

Press Release

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More Information:

• **RIO DE JANEIRO: FGV IBRE**

Janaina Salles +55 21 2509-5399 | janaina.salles@insightnet.com.br

• **NEW YORK: The Conference Board**

Carol Courter 212-339-0232 / courter@conference-board.org

Joe DiBlasi 781-308-7935 / joseph.dibiasi@conference-board.org

• **BRUSSELS: The Conference Board**

Andrew Tank +32 2 675 5405 / andrew.tank@conference-board.org

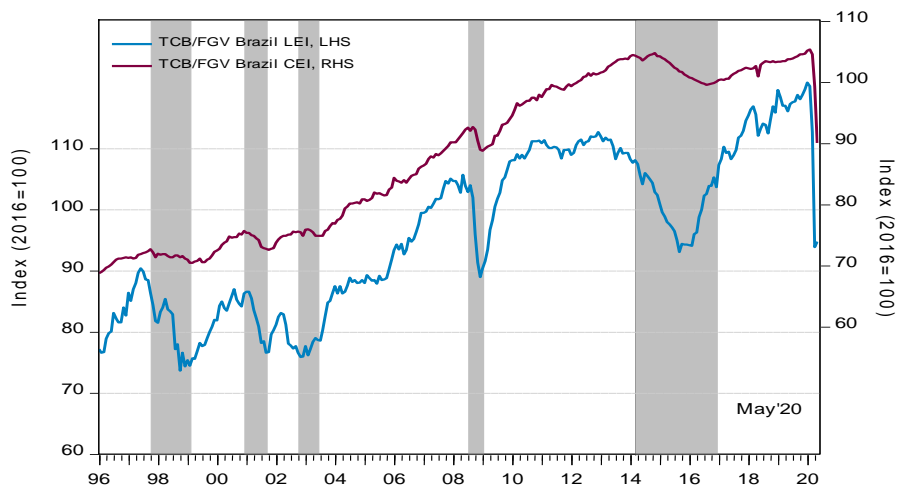
Leading Indicator Increases in May

Rio de Janeiro, June 16th, 2020... The *Leading Economic Index® for Brazil* (LEI), published by FGV IBRE in partnership with The Conference Board (TCB), rose 1.0 percent in May to 94.7, after declining almost 17 percent in the previous month. The cumulative change for the last six months remained negative, at 20.2 percent. Of the eight component series, the Expectations Indices for Services, Consumers, and Manufacturing were contributed most positively to the result.

The *Coincident Economic Index for Brazil* (CEI) (FGV IBRE / TCB), which measures current economic conditions, declined 9.4 percent to a reading of 90.0, in the same period.

“The CEI experienced the largest decline in the history of the series consistent with a sharply contracting economic cycle”, according to Paulo Picchetti of FGV IBRE. “The LEI picked up slightly reflecting expectations in relation to the gradual reopening of activities, but should be considered in light of the basis for comparison being extremely low. Taken together, the indices still suggest a high degree of uncertainty regarding the prospect of economic recovery in the coming months”, says Picchetti.

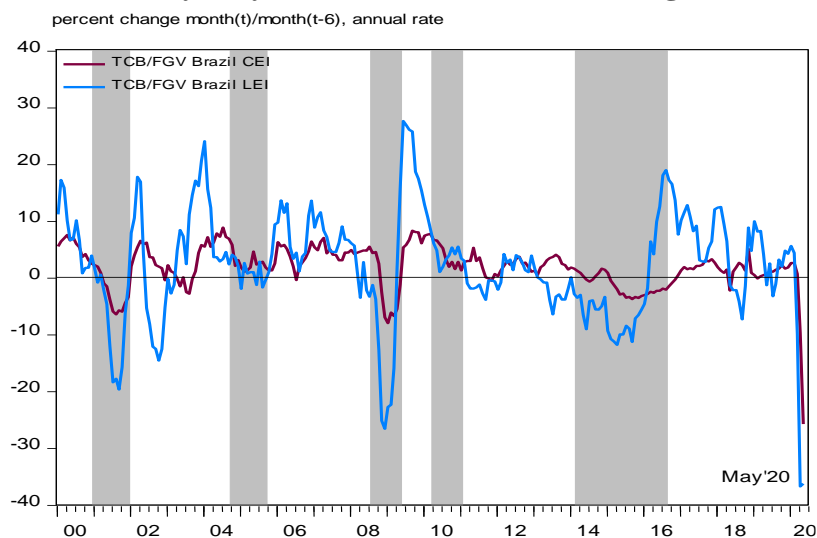
LEI rose in May



Source: FGV IBRE and The Conference Board

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

Annualized half-yearly variations of LEI fall into negative 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 has proved individually 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 reliably anticipated 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: Brazilian Central Bank)
- Ibovespa Stock Market Index (Source: BOVESPA - São Paulo Stock Exchange)
- Expectations index for Industry (Source: FGV IBRE)
- Expectations index for Services (Source: FGV IBRE)
- Expectations index for Consumers (Source: FGV IBRE)
- Durable consumer goods - physical production index (Source: IBGE – Brazilian Institute of Geography and Statistics)
- Terms of trade index (Source: FUNCEX – Center for Foreign Trade Studies Foundation)
- Exports Quantum Index (Source: FUNCEX - Center for Foreign Trade Studies Foundation)

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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 improving policies and private action in Brazil. www.fgv.br/ibre

Summary Table of Composite Economic Indexes

2020

	Mar		Apr		May		6-month May to Nov
LEI	112.6	r	93.8	r	94.7	p	
Percent Change	-6.2	r	-16.7	r	1.0	p	-20.2
Diffusion	25.0		50.0		68.8		37.5
CEI	104.5	r	99.3	p	90.0	p	
Percent Change	-0.8	r	-5.0	p	-9.4	p	-13.9
Diffusion	16.7		33.3		50.0		16.7

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 Tuesday, July 14th 2020, at 11:00 A.M. (RIO DE JANEIRO time) 10:00 A.M. (NEW YORK time)

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