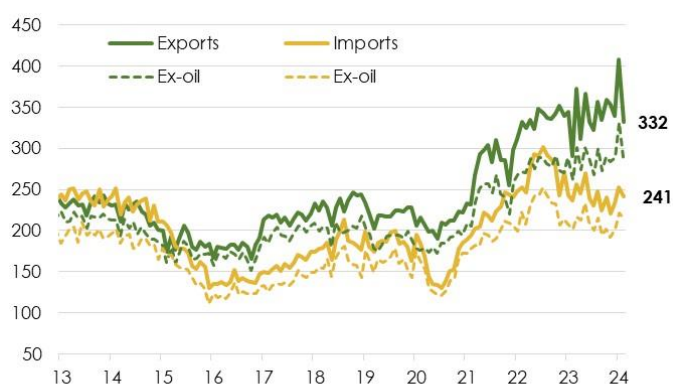
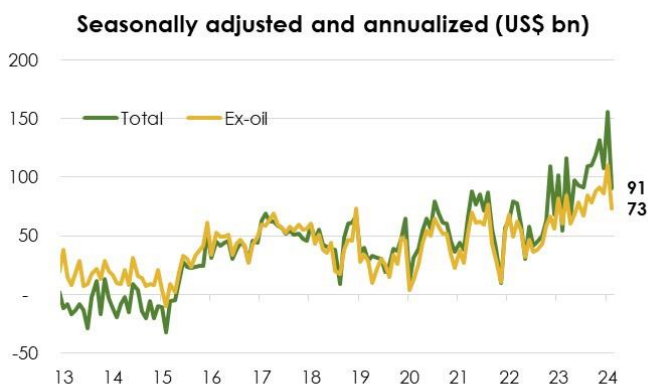


Real continues with an appreciation perspective but is subject to the Fed

Highlights

- Results remain positive with good prospects for external accounts.** This week, one of the internal highlights was the release of the External Sector Note for January by the BCB. In the balance of payments, both current transactions and foreign direct investment brought good news. Strong outflow on the goods balance continues to predominate, leading the current account deficit to 1.1% of GDP – historically low levels. Foreign direct investment surprised positively market estimates, registering US\$ 8.7 billion, against a median projection of US\$ 4.5 billion, with the majority explained by participation in capital. Therefore, the fundamentals for currency appreciation in Brazil remain preserved – also confirmed by MDIC data.
- The February Trade Balance once again recorded a record surplus for the month, at US\$ 5.4 billion.** Even with the recent drop in soybean prices, high oil exports support a very robust surplus – reaching US\$ 106 billion in the 12 months. Year-on-year, there was a decrease in imports (-3.3%), in line with the domestic slowdown, while exports showed significant growth, up by 8.5%. Besides oil exports (47% YoY) – with a balance of US\$ 26 billion in the 12 months – it's worth noting the growth in sugar exports (189% YoY) and mineral exports (25% YoY). Thus, the trade flow is expected to remain favorable, as we anticipate this dynamic to persist.
- In addition, the accommodation of fiscal risks tends to also favor financial flow.** According to the Minister of Planning and Budget, the budget blockage for March will be less than R\$ 28 billion, due to increased revenue at the beginning of this year – delaying any discussion about changing the primary result target. Moreover, the government relented and decided to urgently submit to Congress a bill to address both the Perse (Emergency Program for the Resumption of the Events Sector) and the special social security contribution for municipalities. Thus, there is a prevailing more positive perception of public accounts, with some political noise dissipating.
- In the same vein, the external environment reinforced a greater risk-on sentiment in recent days, although the American monetary policy remains under discussion.** The February Payroll brought a stronger number than expected, but downward revisions for previous months provided some comfort to the Fed. Additionally, there was a slowdown in wages, indicating lower inflationary pressures via earnings. This reinforces our expectation of interest rate cuts starting in June in the US – which we believe is crucial for improving asset performance, especially in the short term for emerging market currencies.



Source: MDIC, Buysidebrazil



Economic Calendar

» In Brazil, the highlight will be the release of the IPCA (Consumer Price Index) for February, for which we expect an increase of 0.83%. Despite the decline in some items, the impact of ICMS (Tax on Circulation of Goods and Services) on fuel will explain the rise compared to the

IPCA-15 of the month.

» Additionally, internal activity data will also be released.

» Internationally, attention will be on inflation and activity data from the USA.

Date	Country	Event	Period	Survey	Prior
3/11/2024	Monday				
5:00 AM	Brazil	FIPE CPI (MoM)	Mar (P)	-	0.46%
8:00 AM	Brazil	IGP-M (MoM)	Mar (P)	-	-
3:00 PM	Brazil	Trade Balance Weekly	-	-	\$1484m
3/12/2024	Tuesday				
7:00 AM	USA	NFIB Small Business Optimism	Feb	90.6	89.9
8:25 AM	Brazil	Focus (Central Bank Weekly Economist Survey)	-	-	-
9:00 AM	Brazil	IBGE Inflation IPCA (MoM)	Feb	0.79%	0.42%
9:30 AM	USA	CPI (MoM)	Feb	0.4%	0.3%
		Core (MoM)		0.3%	0.4%
3:00 PM	USA	Monthly Budget Statement	Feb	-	-\$21.9b
3/13/2024	Wednesday				
7:00 AM	Eurozone	Industrial Production (MoM)	Jan	-1.5%	2.6%
3:00 PM	Brazil	Formal Job Creation Total	Jan	91610	-430159
3/14/2024	Thursday				
9:00 AM	Brazil	Retail Sales (MoM)	Jan	0.2%	-1.3%
		Broad (MoM)		0.7%	-1.1%
9:30 AM	USA	Retail Sales (MoM)	Feb	0.8%	-0.8%
9:30 AM	USA	PPI (MoM)	Feb	0.3%	0.3%
		Core (MoM)		0.2%	0.5%
2:30 PM	Brazil	Foreign Exchange Flow Weekly	-	-	-
9:30 AM	USA	Initial Jobless Claims	-	219k	217k
10:20 PM	China	1-Yr Medium-Term Lending Facility Rate	-	2.50%	2.50%
10:20 PM	China	1-Yr Medium-Term Lending Facilities Volume	-	550.0b	500.0b
10:30 PM	China	New Home Prices (MoM)	Feb	-	-0.37%
10:30 PM	China	Used Home Prices MoM	Feb	-	-0.68%
3/15/2024	Friday				
9:00 AM	Brazil	IBGE Services Volume (MoM)	Jan	-0.6%	0.3%
9:30 AM	USA	Empire Manufacturing	Mar	-8.0	-2.4
10:15 AM	USA	Industrial Production (MoM)	Feb	0.0%	-0.1%
11:00 AM	USA	Conf. Board Consumer Confidence	Mar (P)	77.4	76.9
11:00 AM	USA	U. of Mich. 1 Yr Inflation	Mar (P)	-	3.0%
11:00 AM	USA	U. of Mich. 5-10 Yr Inflation	Mar (P)	-	2.9%



Macroeconomic projections

	2019	2020	2021	2022	2023	2024
GDP (%)	1,2	-3,3	4,8	3,0	2,9	1,9
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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