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## **BRAZIL INVESTOR GUIDE 2012**

A review of the Brazilian economy in 2011 and what to expect in 2012

**In 2011 the Bovespa index has dropped 18.9% through November 17** as economic growth slowed from 2010, inflation reached the government's upper band and political paralysis slowed necessary economic reforms.

**In Brazil, there has been a slow down in the pace of economic activity in 2011** but going into 2012 economic growth should continue to be supported by domestic demand, with its strong labor market and credit expansion.

**With the government leaning towards even more interest rate cuts to help support economic growth** and with inflation looking like it will decline we should see more positive signs coming from the Brazilian economy as lower rates ease pressure on consumers and businesses alike.

**Looking to 2012 we see that there is a very good chance for the Real to continue with these periods of strong volatility** as mixed news continues to make its way out of the Euro zone and as the Brazilian government debates whether or not to make more rate cuts.

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## INTRODUCTION

Throughout 2011 Brazil has experienced many economic ups and downs. Its stock market, the Bovespa, saw its value drop 29% from the end of 2010 to early August and then rally 20% from October to November; Inflation, reached the government's upper band of 6.5%; The Real, climbed to 1.53 per US Dollar and then dropped to a 2 year low of 1.90; and GDP while strong was for most of the year revised downwards by economists. In November the data released by the Central Bank of Brazil showed that economic growth was still decelerating with GDP growth for 2011 forecasted to be at 3.2% and 2012 at 3.5%, compared to 7.5% for 2010. With an economic crisis occurring in Europe and a stagnant economy in the US, Brazil in 2011 has very much been feeling the effects of the cold its largest trading partners have caught.

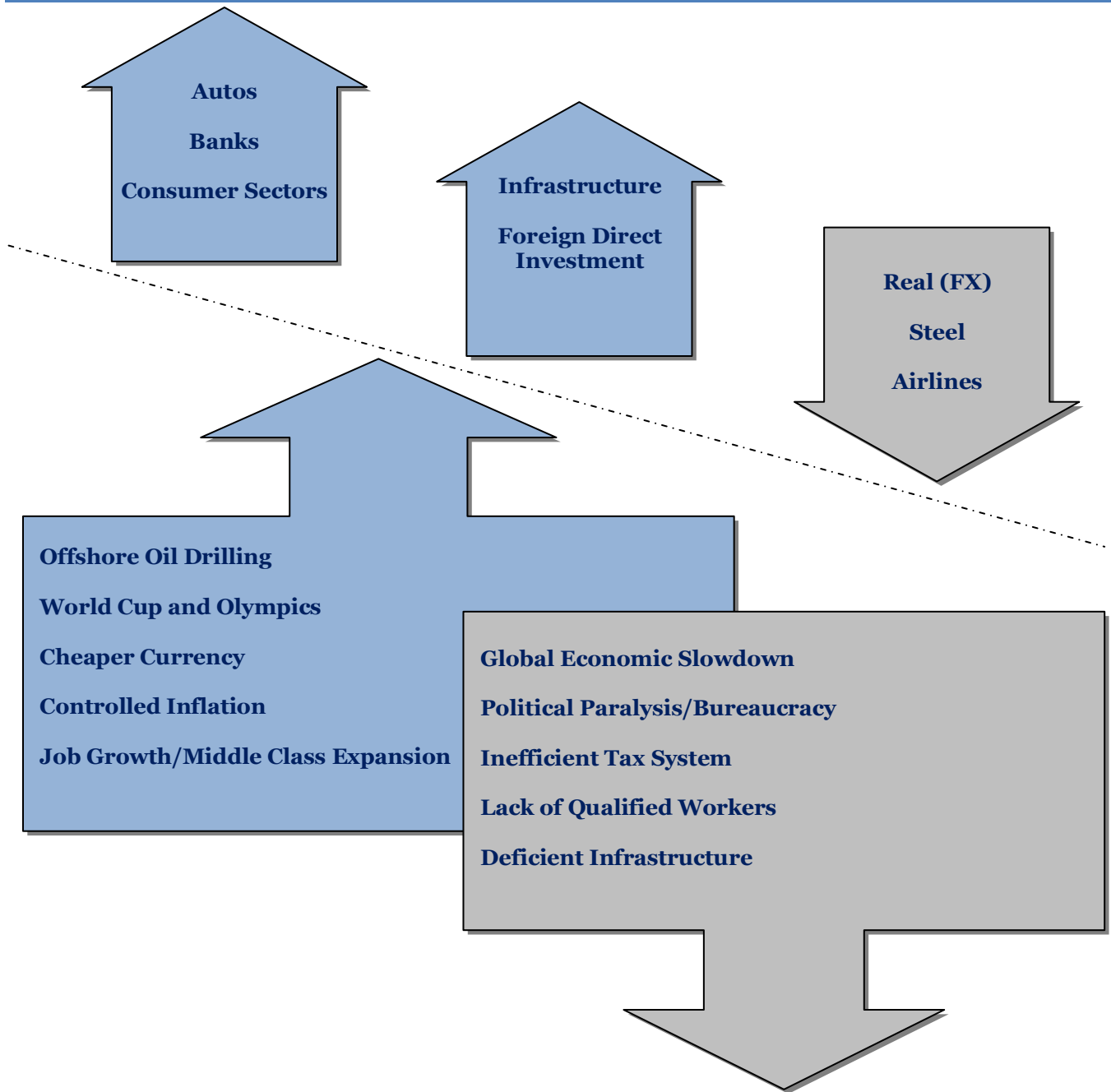
For 2012, however, we believe the outlook for the Brazilian economy is very positive. As the economies of developed countries have slowed the Brazilian government has taken a very proactive approach in helping support the domestic economy. As we saw in the latter part of 2011 the government was very quick to step in with interest rate cuts (even in a high inflation environment) and new tax cuts designed to help boost and protect local businesses. With the government leaning towards even more interest rate cuts to help support economic growth and with inflation looking like it will decline we should see more positive signs coming from the Brazilian economy as lower rates ease pressure on consumers and businesses alike.

In 2012 there will still continue to be a lingering fear of inflation. Even though inflation forecasts have been brought down Brazil's use of reduced interest rates to help stimulate economic demand in an economy that cannot adequately supply its own domestic demand could lead to a reappearance of unwanted inflationary growth. Strong demand pressures resulting from the effects of a low employment, robust credit growth, supply constraints and large infrastructure bottlenecks could hamper Brazil's efforts to keep inflation under control.

Asset bubbles are another worry for the booming Brazilian economy. As massive inflows of cash make their way into the country the abundance of cash has helped fund more bank loans and fueled a potential real-estate bubble. In Sao Paulo alone the price of newly constructed apartments has gone up 31% in the last year and price in some of the more luxurious neighborhoods experienced more than 50% increases in value. Although household indebtedness and debt servicing costs relative to income are increasing Brazil still finds itself in a relatively safe situation as most of its consumer debt is very short term in nature and at very high interest rates, which means consumers can only take on so much debt. Mortgages, although becoming more popular, are still at a low level compared to most developed countries.

Looking further into 2012 as Brazil grows and demand follows suit more investment will surely be needed to keep up. With the FIFA World Cup only two and a half years away, the Olympics 5 years and a giant oil reserve that has yet to be tapped major investments will continue to be made in the areas of infrastructure, telecommunications and energy leading to continued growth for years to come.

**2012 MACRO AND MICRO ECONOMIC OUTLOOK**



**2012 FORECAST DATA**

	<b>Inflation</b>	<b>GDP Growth</b>	<b>Oil Production Growth</b>
<b>2011</b>	6.5%	3.2%	13.6%
<b>2012</b>	5.6%	3.5%	11.6%

## ECONOMIC REVIEW

**In Brazil, there has been a slow down in the pace of economic activity in 2011 but going into 2012 economic growth should continue to be supported by domestic demand, with its strong labor market and credit expansion.**

The Central Bank of Brazil recently stated that despite the high degree of risk aversion in the international markets, the favorable outlook of the Brazilian economy keeps attracting capital inflows, especially foreign direct investments. As a consequence, international reserves increased by US\$64.8 billion in the first eight months of 2011, thus reaching a stronger position than in years before, when growth was much higher. Indicators of consumer price inflation, overall, have decelerated during the quarter ended in August relative to the quarter ended in May. In line with headline inflation dynamics, the measures of core inflation calculated by the Central Bank of Brazil have also decelerated over the same period.

**The latest economic activity data released by the Central Bank for Q3 2011 shows that the Brazilian economy is still decelerating.**

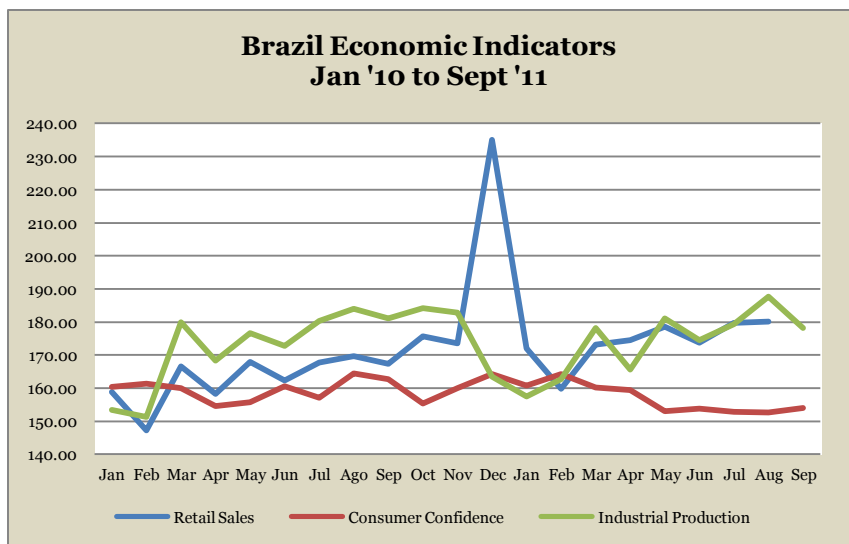
Industrial production declined 5% from August to September and is up only 1.07% for the year. Automobile production was down 19.7% from August to September and is up 3.14% for the year. Domestic auto sales decreased 8.4% for the month of September and are up 1.1% for the year. Import growth has been exceptionally robust as the strong Real in the beginning of the year drove consumption of imported goods. Year over year growth using October year to

date data shows that imports have grown 25.5% in 2011 over 2010. As the Real weakens imports should be expected to decline putting more strain on the supply of domestic goods.

**In September the Central Bank of Brazil released its first monthly commerce survey covering 17 industries** on themes related to purchasing, demand, billing, inventory, labor, access to credit, and the general situation of their business. The industries were heavily weighted towards retail (with 9 different sectors) and also included wholesale (4 sectors), Autos and Auto Parts (3 sectors) and Construction materials. The questionnaire had 1,272 companies respond.

In September the commercial confidence measure rose to 134.7 compared to 132.3 in August. Tulio Macei, Brazil's Central Bank head of Economic Research, told reporters that the report's findings "indicate an index of confidence that is still elevated."

Looking at each industry year over year we see that only the Wholesale industry is seeing a more positive outlook in commercial confidence when compared to



September 2010. All other industries have less confidence than they did a year ago with Autos and Auto parts coming in exceptionally lower than all of the other industries. In regards to credit the increasing trend is that it is becoming more difficult to access while those seeing credit as easy to access is decreasing.

**INTEREST RATES**

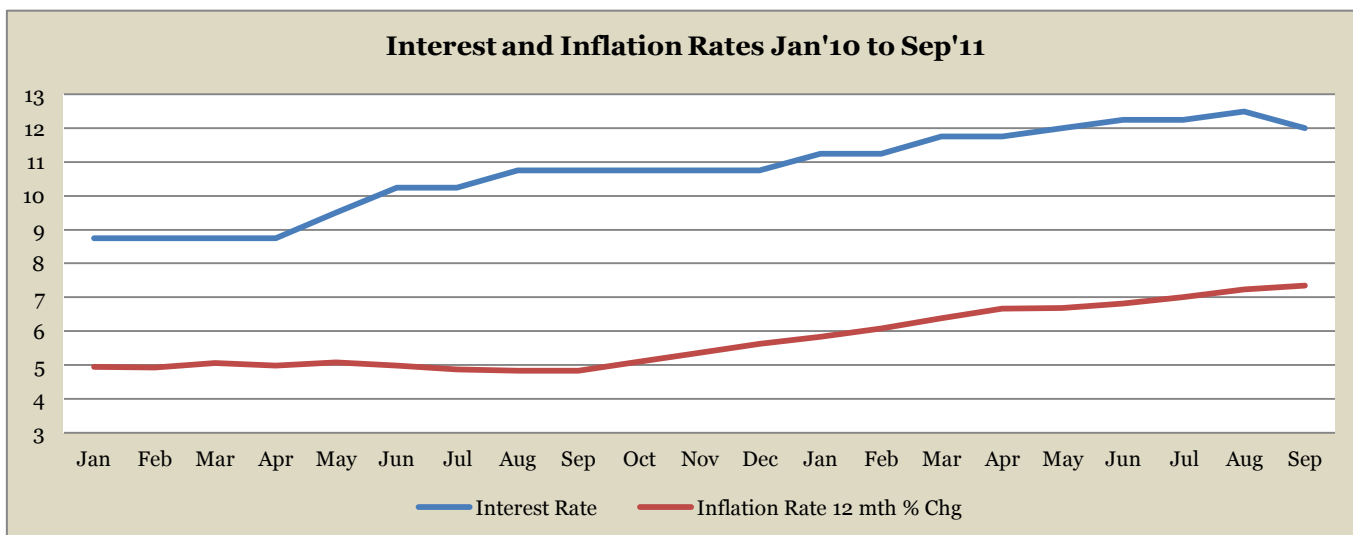
As the macro-economic situation worsens with the debt crisis in Europe and economic stagnation in the US, Brazil's economy will continue to feel negative external forces and the government (most likely) will be forced to make internal changes with rate cuts, in order to combat this. Below we take a quick look at what the effects of a possible interest rate cut will have by examining a selected group of Brazilian industries and asset types

**Bond investors** should move more into stocks as bond yields will drop and companies should feel the positive effects of a rate decrease. However, Brazilian bond yields are still at very high levels compared to the rest of the world and with Brazil's excellent credit rating you may not see a flood of money leave the bond market as yields decline.

**The Real** should decline as a lower yield on government bonds makes the currency less attractive. As we saw last month when the government made the surprise rate cut announcement the Real experienced a dramatic sell off losing 14% in one week. Although it did return to recoup some of its losses investors were quick to turn away from the currency as bond yields declined.

**Bank stocks** in a declining interest rate environment should expect to see profits decline as yields on loans charged to customers should drop. However, for Brazilian banks a declining interest rate may actually help increase profits as a lower interest rate will help struggling consumers make their payments and reduce the amount of delinquent loans for the banks. In its latest earnings release Banco Itau noted that a decrease in interest rates could help increase profits 15% next year due to less loan write offs. Expect this decrease in delinquencies to also positively affect Retailers who have consumer loan units, such as Pao de Acucar.

**Real Estate** companies should also feel positive effects from a rate decrease as borrowing costs will be reduced for potential home buyers and property developers.



## INFRASTRUCTURE – WORLD CUP & OLYMPICS

The World Cup and Olympics will bring significant economic and structural benefits to Brazil and will also modernize the country's creaky infrastructure network. The games will deliver more than just a source of entertainment as increased investment in airports, the power grid, railways, roads, hotels, telecommunications, and environmental projects will all have a long-term impact on Brazil's economy that will go above and beyond the direct impact of the actual events.

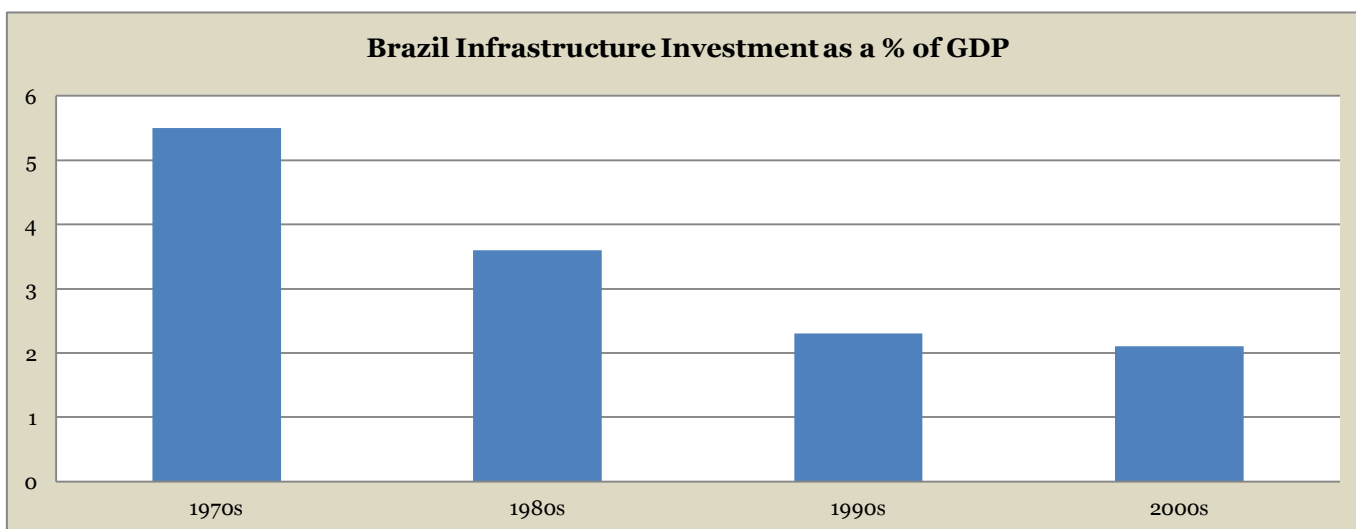
**According to the Brazilian government the infrastructure renovation projects for the World Cup 2014 should receive investments of about R\$ 47 billion** with funds coming from both the public and private sectors. The government believes that the sporting events should have an indirect impact of approximately R\$ 185 billion as it is estimated that at least 700 thousand new jobs will be offered in the country in relation to preparation and execution of the competition.

Also highlighted by the government is the port sector. Seven key Brazilian ports will receive about R\$ 700 million in investments. With the growing participation

of cruise liners on the Brazilian coast and the increased consumer demand bringing in greater shipments of foreign goods each day, a modernization of Brazil's port will impact many facets of Brazil's economy.

**While we have seen in Olympics and World Cups past the economic impact of hosting these events has been overstated.** However, many people believe the Brazil experience stands to be different as the country is starting from a more extreme position of need. Other than building higher quality and safer stadiums, investments such as a better transportation system, increased capacity at airports and an updated power grid will benefit Brazilians for many years to come and support even further economic development.

**Furthermore, Brazil's already strong tourism industry is likely to enjoy significant and long-lasting effects.** Future visitors will benefit from the newly built hotels which will replace much of the country's antiquated inventory as well as an increase in safety as Brazil's police force cracks down on drug trafficking and crime.



**POLITICAL REVIEW**

**Brazilian finds itself an extremely complicated point in its current politics.**

Current president Dilma Rousseff has been quick to sweep out corrupt politicians in her first year, trying to clean up Brazil's tradition of crooked behavior at the top. While this cleanup has worked to improve the image of the government among the people its productivity has lagged behind. Political paralysis has dogged Brazil at a time when slowing global and domestic growth require swift policy action to help support the local economy. Although Brazil has been able to pass laws aimed at protecting local business with higher tariffs the main focus of the government needs to be on reducing the complexity of doing business in Brazil in order to ensure long-term viability. Brazil must also take measures to shore up its federal budget and strengthen local companies in order to endure a likely scenario of low global growth ahead. Brazil's government trimmed its planned spending by about R\$50 billion (\$28.2 billion) earlier this year in an effort to meet fiscal savings targets. Analysts have warned, however, that the government should work to contain spending in the coming year if it hopes to maintain controlled inflation, declining interest rates, and growth.

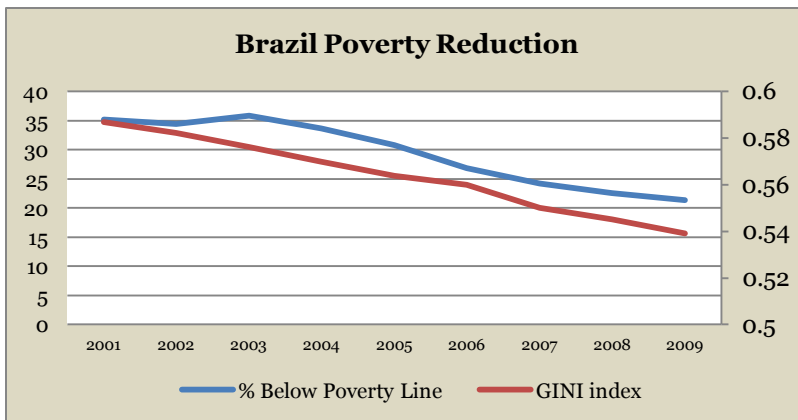
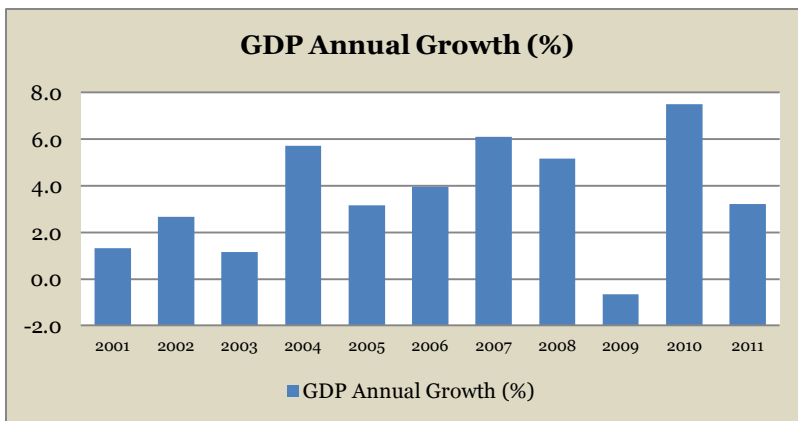
**Brazil also needs to make important decisions in regards to the offshore oil field that is forecast to product 5mm barrels of oil per day by 2020.**

The use of the funds generated from the oil field will be the key to determining Brazil's future. Managed wisely these funds can do great good by improving education,

healthcare and infrastructure and can create a buffer against future recessions. Managed incorrectly Brazil can turn itself quickly into the next Venezuela by feeding a spendthrift and corrupt political system that neglects savings and investment.

**UNEMPLOYMENT & POVERTY**

**Over the last two decades we have seen poverty rates in Brazil cut in half.** Thanks in large part to the government policies that combined greater macro-economic stability with more effective and pro-poor social policies Brazil's inequality, as can be seen in the Gini index measure, has steadily decreased. This year Brazil will overtake Great Britain as the sixth largest economy in the world and could reach its Millennium Development goal of poverty reduction in 2015, 10 years earlier than planned.





**STOCK MARKET REVIEW**

In 2011 the Bovespa experienced a 29% drop from the end of 2010 to early August 2011 as economic growth dramatically slowed from 2010, inflation reached the government's upper band and political paralysis slowed necessary economic reforms. At this point in time the "Brazil Bears" were out in full force claiming that Brazil was going to blow (as has happened many times in the past) and that the chances of collapse were not if, but when. Interest rates were climbing as the government was trying to fight off resurgent inflation and most investors predicted that Brazil's astronomical rates would continue into the foreseeable future.

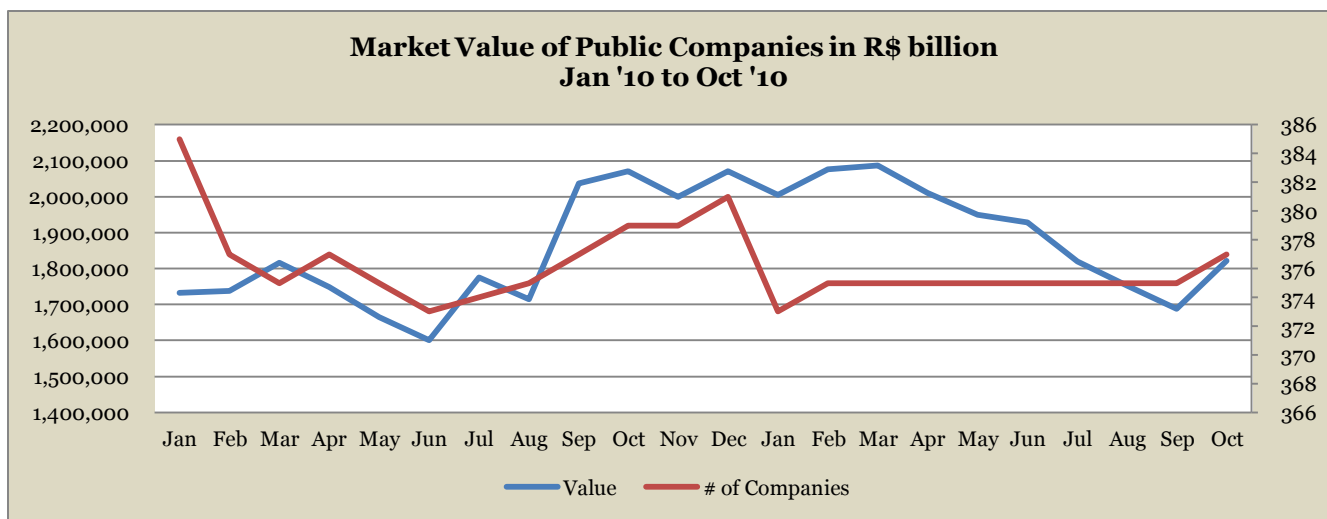
**However, in early October the Brazilian government made an announcement that they had reduced the benchmark Selic rate by 50bps** as a slowdown in global economic growth should help reduce Brazil's inflationary pressures and that a decrease in interest rates should help prop up a slowing domestic economy. From the time of the interest rate cut the Bovespa rallied 20% to put it into bull market territory.

Brazilian ETFs have realized an even more painful

2011 with the iShares MSCI Brazil Index ETF (EWZ) down 17.9% for the year. Although growth is expected to slow in Brazil as the developed world tries to figure its way out of another debt crisis the future for the Bovespa may not be as bleak as what the market's returns have been telling us.

**During 2011 there was a lot of positive news coming from both a governmental and private market perspective.** We have seen tax breaks introduced for Telecoms to improve the conditions for investment during a time of global economic crisis and we have seen a tax break on fuel as the rising value of the dollar increases import costs. The government also introduced an increase in taxes on imported cars with foreign parts in order to protect local auto part manufacturers from cheaper, imported foreign goods. It has also reduced interest rates and over the next few months it is expected that it will reduce rates even further to help support the Brazilian economy as the global economy recedes.

From a private market perspective we have seen an increased interest from foreign manufacturers (such as Nissan and Foxconn) to set up production within Brazil to avoid the increased taxes and tariffs and to



get direct access to the Brazilian market with more competitive prices.

**And finally, we have seen a significant drop in the value of the Real – losing almost 14% of its value from its July high of 1.54.** This weakness in the Real may be cause for concern from an inflation perspective, however, for exporters the drop in the currency should help boost sales to foreign buyers and provide some cushion from a global financial crisis.

All in all we have trouble believing that the slide in Brazilian stocks in 2011 is indicative of their true market value. Yes, there are still many issues to be found in the country with higher than wanted inflation, complex labor and tax laws, high costs of employment, government bureaucracy, poor infrastructure and an imbalance of wealth. However, foreign direct investment is increasing each year and venture capital and private equity firms are entering the market more and more as returns decline in the US and Europe, valuations for companies are extremely low when compared to recent years, and the economy is *still* growing. Although we have seen a deceleration in growth in 2011, the long term growth prospects are still very strong as the country continues to develop its infrastructure, the middle class continues to grow and the offshore oil field start to produce oil.

## INDIVIDUAL STOCK PERFORMANCE

Looking at the Brazilian market in 2011 we saw a stark contrast between the performance of Brazilian companies listed locally and those listed on the US exchanges (ADRs). While the Bovespa index, the iShares Brazilian Index Fund (EWZ) and the average ADR are all down around 17% over the past year the best individual stock performers have been highly concentrated in the Brazilian domestic exchange.

**The ETF funds and ADRs are made up of the largest companies in Brazil and do not give investors the exposure to the smaller locally-listed stocks that have been outperforming the market consistently throughout 2011.** While the ADRs still provide you with strong international companies that have excellent earnings and huge future potential you miss out on the small and mid cap companies that provide investors with most opportunities for growth. We ran a screen to compare the top performing Brazilian ADRs against the top performing locally-listed companies, with a minimum \$200mm market cap, and the differences are quite dramatic. Out of the top 20 locally-listed companies, BRF Foods was the only ADR to make the list with a 52 week return of 38%. The top locally-listed company from our screen had a 52 week return of 116% and the average return for the top 20 locally-listed was over 48%.

*Please see the ADR-Local Listed Performance Comparison on the following page.*

**TOP ADRS VS TOP LOCAL STOCKS**

<b>ADRS</b>	<b>Symbol</b>	<b>52 wk Price %</b>	<b>Industry</b>
BRF - Brasil Foods	BRFS	38.51%	Food Producers
Am Bev - Pref	ABV	19.62%	Beverages
Am Bev - Com	ABV.C	15.78%	Beverages
Ultrapar	UGP	13.88%	Gas,H2o&Multiutility
SABESP	SBS	12.92%	Gas,H2o&Multiutility
Telefonica Brasil	VIV	9.18%	Fixed Line Telecom .
CPFL Energia	CPL	5.67%	Electricity
Companhia Energetica de Minas Gerais-CEMIG	CIG/C	1.37%	Electricity
Companhia Energetica de Minas Gerais-CEMIG	CIG	-6.50%	Electricity
Companhia Brasileira de Distribuicao-CBD	CBD	-7.47%	Food & Drug Retailers
Embraer	ERJ	-10.85%	Aerospace & Defense
Centrais Eletricas Brasileiras-Eletronbras - Pref	EBR.B	-13.06%	Electricity
Brasil Telecom - Pref	BTM	-15.63%	Fixed Line Telecom .
TAM	TAM	-18.83%	Travel & Leisure
Banco Bradesco	BBD	-19.95%	Banks
Vale - Pref	VALE-P	-20.28%	Indust.Metals&Mining
Braskem	BAK	-20.54%	Chemicals
Comp. Paranaense de Energia-COPEL - Pref	ELP	-22.57%	Electricity
Petroleo Brasileiro - Pref	PBR/A	-22.75%	Oil & Gas Producers
Vale - Com	VALE	-23.62%	Indust.Metals&Mining
<b>Locally-Listed Companies</b>	<b>Symbol</b>	<b>52 wk Price %</b>	<b>Industry</b>
Jereissati Telecom SA	LFFE4:SAO	116.22%	Com m unications Services
Restoque Comercio e Confeccoes de Roupas SA	LLIS3:SAO	79.86%	Retail (Apparel)
Universo Online S/A	UOLL4:SAO	79.32%	Computer Services
Renova Energia SA	RNEW11:SAO	68.54%	Electric Utilities
Companhia de Saneamento do Parana - Sanepar	SAPR4:SAO	55.94%	Water Utilities
Banco Panamericano SA	BPNM4:SAO	50.84%	Regional Banks
Companhia de Eletricidade do Estado da Bahia	CEEB5:SAO	50.17%	Electric Utilities
Tele Norte Cellular Holding Co	TNCP4:SAO	47.30%	Com m unications Services
MPX Energia SA	MPXE3:SAO	42.81%	Electric Utilities
Klabin SA	KLBN4:SAO	40.38%	Paper & Paper Products
BRF Brasil Foods SA	BRFS3:SAO	38.02%	Food Processing
Redecard SA	RDCD3:SAO	37.98%	Consumer Financial Services
MPX Energia SA	MPXE3:SAO	37.93%	Electric Utilities
Cia Hering	HGTX3:SAO	37.44%	Retail (Apparel)
Globex Utilidades SA	GLOB3:SAO	35.14%	Retail (Technology)
Cielo SA	CIEL3:SAO	30.79%	Consumer Financial Services
Vale Fertilizantes SA	FFTL4:SAO	29.39%	Chemical Manufacturing
Souza Cruz SA	CRUZ3:SAO	29.20%	Tobacco
Duke Energy International Geracao Paranapanem	GEPA3:SAO	28.79%	Electric Utilities
JHSF Participacoes SA	JHSF3:SAO	28.75%	Real Estate Operations

## FOREIGN EXCHANGE

With a backdrop of a decrease in the benchmark interest rate and the threat of a Greek default the Real has seen its value against the US Dollar decline almost 14% since July 27th. After months of proposed measures, import taxes and threats to the WTO it seems that the combination of an interest rate reduction and the threat of a Greek default were all that were needed to reduce the Real's value to a level that may make Brazilian exporters more competitive again.

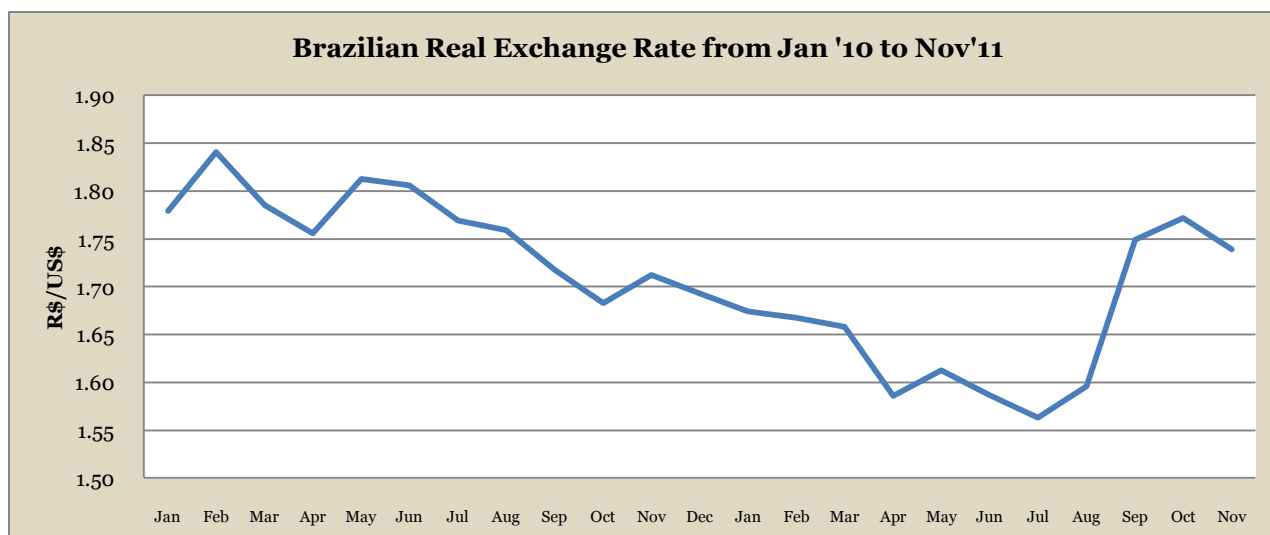
**Although the Real has managed to lose more than 13% of its value against the dollar it has also managed to stage large rallies on positive news coming out of Europe and from Brazil.**

On the week that European leaders had convinced bondholders to accept 50 percent write-downs and the Brazilian Central Bank had begun to sell US Dollars in the futures market we saw the Real move from a level near 1.90 to the US Dollar to around 1.65. Although the Real has moved back to the 1.70-1.75 range in November the current macro environment should bring continued volatility through the year end and well into 2012.

**A weaker Brazilian Real tends to attract exporters, who take advantage of the exchange rates to make more money** when they repatriate funds from abroad. Exporters will likely continue to be interested in purchasing the currency and selling the dollar when prices are more attractive.

However, as we saw throughout 2011 the Brazilian government can be quick to step in to support the Real if it sees the price rising too rapidly. The Real will likely face stiff resistance as it approaches the 1.70 R\$/US\$ level as speculation about intervention gains momentum, which should be enough to prevent any significant advance beyond that level.

**Looking to 2012 we see that there is a very good chance for the Real to continue with these periods of strong volatility** as mixed news continues to make its way out of the Euro zone and as the Brazilian government debates whether or not to make more rate cuts. What was once an extremely overvalued currency the Real has now moved back to a more reasonable value, however, as we have seen over the past 7 weeks the volatility of the Real can be extreme as investors quickly flee to safety in a volatile global environment.



## SECTOR ANALYSIS

### AGRICULTURE

The outlook is positive for 2012 with forecasted growth of 4.13% while 2011 has come in below expectations at 2.62%. The main variables that will determine the growth of production and the dynamics of industry are focused on: government strategy, resource constraints in the domestic and foreign markets, profitability of the 2011 harvest, and expectations for future income. Grain prices are expected to rise in 2012, and sugar and ethanol are likely to experience slightly slower growth than in previous years.

Company	Symbol	Market Cap	52 Wk % Chg	P/E Ratio
Brasilagro Companhia Brasileira de Propriedades Agricolas	AGRO3:SAO	290.37m	-18.16%	7.91
Companhia De Participacoes Alianca Da Bahia	PEAB4:SAO	229.29m	7.43%	12.86
SLC Agricola SA	SLCE3:SAO	954.86m	-18.21%	15.38

### AUTOS

The production of light vehicles is expected to rise 2% year-on-year in 2011 with Brazil becoming the world's fourth largest automotive market. For the 10 months ended in October auto sales were up 5.1% in line with expectations of 5% year over year growth. The sector has been affected by a reduction in consumer confidence and increased borrowing costs in 2011, but with the recent reduction in the benchmark interest rate sales should be boosted and defaults should decline as lower borrowing rates make it easier for consumer to purchase new cars and pay off debts. In 2011, a new tax was implemented that added on a 30% tax to imported cars with less than 65% of their parts originating from Brazil. Even with this tax sales of imported cars have remained at around 25% of total car sales. However, with the announcement of the import tax Volkswagen and Renault announced plans to build and or expand factories in Brazil in order to have better and cheaper access to the market.

Company	Symbol	Market Cap	52 Wk % Chg	P/E Ratio
Randon S/A Implementos e Participacoes	RAPT4:SAO	1.31bn	-28.33%	8.08
Wlm Industria E Comercio SA	SGAS4:SAO	249.62m	16.79%	8.67
Tupy SA	TUPY3:SAO	901.13m	26.82%	9.64
Iochpe Maxion SA	MYPK3:SAO	1.24bn	-7.34%	10.57
Marcopolo SA	POMO4:SAO	1.89bn	19.40%	11.39
Plascar Participacoes Industriais SA	PLAS3:SAO	216.59m	-38.17%	12.09
FIBAM Companhia Industrial	FBMC4:SAO	30.66m	-18.94%	74.66

## METALS & MINES

The Brazil Steel Institute cut its outlook for steel output this year to 36.3 million tons – still 10.5 per cent above production levels in 2010 but well below the 39.4 million tons it had previously forecast. The global slowdown can be looked at as a major reason behind this slowdown as steel demand decreases in developed and emerging economies around the globe. However, Brazil is also starting to experience a slowdown of its own as consumers and manufacturers are showing signs of weariness after the credit-fuelled expansion over the past few years. Orders from airlines such as TAM, Brazil's largest, are being pulled back even as the domestic air travel market continues to show signs of strength. Growth in domestic air travel is still expected to be high over the next year (15 to 18%), although not as high as the 21% the country realized in 2010.

Still there may be some positive news ahead as interest rates look set to decline further and the drop in the Real has made Brazilian exports more competitive. These recent changes could create some support for the beleaguered manufacturing industry (who has already called for government protection against a weak currency and high interest rates) as consumer spending should be assisted by the reduced rates and outside demand should be boosted as the currency drops in value.

Company	Symbol	Market Cap	52 Wk % Chg	P/E Ratio
Bradespar SA	BRAP4:SAO	4.46bn	-21.01%	5.53
Vale SA	VALE5:SAO	83.61bn	-14.17%	5.61
Cia Ferro Ligas Da Bahia Ferbasa	FESA4:SAO	302.68m	-31.25%	6.38
Mangels Industrial SA	MGEL4:SAO	77.75m	-49.14%	6.96
ALL ORE Mineracao SA	AORE3:SAO	108.93m	-33.62%	7.75
Panatlantica SA	PATI3:SAO	51.89m	-26.84%	8.94
Bardella SA Industrias Mecanicas	BDLL4:SAO	53.52m	-41.36%	9.17

## SOFTWARE

Brazil's software industry is expected to be worth US\$4.7 billion in 2011. Software CAGR, according to Report Linker, from 2011-2015 is expected to be around 16% with the industry reaching a value of US\$8.5 billion in 2015. The majority of the software demand in Brazil is within the ERP and Supply Chain markets. With the continued growth in the retail, healthcare and finance sectors Brazil is positioned as one of the top markets for ERP growth in South America.

According to ERPinsights.com the single most important business factor leading to increased CRM adoption in Latin America is the surge in business process outsourcing. The continued demand by U.S. companies for offshore outsourcing resources is moving near shore and bringing increased CRM software adoption for those organizations looking to earn that business. Call center operations are expanding at aggressive rates and adopting CRM software applications as the foundation for their businesses. According to analyst firm Datamonitor, Brazil, Argentina and Chile provide the lowest fully-loaded call center agent price within the Americas and are appealing

to U.S. companies in part due to their large labor pool, strong multilingual capabilities, proactive marketing to the U.S. market and efficient use of CRM software systems.

Company	Symbol	Market Cap	52 Wk % Chg	P/E Ratio
Weg SA	WEGE3:SAO	6.62bn	-18.97%	20.66
Totvs SA	TOTS3:SAO	2.70bn	1.90%	32.43
Universo Online S/A	UOLL4:SAO	654.31m	79.32%	45.13
Itaotec SA Grupo Itaotec	ITEC3:SAO	217.55m	-30.17%	695.47
Positivo Informatica SA	POSI3:SAO	301.18m	-55.44%	--
Bematech SA	BEMA3:SAO	113.50m	-58.08%	--

## RESIDENTIAL CONSTRUCTION

Brazil with a growing population and rising incomes will be in a great position for the long term to buy new homes. With such programs as "Minha Casa, Minha Vida" that assists low-income families with buying homes, Brazil will be building two million housing units in the low-income area alone in the next three years. Home building stocks are currently trading at very inexpensive valuations relative to the rest of the market and most are cash flow positive after ramping up production over the past few years and are now delivering the homes and collecting the mortgage proceeds.

Company	Symbol	Market Cap	52 Wk % Chg	P/E Ratio
Direcional Engenharia SA	DIRR3:SAO	810.4m	-36.27%	7.82
Brookfield Incorporacoes SA	1BISA3:SAO	1.6bn	-27.77%	8.39
Eternit SA	ETER3:SAO	442.8m	-15.81%	8.4
Gafisa SA	GFSA3:SAO	1.5bn	-54.16%	9.25
Cyrela Brasil Realty SA Empreendimentos E Participacoes	CYRE3:SAO	3.6bn	-29.35%	15.22
Mills Estruturas E Servicos De Engenharia SA	1MILS3:SAO	835.9m	-21.47%	24.37

**STATISTICS**
**INFLATION**

<b>Inflation - IPCA – core</b>											
<b>Period</b>		<b>Exclusion core (excludes fuel – for domestic and for automobile use and 10 items of the food and beverages group)</b>			<b>Smoothed trimmed means<sup>1/</sup></b>			<b>Double-weighted core<sup>2/</sup></b>			<b>Percentage change</b>
		<b>In the month</b>	<b>In the year</b>	<b>In 12 months</b>	<b>In the month</b>	<b>In the year</b>	<b>In 12 months</b>	<b>In the month</b>	<b>In the year</b>	<b>In 12 months</b>	
2010	Jan	0.59	0.59	4.87	0.48	0.48	4.44	0.60	0.60	4.94	
	Feb	0.68	1.27	4.85	0.39	0.87	4.54	0.47	1.07	4.93	
	Mar	0.42	1.70	5.05	0.46	1.34	4.66	0.40	1.48	5.05	
	Apr	0.42	2.13	4.91	0.50	1.84	4.81	0.42	1.90	4.98	
	May	0.56	2.70	4.93	0.62	2.47	5.00	0.57	2.48	5.07	
	Jun	0.36	3.07	5.02	0.40	2.88	5.02	0.29	2.78	4.99	
	Jul	0.24	3.32	4.97	0.25	3.14	4.97	0.20	2.99	4.87	
	Aug	0.12	3.44	4.87	0.33	3.48	5.05	0.19	3.18	4.83	
	Sep	0.37	3.82	4.94	0.43	3.93	5.09	0.39	3.59	4.83	
	Oct	0.44	4.28	5.15	0.55	4.50	5.35	0.58	4.19	5.09	
	Nov	0.52	4.82	5.30	0.56	5.08	5.52	0.66	4.87	5.37	
	Dec	0.60	5.45	5.45	0.52	5.63	5.63	0.71	5.62	5.62	
2011	Jan	0.76	0.76	5.63	0.54	0.54	5.69	0.80	0.80	5.83	
	Feb	0.96	1.73	5.92	0.40	0.94	5.70	0.70	1.51	6.07	
	Mar	0.70	2.44	6.22	0.49	1.44	5.73	0.70	2.22	6.39	
	Apr	0.52	2.97	6.32	0.60	2.05	5.84	0.68	2.91	6.66	
	May	0.54	3.53	6.30	0.64	2.70	5.86	0.59	3.52	6.68	
	Jun	0.56	4.11	6.51	0.54	3.25	6.01	0.42	3.95	6.82	
	Jul	0.33	4.45	6.61	0.41	3.68	6.18	0.38	4.35	7.01	
	Aug	0.32	4.79	6.82	0.55	4.25	6.41	0.39	4.76	7.23	
	Sep	0.45	5.26	6.91	0.58	4.85	6.57	0.51	5.29	7.36	

Source: IBGE, elaborated by Depec/Coace.



## ECONOMIC INDICATORS

<b>Economic indicators</b>									
1992 = 100									
Period		Industrial production			Level of Activity Indicator  (SP) <sup>1/</sup> 2002 = 100	Capacity utilization in the manufacturing industry <sup>2/</sup>		Real industrial sales	
		Total	Manufacturing industry	Mineral extraction		(SP)	(CNI) <sup>3/</sup>	(SP) 2002 = 100	(CNI) <sup>3/</sup> 2006 = 100
2010	Jan	153.43	143.58	299.12	111.90	76.28	78.80	98.79	95.35
	Feb	151.37	142.25	275.71	113.94	76.09	78.90	102.87	99.55
	Mar	179.98	169.75	308.21	129.56	80.15	81.90	129.01	123.76
	Apr	168.41	158.41	302.00	125.31	82.16	82.60	113.90	110.96
	May	176.73	166.34	313.94	129.80	83.68	83.50	120.48	116.56
	Jun	172.84	162.60	309.45	128.91	83.25	82.90	122.11	117.16
	Jul	180.27	169.42	327.79	132.36	83.21	83.20	124.76	118.86
	Aug	183.96	173.09	328.47	136.97	84.05	83.60	128.89	123.16
	Sep	181.13	170.33	326.41	135.82	83.66	83.40	134.54	126.46
	Oct	184.22	173.60	320.30	135.66	84.32	84.20	128.40	122.86
	Nov	182.82	172.37	314.79	134.27	83.97	84.00	130.30	125.36
	Dec	163.55	152.88	324.11	121.10	81.15	80.60	130.52	122.16
2011	Jan	157.40	147.01	315.51	117.05	80.64	80.60	107.98	103.55
	Feb	162.71	153.17	288.12	123.65	81.64	81.40	115.96	113.06
	Mar	178.12	167.90	308.21	130.11	81.90	82.10	130.72	124.96
	Apr	165.62	155.50	306.44	124.88	82.17	81.90	116.04	112.66
	May	181.17	170.47	323.15	133.70	83.64	83.20	128.09	123.66
	Jun	174.52	163.89	321.47	131.57	82.93	82.60	132.37	123.56
	Jul	179.32	168.37	331.20	132.86	83.09	82.40	127.21	120.56
	Aug	187.64	176.66	331.43	140.63	84.09	83.50	139.76	130.77
	Sep	178.18	167.50	322.17	136.97 *	83.55 *	82.80	143.19 *	131.67
	Oct	...	...	...	...	...	...	...	...
% month		- 5.05	- 5.19	- 2.79	- 2.60	- 0.64	- 0.84	2.45	0.69
% same month year (-1)		- 1.63	- 1.66	- 1.30	0.84	- 0.13	- 0.72	6.43	4.11
% month (-1) of year (-1)		2.00	2.07	0.90	2.67	0.06	- 0.12	8.43	6.17
% month (-2) of year (-1)		- 0.52	- 0.62	1.04	0.38	- 0.14	- 0.96	1.97	1.43
% year <sup>4/</sup>		1.07	1.01	2.03	2.34	1.52	0.23	6.13	5.10
% 12 months		1.62	1.48	3.96	2.58	1.58	0.52	6.81	5.50

**UNEMPLOYMENT RATE**

<b>Unemployment rate</b> <b>By metropolitan region</b>								
%								
Period	Average rate	Metropolitan region						
		Recife	Salvador	Belo Horizonte	Rio de Janeiro	São Paulo	Porto Alegre	
2010	Jan	7.2	8.6	11.9	6.1	5.4	8.0	4.3
	Feb	7.4	8.8	11.0	6.5	5.6	8.1	5.1
	Mar	7.6	8.1	11.3	6.3	6.4	8.2	5.9
	Apr	7.3	9.1	11.2	5.8	5.9	7.7	5.4
	May	7.5	9.7	12.0	5.8	6.3	7.8	5.0
	Jun	7.0	8.6	12.0	5.1	5.8	7.4	4.7
	Jul	6.9	10.0	12.3	5.1	5.4	7.2	4.8
	Aug	6.7	9.0	11.7	5.2	5.7	6.8	4.6
	Sep	6.2	8.8	10.3	4.9	5.3	6.3	4.1
	Oct	6.1	8.0	9.9	5.3	5.7	5.9	3.7
	Nov	5.7	8.4	9.4	5.3	4.9	5.5	3.7
	Dec	5.3	6.9	8.4	4.3	4.9	5.3	3.0
2011	Jan	6.1	7.1	10.7	5.3	5.1	6.0	4.2
	Feb	6.4	7.8	10.3	6.3	4.9	6.6	4.4
	Mar	6.5	7.6	10.5	5.3	4.9	6.9	5.0
	Apr	6.4	7.5	10.2	5.3	4.8	7.1	4.6
	May	6.4	6.8	10.5	4.7	5.4	6.7	5.1
	Jun	6.2	6.1	10.2	4.6	5.3	6.6	4.8
	Jul	6.0	6.3	9.8	4.7	5.0	6.5	4.7
	Aug	6.0	6.7	8.9	4.8	5.1	6.3	5.2
	Sep	6.0	6.4	9.0	5.0	5.7	6.1	4.8
% month	0.56	-3.98	0.83	4.48	12.62	-3.82	-6.84	
% same month year (-1)	-3.36	-27.35	-13.26	3.18	8.48	-3.71	16.27	
% month (-1) of year (-1)	-11.23	-26.23	-24.09	-8.62	-10.64	-7.43	13.01	
% month (-2) of year (-1)	-13.08	-36.71	-20.48	-8.00	-7.14	-9.89	-1.79	
% year <sup>1/</sup>	-12.45	-22.80	-13.26	-9.21	-10.44	-12.64	-2.48	
% 12 months	-14.69	-20.82	-13.44	-10.11	-9.42	-17.40	-9.32	

## FOREIGN EXCHANGE RATE

Foreign exchange rate									R\$/US\$
Period	End-of-period				Average exchange rate <sup>1/</sup>				
	Buying		Selling		Buying		Selling		
	Rate	% change	Rate	% change	Rate	% change	Rate	% change	
2008	2.3362	31.95	2.3370	31.94	1.8367	-5.69	1.8375	-5.69	
2009	1.7404	-25.50	1.7412	-25.49	1.9927	8.49	1.9935	8.49	
2010	1.6654	-4.31	1.6662	-4.31	1.7585	-11.75	1.7593	-11.75	
Jan	1.8740	7.68	1.8748	7.67	1.7790	1.69	1.7798	1.69	
Feb	1.8102	-3.40	1.8110	-3.40	1.8408	3.47	1.8416	3.47	
Mar	1.7802	-1.66	1.7810	-1.66	1.7850	-3.03	1.7858	-3.03	
Apr	1.7298	-2.83	1.7306	-2.83	1.7558	-1.64	1.7566	-1.64	
May	1.8159	4.98	1.8167	4.98	1.8124	3.22	1.8132	3.22	
Jun	1.8007	-0.84	1.8015	-0.84	1.8057	-0.37	1.8065	-0.37	
Jul	1.7564	-2.46	1.7572	-2.46	1.7688	-2.04	1.7696	-2.04	
Aug	1.7552	-0.07	1.7560	-0.07	1.7588	-0.57	1.7596	-0.57	
Sep	1.6934	-3.52	1.6942	-3.52	1.7179	-2.33	1.7187	-2.32	
Oct	1.7006	0.43	1.7014	0.42	1.6827	-2.05	1.6835	-2.05	
Nov	1.7153	0.86	1.7161	0.86	1.7125	1.77	1.7133	1.77	
Dec	1.6654	-2.91	1.6662	-2.91	1.6926	-1.16	1.6934	-1.16	
2011 <sup>2/</sup>	1.7408	4.53	1.7415	4.52	1.6470	-6.34	1.6478	-6.34	
Jan	1.6726	0.43	1.6734	0.43	1.6741	-1.09	1.6749	-1.09	
Feb	1.6604	-0.73	1.6612	-0.73	1.6672	-0.41	1.6680	-0.41	
Mar	1.6279	-1.96	1.6287	-1.96	1.6583	-0.53	1.6591	-0.53	
Apr	1.5725	-3.40	1.5733	-3.40	1.5856	-4.38	1.5864	-4.38	
May	1.5791	0.42	1.5799	0.42	1.6127	1.71	1.6135	1.70	
Jun	1.5603	-1.19	1.5611	-1.19	1.5862	-1.64	1.5870	-1.64	
Jul	1.5555	-0.31	1.5563	-0.31	1.5631	-1.46	1.5639	-1.46	
Aug	1.5864	1.99	1.5872	1.99	1.5962	2.12	1.5970	2.11	
Sep	1.8536	16.84	1.8544	16.83	1.7490	9.57	1.7498	9.57	
Oct	1.6878	-8.94	1.6885	-8.95	1.7719	1.31	1.7726	1.30	
Nov	1.7408	3.14	1.7415	3.14	1.7390	-1.86	1.7397	-1.85	
1	1.7499	3.68	1.7506	3.68	1.7499	-1.24	1.7506	-1.24	
3	1.7262	-1.35	1.7270	-1.35	1.7381	-0.68	1.7388	-0.67	
4	1.7408	0.85	1.7415	0.84	1.7390	0.05	1.7397	0.05	

1/ Rates based on the business days up to the date.

2/ Last information.

**FOREIGN DIRECT INVESTMENTS**

<b>Foreign direct investments</b>					
US\$ million					
Itemization	2010*			2011*	
	Sep	Jan-Sep	Year	Sep	Jan-Sep
Total	5 404	22 557	48 438	6 326	50 451
Credit	8 843	44 921	78 644	9 249	77 866
Debit	3 439	22 364	30 206	2 922	27 415
Equity capital	3 393	20 278	40 117	5 367	40 213
Credit	5 255	29 562	52 583	5 981	52 132
Currency	5 206	26 859	48 111	5 696	50 295
Conversions <sup>1/</sup>	48	2 682	4 447	282	1 822
Merchandise	1	21	25	3	16
Debit	1 862	9 284	12 467	614	11 919
Intercompany loans	2 011	2 278	8 321	959	10 238
Credit	3 588	15 359	26 060	3 268	25 734
Debit	1 577	13 080	17 739	2 309	15 495
Claims on direct investors	878	- 516	- 45	36	869
Credit	1 240	2 666	3 658	248	2 506
Debit	362	3 182	3 703	211	1 637
Liabilities to direct investors	1 133	2 795	8 366	923	9 369
Credit	2 348	12 693	22 402	3 021	23 227
Debit	1 215	9 898	14 036	2 098	13 858
Memo:					
Net conversions contribuion fo FDI	8	729	2 028	83	633
Total disbursements through conversions	48	2 682	4 447	282	1 822
Amortization of intercompany loans conversions	40	1 953	2 419	199	1 189

<sup>1/</sup> Includes conversions of interest, intercompany loans, suppliers' credits, securities and direct loans.

\* Preliminary data.

**TRADE BY AREA**

<b>Brazilian trade by area – FOB</b>									
Itemization	2010*			2010*			2011*		
				January-September			January-September		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
Total	201 915	181 758	20 157	144 929	132 235	12 695	189 999	166 965	23 034
EFTA	2 464	3 585	-1120	1702	2 614	-912	2 144	2 714	-570
Africa	9 262	11 297	-2035	6 555	8 686	-2130	8 733	11 614	-2 882
Latin America and Caribe	48 008	30 912	17 096	34 164	22 231	11 933	41 786	27 676	14 110
Argentina	18 523	14 434	4 088	13 033	10 605	2428	16 890	12 387	4 503
Chile	4 258	4 174	84	2 931	2 912	19	3 925	3 536	388
Mexico	3 715	3 859	-143	2 747	2 775	-28	2 976	3 558	-582
Paraguay	2 548	611	1 937	1865	416	1450	2 206	469	1737
Uruguay	1 531	1 574	-43	1083	1043	40	1639	1247	392
Venezuela	3 854	833	3 021	2 848	682	2 166	3 013	968	2 044
Others	13 579	5 426	8 153	9 657	3 799	5 858	11 138	5 510	5 627
Asia	56 273	56 150	122	40 768	40 625	143	57 014	52 377	4637
China	30 786	25 595	5 191	23 192	18 214	4 978	33 570	24 126	9 444
Korea, Republic of	3 760	8 422	-4 662	2 621	6 379	-3758	3 242	7 811	-4 569
Japan	7 141	6 986	155	4 954	5 042	-88	6 703	5 876	827
Others	14 586	15 147	- 561	10 001	10 991	-990	13 499	14 564	-1065
Canada	2 321	2 714	-393	1593	1972	-379	2369	2 598	-229
USA <sup>1/</sup>	19 462	27 254	-7 792	14 155	19 953	-5 798	18 651	24 971	-6 320
Eastern Europe	4 788	3 024	1 764	3 560	2063	1 496	4 423	3 654	769
Middle East	10 525	4 680	5 845	7 455	3 247	4 209	9 268	4 336	4 932
European Union	43 135	39 127	4 008	30 785	28 688	2 097	39 740	34 100	5 640
Germany	8 138	12 554	-4 415	5 926	9 085	-3 159	6 780	11 246	-4 465
France	3 576	4 801	-1225	2 521	3 545	-1024	3 361	3 997	-636
Italy	4 235	4 838	-603	2 988	3 531	-543	4 126	4 550	-425
Netherlands	10 228	1773	8 454	7 335	1287	6 047	10 381	1470	8 911
United Kingdom	4 628	3 155	1 473	3 145	2371	774	3 710	2 463	1247
Others	12 329	12 006	323	8 871	8 869	2	11 383	10 374	1008
Others	5 678	3 015	2 662	4 192	2155	2 037	5 869	2 923	2 946
Mercosur	22 602	16 620	5 982	15 981	12 063	3918	20 735	14 103	6 632
Nafta	25 499	33 827	-8 328	18 495	24 701	-6 206	23 997	31 127	-7 130
Opec	15 934	13 329	2 606	11 393	10 196	1 197	13 364	13 615	-251

 US\$  
 million

Source: MDIC/Secex

1/ Includes Puerto Rico.

\* Preliminary data.

**PUBLIC SECTOR NET DEBT**

R\$ million										
Itemization	2009		2010		2011					
	December		December		July		August		September	
	Balance	% of GDP	Balance	% of GDP	Balance	% of GDP	Balance	% of GDP	Balance	% of GDP
Foreign net debt	-292 532	-9.2	-359 692	-9.8	-433 855	-	-454 223	-	-526 789	-
Federal government	94 993	3.0	87 196	2.4	71 699	1.8	72 382	1.8	82 026	2.1
Bacen <sup>11/</sup>	-408 188	12.8	-473 588	12.9	-531 188	13.6	-553 198	14.0	-639 781	16.1
State governments	14 440	0.5	18 904	0.5	18 408	0.5	18 996	0.5	22 188	0.6
Local governments	2 007	0.1	2 989	0.1	2 839	0.1	2 916	0.1	3 451	0.1
Public enterprises	4 217	0.1	4 806	0.1	4 387	0.1	4 682	0.1	5 327	0.1
Federal government owned (Petrobras excluded)	171	0.0	306	0.0	255	0.0	238	0.0	252	0.0
State governments owned	4 046	0.1	4 500	0.1	4 131	0.1	4 444	0.1	5 075	0.1
Local governments owned	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
GDP <sup>12/ *</sup>	3 185 125		3 674 964		3 918 409		3 952 178		3 985 963	

1/ Portfolio valuation. The total of this item plus the amount registered under "Securitized debt and TDA" corresponds to the total DPMFi, according to Demab criterion (Press releases - Open Market)

2/ Export Guaranty Fund.

3/ It includes MF30, BIB, and others.

4/ Hybrid capital and debt instruments – BNDES and CEF.

5/ It includes constitutional funds and other funds and federal programs.

6/ It includes royalties, agricultural debt, and others.

7/ Equalization of the financial result of exchange reserves operations and foreign exchange derivatives operations carried out by the Central Bank (MP 435).

8/ Includes repo operations carried out in the extra-market segment.

9/ It includes royalties, Fundef, and others.

10/ It includes securitized credits, CFTs, LFTs, and other financial accounts.

11/ It excludes international reserves.

12/ GDP accumulated in the last 12 months - current prices.

\* Preliminary data.

## INDEX OF ECONOMIC ACTIVITY OF THE CENTRAL BANK

<b>Index of Economic Activity of the Central Bank (IBC-Br)</b>				
<b>Period</b>		<b>Index of Economic Activity of the Central Bank (IBC-Br) 2002=100</b>		
		<b>Observed data</b>		<b>Seasonally adjusted data</b>
2010	Jan		125.55	135.45
	Feb		125.84	136.84
	Mar		146.61	137.97
	Apr		143.50	137.89
	May		140.11	138.01
	Jun		138.38	138.43
	Jul		142.24	138.61
	Aug		142.22	139.48
	Sep		140.82	139.94
	Oct		140.77	140.33
	Nov		140.17	140.77
	Dec		137.43	140.85
2011	Jan		132.01	141.69
	Feb		134.62	142.05
	Mar		148.82	142.64
	Apr		147.06	143.10
	May		146.06	143.06
	Jun		142.44	142.58
	Jul		144.61	143.07
	Aug		146.39	142.30
% month			1.23	-0.53
% same month year (-1)			2.93	2.02
% month (-1) of year (-1)			1.66	3.21
% month (-2) of year (-1)			2.93	3.00
% year			3.40	3.43
% 12 months			4.00	4.07

Source: Banco Central

## VEHICLES – PRODUCTION, SALES AND IMPORTS

Vehicles - production, sales and imports<sup>1/</sup>

Period	Vehicles								Imports		
	Production		Sales								
	Observed units	Seasonally adjusted 2005 = 100	Domestic		External		Total		Observed units	Seasonally adjusted 2005 = 100	
			Observed units	Seasonally adjusted 2005 = 100	Observed units	Seasonally adjusted 2005 = 100	Observed units	Seasonally adjusted 2005 = 100			Observed units
2005	2357 763	100.00	1623 518	100.00	724 163	100.00	2347 681	100.00	101600	100.00	
2006	2403 680	102.53	1786 080	111.52	634 473	87.62	2420 553	104.45	206 907	204.65	
2007	2815 931	119.93	2185 645	135.39	634 570	87.61	2820 215	120.80	295 593	291.27	
2008	3054 725	129.07	2445 200	150.26	568 582	78.53	3013 782	128.53	438 715	437.25	
2009	3077 761	130.58	2652 366	163.24	368 023	50.80	3020 389	128.49	483 899	478.77	
2010	Jan	233 367	139.97	170 331	171.94	36 030	77.91	206 361	139.06	44 672	622.80
	Feb	236 574	135.89	180 475	168.24	39 129	73.02	219 604	134.56	39 354	595.93
	Mar	317 133	148.13	295 596	191.44	46 759	77.18	342 355	155.30	50 260	634.72
	Apr	274 830	142.26	227 471	172.57	32 299	54.74	259 770	136.68	50 710	633.54
	May	297 341	145.30	206 120	153.83	47 354	73.06	253 474	130.50	56 403	698.39
	Jun	283 967	139.71	216 473	158.01	41040	65.21	257 513	131.78	60 974	708.96
	Jul	290 754	140.18	248 045	168.56	38 725	66.15	286 770	133.73	54 109	630.82
	Aug	307 968	142.75	255 527	177.47	42 844	67.51	298 371	145.02	70 436	766.81
	Sep	278 411	144.64	249 509	173.80	45 318	74.12	294 827	143.37	68 271	749.79
	Oct	293 535	149.82	243 952	186.32	51 140	73.97	295 092	152.09	62 938	718.77
	Nov	301908	148.90	262 037	192.31	50 324	79.35	312 361	164.91	74 332	808.72
	Dec	269 051	149.04	298 751	193.75	31613	50.61	330 364	152.96	74 980	831.14
2011	Jan	237 947	141.72	187 313	180.22	30 732	68.58	218 045	142.57	61835	819.43
	Feb	293 388	153.78	212 172	176.78	46 076	84.87	258 248	144.01	63 312	875.93
	Mar	294 482	146.33	243 826	175.91	42 724	70.74	286 550	142.45	67 399	855.66
	Apr	280 128	146.33	225 129	178.35	48 674	81.28	273 803	147.82	78 496	972.74
	May	304 214	145.11	243 786	172.36	44 658	68.51	288 444	141.89	70 084	860.63
	Jun	295 605	145.70	235 026	172.58	36 555	58.01	271581	139.57	73 297	858.78
	Jul	307 198	151.96	238 846	172.73	46 502	79.56	285 348	140.74	79 816	935.26
	Aug	325 326	147.43	253 938	166.02	44 878	70.89	298 816	138.06	84 919	926.07
	Sep	261184	137.03	232 610	162.57	44 646	73.21	277 256	134.81	69 892	771.70
	Oct*	265 571	135.48	209 538	159.63	52 249	75.95	261787	134.42	...	...
%mês	168	-1.13	-9.92	-1.81	17.03	3.75	-5.58	-0.29	-17.70	-16.67	
%mês ano ant.	-9.53	-9.57	-14.11	-14.33	2.17	2.68	-11.29	-11.62	2.37	2.92	
%mês(-1) ano ant.	-6.19	-5.26	-6.77	-6.47	-1.48	-1.22	-5.96	-5.97	20.56	20.77	
%mês(-2) ano ant.	5.64	3.28	-0.62	-6.45	4.75	5.01	0.15	-4.80	47.51	48.26	
%ano	1.82	1.56	-0.49	-0.29	4.05	4.09	0.21	0.30	31.07	30.36	
%12 meses	2.97	2.53	3.92	3.37	3.29	3.22	3.82	3.55	29.01	29.02	

Source : Anfavea, MDIC/Secex and Minifaz/SRF

1/ Passenger and light commercial cars, trucks and buses.

\* Preliminary data.



## SALES VOLUME INDEX IN THE RETAIL SECTOR

Sales volume index in the retail sector - Brazil <sup>1/</sup>													
2003 = 100													
Period	Retail sector - total		Fuel and lubricants		Hypermarkets, supermarkets, food, beverages and tobacco		Fabrics, apparel and footwear		Furniture and white goods		Automobiles, motorcycles, parts and spares		
	Obs. data	Seasonally adjusted	Obs. data	Seasonally adjusted	Obs. data	Seasonally adjusted	Obs. data	Seasonally adjusted	Obs. data	Seasonally adjusted	Obs. data	Seasonally adjusted	
2010	Jan	158.87	163.75	104.38	106.13	148.53	152.50	107.52	132.47	257.05	246.18	181.01	202.64
	Feb	147.30	168.63	98.06	106.59	143.94	157.49	97.07	135.61	213.94	253.17	181.54	211.44
	Mar	166.50	167.30	110.87	108.82	159.04	155.47	116.36	138.05	242.30	249.16	274.57	235.05
	Apr	158.35	167.12	105.53	108.51	151.48	154.50	128.05	144.96	220.78	249.49	193.88	206.35
	May	167.98	167.80	110.98	112.53	153.20	156.13	148.18	137.64	254.23	249.77	199.58	202.25
	Jun	162.27	169.81	106.49	109.82	149.92	158.80	141.87	137.78	231.40	253.27	207.27	207.97
	Jul	167.80	170.05	111.79	109.28	157.25	157.87	140.13	140.88	237.87	247.03	218.56	217.40
	Aug	169.62	174.12	113.10	110.43	156.70	160.04	134.20	145.21	251.53	262.37	238.20	224.23
	Sep	167.41	174.48	113.17	111.85	154.52	160.16	125.88	143.67	250.97	265.21	230.88	226.99
	Oct	175.65	174.58	115.59	112.01	163.19	159.42	136.66	146.11	266.85	271.29	235.63	236.60
	Nov	173.51	175.69	111.91	111.83	154.62	159.25	142.11	140.57	288.68	276.09	252.66	241.96
	Dec	235.08	175.89	118.53	113.02	197.55	159.13	273.95	144.87	397.25	280.19	262.48	249.00
2011	Jan	171.97	178.06	110.96	112.85	154.82	160.59	118.01	145.65	306.21	292.42	210.73	235.07
	Feb	159.78	178.21	106.25	113.40	147.77	160.86	110.80	148.46	257.34	287.27	228.10	230.24
	Mar	173.11	179.94	113.77	112.31	161.32	162.46	122.94	149.61	269.36	291.72	238.58	238.87
	Apr	174.53	179.62	107.06	110.79	167.47	162.09	129.98	144.76	263.33	296.64	224.03	243.50
	May	178.50	180.94	108.53	110.22	156.15	162.82	156.42	148.30	306.16	299.48	251.53	243.02
	Jun	173.75	181.41	107.87	110.64	154.02	162.75	157.86	152.30	269.26	299.28	233.40	242.22
	Jul	179.72	183.65	112.55	111.93	164.45	165.41	142.05	147.19	287.96	303.55	234.86	238.15
	Aug	180.12	182.88	114.87	111.79	162.51	165.20	135.41	143.12	294.06	302.43	246.91	227.13
	% month	0.22	-0.42	2.06	-0.13	-1.18	-0.13	-4.67	-2.77	2.12	-0.37	5.13	-4.63
	% same month year (-1)	6.19	5.03	1.56	1.23	3.71	3.22	0.90	-1.44	16.91	15.27	3.66	1.29
	% month (-1) of year (-1)	7.10	8.00	0.68	2.42	4.58	4.78	1.37	4.48	21.06	22.88	7.46	9.54
	% month (-2) of year (-1)	7.07	6.83	1.30	0.75	2.73	2.49	11.27	10.54	16.36	18.17	12.61	16.47
	% year	7.14	7.13	2.40	2.50	3.97	3.94	5.93	6.00	18.05	18.02	10.24	11.18
	% 12 months	8.19	8.09	3.93	3.97	4.98	4.90	7.57	7.50	17.79	17.74	12.16	12.78

Source: IBGE

<sup>1/</sup> Gross sales revenues deflated by specific price indices for each state calculated from data referring to IPCA prices.

**STOCK MARKET CAPITALIZATION**

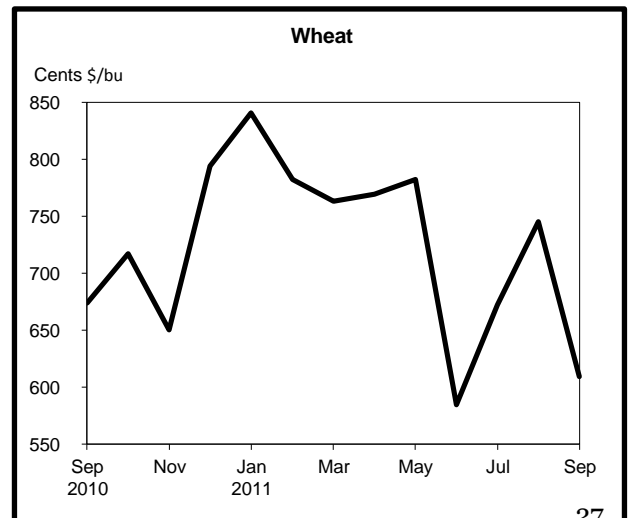
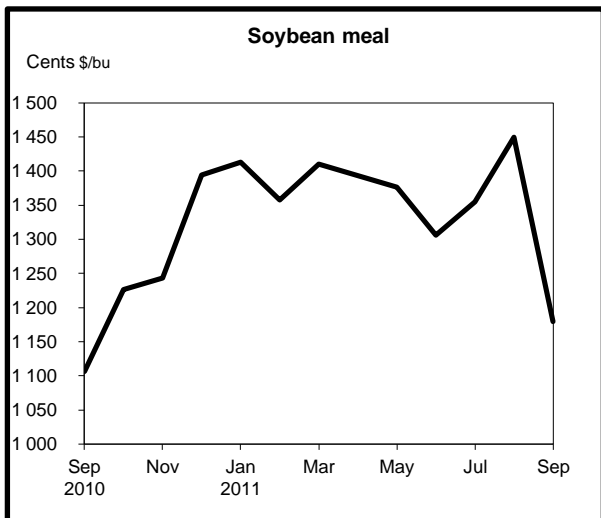
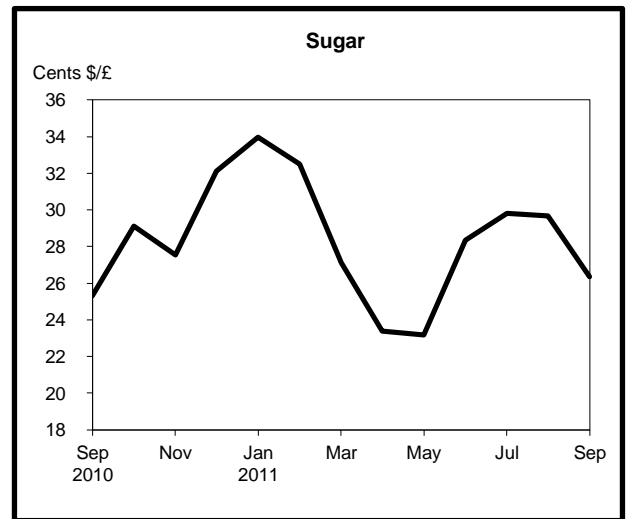
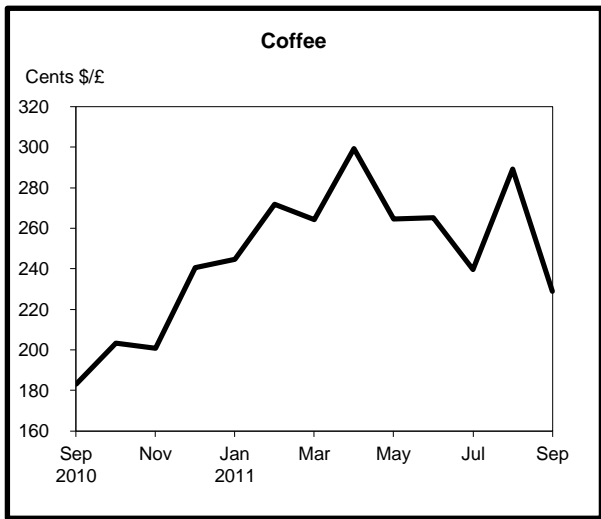
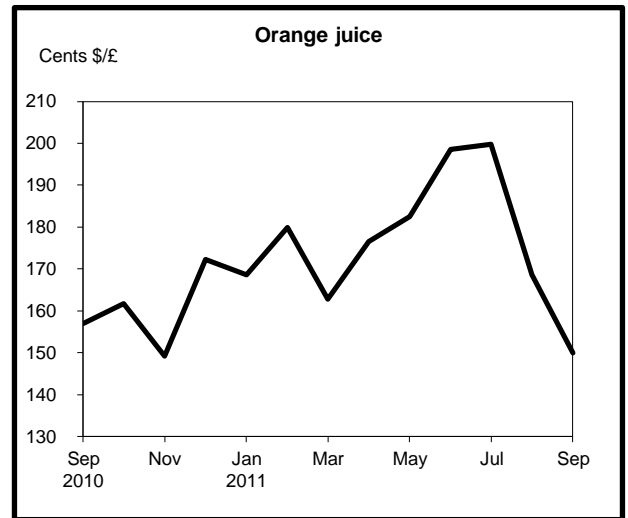
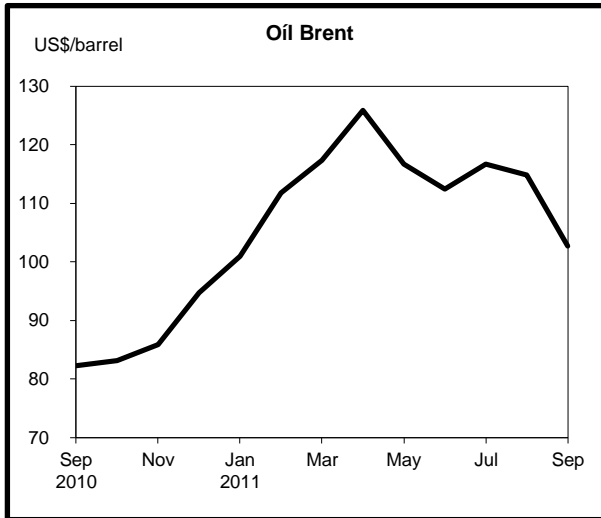
<b>Market Capitalization</b>										
<b>Corporations</b>										
Period	Value of corporations listed in the Bovespa index				Total value of corporations listed in BM&FBovespa					
	R\$ billion	%	US\$ billion <sup>1/</sup>	%	R\$ billion	%	US\$ billion <sup>1/</sup>	%	Number of companies	
2009 Dec	1 739.6	1.84	999.1	2.38	2 334.7	2.82	1 340.9	3.37	385	
2010 Jan	1 733.1	- 0.38	924.4	- 7.48	2 300.1	- 1.48	1 226.8	- 8.50	385	
Feb	1 738.3	0.30	959.8	3.83	2 269.4	- 1.33	1 253.1	2.14	377	
Mar	1 815.4	4.44	1 019.3	6.20	2 356.0	3.81	1 322.9	5.56	375	
Apr	1 748.3	- 3.70	1 010.2	- 0.89	2 275.1	- 3.44	1 314.6	- 0.62	377	
May	1 665.3	- 4.75	916.6	- 9.26	2 140.0	- 5.94	1 178.0	- 10.39	375	
Jun	1 599.8	- 3.93	888.0	- 3.12	2 077.9	- 2.90	1 153.4	- 2.08	373	
Jul	1 775.7	10.99	1 010.5	13.79	2 293.4	10.37	1 305.2	13.15	374	
Aug	1 715.2	- 3.41	976.8	- 3.34	2 245.2	- 2.10	1 278.6	- 2.04	375	
Sep	2 037.4	18.78	1 202.6	23.12	2 488.9	10.85	1 469.1	14.90	377	
Oct	2 071.4	1.67	1 217.5	1.24	2 554.9	2.65	1 501.6	2.22	379	
Nov	2 000.2	- 3.44	1 165.5	- 4.27	2 492.5	- 2.44	1 452.4	- 3.28	379	
Dec	2 070.8	3.53	1 242.8	6.63	2 569.4	3.08	1 542.1	6.17	381	
2011 Jan	2 005.0	- 3.18	1 198.2	- 3.59	2 475.0	- 3.67	1 479.0	- 4.09	373	
Feb	2 075.9	3.54	1 249.6	4.30	2 551.6	3.09	1 536.0	3.85	375	
Mar	2 086.6	0.52	1 281.1	2.52	2 578.9	1.07	1 583.4	3.09	375	
Apr	2 010.6	- 3.64	1 277.9	- 0.25	2 507.2	- 2.78	1 593.6	0.64	375	
May	1 949.7	- 3.03	1 234.1	- 3.43	2 450.2	- 2.27	1 550.9	- 2.68	375	
Jun	1 927.8	- 1.12	1 234.9	0.07	2 428.7	- 0.88	1 555.8	0.31	375	
Jul	1 819.4	99.91	1 169.1	- 99.91	2 313.9	- 99.90	1 486.8	- 99.90	375	
Aug	1 752.7	- 3.67	1 104.3	- 5.54	2 232.1	- 3.53	1 406.3	- 5.41	375	
Sep	1 688.5	- 3.66	910.5	- 17.55	2 140.7	- 4.09	1 154.4	- 17.91	375	
Oct	1 820.8	7.83	1 078.3	18.43	2 289.8	6.97	1 356.1	17.48	377	

Source: BM&FBovespa

<sup>1/</sup> Exchange rate (selling price) end-of-period.

COMMODITIES

**Major commodities**



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