

Update 26: Brazil - Reports Recession as Economy Contracts by 9.7% in Q2 2020

- Brazil's economy suffered its biggest contraction on record as GDP declined by 9.7% in Q2 2020 as compared to Q1 this year
- Annual GDP contracted 11.4% as compared to a year earlier
- This is the second quarterly drop in a row, which technically puts the country into recession, and is the worst figure since quarterly records began in 1996
- The contraction is mainly due to historical decline of 12.3% in industry and 9.7% in services sector that represent 95% of national GDP
- This decline exceeds the accumulated loss in any of the last nine recessions that Brazil suffered in the last 40 years
- Consumer spending, which represents 65% of GDP, declined 12.5% in Q2 from the first and fell 13.5% from 2019
- With businesses shut down around the country, and with state and local governments urging residents to stay at home, unemployment increased to 13.3% during the period
- As few Brazilian states began to allow businesses to re-open in May and June, economic indicators from recent months are starting to show improvements
- Economy is expected to rebound in Q3 and will then expand more slowly in Q4
- Supply Wisdom is continuously monitoring the situation and will alert you to any relevant developments

Source(s)

- <https://agenciadenoticias.ibge.gov.br/agencia-noticias/2012-agencia-de-noticias/noticias/28720-pib-tem-queda-recorde-de-9-7-no-2-trimestre-auge-do-isolamento-social>
- <https://www.marketscreener.com/quote/currency/EURO-BRAZILIAN-REAL-EU-2358324/news/Brazil-2Q-GDP-Shrank-at-Fastest-Pace-on-Record-Amid-Coronavirus-Shut-Downs-Update-31216131/>
- <https://valor.globo.com/brasil/noticia/2020/09/01/bancos-revisam-o-pib-do-brasil-para-2020-apos-dado-do-2o-tri.ghtml>

Targets Affected:

Brazil

Guidance

Actions to consider:

- Consider implementing suggested actions related to 'Negative Impact on Economy' and under the 'COVID-19: Actions to Consider' section below / next page

Related Alerts

July 31, 2020

Medium

Update 25: Brazil - Resumes International Air Travel to Foreign Tourists Despite Surge in COVID-19 Cases

June 26, 2020

Immediate

Update 24: Brazil - Faces Multiple Crisis Amid Attack by Zika Virus, Locusts, and COVID-19

June 23, 2020

Medium

Update 23: Brazil - Extends Restriction on Foreign Travelers for Another 15 Days

June 22, 2020

Medium

Update 22: Brazil - Confirmed COVID-19 Cases Surpass One Million, with 50,659 Related Deaths

June 22, 2020

Medium

Update 22: Brazil - Confirmed COVID-19 Cases Surpass One Million with 50,659 Related Deaths

June 11, 2020

Medium

Update 21: Brazil - Records Highest Daily Average of COVID-19 Deaths Worldwide as Economy Reopens

May 30, 2020

High

Update 20: Brazil - Expects Worst Recession as Economy Contracts by 1.5% in Q1 2020

May 28, 2020

High

Update 19: Sao Paulo, Brazil - Plans to Reopen Certain Businesses Starting June 1 Amid COVID-19 Pandemic

May 23, 2020

Immediate

Update 18: Brazil - Reports Second Highest COVID-19 Cases Worldwide, Totaling 330,890

May 19, 2020

Immediate

Update 17: Brazil - Reports Third Highest COVID-19 Cases Worldwide, Totaling 254,220

May 13, 2020

High

Update 16: Brazil - Sao Paulo Announces Opening of Certain Businesses; COVID-19 Death Toll Exceeds 12,000, with 881 Cases Reported in Last 24 Hours

May 4, 2020

Immediate

Update 15: Brazil - Reports 4,588 COVID-19 Cases in Last 24 Hours, Exceeds 100,000

April 30, 2020

Immediate

Update 14: Brazil - Extends Travel Restriction of Foreigners for One Month

April 27, 2020

Immediate

Update 13: Brazil - Reports 3,379 Confirmed COVID-19 Cases in Last 24 Hours, Totaling 61,888

April 22, 2020

High

Update 12: Brazil - Anticipates Economic Contraction by 5.2% in 2020 Amid COVID-19 Pandemic

April 18, 2020

Immediate

Update 11: Brazil - Confirmed COVID-19 Cases Increases to 33,682 with 2,141 Deaths

April 12, 2020

High

Update 10: Brazil - Public Sector Deficit Reaches 7% of GDP as Coronavirus Deaths Mount

April 10, 2020

Immediate

Update 9: Brazil - Reports 141 COVID-19 Related Deaths in Last 24 Hours, Totaling 941

April 6, 2020

Immediate

Update 8: Brazil - Reports Over 11,000 Confirmed COVID-19 Cases, Nearing 500 Deaths

April 1, 2020

Immediate

Update 7: Brazil - Increase in Confirmed COVID-19 Cases

March 26, 2020

Immediate

Update 6: Brazil - Massive Spike in COVID-19 Cases with Maximum Deaths Reported in Sao Paulo

March 24, 2020

Immediate

Update 5: Brazil - Restricts Entry of Foreigners Amid Rapid Spike in COVID-19 Cases

March 21, 2020

Immediate

Update 4: Brazil - Declares COVID-19 State of Emergency; Warns of Healthcare Collapse

March 20, 2020

Immediate

Update 3: Brazil - Coronavirus Infection Cases Continues to Rise

March 18, 2020

Immediate

Update 2: Brazil - Steep Rise in Coronavirus Infection Cases

March 11, 2020

Immediate

Update 1: Brazil - Surge in Coronavirus Infection Cases

Feb. 27, 2020

Low

Brazil - Coronavirus Infection Cases -
Sao Paulo

Impact level Definitions

Impact Level	Definitions
Immediate	Certain - Supply Wisdom recommends considering prompt action. Examples of Immediate level alert events may include bankruptcy filings, data breaches, unexpected curfews, strikes, power black-outs, major geo-political events etc.
High	Highly likely to occur in the near term (within 3 months) - Supply Wisdom recommends being in a state of readiness to take quick action. Examples of High level alert events may include withdrawal of rating by ratings agencies, hostile takeover, multiple cyber-attacks, new business policies causing significant hardship etc.
Medium	Likely to occur in the mid-term (within 3 to 6 months) - Supply Wisdom recommends reviewing current mitigation steps and being ready to take proactive actions if and when situation deteriorates further. Examples of Medium level alert events may include unplanned C-level exits, suppliers caught in bribery cases, economy slipping into recession.
Low	Possible in the long-term (after 6 months) - Supply Wisdom recommends taking proactive action if situation does not resolve. Examples of Low level alert events may include lawsuits filed against suppliers, client losses, air pollution alerts issued by country's local authorities, unexpected holidays announced for the location etc.
Informational	The event is pertinent information but does not have a risk element associated with it. Examples of Info level alert events may include launch of new solutions, partnerships signed, industry outlook, positive changes in government policies, announcements regarding launch of software parks/ free trade zones/special economic zones etc.