

Press Release

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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.

Leading Indicator rose in December

Rio de Janeiro, January 14th 2020... The *Leading Economic Index for Brazil* (LEI), published by FGV IBRE in partnership with The Conference Board (TCB), increased 0.4 percent to 124.1 (2016=100) in December/2020. Of the eight components that comprise the index, five contributed positively to the aggregate result. The largest contribution came from the *Ibovespa Stock Market Index*, which increased by 9.3 percent.

The *Coincident Economic Index for Brazil* (CEI) (FGV IBRE / TCB), which measures current economic conditions, rose by 0.3 percent to 108.8 (2016=100), in the same period.

“In spite of the worsening of the health crisis due to the resurgence of the pandemic, the gradual recovery in the level of economic activity remained intact, as reflected by the uptick in the December CEI”, states

Paulo Picchetti of FGV IBRE. “Despite the termination of emergency assistance measures and the slow recovery of the labor market, the rollout of the immunization campaigns had a positive effect on executives’ and investors’ optimism, resulting in an increase in the LEI”, says Picchetti.

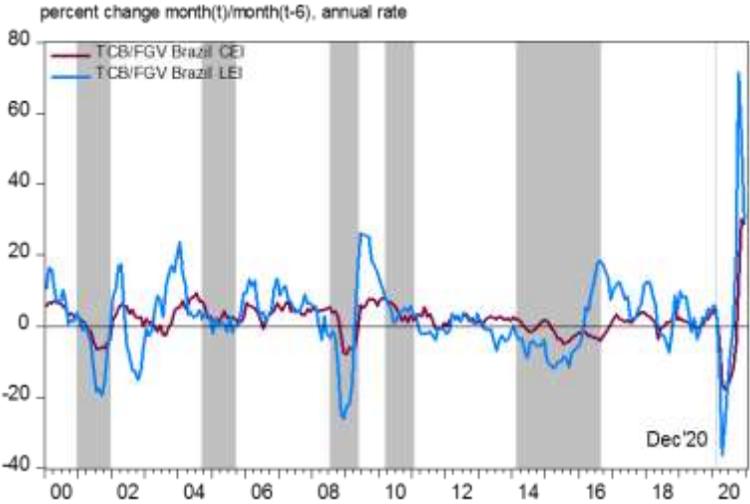
LEI and CEI rose in December



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 FGV/IBRE and The Conference Board 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)

ABOUT THE CONFERENCE BOARD

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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					
	Oct		Nov		Dec	6-month Jun to Dec
LEI						
	122.8	r	123.6	r	124.1	p
Percent Change	0.3	r	0.7	r	0.4	p
Diffusion	37.5		50.0		56.3	75.0
CEI						
	101.8	r	108.5	p	108.8	p
Percent Change	2.6	r	6.6	p	0.3	p
Diffusion	66.7		50.0		83.3	83.3

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 Friday, February 18th 2021, at 12:00 P.M. (RIO DE JANEIRO time) 10:00 A.M. (NEW YORK time)

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