

Press Release

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Leading Economic Index increased in December

This month's release incorporates annual benchmark revisions to the composite economic indexes, which bring them up-to-date with revisions in the source data. These revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are not incorporated until the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes, in levels and month-on-month changes, will not be directly comparable to those issued prior to the benchmark revision.

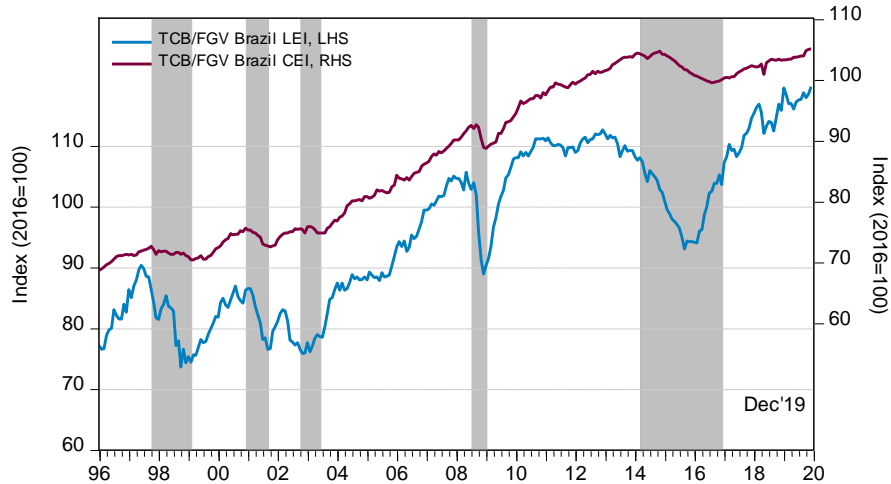
For more information, please visit our website at <http://www.conference-board.org/data/bci.cfm> or contact us at indicators@conference-board.org.

Rio de Janeiro, January 16th 2020... The *Leading Economic Index® for Brazil* (LEI), released by FGV IBRE in partnership with The Conference Board (TCB), increased by 1.0 percent in December, to 119.7, the highest index level on record. Seven out of the eight components of LEI contributed positively to the most recent increase, with the largest positive drive from the Industry Expectations Index and The Bovespa Index.

The *Coincident Economic Index for Brazil* (CEI, FGV TCB), which measures current economic conditions, increased 0.1 percent to 105.1 in the same period. This is also being the highest ever reading in the history of the time series, which started in January 1996.

“CEI's December results show the moderate growth pattern that characterizes the current phase of the business cycle”, according to Paulo Picchetti at FGV IBRE. “In turn, LEI suggests economic expansion over the coming months”, said Picchetti.

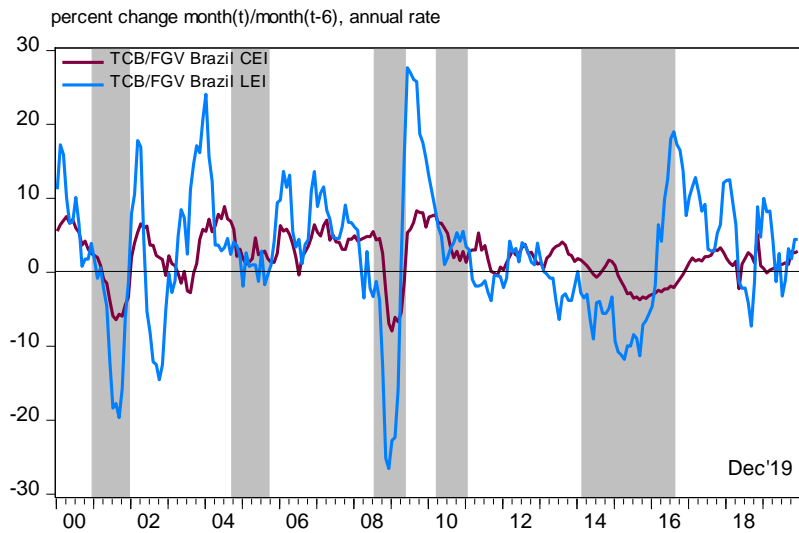
LEI and CEI rose in December



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

	Oct		Nov		Dec		6-month Jun to Dec
LEI	117.9	r	118.5		119.7	p	
Percent Change	-0.7		0.5	r	1.0	p	2.1
Diffusion	37.5		56.3		93.8		87.5
CEI	104.8	r	105.0	r	105.1	p	
Percent Change	0.9	r	0.2	r	0.1	p	1.4
Diffusion	100.0		50.0		91.7		83.3

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 Wednesday, February 19th 2020, at 12:00 P.M. (RIO DE JANEIRO time) 10:00 A.M. (NEW YORK time)

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