

Press Release

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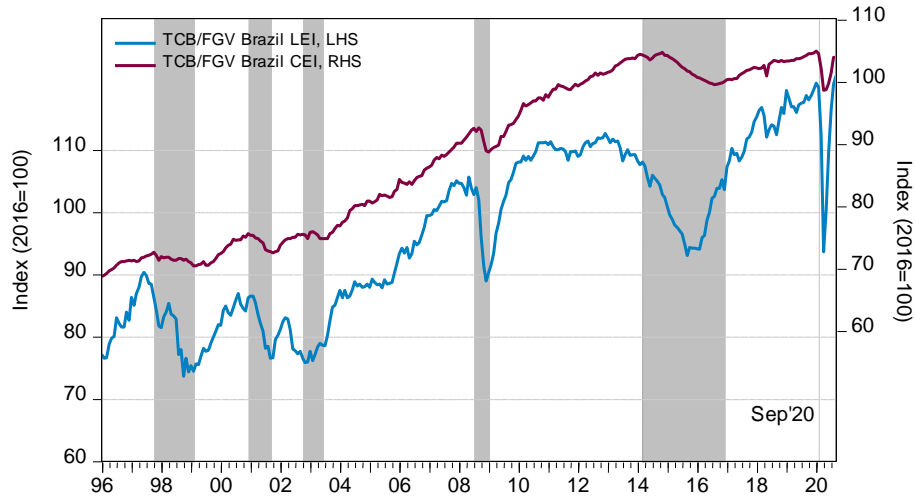
Leading Indicator Rises in September

Rio de Janeiro, October 15th 2020... The *Leading Economic Index® for Brazil* (LEI), published by FGV IBRE in partnership with The Conference Board (TCB), rose 1.2 percent in September to 121.9, 1.9 points above the pre-pandemic level of 120 in February 2020. The six month change in the index was 8.6 percent. Of the eight components that comprise the index, four contributed positively, with the largest contribution coming from the Manufacturing Survey's Expectations Index.

The *Coincident Economic Index for Brazil* (CEI) (FGV IBRE / TCB), which measures current economic conditions, remained unchanged at 103.9 points in the same period. The six month change was also positive at 1.8 percent.

“The continued improvement in the LEI, driven primarily by the expectations components, suggests that the post-pandemic growth recovery will continue in the short-term.” according to Paulo Picchetti of FGV IBRE. “Meanwhile, the recovery in the CEI suggests that the worst has passed and the economy remains on a positive trajectory.” adds Picchetti.

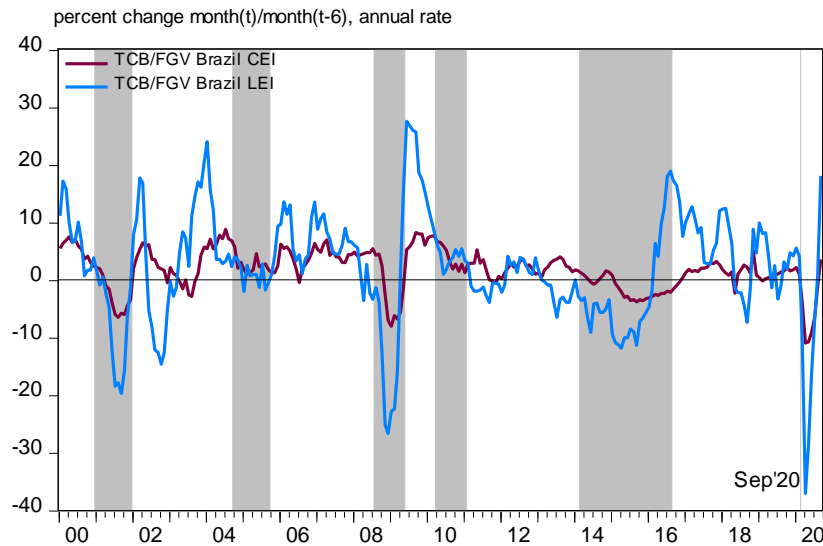
LEI rose in September



Source: FGV IBRE and The Conference Board

Note: The shaded areas denote recessions, according to the chronology determined by CODACE. At the last meeting, the monthly turning points of the 2014-2016 recession were identified (March 2014 and December 2016) and a recent peak of the Brazilian cycle in the fourth quarter of 2019. The Committee has yet to determine the monthly turning points for this latest recession. February 2020 was chosen as the peak of this last recession by the LEI/CEI team.

Annualized six-month growth rate 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 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)

Manufacturing Expectations Index (Source: FGV IBRE)

Services Expectations Index (Source: FGV IBRE)

Consumer Expectations Index (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

	Jul		Aug		Sep		6-month Mar to Sep
LEI	116,4	r	120,5	r	121,9	p	
Percent Change	6,5	r	3,5	r	1,2	p	8,6
Diffusion	93,8		68,8		50,0		100,0
CEI	101,4	r	103,9	p	103,9	p	
Percent Change	1,7	r	2,5	p	0,0	p	1,8
Diffusion	83,3		100,0		33,3		66,7

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 Friday, November 13th 2020, at 12:00 A.M. (RIO DE JANEIRO time) 10:00 A.M. (NEW YORK time)

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