


FFR

Fiscal Follow-Up Report

AUG 15, 2024 • Nº 91

HIGHLIGHTS

- If the exchange rate and inflation expectations don't cool down, the Selic rate could be adjusted upwards.
 - In order to meet the target, it will be necessary to generate a primary surplus of BRL 36.0 billion by the end of the year.
 - The Executive's projections for primary revenues in 2024 remain relatively optimistic.
 - The fiscal impact of the constitutional minimum allocations for health and education, as well as the policy of permanently increasing the minimum wage, is significant.
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Uncertainties remain regarding compliance with the fiscal target

The Independent Fiscal Institution (IFI) publishes the 91st Fiscal Follow-up Report (RAF, in the original acronym), fulfilling its institutional mission of providing Congress, the press, and society with consistent and technical figures, projections, estimates, and warnings, free from any theoretical, political, or ideological bias.

The fiscal issue continues to dominate the national agenda given its far-reaching repercussions on inflation, interest rates, the exchange rate, the level of economic activity, public debt and the credibility of economic policy.

In parallel to the tax reform regulations, which are expected to have medium- and long-term impacts on the efficiency of the Brazilian economy, but which are not focused on fiscal adjustment, bills with significant consequences for budgetary balance are under discussion, such as compensation for the extension of payroll tax exemptions and the renegotiation of state debt with the Federal Government.

The Primary Income and Expenses Evaluation Report for the third quarter of 2024 shows that the path taken up to June and the projections for the rest of the year do not yet ensure compliance with the fiscal target set in the 2024 Budget Guidelines Law (LDO, kept here in its original acronym, as well as all acronyms of Brazilian taxes, programs, reports, institutions, etc.). The figures indicate the need for a fiscal effort in the last five months of the year, with a combined effort to boost budget revenues and control public spending.

RAF 91 begins by analyzing the process of exchange rate depreciation for exogenous and domestic reasons and its repercussions on inflation expectations, monetary policy, the cost of debt, economic activity and the budget balance itself. The text foresees the possibility of the monetary authority reversing the recent drop in the SELIC rate and triggering an increase in the basic interest rate, depending on the behavior of the American economy, fiscal uncertainties and the exchange rate. A revision, albeit with marginal adjustments, is expected for IFI's projections for GDP growth and inflation, currently at 2.0% and 4.0%, respectively, but with a slight upward bias for both indicators. **(Page 5)**

The report goes on to present fiscal data based on budget execution in recent months, revealing the magnitude of the challenge faced by the managers of fiscal policy. The recurring primary deficit was 1.6% of GDP in the 12 months ending June 2024. To achieve the fiscal target of a zero primary deficit in 2024, a fiscal effort of 1.3 percentage points of GDP will be necessary, considering recurring revenues and expenditures.

Despite the real 8% growth in primary revenues in the first half of the year, primary expenditure recorded an even greater increase of 10.5%. Excluding non-recurring events (Income Tax on the stock of exclusive and offshore funds, anticipation of dividends from Petrobras, atypical collection of Corporate Income Tax and Social Contribution on Net Profit), while revenues would have grown by 6.0%, expenditures would have increased by 10.9% in the first half of 2024.

The RAF also addresses the situation of the federal public accounts based on the results published by the government regarding budget execution in the first half of the year, and it warns that, in order to meet the target of zeroing the primary deficit this fiscal year, an additional fiscal effort of BRL 64.8 billion will be necessary, either through revenue increases and/or spending cuts.

Making use of the margin of tolerance provided for in Complementary Law 200 of 2023, which allows for the possibility, without penalties, of the primary result being up to 0.25% of GDP below the center of the fiscal target, a primary surplus of R\$36.0 billion would still be needed between August and December.

Drawing a comparison with the inflation-targeting system, which provides for fluctuation bands, it would be concerning for the Executive Branch to signal that it is potentially aiming for the lower limit of the primary balance target range set for the fiscal year, which is a deficit of 0.25% of GDP.

The July bimonthly review presented an upward revision in the projections of some primary expenditures, making them more consistent with the budget execution. However, there is still relative optimism about revenue estimates, which depend on the materialization of the measures contained in the 2024 Budget Law. **(Page 9)**

Lastly, RAF No. 91 estimates the medium-term impact of public policies outlined in Complementary Law No. 200 and the consequent resumption of the constitutional earmarking of health and education expenditures to the revenues provided for in the legislation, as well as the minimum wage appreciation policy regulated by Law No. 14,663 of 2023, which provides for adjustments above inflation.

Since a significant portion of primary expenditures (pensions, unemployment benefit, Continuous Cash Benefit, and salary allowance) is indexed to the minimum wage, the impacts on the trajectory of the Federal Government's primary expenditure are substantial. In the baseline scenario, the IFI estimates an additional expenditure of approximately BRL 1.7 trillion over 10 years, using constant 2024 values. This would imply the occurrence of primary deficits throughout the period, the insufficiency of the expenditure limit established by Complementary Law No. 200 of 2023, and the compromise of the sustainability of the new fiscal framework.

The analysis compares the estimate with projections based on the previous rule, the so-called "Expenditure Ceiling" (Constitutional Amendment No. 95 of 2016), under which the scenario would be different. It is important to note that, due to its institutional nature, the IFI does not express opinions, value judgments, or assessments on public policies and plays no role in shaping their effects, which fall under the prerogative of the President of the Republic, federal deputies, and senators. (**Page 16**)

The IFI's sole responsibility is to issue alerts regarding risks, threats, potentialities, and opportunities. It is the IFI's role to highlight the unsustainability of the country's current fiscal trajectory from a technical, neutral, and objective standpoint, fulfilling the mandate given by the Federal Senate and encouraging national political decision-makers to implement the necessary adjustments as they deem appropriate.

Happy reading!

Marcus Pestana
IFI Executive Director

Alexandre Andrade
IFI Director

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IFI Director

Depreciation of the Brazilian Real and implications for monetary policy

Rafael Bacciotti

At its July meeting, Copom kept the Selic rate at 10.50% per year and revised its inflation projections for 2024 and 2025. The Central Bank has indicated that the Selic rate could be raised if the exchange rate and inflation expectations do not fall. Despite the economy's resilience, uncertainties have increased due to the possible US recession and domestic inflationary pressure. The anticipation of interest rate cuts by the Federal Reserve may bring relief, but the improvement in the domestic environment will depend on reducing the fiscal imbalance.

At its July meeting, the Central Bank decided to keep the Selic rate at 10.50% per year, as expected. The minutes revealed that the risks to inflation are asymmetrical, with a more pronounced upward trend. This scenario stems from (i) the difference between inflation expectations and the established target, (ii) the growing resilience of service prices, driven by robust economic growth, and (iii) inflationary pressures generated by internal and external economic conditions, such as the persistently depreciated exchange rate. On the other hand, downside risks related to the international scenario include a more pronounced economic slowdown and more intense effects of monetary tightening on global disinflation, which could reduce pressures on the Extended National Consumer Price Index (IPCA).

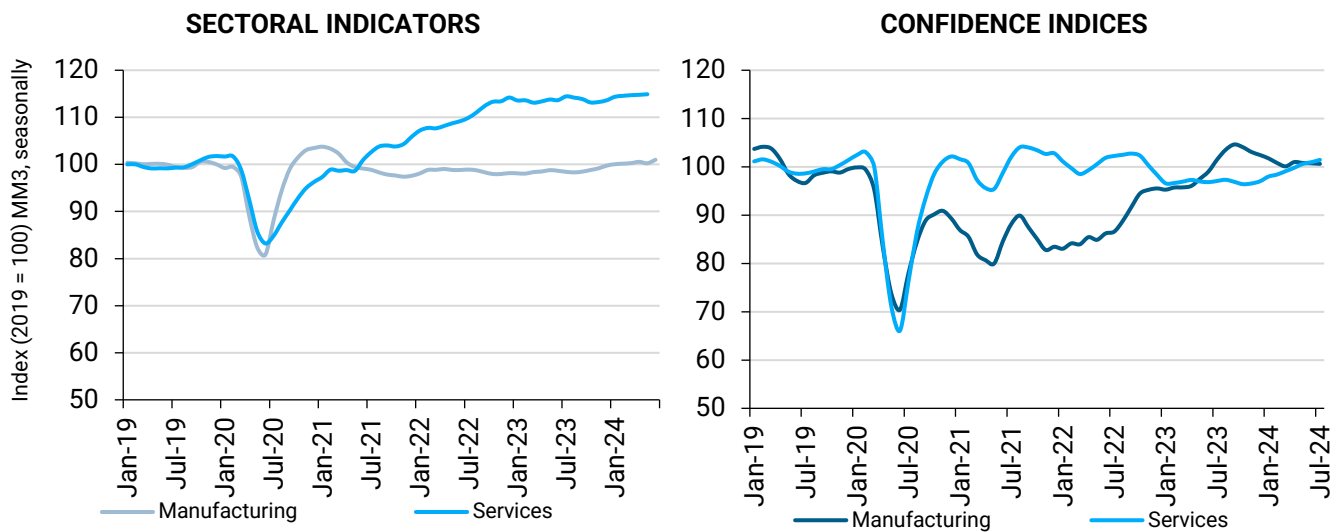
In the reference scenario¹, the Economic Policy Committee's (Copom) inflation projections for 2024 and 2025 were revised to 4.2% and 3.6%, respectively. The previous forecasts were 4.0% and 3.4%, in that order. In the alternative scenario, which considers a constant interest rate throughout the monetary policy horizon, the projections are 4.2% for 2024 and 3.4% for 2025. In addition to revising its IPCA projections, the Copom indicated that it may raise interest rates, if necessary, to ensure that inflation converges on the target. The minutes suggest that the inflationary scenario has deteriorated and that if conditions such as the depreciated exchange rate and inflation expectations are not reversed, the Selic rate could be adjusted upwards.

The Brazilian economy remains resilient, with the impact of the floods in Rio Grande do Sul lower than expected. In June, industrial production increased by 4.1% compared to May, driven by both the extractive and manufacturing industries. The latter not only recovered compared to May but also surpassed pre-flood levels, with the durable consumer goods sector standing out. With this performance, industrial production grew by 0.7% between the second and first quarters of 2024. Real revenue in the services sector rose 1.7% in June and 0.7% in the second quarter.

The July figures indicate an acceleration in economic activity at the start of the third quarter. Compared to June, the Business Confidence Index and the Consumer Confidence Index, both produced by the Brazilian Institute of Economics (Ibre) of the Getúlio Vargas Foundation (FGV), rose by 1.3% and 1.8% respectively

¹ In the Copom's reference scenario, the interest rate trajectory is based on the Focus survey.

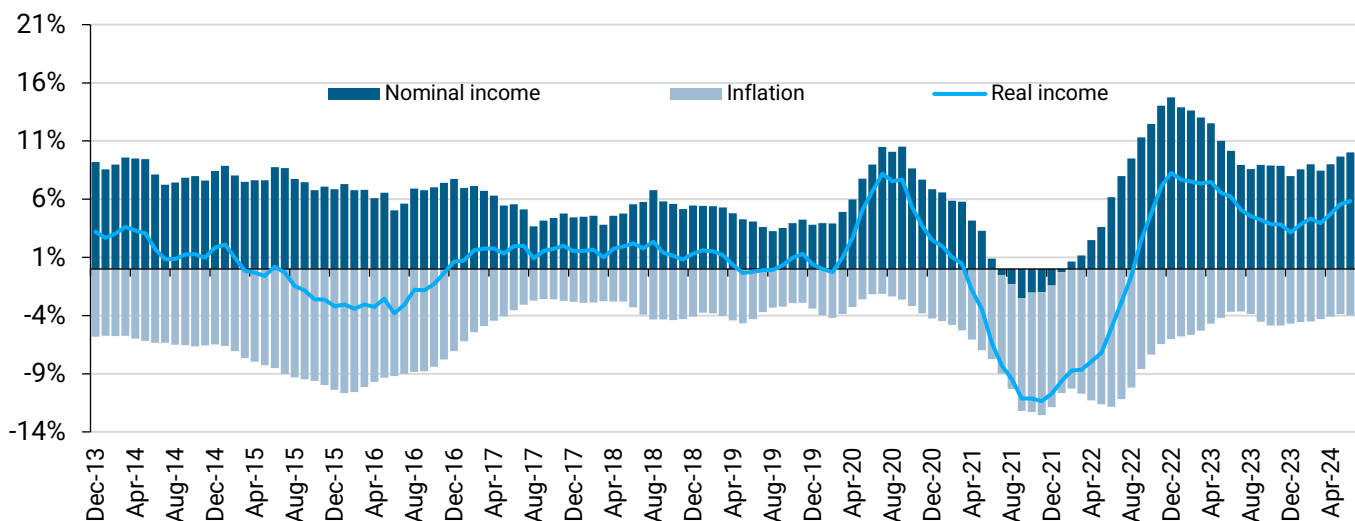
GRAPH 1. ECONOMIC ACTIVITY



Source: IBGE and FGV. Note: the acronym "MM3" stands for "three-month moving average".

Labor market indicators remain positive, which helps to support the consumption of goods and services. The National Household Sample Survey (PNAD) for June revealed that the unemployment rate was 6.9% of the labor force, 1.1 percentage points (p.p.) lower than the same period last year. In the same comparison, the employed population grew by 3.0%, with an increase of 3.9% in the formal sector and 1.5% in the informal sector, while the labor force grew by 1.7%. In addition, the average income increased by 10.0% in nominal terms, leading real average income to grow by 5.8%, outpacing inflation (Graph 2).

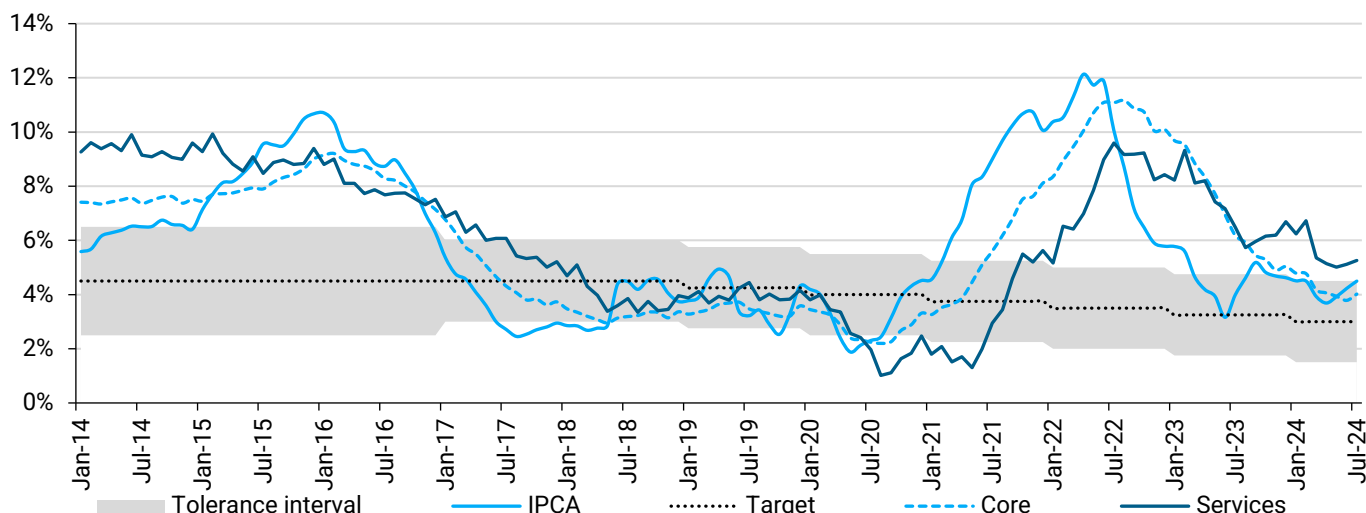
GRAPH 2. BREAKDOWN OF REAL AVERAGE INCOME (YEAR OVER YEAR VARIATION)



Source: IBGE. Prepared by: IFI.

In July, inflation as measured by the IPCA rose 0.38%, reaching 4.5% over 12 months, the upper limit of the target and above the 4.23% recorded in June. The main positive contribution came from the price of gasoline, which rose 3.15% in the month and has accumulated a rise of 9.3% in the last 12 months. Service prices also increased, rising by 0.75% in the month and 5.3% over 12 months. In addition, the average of the core inflation rates monitored by the Central Bank rose 0.43% in the month and 4.0% over 12 months (Graph 3).

GRAPH 3. CONSUMER INFLATION - IPCA (% VARIATION IN 12 MONTHS)



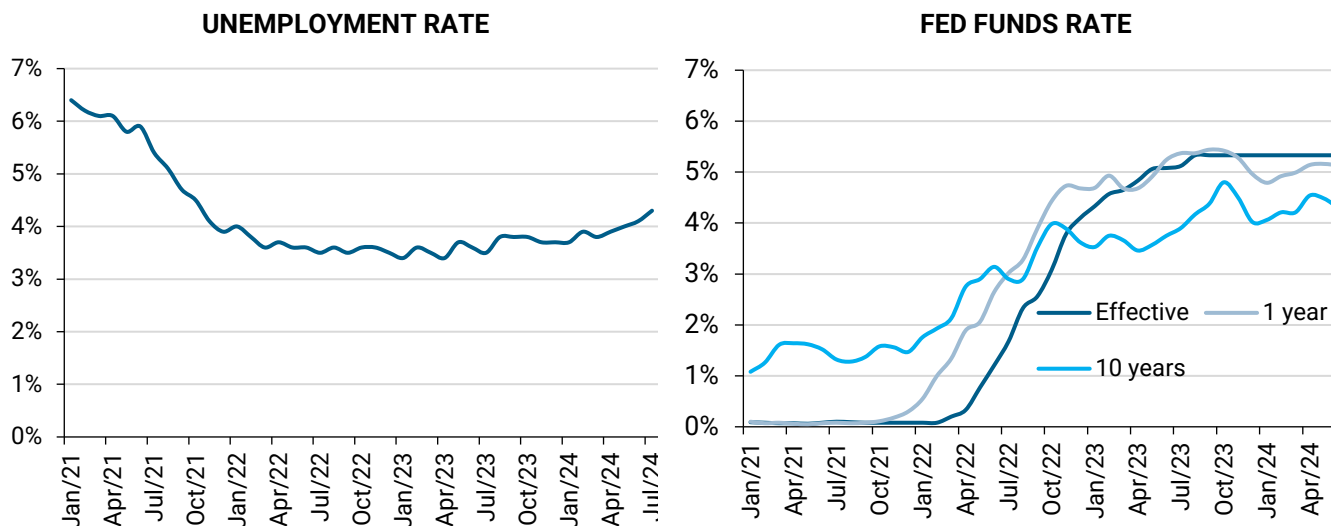
Source: Central Bank and IBGE.

Inflation expectations continue to rise and move further away from the target, with the Focus survey projecting 4.23% for 2024 and 3.96% for 2025. Despite this, projections for the Selic rate remain at 10.50% p.a. throughout this year, with a possible reduction to 9.75% p.a. the following year (Graph 6).

In recent weeks, the markets have been increasingly volatile. Economic data from the United States, which recently showed a robust performance compared to other economies, began to reveal a sharper slowdown in the labor market, with job creation below expectations and an increase in the unemployment rate (Graph 4).

These signs of a slowdown have raised concerns about a possible recession in the U.S. economy², which led to a drop in stock markets and an increase in risk aversion. However, the expectation that the Federal Reserve (Fed, the U.S. Central Bank) might begin cutting interest rates, as reflected in longer-term rates (Graph 4), brought some relief to the exchange rate and the yield curve, after the initial stress.

GRAPH 4. UNITED STATES: UNEMPLOYMENT RATE AND FED FUNDS RATE

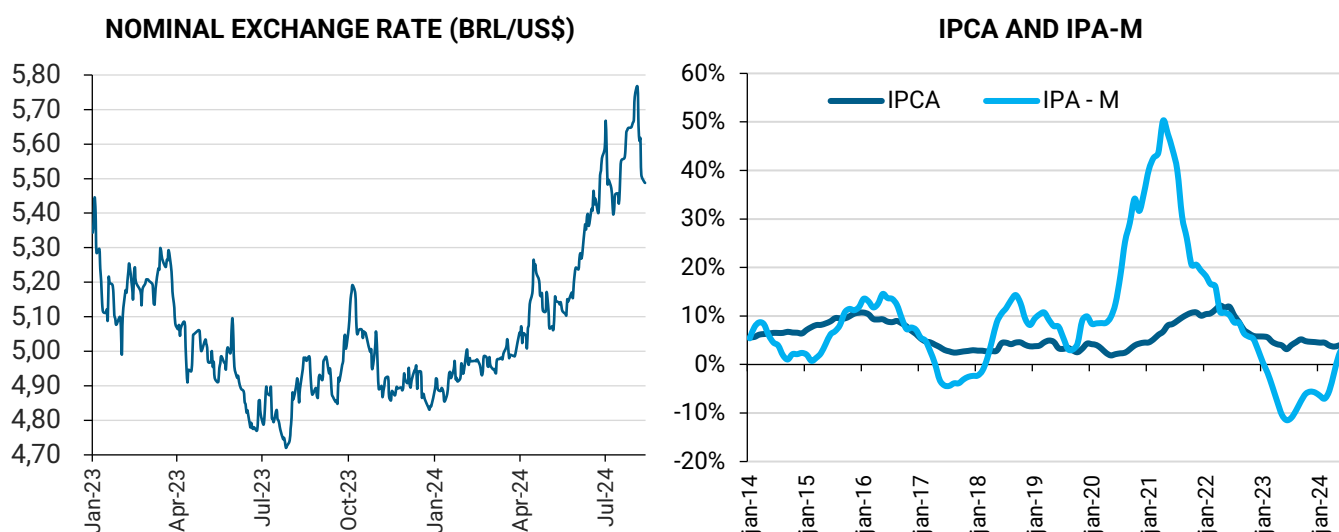


Fonte: FRED ECONOMIC DATA | ST. LOUIS FED..

² Some analysts pointed out that the July unemployment rate surpassed the Sahm recession indicator, which signals the onset of a recession when the three-month moving average of the national unemployment rate rises by 0.5 percentage points or more compared to the lowest three-month moving average in the past 12 months. The indicator is available on the website of the Federal Reserve Bank of St. Louis: <https://tinyurl.com/44nk4n9k>

Keeping the exchange rate at its most devalued level since the beginning of the year has put pressure on inflation. The Wholesale Price Index (IPA), which had been showing a deflationary trend, began to rise again starting in April (Graph 5). In January, the accumulated variation over 12 months was -6.43%, but rose to 3.89% in July. When the IPA rises, indicating an increase in the prices of agricultural and industrial products in the stages before final consumption, this adjustment can eventually impact the IPCA, as higher costs in the wholesale market are passed on to final consumers.

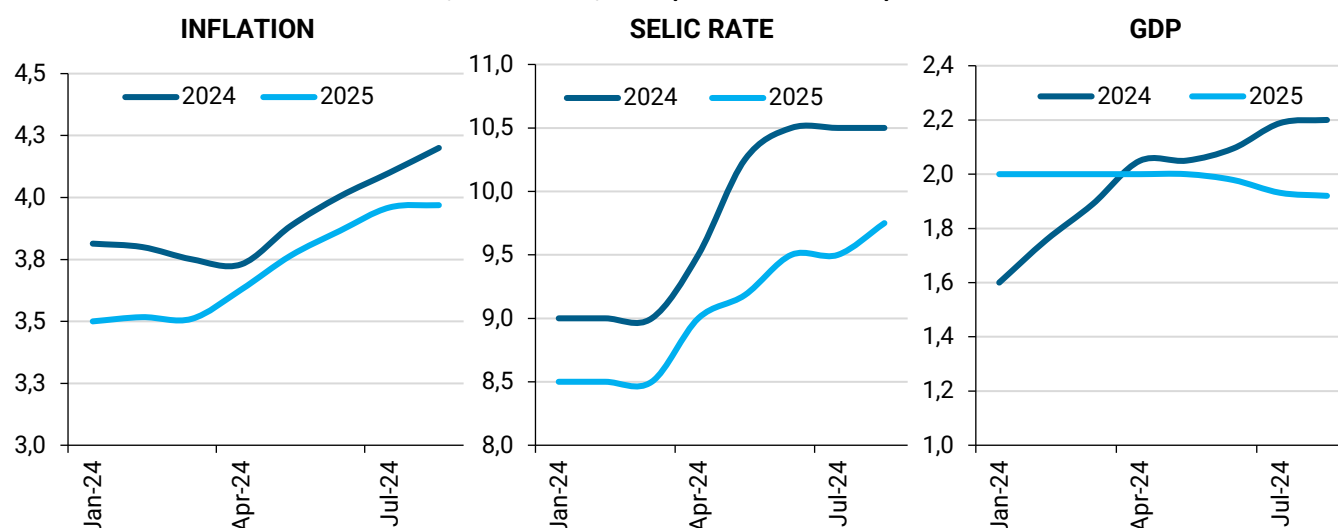
GRAPH 5. NOMINAL EXCHANGE RATE AND INFLATION



Source: Central Bank, FGV and IBGE.

Any interest rate cuts by the Fed could give the Copom more flexibility to consider loosening monetary policy next year. However, this possibility will also depend on the market's perception of the solution to the fiscal imbalance. The second half of the year will require a significant effort to adjust the federal public accounts in order to achieve the target of a zero primary deficit by 2024. In this context, despite the upward revision in GDP projections for 2024, the expected economic growth for next year has been declining.

GRAPH 6. PROJECTIONS: INFLATION, SELIC RATE, GDP (FOCUS BULLETIN)



Source: Central Bank.

The IFI's short-term projections will be revised in the next edition of the RAF, with marginal upward adjustments expected in both economic growth and inflation for 2024, currently estimated at 2.0% and 4.0% respectively.

Some considerations on the recent dynamics of the primary balance and the assessment of the 3rd bimonthly period of 2024

Alexandre Andrade and Vilma Pinto

Based on updated information on the central government's primary balance up to July and the Revenue and Primary Expenditure Assessment Report for the 3rd Bimonthly Period of 2024, the IFI offers some considerations regarding the challenges associated with meeting the 2024 fiscal target. In general terms, the assessment of the 3rd bimonthly period presents a more realistic scenario for primary expenditures but maintains a more optimistic outlook regarding revenue performance in the second half of the year. According to an exercise carried out by the IFI, based on data updated up to July, it will be necessary to generate a primary surplus of BRL 36.0 billion from August to December in order to meet the lower limit of the deficit target for the year.

Initial considerations

Based on the information released by the Executive Branch in the Revenue and Primary Expenditure Assessment Report (RARDP) for the 3rd Bimonthly Period of 2024, and on the projections presented by the IFI in the latest scenario update in June 2024, it is concluded that the spending cuts announced in July (BRL 3.8 billion)³ may be insufficient to meet the 2024 fiscal target.

This is because, despite the fact that the Executive Branch has updated the projections for some primary expenses, making them more in line with the recent dynamics observed, the revenue projections continue to indicate relative optimism about the behavior of collection from July to December.

Some exercises conducted by the IFI, based on updated primary balance information through July, indicate that primary expenditure, despite showing significant growth in the cumulative total for 2024, is expected to remain at current levels (as a proportion of GDP) from August onward.

The figures indicate that, after adjusting the expenditure series for the influence of certain atypical events (the payment schedule of the annual bonus to INSS retirees and pensioners, the payment of the backlog of extraordinary court-ordered debts in December 2023, and expenditures related to the calamity in the State of Rio Grande do Sul), the central government's primary deficit will need to improve by 0.6 percentage points of GDP to meet the zero primary balance target in 2024.

Unless new spending cuts on the discretionary expenditures of the Executive Branch are announced in the upcoming bimonthly revenue and expenditure assessments, the behavior of revenues will be crucial in reducing the primary deficit by the end of the year. For this, it is necessary for the revenues from some of the measures proposed by the Executive in the 2024 Budget Law to materialize.

In September, the IFI will reassess the short-term macroeconomic and fiscal scenario (2024 and 2025). There is no indication, however, that there will be a substantial improvement in revenue projections compared to the most recent estimates, presented last June.

³ The RARDP indicated the need for an adjustment in discretionary expenditures totaling BRL 15.0 billion, divided into BRL 11.2 billion related to expenditure cuts to comply with the primary expenditure growth limits (Complementary Law No. 200 of 2023) and BRL 3.8 billion related to limits on budget commitments and financial transactions to meet the primary balance target (Fiscal Responsibility Law - LRF). For more, see: <https://tinyurl.com/mwsm8h3e>.

Considerations on the central government's primary balance for 2024 up to July

Based on information gathered by the IFI on the Siga Brasil Portal⁴, the central government's primary balance was negative by BRL 76.9 billion in the year to July, compared to a deficit of BRL 68.7 billion in the period from January to June. In the 12-month comparison, the primary deficit was BRL 228.2 billion (2.0% of GDP) in July, down from BRL 256.0 billion (2.3% of GDP) in June.

The presence of some non-recurring events on primary expenditure distorts the results and makes it difficult to better assess the dynamics of the central government's primary deficit. Three events stand out: (i) the extraordinary payment of BRL 92.4 billion in December 2023, related to the accumulated liabilities of court-ordered debts (*precatórios*) from the 2022 and 2023 fiscal years and the advance of the excess issuance over the spending limit for court-ordered debt payments in 2024⁵; (ii) expenditures aimed at addressing the calamity in the State of Rio Grande do Sul (BRL 11.1 billion accumulated from May to July 2024); and (iii) the payment schedule of the annual bonus (Christmas bonus, also known as 13th payment) for INSS beneficiaries⁶.

It is important to note that until 2026 (inclusive), federal spending on court-ordered debt payments that exceed the ceiling established by Constitutional Amendments Nos. 113 and 114 will be excluded from the amounts considered for the purpose of meeting the fiscal targets for the respective fiscal years⁷. The expenditures related to the state of calamity in Rio Grande do Sul, in turn, will be excluded from the 2024 fiscal target.

Thus, for a more accurate assessment of the central government's primary balance trajectory in the recent period, it is necessary to recalculate primary expenditures to reclassify the payment of the extraordinary stock of court-ordered debts, amounting to BRL 92.4 billion⁸, across the years 2022, 2023, and 2024, as well as exclude the expenditures related to the calamity in Rio Grande do Sul (BRL 11.1 billion so far). Additionally, an adjustment was made to the annual bonus payments of the INSS to standardize⁹ this expenditure across all years starting from 2020. The result can be seen in Graph 7, which shows the 12-month evolution of conventional primary expenditure and recalculated primary expenditure for the events mentioned above, both expressed as a proportion of GDP.

⁴ Available at: <https://tinyurl.com/yph2hnkr>.

⁵ Constitutional Amendments (ECs) Nos. 113 and 114 of 2021 created fiscal space in the federal government's budget by setting a ceiling for the payment of court-ordered debts by the Executive Branch. Direct Actions of Unconstitutionality (ADIs) Nos. 7,064 and 7,047, ruled by the Supreme Federal Court in 2023, partially invalidated the changes implemented by Constitutional Amendments 113 and 114. Thus, the federal government made an extraordinary payment of BRL 92.4 billion in December 2023, related to unpaid court-ordered debts from the 2022 fiscal year (BRL 15.8 billion), 2023 (BRL 44.3 billion), and an advance on part of the 2024 court-ordered debts (BRL 32.2 billion).

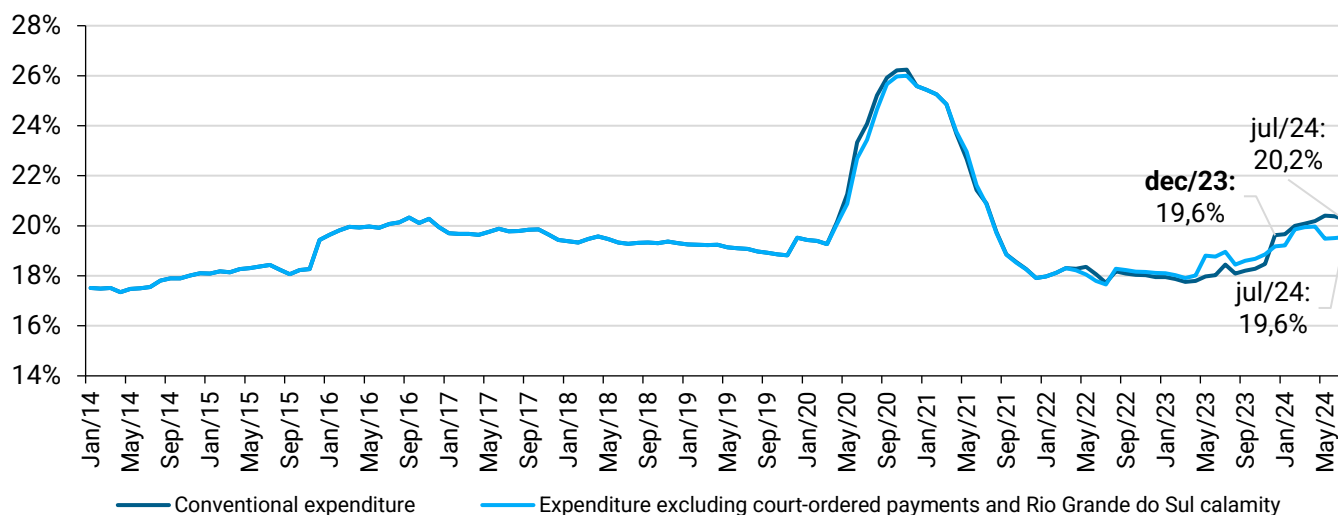
⁶ Since 2020, the payment of this bonus has been brought forward from the second half of the year to the first half. By way of illustration, in 2020, this advance was made in April, May, and June; in 2021, in May, June, and July; in 2022, in April, May, and June; in 2023, in May, June, and July; and in 2024, in April, May, and June.

⁷ According to ADIs 7,047 and 7,064.

⁸ Of the BRL 92.4 billion in extraordinary court-ordered debt payments made in December 2023, BRL 15.8 billion refers to debts that exceeded the ceiling established by Constitutional Amendments 113 and 114 for 2022 and were reclassified in August of that year. BRL 44.3 billion of the BRL 92.4 billion total refers to court-ordered debts that exceeded the ceiling for the 2023 fiscal year and were reclassified in May of that year. Finally, BRL 32.2 billion of the BRL 92.4 billion total refers to court-ordered debts for the 2024 fiscal year and were reclassified in February of this year.

⁹ The amounts of the payments were deducted from the months in which they actually occurred and added to the months of August, September and December of the respective financial year.

GRAPHY 7. 12-MONTH EVOLUTION OF CONVENTIONAL PRIMARY EXPENDITURE AND PRIMARY EXPENDITURE EXCLUDING CERTAIN NON-RECURRING EVENTS (% OF GDP)

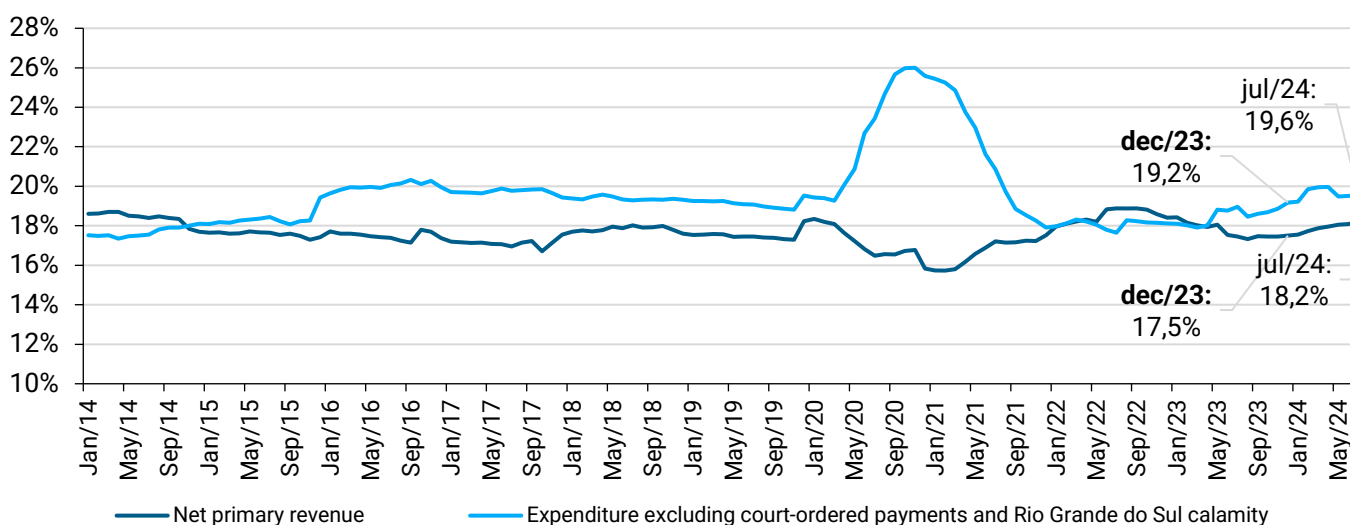


Source: National Treasury Secretariat, Siga Brasil Portal and IFI. Prepared by: IFI

In other words, from Graph 7, it is evident that, in July, the central government's primary expenditure (20.2% of GDP) was 0.7 p.p. of GDP above the level of expenditure adjusted for non-recurring events (19.6% of GDP), which distort the dynamics of the variable and, consequently, the primary balance for the purpose of meeting the 2024 fiscal target, equivalent to BRL 76.4 billion¹⁰.

To illustrate the recent behavior of the central government's revenues and primary expenditures excluding the aforementioned atypical events, Graph 8 shows the 12-month evolution of these two indicators. The expenditure considered is the indicator calculated by the IFI, which reclassifies the payment of court-ordered debts (BRL 92.4 billion), excludes the expenditures related to the calamity in Rio Grande do Sul (BRL 11.1 billion), and adjusts the payment schedule for the INSS annual bonus.

GRAPH 8. 12-MONTH EVOLUTION OF NET PRIMARY REVENUE AND PRIMARY EXPENDITURE EXCLUDING CERTAIN NON-RECURRING EVENTS (% OF GDP)



Source: National Treasury Secretariat, Siga Brasil Portal and IFI. Prepared by: IFI

¹⁰ The extraordinary expenditures for addressing the public calamity in Rio Grande do Sul, the excess spending beyond the limit for court-ordered debts and judicial rulings, and the adjustments related to Provisional Measure (MPV) No. 1,238 of 2024 will not be considered for the purpose of verifying compliance with the primary balance targets.

It can be inferred, therefore, that the aforementioned atypical events may distort the assessment of the central government's primary balance trajectory. However, as can be seen from Graph 8, the fiscal effort required to meet the central government's zero primary balance target in 2024 is not of the magnitude of 1.4 p.p. of GDP (the difference between net primary revenue and primary expenditure accumulated over 12 months through July 2024, measured as a proportion of GDP). For this purpose, Table 1 presents an exercise carried out by the IFI with data up to July (incorporating information gathered from Siga Brasil for July and from the National Treasury Secretariat for January to June).

TABLE 1. EXERCISE CARRIED OUT BY THE IFI TO ASSESS THE FISCAL EFFORT REQUIRED TO MEET THE 2024 FISCAL TARGET

Breakdown	Result (R\$ billion)
1. 2024 primary balance target	0,0
2. Lower limit of the primary balance target for 2024	-28,8
3. Accumulated primary balance from January to July 2024	-76,9
4. Deductions from the target for the year (accumulated from January to July))	12,0
5. Primary balance for the purpose of meeting the target (accumulated from January to July) [3+4]	-64,8
6. Primary balance required to meet the center of the target between August and December	64,8
7. Primary balance required to meet the lower limit of the target between August and December [2-5]	36,0

Source: RARDP 3rd Bimonthly Report of 2024, Decree No. 12,120 of July 30, 2024, and IFI. Prepared by: IFI.

* The BRL 12.0 billion represents the sum of expenditures related to the calamity in Rio Grande do Sul, amounting to BRL 11.1 billion, plus the extraordinary credit of BRL 0.9 billion outlined in Provisional Measure No. 1,238 of 2024. The amounts represent totals accumulated up to July 2024

According to Table 1, excluding the projected deductions, an improvement of BRL 64.8 billion in the accumulated primary balance from August to December would be required to reach the central target set for the year. To meet the target for the year, however, it is sufficient to reach the lower limit of the tolerance range, that is, -0.25% of GDP. Thus, the required improvement in the primary balance, considering what had been achieved up to July, would be BRL 36.0 billion between August and December.

Considering that the advance payments of the INSS Christmas bonus and the larger amounts of court-ordered debt payments were made in the first half of the year, expenditure as a proportion of GDP is expected to decrease from August to December. On the revenue side, the relatively good performance of economic activity should ensure a favorable performance for tax collection. The seasonal behavior of the other variables must also be observed. As will be further explored in the next section, compliance with the primary balance target for the year will depend on the evolution of revenues in the last five months of the year. This, in turn, depends on the effectiveness of the collection measures intended by the Executive Branch, listed in the 2024 Budget Law (LOA 2024), as well as the effects of Law No. 14,873¹¹ of 2024, which limits tax offsets arising from judicial credits by taxpayers.

Assessment of the possibility of meeting the target in the light of the 3rd Bimonthly RARDP

Table 2 summarizes the Executive's projections for the central government's primary balance in 2024, updated in the Revenue and Primary Expenditure Assessment Report (RARDP) for the 3rd Bimonthly Period¹² of 2024, as well as the most recent projections from the IFI, presented in RAF No. 89¹³ of June 2024.

In July, the Executive began projecting net primary revenue of 18.8% of GDP in 2024, while the current IFI projection is 18.5% of GDP. The difference of 0.3 p.p. of GDP is equivalent to BRL 29.7 billion. On the other hand, the Executive's projection for federal primary expenditure this year is now 19.4% of GDP, while the IFI projects it at 19.2% of GDP in 2024. The difference is BRL 15.9 billion (0.2 p.p. of GDP).

¹¹Resulting from the sanction of Conversion Bill No. 1, of 2024, originating from Provisional Measure No. 1,202, of December 29, 2023

¹² Page to access the document: <https://tinyurl.com/47f99r6>.

¹³ Available at: <https://tinyurl.com/5e8apd2p>.

Between the 2nd Bimonthly RARDP of 2024 (May) and the 3rd Bimonthly RARDP of 2024 (July), the Executive revised the projection for primary expenditure in 2024 by BRL 20.7 billion. The estimate for mandatory expenditures increased by BRL 29.0 billion, while the forecast for discretionary expenditures decreased by BRL 8.3 billion. In May, the Executive projected BRL 13.0 billion to be allocated to expenditures not accounted for in the 2024 primary balance (related to the public calamity in Rio Grande do Sul and TCU Ruling 1103/2024¹⁴). In July, this estimate rose to BRL 28.8 billion. In June, the IFI estimated these off-target expenditures at BRL 18.0 billion.

TABLE 2. EXECUTIVE AND IFI PROJECTIONS FOR THE CENTRAL GOVERNMENT PRIMARY BALANCE IN 2024

	RARDP 3rd bim		IFI (Jun-24)		Difference IFI (Jun/24) and RARDP 3rd bimonthly report	
	BRL billion	GDP %	BRL billion	GDP %	BRL billion	GDP %
1. Total primary revenue	2.698,1	23,4	2.652,8	23,0	-45,3	-0,4
2. Revenue-sharing transfers	529,9	4,6	514,2	4,5	-15,7	-0,1
3. Net primary revenue [1-2]	2.168,3	18,8	2.138,6	18,5	-29,7	-0,3
4. Primary expenditure	2.229,6	19,4	2.213,7	19,2	-15,9	-0,2
5. Central Government primary balance [3-4]	-61,4	-0,5	-75,2	-0,7	-13,8	-0,2
6. Primary balance target (LDO 2024)	0,0	0,0	0,0	0,0		
7. Lower limit of the primary balance target (LDO 2024)	-28,8	-0,25	-28,8	-0,25		
8. Expenses not considered in the primary balance (RS disaster and ruling 1103/2024-TCU)	28,8	0,2	18,0	0,2	-10,8	0,0
9. Primary balance to meet the LDO 2024 [5+8]	-32,6	-0,3	-57,2	-0,5	-24,6	-0,2
10. Adjustment to target [9-6]	-32,6	-0,3	-57,2	-0,5		
11. Adjustment to lower limit of the target [9-7]	-3,8	0,0	-28,3	-0,2		

Source: Revenue and Primary Expenditure Assessment Report (RARDP) for the 3rd Bimonthly Period of 2024 and IFI. Prepared by: IFI.

Some additional observations regarding Table 2. The Executive projects that net primary revenue will rise from the current 18.2% of GDP in July to 18.8% of GDP at the end of the year. This difference, of 0.6 p.p. of GDP, corresponds to BRL 123.8 billion. By way of illustration, in the 12-month comparison, the Federal Government's net primary revenue increased from 17.5% of GDP in December 2023 to 18.2% of GDP in July 2024. This 0.7 p.p. increase in GDP during the period corresponded to an addition of BRL 145.1 billion.

It is worth noting that the increase in net revenue accumulated in 2024 up to July (BRL 145.1 billion) was achieved with the help of atypical collections amounting to BRL 20.3 billion, related to the taxation of income from exclusive funds and offshore accounts (Law No. 14,754 of 2023), as well as another atypical collection of BRL 2.0 billion from PIS and Cofins in June¹⁵, according to the Federal Revenue Office (RFB).

In addition to the BRL 22.3 billion from atypical income tax collections on exclusive funds and offshore accounts, as well as PIS/Cofins, the Executive indicates having obtained BRL 12.0 billion from limiting tax offsets from judicial tax credits in the first half of the year, averaging BRL 2.0 billion per month throughout 2024. In the 3rd Bimonthly RARDP of 2024, the Executive estimates it will collect an additional BRL 12.0 billion from this measure in the second half of the year.

¹⁴ TCU Ruling No. 1,103 of 2024 authorizes extraordinary expenditures by the Judiciary and the National Council of the Public Prosecution, totaling BRL 1.3 billion.

¹⁵ See the Federal Revenue Report for June 2024, available at: <https://tinyurl.com/5n7y2vk8>.

There is no detailed information on other collections provided for in the measures contained in LOA 2024¹⁶. In recent editions of the National Treasury Results Bulletin (RTN)¹⁷, the Executive reports, without specifying the amounts, that the limitations on tax offsets have led to an increase in IPI revenues, and that PIS-PASEP/Cofins revenues have been boosted by the exclusion of ICMS from the tax base for PIS-PASEP and Cofins credits (Law No. 14,592 of May 30, 2023).

According to the IFI's most recent projections (June 2024), the central government's net primary revenue should reach 18.5% of GDP in December, up 0.3 p.p. compared to the July result, or BRL 94.1 billion. This amount would be reached with the help of collections provided for in measures to increase revenue. However, this estimate could be revised in September.

Table 3 was built using information presented¹⁸ in the 3rd Bimonthly RARDP of 2024 and provides a comparison between the Executive's and IFI's estimates for the measures intended to increase revenue in 2024, as outlined in the 2024 Budget Law (LOA Considering the information in Table 3 and the previous discussion, of the BRL 123.8 billion needed to increase net primary revenue between August and December, according to the Executive's projections, BRL 87.1 billion would come from measures with a high risk of not materializing¹⁹. According to IFI projections, it would be necessary to increase net revenue by BRL 94.1 billion from August to December, of which BRL 65.6 billion would come from the measures set out in Table 3.

In September, the IFI plans to reassess the short-term macroeconomic and fiscal scenario. Due to the apparent low effectiveness of some revenue-increasing measures, such as ICMS subsidies, Carf, and tax settlements, there is a downward bias in the projections, which would worsen the forecast for the central government's primary balance this year (assuming primary expenditure remains constant).

TABLE 3. ESTIMATED REVENUE WITH MEASURES INCLUDED IN LOA 2024

Measure	RARDP 3rd bim	IFI (Jun-24)	Difference IFI (Jun/24) and RARDP 3rd bim (BRL billion)
	Monthly average Jul-Dec 24 (R\$ billion)	Monthly average Jul-Dec 24 (R\$ billion)	
ICMS subsidies	2,4	1,8	-0,6
Fixed odds betting (regulation)	0,1	0,1	0,0
Carf (casting vote) - Law No. 14,689, of 2023	6,3	3,8	-2,5
Tax transactions - Law No. 14,689 of 2023	2,6	2,6	0,0
Tax transactions - Law No. 14,689 of 2023	1,2	0,8	-0,5
Limitation of tax offsets - Law No. 14,873	2,0	2,0	0,0
Monthly total	14,5	10,9	-3,6
Total Jul-Dec 2024	87,1	65,6	-21,5

Source: Revenue and Primary Expenditure Assessment Report (RARDP) for the 3rd Bimonthly Period of 2024 and IFI. Prepared by: IFI.

According to the 3rd Bimonthly RARDP of 2024, in order to meet the primary balance target for the 2024 fiscal year, the Executive projected a primary deficit of BRL 32.6 billion (0.3% of GDP) for the central government in July. The IFI's most recent estimate, on the other hand, is for a primary deficit of BRL 57.2 billion (0.5% of GDP) this year, a deviation of BRL 24.6 billion (0.2 p.p. of GDP) from the Executive's projection.

¹⁶ See Table 3 of the aforementioned RAF No. 89 of June 2024.

¹⁷ Page to access publications: <https://tinyurl.com/y463cpb2>.

¹⁸ See page 50 of the report.

¹⁹ For a discussion regarding the risks of these measures materializing, see RAF No. 80, September 2023, available at: <https://tinyurl.com/y2t77bcn>.

It is also noteworthy that the Executive announced a spending cut of BRL 3.8 billion to meet the lower limit of the 2024 fiscal target (Table 2), suggesting that the adjustments were aimed at reaching the floor rather than the midpoint of the target range set for the fiscal year. A point of observation here. The Complementary Law No. 101 (Fiscal Responsibility Law - LRF), of May 4, 2000, establishes in its Art. 9 the need to limit budget commitments and financial transactions if the revenue realized in the given bimonthly period does not allow for the achievement of the primary balance targets set for the fiscal year. The same LRF, as amended by Complementary Law No. 200 of 2023, establishes that the fiscal target will be considered met if the lower limit of the tolerance range is reached (item IV of §5 of Art. 4 of Complementary Law No. 101).

To conclude this analysis, this exercise sought to demonstrate the difficulties associated with meeting the fiscal target set for 2024. Based on the projections presented by the IFI in June, it is clear that, even for the central government's primary deficit in 2024 to reach 0.5% of GDP (the IFI's current projection, incorporating the expected deductions), a substantial increase in revenues would be required (BRL 94.1 billion, of which BRL 65.6 billion would come from measures with a relatively high degree of uncertainty). The exercise also assumes that primary expenditure, as a proportion of GDP, will remain at the levels observed through July 2024 (19.2% of GDP, with the influence of certain non-recurring events on the series already discounted).

When considering the context of meeting the target, whether at the lower limit of the band or the midpoint of the target, as defined in Complementary Law No. 200, the scenario becomes even more challenging, given the need for an even greater amount of revenue in the remaining five months of the year. It can be concluded, therefore, that the revenue projections presented by the Executive in the 3rd Bimonthly RARDP of 2024 remain relatively optimistic.

Medium-term fiscal impact of Complementary Law No.200 of 2023 and Law No. 14.663 of 2023

Eduardo Nogueira

The medium-term fiscal impact of the reinstatement of the constitutional minimums for health and education, as well as the permanent minimum wage appreciation policy, is significant, given that they affect components representing 60% of the central government's primary expenditures. The result of the exercise indicates that these measures alter the expected primary balance trajectory and jeopardize the sustainability of the RFS expenditure limit.

Introduction

The purpose of this exercise is to assess the fiscal impact of the changes brought about by the entry into force of Complementary Law (LC) No. 200 of 2023²⁰, which instituted the Sustainable Fiscal Regime (RFS), and Law No. 14,663 of 2023²¹, which establishes the policy of permanent appreciation of the minimum wage. The impact was calculated based on the macroeconomic and fiscal parameters presented in the IFI's medium-term projections published in RAF No. 89²² of June 2024.

As seen in RAF No. 90²³, of July 2024, the entry into force of the RFS reinstated the constitutional minimums for health and education, linking them to the performance of Net Current Revenue (RCL) and Net Tax Revenue (RLI), respectively, causing a direct impact on primary expenditure. These expenses represented 10% of the central government's primary expenses in 2023.

Another expense impacted by the RFS was the return of the binding of mandatory parliamentary amendments (individual and state caucus) to the performance of the Net Current Revenue (RCL). However, as seen in RAF No. 90, there is a significant overlap²⁴ between mandatory amendments to the constitutional minimums for health and education and investment expenses, so there is no automatic increase in primary expenditures.

Initially, the growth in parliamentary amendments causes a budgetary *crowding out* effect, shifting the responsibility for the budget allocation of discretionary expenditure from the Executive Branch to the Legislative Branch, with no direct impact on primary expenditure.

Over time, however, the volume of parliamentary amendments will grow to such an extent that it will force the growth of discretionary spending, because the allocation of amendments, mainly to investments, will exceed the capacity to allocate non-rigid discretionary spending in the budget.

In addition, the need to allocate amendments to a special reserve, from the moment the Annual Budget Bill (PLOA) is drawn up, increases budgetary rigidity, reducing space for other public policies and can indirectly increase primary expenditure²⁵, if the Executive Branch needs to allocate additional resources to carry out public policies of its interest that do not necessarily coincide with the allocation promoted by the Legislative Branch.

On the other hand, the minimum wage appreciation policy influences the growth rate of pension and social benefits, the salary allowance, and unemployment benefits, and therefore directly impacts the growth rate of primary expenditures. These expenses represented 50% of the Central Government's primary expenditure in 2023.

²⁰ Available at: <https://tinyurl.com/4spmu7ct>.

²¹ Available at: <https://tinyurl.com/4wmyfc85>.

²² Available at: <https://tinyurl.com/5e8apd2p>.

²³ Available at: <https://tinyurl.com/2u6td5mw>.

²⁴ On average, between 2010 and 2023, considering mandatory amendments, 43.4% were used for expenditures classified as Public Health Actions and Services (ASPS), 1.7% for Maintenance and Development of Education (MDE), 45.9% for investments, and 9% for other discretionary expenditures. Taking non-mandatory amendments into account, the distribution among ASPS, MDE, investments, and other expenses was, on average, 0.3%, 1.4%, 96.6%, and 1.7%, respectively. Considering all the parliamentary amendments, the distribution was 35.1%, 1.6%, 55.7% and 7.6% respectively. Thus, on average, 92.4% of parliamentary amendments are also counted towards meeting the constitutional minimums and the investment floor.

²⁵ However, this study does not assess this possibility.

In recent years, the adjustment of the minimum wage only took into account the annual variation of the National Consumer Price Index (INPC). With the new system, the adjustment also considers the real growth of the Gross Domestic Product (GDP) of two years prior to the year in which the minimum wage is in force.

The constitutional minimums for health and education, which were adjusted by the Extended National Consumer Price Index (IPCA) before the RFS took effect, return to the previous rule of binding to different revenue concepts. At least 15% of the RCL for the financial year must be spent on health actions, as stipulated in item I of §2 of art.198 of the Federal Constitution. In the case of education, the rule considers that the Federal Government must spend at least 18% of the RLI, as stipulated in Art. 212 of the Constitution.

Calculating the fiscal impact

The exercise consists of determining the fiscal impact of the measures adopted on the performance of the federal government's primary expenditure between 2025 and 2034, which is the time horizon of the IFI's medium-term fiscal projections, considering the growth of the expenses mentioned by the previous rule. The projected fiscal impact is detailed in Tables 4, 5 and 6 below, broken down by each of the three scenarios drawn up by the IFI.

TABLE 4. FISCAL IMPACT IN THE BASELINE SCENARIO IN CONSTANT VALUES (2024) (R\$ BILLION)

Item	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total (2025-2034)
Social security benefits	17	31	43	60	76	94	112	132	151	172	889
Salary Allowance	0	1	1	2	3	3	4	5	5	6	31
Unemployment benefit	8	9	10	12	13	15	16	18	20	22	143
BPC	0	2	5	8	11	14	18	22	26	30	135
ASPS	11	16	22	28	34	42	50	58	67	75	404
MDE	2	2	3	3	4	5	7	8	10	11	55
TOTAL	39	61	84	112	141	174	208	243	279	317	1.657

Source: IFI. Prepared by: IFI.

In the baseline scenario, the projected fiscal impact is BRL 1.7 trillion over 10 years, in constant 2024 values. This figure represents 6.4% of the total primary expenditure for the period, projected at BRL 25.9 trillion, or 14.3% of GDP in 2024.

TABLE 5. FISCAL IMPACT IN THE OPTIMISTIC SCENARIO IN CONSTANT VALUES (2024) (R\$ BILLION)

Item	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total (2025-2034)
Social security benefits	17	33	50	71	93	116	139	164	190	217	1.091
Salary Allowance	1	1	2	3	4	5	6	7	9	10	48
Unemployment benefit	2	3	5	7	9	11	13	15	17	20	100
BPC	3	6	9	14	18	23	28	34	40	47	224
ASPS	12	17	23	31	38	48	59	69	81	93	470
MDE	3	4	5	7	8	11	13	15	18	21	104
TOTAL	37	64	94	131	170	213	258	306	355	407	2.036

Source: IFI. Prepared by: IFI.

In the optimistic scenario, the projected fiscal impact is BRL 2 trillion over 10 years, in constant 2024 values. This figure represents 8.0% of total primary expenditure for the period, projected at BRL 25.4 trillion, or 17.6% of GDP in 2024. The greatest impact in the optimistic scenario is due to two factors. The first stems from lower inflation for the period, which reduces the expenses projected in the alternative scenario. The second factor stems from the growth in GDP and primary revenues, which are higher in the optimistic scenario and increase the expenditure projection under the old rules.

TABLE 6. FISCAL IMPACT IN THE PESSIMISTIC SCENARIO IN CONSTANT VALUES (2024) (R\$ BILLION)

Item	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total (2025-2034)
Social security benefits	18	28	36	45	56	66	78	89	102	115	632
Salary Allowance	1	1	1	2	2	2	3	3	4	4	23
Unemployment benefit	2	3	3	4	5	6	7	8	9	10	59
BPC	3	5	7	8	10	13	15	17	20	23	122
ASPS	11	19	26	33	40	49	58	67	76	86	465
MDE	1	1	1	1	1	1	1	2	2	3	13
TOTAL	35	56	73	93	114	138	162	187	214	241	1.313

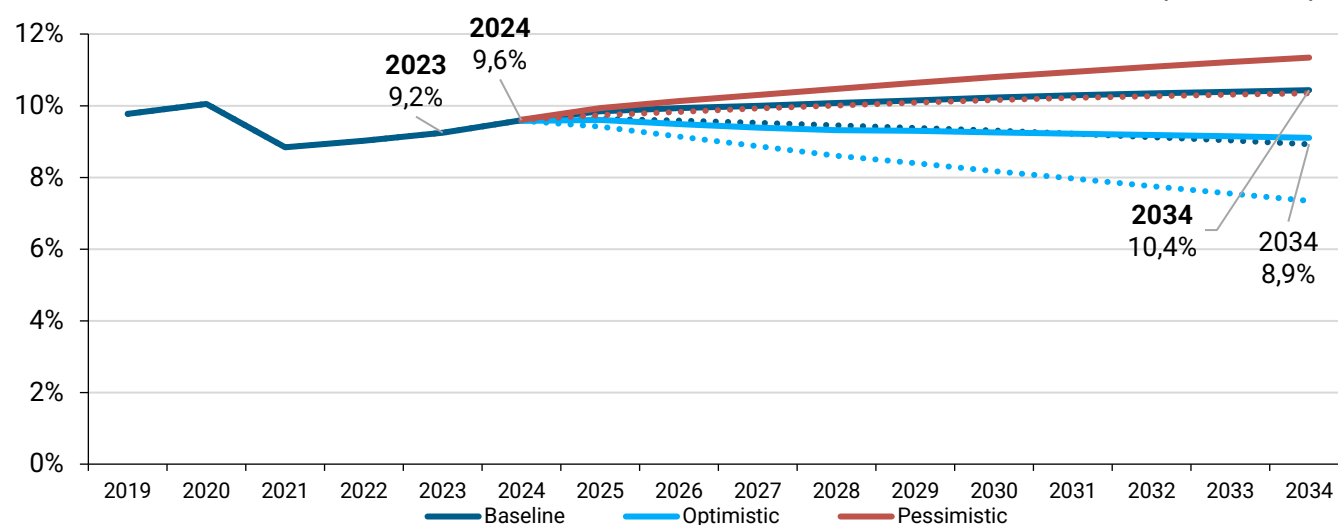
Source: IFI. Prepared by: IFI.

In the pessimistic scenario, the projected fiscal impact is BRL 1.3 trillion over 10 years, in constant 2024 values. This figure represents 5.1% of the total primary expenditure for the period, projected at BRL 25.5 trillion, or 11.4% of GDP in 2024.

The projections show a greater impact in the optimistic scenario, which is due to the adjustment variables. In the case of expenditure linked to the minimum wage, the real adjustment more than offsets the lower inflation in the scenario, as shown in Graph 9. As for the health and education floors, the variation by RCL and RLI tends to vary in the same proportion as GDP, while projected inflation is lower, which increases the impact in the medium term.

The graphs below show the expenditure projections considered in the tables above. The solid line represents the current scenario, while the dotted line represents the alternative scenario.

Considering the effects of the minimum wage adjustment rule, Graph 9 shows that in the three IFI scenarios there is a reduction, in percentage of GDP, in the adjustment rule based only on the INPC. In the baseline scenario, under the current rule, the policy of raising the minimum wage could increase spending on social security, BPC, salary allowance and unemployment benefits from 9.6% of GDP in 2024 to 10.4% of GDP in 2034, an increase of 0.84 p.p. Considering the rule without raising the minimum wage, spending tends to fall to 8.9% of GDP in the baseline scenario.

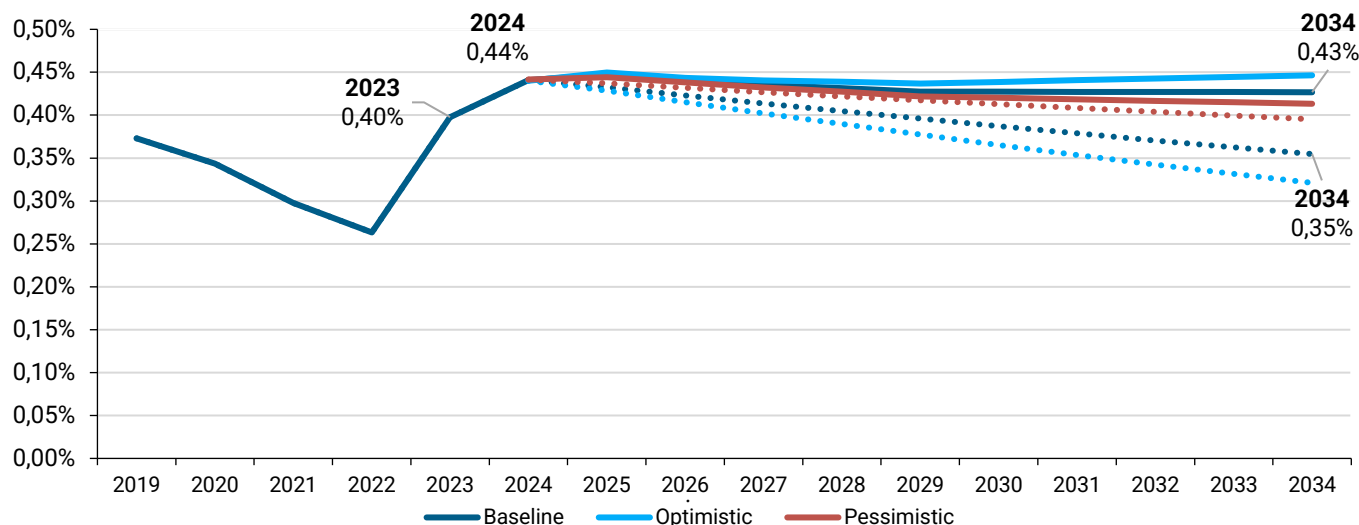
GRAPH 9. PROJECTION OF EXPENDITURE LINKED TO THE MINIMUM WAGE IN THE THREE IFI SCENARIOS (IN % OF GDP)

Source: IFI.

* Does not include the payment of court-ordered debts

Graph 10 shows the growth in each scenario for the education floor. The expected impact shows that the indexation of at least 18% of the RLI maintains a constant share as a percentage of GDP, ending the year 2034 at 0.4% of GDP in the baseline scenario. In the case of binding to the IPCA, the projection shows a downward trend for these expenses, ending 2034 at 0.35% of GDP in the baseline scenario.

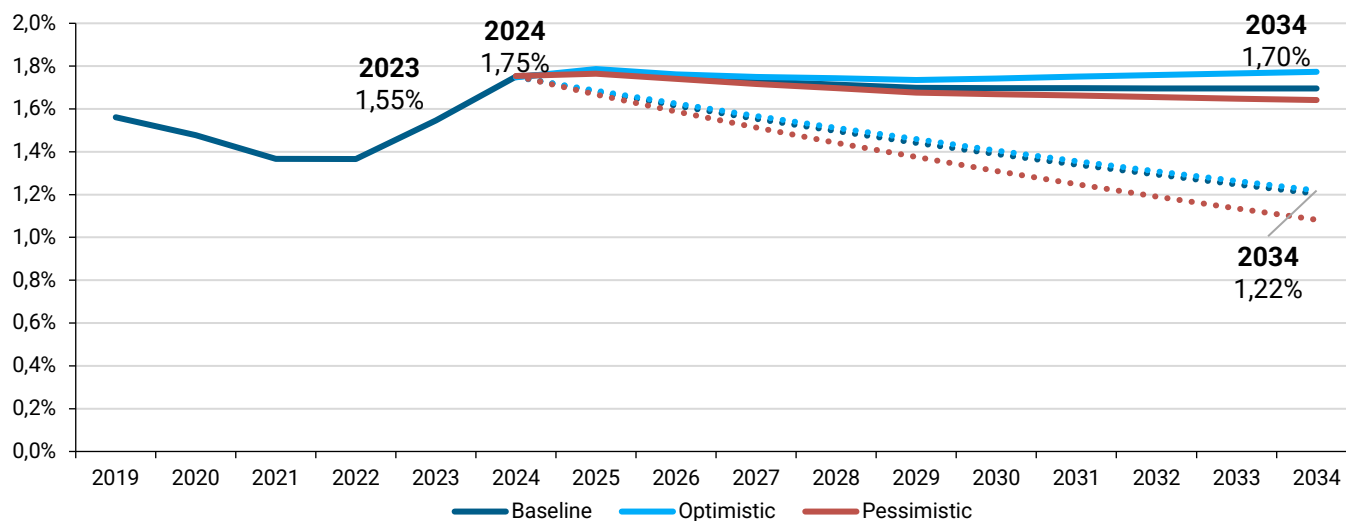
GRAPH 10. PROJECTION OF EXPENDITURE ON MAINTENANCE AND DEVELOPMENT OF EDUCATION IN THE THREE IFI SCENARIOS (IN % OF GDP)



Source: IFI.

Graph 11 shows the growth in each scenario for the health floor. The dotted line represents the alternative adjustment rule, linked to the IPCA, and the solid line represents the current rule, used in IFI's current projections. The ASPS are bound by the rule of allocating at least 15% of the RCL. According to the IFI's baseline scenario, the rule shows stability in the value as a percentage of GDP, with a projection of 1.7% of GDP in 2034. In the case of binding to the IPCA, the share of these expenses tends to decrease, ending 2034 at 1.22% of GDP in the baseline scenario.

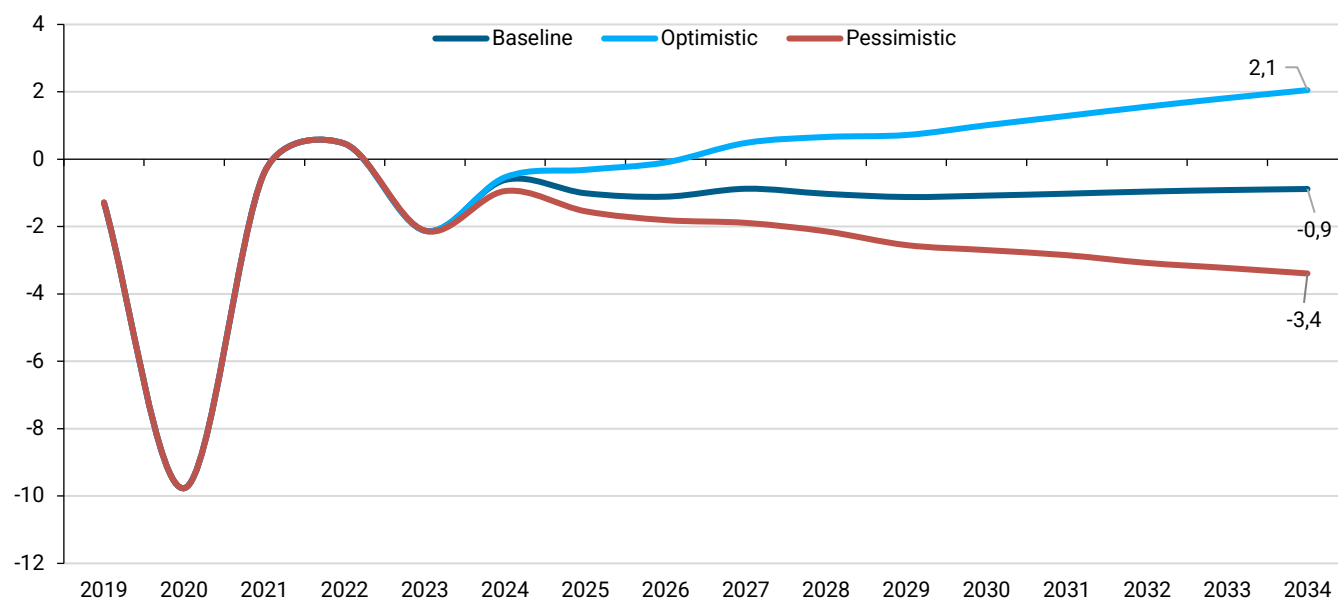
GRAPH 11. PROJECTION OF EXPENDITURE ON PUBLIC HEALTH ACTIONS AND SERVICES IN THE THREE IFI SCENARIOS (IN % OF GDP)



Source: IFI.

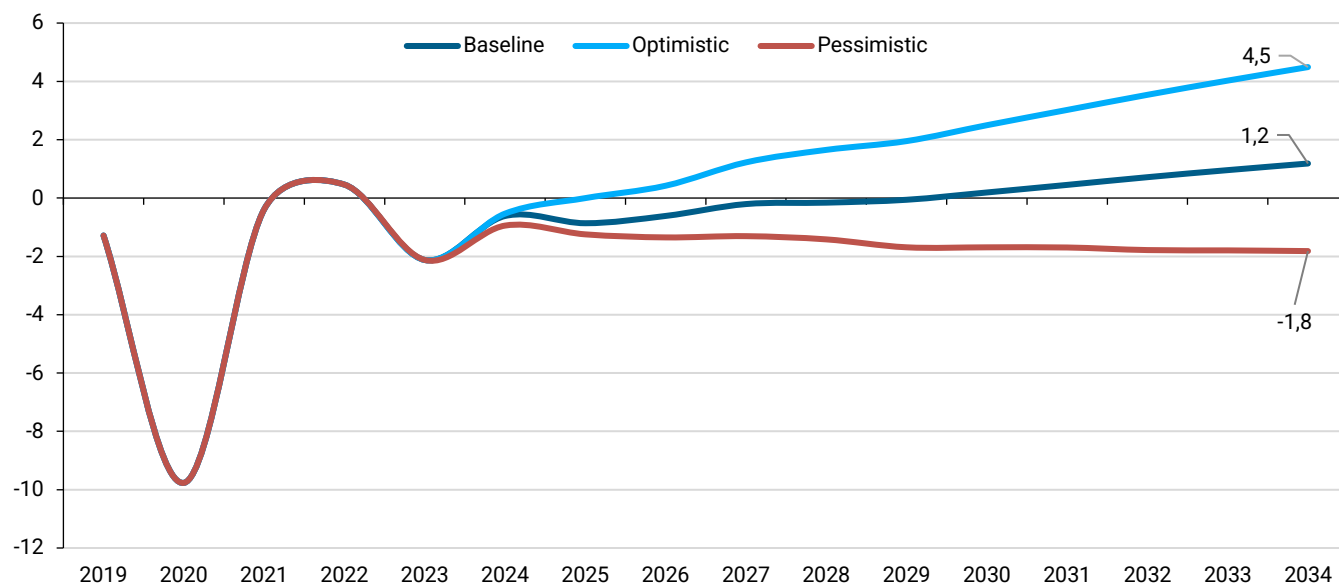
Thus, based on the values calculated in 2023, the changes introduced by the two pieces of legislation under review affect the growth rate of 60% of the Central Government's primary expenditures, highlighting the importance of the issue. Furthermore, given that these expenses are growing at a faster rate than the others, their importance within the budget tends to increase over time.

Another simple way of understanding the fiscal impact is by comparing the expected primary balance, as a percentage of GDP, comparing the current trajectory with the one simulated by the previous rule, as can be seen in the graphs below.

GRAPH 12. IFI SCENARIOS FOR THE FEDERAL GOVERNMENT'S PRIMARY BALANCE (GDP %) - CURRENT RULE


Source: STN and IFI. Prepared by: IFI.

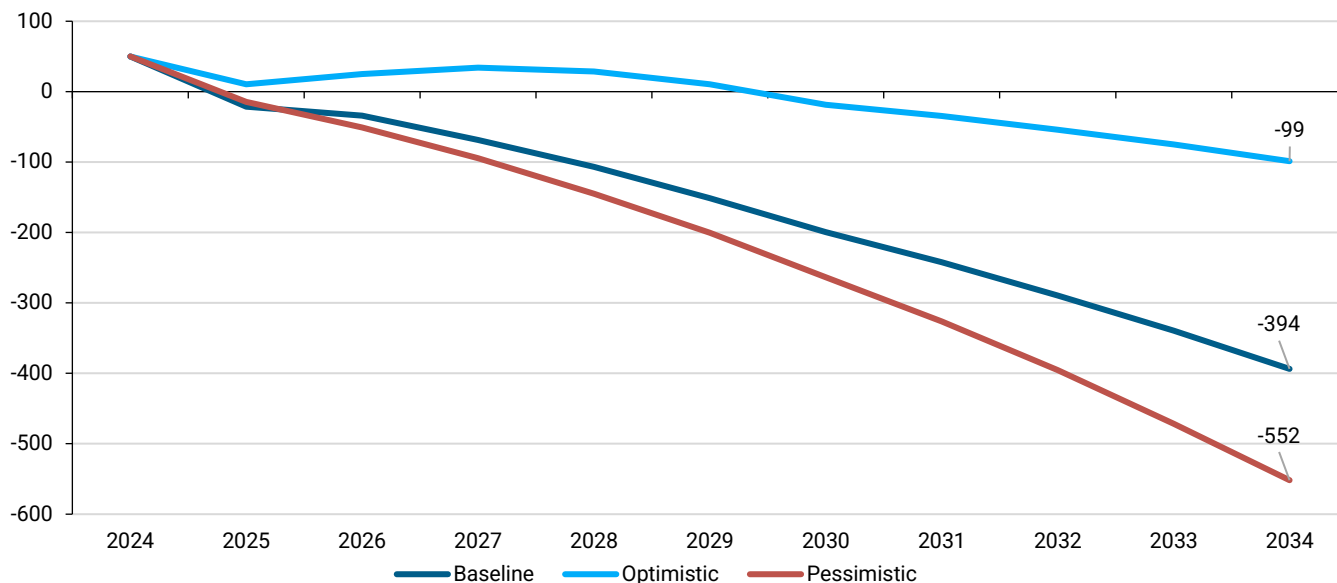
The graph above is the same as that presented in RAF No. 89 of June 2024. The exercise below, removing the fiscal impact of the evaluated measures, shows the improvement in the trajectory of the primary balance over the period.

GRAPH 13. IFI SCENARIOS FOR THE FEDERAL GOVERNMENT'S PRIMARY BALANCE (GDP %) PREVIOUS RULE


Source: STN and IFI. Prepared by: IFI

An alternative way to assess the impact is to analyze the sufficiency of the primary expenditure limit under the Sustainable Fiscal Regime, determining whether it is feasible to meet the limits established by the RFS. The result can be seen in Graphs 14 and 15.

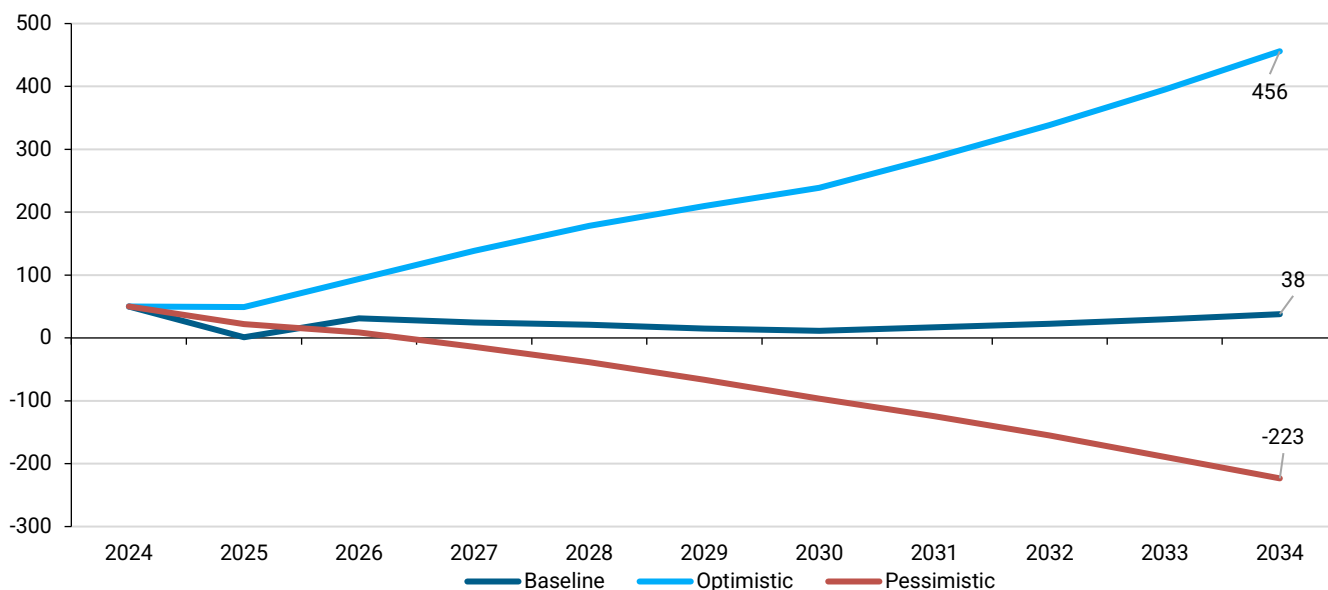
GRAPH 14 (IN)SUFFICIENCY OF THE EXPENDITURE LIMIT UNDER THE RFS (CURRENT BRL BILLION) - CURRENT RULE



Source: IFI.

The graph above is the same as that presented in RAF No. 89 of June 2024. The exercise below, excluding the fiscal impact of the evaluated measures, demonstrates that, starting from the baseline scenario, the RFS can be observed throughout the entire period, meaning there is room for allocating²⁶ a sufficient minimum of discretionary primary expenditures²⁷ to sustain the functioning of the public administration.

GRAPH 15. (IN)SUFFICIENCY OF THE RFS EXPENDITURE LIMIT (CURRENT BRL BILLION) - PREVIOUS RULE



Source: IFI.

It is important to highlight that there is another significant primary expenditure, which has always been linked to the growth of the federal government's revenue since its creation, even during the period of the expenditure ceiling (2016 to 2022), which is the Federal District Constitutional Fund (FCDF).

²⁶ However, the issue of the allocation of primary expenditure due to the growth of parliamentary amendments, mentioned in the introduction to the text, is still present.

²⁷ Subject addressed in RAF No. 90, of July 2024.

Created by Law No. 10,633 of 2002²⁸, the FCDF had an initial contribution of BRL 2.9 billion in 2003, this amount being adjusted annually by the RCL. The current allocation for the FCDF budget is BRL 23.4 billion in 2024, which corresponds to 1.2% of the Central Government's primary expenditure in 2024.

Another expenditure linked to revenue performance²⁹, and even more significant, is the federal contribution to the Fund for the Maintenance and Development of Education (Fundeb), whose rules were altered by Constitutional Amendment No. 108, of August 26, 2020³⁰, which gradually increased the Federal Government's contribution percentage from 12% in 2021 to 15% in 2022, 17% in 2023, 19% in 2024, 21% in 2025, and 23% from 2026 onward. The current allocation for Fundeb's budget is BRL 47 billion in 2024, which corresponds to 2.5% of the Central Government's primary expenditure in 2024.

Conclusion

As seen, the medium-term fiscal impact of Complementary Law No. 200 of 2023 and Law No. 14,663 of 2023 is significant, considering that they affect components representing 60% of the central government's primary expenditures. The result for the year indicates that these measures alter the trajectory of expected primary balances and jeopardize the sustainability of the RFS expenditure limit.

However, it is important to mention that this exercise aims to measure the impact of relevant fiscal events³¹, with the goal of increasing transparency in public accounts and fostering debate on the trajectory of public debt stabilization as outlined in the Sustainable Fiscal Regime. It does not, under any circumstances, represent a value judgment on the importance of such public policies.

In this sense, the results presented, along with the projections made by the IFI in Fiscal Follow-up Report No. 89 of June 2024, reinforce the importance of revenue recovery measures and expenditure reviews aimed at ensuring budgetary alignment with the established targets.

²⁸ Available at: <https://tinyurl.com/4pnm2sdz>.

²⁹ Unlike the other expenditures presented in the text, however, the Fundeb allocation is not directly tied to federal revenue but rather to a basket of taxes consisting of own revenue and shared revenue, either related to states (ICMS, IPVA, ITCMD, FPE, IPI) or municipalities (FPM, ICMS, IPVA, IPI). For more information, see Law 14,113/2020. Available at: <https://tinyurl.com/cs6ktwnh>.

³⁰ Available at: <https://tinyurl.com/4pvs4md6>.

³¹ In strict compliance with Art. 1, III of Federal Senate Resolution No. 42 of 2016. Available at: <https://tinyurl.com/4v6iea38>.

IFI projections

SHORT TERM

IFI projections	2024			2025		
	Jul/24	Aug/24	Comparison	Jul/24	Aug/24	Comparison
GDP - real growth (% p.a.)	2,02	2,02	=	1,90	1,90	=
GDP - nominal (BRL billion)	11.551,56	11.551,56	=	12.265,82	12.265,82	=
IPCA - accumulated (% in the year)	4,04	4,04	=	3,48	3,48	=
Exchange rate - end of period (BRL/US\$)	5,10	5,10	=	5,15	5,15	=
Employment - (%) growth	1,75	1,75	=	0,99	0,99	=
Payroll - (%) growth	4,90	4,90	=	1,90	1,90	=
Selic - end of period (% p.a.)	10,50	10,50	=	9,50	9,50	=
<i>Ex-ante</i> real interest rate (% p.a.)	5,33	5,33	=	4,75	4,75	=
Consolidated Public Sector Primary Balance (% of GDP)	-0,65	-0,65	=	-0,72	-0,72	=
of which Central Government	-0,65	-0,65	=	-0,72	-0,72	=
Net Nominal Interest (% of GDP)	7,20	7,20	=	6,86	6,86	=
Nominal Balance (% of GDP)	-7,85	-7,85	=	-7,58	-7,58	=
Dívida Bruta do Governo Geral (% do PIB)	78,02	78,02	=	81,28	81,28	=

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