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International

In the United States, the Consumer Price Index (CPI) remained stable in October (0.0%).

Additionally, in November, the Federal Reserve (Fed) chose to keep unchanged the moving range of the country's basic interest rate, at 5.25% - 5.50%. The document that accompanied this decision emphasized that the Fed continues to assess the economic situation with the goal of determining the appropriate degree for the monetary tightening policy. Here at 4intelligence, we evaluate that the Fed Funds interval will likely remain stable across the upcoming meetings due to the recent positive inflation dynamic. The trajectory of the interest rate and our predictions are available [here](#).

Brazil

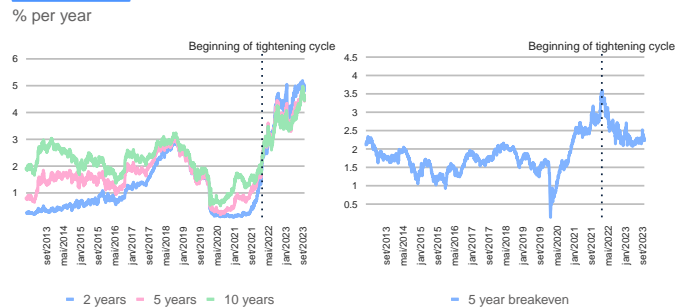
The General Registry of Employed and Unemployed Persons (Caged) registered the net creation of 211.8 thousand new job positions in September.

The result suggests that the formal job market remains active, a scenario that has persisted since last year. The increase in positions towards the end of the year is seasonal and expected, reflected through changes in both industry and commerce. By the closing of 2023, with inflation under control, a looser basic interest rate and the increase of household income, the outlook is expected to remain positive.

The **industrial output** increased slightly by 0.1% in September, On the other hand, **restricted retail** grew by 0.6%, while, in contrast, the **volume of services** declined for the second consecutive month. (-0.3%).

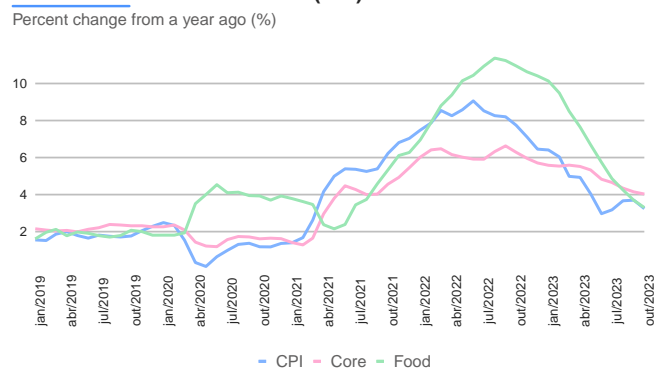
Looking ahead, the industrial performance is likely to remain unstable in the short term, mostly due to the tight monetary policy, with a more positive medium-term outlook as the lowering interest rates enable in-

Treasury Yields and Breakeven inflation



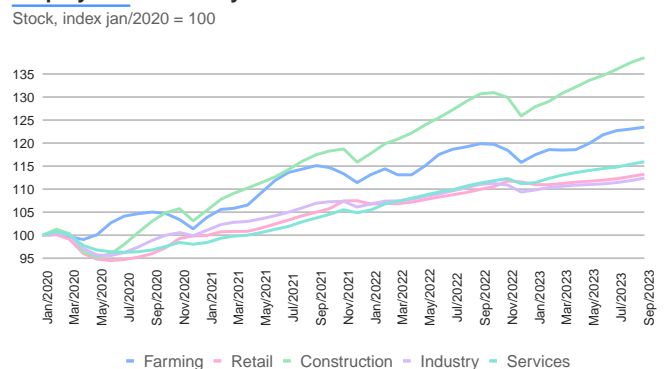
Source: Fed St. Louis Elaboration: 4intelligence

USA – Consumer Price Index (CPI)



Source: Bureau of Labor Statistics Elaboration: 4intelligence

Employment Recovery



Source: Ministério da Economia Elaboration: 4intelligence

Economic Heatmap

Seasonally-adjusted, monthly change (%)

IBC-Br	-0.2	-1.5	0.6	0.5	3.1	-0.3	1.1	-1.9	0.2	0.4	-0.8	-0.1
PMS	-0.3	-0.1	2.5	-3.4	0.9	1.1	-1.8	1.5	0.1	0.6	-1.3	-0.3
PIM	1.2	0.2	0.0	-0.3	-0.2	1.1	-0.6	0.4	0.0	-0.3	0.2	0.1
PMC	0.4	-0.6	-2.8	3.9	-0.1	0.7	0.0	-0.6	0.2	0.7	-0.1	0.6
	Oct/2022	Nov/2022	Dec/2022	Jan/2023	Feb/2023	Mar/2023	Apr/2023	May/2023	Jun/2023	Jul/2023	Aug/2023	Sep/2023

Source: IBGE, Banco Central Elaboration: 4intelligence

vestments and financing. Regarding the service sector, we observe what is a natural slowdown for an sector already operating at high level, while still retaining a positive perspective towards the end of the year, driven by both the favorable macroeconomic dynamic and the holiday season. Similarly, the retail sector is likely to keep itself active through its income-sensitive categories in 2023. Finally, the Banco Central do Brasil's Index of Economic Activity (IBC-Br) slightly declined this month, but despite this, we kept our expectation for the GDP growth of 2023 at 3.2%

The national Consumer Price Index (IPCA) presented an inflation of 0.24% in October. With this result, the IPCA has accumulated an increase of 4.82% in the past twelve months and 3.75% for the year.

The result indicates an inflation pulled, once again, by more volatile components, influenced by the prices of basic inputs, above all else, energy. Throughout the year, in parallel, we observed a significant slowdown in food prices, as a result of high agricultural output.

Finally, prices more sensible to the external scenario are more volatile as well, due to both the global uncertainty resulting from the outbreak of war in the Middle East and the decline of grain productivity owing to climate changes, such as El Niño.

Politics

Released on November 8th, the result of the Governability Index (I-Gov) stood at 43%, repeating the result reached in September, with timid improvements in certain categories. Regarding the legislative dimension, Lula lowered his mark to 14%, a result equal to that of the worst period of the Dilma II government in 2015. In the judiciary dimension, Lula remained stable at 60%. Finally, when it comes to public opinion, the government reached 53.1%, once again keeping itself above the 50% to 56% range, an outcome that persists for the tenth consecutive month.

Retail Sales

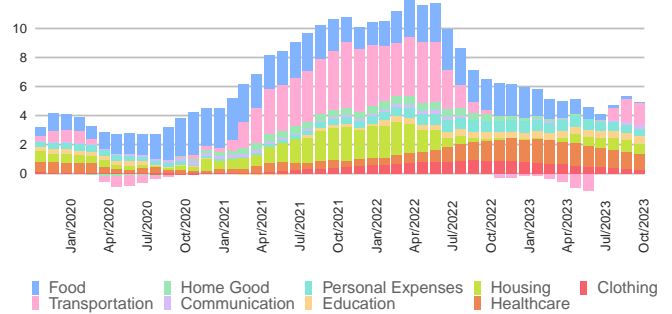
Seasonally adjusted, index Jan/2010 = 100



Source: IBGE Elaboration: 4intelligence

Contributions to Annual Inflation

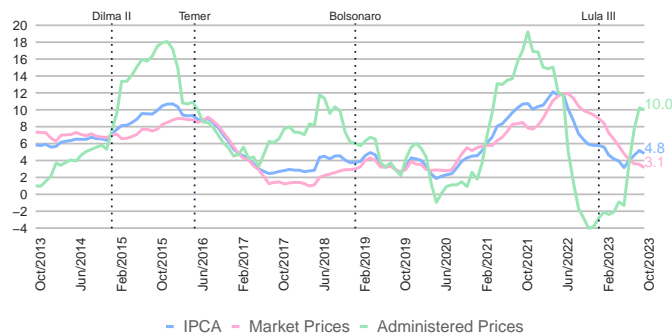
Percentual points, weighted by POF – 2019



Source: IBGE Elaboration: 4intelligence

IPCA – Market and Administered Prices

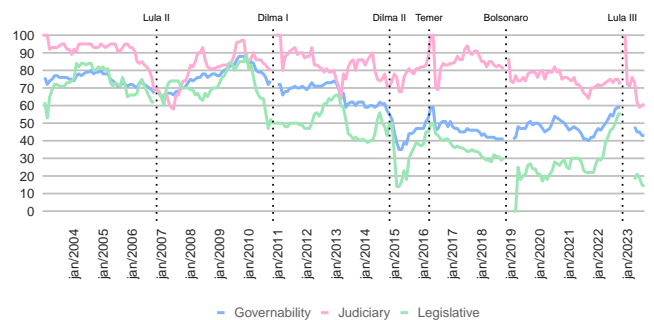
YoY comparison (%)



Source: IBGE Elaboration: 4intelligence

I-GOV

Percentual Points



Source: 4intelligence 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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