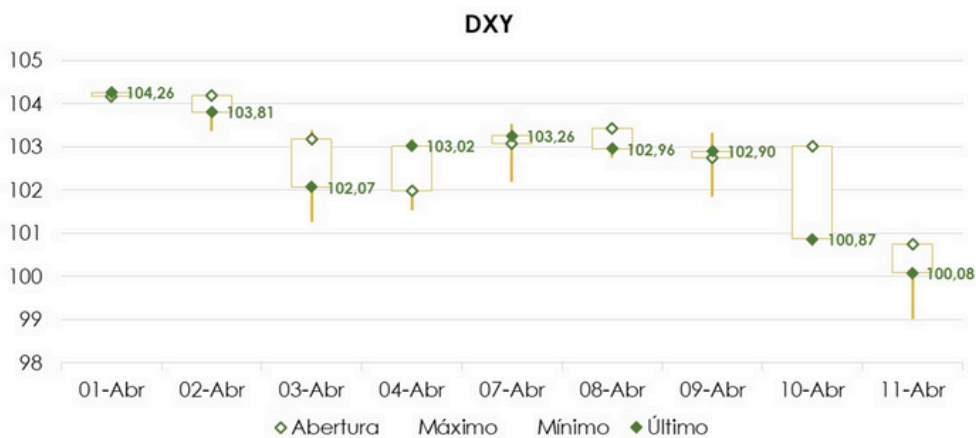


## Volatility sets the tone in the markets

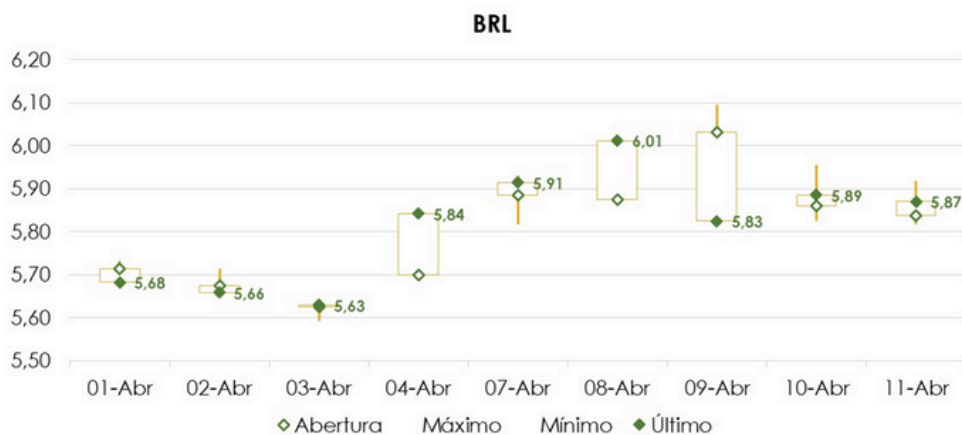
### Highlights

Since the announcement of import tariffs by the United States last week, assets have faced great volatility, both due to uncertainties regarding the prospective global economy and the intense news coverage of recent days.

On Monday (7), the interview with Kevin Hassett, director of the US National Economic Council, to Reuters, was highlighted, claiming that Trump would postpone reciprocal tariffs for 90 days, except for China – which was immediately denied by the president. The following day, on the eve of the tariff policy coming into effect, there was still an expectation of an announcement of some postponement (which did not materialize) while statements by Scott Bessent, Secretary of the Treasury, that Trump would be negotiating with Japan and South Korea brought some relief to risk premiums. On the other hand, White House spokeswoman Karoline Leavitt stated that Trump would increase reciprocal tariffs for China from 84% to 104%. Thus, on Wednesday (9), China announced retaliation, but the final postponement of tariffs prevailed over assets, but with an increase for China to 125% – which brought the total tariff to 145% and generated new retaliation from the country against North American products, with tariffs at 125%. Since yesterday, therefore, the increase in trade tensions between the US and China has intensified the volatility of assets, but reinforced the dynamics of a weaker dollar. However, the pause in tariff policy for other countries reduced the probability of a global recession – even though there is a recession and pressured inflation in the US.



Source: Bloomberg, Buysidebrazil



Source: Bloomberg, Buysidebrazil

**On the data side, current inflation in the United States surprised on the downside in March, but the outlook is for this scenario to worsen – according to the trade situation and according to consumers themselves.**

Last month's CPI result (-0.1% m/m vs est. 0.1%) showed a slowdown in practically all major categories, with the exception of food, which remained under pressure. Energy prices continued to be influenced by the reduction in international oil prices, which contributed strongly to the decline in the headline. In turn, the core decelerated significantly (0.1% m/m vs est. 0.3%), reflecting deflation in goods – which has not yet shown the influence of trade tariffs – and in services, with a more widespread slowdown. The PPI brought an even greater bearish surprise (-0.4% m/m vs est. 0.2%), turning negative for the first time since October 2023. This index also showed a widespread slowdown, mainly due to deflation in food and energy and the weakening of the services core. In services categories, such as airfare and hospital services, there was more modest growth, indicating a more favorable dynamic for the Fed. In any case, the FOMC minutes reinforced the uncertainties regarding the effects of tariff policy, increasing the upside risks for inflation, although it remains dependent on the data given the high uncertainty. In the same sense, Michigan consumer confidence fell sharply (50.8 vs est. 53.5) in the April preview, with 1-year inflation expectations jumping to 6.7% y/y (from 5.0% in March). Finally, it is worth mentioning that small business confidence in March fell 3.3 points, falling below the 51-year average (98 points). For this segment, the implementation of new trade policies also increased the level of uncertainty, reducing expectations for an improvement in the economy and growth in sales.

**In Brazil, assets reacted mainly to the external environment, but important data were released, with emphasis on the IPCA for March – which sent a negative message about the dynamics of consumer inflation.**

The closed IPCA for March was above the consensus expectation (0.56% m/m vs. est. 0.53%), also reflecting an unfavorable composition of the index. Within services, the highlight was underlying openings, such as food away from home and car repair, which were under greater pressure. In industrials, personal hygiene came in stronger, as well as new cars, putting pressure on the group. Thus, the perception persists that inflation should remain unanchored throughout the Central Bank's relevant horizon. In this sense, it is important to highlight the positive surprise of the PMS in February (0.8% m/m vs. est. 0.0%). The more positive performance of services reflected a widespread increase among openings, with emphasis on the recovery of services provided to families, in relation to January. This number reinforced the increase in domestic activity, although it went in the opposite direction of the other IBGE surveys, which presented more moderate results for the month. Also this week, commerce registered an increase of 0.5% m/m in the restricted reading (vs. est. 0.6%) and a decrease of 0.4% m/m in the expanded reading (vs. est. -0.1%) – however, the data for the month of January underwent upward revisions. Finally, the BC Credit Note indicated an increase of 0.4% in the total volume of credit in February, with increases in both openings (balance of individuals and legal entities). However, the increase in the default rate, with emphasis on the opening of free loans, reached 4.5%, was again noteworthy. In addition, more sensitive metrics, such as income commitment and household debt, also deteriorated at the margin, reaching levels of 48.7% and 27.3%, respectively. Thus, we reinforce our expectation of a very gradual slowdown in the economy.

## Economic Calendar

On the domestic front, the agenda will be quite empty. Furthermore, the market will be closed on Friday due to the Easter holiday.

On the international scene, the highlights will be the hard data on activity in the US. In China, the traditional series of economic activity data will also be released. Finally, in the Eurozone, the results of industrial production and the ECB deposit rate will be released.

Date	Country	Event	Period	Survey	Prior
<b>04/14/25 Monday</b>					
8:25 AM	Brazil	Central Bank Weekly Economist Survey (Focus)	-	-	-
3:00 PM	Brazil	Weekly Trade Balance	-	-	\$1.8b
7:00 PM	USA	P. Harker' Speech (Philadelphia)	-	-	-
8:40 PM	USA	R. Bostic' Speech (Atlanta)	-	-	-
<b>04/15/25 Tuesday</b>					
6:00 AM	Germany	ZEW Survey Expectations	Apr	10.0	51.6
<b>6:00 AM</b>	<b>Eurozone</b>	<b>Industrial Production (MoM)</b>	<b>Feb</b>	<b>0.2%</b>	<b>0.8%</b>
8:00 AM	Brazil	IGP-10 (MoM)	Apr	-0.75%	0.04%
9:30 AM	USA	Empire Manufacturing	Apr	-12	-20
9:30 AM	USA	Import Price Index (MoM)	Mar	0.0%	0.4%
9:30 AM	USA	Export Price Index (MoM)	Mar	0.0%	0.1%
<b>11:00 PM</b>	<b>China</b>	<b>GDP (YoY)</b>	<b>1Q</b>	<b>5.2%</b>	<b>5.4%</b>
<b>11:00 PM</b>	<b>China</b>	<b>Industrial Production (YTD YoY)</b>	<b>Mar</b>	<b>5.9%</b>	<b>5.9%</b>
<b>11:00 PM</b>	<b>China</b>	<b>Retail Sales (YTD YoY)</b>	<b>Mar</b>	<b>-</b>	<b>4.0%</b>
<b>11:00 PM</b>	<b>China</b>	<b>Fixed Assets Ex-Rural (YTD YoY)</b>	<b>Mar</b>	<b>4.1%</b>	<b>4.1%</b>
<b>11:00 PM</b>	<b>China</b>	<b>Property Investments (YTD YoY)</b>	<b>Mar</b>	<b>-9.7%</b>	<b>-9.8%</b>
<b>11:00 PM</b>	<b>China</b>	<b>Unemployment Rate</b>	<b>Mar</b>	<b>5.3%</b>	<b>5.4%</b>
<b>11:00 PM</b>	<b>China</b>	<b>Residential Property Sales (YTD YoY)</b>	<b>Mar</b>	<b>-</b>	<b>-0.4%</b>
<b>04/16/25 Wednesday</b>					
6:00 AM	Eurozone	CPI (MoM)	Mar (F)	0.6%	0.6%
8:00 AM	Brazil	IGP-M (MoM)	Apr (2P)	-	-0.28%
<b>9:30 AM</b>	<b>USA</b>	<b>Retail Sales (MoM)</b>	<b>Mar</b>		
		Total		1.4%	0.2%
		Control Group		0.6%	1.0%
9:30 AM	USA	New York Fed Services Business Activity	Apr		-19.3
<b>10:15 AM</b>	<b>USA</b>	<b>Industrial Production (MoM)</b>	<b>Mar</b>	<b>-0.2%</b>	<b>0.7%</b>
11:00 AM	USA	NAHB Housing Market Index	Apr	38	39
1:00 PM	USA	B. Hammack' Speech (Cleveland)	-	-	-
<b>2:30 PM</b>	<b>USA</b>	<b>J. Powell' Speech</b>	-	-	-
2:30 PM	Brazil	Foreign Exchange Transactions	-	-	-
8:00 PM	USA	J. Schmid' Speech (Kansas)	-	-	-
<b>04/17/25 Thursday</b>					
5:00 AM	Brazil	IPC-Fipe (MoM)	Apr (3P)	-	0.31%
<b>9:15 AM</b>	<b>Eurozone</b>	<b>ECB Deposit Facility Rate</b>	<b>-</b>	<b>2.25%</b>	<b>2.50%</b>
9:30 AM	USA	New Home Building	Mar	1418k	1501k
9:30 AM	USA	Building Permits	Mar (P)	1450k	1459k
9:30 AM	USA	Initial Jobless Claims	-	225k	223k
9:30 AM	USA	Philadelphia Fed Business Outlook	Apr	3.0	12.5
<b>10:45 AM</b>	<b>Eurozone</b>	<b>Interview with C. Lagarde on ECB Meeting</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>04/18/25 Friday</b>					
-	<b>Brazil</b>	<b>National Holiday - Closed Market</b>	-	-	-
-	<b>USA</b>	<b>National Holiday - Closed Market</b>	-	-	-

**Macroeconomic projections**

	2019	2020	2021	2022	2023	2024	2025	2026
GDP (%)	1,2	-3,3	4,8	3,0	2,9	3,4	<b>1,9</b>	<b>1,6</b>
Unemployment Rate (average, %)	12,0	13,8	13,2	9,3	8,0	6,6	<b>7,1</b>	<b>7,5</b>
IPCA (Consumer Price Index) (%)	4,3	4,5	10,1	5,8	4,6	4,8	<b>5,4</b>	<b>4,6</b>
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	12,25	<b>15,00</b>	<b>13,00</b>
Exchange Rate (end of period, R\$/US\$)	4,03	5,20	5,58	5,22	4,84	6,19	<b>5,85</b>	<b>5,95</b>
Current Account Transactions (US\$ billion)	-68,0	-28,2	-46,4	-53,6	-28,6	-56,0	<b>-65,1</b>	<b>-69,4</b>
Current Account Transactions (% of GDP)	-3,6	-1,7	-2,9	-2,8	-1,4	-2,6	<b>-2,9</b>	<b>-3,0</b>
Trade Balance - BCB (US\$ billion)	26,5	32,4	36,4	44,2	80,5	66,2	<b>60,2</b>	<b>57,9</b>
Foreign Direct Investment (US\$ billion)	69,2	37,8	46,4	87,2	62,0	71,1	<b>72,0</b>	<b>75,0</b>
Foreign Direct Investment (% of GDP)	3,7	2,6	2,8	4,5	2,8	3,2	<b>3,2</b>	<b>3,2</b>
Primary Result of the Central Government (R\$ billion)	-95,1	-743,3	-35,1	54,1	-249,1	-43,0	<b>-61,0</b>	<b>-51,0</b>
Primary Result of the Central Government (% of GDP)	-1,3	-9,8	-0,4	0,5	-2,3	-0,4	<b>-0,5</b>	<b>-0,4</b>
Primary Result of the Public Sector (R\$ billion)	-61,9	-703,0	64,7	126,0	-249,1	-47,6	<b>-52,3</b>	<b>-50,0</b>
Primary Result of the Public Sector (% of GDP)	-0,8	-9,2	0,7	1,3	-2,3	-0,4	<b>-0,4</b>	<b>-0,4</b>
Gross Public Debt (% of GDP)	74,4	86,9	77,3	71,7	74,3	76,1	<b>80,0</b>	<b>84,4</b>

## Our team

**Andrea Bastos Damico**  
Chief Economist and CEO  
[andrea@buysidebrazil.com](mailto:andrea@buysidebrazil.com)

**Rita Milani**  
Economist  
[rita@buysidebrazil.com](mailto:rita@buysidebrazil.com)

**Rafaela de Sousa**  
Economist  
[rafaela@buysidebrazil.com](mailto:rafaela@buysidebrazil.com)

**Henrique Miareli**  
Economist  
[henrique@buysidebrazil.com](mailto:henrique@buysidebrazil.com)

**Pedro Tempel**  
Macroresearch Analyst  
[pedro@buysidebrazil.com](mailto:pedro@buysidebrazil.com)

**Mirella Hirakawa**  
Research Coordinator and Partner  
[mirella@buysidebrazil.com](mailto:mirella@buysidebrazil.com)

**Thaís Rodrigues**  
Economist and Partner  
[thais@buysidebrazil.com](mailto:thais@buysidebrazil.com)

**Ítalo Faviano**  
Economist  
[italo@buysidebrazil.com](mailto:italo@buysidebrazil.com)

**Vitor Rodrigues**  
Intern  
[vitor@buysidebrazil.com](mailto:vitor@buysidebrazil.com)

