

BANCO CENTRAL DO BRASIL

**Brazil: Increasing Economic and
Financial Resilience**

Mario Torós

November 2007

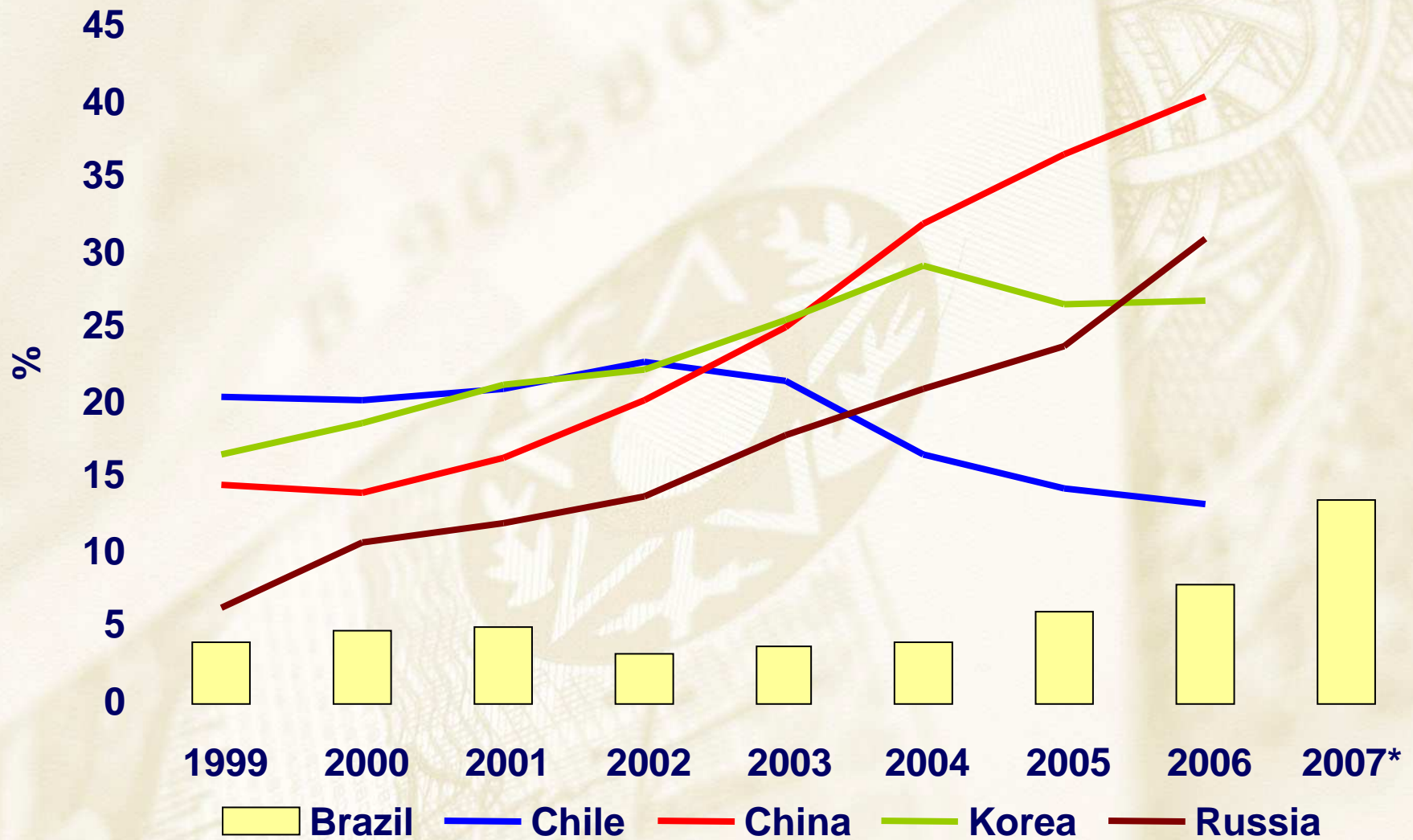


I. External Solvency

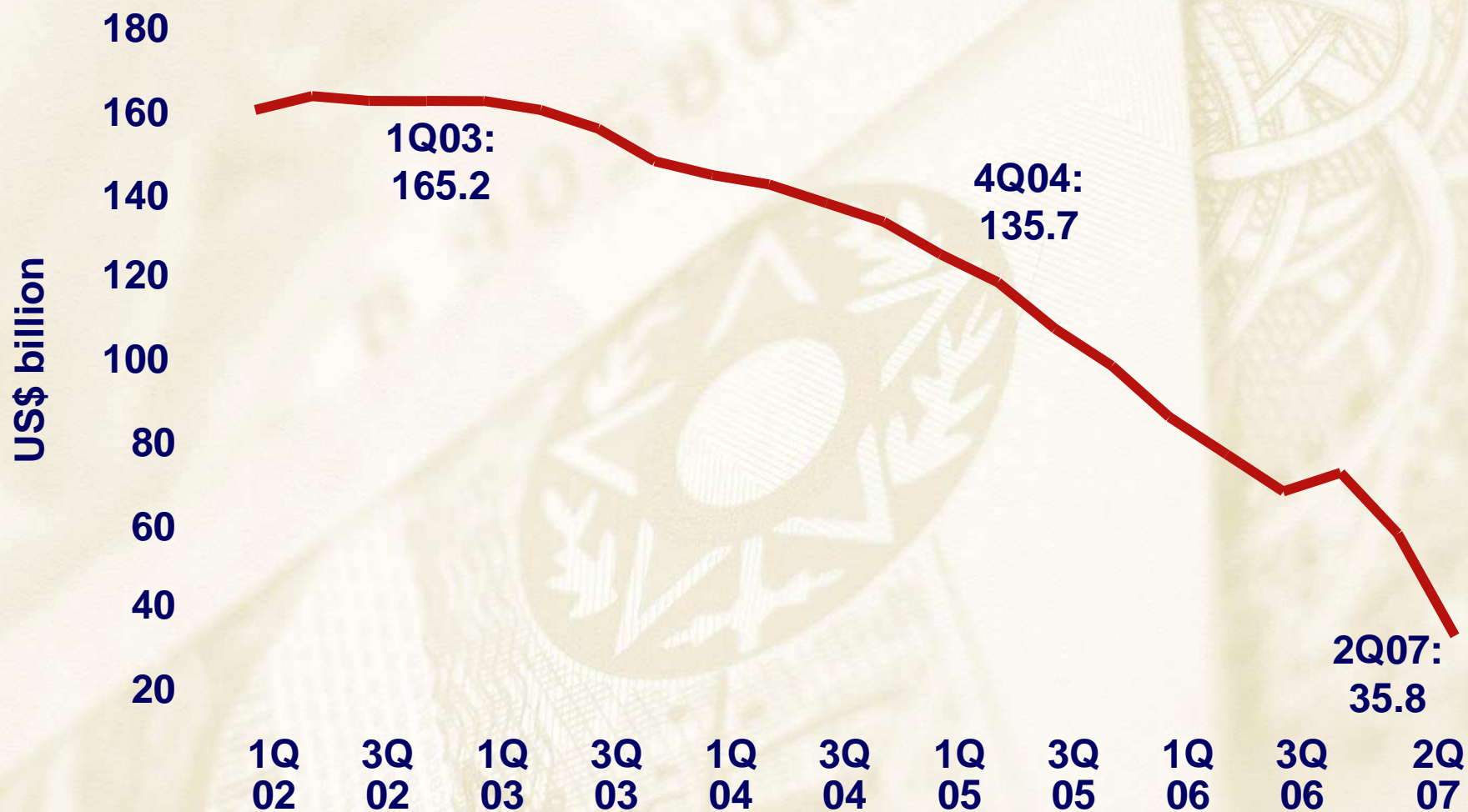
International Reserves



Reserves/GDP

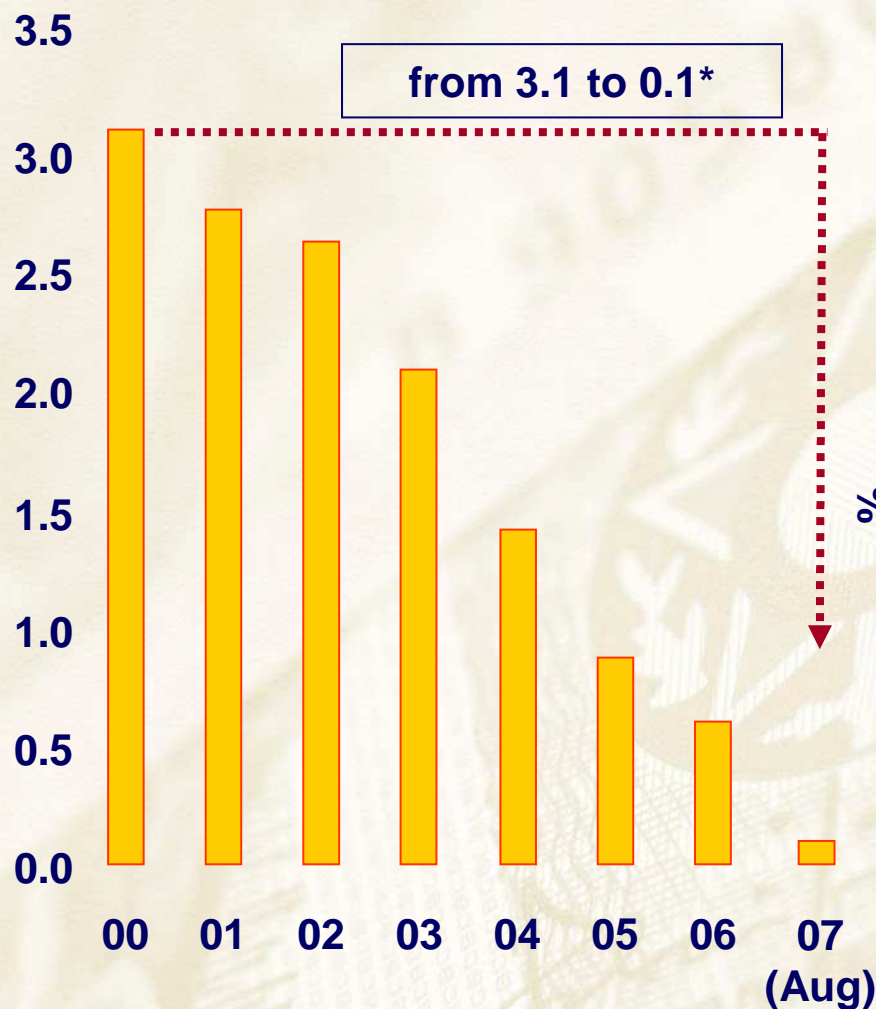


Net External Debt

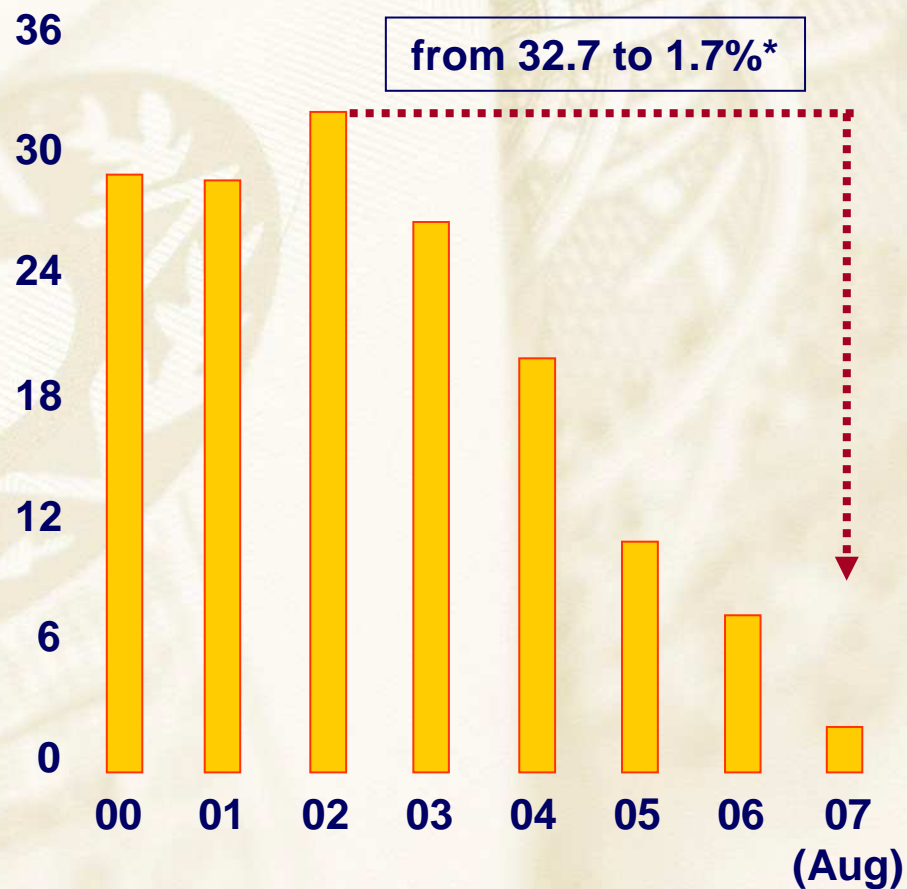


External Sustainability Indicators

Net External Debt/Exports



Net External Debt/GDP



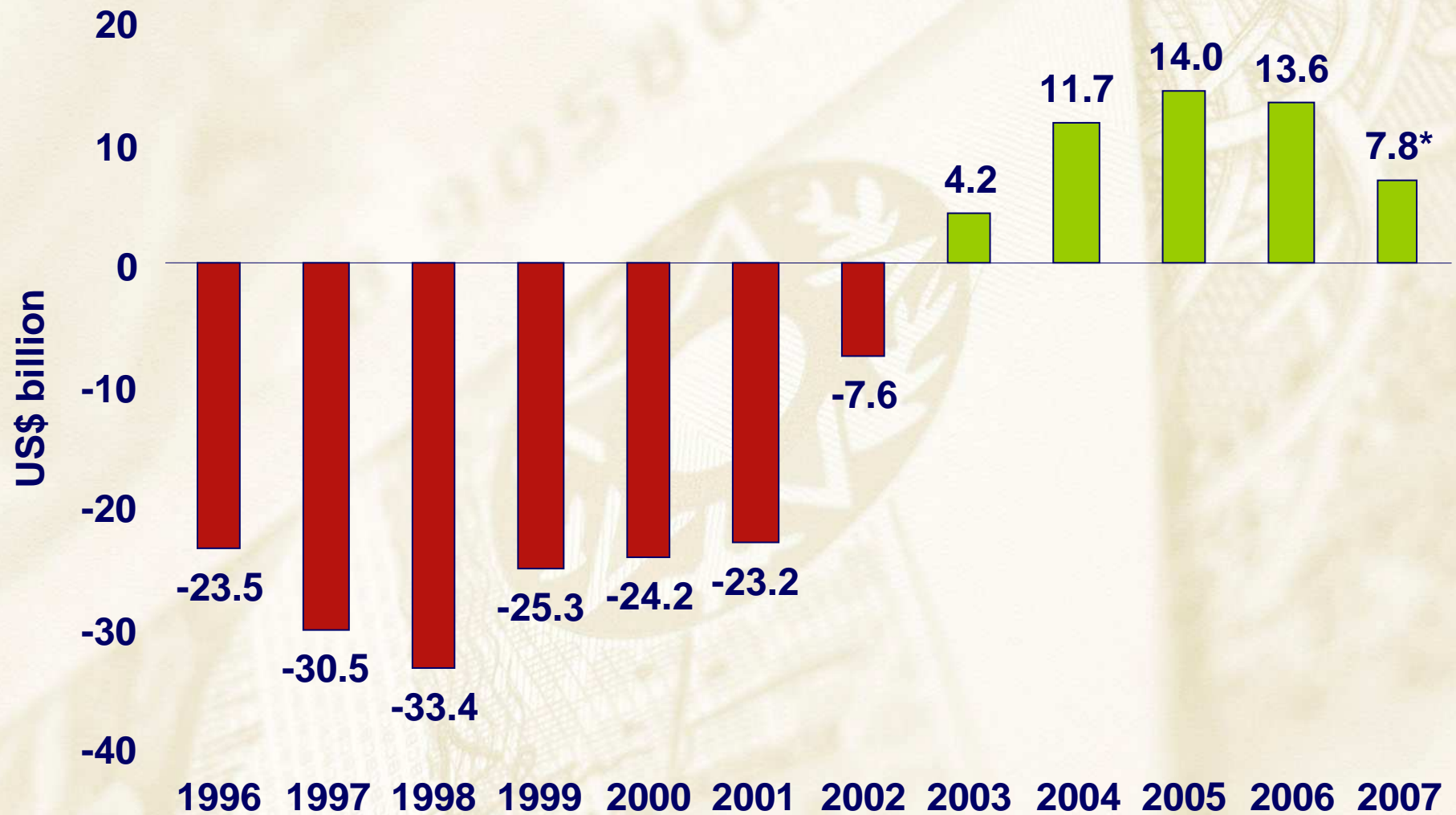


II. Balance of Payments Sustainability

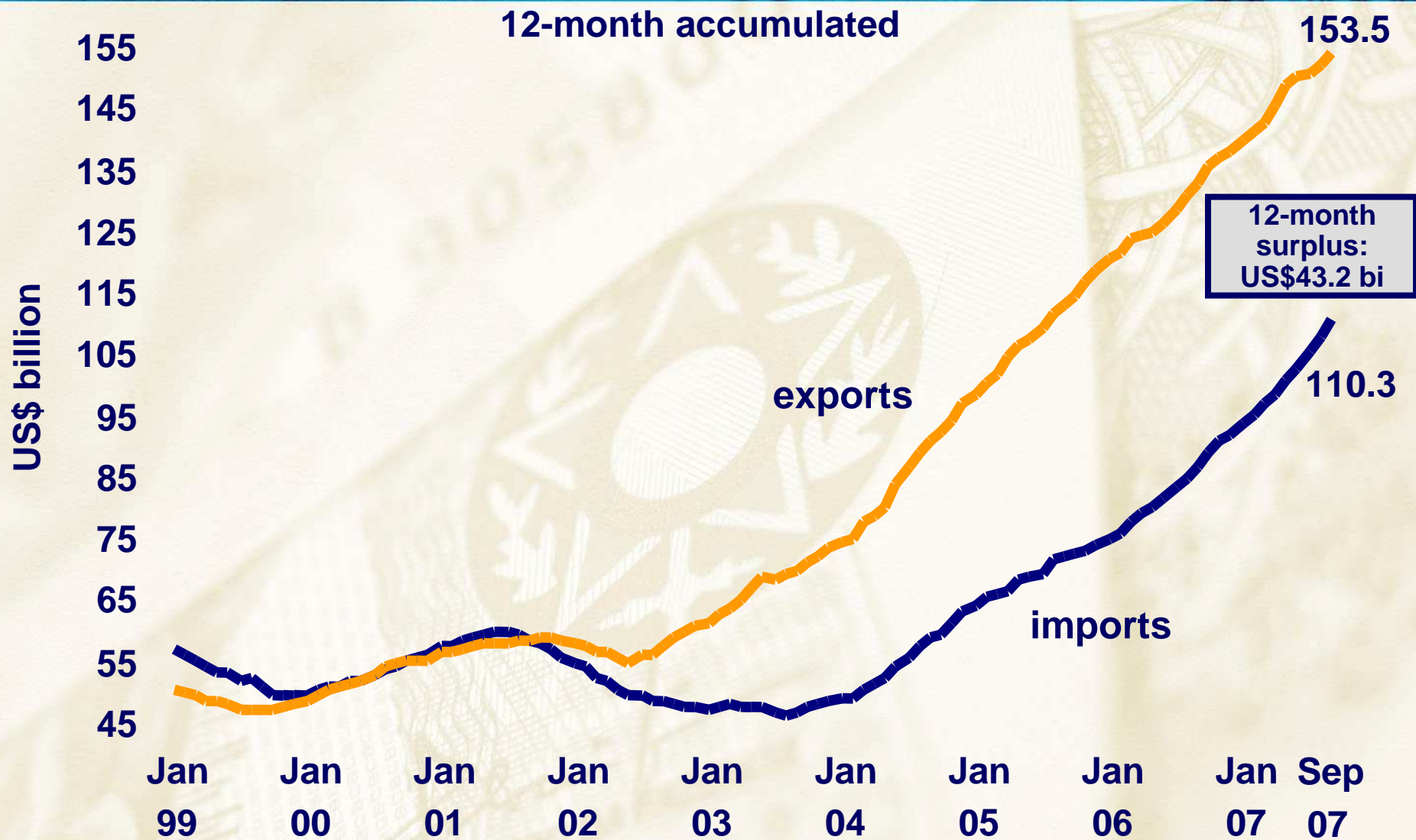
Effective Real Exchange Rate x Terms of Trade



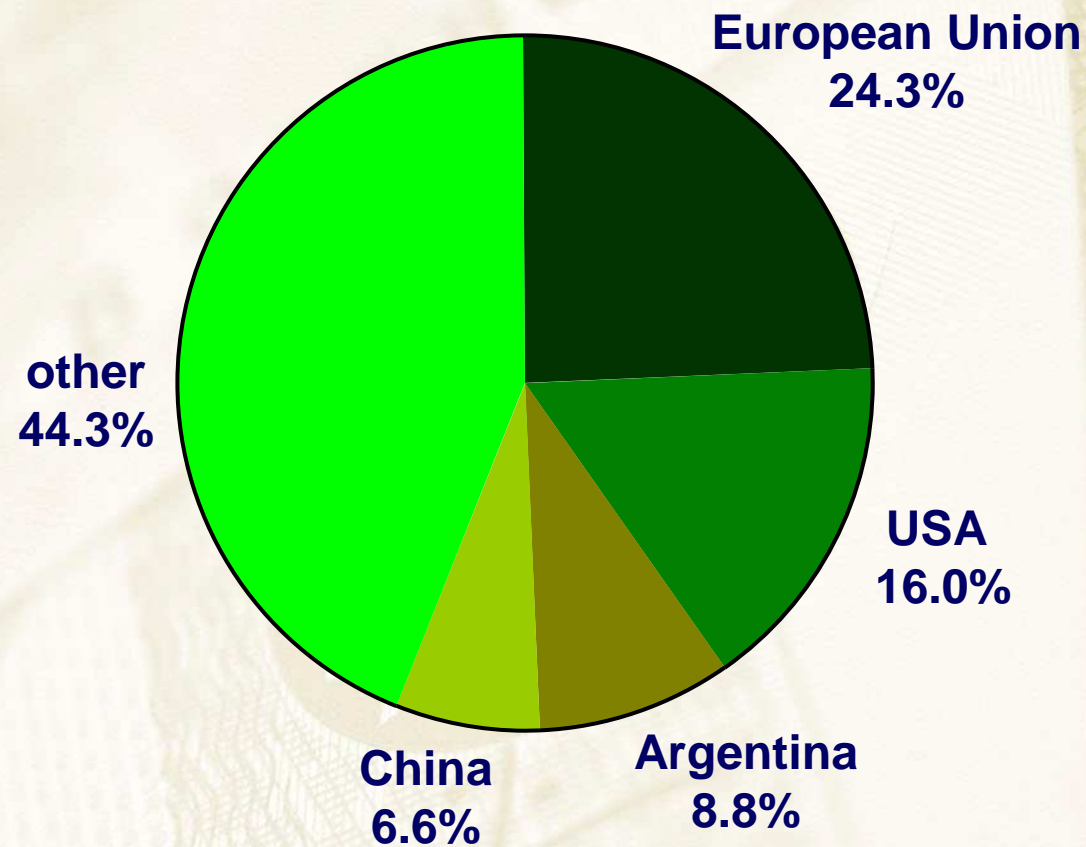
Current Account



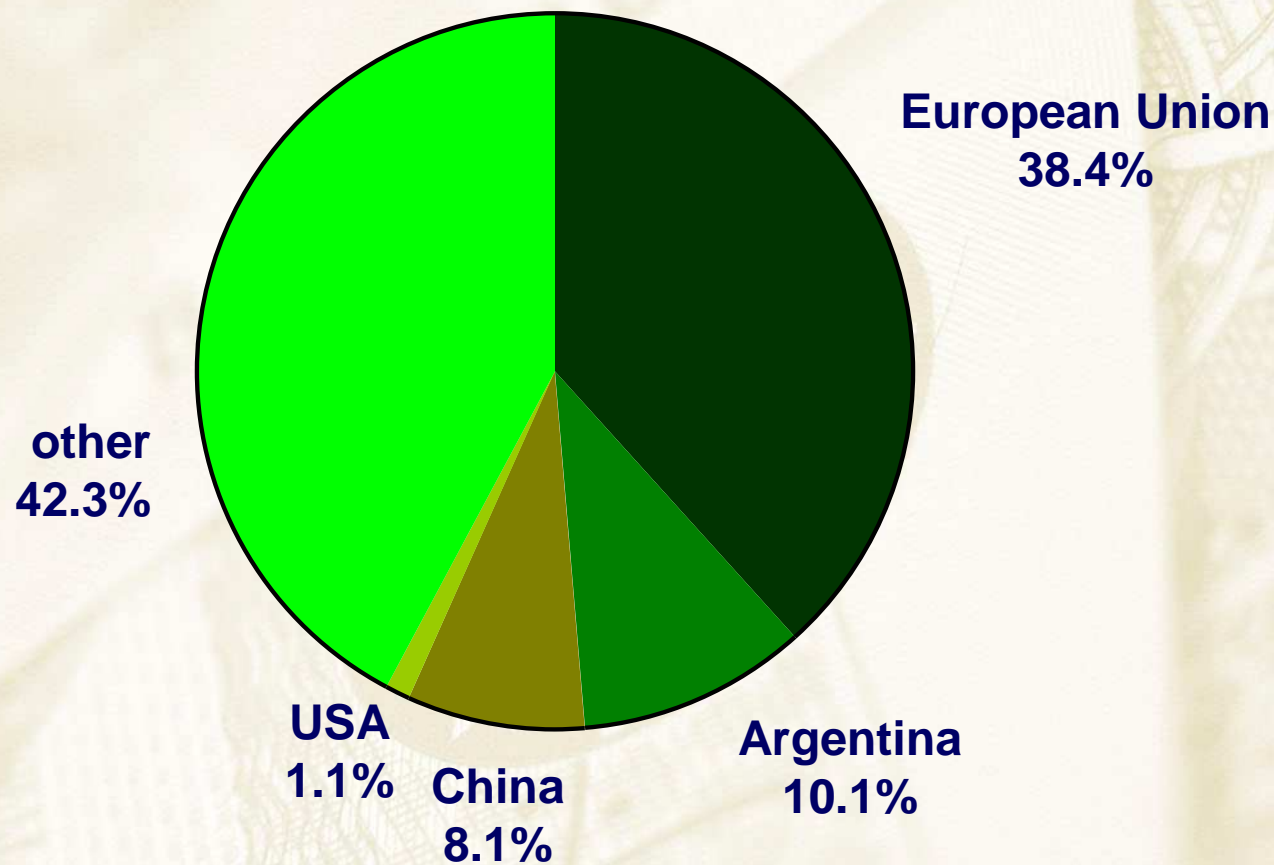
Trade Balance



Export Markets: 12 months through Sep 2007



Export Growth by Market: growth in the last 12 months



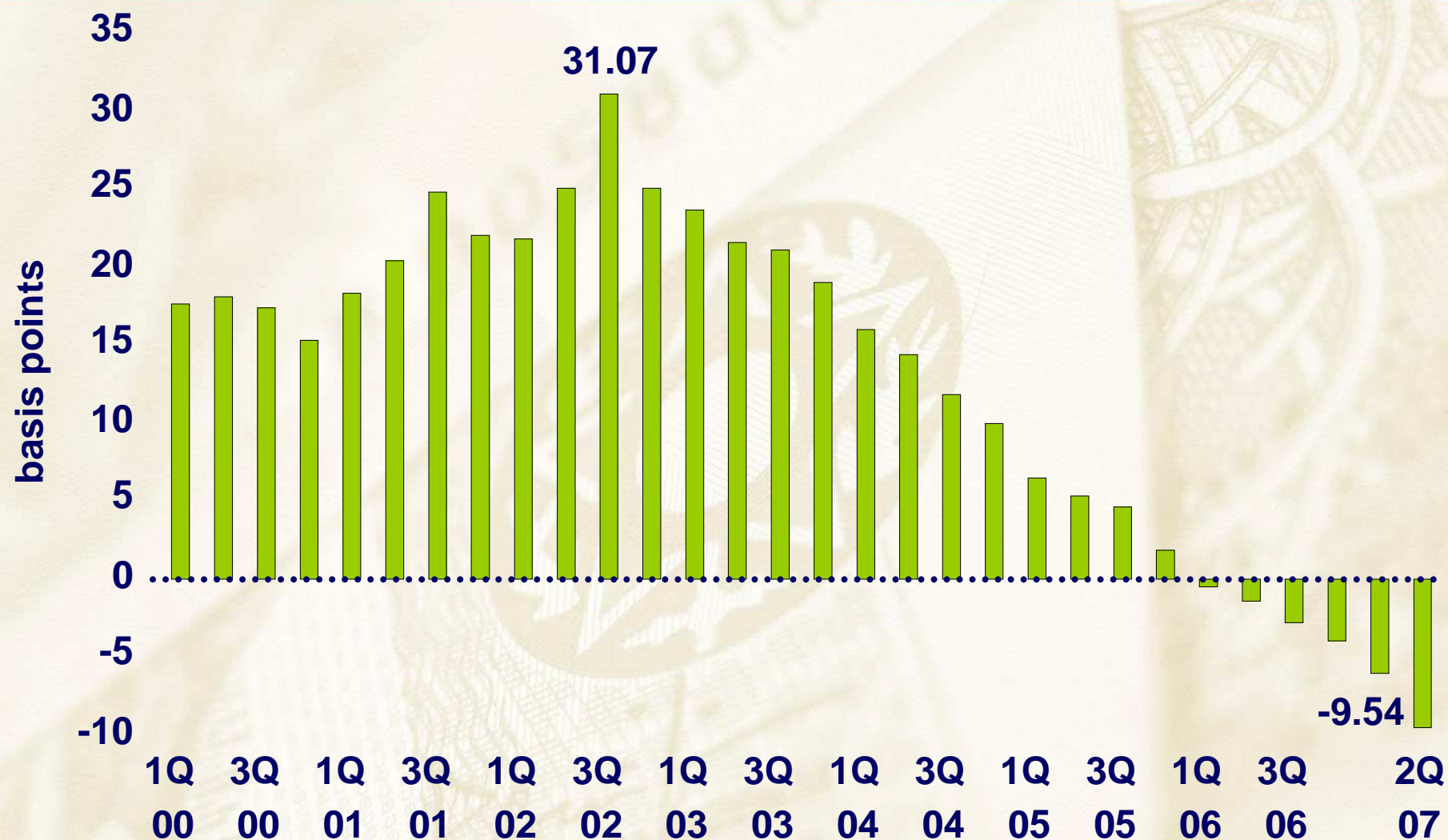
Net Foreign Direct Investment



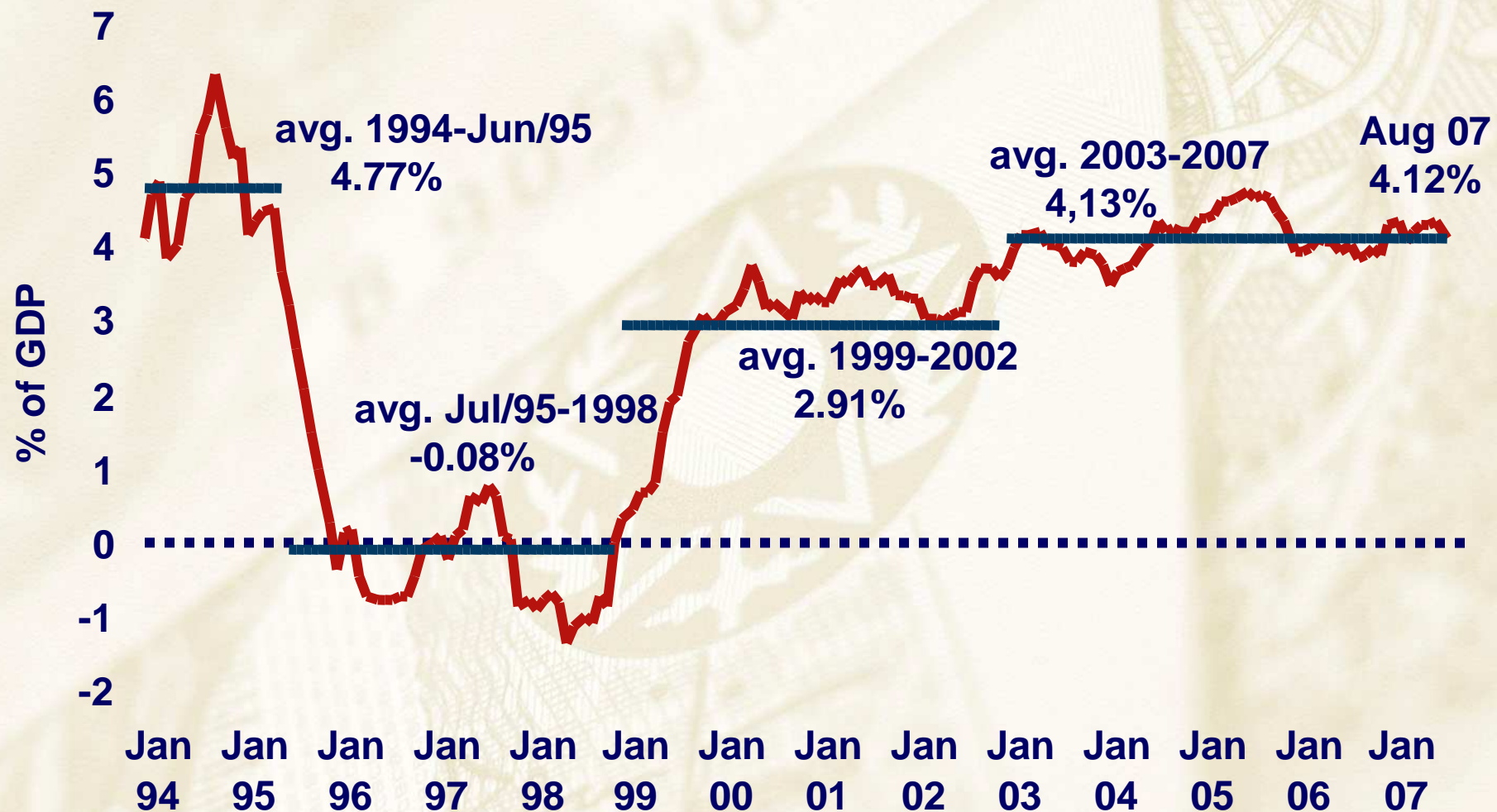


III. Fiscal Solvency

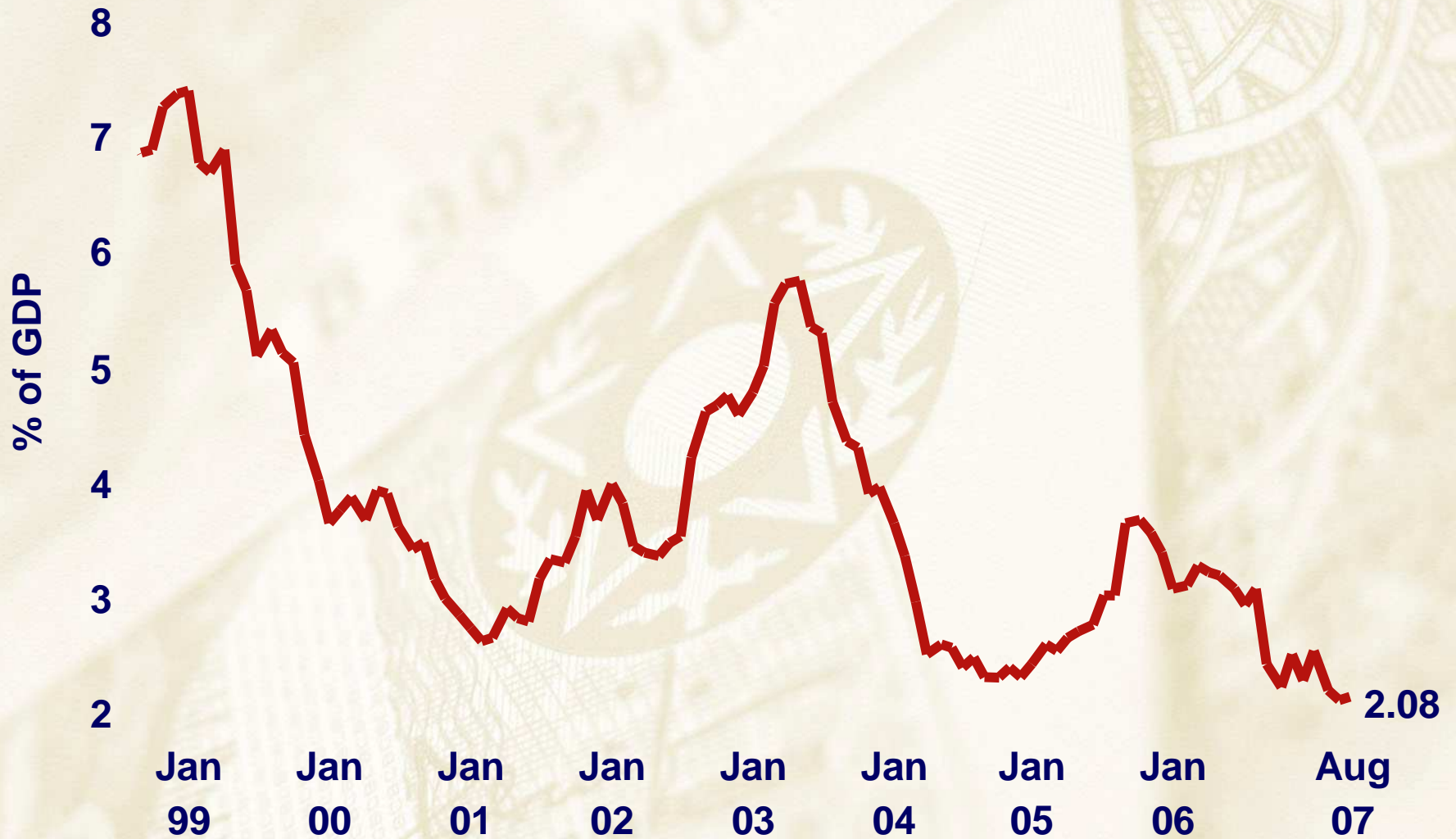
Impact of a 1% FX Change on Net Debt-to-GDP Ratio



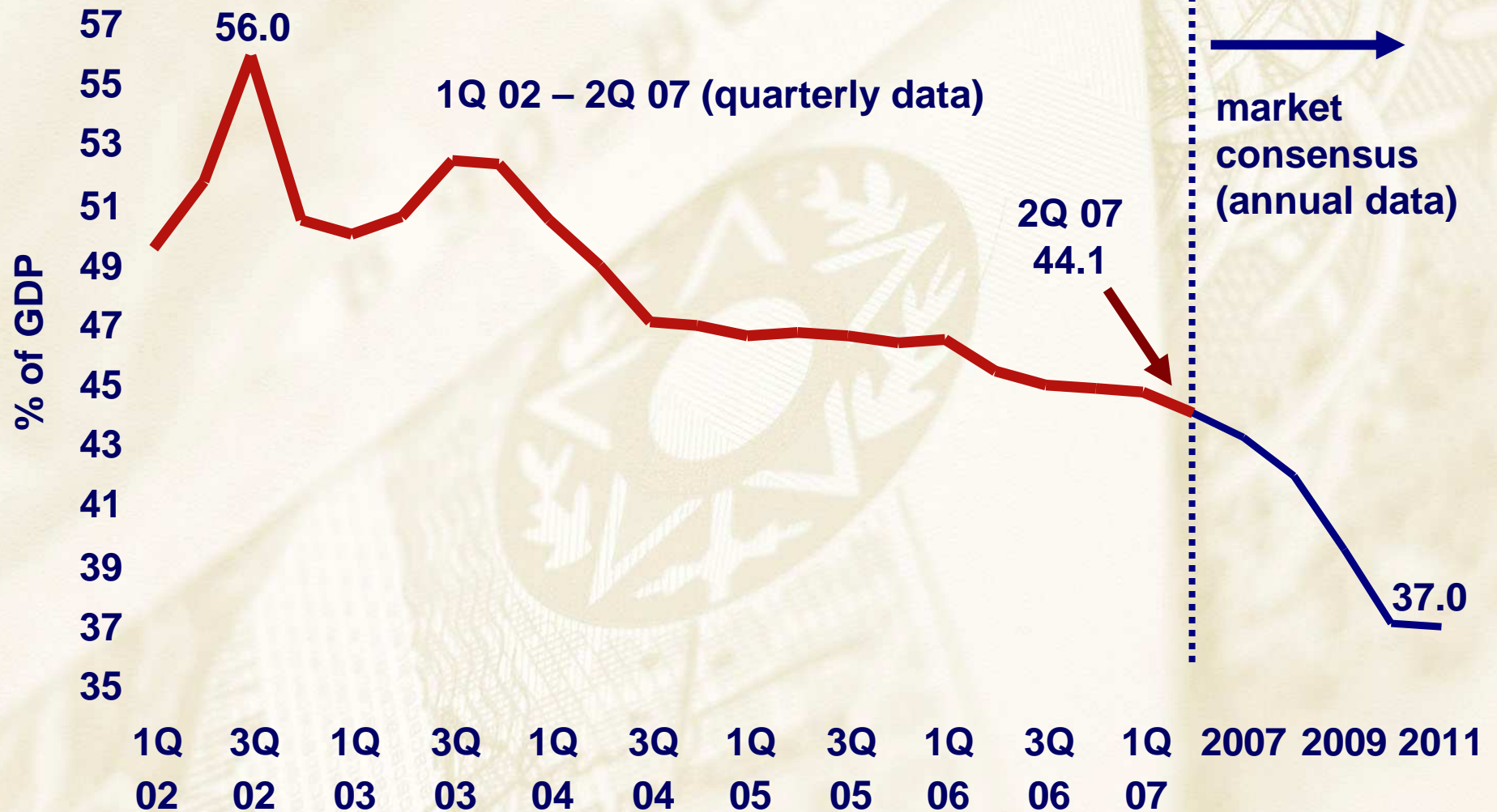
Consolidated Public Sector Primary Surplus



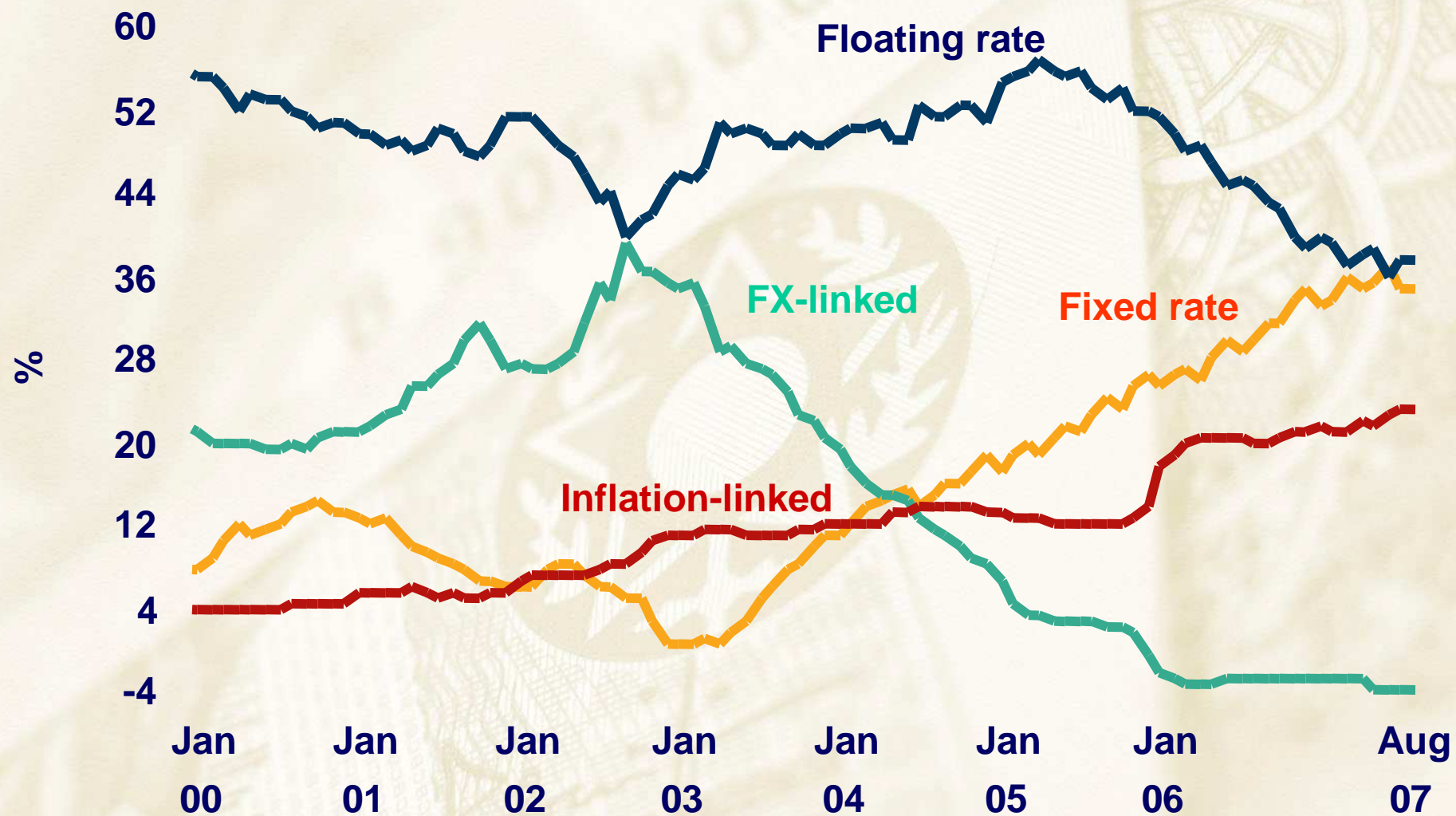
Consolidated PSBR



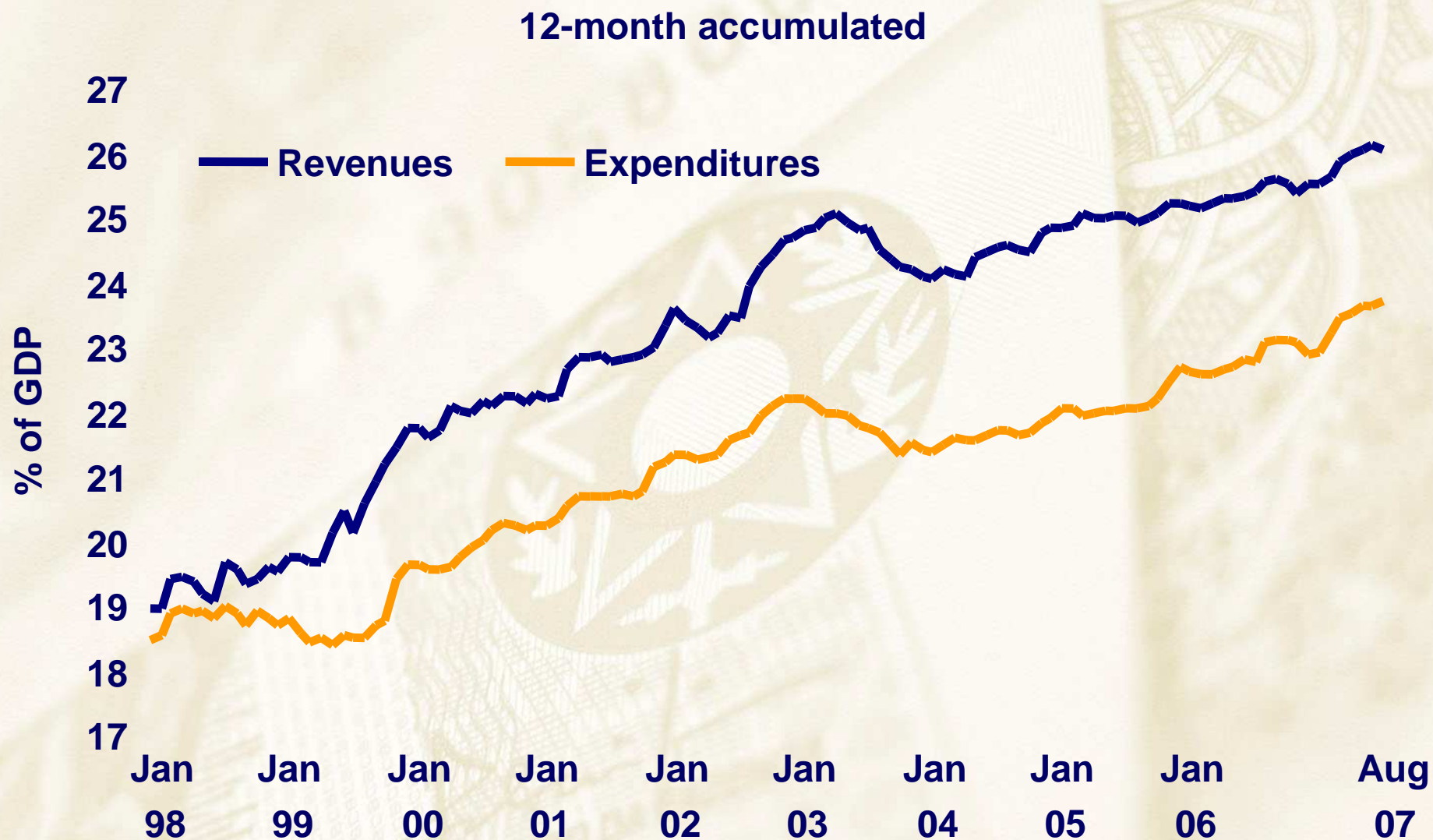
Debt/GDP



Composition of the Domestic Securitized Public Debt



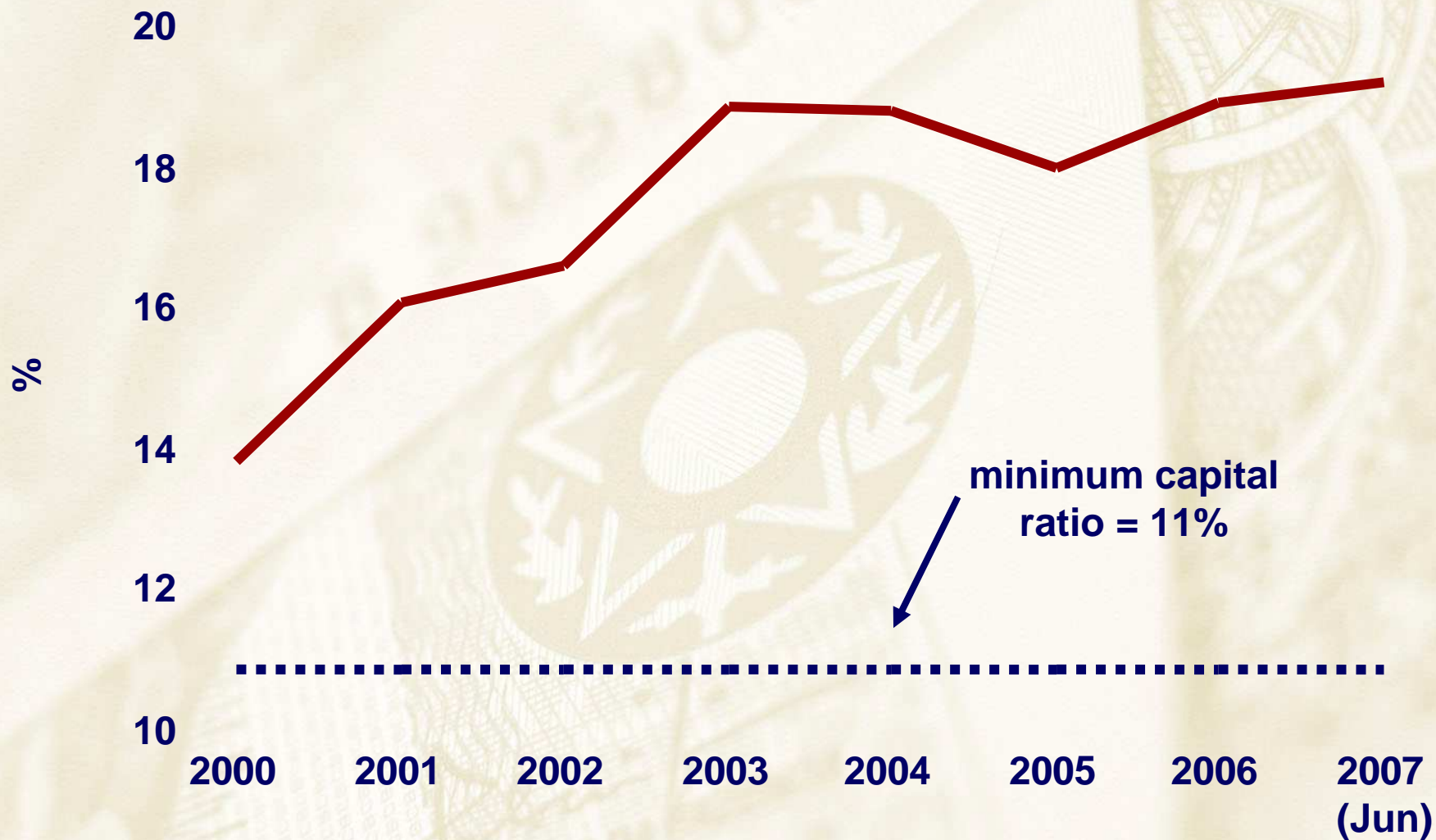
Central Government Primary Flows





IV. Banking Sector

Banking System Capital Adequacy Ratio



Credit/GDP X Delinquency (more than 90 days)



Credit - External Funding

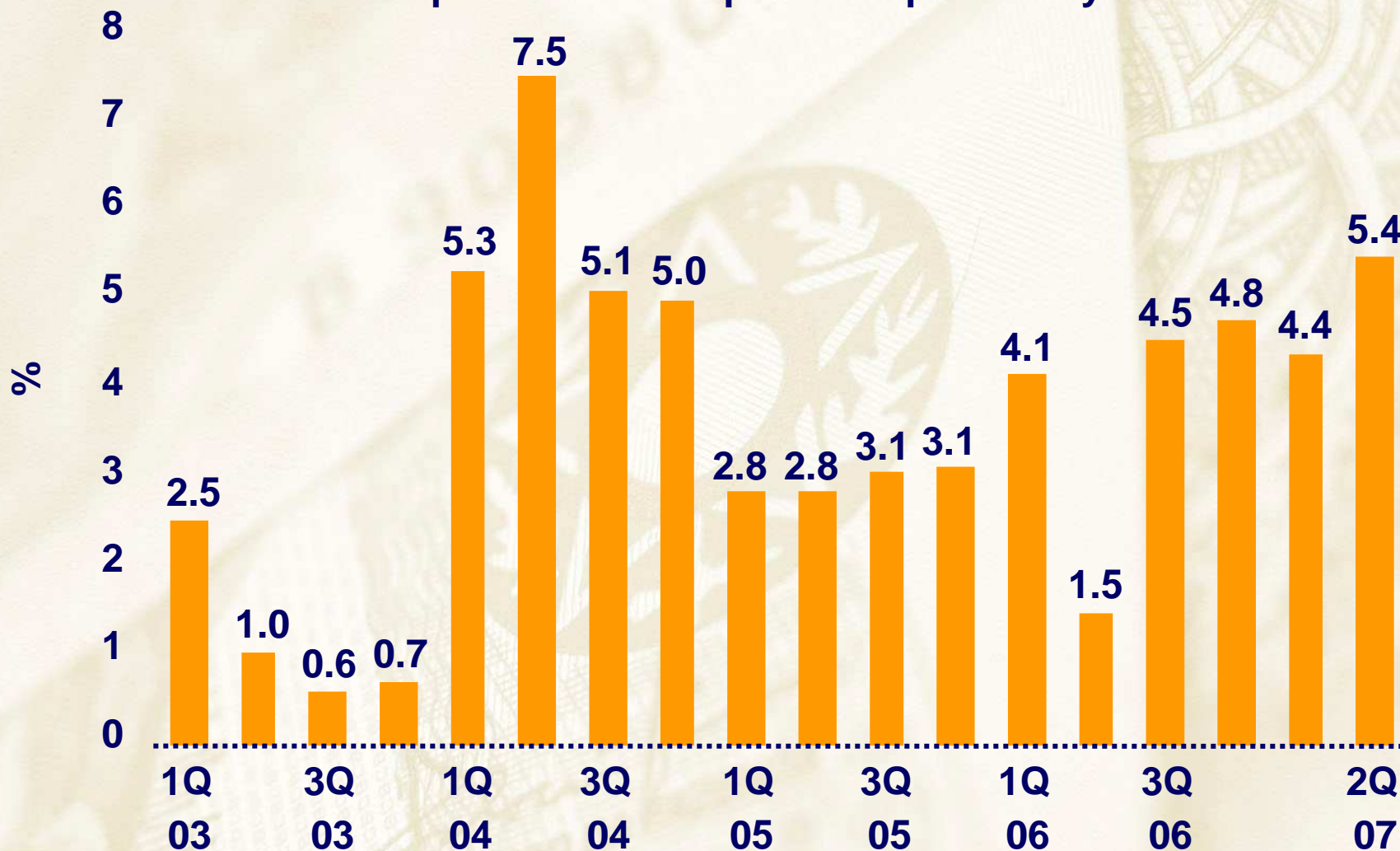




V. Economic Activity and Inflation

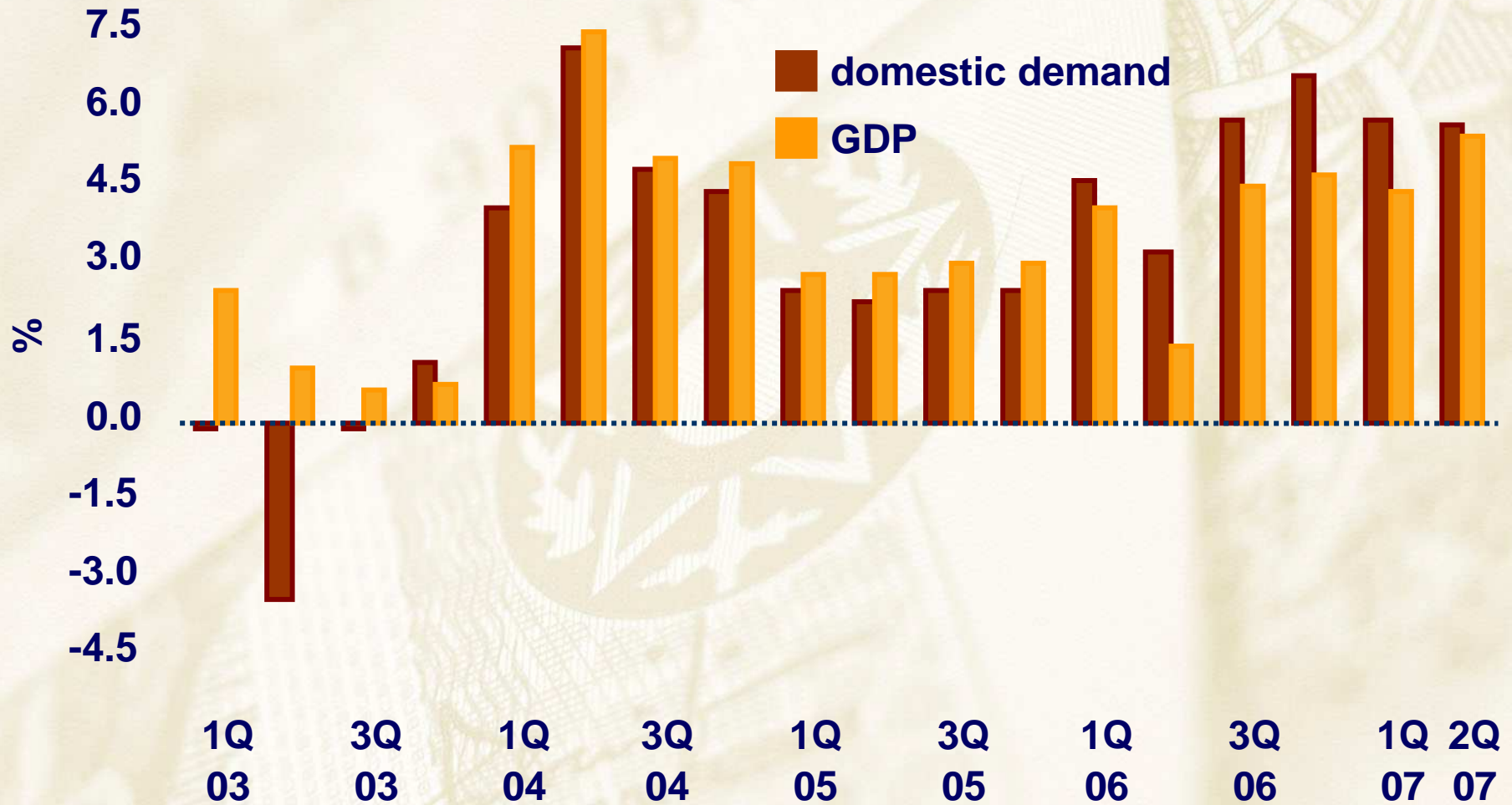
GDP Growth

compared to same quarter of previous year



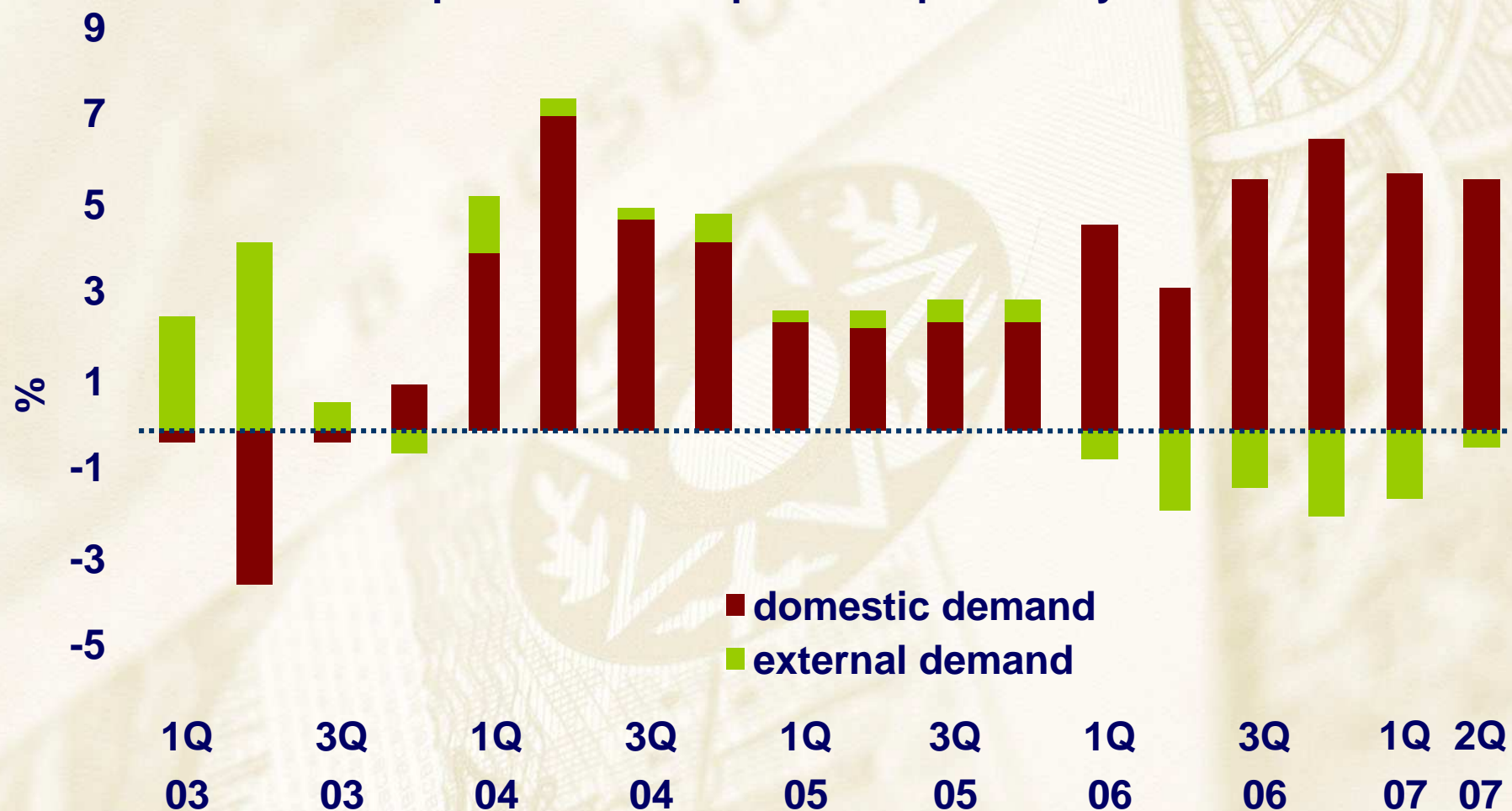
GDP vs. Domestic Demand

compared to same quarter of previous year



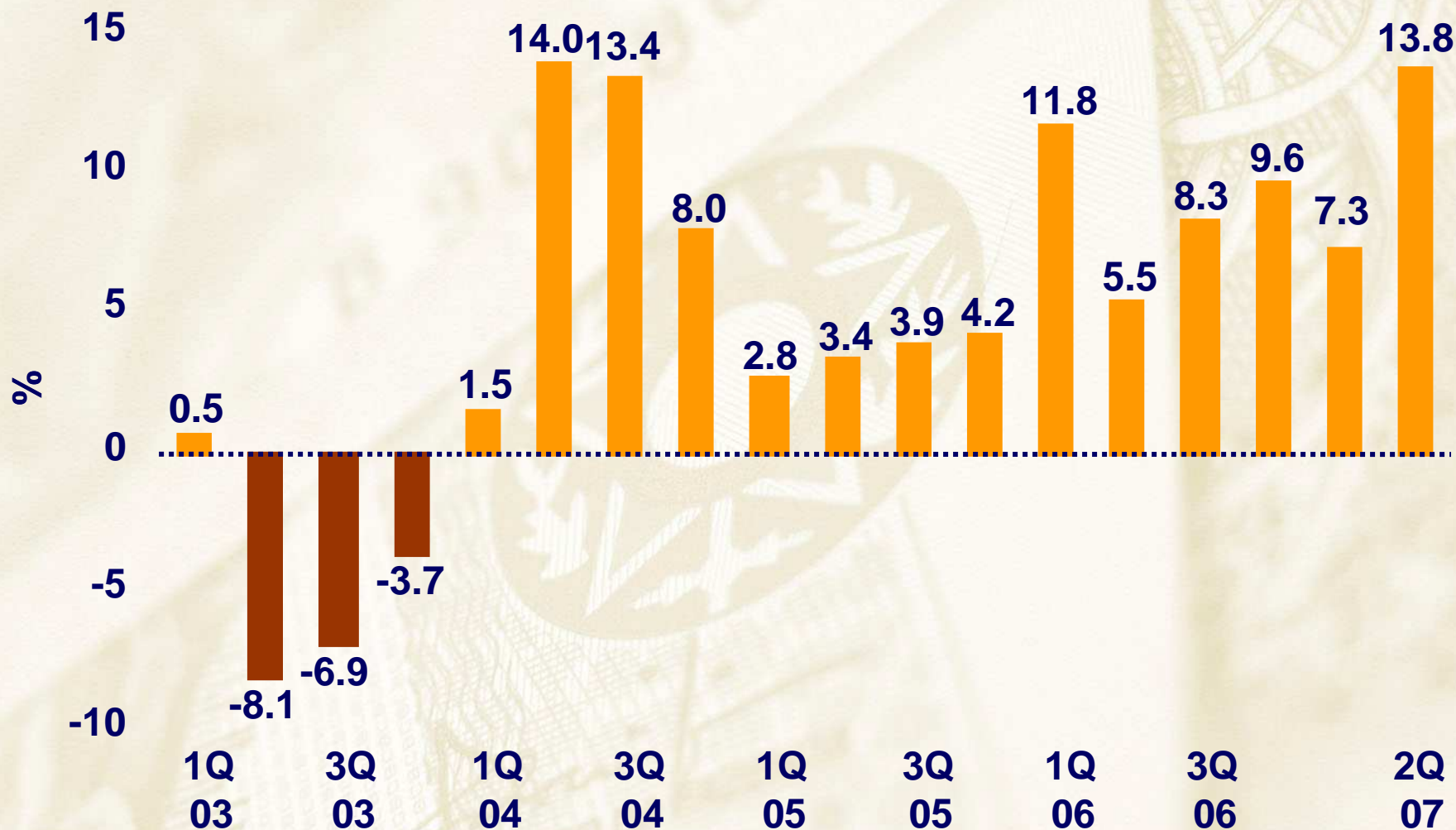
Contribution of Domestic and External Demand to GDP Growth

compared to same quarter of previous year



Investment

compared to same quarter of previous year



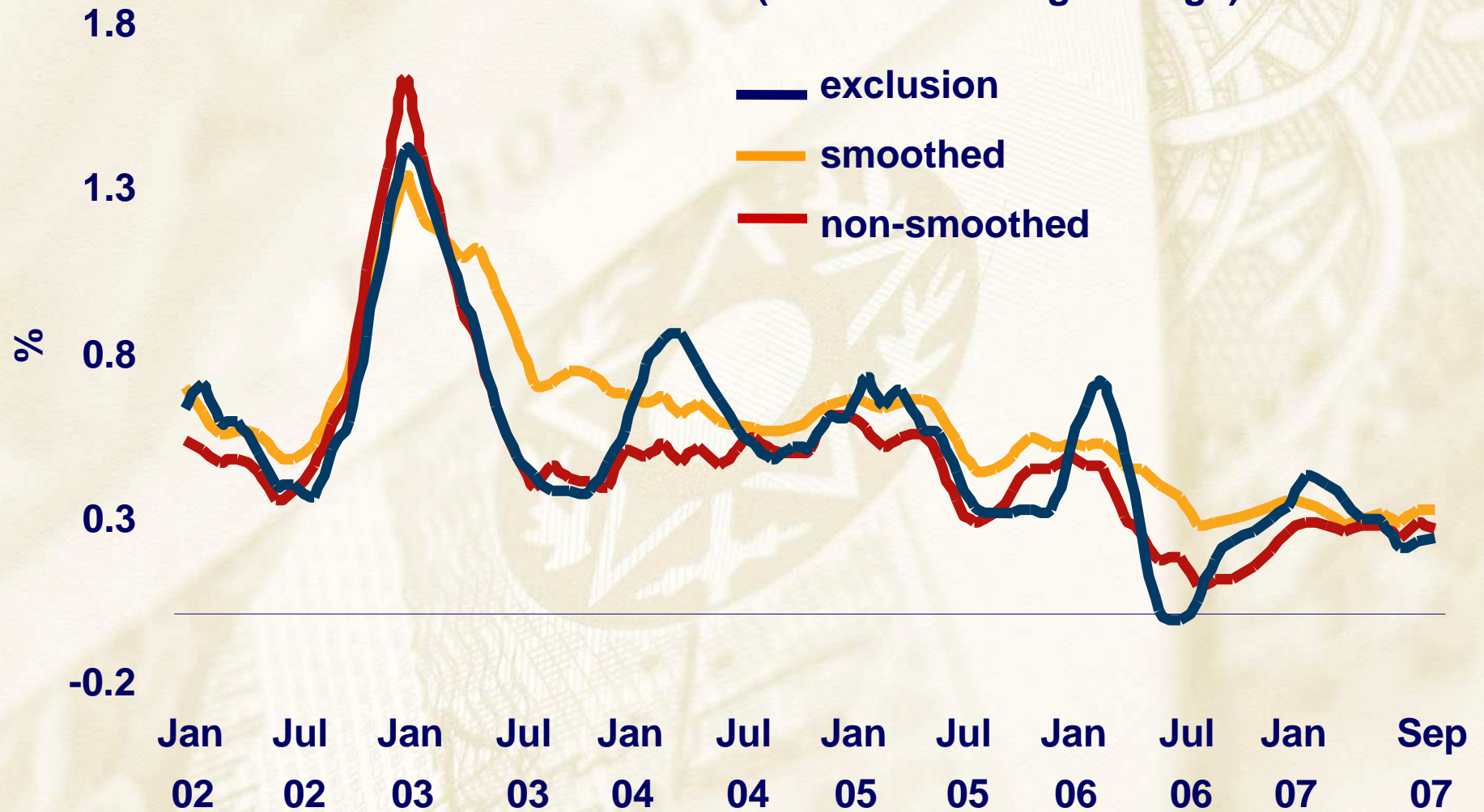
Inflation Convergence to Targets

IPCA (12-month trailing basis)



IPCA Core Measures

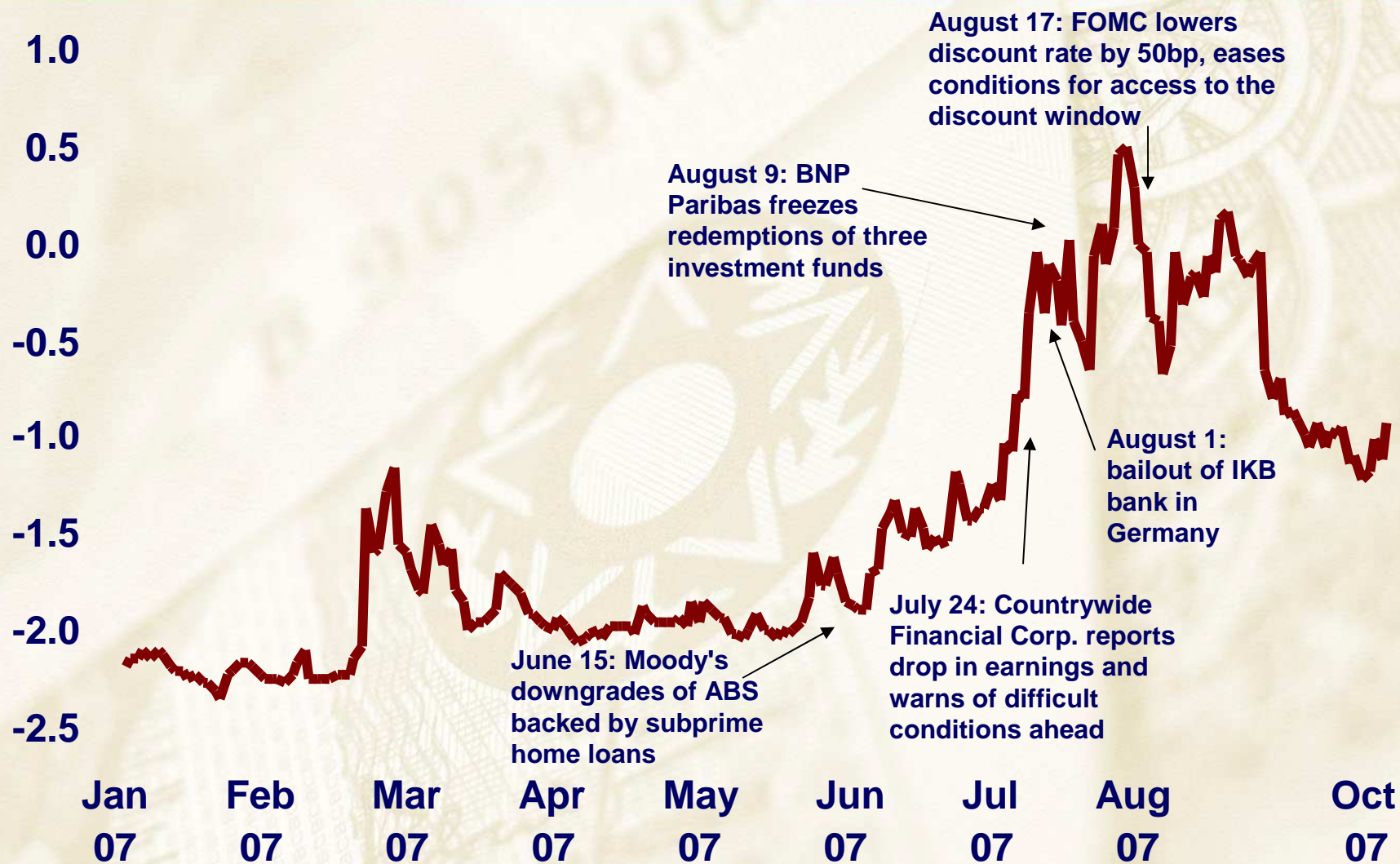
IPCA: core measures (3-month moving average)



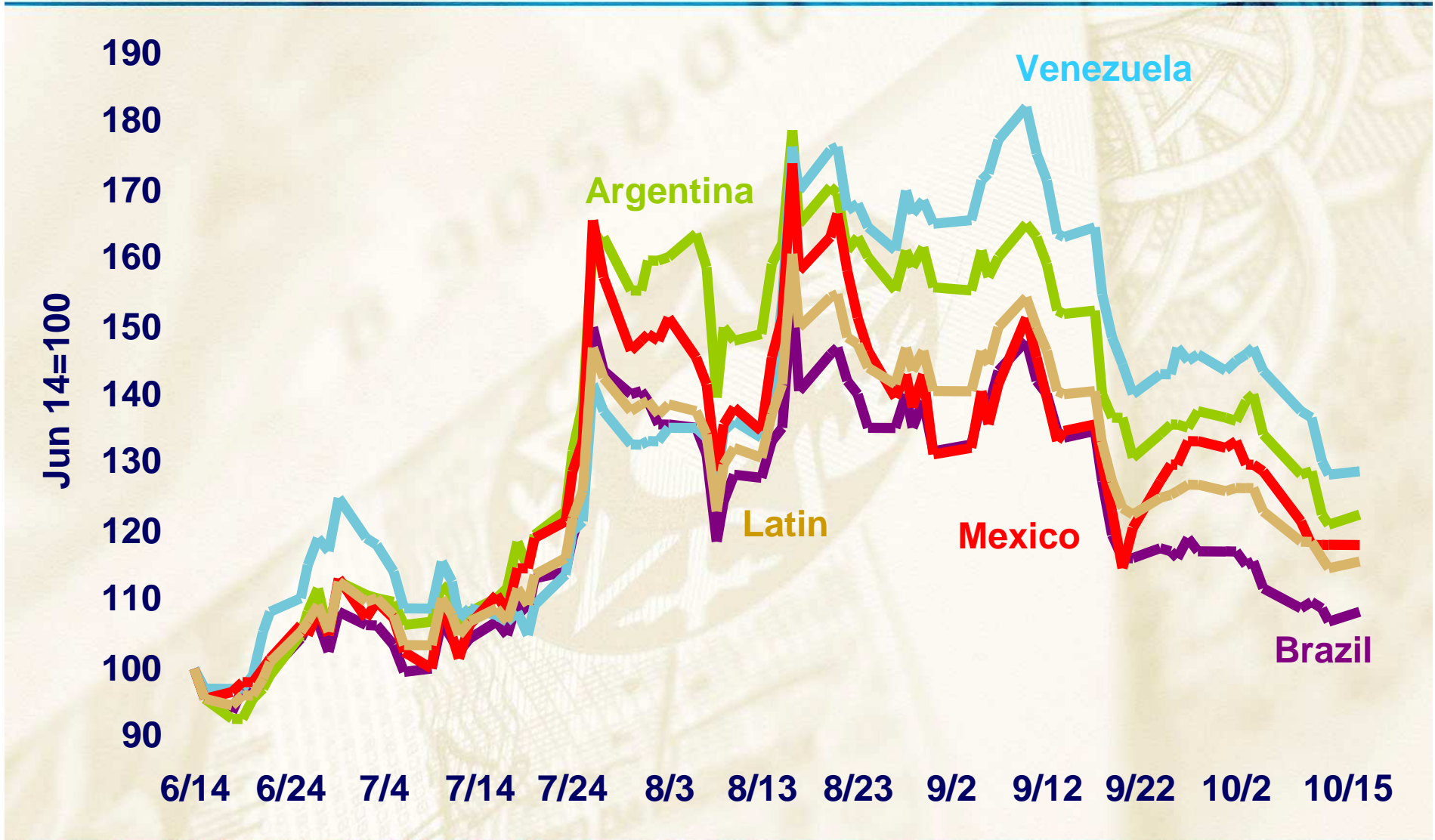


V. Asset Prices

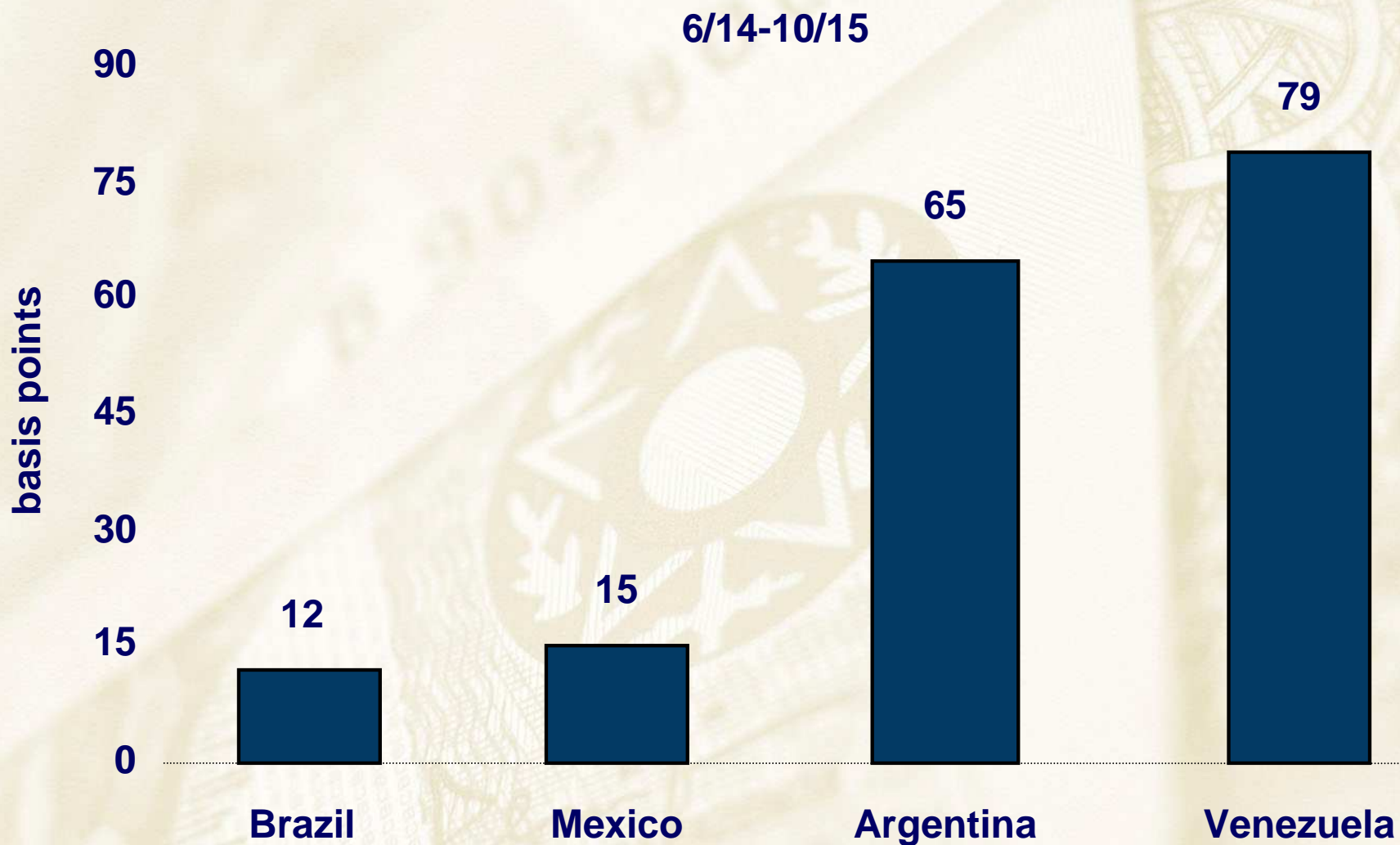
Risk Aversion Index



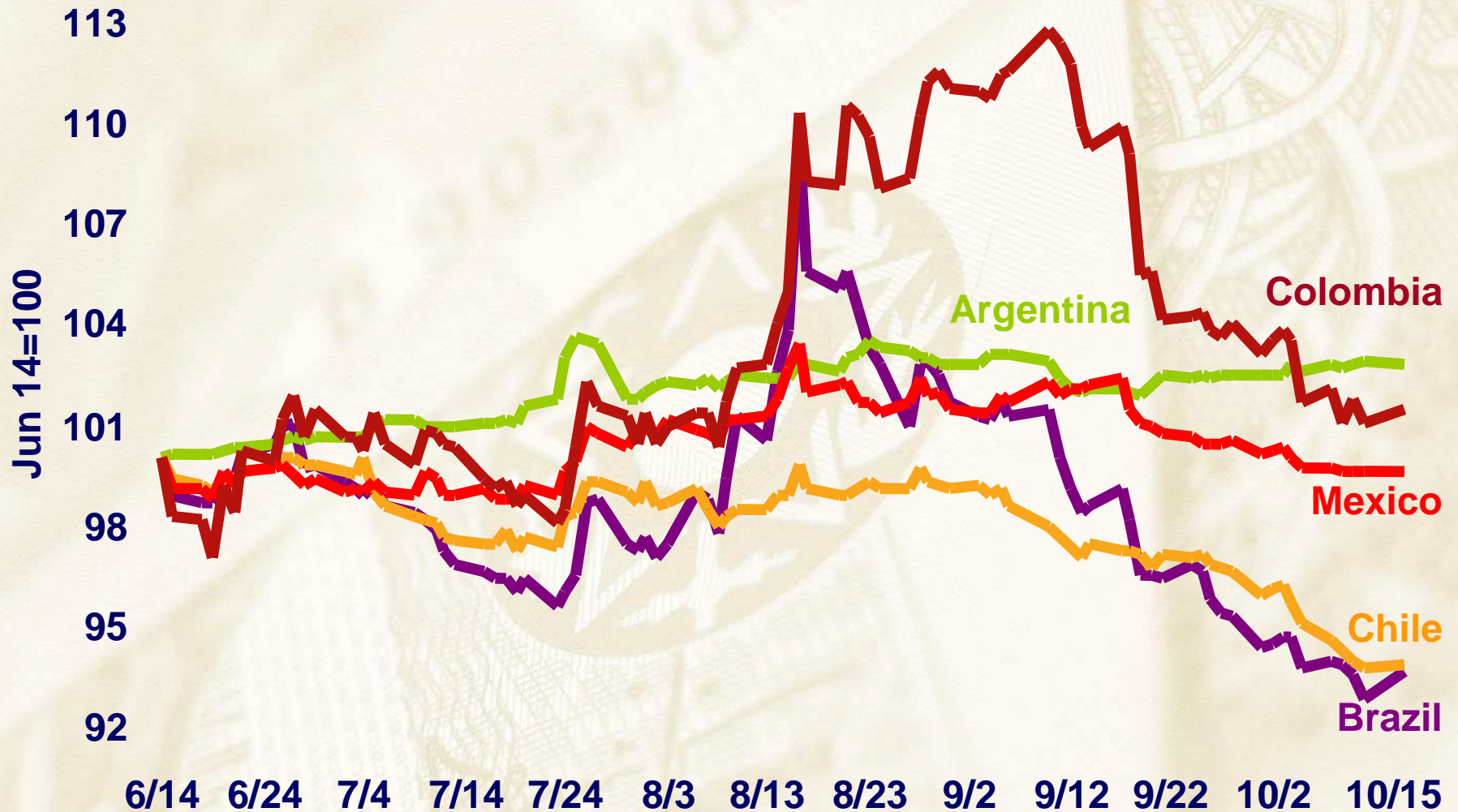
EMBI+: LatAm (as of June 14th)



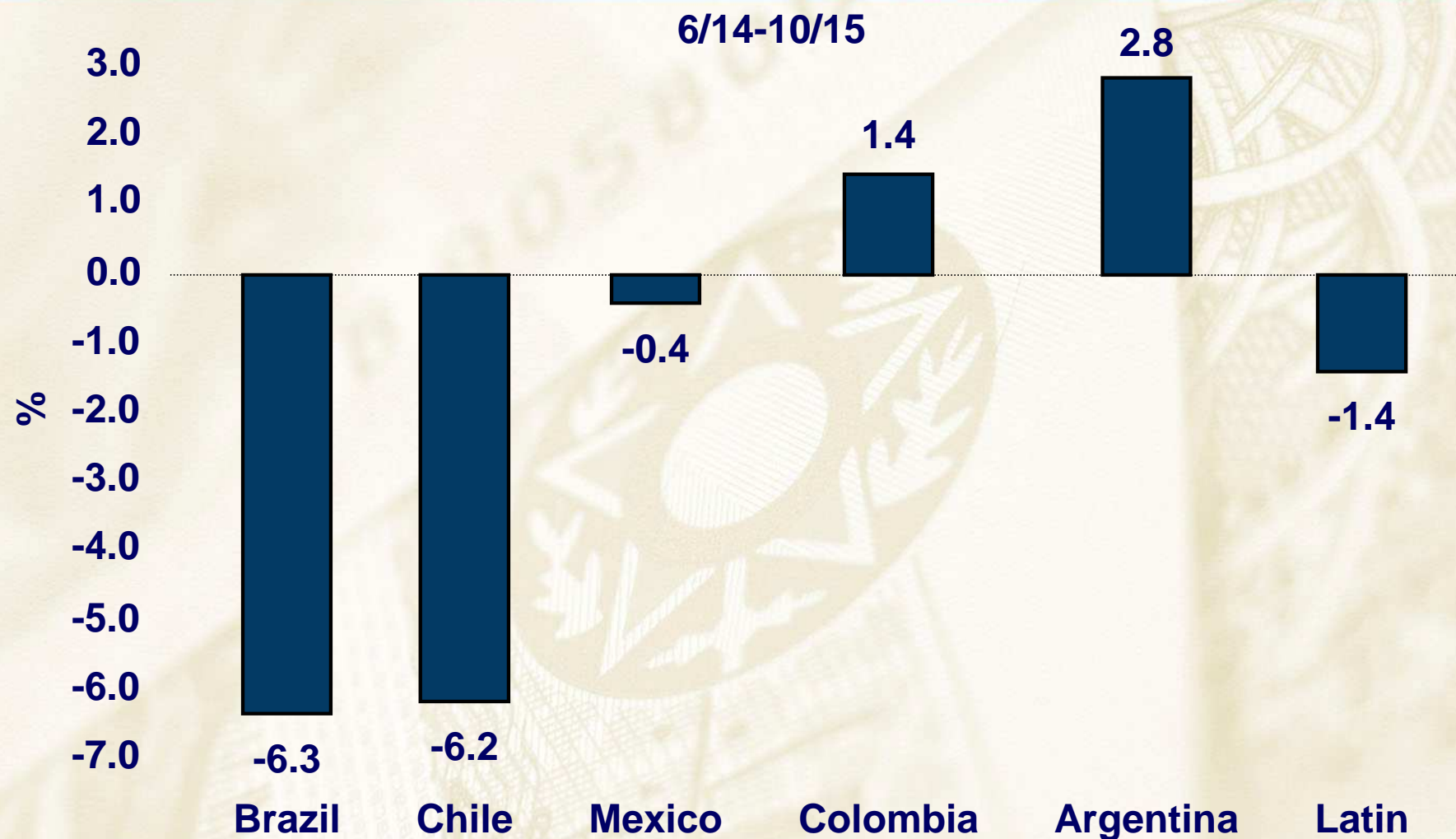
EMBI+: LatAm



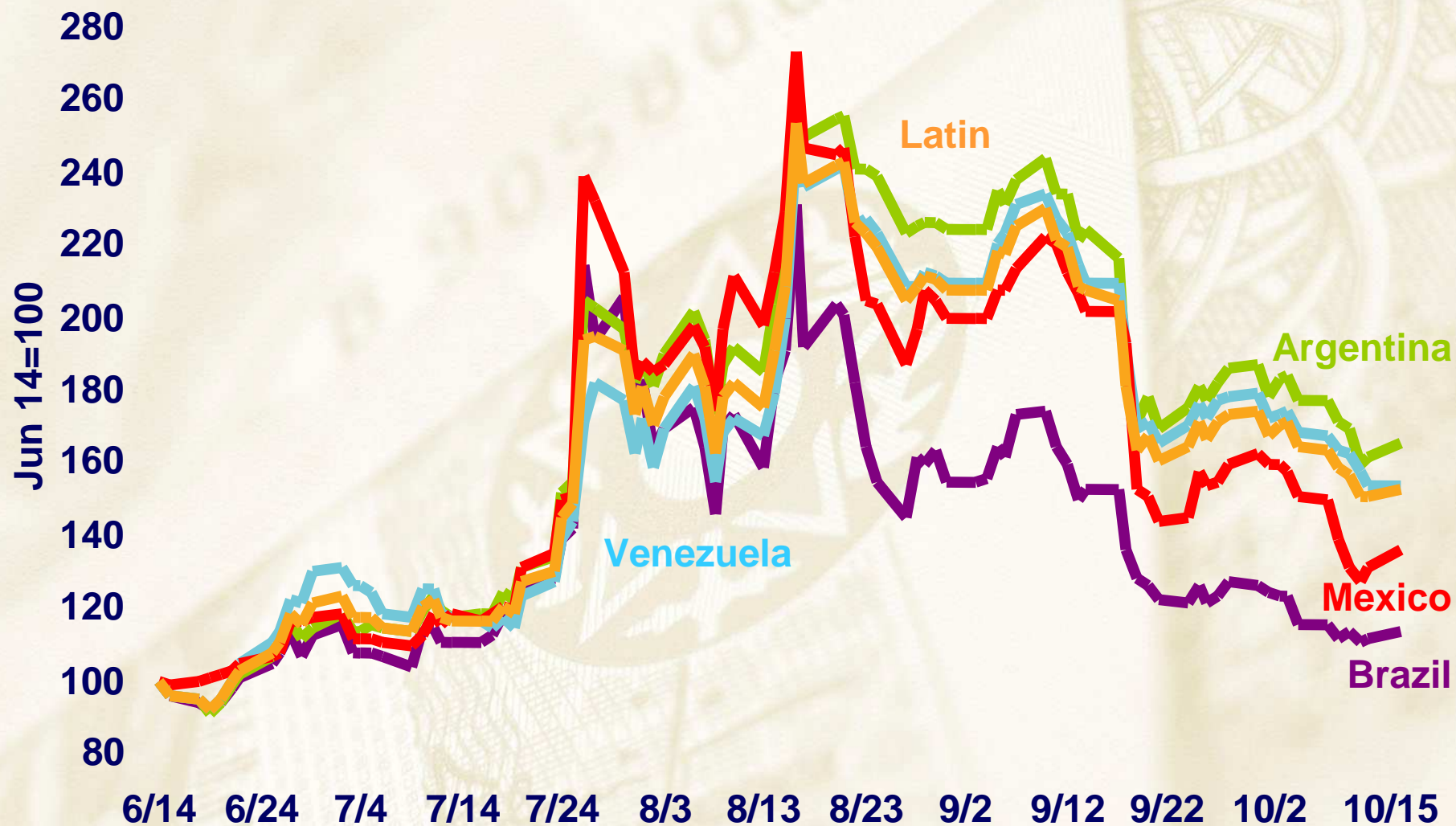
Nominal Exchange Rate: LatAm (as of June 14th)



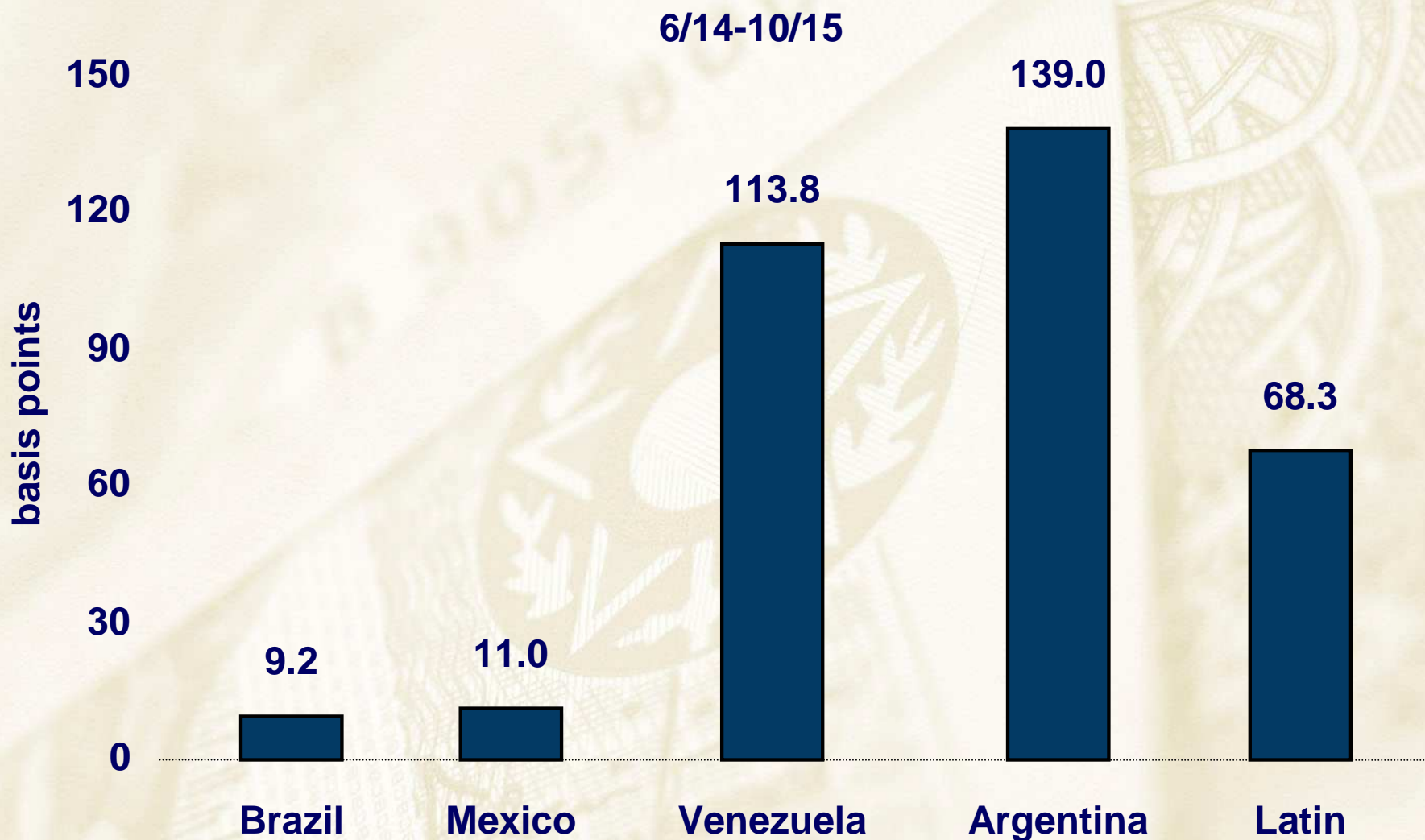
Nominal Exchange Rate Changes: LatAm



CDS (5y): LatAm (as of June 14th)



CDS (5y): LatAm



Correlation Matrix

Correlation of Daily Price and Yield Changes

Jun 14, 2006 - June 14, 2007

	5Y CDS					
	USD/BRL (Br)	10Y Swap	VIX	UST 10 Y	S&P	FTSE
BRL	1.00					
CDS 5y Br	0.66	1.00				
10 Y S.Spreads	(0.35)	(0.65)	1.00			
VIX	(0.50)	0.12	(0.32)	1.00		
UST 10y	0.04	(0.35)	0.32	0.05	1.00	
S&P	(0.87)	(0.24)	(0.56)	0.20	(0.22)	1.00
FTSE	(0.80)	(0.92)	0.68	0.02	0.09	(0.95)

Correlation Matrix

Correlation of Daily Price and Yield Changes

May 1, 2007 - June 14, 2007

	5Y CDS						
	USD/BRL (Br)	10Y Swap	VIX	UST 10 Y	S&P	FTSE	
BRL	1.00						
CDS 5y Br	0.63	1.00					
10 Y S.Spreads	(0.54)	0.22	1.00				
VIX	(0.12)	0.55	0.76	1.00			
UST 10y	(0.67)	(0.54)	0.97	0.67	1.00		
S&P	(0.74)	0.07	0.07	(0.45)	0.22	1.00	
FTSE	0.13	(0.07)	(0.15)	(0.20)	(0.17)	(0.09)	1.00

Correlation Matrix

Correlation of Daily Price and Yield Changes

June 15, 2007 - August 16, 2007

	5Y CDS						
	USD/BRL (Br)	10Y Swap	VIX	UST 10 Y	S&P	FTSE	
BRL	1.00						
CDS 5y Br	0.31	1.00					
10 Y S.Spreads	0.16	0.94	1.00				
VIX	0.54	0.89	0.85	1.00			
UST 10y	(0.26)	(0.94)	0.91	(0.90)	1.00		
S&P	(0.67)	(0.83)	(0.73)	(0.93)	0.83	1.00	
FTSE	(0.51)	(0.92)	(0.85)	(0.95)	0.91	0.92	1.00

Correlation Matrix

Correlation of Daily Price and Yield Changes

August 17, 2007 - September 17, 2007

	5Y CDS						
	USD/BRL (Br)	10Y Swap	VIX	UST 10 Y	S&P	FTSE	
BRL	1.00						
CDS 5y Br	0.84	1.00					
10 Y S.Spreads	0.85	0.70	1.00				
VIX	0.28	0.53	0.29	1.00			
UST 10y	0.61	0.34	0.72	(0.24)	1.00		
S&P	(0.79)	(0.73)	(0.53)	(0.57)	(0.17)	1.00	
FTSE	(0.75)	(0.70)	(0.57)	(0.52)	(0.34)	0.87	1.00

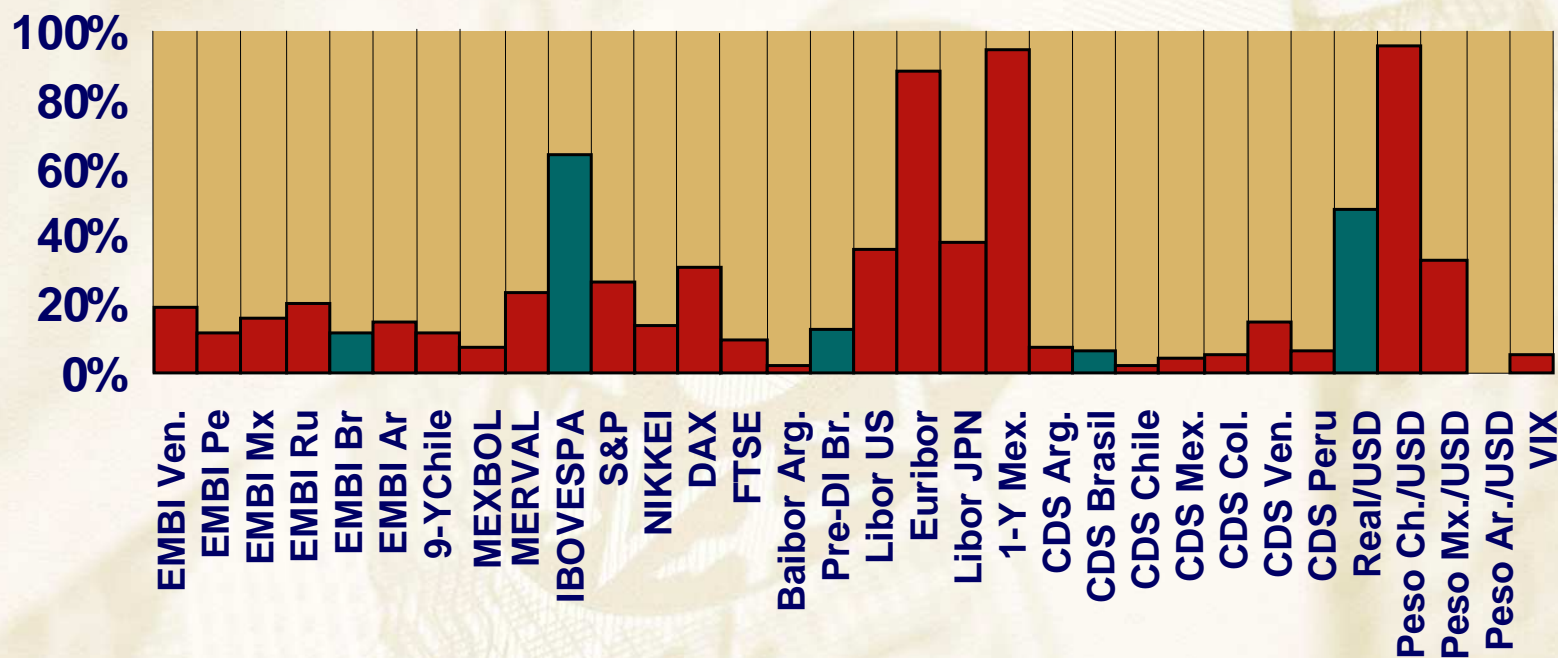
Correlation Matrix

Correlation of Daily Price and Yield Changes

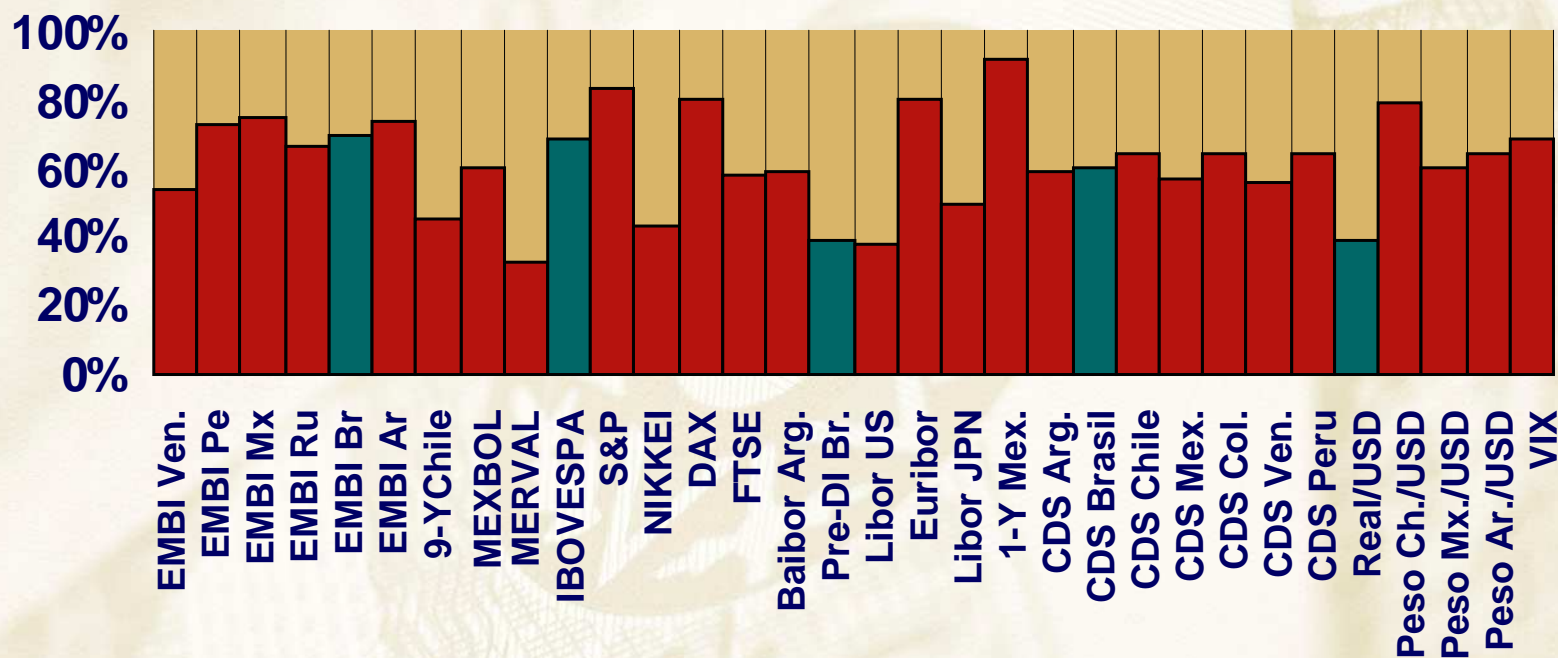
September 18, 2007 – October 10, 2007

	5Y CDS						
	USD/BRL (Br)	10Y Swap	VIX	UST 10 Y	S&P	FTSE	
BRL	1.00						
CDS 5y Br	0.58	1.00					
10 Y S.Spreads	0.56	0.87	1.00				
VIX	0.63	0.88	0.73	1.00			
UST 10y	0.01	(0.46)	(0.14)	(0.59)	1.00		
S&P	(0.84)	(0.84)	(0.77)	(0.87)	0.26	1.00	
FTSE	(0.63)	(0.90)	(0.73)	(0.93)	0.59	0.87	1.00

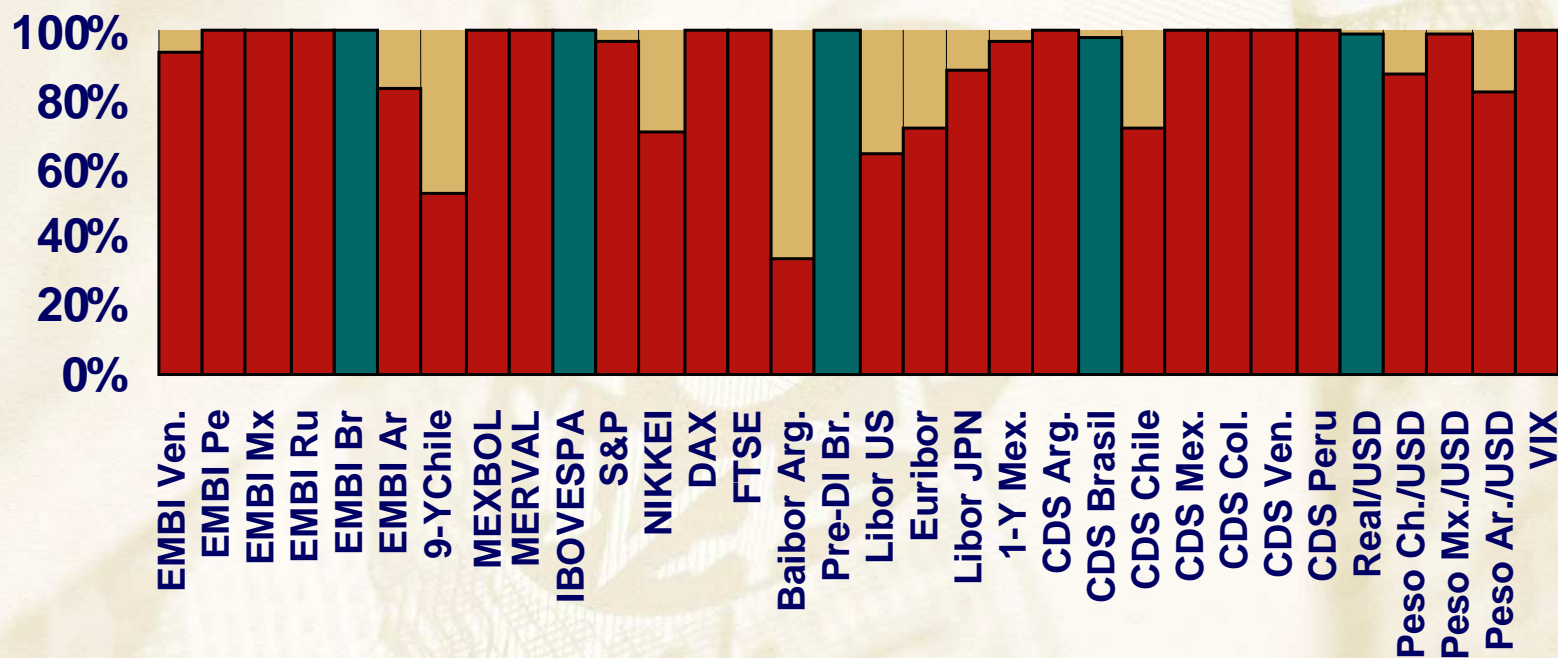
Crisis Barometer – June 14th



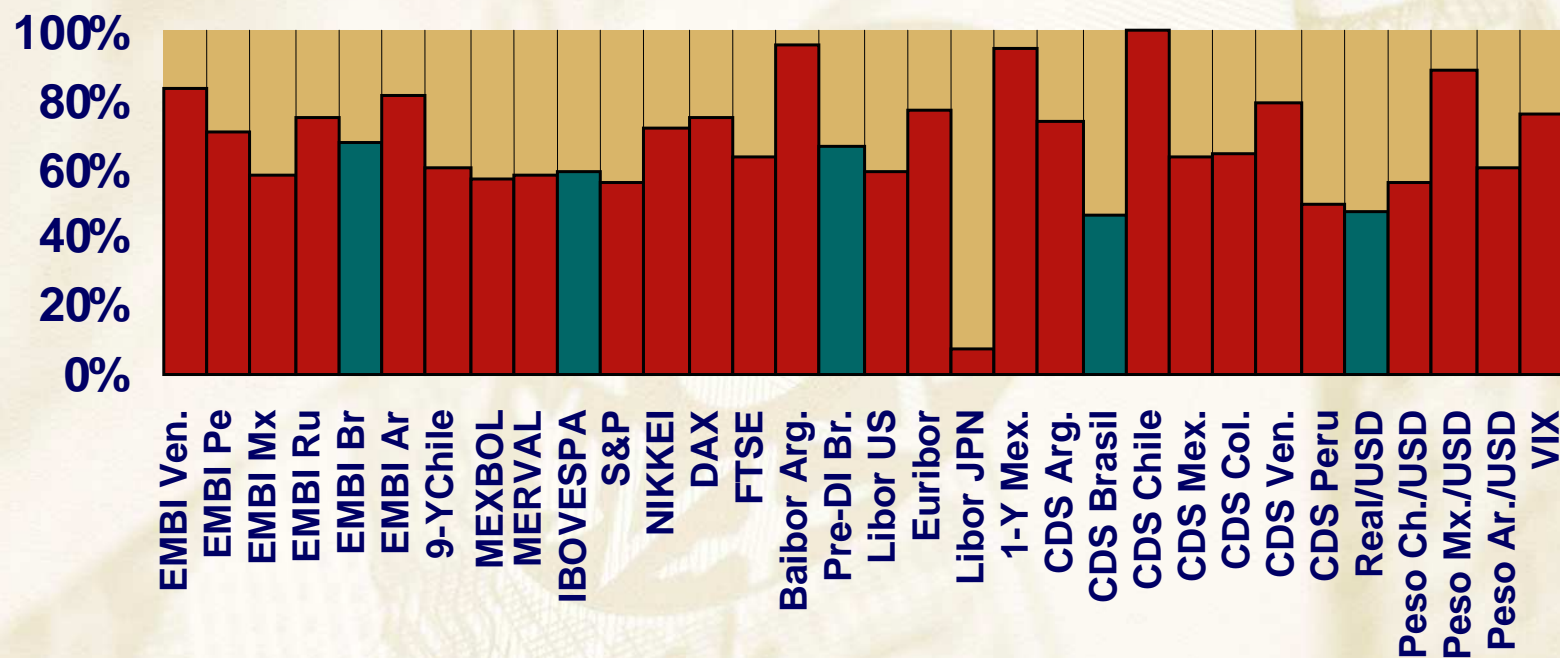
Crisis Barometer – August 3rd



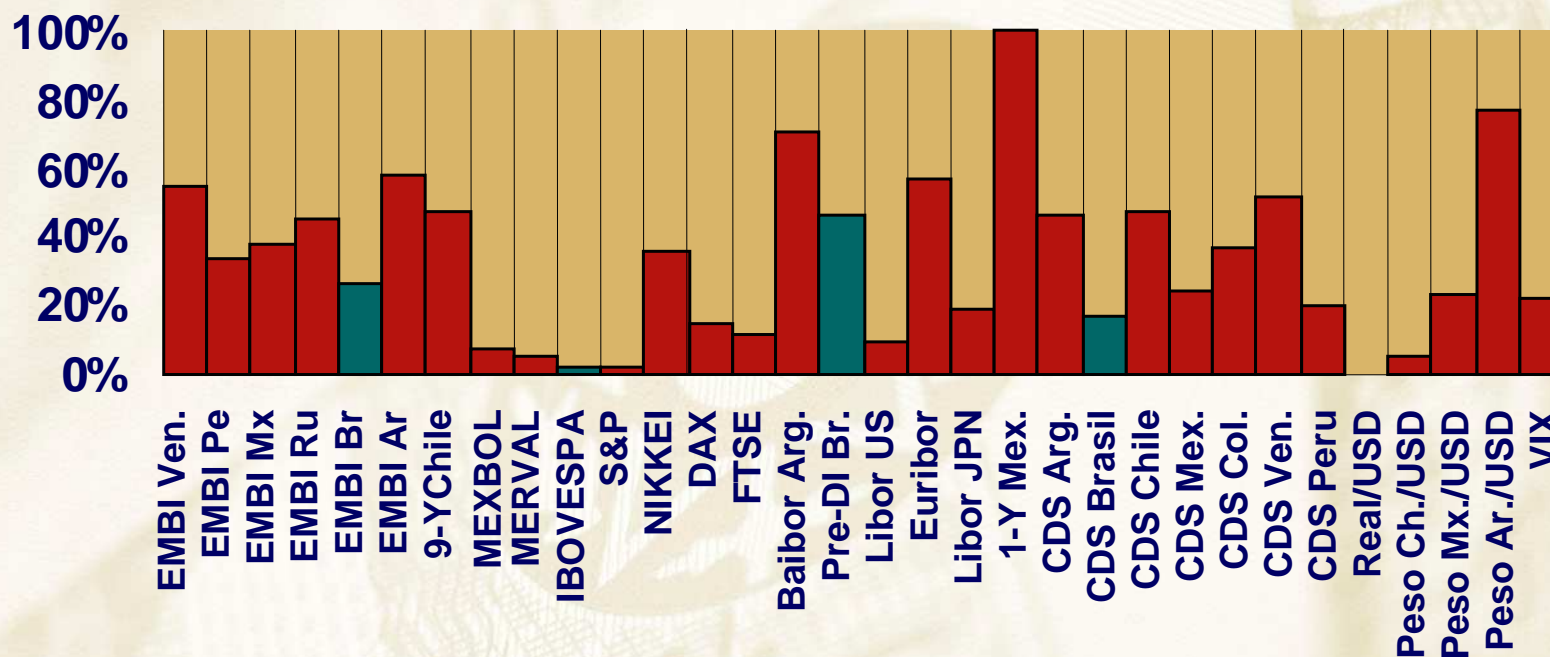
Crisis Barometer – August 16th

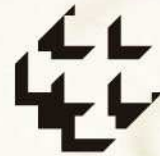


Crisis Barometer – September 17th



Crisis Barometer – October 10th





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