



# PRESENTATION "CÂMARA DE COMÉRCIO E INDÚSTRIA JAPONESA DO BRASIL"

Bradesco

## GLOBAL ENVIRONMENT AND LATIN AMERICA

## THE ROLE OF THE NEW LOCOMOTIVES

## *BRAZIL AS A RECENT LEADING REGIONAL POWER*



Venezuela



Bolivia



Ecuador



Argentina



Paraguay



Uruguay



Colombia



Peru



Chile



Mexico



Brazil

Octavio de Barros

Head of Macroeconomic Research - Bradesco

SÃO PAULO, MARCH, 12<sup>H</sup> 2010



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**“Prediction is very difficult, especially about the future”.**

**Niels Bohr, 1865-1962**

Danish, the Father of Quantum  
Physic and Nobel Prize



**Bradesco**

**“Events can move from the impossible to the inevitable without ever stopping at the probable”.**

**Alexis de Tocqueville**



**Bradesco**

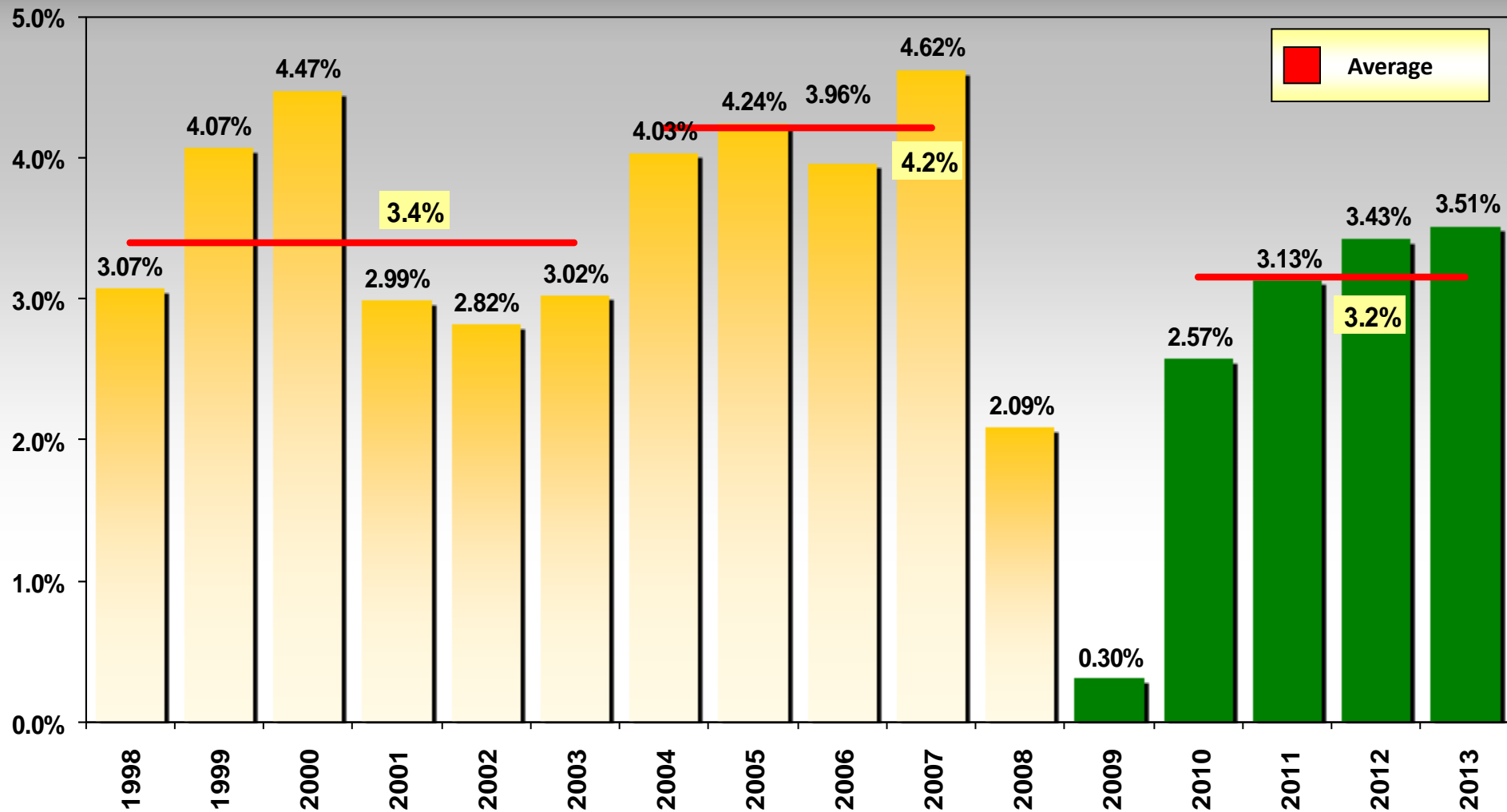
# **GLOBAL CONSUMPTION AND THE NEW LOCOMOTIVES**





# GLOBAL CONSUMPTION: ANNUAL RATE OF GROWTH (%)

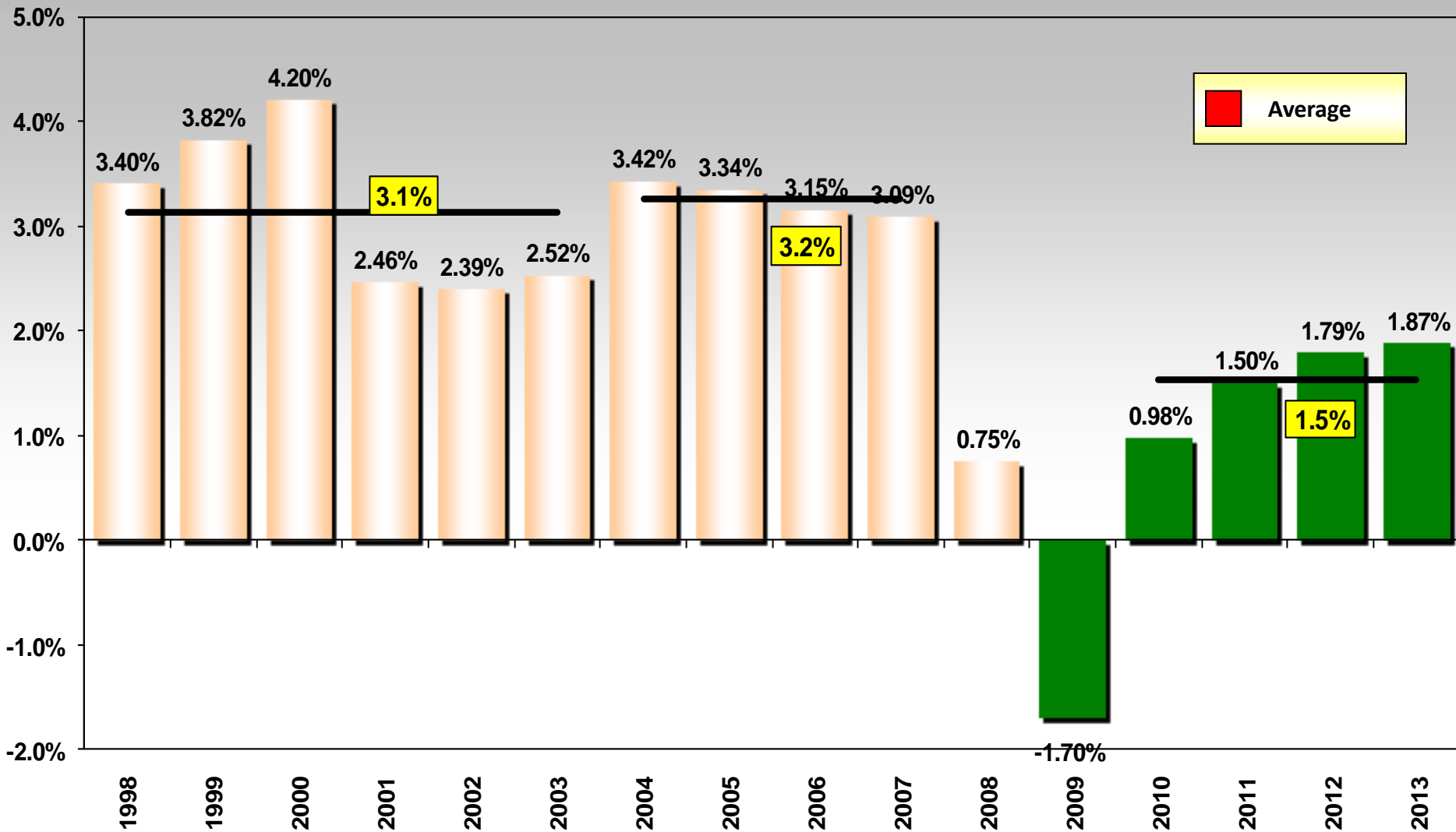
Bradesco





# DEVELOPED COUNTRIES COMSUMPTION: ANNUAL RATE OF GROWTH (%)

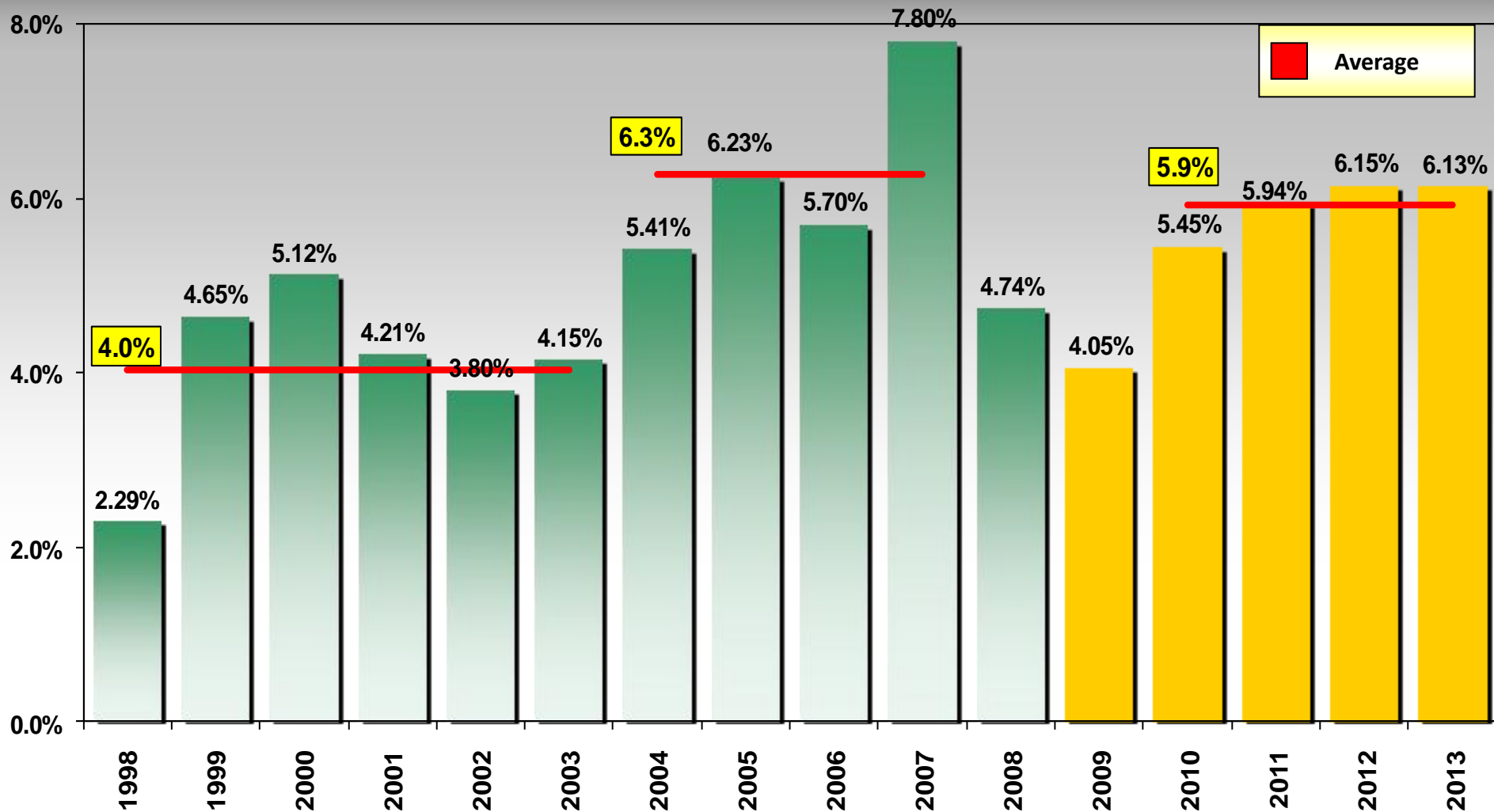
Bradesco





# DEVELOPING COUNTRIES CONSUMPTION : ANNUAL RATE OF GROWTH (%)

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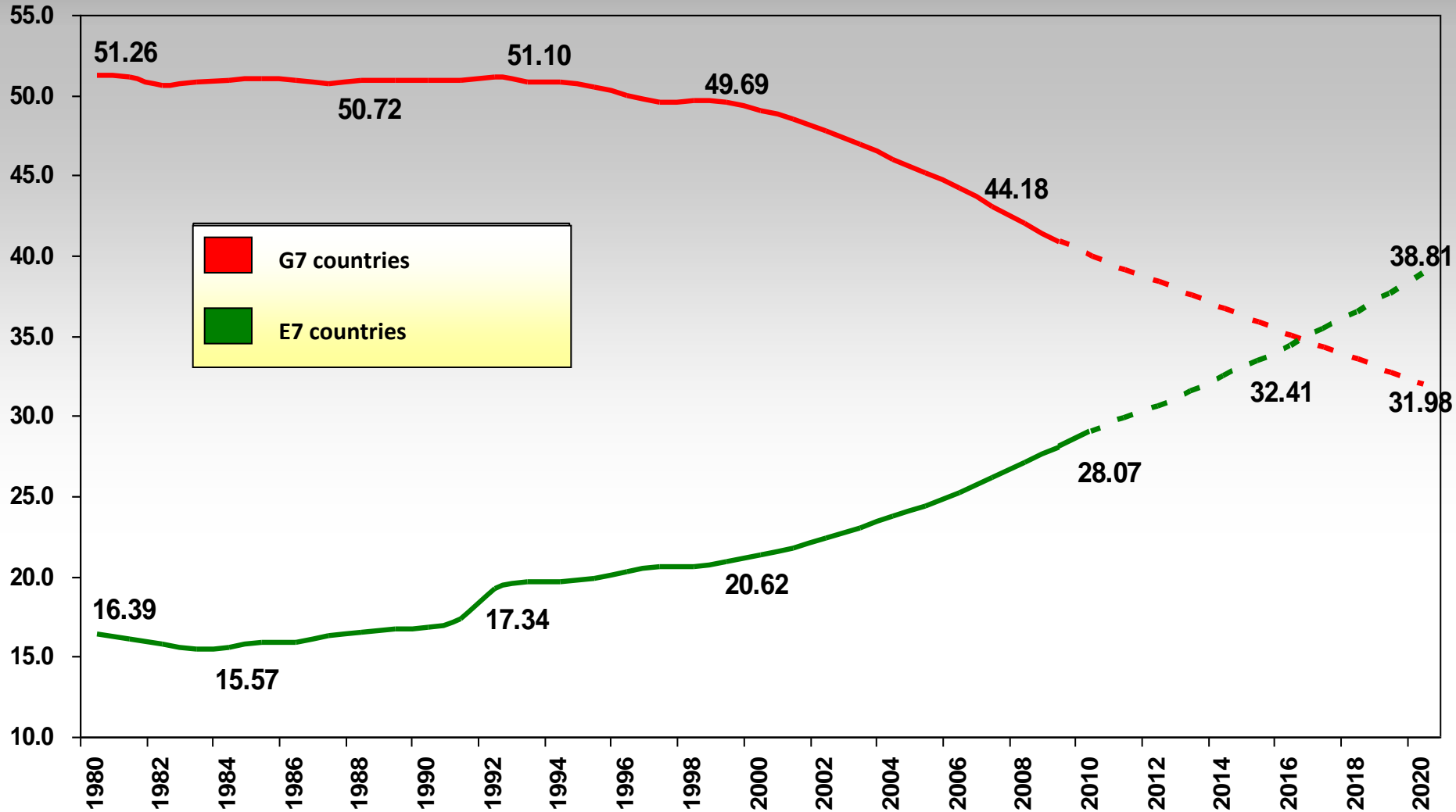
**Bradesco**

**THE GLOBAL GRAVITY  
CENTER IS MOVING  
FROM US AND EUROPE  
TO ASIA AND THE  
DYNAMIC EMERGING  
COUNTRIES**



# SHARE OF G-7 AND E-7 (PPP) IN THE GLOBAL GDP

Bradesco



SOURCE: FMI

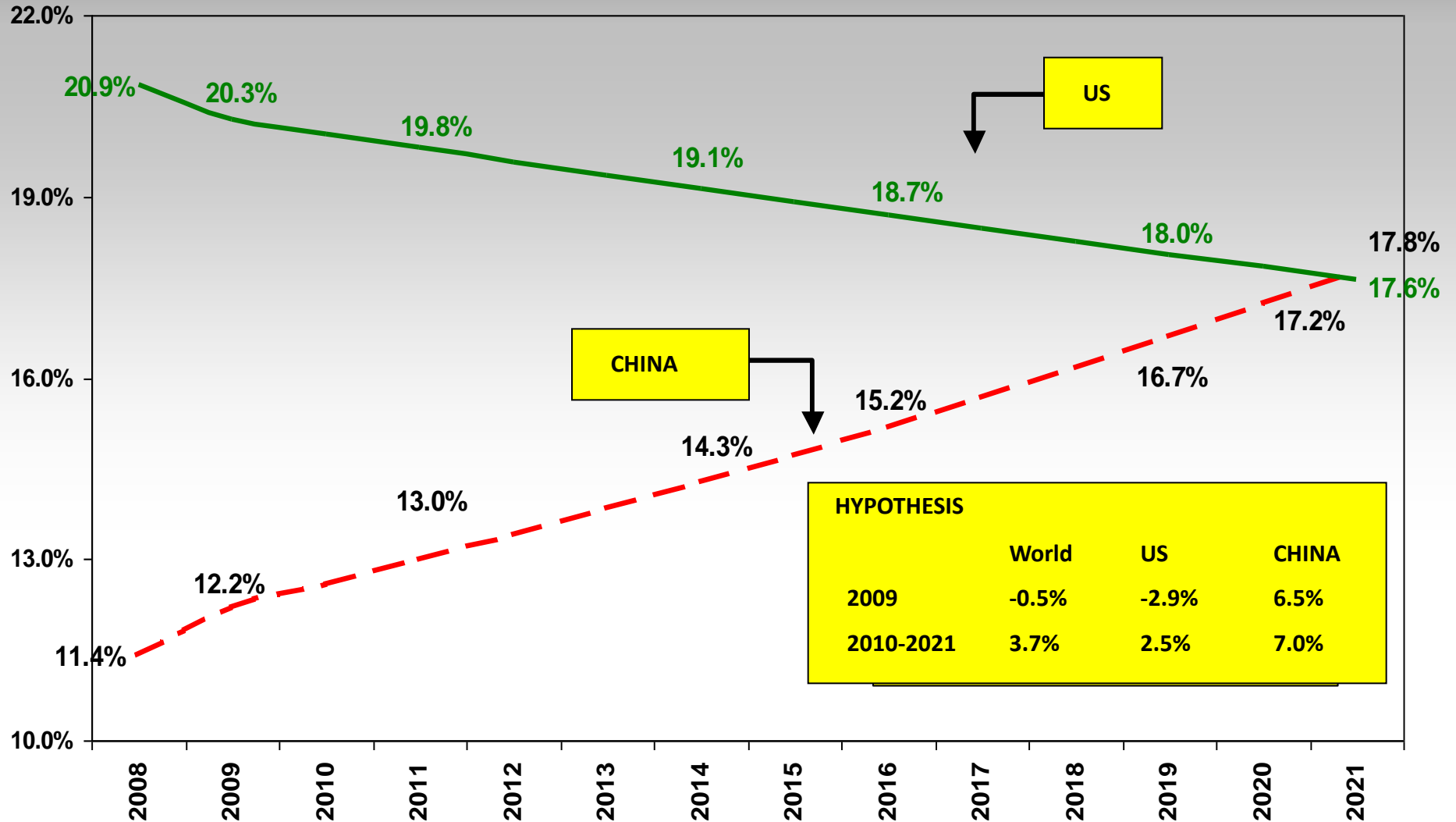
PREPARED AND PROJECTED BY: BRADESCO

DEPEC



# SHARE OF CHINA AND US IN THE GLOBAL GDP (PPP)

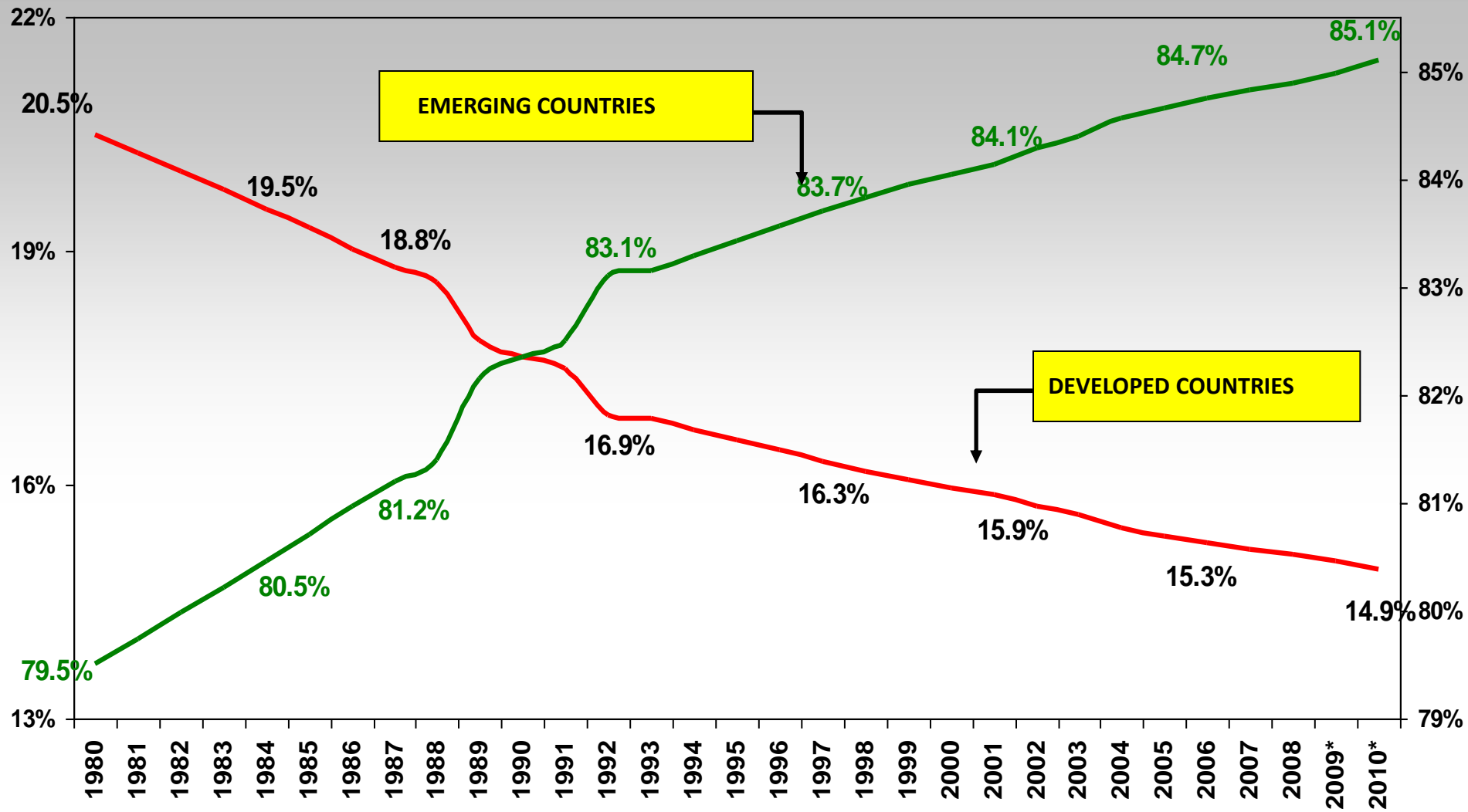
## Bradesco - 2008 - 2021





# SHARE OF WORLD POPULATION: EMERGING COUNTRIES AND DEVELOPED COUNTRIES - 1980 - 2010

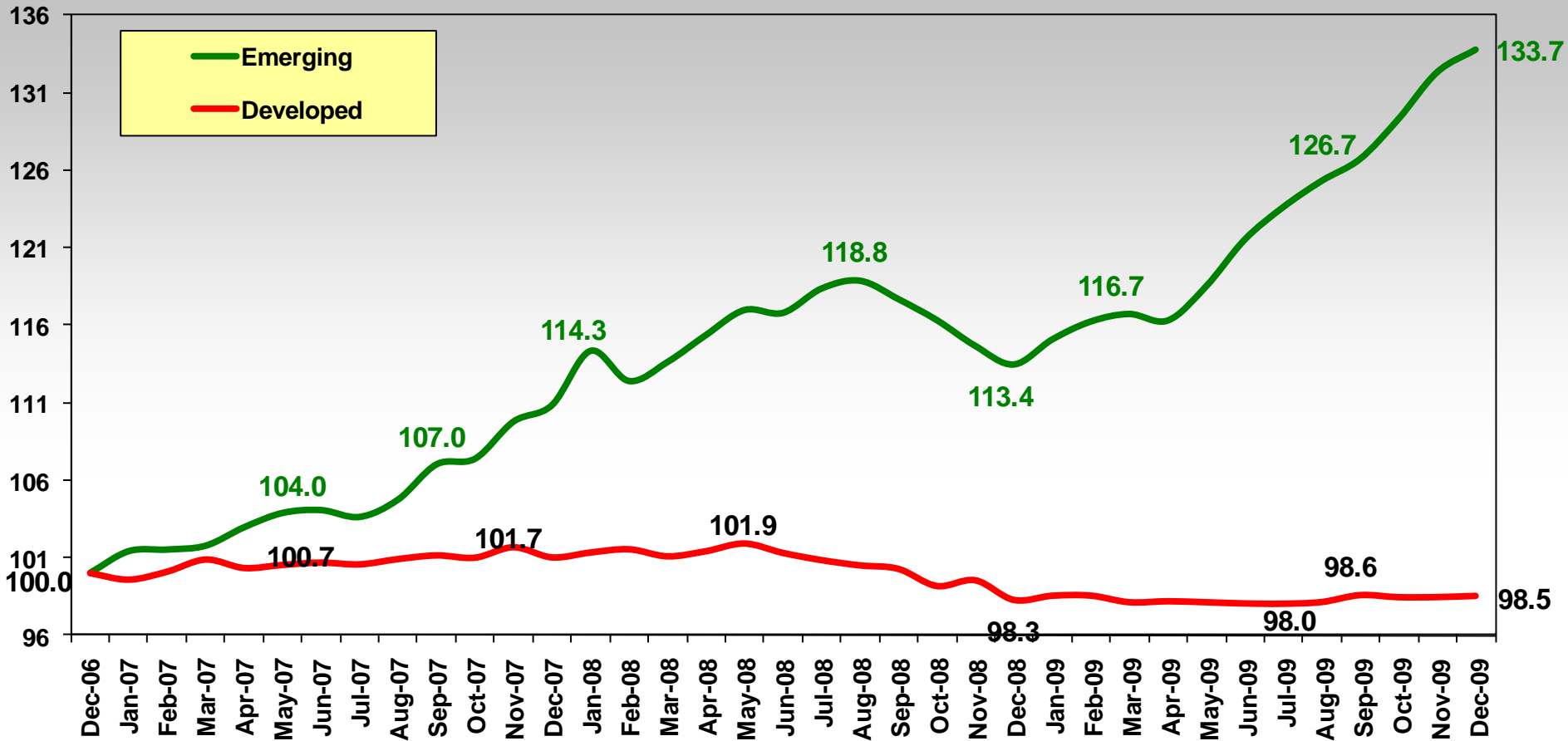
Bradesco





# RETAIL SALES: DEVELOPED AND EMERGING COUNTRIES

Bradesco (WEIGHTED BY PPP GDP) – DEC/06 = 100

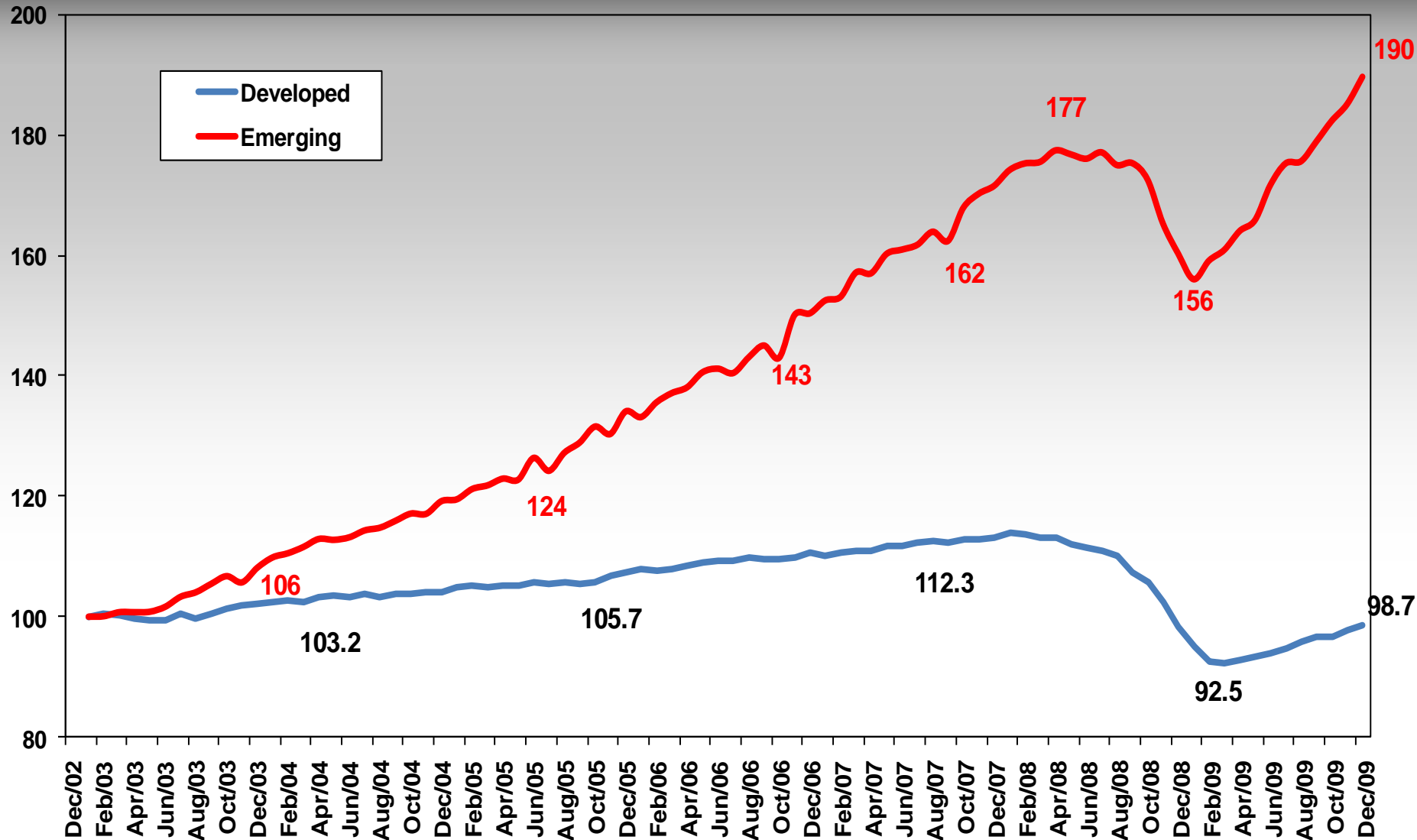






# GLOBAL INDUSTRIAL PRODUCTION: EMERGING AND DEVELOPED COUNTRIES

Bradesco





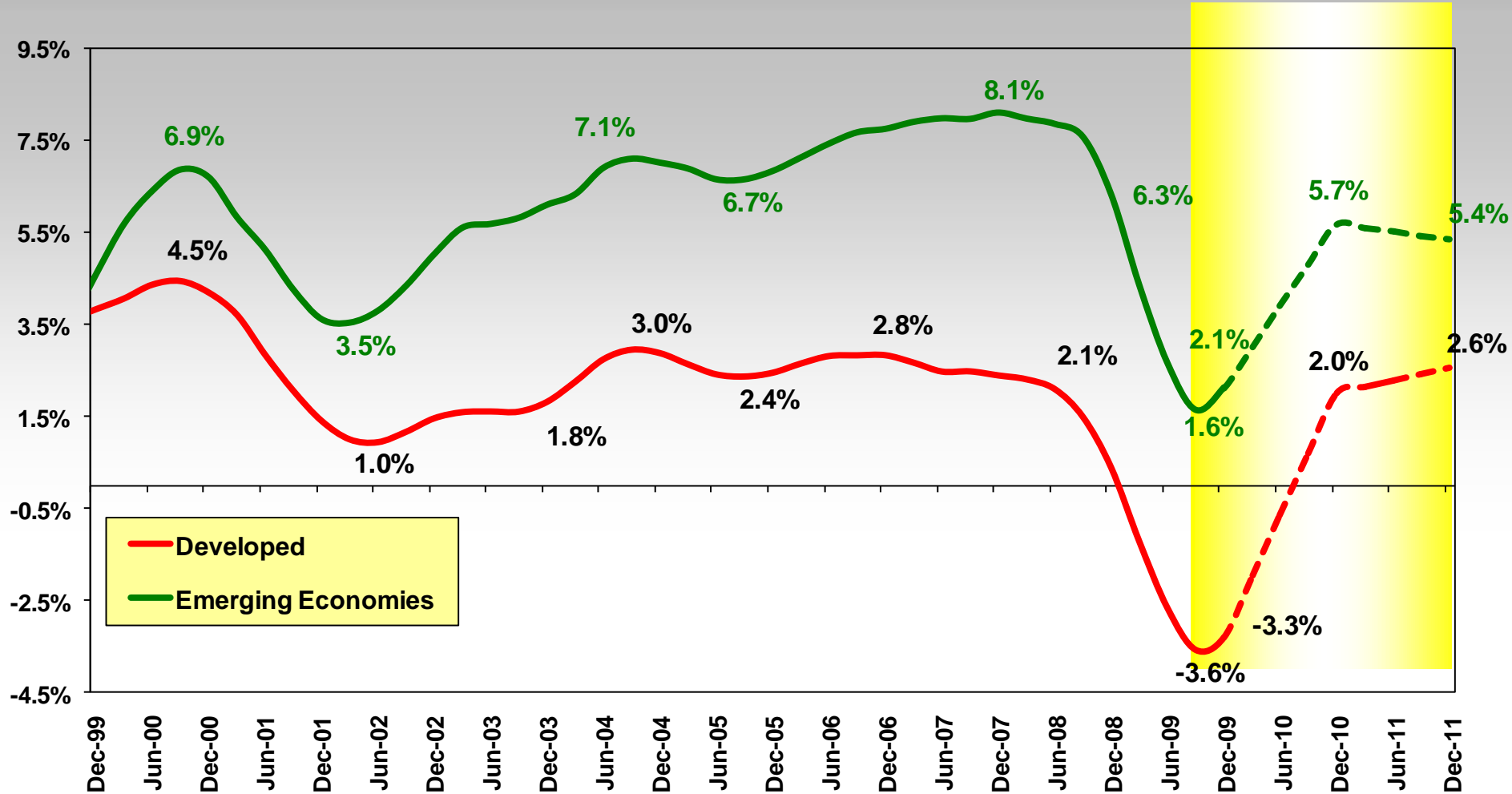
**Bradesco**

# **THE NEW LOCOMOTIVES: NEW GLOBAL ECONOMIC ROLE**



# WORLD GDP – DEVELOPED VS. EMERGING ECONOMIES 1997-2011

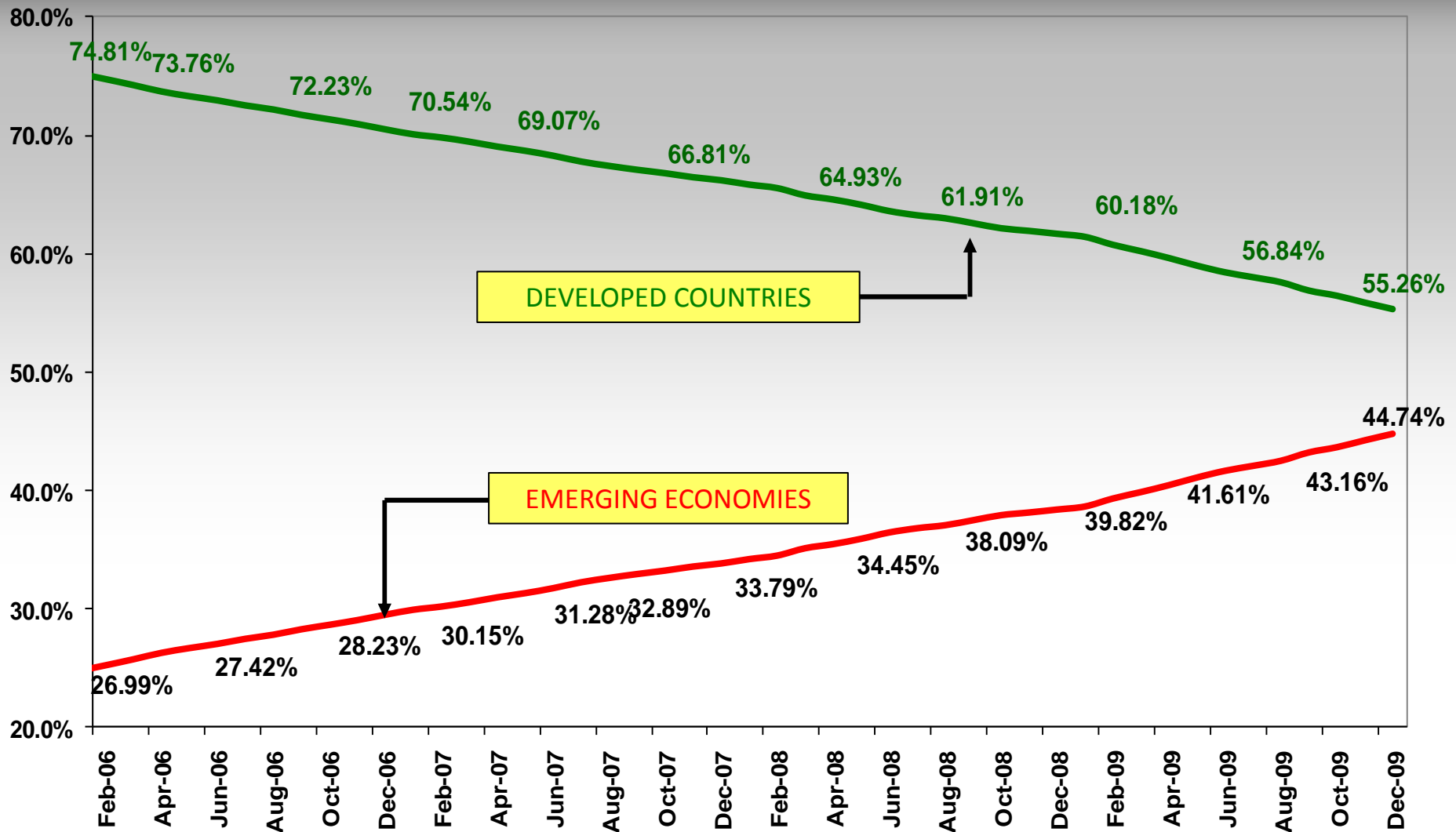
Bradesco





# DISTRIBUTION OF GLOBAL NEW CAR SALES 2006-2009

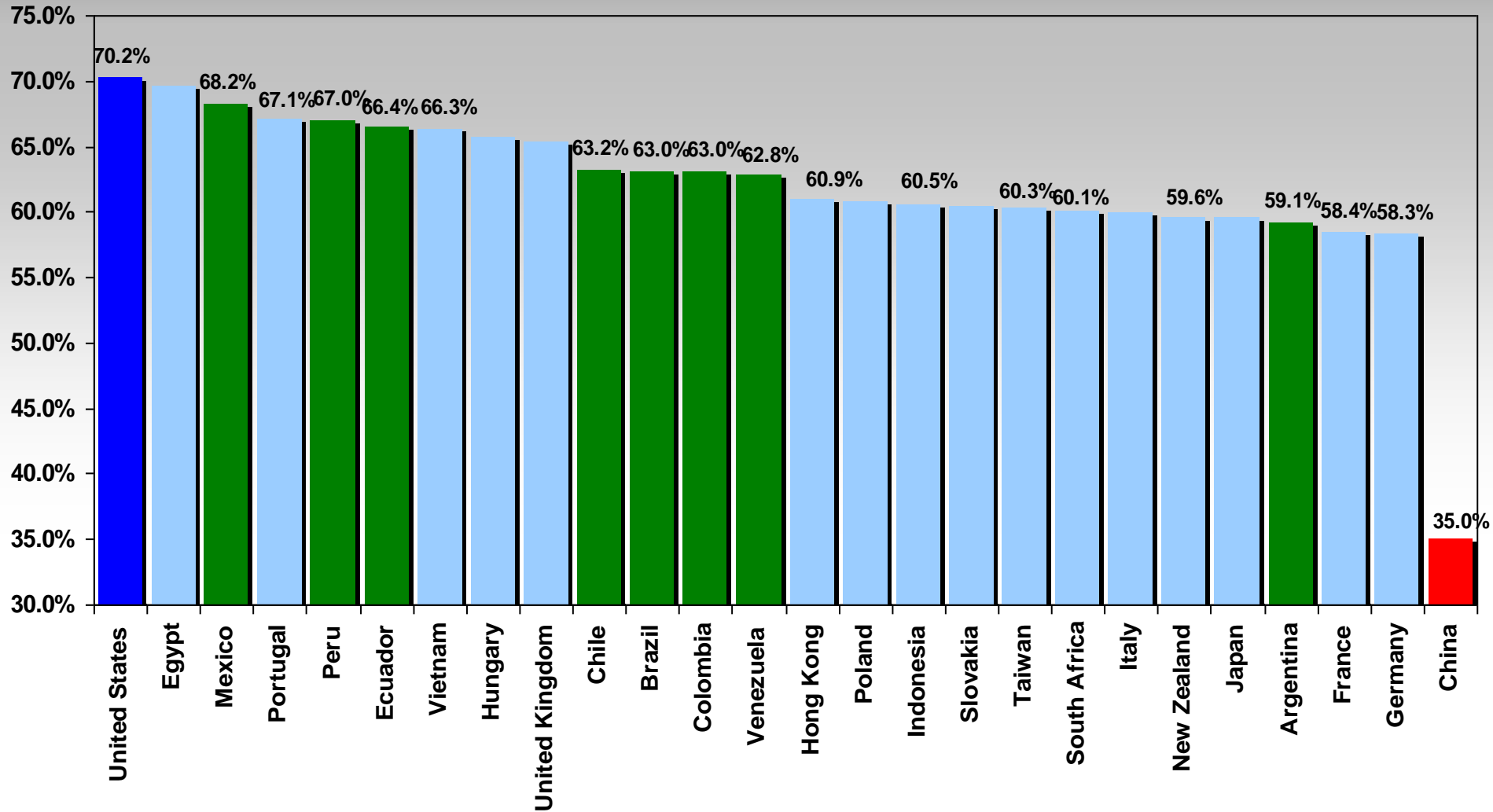
Bradesco





# WEIGHT OF CONSUMPTION OF FAMILIES AS % OF GDP - SELECTED COUNTRIES 2009

Bradesco





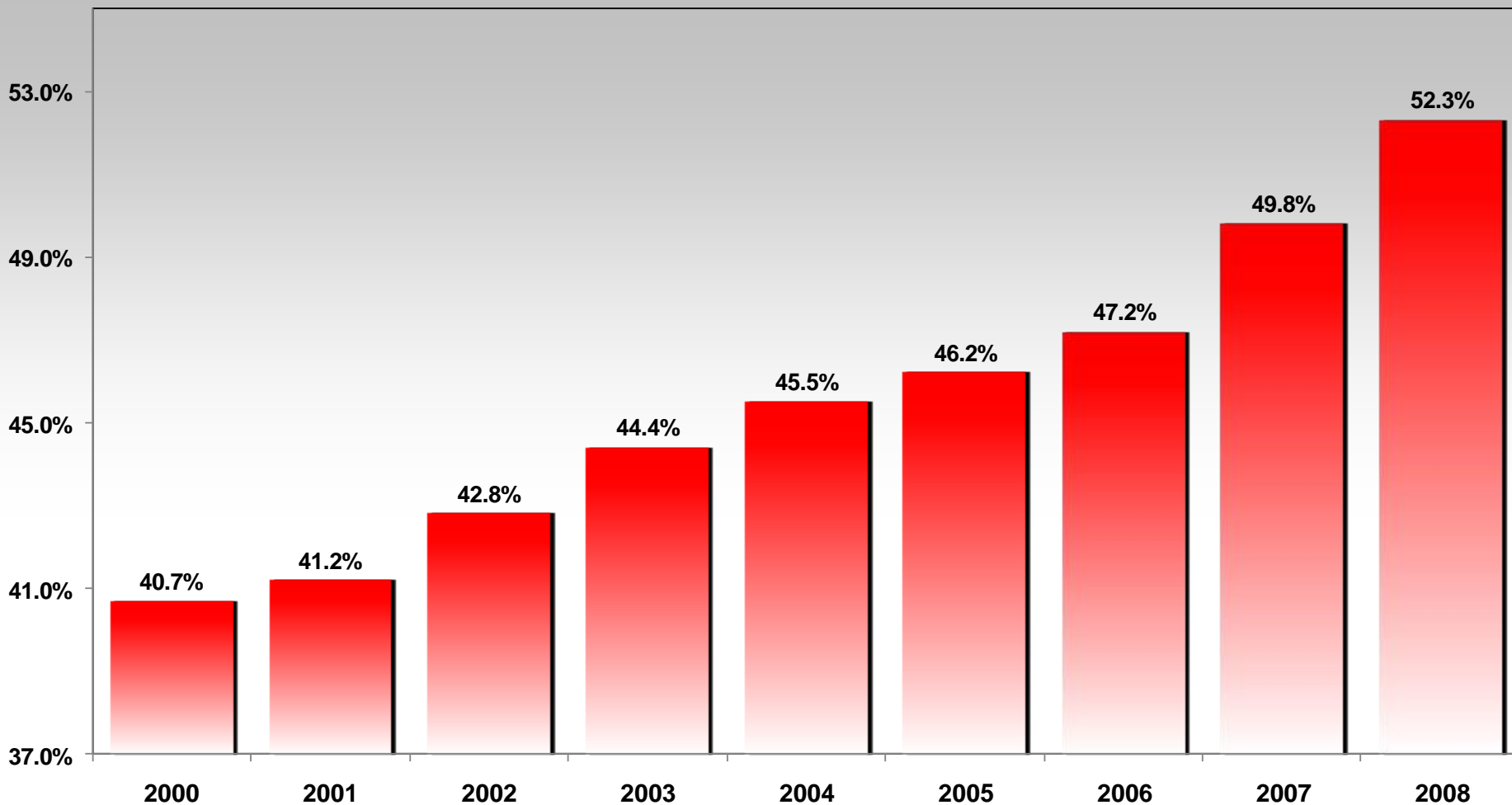
**Bradesco**

# **THE NEW RELEVANCE OF EMERGING MARKETS AS DESTINATION OF EXPORTS FROM EMERGING MARKETS**



# SHARE OF EMERGING COUNTRIES AS DESTINATION OF EXPORTS FROM EMERGING COUNTRIES

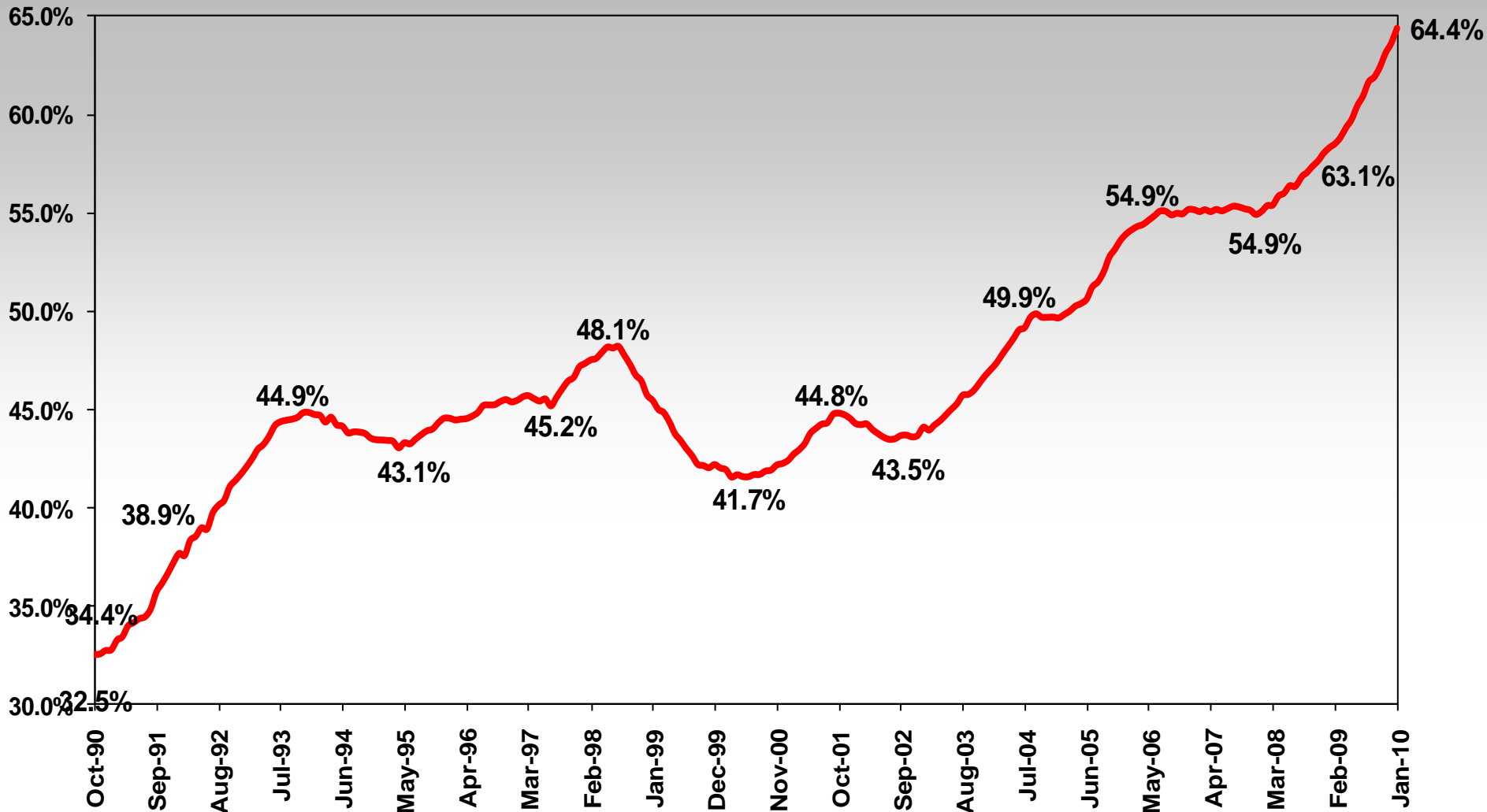
Bradesco





# WEIGHT OF EMERGING ECONOMIES AS DESTINATION OF BRAZILIAN EXPORTS – MOVING AVERAGE 12 MONTHS 1990-2010

Bradesco

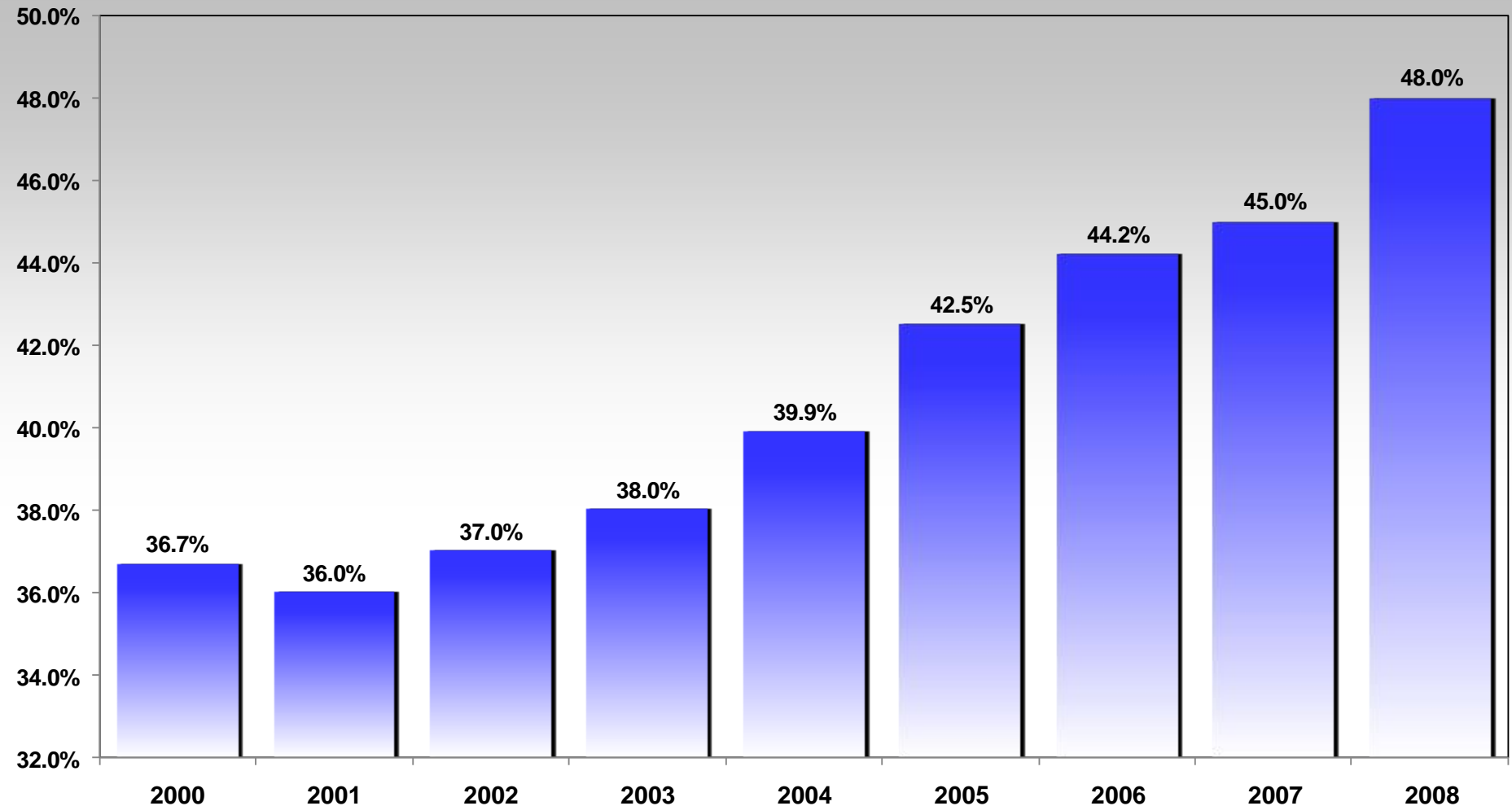






# SHARE OF EMERGING COUNTRIES IN THE GLOBAL

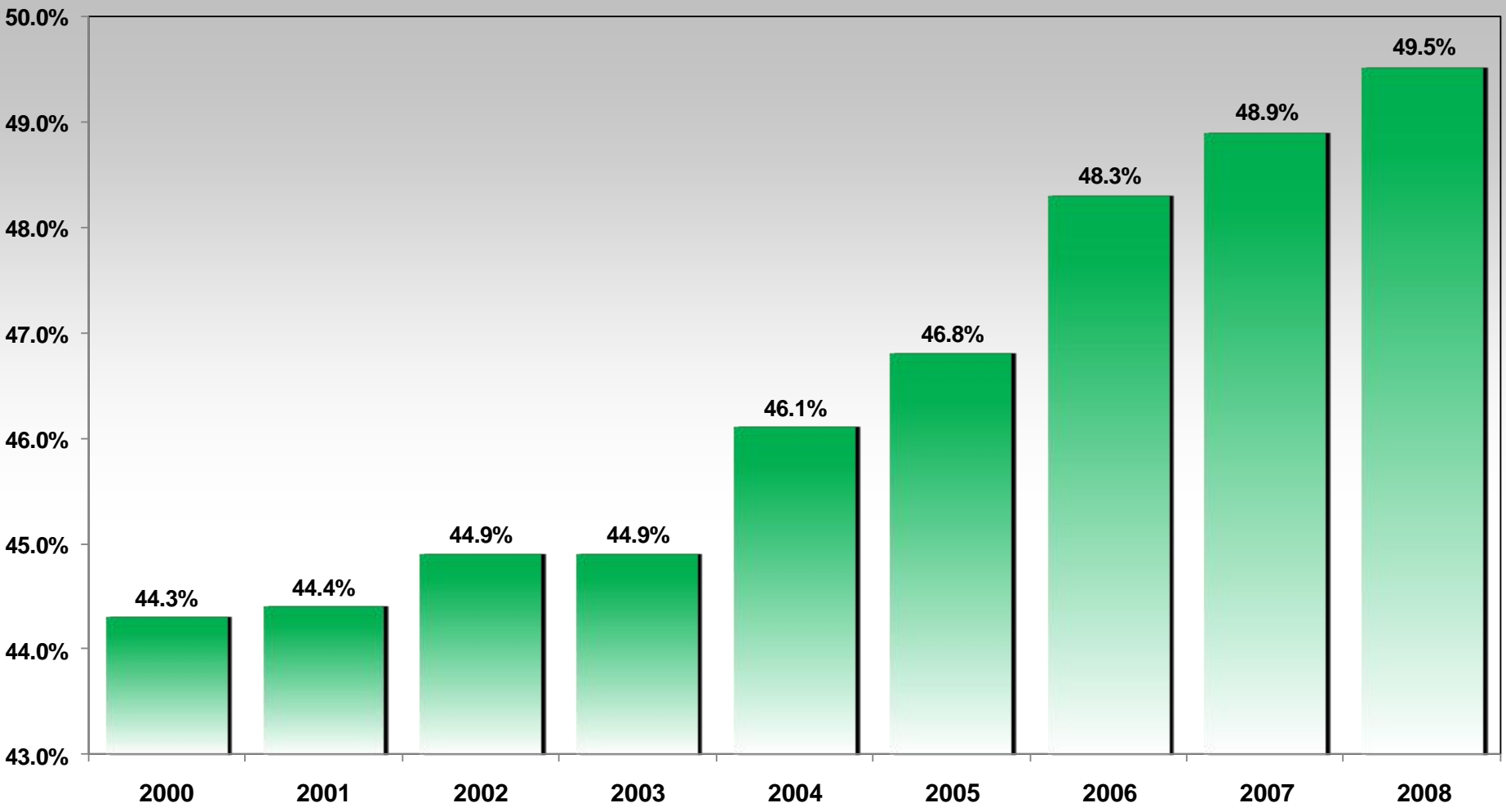
## Bradesco EXPORTS – 2000-2008





# SHARE OF EMERGING COUNTRIES IN THE TOTAL US EXPORTS

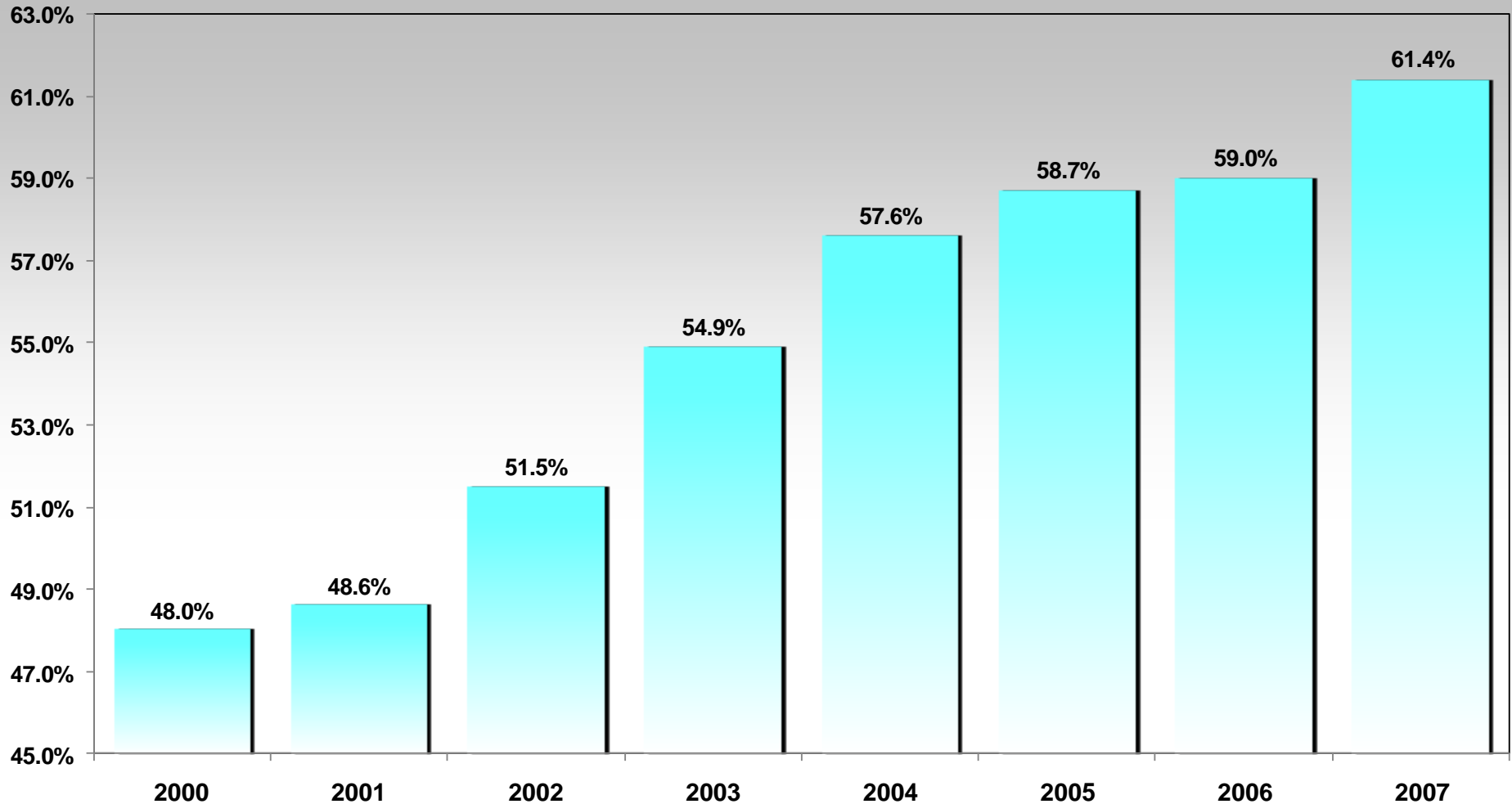
Bradesco





# SHARE OF EMERGING COUNTRIES IN THE TOTAL

## Bradesco JAPANESE EXPORTS





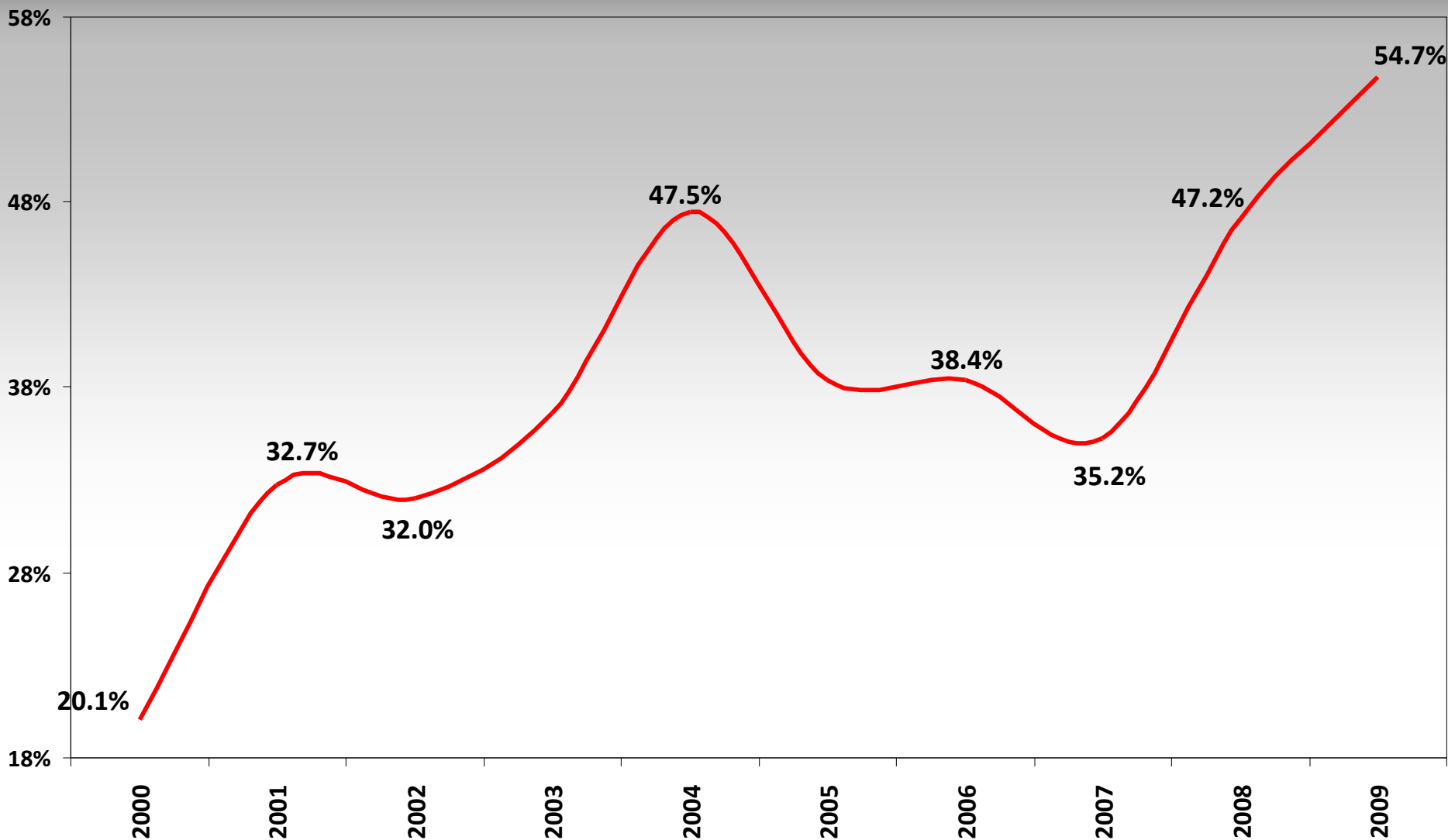
**Bradesco**

# **VIBRANT CAPITALISM WE FIND IN THE EMERGING MARKETS**



# SHARE OF EMERGING COUNTRIES IN THE GLOBAL FDI FLOWS

Bradesco

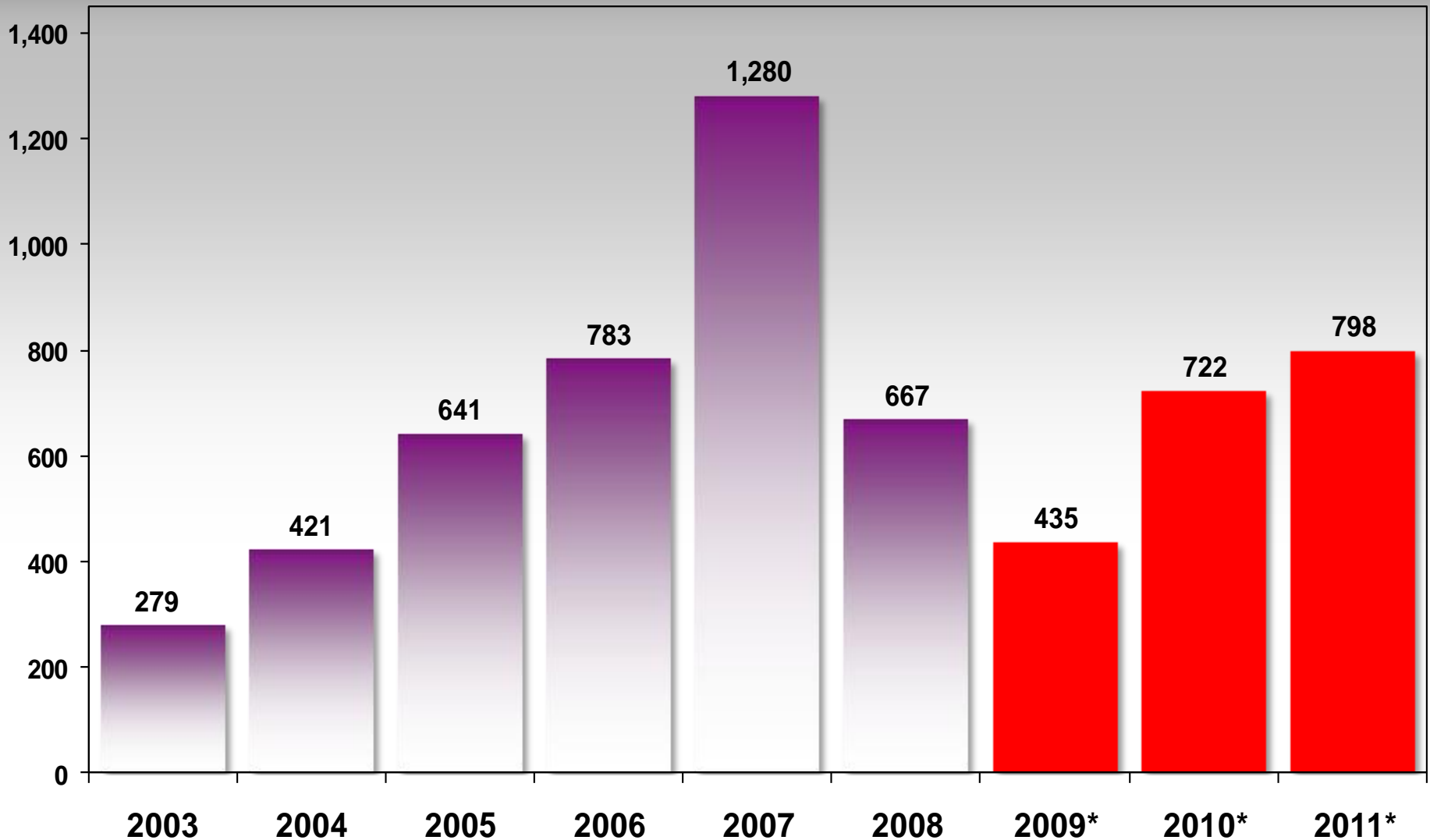


SOURCE: UNCTAD, BRADESCO



Bradesco

# NET PRIVATE CAPITAL FLOW TO EMERGING COUNTRIES (US\$ BILLION) – 2003 - 2011



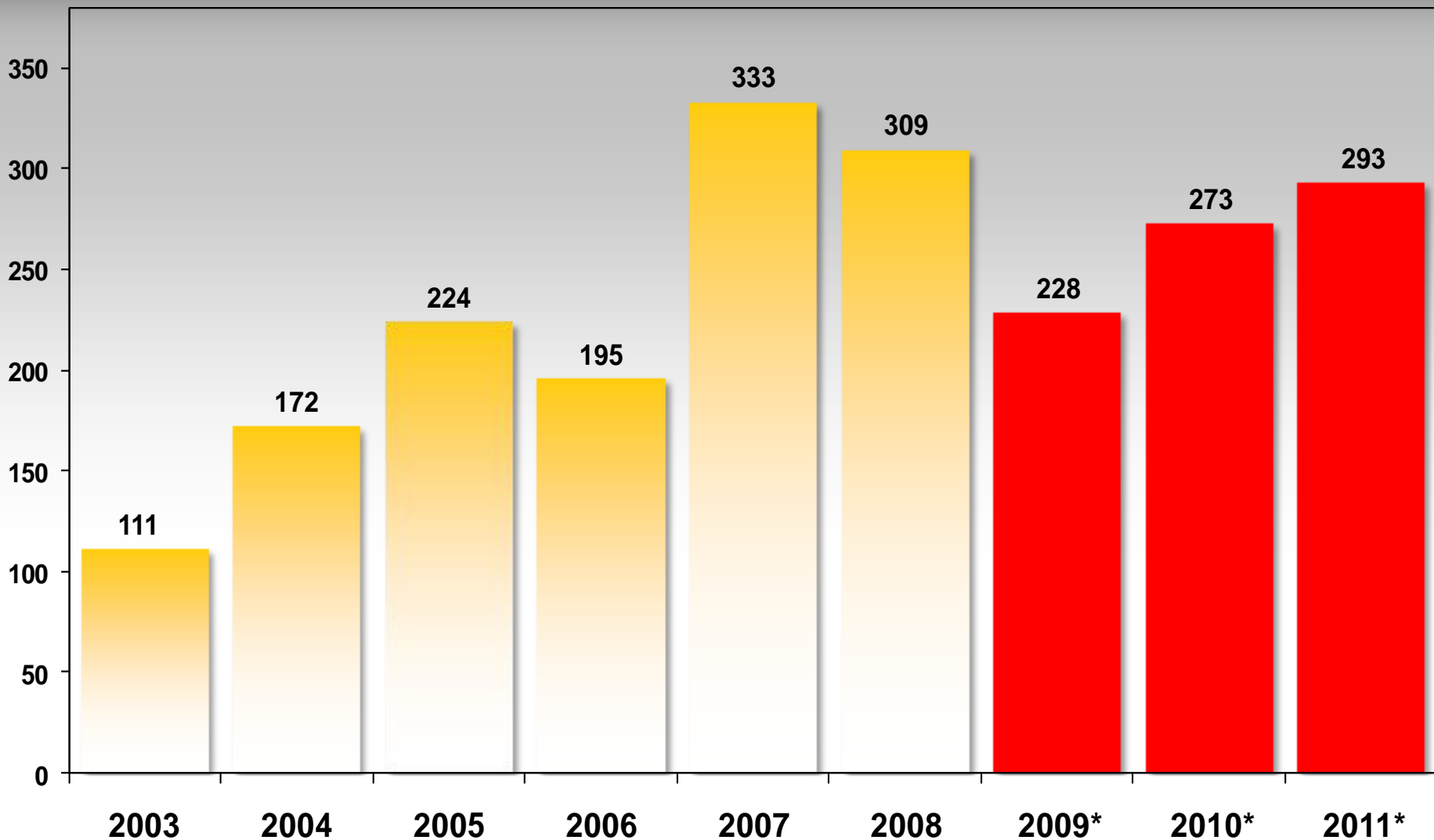
SOURCE: IIF

\* Projeções IIF



Bradesco

# FDI- FOREIGN DIRECT INVESTMENT TO EMERGING COUNTRIES (US\$ BILLION) - 2003 – 2010





**Bradesco**

**AMONG LEADING  
BANKS IN THE GLOBE,  
SOME FROM  
EMERGING COUNTRIES**

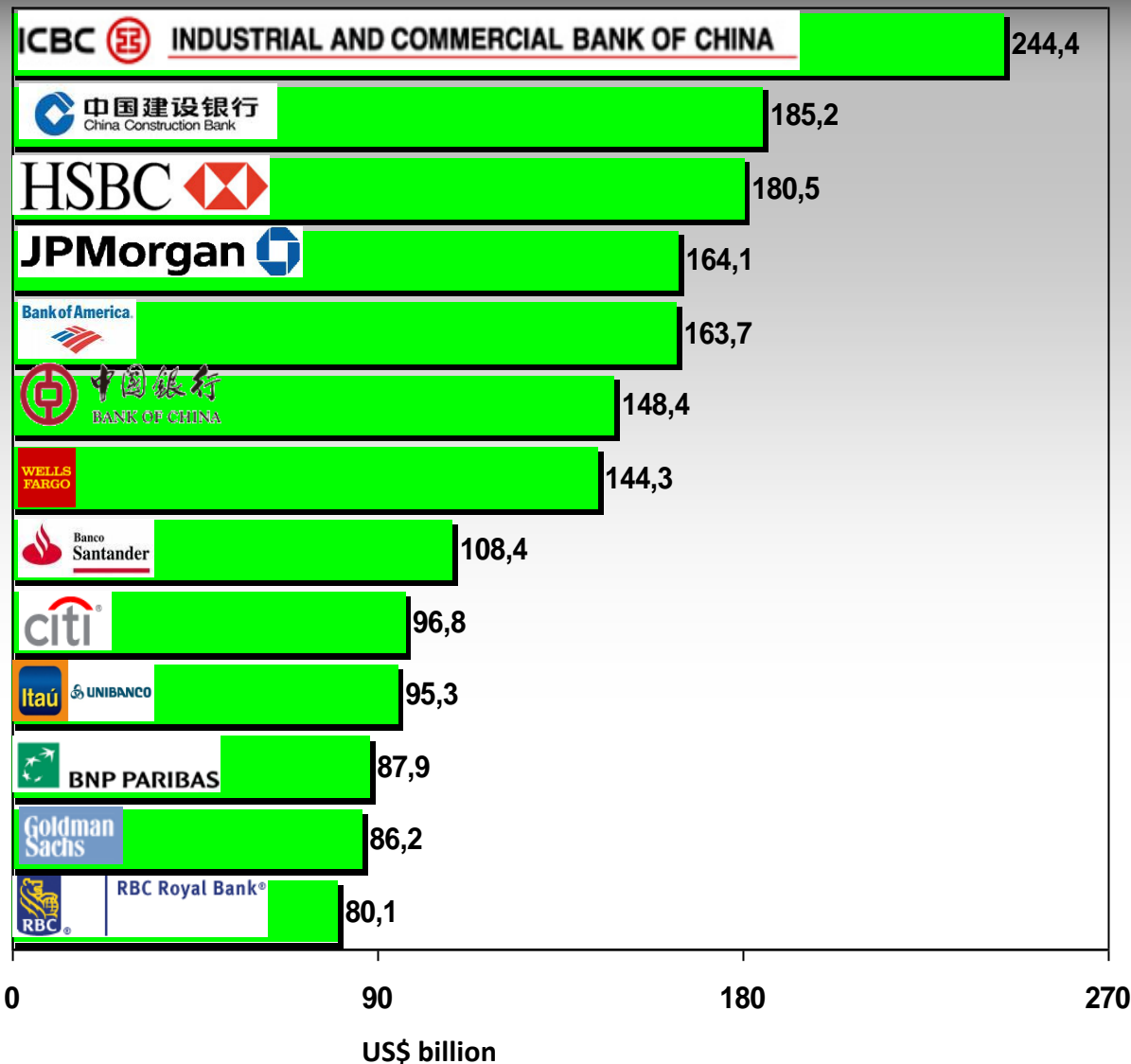




# MARKET CAP LARGEST BANKS IN THE WORLD (UPDATED MARCH, 2ND)

Bradesco

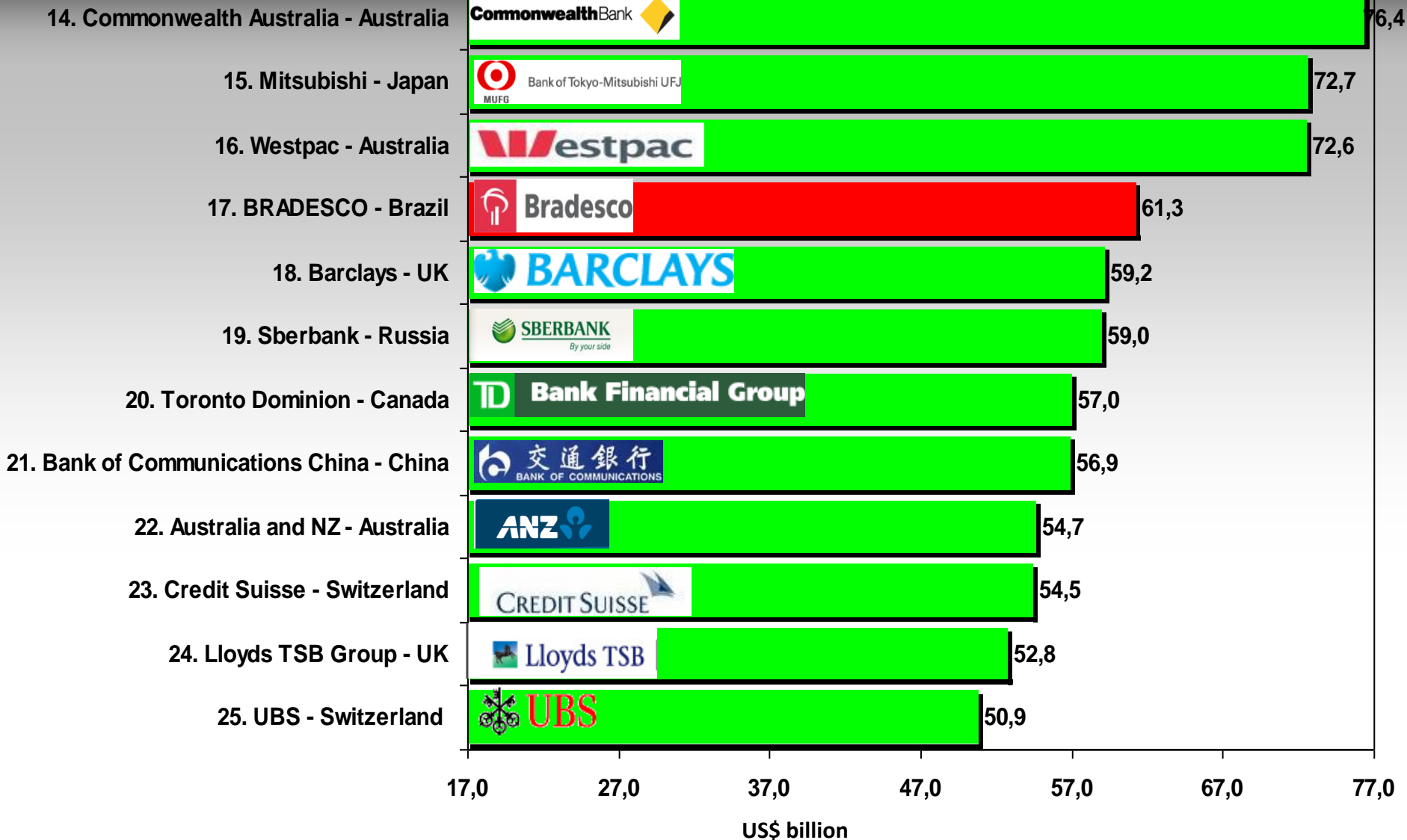
1. Ind & Comm Bank China - China
2. China Construction - China
3. HSBC - UK
4. JP Morgan - US
5. Bank of America - US
6. Bank of China - China
7. Wells Fargo - US
8. Banco Santander - Spain
9. Citigroup - US
10. Itau - Brazil
11. BNP Paribas - France
12. Goldman Sachs - US
13. Royal Bank of Canada - Canada





# MARKET CAP LARGEST BANKS IN THE WORLD (UPDATED MARCH, 2ND)

**Bradesco**





Bradesco

**WHERE WE ARE  
SINCE THE  
BEGINNING OF  
THE CRISIS?**



Bradesco

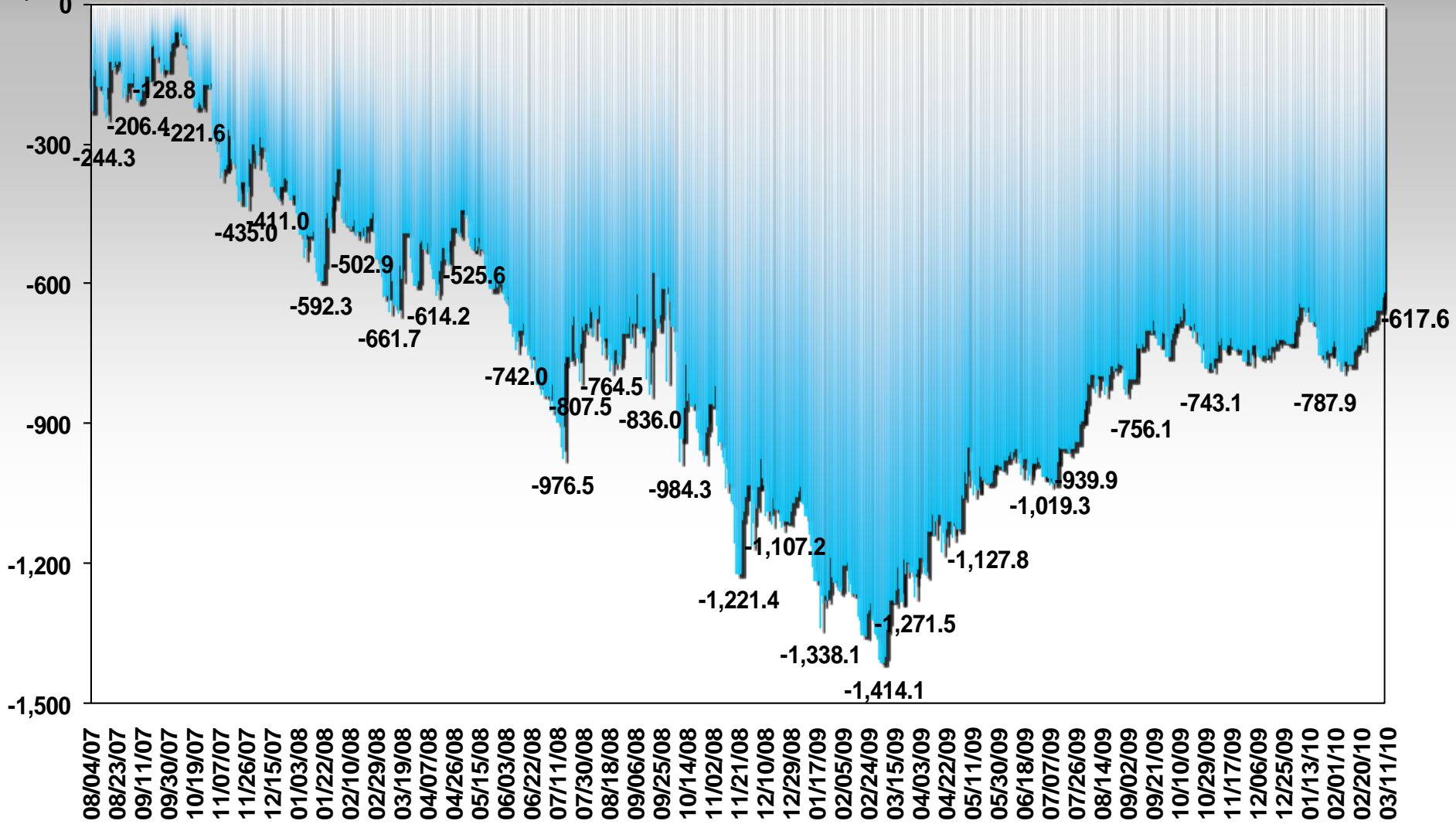
# MARKET CAP OF US AND EUROPEAN BANKS:

*HOW DISTANT FROM  
JULY 2007?*



# CHANGE IN US\$ FROM THE STARTING POINT OF THE CRISIS (JULY 2007) UP TO NOW: MARKET CAP OF THE 50 LARGEST US BANKS

US\$ billion



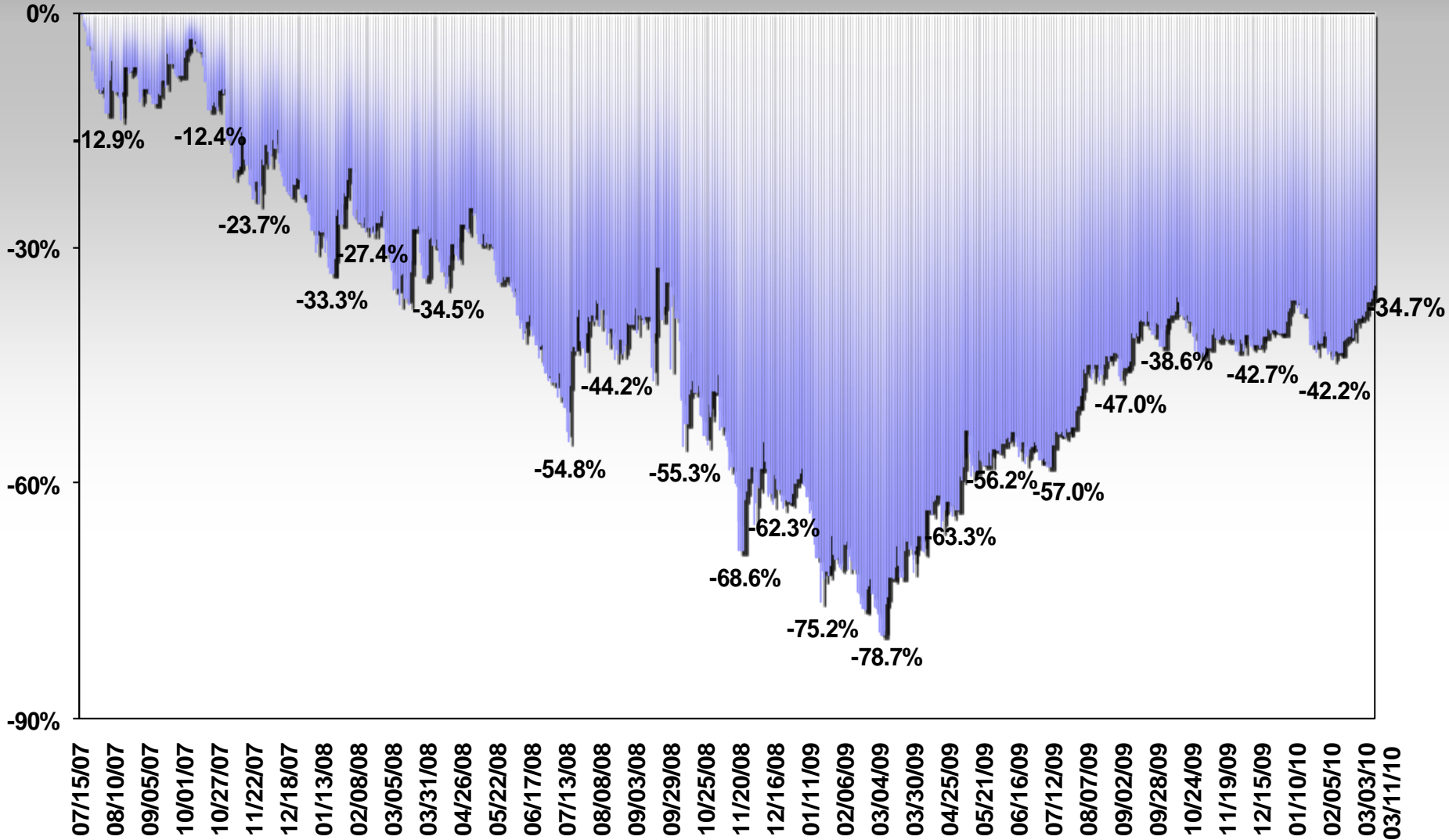
SOURCE: Bloomberg

PREPARED BY: BRADESCO



# CHANGE IN % FROM THE STARTING POINT OF THE CRISIS (JULY 2007) UP TO NOW: MARKET CAP OF THE 50 LARGEST US BANKS IN %

Bradesco

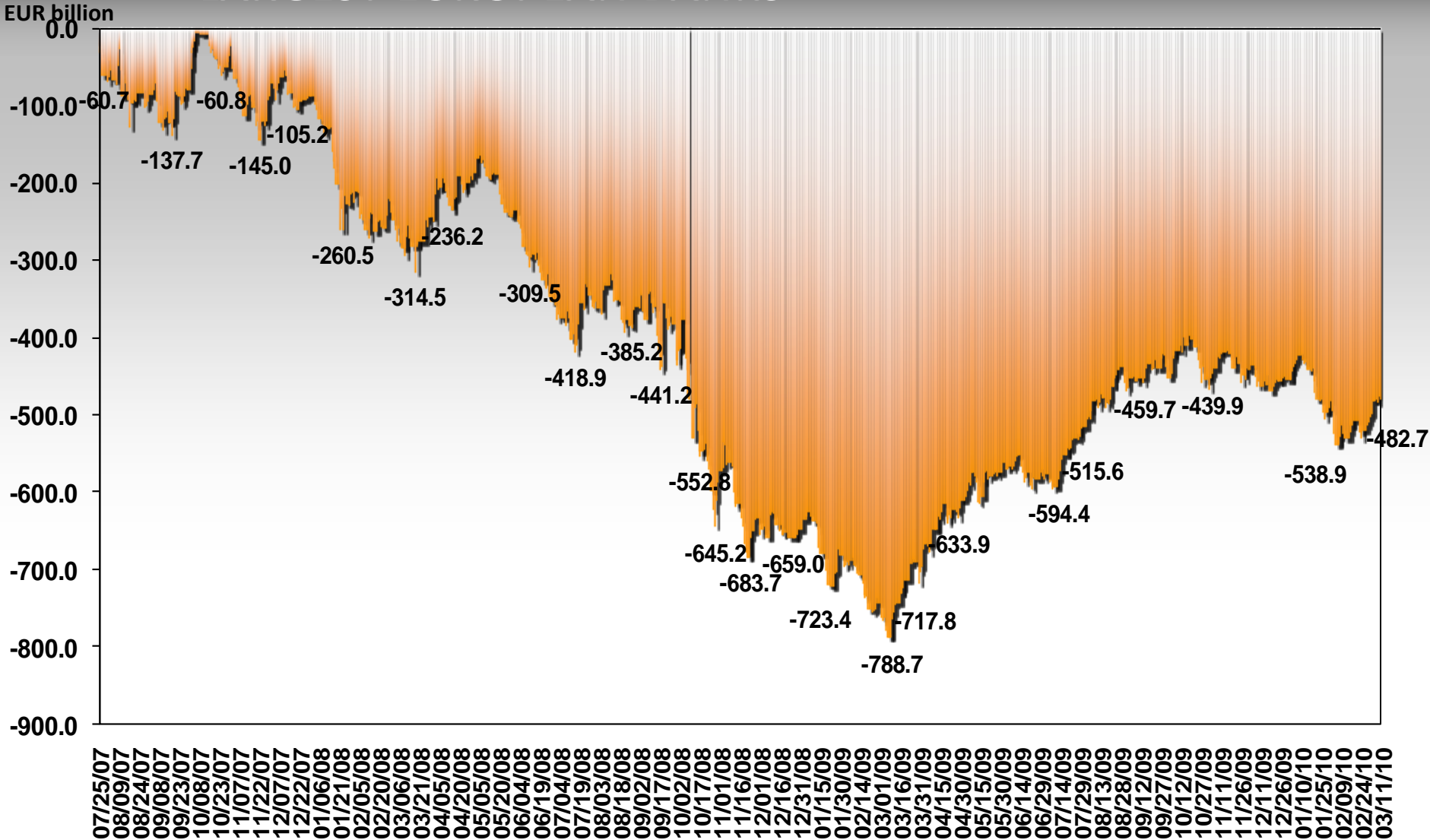


SOURCE: Bloomberg  
PREPARED BY: BRADESCO

DEPEC



# CHANGE IN EUROS FROM THE STARTING POINT OF THE CRISIS (JULY 2007) UP TO NOW: MARKET CAP OF THE 50 LARGEST EUROPEAN BANKS

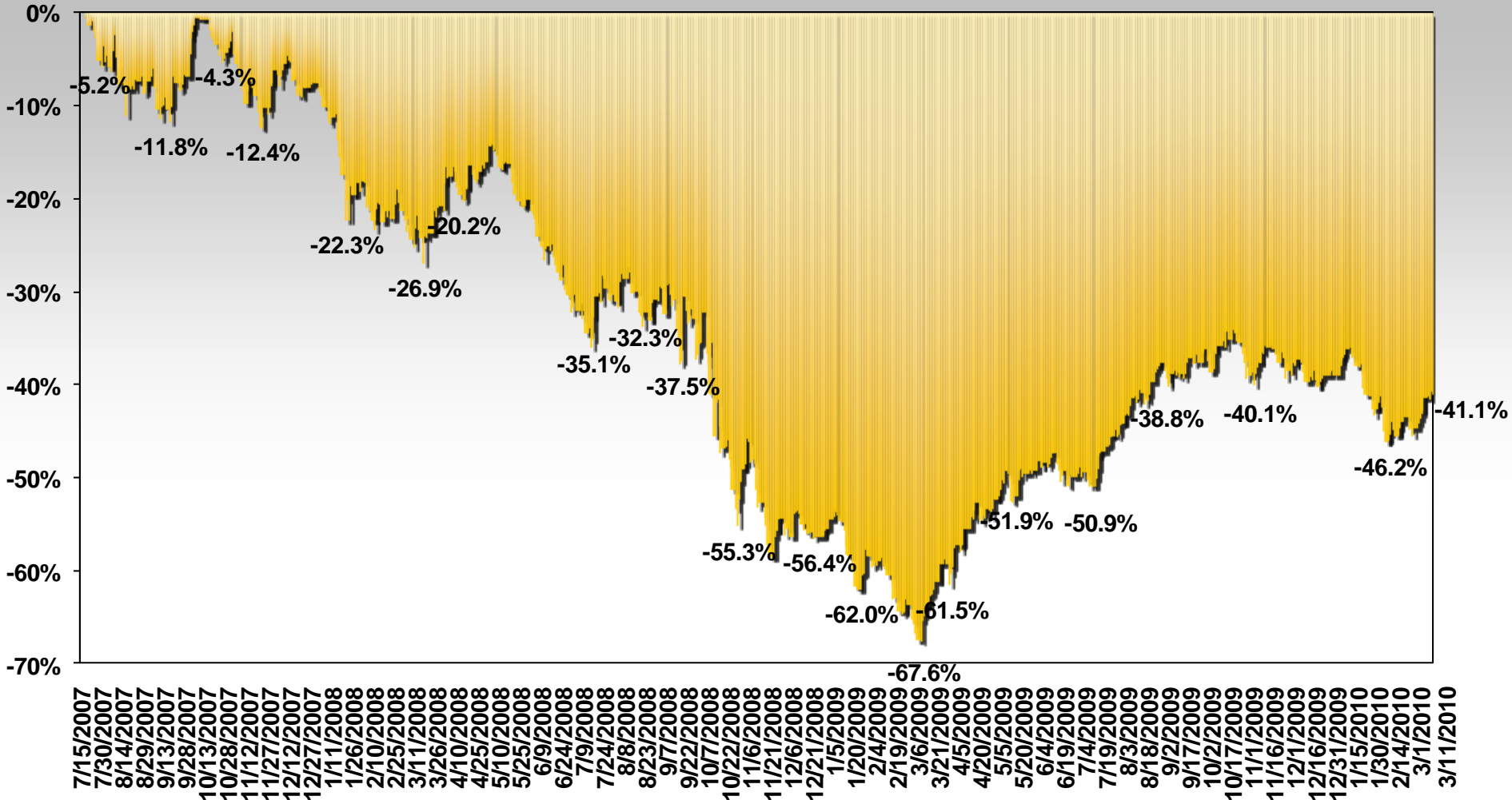


SOURCE: Bloomberg  
PREPARED BY: BRADESCO



# CHANGE IN % FROM THE STARTING POINT OF THE CRISIS (JULY 2007) UP TO NOW: MARKET CAP OF THE 50 LARGEST EUROPEAN BANKS

Bradesco EUROPEAN BANKS



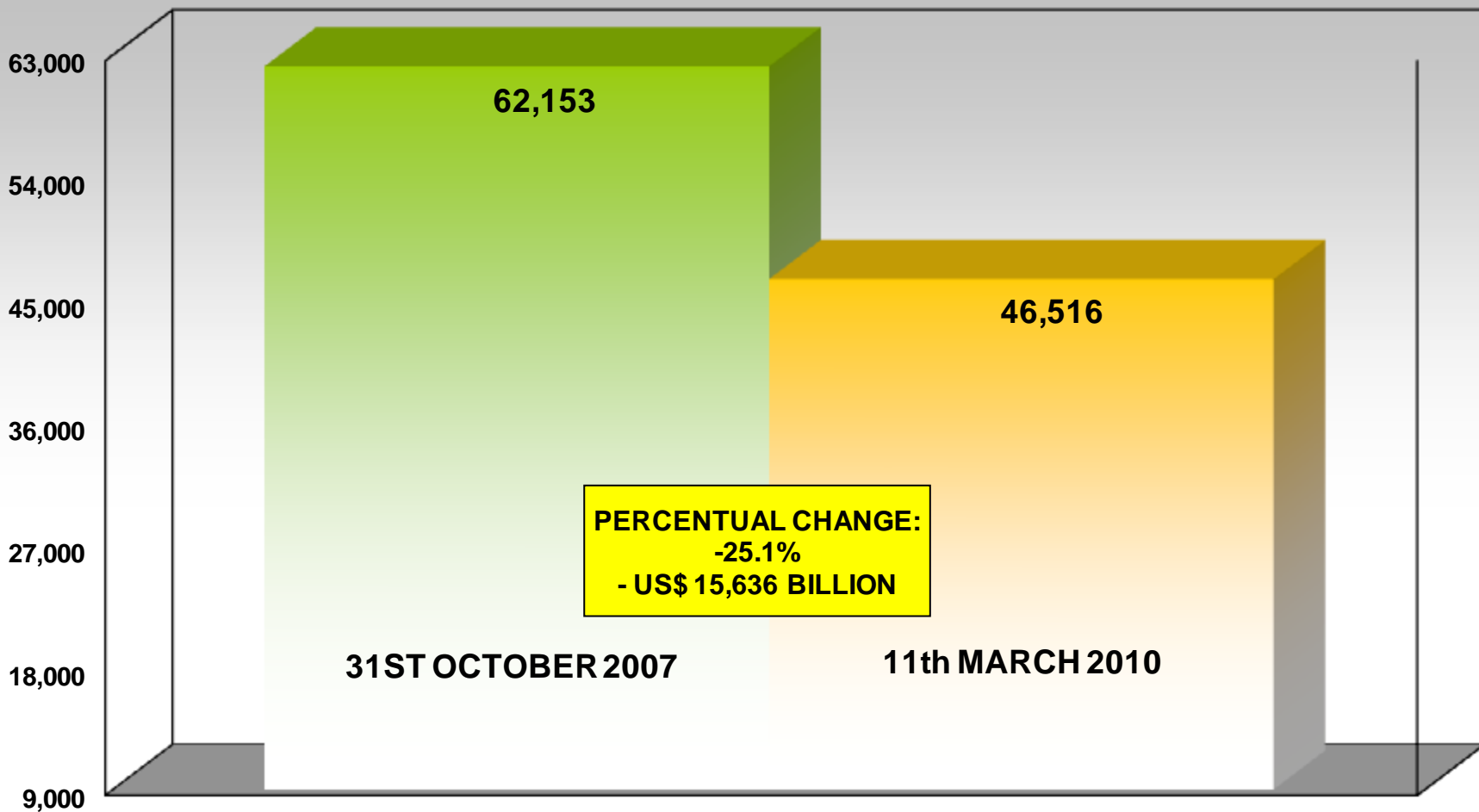




# GLOBAL MARKET CAPITALIZATION

Bradesco

US\$ BILLION





**Bradesco**

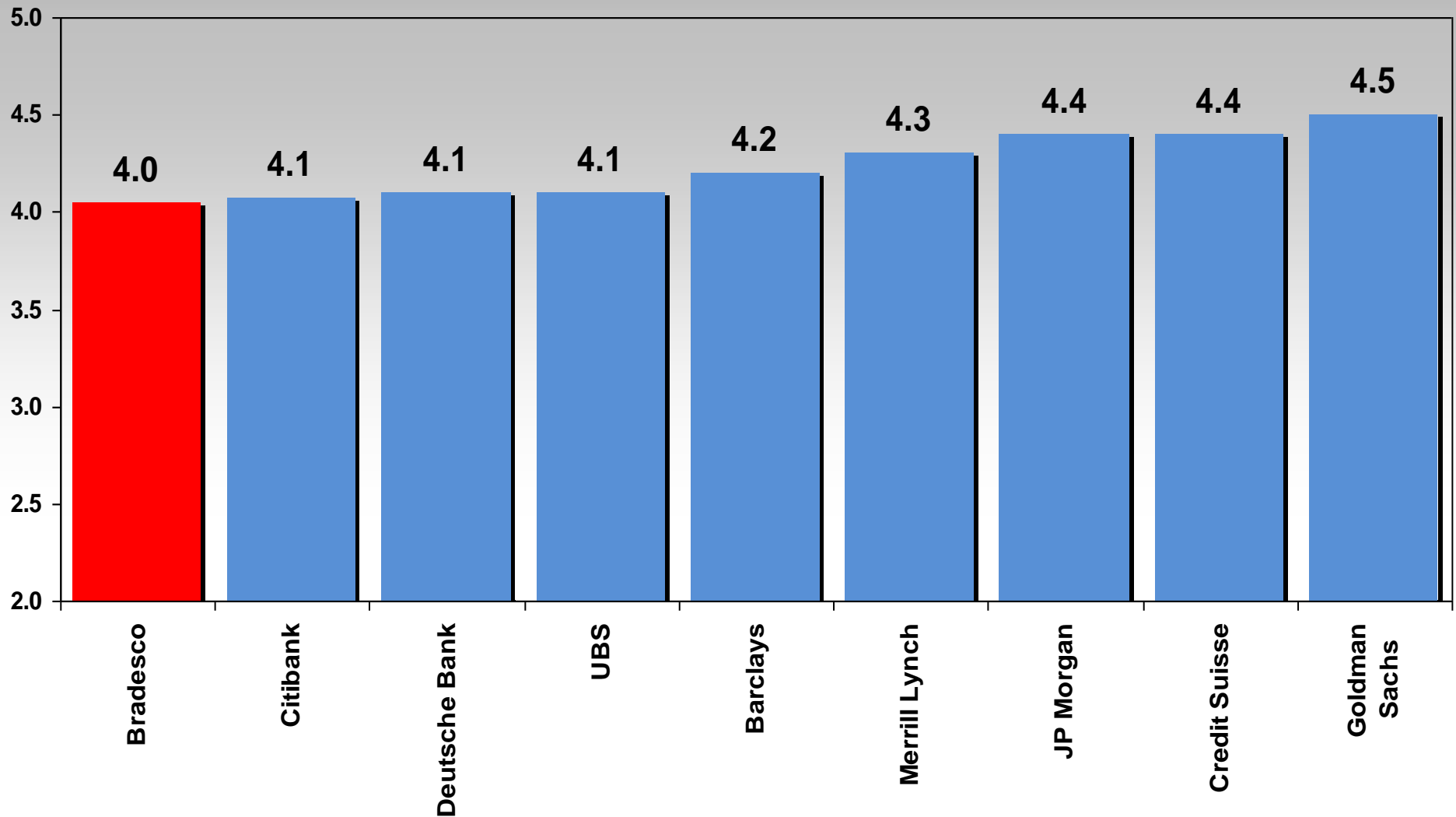
**BRADESCO'S CALL  
COMPARED TO  
ITS MARKET  
PEERS.**

**DEPEC**



# GLOBAL GDP: GROWTH IN 2010

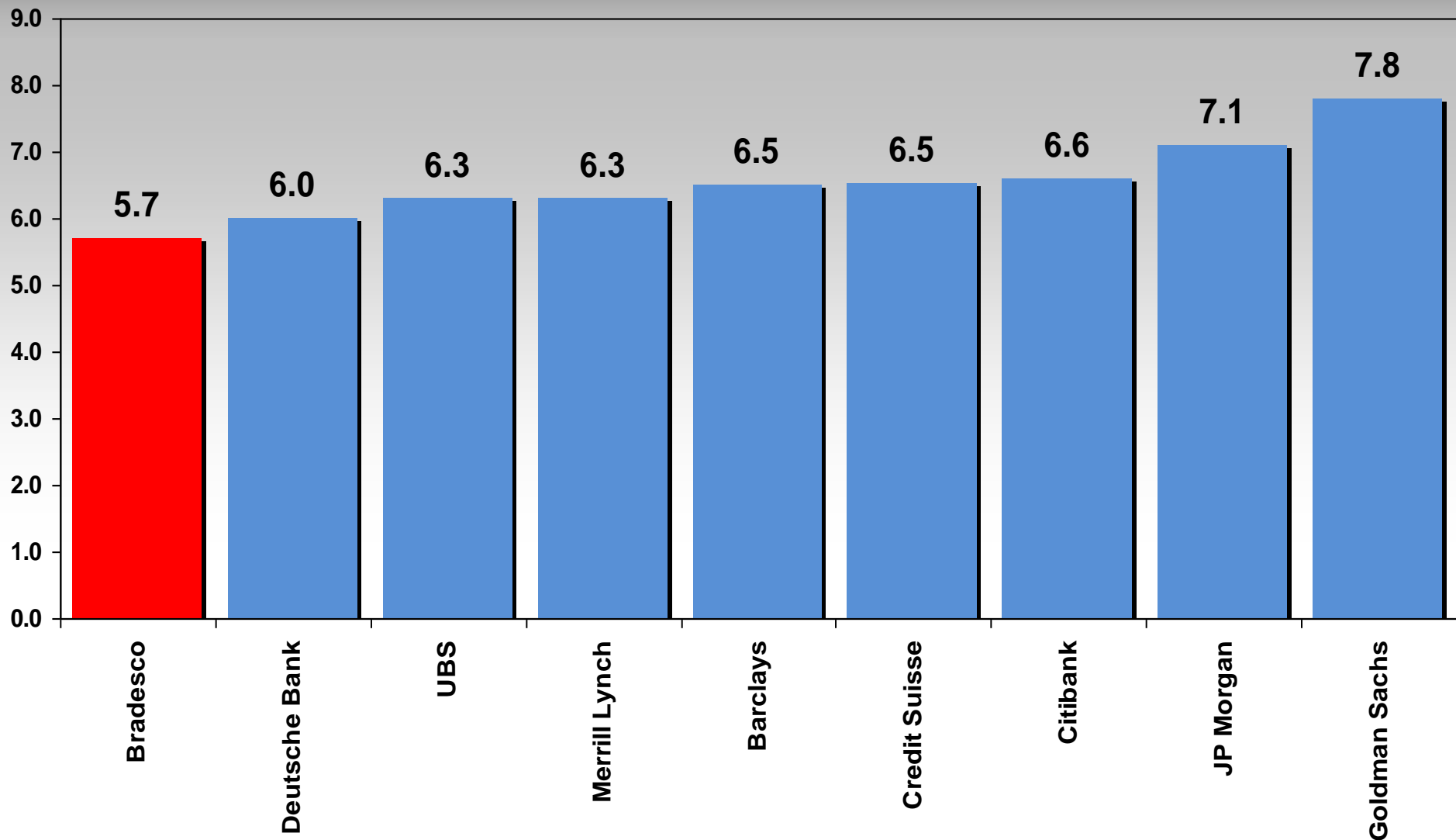
Bradesco





# EMERGING COUNTRIES GDP: GROWTH IN 2010

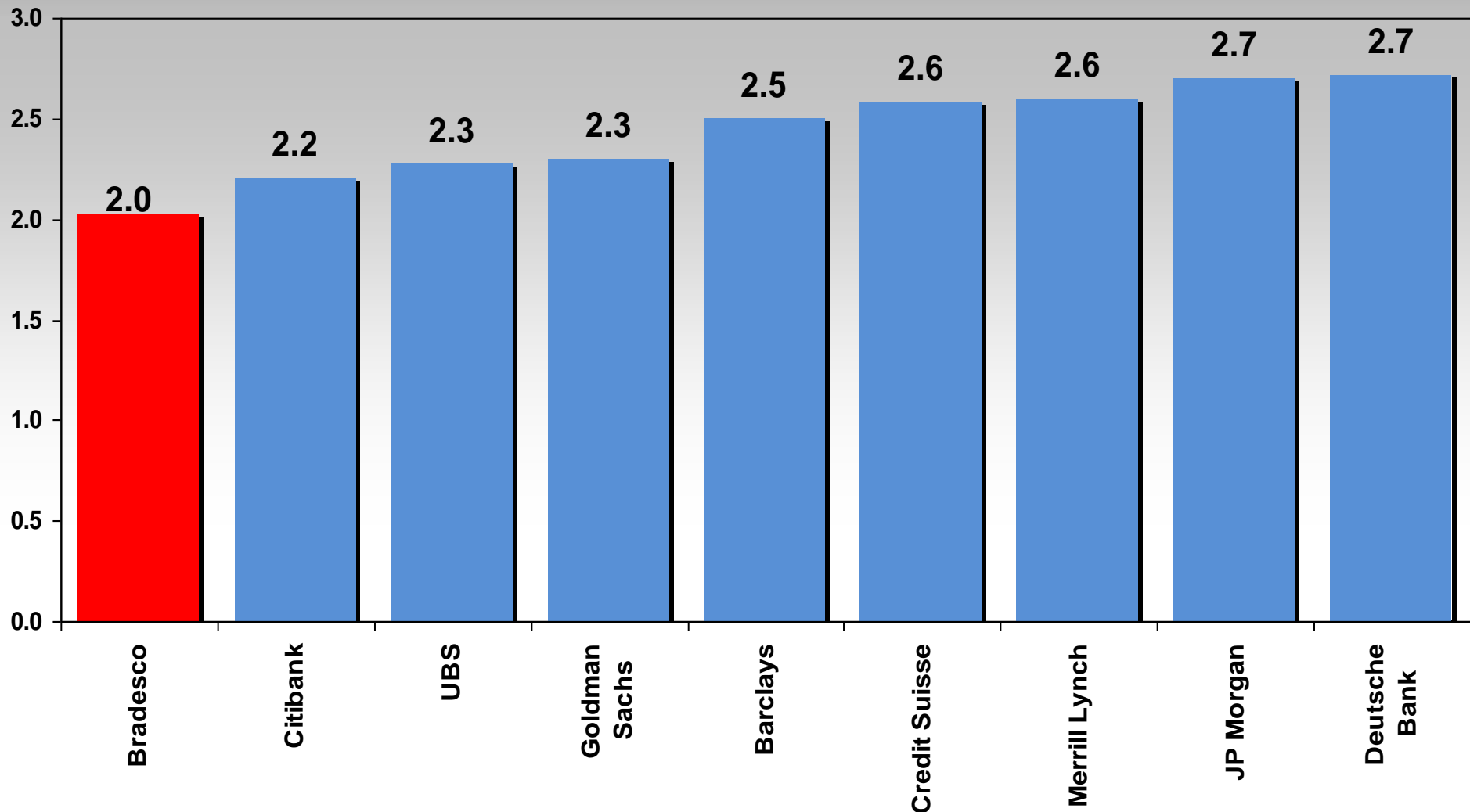
Bradesco





# DEVELOPED COUNTRIES GDP: GROWTH IN 2010

Bradesco





**Bradesco**

**US ECONOMY IS  
RECOVERING  
GRADUALLY**



Bradesco

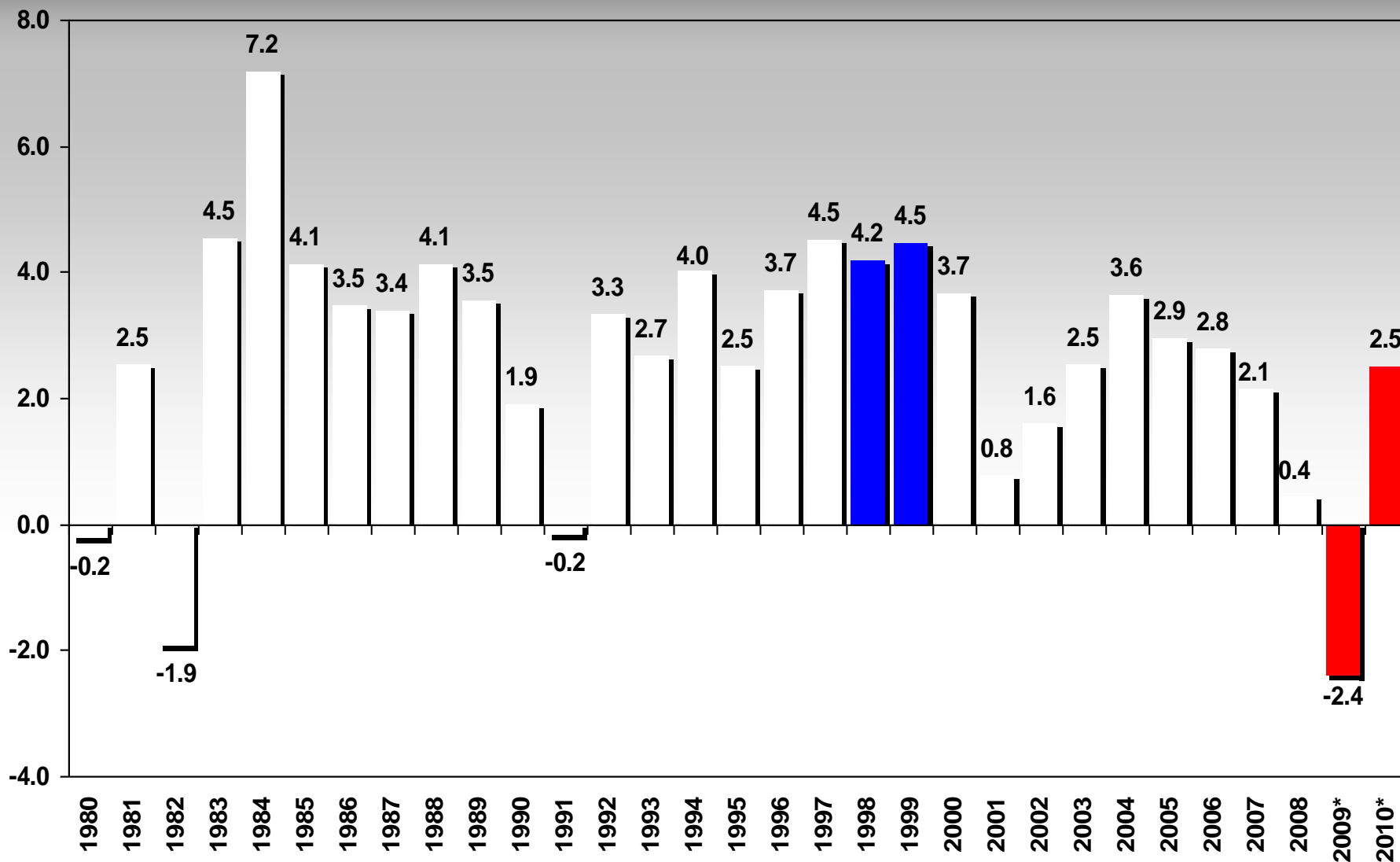
**THE US ECONOMY'S  
ABILITY TO "REINVENT"  
ITSELF IS EXTRAORDINARY  
*STRONG REPUTATION  
PROTECTS THE US  
ECONOMY***

**DEPEC**



# US GROWTH 1980 – 2010 (%)

Bradesco

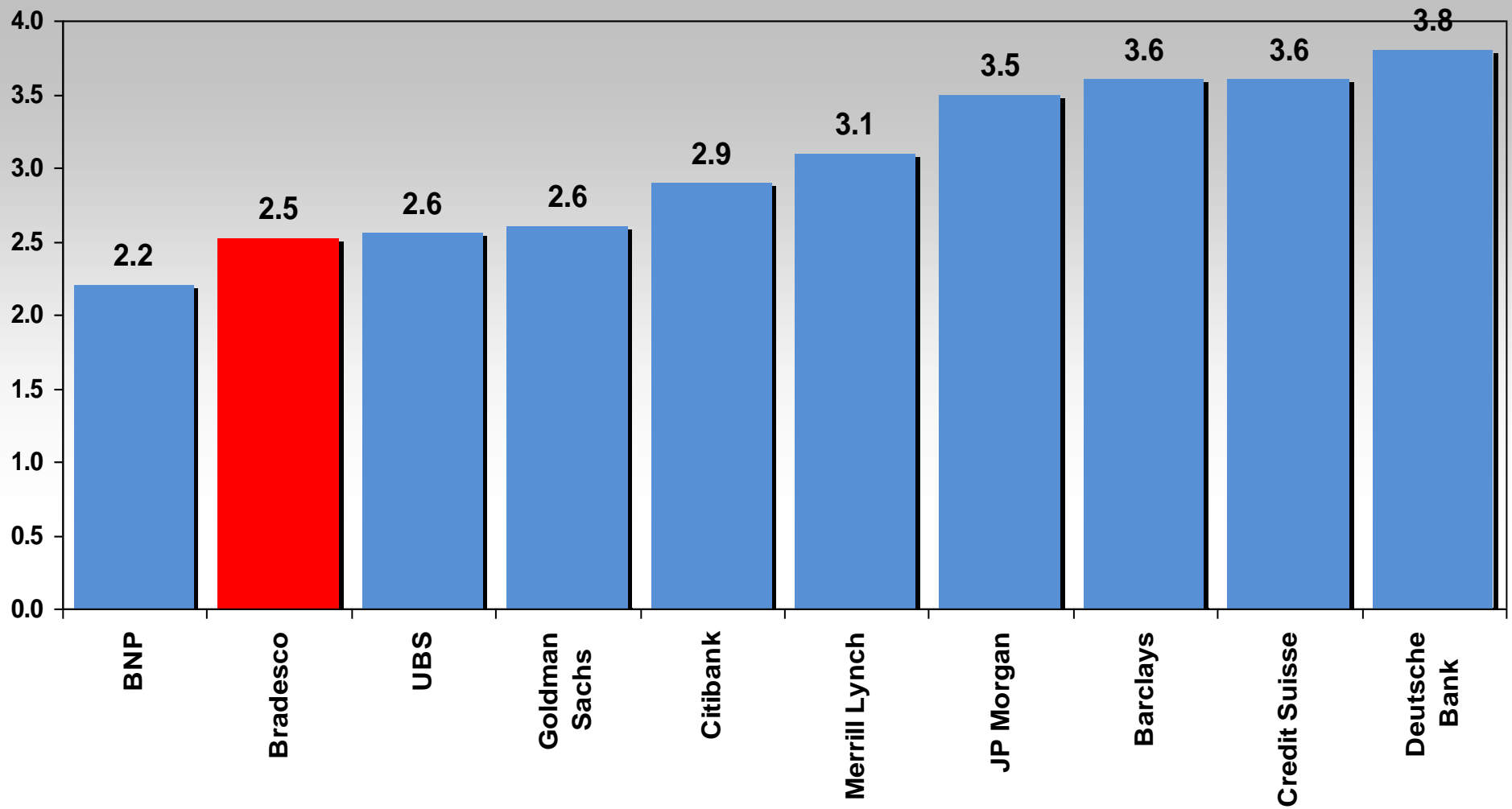






# US GDP: GROWTH IN 2010

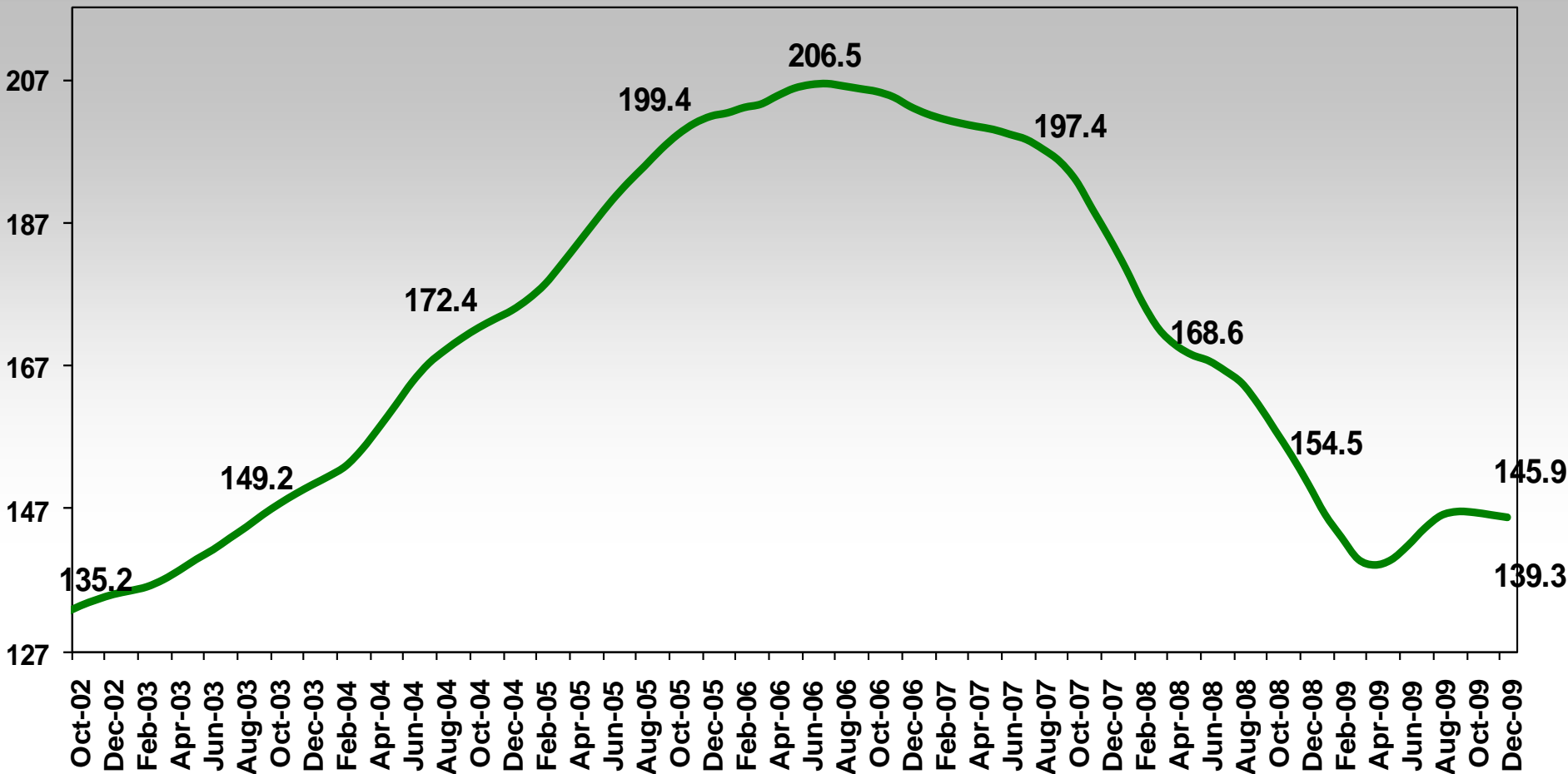
Bradesco





# CASE SHILLER: HOUSING PRICES IN US

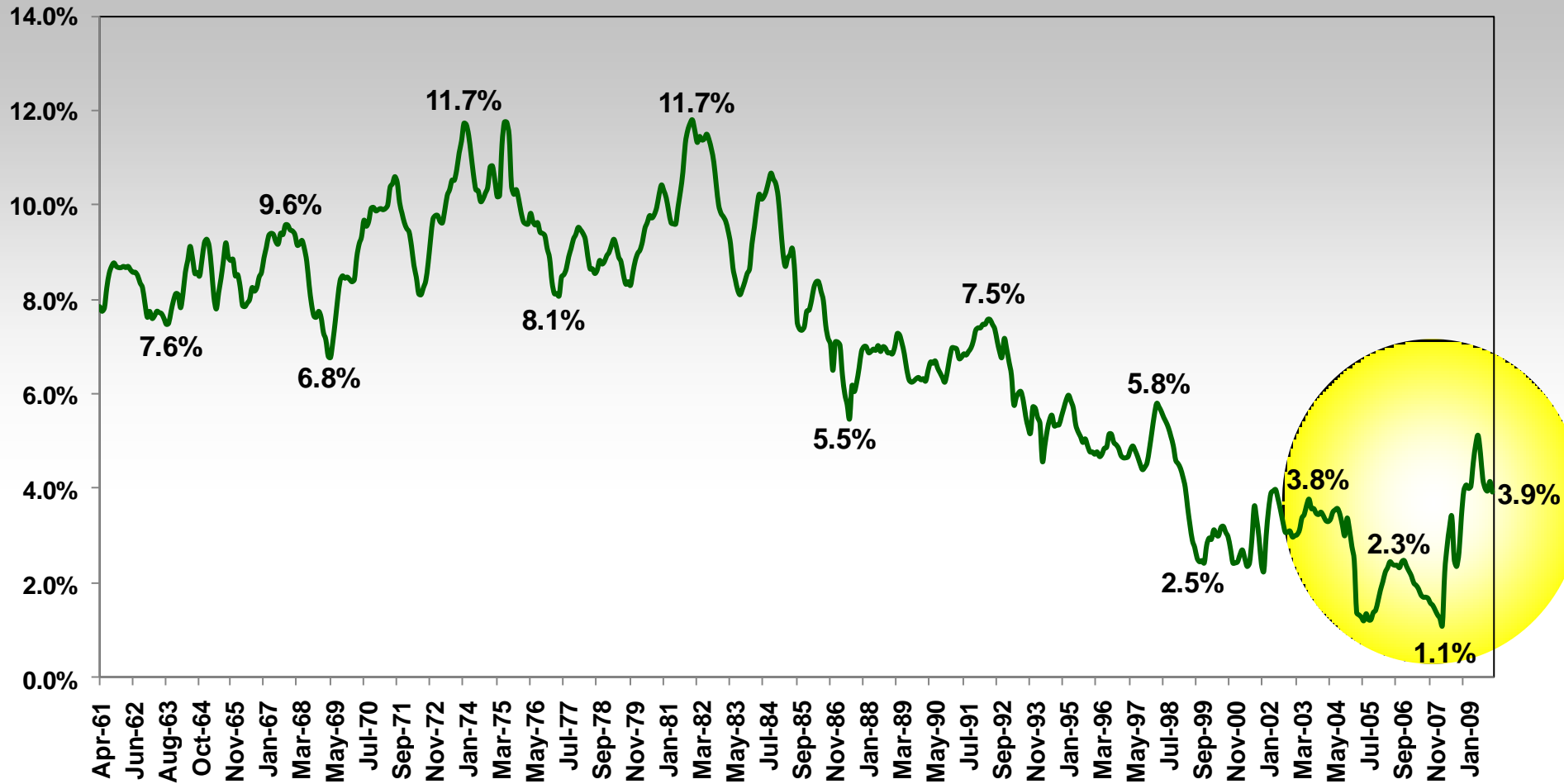
Bradesco





# SAVING RATE IN US (PERSONAL SAVING / DISPOSABLE INCOME) 1961 - 2009

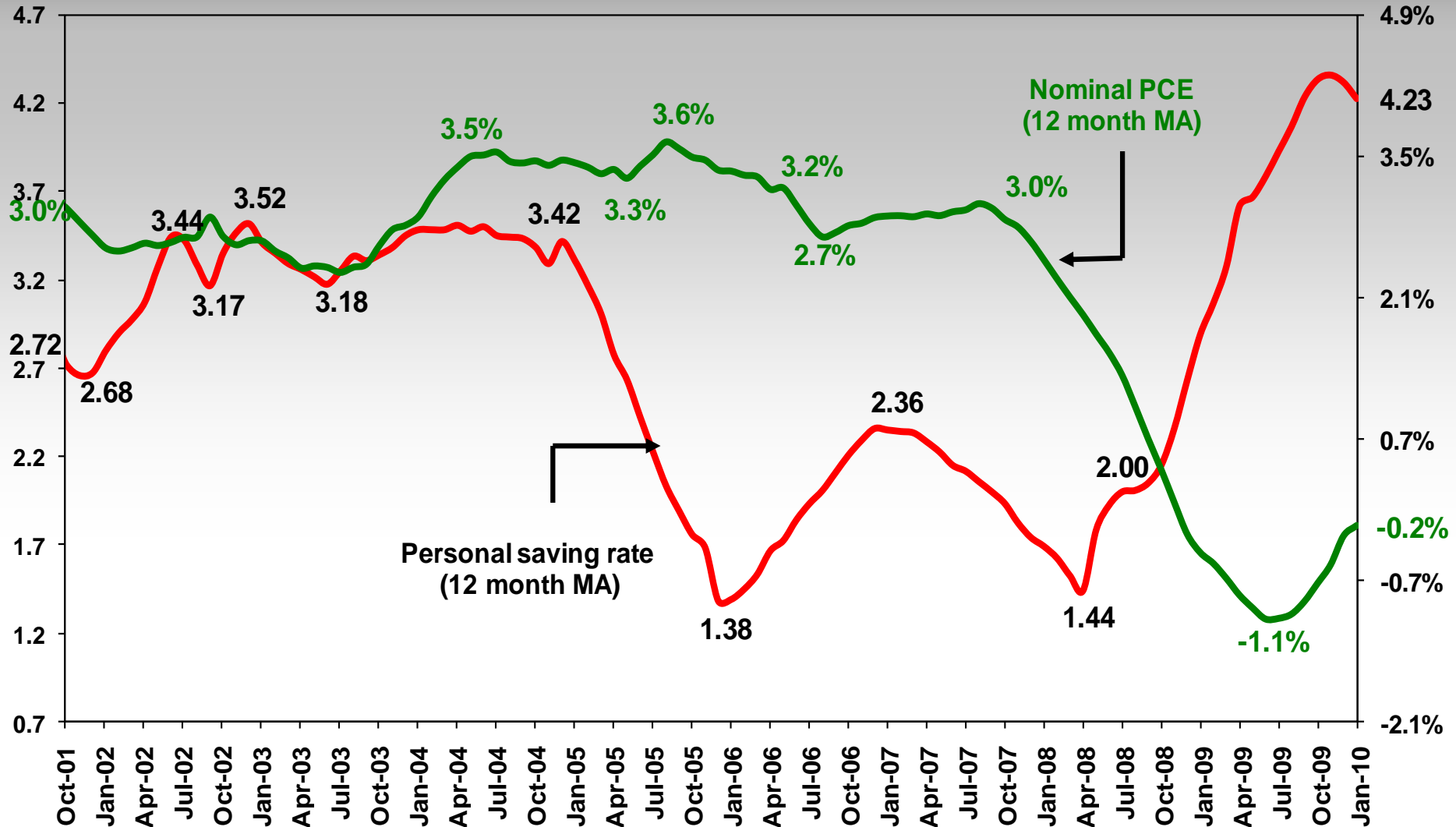
Bradesco





# US PERSONAL SAVING AS A PERCENTAGE OF DISPOSABLE INCOME AND NOMINAL CONSUMPTION GROWTH (12 MONTH MA) 2001 - 2010

Bradesco

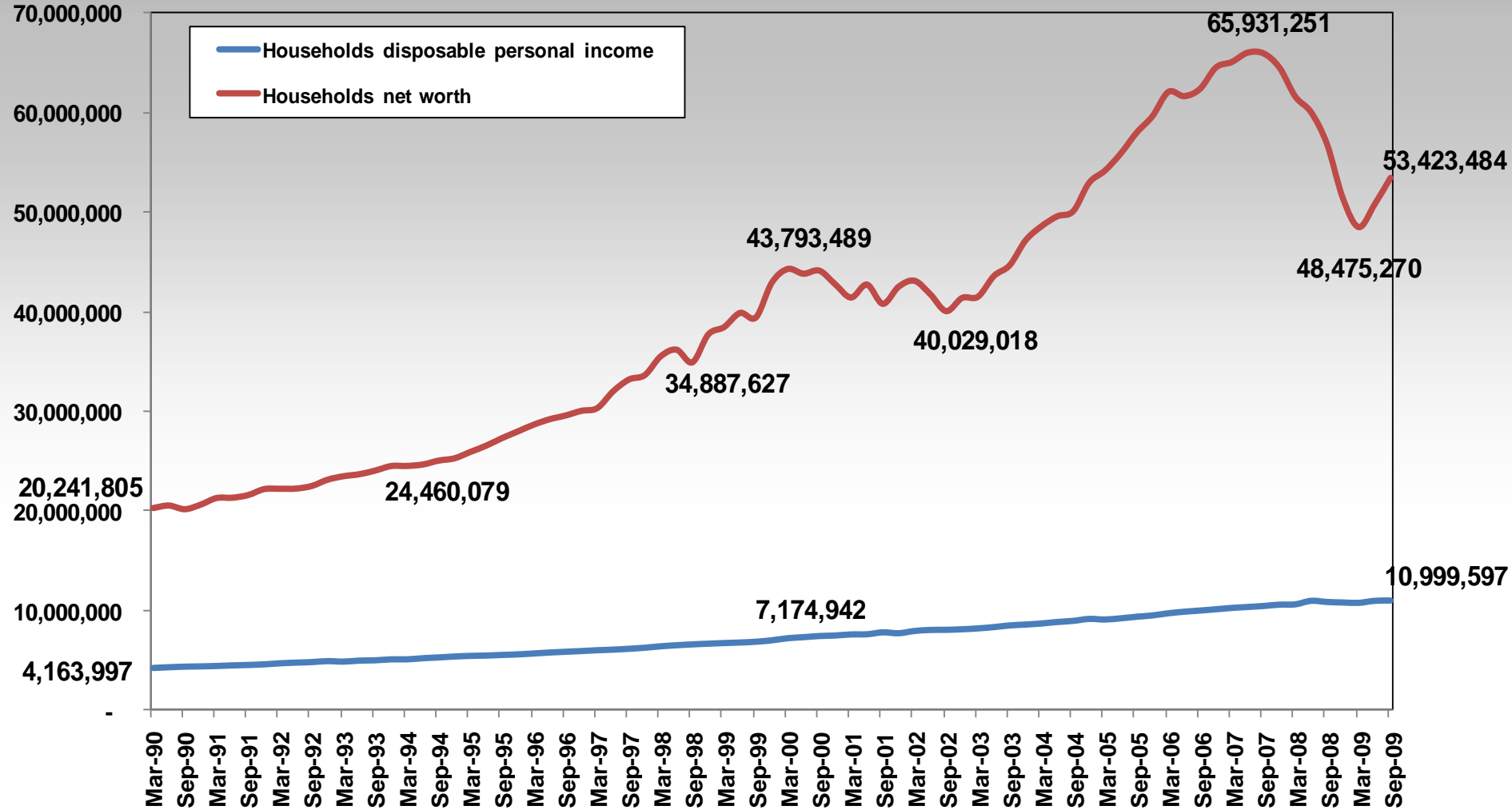




# US FAMILY WEALTH (NET WORTH) AND DISPOSABLE PERSONAL INCOME 1990 - 2009

Bradesco

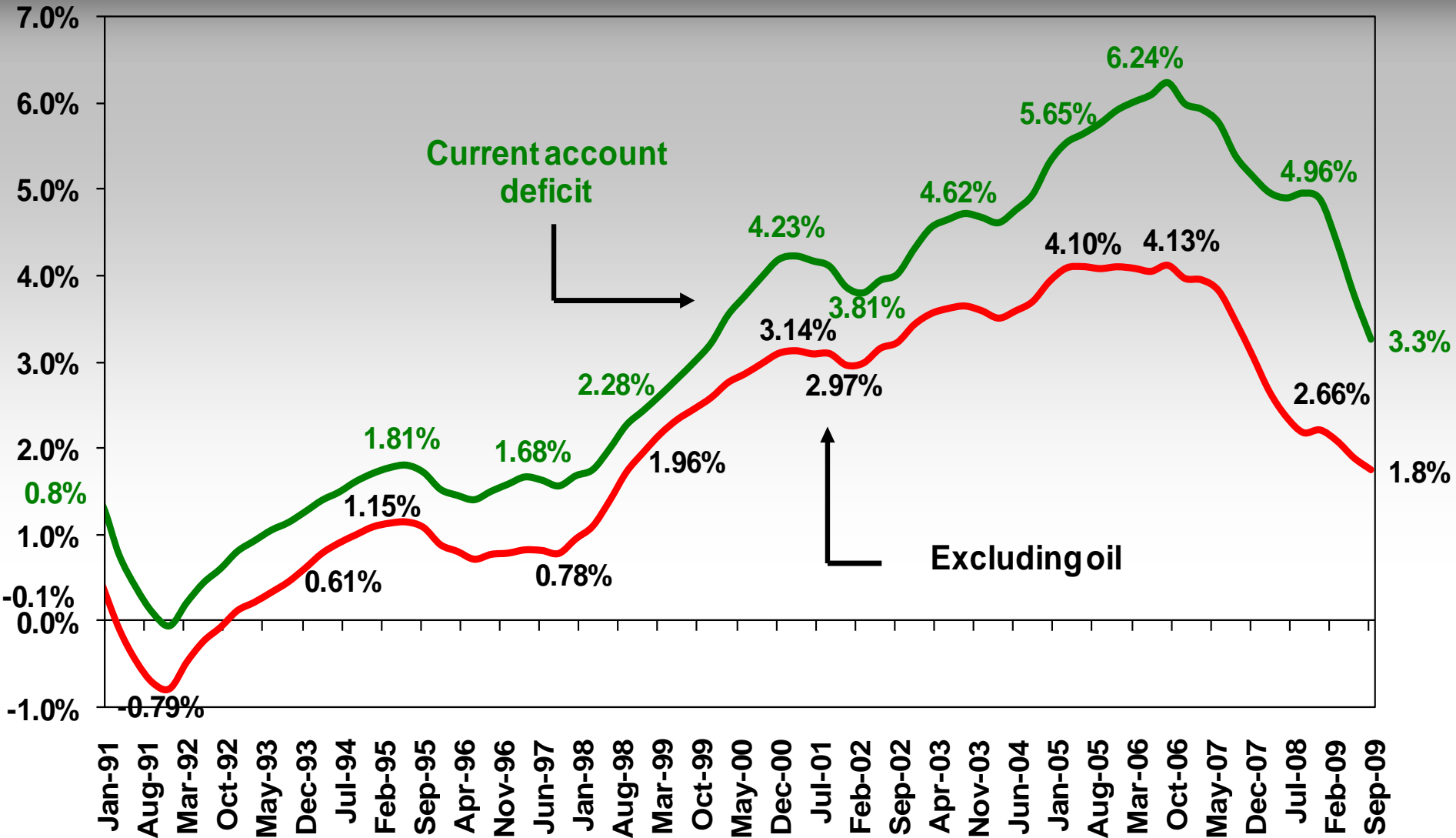
US\$ THOUSAND





# US: CURRENT ACCOUNT INCLUDING AND EXCLUDING OIL (% OF GDP) – 12 MONTH - MOVING AVERAGE A 1991 - 2010

Bradesco





Bradesco

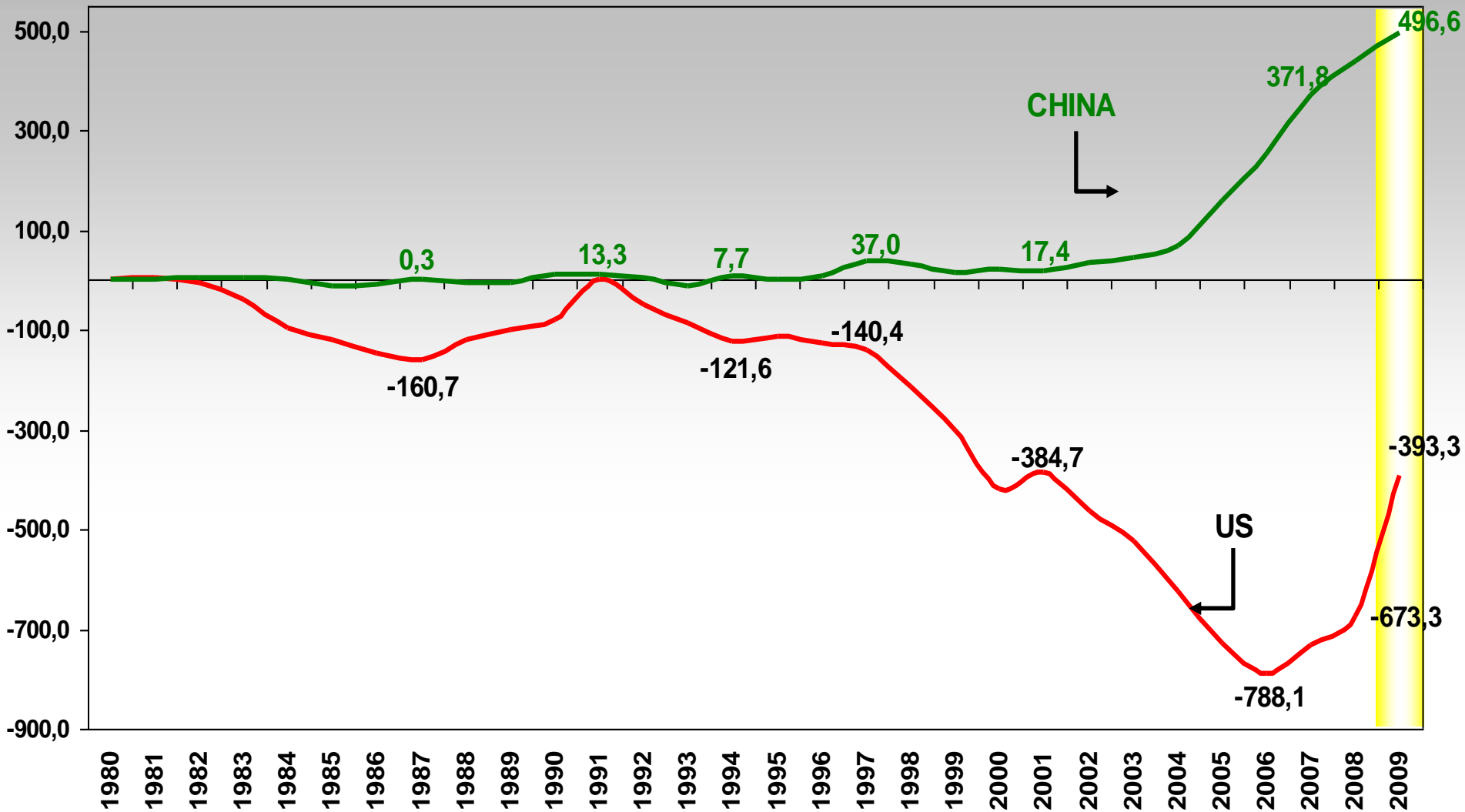
# GLOBAL REBALANCING



# CURRENT ACCOUNT: CHINA AND UNITED STATES

Bradesco

US\$ bilhões

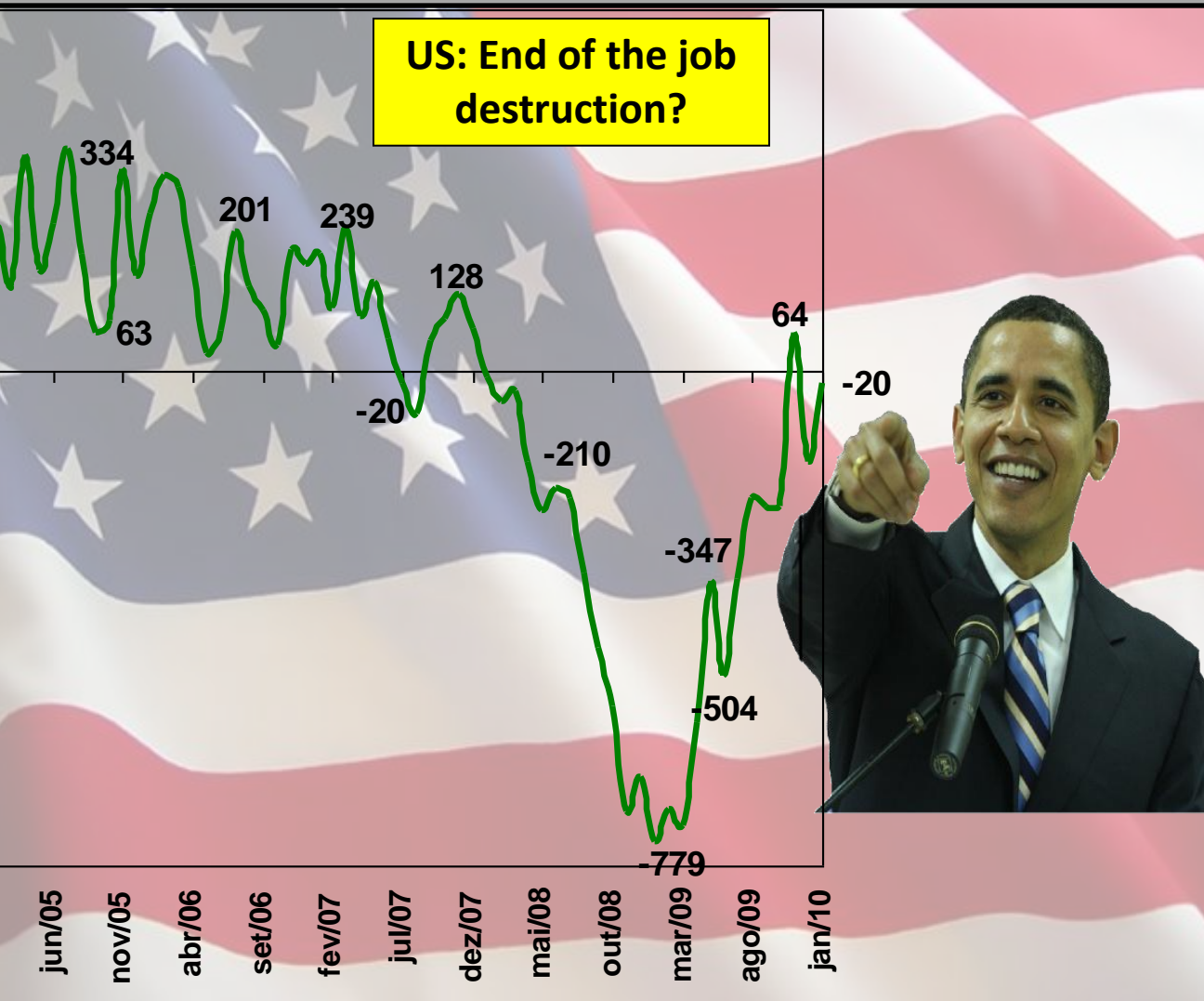


SOURCE: FMI





Bradesco

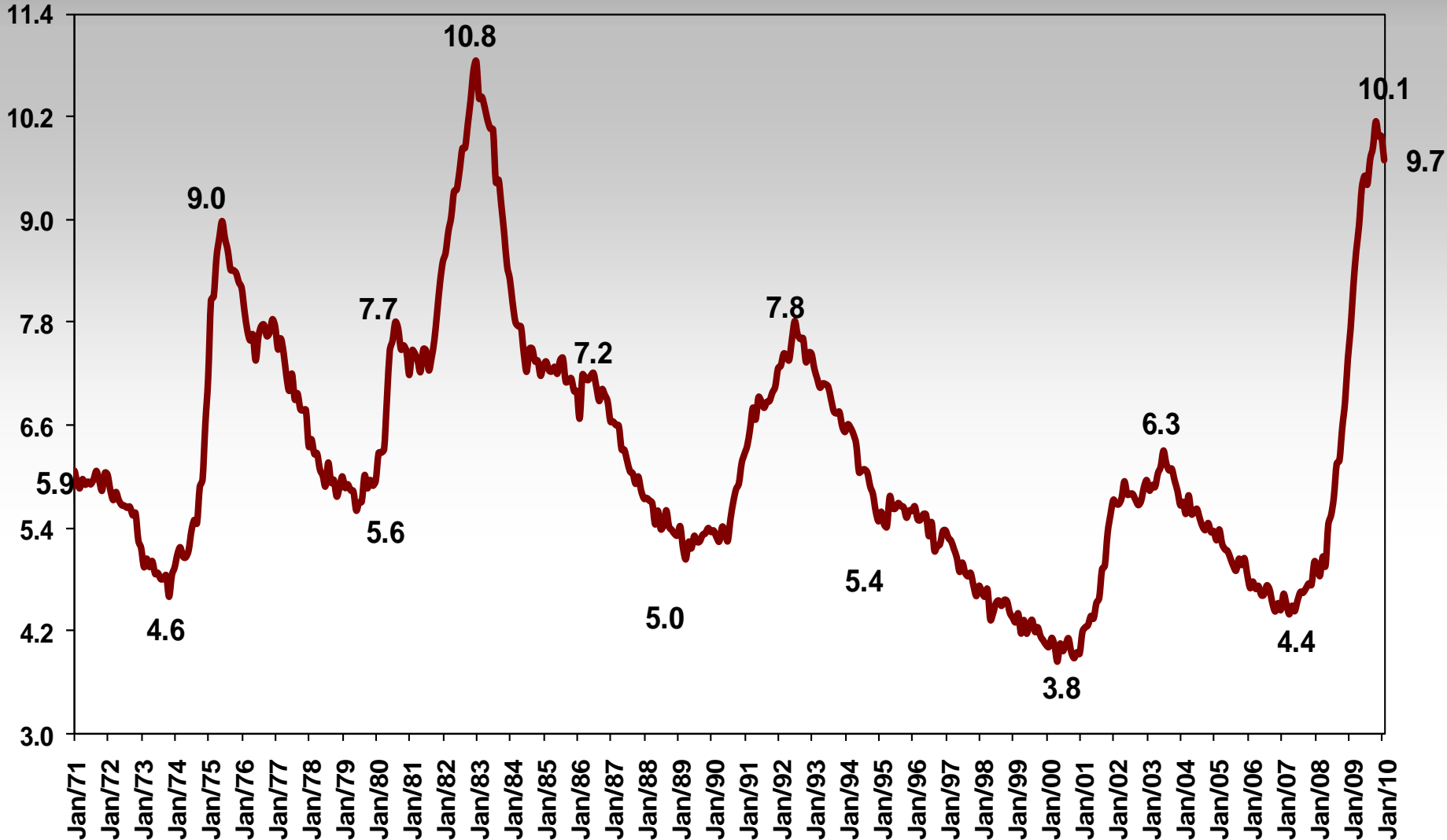


**OBAMA'S  
ASTRAL  
HELL: CLOSE  
TO AN END?  
*IT'S EARLY  
TO SAY, BUT  
THE US  
RECOVERY  
IS A REALITY***



# US UNEMPLOYMENT RATE: 1970 - 2009

Bradesco





**Bradesco**

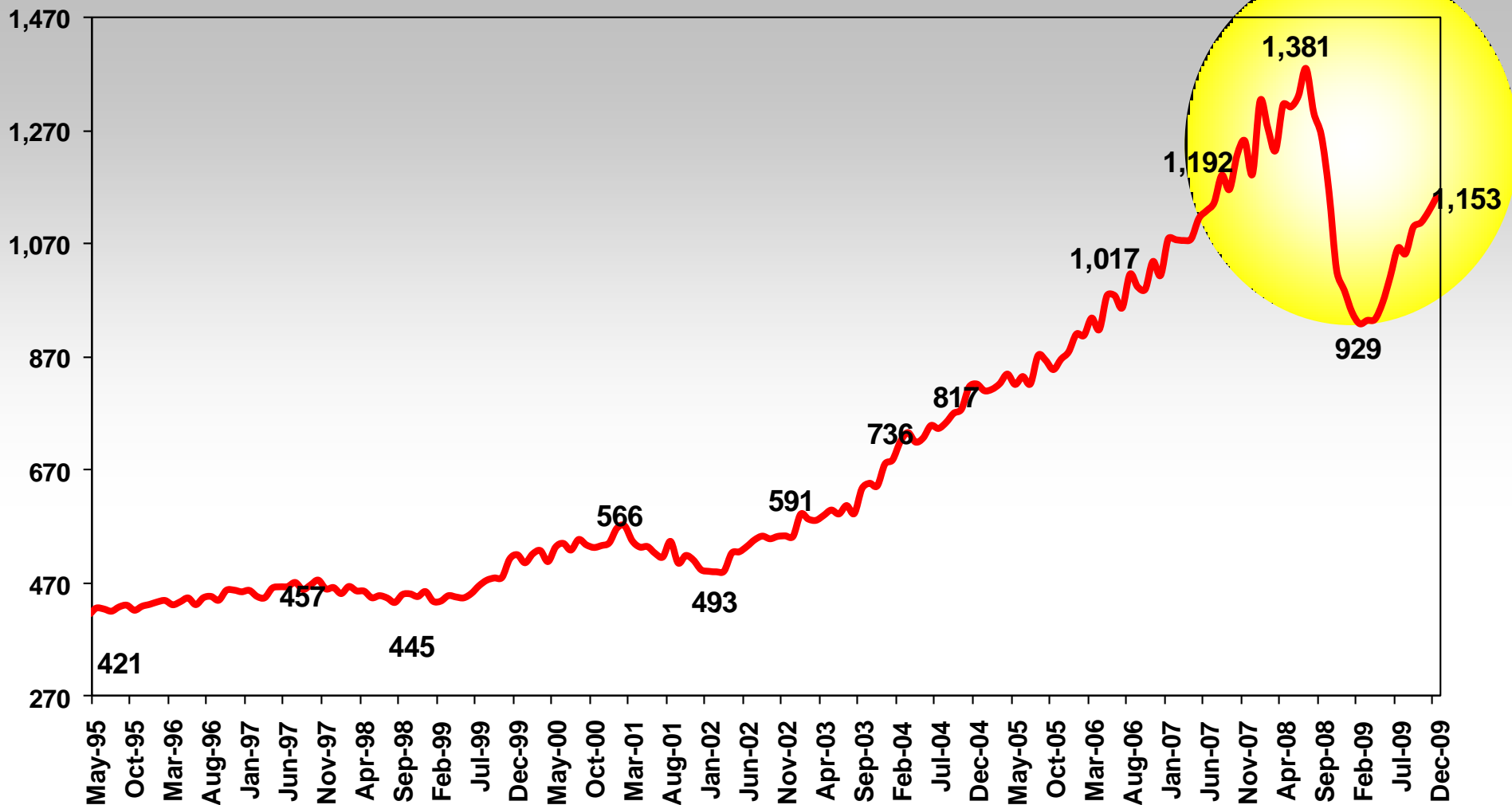
**Recovering, despite the  
fact the US economy is  
now skidding on the  
snow.**

**Let's wait for the  
spring!!!**



# GLOBAL EXPORTS (IN BILLION US\$)

Bradesco

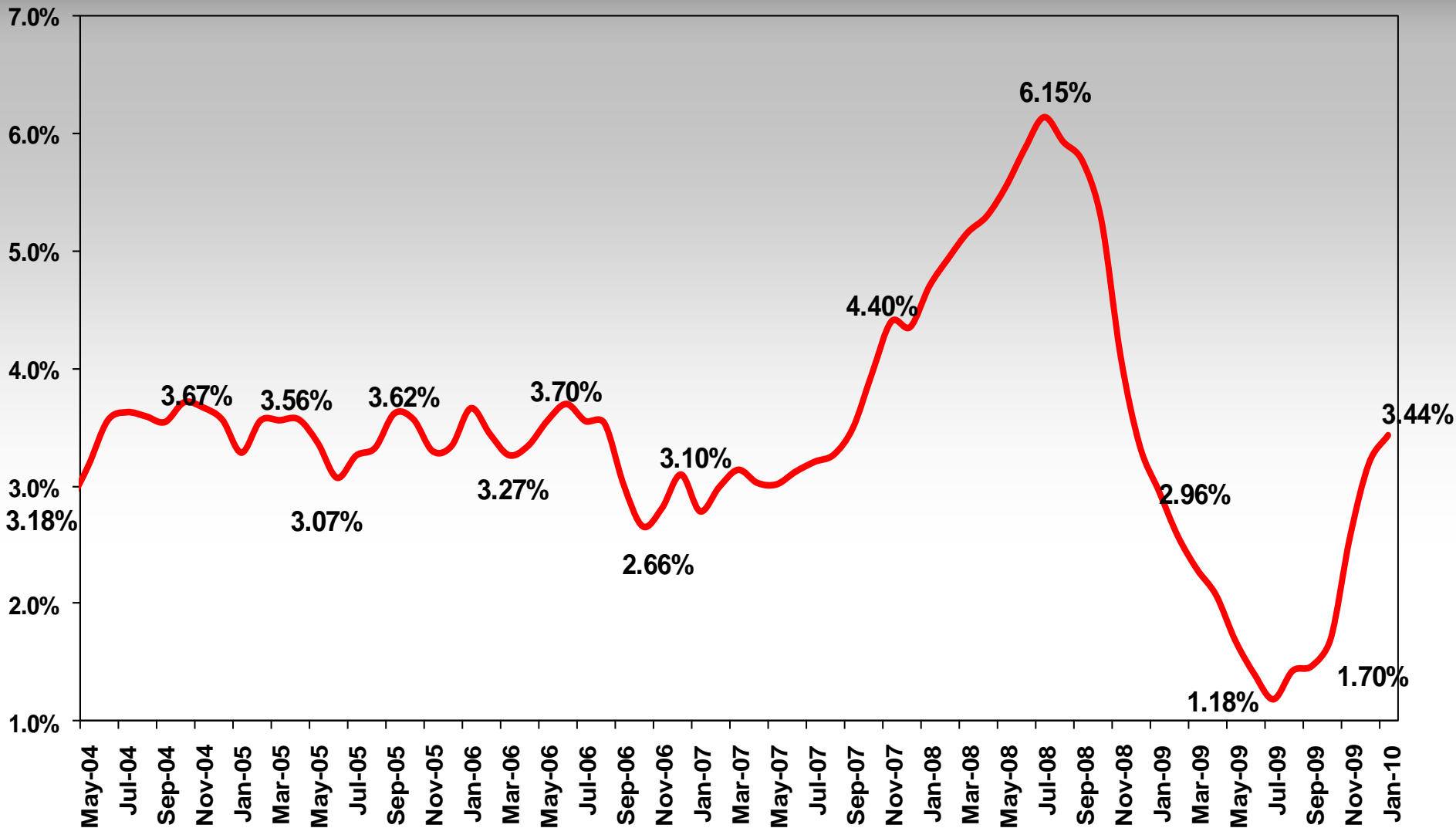


SOURCE: BLOOMBERG, BRADESCO



# GLOBAL INFLATION (YOY)

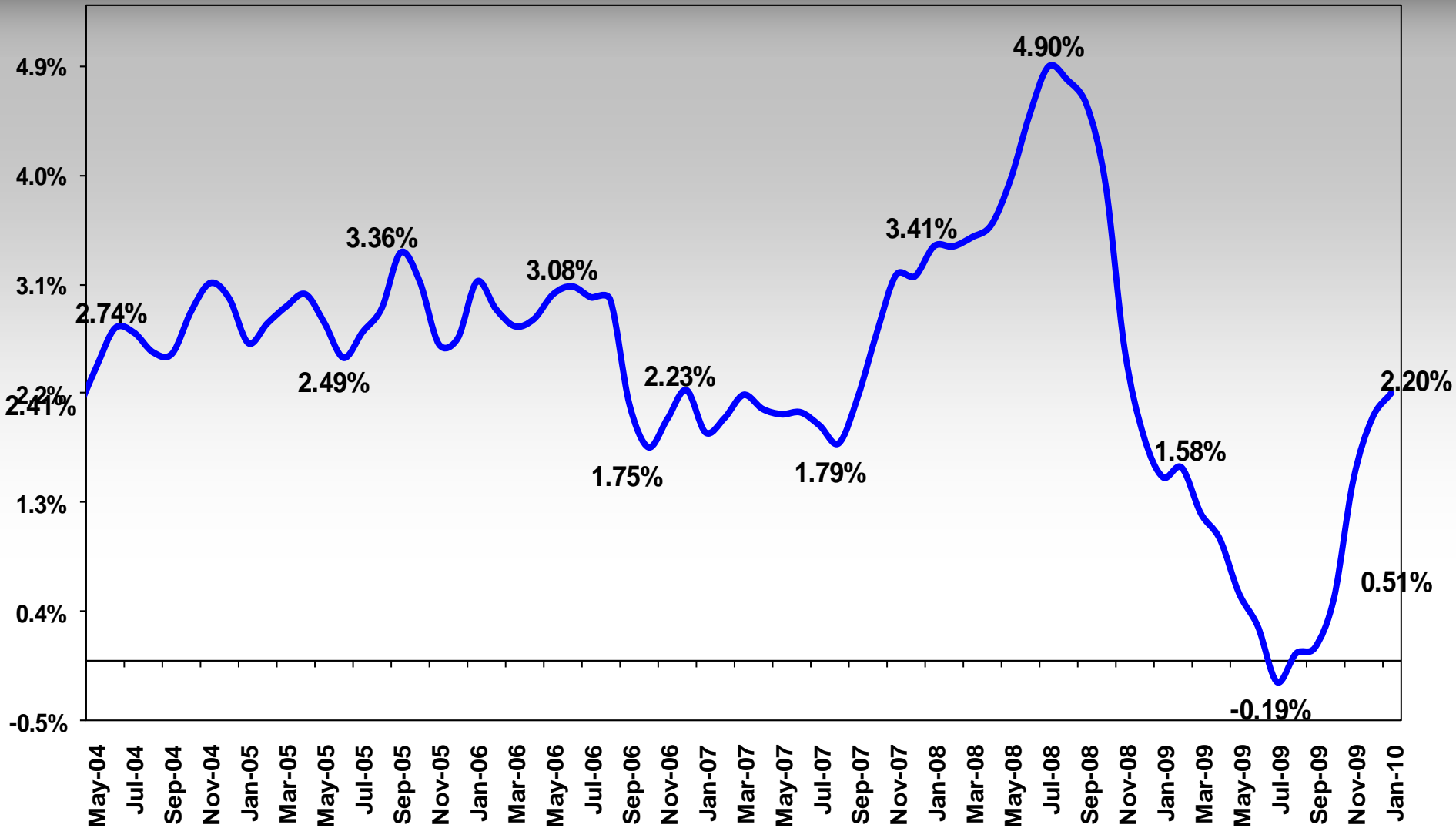
Bradesco





# GLOBAL INFLATION (YOY): DEVELOPED COUNTRIES

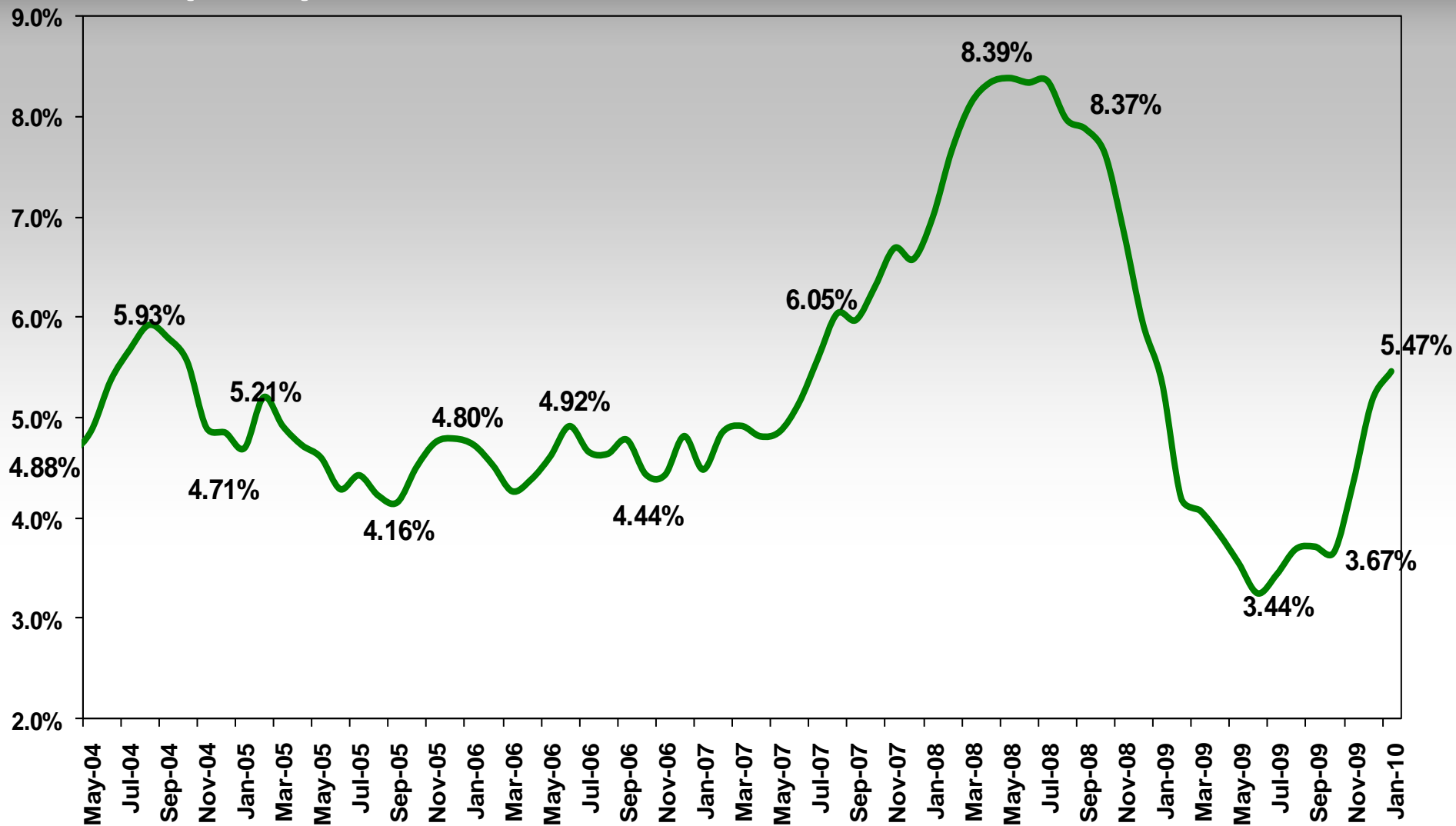
Bradesco





# GLOBAL INFLATION (YOY): EMERGING COUNTRIES

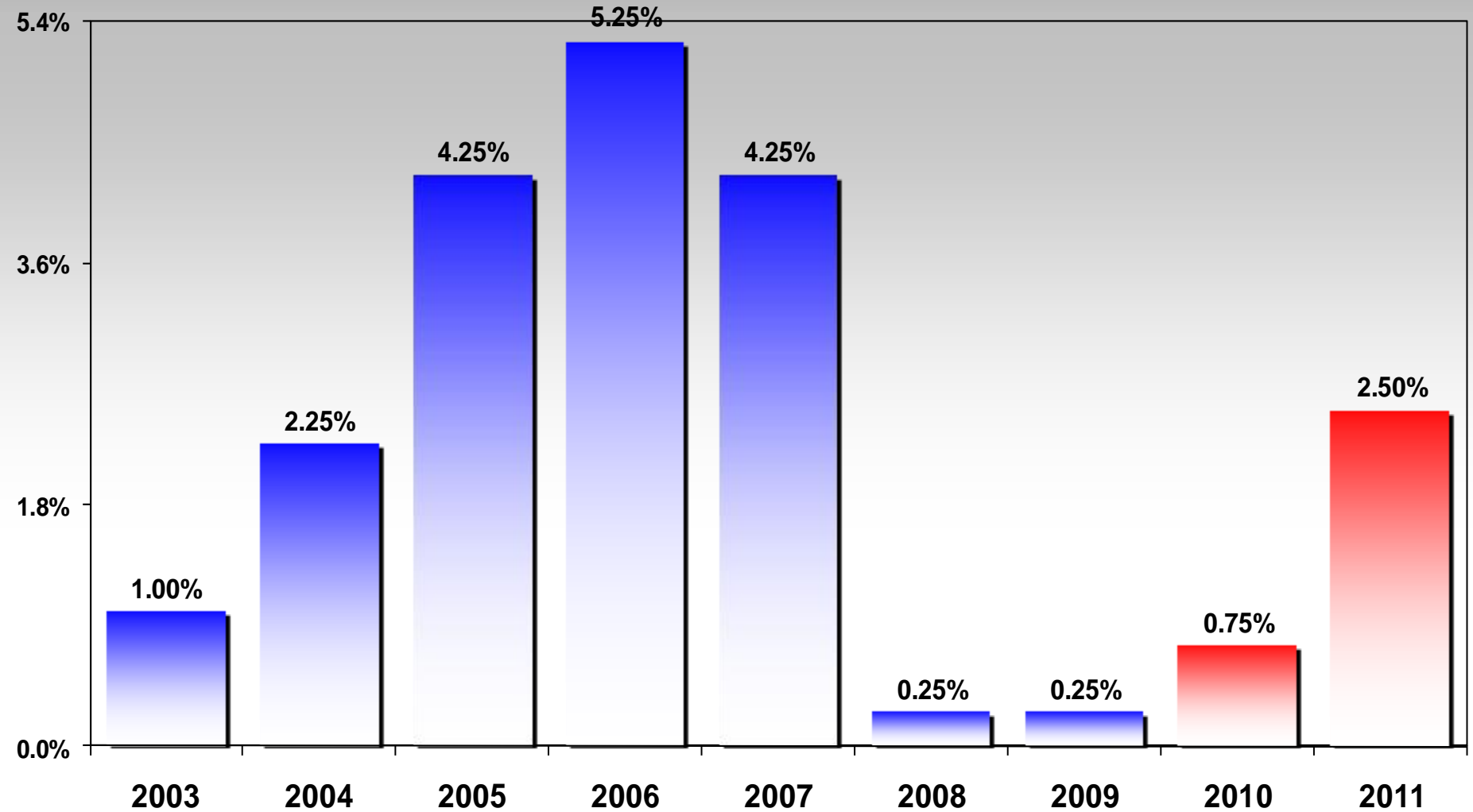
## Bradesco (YOY) - 2004-2010





# US FED FUNDS - END OF PERIOD – 2003-2011

Bradesco







SOURCE: IMF

Bradesco



**WILL THE US  
DOLLAR  
STILL GO  
DOWNHILL?**

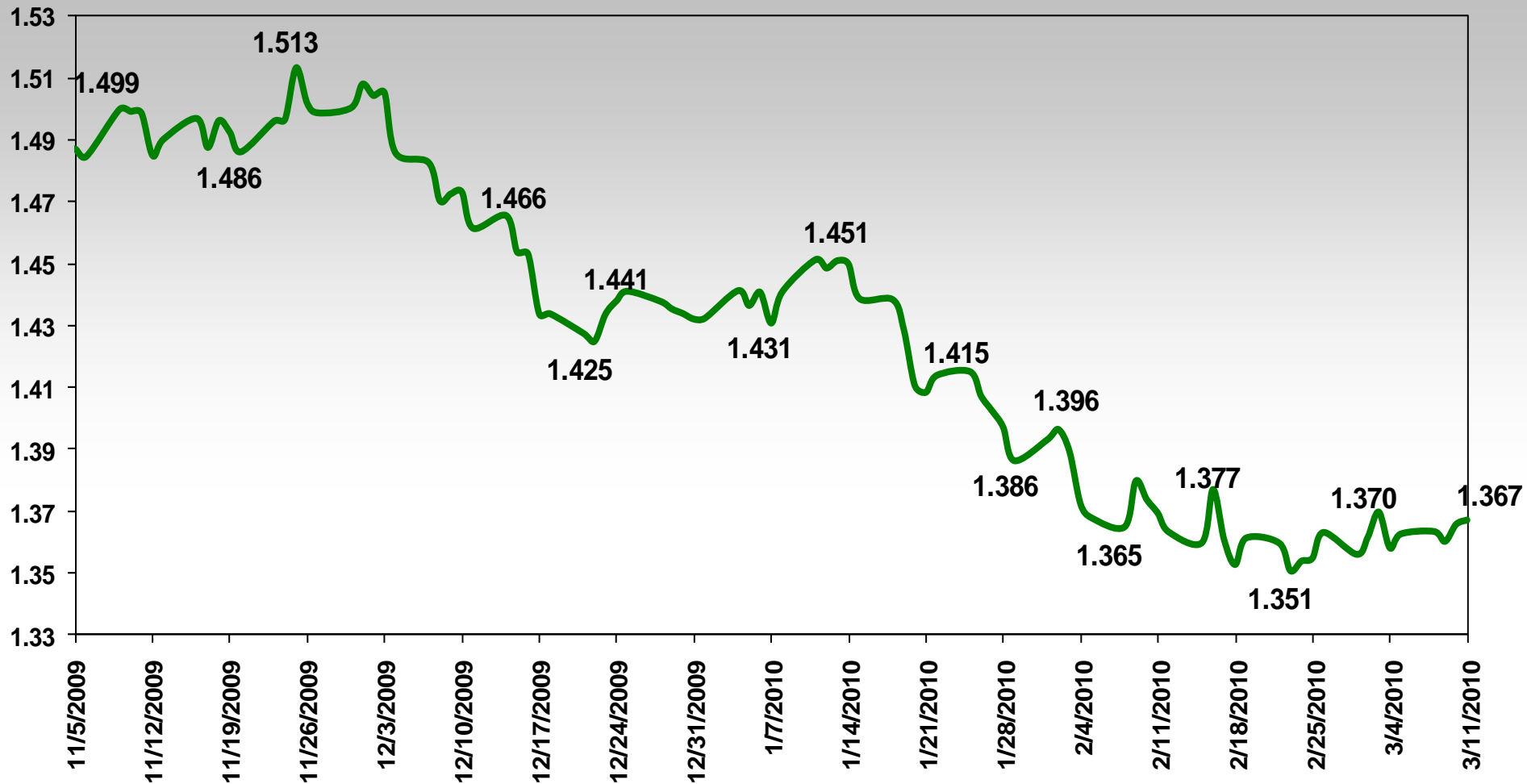
**NO**





# US\$/EURO – 2009-2010

Bradesco



SOURCE: BLOOMBERG, BRADESCO



# DXY: US DOLLAR IS AT ITS LOW HISTORICAL LEVEL

Bradesco

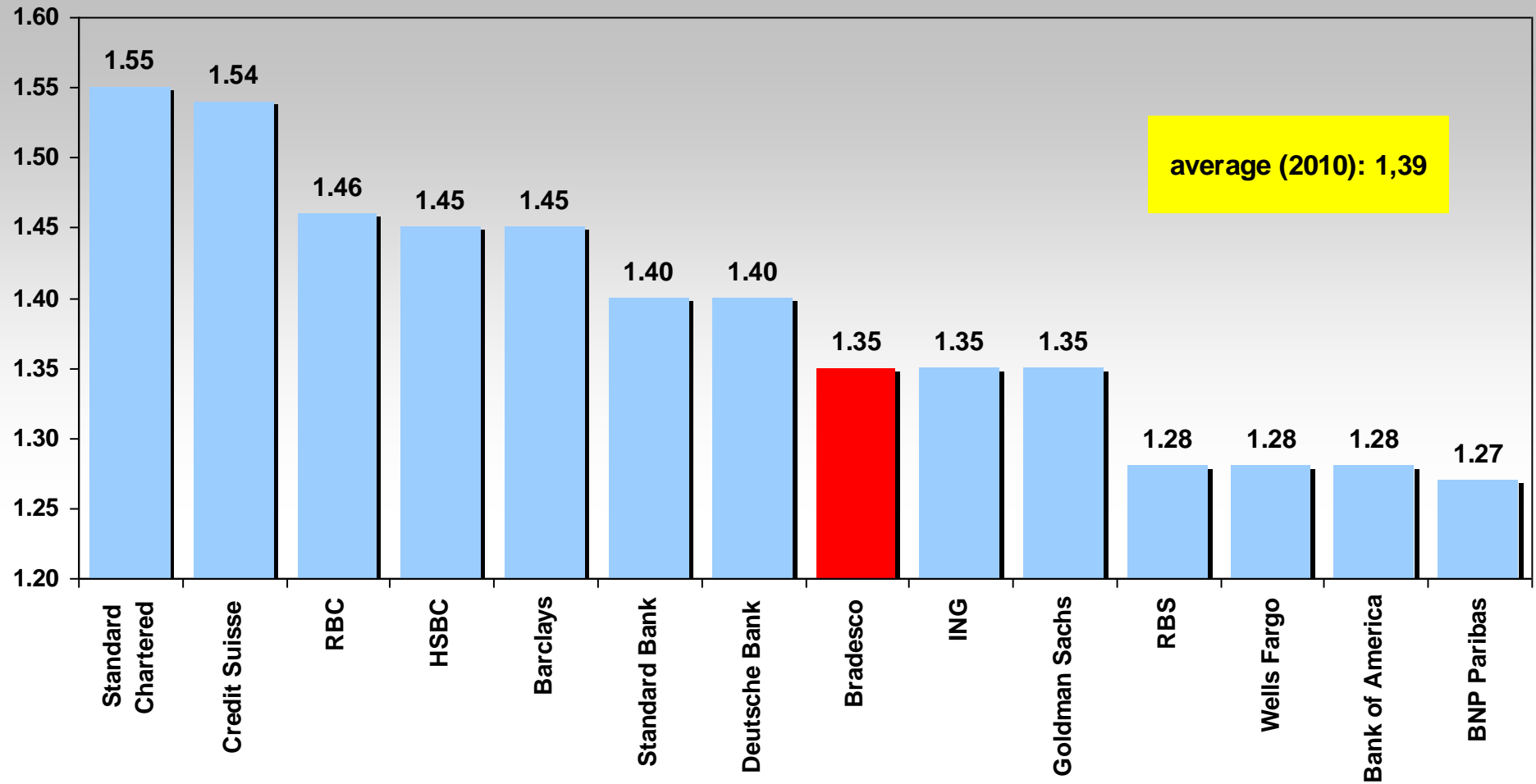


SOURCE: FEDERAL RESERVE, BRADESCO



# USD/EURO FORECAST

Bradesco



SOURCE: BLOOMBERG



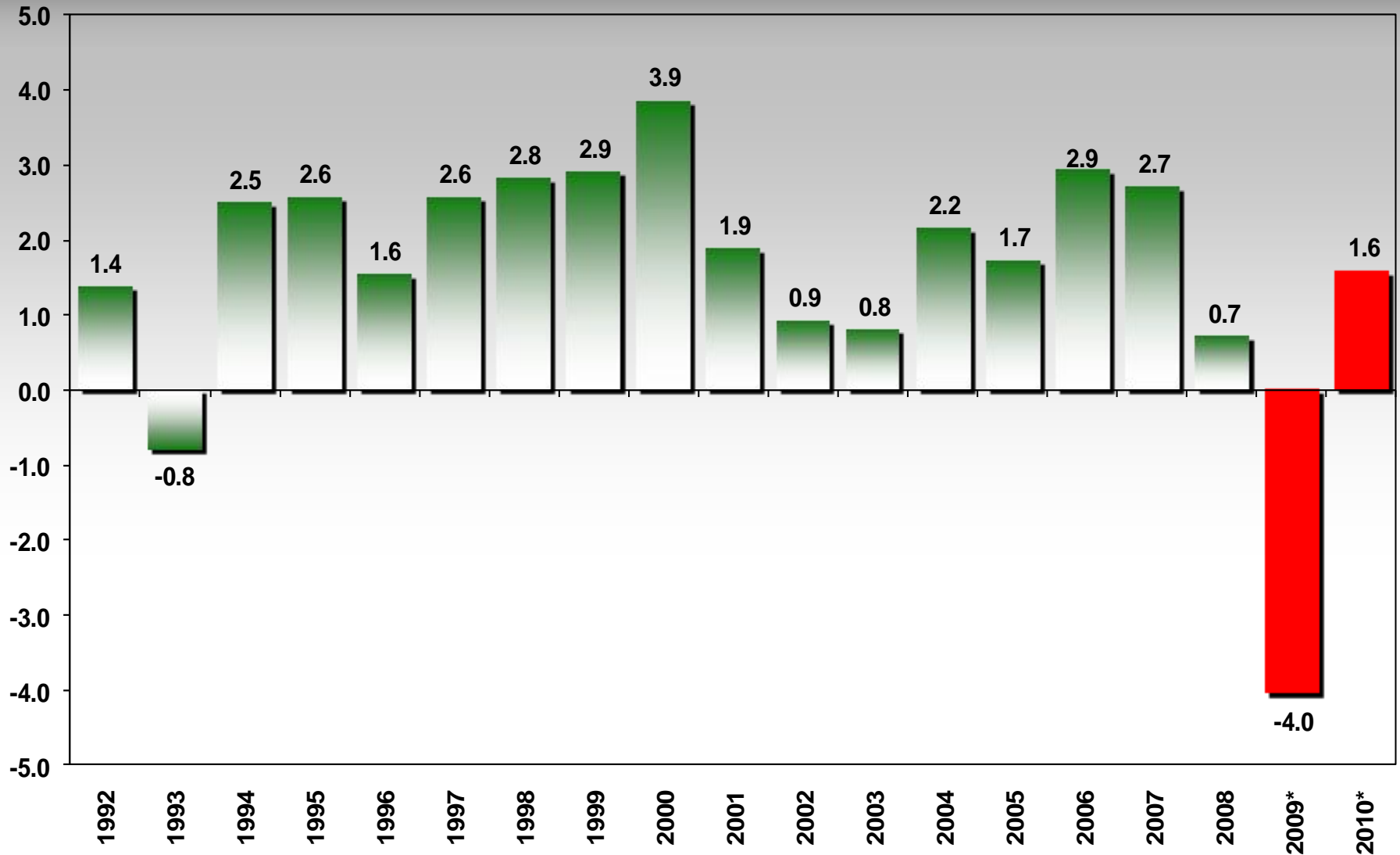
Bradesco

**THERE IS MORE  
SCEPTICISM ABOUT  
EUROPE THAN ABOUT  
THE US ECONOMY,  
CONSIDERING THE  
FISCAL SCENARIO**



# GROWTH IN THE EURO ZONE 1992 – 2010 (%)

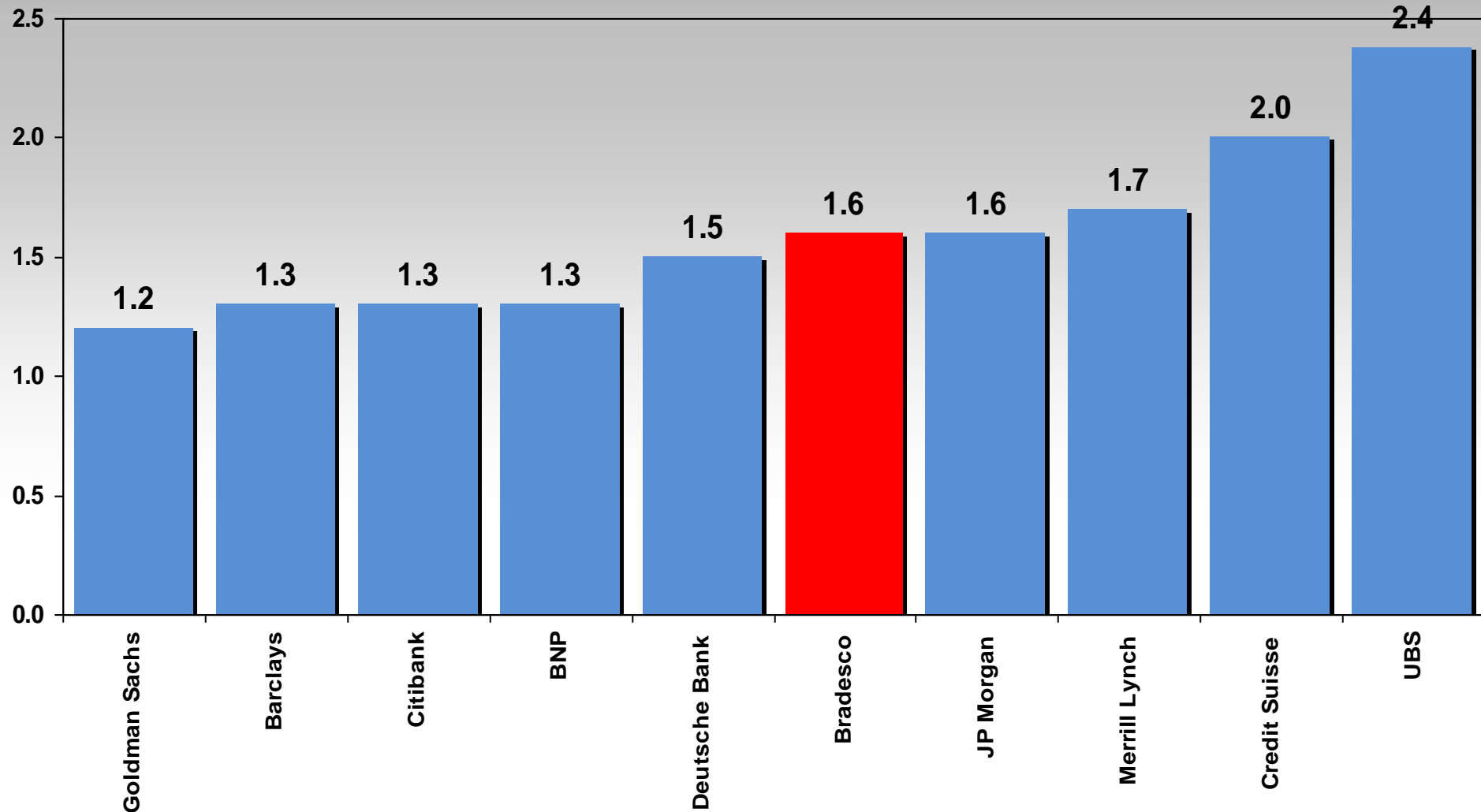
Bradesco





# EURO ZONE GLOBAL GDP: GROWTH IN 2010

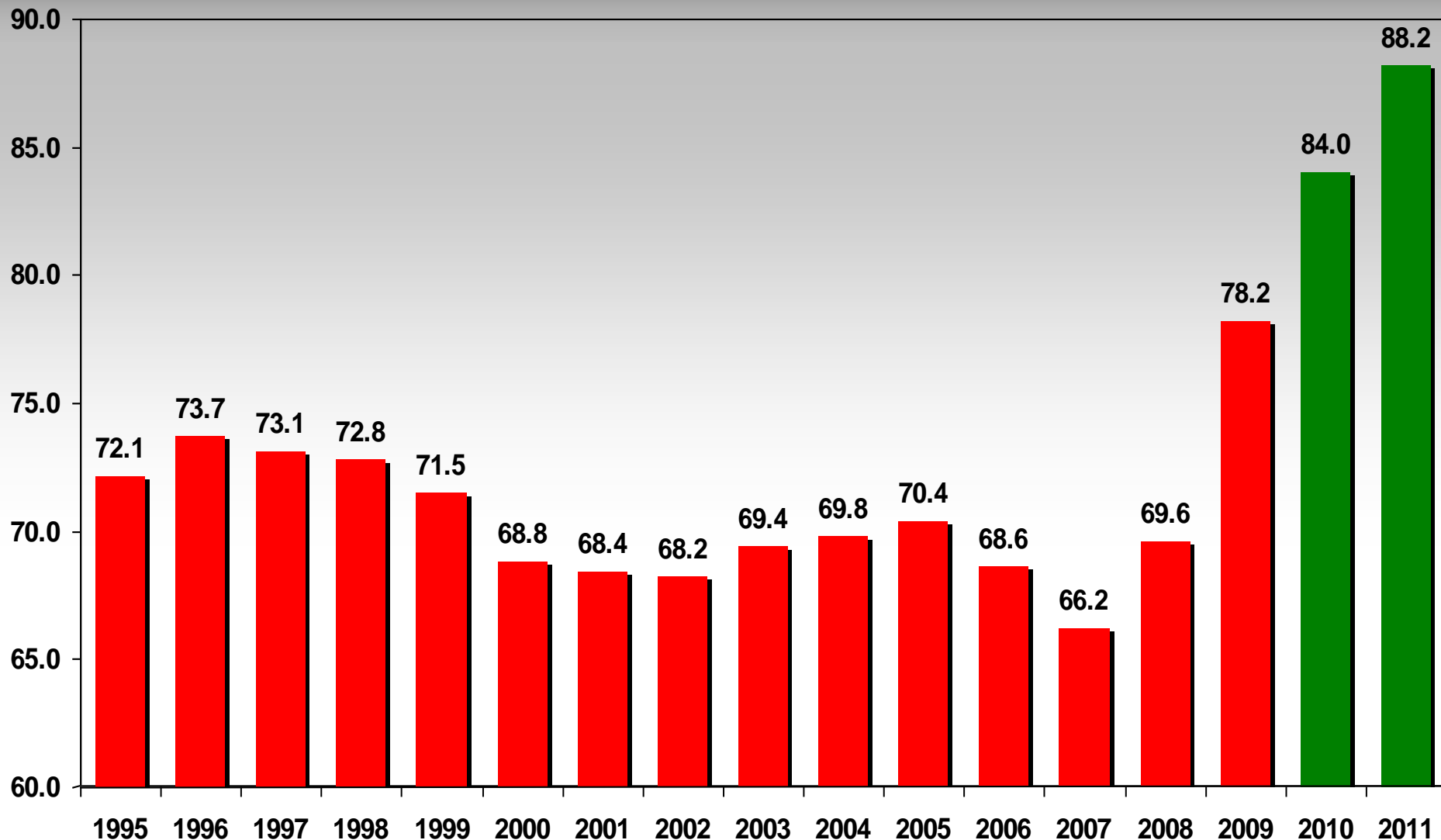
Bradesco





# EURO ZONE: DEBT TO GDP RATIO (%)

Bradesco



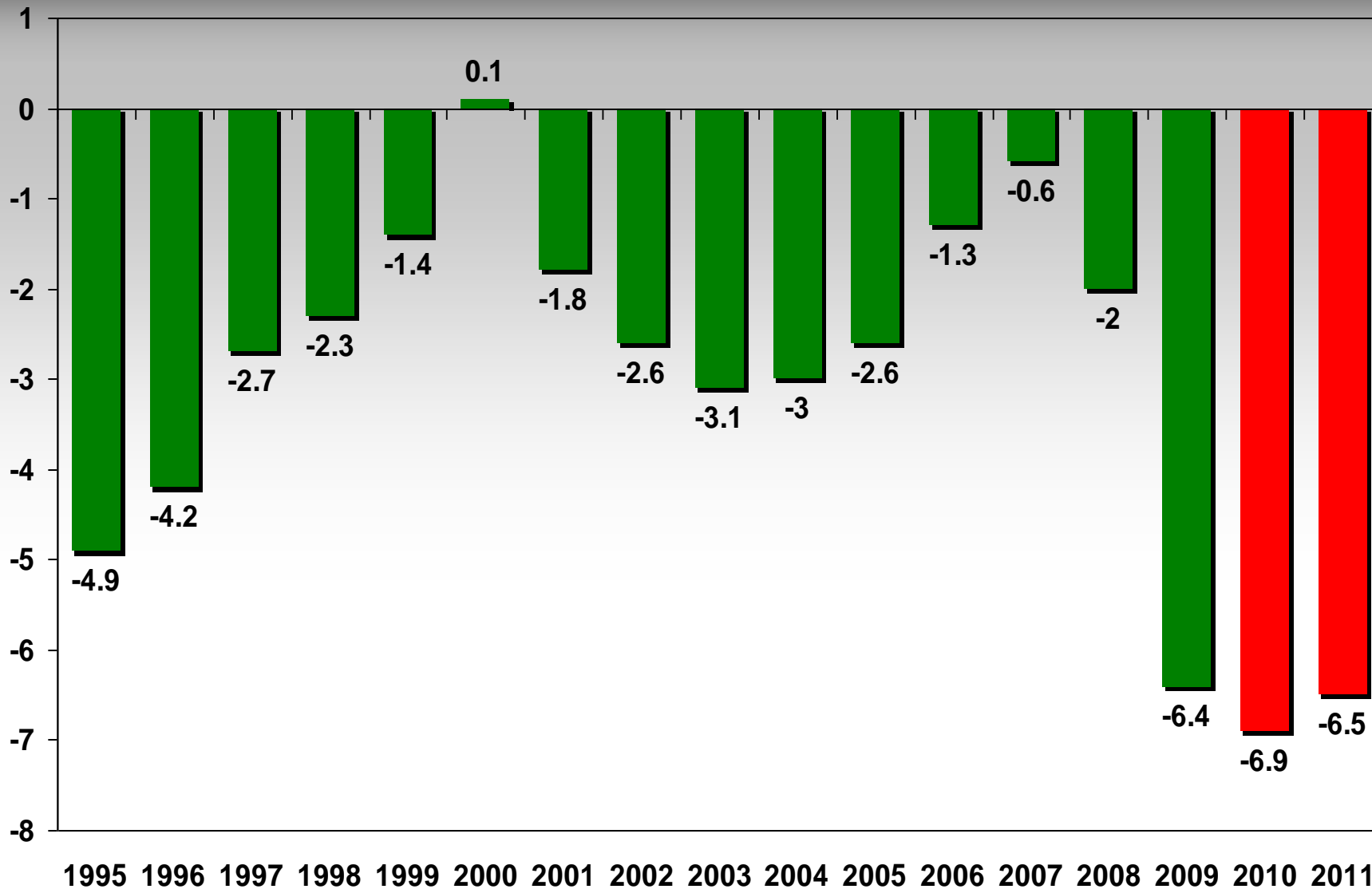
SOURCE AND FORECAST: EUROPEAN COMMISSION  
PREPARED BY: BRADESCO





# EURO ZONE: NOMINAL DEFICIT AS % OF GDP

Bradesco



SOURCE AND FORECAST: EUROPEAN COMMISSION  
PREPARED BY: BRADESCO



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**FANTASTIC  
GENEROSITY  
AMONG COUNTRIES  
IN THE EURO  
ZONE!!!**



Bradesco

FOCUS, FEBRUARY 22ND

THE MOST POPULAR MAGAZINE IN GERMANY

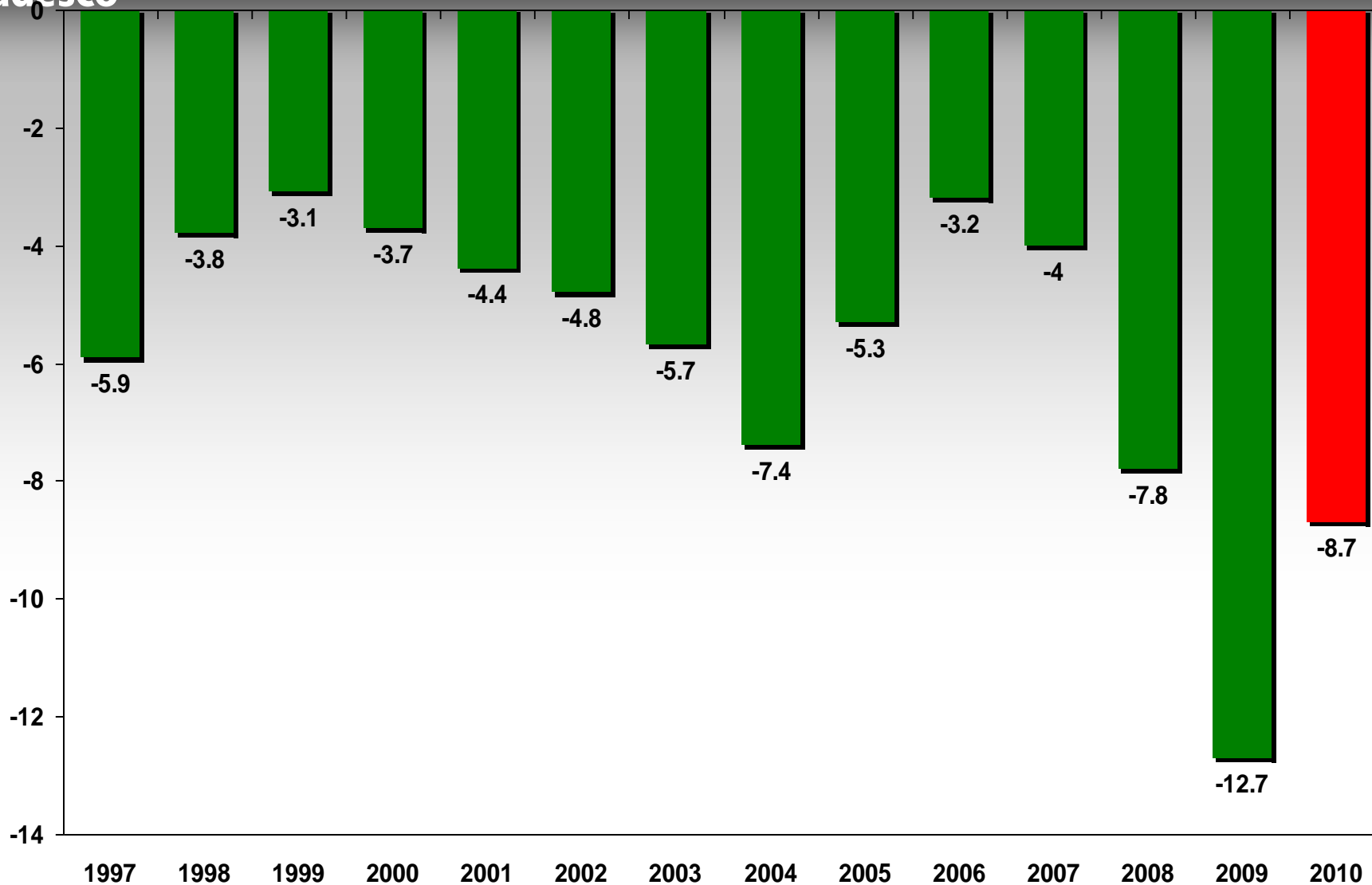
**“Greece: traitor to the Euro family”.**  
**Obviously this cover raised fierce protests.**





# GREECE: NOMINAL FISCAL DEFICIT % OF GDP

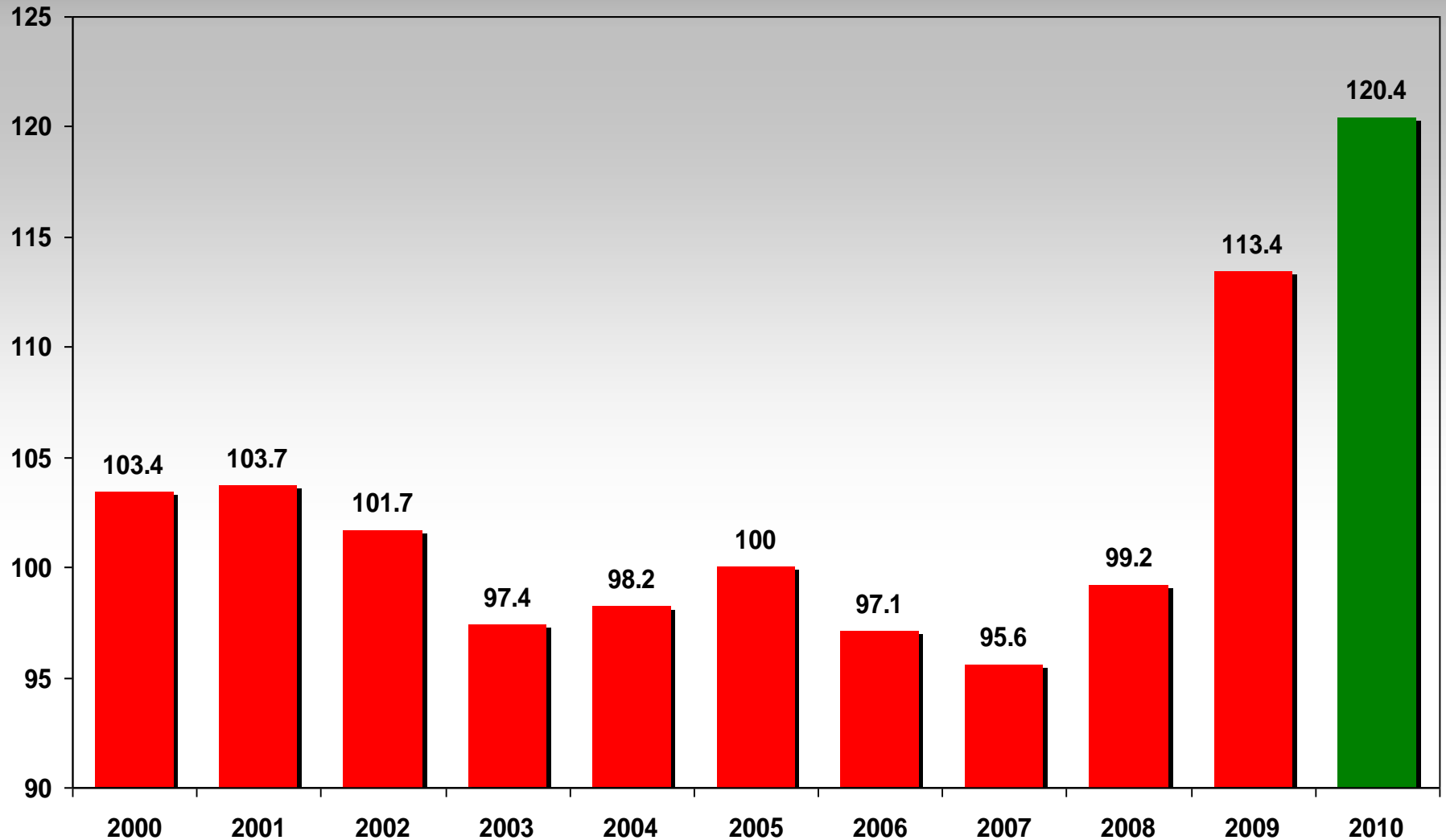
Bradesco





# GREECE: DEBT TO GDP RATIO AS % OF GDP

Bradesco



SOURCE AND FORECAST: EUROPEAN COMMISSION  
PREPARED BY: BRADESCO

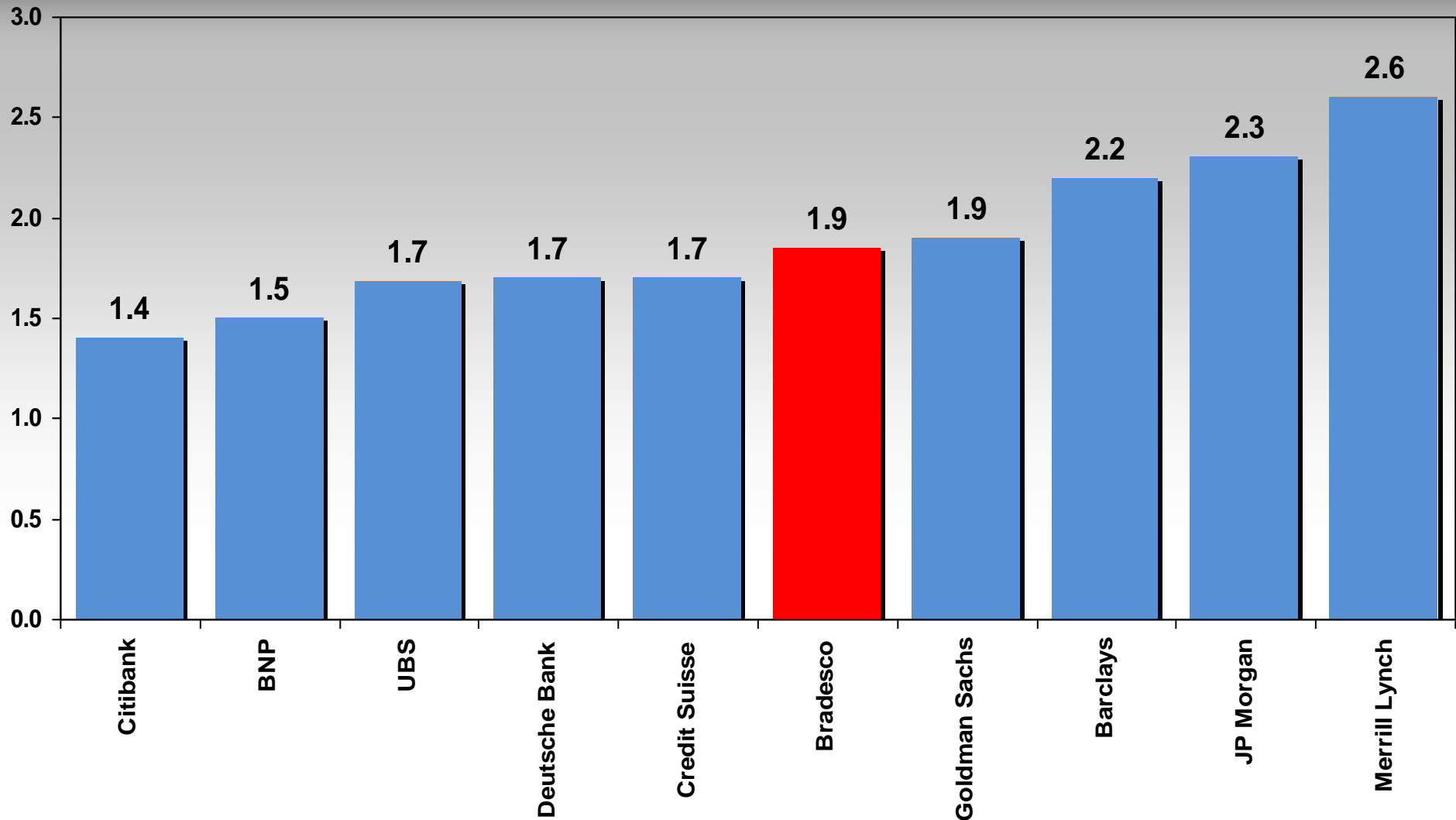


**JAPAN WITH  
DEMOGRAPHIC  
PROBLEMS (ONE OF  
THE FASTEST COUNTRY  
GETTING OLDER) AND  
DEPENDENT ON CHINA**



# GROWTH IN JAPAN 1992 – 2010 (%)

Bradesco





**Bradesco**

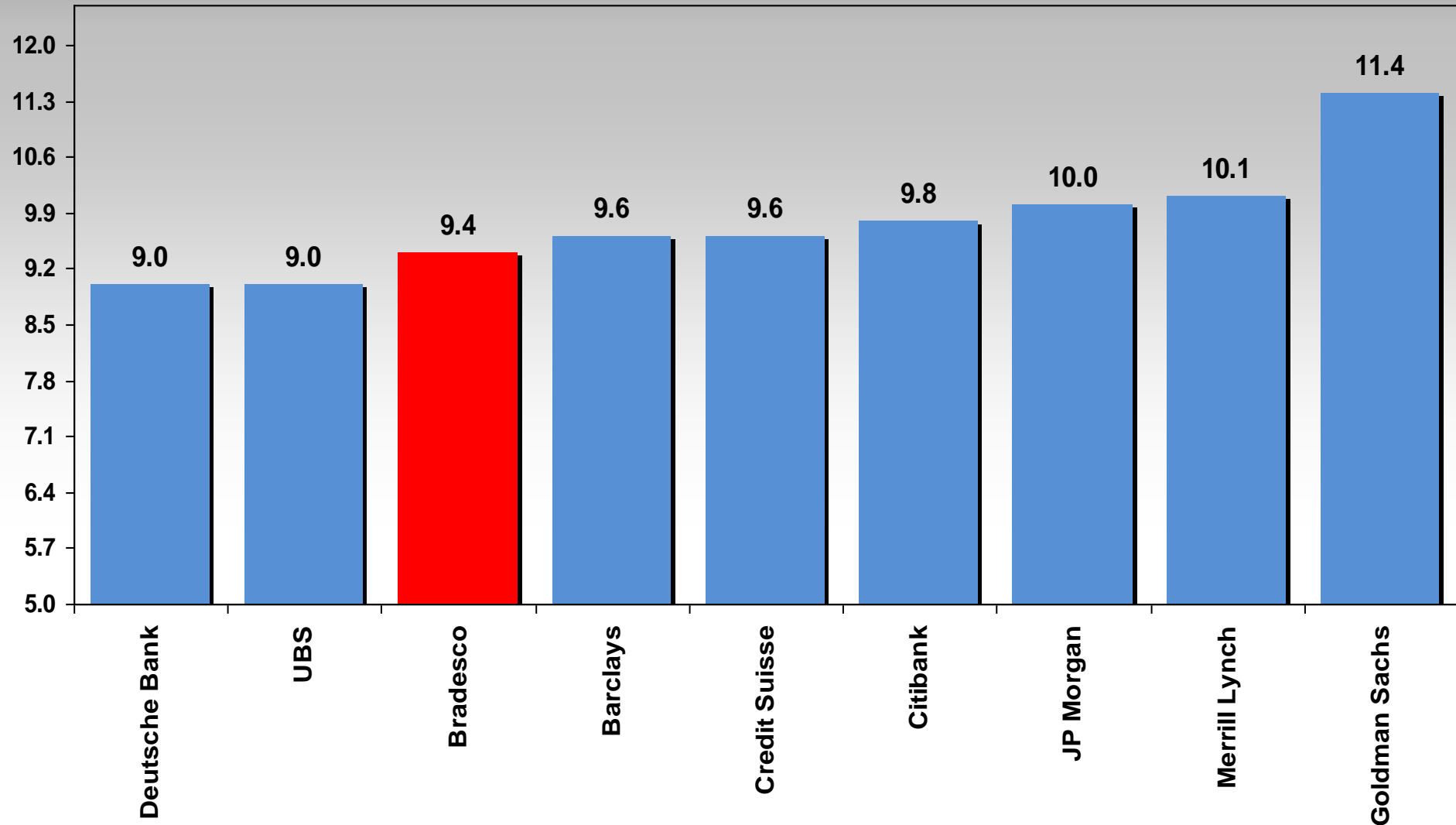
**FORECAST OF GDP  
GROWTH IN SELECTED  
COUNTRIES IN 2010, BY  
IMPORTANT BANKS'  
ECONOMIC TEAMS  
(UPDATED LAST MONDAY)**





# CHINA GDP: GROWTH IN 2010

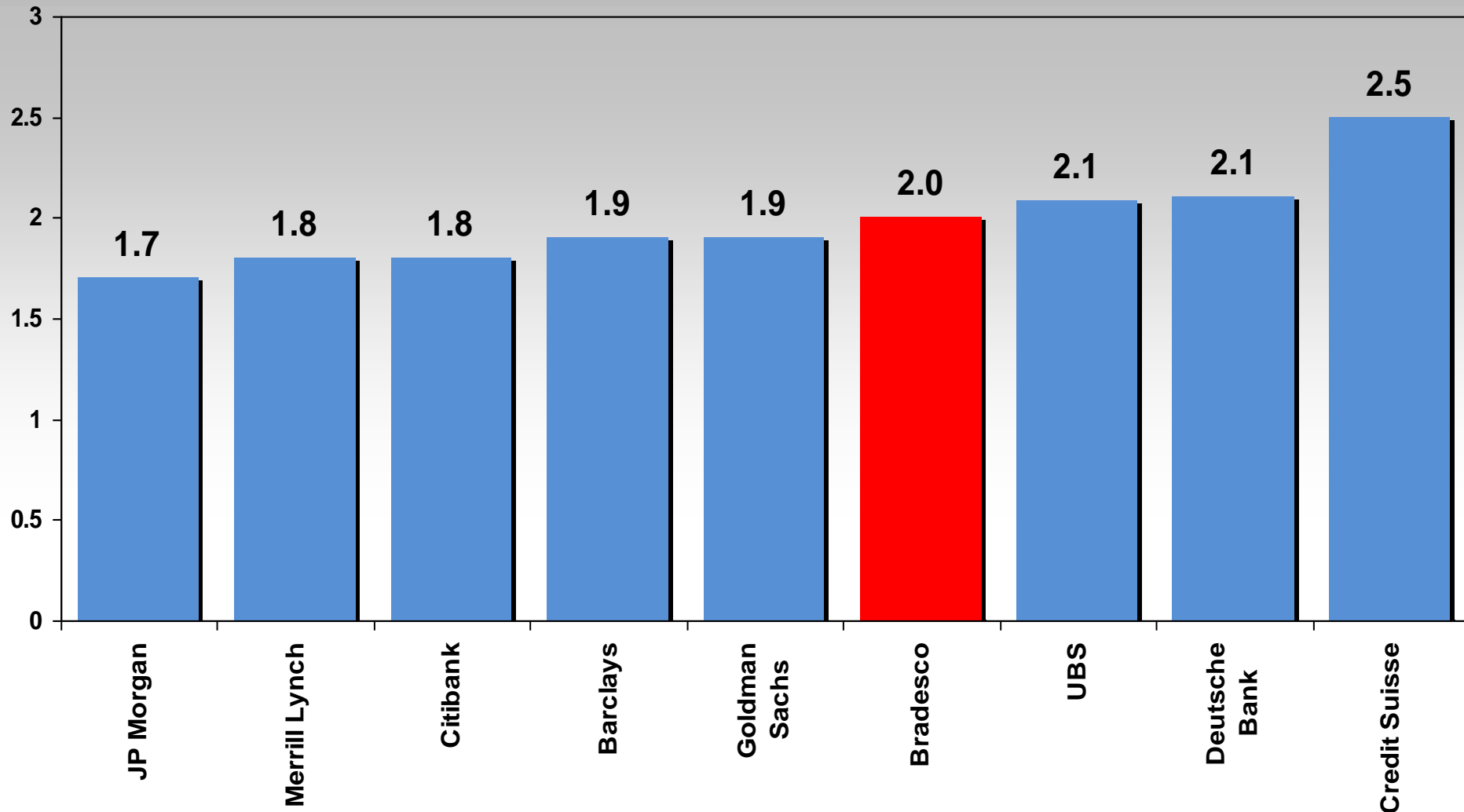
Bradesco





# GERMANY GDP: GROWTH IN 2010

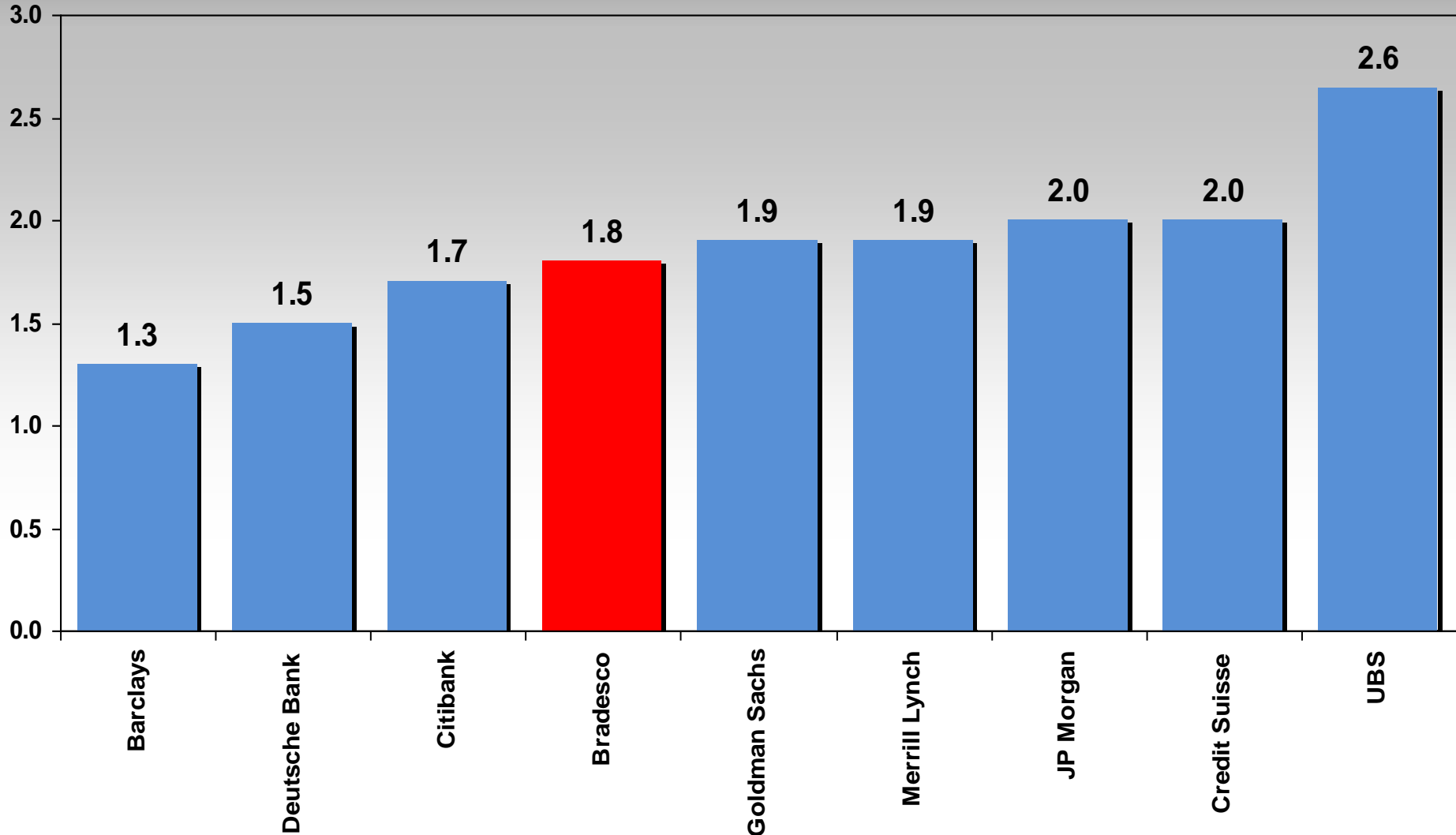
Bradesco





# FRANCE GDP: GROWTH IN 2010

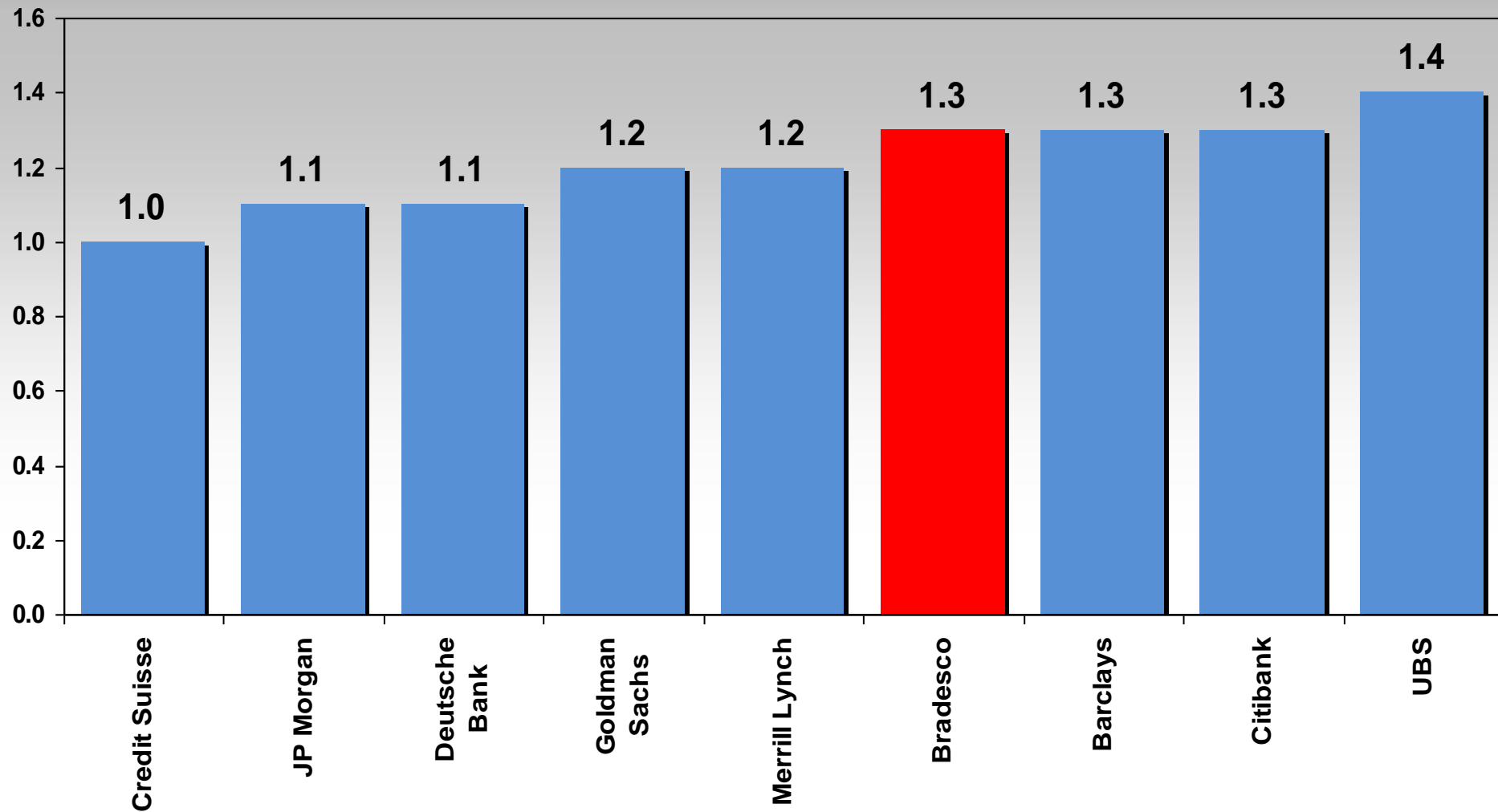
Bradesco





# ITALY GDP: GROWTH IN 2010

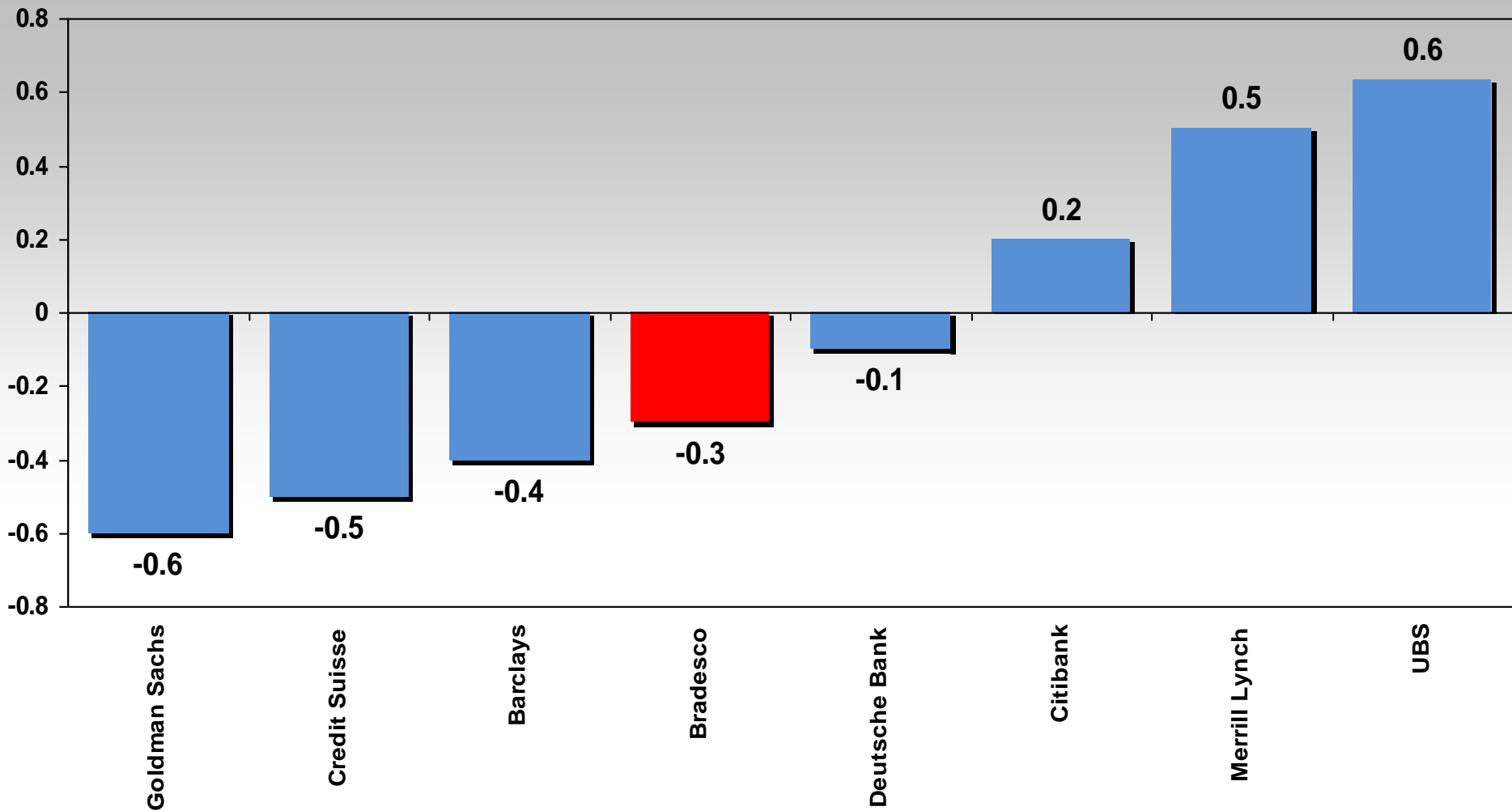
Bradesco





# SPAIN GDP: GROWTH IN 2010

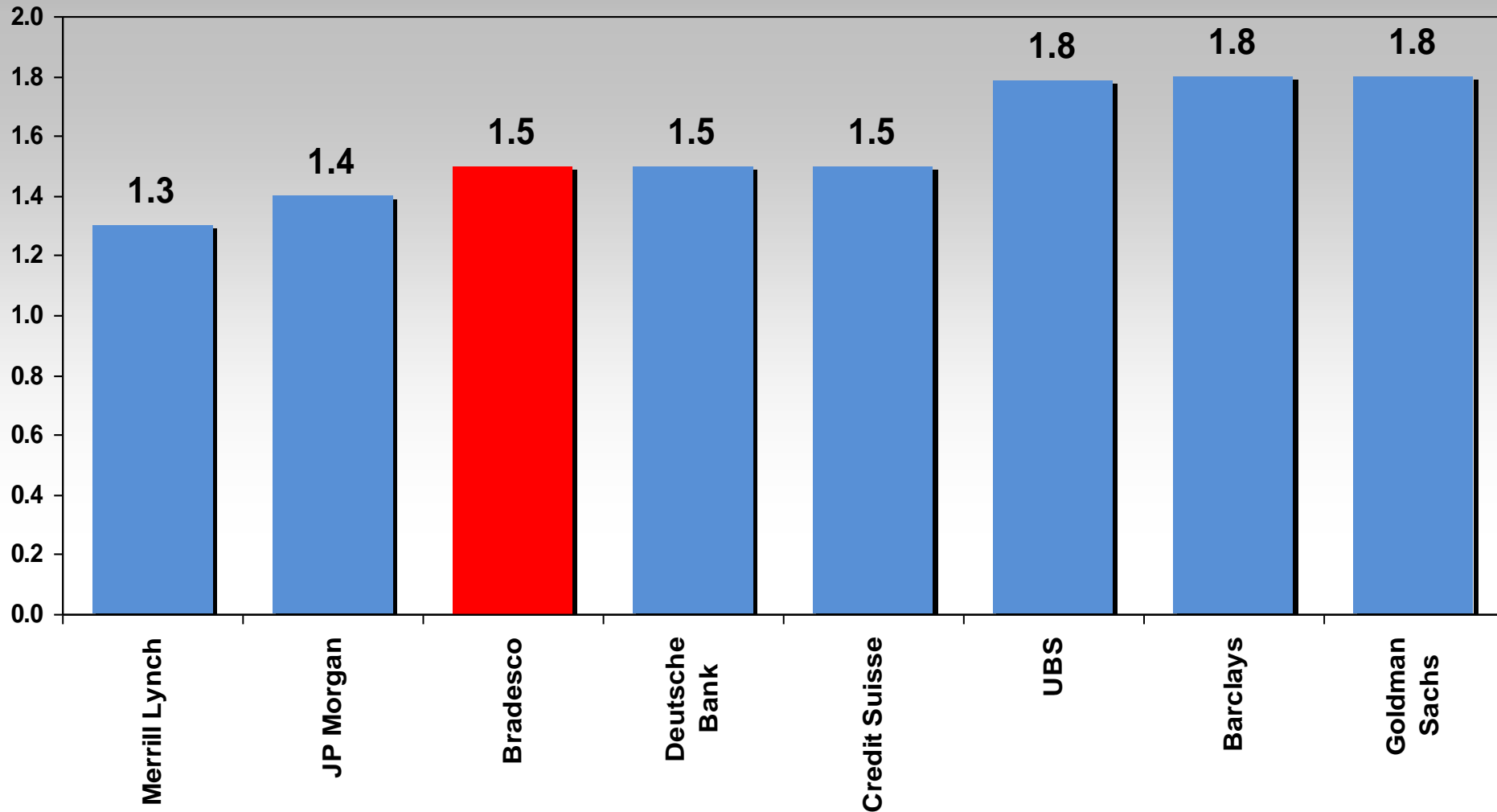
Bradesco





# UK GDP: GROWTH IN 2010

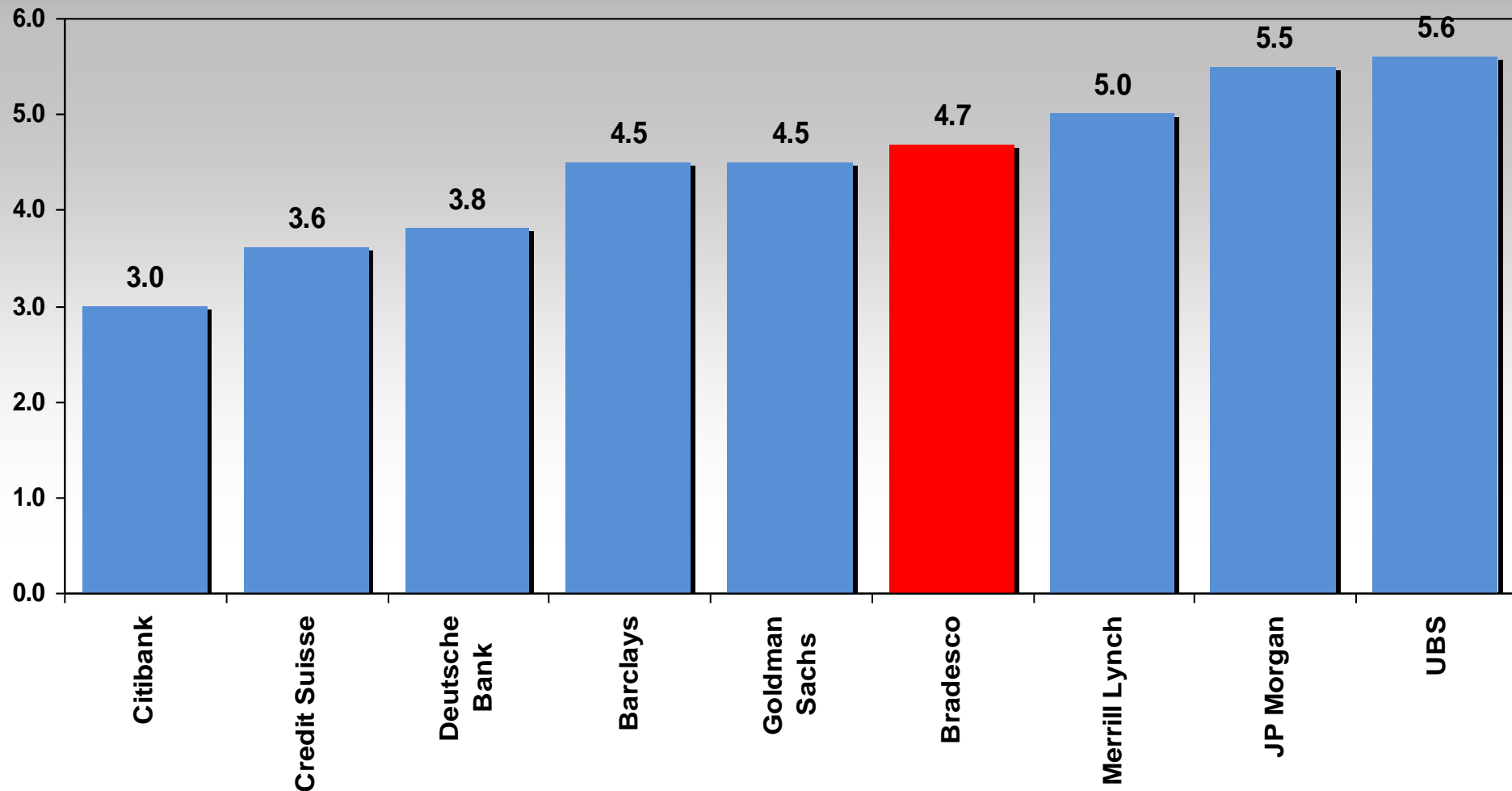
Bradesco





# RUSSIA GDP: GROWTH IN 2010

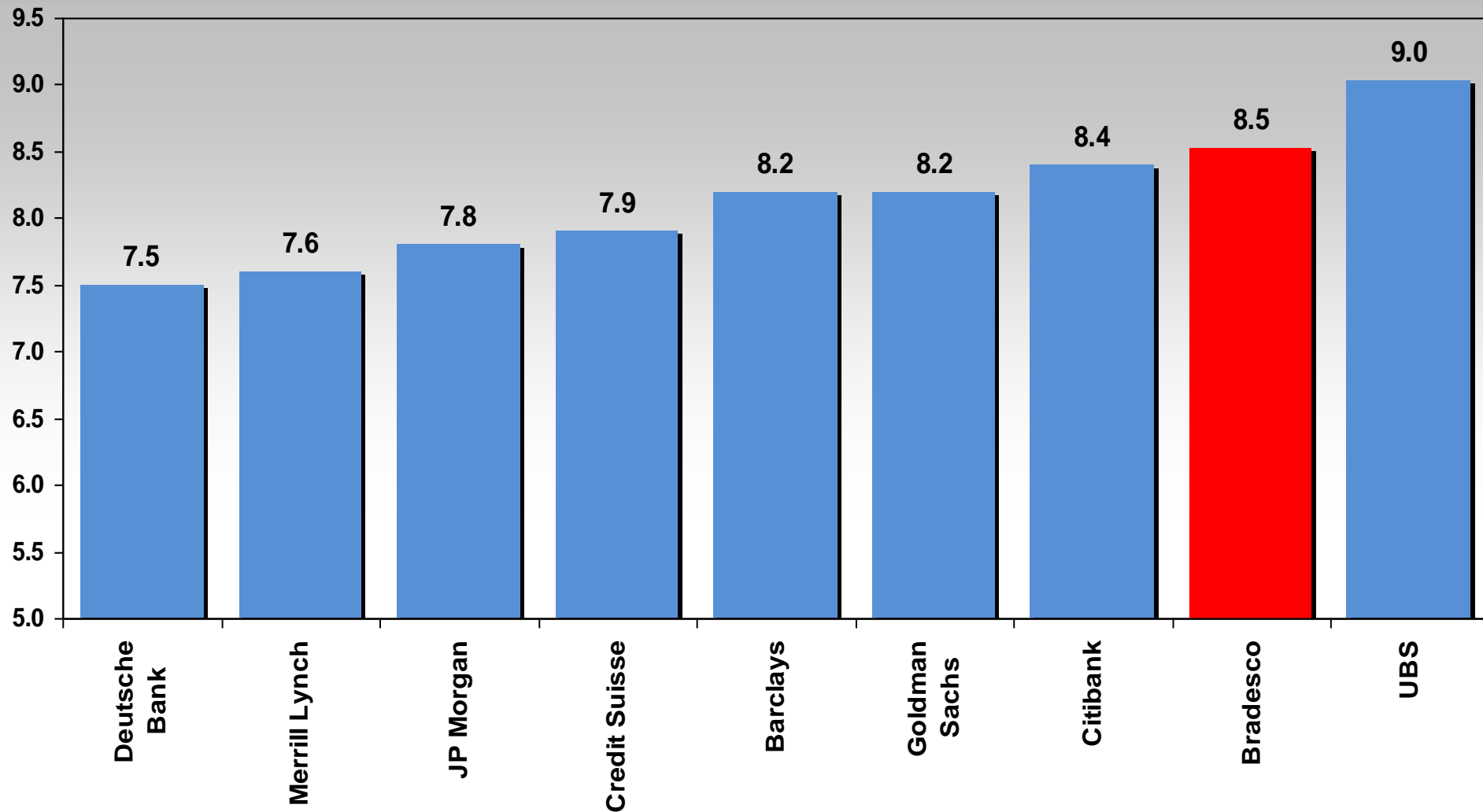
Bradesco





# INDIA GDP: GROWTH IN 2010

Bradesco

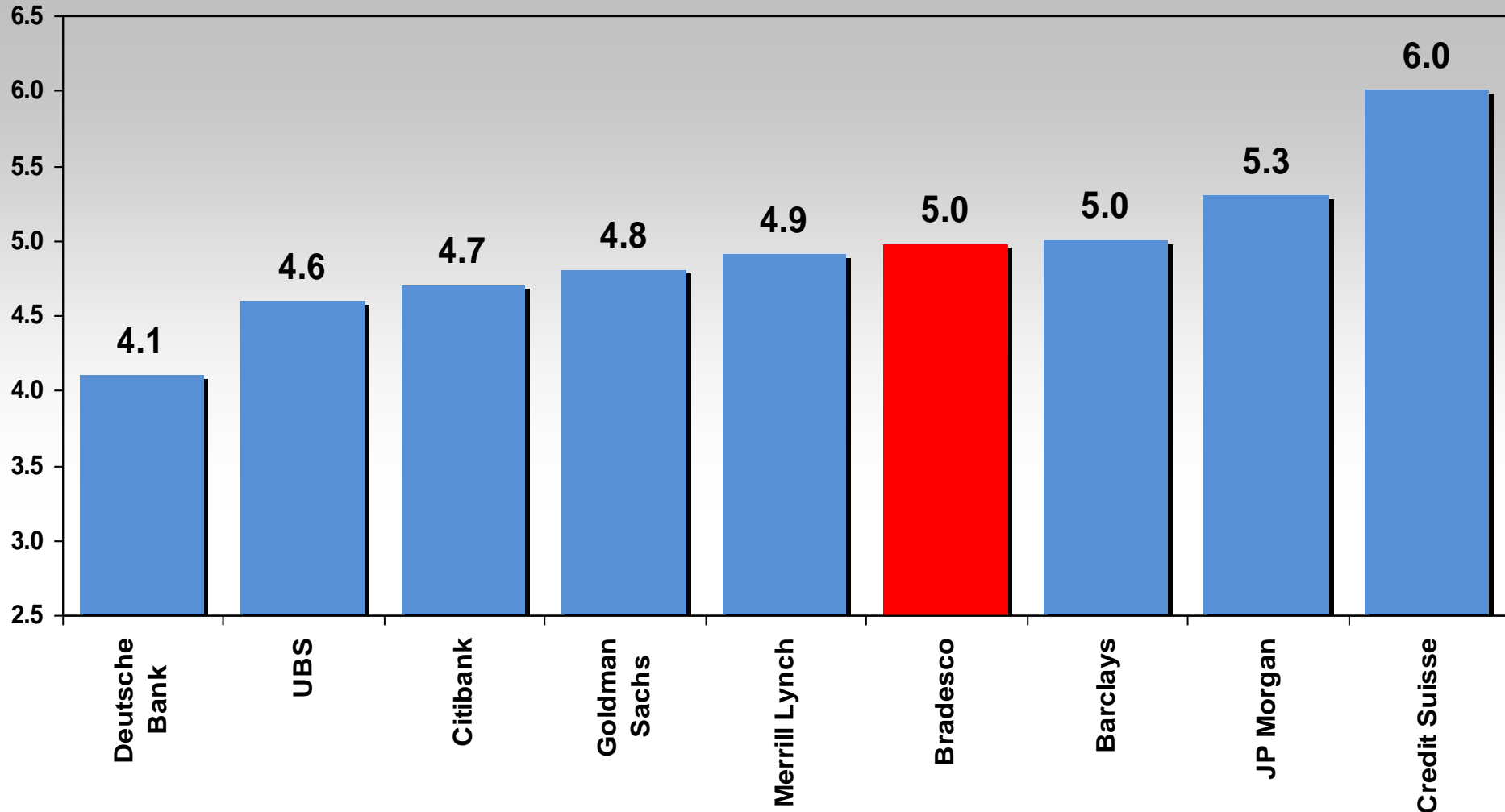






# SOUTH KOREA GDP: GROWTH IN 2010

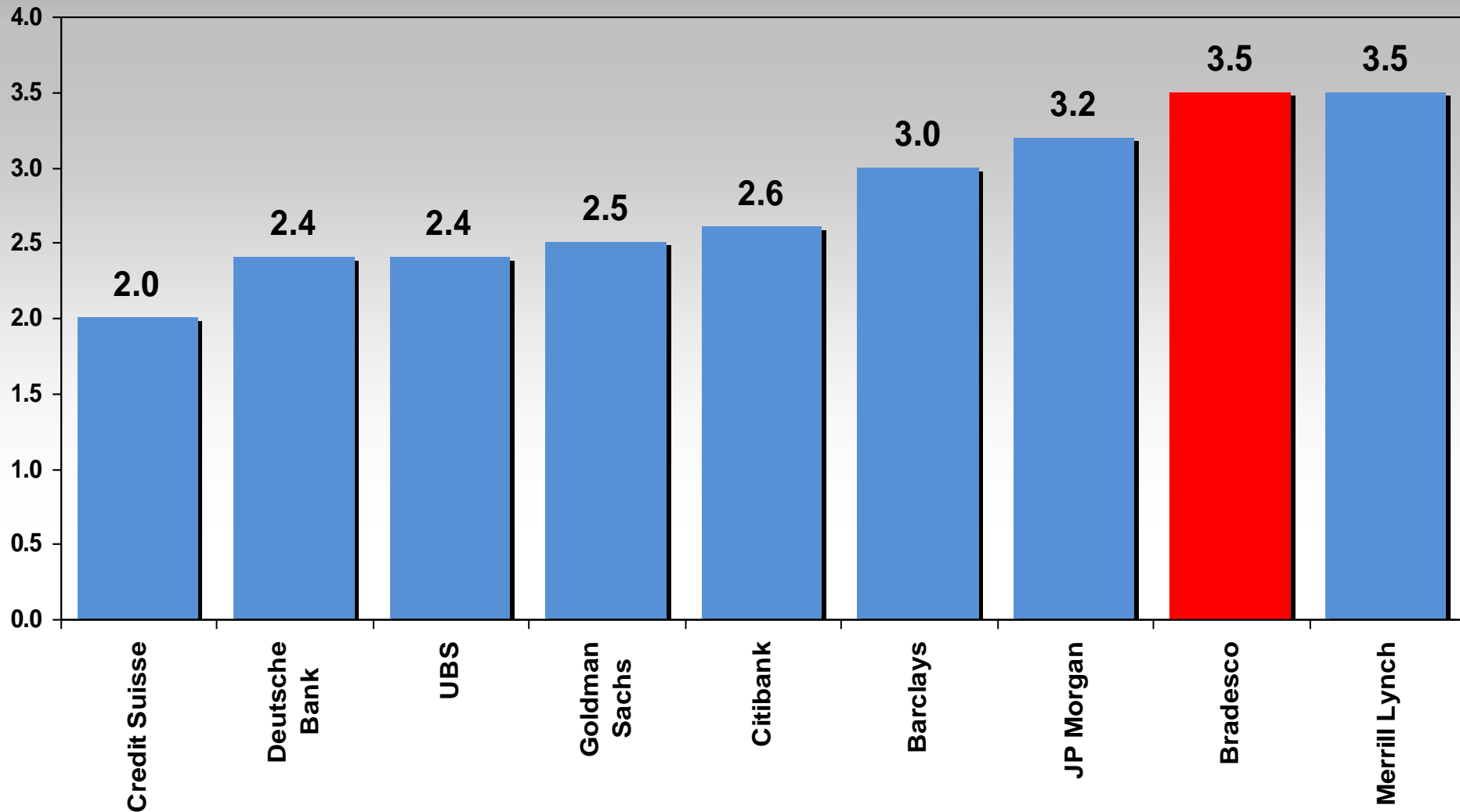
Bradesco





# POLAND GDP: GROWTH IN 2010

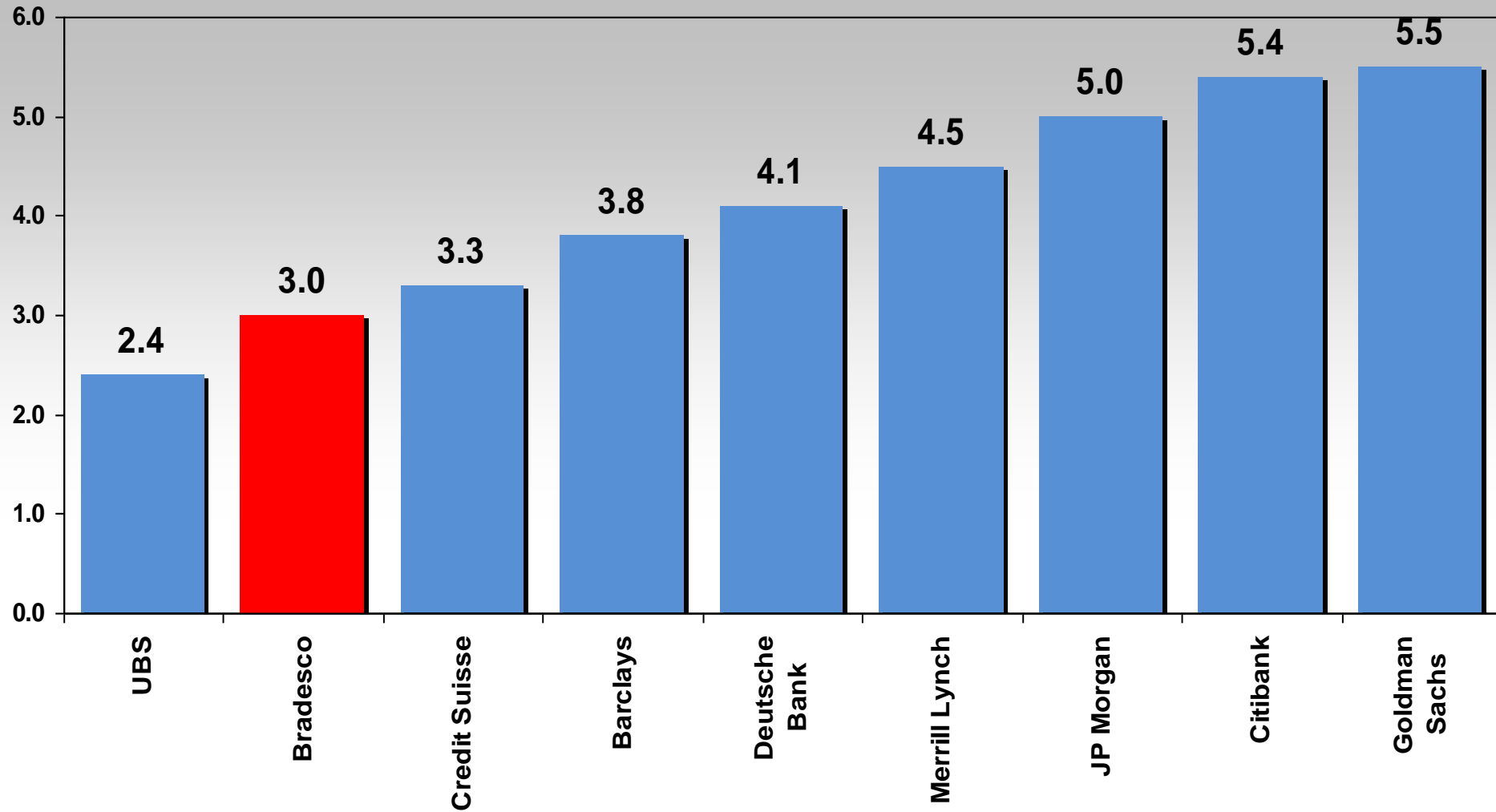
Bradesco





# TURKEY GDP: GROWTH IN 2010

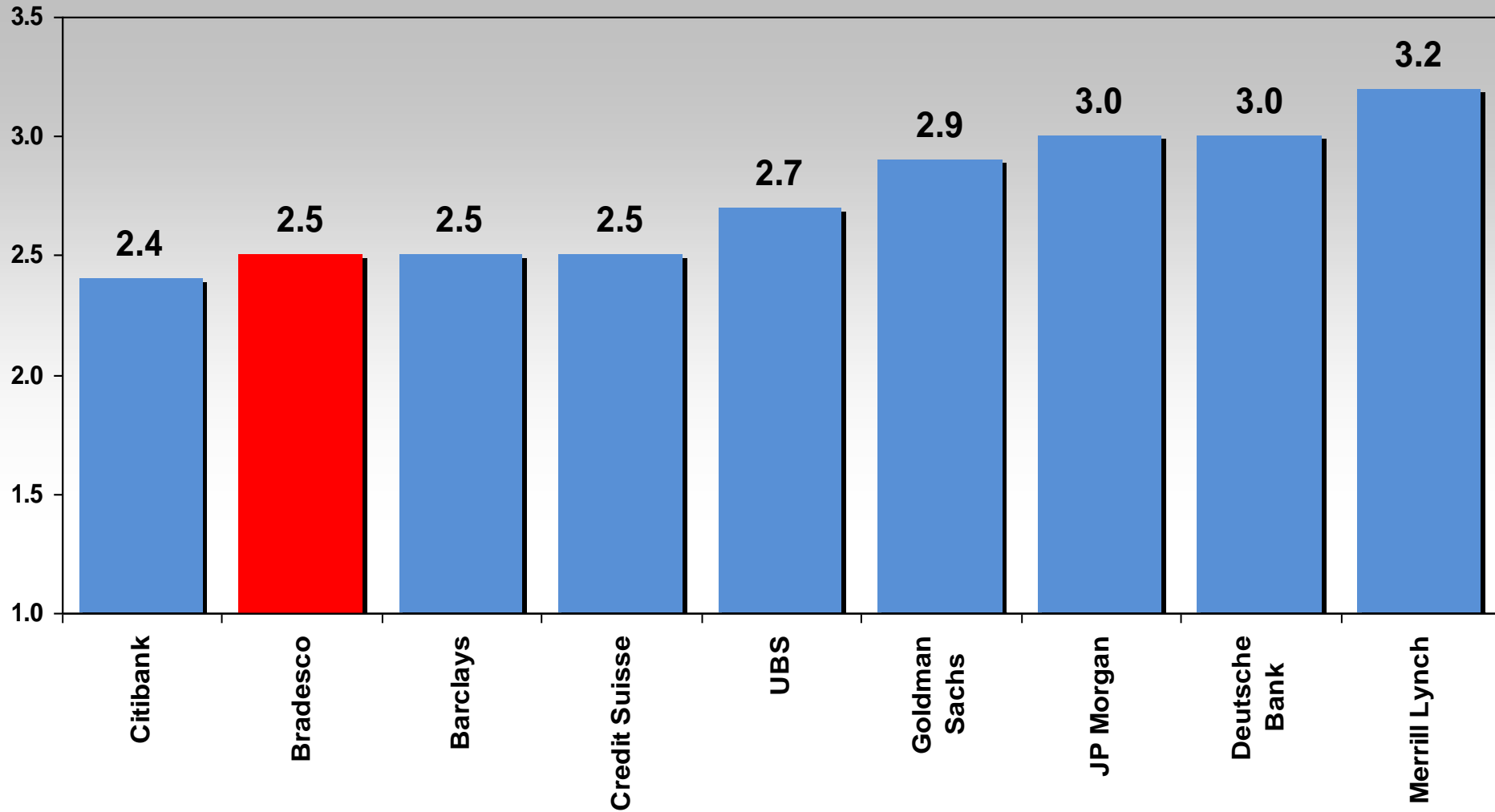
Bradesco





# SOUTH AFRICA GDP: GROWTH IN 2010

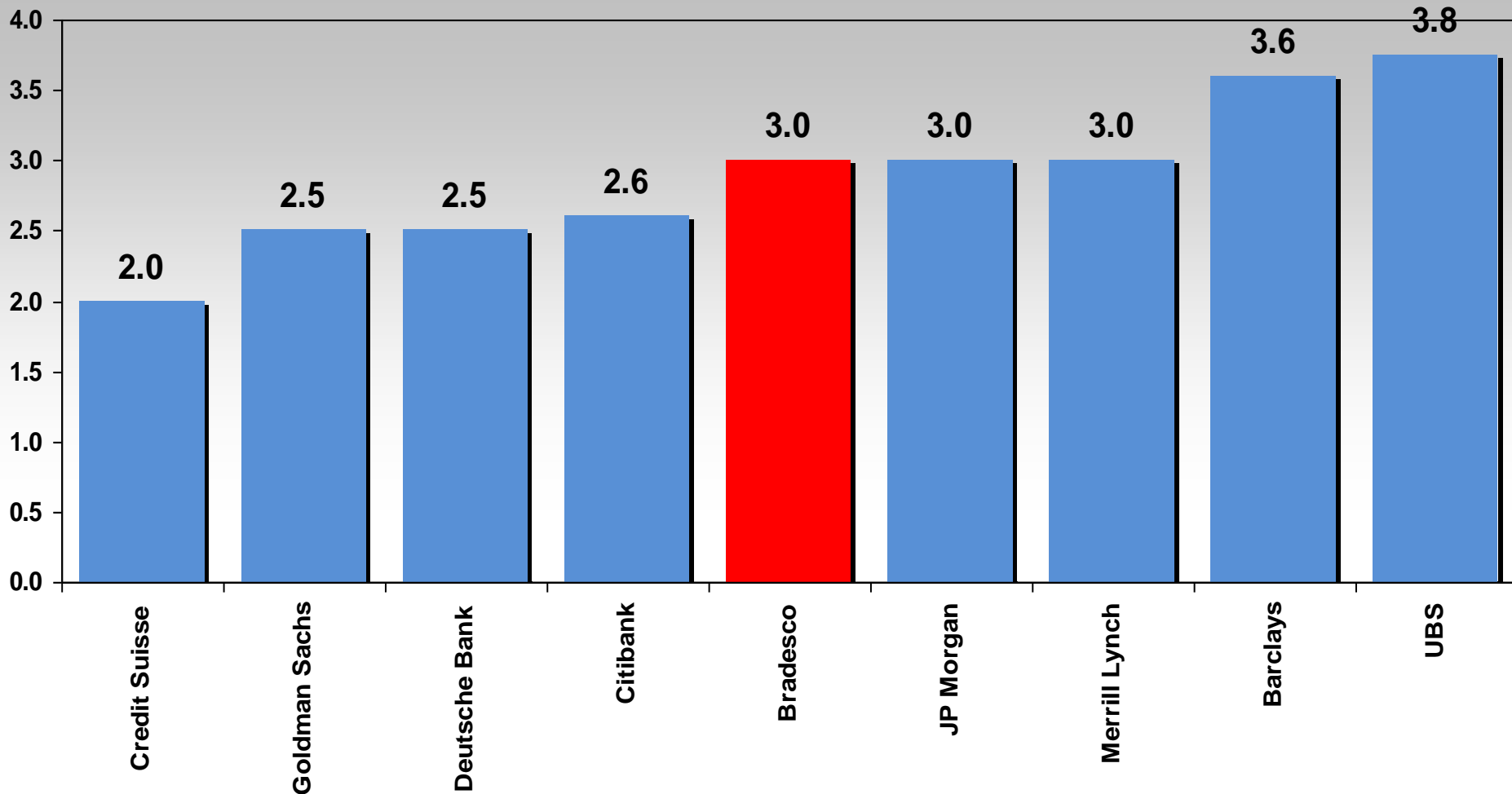
Bradesco





# COLOMBIA GDP: GROWTH IN 2010

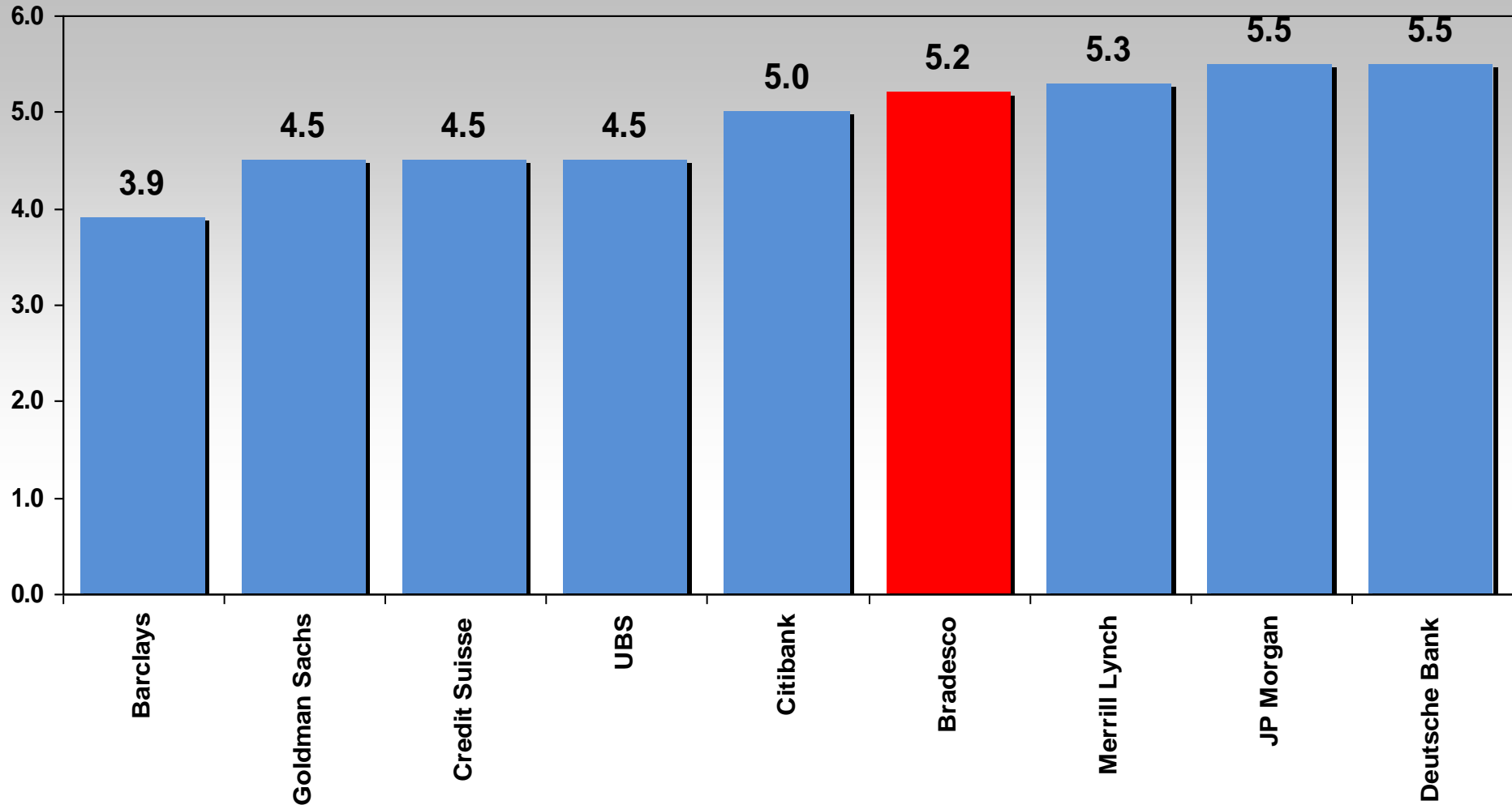
Bradesco





# PERU GDP: GROWTH IN 2010

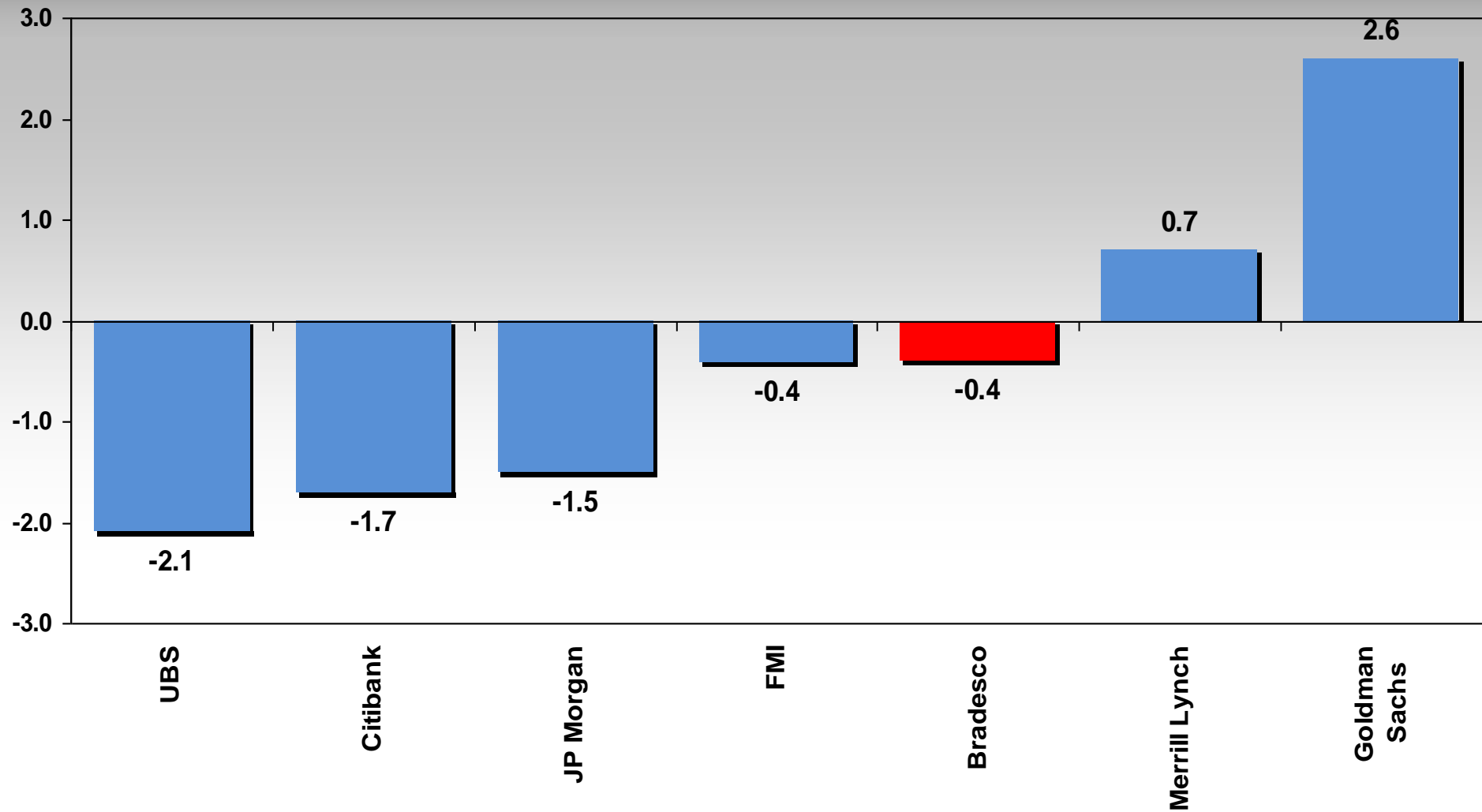
Bradesco





# VENEZUELA GDP: GROWTH IN 2010

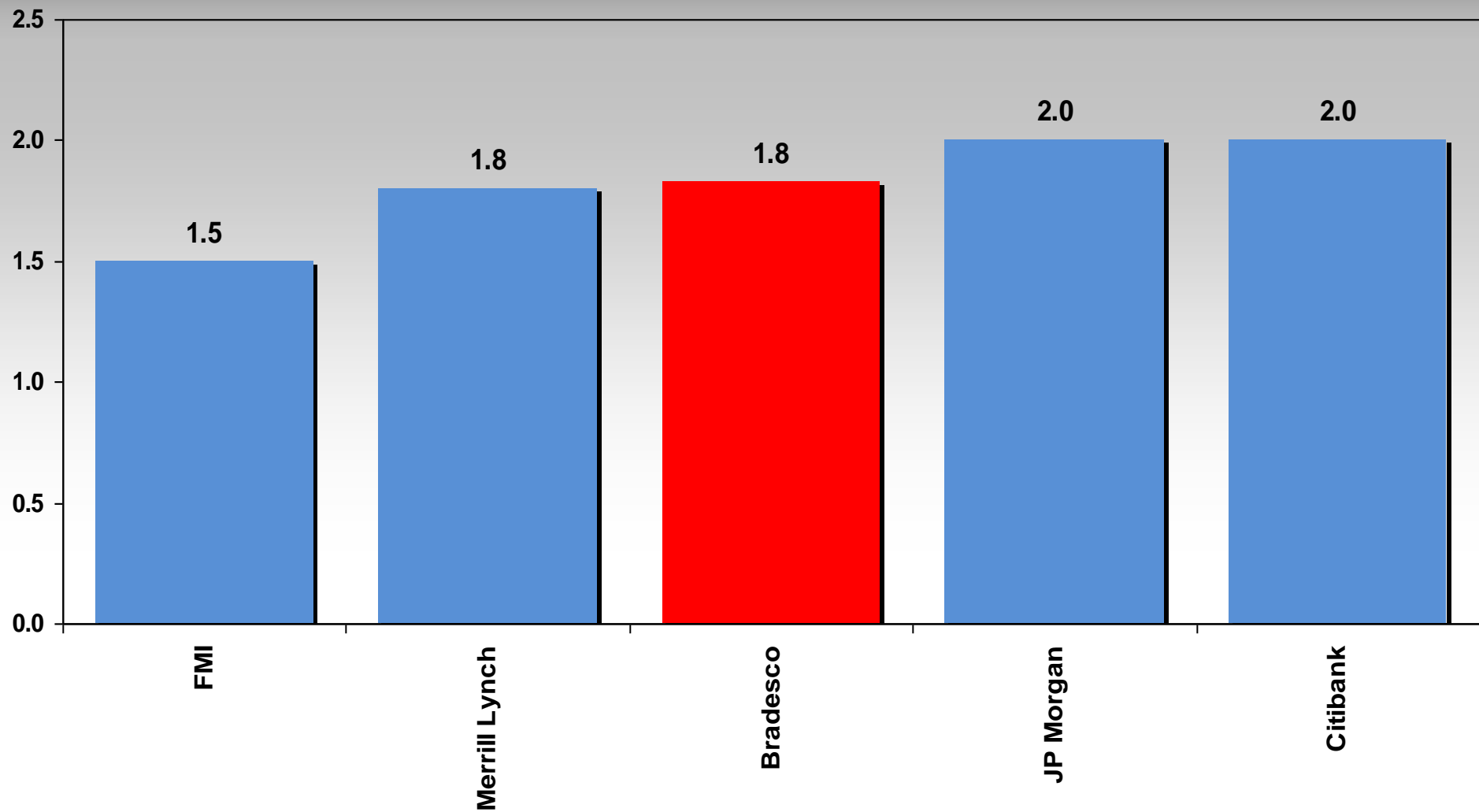
Bradesco





# ECUADOR GDP: GROWTH IN 2010

Bradesco

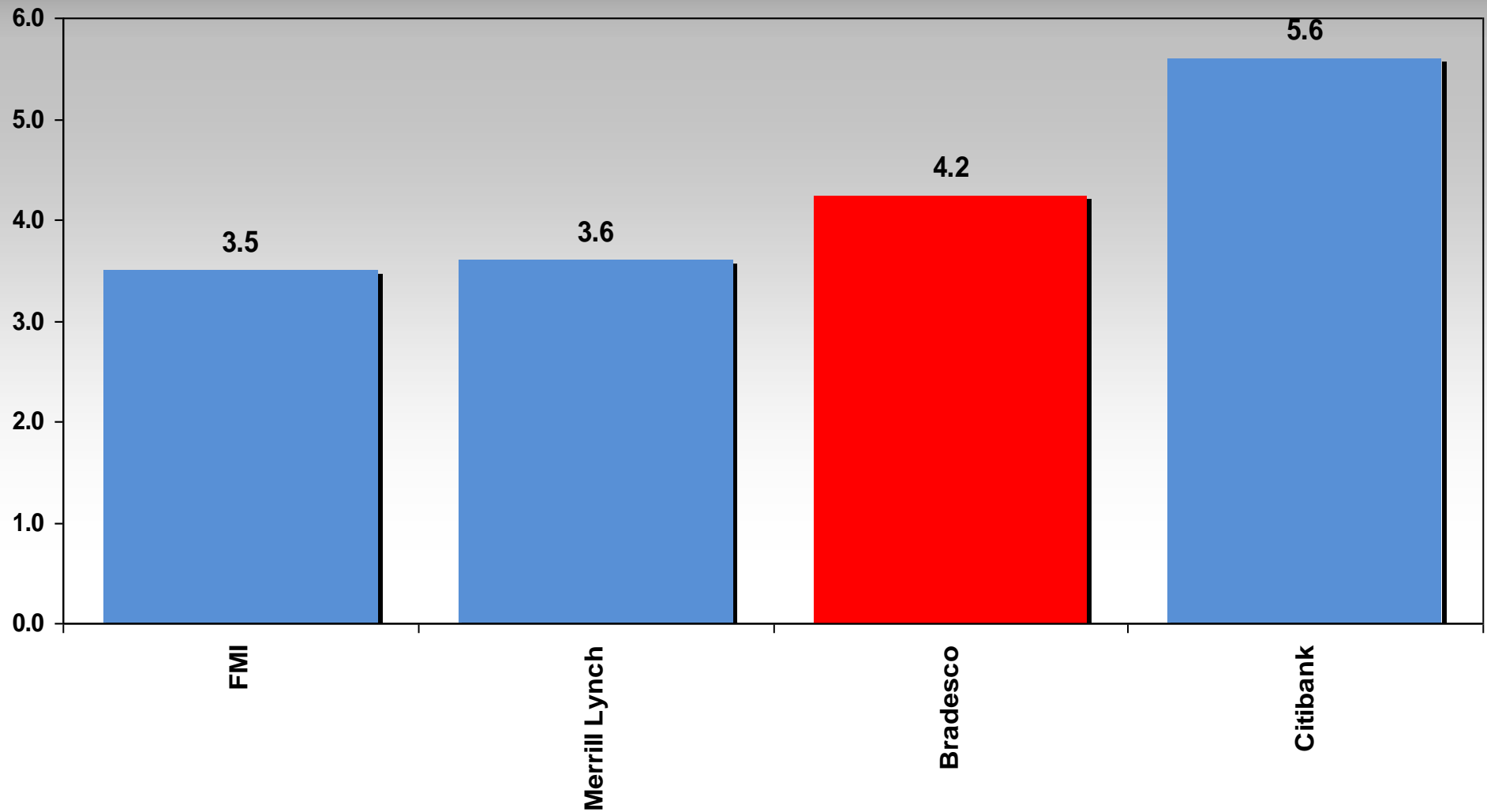






# URUGUAY GDP: GROWTH IN 2010

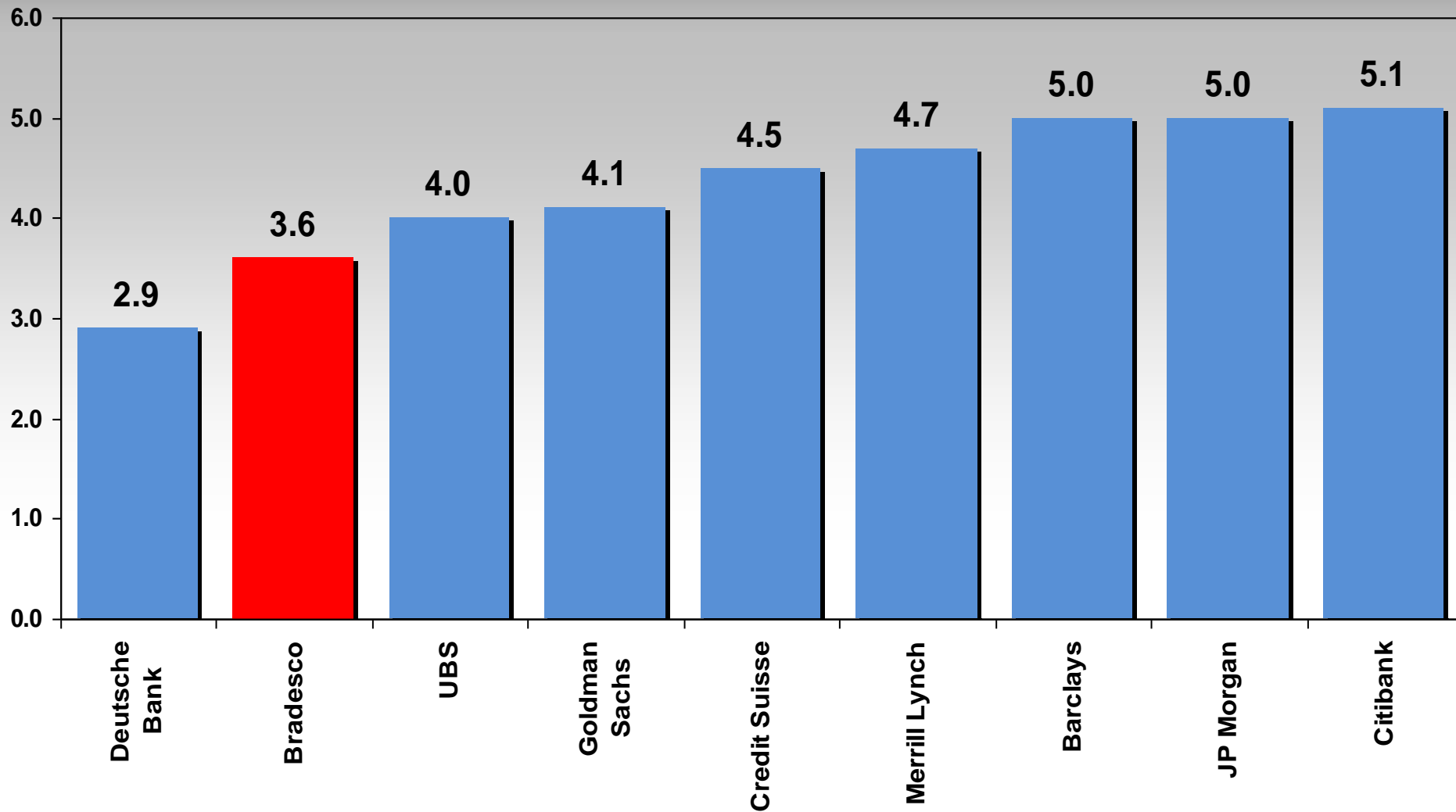
Bradesco





# CHILE GDP: GROWTH IN 2010

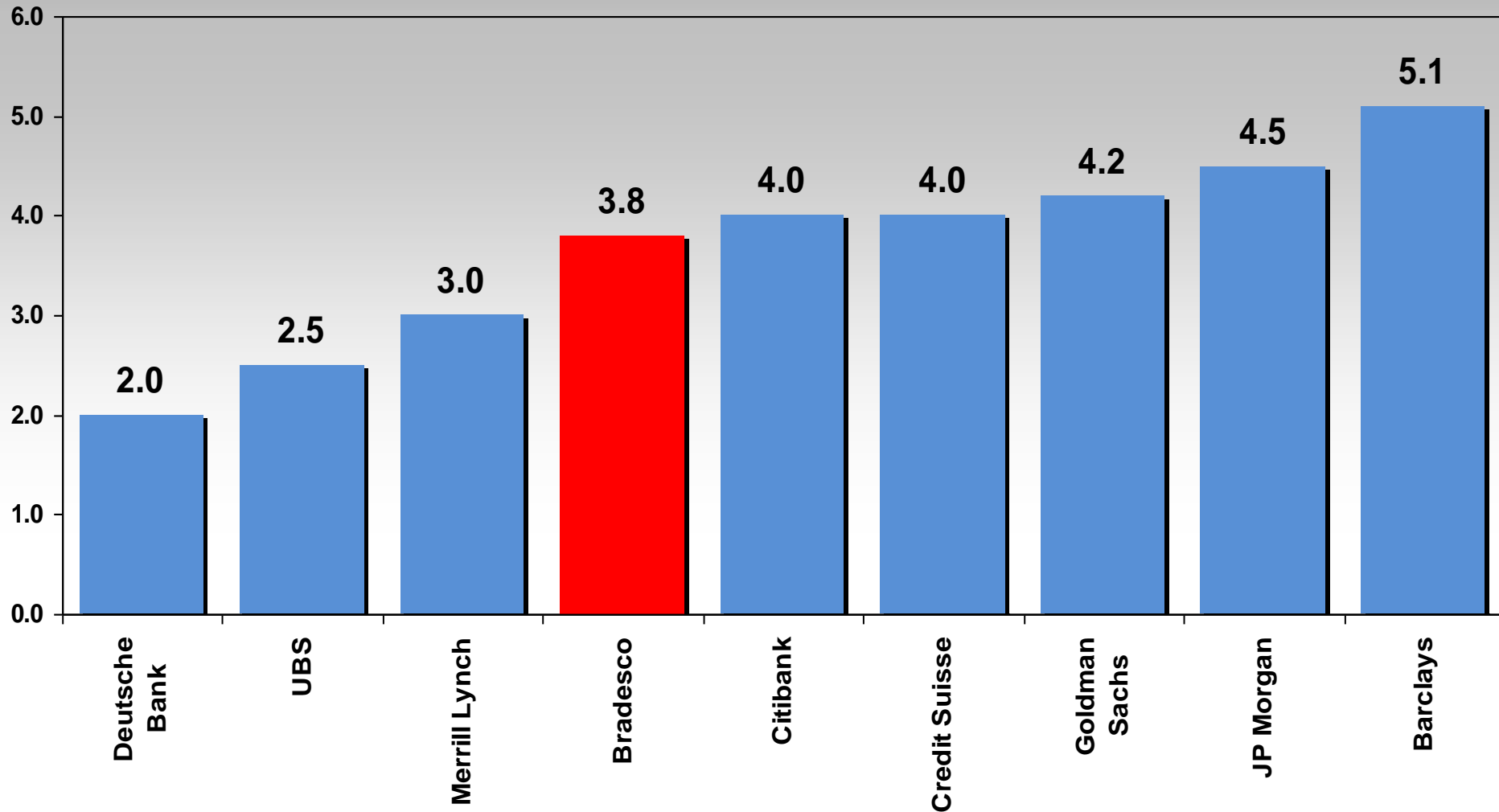
Bradesco





# MEXICO GDP: GROWTH IN 2010

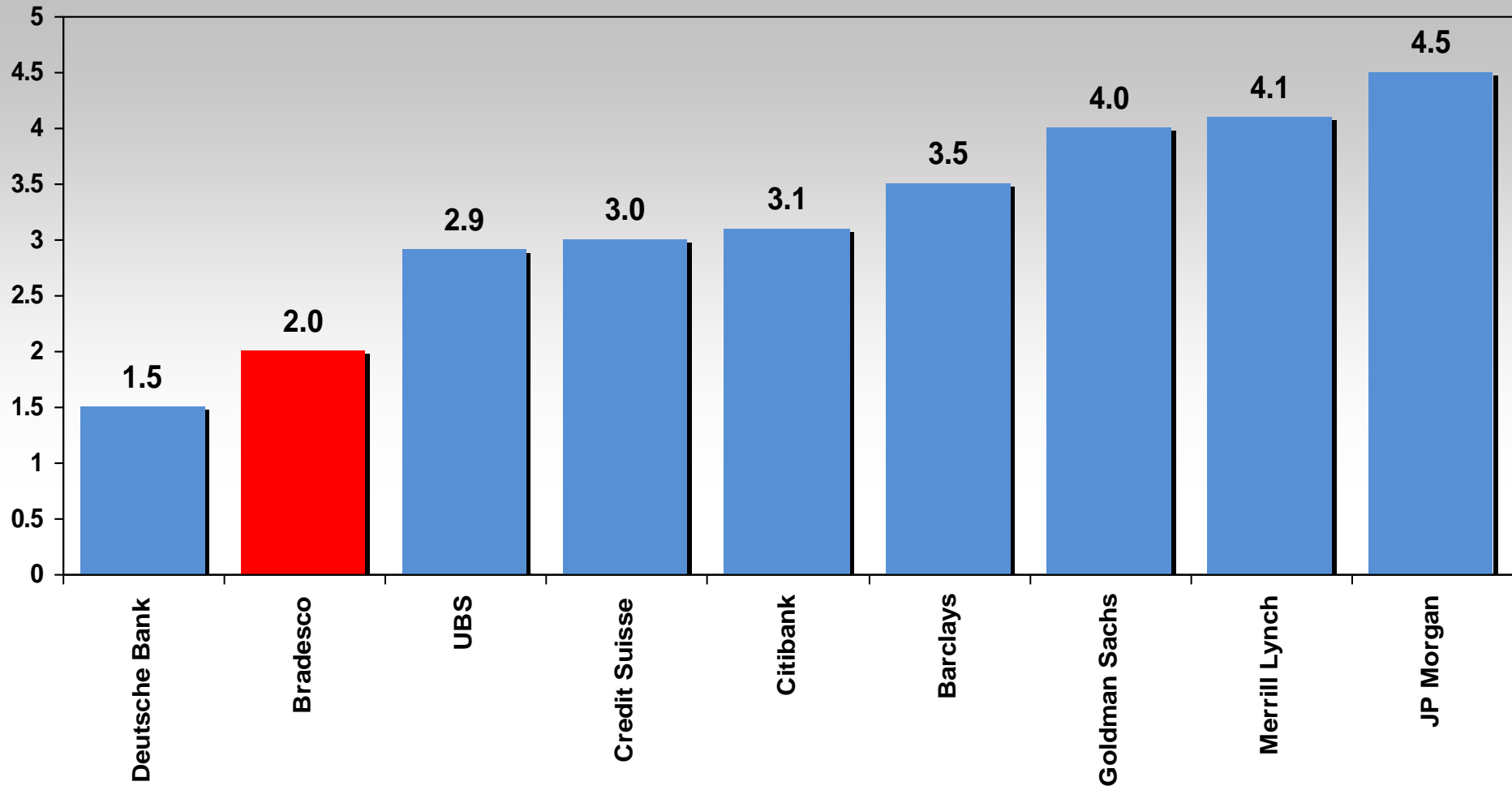
Bradesco





# ARGENTINA GDP: GROWTH IN 2010

Bradesco





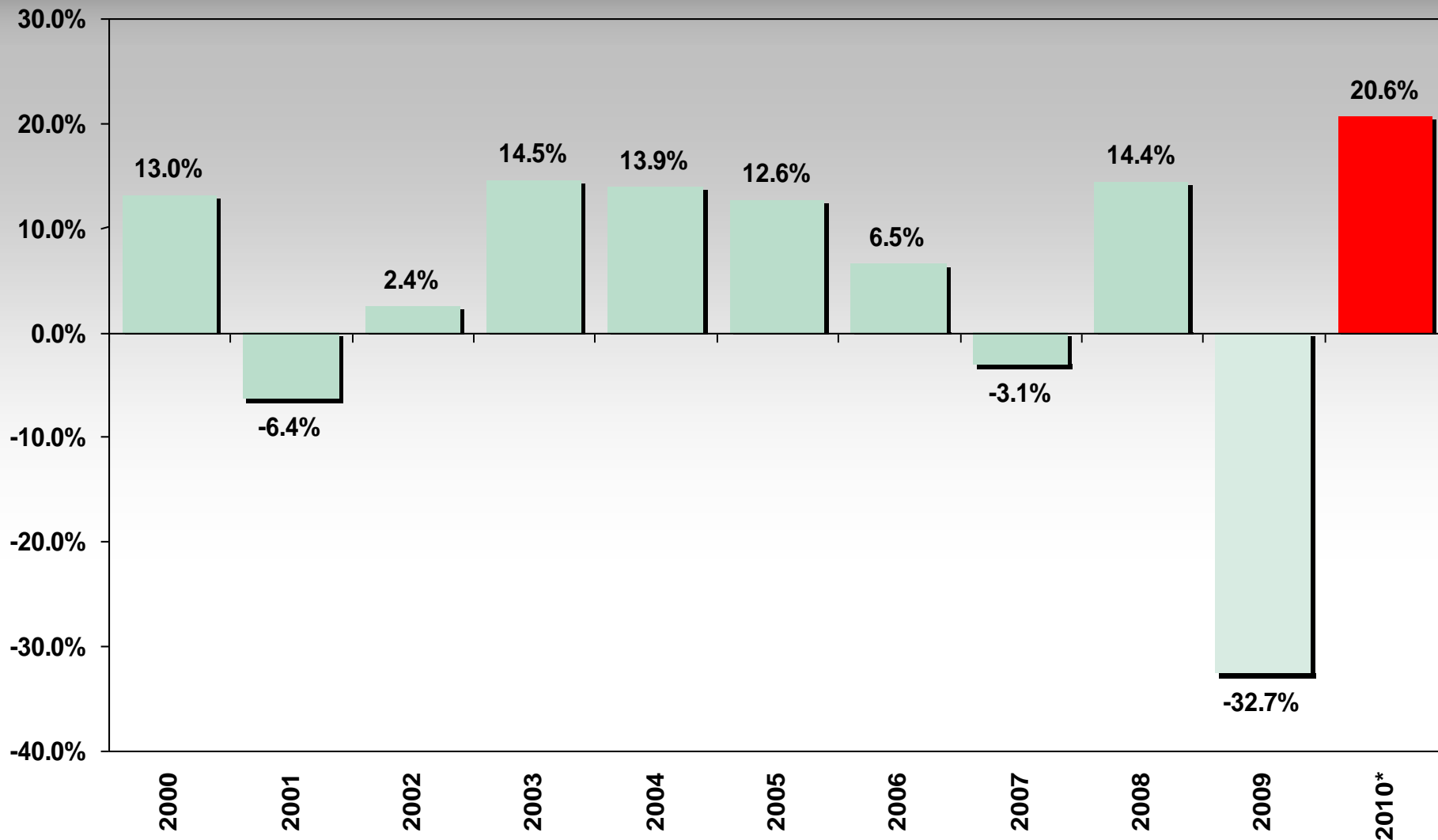
Bradesco

# WHAT TO EXPECT FOR COMMODITY PRICES IN 2010?



# CRB: AVERAGE PRICE IN 2010

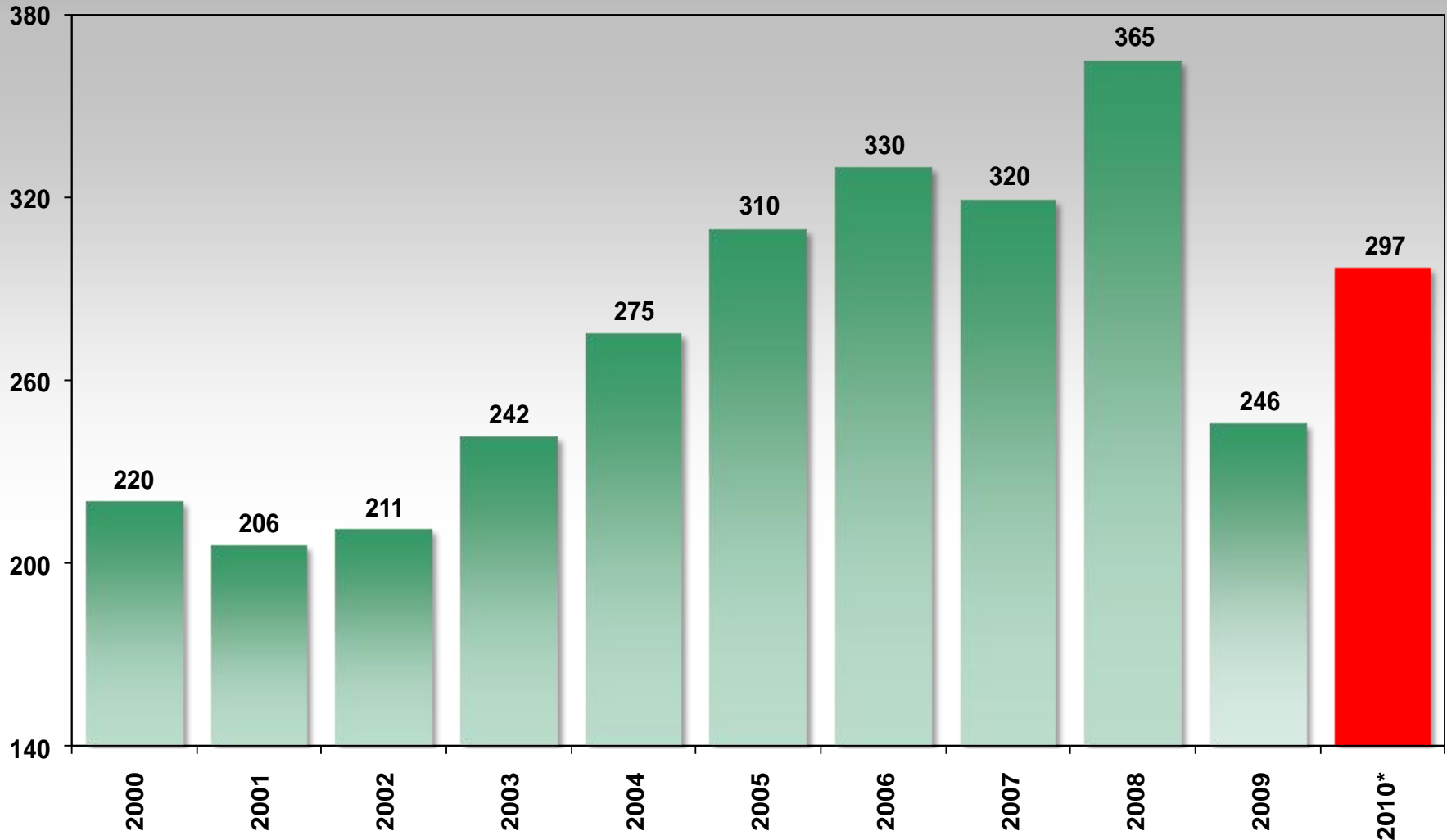
Bradesco





# CRB INDEX (ANNUAL AVERAGE) – 2000 – 2010

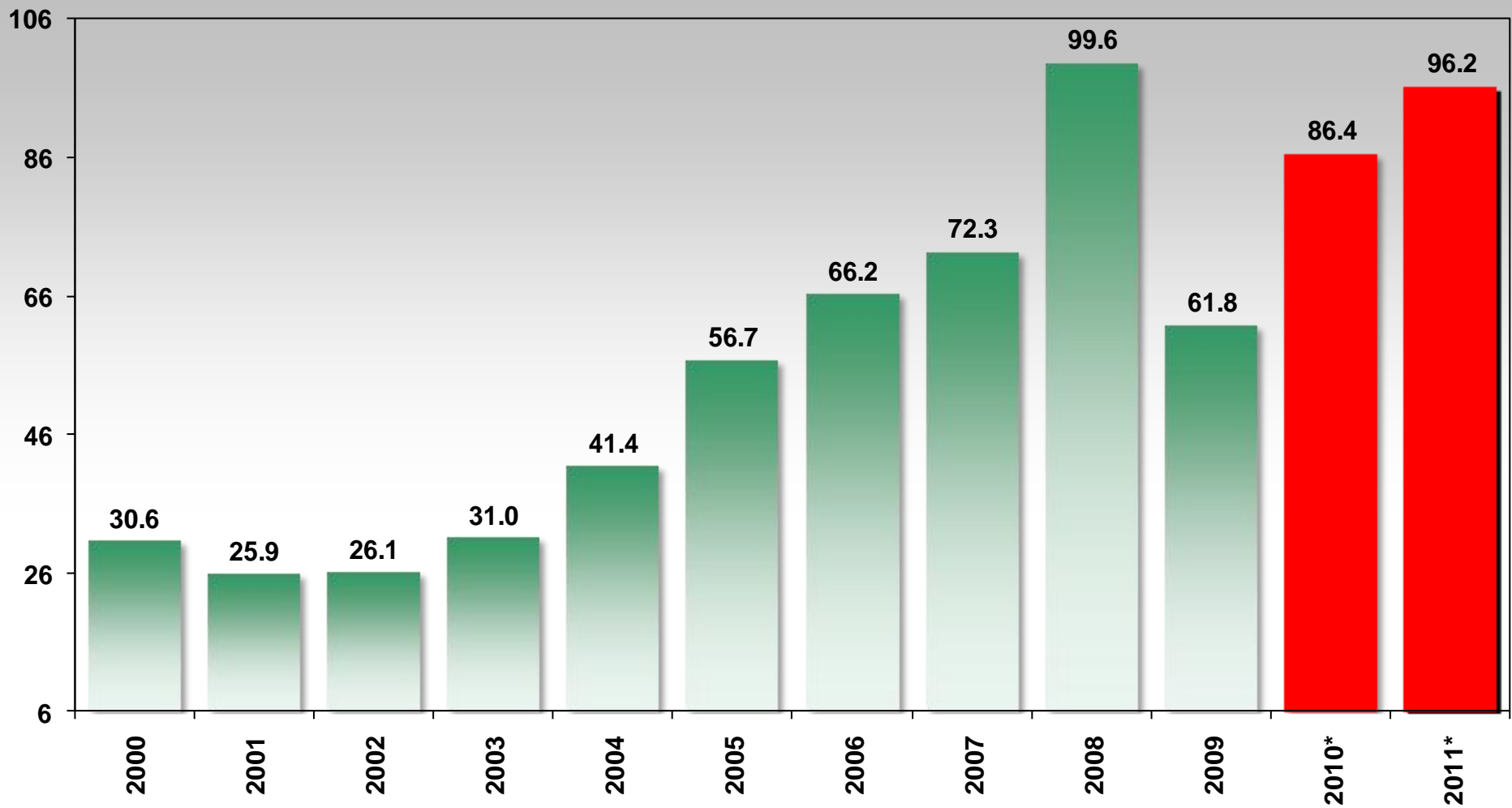
Bradesco





# OIL PRICES - WTI – IN USD/BARREL

Bradesco



SOURCE: BLOOMBERG  
PREPARED BY: BRADESCO





**Bradesco**

**WHAT DO LATIN  
AMERICAN  
COUNTRIES HAVE  
IN COMMON?**



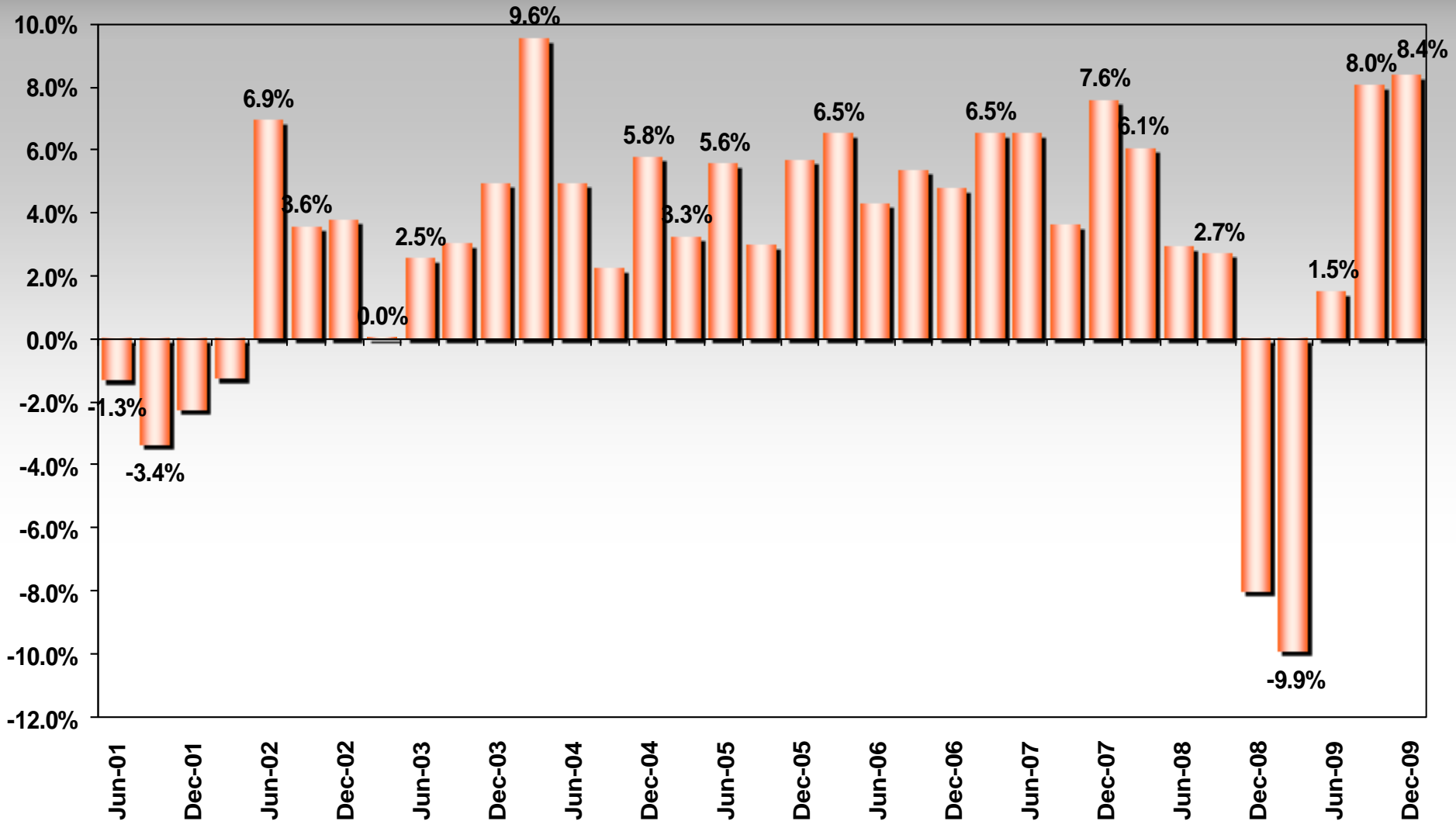
**Bradesco**

# **LATIN AMERICA WITH SOME GOOD STORIES**



# LATIN AMÉRICA : SAAR RATE OF GROWTH AT MARGIN

Bradesco



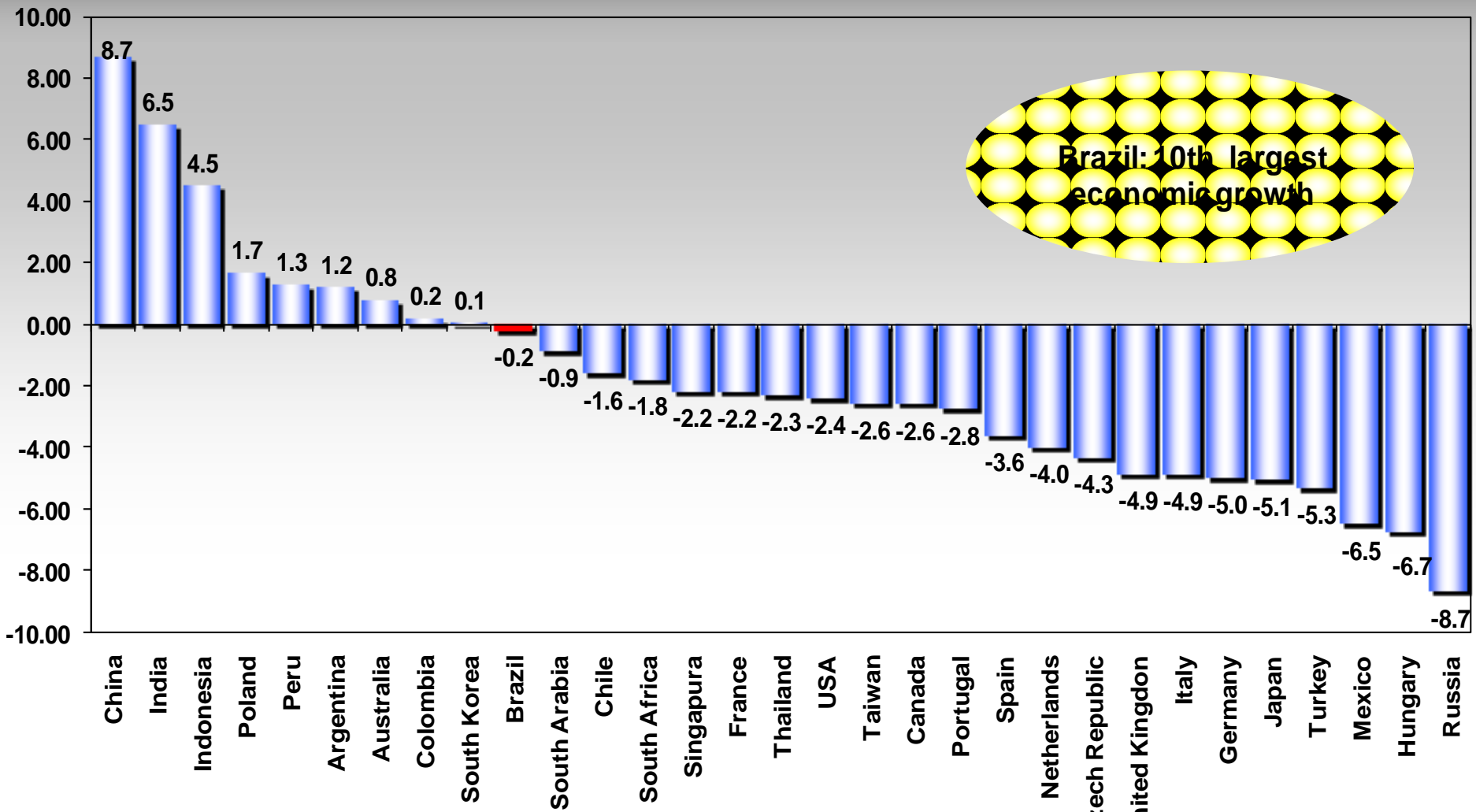


**BRAZIL AND SOME LATIN  
AMERICAN COUNTRIES ARE  
AMONG THE ELITE GROUP  
IN TERMS OF WORLD  
GROWTH.**



# 2009 ECONOMIC GROWTH

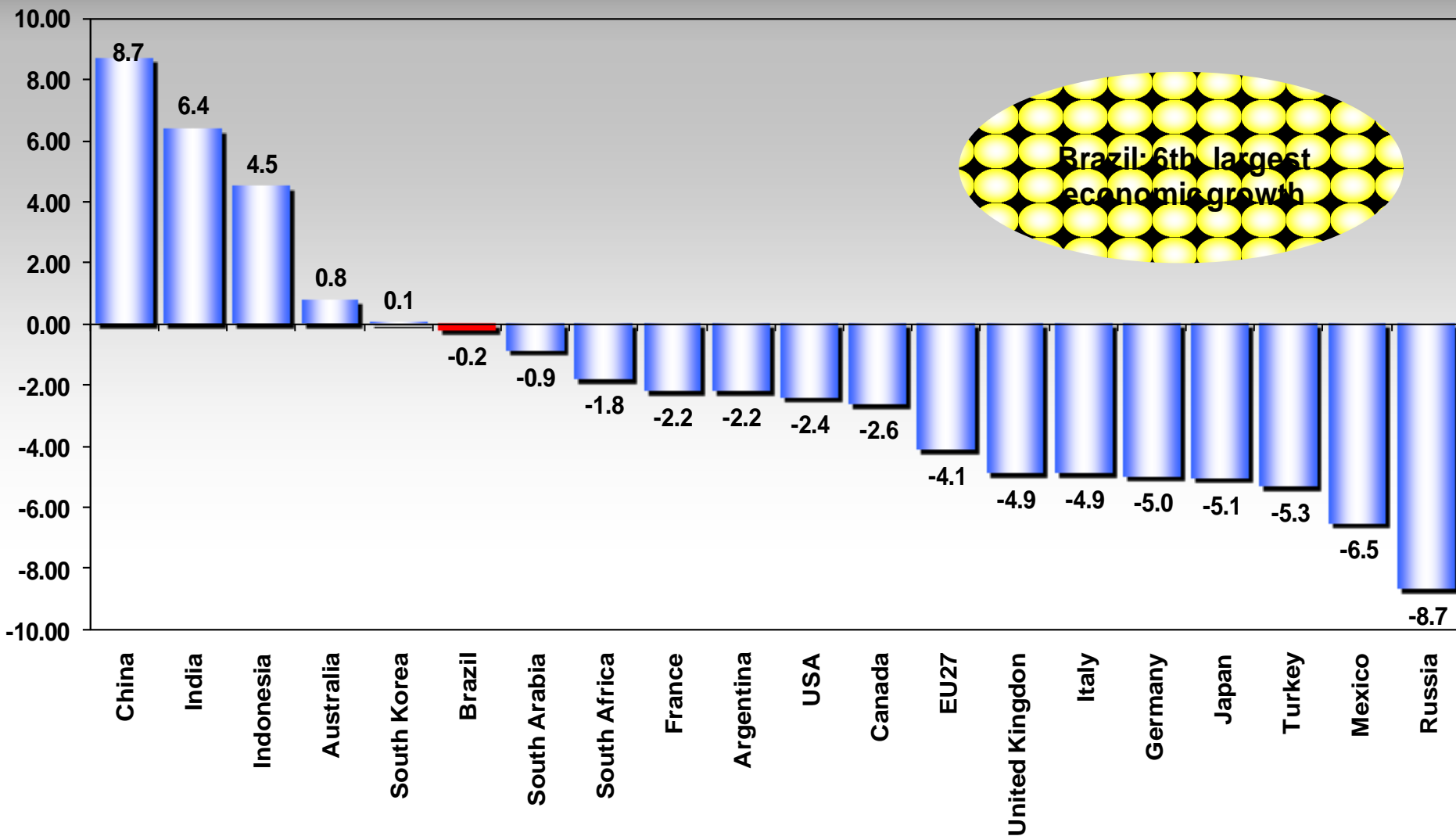
Bradesco





# 2009 G20 COUNTRIES ECONOMIC GROWTH

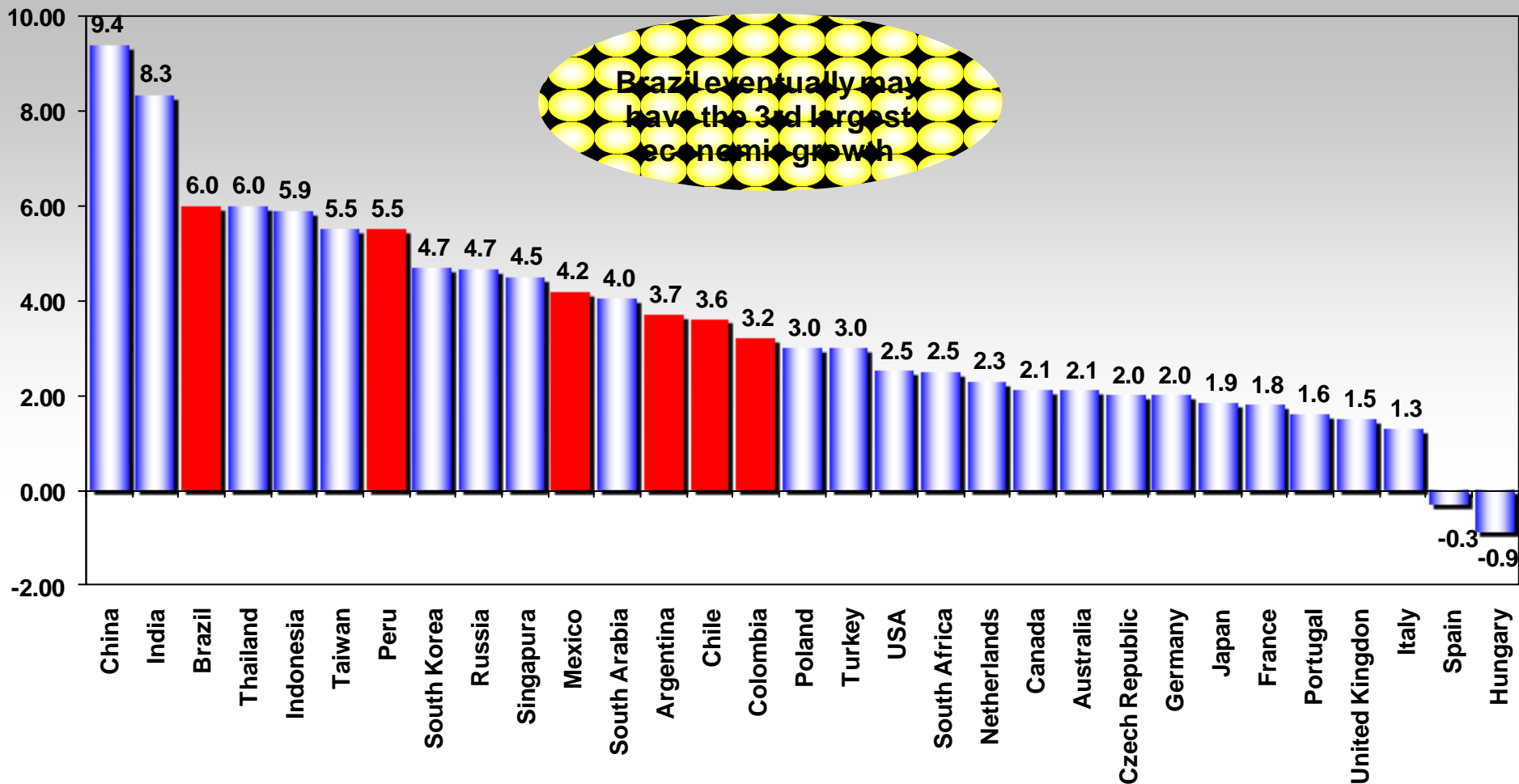
Bradesco





# 2010 GDP FORECAST

Bradesco





Bradesco

**LATIN AMERICA:**  
***ONE SIZE FITS***  
***ALL?***



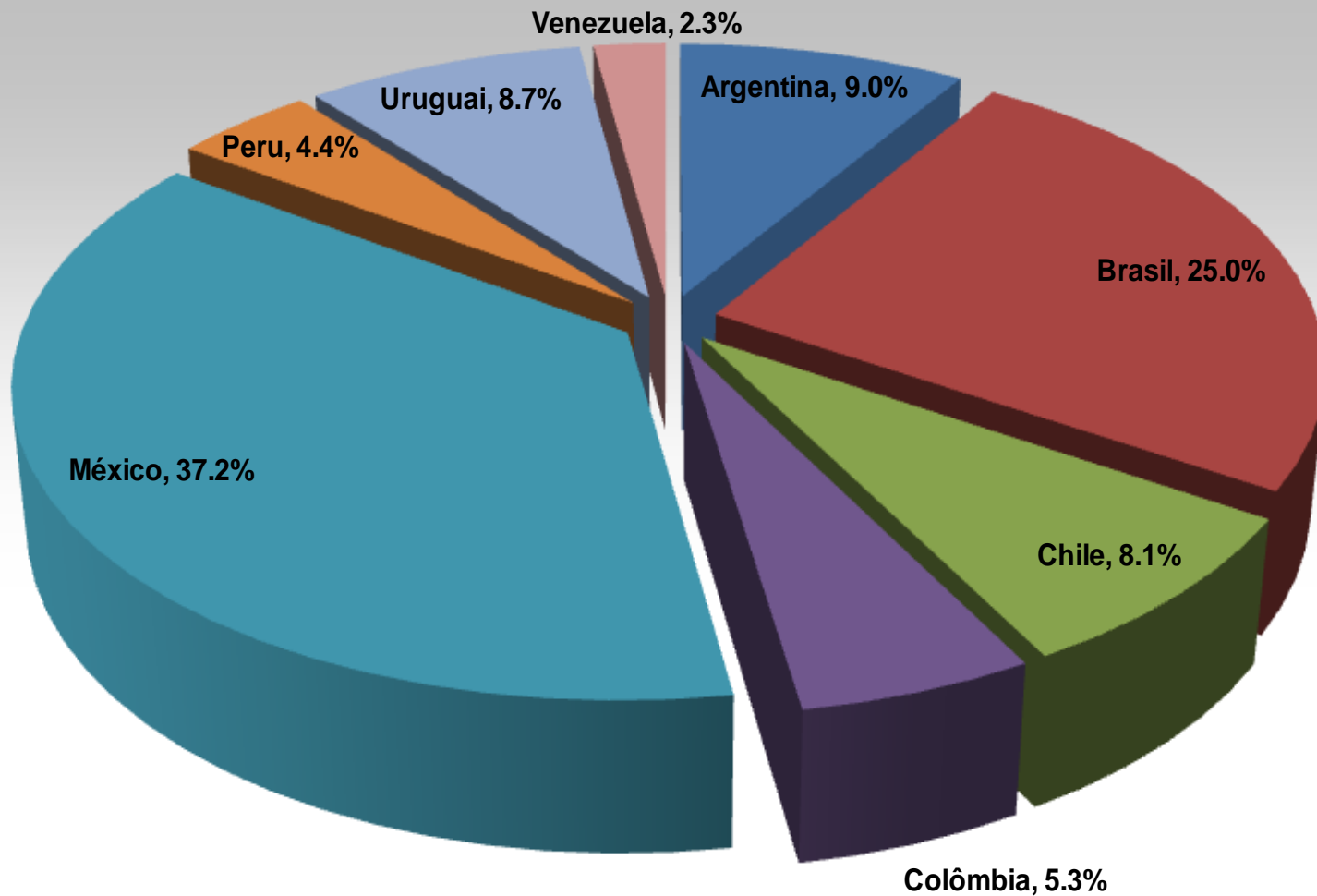


**THE ANSWER IS  
DEFINITELY NOT**



# WEIGHT OF LATIN AMERICAN COUNTRIES IN THE TOTAL REGIONAL EXPORTS

Bradesco





# TOTAL LATIN AMERICAN EXPORTS IN 2009 - US\$ BILLION

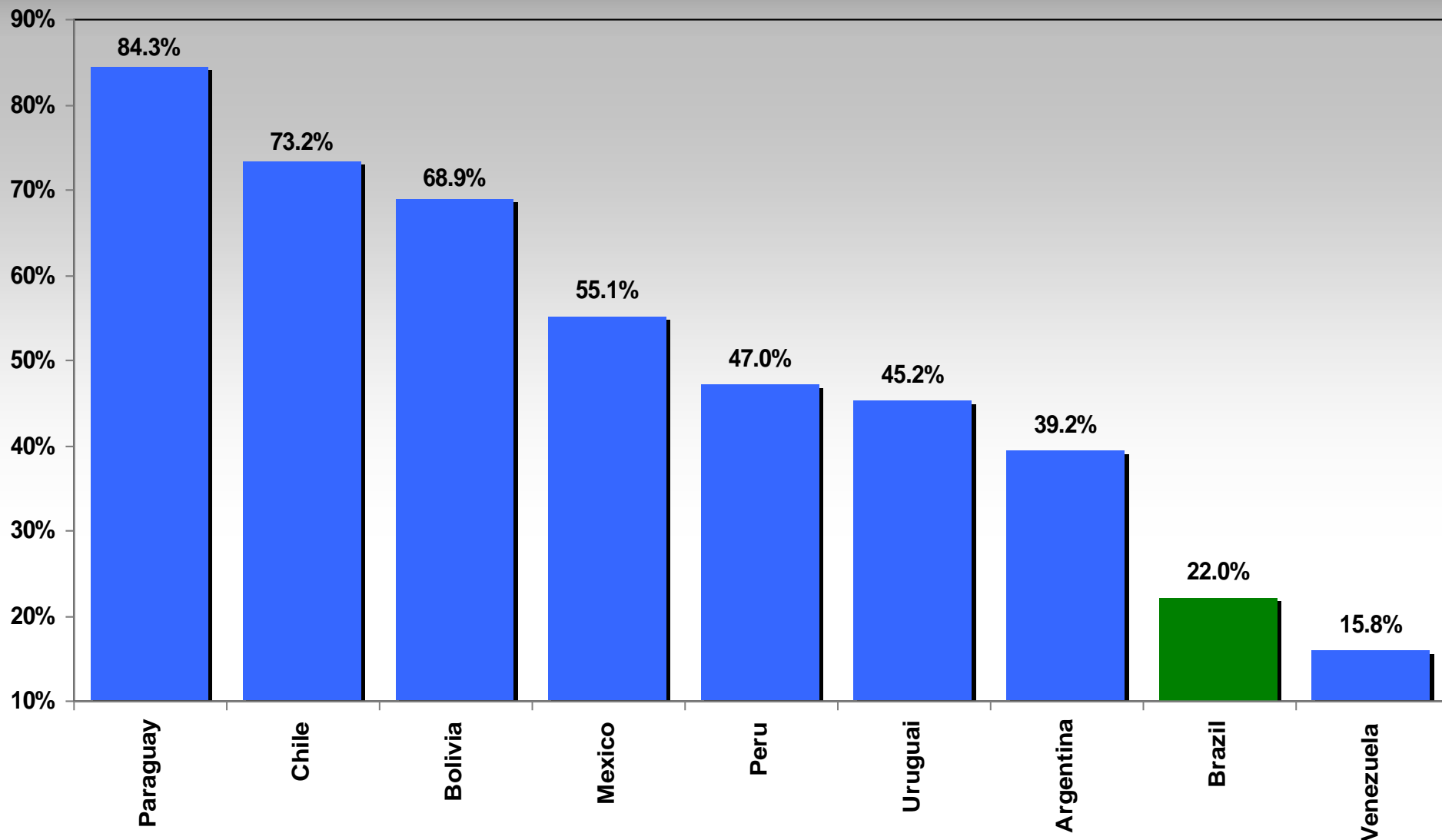
Bradesco





# LATIN AMERICA TRADE OPENNESS 2008

Bradesco



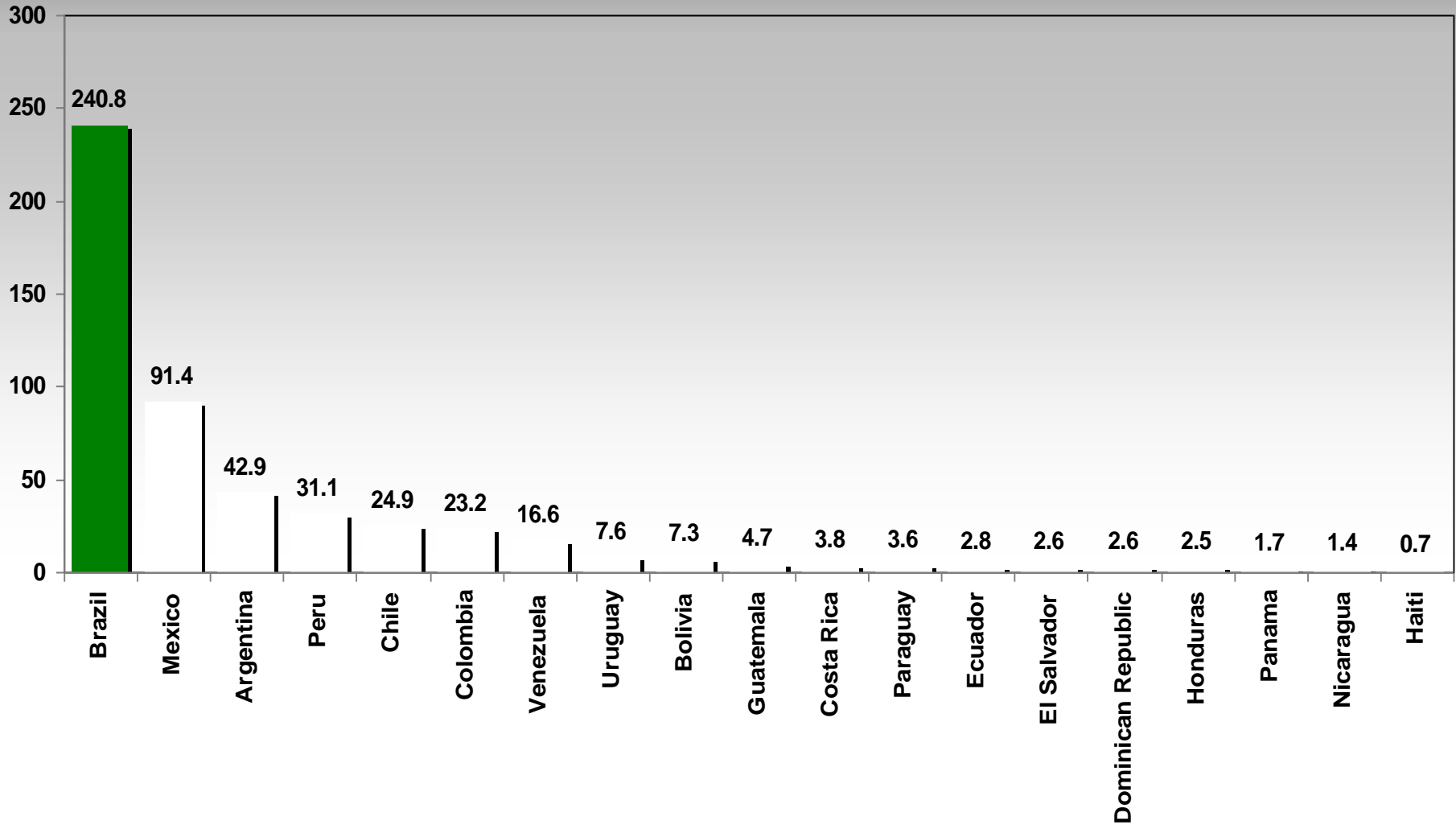


**THEY ARE VERY  
DIFFERENT  
COUNTRIES IN  
TERMS OF VOLUME  
OF FX RESERVES**



# INTERNATIONAL RESERVES (IN BILLION US\$)

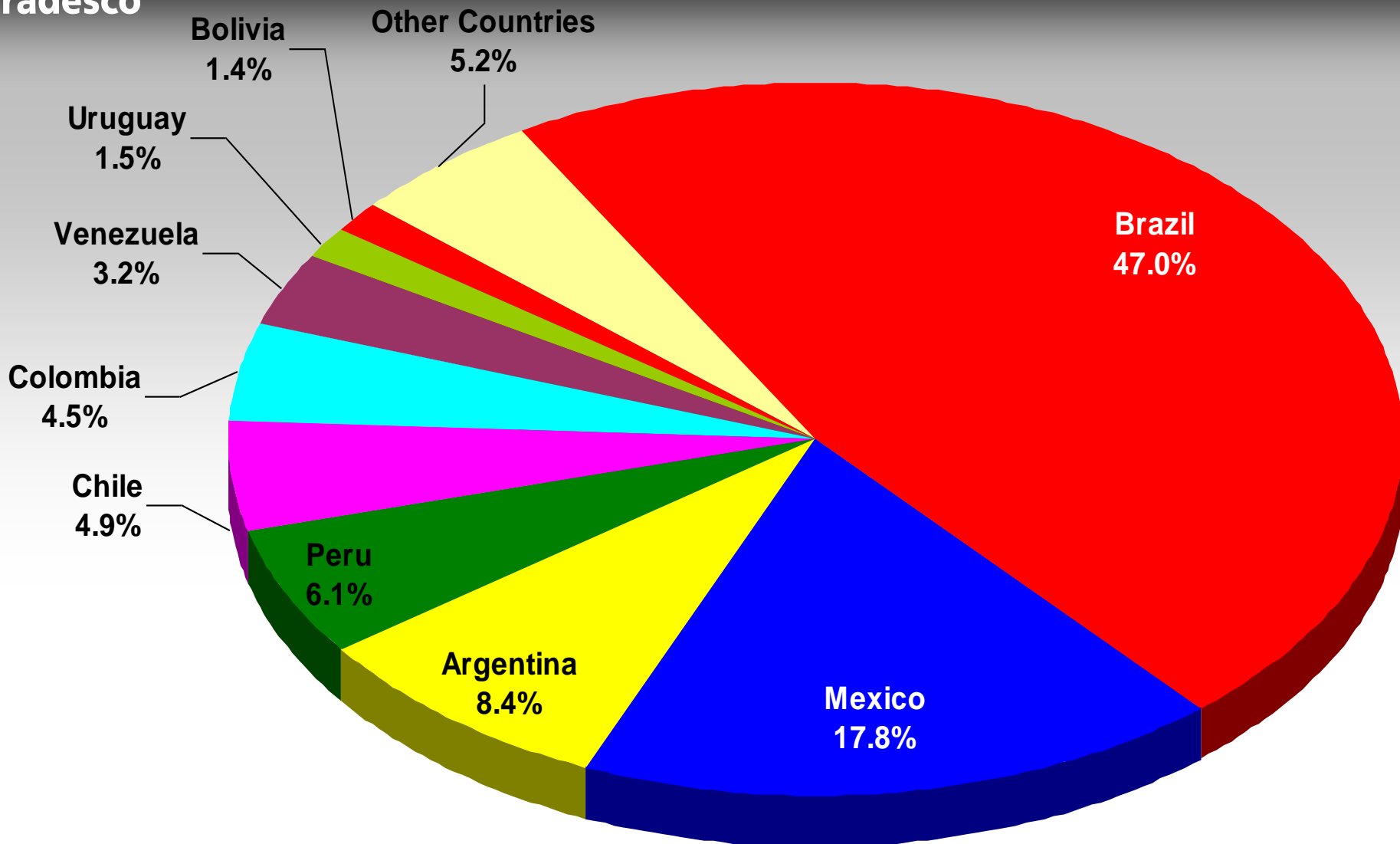
Bradesco





# LATIN AMERICA INTERNATIONAL FX RESERVES

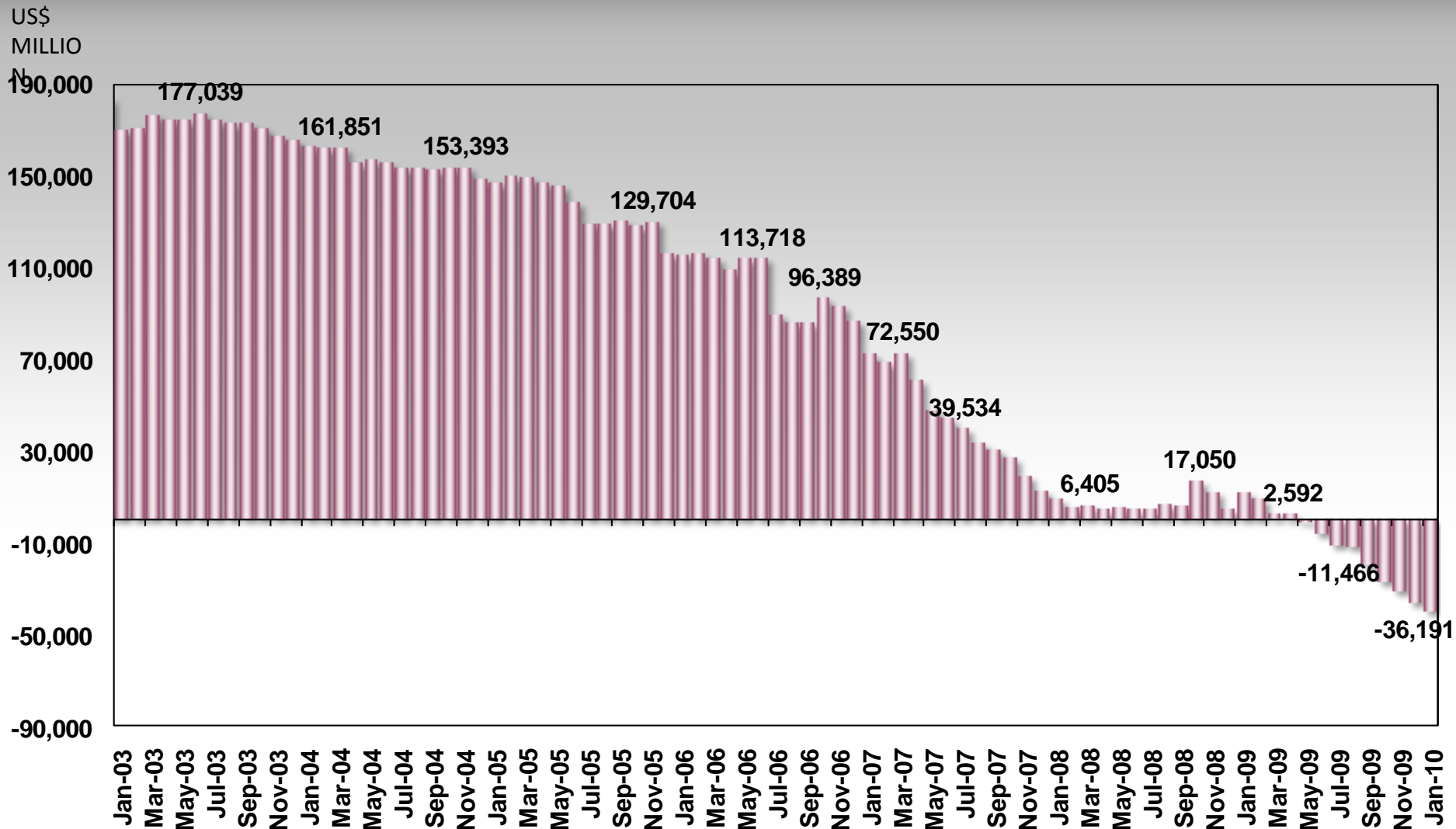
**Bradesco**





# BRAZIL: EXTERNAL DEBT - NET CREDITOR 2001-2009

Bradesco



SOURCE: BCB

117 PREPARED BY: BRADESCO

DEPEC



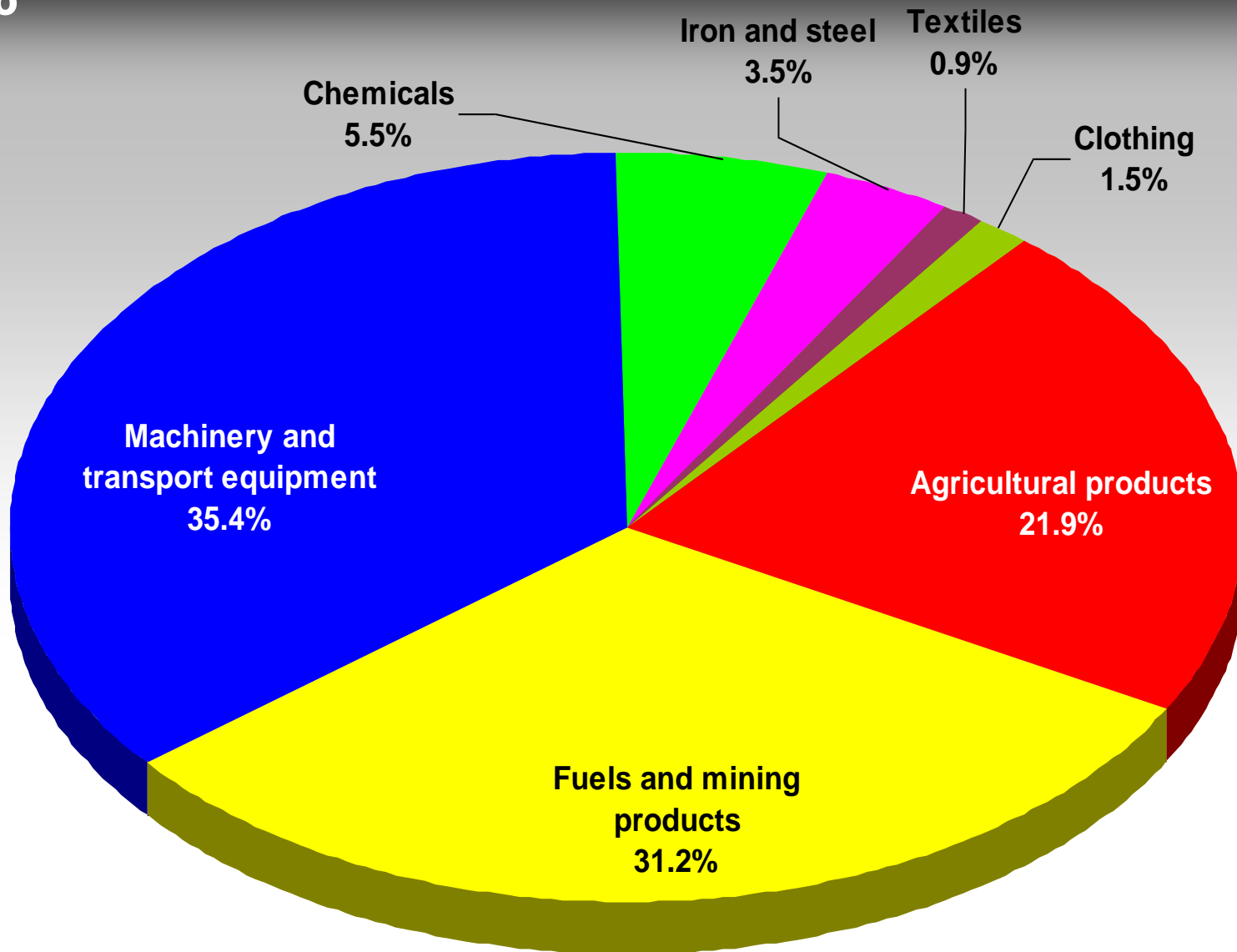


**IN COMMON, ALL LATIN  
AMERICAN COUNTRIES  
ARE COMMODITY  
EXPORTERS (TO A LESSER  
EXTENT MEXICO)**



# LATIN AMERICAN EXPORTS BY PRODUCTS

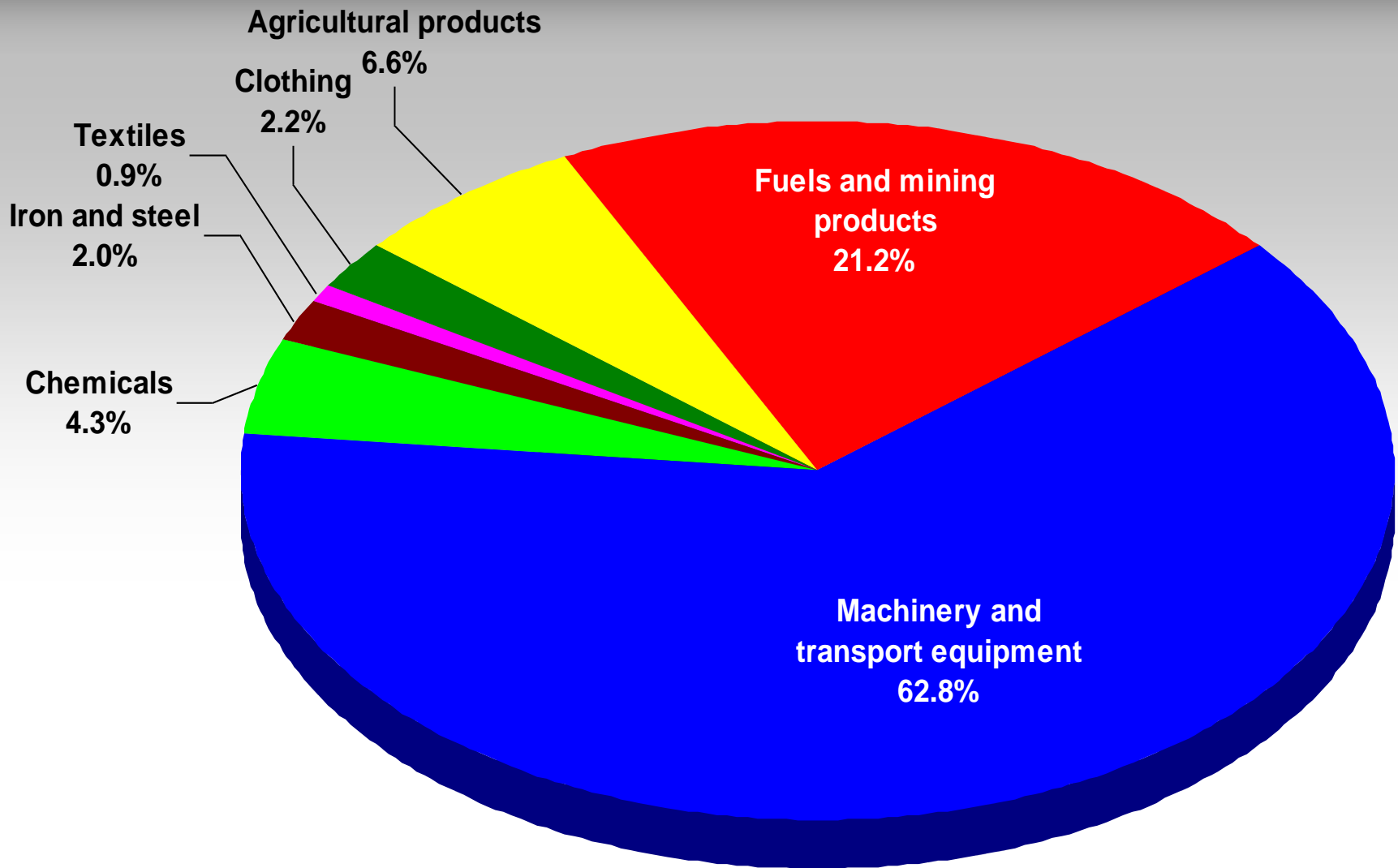
Bradesco





# MEXICO EXPORTS BY PRODUCTS

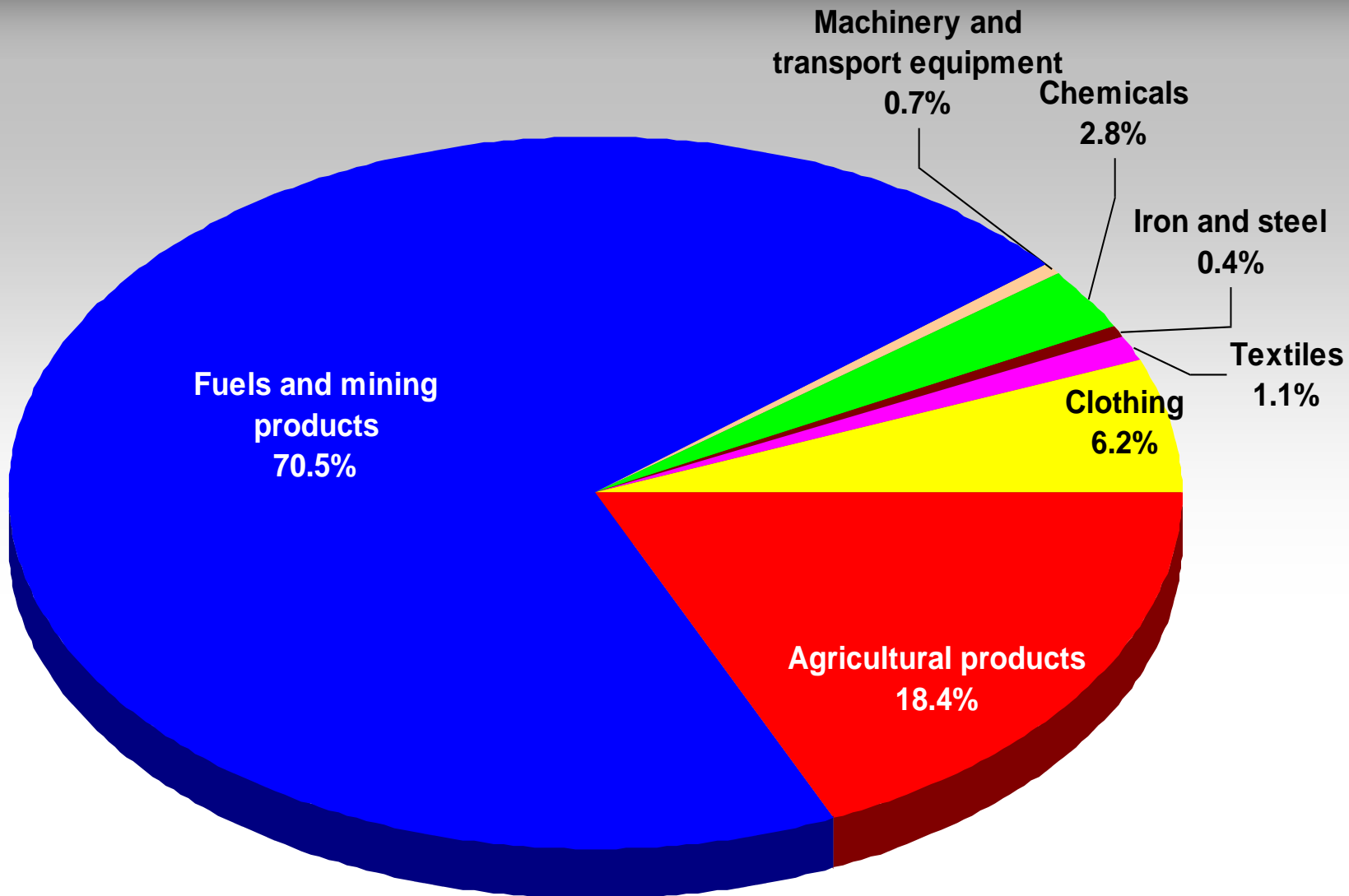
**Bradesco**





# PERU EXPORTS BY PRODUCTS

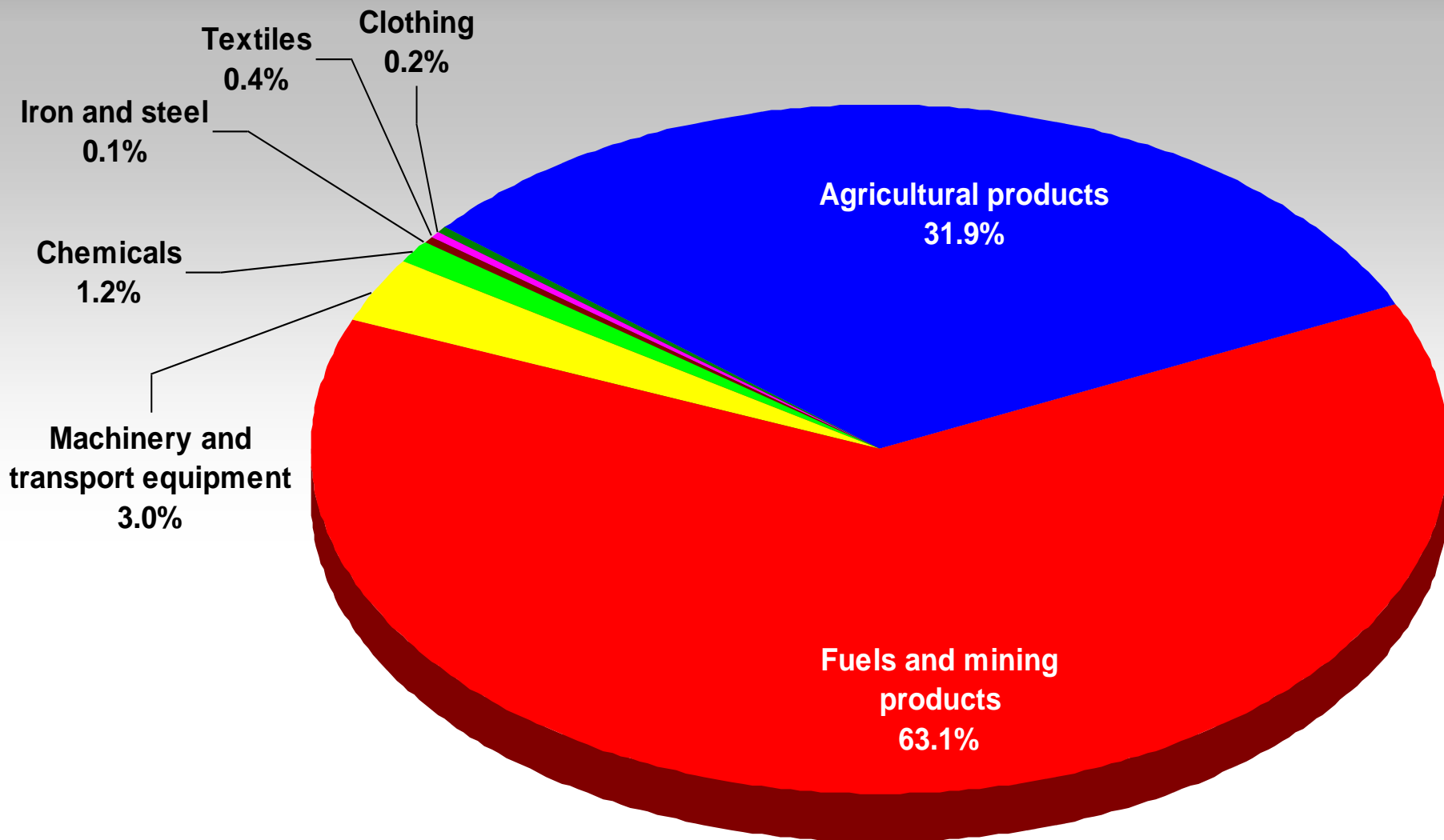
Bradesco





# EQUADOR EXPORTS BY PRODUCTS

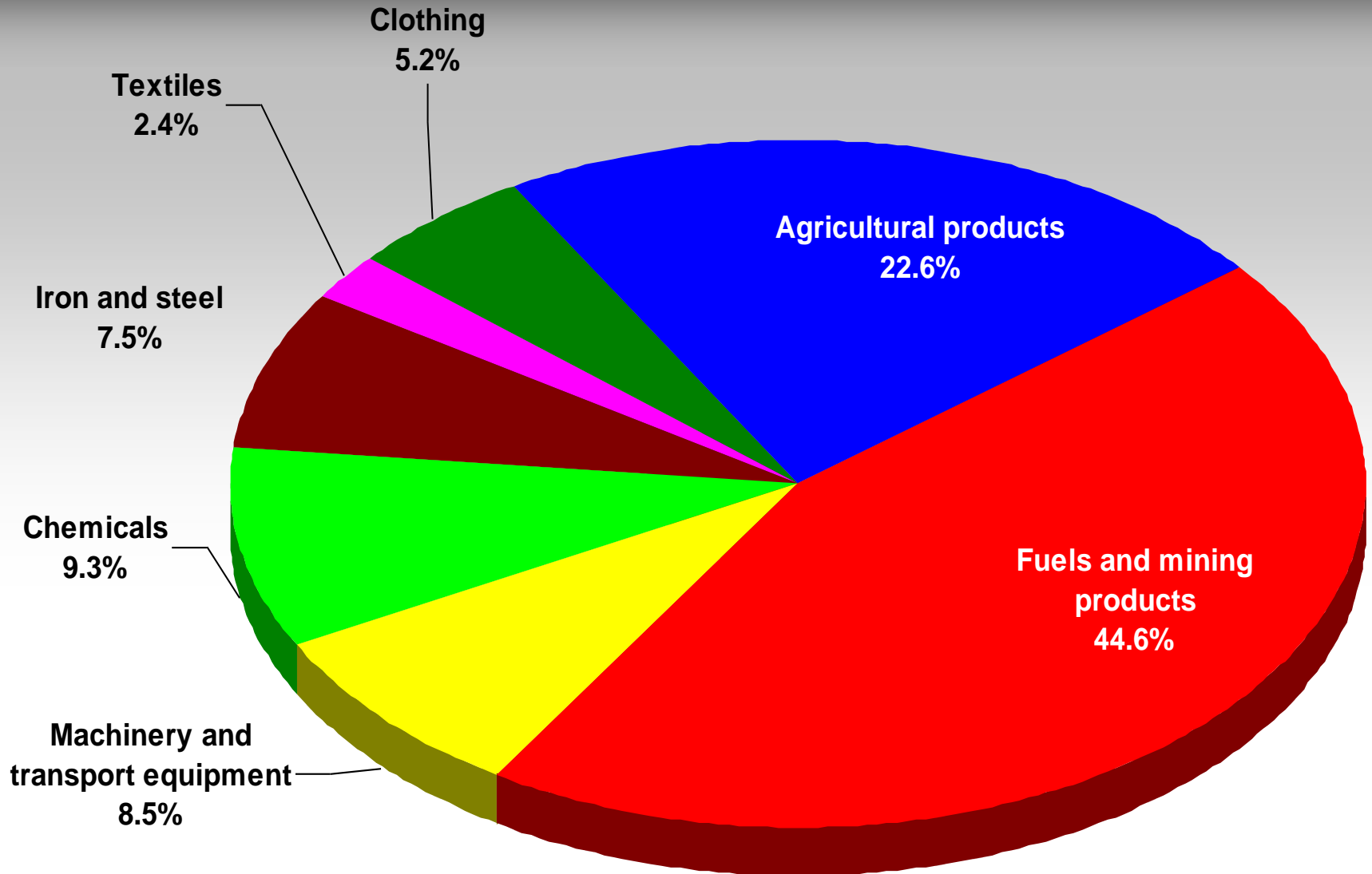
**Bradesco**





# COLOMBIA EXPORTS BY PRODUCTS

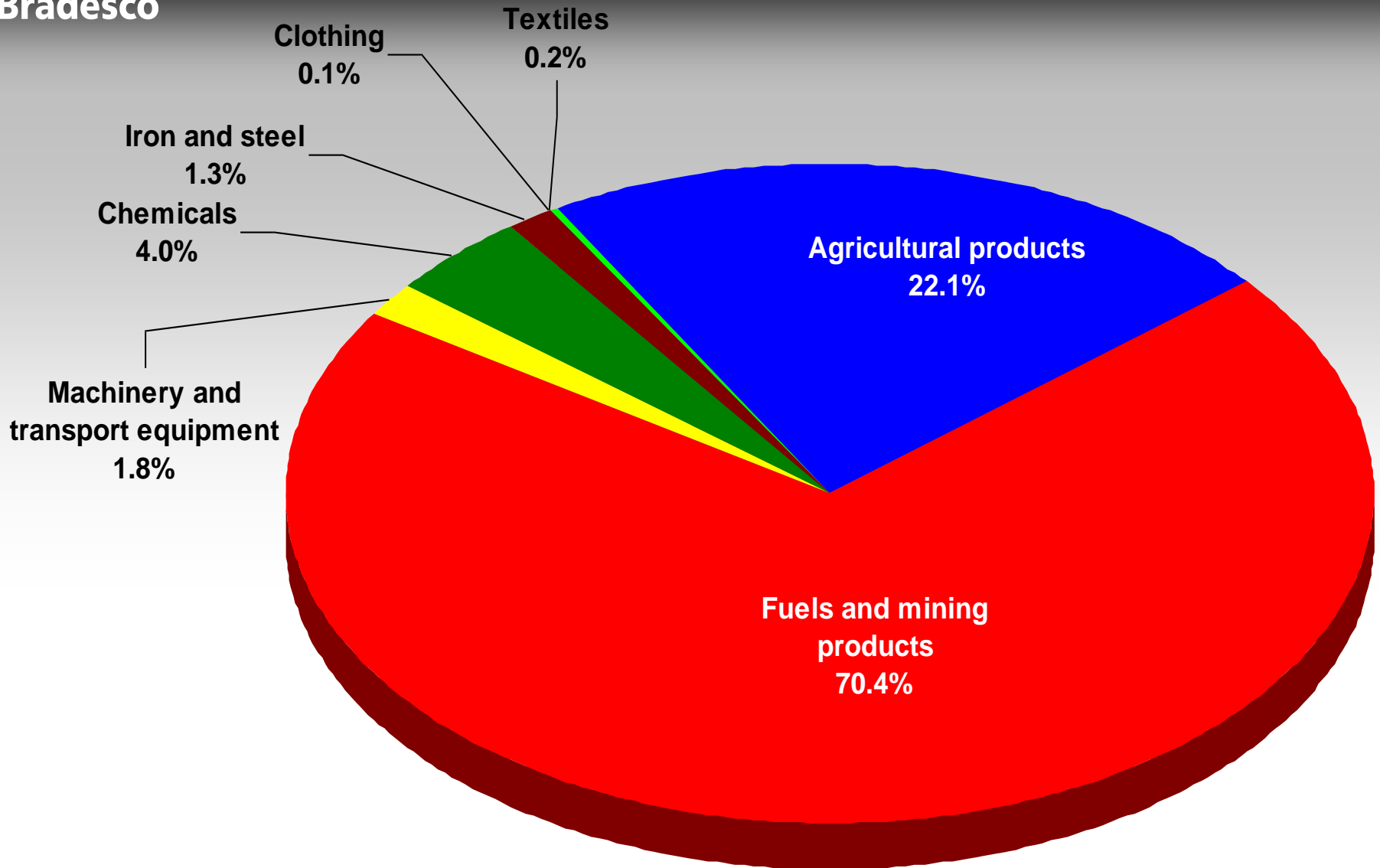
Bradesco





# CHILE EXPORTS BY PRODUCTS

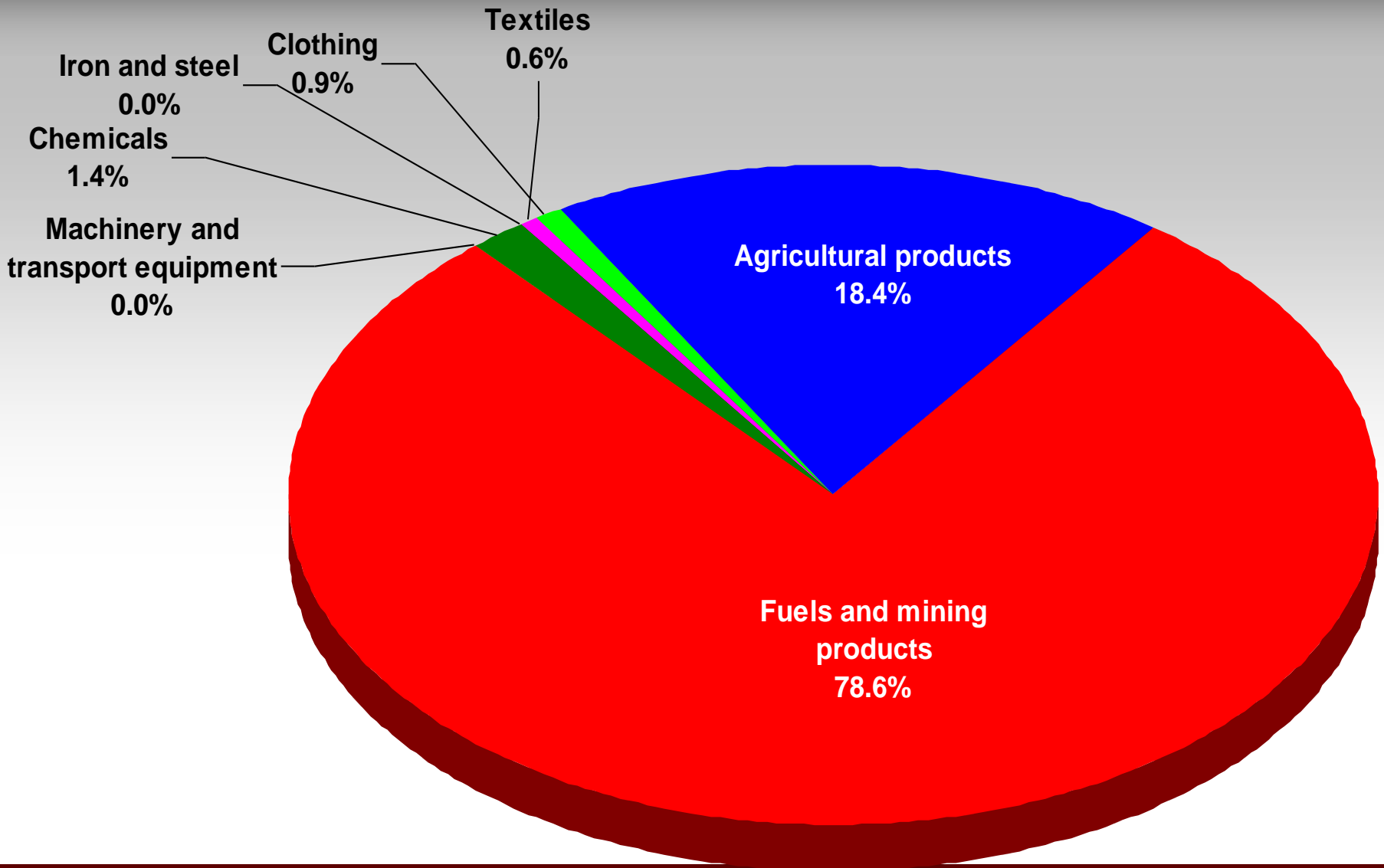
**Bradesco**





# BOLIVIA EXPORTS BY PRODUCTS

**Bradesco**

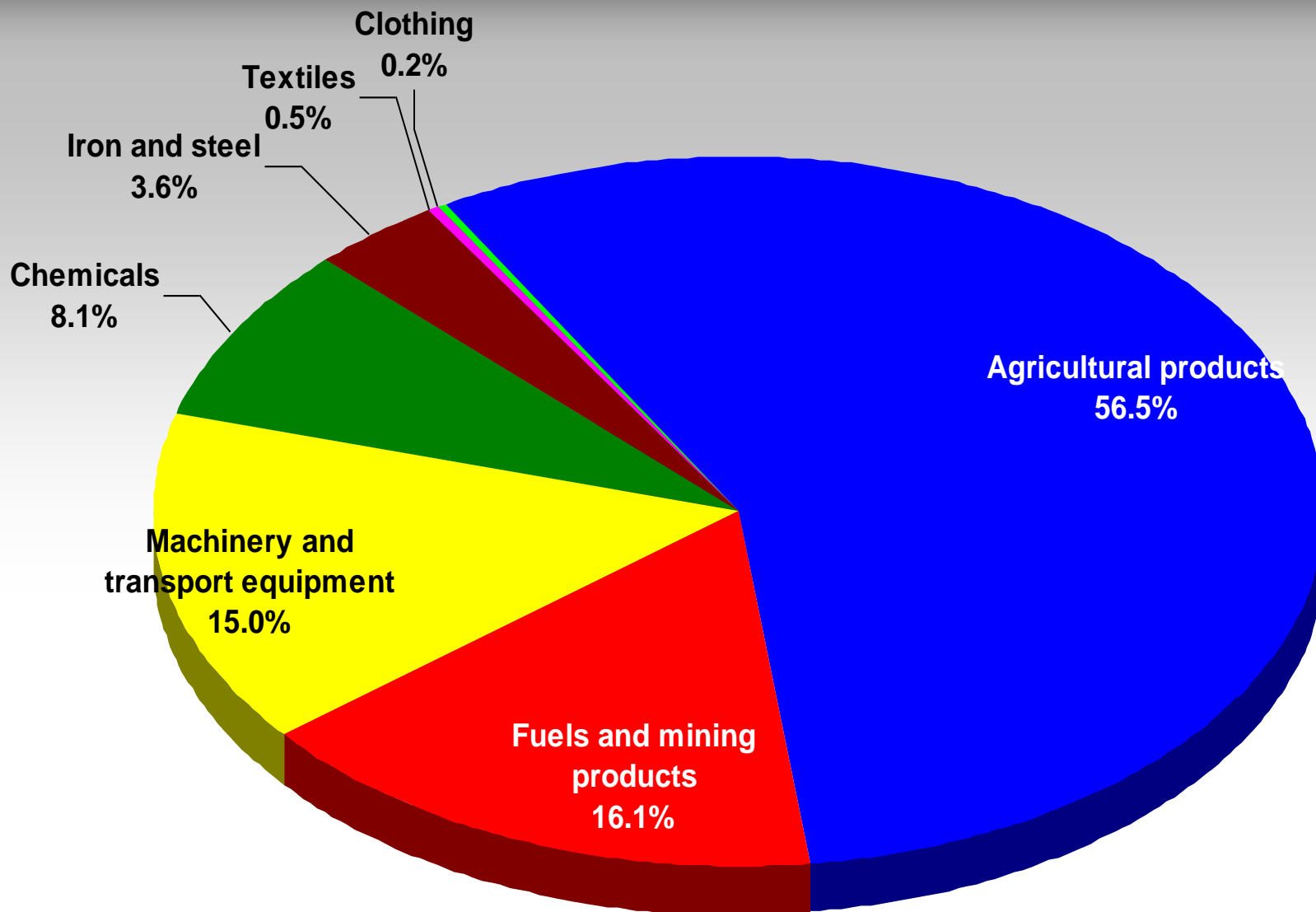






# ARGENTINA EXPORTS BY PRODUCTS

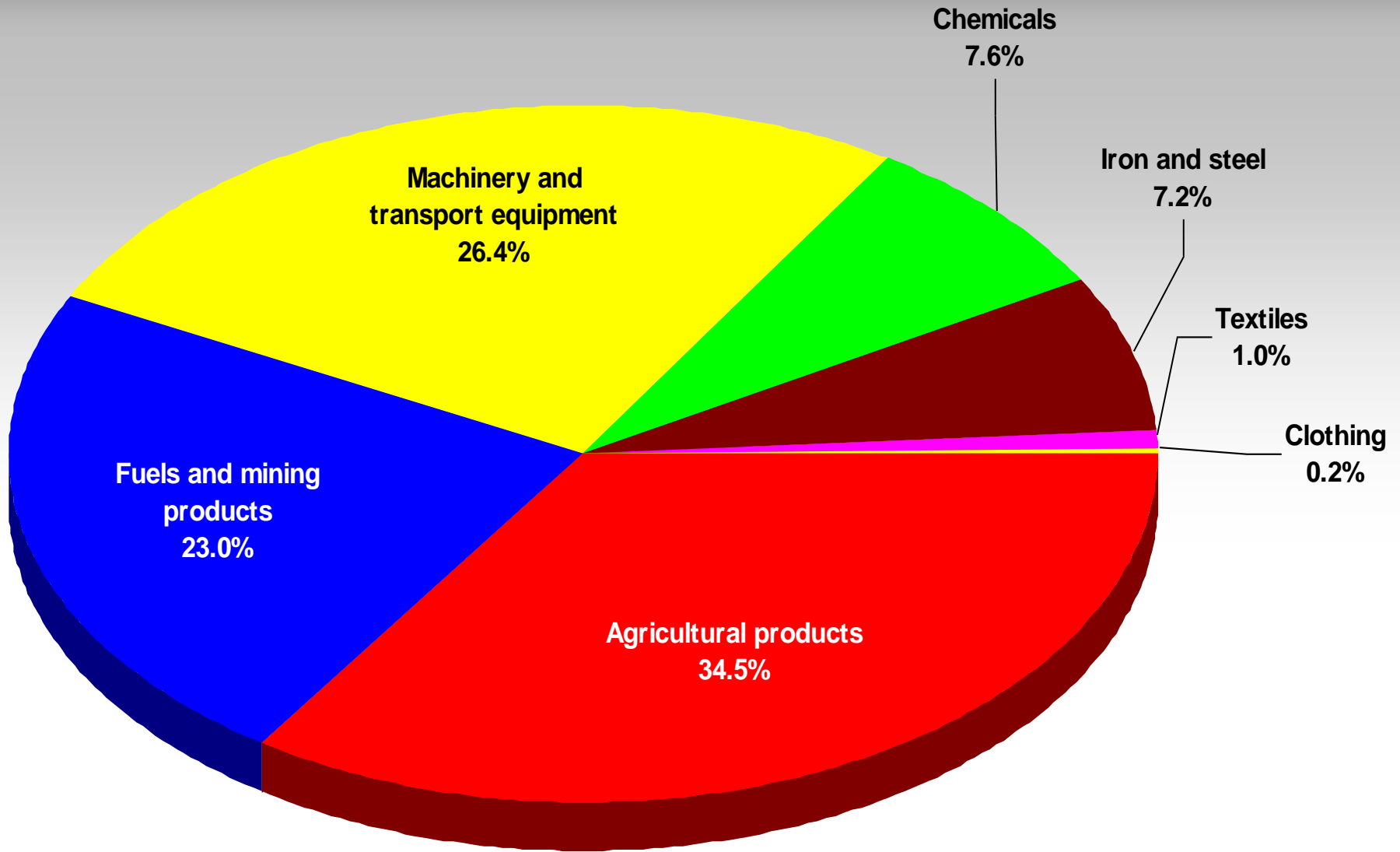
Bradesco





# BRAZIL EXPORTS BY PRODUCTS

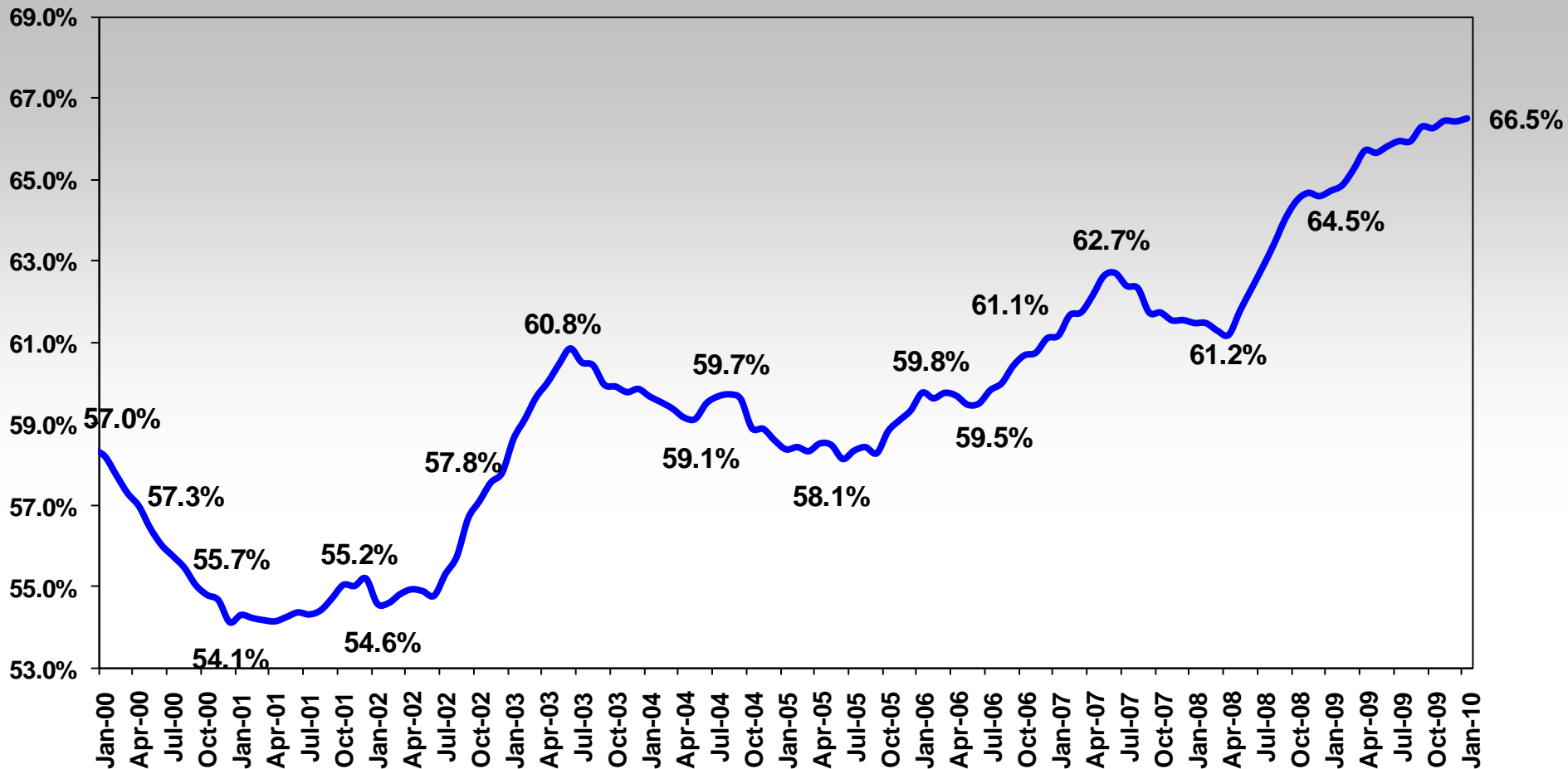
Bradesco





# SHARE OF COMMODITIES IN THE TOTAL BRAZILIAN EXPORTS

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**Bradesco**

**LATIN AMERICA HAS A  
COMPETITIVE ADVANTAGE  
PRODUCING GOODS WITH  
A STRONG GLOBAL  
DEMAND IN THE NEXT 10  
YEARS**

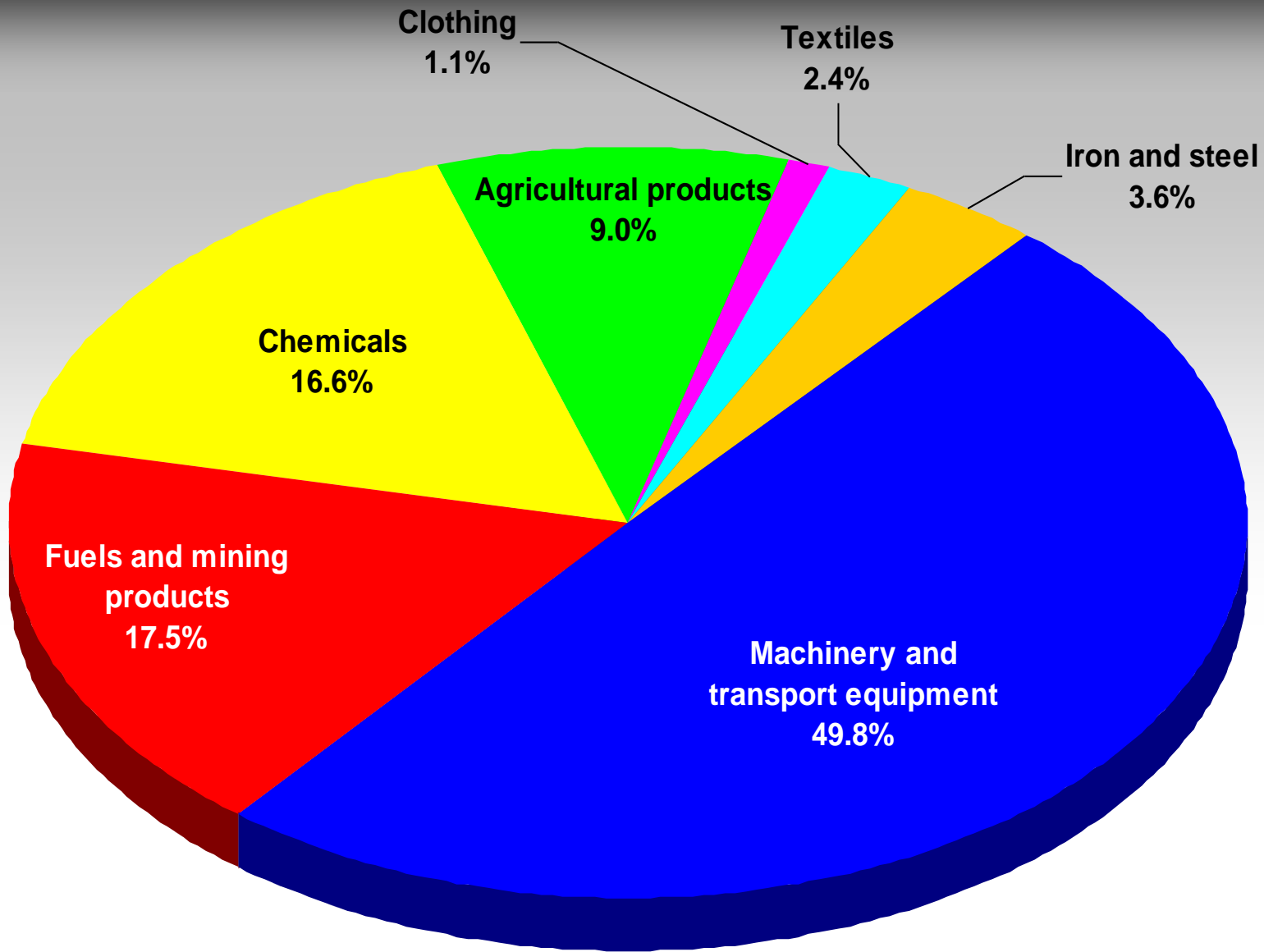


**LATIN AMERICAN  
COUNTRIES ARE  
IMPORTERS OF CAPITAL  
GOODS, CHEMICAL  
PRODUCTS AND OIL.**



# LATIN AMERICA IMPORTS BY PRODUCTS

Bradesco





Bradesco

# GLOBAL TRADERS?

## *EXTERNAL TRADE IN LATIN AMERICA*



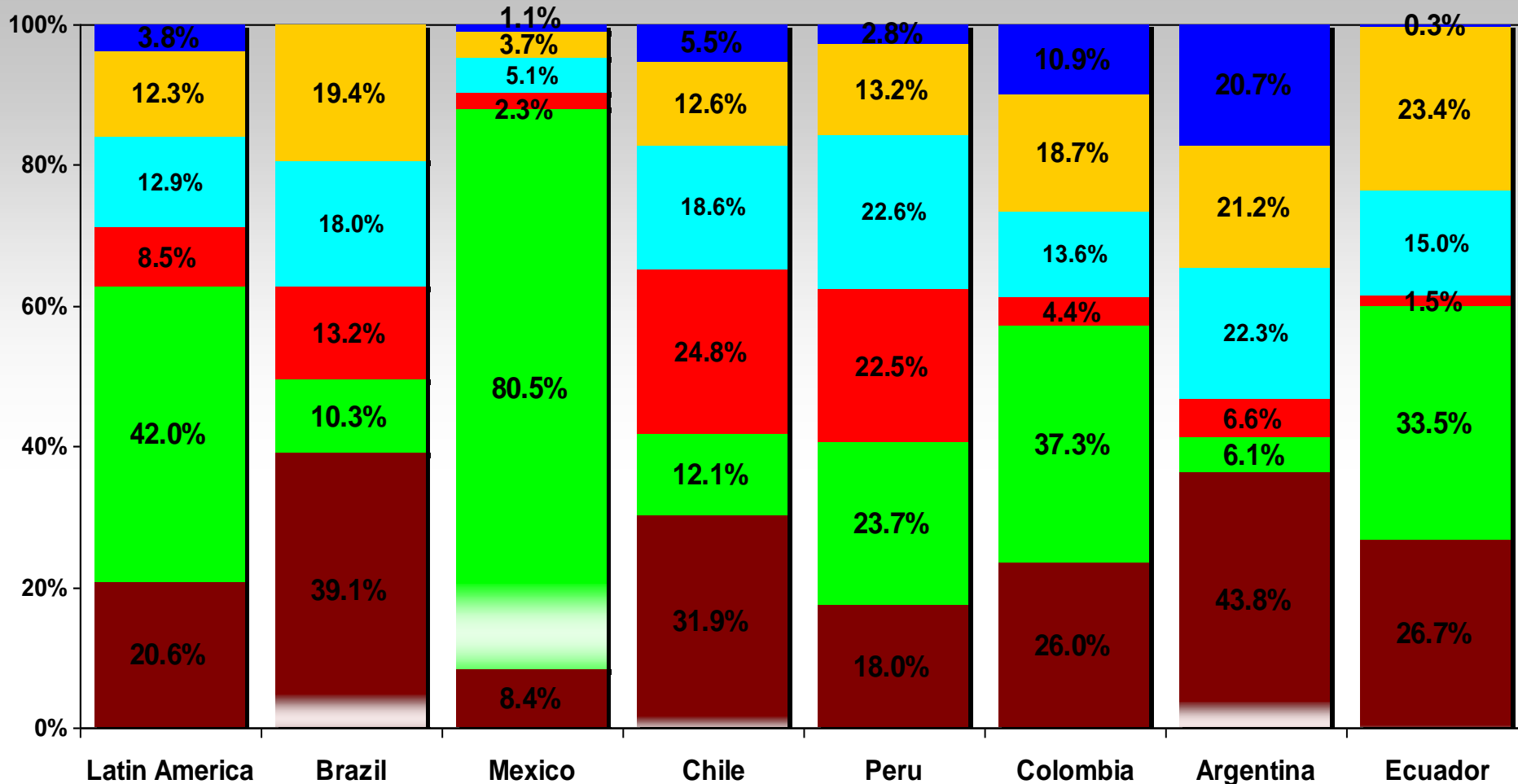
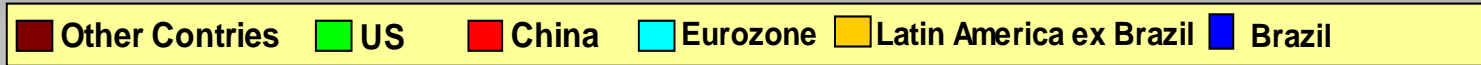
**EXCEPT MEXICO,  
MOST OF LATIN  
AMERICAN  
COUNTRIES ARE  
GLOBAL TRADERS**





# LATIN AMERICA EXPORT DESTINATION 2009

Bradesco



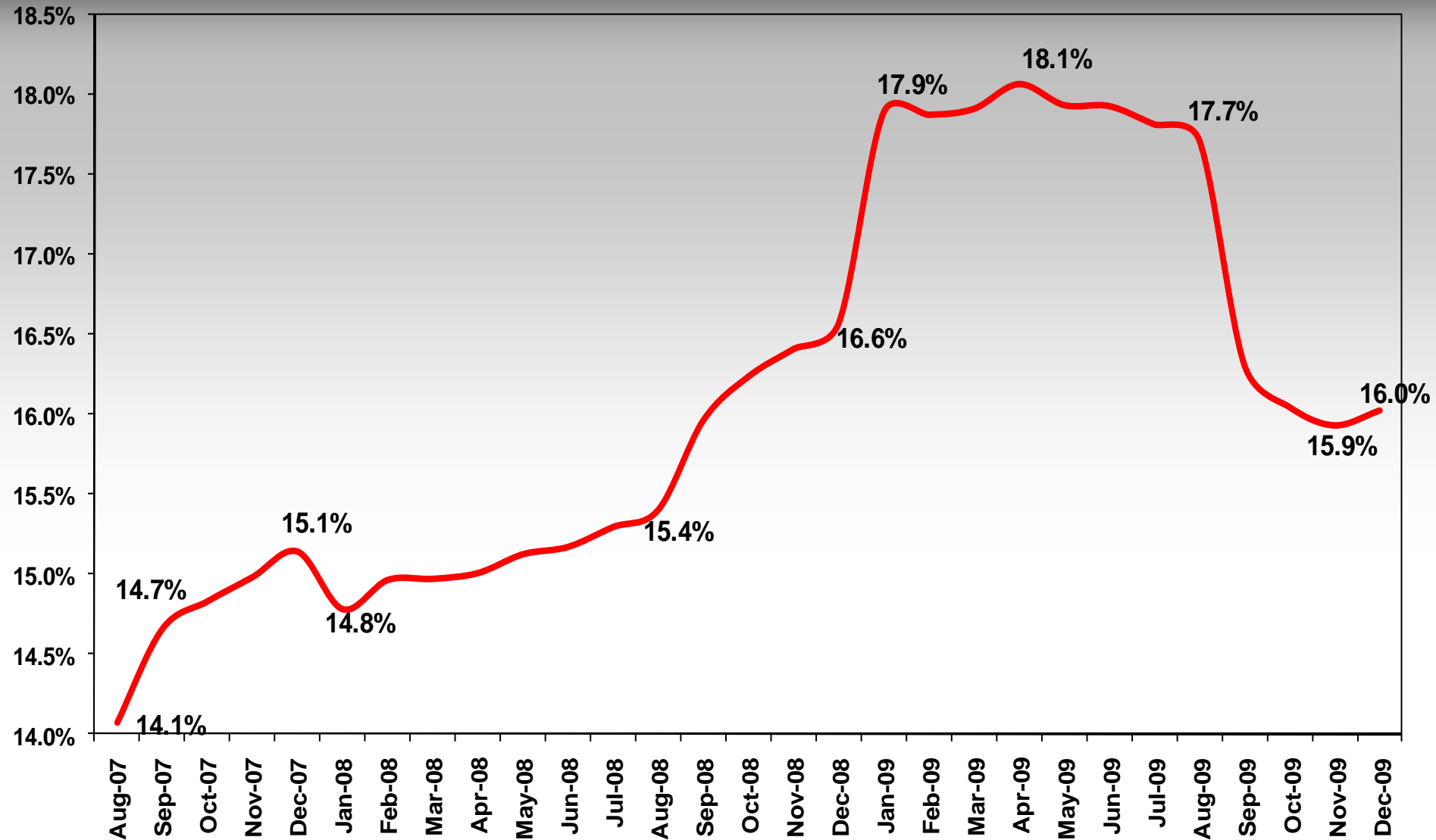


# THE INTRA- REGIONAL TRADE IS VERY MODEST IN LATIN AMERICA



# INTRA-REGIONAL LATIN AMERICA TRADE FLOWS

Bradesco



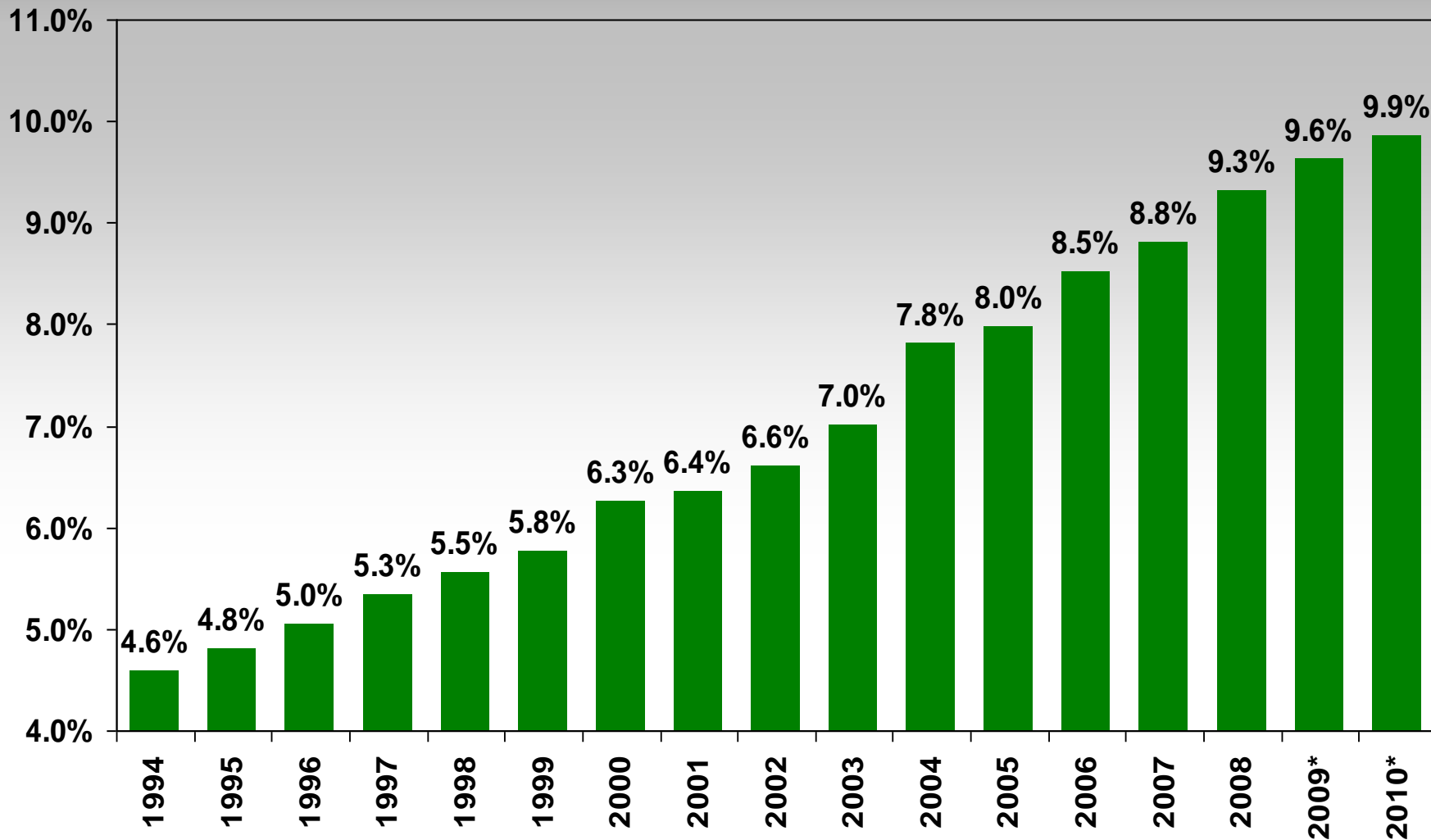


# WHAT IS THE RESPONSABILITY OF CHINA IN THE RECENT LATIN AMERICAN PERFORMANCE?



# SHARE OF CHINA IN THE GLOBAL CONSUMPTION 1994- 2010

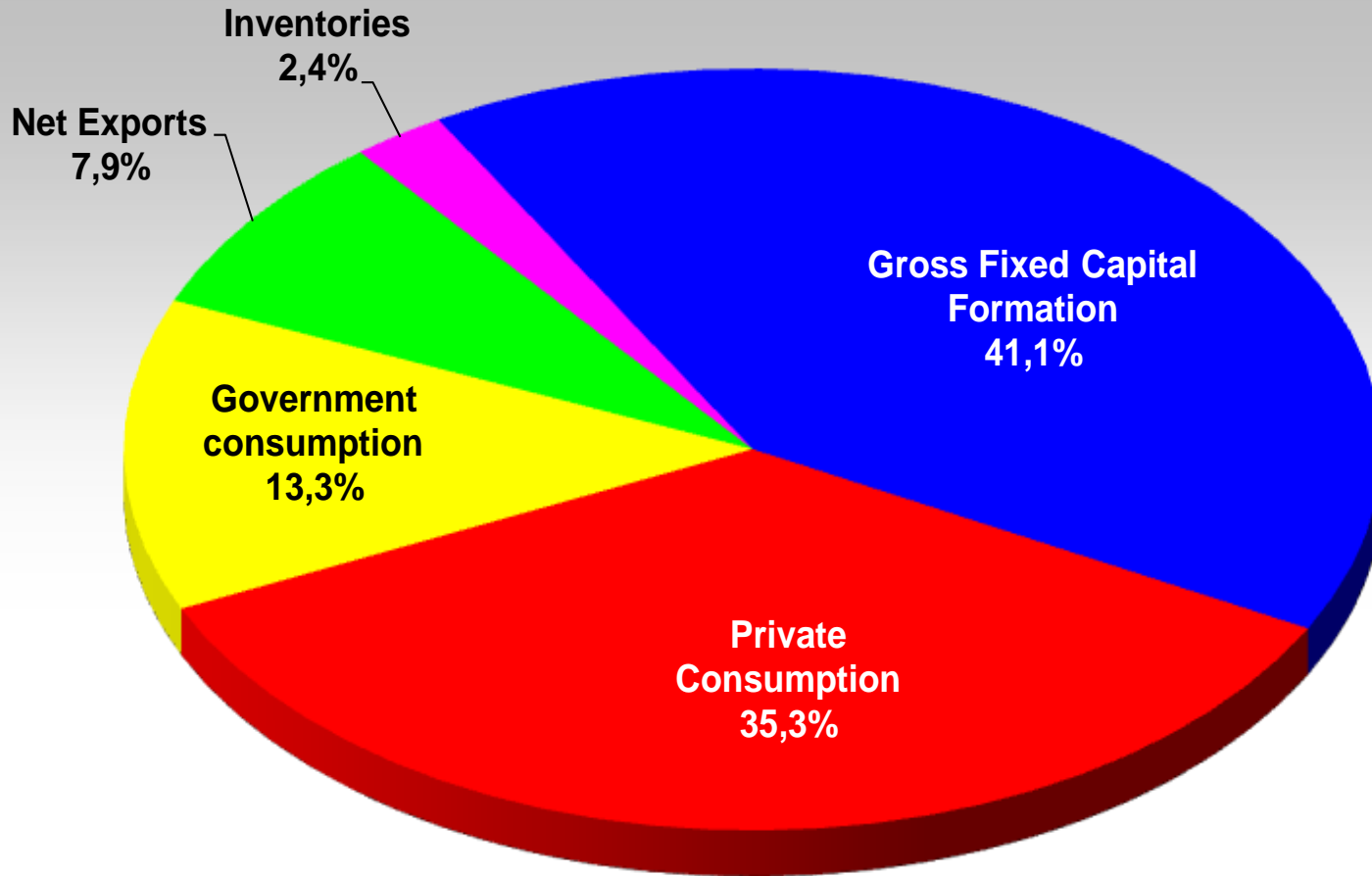
Bradesco





# CHINESE GDP EXPENDITURE BREAKDOWN - 2008

Bradesco





Bradesco

# THE BEST STRATEGY

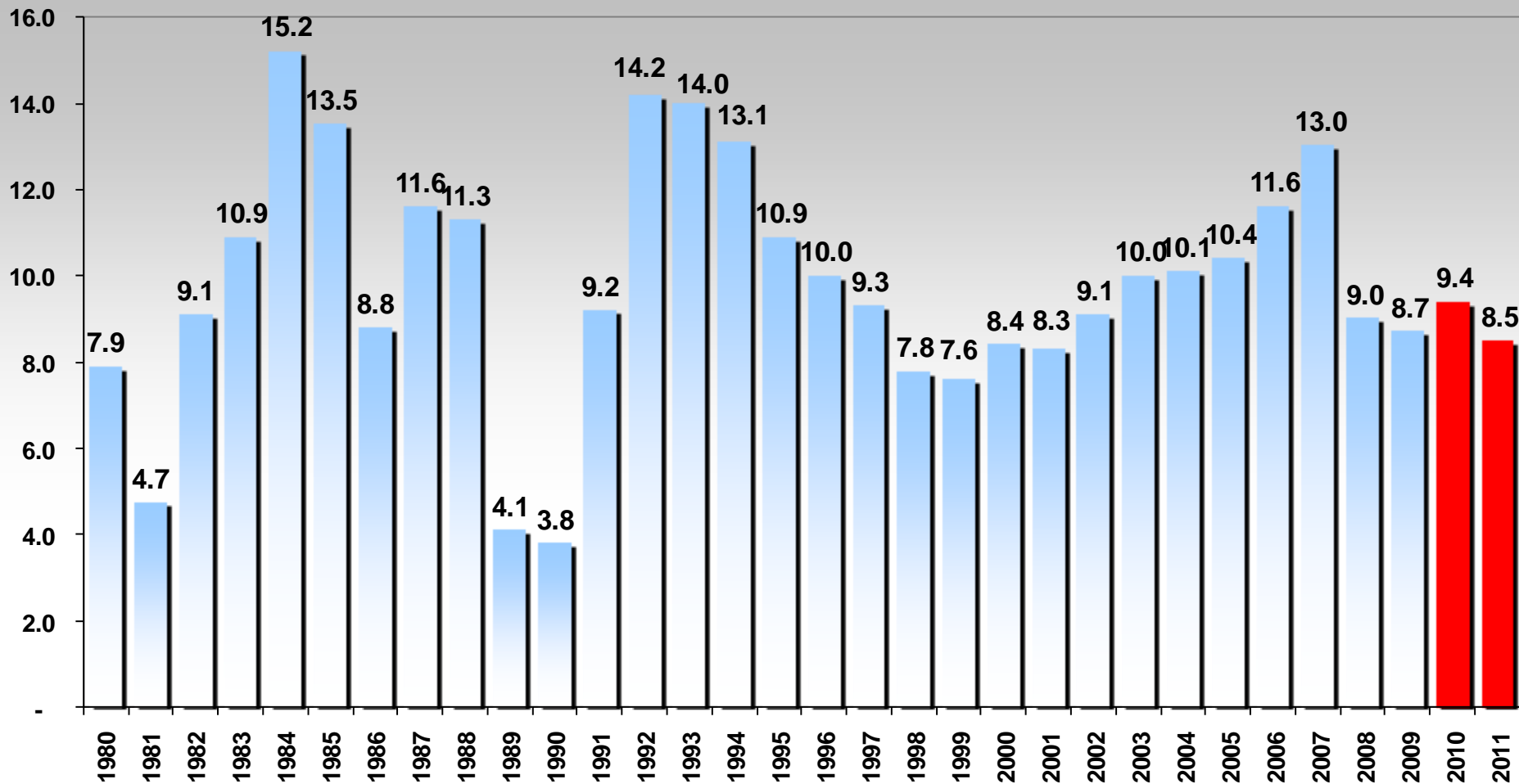


**BRAZIL AND LATIN AMERICAN COUNTRIES SHOULD KEEP TAKING ADVANTAGE OF THE STRONG CHINESE DEMAND, BUT ALSO CREATING THE CONDITIONS FOR A “POST-CHINA” PHASE.**



# CHINESE GROWTH – 1981-2011

Bradesco

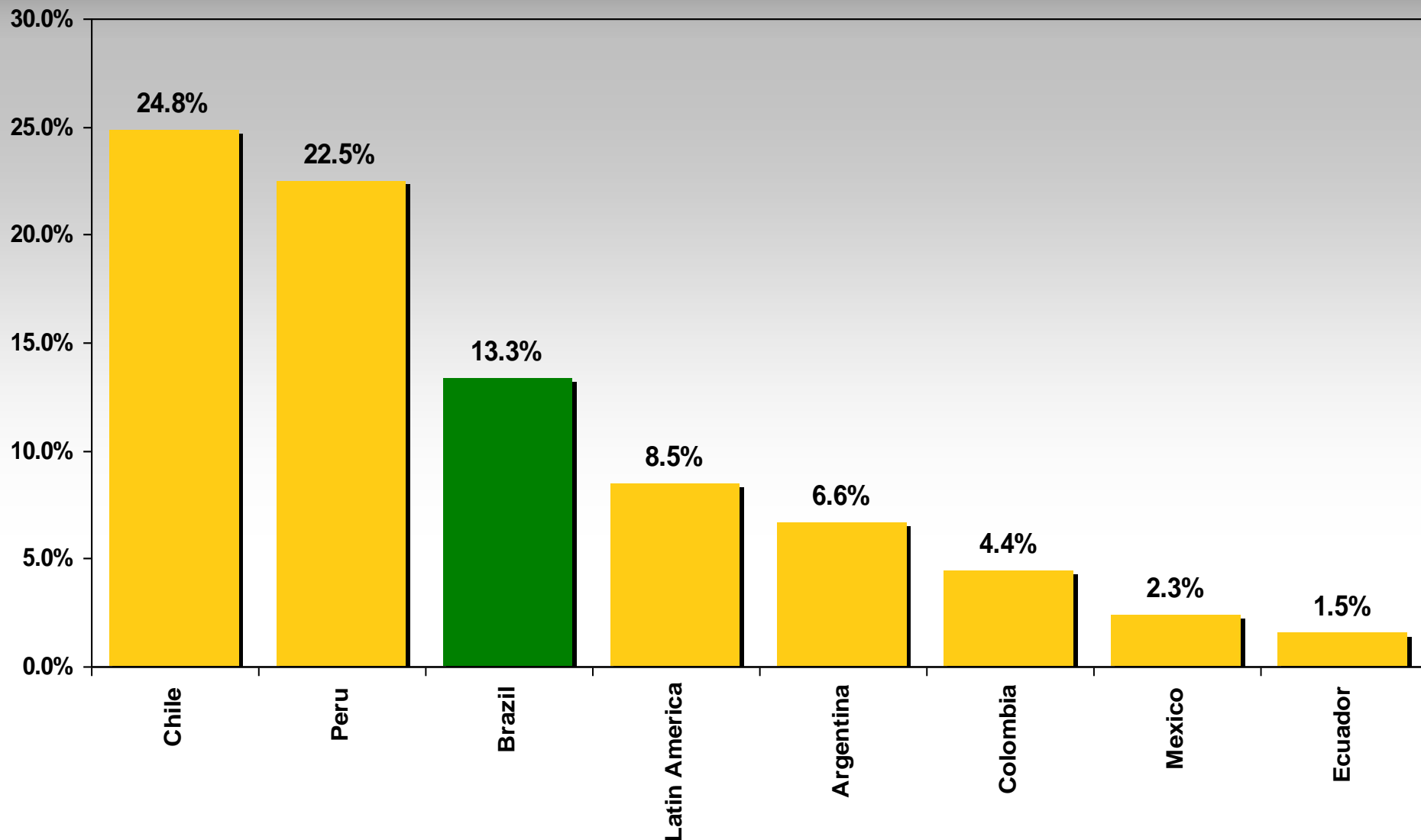






# WEIGHT OF CHINA AS DESTINATION OF THE LATIN AMERICAN EXPORTS

Bradesco





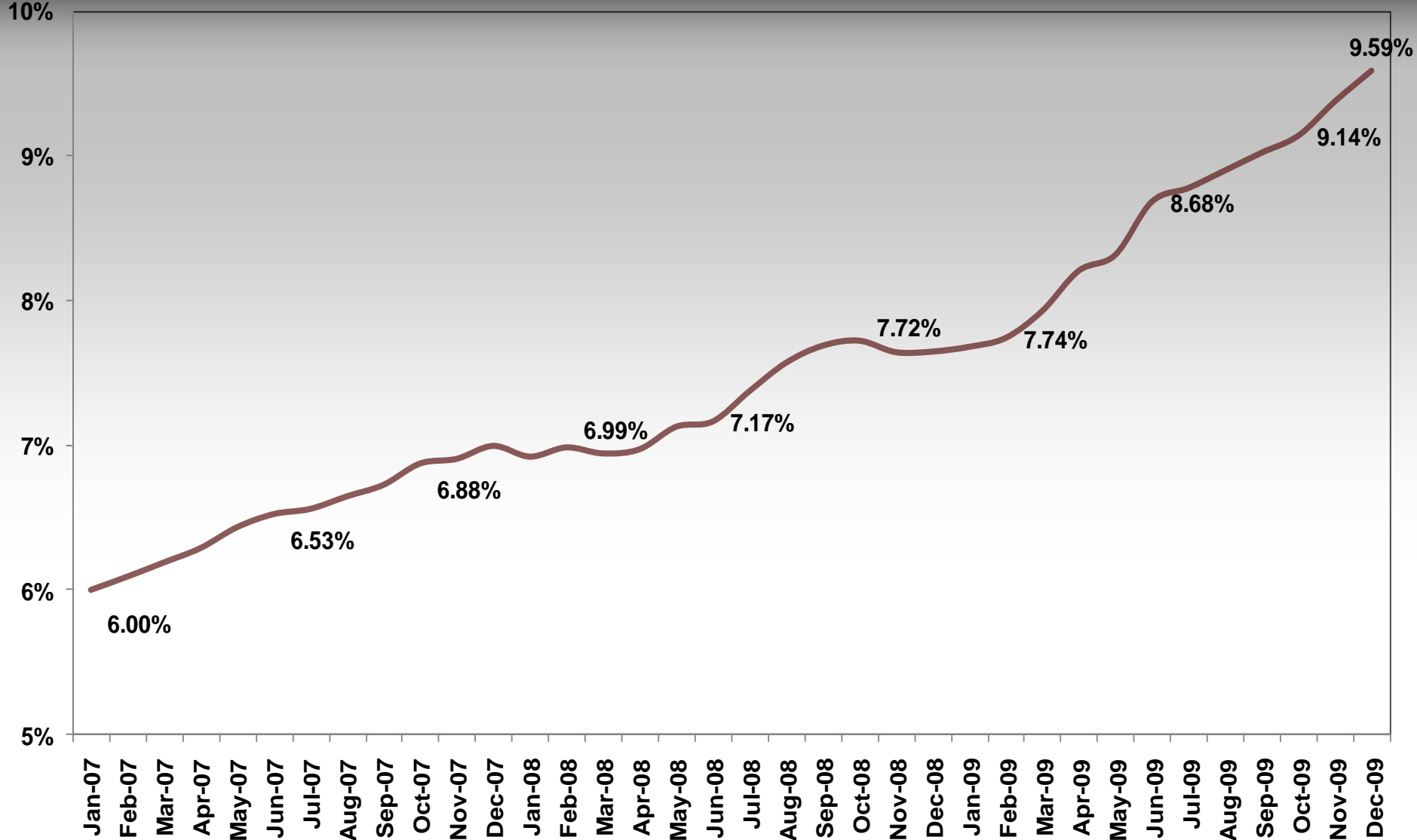
**Bradesco**

# **THE WEIGHT OF CHINA IS INCREASING IN ALL LATIN AMERICAN COUNTRIES TRADE RELATIONS**



# WEIGHT OF CHINA AS PERCENTAGE OF THE TOTAL LATIN AMERICAN EXPORTS

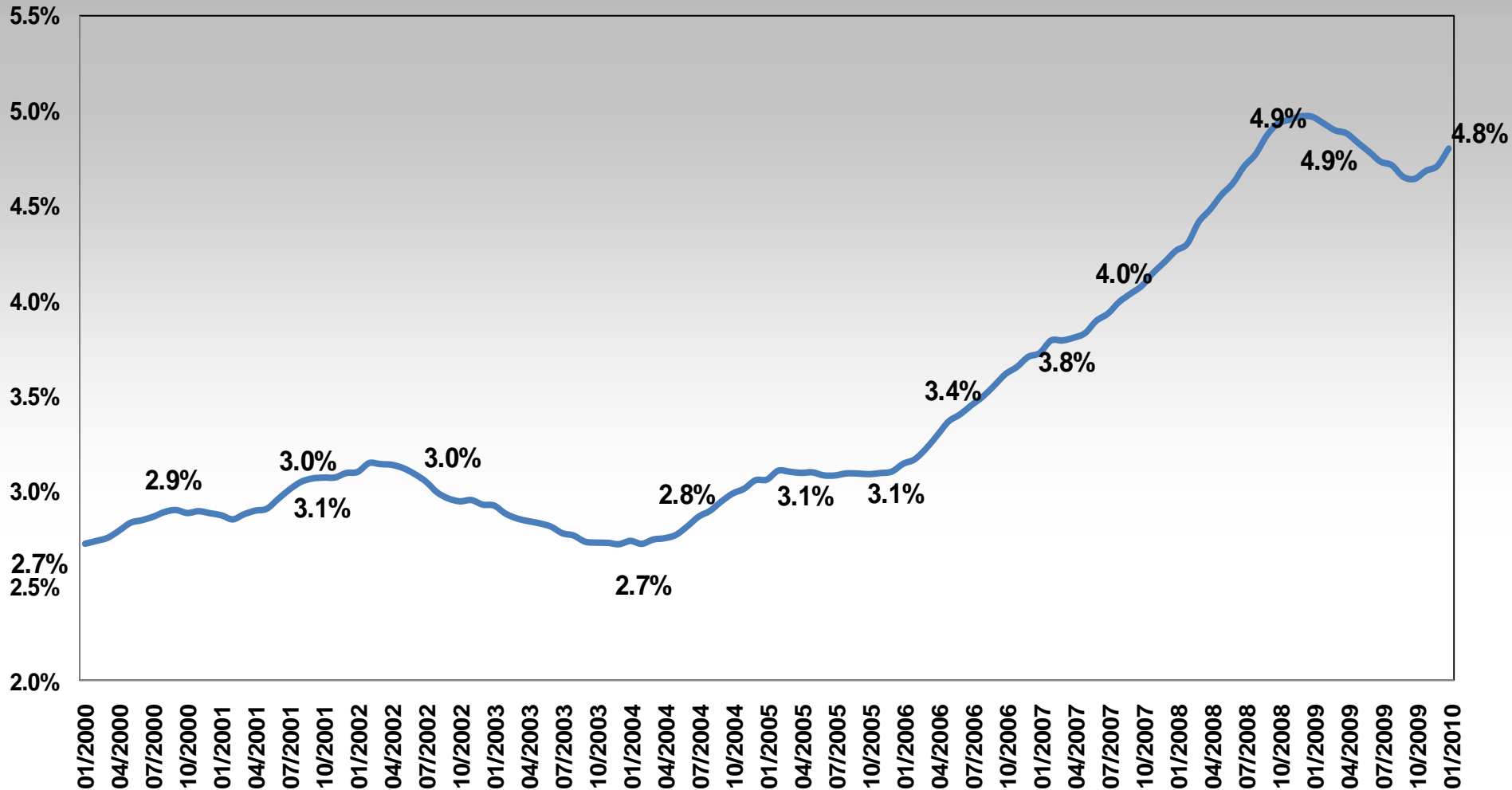
Bradesco





Bradesco

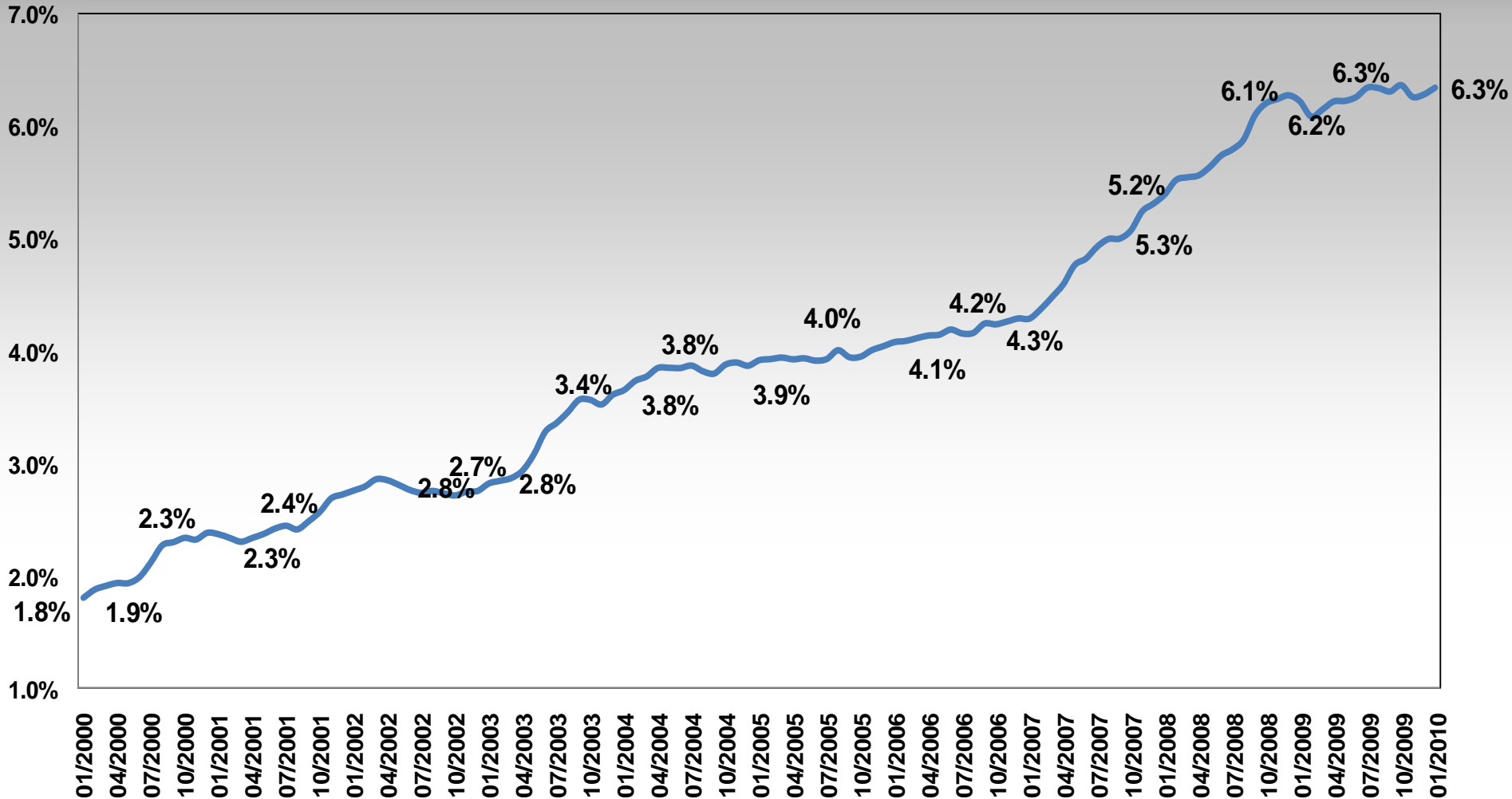
# WEIGHT OF LATIN AMERICA IN THE TOTAL CHINESE EXPORTS (%)





# WEIGHT OF LATIN AMERICA IN THE TOTAL CHINESE IMPORTS (%)

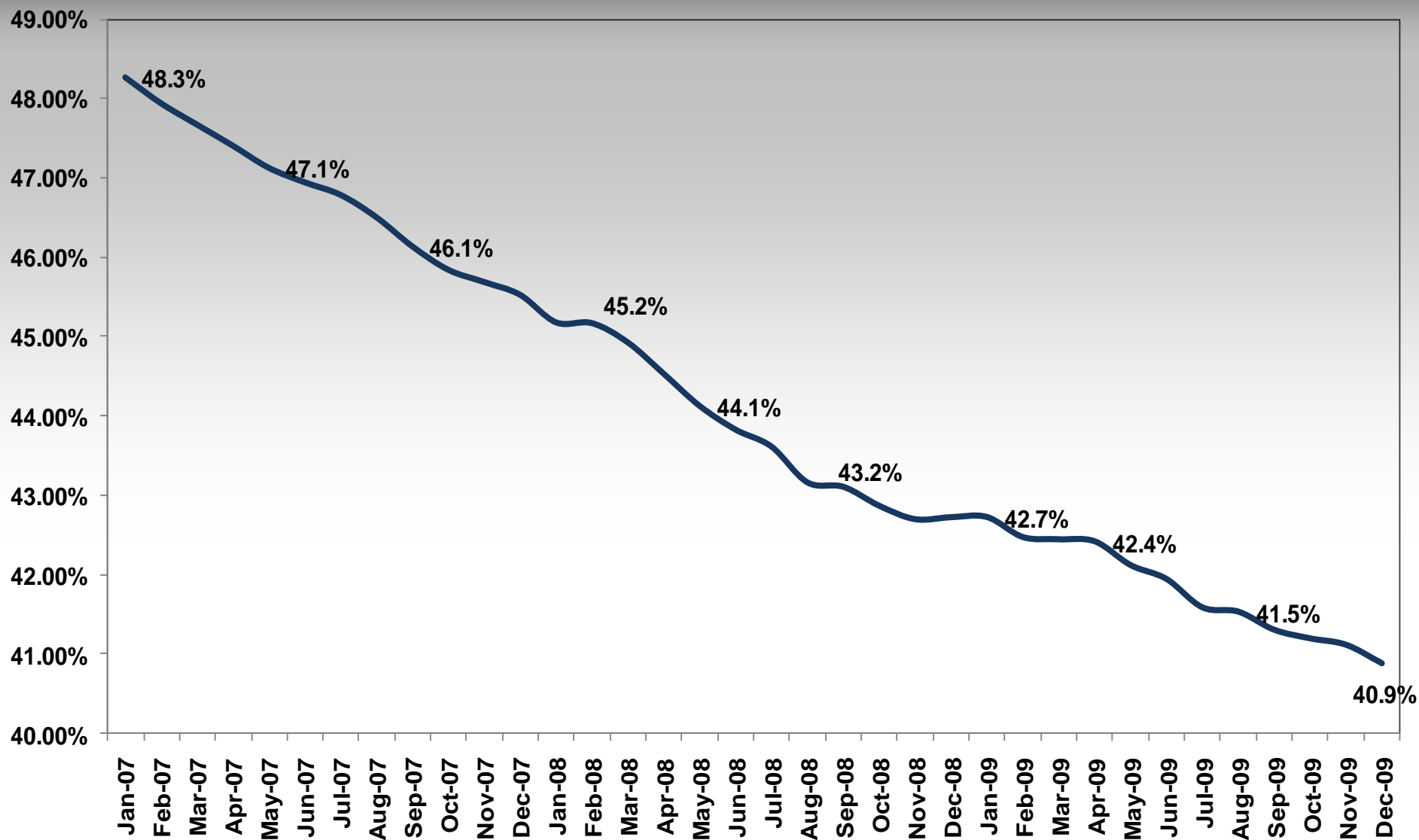
Bradesco





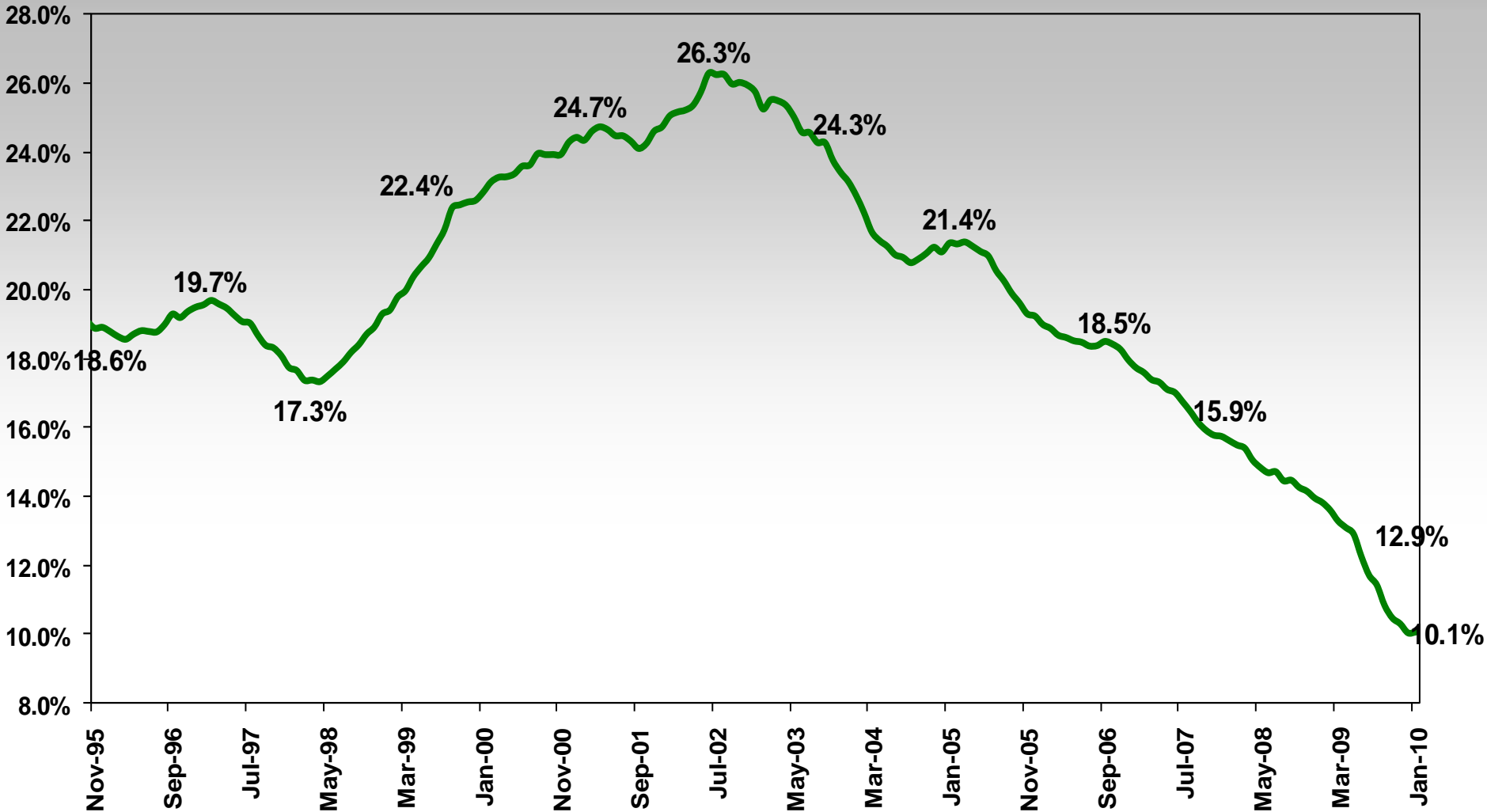
# WEIGHT OF THE UNITED STATES IN THE TOTAL LATIN AMERICAN EXPORTS

Bradesco





# WEIGHT OF UNITED STATES IN THE TOTAL BRAZILIAN EXPORTS 1995 - 2009



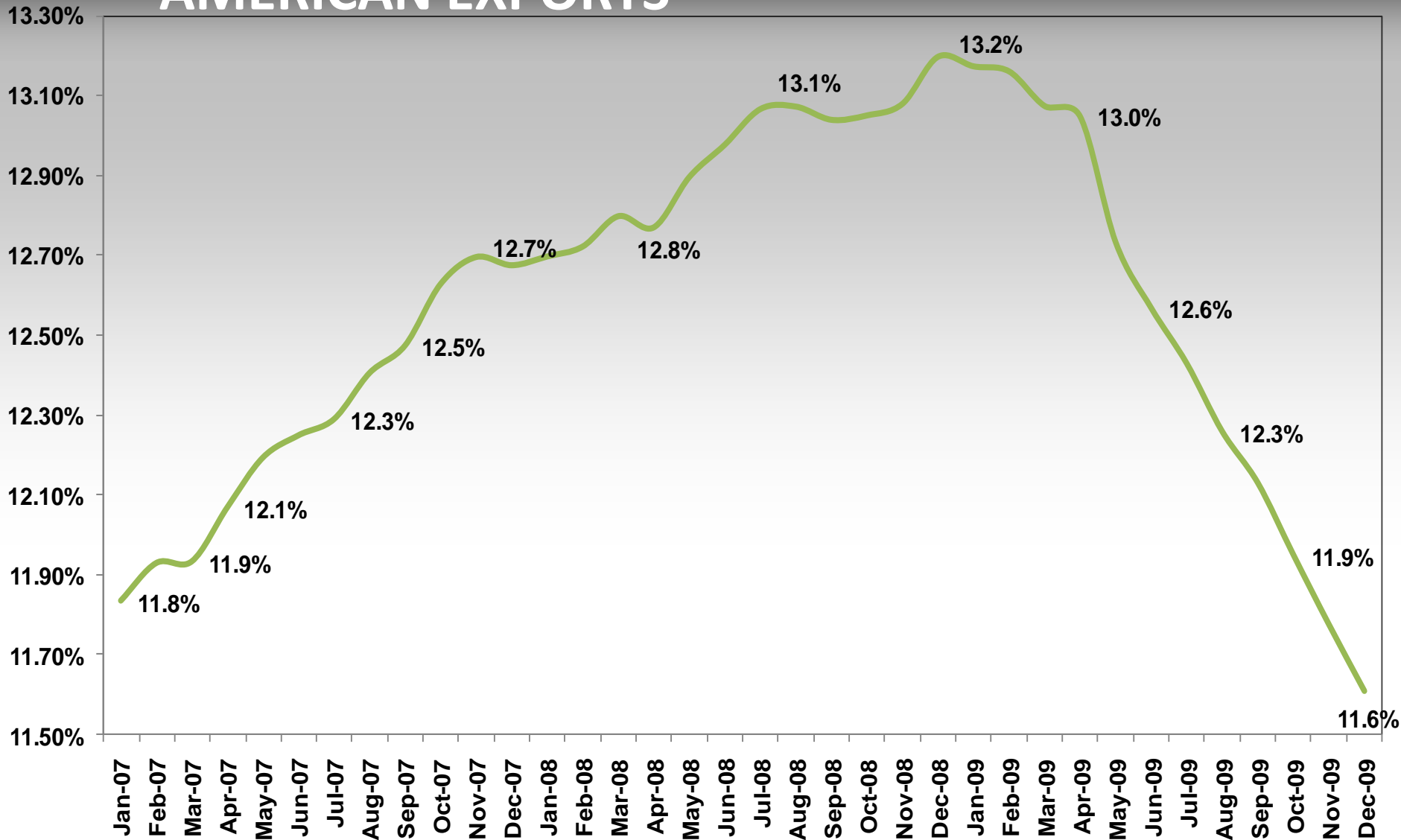
SOURCE: BCB, SECEX

PREPARED BY: BRADESCO



# WEIGHT OF EURO ZONE IN THE TOTAL LATIN

## Bradesco AMERICAN EXPORTS





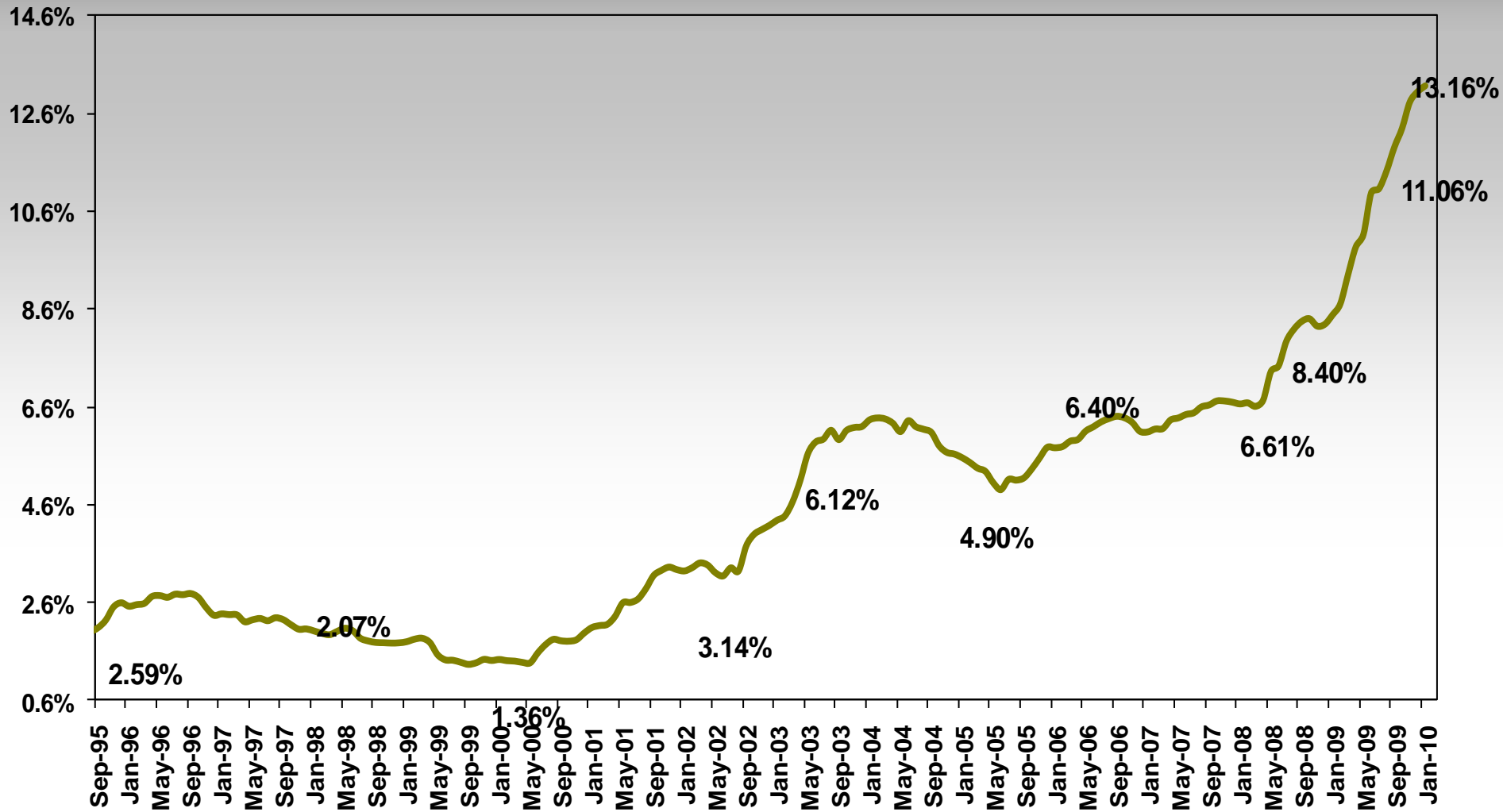


**BRAZIL IS BECOMING  
MORE AND MORE  
DEPENDENT ON  
CHINA!!!**



# WEIGHT OF CHINA IN THE TOTAL BRAZILIAN EXPORTS 1995 - 2009

Bradesco



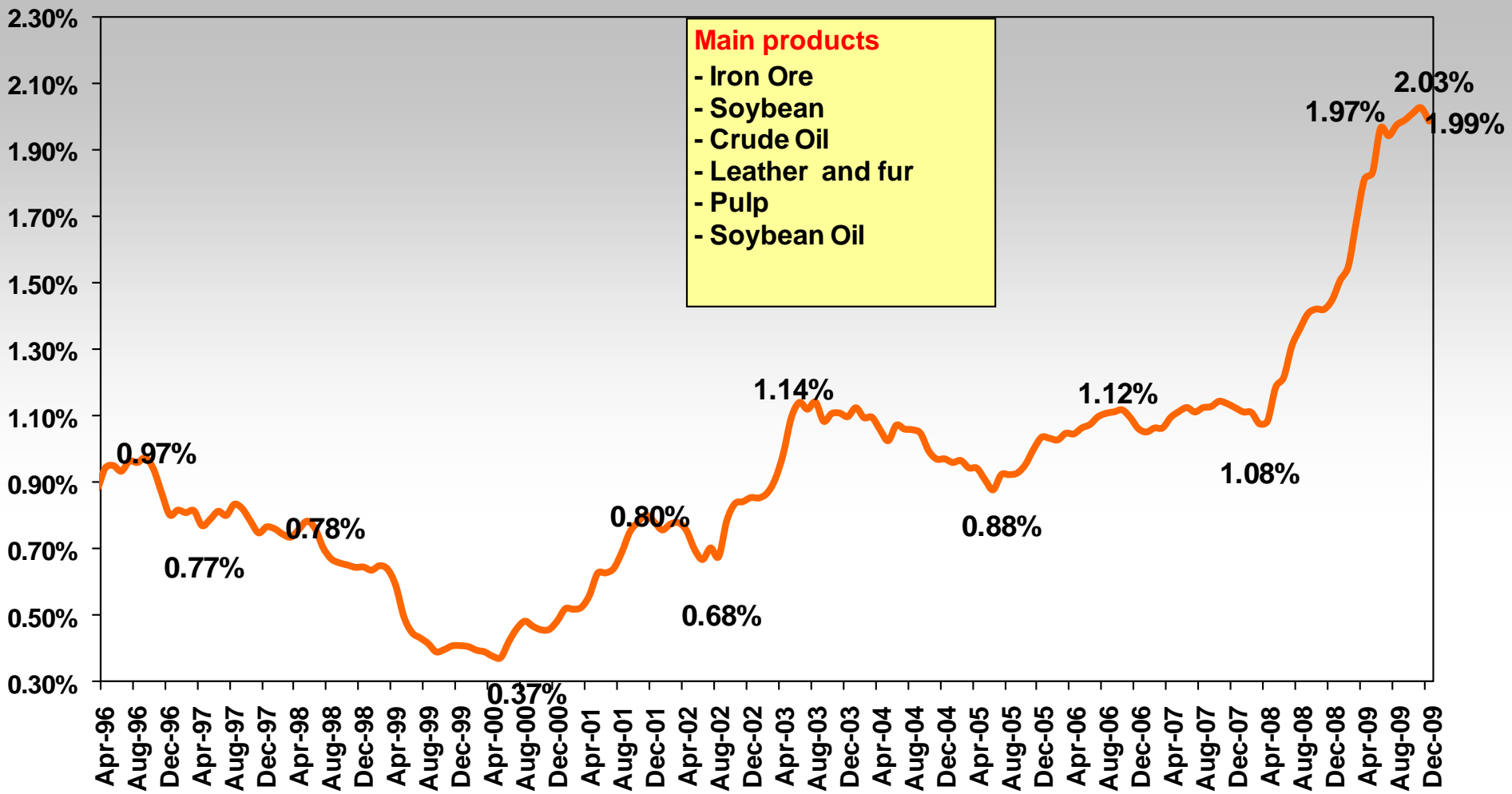
SOURCE: BCB, SECEX

PREPARED BY: BRADESCO



# BRAZILIAN MARKET SHARE IN CHINA – WEIGHT OF BRAZIL IN THE TOTAL CHINESE IMPORTS 1996 - 2009

Bradesco



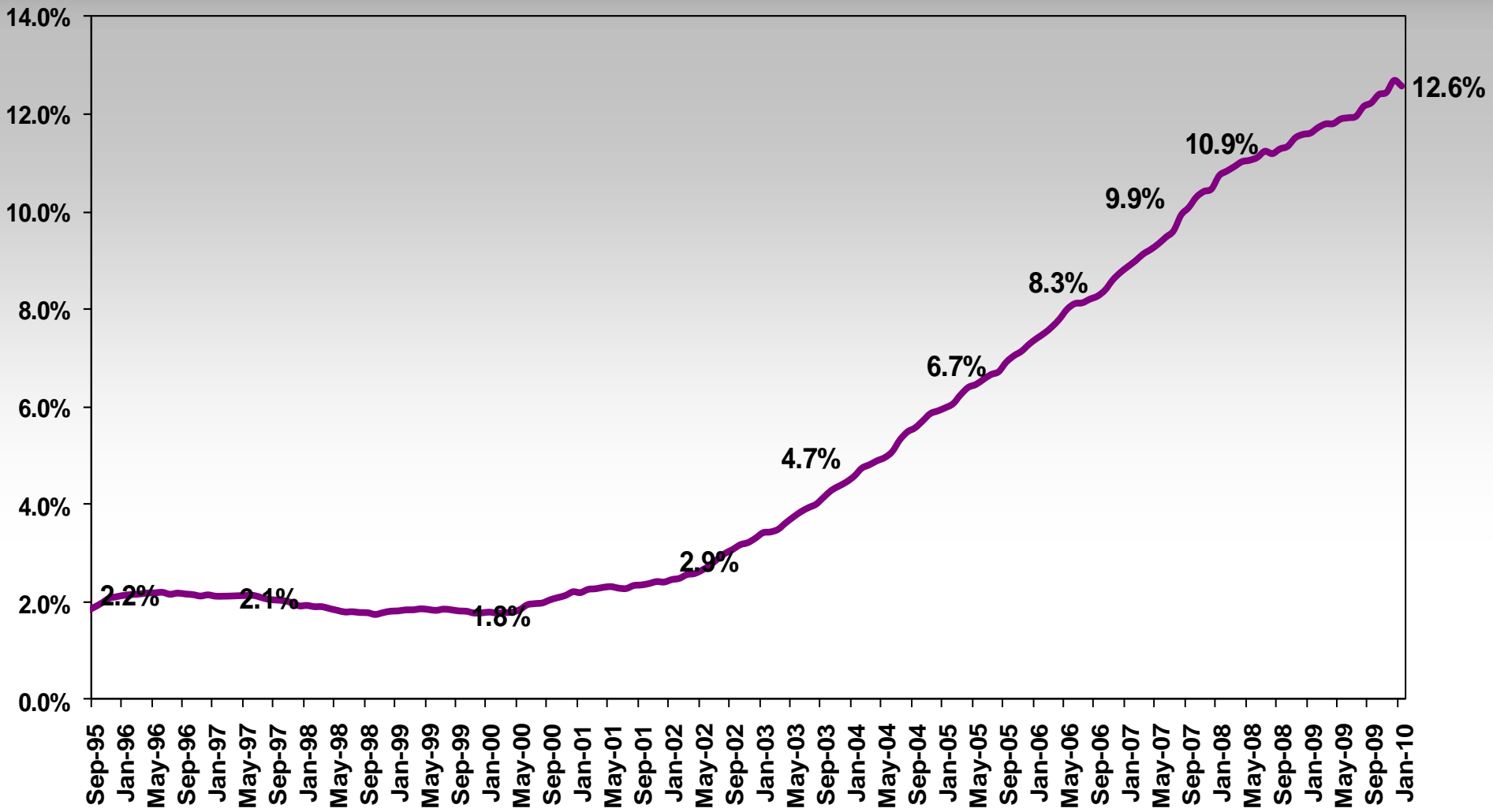
SOURCE: BLOOMBERG

PREPARED BY: BRADESCO



# WEIGHT OF CHINA IN THE TOTAL BRAZILIAN IMPORTS 1995 - 2010

Bradesco





Bradesco

**BUT, THE DOMESTIC  
DEMAND IS THE  
MAIN DRIVER OF THE  
RECENT POST-CRISIS  
RECOVERY IN THE  
REGION**



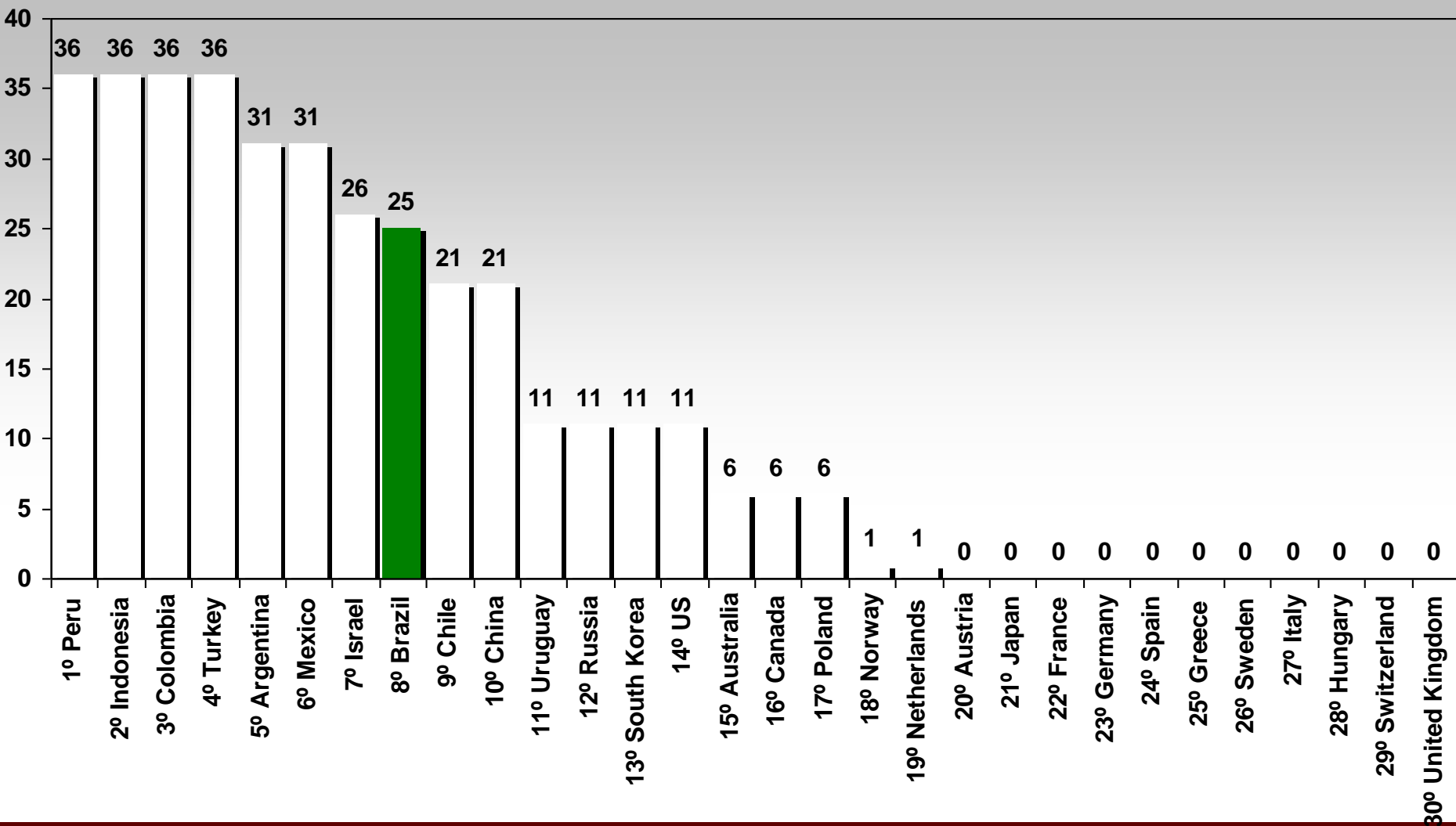
**Bradesco**

**THE DEMOGRAPHY  
HELPS A LOT LATIN  
AMERICA AND  
EMERGING  
COUNTRIES**

**DEPEC**



# THE DEMOGRAPHY HELPS A LOT LATIN AMERICA: REMAINING YEARS AFTER 2009





Bradesco

**COMPLEMENTARILY,  
SOME COUNTRIES IN  
THE REGION WITH A  
UNEQUIVOCAL  
INSTITUTIONAL  
IMPROVEMENT**





# LATIN AMERICA: RATINGS (5 INVESTMENT GRADED COUNTRIES)

Bradesco

	Moody's	S&P	Fitch Ratings
<b>Chile</b>	<b>A1</b>	<b>A+</b>	<b>A</b>
<b>México</b>	<b>Baa1</b>	<b>BBB</b>	<b>BBB</b>
<b>Brasil</b>	<b>Baa3</b>	<b>BBB-</b>	<b>BBB-</b>
<b>Peru</b>	<b>Baa3</b>	<b>BB-</b>	<b>BB-</b>
<b>Colômbia</b>	<b>Ba1</b>	<b>BBB-</b>	<b>BB+</b>
Panamá	Ba1	BB+	BB+
Costa Rica	Ba1	BB	BB
El Salvador	Ba1	BB	BB
Guatemala	Ba2	BB	BB+
Uruguai	Ba3	BB	BB-
Suriname	B1	B+	B
Bolívia	B2	B-	B
Venezuela	B2	BB-	B+
Paraguai	B3	B	ND
Argentina	B3	B-	B-
Jamaica	Caa1	B-	B-
Equador	Caa3	CCC+	B-

 Investment grade



# LATIN AMERICA DIFFERENT LEVELS OF INSTITUTIONAL DEVELOPMENT

Bradesco





**Bradesco**

**OTHER COUNTRIES  
WALKING  
BACKWARD WITH AN  
INSTITUTIONAL  
DECONSTRUCTION**



**Bradesco**

**BRAZIL FINALLY  
PERCEIVED AS THE  
REGIONAL POWER  
IN LATIN AMERICA.**



Bradesco

**BRAZIL IS MUCH  
MORE RELIABLE  
AND CONVINCING  
TODAY THAN 15  
YEARS AGO**



# BUSINESS CLIMATE IN JANUARY 2010 IN LATIN AMERICAN

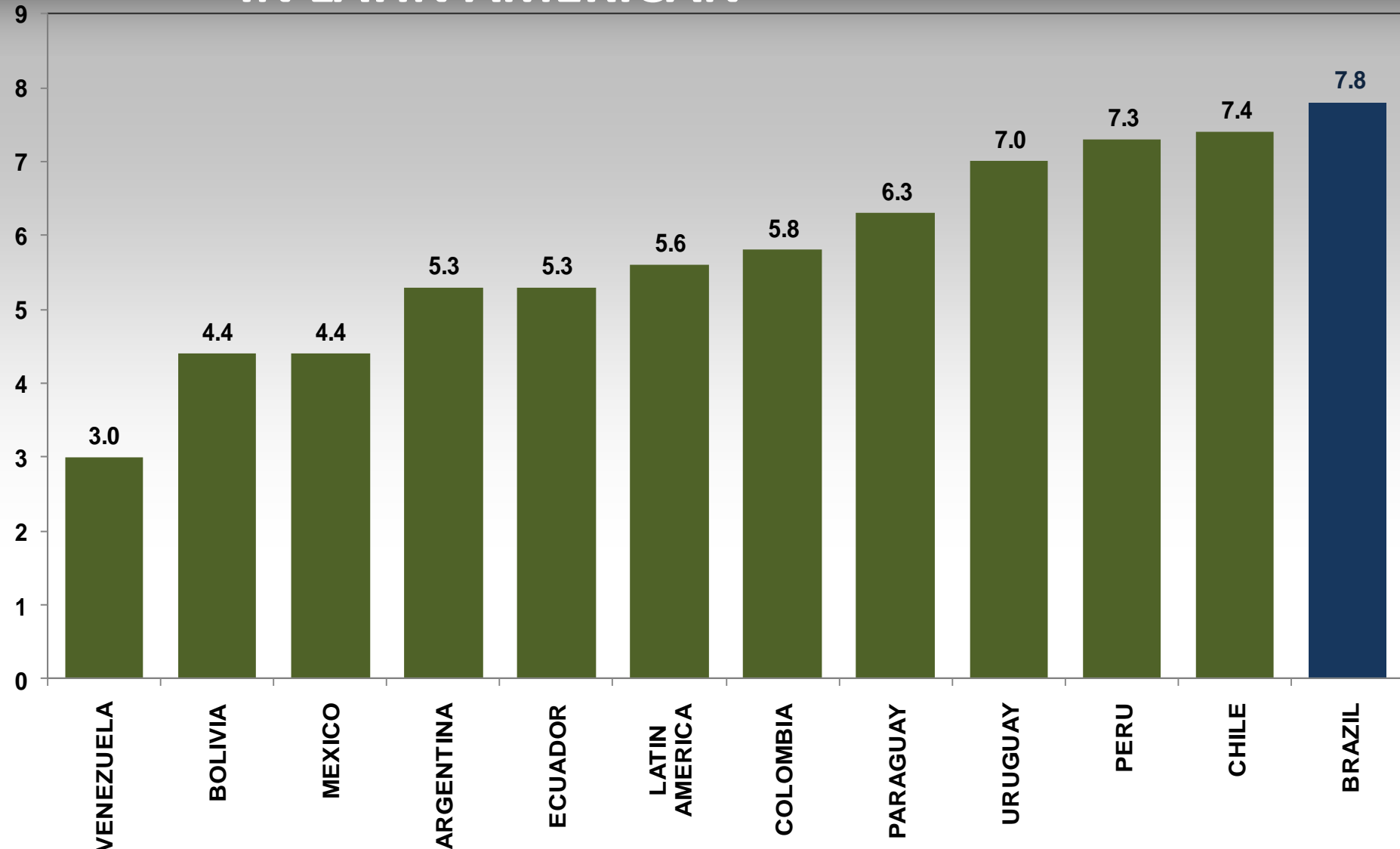
Bradesco





# BUSINESS CLIMATE IN JANUARY 2010 IN LATIN AMERICAN

Bradesco

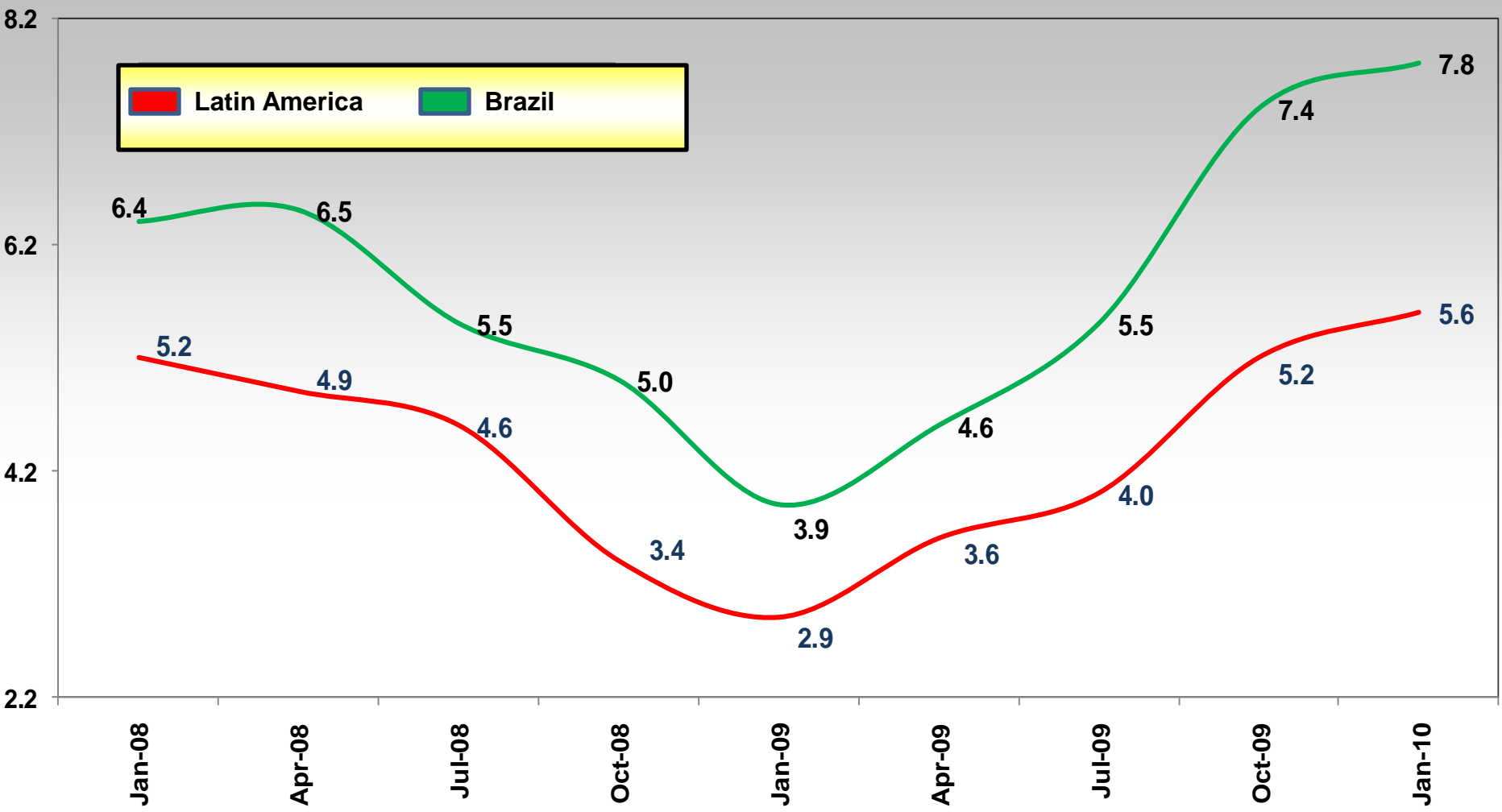




# BUSINESS CLIMATE IN JANUARY 2010

## BRAZIL X LATIN AMERICAN

Bradesco







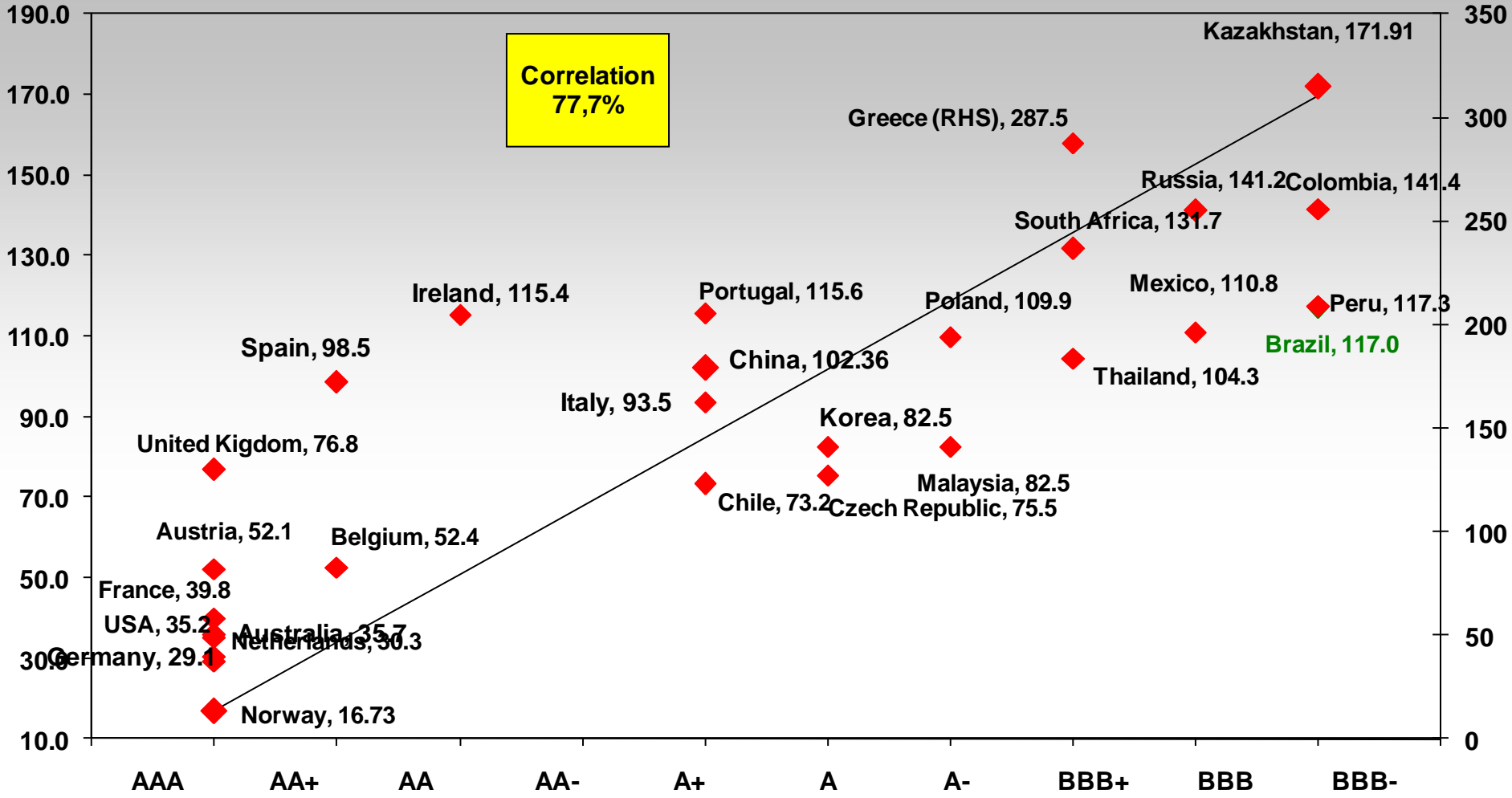
**Bradesco**

**THE MARKET HAS A  
VERY CONSTRUCTIVE  
PERCEPTION FROM THE  
LATIN AMERICAN  
“INVESTMENT  
GRADED” COUNTRIES**



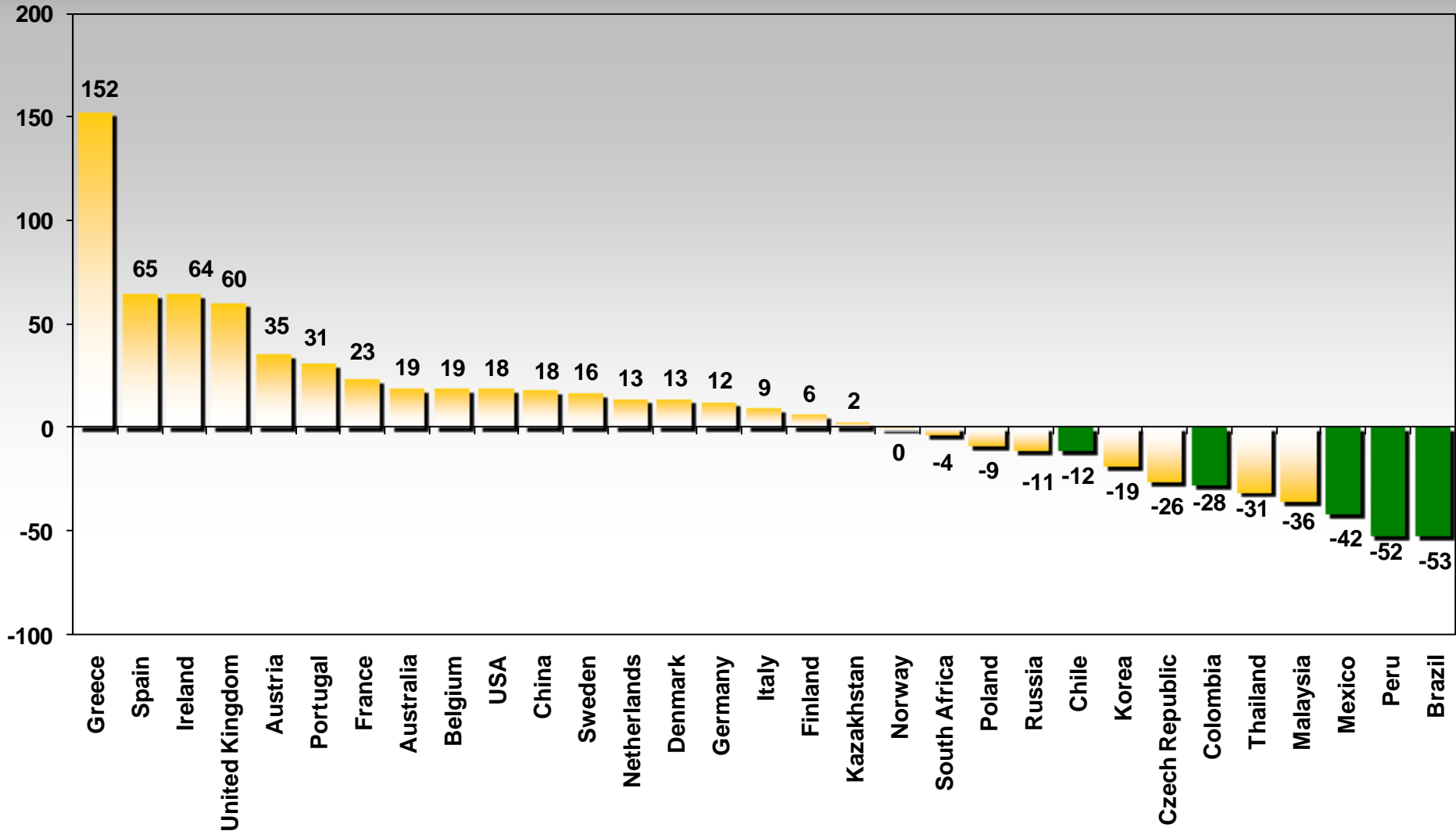
# CORRELATION BETWEEN RATINGS AND CDS: INVESTMENT GRADED COUNTRIES

Bradesco





# DIFFERENTIAL BETWEEN 5-YEAR CDS SUGGESTED BY THE Bradesco RATING AND THE CURRENT CDS





Bradesco

# CONCLUSION FROM THE RESULTS OF THE REGRESSION

WHAT IS WRONG:  
THE CDS PRICING IN THE  
MARKET OR THE RATING  
AGENCIES?

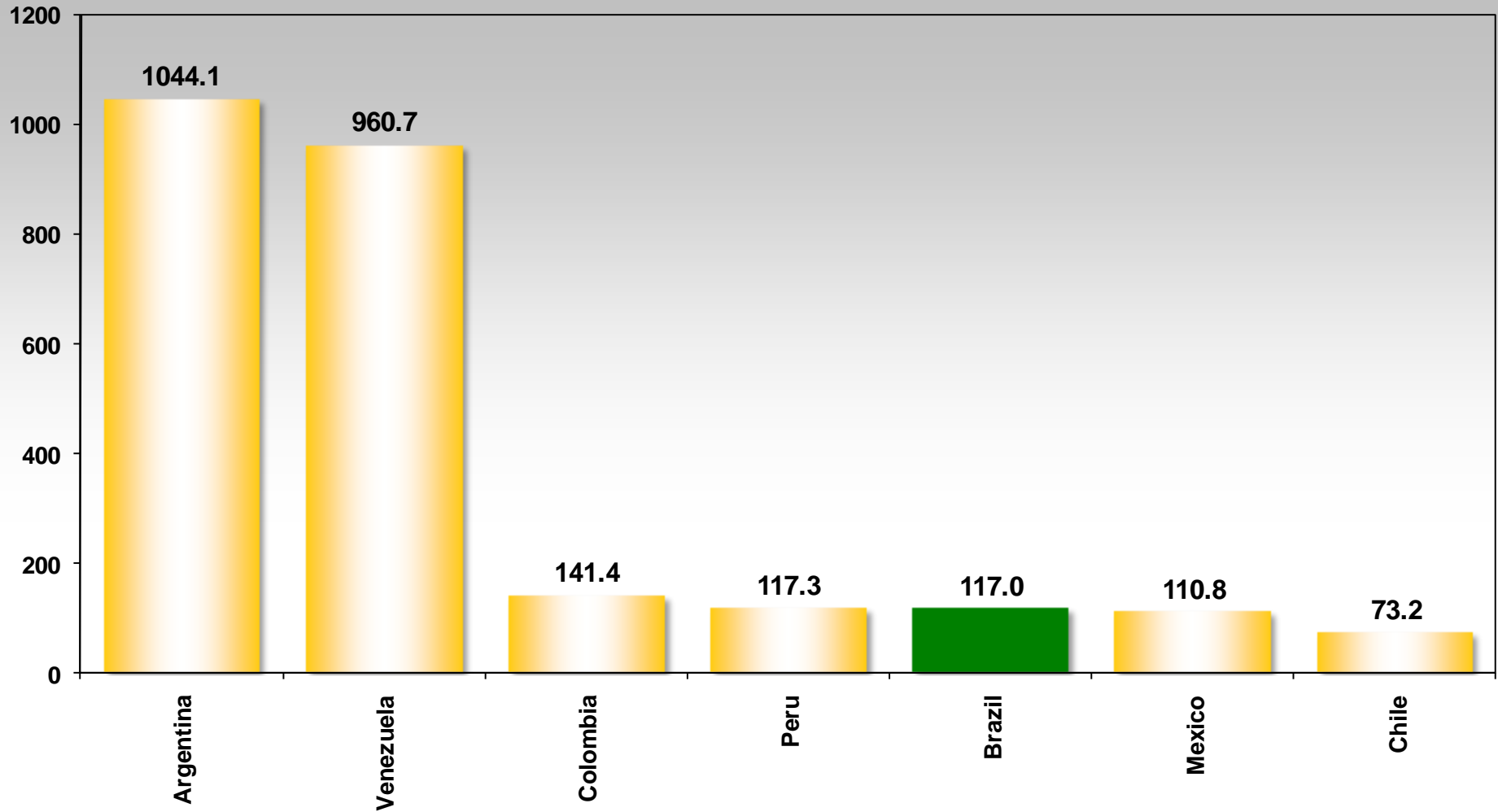


**WE CAN LIKELY EXPECT  
UPGRADE FOR 5 LATIN  
AMERICAN COUNTRIES  
(BRAZIL, PERU, MEXICO,  
COLOMBIA AND CHILE)  
AND DOWNGRADING FOR  
SOME BIG COUNTRIES.**



# LATIN AMERICA COUNTRIES' CDS (CREDIT DEFAULT SWAP)

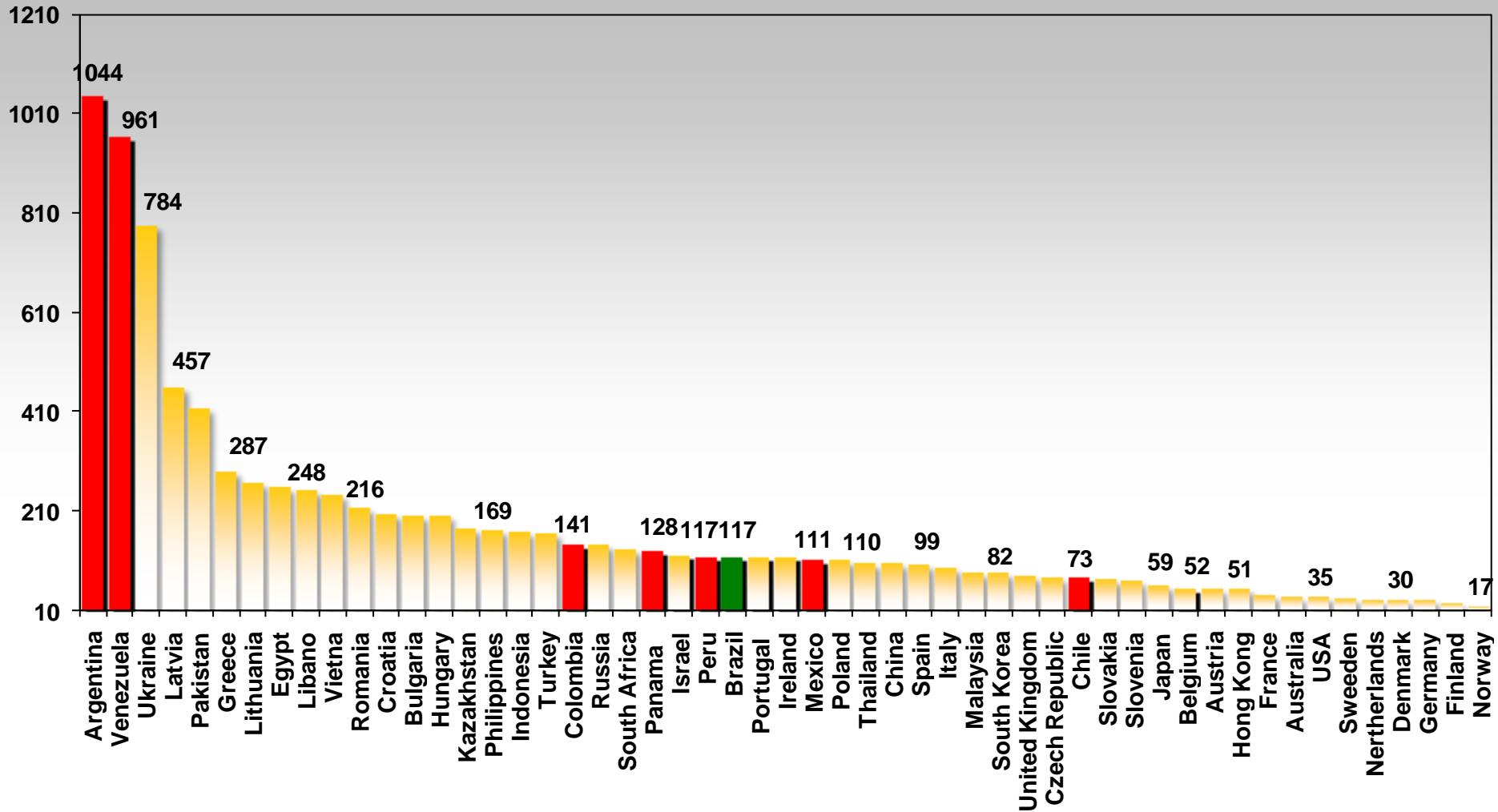
Bradesco





# CDS 5 YEARS – SELECTED COUNTRIES

Bradesco





Bradesco

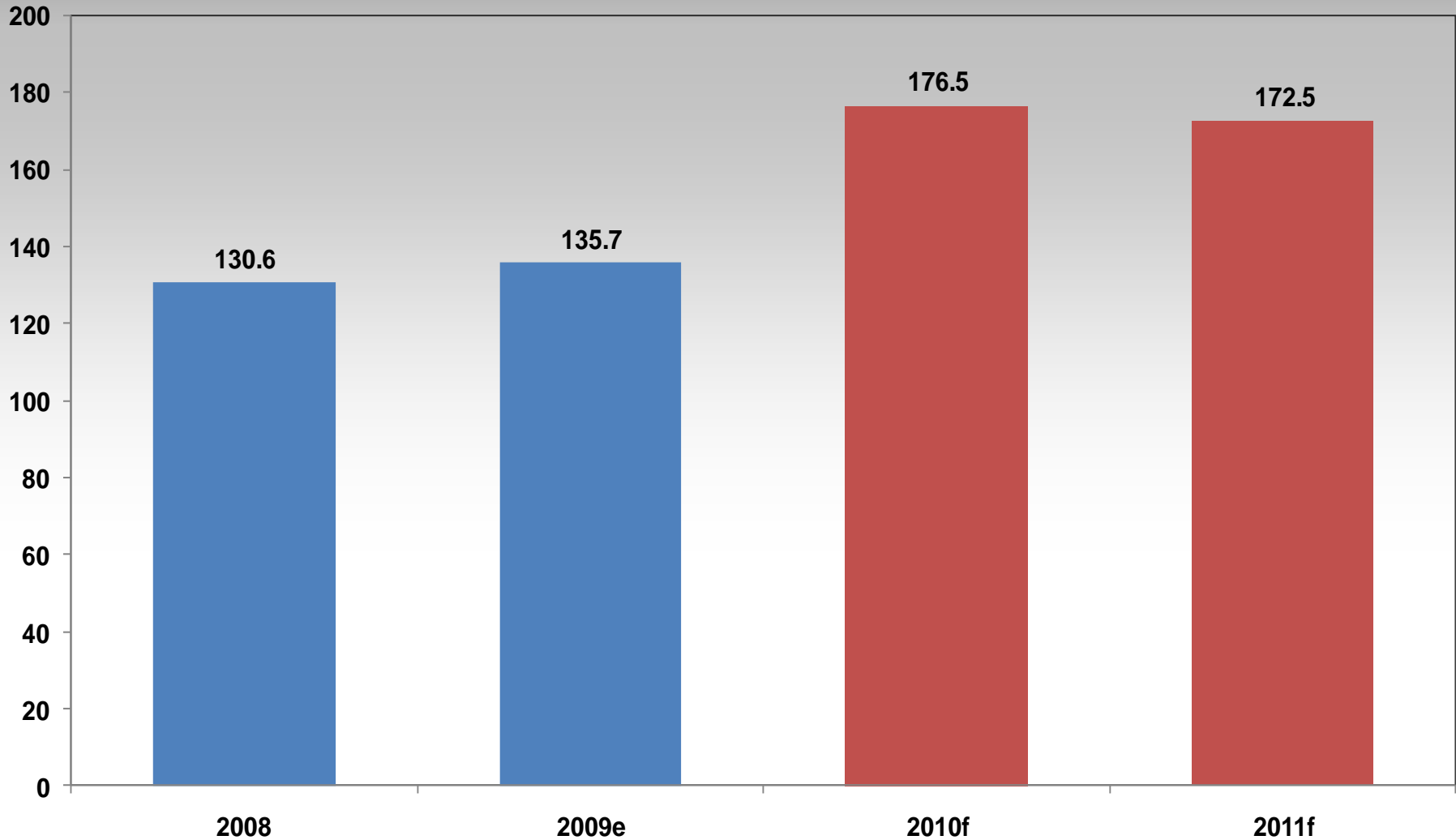
**“SHOW ME YOUR  
PROJECTS, LATIN  
AMERICA!!!”.**





# CAPITAL INFLOWS TO EMERGING ECONOMIES BY REGION, NET (LATIN AMERICA) - US\$ BILLION

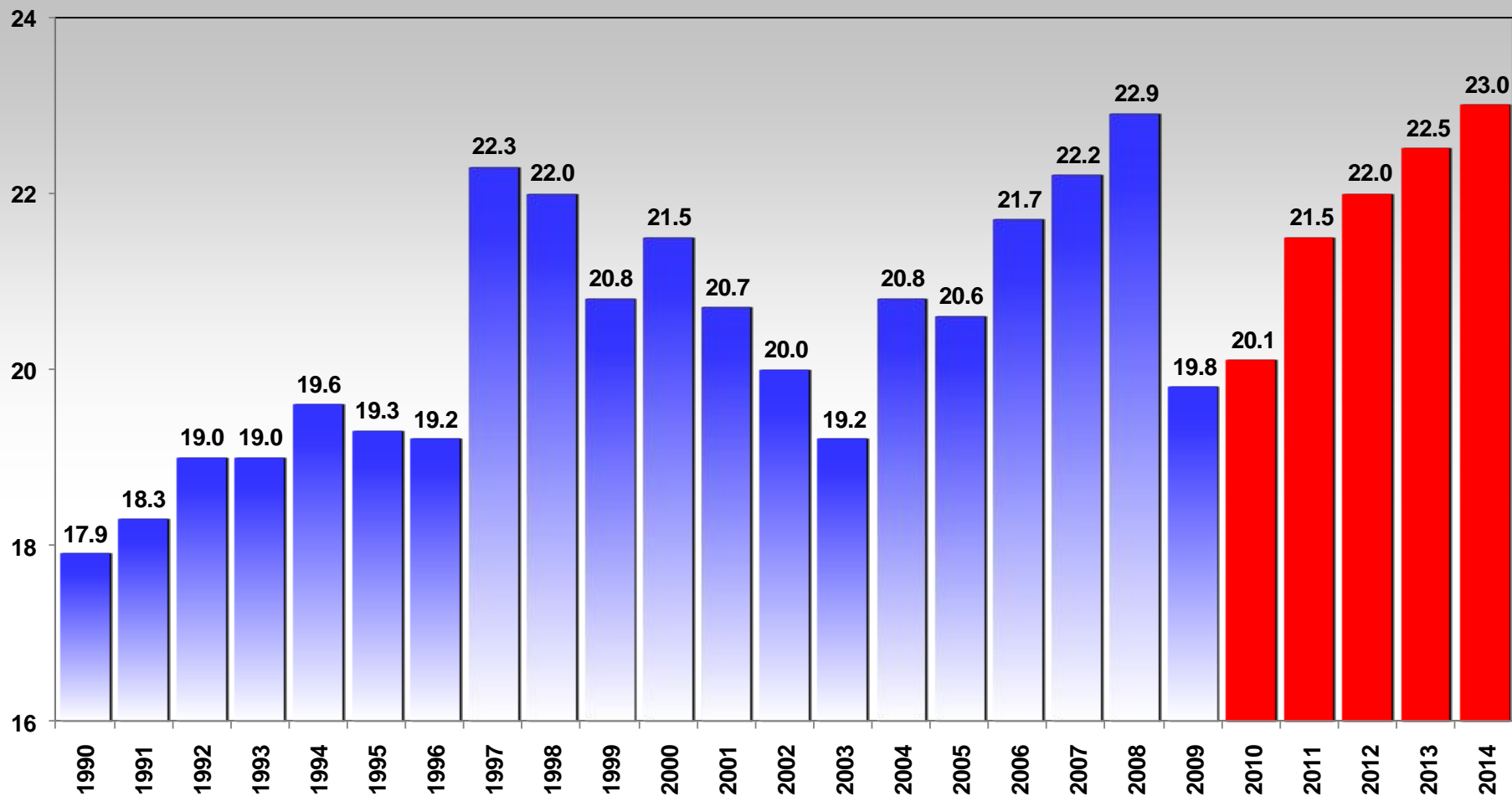
Bradesco





# LATIN AMERICA: INVESTMENT / GDP (%)

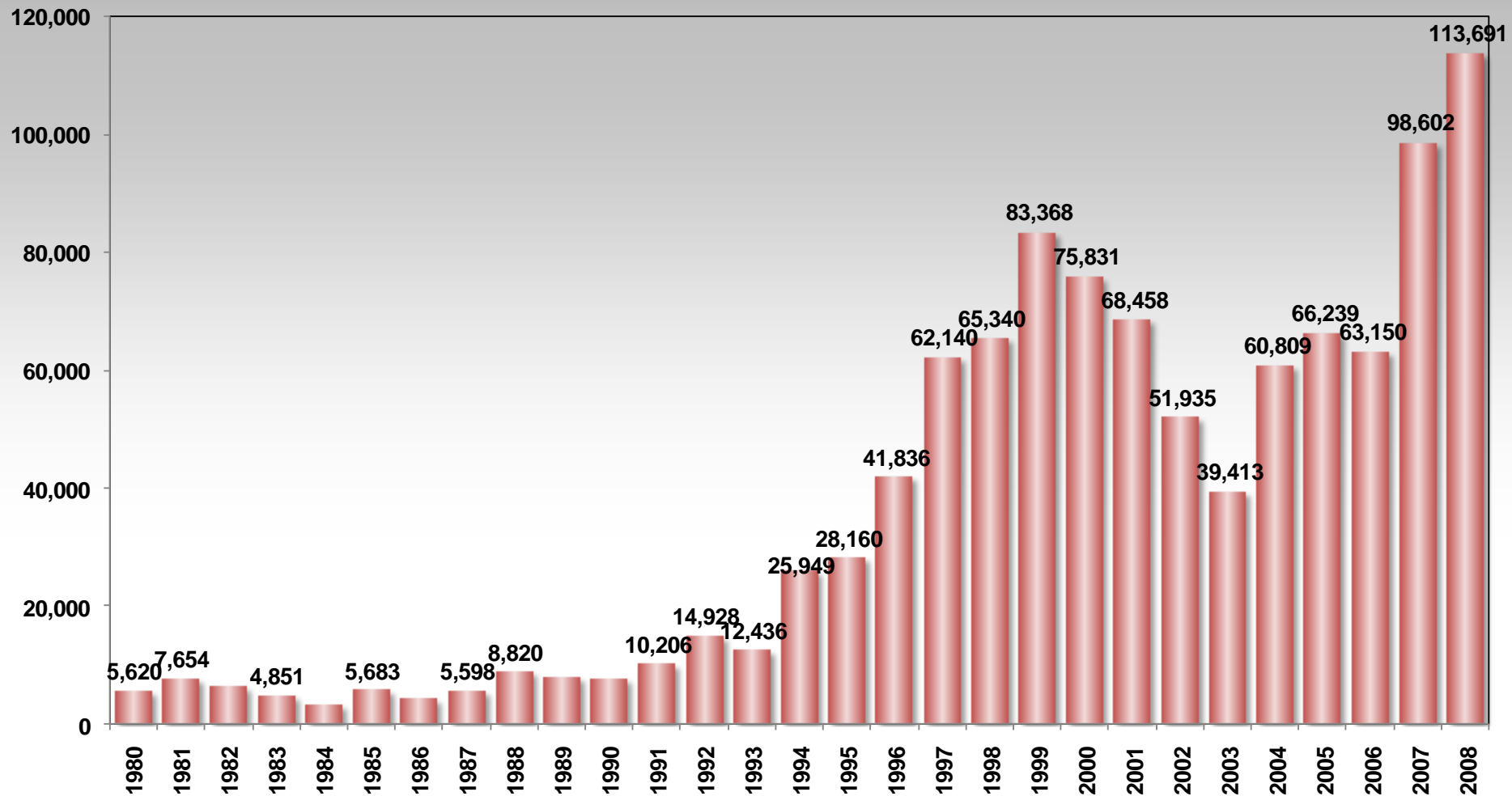
Bradesco





# FDI IN LATIN AMERICA- 1980-2008

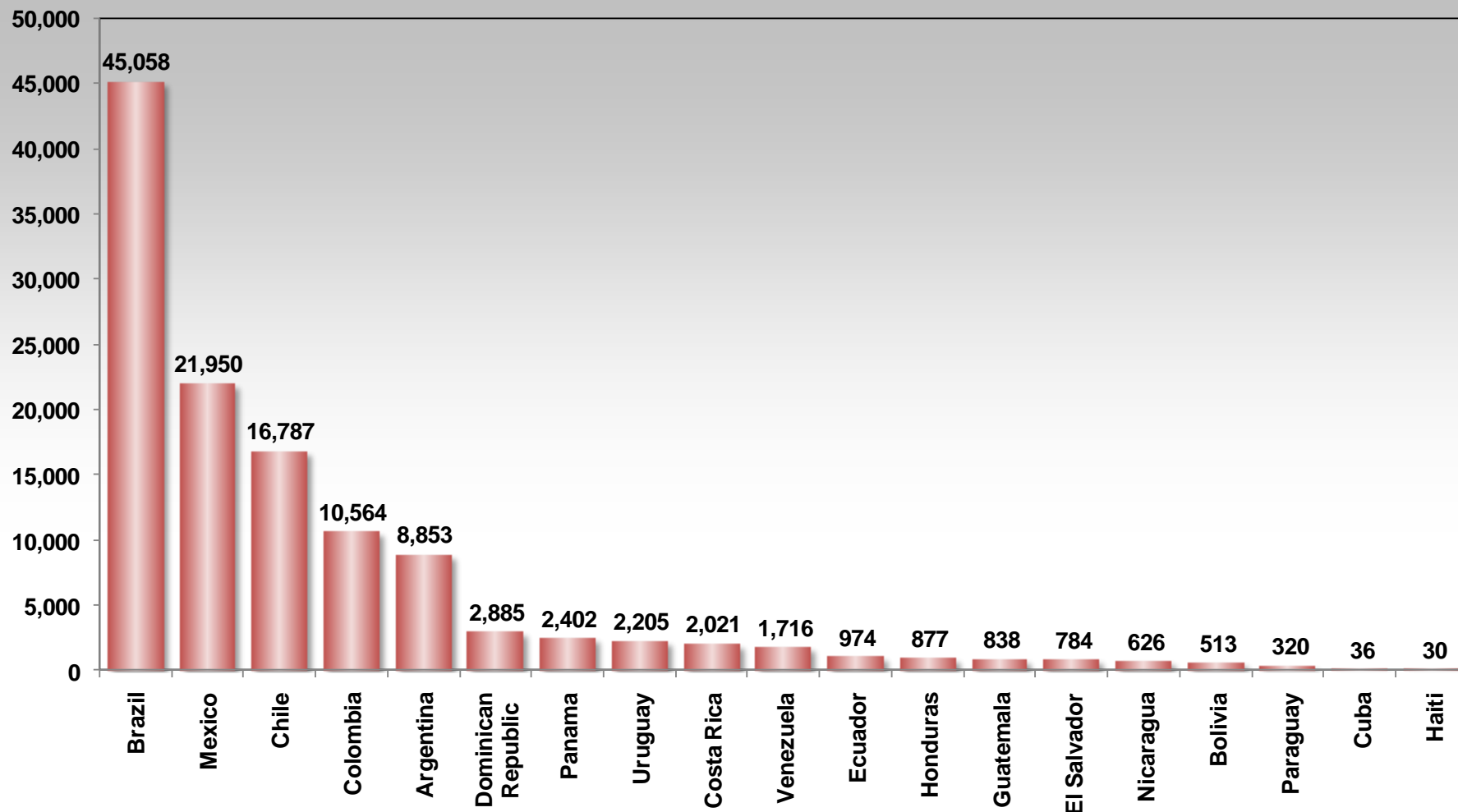
Bradesco





# LATIN AMERICA: FDI IN 2008

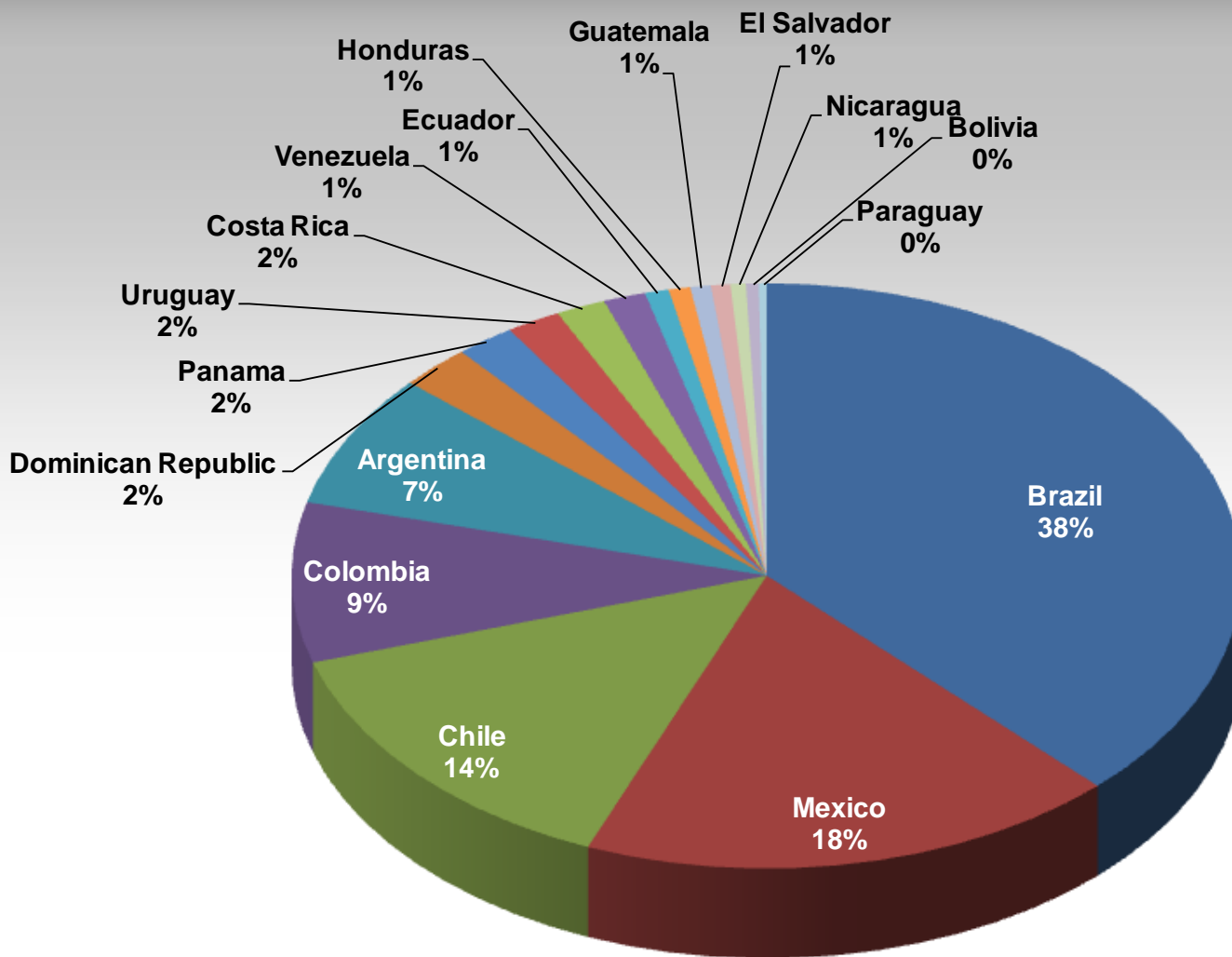
Bradesco





# DISTRIBUTION OF FDI IN LATIN AMERICA 2008

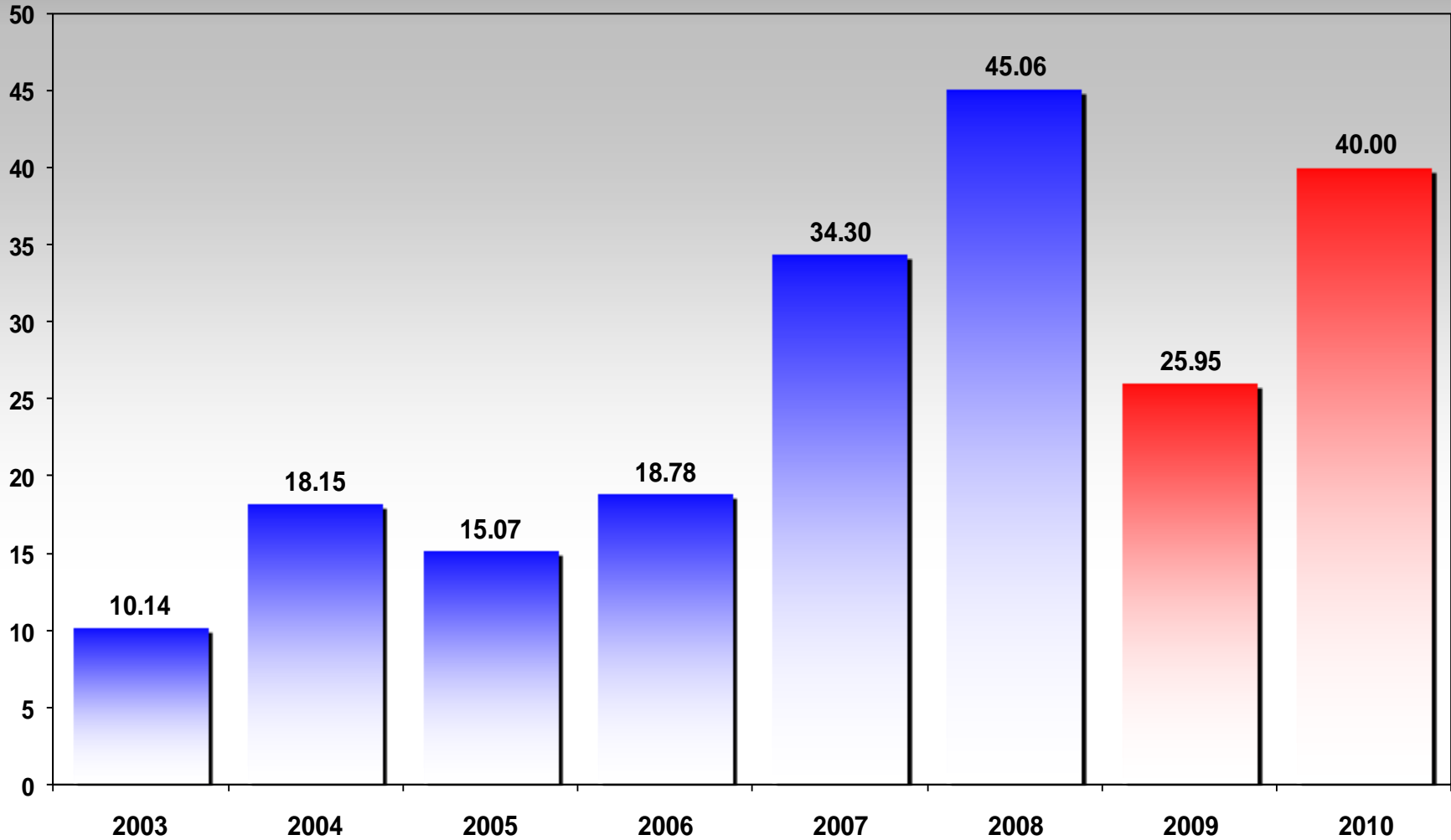
Bradesco





Bradesco

# FOREIGN DIRECT INVESTMENT IN BRAZIL (IN US\$ BILLION)





**Bradesco**

# **EXCHANGE RATE: WHAT ARE THE TRENDS?**



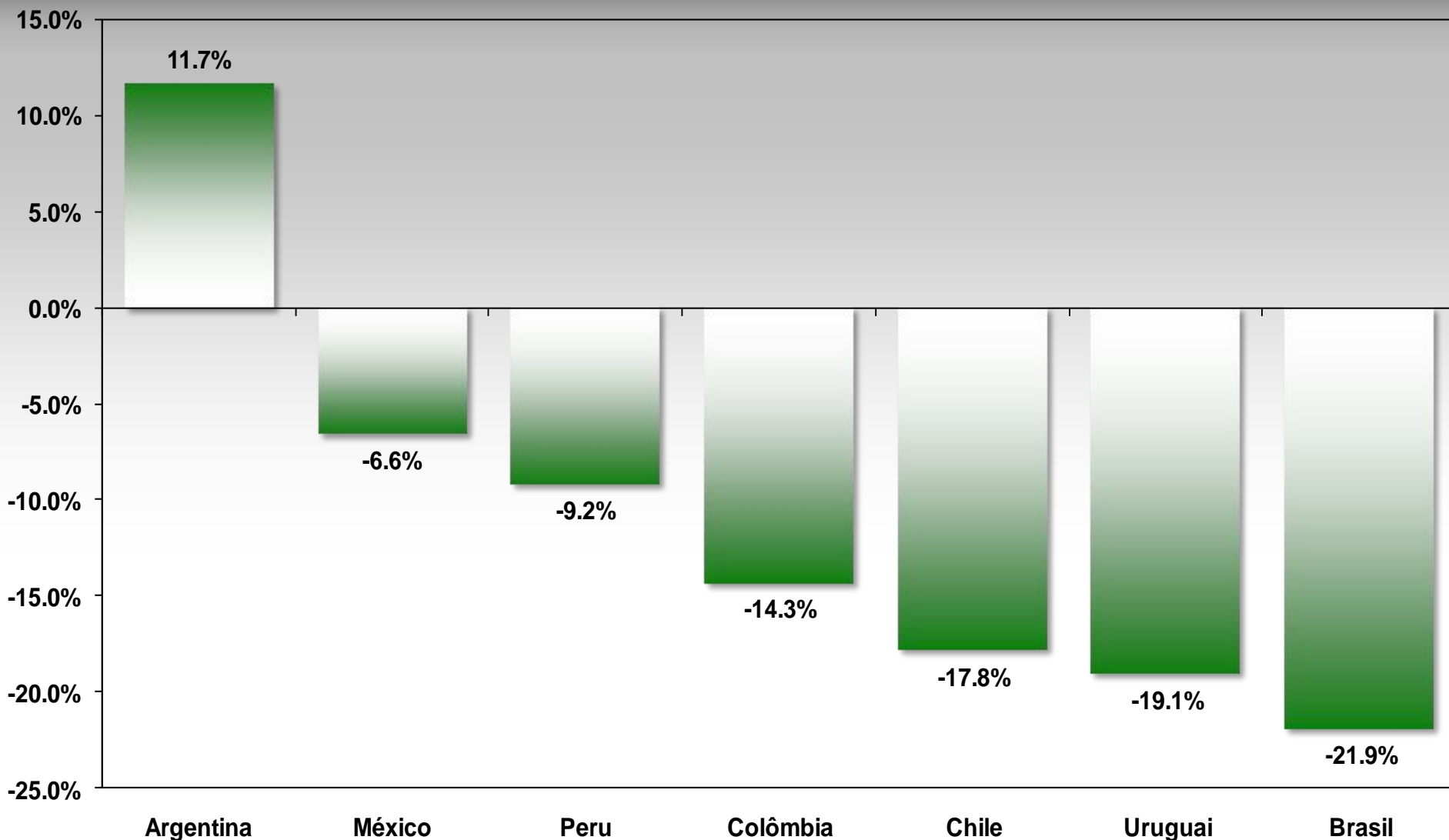
**COMMODITY  
CURRENCIES:  
EVERYTHING POSITIVE  
APPRECIATES THE  
CURRENCY**





# FX RATE APPRECIATION SINCE JANUARY 2009

## UNTIL MARCH 2ND 2010





Bradesco



**AND THE  
REAL, WILL  
KEEP GOING  
UPHILL?**

**NO**



**Bradesco**

**THE APPRECIATION  
OF BRL (BRAZILIAN  
REAL) IS ALSO THE  
PRICE OF THE  
SUCCESS AND THE  
NEW PREDICTABILITY**



Bradesco

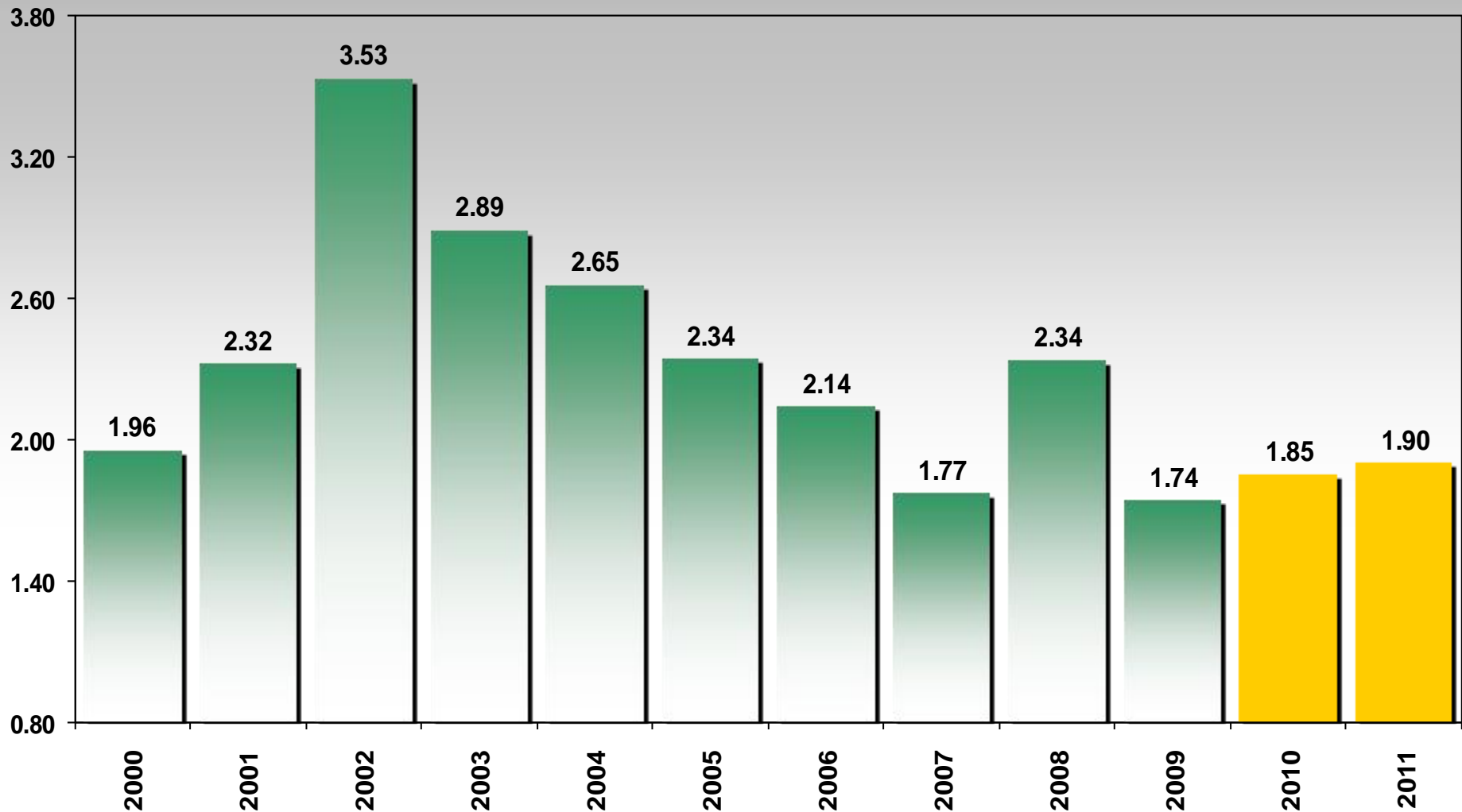
***BRL WILL BE KEPT STABLE  
OR SLIGHTLY  
APPRECIATING,  
REGARDLESS OF THE  
HIGHER CURRENT  
ACCOUNT DEFICIT OR THE  
ELECTIONS***



# DEVELOPMENT OF REAL FX RATE – END OF YEAR 2000-2010

**Bradesco**

REAL/US\$





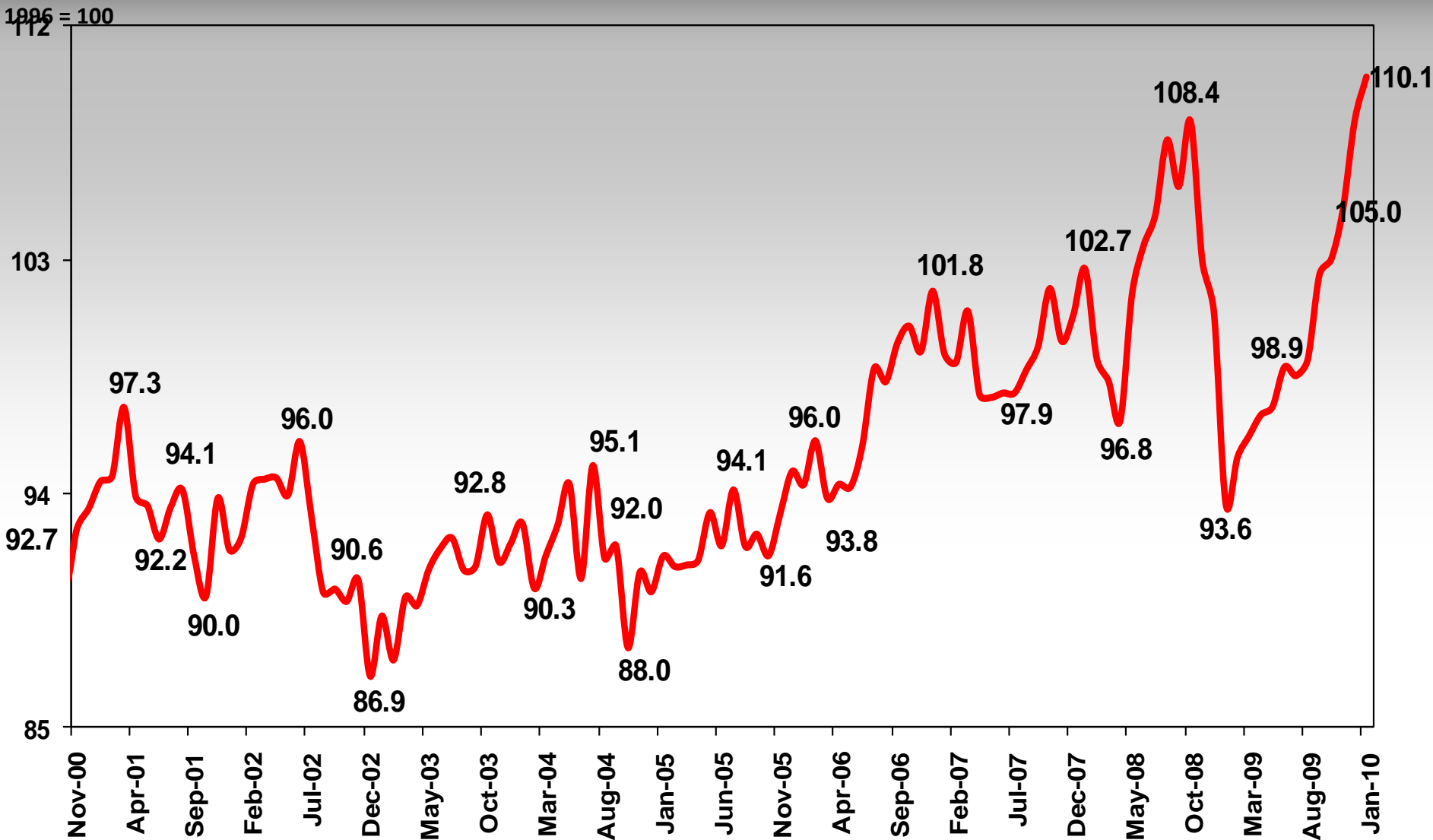
**Bradesco**

**TERMS OF TRADE  
IMPROVING  
CONTRIBUTES TO THE  
APPRECIATION OF LATIN  
AMERICAN CURRENCIES**



# EXAMPLE: BRAZILIAN TERMS OF TRADE 2000 - 2009

Bradesco





**Bradesco**

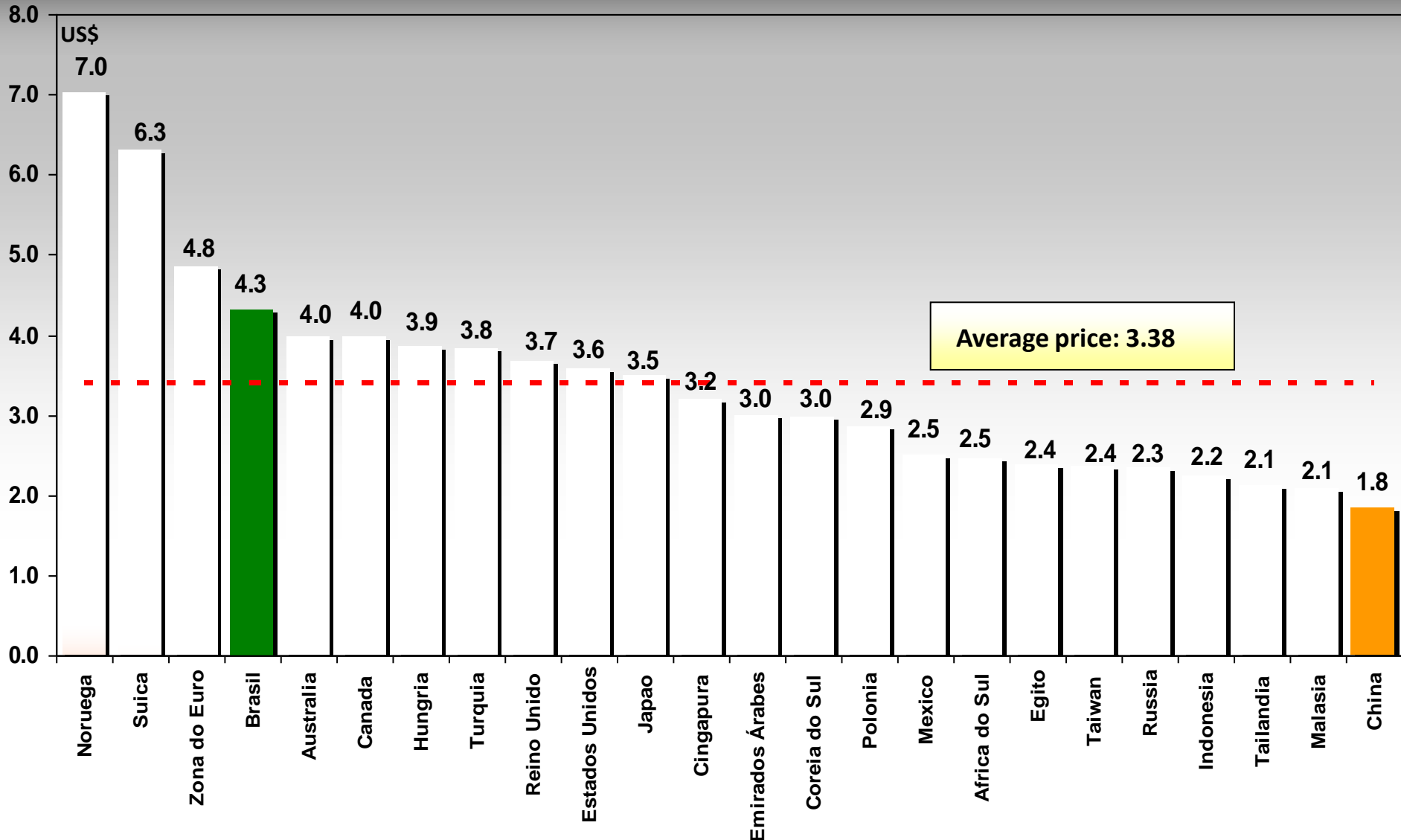
**THE VERY EXPANSIVE  
BIG MAC IN THE  
“COMMODITY  
CURRENCY”  
COUNTRIES.**





# RANKING OF BIG MAC PRICES IN SELECTED COUNTRIES – PRICE IN US\$\*

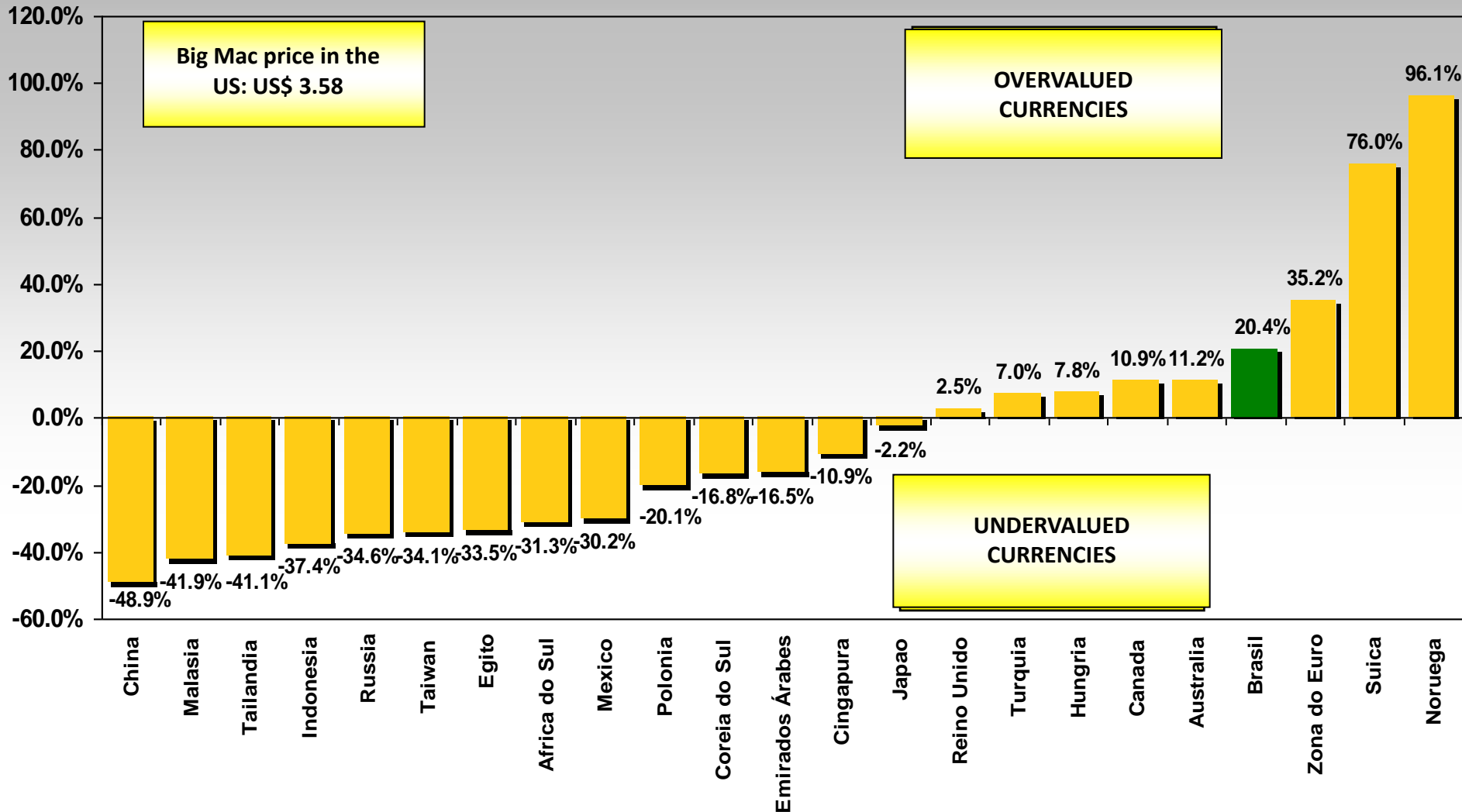
Bradesco





# GAP BETWEEN THE PRICE OF BIG MAC IN THE UNITED STATES AND SELECTED COUNTRIES

Bradesco





# RANKING OF BIG MAC PRICES IN SELECTED COUNTRIES IN US\$

Bradesco

#	Country	In US\$
1	Norway	7.02
2	Switzerland	6.30
3	Euro Zone	4.84
4	Brazil	4.31
5	Australia	3.98
6	Canada	3.97
7	Hungary	3.86
8	Turkey	3.83
9	United Kingdom	3.67
10	USA	3.58
11	Japan	3.50
12	Singapore	3.19
13	United Arab Emirates	2.99
14	South Korea	2.98
15	Poland	2.86
16	Mexico	2.50
17	South Africa	2.46
18	Egypt	2.38
19	Taiwan	2.36
20	Russia	2.34
21	Indonesia	2.24
22	Thailand	2.11
23	Malaysia	2.08
24	China	1.83



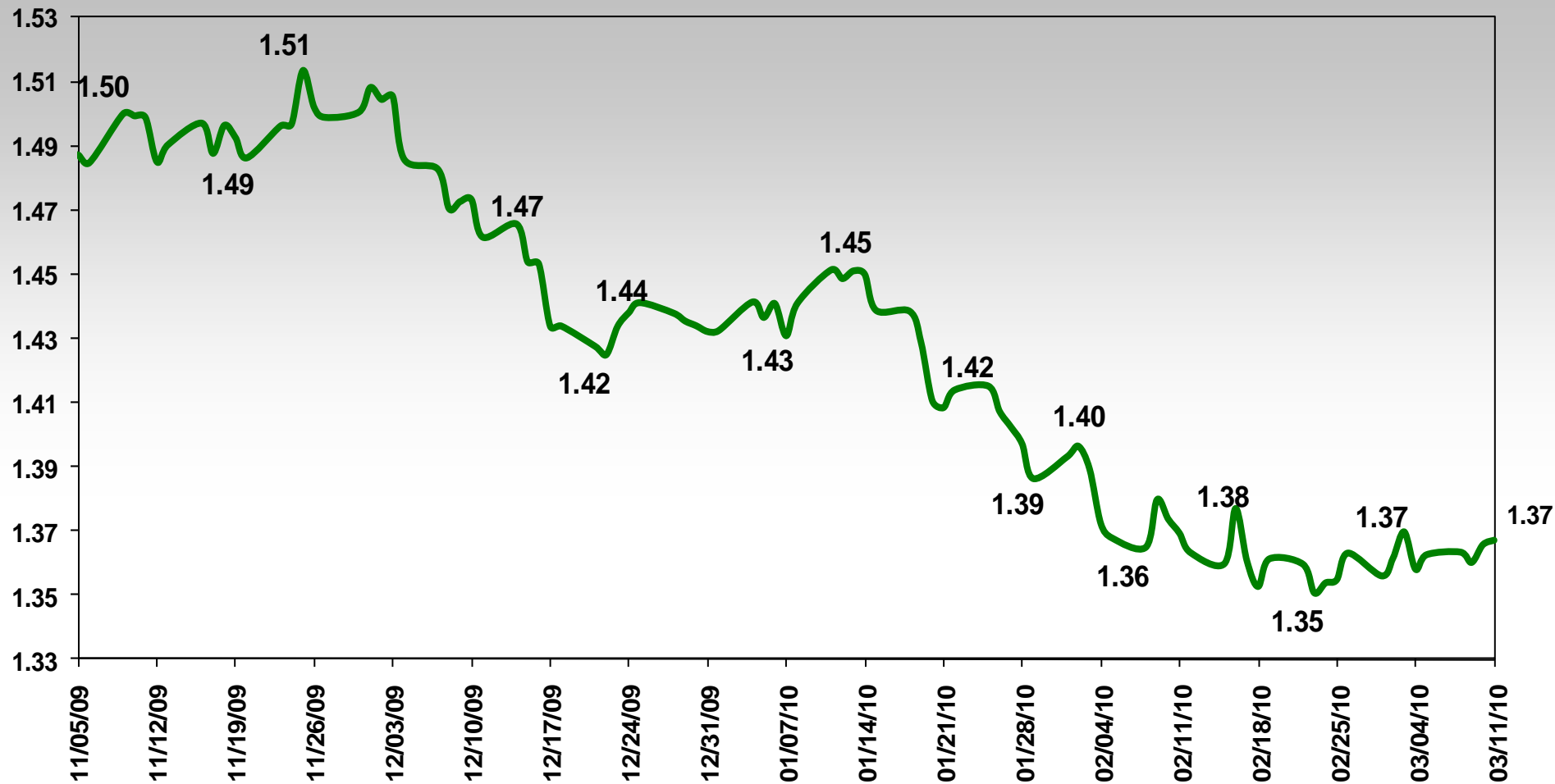
Bradesco

**IT'S CRUCIAL TO  
HAVE A GOOD CALL  
ON DOLLAR/EURO  
AND RMB**



# US\$/EURO

Bradesco



SOURCE: BLOOMBERG, BRADESCO



**WHAT ABOUT THE  
CHINESE RMB?  
WILL BE REVALUED  
THIS YEAR?**



# CHINA : CAN WE EXPECT A REVALUATION OF RMB?

Bradesco

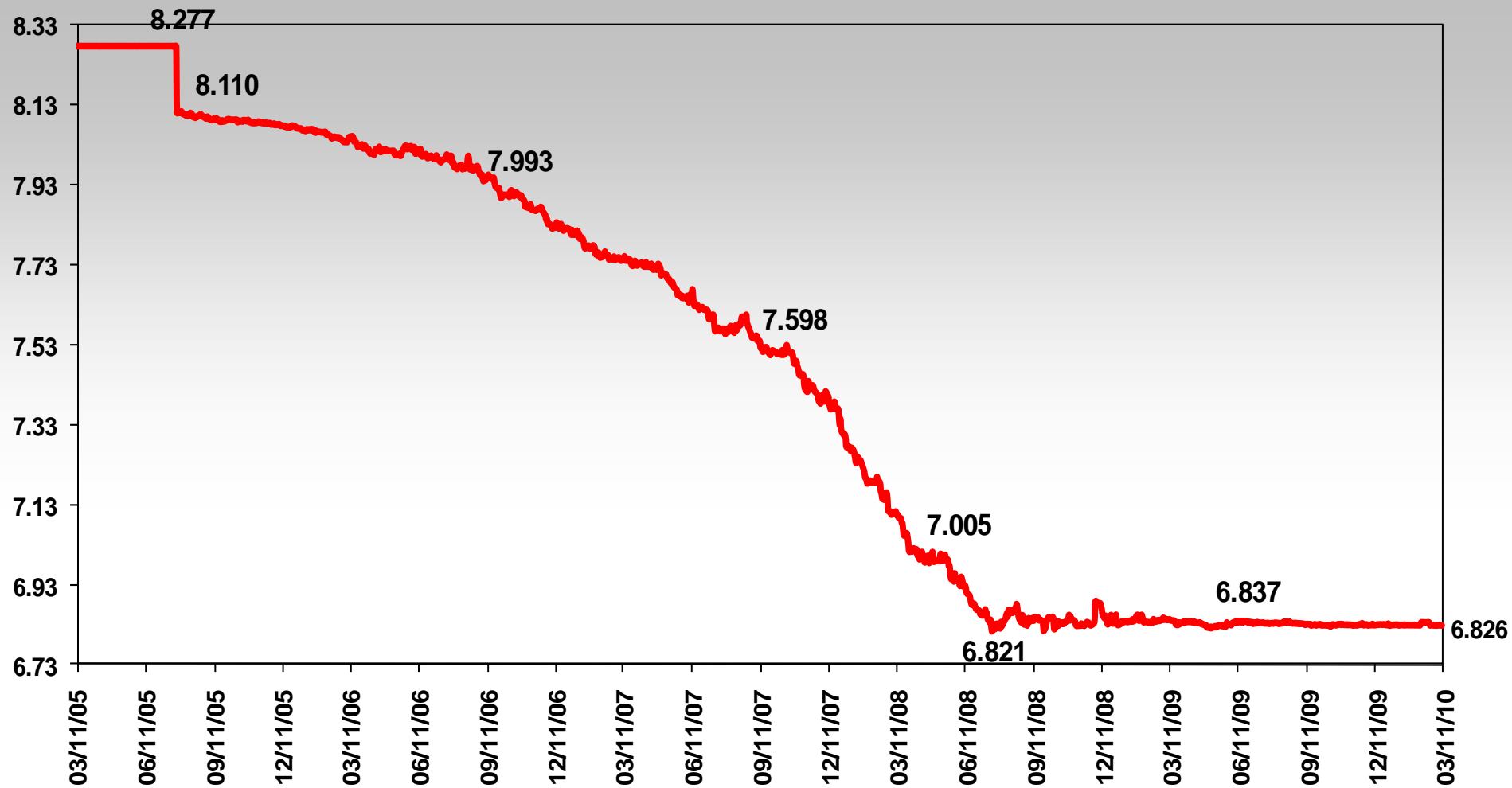
THIS CHINESE MAN  
DOESN'T SEEM  
CONCERNED ABOUT  
THE FUTURE FO THE  
US DOLLAR





# RENMINBI SPOT PRICE 2004-2010

Bradesco



Source: Bloomberg

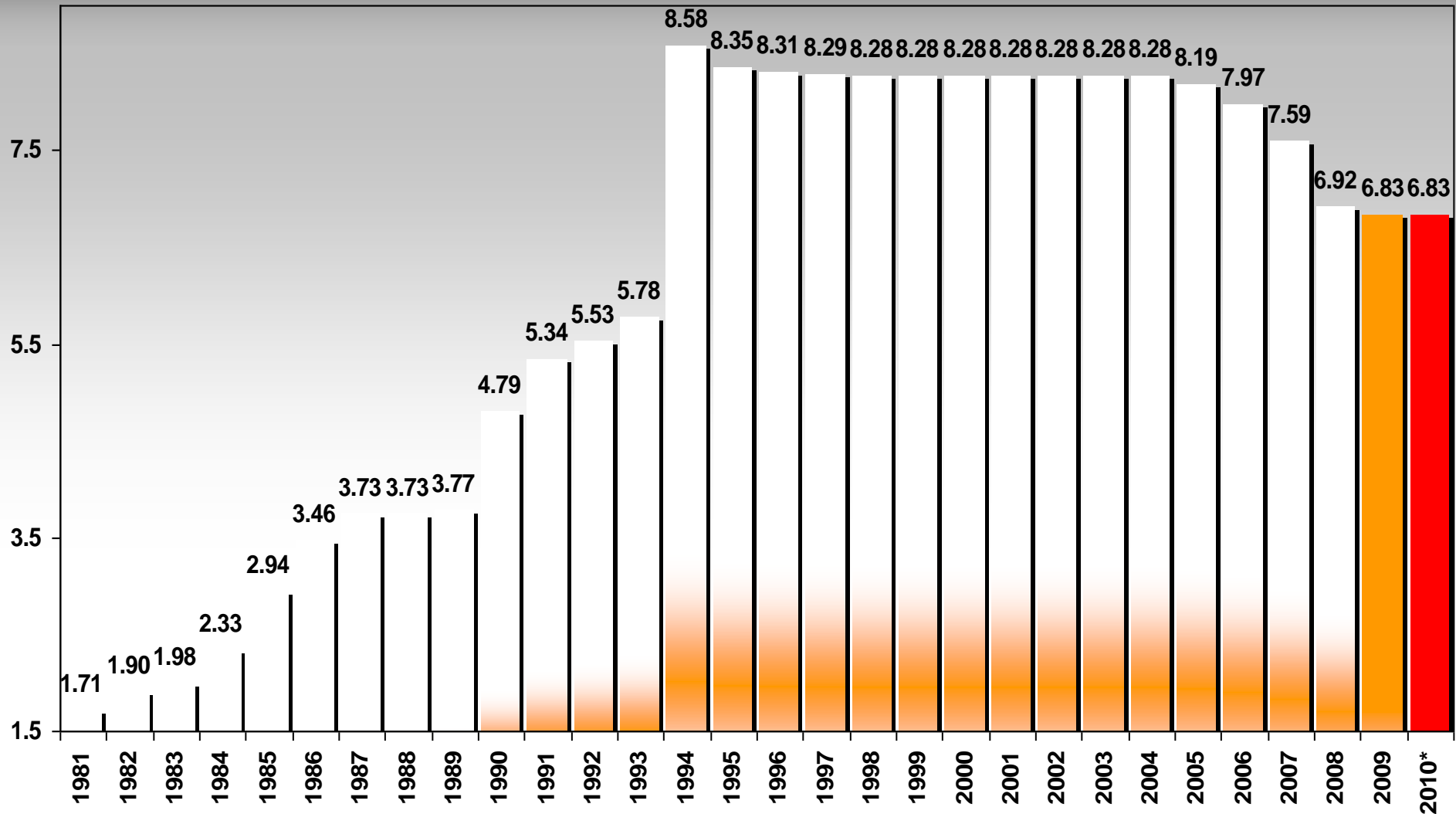
Elaboration: BRADESCO





# RENMINBI - ANNUAL AVERAGE PRICES 1980 - 2009 (RMB/US\$)

Bradesco



\* MAR/2010



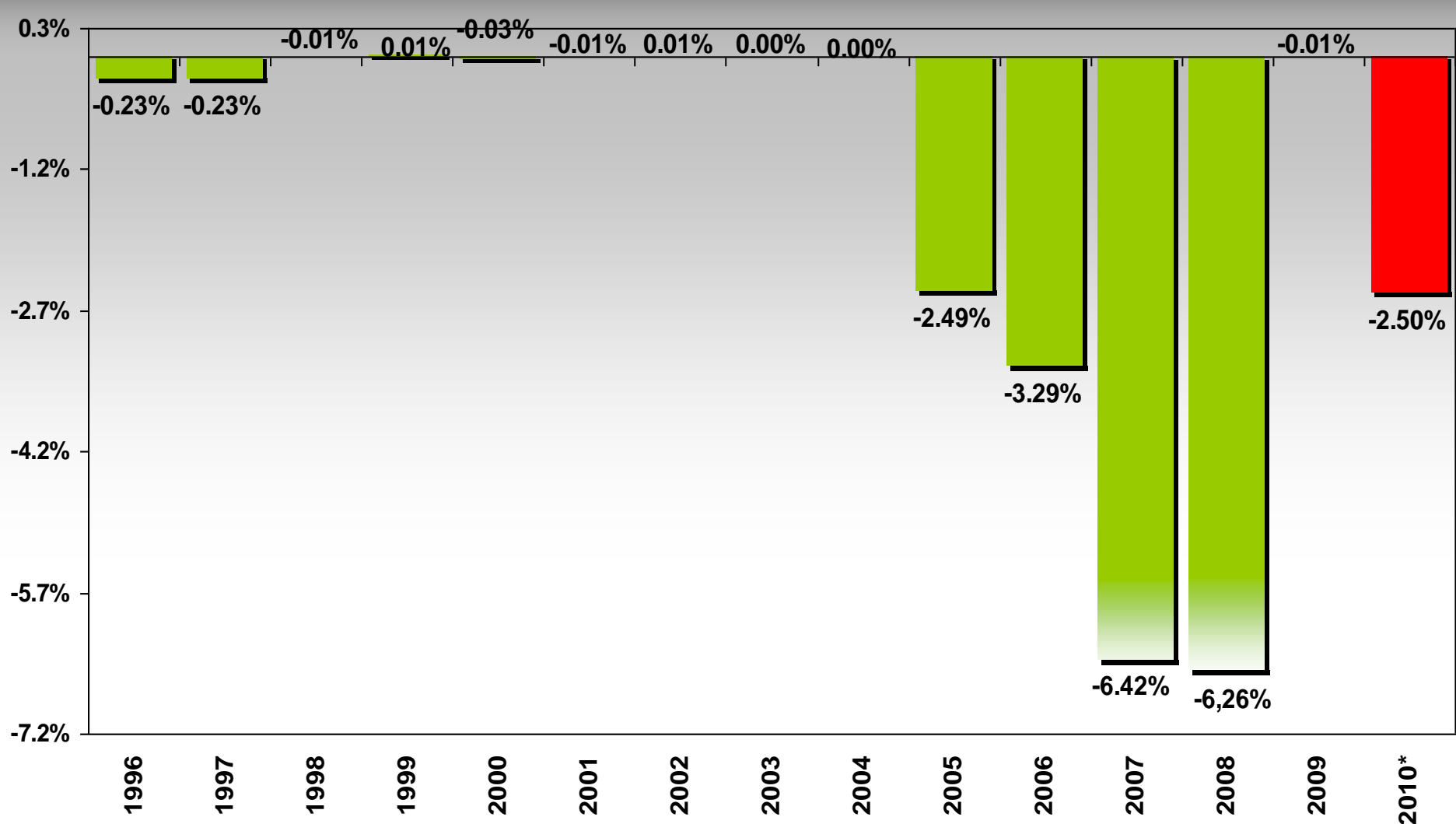
**BUT, WE BET ON  
THE  
REVALUATION  
OF THE RMB**



# RENMINBI - END OF PERIOD PRICES GROWTH - 1980 - 2010

(RMB/US\$)

Bradesco



\* FORECAST



Bradesco



**BRAZIL  
DECOUPLING:  
PREDICTABILITY,  
DISCIPLINE AND  
STRONG  
DOMESTIC  
DEMAND**



Bradesco



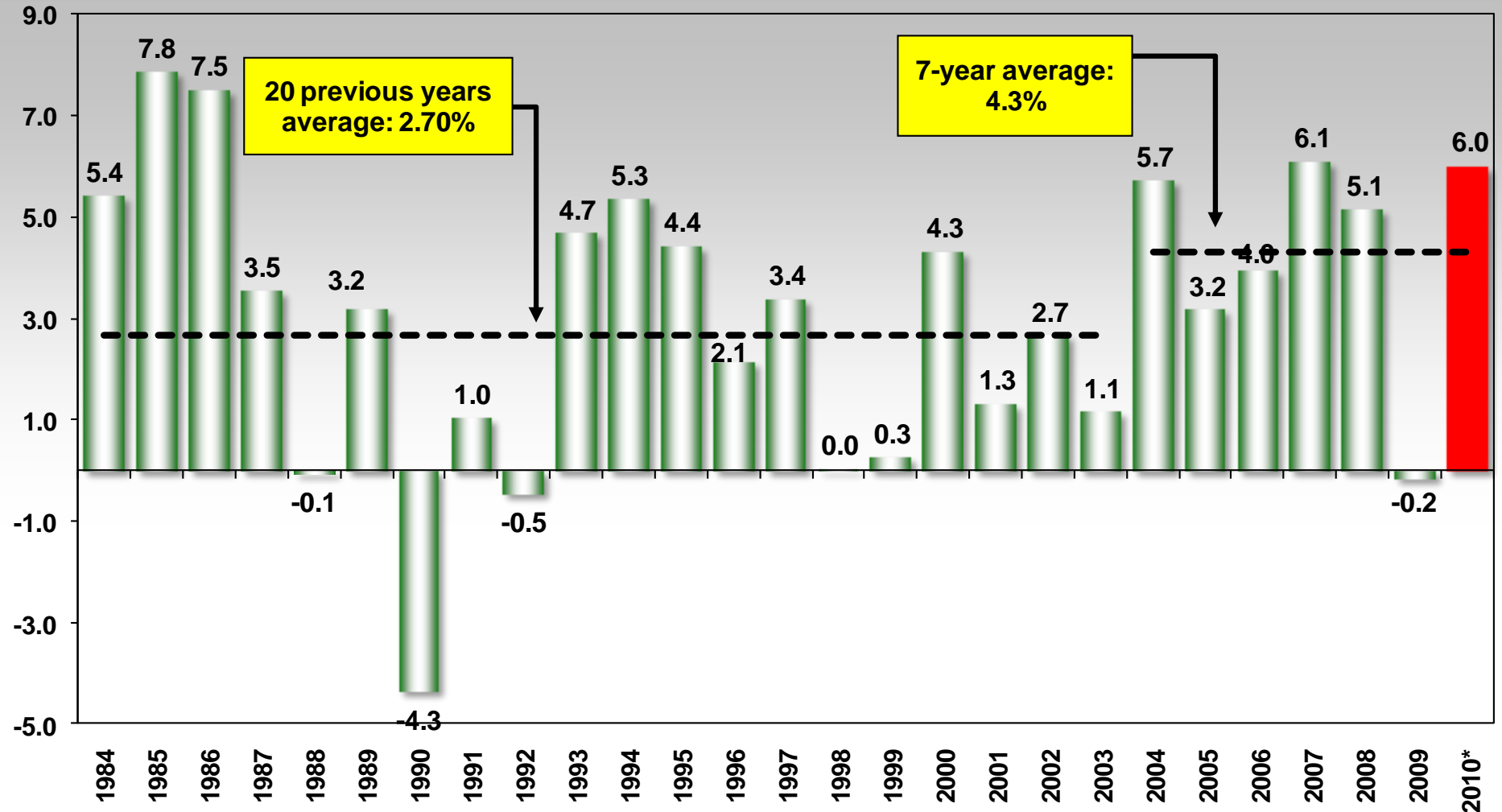
**BRAZIL:  
CLOSE TO THE  
OVERHEATING  
GENERATING  
INFLATION AND  
CURRENT  
ACCOUNT  
DEFICIT**



# LONG-TERM BRAZILIAN GDP GROWTH RATE 1984 - 2010

Bradesco

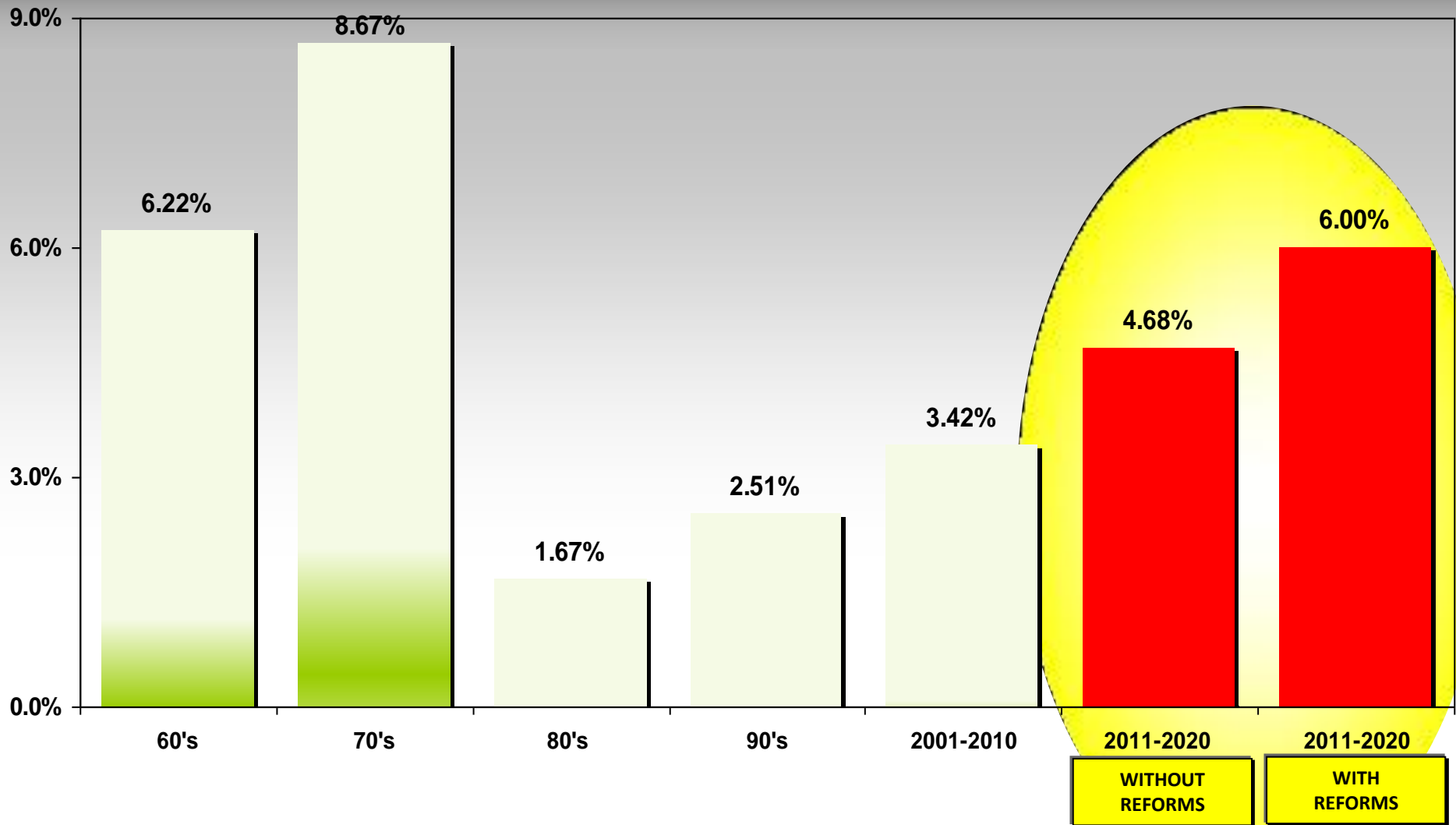
in %





# HISTORICAL BRAZILIAN GDP - 1900 – 2020

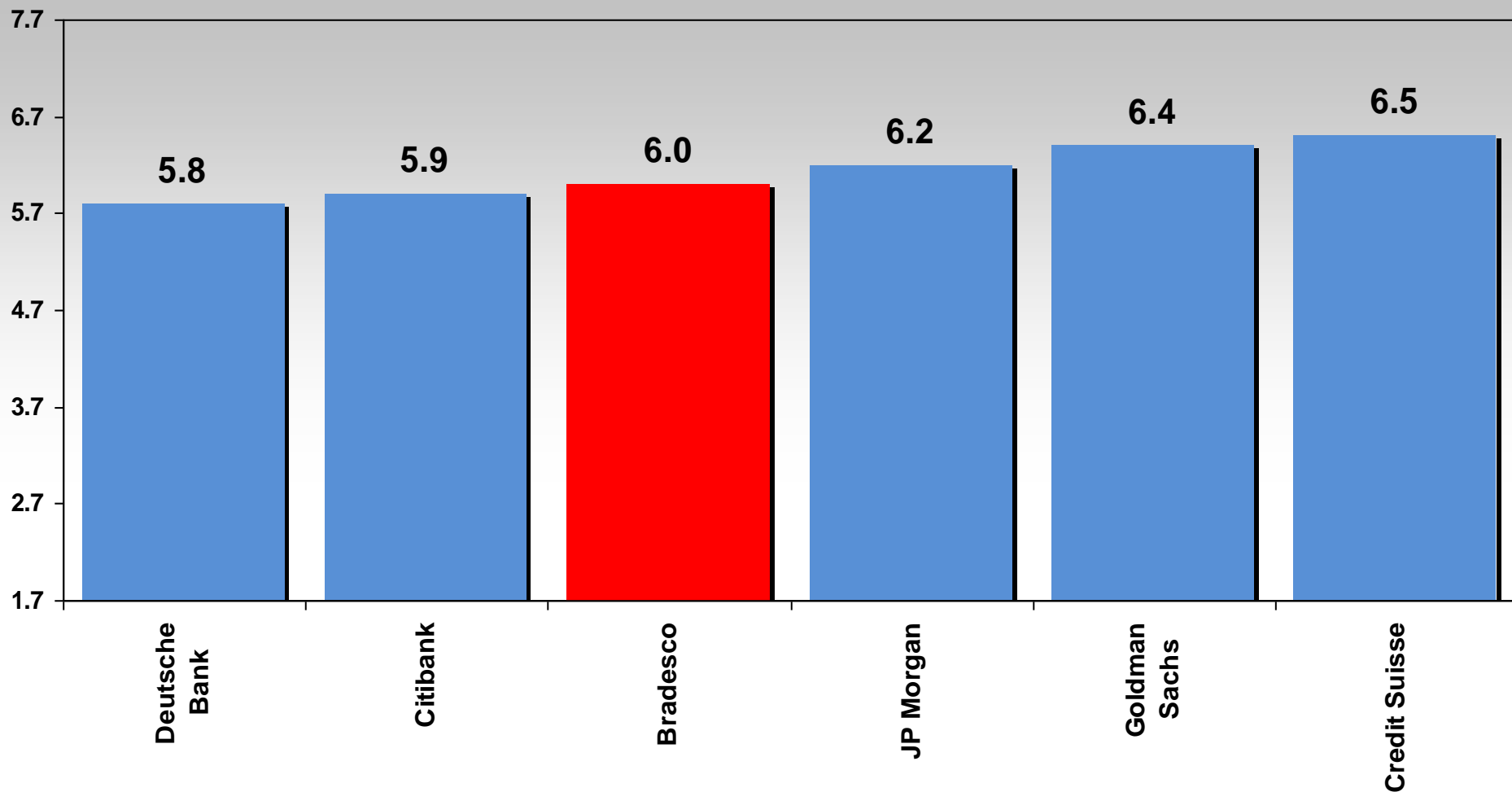
Bradesco





# BRAZIL: GDP FORECAST 2010

Bradesco







Bradesco

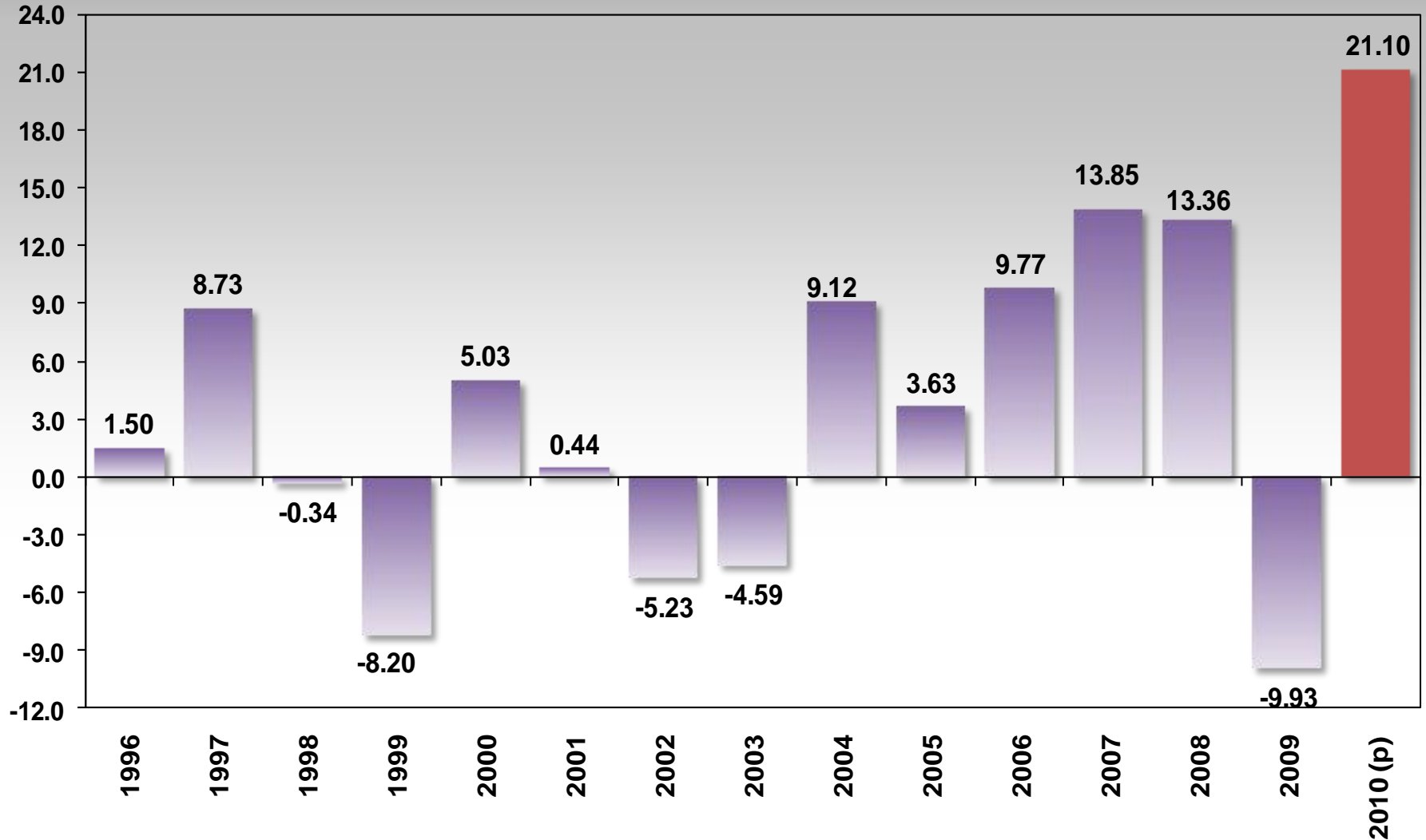
***STRONG  
RESUMPTION OF  
CORPORATE  
INVESTMENT  
PROJECTS.***



# RATE OF GROWTH - CAPITAL FORMATION (INVESTMENT) IN BRAZIL 1996 - 2010

Bradesco

EM %



SOURCE: IBGE

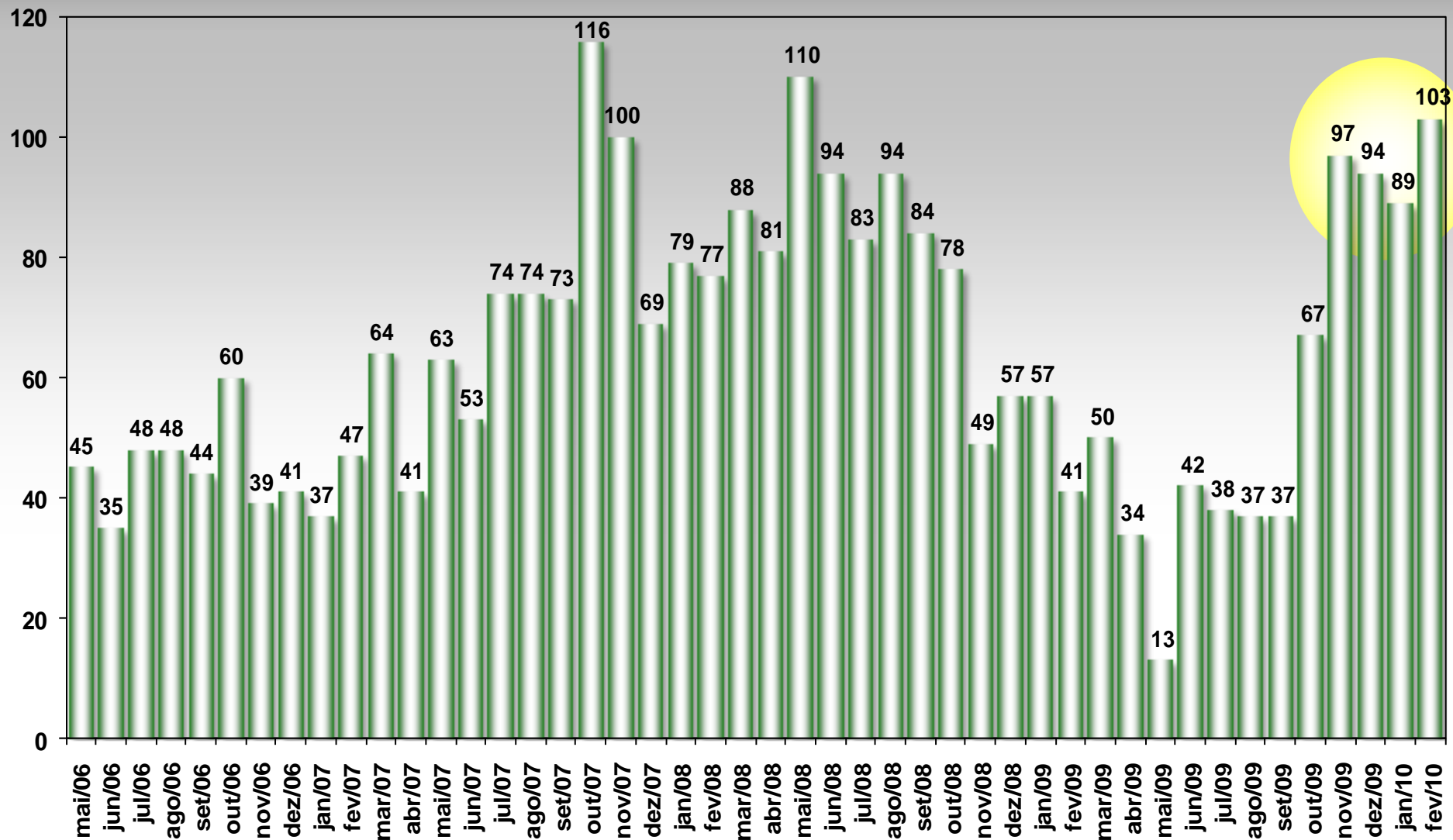
218 PREPARED BY: BRADESCO

DEPEC



# ANNOUNCEMENTS OF INVESTMENTS IN BRASIL— 2006 - 2010

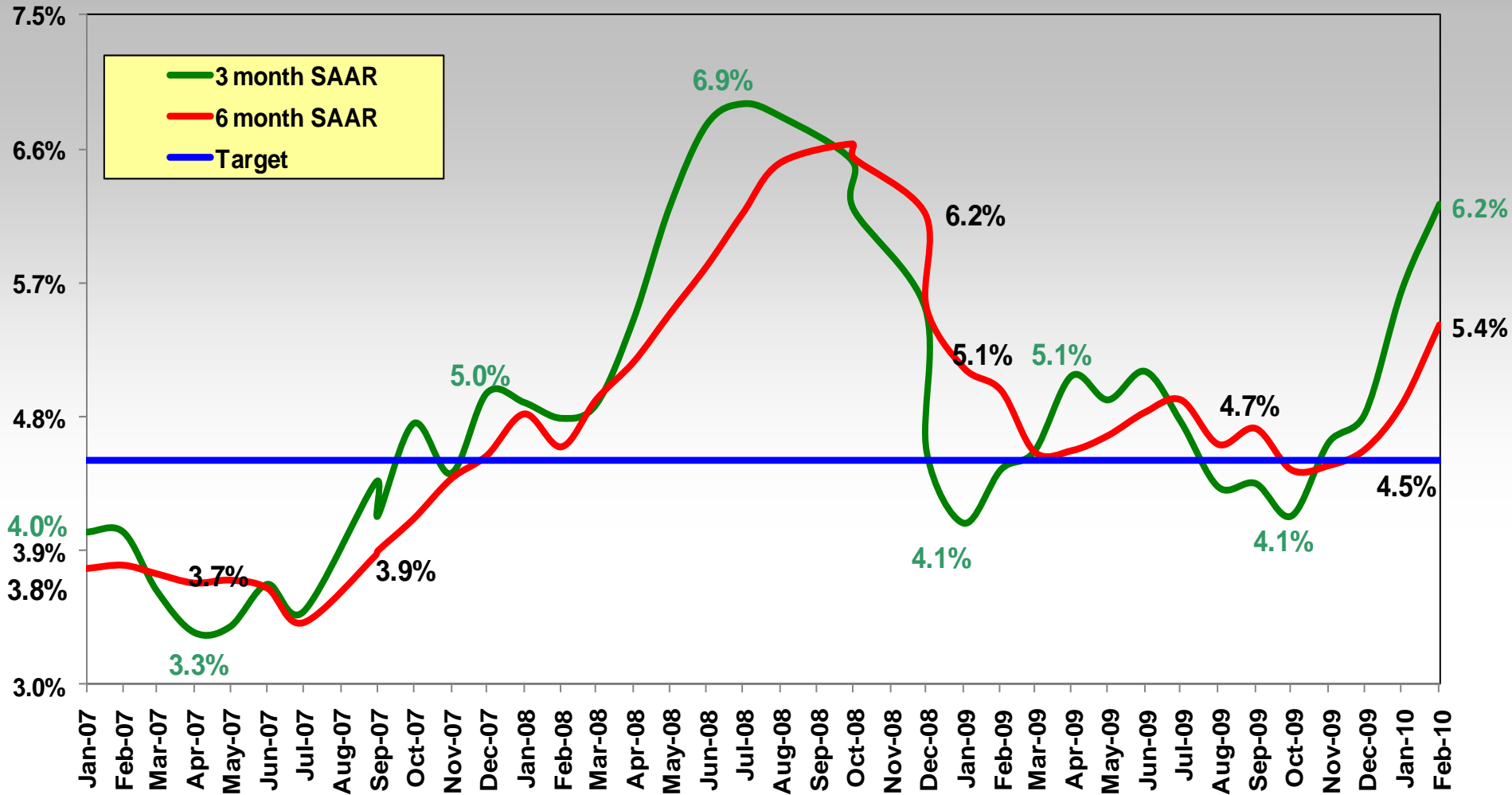
Bradesco





# CORE INFLATION IPCA 2007-2010

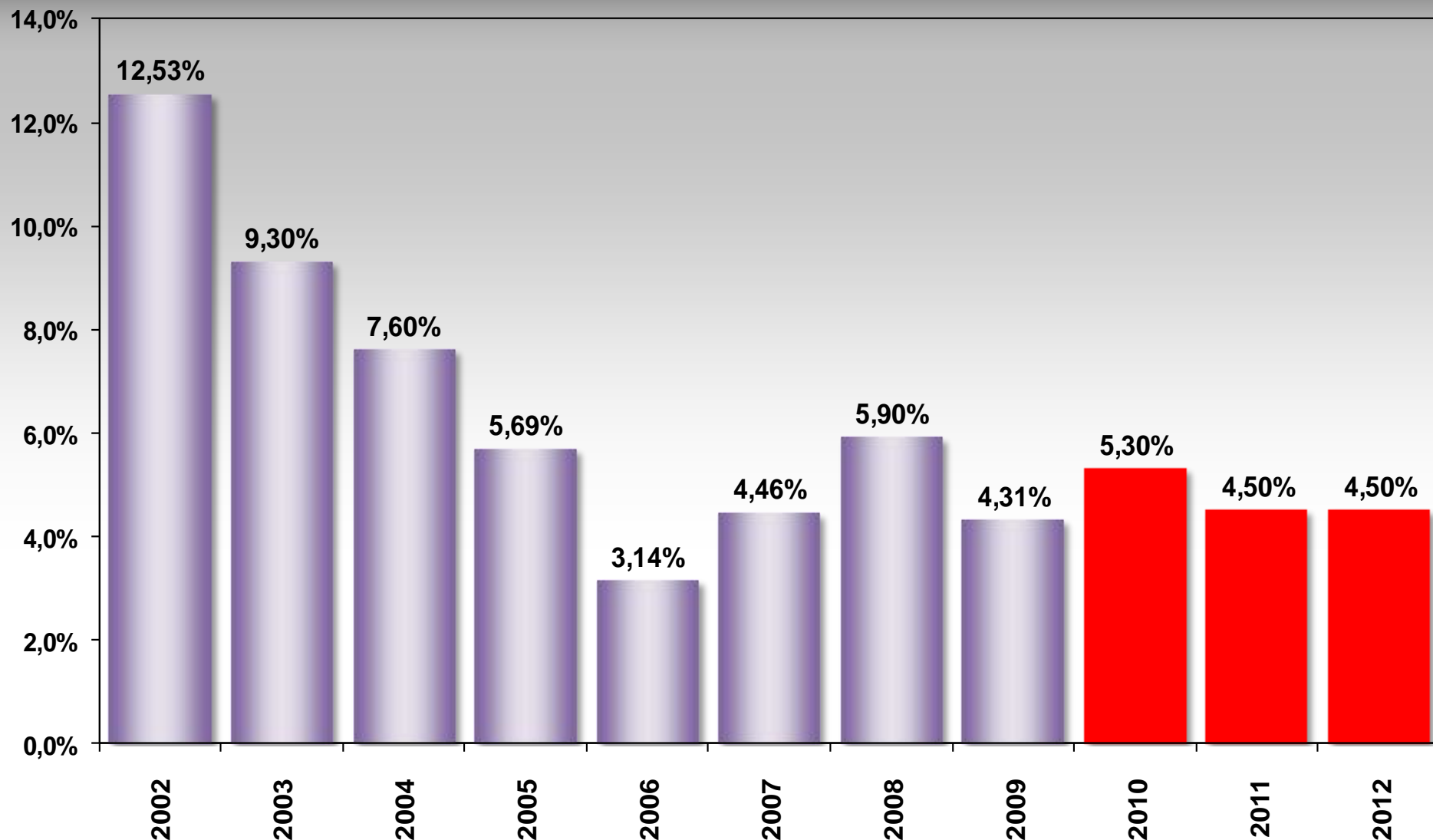
Bradesco





# BRAZILIAN CPI (IPCA) 2002 - 2012

Bradesco



SOURCE: IBGE

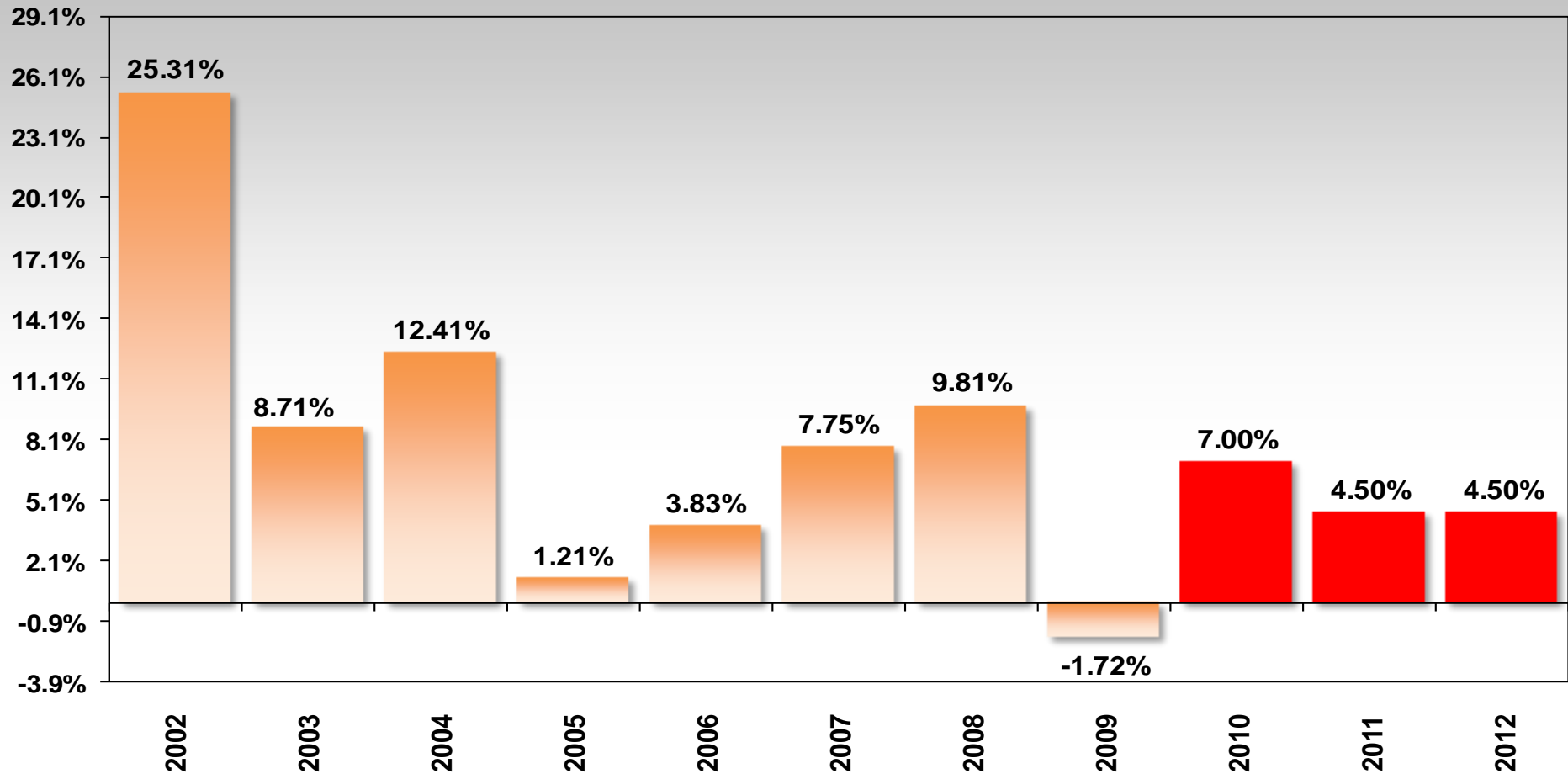
221 PREPARED BY: BRADESCO

**DEPEC**



# ANNUAL IGP-M INFLATION – 2003 – 2011\*

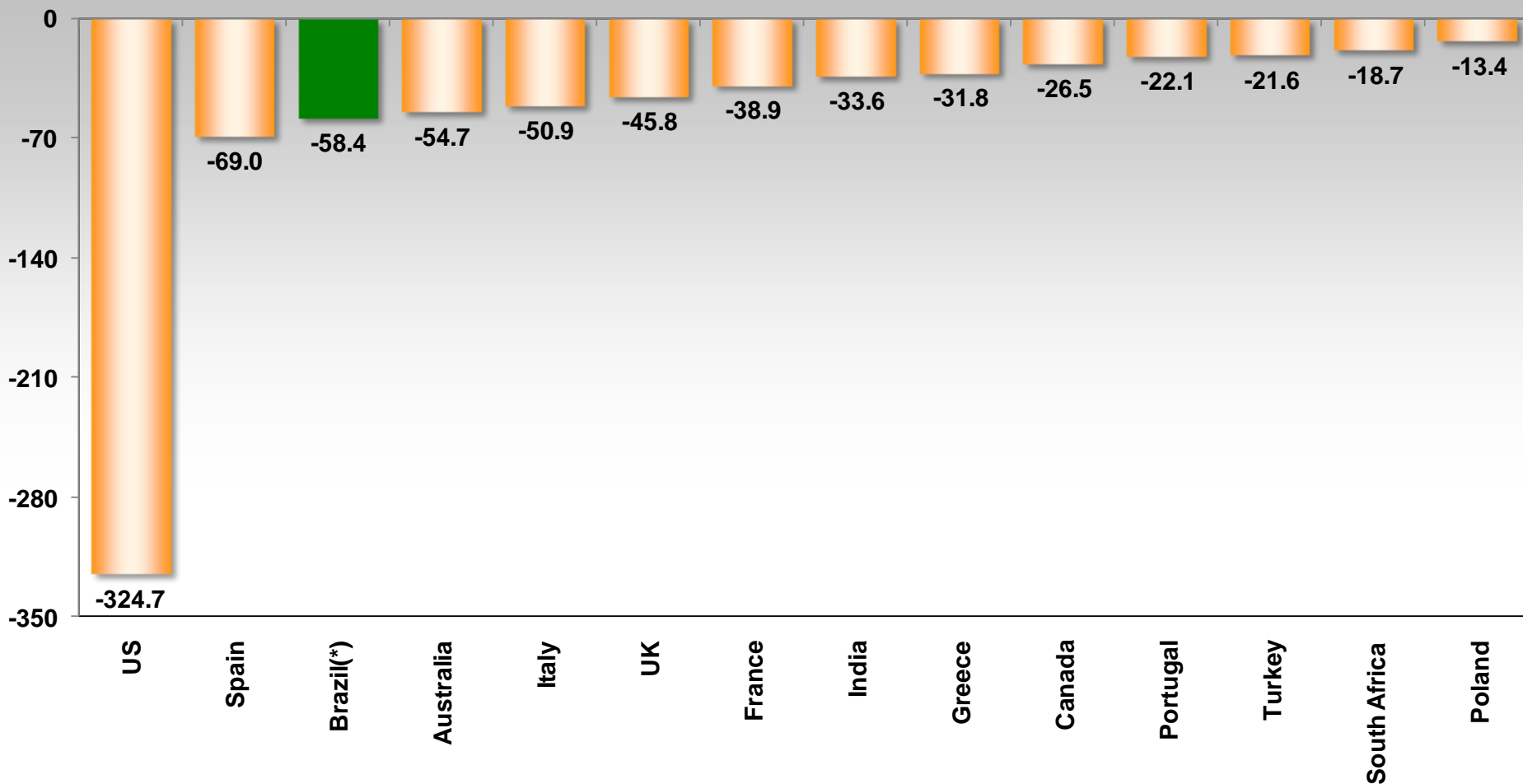
Bradesco





# THE LARGEST CURRENT ACCOUNT DEFICITS IN THE PLANET

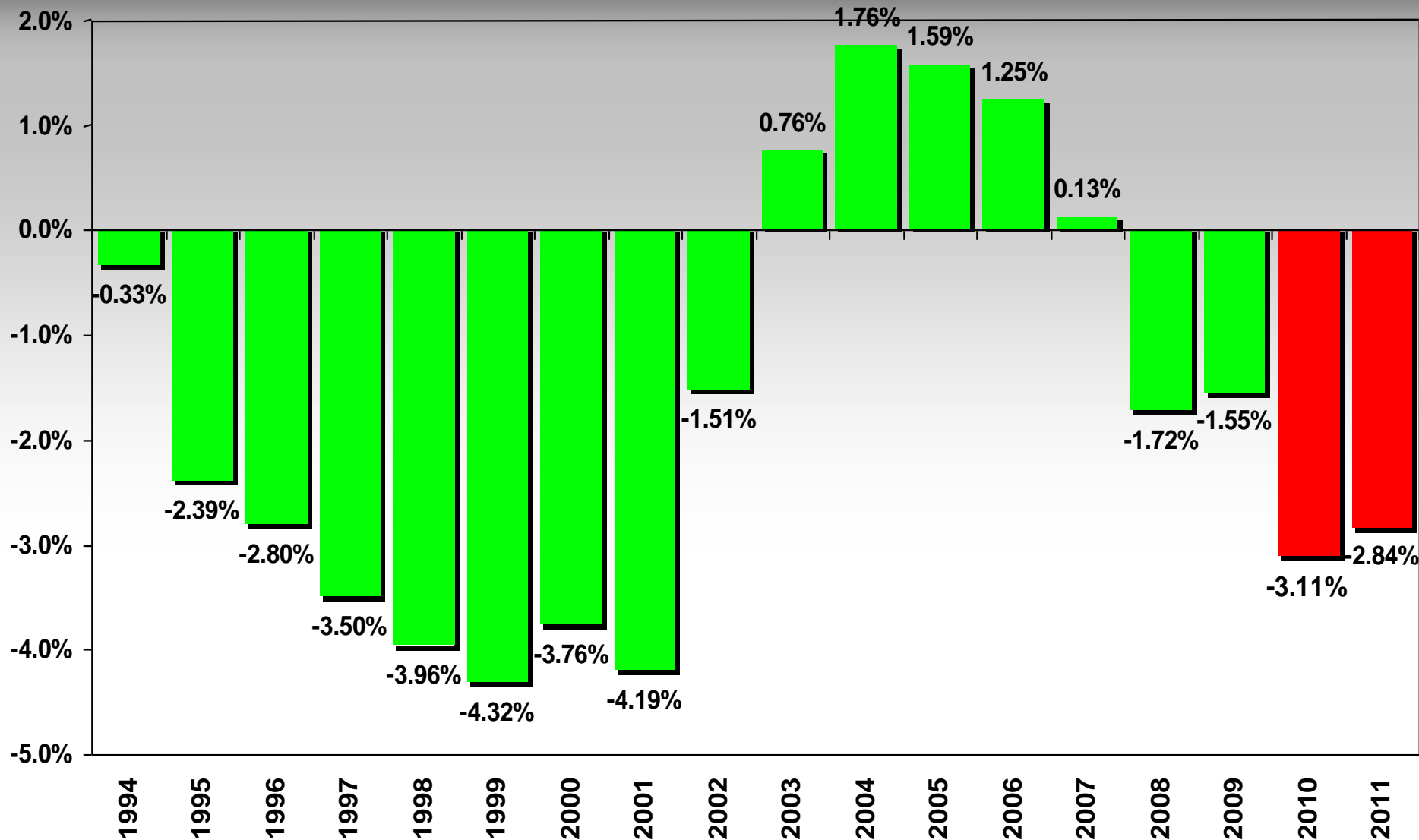
## IN 2010: BRAZIL: THE THIRD ONE





# BRAZILIAN CURRENT ACCOUNT DEFICIT AS % OF GDP

Bradesco 1994 - 2010







Bradesco



# **BRAZIL LOOKING AHEAD**

***THE FOREIGN  
INVESTORS ARE  
SEEKING  
OPPORTUNITIES IN  
SUCCESSFUL  
COUNTRIES LIKE BRAZIL***



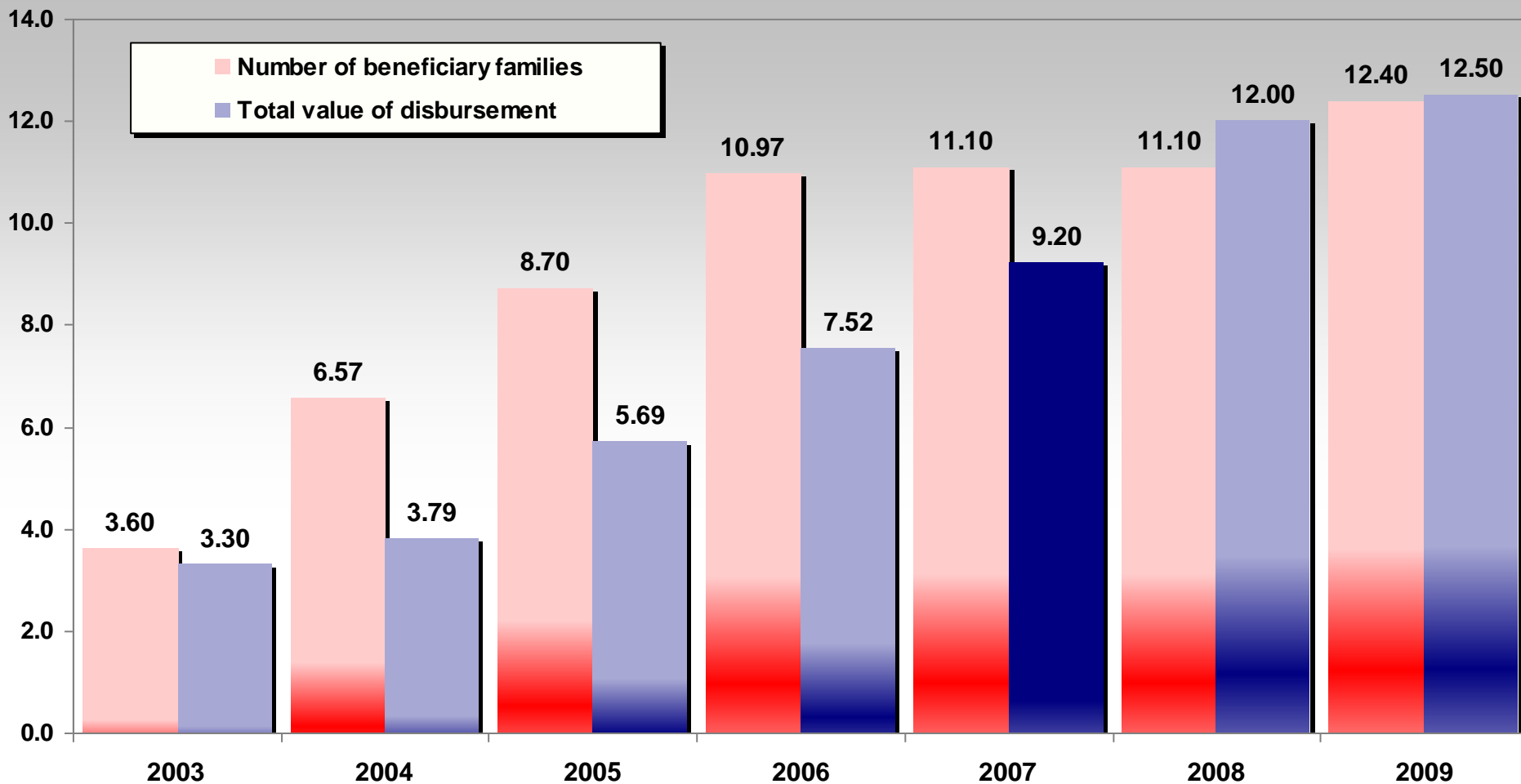
**Bradesco**

**BRAZIL HAS BUILT THE  
MOST  
COMPREHENSIVE  
WELFARE STATE  
PROGRAM AMONG ALL  
EMERGING COUNTRIES**



# BRAZIL'S SNAP\*: NUMBER OF BENEFICIARY FAMILIES AND TOTAL DISBURSEMENT 2003 – 2009

Bradesco

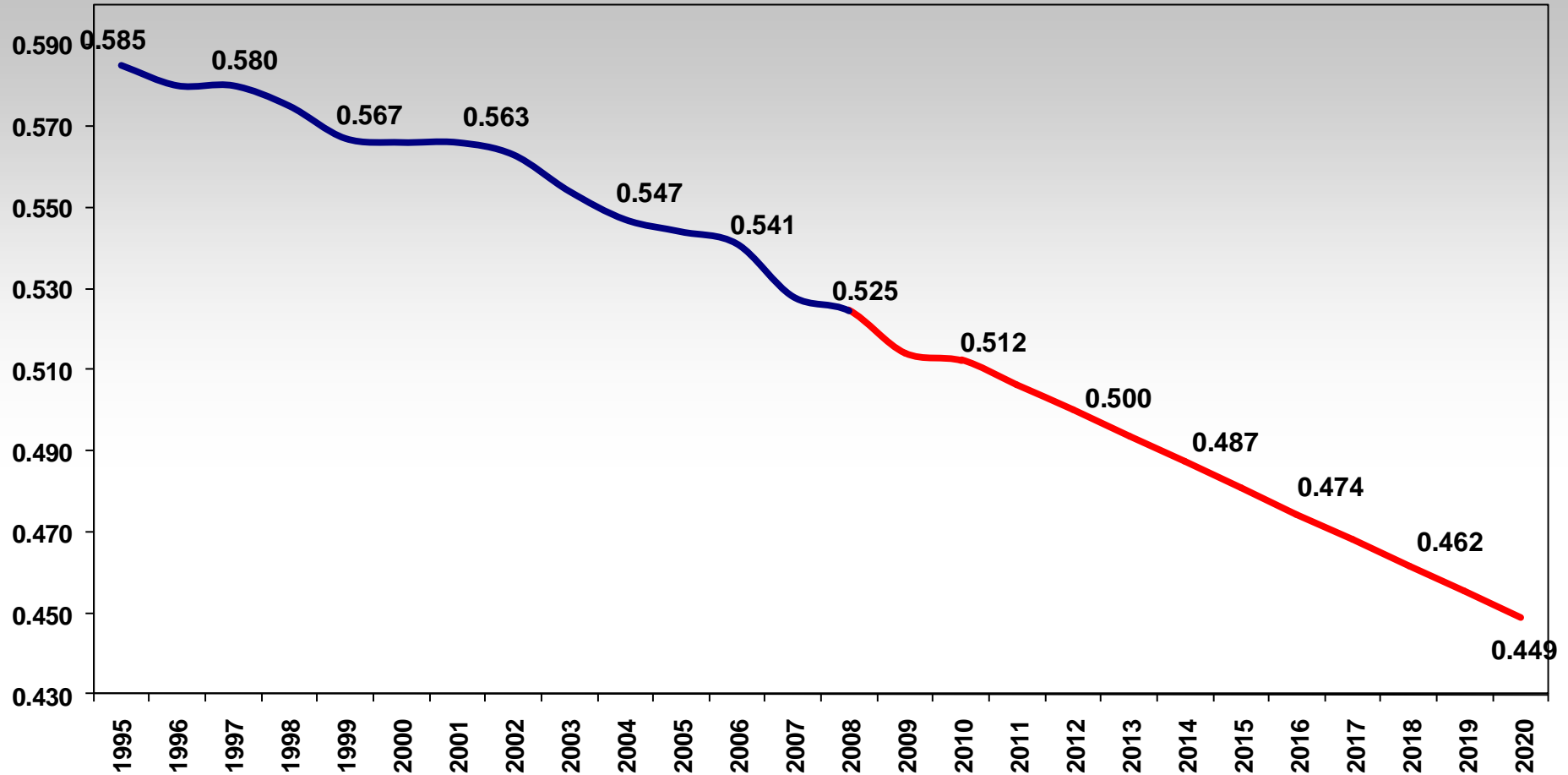


(\* ) Brazil's Supplementary Nutrition Assistance Program (Bolsa Família)



# INCOME DISTRIBUTION – GINI INDEX BASED ON 4.5% GROWTH UNTIL 2020

Bradesco

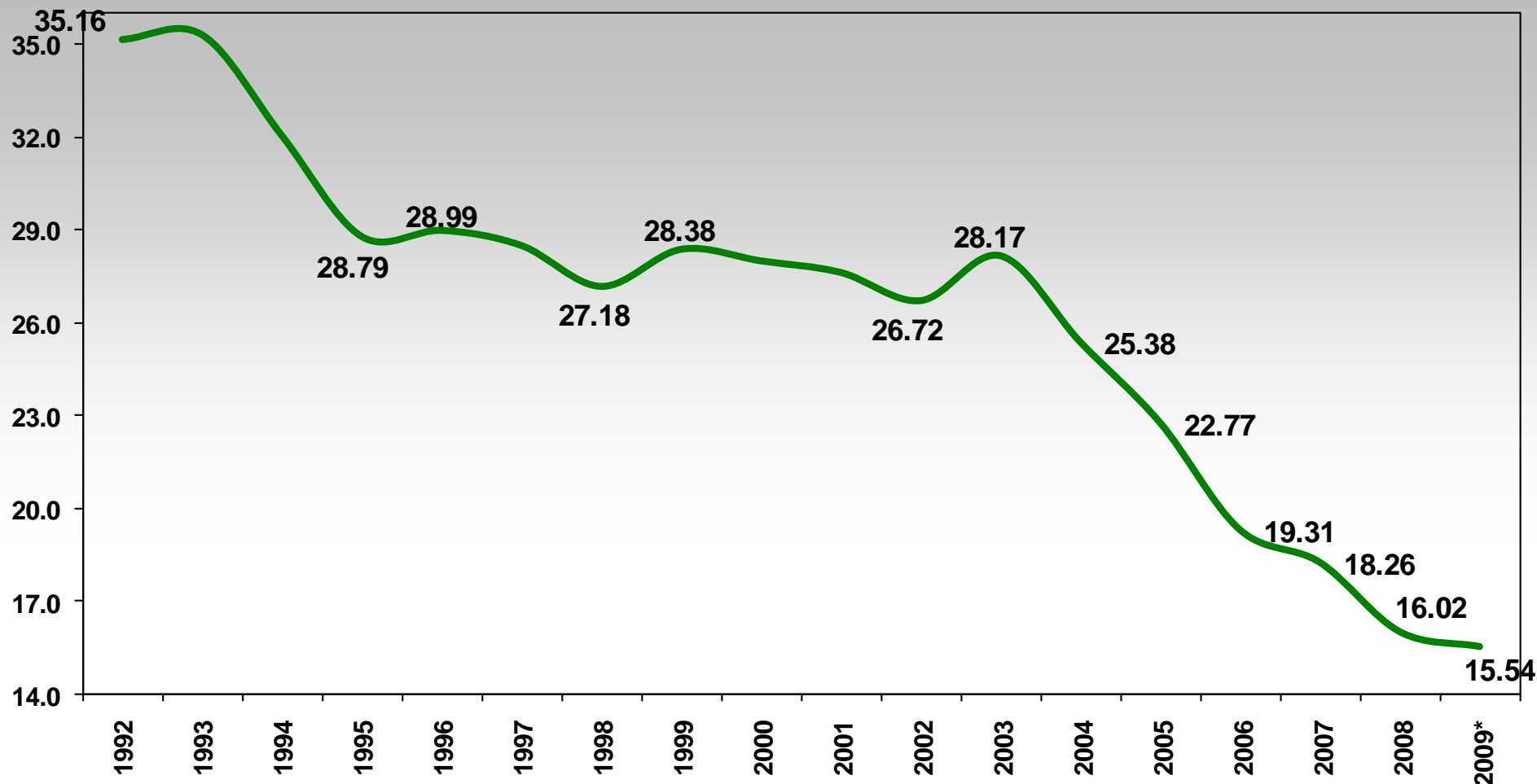




# POVERTY IN % OF THE BRAZILIAN POPULATION

Bradesco

1992 - 2009



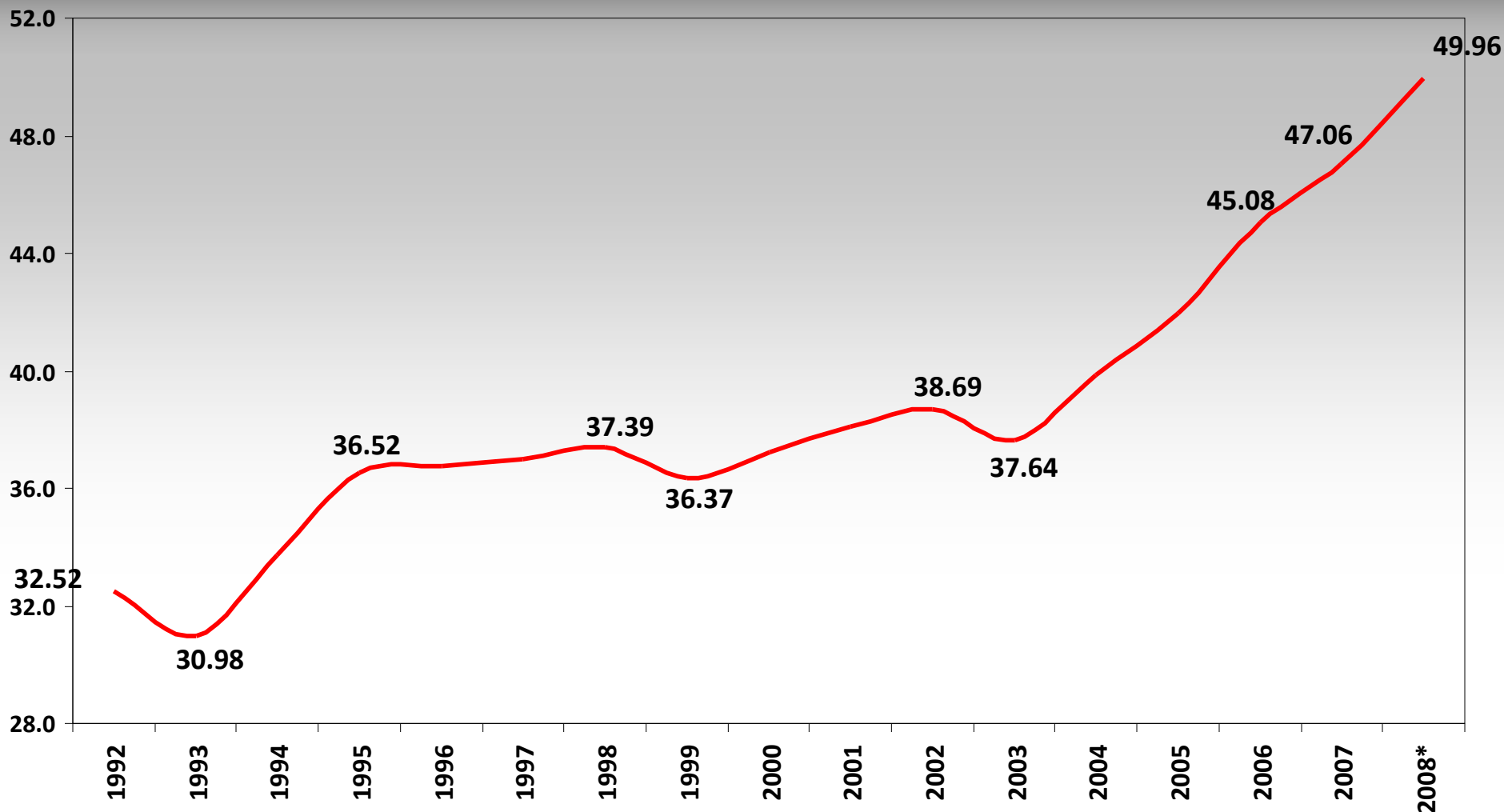
Obs. It includes people with no income.

The figures for 1994 and 2002 are averages. In these years the PNAD did not research.



# MIDDLE CLASS IN % OF THE BRAZILIAN POPULATION 1992 - 2008

Bradesco



(\*) Forecasted using PME IBGE data.

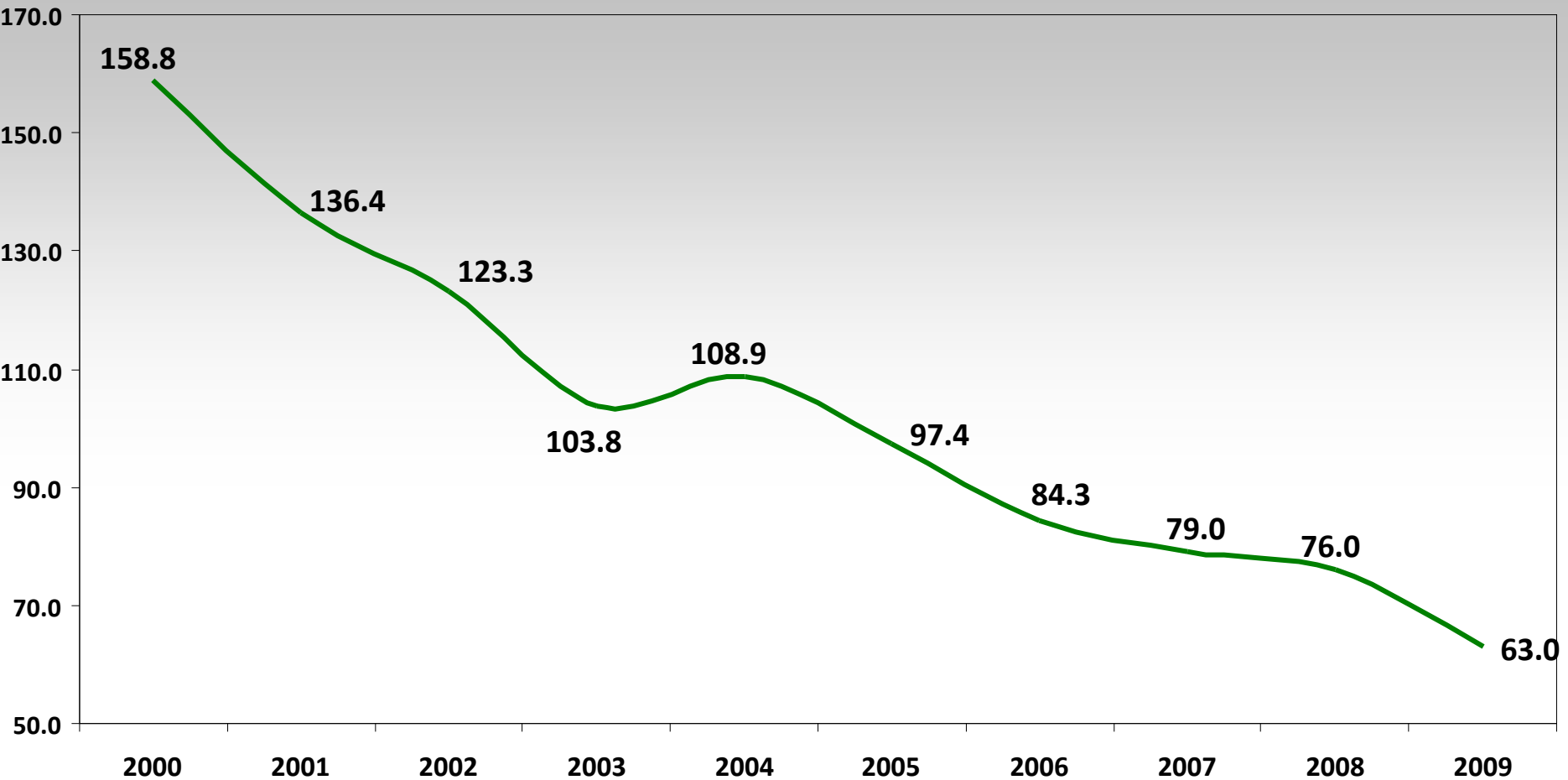
The figures for 1994 and 2000 are averages.



# NUMBER OF MINIMUM WAGES TO BUY A NEW CAR 2000 - 2009

Bradesco

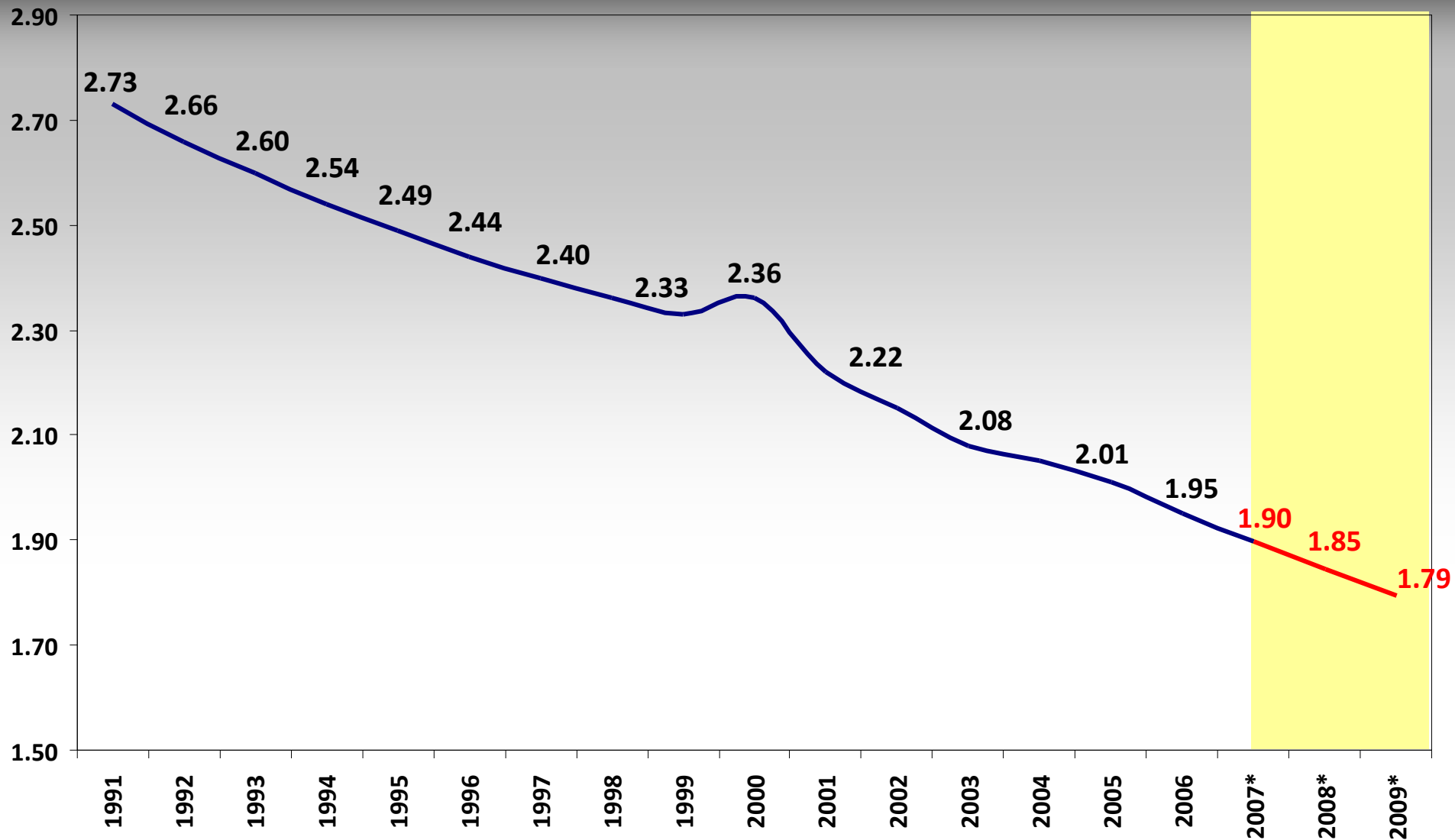
NUMBER OF MINIMUM WAGES





# FERTILITY INDEX – 1991 – 2009\*

Bradesco

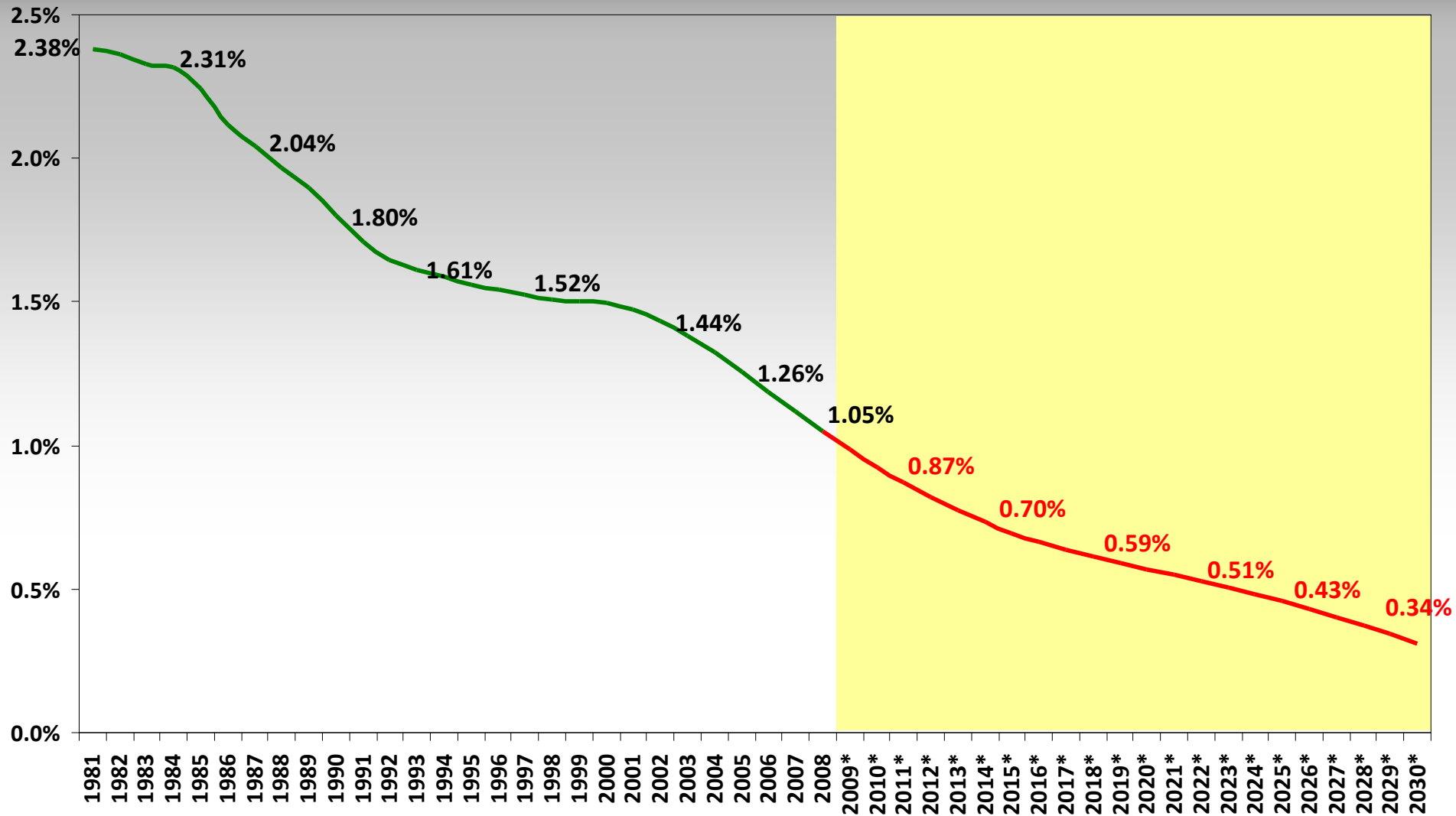






# BRAZILIAN DEMOGRAPHIC GROWTH 1981 - 2030\*

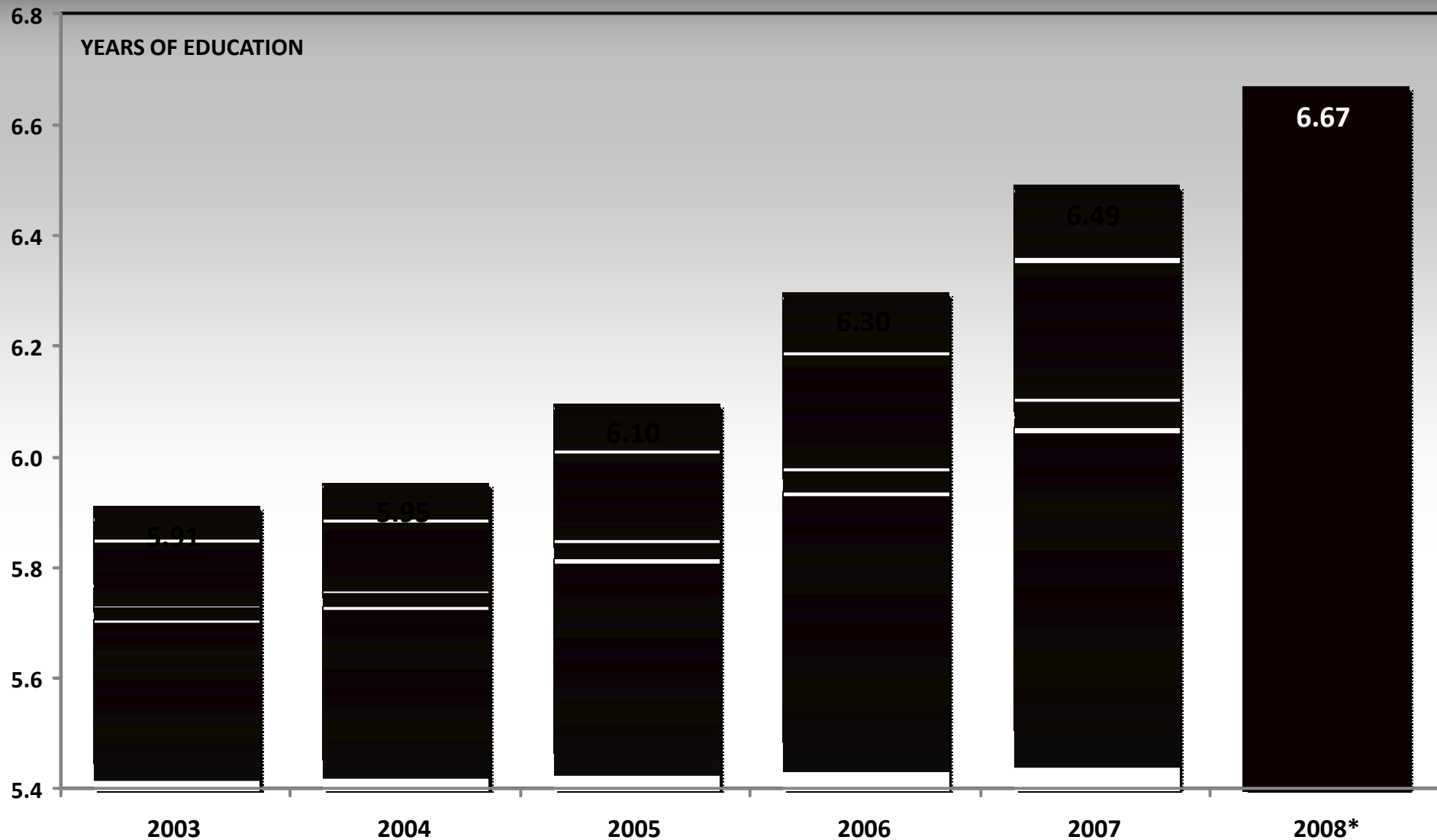
Bradesco





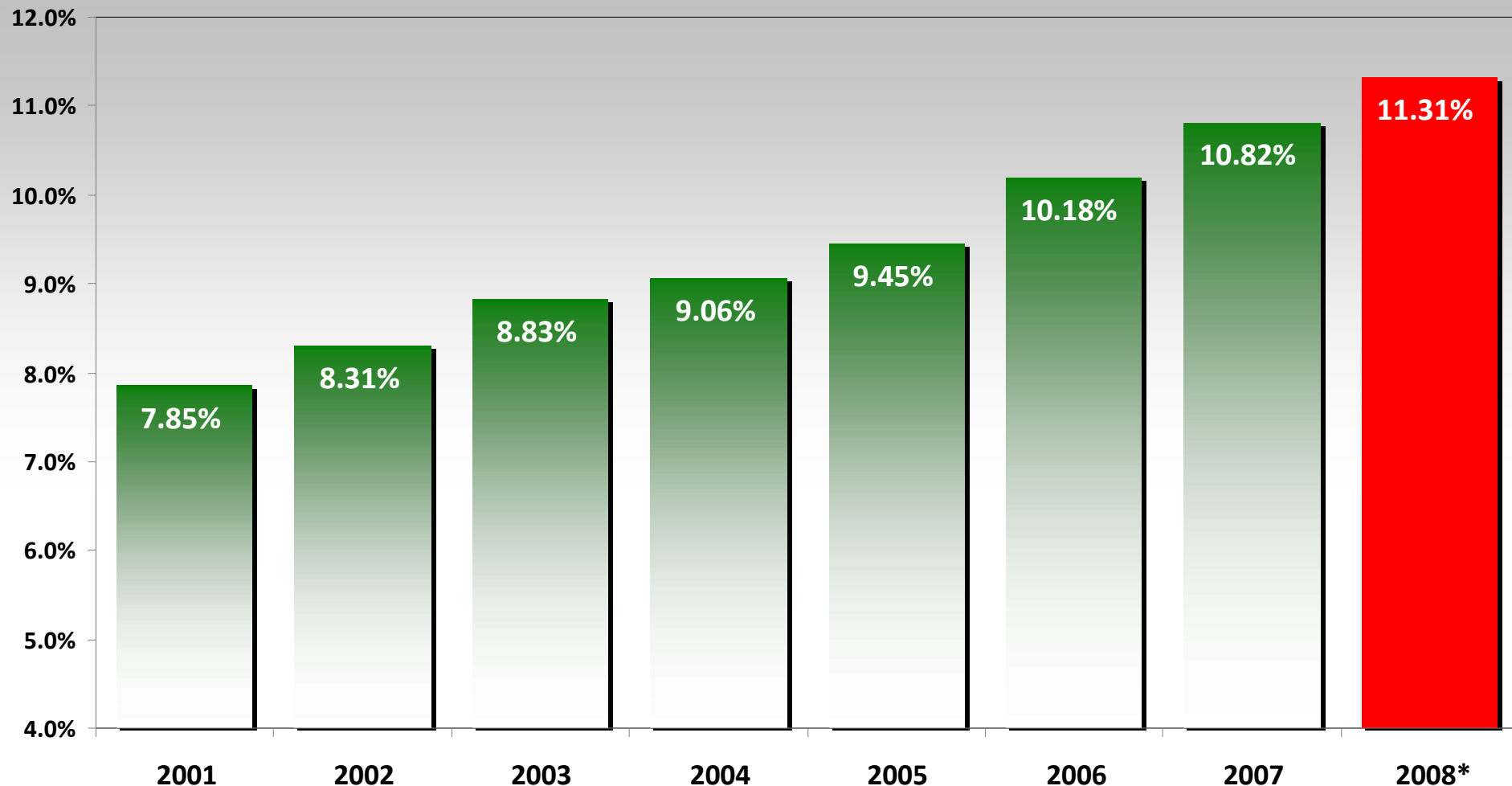
# BRAZIL: YEARS OF EDUCATION - POPULATION ABOVE 25 YEARS OLD - 2003 – 2008\*

Bradesco





# SHARE OF THE POPULATION WITH MORE THAN 10 YEARS OF EDUCATION (UNIVERSITY LEVEL) - 2001 - 2008





Bradesco

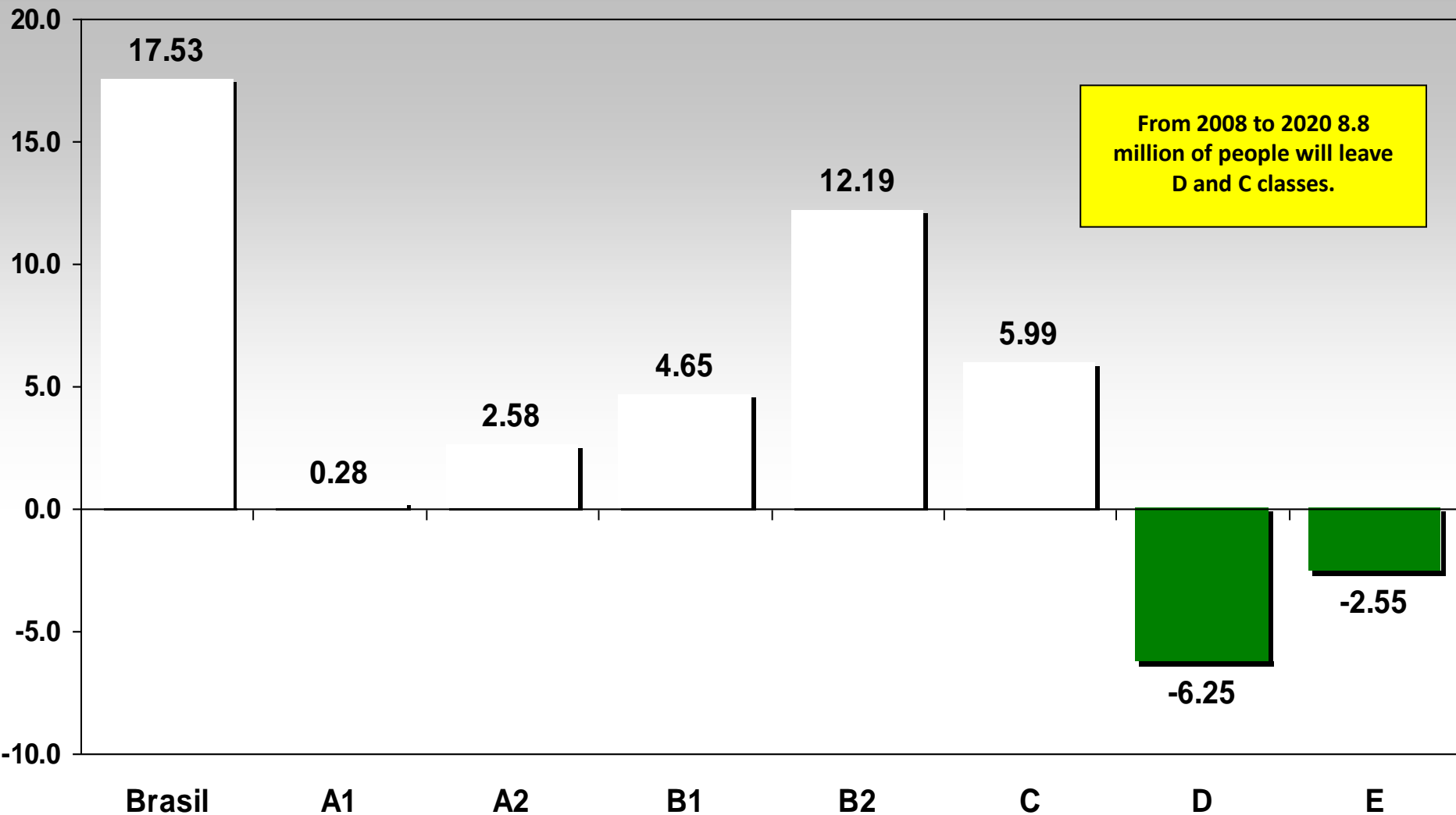
***BRAZILIAN  
SOCIAL  
MOBILITY IS  
INTENSE***



# CHANGING IN THE SOCIAL MOBILITY IN BRASIL

## Bradesco EXPECTED FROM 2008 TO 2020

In million

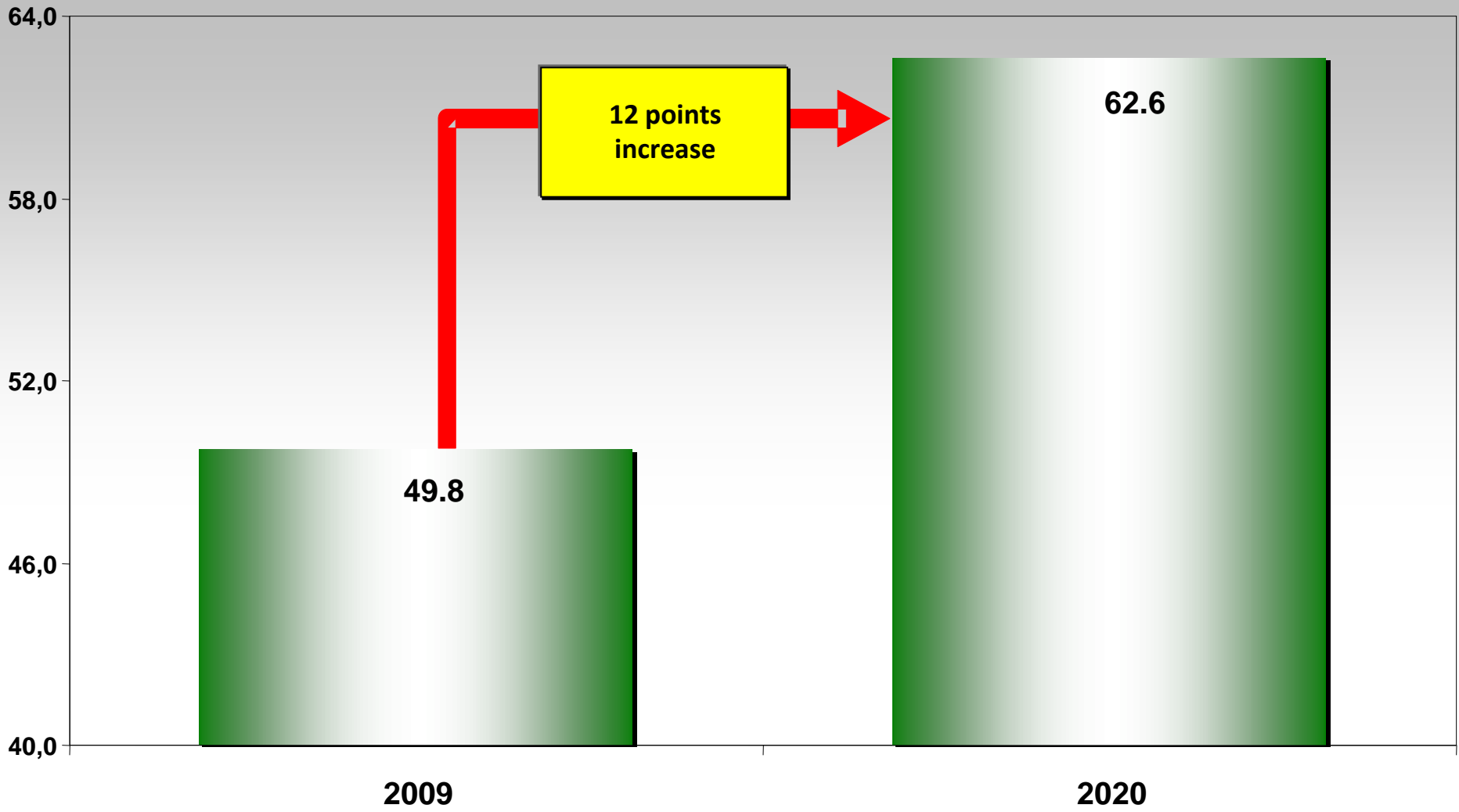




# SHARE OF FORMAL JOBS IN THE TOTAL BRAZILIAN WORKING PEOPLE IN 2009 AND 2020

Bradesco

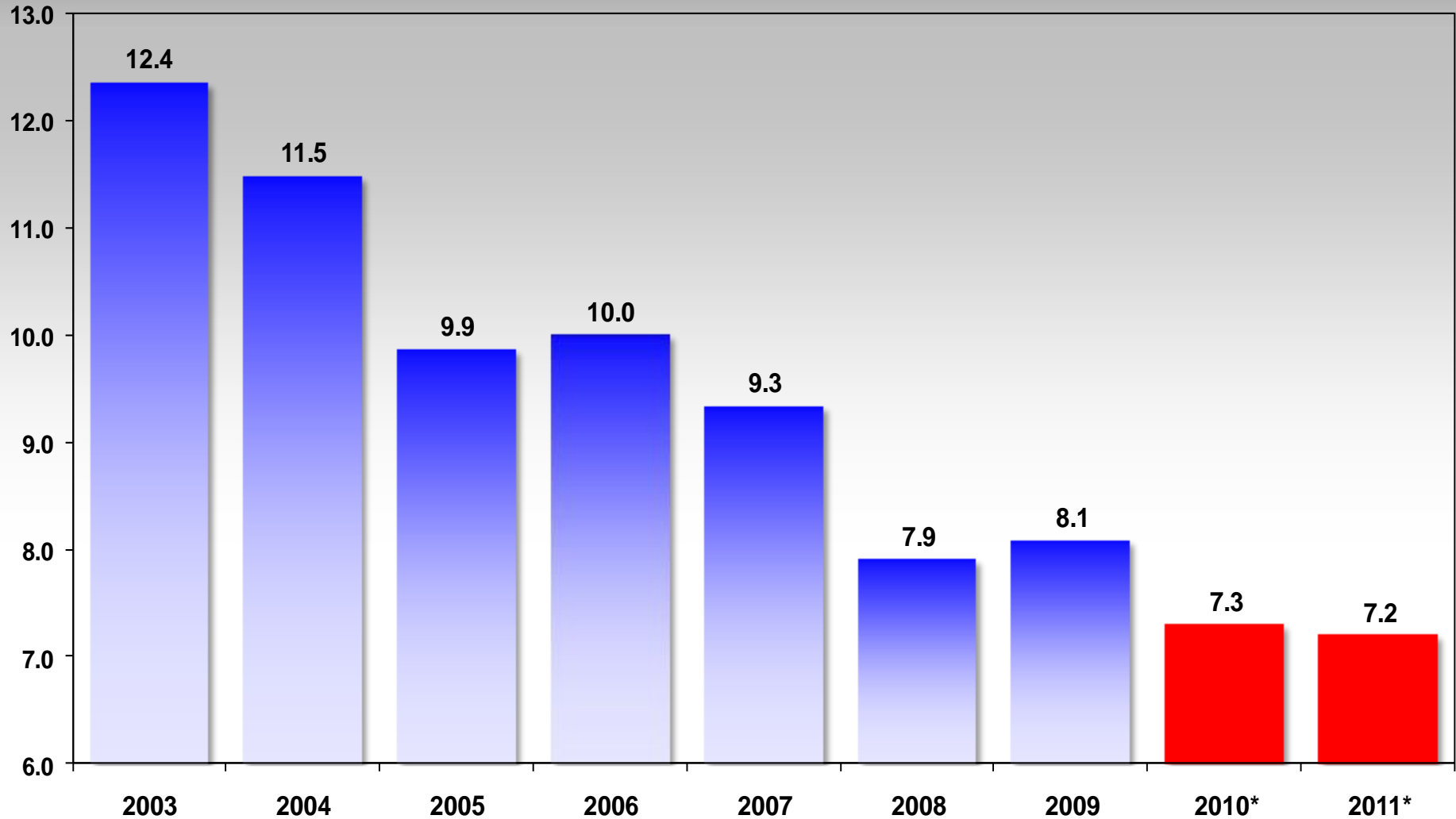
in%





# BRAZILIAN UNEMPLOYMENT RATE

Bradesco





Bradesco



**BRAZIL: MORE  
PREDICTABLE  
AND RELIABLE,  
DESPITE  
COLOSSAL  
CHALLENGES  
AHEAD**





Bradesco

**“NOTHING MORE  
POWERFUL THAN AN  
IDEA WHICH MOMENT  
HAS COME”.**

***VICTOR HUGO***



# MORE THAN THE HOST OF THE OLYMPIC GAMES, IT'S A GLOBAL GEOPOLITICAL AND ECONOMIC RECOGNITION OF THE NEW ROLE OF BRAZIL



*Viva sua paixão*





Bradesco

# The Economist

AUGUST 15TH-21ST 2009

Economist.com

Asia's astonishing rebound

Greening America's rustbelt

Life without landlines

Why Galileo was as important as Darwin

A fishy end

## Whose side is Brazil on?



DEPEC



Bradesco



**IT SEEMS  
IN THE  
RIGHT  
SIDE**

**DEPEC**