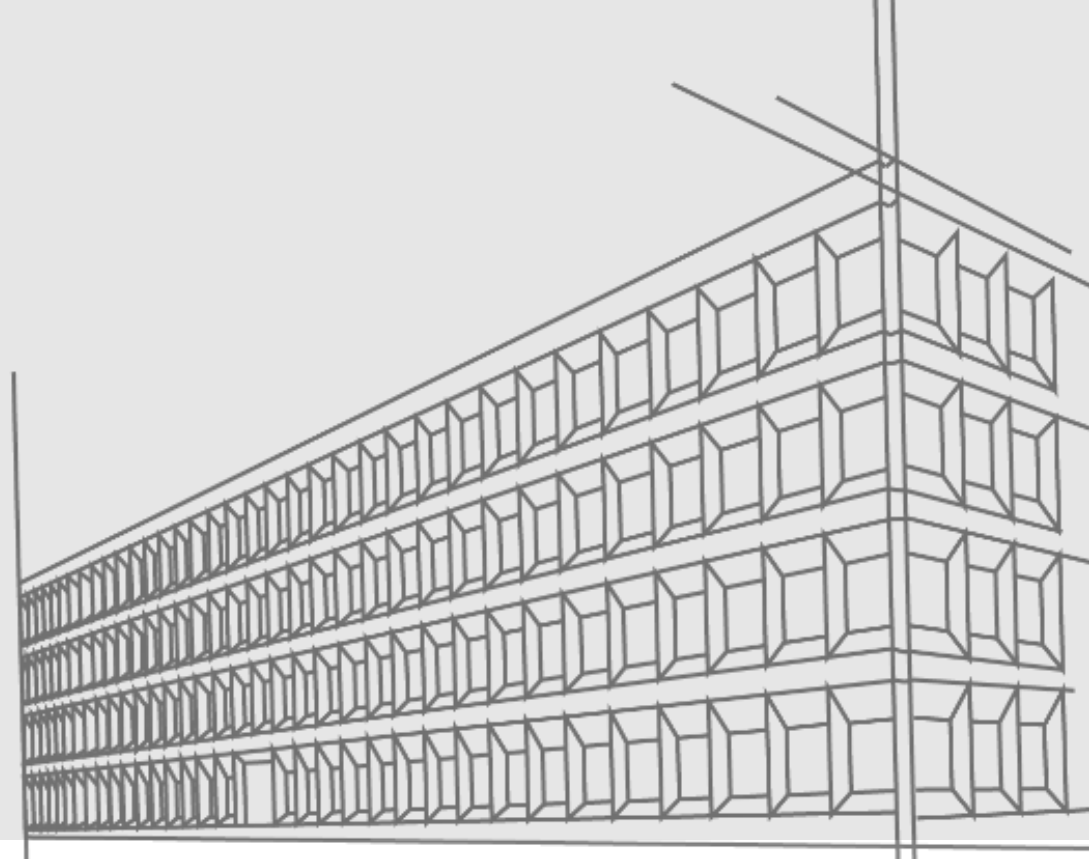


PUBLIC DEBT Management and Trajectory in Brazil



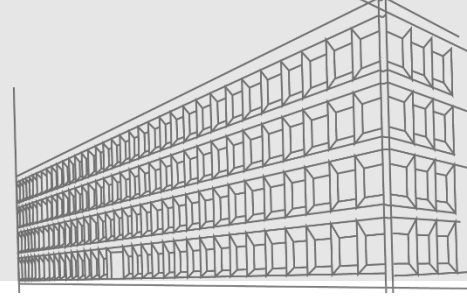
WGPD Annual Meeting

July, 2018

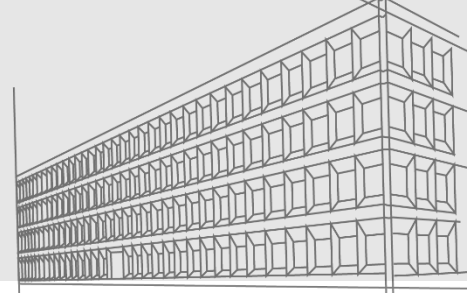
Hyderabad – India

SUMMARY

- Origin
- Objective
- Growth of Public Debt
- Investors base
- Use of funds obtained through the issue of securities
- Investments abroad
- Dealers x Non-dealers
- Transparency
- Audit Recommendations
- How WGDP could help

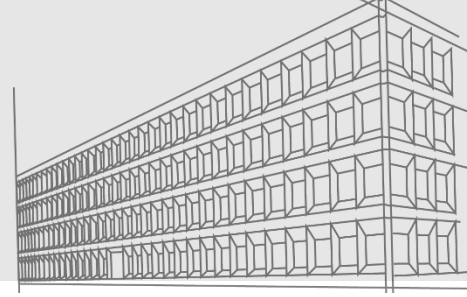


ORIGIN



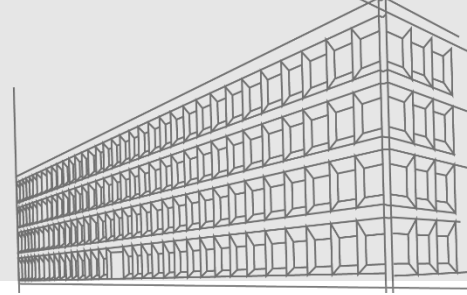
- Formal Requirement of Parliament on:
 - Causes of the growth of Federal Public Debt (FPD) over the last 12 years)
 - Investors base
 - Use of the funds raised from securities' issuances
 - Payment of interest, principal and rollover
 - Transparency on public debt information

OBJECTIVE

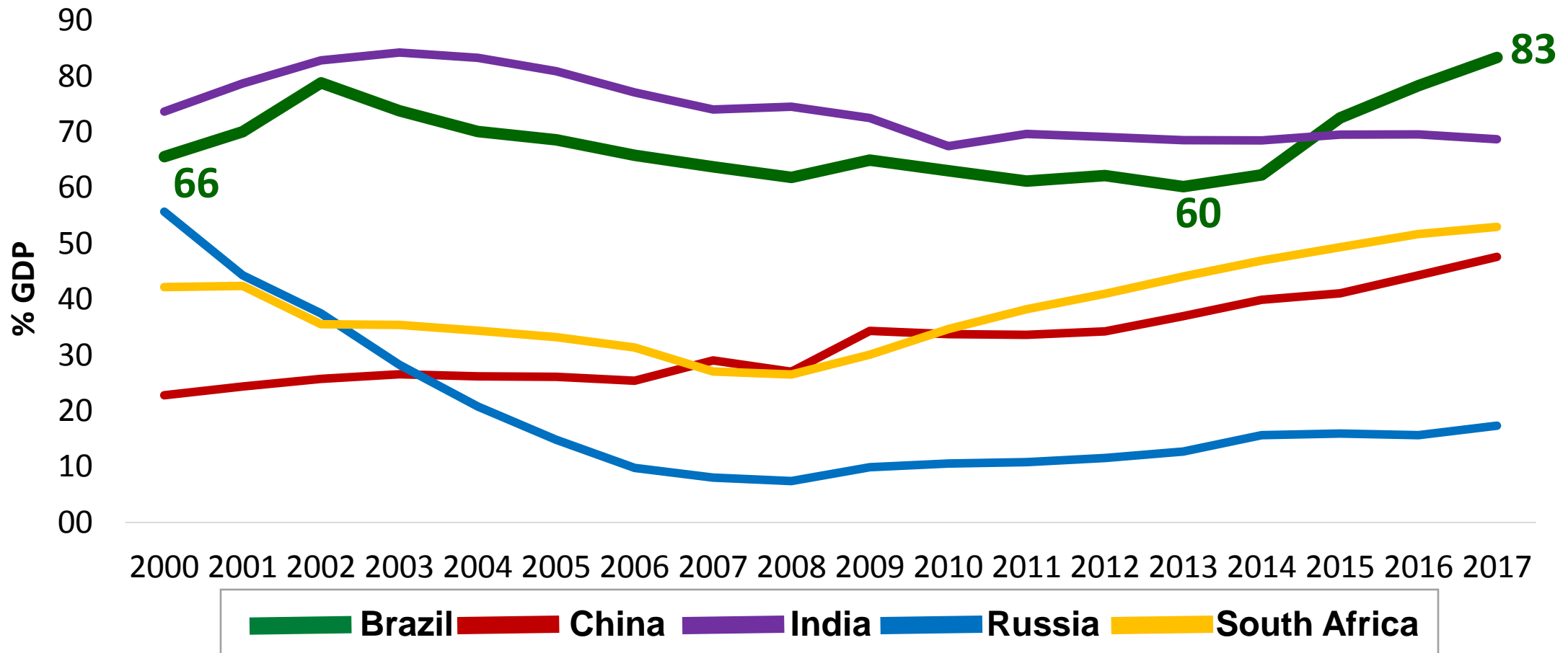


To assess the main determining factors (causes) of the federal public debt growth since the Fiscal Responsibility Law (2000).

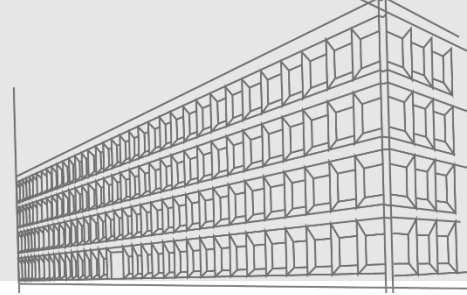
GROWTH OF PUBLIC DEBT



• BRICS' Public Debt



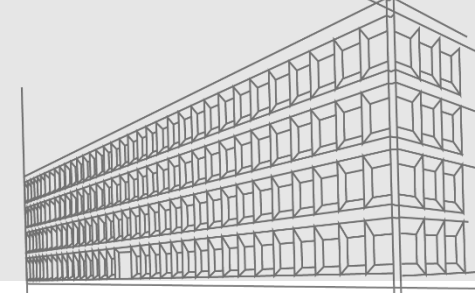
GROWTH OF PUBLIC DEBT



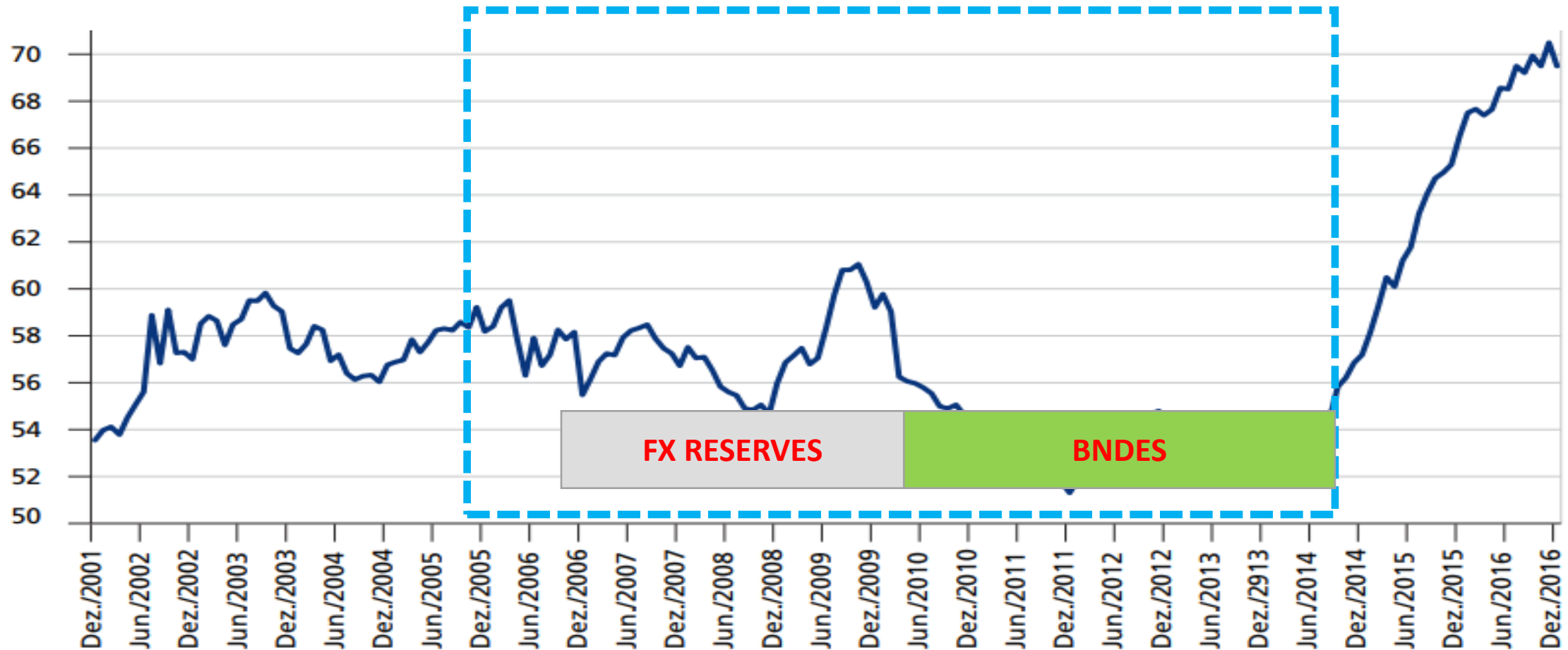
- Trajectory (%GDP since 2001)



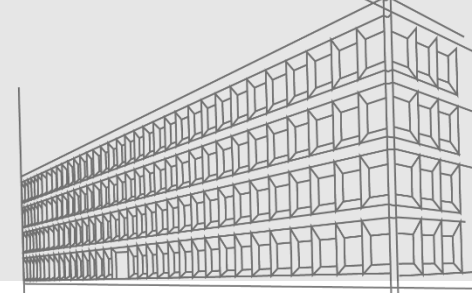
GROWTH OF PUBLIC DEBT



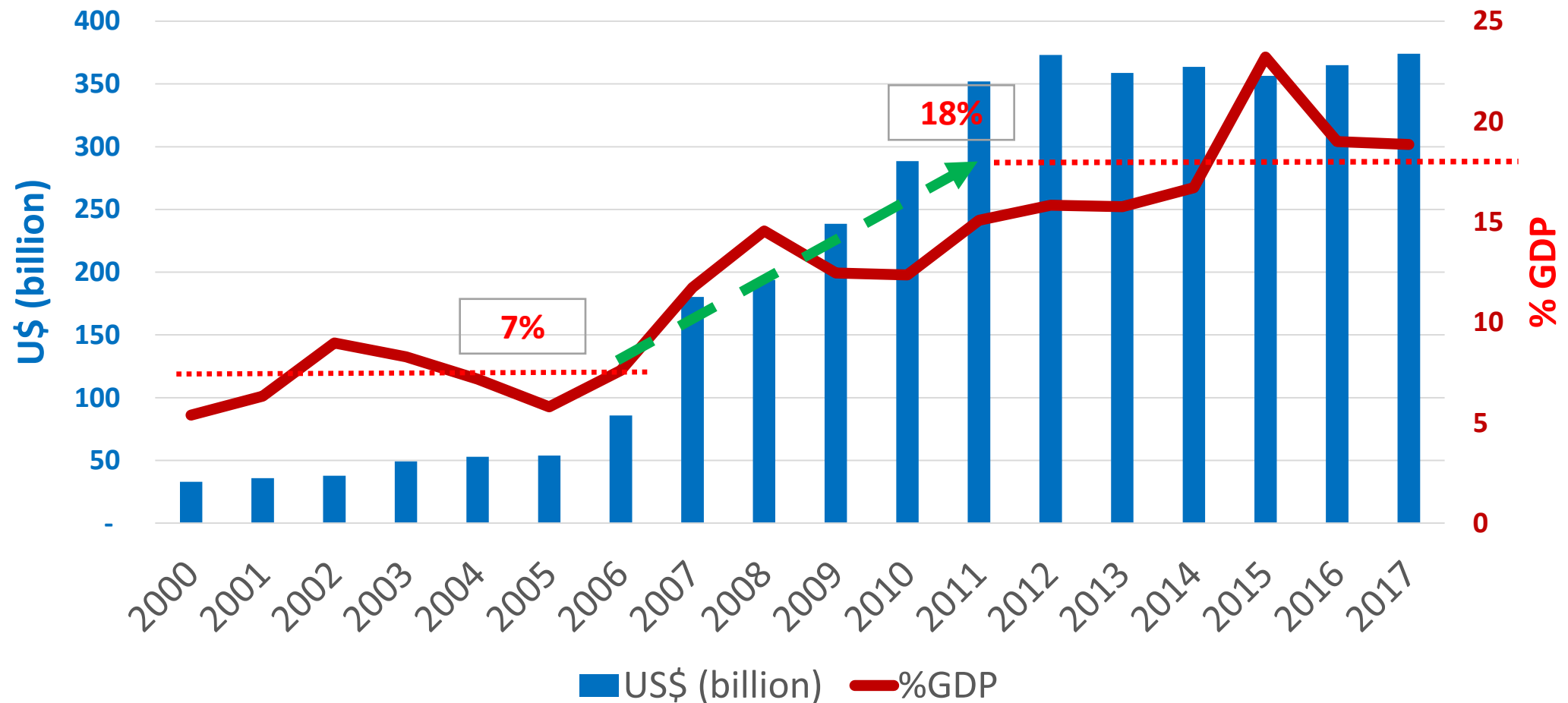
- Trajectory (%GDP since 2001)



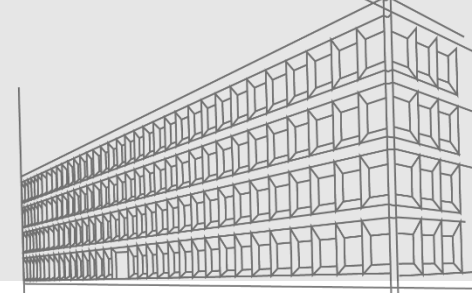
GROWTH OF INTERNATIONAL RESERVES



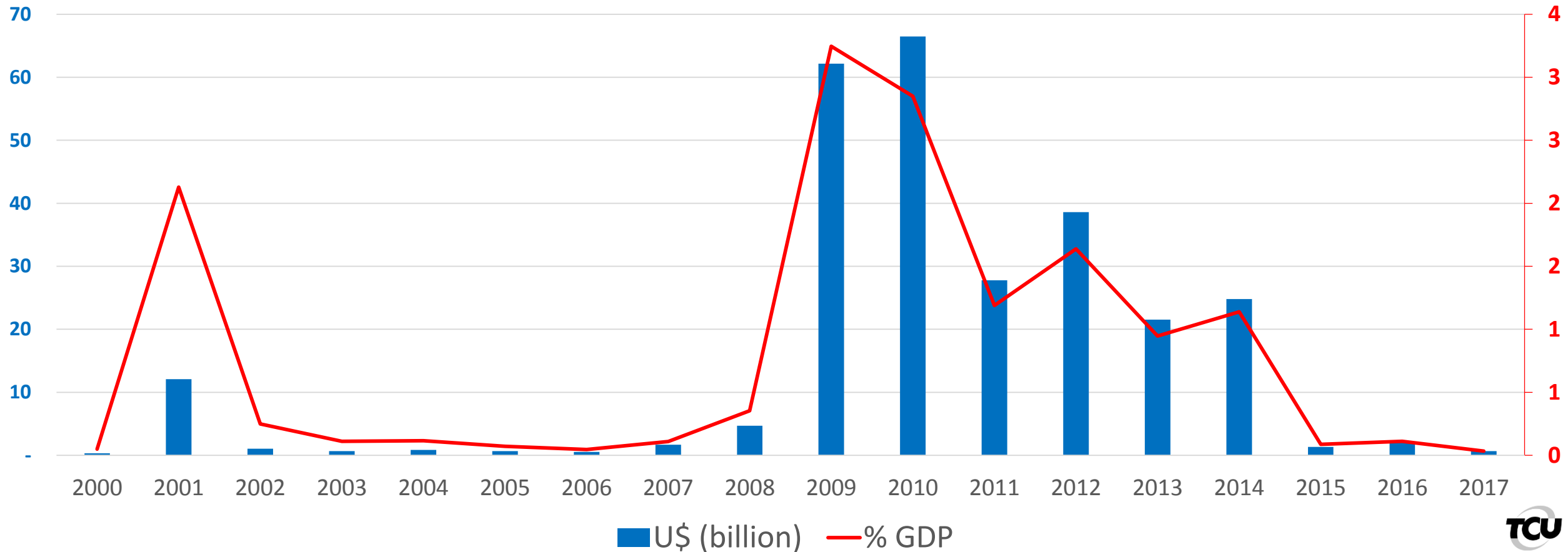
- Strong growth of International Reserves



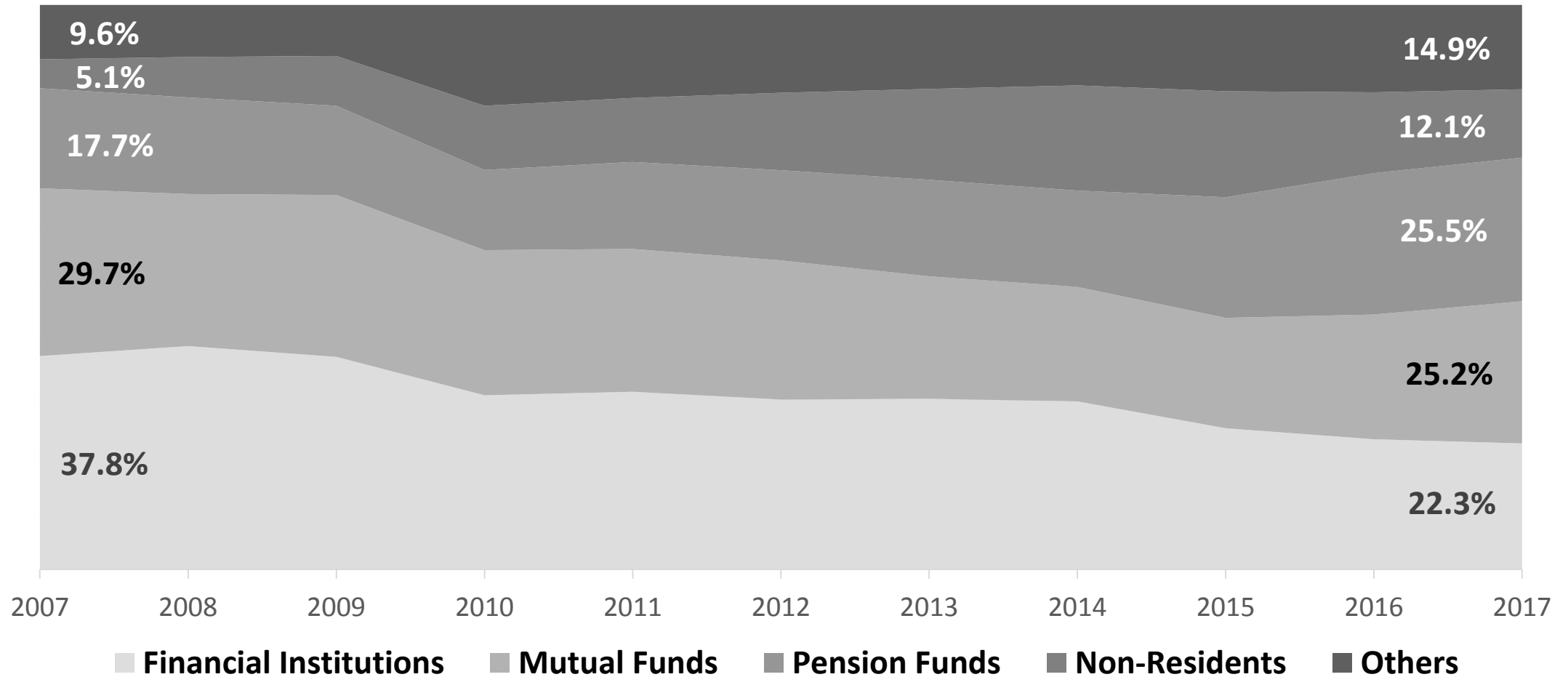
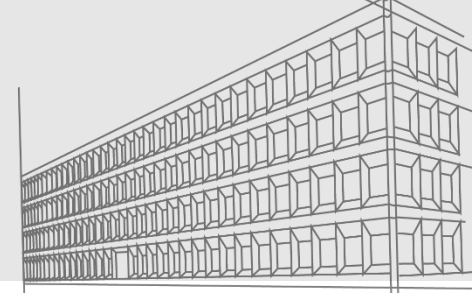
GROWTH OF PUBLIC BANK CREDIT



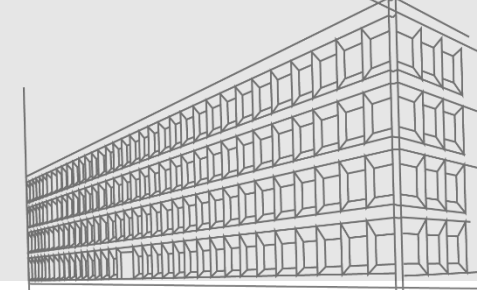
- Huge credit expansion via transfers of public debt issuance to the National Development Bank (BNDES)



INVESTORS BASE



USE OF FUNDS OF BOND ISSUANCES



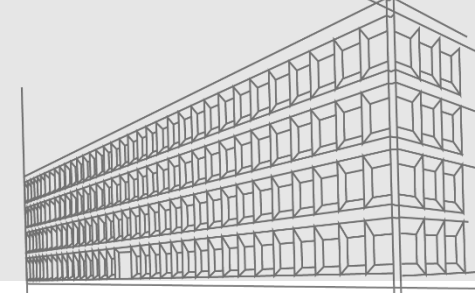
ROLLOVER
(PRINCIPAL & INTERESTS)

LIQUIDITY RESERVE
(CUSHION)

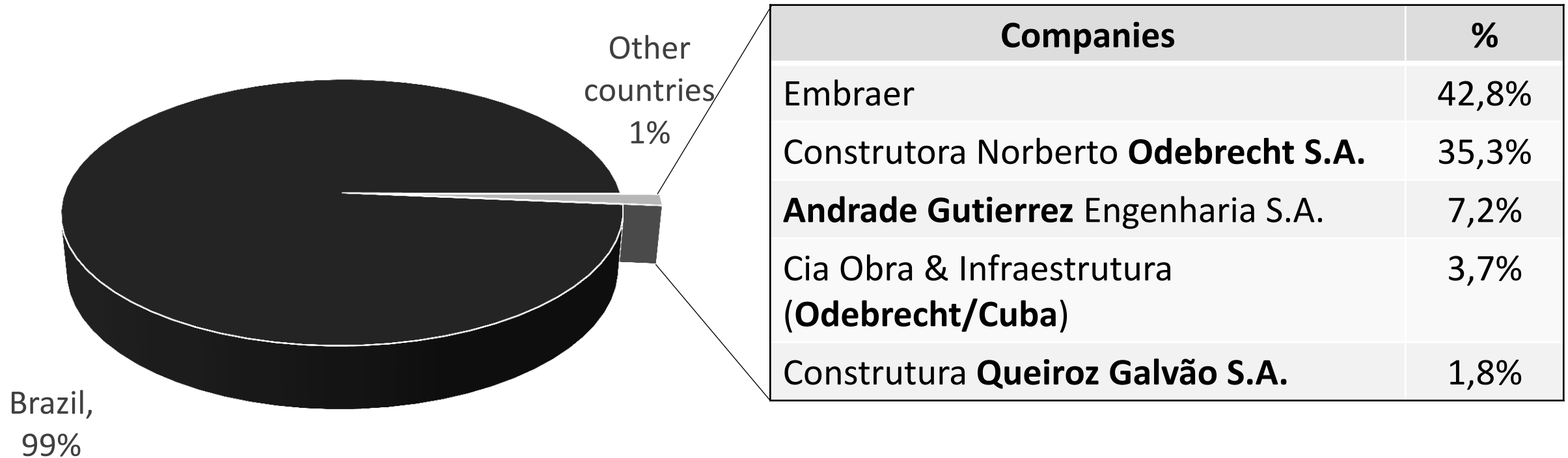
DIRECT ISSUANCES
(CENTRAL BANK, BNDES, EDUCATIONAL FUNDING, ETC)

PRIMARY DEFICIT COVERAGE
(SINCE 2014)

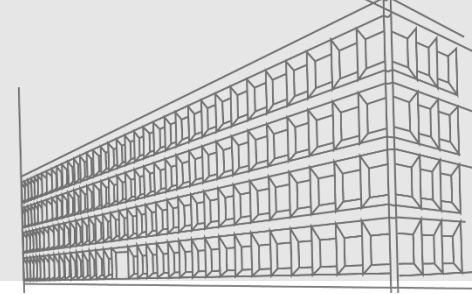
INVESTMENTS ABROAD



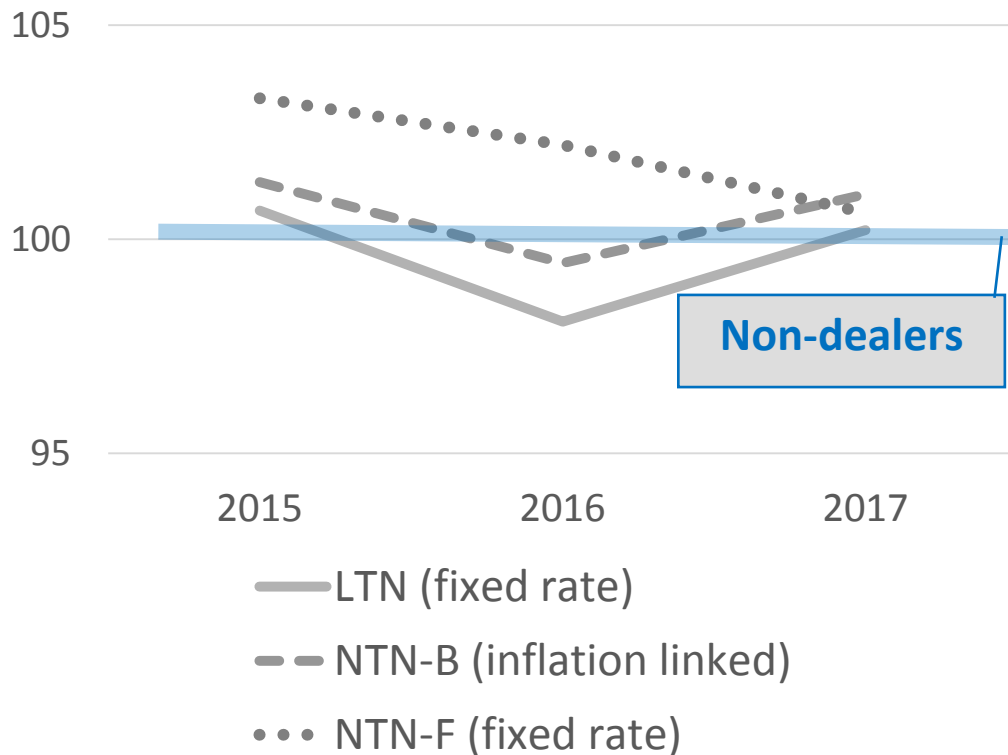
- Amount invested (2008-2015): U\$ 215 billion



SECURITIES' INTEREST RATES



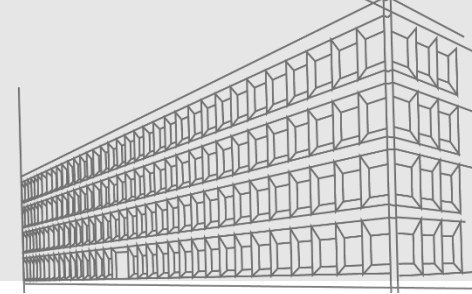
Mean Rate's dealers vs. Non-dealers



BOND RATES (means)

	LTN (fixed rate)		NTN-B (inflation linked)		NTN-F (fixed rate)	
	Dealer	Non-dealer	Dealer	Non-dealer	Dealer	Non-dealer
2015	13,6231	13,5328	6,6481	6,5603	13,2096	12,7879
<i>SD</i>	<i>0,9874</i>	<i>0,8548</i>	<i>0,4953</i>	<i>0,4500</i>	<i>1,1578</i>	<i>0,4706</i>
2016	13,0166	13,2719	6,2142	6,2490	13,0339	12,7526
<i>SD</i>	<i>1,1950</i>	<i>1,2821</i>	<i>0,4159</i>	<i>0,4544</i>	<i>1,5502</i>	<i>1,3460</i>
2017	10,0157	9,9944	5,5012	5,4441	10,5051	10,4409
<i>SD</i>	<i>0,5395</i>	<i>0,4808</i>	<i>0,2546</i>	<i>0,2630</i>	<i>0,4401</i>	<i>0,4879</i>

TRANSPARENCY



Settled Mechanisms

Annual Borrowing Plan

Monthly/Annual Debt Report

#TransformationThroughKnowledge

Debt in Videos

1st International Workshop on Public
Debt-Debt Management

Research Support and Guidance by
the National Treasury

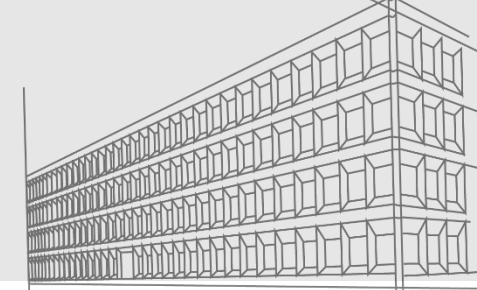
Mechanisms to be implemented or improved

SADIPEM

Fiscal Management Council

Fiscal Exposures Report and
Management

AUDIT RECOMMENDATIONS



TO PARLIAMENT:

- ADOPT DEBT CEILING
- IMPLEMENT THE FISCAL MANAGEMENT COUNCIL

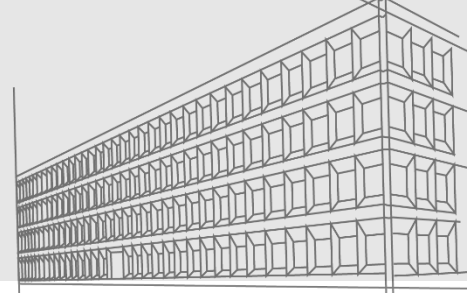
TO GENERAL SECRETARIAT OF EXTERNAL CONTROL OF TCU:

- PERFORM AN AUDIT TO ASSESS THE EFFICIENCY AND TRANSPARENCY OF DEALERS' MECHANISM, USING DATA ANALYSIS & AI IN ORDER TO DETECT INEFFICIENCIES

TO NATIONAL TREASURY DEPARTMENT:

- IMPROVEMENT OF THE SADIPEM

HOW THE WGPD COULD HELP



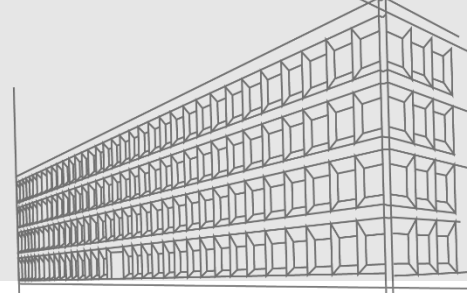
- **SHARING KNOWLEDGE**

- Has the WGPD community performed audits on:
 - Securities' prices/rates?
 - Dealers' mechanisms?
 - Auctions' procedures?

- **SHARING EXPERIENCE**

- Does the WGPD Community have a formal Public Debt audit plan? Is it established for a short/medium/long term? What kind of audit works are set down in the plan?

CONTACTS



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- EMAILS
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 - amoqueba@tcu.gov.br

Thank you!

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Mr. Amoque Benigno: *amoqueba@tcu.gov.br*

