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Brazil and other emerging economies are once again experiencing some degree of decoupling from the bleak prospects of the developed countries because they have not suffered the real estate bubble or the excessive financial leverage of banks and households that set off the crisis in the developed world. Brazil's partial recovery from the deepest point in the crisis must be celebrated.

This fact has a spin-off: the renewed debate on exchange rate appreciation. If there has in fact been a certain degree of decoupling, a stronger Brazilian currency might be here to stay. As important as decoupling, the appreciated exchange rate is a macroeconomic byproduct of a Brazilian sociopolitical choice — to reduce inequality (promoting higher real wages) — which has been absolutely consistent for the entire 25 years since the country's redemocratization.

One of the most significant aspects of recent developments in the Brazilian banking system after the crisis set off by Lehman Brothers' bankruptcy last September is the expansion of credit by public banks. The governor of the Central Bank, Henrique Meirelles (see the interview in this edition), in a recent address to representatives of the financial sector reported that between September 2008 and February 2009 credit from state-owned banks grew by 15.8% while credit from the large national private banks increased by just 10.8%. Growth of credit from foreign banks, which are more dependent on external funding, was much lower at 3.1%, and credit from small and medium-sized banks actually fell by 6%. During the six-month period total credit grew 6.8%.

This expansion of the public financial sector, together with good performance in other indicators, led the public savings bank, Caixa Economica Federal, to be chosen the Best Financial Conglomerate in the country in the IBRE awards for the best financial institutions. In the retail banking segment Itaú bank was elected the best. Among foreign banks in the specialist category, the Deutsche Bank won, and CR2 Bank was the best among small and medium banks. To achieve these results, the Center for Finance Studies of Fundação Getulio Vargas in São Paulo improved the methodology for awarding the prizes, after consultations with banks and financial analysts.