

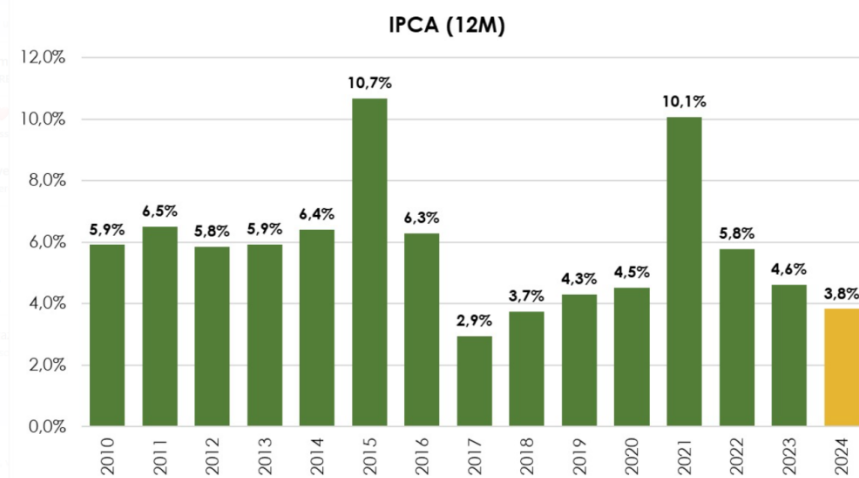
IPCA for December surprised on the upside, but we continue to envision a benign scenario ahead

Highlights

» **The IPCA for December accelerated to 0.56%, reflecting mainly the increase in the Food at Home category**, with greater pressure from fresh products, and the items of Clothing and Household Articles, which showed recovery after the Black Friday decline in November. In addition, Core Services presented a new acceleration in the seasonally adjusted data, reducing the probability of an increase in the pace of interest rate cuts. However, our scenario already includes impacts derived from El Niño, and we expect the continuation of internal economic deceleration, as well as the benign trajectory of industrial goods. In relation to Core Services, even though January may bring more pressured numbers, we anticipate a significant deceleration in this category in February."

» **Inflation in the United States in December reinforces our expectation of a reversal in the interest rate cycle only from May 2024**, influenced also by other variables such as the labor market. The December CPI showed an increase of 0.3%, with the core at the same value. The result for the month was influenced by the rise in energy prices, while the cores were more pressured due to the Housing category, except for the Supercore of Services, which showed a smaller growth but remains at a high level, influenced by sectors such as medical services. Goods continue to have a constructive outlook despite the increase in the month. For the year, the index recorded an increase of 3.4%, below the core, which closed at 3.9%.

» **In China, inflation in December continued its downward trajectory for both producer and consumer, highlighting the need for new stimulus from the government.** In the Producer Price Index (PPI), there was a 2.7% year-on-year decline, mainly related to the mining and extraction sector, and to a lesser extent, the manufacturing sector, reflecting the cooling of domestic and external demand, which is expected to be reflected in the Consumer Price Index (CPI) in the coming months. The 0.3% reduction in consumer inflation, on the other hand, continues to be driven by the decline in fuel prices and food prices, while services inflation remains resilient, especially in the tourism sector. The reduction in consumer confidence as well as the cooling of external demand are expected to keep inflation on a downward trajectory in the coming months.



Source: IBGE, Buysidebrazil



01/12/2024

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Economic calendar

» In Brazil, the week is marked by the release of **November activity indicators**, which are expected to suggest **resilience in retail sales and moderation in the services sector**.

» Globally, the week will also be marked by the release of **activity data in the United States**. A set of data from **China** is expected to show a more moderate growth in activity in December, with a focus on the **decline in fixed asset investment**."

Calendar

Date	Country	Event	Period	Survey	Prior
1/15/2024 Monday					
7:00 AM	Eurozone	Industrial Production (MoM)	Nov	-0.3%	-0.7%
8:25 AM	Brazil	Focus (Central Bank Weekly Economist Survey)	-	-	-
3:00 PM	Brazil	Trade Balance Weekly	-	-	\$2217m
1/16/2024 Tuesday					
9:00 AM	Brazil	IBGE Services Volume (MoM)	Nov	-0.3%	-0.6%
10:30 AM	USA	Empire Manufacturing	Jan	-2.9	-14.5
1:00 PM	USA	J. Waller Speech	-	-	-
11:00 PM	China	GDP (QoQ)	4Q	1.0%	1.3%
11:00 PM	China	GDP YoY	4Q	5.2%	4.9%
11:00 PM	China	Industrial Production (YoY)	Dec	6.6%	6.6%
11:00 PM	China	Fixed Assets Ex-Rural YTD (YoY)	Dec	2.9%	2.9%
11:00 PM	China	Property Investment YTD (YoY)	Dec	-9.5%	-9.4%
11:00 PM	China	Retail Sales (YoY)	Dec	8.0%	10.1%
11:00 PM	China	Unemployment Rate	Dec	5.0%	5.0%
1/17/2024 Wednesday					
5:00 AM	Brazil	FIPE CPI (MoM)	-	-	-
7:00 AM	Eurozone	CPI MoM	Dec (F)	0.2%	0.2%
9:00 AM	Brazil	Retail Sales (MoM)	Nov	-	-0.3%
		Broad (MoM)		-	-0.4%
10:30 AM	USA	Retail Sales MoM	Dec	0.4%	0.3%
10:30 AM	USA	New York Fed Services Business Activity	Jan	-	-14.6
11:15 AM	USA	Industrial Production (MoM)	Dec	-0.1%	0.2%
12:00 PM	USA	NAHB Housing Market Index	Jan	39	37
2:30 PM	Brazil	Foreign Exchange Flow Weekly	-	-	-
4:00 PM	USA	Federal Reserve Releases Beige Book	-	-	-
5:00 PM	USA	Speech J. Williams (Fed New York)	-	-	-
1/18/2024 Thursday					
9:00 AM	Brazil	Economic Activity (MoM)	Nov	-	-0.06%
9:30 AM	USA	R. Bostic Speech	-	-	-
10:30 AM	USA	Building Permits	Dec	1480k	1460k
10:30 AM	USA	Initial Jobless Claims	-	207k	202k
1:30 PM	USA	R. Bostic Speech	-	-	-
1/19/2024 Friday					
12:00 PM	USA	Existing Home Sales	Dec	3.83m	3.82m
12:00 PM	USA	U. of Mich. Sentiment	Jan (P)	69.0	69.7
12:00 PM	USA	U. of Mich. 1 Yr Inflation	Jan (P)	-	3.1%
12:00 PM	USA	U. of Mich. 5-10 Yr Inflation	Jan (P)	-	2.9%
6:15 PM	USA	M. Daly Speech	-	-	-

MACROECONOMIC FORECASTS	2018	2019	2020	2021	2022	2023	2024
GDP (%)	1,8	1,2	-3,3	4,8	3,0	2,9	1,6
Unemployment rate (average, %)	12,4	12,0	13,8	13,2	9,3	8,0	8,1
IPCA (CPI, %)	3,7	4,3	4,5	10,1	5,8	4,50	3,80
Selic Rate (eop, %)	6,50	4,50	2,00	9,25	13,75	11,75	8,75
USDBRL (eop)	3,87	4,03	5,20	5,58	5,22	4,90	4,90
Current Account Balance (USD bn)	-51,5	-65,0	-28,2	-46,4	53,6	-28,2	-36,1
Current Account Balance (% GDP)	-2,7	-3,5	-1,9	-2,8	-2,8	-1,4	-1,8
Trade Balance - BCB (USD bn)	43,4	26,5	32,4	36,4	44,2	81,3	71,0
Foreign Direct Investment (USD bn)	78,2	69,2	37,8	46,4	87,2	58,3	75,0
Foreign Direct Investment (% GDP)	4,2	3,7	2,6	2,8	4,5	3,0	3,8
Central Government Primary Result (BRL bn)	-120,2	-95,1	-743,3	-35,1	54,1	-215,8	-72,2
Central Government Primary Result (%GDP)	-1,7	-1,3	-9,8	-0,4	0,5	-2,0	-0,6
Public Sector Primary Result (BRL bn)	-108,3	-61,9	-703,0	64,7	126,0	-134,8	-59,2
Public Sector Primary Result (% GDP)	-1,5	-0,8	-9,2	0,7	1,3	-1,3	-0,5
Gross Public Debt (% GDP)	75,3	74,4	86,9	78,3	73,5	75,2	77,8

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