International

The International Monetary Fund (IMF) has revealed new prospects for the global economy and for the most relevant centers.

Despite the decline in global GDP in the second quarter - pulled by negative results in the United States, China and Eastern Europe - the IMF maintained its growth outlook for this year stable, but pointed out that a breakthrough in 2023 will be hampered by three obstacles: the consequences of the war in Ukraine, the soaring cost of living caused by a resistant inflation and the slowdown of the Chinese economy. Indeed, the IMF hopes that the global economy will grow 3.2% in 2022, followed by a deceleration in 2023 - year for which an advance of 2.7% is expected (-0.2 p.p. compared to the projection of July).

Brazil

Industrial production fell 0.6% in August in the seasonally adjusted series. We project a negative scenario for manufacturing throughout the second half of the year, a corollary of the increasing in the cost of credit lines for individuals and corporations, slowing down of activity in global level - adversely impacting the extractive industry -, and the trend of deceleration in retail sales.

The volume of services increased 0.7% in August. As a result, the tertiary sector began to operate at a level 10.1% higher than in the pre-pandemic period and only 0.9% below the level seen at its peak in 2014.

In August, retail sales dropped both in the restricted (-0.1%) and in the extended modality (-0.6%), in the seasonally adjusted series. Prospectively, we foresee a negative outlook for retailers. On the one hand, families seem inclined to spend more on services than on goods. On the other hand, a scenario outlined by high interest rates and acceleration in the level of indebtedness of families tend to reduce
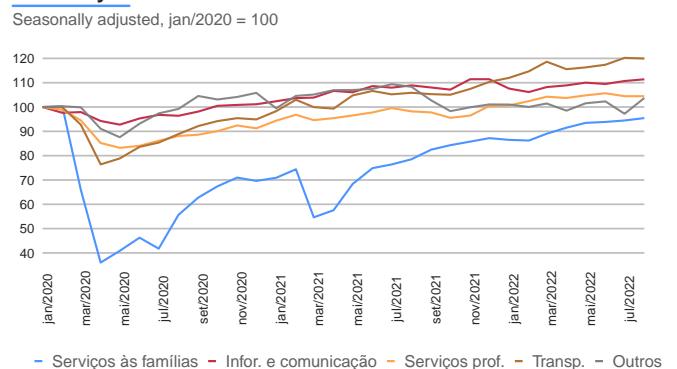
World GDP
Change (%)
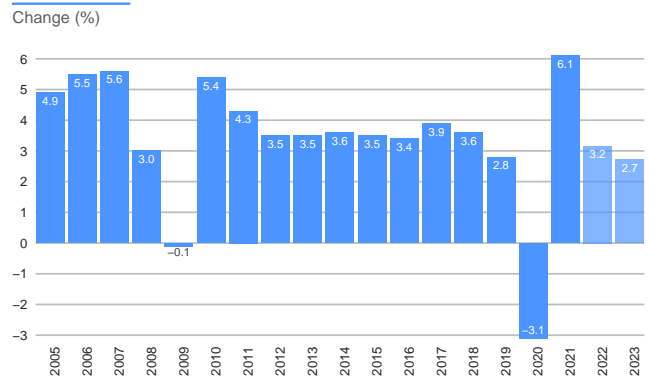
Source: FMI Elaboration: 4intelligence

Industrial Production
Seasonally adjusted

Source: IBGE Elaboration: 4intelligence

Recovery in the Service Sector
Seasonally adjusted, jan/2020 = 100

— Serviços às famílias — Infor. e comunicação — Serviços prof. — Transp. — Outros

Source: IBGE Elaboration: 4intelligence

Retail Sales
Seasonally adjusted

— Restricted — Expanded

Source: IBGE Elaboration: 4intelligence

Radar 4i

October 21, 2022

consumers' disposable income.

The Brazilian consumer inflation index fell for the third consecutive month, registering -0.29 in September. The drop reflected the behavior of fuels - which together fell by 8.50% - and the deceleration in the price of food and beverages (-0.51%), mainly driven by negative changes in the value of long-life milk (- 13.71%) and soybean oil (-6.27%).

The unemployment rate ended the moving quarter ending in August at 8.9% - the lowest value for the month since 2015. Given the good momentum of the labor market and our renewed outlook for this year, we believe that the unemployment rate will remain at downward trajectory until December, driven by an advance in occupancy in segments that were more delayed in the recovery.

In August, *CAGED* indicated the net creation of 278.6 thousand formal jobs, the result of approximately 2.1 million admissions and 1.7 million dismissals.

The public sector reported a primary deficit of R$30.3 billion in August, compared to a positive balance of R$18.2 billion in the same period last year.
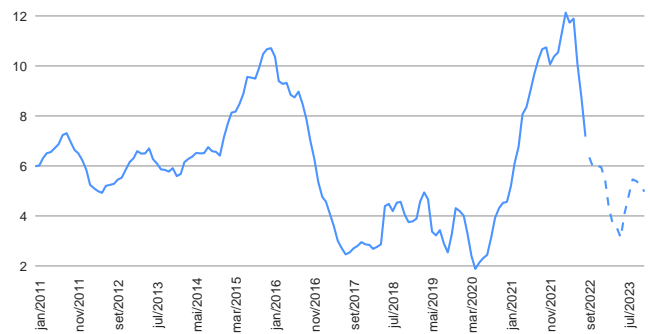
Politics

Bolsonaro confirms improvement in government evaluation polls and approaches the limits that increase the chances of reelection, which today is absolutely real.

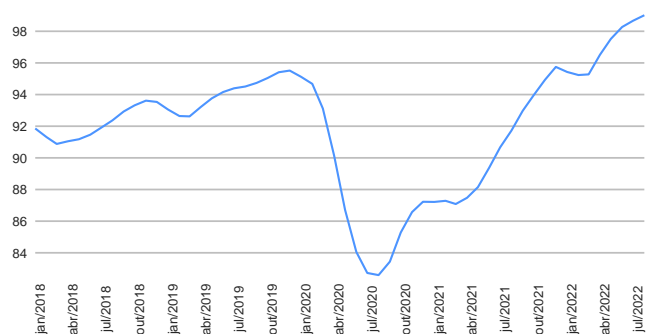**Election is open and Lula and Bolsonaro are, in the third week of the second round, in a very balanced condition**.

CPI
Percent change from a year ago (%)

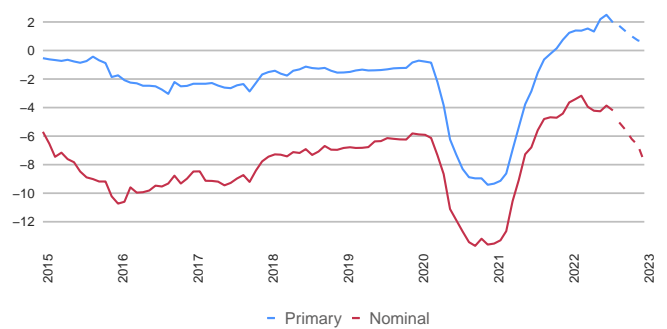Source: IBGE **Elaboration:** 4intelligence

Employed Population
Million persons

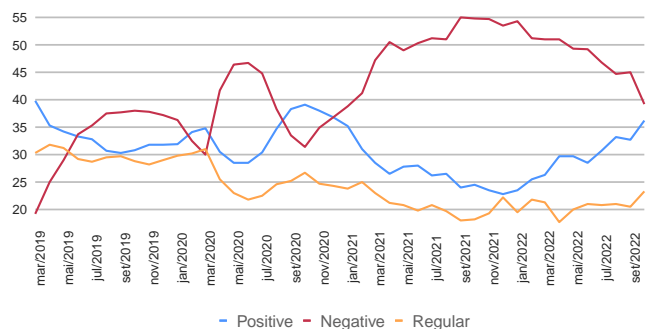Source: IBGE **Elaboration:** 4intelligence

Primary and Nominal Balance
% of GDP

— Primary — Nominal

Source: Banco Central **Elaboration:** 4intelligence

Rating of the Federal Administration
Moving average of seven polls

— Positive — Negative — Regular

Source: Ipespe, Ibope, Datafolha, MDA, Poder360, Genial/Quest, Inst. Paraná **Elaboration:** 4intelligence

Disclosure

The points of view expressed in this document constitute the private opinions of the analyst responsible for its elaboration up to the date of publication.

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