

Press Release

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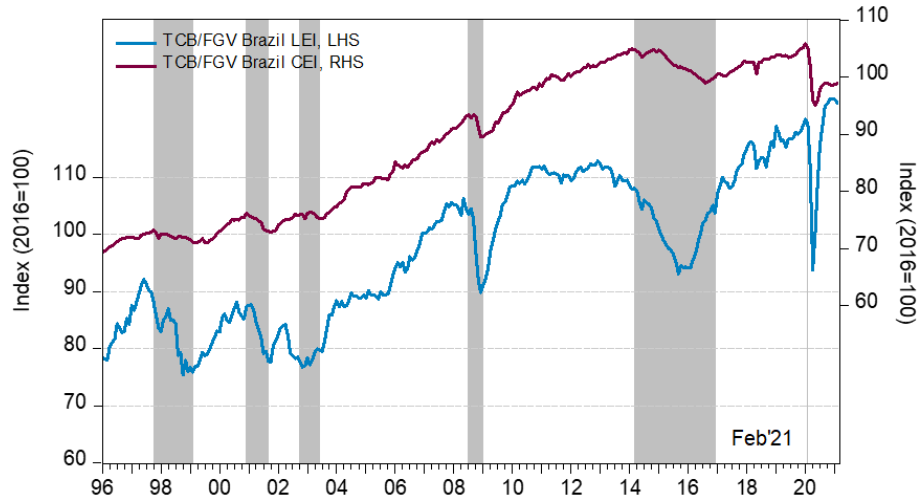
Leading Economic Index falls in February

Rio de Janeiro, March 16th, 2021... *The Leading Economic Index® for Brazil* (LEI), published by FGV IBRE in partnership with The Conference Board (TCB), decreased 0.6 percent to 123.0 in February 2021. Of the eight components that comprise the index, five contributed negatively to the aggregate result, with the largest negative contribution coming from the Manufacturing Expectations Index.

The Coincident Economic Index for Brazil (CEI) (FGV IBRE / TCB), which measures current economic conditions, increased by 0.2 percent to 98.9, in the same period.

“The rise in the CEI in February was mainly driven by an an improvement in industrial activity while other sectors are still suffering from the effects of the pandemic’s resurgence in Brazil”, states Paulo Picchetti of FGV IBRE. “However, given the challenges imposed by new restrictions on mobility and limits on economic stimulus policies, the LEI, driven down largely by worsening manufacturing expectations, already suggests there is not likley to be a robust recovery in the foreseeable future.”

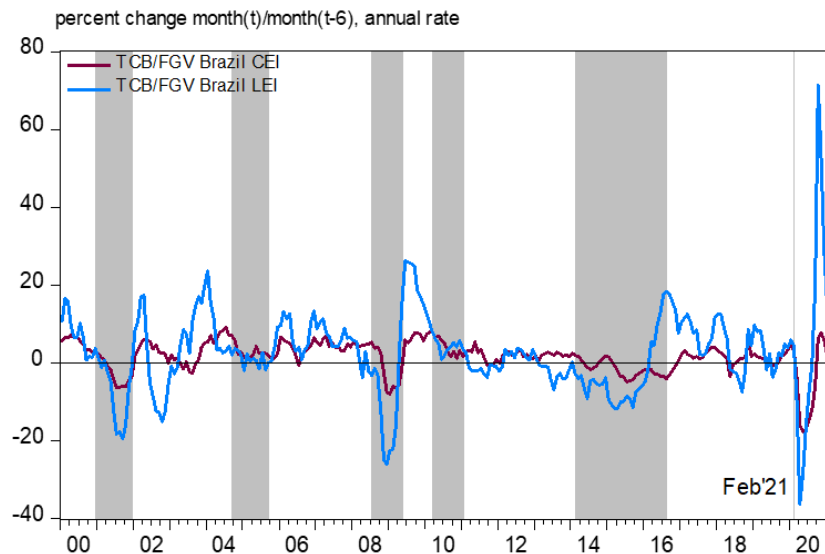
LEI declined in February



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 fell rapidly but remained 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 13 other countries and regions already covered by The Conference Board: China, the United States, the Eurozone, Australia, France, Germany, Japan, Mexico, Korea, Spain, the UK, India, and Global Economy.

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		2021		6-month	
	Dec		Jan	Feb	Jun/20 to Feb/21	
LEI	123.6	r	123.7	r	123.0	p
Percent Change	0.0	r	0.1	r	-0.6	p
Diffusion	62.5		12.5		37.5	50.0
CEI	98.6	r	98.7	p	98.9	p
Percent Change	-0.1	r	0.1	p	0.2	p
Diffusion	50.0		66.7		66.7	50.0

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, April 14th 2021, at 11:00 A.M. (RIO DE JANEIRO time) 10:00 A.M. (NEW YORK time)

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