

Chart: Formal Job Creation

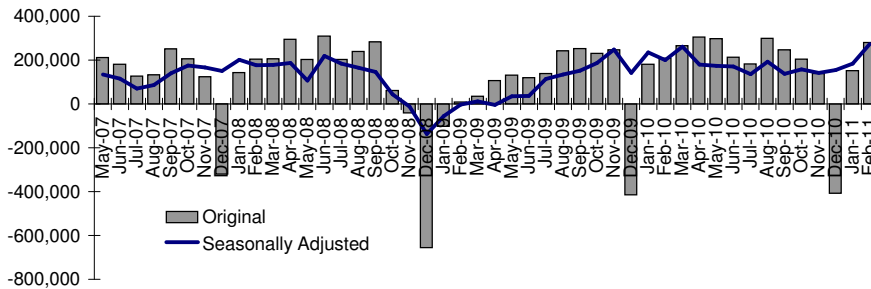


Table: Net Formal Job Creation

|                        | Dec.10          | Jan.11         | Feb.11         | YoY difference | YTD            | Accum. 12 months |
|------------------------|-----------------|----------------|----------------|----------------|----------------|------------------|
| Mining                 | -255            | 1,571          | 1,713          | 250            | 3,284          | 16,972           |
| Manufacturing industry | -152,978        | 53,207         | 60,098         | -2,926         | 113,305        | 466,389          |
| Public Utilities       | 557             | 1,572          | 693            | -1,137         | 2,265          | 15,751           |
| Construction           | -79,598         | 33,358         | 30,701         | -4,034         | 64,059         | 229,172          |
| Commerce               | 14,411          | -18,130        | 17,394         | 6,712          | -736           | 514,982          |
| Services               | -75,198         | 73,231         | 134,342        | 48,735         | 207,573        | 928,327          |
| Public administration  | -22,286         | -1,042         | 15,021         | 6,913          | 13,979         | 12,304           |
| Crop and livestock     | -92,163         | 8,324          | 20,837         | 16,861         | 29,161         | -4,904           |
| Others                 | 0               | 0              | 0              | 0              | 0              | 0                |
| <b>Total</b>           | <b>-407,510</b> | <b>152,091</b> | <b>280,799</b> | <b>71,374</b>  | <b>432,890</b> | <b>2,178,993</b> |

Chart: Total Job Creation (last 12 months)

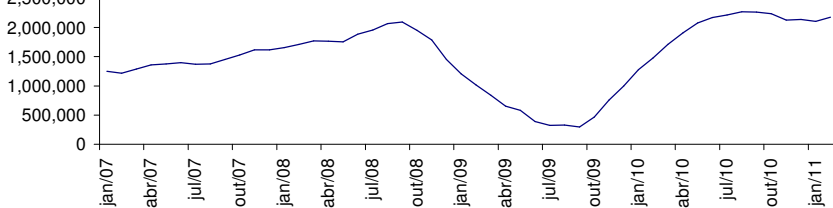


Chart: Manufacturing industry (last 12 months)

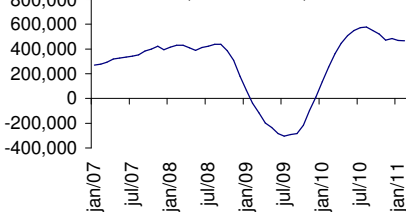


Chart: Construction (last 12 months)

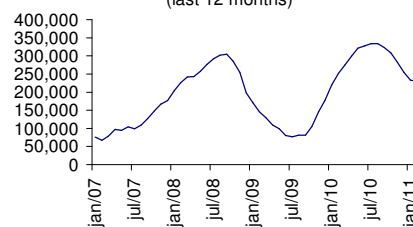


Chart: Commerce (last 12 months)

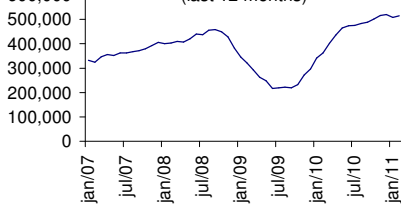
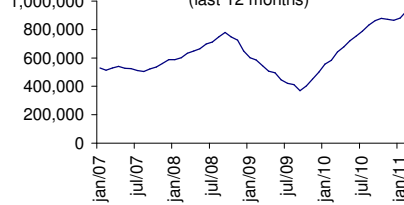


Chart: Services (last 12 months)



According to Caged, the Brazilian economy created 280,799 formal jobs in February. Adjusting for seasonal factors, the economy added 273K jobs in the month, 89K more than in January.

Formal job creation was led by the service sector which added 134K jobs into the economy, its best performance ever. Manufacturing industry presented the second best performance in the month, with 60K jobs being created. In terms of year-to-date performance, the service sector lead by far with a total of 208K jobs added followed by manufacturing industry with 113K.

In terms of 12-month performance, the Brazilian economy created a total of 2,178,993 formal jobs, recovering a bit compared to January, but still below the all time high of 2,269,607 reached last August. The service sector continued to be the main contributor (831K) followed by the industry (577K). However, we see different trends among the sectors with manufacturing and construction trending lower while commerce and services trending higher.

Finally, our assessment is that payrolls in Brazil should contribute to keep demand strong suggesting that the BCB should soon announce new macro prudential measures to curb consumption, especially of durable goods which rose again in January.