

Reasons for Optimism

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It's not easy being optimistic about Brazil. As said by Roberto Campos, our country never misses the opportunity to miss a good opportunity. Thus, even in optimal conditions, the threat that Brazil could lose the opportunity to foster growth is always present.

This year has begun with a succession of tragedies and the *New York Times* predicted it would be a fateful year for Brazil, and being optimistic may seem delirious. But it is not. Given the current situation, the country has ample conditions to resume a cycle of consistent growth based on the following decisive factors.

The first is the political desire for a Pension Reform, stimulated by the states' and municipalities' precarious financial situation. The second is the large amount of investments going toward the Investment Partnerships Program (PPI), under General Santos Cruz's command. The third refers to the boost in international trade due to the exchange rate and the crisis between the US and China.

The fourth factor is in the de-bureaucratization agenda that will be implemented by Minister Paulo Guedes in the economy. The simplification of processes and the tax system should leverage business. The fifth element points to the resumption of the economic growth initiated by Temer, which should gain consistency in the coming months.

The sixth factor is the effects of the reform agenda initiated by former President Michel Temer regarding, in particular, labor legislation in the oil and gas and energy sectors. The seventh aspect involves monetary policy, which has managed to keep interest rates at historically low levels.

The eighth factor is the impact of fintechs on credit operations in Brazil. We will experience a dramatic reduction in bank rates and an increase in the supply of credit. The banking system will have to reinvent itself to keep up with the new times. Finally, due to the factors mentioned, Brazil will continue to receive an expressive flow of direct investments and capital markets from abroad.

We will continue to be one of the favorite destinations for investments, which will further fuel the investment cycle. But more importantly, we will have more liberal economic policies, which will seek a better business environment in the country. As previously stated, the new government is working with an extraordinary agenda of de-bureaucratization and tax simplification, the scope of which will be spectacular.

The privatization program will gain momentum, energizing the economy and attracting new investors. After almost a decade skating or plunged into recession, I believe that Brazil is starting a virtuous cycle of growth because of the aspects herein mentioned.