

BRAZIL SCENARIO

June 06, 2022

National Politics

Eletrobras Privatization

The Federal Audit Court approved the privatization of Eletrobras. For the process to be completed, the government must send the company's documents to the Securities and Exchange Commission and to its corresponding body in the United States, since Eletrobras' papers are traded in both countries. The sale is expected to take place in the second half of the year. Bolsonaro has encouraged the privatization of Eletrobras and Petrobras, on the grounds that state-owned companies would have exaggerated profits.

Ministry recreation

In a ceremony at the Federation of Industries of Minas Gerais, Bolsonaro expressed his intention to recreate the Ministry of Industry and Commerce, which was extinguished at the beginning of his government and integrated into the Ministry of Economy. The recreation of the government body reduces the influence of Minister Paulo Guedes and fulfills an old desire of the central parties.

Changes at the highest level

The Minister of Mines and Energy, Bento Albuquerque, was replaced by Adolfo Sachsida, a close advisor of the Minister of Economy, Paulo Guedes. Petrobras also underwent changes in its administration. The changes were sparked by Bolsonaro's criticism of the state-owned company's pricing policy, which recorded the highest profit ever reported by a publicly-traded company in the period.

Congress Agenda

The government launched a package of labor measures focused on reinserting mothers into the labor market and hiring young apprentices. Congress approved a project instituting the nursing salary floor; a proposal that classifies the fuel, natural gas, electric energy, communications and public transport sectors as essential and indispensable; a Provisional Measure prohibiting the charge for checked baggage in aviation and another establishing the amount of R\$ 1,212 for the minimum wage in 2022.

Economy



Unemployment

Unemployment rate fell to 10.5% in the quarter ended in April, but it still affects 11.3 million people in the country. This is the lowest percentage for the period since 2016. Despite the increase in the number of employed people, the average worker's income has been harmed by the high inflation rates.



Interest rate

The high inflation has put more pressure on the Central Bank for a new revision of the basic interest rate, currently at 12.75% - the "ceiling" foreseen by the government in March. The market expects the rate to reach 13.25% by the end of the year, which would make credit even more expensive and raise the cost of borrowing and financing.



Inflation and income

The average Brazilian income reached its lowest level in 10 years, with an average salary of R\$2,548. The number is mainly due to the hike in inflation, which was not accompanied by an increase in salaries. Inflation reached 12.1% in the 12-month period, which leaves the country with the 4th highest rate among G20 countries.



Diesel prices

The average price of diesel reached R\$ 6.94, the highest nominal value since 2004. In the last 12 months, the accumulated increase is of 47%. Faced with the risk of fuel shortages, used to transport more than 60% of cargo in the country, the government is already talking about the possibility of an emergency rationing.



Third way candidate

João Doria announced the withdrawal of his bid for the presidency. Two parties confirmed the pre-candidacy of senator Simone Tebet for the presidency, who still faces resistance within her own party from sectors that are prone to supporting Lula and Bolsonaro. Doria's party has not yet officially shown support for Tebet's bid, while they are also being contacted by Lula's party for a possible alliance.



Electronic ballots

The Superior Electoral Court announced that this year bulletins with the results of each electronic voting machine will be publicly available on election day. In previous years, they were released within 3 days of the election. The goal is to allow ordinary citizens to count the votes in real-time. This initiative takes place in the context of questioning the reliability of voting machines. A survey by Datafolha indicated that 73% of Brazilians trust electronic voting machines, with 42% of them trusting it a lot and 31% trusting it a little.



Candidates

Lula officially launched his presidential campaign, with Geraldo Alckmin as vice-president. He also held meetings with social movements and welcomed the Princess of Belgium. Bolsonaro attended a businessmen convention in Campos do Jordão, São Paulo, and led new motorcycle rallies after participating in events in Vale do Aço, Minas Gerais. Ciro Gomes interrupted his face-to-face agenda after testing positive for Covid-19 but kept internet lives with supporters on his official channels. Simone Tebet has been making efforts to gain support from women, with speeches in favor of gender parity.



Young voters

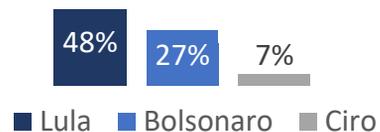
The Superior Electoral Court registered a record number of new voters eligible to vote. From January to April 2022, 2,042,817 new voters, aged between 16 and 18, registered to vote, which represents an increase of 47.2% in comparison to the same period in 2018. The record is driven from campaigns in social media, with the mobilization of artists and influencers.



Opinion polls

In a Datafolha poll carried out between May 25 and 26, Lula leads the presidential race with 48% of voting intentions, against 27% for Bolsonaro in the first round. Ciro Gomes has 7% of voting intentions. The other candidates did not score above 2%. In a second round between Lula and Bolsonaro, Lula has 58% of the votes, while the current president has 33%. Lula leads with significant advantage in the South, Northeast and Southeast regions, while keeping a technical tie with Bolsonaro in the Center-West/North, where votes were summed altogether in the poll.

1st Round



2nd Round

