ECONOMY

Petrobras releases its financial statements

State-oil company Petrobras has released audited financial statements for 2014Q3 and 2014Q4 that include write-downs amounting to R$50.8 billion (US$16.9 billion): R$6.2 billion in losses directly from the corruption scandal and R$44.6 billion from delayed projects and lower global oil prices, among other factors. The result was a net loss of R$21.6 billion in 2014. Petrobras Chief Executive Aldemir Bendine said that the corruption-related provisions were "conservative," adding that revisions could be possible if prosecutors uncover more wrongdoing. The company is slashing its capital spending to US$29 billion this year and US$25 billion for 2016, down from the planned annual average of US$44.2 billion. (April 22)

Consumer confidence rises in April

Consumer confidence rose by 3% to 85.6 in April, the first increase of the year, the Getulio Vargas Foundation (FGV) said. However, it was far below the historic average of 113.4 points. (April 27)

Unemployment rises, incomes fall

Unemployment rose in March for a third consecutive month, to 6.2%, up from 5.9% in February, the government statistics agency IBGE said. The number of unemployed, 1.5 million people, is 280,000 more than a year ago. Last year closed with 4.8% unemployment, the lowest level since 2002. In March the average wage fell by 2.8% month-to-month, to R$2,135, and 3% year-on-year. (April 28)



Photo: Marcelo Camargo / Agência Brasil

Petrobras CEO Aldemir Bendine

IBRE 2015 GDP forecast goes negative

The Brazilian Institute of Economics (IBRE) of the Getulio Vargas Foundation revised its forecast of Brazil's growth to negative 1.2% in 2015 and 0.5% in 2016, down from its January forecast of positive 0.6% this year and 1.5% next. Substantial fiscal and monetary tightening is causing a contraction in economic activity as business conditions worsen because of high inflation, exchange rate depreciation, and plunging confidence. (April 29)

Industrial production fell in March

Industrial production declined 0.8% month-on-month in March and 5.9% quarter-on-quarter, the government statistics agency IBGE said. The decline was widespread in the first quarter: Capital goods were hit hardest at 18%; intermediary goods production slid 2.8%, and durable consumer goods fell 16%. (May 6)

Monthly inflation eases

The consumer price index rose 0.7% month-on-month in April, down from 1.32% in March, statistics agency IBGE said. However, in the 12 months through April, consumer prices rose 8.17%, far above the government's inflation target of 6.5%. Food prices slowed their increase to 0.97%, from 1.17% in March, but still contributed most to the month's inflation rate. (May 8)

INFRASTRUCTURE

Federal sanitation targets unattainable

At its current pace, Brazil will take 129 years to meet federal targets for universal sanitation, according to the TrataBrasil Institute, which assessed sanitation in the 100 largest cities. The institute found that 39% of the nation's sewage is currently treated, 0.3% more than last year; sewage collection increased by just 0.3%, and is available to 48.6% of the population; and the share of the population with access to treated water fell by 0.2%, to 82.5%. The National Basic Sanitation Plan aims for universal sanitation by 2033. (April 28)

POLITICS

President Rousseff approves more political funding

President Dilma Rousseff has approved the Federal Government Budget of 2015 without vetoing the proposal that tripled the amount of money for funding political parties. Parties saw donations from private companies dry up after investigations of corruption at the state-oil company Petrobras, and contractors have told the parties that they will not donate for next year's municipal elections. The government had originally earmarked R$289.5 million (US$95 million) for the fund, but Congress raised that to R$867.5 (US$286 million). (April 21)

Lower house okays some fiscal adjustment

In a close vote, the House of Deputies approved a watered-down version of a bill to cut unemployment benefits in a tense victory for President Rousseff's efforts to cut the deficit and restore investor confidence. Leaders in the president's Workers' Party refused to pass a reduction in social welfare benefits that would have saved R$9 billion (US$2.9 billion) this year. Instead, the House passed a version of the bill that reduced estimated savings by at least R$2 billion. Lawmakers voted 252-227 for the bill, which toughens conditions for jobless Brazilians to gain access to welfare and unemployment insurance. The bill put Rousseff at odds with Brazil's largest labor union and members of the Workers' Party. May 7)

ECONOMIC POLICY

Central government primary balance surplus falls

Central government, which covers the Treasury, Social Security, and the Central Bank, had a primary balance surplus of R$4.5 billion in the first quarter, the lowest in 17 years. The result is 66% lower than in the first quarter of 2014. While revenues presented in the first three months of the year grew by only 2.9%, spending grew by 6.8%. The government's primary balance surplus target for 2015 is R$55.2 billion. (April 29)

Finance Minister pushes austerity measures

The government's austerity measures need to be fully implemented as soon as possible if Brazil is to resume growth, Finance Minister Joaquim Levy told a House of Deputies hearing. He said the economy is decelerating due to declining commodities prices, adding, "The economic adjustments won't disrupt growth. Actually, we are implementing those changes



Photo: Elza Fiuza, Agência Brasil

Minister of Finance Joaquim Levy

because the country's expansion was decelerating." He went on, "The first step is to recover investors' confidence. If there is no confidence, the entire economy suffers. With these [fiscal adjustments] we can return to the path of expansion." The minister has pledged to achieve a primary surplus—a measure of government savings before interest payments—equal to 1.2% of gross domestic product; 2014 saw a primary deficit of 0.6%. (April 29)

Interest rates up again

To convince investors that the government is serious about curbing inflation despite fears of a recession, the central bank monetary policy committee raised the interest rate by 50 basis points to 13.25%, the highest since December 2008. While most major economies have cut rates to shore up growth, Brazil has raised them by 225 basis points in the past six months. Inflation expectations remain high but some price pressures are easing. (April 29)

PUBLIC HEALTH

Dengue fever cases surge

Brazil has registered nearly 746,000 cases of mosquito-borne dengue fever this year with nine states experiencing an epidemic. Nationwide there were 235% more cases than in the same period (January 1 to April 18) last year. Relaxed prevention and an increase in home water storage have been blamed. The mosquito that carries the virus breeds in containers of clear stagnant water. (May 5)