Brazil Focus –
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Weekly Report –
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Looking Ahead ➔ What to watch for?

• 14th Aug. – US Secretary of State to visit Cuba
• 16th Aug. – Massive street protest mobilizations planned against Dilma & the PT
• 19-20 Aug. – German PM Angela Merkel to visit Brazil
• 20th Aug. -- IBGE to release IPCA-15 inflation data ➔ % versus % in July
• 21st Aug. -- Caged data for July ➔ new jobs created
• 21st Aug. -- IBGE to announce July unemployment (incomplete data)
• 21st Aug. -- SRF to announce July revenues ➔ R$ billion, % MoM & % YoY
• 27th Aug. -- July public accounts
• 28th Aug. -- FGV to announce August IGP-M inflation data ➔
• 28th Aug. -- IBGE to announce Brazil’s GDP for 2nd Q/2015 ➔ % QonQ
• 28th Aug. -- Planning Ministry to announce the minimum wage as of 1st January 2016
• 28th Aug. -- FGV to announce August IGP-M inflation data ➔ % versus % in July
• 31st Aug. -- IBGE to announce July industrial production ➔ % MoM & +% YoY
- 1st Sept. -- Trade surplus for August ➔ +US$ billion; US$ in 2015
- 1st Sept. -- August new car sales units ➔ % MoM & % YoY
- 1-2 Sept. -- 193rd Meeting of Copom ➔ Selic rate
- 1-2 Sept. -- 21st “Foro de São Paulo”
- 2nd Sept. -- August new car sales units ➔ % MoM & % YoY
- 4th Sept. -- Brazil ranked ___ on WEF “Global Competitiveness Index”
- 4th Sept. -- IBGE to post August IPCA ➔ %; 12-month accumulation at %
- 7th Sept. -- Labor Day (National Holiday in US)

1 - POLITICS

1.1 - Scenarios

Analysts, politicians and journalists have been discussing and analyzing possible scenarios regarding Pres. Dilma’s “exit” from the Presidency.

1) Resignation of Dilma – The government crisis, lack of support in Congress, the advances in the Lava Jato investigation, and strong pressures from the Opposition and “the streets” could provoke the resignation of Pres. Dilma Rousseff. This scenario could be motivated/justified by the revelation that her lymph node cancer has reappeared. This scenario would be “difficult” because Dilma is a very “resolute”, self-confident and vain person who can never admit that she has ever made any “mistakes”.

**Consequences:** Vice-President Michel Temer (PMDB-SP) would assume the mandate and continue as president until 1st January 2019. This would mean that one party (PMDB) would control the Presidency, the Senate and the Chamber of Deputies. Probably, Temer would re-negotiate a more cohesive support coalition in Congress and things would return to “normal”. The PMDB would be successful in the 2016 municipal elections and increase the number of Mayors and city council members elected. The PT would suffer a decline in these elections. The PMDB would attempt to prepare a viable presidential candidate for the 2018 elections.

2) Resignation of BOTH Dilma &Temer – If the crisis gets much worse, Temer might opt to resign together with Dilma ➔ not considered very likely.

**Consequences:** In this case, the 1988 Constitution says that the next in line of presidential succession – the President of the Chamber, Dep. Eduardo Cunha (PMDB-RJ) -- would assume the presidency for 90 days while new presidential elections would be organized by the TSE. Most analysts feel that Sen. Aécio Neves (PSDB-MG) – who lost to Pres. Dilma by a very close spread in the 2nd round elections in October 2014 -- would probably be elected. However, if the PEC annulling the possibility of one immediate reelection is approved, Neves could not run for re-election in 2018. This scenario would run against the ambitions of Gov. Geraldo Alckmin (PSDB-SP) who would like to be the PSDB candidate for president in 2018.

3) The TCU Scenario – Brazil’s national accounting court should complete its analysis of Pres. Dilma’s 2014 accounts in August 2014 and transmit its recommendation to Congress. Most think that
the TCU will propose that Congress reject her accounts within the limits of the LRF-Fiscal Responsibility Law.

**Consequences:** In Congress rejects Dilma’s 2014 accounts, this would open the way for the Chamber to open/install impeachment proceedings. Most feel that Chamber President Eduardo Cunha would quickly make this “agenda decision”. If 342 deputies vote in favor of impeachment, Pres. Dilma would be suspended for 120 days while the Senate sits as a jury to confirm her impeachment (54 senators must approve impeachment). In 1992, the Chamber impeached Pres. Collor on 30th September and the Senate confirmed his impeachment on 30th December – four months. In this case, Vice-President Michel Temer would assume the presidency the day after the Chamber approved the impeachment of Pres. Dilma and serve out the remainder of her mandate.

**Development (1):** After a senator presented new observations regarding Pres. Dilma’s “misleading” accounts, the TCU decided to re-open the investigation and gave the President an extra 15 days to respond. Thus, the final decision by the TCU might be postponed until October.

**Development (2):** On 13th August, STF judge Luís Roberto Barroso rejected the injunction filed by Senator Rose de Freitas (PMDB-ES) that challenged the constitutionality of the rapid approval of the public accounts of Presidents Itamar, Cardoso & Lula. **However** – Barroso affirmed that future deliberations regarding presidential public accounts should be voted by a joint session of Congress presided over by the President of Congress – Sen. Renan Calheiros (PMDB-AL) – **and** the agenda (date) for said joint session vote be determined by the President of Congress.

A Cartoon by Chico/O Globo

The TCU “fixing” Dilma’s bike so she can continue “pedaling”.

4) The TSE scenario – The TSE-Superior (National) election court has already begun to investigate the “abuse of economic power” in possible irregular (illegal) campaign finance for the election of the Dilma/Temer slate in October 2014. Although all the campaign contributions to their campaign from the large construction/engineering firms (involved in the Lava Jato Petrolão corruption scheme) were duly (legally) registered at the TSE, several of the CEOs of these firms have affirmed in their plea bargaining testimony that these funds came from the illicit bribes/graft funds “extracted” from Petrobras and that they were “coerced” to make these “legal” contributions instead of
simply passing these bribes along to the PT and its operators. The TSE has already requested the transcripts of these plea bargaining and the relevant documents presented. **Detail:** More (perhaps even worse) plea bargaining testimony may be forthcoming.

**Consequences:** The results of the TSE deliberations might take longer than an impeachment process and probably would judge the “presidential slate” so elected to remove both Dilma and Temer. In the past, the TSE has removed some governors for election law violations and sometimes removed the “slate”. In some cases, the TSE installed the “runner up” candidate in the governorship. If this procedure is followed, Sen. Aécio Neves (PSDB-MG) would become president. **However,** the TSE could decide to call new elections and thus Dep. Eduardo Cunha would occupy the Presidency for 90 days while these elections are organized by the TSE. **Detail:** The TSE is not a court of last resort and in the case of some of the governors; they were temporarily suspended while they appealed their cases to the STF. Pres. Dilma would have this option.

**Development:** On 13th August, the seven TSE judges were trying to decide whether to re-open this investigation into Dilma’s campaign contributions in 2014. The PSDB had filed a suit requesting that the TSE re-examine Dilma’s 2014 election accounting in lieu of the accusations (from the **Lava Jato** investigations) that illicit funds had been contributed to her campaign. The reporter on this case TSE judge Maria Thereza de Assis Moura denied this request in an autocratic fashion, and the PSDB appealed her decision to the full TSE. Judge Gilmar Mendes affirmed that Moura’s decision was without any justification and voted to re-open this case and Judge João Otávio de Noronha agreed. Then, with the score at 2-to-1, Judge Luiz Fux asked for **vistas** to study the case more. **Stay Tuned!**


5) **Impeachment** – As described above, 342 deputies would have to approve Pres. Dilma’s impeachment and she would be suspended while the Senate deliberates confirmation (or not) – by 54 senators) and Vice-President Temer would take over.

**Consequences:** In this case, Michel Temer would serve out the remainder of the mandate until 1st January 2019.

1.1.1 – **Mobilization of “Social Movements”**

As counterpart to the planned 16th August national protest mobilization, the Dilma government is organizing pro-Dilma demonstrations by the so-called “Social Movements”. An example of this effort was the 5th **Marcha das Margaridas** [March of the Daisies] – 40,000 female rural workers – in Brasília, on Wednesday, 12th August.

This was not a spontaneous, autonomous “Social Movement”, but rather was organized by Contag-National Confederation of Agricultural Workers and financed (R$ 855,000,00) by the CEF, BNDES, Itaipu and involved the presence of Lula and Eleonora Menicucci, Minister for Women’s Affairs. The Ministers of Agriculture, Kátia Abreu (PMDB-TO) and of Agrarian Development, Patrus Ananias (PT-MG) were not present.

One indication of the “pro-Dilma” context of this mobilization was that the Margaridas chanted “Oust Cunha” [The President of the Chamber].

1.1.2 – **Three Power “arrangements”**
In an attempt to “re-construct” her relations with Congress, Pres. Dilma has hosted several dinner events with deputees and senators. On Tuesday, 11th August, it was the turn of the Judiciary – Dilma hosted a dinner for Judicial Branch. Five of the 11 STF judges were present – STF President Ricardo Lewandowski, TSE President Dias Toffoli, Rosa Weber, Luís Roberto Barroso and Luiz Fachin. Also present – the presidents of the STJ, TST and STM, plus the Justice Minister, the AGU, the PGR, Rodrigo Janot and OAB national president Marcus Vinicius Furtado Coelho.

STF judge Marco Aurélio Mello (the second most senior) did not attend but told the press that “Submission is how the Brazilian people perceive this encounter. We [members of the judiciary] are not submissive just because we accepted the President’s invitation – but those serve, Brazilian citizens, see this another way, as if it were a case of cooptation. This is not good, especially in this period of crisis”.

By coincidence, Mello “called the shot” [hit the nail on the head, as it were]. During this dinner event, STF President Lewandowski said that it was necessary to reach a compromise (understanding) to achieve institutional stability with mandate legitimacy – to which Pres. Dilma nodded her head. She had harped on this “mandate legitimacy” point since last week – saying “No one can remove the legitimacy of my [presidential] mandate that was given to me by a majority of voters”. Detail: Dilma conveniently “forgot” that Collor’s mandate was also “legitimate”, bestowed by a majority of Brazil’s voters in 1989 – but, in spite of this “legitimacy”, Congress constitutionally removed him by impeachment in 1992.


➔ Montesquieu would be upset at this three-power “interaction” in Brazil 2015.

1.2 – Senate President outlined “positive agenda”

On Monday evening, 10th August, Senate Renan Calheiros (PMDB-AL) hosted a dinner of PMDB senators to discuss a “positive agenda” [Agenda Brasil] of 28 proposals that would enhance the fiscal austerity reforms in an attempt to bring Brazil out of the deep recession of 2015.

**Infrastructure**

➔ Strengthen contract legislation against “quickie” changes;
➔ Improve the regulatory framework for public concessions;
➔ Create a system whereby the Senate can monitor norms produced by regulatory agencies;
➔ Regulate the institutional environment of “outsourced” workers;
➔ Revise the norms that regulate Indian reserves so they will be “compatible with productive activities”;
➔ Eliminate tourist visas for visitors from strategic markets;
➔ Establish a “fast track” for deliberating environment licenses for PAC public works.
Fiscal Equilibrium

- Reform of the Procurement Law;
- Sale of federal government real estate and public land;
- Approve a Responsibility Law for State Enterprises;
- Approve law the prohibits government creating new programs without determining the source of funds for same;
- Reform of PIS/Confins to “converge” with ICMS;
- Repatriation of Brazilians’ overseas assets;
- Regulate inheritance taxes;
- Increase the minimum retirement age.

Social Protection

- Link modifications on tax reductions on payrolls and access to credits to the generation of new jobs;
- Improve public health financing (SUS) and consider the prohibition of court injunctions that order expensive experimental treatments by SUS;
- Analyze possibility of charging SUS treatments by income brackets.

Most analysts considered that these proposals launched by Renan Calheiros to by “superficial” and do not indicate where and how federal expenditures could/would be reduced. However, Renan affirmed the importance of the reduction of the number of cabinet ministries.

Want more? Another interpretation was that those lobbyists had a “field day” in the elaboration of these items on Renan’s list and “helped” draft many of the latter. For example, it is alleged that the two items involving payments for SUS treatments was drafted by Qualicorp representing Brazil private health insurance plans. On Thursday, 13th August, former Lula Health Minister José Gomes Temporão (2007-2010) that this proposal was politically a disaster and conceptually a mistake. Temporão said “When I read this, I was shocked, that we were returning to the military regime, when then Health Minister Leonel Miranda (1967-1969) proposed the total privatization of Brazil’s health system”.


This “Agenda Brasil” might produce a much larger and intense general “social convulsion” in Brazil than impeachment proceedings – because it attacks the basic “social rights” of the people, would directly benefit the “rich elite”, and blasts the “workers”.


After Ministers Joaquim Levy (Finance) and Nelson Barbosa (Planning) had an encounter with Senate leaders, this “Agenda Brasil” was modified on 12th August ➞ the items dealing with SUS were removed and three priority points were added – 1) a gradual reform of the PIS/Confins tax levies; 2) reform of the ICMS sales tax system; and 3) measures to assure the repatriation of funds held by Brazilians overseas. Also included were proposals to end Mercosur and at reduction of the number of cabinet ministries.
At the urging of Lula, Vice-President Michel Temer (PMDB-SP) contacted Chamber President Eduardo Cunha (PMDB-RJ) suggesting that the Chamber could join the Senate in formulating the “Agenda Brasil”. Cunha dismissed this suggestion saying the Senate “Agenda Brasil” is just “soap suds”.

Brazil’s legislature in “bi-cameral” and this fact was emphasized by Chamber President Dep. Eduardo Cunha (PMDB-RJ) – where differences are not resolved by a bi-cameral “conference committee”, but rather buy a “ping-pong” back and forth between the Chamber and the Senate. Measures approved by the Chamber can be modified by the Senate, but they must return to the Chamber for “confirmation” (or not). The same sequence is applied to measures approved by the Senate. In the “Brazilian model”, the Upper House is called the “Câmara Revisora” measures (bills) approved by the Lower House may be “modified”.

Eduardo Cunha to Dilma, “Because I’m mad at you…”
Cunha to the poor tax payer, “. . You will pay R$ 9 billion”

Problems – If the minimum wage is re-adjusted from R$ 788,00 to R$ 867,00 on 1st January 2016 this will increase the social security (INSS) deficit in R$ 40 billion.

1.3 – Sunday, 16th August

This coming Sunday, 16th August, massive protest demonstrations against Pres. Dilma are planned in 234 cities and towns all over Brazil. On 12th April, these protest demonstrations were mobilized in 407 cities with an estimated 543,000 participants. The main NGOs organizing the 16th August mobilization – MBL-Movimento Brasil Livre, Vem pra Rua and Revoltados OnLine estimate a much larger turnout – because the situation in much worse that back in April.

Whether this time, Congress will hear (pay attention) to these “Voices from the Streets” is uncertain. In the singular – “The Voice from the Street” [Wall Street] – from Moody’s, S&P and Fitch has not been heard in Congress.
Want More? On 12th August, Moody’s downgraded the states of MG and PR plus the cities of Belo Horizonte and Rio de Janeiro to “speculative” (junk bond) grade.

1.4 – Lava Jato

On Tuesday, 11th August, the Federal Police delivered anew group of 22 expensive painting, some of famous painters (Di Cavalcanti, Volpi, Manabu Mabe, Cicero Dias, Cláudio Tozzi, Jorge Guinle & Guignard), to The Oscar Niemeyer Museum in Curitiba. These expensive paintings had been purchased for and delivered to several of the accused in the Lava Jato Petrolão investigation as a “disguised bribe payment”, rather cash transfers (in R$ and US$). According to Milton Pascowitch the Guignard painting cost US$ 380,000.00.

In June 2015, the national Amnesty Commission deliberated the case of José Dirceu regarding the 11 years (1968-1979) that he lived clandestinely to avoid arrest by the military regime. Last week (after Dirceu was arrested on 3rd August), the Commission’s decision was published in the Diário Oficial -- to recognize those 11 years to count as time toward his retirement. This procedure had been made by this Commission regarding many other persons who alleged persecution by the military regime.

On 10th August, Federal Judge Sérgio Moro accepted the request by federal prosecutors and determined that former Petrobras Director for the International Area Jorge Zelada and five other persons be formally accused and their prosecution formally installed. They were accused of receiving a US$ 31 million bribe part of which was “passed on” to the PMDB. Zelada’s appointment was “indicated” by the PMDB. So far the prosecutors have not discovered a “clear pathway” of these bribes to the PMDB. One of the five accused, lobbyist Hamylton Padilha, is negotiating plea bargaining what would include the return of R$ 70 million.

1.4.1 – 18th Operation – Pixuleco 2

On 13th August, the Federal Police launched the 18th operation in the Lava Jato investigations. This time the target was the Ministry of Planning ➔ the first time that Lava Jato arrived at a Dilma cabinet ministry. Before, these investigations were concentrated on corruption schemes involving state enterprises – such as Petrobras and Electronuclear. In 2010, the Planning Ministry, under Minister Paulo Bernardo (PT-PR) signed a cooperation agreement (no procurement process) with Consist Business, ABBC (Assoc. of Brazilian Banks) and Sinapp (Assoc. of Open Entities of Private Social Security) to implement a system to manage the program of consignee credit for some 2 million federal employees. Between 2010 and 2015, Consist paid some R$ 52 million to consulting and IT firms plus law offices.

The Lava Jato investigators suspect that these services were never rendered and that these funds were “passed on” to João Vaccari Neto, the PT national treasurer and on 13th August, former PT city council member in Americana, SP, Alexandre Romano was arrested in SP and transferred to the Federal Police lockup in Curitiba. Romano was accused of acting as the “go-between” for Consist and Vaccari.
This new 18th Operation was possible via the plea bargaining testimony by Milton Pascowitch and detected payments of R$ 7.2 million to lawyer Guilherme Gonçalves in Curitiba, PR [“Guilherme do PT] who is “very close” to Paulo Bernardo and his wife Sen. Gleisi Hoffmann (PT-PR). The investigators suspect that some of these illicit funds went to Gleisi’s unsuccessful campaign for Governor in 2014. It is estimated that this operation extracted some R$ 50 million since 2010. **Detail:** This scheme [rip off] was operating until last month (July 2015). On 13th August, the Planning Ministry announced that it had rescinded (annulled) the contract with Consist.

⇒ More evidence for the TSE to examine.


### 1.4.2 – Kroll backs out

The CPI installed by the Chamber of Deputies to investigate the Petrobras corruption scandal was articulated by Chamber President Dep. Eduardo Cunha (PMDB-RJ) in an effort (a ploy) to discredit the plea bargaining testimony by the accused in the **Lava Jato** investigation – that had named him as the recipient of a US$ 5 million bribe payment.

This CPI contracted Kroll (a well-known investigative group) to do these investigations. After heavy pressures from some CPI members (deputies) the Chair Dep. Hugo Motta (PMDB-PB) released the list of those investigated by Kroll:

- Stael Janene, widow of ex-Deputy José Janene
- Renato Duque, ex-Director Petrobras
- Pedro Barusco, ex-Manger Petrobras
- Alberto Yousseff, **Doleiro**
- Augusto Mendonça, Businessman
- Júlio Camargo, lobbyist
- Eduardo Leite, Executive Camargo Corrêa
- Dalton Avancini, Executive Camargo Corrêa
- Julio Faerman, ex-representative SBM
- Ricardo Pessoa, Owner UTC

After the strong criticism of this operation, Kroll decided not to continue these investigations.

### 1.4.3 – Consortium backs out of Angra 3

On 12th August, the **Angramon** consortium (Odebrecht, Camargo Corrêa and Queiroz Galvão) announced that unilaterally they were abandoning the construction project for the Angra 3 nuclear power plant. The next day, the Minister of Mines & Energy, Eduardo Braga (PMDB-AM) shot back that this move by these three construction firms would be open to strong legal (contractual) sanctions. This is another case of the “fallout” from the **Lava Jato** investigations of Petrobras and Electronuclear.

### 1.4.4 – Operation Fair Play
On 14th August, the Federal Police opened a new line of investigation nicknamed *Fair Play* aimed at the corrupt cost overruns & over invoicing in the construction of the 2014 World Soccer Cup stadiums ➔ in Recife, São Paulo, Rio de Janeiro, Salvador, Belo Horizonte and Brasília. **Detail:** Odebrecht was responsible for the construction of four of these stadiums. During the construction of these stadiums, the press complained about the “cost overruns” – some over 100%. Odebrecht lawyers said that this operation “was unjustified.”

➔ “Haste makes waste”

1.5 – Re-appointment of the PGR

The official appointment letter from Pres. Dilma Rousseff indicating the re-appointment of PGR Rodrigo Janot arrived at the Senate on 12th August, and Senate President Renan Calheiros (PMDB-AL) transmitted the same to the Senate CCJ the same day. The reported on this re-appointment is Sen. Ricardo Ferraço (PMDB-ES). Renan hopes that the CCJ will conduct its hearing and confirmation of Janot next week—perhaps 18th or 19th August. He plans to submit this appoint to the full Senate that same afternoon (after the CCJ vote).

Janot’s two-year term is up on 17th September. Of the 27 members of the CCJ, eight are being investigated regarding their alleged “connections” with the Lava Jato corruption/bribe/fraud investigation (currently at the STF). Confirmation by the Senate needs 41 votes out of 81.

1.6 – Fiscal Reform ➔ Increase CSLL for Banks

With constant reports of the Brazilian recession reducing sales and profitability of the private sector, one sector has not had any “retraction” ➔ Brazilian banks, profits rose by +46.5% in the first semester. The Banco do Brasil posted profits of R$ 8.8 billion. According to a compilation by Austin Ratings, the four largest banks (BB, Itau-Unibanco, Bradesco & Santander) had R$ 33.8 billion profits (+46.5%) in the first semester 2015 vs. the same period in 2014.

To this end, instead of forcing the most sacrifices of the fiscal adjustment on the working classes, Sen. Gleisi Hoffmann (PT-PR) has proposed “more sacrifices” from the banking sector ➔ increase the CSLL [Social Contribution on Net Profits] levy on the banks from 15% to 23% [an extra R$ 6 billion in federal revenues] – but only effective in 2017. Hoffmann is reporting on MP 675 that proposed an increase in the CSLL from 15% to 17%. Obviously, Febraban (the Federation of Brazilian Banks) is mounting a strong lobby against Sen. Hoffmann’s proposed change. See ➔ [http://www.cnf.org.br/noticia/-/blogs/aumento-da-csll-pode-custar-novos-r-6-bilhoes-aos-bancos](http://www.cnf.org.br/noticia/-/blogs/aumento-da-csll-pode-custar-novos-r-6-bilhoes-aos-bancos)

2 – FOREIGN RELATIONS & TRADE

Nothing this week.

3 - REFORMS
Nothing this week.

4 – PRIVATIZATION & REGULATION

4.1 – ANP announced new auction

On 13th August, ANP announced that 39 firms had registered (signed on) to participate in the 13th round of auctions for 266 petroleum prospection blocks in ten basins that will be held on 7th October.

5 - ECONOMICS

5.1 – Moody’s downgraded Brazil

Late Tuesday afternoon, 11th August, Moody’s Investor Service announced that it had downgraded Brazil’s credit [bond] rating to “Baa3” – just one notch above “junk bond” status, citing weak economic growth and rising government spending. The Moody’s new outlook for Brazil was put at “Stable”.

Moody’s rationale was formulated in two parts:

1) “Weaker than expected economic performance, the related upward trend in government expenditures and lack of political consensus on fiscal reforms will prevent the authorities from achieving primary surpluses high enough to arrest and reverse the rising debt trend this year and next, and challenge their ability to do so thereafter”.

2) “As a result, government debt burden and debt affordability will continue to deteriorate materially in 2015 and 2016 relative to the rating agency’s poor expectations, to levels materially worse than Brazil’s Baa-rated peers. Moody’s expects the rising debt burden to stabilize only towards the end of this administration”.

For the full Moody’s press release,
See ➔ https://www.moodys.com/research/Moodys-downgrades-Brazils-rating-to-Baa3-from-Baa2-outlook-changed--PR_331594

However, the Dilma government viewed this action by Moody’s as an “upgrade”, considering that Brazil is still considered “investment grade” – “make some lemonade out of the lemon”. Also, the consensus by government sources is that a downgrade out of investment grade (down into “speculative grade”) should take between 6 to 9 months – more than enough time to reverse the current deep recession. Wishful thinking? Many analysts say “yes”!

Want More? The day after, Moody’s downgraded the states of MG & PR, plus the cities of Belo Horizonte and Rio de Janeiro to “speculative” (junk bond) status.
5.2 – Retail sales down

On 12\textsuperscript{th} August, IBGE announced that retail sales in the first semester of 2015 were down by -2.2\% YoY as compared to the same period in 2014. The worst first semester was in 2003 \(\Rightarrow\) -5.7\%.

5.3 – Fiscal deficit (estimate)

On 13\textsuperscript{th} August, the government estimated that the fiscal deficit between January and August 2015 would be on the order of -R$ 18 billion. It also was estimated that the \textit{Lava Jato} investigation “deprived” (reduced) federal revenues by -R$ 9.379 billion in the 12-month period.

5.4 – GDP retraction

On 13\textsuperscript{th} August, BBVA released a study that predicted that Brazil’s GDP might by 30\% over the five-year period ending in 2016. This Spanish bank also predicted GDP retractions in other nations \(\Rightarrow\) Russia, -28\%; Iran, -28\%; and The Ukraine, -43\%. 