

Fitch Teleconf: Prospects for Brazil's New Finance Minister, Thurs, April 6, 10:30 AM EST

5 de abril de 2006

Fitch Ratings-New York-05 April 2006: Tomorrow, April 6 at 10:30 a.m. EDT, Fitch Ratings will host a teleconference to discuss the outlook for Brazil's sovereign ratings in light of the change in leadership at Brazil's federal treasury, including the naming of Guido Mantega to succeed Antonio Palocci as finance minister. Roger Scher, Managing Director and head of Latin American Sovereign Ratings, will make a short presentation. Rafael Guedes, Managing Director and head of Fitch's Brazil office headquartered in Sao Paulo, will be available during the question-and-answer session following the presentation. On Monday, Fitch published a report, titled 'Brazil: Policy Continuity?'. The report discusses the rating implications of recent political developments in Brazil, as well as trends in public and external finances and is available on Fitch Ratings web site at 'www.fitchratings.com'. Fitch currently rates Brazil as follows: --Foreign currency Issuer Default Rating (IDR) 'BB-'; --Local currency Issuer Default Rating (IDR) 'BB-'; --Rating Outlook Positive. Fitch believes that maintaining the Brazilian government's 4.25% of GDP primary budget surplus target, in spite of Finance Minister Antonio Palocci's stepping down, will be important to ensuring that fiscal restraint continues, one of the cornerstones of improvements in Brazil's sovereign creditworthiness in recent years. Finance Minister Palocci had been a linchpin of fiscal policy in the Lula government, the architect of policies that helped yield primary surplus performance in excess of the target over the three years of President Lula's administration, including 4.84% of GDP achieved last year. Given Brazil's very high debt burden and poor GDP growth record, any relaxation of the fiscal targets would send the wrong policy signal, put the debt to GDP ratio (75.2% last year) on an upward trajectory, and could create difficulties for the government in the domestic debt auctions, where over a third of the domestic debt is rolled over every twelve months. Likewise the Finance Minister is a member of the National Monetary Council that sets the inflation targets for the central bank. Any slippage in these targets could jeopardize monetary policy credibility. U.S. and Canadian participants should call +1-877-551-8082; Latin American and other international participants should dial +1-904-596-2360 five minutes prior to the 10:30 a.m. EDT start time and give the title of the call 'Prospects for Brazil's New Finance Minister' or the call leader name 'Roger Scher.' To ensure that sufficient telephone lines are available for all companies, use internal conferencing capabilities if available. Interested parties who are not available for the teleconference will be able to hear a replay of the call starting April 6 at 11:30 a.m. EST until April 13 at 11:59 p.m. EST. U.S. and Canadian listeners should dial +1-888-284-7564; Latin American and other international listeners should dial +1-904-596-3174. For the replay, you must use the Reference Number '186471'. Contact: Christopher Kimble +1-212-908-0226 or Roger M. Scher +1-212-908-0240, New York. Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, 'www.fitchratings.com'. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.