ECONOMY

Trade sets a record

In 2011 Brazil recorded US$256 billion in exports and a US$29.7 billion trade surplus, thanks to high commodity prices and Chinese demand. Exports to China, which represent 17% of total Brazilian exports, reached US$44.3 billion, more than 43% higher than in 2010. (January 3)

Foreign exchange inflows rose

Despite outflows in the fourth quarter, net inflows for 2011 totaled US$65.3 billion, up from US$24.4 billion in 2010. Central bank foreign exchange reserves rose by US$63.4 billion to US$352 billion. (January 5)

Consumer defaults up

Consumer defaults rose by 22.4% in the first 11 months of this year compared to the same period of 2010, according to Serasa Experian. (December 12)

Retail sales stalled in October

The Brazilian Institute of Geography and Statistics (IBGE) reported that in October retail volumes showed no growth from September. Brazilians reined in spending because inflation nearing six-year highs has eroded their purchasing power, and despite low interest rates households are hesitant to take on more debt. (December 13)

Unemployment falls; income holds steady

Unemployment in Brazil dropped to a 5.2% record low in November. Employment grew 1.9% year-on-year, up from 1.5% in October. However, the real average grew only 0.7% year-on-year. (December 22)

Industrial output sluggish

After three consecutive monthly drops, industrial output in Brazil rose 0.3% in November, but the recovery was not strong enough to signal a solid rebound for an economy that stalled in the third quarter. According to IBGE, November's industrial production fell 2.5% compared with a year earlier. (January 5)

SOCIETY

11.4 million Brazilians live in slums

The 2010 census found that 11.4 million Brazilians, 6% of Brazil's population and equal to the population of Greece, live without public services or urbanization in illegal areas, such as slums, stilt houses, caves, and villages. In the case of basic services, the major difference between slums and legally occupied city areas is the number of houses with adequate sewage systems. (December 21)

INTERNATIONAL

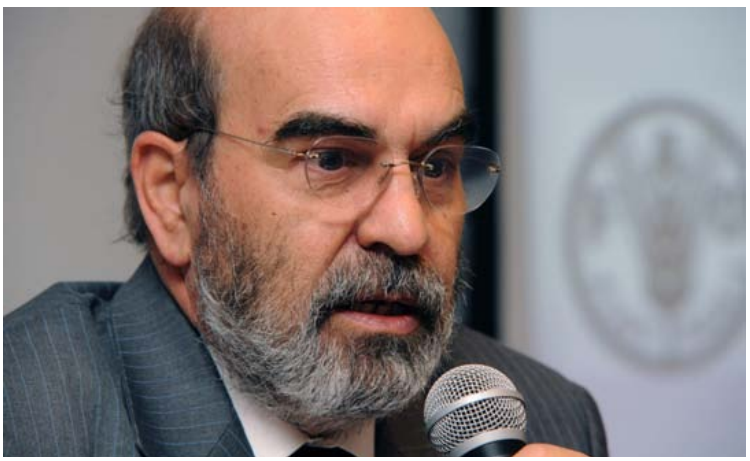


Photo: Elza Fiúza/ABr.

FAO Director José Graziano da Silva

FAO priority: End hunger in Africa

The existence of more than 925 million people suffering from chronic malnutrition does not seem to scare José Graziano da Silva, the Brazilian who is the new director of the UN Food and Agriculture Organization. "As our resources are limited, we will focus on Africa, especially the countries of North Africa. We cannot lose time," Graziano said. (January 1)

U.S. ends surcharge on Brazilian ethanol imports

Pressured by the economic crisis, the U.S. Congress ended a 31-year commercial duty of US$0.54 per gallon on Brazilian ethanol; it expired on December 31. For Brazilian producers, this is the first step toward a global market for ethanol as a commodity. (December 24)

LAW

National Council of Justice powers curtailed



Photo: José Cruz/ABr.

Inspector General of Justice Eliana Calmon

Federal Supreme Court Justice Marco Aurelio Mello suspended the powers of the National Council of Justice (CNJ) to investigate judges, determining that the agency can only act after investigation by local judiciary internal affairs units. The full Supreme Court will review the injunction early in February. Until then, CNJ investigations will be paralyzed. Eliana Calmon, Inspector General of Justice, refuted charges that the CNJ is breaching the confidentiality of judges and Justice employees. (December 19)

DEFENSE & SECURITY

EMBRAER sells aircraft to Indian government

The maiden flight of the first of three EMB 145 Airborne Early Warning and Control aircraft ordered by the Indian government was successful. Brazilian aircraft maker Embraer has a strong presence in the Indian market and counts both the national government and private businesses as customers. (December 6)

Borders: 115 tons of drugs seized in six months

The Strategic Plan for Borders seized 115 tons of marijuana and cocaine between June and December 2011 — 14 times more than in the same period last year. The action plan for 27% of Brazil's borders involves 710 municipalities in 11 states, and 10 neighboring countries. Brazil's vice-president Michel Temer called the results extraordinary. The operations will continue in 2012. (December 15)

Photo: Embraer.



EMB 145 Airborne Early Warning and Control aircraft

ECONOMIC POLICY



Photo: José Cruz/ABr.

Central Bank Governor Alexandre Tombini

Important policy shift signaled

President Rousseff said Brazil would target growth of 5% in 2012 and underlined that the authorities would work to maintain a strong fiscal position that allowed for cutting interest rates to stimulate growth while bringing inflation down. The authorities expect a large external shock, which would allow benchmark interest rates to fall from the current 11 percent into the single digits. (December 19)

Congress approves 2012 budget

After intense negotiations and even exchanges of insults, Congress approved the budget proposal for 2012. As requested by the administration, the budget does not include adjustments for public employee salaries or social security pensions. The situation of retirees was the primary sticking point. It was promised that President Rousseff would discuss a permanent policy of pension readjustment. (December 23)

Inflation target barely met in 2011

The Brazilian Central Bank said today that according to official inflation figures for 2011, current monetary policies were "consistent with declining inflationary pressures." Central Bank Governor Alexandre Tombini said that there are indications of a consumer inflation downward trend in that wholesale price inflation has been declining. The annual official inflation rate of 6.5% hit the upper limit of Brazil's target band under the government's inflation-targeting program. (January 6)