

News Release

Jonathan Liu (732) 991-1754 / jonathan.liu@tcb.org

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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 July

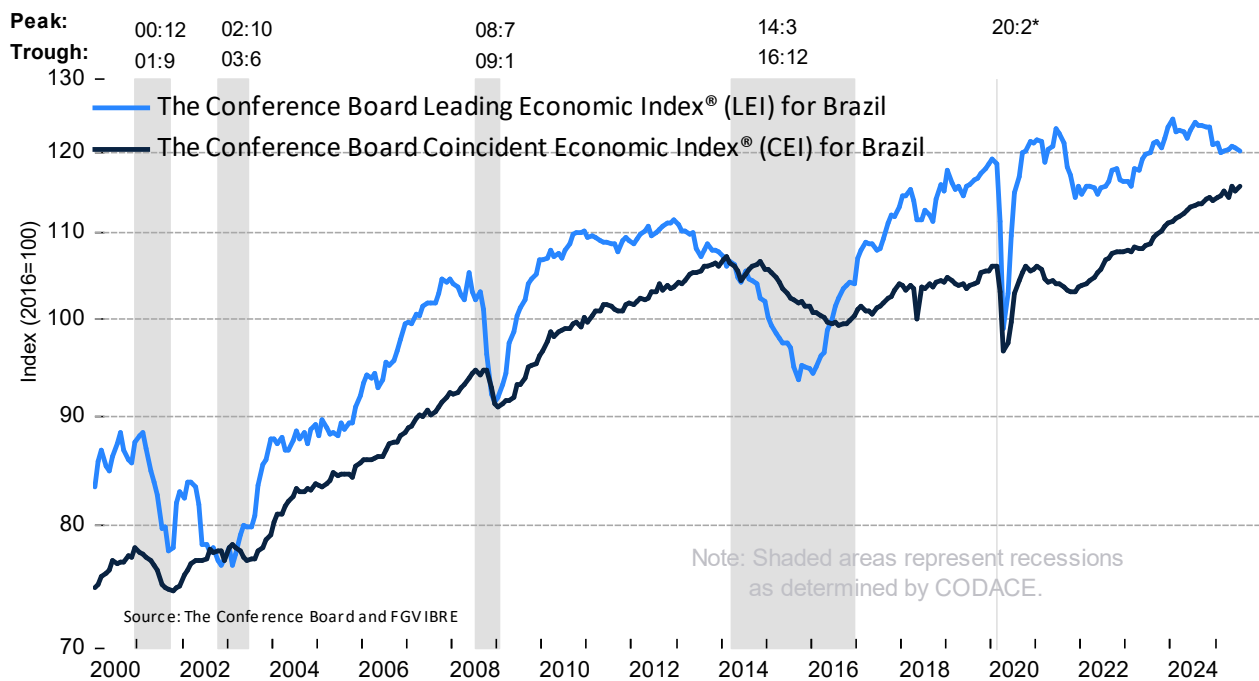
The Conference Board Leading Economic Index® (LEI) for Brazil, together with Fundação Getulio Vargas, decreased by 0.2% in July 2025 to 120.2 (2016=100), after also decreasing by 0.2% in June. As a result, the LEI contracted by 0.7% over the six-month period between January and July 2025, a much slower rate than the 2.3% decline over the previous six-month period between July 2024 and January 2025.

The Conference Board Coincident Economic Index® (CEI) for Brazil, together with Fundação Getulio Vargas, increased by 0.4% in July 2025 to 115.6 (2016=100), nearly reversing the 0.5% decrease in June. Overall, the CEI expanded by 1.1% over the six-month period between January and July 2025, a continuation of the 1.0% increase over the previous six-month period.

“The Brazil LEI decreased again in July” said **Malala Lin, Economic Research Associate at The Conference Board**. “The decline can be attributed to negative contributions from business expectations in the manufacturing and services sectors and falling stock prices. Moreover, the LEI growth rates shrank in July, pointing to signs of deceleration and continued headwinds. Additionally, impacts of the recent monetary policy tightening, which pushed the Selic rate to a nearly two-decade high, persistently elevated inflation, and the recently imposed 50% US tariffs may further put pressure on growth. In line with this, The Conference Board forecasts real GDP to slow in the second half of 2025 and overall reach only 2.5% for this year despite the very strong first quarter.”

The next release is scheduled for Monday, September 15, 2025, at 10 A.M. ET.

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



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

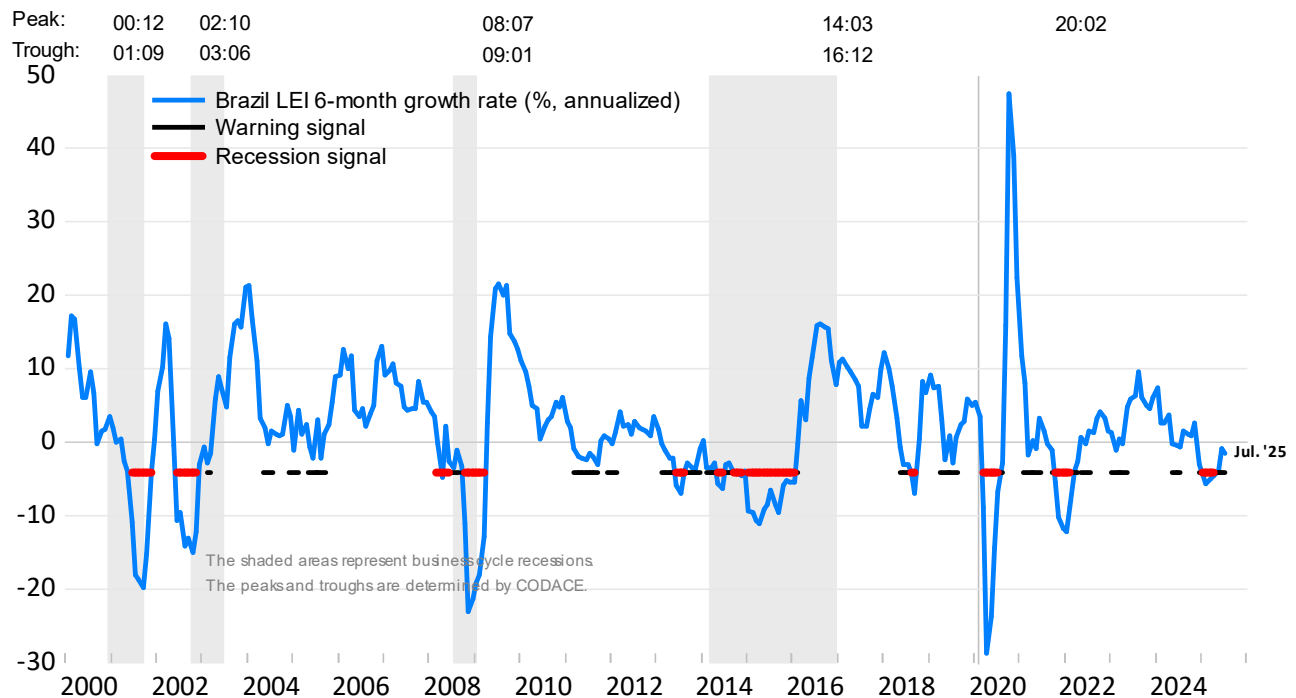
Deteriorating business expectations and lower stock prices led to the LEI decline in July

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

		Jul. '25	6 mo. ending Jul. '25
Financial Components			
SWAP Rate, 1 year*	-0.01		0.13
Stock Prices Ibovespa, Bovespa Index	-0.19		0.44
Non-Financial Components			
Services Sector Survey, Expectations Index	-0.13		-0.01
Manufacturing Survey, Expectations Index	-0.36		0.05
Terms of Trade, Index**	0.11		-0.98
Physical Production, Durables Consumer Goods, Index**	0.03		-0.07
Consumers Survey, Expectations Index	0.06		-0.27
Exports Volume, Index**	0.14		-0.10

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

The six-month growth rate for the Brazil LEI was slightly more negative in July, but did not signal recession



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NOTE: The chart illustrates the so-called **3Ds**—**duration, depth, and diffusion**—for interpreting a downward movement in the LEI. **Duration** refers to how long the decline has lasted. **Depth** denotes the size of decline. Duration and depth are measured by the rate of change of the index over the most recent six months at an annualized rate. **Diffusion** is a measure of how widespread the decline is among the LEI's component indicators—on a scale of 0 to 100, a **diffusion index** reading below 50 indicates most components are weakening.

The **3Ds rule** signals an impending recession when: 1) the six-month diffusion index lies at or below 50, shown by the black warning signal lines in the chart; and 2) the LEI's six-month growth rate (annualized) falls below the threshold of -4.2%. The **red recession signal lines** indicate months when both criteria are met simultaneously—and thus that a recession is likely imminent or underway.

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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