

# 6

## National inferences from regional indicators

**Table 6.1 – Central Bank Index of Economic Activity**

Brazil and regions<sup>1/</sup>

Itemization	%				
	2012		2013		
	Nov	Feb	May	Aug	Nov
Brazil	0.2	0.7	1.4	0.1	0.3
North	0.1	1.0	-1.7	2.9	0.5
Northeast	0.9	2.1	0.6	0.3	-0.3
Southeast	-0.7	1.5	-0.3	0.0	0.7
South	-0.4	1.3	6.1	-3.0	0.5
Central-West	-0.8	1.1	0.9	0.2	0.9

<sup>1/</sup> 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 index**

Brazil and regions<sup>1/</sup>

Itemization	Percentage change				
	2012		2013		
	Nov	Feb	May	Aug	Nov
<b>Retail sector</b>					
Brazil	1.1	0.1	0.6	2.4	2.2
North	0.3	0.3	2.3	1.3	2.3
Northeast	1.0	-0.2	1.4	2.9	2.4
Southeast	0.8	-0.2	0.1	3.0	2.2
South	2.0	0.3	0.2	2.2	2.2
Central-West	1.2	-0.7	1.6	3.4	1.9
<b>Broad trade</b>					
Brazil	-3.3	2.0	0.6	1.0	1.5
North	-1.1	0.7	1.4	-1.5	2.2
Northeast	-4.6	0.3	1.2	2.8	1.4
Southeast	-2.5	1.4	0.4	0.3	2.1
South	-2.9	2.2	1.3	1.8	2.6
Central-West	-3.1	0.3	2.2	0.4	1.2

Sources: IBGE and BCB

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

**Table 6.3 – Financial system credit operations<sup>1/</sup>**

November 2013

Itemization	R\$ billion								
	Balance			% growth					
	C <sup>2/</sup>	I <sup>3/</sup>	Total	3 months			12 months		
				C <sup>2/</sup>	I <sup>3/</sup>	Total	C <sup>2/</sup>	I <sup>3/</sup>	Total
Brazil	1 367	1 192	2 559	3.1	3.7	3.4	14.0	16.6	15.2
North	46	56	102	5.9	3.6	4.6	17.1	17.5	17.3
Northeast	164	181	345	3.9	4.0	3.9	16.5	18.4	17.5
Southeast	814	574	1 389	3.0	2.8	2.9	12.4	14.7	13.4
South	234	238	471	2.3	5.0	3.6	12.8	18.1	15.4
Central-West	109	143	253	3.4	4.6	4.1	23.8	19.4	21.3

<sup>1/</sup> Credit operations over R\$1,000.00.

<sup>2/</sup> Corporations

<sup>3/</sup> Individuals

The seasonally adjusted IBC-Br rose by 0.3% in September-November over June-August, as compared with expansion of 0.1% in June-August over March-May (Table 6.1). The enhanced economic activity dynamics basically reflected the reversal of growth rates in the South, from -3.0% to 0.5%; and more accentuated increases in the Southeast, from 0.0% to 0.7%; and Central-West, from 0.2% to 0.9%. As for the South region, the reversal was consequent upon, among other factors, expanded retail sales, industrial output and exports.

The country's retail sales continued on an upward trajectory in the September-November period (Table 6.2), as shown by sales expansion in all regions, according to seasonally adjusted data. It should be highlighted the performance of the Northeast (pharmaceuticals, medical orthopedic, perfumery and cosmetics, 4.7%), South (furniture and home appliances, 1.8%), and Southeast (office, computer and communications material and equipment, 13.6%).

Brazilian broad retail sales continued to expand in the period under analysis, albeit at lower rates than retail sales, with emphasis on the slowdown observed in the Northeast, basically due to the moderate expansion of sales of vehicles, motorcycles, parts and spares.

The country's credit operations above R\$1 thousand expanded 3.4% in the September-November period, with regional expansions ranging from 4.6% in the North to 2.9% in the Southeast (Table 6.3). Credit operations expanded 3.7% in the household segment, highlighting expansions in the South (5%) and Central-West (4.6%), and 3.1% in the corporate segment, with emphasis on the North (5.9%) and Northeast (3.9%). In terms of 12-month periods, the stock of national credit operations increased 15.2% in November, as compared with the same period in 2011, with increases of 16.6% in the household segment and 14.0% in the corporate segment. In regional terms, it should be stressed the expansion of 21.3% observed in the Central-West region.

**Table 6.4 – Financial system default rate<sup>1/</sup>**

November 2013

Itemization	Default rate			Growth in p.p.					
	C <sup>2/</sup>	I <sup>3/</sup>	Total	3 months			12 months		
				C <sup>2/</sup>	I <sup>3/</sup>	Total	C <sup>2/</sup>	I <sup>3/</sup>	Total
Brazil	1.9	4.2	2.9	-0.1	-0.2	-0.1	-0.3	-0.9	-0.6
North	2.8	5.5	4.3	-0.1	-0.1	-0.1	-0.4	-0.2	-0.3
Northeast	2.3	5.4	3.8	-0.1	-0.2	-0.1	-0.1	-0.8	-0.4
Southeast	1.8	4.4	2.8	-0.1	-0.2	-0.1	-0.2	-1.0	-0.5
South	2.0	3.1	2.5	-0.0	-0.2	-0.1	-0.7	-0.8	-0.8
Central-West	1.8	3.3	2.6	-0.0	-0.1	-0.1	-0.5	-1.1	-0.8

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

2/ Corporations

3/ Individuals

**Table 6.5 – Industrial production**Brazil and regions<sup>1/</sup>

Itemization	Participation <sup>2/</sup>	2012					2013				
		Nov					Nov				
		Nov	Feb	May	Aug	Nov	Nov	Feb	May	Aug	Nov
Brazil	100.0	0.5	0.5	0.6	-0.2	0.3					
North	5.9	1.1	0.0	-1.7	0.4	0.4					
Northeast	9.5	-0.2	2.7	-0.3	0.7	-4.1					
Southeast	62.7	1.6	-0.1	0.1	-1.8	1.1					
South	18.5	-0.4	0.8	6.0	1.4	1.2					
Central-West	3.5	4.1	4.0	-1.9	0.8	4.1					

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<sup>1/</sup>**

Itemization	2012					2013				
	Nov					Nov				
	Nov	Feb	May	Aug	Nov	Nov	Feb	May	Aug	Nov
Brazil	263.4	-344.6	381.4	292.9	353.4					
North	3.1	-32.1	2.6	18.3	18.9					
Northeast	102.1	-95.8	-35.2	63.7	151.0					
Southeast	87.0	-202.7	265.1	137.4	91.4					
South	81.1	-5.6	102.8	41.5	92.9					
Central-West	-9.9	-8.3	46.0	32.0	-0.7					

Source: MTE

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

**Table 6.7 – Unemployment rate**

Itemization <sup>1/</sup>	2012					2013				
	Nov					Nov				
	Nov	Feb	May	Aug	Nov	Nov	Feb	May	Aug	Nov
Brazil	5.2	5.2	5.8	5.6	5.1					
Northeast	6.3	6.1	7.1	8.1	7.6					
Southeast	5.1	5.2	5.7	5.3	4.8					
South	3.7	3.5	3.9	3.7	3.0					

Source: IBGE

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

In the household segment, the trajectory of credit operations in the period under analysis reflected the performance of housing financing, in all regions, and payroll-deducted loans, except in the South. It should also be mentioned the trajectory of rural credits in the South and Central-West; purchase of vehicles, in the Northeast and North; and credit cards, in the Southeast.

In the same comparison basis, the growth of corporate credit operations was basically driven by operations in the retail segment. Additionally, it should be mentioned operations with the civil construction sector in the North and Central-West; cargo road transportation in the South; oil refine in the Northeast; and wholesale trade in the Southeast.

Expansion of credit operations took place in a scenario of declining default rates in all regions, both in the corporate and household segments (Table 6.4). It should be noted that the National Financial System default rate closed at 2.9% in November (against 3% in August and 3.5% in November 2012). It should be highlighted, on the year over year comparison, the significant drops in the household segment in the Central-West, 1.1 p.p., and Southeast, 1 p.p.; and in the corporate segment in the South, 0.7 p.p., and Central-West, 0.5 p.p.

The Brazilian industrial output rose by 0.3% in September-November over June-August, highlighting expansions in the Central-West, 4.1%, and South, 1.2%, and decline in the Northeast, 4.1%, especially in Pernambuco, reflecting the impact of the drought on the sugar cane and alcohol segments (Table 6.5). The favorable performance observed in the Central-West was especially associated with the mineral mining and non-metallic mineral segments.

With regard to the formal labor market, 353.4 thousand jobs were generated from September to November (against 292.9 thousand in June-August and 263.4 thousand in September-November 2012), according to seasonally adjusted data from General File of Employed and Unemployed Persons (Caged)/ Ministry of Labor and Employment (MTE). This improved trajectory largely reflected the generation of jobs in the Northeast and South regions, which, together, accounted for the generation of 243.9 thousand jobs in the period under analysis (Table 6.6). The negative result observed in the Central-West especially reflected the loss of job positions in the manufacturing industry (9.3 thousand) and in the agricultural sector (7.5 thousand).

**Table 6.8 – Regional trade balance – FOB**

Region	US\$ million					
	Exports		Imports		Balance	
	2012	2013	2012	2013	2012	2013
Total	242.6	242.2	223.2	239.6	19.4	2.6
North	17.7	19.1	15.7	16.1	2.0	2.9
Northeast	18.8	17.3	26.0	27.8	-7.2	-10.5
Southeast	133.5	121.9	119.0	131.1	14.5	-9.2
South	44.0	52.0	49.3	50.9	-5.3	1.1
Central-West	25.6	28.4	13.0	13.6	12.6	14.8
Others <sup>1/</sup>	3.0	3.5	0.1	0.2	2.8	3.3

Source: MDIC/Secex

1/ Refer to operation not categorized regionally.

**Table 6.9 – States and municipalities borrowing requirements<sup>1/</sup>**

Region	R\$ million	
	Primary result	
	2012	2013
	Jan-Dec	Jan-Dec
North	-1 672	608
Northeast	-2 973	-2 630
Southeast	-13 168	-12 605
South	-3 354	-4 144
Center-West	-2 714	-1 485
Total	-23 881	-20 256

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

(-) superavit (+) deficit

**Table 6.10 – IPCA**3-month change<sup>1/</sup>

Itemization	Weighting factor	%					
		2012 Dec	2013 Mar	Jun	Sep	Dec	
<b>IPCA</b>							
Brazil	100.0	1.99	1.94	1.18	0.62	2.04	
North	4.2	3.36	2.45	0.41	0.64	1.74	
Northeast	14.8	2.36	2.19	1.33	0.28	1.99	
Southeast	57.6	1.79	1.96	1.29	0.56	2.11	
South	16.3	1.93	1.60	0.95	1.13	1.92	
Central-West	7.1	2.19	1.74	1.03	0.74	2.14	
<b>Market prices</b>							
Brazil		2.28	2.89	1.20	0.82	2.20	
North		3.90	3.90	0.24	0.23	1.87	
Northeast		2.66	3.02	1.57	0.26	2.15	
Southeast		2.07	2.93	1.20	0.92	2.37	
South		2.12	2.51	1.20	1.20	1.75	
Central-West		2.37	2.50	1.11	0.92	2.28	
<b>Regulated prices</b>							
Brazil		1.12	-1.07	1.10	-0.02	1.54	
North		1.36	-3.01	1.10	2.32	1.24	
Northeast		1.28	-0.78	0.42	0.36	1.39	
Southeast		0.97	-0.98	1.59	-0.57	1.34	
South		1.32	-1.38	0.09	0.93	2.51	
Central-West		1.63	-0.63	0.73	0.19	1.67	

Source: IBGE and BCB

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

The country's unemployment rate continued to follow a downward trend in the year (Table 6.7), closing at 5.1% in the September-November period (against 5.6% in the June-August period and 5.2% in September-November 2012). The unemployment rate declined in the three surveyed regions, highlighting the drop of 0.7 p.p. observed in the South.

The Brazilian trade balance (Table 6.8) registered a surplus of US\$2.6 billion in 2013 (against US\$19.4 billion in 2012). This decline was basically associated with the reversal of a surplus of US\$14.5 billion to a deficit of US\$9.2 billion in the Southeast region, partially due to the 33.2% decline under exports of raw crude oil. On the other hand, the trade balances of the North, Central-West and South regions results improved, reflecting the recovery of exports of basic goods.

The governments of states, regional capitals and major municipalities turned in a primary surplus of R\$20.3 billion in 2013 (against R\$23.9 billion in 2012), according to preliminary data shown in Table 6. In the year-over-year comparison, the primary surplus declined in all the country's regions, except in the South, where the surplus increased by 23.5%.

Inflation measured by the Extended National Consumer Price Index (IPCA) increased 2.04% in the fourth quarter of 2013 (against 0.62% in the third quarter), closing the year at 5.91% (Table 6.10). Inflation rates accelerated in all regions in the period under analysis, especially in the Northeast, 1.71 p.p.; Southeast, 1.55 p.p.; and Central-West, 1.40 p.p.

In short, the country's economic activity recovered in September-November over June-August. It should be highlighted, in this context, the trajectory of the IBC-Br and regional IBCR's, industrial output and the generation of formal jobs. The perspectives of the maintenance of expansion of the agricultural sector and the scenario of gradual improvement in the international scenario suggest that economic activity should continue on an upward trend.