
Slowdown signs - Crisis slows lending at BNDES

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Brazil's state development bank BNDES said that it disbursed 2% more in loans in the first four months of this year than last as companies hit by the global recession deferred investments or turned to commercial creditors.

According to a statement released by the lender, Rio de Janeiro based BNDES released BRR 26.6 billion (USD 12.61 billion) in credit from January to April.

Loan approvals tumbled 20% in the period, partly due to the passage of a 7 billion real credit line to Vale that wasn't included in the bank's lending records.

Mr Gabriel Visconti head of the BNDES's budget and planning division said that "Despite the crisis, requests for loans remained positive during the first four months and that trend reinforces our optimism for high disbursement levels in 2009 and 2010."

The data indicates that companies are reluctant to take on more credit as uncertainty over the extent and duration of the global recession causes them to delay investments and forces some to scale down operations and spend cash more carefully.

Mr Luiz Inacio Lula da Silva President has made the BNDES his most powerful policy tool to revive activity in Brazil's export and industrial sectors as the country slides towards a recession after the boom years it saw for most of this decade.

The BNDES has deployed more than USD 30 billion in emergency credit lines for companies hammered by the global financial crisis since it intensified in September.

(Sourced from Thomson Reuters)

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