



BRAZILIAN
AMERICAN
CHAMBER OF COMMERCE, INC.

Brazil in Numbers

John H. Welch
Executive Director
7 October 2021

Brazil: Data tells us that

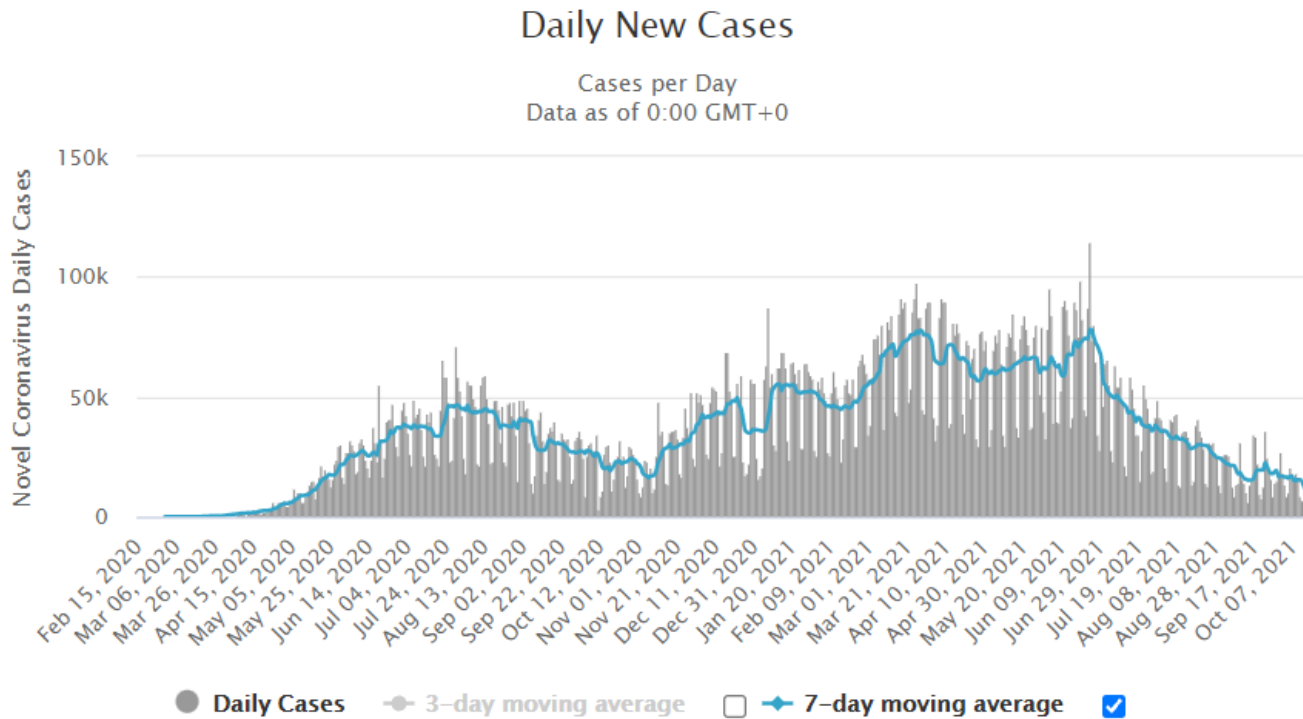
- Brazil's infection and mortality trajectory is on the decline.
- Brazil has vaccinated more over 70% of its population with at least one dose, higher than the average for the world, Asia, United States, South America and is very close to the average for North America and Europe.
- Growth is recovering quickly, like most parts of the world.
- Inflation has accelerated but nontradable goods and service inflation rates is lower than headline.
- Anticipating nontradable goods price pressure, the Banco Central do Brasil has started tightening.
- Fiscal accounts have improved significantly, with Brazil achieving net of interest surpluses for the first five months 2021 after registering surpluses in a couple months in 2020.
- Net debt and gross debt to GDP ratio to decline recently and remain firmly under 100% of GDP.
- Lower nontradable inflation with high tradable inflation – due to high USD/BRL and commodity prices – means that Brazil has achieved an unprecedentedly weak real exchange rate with relatively low inflation.

Covid-19

Brazil: Daily new cases declining

$R << 1$

Daily New Cases in Brazil

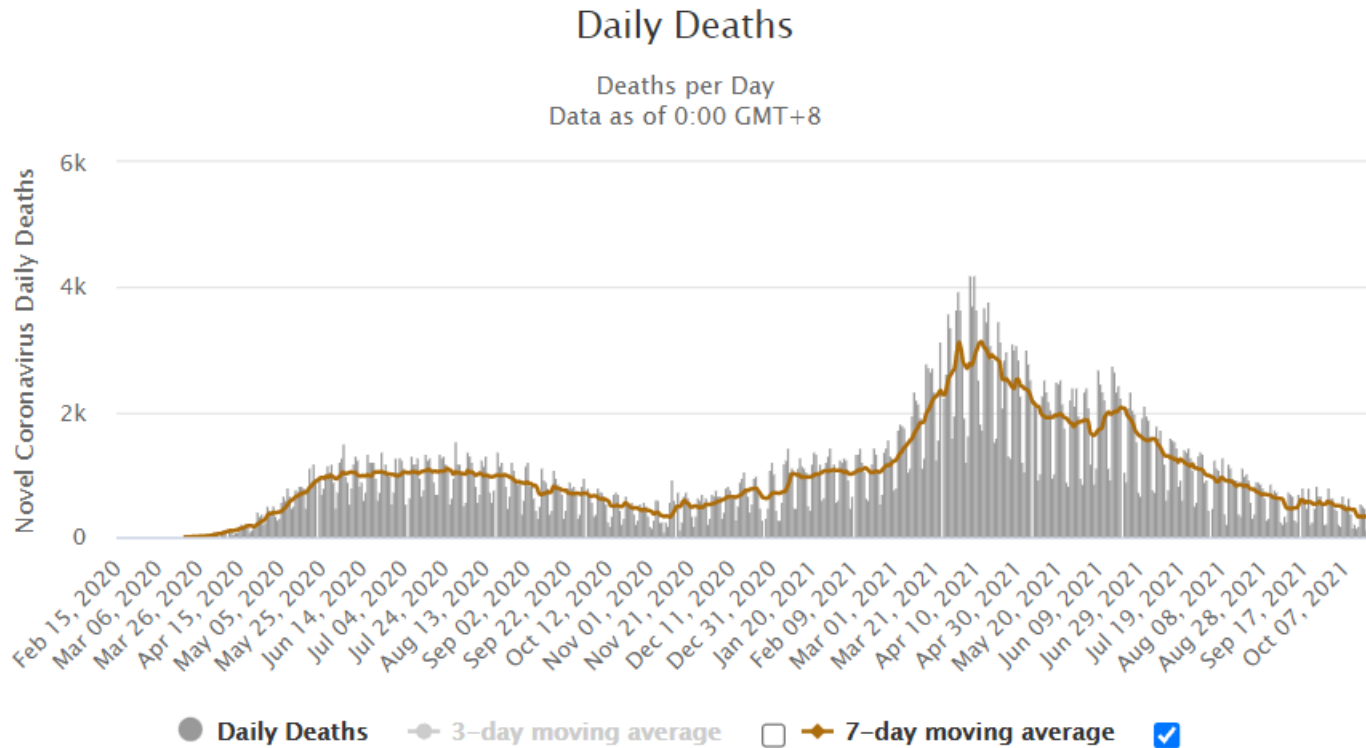


Source: Worldometers

Brazil: Daily deaths declining

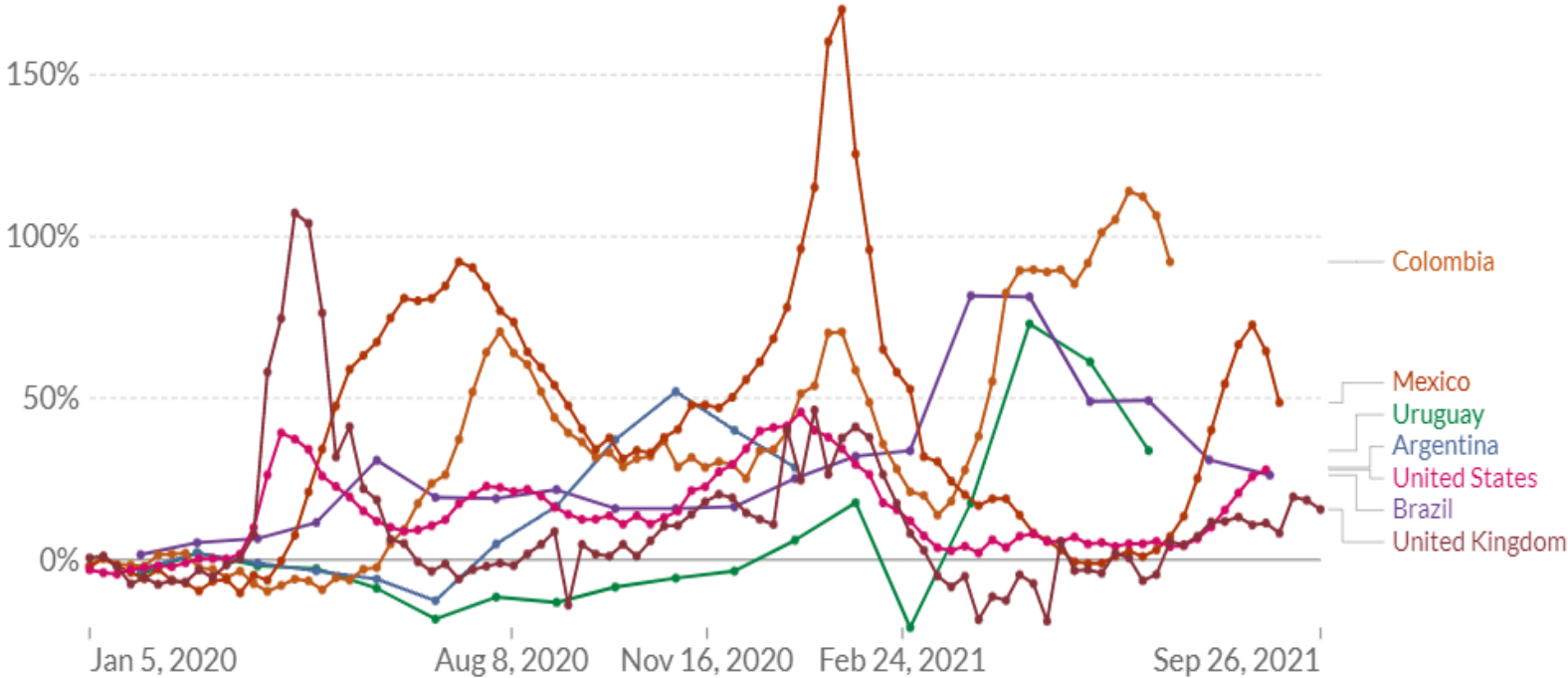
$R < 1$

Daily New Deaths in Brazil



Brazil: Excess mortality falling

Best gauge of pandemic severity



Source: Human Mortality Database (2021), World Mortality Dataset (2021)

OurWorldInData.org/coronavirus • CC BY

Note: Comparisons across countries are affected by differences in the completeness of death reporting. Details can be found at our Excess Mortality

Source: Source: Oxford University

Vaccinations

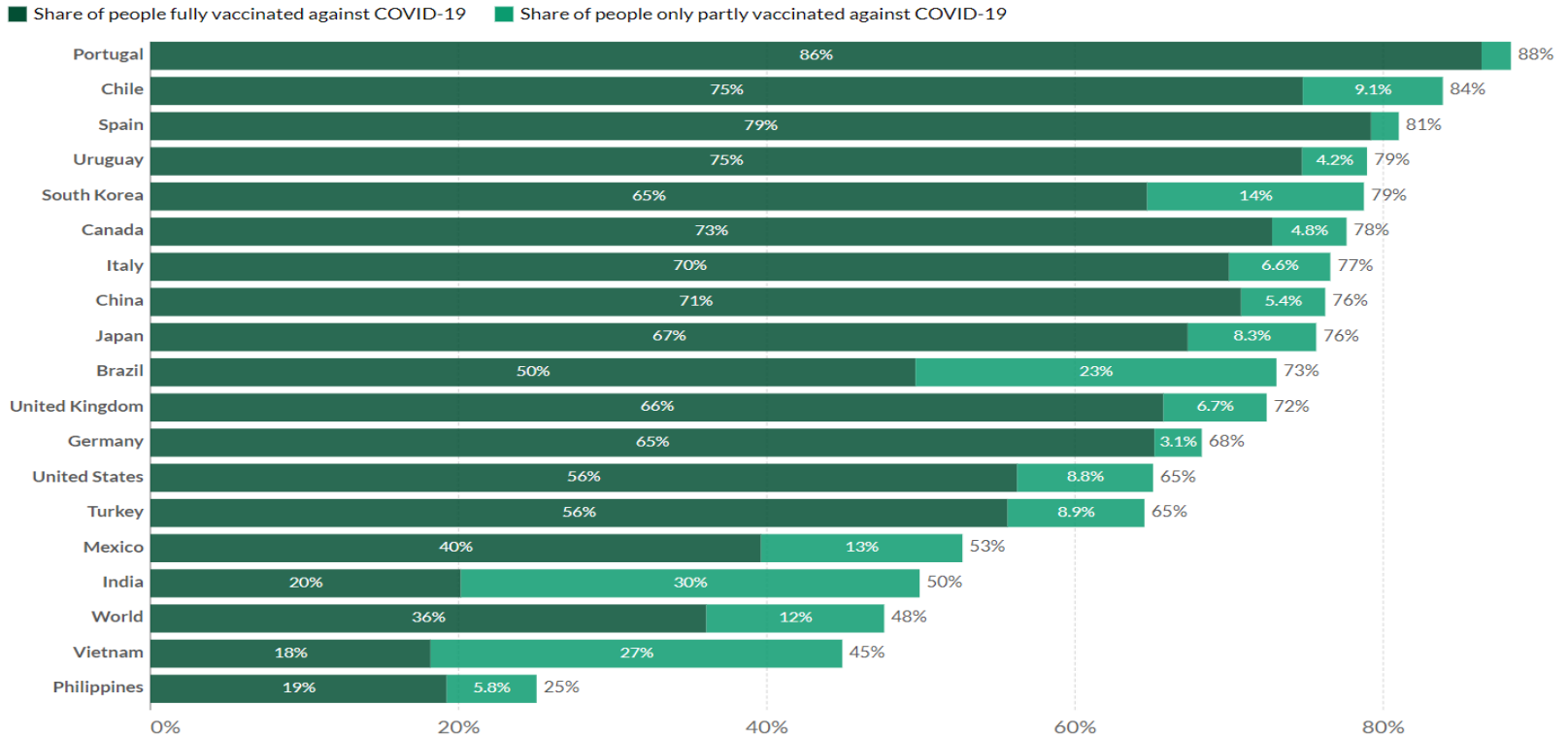
Brazil: Vaccination Rates

Brazil at 73% of population with at least 1 dose



Share of people vaccinated against COVID-19, Oct 17, 2021

Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.



Source: Official data collated by Our World in Data. This data is only available for countries which report the breakdown of doses administered by first and second doses in absolute numbers.

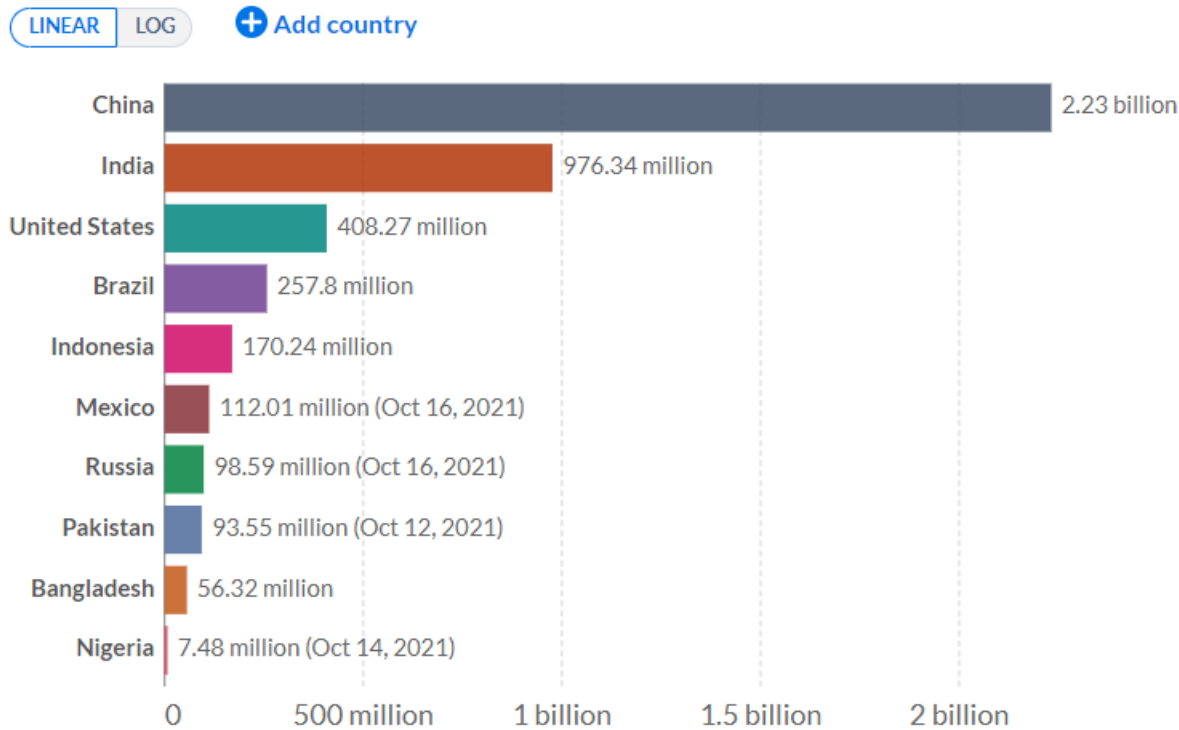
CC BY

Brazil: Vaccination Rates

Brazil: 258 billion with at least 1 dose

COVID-19 vaccine doses administered, Oct 17, 2021

For vaccines that require multiple doses, each individual dose is counted. As the same person may receive more than one dose, the number of doses can be higher than the number of people in the population.

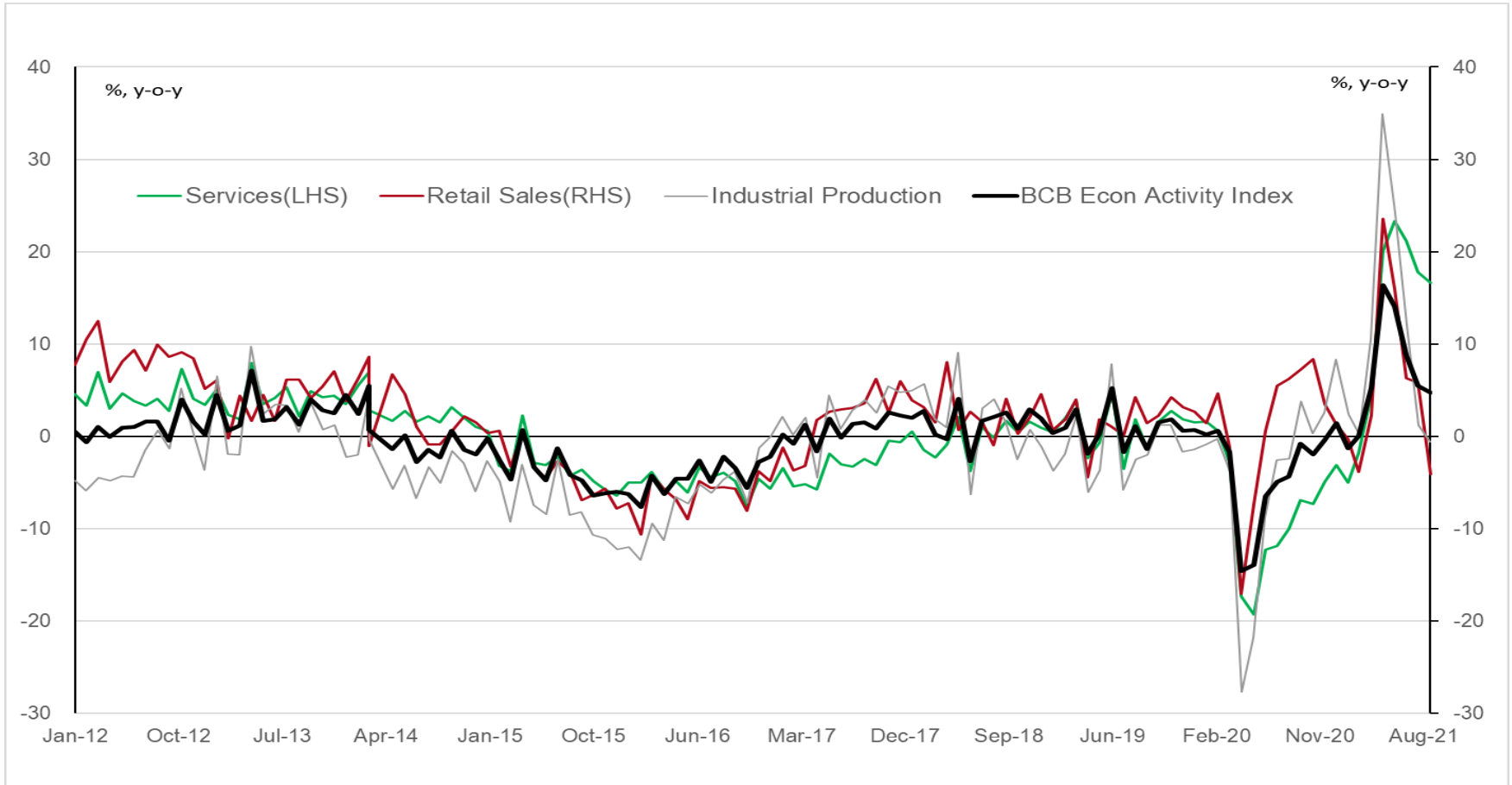


Source: Official data collated by Our World in Data - Last updated 18 October 2021, 10:20 (London time)

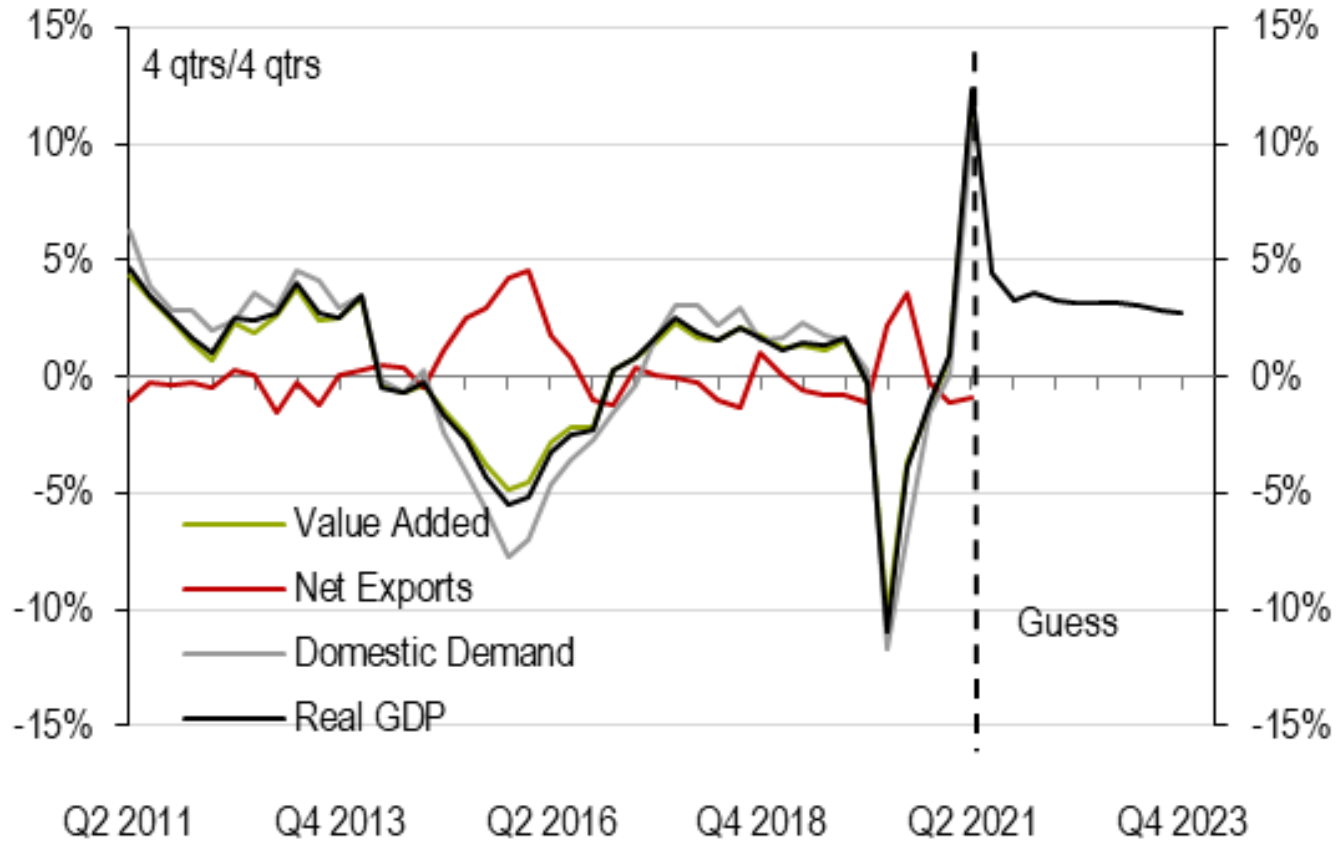
Economic Activity Recovering

Brazil: Vs up and down

Base effects dominate



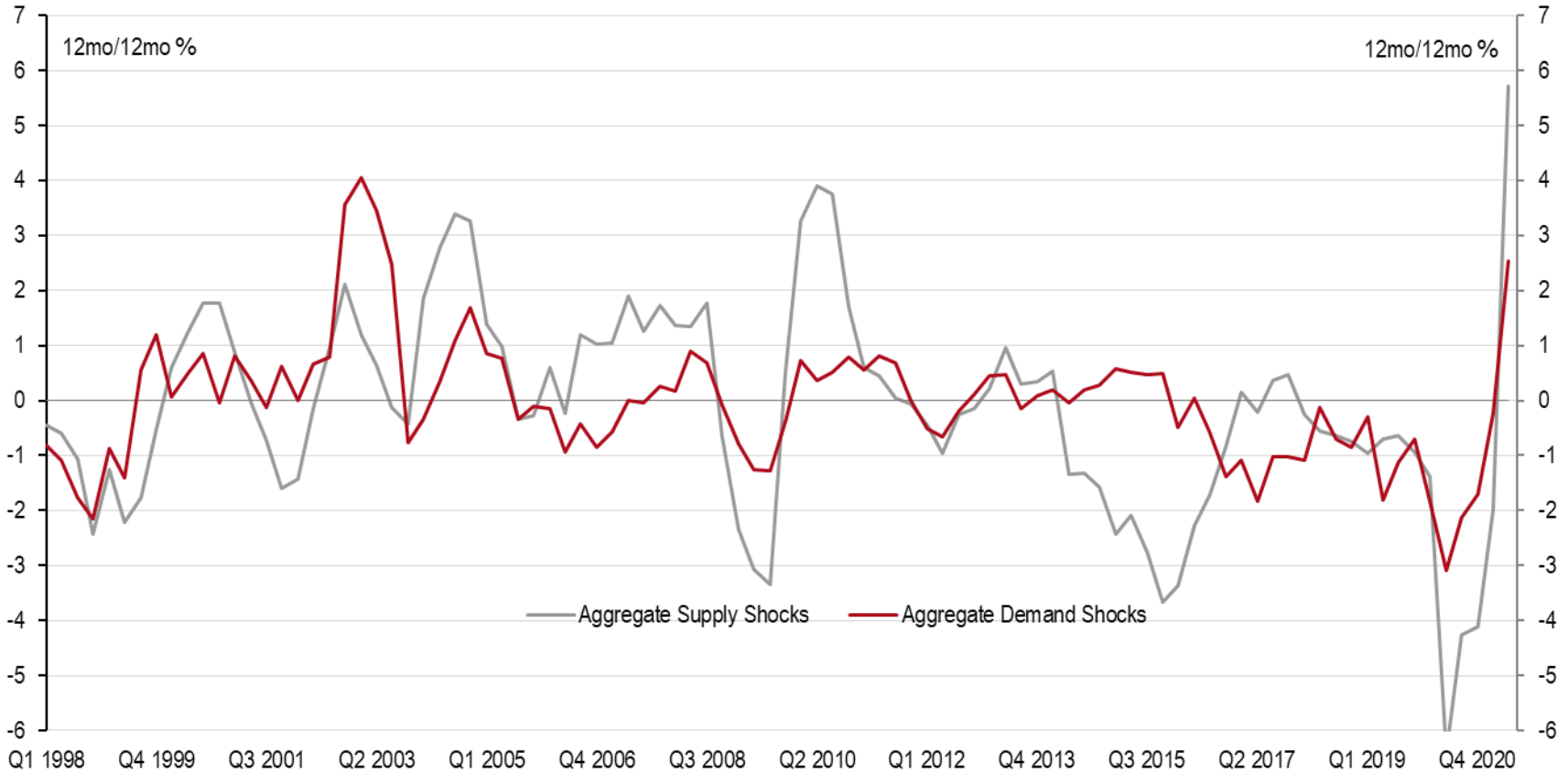
Brazil: 2Q Real GDP numbers surged



Source: Banco Central do Brasil, IBGE, and REM Inc.

Brazil: Aggregate demand and supply recovering

As usual, supply side shocks are larger

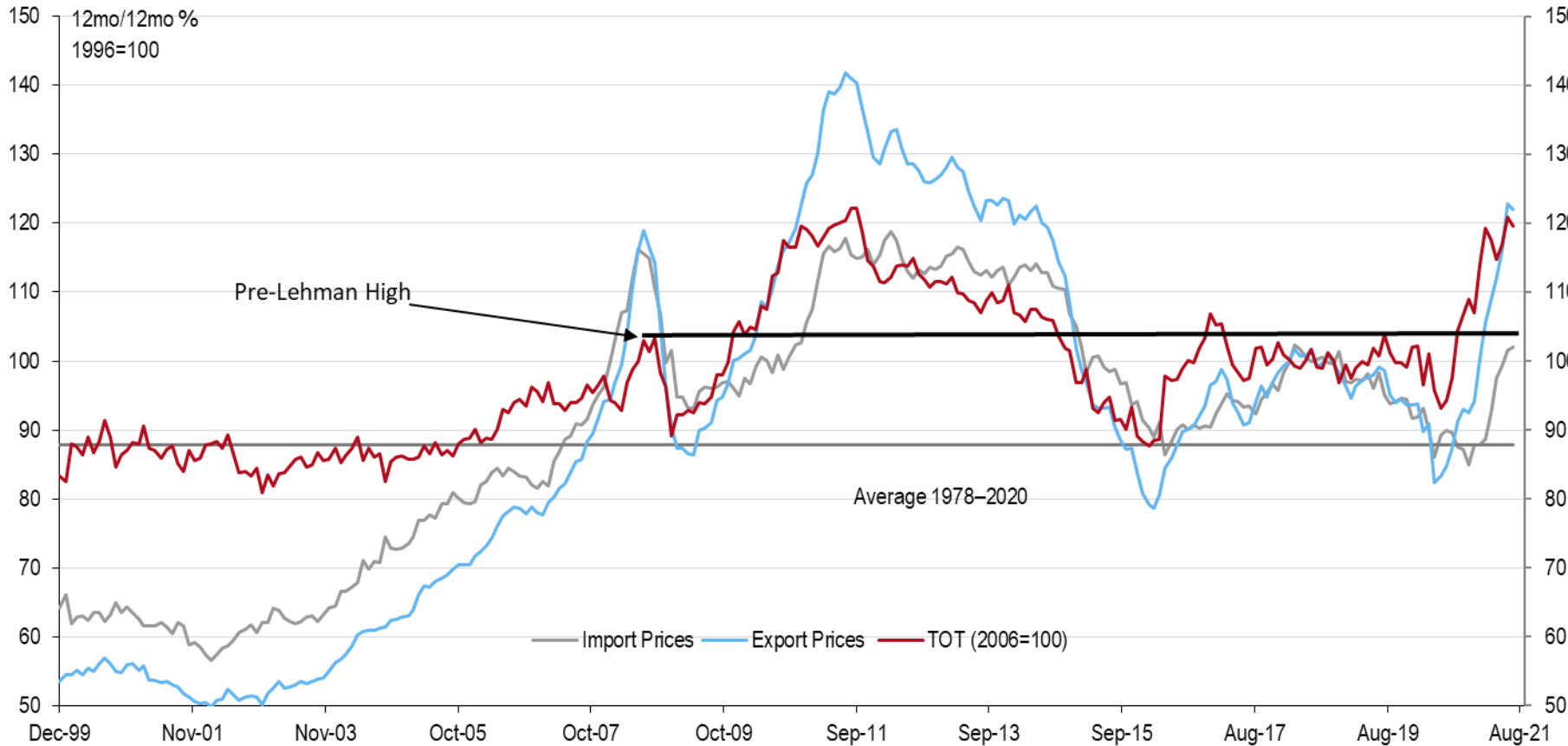


Source: Banco Central do Brasil, IBGE, and REM Inc.

Huge Positive Terms of Trade Shock

Brazil: Terms-of-trade surged.

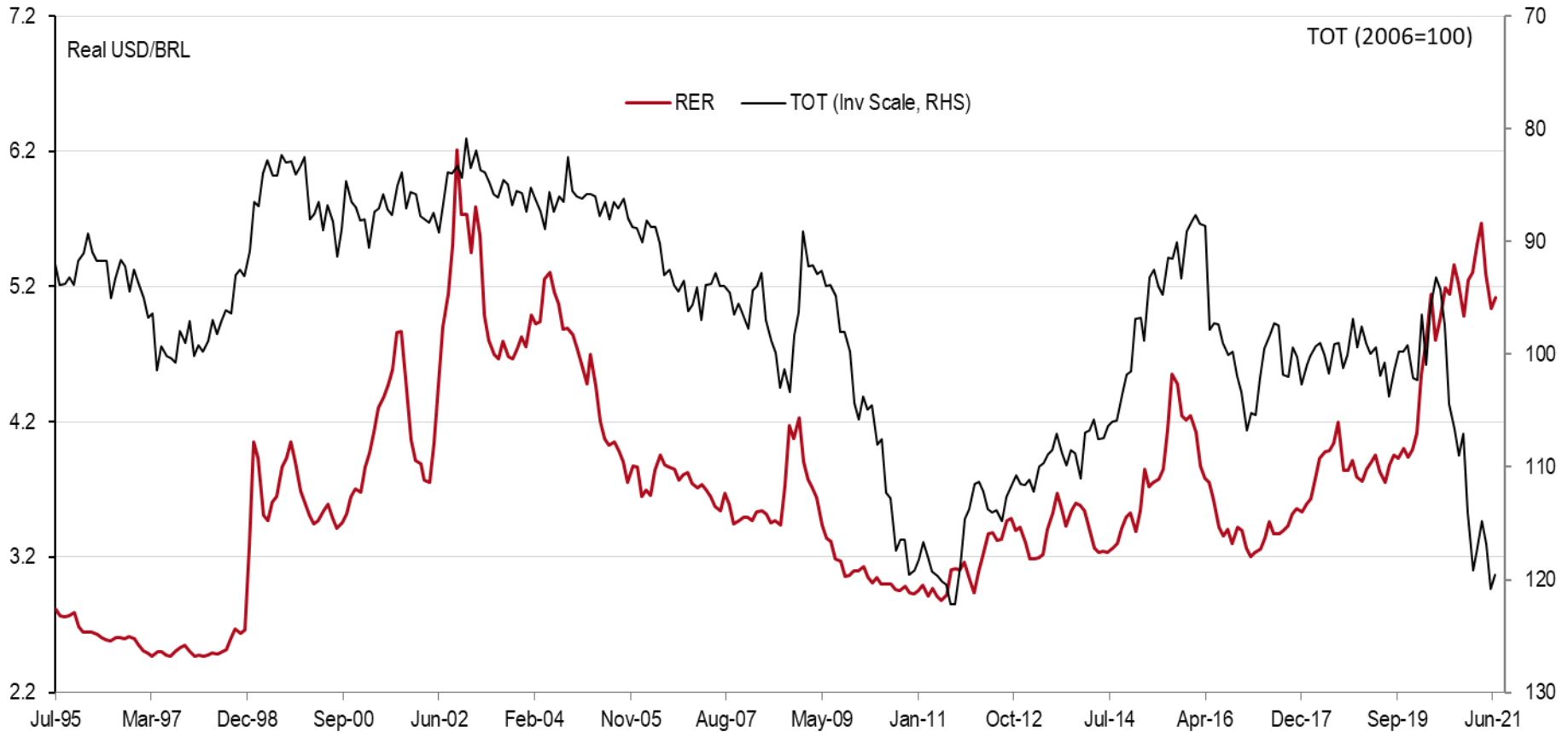
Don't forget import prices – 40% commodities



Source: CAMEX, Banco Central do Brasil, IBGE, and REM Inc.

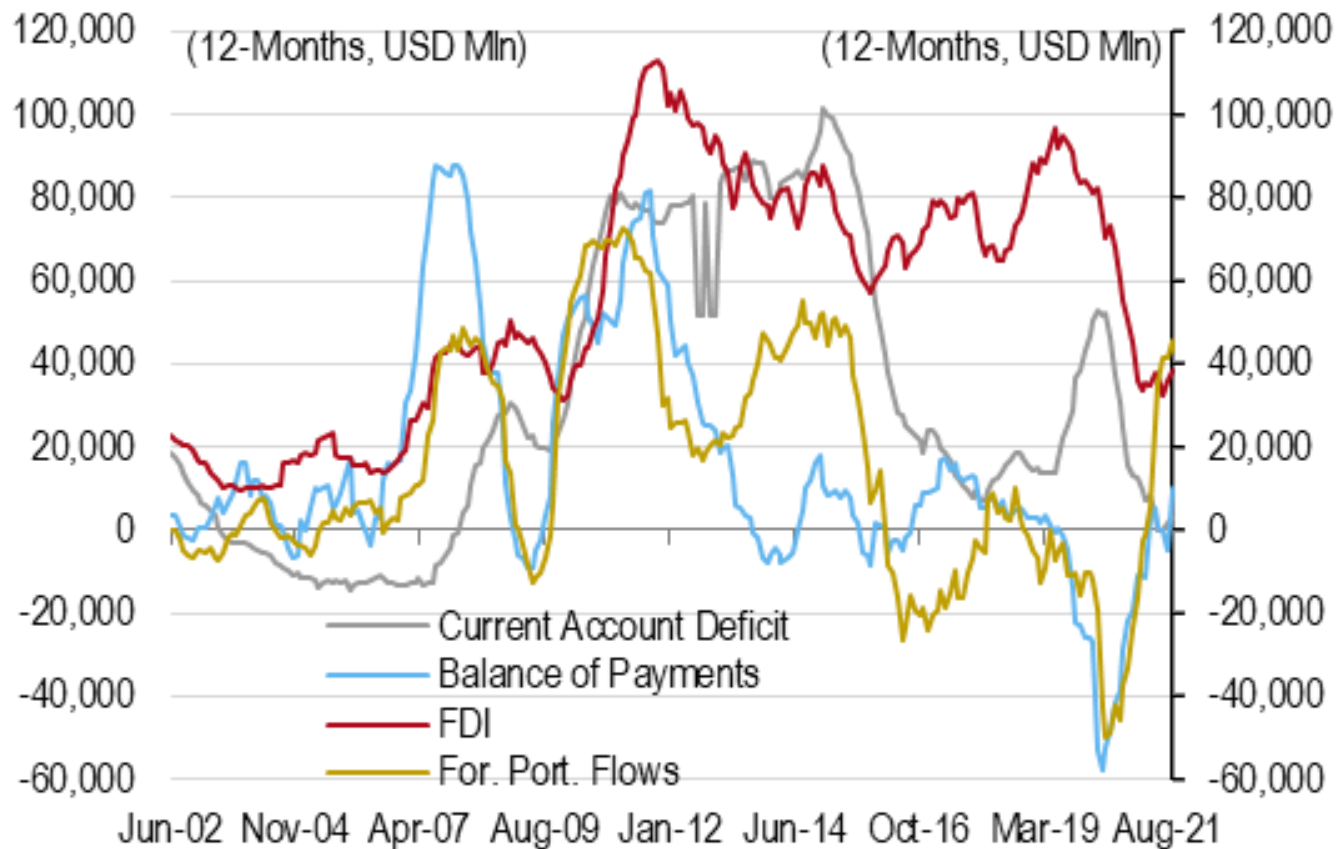
Brazil: Oddly, The Real USD/BRL has weakened not strengthened...

Don't forget import prices – 40% commodities



Source: CAMEX, Banco Central do Brasil, IBGE, and REM Inc.

Brazil: ...pushing the current account to surplus but FDI stumbles



Inflation Rising

Brazil: Headline inflation takes off as well as some core measures

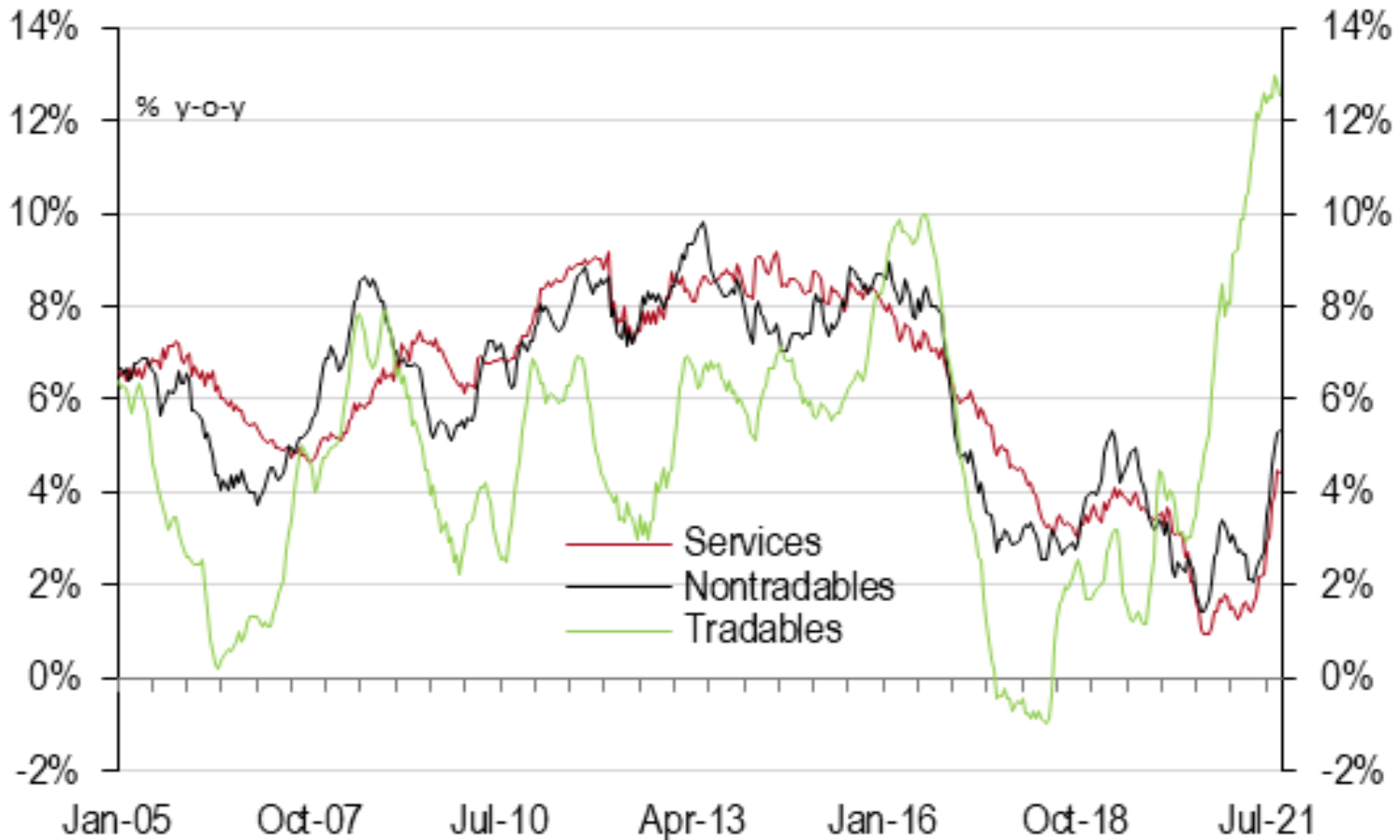
Is the BCB behind the curve?



Source: Banco Central do Brasil, IBGE, and REM Inc.

Brazil: But nontradable goods inflation remains more moderate

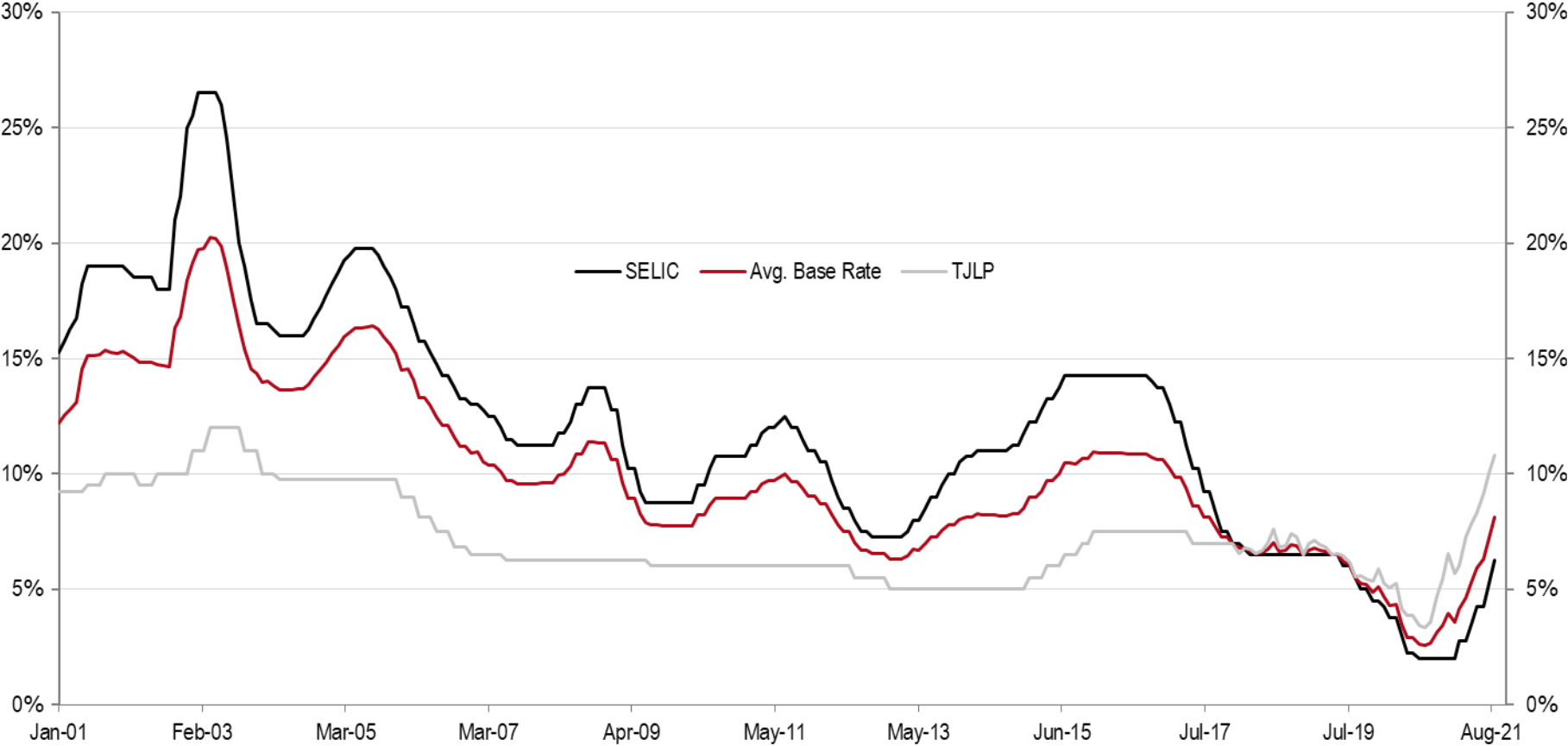
Low nontradable inflation is starting to rise as services start to recover



Source: Banco Central do Brasil, IBGE, and REM Inc.

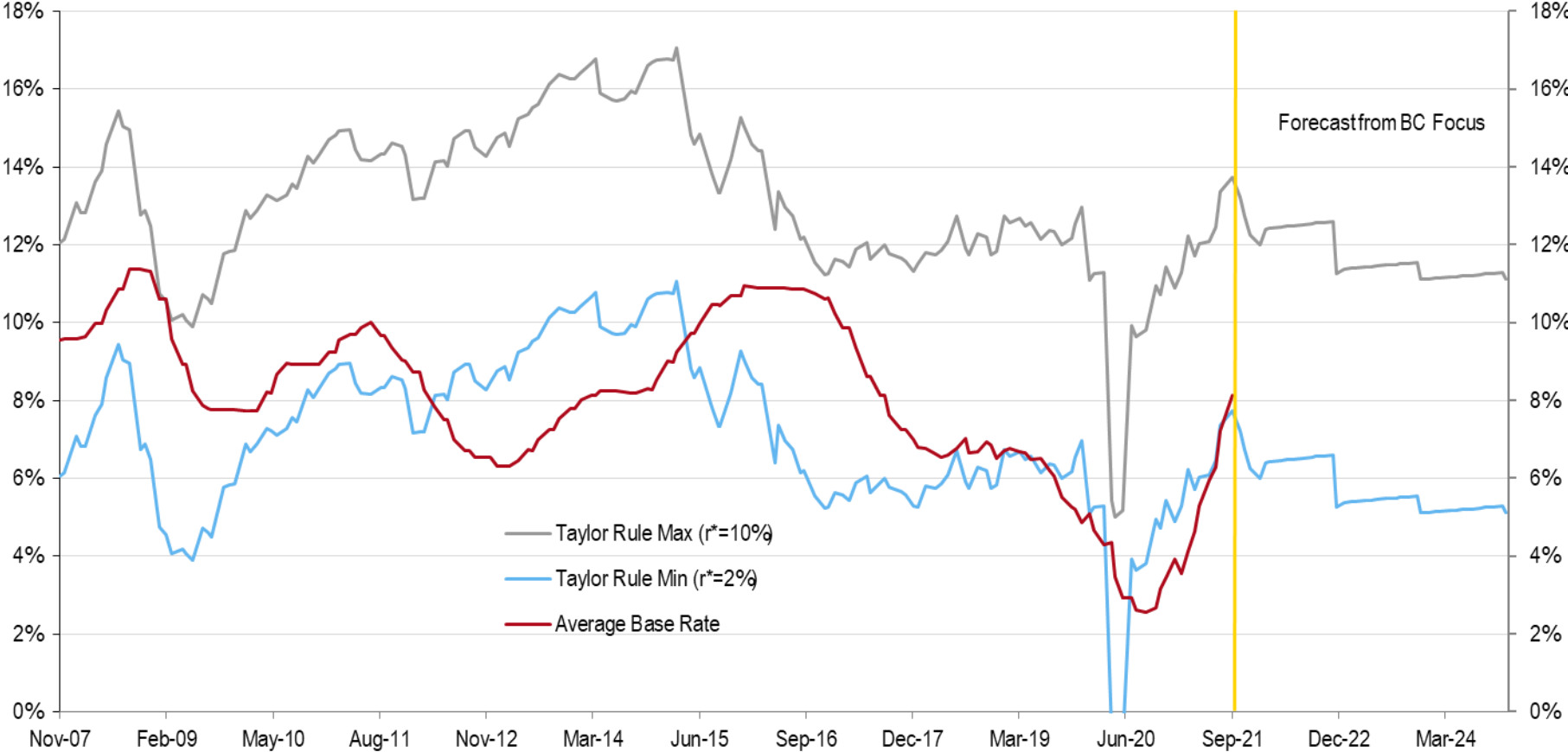
Brazil: Segmented financial system no more

The average base rate is now above the SELIC



Source: Banco Central do Brasil, IBGE, and REM Inc.

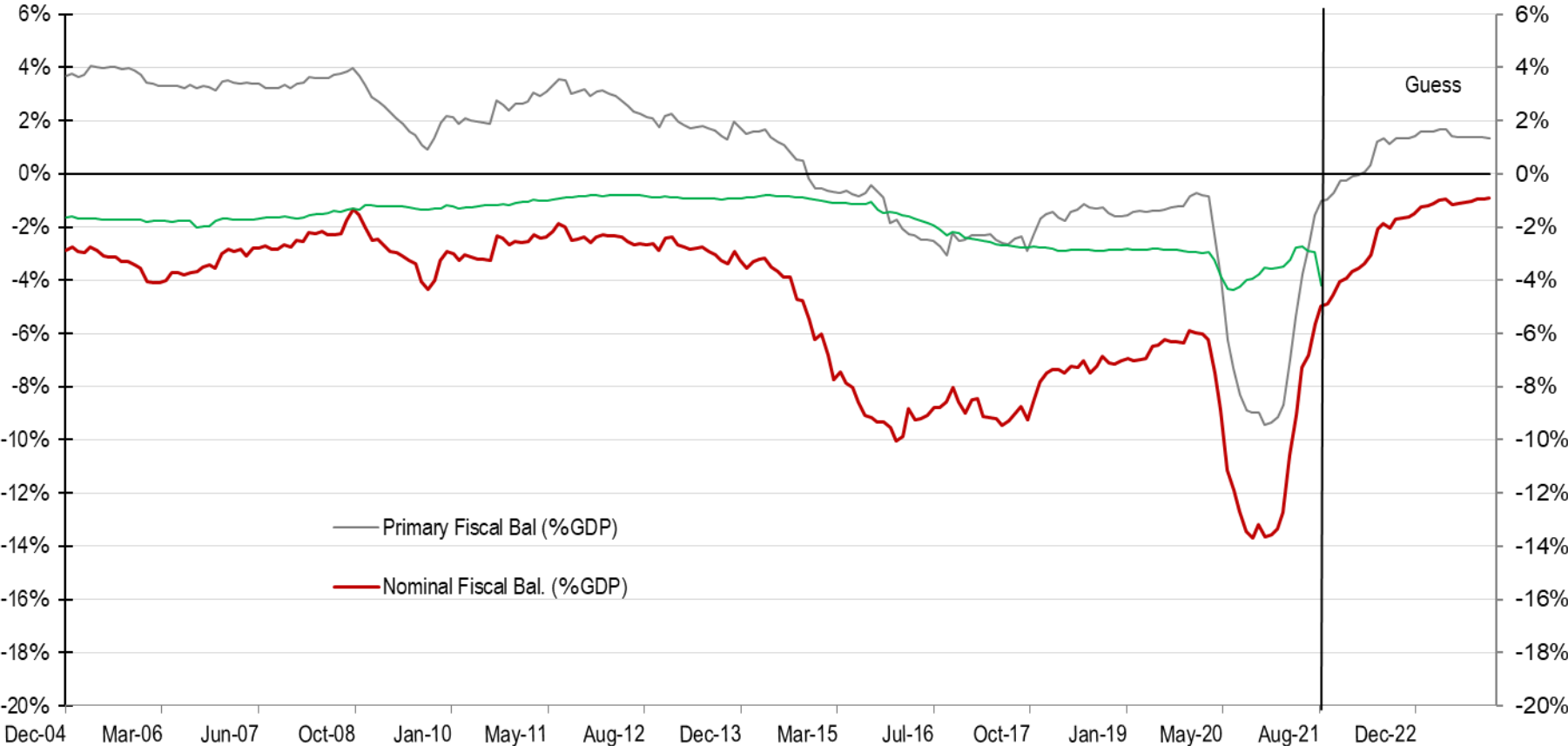
Brazil: Monetary conditions are tightening



Source: Banco Central do Brasil, IBGE, and REM Inc.

Fiscal Accounts

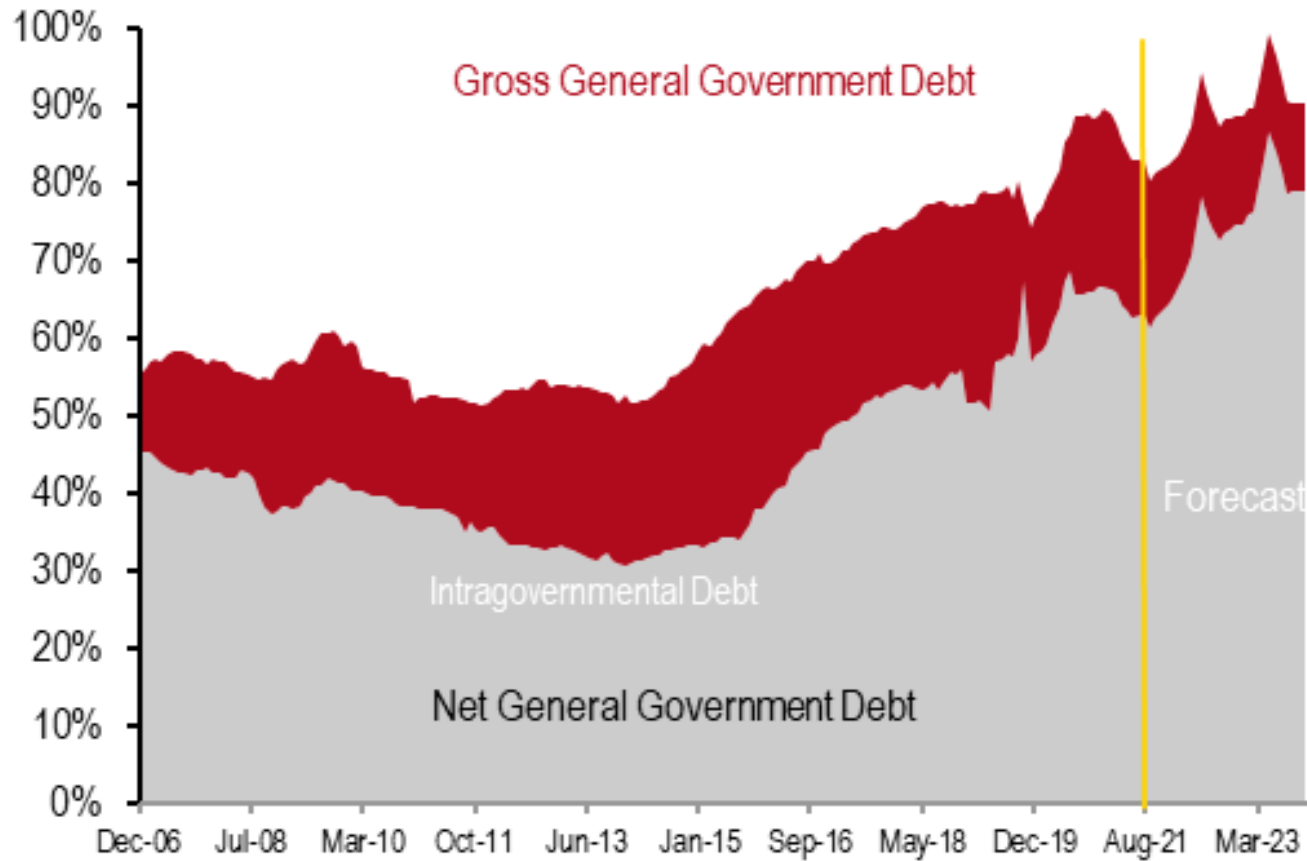
Brazil: Quick recovery of Primary Fiscal Balance



Source: Banco Central do Brasil, IBGE, and REM Inc.

Debt-GDP

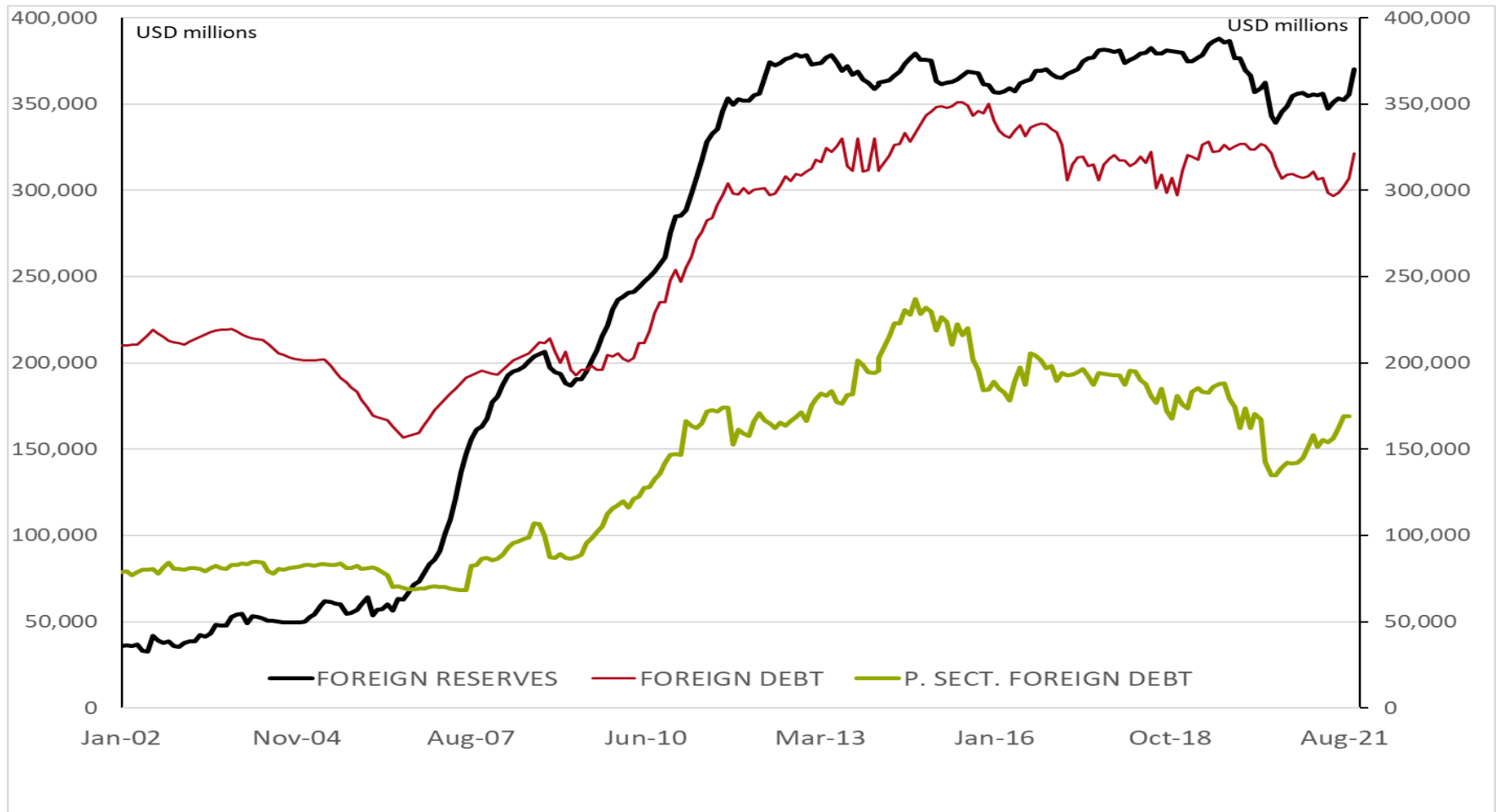
Brazil: Net debt and gross government debt are stabilizing relative to GDP



Source: Banco Central do Brasil, IBGE, and REM Inc.

Brazil: Foreign reserve exceed total foreign debt

The public sector is creditor of over USD200bn



Source: Banco Central do Brasil, IBGE, and REM Inc.

Brazil: Future on hold, but better than headlines

Questions for the panelists

- COVID-19 has had similar effects on the economy as the truckers' strike, the collapse of the Brumadinho and Mariana tailings dams, and the collapse in Argentina
- How much more reform?
- Monetary policy is tightening. How much is needed?
- Brazil has finally achieved a persistent real BRL depreciation
- Will the government continue to adhere to fiscal rules?
- Will Brazil return to better long-term growth
- What about the 2022 election?.