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The Brazilian Stock Market – Dimension, Structure, and Main Features

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1. Introduction

Brazil has attracted the attention of investors around the world as it went through the 2008 financial crisis with relative ease, perhaps due to its history of successive internal economic crises that forced authorities to develop a specific know-how to manage them.

The objective of this chapter is to condense some basic information on the Brazilian stock market so as to enable investors to make a first decision in considering such a market, and to offer to other readers a consistent introduction.

First, a few lines are dedicated to positioning the Brazilian economy after the stabilization in 1994. Following this, a section presents the main institutions of the Brazilian stock market. The next 2 sections present its dimension and structure, respectively. In sequence, a brief discussion of the role of accounting information in determining prices and returns is inserted. The next section deals with corporate governance and highlights the *Novo Mercado*. Then, some final remarks are added.

2. The Brazilian economic scenario

Brazil, Russia, India, and China are emerging countries that constitute the group named BRICs, the world's fastest growing economies. By the 1970s, Brazil became the leading economy in Latin America due to its industrialization of natural resources and large labour pool. Brazil is the eighth largest economy in the world, the fifth largest country in terms of size, with an area of 8.5 million km^2 distributed into 5 regions (Table 1).

The Northern region, which contains the State of Amazon, is the largest. Southern and Southeast regions are the least extensive and the most developed.

According to the Brazilian Institute of Geography and Statistics (IBGE), Brazil's population reached 190.8 million in 2010, representing a growth of 30% over 1991. Table 2 shows that population growth was much stronger in the less populous regions.

Region	Area (1,000 Km²)	%
Northern	3,853.6	45
Central-west	1,606.4	19
Northeast	1,554.4	18
Southeast	924.6	11
Southern	563.8	7
Total	8,502.7	100

Source: IBGE (2011)

Table 1. Geographic Area by Region

STATE / REGION	1991	2000	2010	10/91(%)
Parana	8,448.7	9,563.5	10,444.5	24
Rio Grande do Sul	9,138.7	10,187.8	10,693.9	17
Santa Catarina	4,542.0	5,356.4	6,248.4	38
SOUTHERN	22,129.4	25,107.6	27,386.8	**24**
Espirito Santo	2,600.6	3,097.2	3,515.0	35
Minas Gerais	15,743.2	17,891.5	19,597.3	24
Sao Paulo	31,588.9	37,032.4	41,262.2	31
Rio de Janeiro	12,807.7	14,391.3	15,989.9	25
SOUTHEAST	62,740.4	72,412.4	80,364.4	**28**
Distrito Federal	1,601.1	2,051.1	2,570.2	61
Goias	4,018.9	5,003.2	6,003.8	49
Mato Grosso	2,027.2	2,504.4	3,035.1	50
Mato Grosso do Sul	1,780.4	2,078.0	2,449.0	38
CENTRAL-WEST	9,427.6	11,636.7	14,058.1	**49**
Alagoas	2,514.1	2,822.6	3,120.5	24
Bahia	11,868.0	13,070.2	14,017.0	18
Ceara	6,366.6	7,430.7	8,452.4	33
Maranhao	4,930.3	5,651.5	6,574.8	33
Paraiba	3,201.1	3,443.8	3,766.5	18
Pernambuco	7,127.9	7,918.3	8,796.4	23
Piaui	2,582.1	2,843.3	3,118.4	21
Rio Grande do Norte	2,415.6	2,776.8	3,168.0	31
Sergipe	1,491.9	1,784.5	2,068.0	39
NORTHEAST	42,497.5	47,741.7	53,081.9	**25**
Acre	418.8	557.5	733.6	76
Amazonas	2,103.2	2,812.6	3,484.0	66
Amapa	289.4	477.0	670.0	131
Para	4,950.1	6,192.3	7,581.1	53
Rondonia	1,132.7	1,379.8	1,562.4	38
Roraima	217.6	324.4	450.5	107
Tocantins	919.9	1,157.1	1,383.4	50
NORTHERN	10,030.5	12,900.7	15,865.0	**58**

Source: IPEADATA (2011)

Table 2. Brazilian Population by State (1,000)

Besides the population increase, life expectancy in Brazil rose from 62.6 years in 1980 to 73.4 years in 2010 (Table 3).

Year	Life expectation
1980	62.6
1985	64.7
1990	66.6
1995	68.5
2000	70.4
2005	71.9
2010	73.4

Source: IPEADATA (2011)

Table 3. Life Expectancy

Brazil's GNI per capita was 9,390 US Dollar in 2010 (World Bank, 2011). Table 4 shows the evolution of the purchasing power of the minimum wage in Brazil. Major changes occurred since it was established in 1940; however, there is a clear pattern of growth in the last 20 years.

Year	**Minimum wage**	**Index**
1940	18.30	100
1950	13.82	76
1960	63.59	460
1970	44.44	70
1980	110.38	248
1990	81.24	74
2000	129.79	160
2010	280.02	216

Source: IPEADATA (2011)

Table 4. Purchasing Power of the Minimum Wage (USD)

The regions and states present very different contributions to GDP and also very different levels of GDP per capita, as shown in Table 5.

The Northern region has the largest land area and also the lowest share of GDP. The Northeast is the one with the lowest GDP per capita. In reality, the country faces serious internal disparities within its five regions. The Southeast region is in the upper range of human development, followed by the Southern and Central-west regions; however the 9 states located in the Northeast region present the lowest socioeconomic indexes. Disparities are also important in relation to gender and ethnics countrywide (Tulane, 2011).

After various unsuccessful plans, inflation was finally brought under control in 1994, but the stabilization process only ended in 1998. Therefore, the more significant available economic

Regions and States	GDP	%	GDP per capita
BRAZIL	3,031,864.5	100	15,989.8
NORTHERN	154,704.2	5	10,216.4
NORTHEAST	397,502.6	13	7,487.5
SOUTHEAST	1,698,590.4	56	21,182.68
Minas Gerais	282,522.3	9	14,232.8
Espirito Santo	69,870.2	2	20,230.8
Rio de Janeiro	343,182.1	11	21,621.4
Sao Paulo	1,003,015.8	33	24,456.9
SOUTHERN	502,052.2	17	18,257.8
CENTRAL-WEST	279,015.1	9	20,372.1

Source: IBGE (2011)

Table 5. Brazil's GDP (R$1,000) and GDP Per Capita (R$) in 2008

data refer to the period beginning in 1999. Table 6 shows the Brazilian GDP growth rate and the inflation rate (consumer prices) over the last 12 years.

YEAR	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
GDP%	0.8	4.2	1.9	1.0	-0.2	5.1	2.3	3.7	5.4	5.1	-0.2	7.5
INFL%	4.9	7.1	6.8	8.4	14.8	6.6	6.9	4.2	3.6	5.7	5.0	5.0

Source: IndexMundi (2011)

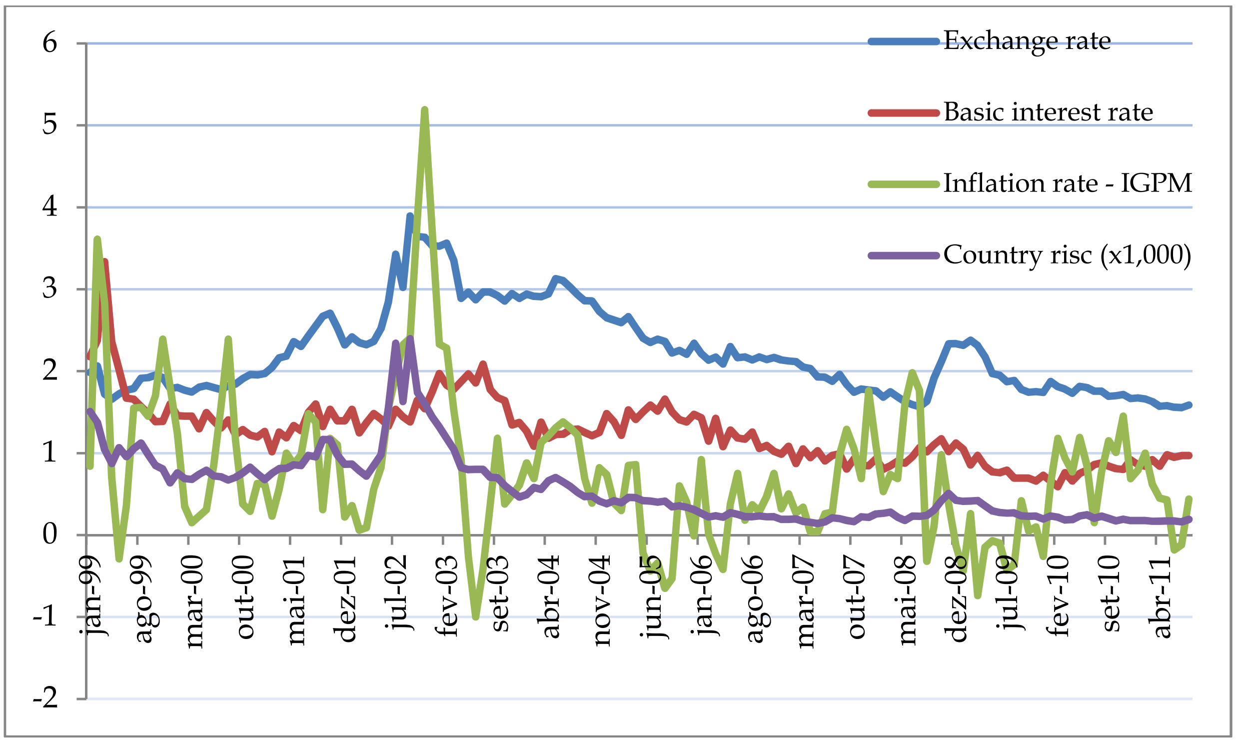
Table 6. Brazilian GDP Growth Rate and Inflation Rate

Figure 1 illustrates selected economic series for the mentioned time period. The electoral year of 2002 was clearly atypical. All the rest shows a very reasonable scenario of increasing stability.

The Brazilian auto industry became the fifth largest in the world in 2011, positioning itself after China, the United States, Japan, and Germany (O Globo, 2011). The strong growth in recent years in mining industry and construction is also noteworthy. Civil construction, in particular, has been encouraged by the federal government by means of easy credit and the Growth Acceleration Plan (PAC).

Brazilian exports have shown strong growth in recent years. According to the Ministry of Development, Industry, and Foreign Trade - MDIC (2011), in 2001 average daily exports totalled US $ 233 million; while in 2011 already exceed US $ 1 billion. However, a large space for growth is still perceivable in comparison with China (6.5 billion per day) and USA (5.3 billion per day).

A great variety and abundance of natural resources, including land for agriculture, water, and the tropical climate, as well as a domestic consumption presenting a clear pattern of growth, are frequently highlighted as an optimistic indication for business in the immediate future.



Source: The Central Bank of Brazil (2011)

Fig. 1. Selected Economic Series

3. The Brazilian stock market, Bovespa, and CVM

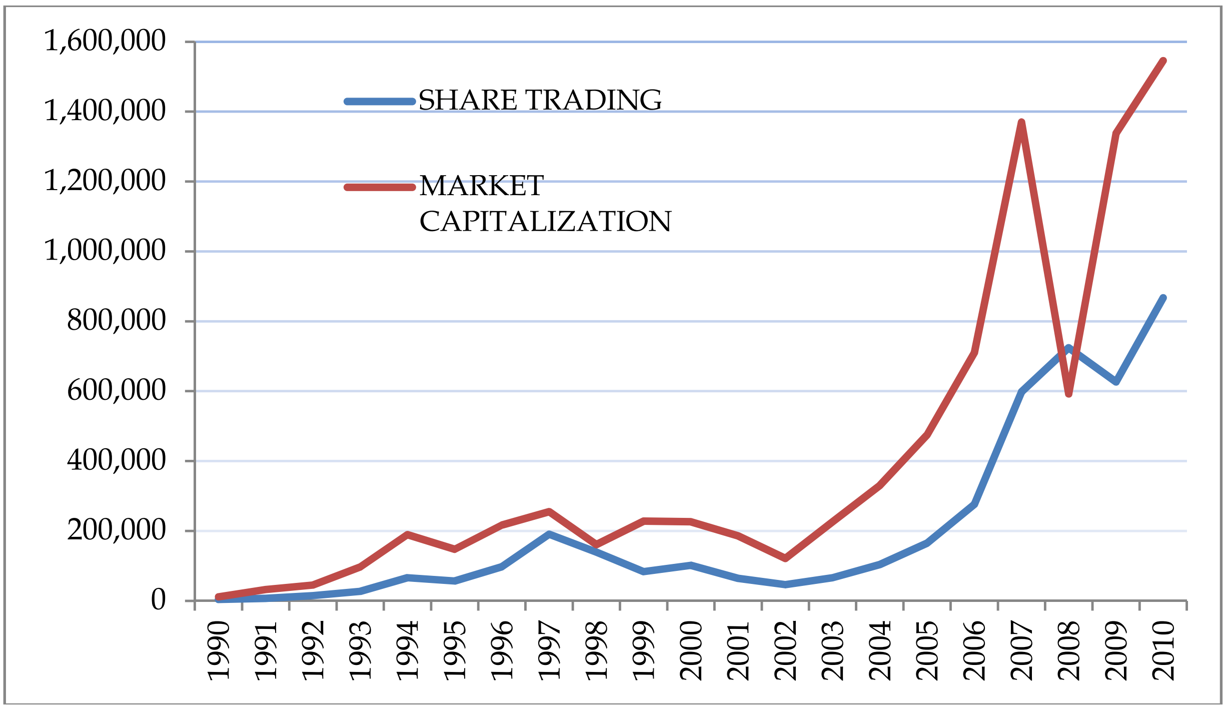
The capital market plays a key role in a country's economic development because it constitutes an efficient mechanism for allocating resources (Assaf Neto, 2008; Damodaran, 2002).Unfortunately, Brazil was not able to take advantage of this until recent years.

A long period of high inflation rate and general economic instability historically exerted serious negative effects on the Brazilian stock market until the mid 1990s. According to Lameira (2004), the Plano Real was a milestone for the Brazilian stock market. Indeed, the stock market, fostered by economic and political stability, initiated a vigorous pattern of growth since 2003, as demonstrated in Figure 2.

An intense inflow of capital from abroad is in the core of this growth process and due to this Bovespa is now the fifth bourse in the world in foreign investors' participation. The high internal interest rate and the privatization program started in 1997 have attracted considerable amounts of foreign capital except in 2002 (electoral year) (Lameira, 2004, p.104). Since then Brazil has come to be regarded as an important option for foreign investors. In July, August, and September 2011 foreign investors were responsible for 33%, 34%, and 36% of the Bovespa's trade volume, respectively (BM&FBovespa, 2011).

Foreign investments bring many benefits to the country that receives them but also cause negative effects, as shown in Table 7.

Some analysts emphasize that the Brazilian government should exercise tighter control over the flow of foreign capital, but others insist that the maintenance of good economic fundamentals, such as balance of public accounts and keeping inflation under control, along



Source: World Federation of Exchanges (2011)

Fig. 2. The Evolution of Bovespa's Share Trade and Market Capitalization

Positive effects	Negative effects
Improve the country's international image;	May cause imbalance in the country;
Government can finance its deficit for longer terms and lower interest rates;	Possibility of fast reflux of external resources in the presence of negative indicators;
Greater opportunities for capital expenditures and costs reduction.	Struggle to prevent flights of capital in the presence of any international instability.

Source: Adapted from Pinheiro (2008, p. 39)

Table 7. Effects of Foreign Investments

with good growth prospects, are the best tools to maintain and expand the participation of foreign capital in the growth process of the country.

Founded in 1890, Bovespa assumed institutional characteristics in the 1960s and in 1967 became the Bolsa de Valores de Sao Paulo. In the 1990's all the regional stock exchanges in Brazil merged their trading activities under the leadership of Bovespa to create a unique nationwide stock market. In May 2008, after integration with the Commodities and Futures Exchange (BM&F), it was renamed BM&FBOVESPA.

Together, BM&F and Bovespa include trading of equities and fixed income securities, both stock markets and over the counter. However, the Bovespa basically involves share trading, options, debentures and a few other securities, while BM&F is devoted to commodities and futures, and also commodities and financial derivatives.

Share trading is the main activity of the Bovespa and follows specific rules. There are three trading channels in the Bovespa: *mega bolsa*, open-outcry sessions, and aftermarket trading sessions. Regardless of the channel used, only authorized brokers operate share trading.

Primary equities are issued through the Bovespa. Private and public sector corporations that meet the registration requirements of the Brazilian Securities Commission (CVM) become eligible to issue equity shares through the Bovespa. Such corporations can count on the market expertise and financial leverage of underwriters to launch stocks on the market. An underwriter may guarantee that the issuer will receive a certain price on the stocks sold.

In 1999 a home broker system was installed to allow investors to easily communicate with the brokerage firm by using the Internet, and its use has been growing ever since.

The Brazilian stock market is ruled by the CVM, an agency of the Brazilian government that serves as the primary regulator of the securities trade. It attempts to ensure that all trades are fair, and that no price manipulation or insider trading occurs.

CVM was established in 1976 with the objective of regulating and disciplining the operation of the Brazilian capital market. By offering institutional guarantees to investors and the desired operational flexibility, CVM fosters companies' capitalization and economic growth by means of a better allocation of resources.

In order to achieve its objectives, CVM:

- Ensures the efficient, reliable, and equitable functioning of the securities market, and foments its expansion;
- Protects investors and securities holders by avoiding or preventing irregularities, frauds and manipulative practices;
- Guarantees ample and fair disclosure of relevant information concerning securities traded and issuer companies (CVM, 2011).

Figure 3 shows the participation in the volume of the *Fundos de Índices* (ETFs) in October 2010. These funds are known as offering efficiency, transparency and flexibility in a single investment. The major participants are institutional investors (45.3%), followed by financial institutions (26.6%), and foreign investors (16.2%).

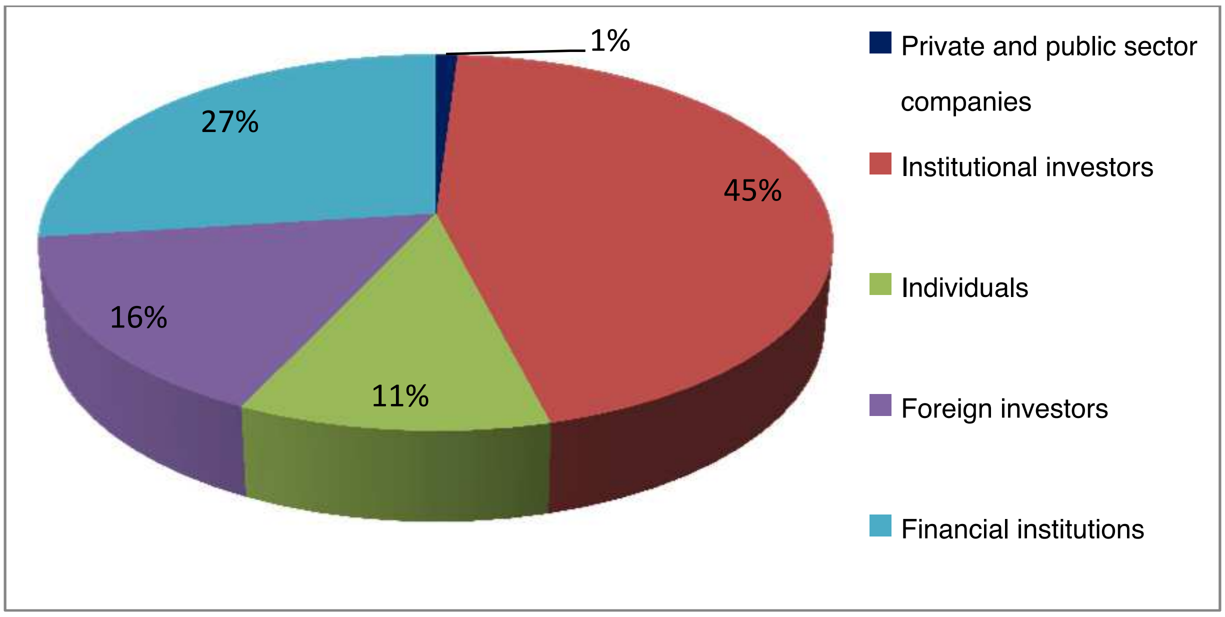
4. The Brazilian stock market dimension

In order to grasp a better estimate of the Brazilian stock market dimension, Table 8 shows a comparison between the main burse in each country of the BRICs.

Country	Market Capitalization (USD Billions)	Number Of Listed Companies	Total Value Of Share Trading (USD Billions)
Brazil (Bovespa)	1 545	381	867
Russia (MICEX)	949	245	407
India (Bombay)	1 631	5 034	258
China (Shanghai)	2 716	894	4 486

Source: World Federation of Exchanges (2011)

Table 8. BRICs' Main Stock Exchanges by the End of 2010

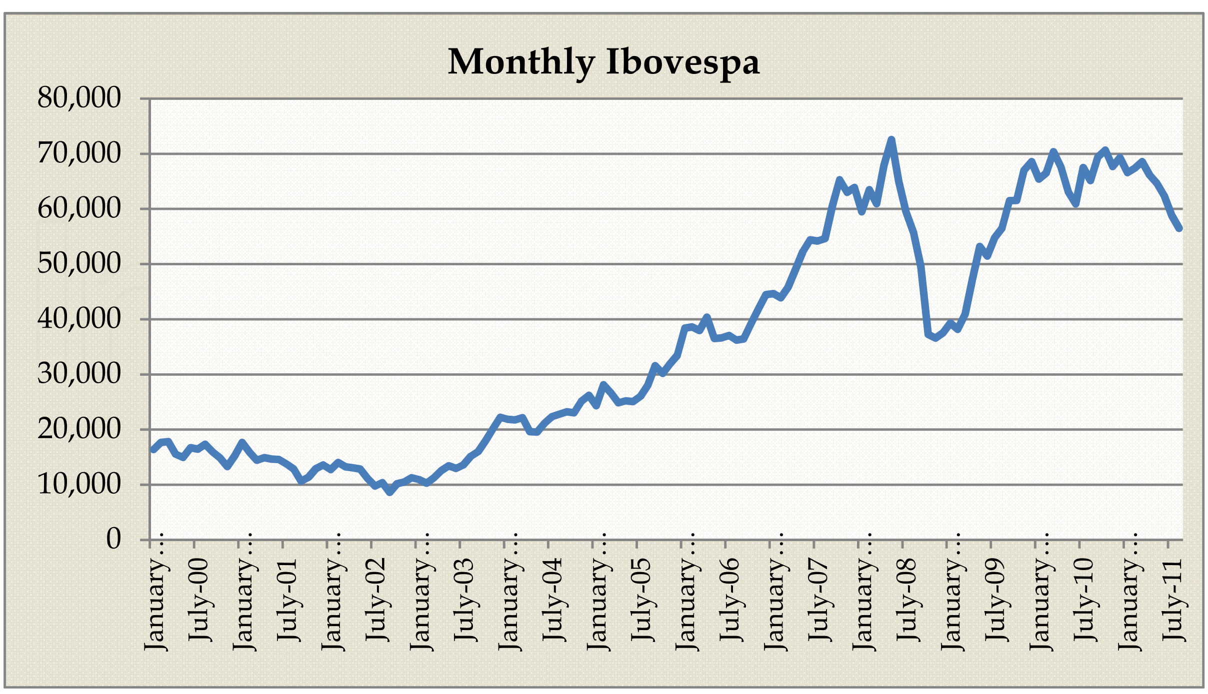


Source: BM&FBOVESPA (2010b)

Fig. 3. Percentual Participation in the ETFs, Oct 2010

Bovespa is the largest stock exchange in Latin America, and is also one of the largest in the world.

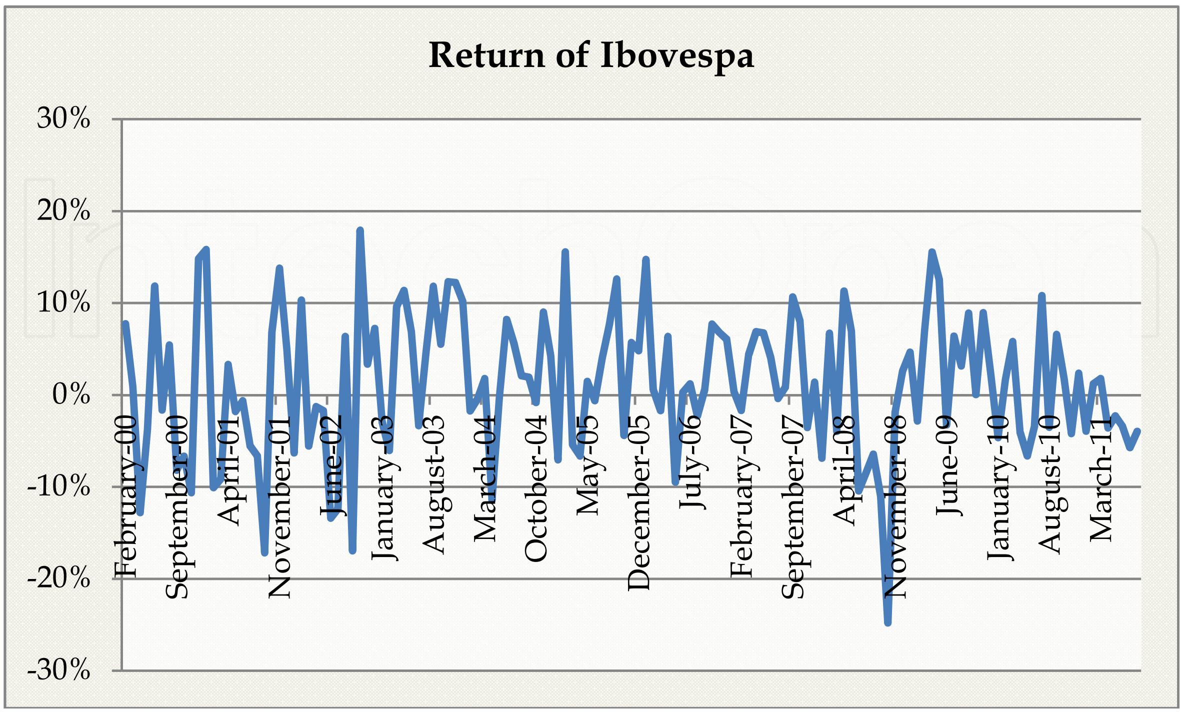
Bovespa's most important index is Ibovespa, whose primary purpose is to indicate the general behaviour of the Brazilian stock market. Ibovespa represents more than 80% of either the number of operations or the value of share trade. Figure 4 shows the monthly evolution of Ibovespa since January 2000.



Source: Bovespa (2011)

Fig. 4. Ibovespa's Monthly Evolution Since Jan 2000

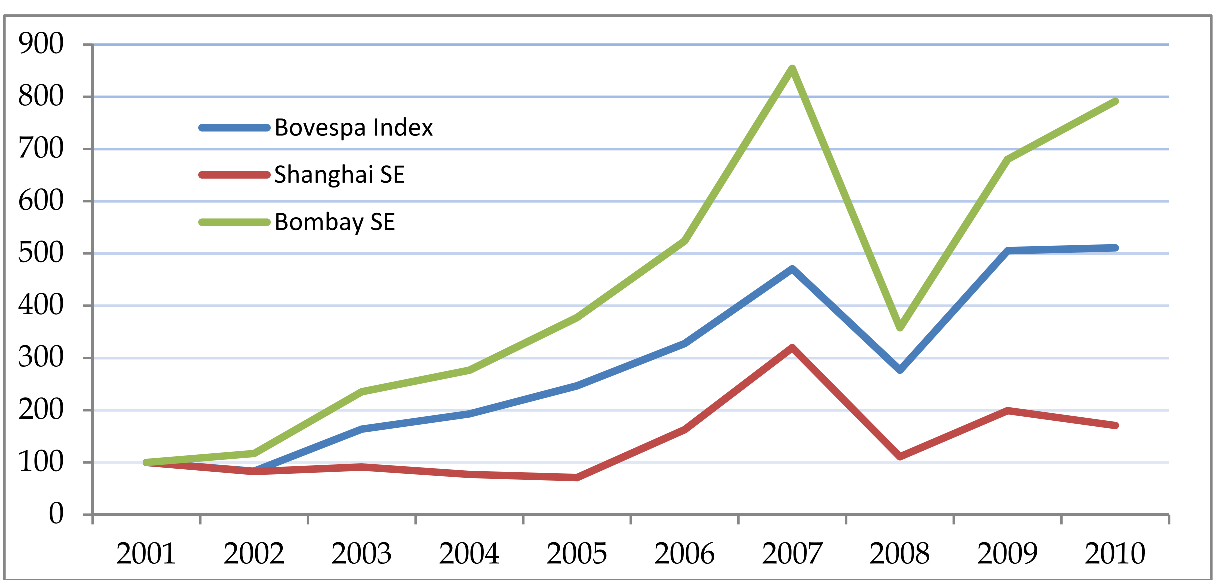
Figure 5 presents the monthly return of Ibovespa in the same time period.



Source: BM&FBovespa (2011)

Fig. 5. Ibovespa's Monthly Return Since Feb 2000

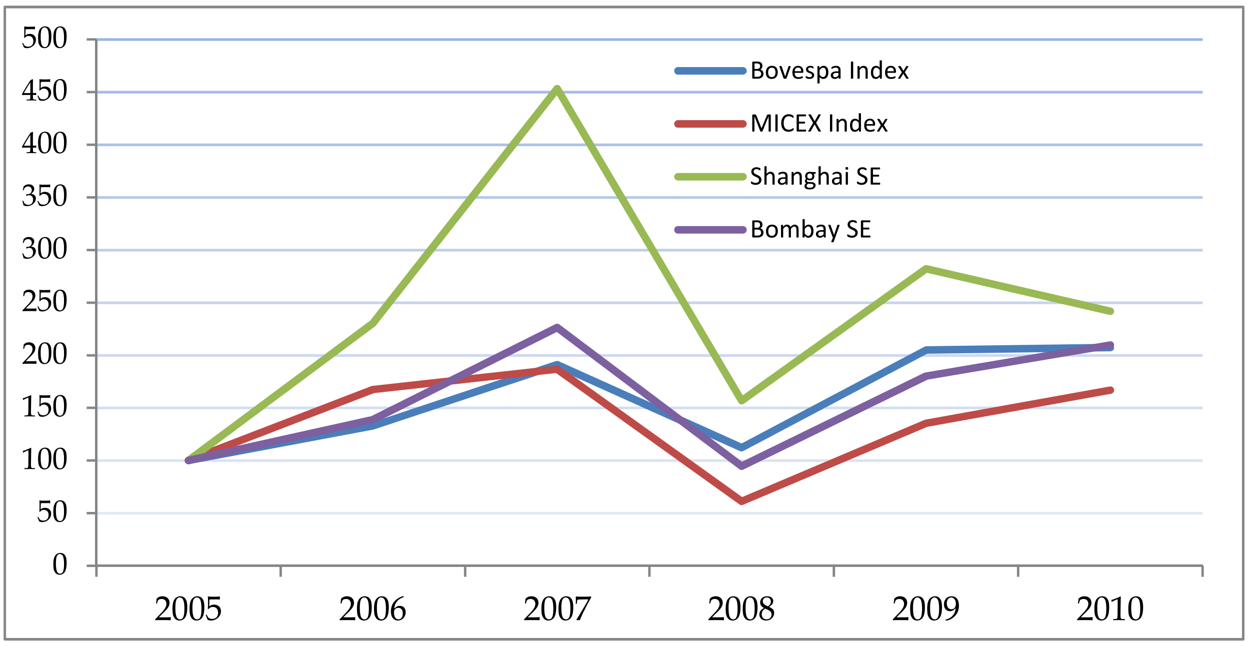
The Bovespa's performance in recent years looks impressive both in respect of accumulated earnings and in relation to daily returns, but it is better to make this assessment by comparing its evolution with stock exchanges in other countries, especially the BRICs.



Source: World Federation of Exchanges (2011)

Fig. 6. Comparative Evolution of the BRICs' Main Stock Exchanges (2000 = 100)

The index of the MICEX (Russia) is only available from 2005, so the comparison based on 2000 does not include it. Figure 6 shows that Bovespa's performance is lower than that of Bombay (India) and exceeds that of Shanghai (China).



Source: World Federation of Exchanges (2011)

Fig. 7. Comparative Evolution of the BRICs' Stock Exchanges (2005 = 100)

When considering the most recent period starting in 2005 (Figure 7), there is a quite different relationship between the indexes. In this case, Shanghai (China) stands out while the other three show very similar behaviour.

5. The Brazilian stock market structure

The Brazilian stock market is highly concentrated in a reduced number of companies in comparison to developed countries, as shown in Table 9.

STOCK EXCHANGE	2010		2009	
	NUMBER OF COMPANIES	MARKET CONCENTRATION	NUMBER OF COMPANIES	MARKET CONCENTRATION
BOVESPA	19	64.2%	19	64.8%
NYSE	104	57.0%	92	48.8%
TOKYO	114	60.1%	115	60.1%
LONDON	118	82.3%	109	86.4%

Source: World Federation of Exchanges (2011)

Table 9. Stock Market Concentration - Value of Share Trade

In Bovespa just 8 sectors represent 85.0% of the share trading volume and the major 24 companies account for 72.3% of that volume. Petrobras (Oil and gas) accounts for 16.1%; Vale do Rio Doce (Mining), for 13.1%; Bradesco, Itau and Banco do Brasil (banks), for 8.5%; totalling 37.7% of the value of share trading (BM&FBovespa, 2011).

Not only is the market concentrated, but so is the equity. Okimura (2003) affirms that there is a predominance of controlling shareholders in the Brazilian stock market, concentrating approximately 76% of vote-entitled shares, and Cavalhal da Silva (2004) states that, on average, the three largest shareholders control Brazilian companies. Table 10 indicates that among the 24 companies representing 1% or above of the Ibovespa, 15 are controlled by the major shareholder and another 3 by the two biggest shareholders. That is to say: 75% of those companies are controlled by one or two shareholders.

	Companies [a]	Shareholder 1	Shareholder 2	Total
1	ALL	12.18	7.58	19.76
2	AMBEV	**65.30**	17.10	82.40
3	BANCO DO BRASIL	**65.30**	11.10	76.40
4	BRADESCO	48.38	17.04	**65.42**
5	BRASIL TELECOM	**79.63**		79.63
6	BRASIL TEL PART	**79.63**		79.63
7	CEMIG	**50.96**	32.96	83.92
8	CESP	**94.08**		94.08
9	COPEL	**58.63**	26.41	85.04
10	COSAN	**62.33**	10.88	73.21
11	CSN	46.20		46.20
12	ELETROBRAS	**52.00**	5.15	57.15
13	GERDAU	**74.80**	7.10	81.90
14	GOL	**100.00**		100.00
15	ITAU	38.66	51.00	**89.66**
16	NATURA	22.27	21.25	43.52
17	PERDIGAO	14.16	12.04	26.20
18	PETROBRAS	**53.63**	5.18	58.81
19	TAM	**80.40**	9.84	90.24
20	TELEMAR PART	19.33	16.89	36.22
21	TIM	**77.14**	5.14	82.28
22	USIMINAS	23.74	10.13	33.87
23	VALE DO RIO DOCE	**52.70**	6.70	59.40
24	VIVO	37.97	38.41	**76.38**

Source: BM&FBovespa (2011)
[a] Companies whose weight is 1% or above in the IBOVESPA

Table 10. Shareholders' Concentration in the Main Brazilian Companies

6. Studies on the Brazilian stock market reaction to accounting information disclosure

The seminal study on the reaction of stock markets to statement disclosure by Ball and Brown (1968) indicates that stock prices show variation in the same direction of profit. The same study also concludes that most of the information contained in financial statements is anticipated by the market or is perceived before their publication. In fact, disclosure of financial statements is just one among other information sources used by investors.

The Brazilian stock market remained undersized and lifeless until 1990s due to lack of monetary and political stability. Its strong growth in recent years presents as a consequence an increasing demand for research work and studies to provide guidance to agents, especially domestic and foreign investors. This difficulty is further increased because the few available studies do not always show convergence. Table 11 summarizes the recent literature on the influence of accounting information in the Brazilian stock market.

AUTHOR(S)	PERIOD	FINDINGS
Lopes (2002)	1995-9	Accounting numbers are relevant to explain stock prices and explanatory power is concentrated in companies' net equity.
Sarlo Neto *et al*. (2003)	1990-02	Changes in preferred share prices follow the direction of accounting results. In respect to common shares, only portfolios with negative returns follow the direction of reported results.
Lima and Terra (2004)	1995-02	Abnormal returns on disclosure of financial statements are not statistically significant. Abnormal returns on yearly results are significant, indicating that information is relevant in confirming expectations.
Sarlo Neto (2004)	1995-02	Disclosed results represent an important source of information for investors. Accounting reduces the informational asymmetry in the Brazilian stock market.
Lopes *et al*. (2005)	1990-02	Evidence that changes in preferred share prices follow the direction of reported results.
Dantas *et al*. (2006)	2001-04	Operating leverage presents a positive influence upon returns on stocks.
Loriato and Gomes (2006)	2000-04	Annual financial disclosures provide relevant information to the market and cause an increase in trade volume.
Silva and Favero (2007)	2005-06	The market believes that the higher the cost of debt, the greater the financial leverage and therefore the better the result of the company.
Scarpin *et al*. (2007)	2005	The date of publication of financial statements has consequence on stock prices and trade volume.
Costa Jr. *et al*. (2007)	1995-07	Existence of causality of accounting return on market return at a marginal level of 10%.
Santos (2008)	2000-07	Changes in revenue do not influence return on shares, rather changes in costs are statistically significant.

Source: Taffarel (2009)

Table 11. Recent Studies on the Reaction of the Brazilian Stock Market to Accounting Information Disclosure

These studies suggest that, in general, accounting information can be considered significant in explaining stock prices and returns in Brazil.

Taffarel (2009) sought to evaluate the importance of accounting information in the Brazilian stock market. The sample encompassed 34 companies chosen according to their participation in the theoretical Ibovespa. The dependent variable was defined as the daily stock closing price of the common or preferred stocks at different dates and the independent variables were defined as 16 accounting and financial indicators. The analyzed time period was Jan/1st/ 1998 to Mar/31st/2008.

The results indicated that the information embodied in the accounting exhibits impact differently common and preferred stock prices. For common stocks, current ratio, net working capital by sales, return on net equity, return on asset, sales by total assets, and sales by fixed assets, represented by their principal components, explained 29% of the return of stock price referred to 30 days after the accounting exhibits' publication on the trimester closing price.

In respect to preferred stocks, the model that better explains the relationship is based on the return of the stock price referred to 5 days after the exhibits' publication on the trimester closing price. Operational margin, net margin and return on net equity, in combination with total assets by sales , fixed assets by sales, and net equity by sales, represented by their principal components, explained 57% of the stock price variation.

7. Corporate governance and the Brazilian stock market

The stock market at Bovespa is divided into four segments: Traditional, Level 1, Level 2, and Novo Mercado (New Market). This is the ranking of the four segments according to specific sets of regulatory and additional requirements of corporate governance.

Companies in the Novo Mercado may only issue voting (common) shares and voluntarily undertake corporate rules and disclosure requirements which are much more stringent than those already established by Brazilian laws, known as "good practices of corporate governance". These rules are designed to increase shareholders' rights and enhance the quality of information provided by companies. Additionally, a Market Arbitration Panel is offered to resolve conflicts between investors and issuers (World Bank, Brazil Report September 2004).

CVM, Bovespa, the Brazilian Institute of Corporate Governance (IBGC), and the Brazilian Bank for Economic and Social Development (BNDES) have acted together and created a positive climate in which companies pursue the accomplishment of the established standards of corporate governance by themselves in order to obtain a differentiation in the market and a higher value. The BNDES requires companies to promote the opening of capital and improve their corporate governance practices in exchange for the funding (Lameira, 2004, p.108-109).

This important change in the Brazilian stock market, initiated in December 2000, is based on the idea that reduction in investor perceptions of risk presents a positive effect on share values and liquidity. As pointed out by the World Bank: "Bovespa believed that investors would perceive their risks to be lower if two things occurred: they were granted additional rights and guarantees as shareholders; and, if the asymmetry of access to information between controlling shareholders/company management and market participants was narrowed (if not eliminated)." (World Bank, 2004).

According to Santana *et al.* (2008) "Brazil is at an advanced stage in the corporate governance debate, and demand for voting shares, transparency, tag along rights, and other corporate governance rights has increased significantly."

In comparison with other countries, experts recognise that the Brazilian experience in respect to corporate governance and stock market is successful. Petra Alexandru compared the *Novo Mercado* to Romania's Transparency Plus Tier and highlighted that in the latter the

Romanian Corporate Governance Codes and Principles and the T+Tier were imposed upon listed companies as mandatory requirements. As a result, only one company had applied to be listed on the T+ Tier until 2006. "The positive attitude of the local issuers towards such standards was overestimated."(IFC, 2008).

Melsa Ararat and B. Burcin Yurtoglu compared the Istanbul Stock Exchange's initiative to promote higher corporate governance among its listed companies to the *Novo Mercado's* experience. They pointed out that Turkey's plan failed and that the small diversification in comparison to Brazil is likely to be a main explanatory factor (IFC, 2008).

8. Final remarks

Brazil presents good economic and social indicators, mainly originating from mid-1990. Once the *Plano Real* was established in 1994, the economy went through a period of accommodation that would have ended in 1998 were it not for the instability that plagued the world economy and the proximity of the 2002 elections. Thus, the beneficial effects of stabilization were only made present in a clear and lasting way from 2003. This is very noticeable in the behaviour of the Bovespa.

Data on the Brazilian economy, especially since the *Plano Real*, has led to a growing number of supporters of the government's policy of maintaining a political and economic environment favourable to increasing participation of foreign capital in the country's development, including absence of control.

Bovespa concentrates practically the whole stock market in Brazil, and receives a significant flow of capital resources from abroad, but it is not well known yet. Indeed, there are few studies on the Brazilian stock market, and the fast growth process imposes changes that make it still more difficult to properly understand its functioning.

Bovespa is comparable in size to the main stock exchanges in the BRICs, the Brazilian stock market is markedly concentrated, and equity control is concentrated in hands of a few shareholders.

Studies on the influence of accounting indicators on prices and stock returns in the Brazilian market are still scarce and inconclusive. A recent study (Taffarel, 2009), however, shows that the preferred and common shares react differently to the publication of financial statements in the short term.

The Brazilian experience on the classification of stocks as to the standards of management and information made available to the market by issuer companies can be considered a success, especially when compared to other developing countries. In Brazil, companies are encouraged to adhere to different levels of governance, but they do so freely.

The introductory remarks in this chapter may serve as a starting point for the persons concerned with deepening their knowledge of the Brazilian stock market, but they are obviously insufficient for making an investment decision. The general characteristics presented here constitute only an overview of the current situation and prospects.

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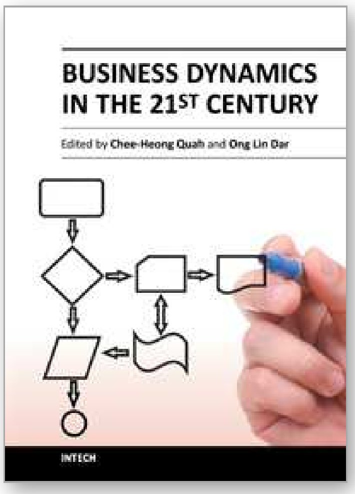

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