

News Release

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Using the Composite Indexes: *The Leading Economic Index (LEI) provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term. The Coincident Economic Index (CEI) provides an indication of the current state of the economy. Additional details are below.*

The Conference Board Leading Economic Index® for Brazil, together with Fundação Getulio Decreased in October

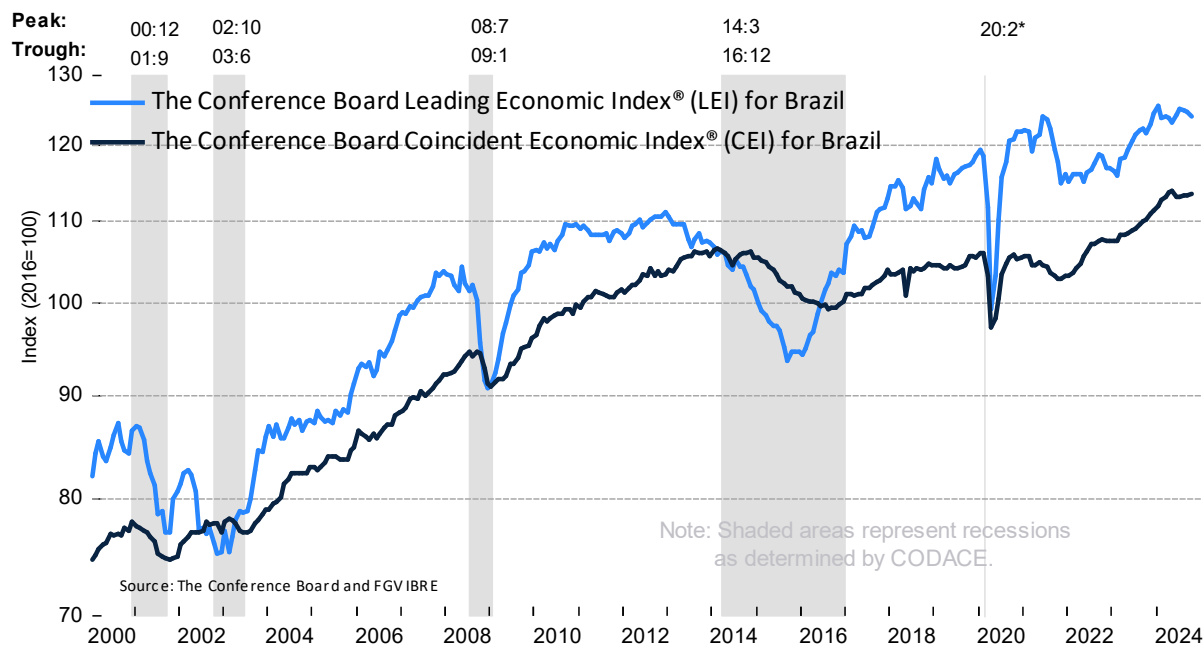
The Conference Board Leading Economic Index® (LEI) for Brazil, together with Fundação Getulio Vargas, decreased by 0.4% in October 2024 to 124.0 (2016=100), following a downwardly revised decline of 0.2% in September. Overall, the LEI increased only by 0.2% over the six-month period between April and October 2024, a significantly slower pace than the 1.8% growth over the previous six-month period between October 2023 and April 2024.

The Conference Board Coincident Economic Index® (CEI) for Brazil, together with Fundação Getulio Vargas, inched up by 0.2% in October 2024 to 113.4 (2016=100), after remaining unchanged in September. Despite this slight improvement, the CEI contracted by 0.2% over the six-month period between April and October 2024 after expanding by 3.1% over the previous six-month period.

“The Brazil LEI decreased in October, and following the downward revision of the September LEI, the Index marked its third consecutive month of decline,” said **Malala Lin, Economic Research Associate at The Conference Board**. “Nearly all components negatively contributed to the LEI, with notably large negative contributions from swap rates and from consumer expectations that dropped after 4 successive months of increase. Swap rates were a significant driver of the decline of the Index not only in October but also over the past 6 months. This may indicate that the financial markets are concerned with accelerating inflation and increasing public debt. Early November, the Central Bank of Brazil increased the Selic interest rate by 50 basis points. Moreover, the committee highlighted the need for more disciplined fiscal policy. While the impact of the recent rate hike is not yet reflected in the LEI, the significant slowing of the six-month growth rate of LEI suggests moderating activity in the near-term.”

The next release is scheduled for Friday, December 13, 2024, at 10 A.M. ET.

The Conference Board/Fundação Getulio Vargas Brazil LEI decreased in October



*CODACE has determined that the recession beginning in March 2020 ended in the second quarter of 2020. We will update our business cycle chronology when the monthly trough date is available.

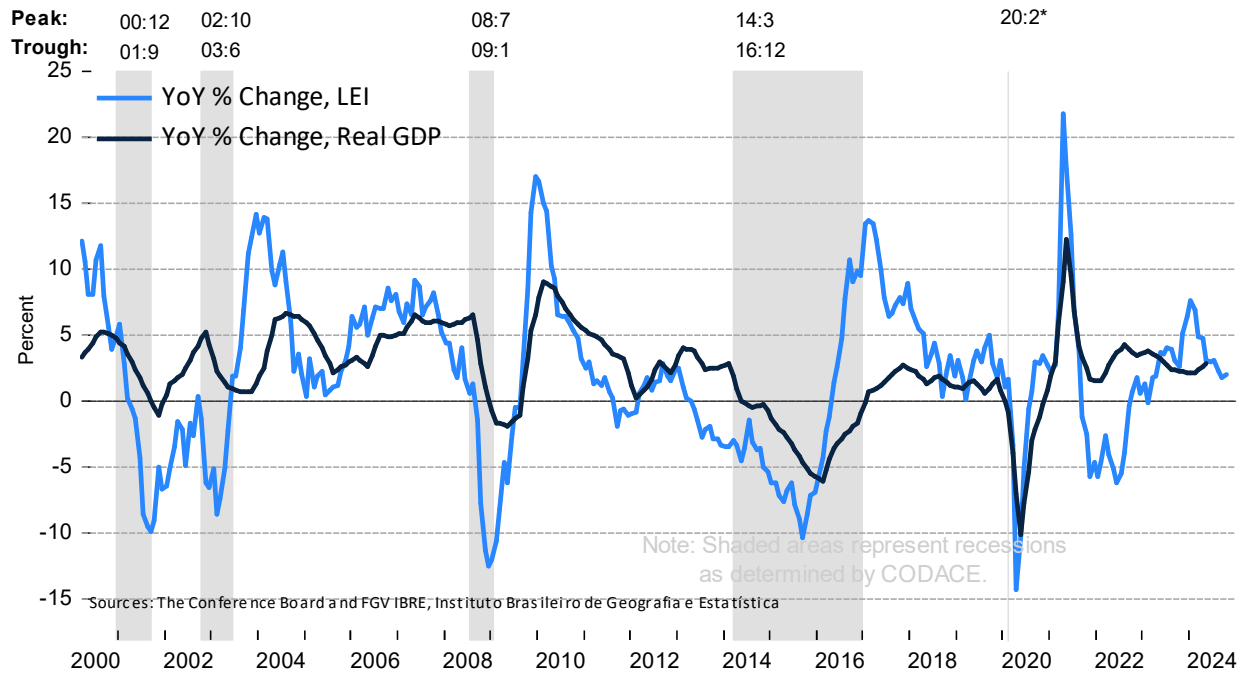
Large negative contributions from swap rates and consumer expectations led the October decrease

The Conference Board Leading Economic Index® and Component Contributions (Percent)

	Oct. '24	6 mo. ending Oct. '24
Financial Components		
SWAP Rate, 1 year*	-0.26	-0.72
Stock Prices Ibovespa, Bovespa Index	-0.07	0.22
Non-Financial Components		
Services Sector Survey, Expectations Index	0.17	-0.18
Manufacturing Survey, Expectations Index	-0.12	0.03
Terms of Trade, Index**	-0.01	0.74
Physical Production, Durables Consumer Goods, Index**	0.03	0.05
Consumers Survey, Expectations Index	-0.21	0.01
Exports Volume, Index**	-0.02	0.04

Source: The Conference Board
* Inverted series; a negative change in this component makes a positive contribution
** Statistical Imputation
LEI change might not equal sum of its contributions due to application of trend adjustment factor

Moderating annual growth of LEI is suggesting mounting pressure for the Brazilian economy in the near term



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About The Conference Board *Leading Economic Index*® (LEI) and *Coincident Economic Index*® (CEI) for Brazil

The composite economic indexes are key elements in an analytic system designed to signal peaks and troughs in the business cycle. Comprised of multiple independent indicators, the indexes are constructed to summarize and reveal common turning points in the economy in a clearer and more convincing manner than any individual component.

The CEI reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates—or “leads”—turning points in the business cycle by around six months.

The eight components of the *Leading Economic Index*® for Brazil are:

- Swap Rate - 1 year
- Ibovespa, Bovespa Index
- Manufacturing Survey, Expectations Index
- Services Sector Survey, Expectations Index
- Consumers Survey, Expectations Index
- Terms of Trade, Index
- Physical Production, Durables Consumer Goods, Index
- Exports, Quantum, Index

The six components of the *Coincident Economic Index*® for Brazil are:

- Industrial production
- Industrial Electric Energy Consumption
- Shipments of Corrugated Paper
- Volume of Sales of the Retail Market
- Occupied Employment Population
- Average Real Income of Workers

To access data, please visit: <https://data-central.conference-board.org/>

About The Conference Board

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Created in 1944, FGV is a Brazilian private higher education institution, think tank and producer of statistics, with a mission "to foster Brazil's socioeconomic development." The Brazilian Institute of Economics (IBRE) is FGV's arm with the mission to produce and disseminate high-quality economic statistics and studies that are relevant to improve policies and private action in Brazil.

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