



Department of State *FN 6 BRAZ*  
**TELEGRAM**

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87  
ACTION ARA 15

INFO INR 07, CIA 04, NSA 02, AID 30, STR 08, E 15, COM 08, FRB 02, TRSY 08  
XMB 06, RSR 01, RSC 01, MM 01, /108 W

*Rec 3686*

*12/12/67*

R 012010Z DEC 67  
FM AMEMBASSY RIO DE JANEIRO  
TO SECSTATE WASHDC 8845

LIMITED OFFICIAL USE RIO DE JANEIRO 3686  
SUBJECT: CREDIT AND EXCHANGE DEVELOPMENTS  
REF: A. STATE 76210, B. RIO 3544

*FN 6 BRAZ*

1. BRAZIL'S GROSS FOREIGN EXCHANGE RESERVES ESTIMATE AT \$215 MILLION ON NOVEMBER 27 COMPARED \$279 MILLION END JUNE 1967. NET FOREIGN ASSETS, DETERIORATED \$280 MILLION DURING SAME PERIOD. EXPLANATION OF DIVERGENT TRENDS NET FOREIGN ASSETS AND GROSS RESERVES PROVIDED IN A-359, NOVEMBER 24.

2. BOB LOANS: SUGGEST RATIONALE EXPANTION BOB LOANS

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BE RAISED WITH DELFIM NETO AND STAFF DURING UPCOMING WASHINGTON VISIT. FOLLOWING INFO PROVIDED AS BACKGROUND:

A. BOB LOANS AS REPORTED "WEEKLY FINANCIAL INDICATORS" INCLUDE PRIVATE SECTOR AND AUTARQUIAS. TOTAL THESE LOANS OCTOBER 26 TRANSMITTED REF B WERE NCR\$2,922 MILLION, INCREASE NCR\$428 MILLION SINCE END JUNE. JULY REVISION MONETARY BUDGET PROJECTS EXPANSION

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SECOND SEMESTER NCR\$396 MILLION; EXPANSION THROUGH OCTOBER 26 THUS ABOUT 8 PERCENT IN EXCESS SEMESTER PROJECTION, NOT 70 PERCENT AS CONCLUDED REF. A.

B. BOB PRIVATE LOANS EXPANDED ESTIMATED NCR\$445 MILLION BETWEEN END JUNE AND NOVEMBER 14; ON LATTER DATE 29 PERCENT ABOVE END 1966 TOTAL. JULY MONETARY BUDGET PROJECTS NCR\$354 MILLION EXPANSION SECOND SEMESTER, SO EXPANSION THROUGH NOVEMBER 14 ABOUT 26 PERCENT ABOVE SEMESTER PROJECTION.

C. BOB LOANS TO AUTARQUIAS EXPANDED NCR\$65 MILLION BETWEEN END JUNE AND NOVEMBER 2, COMARED NCR\$42 MILLION INCREASE PROJECTED FOR WHOLE SECOND SEMESTER. THESE LOANS MAINLY TO SUGAR-ALCOHOL INSTITUTE.

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3. RESOLUTION 69. CORRECT INTERPRETATION CONTAINED A-349. PORTION COMPULSORY RESERVES WHICH CAN BE HELD FORM RURAL PAPER ESTABLISHED BY RESOLUTION 5 OF AUGUST 1965 AND HAS NOT REPEAT NOT BEEN ALTERED BY RESOLUTION 69. SUGGEST COPY A-349 BE SHOWN IBRD REP; HIS INTERPRETATION WOULD IMPLY RELEASE ALMOST ONE-HALF CURRENT COMPULSORY CASH RESERVES. TUTHILL

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