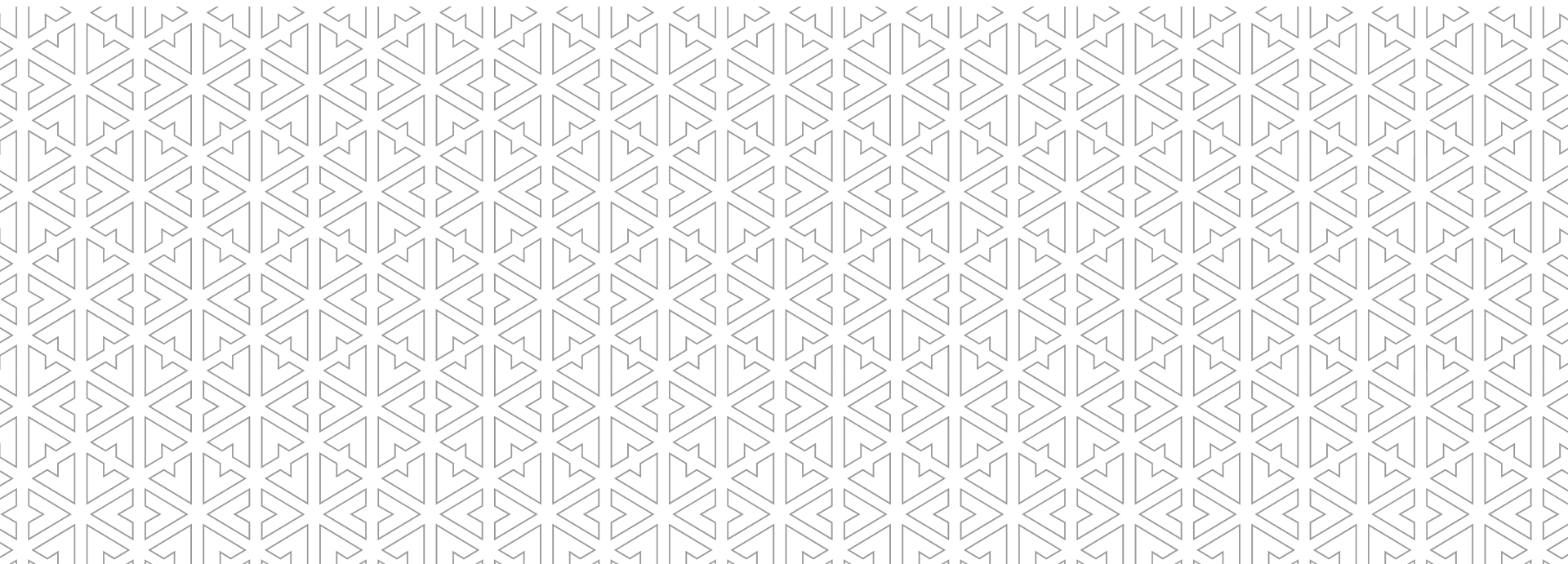




PROSPECTIVA

NEGÓCIOS INTERNACIONAIS & POLÍTICAS PÚBLICAS
BUSINESS STRATEGIES & PUBLIC POLICIES



A decorative border at the top of the slide featuring a repeating geometric pattern of interlocking triangles and squares in a light gray color.

BRAZIL'S PROSPECTS FOR 2014

RICARDO SENNES
RSENNES@PROSPECTIVA.COM

NOVEMBER, 2013

A decorative border at the bottom of the slide, identical to the one at the top, featuring a repeating geometric pattern of interlocking triangles and squares in a light gray color.

A decorative border at the top of the slide featuring a repeating geometric pattern of interlocking triangles and lines in a light gray color.

TOPICS

I – POLITICAL FRAGMENTATION

II – DILMA'S TERM: SOME FACTS

III – 2014 ELECTIONS

A decorative border at the bottom of the slide, identical to the one at the top, featuring a repeating geometric pattern of interlocking triangles and lines in a light gray color.

A decorative border at the top of the slide featuring a repeating geometric pattern of interlocking triangles and squares in a light gray color.

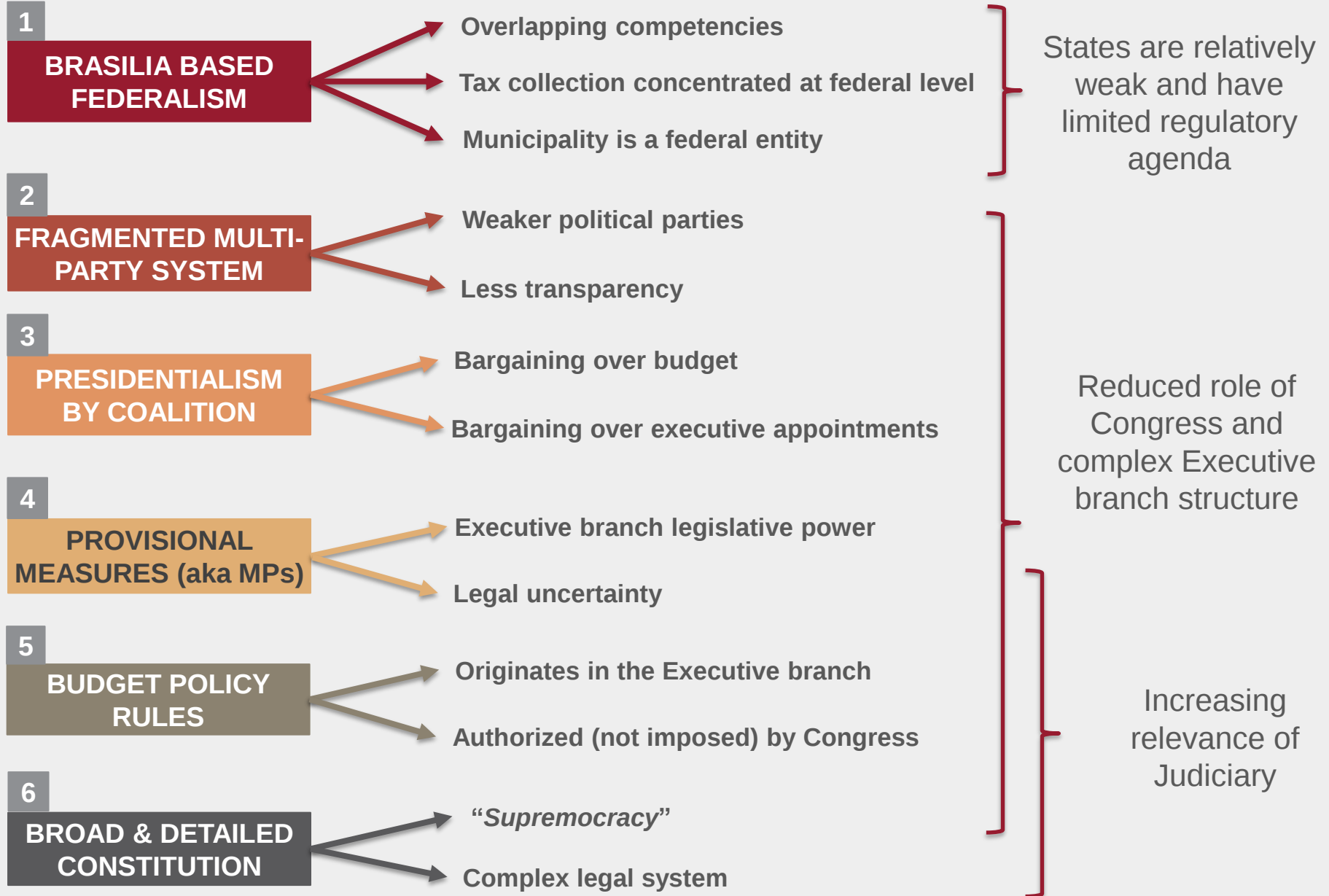
TOPICS

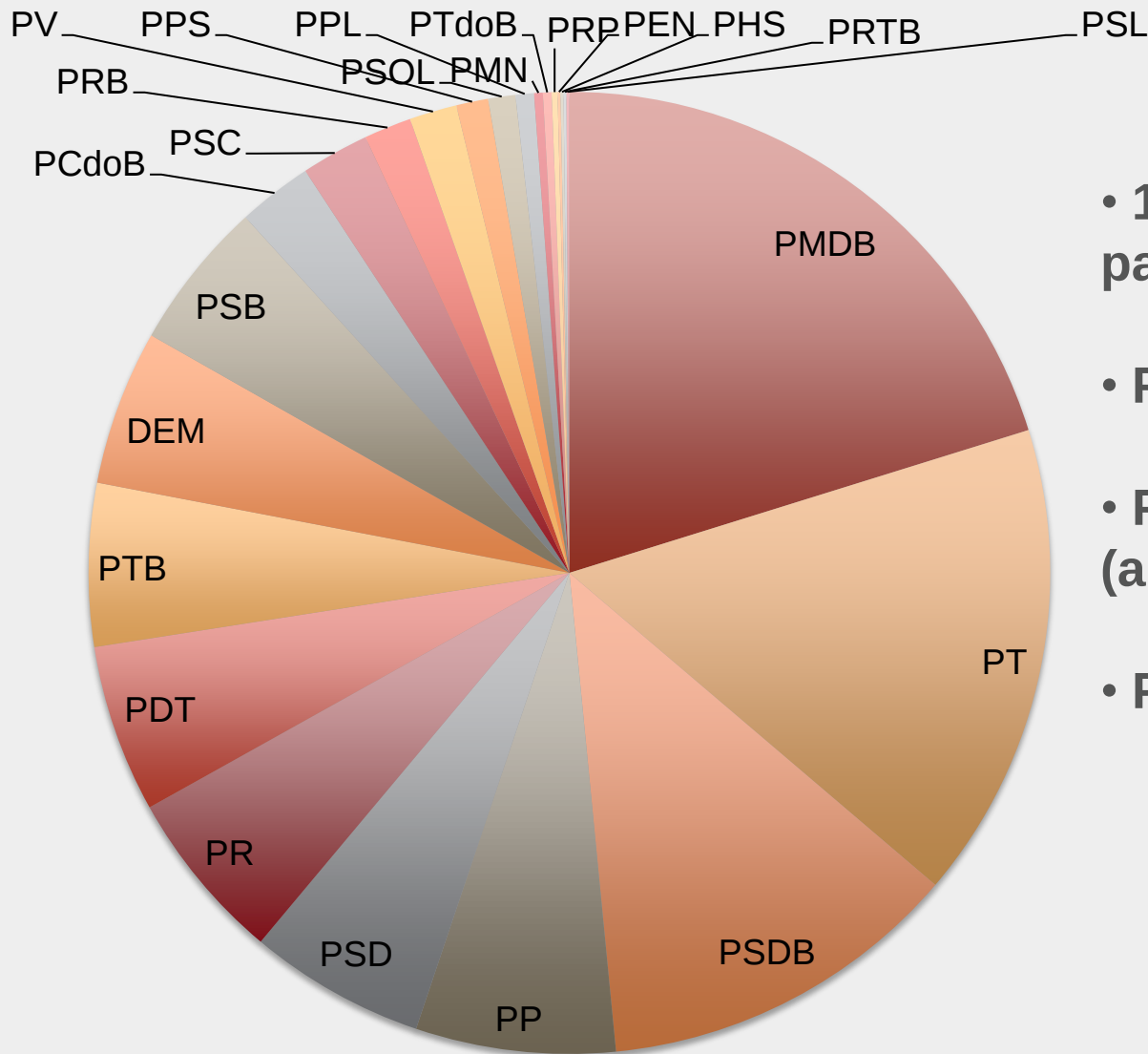
I – POLITICAL FRAGMENTATION

II – DILMA'S TERM: SOME FACTS

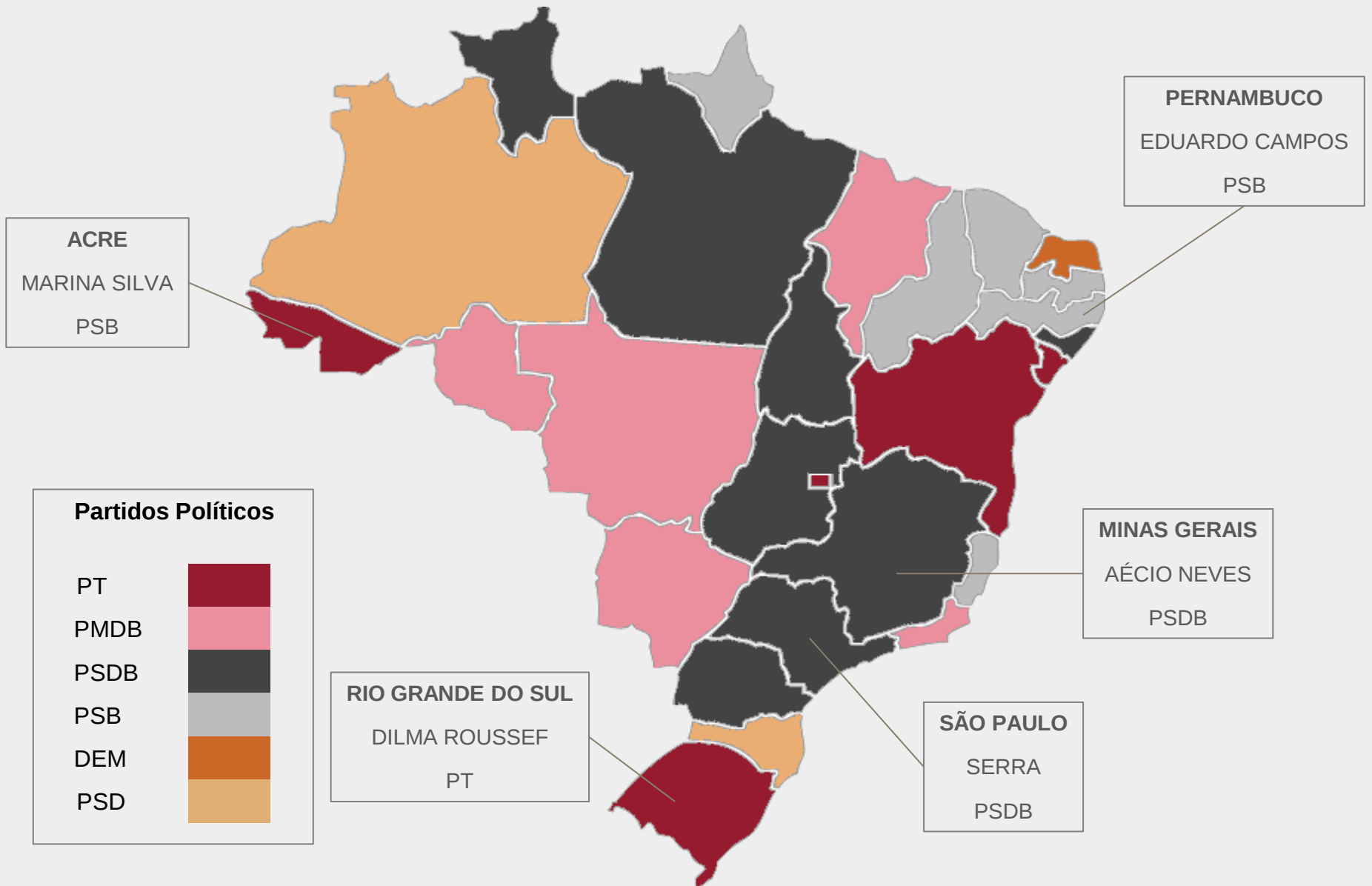
III – 2014 ELECTIONS

A decorative border at the bottom of the slide, identical to the one at the top, featuring a repeating geometric pattern of interlocking triangles and squares in a light gray color.



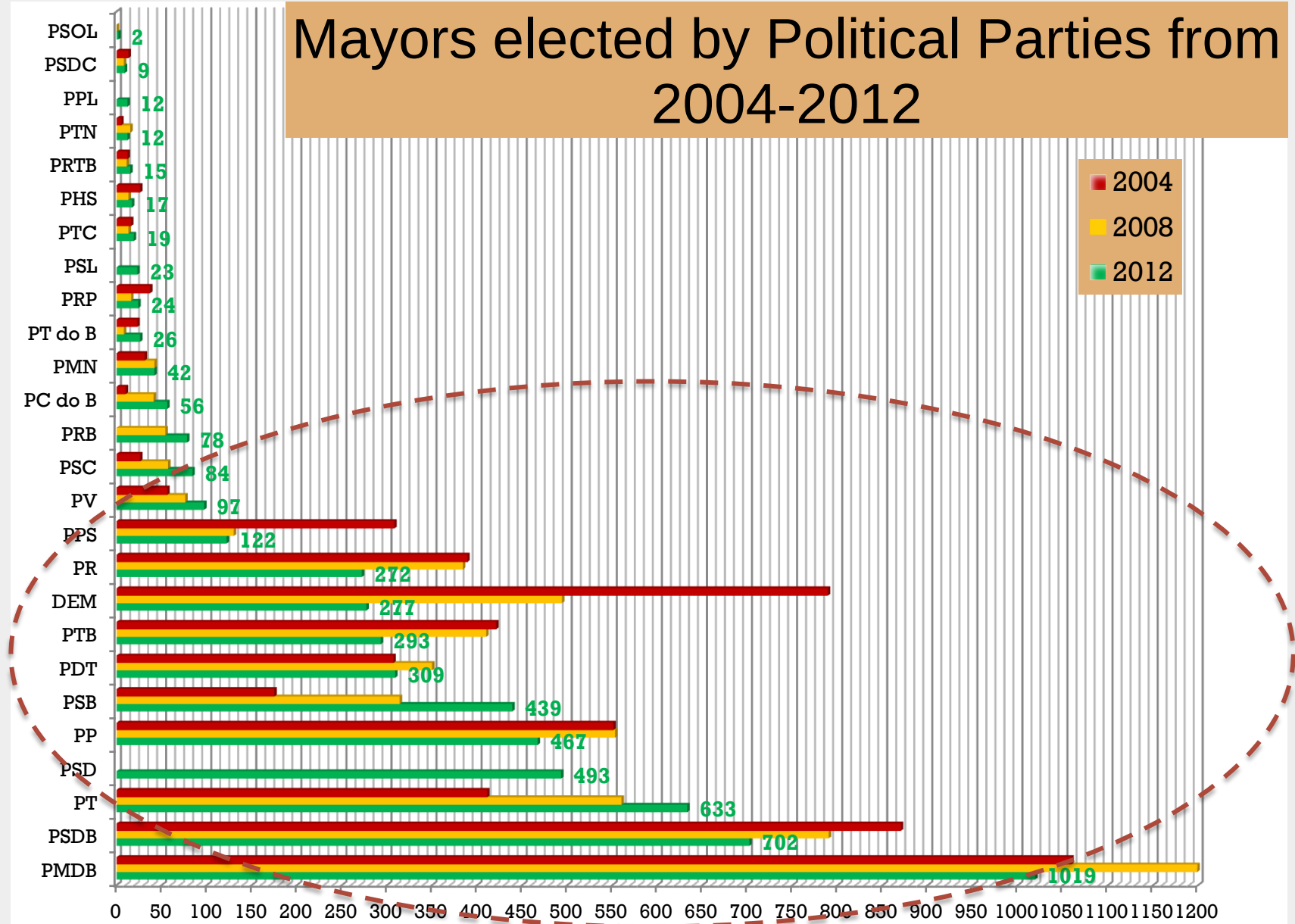


- 11 relevant political parties
- PMDB – largest party
- PT is the second party (about 20%)
- PSDB is the 3th largest





Mayors elected by Political Parties from 2004-2012



A decorative border at the top of the slide featuring a repeating geometric pattern of interlocking triangles and lines in a light gray color.

TOPICS

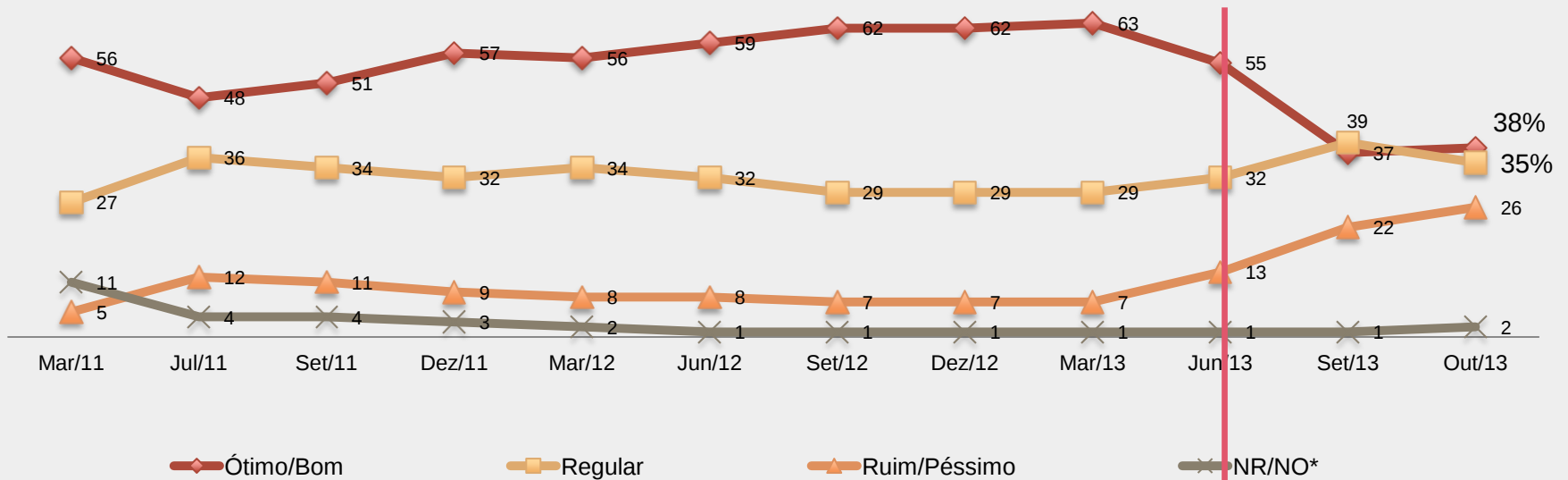
I – POLITICAL FRAGMENTATION

II – DILMA'S TERM: SOME FACTS

III – 2014 ELECTIONS

A decorative border at the bottom of the slide, identical to the one at the top, featuring a repeating geometric pattern of interlocking triangles and lines in a light gray color.

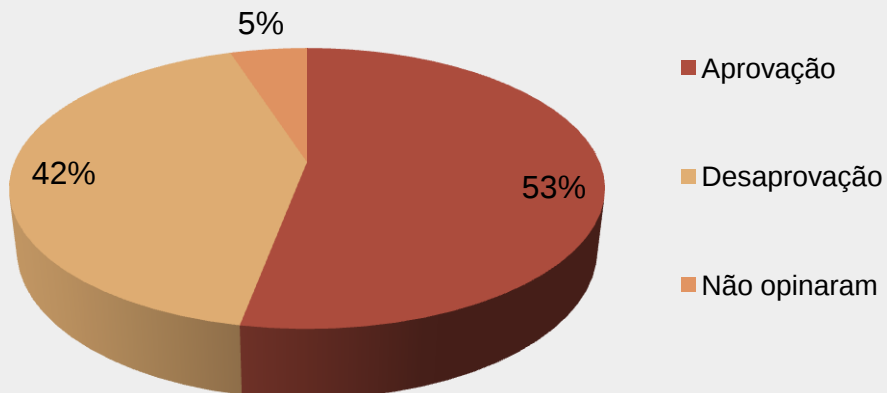
Dilma's Administration Evaluation



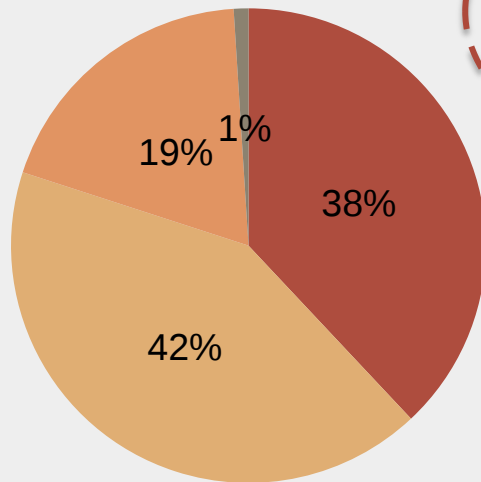
* Não responderam / Não opinaram Fonte: CNI/IBOPE

JUNE: Popular protests

Dilma's Popularity – october/2013



Dilma's Government Approval Rating (Oct/2013)



■ Excellent/ Good ■ Regular ■ Bad ■ NA/NO

Source: CNI / Ibope

NA / NO – No answer/ No Opinion

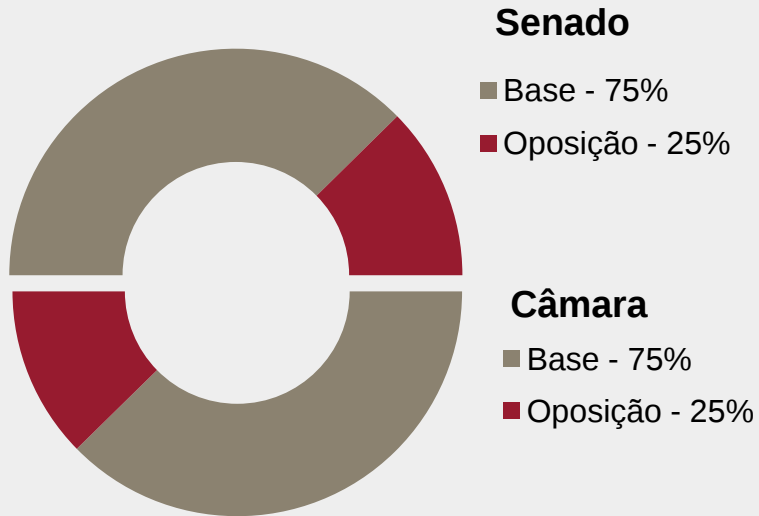
Federal Government Actions	Disapproval	Approval	NA/NO
Healthcare	77%	21%	1%
Public Security	74%	24%	2%
Taxes	73%	22%	5%
Interest Rate	71%	23%	6%
Combating Inflation	68%	27%	5%
Education	65%	33%	2%
Combating unemployment	57%	39%	4%
Environment	52%	41%	7%
Combating Hunger and Poverty	47%	51%	2%

Source: CNI / Ibope – Oct/2013

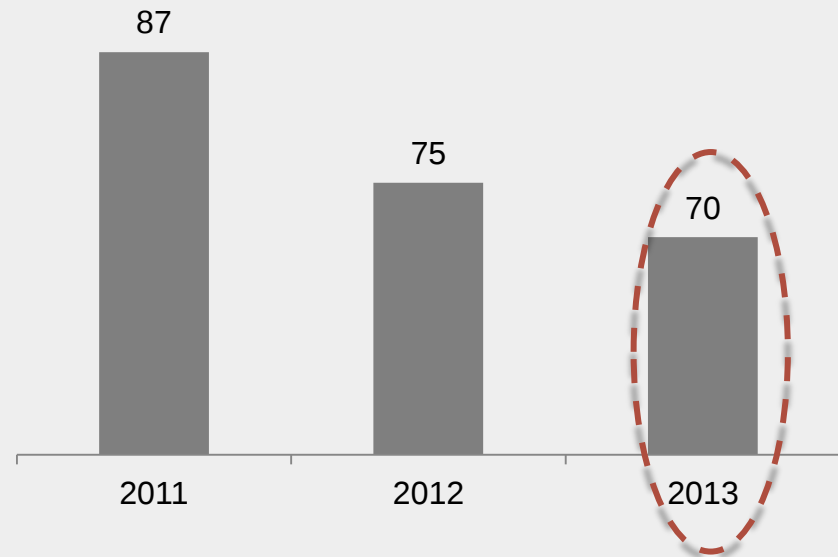
NA / NO – No answer/ No Opinion

- Considerable approval rating deterioration since June's popular protests.
- The worst decline in any approval was the interest rate policy. The rate dropped 16 points, going from 39% to 23%. The disapproval went from 54% to 71%.

2



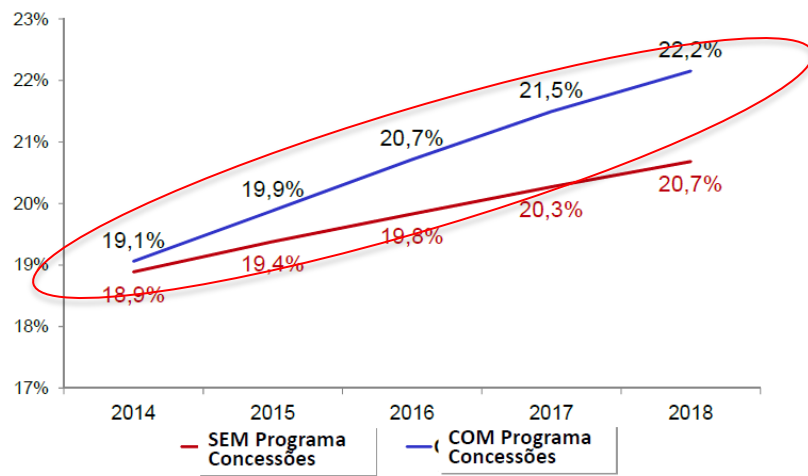
Coalition Loyalty Index (%)



Fonte: Basômetro - OESP

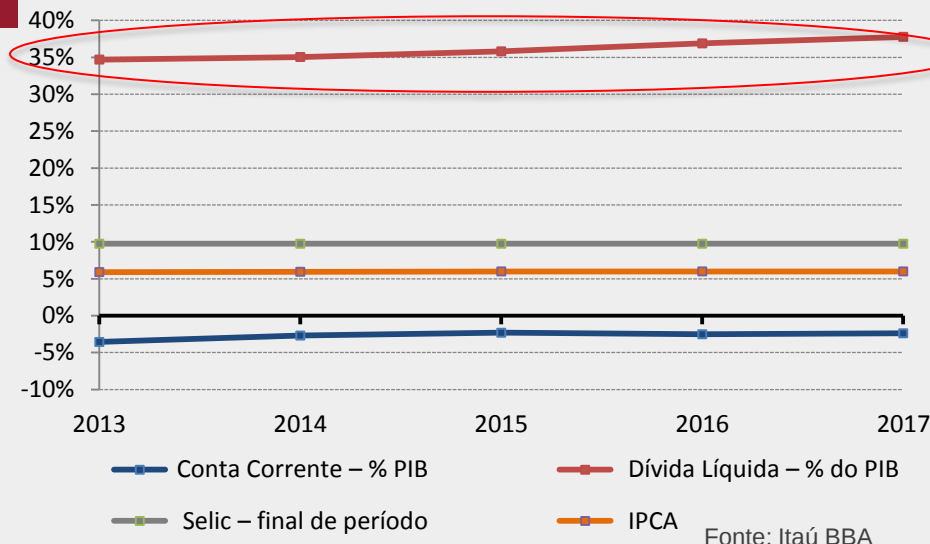
Investment Rate – Forecast - as a % of GDP -

Projeções para Taxa de Investimento (% PIB)



Fonte: BNDES

Economic Forecast



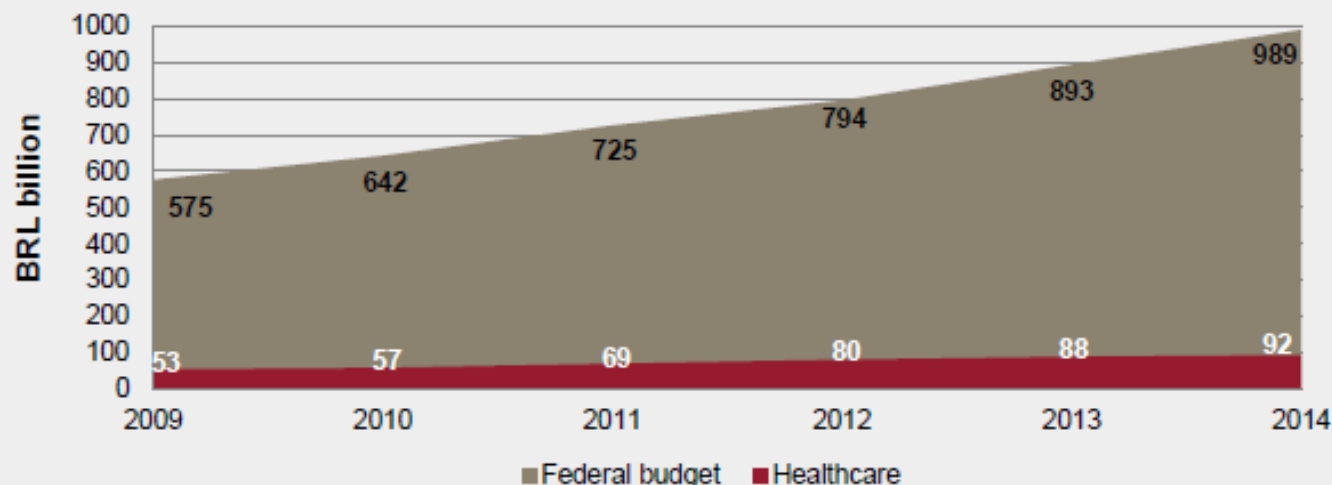
Fonte: Itaú BBA

Forecast - economic growth - % GDP

	2013	2014	2015	2016	2017	Média
Focus - BC	2,47	2,20	2,59	3,08	3,22	2,71
Itaú BBA	2,30	1,70	2,20	2,80	2,70	2,34
LCA	2,60	2,90	3,10	3,70	3,50	3,16
FMI	2,53	2,50	3,17	3,32	3,46	3,00

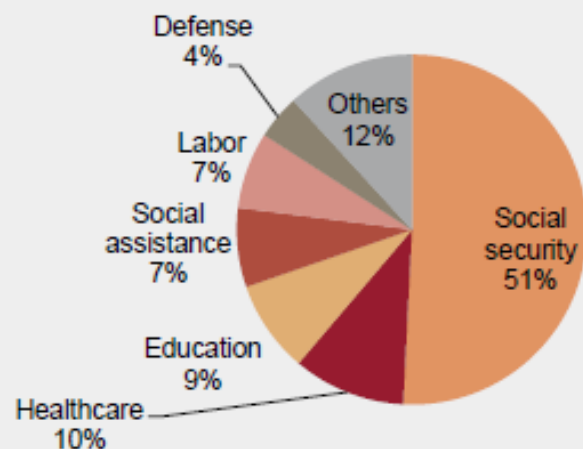
RELATIVE HEALTH EXPENDITURE NOT GROWING, SO HEALTH WILL CONTINUE TO BE UNDERFUNDED

Federal budget¹ x Healthcare budget

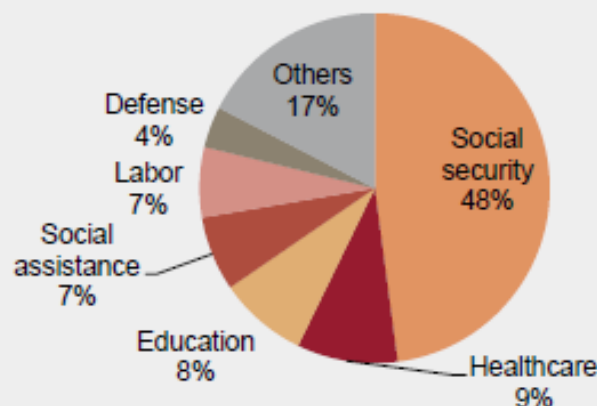


EC 29/2000 and LC 141/2012:
Government expenditure with healthcare must increase annually according to Brazil's GDP growth from the previous year.

Share of selected areas in the Federal budget (2013)



Share of selected areas in the Federal budget (2014)

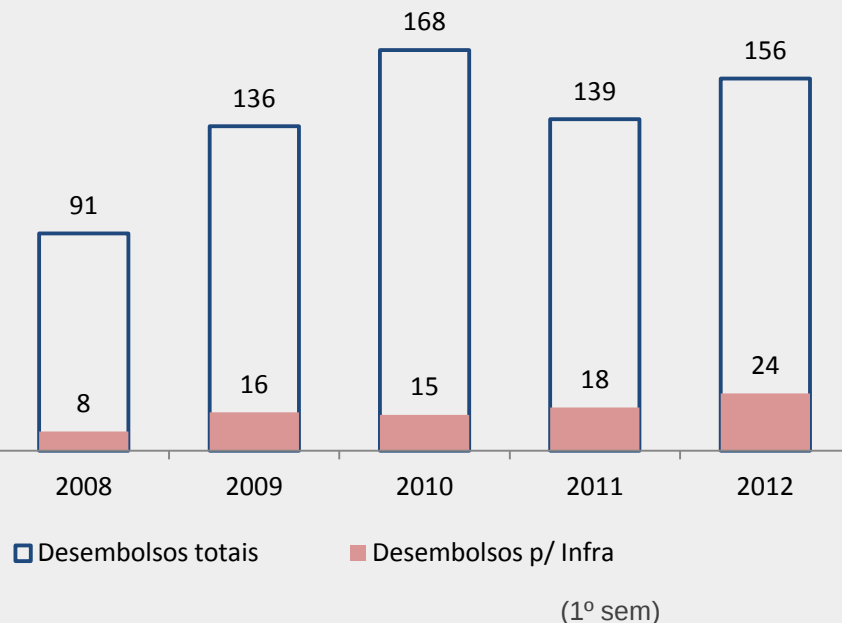


¹Mandatory primary expenses only.

Source: Prospeciva based on data from the Ministry of Planning

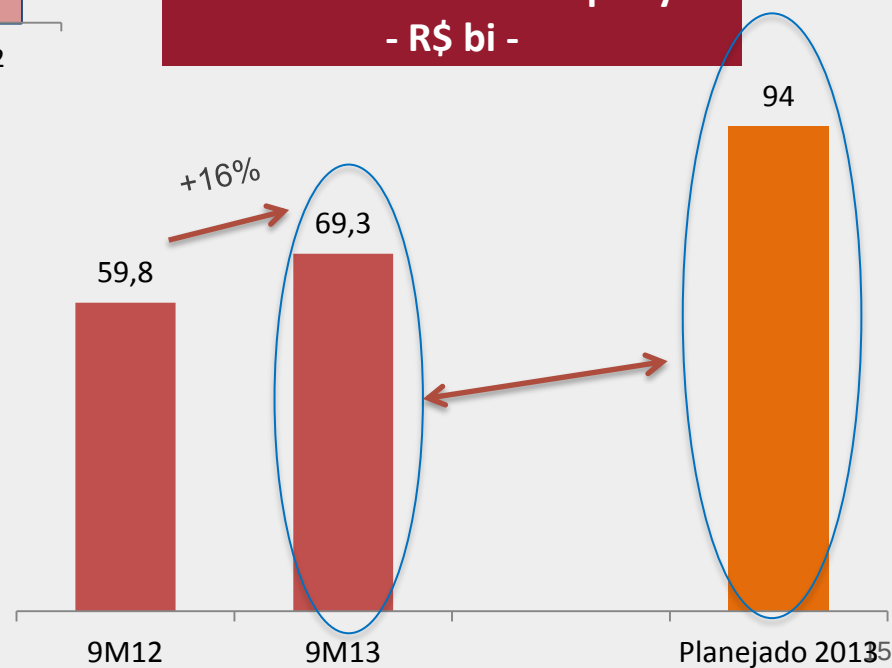
BNDES – Anual Spending - R\$ bi

Fonte: BNDES, 2013, Agosto.



BNDES represents 21% of the credit offer in Brazil.

Petrobras Investments per year - R\$ bi -



A decorative border at the top of the slide featuring a repeating geometric pattern of interlocking triangles and lines in a light gray color.

TOPICS

I – POLITICAL FRAGMENTATION

II – DILMA'S TERM: SOME FACTS

III – 2014 ELECTIONS

A decorative border at the bottom of the slide, identical to the one at the top, featuring a repeating geometric pattern of interlocking triangles and lines in a light gray color.



**DILMA
ROUSSEF**

- **PT / President of Brazil / Likely to win**
- Industry and consumption will likely remain the main target as means of promoting economic growth
- Despite recent drop in her approval ratings, she still remains the favorite candidate.



**MARINA
SILVA**

- **Sustainability Network / Party Leader / Best runner-up**
- Has a clear message on how to do politics, but not at all clear message on which different policies she will adopt if elected
- Sustainability is a key concern



**AÉCIO
NEVES**

- **PSDB / Senator for the State of MG / Likely second runner**
- Likely to pursue new management model and cut expenses
- More keen on private sector participation, but general economic policy is likely to remain very similar to the current one



**EDUARDO
CAMPOS**

- **PSB / Governor of PE / Good chances of being second runner**
- Likely to form similar political coalition once elected, maintaining Dilma's developmental and lower class focus
- It is not yet clear what he would do different from Dilma

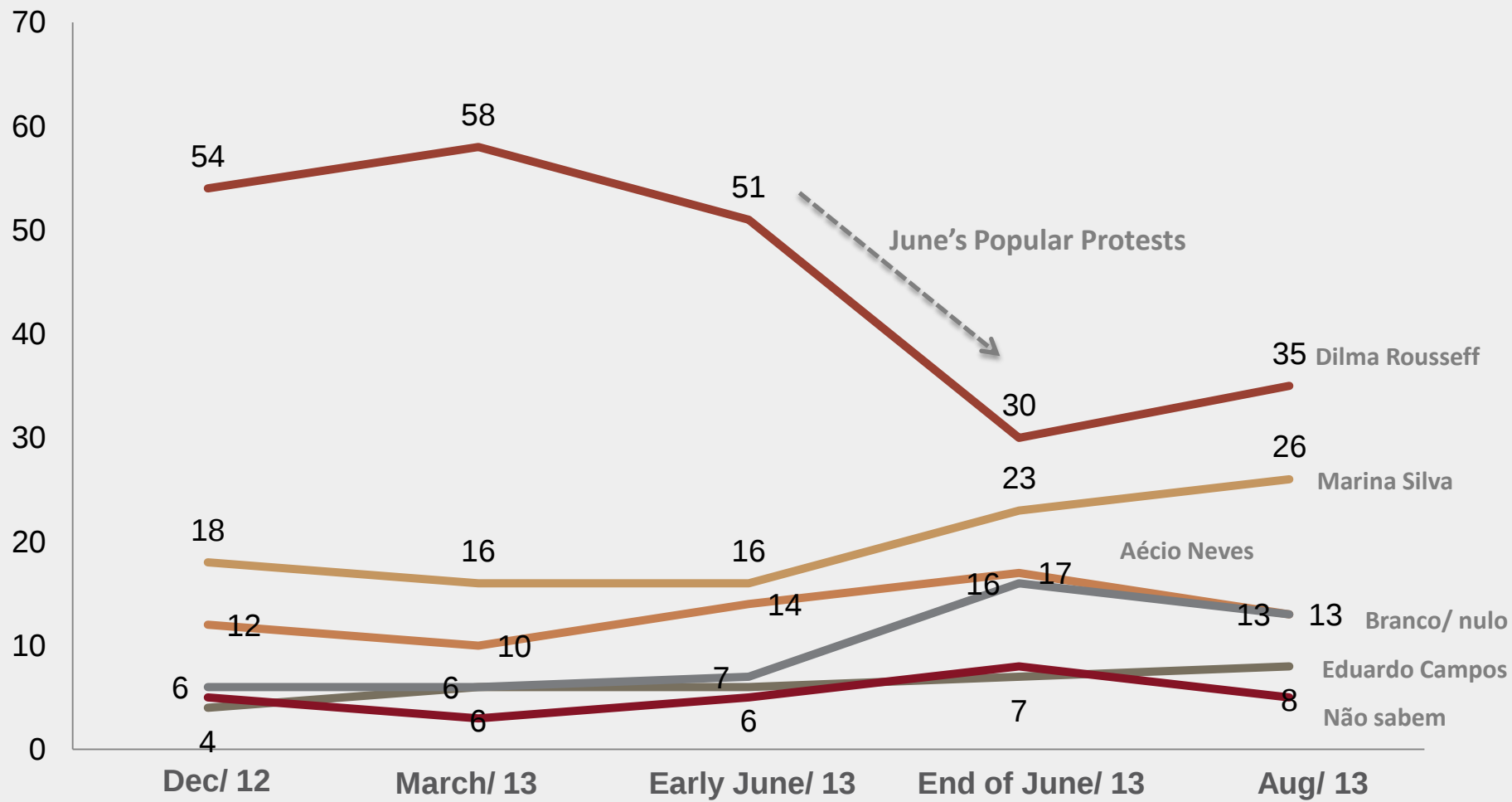


**JOSÉ
SERRA**

- **PSDB (?) / Former Governor of SP/ Presidential candidate in 2002 and 2010**
- PSDB supports Aécio Neves as candidate for 2014. Would have to change parties if decides to run.
- As a former minister of health, the area would probably be a priority.

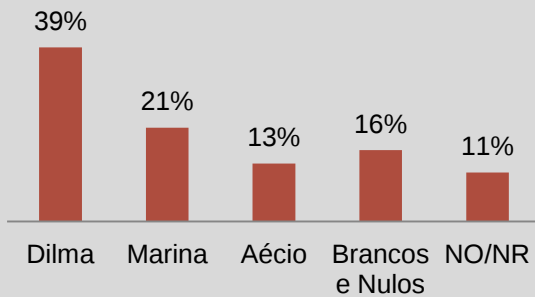
Regardless of who wins, no significant changes in health policy are expected

Voting Intention (%) - 2014



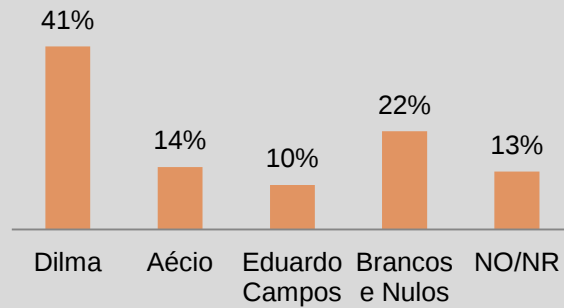
Scenario 1

■ Intenção de Votos



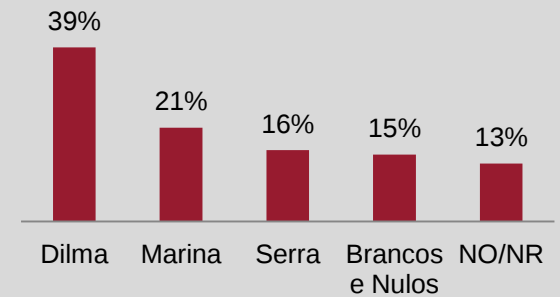
Scenario 2

■ Intenção de Votos



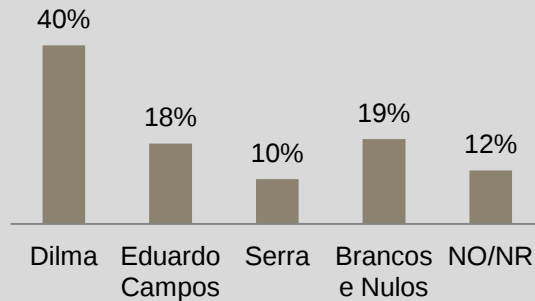
Scenario 3

■ Intenção de Votos



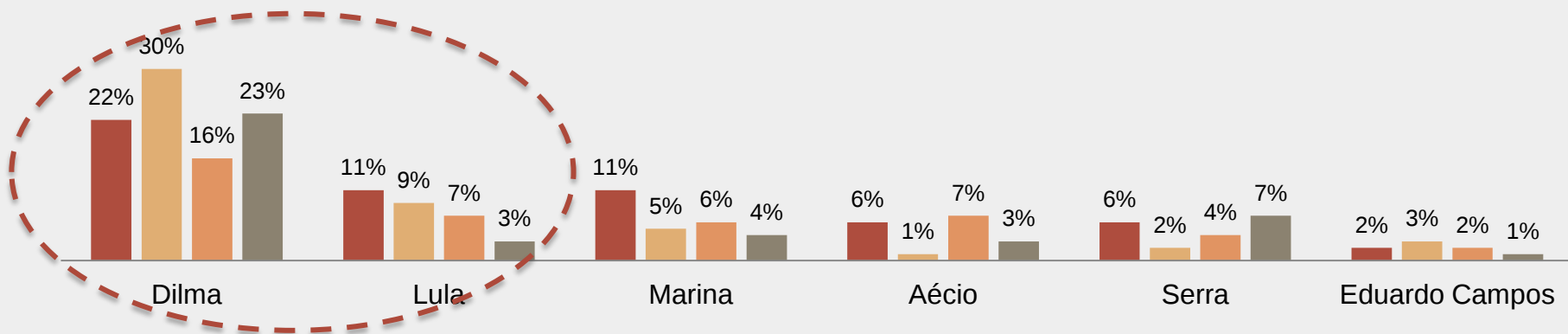
Scenario 4

■ Intenção de Votos



Spontaneous Response by Regions

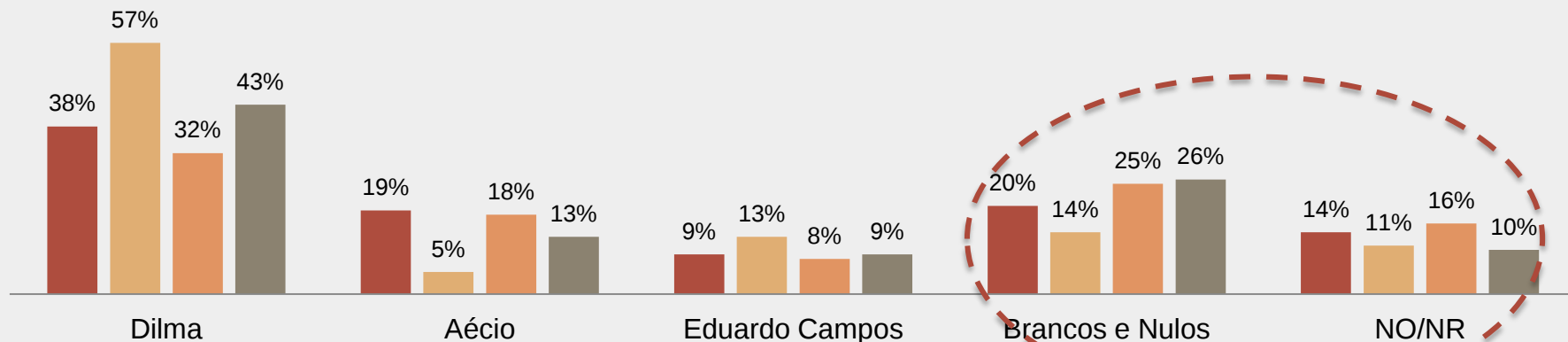
■ Norte/Centro-Oeste ■ Nordeste ■ Sudeste ■ Sul



Fonte: CNI/IBOPE

Intentions by Regions

■ Norte /Centro-Oeste ■ Nordeste ■ Sudeste ■ Sul

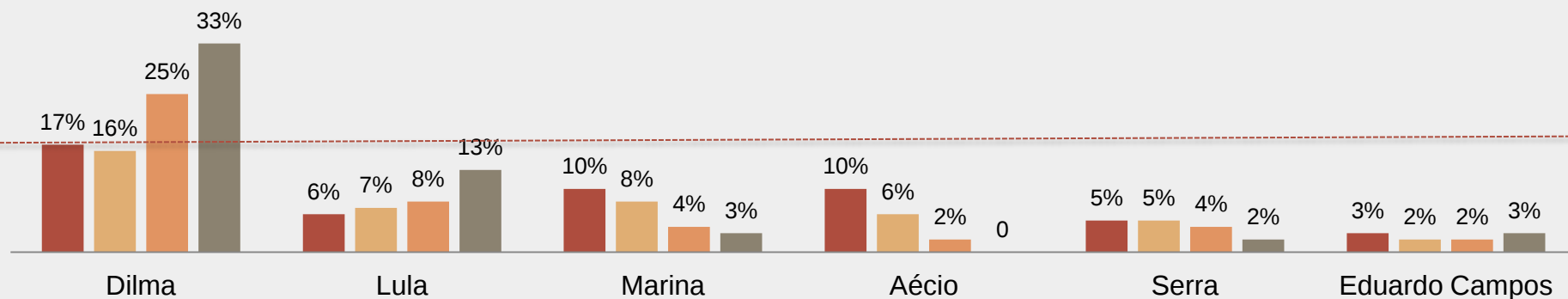


* Não opinaram / Não responderam

Fonte: CNI/IBOPE

Spontaneous Response by Income

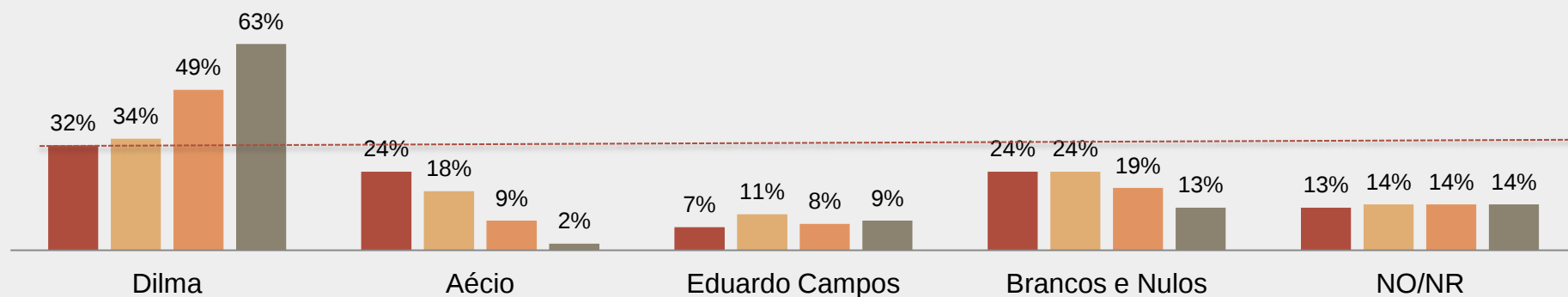
■ Mais de 5 Salários ■ 2 a 5 Salários Min ■ 1 a 2 Salários Min. ■ Até 1 Salário Min.



Fonte: CNI/IBOPE

Intentions by Income

■ Mais de 5 sSalários ■ 2 a 5 Salários Min ■ 1 a 2 Salários Min. ■ Até 1 Salário Min.

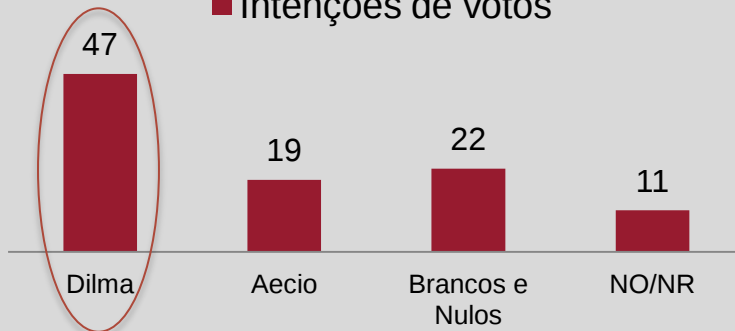


* Não opinaram / Não responderam

Fonte: CNI/IBOPE

Scenario 1

■ Intenções de votos

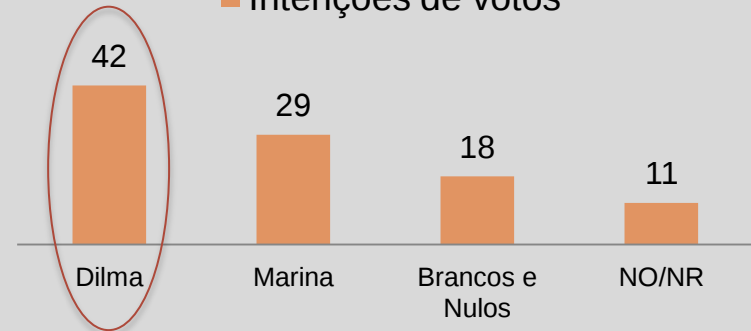


* Não opinaram / Não responderam

Fonte: CNI/IBOPE

Scenario 2

■ Intenções de votos

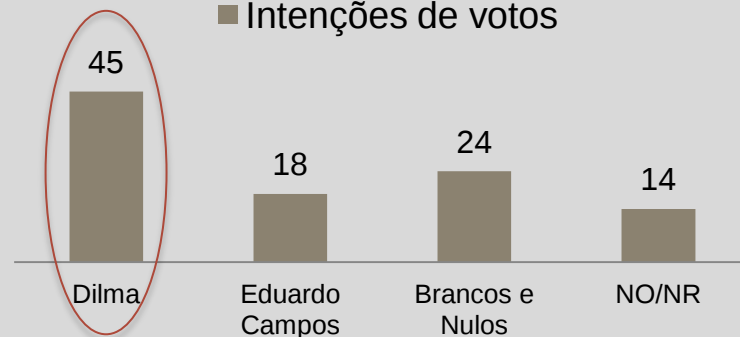


* Não opinaram / Não responderam

Fonte: CNI/IBOPE

Scenario 3

■ Intenções de votos

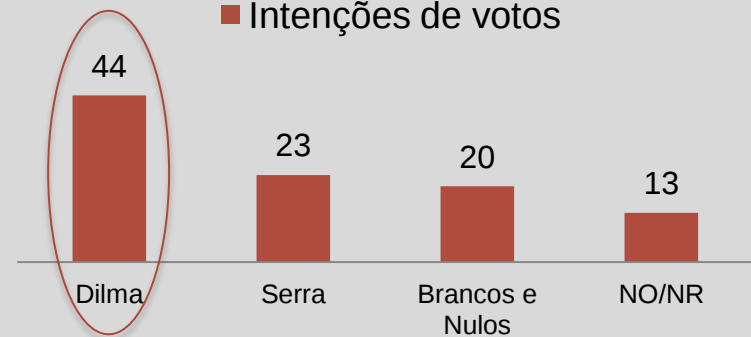


* Não opinaram / Não responderam

Fonte: CNI/IBOPE

Scenario 4

■ Intenções de votos



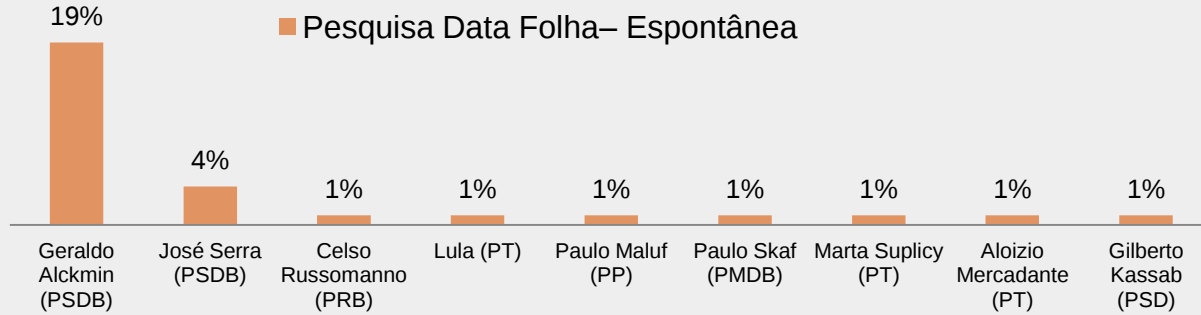
* Não opinaram / Não responderam

Fonte: CNI/IBOPE



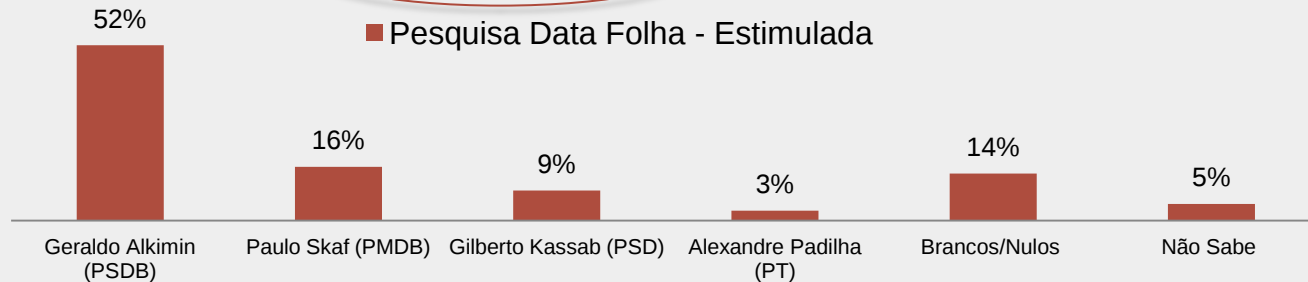
Scenario 1 – São Paulo

■ Pesquisa Data Folha– Espontânea

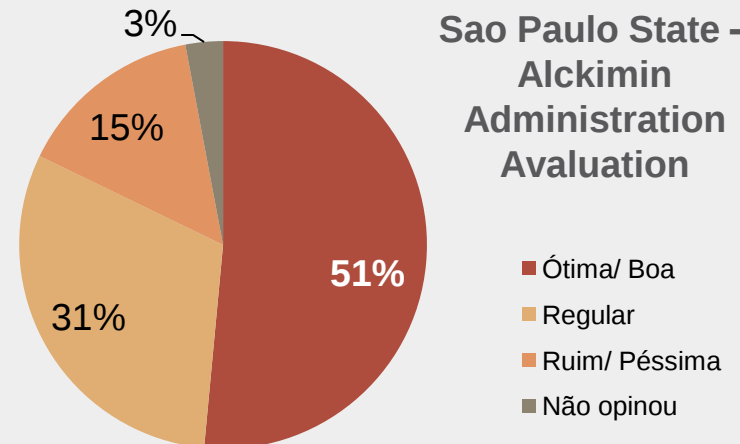


Scenario 2 –São Paulo

■ Pesquisa Data Folha - Estimulada



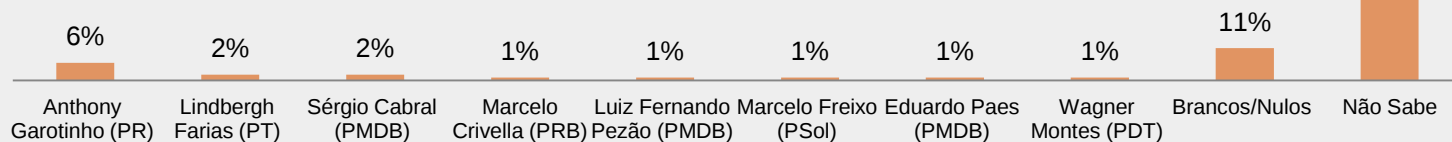
Sao Paulo State – Alckmin Administration Avaluation



VOTE INTENTIONS – RIO DE JANEIRO STATE

Scenario 1 – Rio de Janeiro

■ Pesquisa UP – Espontânea



Scenario 2 – Rio de Janeiro

■ Pesquisa UP - Estimulada

