



## **A NEGATIVE RESULT, WITH A MIXED BREAKDOWN FOR BROAD RETAIL IN AUGUST**

**Gabriel Couto\***  
gabriel.couto@santander.com.br  
+5511 3553-8487

- **Broad retail sales decreased 1.3% MoM-sa (+3.6% YoY) in August**, below both market consensus (-0.8% MoM-sa; +4.7% YoY) and our estimate (-1.1% MoM-sa; +4.1% YoY). Meanwhile, core retail sales (which excludes building materials, vehicles sales and wholesale food) came in at -0.2% MoM-sa (2.3% YoY), above consensus of -0.8% MoM-sa (+1.3% YoY) and our estimate of -1.0% MoM-sa (+0.7% YoY).
- **The details showed a mixed breakdown, as five out of ten retail activities decreased at the margin.** Clothing (-0.4% MoM-sa), furniture (-2.2% MoM-sa), books (-3.2% MoM-sa) and other personal items (-4.8% MoM-sa) contributed negatively. Conversely, vehicles (+3.3% MoM-sa), fuels (+0.9% MoM-sa), supermarkets (+0.9% MoM-sa), office supplies (+0.2% MoM-sa) and pharmaceuticals (+0.1) had positive contributions at the margin.
- **Food wholesale activities probably had a considerably negative contribution to the broad retail sales result at the margin**, considering both the deceleration in YoY terms and the behavior of the other broad retail sales components in August. Still, as the historical series for wholesale is short (being only available since January 2022) and still lacks a seasonally adjusted figure, that contribution cannot be accounted for.
- **August's figures showed positive figures for both income-led segments and credit-led activities (+0.4% MoM-sa for both).**
- **September's available data point to mixed signals for the month.** According to FGV surveys (soft data), retail confidence decreased 1.7% MoM-sa, while consumer confidence increased 0.2% MoM-sa, with both remaining below the 100-point neutral threshold. Our proprietary IGet data for core retail registered a 0.2% MoM-sa decrease in September.
- **All in all, another mixed print for retail in August.** Broad retail sales maintained a downward trend and should continue to contribute negatively to economic activity going forward. Looking ahead, we expect retail activity to maintain a trend of tepid performances. With August's result, the carryover for 3Q23 points to -0.7% QoQ-sa, and +0.4% QoQ-sa for broad and core retail sales, respectively.
- **We maintained our IBC-Br tracking for August (due on Friday, October 20) at -0.9% MoM-sa.** Our 3Q23 GDP growth tracking is currently at -0.3% QoQ-sa. We continue to see signs of deceleration for broad activity ahead, as more cyclical segments indicate a continued slowing trend owing to highly restrictive financial conditions. In addition, we expect a negative contribution for farm output at the margin, following hefty expansion in 1H23.

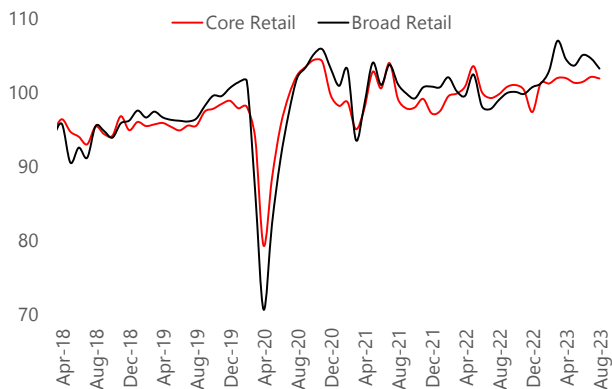


Figure 1 – Retail Sales Details

Weights		Retail Sales Breakdown								
		% MoM			% YoY			% QoQ		
		Jun-23	Jul-23	Aug-23	Jun-23	Jul-23	Aug-23	Mar-23	Jun-23	Aug-23
<b>60.8%</b>	<b>Core Retail Sales</b>	<b>0.1</b>	<b>0.7</b>	<b>-0.2</b>	<b>1.4</b>	<b>2.4</b>	<b>2.3</b>	<b>1.9</b>	<b>0.1</b>	<b>0.1</b>
7.7%	Fuels	-0.9	0.5	0.9	9.2	-2.3	-3.5	-2.6	-1.2	0.2
33.0%	Hypermarkets, supermarkets	1.4	0.3	0.9	3.2	2.9	5.6	0.9	1.5	1.0
3.2%	Fabrics, clothing and footwear	0.6	-2.9	-0.4	-6.3	1.3	-7.0	17.3	-7.6	-4.1
4.4%	Furniture and home appliances	0.6	-1.1	-2.2	2.7	3.3	-1.5	0.4	-1.2	-1.6
5.6%	Pharmaceuticals	-0.3	0.1	0.1	4.7	6.5	6.5	0.9	3.6	1.8
0.4%	Books, papers and magazine	-0.2	-2.9	-3.2	-2.2	-7.4	-15.7	-1.4	0.5	-2.4
0.9%	Office equipment and supplies	-4.7	11.6	0.2	-8.8	6.8	6.2	1.5	-6.6	0.9
5.6%	Other personal items	0.3	8.1	-4.8	-14.9	-4.9	-7.9	-3.5	-5.8	1.2
<b>100%</b>	<b>Broad Retail Sales</b>	<b>1.4</b>	<b>-0.4</b>	<b>-1.3</b>	<b>8.3</b>	<b>6.6</b>	<b>3.6</b>	<b>3.5</b>	<b>0.7</b>	<b>-0.7</b>
13.9%	Wholesale	-	-	-	21.4	19.2	8.8	-	-	-
8.0%	Building Materials	0.4	0.2	-0.1	-2.4	-0.3	-0.5	3.7	-2.2	-0.1
17.2%	Vehicles	8.5	-5.8	3.3	17.8	9.8	10.8	4.7	2.2	5.1

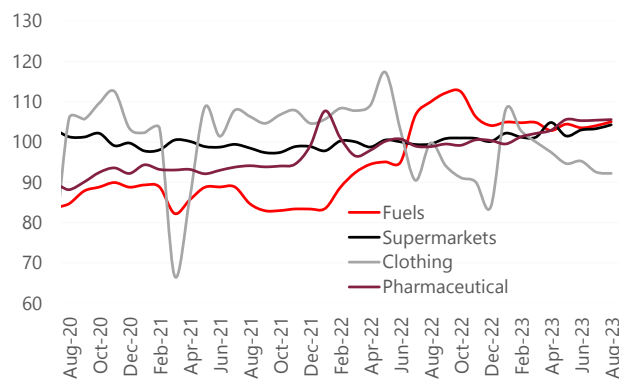
Sources: IBGE, Santander.

Figure 2 – Retail Sales (sa, 2022=100)



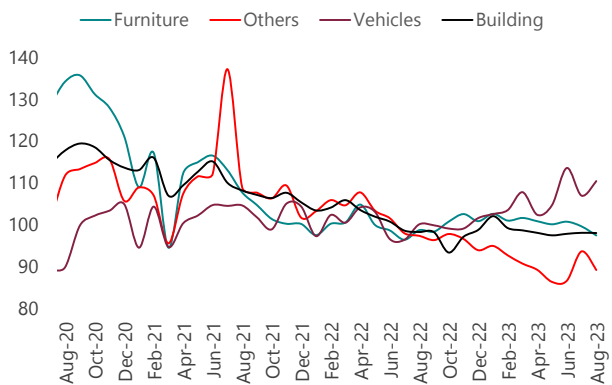
Sources: IBGE, Santander.

Figure 3 – Retail Sales Segments (sa, 2022=100)



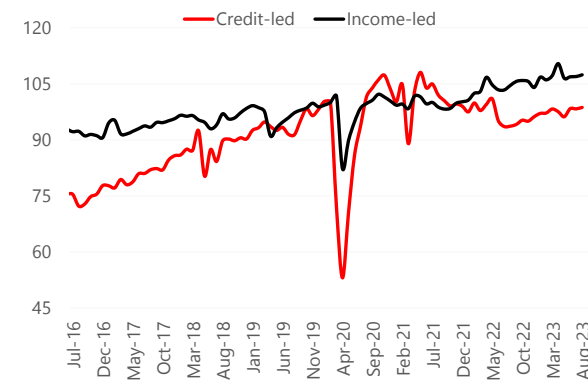
Sources: IBGE, Santander.

Figure 4 – Retail Sales Segments (sa, 2022=100)



Sources: IBGE, Santander.

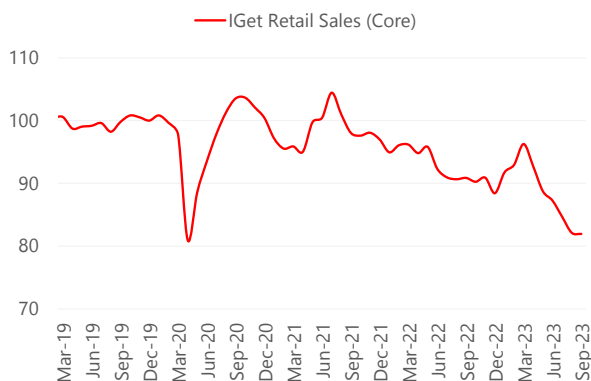
Figure 5 – Figure 5 – Sensitivity Analysis (sa, 2011=100)\*



Sources: IBGE, Santander. \* Income segments include fuels, supermarkets, clothing, books, and pharmaceutical products; credit segments include furniture, building materials, others, office equipment and vehicles.

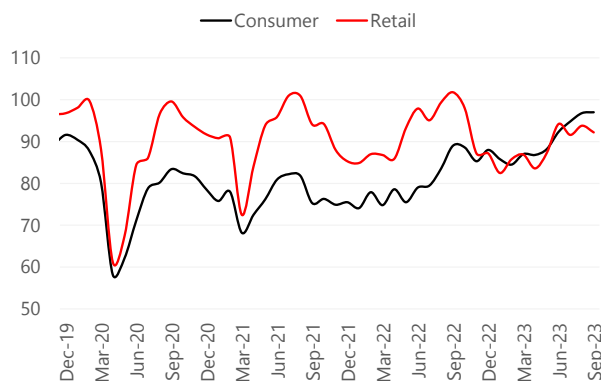


Figure 6 – IGet (sa, Dec/19=100)



Sources: Getnet, Santander.

Figure 7 – FGV Economic Confidence Data (sa)\*



Sources: FGV, Santander.  
\* Neutral level: 100 points.

Figure 6 – “Heatmap” Showing Retail Sales by Component

Retail Sales (% MoM sa)												
	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
<b>Core Retail Sales</b>	1.02	0.24	-0.65	-2.98	4.01	-0.05	0.74	-0.02	-0.62	0.12	0.66	-0.21
Fuels	2.02	0.32	-5.54	-2.06	0.81	-0.15	0.06	-1.90	1.53	-0.86	0.51	0.94
Hypermarkets, supermarkets	1.36	0.14	-0.09	-0.76	2.05	-0.96	-0.01	3.58	-3.18	1.45	0.32	0.94
Fabrics, clothing and footwear	-5.62	-3.15	-1.20	-6.86	28.85	-4.89	-2.75	-2.52	-2.88	0.63	-2.85	-0.36
Furniture and home appliances	-0.37	2.44	1.79	-1.66	1.74	-1.58	0.63	-0.78	-0.72	0.62	-1.11	-2.17
Pharmaceutical	0.66	-0.32	1.37	-0.16	-0.85	1.76	0.85	0.75	2.60	-0.28	0.12	0.14
Books, papers and magazine	0.35	-4.90	-3.31	-0.73	-0.39	1.73	-1.68	0.47	1.05	-0.24	-2.95	-3.22
Office equipment and supplies	3.25	2.15	-3.27	-0.76	6.57	-8.06	7.17	-7.55	1.36	-4.69	11.58	0.21
Others	-1.06	1.52	-1.21	-2.79	1.10	-2.38	-2.13	-1.65	-3.23	0.32	8.12	-4.76
<b>Broad Retail Sales</b>	0.98	0.15	-0.28	0.92	0.50	1.69	3.95	-2.32	-0.83	1.37	-0.44	-1.30
Building material	-0.05	-4.96	4.05	1.70	3.32	-2.79	-0.55	-0.60	-0.61	0.37	0.25	-0.05
Vehicles	-0.24	-0.77	-0.01	2.54	0.93	0.94	4.13	-5.03	2.28	8.47	-5.82	3.26

Sources: IBGE, Santander.

Figure 7 – “Heatmap” Showing Retail Sales Contribution by Component

Retail Sales (contributions sa, p.p)												
	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Fuels	0.18	0.03	-0.50	-0.18	0.07	-0.01	0.01	-0.17	0.14	-0.08	0.05	0.08
Hypermarkets, supermarkets	0.52	0.05	-0.03	-0.29	0.79	-0.37	0.00	1.37	-1.22	0.56	0.12	0.36
Fabrics, clothing and footwear	-0.21	-0.12	-0.04	-0.26	1.07	-0.18	-0.10	-0.09	-0.11	0.02	-0.11	-0.01
Furniture and home appliances	-0.02	0.12	0.09	-0.08	0.09	-0.08	0.03	-0.04	-0.04	0.03	-0.06	-0.11
Pharmaceutical	0.04	-0.02	0.09	-0.01	-0.06	0.11	0.06	0.05	0.17	-0.02	0.01	0.01
Books, papers and magazine	0.00	-0.02	-0.02	0.00	0.00	0.01	-0.01	0.00	0.00	0.00	-0.01	-0.01
Office equipment and supplies	0.03	0.02	-0.03	-0.01	0.07	-0.08	0.08	-0.08	0.01	-0.05	0.12	0.00
Others	-0.07	0.10	-0.08	-0.18	0.07	-0.15	-0.14	-0.11	-0.21	0.02	0.53	-0.31
Building material	0.00	-0.46	0.38	0.16	0.31	-0.26	-0.05	-0.06	-0.06	0.03	0.02	0.00
Vehicles	-0.05	-0.15	0.00	0.51	0.19	0.19	0.83	-1.01	0.46	1.69	-1.16	0.65

Sources: IBGE, Santander.



## CONTACTS / IMPORTANT DISCLOSURES

### Brazil Macro Research

Ana Paula Vescovi*	Chief Economist	anavescovi@santander.com.br	5511-3553-8567
Adriano Valladao Ribeiro*	Economist – Inflation	adriano.ribeiro@santander.com.br	5511-3553-7495
Ana Julia Carvalho*	Economist – Special Projects	ana.carvalho.silva@santander.com.br	5511-3553-8071
Daniel Karp Vasquez*	Economist – Inflation	daniel.karp@santander.com.br	5511-3553-9828
Felipe Kotinda*	Economist – Commodities	felipe.kotinda@santander.com.br	5511-3553-8071
Gabriel Couto*	Economist – Activity	gabriel.couto@santander.com.br	5511-3553-8487
Gilmar Lima*	Economist – Modeling	gilmar.lima@santander.com.br	5511-3553-6327
Henrique Danyi Correia*	Economist – Credit / Monetary Policy	henrique.danyi@santander.com.br	5511-3553-7350
Ítalo Franca*	Economist – Fiscal Policy	italo.franca@santander.com.br	5511-3553-5235
Jankiel Santos*	Economist – External Sector	jankiel.santos@santander.com.br	5511-3012-5726
Rodolfo Pavan*	Economist – Special Projects	rodolfo.almeida@santander.com.br	5511-3553-8071
Tomas Urani*	Economist – Global Economics	tomas.urani@santander.com.br	5511-3553-9520

### Global Macro Research

Maciej Reluga*	Head Macro, Rates & FX Strategy – CEE	maciej.reluga@santander.pl	48-22-534-1888
Rodrigo Park *	Economist – Argentina	rpark@santander.com.ar	54-11-4341-1272
Ana Paula Vescovi*	Economist – Brazil	anavescovi@santander.com.br	5511-3553-8567
Juan Pablo Cabrera*	Economist – Chile	jcabrera@santander.cl	562-2320-3778
Guillermo Aboumrad*	Economist – Mexico	gjaboumrad@santander.com.mx	5255-5257-8170
Piotr Bielski*	Economist – Poland	piotr.bielski@santander.pl	48-22-534-1888
Mike Moran	Head of Macro Research, US	mike.moran@santander.us	212-350-3500

### Fixed Income Research

Juan Arranz*	Chief Rates & FX Strategist – Argentina	jarranz@santanderrio.com.ar	5411-4341-1065
Juan Pablo Cabrera*	Chief Rates & FX Strategist – Chile	jcabrera@santander.cl	562-2320-3778

### Equity Research

Miguel Machado*	Head Equity Research Americas	mmachado@santander.com.mx	5255 5269 2228
Alan Alanis*	Head, Mexico	aalanis@santander.com.mx	5552-5269-2103
Andres Soto	Head, Andean	asoto@santander.us	212-407-0976
Walter Chiarvesio*	Head, Argentina	wchiarvesio@santanderrio.com.ar	5411-4341-1564
Aline de Souza Cardoso*	Head, Brazil	aline.souza.cardoso@santander.com.br	5511-3553-1684

### Electronic

Bloomberg  
Reuters

SIEQ <GO>  
Pages SISEMA through SISEMZ

This research report (“report”) has been prepared by Santander US Capital Markets LLC (is a subsidiary of Santander Holdings USA, Inc. which is wholly owned by Banco Santander, S.A. “Santander”) on behalf of itself and its affiliates (collectively, Grupo Santander) and is provided for information purposes only. This report must not be considered as an offer to sell or a solicitation of an offer to buy any relevant securities (i.e., securities mentioned herein or of the same issuer and/or options, warrants, or rights with respect to or interests in any such securities). Any decision by the recipient to buy or to sell should be based on publicly available information on the related security and, where appropriate, should take into account the content of the related prospectus filed with and available from the entity governing the related market and the company issuing the security. This report is issued in Spain by Santander Investment Bolsa, Sociedad de Valores, S.A. (“Santander Investment Bolsa”) and in the United Kingdom by Banco Santander, S.A., London Branch. Santander London is authorized by the Bank of Spain. This report is not being issued to private customers. Santander US Capital Markets LLC, Santander London and Santander Investment Bolsa are members of Grupo Santander. By receiving Santander’s research, you acknowledge and confirm that you may receive investment research as your firm is out of scope of MiFID II research unbundling rules. In the event that your firm becomes subject to MiFID II research unbundling rules, you acknowledge and agree that you cannot view or use such investment research and that you will immediately contact Santander in order to make the appropriate adjustments and sign the Santander research package. ANALYST CERTIFICATION: The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed, that their recommendations reflect solely and exclusively their personal opinions, and that such opinions were prepared in an independent and autonomous manner, including as regards the institution to which they are linked, and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report, since their compensation and the compensation system applying to Grupo Santander and any of its affiliates is not pegged to the pricing of any of the securities issued by the companies evaluated in the report, or to the income arising from the businesses and financial transactions carried out by Grupo Santander and any of its affiliates: Gabriel Couto\*. Employed by a non-US affiliate of Santander US Capital Markets LLC and is not registered/qualified as a research analyst under FINRA rules and is not an associated person of the member firm and therefore is not subject to FINRA Rule 2241 or FINRA Rule 2242 and restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account. The information contained within this report has been compiled from sources believed to be reliable. Although all reasonable care has been taken to ensure the information contained within these reports is not untrue or misleading, we make no representation that such information is accurate or complete and it should not be relied upon as such. All opinions and estimates included within this report constitute our judgment as of the date of the report and are subject to change without notice. Any U.S. recipient of this report (other than a registered broker-dealer or a bank acting in a broker-dealer capacity) that would like to effect any transaction in any security discussed herein should contact and place orders in the United States with Santander US Capital Markets LLC, which, without in any way limiting the foregoing, accepts responsibility (solely for purposes of and within the meaning of Rule 15a-6 under the U.S. Securities Exchange Act of 1934) for this report and its dissemination in the United States. Hong Kong (HK): This report is distributed in Hong Kong by Banco Santander, S.A. (a public limited liability company incorporated in Spain) which has a branch in Hong Kong. Banco Santander, S.A., Hong Kong Branch is regulated as a Registered Institution by the Hong Kong Monetary Authority for the conduct of Advising and Dealing in Securities (Regulated Activity Type 4 and 1 respectively) under the Securities and Futures Ordinance. This report is not intended for



distribution to any persons other than professional investors. Banco Santander, S.A. or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is greater than 1%, the specific holding is disclosed in the Important Disclosures section above. The recipient of this report must not distribute it to any person without the prior written consent of Banco Santander, S.A.. Singapore (SG): This report is distributed in Singapore by Banco Santander, S.A. which has a branch in Singapore. It is not intended for distribution to any persons other than institutional investors, accredited investors and expert investors (each as defined in the Securities and Futures Act 2001 of Singapore). Recipients of this report should contact Banco Santander, S.A., Singapore Branch at [researchsingapore@gruposantander.com](mailto:researchsingapore@gruposantander.com) for matters arising from, or in connection with, this report. Mainland China (CN): This report is being distributed in Mainland China by Banco Santander, S.A. which has two branches in Mainland China, being Shanghai Branch and Beijing Branch ("Santander China"). Santander China is regulated by China Banking and Insurance Regulatory Commission. Banco Santander, S.A., Shanghai Branch is licensed for foreign currency business, RMB business and derivative business. Banco Santander, S.A., Beijing Branch is licensed with foreign currency business. The recipient of this report must not distribute it to any person without the prior written consent of Banco Santander, S.A.© 2023 by Santander US Capital Markets LLC All Rights Reserved.

