

## To conclude...

Brazil is constantly battling an increasing inflation rate, however have stabilised their softening the inflation rate through timely macroeconomic policy response.

Upcoming global events have meant a huge investment to improve Brazil's economic state in the future (PAC).

GDP is still rising, even after the global economic crisis in 2008.

Unemployment is at an acceptable rate and set to fall.





**Sporting Events**  
**Rio de Janeiro Olympic Games**  
 Due to be held in 2016, the Rio de Janeiro Olympic Games will draw a huge amounts of tourism up to 2016 (and possibly after) and therefore increase business opportunities for Brazil

**2014 FIFA World Cup**  
 World Cup 2014: Brazil to invest RS29 billion - PAC (The Brazilian Growth Accelerating Programme). Set to improve transportation in São Paulo, such as monorails for 2014. (Brazil investment guide)



**The Brazilian Real:**  
 In 1994 Brazil changed their currency into Real, (US Dollar) changing from the old currency, for the country to finally settle on the real." (Brazilcultureandtravel.com)  
 Due to rising inflation rates, Brazil suffered, the changes of currency occurred.  
 Same currency for 15 years  
 Original Exchange Rate: RS 1: S  
 Exchange Rate Today: RS 2: S1 (Google Finance)



**Key Facts of Brazil**  
 According to the World Bank the population is over 196,655,014  
 A large exporter of Natural Resources such as Coffee, Sugar and Timber (mapsoftheworld.com)  
 Sao Paulo 19.96 million; Rio de Janeiro 11.836 million; Brasilia (Capital) 3.789 million (2009) <http://www.cia.gov/library/publications/the-world-factbook/geos/br.html>  
 Home to the river amazon, the world's second longest river. Due to the Amazon and the countries's dense rain forest, Brazil stores a fifth of the Earth's fresh water.  
 (Braziltravel.com)

Forecasted figures for GDP growth for Brazil in 2013 stands at 3.8% which is set to rise again in 2014 by 4.5%. (Global Finance Group)

According to The World Banking Group The UK economy emerged from recession (growing by 1%) in the three months from July to September, helped by the Olympic Games. The same can be expected for Brazil

**Established Industries...**

**Agriculture**  
 One of the 5 largest producer and exporter countries. Coffee, soybeans, wheat, rice, corn, sugarcane, cocoa, citrus, beef are the major products produced in Brazil.  
 Brazil is receiving more funding that order to promote and encourage sustainable farming and forest restoration (Inter-American Development Bank 13th April 2013)

**Manufacturing**  
 Major products exported today (2013): televisions, VCRs, telephones, and computer chips. (brasilzourcing.com)  
 Brazil is also known for it's huge motor vehicle, textiles, chemical and aircraft manufacturing industry.

**Mining**  
 Brazil has 30% of it's land geologically mapped... And to the fifth largest country in the world...  
 Huge investment opportunity??  
 It is a huge exporter of much needed rich minerals, such as iron ore, diamonds and oil.

**Fiscal Policy in Brazil**  
 The government's decisions regarding taxation and spending. (Begg & Ward, 2003) [www.bis.org/publ/bppdf/bispap671.pdf](http://www.bis.org/publ/bppdf/bispap671.pdf)  
**The Responses:**  
 Tax exemptions **Both temporary and permanent**  
 ...means more disposable income, increase in spending.  
 Increase in public investment (New housing program)  
 ...Means building money being put into building industry and a large amount of workers are not effected by a drop in housing demand.



**Macro Brazil**  
**TheCasesolutions.com**

**GDP**  
 Current GDP per capita: \$11,789  
 The GDP value of Brazil represents 3.9% of the world economy.  
 In 2011 Brazil overtook the United Kingdom as the world's seventh largest economy in terms of GDP.  
 (Reported by The World Bank Group)



In 2009 Brazil's economy contracted by 0.3% as a result of the international economic crisis.  
 In 2010, the Brazilian economy expanded by 7.5 percent but the following year grew only 2.7 percent.  
 In 2012, despite interest rates at a historic low of 7.25% and tax exemptions decreed by the government to stimulate industry, consumption and investments, Brazil posted lower GDP growth than Peru (+6.29%) and Mexico (+3.9%).  
 Economists surveyed by the central bank forecast gross domestic product will expand 3.19 percent this year, up from 0.98 percent in 2012.  
 (According to The World Banking Group)

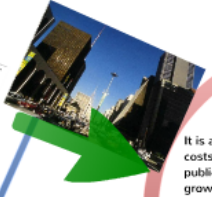
**Price Stability**  
 CPI IIR Recent Years  
 Period Inflation  
 March 2012 6.889 %  
 March 2011 5.240 %  
 March 2010 5.299 %  
 March 2009 5.507 %  
 March 2008 4.723 %  
 March 2007 2.957 %  
 March 2005 7.536 %  
 March 2004 5.888 %  
 Source: IBGE (Instituto Brasileiro de Geografia e Estatística)  
 - Increase year to year  
 - Highest annual inflation rate in 2008: 7.540 %  
 - Most recent increase of 0.509 % in 2013

**Q. What money is being produced in the economy??**  
 Average interest income (R)  
 Average minimum wage: 2002 - 20, 000  
 Average maximum wage: 2012 - 20, 000  
 Total Income: 13, 000  
 Real Income  
 Average real income, 2002:  
 (176, 000 / 100 \* 100) = 16, 000  
 Average real income, 2012:  
 (29, 000 / 109 \* 100) = 15, 344

**Brazil's Macroeconomic Policies**  
 Since the 1990's Brazil's economic and financial stability has improved, mainly due to timely policy response. Brazil's growth was at it's peak in 2010, which is remarkable even in the global economic crisis (recession) in 2008.  
 Brazil is classified as a developing country, in order to catch up with the higher income countries it needs to sustain it's growth in the years to come. (oecd.org)  
 Brazil is the second fastest growing economy out of the BRIC countries. (Bloomberg)

**3 years after the global recession... (Ministry of Finance)**  
 Brazil has managed to prevent any major disruption to their banking system.  
 Resumed economic growth in 2nd Quarter of 2009  
 No increase in the unemployment rate.

**Monetary Policy in Brazil**  
 Adjustments to interest rates to control inflation rates.  
 Current interest rate (CPII): 5.2% (xe.com)  
**Brazil reduced their interest rate by:**  
 Reduction of banking reserve requirements and interest rates  
 Increase of credit lines to finance private external debt.  
**...and expanded credit by:**  
 Credit for car and agriculture industries.  
 Increase of pre-shipment export financing



**Unemployment**  
 It is anticipated that record low borrowing costs, government tax breaks and increased public spending will result in economic growth  
 Inflation has been pressured with near full employment and rising wages  
 However Brazil's unemployment rate can not be fully compared to rates of unemployment in developed countries  
<http://www.bloomberg.com/news/>



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Rio 2016



FIFA WORLD CUP  
Brasil

