

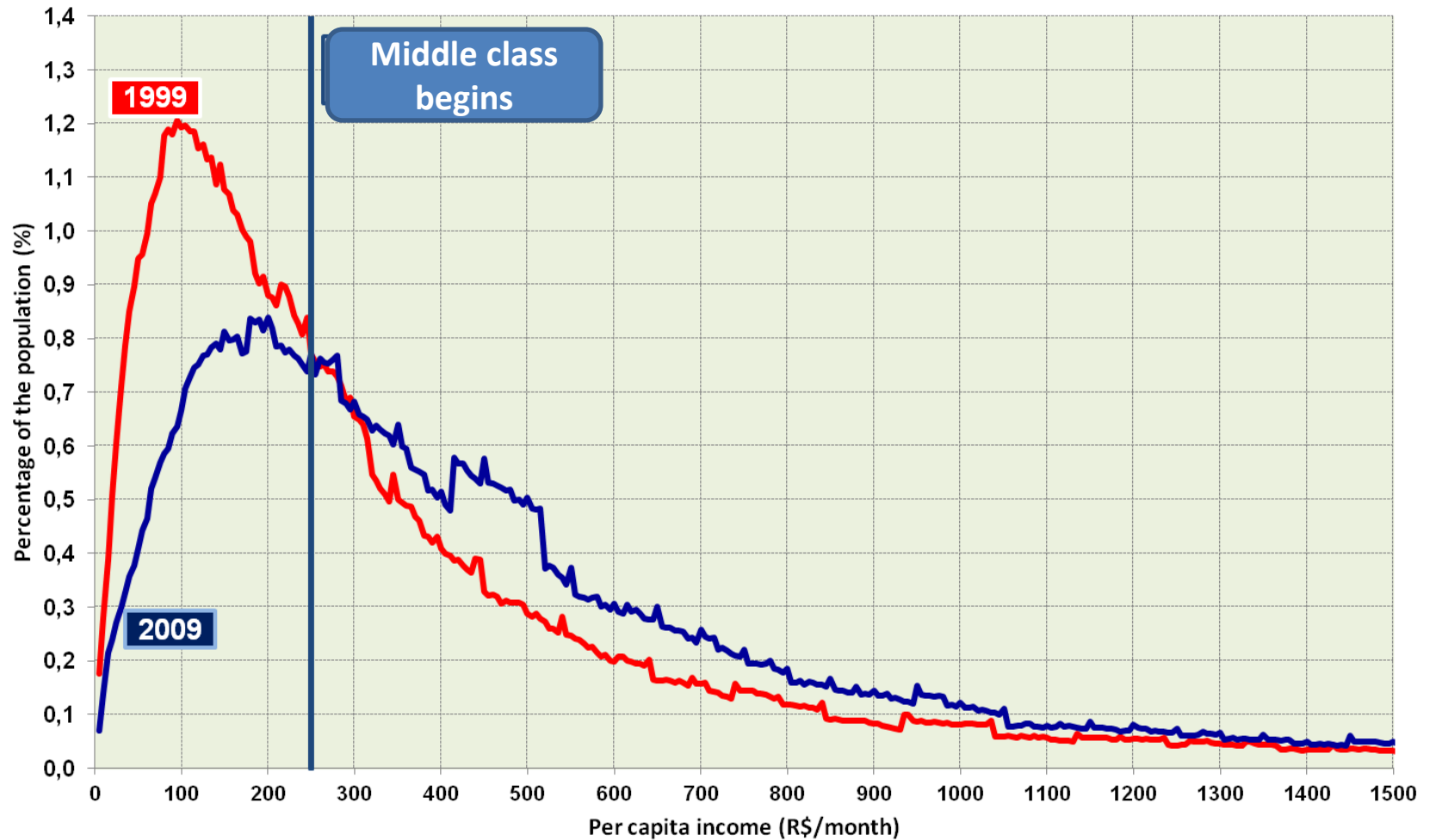


**Defining, Measuring and
Understanding the Emerging
Brazilian Middle Class**



Defining Middle Class in Brazil

Density curve of the distribution of population according to income per capita - Brazil: 1999 and 2009



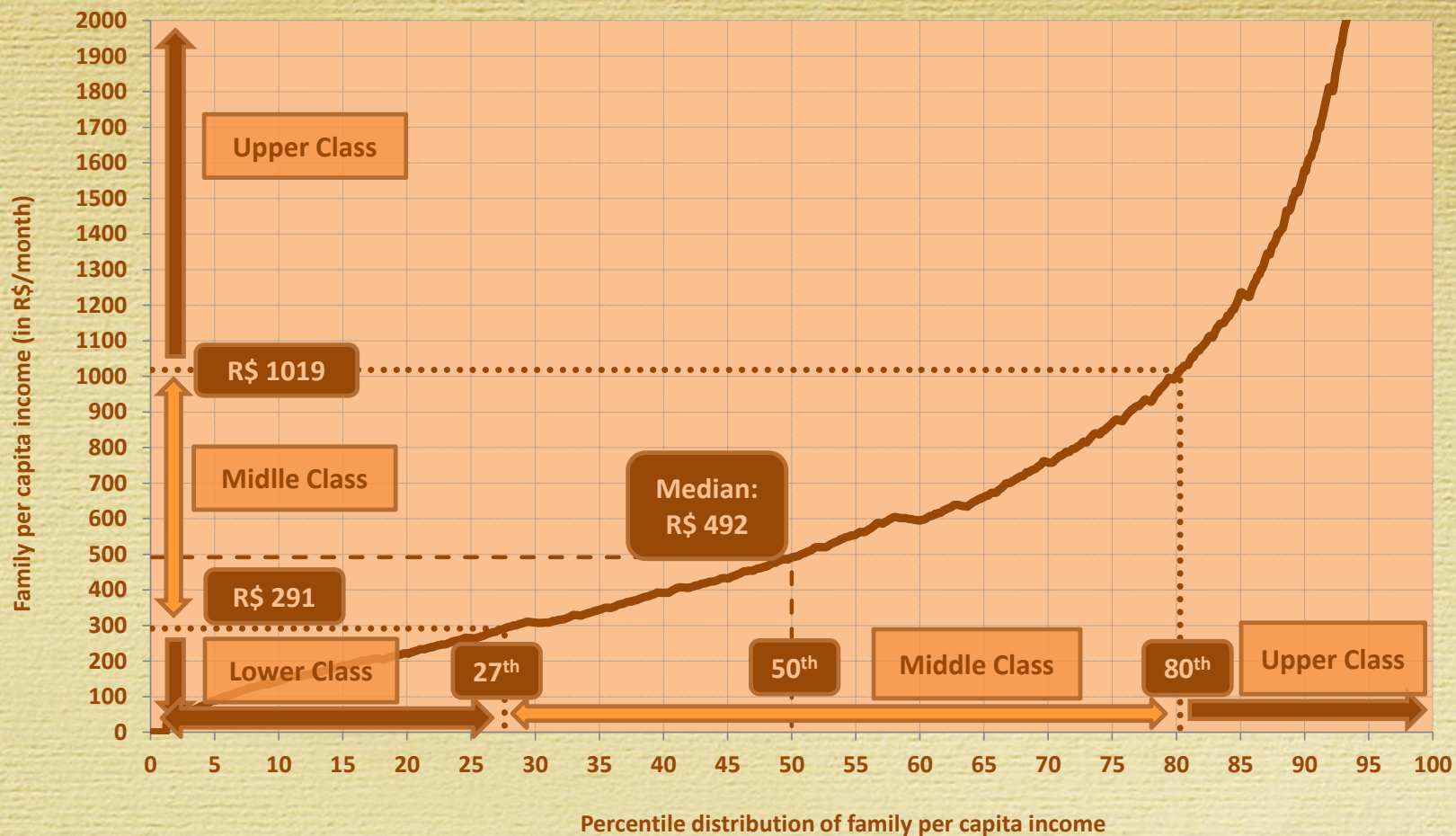


Three alternative procedures to define the income boundaries of the Middle Class:

- 1. How income is allocated (consumption patterns)**
- 2. How income is generated (income composition)**
- 3. Income mobility or future expectations (vulnerability)**

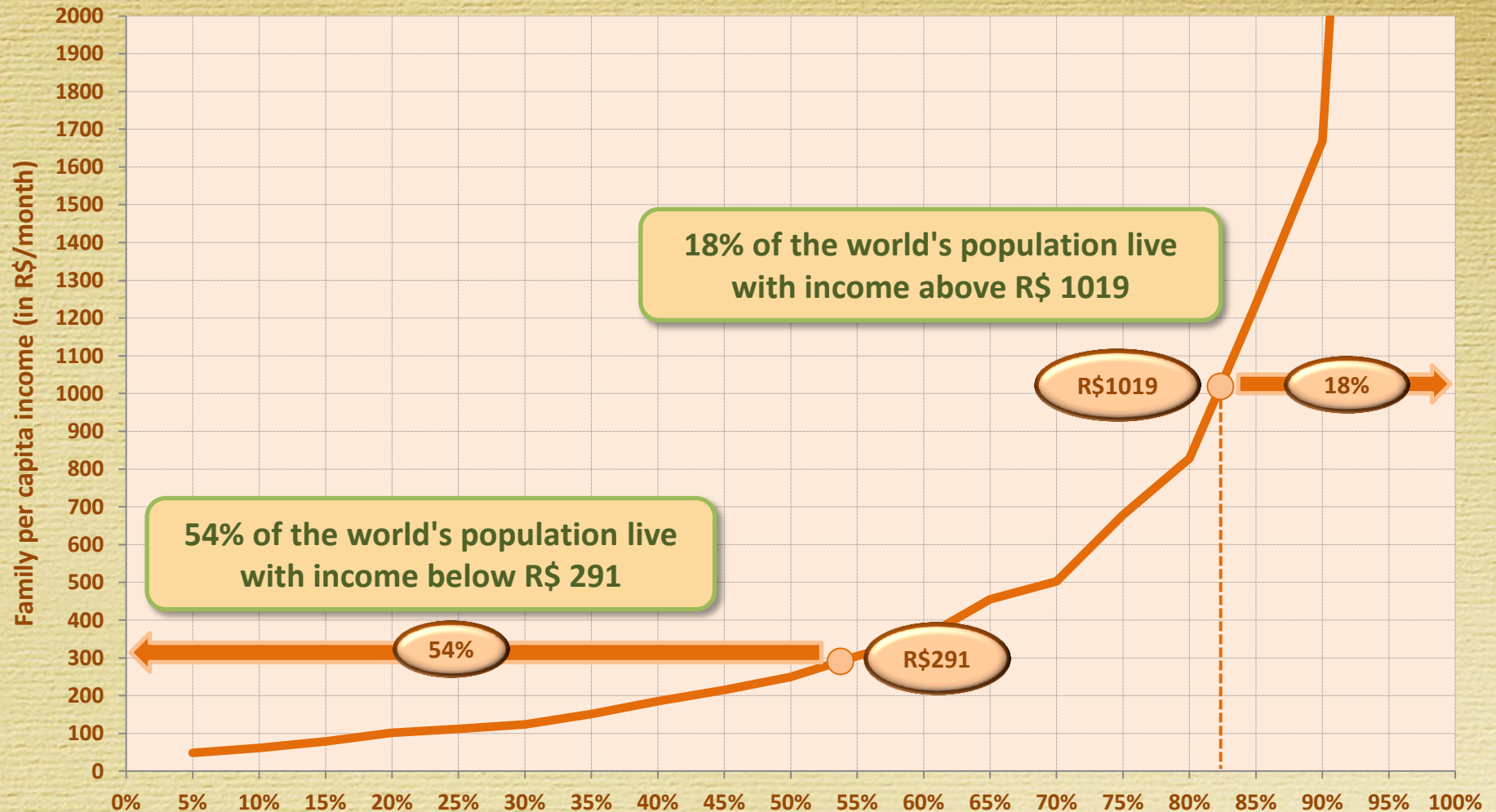


Family per capita income distribution, 2012





World income distribution

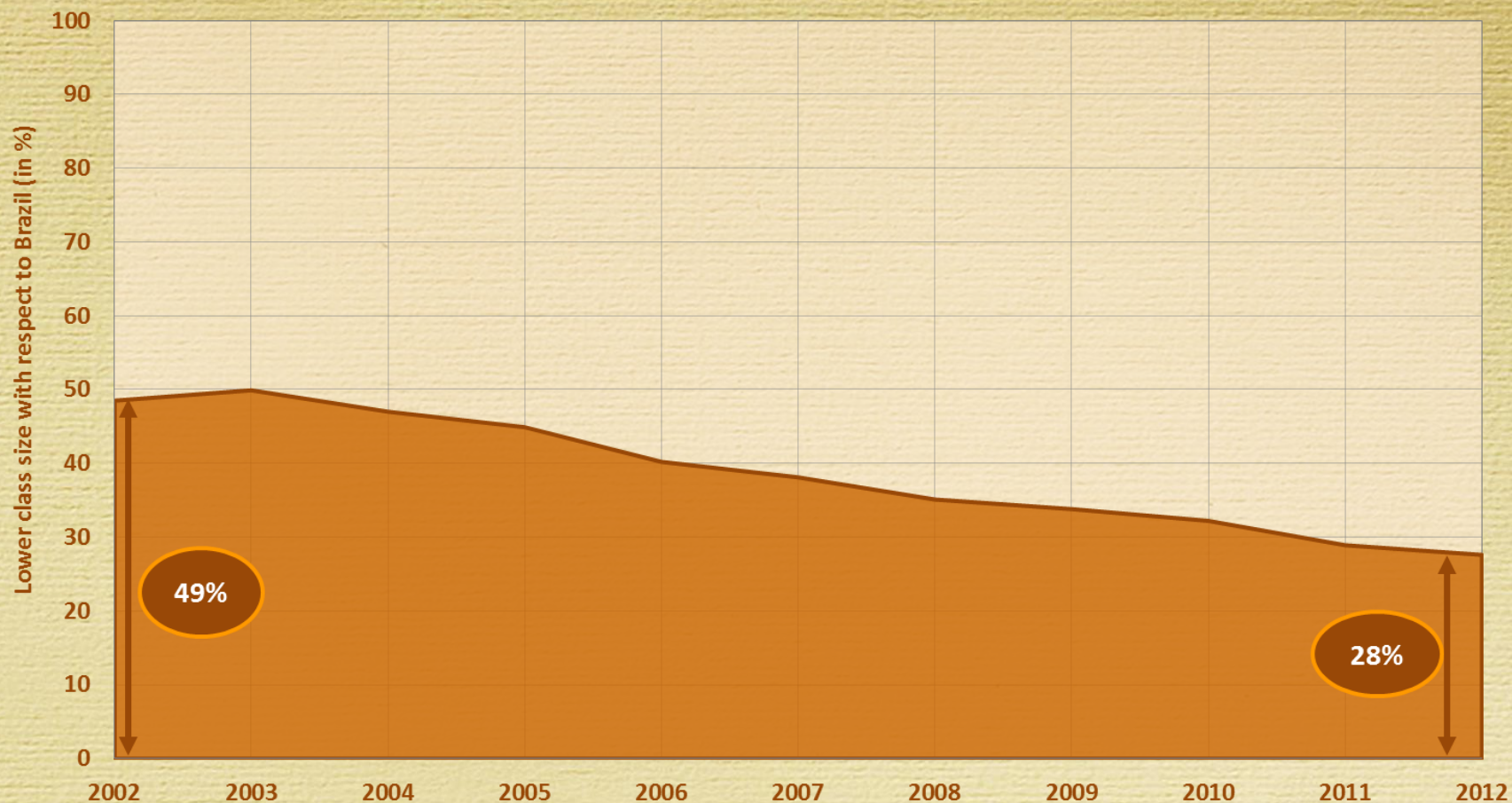




**On the expansion of the
Brazilian Middle Class over
the past decade**

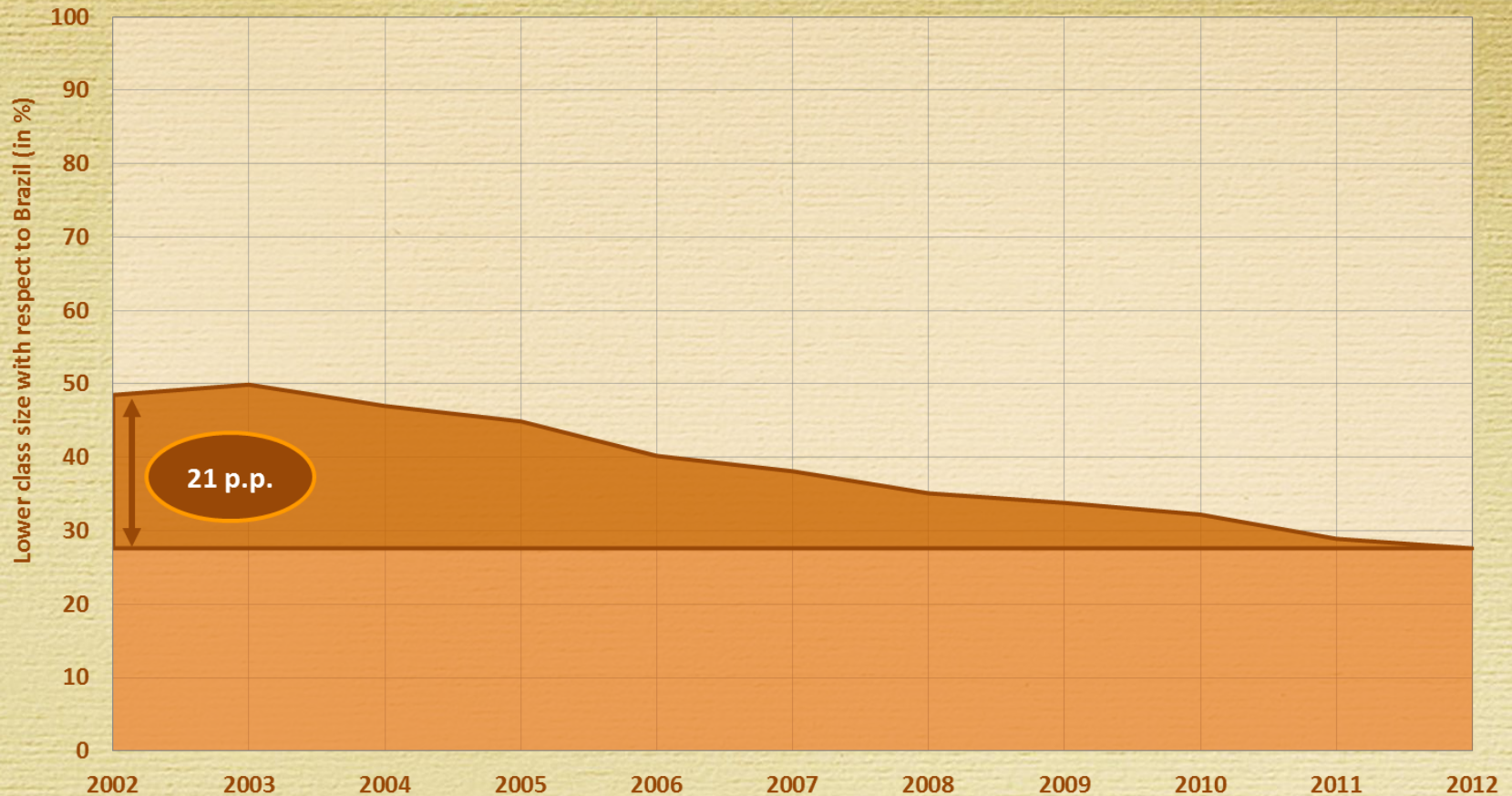


Evolution of the lower class size, 2002 to 2012



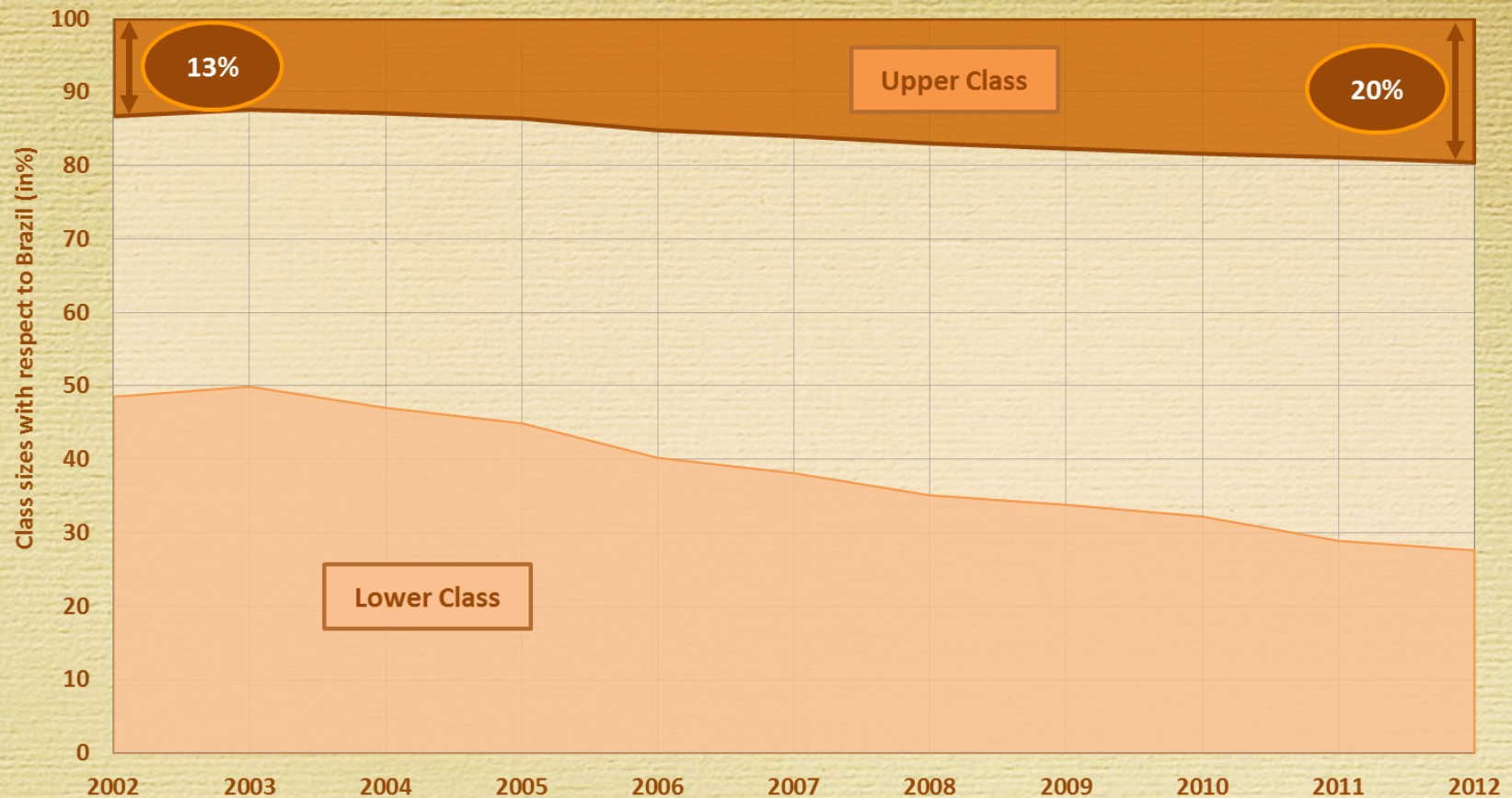


The shrinking lower class, 2002 a 2012



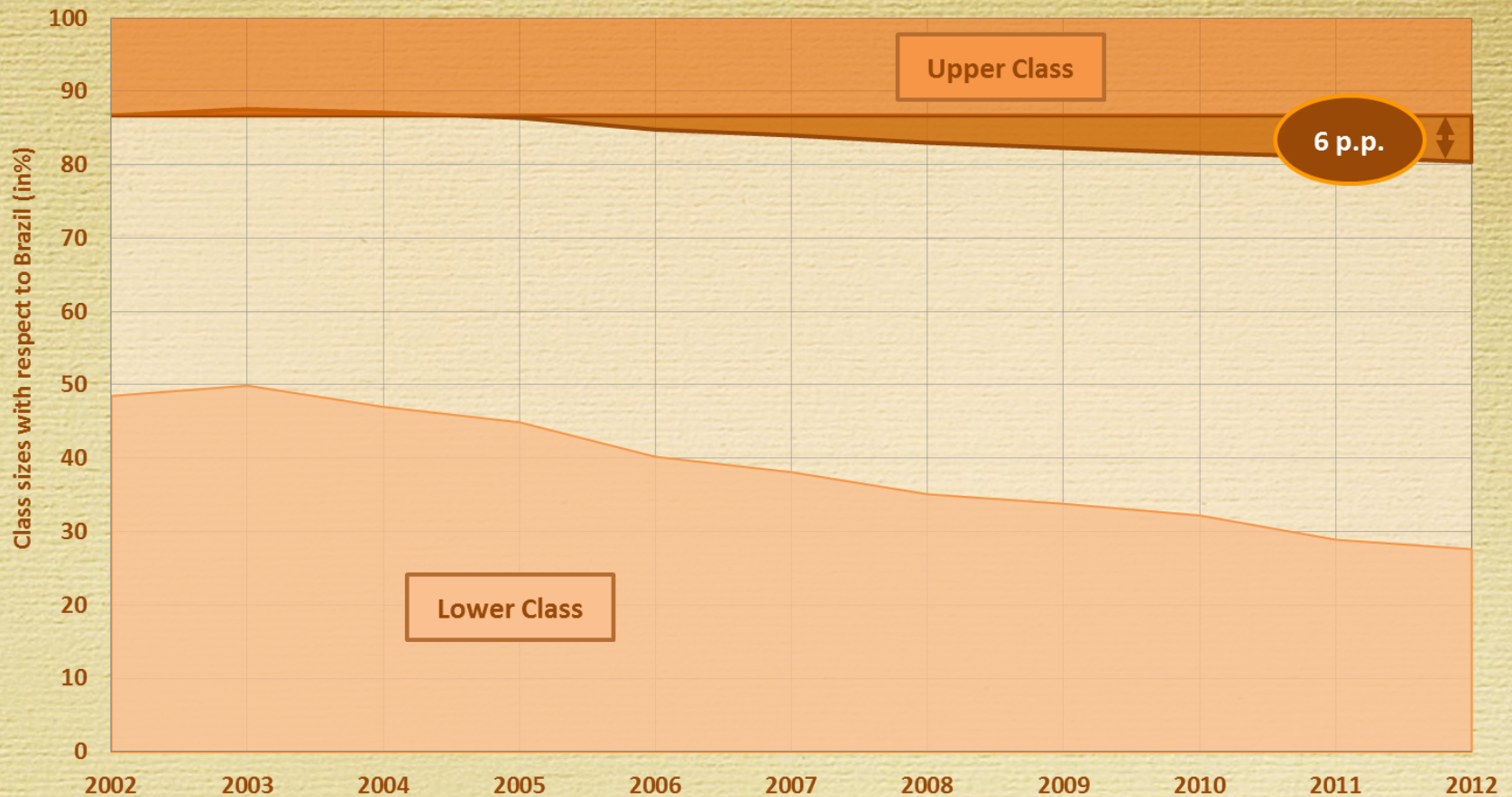


Evolution of the upper class size, 2002 to 2012



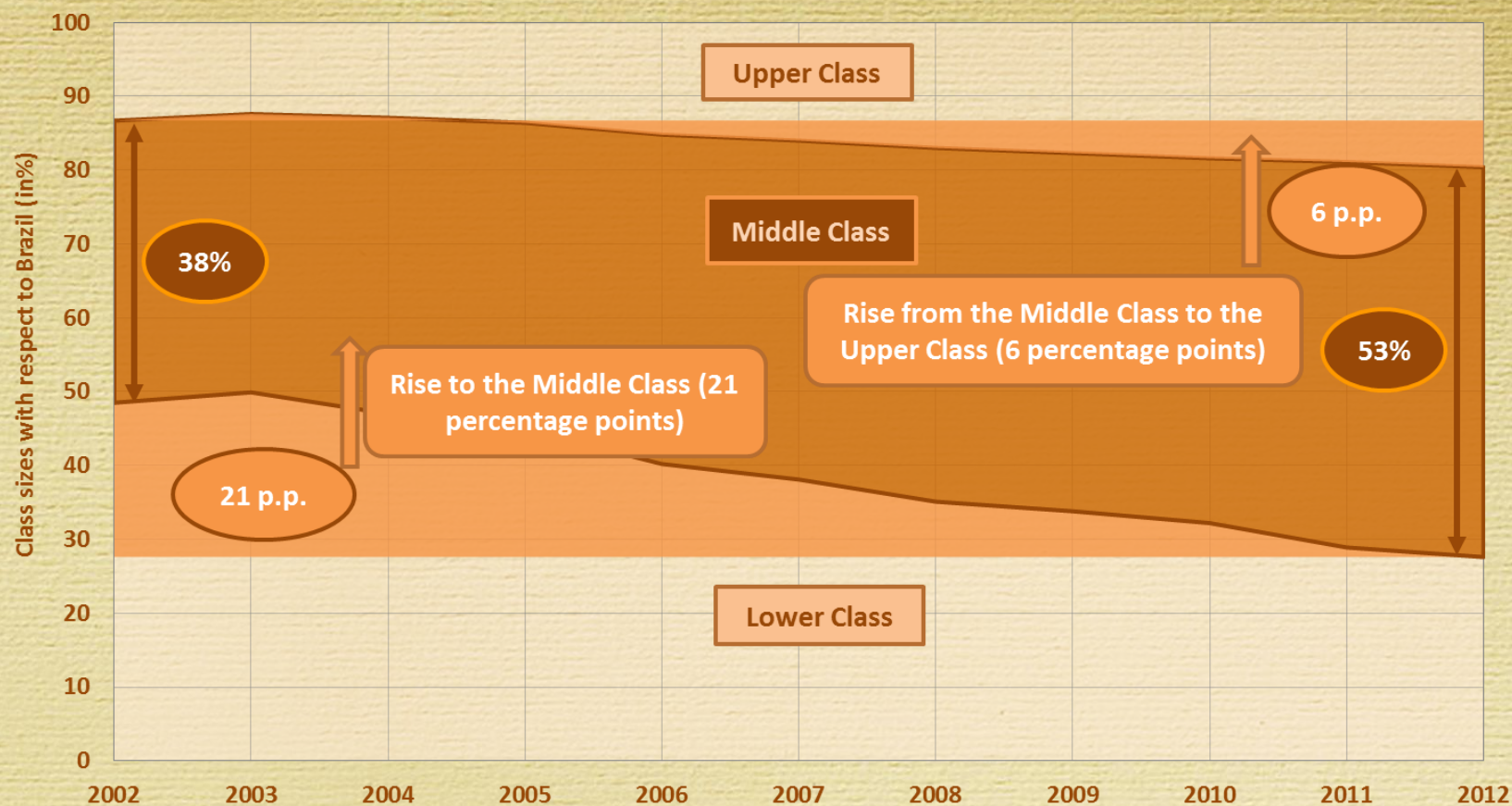


The expanded upper class, 2002 to 2012



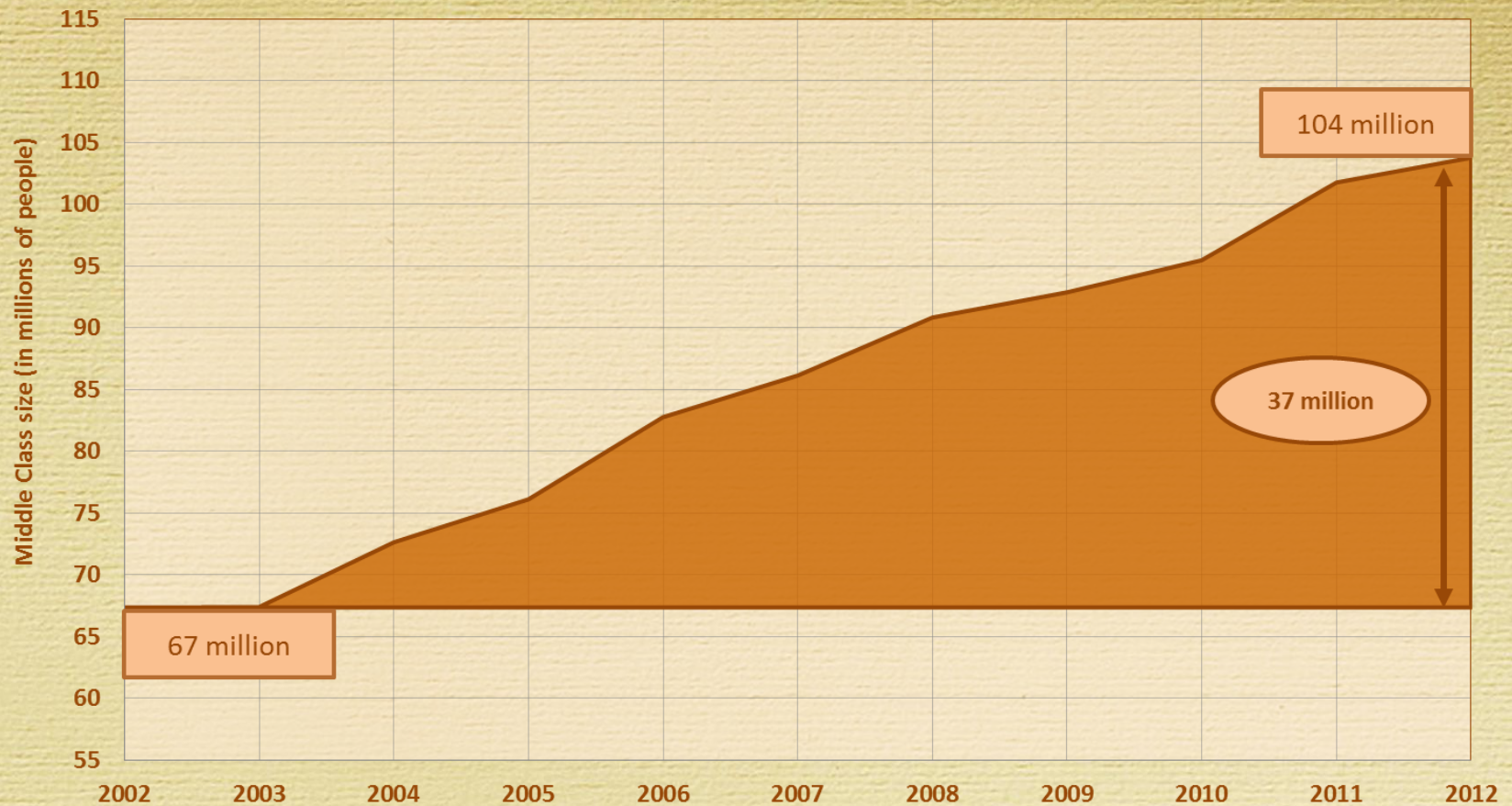


Evolution of the middle class size, 2002 to 2012



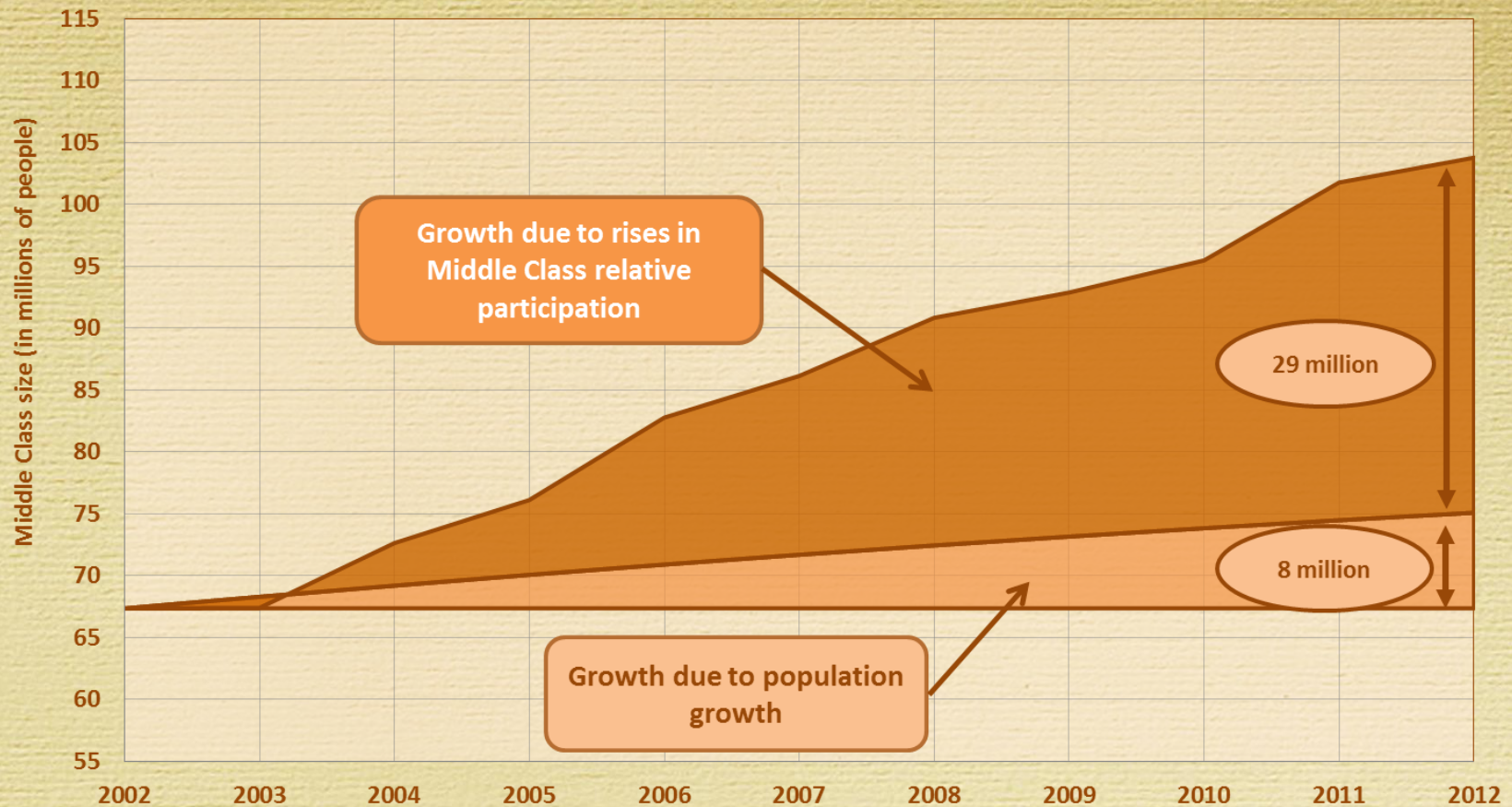


The middle class expansion, 2002 to 2012





The middle class expansion, 2002 to 2012

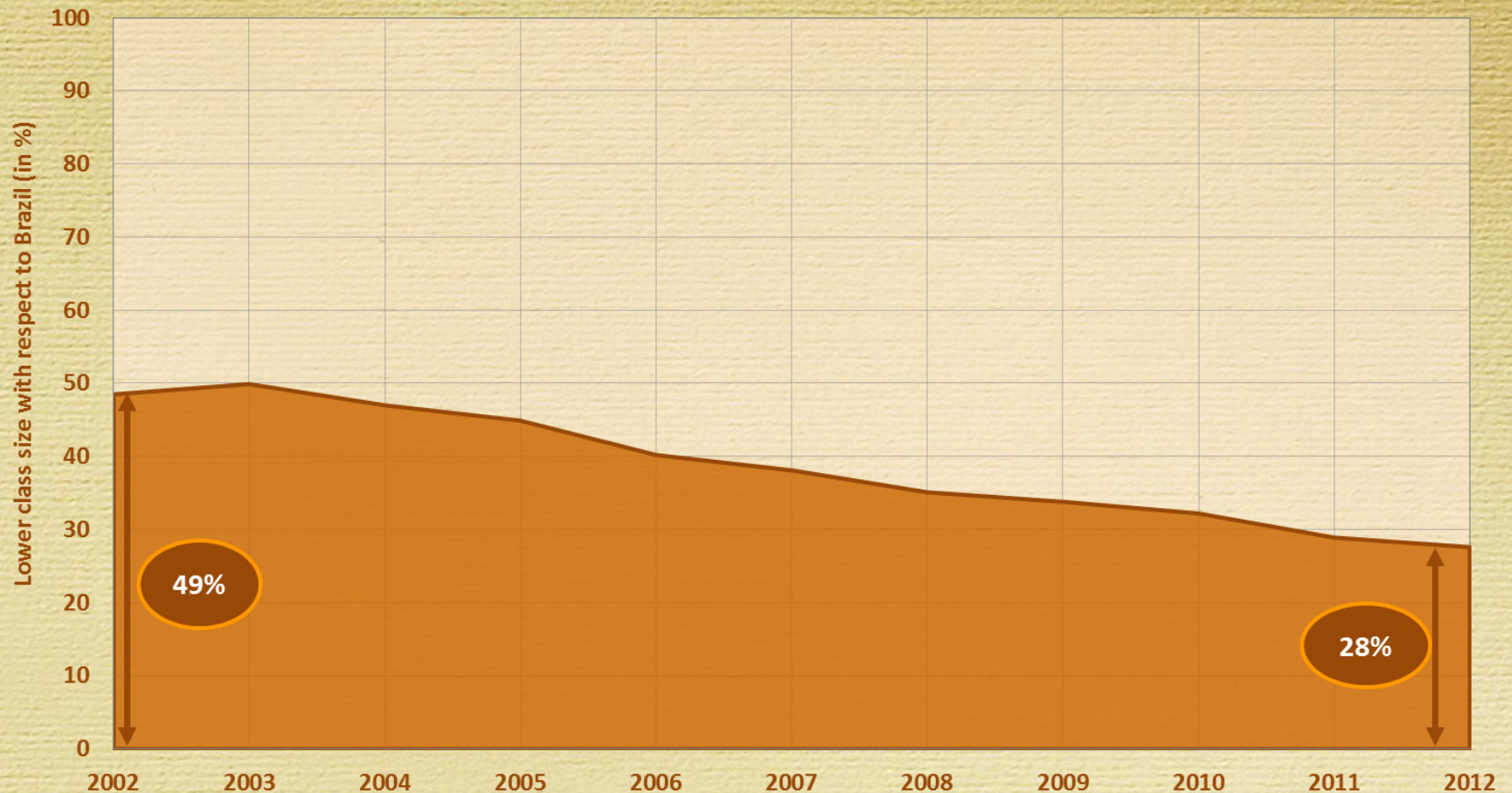




**On the importance of reduction
in inequality for the expansion
of the Brazilian Middle Class**

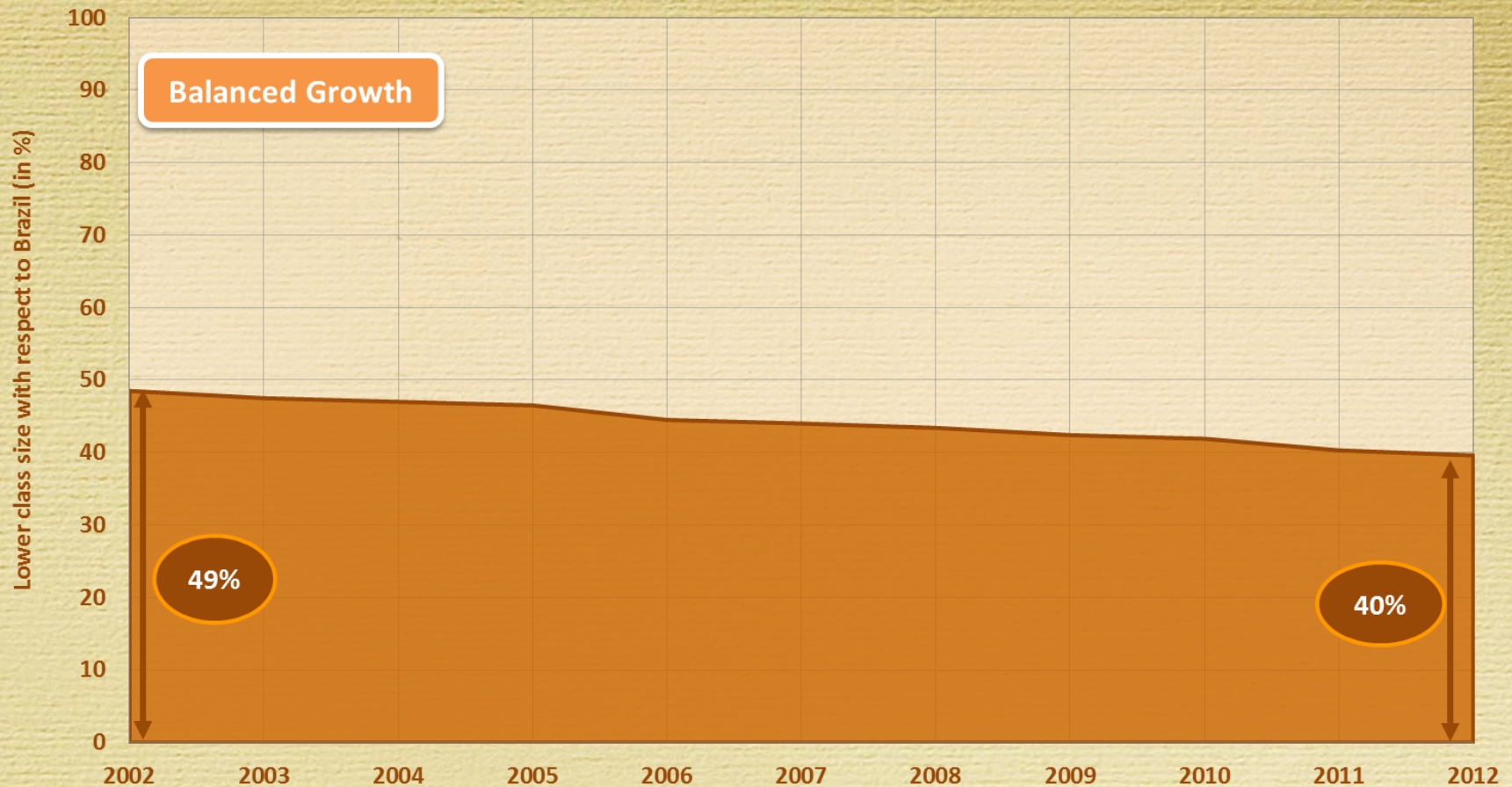


Evolution of the lower class size, 2002 to 2012



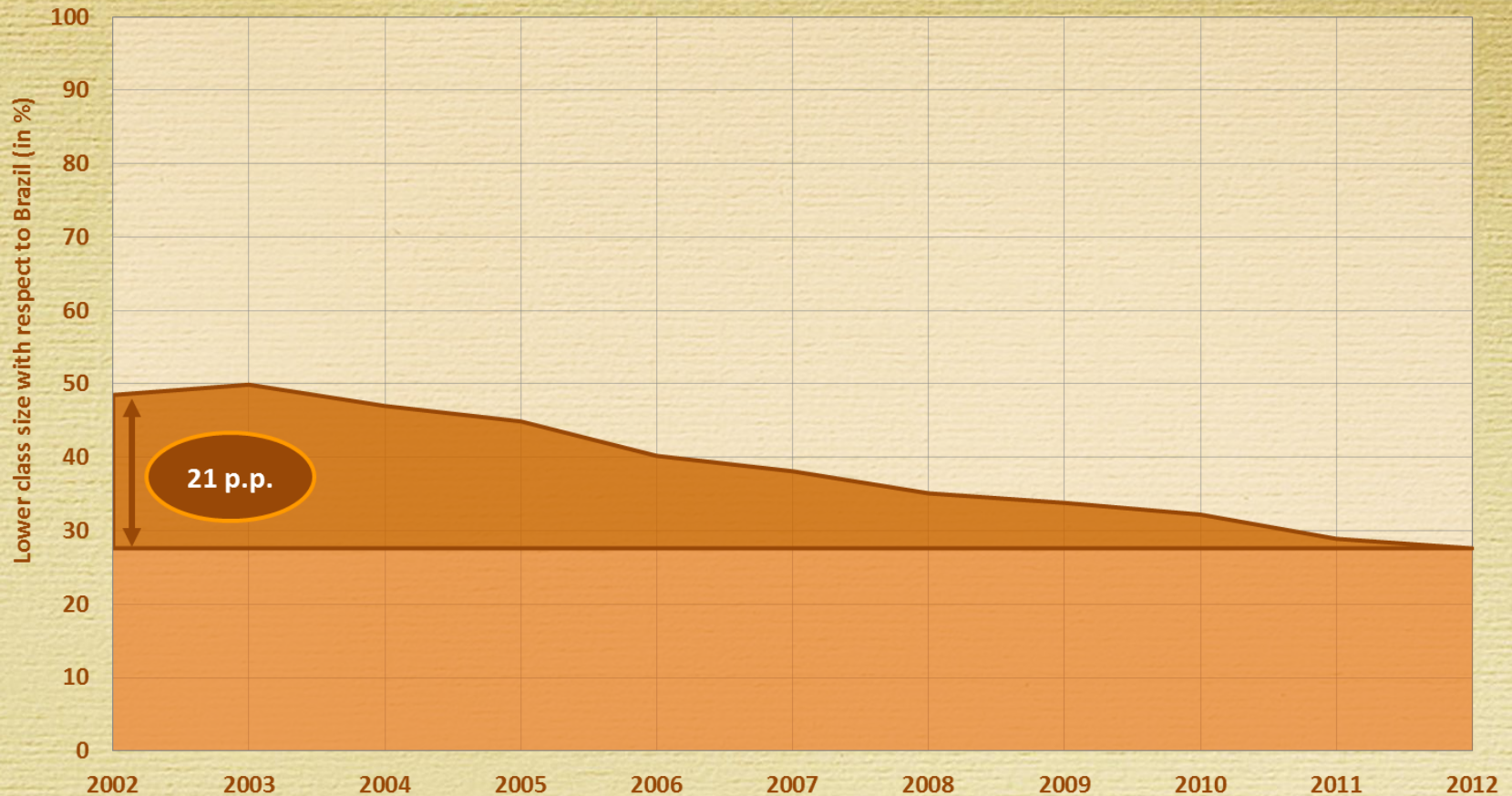


Evolution of the lower class size, 2002 to 2012



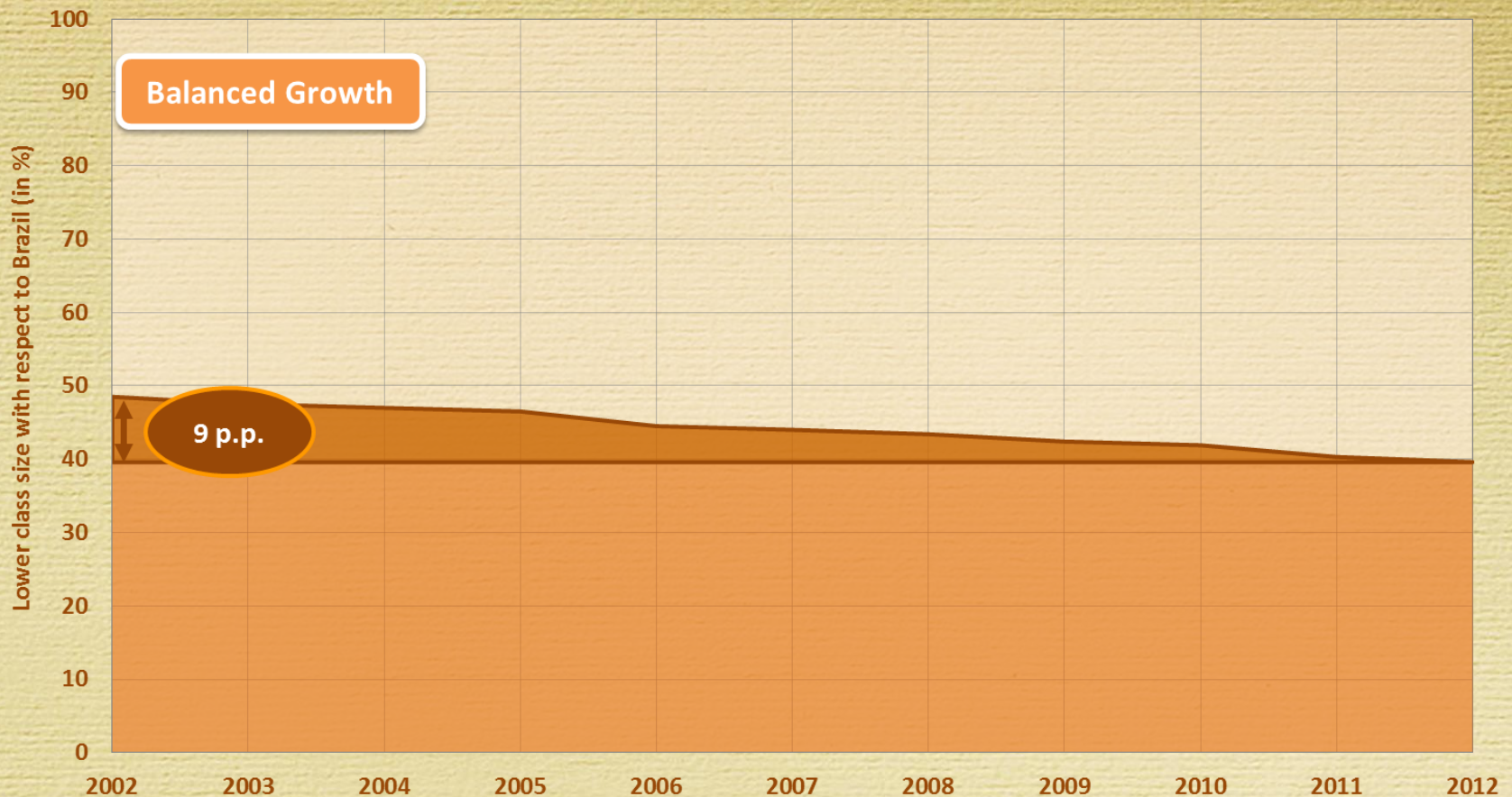


The shrinking lower class, 2002 a 2012



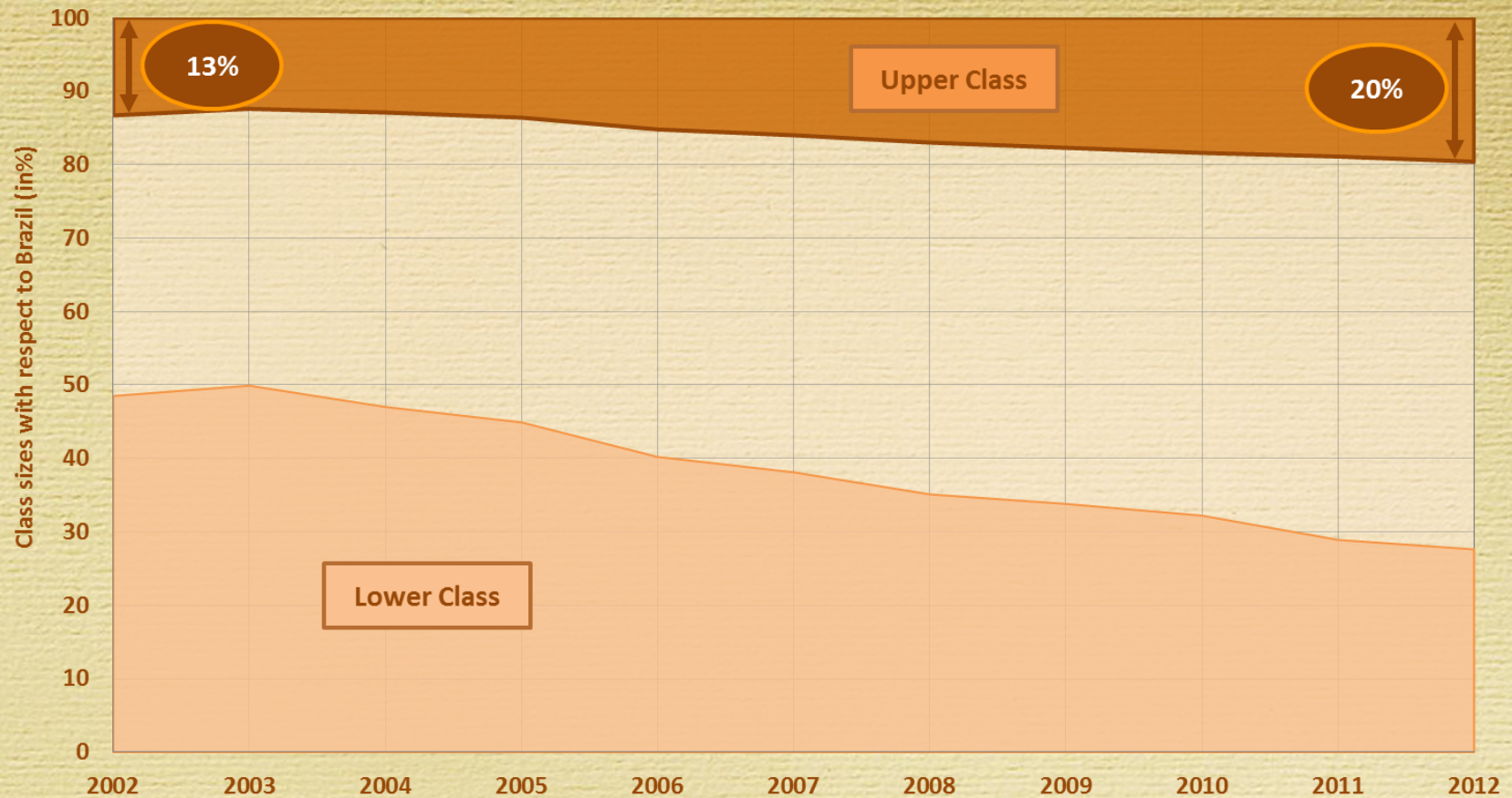


The shrinking lower class, 2002 a 2012



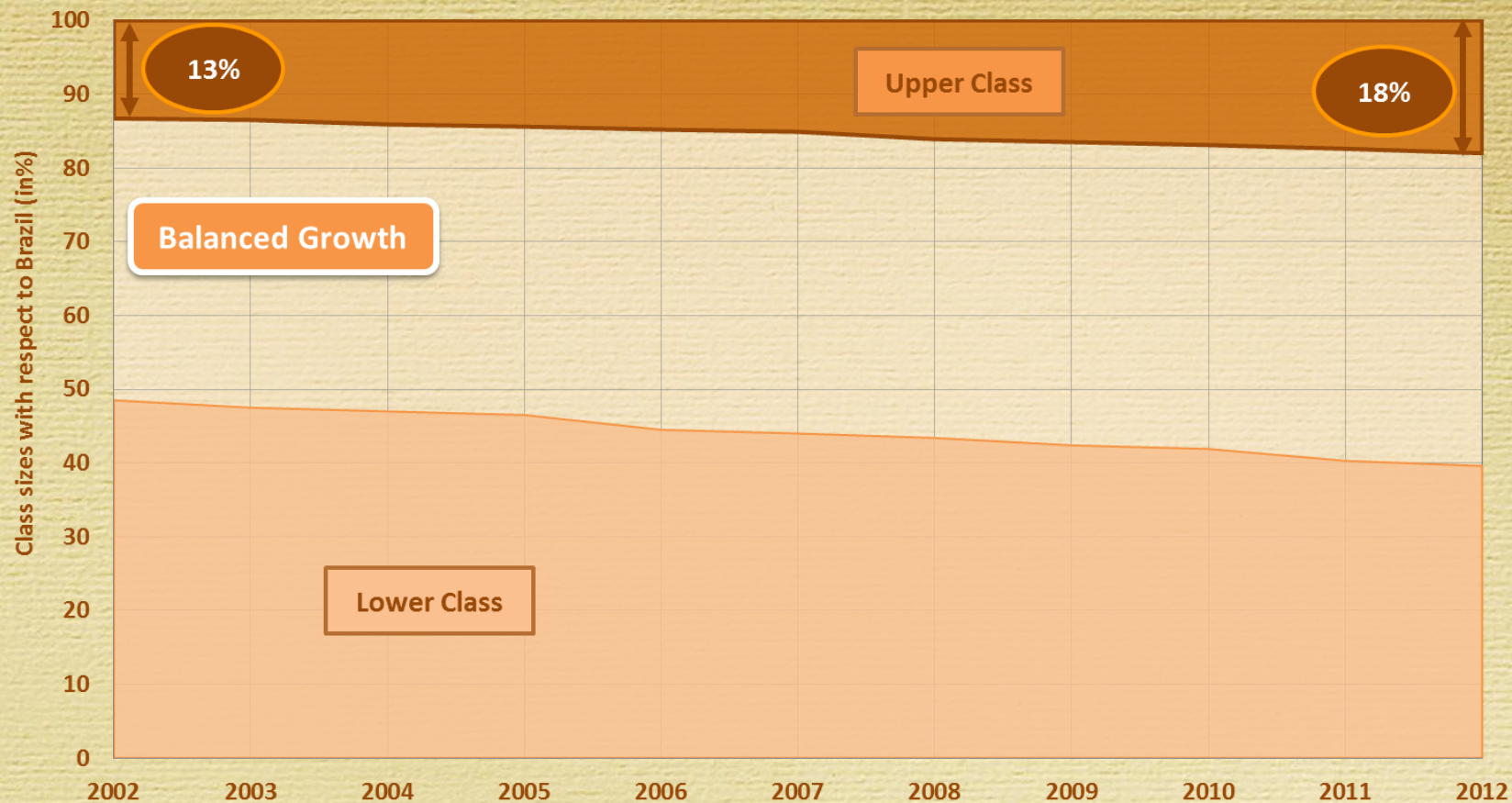


Evolution of the upper class size, 2002 to 2012



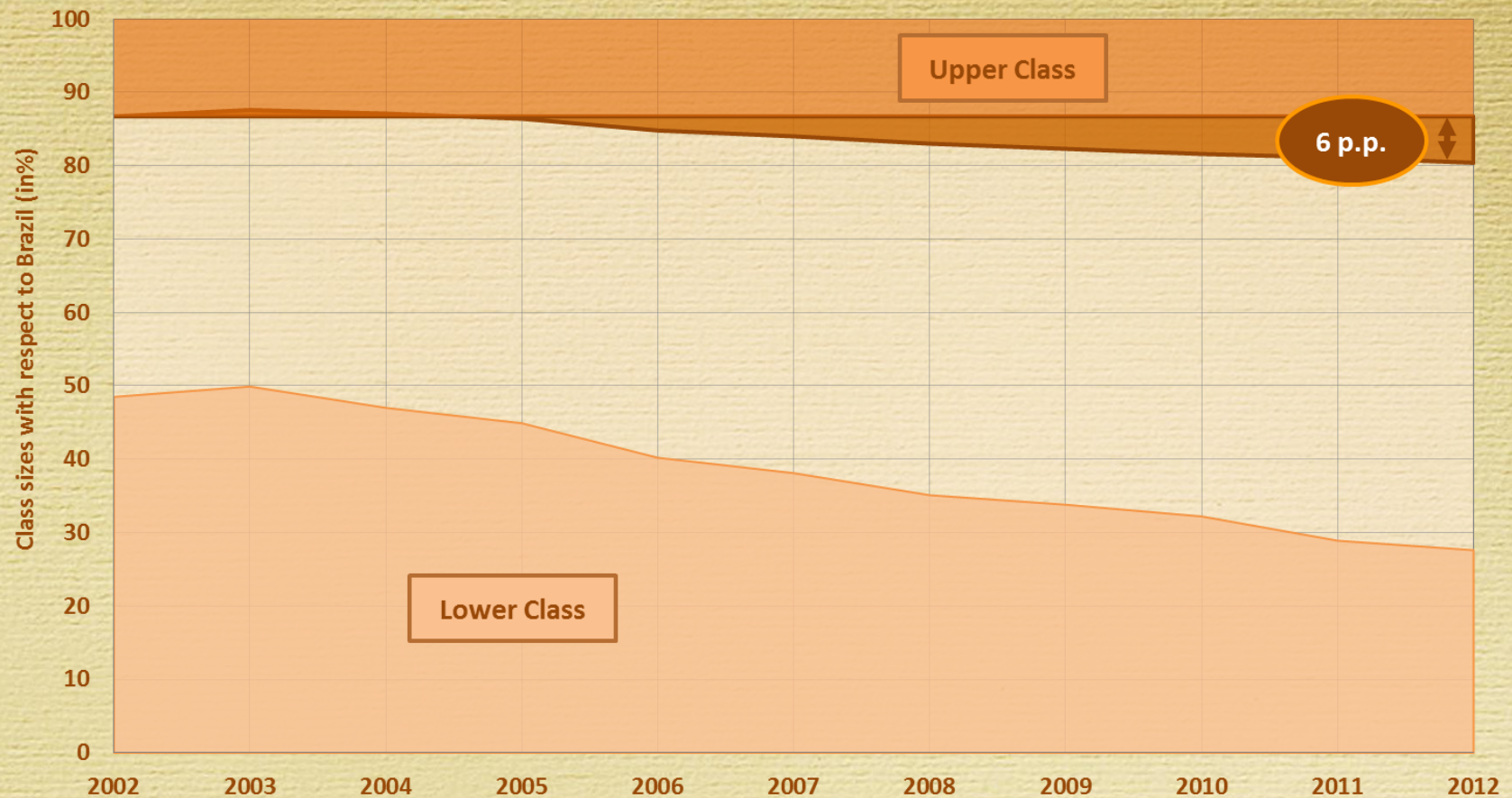


Evolution of the upper class size, 2002 to 2012



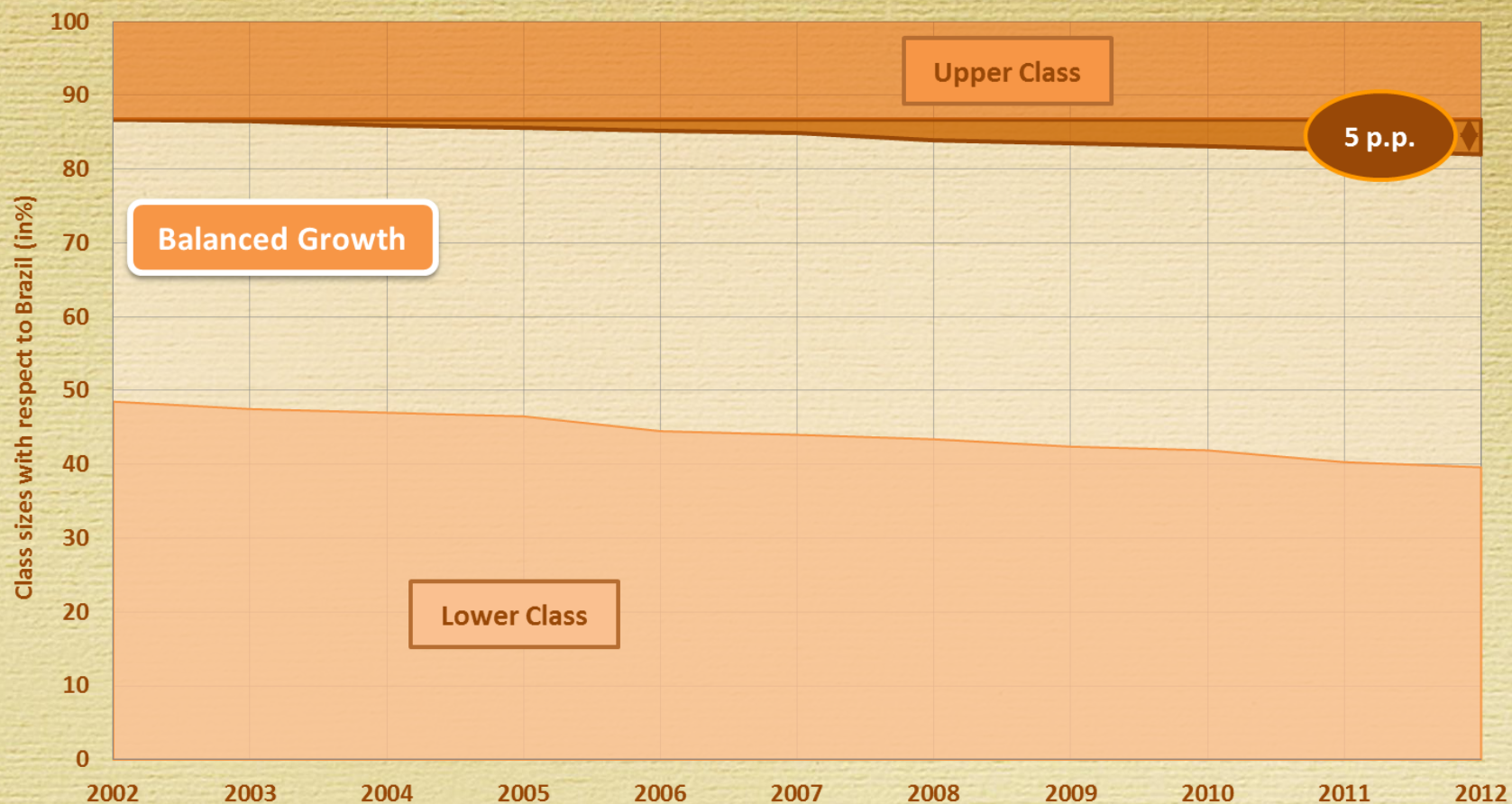


The expanded upper class, 2002 to 2012



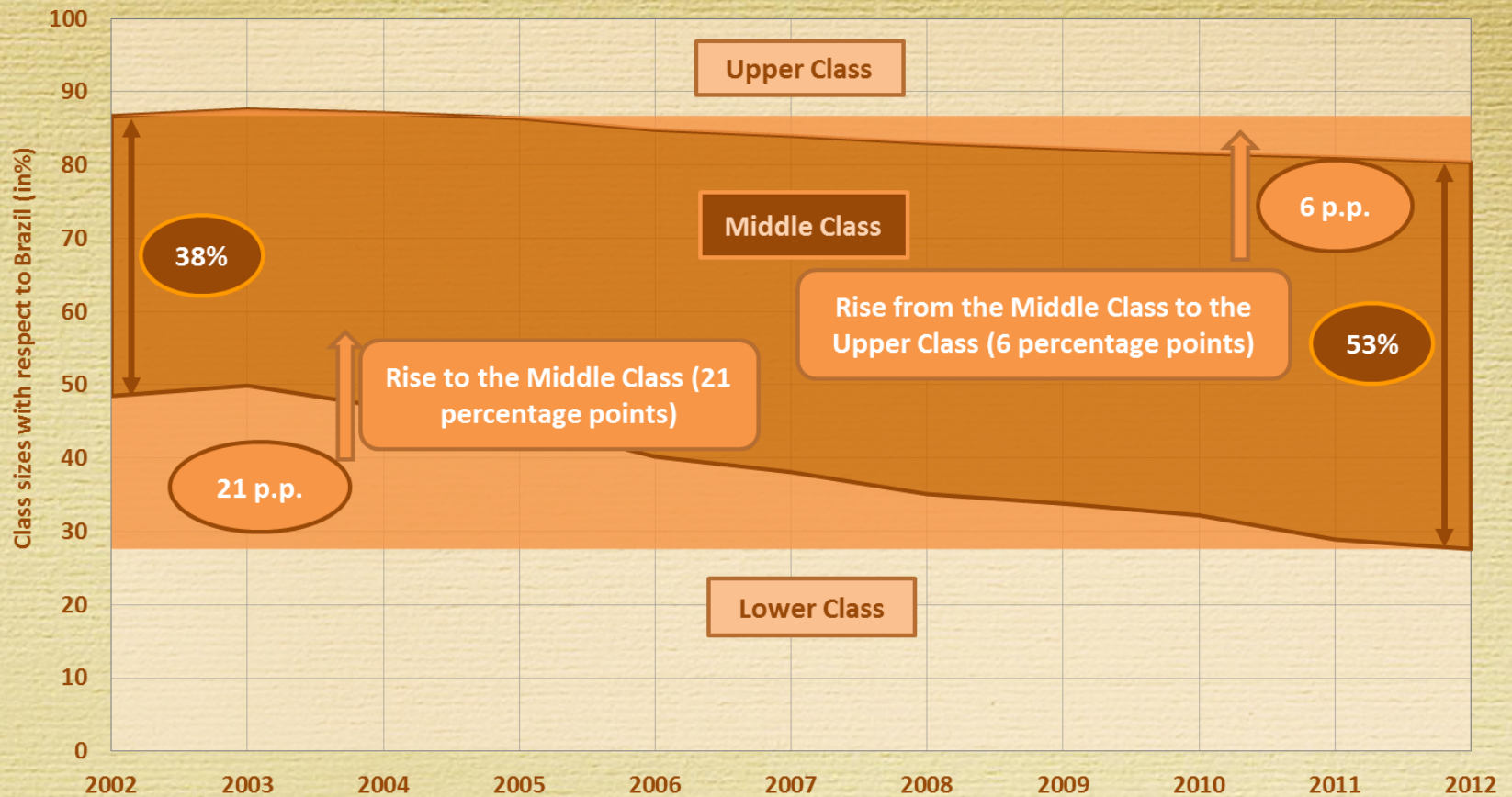


The expanded upper class, 2002 to 2012



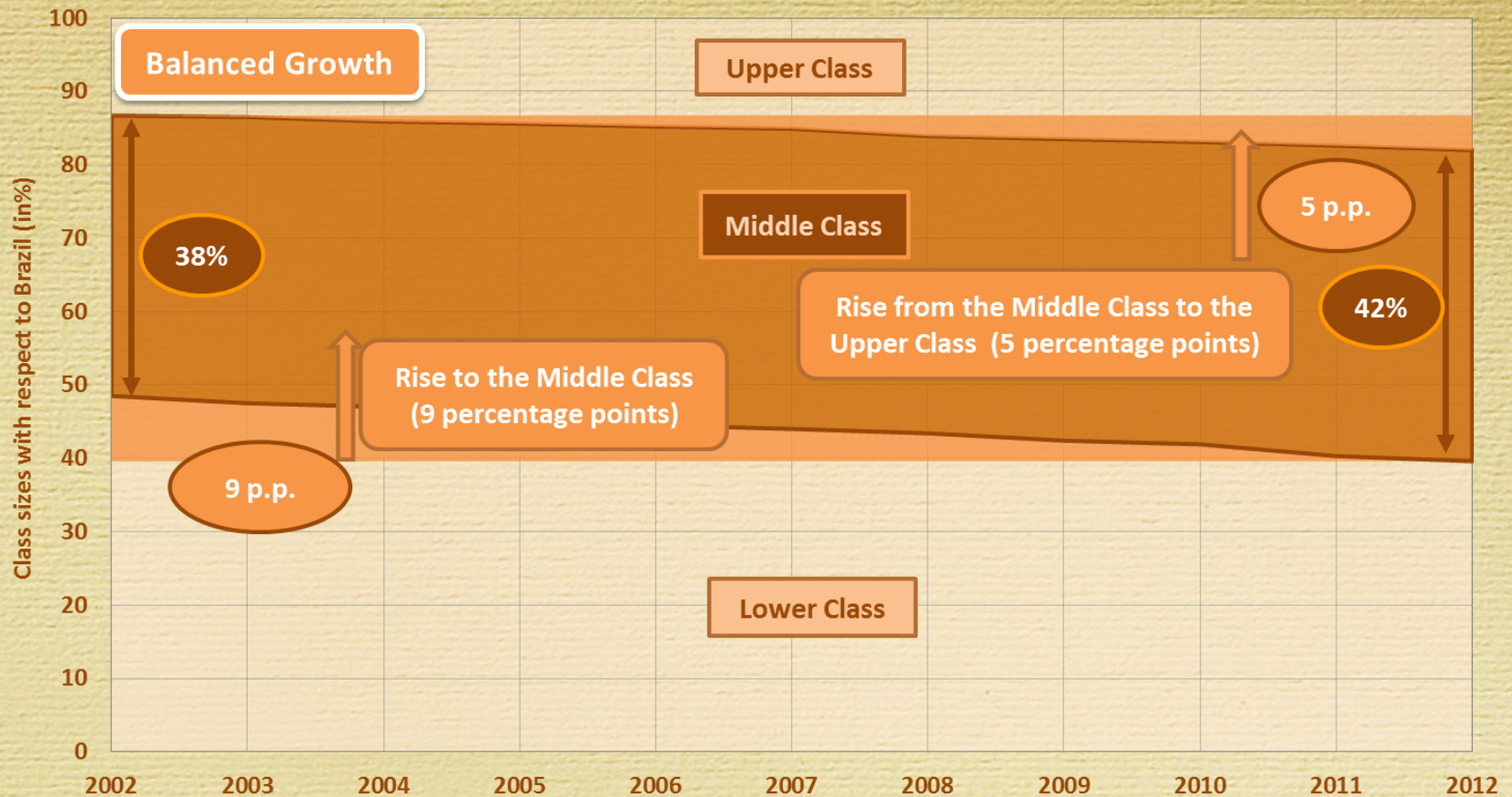


Evolution of the middle class size, 2002 to 2012



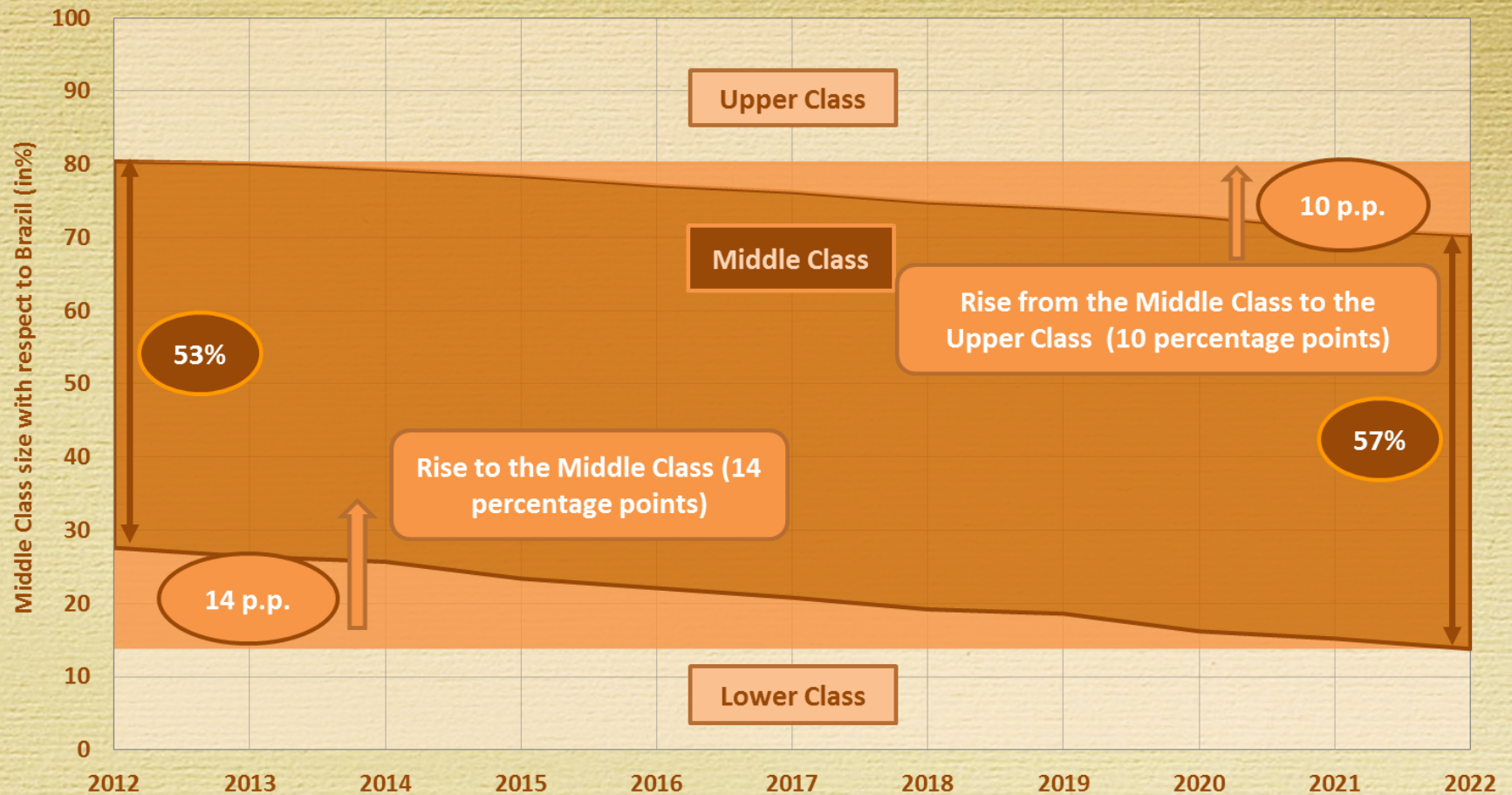


Evolution of the middle class size, 2002 to 2012



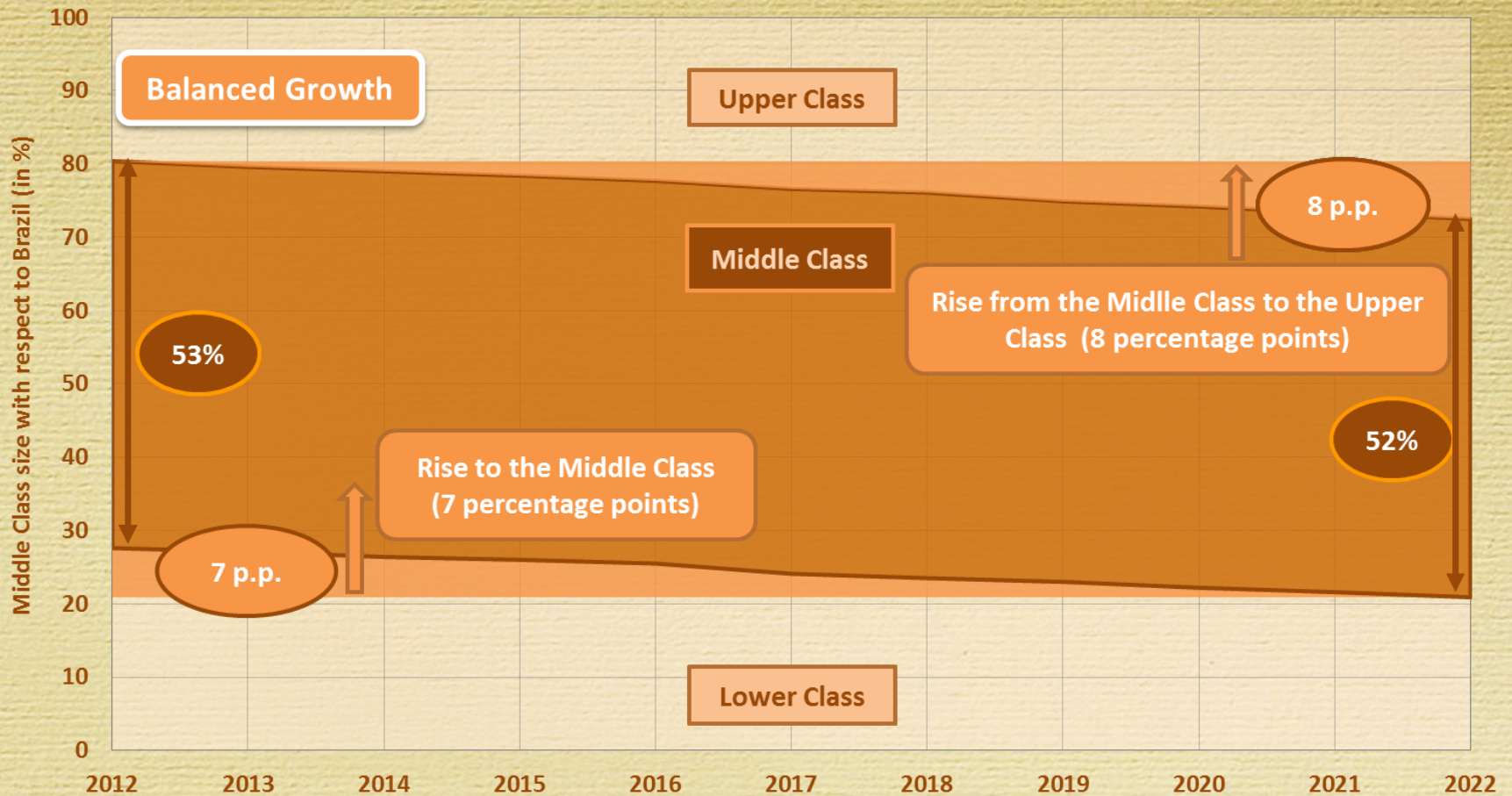


Middle class projected from 2012 to 2022





Middle class projected from 2012 to 2022

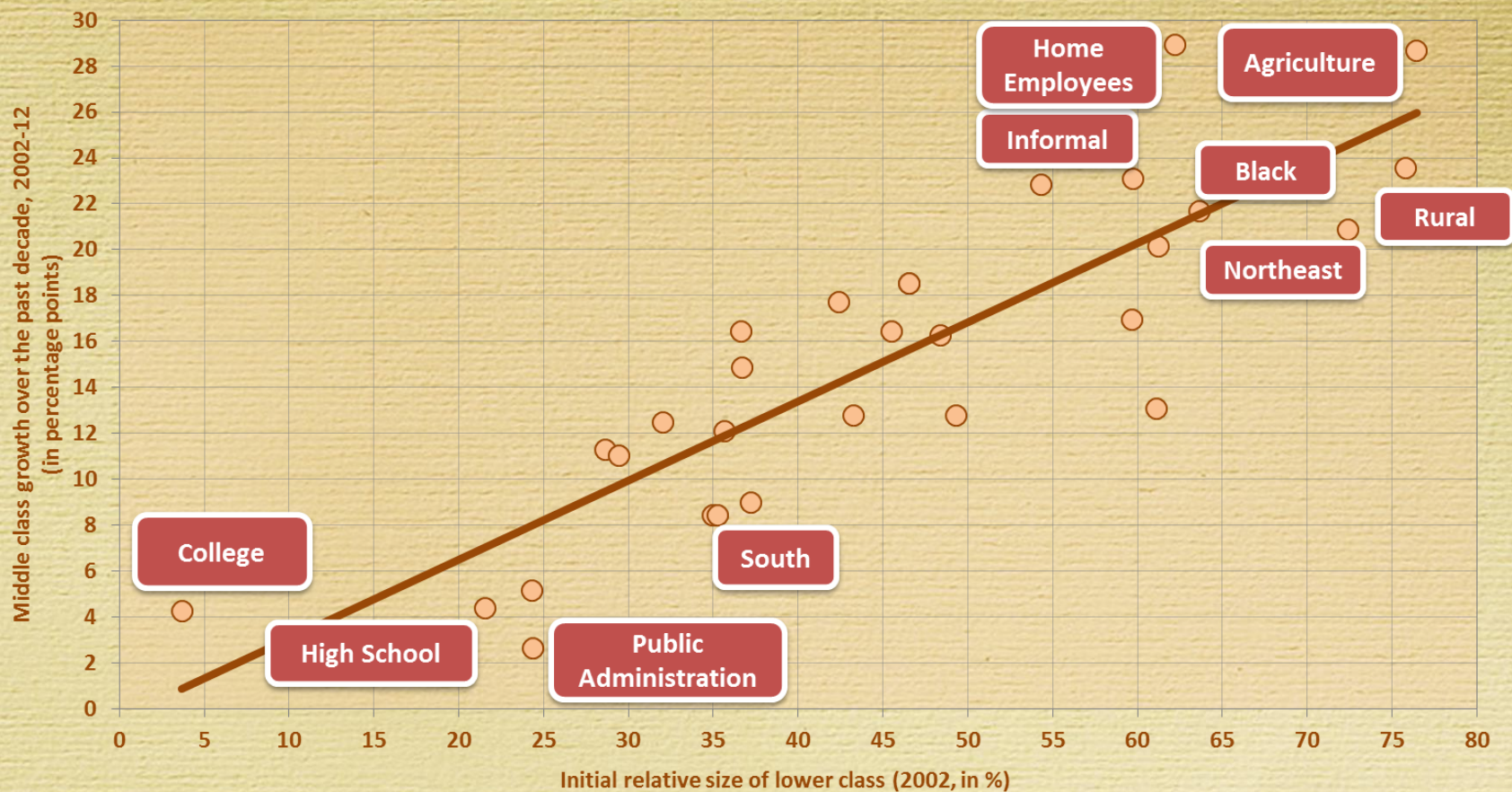




**On the growing
heterogeneity of the
Brazilian Middle Class**



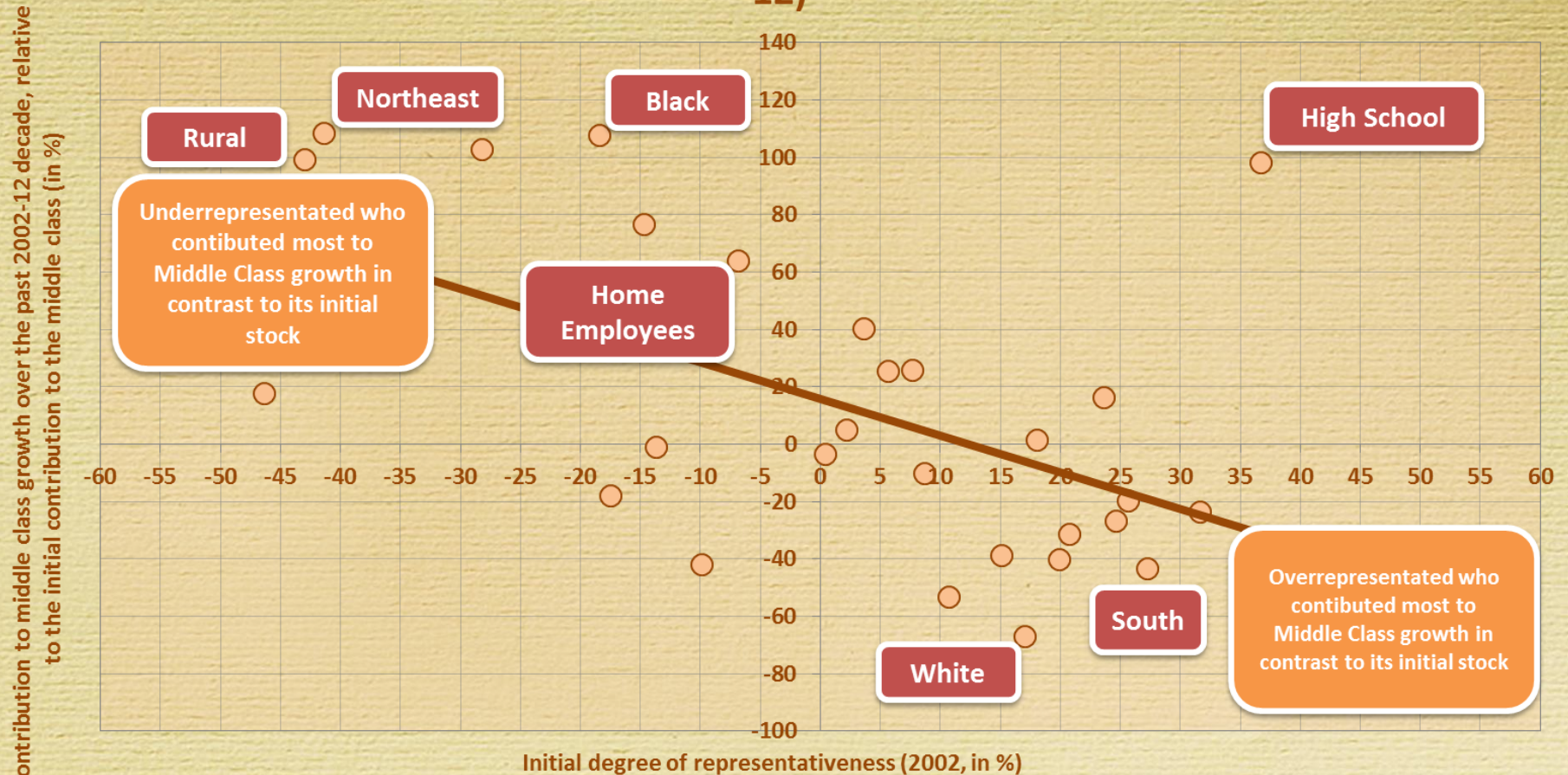
Relation between the growth of the middle class over the previous decade and its initial size



Source: Estimations produced with the National Household Sample Survey (PNAD).



The relation between each group's contribution to middle class in 2002 and its contributions to middle class growth over the past decade (2002-12)





Degree of segregation in the middle class (%)

Category	2002	2012	Redução no grau de segregação
Race	8,8	0,1	8,7
Region of residence	13,1	5,7	7,4
Area of residence	7,1	2,1	5,0
Educational level	8,8	5,0	3,9
Labor market condition	1,0	2,6	-1,6
Formalization among occupied workers	10,0	1,7	8,4
Sector of economic activity	11,2	5,6	5,5



On the determinants of the rise of the Brazilian Middle Class



Determinants of the growth in the current lower class income, 1999 to 2009

Indicator	1999	2009	Variation (2009-1999)	Annual growth rate (in%)
Per capita income (R\$/mês)	76	124	47	4,9
Percentage of adults (%)	56	60	4	0,7
Non labor income per adult (R\$/mês)	27	55	27	7,2
Percentage of occupied adults (%)	56	52	-4	-0,7
Hours worked per week (hours/week)	40	38	-3	-0,7
Labor income per worked hour (R\$/hour)	1,2	1,9	0,7	4,7
Determinants of growth in income	Per capita income in 1999 if the following determinants assumed their 2009 values (in R\$)	Gain relative to baseline (in R\$)	Accumulated contribution of the factors (in %)	Additional contribution of each factor (in%)
None	76	0	0	0
Percentage of adults	82	6	12	12
+ Non labor income per adult	98	22	47	35
+ Percentage of occupied adults	94	18	38	-9
+Hours worked per week	90	14	29	-8
All	124	47	100	71



Determinants of the growth in the current middle class income, 1999 to 2009

Indicator	1999	2009	Variation (2009-1999)	Annual growth rate (in%)
Per capita income (R\$/mês)	309	438	128	3,5
Percentage of adults (%)	73	79	6	0,8
Non labor income per adult (R\$/mês)	85	134	48	4,6
Percentage of occupied adults (%)	60	64	3	0,5
Hours worked per week (hours/week)	43	41	-2	-0,4
Labor income per worked hour (R\$/hour)	3,3	4,0	0,8	2,1
Determinants of growth in income	Per capita income in 1999 if the following determinants assumed their 2009 values (in R\$)	Gain relative to baseline (in R\$)	Accumulated contribution of the factors (in %)	Additional contribution of each factor (in%)
None	309	0	0	0
Percentage of adults	334	25	19	19
+ Non labor income per adult	372	63	49	30
+ Percentage of occupied adults	386	77	60	11
+Hours worked per week	375	66	51	-9
All	438	128	100	49



Determinants of the growth in the current upper class income, 1999 to 2009

Indicator	1999	2009	Variation (2009-1999)	Annual growth rate (in%)
Per capita income (R\$/mês)	1600	1860	260	1,5
Percentage of adults (%)	82	88	6	0,7
Non labor income per adult (R\$/mês)	438	495	57	1,2
Percentage of occupied adults (%)	66	70	4	0,6
Hours worked per week (hours/week)	44	42	-1	-0,3
Labor income per worked hour (R\$/hour)	13,1	13,7	0,5	0,4
Determinants of growth in income	Per capita income in 1999 if the following determinants assumed their 2009 values (in R\$)	Gain relative to baseline (in R\$)	Accumulated contribution of the factors (in %)	Additional contribution of each factor (in%)
None	1600	0	0	0
Percentage of adults	1713	114	44	44
+ Non labor income per adult	1764	164	63	19
+ Percentage of occupied adults	1845	245	94	31
+Hours worked per week	1803	204	78	-16
All	1860	260	100	22



Determinantes do diferencial de renda entre a classe média e a classe baixa

Indicator	Lower Class	Middle Class	Difference (Middle Class - Lower Class)	Difference (in %)
Per capita income (R\$/mês)	124	438	314	13,5
Percentage of adults (%)	60	79	19	2,8
Non labor income per adult (R\$/mês)	55	134	79	9,3
Percentage of occupied adults (%)	52	64	11	1,9
Hours worked per week (hours/week)	38	41	3	0,9
Labor income per worked hour (R\$/hour)	1,9	4,0	2,1	7,7
Determinants of differences in income	Lower Class income if the following determinants assumed their values in Middle Class (in R\$)	Gain relative to baseline (in R\$)	Accumulated contribution of the factors (in %)	Additional contribution of each factor (in%)
None	124	0	0	0
Percentage of adults	163	39	13	13
+ Non labor income per adult	225	102	32	20
+ Percentage of occupied adults	251	127	40	8
+Hours worked per week	264	140	45	4
All	438	314	100	55



Determinantes do diferencial de renda entre a classe alta e a classe média

Indicator	Middle class	Upper class	Variação	Variação percentual
Per capita income (R\$/mês)	438	1860	1422	15,6
Percentage of adults (%)	79	88	9	1,1
Non labor income per adult (R\$/mês)	134	495	362	14,0
Percentage of occupied adults (%)	64	70	6	0,9
Hours worked per week (hours/week)	41	42	1	0,3
Labor income per worked hour (R\$/hour)	4,0	13,7	9,7	13,1
Determinants of differences in income	Middle Class income if the following determinants assumed their values in Upper Class (in R\$)	Gain relative to baseline (in R\$)	Accumulated contribution of the factors (in %)	Additional contribution of each factor (in%)
None	438	0	0	0
Percentage of adults	487	50	4	4
+ Non labor income per adult	806	369	26	22
+ Percentage of occupied adults	842	405	28	3
+Hours worked per week	853	416	29	1
All	1860	1422	100	71