ECONOMY

Job vacancies falling

According to data from the Ministry of Labor and Employment, in the first half of 2013 there were 826,168 job vacancies, down 21% compared to the same period in 2012. (July 23)

Consumer and business confidence both down

The consumer confidence decline of 4.1% is linked to high inflation, a rise in interest rates, and concern about employment, as well as the effect of popular demonstrations, according to the FGV Consumer Confidence Survey. The proportion of consumers who see the current state of the economy as good also decreased. (July 23)

The July FGV Industry Confidence Index indicates that the confidence of Brazilian industry also fell 4.0% from June, hitting its lowest point, 99.6, since July 2009. Confidence about current business conditions and expectations for the following months have both deteriorated. (July 31)

June jobless rate highest in more than a year

Brazil's unemployment rate rose in June to 6.0 percent in June, the highest level since April 2012, according to government statistics agency IBGE. This suggests the labor market may be easing slightly. Average wages discounted for inflation fell 0.2% to R$1,869.20 (US$841.98) in June. (July 24)

Less credit, fewer delinquencies

Loan delinquencies in Brazil's banking system fell in June for the first time since March, a sign that the efforts of private banks to slow lending were finally producing results. Loans in arrears for 90 days or more fell from 5.5% of outstanding loans in May to 5.2%. (July 26)

Industrial production up, but automotives down

Brazilian industrial production as a whole rose 1.9% in June, according to IBGE. Compared with June 2012, the increase was 3.1%. For the first half of 2013, it also was up 1.9% compared to the same period in 2012. (August 1) However, in July vehicle production fell by 2.7%, to 312.300 units, according to the National Association of Vehicle Manufacturers. In the first seven months of 2013, vehicle production was 2.2 million, 15.8% above the amount for the same period last year. (August 6)

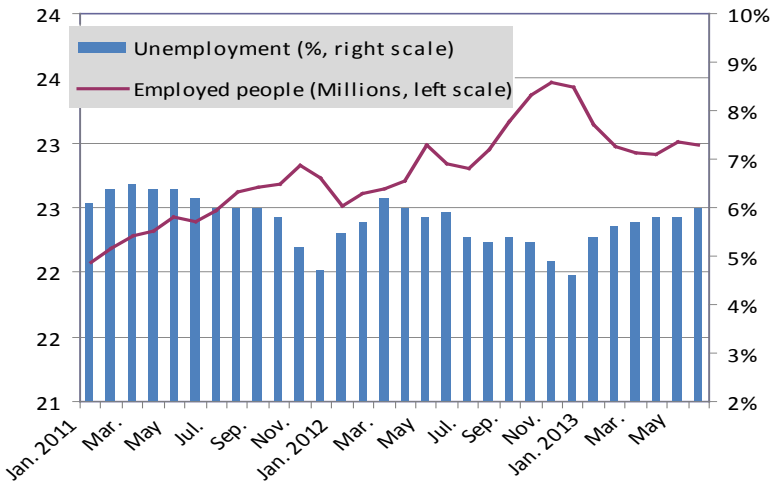
Inflation slows on lower bus fares

Inflation in Brazil braked abruptly in July after authorities in several cities and states rolled back public transport fare increases to quell the largest street protests in decades. The official price index edged up just 0.03 percent last month, the lowest monthly increase since July 2010, IBGE said. Inflation also eased with the fading of the impact of last year's drought in U.S. grain-producing areas. Food prices were 0.33 percent lower in July than in June. (August 7)

Price controls hit Petrobras hard

With the *real* devalued against the U.S. dollar by almost 10% in the first six months of 2013, government-controlled oil company Petrobras has lost an estimated US$1.3 billion because of the difference between prices of petrol and diesel in Brazil and international prices, according to the Brazilian Center for Infrastructure. (August 9)

Brazil's labor market may be easing.



Source: IBGE.

POLITICS

No real responses to popular protests yet

Two months after the national wave of protests triggered by increases in transportation fares, promises of improved public services and greater efficiency in public spending are tied up in red tape, congress went on vacation in July, and proposals for direct popular consultation were ignored as protests subsided in July. Historian Marco Villa says, "Everything is back to normal." He points out that surveys show that the popularity of President Dilma Rousseff is still low, and numerous respondents have no preferences for presidential candidates in the 2014 elections, adding, "Voters are looking for a candidate not from the Workers' Party." (August 11)



Photo: Jose Cruz/Agencia Brasil.

Former Senator Marina Silva

Rousseff popularity up, but the election is not a shoo-in

A Datafolha survey on the 2014 presidential election shows President Dilma Rousseff regaining some voter popularity, but probably not enough for her to win in the first round. Although the survey showed that former Senator Marina Silva, who has since resigned from the Green Party, has benefited most, Silva has struggled to create her own party. The ratings found were Rousseff (Workers Party, PT) 35% of the vote, Silva 26% , Aécio Neves (PSDB) 13%, and Eduardo Campos (PSB) 8%. (August 10)

ECONOMIC POLICY

Can spending cuts boost fiscal credibility?

The federal government has cut another R$10 billion (US$4.5 billion) in budgeted spending for 2013, officials said recently, in an effort to bolster investor confidence in the government's commitment to fiscal austerity. The government had also announced a cut of R$28 billion in May, bringing total cuts for the year to R$38 billion. After two years of aggressive spending President Dilma Rousseff is now trying to convince investors her administration will stick to tough fiscal rules, but spending pressures are building ahead of next year's presidential election, in which she is expected to run, and after the recent nationwide demonstrations in which Brazilians demanded more investment in health and education. (July 22)



Photo: Jose Cruz/Agencia Brasil.

Finance Minister Guido Mantega and Planning Minister Miriam Belchior announce cuts in the 2013 budget.

Transfers to government-owned banks raise federal debt

Federal debt increased in June by R$50.4 billion (US$23 billion), which brought the total to R$1,985 billion (US$902 billion), the National Treasury reported. Contributing to the increase was the issuance of bonds to finance Treasury's cash transfers to the National Bank for Economic and Social Development (R$15 billion) and the federal savings bank Caixa (R$8 billion). (July 24)

Brazil seeks change in how the IMF calculates its debt

Brazil has asked the International Monetary Fund to change how it calculates the government's debt, a move that would cause Brazil to look less indebted. In a letter to IMF Managing Director Christine Lagarde, Finance Minister Guido Mantega said the fund's calculation is "distorted." According to IMF calculations, Brazil's gross government debt is the equivalent of about 68% of gross domestic product. The requested change would reduce that ratio to 58.7%, in line with Brazil's official figures. (July 28)

Import tariff reduction for 100 products

Finance Minister Guido Mantega announced that the government will cut import tariffs on 100 products on which tariffs were increased in September 2012. (August 1)