Brazil Focus –
David Fleischer
Phone/FAX: 55-61-3327-8085
Cell: 99218-2771 e-mail: Fleischer@uol.com.br
Weekly Report
June 9-15 2018
Looking Ahead ➔ What to watch for?

- 14 June-15 July -- World Soccer Cup Playoffs – Russia
- 17th June -- Colombia – 2nd round runoff election for President
- 17th June -- World Soccer Cup – Brazil vs. Switzerland, 2:00 p.m. NY time
- 18th June -- Former President FH Cardoso to celebrate 87th birthday
- 18th June – Mercosul presidential summit in Asunción, Paraguay
- 19-20 June -- Copom Meeting ➔ Selic basic interest rate
- 20th June -- SRF - May federal revenues R$ billion, % YoY
- 20th June -- Caged - new jobs created in May
- 22nd June -- IBGE to release IPCA-15 ➔ +0.% versus +0.% in May
- 22nd June -- World Soccer Cup – Brazil vs. Costa Rica, 8:00 a.m. NY time
- 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 ➔ +0.1% MoM & +% YoY
- 6th July -- FGV --- IGP-DI for June ➔ % MoM; % in 2018 & % 12-months

1 - POLITICS

1.1 – New Datafolha election poll

This poll was conducted on 6-7 June among 2,824 voters in 174 municípios with a 2-point margin of error. The last Datafolha poll was conducted on 11-13 April.

1.1.1 - With Lula January ➔ April ➔ June

<table>
<thead>
<tr>
<th>Candidate</th>
<th>Party</th>
<th>Jan.</th>
<th>April</th>
<th>June</th>
<th>With Lula</th>
<th>Rejection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lula</td>
<td>PT</td>
<td>37%</td>
<td>31%</td>
<td>30%</td>
<td>40%</td>
<td>36%</td>
</tr>
<tr>
<td>Bolsonaro</td>
<td>PSL</td>
<td>10%</td>
<td>15%</td>
<td>17%</td>
<td>29%</td>
<td>32%</td>
</tr>
<tr>
<td>Marina</td>
<td>Rede</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>23%</td>
<td>24%</td>
</tr>
<tr>
<td>J. Barbosa</td>
<td>PSB</td>
<td>3%</td>
<td>8%</td>
<td>-</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Alckmin</td>
<td>PSDB</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>C. Gomes</td>
<td>PDT</td>
<td>7%</td>
<td>5%</td>
<td>6%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>A. Dias</td>
<td>Pode</td>
<td>4%</td>
<td>3%</td>
<td>4%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>M. D’Ávila</td>
<td>PCdoB</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Collor</td>
<td>PTC</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>44%</td>
<td>39%</td>
</tr>
<tr>
<td>R. Maia</td>
<td>DEM</td>
<td>-</td>
<td>1%</td>
<td>2%</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Meirelles</td>
<td>MDB</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>F. Rocha</td>
<td>PRB</td>
<td>-</td>
<td>1%</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Candidate</td>
<td></td>
<td></td>
<td></td>
<td>21%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blank/Null</td>
<td></td>
<td>13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DK/NR</td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Since January, Lula declined 7 points ➔ 30% but still leads the field while his rejection declined by 4 points. In six months, Bolsonaro gained 7 points ➔ 17% and his rejection was up +3. Marina’s rejection remained steady as did her 10% preference. Alckmin had the same profile with rejection steady and his preference unchanged at 6%.

1.1.2 – Without Lula
In June (without Lula and Joaquim Barbosa), the Undecided increased from 28% to 33%, while Bolsonaro picked up 2 points, Ciro Gomes (one point) and Others (3 points). The two other PT alternate candidates had 1% each. Finally, with no PT candidate, Marina Silva and Ciro Gomes each picked up one point.

Candidate preferences by Gender

This *Datafolha* poll showed that Bolsonaro and Ciro Gomes have less support from women.

1.1.2 – Second Round Runoff Simulations (April→June)

In this April→June comparison, Lula would continue to defeat Alckmin, Marina and Bolsonaro by about the same margins. However, in June, *Marina Silva* would defeat Alckmin (by 15 points), Bolsonaro (by 9) and Ciro Gomes (by 2 points). *Ciro Gomes* would defeat Alckmin (by one point), Bolsonaro (by two points) but lose to Marina (by two points). *Geraldo Alckmin* would tie with Bolsonaro, but would lose to Marina (by 15 points) and to Ciro (by one point).

Jair Bolsonaro complained that this *Datafolha* poll was “shameful” because it gave him 17% and 19%, while the *DataPoder360* poll (reported in *Brazil Focus* last week) gave him between 21% and 25%. He did not mention the “gender factor” detailed above.
Lula the “Great Elector” 2010 vs. 2018

In July 2010 and June 2018, Datafolha asked voters if they would vote for a candidate endorsed by Lula. The response “Yes or perhaps” has declined over this 8-year period, but is still quite strong in the Northeast Region. The national average in 2010 was 65% and 47% in 2018.

<table>
<thead>
<tr>
<th>By Region</th>
<th>Northeast</th>
<th>Southeast</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2010</td>
<td>79%</td>
<td>58%</td>
</tr>
<tr>
<td>June 2018</td>
<td>64%</td>
<td>37%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Level of Education</th>
<th>Primary</th>
<th>College</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2010</td>
<td>68%</td>
<td>55%</td>
</tr>
<tr>
<td>June 2018</td>
<td>51%</td>
<td>37%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Level of Income</th>
<th>Up to 2 Min Wages</th>
<th>Above 2 Min Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2010</td>
<td>67%</td>
<td>64%</td>
</tr>
<tr>
<td>June 2018</td>
<td>55%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Datafolha versus DataPoder360 – two very different polls.

Sample Size ➔ Datafolha 2,824 voters, DataPoder360 10,500 voters.

Sample Models
Datafolha uses the traditional random sampling procedure using Census sector maps, where sectors are selected by socio-economic status to select the residence. Then, a sample format selects the person to be interviewed (by sex and age via personal contact with the interviewer). This model is also used by other polling firms – Ibope, MDA, etc.

DataPoder360 uses telephone interviews selected via the profiles of fixed phone line subscribers from the phone companies. However, this makes filing age and gender quotas difficult. The other problem is that Brazil now has some 220 million cell phones, and many families and persons have canceled their fixed phone service and use only cell phones.

Temer Government – The Datafolha poll found that the approval rating for the Temer Government (Good/Excellent) was 3% with disapproval (Bad/Terrible) at 83%. This was the worst evaluation of any post-1985 government, including José Sarney (1985-1990) and Fernando Collor de Mello (1990-1992).

1.2 - 2018 campaign

1.2.1 - Lula candidacy launched
On 8th June, the PT launched Lula’s pre-candidacy in Belo Horizonte, with the presence of Dilma Rousseff. All PT governors were “convoked” – but the PT governor of Ceará, Camilo Sampaio, who is very close to Ciro Gomes, did not appear. Lula communicated to the PT that the party should not attack Ciro Gomes, the PDT pre-candidate, and should work out an accord with him. He also suggested two possible candidates for Vice-President on the PT ticket – Mário Lacerda, former PSB Mayor of BH, and Josué Gomes (PR), son of former Vice President José Alencar, and an important private sector leader in Brazil. This latter statement was important because in the event that Lula’s candidacy is denied by the TSE, the PT vice presidential candidate would become the party’s presidential candidate.

The Dacha (sitio) in Atibaia, SP ➔ This case where three firms involved in the Petrobras corruption/bribe scheme are accused of transferring bribes to Lula in the form of investments to “improve”/renovate/expand the weekend retreat in Atibaia that allegedly belonged to Lula. On 15th June, Judge Sérgio Moro heard testimony architect Maria Cecilia Costa where she affirmed that had delivered the project for the reform/renovation of the Atibaia retreat to Marisa Letícia, Lula’s wife who died in February 2017.

1.2.2 – Geraldo Alckmin

The PSDB “pre-candidate”, former SP Governor Geraldo Alckmin, has been harshly questioned by PSDB leaders regarding his “lackluster” campaign and that he has not advanced in the polls. He responded that the “campaign only begins in mid-August”, and that by then he should be “much stronger in the polls”. On 15th June, he explained that he should have a support coalition of some 7 or 8 parties. In an effort to deactivate this criticism, he appointed former Goiás governor, Marconi Perillo, to be the new political coordinator of his campaign. A few days ago, it was exactly Perillo who suggested that Alckmin take a leave of absence form the PSDB national presidency to concentrate on his campaign. Detail: Perillo is the current national Vice-President of the PSDB. He is also running for Senator from Goiás.

There have been calls for Alckmin to resign his pre-candidacy and run for the Senate from SP, and “draft” the current PSDB pre-candidate for Governor, João Doria to be the party’s presidential candidate. ➔ Stay tuned!!!

1.2.3 – Ciro Gomes

Reportedly, the PDT will launch the candidacy of Ciro Gomes on 20th July with a platform with 12 proposals. The party is actively pushing to form a coalition with other “progressive” parties, such as the PSB and PCdoB. O this effect, the PDT is considering Mário Lacerda (former PSB Mayor of Belo Horizonte and pre-candidate for governor of MG) as Ciro’s running mate. Lacerda has said that the PSB will “never join a coalition with the PT in 2018”.

1.2.4 – A “Pact for Democracy”

On 13th June, two parties – the Left-wing PSOL and the “Liberal” Novo organized a meeting in São Paulo to launch a “Pact” to Defend Democracy in Brazil. Several political parties participated in
this event ➔ PT, PSDB, Novo, Rede, PPS, PV, PSol and PDT plus some 60 NGOs and activist groups. The notable absence was the PSL (Jair Bolsonaro).

The initiative for this “Pact” came from four NGOs ➔ Instituto Ethos, Igarapé, Alana and Sou de Paz. See➔ www.pactoapelademocracia.org.br


The idea for this “Pact” was first launched by the Instituto Ethos on 22nd April 2018.

https://www3.ethos.org.br/cedoc/organizacoes-da-sociedade-civil-propoem-um-pacto-pela-democracia/#.WyLCH-4vzcs

1.3 – Foro Previlegiado

Recently, the STF reduced the coverage of the Foro Previlegiado for deputies and senators to apply only to crimes committed during their mandate but not crimes committed before they were elected deputy or senator. On 12th June, the first working group at the STF extended this reduction to include current cabinet ministers. The “test case” was Sen. Blairo Maggi (PP) the current Minister of Agriculture and the “crime” in question occurred while he was governor of Mato Grosso, before his election as Senator. Thus, the STF transmitted this case to a first level federal court in Cuiabá, Mato Grosso. This decision by the STF created great “concern” among Pres. Temer’s “hard” nucleus of MDB cabinet Ministers – Eliseu Padilha (Casa Civil) and Moreira Franco (Mines & Energy), for example. Their “problem” relates to accusations of crimes committed before they became cabinet ministers and when they were no longer federal deputies. Their cases will now be transmitted to Federal Judge Sérgio Moro in Curitiba. ➔ Stay tuned!!!

See➔ https://congressoemfoco.uol.com.br/noticias/stf-manda-caso-de-blairo-maggi-para-primeira-instancia-e-restringe-foro-de-ministros/?utm_source=Congresso+em+Foco&utm_campaign=c816a7cb7-EMAIL_CAMPAIGN_2018_06_13_06_50&utm_medium=email&utm_term=0_96e7381d51-c816a7cb7-171805969

1.4 – Lava Jato

1.4.1 - Sen. José Agripino Maia

On 12th June, the STF accepted the accusations against Sen. José Agripino Maia (DEM-RN) and installed a second investigation against the Senator. This decision was taken by the second working group at the Supreme Court and the case was reported by Judge Edson Fachin, who reports out all Lava Jato cases. The PGR accused Agripino and the then governor of Rio Grande do Norte, Rosalba Carlini of accepting bribes in return for approval of Inspar to receive the contract for vehicle inspection in the state.
The first case against Sen. Agripino Maia involved over-invoicing and bribes regarding the construction of the 2014 World Soccer Cup stadium in Natal, RN that also involved former Chamber President Dep. Henrique Eduardo Alves (MDB-RN).

1.4.2 – Sen. Gleisi Hoffmann & Paulo Bernardo

Next Tuesday, 19th June, the STF will decide the case (accusations) against Senator Gleisi Hoffmann (PT-PR) and her husband Paulo Bernardo (former Minister of Planning). They are accused of corruption and money laundering regarding an illicit bribe payment of R$ 1 million from Odebrecht (via the Petrobras bribe scandal) in 2010 disguised as a campaign contribution for her election as Senator. ➔ Stay tuned!!

Remember ➔ Last week the STF convicted Dep. Nelson Meurer (PP-PR) to 13 years in jail for receiving bribes from the same Petrobras corruption scandal.

1.4.3 – Dep. Cristiane Brasil

On 12th June, the Federal Police carried out a continuation of Operation Registro Espúria with search-and-seize warrants against Dep. Cristiane Brasil (PTB-RJ) – at her office in the Chamber of Deputies, her functional apartment in Brasília and in her apartment in Rio de Janeiro.

The these documents seized plus e-mails and phone tap recordings showed that Cristiane and her father, Roberto Jefferson, commanded a bribe scheme within the Ministry of Labor regarding the registry (official recognition) of “labor unions” (that exist only on paper) via a “side payment” of R$ 4 million each.

On 30th May, the first phase of Operation Registro Espúria accused Dep. Jovair Arantes (PTB-GO) and his two nephews of corruption at the Ministry of Labor. One nephew, Leonardo Arrantes, was the Executive-Secretary (number two) and the Ministry. Both nephews were arrested.

Earlier this year, Roberto Jefferson was able to convince Pres. Temer to appoint Dep. Cristiane Brasil to be Ministry of Labor, but labor courts in Rio and later the STF barred this appointment.

As a result, a majority group in the PTB, contrary to the “command” of Roberto Jefferson (the national President of the PTB) thinks that in this election year, it would be better if the party returned the Labor Ministry to the Temer government to avoid a deepening scandal that would impact negatively on the party in the October elections. ⇒ Stay tuned!!


1.4.4 – Cavendish & Cachoeira

On 13th June, Federal Judge Marcelo Bretas convicted Fernando Cavendish (Delta), Carlinhos Cachoeira and 13 other persons and sentenced them to jail terms (Cavendish, 4 years and Cachoeira, 10 years – for corruption (R$ 370 million ripped off during the Cabral government). Cavendish agreed to return part of these finds.

1.4.5 – Geddel Vieira Lima

The Federal Police found a way to verify the plea bargaining accusations by money changer Lúcio Funaro regarding the various “deliveries” of cash bribes to Geddel V. Lima in Salvador. Tacking the positions of Geddel’s cell phone showed that he was at the Salvador airport exactly during the 30 minutes of the “delivery” indicated by Funaro. These 30 minutes were logged by Aero Star air taxi for the plane that flew Funaro to Salvador that day. The “delivery” was made at the hanger-garage of Aero Star. The Federal Police affirm that a series of bribes via the Caixa Econômica Federal divided between Geddel and Eduardo Cunha amounted to R$ 105 million.

1.4.6 – STF vetoed Condução Coercitiva

By a very close 6-to-5 vote, the Supreme Court, on 14th June, the Supreme Court vetoed the use of practice of “coercive testimony” of witnesses before the judge conducting the investigation. In practice, the judge issues a warrant for the police to force (coerce) -- transport a witness to the judge for him/her to testify. The Federal Police did this with Lula in São Paulo, for example, and took him to their outpost at the Congonhas airport for “coercive testimony”. This decision did not invalidate such testimony taken before 14th June. This means that deprived of this mechanism, judges will now order the temporary arrest (5 days) of such witnesses which is considered “worse” than the coercive testimony mechanism.

Several countries use this mechanism ⇒ US, France, German, Belgium, Portugal, Spain and the UK.

1.5 – PIS/Pasep – a R$ 39.3 billion “injection”

On 13th June, Pres. Temer signed a decree “liberating” PIS/Pasep disbursements to ALL Brazilians regardless of age to be paid thru 28th September. This disbursement should reach some 25 million workers. And inject some R$ 39 billion into the economy.
2 – FOREIGN RELATIONS & TRADE

2.1 – Synod of Roman Catholic Bishops

In October 2019, the Roman Catholic Church plans a Synod conclave of bishops from the nine countries in the Amazon region -- that covers 7.5 million square km (larger than the continental US (lower 48 states). Pope Francisco prepared a document for this encounter where he proposed to increase the number of priests in this region by allowing older married men to administer the sacraments and to give a larger role for women.

See ➝ https://br.reuters.com/article/worldNews/idBRKCN1J41RW-OBRWD

2.2 – US negotiating use of Alcântara missile base

Last week, Foreign Minister Aloysio Nunes Ferreira announced that after his conversations with US Secretary of State Mike Pompeo that the US and Brazil would resume negotiations for the US to use the missile launching base in Alcântara, Maranhão. This base has the advantage of being close to the equator that allows larger payloads per pounds of thrust. These negotiations had begun while FH Cardoso was president. The US and Brazil signed the AST- Technological Safeguards Accord that would allow the US to use this base.

At one point, Brasil tried to obtain launch rockets from The Ukraine, but apparently many of the latter were later obtained by North Korea.

2.3 – Embraer & Boeing close to a partnership deal

Reportedly, Embraer and Boeing are very close to closing a partnership deal regarding the manufacture of Embraer involving a new line of 100 to 150 passenger E-jets. The final hurdle was reached when reportedly Pres. Temer gave his nod to the project – after the Air Force (FAB) commandant, the Defense Minister and the GSI chief agreed. This new joint venture/partnership will exclude the defense/military sector at Embraer. About 80% of this agreement has been agreed on so far.

Boeing is keen to close this partnership with Embraer because the latter’s prime rival –the Canadian Bombardier, recently closed a joint venture with AirBus regarding its C-Series of mid-size jet passenger planes. Also, Boeing would gain greater access to a lower cost manufacturing center outside the US. Embraer would be able to reduce some supplier costs and gain a global sales force to help its E-Jets compete with Bombardier’s C-series planes.

When this news “leaked” out, Embraer’s ADRs were up by 5.9% to US$ 26.37 on the NYSE as markets closed on 12th June; shares were up by +6.12% to R$ 24,78 on Bovespa. .

2.4 – Argentine Chamber legalized abortion

In 13th June, after 23 hours of debate, the lower house of the Argentine congress approved the legalization of abortion by a very close (129-to-125) vote. This followed 13 years of debate, pressures and threats. This measure now goes to the Argentine Senate.

See ➔ https://www.clarin.com/sociedad/segui-vivo-debate-legalizacion-aborto-camara-diputados_0_r1uZntCxQ.html

2.5 – Mercosul Summit in Paraguay

Pres. Temer will travel to Asunción, Paraguay of Monday, 18th June to attend the presidential summit of Mercosul. In his absence, STF President Cármen Lúcia will assume the presidency – because the Presidents of the Chamber and Senate (next in line) cannon assume the presidency because they are running for office in 2018. Sen. Eunício Oliveira (MDB-CE) will travel to Argentina and Dep. Rodrigo Maia will travel to Portugal.

3 – REFORMS

3.1 –

4 – PRIVATIZATION & REGULATION

4.1 – AGU overturned Eletrobras prohibition

On 11th June, the AGU was able to revoke the prohibition of the sale of six Eletrobras distributors (Piauí, Alagoas, Acre, Rondônia, Amazonas and Roraima. This prohibition had been determined by the 49th Circuit Judge in Rio, but was overturned by the TRT-RJ. The bidding/auction documents (tendering) were approved by the TCU on 30th May and Eletrobras hopes to hold the auctions on 31st July. However, Eletrobras employees went on a 72-hour strike against privatization.

However, on 15th June, BNDES published a tendering document that stated that those groups interested in bidding on these distributors would have to deliver their proposals by 19th July and that the auction would be held on 26th July. These distributors have been running deficits and their privatization is an important first step in the total privatization of Eletrobras.

4.2 – ANAC will privatize 13 airports

By 13th July, ANAC should determine the “model” to be use in the privatization of 13 airports in an auction to be held in late 2018 and divided in three blocks ➔

Bloco Centro Oeste -- Cuiabá, Rondonópolis, Sinop, Alta Floresta and Barra do Garças (all in Mato Grosso) -- perhaps R$ 105 million.
Bloco Sudeste – Vitória and Macaé – perhaps R$622.8 million.


4.3 – AES sold Eletropaulo share to Enel

On 13th June, it was announced that AES had sold its 17% share (US$ 342 million) in Eletropaulo to Enel that had recently acquired a majority of Eletropaulo shares. AES plans to use these funds to pay down the debt of the Virginia-based firm. AES is withdrawing its investments in Brazil, but will continue to invest in renewable energy there.

5 - ECONOMICS

5.1 – June Inflation

On 11th June, the FGV released the first “preview” for IGP-M in June ➔ +1.50%. In May, this price index posted +1.12%. So far in 2018, the IGP-M has accumulated +5.0%, and +6.35% for the 12-month period. This index is used to readjust rents.

5.2 – Economic activity declined in May

On 14th June, the FGV released its IACE-Composite Antecedent Economic Index for the month of May ➔ down by -1.0% MoM.


5.3 – Pedro Parente ➔ BRF

On Thursday, 14th June, BFR-Brazilian Foods announced that Pedro Parente would become this large food producing firm’s new CEO. Two weeks after he resigned as Petrobras CEO, the Administrative Council of BRF indicated Parente to become the new President of BRF. In April, Parente had been elected President of this same BRF Administrative Council. The world’s largest exporter of frozen chicken wants to restructure its operations to reverse two years of losses.

The next BRF decision is who should replace Parente as President of the BRF Administrative Council? Apparently, there are two possibilities ➔ 10 Luiz Fernando Furlan, former Lula cabinet minister and one of the founders of BRF; and 2) Augusto Cruz, the current Vice-President of this Council and former President of the Pão de Açucar group. Late Thursday, 14th June, the BRF administrative council elected/invited Parente to become its new Global President.

However – Pedro Parente would need a “waiver” from the Ethics Council of the Presidency of the Republic to exempt him from the six-month quarantine before assuming a position in the private
sector. But – this Ethics Council decided that there was no conflict of interest regarding the immediate selection of Parente as BRF President. Thus, his official installation will occur next Monday, 18th June.

5.4 – Retail sales in April

On 13th June, IBGE announced data on retail sales in the month of April ⇒ +1.0% MoM and +0.6% YoY. Also, IBGE revised data for March 2018 ⇒ +1.1% from the e+0.3% posted in April.

5.4 – Services Sector in April

On 14th June, IBGE released data for the services sector in April ⇒ +1.0% MoM & +2.2% YoY. This was the first increase in 2018. In March, this sector posted a decline of -0.2%. This sector accumulates a decline of -0.6% in 2018 and -1.4% in 12 months.

5.5 – April IBC-Br

On 15th June, the Central Bank released its Index of Economic Activity (IBC-Br) for April ⇒ +0.46% MoM and +3.7% YoY. Economists surveyed by Reuters on average predicted +0.50%. In January, February and March, the IBC-Br was negative, but the 1st Q/2018 result was +0.4% YoY. The 12-month accumulation is now ++1.52%. In 1st Q/2018, Brazil’s GDP posted +0.4% versus 4th Q/2017. However, in mid-July, the Central Bank should release the IBC-Br for May that is predicted to be negative because of the truckers strike/protest during the last 11 days of that month.

5.6 – Odebrecht negotiating sale of Braskem

On 15th June, it was reported that Odebrecht is negotiating the sale of its 50.1% share of the Braskem petrochemical complex to the Dutch group LyondelBasell. Petrobras holds a 47% share. As a result of this “news”, Braskem shares were up by 21.3% at 11:30 a.m. and its ARDs by 20% on the NYSE.