

Executive summary

The Brazilian pace of economic activity growth intensified in the September-November 2013 period, when the Central Bank Economic Activity Index – Brazil (IBC-Br) grew by 0.3% when compared with the June-August period. This improved performance especially reflected the trajectories of the South, Southeast and Central-West regions. Over the coming 3-month periods, perspectives indicate the maintenance of economic activity expansion in the context of an enhanced global economic outlook.

In the North, the pace of economic activity expansion slowed down in the September-November period, when the seasonally adjusted Regional Index of Economic Activity (IBCR-N) rose by 0.5%, when compared to the June-August period (against expansion of 2.9% in June-August over March-May). Notwithstanding this moderate expansion, the region's growth rate of economic activity surpassed the Brazilian average, highlighting the expansion of mining activities, civil construction, retail sales, and credit operations.

Over the coming 3-month periods, perspectives indicate that the region should benefit from the impact of a more intense world economic growth on the exports of basic goods and the maintenance of the labor market dynamics. The industrial segment, which followed a downward trajectory in 2013, tends to be stimulated by increased demand for goods produced in the Manaus Free Trade Zone.

In the Northeast, economic activity continued to register moderate growth rates, as reflected in the respective variations of -0.3% and 0.3% under the IBCR-NE in September-November over June-August and June-August over March-May. In this context, retail sales rose by 2.4% and 2.9%, respectively, in the periods under analysis, in the same comparison basis.

In 2014, the region's economic activity should benefit from the recovery of the agricultural sector, which

was negatively affected by two consecutive droughts, and the impacts of public and private investments in the region.

In the Central-West, the pace of economic activity increased in the September-November period, as shown by the 0.9% expansion under the IBCR-CO in the period, as compared to June-August (against 0.2% in June-August over March-May), especially due to the performance of the agricultural sector (in view of the region's annual crop expansion of 10.8%). On the other hand, it should be highlighted the activity moderation under the industrial and retail segments, mainly on the second half of the year.

Perspectives indicate that the region's economic activity should continue on an upward trajectory in 2014, consequent upon the maintenance of the agricultural income and its effects on the regional market.

In the Southeast region, the recent evolution of economic activity was fueled by the recovery under the industrial segment and the expansion of services and retail sales. In this scenario, the IBCR-SE increased 0.7% in the September-November period, as compared to June-August, accumulating expansion of 1.4% in the 12-month period up to November.

In 2014, perspectives point to favorable impacts of the exchange devaluation on the region's exports and industrial competitiveness, in an environment of maintenance of robust domestic demand, propelled by infrastructure investments underway in the region.

The South region's economic activity expanded 0.5% in the September-November period, when compared to June-August, according to the IBCR-S. The recovery from the 3.0% decline observed in June-August over March-May especially reflected the favorable performance of the retail and industrial segments (with emphasis on basic metallurgy, 8.1%, and machinery and equipment, 7.4%).

The more accentuated pace of economic activity expansion in the South in 2013 was basically associated with the increased agricultural output and its positive impacts on income, investments and local demand. In 2014, the trajectory of the region's economic activity is expected to rely upon a modest expansion of agricultural activity and, on the other hand, the effects of the economic recovery in developed economies on the region's exports.