

A WEAK PERFORMANCE FOR BROAD RETAIL IN APRIL

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- **Broad retail sales decreased 1.6% MoM-sa (+3.1% YoY) in April.** This result fell between market consensus (-2.2% MoM-sa; +2.0% YoY) and our estimate (-0.2% MoM-sa; +5.2% YoY). Meanwhile, core retail sales (which excludes building materials, vehicles sales and wholesale food) increased 0.1% MoM-sa (+0.5% YoY), also between consensus of +0.3% MoM-sa (+0.8% YoY) and our estimate of -0.5% MoM-sa (-0.9% YoY).
- **The details showed a negative breakdown, as seven out of ten retail activities decreased at the margin.** Office supplies (-7.2% MoM-sa), clothing (-3.7% MoM-sa) and fuels (-1.9% MoM-sa) were the lowlights in the core index. Other personal items (-1.4% MoM-sa) and furniture (-0.5% MoM-sa) also contributed negatively. On the positive side, supermarkets (+3.2% MoM-sa), books (+1.0% MoM-sa) and pharmaceuticals (+0.3% MoM-sa) contributed positively. On the broad index, vehicles had a 5.9% MoM-sa decrease, fully offsetting March's 4.4% MoM-sa increase, while building materials decreased 0.8% MoM-sa.
- **In broad terms, April's figures showed positive figures for both income-led segments and credit-led activities.** The former posted a +1.2% MoM-sa variation, as the latter indicated a 0.3% MoM-sa increase.
- **May's available data point to mixed signs in the month.** According to FGV surveys (soft data), retail confidence increased 4.4% MoM-sa (after April's 3.8% MoM-sa decrease), while consumer confidence increased 1.6% MoM-sa, with both remaining considerably below the 100-point neutral threshold. Our proprietary IGet data for core retail had a 5.1% MoM-sa tumble in May.
- **All in all, it was a negative performance for retail in April.** The broad index decreased significantly, offsetting some of its recent gains, thanks to a weak performance from vehicle sales. Looking ahead, we expect retail activity to indicate a trend of tepid performances. The statistical carryovers calculated to 2Q23 are +1.4% QoQ-sa (+3.7% QoQ-sa in 1Q23) and +0.6% QoQ-sa (+2.0% QoQ-sa in 1Q23) for broad and core retail sales, respectively.
- **We are revising our IBC-Br tracking for April to +0.4% MoM-sa (from +0.6% MoM-sa), considering the weaker result for broad retail.** Our 2Q22 GDP growth tracking is currently at +0.0% 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 the positive impact of the record summer crops to be limited to 1Q23 and the beginning of 2Q23.

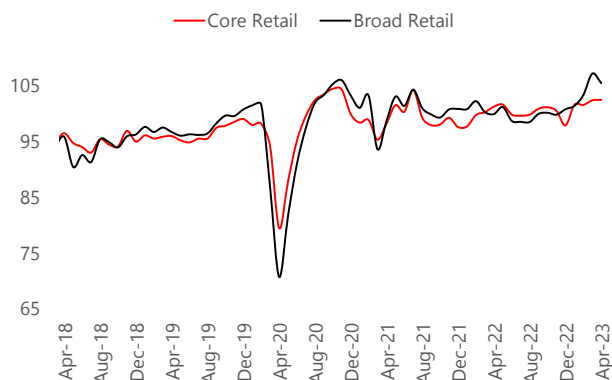


Figure 1 – Retail Sales Details

Retail Sales Breakdown										
Weights		% MoM			% YoY			% QoQ		
		Feb-23	Mar-23	Apr-23	Feb-23	Mar-23	Apr-23	Dec-22	Mar-23	Apr-23
60.8%	Core Retail Sales	0.0	0.8	0.1	1.1	3.3	0.5	-0.3	2.0	2.2
7.7%	Fuels	-0.4	-0.2	-1.9	19.9	14.3	8.7	-1.8	-2.4	-1.0
33.0%	Hypermarkets, supermarkets	-0.4	0.0	3.2	0.9	4.5	3.1	0.8	0.7	1.4
3.2%	Fabrics, clothing and footwear	-6.2	-4.4	-3.7	-8.9	-7.3	-11.0	-5.8	15.0	3.2
4.4%	Furniture and home appliances	-1.6	0.6	-0.5	-0.7	2.7	-2.4	3.8	0.4	-0.8
5.6%	Pharmaceuticals	1.5	0.9	0.3	-0.7	7.1	3.0	0.8	0.5	1.4
0.4%	Books, papers and magazine	5.2	0.9	1.0	-9.4	-8.0	-5.7	-6.0	-2.2	3.0
0.9%	Office equipment and supplies	-9.7	6.3	-7.2	-2.6	4.2	-5.8	1.2	1.7	-3.5
5.6%	Other personal items	-2.3	-2.2	-1.4	-12.9	-12.4	-18.0	-1.5	-3.5	-4.4
100%	Broad Retail Sales	1.9	3.7	-1.6	0.0	8.8	3.1	1.3	3.7	4.6
13.9%	Wholesale	-	-	-	-9.2	5.4	14.5	-	-	-
8.0%	Building Materials	-2.2	-0.5	-0.8	-5.7	-5.0	-7.6	-1.9	3.5	-0.5
17.2%	Vehicles	0.9	4.4	-5.9	-1.3	10.8	-1.9	0.9	4.5	3.0

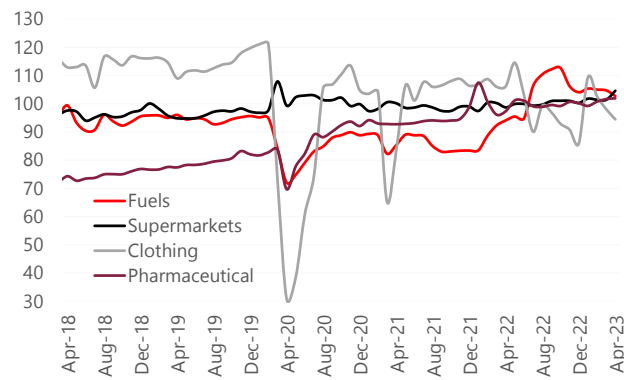
Sources: IBGE, Santander.

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



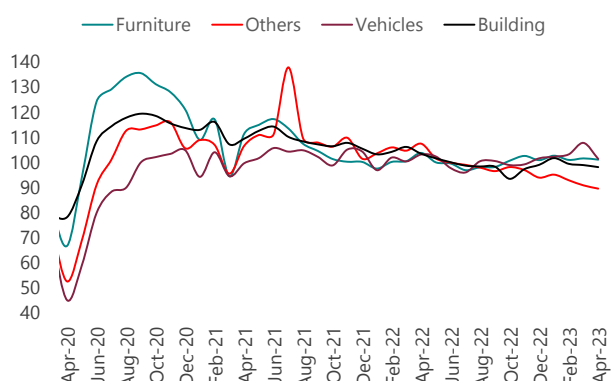
Sources: IBGE, Santander.

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



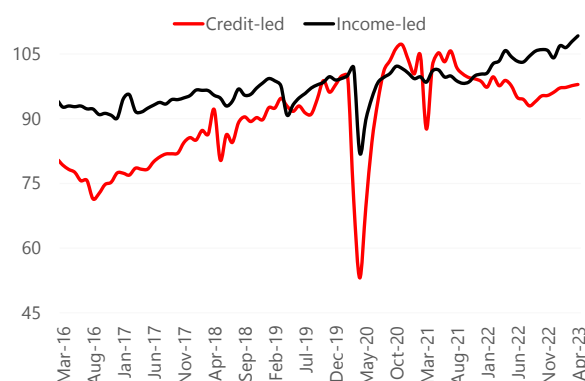
Sources: IBGE, Santander.

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



Sources: IBGE, Santander.

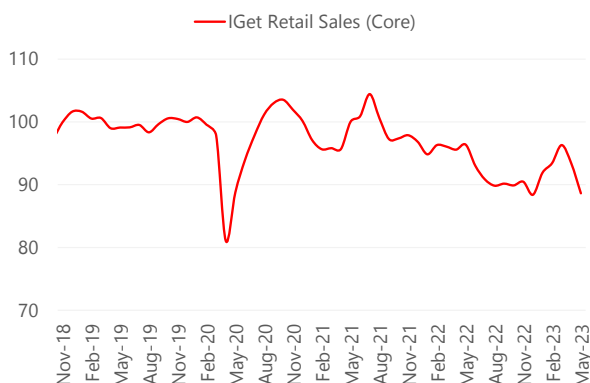
Figure 5 – Sensitivity Analysis (sa, 2011=100)*



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

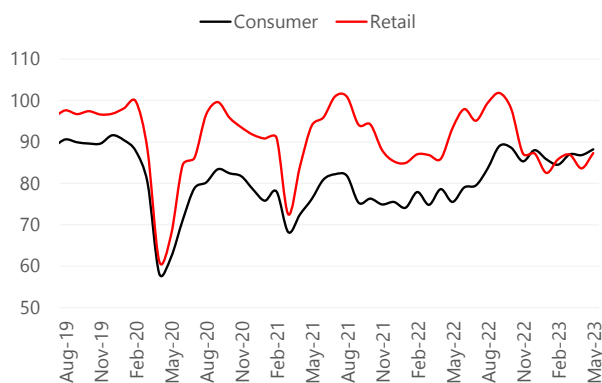


Figure 6 – IGet (sa, Dec/19=100)



Sources: Getnet, Santander.

Figure 7 – FGV Economic Confidence Data (sa)*



Sources: FGV, Santander.

* Neutral level: 100 points.

Figure 8 – “Heatmap” Showing Retail Sales by Component

Retail Sales (% MoM sa)												
	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Core Retail Sales	0.38	-1.78	-0.19	0.19	1.06	0.26	-0.64	-2.61	3.79	-0.03	0.81	0.10
Fuels	1.47	-0.70	12.14	3.82	1.63	0.43	-5.74	-2.01	1.25	-0.35	-0.24	-1.91
Hypermarkets, supermarkets	1.24	0.00	-0.59	0.36	1.27	0.09	-0.02	-0.73	1.52	-0.38	-0.05	3.18
Fabrics, clothing and footwear	7.87	-10.06	-12.59	10.30	-2.39	-4.20	-2.25	-5.37	27.29	-6.17	-4.40	-3.69
Furniture and home appliances	-3.64	-0.46	-2.66	1.21	0.11	2.54	1.89	-1.64	1.75	-1.64	0.60	-0.50
Pharmaceutical	3.95	-0.17	-1.94	-0.17	0.66	-0.36	1.46	-0.46	-0.95	1.54	0.90	0.26
Books, papers and magazine	5.09	-2.36	-2.81	2.21	1.15	-4.90	-3.65	-0.58	-4.18	5.19	0.88	1.03
Office equipment and supplies	0.20	-1.22	-0.88	-0.41	2.17	2.23	-2.87	-1.08	8.38	-9.65	6.26	-7.19
Others	-5.48	-1.64	-0.88	-1.12	-1.42	1.68	-1.23	-3.10	1.27	-2.35	-2.20	-1.43
Broad Retail Sales	1.26	-2.46	-0.17	-0.03	1.49	0.19	-0.34	0.97	0.60	1.93	3.70	-1.60
Building material	-1.75	-1.53	-1.35	-0.35	-0.07	-4.94	4.17	1.74	2.70	-2.25	-0.50	-0.82
Vehicles	-0.78	-4.52	-1.77	4.69	0.05	-1.61	0.30	2.43	0.63	0.91	4.43	-5.92

Sources: IBGE, Santander.

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

Retail Sales (contributions sa, p.p)												
	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Fuels	0.13	-0.06	1.09	0.34	0.15	0.04	-0.51	-0.18	0.11	-0.03	-0.02	-0.17
Hypermarkets, supermarkets	0.47	0.00	-0.23	0.14	0.49	0.03	-0.01	-0.28	0.58	-0.15	-0.02	1.22
Fabrics, clothing and footwear	0.29	-0.37	-0.47	0.38	-0.09	-0.16	-0.08	-0.20	1.02	-0.23	-0.16	-0.14
Furniture and home appliances	-0.19	-0.02	-0.14	0.06	0.01	0.13	0.10	-0.08	0.09	-0.08	0.03	-0.03
Pharmaceutical	0.26	-0.01	-0.13	-0.01	0.04	-0.02	0.09	-0.03	-0.06	0.10	0.06	0.02
Books, papers and magazine	0.02	-0.01	-0.01	0.01	0.01	-0.02	-0.02	0.00	-0.02	0.02	0.00	0.00
Office equipment and supplies	0.00	-0.01	-0.01	0.00	0.02	0.02	-0.03	-0.01	0.09	-0.10	0.07	-0.08
Others	-0.36	-0.11	-0.06	-0.07	-0.09	0.11	-0.08	-0.20	0.08	-0.15	-0.14	-0.09
Building material	-0.16	-0.14	-0.13	-0.03	-0.01	-0.46	0.39	0.16	0.25	-0.21	-0.05	-0.08
Vehicles	-0.16	-0.90	-0.35	0.94	0.01	-0.32	0.06	0.49	0.13	0.18	0.89	-1.18

Sources: IBGE, Santander.



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