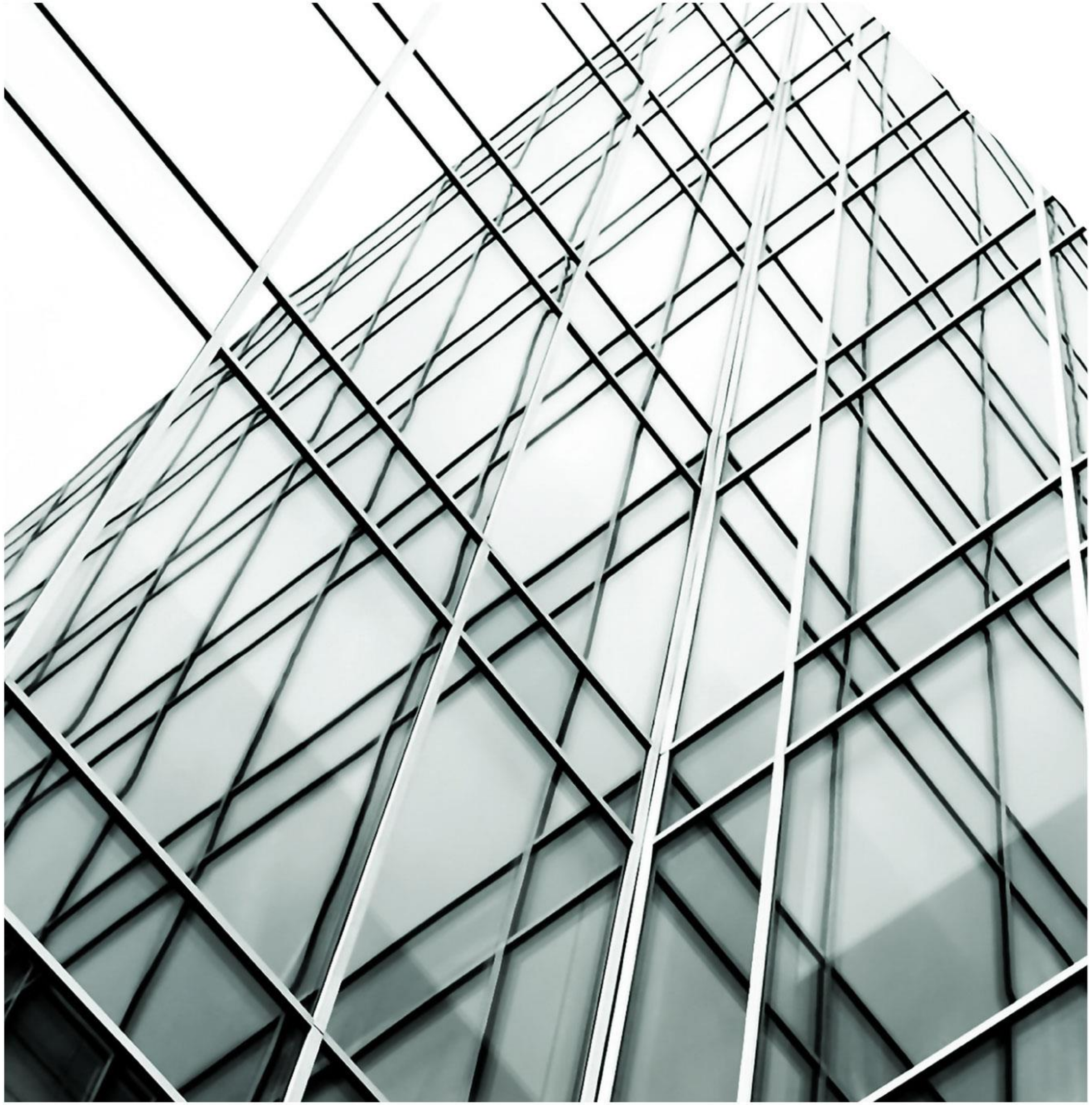
Economic Outlook

May 23rd, 2024

Diogo Abry Guillen

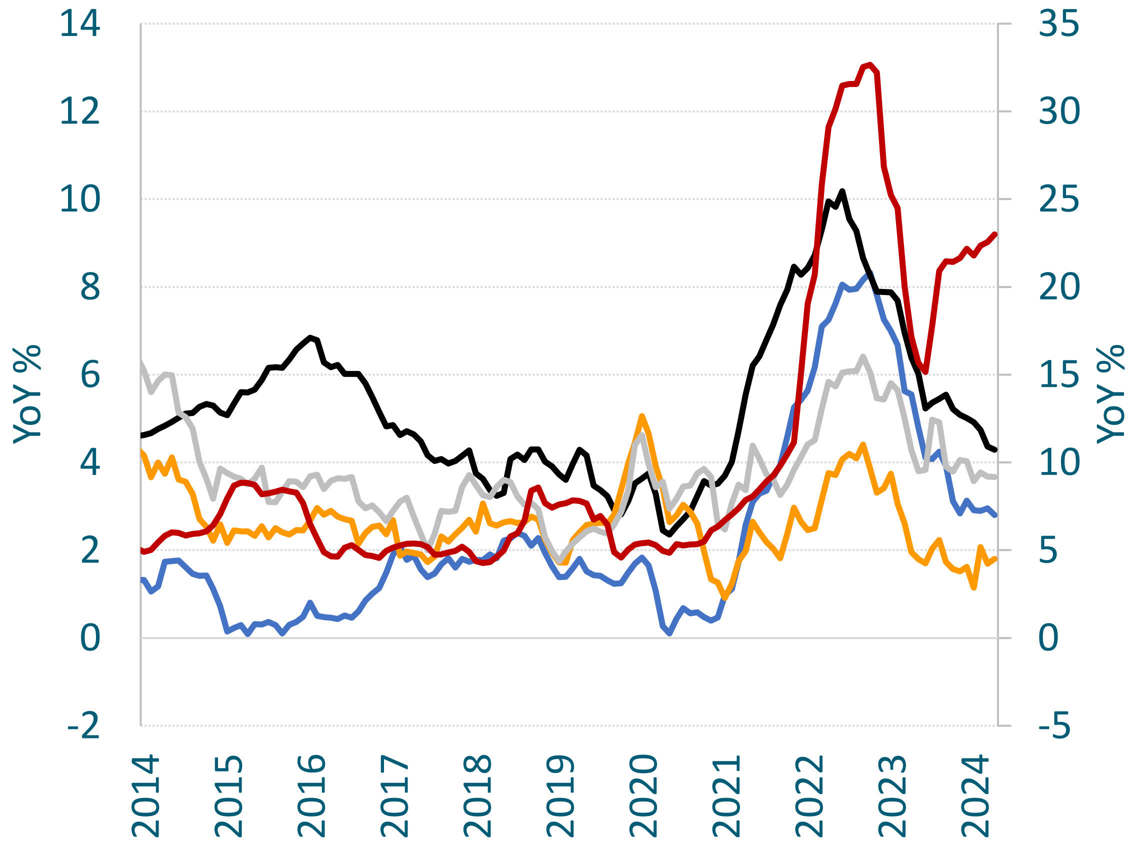
Deputy Governor for Economic Policy

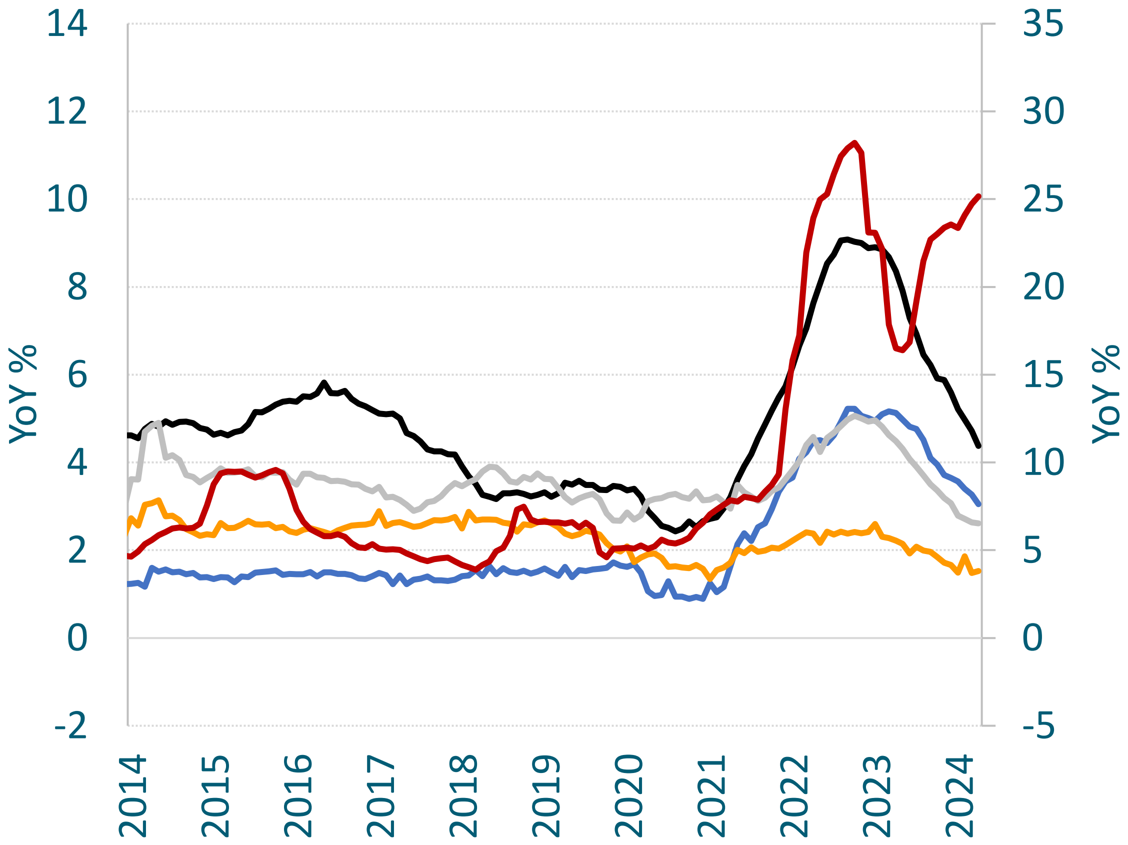
BANCO CENTRAL DO BRASIL



Global outlook

CPIs and core inflation



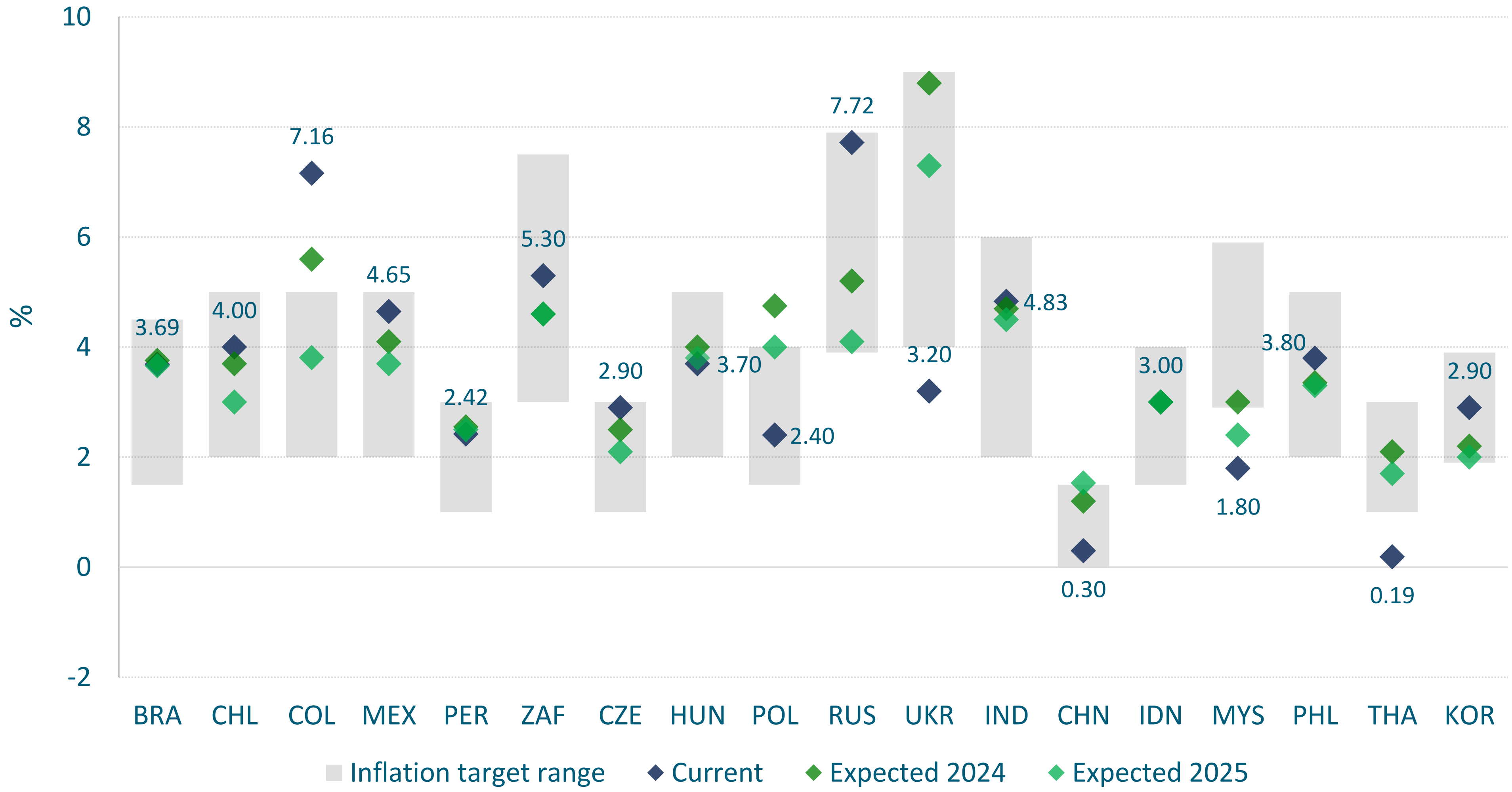


Advanced econ. Latam Asia EM Asia EM (ex-China) CEEMEA (rhs)

Source: Bloomberg

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

Inflation expectations

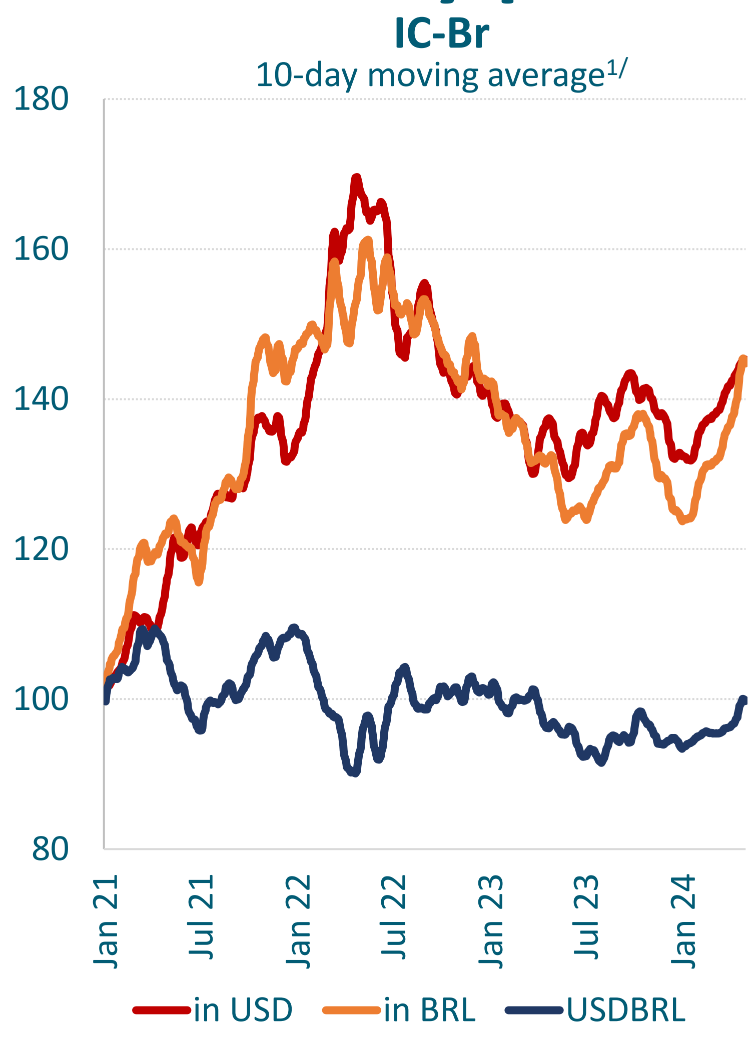


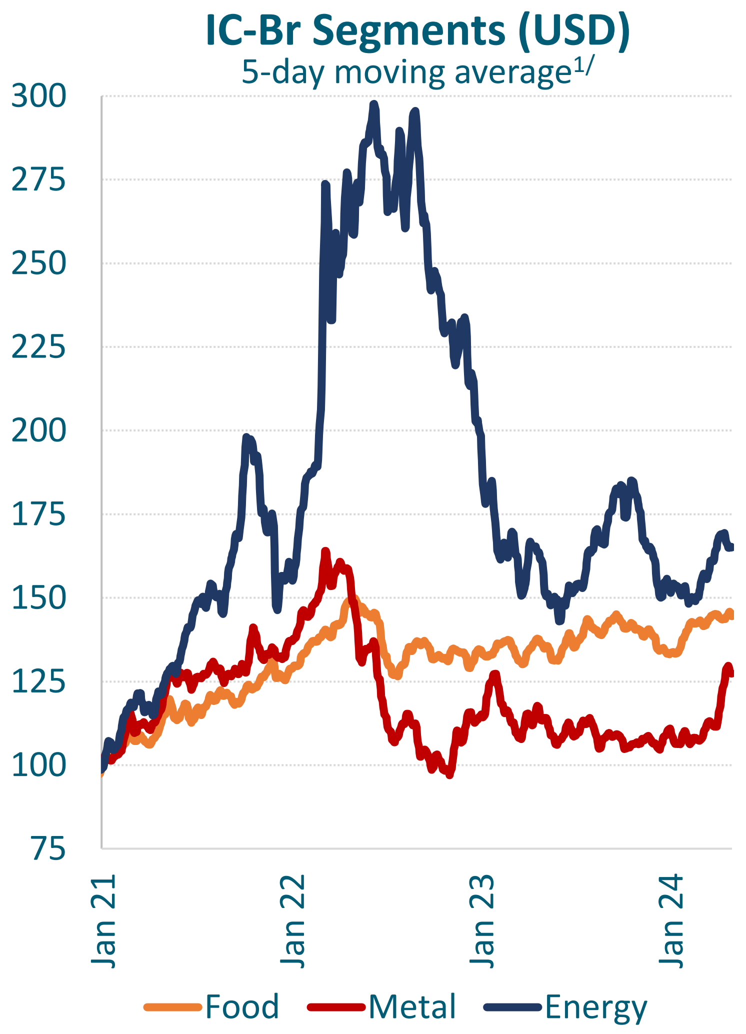
Sources: Bloomberg and surveys of central banks

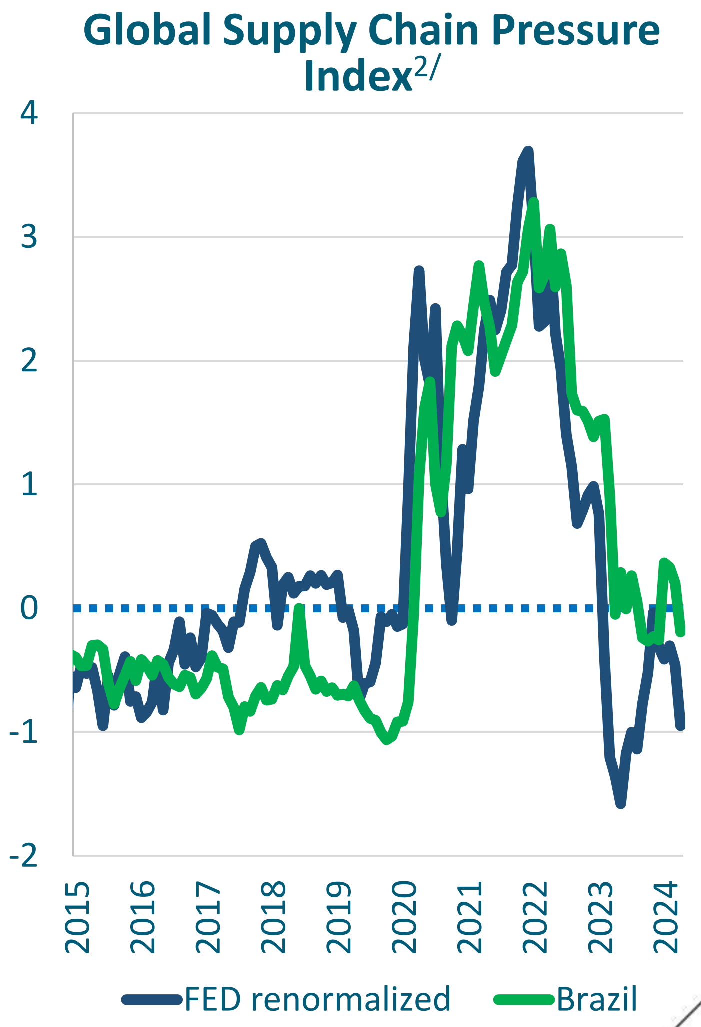
For 2024 and 2025: Surveys for BRA, CHL, COL, MEX, PER and RUS
Others: Bloomberg (yearly average)

BANCO CENTRAL DO BRASIL

Commodity prices





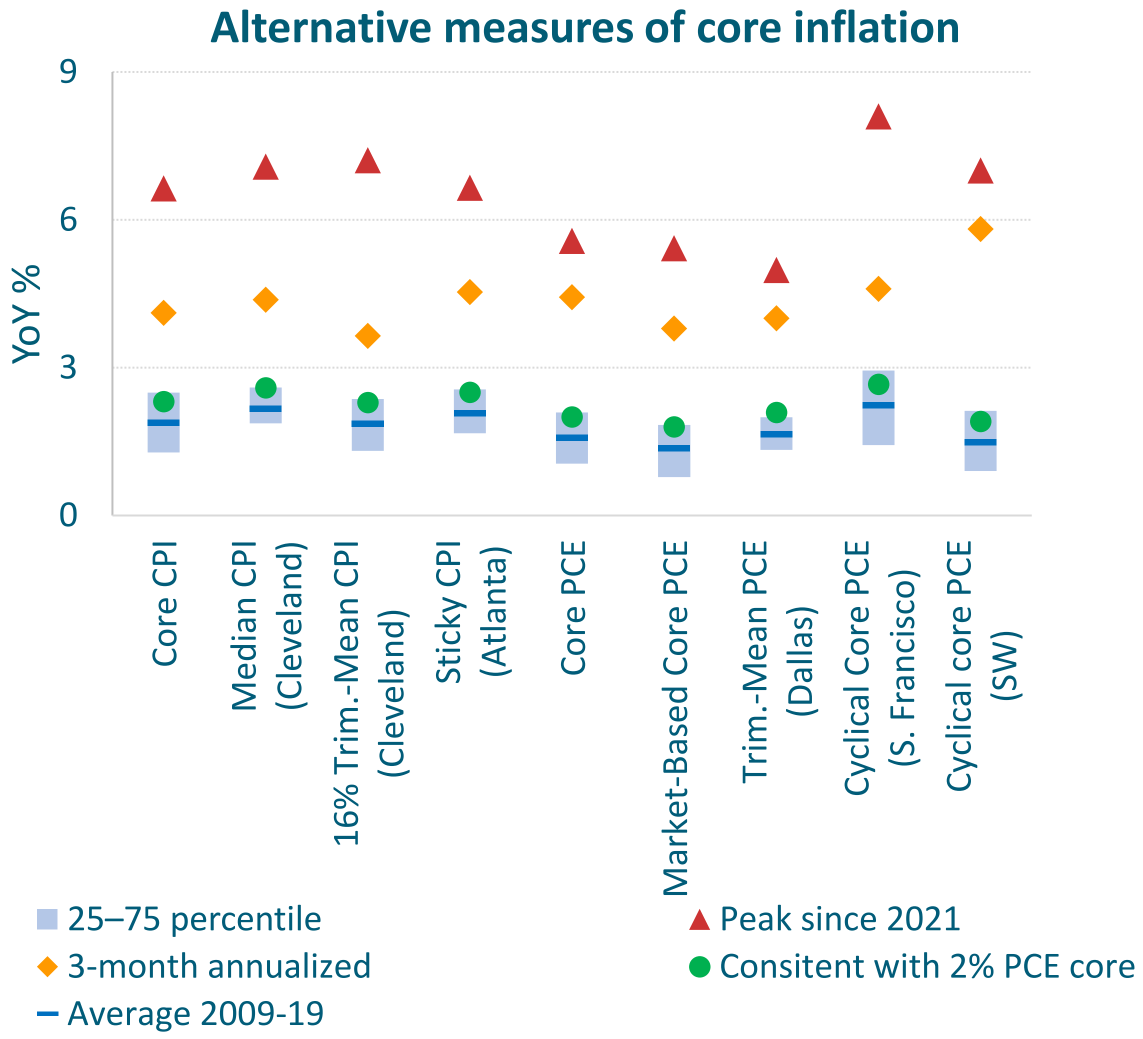


Sources: BCB and New York Federal Reserve

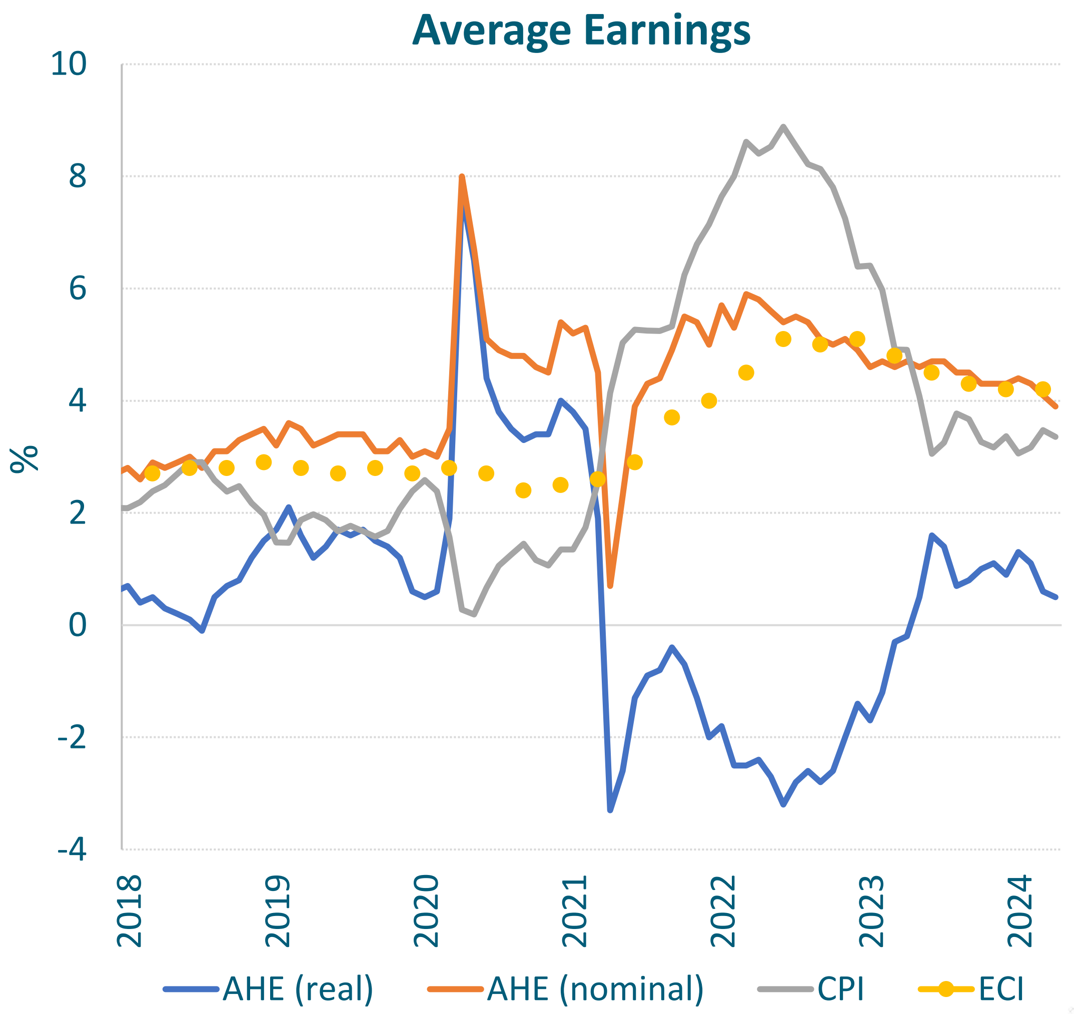
1/ Index Dec 31st, 2020 = 100 (up to March 15th)

2/ standard deviation from the mean; preliminary data for April 2024

Core inflation and wages in the US

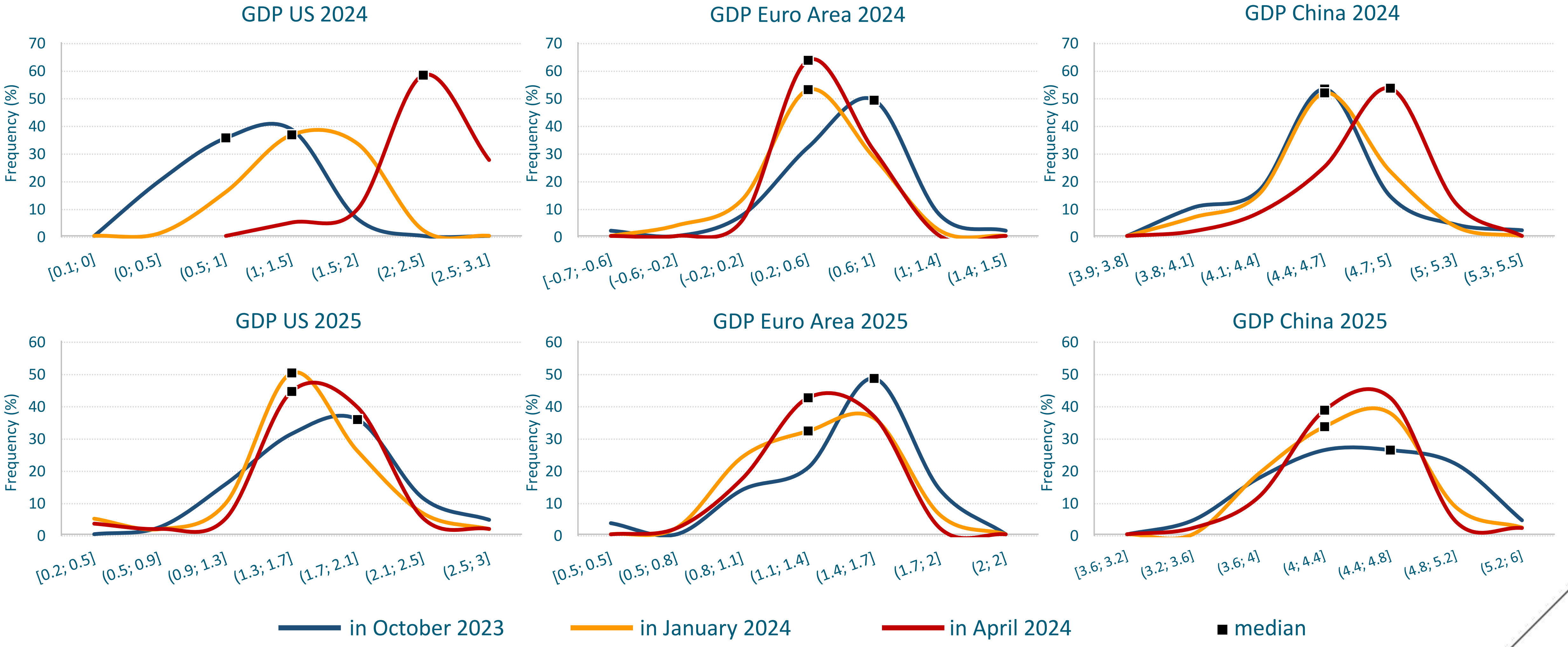


Source: Fed Atlanta, Fed S. Francisco and Bloomberg



AHE: average hourly earnings; ECI: employment cost index

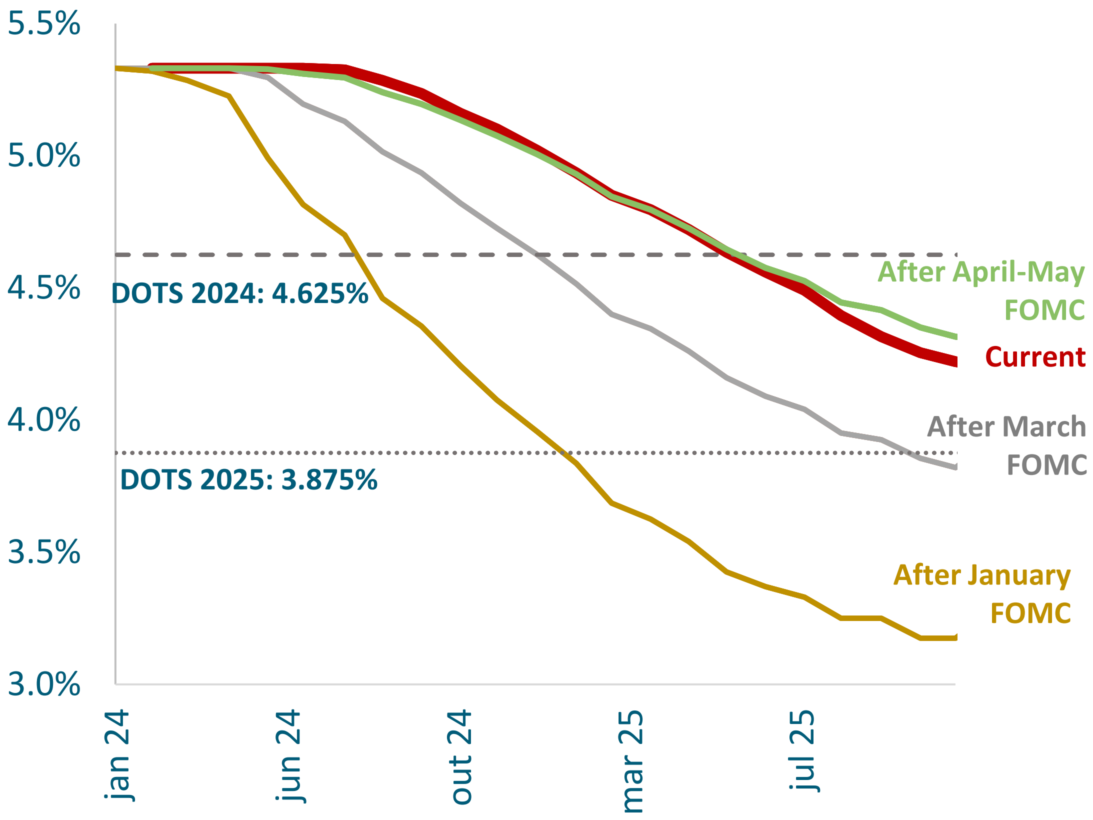
GDP growth expectations



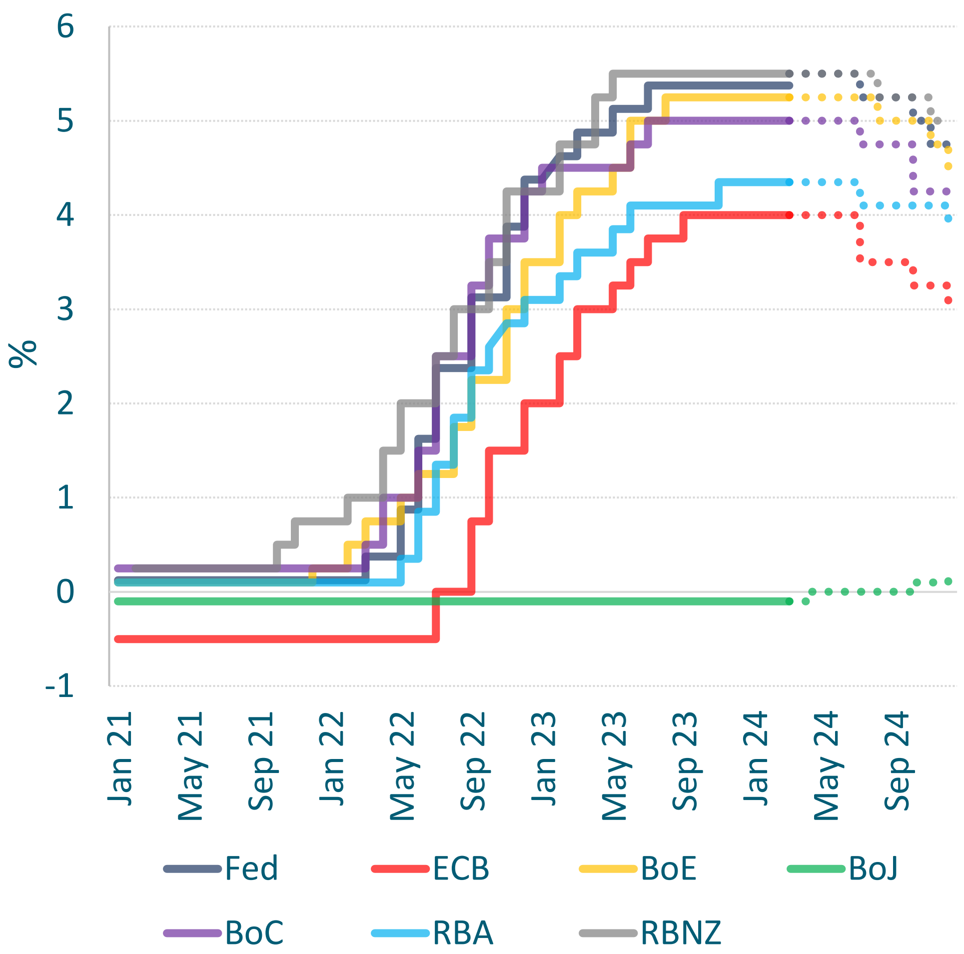
Source: Bloomberg

Monetary policy, interest rates and inflation

US – Terminal rate in future markets

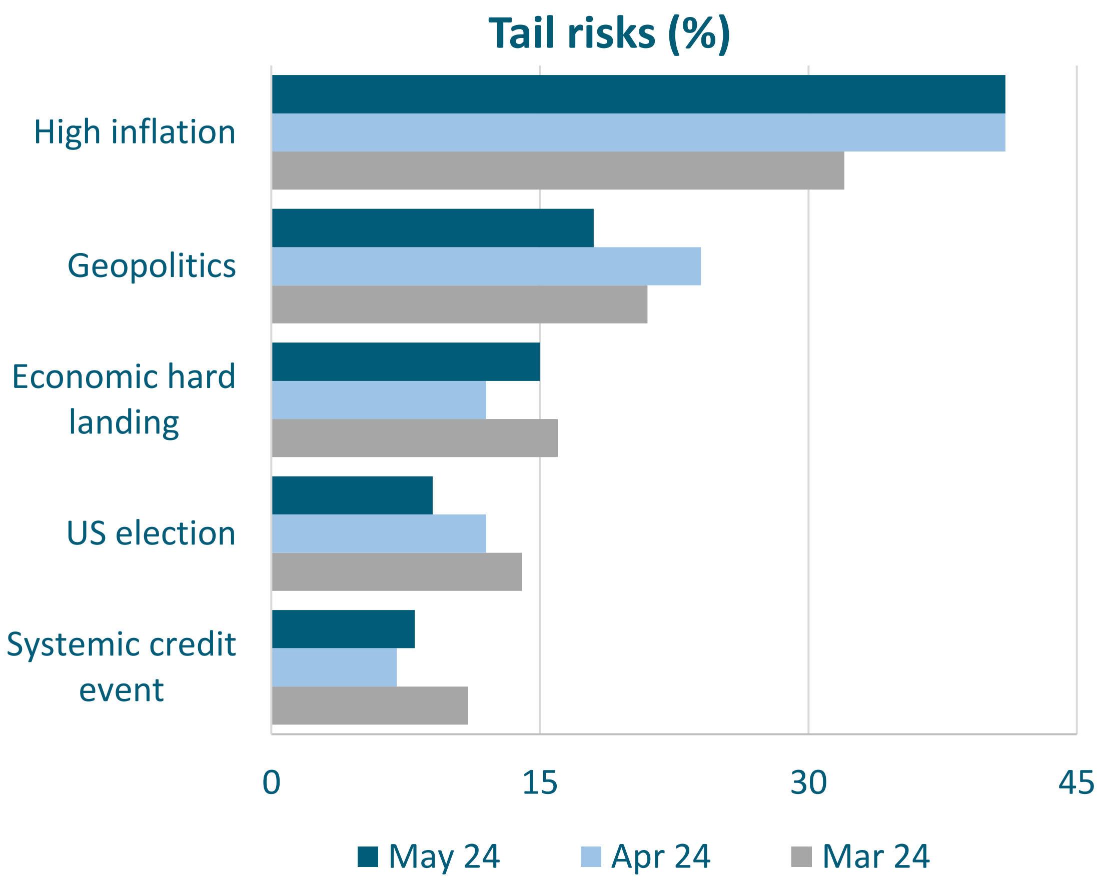


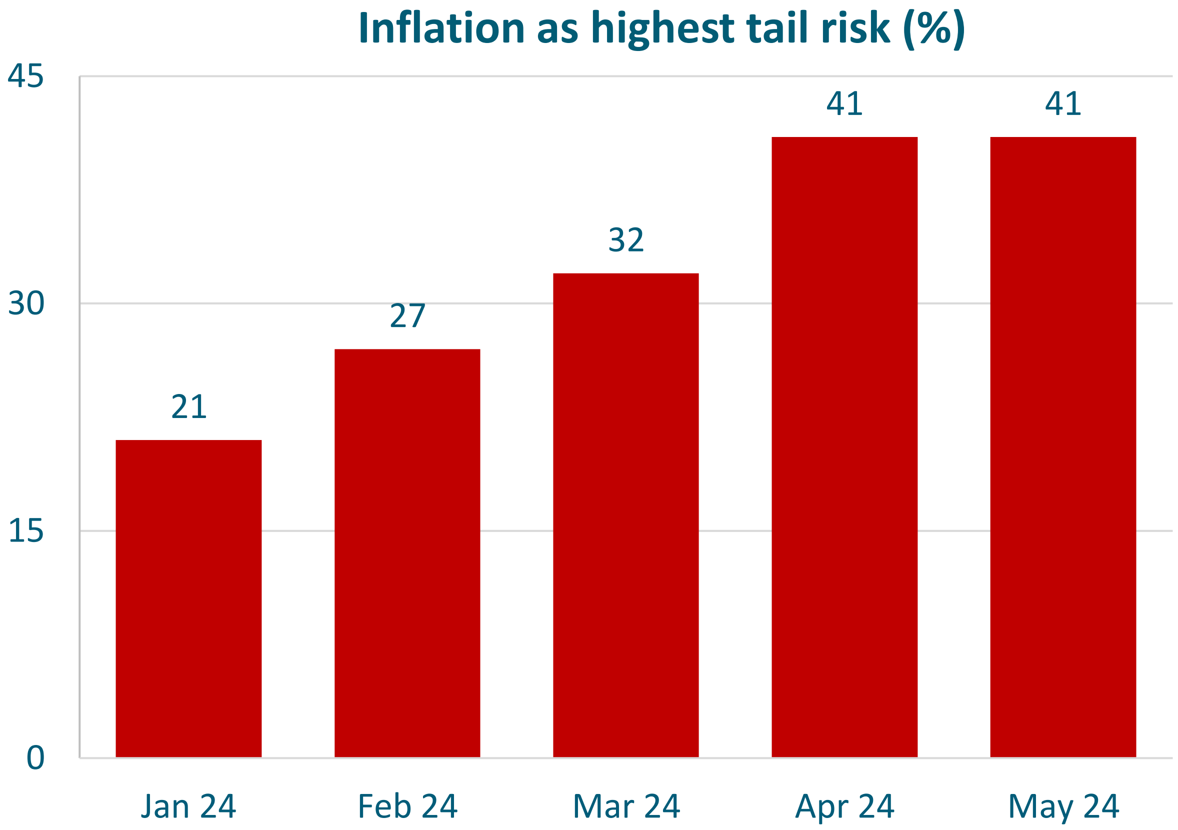
Interest rates and market expecations



Source: Bloomberg

Risks for the global economy

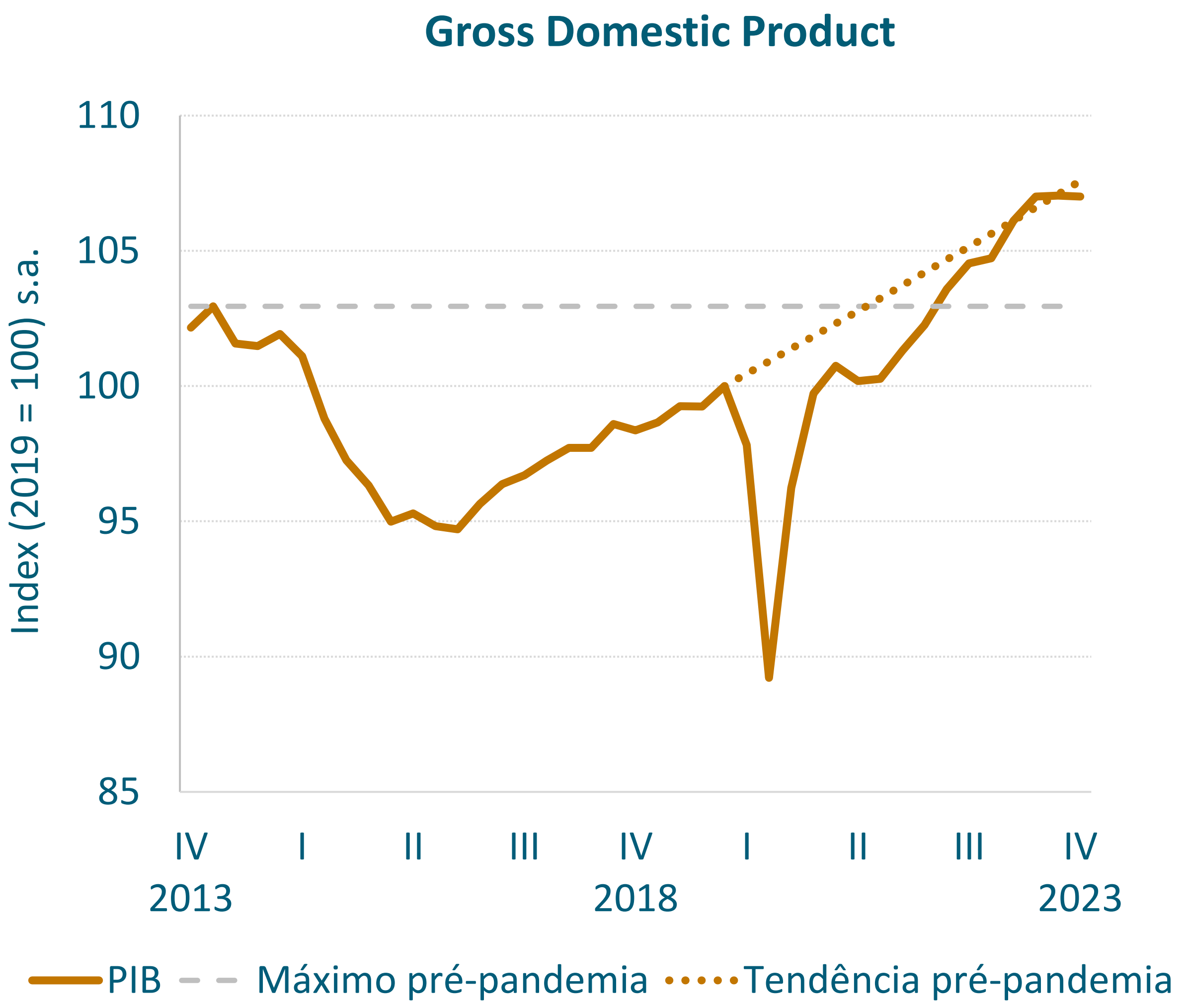


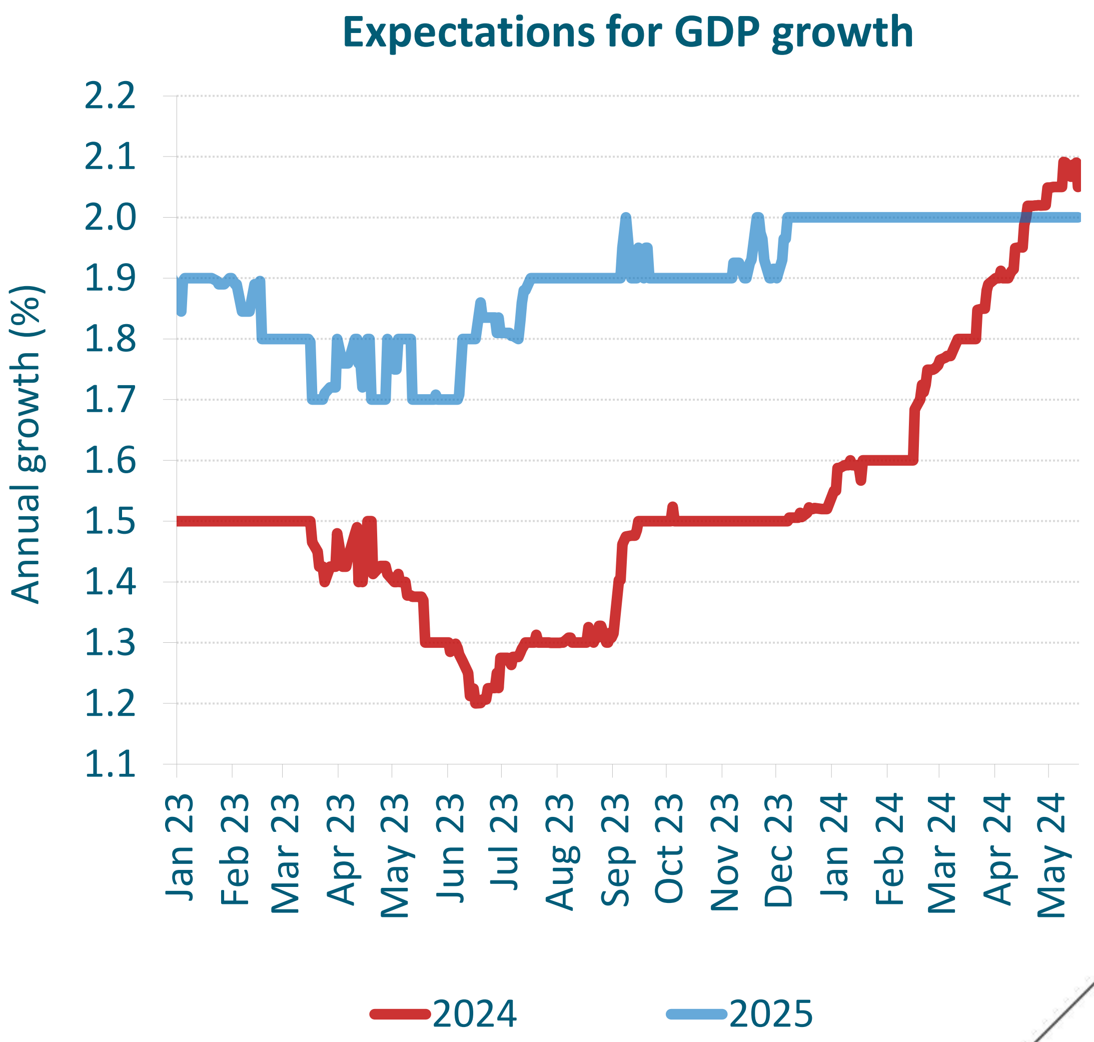


Source: BofA Global Fund Manager Survey

Domestic Scenario

GDP growth

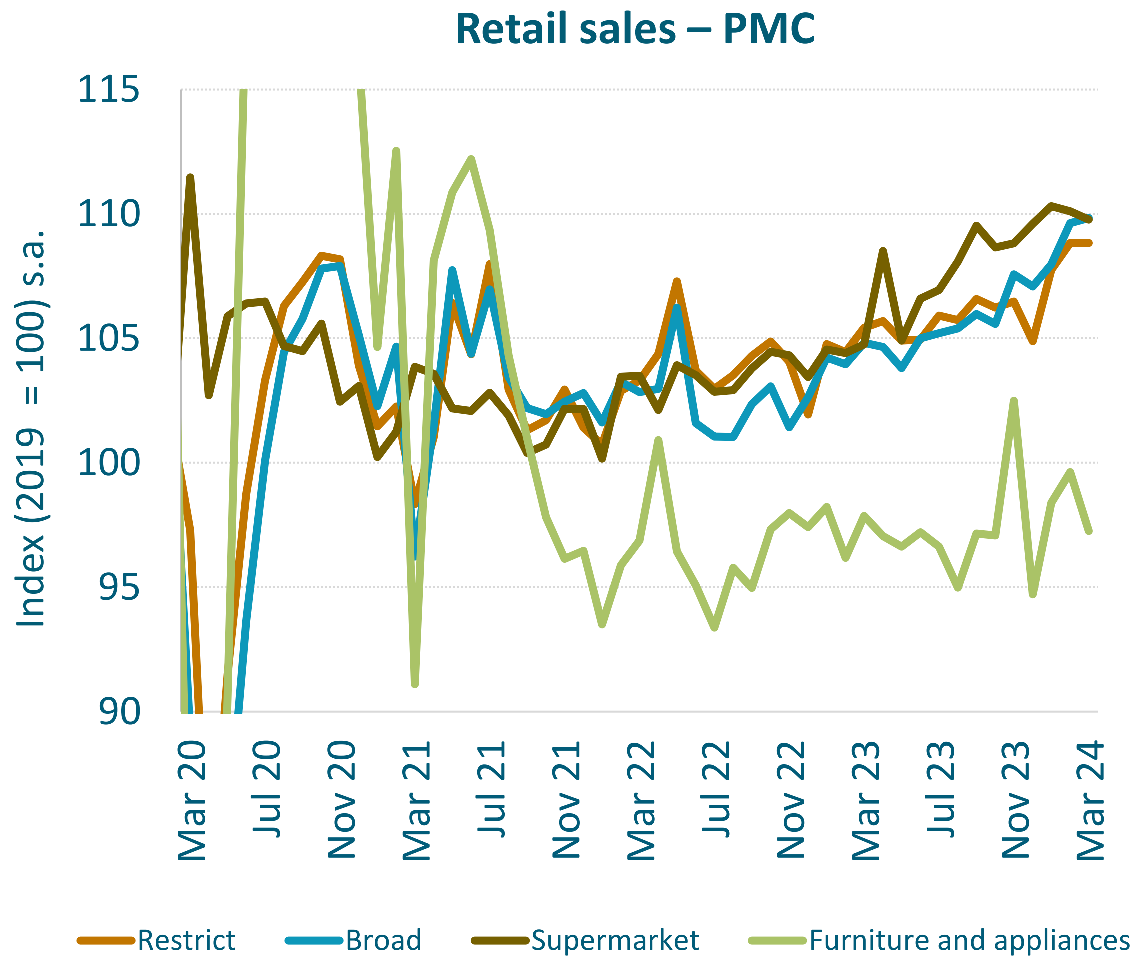


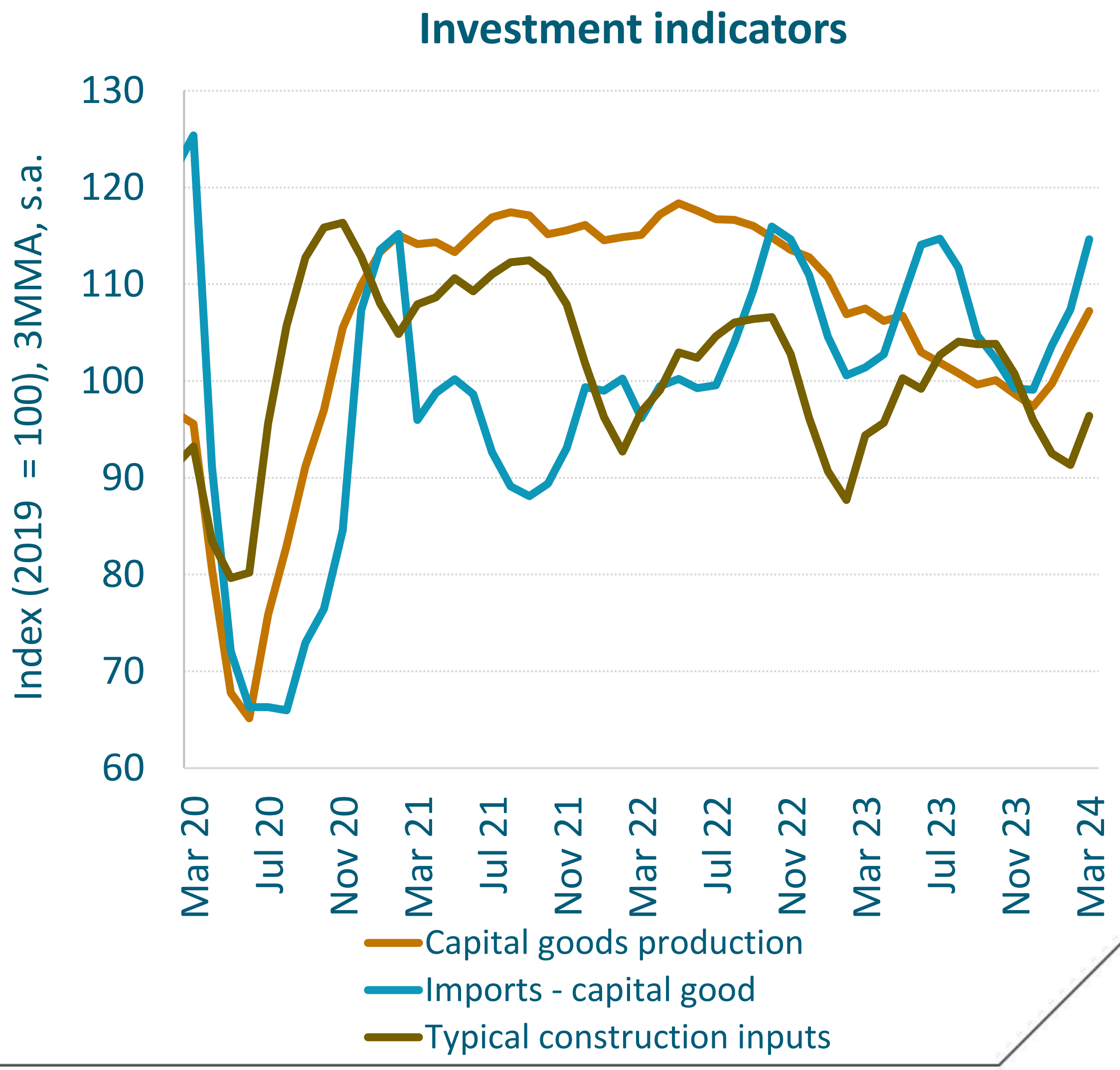


Sources: IBGE and BCB

Focus: expectations up to May 17th

Proxies for consumption and investment

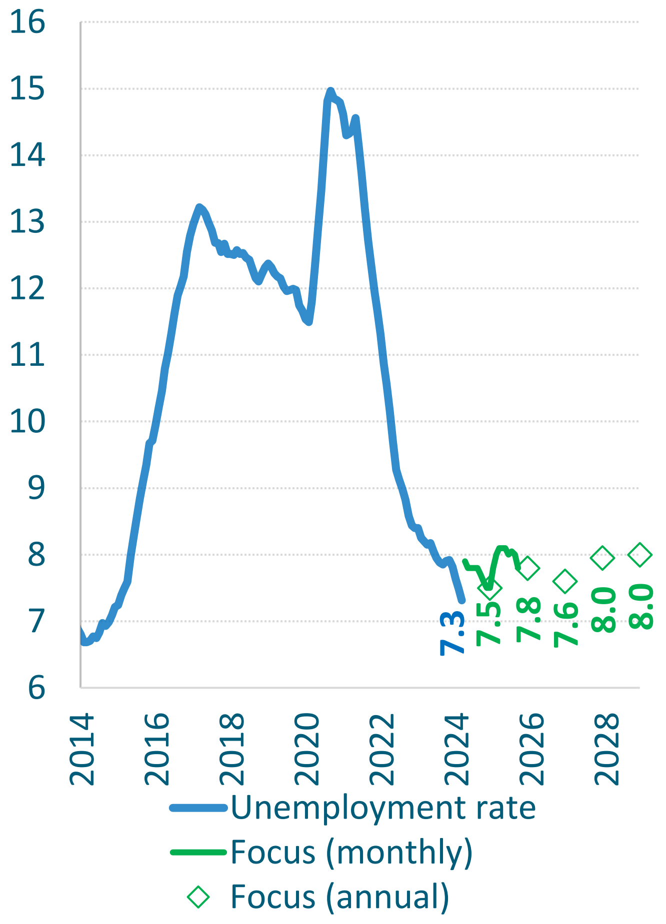




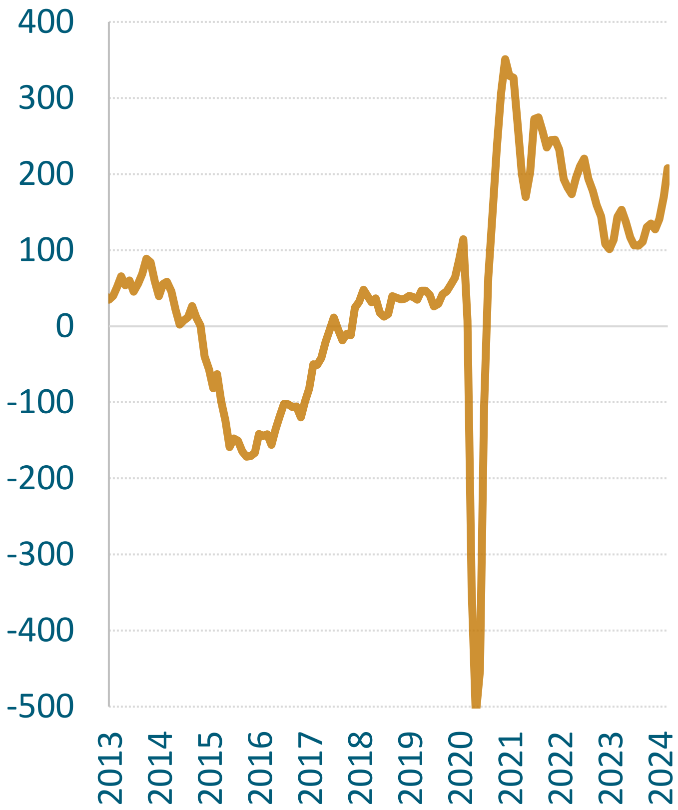
Sources: IBGE and BCB

Labor market – Unemployment

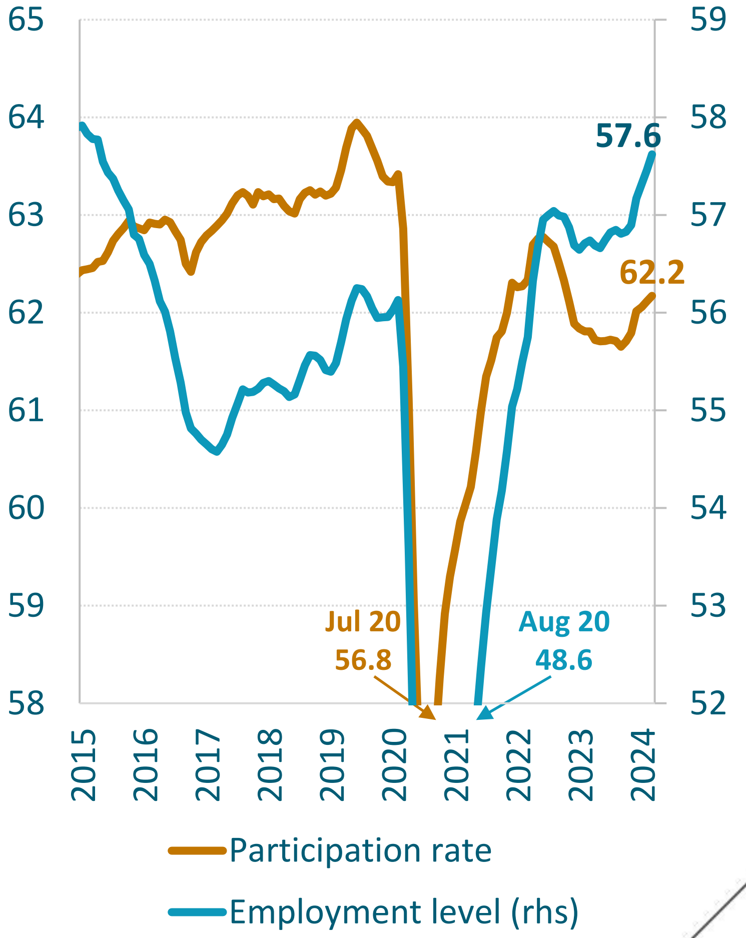
Unemployment rate[1/]
%; s.a. 3MMA



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



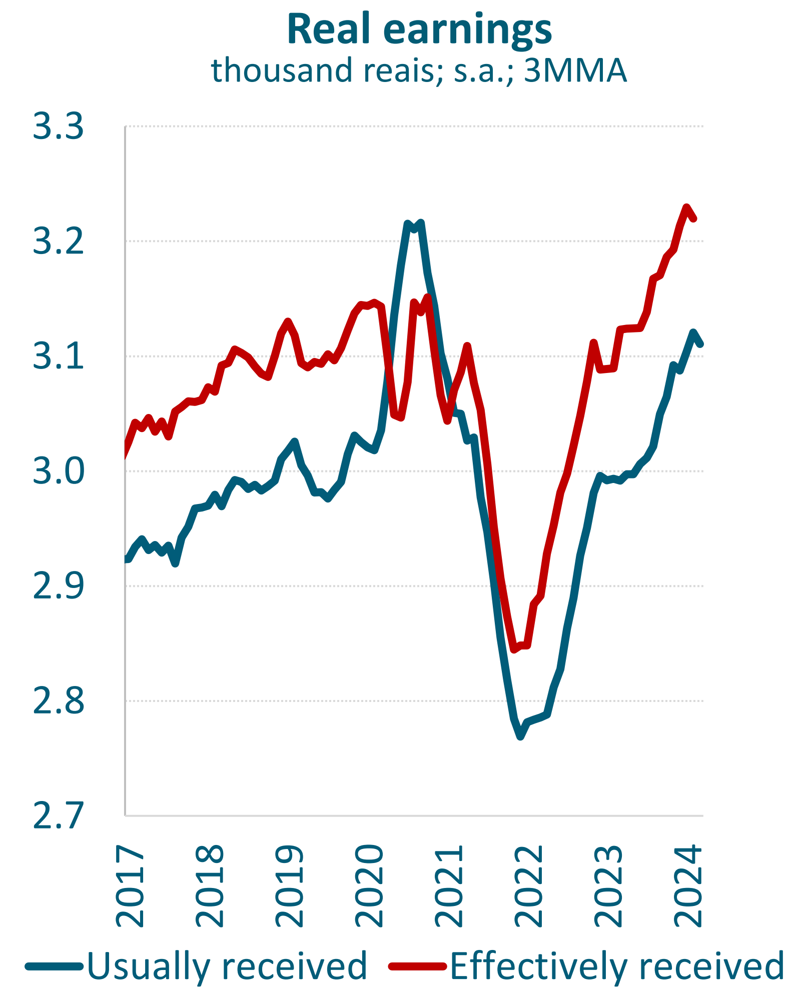
Participation rate and occupation
%, 3MMA, s.a.

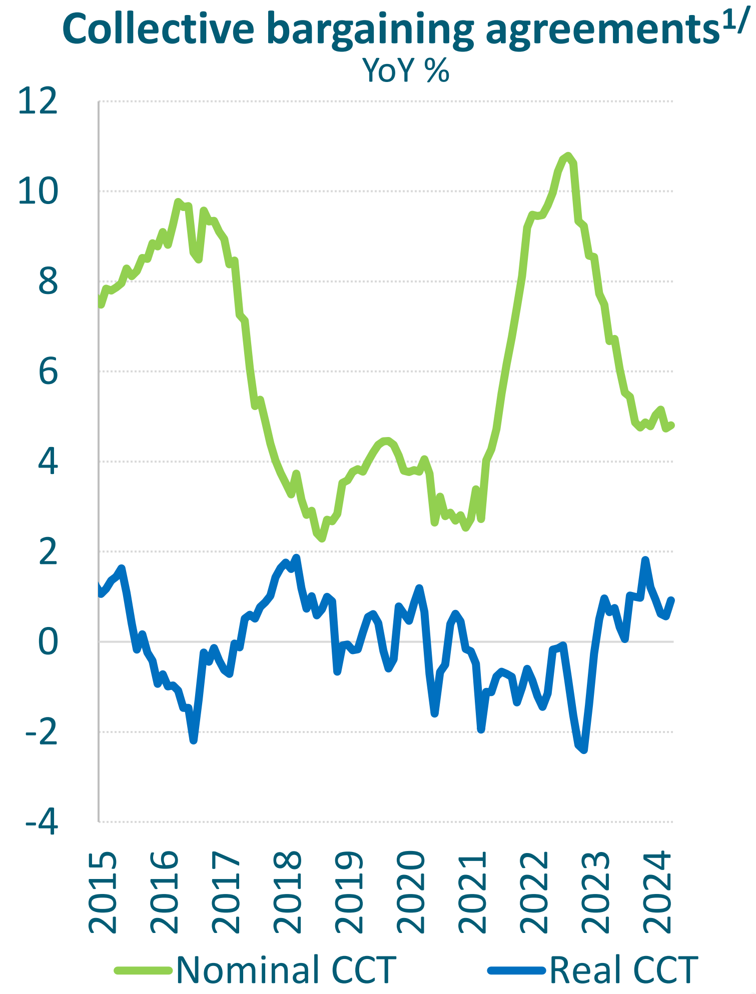


Sources: IBGE, Ministério do Trabalho and BCB

1/ Focus: expectations for the unemployment rate as of May 17th without seasonal adjustment; annual expectations refer to December of each year

Labor market – Earnings



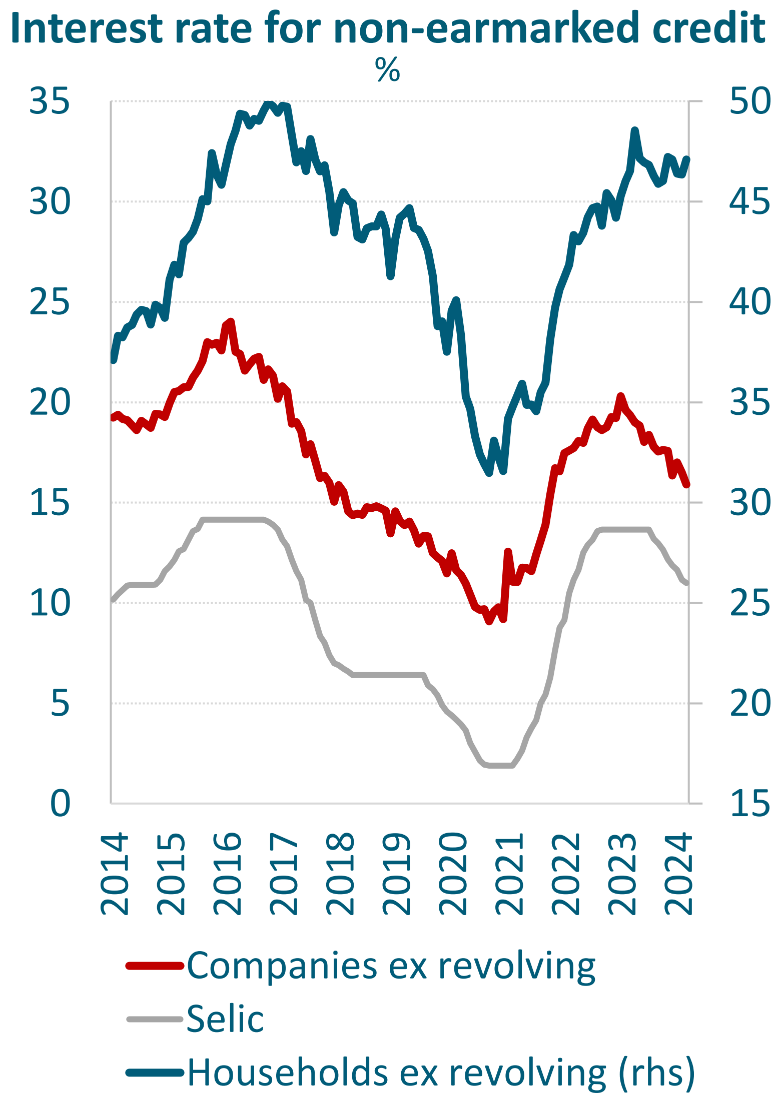


Sources: IBGE, Ministério do Trabalho and BCB

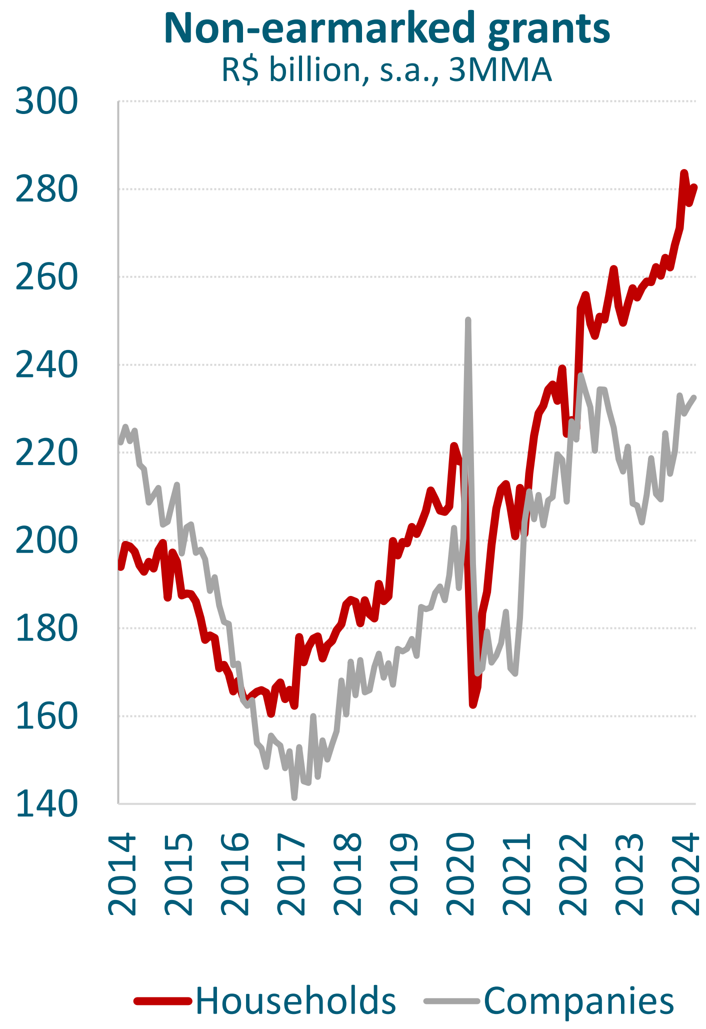
1/ CCT: nominal average wage adjustment in São Paulo and Rio de Janeiro deflated by INPC (t-5).

BANCO CENTRAL DO BRASIL

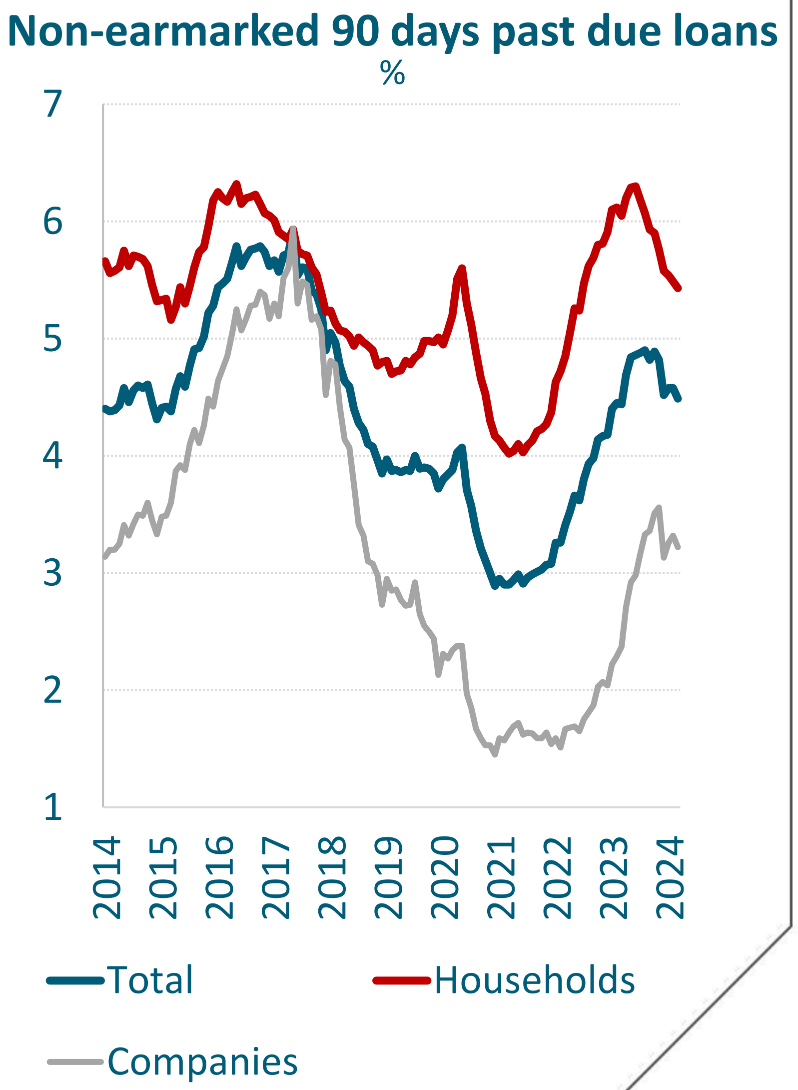
Credit



Interest rate for non-earmarked credit
%
35
30
25
20
15
10
5
0
50
45
40
35
30
25
20
15
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
Companies ex revolving
Selic
Households ex revolving (rhs)

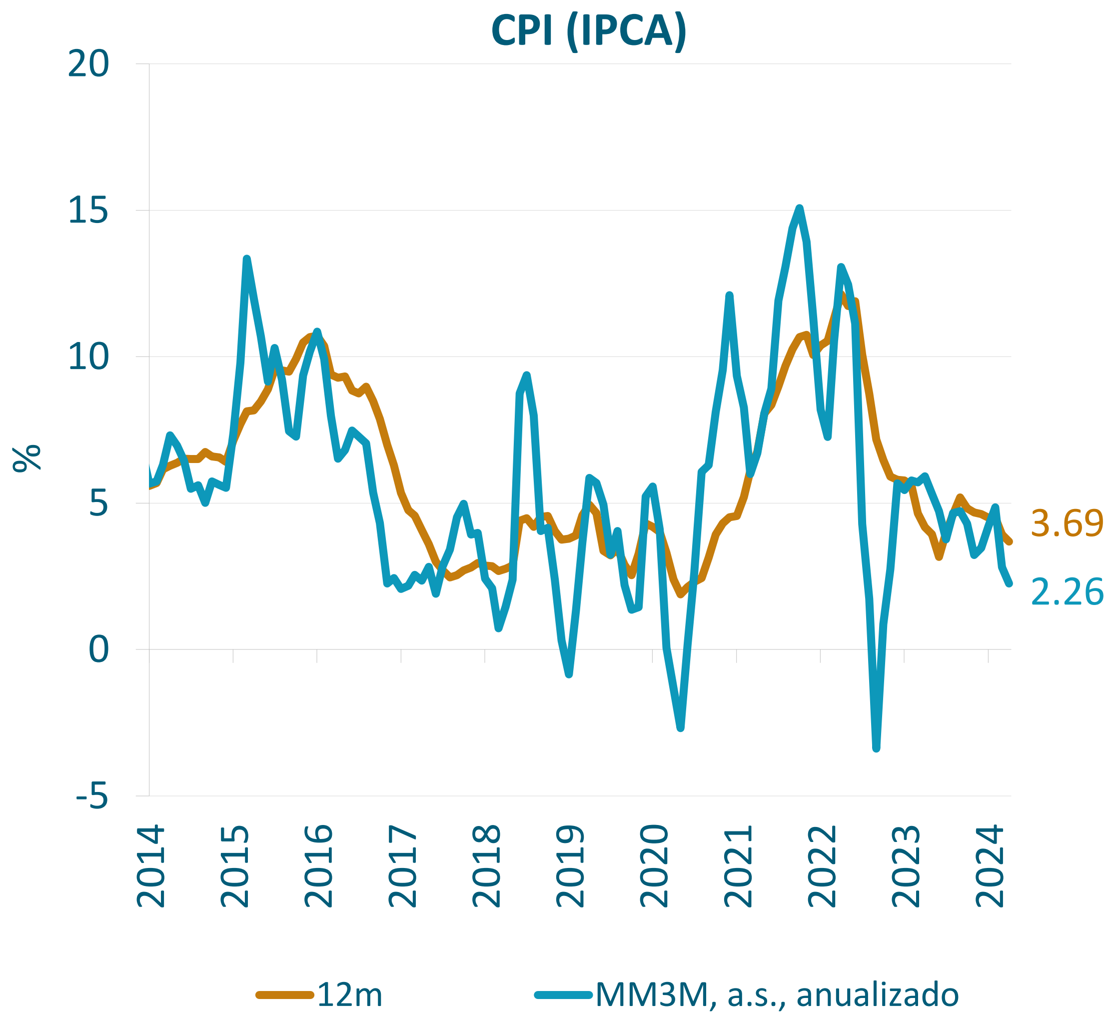


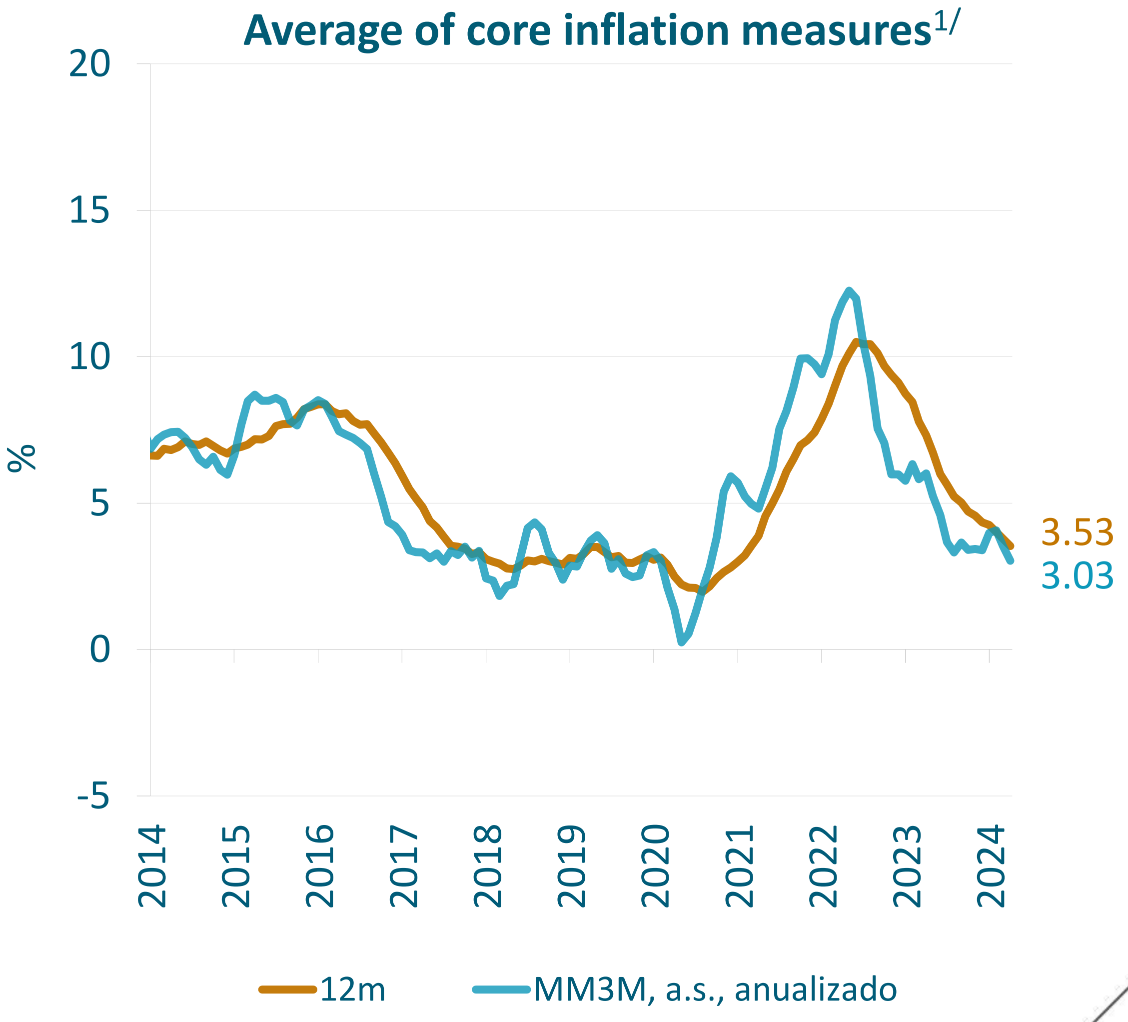
Non-earmarked grants
R$ billion, s.a., 3MMA
300
280
260
240
220
200
180
160
140
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
Households
Companies



Non-earmarked 90 days past due loans
%
7
6
5
4
3
2
1
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
Total
Households
Companies

CPI and core inflation

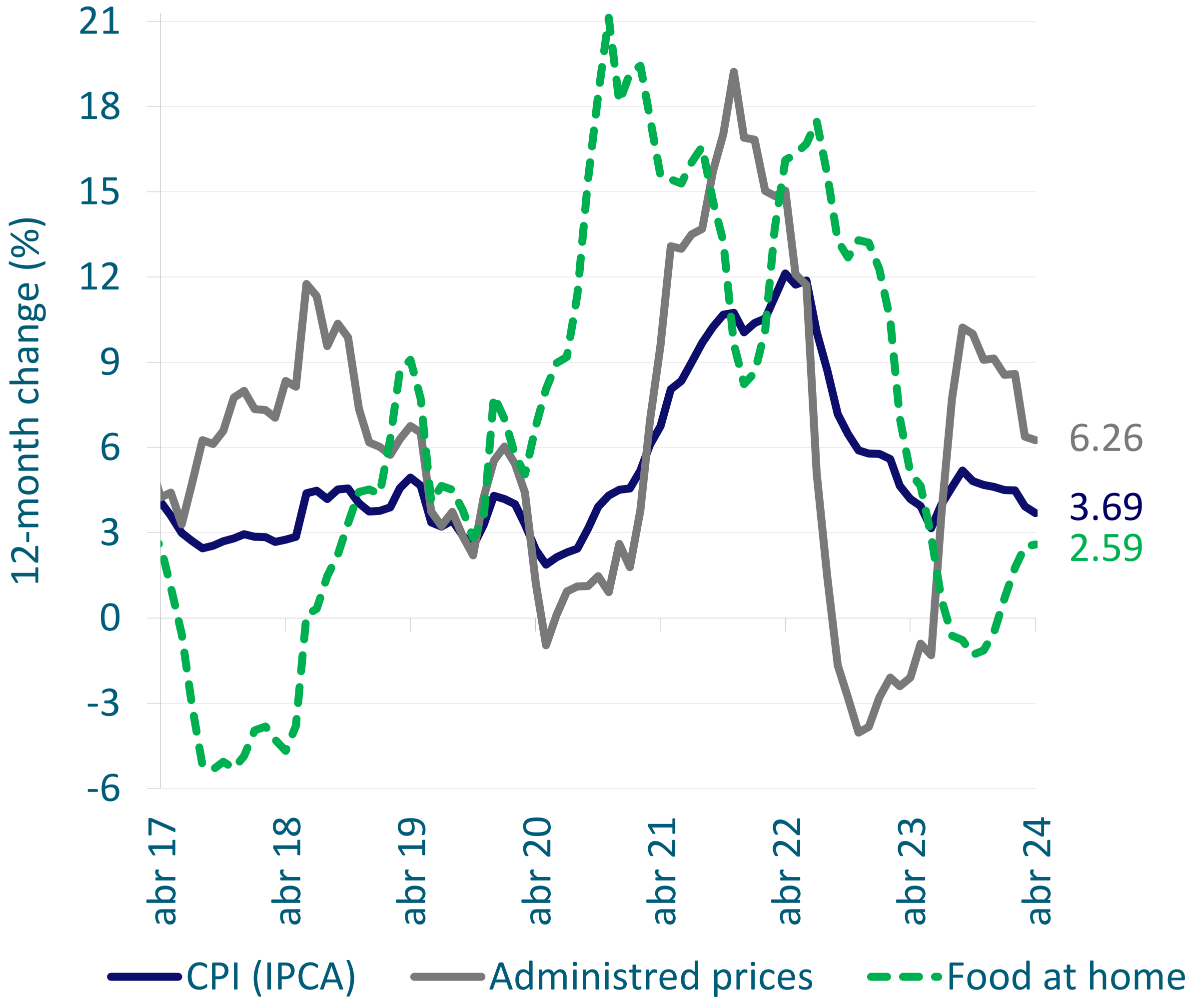


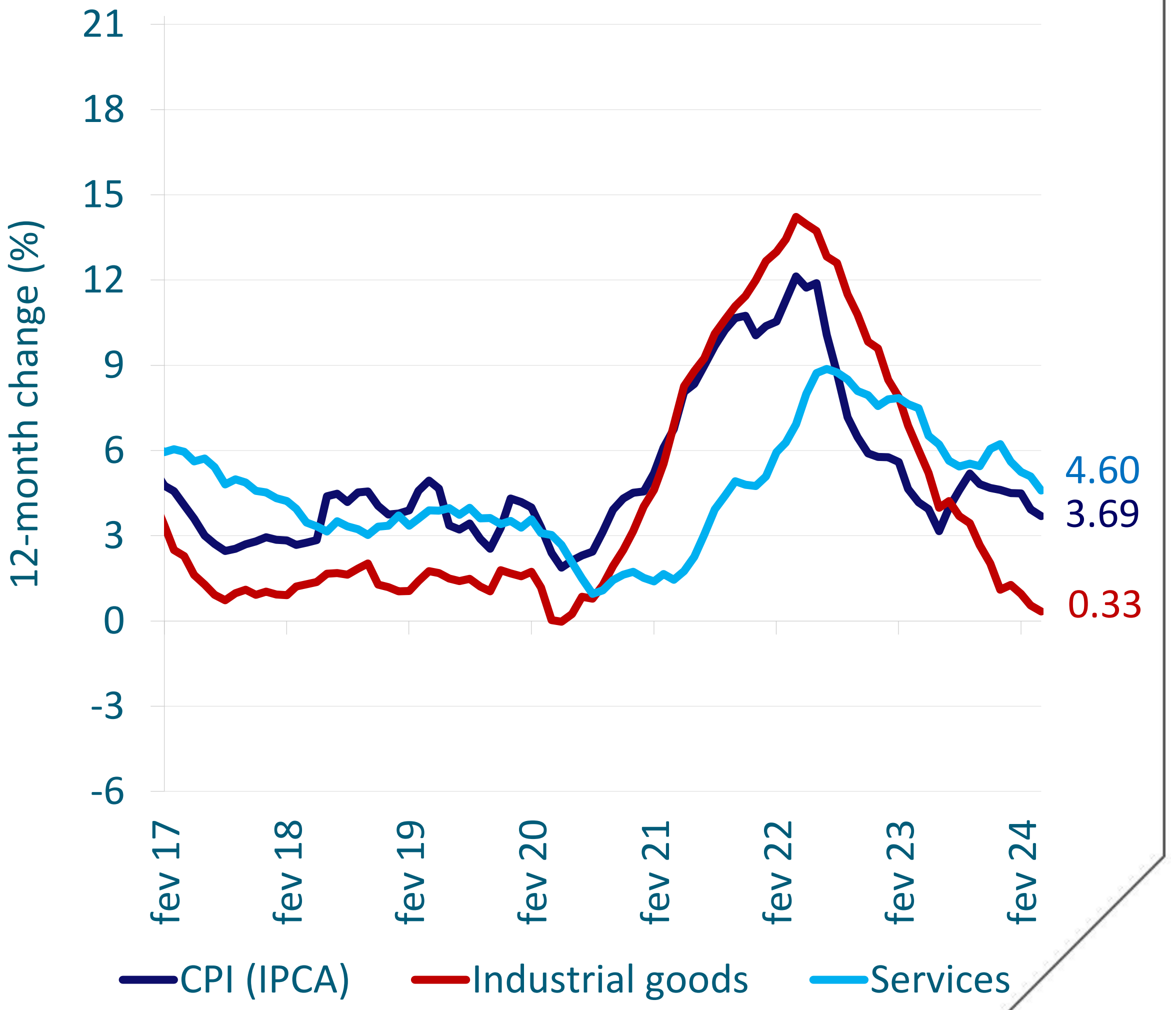


Sources: IBGE and BCB

1/ Average of core inflation measures for IPCA DP, MS, P55, EX3 and EX0

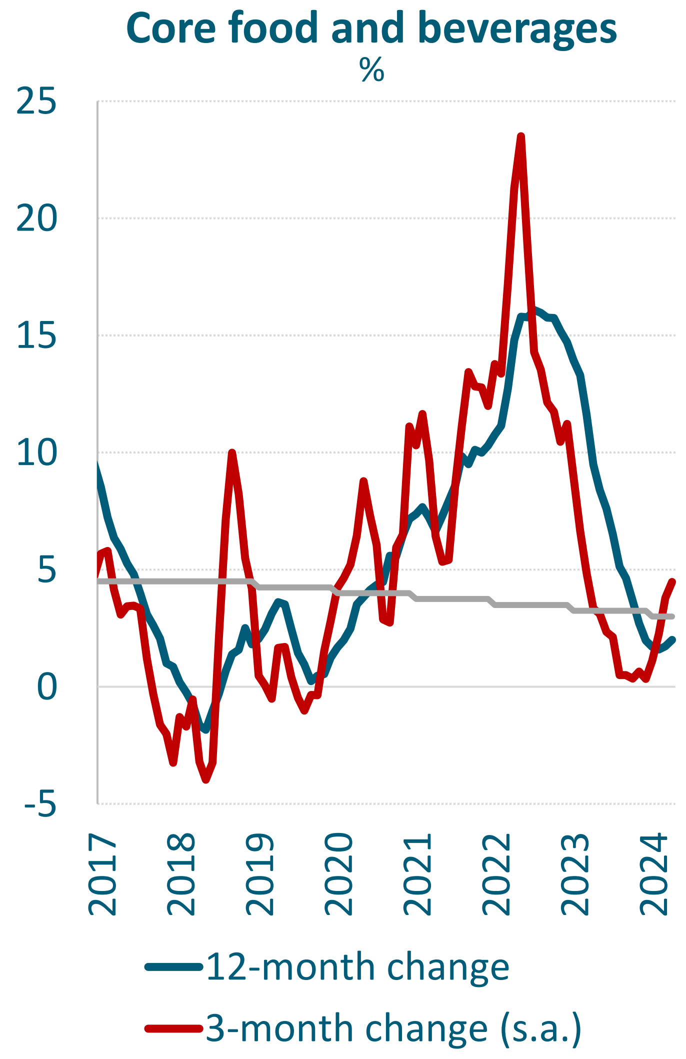
CPI components

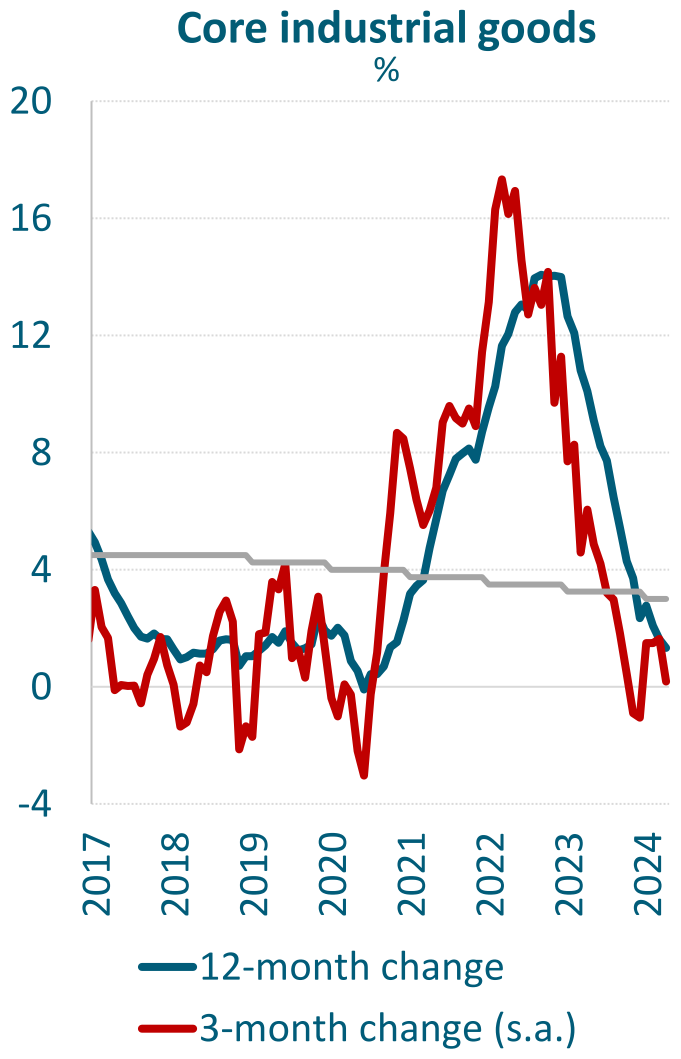


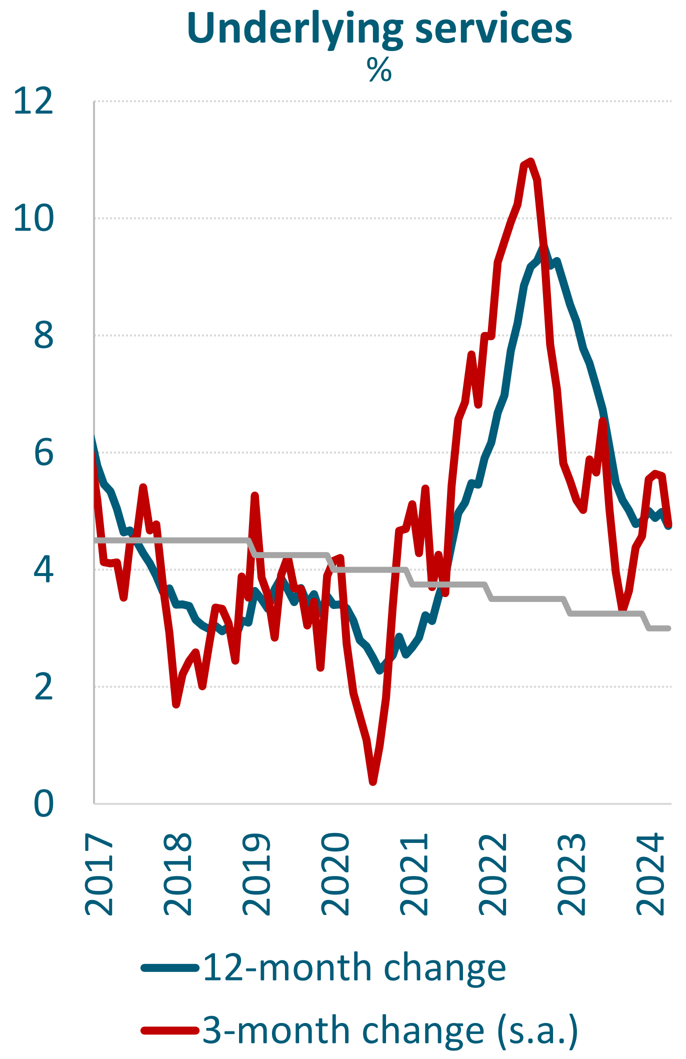


Sources: IBGE and BCB

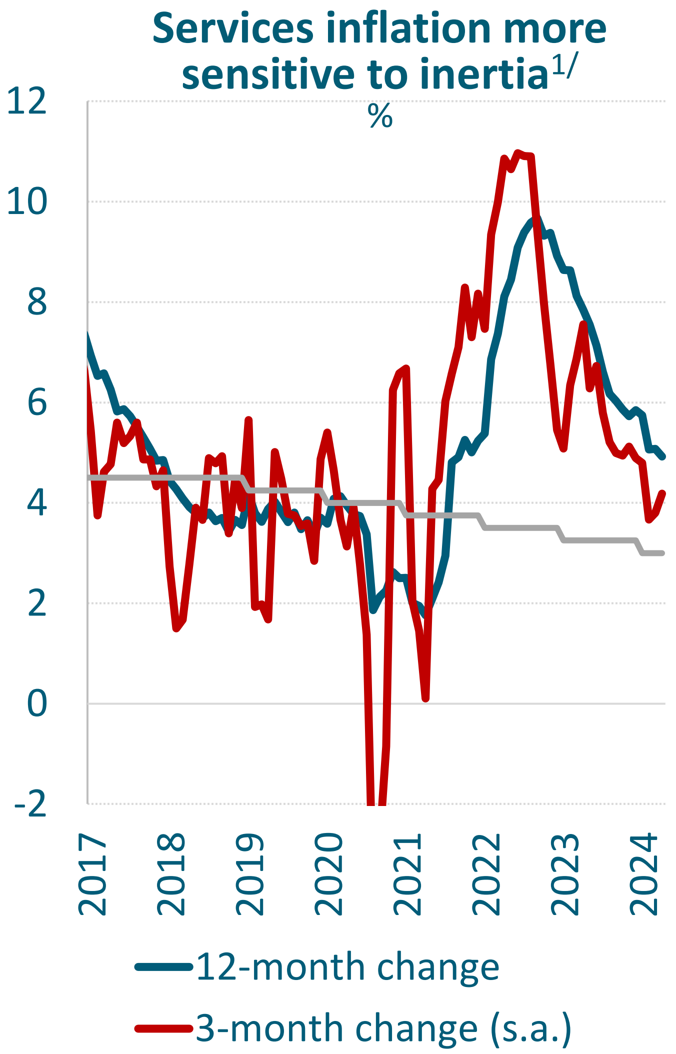
Core inflation

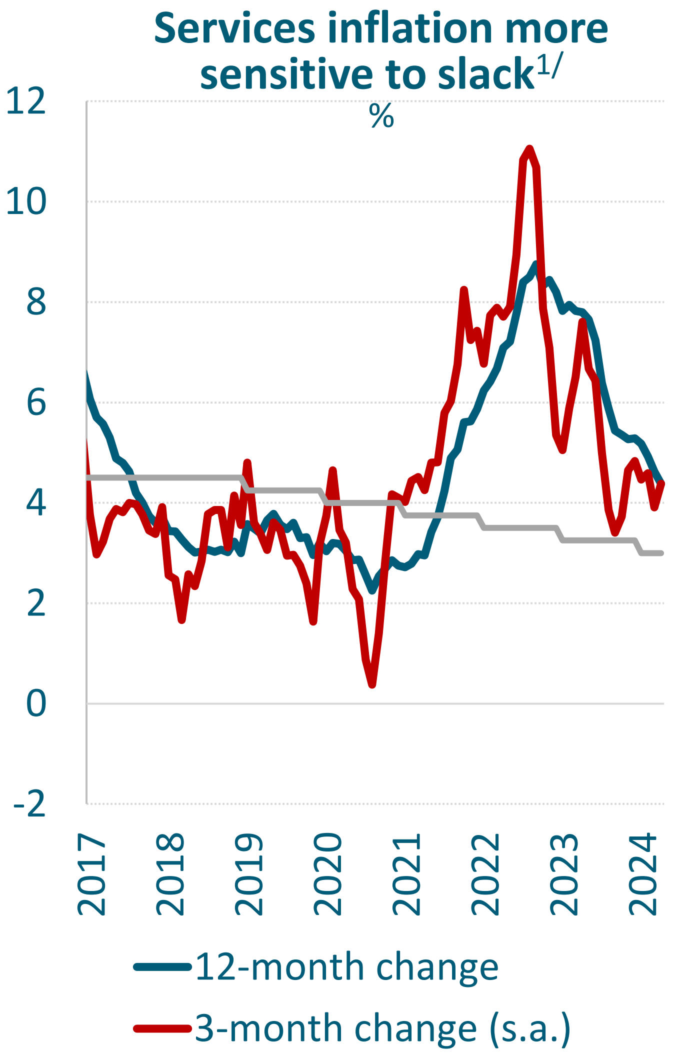


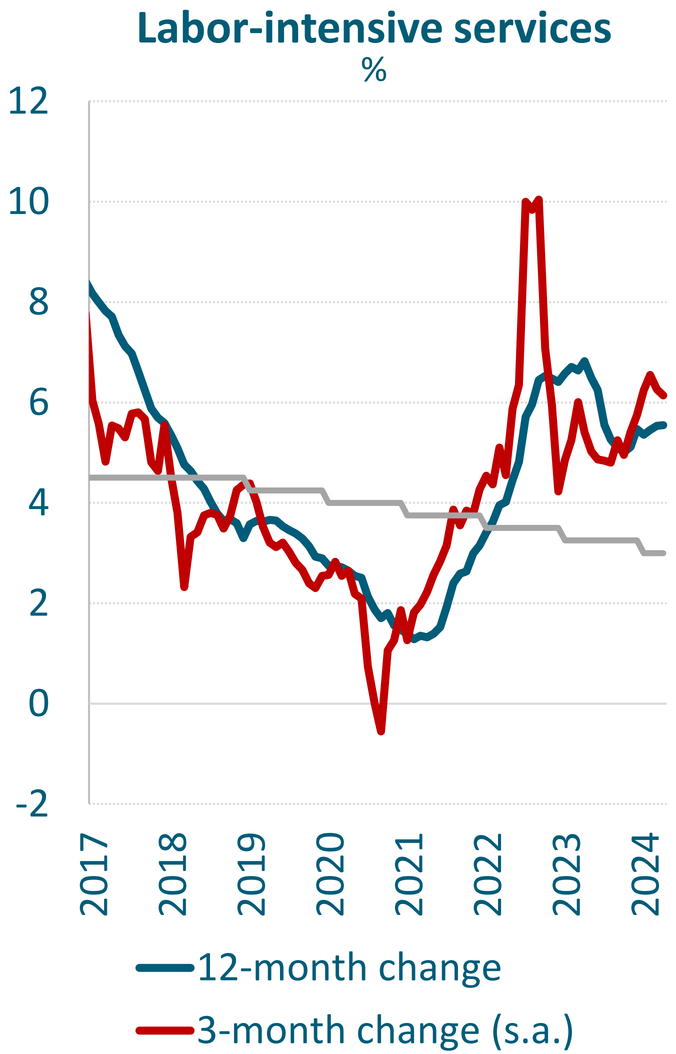




Additional measures for prices of services



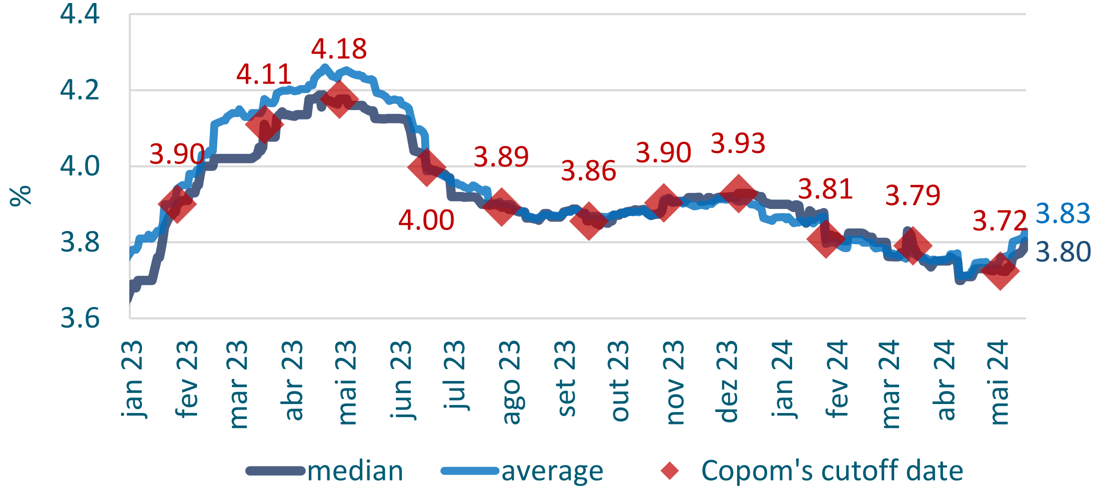




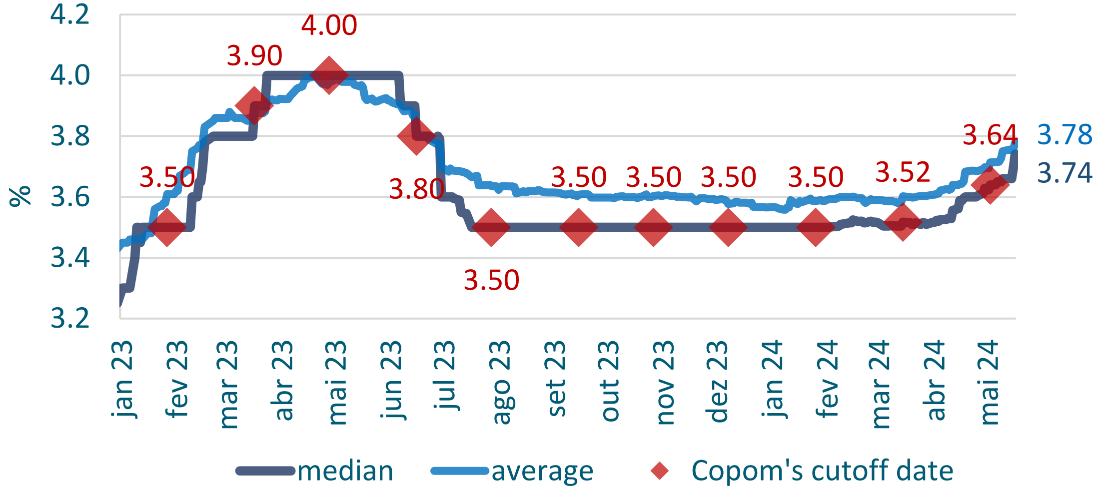
1/ Inflation Report box "Analysis of the services inflation considering slack and inertia", December 2022
1/ Inflation Report box "Segmentação da Inflação de Serviços " (in Portuguese), December 2013

Inflation expectations

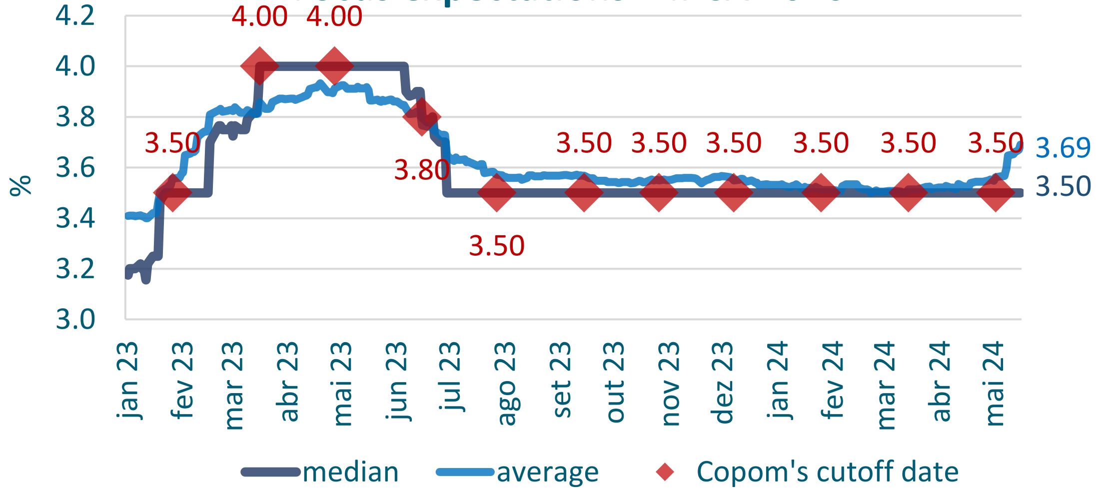
Focus expectations – IPCA 2024



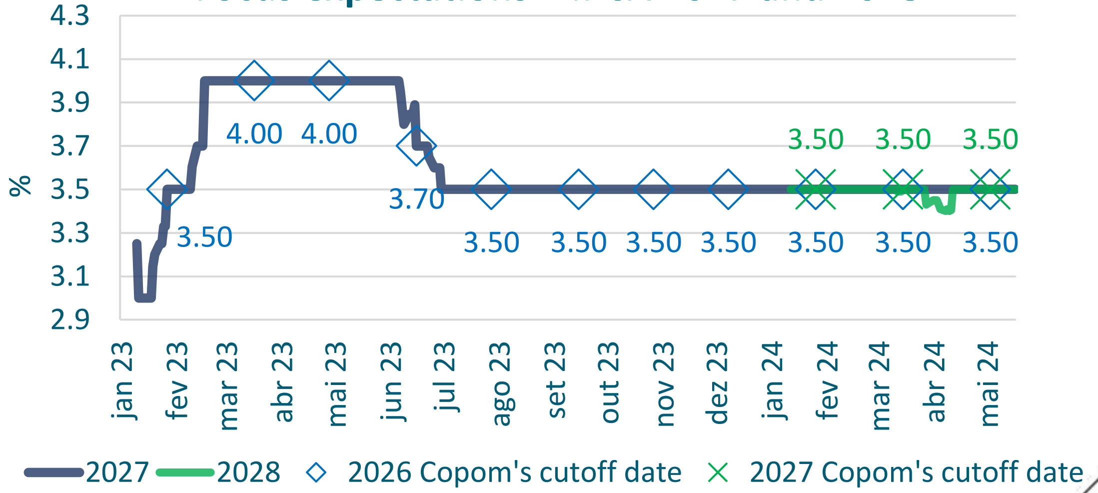
Focus expectations – IPCA 2025



Focus expectations – IPCA 2026



Focus expectations – IPCA 2027 and 2028



Source: BCB (Focus)

data up to May 17th

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