

Record Revenue in January Contributes to a More Constructive Fiscal Scenario on the Margin

Highlights

- » **The record revenue in January has improved the fiscal outlook for the year.** Federal government revenue reached R\$ 280 billion in the first month of 2024, with a real growth of 6.6% compared to the same period last year. The data reflects the effects of revenue measures approved at the end of last year, such as the resumption of PIS/Cofins taxation on fuels and the taxation of exclusive funds, which, according to the Revenue Department, generated R\$ 4.1 billion for public coffers. Thus, the chances of imbalance in budget execution lose probability, pushing forward the discussion of goal revision—besides dissipating pressures for new taxation measures.
- » **After some conflicts between the Executive and Congress, the anticipation of spending on court-ordered payments should favor the reduction of political tensions.** The government decided to advance the payment of R\$ 30 billion in court-ordered payments from July to February, already budgeted for in the 2024 budget. Despite the stimulus to economic activity, the agenda is still a concern for the government due to the amount to be paid throughout the year. The Minister of Planning and Budget expressed concern about such expenses, which are expected to exceed R\$ 80 billion in 2024, reiterating the need to seek strategies for the processing of these expenses to be more efficient—as a way to comply with the zero deficit target in government accounts. But this should favor political negotiation, which has been more contentious in recent weeks.
- » **Still, in the political environment, Finance Minister Fernando Haddad reinforced a positive outlook for 2024.** In an interview, the Minister expressed optimism about the Brazilian economy, especially from the second half of the year, considering a more favorable behavior of variables such as exchange rates and inflation. In addition, he emphasized the friendlier atmosphere in negotiations with lawmakers—which has been confirmed, especially after greater consensus on the issue of payroll reorganization (there was, as expected by the Senate President, a breakdown of the MP).
- » **In the external scenario, the FOMC minutes presented a more neutral tone compared to the FED press conference.** In this publication, the committee emphasized the robustness of economic activity, with the labor market still at high levels, giving dynamism to demand. Despite CPI data being released after the meeting, which took place on January 31, the FED acknowledged the recent risks of short-term inflation, as well as demonstrating concern about the loosening of financial conditions. There was also mention of the possibility of reducing the pace of Quantitative Tightening, which will be discussed at the next meeting. Nevertheless, the persistence of strong activity remains predominant in estimates. Thus, we maintain our expectation of the start of American monetary loosening in June.

Tax collection (bn)



Tax collection



Fonte: BLS, MDIC, Buysidebrazil



Economic Calendar

» In **Brazil**, the highlight is the release of the **IPCA-15** for February, which is expected to bring a significantly pressured headline, mainly due to the seasonal price adjustment in education. Additionally, we will have the release of the **GDP** for the 4th quarter of 2023.

» In the **external scenario**, there are many relevant data points in the **US**. Highlights include the second estimate of the **GDP** for the 4th quarter and the **PCE**—along with the release of **personal consumption and spending**, as well as the **ISM Manufacturing**. In **China**, we will have the February **PMIs**.

Date	Country	Event	Period	Survey	Prior
2/26/2024 Monday					
8:00 AM	Brazil	Construction Confidence	Feb	-	95,8
12:00 PM	USA	New Home Sales	Jan	680k	664k
12:30 PM	USA	Dallas Fed Manf. Activity	Feb	-18,6	-27,4
2:30 PM	Brazil	Federal Debt Total	Jan	-	-
3:00 PM	Brazil	Trade Balance Weekly	-	-	\$1558m
2/27/2024 Tuesday					
8:00 AM	Brazil	Industry Confidence	Feb	-	97,4
8:25 AM	Brazil	Focus (Central Bank Weekly Economist Survey)	-	-	-
8:30 AM	Brazil	Current Account	Jan	-	-\$5834m
8:30 AM	Brazil	Foreign direct investment	Jan	-	-\$389m
9:00 AM	Brazil	IPCA-15 (MoM)	Feb	0.81%	0.31%
10:30 AM	USA	Durable Goods Orders	Jan (P)	-5.0%	0.0%
11:00 AM	USA	House Price Index (MoM)	Dec	0.3%	0.3%
12:00 PM	USA	Conf. Board Consumer Confidence	Feb	114.8	114.8
12:00 PM	USA	Richmond Fed Manufact. Index	Feb	-11	-15
12:00 PM	USA	Richmond Fed Business Conditions	Feb	-	-3
12:30 PM	USA	Texas Services Sector Outlook	Feb	-	-9.3
2/28/2024 Wednesday					
7:00 AM	Eurozone	Economic Confidence	Feb	96.5	96,2
8:00 AM	Brazil	FGV Inflation IGP-M MoM	Feb	-0.48%	0,07%
8:00 AM	Brazil	Commerce Confidence	Feb	-	90,5
8:00 AM	Brazil	Services Confidence	Feb	-	95,7
8:30 AM	Brazil	Total Outstanding Loans	Jan	-	1,4%
10:30 AM	USA	GDP (QoQ)	4Q S	3.3%	3.3%
10:30 AM	USA	Personal Consumption	4Q S	2.7%	2.8%
10:30 AM	USA	GDP Price Index	4Q S	1.5%	1.5%
10:30 AM	USA	Wholesale Inventories MoM	Jan (P)	-0.1%	0.4%
2:00 PM	USA	R. Bostic Speech	-	-	-
2:15 PM	USA	S. Collins Speech	-	-	-
2:45 PM	USA	Speech J. Williams (Fed New York)	-	-	-
2/29/2024 Thursday					
8:30 AM	Brazil	Budget Surplus	Jan	-	-129,6b
9:00 AM	Brazil	National Unemployment Rate	Jan	7.8%	7.4%
10:30 AM	USA	Personal Spending	Jan	0.2%	0.7%
10:30 AM	USA	PCE Deflator (MoM)	Jan	0.3%	0.2%
10:30 AM	USA	PCE Core Deflator MoM	Jan	0.4%	0.2%
10:30 AM	USA	Initial Jobless Claims	-	210k	201k
12:00 PM	USA	Pending Home Sales (MoM)	Jan	1.3%	8,3%
12:50 PM	USA	R. Bostic Speech	-	-	-
1:00 PM	USA	Manufacturing Confidence	Feb	-	-9
1:00 PM	USA	Speech A. Goolsbee	-	-	-
2:30 PM	Brazil	Foreign Exchange Flow Weekly	-	-	-
3:15 PM	USA	Speech L. Mester (Fed Cleveland)	-	-	-
10:30 PM	China	PMI	Feb	-	-
		Composite	Feb	-	50,9
		Manufacturing	Feb	-	49,2
		Services	Feb	-	50,7
10:45 PM	China	Caixin Manufacturing PMI	Feb	50.7	50.8
3/1/2024 Friday					
6:00 AM	Eurozone	HCOB Eurozone Manufacturing PMI	Feb (P)	46.1	46.1
7:00 AM	Eurozone	CPI MoM	Feb (P)	0.6%	-0.4%
7:00 AM	Eurozone	Unemployment Rate	Jan	6.4%	6.4%
9:00 AM	Brazil	GDP (QoQ)	4Q	0.1%	0.1%
11:45 AM	USA	Manufacturing PMI	Feb (F)	-	51.5
12:00 PM	USA	Construction Spending (MoM)	Jan	0.2%	0.9%
12:00 PM	USA	Conf. Board Consumer Confidence	Feb (F)	79.6	79,6
12:00 PM	USA	U. of Mich. 1 Yr Inflation	Feb (F)	-	3.0%
12:00 PM	USA	U. of Mich. 5-10 Yr Inflation	Feb (F)	-	2.9%
12:00 PM	USA	ISM Manufacturing	Feb	49.5	49,1
1:00 PM	USA	Kansas City Fed Services Activity	Feb	-	-2
2:15 PM	USA	R. Bostic Speech	-	-	-
3:30 PM	USA	M. Daly Speech	-	-	-



Macroeconomic projections

	2019	2020	2021	2022	2023	2024
GDP (%)	1,2	-3,3	4,8	3,0	2,9	1,6
Unemployment Rate (average, %)	12,0	13,8	13,2	9,3	8,0	8,1
IPCA (Consumer Price Index) (%)	4,3	4,5	10,1	5,8	4,6	3,6
SELIC Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	8,75
Exchange Rate (end of period, R\$/US\$)	4,03	5,20	5,58	5,22	4,86	4,80
Current Account Transactions (US\$ billion)	-68,0	-28,2	-46,4	-53,6	-28,6	-36,1
Current Account Transactions (% GDP)	-3,6	-1,7	-2,9	-2,8	-1,4	-1,3
Trade Balance - BCB (US\$ billion)	26,5	32,4	36,4	44,2	80,5	82,0
Foreign Direct Investment (US\$ billion)	69,2	37,8	46,4	87,2	62,0	68,0
Foreign Direct Investment (% GDP)	3,7	2,6	2,8	4,5	2,8	3,5
Central Government Primary Result (R\$ billion)	-95,1	-743,3	-35,1	54,1	-249,1	-70,2
Central Government Primary Result (% GDP)	-1,3	-9,8	-0,4	0,5	-2,3	-0,6
Public Sector Primary Result (R\$ billion)	-61,9	-703,0	64,7	126,0	-249,1	-61,7
Public Sector Primary Result (% GDP)	-0,8	-9,2	0,7	1,3	-2,3	-0,6
Gross Public Debt (% GDP)	74,4	86,9	77,3	71,7	74,3	76,5

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