

Barclays

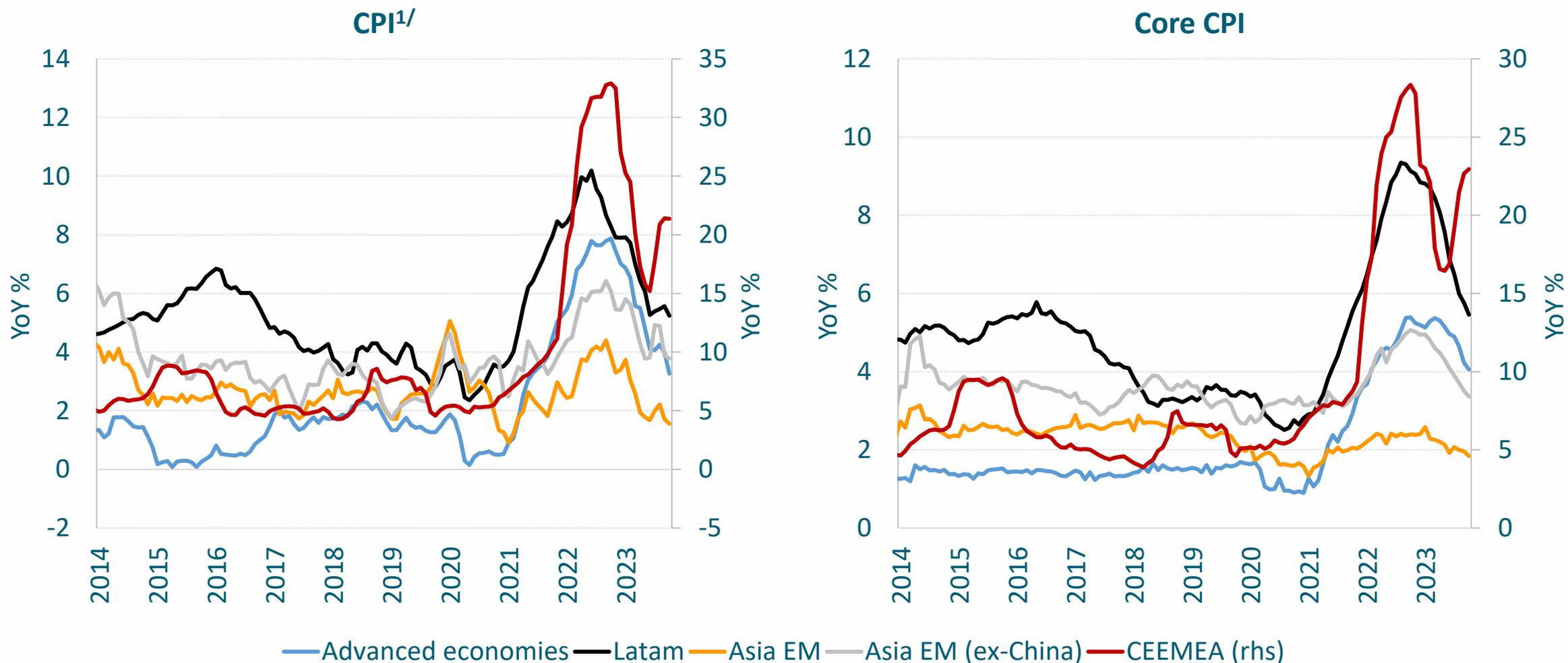
Banco Central do Brasil

Diogo Guillen – Deputy Governor for Economic Policy

December 1st, 2023

Global outlook

CPIs and core inflation

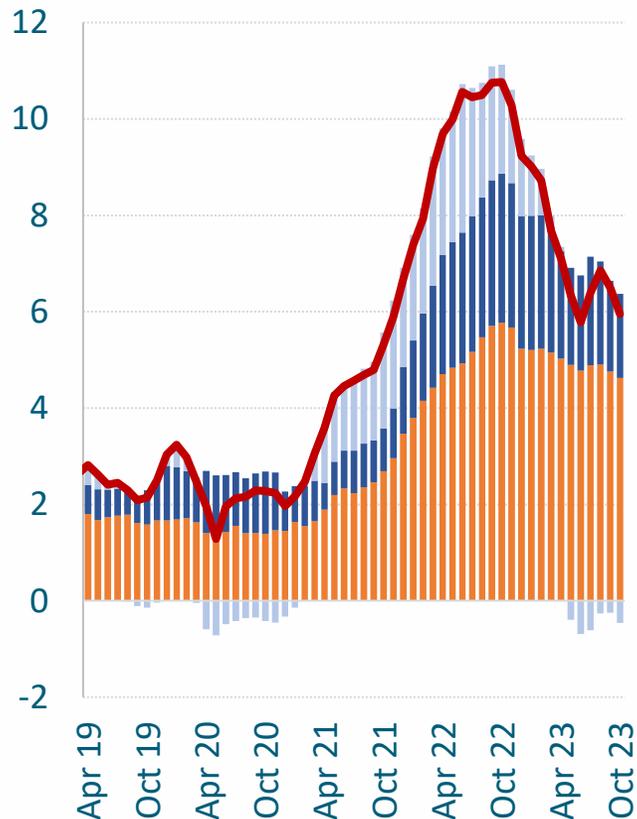


1/ Weighted by PPP; Latam: BRA, MEX, CHL, COL, PER; CEEMEA: TUR, RUS, BGR, CZE, HUN, POL, ROU, SVK; Asia EM: CHN, IDN, IND, KOR, HKG, MYS, PHL, SGP, TWN, THA; Advanced economies: DEU, FRA, ITA, GRC, PRT, IRL, ESP, CHE, NOR, SWE, DNK, FIN, USA

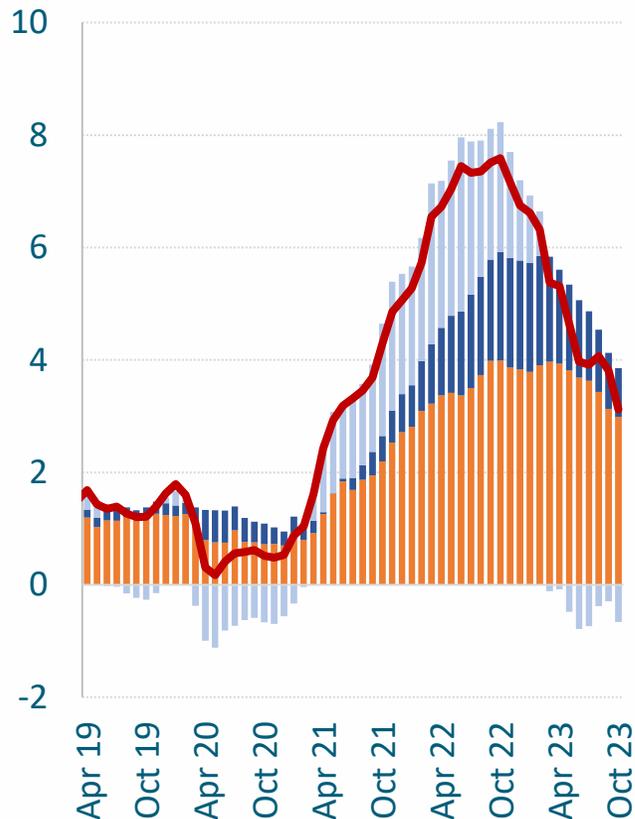
Source: Bloomberg

Global inflation

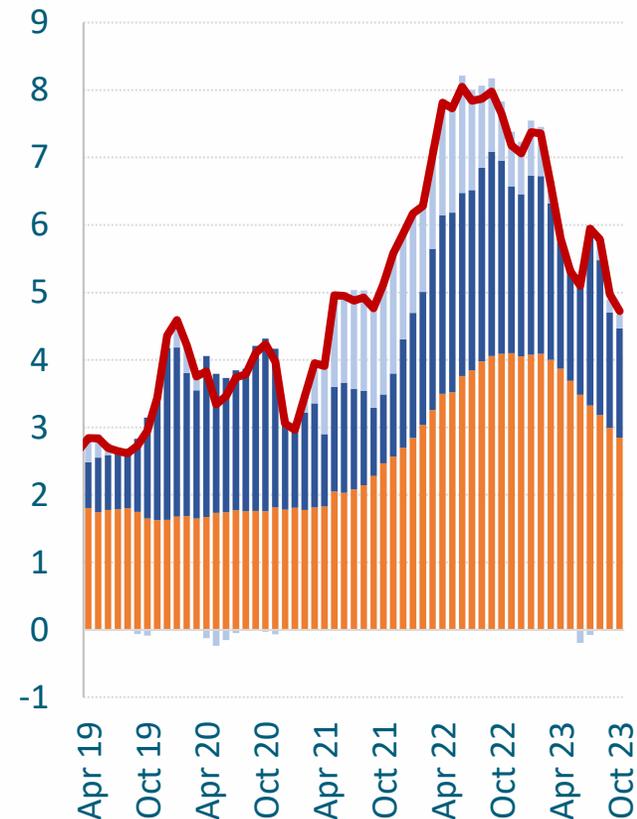
Global inflation^{1/}
annual change %



Advanced economies
annual change %



Emerging market economies
annual change %



Core CPI

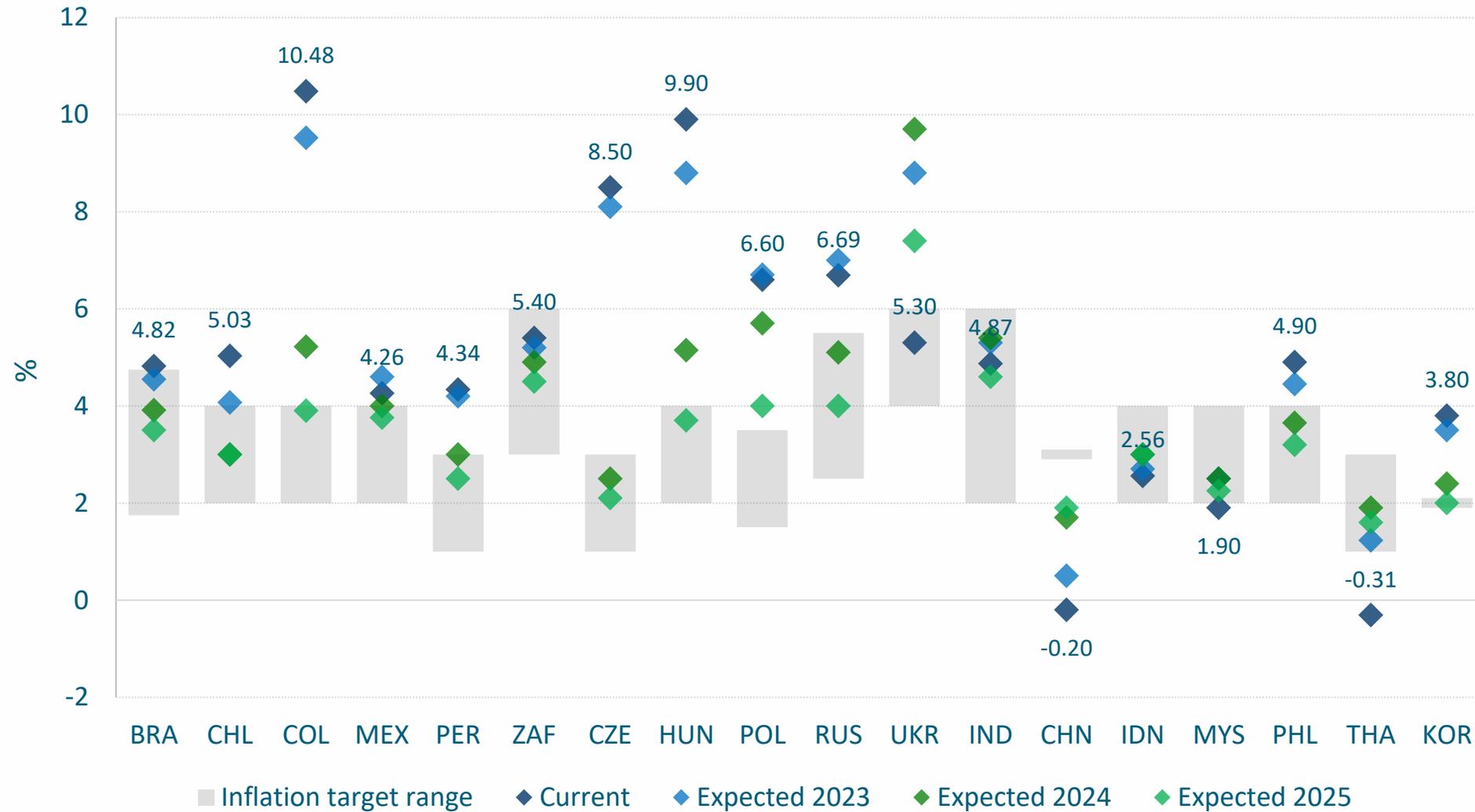
Food

Energy

CPI

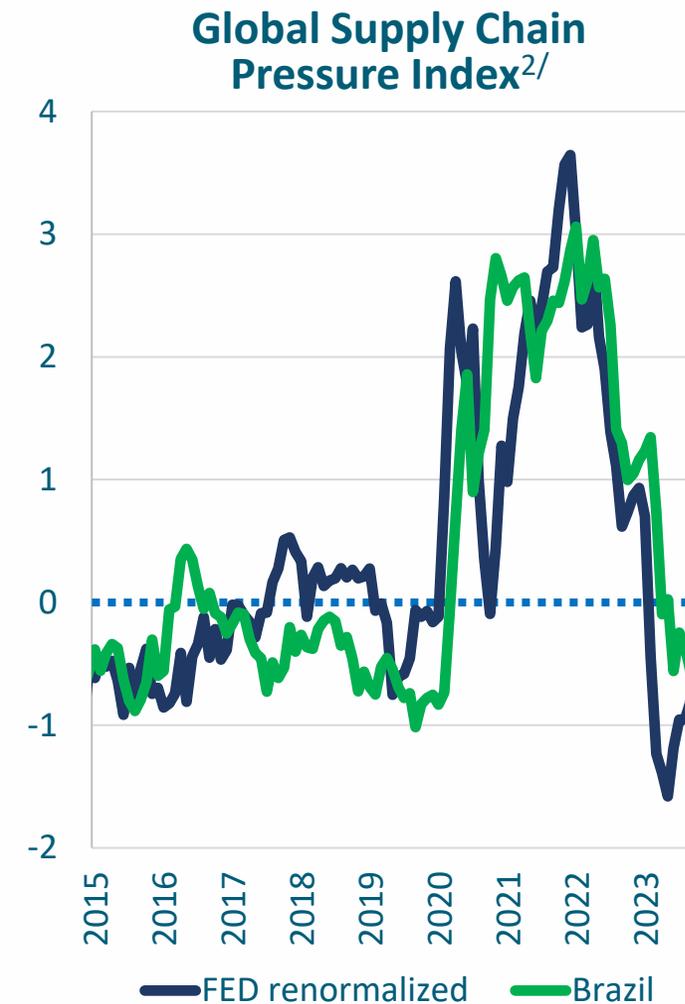
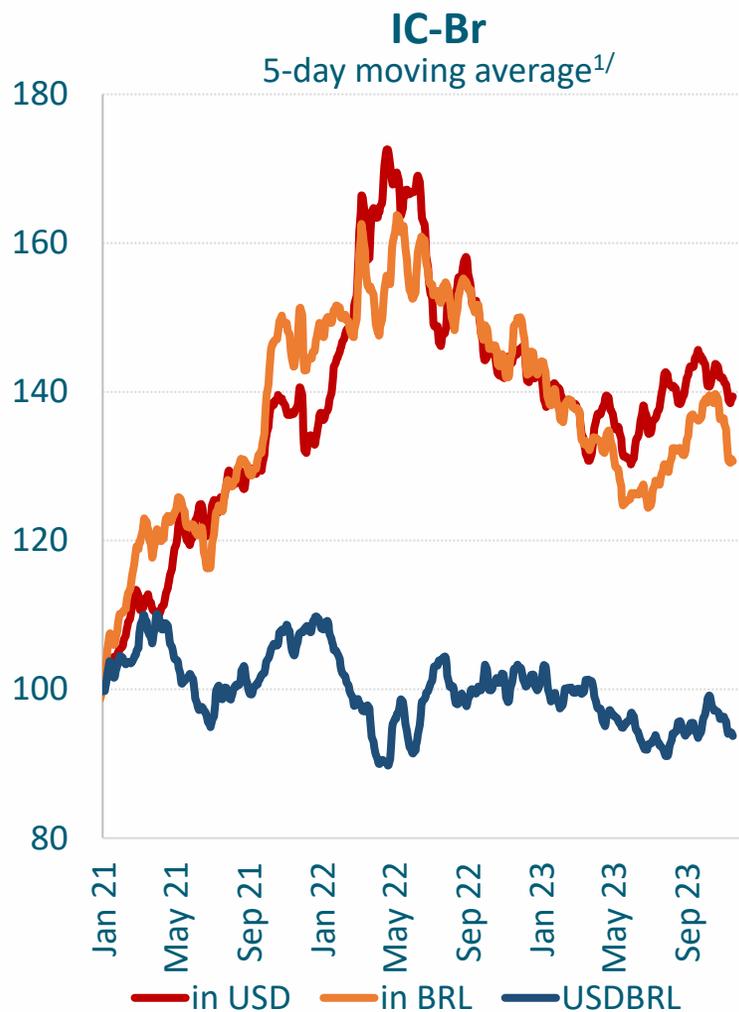
^{1/} DEU, FRA, GBR, ITA, NER, BEL, IRL, ESP, CHE, NOR, DNK, SWE, FIN, CAN, USA, JPN, BRA, MEX, CHL, COL, IND, KOR, ZAF, TUR, BGR, CZE, HUN, POL, ROU and SVK

Inflation expectations



For 2023 and 2024: Surveys for BRA, CHL, COL, MEX, PER and RUS
 Others: Bloomberg (2023: YoY end of period; 2024 and 2025: yearly average)

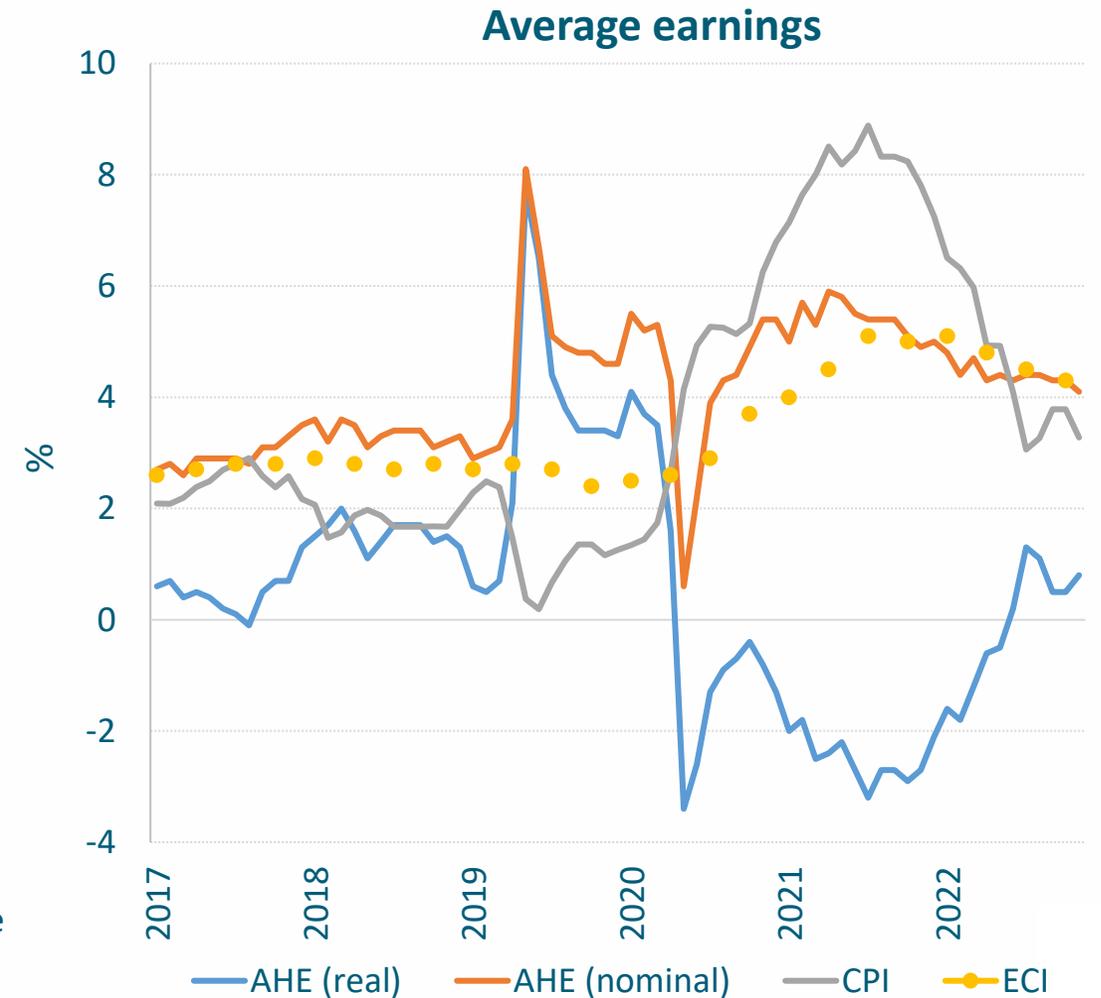
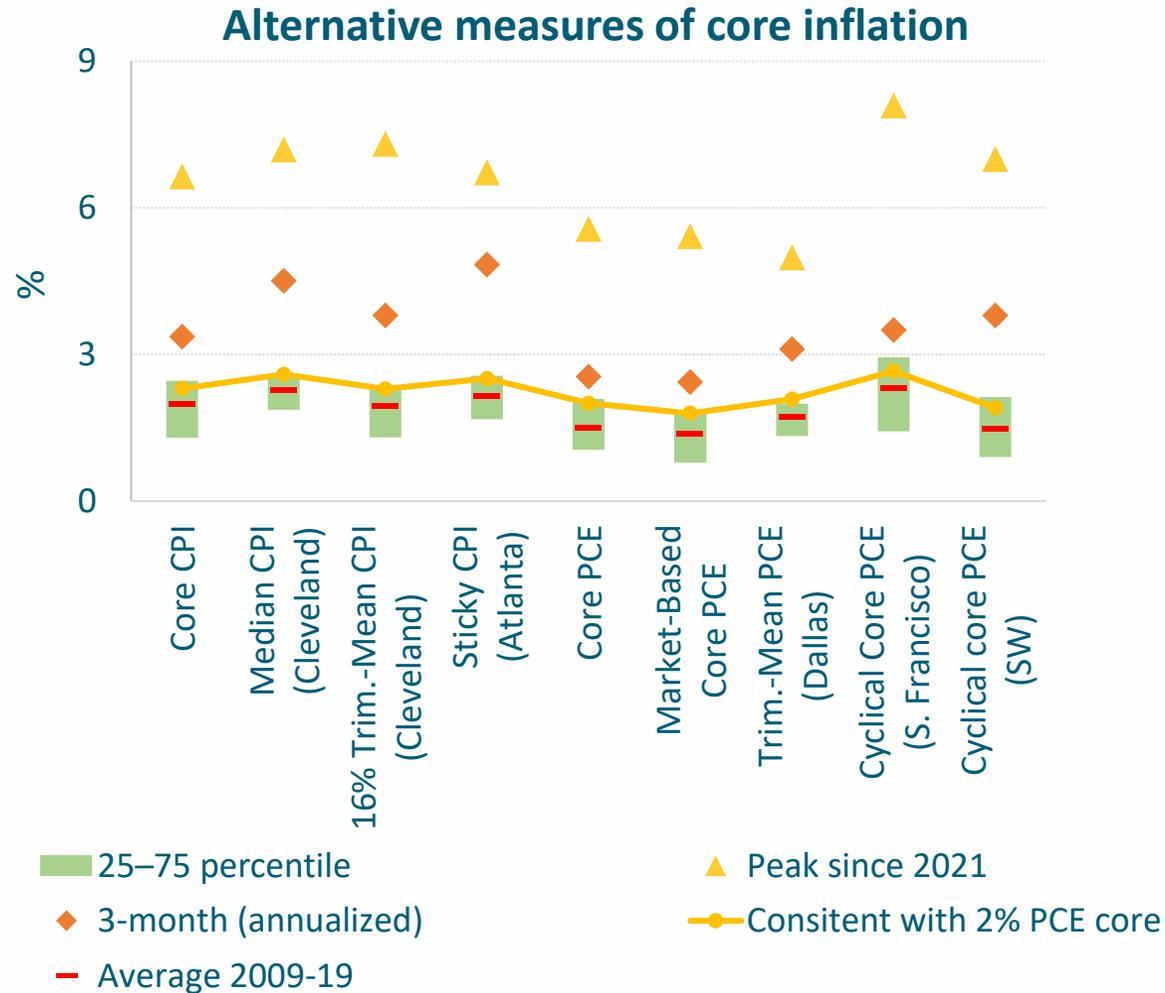
Commodity prices



Sources: BCB and Federal Reserve of New York

1/ Index Dec 31st, 2020 = 100
 2/ standard deviation from the mean

Core inflation and labor market in the United States

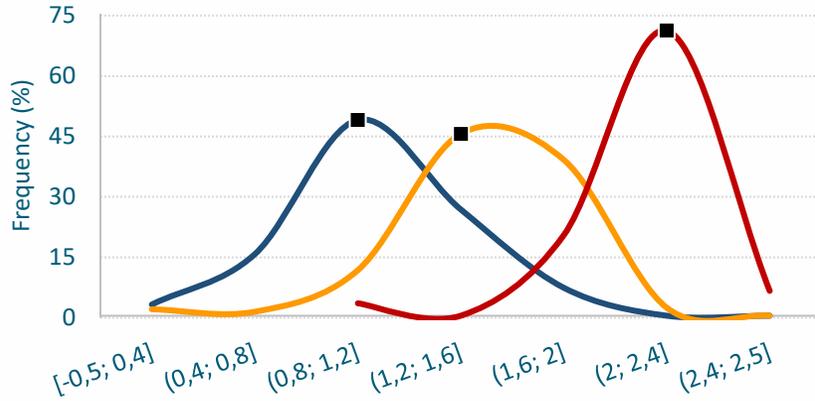


Sources: Federal Reserve of Atlanta, Federal Reserve of San Francisco and Bloomberg

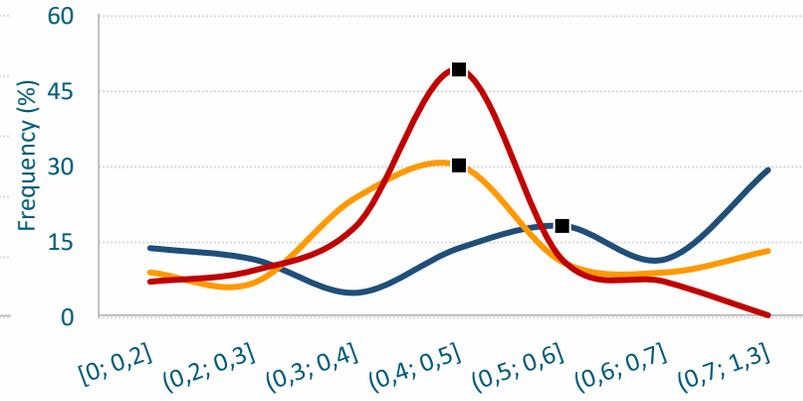
AHE: average hourly earnings; ECI: employment cost index

GDP growth expectations

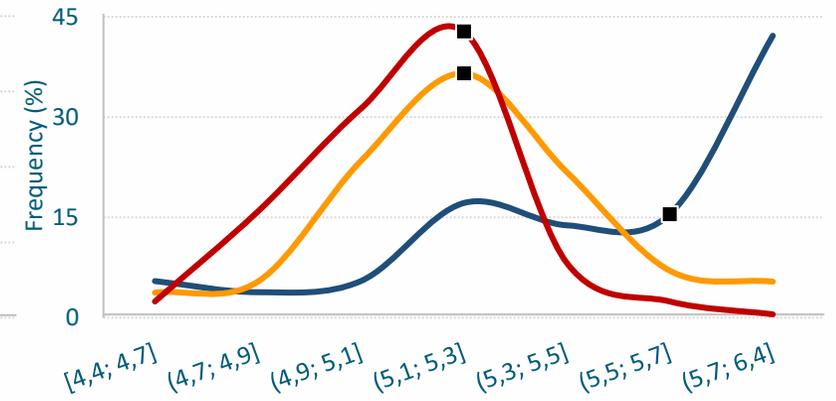
GDP US 2023



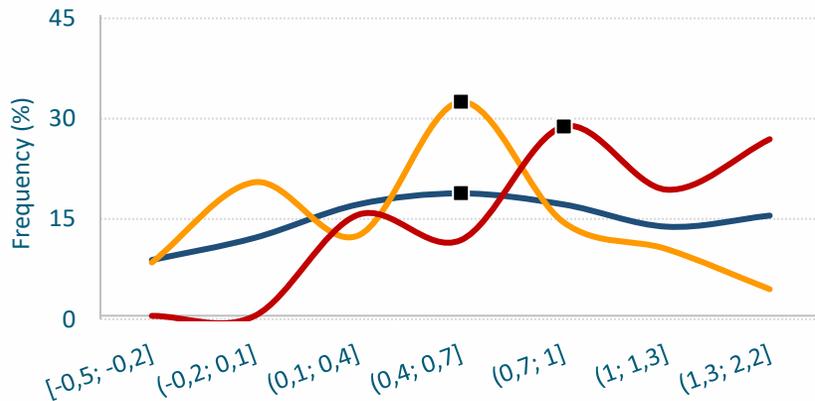
GDP Euro Area 2023



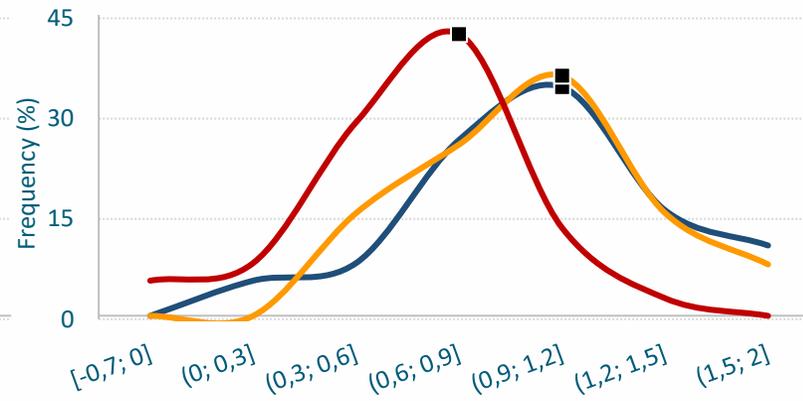
GDP China 2023



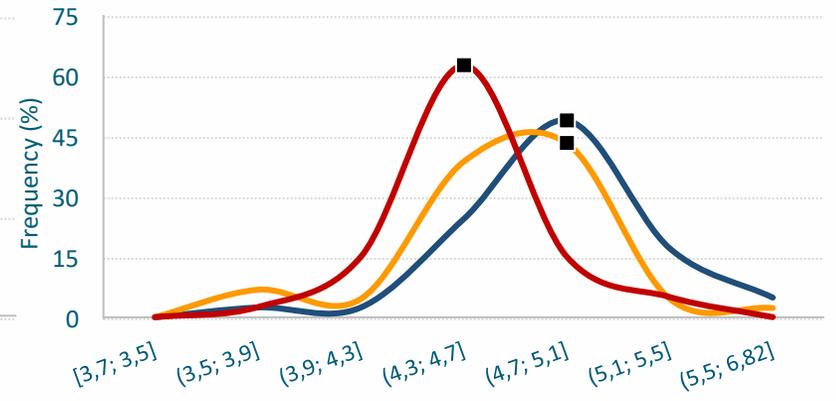
GDP US 2024



GDP Euro Area 2024



GDP China 2024



— in April 2023

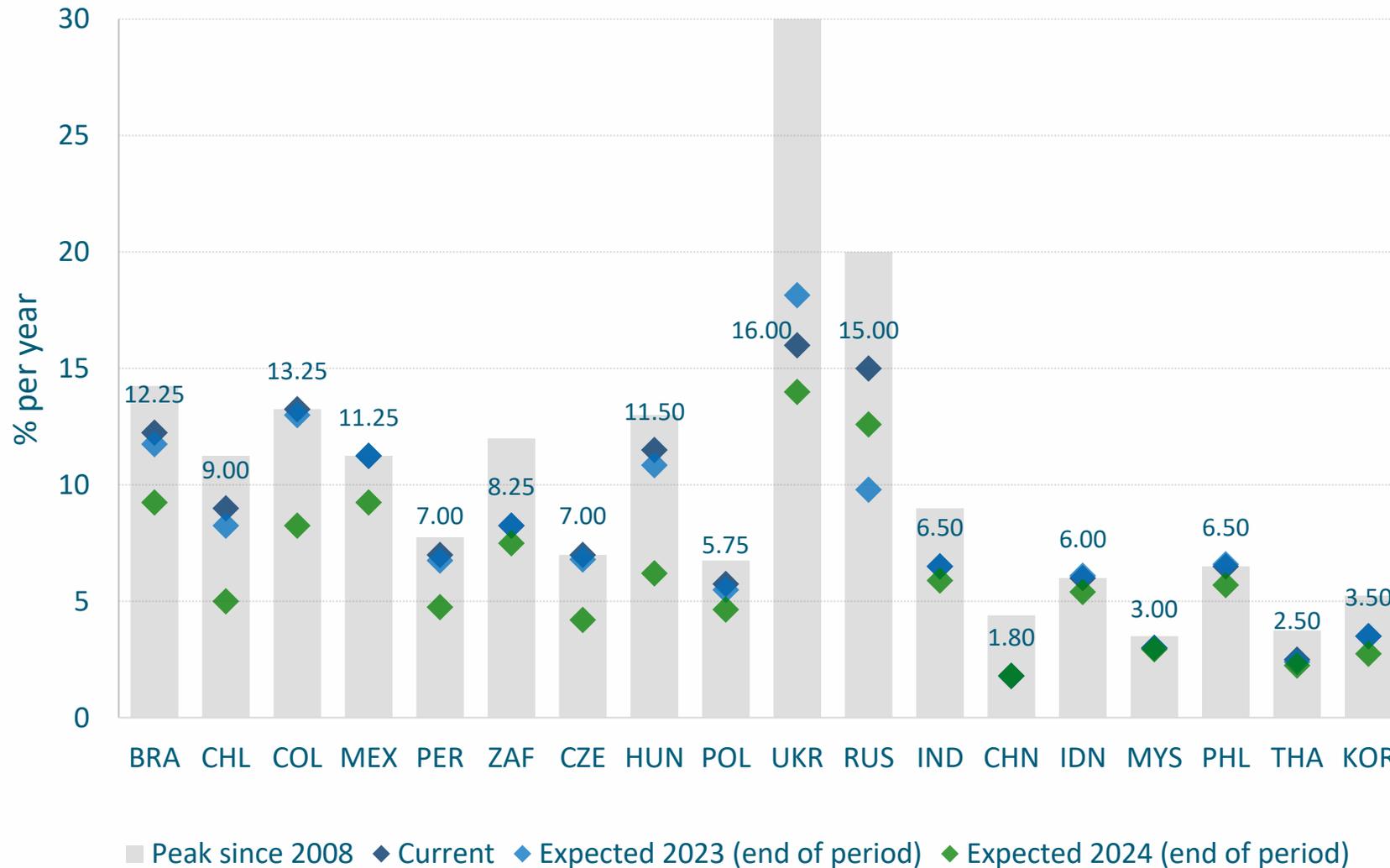
— in July 2023

— in October 2023

■ median

Source: Bloomberg

Expectations for base interest rate



- **Mexico** (Sep 28th) kept policy rate at 11.25% for the fourth meeting –as expected– and signaled rates at this level for an extended period.
- **Colombia** (Oct 27th) maintained rate at 13.25% for the third meeting (split decision 5 vs. 2 for a 25 bps cut), in line with expectations.
- **Peru** (Oct 5th) second cut of 25 bps –in line with expectations– and kept message that decision does not imply a cycle of cuts.
- **Chile** (Oct 26th) 50 bps cut, less than expected, having mentioned worsening external conditions. Central Bank suspended replenishment of reserves.

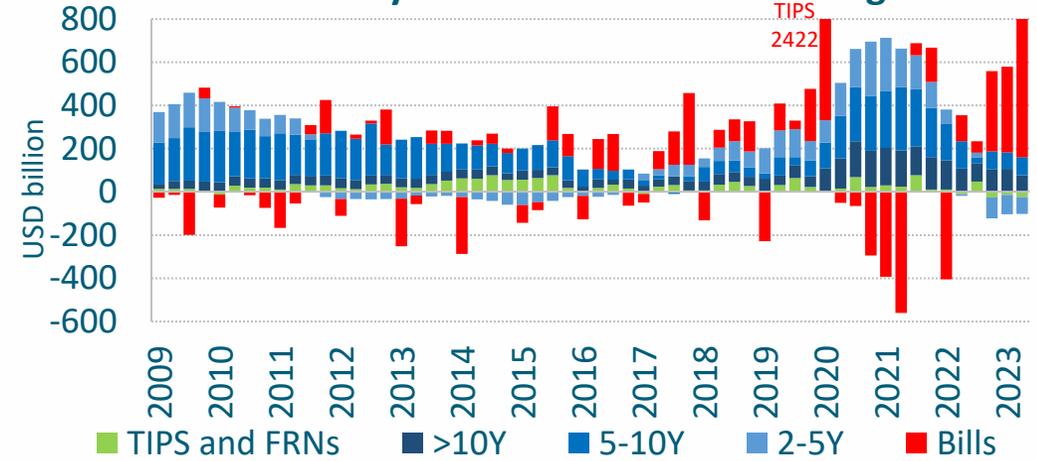
Sources: Bloomberg and central banks

Interest rate in the US

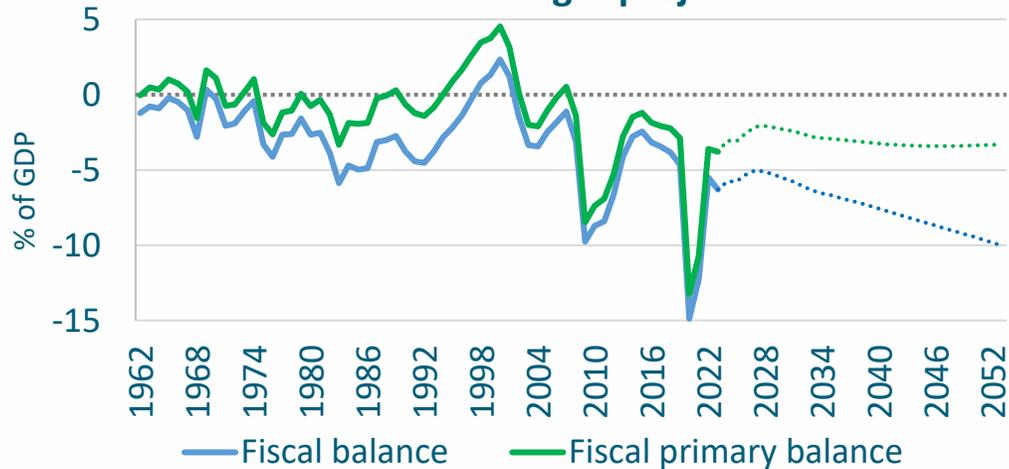
US Treasury yield (10-year bonds)



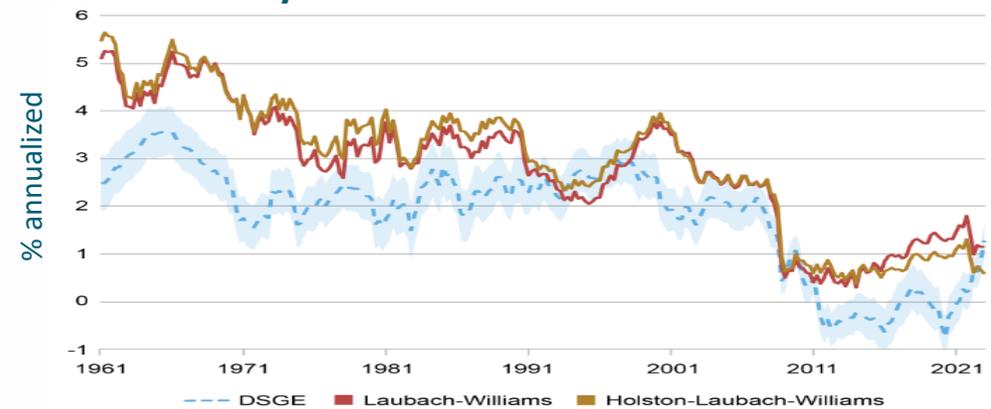
Treasury Net Marketable Borrowing



Federal budget projections



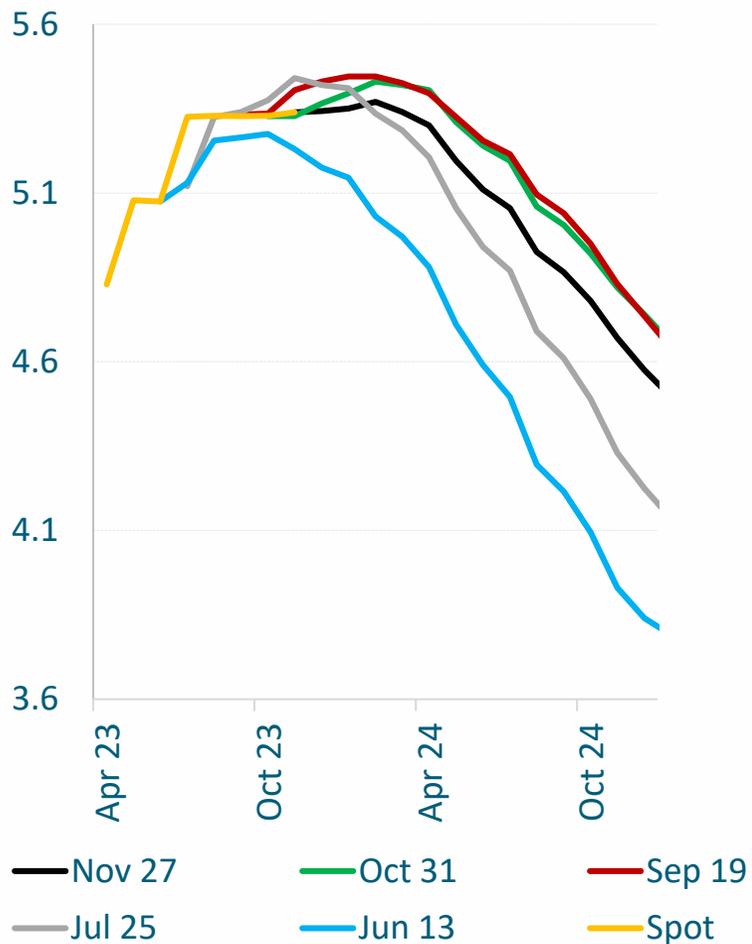
DSGE 5-year r^* and the LW and HLW measures



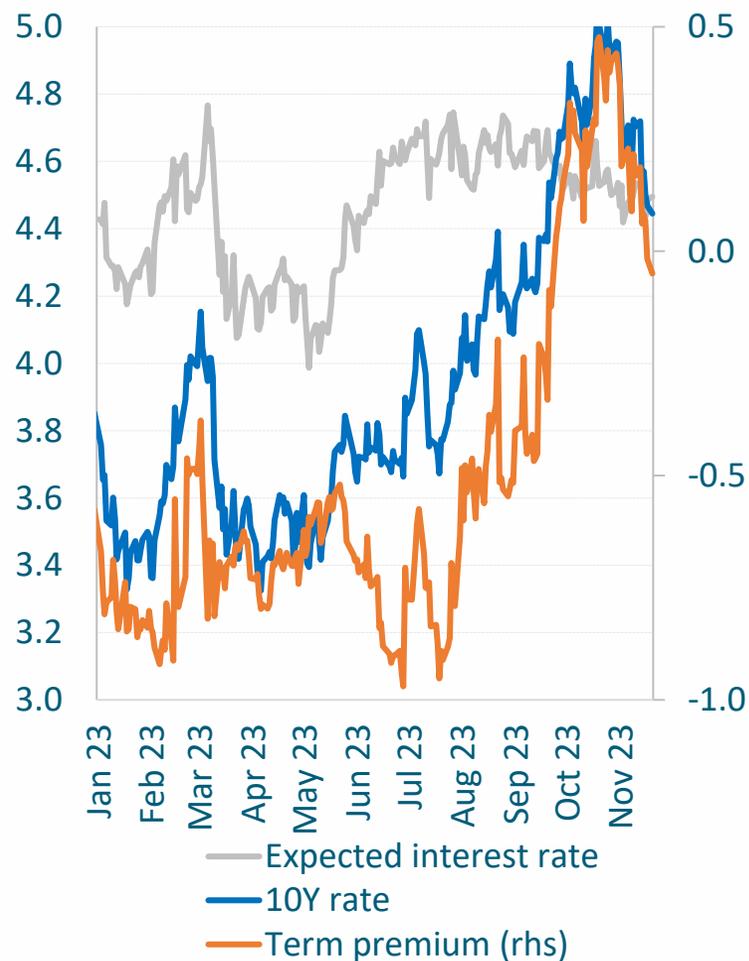
Sources: Bloomberg, CBO, US Treasury and Federal Reserve of New York

Yield curve in the US

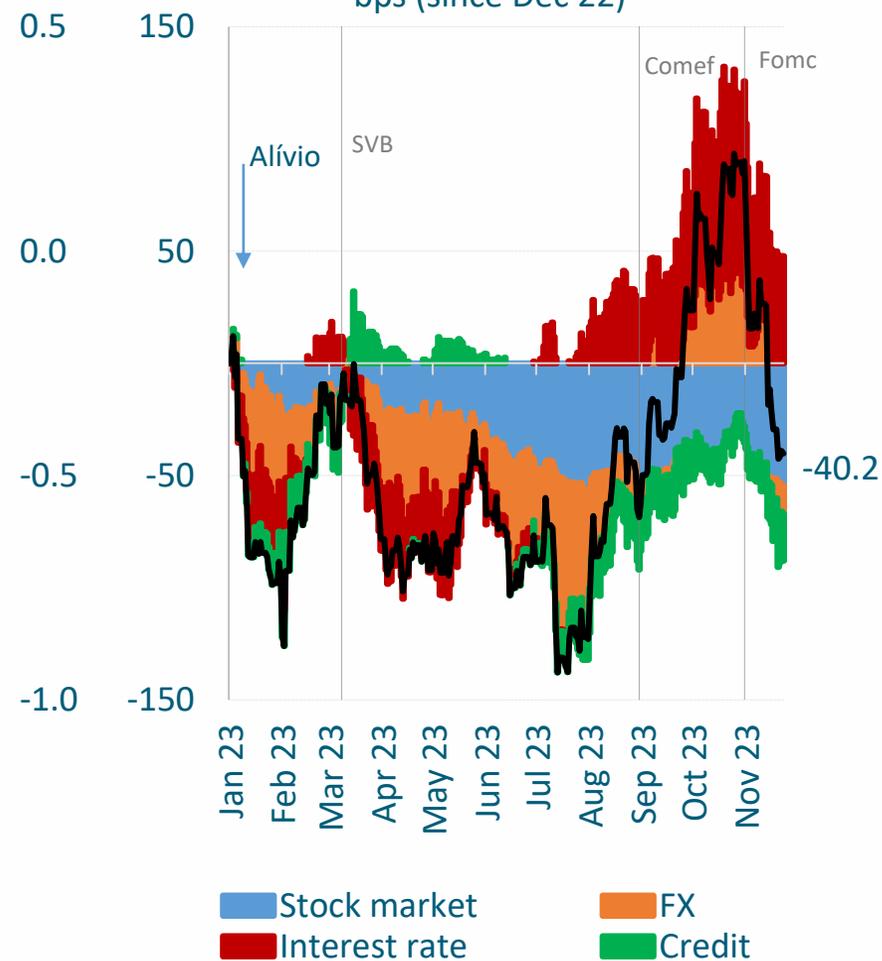
Yield curve
%



10-year term Premium
%; p.p.

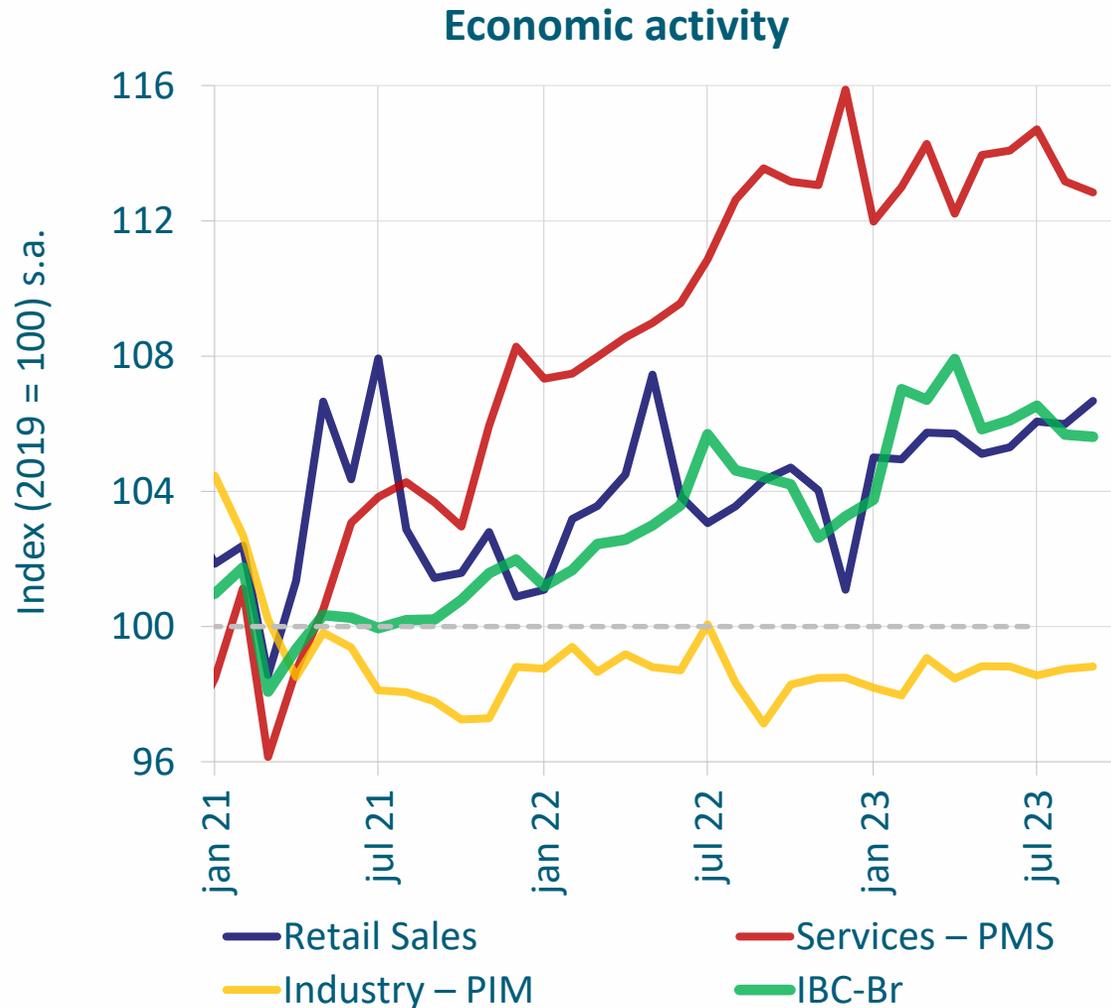


Fed Fund equivalent to financial conditions
bps (since Dec 22)



Economic Activity

Economic activity



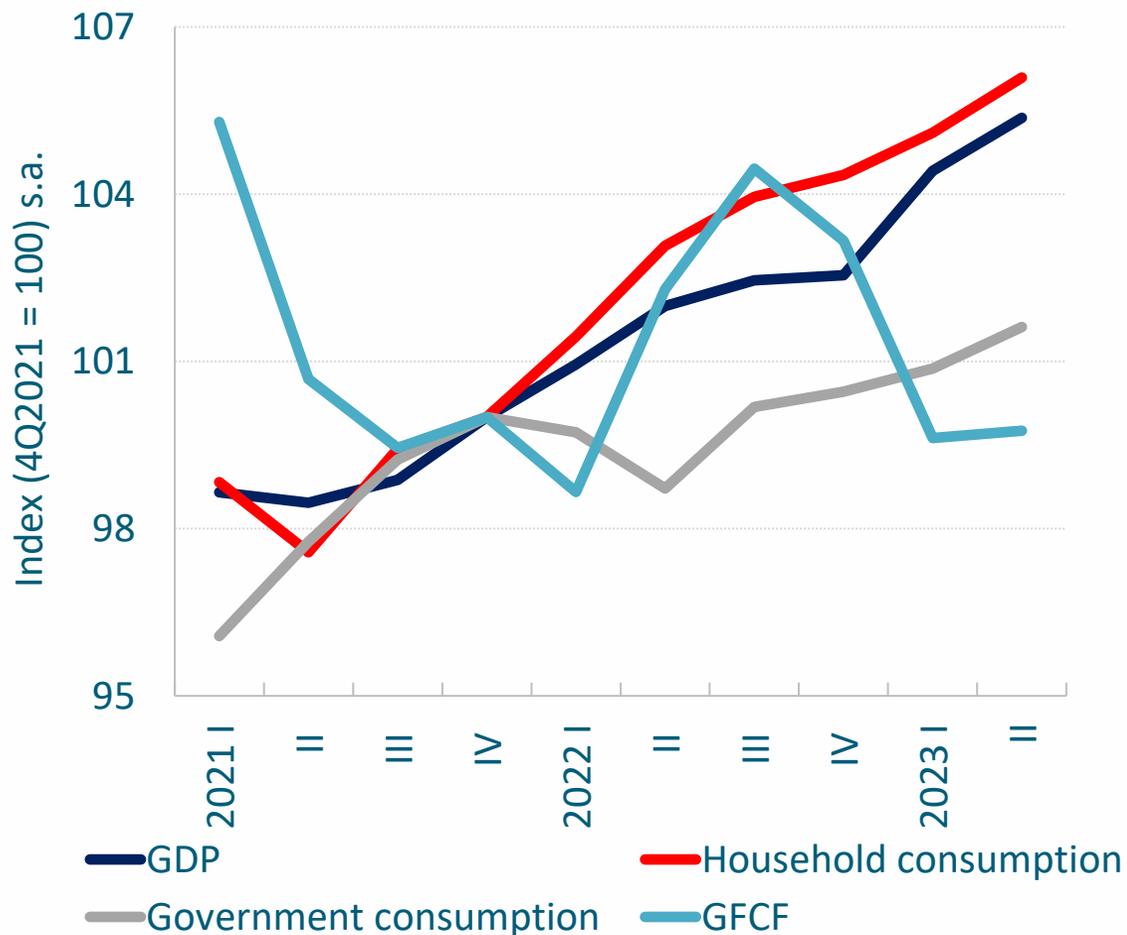
Sources: IBGE and BCB

Percentual change seasonally adjusted

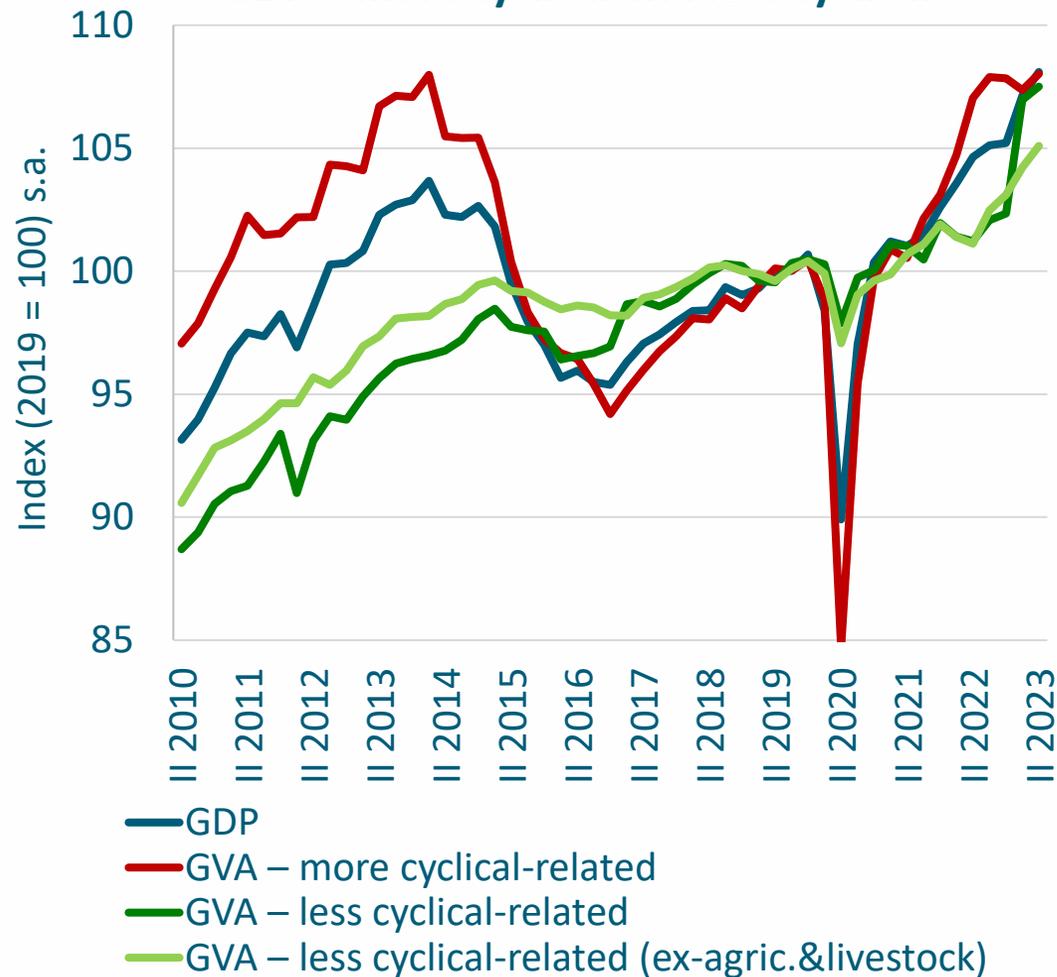
	2Q23	Jul23	Aug23	Sep23	3Q23	Carry-over	
						4Q23	2023
Total industry	0.3	-0.3	0.2	0.1	0.0	0.1	0.0
Mining	2.8	-1.4	-4.2	5.6	-0.1	2.2	6.4
Manufacturing	0.0	-0.4	1.1	-0.3	0.1	0.2	-1.0
Commerce – restricted	0.1	0.7	-0.1	0.6	0.8	0.4	2.1
Commerce – broad	0.1	-0.7	0.6	0.2	0.0	0.3	2.5
Commerce – broad wholesale food	0.2	0.3	0.1	0.5	1.1	0.4	2.6
Services	0.3	0.6	-1.3	-0.3	0.1	-0.6	2.2
Services – Households	1.0	1.1	-3.7	3.0	0.9	0.7	4.2
IBC-Br	0.7	0.4	-0.8	-0.1	-0.6	-0.3	2.6
IBC-Br ex-Agriculture and livestock	1.1	0.1	-0.2	-0.1	0.3	-0.1	1.6
IBC-Br indirect adjustment	0.8	0.2	-0.9	-0.2	-0.9	-0.4	2.9

Quarterly GDP

GDP – Demand



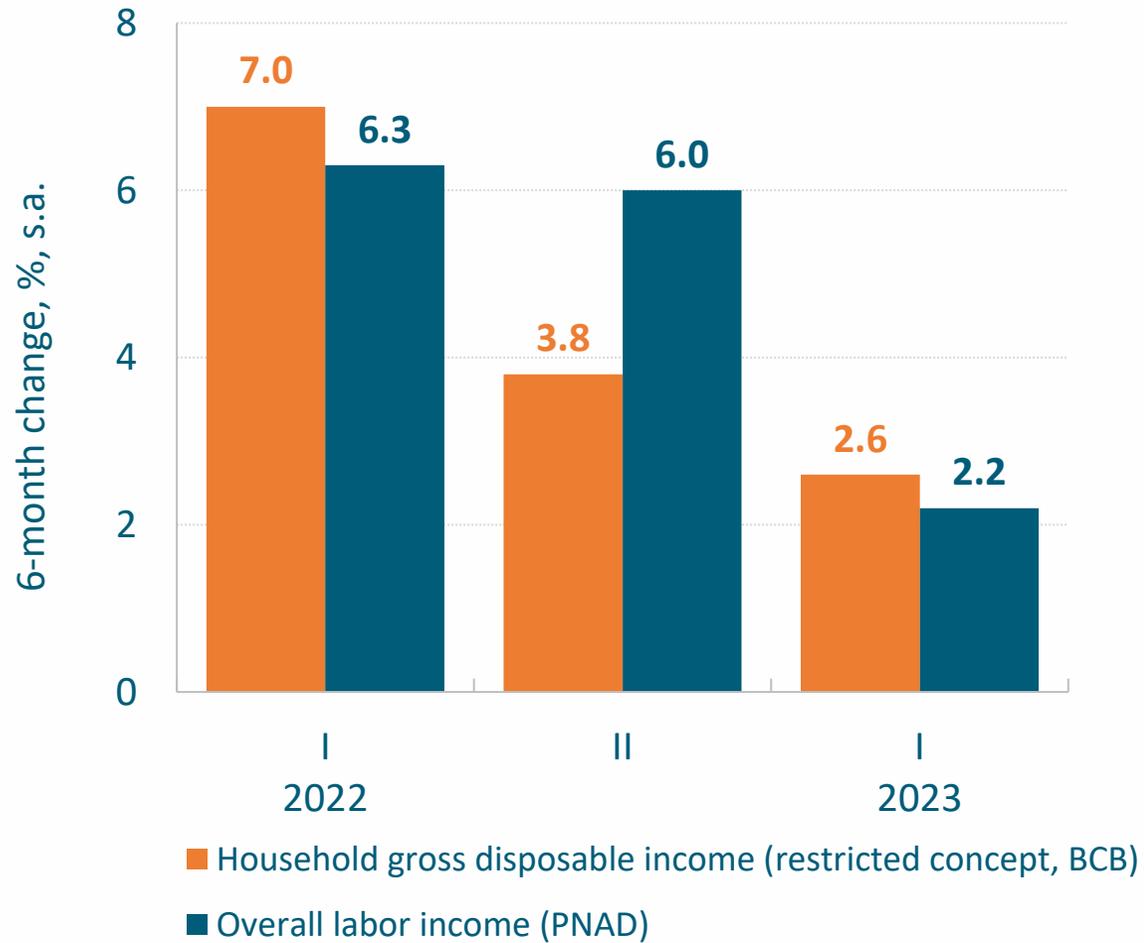
GDP – more cyclical and less cyclical



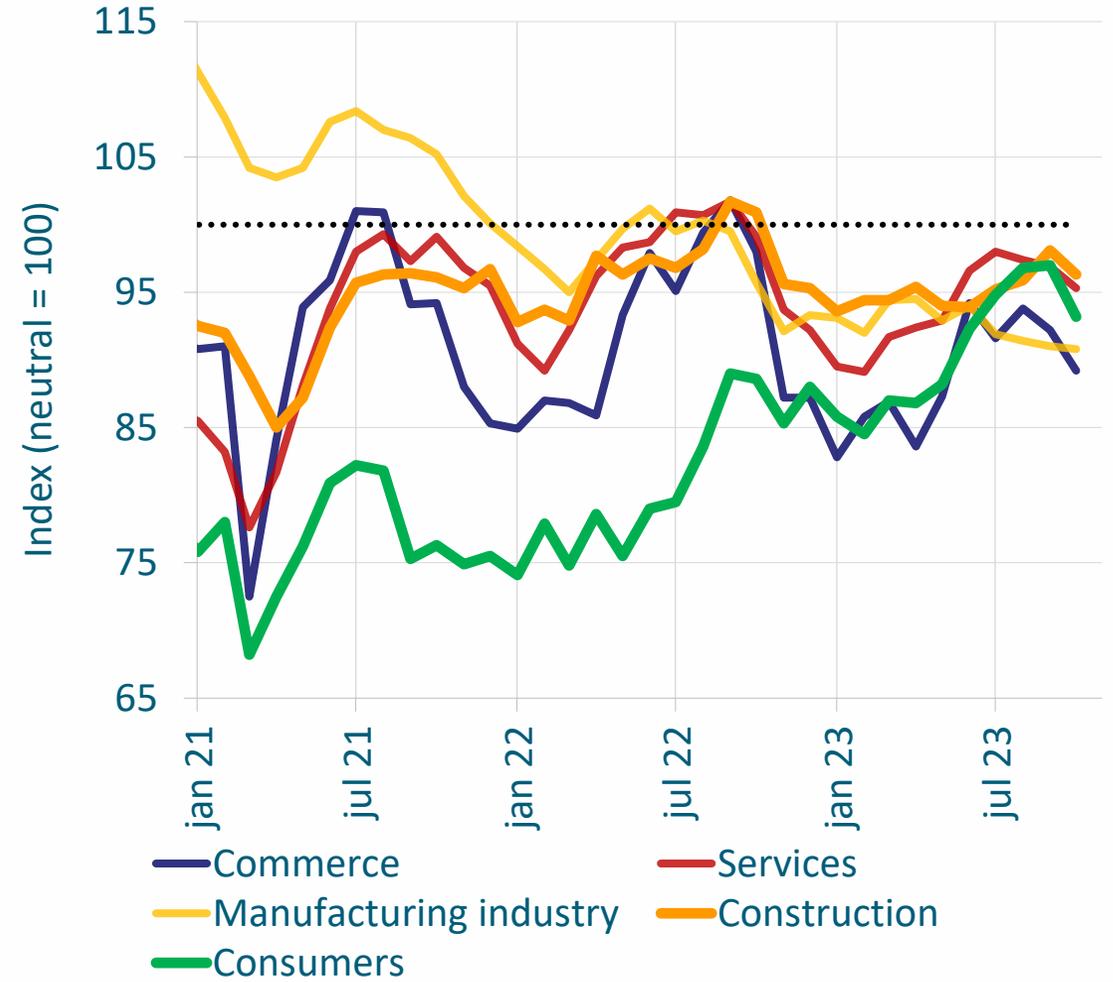
Sources: IBGE and BCB

Disposable income

Household disposable income



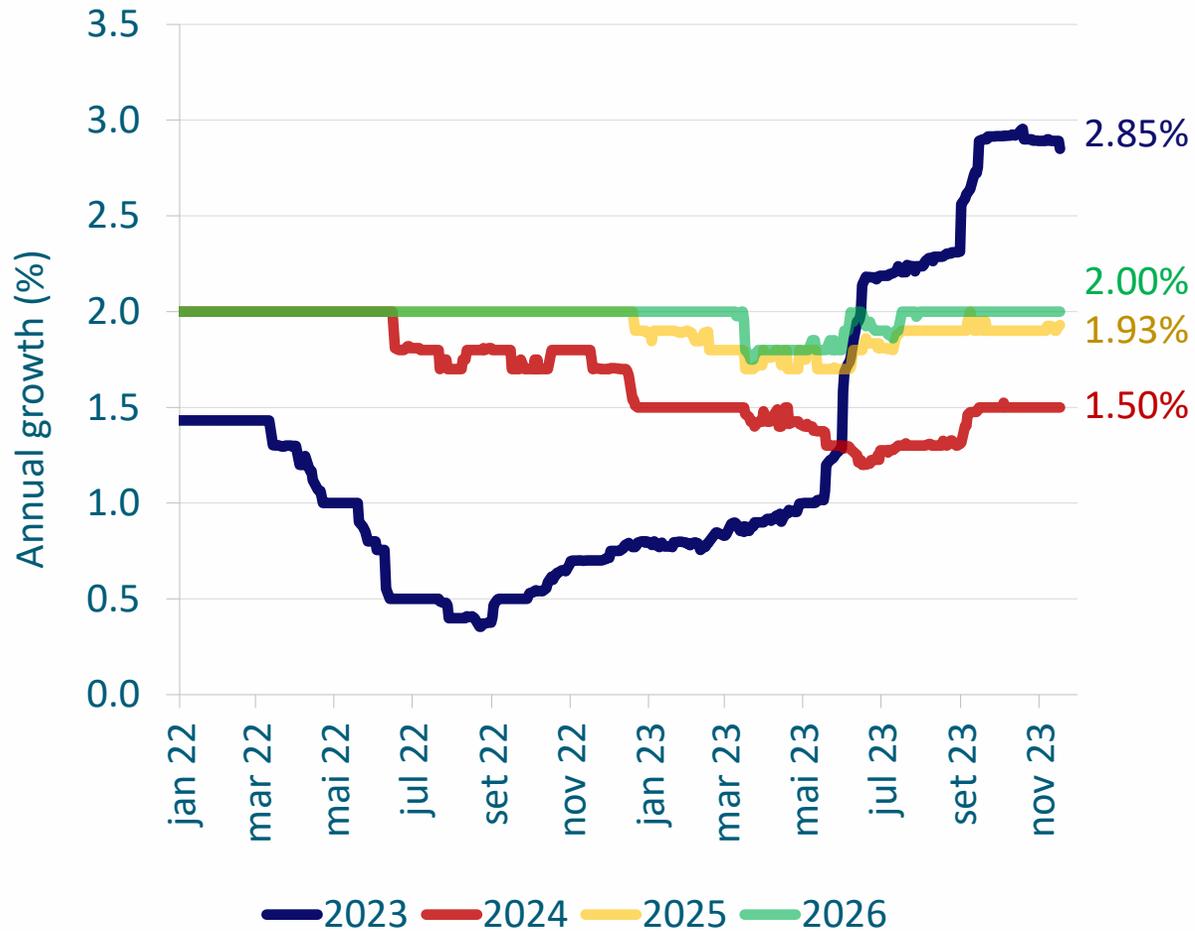
Confidence indices



Sources: BCB, IBGE and FGV

Expectations for GDP growth

Focus Expectations for GDP growth



Sources: BCB (Focus) and IBGE

Gross Domestic Product

Quarter/previous quarter

Seasonally adjusted

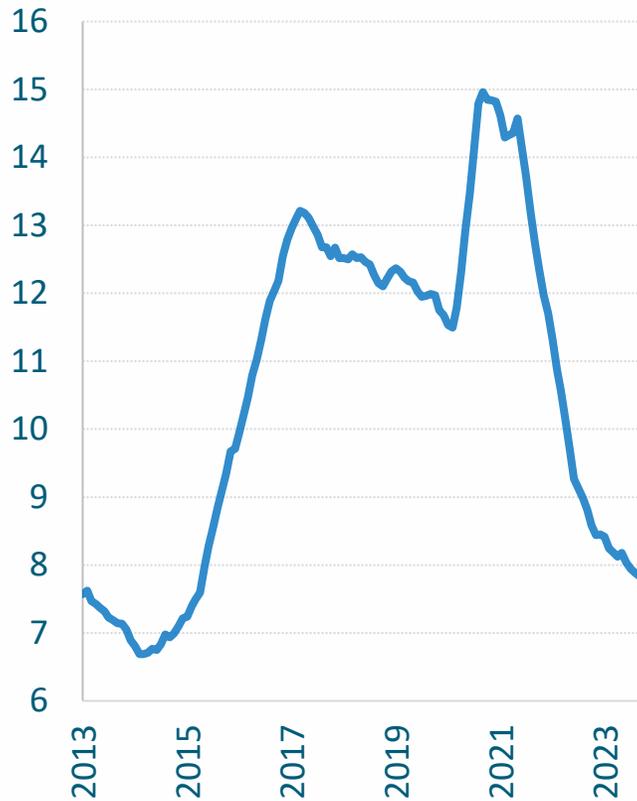
	% change					
	2022				2023	
	I	II	III	IV	I	II
GDP at market prices	0.9	1.0	0.4	0.1	1.8	0.9
Agric. and livestock	-0.5	0.2	-1.2	-1.3	21.0	-0.9
Industry	1.0	1.2	0.8	-0.2	0.1	0.9
Services	1.0	1.2	0.9	0.2	0.6	0.6
Household consumption	1.4	1.6	0.8	0.4	0.7	0.9
Government consumption	-0.3	-1.0	1.5	0.3	0.4	0.7
Gross fixed capital formation	-1.3	3.7	2.1	-1.2	-3.4	0.1
Exports	8.6	-4.2	5.5	3.5	0.3	2.9
Imports	-2.2	5.5	5.2	-3.7	-3.9	4.5

Source: IBGE

Focus: expectations up to November 17th

Labor market – Unemployment

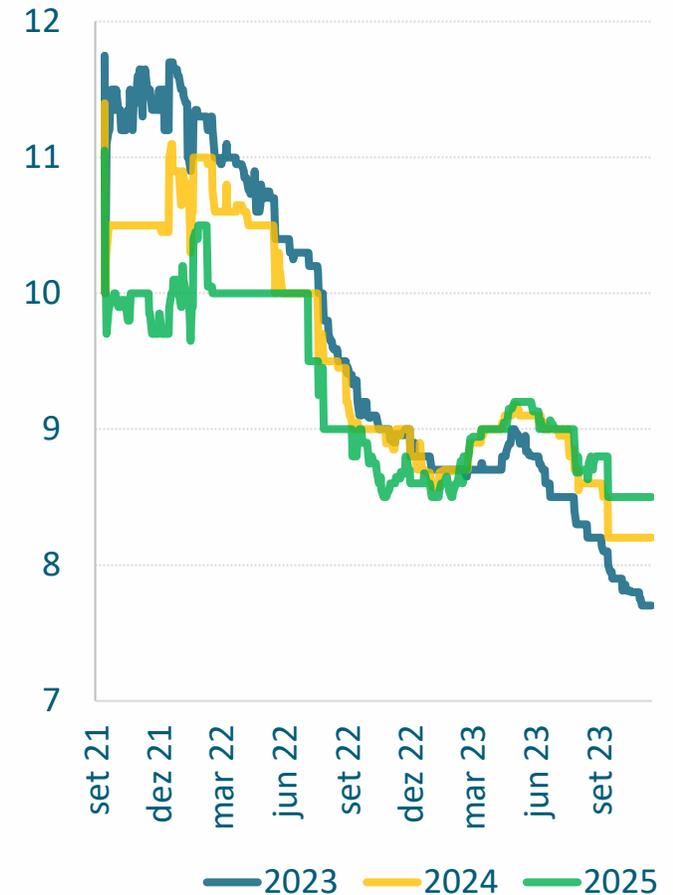
Unemployment rate
%; s.a. 3MMA



Formal Jobs creation
thousand jobs, 3MMA, s.a.



Expectations – Unemployment rate
% Focus survey (end of period)

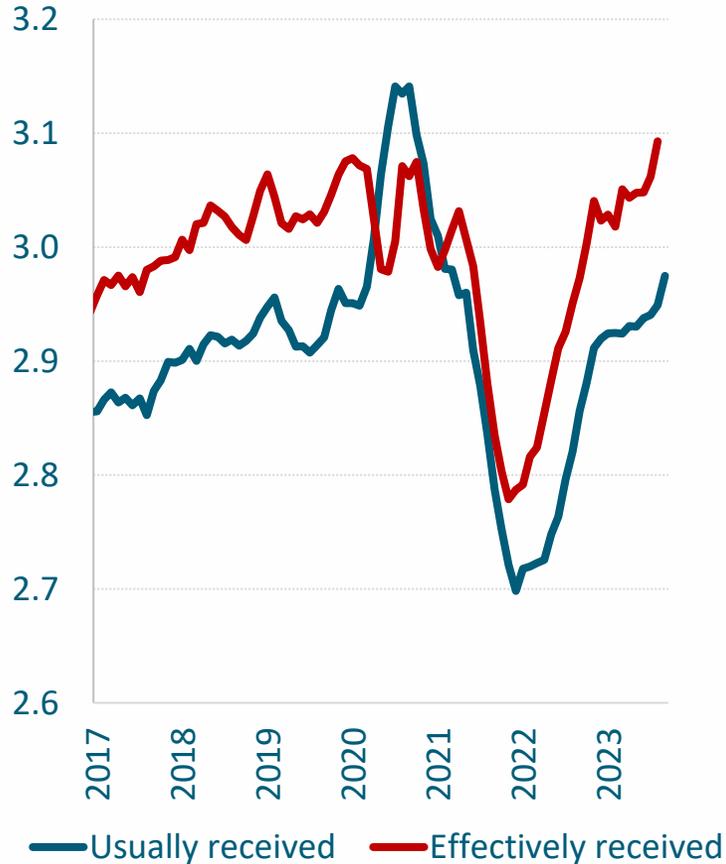


Sources: IBGE, Ministério do Trabalho and BCB (Focus)

Labor market – Earnings

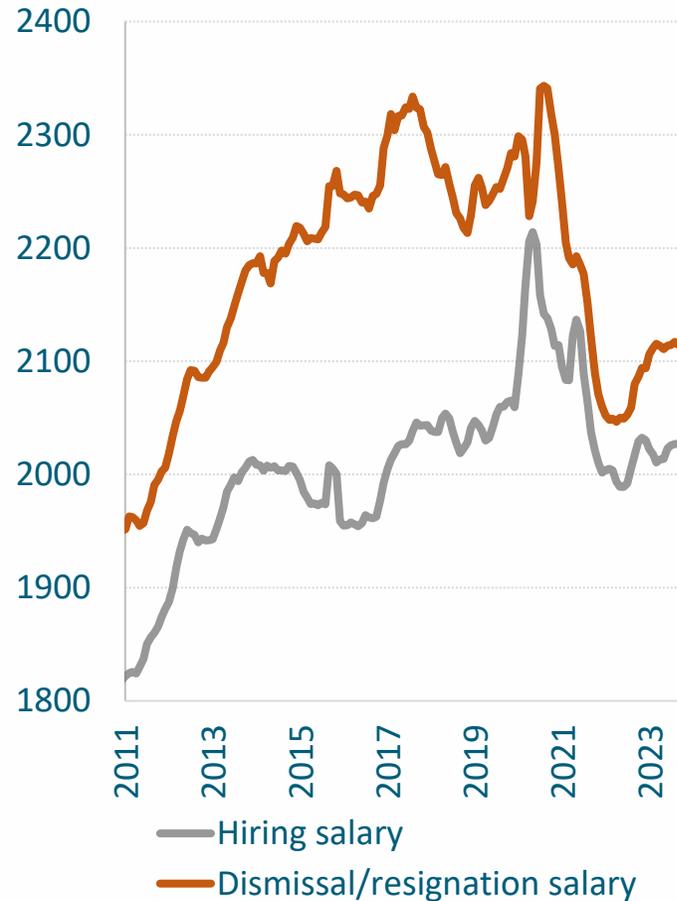
Real earnings

thousand reais; s.a.; 3MMA



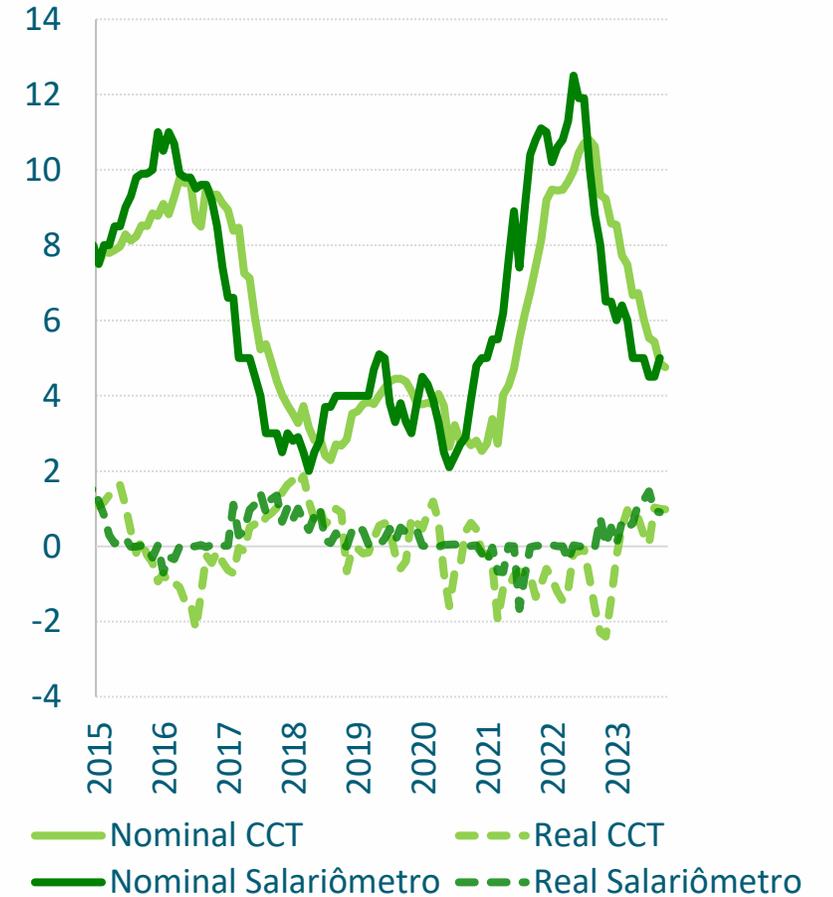
Formal job salaries (Caged)

thousand reais, 3MMA, s.a.



Collective bargaining agreements^{1/}

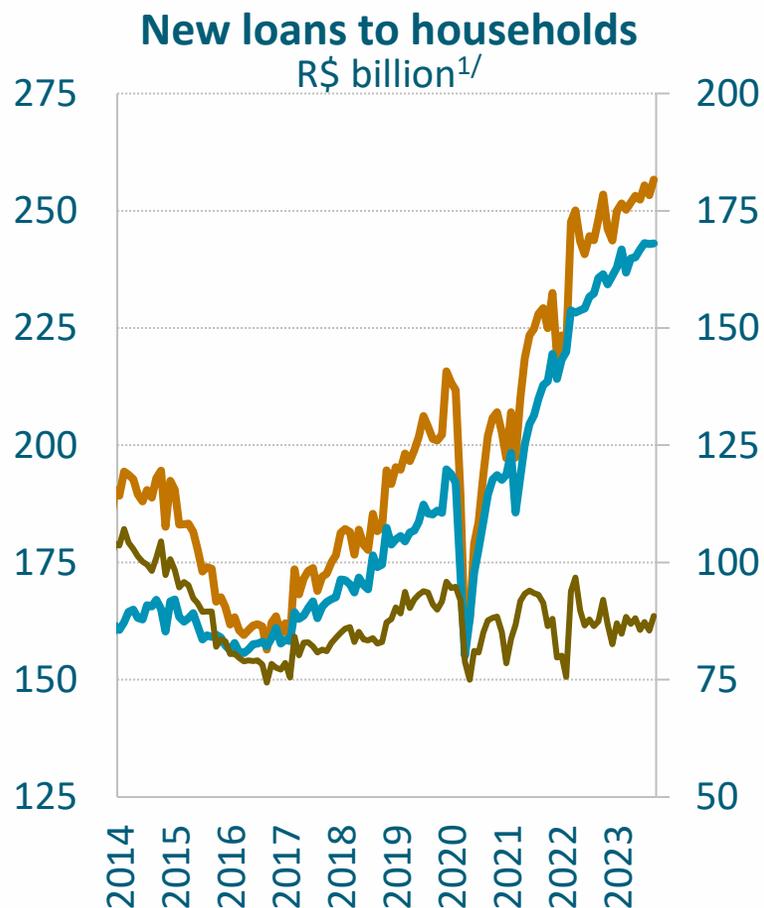
annual change %



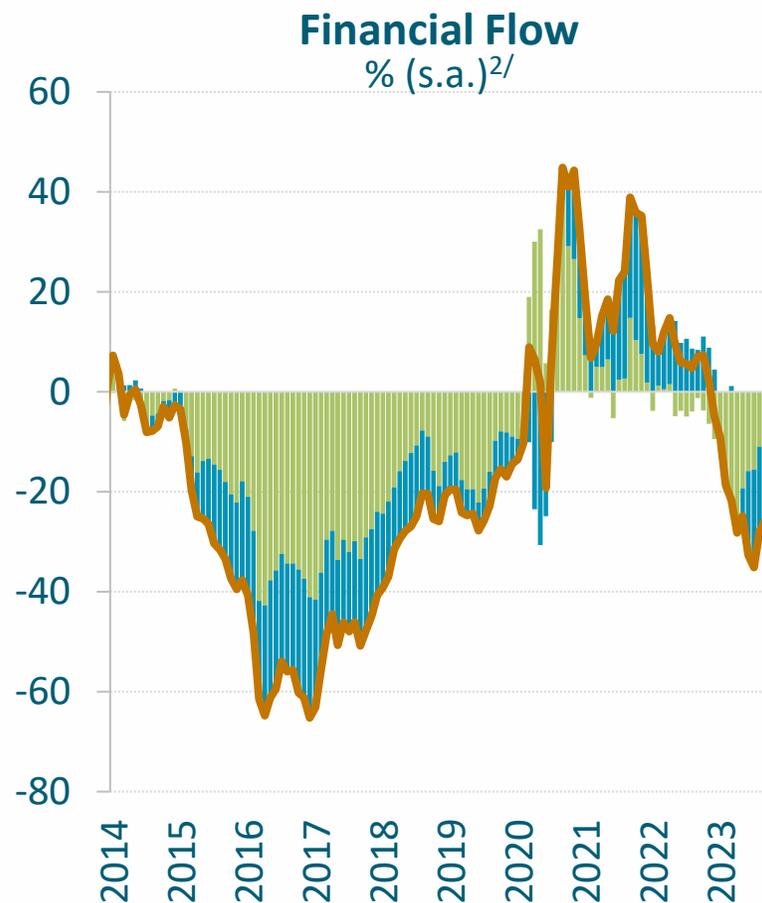
Sources: IBGE, Ministério do Trabalho, BCB and Fipe

1/ CCT: nominal average wage adjustment in SP and RJ deflated by INPC (t-5); Salariômetro: nominal median adjustment, deflated by INPC (t-1).

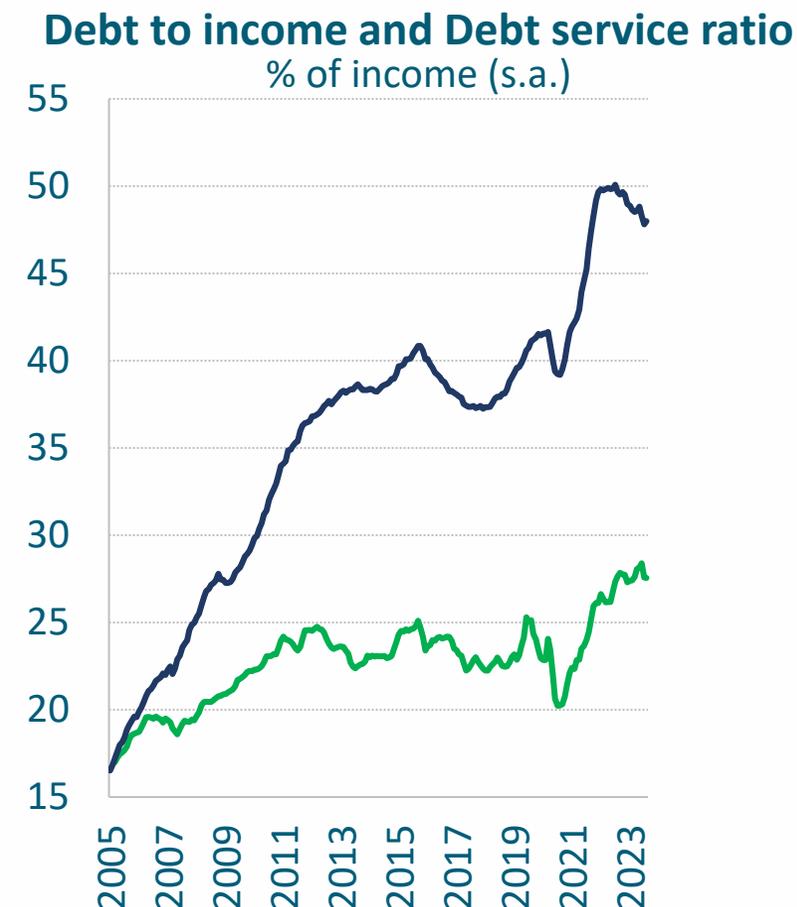
Credit



- Total
- Non financing credit card (rhs)
- Total ex non financing credit card (rhs)



- Companies
- Households
- Total

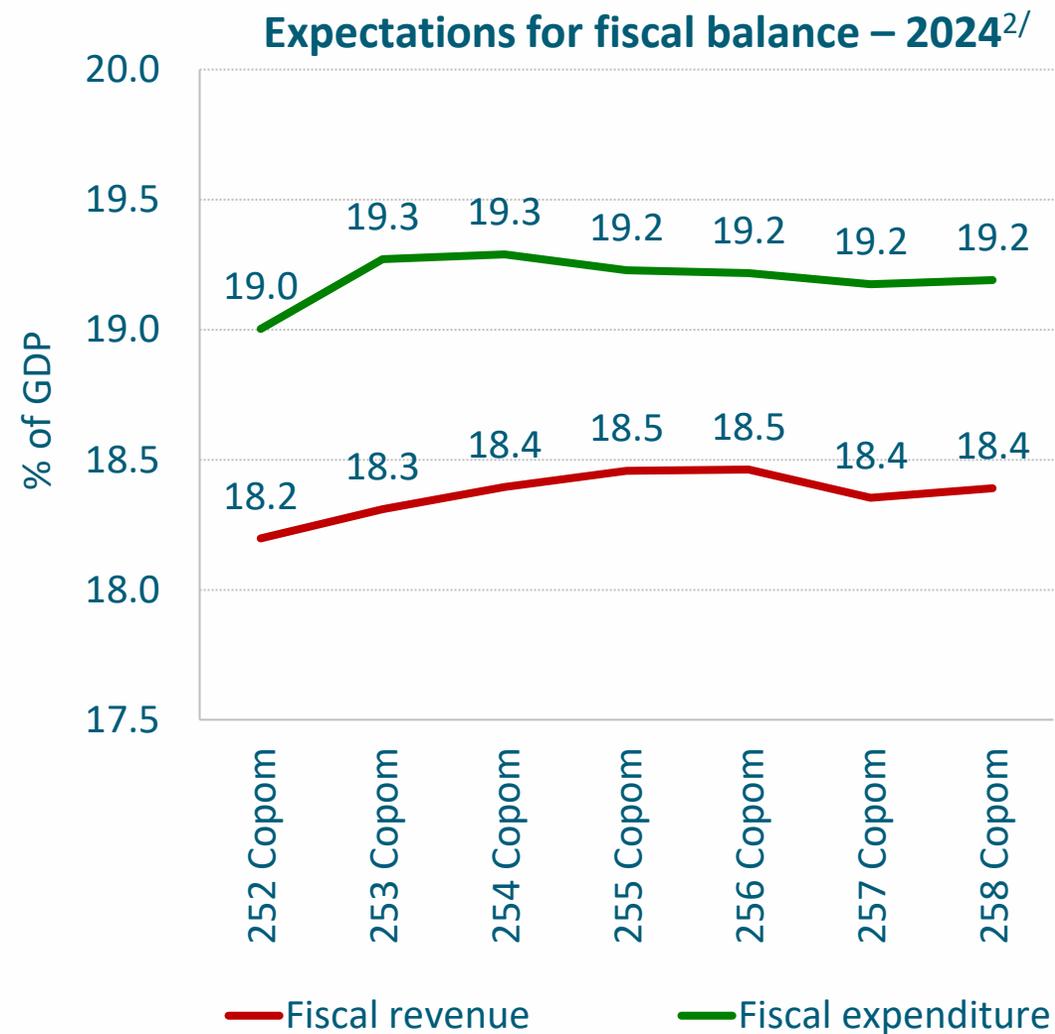
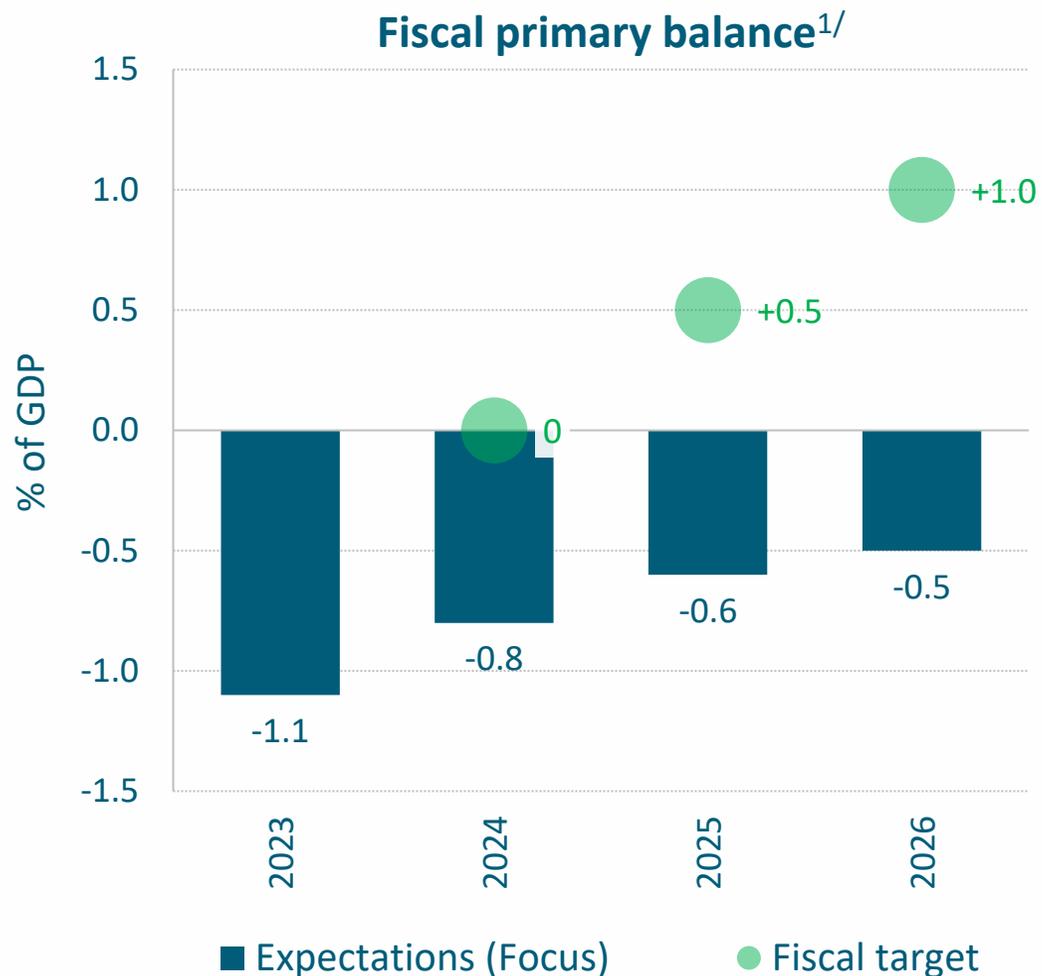


- Debt service ratio
- Debt to income

1/ 3-month moving average in R\$ billion (July 2023 prices) seasonally adjusted

2/ Financial flow = new loans – payments.

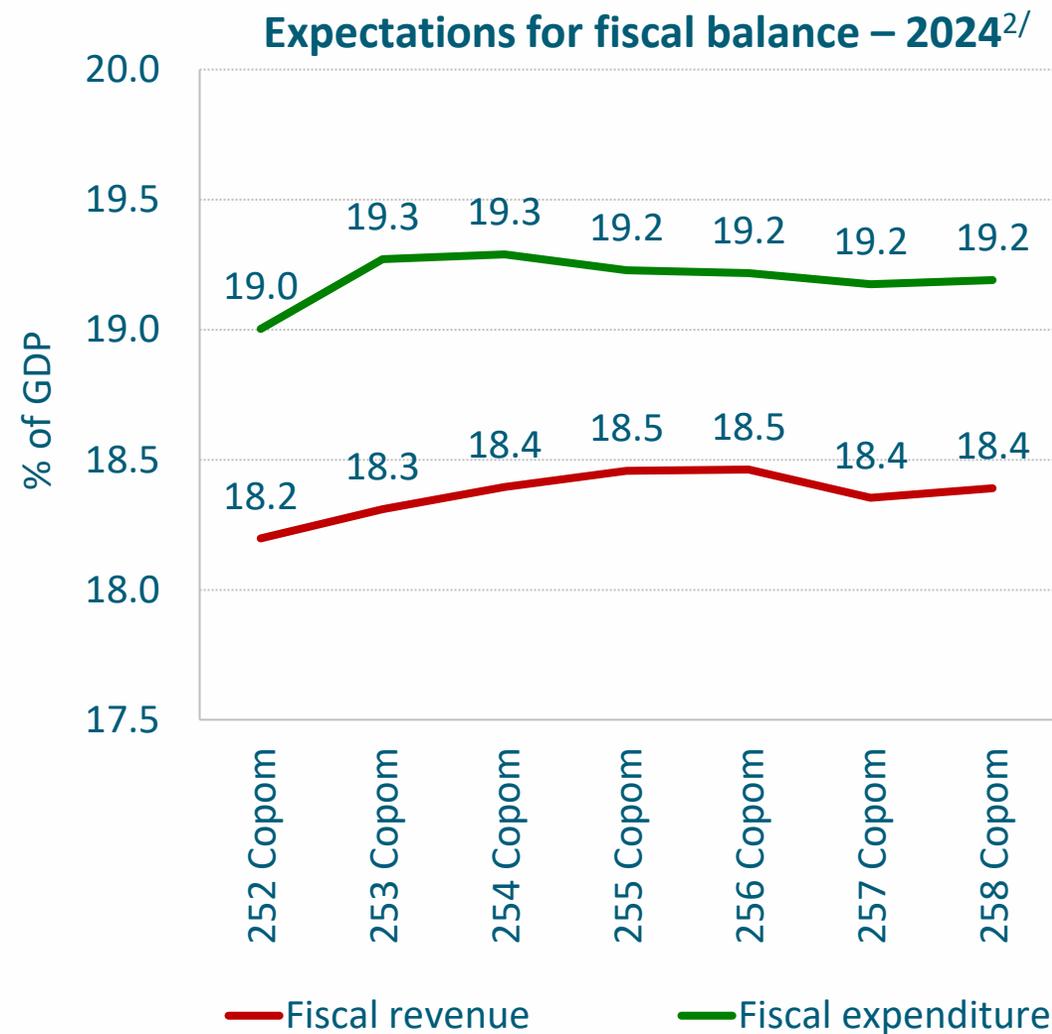
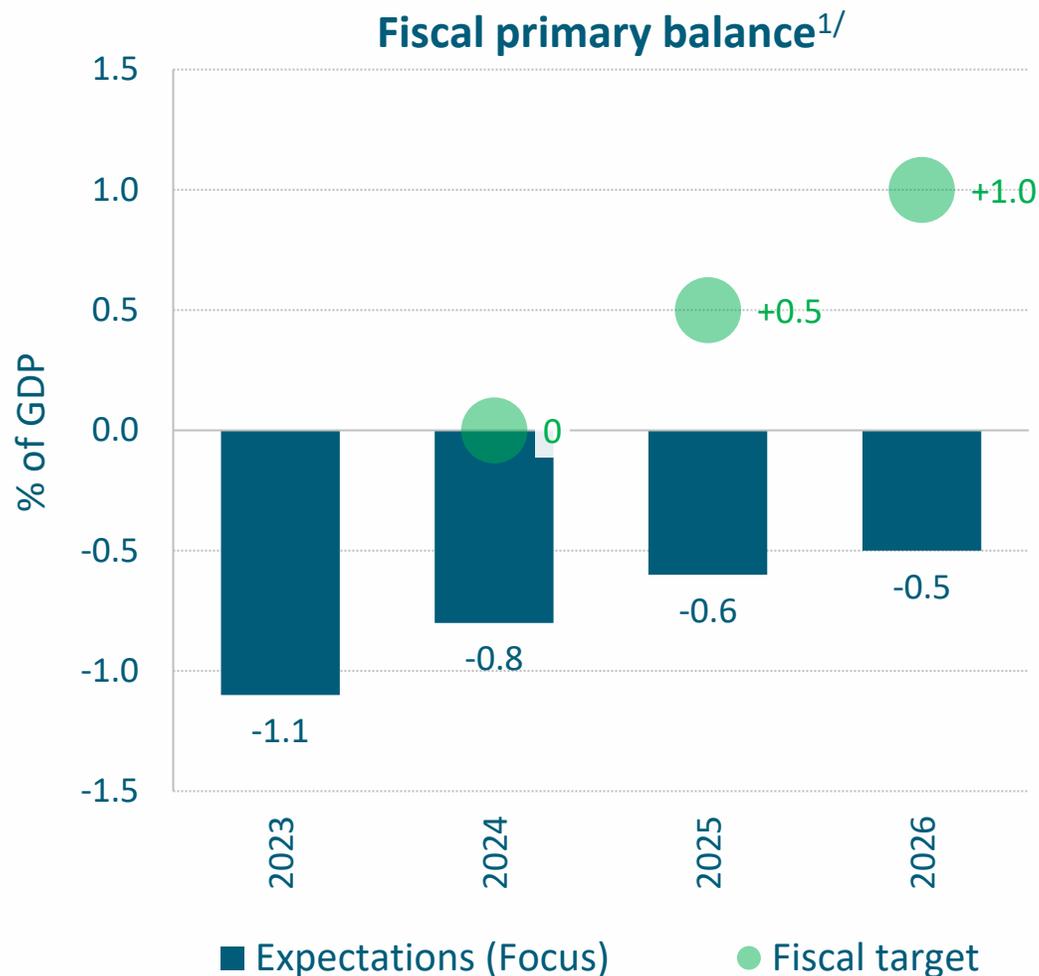
Fiscal



Sources: BCB and Ministério da Fazenda

1/ Focus on November 24th; 2/ QPC: fiscal balance expected for 2024

Fiscal

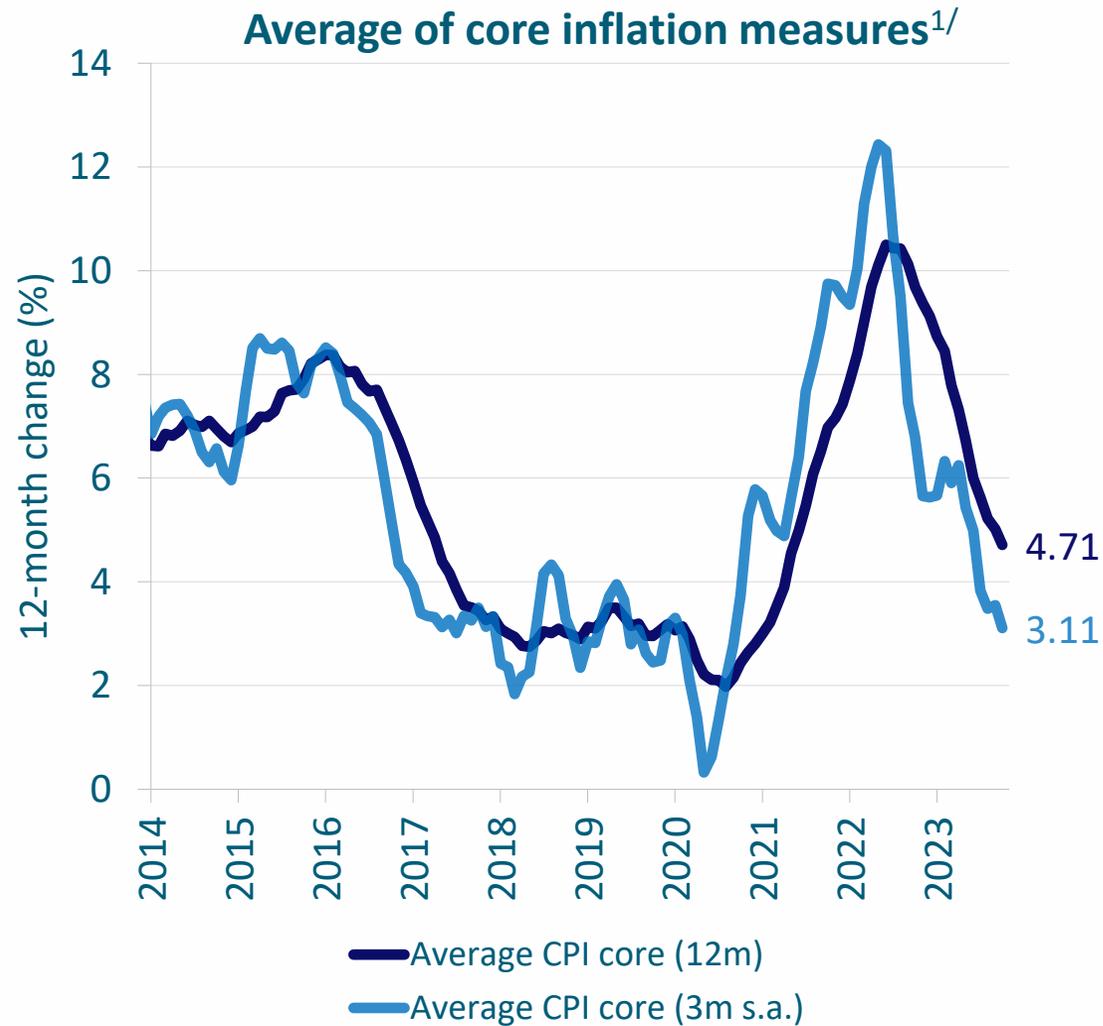
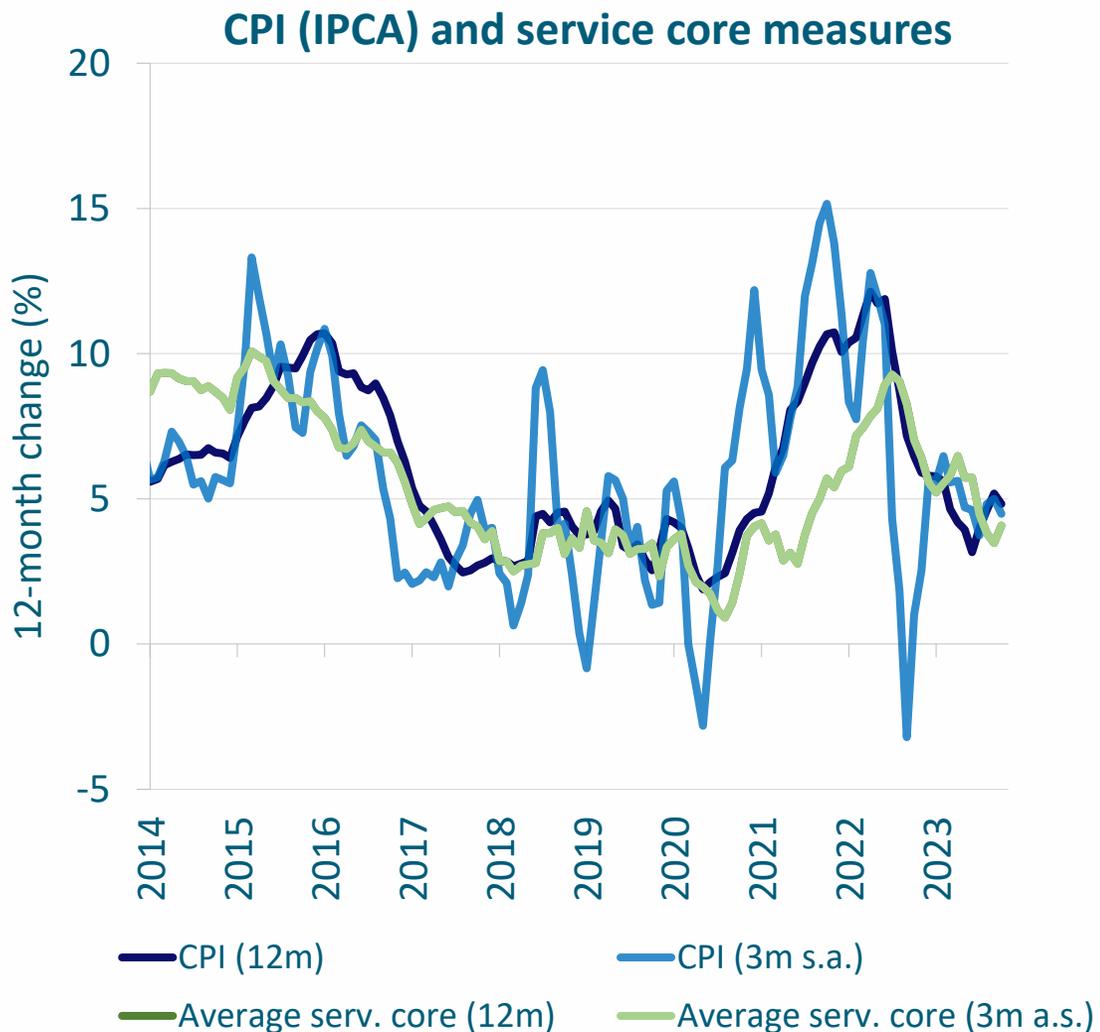


Sources: BCB and Ministério da Fazenda

1/ Focus on November 24th; 2/ QPC: fiscal balance expected for 2024

Inflation

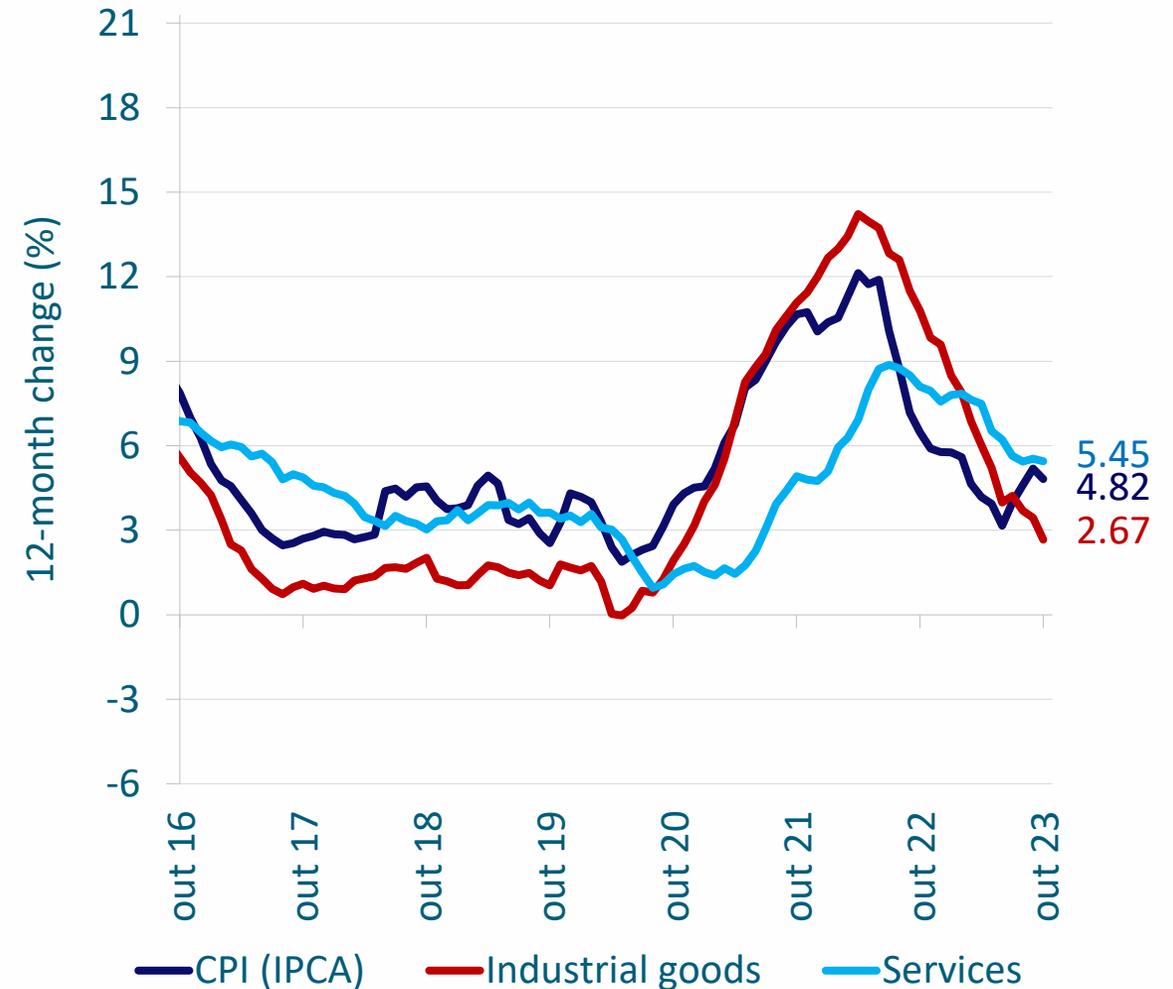
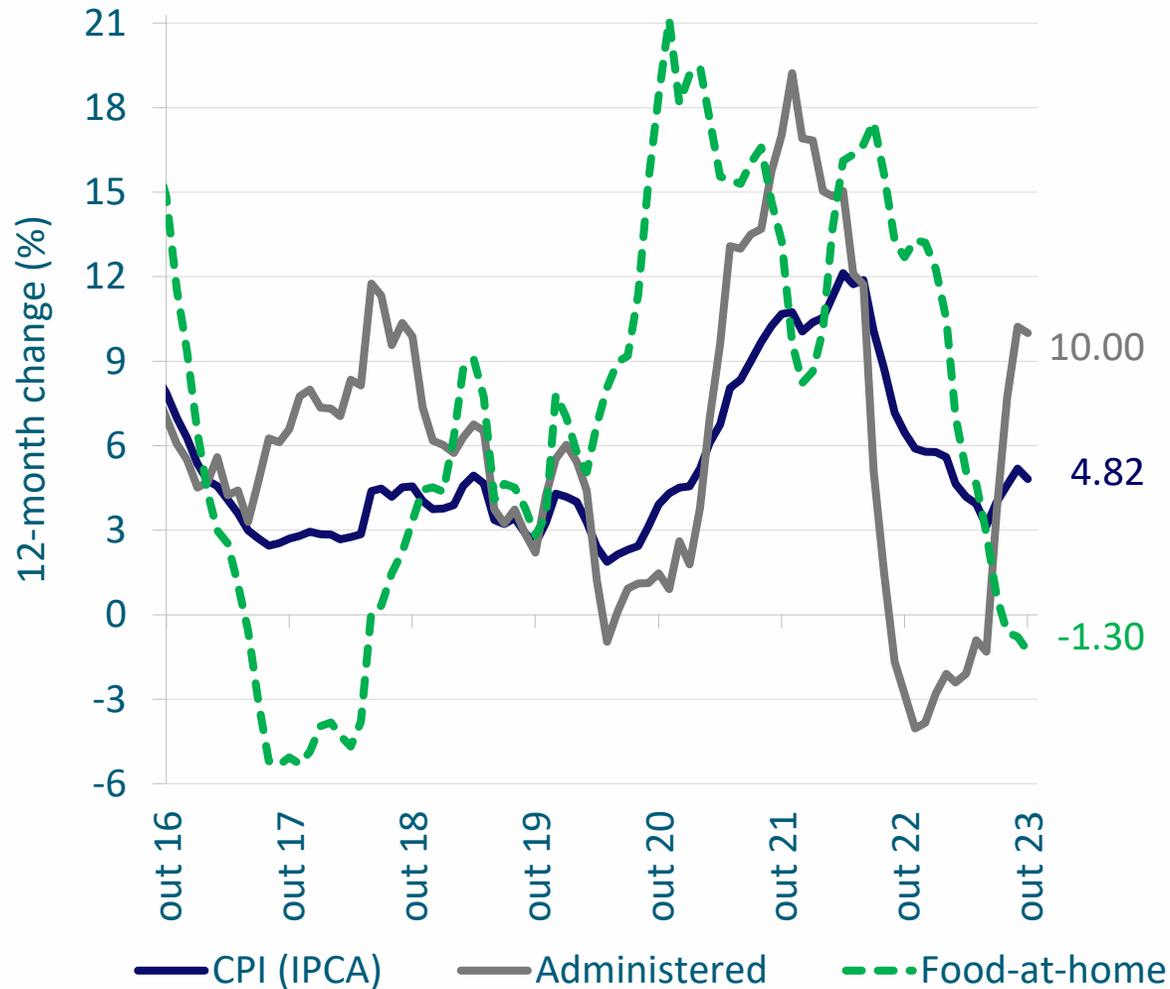
CPI and core inflation



Sources: IBGE and BCB

1/ Average of CPI (IPCA) core measures: DP, MS, P55, EX3 and EX0

CPI components



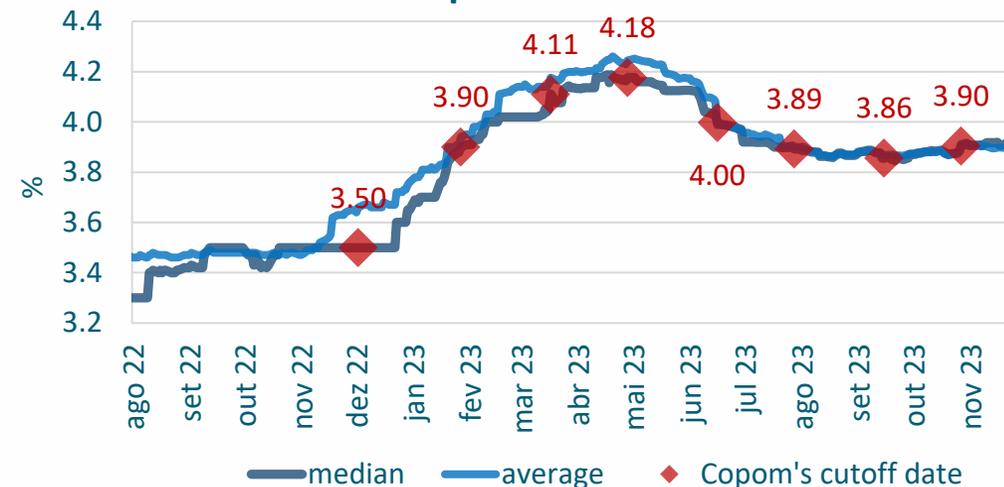
Sources: IBGE and BCB

Inflation expectations

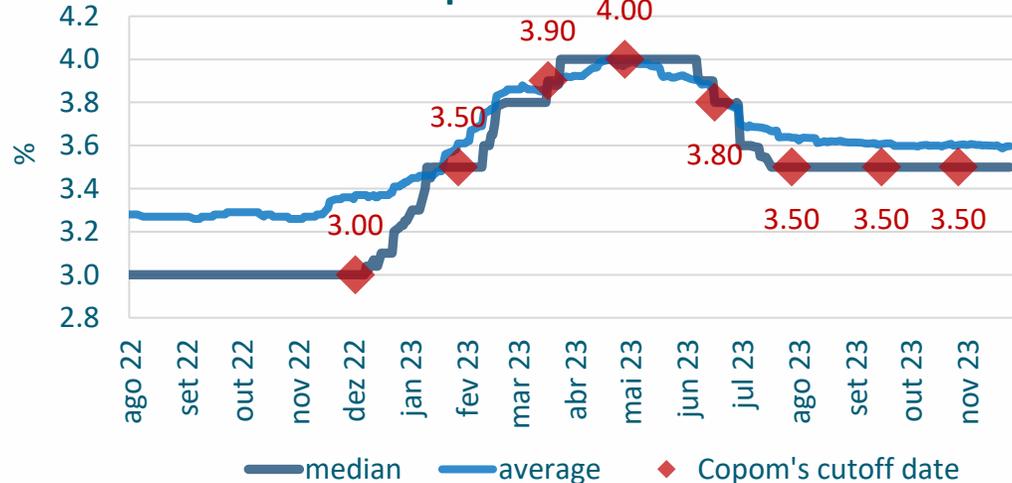
Focus expectations – IPCA 2023



Focus expectations – IPCA 2024



Focus expectations – IPCA 2025



Focus expectations – IPCA 2026 and 2027



Source: BCB (Focus)

Focus: expectations up to November 24th

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Banco Central do Brasil

Diogo Guillen – Deputy Governor for Economic Policy

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