

BRAZIL SCENARIO

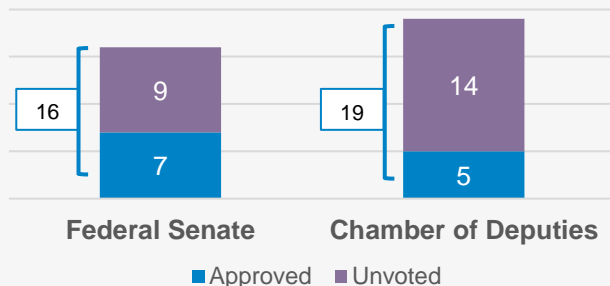
January 10, 2022

National Politics

Priority agendas approved in 2021

In 2021, the private sector had benefits with the approval of measures in infrastructure and the business environment. Emphasis on the payroll exemption, the “BR do Mar” Cabotage Incentive Program, the Regulatory Framework for Railways, the regulation of the New Gas Law, in addition to the permanent constitution of the National Program to Support Micro and Small Businesses (Pronampe) and the autonomy of the Central Bank.

Considering a total of 35 priority proposals delivered by the government to the Chamber of Deputies and Senate, 12 became new laws. That is, Congress approved about 34% of the agendas, less than half of those listed.



2022 agenda

The expectation is that the level of legislative activities will decrease, due to the elections. However, the government hopes to approve agendas such as the privatization of the Brazilian Postal Company, the change of ICMS (tax on Circulation of Goods and Services) rules on fuels, and the release of new pesticides. Administrative and tax reforms, that were previously a priority, have little chance to advance.



Covid-19 and vaccination

With +67% of the population vaccinated, Brazil registers an increase in cases of Covid-19 and Influenza, generating discussions about new isolation measures and cancellation of events such as Carnival.

Vaccination against Covid-19 in children aged 5 to 11 years has faced resistance from the government and supporters of the President, even though Anvisa (National Health Surveillance Agency) approved the measure on December 16th.

2022 Economy

GDP

The first projections show a reduction in the expected increase in GDP, from 0.42% to 0.36%. The scenario is of economic stagnation, with an estimated growth even lower than expected in 2021.

Inflation and interest rates

Inflation is expected to fall and it is estimated to be close to 5.03%, above the government's target (5%). The relief is due to the drop in the price of fuel, energy and food – the main villains of 2021. Interest rates should continue to rise, making credit more expensive, raising the cost of loans and financing.

New minimum salary

Minimum salary is now R\$1,212.00 (+10%), the third consecutive year with no real increase. Even so, the correction impacts public accounts – as social benefits, social security and unemployment insurance are linked to the minimum wage – and could compromise the fiscal ceiling and the containment of public spending.

Job market

The unemployment rate dropped to 12.1%, but it still reaches 12.9 million people. Higher interest rates and reduced demand should slow down the pace of economic activity and generate few formal jobs.

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ELECTIONS SPECIAL 2022

Official Elections Calendar 2022 – 1st semester

January 1st: It is forbidden to carry out polls without registration with the TSE (Superior Electoral Court)

April 2nd: president, governors and mayors to resign if they intend to run for other positions

July 20th to August 5th: party conventions



March 3rd to April 1st: "party window": candidates can change parties without losing the positions they already hold

April 5th: last day for parties or federations to publish rules for choosing and replacing candidates

Pre-candidates on the radar

Ciro Gomes (PDT), a pre-candidate for the presidency, is being investigated by the Federal Police in an alleged scheme of fraud and payment of bribes during construction work on a stadium in Fortaleza between 2010 and 2013.

Lula and Alckmin Ticket

There are rumors about a possible alliance between ex-president Lula (PT) and ex-governor of São Paulo, Geraldo Alckmin. From opposite sides of the political spectrum, the eventual alliance, however, has come in for criticism from both the left and the right.

Superior Electoral Court

President Bolsonaro appointed retired General Fernando Azevedo e Silva as director-general of the Superior Electoral Court (TSE) during the elections. Silva was Minister of Defense in the current government. The appointment of an ex-military man is unprecedented since the beginning of re-democratization in Brazil.

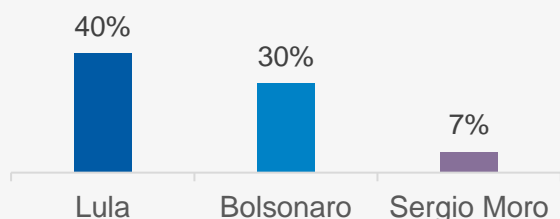
Electoral Propaganda

President Bolsonaro approved a law that allows the return of party propaganda outside the electoral period on radio and television. Advertising had been discontinued in 2017. However, tax compensation for broadcasters was vetoed.

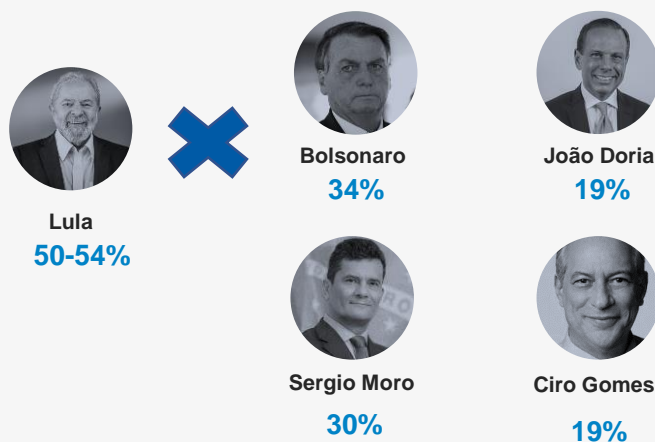
Opinion Poll

Poll of Poder 360* indicates that former president Lula (PT) continues to lead in voting intentions in the first round and beat all possible candidates, so far, in the second round. Since last month, Lula has risen 6% and Bolsonaro 1%, while Moro has lost 1%. The margin of error is 2%.

Opinion Poll – 1st round



Forecast – 2nd Round



*Pool made during December 19 and 21 of 2021.