

Executive summary

During the quarters ended in June and September, the pace of growth of the country's major economic indicators subsided somewhat. When viewing the overall regional framework, this trend somehow contrasts the GDP significant result observed during the first half of the year. Such growth was underpinned by a consistent domestic demand, particularly by the performance of investments and household consumption. The permanence of a lasting positive outlook in the labor market, persistent highly positive expectations, as well as expanding credit operations create a positive environment for a steady growth of the Brazilian economy in the coming months.

After five consecutive three-month periods showing positive results, the North region's industrial activity moved toward stability at the margin in the three-month period ended in August. However, this change differs from the results of the retail trade and the labor and credit markets, which continued strong during that period. In this context, the seasonally adjusted IBCR-N expanded 0.1% during the period under analysis, in comparison to the March-May period, when it had increased 1.3% when compared to the previous three-month period.

Likewise, the Northeastern economy has shown signs of a slowdown at the margin. This can be observed by the deceleration of the seasonally adjusted GDP quarterly growth rates of Bahia and Ceará states during the quarter ended in June. Aside from this, a more recent data analysis indicates that the seasonally adjusted IBCR-NE growth rate decreased to 0.6% during the three-month period ended in August, in comparison to the previous three-month period. It should be highlighted that the IBCR-NE had grown 3.2% in the March-May period, making the same type of comparison with seasonally adjusted data.

In the Center-west region, the negative outcome of the food industry – which holds a major importance in the region's productive chain – together with a modest

growth in exports of the agribusiness sector, have negatively affected the local economy, which has underperformed when compared to the country's average. In this scenario, in which growth in overall wages fuels domestic demand and boosts trade in the region, the seasonally adjusted IBCR-CO held steady during the three-month period ended in August, as compared to that ended in May, when it had increased 1.4% as against the previous three-month period.

As of the second half of the year, the economic activity growth trajectory in the Southeast region was impacted by the slowdown in the industrial sector. Mention should be made of the segments hit by the partial removal of fiscal stimulus, introduced in response to the international crisis. Under these circumstances, the seasonally adjusted IBCR-SE expanded 1.2% during the three-month period ended in August, in comparison to the March-May period, when it had increased 1.7% as against the previous three-month period.

Despite the positive growth, driven by the retail trade, labor and credit market indicators, the South region's economic activity leveled off somewhat in the three-month period ended in August. Thus, the seasonally adjusted IBCR-S grew by 0.9% in the June-August period, in comparison to the March-May period, when it had increased 1.8% as against the previous three-month period.