

## Business Climate Getting Warmer in Brazil

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Latinamerica business climate remained favorable in July and reached its highest level since April 2000, according to the quarterly report from the prestigious Brazilian Foundation Getúlio Vargas, FGV.

The region's economic climate index, ICE, which is elaborated by FGV and the IFO Institute from Germany, reached in July 5.9 points, which is 0.1 above April's report and the best since April 2000, when the ICE stood at 6 points.

"The positive evolution between April and July was boosted by the combination of improvements in the current assessment of the economic situation in the different countries considered, and stability expectations for the coming months", according to the report.

The IFO/FGV rating on economic climate shows that in the last four quarters, Colombia, Brazil and Mexico recorded advances while Argentina and Venezuela backtracked.

Countries with a "very favorable", or an ICE above 7 points for July includes Peru (7.6); Brazil (7.2); Chile (7.2) and Costa Rica (7.1); countries with an ICE below 5 points or "unfavorable" atmosphere are Argentina (4.4) and Ecuador (3.3).-

The report points out the situation of Argentina which from an ICE of 7 points in the first quarter the Expectation Index dropped 2.2 to 6.3 points.

"Issues such as the rationing of energy and political non definitions, in an electoral year, must have contributed to the reversal of expectations".

Another country mentioned in the report as losing positions is Uruguay, which "since July 2006 when it had an ICE above 8 points, has consistently eroded".

Some of the possible factors mentioned as possibly influencing the situation are "the change of humor of the experts following the advance of inflation, controversies as to how serious the situation is and discussions as to what measures are needed or should be instrumented to ensure economic stability" says the ICE report.

