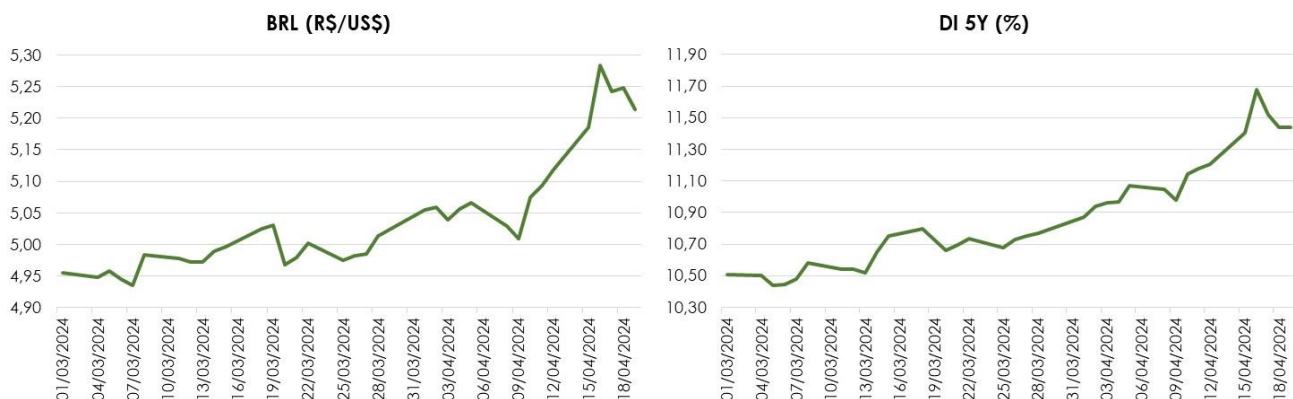


## The internal environment indicates possible new revisions of projections

### Highlights

- **The political and fiscal scenario in Brazil has shown significant deterioration marginally.** Three main events have culminated in the increase of internal uncertainties: (i) the discussion about Petrobras dividend distribution, (ii) the change in the fiscal framework, which releases over R\$ 15 billion to the government, anticipating the possibility of opening supplementary credit, and finally, (iii) the alteration of the primary result targets for 2025 and 2026 to 0% and 0.25% of GDP, respectively. Thus, the previous optimism regarding tax collection data surprises has been undermined, and risk aversion for public accounts prevails. Along with this, there was a greater tension prevailing in Congress, which became more evident after the urgent approval of Bill No. 895/23, which criminalized land invasions and had a significant defeat for the government in the Lower House.
- **Therefore, the devaluation of the real remains higher and was intensified by recent speeches by the Central Bank president.** Although continuing to reiterate that there is no mechanical relationship between Brazilian and American interest rates, Roberto Campos Neto has emphasized the importance of the Fed's actions and highlighted the impact of fiscal expectations on risk premiums. Even if this is reflected in higher estimates for the Selic rate, according to future interest rate behavior, this currency weakening tends to have a predominant effect on the institution's base scenario at the next Copom meeting in May. Our simulations indicate that the exchange rate should return to at least R\$ 5.10 for the monetary easing guidance to be preserved. Today, a 25bps cut in the next Committee decision has gained probability - but remains subject to the evolution of the scenario in the next two weeks.
- **Additionally, we have revised our scenario for 2024 growth from 1.9% to 2.1%.** According to the activity data for the beginning of the year, industry and retail are stronger than expected. Furthermore, the PMC may bring another high number in March, according to some higher-frequency indicators. This adds to the resilient wages seen in the last releases of the Continuous PNAD, which are likely to continue supporting consumption. This perspective, therefore, is an additional vector of attention to possible inflationary pressures from the Central Bank. For now, we maintain our expectation for inflation, considering the latest IPCA result, and a greater weakness in hard services data. However, we emphasize that the recent exchange rate dynamics, if preserved, are likely to influence our numbers.
- **In turn, the external scenario remains predominantly risk-off.** In the US, Fed officials have consistently brought a more hawkish tone, reflected in the strengthening of the dollar and the opening of Treasuries. Along with this, this week's data once again confirmed the persistence of strength in the American economy. Highlight retail, which showed a result well above expectations (0.7% MoM vs consensus of 0.4%), with a significant acceleration in the control group (1.1% MoM vs consensus of 0.4%), a kind of the core of commerce. Finally, it is worth mentioning the high temperature of geopolitical conflicts, which have added even more uncertainties to market prices.



Source: Bloomberg, Buysidebrazil.



## Economic Calendar

» In **Brazil**, the week will again be sparser in economic data, but the highlight will be the release of the **IPCA-15** for April, which is expected to accelerate to 0.30% MoM according to our estimate, reflecting an increase in airfare and natural products, mainly.

» **Internationally, US** data will have greater relevance. First, attention will be on the first estimate of the **GDP** result for the first quarter of 2024, with the median of expectations pointing to a slowdown, and then on the **PCE Deflator** for March.

Date	Country	Event	Period	Survey	Prior
<b>4/22/2024 Monday</b>					
9:30 AM	USA	Chicago Fed Nat Activity Index	Mar	-	0.05
11:00 AM	Eurozone	Conf. Board Consumer Confidence	Apr (P)	-14.4	-14.9
3:00 PM	Brazil	Trade Balance Weekly	-	-	\$1961m
<b>4/23/2024 Tuesday</b>					
<b>5:00 AM</b>	<b>Eurozone</b>	<b>PMI</b>	<b>Apr (P)</b>		
		<b>Manufacturing</b>		<b>46.5</b>	<b>46.1</b>
		<b>Services</b>		<b>51.8</b>	<b>51.5</b>
		<b>Composite</b>		<b>50.7</b>	<b>50.3</b>
8:25 AM	Brazil	Focus (Central Bank Weekly Economist Survey)	-	-	-
9:30 AM	USA	Services Confidence	Apr	-	-18.3
10:00 AM	Brazil	Construction Confidence	-	-	-
<b>10:45 AM</b>	<b>USA</b>	<b>PMI</b>	<b>Apr (P)</b>		
		<b>Manufacturing</b>		<b>52.0</b>	<b>51.9</b>
		<b>Services</b>		<b>52.0</b>	<b>51.7</b>
		<b>Composite</b>		<b>52.0</b>	<b>52.1</b>
11:00 AM	USA	New Home Sales	Mar	670k	662k
11:00 AM	USA	Richmond Fed Manufact. Index	Apr	-	-11
11:00 AM	USA	Richmond Fed Business Conditions	Apr	-	-8
<b>4/24/2024 Wednesday</b>					
8:00 AM	Brazil	Consumer Confidence	Apr	-	91.3
9:30 AM	USA	Durable Goods Orders	Mar (P)	2.8%	1.3%
<b>4/25/2024 Thursday</b>					
5:00 AM	Brazil	Fipe CPI Weekly (MoM)	-	-	0.23%
8:00 AM	Brazil	Construction Confidence	Apr	-	-
9:30 AM	USA	Wholesale Inventories MoM	Mar (P)	0.3%	0.5%
<b>9:30 AM</b>	<b>USA</b>	<b>GDP (QoQ)</b>	<b>1Q A</b>	<b>2.5%</b>	<b>3.4%</b>
<b>9:30 AM</b>	<b>USA</b>	<b>Personal Consumption</b>	<b>1Q A</b>	<b>2.6%</b>	<b>3.3%</b>
<b>9:30 AM</b>	<b>USA</b>	<b>Core PCE (QoQ)</b>	<b>1Q A</b>	<b>3.4%</b>	<b>2.0%</b>
9:30 AM	USA	Trade Balance	Mar	-\$90.8b	-\$91.8b
9:30 AM	USA	Initial Jobless Claims	-	215k	212k
11:00 AM	USA	Pending Home Sales (MoM)	Mar	1.0%	1.6%
6:45 PM	USA	R. Bostic Speech	-	-	-
12:00 PM	USA	Manufacturing Confidence	Apr	-	-7
2:30 PM	Brazil	Foreign Exchange Flow Weekly	-	-	-
<b>4/26/2024 Friday</b>					
8:00 AM	Brazil	Industry Confidence	Apr	-	-
<b>9:00 AM</b>	<b>Brazil</b>	<b>IPCA-15 (MoM)</b>	<b>Apr</b>	<b>-</b>	<b>0.36%</b>
<b>9:30 AM</b>	<b>USA</b>	<b>Personal Income (MoM)</b>	<b>Mar</b>	<b>0.5%</b>	<b>0.3%</b>
<b>9:30 AM</b>	<b>USA</b>	<b>Personal Spending</b>	<b>Mar</b>	<b>0.6%</b>	<b>0.8%</b>
<b>9:30 AM</b>	<b>USA</b>	<b>PCE Deflator (MoM)</b>	<b>Mar</b>	<b>0.3%</b>	<b>0.3%</b>
		<b>Core (MoM)</b>		<b>0.3%</b>	<b>0.3%</b>
11:00 AM	Brazil	Bloomberg April Brazil Economic Survey	-	-	-
<b>11:00 AM</b>	<b>USA</b>	<b>Conf. Board Consumer Confidence</b>	<b>Apr (F)</b>	<b>77.9</b>	<b>77.9</b>
<b>11:00 AM</b>	<b>USA</b>	<b>U. of Mich. 1 Yr Inflation</b>	<b>Apr (F)</b>	<b>-</b>	<b>3.1%</b>
<b>11:00 AM</b>	<b>USA</b>	<b>U. of Mich. 5-10 Yr Inflation</b>	<b>Apr (F)</b>	<b>-</b>	<b>3.0%</b>
12:00 PM	USA	Kansas City Fed Services Activity	Apr	-	7
10:30 PM	China	Chinese Industrial profit YTD	Mar	-	-



## Macroeconomic projections

	2019	2020	2021	2022	2023	2024
GDP (%)	1,2	-3,3	4,8	3,0	2,9	<b>2,1</b>
Unemployment Rate (average, %)	12,0	13,8	13,2	9,3	8,0	<b>8,1</b>
IPCA (Consumer Price Index) (%)	4,3	4,5	10,1	5,8	4,6	<b>3,6</b>
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	<b>9,25</b>
Exchange Rate (end of period, R\$/US\$)	4,03	5,20	5,58	5,22	4,86	<b>5,10</b>
Current Account Transactions (US\$ billion)	-68,0	-28,2	-46,4	-53,6	-28,6	<b>-29,8</b>
Current Account Transactions (% of GDP)	-3,6	-1,7	-2,9	-2,8	-1,4	<b>-1,5</b>
Trade Balance - BCB (US\$ billion)	26,5	32,4	36,4	44,2	80,5	<b>78,0</b>
Foreign Direct Investment (US\$ billion)	69,2	37,8	46,4	87,2	62,0	<b>72,0</b>
Foreign Direct Investment (% of GDP)	3,7	2,6	2,8	4,5	2,8	<b>3,7</b>
Primary Result of the Central Government (R\$ billion)	-95,1	-743,3	-35,1	54,1	-249,1	<b>-51,7</b>
Primary Result of the Central Government (% of GDP)	-1,3	-9,8	-0,4	0,5	-2,3	<b>-0,4</b>
Primary Result of the Public Sector (R\$ billion)	-61,9	-703,0	64,7	126,0	-249,1	<b>-43,2</b>
Primary Result of the Public Sector (% of GDP)	-0,8	-9,2	0,7	1,3	-2,3	<b>-0,4</b>
Gross Public Debt (% of GDP)	74,4	86,9	77,3	71,7	74,3	<b>76,5</b>

## Our team

Andrea Bastos Damico  
 Gustavo Rostelato  
 Thaís Rodrigues  
 Rita Milani  
 Ítalo Faviano  
 Rafaela de Sousa  
 Adam Tasca  
 Pedro Tempel  
 Adam Mountout

Chief economist and CEO  
 Economist and partner  
 Economist and partner  
 Economist  
 Economist  
 Economist  
 Macroeconomic research analyst  
 Intern  
 Management sales

[andrea@buysidebrazil.com](mailto:andrea@buysidebrazil.com)  
[gustavo@buysidebrazil.com](mailto:gustavo@buysidebrazil.com)  
[thais@buysidebrazil.com](mailto:thais@buysidebrazil.com)  
[rita@buysidebrazil.com](mailto:rita@buysidebrazil.com)  
[italo@buysidebrazil.com](mailto:italo@buysidebrazil.com)  
[rafaela@buysidebrazil.com](mailto:rafaela@buysidebrazil.com)  
[adamtasca@buysidebrazil.com](mailto:adamtasca@buysidebrazil.com)  
[pedro@buysidebrazil.com](mailto:pedro@buysidebrazil.com)  
[adam@buysidebrazil.com](mailto:adam@buysidebrazil.com)

