

Executive summary

The country's more moderate pace of economic growth in the second half of 2011 reflected on regional indicators, albeit at different levels.

In the North region, the trajectory of major indicators reveals a moderate economic expansion in recent months. IBCR-N, affected by the weaker performance of both the industrial – the output of industry expanded 0.8% in the quarter ended in November in comparison to the previous quarter ended in August, when it had increased by 2.4% in the same comparison basis – and retail trade sectors, increased 0.7% in quarter, 0.9 p.p. lower than in the previous quarter ended in August. In cumulative 12-month terms, IBCR-N expanded 4.8% up to November, as compared to 5% up to August.

The trajectory of the three major Northeastern economies, although registering a more enhanced dynamics in comparison to the country as a whole, slowed down in the second half of 2011. In this framework, the Gross Domestic Product (GDP) of Bahia, Ceará and Pernambuco states expanded respectively 1.2%, 0.1% and 1% in the quarter ended in September, as compared to the previous quarter ended in June, when respective GDP variations had come to 3.9%, 1.1% and 2.3%. Similarly, the seasonally adjusted IBCR-NE rose 0.3% in the quarter ended in November, as compared to the previous quarter ended in August, when the indicator had increased 0.6% in the same comparison basis.

In the quarter ended in November, the Central-West region economic activity expanded at a more moderate pace at the margin, a trajectory particularly associated with the industrial performance. According to seasonally adjusted data, the region's industry, which had registered an exceptional performance in the quarter ended in August in view of the particularities of the pharmaceutical segment in the state of Goiás, decreased 11.8% in the quarter under analysis, as compared to the quarter ended in August, when

expansion had closed at 16.1% in the same comparison basis. In this context, the seasonally adjusted IBCR-CO quarterly expansion fell 1.2 p.p. in the period, to 1%. In 12-month terms, the accumulated growth rate dropped from 5.3%, up to August, to 4.3% up to November.

In spite of expanding retail sales, the Southeast region economic activity declined in the quarter ended in November, when the seasonally adjusted IBCR-SE dropped 0.2% in comparison with the quarter ended in August, when it had registered stability in the same comparison basis. This trajectory particularly reflected the 3.4% quarterly falloff of industrial activity, impacted by output decline in fifteen out of the twenty three industrial segments surveyed. In cumulative 12-month terms, the IBCR-SE grew 4.1% up to November, as against 5.3% up to August.

In the South Region, the economic activity slowdown in the second half of 2011 particularly reflected the downturn of the industrial segment and the lesser growth in employment and retail sales. In this context, the seasonally adjusted IBCR-S increased 0.6% in the quarter ended in November, as compared to the quarter ended in August, when it had expanded 1% in the same comparison basis. In 12-month cumulative terms, the indicator expanded 4.2%