

Press Release

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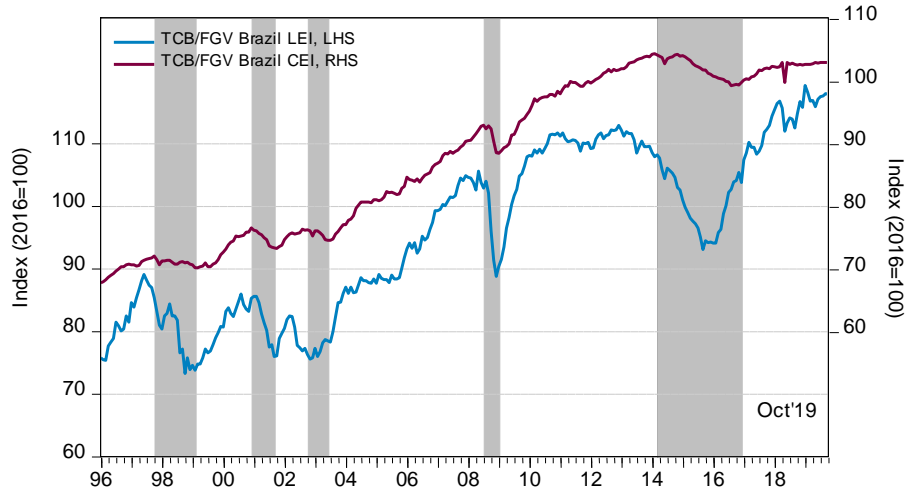
Leading Economic Index decreased in October

Rio de Janeiro, November 14th 2019. The *Leading Economic Index® for Brazil* (LEI), released by FGV IBRE in partnership with The Conference Board (TCB), decreased 0.1 percent in October, to 117.8. Five of the eight LEI's components contributed negatively to the index, with the largest negative contribution coming from the Service Sector Expectations Index.

The *Coincident Economic Index for Brazil* (CEI, FGV TCB), which measures current economic conditions, remained unchanged at 103.0 in the same period.

“The slight negative change in LEI for October interrupts the sequence of increases seen in the previous four months, but does not change the recovery trend of the activity level”, according to Paulo Picchetti of FGV IBRE. “The fundamentals linked to the evolution of monetary policy and the impact of the proposed reforms point to the continuation of this resumption”, said Picchetti.

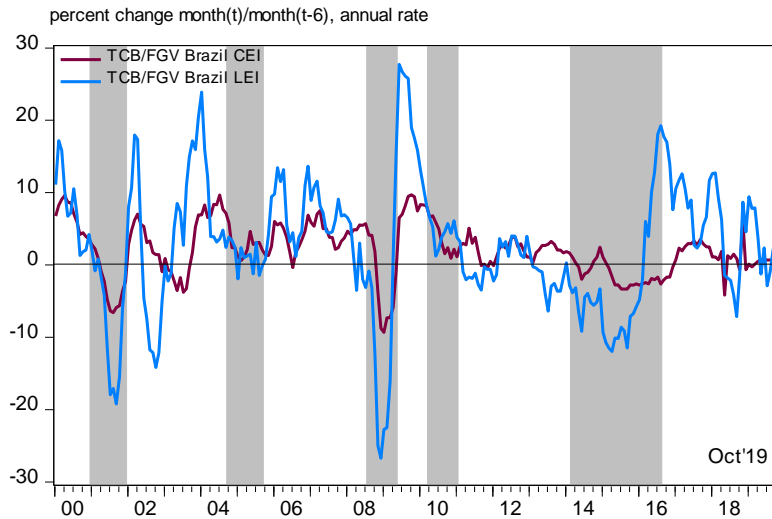
LEI dropped and CEI remained unchanged in October



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 recession by CODACE as the peak and trough of the recession of 2014-2016..

Annualized half-yearly variations of LEI 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

Summary Table of Composite Economic Indexes

2019

	Aug		Sep		Oct		6-month Apr to Oct
LEI	117.5	r	117.9	r	117.8	p	
Percent Change	0.1	r	0.3	r	-0.1	p	0.9
Diffusion	37.5		75.0		37.5		37.5
CEI	103.0	r	103.0	p	103.0	p	
Percent Change	0.0	r	0.0	p	0.0	p	0.2
Diffusion	50.0		41.7		75.0		66.7

n.a. Not available p Preliminary r Revised

Indexes equal 100 in 2016

Sources: The Conference Board, FGVIBRE

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The next *press release* will be published on Tuesday, December 17th 2019, at 12:00 P.M. (RIO DE JANEIRO time) 10:00 A.M. (NEW YORK time)

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