News Release

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Using the Composite Indexes: *The* Leading Economic Index (LEI) *provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term. The* Coincident Economic Index (CEI) *provides an indication of the current state of the economy. Additional details are below.*

The Conference Board Leading Economic Index® for Brazil, together with Fundação Getulio Decreased in February

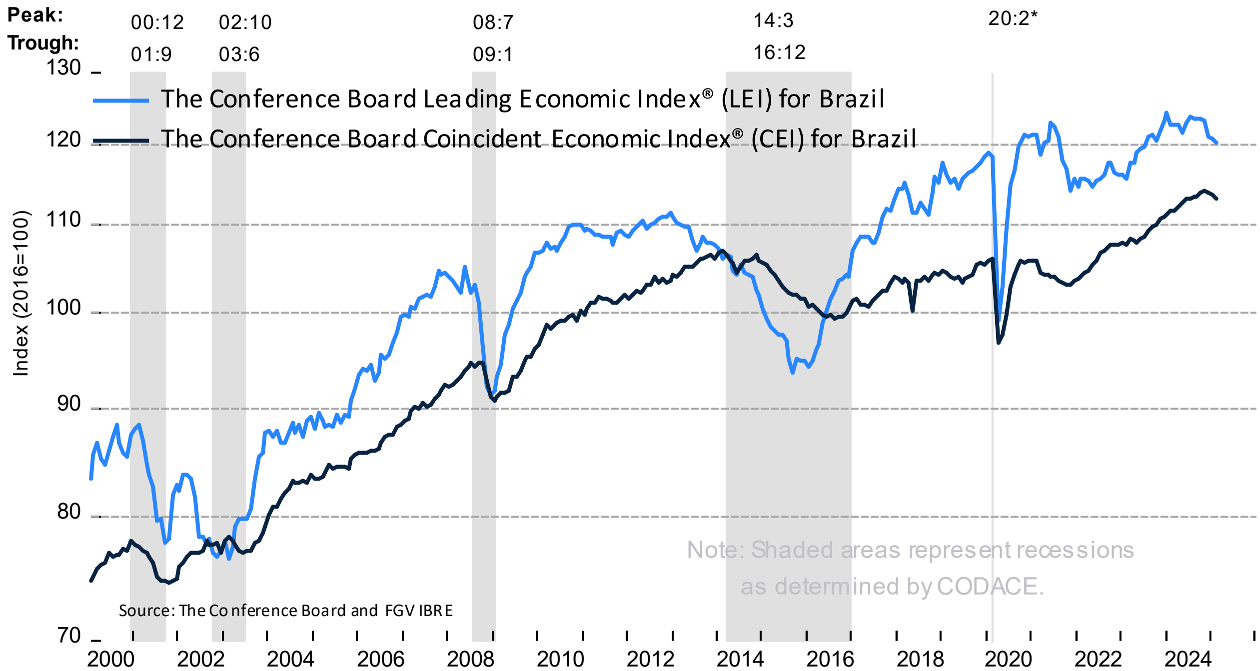
The Conference Board Leading Economic Index® (LEI) for Brazil, together with Fundação Getulio Vargas, decreased by 0.5% in February 2025 to 120.2 (2016=100), following a decline of 0.2% in January. As a result, the LEI contracted by 2.7% over the six-month period between August 2024 and February 2025, more than reversing the 0.7% expansion over the previous six-month period.

The Conference Board Coincident Economic Index® (CEI) for Brazil, together with Fundação Getulio Vargas, decreased by 0.4% in February 2024 to 113.1 (2016=100), after decreasing by 0.3% in January. Overall, the CEI contracted by 0.3% over the six-month period between August 2024 and February 2025, after expanding by 1.5% between February and August 2024.

"The Brazil LEI fell in February, marking the fourth consecutive monthly decline," said **Malala Lin, Economic Research Associate at The Conference Board**. "The weakness was driven by negative contributions from consumer expectations, as in previous months, but also export volume and stock prices. As a result, the six-month and annual growth rates of the LEI remained negative and continued to point to recession risks. Moreover, the latest Central Bank of Brazil (BCB) Focus Survey indicated that financial markets' inflation expectations are still rising, suggesting persistent concerns despite the BCB tighter monetary stance. Economic activity cooled in the last quarter of 2024 and expanded only by 0.7% (annualized rate). Overall, The Conference Board forecasts real GPD to slow down to 1.7% in 2025 after 2.9% in 2024."

The next release is scheduled for Tuesday, April 15, 2025 at 10 A.M. ET.

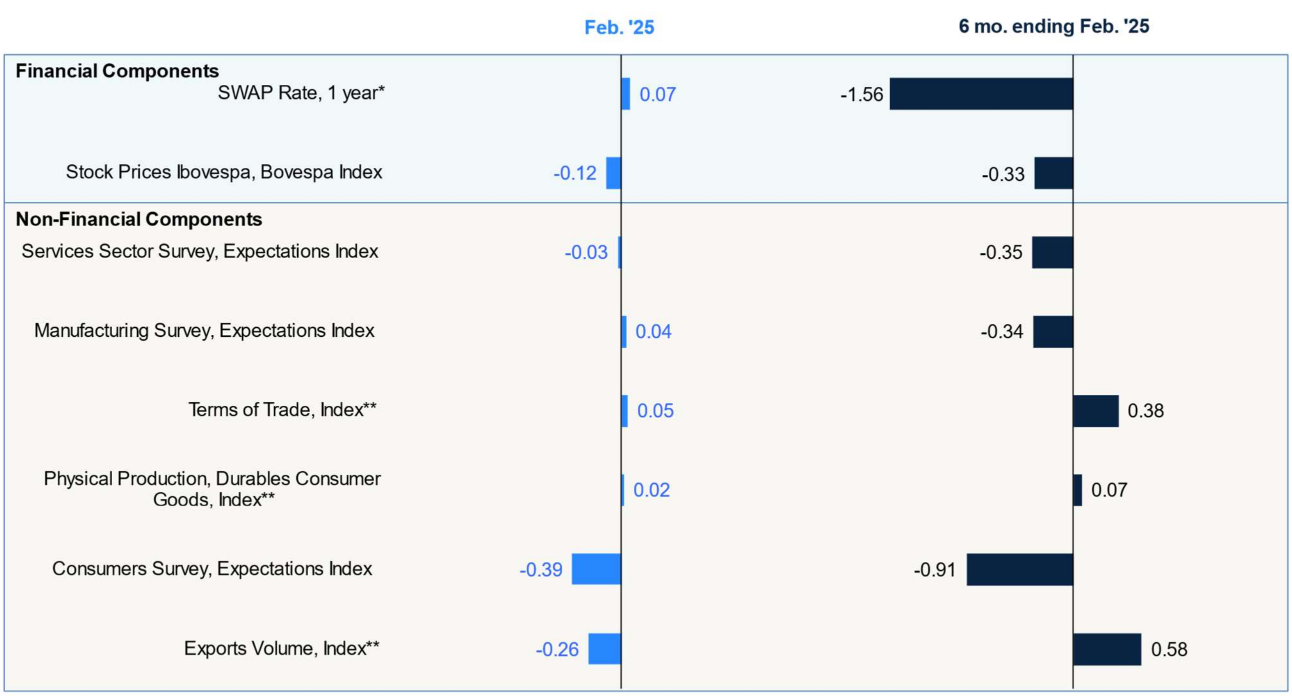
The Conference Board/Fundação Getulio Vargas Brazil LEI continued to decrease in February



*CODACE has determined that the recession beginning in March 2020 ended in the second quarter of 2020. We will update our business cycle chronology when the monthly trough date is available.

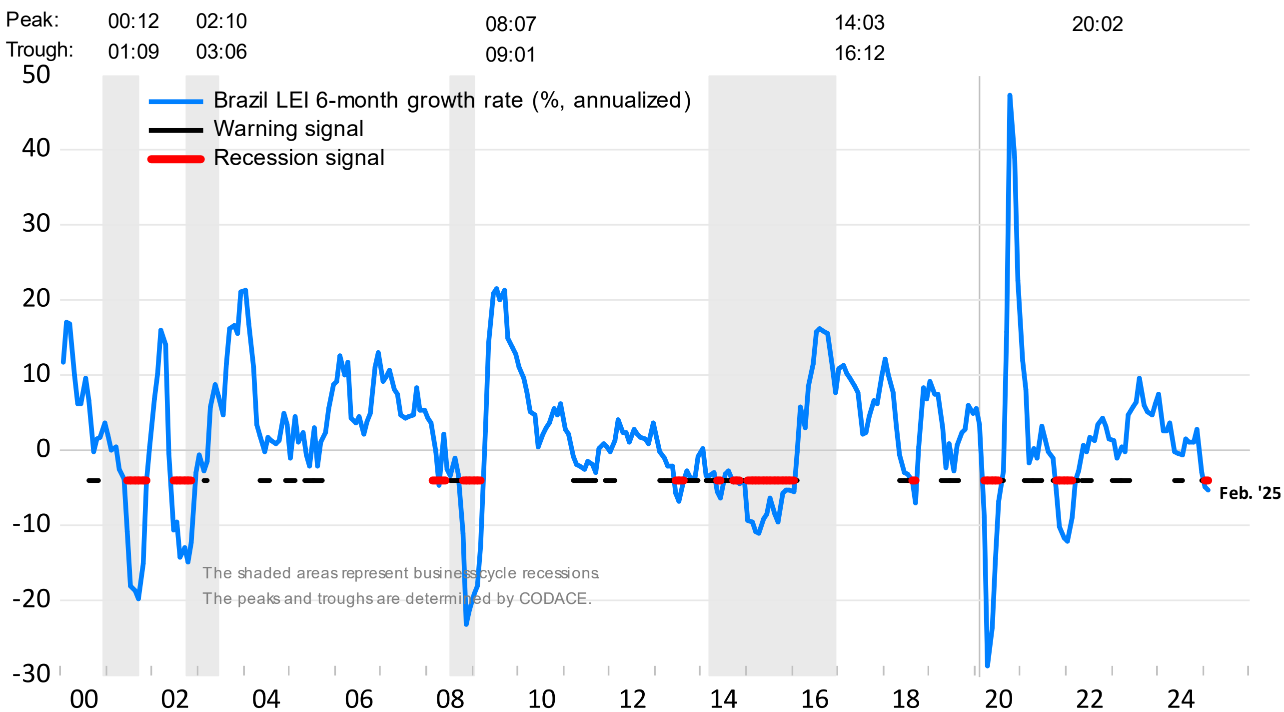
Weak consumer expectations, lower exports and stock prices led to the February decline

The Conference Board Leading Economic Index® and Component Contributions (Percent)



Source: The Conference Board
* Inverted series; a negative change in this component makes a positive contribution
** Statistical Imputation
LEI change might not equal sum of its contributions due to application of trend adjustment factor

The six-month LEI growth rate for Brazil and weakness among its components continued to signal recession risks in February



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NOTE: The chart illustrates the so-called **3Ds—duration, depth, and diffusion—**for interpreting a downward movement in the LEI. **Duration** refers to how long the decline has lasted. **Depth** denotes the size of decline. Duration and depth are measured by the rate of change of the index over the most recent six months. **Diffusion** is a measure of how widespread the decline is among the LEI's component indicators—on a scale of 0 to 100, a six-month **diffusion index** reading below 50 indicates most components are weakening.

The 3Ds rule signals an impending recession when: 1) the six-month diffusion index lies below 50, shown by the black warning signal lines in the chart; and 2) the LEI's six-month rate of decline falls below the threshold of −4.1%. The **red recession signal lines** indicate months when both criteria are met simultaneously—and thus that a recession is likely imminent or underway.

About The Conference Board *Leading Economic Index*® (LEI) and *Coincident Economic Index*® (CEI) for Brazil

The composite economic indexes are key elements in an analytic system designed to signal peaks and troughs in the business cycle. Comprised of multiple independent indicators, the indexes are constructed to summarize and reveal common turning points in the economy in a clearer and more convincing manner than any individual component.

The CEI reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates—or "leads"—turning points in the business cycle by around six months.

The eight components of the ***Leading Economic Index*® for Brazil** are:

- Swap Rate - 1 year
- Ibovespa, Bovespa Index
- Manufacturing Survey, Expectations Index
- Services Sector Survey, Expectations Index
- Consumers Survey, Expectations Index
- Terms of Trade, Index
- Physical Production, Durables Consumer Goods, Index
- Exports, Quantum, Index

The six components of the ***Coincident Economic Index® for Brazil*** are:

- Industrial production
- Industrial Electric Energy Consumption
- Shipments of Corrugated Paper
- Volume of Sales of the Retail Market
- Occupied Employment Population
- Average Real Income of Workers

To access data, please visit: https://data-central.conference-board.org/

About The Conference Board

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ABOUT FGV IBRE

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