

Brazilian Surplus Tumbles Due to Strong Import Growth

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Brazilian exports totaled US\$ 2.325 billion last week, 3.47% more than in the previous week. Imports, however, rose 6.56%, to US\$ 1.933 billion. Consequently, the surplus for the week of May 22-26 amounted to only US\$ 392 million, the weakest result this year for a full 5-day business week.

The general figures for the trade balance during the fourth week of May were announced today, May 29, by the Brazilian Ministry of Development, Industry, and Foreign Trade.

They indicate that the weekly surplus was down 9.47% from the previous week, when the surplus was already nearly 60% lower than in the second week of the month.

The decline is the result of strong import growth in the second half of the month, at a much faster pace than that of exports. As a result, the cumulative surplus in May comes to US\$ 2.776 billion, with three business days left to complete the month.

For the year so far, the surplus is US\$ 15.214 billion, the result of exports worth US\$ 48.174 billion (up 12.85% in comparison with 2005) and imports worth US\$ 32.960 billion (up 20.92%).

This is the first time that this year's surplus is lower than last year's for the same period of time. Since last year's surplus through May 26 was US\$ 15.429 billion, this year's decline amounts to 1.4%.

Inflation

The weekly Brazil's Central Bank survey of trends in the chief economic indicators continues to predict that the Broad Consumer Price Index (IPCA) will end the year at 4.32%, below the 4.50% target set by the government.

The results of the survey were announced today, May 29, and indicate a lowering of expectations compared with last week's forecasts for inflation in May and June.

The latest predictions are for a 0.20% increase in the IPCA in May, as against 0.23% in last week's survey, and a 0.24% increase in June, as against 0.25%. The rate of inflation projected for the next 12 months remained unchanged at 4.20%.

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