Brazil Focus –
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Weekly Report
June 16-22 2018
Looking Ahead ➞ What to watch for?

- 14 June-15 July -- World Soccer Cup Playoffs – Russia
- 27th June -- World Soccer Cup – Brazil vs. Serbia, 2:00 p.m. NY time
- 29th June -- Brazil-US Business Council, Mid-Year meeting, Washington, DC
- 29th June -- FGV to post June IGP-M ➞ 0.\% versus % in May
- 29th June -- IBGE ➞ PNAD unemployment March-April-May
- 29th June -- Public Account data for May
- 1st July -- Canada Day ➞ 151 years of independence
- 1st July -- Mexico – General elections
- 2nd July -- Trade balance for June ➞ US$ billion & 1st semester ➞ US$ billion
- 4th July -- New car sales June, units (% MoM & % YoY),
- 4th July -- US Independence Day [national holiday]
- 4th July -- IBGE industrial production for May ➞ +0.\% MoM & +% YoY
- 6th July -- FGV --- IGP-DI for June ➞ % MoM; % in 2018 & % 12-months
- 9th July -- IBGE to release IPCA data for June ➞ % versus % in May
• **9th July** -- State Holiday in SP – [“Commemorate” defeat in the 1932 Revolution]
• **9th July** -- Argentine Independence Day
• **12th July** -- IBGE – Retail sales in May ➔ 0.% MoM & +% YoY
• **12th July** -- IBGE to release Industrial Production data for May ➔
• **12th July** -- FGV to announce first July preview of its IGP-M ➔ 0.%
• **13th July** -- IBGE ➔ Services Sector in May +0.%
• **14th July** -- Bastille Day – National Holiday in France
• **16th July** -- Central Bank to release its IBC-Br for May ➔ -0.% MoM & +% YoY

1 - POLITICS

1.1 – New *XP/Ipespe* Poll

Ipespe conducts weekly presidential polls for the XP investment consultancy with 1,000 telephone interview per week. The latest poll was conducted on 11-13 June with a 3.2 p.p. margin of error.

<table>
<thead>
<tr>
<th>Candidate/Party</th>
<th>Spontaneous</th>
<th>With Lula</th>
<th>Without Lula</th>
<th>Rejection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lula (PT)</td>
<td>12%</td>
<td>29%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Haddad (PT)</td>
<td>-</td>
<td>-</td>
<td>2%</td>
<td>-</td>
</tr>
<tr>
<td>Bolsonaro (PSL)</td>
<td>13%</td>
<td>19%</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>Marina (Rede)</td>
<td>1%</td>
<td>10%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>C. Gomes (PDT)</td>
<td>2%</td>
<td>6%</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>Alckmin (PSDB)</td>
<td>2%</td>
<td>7%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>A. Dias (Podemos)</td>
<td>1%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>J. Amoedo (Novo)</td>
<td>1%</td>
<td>1%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Meirelles (MDB)</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>M. D’Avila (PCdoB)</td>
<td>- -</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>G. Boulos (PSOL)</td>
<td>- -</td>
<td>0%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>F. Rocha (PRB)</td>
<td>- -</td>
<td>0%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>None</td>
<td>28%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Blank/Null</td>
<td>- -</td>
<td>16%</td>
<td>29%</td>
<td>27%</td>
</tr>
<tr>
<td>DK/NR</td>
<td>37%</td>
<td>2%</td>
<td>3%</td>
<td>6%</td>
</tr>
</tbody>
</table>

These first round simulations show that Bolsonaro has a one-point lead over Lula in the spontaneous question, but Lula topped Bolsonaro by 10 points on the candidate simulation. Without Lula, Bolsonaro and Marina gain three points and Ciro Gomes gained 5 points, while Alckmin gained only one point. In the “without Lula” simulations, the Blank/Null option increased by 13 and 11 points. Lula and Alckmin have the highest rejection rates (60%), followed by Haddad and Marina (57%), Ciro Gomes (56%) and Henrique Meirelles (55%). The other pre-candidates have lower rejection rates. This high rejection rate for Marina Silva is inconsistent with other polls.
Second Round Simulations

Candidate/Party  Lula (PT)  Haddad (PT)  Bolsonaro (PSL)  Alckmin (PSDB)  Marina (Rede)  C. Gomes (PDT)
42%          34%          19%          31%          38%          30%
29%          33%          19%          31%          38%          33%

In these 2nd round simulations, Lula led Bolsonaro by 8 points. Surprisingly, Alckmin was only two points behind Bolsonaro, but 10 points behind Haddad – very different from other polls. Marina would top Bolsonaro by 4 points. Also, surprising was the very close match between Ciro Gomes and Jair Bolsonaro.

1.2 – Lava Jato

1.2.1 – Jonas Suassuna

The press “discovered” and reported on the “relationship” between Jonas Suassuna and former RJ governor Sérgio Cabral (MDB). Suassuna is a “business partner” of Lulinha—Fábio Luis Lula da Silva. The press reported that Suassuna received several “choice” contracts with the Rio government that were questioned by the TCE-RJ as well as the TCU. Remember: Suassuna is one of the “owners” of the Atibaia “retreat” (sígio) allegedly owned by former Pres. Lula. This “retreat” is the object of one of the corruption cases against Lula being deliberated by federal Judge Sergio Moro in Curitiba.


1.2.2 – Marcelo Miller

On 18th June, the Federal Police indicted former federal prosecutor Marcelo Miller, Joesley Batista and three J&F lawyers on corruption charges. Miller advised Batista regarding the preparation of his plea bargaining BUT he was still attached to the PGR

1.2.3 – Sen. Ivo Cassol

On 20th June, the STF finally decided the sentence for Sen. Ivo Cassol (PR-RO) – four years in prison with a semi-open regime. Thus, the senator joins the “Club” of members of Congress in the Papuda prison in Brasilia a night, but free to “work” during the day as a member of Congress. Cassol will be allowed to serve as a Senator during the day but must return to the Papuda prison at night. He was first convicted at the STF in 2013 but only now in 2018 did the Supreme Court reach its final decision. He is accused of fraud in bidding processes in Rondônia.

1.2.4 – STF approved plea bargaining by Federal Police
On 20th June, the STF decided (10-to-1) that the Federal Police could conduct plea bargaining with the accused in criminal cases. However, like plea bargaining conducted by federal prosecutors, the results would have to be approved by the judge responsible for the respective investigation. This STF decision should now allow the plea bargaining by Antonio Palocci and Marcos Valério with the Federal Police to be validated by federal courts.

1.2.5 – “9-11” for Lula

On 20th June, Federal Judge Sérgio Moro decided that the interrogation of Lula regarding the renovations on the retreat (sítio) in Atibaia, SP that allegedly were paid for by Odebrecht, and OAS were a disguised bribe payment for advantages obtained by these two construction firms in six Petrobras contracts. The renovations cost a total of R$ 1.02 million. Moro set this interrogation for 9th September.

1.2.6 – Operation Greenwich

The Federal Police conducted this Operation within the 52nd phase of the Lava Jato investigation on 21st June with arrest warrants for Djalma Rodrigues de Souza, ex-Director of Petroquisa, a subsidiary of Petrobras. The Federal Police have documents that show that Djalma, his son and family members received R$ 17.7 million in bribe payments from Odebrecht. The Federal Police arrested Djalma but were not able to locate his son, Douglas Campos Pedroza de Souza. Apparently, he was in SP and not in Río. Swiss authorities identified a bank account used by the Souza family to receive money laundered funds. Petroquisa had been previously investigated in the 46th Phase of the Lava Jato investigation.

Want more?? ➔ Djalma Souza is “linked” to federal deputy Eduardo da Fonte (PP-PE) who is already accused in other cases under investigation by Lava Jato.

1.3 – 2018 Election

1.3.1 – Ciro Gomes

The PDT pre-candidate for President, Ciro Gomes, already had a bad reputation as a “bad mouth” ➔ making very nasty comments about certain people during political campaigns. The 2018 campaign is no different. On 18th June, he publicly called the Afro-Brazilian SP city council member Fernando Holiday (DEM) a “capitãozinho do mato” – a very nasty derogatory and racist remark. This was immediately criticized by the press and other candidates. Holiday (who is linked to the MBL) affirmed that he is suing Ciro Gomes for making a “racist slur”. Detail: Ciro Gomes had been trying to attract the DEM into his support coalition. On 18th June, Ciro Gomes addressed the 35th Congress of MG municípios in Belo Horizonte. During “question time”, Ciro refused to answer a question and was boooed loudly and left the stage.

1.3.2 – Paraná Pesquisas – new poll in SP

The results of the latest election poll conducted in SP by Paraná Pesquisas were released on 20th June – with two scenarios – with and without Lula – Bolsonaro led in both simulations.
<table>
<thead>
<tr>
<th>Candidate/Party</th>
<th>With Lula</th>
<th>Without Lula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolsonaro (PSL)</td>
<td>20.6%</td>
<td>21.4%</td>
</tr>
<tr>
<td>Lula (PT)</td>
<td>19.5%</td>
<td>-</td>
</tr>
<tr>
<td>F. Haddad (PT)</td>
<td>-</td>
<td>5.1%</td>
</tr>
<tr>
<td>Alckmin (PSDB)</td>
<td>16.7%</td>
<td>18.4%</td>
</tr>
<tr>
<td>M. Silva (Rede)</td>
<td>9.0%</td>
<td>11.7%</td>
</tr>
<tr>
<td>C. Gomes (PDT)</td>
<td>5.6%</td>
<td>8.3%</td>
</tr>
<tr>
<td>A. Dias (Podemos)</td>
<td>3.5%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Undecided</td>
<td>25.1%</td>
<td>31.2%</td>
</tr>
</tbody>
</table>

Dep. Jair Bolsonaro led in both simulations — he even topped Lula by one p.p. — and led Geraldo Alckmin by four and three points. Without Lula, the “Undecided” increased by six points 25.1% → 31.2%.

In the simulation for Governor, former SP Mayor João Doria (PSDB) had 33.5%, followed by Paulo Skaf (MDB) 22.3%, Márcio França (PSB) 8.1%, and Luiz Marinho (PT) 6.5%. Those who responded “No Candidate” were 22.9%

Paraná Pesquisas also simulated the election for Senator in SP → Datena (DEM) 36.4%, Eduardo Suplicy (PT) 22.1%, Marta Suplicy (MDB) 17%) and Major Olímpio (PSL) 8.5%

1.3.3 — Geraldo Alckmin

With nothing “concrete” to say about his rival candidates in the 2018 presidential campaign, former SP governor Geraldo Alckmin, the PSDB pre-candidate for president criticized some of his rivals for having switched parties several (many) times (lack of party loyalty or infidelity) → Jair Bolsonaro (PSL), Marina Silva (Rede), Ciro Gomes (PSDT) and Henrique Meirelles (MDB). However, he forgot to include Álvaro Dias (Podemos). Alckmin has been a member of the PSDB since it was organized as a “splinter” from the PMDB in 1988 (30 years ago).

This criticism (regarding the lack of party loyalty) in Brazil has zero impact on voter opinion because voters pay no attention to the (current of part) party of a candidate, but rather are attracted by the candidate (him/her self). Party labels are not very significant in Brazilian politics.

Operation Pedra no Caminho → This investigation is more “bad news” for Geraldo Alckmin because it is investigation corruption in the construction contracts for the northern segment of the Rodoanel (the highway ring around the city of SP) — during Alckmin’s term as governor. The Federal Police had 15 arrest warrants and 56 search-and-seize warrants. His investigation targets two construction firms – OAS and Mendes Junior. The over invoicing reached R$ 620 million according to the TCU. One of the “targets” of this operation was Laurence Casagrande Lourenço who was president of DERSA during the governments of Geraldo Alckmin. In addition to Lourenço, 13 were under temporary arrest – including six current and former DERSA employees. In one search-and-seize operation, the Federal Police found R$ 100,000,00 and US$ 5,000.00 in cash in the home of one of the accused.
More VERY bad news for PSDB pre-candidate Geraldo Alckmin!!!

1.3.4 – Reelection of Senators in 2018

In Brazil, Senators have 8-year terms. With three senators per state, alternately, one senator is elected and four years later two are up for reelection. In 2018, two Senate seats per state (54) are up for election. Of these Senators elected in 2010, apparently 35 (65%) are running for reelection and another 7 are still undecided. This 65% is the largest proportion on record. In 2002, 33 ran for reelection and 14 were reelected. In 2010, 20 ran for reelection and 17 were reelected. Of those 27 senators elected in 2014 (with four more years in the Senate), 15 (55.6%) will run for governor of their respective states.

1.4 – Eliezer Batista dead at age 94

Brazil’s very important strategist and entrepreneur, Eliezer Batista, died in Rio at age 94 on 18th June. He was born in Nova Era, MG, in May 1924. He was Minister of Mines & Energy, President of the Vale do Rio Doce (CVRD) twice, was the “patron” of the Carajás iron mining project, created the Tubarão Port in Espírito Santo that expanded Vale’s exports to Japan, was involved in the creation of the Aracruz cellulose factory and joined forces with Votorantim to create Fabria.

He completed his engineering degree at the University of Paraná in 1948 and joined the CVRD the next year. In his career at CVRD he became its President in 1961 and the next year was named Minister of Mines & Energy by then President João Goulart (PTB).

In order to increase iron ore exports to Japan, Batista convinced the Japanese to participate in the construction of the Port of Tubarão to export iron ore from MG transported to this port by a new rail link. Also, he stimulated the construction of large ships with a 150 thousand ton capacity to transport ore to Japan and build larger terminals in Japanese ports to receive these ships. At that time, most ships had a 40 thousand ton capacity. Batista devised a “circular” route for these large ships that after off loading in Japan would sail to the Middle East to transport petroleum back to Brazil.

Because of his participation in the João Goulart government, Batista was removed from the Presidency of CVRD by the military government. Batista spoke nine languages (including Russian, he had a physical resemblance to Leonid Brejnev and had a good relationship with Josip Tito.

During the military period, Batista founded and was President of MBR-Mineração Brasileira Reunidas with the Caemi Group ((1964-1968). In 1979, Pres. Gen. João Figueiredo appointed Batista to the presidency of the CVRD (through 1986) when he commanded the Carajás project. With scarce resources, Batista went to the World Bank to secure a loan for this project. Finally, on his third attempt, World Bank President Robert MacNamara approved this loan.

Batista had a German wife, Juta Fuhrken, and they had seven children – one of whom became an entrepreneur and mega investor – Eike Batista (his father was very fond of US President “Ike” Eisenhower. However, the “X” conglomerate of firms over invested and most of Eike’s projects went broke.

1.5 – STF absolved Sen. Gleisi Hoffmann
On Tuesday, 19th June, the second (five judge) working group at the STF continued its session into the evening in order to complete its deliberation/judgment regarding corruption accusations against Sen. Gleisi Hoffmann (PT-PR), her husband Paulo Bernardo (former Planning Minister, and Ernesto Kugler Rodrigues – regarding the off the books (Caixa Dois) R$ 1 million campaign contribution to her election campaign for the Senate in 2010.

The reporter on this case, Judge Edson Fachin, absolved the three of the accusation of corruption and money laundering, but maintained the accusation against Hoffmann regarding the R$ 1 million campaign contribution operated by then Petrobras Director Paulo Roberto Costa. Judge Celso de Mello (the “Dean” of the STF) followed Fachin’s vote against Hoffmann but the other three judges – Dias Toffoli, Ricardo Lewandowski and Gilmar Mendes voted in favor of Hoffmann – so the result was a 3-to-2 decision in her favor. Whether this decision will be appealed to the full Supreme Court is not known.

However (1), for Paulo Bernardo the worst is yet to come. In 2016, federal prosecutors denounced the former Planning Minister (and 12 other persons) in Operation Custo Brasil as a criminal organization that between 2009 and 2015 “stole” (ripped off) R$ 105 million from the accounts of public employees and retired persons via “consigned loans”. This scheme was operated by Consist – the firm that had the contract to manage these consigned loans. Among the other 12 accused are two former national PT treasurers – Paulo Ferreira and João Vaccari Neto – who are already in prison.

However (2), Gleisi still has two other cases (accusations) to be deliberated at the STF.

1.6 – Pasadena refinery

On 20th June, the CVM (Brazil’s stock market “watchdog”) opened investigation/sanctions against the 12 members of the Petrobras administrative council (including Dilma Rousseff) that in 20016 approved the acquisition of the Pasadena refinery in Houston, Texas. According to calculations by the TCU, this acquisition imposed a loss of US$ 792 million on Petrobras. In addition to Dilma Rousseff, others included in this CVM case were Antonio Palocci, José Sérgio Gabrielli (then Petrobras President), ex-Petrobras Directors Nestor Ceveró, Paulo Roberto Costa, Renato Duque and Ildo Sauer, plus economist Claudio Haddad, R$ Gen Gleuber Vieira and Fábio Barbosa (then President of the Banco Santander).

1.7 – Foro Privilegiado

Previously, the STF reduced the coverage of the Foro Privilegiado for deputies, senators and cabinet ministers. On 20th June, the STJ did the same for state governors ➔ any crime before he/she became governor will be tried by a first level court. As a result, STJ Judge Herman Benjamin, the reporter on the accusations against MG Governor Fernando Pimentel (PT) transmitted these cases to first level federal courts in Brasília.
2.1 – Colombia – second round Presidential election

The Right-wing candidate Iván Duque (age 41) received 54% of the valid vote in Colombia’s 2nd round runoff presidential election on 17th June. For the first time, Colombia will have a woman as Vice-President – Marta Lucía Ramírez (age 63). She served as Colombia’s Ambassador in Paris in 2002 and placed third in the presidential elections in 2014. She was Minister of Foreign Trade under Pres. Andrés Pastrana (1998-2002) and Defense Minister under Pres. Álvaro Uribe (2002-2010). Duque was supported by former Right-wing President Álvaro Uribe.

The Left-wing candidate, Gustavo Petro, received 42% of the valid vote. Abstention was very high (47.81%) and there were 262,073 null ballots and 795,510 blank ballots.

Duque has two MA degrees in the area of economics and management from universities in Washington, DC. Also he represented Colombia, Peru and Ecuador at the Inter American Development Bank (2001-2010). Duque is considered less conservative than Álvaro Uribe.

Senator Iván Duque will be sworn in on 7th August.

2.2 – Mercosul Summit in Paraguay

On Monday, 18th June, Pres. Temer traveled to Asunción, Paraguay for a presidential summit of Mercosul. Argentine President Macri did not attend due to “problems” he had to deal with at home. Mercosul passed a resolution asking Venezuela to facilitate international assistance for the Venezuelan people. Mercosul also discussed the situation of violence in Nicaragua and appealed to the Daniel Ortega government to seek an agreement with his Opposition to resolve this crisis.

This Summit also discussed the status of the “Block-to-Block” free trade agreement with the EU that has been in negotiation since 1995 with Argentina and Brazil in favor. However, Uruguay had some disagreement points regarding these negotiations. Uruguay was in favor of reactivating negotiations with China. Mercosul is also negotiating a free trade agreement with Canada.

Uruguay assumed the six-month rotation as President of Mercosul after Paraguay presided the January-June 2018 period.

2.3 – Brazilian organized crime group attacked Bolivian police station

On 16th June, seven Brazilians (part of an organized crime group) attacked a Bolivian National Police detachment in the city of Provenir, some 30 Km from the frontier city of Cobija. According to the Bolivian police, this group stole 6 AK-47 automatic rifles and 5 9 mm pistols. In the process, two Bolivian police were injured in an exchange of gunfire.

This group escaped on motor cycles along the open border near the Brazilian city of Epitaciolândia, Acre. Brazilian police recovered two of the motor cycles and they are being examined in search of fingerprints. The previous week, an Acre civil police station was attacked in Brasiléia but the stolen arms were recovered.
2.4 – Brazil declined two ranks on IMD index

On 18th June, IMD released its data for its Global Index for Digital Competitiveness – where Brazil declined two ranks, 55th ➔ 57th (out of 63 nations). First rank was the US, followed by Singapore, Sweden, Denmark and Switzerland.

In Latin America, the best ranked was Chile (37th) and Argentine (55th).

2.5 – “Zero Tolerance” ➔ 49 Brazilian children

Finally, on 20th June, US President Trump signed a decree that ended the separation of children from their parents after they illegally entered the US across the Mexican border. Among the more than 2,000 children separated from their parents are 49 Brazilian kids – as of 15th June. It is not known whether the Trump decree will be retroactive ➔ reunite these children with their parents in the same detention centers.

3 – REFORMS

Nothing this week.

4 – PRIVATIZATION & REGULATION

4.1 – Petrobras – Private sector participation in refineries

On 19th June, Petrobras announced that it would offer a 25% share in some of its refineries to the private sector and that five groups are “interested”. The first auction would involve the Alberto Pasqualini refinery in Rio Grande do Sul and the Getúlio Vargas refinery in Pará. The second phase of this process would involve the Landulpho Alves refinery in Bahia and the Abreu e Lima refinery in Pernambuco. However, the perspectives of possible federal government intervention in the Petrobras price policies for fuels have caused some “concern” for possible bidders.

5 - ECONOMICS

5.1 - Copom

Late Wednesday afternoon, 20th June, Copom announced that by a unanimous vote the basic Selic interest would remain at 6.5% -- for the second straight meeting. The communiqué stated that inflation was under control, that the “blip” caused by the truckers’ strike in late May was “temporary”, and that the external sector is quite “volatile” and uncertain. However, perhaps inflation is now getting out of control. (See Item 5.5)
5.2 – Foreign investments decline

Between January and April 2018, foreign investments in Brazil declined by -30%. In January, FDI was US$ 6.4 billion but by April FDI had declined to US$ 2.6 billion. **Several Reasons:** 1) The Trump tax reform approved by the US Congress; 2) The uncertainty regarding Brazil’s 2018 presidential election; and 3) The Fed began increasing the US basic interest rate in 2018.

5.3 – FGV ⇒ GDP declined -0.4% in Feb-March-April

On 19th June, the FGV released its data for Brazil’s GDP for the quarter ending in April ⇒ -0.4% compared with the previous quarter ending in January 2018. However, compared with the February-March-April period in 2017, the result was positive ⇒ +1.3%. This data is from the FGV’s “GDP Monitor”.

In only April 2018 is considered the result was positive ⇒ +0.1% MoM and +2.9% YoY. In April the 12-month accumulation was +1.6%. Comparing the quarter ending in April 2018 with the quarter ending in January 2018, family consumption was up by +0.1% and exports increased by +3.8%. On the negative side, government consumption was down by -0.3% and investments declined by -0.2%.

Probably, the results for the next quarter (March-April-May) will be much worse due to the negative impact of the truckers’ strike/protest in late May.

5.4 - Caged

On 20th June, the Labor Ministry released its employment Caged data for May ⇒ a net result of 33,659 new jobs created – less than the result in April – 115,898 new jobs created. The 2018 accumulation is now 382,166 new jobs created. This May result was the worst so far in 2018.

The agriculture sector led this new job creation (+29,302), followed by Services (+18,577). Industry lost -6,484 jobs and commerce/retail sales lost -11,919 jobs.

5.5 – June Inflation

On 21st June, IBGE released its inflation preview for June ⇒ the IPCA-15 that measures inflation between 16th May and 13th June ⇒ +1.11%. This result was due in part to increases in food prices and transportation costs. This was the highest IPCA-15 in June since 1996. The IPCA-15 now accumulates +2.35% in 2018, considerably higher that the +1.62% for the same period in 2017. The 12-month accumulation is now +3.68% — higher than the +2.7% posted in the previous 12-month period. This IPCA-15 was impacted by the truckers strike/protest during the last 10 days in May. This June result was the highest for that month since 1995 that posted +2.35%

5.6 – Petrobras defeated at TST
On 21st June, the TST decided an R$ 15 billion labor case against Petrobras. This involved the demands by Petrobras employees about errors in their salary calculations. Because this was a very close 13-to-12 decision, Petrobras will appeal.