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International

In the United States, the **Consumer Price Index (CPI)** rose by **0.2%** from August to September, following the same increase in the previous period. Over the year, the index accumulated a variation of 2.4%. It is worth noting that some metrics used by the Federal Reserve (Fed) showed deterioration, such as the annualized quarterly moving average of the CPI – excluding food and energy – which increased from 2.1% (YoY) to 3.1%.

The Federal Reserve released the minutes of its latest meeting, in which the council opted to reduce the benchmark interest rate by 50 basis points. The meeting highlighted the progress of inflation toward the committee’s target, while the economy continued to perform well. However, it was noted that some participants considered a 25 basis point cut more appropriate.

Brazil

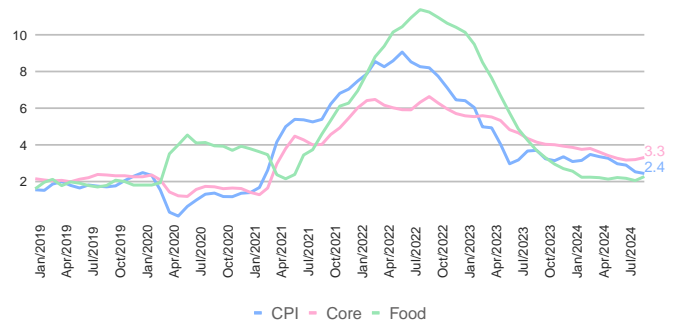
The **Caged** report indicated the net creation of **232,500** new formal jobs in August.

The month’s results reinforce the perspective of resilience in the labor market. In this sense, the number of resignations at the worker’s request registered 755,267 dismissals, a figure 14% higher than in August 2023, indicating the level of market activity, as many of these people left their jobs to be hired elsewhere.

The **restricted retail** fell by **0.3%** in August, after a **0,6%** increase in the previous month. While, **industrial output** grew by 0.1% in the same month. Meanwhile, the **volume of services** decreased by 0,4%. Thus, the seasonally-adjusted **IBC-Br** increased slightly in July (0,2%), and accumulates a 2,5% growth over twelve months.

USA – Consumer Price Index (CPI)

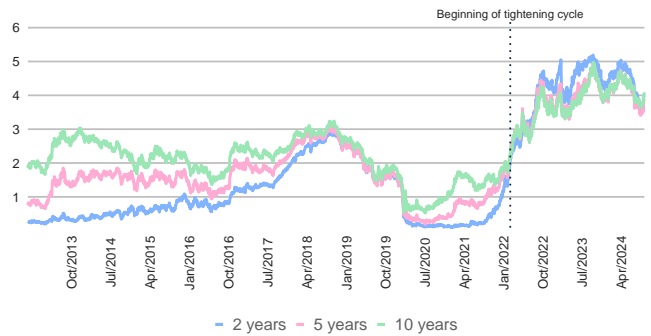
Percent change from a year ago (%)



Source: Bureau of Labor Statistics Elaboration: 4intelligence

Treasury Yields

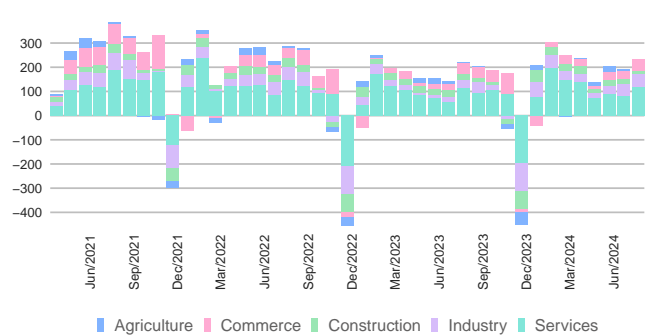
% per year



Source: Fed St. Louis Elaboration: 4intelligence

Formal Employment Balance

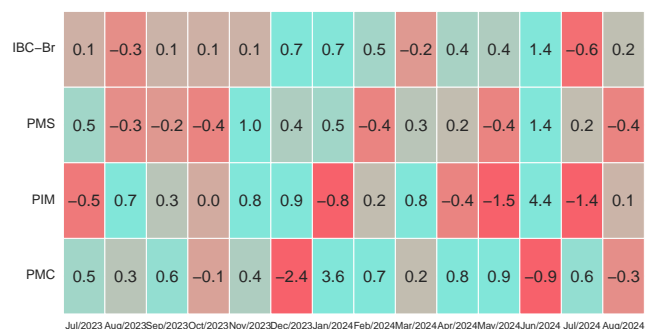
Thousands of People



Source: Ministério do Trabalho Elaboration: 4intelligence

Economic Heatmap

Seasonally-adjusted, monthly change (%)



Source: IBGE, Banco Central Elaboration: 4intelligence

In the short term, we see room for the industry to recover part of the recent past losses, which have continuously exceeded expectations—despite some obstacles on the horizon, such as contractionary interest rates. The services sector, in turn, should be sustained by income recovery. However, the prospect of new interest rate hikes this year could bring a less favorable outlook for the sector’s activity.

For the retail sector, the positive dynamics of the labor market have been beneficial, especially for the income-sensitive segment. Looking ahead, we believe that the pause in the interest rate easing cycle discourages more robust growth in the sectors most exposed to credit.

The Broad Consumer Price Index (IPCA) rose by 0.44% in August, accumulating a 4.42% increase over the past twelve months. This movement reflects, in particular, the variation in prices in the Housing group, which recorded an increase of 1.80%, influenced by the “red flag” on electricity tariffs in September, as well as in the Food sector (0.50%), amid pressures from the dry season on agricultural production.

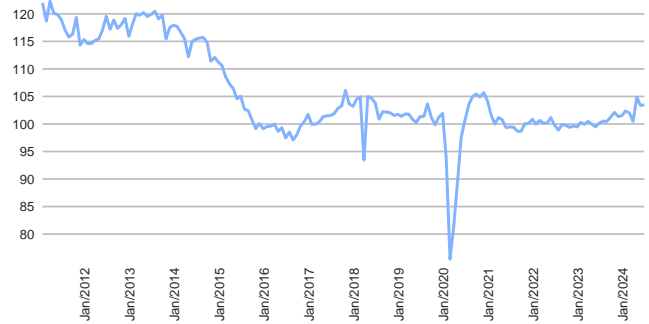
In general, the price behavior of some fresh food products may return to upward pressure, as the immediate effects of a moderate dry period, which extends over all regions of Brazil, may once again put pressure on agricultural production and electricity generation nationwide in the near future.

Politics

The Governance Index ([I-Gov](#)) for September 2024 closed at 47.0%, for the second consecutive month. In the Judiciary, the index remained at 77.0%, being the most influential on the overall index. In the legislative dimension, the government showed deterioration and reached 15.0%, with the loss of eleven Provisional Measures. Finally, in the dimension of public opinion, Lula remained at 49.0%.

Industrial Production

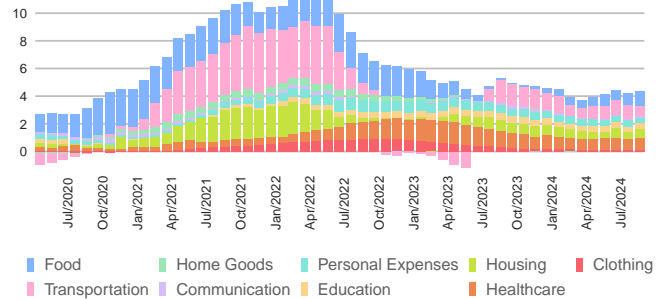
Seasonally adjusted series



Source: IBGE Elaboration: 4intelligence

Contributions to Annual Inflation

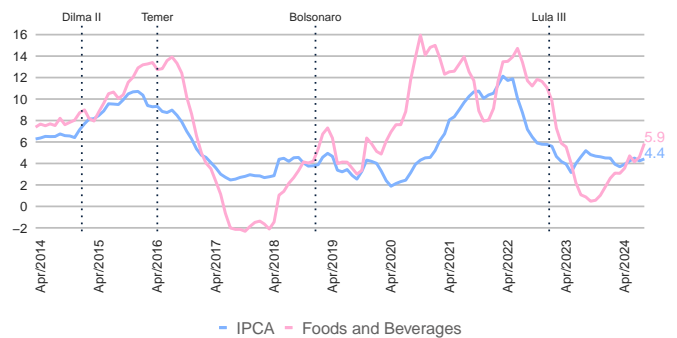
Percentual points, weighted by POF – 2019



Source: IBGE Elaboration: 4intelligence

IPCA – Full Index x Foods and Beverages

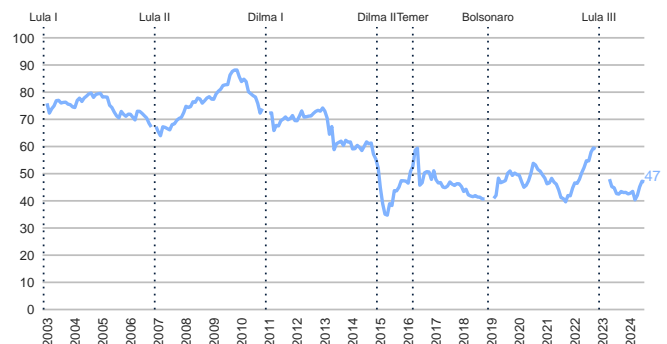
YoY (%)



Source: IBGE Elaboration: 4intelligence

Governability Index

%



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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