



**BANCO CENTRAL DO BRASIL**

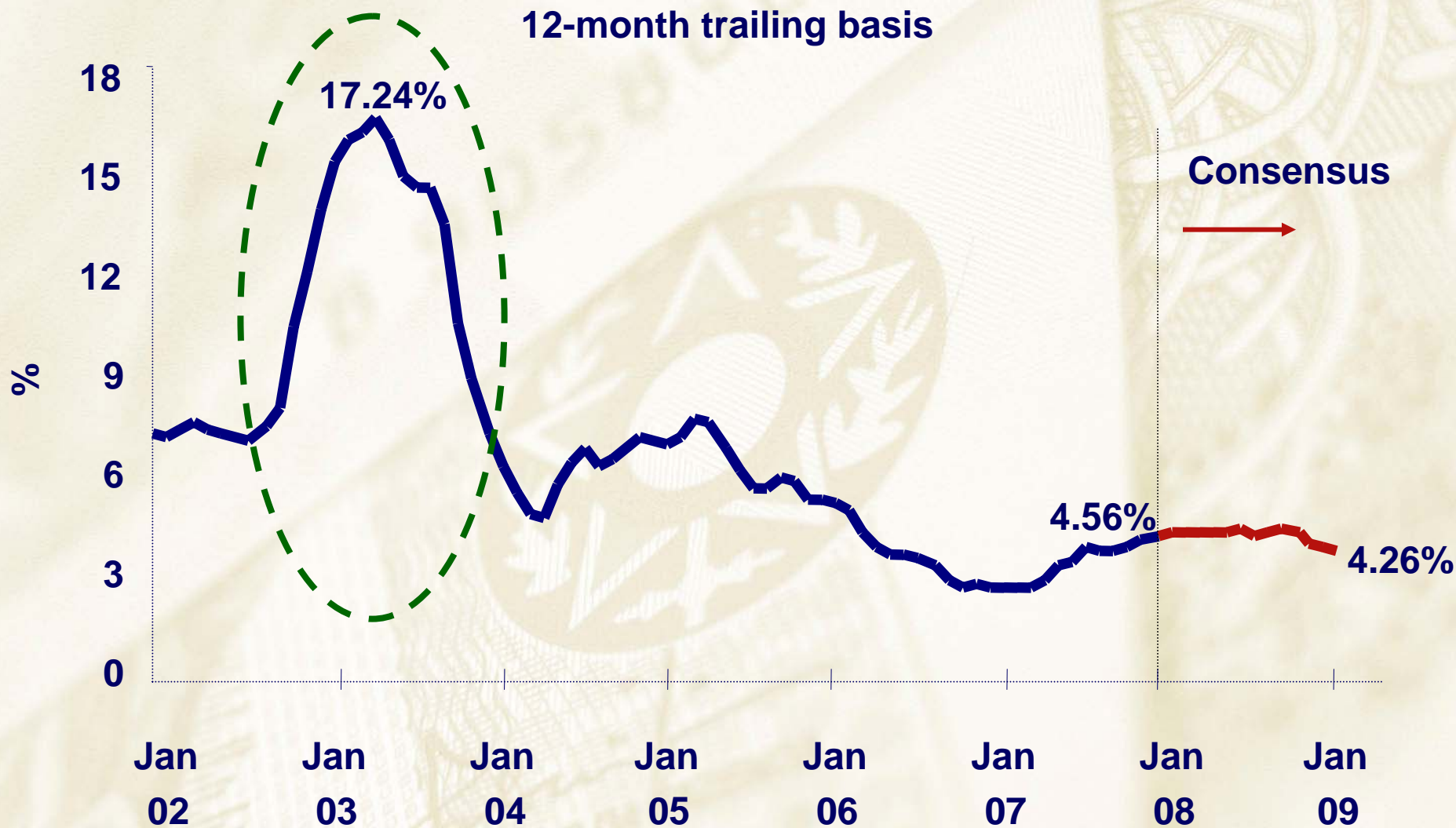
# **Brazil: Facing international turmoil**

**Henrique de Campos Meirelles  
February 2008**

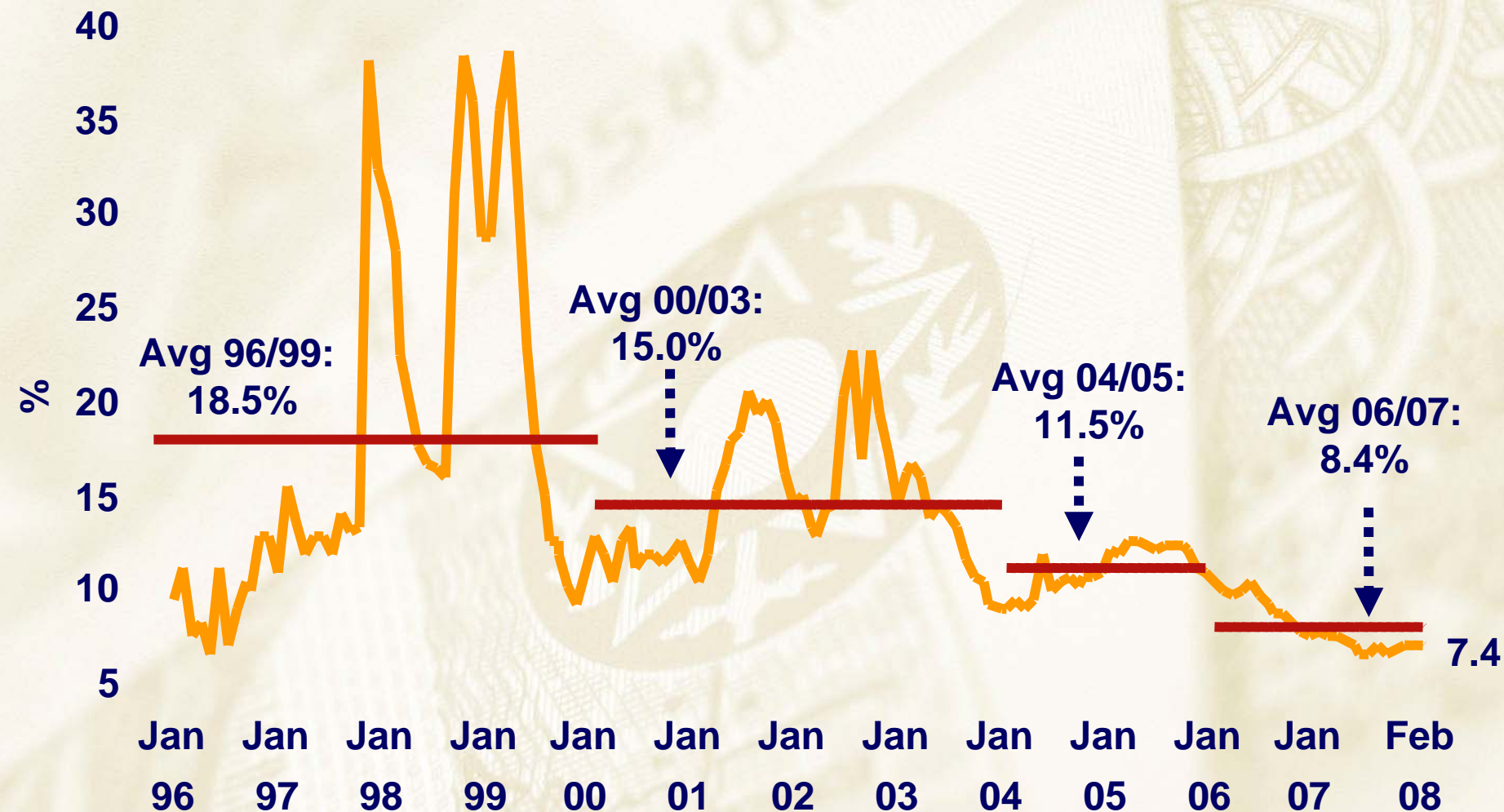
# Brazil: Facing international turmoil

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- **Long-Term Macroeconomic Adjustment**
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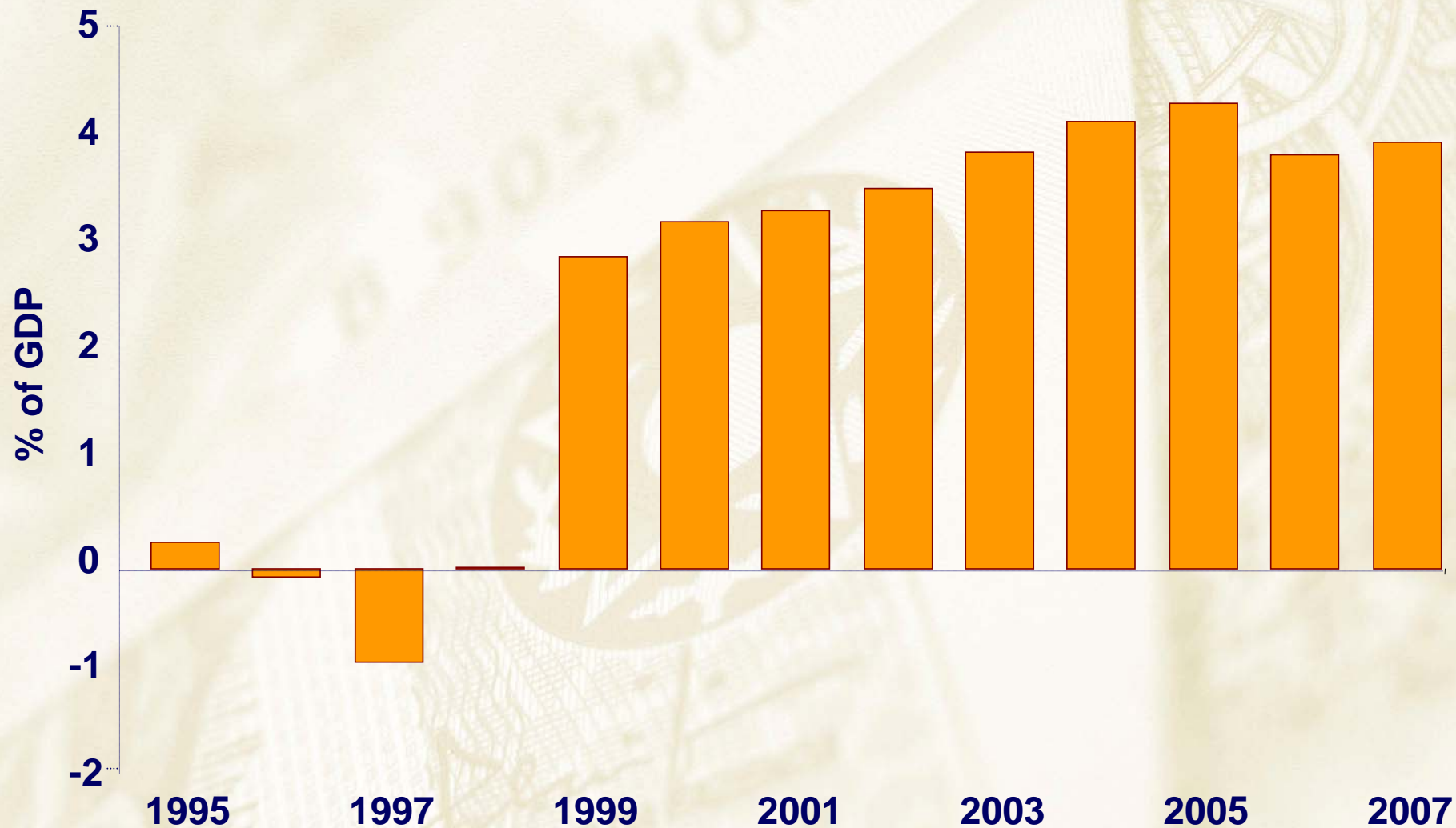
# Consumer Inflation



# Real Interest Rate



# Public Sector's Primary Surplus



# Public Debt/GDP



# FX Public Debt/GDP



# Average Real Earnings





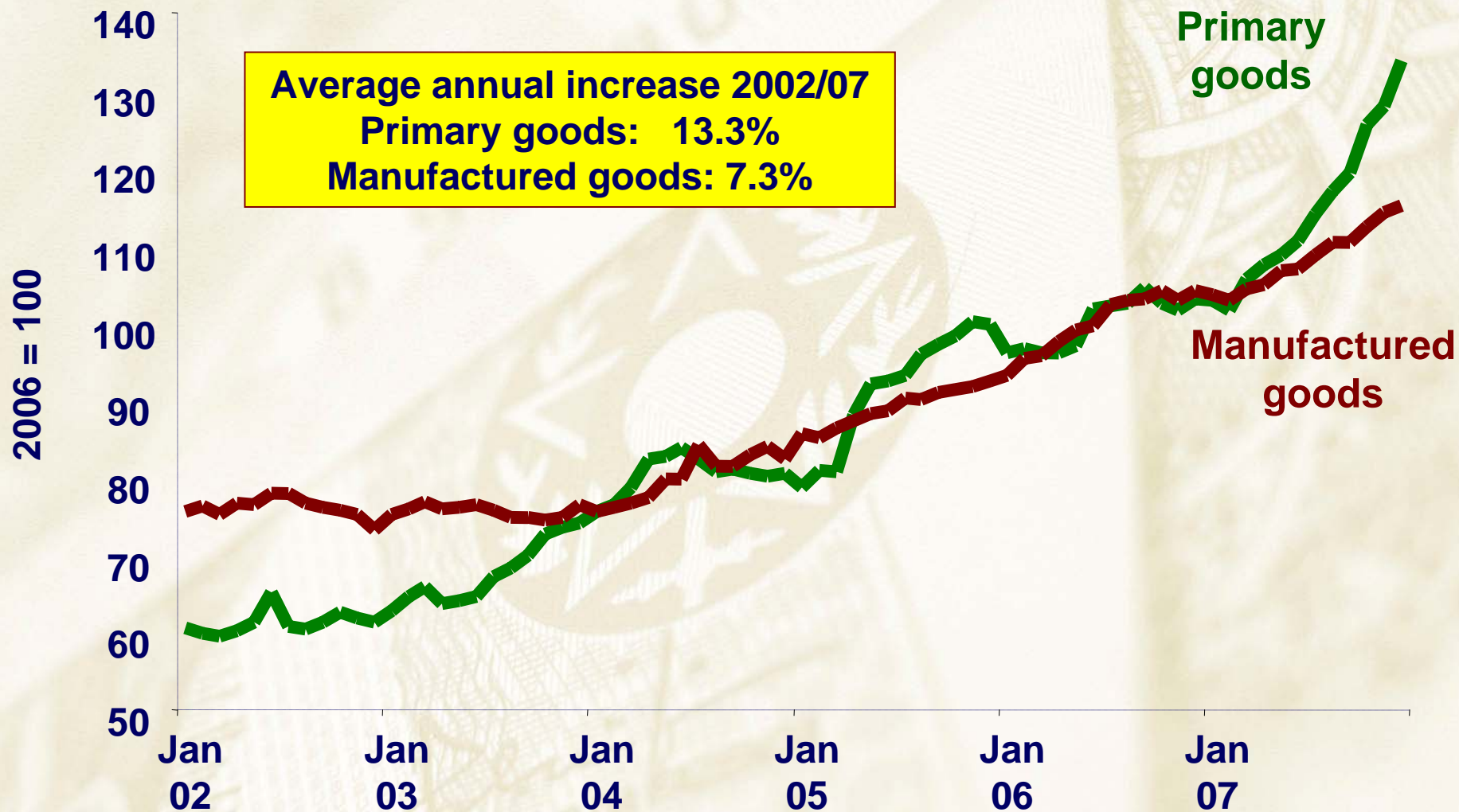
# Brazil: Facing international turmoil

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- **Balance of Payments Developments**
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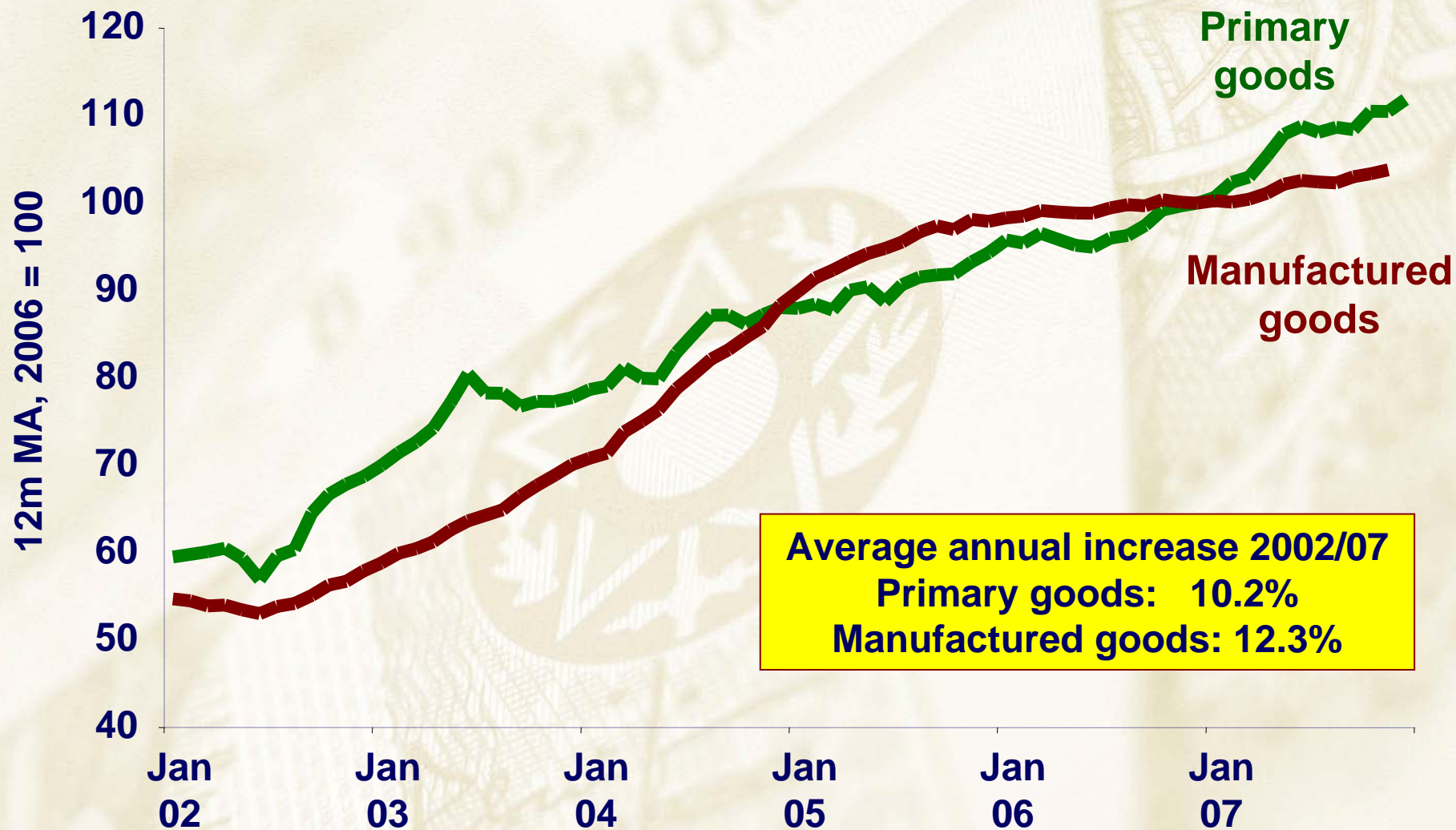
# Trade Balance



# Export Prices

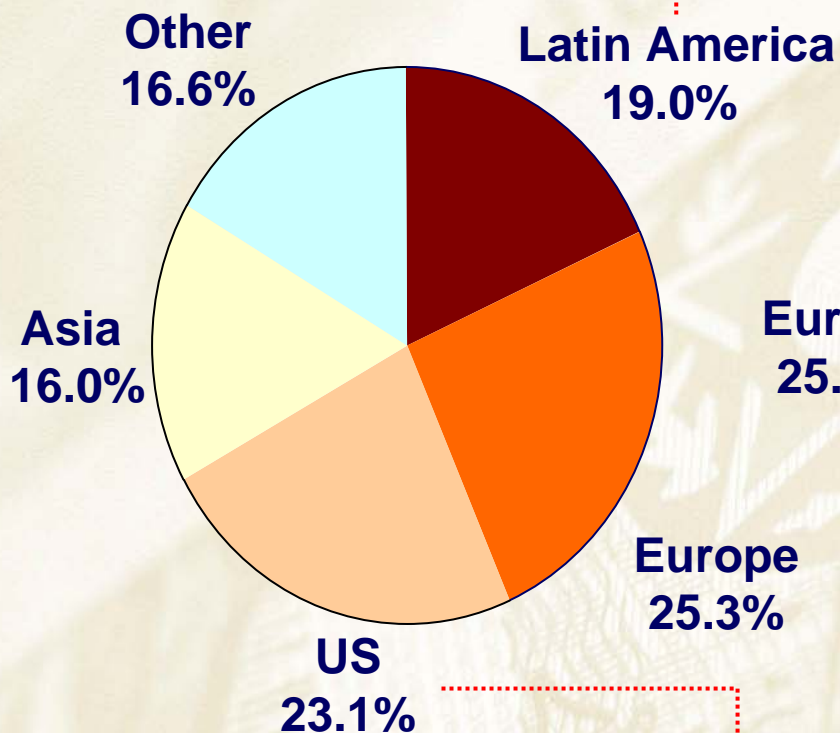


# Export Volumes

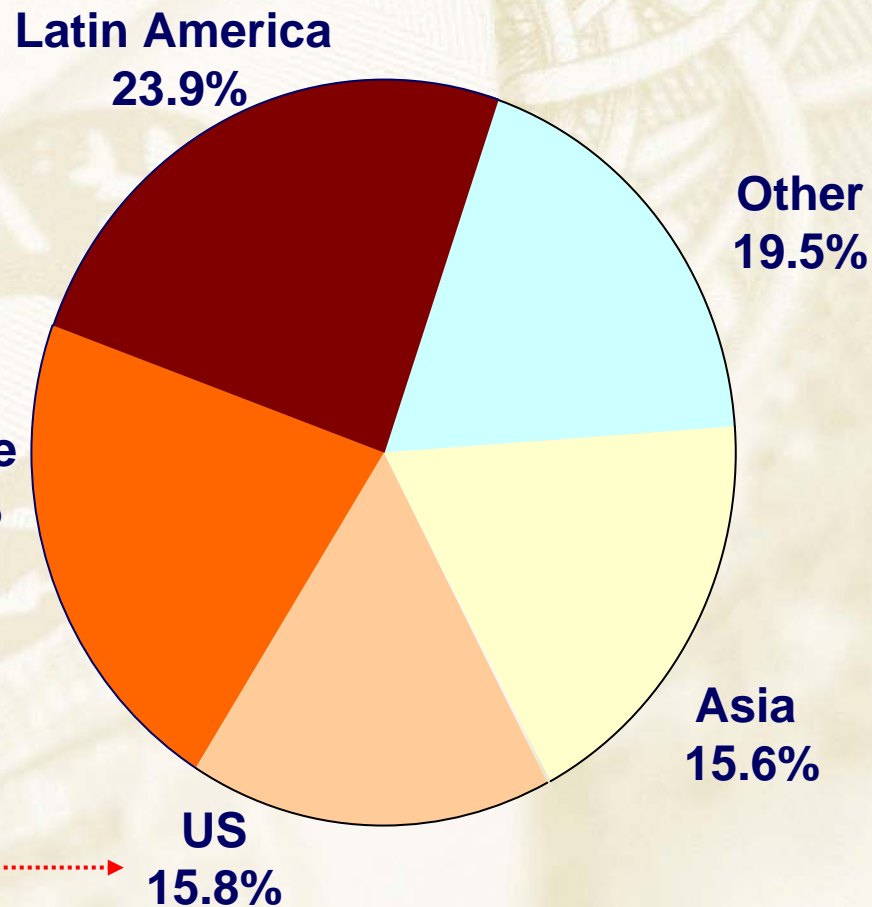


# Export Markets

2003



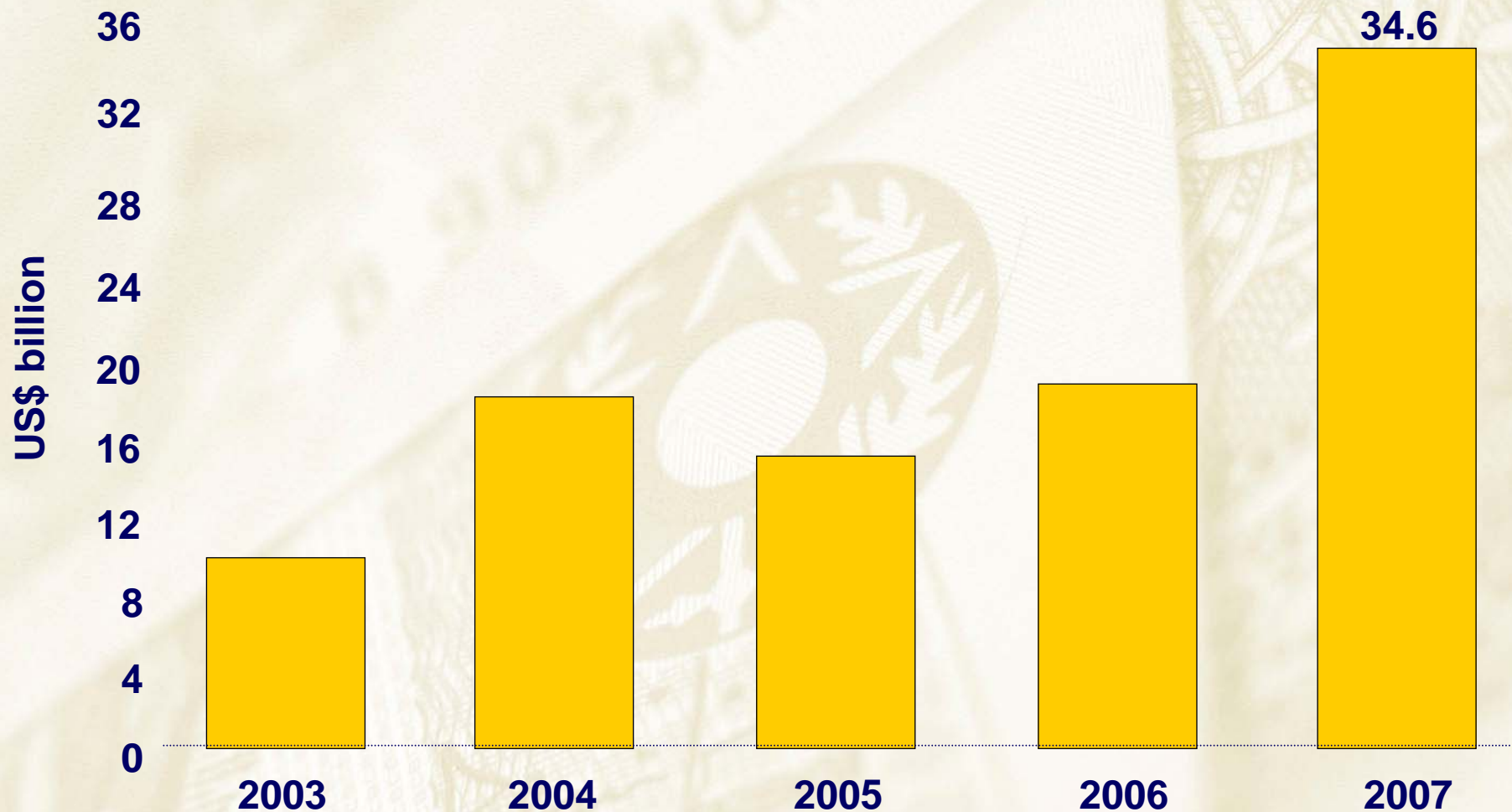
2007



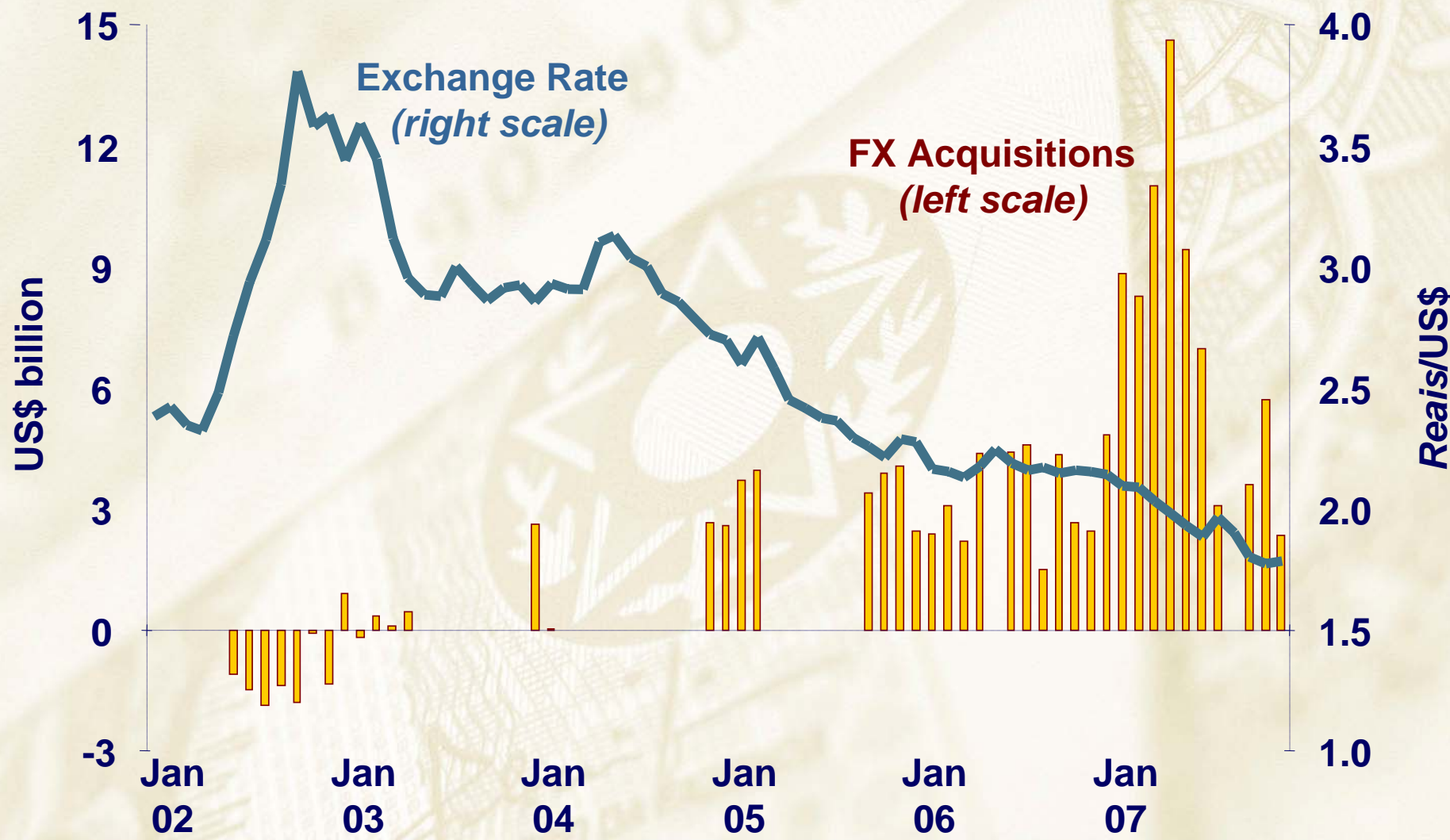
# Current Account



# Net Foreign Direct Investment

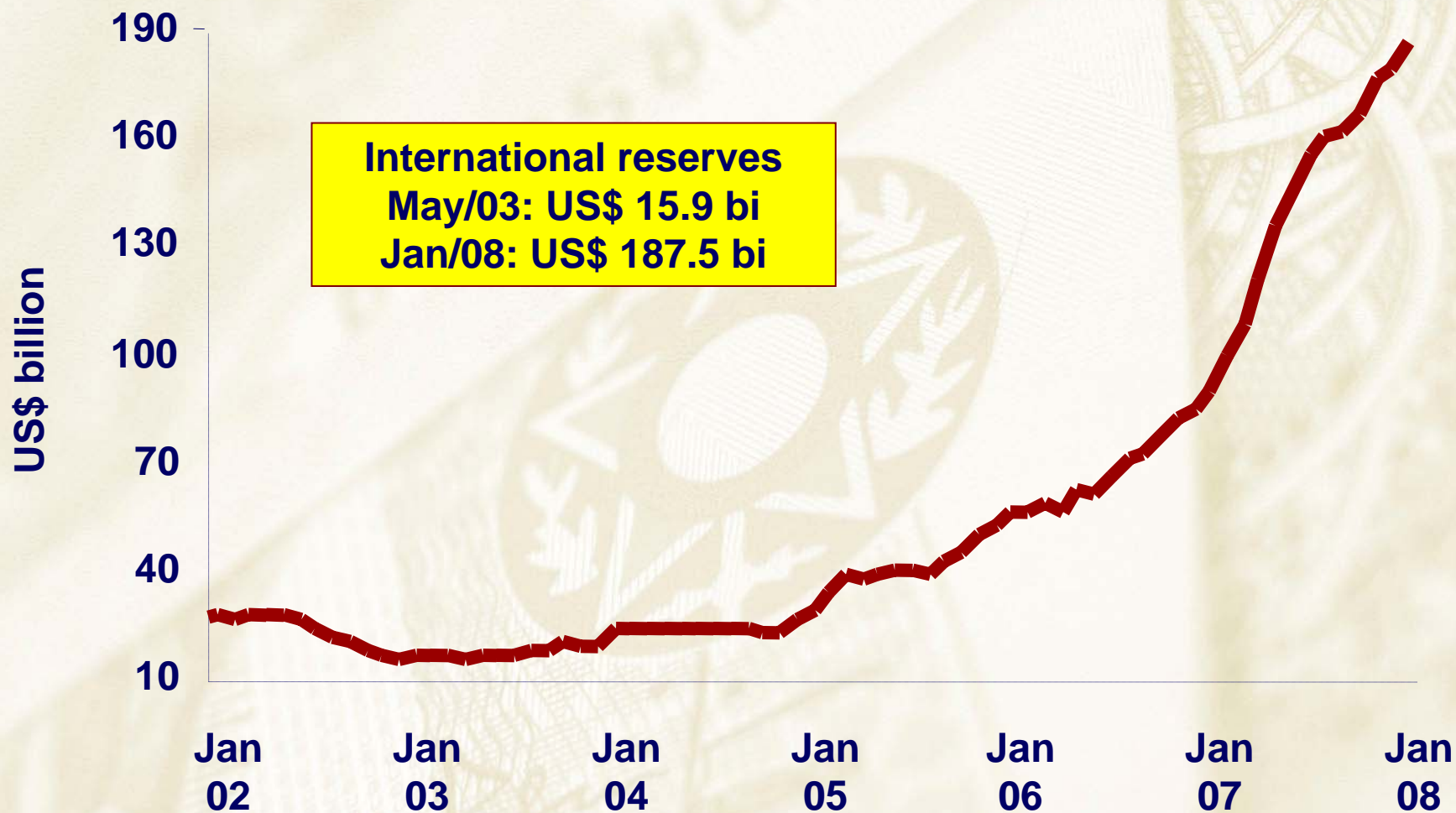


# Central Bank's FX Acquisitions

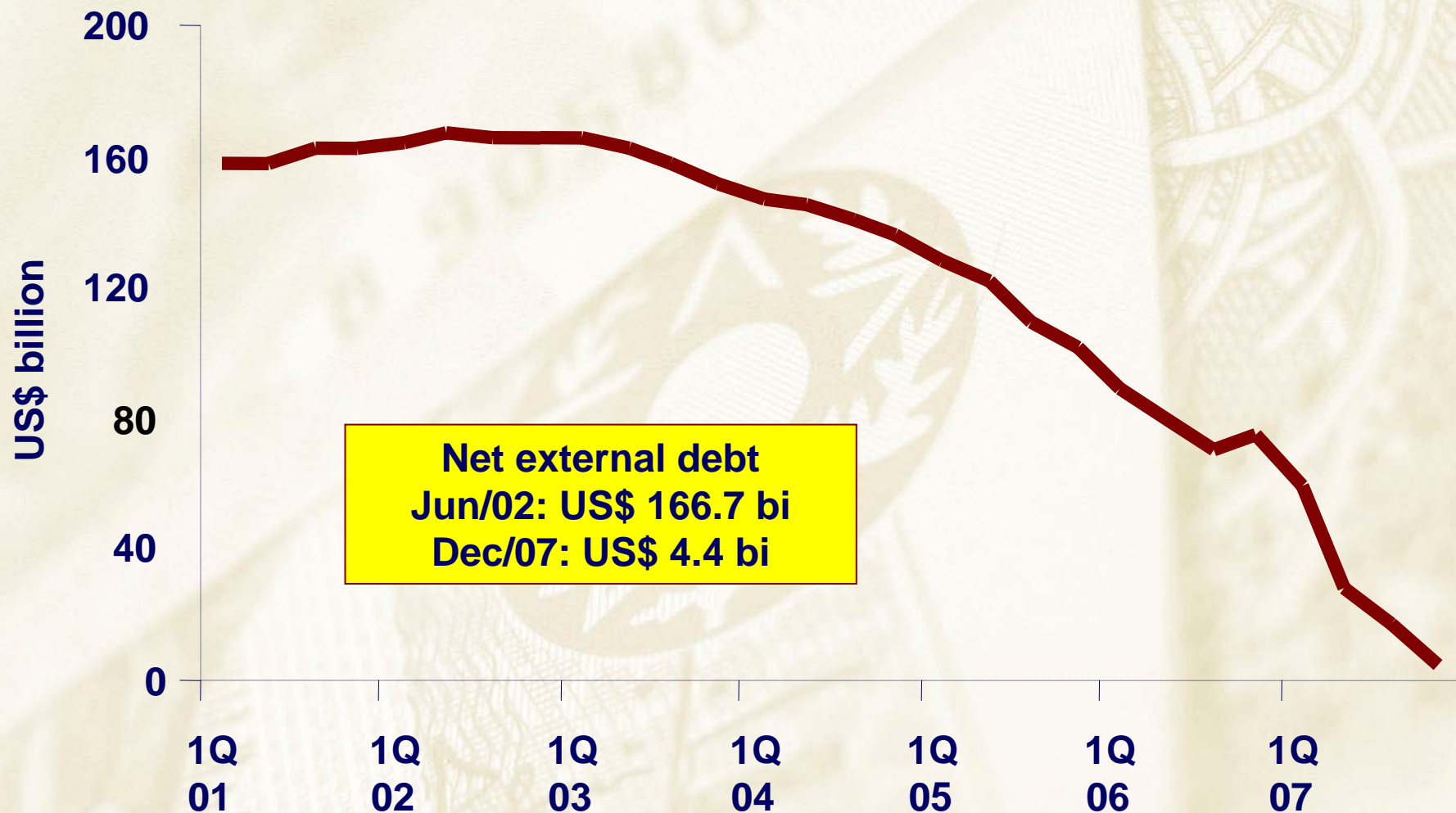




# International Reserves



# Net External Debt



# Net External Debt/Exports

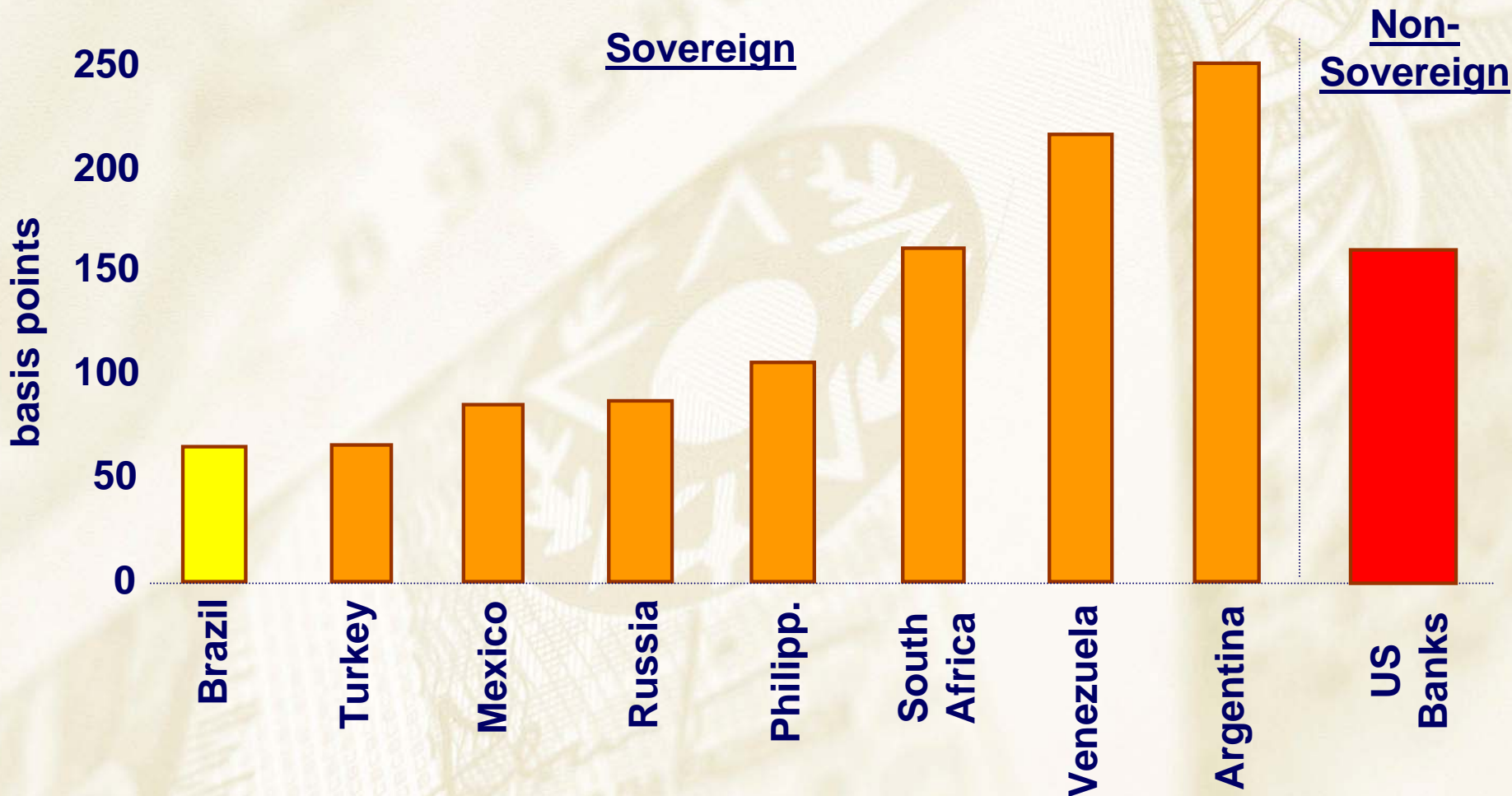


# Decoupling or Recoupling?

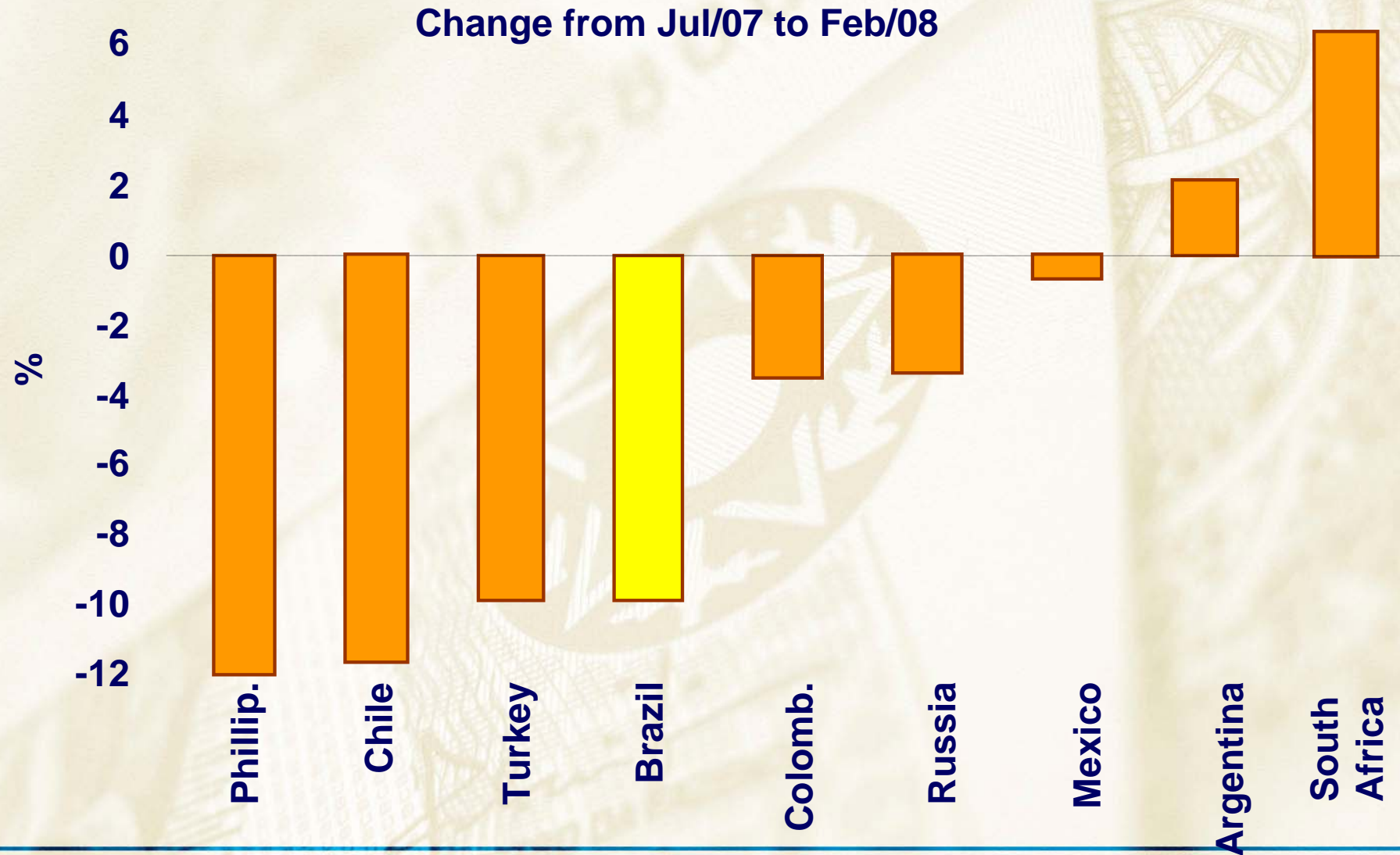


# Credit Default Swaps (5-year)

Change from Jul/07 to Feb/08



# Exchange Rate: Brazil vs. Selected Emerging Countries



# Brazil: Facing international turmoil

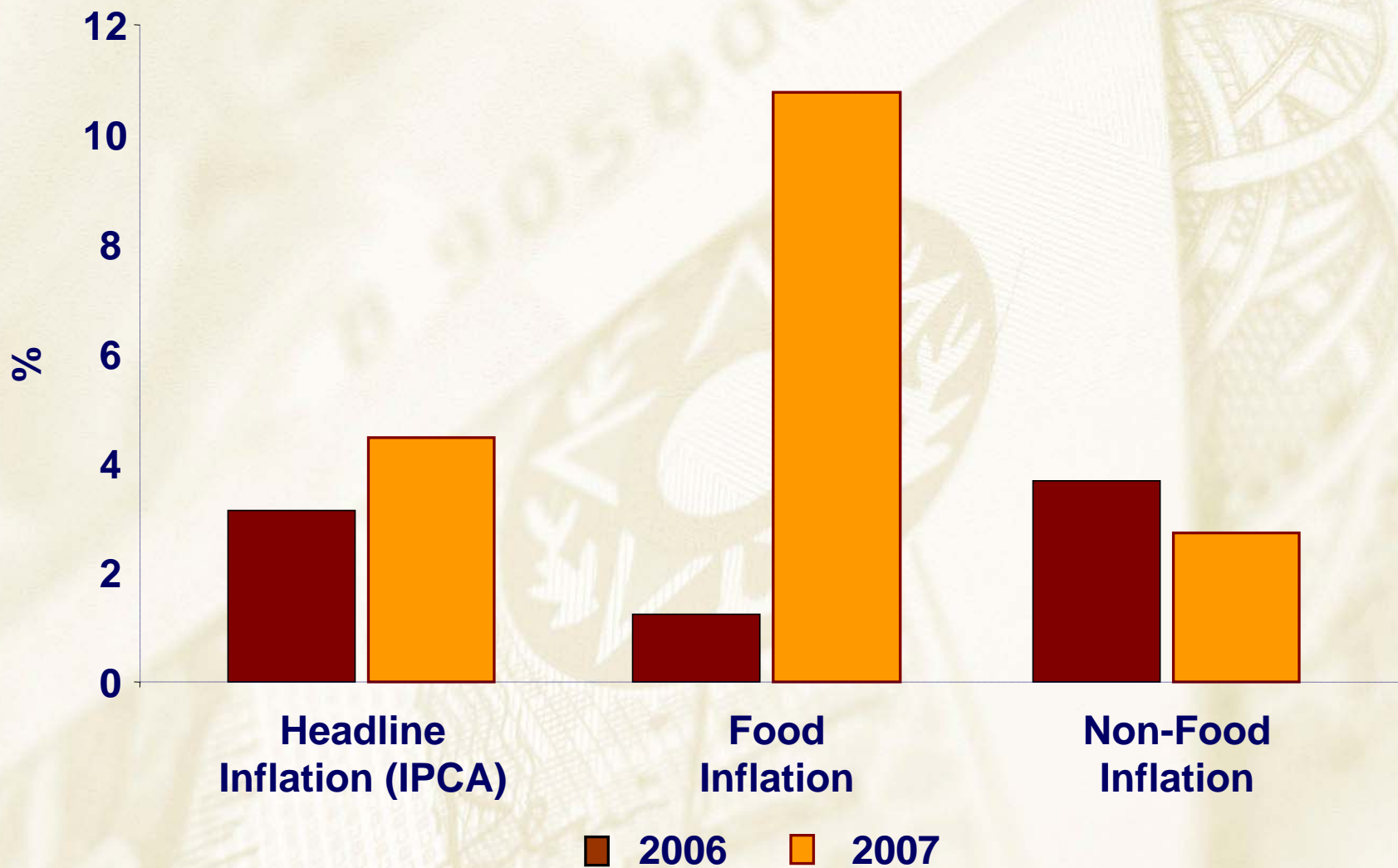
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- **Inflation**
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# Inflation in 2007: Selected Countries

	<u>(2006)</u>	<u>(2007)</u>
Switzerland	0.6%	2.0%
Euro Area	1.9%	3.1%
Israel	-0.1%	3.4%
South Korea	2.1%	3.6%
US	2.5%	4.1%
<b>Brazil</b>	<b>3.1%</b>	<b>4.5%</b>
China	1.9%	6.5%
Saudi Arabia	2.9%	6.5%
Chile	2.6%	7.8%
Venezuela	17.0%	22.5%



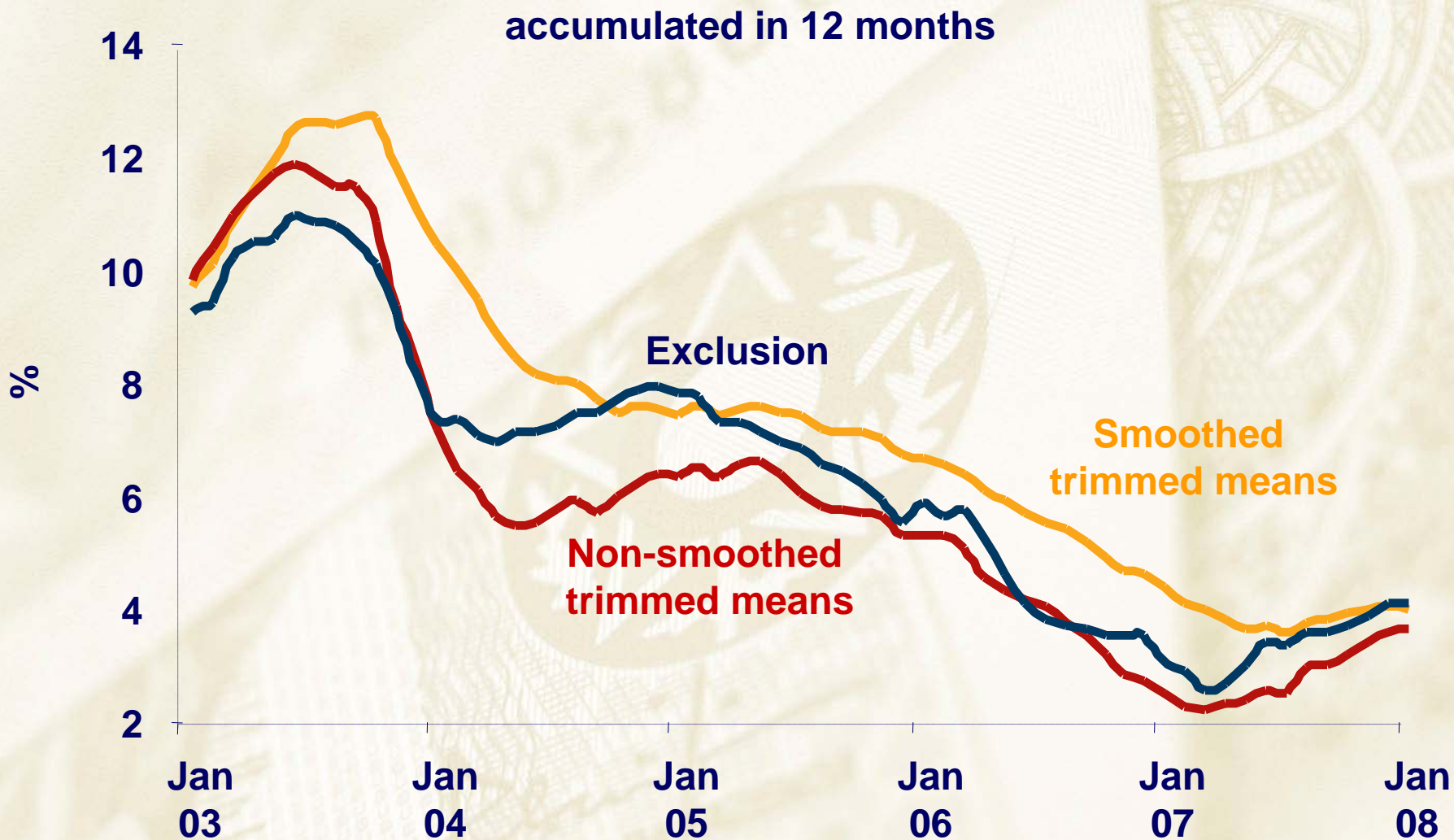
# Food and Non-Food Inflation



# Selected Food Commodity Prices

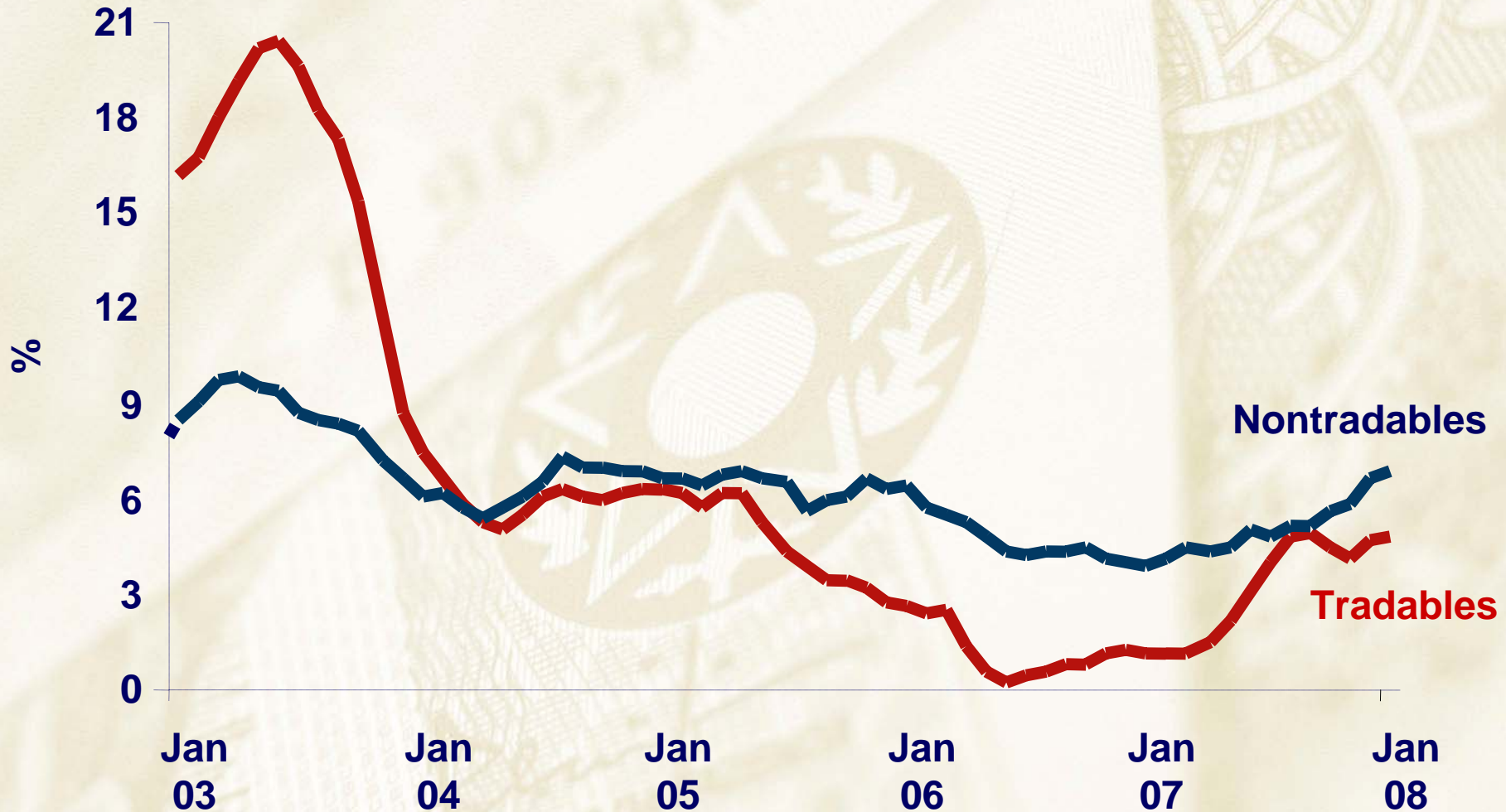


# Core Inflation

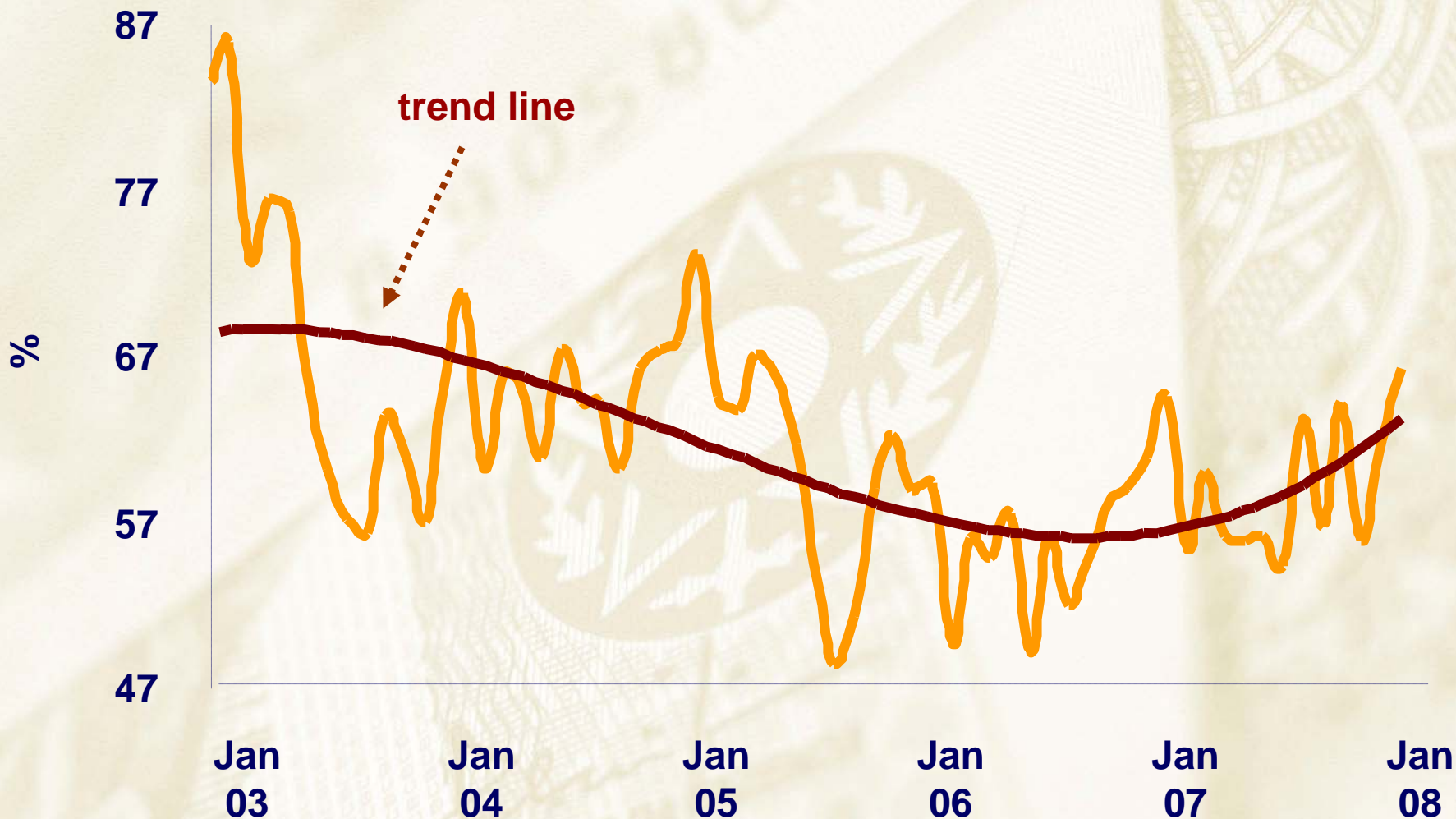


# Tradables & Nontradables Inflation

accumulated in 12 months



# Inflation: % of Goods with Price Increases



# Inflation Forecast

	<b>Focus: Market Consensus</b>	<b>BCB: Benchmark Scenario</b>	<b>BCB: Market Scenario</b>
<b>2007</b>	<b>4.46%</b>	<b>4.46%</b>	<b>4.46%</b>
<b>2008</b>	<b>4.39%</b>	<b>4.30%</b>	<b>4.20%</b>
<b>2009</b>	<b>4.20%</b>	<b>4.20%</b>	<b>4.70%</b>

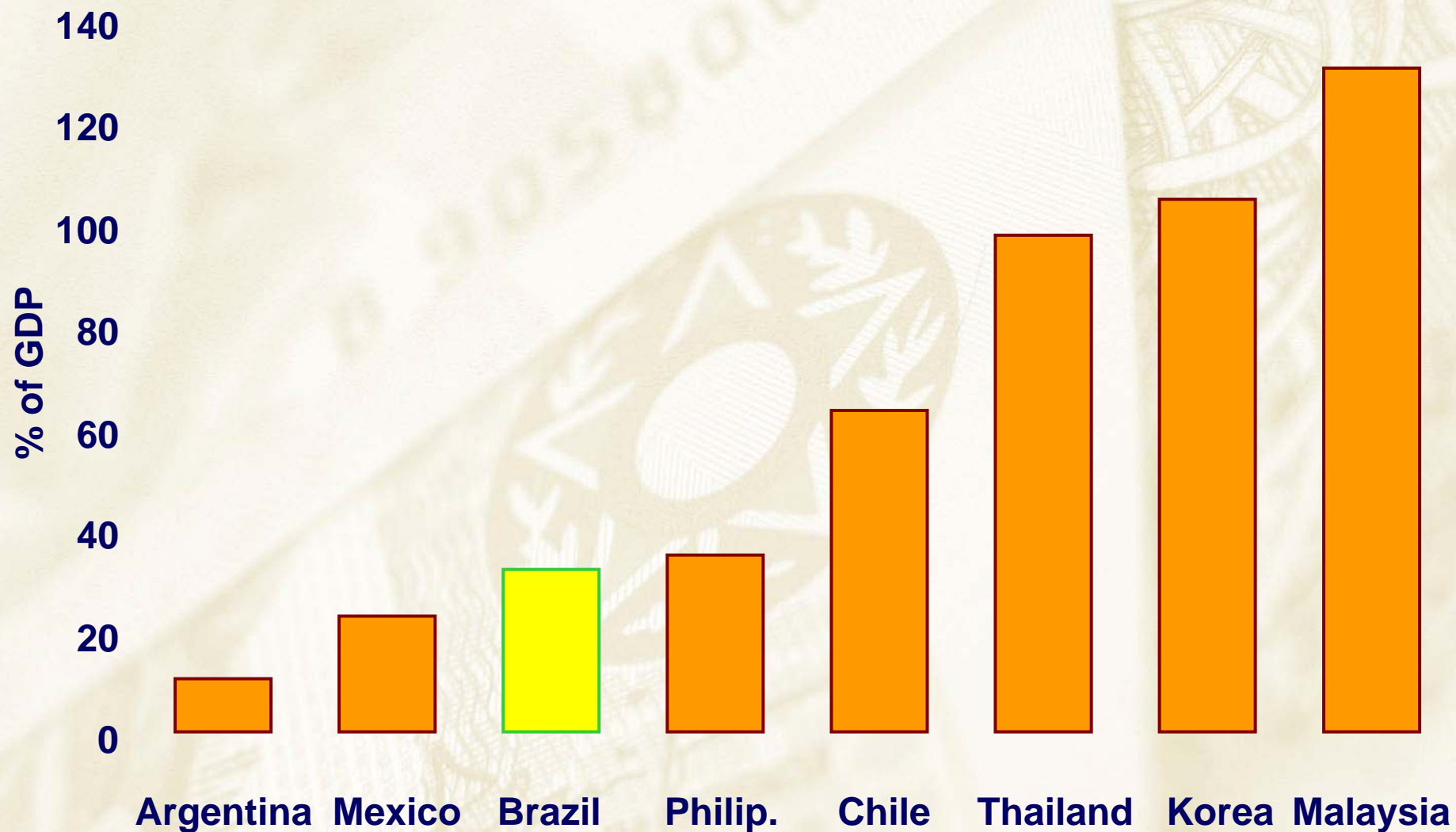
**Benchmark Scenario: unchanged interest and exchange rates (as of Dec/07)**

**Market Scenario: consensus interest and exchange rates (as of Dec/07)**

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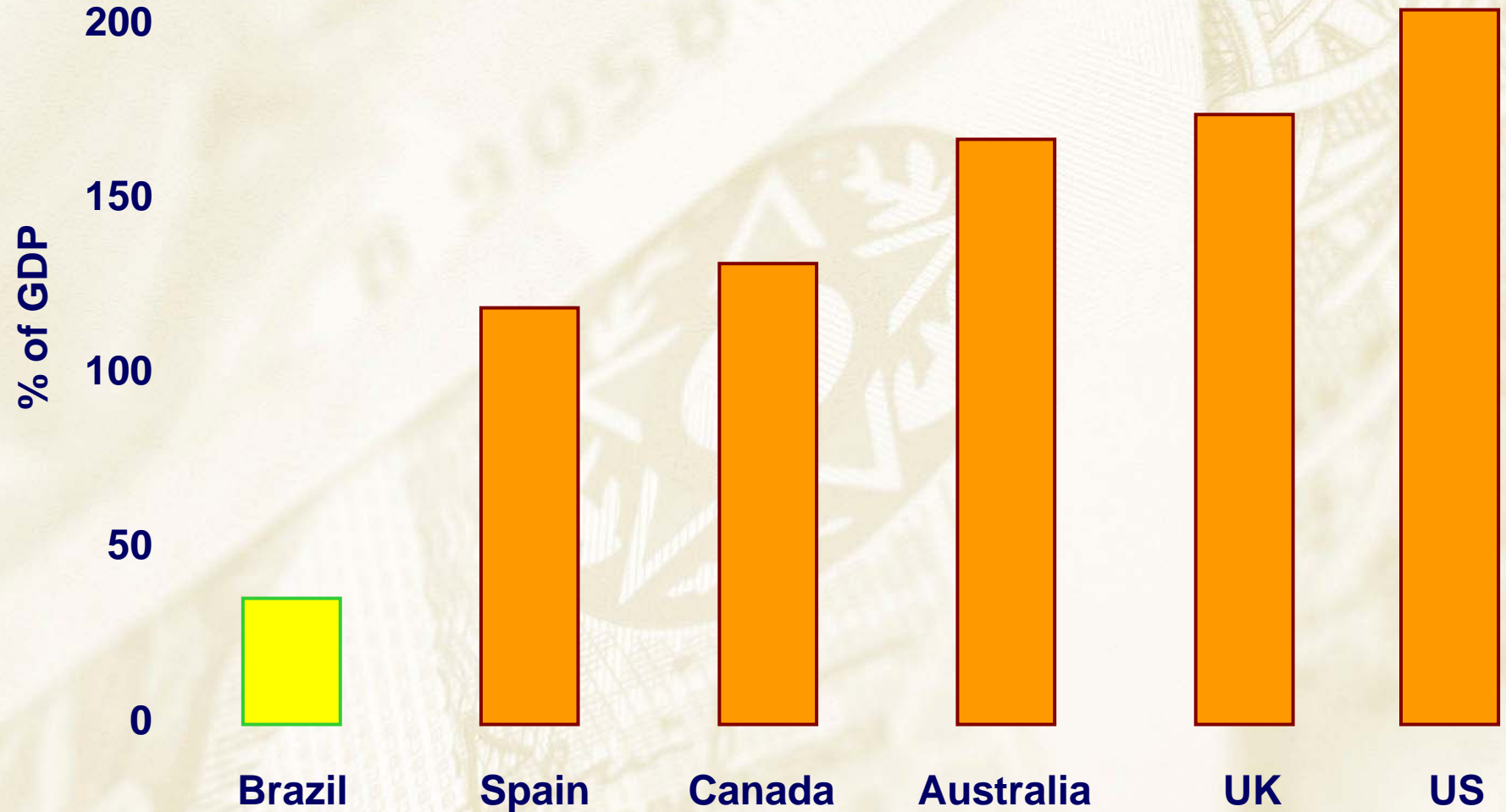
- 
- **Credit Market Developments**
-

# Credit/GDP in Selected Emerging Countries





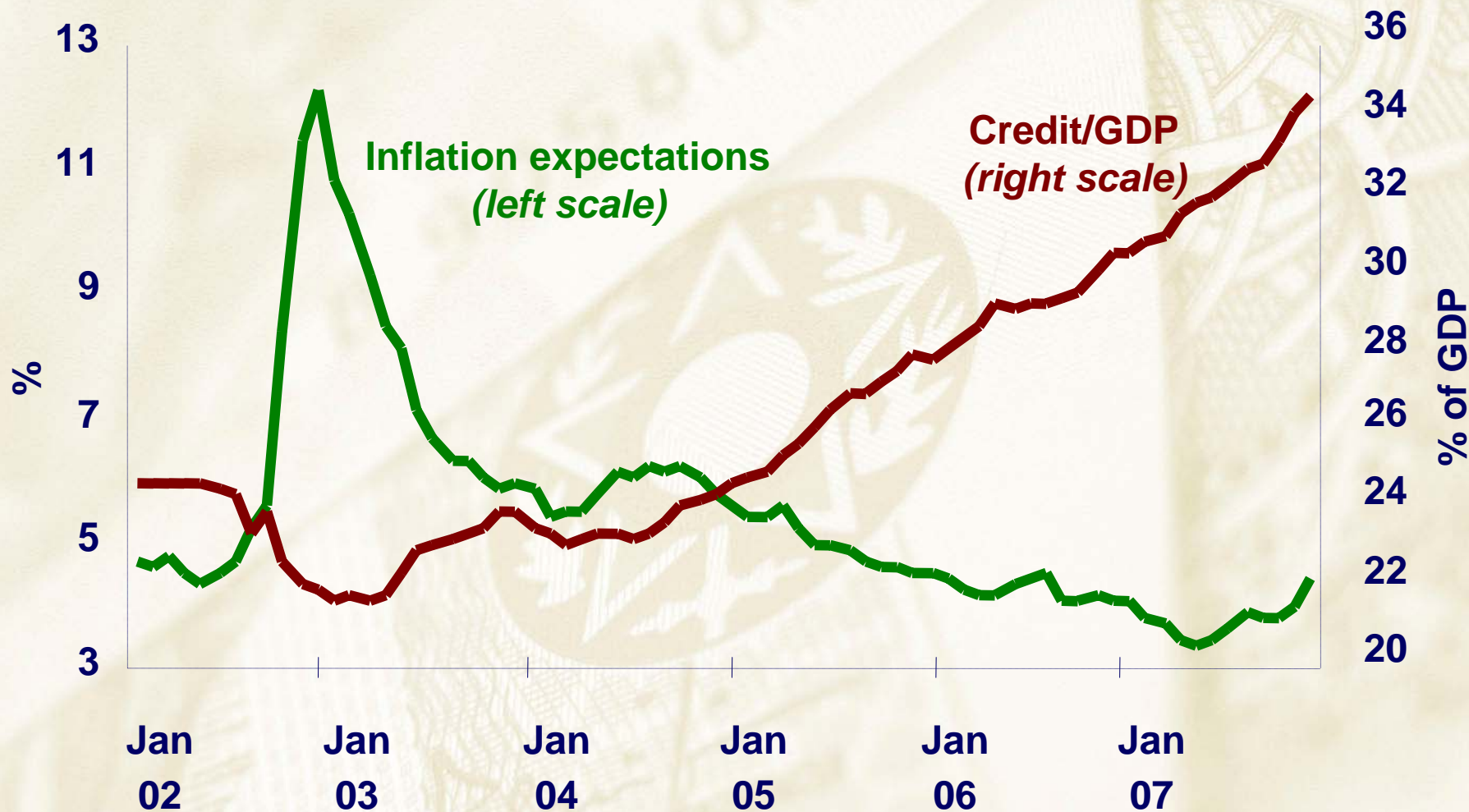
# Credit/GDP: Brazil vs. Developed Countries



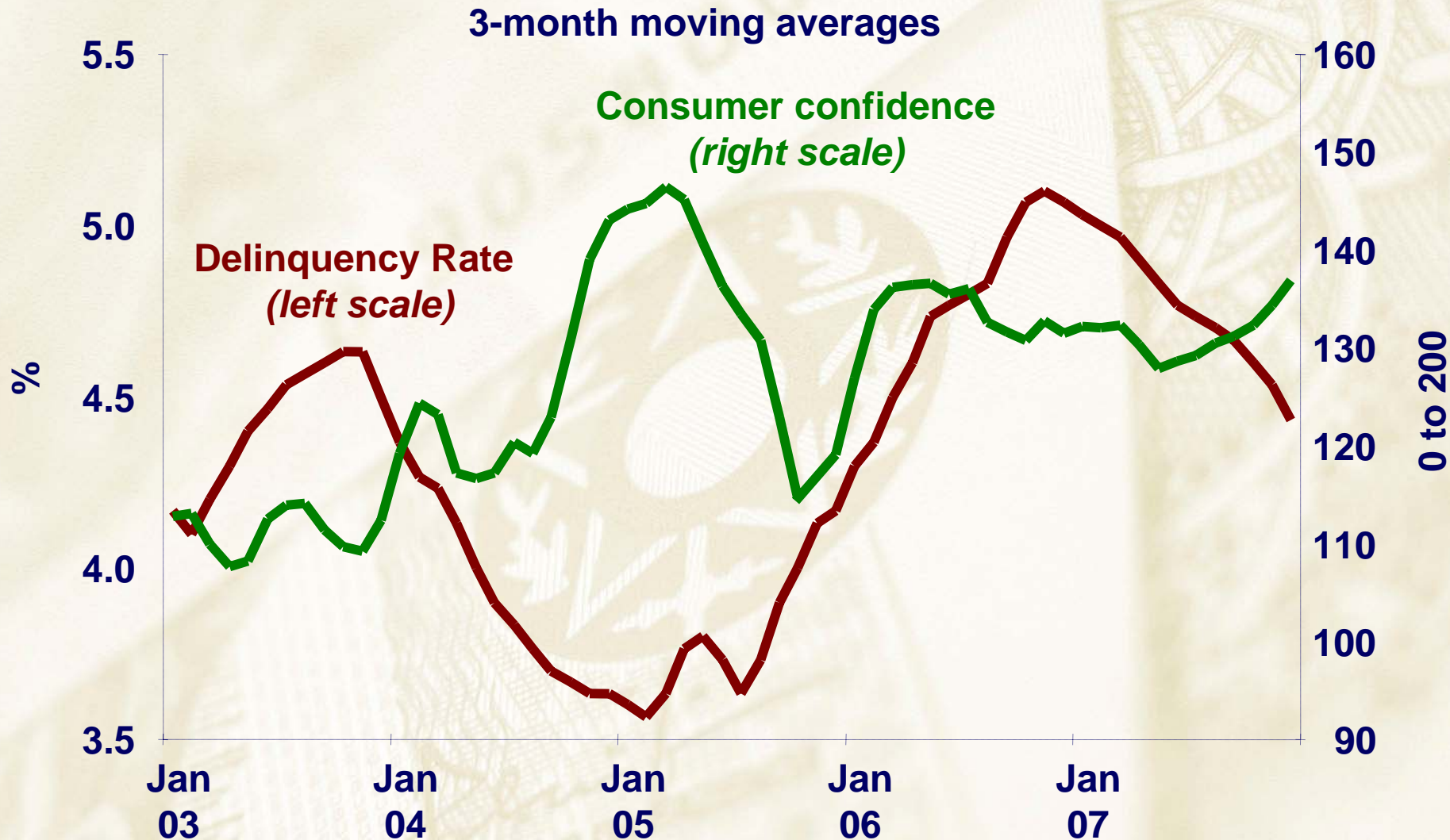
# Selected Credit Indicators

	<b>Credit/GDP (%)</b>	<b>Avg. Inter. Rate (%)</b>	<b>Avg. Tenure (months)</b>	<b>Delinquency Rate (%)</b>
<b>Dec-05</b>	<b>28.1</b>	<b>45.9</b>	<b>8.8</b>	<b>4.2</b>
<b>Dec-06</b>	<b>30.7</b>	<b>39.8</b>	<b>9.9</b>	<b>5.0</b>
<b>Dec-07</b>	<b>34.7</b>	<b>33.8</b>	<b>11.7</b>	<b>4.3</b>

# Credit vs. Inflation



# Delinquency vs. Consumer Confidence

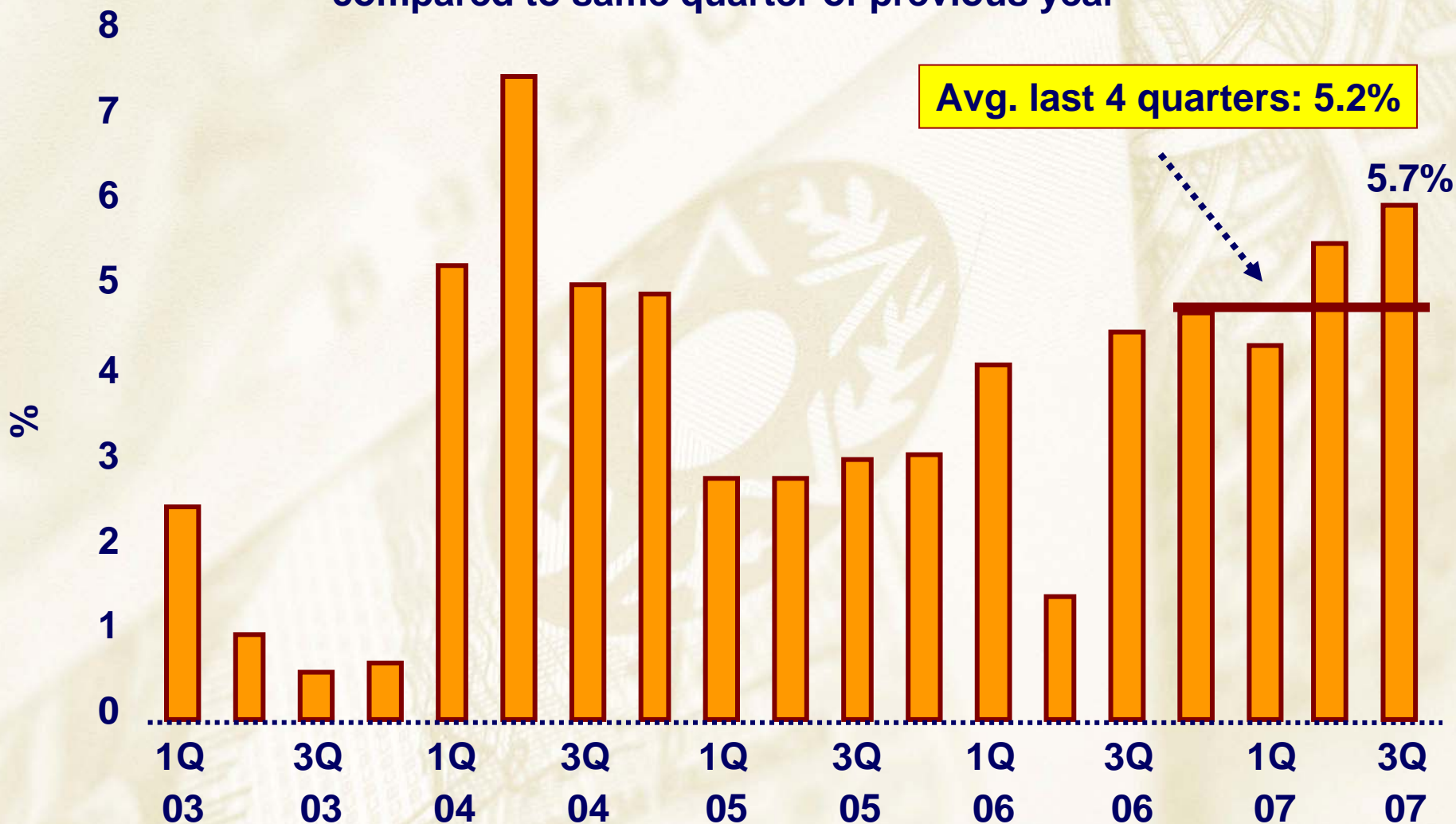


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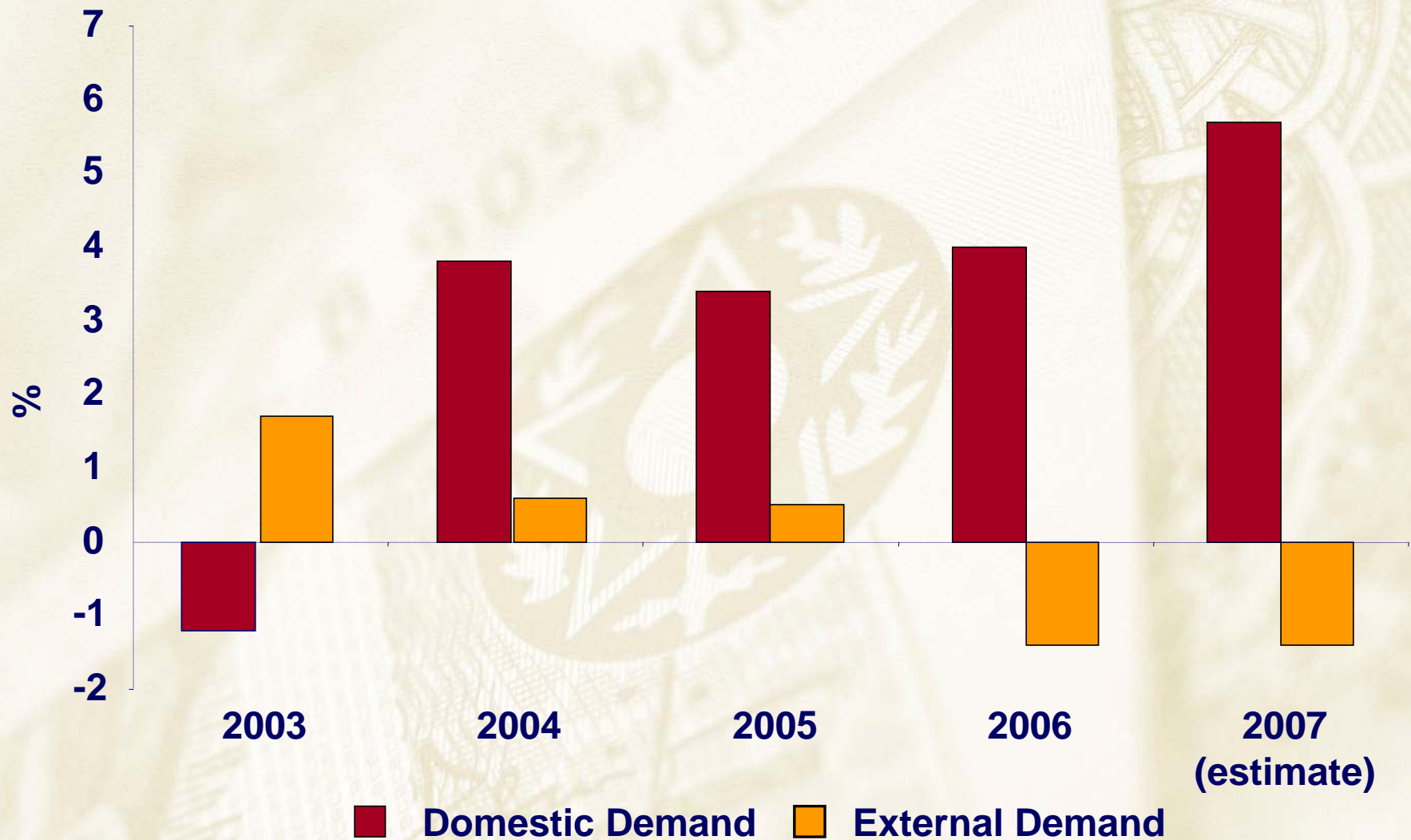
- 
- **Economic Activity**
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# GDP Growth

compared to same quarter of previous year



# GDP: Contribution of Domestic & External Demand to Growth



# Household Consumption

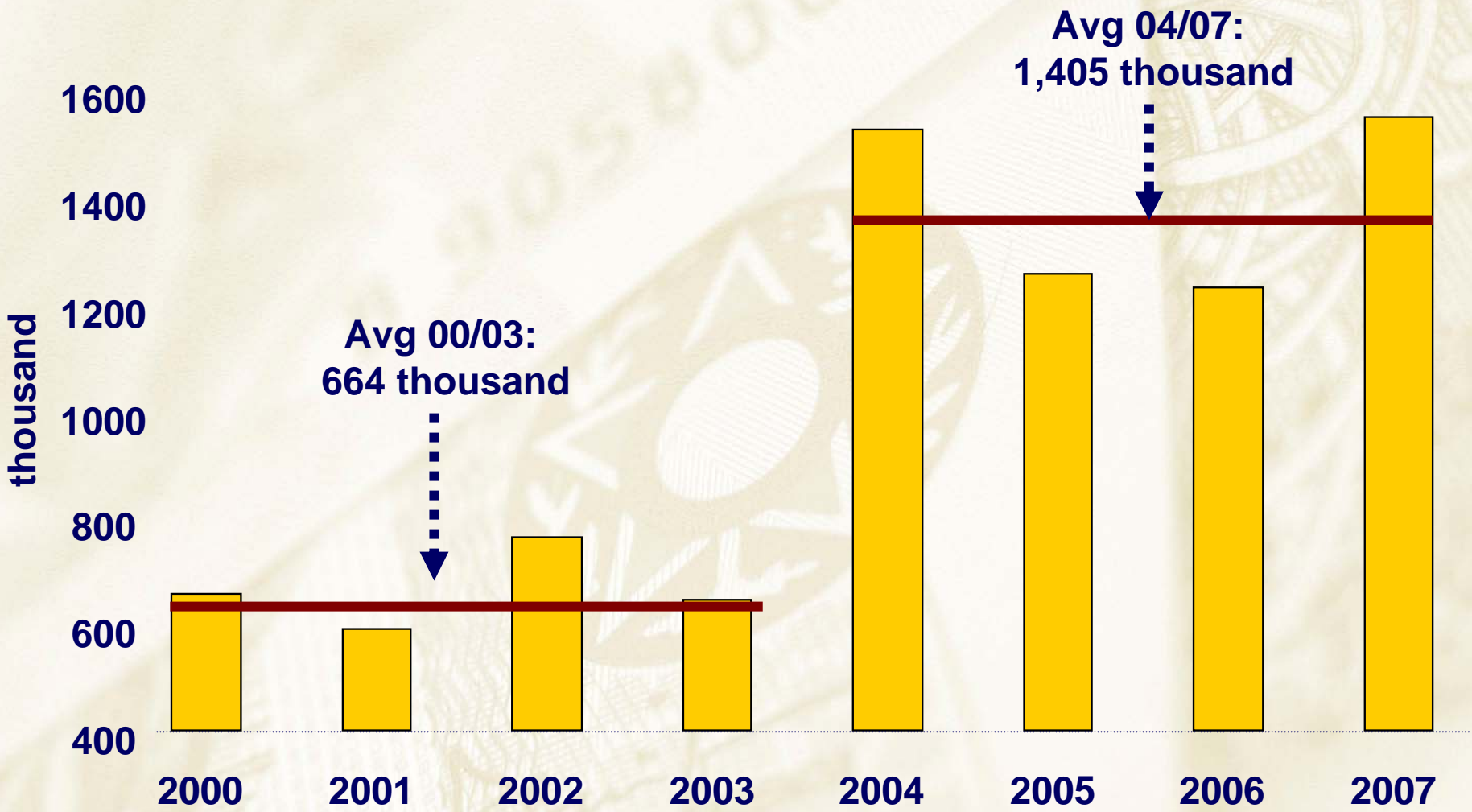
compared to same quarter of previous year



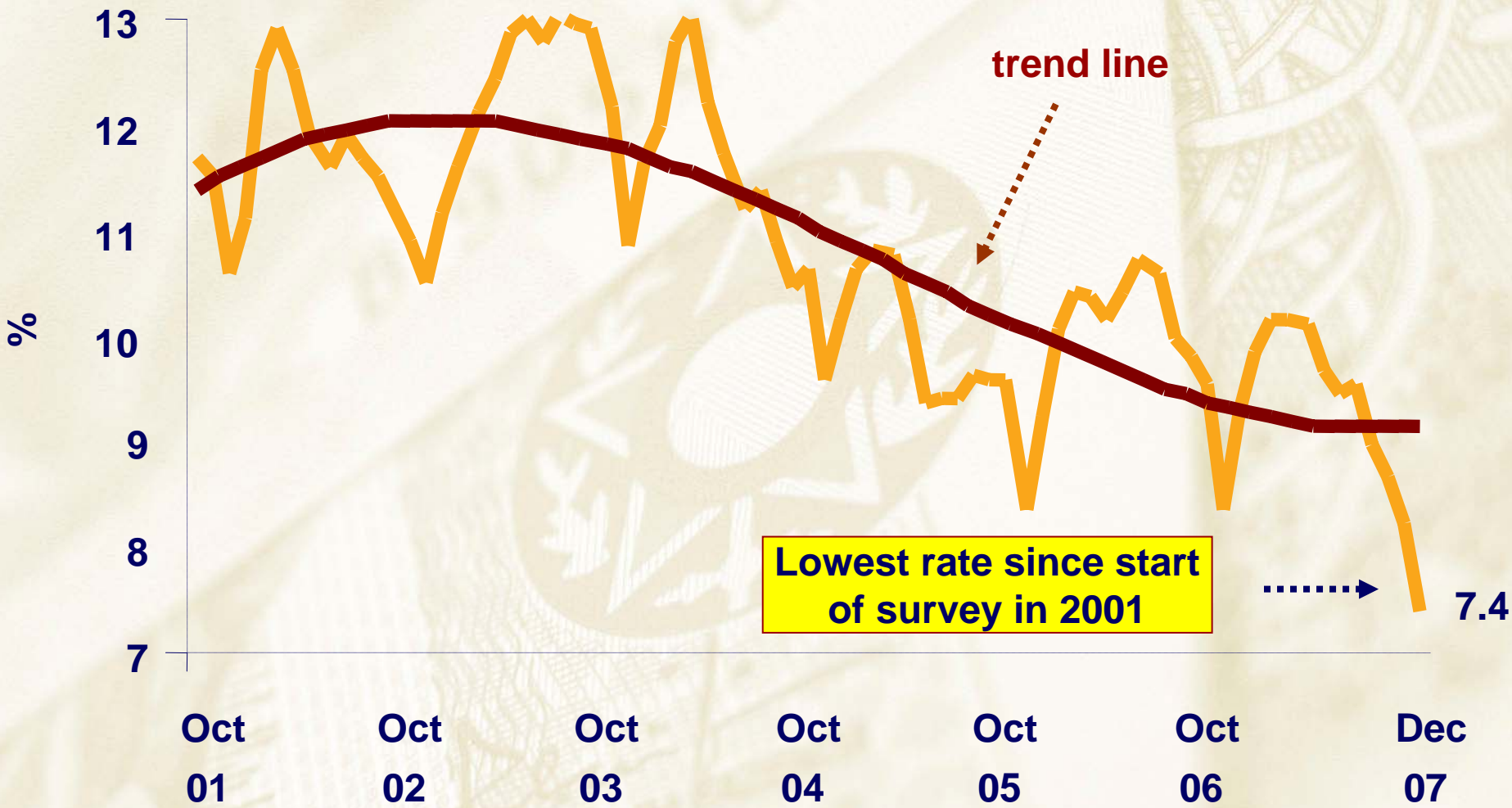
6.1% growth in 3Q07, compared to 3Q06



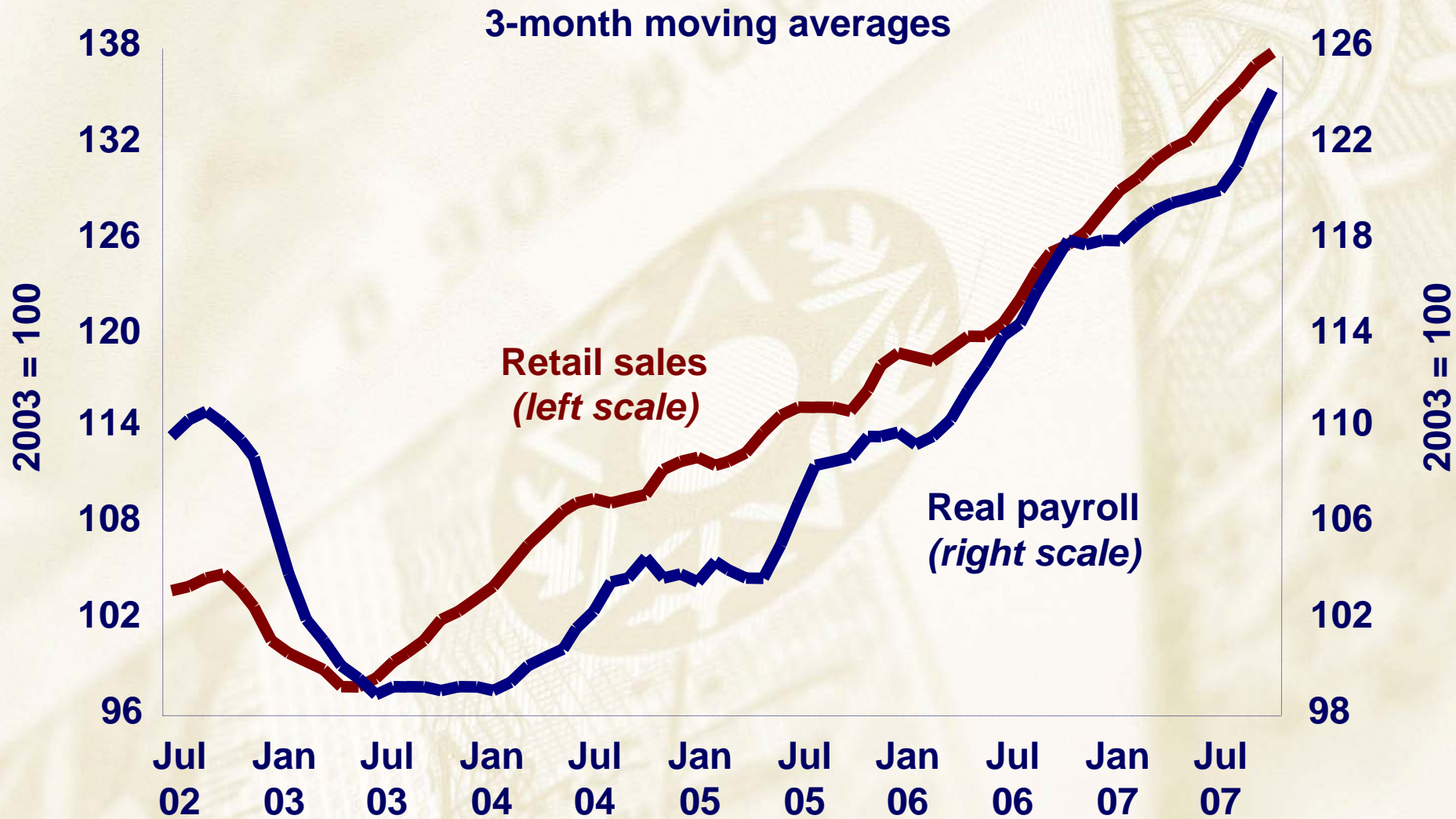
# Job Creation



# Jobless Rate



# Retail Sales & Payroll



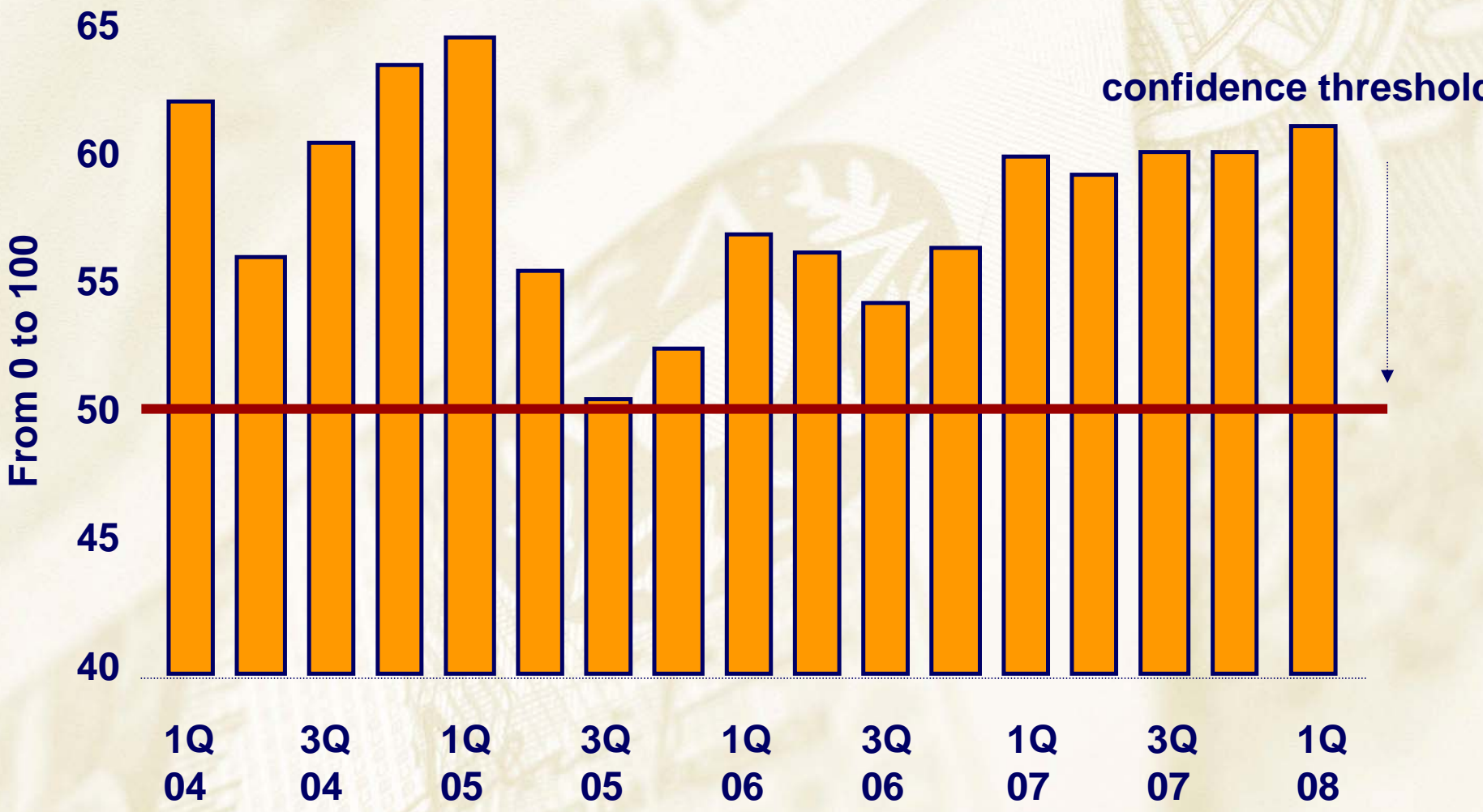
# Industrial Output



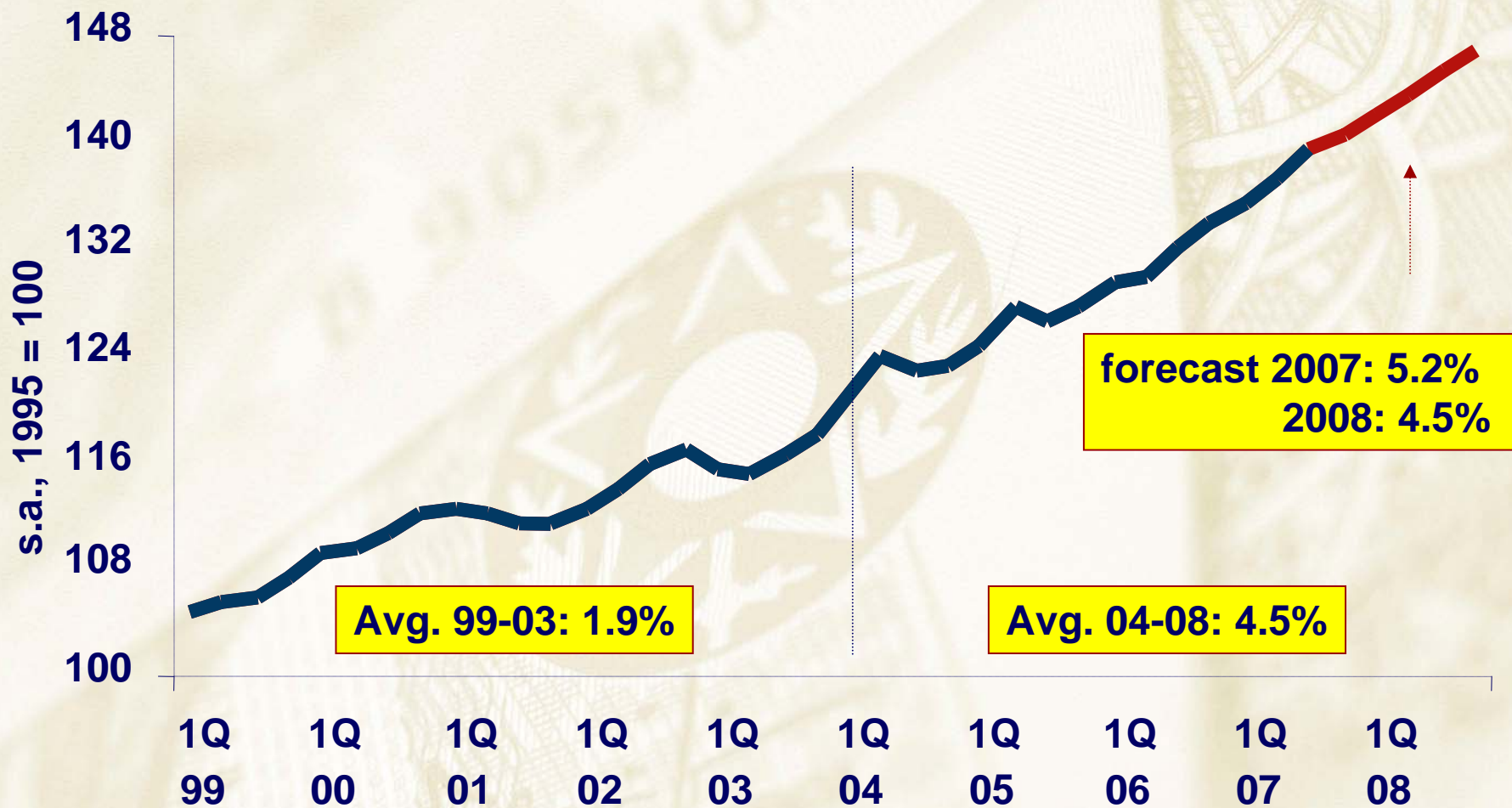
# Fixed-Capital Investment



# Business Confidence



# GDP: 1999-2008





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