



A REBOUND FOR RETAIL SALES IN JANUARY

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- **Broad retail sales increased 0.2% MoM-sa (+0.5% YoY) in January, adding to the 0.4% growth in December.** This result came below market consensus (+0.6% MoM-sa) and our estimate (+2.1% MoM-sa). Meanwhile, core retail sales (which excludes building materials, vehicles sales and wholesale food) increased 3.8% MoM-sa (+2.6% YoY), above consensus of 3.4% MoM-sa (+1.5% YoY) and in line with our estimate of 3.8% MoM-sa (+3.3% YoY). The result was a rebound from December's 2.8% MoM-sa drop.
- **January's result brought a methodological review in the retail sales survey, as previously announced by the IBGE.** However, the biggest change was the addition of a new activity to the survey (wholesale food and beverages), starting in January 2022 and with no seasonal adjustment for now, as the existing series remained the same (with only a different 100-point base to the indexes, now at 2022). Therefore, there were only minor reviews in the previous months, due to changes in the seasonal factors, as usual.
- **The details revealed that eight out of ten retail activities increased at the margin.** Most activities that have been showing weak performances rebounded in January. Clothing (+27.9% MoM-sa) was the highlight, fully recovering from 2H22 weak performance, with office supplies (+7.4% MoM-sa), supermarkets (+2.3% MoM-sa) and other personal items (+2.0% MoM-sa) also contributing positively. On the other hand, vehicles (-0.2% MoM-sa) and pharmaceuticals (-1.2% MoM-sa) were the lowlights.
- **February's available data points to mostly positive signs in the month.** According to FGV surveys (soft data), retail confidence increased 4.0% MoM-sa (a rebound from January's drop), while consumer confidence fell 1.5% MoM-sa, with both remaining considerably below the 100 points neutral threshold. Our proprietary IGet data for core retail had a 2.1% MoM-sa increase.
- **All in all, it was a more favorable performance for retail in January, after a weak December.** Most retail activities posted increases at the margin and recovered from December's tumbles. On the negative side, broad retail came below expectations, with a decrease in vehicle sales. Looking ahead, despite the still positive signals in February, we expect retail activity to return to a trend of tepid performances.
- **Our IBC-Br tracking for January stands at -0.4% MoM-sa.** If our result is on the mark, it would be the fifth decline in the last six months. Our 1Q22 GDP growth tracking is at +0.5% QoQ-sa. We forecast GDP +0.8% in 2023, with a significant slowdown in domestic demand and in cyclical supply, stemming mainly from the expected global recession and the tight Brazil Central Bank (BCB) policy, but we expect strong growth for non-cyclical farm output, reflecting an all-time-high forecast for the grain harvest.

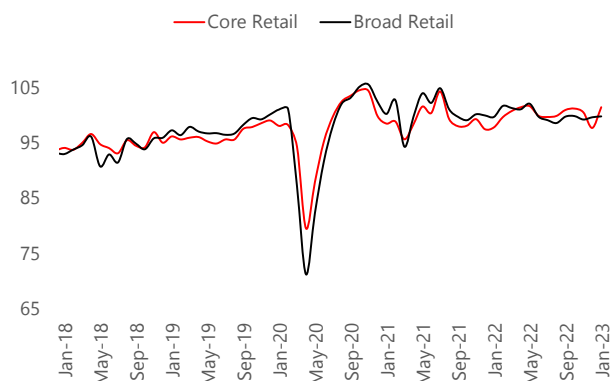


Figure 1 – Retail Sales Details

Weights		Retail Sales Breakdown								
		% MoM			% YoY			% QoQ		
		Nov-22	Dec-22	Jan-23	Nov-22	Dec-22	Jan-23	Jun-22	Sep-22	Jan-23
60.8%	Core Retail Sales	-0.7	-2.8	3.8	1.4	0.4	2.6	1.6	-0.8	-0.8
7.7%	Fuels	-5.7	-1.9	1.5	27.0	23.8	26.7	6.8	16.3	-5.6
33.0%	Hypermarkets, supermarkets	-0.1	-0.9	2.3	2.8	2.5	2.2	0.5	0.4	0.5
3.2%	Fabrics, clothing and footwear	-2.3	-6.5	27.9	-16.4	-11.9	2.3	1.5	-12.0	-1.9
4.4%	Furniture and home appliances	2.0	-1.5	1.3	2.6	0.3	3.4	1.6	-3.6	3.2
5.6%	Pharmaceuticals	1.5	-0.5	-1.2	6.4	0.8	-7.6	-1.6	-0.6	0.6
0.4%	Books, papers and magazine	-2.6	-0.1	0.6	0.1	0.3	15.2	10.7	1.6	-4.6
0.9%	Office equipment and supplies	-3.2	-0.5	7.4	-0.2	0.1	14.8	3.1	-1.7	1.1
5.6%	Other personal items	-0.8	-3.2	2.0	-10.6	-8.4	-6.5	-3.2	-3.7	-1.5
100%	Broad Retail Sales	-0.6	0.4	0.2	-1.4	-0.6	0.5	0.1	-1.8	0.2
13.9%	Wholesale	-	-	-	-	-	-0.9	-	-	-
8.0%	Building Materials	4.3	2.1	2.9	-11.1	-7.1	1.1	-3.0	-3.5	3.3
17.2%	Vehicles	0.8	2.4	-0.2	-5.5	-1.8	4.4	0.8	-2.1	0.8

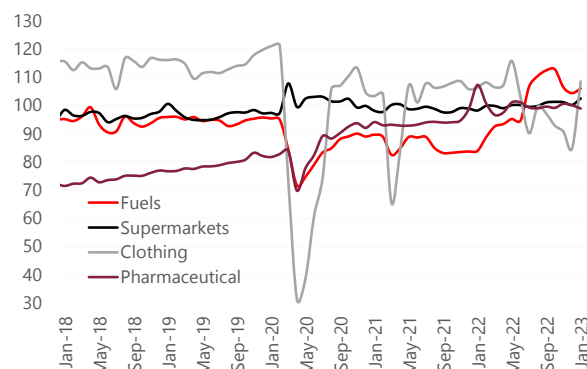
Sources: IBGE, Santander.

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



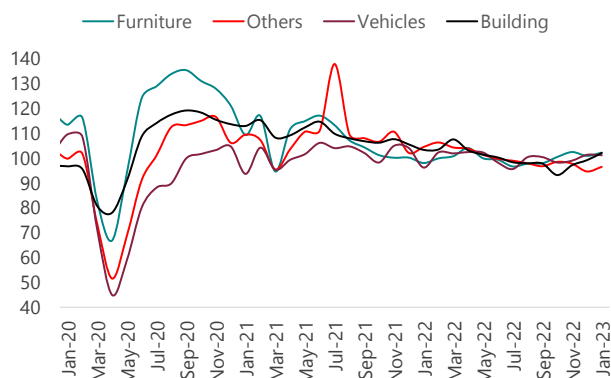
Sources: IBGE, Santander.

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



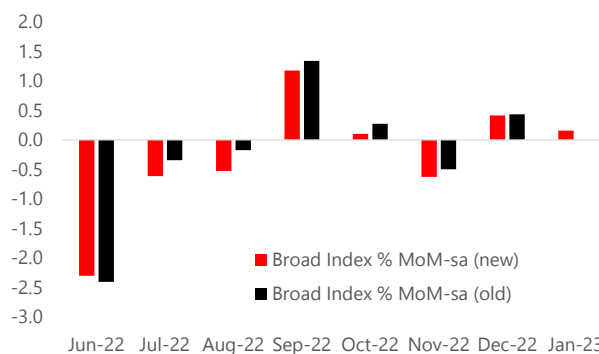
Sources: IBGE, Santander.

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



Sources: IBGE, Santander.

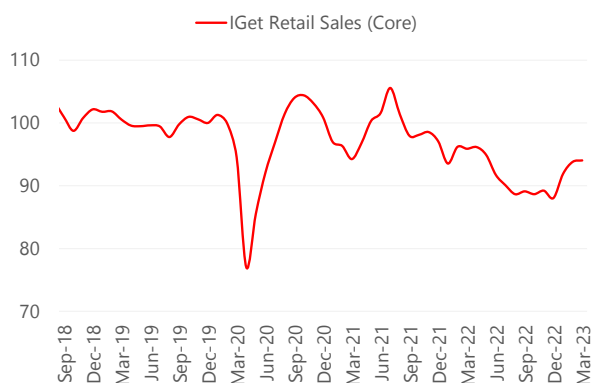
Figure 5 – Revisions in the Seasonally Adjusted Series



Sources: IBGE, Santander.

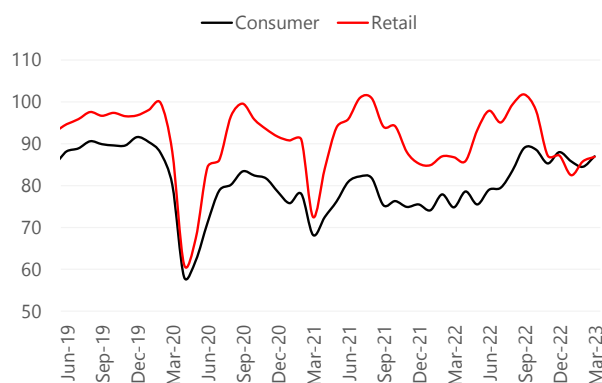


Figure 6 – IGet (sa, Dec/19=100)



Sources: IBGE, Santander.

Figure 7 – FGV Economic Confidence Data (sa)*



Sources: FGV, Santander.

* Neutral level: 100 points.

Figure 8 – “Heatmap” Showing Retail Sales by Component

Retail Sales (% MoM sa)												
	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Core Retail Sales	1.89	1.12	0.67	0.20	-1.73	-0.21	0.19	1.08	0.24	-0.66	-2.81	3.83
Fuels	5.72	4.31	0.93	1.94	-0.62	12.72	3.54	1.81	0.31	-5.67	-1.89	1.51
Hypermarkets, supermarkets	1.67	-0.04	-0.81	1.09	0.03	-0.62	0.31	1.24	0.22	-0.13	-0.95	2.28
Fabrics, clothing and footwear	1.65	-1.58	0.66	8.04	-11.07	-12.47	10.52	-2.55	-4.40	-2.29	-6.47	27.95
Furniture and home appliances	1.91	0.89	3.26	-3.98	-0.57	-2.75	1.21	0.13	2.59	1.98	-1.51	1.30
Pharmaceutical	-6.09	-4.07	0.86	3.74	-0.03	-1.80	-0.28	0.61	-0.44	1.47	-0.54	-1.17
Books, papers and magazine	37.66	5.17	-5.32	5.99	-3.07	-0.79	2.89	1.86	-4.16	-2.55	-0.09	0.55
Office equipment and supplies	0.78	15.87	-7.11	1.83	-1.92	-1.22	-0.73	2.08	2.31	-3.19	-0.47	7.44
Others	1.73	-1.91	-0.43	-2.40	-1.60	-0.76	-1.03	-1.22	1.84	-0.78	-3.19	1.98
Broad Retail Sales	1.99	-0.37	-0.22	1.00	-2.31	-0.62	-0.53	1.18	0.10	-0.63	0.41	0.16
Wholesale	-	-	-	-	-	-	-	-	-	-	-	-
Building material	0.17	3.90	-4.08	-1.68	-1.14	-1.92	-0.45	-0.07	-4.75	4.27	2.08	2.92
Vehicles	6.37	-0.40	0.52	-0.16	-3.97	-2.65	5.02	0.01	-2.16	0.77	2.36	-0.16

Sources: IBGE, Santander.

Figure 9 – “Heatmap” Showing Retail Sales Contribution by Component

Retail Sales (contributions sa, p.p)												
	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Fuels	0.51	0.39	0.08	0.17	-0.06	1.14	0.32	0.16	0.03	-0.51	-0.17	0.14
Hypermarkets, supermarkets	0.64	-0.01	-0.31	0.42	0.01	-0.24	0.12	0.48	0.08	-0.05	-0.36	0.88
Fabrics, clothing and footwear	0.06	-0.06	0.02	0.30	-0.41	-0.46	0.39	-0.09	-0.16	-0.09	-0.24	1.04
Furniture and home appliances	0.10	0.05	0.17	-0.20	-0.03	-0.14	0.06	0.01	0.13	0.10	-0.08	0.07
Pharmaceutical	-0.40	-0.27	0.06	0.24	0.00	-0.12	-0.02	0.04	-0.03	0.10	-0.04	-0.08
Books, papers and magazine	0.18	0.02	-0.02	0.03	-0.01	0.00	0.01	0.01	-0.02	-0.01	0.00	0.00
Office equipment and supplies	0.01	0.17	-0.07	0.02	-0.02	-0.01	-0.01	0.02	0.02	-0.03	0.00	0.08
Others	0.11	-0.12	-0.03	-0.16	-0.10	-0.05	-0.07	-0.08	0.12	-0.05	-0.21	0.13
Building material	0.02	0.36	-0.38	-0.16	-0.11	-0.18	-0.04	-0.01	-0.44	0.40	0.19	0.27
Vehicles	1.27	-0.08	0.10	-0.03	-0.79	-0.53	1.00	0.00	-0.43	0.15	0.47	-0.03

Sources: IBGE, Santander.



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