

**BRAZIL ISSUED THE NEW 30-YEAR BENCHMARK BOND IN THE EXTERNAL MARKET**

The National Treasury carried out, on July 21<sup>st</sup>, the issuance of its 30-year benchmark bond denominated in US Dollars, the Global 2047, reaching USD 1.5 billion – in the North-American market.

The bond, which bears a coupon of 5.625% p.y., paid semi-annually, starting on Feb-21<sup>st</sup> 2017 up to its maturity in 2047, was priced at 96.464% of its face value to yield 5.875%, 357.20 bps above the comparable US Treasury. The issuance was managed by *Deutsche Bank, HSBC and Goldman Sachs*.

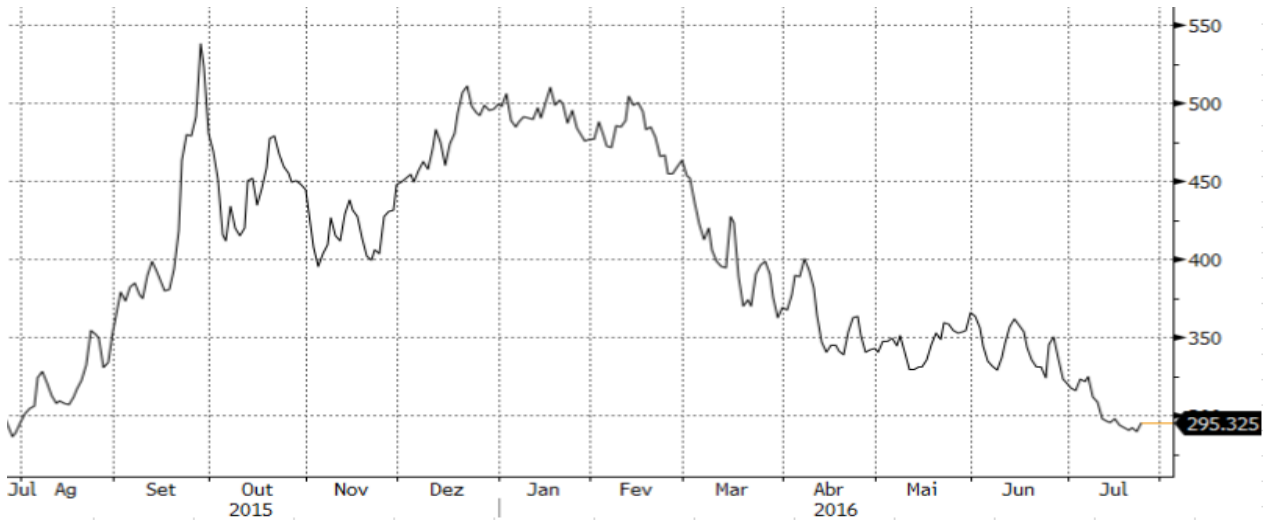
**Characteristics of the Global 2047 Issuance**

<b>Issuance date</b>	<b>07/21/2016</b>
Term	30 years
Maturity	02/21/2047
Interest coupon	5.625% p.y.
Issuance price	96.464% of face value
Yield	5.875% p.y.
Spread over the US Treasury	357.2 bps
Principal payment	Single payment, at maturity
Interest payment	Semi-annual payments
<b>Issued at Global Market</b>	<b>USD 1.5 bn</b>

Source: Codip/Gerex – National Treasury

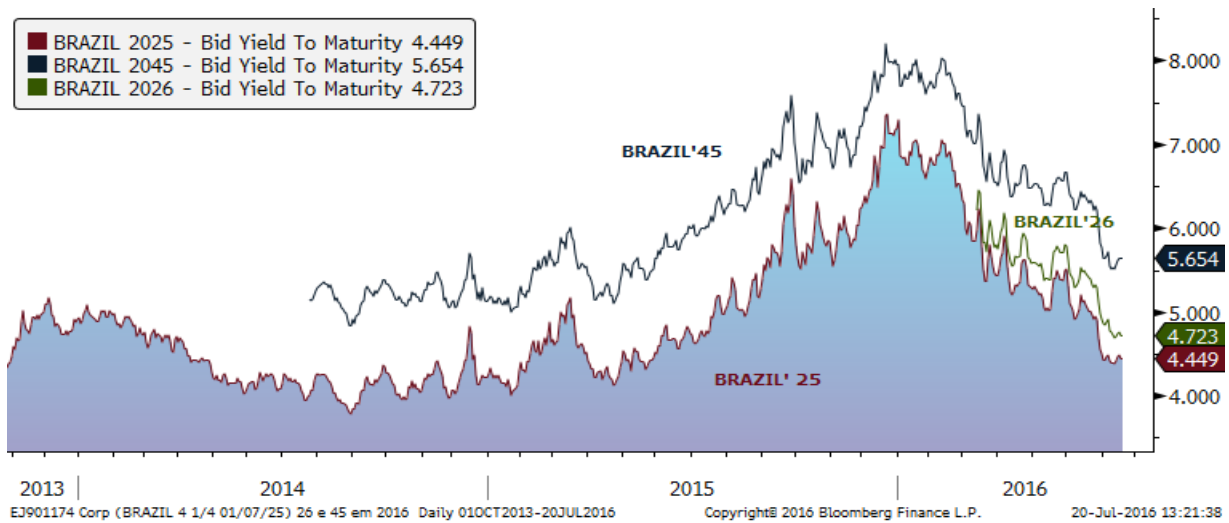
It was performed considering the recent improvement in the investor sentiment towards emerging markets in the period, with a comparatively higher demand and better financing conditions. The issuance of the Global 2045, former 30y benchmark, evidenced a reduction of 230 bps in the past 7 months, pointing 8% p.y in the beginning of 2016. It was also important the reduction of the 5y CDS spread, which increased the appetite for Brazilian assets from long-term investors perspective. The deal bookbuilding process was characterized by the high quality of the accounts, mostly represented by long-term oriented investors. Regarding the geographical diversification, besides the traditional US-based investors, there were participation from Asian and European investors.

**Graph 1 – 5y CDS Brazil Spread**



Source: Bloomberg

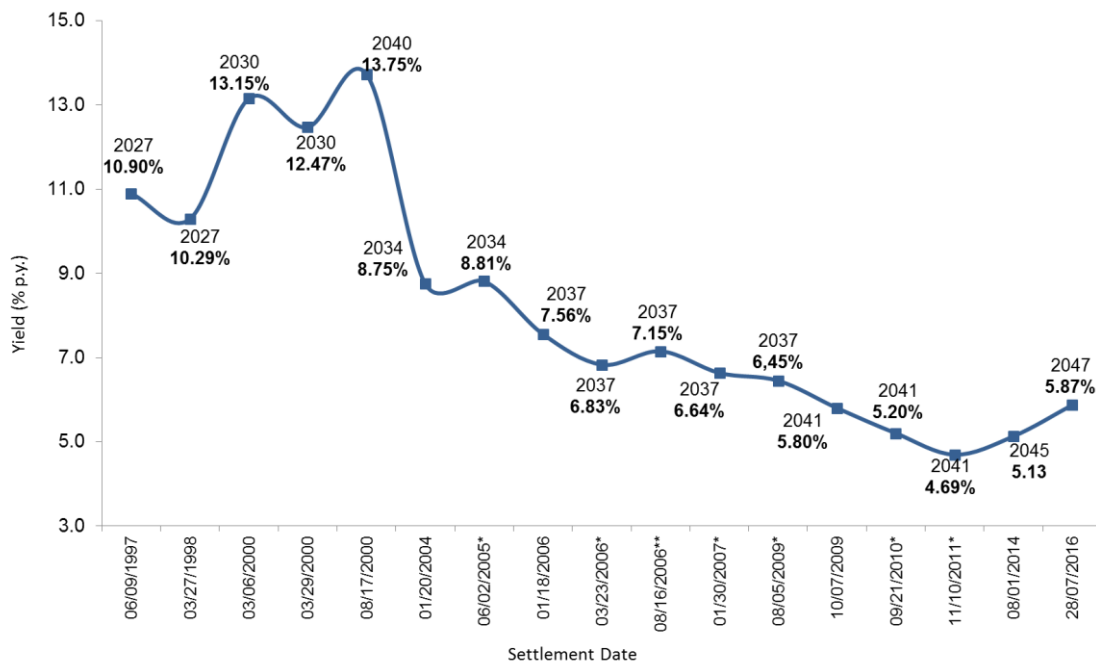
**Graph 2 – Yield Rate % p.y. 2025, 2026 and 2045**



Source: Bloomberg

The graph below shows a historical of past 30y deals performed by the Republic, displaying the rates obtained in the operation's day.

**Graph 3 – Historical Yield Rate of 30y Issuances - Brazil – (% p.y.)**



Source: National Treasury

This issuance follows the guidelines taken by the National Treasury regarding the improvement of the external debt profile through the consolidation of the external yield curve in US Dollars by maintaining reference points (benchmarks). Besides improving the sovereign bonds curve, the creation and maintenance of well-priced liquid securities serve as a reference for external operations for Brazilian private companies.

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