



Debt Report

MOODY'S CREDIT RATING AGENCY CHANGES OUTLOOK ON BRAZIL'S SOVEREIGN RATING TO POSITIVE

The credit rating agency Moody's has changed to POSITIVE the outlook for Brazil's rating, which is currently at Ba2. This decision marks Moody's first move since 2018 when the outlook shifted from negative to stable, further reinforcing the improvement in the credit rating trajectory observed since 2023, with rating upgrades by both S&P and Fitch. If the change in grade happens, Brazil will be one step away from returning to investment grade, a significant landmark for the country economic stability indicators.

In its statement, Moody's highlights the improvement in the country's growth outlook, following successive structural reforms and institutional guardrails that reduce uncertainty on the future direction of public policies. Among the mentioned reforms, they emphasize the importance of the ongoing tax reform. Additionally, they also highlight the government's energy transition agenda which, while aiming to attract private investments for clean energy projects, may also boost growth as well.

From a fiscal perspective, the agency acknowledges the role of the fiscal framework in fiscal consolidation, leading to a gradual reduction in fiscal deficits, and emphasizes the importance of maintaining the credibility of this framework to reduce uncertainties regarding the fiscal trajectory. In this way, the agency expects that robust growth, together with continued progress in fiscal consolidation, will enable the stabilization of the country's debt.

The Ministry of Finance reaffirms the country's commitment to a sustainable trajectory for public finances, combining efforts to improve tax collection and contain expenses dynamic. The government's fiscal balance will lead to a reduction in interest rates and improvement in credit conditions. In this way, conditions will be created for the expansion of both public and private investments, job creation, income growth, and greater economic efficiency, essential elements for the economic and social development of Brazil.

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