Looking Ahead ➔ What to watch for?

- 11ª March – US went on daylight-savings time
  ➔ Return to 1-hour difference NYC/Brasília
- 11ª March -- Colombia – Legislative elections
- 13-15 March – WEF for Latin America to meet in SP
- 13-17 March - World Social Forum to meet in Salvador, Bahia
- 15ª March -- FGV ➔ income inequality in 2016➔2017; Gini Index, 0. ➔ 0.
- 15ª March - FGV ➔ income inequality increased in 2016➔2017; Gini Index, 0. ➔ 0.
- 15ª March - FGV, IGP-10 ➔ +0.% versus +% in February
- 16ª March - Caged data ➔ new jobs created in February
- 18ª March - Russia – First round presidential elections
- 21ª March - UNDP to release 2017 HDI-Human Development Index – Brazil ranked
- 20-21 March – Copom meeting ➔ Selic rate
- 22ª March - IBGE to release the IPCA-15 ➔ +0.%, versus +0.% in February
24³ March - MDB to celebrate its 52nd anniversary, MDB founded 24³ March 1966
26³ March - IBGE to release PNAD unemployment data for Nov-Dec-Jan ➔ %
27³ March - SRF ➔ February tax revenues R$ billion, % YoY
29³ March - IBGE to announce retail sales in January ➔ MoM & % YoY
29³ March - FGV to release March IGP-M ➔ +%
29³ March - Central Bank to release IBC-Br for January ➔ % MoM & % YoY
30³ March - Good Friday – National Holiday in Brazil

1 - POLITICS

1.1 – STJ denied [preventative] habeas corpus for Lula

On Tuesday, 6³ March, on a unanimous decision (5-to-zero) the STJ denied a preventative habeas corpus requested by Lula’s lawyers. This was an effort to avoid Lula’s arrest after the TRF-4 in Porto Alegre deliberates all the embargos de declaração filed by Lula’s lawyers. This means that Lula might be arrested and imprisoned before Easter week.

No one really knows the “strategic” plan by federal prosecutors, the Federal Police and the PM-SP for Lula’s arrest. Perhaps he might be arrested while making a pre-campaign mobilization trip through the three Southern states, or at his residence in SP. Also, it is not known where he would be imprisoned – Curitiba, Porto Alegre, São Paulo or Brasília. Most probably the Army troops will be mobilized, if necessary, to assist local police it “containing” a possible popular uprising against Lula’s imprisonment. ➔ Stay tuned!!!!

1.2 – Pre-candidates for President

Bolsonaro ➔ Dep. Jair Bolsonaro (RJ) switched from the PSC to the PSL and took some 12 deputies from different parties with him.

Although, party candidates for President are only “officially” chosen in their respective national party conventions held in June, many pre-candidates are being “launched” by their party executive committees now in March – and “outsider” candidates are officially joining a party before the 7³ Abril deadline.

PSol ➔ For example, the national coordinator of the “roofless” (homeless) people in urban areas (MTST) – Guilherme Boulos – officially joined the PSol on 5³ March and was “launched” as a Presidential candidate by the PSol on 10³ March. His Vice-Presidential running mate will be Native
Indian Sonia Guajajara, the National Coordinator of Apib-Articulação dos Povos Indígenas do Brasil [Articulation of Indian Peoples of Brazil]. This will be a very unique presidential slate.

DEM ➔ Chamber President Rodrigo Maia (DEM-RJ) launched his campaign for President on 5th March, and was approved by a DEM national convention on 8th March – against his father’s “suggestions”. Cesar Maia is an experienced Rio politician who was Mayor of Rio and federal deputy. Maia’s “movement” aims to increase his standing in the presidential polls from 1% to 7%. If not, he will follow his father’s suggestion and run for reelection as federal deputy and try to be reelected President of the Chamber on 1st February 2019. The DEM will lease a private jet for Maia to use as his campaign criss-crosses Brazil, so that he would not have to use a FAB jet. Because the apparent PSDB pre-candidate, São Paulo Governor Geraldo Alckmin is “stagnant” at 6% in the national polls, Maia feels that he could become a viable candidate in the Center and attract other parties into his coalition – PP, PR, PRB, PSD, Solidariedade, etc.

In search for a Vice, Maia is trying to attract former deputy Aldo Rebelo, who recently switched from the PCdoB to the PSB. Because the PSB would never support the DEM, Maia is trying to convince Rebelo to switch to the Solidariedade party.

PDT ➔ Decided to “launch” its pre-candidate Ciro Gomes in Brasília on 10th March. So far, no articulations regarding a Vice (via coalition) have appeared.

1.3 – Lava Jato

1.3.1 – Partido Popular

On 6th March, the STF opened a corruption investigation against four members of the PP-Partido Popular ➔ current federal deputies Luiz Fernando Faria (MG) and José Otávio Germano (RS), and former deputies João Pizzolatti Jr. (SC) and Máario Silva Negromonte (BA). Negromonte was Minister of Cities under Pres. Dilma Rousseff and then was appointed to the TCE-BA. After he was indicted, Negromonte was expelled from the TCE-State Accounting Court.

Three other PP deputies who were accused by the PGR were not included in the STF decision ➔ Mario Negromonte Jr., Roberto Pereira de Britto (BA) and Arthur de Lira (AL). Lira is the current PP floor leader in the Chamber.

These seven PP politicians were accused (back in 2016 – TWO years ago – of receiving bribes via Petrobrás (2006-2014) and of practicing money laundering of these funds.

Another accusation was filed at the STF by former PRG Rodrigo Janot against the so-called “PP gang” in September 2017.


1.3.2 – Operation Carne Fraca
The Third Phase of Operation Carne Fraca [Weak Flesh] was carried out by the Federal Police in 5th March. This Operation was carried out against BRF- Brazil Foods and involved the continuation of the original bribery scheme involving federal meat quality inspectors – exactly the same day that BRF was voting to “renovate” its Executive President and governing board and had a very negative impact on BRF shares on the Bovespa. The Ministry of Agriculture suspended the participation of several laboratories that were falsifying the results of tests for salmonella bacteria.

1.3.3 – Operation Buona Fortuna

This Operation was launched on 9th March against persons who allegedly received a total of R$ 15 million in bribes from the construction consortium that built the Belo Monte hydro electric project. Among those subjected to “search-and-seize” warrants was former minister and deputy Delfim Netto. He and his nephew were accused of receiving a R$ 4 million bribe. Judge Sérgio Moro ordered a “freeze” of R$ 4.4 million in Delfim’s assets. Plea bargaining testimony accused former President Dilma Rousseff of involvement in this Belo Monte corruption scheme.

1.3.4 - JBS

JBS co-owner, Joesley Batista, was released from prison on 9th March by order of Federal Judge Marcus Vinicius Reis Bastos, of the newly created 12th criminal circuit in Brasília. Ricardo Saud was also released.

1.3.5 – Rio de Janeiro

On 9th March, RJ state prosecutors requested that incumbent Governor Luis Fernando Pezão (MDB) be removed from office.

1.4 – Party “Migration” (Party Switching)

On 7th March, a 30-day “window” for party switching was opened (until 7th April) for deputies and senators to switch parties vis-à-vis the upcoming October elections. “The race is on” parties are trying to attract more deputies in order to enhance their respective access to the “election fund” that will be distributed to each party proportionate to its size (number of federal deputies) after 7th April. The “final balance” of this party migration will be reported in the 16th April issue of Brazil Focus. The press estimated that the initial “going price” for the party migration of a federal deputy is R$ 2.5 million.

1.5 – STF breaks Temer’s bank secrecy

On 5th March, STF Judge Luis Roberto Barroso (the reporter on case of accusations against Pres. Temer regarding the decree that favored Rodimar, an operator in the Porto of Santos) ordered the breaking of the bank secrecy of Temer’s bank accounts during the period in question. The Central Bank will carry out Judge Barroso’s order.
1.6 - New CNT/MDA Poll

On 6th March, the CNT-National Transportation Confederation released the results of a poll that the CNT commissioned with the MDA polling organization. This poll was between 28th February and 3rd March among 2,002 voters in 137 municípios in 25 states with 2.2 points margin of error.

**First Round**

<table>
<thead>
<tr>
<th>Candidate/Party</th>
<th>(A)</th>
<th>(B)</th>
<th>Rejection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lula (PT)</td>
<td>33.4%</td>
<td>-</td>
<td>46.7%</td>
</tr>
<tr>
<td>Haddad (PT)</td>
<td>-</td>
<td>2.3%</td>
<td></td>
</tr>
<tr>
<td>Bolsonaro (PSC)</td>
<td>16.8%</td>
<td>20.0%</td>
<td>50.4%</td>
</tr>
<tr>
<td>Marina (Rede)</td>
<td>7.8%</td>
<td>12.8%</td>
<td>53.9%</td>
</tr>
<tr>
<td>Alckmin (PSDB)</td>
<td>6.4%</td>
<td>8.6%</td>
<td>50.7%</td>
</tr>
<tr>
<td>C. Gomes (PDT)</td>
<td>4.3%</td>
<td>8.1%</td>
<td>47.8%</td>
</tr>
<tr>
<td>A. Dias (Podemos)</td>
<td>3.3%</td>
<td>4.0%</td>
<td></td>
</tr>
<tr>
<td>Collor (PTC)</td>
<td>1.2%</td>
<td>2.1%</td>
<td></td>
</tr>
<tr>
<td>Temer (MDB)</td>
<td>0.9%</td>
<td>1.3%</td>
<td>88.0%</td>
</tr>
<tr>
<td>M. D’Ávila (PCdoB)</td>
<td>0.7%</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>R. Maia (DEM)</td>
<td>0.6%</td>
<td>0.8%</td>
<td>55.8%</td>
</tr>
<tr>
<td>Blank/Null</td>
<td>18.2%</td>
<td>28.2%</td>
<td></td>
</tr>
<tr>
<td>DK/NR</td>
<td>6.4%</td>
<td>10.5%</td>
<td></td>
</tr>
</tbody>
</table>

Without Lula, the blank/null would increase by 10% and Marina Silva would be the largest beneficiary of the alternate choice by Lula voters. Also, Lula has the lowest rejection rate – more or less tied with Ciro Gomes.

**Second Round**

<table>
<thead>
<tr>
<th>Candidate/Party</th>
<th>(A)</th>
<th>(B)</th>
<th>(C)</th>
<th>(D)</th>
<th>(E)</th>
<th>(F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lula (PT)</td>
<td>44.1%</td>
<td>44.5%</td>
<td>43.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bolsonaro (PSC)</td>
<td>25.8%</td>
<td></td>
<td>26.7%</td>
<td>27.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marina (Rede)</td>
<td></td>
<td>20.3%</td>
<td>26.6%</td>
<td>26.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alckmin (PDT)</td>
<td>22.5%</td>
<td>24.3%</td>
<td>24.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blank/Null</td>
<td>26.0%</td>
<td>28.5%</td>
<td>31.8%</td>
<td>41.6%</td>
<td>39.0%</td>
<td>42.5%</td>
</tr>
<tr>
<td>DK/NR</td>
<td>4.1%</td>
<td>4.5%</td>
<td>4.1%</td>
<td>7.4%</td>
<td>6.7%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>
MDA simulated 14 second round scenarios, but only the 6 most competitive are reported here. Lula would win against Bolsonaro, Marina and Alckmin with between 43% and 44%. Without Lula, Bolsonaro would be in a “technical tie” with Alckmin and Marina, and Marina and Alckmin would also finish in a “technical tie”. The BIG difference would be that without Lula, the Blank/Null votes would increase by around 10%

2 – FOREIGN RELATIONS & TRADE

2.1 – Sebastián Piñera takes office

Pres. Michel Temer flew to Chile for the inauguration ceremony for Chile’s “new” President – Sebastián Piñera – in Valparaiso, Chile on 11th March. This is the second time that Piñera was sworn in and the second time that President Michel Bachelet “passed the torch” to him. Peruvian President Pedro Paulo Kaczynski was also present.

2.2 – 11 nations sign CP-TPP

On 8th March, 11 nations met in Santiago, Chile to sign the agreement that created the CP-TPP - Comprehensive and Progressive Agreement for Trans-Pacific Partnership ➔ Brunei, Chile, Singapore, Malaysia, Mexico, New Zealand, Australia, Canada, Peru and Vietnam. US President Barack Obama was one of the early promoters of this FTA, but Pres. Trump withdrew from this agreement that was then re-formulated.

3 – REFORMS

Nothing this week.

4 – PRIVATIZATION & REGULATION

4.1 – Suzano & Fibria

There are indications that two Brazilian cellulose giants – Suzano & Fibria – are in talks regarding a possible merger.
5 - ECONOMICS

5.1 – Savings accounts, negative in February

On 6th March, the Central Bank released data for savings accounts in the month of February. Withdrawals surpassed deposits by R$ 708.116 million. The result was also negative in January. However, this result was the “best” (less negative) February result since 2014. The “worse” February result was in 2016 ➔ -R$6.638 billion.

5.2 – February inflation ➔ +0.32%

On 9th March, IBGE released the IPCA for February ➔ +0.32%, the lowest rate for February in 18 years (since 2000 (+0.13%)). This was nearly equal to the average prediction of economists and financial agents reported in the Central Bank’s weekly bulletin Focus released on Monday, 5th March ➔ +0.33%. This IPCA was a slight increase from January ➔ +0.29% and thus the 2018 accumulation in now +0.61%. – less than +0.71% posted for the same period in 2017. The 12-month accumulation is now +2.84%. School tuition rates accelerated in February, but this increase was counter balanced by reductions in food prices.

5.3 – Embraer negotiates with India

On 9th March, Embraer announced that it was negotiating the sale of perhaps 50 E-175 jets to several Indian airlines ➔ IndiaGo, SpiceJet, Air India, Jet Airways Ltd., and Vistara. India is the only member of BRICS that does not have a significant fleet of regional jets.

5.4 – Industrial Production

On 9th March, IBGE released its Monthly Industrial Survey that showed that IP was down in 8 of the 14 regions surveyed in 2017. The six “positive” states were Pará, Amazonas, Goiás, Pernambuco, Minas Gerais and Bahia.