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International

In the United States, from December to January, the Consumer Price Index (CPI) recorded an increase of 0.3%, accumulating a variation of 3.1% over twelve months.

In the last Federal Reserve meeting, the committee chose to keep unchanged the moving range of the country's basic interest rate, at 5.25% - 5.50%, for the fourth consecutive time. The Fed's action aligned with the expectations of *4intelligence* and reinforces the perspective that the committee has definitively ended the tightening cycle. There is still some uncertainty around when the committee will begin the rate-cutting cycle, but the outlook is that the first cut will be 0.25 percentage points, starting in May.

Brazil

The [Caged](#) registered a net loss of 430.2 thousand formal job positions in December.

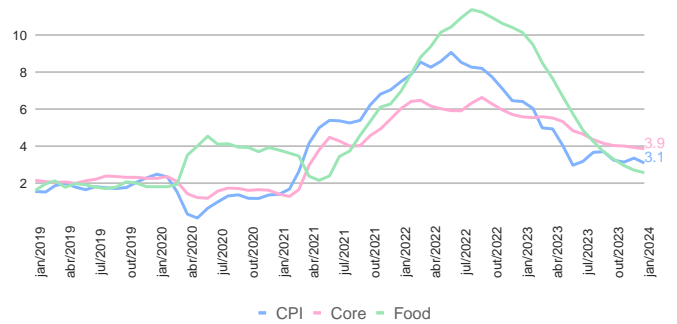
We judge that the performance in December, while following the expected seasonal pattern, is aggravated by a less heated labor market at the end of 2023. For 2024, we anticipate a slower pace of job creation, but we believe that certain sectors may benefit from lower interest rates, potentially leading to new hirings.

The [industrial output](#) increased by 1.1% in December, accumulating in 2023 a growth of 0.2%. On the other hand, the [restricted retail](#) remained decreased by 1.3%, closing out the year with a growth of 1.7%, while the [volume of services](#) continued its growth, advancing by 0.3%, accumulating 2.3% by the end of 2023.

The industry showed a sensible improvement in the last few months of 2023 due to the loosening of monetary policy and debt renegotiation measures promoted by the federal government, a scenario that

USA – Consumer Price Index (CPI)

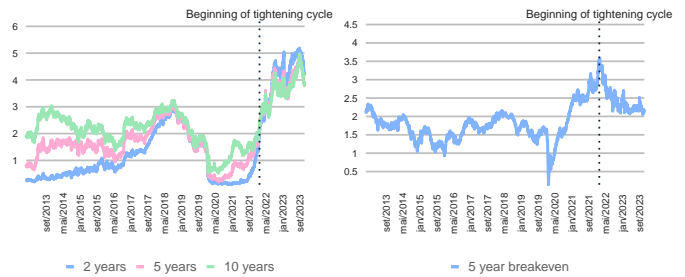
Percent change from a year ago (%)



Source: Bureau of Labor Statistics Elaboration: 4intelligence

Treasury Yields and Breakeven inflation

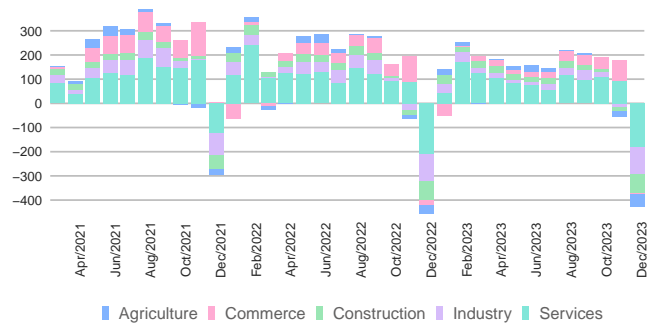
% per year



Source: Fed St. Louis Elaboration: 4intelligence

Formal Employment Balance

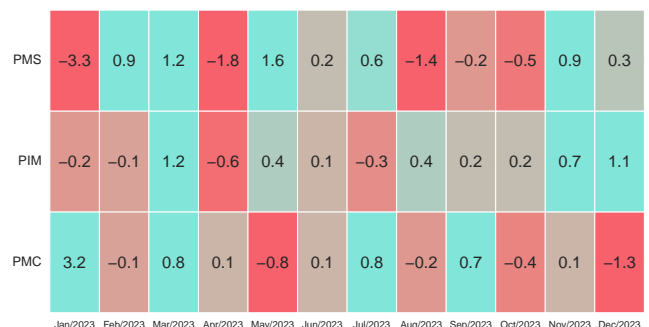
Thousands of People



Source: Ministério do Trabalho Elaboration: 4intelligence

Economic Heatmap

Seasonally-adjusted, monthly change (%)



Source: IBGE, Banco Central Elaboration: 4intelligence

leads us to anticipate a more positive outlook in 2024. For services, we expect a less pronounced advancement, given the limited room for segment growth and the slower progress of employment and income. Similarly, we also project a deceleration for retail, however, in the short term, we expect that interest rate cuts will unlock growth in some sectors.

The national [Consumer Price Index \(IPCA\)](#) rose by 0.42% in January. With this result, the IPCA has accumulated an increase of 4.51% over the last twelve months. The month's result reflects, once more, the inflation of the Food and Beverage group (1.38%), which has been on an upward trend since October 2023, due to the climatic instabilities caused by the *El Niño* phenomenon.

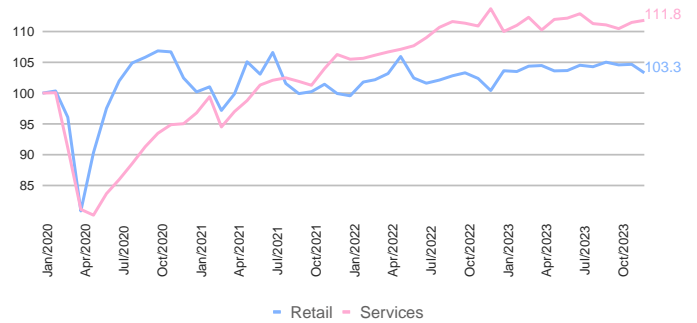
Looking ahead, we anticipate that prices are likely to continue to rise in the coming months, due to the impacts of the *El Niño* in the South and Southeast regions of Brazil, as well as drought in the Northeast region of the country. The Center for Environmental Resources Information of Santa Catarina (CIRAM) predicts the end of the phenomenon by mid-March 2024, which may alleviate pressure on food prices, but does not rule out the possibility of another phenomenon, *La Niña*, occurring in the second half of the year.

Politics

The result of the Governability Index (I-Gov) of January reached 44%, an improvement after two periods of stability at 43%. In the legislative dimension, Lula continued to hit his worst results, with 16% and a provisional measure approved during recess through amendments, while in the judiciary dimension he kept at 63% for the third time. Finally, in the public opinion dimension, Lula reached a score of 52%, remaining within the range of 50% to 60%, and showing a slight advancement compared to the previous month.

Retail x Services

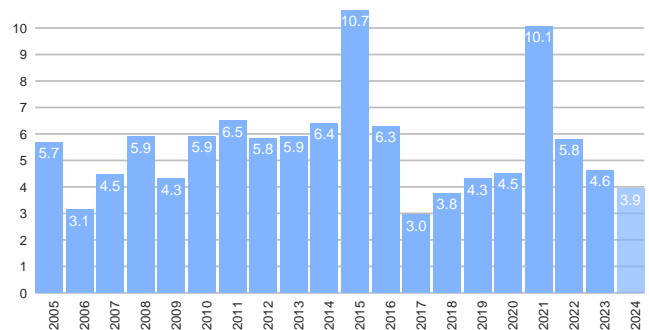
Seasonally adjusted series, Jan/2020 = 100



Source: IBGE Elaboration: 4intelligence

IPCA

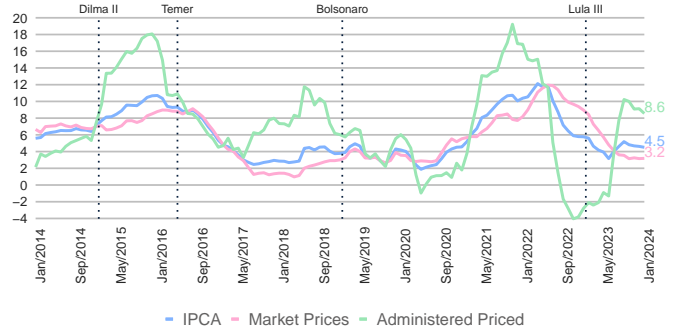
Annual change (%)



Source: IBGE Elaboration: 4intelligence

IPCA – Market and Administered Prices

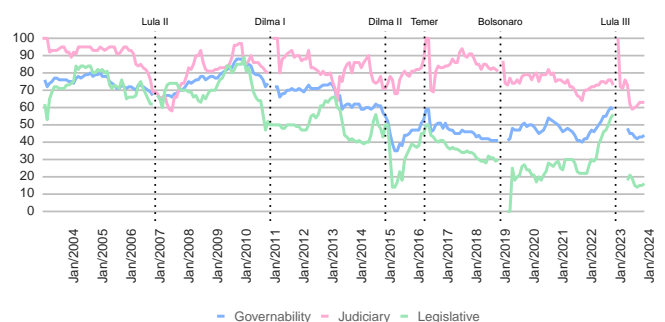
YoY Comparisons (%)



Source: IBGE Elaboration: 4intelligence

I-GOV

Percentage 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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