
From: Daniel Sabba [REDACTED]
Sent: Wednesday, April 1, 2015 11:40 PM
To: Jeffrey Epstein
Cc: Vahe Stepanian; Ariane Dwyer
Subject: FW: Faria: Brazil: Latest on Levy, fiscal, Petro

From: Isin Sumengen-Ziel (DEUTSCHE BANK AG, LO) [REDACTED]

Sent: Wednesday, April 01, 2015 7:50 AM

To: Daniel Sabba

Subject: Faria: Brazil: Latest on Levy, fiscal, Petro

- Finance Minister Joaquim Levy spoke for more than 7 hours at the Senate Economic Committee yesterday, explaining the importance and urgency of his fiscal adjustment plan. In the end, he obtained a small victory, as the Senate postponed the vote on the bill that gives the federal government 30 days to execute another measure restructuring the debts of states and municipalities. Levy has proposed to delay the debt restructuring until 2016 and then compensate the local government for what they will pay in excess in 2015. This is basically kicking the can down the road, but, as we commented yesterday, given the hostile political environment, this is probably the best deal that Levy can get at this moment.

- Newspaper Folha de S.Paulo today claims that the federal government's "contingenciamento" (budget cuts) could total as much as BRL80bn. It makes sense: given the poor fiscal results obtained so far this year and the difficulty in passing some of the measures in Congress, the government will inevitably have to cut a lot, and the cuts will be heavily concentrated in public investments. In an interview to Bloomberg News, President Dilma Rousseff said that she will do everything she can to meet the primary surplus target of 1.2% of GDP.

- There has been a lot of talk in the local press lately claiming that Petrobras will definitely manage to publish its audited results by the end of April. Nevertheless, Agência Estado today reports again that, because there remains a risk that the company may fail to publish its results by the end of the month (they mention uncertainty related to the auditing process), it is negotiating a waiver with its largest creditors in order to avoid a technical default.

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