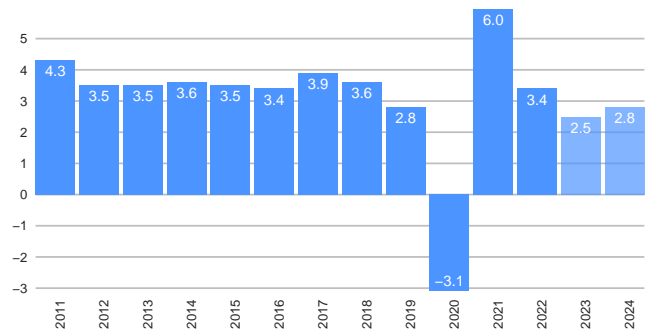


## International

In a recent report, the International Monetary Fund (IMF) lowered its projections for global economic growth, with estimates of 2.8% for this year and 3.0% for 2024. This downward revision reflects a slower-than-expected recovery and the ongoing impacts of the war in Ukraine. Notably, developing economies are expected to experience a stronger advance compared to developed economies. At 4intelligence, our projections are even more conservative, with growth estimates of 2.5% for this year and 2.8% for next year.

### World GDP

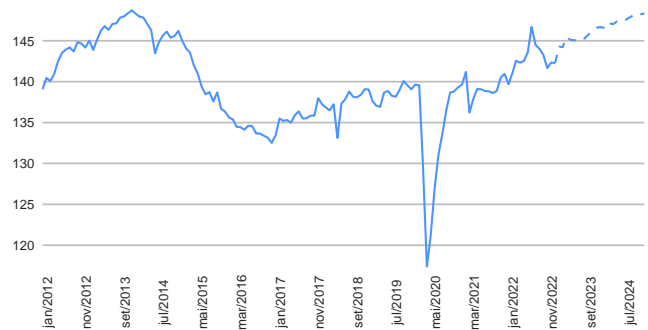
Change (%)



Source: FMI Elaboration: 4intelligence

### IBC-Br

Seasonally adjusted, index 2002 = 100



Source: Central Bank of Brazil Elaboration: 4intelligence

### Retail Sales

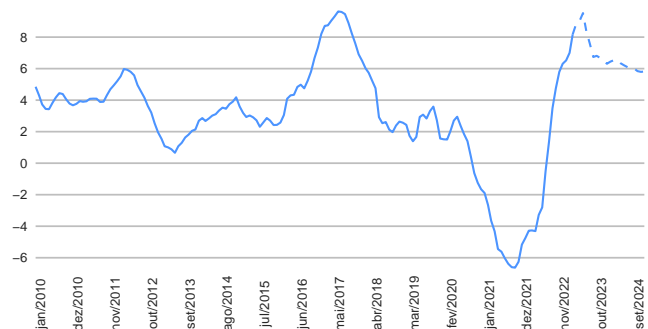
Index, seasonally adjusted



Source: IBGE Elaboration: 4intelligence

### Real Interest Rates – Ex post

% per year



Source: Central Bank of Brazil Elaboration: 4intelligence

## Brazil

The Central Bank's economic activity index remained unchanged at 0.0% in January, during a period when the industry experienced a slight decline of 0.3% and retail showed a robust recovery of 3.8%.

Looking ahead, we maintain our projection of 0.9% growth for 2023, based on expectations of a recovery in the Chinese domestic market and a strong rebound in agricultural production. However, the economic outlook for 2023 presents significant challenges. Domestically, high interest rates and household indebtedness are expected to limit private consumption, which was the main driver of GDP growth in 2022. Internationally, while the recovery of Chinese economic activity may stimulate sectors such as the Extractive Industry, the level of this recovery could impact the prices of energy commodities in the international market, given the ongoing pressures from the post-pandemic environment.

The volume of services provided experienced a decline of 3.1% in January, following a peak in December 2022 as the highest point in the historical series. This decrease can be attributed to negative seasonal trends in financial services, as well as a notable 3.7% drop in the Transportation segment.

**Despite the subdued performance earlier this year, the year-on-year comparison paints a positive picture for the sector.** Four out of the five segments surveyed demonstrated higher activity levels compared to the same month in the previous year. This growth was fueled by the improvement in income indicators in 2022 and the normalization of consumption habits that were disrupted by the pandemic, with households gradually shifting their preference from goods to services.

**The Consumer Price Index (IPCA) increased 0.71% in March, following a larger expansion of 0.84% in February.** The inflationary pressure in March was primarily driven by the Transport, Health and Personal Care, and Housing groups. Notably, the 2.1% expansion in the Transport group was largely influenced by the return of federal taxes on fuels.

Looking ahead to 2023, we anticipate that fuels will continue to exert some inflationary pressure, although this trend may be offset by the expected stabilization of sugarcane prices, based on a favorable outlook for a good harvest. However, it's important to note that global factors, such as the uncertain pace of international economic activity, can significantly impact the prices of agricultural and energy commodities, which in turn may affect the overall inflationary dynamics.

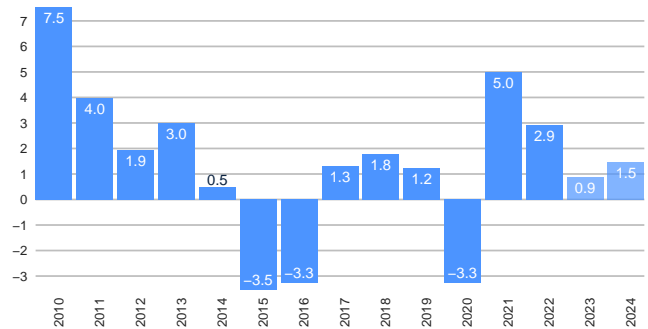
## Politics

Lula's stance on the role of the US dollar in international trade and his opposition to the sale of Brazilian arms to Ukraine, given concerns about the ongoing war led by Russia, has raised eyebrows among North American and European leaders.

Meanwhile, the government has yet to submit the new fiscal framework to the National Congress, while the Legislature is engaged in discussions and criticisms of the ideas presented on March 30.

### GDP

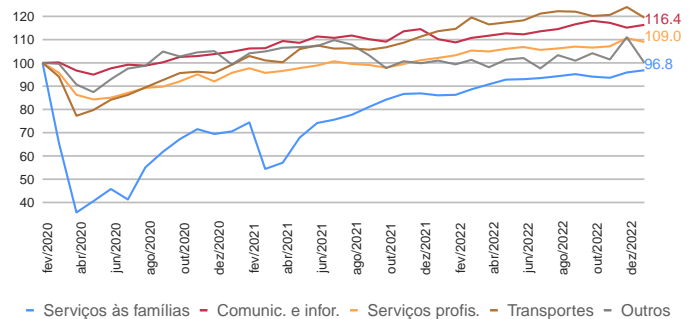
Change (%)



Source: IBGE Elaboration: 4intelligence

### Recovery of the Services Sector

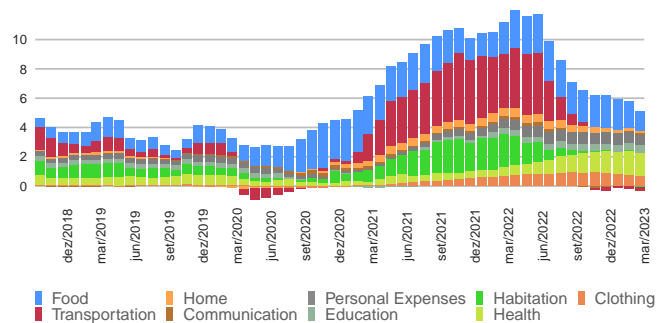
Index Feb/2020 = 100, seasonally adjusted



Source: IBGE Elaboration: 4intelligence

### Contributions to annual inflation

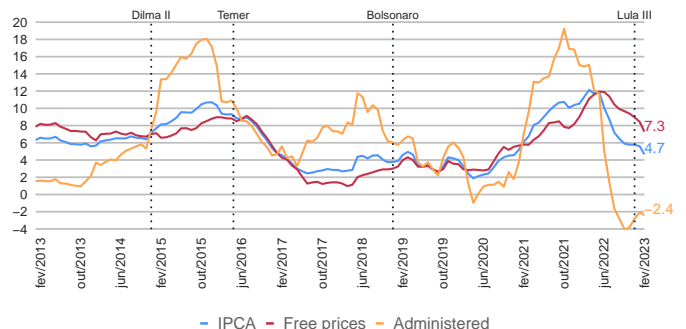
Percentual points, weighted by the 2019 POF



Source: IBGE Elaboration: 4intelligence

### IPCA – Free and administered prices

Year over year (%)



Source: IBGE Elaboration: 4intelligence

## **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.

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