

## Despite Fears, Industrial Production Grows for the Fourth Month in a Row in Brazil

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Industrial production in Brazil grew 1.6% in June, in comparison with May. This was the fourth increase in a row in the month-to-month comparison. The increase was 6.3% in relation to June, 2004.

The Monthly Industrial Survey released today (5) by the Brazilian Institute of Geography and Statistics (IBGE) also shows that the growth of the sector amounted to 5.0% in the first half of this year and 6.7% over the last 12 months, below the 7.3% registered in May for the previous 12-month period.

According to the Institute, the data confirm that industrial expansion is based on the durable consumer goods segment, led by production increases in automobiles, home appliances, and cell phones.

This segment, according to the IBGE, has benefited the most from the rise in exports and continuity in credit growth. It was the segment that grew the most in June, at a rate of 8.1%.

Production of capital goods (machinery and equipment) grew 4.2%. Intermediate goods (inputs) were up 0.9%. The semi-durable and non-durable consumer goods segment (food, beverages, clothing, footwear, and medicine), which depends upon the evolution of the salary mass, grew only 0.7%.

Among the 23 activities surveyed, 18 evidenced expansion between May and June. The standouts were automotive vehicles (8.0%) and electronic material and communications equipment (7.1%).

The greatest negative impact came from petroleum refining and alcohol production (-2.7%) and other chemical products (-2.0%).

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