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Brazilian Rocket Economy

Time is running out before the train leaves the station. Or should I say the Brazilian Shuttle leaves the launch pad!

Brazil's Prosperity Rocket is about to take off which begs the question, "Are you on board?"

Why the tremendous growth in the Brazilian economy?

For starters Brazil has one of the world's richest natural resources reserves in areas such as oil, iron ore, manganese, gold, silver natural gas, etc. Brazil is also a top producer in primary goods such as poultry, orange juice, soy, wheat, coffee, fruits and meat. In short, Brazil is in a perfect place for growth. Add to the sky rocketing growth the World Cup and the Summer Olympics in the next 6 years and you can see why the world has her eyes on this eco-rich South American country.

What is the driving force behind the Brazilian Growth?

Brazil's growth is rooted in the same economic principles that drove the great industrial revolution that re-shaped America 50 years ago and the same principle that has changed China in the last 10 years. It is "economic empowerment" of people in the lower classes, or what is also known as "increased purchasing power". Brazil, unlike other developing countries, has benefited from multiple factors such as geography, climate, natural resources as well as monetary stability. All of these factors have fueled the Brazilian Rocket as an unprecedented increase in the internal economy continues to take off. Another benefit is the sustained economic stability.

So the growth that has started a few years ago with the stabilization of the monetary system (1994 – 1996) is now paying off. Brazilians more than ever now can afford new cars, new homes and new gadgets, and more importantly they have spending money in their pockets. What does that mean to the economy? In simple terms the same thing it meant to China 10 years ago; unparallel growth as never seen before.

So getting to the bottom of it, what does that mean to the investor world wide?

Very simple, it means opportunity. You are either in or out.

What is happening in Brazil

We are talking about an unparalleled shift of the economic classes. Brazil today has its majority of population in the "low-mid class" where 10 years ago the overwhelming majority was in the poor class. This economic shift is a paradigm shift that creates amazing internal purchasing power, thus sustaining her economic stability.

I also means in certain sectors, there are not enough workers to handle the demand and there is not enough cash flow in the system to finance the growth. Companies are growing faster than the cash flow can allow, so partners are needed.

In the last couple of years Brazil has tripled the number of Millionaires. Does this sound familiar? Look to china for a preview of things to come in Brazil. The “Chinese Economic Train” left the station 8 or 9 years ago.... And the number of millionaires has grown exponentially ever since. The economic growth is only noticeable if you are inside the country and understand the economic forces driving the positive change. Brazil’s new wealth generates more wealth, which generates economic growth creating additional competition leading to increased capitalism and wealth.

Note that the economic opportunities are happening in a country that clearly understands hierarchies and power structure (predominately catholic) unlike other members of BRIC. You just need to know how to play the game. We do.

Brazil and the areas of Growth

What is happening in the short term to the amazement of the Brazilians is the increased need for infrastructure to support the growth the country is quickly experiencing; roads to airports, railway and ports, from hotels to houses and from state of the art manufacturing facilities. Brazil’s immediate growth is a sign of greater things to come for the long term. There will be growing demands for education, medical and commercial entities to name a few... after all Brazilians will need places to spend their money and their newly found wealth.