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The May issue of The Brazilian Economy deals with three issues of great relevance: the risks of the return of inflation, the impressive growth of the insurance industry in Brazil, and the rapprochement between Brazil and India.

Inflation, which in 1994 and 1998 decided presidential elections in Brazil will hardly be at the center of the campaign debate this year, but the natural uncertainties related to changes of command in economic policy may bring it to the fore. For economists of the Brazilian Institute of Economics (FGV-IBRE), there has been evidence for some time that inflation target will be above miss the center of the target range in 2010, although by much less than in 2008, when the rate for the consumer reached 6.4%. Increasing interest rates is one of the instruments the government has been resorting to in order to curb domestic consumption.

The insurance industry in Brazil has been experiencing a remarkable boom. The four largest banks Bradesco, Banco do Brazil, Itau-Unibanco, and Santander — have spent the last two years consolidating their insurance activities, restructuring products and operational processes to win over more of the 80 million Brazilians who have checking accounts. The sector's encouraging performance in 2009 should be repeated this year. For the last decade the insurance industry in Brazil has grown more than twice as fast as Brazilian GDP. The sector earned R$107.2 billion (US$60 billion) last year, 11% more than in 2008, despite the global financial crisis.

The visit of Indian Prime Minister to Brazil in mid-April was another step taken by both countries toward closer trade, political and social ties. Despite substantial differences, there are nevertheless important similarities. For instance, both Brazil and India argue that international institutions like the UN Security Council, the International Monetary Fund, and the World Bank must change their structures to more accurately reflect the changes in the world over the last decades.