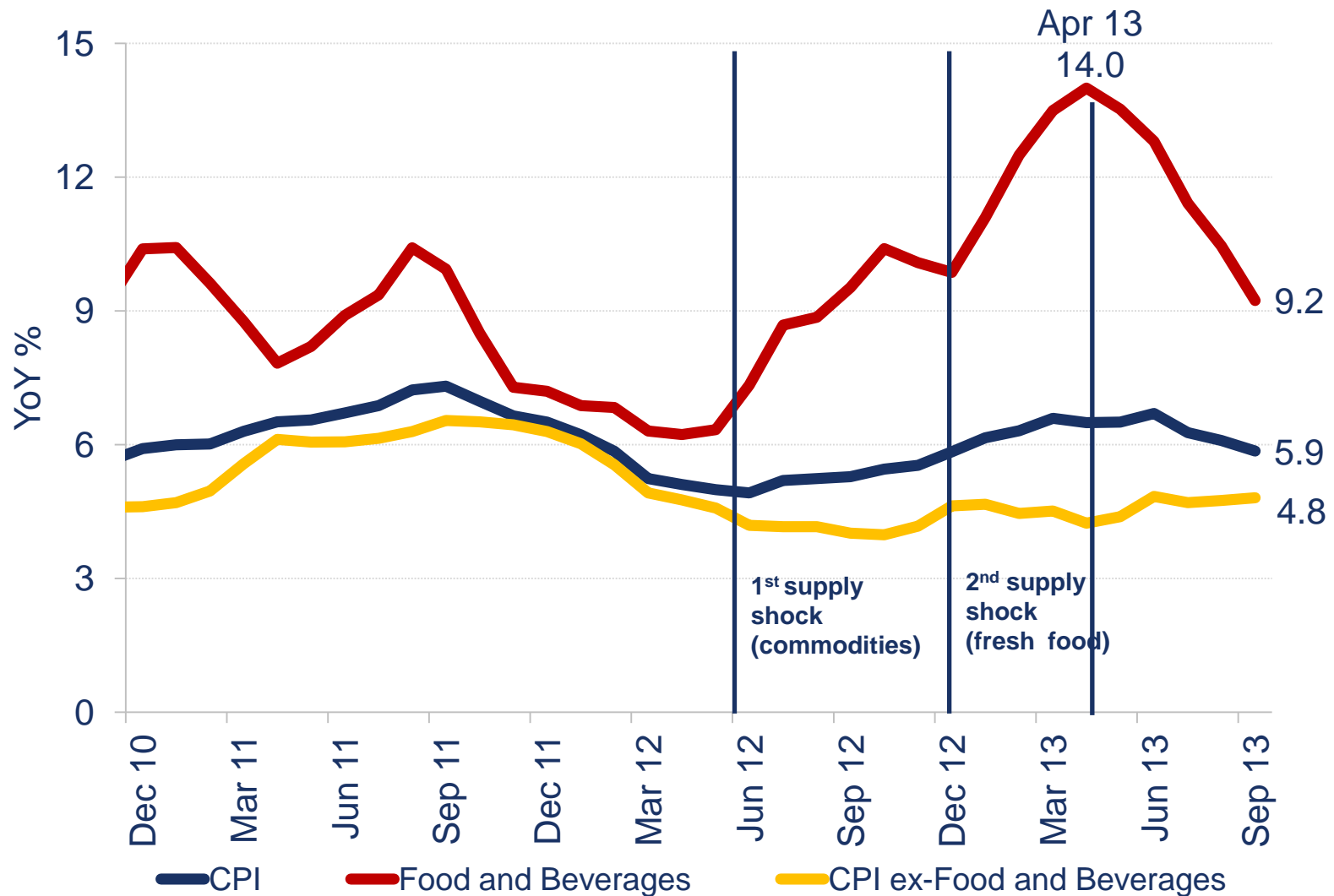
# Brazil Economic Outlook

Singapore

Alexandre Tombini  
Governor

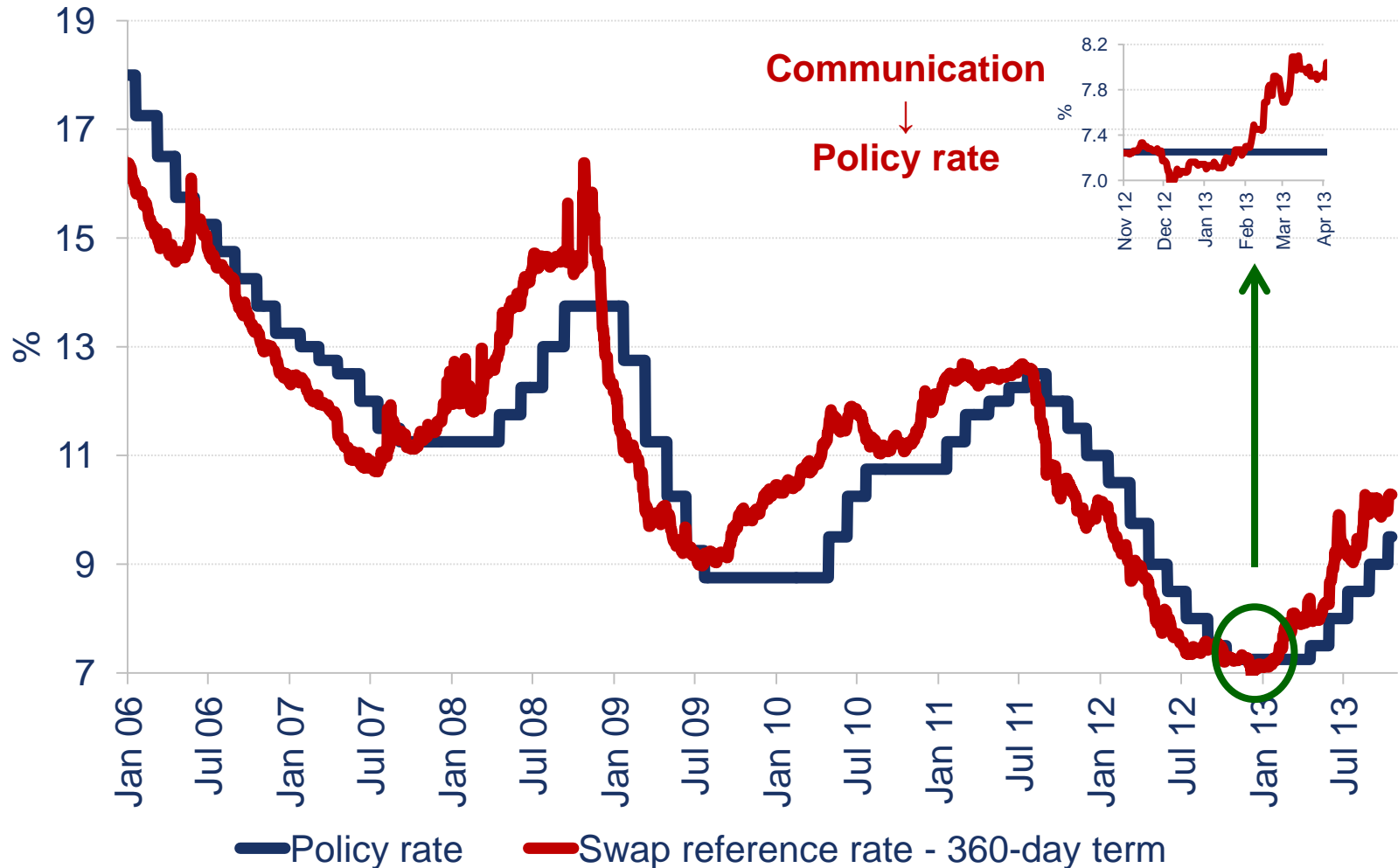
October 2013

# Inflation adversely affected by supply shocks

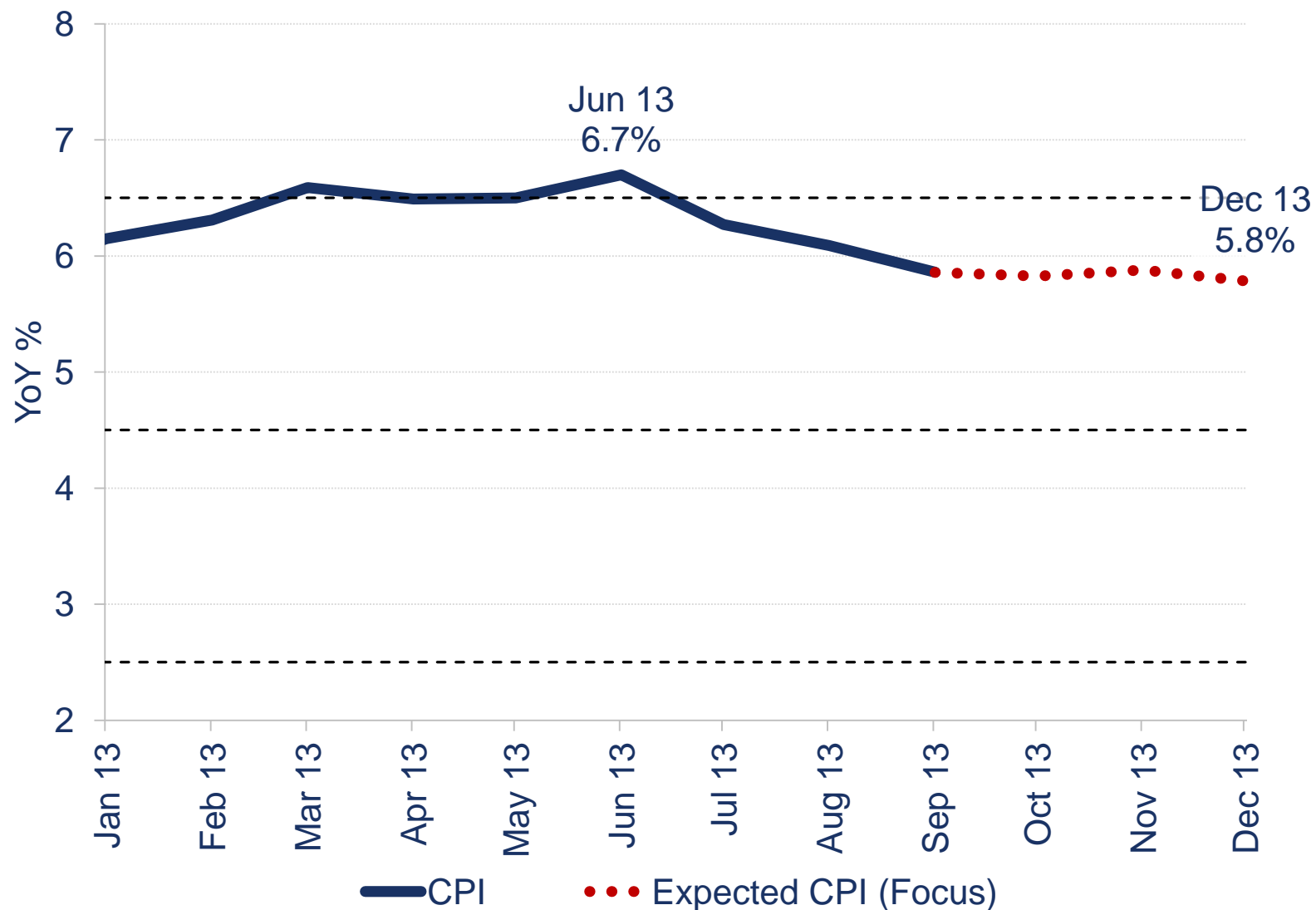


# Monetary policy actions

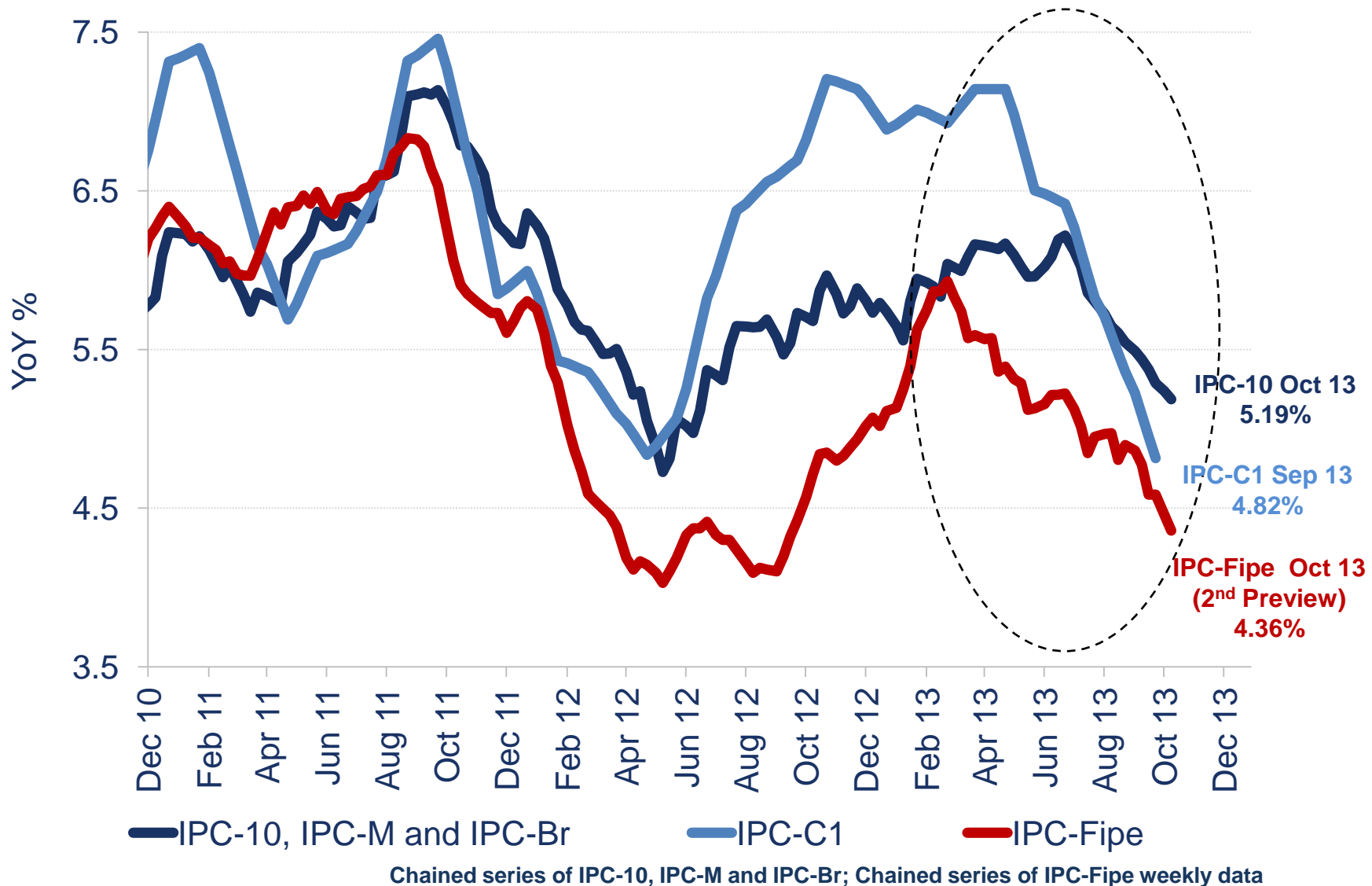
BCB acted in early 2013 to mitigate second order effects of supply shocks. After tapering signaling, BCB mitigate the ER pass-through risk



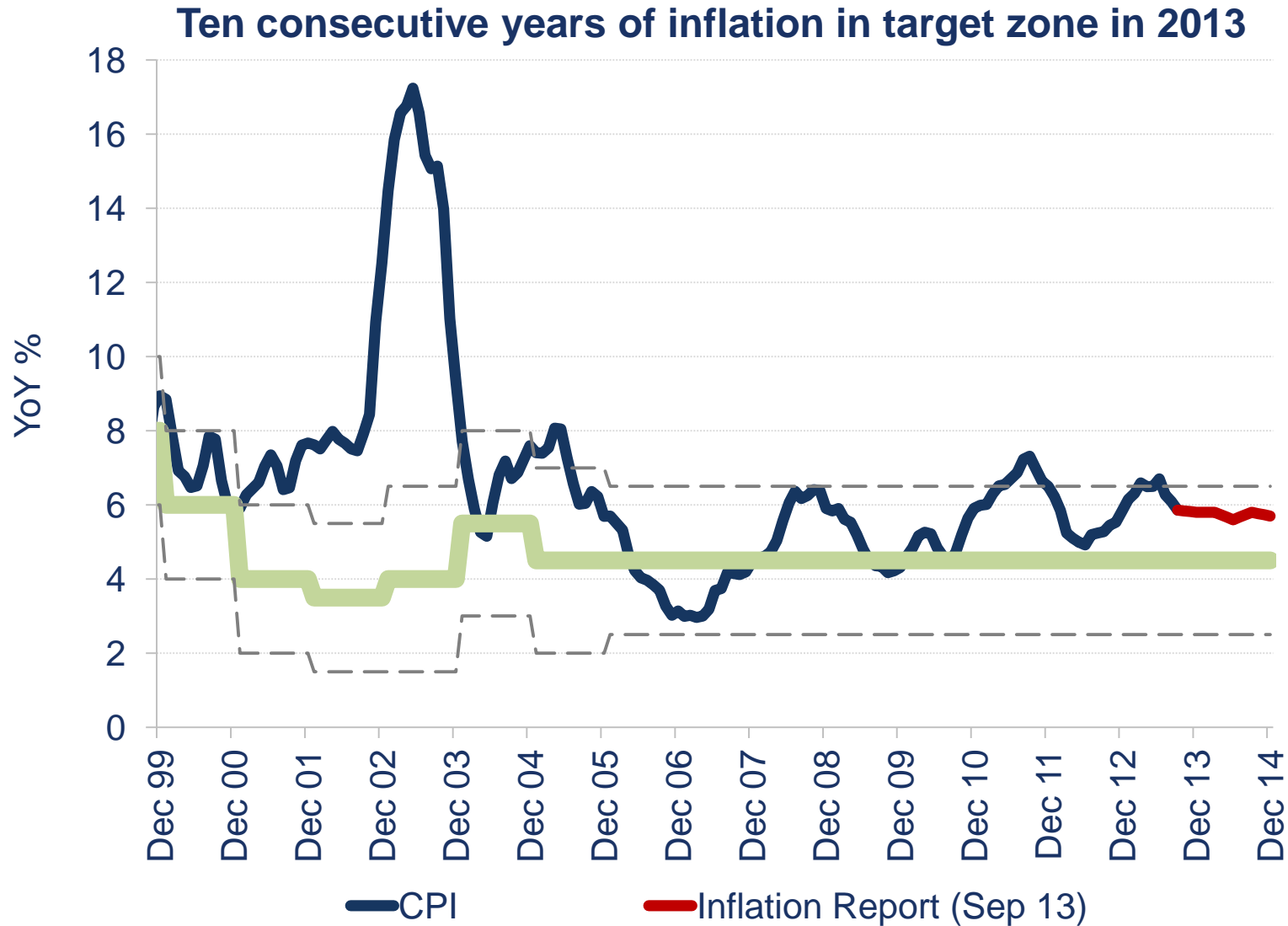
# Inflation is receding



# Other CPIs also decelerating

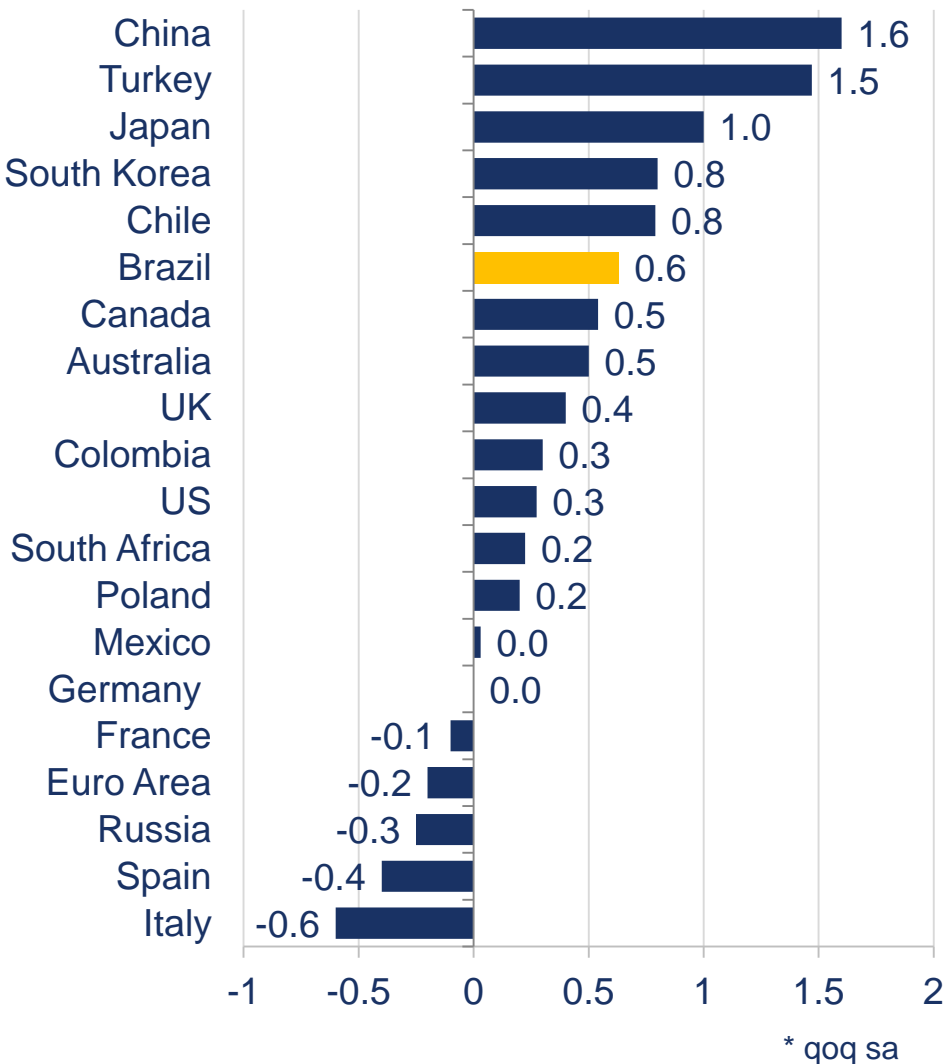


# Inflation within target bands

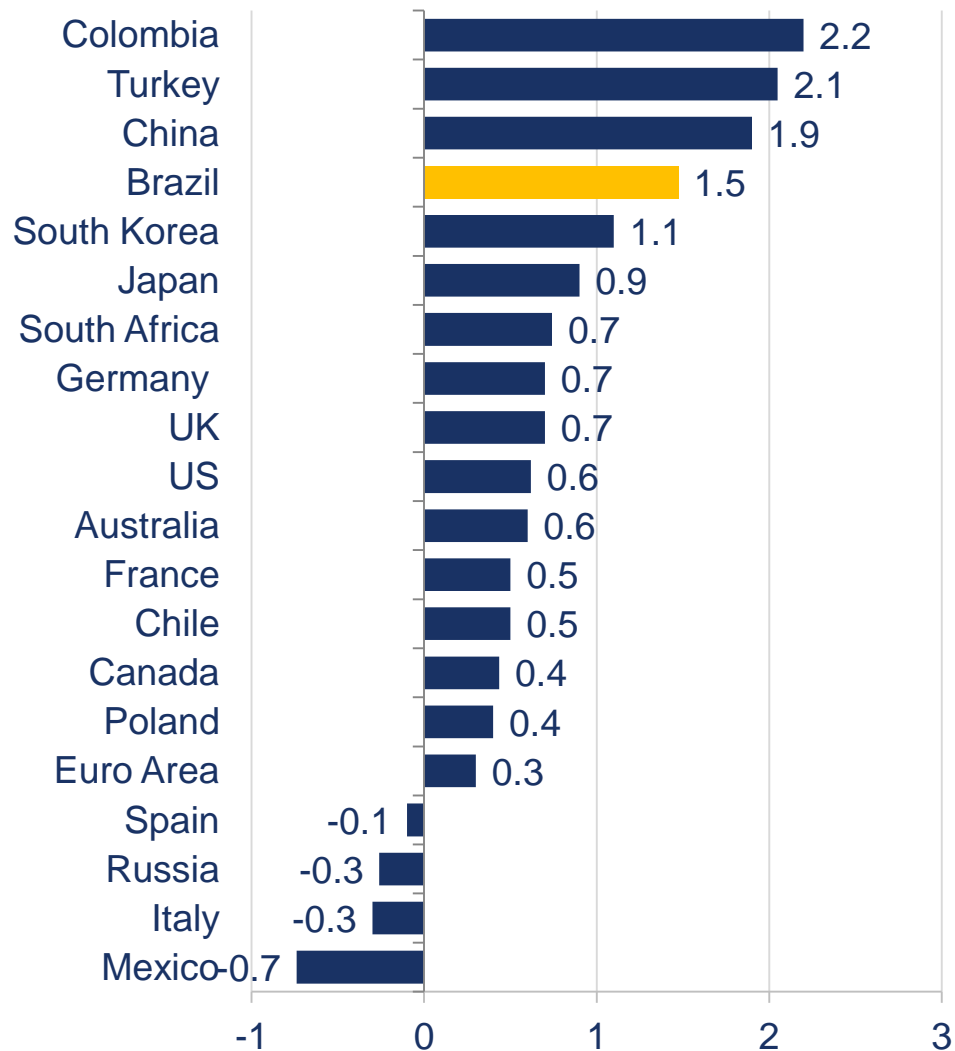


# Growth dynamics in 2013

Real GDP QoQ Growth in 1Q13\*

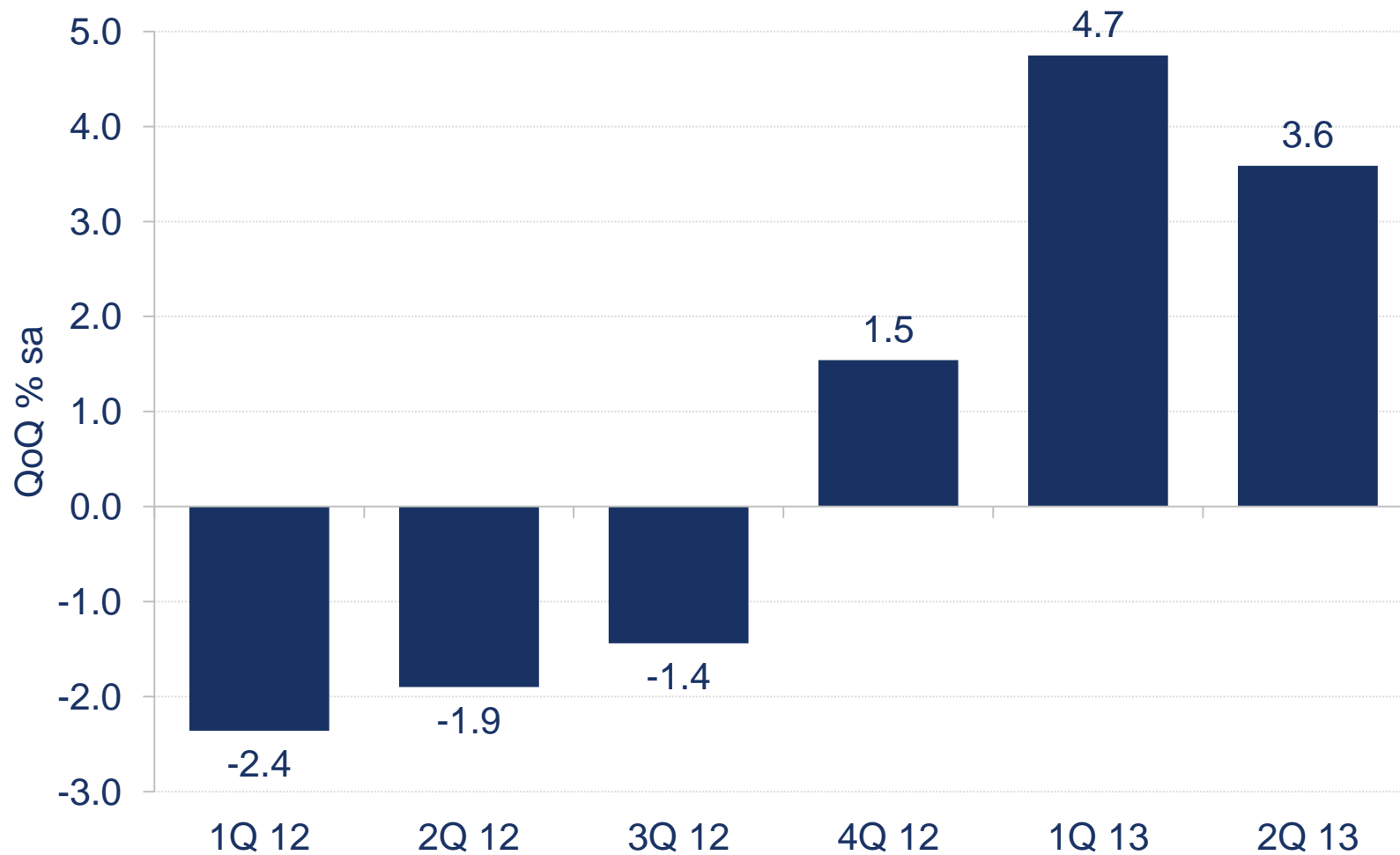


Real GDP QoQ Growth in 2Q13\*



# Stronger investment

## Gross Fixed Capital Formation



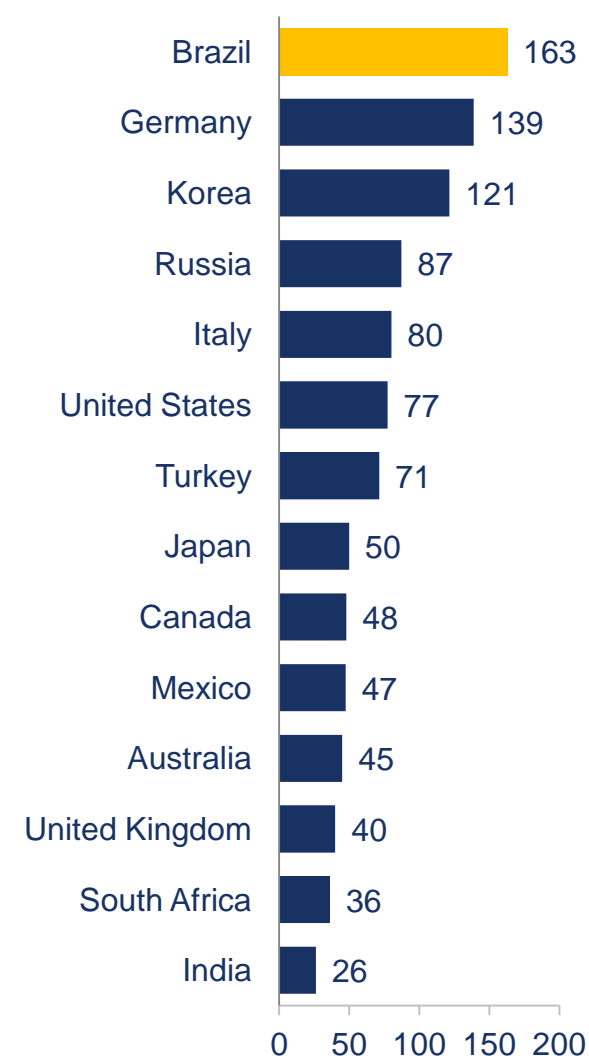
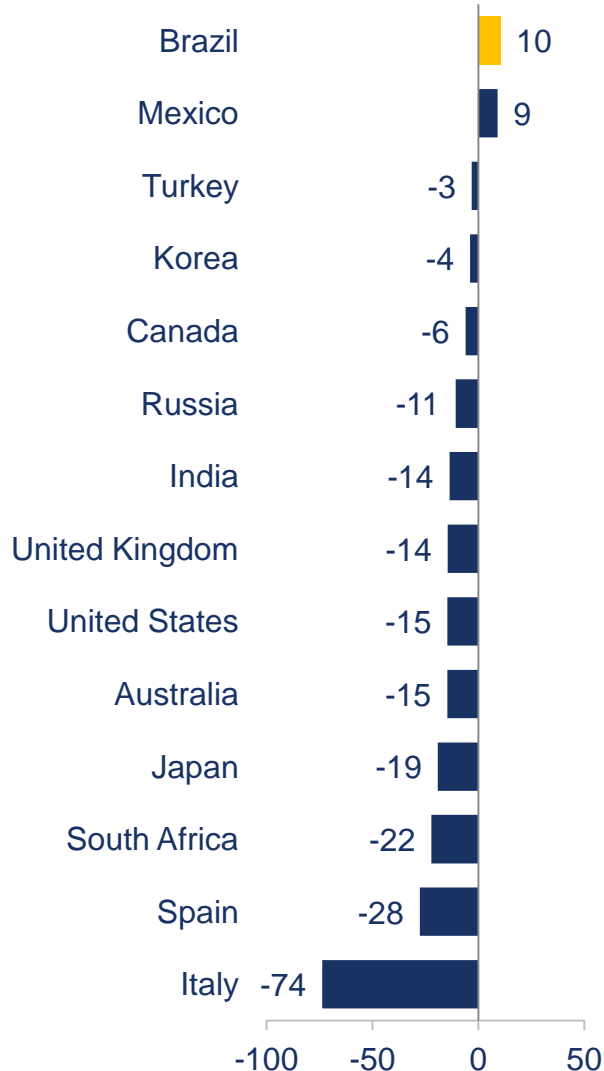
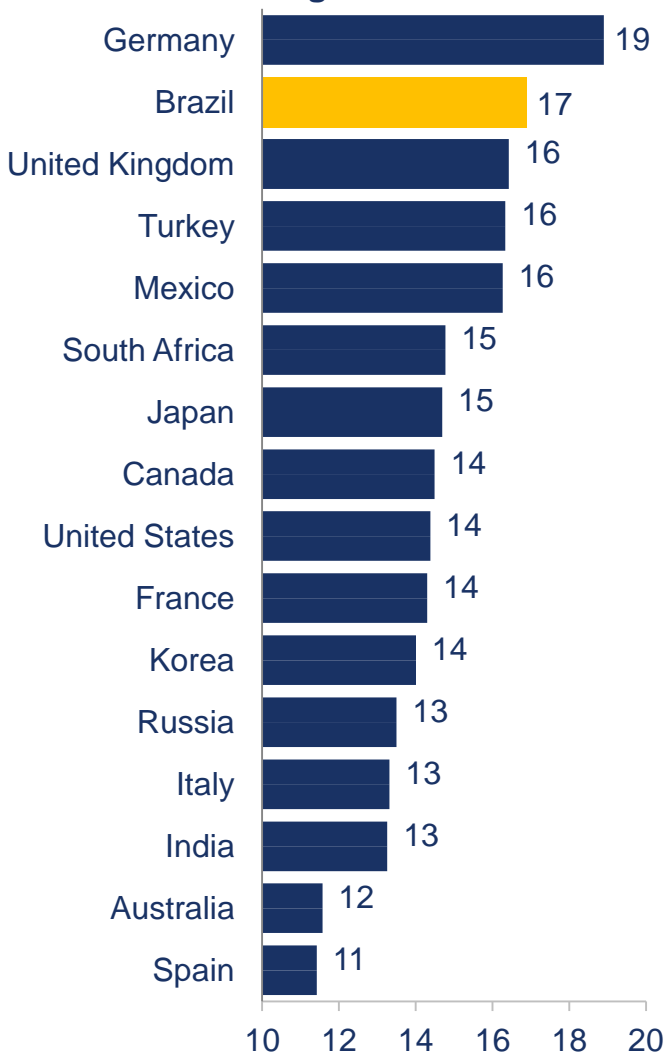


# Brazil has a sound financial system

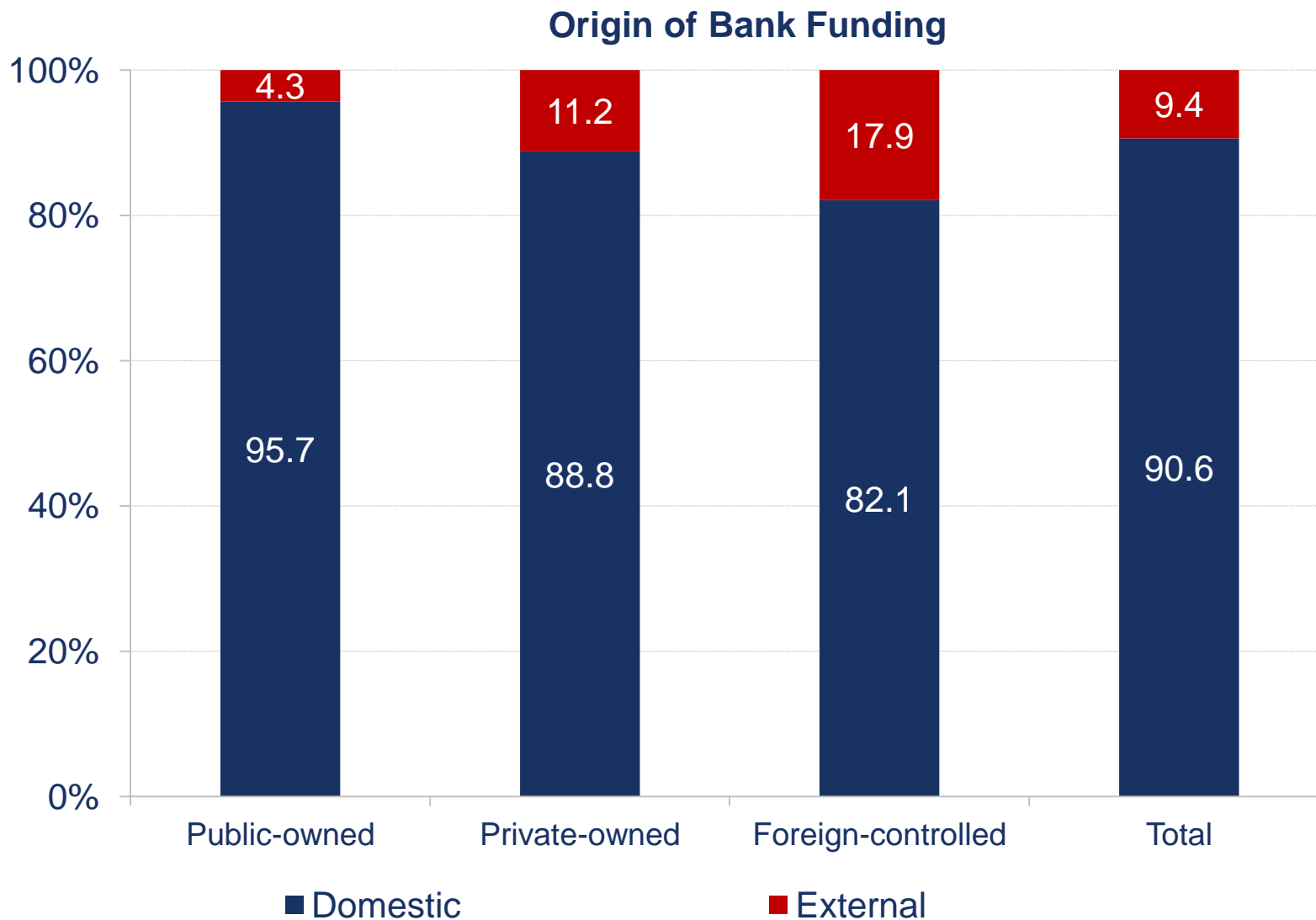
**Regulatory Capital to Risk-Weighted Assets**

**( Provisions – NPL) / Capital**

**Liquid Assets to Short Term Liabilities**



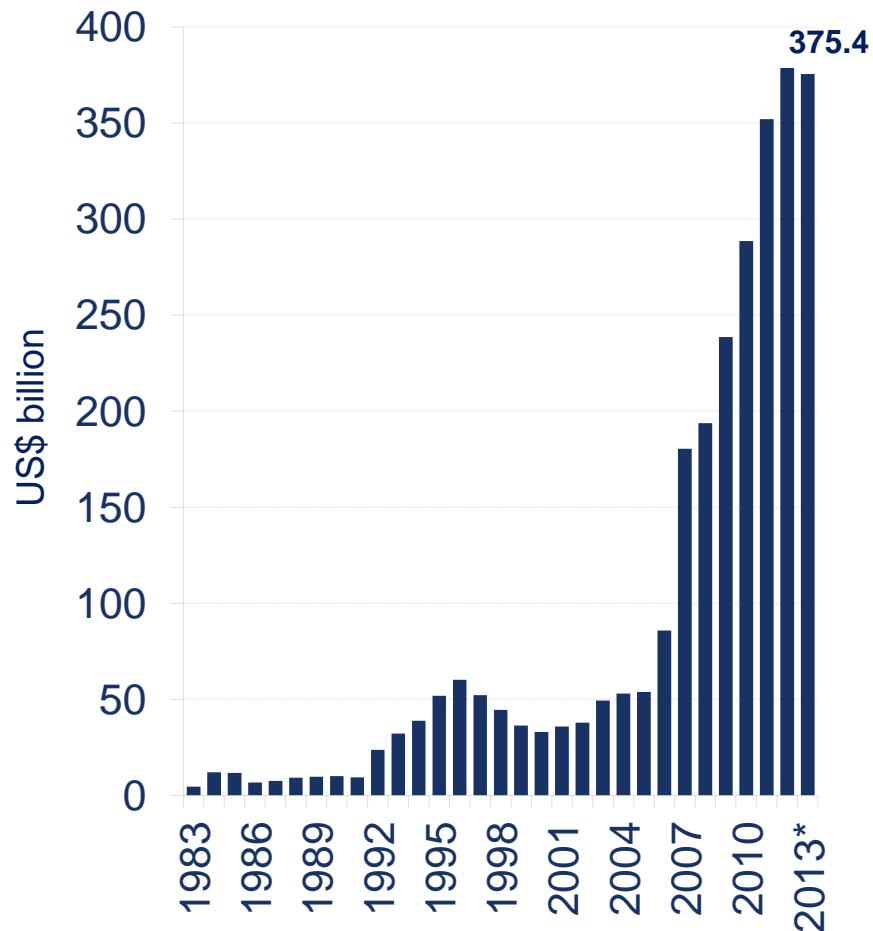
# Banks have a low share of external funding



Jul 13

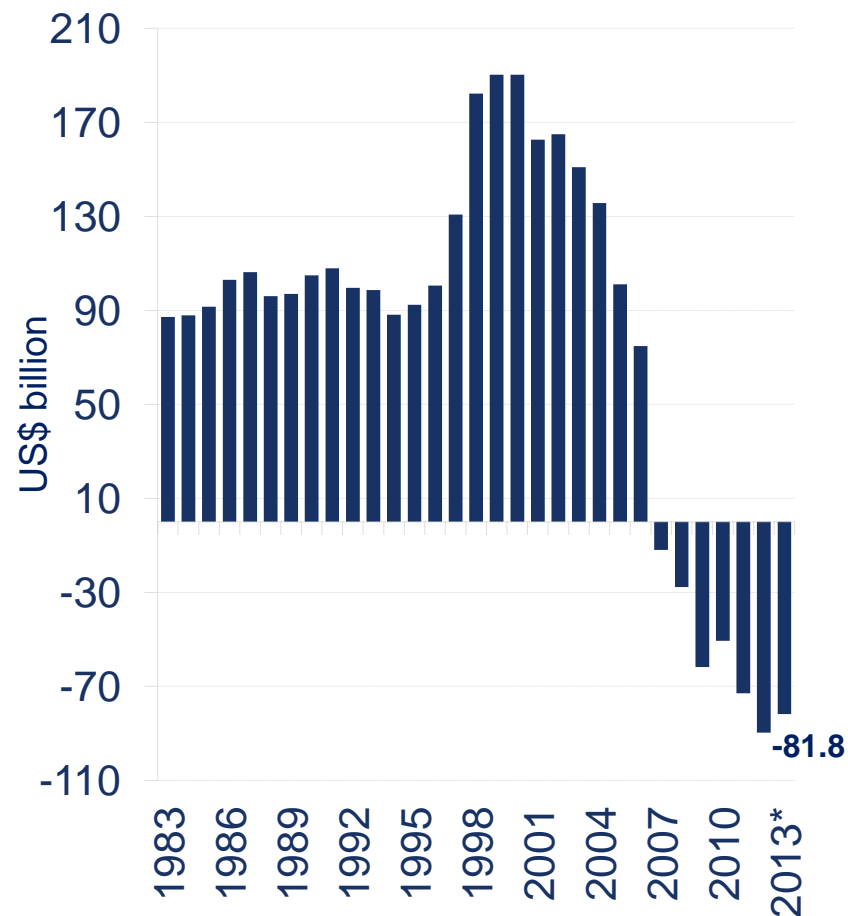
# Brazil – Net External Creditor

## International Reserves



\*as of Oct 16<sup>th</sup>

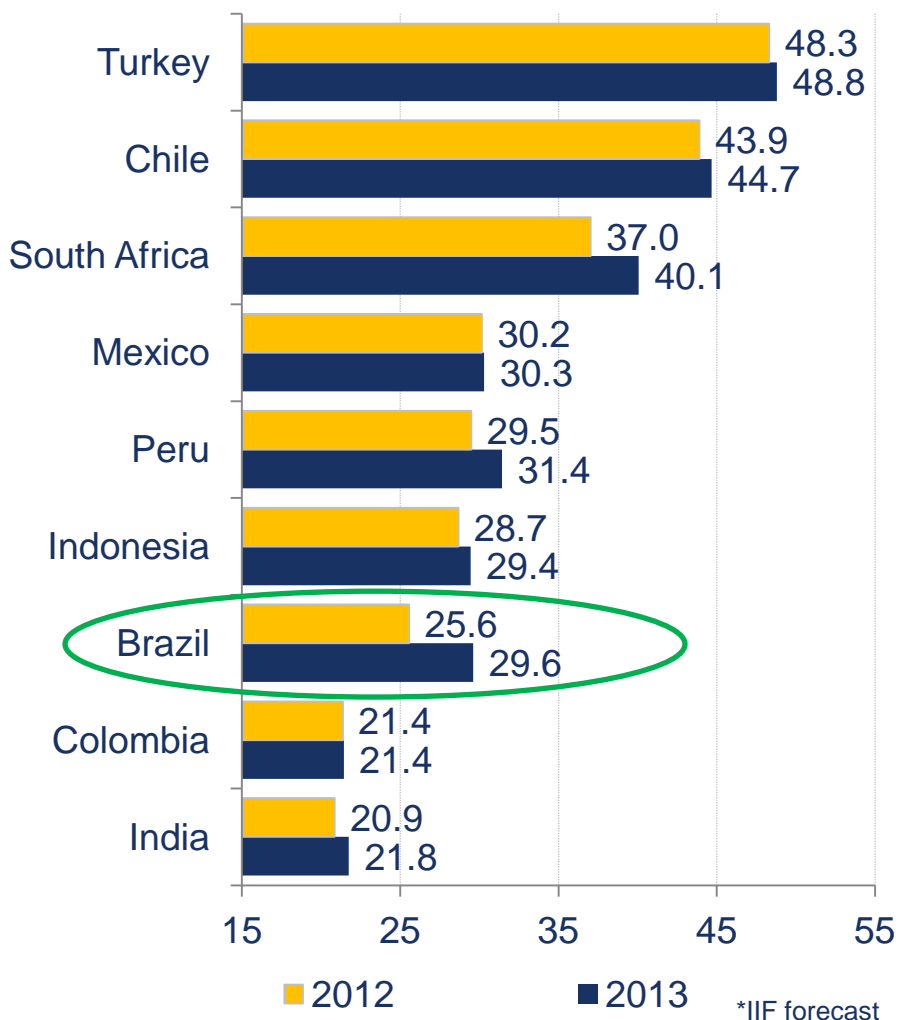
## Net External Creditor



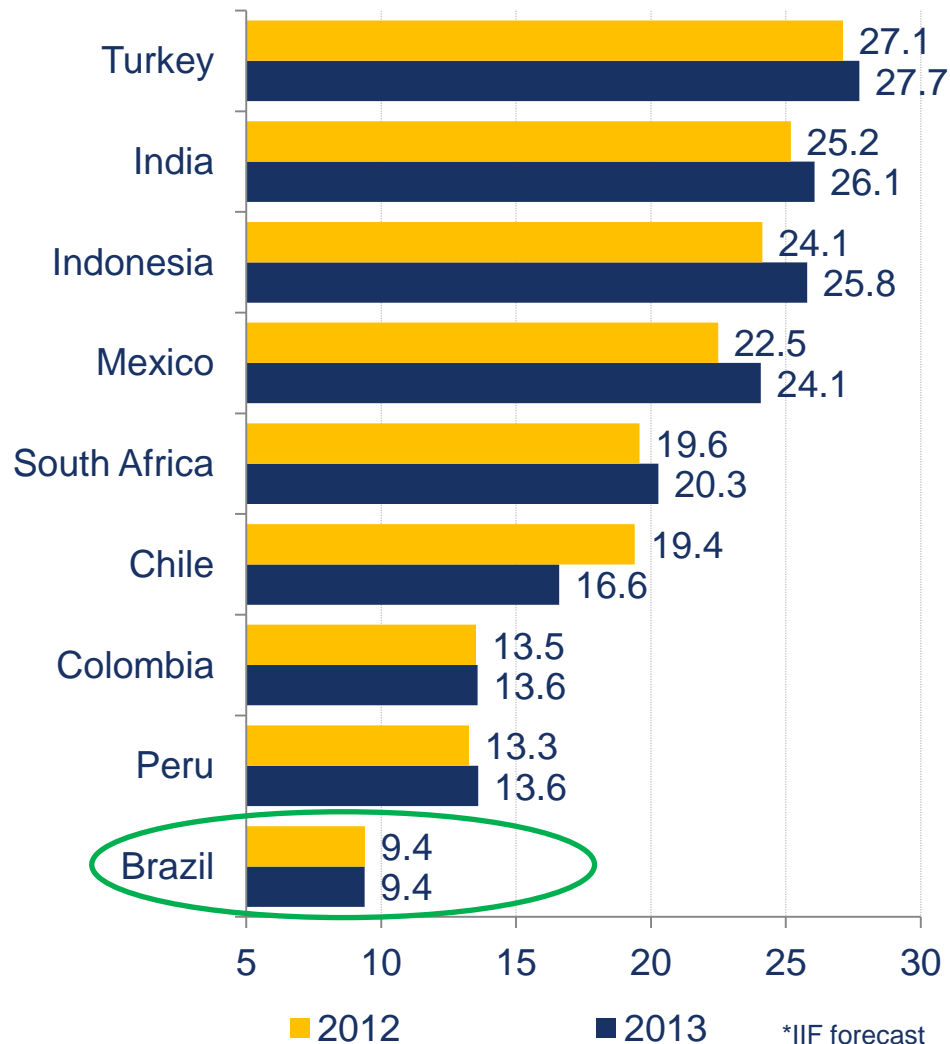
\*Aug 2013

# External Debt of EMEs

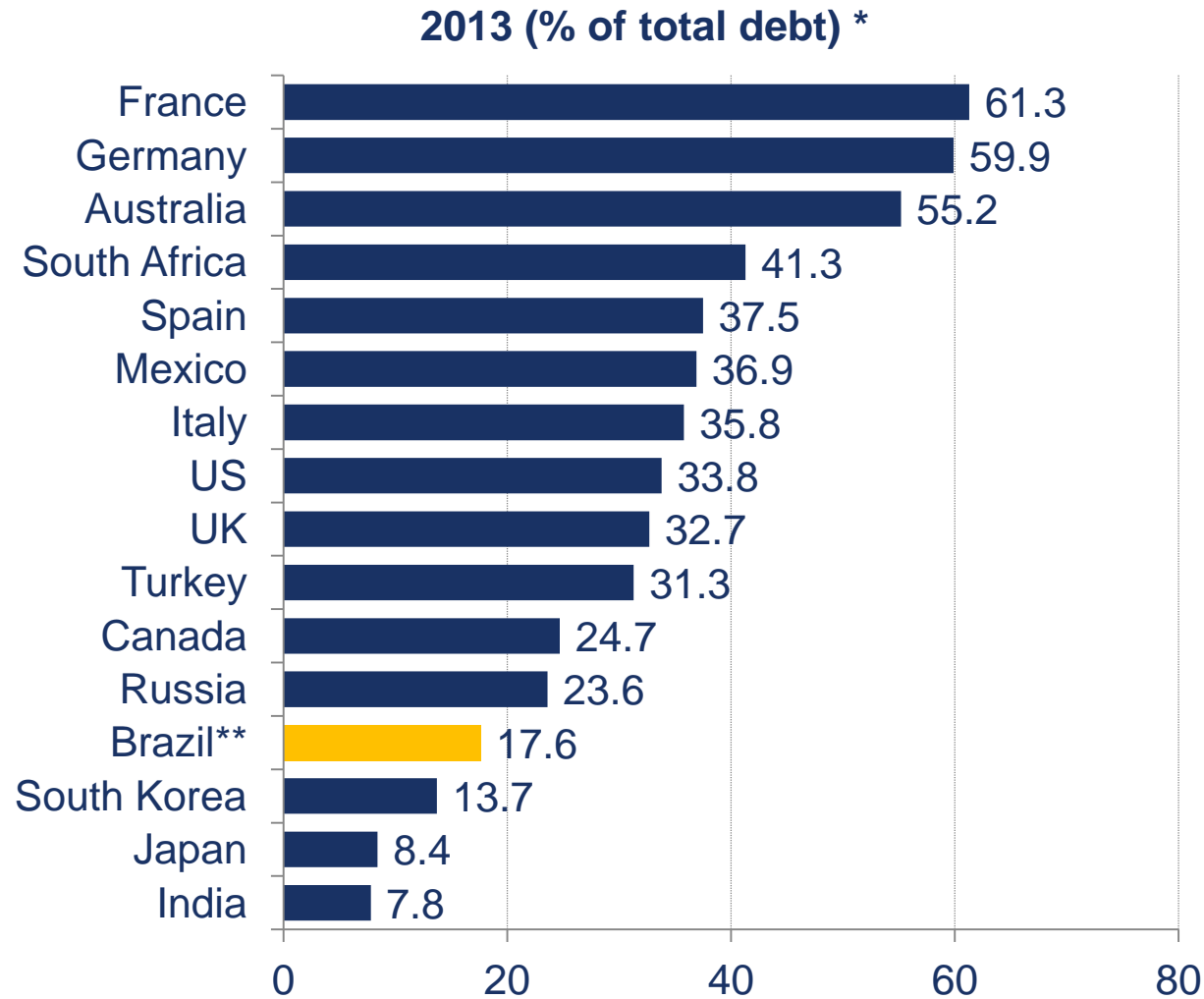
## External Debt / GDP



## Short Term External Debt / Total



# Low nonresident government debt holdings

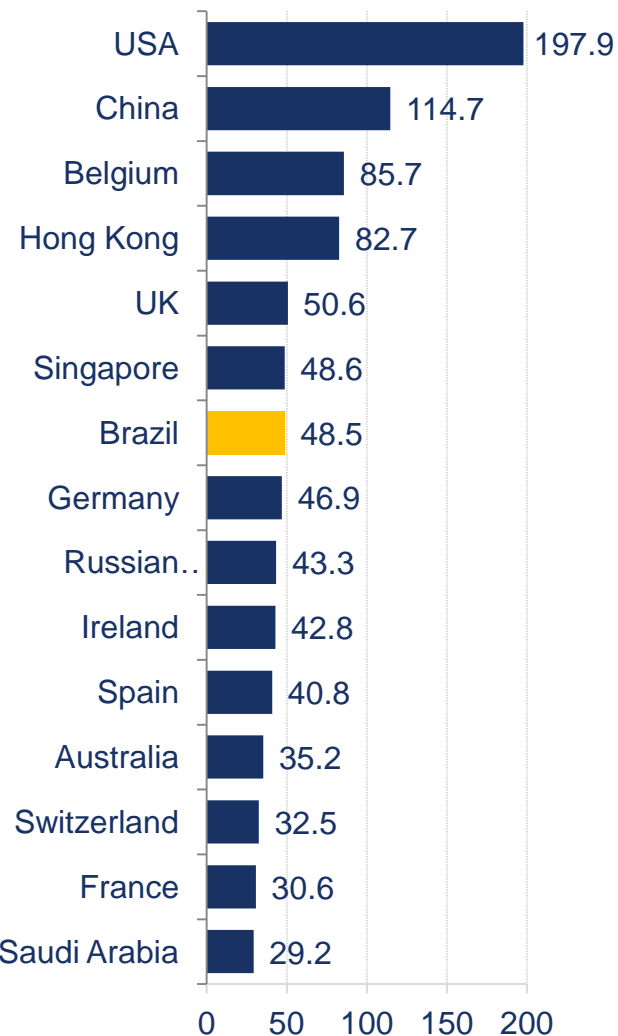


\* 2013Q1 or latest data from Joint External Debt Hub

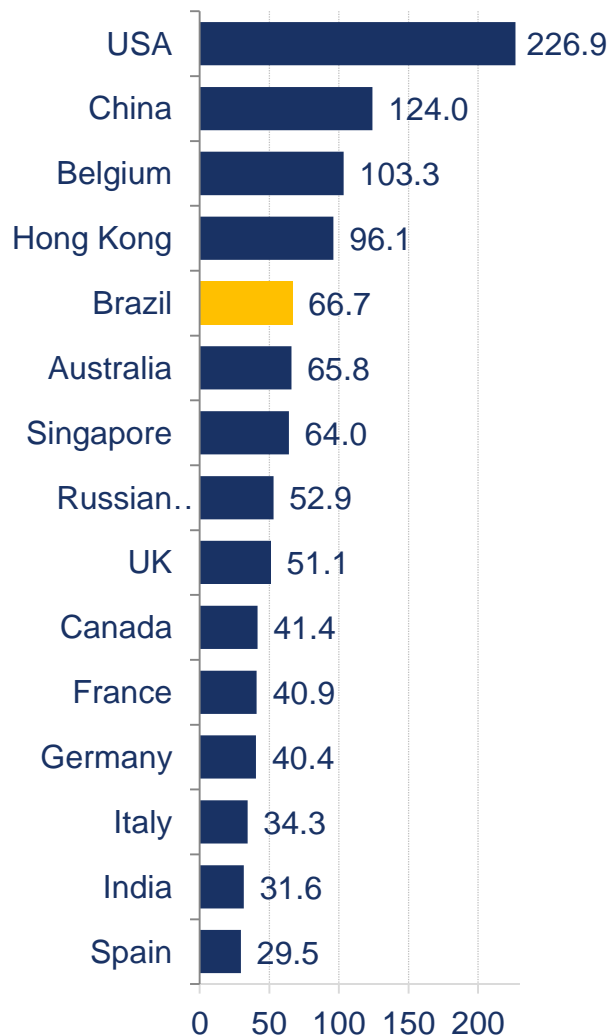
\*\* Fiscal Monitor April 2013

# Brazil is leading recipient of FDI

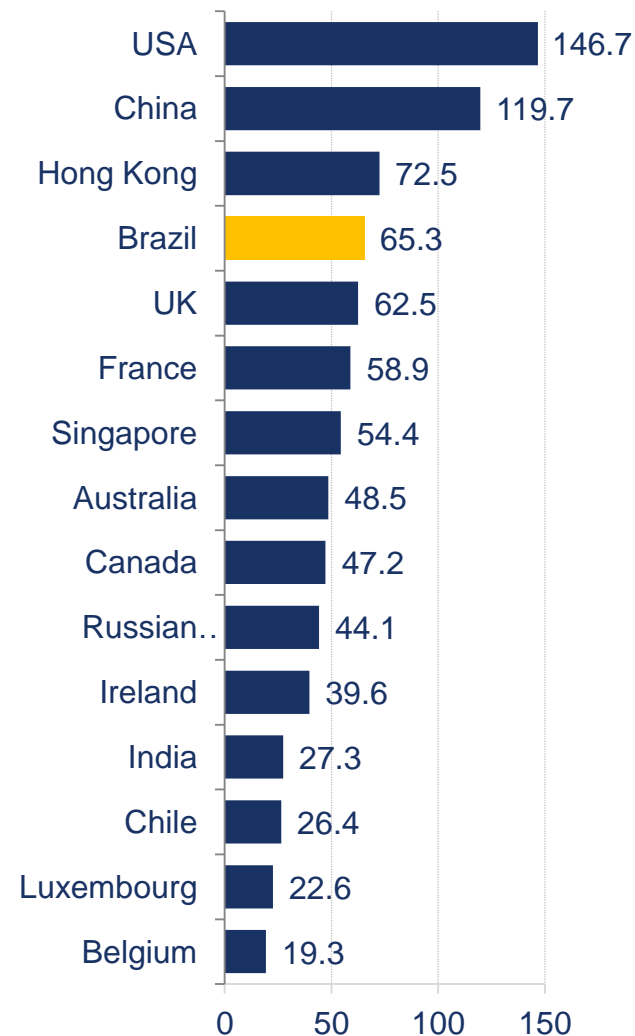
2010



2011

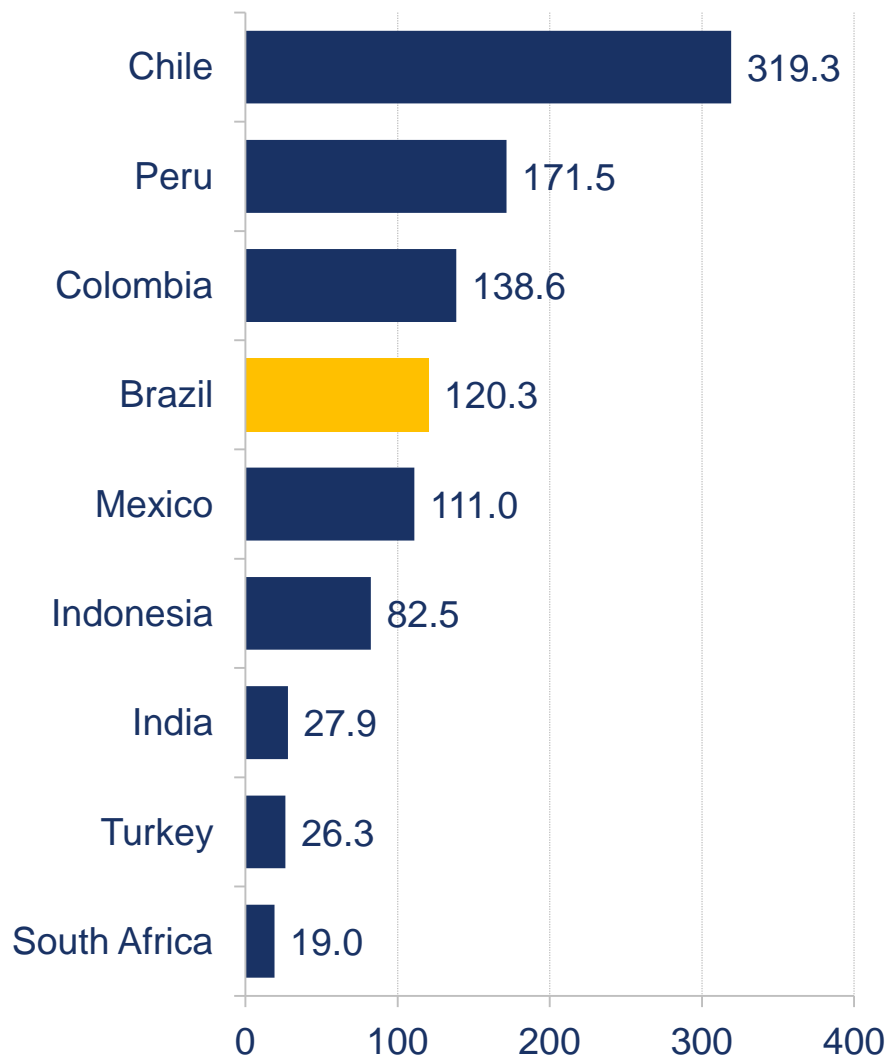


2012

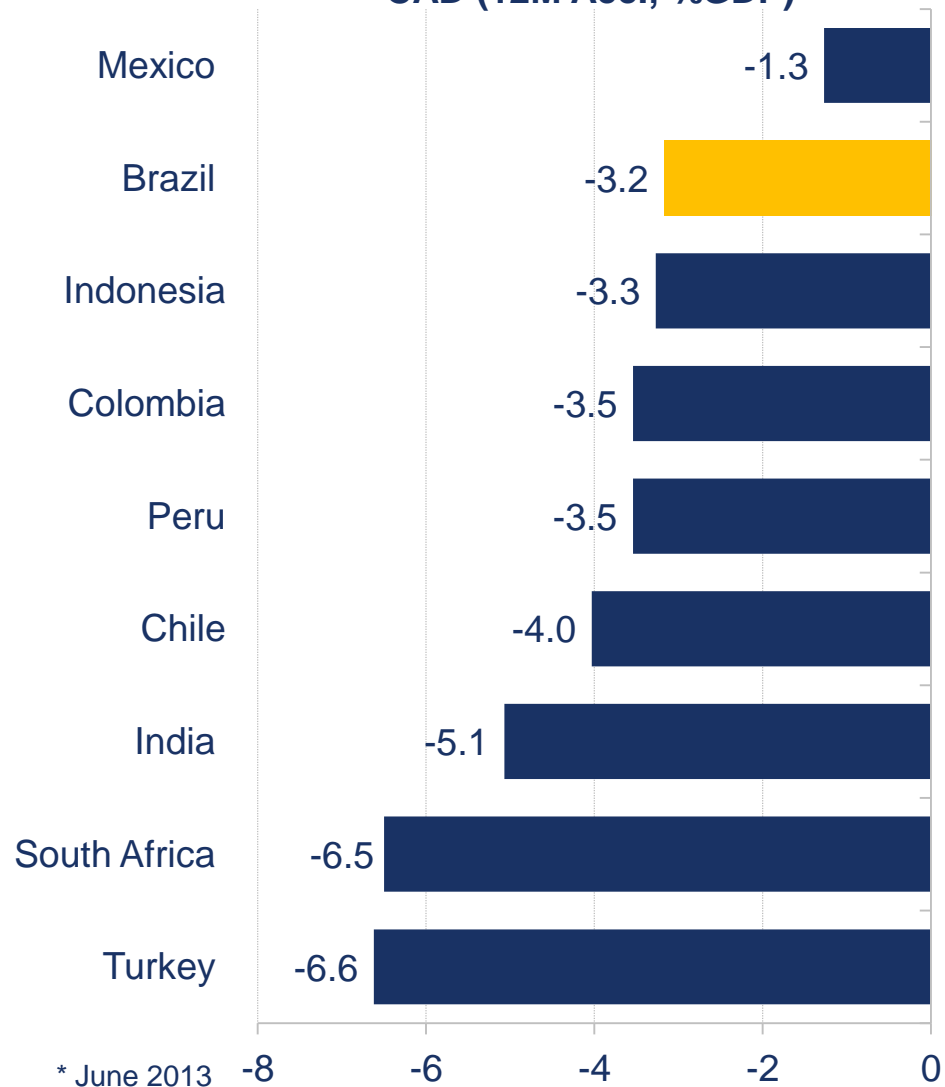


# CAD comfortably financed by FDI

FDI / CAD (in %, 2012)



CAD (12M Acc., %GDP)\*



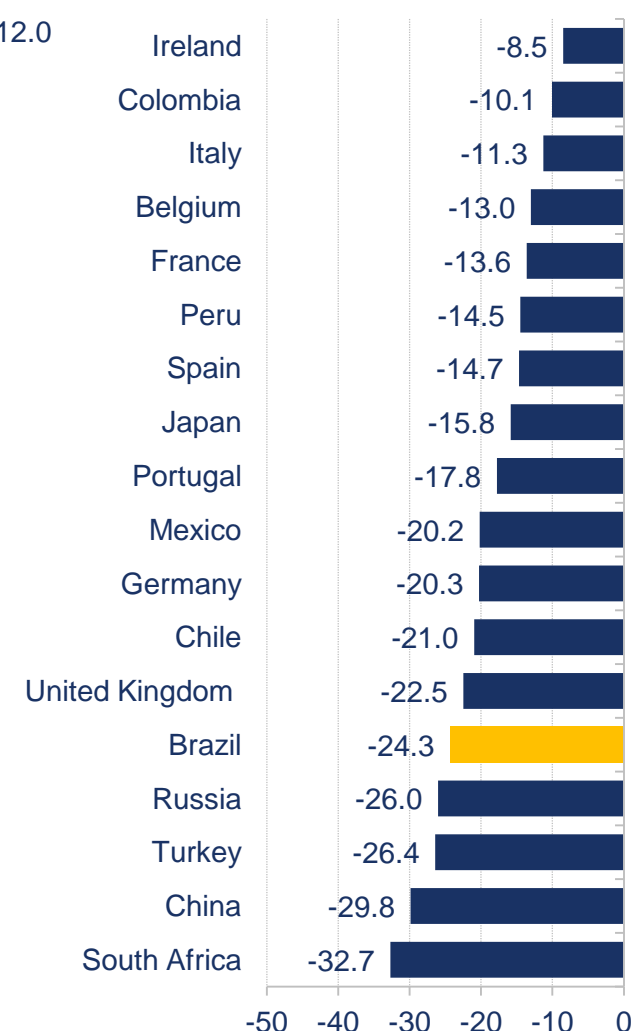
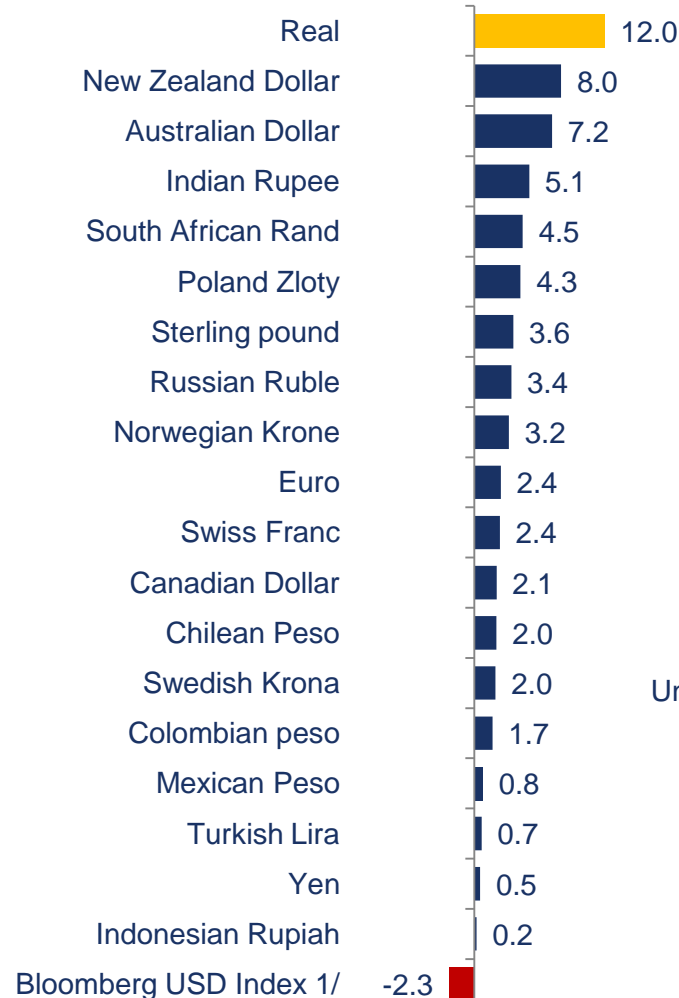
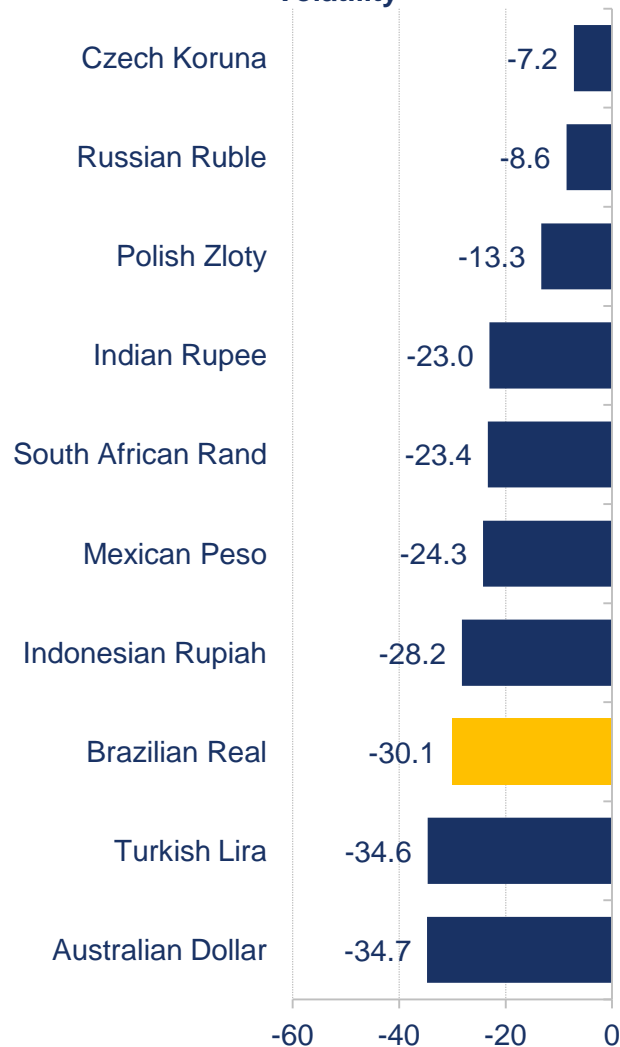
\* June 2013

# Efforts to reduce risks are successful

% Change in 1M ATM Implied Volatility\*

BRL leads appreciation since the FX program\*

% Change in CDS spreads (USD SR 5Y)\*



\* From Aug 22 (announcement of FX swaps and credit lines program) through Oct 21





# Brazil Economic Outlook

Singapore

Alexandre Tombini  
Governor

October 2013

# Glossary

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BCB	Banco Central do Brasil
BM&FBOVESPA	Brazilian Securities, Commodities and Futures Exchange
CAD	Current Account Deficit
EME	Emerging Market Economy
FDI	Foreign Direct Investment
Fipe	Fundação Instituto de Pesquisas Econômicas
FGV	Fundação Getúlio Vargas
Focus	Market Expectations Survey (sponsored by the BCB)
IBGE	Instituto Brasileiro de Geografia e Estatística
IIF	Institute of International Finance
UMP	Unconventional Monetary Policy
UNCTAD	United Nations Conference on Trade and Development