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MACROECONOMIC DEVELOPMENT OF BRAZIL

Abstract: this article describes the main indicators of macroeconomic development of Brazil such as Gross Domestic Product (GDP), inflation and others. Also the regional inequality is analyzed making clear that Brazil has tons of resources but they are not effectively used.

Key words: macroeconomic development, inflation, Brazil ,GDP

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МАКРОЭКОНОМИЧЕСКОЕ РАЗВИТИЕ БРАЗИЛИИ

Аннотация: в данной статье рассмотрены основные показатели макроэкономического развития Бразилии, такие как валовой внутренний продукт (ВВП), инфляция и др. Кроме того, анализируется региональное неравенство, из которого становится ясно, что Бразилия располагает огромным ресурсным потенциалом, который используется неэффективно.

Ключевые слова: макроэкономика, инфляция, Бразилия, ВВП

Macroeconomics is a branch of economics that studies how an overall economy—the market systems operate on a large scale—behaves. Macroeconomics studies economy-wide phenomena such as inflation, price levels, rate of economic

growth, national income, and changes in unemployment. Some of the macroeconomic indicators are gross domestic product(GDP),gross national product(GNP) gross national income(GNI), personal income(PI). The square of Brazil is “8.511.000 km². The country is the 8th largest economy in the world and with a population of 209,3 million citizens, being the 5th most populous country on the planet”[1]. This results in the economy being based in what it can export, making Brazil one of the world giants of mining, agriculture, and manufacturing, and it has a strong and rapidly growing service sector. It is a leading-country when it comes to minerals, including iron ore, tin, bauxite (the ore of aluminum), manganese, gold, quartz, and diamonds and other gems, and it exports vast quantities of steel, automobiles, electronics, and consumer goods. Brazil is the world’s primary source of coffee, oranges, and cassava (manioc) and a major producer of sugar, soy, and beef; however, the relative importance of Brazilian agriculture has been declining since the mid-20th century when the country began to rapidly urbanize and exploit its mineral, industrial, and hydroelectric potential. The city of Sao Paulo, in particular, has become one of the world’s major industrial and commercial center. The sum of those factors are that according to the International Monetary Fund and the World Bank Brazil have a nominal GDP of 2,056 trillion US dollars, this GDP was active because of the Brazilian economy “expanded 1.2 percent year-on-year in the third quarter of 2019, following a revised 1.1 percent growth in the previous period and beating market consensus of 1.0 percent”[2]. The industry sector grew 1.0 percent despite a contraction in manufacturing, led by construction and mining, and services output advanced also 1.0 percent, boosted by information & communication, trade, real estate, and financial activities. GDP Annual Growth Rate in Brazil averaged 2.52 percent from 1991 until 2019, reaching an all time high of 10.10 percent in the first quarter of 1995 and a record low of -5.50 percent in the fourth quarter of 2015.

Brazil GNP for “2018 was \$1,915.28B, and 6.23% increase from 2017. Brazil GNP for 2017 was \$1,802.95B, and 2.04% decline from 2016. Brazil GNP for 2016 was \$1,840.50B, a 11.44% decline from 2015. Brazil GNP for 2015 was \$2,078.34B, a 15.31% decline from 2014” the GNP consists of a aggregate value of goods, such as

cars, houses, food and drinks, as well as the value of services such as legal and medical fees that are produced and purchased by a nation during a given time period. The market value of these outputs is added together to calculate [3].

Therefore at same time was occurring an increase of inflation which is measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. “Brazil inflation rate for 2018 was 3.66%, increase from 2017 was 3.45%, decline from 2016 was 8.74%, a 0.29% decline from 2015 was 9.03%, 2.7% increase from 2014”[4].

The nominal monthly household income per capita in Brazil “was \$400.16 in the national average for 2016, as against \$363.27 in 2015”[5]. These figures were calculated based on data from the Continuous Nation Household Sample Survey (PNAD) published by the Brazilian Institute of Geography and Statistics. Only in 12 out of the 27 Brazilian states did the “nominal household income per capita exceed \$330.00”[5]. Once again, the largest income per capita “(767.35) was reported for the Federal District”[5], the state that is home to the seat of the central government in Brasilia. The lowest income per capita (\$187.68) was found in Maranhao state.

In 2015, the same 12 states had nominal monthly incomes per capita higher than \$330.00, and like in 2016, the Federal District (\$735.69) and Maranhao (\$166,00) were the two states with the largest and lowest income per capita.

According to the IBGE, household incomes are calculated considering both work earnings and other sources of income earned by residents in the relevant month of the survey. Household income per capita is calculated by dividing the household income equally by the total number of residents. This income data is calculated for each state and nationwide.

However, the unemployment rate in Brazil declined to 11.2 percent in the three months to November of “2019 from 11.6 percent in the three months to October and 11.6 percent a year earlier. It was the lowest jobless rate since the three months to May 2016, and below market expectations of 11.4 percent as more temporary jobs

were created in the retail to face the end-of-year holidays. Unemployment Rate in Brazil averaged 9.77 percent from 2012 until 2019, reaching an all time high of 13.70 percent in March of 2017 ”[6].

Thus it is clear that Brazil are going though the recovering phase of the 2014 crises based on the fact that most of the macroeconomic indicators pointed to a relative high inflation rate , the rising of the unemployment rate and the decrease of the personal income . Moreover value of the real (present currency of Brazil) decreases which has a negative impact on economic development of Brazil.

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