Consumer confidence stable

After increasing for five consecutive months, the FGV Consumer Confidence index (ICC) has leveled off at 112, above its historical average of 107 points. Although the assessment regarding the financial situation is considered the best in the last 10 months, consumers seem guardedly optimistic about the direction of the Brazilian economy in the short term. The increase in the minimum wage and the adjustment of civil servant pay has facilitated the rebound of the economy by promoting higher household consumption.

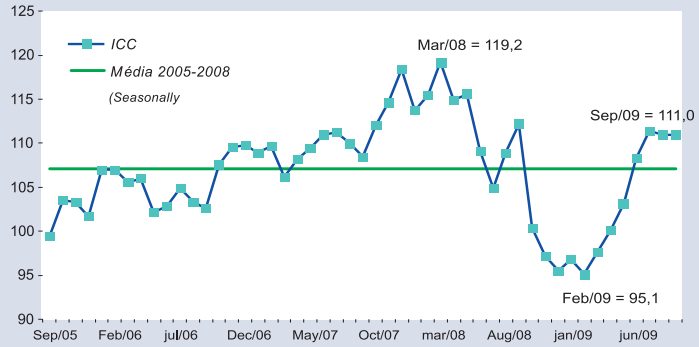
Industrial production rebounds

There are several signs that the Brazilian economy is recovering at full speed. Second-quarter seasonally adjusted GDP growth of 1.9% was much higher than expected. Industry has already recovered about half of its 20% loss in production from the precrisis peak to the lowest point. Labor market developments have also been positive: unemployment declined for four consecutive months to 8 percent.

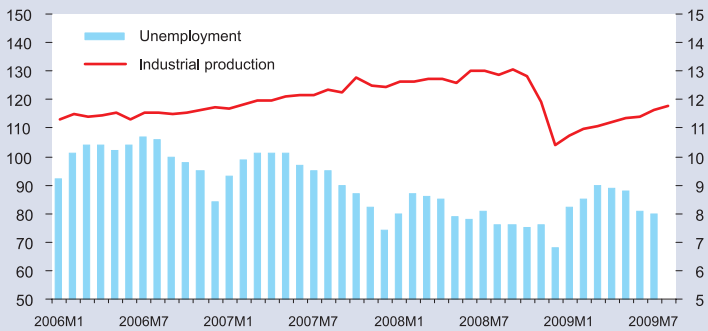
Slow recovery of tax revenues

Federal government tax revenues have been hit hard by the downturn in economic activity. From January to August, adjusted for inflation, gross revenue fell 10.2% over the same period last year. Income tax, which represents the largest portion of the collection, was the least affected, suffering a decline of just 5.7%, because employment is recuperating and income has been maintained by the government fiscal stimulus. The tax on industrial products (IPI) fell by 28.5% because of numerous tax exemptions to stimulate consumption. Because of lags in tax collection and extension of deadlines for tax collection authorized by the Ministry of Finance at the height of the crisis, the reaction of tax revenues to the resumption of production should take several months.

Consumer confidence index has leveled off, indicating that consumers are cautious

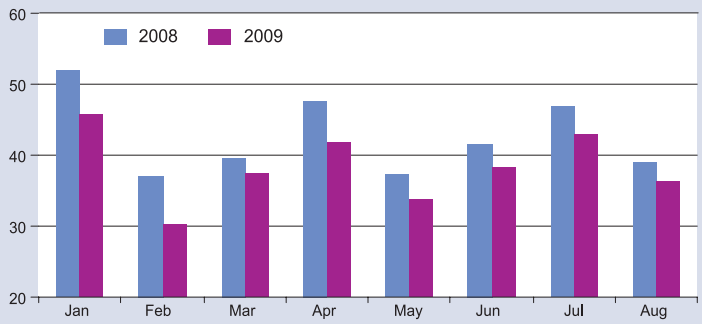


"V" shaped industrial recovery

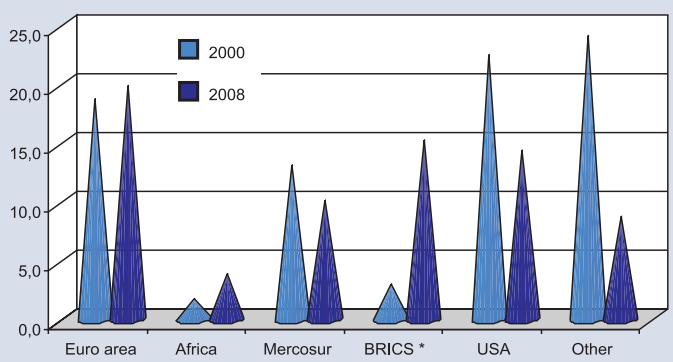


Souce: IBGE.

Tax revenues are recovering slowly



Brazilian exports by market (percent of total)



Brazil — Changing trade patterns

Between 2000 and 2008, the shares of Russia, India and China in Brazil's exports grew significantly, while at same time the US share declined and the euro area remained about the same. Brazilian exports to Africa also increased. Mercosur's share in Brazil's exports declined in part due to Argentina's protectionism and the recession that hit member countries in the second half of 2008.

For additional series and methodology contact: Industry and consumer surveys: (55-21) 3799-6764 or sondagem@fgv.br; Price indexes and data bank services: (55-21) 3799-6729 or fgvdados@fgv.br.