

## Press Release

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### More Information:

• **RIO DE JANEIRO: FGV IBRE**

Janaina Salles +55 21 2509-5399 | [janaina.salles@insightnet.com.br](mailto:janaina.salles@insightnet.com.br)

• **NOVA YORK: The Conference Board**

Carol Courter 212-339-0232 / [courter@conference-board.org](mailto:courter@conference-board.org)

Joe DiBlasi 781-308-7935 / [joseph.dibiasi@conference-board.org](mailto:joseph.dibiasi@conference-board.org)

• **BRUXELAS: The Conference Board**

Andrew Tank +32 2 675 5405 / [andrew.tank@conference-board.org](mailto:andrew.tank@conference-board.org)

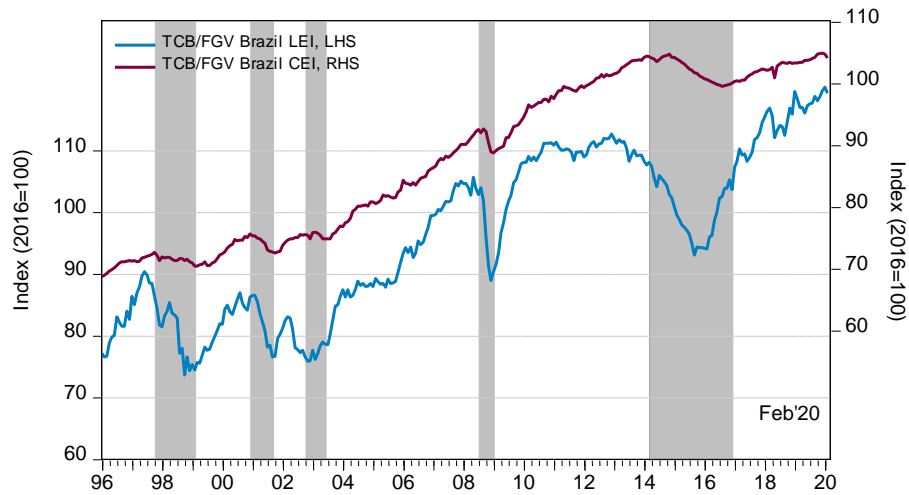
### Leading Economic Index decreased in February

**Rio de Janeiro, March 16<sup>th</sup> 2020...** The *Leading Economic Index® for Brazil* (LEI), released by FGV IBRE in partnership with The Conference Board (TCB), decreased 0.8 percent in February to 119.2, after reaching the highest level of the historical series last month. Six of the eight component series contributed negatively to the decline, with the largest contribution from the Consumer Expectations Index, which declined 5.8 percent at the margin.

The *Coincident Economic Index for Brazil* (CEI, FGV TCB), which measures current economic conditions, decreased 0.6 percent to 104.1, in the same period.

“The fast deterioration in expectations due to the great uncertainty about the impact of the COVID-19 outbreak on global and local economic activity, affected most components of the LEI in February, which decreased after three monthly gains”, according to Paulo Picchetti of FGV IBRE. “While it is too early to assess the extent of the economic impact, if the decline in the LEI continues, the probability of a reversal in the economic expansion will increase”, said Picchetti.

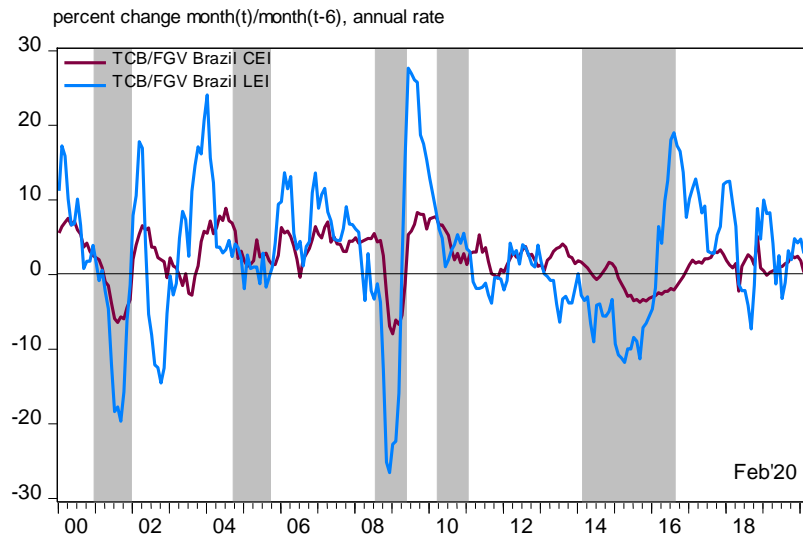
## LEI and CEI decreased in February



Source: FGV IBRE and The Conference Board

Note: The shaded areas denote recessions, according to chronology determined by CODACE. The turning points of the last recession (March 2014 and December 2016) were chosen because they were the last months of the quarters identified by CODACE as the peak and trough of the recession of 2014-2016.

## Despite moderation, annualized half-yearly variations of LEI remain in positive territory



Source: FGV IBRE and The Conference Board

Note: The shaded areas denote growth cycles defined by deviations from the growth trend of the Coincident Economic Index (CEI) + GDP for Brazil, as determined by *The Conference Board* and FGV IBRE.

The Leading Economic Index aggregates eight components that measure economic activity in Brazil. Each of them individually has proved efficient in anticipating economic trends. Aggregating individual indicators into a composite index filters out so-called "noise," smoothing out the volatility of individual components, and revealing the underlying economic trend.

## **About the Leading Economic Index (LEI)**

FGV IBRE and The Conference Board launched the Leading Economic Index (LEI) for Brazil in July 2013. With a series dating back to 1996, the LEI would have anticipated, reliably, all four recessions identified by the Brazilian Dating Committee of Economic Cycles (CODACE) during this period. This indicator allows Brazil to directly compare its business cycles with 11 other countries and regions already covered by The Conference Board: China, the United States, the Eurozone, Australia, France, Germany, Japan, Mexico, Korea, Spain and the UK.

The eight components of the Brazilian LEI are:

Pre-fixed DI swap reference rate – 1 year (Source: Brazil's Central Bank)

Ibovespa Stock Market Index (Source: BOVESPA - São Paulo Stock Exchange)

Expectations index of the Manufacturing Survey (Source: FGV IBRE)

Expectations index of the Services Survey (Source: FGV IBRE)

Expectations index of the Consumer Survey (Source: FGV IBRE)

Durable consumer goods - physical production index (Source: IBGE)

Terms of trade index (Source: FUNCEX)

Volume of Exports index (Source: FUNCEX)

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## **ABOUT FGV IBRE**

Created in 1944, FGV is a Brazilian private higher education institution, think tank and producer of statistics, with a mission "to foster Brazil's socioeconomic development." The Brazilian Institute of Economics (IBRE) is FGV's arm with the mission to produce and disseminate high-quality economic statistics and studies that are relevant to improve policies and private action in Brazil. [www.fgv.br/ibre](http://www.fgv.br/ibre)

### Summary Table of Composite Economic Indexes

	2019		2020			6-month Aug to Feb
	dec		jan	feb		
<b>LEI</b>	119,6	r	120,2	r	119,2	p
Percent Change	0,8	r	0,5	r	-0,8	p
Diffusion	68,8		62,5		25,0	
<b>CEI</b>	104,9	r	104,7	p	104,1	p
Percent Change	0,1	r	-0,2	p	-0,6	p
Diffusion	33,3		83,3		58,3	

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2016

Sources: The Conference Board, FGV IBRE

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**The next *press release* will be published on Wednesday, April 15<sup>th</sup> 2020, at 11:00 A.M. (RIO DE JANEIRO time) 10:00 A.M. (NEW YORK time)**

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