

Brazil receives Investment Grade By Standard & Poor's

Standard and Poor's (S&P) Rating Services published in April 30th a report raising its long-term foreign currency sovereign credit rating on the Federative Republic of Brazil to 'BBB-' and its long-term local currency sovereign credit to 'BBB+'. Ten Brazilian companies also had its ratings raised by S&P, like Banco do Brasil, BNDES and Eletrobrás, becoming Investment Grade, just as the sovereign did.

The classification of a rating agency reflects its opinion on the capability and disposition of a sovereign government to honor, completely and on time, its debt obligations. An investment grade country is considered low risk regarding its assets. That allows better financing conditions, particularly by reducing issuance costs, to public sector – increasing public bonds demand by large institutional investors which are restricted to invest in non investment grade countries – and to private sector, because sovereign ratings works as a reference for domestic companies risk assessment and reflects improved financing conditions.

Although Brazil was already considered investment grade on long-term local currency sovereign issuer (domestic debt represents more than 90% of total Federal Public Debt), it is the long-term foreign currency sovereign rating that is usually used as reference to define the issuer's risk. This is the indicator investors consider to decide about their investments in a country.

Becoming investment grade, Brazil is, now formally, recognized by international community as a member of a restricted group of countries whose economic policies are considered solid and responsibly conducted. Given during turbulent international moment, this upgrade emphasizes the Brazilian position as one of the most important destinations of those who search safety on their long-term investments, reassuring the continuous sustainable economic growth.

The investment grade reflects many factors, like the consolidation of good macroeconomic fundamentals. This classification is also a remarkable point regarding public policies, evidencing the advanced Brazilian institutions and the country's political framework.

Rating Classification		
S&P	Long-term foreign currency debt	Long-term local currency debt
Rating	BBB- (April, 2008)	BBB+ (April, 2008)
Outlook	Stable	Stable

History		Escale
Brazil	S & P	Investment Grade
2008	BBB-	AAA
2007	BB+	AA+
2006	BB	AA
2005	BB-	AA-
2004	BB-	A+
2003	B+	A
2002	B+	A-
2001	BB-	BBB+
2000	B+	BBB
1999	B+	BBB-
1998	BB-	Speculative Grade
1997	BB-	BB+
1996	B+	BB
1995	B+	BB-
1994	B	B+
		B
		B-
		CCC+
		CCC
		CCC-
		CC
		C
		D

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