

National inferences from regional indicators

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

Itemization	2013				2014
	Feb	May	Aug	Nov	Feb
Brazil	0.9	1.2	0.1	0.3	-0.6
North	0.3	-1.1	3.2	0.2	0.8
Northeast	1.2	0.6	0.2	0.2	1.0
Southeast	1.7	-0.4	-0.1	0.6	-0.4
South	1.1	5.5	-2.9	1.3	0.4
Central-West	1.2	0.8	0.2	1.1	0.5

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 index
Brazil and regions^{1/}

Itemization	2013				2014
	Feb	May	Aug	Nov	Feb
Retail sector					
Brazil	0.4	0.5	2.4	2.1	0.6
North	0.6	2.1	1.3	2.1	1.1
Northeast	0.0	1.3	2.8	2.3	1.0
Southeast	0.4	0.3	2.6	1.8	-0.1
South	0.4	0.8	1.8	2.0	1.5
Central-West	-0.1	0.9	3.5	1.6	0.1
Broad trade					
Brazil	2.2	0.7	0.9	1.3	0.4
North	1.0	2.1	-2.2	2.1	1.6
Northeast	1.1	0.8	2.5	1.4	0.1
Southeast	2.0	0.3	0.3	1.7	-0.9
South	2.1	1.0	2.3	2.5	2.3
Central-West	0.9	2.1	-0.2	1.3	-0.6

Sources: IBGE and BCB

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

The seasonally adjusted IBC-Br dropped by 0.6% in the December-February period over September-November, when it had expanded by 0.3% (Table 6.1). The indicator's trajectory reflected the growth moderation in the South and Central-West regions and the reversal of the growth rate in the Southeast, the most representative region in the IBC-Br. On the other hand, it should be observed the acceleration of economic activity in the North and Northeast regions in the beginning of 2014, mainly stimulated by their industrial performance.

Retail sales expanded moderately in the December-February period over September-November in all regions (Table 6.2). It should be highlighted sales expansion observed in the South, 1.5% (hypermarkets, supermarkets, food, beverages and tobacco, 2.2%), North, 1.1%, and Northeast, 1.0% (pharmaceutical, medical and orthopedics products, perfumery and cosmetics, 4.5%).

The trajectory of broad retail sales also expanded at moderate rates in the period under analysis, 0.4%, with emphasis on the 0.9% decline observed in the Southeast (automobiles, -5.4%), when compared to September-November, 1.3%.

Nominal revenues on services grew by 9.2% in December-February period over the same period in 2013, expanding in all regions, especially in the Central-West, 17.6%, and in the South and North, both with 9.3%.

At the national level, credit operations above R\$1 thousand increased 3.3% in the December-February period, with regional variations ranging from 4.9% in the Central-West to 2.4% in the North (Table 6.3). Expansion in the household segment (3.7%) in the period mostly reflected the performances of the Central-West (4.7%), South (4.0%) and Northeast (3.9%); and in the corporate segment (2.9%), of the Central-West (5.2%) and Southeast (3.0%). In terms of the 12-month trajectory, total credit operations in the

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

February 2014

	R\$ billion									
	Balance			% growth						
	C ^{2/}	I ^{3/}	Total	3 months			12 months			
				C2/	I3/	Total	C2/	I3/	Total	
Brazil	1 407	1 236	2 643	2.9	3.7	3.3	13.9	17.0	15.3	
North	46	58	104	1.1	3.5	2.4	13.8	17.0	15.5	
Northeast	168	188	355	2.3	3.9	3.1	15.9	18.6	17.3	
Southeast	839	593	1 432	3.0	3.3	3.1	12.7	15.0	13.7	
South	240	247	487	2.6	4.0	3.3	11.9	18.6	15.2	
Central-West	115	150	265	5.2	4.7	4.9	24.8	20.1	22.1	

1/ Credit operations over R\$1,000.00.

2/ Corporations

3/ Individuals

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

February 2014

	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	1.8	4.0	2.8	-0.1	-0.2	-0.1	-0.3	-0.9
North	3.2	5.1	4.3	0.4	-0.4	-0.0	0.1	-0.4	-0.2
Northeast	2.1	5.1	3.6	-0.2	-0.3	-0.3	-0.5	-0.9	-0.7
Southeast	1.7	4.2	2.7	-0.1	-0.2	-0.1	-0.3	-1.0	-0.6
South	2.0	2.9	2.4	-0.1	-0.2	-0.1	-0.3	-0.8	-0.5
Central-West	1.7	3.2	2.5	-0.1	-0.2	-0.1	-0.5	-1.0	-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 – Formal jobs creation^{1/}

Itemization	Thousand				
	2013				2014
	Mar	Jun	Sep	Dec	Mar
Brazil	-344.6	381.4	292.9	353.4	-159.0
North	-32.1	2.6	18.3	18.9	-24.1
Northeast	-95.8	-35.2	63.7	151.0	-24.1
Southeast	-202.7	265.1	137.4	91.4	-118.8
South	-5.6	102.8	41.5	92.9	14.6
Central-West	-8.3	46.0	32.0	-0.7	-6.6

Source: MTE

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

Table 6.6 – Unemployment rate

Itemization ^{1/}	%				
	2013				2014
	Feb	May	Aug	Nov	Feb
Brazil	5.2	5.8	5.6	5.1	4.7
Northeast	6.1	7.1	8.1	7.6	7.5
Southeast	5.2	5.7	5.3	4.8	4.4
South	3.5	3.9	3.7	3.0	2.9

Source: IBGE

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

country expanded 15.3%, with emphasis on the Central-West (22.1%) and Northeast (17.3%), in which the most significant growth rates in both household and corporate segments were observed.

Expansion in the household segment is partly explained by the enhanced dynamics of earmarked credit operations in all regions, especially with regard to the increase of rural financing (North, Northeast and Central-West), housing financing (Southeast), and BNDES operations (South). As for corporate credit operations, it should be highlighted, in the earmarked segment, BNDES operations in the North, Northeast and Central-West, and rural financing in the South and Southeast.

Credit operations continue to expand in an environment of declining delinquency rates (Table 6.4). In the December-February period, considering total credit operations, default rates declined 0.1 p.p., to 2.8%, with reductions of 0.2 p.p. and 0.1 p.p. to 4.0% and 1.8% in the household and corporate segments, respectively. In regional terms, the most accentuated decline was observed in the Northeast, 0.3 p.p. in total credit operations, with reductions of 0.3 p.p. in the household segment and 0.2 p.p. in the corporate segment. The highest default rate was observed in the North, 4.3%, with the decline in the household segment, 0.4 p.p., being offset by the increase in the corporate segment, 0.4p.p.

With regard to the labor market, 159 thousand jobs were eliminated in the December-February period, due to seasonal factors (as compared with the loss of 344.6 thousand jobs in the same period in 2013), according to Table 6.5. This improvement mainly reflected the performance of the South region, with the generation of 14.6 thousand jobs, mainly in the building, commerce and service sectors. It should be mentioned that, in the other regions, job losses were less intense than in the same period of 2013, with relative improvement in several sectors, especially services, agriculture and commerce.

The average unemployment rate registered in the country's main metropolitan regions closed at 4.7% in the December-February period, 0.5 p.p. below the rate observed in the same period in 2013 (Table 6.6). This trajectory reflected declines in the unemployment rate of the Southeast and South regions by 0.7 p.p. and 0.6 p.p. to 4.4% and 2.9%, respectively. In the Northeast, the unemployment rate increased to 7.5% (6.1% in February 2013), reflecting more significant unemployment increase in Salvador than unemployment reduction in Recife.

Table 6.7 – States and municipalities borrowing requirements^{1/}

Region	R\$ million	
	Primary result	
	2012	2013
	Jan-Dec	Jan-Dec
North	-1 491	538
Northeast	-2 046	-2 381
Center-West	-2 143	-1 590
Southeast	-9 005	-9 850
South	-2 298	-4 429
Total	-16 984	-17 712

1/ Includes information about the states and their major municipalities.
(-) superavit (+) deficit

Table 6.8 – Estimated annual grain production^{1/}
Brazil and regions

Itemization	Participation ^{2/}	Million tons		
		Production ^{3/}		Percentage change 2014/2013
		2013	2014	
Brazil	100.0	188.2	189.4	0.7
North	3.0	5.0	5.0	0.0
Northeast	7.6	12.0	18.0	50.2
Central-West	44.0	78.5	77.4	-1.3
Southeast	11.7	19.8	16.9	-14.7
South	33.8	73.0	72.2	-1.1

Source: IBGE

1/ Cereals, leguminous and oil seeds.

2/ Percentage of the national production value of cereals, leguminous and oil seeds, according to PAM 2012.

3/ Estimated according to LSPA March 2014.

Table 6.9 – Industrial production

Brazil and regions^{1/}

Itemization	Participation ^{2/} 2013	%				
		2014				
		Feb	May	Aug	Nov	Feb
Brazil	100.0	1.3	0.1	-0.1	0.3	-1.4
North	5.9	-0.7	-1.9	0.7	0.0	1.3
Northeast	9.5	2.5	-0.1	0.8	-4.0	5.0
Southeast	62.7	-0.5	0.2	-1.4	1.2	-4.2
South	18.5	0.6	5.9	1.6	1.3	-6.8
Central-West	3.5	3.4	-1.1	-0.3	4.2	-0.5

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 6.10 – Regional trade balance – FOB

Region	US\$ million					
	Exports		Imports		Balance	
	2013	2014	2013	2014	2013	2014
Total	50.8	49.6	56.0	55.7	-5.2	-6.1
North	4.1	4.4	3.6	4.1	0.6	0.3
Northeast	3.6	3.3	7.8	7.0	-4.3	-3.7
Southeast	27.6	26.0	29.6	30.2	-2.0	-4.2
South	8.8	8.9	11.4	11.4	-2.6	-2.5
Central-West	6.1	6.3	3.5	3.1	2.6	3.2
Others ^{1/}	0.7	0.8	0.0	0.0	0.6	0.8

Source: MDIC/Secex

1/ Refer to operation not categorized regionally.

In the fiscal framework, the primary surplus of state and major municipal governments increased by 4.3% in 2013 over 2012 to R\$17.7 billion. It should be emphasized the expansions observed in the South and Southeast (Table 6.7). In the Central-West, the primary surplus declined by 25.8%, while, in the North, the surplus of R\$1.5 billion achieved in 2012 was reverted to a deficit of R\$538 million in 2013.

According to the March LSPA released by the IBGE, the Brazilian crop of grains – cereals, leguminous and oilseed – is expected to reach 189.4 million tons in 2014, expanding by 0.7% over 2013 (Table 6.8). In the Northeast region, which accounts for nearly 8% of the country's agricultural crop, the growth rate is estimated at 50.2%, consequent upon the recovery from two consecutive droughts. In the South and Central-West regions, accounting for nearly 78% of the country's agricultural crop, a decline of nearly 1% is estimated over the record level achieved in 2013, partially explained by the impact of the changes in the composition of sowed cultures on the harvested volume. The Southeast region crop was more severely hit by the adverse weather conditions observed in the beginning of the year and is expected to decline by 14.7%.

The Brazilian industrial output decreased 1.4% in the December-February period over September-November (Table 6.9), reflecting more accentuated declines in the South (6.8%) and Southeast (4.2%) – mostly due to the performance of the automotive segment (-16.4% and -15.5%, respectively) – and in the Central-West (-0.5%). In the Northeast, industrial output expanded 5% in the period, especially in the segments of electrical machinery, materials and apparatuses, 13.7%, chemicals, 10.4%, and food and beverages, 7.8%. In the North, industrial activity expanded 1.3%, particularly associated with the performance of rubber and plastic, 21.6%, electronic material and communication devices, 19.8%.

The Brazilian trade balance registered a deficit of R\$6.1 billion in the first quarter of 2014, 17.8% up from the same period in 2013 (US\$5.2 billion), with emphasis on the expansions of the surplus in the Central-West, to US\$3.2 billion, and the deficit in the Southeast, to US\$4.2 billion (Table 6.10).

Brazilian exports totaled US\$49.6 billion in the first quarter of the year, a decline of 2.4% over the same period in 2013 (Table 6.10). It should be stressed the performance of iron ore, copper and alive bovines in the North, resulting in an expansion of 3.9%; and soybeans and beef in the Central-

Table 6.11 – IPCA
3-month change^{1/}

Itemization	Weighting 2013					%
	factor	Mar	Jun	Sep	Dec	2014 Mar
IPCA						
Brazil	100.0	1.94	1.18	0.62	2.04	2.18
North	4.2	2.45	0.41	0.64	1.74	1.42
Northeast	14.8	2.19	1.33	0.28	1.99	1.70
Southeast	57.6	1.96	1.29	0.56	2.11	2.47
South	16.3	1.60	0.95	1.13	1.92	2.04
Central-West	7.1	1.74	1.03	0.74	2.14	1.86
Market prices						
Brazil		2.89	1.20	0.82	2.20	2.60
North		3.90	0.24	0.22	1.88	1.65
Northeast		3.02	1.57	0.26	2.15	2.05
Southeast		2.93	1.20	0.92	2.37	2.92
South		2.51	1.20	1.19	1.76	2.64
Central-West		2.50	1.11	0.92	2.28	2.11
Regulated prices						
Brazil		-1.07	1.10	-0.02	1.54	0.76
North		-3.01	1.10	2.34	1.22	0.50
Northeast		-0.78	0.42	0.36	1.39	0.36
Southeast		-0.98	1.59	-0.57	1.34	1.05
South		-1.38	0.09	0.93	2.51	0.01
Central-West		-0.63	0.73	0.19	1.67	1.01

Source: IBGE and BCB

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

West, with expansion of 1.1%, in the same comparison basis. The decline of exports of manufactured products, particularly passenger vehicles, affected significantly the trade balance of the Southeast, while the South region's exports were negatively affected by the reduction in the foreign sales of poultry and raw sugar cane.

Brazilian imports totaled US\$55.7 billion in the period, remaining practically stable when compared with the same period in 2013. The expansion of imports in the North is associated with the increased purchases of television parts and spares, in view of the greater demand associated with the Fifa World Cup, and, in the Southeast, to increased purchases of fuels and lubricants.

At the national level, IPCA increased by 2.18% in the first quarter of 2014 (2.04% in the last quarter of 2013), accumulating 6.15% over 12 months (Table 6.11). When compared to the last quarter of 2013, prices decelerated in the North, Northeast and Central-West, where market prices also registered the lowest variations. In the same comparison basis, regulated prices decelerated in all regions, especially reflecting the end of impacts associated with fuel price increases observed in December 2013 and the reduction of telephone rates in the beginning of 2014.

In short, the country's economic activity expanded moderately in the beginning of the year, with asymmetries among regions. The Northeast and North regions showed enhanced dynamics, fueled by the local industry and the recovery of the agricultural sector, and the pace of activity declined in the Southeast, especially due to the reduction in the automotive industry.

With regard to the demand, consumption tends to remain supported by the expansion of income and credit, while investments should be stimulated by the program of concession of public utility services and the permission for oil exploitation. Concerning the international trade, the scenario of increased global economic expansion, together with the depreciation of the Brazilian real, should benefit the growth trajectory of the Brazilian economy.