

# SCENARIO - BRAZIL

December 07, 2021

## National Politics

### COP26

Among the main goals assumed by the government is the commitment to sustainable agribusiness through the ABC+ initiative, the low-carbon agriculture plan that includes recovery of pastures, biological nitrogen fixation, etc.

In Brazil, Congress discusses the regulation of the carbon market based on the results and commitments signed at COP26.

### Social Assistance

Government launches a new social program “Auxílio Brasil”, which provides for fixed deposits of R\$ 400 for 16.9 million families in poverty until December 2022.

President sanctioned a [gas voucher](#) project to support nearly four million low-income families. In 2021, the price of the kitchen canister rose 36% on average in the country.



### Spending Ceiling

Discussions continue in Congress on the spending ceiling and the PEC on Precatório, which establishes changes in the payment of government debts. Approval of this PEC opened space in the budget for the government to finance the “Auxílio Brasil” program.



### Secret budget

Congress accepted the Federal Supreme Court's change orders in the bill that deals with new rules for the execution of amendments by the budget rapporteur, known as “secret”. Such amendments lacked transparency regarding the use of resources.



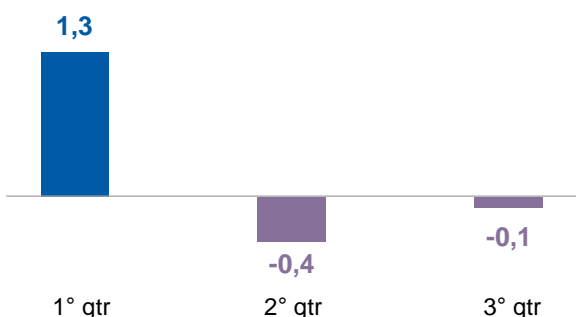
### Federal Court of Justice

With a tight vote, the Senate approved the name of André Mendonça as the new minister of the court. After five months of waiting, even with a record of negative votes (32 in total), the approval hearing kept the tradition of not rejecting any nominee.

## Economy in the 3<sup>rd</sup> Quarter

### GDP

Reduction of 0.1%, compared to the previous quarter, driven by 8% drops in agriculture and 9.8% in exports of goods and services. The result puts the country's economy on alert and reveals a scenario of stagnation.



### Economic Activity

Compared to the second quarter, the services sector was the only one to show a positive result. The manufacturing industry, on the other hand, remained stagnant, still negatively impacted by the rupture of the input supply chain and the strong increase in transportation and electricity costs.

### Labour Market

The unemployment rate in the period is 12.6%. The number of unemployed exceeds 13 million and the number of workers without a formal contract reaches 38 million.

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## SPECIAL 2022 ELECTIONS

### Bolsonaro's new political party

After two years without a party, President Jair Bolsonaro joined the Liberal Party (PL), a centrist party in the political spectrum. It is the 9th party in Bolsonaro's 33-year political career.

The president of the party (PL), Valdemar Costa Neto, was sentenced to seven years and ten months in prison for passive corruption and money laundering in the so-called Mensalão, during the Lula government.

### Pre-candidates

In addition to former President Lula and President Bolsonaro, new names have emerged to make a "third way" name viable.

João Doria, governor of São Paulo, was made official as a PSDB candidate, after a party convention. Sergio Moro, former judge of Lava-Jato and former minister of Bolsonaro, was also made official as a candidate for Podemos. Ciro Gomes, former deputy and former minister, will be a candidate for the PDT, a centrist party. Simone Tebet, Senator, is the only woman so far, but has not yet had a confirmed candidacy.

The definitive list of candidates will only be defined at the party conventions that will take place between July 20 and August 5, 2022.



**Bolsonaro**  
President



**Lula**  
Ex-President



**João Doria**  
São Paulo's  
Governor



**Sergio Moro**  
Ex-judge



**Ciro Gomes**  
Ex-minister



**Pacheco**  
Senator

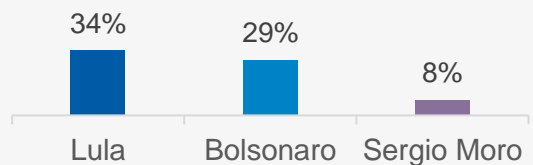
### Voting Intention

The 360 Power Survey indicates that Lula currently leads with 34% of voting intentions, and Bolsonaro with 29%. The advantage is 5% and the margin of error is 2%.

"Third way" candidates score between 3 and 8%, with Sergio Moro (Podemos) as the prominent name.

The same poll points out that, for the second round, Lula would defeat Moro, Bolsonaro, Doria or Pacheco (current president of the Senate).

### Voting Intention – 1st Round



### Projection – 2nd Round

