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National inferences from regional indicators

Table 6.1 – Central Bank Index of Economic ActivityBrazil and regions^{1/}

Itemization	% variation				
	2009		2010		
	Aug	Nov	Feb	May	Aug
Brazil	2.6	3.0	2.4	2.0	0.0
North	2.7	2.2	4.5	2.2	0.1
Northeast	1.9	2.2	3.1	3.2	0.6
Southeast	2.4	2.8	2.4	1.7	1.2
South	1.5	2.6	3.8	1.8	0.9
Center-West	2.2	1.4	3.0	1.4	0.0

Source: BCB

1/ Seasonally adjusted 3-month period/previous 3-month period % variation.

Table 6.2 – Sales Volume IndexBrazil and regions^{1/}

Itemization	Percentage change				
	2009		2010		
	Aug	Nov	Feb	May	Aug
Retail sector					
Brazil	2.8	2.7	3.0	2.5	2.3
North	2.6	3.9	4.6	4.9	2.5
Northeast	2.6	2.3	3.3	4.2	1.1
Southeast	2.8	2.9	3.0	2.3	2.2
South	2.0	2.1	3.6	1.1	2.7
Center-West	2.7	4.1	5.2	2.3	1.7
Broad trade					
Brazil	3.9	3.0	1.2	4.5	0.3
North	4.4	2.0	2.4	6.4	2.0
Northeast	5.7	2.3	1.0	6.3	0.4
Southeast	3.2	3.3	2.2	2.5	0.2
South	1.9	4.4	2.4	3.3	1.5
Center-West	4.7	3.8	1.5	5.7	0.1

Sources: IBGE and BCB

1/ Seasonally adjusted 3-month period/previous 3-month period % variation.

Table 6.3 – Financial system credit operations^{1/}

August 2010

	R\$ billion									
	Balance			% growth						
	C ^{2/}		Total	3 months			12 months			
	C ^{2/}	I ^{3/}		C ^{2/}	I ^{3/}	Total	C ^{2/}	I ^{3/}	Total	
Brazil	842	578	1 420	7.0	4.9	6.1	19.2	22.1	20.3	
North	26	27	53	11.9	5.5	8.6	27.7	23.0	25.3	
Northeast	93	76	169	7.2	6.3	6.8	25.7	28.4	26.9	
Southeast	527	285	811	7.3	5.2	6.5	19.1	22.3	20.2	
South	140	117	258	5.9	3.6	4.9	17.1	21.2	19.0	
Center-West	56	72	128	4.7	4.1	4.3	11.3	16.6	14.2	

1/ Credit operations over R\$5,000.00

2/ Corporations.

3/ Individuals.

The pace of growth of the major activity indicators shows that the Brazilian economy leveled off somewhat during the third quarter of the year. This estimate is also supported by regional indicators, despite the high variance of the deceleration observed in different regions.

The Central Bank's Economic Activity Index – Brazil (IBC-Br) stabilized in the 3-month period ended in August, when compared to the precedent period. By then, the seasonally adjusted index had grown 2% on the same basis of comparison, as shown in Table 6.1. The deceleration reflected the overall slowdown observed in regional indicators, especially the 2.6 p.p. and 2.1 p.p. declines observed in the Northeast and in the North, respectively.

It should be stressed that the Northeast IBC 3-month growth particularly mirrored the 2.1% decrease registered in the region's industrial output, after four consecutive 3-month periods of acceleration. This slowdown reflected declines in the oil refining and alcohol production industries, 0.9%; chemicals, 1.1%; and food and beverages, 2%.

When viewing the retail trade as a proxy, analysis of Table 6.2 shows that the domestic consumption continues to benefit from growth in the labor and credit markets. At the national level, seasonally adjusted retail trade indicators expanded 2.3% in the 3-month period ended in August, when compared to the previous 3-month period, when it had grown 25%, utilizing the same type of comparison, with seasonally adjusted data. This slowdown was a consequence of a similar trend observed in all the other regions, with the exception of the South, where the retail sales expanded by 2.7%, for a 1.6% growth in comparison to that of the 3-month period ended in May. It should be highlighted the 4.8% expansion registered in the segment of hyper and supermarkets, foodstuffs, beverages and tobacco.

Total credit operations in the country grew by 6.1% in the 3-month period ended in August, according to

Table 6.4 – Financial system default rate^{1/}
August 2010

	Default rate			Growth in p.p.					
	C ^{2/}	I ^{3/}	Total	3 months			12 months		
				C ^{2/}	I ^{3/}	Total	C ^{2/}	I ^{3/}	Total
Brazil	1.9	4.4	2.9	-0.1	-0.1	-0.1	-0.2	-0.3	-0.2
North	2.9	5.4	4.2	0.2	-0.1	0.0	-0.4	-0.5	-0.4
Northeast	2.1	5.5	3.6	0.1	-0.1	0.0	-0.1	-0.1	-0.1
Southeast	1.8	4.3	2.7	-0.1	-0.1	-0.1	-0.2	-0.4	-0.3
South	2.0	3.5	2.7	0.0	0.0	0.0	-0.2	-0.2	-0.2
Center-West	2.5	4.5	3.6	-0.2	-0.1	-0.1	0.1	-0.3	-0.1

1/ Credit operations over R\$5,000.00 with at least one overdue installment exceeding 90 days.

2/ Corporations.

3/ Individuals.

Table 6.5 – Industrial production

Brazil and regions^{1/}

Itemization	Participation ^{2/}	%					
		2009		2010			
		Aug	Nov	Feb	May	Aug	
Brazil	100.0	4.7	5.0	1.8	4.1	-1.2	
North	5.9	5.4	4.6	11.2	-0.3	-1.8	
Northeast	9.5	3.4	5.0	3.2	3.8	-2.1	
Southeast	62.7	5.0	5.4	2.4	2.3	0.2	
South	18.5	0.7	6.2	2.1	5.9	-1.7	
Center-West	3.5	8.3	-2.1	11.7	4.3	-7.8	

Source: IBGE and BCB

1/ Seasonally adjusted 3-month period/previous 3-month period % variation.

2/ Percentage of the Cost of Industrial Transformation (VTI) in 2007.

Table 6.6 – Formal jobs creation^{1/}

Itemization	Thousand				
	2009		2010		
	Sep	Dec	Mar	Jun	Sep
Brazil	633.1	62.5	657.3	816.1	728.1
North	43.3	4.2	26.3	31.8	39.8
Northeast	205.5	88.9	9.1	104.1	216.1
Southeast	257.3	-21.0	391.2	502.8	326.4
South	89.9	36.5	160.1	111.9	116.5
Center-West	37.2	-46.1	70.5	65.5	29.3

Source: MTE

1/ Refers to the 3-month period ending in the specified month.

Table 6.7 – Unemployment rate

Itemization ^{1/}	%				
	2009		2010		
	Sep	Dec	Mar	Jun	Sep
Brazil	7.9	7.2	7.4	7.2	6.6
Northeast	10.9	10.0	10.1	10.6	10.5
Southeast	7.7	7.0	7.2	6.9	6.2
South	5.5	4.7	5.3	5.0	4.4

Source: IBGE

1/ Refers to the 3-month period ending in the specified month.

Table 6.3. This performance reflected an increase of 7% in operations with the corporate segment and 4.9% with individuals. In twelve months, credit operations expanded by 20.3% in the country, as a result of a 19.2% and 22.1% growth in operations with the above mentioned segments, in that same order.

When broken down by regions, the credit operations indicate that the most significant increases took place in the stocks of operations carried out in the North and Northeastern regions. In that case, the most important were increments in the balances of onlendings carried out by the BNDES and in the modalities payroll-deducted loans, auto loans and housing credit. In the Southeast, which accounts for 57% of the entire credit in the country, the 3-month increase came to 6.5%, while respective expansions of 4.9% and 4.3% were observed in the South and Center-west regions.

It should be noted that the expansion of credit operations has taken place in a context of lowering default rate, which closed at 2.9% in August, as compared to 3.2% in May, according to Table 6.4. The most significant retractions were observed in the segment of individuals, especially in the Center-West and North regions.

Overall industrial production, interrupting a sequence of five consecutive positive results, dropped by 1.2% in the 3-month period ended in August, as compared to the previous 3-month period, according to Table 6.5. During that period, it should be highlighted the retraction occurred in the Center-West industrial production – particularly the 6.8% falloff registered by the food and beverages segment – and in the Northeast, as opposed to the 0.2% expansion observed in the Southeast, the only region to register a positive performance in the 3-month period under analysis.

Hiring in the formal labor market (table 6.6) continued to expand significantly in the 3-month period ended in August. According to the Caged/MTE, 728.1 thousand jobs were created in that period, as compared to 633.1 thousand in the same period of the previous year. It should be highlighted the respective increases of 29.6% and 26.9% in hiring occurred in the South and Southeast, on the same basis of comparison.

The average unemployment rate, released by the IBGE PME and shown in Table 6.7, reached 6.6% in the quarter ended in September, as compared to 7.2% in the quarter ended in June. This performance was a consequence of unemployment reduction in the Southeast, 0.7 p.p.; South, 0.6 p.p.; and Northeast, 0.1 p.p.

Table 6.8 – States and municipalities borrowing requirements^{1/}

Region	R\$ million	
	Primary result	
	2009 Jan-Apr	2010 Jan-Apr
North	- 506	-878
Northeast	-2 262	-2 422
Center-West	-1 714	- 723
Southeast	-7 670	-12 532
South	-2 321	-2 879
Total	-14 473	-19 434

1/ Includes information about the states and their major municipalities.

(-) surplus

(+) deficit

Table 6.9 – Regional trade balance FOB

Daily average – January-September

Region	US\$ million					
	Exports		Imports		Balance	
	2009	2010	2009	2010	2009	2010
Total	597.8	770.9	484.6	703.0	113.3	67.9
North	39.5	54.5	30.2	50.6	9.3	3.9
Northeast	44.0	59.4	40.9	61.4	3.1	-1.9
Southeast	313.6	427.9	286.3	396.7	27.3	31.2
South	131.6	147.9	97.9	149.6	33.7	-1.6
Center-West	59.6	64.5	29.1	39.3	30.6	25.3
Other ^{1/}	9.6	16.6	0.3	5.5	9.3	11.1

Source: MDIC/Secex

1/ Refers to operations that can not be broken down by regions.

Table 6.10 – IPCA

3-month period change^{1/}

Itemization	Weight	%				
		2009		2010		
		Mar	Jun	Mar	Jun	Sep
IPCA						
Brazil	100.0	0.63	1.06	2.06	1.00	0.50
North	4.2	0.34	1.25	2.90	0.92	0.12
Northeast	14.8	0.69	1.01	1.88	1.38	0.01
Southeast	57.6	0.68	1.09	2.23	0.98	0.49
South	16.3	0.46	0.89	1.95	0.74	0.93
Center-West	7.1	0.54	1.35	0.93	1.03	0.89
Free prices						
Brazil		0.44	0.94	2.47	1.17	0.50
North		-0.09	1.54	2.98	0.90	-0.23
Northeast		0.66	1.10	2.40	1.38	0.05
Southeast		0.40	0.95	2.46	1.19	0.58
South		0.37	0.75	2.64	1.03	0.63
Center-West		0.51	1.03	1.98	1.24	0.92
Regulated prices						
Brazil		1.10	1.34	1.11	0.59	0.50
North		1.56	0.43	2.68	1.00	0.00
Northeast		0.79	0.80	0.67	1.36	-0.10
Southeast		1.36	1.43	1.71	0.52	0.28
South		0.70	1.27	0.16	-0.02	1.76
Center-West		0.63	2.09	-1.44	0.53	0.80

Source: IBGE and BCB

1/ Refers to the 3-month period ending in the specified month.

The consolidated public sector primary surplus totaled R\$36.6 billion in the first four months of 2010, for a 19% increase in relation to the same 2009 period. This performance reflected growth in the Central Government and, especially, regional governments' surpluses, partly offset by the higher deficit of state-owned companies.

The fiscal performance of states and major municipalities reflected basically the 63.4% increase in the Southeast fiscal surplus, partly associated with the more positive economic performance recently registered in the region. With the exception of the Center-West, all the other regions registered increased fiscal surpluses in the period.

The results of the trade balance continue to demonstrate a faster pace of expansion of imports when compared to exports. The average trade surplus dropped by 40% in the first nine months of the year, as compared to the same 2009 period, according to Table 6.9. The Southeast trade surplus resulted from a 36.4% growth under exports and 38.6% under imports, which closed, respectively, at US\$427.9 million and US\$396.7 million. The performance of the other regions was less favorable in the period under analysis, especially the reversal of a daily average surplus of US\$33.7 million to a daily average deficit of US\$1.6 million in the South region's trade balance, as a result of a 13.1% growth under exports and 53.6% under imports.

Inflation continued on a downward trend in the quarter from July to September (Table 6.10), especially that in the food and apparel groups. With the exception of the 0.19 p.p. increase observed in the South region, all of the country's regions registered lower inflation rates in the period under analysis. In the Northeast, in which the participation of the food group in the composition of the local index is significant, the inflation rate decelerated by 1.37 p.p. The quarterly price increase in the South region was basically explained by the impact of the 1.76% growth under regulated prices, which had dropped by 0.02% in the quarter ended in June.