

International

In the United States, the minutes from the last FOMC meeting suggests that a majority of the committee members consider it appropriate to raise interest rates once more in their future meetings. The present state of affairs of the job market and possible inflationary pressures were highlighted, notably due to the risk of rising energy input prices.

In that sense, the Consumer Price Index (CPI) increased by 0.4% (MoM) in september, mainly driven by energy commodities (+2.3% on a monthly basis). Regarding the job market, the most recent Payroll report indicated a net creation of 336 thousand jobs in September, well above the median expectations.

Brazil

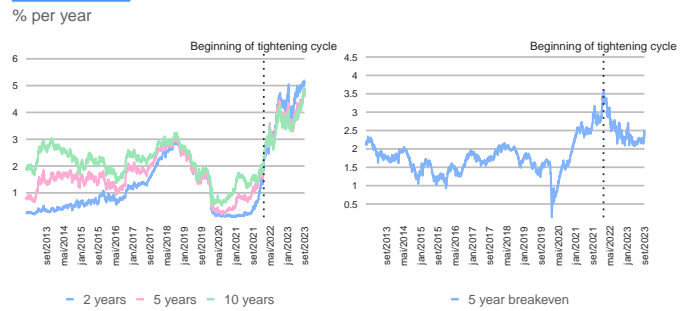
The General Registry of Employed and Unemployed Persons (Caged) registered the net creation of 220.8 thousand new job positions in August.

In general, the positive outlook of the brazilian job market appears to be a reaction to the improved economic environment, as well as to the gradual reduction in interest rates and to the perception of cooling inflation. However, the pace of job creation is still much slower than what was observed in the past few years.

The industrial production increased by 0.4% in August. On the other hand, the volume of services interrupted a series of three consecutive rises, with a decline of 0.9%. Finally, a small decrease of 0.2% was observed in the restricted retail sector in August, as well as a significant fall (-1.3%) in the expanded category.

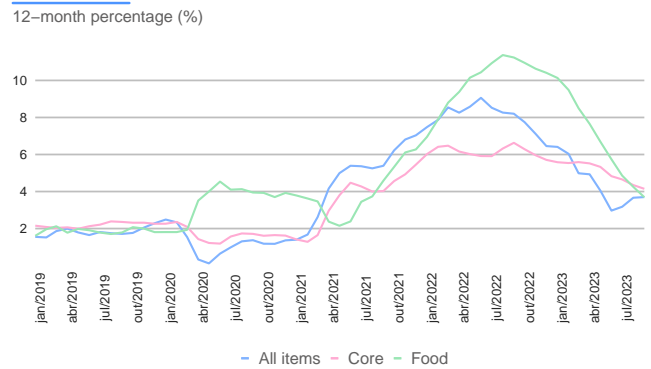
Looking ahead, we see potential for the industry sector to increase investments in the medium term, given the lowering interest rates, with an oscillating short-term performance. As for Services, we comprehend that its recent decline is a natural consequence considering

Treasury Yields and Breakeven inflation



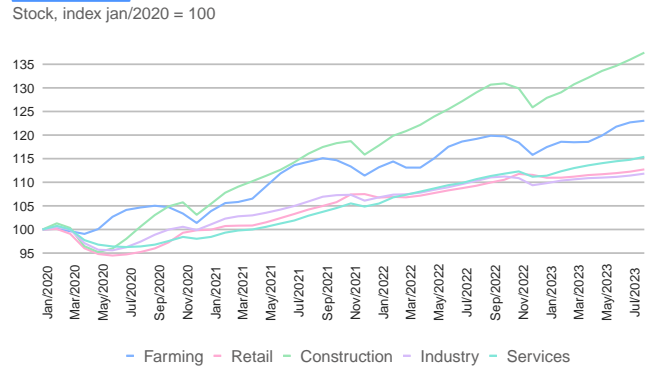
Source: Fed St. Louis Elaboration: 4intelligence

USA – Consumer Price Index (CPI)



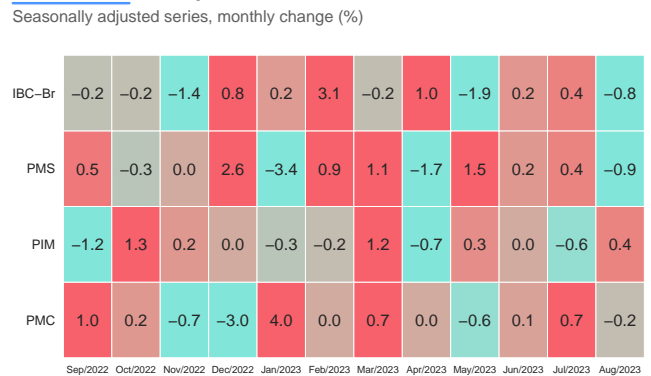
Source: Bureau of Labor Statistics Elaboration: 4intelligence

Employment Recovery



Source: Ministério da Economia Elaboration: 4intelligence

Economic heatmap



its robust performance in recent months. Nonetheless, we believe the positive income dynamics and gradual cuts in interest rates continue to be good indicators of favorable scenarios until the end of the year. Additionally, income growth might also benefit the retail sector in the short term, especially in segments more sensitive to it.

The national Consumer Price Index (IPCA) presented an inflation of 0.26% in September. With this result, the IPCA has accumulated an increase of 5.19% in the past twelve months and 3.50% for the year.

The result of the month reflects, especially, the inflation of the Transportation group (+1.40%), notably the 2.7% increase in the Fuels subgroup. A movement that is a result of the recently adopted policy by the Organization of the Petroleum Exporting Countries (OPEC+), whose members implemented production cuts to force a rise in international prices.

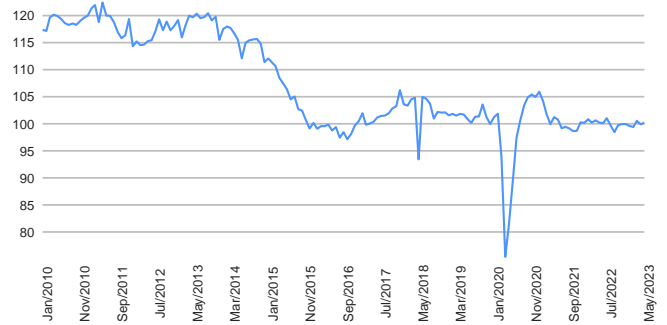
We believe oil is likely to continue being a significant cause of internal inflationary pressures. Additionally, the recent outbreak of war in the Middle East could pose serious risks to global stability, spreading high levels of uncertainty across the international landscape. However, it is still too recent of an event, making it too early to draw concrete assessments of its actual effects.

Politics

Released on October 10th, the result of the Governability Index (I-Gov) stood at 43%, two points lower than in August, once again the worst result for the Lula III government. Furthermore, concerning the legislative dimension, Lula hit a historic low at 15%, and, in the Judiciary dimension, stood at 60%, slightly above August. Finally, regarding public opinions, Lula reached a 52.5% mark, once again staying above 50%, a trend that persists for the ninth consecutive month.

PIM

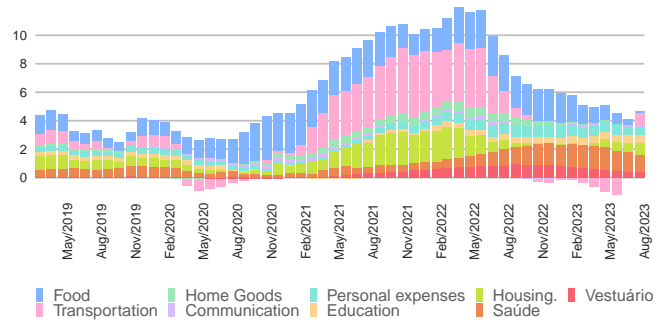
Seasonally adjusted series



Source: IBGE Elaboration: 4intelligence

Contributions to Annual Inflation

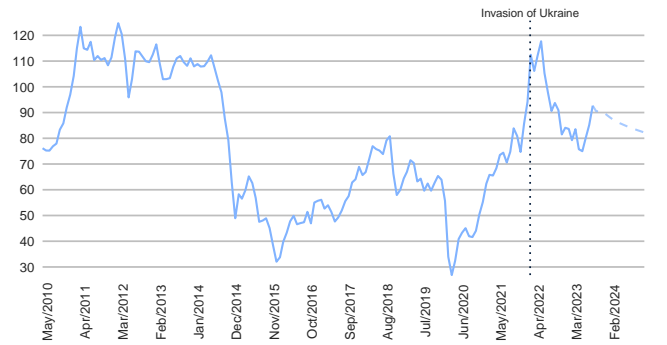
Percent point, weighted by POF – 2019



Source: IBGE Elaboration: 4intelligence

Internation Brent Oil Prices

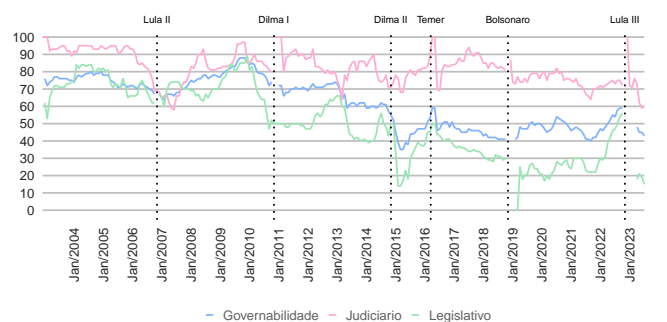
US\$/Barrel



Source: FMI Elaboration: 4intelligence

I-GOV

Percentual points



Source: 4intelligence Elaboration: 4intelligence

Disclaimer

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