

International

US GDP grew by 0.7% in the fourth quarter - equivalent to an annualized increase of 2.9%.

The US economy began 2022 with two consecutive quarters of contraction largely due to accounting issues, after all, private consumption and investment - the core of GDP - were pointing in the opposite direction. As of the third quarter, these fundamentals once again propelled GDP which, boosted by the robust growth of 2021, was able to accumulate a good result this year.

Brazil

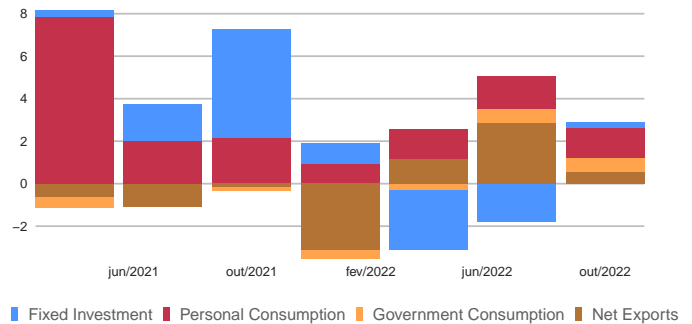
Industrial production decreased by 0.1% in November, after increasing by 0.3% in the previous month - in the seasonally adjusted series. We project a decrease of 0.25% in December.

We believe that industrial production will remain relatively stable in the coming months, due to the gradual normalization of supply chains, in addition to the depressurization of costs in the sector. Domestically, high interest rates should contain demand for goods throughout the year, while internationally, the possible end of the cycle of interest rate hikes in the United States in mid-2023 and the reopening of the Chinese economy could be positive for the extractive industry.

In November, the volume of sales decreased both in restricted retail (-0.6%) and in expanded retail (-0.6%) - in the seasonally adjusted series. We believe that sectors more sensitive to income - the case of restricted retail - will have the strength to continue growing in the coming months, even if at rates close to stability. Those segments are benefited from the expansion of financial aid that started in 2022 and the improvement in income indicators followed by the resumption of employment. For expanded retail, the picture is more delicate. The segments that characterize

Quarterly GDP

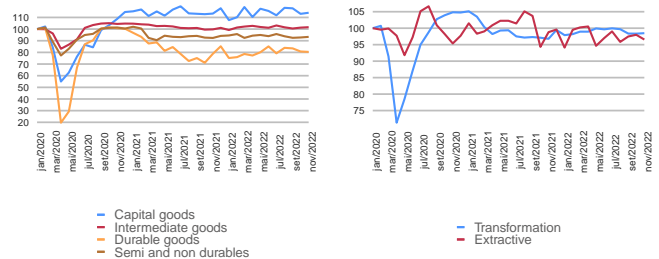
Change (%), annualized rate, contributions in percentual points



Source: Fred Elaboration: 4intelligence

Industrial production by categories of use and activities

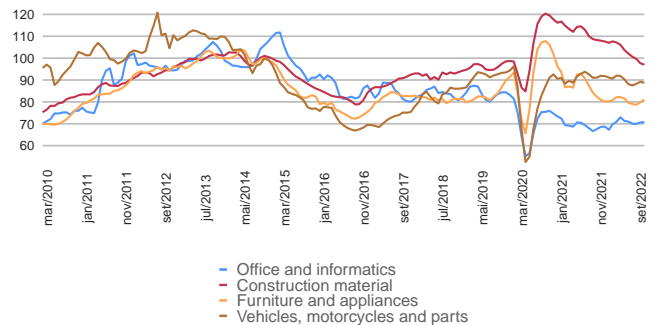
Index, jan/2020 = 100, seasonally adjusted



Source: IBGE Elaboration: 4intelligence

Credit sensitive retail

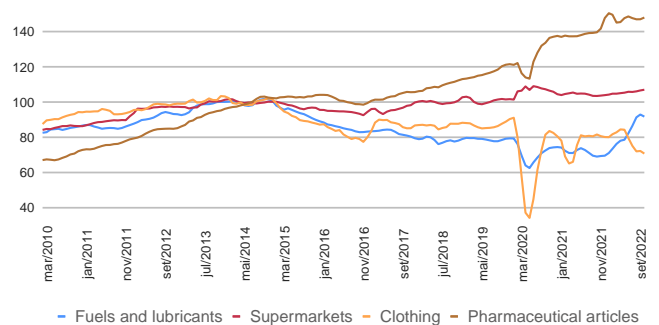
Average with a three month rolling window, seasonally adjusted



Source: IBGE Elaboration: 4intelligence

Income sensitive retail

Average with a three month rolling window, seasonally adjusted



Source: IBGE Elaboration: 4intelligence

the modality are more sensitive to the credit cycle and will suffer the effects of interest rates at high levels throughout 2023, in addition to the scenario of high family indebtedness.

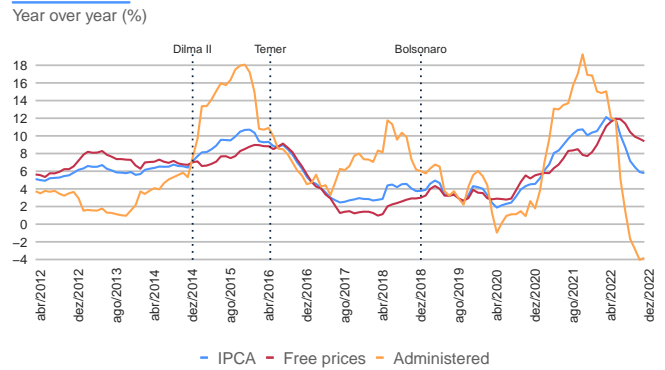
The Brazilian national consumer price index (IPCA) increased by 0.62% in December. As a result, the IPCA ended the year accumulating an increase of 5.79% - cooling down when compared to 2021. **Prospectively, we expect the inflation surpassing, once again, the ceiling of the target in 2023 - albeit at a more attenuated pace than last year.** In our reading, the possible re-establishment of taxes on alcohol and gasoline throughout the year tends to put pressure, once again, on administered prices, after deflation of 3.8% in 2022. At the same time, the movement should be partially counterbalanced by a cooling of the inflation of services and industrial goods - in the wake of an expected slower pace of economic activity, in addition to the Selic at high levels for a longer time.

The unemployment rate ended the moving quarter ended in November at 8.1% - the lowest value for the period since 2014 and at a level of 0.9 p.p. lower than that verified in the three months up to August. We expect the unemployment rate to end the last quarter of the year at 7.9%. On the other hand, 2023 should be marked by a more timid growth in employment, in a scenario outlined by a more modest internal economic performance and interest rates at high levels, giving rise to a loss of momentum in the performance of the labor market.

Politics

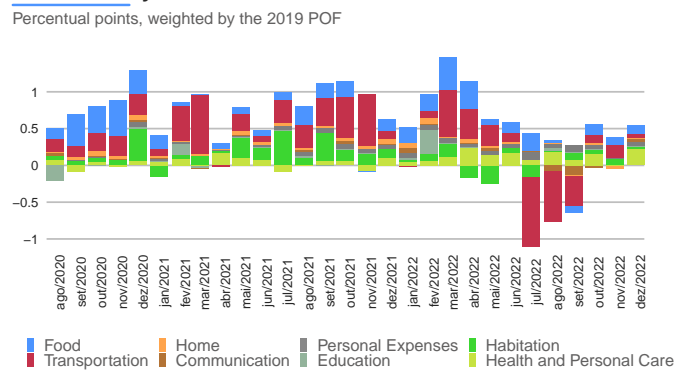
In the National Congress, in addition to the expectations with the elections for the presidencies of the houses, the parliamentarians will analyze 27 provisional measures, among them, the measure that maintains the Auxílio Brasil of R\$ 600.

IPCA – Free and administered prices



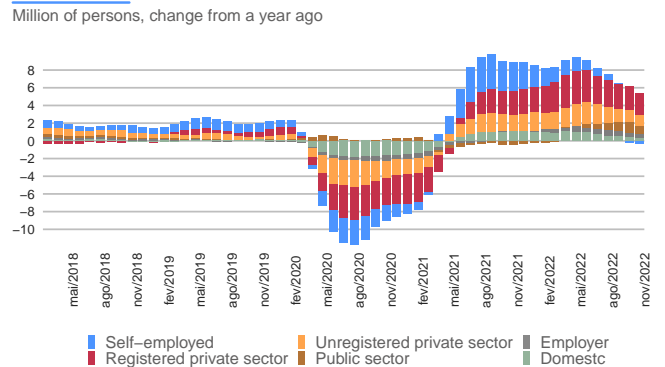
Source: IBGE Elaboration: 4intelligence

CPI – Monthly Contribution



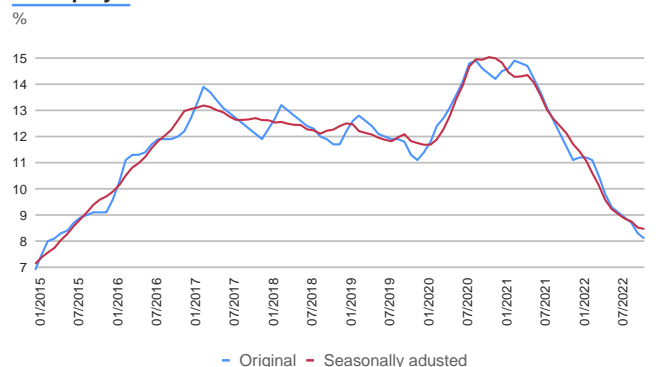
Source: IBGE Elaboration: 4intelligence

Occupation



Source: IBGE Elaboration: 4intelligence

Unemployment Rate



Source: IBGE Elaboration: 4intelligence

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