



How is Brazil dealing with the crisis?



ISTAMBUL, TURKEY

June 2009

**Falling  
Commodity  
Prices**



**Global  
Deleveraging**



**BNDES | Public Banks**

**BCB's measures to boost credit**

**Falling  
Investment**

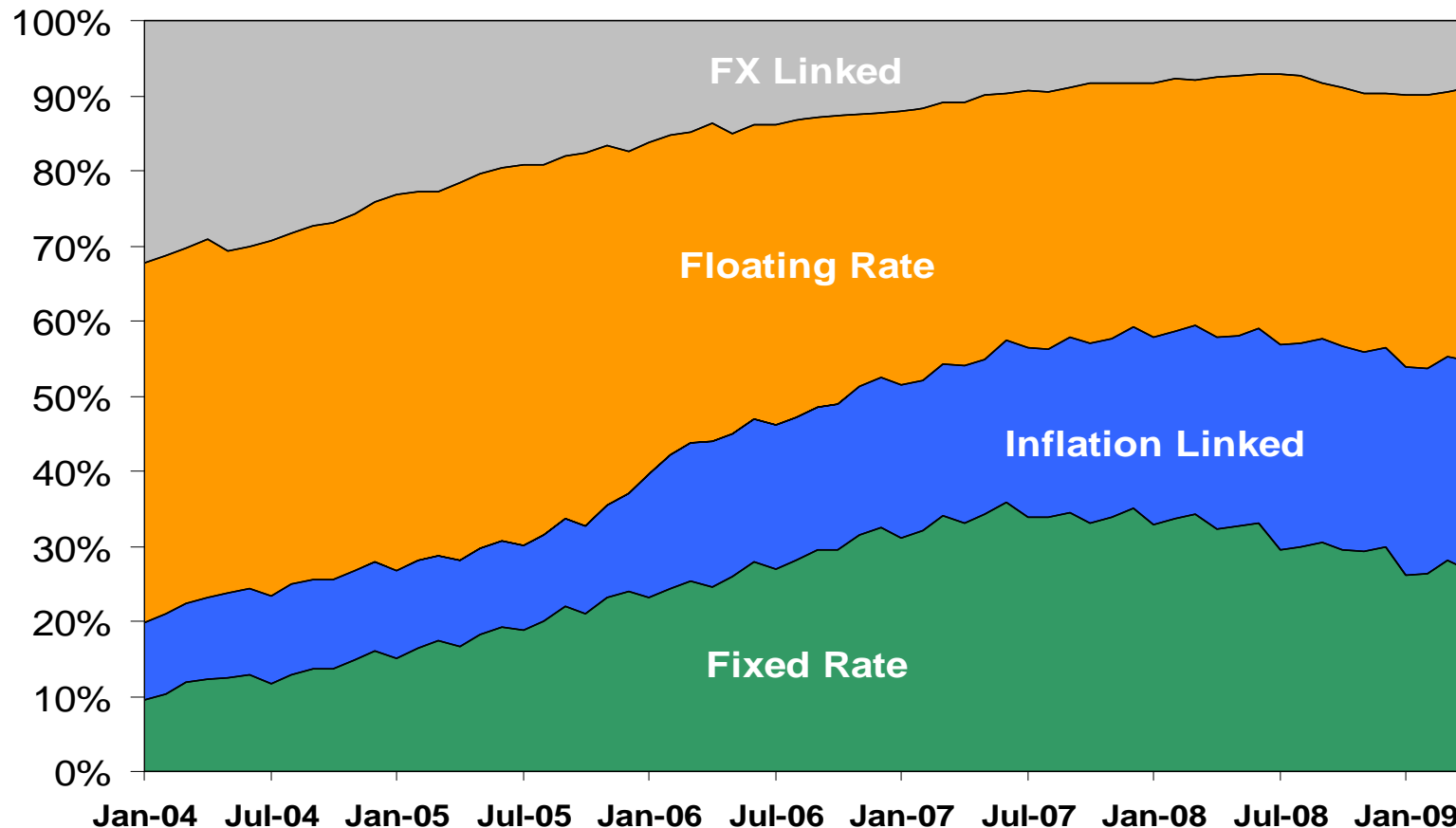
**Negative Spillover on GDP Growth**

**Reduced  
Credit**

# The improvement on the Public Debt composition has reduced risks

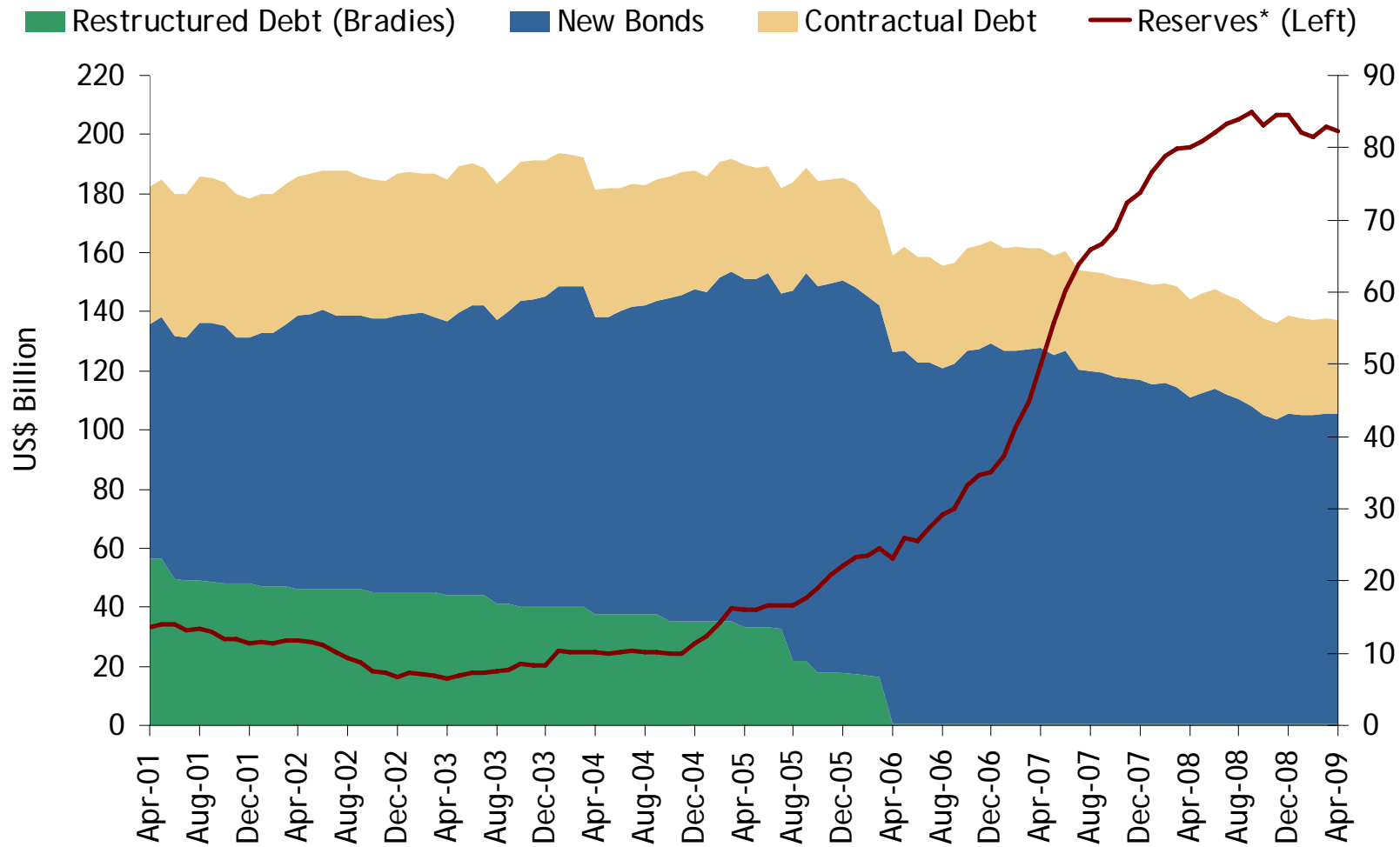
Federal Public Debt Profile - as of Apr-09

- Gradual change in the Federal Public Debt profile since 2002, maintaining the fixed rate and the inflation linked shares higher than FX linked and floating rate shares.



# Results Achieved

## Evolution of External Federal Public Debt Profile

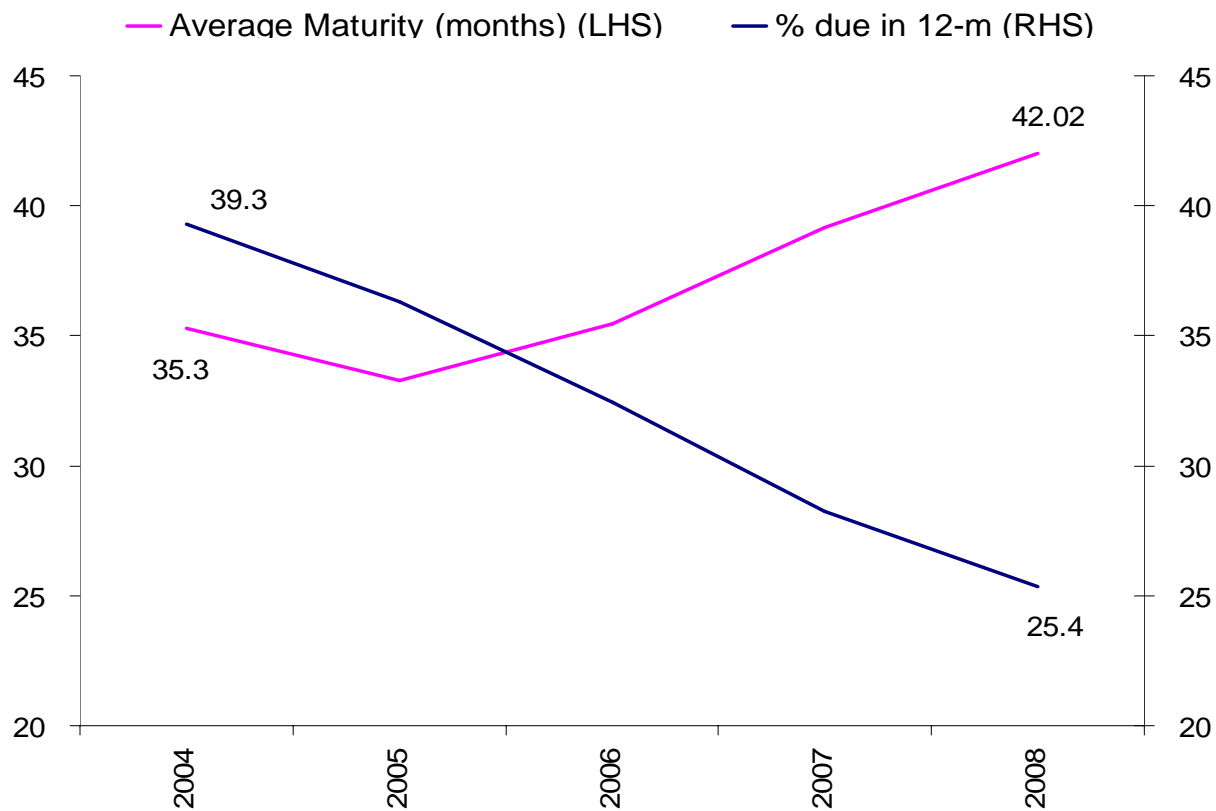


Source: National Treasury

## Results Achieved

### Evolution of the Average Maturity and of the % Due in 12 Months

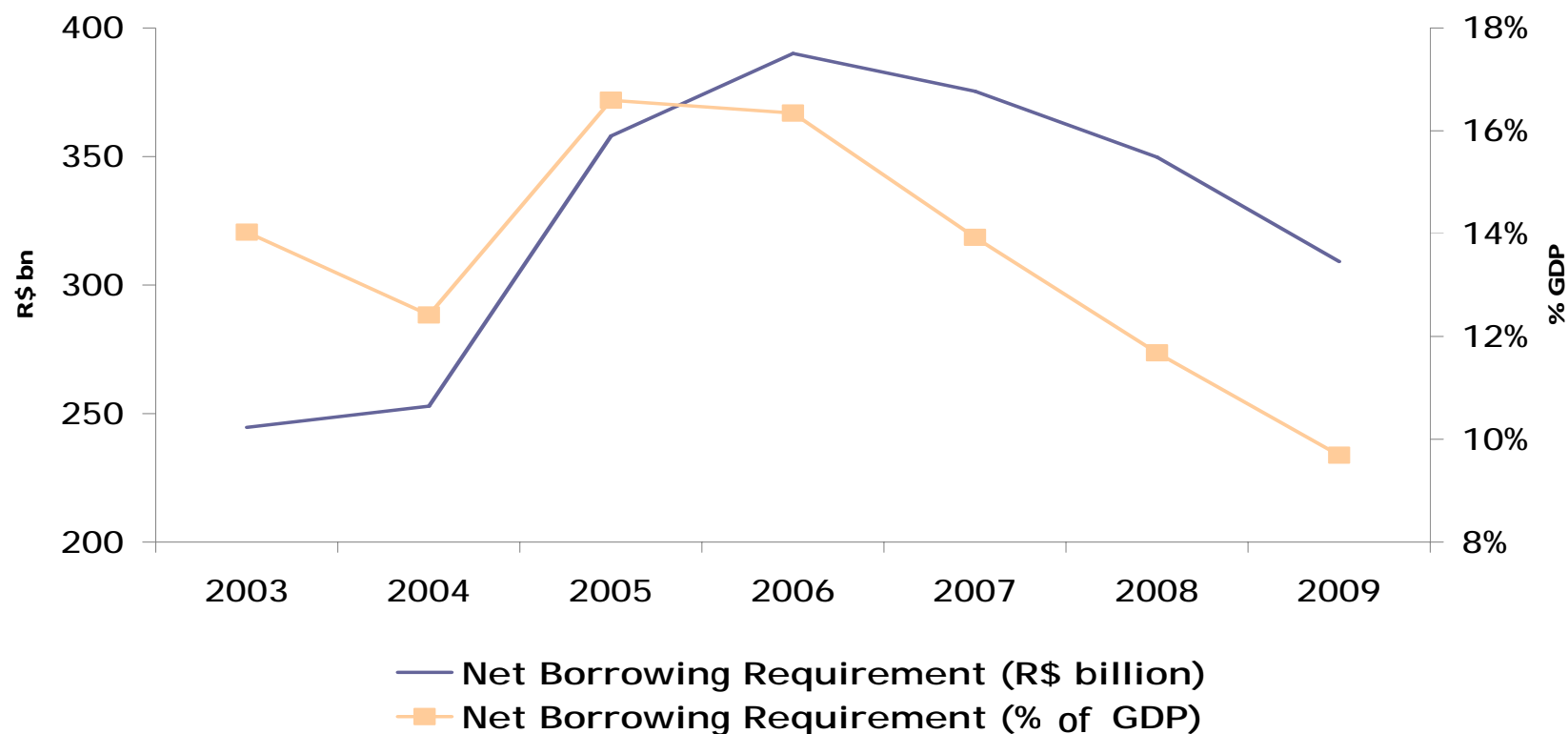
- As a result of the strategy adopted by the National Treasury in the last years, there's been an increase in the Federal Public Debt average maturity and a reduction in the percentage due in 12 months.



Source: National Treasury

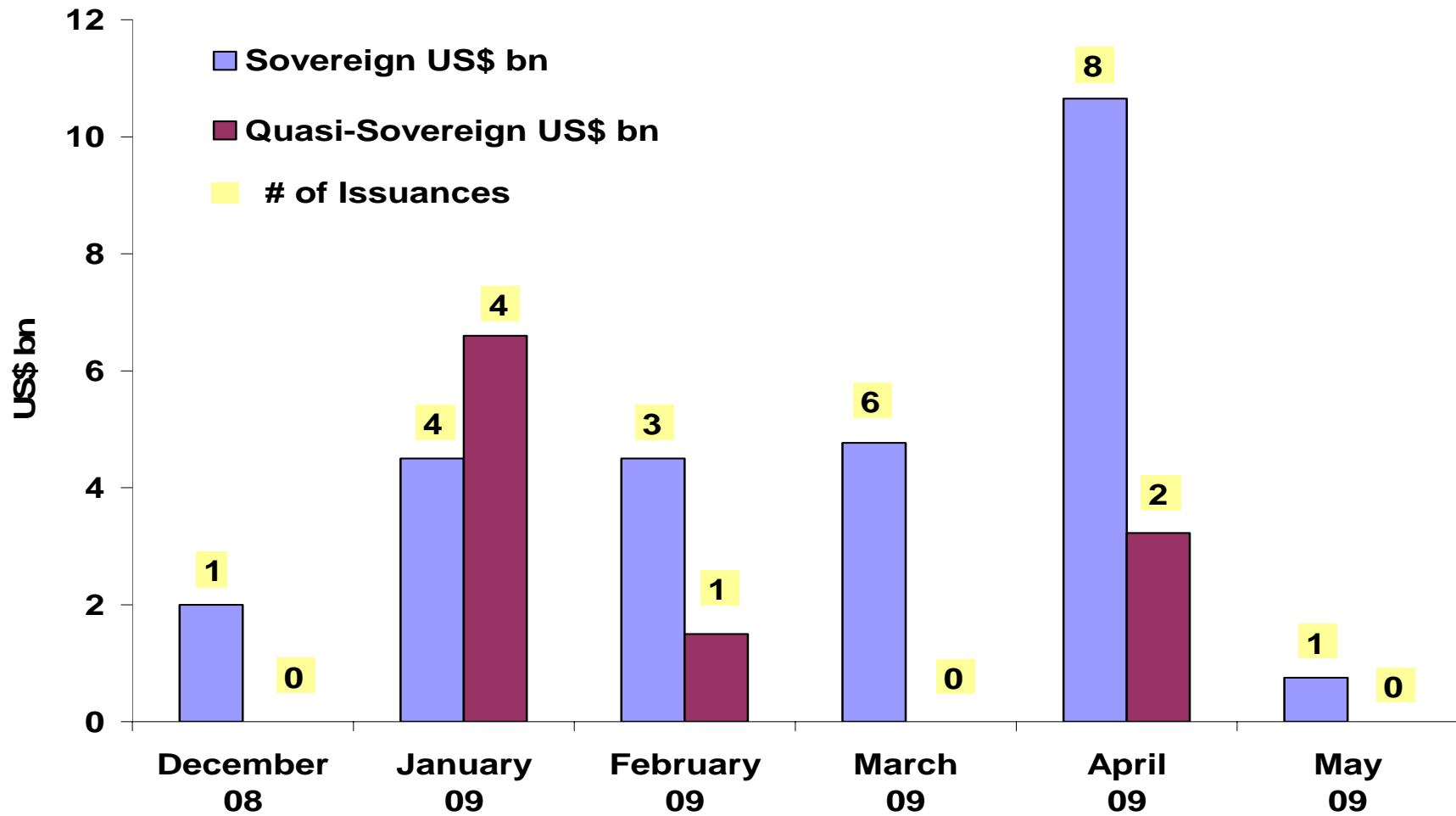
## 2009 and 2010 are the lowest historical financing needs

### Evolution of Borrowing Requirement



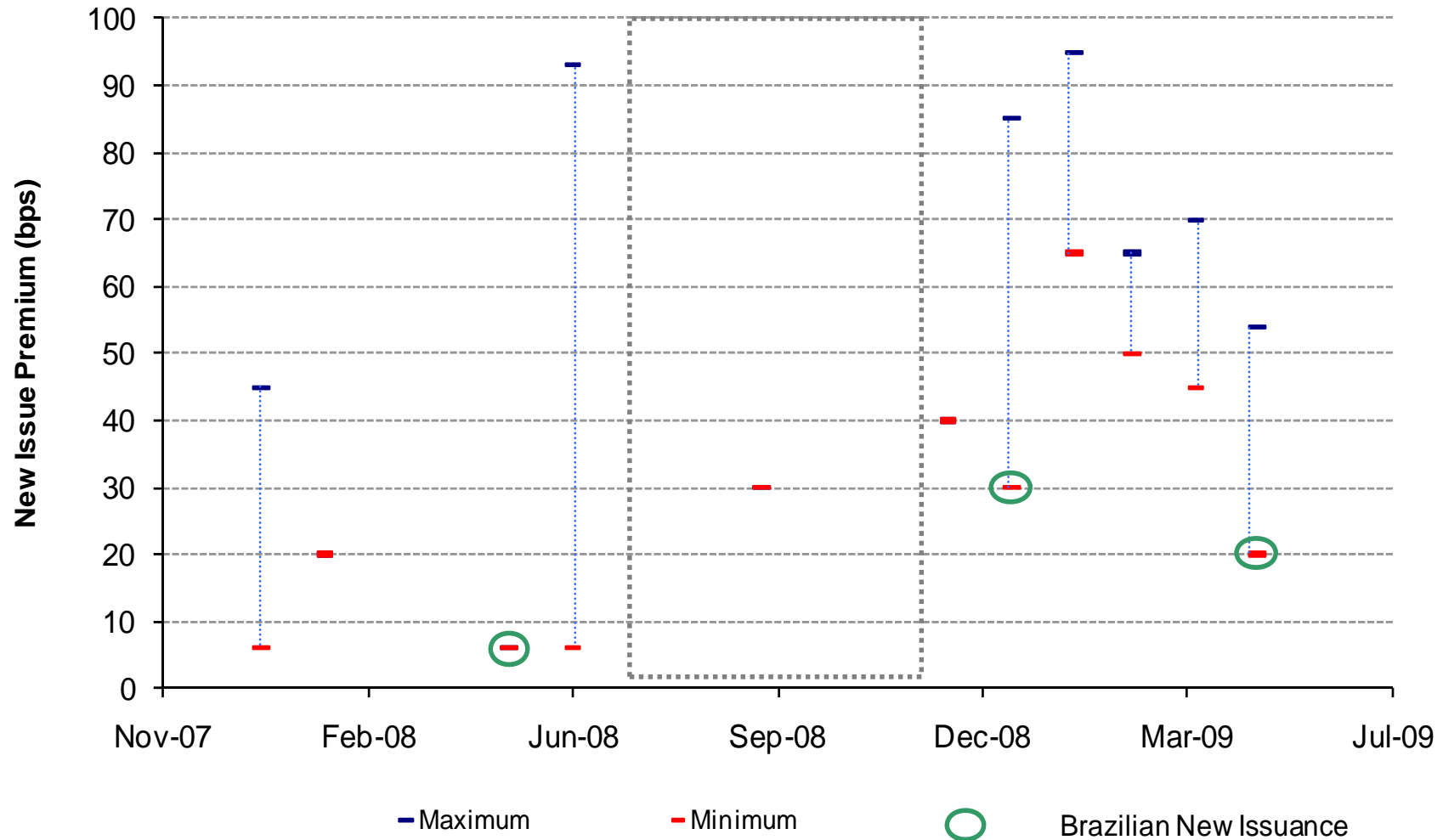
- Brazil is in a comfortable position due to its cash management:
  - BRL 91 bn in Budgetary Resources
  - BRL 185 bn from 2008's Central Bank's positive results from FX long position operations
  - Then Gov't has already pre financed all 2009 maturities (external and domestic)

## Sovereign and Quasi-Sovereign Activity



Source: Bond Radar  
 Obs.: It considers only US\$ denominated issuances.

## Low Concession on Brazilian Issuances



Source: National Treasury

## Are there any permanent trends in investors appetite?

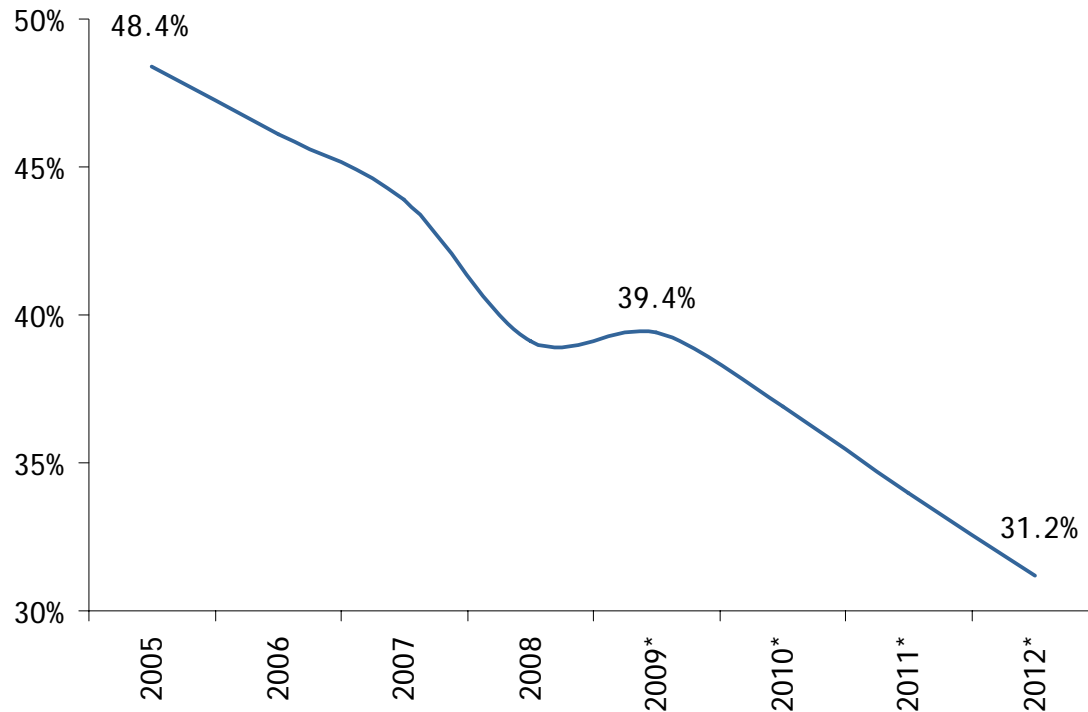
### ■ Local market

- In the context of a well defined set of public debt guidelines and monetary easing policy, there has been increased demand for fixed rate securities with higher tenures.
- There is a live debate and a rich agenda from institutional investors and mutual funds to lengthen their portfolios and higher preference for duration, as short-term interest rates should keep falling in 2009 and 2010.

### ■ External Market

- Brazil's past external debt operations have shown books with increased demand and much diversified investors spectrum.

## Net Public Sector Debt / GDP



Source: Central Bank.  
 Elaborated by MF/SPE.  
 Does not consider Petrobras

- Downward trend in NPSD/GDP ratio in the last 5 years.
- The NPSD/GDP ratio reached in 2008 is the lowest since August 1998.
- According to Draft BGL\* 2009, the Primary Balance of 3.8% of GDP would result in NPSD / GDP of 31.0% in 2011.

**For additional information access  
Brazilian National Treasury site:**

**[www.tesouro.fazenda.gov.br](http://www.tesouro.fazenda.gov.br)**

**Or contact Institutional Relations area:**

**[brazildebt@fazenda.gov.br](mailto:brazildebt@fazenda.gov.br)**

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