
Money Grows in Brazil at a Rate of 24% a Year

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Brazil's monetary base (money in circulation) grew 0.9% in September, reaching a total of US\$ 25.469 billion (73.198 billion reais), on the basis of average daily balances. Currency volume rose 1.4%, while bank reserves fell 0.2%.

These figures are part of the monthly report for September on Monetary Policy and Credit Operations of the Financial System, released yesterday by the Brazilian Central Bank (BC).

The document reveals that the monetary base has expanded 24.4% overall during the last twelve months, in line with the monetary goals established for the third quarter.

The BC report also indicates that credit operations grew 1.4% last month, for a total volume of US\$ 160.1 billion (R\$ 460.3 billion), the equivalent of 26.3% of the Gross Domestic Product (GDP), compared with 26% in August and 25.4% in September, 2003.

This result is chiefly a response to the demand for credit to build up inventory for year-end sales and loans to cover the costs of planting crops for the 2004/2005 agricultural year, despite the fact that the average cost of credit operations with non-earmarked funds has risen 1.2%, for an annualized average rate of 45.1%.

Interest rates were up the most, 1.6%, for an annualized rate of 30.4%, in contracts with legal entities.

In the case of personal loans, the increase amounted to only 0.1%, in comparison with the August average, for an annualized rate of 63.2%.

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