ECONOMY

First quarter new job openings fell by 19.7%

The formal labor market registered 112,450 new job openings in March, said the Ministry of Labor, 8.9% less than in February. Openings for the first quarter were 306,068, down 19.7% from the first quarter of 2012. (April 17)

Chaos from farm to port

In transporting crops to port, accidents and deaths on potholed federal roads, bribes, bureaucracy, and lack of port warehouses cause US$3.3 billion in losses a year, according to experts quoted in *O Globo* newspaper. Brazil has also opted for the most expensive and polluting means of long-distance transport: 82% of the soybean crop is transported by trucks; in the U.S. trucks carry only 25% of soy production. (April 20)

External current account deficit soaring

Brazil posted a current account deficit of US$6.873 billion in March, more than double the deficit registered in March 2012, the central bank reported. Although foreign direct investment remains strong, US$5.7 billion in March, it has not been enough to cover this year's widening of the current account deficit. Brazil, a major soybean and iron ore producer, posted the smallest trade surplus for the month of March since 2001 as oil exports dropped and imports of petroleum derivatives rose. (April 24)

Consumer confidence evens out in April

After falling for six consecutive months due to tepid economic activity and high inflation, Brazil's main consumer confidence index held steady in April, according to the Getulio Vargas Foundation (FGV). The FGV Consumer Confidence Index ended April at 113.9 points, the same as in March. (April 24)

Unemployment stable as labor market cools

In March the unemployment rate in the six largest cities was up slightly at 5.7% compared to 5.6% in February, said government statistics agency IBGE. The mildness of the change was surprising because São Paulo city, Brazil's economic power house, lost 127,000 jobs, most of them in industry. Cimar Azeredo, IBGE coordinator for labor and income, said the 1.3% increase in unemployment in São Paulo raises concerns. The impact on the unemployment rate was not worse only because the city's job losses were offset by workers leaving the workforce. Average worker income also declined, by 0.2% to US$927. (April 25)

Business confidence falls again

In April, the FGV Business Confidence Index declined a seasonally adjusted 0.8% over the previous month, to 104.2 points. The drop reflected a decline in both the Expectations and the Present Situation indexes. As a result, business sentiment was at its lowest in eight months. (April 30)

Commercial bank credit expanded

Domestic credit expanded 1.8% month-on-month in March, up from 0.7% in February. Directed lending, largely from public institutions, was up 2.3% m-o-m and 24.1% year-on-year, well ahead of the 16.7% y-o-y growth in lending overall. Loan delinquencies have slacked off; they are down 0.2% from a year ago, to 3.6%. Despite the credit growth, analysts expect delinquency rates to keep falling because historically low policy rates (now 7.5%) have helped ease household debt burdens. (April 29)

Stock exchange down, exchange rate up

In April, despite reaching a high on the last day, Brazil's Stock Exchange (Bovespa) declined by 0.78%; so far in 2013 it has fallen 8.8%. Meanwhile the *real* appreciated against the U.S. dollar by 1%, ending the month at R$ 2.002 per US dollar. (April 30)

Consumer prices up in April

Consumer prices in Brazil rose 0.55 percent in April over March, and annualized inflation hit 6.49%, the state statistics agency IBGE said; 12-month inflation is now tapping at the ceiling of the inflation target band of 6.5 percent. April inflation was fueled by higher prices for health and personal care products as well as food. (May 8)

ECONOMIC POLICY



Photo: Valter Campanato/Agencia Brasil.

Finance Minister Guido Mantega

Tax breaks and credit for the ethanol industry

Brazil will cut taxes and extend subsidized lines of credit for the struggling sugar cane ethanol industry, Finance Minister Guido Mantega announced. The industry has lost market share to gasoline due to rising production costs. The cane industry association, Unica, said that the measures, although a step in the right direction, would not be enough to revive investment in ethanol capacity to keep up with demand for the biofuel. (April 23)

Federal tax revenues off 9.3% in March

The federal government collected taxes totaling R$79.6 billion in March, 9.3% less than in March 2012. Total federal tax collections for the first quarter were R$271.7 billion, down 0.48% compared to 2012. Tax exemptions to boost the economy have reduced revenues. (April 29)

Public sector deficit higher in March

The public sector deficit was R$15.9 billion in March, bringing the total for the first quarter to R$31.5 billion (2.79% of GDP); because of falling tax revenues, this was 1.53 percentage points of GDP higher than a year earlier. In March of this year public sector gross debt (for federal, state, and municipal governments and Social Security) reached R$2.7 billion (59% of GDP). (April 30)

Return on highway projects raised

Brazil has raised the rate of return for toll road concession projects, Finance Minister Guido Mantega has announced, providing yet another sweetener for the private sector as government scrambles to boost investment in a sluggish economy. The return has gone up from 5.5 percent to 7.2 percent to encourage competition and participation in the bidding for the concessions, which is expected to start in September. In February Mantega had extended the length of road concessions and improved their financing conditions. (May 8)

INTERNATIONAL

Roberto Azevedo chosen as WTO Director-General

Roberto Azevedo, Brazil's longtime ambassador to the World Trade Organization, was selected over Mexico's Herminio Blanco to be its next director general. Mr. Azevedo, 55, has a record of challenging U.S. and European farm-subsidy policies. He succeeds Pascal Lamy, a Frenchman who led the WTO for the past seven years but was unable to bring the Doha Development Round to closure. It is hoped Mr. Azevedo will be able to preside over a successful round of meetings this year in Bali, Indonesia, and advance the heavily scaled-back Doha talks. It will not be easy. (May 7)



Photo: Valter Wikimedia Commons.

New WTO Director General Roberto Azevedo