ABSTRACT

After the devaluation of the Real in January 1999, Brazil abandoned the exchange rate peg that had prevailed since the establishment of the Real Plan and adopted a floating exchange rate. In 2002 the exchange had another strong start to the devaluation and the Lula government in 2003 the Brazilian authorities main concern was to stabilize the exchange rate, that goal was achieved. During the period 2003-2010, the Real began to appreciate consistently, except during a short period between October 2008 and February 2009 on behalf of the international financial crisis. This article analyzes the exchange rate policy in this period and demonstrates that the exchange rate appreciation is the result of external and internal factors. On the external side, high international liquidity and the dollar depreciation policy decided by the Fed in the period between 2009 and 2010 and in the internal policy of high interest rates determined by the policy of inflation targeting coupled with the liberalization of capital account.

Key words: Exchange rate, inflation, dollar

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1 - INTRODUCTION

The external constraint was behind the main economic problems faced by Brazil during the 1980s and early 1990s. The period inaugurated by the Real Plan in 1994 heralded a new moment in that country could take advantage of the abundant liquidity in financial markets that promised to be quite durable. This optimism was reflected in a substantial change in trade policy in Brazil. The policy of exchange rate peg with the Real Plan launched in July 1994, broke with a long tradition of the Brazilian economy in which the exchange rate was kept undervalued to maintain export competitiveness. As a result, this strategy was responsible for serious imbalances in external accounts and the low economic growth although it has achieved success in subduing the inflationary process (Belluzzo and Carneiro, 2004).

Moreover, optimism about the international financial market was short lived. During this period, Brazil suffered the contagion of all economic crises that occurred in the world starting with the Mexican crisis in December 1994, through the Asian crisis in 1997-1998 and Russia in 1998. Anchoring lasted until January 1999 when a speculative attack forced the government to let the currency float. After the adoption of floating exchange rates the Brazilian authorities have instituted a policy of inflation targeting as the new anchor of the Brazilian economy.

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Nevertheless, the exchange continued with strong fluctuations in subsequent years. In 2002, the eve of presidential elections, Brazil was again the target of a flight of capital, increasing country risk in international financial markets, which reached the 2,200 basis points (ECLAC, 2003, p.161). Thus, during the year, the nominal exchange suffered a devaluation of around 53.5% (ECLAC, 2004, p.155).

The sharp reduction in capital flows has made the government sought a new IMF agreement. The agreement was signed in August and the country obtained a credit line of $ 30 billion. In addition to pressing domestic prices, the devaluation has had a perverse effect on public accounts, since around 30% public debt was indexed to foreign exchange. In 2003, inaugurated the new government's top priority was macroeconomic policy in stabilizing exchange rates. The real began to appreciate the concerns that initially brought timid in government. The significant trade surpluses packaged by the growth in commodity prices helped to resolve such concerns.

From May 2004 until May 2007, the real has risen sharply due to strong capital inflows (Ocampo, 2010, p.89), briefly interrupted by the subprime crisis in the United States. Since the tenure of Guido Mantega in the Ministry of Finance, the economic authorities started to act more actively in the forex market, which resulted in significant growth of foreign reserves. Moreover, with falling trade surplus and return the current account deficit from 2009, the Ministry of Finance has instituted in a gradual fashion capital controls, although not sufficient to reverse the exchange rate appreciation.

Even before the subprime crisis, the trend of exchange rate appreciation has divided the experts inside and outside the federal government in two distinct fields. The first group, working mainly within the Central Bank believed that the exchange rate appreciation was mainly the result of strong foreign exchange inflows resulting from the
substantial trade surpluses. Besides, did not consider the valuation of a real problem as urgent, since the exchange is recognized as an ally assessed against inflation. Another group, which after the departure of Antonio Palocci started having the Ministry of Finance as an ally, warned that recovery was primarily due to the entrance of foreign investment, mainly from short-term speculative capital attracted by the difference in interest paid Brazil.

As we observe, from 2009, with the Brazilian government decided to combat the recessionary effects of the international financial crisis, the Ministry of Finance started to have prominence in the debate. After the country recover from the crisis was created the Tax on Financial Operations (IOF) on the entry of investments in stocks and bonds as a way to stop the devaluation of the dollar, as unthinkable when Palocci was in command of the Ministry.

This article analyzes the exchange rate policy under Lula and demonstrates that appreciation is the result of both external and internal factors. On the outside, the high international liquidity and the weak dollar policy decided by the Federal Reserve (Fed) in the period between 2009 and 2010, and in the internal politics of the high interest rates set by the policy of inflation targeting combined with the liberalization of capital account.

After this introduction the article is in the following way: in the second section we analyze the exchange rate policy between 2003 and 2006, during which the then Finance Minister Antonio Palocci was the strongman of the government. The third section will analyze the exchange rate policy between 2007 and 2010 when slowly the new finance minister, Guido Mantega, was taking the reins of government economic
policy. In the fourth section briefly outlines some thoughts on possible scenarios for the future.

2 – THE FOREIGN EXCHANGE RATE POLICY IN PALOCCI’S ERA

The first year of the Lula administration has brought the shadow of the currency crisis of 2002 when, after a sharp devaluation, the nominal rate reached almost $ 4 per dollar. The proposed new government was to maintain the orthodox macroeconomic tripod opened in January 1999, i.e. i) a floating exchange rate with capital account liberalization, ii) primary fiscal surpluses with targets, iii) inflation targeting regime with bank autonomy Central. In the first phase of the Lula government, fiscal austerity was a legacy of the Cardoso government, but has largely been overtaken by the new government. Authorities raised the primary surplus target to 4.25% of GDP, above the target agreed with the International Monetary Fund (IMF). The annual basic interest rate was increased to 26% in January and 26.5% in February.

With a fiscal and monetary policy too restrictive, the macroeconomic scenario of the first month of the new government was extremely difficult, with stagnation, high interest rates and high unemployment. The argument is with the restrictive measures adopted country could gain the confidence of markets, supposedly kept in check by the last worker of President Lula. Therefore, the construction of credibility has become the watchword on the pretext that it would be essential to prevent the collapse of the Brazilian economy (Carvalho, 2003, p.236). The macroeconomic policy was praised by

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3 Finance Minister Antonio Palocci openly defended the period he was in charge of the formalization of the Central Bank autonomy. As Sicsú (2007, p.268) the autonomy proposal conceals "a statement that the interest rate is the only effective tool to combat inflation."
the IMF and is considered one of the factors responsible for improvement in the confidence of investors (IMF, 2003, p.33).

Indeed, the adverse situation began to reverse. Credit lines and the country have returned to the first issuance of sovereign bonds in more than 12 months. Interest rates under the country's main trading overseas, the C-Bond, fell sharply (ECLAC, 2003, p.163). Similarly, the exchange rate started to appreciate, which, together with rising interest rate, was an important factor in the return to inflation control. The improvement also gave the good external conditions that are observed from June, helped by low interest rates in advanced economies and the improved terms of trade of Brazil (IMF, 2003, p.3; BCB, 2004, p. 124).

Moreover, an increase in Brazilian exports, so that in 2003 the trade balance reached a surplus of $ 24.8 billion. The optimum result in foreign trade has made the first time since 1992 the current account transactions was positive. With the improvement in the domestic scene, from July the prime rate began to fall gradually, reaching 16.5% in December. Also contributing to this, the new IMF agreement signed in late 2003, which also avoids the expenditure of $ 8.1 billion provided by the current agreement until September 2003, also provided $ 14 billion that would just serve as an insurance in case the country through an adverse situation in the future (BCB, 2003, p.123).

In 2004, Brazil achieved its highest growth since 1994 with an expansion of 5.71%. The heating of the economy meant that the monetary authority turned the warning sign. According to the BCB (2004, p.45) there were expectations that inflation will stay above the target goal set by the National Monetary Council (CMN) for the years 2004 and 2005. So the Central Bank decided to further increases in the Selic rate
since September 2004, ending the process of monetary easing that began in June last year. The tightening of monetary policy lasted until May 2005, a succession of eight consecutive increases in the Selic rate that has been the longest string of rate increases since the creation of the Monetary Policy Committee (Farhi, 2005, p.79). The Selic rate reached 19.75% in May, remaining at this level until August 2005. In September, the Monetary Policy Committee began a process of declining interest rates, ending the year with the rate at 18% per year in late December.

During 2004 the real continued to appreciate, generating rising expectations about the maintenance of good results in foreign trade that the country was getting (ECLAC, 2005). On January 6 the Central Bank announced a program of rebuilding international reserves, underscoring its intention to act neutrally on the volatility of the forex market and the fluctuation of the exchange rate (BCB, 2004, p.105). In addition, the Central Bank has also been adopting a strategy of reducing the currency exposure of the public sector.

From September 2004 to exchange rate appreciation has come under more intense, ending with a fee of $ 2.65 per U.S. dollar (BCB, 2004, p.106). The monetary authority returned to the foreign exchange market, buying dollars, but the Brazilian government reaffirmed its choice by saying that the floating exchange rate policy, rebuilding of reserves was only a prudential measure (Robinson, 2004). The movement of the exchange rate appreciation has gained new impetus after the agreement with the IMF in March 2005. At this time the Central Bank withdrew completely from the foreign exchange market and derivatives thereof, after a more aggressive approach in
the first half of March\(^4\) (Farhi, 2005, p.100). Thus, on November 11 from the dollar hit $2.16 R / US $, the lowest level since April 12, 2001 (BCB, 2005, p.107).

Another important characteristic of this period refers to the process of financial liberalization. The process begins even in the Collor government (1990-1992) and Fernando Henrique Cardoso (1995-2002), and deepened during the Lula government. During this period the first changes began in March 2005 when the CMN announced three important measures. First, the unification of the Foreign Exchange Market Free Rate (MCTL) and the Foreign Exchange Market Floating Rate (MCTF), eliminating the regulatory differences between the two markets. The forex market has operated with only one set of rules, which should reduce operating costs and the exchange of legal uncertainties. Secondly the bill was extinguished CC-5, facilitating the remittance of funds abroad. Finally, the extension of the deadline for hedging in exports which rose to 210 days from the date of shipment of goods or services, or within 30 days of the expiration of the operation supported on a credit record (BCB, 2005, p.108). In August 2006, a new resolution deepened the flexibility of coverage, defining that 30% of the proceeds from exports could be kept in financial institutions abroad, and to expand to up to 360 days the time for internalization of resources (BCB, 2006, p.102). Finally, in March 2008 was issued for the CMN Resolution 3548, which allowed the Brazilian exporters to keep 100% of overseas resources related to the receipt of their exports (BCB).

The debate as to what the equilibrium exchange rate began in the second half of 2003 (ECLAC, 2003, p.168). The appreciation of the real reactions provoked in

\(^4\) According to Farhi (2005, p.100) that reinforces the hypothesis that the Banco Central in early March was determined by the need to provide a higher level of reserves at the time of the announcement that the agreement with the Fund not would be renewed in order to guard against a possible deterioration of expectations in financial markets.
government sectors concerned with the performance of exports, which before long turned to strength. Here began the first controversy surrounding the exchange rate policy. Some analysts said more should be set a floor for the exchange rate to maintain export competitiveness, while others argued that the policy of inflation targeting made it unnecessary and meaningless search for a floor, and that the ideal would be to leave the exchange rate float freely and seize the favorable world conjuncture.

According to (Belluzzo and Carneiro, 2004, p.7), the strategy at the beginning of the Lula government sought to achieve immediate gains with the appreciation of national currency in relation to speed the fall in inflation and capital gains on government debt. But this strategy began in the first half and made quite explicit strategy starting in September 2004 took place at the expense of substantive increase in international reserves and improved competitiveness of manufactured exports. In the same direction, Farhi (2005) points out that the appreciation of the real instrument was used as anti-inflationary. More than that, the exchange was probably the main tool against inflation, since the signs do not point towards a demand inflation, which made the increases in interest rates ineffective. The author recalls that after breaking the level of $ 2.50 per dollar, the market has formed expectations of continued appreciation, without any apparent floor (Farhi, 2005, p.100).5

The financial liberalization measures were defended by the Central Bank as ways to simplify and reduce the bureaucracy of markets, reducing costs (BCB, 2006). However, one aspect of the real responsibility for recovering the last few years is in financial liberalization. With interest rates very high due to a Central Bank which

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5 The overall GDP growth in 2004 was 5%. A mark not seen since the 1970s.
followed in the straitjacket of logic inflation targeting policy, freedom of entry capital flows provoked the predictable effects on the exchange rate (Netto, 2006, p.27).

3 – FOREIGN EXCHANGE RATE POLICY IN THE AGE MANTEGA

The interventions in the foreign exchange market started on a limited basis in late 2003. But after the departure of Palocci the Ministry of Finance in late March of 2006, macroeconomic policy has undergone a considerable change. Concern about the exchange rate policy has gained new contours. Here begins the second phase of the Lula government.

Interest rates on the decline continued, reaching 13.25% per annum at the end of 2006. In an interview, Guido Mantega criticized followed increases in interest rates during 2004/2005, in which it considered a "slip." The criticism broke the first time since the beginning of the Lula government, harmony between the Finance Ministry and Central Bank (Mantega, 2006).

The launch of the Growth Acceleration Plan (PAC) in January 2007 can be inserted into this new phase of the Lula government. The CAP was intended to invest mainly in infrastructure and residential construction. According to Mantega, currency appreciation was one of the main macroeconomic challenges to satisfactory progress of the CAP (Grabois, 2007).

In 2007, despite the increasingly frequent interventions by the monetary authority in the foreign exchange market, the real continued on the path of recovery. The international reserves more than doubled from $ 85.8 billion in 2006 to $ 180.3 billion in 2007. Except in September when the international financial market turmoil subsided, there was no acquisition of reserves (BCB, 2007, p.101). The Central
Bank made extensive use of currency swap auctions reverse, particularly between April 17 and June when they were made eleven auctions totaling $11 billion (BCB, 2007, p.102). Nevertheless, in May, the real exceeded the barrier of $2.00 per U.S. $, closing the year at £1.77 per U.S. $. Contributed to this, the exemption from income tax on the earnings of foreign investors in fixed income securities in the country in February 2006 when Palocci was still finance minister (BCB, 2006, p.147). In a complementary fashion, the Treasury continued purchasing foreign exchange resources to serve the foreign debt and to strengthen the temporal profile of the debt through the repurchase in advance of sovereign bonds, a strategy employed since the first year of the Lula government. By the end of 2007 were paid $14 billion (BCB, 2007, p.102).

In June 2007, the Central Bank announced a series of accounting measures in order to control the expansion of speculative operations of financial institutions in the forex market. Among the measures was limited to exposure from 60% to 30% of the reference assets and increased capital requirement levied on the foreign exchange exposure from 50% to 100%. The Central Bank's intention was, by reducing the risk taken, forcing the reduction of short positions in USD futures market of financial institutions (BCB, 2007, p.102; ECLAC, 2007, p.129).

In April 2008 the Central Bank initiated a further increase in interest rates. Since September 2007, the Selic rate was steady at 11.25%, the lowest level since the implementation of the system of inflation targets in 1999. The Copom considered that there were risks to domestic inflation path, based on heating demand and market factors, as well as industry supply constraints that could arise (BCB, 2008, p.43). In May, the

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6 In the reverse swap the Central Bank takes an active position in foreign exchange and passive in the domestic interest rate.
Brazilian government proposed the creation of a sovereign fund with the aim of helping to prevent crises.

In the second half of 2008 the international financial crisis began in the U.S. housing market gained contours desperate, especially between September and October 2008 with the collapse of the mortgage giants, Fannie Mae and Freddie Mac and investment bank Lehman Brothers. American International Group (AIG), world's largest insurer, would have the same fate were it not for a ransom of $ 85 billion held by the Fed.

Importantly, until September 2008, peripheral economies, particularly in Latin America, resisted the crisis with relative success. Despite the high volatility of financial markets, there was no significant impact or major changes in economic policy because of some infection (Frenkel, 2008). Thus, the theory of "decoupling" was gaining strength (IMF, 2007). The turning point came after the failure of Lehman Brothers on Sept. 15. At this time, there was a sharp contraction of international credit that was reaching the peripheral economies in increasing intensity, especially in more debt (IMF, 2008c)⁷.

According to Tavares (2009, p.10), "The financial shock was of such force that the risk indicator EMBI Latin America increased 438 basis points, returning the absolute levels not seen since the years of the Argentine crisis".

However, the thesis of "decoupling" proved wrong, and the international financial crisis had a considerable impact on the Brazilian economy. The crisis led to

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⁷ The "Ted spread", often used as a measure of liquidity among banks, since it indicate show much banks are charging to lend to each other in the short term, reached 413 points on Oct. 15, shortly after the Lehman Brothers. The level of normal for the Ted spread goes up 80 points (Lucchesi, 2010).
the beginning of the third stage of Lula's government when the Ministry of Finance has become more prevalent in coping with the crisis. In fact, the macroeconomic conditions were much more robust from those of the 1990s. Still, the crisis has halted the continued economic growth since 2003 and who accumulated 6.4% in the first three semesters of 2008 (ECLAC, 2009, p.119).

The turmoil and closure of international lines of credit made the real suffered a nominal devaluation of 31.9% (BCB, 2008, p.1000; ECLAC, 2009, p.121). In response, the Central Bank started to provide foreign currency liquidity, particularly at point where the market was facing a significant shortage of foreign exchange. And on Sept. 18 announced the monetary authority to sell dollars with a commitment to repurchase at a date pre-defined (BCB, 2008, p.98). In the October 21, 2008, the Brazilian government has authorized the Central Bank to perform operations of currency swaps with central banks of other countries, within the limits set by the CMN. And on October 30, 2008, was set at $ 30 billion is the maximum value of these interventions between the ECB and the Fed. In another measure aimed at facilitating access to resources available in international financial markets, Brazilian authorities reduced from 1.5% to zero the IOF in the settlement of foreign exchange operations related to transfers to and from the outside, even through simultaneous operations carried out by foreign investors, for application in financial markets (BCB, 2008, p.99).

Regarding monetary policy, the Central Bank, given the situation, has revised its restrictive position adopted in recent years. In late 2008, rates were reduced reserve requirements and allowed the use of deposits of these banks to buy portfolios of small

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8 The net outflow of foreign exchange market in 2008 Brazil was the first overall deficit in this market since 2002 (BCB, 2008, p.101).
and medium business. According to BCB (2008, p.46), these measures have provided the actual release of $99.8 billion of net reserve requirements. Were also adopted measures aimed at targeting the credit to certain sectors of economic activity, such as the expansion of agricultural credit. During 2009, the Copom reduced the benchmark interest rate at 5%, reaching a level of 8.75% per annum.

Fiscal policy was also important tool in combating the crisis. The government reduced its fiscal targets with the announcement in December 2008, a set of measures to reduce taxes, with tax impact of $8.4 billion in 2009. The government created two intermediate rates of 7.5% and 22.5% in the table of Income Tax on Individuals, representing a tax waiver of $4.9 billion. Additionally, the government reduced the tax (IPI) levied on new cars and trucks, with effect from 15 December 2008 until March 31, 2009. In the second half to cut taxes reached the consumer durables and various construction inputs (ECLAC, 2009, p.120). Moreover, the IOF rate on loans to individuals was reduced from 3% to 1.5% per year. (BCB, 2008, p.72). Also worth mentioning that BNDES was capitalized at $100 billion in order to ensure the maintenance of the investments and the PAC were maintained and expanded.

In the first half of 2009 the Central Bank kept its policy towards ensuring the liquidity of foreign currency and the shortage of external financing. For this the Central Bank used five main instruments: i) sale of foreign exchange interventions in the spot market to $3.4 billion in the first two months of the year, ii) auctions with combined sales auctions to buy foreign currency on the interbank market exchange (repurchase lines), iii) lending in foreign currency by the Central Bank of Brazil; iv) extension of the

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9 In the fourth quarter of 2008 were announced major mergers in the banking sector. A merger between Itaú and Unibanco, establishing the country’s largest bank. Another of the Bank of Brazil, Banco Votorantim and Nossa Caixa. The presence of public banks was crucial to the growth of credit, as stated in the CEPAL (2009, pp.120-121).
currency swap arrangement with the Fed (BCB, 2009, p.91) and v) foreign exchange swap operations which were maintained until the end of the first half of 2009 (BCB, 2009, p.89).

The behavior of foreign exchange losses caused at first, but later meant the reduction of foreign debt or derivatives transactions linked to the important Brazilian companies (CEPAL, 2009, p.121). As for inflation, the impact of the devaluation was quite limited, as shown in the chart

![Inflation Rate (IPCA – Month)](image)

**Source:** IPEADATA.

The world economic recovery occurred earlier than forecast. Against a background of abundant international liquidity and reducing risk aversion, emerging economies are once again the preference of foreign investors. Thus, already in March 2009, the exchange starts a new trajectory of rapid recovery, so that in May the Central Bank buy back the currencies in the spot market, halted in September last year. In turn, in October 2009, due to worsening external accounts, the Ministry of Finance imposed a

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10 In exchange swap transactions to the Central Bank takes an active position in the domestic interest rate and passive at foreign rate fluctuation.
2% IOF on fixed income or variable. Nevertheless, the foreign exchange market in Brazil recorded a net inflow of $28.7 billion in 2009, reversing the negative result of 2008 (BCB, 2009, p.92). The debate about the valuation of the real rate return to the agenda.

According to Prates (2010, p.35), maintenance of the valuation of the real, even in the turbulent period between July 2007 when he triggered the crisis in the subprime market in the United States, July 2008, should mainly to three factors: i) the high Brazilian interest rate base, ii) the sharp rise in commodity prices, and iii) increasing the credit risk rating for Brazil's sovereign investment grade "by international agency of rating Standard & Poor's (S & P) and, shortly thereafter, by Fitch.

With the relative success of measures taken by the government, the swings "up" in the exchange rate proved momentary. So in 2010 the real continued its trend of appreciation. The difficulty of the government to prevent the Brazilian currency has meant that, in late September, the Minister Guido Mantega admitted publicly that the world is experiencing a "currency war" (Beattie, 2010). The Minister's statement caused some uproar in the international media, but was soon corroborated by the Central Bank president, Henrique Meirelles, who said that Brazil could not pay the price for global imbalances (Moreira, 2010). In October there were two further increases of the IOF in fixed income, rising to 4% and 6% respectively.
The trajectory of the real appreciation during 2010 reaffirms the view that it had as its crucial component of financial capital flows of short-term (Moraes, 2010, p.41). Since 2008 the current transactions account deficit showed again and it is expected that next year the negative balance is maintained, with possibility of extension. In this condition, usually occurs some pressure, albeit weak, against the Brazilian currency. But that's not what happens.
The policy of quantitative easing undertaken unilaterally by the Fed has increased not only international liquidity\(^{11}\). Announced on November 3, 2010, this policy has caused the devaluation of the dollar in most of the world, an explicit objective of monetary policy in North America pro-competitiveness of their exports and the recovery of their economy.

However, the point is that the dollar devaluation is gaining more dramatic contours in Brazil. In addition to accumulate international reserves in a rising (see chart below) and the Central Bank to maintain its policy of intervention in the foreign exchange market, the Brazilian government adopted a package of measures aimed at discouraging speculative capital inflows. None of this has achieved the expected result.

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\(^{11}\) In November 2010 the Fed announced the purchase of more than $ 600 billion in long-term bonds from November 2010 to June 2011. Add to that the additional injection of $ 300 billion with other features, plus the flexibility previous guidance of $ 1.75 trillion in the second half of 2009 and first half of 2010 (Costa, 2010, p.58).
So, it is increasingly evident that the main internal cause of the appreciation of the realistic speculation in the foreign exchange market due to the high basic interest rate in Brazil, in contrast with the low interest rates prevailing in the core economies. Investors sources capture the very low cost and apply the domestic financial market at rates far more attractive.

The market is convinced that the exchange rate appreciation will continue, even with assistance from the Central Bank and the country's ability to impose capital controls harder.

### 4 – CONCLUSIONS

By the end of March this year the Central Bank has incorporated the $25 billion reserves, achieve an unprecedented $316 billion. With high domestic interest rate and loading-reservations by the Central Bank has a very high fiscal cost, which makes it
urgent to adopt alternative policies that stabilize the exchange rate. Moreover, indications are that it is commencing a new phase in which the Central Bank appears more aligned with the Ministry of Finance. Thus, the disputes over the solution to the problem of exchange tend to get milder. This opens the possibility of more interventionist policies of the state in relation to trade and finance, reversing in part to financial liberalization in recent years. As we noted back in December of 2010 the Central Bank has adopted some measures which heralded the beginning of a less conservative monetary policy with macro-prudential measures. Among recent measures, the limit for short positions in U.S. dollars from banks, forcing them to be collected during 90 days of 60% which exceeds the spot on a major form of interest arbitration with the banks.

However, the policy of inflation targeting still remains tied to the Central Bank policy of high interest rates. The measures provoked a macroprudential relief on monetary policy, but not enough to reverse the real appreciation.

5– REFERENCES


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