

# The NewsLine

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## BRAZIL

### Strong growth

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The Brazilian economy surprised by picking up considerable speed in the second quarter of 2013, with real gross domestic product up by 1.5% quarter-on-quarter in seasonally adjusted terms. This is the strongest quarterly growth seen since the first quarter of 2010.

The figures released today by the National Statistics Office show that this growth was driven by all demand components. Investment, which was up by 3.6% in a quarter-on-quarter comparison, provided particular impetus, while the growth in private consumption was fairly stunted in comparison at only 0.3%. The strong (lending-driven) consumption growth witnessed in recent years is now very likely to be a thing of the past.

Although no hard economic data is available for the third quarter as yet, we do not expect the Brazilian economy to be able to keep up the rapid pace of growth seen in Q2 as the year progresses. The purchasing managers' index for the manufacturing industry slipped back below the 50-point expansion threshold again in July. And, last but not least, the recent rate hikes implemented by the Brazilian central bank are likely to take some of the wind out of the economic development sails: faced with a battle against inflation rates hovering at the upper end of the target corridor (2.5% to 6.5%) and a national currency that has lost more than 13% against the US dollar since the turn of the year, the central bank has lifted its key rate by a total of 175 basis points since mid-April to the most recent level of 9%.

In light of the strong GDP growth in the second quarter, however, we have lifted our growth forecast for this year from 2.3% to 3%. Whereas we expect consumption to continue to show only fairly subdued development, the marked depreciation of the Brazilian real should start to bear fruit in the form of stronger export growth over the next few months.

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Together with its customers and sales partners, Allianz is one of the strongest financial communities. Around 78 million private and corporate customers rely on Allianz's knowledge, global reach, capital strength and solidity to help them make the most of financial opportunities and to avoid and safeguard themselves against risks.

In 2012, around 144,000 employees in over 70 countries achieved total revenue of 106.4 billion euros and an operating profit of 9.3 billion euros (restated on January 1, 2013 due to a change in accounting standard and presentation).

Benefits for our customers reached 89.2 billion euros.

This business success with insurance, asset management and assistance services is based increasingly on customer demand for crisis-proof financial solutions for an aging society and the challenges of climate change. Transparency and integrity are key components of sustainable corporate governance at Allianz SE.

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