

Brazil: Sustainable Growth with Equity?

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Presentation at Brazil Day - Forum
University of St. Gallen, 22 Oct 2010

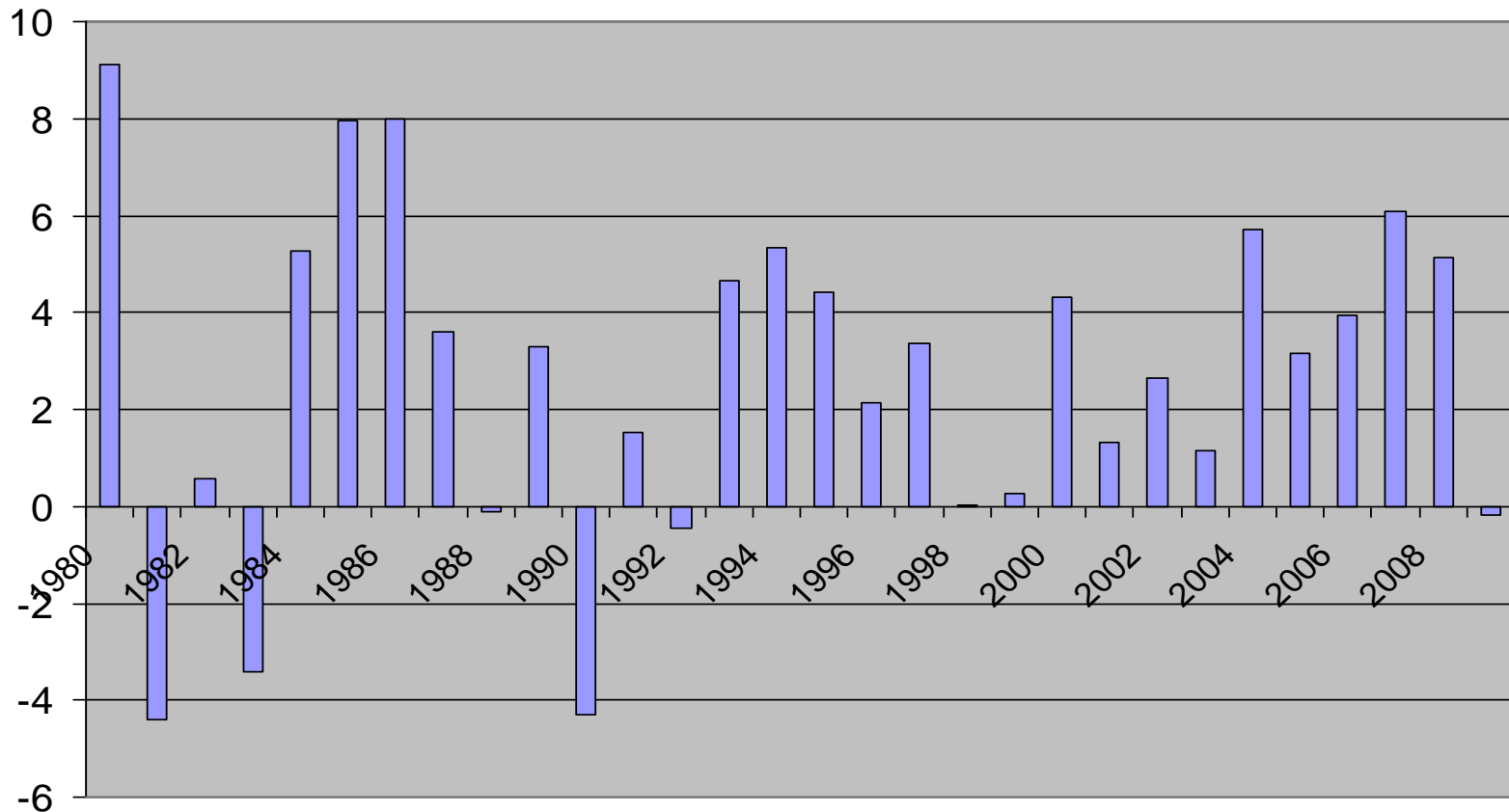
Brazil takes off



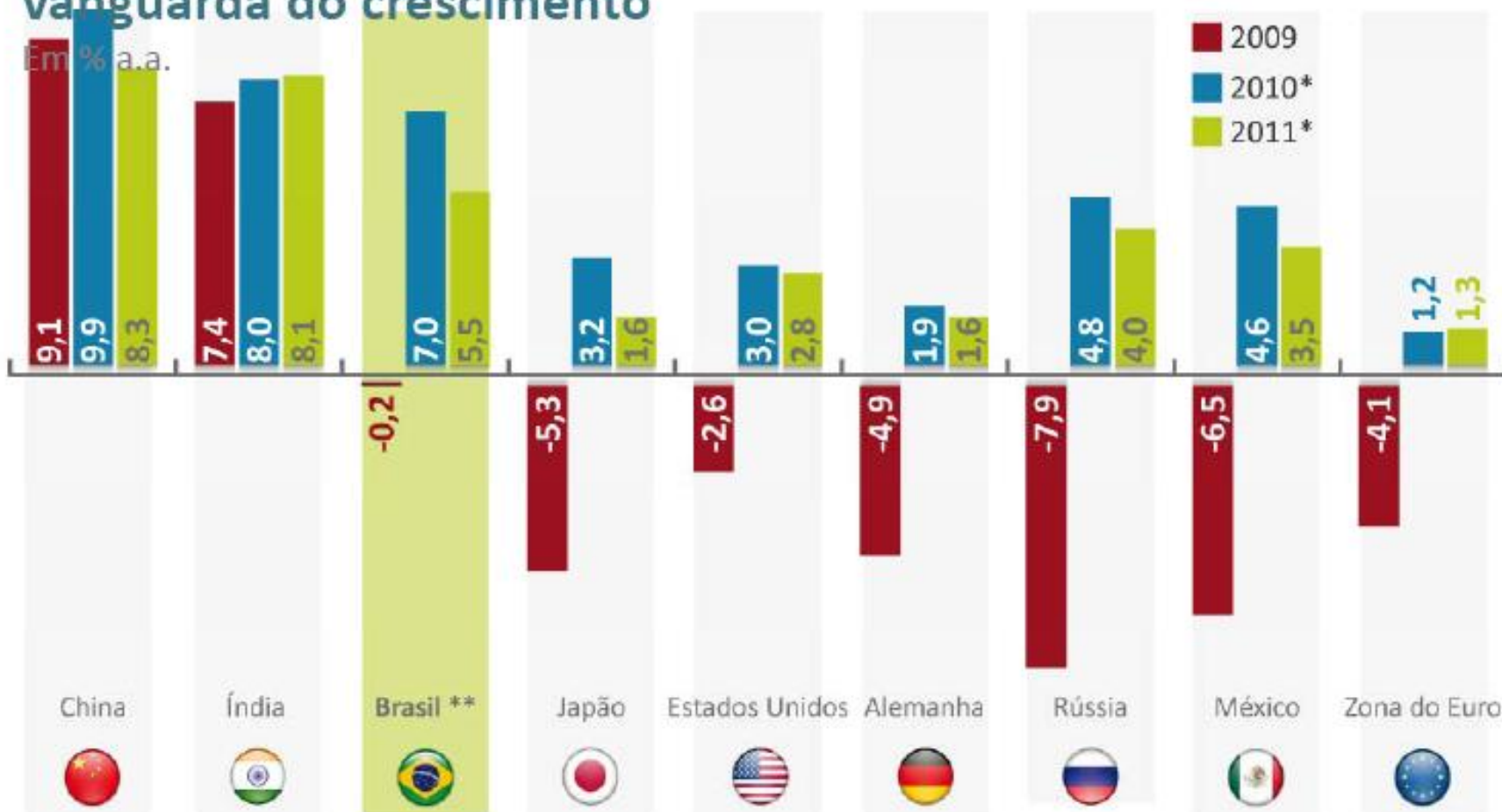
Brazil: This Time is Different?

Growth Periods

(GDP growth p.a. in %, 1980-2009)



Crescimento do PIB – Brasil saiu da retaguarda e foi para a vanguarda do crescimento



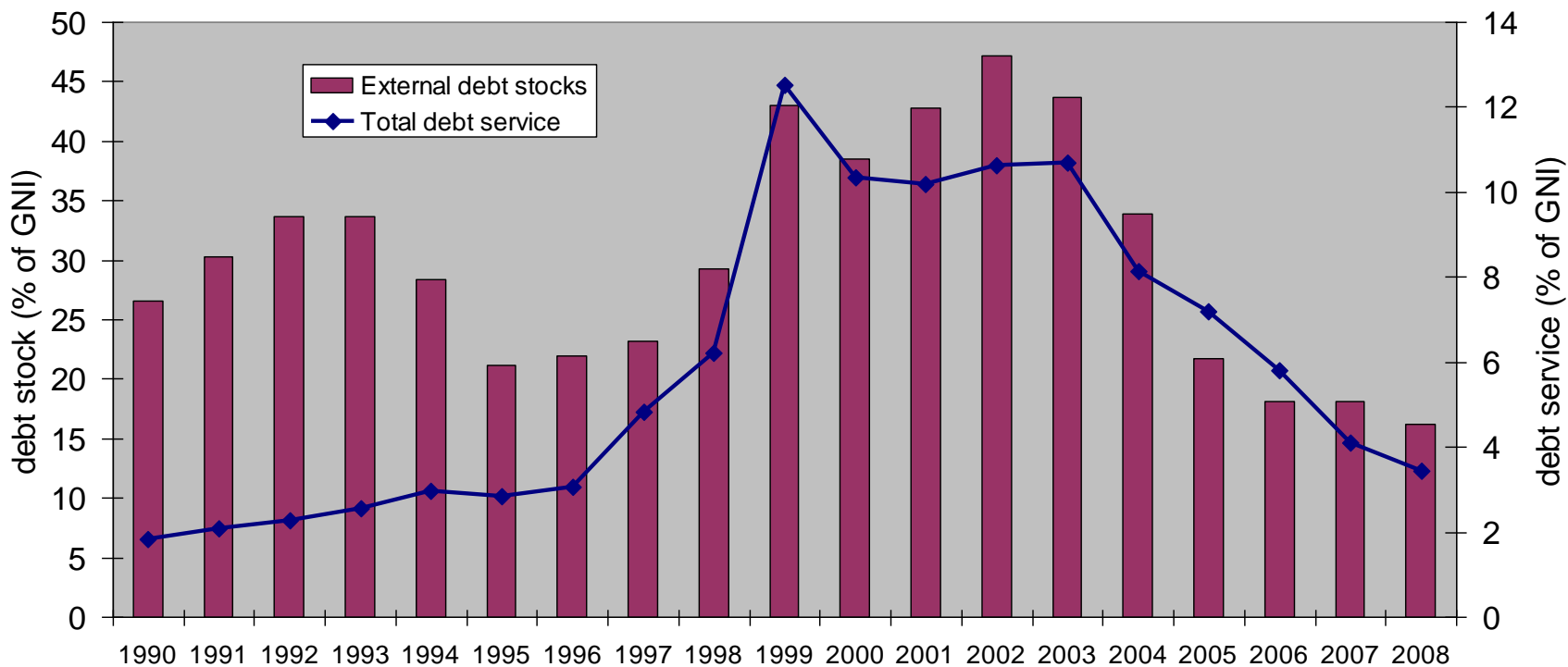
* Estimativas The Economist

** Estimativas Ministério da Fazenda

Fonte: The Economist

Elaboração: Ministério da Fazenda

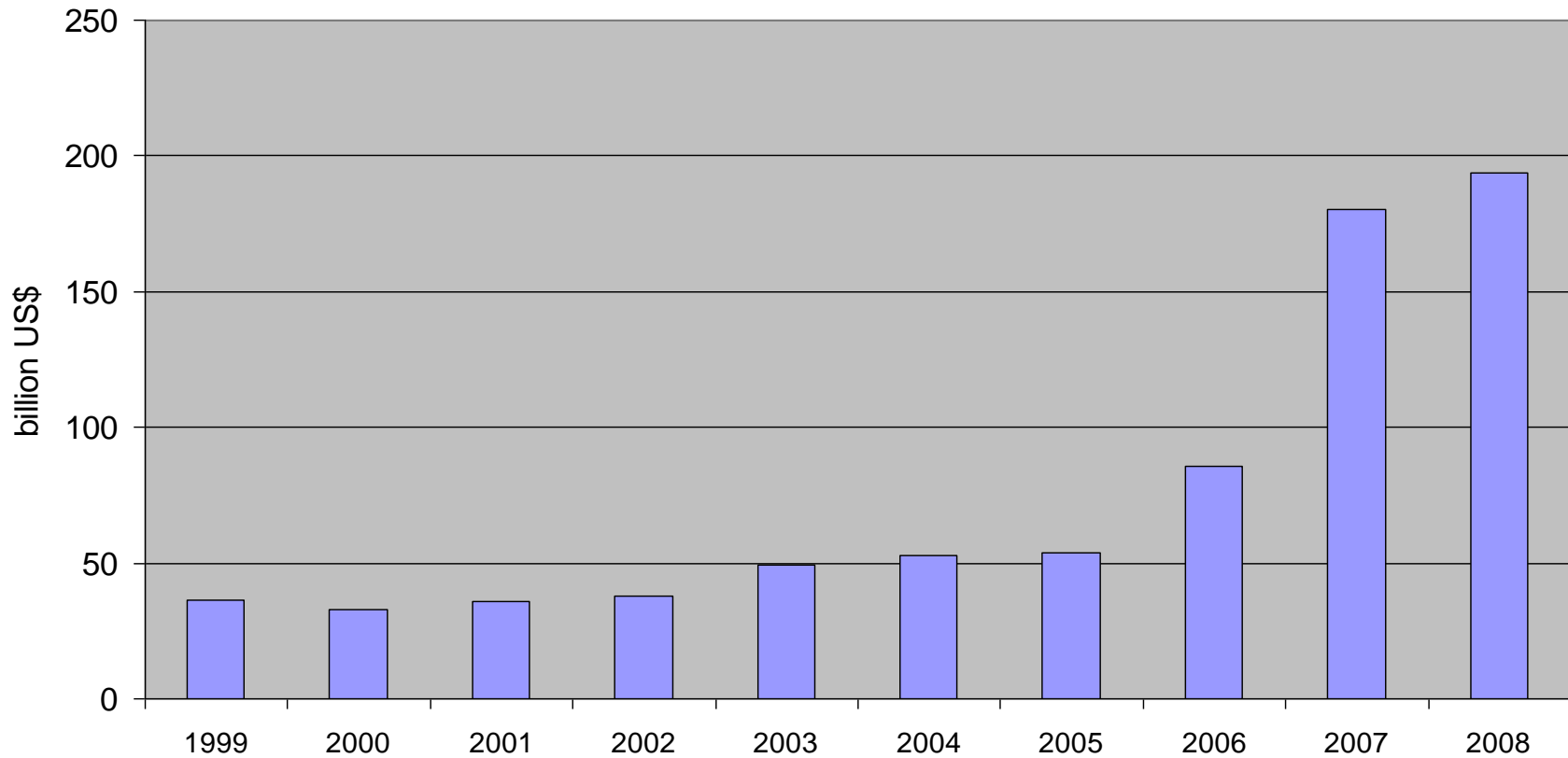
External Vulnerability: External Debt Stock and Debt Service in Brazil (1990-2008)



Source: World Development Indicators, World Bank 2010

External Vulnerability: Total Foreign Exchange Reserves

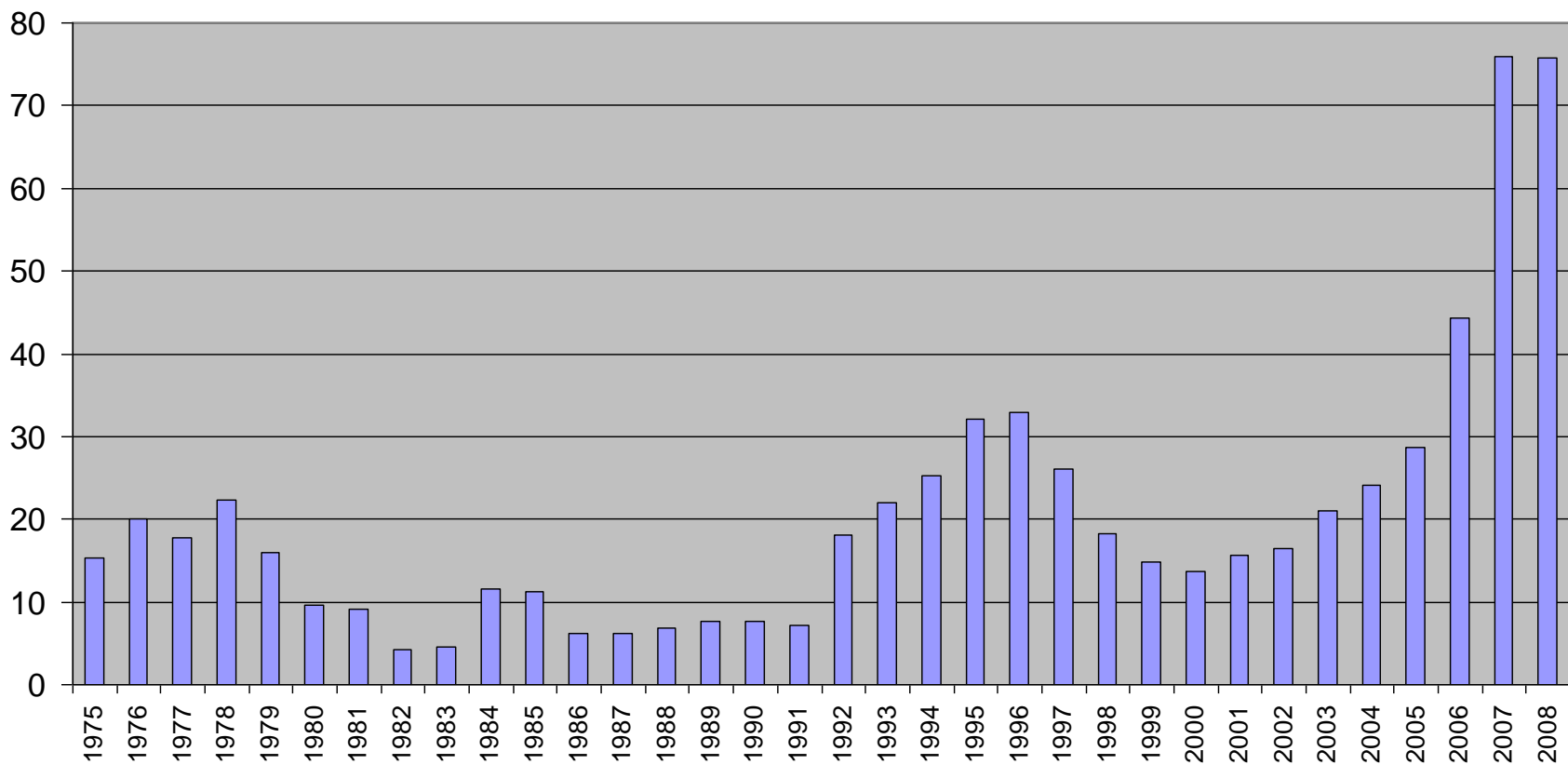
(current US\$, including gold)



Source: World Development Indicators, World Bank 2010

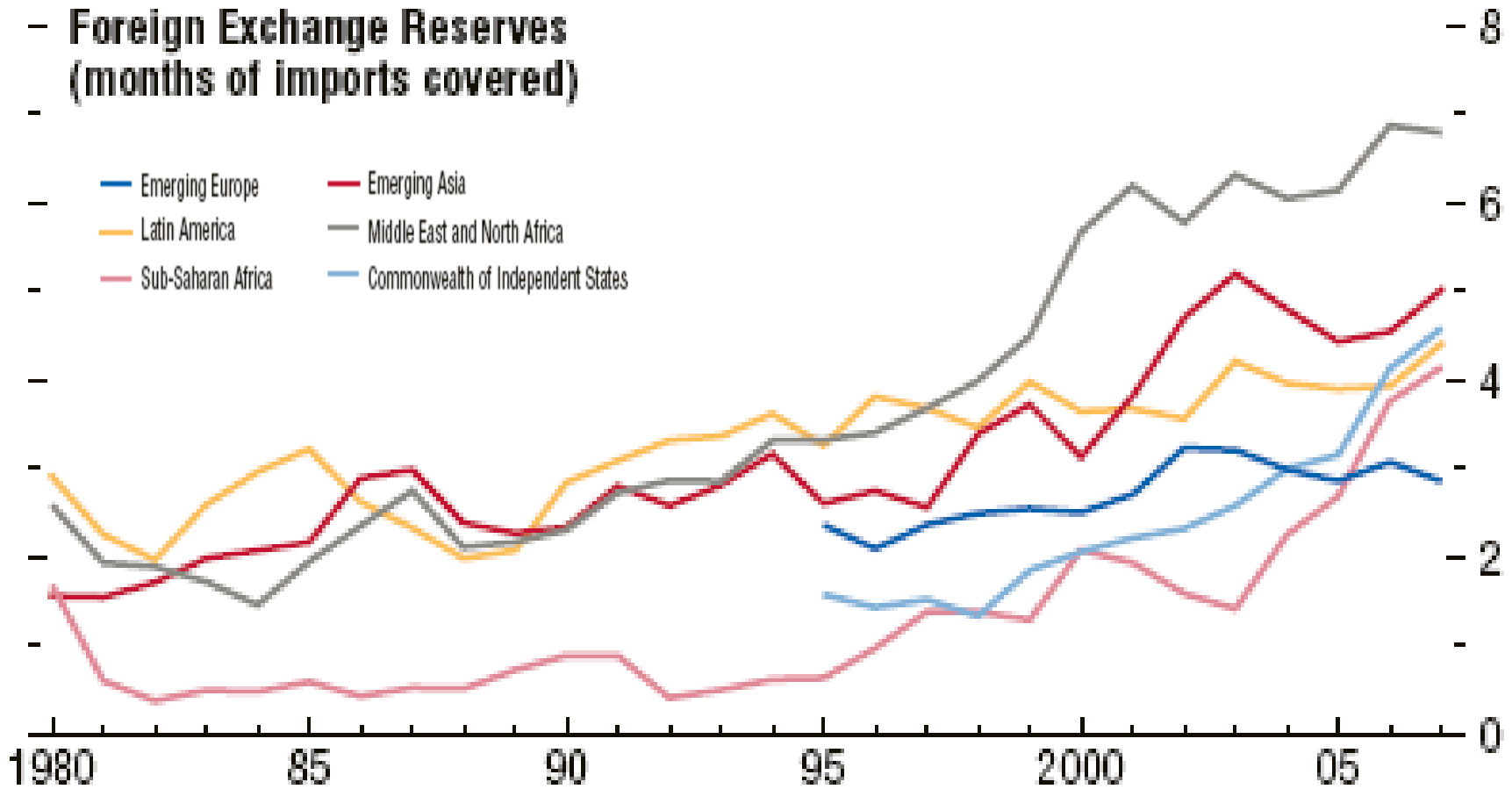
External Vulnerability: Total Reserves of Brazil

(% of total external debt)



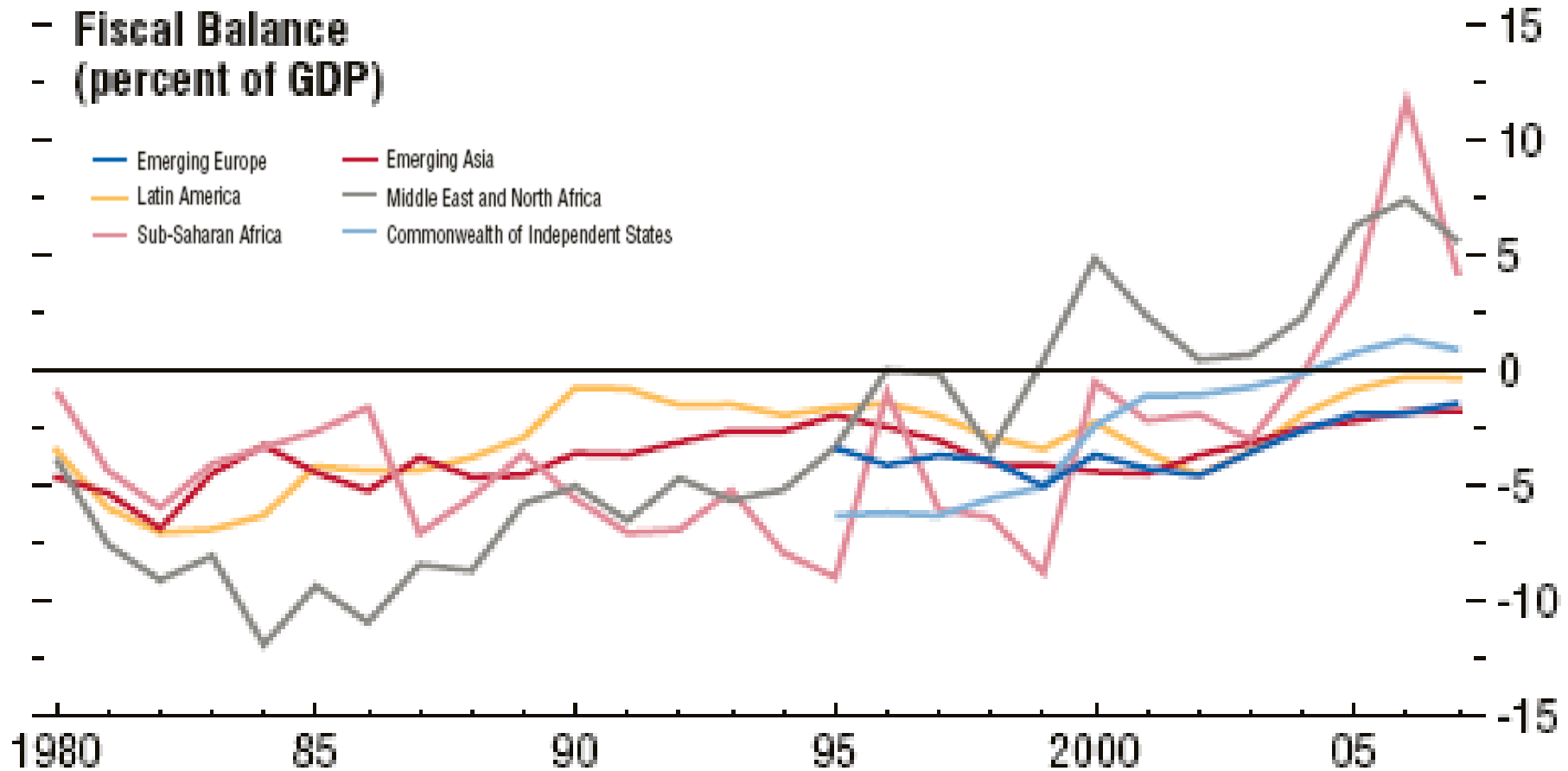
Source: World Development Indicators, World Bank 2010

External vulnerability in world regions: Foreign exchange reserves



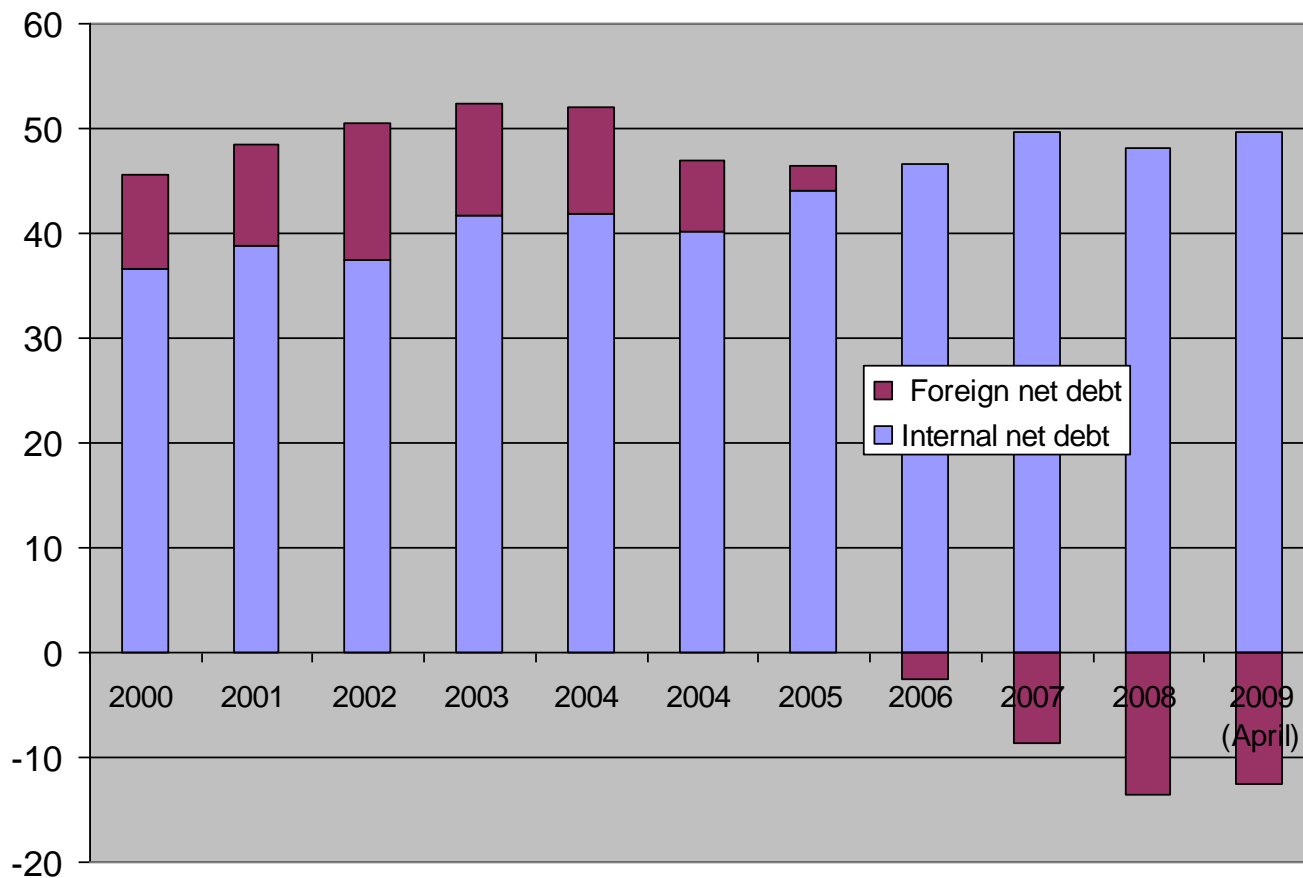
from: IMF, World Economic Outlook, April 2009

External vulnerability in comparison: Fiscal balances in world regions



External Vulnerability: Public Net Debt

(% of GDP, 2000-2009 at end of year)

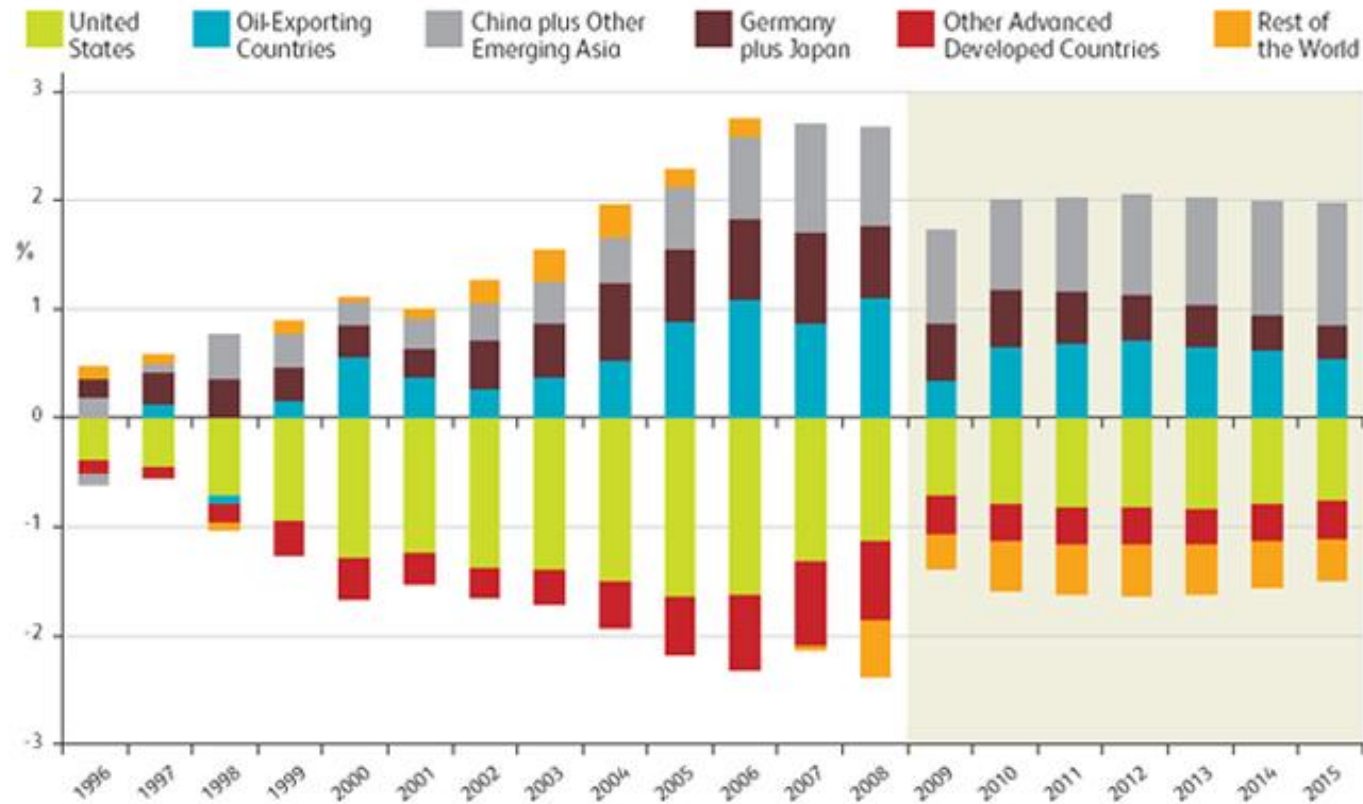


Global Imbalances: Reduction of US deficit or Chinese surplus?

FIGURE 2 WORLD CURRENT ACCOUNT BALANCES AS A PERCENTAGE OF GDP

2009-2015 data are IMF projections (shaded).

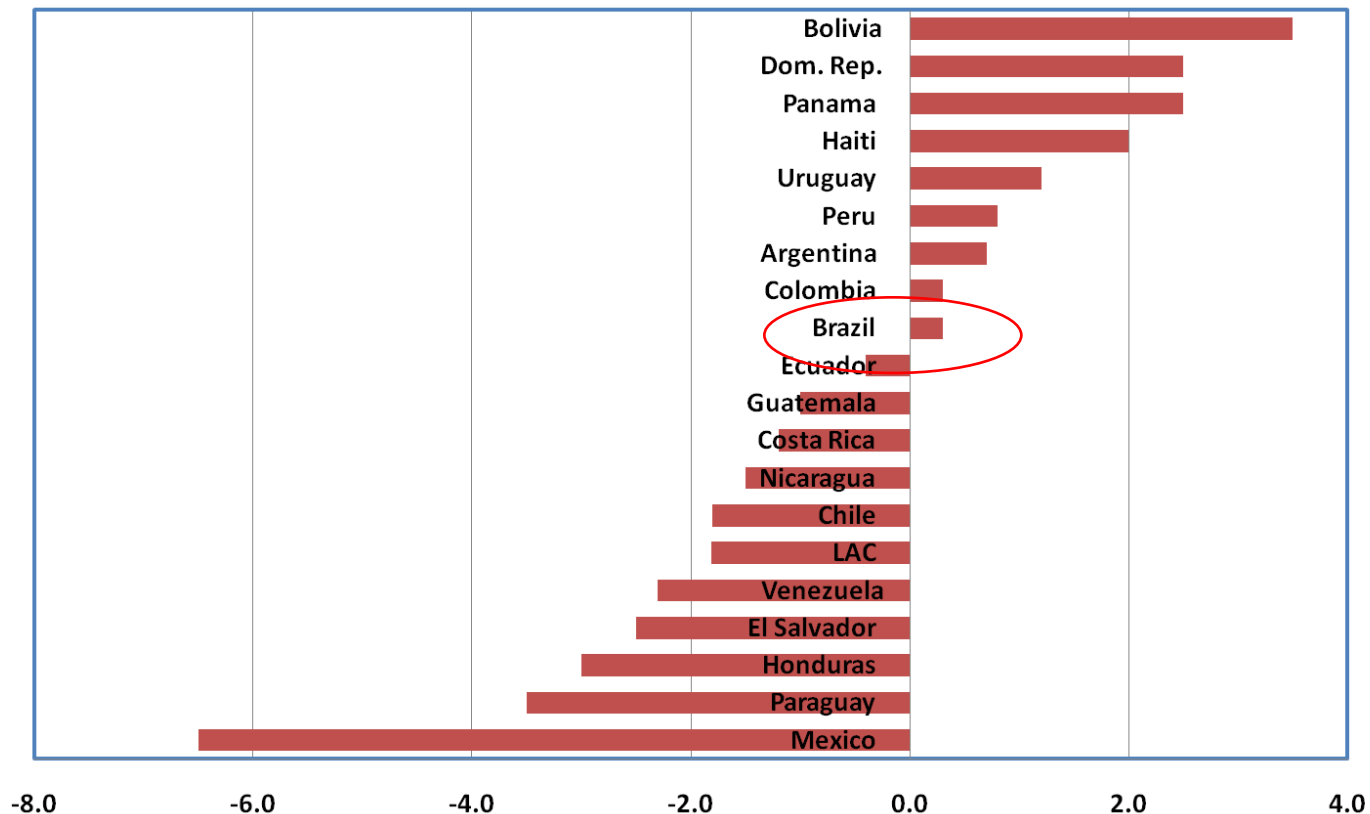
Source: IMF, World Economic Outlook, April 2010



Source: Esquivel (2010), based on Chinn (2010)

Impact of the global financial crisis on Latin American countries: Brazil as commodity and manufactures exporter

GDP Growth in 2009 (%)



Source: Esquivel (2010)

Growth by Domestic Demand?

Brazilian GDP Growth

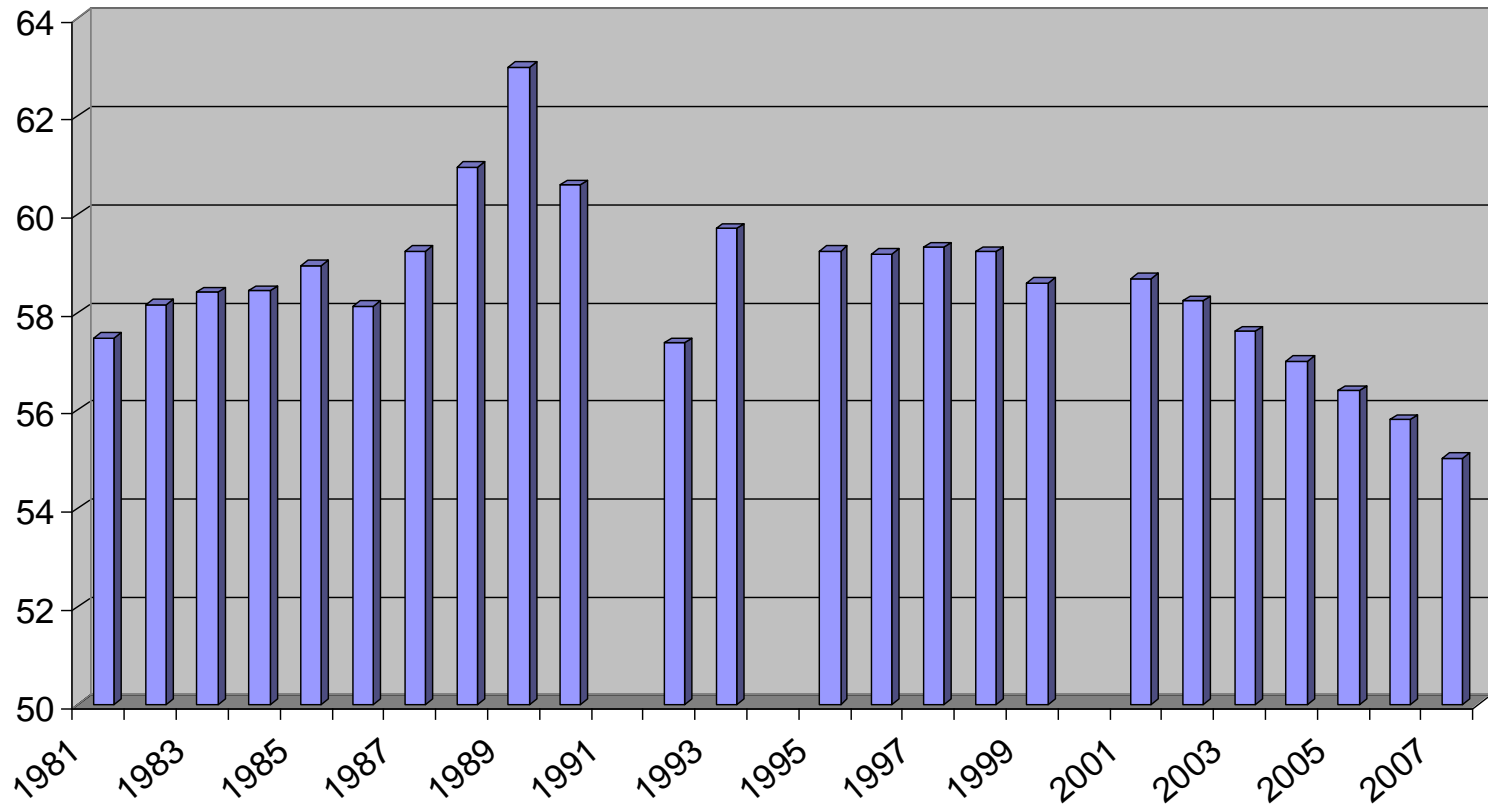
decomposed by internal and external demand



* Estimativas Ministério da Fazenda

Fonte: SPE/Ministério da Fazenda
Elaboração: Ministério da Fazenda

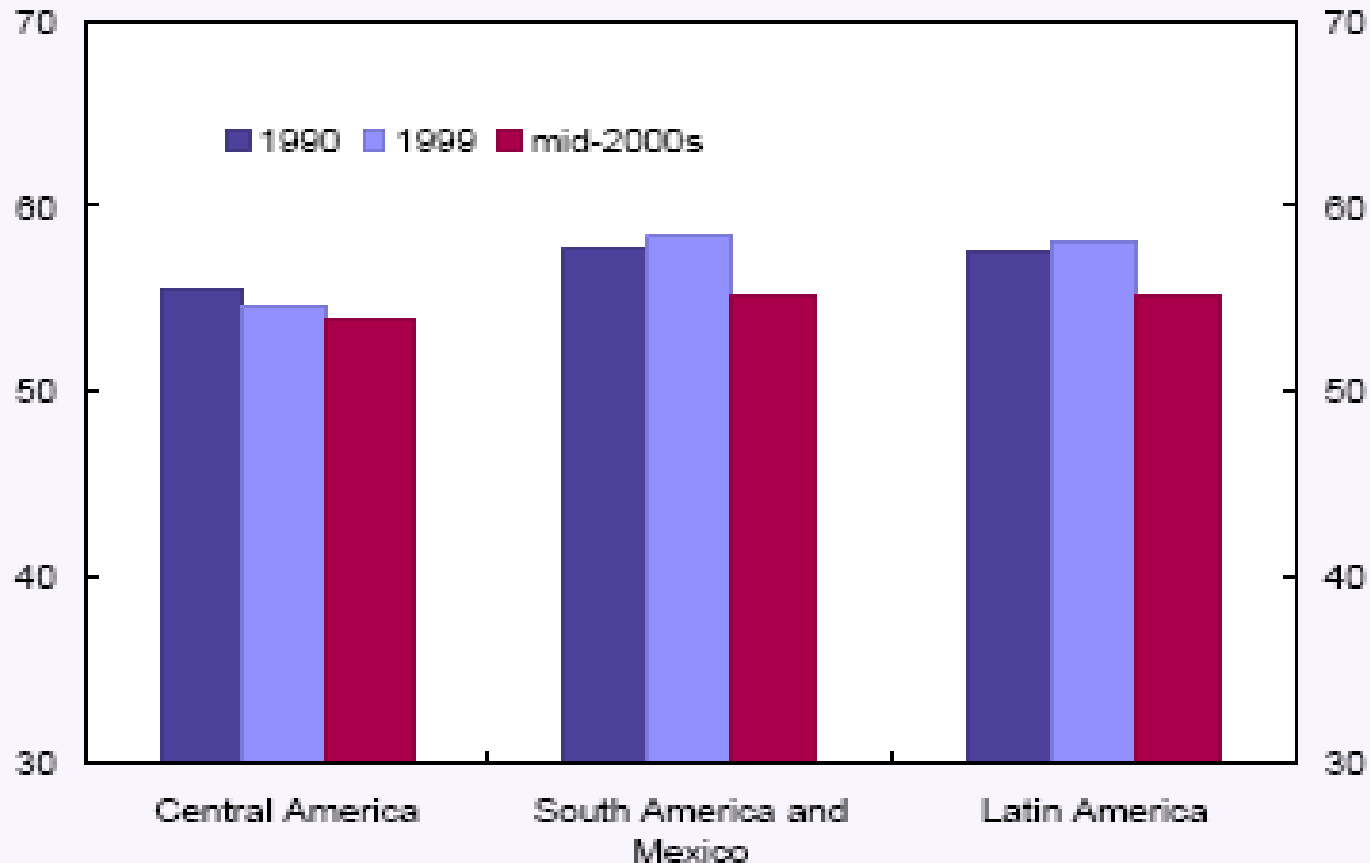
Growth by Equity: Gini-Index Brazil



Source: World Development Indicators, World Bank 2010

Decreased inequality: Regional trend

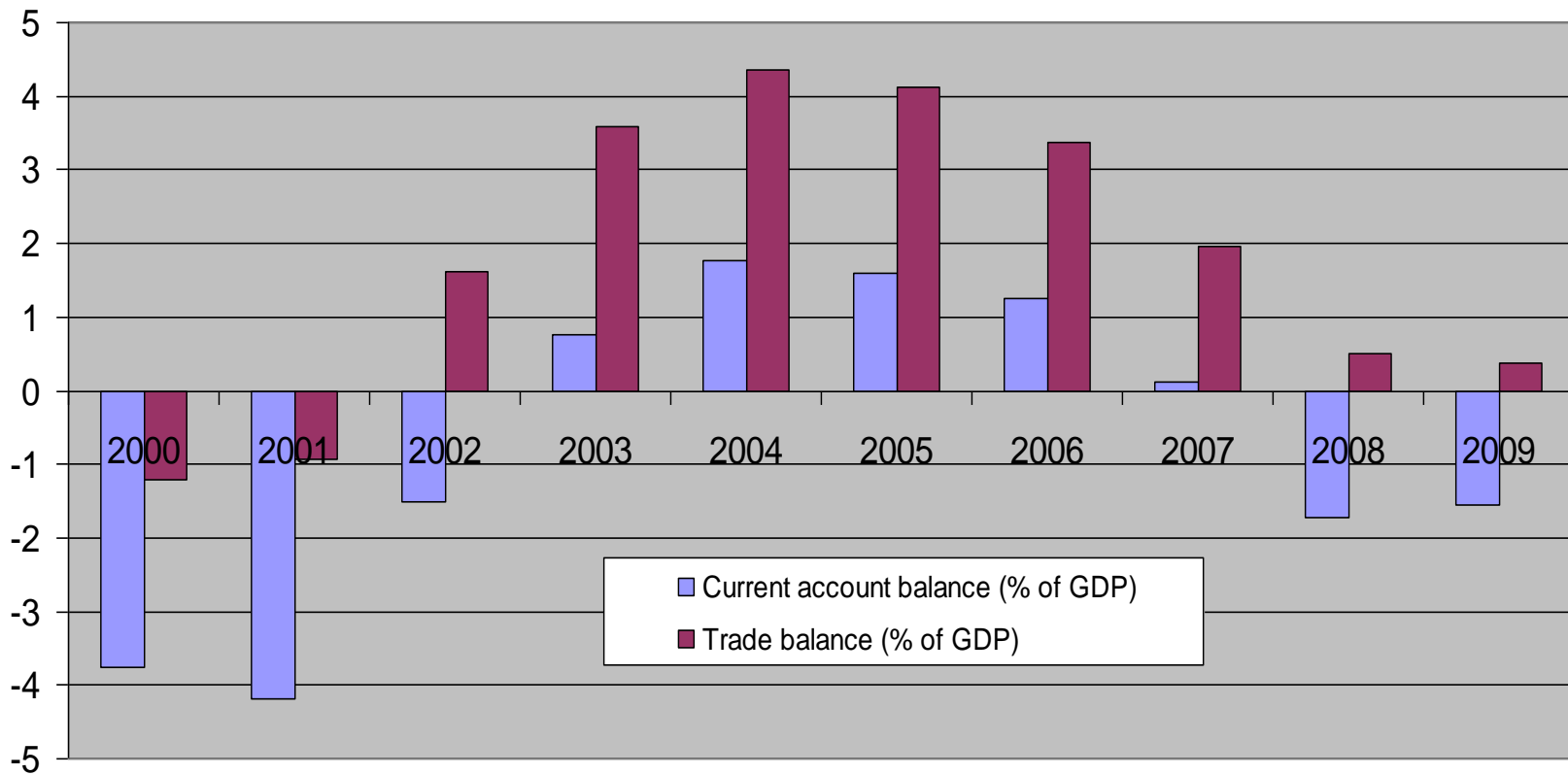
Gini coefficient Latin America (1990-2007)



Source: ECLAC (2007).

1/ Population-weighted averages. 1990 indicates available observation closest to 1990; 1999 indicates available observation closest to 1999; mid-2000s indicates most recent available observation.

Brazilian Current Account and Trade Balance (2000-2009)



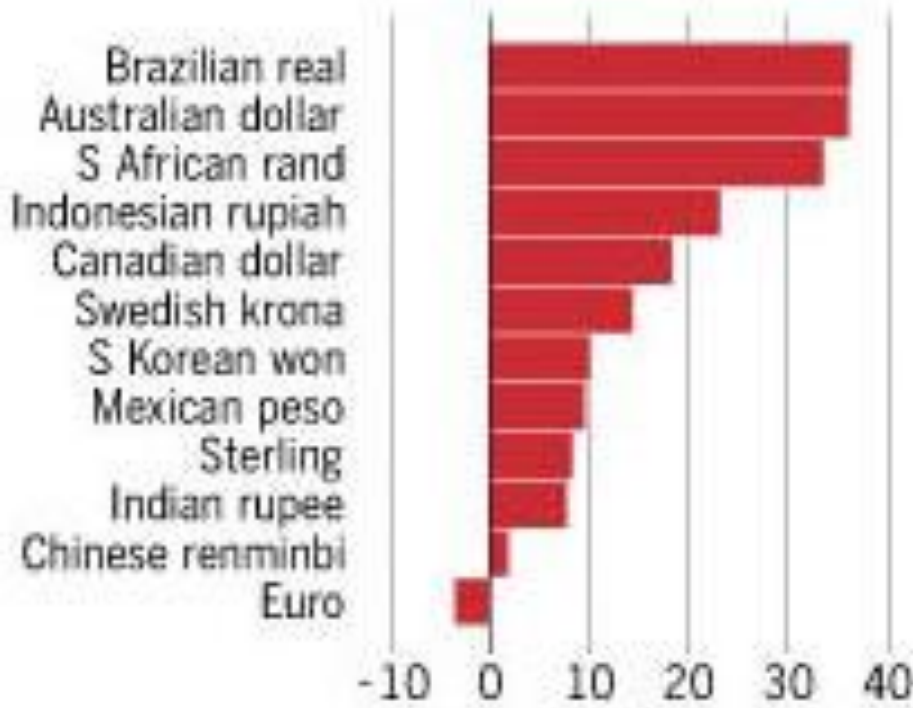
Trade Patterns: Increasing Imports and „Regressive Specialization“

Sectors	1996	2002	2008
Industry			
High and medium-high technology	(18.107)	(11.460)	(51.100)
Medium-low technology	2.887	3.979	9.648
Low technology	10.130	15.481	40.158
Non-industrial products	(510)	15.481	40.158

Currency War?

Exchange rate appreciations

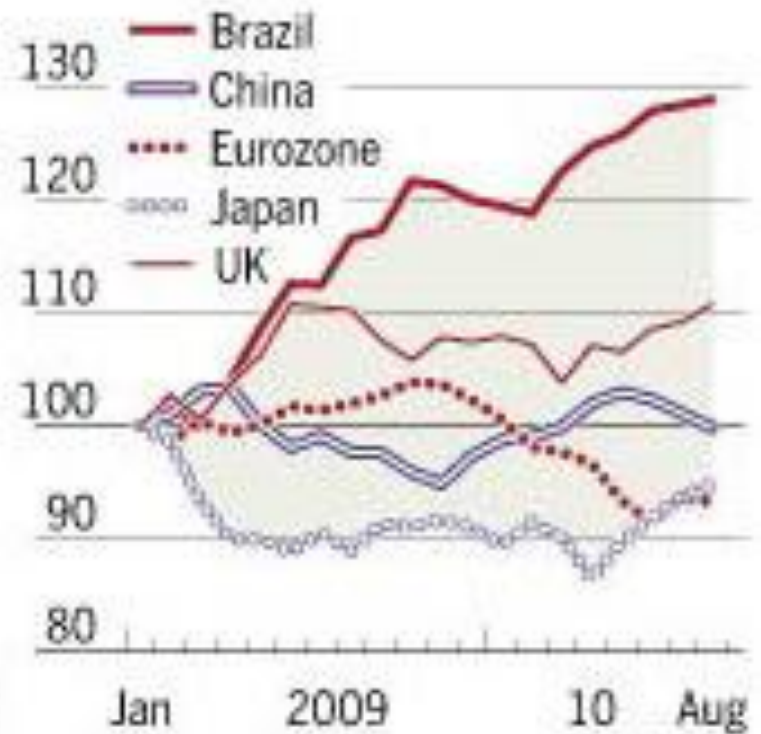
Currencies' change against the US dollar since the end of 2008 (%)



Source: Thomson Reuters Datastream

Real exchange rates

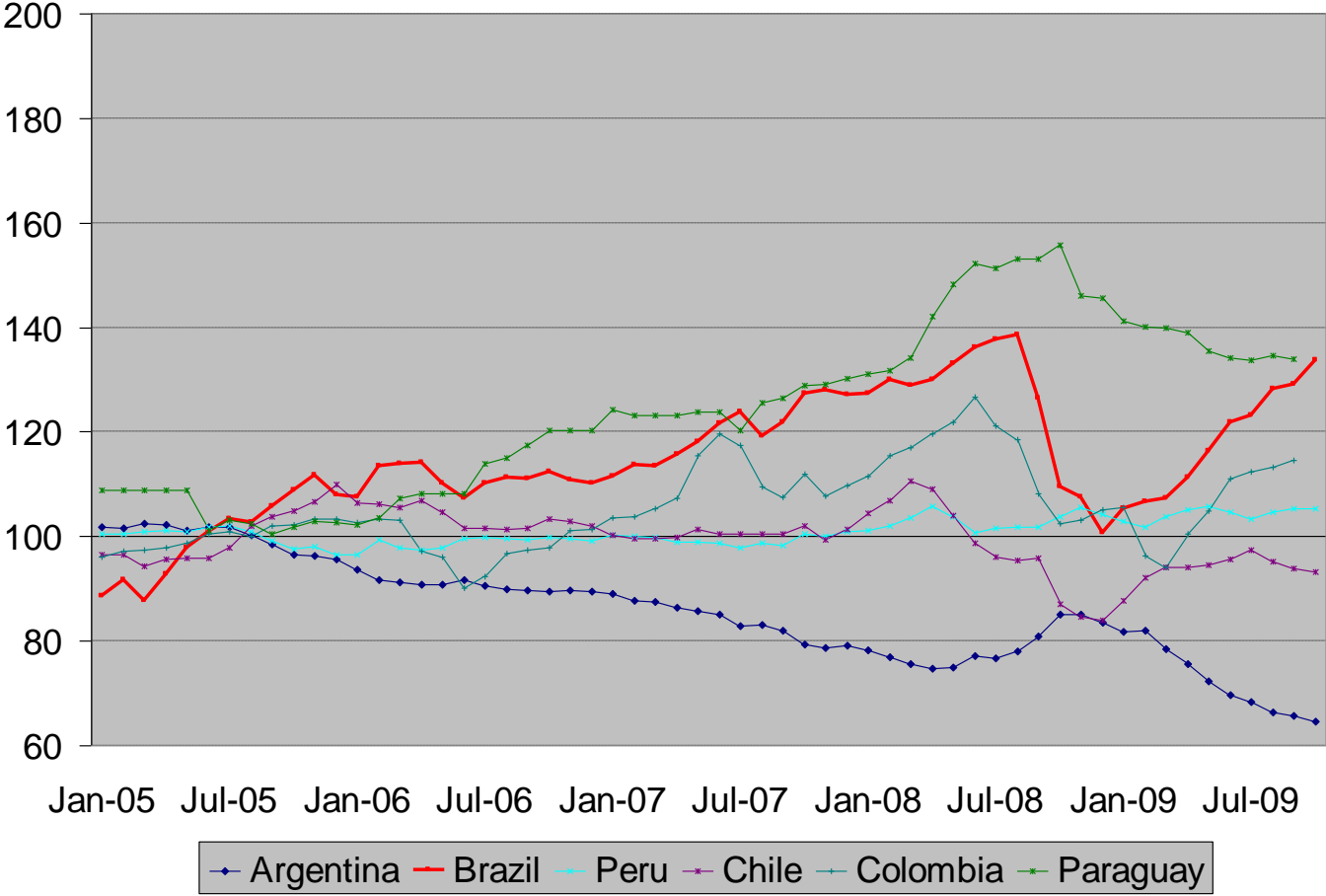
JPMorgan real broad indices (rebased)



Source: Thomson Reuters Datastream

Brazilian Exchange Rate Volatility in Comparison: Real Exchange Rates Latin America

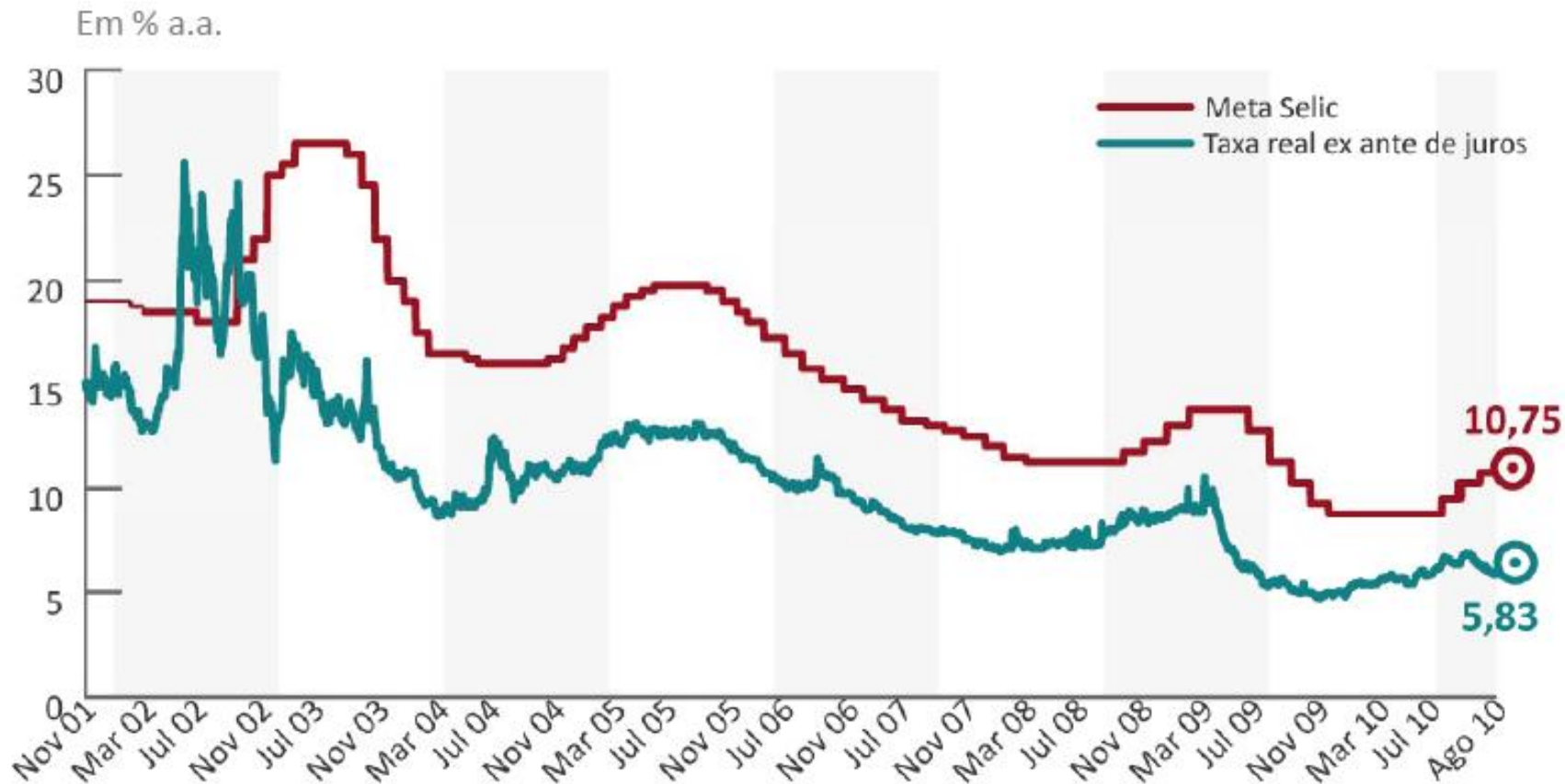
(2000-2009; 01/00 = 100)



Source: UNCTAD calculations based on IMF IFS

Monetary policy: still contractive

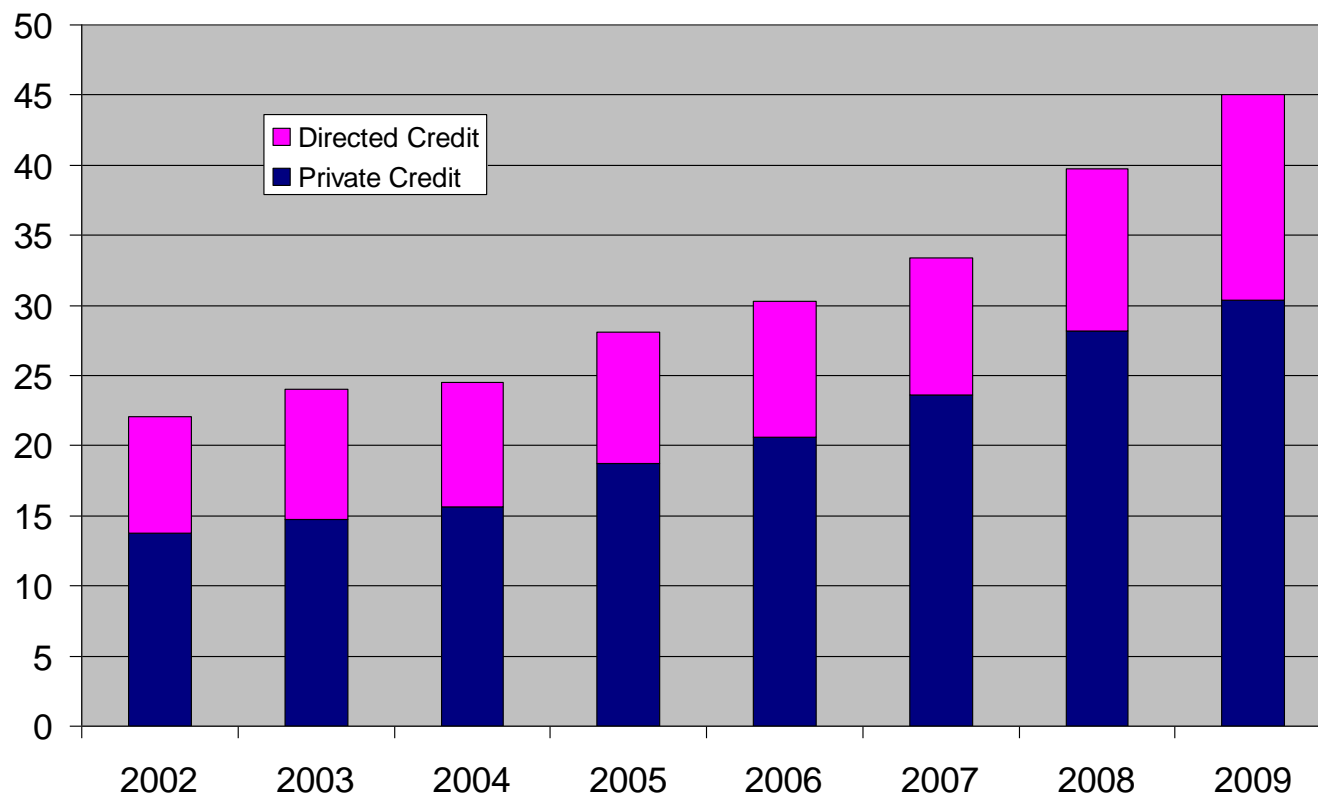
Central Bank Rate (SELIC) and real ex-ante interest rate



Fonte: Broadcast e Banco Central
Elaboração: Ministério da Fazenda

Private and Directed Credit in Brazil

(% of GDP, 2002-2009)

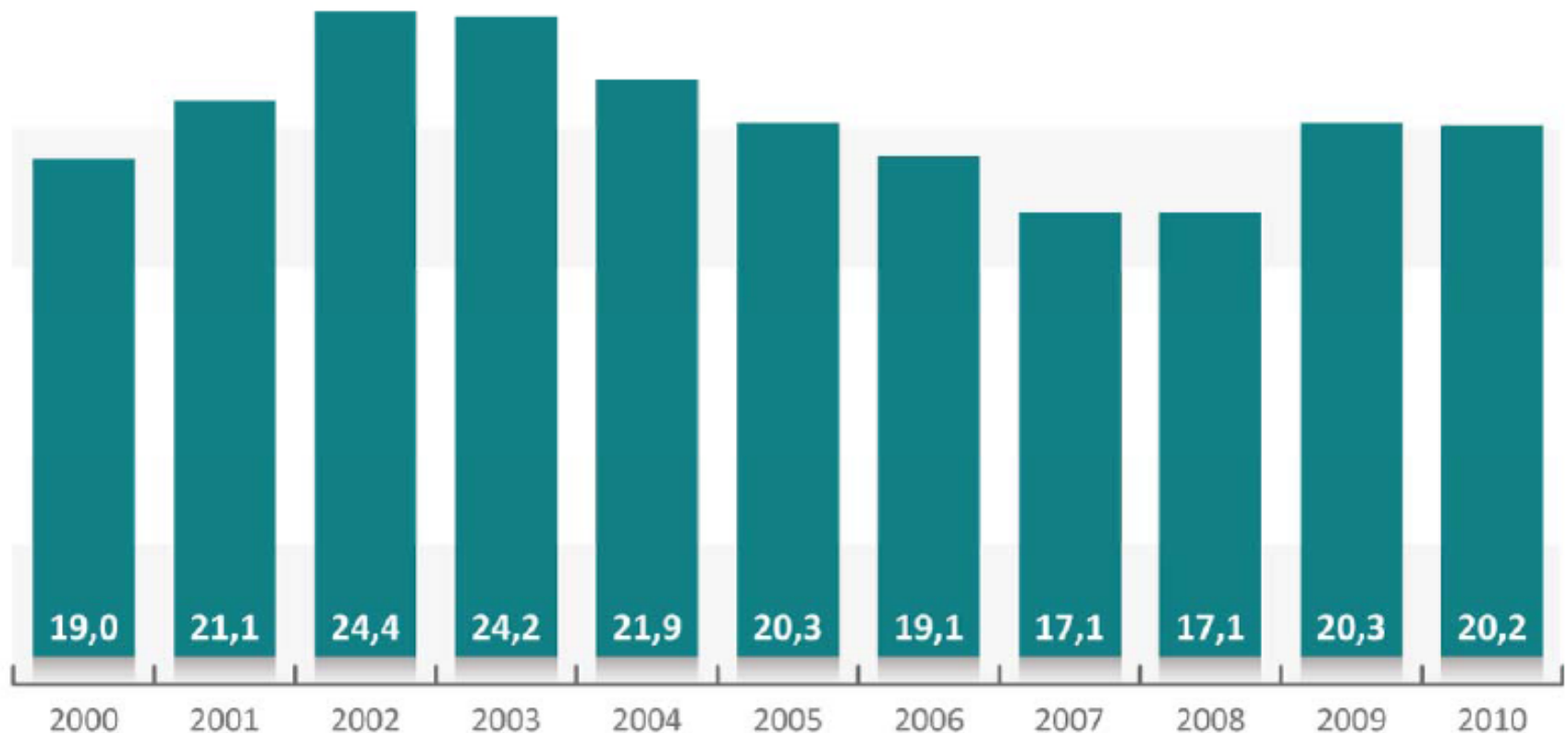


Source: Source: Barbosa / Pereira de Souza (2010)

Public Financing of Investment: BNDES (% of total investment)

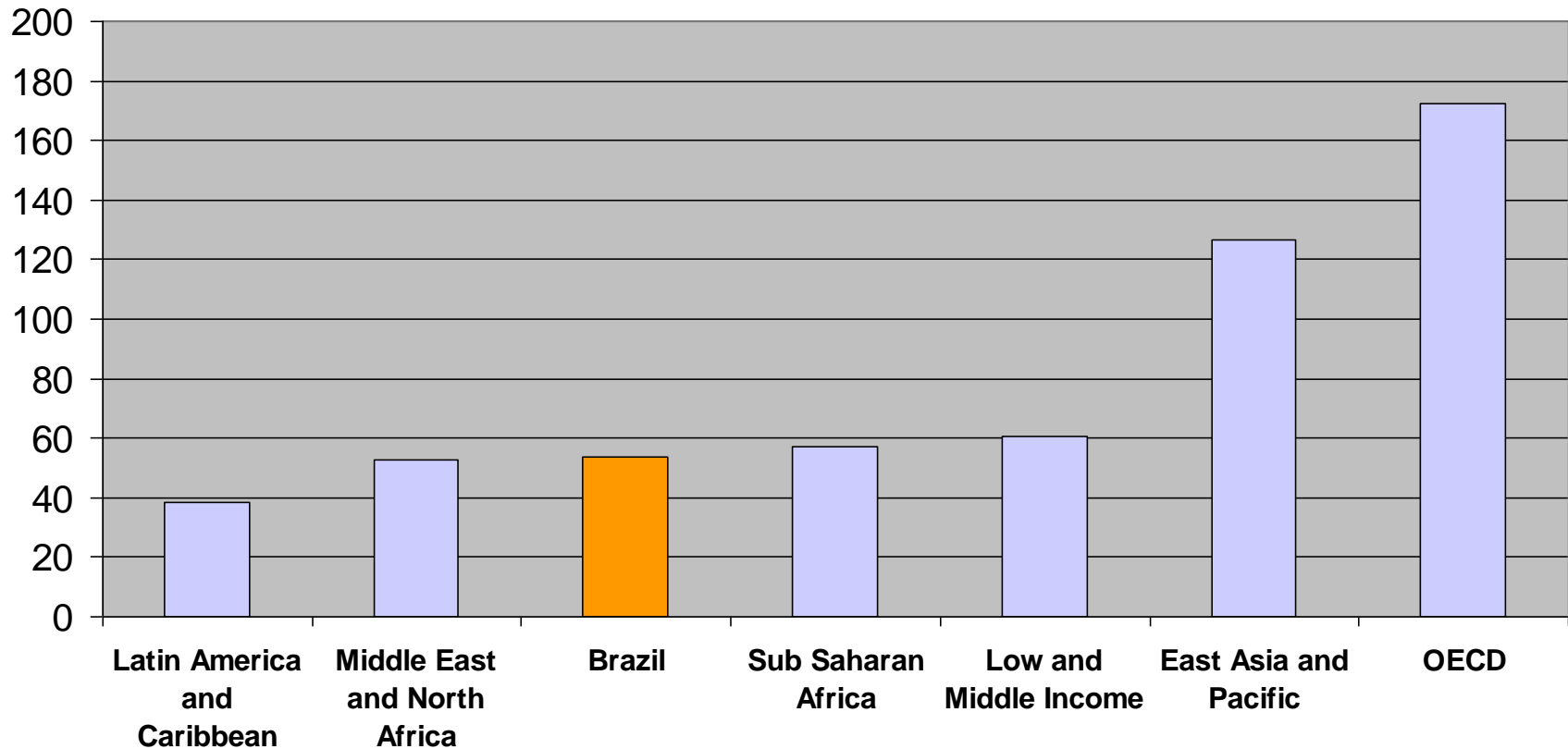
Empréstimos do BNDES no Sistema Financeiro Nacional

Em % do total



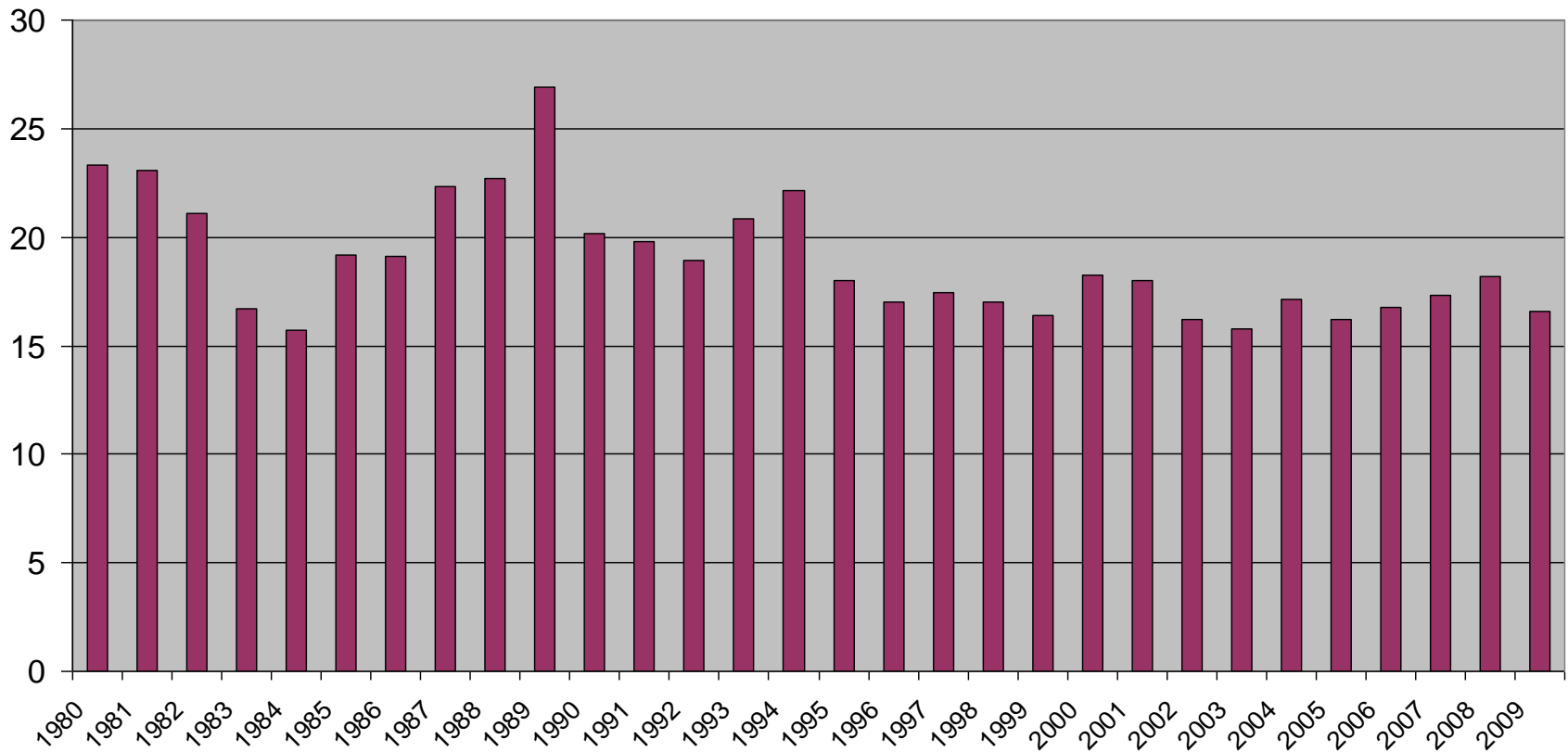
Fonte: Banco Central
Elaboração: Ministério da Fazenda

Brazil Compared: Domestic Credit to the Private Sector (% of GDP; 2008)



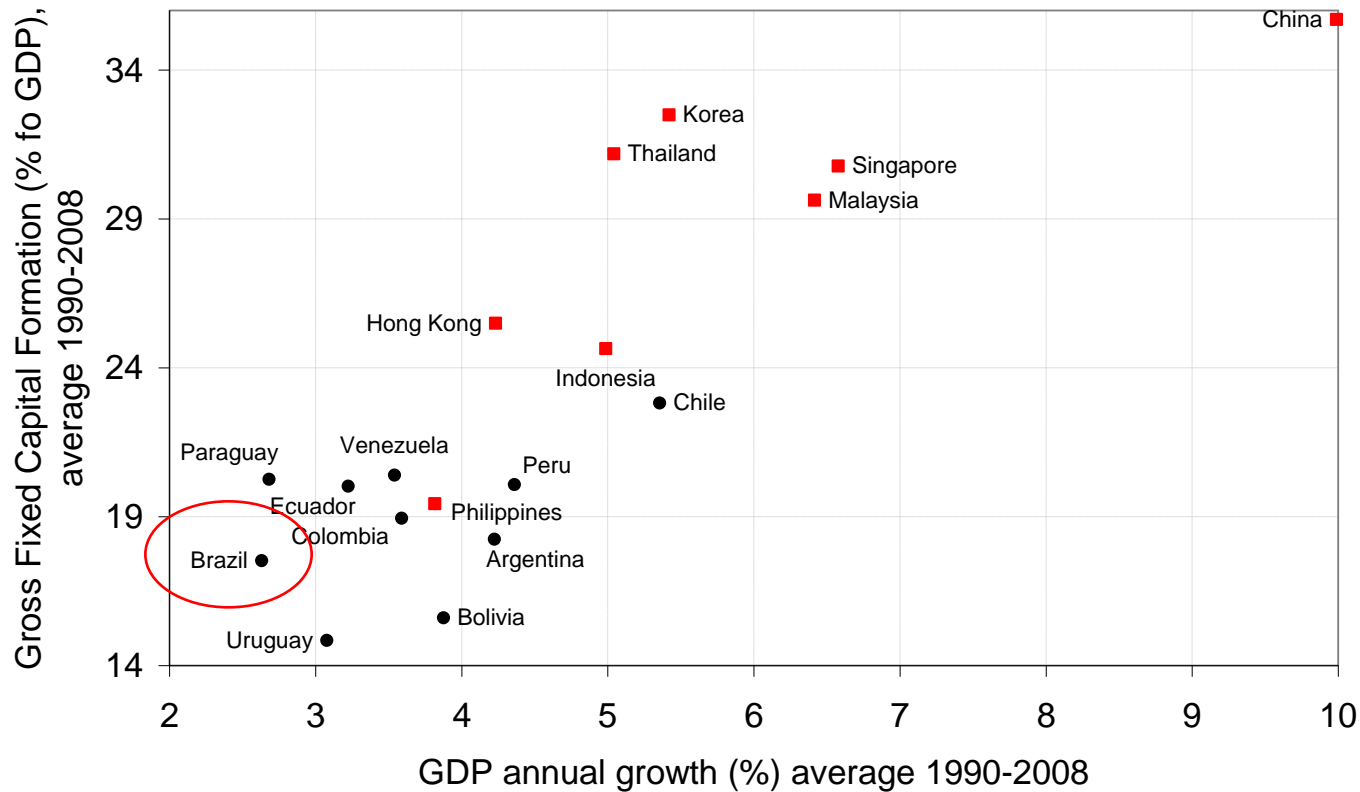
Source: World Development Indicators, World Bank 2010

Gross Capital Formation (% of GDP, 1980-2009)



Source: World Development Indicators, World Bank 2010

Gross Fixed Capital Formation (as % of GDP) and GDP (growth p.a.; both average 1990-2008)



This Time is Different?

Brazil takes off

