



**BANCO CENTRAL  
DO BRASIL**

# **Brazil's Global Prospects: Perspectives from the Central Bank**

**Henrique de Campos Meirelles**

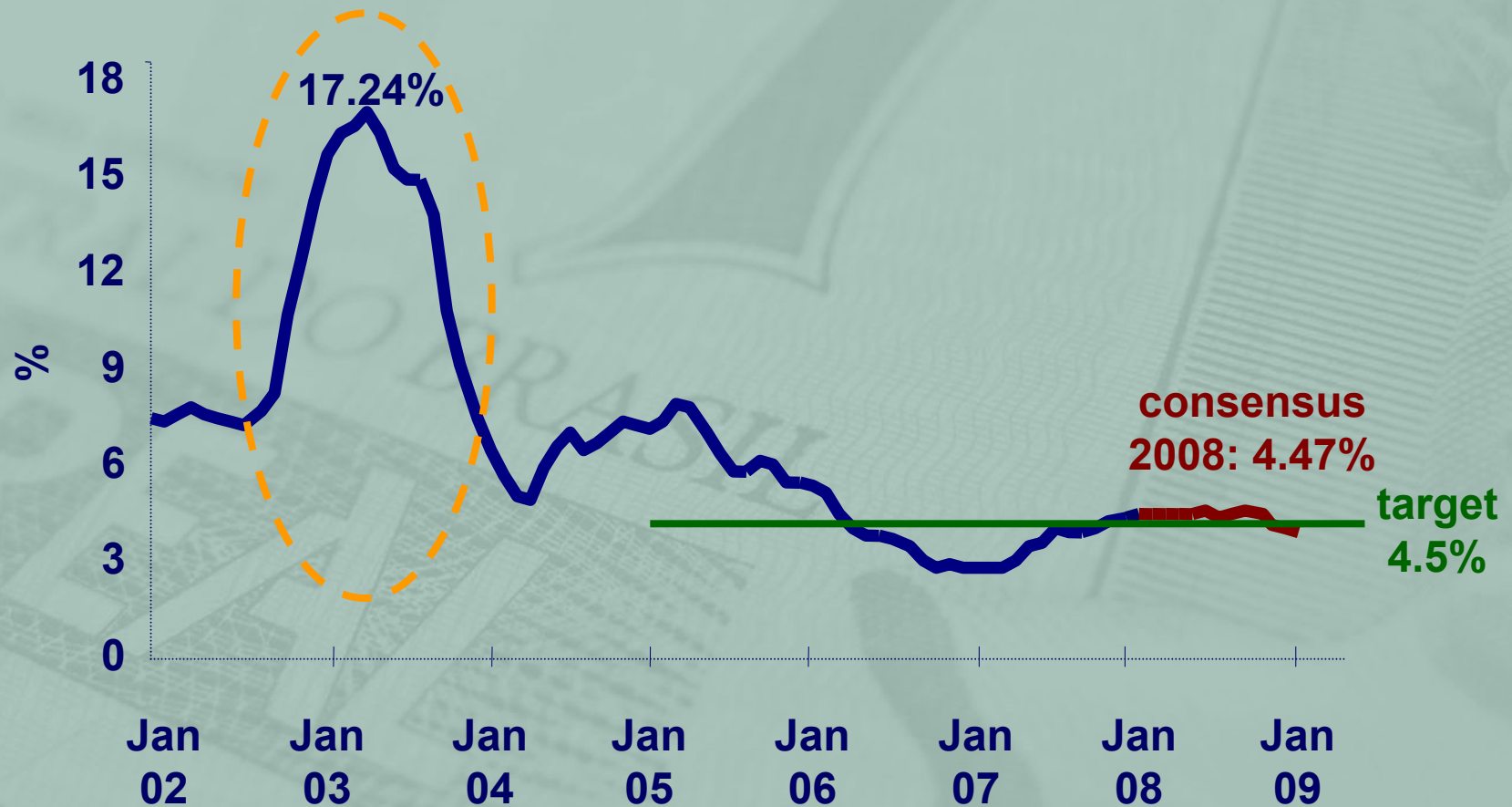
**April 2008**

# Brazil's Global Prospects: Perspectives from the Central Bank

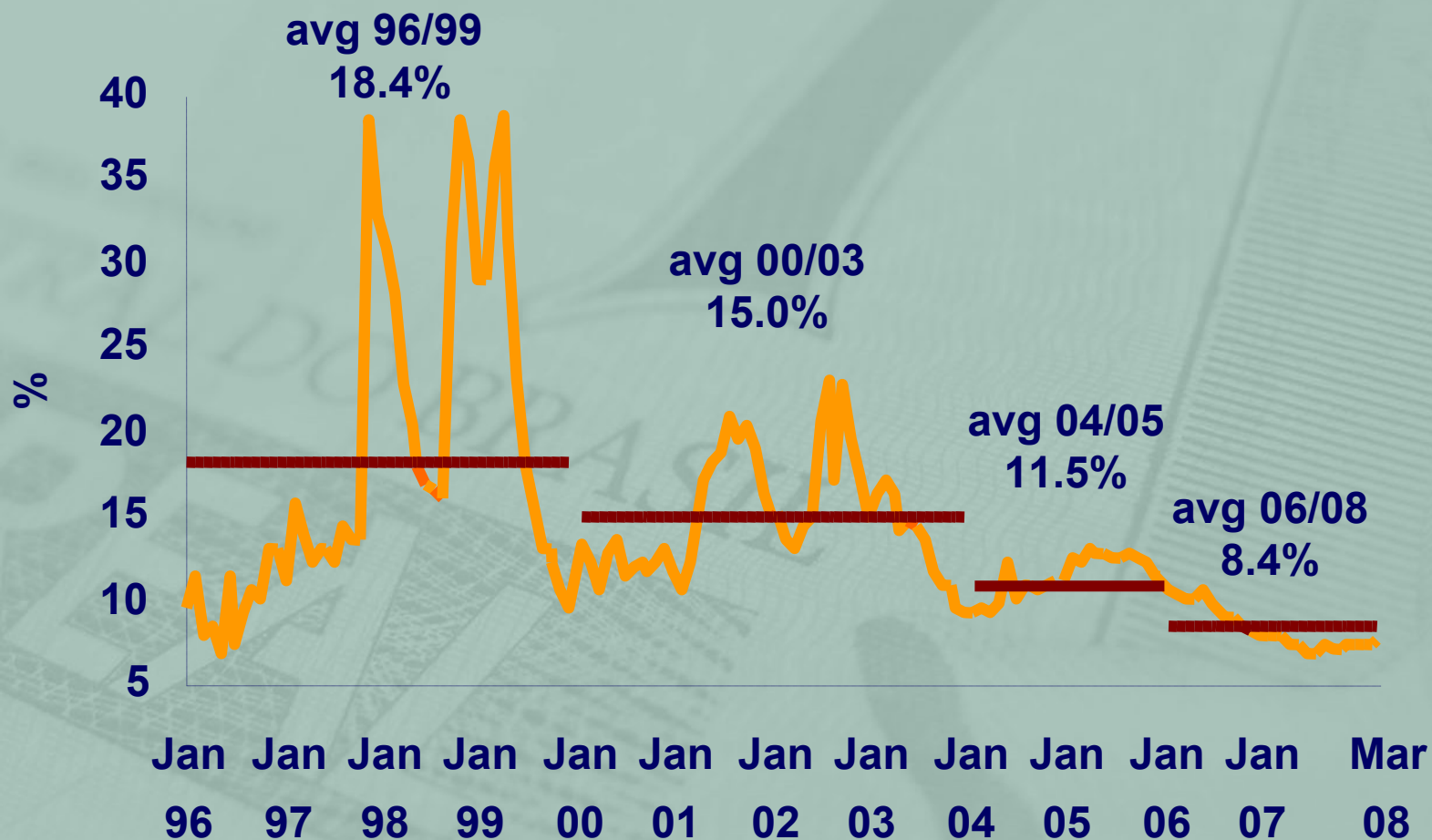
- **2002-2003 Stabilization Process**

# Consumer Inflation

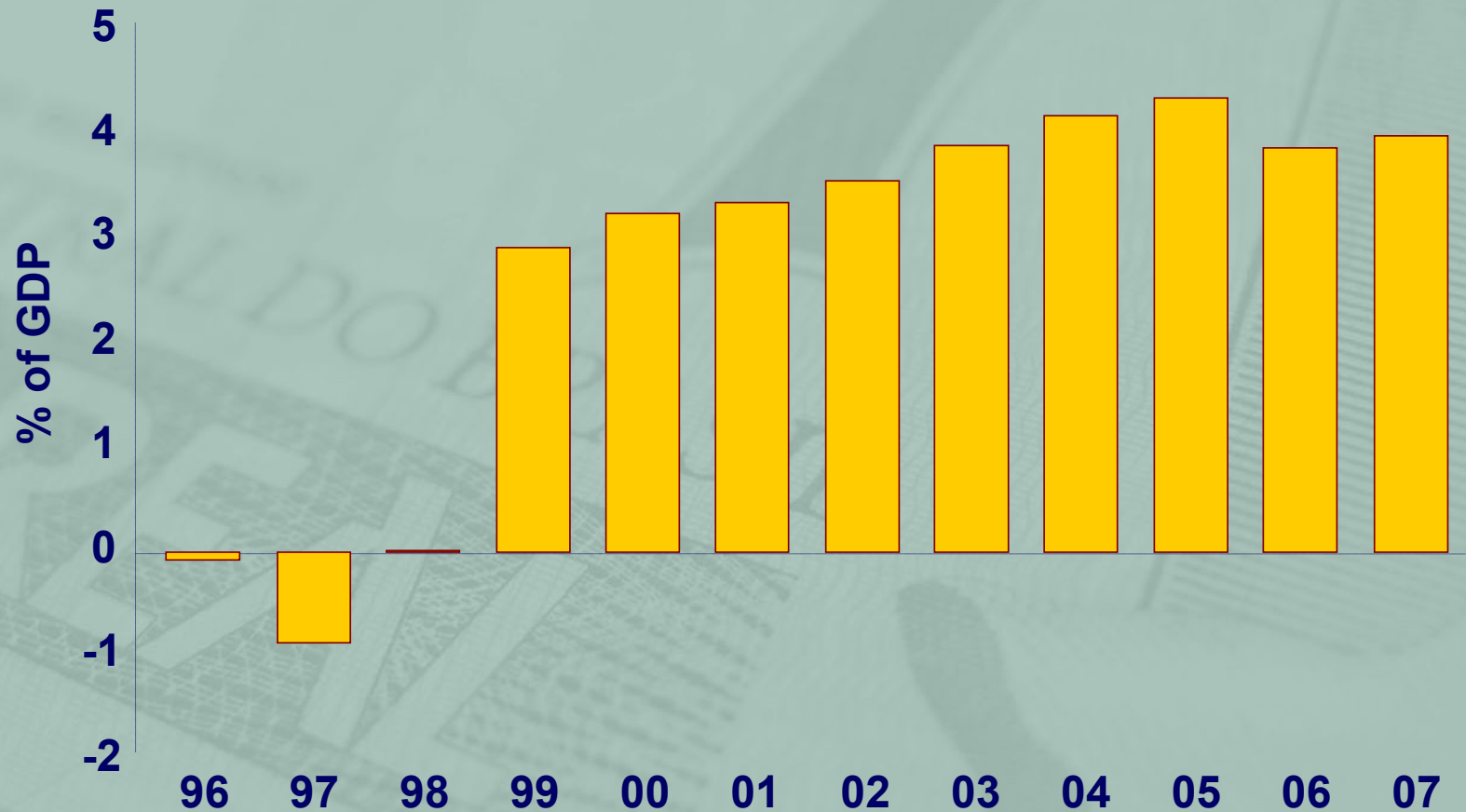
## IPCA (12-month trailing basis)



# Real Interest Rate

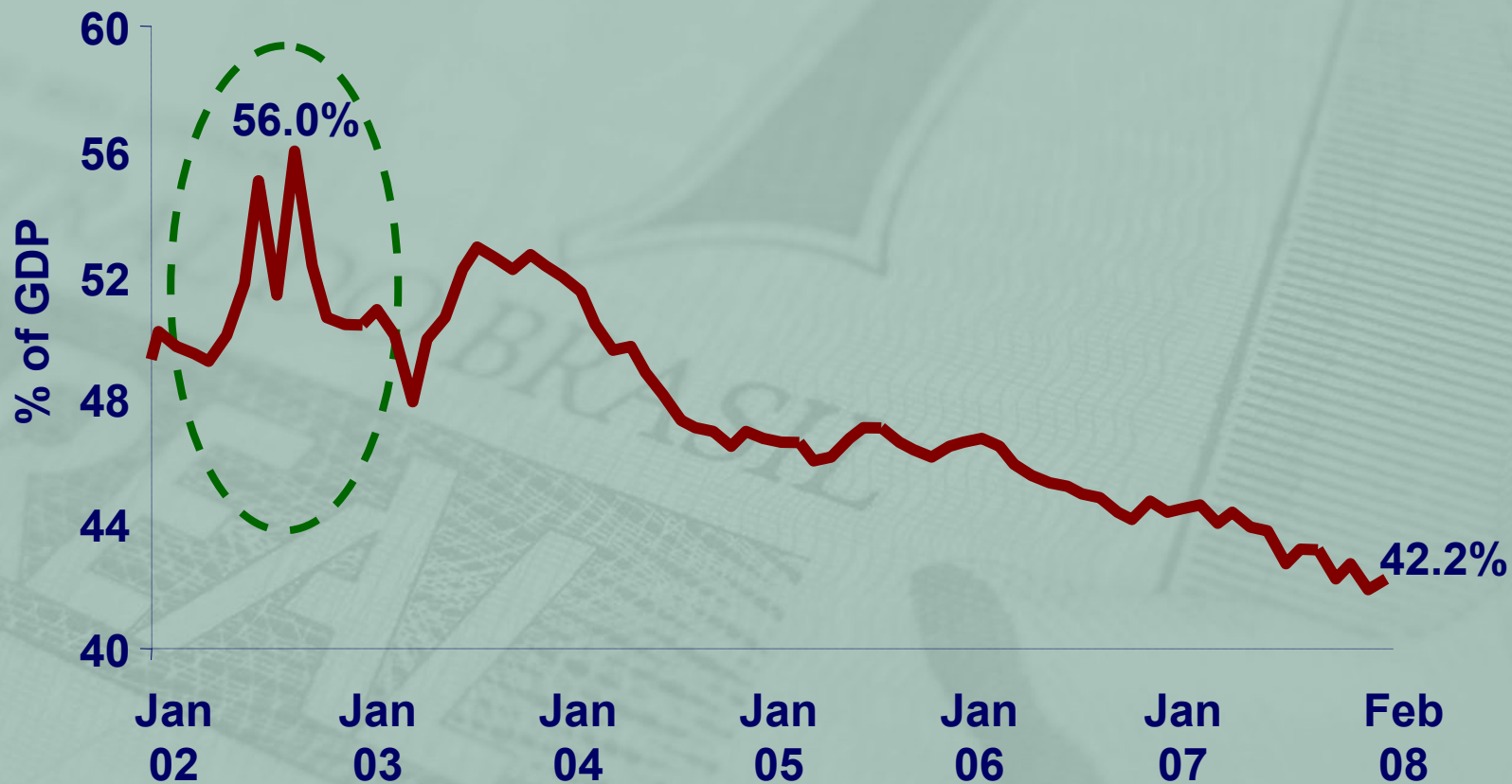


# Public Sector's Primary Surplus

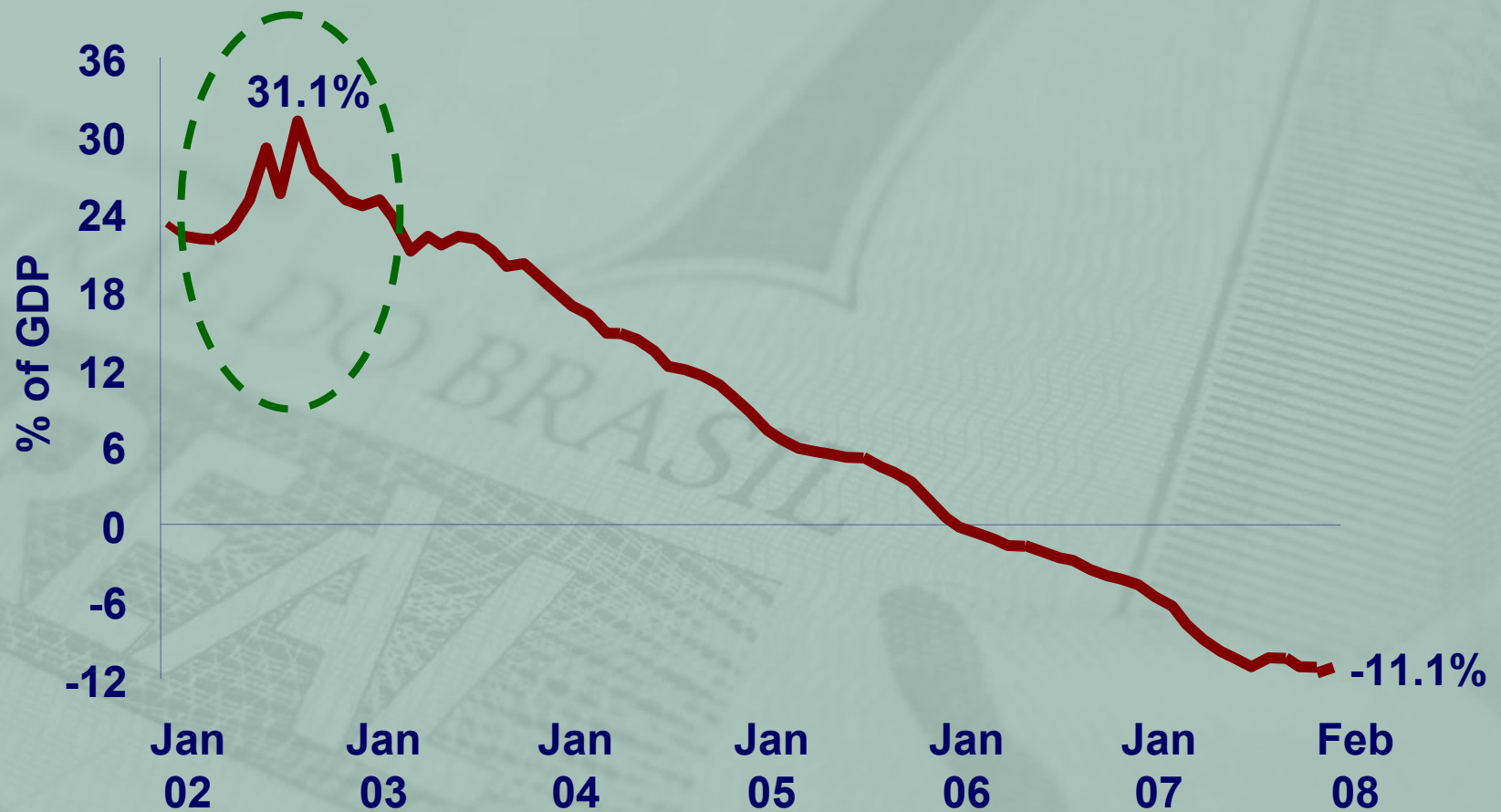




# Public Debt/GDP



# FX Denominated Public Debt/GDP



# Domestic Absorption

compared to same quarter of previous year





# Average Real Earnings

3-month moving average



# Brazil's Global Prospects: Perspectives from the Central Bank

- **Balance of Payments Developments**

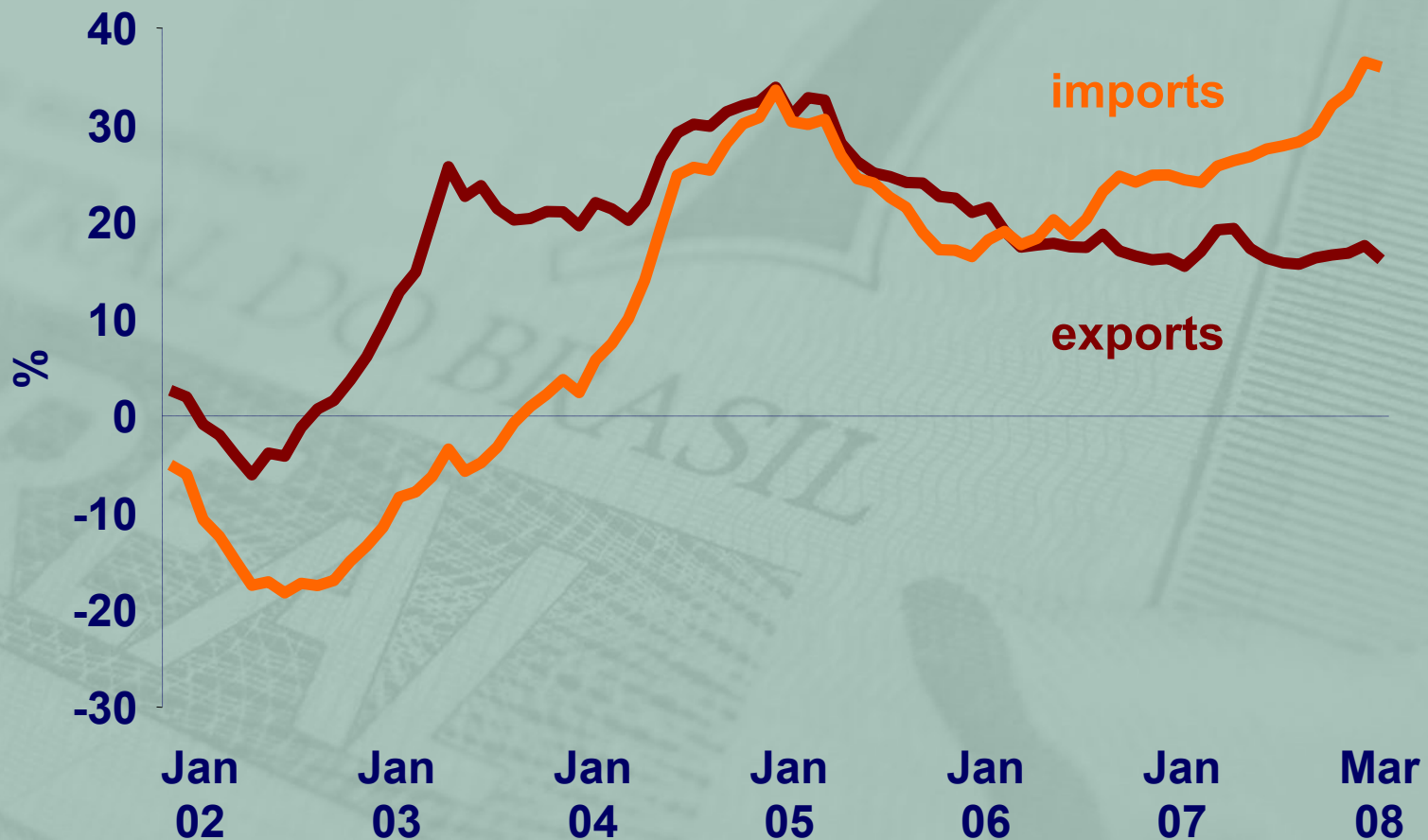
# Trade Balance

accumulated in 12 months



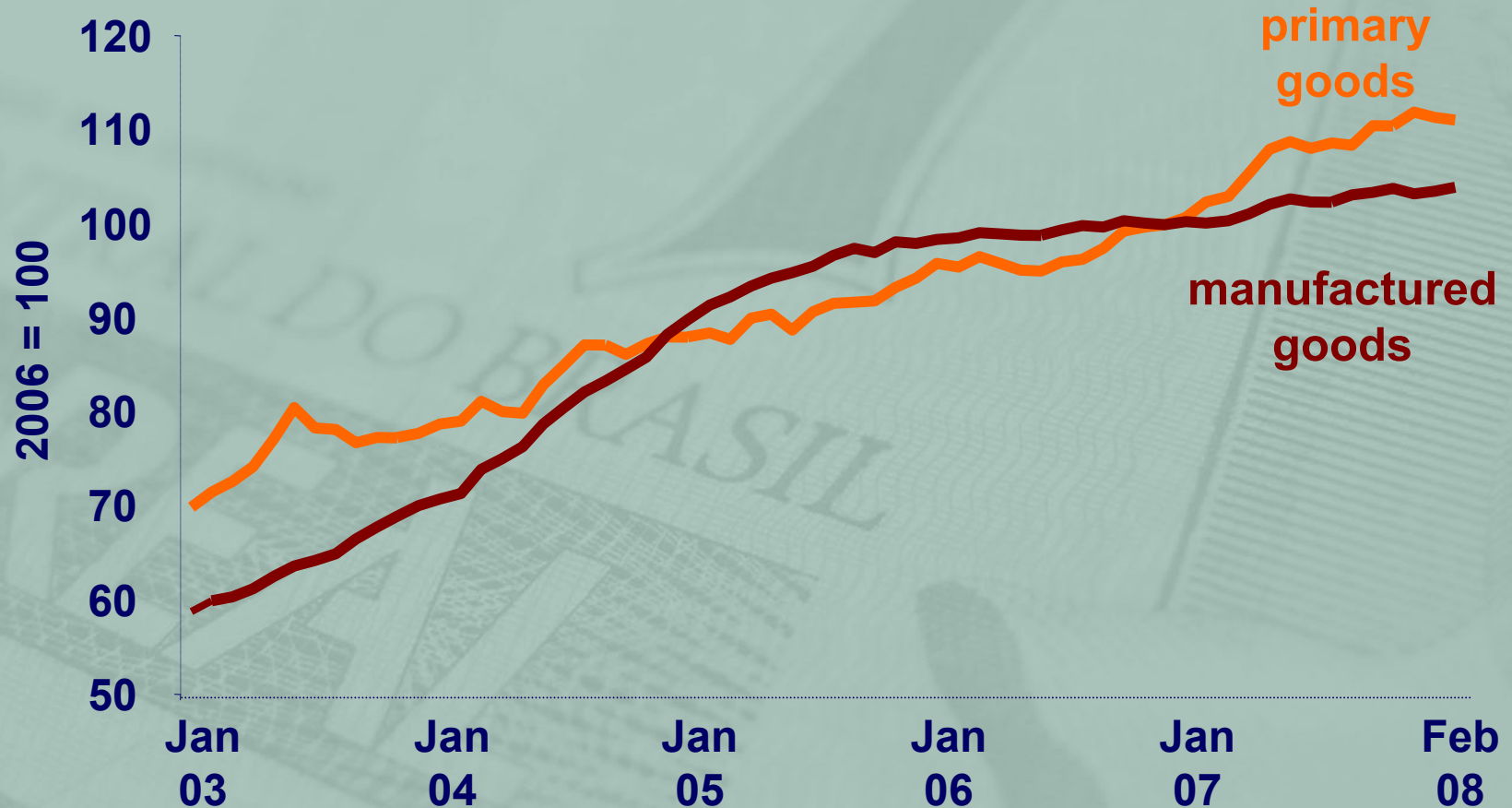
# Trade Balance

change, year-on-year



# Export Volumes

12-month moving average

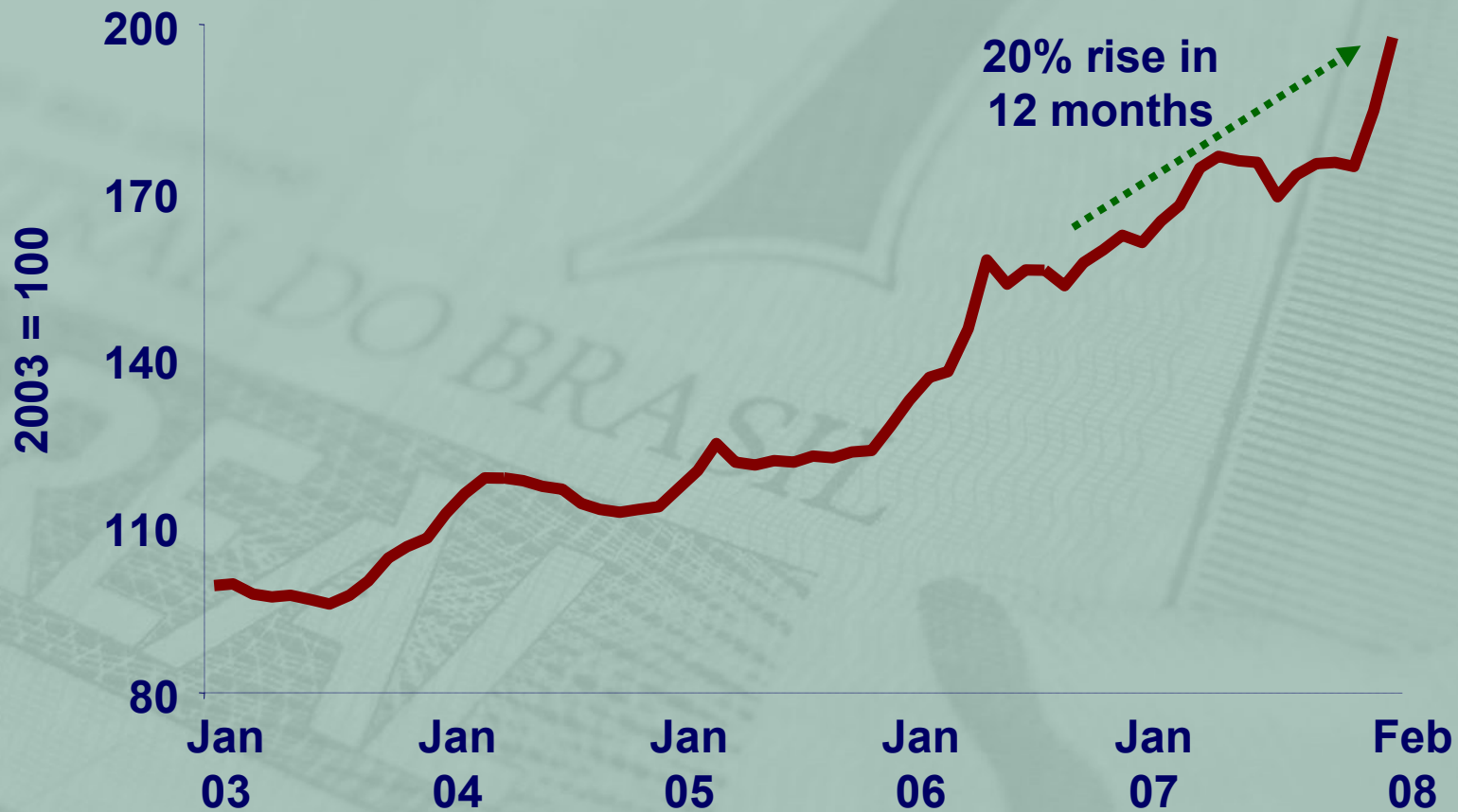




# Export Prices



# Commodity Prices (Non-Fuel)

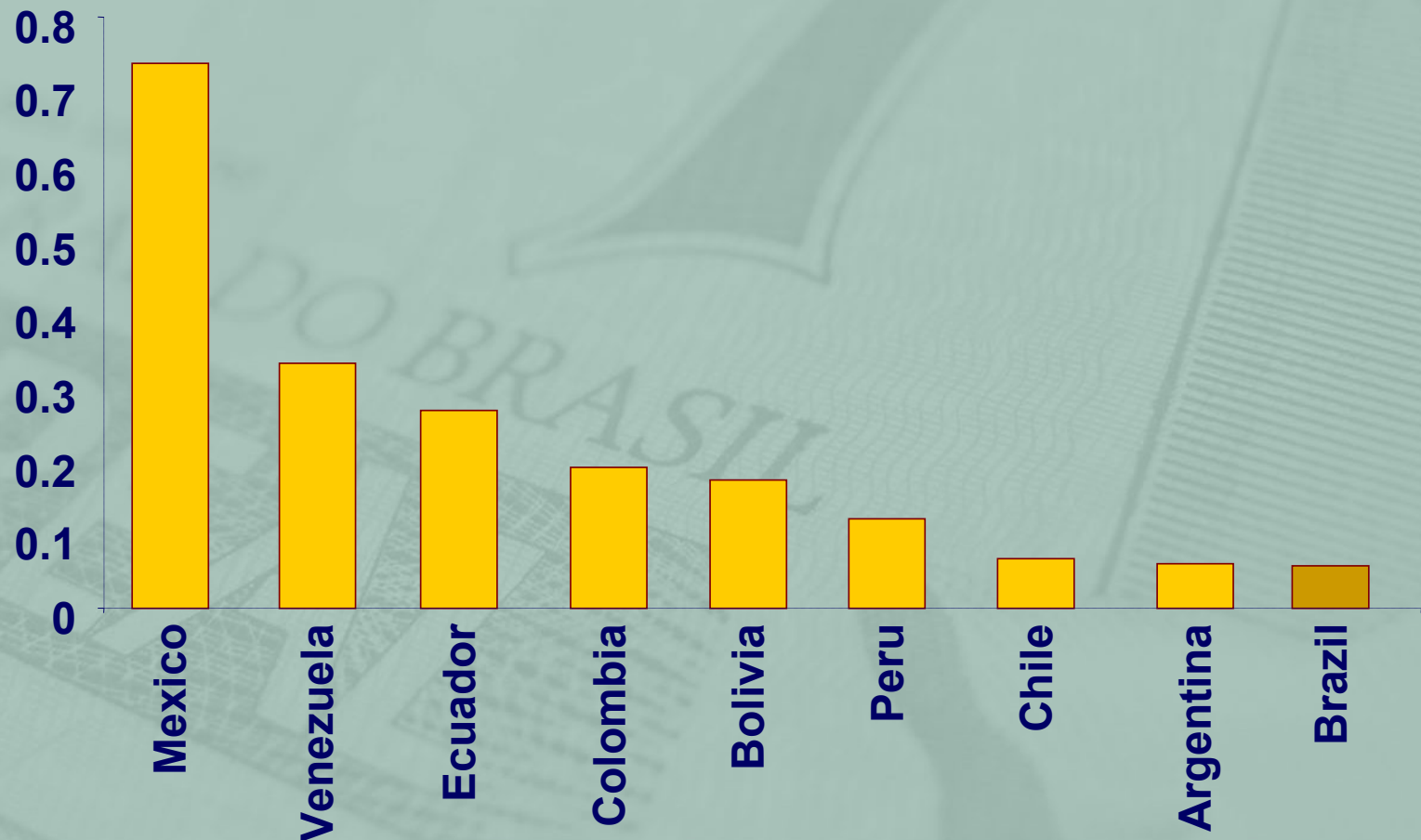


# Export Markets

	Jan-Feb 2003	Jan-Feb 2008
<b>Total (US\$ million)</b>	<b>9,806</b>	<b>26,077</b>
<b>Share (%)</b>		
US	27.2	15.1
EU	24.4	24.4
Latin America	17.2	24.5
Asia ex-China	9.4	9.7
Middle East	4.9	4.0
China	4.1	5.4
Other	12.8	16.9

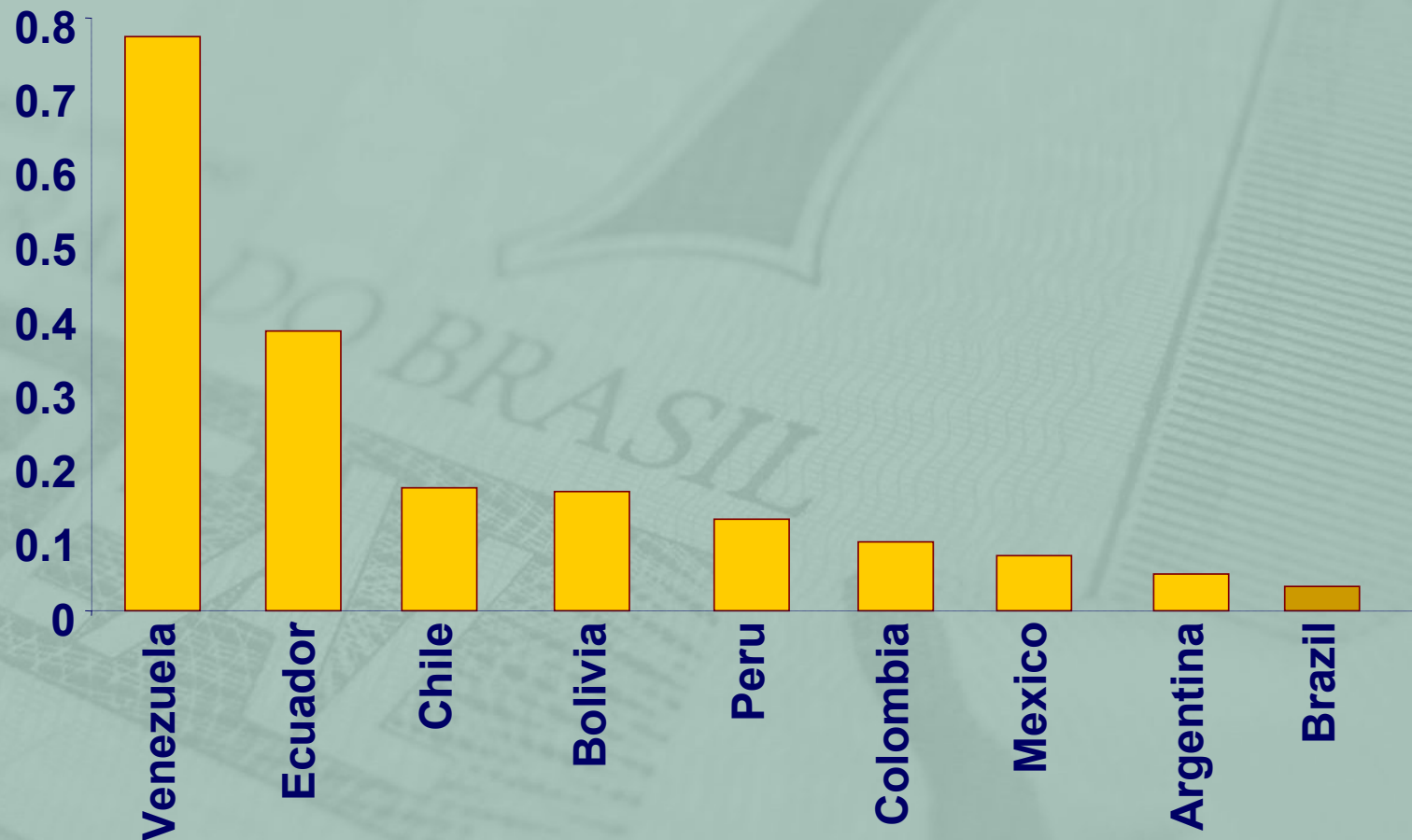
# Latin America: Exports Concentration by Market

Herfindahl-Hirschman Index (2005)



# Latin America: Exports Concentration by Product

Herfindahl-Hirschman Index (2005)





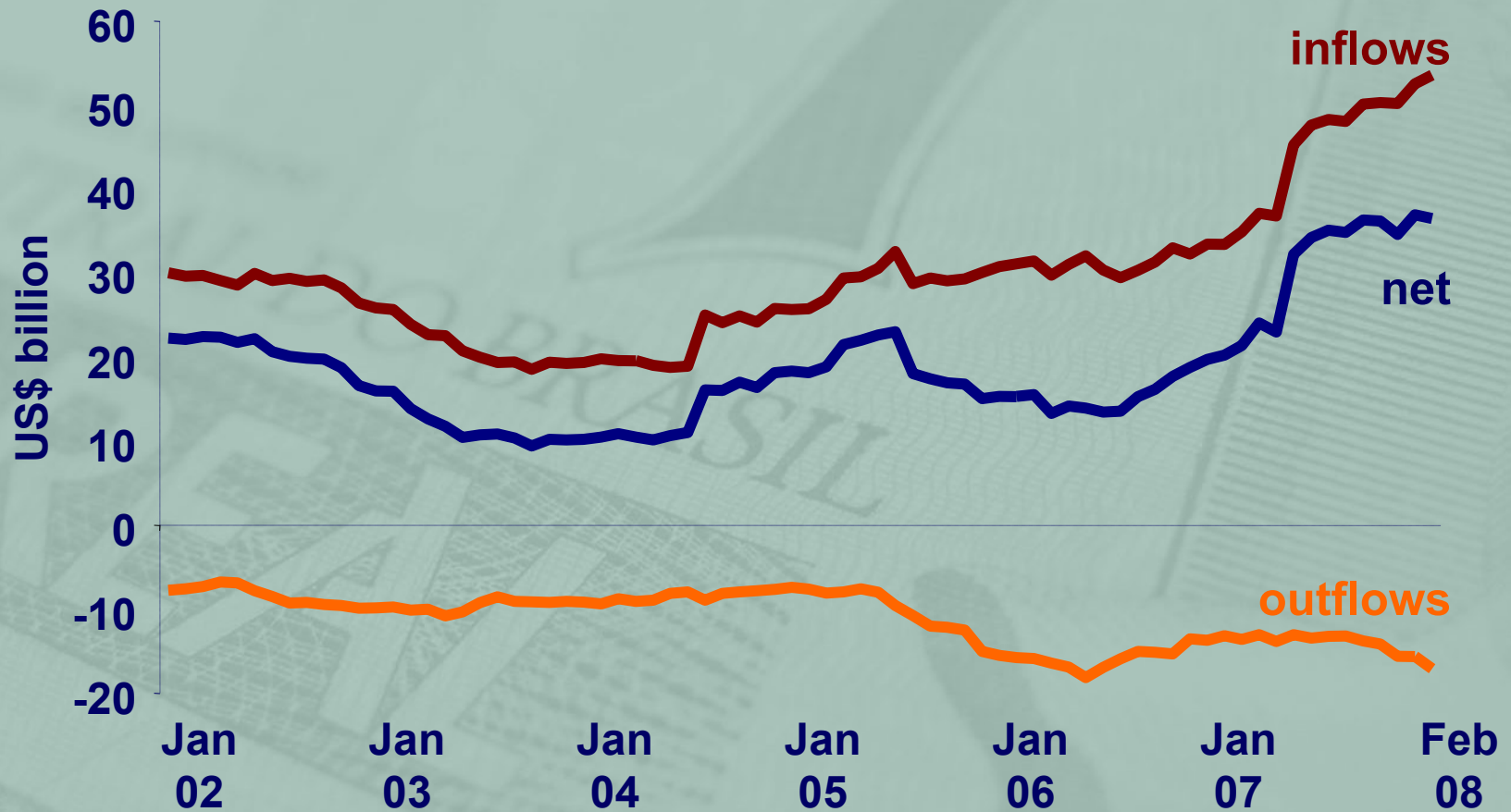
# Current Account

accumulated in 12 months



# Foreign Direct Investment

accumulated in 12 months

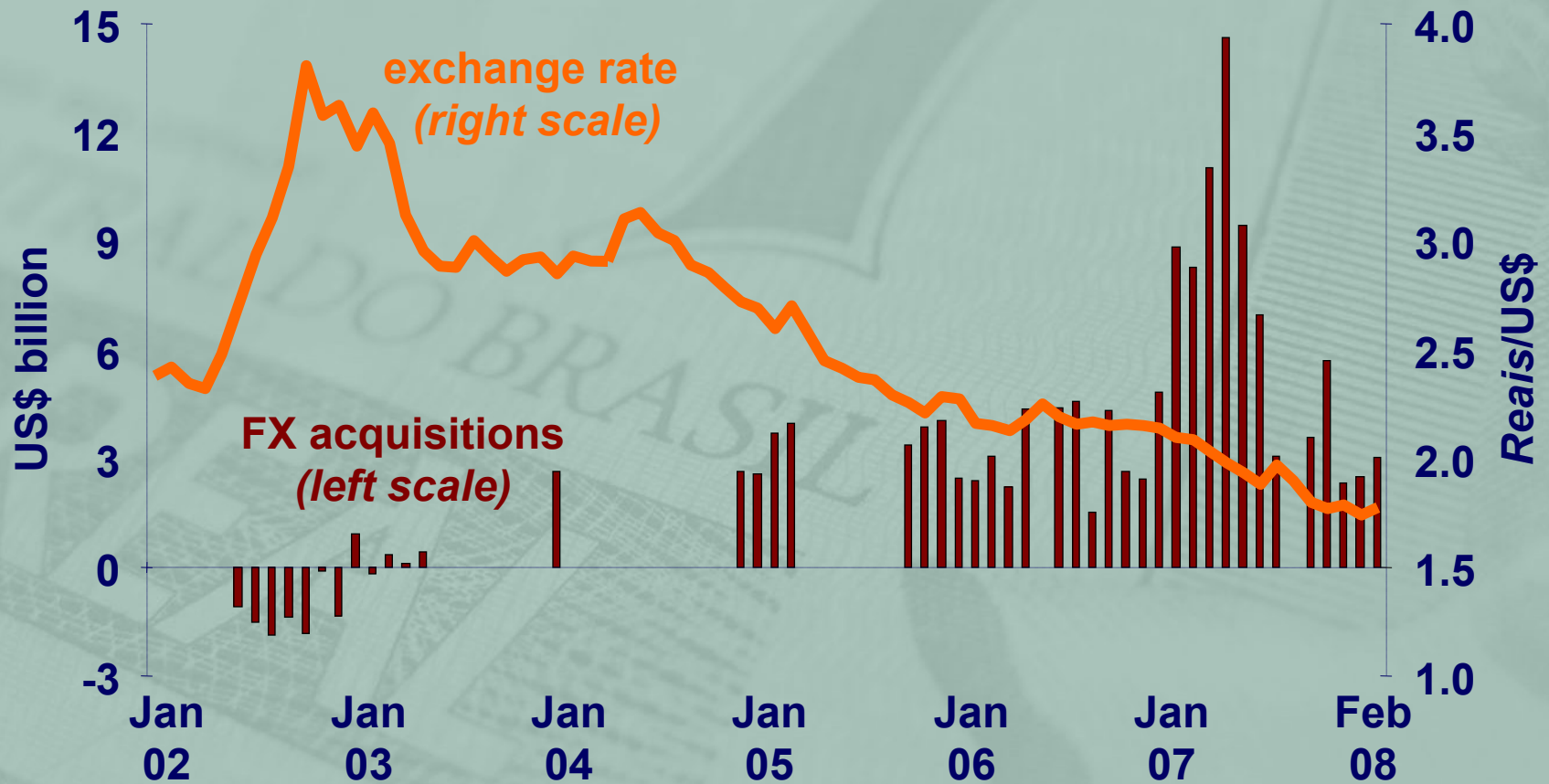


# Net Brazilian Direct Investment

accumulated in 12 months



# Central Bank's FX Acquisitions

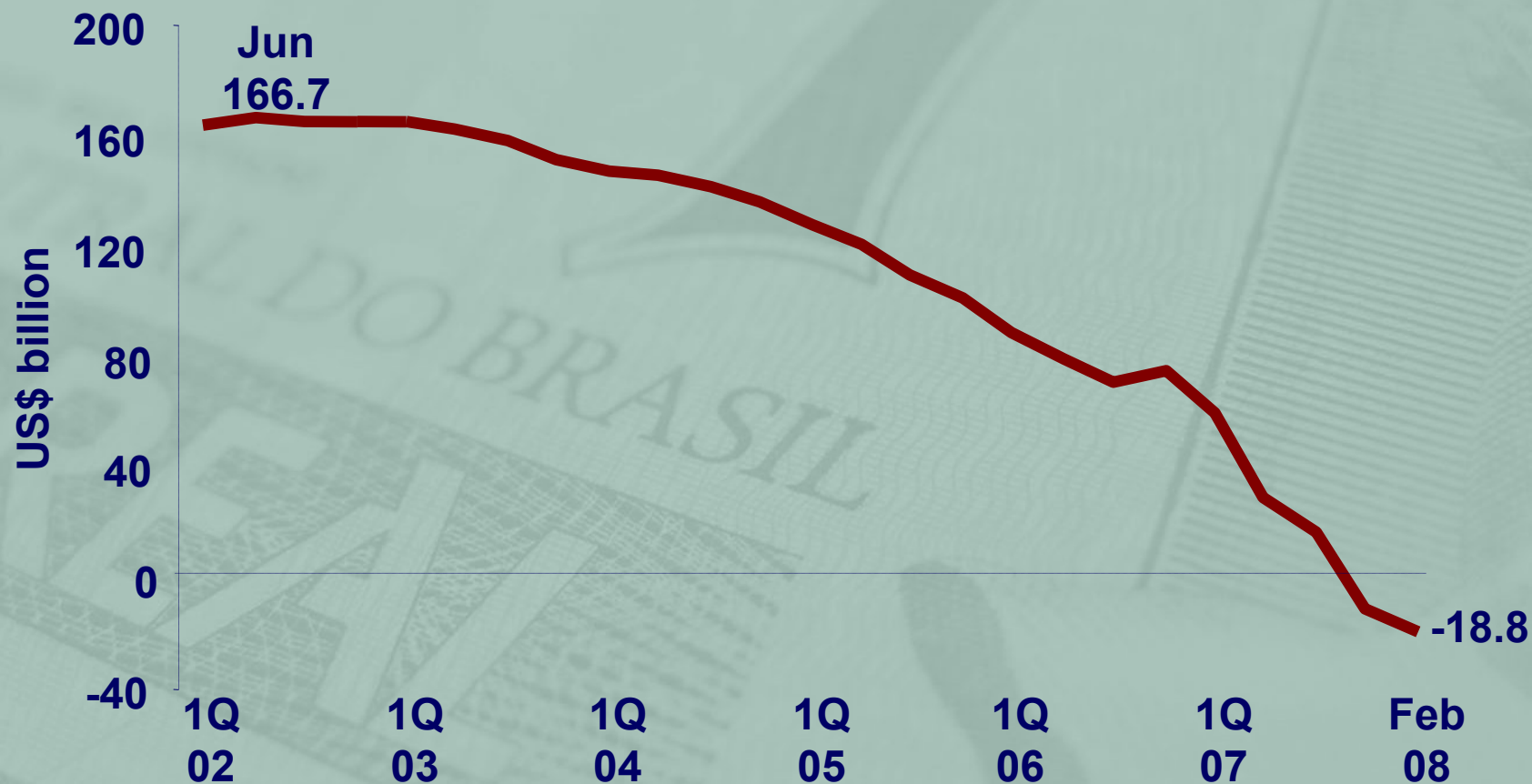


# International Reserves

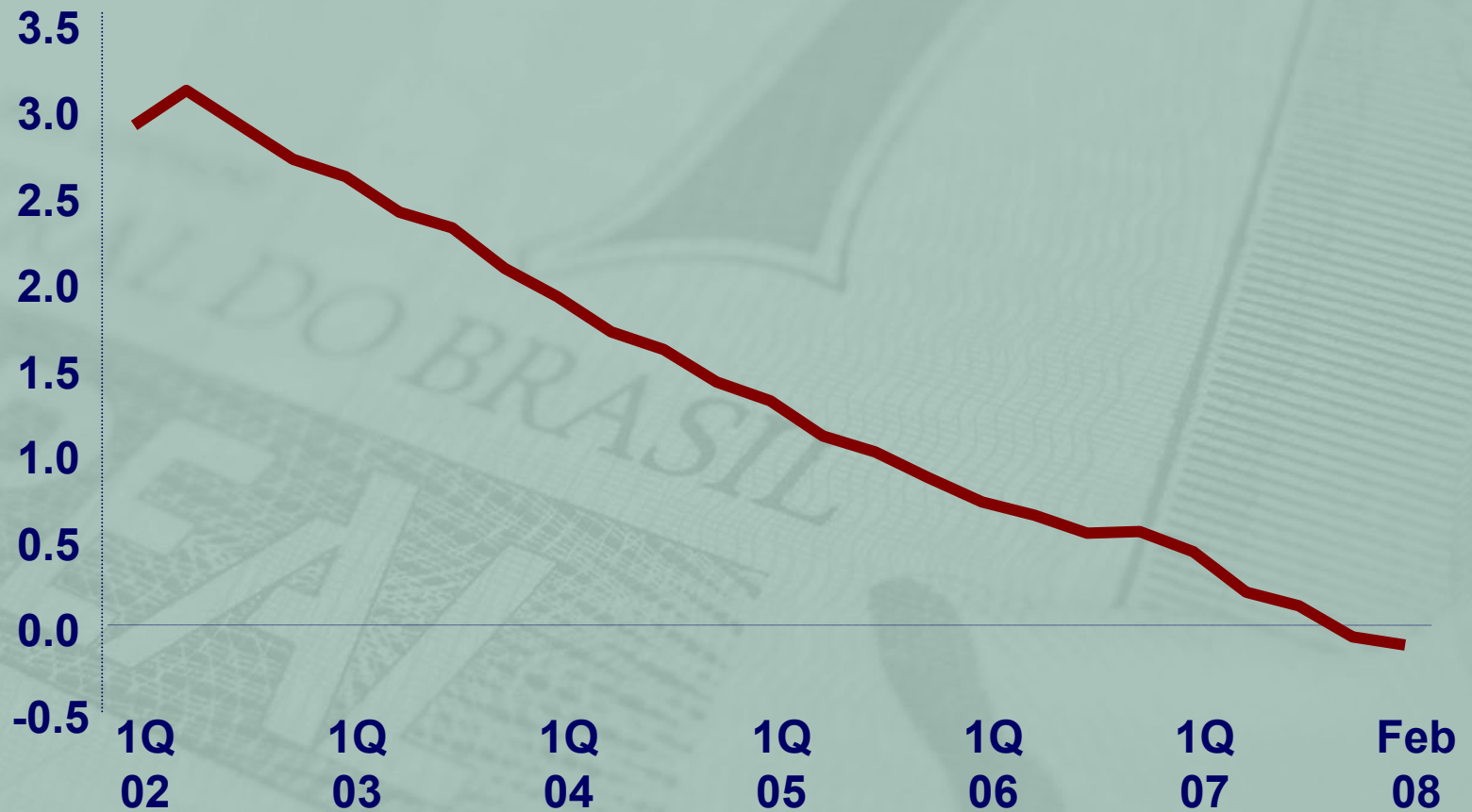




# Net External Debt



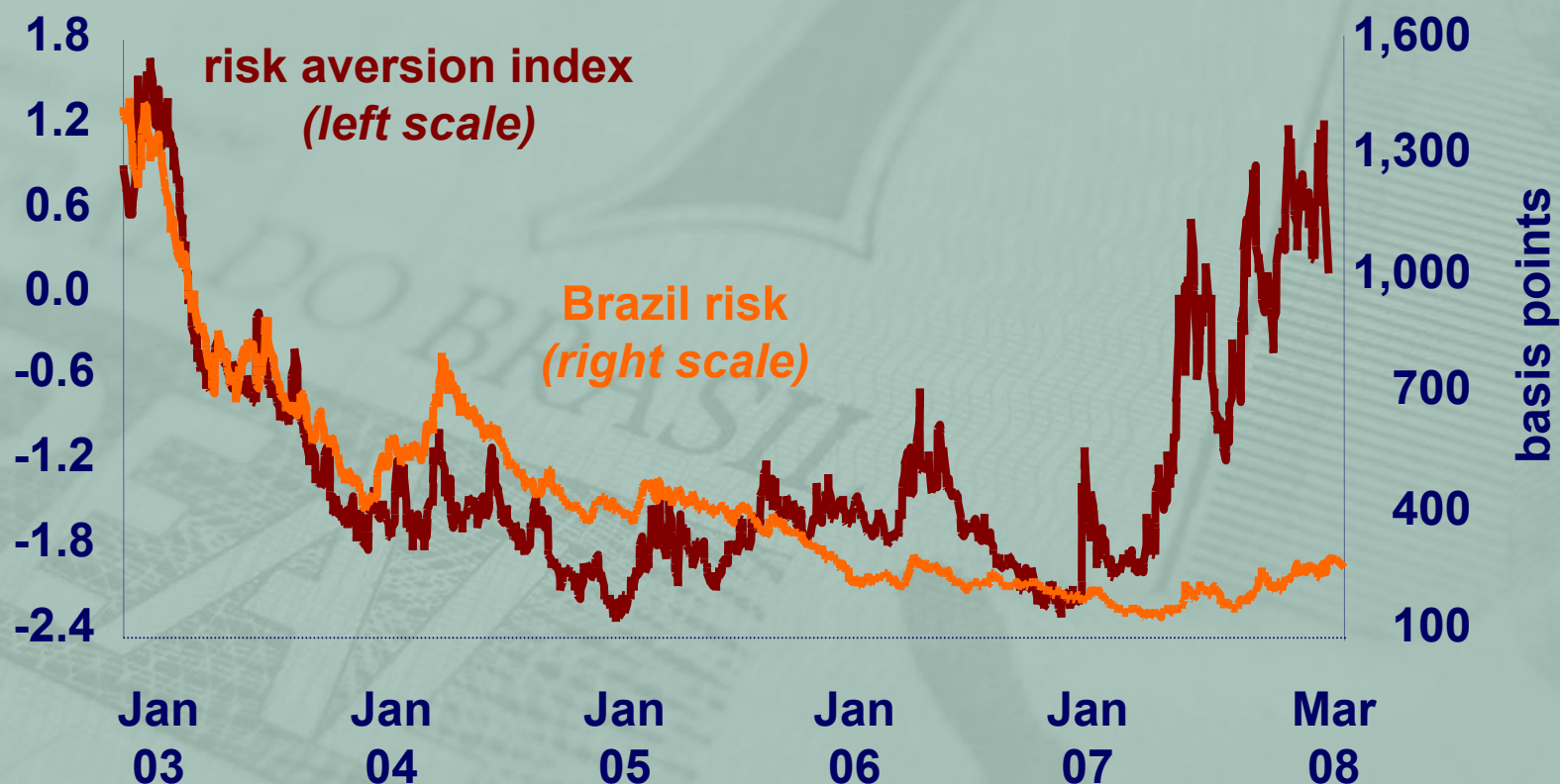
# Net External Debt-Exports Ratio



# Brazil's Global Prospects: Perspectives from the Central Bank

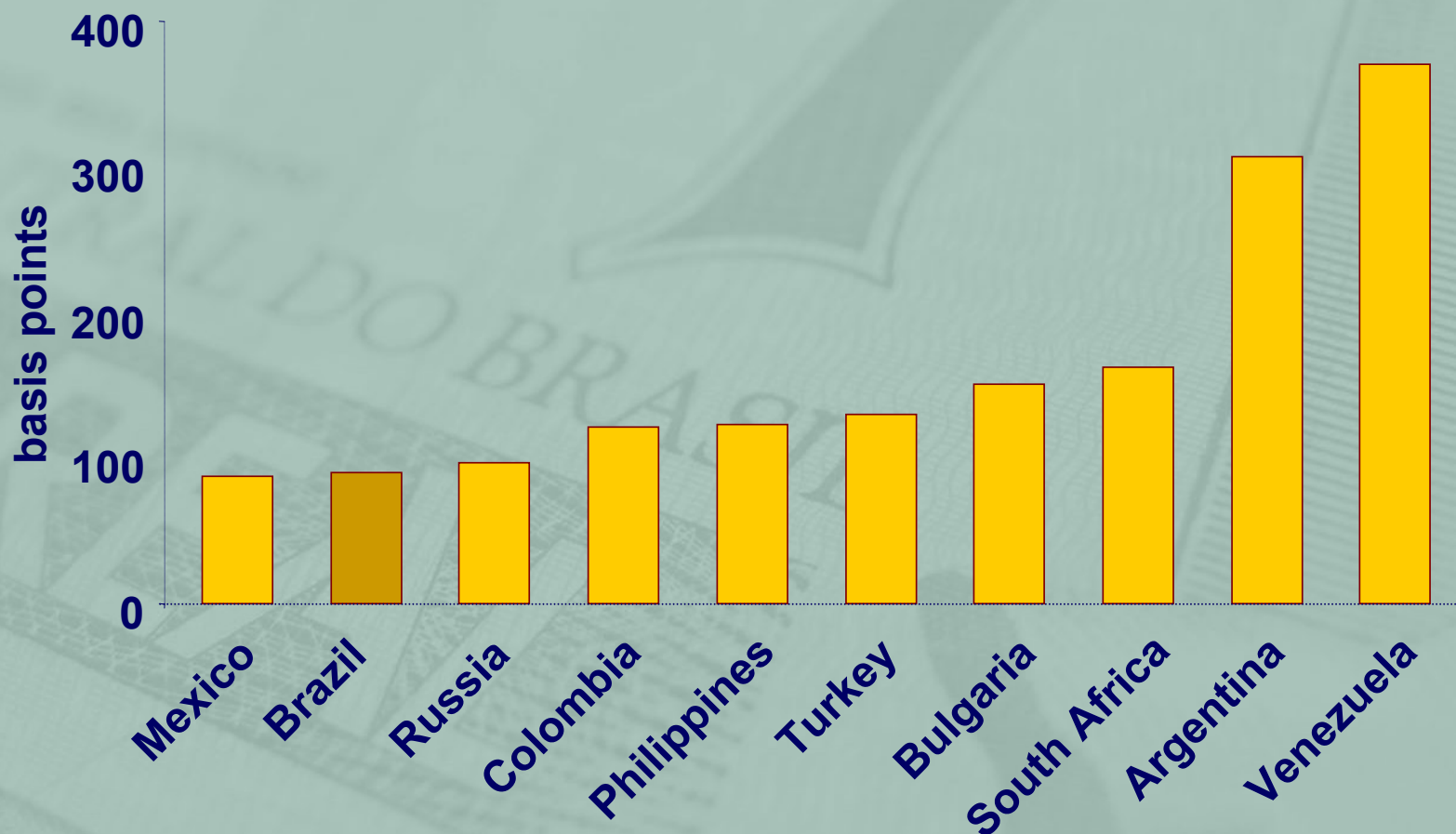
- **Market Developments**

# Brazil Risk & Risk Aversion



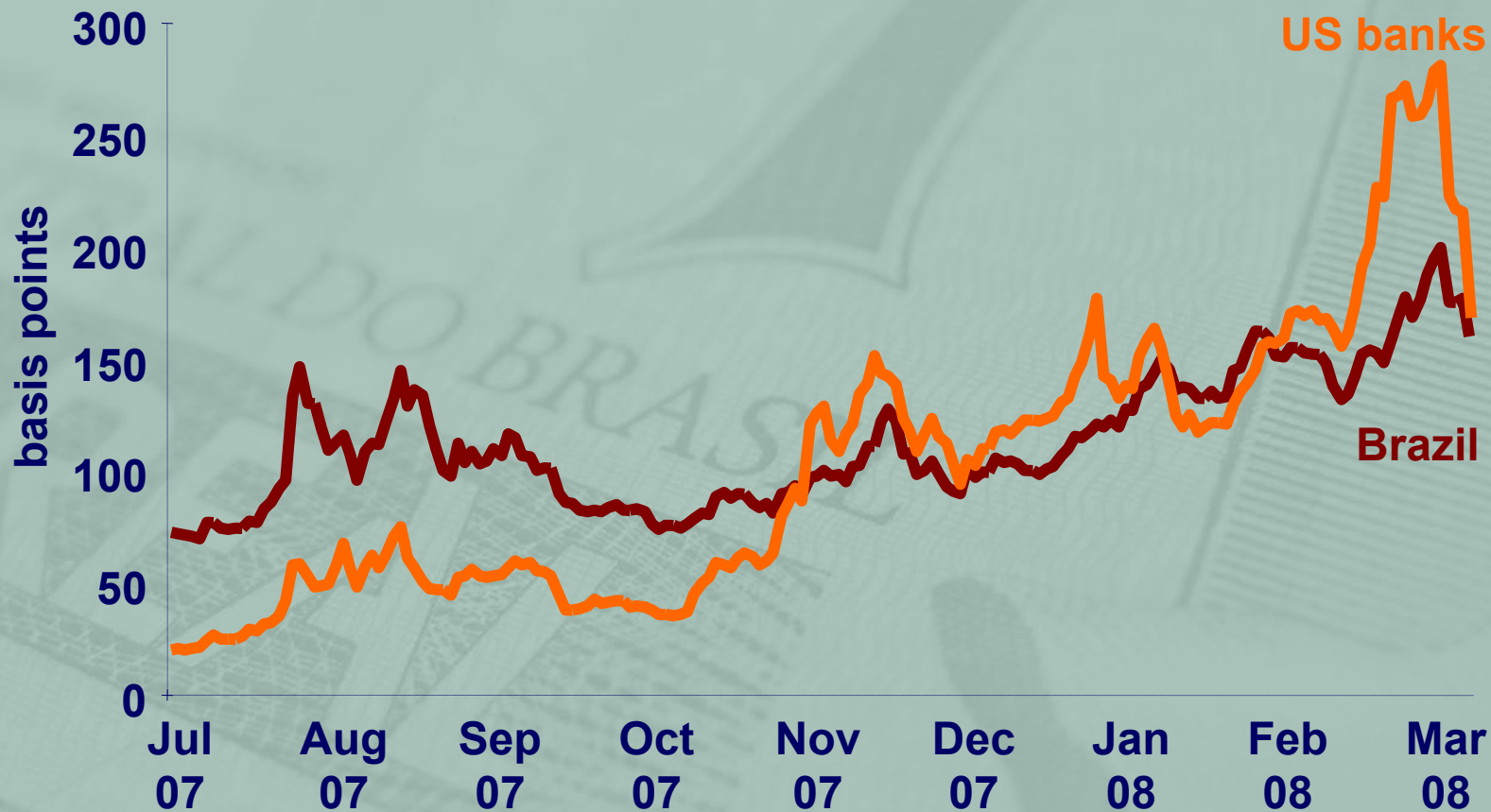
# Credit Default Swaps (5 years)

accumulated change since Jul/2007



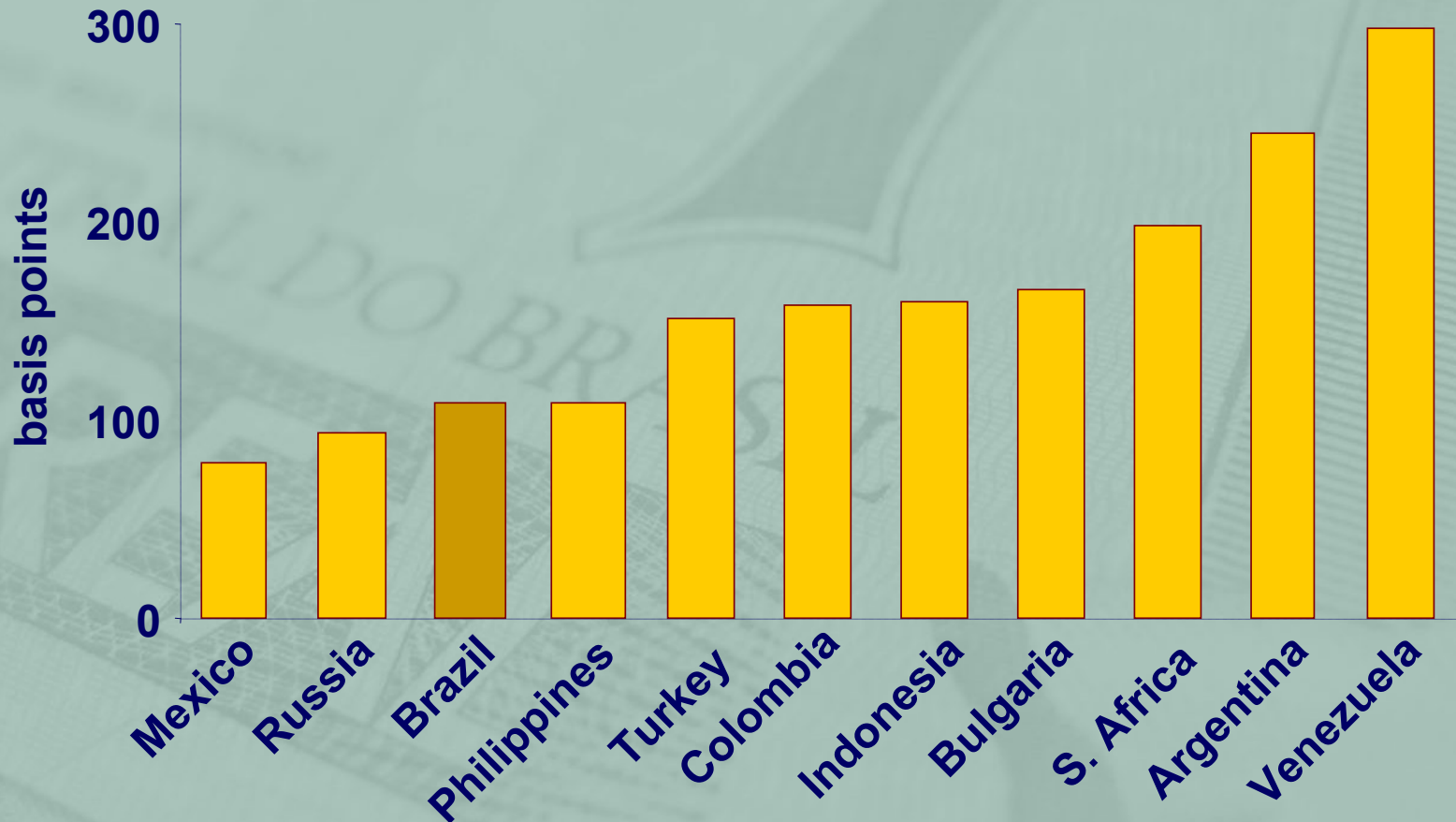


# CDS: Brazil vs. US Banks



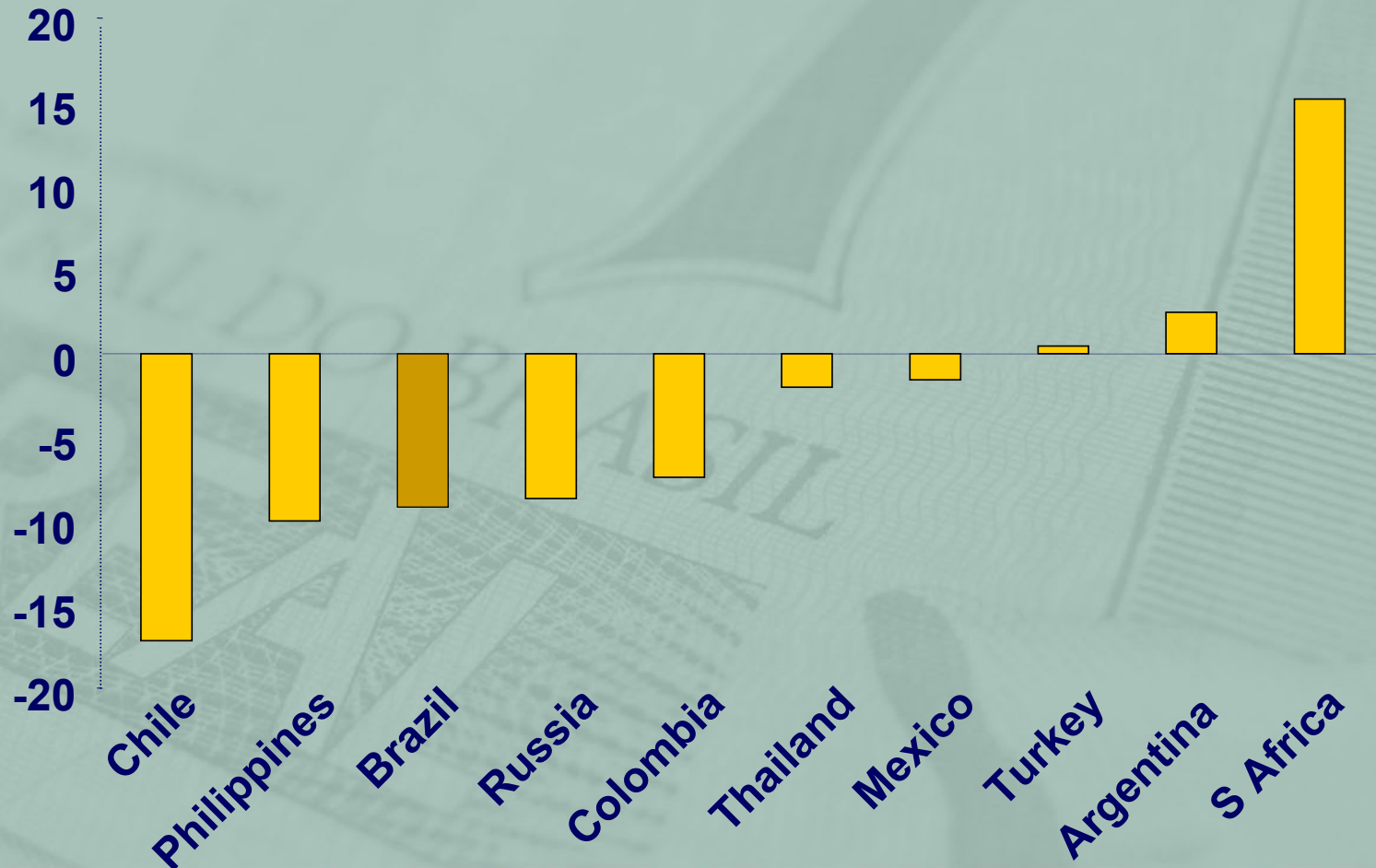
# Embi+: Brazil vs. Selected Emerging Markets

accumulated change since Jul/2007



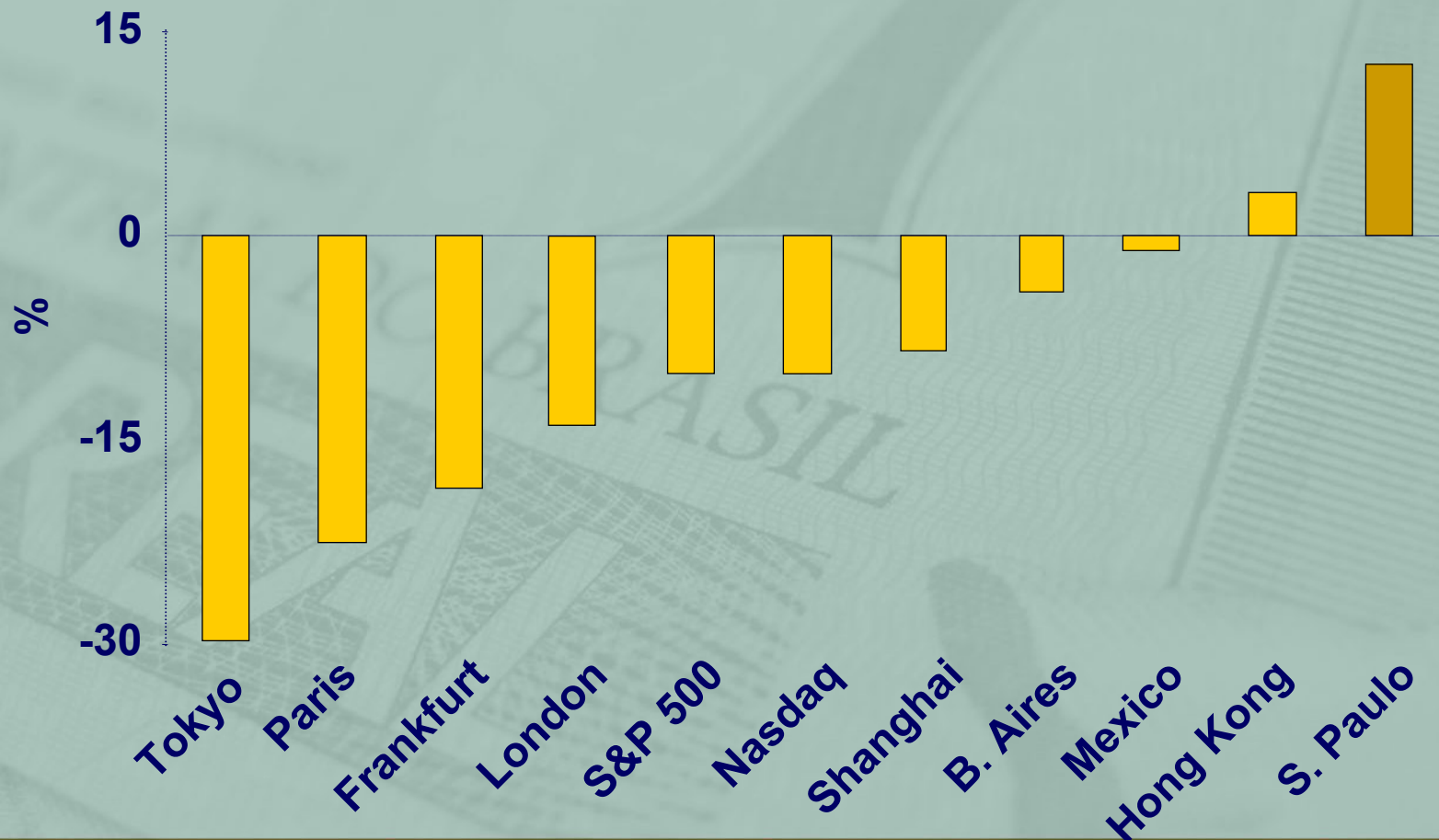
# Exchange Rates: Brazil vs. Selected Emerging Markets

accumulated change since Jul/2007

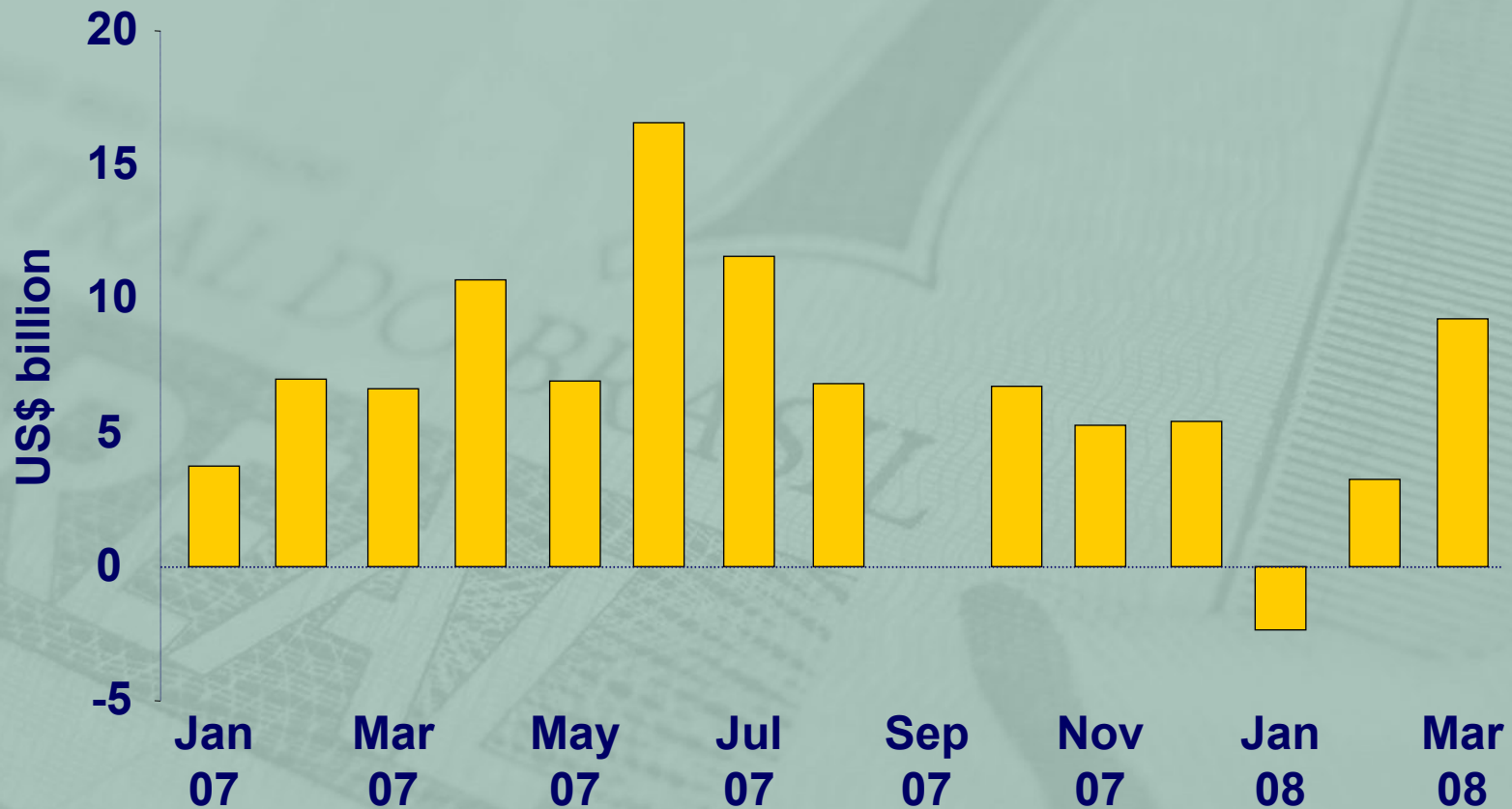


# Stock Exchanges: Brazil vs. Selected Markets

accumulated change since Jul/2007



# Net Foreign exchange Flows



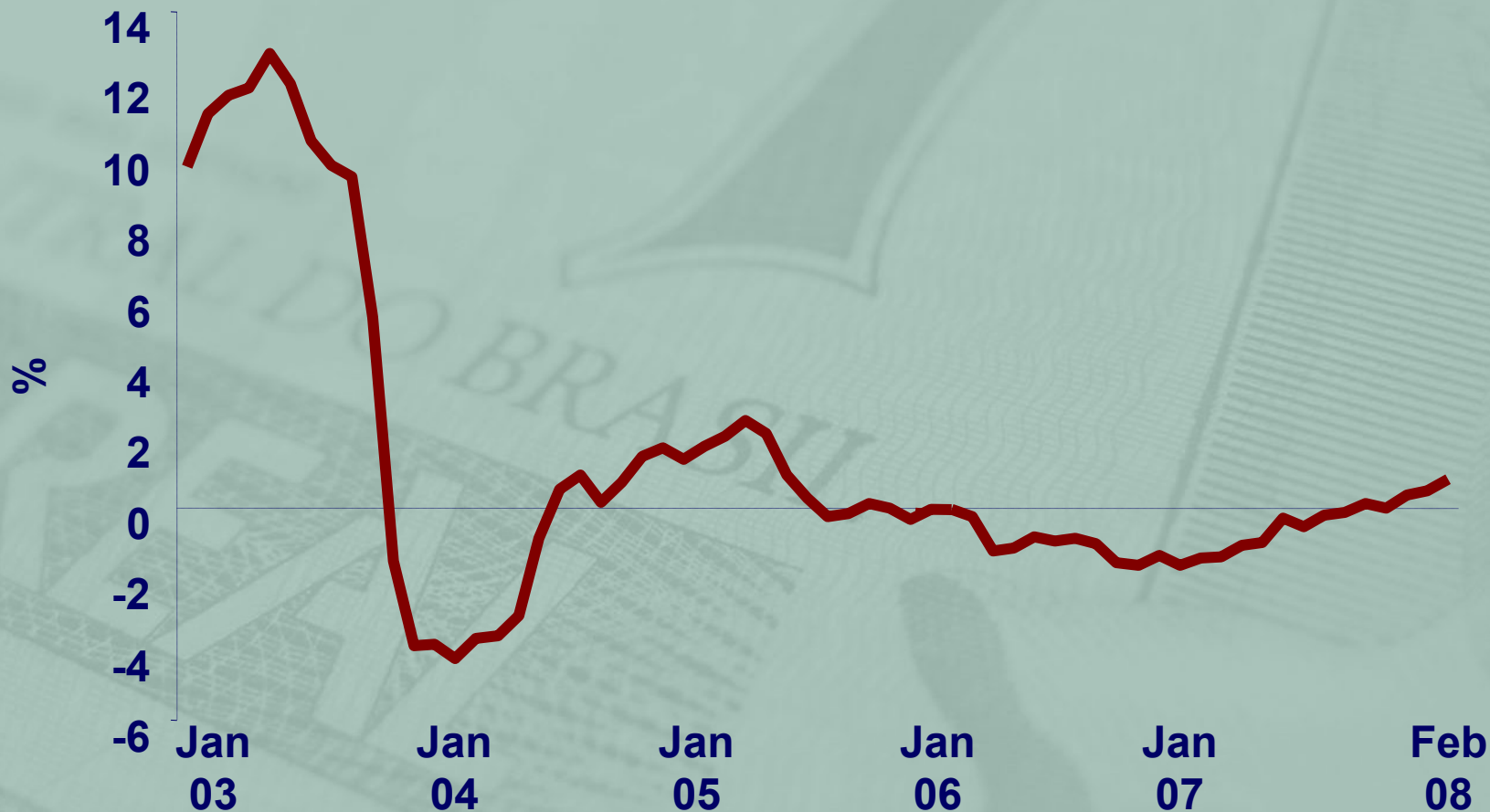


# Brazil's Global Prospects: Perspectives from the Central Bank

- **Inflation Developments**

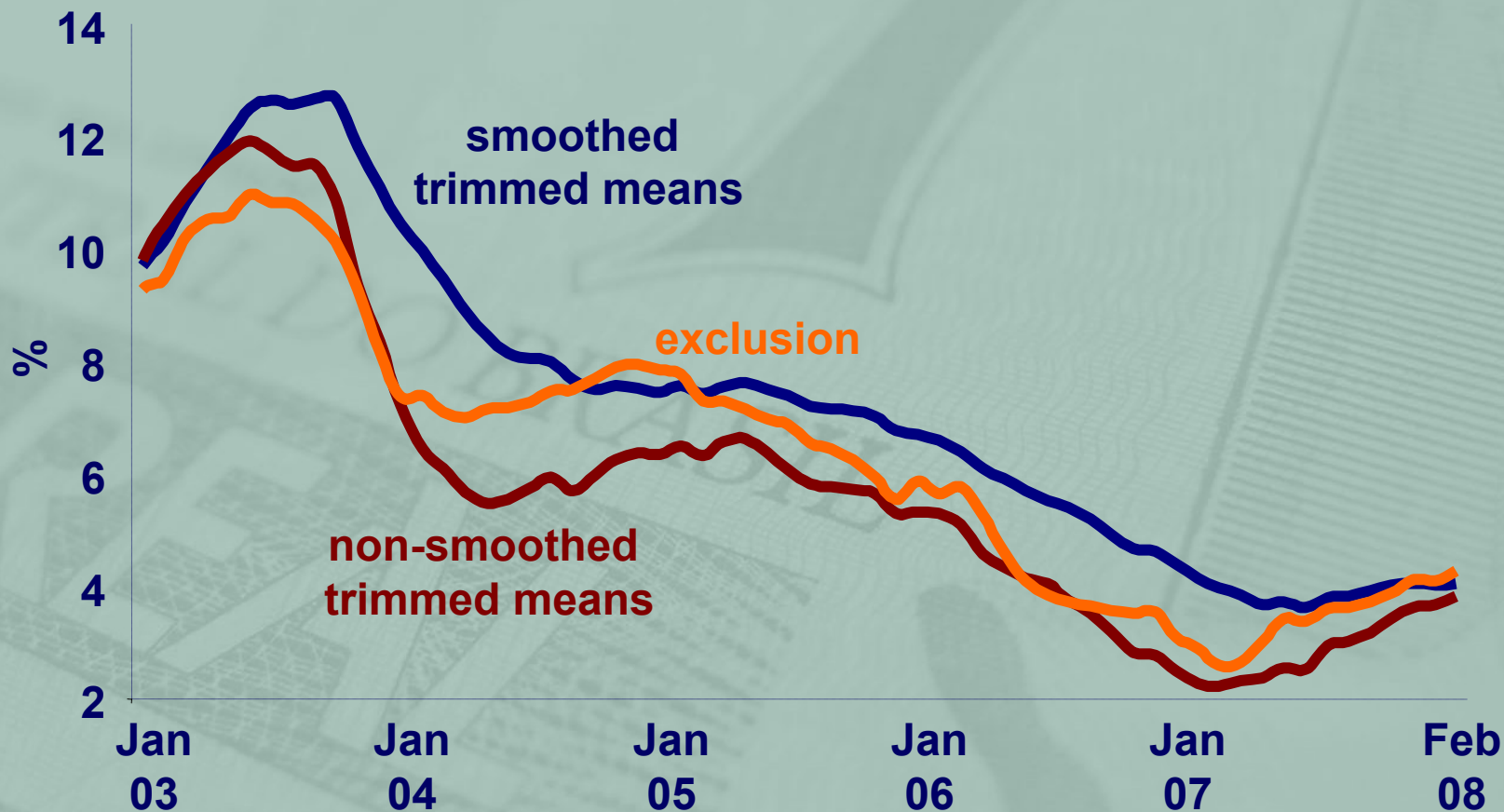
# Inflation Surprise

difference between actual and expected inflation (lagged 12 months)



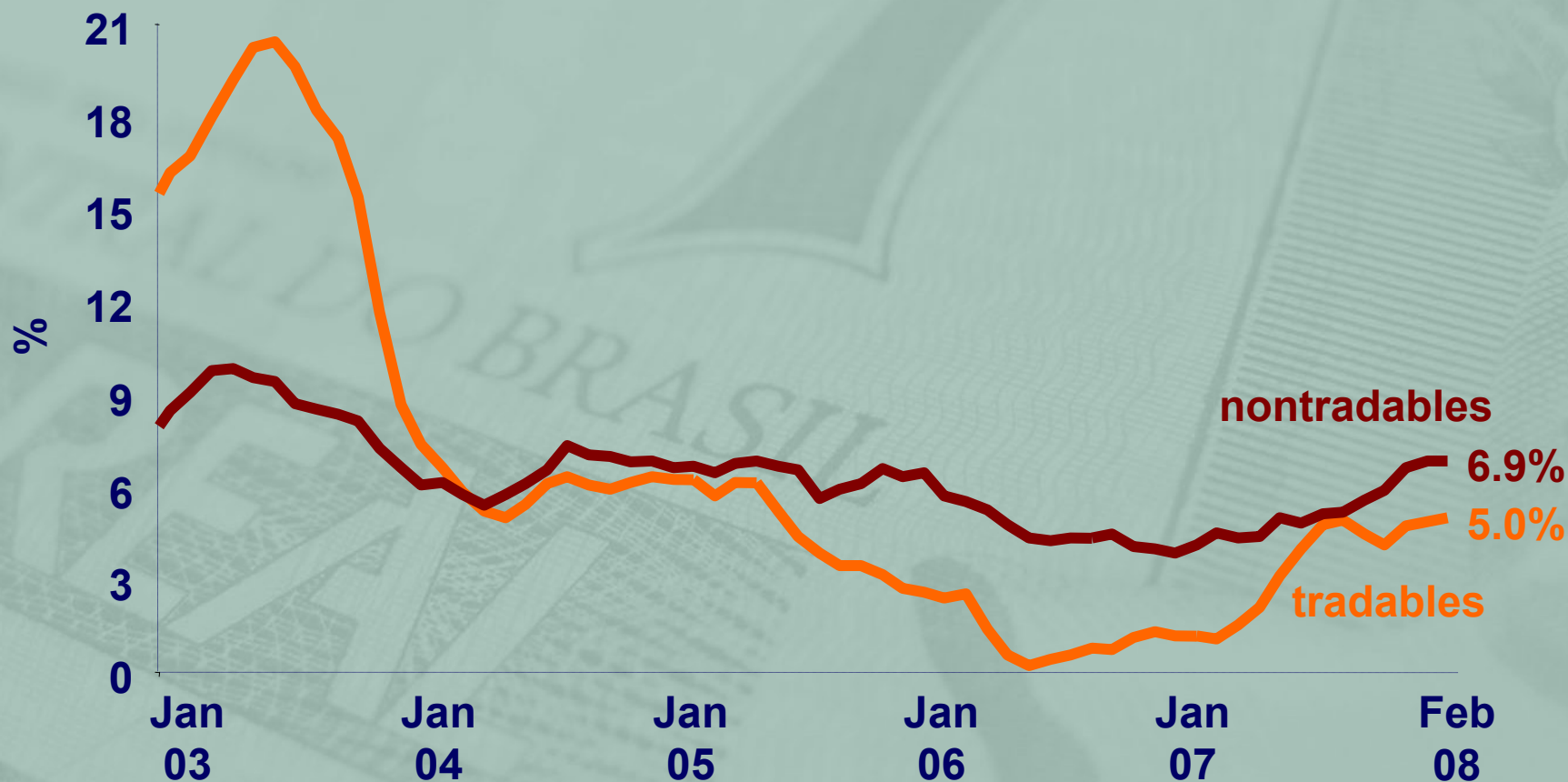
# Core Inflation

accumulated in 12 months

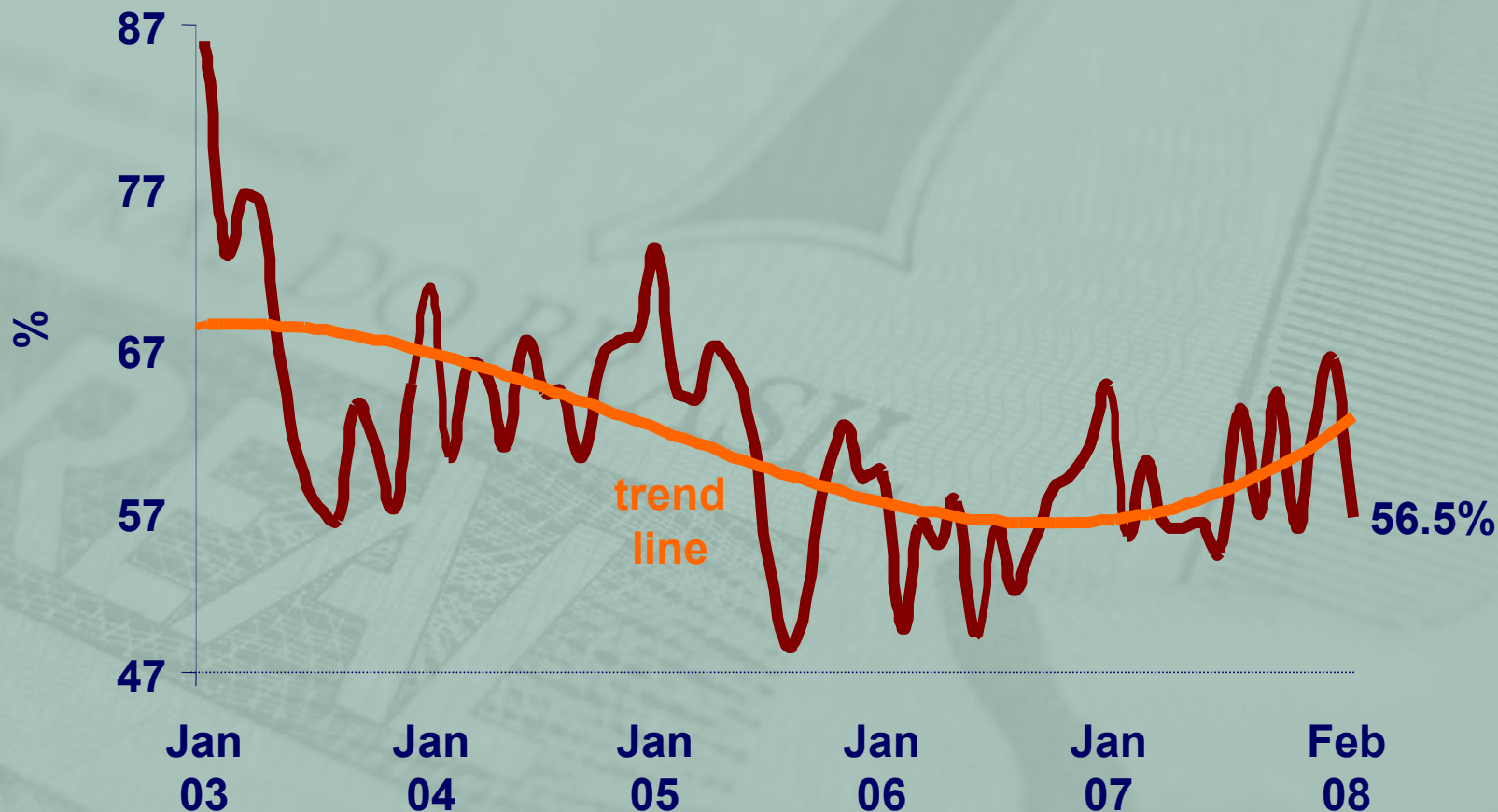


# Tradables & Nontradables Inflation

accumulated in 12 months



# Inflation: % of Items with Price Increases





# Inflation Forecasts

	<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>4.47%</b>	<b>4.60%</b>	<b>4.70%</b>
<b>2009</b>	<b>4.31%</b>	<b>4.40%</b>	<b>4.80%</b>

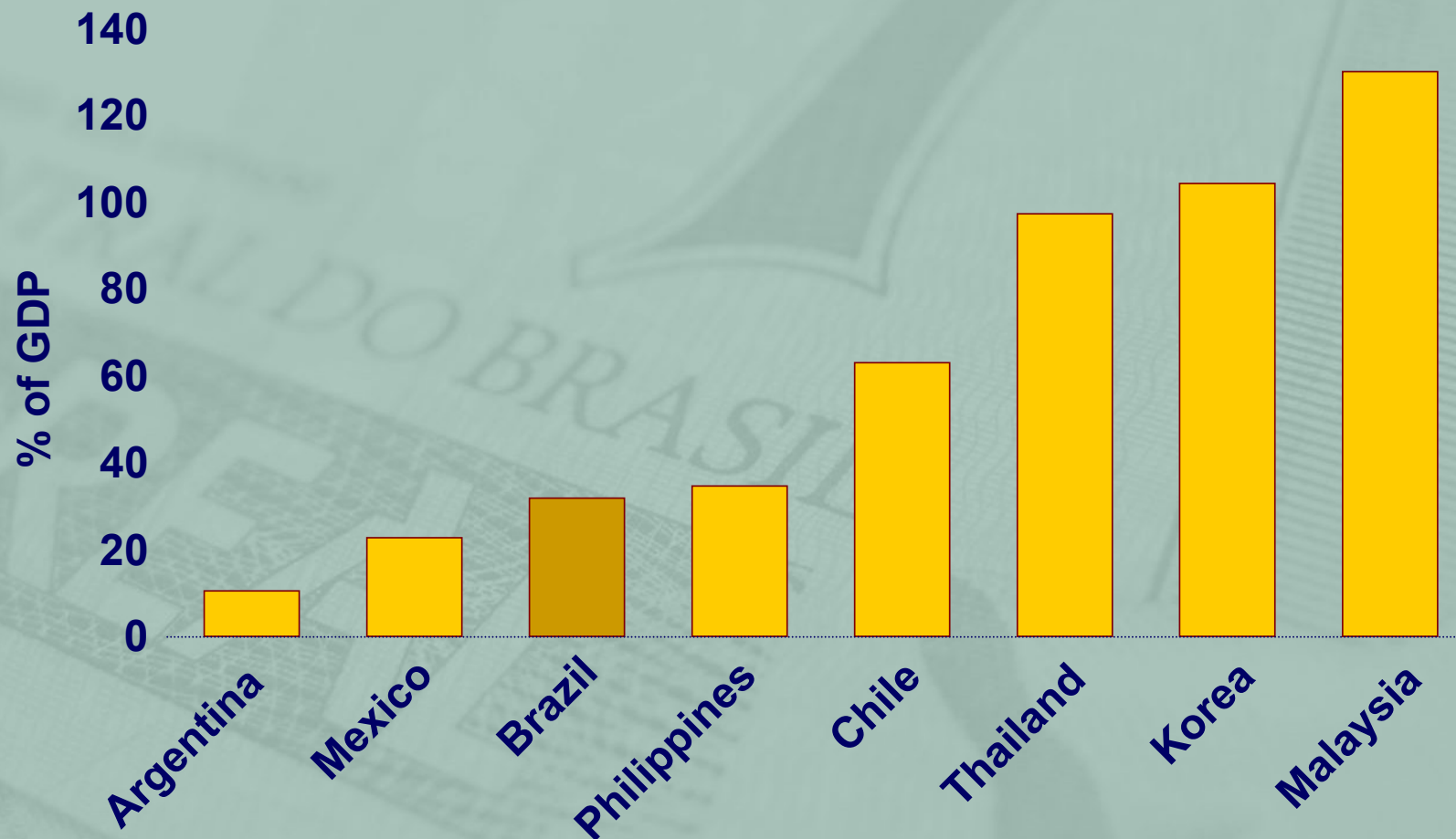
**Benchmark Scenario: unchanged interest and exchange rates**

**Market Scenario: consensus interest and exchange rates**

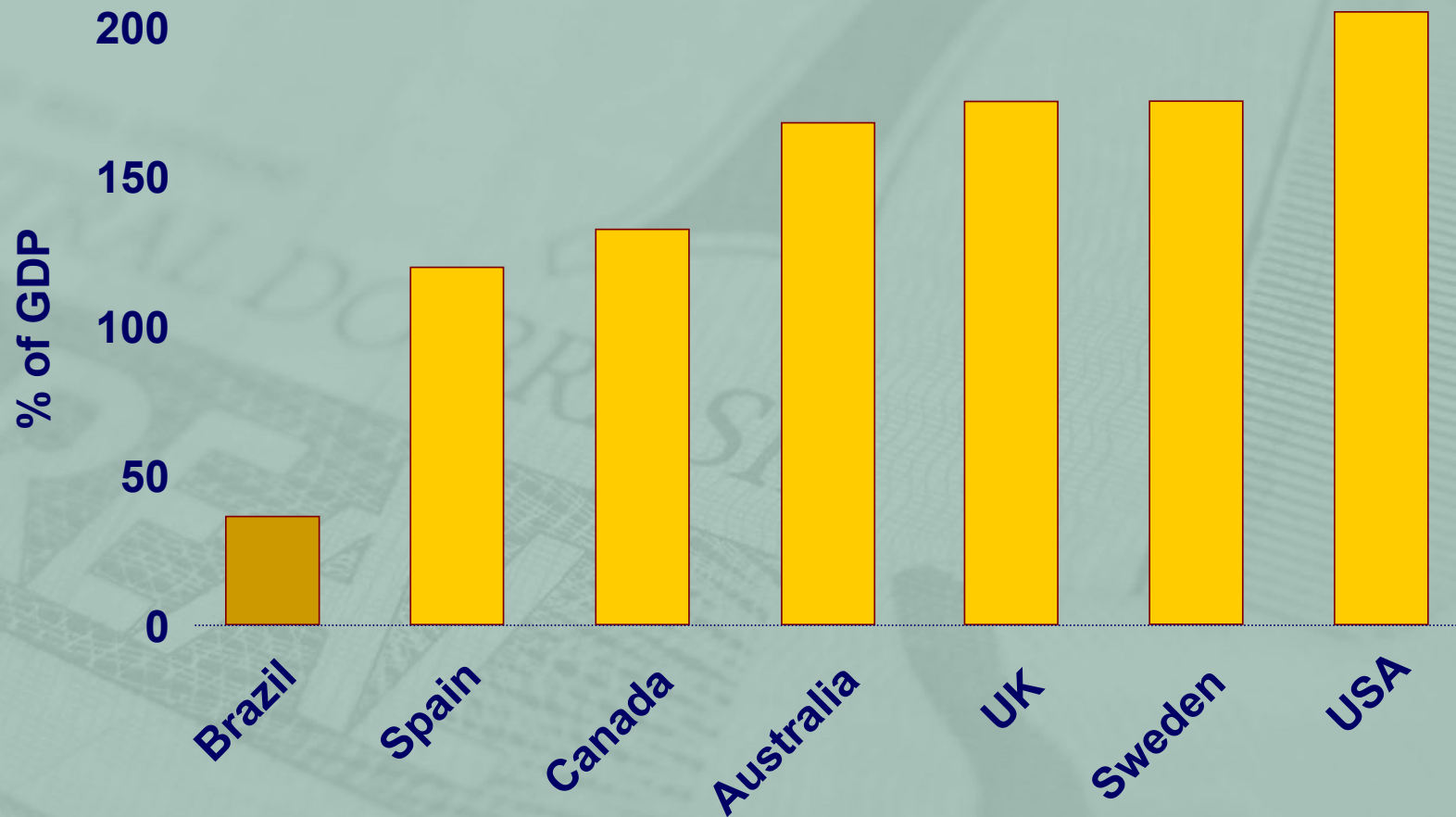
# Brazil's Global Prospects: Perspectives from the Central Bank

- **Credit Developments**

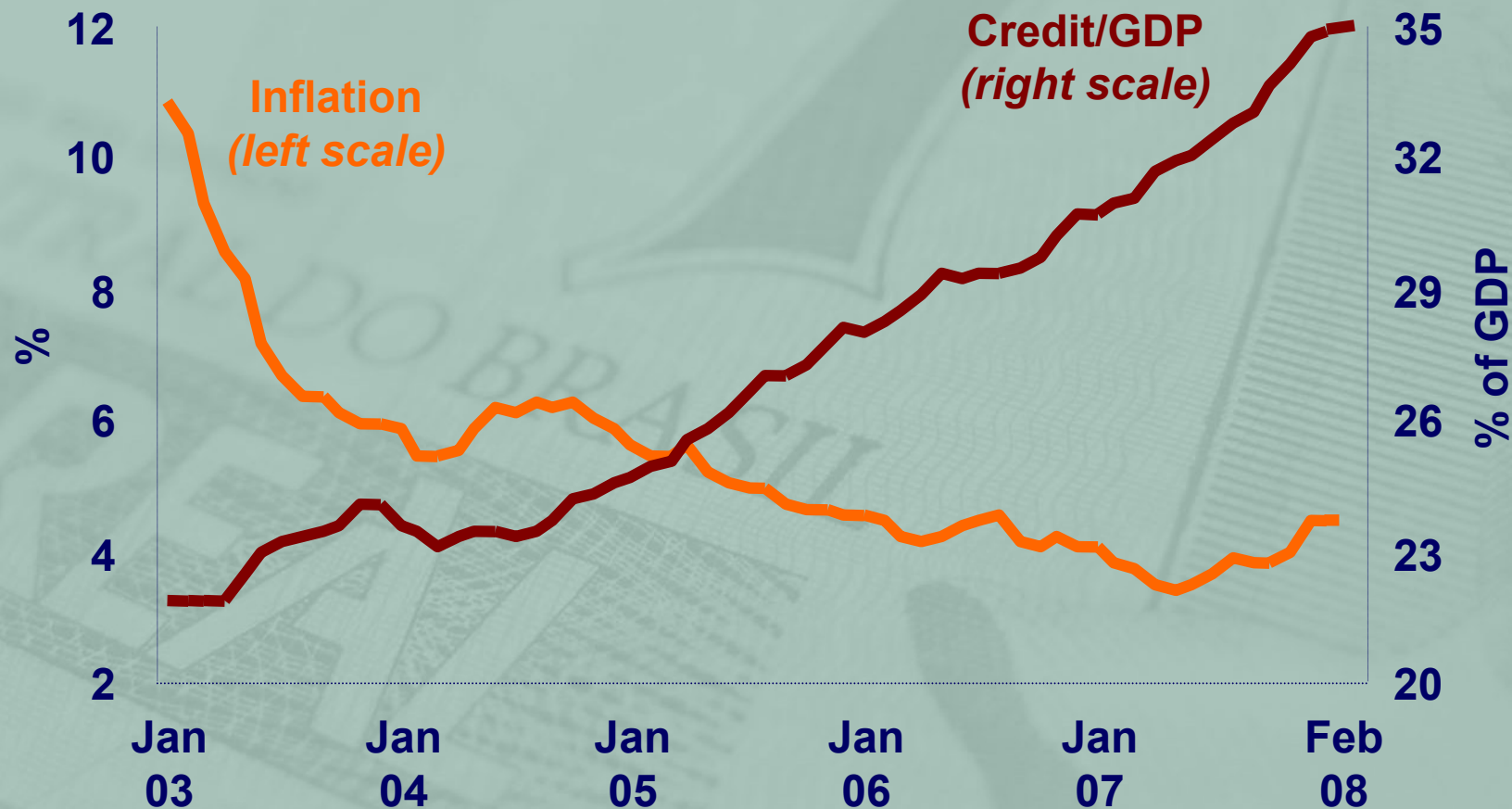
# Credit/GDP: Selected Emerging Countries



# Credit/GDP: Brazil vs. Developed Countries

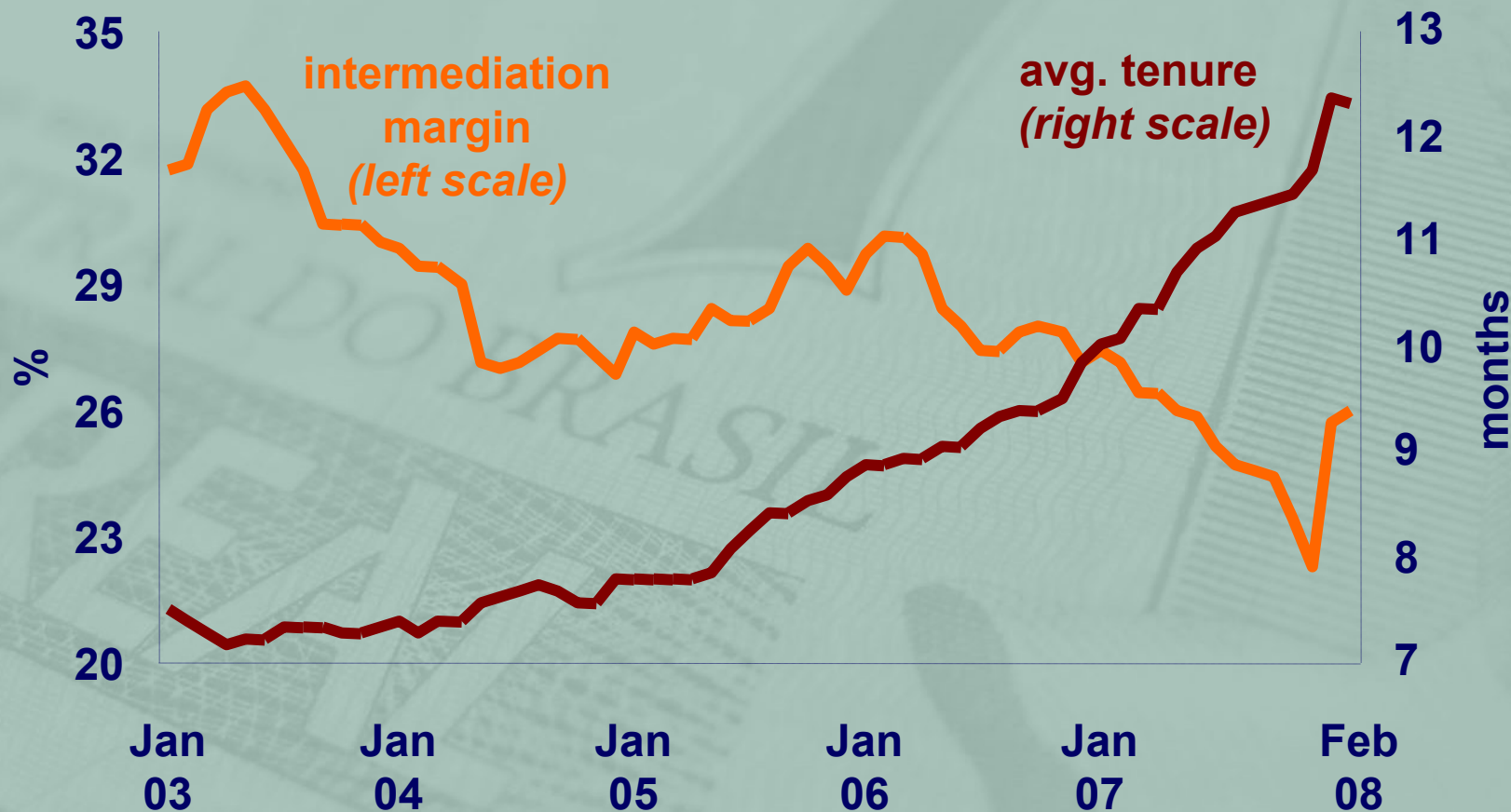


# Credit & Inflation





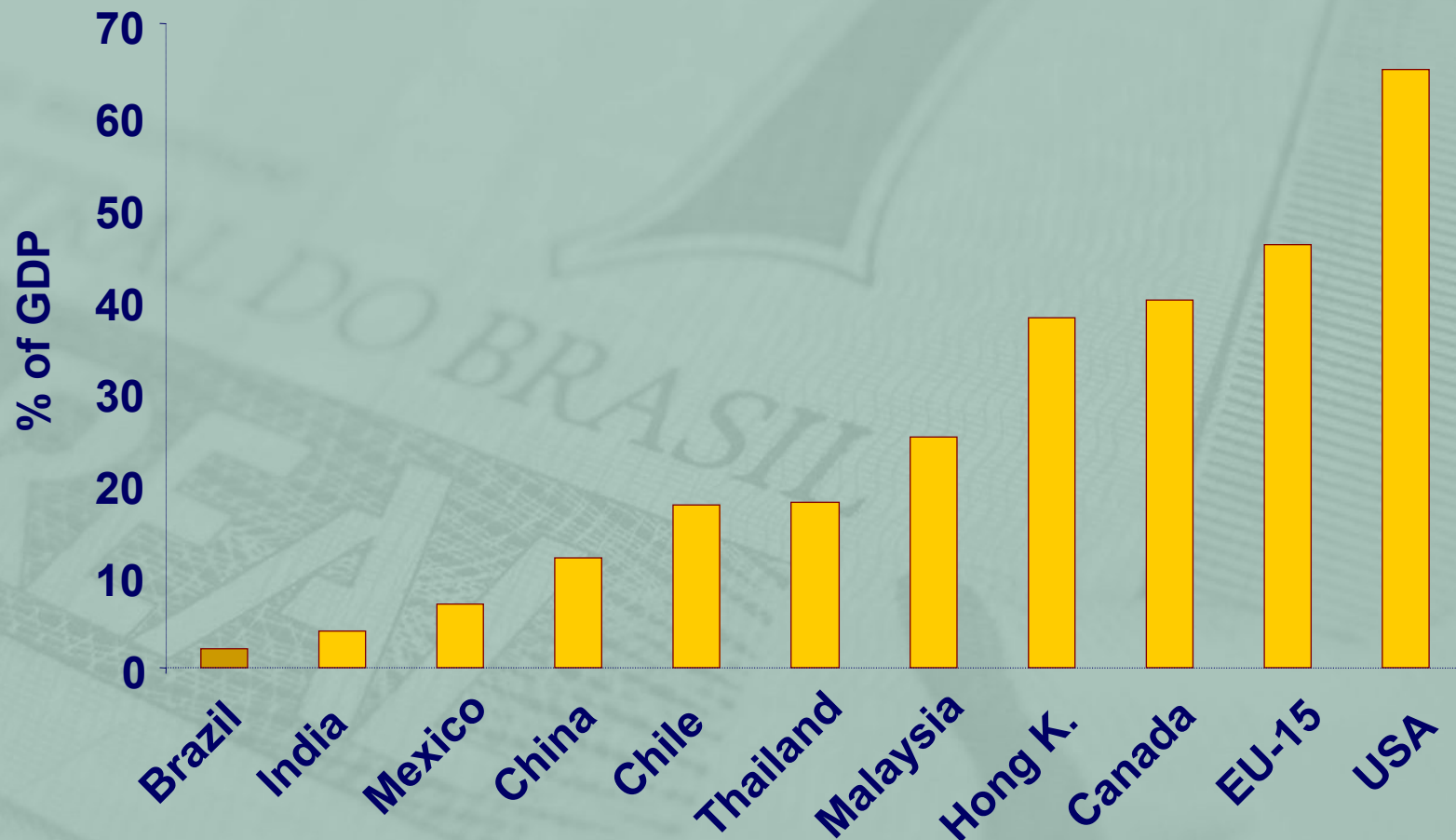
# Intermediation Margin & Tenors



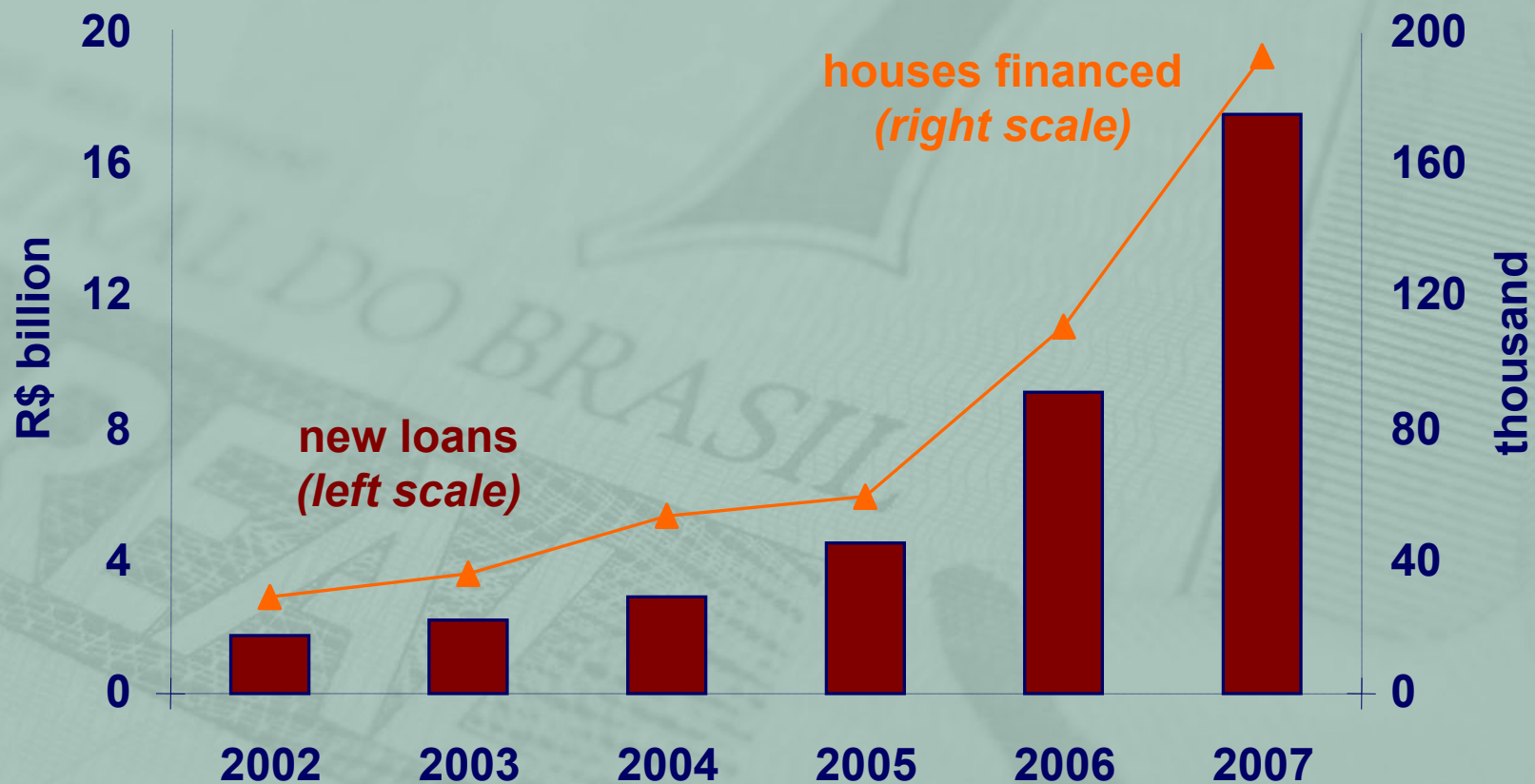
# Delinquency Rates



# Mortgage Credit/GDP: Brazil vs. Selected Countries



# Mortgage Credit



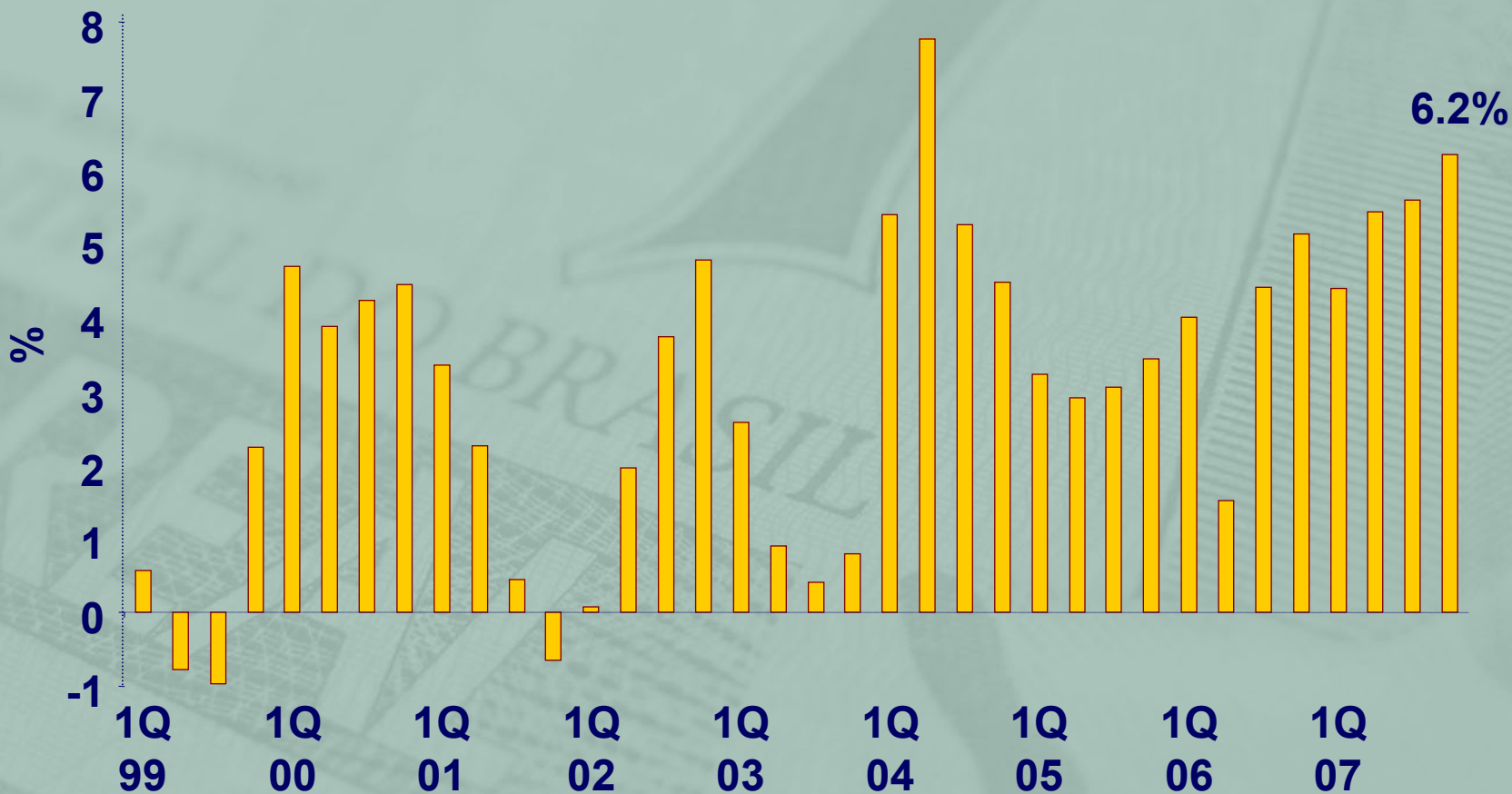
# Brazil's Global Prospects: Perspectives from the Central Bank

- **Activity Level**

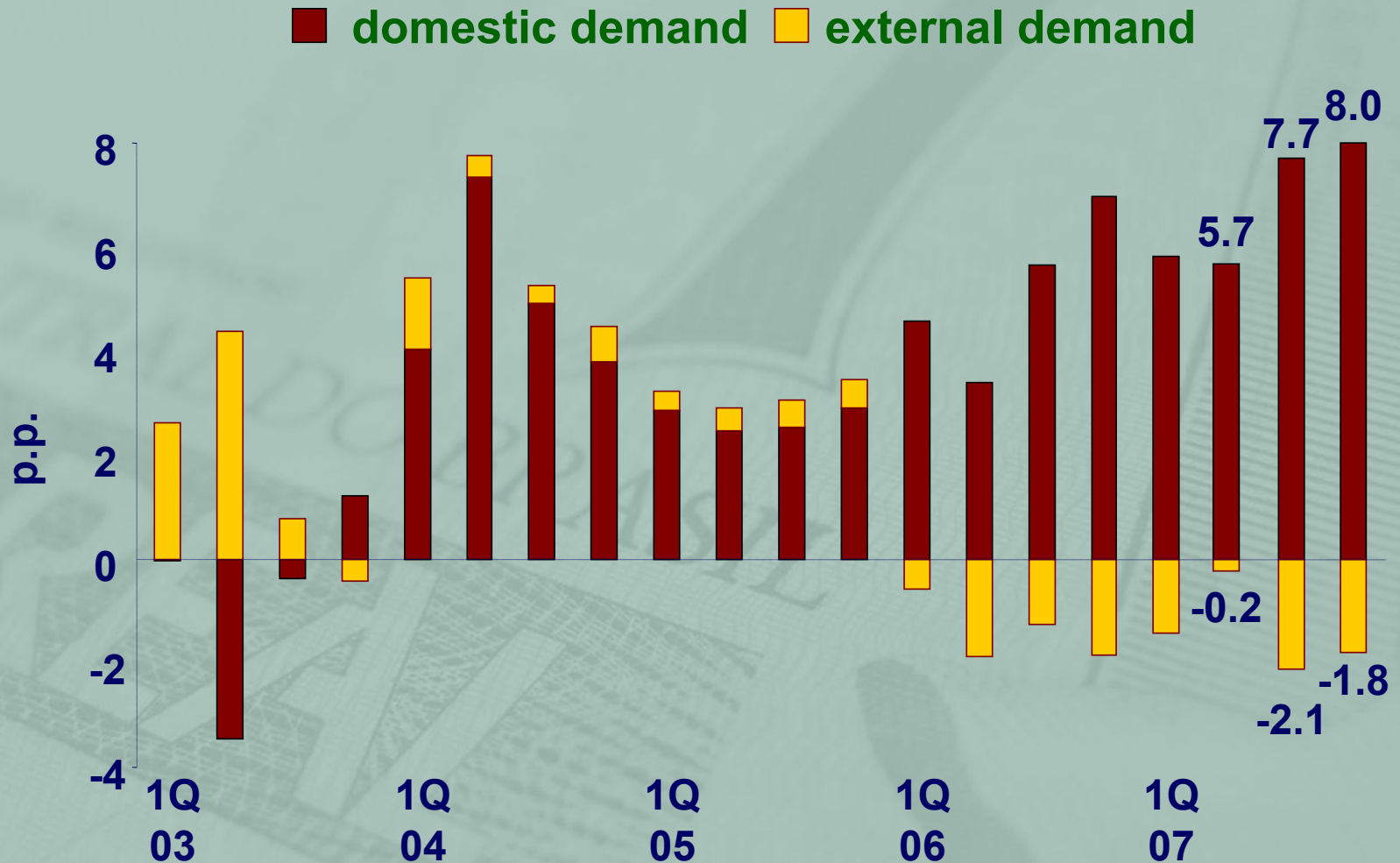


# GDP Growth

compared to same quarter of previous year



# GDP: Contribution of Domestic & External Demand to Growth

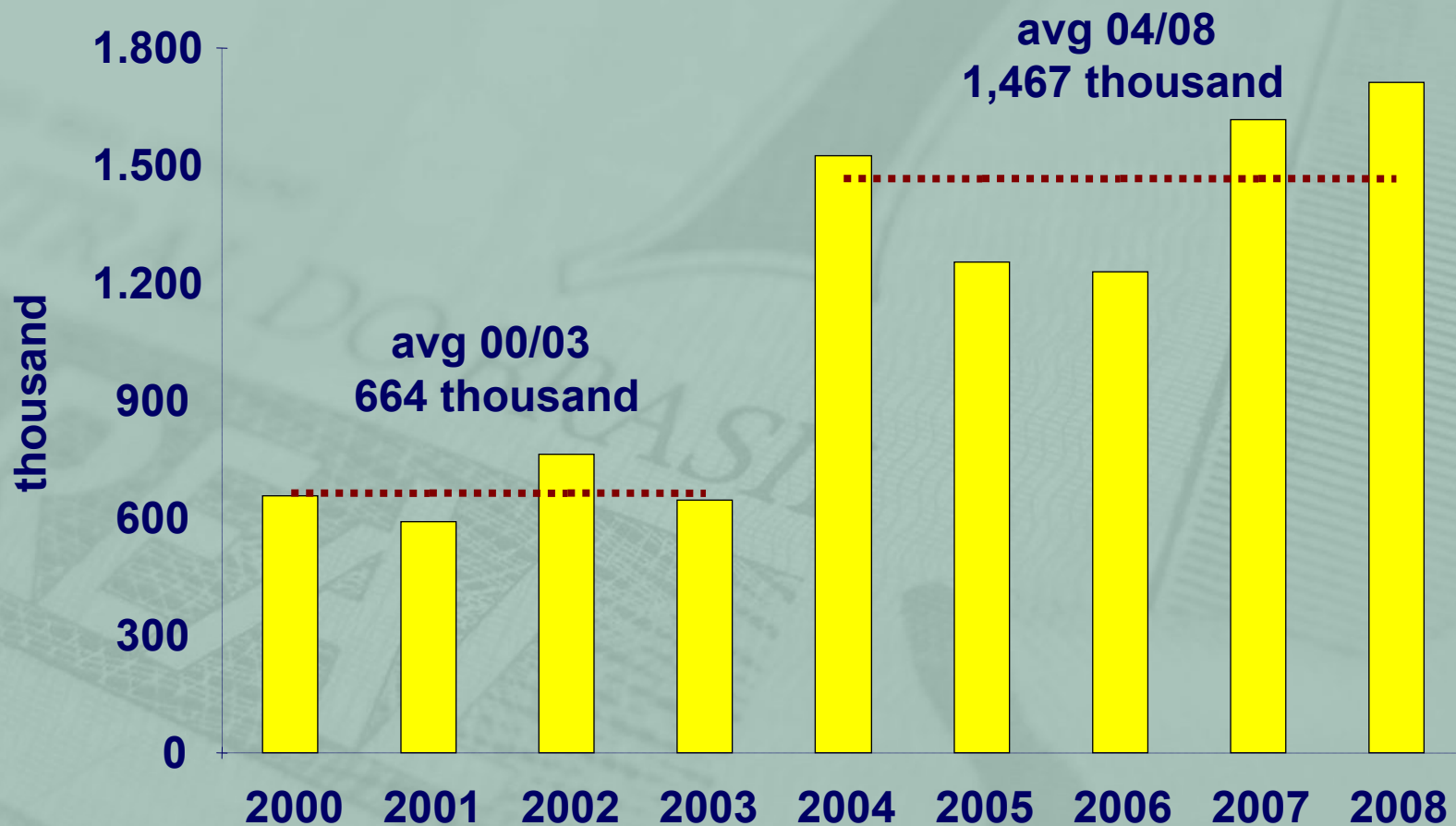


# Household Consumption

compared to same quarter of previous year

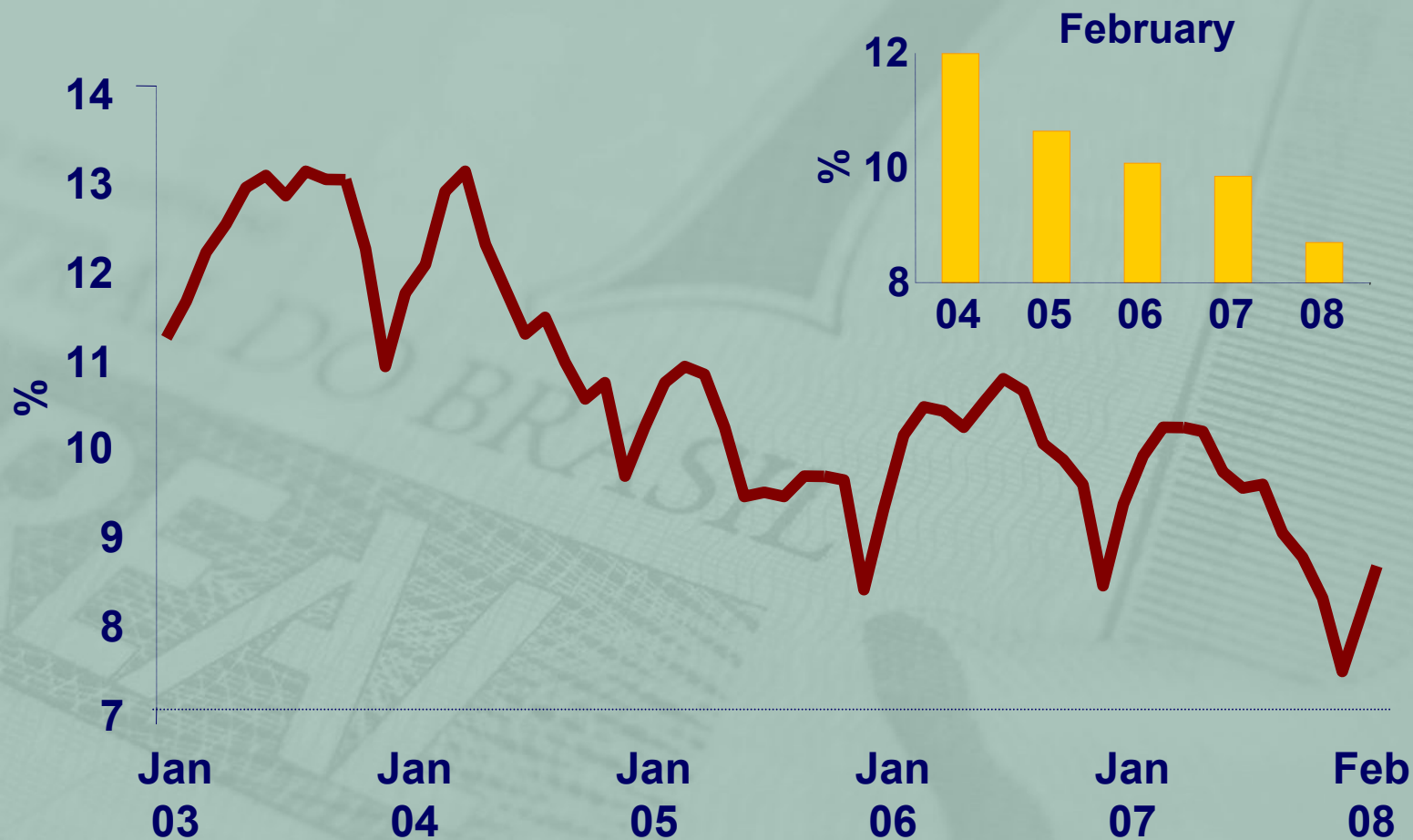


# Job Creation



Source: MTE (data for 2008 refers to 12 months to February)

# Unemployment Rate



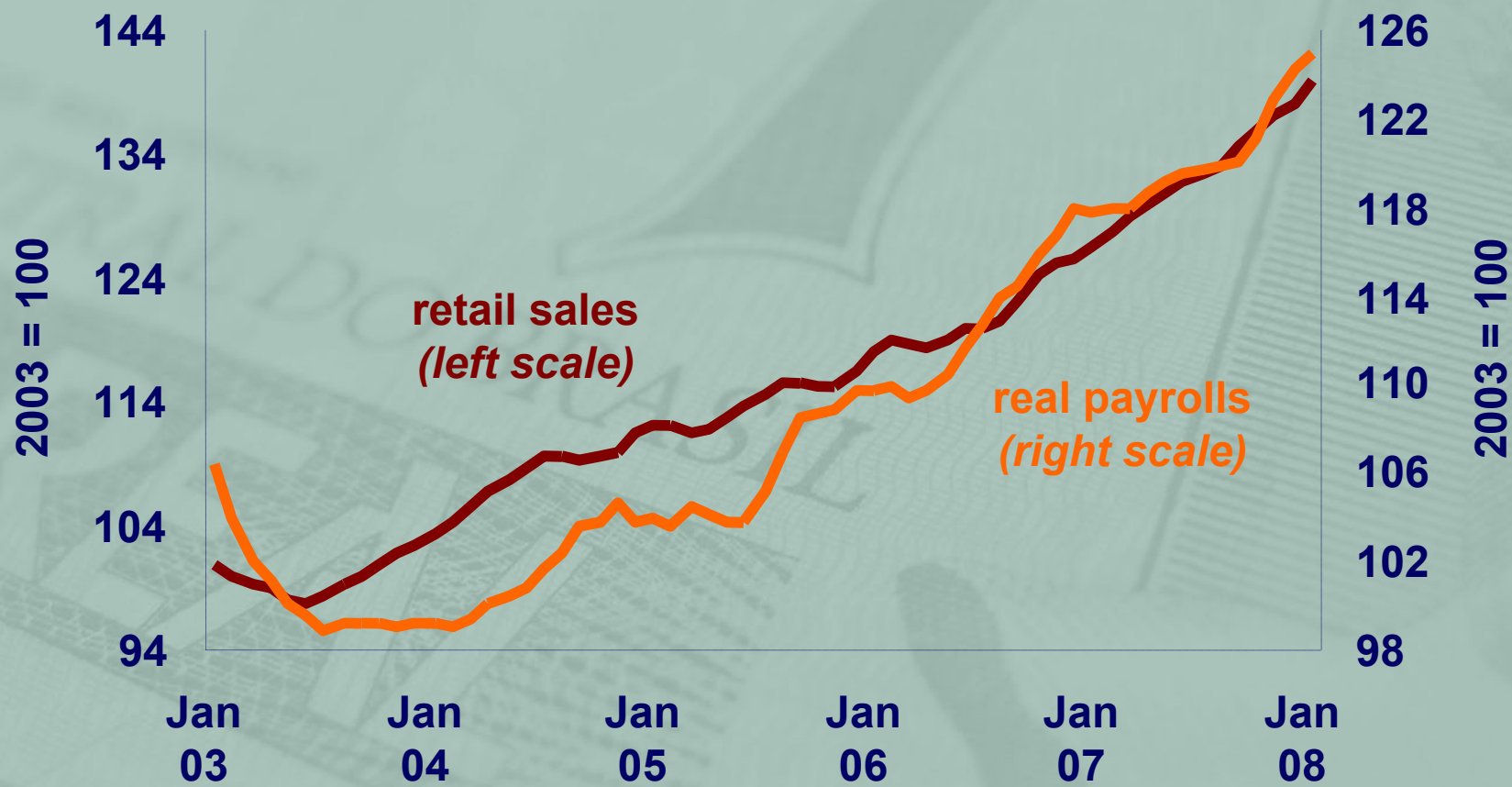


# Consumer Confidence

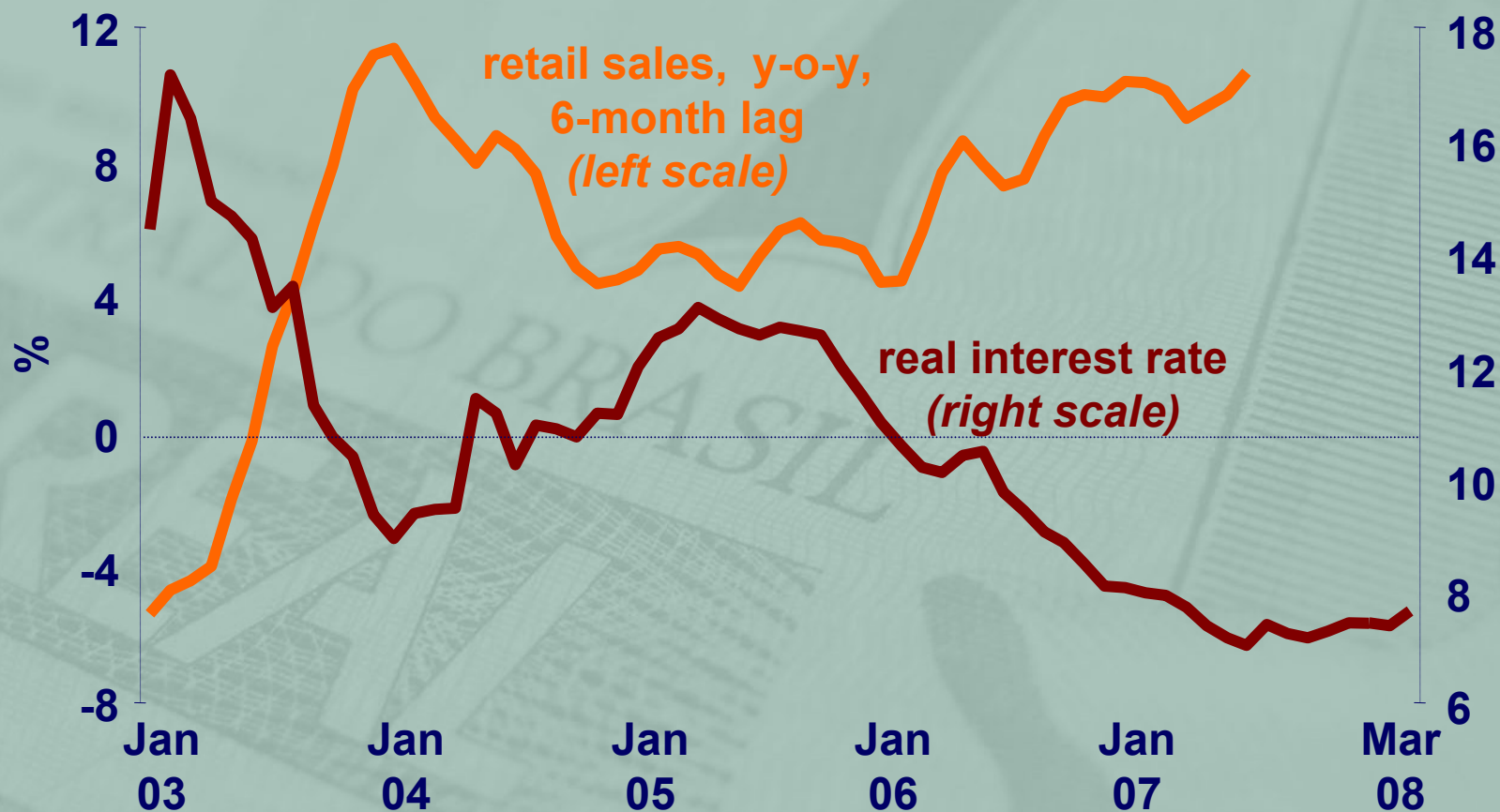


# Retail Sales & Payroll

3-month moving average

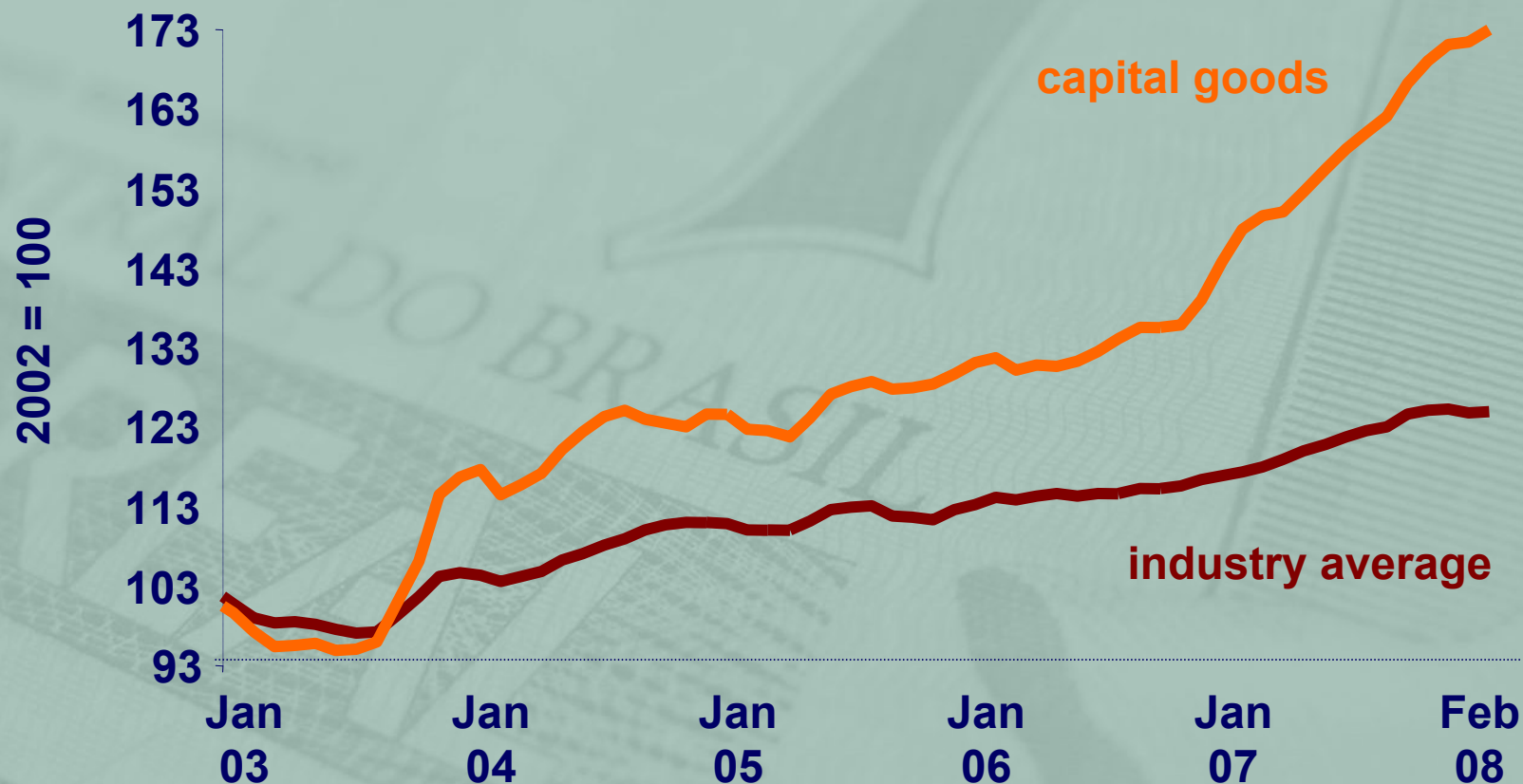


# Retail Sales & Real Interest Rate



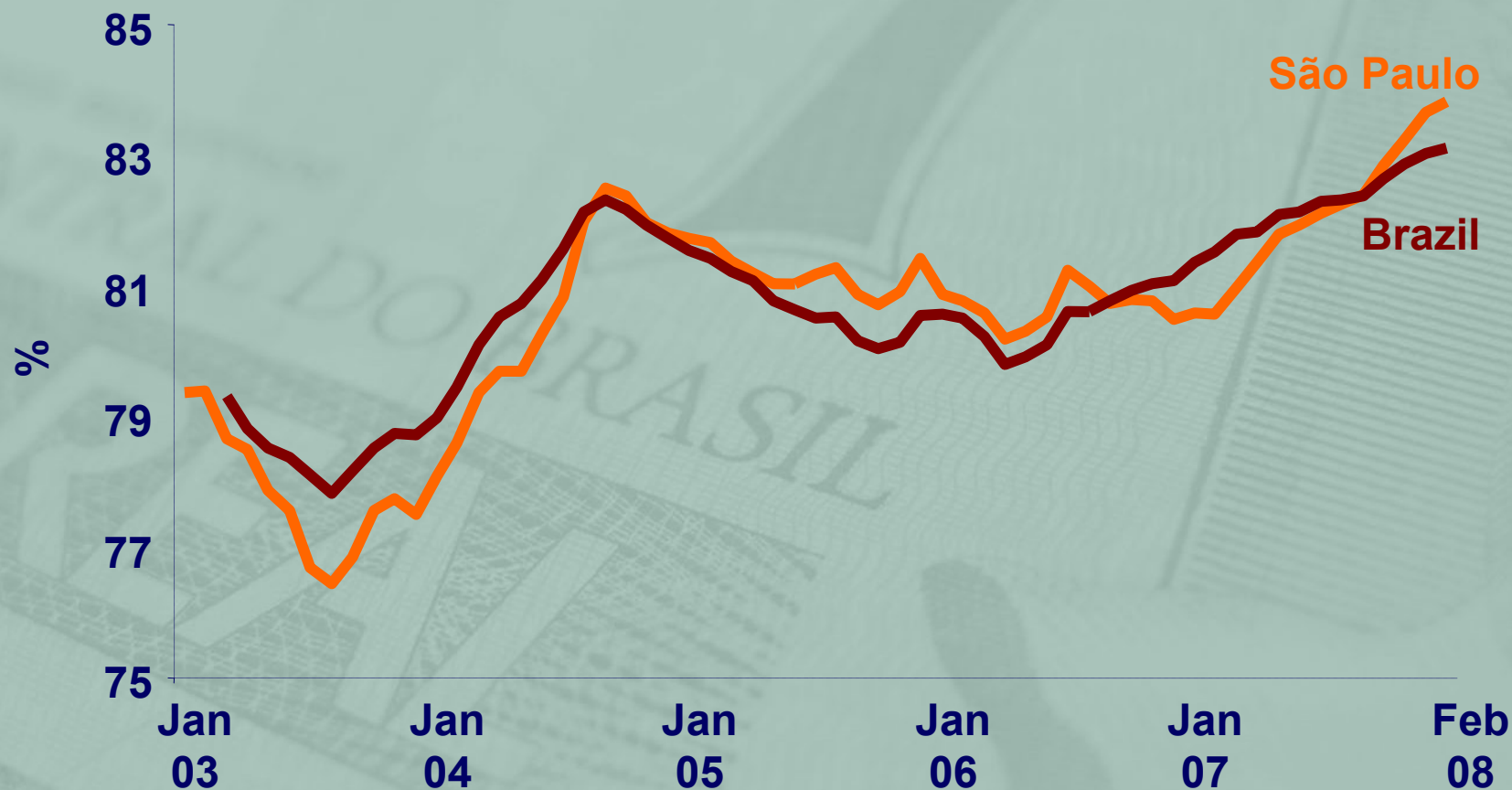
# Industrial Output

seasonally adjusted, 3-month moving average



# Industrial Capacity Utilization

seasonally adjusted, 3-month moving average





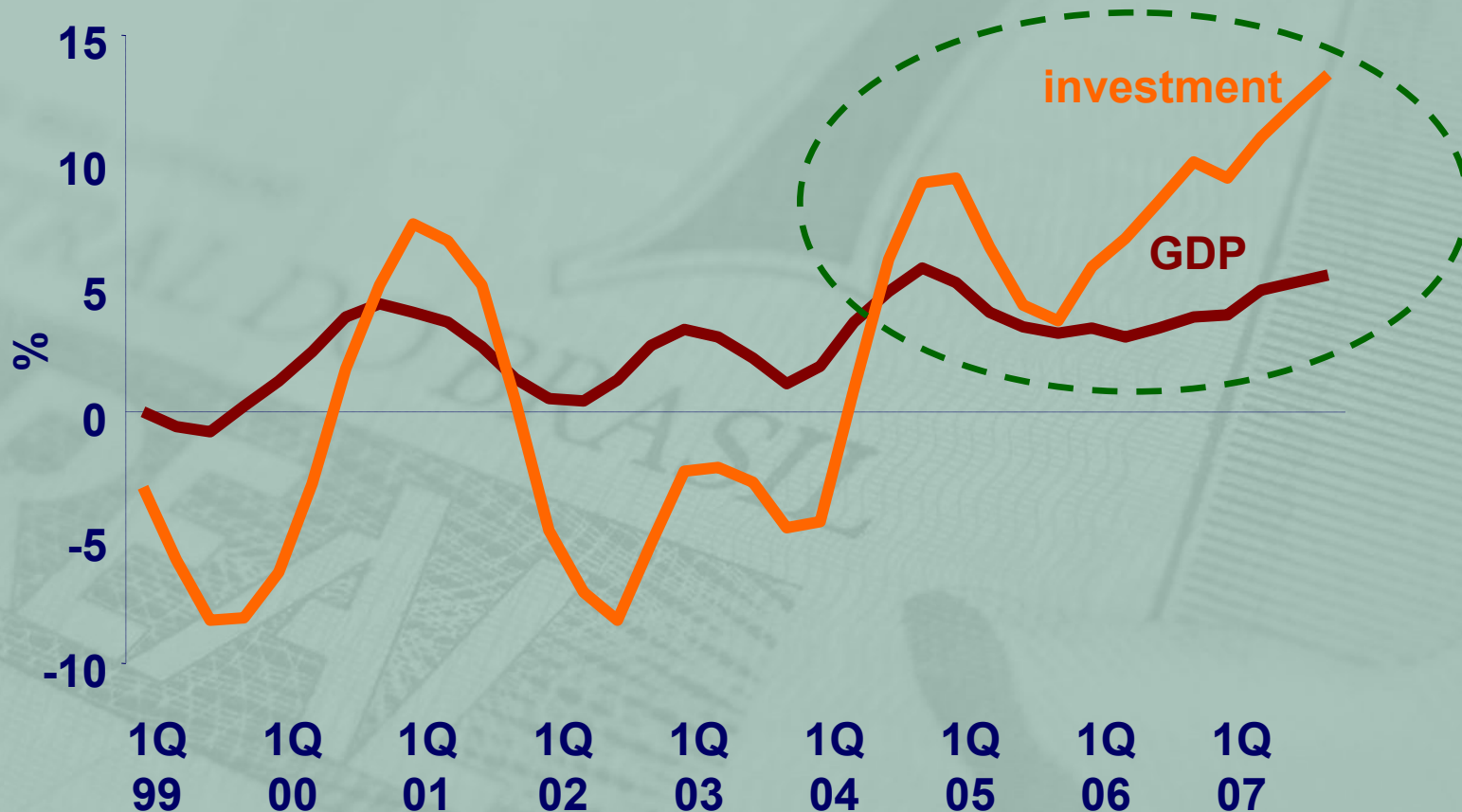
# Fixed-Capital Investment

compared to same quarter of previous year

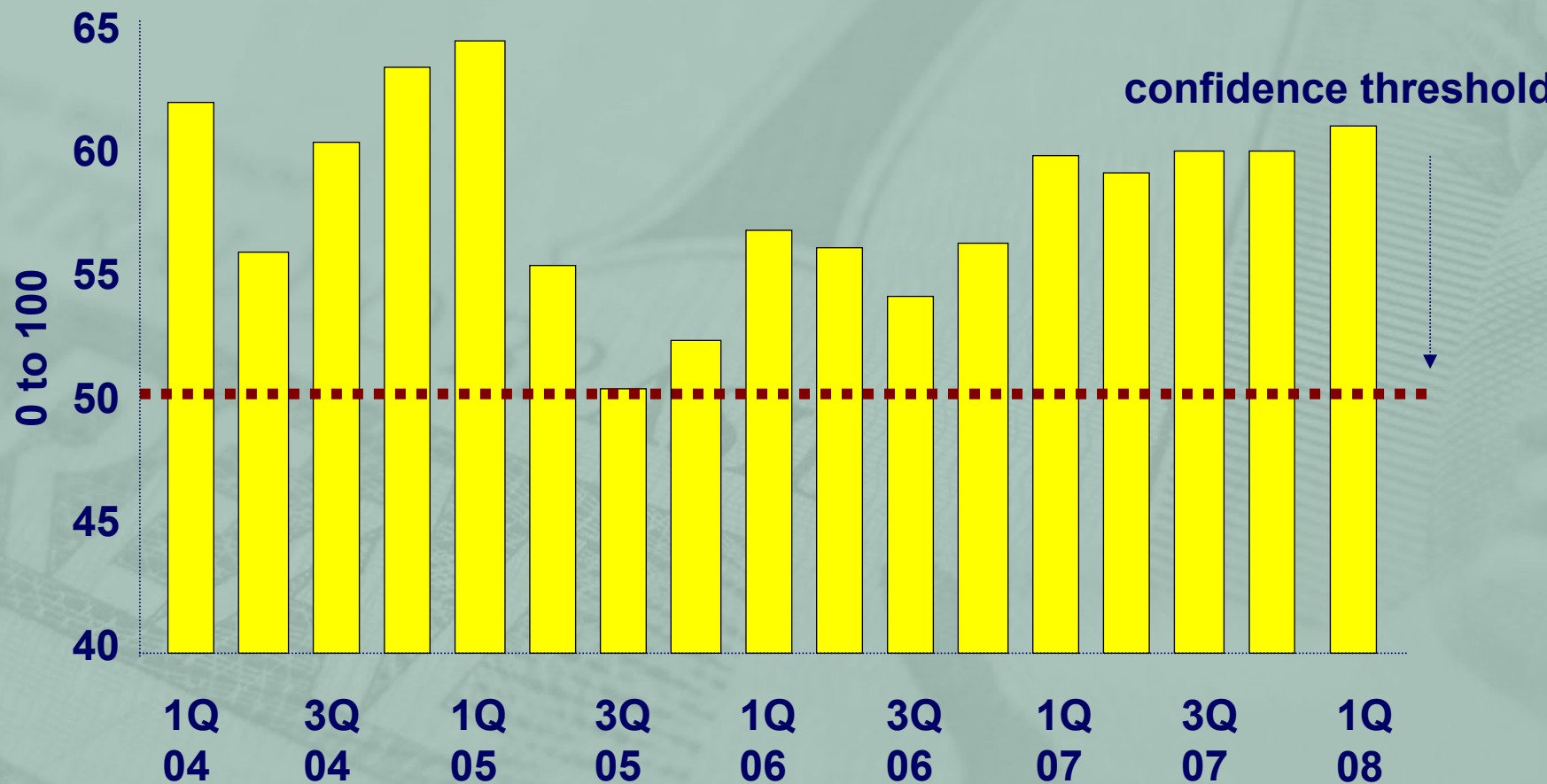


# GDP & Fixed-Capital Investment

compared to same quarter of previous year



# Business Confidence



# GDP: 1999-2008

seasonally adjusted

