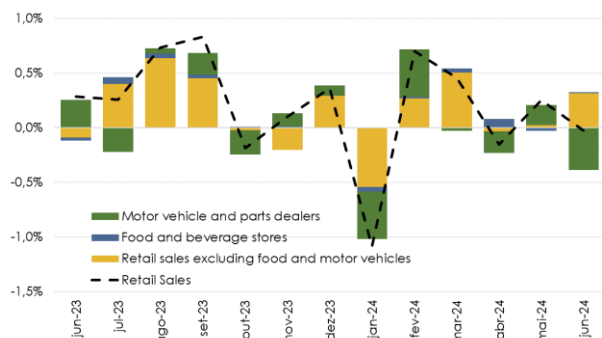


Economic activity in the United States reinforces soft landing narrative

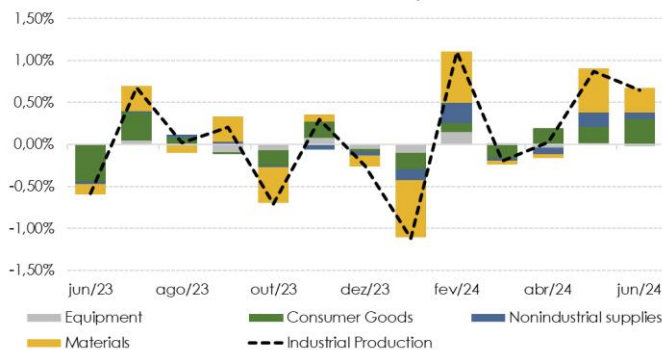
Highlights

- **In the United States, June data showed still heated activity, although inflation has already shown signs of converging towards the target.** Retail sales recorded stability at the margin against expectations of a 0.2% MoM decline. The positive performance was driven by widespread advances in breakdown, in addition to upward revisions in May, both in the headline index and in the core indices. In industry, the 0.6% MoM increase in June was mainly due to the rise in consumer goods production (1.1% MoM compared to 0.7% in May), suggesting an upward bias for the GDP opening in the second quarter. In the July Beige Book, the general perception of the districts was of modest economic growth, while inflation remained moderate, also favoring the view of a soft landing for the American economy.
- **In this scenario, the probability of monetary policy easing starting by the FED in September increases.** However, FOMC members kept a cautious stance regarding the evolution of economic data, seeking to curb expectations of rate cuts as early as the next meeting in July. In speeches this week, committee members emphasized that inflation data is more positive, although the disinflationary path has not yet reached the target. Thus, they reinforced that the FED needs to gain more confidence in the cooling process of both inflation and the labor market, in order to safely start the monetary easing cycle.
- **In Brazil, the anticipation of the announcement in the amount to be restricted eased market fluctuations in the fiscal sphere.** Amid expectations that the spending freeze for 2024 would reach only R\$ 10 billion – even after the government's economic team indicated that this would be the minimum amount – Finance Minister Fernando Haddad announced at a press conference on the 18th that the effective spending cut will reach R\$ 15 billion. Of this amount, R\$ 11.2 billion will be constituted by blockages while R\$ 3.8 billion will be contingencies, enough, according to the minister, to keep the pace of the fiscal framework compliance. Although the magnitude announcement was positive as it indicated transparency and was closer to market forecasts, some concerns remained. In this sense, the announcement still leaves doubts as to whether the efforts would aim at the lower threshold of public accounts or the target center. Thus, expectations of an additional freeze in the September bi-monthly report increased, although the economic team has not signaled anything in this direction. The publication of the July revenue and expenditure report will be next Monday (22) and will bring details of the amount effectively frozen.

Retail Sales - Contribution



Industrial Production - Market Groups - Contribution



Source: BLS, Bloomberg, Buysidebrazil.



Economic Calendar

» In Brazil, highlight to the **July IPCA-15** release, which we project to rise by **0.23% MoM**. Additionally, on the fiscal side, the **Bi-monthly Revenue and Expenditure Report** will be released, as well as the Primary Result and Federal Revenue for June.

» Abroad, the highlight will be the release of the **PCE** and the **2nd quarter GDP of the United States**. In the Eurozone, the preliminary PMIs will be released, while in China, the June Industrial Profits results will be available..

Date	Country	Event	Period	Survey	Prior
7/22/2024 Monday					
8:25 AM	Brazil	Focus (Central Bank Weekly Economist Survey)	-	-	-
9:30 AM	USA	Chicago Fed Nat Activity Index	Jun	-0.06	0.18
3:00 PM	Brazil	Trade Balance Weekly	-	-	\$1428m
-	Brazil	Revenue and Expenditure Report	3° bi	-	-
7/23/2024 Tuesday					
9:30 AM	USA	Services Confidence	Jul	-	2.9
11:00 AM	USA	Richmond Fed Manufact. Index	Jul	-7	-10
11:00 AM	USA	Richmond Fed Business Conditions	Jul	-	-11
11:00 AM	USA	Existing Home Sales	Jun	3.96m	4.11m
11:00 AM	Eurozone	Conf. Board Consumer Confidence	-	-	-14.0
7/24/2024 Wednesday					
5:00 AM	Eurozone	PMI	Jul (P)		
		Manufacturing		-	45.8
		Services		-	52.8
		Composite		-	50.9
9:30 AM	USA	Trade Balance	Jun	-\$98.0b	-\$100.6b
10:45 AM	USA	PMI	Jul (P)		
		Manufacturing		51.7	51.6
		Services		54.5	55.3
		Composite		-	54.8
11:00 AM	USA	New Home Sales	Jun	645k	619k
2:30 PM	Brazil	Foreign Exchange Flow Weekly	-	-	-
5:05 PM	USA	M. Bowman Speech	-	-	-
7/25/2024 Thursday					
5:00 AM	Brazil	Fipe CPI Weekly	-	-	0.00%
8:00 AM	Brazil	Consumer Confidence	Jul	-	91.1
8:30 AM	Brazil	Current Account	Jun	-\$3575m	-\$3400m
8:30 AM	Brazil	Foreign direct investment	Jun	\$4000m	\$3023m
9:00 AM	Brazil	IPCA-15 (MoM)	Jul	0.23%	0.39%
9:30 AM	USA	GDP (QoQ)	2Q A	1.9%	1.4%
9:30 AM	USA	Personal Consumption	2Q A	1.8%	1.5%
9:30 AM	USA	Core PCE (QoQ)	2Q A	2.7%	3.7%
9:30 AM	USA	Durable Goods Orders	Jun (P)	0.5%	0.1%
9:30 AM	USA	Initial Jobless Claims	-	239k	243k
12:00 PM	USA	Manufacturing Confidence	Jul	-6	-8
7/26/2024 Friday					
8:00 AM	Brazil	Construction Confidence	Jul	-	-
8:30 AM	Brazil	Total Outstanding Loans	Jun	-	0.7%
9:30 AM	USA	Personal Income (MoM)	Jun	0.4%	0.5%
9:30 AM	USA	Personal Spending	Jun	0.3%	0.2%
9:30 AM	USA	PCE Deflator (MoM)	Jun	0.1%	0.0%
9:30 AM	USA	PCE Core Deflator MoM	Jun	0.2%	0.1%
11:00 AM	USA	Conf. Board Consumer Confidence	Jul (F)	66.5	66.0
12:00 PM	USA	Kansas City Fed Services Activity	Jul	-	2
10:30 PM	China	Chinese Industrial profit YTD	Jun	-	0.7%
-	Brazil	Central Govt Budget Balance	Jun	-36.5b	-61.0b
TBA					
-	Brazil	Tax Collection	Jun	207300m	202979m



Macroeconomic projections

	2019	2020	2021	2022	2023	2024	2025
GDP (%)	1,2	-3,3	4,8	3,0	2,9	1,9	2,0
Unemployment Rate (average, %)	12,0	13,8	13,2	9,3	8,0	7,6	7,8
IPCA (Consumer Price Index) (%)	4,3	4,5	10,1	5,8	4,6	4,3	3,7
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	10,50	10,00
Exchange Rate (end of period, R\$/US\$)	4,03	5,20	5,58	5,22	4,86	5,40	5,30
Current Account Transactions (US\$ billion)	-68,0	-28,2	-46,4	-53,6	-28,6	-46,5	-47,5
Current Account Transactions (% of GDP)	-3,6	-1,7	-2,9	-2,8	-1,4	-2,0	-2,0
Trade Balance - BCB (US\$ billion)	26,5	32,4	36,4	44,2	80,5	69,0	65,7
Foreign Direct Investment (US\$ billion)	69,2	37,8	46,4	87,2	62,0	71,5	73,0
Foreign Direct Investment (% of GDP)	3,7	2,6	2,8	4,5	2,8	3,1	3,1
Primary Result of the Central Government (R\$ billion)	-95,1	-743,3	-35,1	54,1	-249,1	-75,4	-54,5
Primary Result of the Central Government (% of GDP)	-1,3	-9,8	-0,4	0,5	-2,3	-0,5	-0,4
Primary Result of the Public Sector (R\$ billion)	-61,9	-703,0	64,7	126,0	-249,1	-53,4	-70,5
Primary Result of the Public Sector (% of GDP)	-0,8	-9,2	0,7	1,3	-2,3	-0,5	-0,6
Gross Public Debt (% of GDP)	74,4	86,9	77,3	71,7	74,3	77,1	79,7

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