

International

In the United States, retail sales rose 1.3% in October - above the 1.0% estimated by economists polled by Reuters. The movement was driven by sales of vehicles and durable goods - due to the improvement in the conditions of global supply chains in recent months.

The sector's behavior fuels more optimistic expectations for the last quarter and for the year to come - especially after the latest CPI report, which showed signs of cooling of the core inflation. Because of that, the wish that FOMC members voiced a few months ago gains strength: that, given the current circumstances, with the heated job market and the legacy of the stimuli to combat the pandemic, inflation could return to control without many growth costs.

Brazil

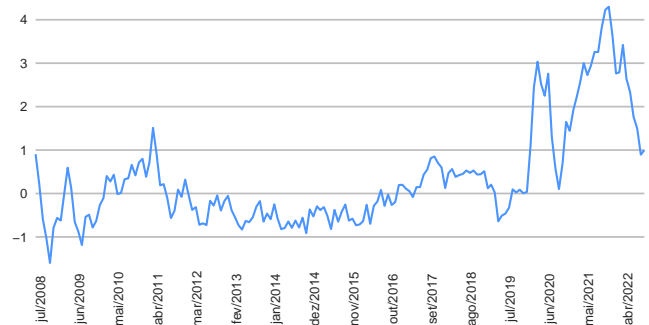
Industrial production dropped by 0.7% in September in the seasonally adjusted series. We project that the sector should show resilience in the coming months, in line with the expansion in household consumption resulting from the expansionary fiscal measures promoted by the Federal Government and the trend of growth in demand for home appliances resulting from the end-of-year events - in particular the World Cup.

In September, retail sales increased both in the restricted (1.1%) and in the extended modality (1.5%) in the seasonally adjusted series. The rise in restricted retail was driven by the performance of essential goods - such as food and fuel -, in a dynamic that mirrored the R\$ 200.00 increase in the value of the Federal Government's main income transfer program (*Auxílio Brasil*), the beginning of financial aid for truck and taxi drivers and the fall in the prices of gasoline, ethanol and diesel oil.

The volume of services increased for the fifth con-

Global Supply Chain Pressure Index

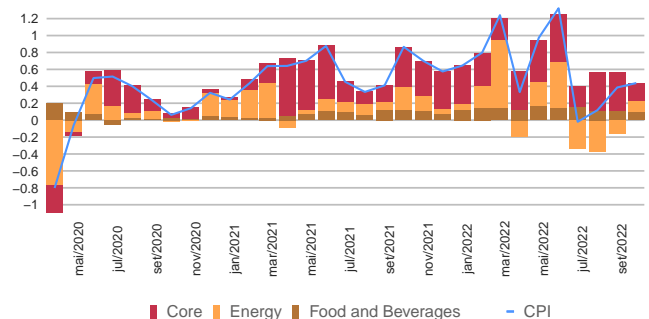
Standard deviations from average value



Source: Federal Reserve of New York Elaboration: 4intelligence

United States – CPI Composition

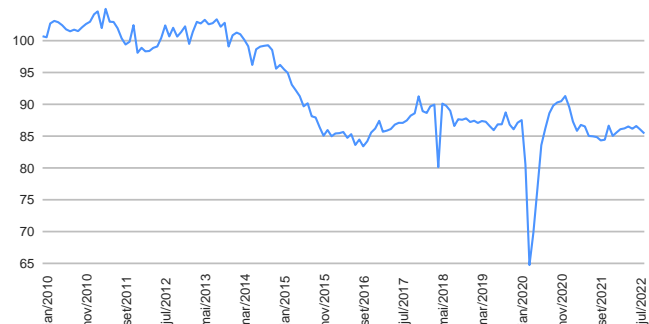
Contributions to annual inflation, percentual points



Source: St. Louis Fed Elaboration: 4intelligence

Industrial Production

Seasonally adjusted



Source: IBGE Elaboration: 4intelligence

Retail Sales

Seasonally adjusted



Source: IBGE Elaboration: 4intelligence

secutive month, showing a variation of 0.9% in September, in the series without seasonal influences. As a result, the group is at a level 11.8% higher than the pre-pandemic period and surpassed the highest point in the historical series, which dates back to November 2014.

After falling for three consecutive months, the Brazilian consumer price index accelerated in October, growing 0.59% in relation to the previous period. For the last two months of the year, we expect inflationary pressure to continue, in line with the upward trend in fuel prices and the negative impacts on the price of dairy products, fruits and pulses resulting from stoppages on federal and state highways, so that the price index ends 2022 at 6.00%.

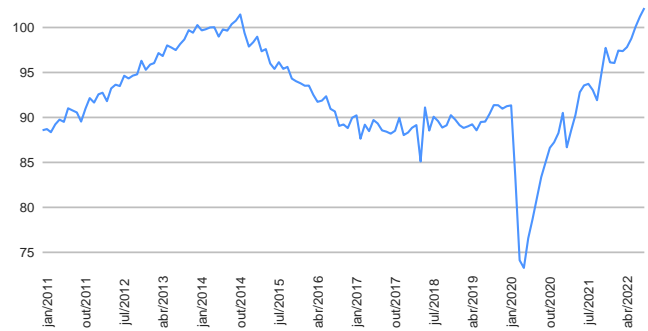
The unemployment rate ended the moving quarter finished in September at 8.7% - the lowest value since 2015 and at a level 0.6 p.p. lower than that seen in the three months up to June. We see, in the very short term, a strong job market – driven by the strength of the resumption of services and by the good pace of economic activity. In 2023, the outlook is cloudier. The year should be marked by the exhaustion of the recovery and the deceleration in the pace of hiring in sectors that are more sensitive to the monetary cycle, such as industry and construction.

Politics

Negotiations for the transition of government continue and the last 15 days were marked not only by the choice and speculation about the names of who will occupy the ministries, but also by the negotiations around the approval of the amendment to the constitution that should guarantee the payment of the principal Federal Government income transfer program (*Auxílio Brasil*) of R\$ 600.00.

Volume of Services

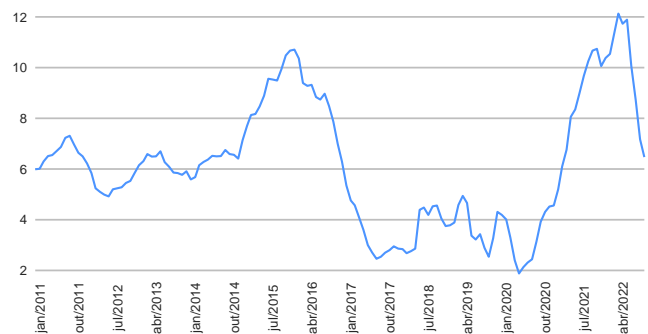
Seasonally adjusted



Source: IBGE Elaboration: 4intelligence

CPI

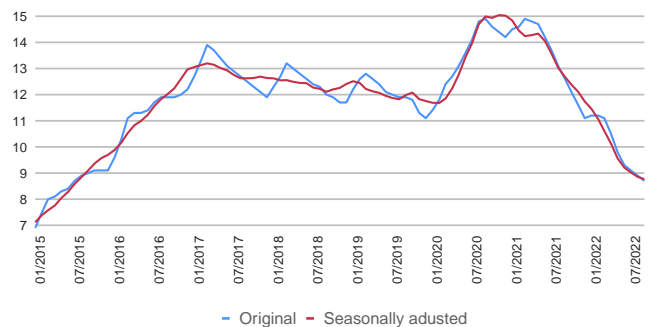
Percent change from a year ago (%)



Source: IBGE Elaboration: 4intelligence

Unemployment Rate

%

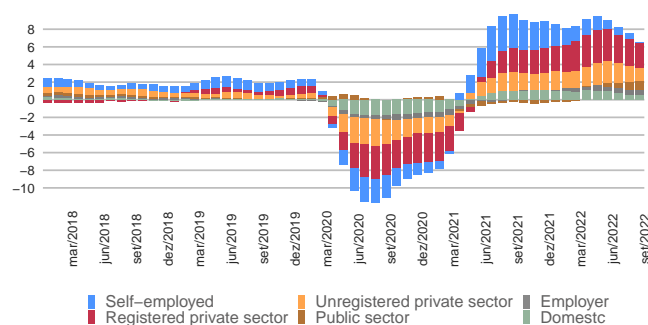


— Original — Seasonally adjusted

Source: IBGE Elaboration: 4intelligence

Occupation

Million of persons, change from a year ago



■ Self-employed ■ Registered private sector ■ Unregistered private sector ■ Employer Domestic ■ Public sector

Source: IBGE 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.

Technical Team

Analysts: Bruno Lavieri/ Daniel Utida/ Eduardo Braga/ Ewerton Araujo/ Gabriel Belle/ Humberto Dantas/ Joyce Dias/ Juan Jensen/ Júlia Ghizzi/ Lucas-Matheus Lima/ Pedro Drugowick/ Rodolfo Cabral/ Wellington Nobrega

Interns: Antonio Silvestre/ Dalton Castro/ Daniel Ferraz/ Gabriel Alarcão/ Gustavo Costa/ Gustavo Moura/ Gustavo Oliveira/ Jeckson Gomes/ Luiz Tavares/ Rafael Neves/ Ricardo Ikedo/ Yasmin Ventura