



PULSO BRASIL

Ipsos

May | 2016
snapshot

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Survey date - April 29 to May 14, 2016.
Error margin - 3 p.p.

IPSOS PUBLIC AFFAIRS

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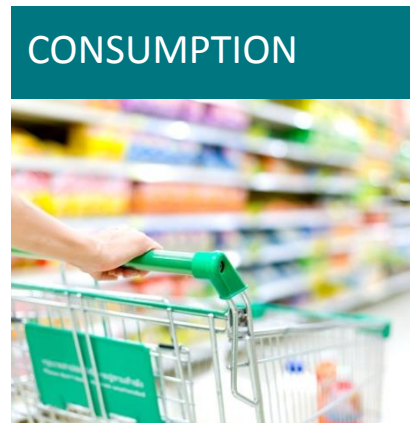
Politics, Economy, Consumption & Social Agenda



- Country's directions
- President - approval index
- Political barometer
- Electoral potential
- Political agenda



- Consumer Confidence Index
- Main household expenses
- Disposable income
- Investment, savings and financial safety



- Impact of the crisis on consumption and trading down
- Behavior and purchase intention
- Consumer goods
- Durables



- The country's main problems
- Public policies
- Economic and social agenda
- Values & behaviors

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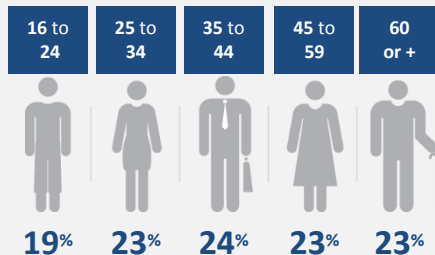
1,200 interviews,

personal and in-home, carried out monthly in

72 municipalities across Brazil.

Probabilistic sample, with quota in the last selection stage and ± 3 percentage points margin of error, representative of the Brazilian population - in urban areas - according to IBGE's official data (Census 2010 and PNAD 2013).

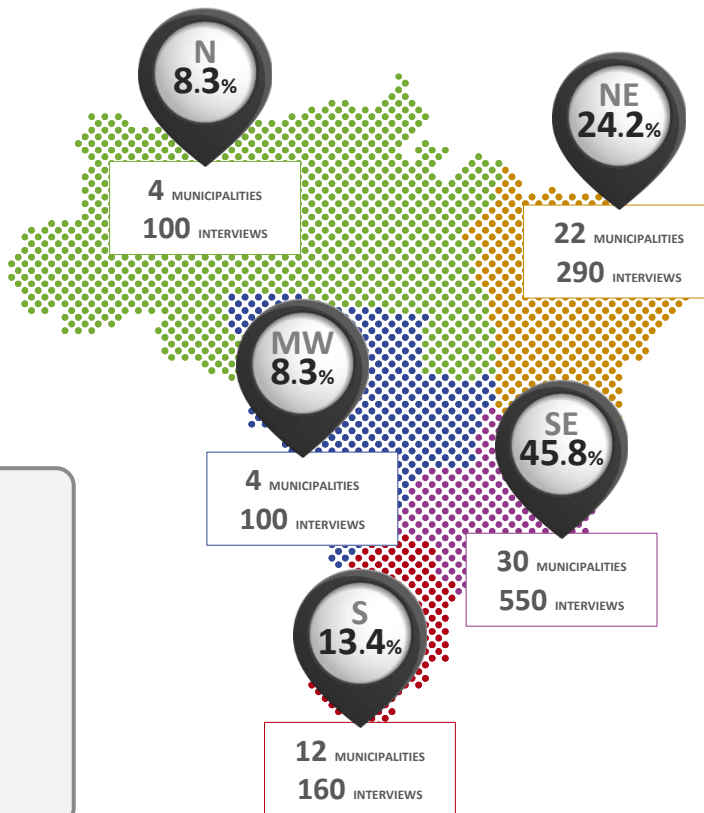
AGE RANGE



52%



48%



SIZE (NUMBER OF INHABITANTS)

Less than 100,000	24 MUNICIPALITIES	240 INTERVIEWS
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100,000 to 500,000	13 MUNICIPALITIES	130 INTERVIEWS
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500,000 to 1 million	20 MUNICIPALITIES	330 INTERVIEWS
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More than 1 million	15 MUNICIPALITIES	500 INTERVIEWS
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SIZE (NUMBER OF INHABITANTS)

Capitals	22 MUNICIPALITIES	570 INTERVIEWS
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Interior	39 MUNICIPALITIES	450 INTERVIEWS
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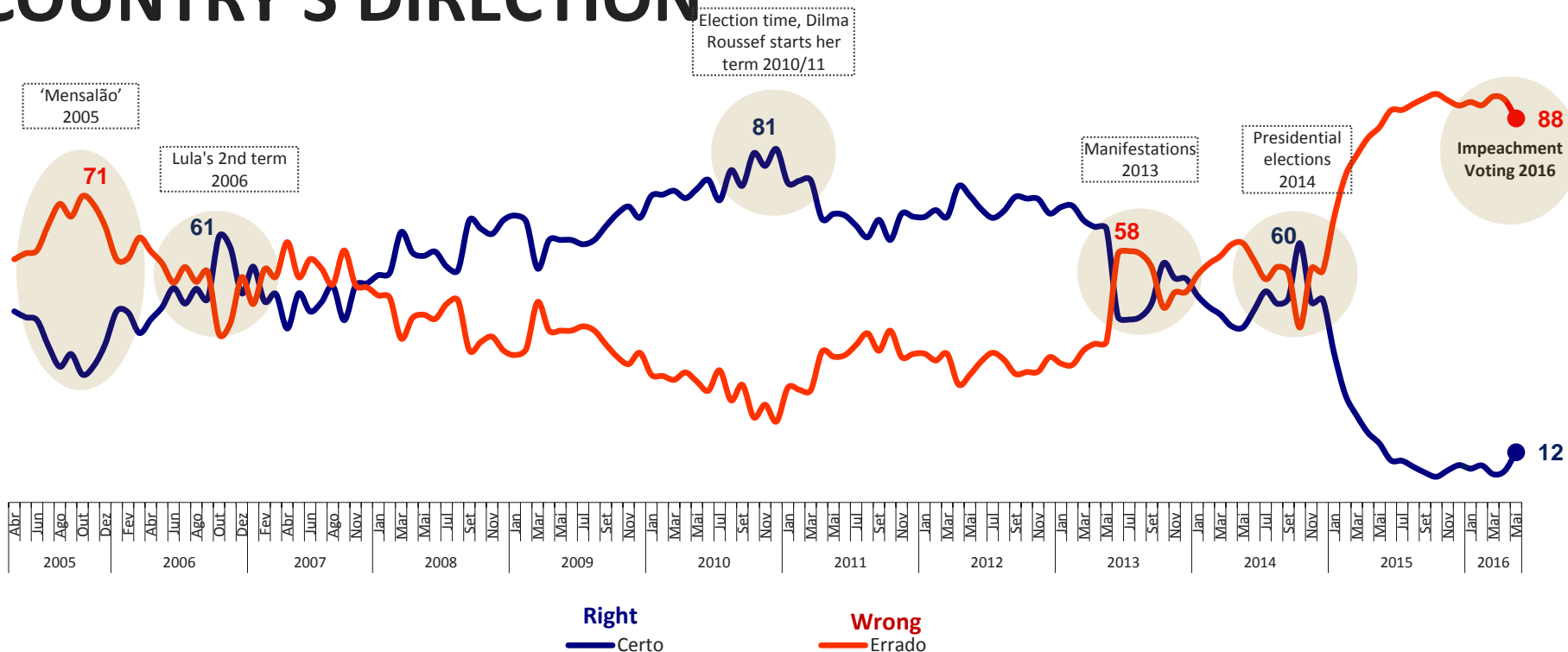
Metropolitan Areas	11 MUNICIPALITIES	180 INTERVIEWS
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CONTEXT

With the temporary suspension of Dilma Rousseff, there is a tendency with a positive trend regarding the country's direction and the government seems to be moving on. Is it an opportunity for Temer?

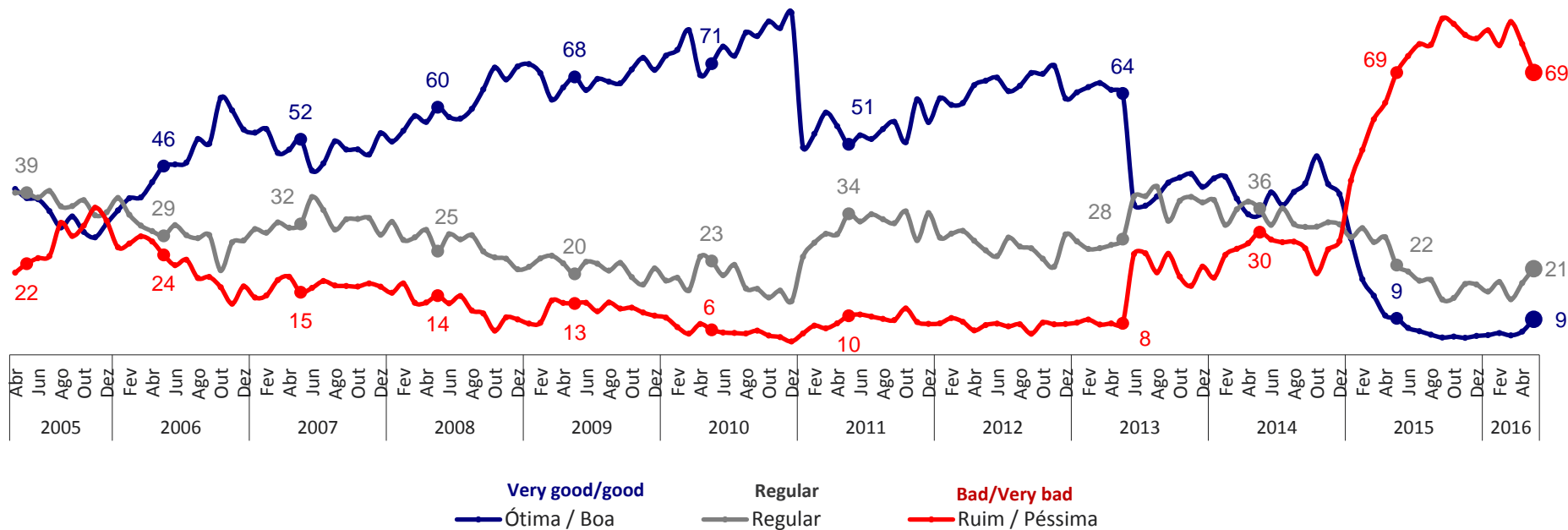
PULSO BRASIL COUNTRY'S DIRECTION



AP1) In your opinion, generally speaking, do you think that Brazil is on the right direction or not?

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PRESIDENT - APPROVAL INDEX



AP4) Do you think that President Dilma Rousseff's administration is: very good, good, regular, bad or very bad?

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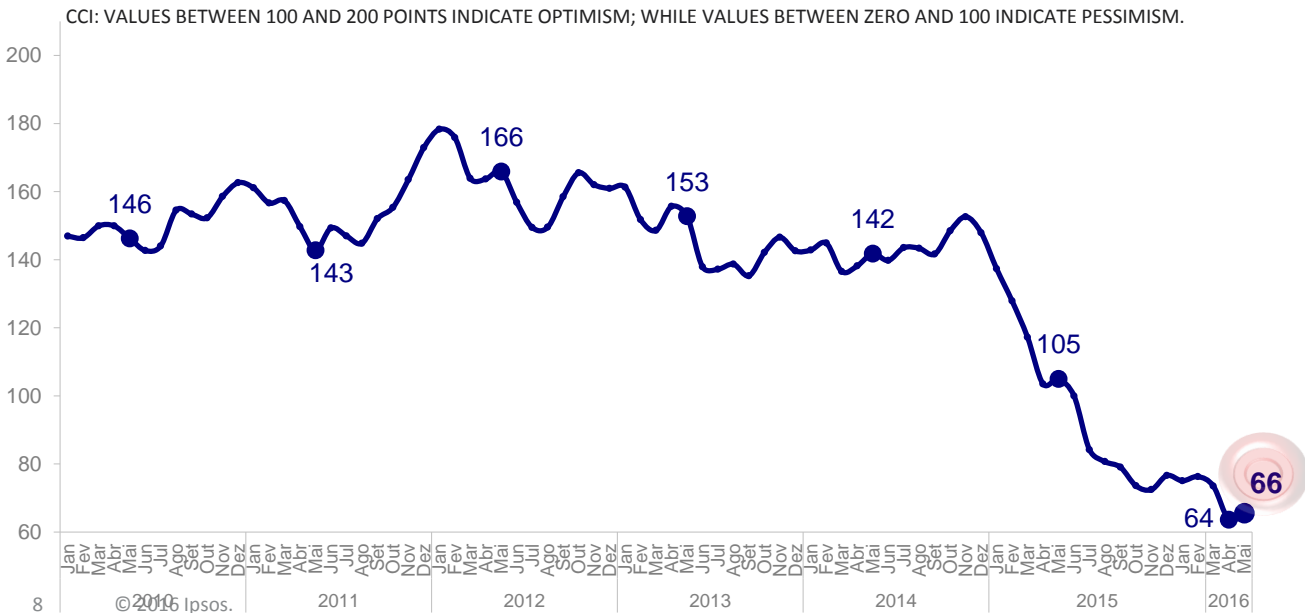
FINANCE & CONFIDENCE

The Consumer Confidence Index grows 2 points and points to a gradual rising tendency - inflation and unemployment will be the key pillars to confirm this trend.

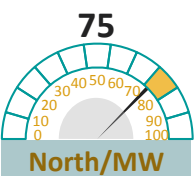
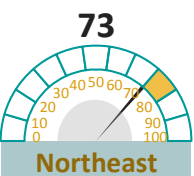
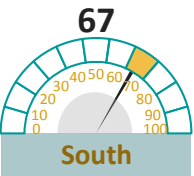
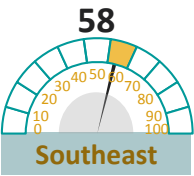
DOMESTIC CONSUMER CONFIDENCE

INDEX: 66 POINTS

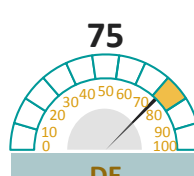
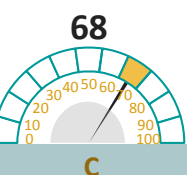
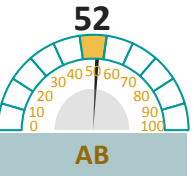
Source: ACSP / Ipsos



REGION



SEL



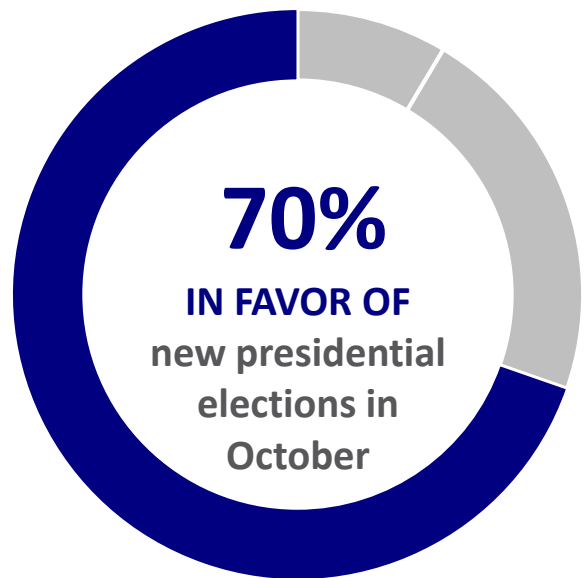
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POLITICAL BAROMETER

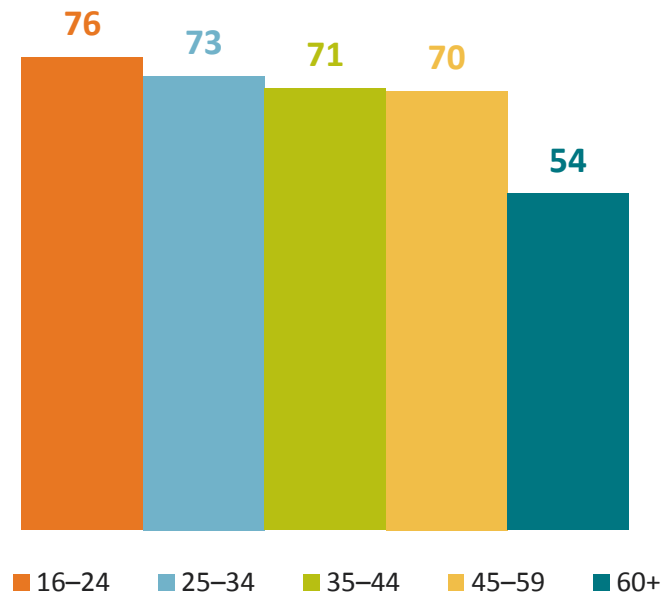
In a scenario in which 70% of the public opinion is in favor of new elections and with no impacting messages regarding its first actions, Michel Temer's disapproval index rose again after two consecutive drops.

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NEW ELECTIONS?

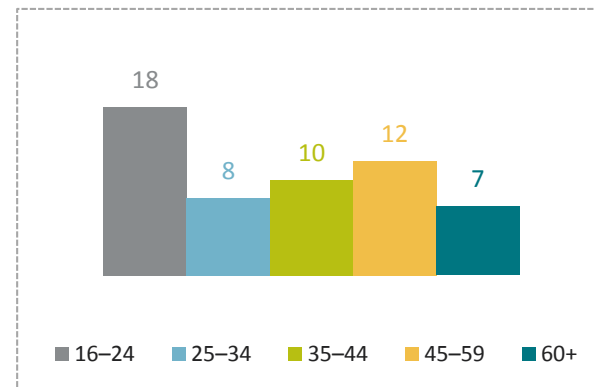
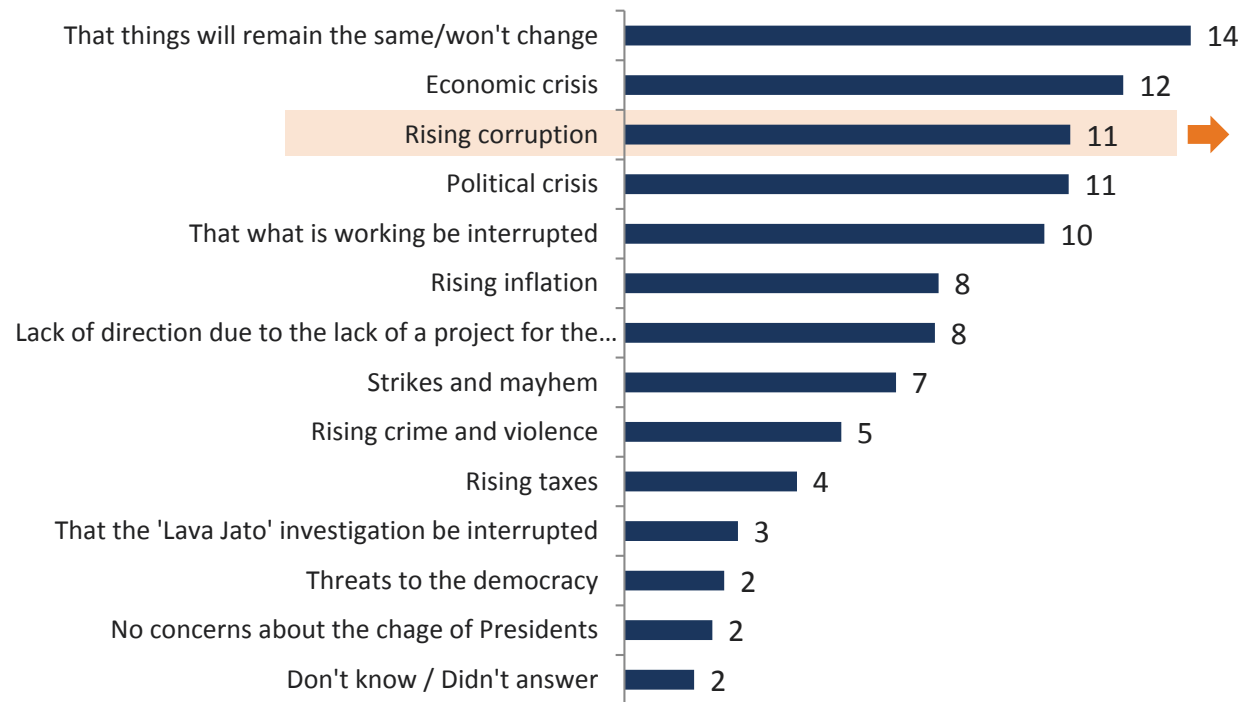


By age range



M8C) Some people argue that, at this time of political instability in Brazil, presidential elections should be called in October.
Are you IN FAVOR or AGAINST new presidential elections?

CONCERNS ABOUT THE CHANGE OF PRESIDENTS



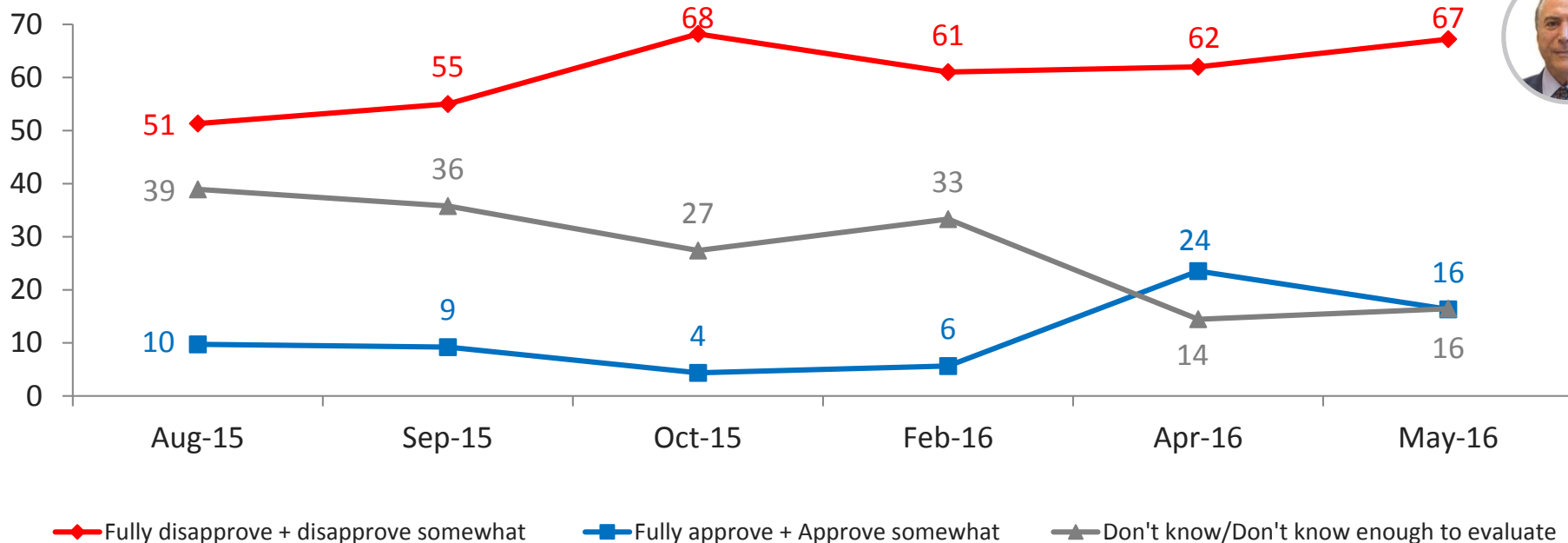
Young people are more concerned about the increase in corruption considering a possible change of government. They are also more favorable to new presidential elections. A new way to see politics may be emerging among this audience as a result of the anti-corruption agenda.

PE2) Of the following possibilities with the change of Presidents, which one of them most concerns you?

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*MONITORS OTHER 25 POLITICAL PLAYERS. THE COMPARATIVE/EVOLUTION DATA IS CONTAINED IN THE FULL PULSO BRASIL REPORT.

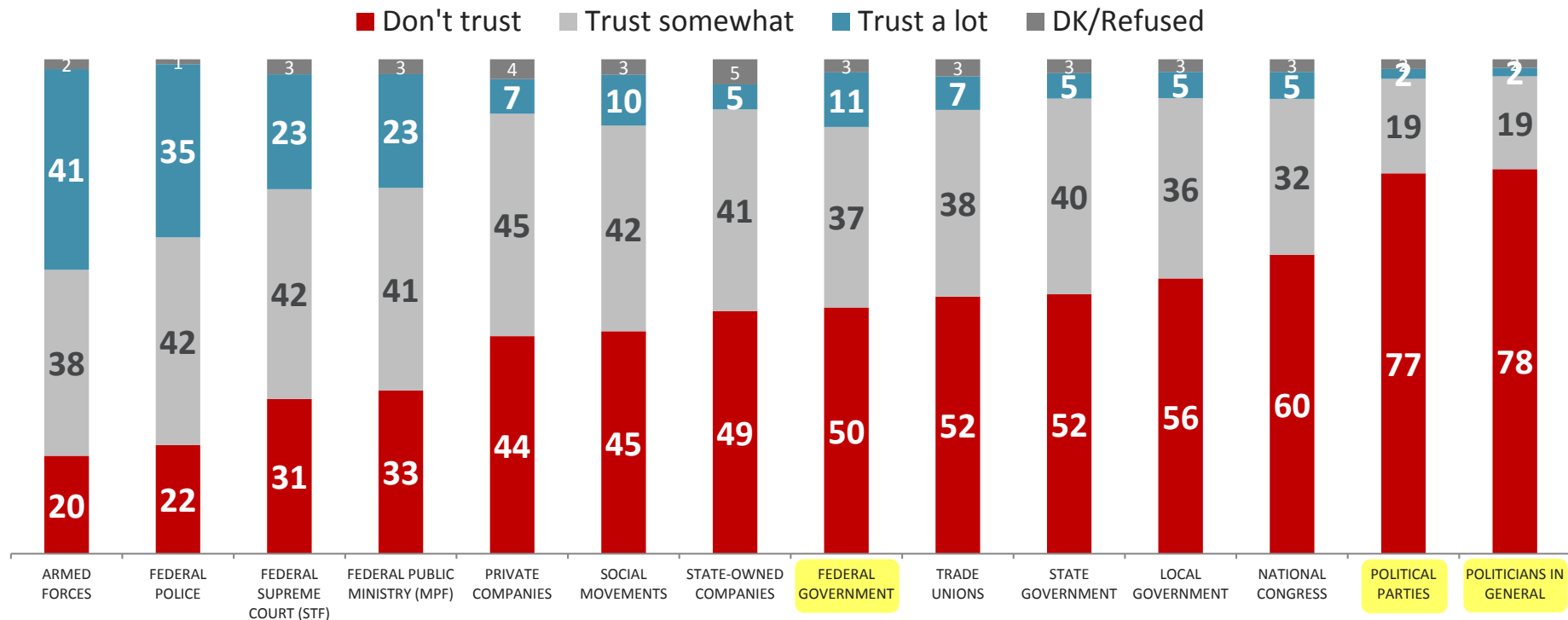
MICHEL TEMER



I will now read out the names of some politicians and I would like to know if you approve or disapprove on how they have been conducting themselves in the country:

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INSTITUTIONS - TRUST



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IPSOS' POINT OF VIEW

With the impeachment process underway, the country is anxiously awaiting its outcome. What to expect in the coming months?

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Ipsos' Point of View (1/4)

May was marked by the Senate's approval to start the impeachment process.

On May 12 the Senate approved starting President Dilma Rousseff's impeachment process. There were 55 votes in favor, 22 against and 2 absences. The Supreme Court will now analyze the trial of the case and it has up to 180 days to rule. For the President to be definitively removed from office, 2/3 of the Senate must vote in this direction, i.e., 54 of the 81 senators - a number that was already obtained in the first stage of this process.

Data collection covers the period that culminated with the decision to have Rousseff suspended from Presidency, and ended two days after the Senate formally requested the impeachment.

Consequently, in May, Pulso Brasil confirmed the descending trend of Dilma Rousseff's administration evaluation indicators, which was considered to be bad/very bad by 69% of Brazilians, vs. 76% in April and 81% in March. The direction in which the country is heading was considered to be wrong by 94% of the population in March; 93% in April and 88% in May.

The translation of these numbers show that the possibility of her being suspended, per se, already have been signaling improvement expectations concerning the country's situation - this according to public opinion perceptions (and at the same time the market itself).

Pulso Brasil's full report includes detailed analyses of this phenomenon.

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Ipsos' Point of View (2/4)

Michel Temer's (for now) temporary administration faces the challenge to win over public opinion.

The now acting President, Michel Temer, was never elected to any Executive Office functions - the highest elective office he held was that of a congressman. Regarded as a skilled political articulator in Congress, he must now win over the confidence of public opinion.

It won't be easy. His approval rating fell from 24% to 16% according to Ipsos' Political Barometer, while his disapproval rate increased again after two polls - from 62% in April to 67% in May. This last poll was before the first impacts of his administration and such results may be due to the following factors: (1) widespread rejection of political parties and politicians in general, signaling that Temer has not yet been able to link his image to any differentiated agenda or proposition; (2) lack (by choice) of any clear and impacting communication during the impeachment trial; (3) Although he is highly known by the public, he has no legacies in the Executive branch, raising doubts about his administrative abilities; (4) strong favorability of the public opinion for new elections in October (70% support the idea).

Currently, only 5% of Brazilians say that they greatly trust the Federal Government. Trust is key to the recovery of investments and consumption - two crucial pillars for Brazil's economic reconstruction. Regaining confidence is key so the unpopular measures can be understood and digested by the public.

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Ipsos' Point of View (3/4)

In this scenario, the good news is that consumer confidence seems to show a small sign of recovery.

The consumer confidence index is monitored by a partnership between **Ipsos** and **ACSP** since 2005. It has dropped sharply since the second half of 2015, down to 64 points in April - one of the lowest levels in history. In May, the CCI rose slightly to 66 points - still within the margin of error.

In April, consumer confidence mostly increased in SEL C, rising from 63 to 68 points, while among SEL's AB it increased from 49 to 52 points (in the same period) - in a clear response to the change in the political command, since the middle class was greatly impacted by the crisis in terms of its consumption ability and the loss of the ascending social status that social mobility enabled it to enjoy during the period of economic growth. On the other hand, SEL's DE dropped from 81 points in April to 75 in May - which can be linked to the fear of cuts in social programs and welfare.

Consolidation of the ascending middle-class optimism curve will only come about with tangible results in the economy, e.g., the effective control of inflation and, especially, creating jobs (unemployment is the biggest concern among Brazilians, regardless of social class to which they belong).

In the South, Southeast and Midwest, CCI rose above the margin of error, reflecting the strong rejection these regions had against Dilma Rousseff's administration. On the other hand, in the Northeast (a region that is usually more in line with the PT party's government agendas) the CCI dropped 9 points - from 82 to 73 points.

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Ipsos' Point of View (4/4)

Mid-term projections are positive.

The changes in the political scenario resulted in an upward trend, both among citizens and market projections. Greatly because the latter judges that economic team of the Temer's Administration has greater ability to undertake the reforms needed to rebalance the economy. The market's estimates for the 2017 IPCA (National Index of Price to the Ample Consumer) and GDP are relatively more positive - and would pull Brazil out of the recession zone that it has been in during the last 2 years.

Political barometer and the short-, mid- and long-term challenges.

To react to the crisis, a number of political, economic and social measures need to be implemented by the Temer's Administration (be it temporary or effective). To adopt them, the acting president will need the support of the population, market and Congress - leaked audio tapes involving the ruling staff of his Administration may bring political damage.

Pulso Brasil has been monitoring the endorsement of the public's opinion as to the necessary reforms in Brazil, as well as the support to major political personalities in the country. This enables us to understand the degree of governability that the next administration will have when facing the challenges that the situation in Brazil imposes, as well as determine mid- and long-term scenarios. This detailed and contextualized analysis, along with other economic data, can be found in the full Pulso Brasil's report.

To access the full Pulso Brasil report, please contact: pulsobrasil@ipsos.com

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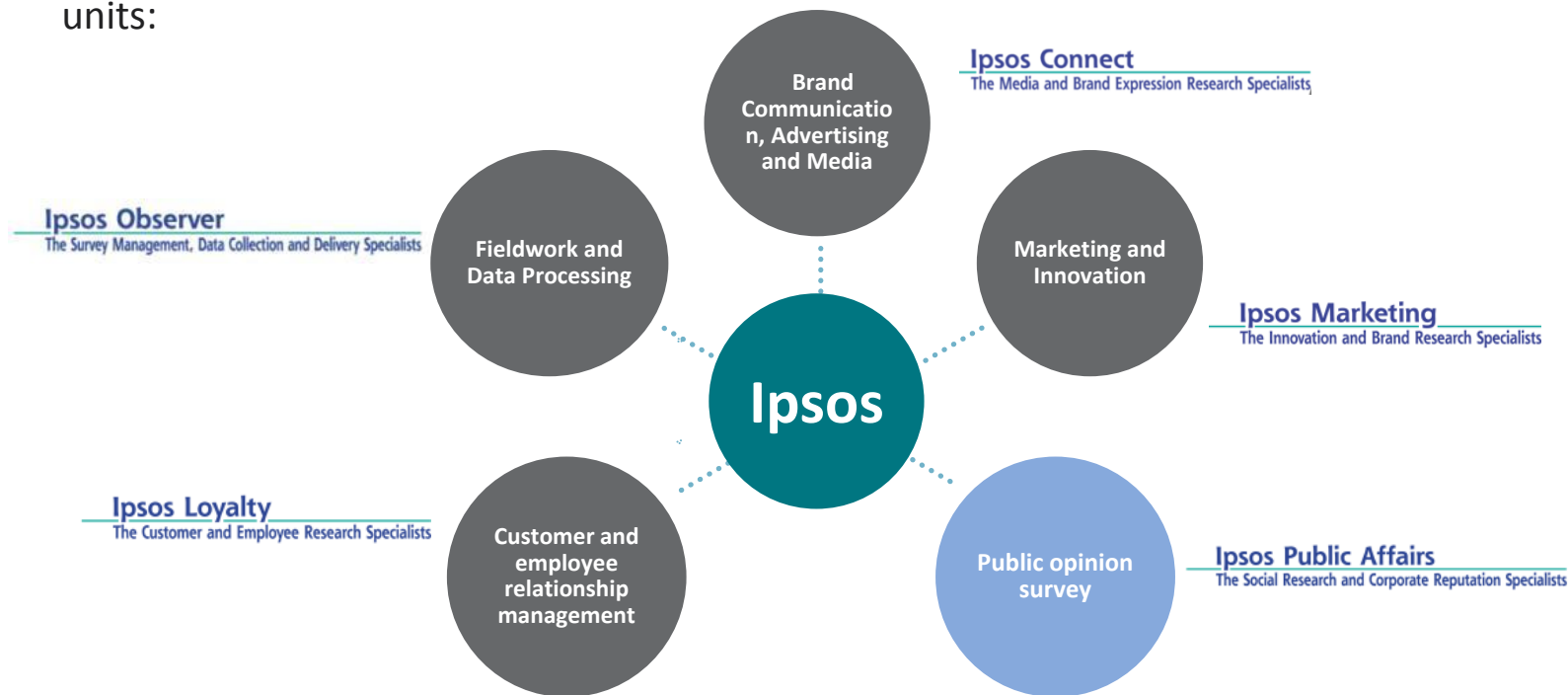
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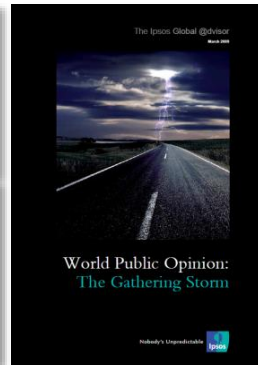
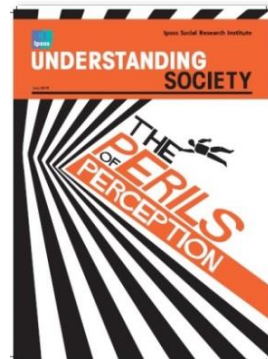
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