

Brazil says crisis to affect global economy for 2 more years

BRASILIA, June 12 (Xinhua) -- The current global financial crisis will continue to cause market volatility and slow down global economic growth in the next two years or more, Brazil's Central Bank President Alexander Tombini warned Tuesday.

Addressing a session of the Brazilian Senate's economic committee, Tombini predicted that the global economy this year would grow 2.3 percent, below the 3 percent forecast at the end of 2011.

"Our basic outlook is that over the next couple of years we will have volatility in international markets and growth below what was forecast," he said.

Since the beginning of 2012, the European economy has suffered a setback sparked by the Greek debt crisis and Spain's faltering financial system, which will make the European Union's Gross Domestic Product (GDP) fall 0.35 percent this year and one percent in 2013, Tombini said.

The U.S. economy should see a "moderate" growth of between 2 percent and 2.5 percent, representing a recovery, he said.

China, meanwhile, will experience a mild transition thanks to the government's capacity to coordinate and manage the economy through different instruments, said Tombini.

Brazil's economy should accelerate throughout the year, especially during the second half, he added.

Tombini predicted a positive outlook for Brazil's economy, saying the country has solid macroeconomic foundations and sufficient liquidity in both foreign currency reserves and the state financial system to cushion any blows.

Financial analysts expected the Brazilian economy to grow about 2.5 percent this year.