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National inferences from regional indicators

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

Itemization	%				
	2011			2012	
	May	Aug	Nov	Feb	May
Brazil	1.2	-0.4	-0.4	0.8	0.1
North	1.2	1.2	0.1	0.0	-0.2
Northeast	1.8	0.7	0.5	1.7	0.6
Southeast	1.1	0.2	-0.1	0.7	0.6
South	0.8	2.1	0.4	1.3	-1.2
Central-West	0.9	2.4	1.0	2.0	1.0

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

National result does not necessarily represent the average of regional results.

Table 6.2 – Sales volume indexBrazil and regions^{1/}

Itemization	Percentage change				
	2011			2012	
	May	Aug	Nov	Feb	May
Retail sector					
Brazil	1.5	1.6	1.3	3.4	1.3
North	0.9	2.2	0.8	4.6	2.5
Northeast	2.4	1.3	0.3	3.5	2.3
Southeast	1.7	1.1	1.5	3.0	1.6
South	1.3	3.1	0.8	6.1	-0.4
Central-West	0.0	1.7	1.4	3.2	1.7
Broad trade					
Brazil	2.1	0.3	-0.2	3.3	0.7
North	-2.2	2.4	-0.2	3.1	3.1
Northeast	1.3	1.0	-0.4	3.5	1.3
Southeast	2.1	0.5	0.8	3.5	1.7
South	1.9	1.7	-0.9	3.9	0.5
Central-West	0.2	0.3	0.3	3.6	1.8

Sources: IBGE and BCB

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

The domestic economic activity has shown a gradual recovery, mostly as a result of the negative impact of the international outlook on trade and business confidence. Also, the primary sector suffered from severe weather conditions, which added to this adverse impact, with crop failures in many of the country's producing regions. In spite of these developments, the pace of activity tends to grow this half-year period, backed by domestic demand and particularly by household consumption, in an environment of high confidence, income growth and moderate credit expansion. Besides, one may add to that, the impact of the recently adopted policy measures with lagged and cumulative effects.

The IBC-Br rose 0.1% in the March-May quarter, when compared to the previous quarter. According to Table 6.1, during the March-May period, the behavior of the activity indicator for the five geographic regions in the country was asymmetric. It expanded in the North and Central-West regions and dropped in the South, mostly reflecting the results of the agricultural sector. In the case of the Southeast region, this was partly due to the performance of the industrial sector. The positive economic performance of the Central-West region mostly demonstrates the increase of the region's agriculture, less affected by climate changes and benefited by higher prices as in the case of the soybean grouping.

When viewed from the standpoint of retail trade sales, household consumption dropped in the South Region and slowed down in the other regions. Considering the extended trade, it should be noted the respective 3.4 p.p. and 2.2 p.p. falloffs in the quarterly growth rates of sales in the South and Northeast regions.

At a national level, credit operations with more than R\$1,000.00 expanded 6.2% in the March-May quarter (Table 6.3), with respective 7.5% and 5.2% rises in the segments of individuals and corporations. A 12-month analysis shows

Table 6.3 – Financial system credit operations^{1/}
May 2012

	R\$ billion								
	Balance			% growth					
	C ^{2/}	I ^{3/}	Total	3 months			12 months		
				C ^{2/}	I ^{3/}	Total	C ^{2/}	I ^{3/}	Total
Brazil	1 120	902	2 022	5.2	7.5	6.2	18.1	29.3	22.8
North	35	43	78	4.0	8.4	6.4	17.5	31.5	24.5
Northeast	131	131	262	4.8	10.4	7.5	21.1	37.0	28.6
Southeast	678	442	1 120	4.6	7.4	5.7	16.1	28.8	20.8
South	195	179	373	5.6	6.7	6.1	21.0	26.3	23.6
Central-West	81	108	189	10.6	6.0	7.9	23.8	26.2	25.2

1/ Credit operations over R\$1,000.00

Table 6.4 – Financial system default rate^{1/}
May 2012

	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	2.2	5.1	3.5	0.0	0.2	0.1	0.3	1.2
North	3.4	5.9	4.1	0.6	0.1	0.3	0.5	1.0	0.9
Northeast	2.5	6.2	3.9	-0.0	0.0	0.1	0.3	1.3	1.0
Southeast	2.0	5.3	2.9	-0.0	0.3	0.1	0.3	1.4	0.8
South	2.4	4.1	2.9	0.2	0.1	0.1	0.3	1.0	0.7
Central-West	2.5	4.7	3.4	0.1	0.1	0.1	0.3	0.8	0.6

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

Table 6.5 – Industrial production
Brazil and regions^{1/}

Itemization	Participation ^{2/}	%					
		2011			2012		
		May	Aug	Nov	Feb	May	
Brazil	100.0	1.0	-0.5	-2.2	-0.6	-1.2	
North	5.9	0.9	2.0	-0.6	-2.1	-3.1	
Northeast	9.5	3.2	-0.4	-0.9	-0.1	0.6	
Southeast	62.7	1.7	-0.9	-3.5	-1.5	-0.3	
South	18.5	-0.6	4.2	-1.7	1.4	-2.5	
Central-West	3.5	2.6	8.2	0.7	1.9	-2.2	

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					
	2011			2012		
	May	Aug	Nov	Feb	May	
Brazil	617.0	546.4	378.0	-138.7	468.4	
North	17.0	39.7	27.4	-15.6	9.7	
Northeast	-1.9	127.0	139.4	-44.9	-28.7	
Southeast	440.1	268.4	118.2	-73.5	330.6	
South	108.1	60.6	101.8	1.5	94.4	
Central-West	53.6	50.7	-8.9	-6.3	62.4	

Source: MTE

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

that growth in the country's stock of credit hit 22.8% in May, as a result of respective increases of 29.3% and 18.1% in the above mentioned segments.

In the regional context, credit operations expanded more sharply in the Central-West and in the Northeast, when viewed either on a quarterly basis or in twelve months. During this quarter, those regions witnessed an enhanced dynamics in the modalities of payroll-deducted loans, auto loans and housing credit. In the Central-West region, considering the segment of individual persons, growth in lending operations was boosted by operations in the energy and wholesale sectors, with the sole exception of automotive vehicles. In the Northeast, expansion in loans was driven by operations targeted to the transmission and distribution of electric power, chemical and construction industries.

Default expanded slightly and closed at 3.5% in May, against 3.4% in February and 3.1% in December. According to Table 6.4, the twelve-month growth in default occurs more sharply in the segment of individuals, particularly in the Southeast and in the Northeast with respective 1.4 p.p. and 1.3 p.p. This contrasts with the less impressive increases in the corporate segment of 0.5 p.p. in the North and 0.3% in the other regions.

The industrial activity in the country plunged in the last four quarters. In the March-May quarter, the falloff came to 1.2% in relation to the previous quarter, when it had dropped 0.6% (Table 6.5). When viewed by region, the Northeast witnessed a 0.6% rise in its industrial output in the last quarter, while the other regions experienced a decline, particularly the North and South regions, with respective falloffs of 3.1% and 2.5%.

According to Caged/MTE data, Brazil's labor market created 468.4 thousand formal jobs in the March-May quarter this year, partly in response to the seasonality of this period. In the previous quarter, there were 138.7 job losses (Table 6.6). When compared to the March-May quarter of the year before, fewer jobs have been created in the Southeast, Northeast and North regions. These figures are in line with the diverse pace of activity among the regions as well as with the uneven growth observed among different sectors of the economy. On the same comparison basis, the Central-West region was the only one to increase hiring, partially as a result of the strong performance of the agricultural sector.

According to IBGE's PME data (Table 6.7), the country's average monthly rate of unemployment totaled 6%

Table 6.7 – Unemployment rate

Itemization ^{1/}	%				
	2011			2012	
	May	Aug	Nov	Feb	May
Brazil	6.4	6.1	5.7	5.3	6.0
Northeast	9.0	8.1	7.6	6.6	7.1
Southeast	6.0	5.8	5.5	5.3	6.0
South	4.5	4.4	3.9	3.6	4.7

Source: IBGE

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

Table 6.8 – Regional trade balance – FOB

Daily average – January-June

Region	US\$ million					
	Exports		Imports		Balance	
	2011	2012	2011	2012	2011	2012
Total	954.1	937.7	849.6	881.2	104.5	56.6
North	72.8	64.8	57.1	61.0	15.8	3.8
Northeast	68.2	73.0	83.4	101.8	-15.2	-28.8
Southeast	544.6	513.0	477.4	478.5	67.1	34.5
South	175.9	175.4	184.7	188.8	-8.8	-13.5
Central-West	79.1	100.5	46.5	50.4	32.6	50.0
Others ^{1/}	13.4	11.1	0.4	0.5	13.0	10.5

Source: MDIC/Secex

1/ Refer to operation not categorized regionally.

Table 6.9 – IPCA3-month change^{1/}

Itemization	%					
	Weighting factor	2011			2012	
		Jun	Sep	Dec	Mar	Jun
IPCA						
Brazil	100.0	1.40	1.06	1.46	1.22	1.08
North	4.2	1.19	0.50	1.29	1.62	1.44
Northeast	14.8	1.32	1.12	1.63	1.27	1.18
Southeast	57.6	1.41	1.04	1.36	1.32	1.01
South	16.3	1.65	1.07	1.54	0.90	1.26
Central-West	7.1	1.07	1.36	1.67	0.90	0.75
Market prices						
Brazil		1.27	1.11	1.68	1.33	1.12
North		0.54	0.66	1.75	1.84	1.39
Northeast		1.27	1.08	2.02	1.32	1.08
Southeast		1.25	1.14	1.55	1.42	1.08
South		1.59	1.05	1.61	1.00	1.39
Central-West		1.03	1.40	1.90	1.09	0.81
Regulated prices						
Brazil		1.72	0.94	0.92	0.91	0.94
North		3.10	0.05	-0.03	0.82	1.59
Northeast		1.44	1.20	0.66	1.10	1.50
Southeast		1.75	0.83	0.93	1.07	0.83
South		1.79	1.13	1.35	0.61	0.87
Central-West		1.15	1.28	1.26	0.29	0.54

Source: IBGE and BCB

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

in the March-May quarter, against 6.4% in the same 2011 period. This outcome was only due to the 1.9 p.p. downturn in the Northeast region, considering that the Southeast data was steady and the South rose by 0.2 p.p.

The country's trade balance recorded an average daily surplus of US\$56.6 million in the first half of 2012, against US\$104.5 million in the corresponding interval of the previous year (Table 6.8). This result reflected a downturn in exports and an increase in imports during that period. For the most part, this was due to a US\$33.3 million drop in the average daily surplus of the Southeast region. The Central-West region was the only one to record an increased balance, up from US\$32.6 million in the first half of 2011 to US\$50 million in the same 2012 period. The region's external trade was mostly driven by shipments of semimanufactured goods, a 42.4% rise in that period.

According to Table 6.10, the quarterly inflation, as measured by the IPCA variation, dropped by the second consecutive quarter to 1.08% in June, against 1.22% in March, and 1.46% in December 2011. With the sole exception of the South region, the behavior of inflation in the final quarter indicated a slowdown in market prices with effects that eclipsed the increases in regulated prices, particularly in the North region.

