

## International

**The North American CPI increased 0.4% in February and changed 6.0% from twelve months ago** (the lowest rate since 2021). Combined with the instability in the financial system, the milder inflation reading may lead the Fed to interrupt the cycle of hikes at this month's meeting. Even so, we believe that interest rates should be maintained in high territory until at least the end of 2023, due to the composition of inflation - which is currently driven mainly by less volatile elements, such as rents.

## Brazil

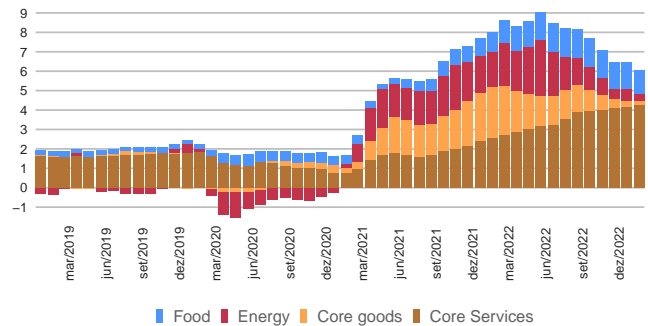
**The Gross Domestic Product decreased by 0.2% from the third to the fourth quarter of 2022**, in the seasonally adjusted series. As a result, GDP accumulated 2.9% in 2022 and changed 1.9% when compared to the same period in 2021.

**Prospectively, we revised our growth forecast for 2023 from 0.7% to 0.9% due to the recovery of the Chinese domestic market and the expectation of a robust recovery in agricultural production.** Even so, the outlook for 2023 looks quite challenging. Domestically, high interest rates and the high degree of family debt should put a brake on private consumption - the main driver of GDP in 2022. On the international scene, the recovery of Chinese activity may stimulate activity - mainly in the Extractive Industry -, however, the level this resumption may impact the price of energy *commodities* on the international market, considering the already high prices of the post-pandemic period.

**The National Consumer Price Index (IPCA) increased by 0.84% in February**, after expanding by 0.53% in January. As a result, the IPCA changed 5.6% in twelve months. **February inflation reflected, above all, the behavior of the groups Education, Health and Personal Care and Housing, which were responsible for the greatest impacts on the change**

### CPI – Contributions to Inflation

Change from a year ago, percentual points



Source: Bureau of Labor Statistics Elaboration: 4intelligence

### Treasury Yields

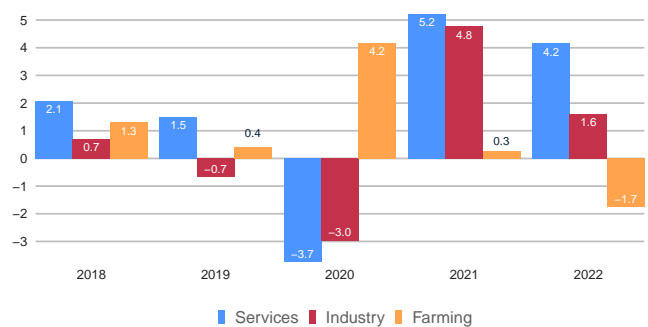
% per annum



Source: Fed St. Louis Elaboration: 4intelligence

### GDP – Supply side

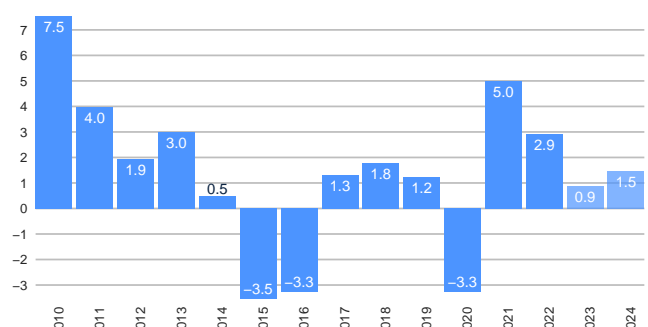
Change (%)



Source: IBGE Elaboration: 4intelligence

### GDP

Change (%)



Source: IBGE Elaboration: 4intelligence

## in the headline index.

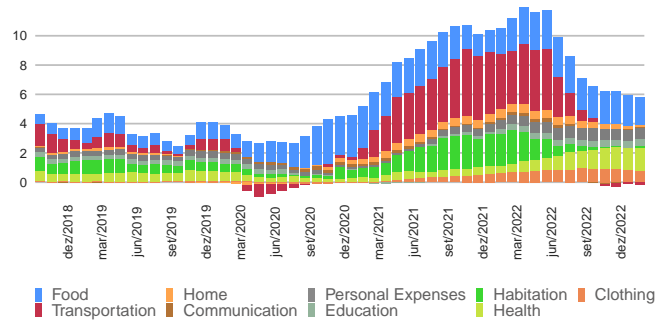
We expect that, in 2023, fuels will push the IPCA again although this movement may be counterbalanced by the accommodation of sugarcane prices, given the expectation of a good harvest in the year. Globally, the future behavior of agricultural and energy commodities prices is still uncertain, since prices will respond to two opposing forces: the global economic slowdown, which tends to dampen prices, and the Chinese recovery, which counteracts this movement. Finally, services and industrial goods may pull down the IPCA due to the slowdown in domestic economic activity.

The General Register of Employed and Unemployed People (Caged) indicated net creation of 83.3 thousand new jobs in January. After a year marked by a heated job market due to the recovery of the services sector and the resilience of private consumption despite inflation, 2023 tends to show a slowdown in the generation of formal jobs. Sectors more sensitive to the monetary cycle should reduce the pace of hiring over the coming months, due to high interest rates. We believe that the formal labor market slowdown will have as a backdrop an economy growing more timidly (we expect GDP to grow by 0.9% in 2023), in addition to a delicate global scenario, marked by the tightening of monetary conditions in developed countries.

Fernando Haddad will visit the Congress seeking support for Tax Reform, as well as he intends to debate the new fiscal anchor model. The Minister of Planning, Simone Tebet, claims that the proposal is "balanced, feasible and flexible".

### Contributions to annual inflation

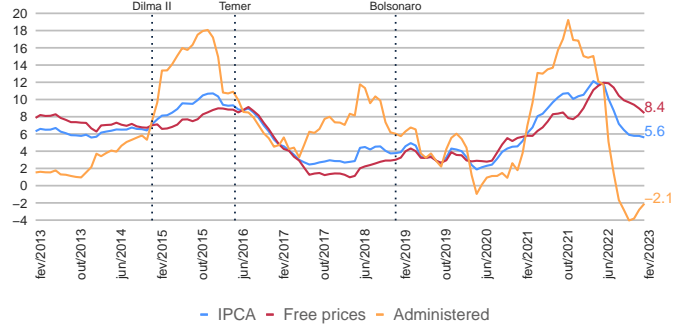
Percentual points, weighted by the 2019 POF



Source: IBGE Elaboration: 4intelligence

### IPCA – Free and administered prices

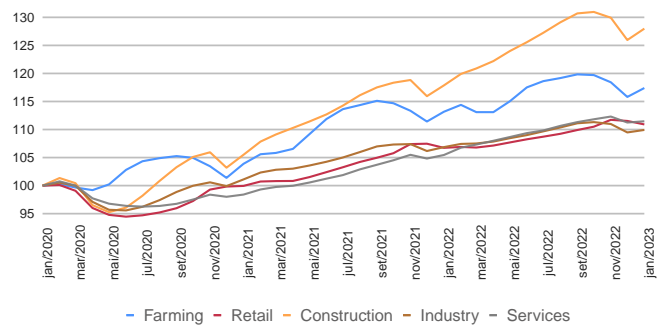
Year over year (%)



Source: IBGE Elaboration: 4intelligence

### Employment Recovery

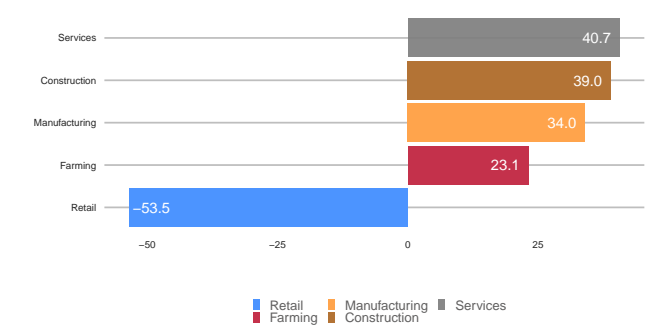
Stock, index jan/2020 = 100



Source: Ministério da Economia Elaboration: 4intelligence

### Caged – Formal Payroll

Million of people



Source: Ministério da Economia Elaboration: 4intelligence

## Disclaimer

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

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