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Brazil: Olympic Games of politico-economic indicators

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In Brazil, or more specifically, in Rio de Janeiro, the 31st [Summer Olympics](#) will be held in August of 2016. After Mexico City (1968), Moscow (1980), Seoul (1988), and Beijing (2008), this is only the fifth outing in the city of an emerging economy. The holding of the Games reflects the increasing economic importance of Brazil. After all, the 208 million citizens of Brazil generated goods and services worth USD 1,700bn last year. In terms of GDP, Brazil is already the world's ninth-biggest economy.

Average income

However, ranked by income per capita, Brazil moves down several notches. Adjusted for purchase power differences [Brazil](#) is only 80th of 191 countries in terms of this indicator, at USD 15,600. In other words, Brazil is ranked around the middle. 50 percent of countries produce a higher annual income per capita.

Brazil: Key Figures

Population: 204.9 millionen (Eurozone:337 million)

Area: 8,514,877 km² (fifth-largest nation oft he world)

Capital city: Brasilia

Currency: Real (BRL)

	2012	2013	2014	2015	2016 *
GDP growth	1,9%	3,0%	0,1%	-3,8%	-3,6%

Inflation	5,4%	6,2%	6,3%	9,0%	8,7%
Unemployment rate	5,5%	5,4%	4,8%	6,8%	9,2%

Quelle: OECD

Governance

Brazil is also average when it comes to governance. Freedom of speech and the accountability of the government, i.e. the option of dismissing it in case of maladministration, come out as relatively best among the indicators in this field. Here, Brazil is ranked among the top 40% of 215 countries. This currently manifests itself in the impeachment procedures for President Dilma Rousseff, which were launched in spring. With regard to the rule of law, political stability, the quality of public administration, and corruption, the country is ranked around the middle. This comes as no surprise in view of the massive bribery scandal worth billions around the state-controlled oil company Petrobras.

Negative set of indicators

Four indicators are particularly negative: firstly, the inequality of wealth distribution is extremely high. The GINI index puts Brazil at rank no. 13. Secondly, the crime rate in Brazil is substantial (9th). Thirdly, Brazil is caught up in a severe recession. From 2014 to 2016 real GDP will have shrunk by about 7.5%. And fourthly, at 10% in terms of GDP, debt newly taken out is excessive.

Top performance

The returns on the Brazilian financial markets this year have been outstanding. The Brazilian real has appreciated 14% in the year to date relative to the euro, government bonds in local currency have increased by 21%, and the equity index Bovespa has gained 29%. This extraordinarily good performance is due to the appointment of the interim president Temer, the recovery of commodity prices, and the high demand of investors for emerging markets investments.

Not winning, but taking part

In the all-time Olympic medal table, Brazil is ranked 33rd among 123 nations. The country should be able to clench a few medals this year as well. Given the very good performance of the Brazilian financial markets in the first seven months, the Olympic motto "Citius, Altius, Fortius" seems appropriate. On the other hand, if Brazil were to take part in Olympic Games of politico-economic indicators, the unofficial motto "not winning, but taking part" would be even more appropriate.

On Monday please read about our comment on the Brazilian equity market.

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