ECONOMY

Current account deficit up again

Brazil posted a current account deficit of US$6.0 billion in July, the central bank said Friday, almost double the June deficit of US$3.3 billion. The cumulative 12-month deficit through July totaled US$78.39 billion, 3.45% of Brazil's GDP. However, foreign direct investment went up from US$3.9 billion in June to US$5.9 billion, for a 12-month total of US$64 billion. (August 22)

Brazil now in technical recession

Second-quarter economic output, GDP, fell by 0.6%, worse than analysts expected, and revised figures for the first quarter now show a fall of 0.2%. A recession is usually defined as two consecutive quarters of contraction. (August 29)

Industrial output snaps five-month slump

Brazilian industrial output rose slightly in July after five months of declines. Output at factories and mines rose a seasonally adjusted 0.7 percent, government statistics agency IBGE said. Production had fallen 1.4% in June from May, partly due to the World Cup. Capital goods production jumped 16.7% in July, and intermediate goods such as textiles and chemicals retreated 0.3%. Durable consumer goods, such as furniture and home appliances, rose 20.3%. However, July production was down 3.6% from July 2013. (October 2)

Inflation accelerated in August

The monthly inflation rate picked up speed in August, breaching the upper limit of the central bank target range of 2.5–6.5%. Consumer prices rose 0.25% in August after going up only 0.01% in July; 12-month inflation edged up to 6.51% from 6.50% in July. The main culprit for August inflation was higher electricity rates in many cities. (September 5)

ECONOMIC POLICY

Central government has record July deficit

Despite government promises to improve the fiscal balance, the National Treasury reports the central government ended July with a record deficit of R$2.2 billion—the worst performance for the month in 17 years. The surplus for January through July of R$15.2 billion, 0.52% of GDP, was down 60% from the same period last year. (August 29)

Policy rate unchanged at 11%

As expected, the central bank Monetary Policy Committee voted unanimously to keep the policy interest rate at 11%. The October presidential elections may have been a factor in retaining the interest rate; the central bank governor usually changes when a new government takes office. (September 3)

THE 2014 ELECTION

Candidate's death shakes presidential campaign

Former governor of Pernambuco and presidential candidate Eduardo Campos died in a plane crash on August 14 at the coastal city of Santos. The death, which occurred barely 50 days before the elections, may change the outcome of elections and the future of the economy. Brazilians mourned the death of Mr. Campos—grandson of a famous leftist politician, Miguel Arraes—who promised a new way to do politics and a more inclusive society.

The centre-left PSB party asked Marina Silva, Mr. Campos's running mate, to take over as candidate. Analysts believe she may have a better chance of unseating President Dilma Rousseff. However, as a principled environmentalist and a staunch evangelical, Ms. Silva may struggle to win over the country's powerful farming lobby. Although she is committed to macroeconomic stability, she has as yet said little about her likely economic policies.

Unlike Mr. Campos, former governor of the north-eastern state of Pernambuco who was just becoming known nationally, Ms. Silva already has wide support after coming third in Brazil's 2010 elections with almost 20% of the vote. She will probably take votes away from Ms. Rousseff, but also have enough backing to knock pro-business centrist Aécio Neves out of the election in the first round. (August 14)

Neves says his team has "more experience"

Launching his program for the Northeast region in Salvador city, presidential candidate Aécio Neves (PSDB) touted the experience of his advisors and sought to position himself as a safe option to the PT government. "We have a number of projects discussed widely with the