

UPDATE 1-Brazil ready to weather market turmoil--CenBank

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(Adds Lula comments)

BRASILIA, Jan 21 (Reuters) - Brazil's economy is better prepared than ever to weather the current turmoil in global financial markets, Central Bank President Henrique Meirelles said Monday.

Meirelles said Brazil used the last five years to "do its homework" and clean up public finances, leaving Latin America's largest economy in a better position to endure external shocks.

He also said the central bank was prepared to take preventive action to safeguard the economy, if necessary.

Meirelles made the comments as Brazilian stocks and the currency sank in tandem with global financial markets on growing fears that the U.S. economy may be headed for a recession.

Brazilian President Luiz Inacio Lula da Silva said Monday he does not see the agitation in markets posing a threat to Brazil's economy.

"Obviously we have to be with both eyes open to know what will happen in the U.S. economy and consequently in the world economy... (but) we do not have any reason not to be quiet," he told journalists.

Lula also said it is the U.S. government's duty to manage the crisis.

"The United States needs to take care of the responsibility to avoid (letting) this crisis widen and possibly lead to a world crisis," Lula said. (Reporting by Isabel Versiani; Writing by Todd Benson and Inae Riveras; Editing by John Picinich)

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