

ECONOMY

**Petrobras profit tumbles**

Second-quarter profit for Petrobras, Brazil's giant state oil company, was lower by nearly a third from a year earlier as oil prices fell and the company took charges for layoffs and problems with a refinery. Petrobras said net income fell 30%, to US\$118 million, in the three months ending June 3. Part of the problem is Petrobras's huge debt, which requires the company to have enough cash to pay its obligations. (August 12)

**Unemployment reaches 11.6%**

Unemployment in Brazil rose to 11.6%

in the three months through July, statistics agency IBGE reported. The jobless rate has risen steeply from 6.5% at the end of 2014 as the country entered its worst recession in decades. More than 1.7 million Brazilians have lost their jobs in the last 12 months, according to Labor Ministry data, taking the total number of those unemployed to an estimated 11.8 million. Wages discounted for inflation fell 3.0% compared to the same months in 2015, to an average of US\$615.08. (August 31)

**Inflation rises in August**

Inflation in Brazil rose 0.44% in August,

when the Rio Olympics added pressure on services prices, statistics agency IBGE said. Consumer prices rose 8.97% in the 12 months through August, up from 8.74% in July and far above the official annual inflation target of 4.5%. (August 9)

**Retail sales down 0.5% in July**

Retail sales declined by 10.2% year-on-year as 8 out of 10 sectors contracted, reflecting the drop in private consumption. One of the main factors behind the retail sales disappointment was the 0.3% month-on-month contraction in vehicle sales. (September 13)

POLITICS

**Temer banned from running for office**

A regional electoral court in São Paulo found then-interim Brazilian President Michel Temer guilty of election law violations and declared him ineligible to run for political office for eight years. Thus Temer, at the end of his service as president, is banned from running for reelection. However, he had in any case promised the leaders of the coalition that currently supports him that he would not run. (August 16)

**Corruption charges recommended for Lula**

Police have recommended that former Brazilian president Luiz Inacio Lula da Silva, and his wife, be charged with corruption and money-laundering as part of a probe into a huge embezzlement scheme at state-oil company Petrobras. A judge must still decide whether to press the charges. Lula founded the Workers' Party and was president in 2003–10 before helping Dilma Rousseff get elected. (August 26)

**President Dilma Rousseff impeached**

The Brazilian Senate on August 24 voted 61-20 to impeach President Dilma Rousseff for breaking fiscal laws, bringing to an end the tenure of the country's first female president. The impeachment comes after a yearlong high-pitched political battle that paralyzed the nation, helped bring down its economy, and exposed deep political differences among its people. It was as much a vote of no confidence in her



Photo: Marcelo Camargo/Agência Brasil.

Departing President Dilma Rousseff



Photo: Fabio Rodrigues Pozzebom/Agência Brasil.

Inauguration of President Michel Temer

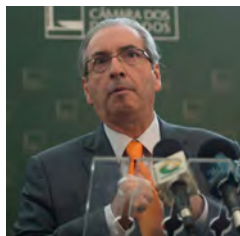
leadership as a conviction for alleged crimes. (August 31)

**Temer promises “new era”**

Brazil’s new president, Michel Temer, promised a “new era” of government for the country shortly after being sworn in following the impeachment of Dilma Rousseff. Speaking at a televised cabinet meeting after taking the oath of office, Temer said his priorities were to fix Brazil’s economy, attract foreign investment, reduce unemployment, and begin reform of the pension system. (September 1)

**Impeachment leader expelled from the House**

Two weeks after Dilma Rousseff was



**Former House Speaker Eduardo Cunha**

Photo: Marcelo Camargo/ Agencia Brasil.

removed as Brazil’s president, the lower house of Congress voted (450-10) to expel its powerful speaker, Eduardo Cunha, who engineered her impeachment, for lying about having secret bank accounts in Switzerland. Cunha, whom the Supreme Court has charged with corruption, has been banned from politics for eight years, and faces arrest now that he has lost his congressional prerogatives. (September 13)

**INTERNATIONAL**

**China supports the Temer government**

Chinese president Xi Jinping expressed confidence in Brazil’s ability to maintain stability and continue the cooperation between the two countries during a meeting with President Temer in Hangzhou, the resort hosted the G20 summit. “China has great confidence in Brazil’s development prospects, as well as confidence in cooperation between China and Brazil,” Xi said, adding that “we must continue to treat each other as partners in development and strengthen cooperation, and make China-Brazil cooperation a highlight in unity and cooperative relations between developing countries.” Temer told Xi that he wanted to reiterate “the need to maintain the solid relationship that has been built up over time”. (September 2)

**ECONOMIC POLICY**

**Meirelles: Fiscal responsibility law to be updated**

Finance Minister Henrique Meirelles said the government will work on a new bill to update the country’s fiscal responsibility law to limit current spending by states, though the government will leave unchanged a bill currently before Congress that gives Brazil’s states hefty debt relief in exchange for a ceiling on spending and a 2-year ban on wage increases to public servants. The government is pushing for an immediate vote on that bill. (August 8)

**Central bank keeps rates unchanged**

Brazil’s central bank kept interest rates at a decade high for the ninth straight time on Wednesday, but did not disavow the possibility of a rate cut later this year if stubbornly high inflation subsides. In a unanimous vote, the bank’s monetary policy committee kept the policy rate at 14.25%, the peak since July 2006. (September 1)

**Ambitious program of concessions planned**

Brazil has launched a multibillion-dollar plan to auction off oil, power rights, and infrastructure concessions, in an attempt to bolster private investment in a moribund economy. The government plans to sell licenses to operate airports in the cities of Porto Alegre, Salvador, Florianopolis, and Fortaleza by the first quarter of 2017. Later that

year it also plans to sell rights to operate federal roads in the center-west and south regions. Conservative president Michel Temer has vowed to shift economic policy away from interventionist policies of his predecessor, Dilma Rousseff. “We need to open up to the private sector because the state cannot do everything,” Temer told ministers in a meeting to discuss the plan, dubbed “Project Growth.” (September 13)

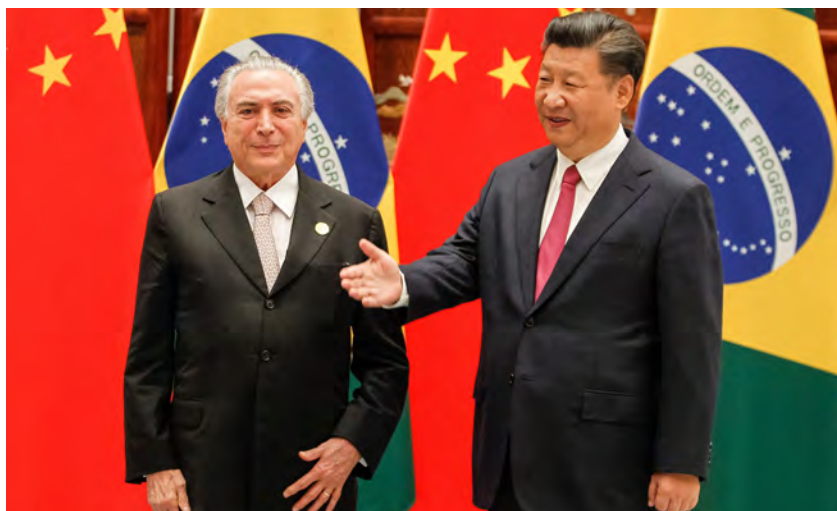


Photo: Beto Barata/PR.

President Temer meets Chinese President Xi Jinping during the G20 Summit.