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Solid Start of 2Q21 for Retail Sales

- **Broad retail sales surprised positively in April: the headline index climbed by 3.8% MoM-sa, above market consensus (2.1%) and in line with our call (3.7%).** Regarding core retail sales (ex auto and building materials), the index beat the consensus (-0.3%) by expanding 1.8% (our call: +0.1%)
- **Looking at the details, this growth was widespread.** Nine of ten retail segments posted monthly gains, more than offsetting Supermarkets' retreat (-1.7%). Credit-led segments were the main driver of this growth, fully giving back March's losses.
- **Going forward, our proprietary indicator (IGet) already points to sequential growth of broad retail sales in May, mainly driven by Supermarkets, on the heels of the payment of the new round of emergency aid.** Moreover, Fenabreve's data shows that vehicle sales expanded this month. Based on this information set, our tracking of broad retail sales for May stands at +6.6% MoM-sa (30.9% YoY).

Figure 1 – Retail Sales Breakdown

	Feb-21			Mar-21			Apr-21		
	% MoM	% YoY	% QoQ	% MoM	% YoY	% QoQ	% MoM	% YoY	% QoQ
Core Retail Sales	0.7	-3.9	-5.8	-1.1	2.2	-4.2	1.8	23.7	-1.7
Fuels	-0.7	-10.6	-1.5	-5.4	-1.4	-3.2	3.4	19.9	-3.6
Hypermarkets, supermarkets	0.8	-4.6	-2.4	3.3	-3.9	-1.0	-1.7	-1.8	1.2
Fabrics, clothing and footwear	3.6	-18.8	-12.9	-16.1	-14.7	-18.1	13.8	300.7	-13.4
Furniture and home appliances	5.6	0.6	-16.0	-21.3	11.8	-17.1	24.8	71.3	-10.3
Pharmaceutical	-0.4	8.8	2.5	-0.4	11.8	1.8	0.9	34.0	0.7
Books, papers and magazine	12.7	-41.0	-9.2	-4.7	-19.6	-22.1	3.8	96.0	-15.2
Office equipment and supplies	-0.7	-10.2	-4.5	-9.9	-0.5	-6.3	10.2	47.4	-5.3
Other	-2.2	2.0	-7.5	-5.8	30.1	-3.6	6.7	104.4	-2.8
Broad Retail Sales	3.4	-1.9	-2.7	-5.0	9.8	-3.6	3.8	40.9	-1.4
Building Materials	2.0	18.1	-3.4	-10.2	33.4	-3.8	10.4	44.4	-2.2
Vehicles	8.6	-3.6	0.3	-19.8	27.0	-6.6	20.3	131.8	-3.7

Sources: IBGE, Santander.

Retail activity positively surprised in April, highlighting a solid start of 2Q21. The broad retail index climbed by 3.8% MoM-sa, considerably above median expectations (2.1%) and in line with our call (3.7%). However, the positive figure was not enough to fully offset the previous drop (-5.0%). Regarding the core index (which excludes auto sales and building materials), the index expanded by 1.8%, strongly beating expectations of a monthly decline (-0.3%). Following March's slump, both indexes are now running above the pre-pandemic mark: up by at 0.3% and 1.0% since February-2020, respectively. In quarterly terms, April's figures imply carryovers of 1.4% and 1.2%, respectively.

IMPORTANT DISCLOSURES/CERTIFICATIONS ARE IN THE "IMPORTANT DISCLOSURES" SECTION OF THIS REPORT.

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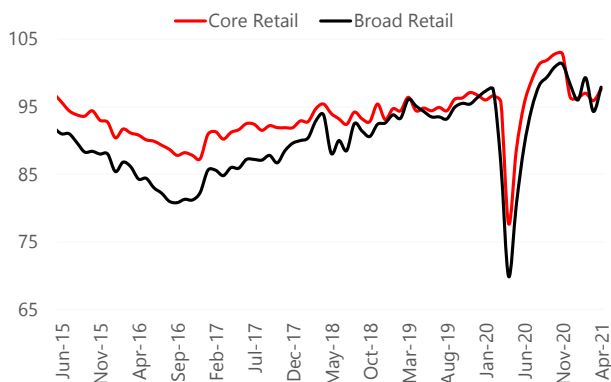
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Looking at the details: a strong number, with widespread growth. Nine of the ten retail categories posted monthly gains, with credit-led segments driving April’s growth and offsetting Supermarkets’ retreat (-1.7%, after March’s 3.3% expansion). We highlight Clothing (+13.8%), Furniture (+24.8%), Building (+10.4%), and Vehicles (+20.3%); these figures underline a virtual give-back of March’s losses.

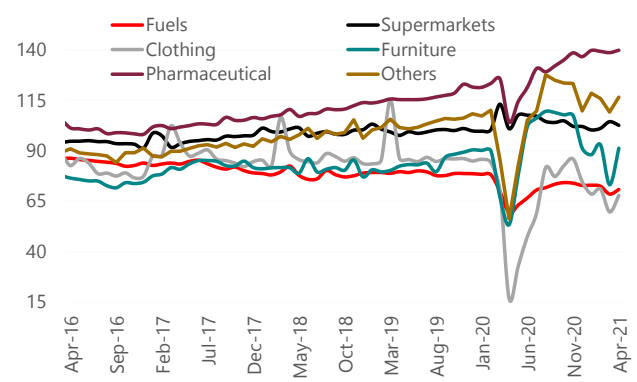
Going forward, our proprietary indicator (IGet) already points to sequential growth of broad retail sales in May. We expect growth to be mainly driven by Supermarkets, on the heels of the payment of the new round of emergency aid. Moreover, Fenabrave’s data showed that vehicle sales expanded in May, reinforcing the likelihood of sequential growth. Based on this information set, our tracking of broad retail sales stands at +6.6% MoM-sa (30.9% YoY). For core retail sales, our tracking stands at +2.6% MoM-sa (18.4% YoY). Regarding IBC-Br figure for April, our tracking stands at +0.8%. **For details on Santander’s economic activity scenario, please refer to our last chartbook¹.**

Figure 2.A – Retail Sales (sa, 2014=100)



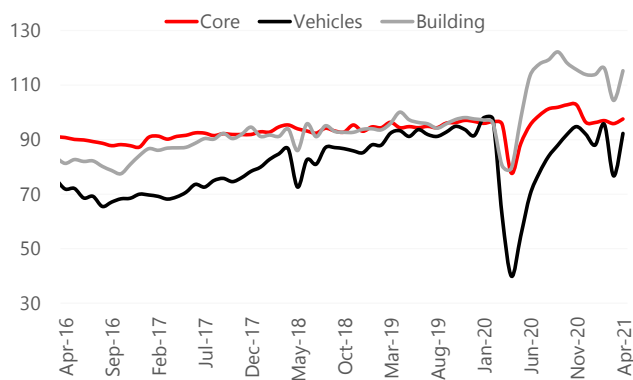
Sources: IBGE, Santander.

Figure 2.B – Core Retail Sales (sa, 2011=100)



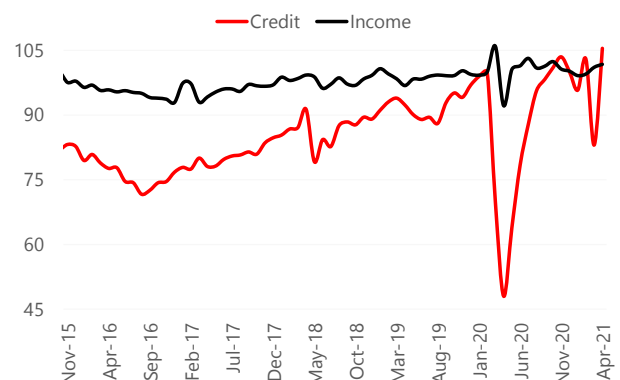
Sources: IBGE, Santander.

Figure 3.A – Broad Retail Sales (sa, 2014=100)



Sources: IBGE, Santander.

Figure 3.B – Sensitivity Analysis (sa, 2011=100)



Sources: IBGE, Santander.

¹ Santander Brazil Economic Activity - “Chartbook – Positive Surprises with Risks On The Upside” – May 25, 2021- <http://bit.ly/Std-chart-econact-may21>



Figure 4 – “Heatmap” Showing Retail Sales Trend by Component

Retail Sales (% 3MMA sa)												
	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
Core Retail Sales	-3.00	-0.15	8.11	4.53	2.23	1.29	0.49	-1.79	-2.15	-1.96	-0.17	0.45
Fuels	-7.24	-1.67	5.98	4.30	3.26	1.72	1.00	-0.27	-0.59	-0.68	-1.97	-0.98
Hypermarkets, supermarkets	2.32	-1.71	1.96	-0.99	-1.13	-0.73	-0.77	-0.64	-1.46	-0.33	0.79	0.75
Fabrics, clothing and footwear	-30.04	-18.91	43.76	35.03	15.79	10.84	1.78	-1.06	-5.80	-6.51	-7.01	-0.35
Furniture and home appliances	-5.62	17.70	22.62	10.97	2.17	0.49	-0.64	-5.46	-6.43	-5.06	-6.65	1.26
Pharmaceutical	-2.52	-1.22	7.79	4.01	2.78	1.10	2.37	1.13	1.15	0.17	0.48	0.02
Office equipment and supplies	-30.16	-6.81	35.88	11.37	0.44	-7.10	11.41	5.91	-4.89	-9.85	-9.19	3.59
Books, papers and magazine	-11.19	0.53	15.03	8.58	2.88	0.81	1.12	-1.15	-1.52	-1.91	-2.97	-0.48
Others	-10.78	8.91	21.89	15.01	5.75	3.81	-1.14	-4.09	-1.40	-2.13	-0.15	-0.58
Broad Retail Sales	-6.77	1.01	10.36	6.74	3.69	2.12	1.04	-0.36	-1.63	-0.68	-1.36	0.66
Building material	0.59	12.76	13.11	6.57	2.51	0.11	-1.00	-2.33	-1.21	0.15	-2.76	0.42
Vehicles	-21.53	4.79	23.08	14.50	7.91	5.69	4.13	1.46	-1.43	0.29	-5.55	1.65

Sources: IBGE, Santander.



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