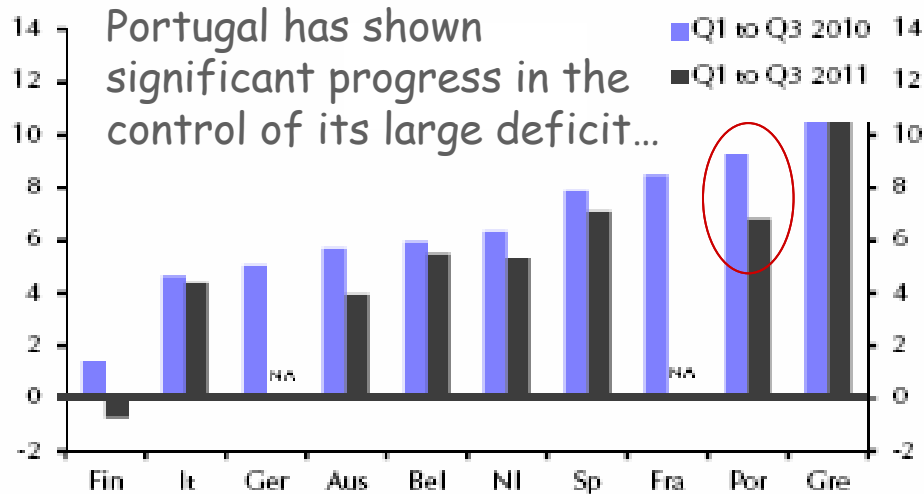


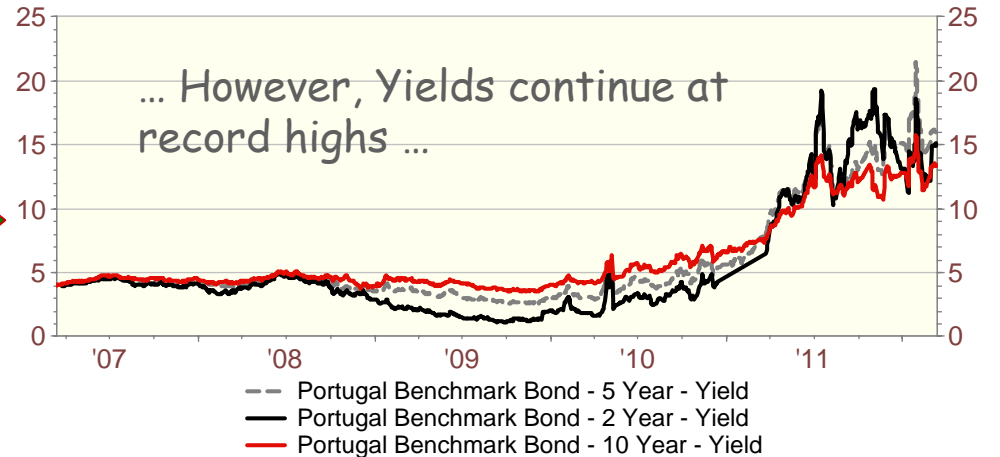
# PORTUGAL. A new bailout is necessary

Chart 1: General Government Budget Deficit (% of GDP)



Source – Eurostat

YIELDS OF PORTUGUESE BONDS



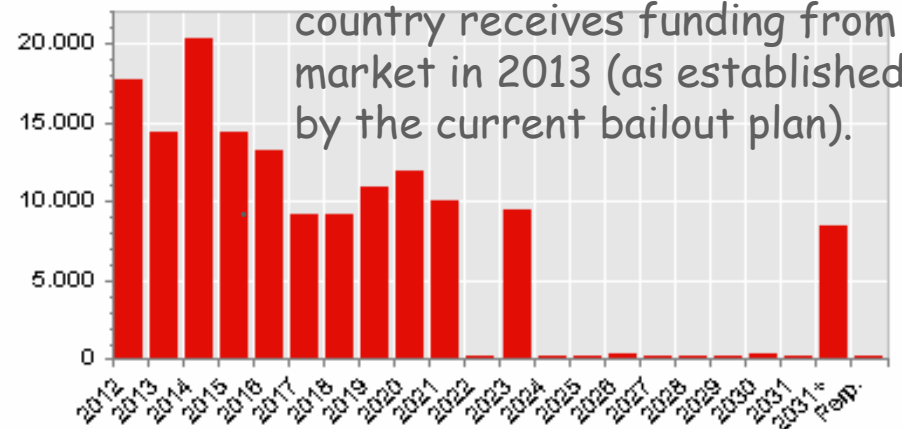
Source: JPM Chase

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## Government of Portugal (Government)

### Public Debt Maturity Schedule

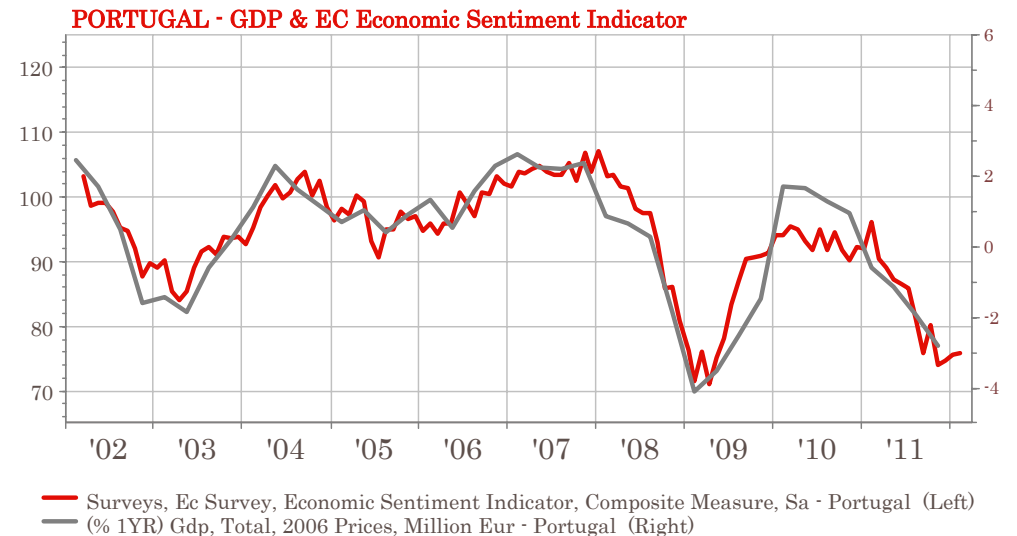
Value (in millions)



- ... What makes the current program, something "useless", as defined ...
- ... Which in turn will force a second rescue plan ...
- That should be defined in 2012.

## PORTUGAL. ¿Does the new bailout will lead to a PSI (default)?

- This is the question we all ask.
- Analysts focus this issue from the Portuguese (or Irish) point of view, in the sense that we tend to affirm that Portugal and Ireland can claim the same conditions as Greece to obtain a partial debt forgiveness ...
- ... from this perspective, this argument runs into the European assertion that the Greek PSI is unique and specific. Therefore, this approach receives a clear answer: "No PSI for Portugal."
- In Andbanc we look the other way. Now we know that Portugal will not have access to the market in 2013, and therefore will require a new bail-out, we asked the following: Will the authorities of the euro zone impose a PSI as a condition to the new rescue program?
- **In this regard, we believe that we can not exclude that the political class requires an PSI a la Portuguese.**



Eurostat

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- Something the market has priced only partially (Portugal bonds trade at 73% of nominal in the 4-5 yr sector).

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