BRAZIL

1. General trends

In 2019, the Brazilian economy continued to record weak growth, as in the previous two years: GDP rose by just 1.1%. This performance fell short of expectations following the change of government and the implementation of new economic policies proposing pro-market structural reforms. The external situation —especially the Argentine crisis, the lengthy legislative process to adopt reforms and unexpected events such as the disaster in Brumadinho— did not help in terms of stimulating investment or growth in the labour market and consumption.

In the first quarter of 2020, before the effects of the coronavirus disease pandemic (COVID-19) began to be felt in the country, growth had already stagnated: GDP fell by 0.3% compared to the previous quarter, or by 1.5% when adjusted for seasonality, and significant decreases were recorded in productive sectors such as manufacturing and minerals, and in household demand and consumption.

As a result of the pandemic, physical distancing measures and restrictions on non-essential economic activities implemented since the second half of March resulted in a drastic decline in production and overall demand. In the face of this emergency situation, the government implemented a series of policies and instruments to preserve the income of the poorest and of workers in the informal sector, and to ensure that companies, especially micro and small businesses, continued to operate. In June 2020, it was estimated that GDP could fall by 9.2% in 2020 and the unemployment rate could rise to 13.3% in the second half of the year.

Although the public deficit increased and is expected to exceed 15.0% of GDP in nominal terms in 2020, the benchmark interest rate (SELIC) continued to fall at an annual rate of 2.0%, inflation remained low and steady, and stock markets recovered rapidly. Meanwhile, the devaluation of the real continued, with the exchange rate amounting to about 5.50 reais to the United States dollar at the end of the first half of 2020, representing a decline of 36.4% compared to the end of 2019.

Weak growth in 2019 accentuated the structural challenges that make it difficult to create jobs, increase income and improve public accounts. The unemployment rate remains high: the monthly average in 2018 was 12.3%, compared to 11.9% in 2019. In the first months of 2020 the rate remained close to 11.0%, but rose from March onward, coming to 12.9% in May.

In the first six months of 2020, federal tax revenues fell by 16.6% in real terms compared to the same period in 2019. The decline stemmed from the initial impact of the pandemic, which reduced these revenues by more than 30% in April, May and June, reversing the growth of 1.0% in real terms recorded up to February. Meanwhile, spending grew rapidly owing to emergency aid, rising by 40.3% in real terms compared to the previous year. Thus, the primary deficit, which had narrowed in nominal terms in 2019 to 1.3% of GDP, increased to 6.7% of GDP in the 12 months to June 2020. The nominal deficit, including states, municipalities and State-owned enterprises, rose to 11.4% of GDP in the same period, up from 8.8% of GDP in 2019.

With regard to the external sector, trade was stagnant in 2019: the value of exports fell by 6.3%, and imports, which had recorded a considerable increase of 21% in 2018, fell by 0.8%. Thus, the trade surplus in goods fell again to US$ 39.9 billion, compared to US$ 53 billion in 2018. The current account balance in the balance of payments was US$ 50.7 billion, roughly 25% less than the level seen in 2018.

The financial and capital accounts recorded financial resource outflows of about US$ 51 billion in 2019, compared to outflows of US$ 43 billion in 2018. Those outflows were offset by income from direct investment and loans, and by a substantial decrease of US$ 26.1 billion in international reserves to US$ 366.376 billion at the end of 2019.

In the context of the pandemic, the balance of payments recorded decreases in trade flows in the first half of 2020. The value of exports and imports fell by 6.8% and 5.0%, respectively. Thus, the trade surplus continued to decline, to US$ 19.8 billion, 13.8% less than the same period in 2019. In turn, the services and primary income accounts recorded smaller deficits owing to the suspension of international travel and reduction in repatriated earnings and interest. In the first half of 2019, the combined deficit of these accounts was US$ 44 billion, while in the same period in 2020 it was a third lower (US$ 29.8 billion). Thus, between the first half of 2019 and the first half of 2020, the current account balance was reduced by more than half, from US$ 21 billion to US$ 9.7 million. This means that the current account deficit fell from 2.3% of GDP to 1.4% of GDP in that period. With regard to capital flows, net foreign-exchange outflows from the capital and financial accounts decreased from US$ 22.5 billion to US$ 8.4 billion.

2. Economic policy

The new government that took office in January 2019 presented a programme of structural, fiscal, regulatory, trade liberalization and privatization reforms. Its objective was a broad reform to simplify and decentralize the State and to foster the expansion of the private sector. In February 2019, the government sent the National Congress a wide-ranging proposal for constitutional changes to the pension systems for the private sector, civil servants and the military. The proposed changes included the possibility of creating a mandatory individual capitalization system, as well as parametric changes, such as the introduction of a minimum retirement age, a longer contribution period, and restrictions and reduced benefits in the case of non-contributory and rural workers' pensions. In late June, the Special Commission of the Chamber of Deputies approved the new text of the pension reform, which maintained the main changes in the pension system but removed the changes relating to the capitalization system and non-contributory and rural sector benefits. The Federal Senate made some changes to the rules for the implementation of the proposal, which was approved at the end of October. The reform is expected to generate possible savings of up to 800 billion reais in benefit payments over a period of 10 years.

Once the pension reform was approved, the government presented a proposal to reform federal relations and the budget, seeking to decentralize, dissociate and discontinue the indexation of expenditure items. Talks on tax reform and other economic deregulation initiatives also resumed in the National Congress, based on proposals presented in the Chamber of Deputies and the Federal Senate. The government announced that it would begin a new round of concessions and privatizations of public assets and companies, but this did not occur until June 2020. Economic liberalization, another government objective, was demonstrated by the signing of the pre-agreement between the Southern Common Market (MERCOSUR) and the European Union, and by the law that allows 100% foreign capital participation in airline companies. In 2020, Brazil and Argentina initiated a review of the MERCOSUR objectives.

(a) Fiscal policy

In 2019, public accounts reflected deficits for the sixth consecutive year, and remained the major challenge for the Brazilian economic authorities. The primary federal government deficit, which does not include interest spending, was 95.2 billion reais, or 1.3% of GDP, representing half of the primary deficit of 2.6% of GDP in 2016.

The smaller primary deficit in 2019 derived mainly from two contributions to the National Treasury: 70 billion reais from special operations of Petrobras and Chinese oil companies that acquired excess production capacity in pre-salt areas in the Atlantic Ocean in November 1979, and 13.4 million reais from the earnings of federal banks, namely Banco do Brasil, Caixa Econômica Federal (Caixa) and the National Bank for Economic and Social Development (BNDES). Thanks to this special income, total federal government income grew by 6.1% in real terms. Revenue from federal government taxes and contributions increased by just 0.8% in real terms and that of the General Social Security Regime, which is the public pension system, increased by 1.8%, owing mainly to new forms of cross-compensation of different tax debts and credits.

With respect to expenditures, in 2019, when the implementation of the constitutional amendment that does not allow primary expenditures to increase in real terms was expanded, a real increase of 2.7% was nevertheless recorded owing to spending that was still not restricted by the amendment. This increase stemmed from a rise in the payment of social security benefits (3.0%) and of wages to federal officials (1.3%) as a result of the last annual increase agreed in 2017. Other current and capital spending fell by 6.6% in real terms. Federal government investment was very limited, except in the case of capital increases for state companies related to national defence, where it amounted to 5.5 billion reais.

In the first six months of 2020, the pandemic hit fiscal accounts, especially those of the federal government, resulting in a significant reduction in revenue (down by 16.5% in real terms) and a sharp increase in expenditure (up by 40.3%). The paralysis of activities and the implementation of emergency aid programmes explain this performance. The National Congress approved a constitutional amendment creating a “war budget” for 2020 only, eliminating limits and making extraordinary spending more flexible.

The greatest decrease in taxes was seen in those related to domestic activity, in both production and sales, and in taxes on industrialized products, which recorded a decline of 16.6% in real terms. Job losses were reflected in weaker social security contributions, which dropped by 19.0% in the first half of 2020 compared to the same period in 2019.

Emergency aid comprised three payments of 600 reais made to more than 60 million people. Until June, 121.5 billion reais were transferred. Other spending relating to the pandemic included additional Ministry of Health expenditure (30 billion reais) and support for employment protection (13.9 billion reais). Companies were also granted subsidies of 17 billion reais to pay workers a portion of their wages. Total spending by the National Treasury in the first half of 2020 increased by 290.3 billion reais, or 40.3% in real terms.

Thus, the public sector primary deficit in the first half of 2020 represented 11.6% of GDP and interest payments amounted to 5.0% of GDP, while the total nominal deficit came to 16.6% of GDP, compared to 5.9% of GDP in the first six months of 2019. The sharp increase in spending in the second quarter of 2020 because of the pandemic has already had an impact on public debt. At the end of June 2020, gross debt amounted to 85.5% of GDP, including the federal securities portfolio held with the central bank, while net debt was 67.5% of GDP, considering mainly international reserves, which were equivalent to 23.8% of GDP.

(b) Monetary policy

The pandemic accelerated efforts to change monetary policy. On the one hand, the central bank lowered the benchmark interest rate (SELIC) at the beginning of the year from 4.5% to 2.25% and at the end of June to 2.0%. Another change was the central bank's lowering of reserve requirements for deposits as of March, which has freed up 135 billion reais, or about 1.9% of GDP, for loans.

In 2019, the new government and central bank authorities began to implement measures to reduce the State's participation in the financial system and to increase the degree of freedom to carry out financial operations, with regulations that allowed the expansion of new financial institutions, such as companies combining finance with technology (fintech). One of these measures was the possibility of allowing financial institutions to access depositors' data and bank accounts (open banking), which promotes competition and increases the security of credit operations

Federal banks reduced their operations significantly in 2019. For example, rural lending, in which Banco do Brasil is the largest actor, recorded a decline of 22.5% overall. Real estate lending, which is the focus of Caixa's official housing programmes, fell by 27.0%. And the operations of BNDES, which is the largest long-term investment bank, declined by 14.0% compared to the end of 2018.

On the other hand, as of July 2019, the central bank resumed the reduction of the benchmark interest rate (SELIC), which had been suspended in March 2018, lowering the rate from 6.5% in March 2018 to 4.5% in December 2019. Weaker cumulative inflation and muted activity led to this decline in the benchmark interest rate.

In 2019, non-earmarked loans continued to increase: 23.2% more loans were granted in December 2019 than in the same month in 2018. However, the average annual interest rate for operations in 2019 (33.4%) was not much lower than the level seen at the end of 2018 (35.0%). Domestic and foreign private banks led the expansion in lending, with growth of 15.6%, while the amount of credit granted by public banks decreased by 2.2%. As a result, for the first time since 2014, private banks held the largest share of total credit (53.0%).

In the first half of 2020, the financial system had to adapt to the conditions of the pandemic and make extensive use of Internet-based services, given the closure of or restrictions on access to bank branches and shops in general. Although total credit grew by 4.2% compared to the same period in 2019, loans granted in the second quarter of 2020 reflected a 10.4% decline compared to the previous quarter, showing both the resilience of the banking system in the face of the uncertain economic outcome of the pandemic and the difficulties in demand for credit.

(c) Exchange-rate policy

In 2019, the foreign-exchange market came under pressure from capital outflows, the postponement of further privatizations and a weaker external trade balance. Moreover, the difficulties the new government faced throughout the year in terms of the approval of reforms, and the controversies surrounding environmental policy, especially relating to the Amazon, raised doubts among foreign investors.

The exchange rate stood at about 3.75 reais to the dollar in the first months of 2019, and rose to 4.00 reais in the second half of the year, when the impact of lower interest rates on Brazilian securities was already being felt.

In 2020, the value of the real began to decline following the interventions of the central bank, reaching 4.50 reais to the dollar in late February. The pandemic and the resulting uncertainty led to further devaluation, as the value of the real compared to the dollar moved from 5.20 in late March to around 5.47 in the following months.

This new value of the exchange rate reflects doubts about the Brazilian economy in the medium and long term, the sustainability of public debt (although almost all of it is denominated in local currency) and the economic recovery after the pandemic.

Low inflation and the higher nominal exchange rate resulted in a devaluation of 3.2% in real terms in 2019, compared to 2018. In the first months of 2020, the pandemic caused a devaluation of 18.8% in the real compared to the average for 2019 and of 16.7% compared to the value recorded at the end of December.

3. The main variables

(a) The external sector

In 2019, the main categories of products exported by Brazil underperformed. Commodity exports (agricultural and mineral products) recorded a decline of 6.6%; exports of soybeans and soybean derivatives, in particular, fell by 20.2%. Exports of iron and other minerals, in turn, increased by 8.9% thanks to higher international prices. In 2019, the value of manufactured goods exports was US$ 67.397 billion, representing a reduction of 15.7% compared to 2018. Brazilian car sales abroad plunged by 27.5%.

Brazilian sales to Asian markets in 2019 remained stable at around US$ 93 billion, representing 41.3% of total exports. Sales to the United States reflected slight growth of 3.5%. Meanwhile, exports to Europe and Latin America fell sharply, by 22.0% and 20.5%, respectively.

With regard to imports, growth was reversed in 2019, when they fell by 2.2% overall after having risen by more than 21.0% in 2018. The only imports that grew were those of intermediate goods, which increased by 1.7%. The other major economic categories of Brazilian imports, namely capital goods, fuels and consumer goods, fell by 12.6%, 6.2% and 4.9%, respectively.

In 2020, the pandemic affected Brazil’s international trade. In the first quarter of the year, exports fell by 5.3% while imports rose by 4.3%, compared to the same quarter in 2019. In the second quarter, exports and imports fell sharply, by 9.7% and 14.9%, respectively, compared to the year-earlier period. The agricultural sector experienced strong demand during the pandemic, reflected by a 33.7% hike in cumulative exports from April to June 2020 compared to the year earlier period. Meanwhile, exports of manufactured goods and minerals fell by 20% in the same period. Imports dropped sharply in the second quarter of 2020 compared to the same period in 2019: purchases of fuel and other minerals fell by 31.0%, and those of imported products for the processing industry fell by 15.7%.

In the first half of 2020, Brazil’s external accounts reflected the conditions and uncertainties in the global market. Foreign-exchange outflows from the financial account continued, amounting to US$ 8.643 billion, mainly because of greater investment abroad by Brazilians, which came to US$ 15.588 billion, and sales by foreigners of Brazilian shares, bonds and other securities, which amounted to US$ 25.906 billion. These outflows were offset by US$ 25.349 billion in direct investment, 21.6% less than the year-earlier period, and by sales of international reserves amounting to US$ 16.766 billion.

In June 2020, international reserves stood at US$ 348.781 billion, representing a decrease of US$ 8.103 billion compared to the reserves at the end of 2019. Brazil's external debt dropped by US$ 11.708 billion in the first half of 2020 to US$ 308.904 billion. Inter-company loan operations totalled US$ 246 billion.

(b) Economic activity

In 2019, Brazil's GDP grew by 1.1%. This result was slightly lower than the 1.3% recorded in the previous two years and stemmed from the expansion of the agricultural sector, for which output rose by 1.3% compared to the 0.3% increase seen in 2018. Growth in the industrial sector slowed to 0.7% compared to the previous year. Capital formation led demand with 3.0% growth, after increasing by 3.9% in 2018. Unlike in 2018, the stronger investment stemmed from construction, which grew by 1.9%, following a decline of 4.4% in the previous year. Investment in machinery and equipment, meanwhile, increased by just 0.9% in 2019, compared to growth of 15.2% in 2018.

Household consumption expanded by 1.8% in 2019, similar to the level seen in the previous year. Fiscal control policies caused government consumption to fall by 0.4%.

Results for the first quarter of 2020 frustrated expectations of a stronger recovery, especially because of the impact of the pandemic in March. The main productive sectors, namely industry and services, decreased by 0.1% and 0.5%, respectively, compared to the first quarter of 2019, while agriculture grew by 1.9%.

Gross capital formation expanded by 4.3% in the first quarter of 2020 compared to the same quarter in 2019, mainly because civil construction continued to expand owing to weaker profitability of financial assets and lower interest rates for real estate credit lines as well as greater access to them.

(c) Prices, wages and employment

In 2019, according to the Extended National Consumer Price Index (IPCA), prices registered a cumulative increase of 4.31%, compared to 3.75% in 2018. Household food prices posted the strongest increase in 2019 (7.84%). In the consumption basket, this increase in food prices was offset by a smaller rise in the price of household utensils (0.76%) and a slight decrease in the price of household equipment (1.05%). Clothing prices also increased (by 0.74%). These movements cancelled each other out, meaning the increases were not transmitted further along consumption chains.

Inflation fell sharply in the first half of 2020, owing to the suspension of activities because of the pandemic. The cumulative change in the first half of the year came to 0.1%, while monthly variations were 0% in March, -0.31% in April, -0.38% in May and 0.26% in June. Food prices remained under pressure, with an increase of 17.3% in cereals, legumes and oilseeds. As activities resume and people begin consuming again, inflationary pressure is expected on the prices of products facing supply restrictions.

In 2019, the unemployment rate remained high: it averaged 11.9% and stood at 12.7% in March. In January and February 2020 this level was maintained, with rates of 11.2% and 11.6%, respectively. Thereafter, the rate began to increase gradually owing to the effects of the pandemic, rising from 12.2% in March to 13.3% in June. The federal government implemented emergency programmes aimed at protecting jobs, and these helped prevent an immediate impact on unemployment. However, over time and once these programmes come to an end, this indicator is expected to deteriorate further.

According to the General Register of Employed and Unemployed Persons (CAGED), 644,000 new formal jobs were created in 2019, up from 529,000 in 2018. However, employment growth in 2018 and 2019 were unable to reverse the 2.8 million formal jobs lost between 2015 and 2017. Employment grew in the sectors examined, namely services, where 382,500 jobs were created, commerce, where 145,400 were created, and construction, where 71,100 were created.

Average real income increased by 0.57% year-on-year in 2019, in line with small increases in real terms in a depressed market. This indicator recorded a small decline of 0.2% in the first two months of 2020. With the pandemic, average income began to rise sharply, reaching the record amount of 2,500 reais in the April–June 2020 quarter, reflecting an increase of 6.9% compared to the level seen in the year-earlier period. This increase stemmed partly from the greater number of lower-wage employees being laid off, which is reflected in the wage bill. In the April–June 2020 quarter, the wage bill was 5.6% lower than the level seen in the previous quarter and 4.4% lower than in the same quarter in 2019.

Table 1
BRAZIL: MAIN ECONOMIC INDICATORS

	2011	2012	2013	2014	2015	2016	2017	2018	2019 a/
	Annual growth rates b/								
Gross domestic product	4.0	1.9	3.0	0.5	-3.5	-3.3	1.3	1.3	1.1
Gross domestic product, by sector									
Agriculture, livestock, hunting, forestry and fishing	5.6	-3.1	8.4	2.8	3.3	-5.2	14.2	1.4	1.3
Mining and quarrying	3.5	-1.9	-3.2	9.1	5.7	-1.2	4.9	0.8	-1.1
Manufacturing	2.2	-2.4	3.0	-4.7	-8.5	-4.8	2.3	1.5	0.1
Electricity, gas and water	5.6	0.7	1.6	-1.9	-0.4	6.5	0.9	2.6	1.9
Construction	8.2	3.2	4.5	-2.1	-9.0	-10.0	-9.2	-3.8	1.6
Wholesale and retail commerce, restaurants and hotels	2.3	2.4	3.4	0.6	-7.3	-6.6	2.3	2.5	1.8
Transport, storage and communications	5.3	4.3	3.2	3.1	-2.9	-4.0	1.2	1.6	1.9
Financial institutions, insurance, real estate and business services	3.9	3.6	3.7	0.2	-0.7	-1.3	0.2	0.0	0.0
Community, social and personal services	3.2	2.5	1.9	1.0	-1.8	-0.5	0.4	0.9	0.7
Gross domestic product, by type of expenditure									
Final consumption expenditure	4.2	3.2	3.0	1.9	-2.8	-2.9	1.3	1.7	1.3
Government consumption	2.2	2.3	1.5	0.8	-1.4	0.2	-0.7	0.4	-0.4
Private consumption	4.8	3.5	3.5	2.3	-3.2	-3.8	2.0	2.1	1.8
Gross capital formation	5.7	-2.5	5.7	-5.4	-18.3	-12.3	2.0	2.2	3.2
Exports (goods and services)	4.8	0.7	1.8	-1.6	6.8	0.9	4.9	4.0	-2.5
Imports (goods and services)	9.4	1.1	6.7	-2.3	-14.2	-10.3	6.7	8.3	1.1
Investment and saving c/	**Percentages of GDP**								
Gross capital formation	21.8	21.4	21.7	20.5	17.4	15.0	14.6	14.8	15.1
National saving	18.9	18.0	18.5	16.4	14.4	13.6	13.9	12.6	12.4
External saving	2.9	3.4	3.2	4.1	3.0	1.3	0.7	2.2	2.7
Balance of payments	**Millions of dollars**								
Current account balance	-76 288	-83 800	-79 792	-101 431	-54 472	-24 230	-15 015	-41 540	-49 452
Goods balance	27 625	17 420	389	-6 629	17 655	44 635	63 959	53 047	40 782
Exports, f.o.b.	255 506	242 283	241 577	224 098	190 077	184 315	218 069	239 537	225 821
Imports, f.o.b.	227 881	224 864	241 189	230 727	172 422	139 680	154 109	186 490	185 039
Services trade balance	-37 166	-40 168	-46 372	-48 107	-36 915	-30 447	-37 927	-35 734	-35 139
Income balance	-69 731	-63 889	-37 492	-49 420	-37 963	-41 544	-43 170	-58 825	-56 059
Net current transfers	2 984	2 838	3 683	2 725	2 751	3 125	2 123	-28	964
Capital and financial balance d/	134 925	102 700	73 866	112 264	56 041	33 467	20 107	44 467	23 396
Net foreign direct investment	86 360	90 485	59 568	67 107	57 200	59 601	47 545	76 138	56 474
Other capital movements	48 565	12 214	14 298	45 157	-1 159	-26 134	-27 437	-31 671	-33 078
Overall balance	58 637	18 900	-5 926	10 833	1 569	9 237	5 093	2 928	-26 055
Variation in reserve assets e/	-58 637	-18 900	5 926	-10 833	-1 569	-9 237	-5 093	-2 928	26 055
Other financing	0	0	0	0	0	0	0	0	0
Other external-sector indicators									
Real effective exchange rate (index: 2005=100) f/	69.2	77.6	83.0	84.4	102.8	97.9	89.4	99.7	101.3
Terms of trade for goods (index: 2010=100)	107.8	101.5	99.4	96.1	85.5	88.1	93.2	91.3	91.8
Net resource transfer (millions of dollars)	65 194	38 810	36 374	62 844	18 078	-8 076	-23 062	-14 357	-32 662
Total gross external debt (millions of dollars)	516 030	570 831	621 439	712 655	665 101	675 841	667 103	665 777	675 789
Employment	**Average annual rates**								
Labour force participation rate g/	60.0	61.4	61.3	61.0	61.3	61.4	61.7	61.6	62.0
Open unemployment rate	6.7	7.3	7.1	6.8	8.5	11.5	12.7	12.3	11.9

Table 1 (concluded)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Prices	**Annual percentages**								
Variation in consumer prices (December-December)	6.5	5.8	5.9	6.4	10.7	6.3	2.9	3.7	4.3
Variation in wholesale prices (December-December)	4.3	8.6	5.1	2.1	11.2	7.6	-2.5	9.4	9.1
Variation in nominal exchange rate (annual average)	-4.9	16.7	10.5	9.1	41.5	4.6	-8.4	14.5	7.9
Variation in average real wage	1.4	3.4	2.4	0.9	0.5	-1.2	2.4	-0.2	0.3
Nominal deposit rate h/	7.5	6.5	6.4	7.1	8.1	8.3	6.8	6.2	6.2
Nominal lending rate i/	44.7	39.9	39.1	45.0	49.5	53.7	49.9	45.2	42.7
Central government	**Percentages of GDP**								
Total revenue	22.6	22.3	22.1	21.1	20.8	21.0	21.0	21.6	22.5
Tax revenue	21.7	21.0	21.1	20.5	20.3	20.3	20.2	20.9	20.7
Total expenditure	25.0	24.1	24.8	26.2	29.9	28.6	28.7	28.9	28.3
Current expenditure	23.7	22.7	23.3	24.6	28.0	27.2	27.7	27.9	27.4
Interest	4.6	3.6	4.1	4.7	7.1	5.2	5.9	5.6	4.5
Capital expenditure	1.4	1.4	1.4	1.6	1.8	1.4	1.0	1.0	0.9
Primary balance	2.1	1.8	1.4	-0.3	-1.9	-2.5	-1.8	-1.7	-1.3
Overall balance	-2.5	-1.8	-2.6	-5.0	-9.1	-7.6	-7.7	-7.3	-5.8
General government public debt	50.8	55.2	56.7	58.9	66.5	70.0	74.0	77.2	75.8
Domestic	48.3	55.8	53.6	55.5	62.1	66.3	70.5	67.4	66.2
External	2.5	2.9	3.1	3.4	4.4	3.7	3.5	9.8	9.6
Money and credit	**Percentages of GDP, end-of-year stocks**								
Domestic credit	95.2	101.1	100.1	103.4	107.1	111.2	110.9	112.7	119.3
To the public sector	29.2	30.6	27.7	28.8	31.5	40.6	46.2	48.2	51.5
To the private sector	58.1	62.5	64.2	66.0	66.8	62.2	59.5	61.2	63.8
Others	7.8	8.0	8.1	8.6	8.8	8.4	5.1	3.5	4.1
Monetary base	4.9	4.8	4.7	4.6	4.3	4.3	4.5	4.4	4.4
M2	33.3	31.3	29.7	28.0	27.0	27.6	29.5	32.3	33.2

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a/ Preliminary figures.
b/ Based on figures in local currency at constant 2010 prices.
c/ Based on values calculated in national currency and expressed in current dollars.
d/ Includes errors and omissions.
e/ A minus sign (-) indicates an increase in reserve assets.
f/ Annual average, weighted by the value of goods exports and imports.
g/ Nationwide total. New measurements have been used since 2012; the data are not comparable with the previous series.
h/ Savings rate. Nominal yield, first business day.
i/ Interest rate on total consumer credit.

Table 2

BRAZIL: MAIN QUARTERLY INDICATORS

	2018				2019				2020	
	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2 a/
Gross domestic product (variation from same quarter of preceding year) b/	1.5	1.1	1.5	1.2	0.6	1.1	1.2	1.7	-0.3	…
Gross international reserves (millions of dollars)	377 438	380 676	380 525	378 242	379 866	386 018	382 881	364 365	355 006	344 601
Real effective exchange rate (index: 2005=100) d/	93.1	101.2	104.9	99.6	97.9	101.2	101.4	104.8	112.2	134.9 d/
Open unemployment rate e/	13.1	12.4	11.9	11.6	12.7	12.0	11.8	11.0	12.2	…
Employment rate e/	53.6	53.7	54.4	54.5	53.9	54.6	54.8	55.1	53.5	…
Consumer prices (12-month percentage variation)	2.7	4.4	4.5	3.7	4.6	3.4	2.9	4.3	3.3	2.1
Wholesale prices (12-month percentage variation)	-1.2	8.7	13.3	9.43	10.3	7.9	3.2	9.08	8.5	8.5 f/
Average nominal exchange rate (reais per dollar)	3.2	3.6	4.0	3.8	3.8	3.9	4.0	4.1	4.5	5.5 d/
Average real wage (variation from same quarter of preceding year)	0.7	0.8	0.7	0.3	0.8	-0.1	-0.3	0.6	0.1	…
Nominal interest rates (average annualized percentages)										
Deposit rate f/	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2 d/
Lending rate g/	46.6	45.0	44.9	44.3	44.9	45.0	43.0	37.9	38.9	34.7 f/
Interbank rate	6.7	6.4	6.4	6.4	6.4	6.4	6.0	5.0	4.2	3.3 c/
Monetary policy rates	6.8	6.5	6.5	6.5	6.5	6.5	6.0	4.8	4.2	3.0
Sovereign bond spread, Embi + (basis points to end of period) h/	248	332	293	276	253	239	247	214	385	380
Risk premiia on five-year credit default swap (basis points to end of period)	164	270	263	208	180	150	137	99	276	257
International bond issues (millions of dollars)	10 800	3 129	1 500	3 550	7 700	6 226	7 370	7 851	8 200	7 250
Stock price index (national index to end of period, 31 December 2005 = 100)	255	217	237	263	285	302	313	346	218	284
Domestic credit (variation from same quarter of preceding year)	3.1	2.8	0.1	4.7	5.7	9.5	12.3	11.3	12.2	15.8 d/

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
a/ Preliminary figures.
b/ Based on figures in local currency at constant 2010 prices.
c/ Figures as of May
d/ Quarterly average, weighted by the value of goods exports and imports.
e/ Nationwide total.
f/ Savings rate. Nominal yield, first business day.
g/ Interest rate on total consumer credit.
h/ Measured by J.P.Morgan.

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