Brazil Macro | April 2023

Economic Activity

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SUMMARY

- **We are maintaining our GDP forecasts for 2023 through 2025.** For the short term, the delay in IBGE's high-frequency releases for economic activity data in 1Q23 (due to methodological revisions) clouds a bit the visibility on the state of the economy early this year. Our full-2023 number remains at +0.8%, given the continuity of the highly restrictive financial conditions, with a slowdown in domestic demand and in cyclical components, offset by a strong growth for non-cyclical sectors (like farm output). The expansion in the real wage bill will also help to avoid a sharper loss of momentum.

- **With no major changes in key elements of our scenario (such as the outlook for fiscal and monetary policies) we maintain our GDP growth forecasts for 2024 and 2025.** For 2024, we expect a gradual recovery throughout the year, as financial conditions get less restrictive with easing monetary cycles both domestically and abroad. However, a low carryover from 2023 should limit growth next year: we forecast +0.5%. For 2025, we see the economy expanding at its long-term potential: +1.5%.

- **We are still seeing an overheated labor market, with joblessness at 8.3% (vs NAIRU of ~10%).** But that contrasts with signs of slowing job creation. The unemployment rate has remained close to multi-year lows, but highly because of a lower participation rate (labor supply). We made minor changes to our short-term labor market scenario, considering negative surprises in both employment and the labor force. We estimate an average unemployment rate of 9.5% in 2023 (previously: 9.6%), and 10.1% for both 2024 and 2025 (both unchanged from last review). In our view, the jobless rate will probably remain below the structural level until 3Q23.

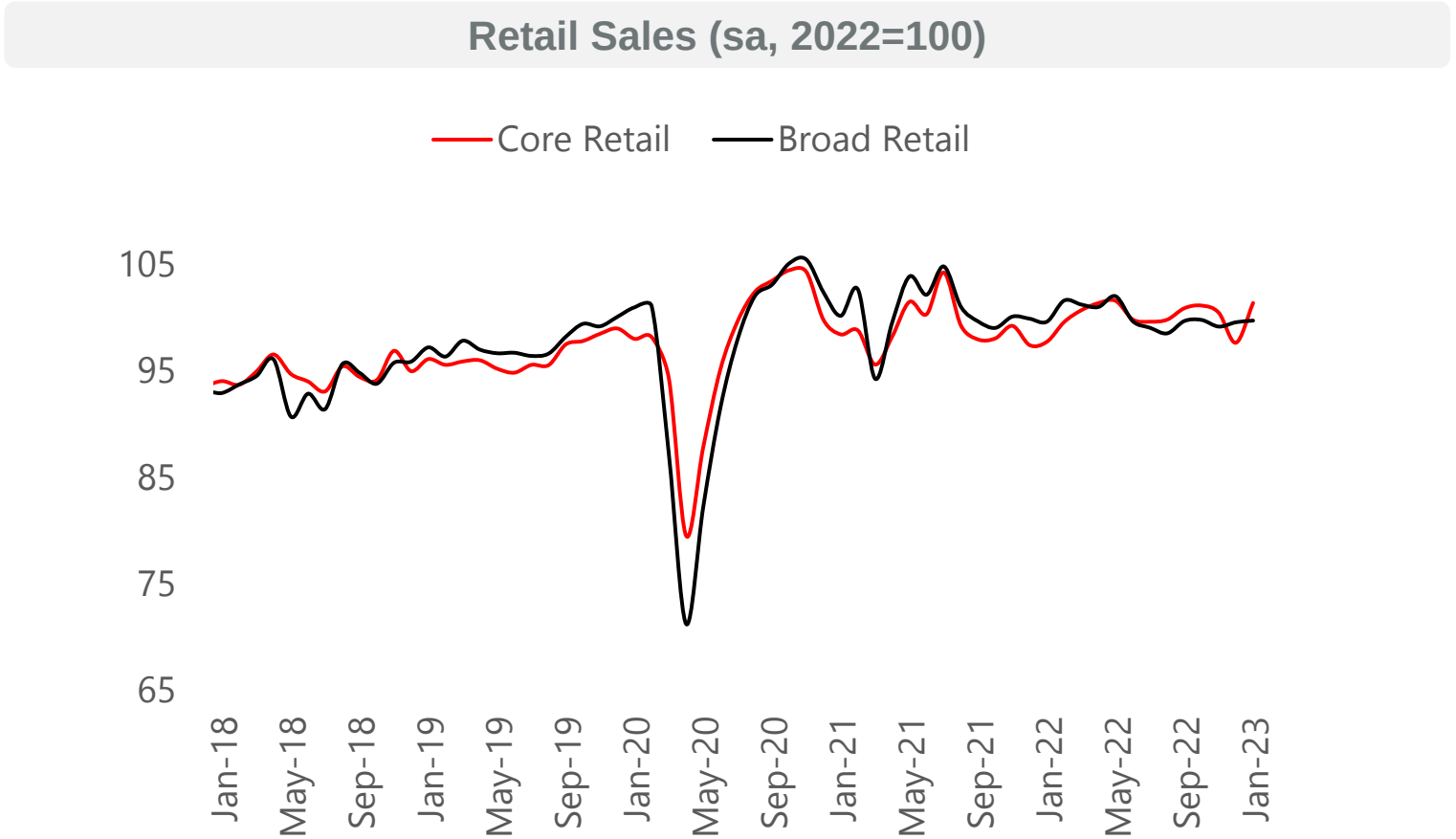
- **After a strong 4Q22 for average real wages, we revised our 2023 "expanded" real wage bill growth forecast to 2.9% (previously: 2.6%).** We project 1.2%, and 1.6% for 2024 and 2025, respectively (previously: 1.1% and 1.6%, respectively).

RETAIL SALES

01

Broad Retail Sales Showed a Flattish Behavior in the Last Prints

- Contractionary effects of tight financial conditions started to kick in 3Q22 and hit retail sales more prominently in the last quarter of 2022. Core retail sales showing high volatility in the last releases.

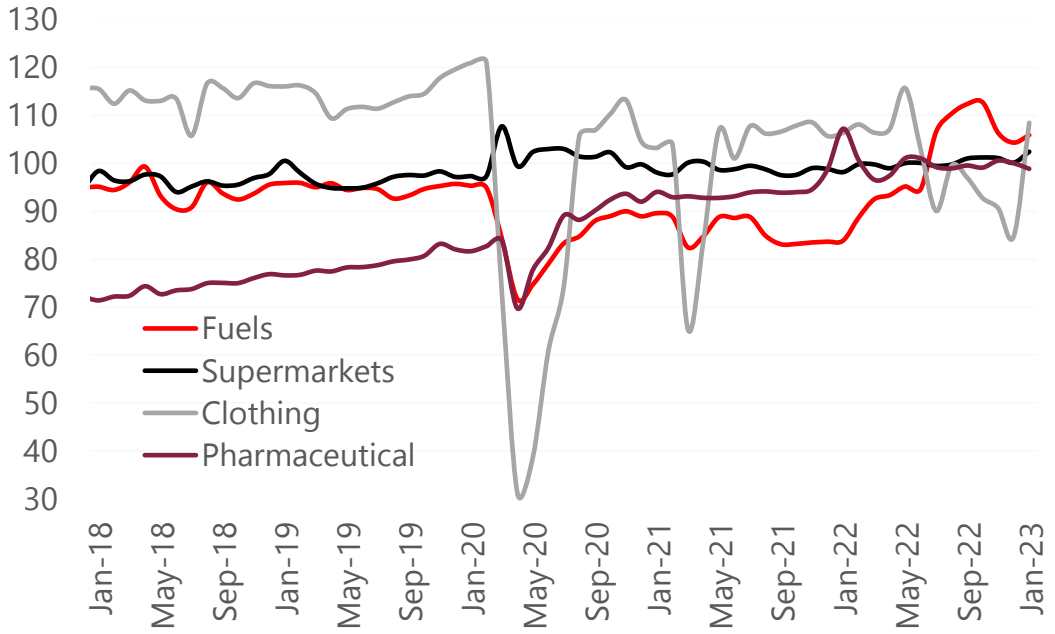


Sources: IBGE, Santander

Among Retail Activities, a Mixed Bag

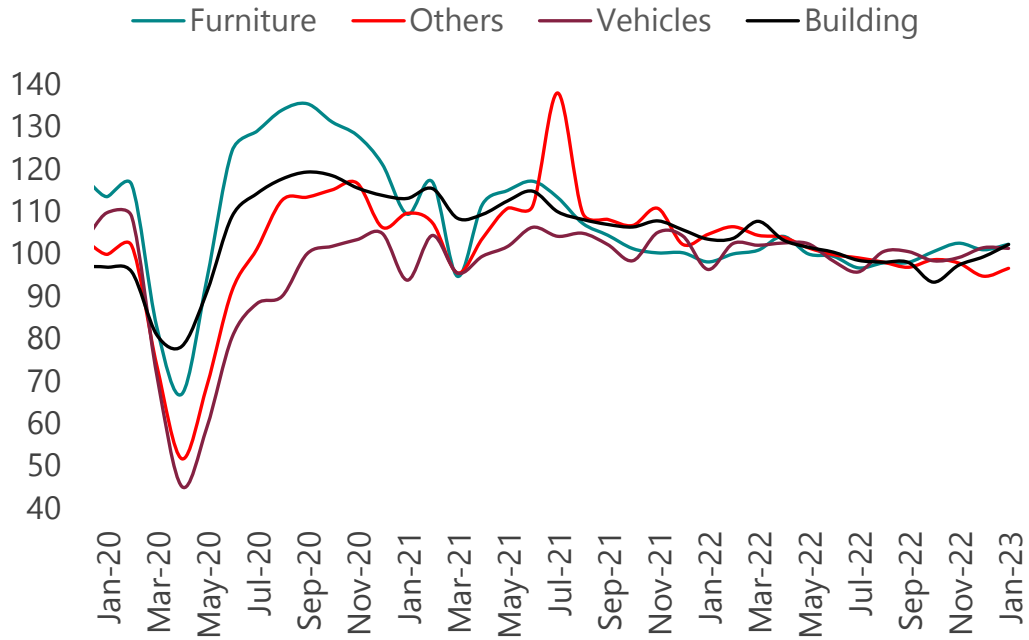
- As expected, credit-led segments were the lowlights since mid-2022, owing to the critically restrictive levels of financial conditions. We see a continued challenging environment for these segments this year. Income-led segments showed high volatility in the wake of government transfers and changes in taxation. In our view, the increase in government spending along with resilience of wage growth may support consumption.

Income-led Segments (sa, 2022=100)



Sources: IBGE, Santander

Credit-led segments (sa, 2022=100)



Sources: IBGE, Santander

Retail Sales Breakdown

Retail Sales Breakdown										
		% MoM			% YoY			% QoQ		
Weights		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.
* For details, please see: https://bit.ly/Std-econact-041223.

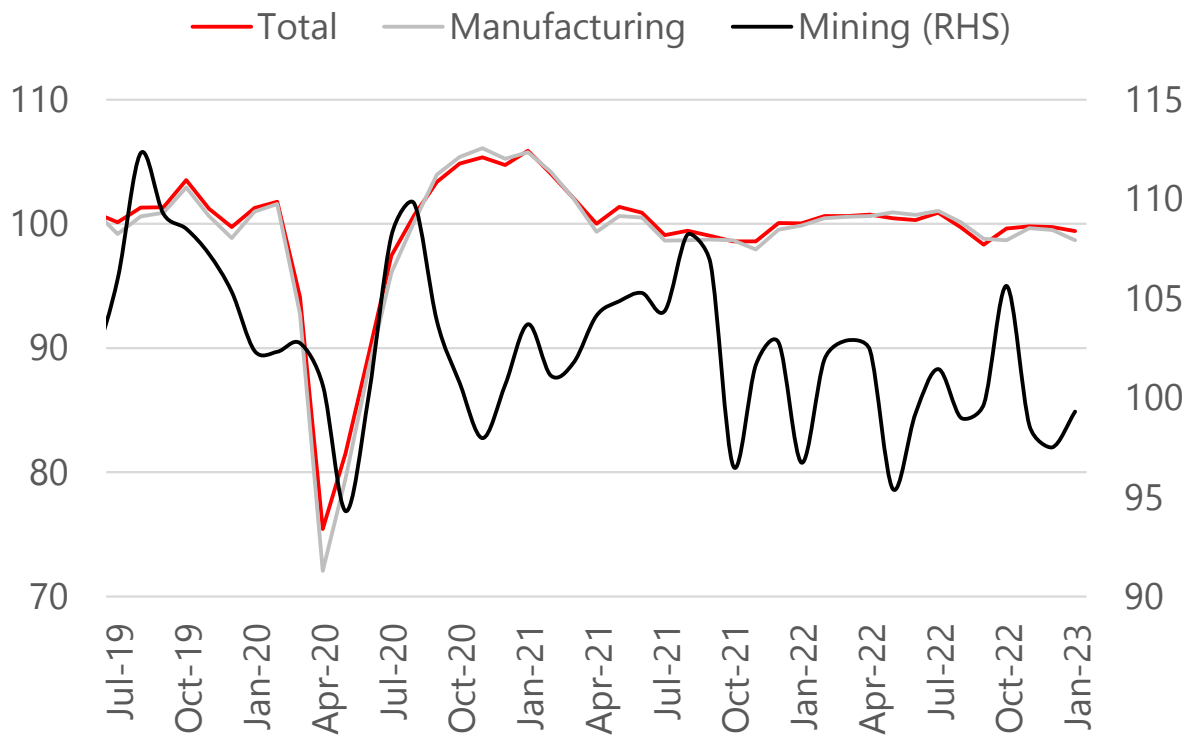
INDUSTRIAL PRODUCTION

02

Industrial Output Maintained the Weakening Trend in January

- Following the continued strengthening seen across 1H22 (amid a boosted demand for goods and gradual easing of global supply chain hurdles), industrial output (mainly manufacturing) clearly decelerated in the transition between 2Q and 3Q. The weakening trend was maintained across 4Q22 and in January results. As financial conditions contractionary effects materializes, industrial output reacted with continued weakening. In 2023, the outlook remains challenging for cyclical industrial activities.

Industrial Output (sa, 2022=100)

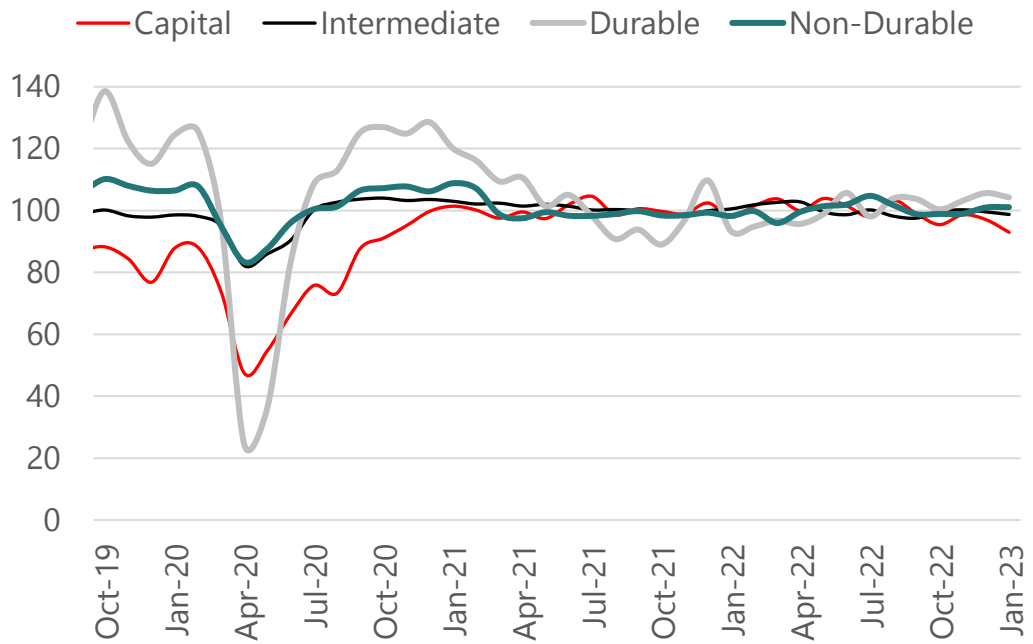


Sources: IBGE, Santander

Capital Goods Production was the Lowlight in 4Q22 and in January

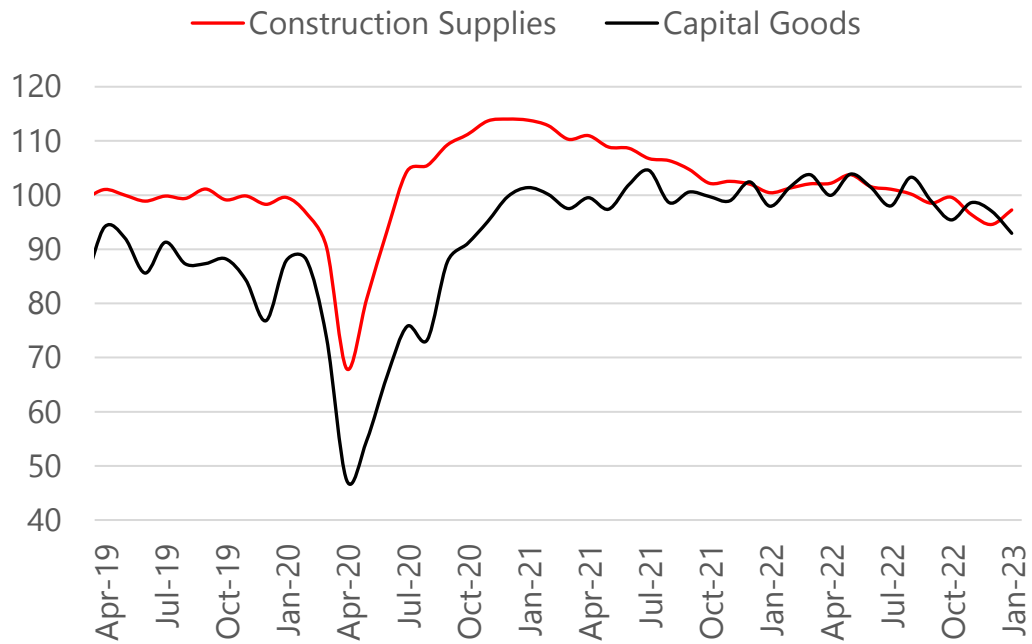
- We see the capital goods production showing some deceleration, alongside the construction sector. These elements bring additional concerns to investments amid an environment with rising interest rates.

Economic Categories (sa, 2022=100)



Sources: IBGE, Santander

Related to Investments (sa, 2022=100)



Sources: IBGE, Santander

Industrial Production Breakdown

Industrial Production Breakdown										
		% MoM			% YoY			% QoQ		
	Weights	Nov-22	Dec-22	Jan-23	Nov-22	Dec-22	Jan-23	Sep-22	Dec-22	Jan-23
Total Industry	100%	0.2	0.0	-0.3	0.8	-0.4	0.3	-0.9	0.1	0.4
Mining	**15%**	**-6.7**	**-1.1**	**1.8**	**-3.7**	**-4.5**	**2.0**	**1.0**	**0.5**	**-2.9**
Manufacturing	**85%**	**1.0**	**-0.2**	**-0.8**	**1.5**	**-0.2**	**-0.1**	**-0.8**	**-0.7**	**0.1**
Capital Goods	5%	3.3	-1.6	-4.2	-0.1	-5.3	-6.6	-1.7	-3.0	-3.0
Intermediate Goods	51%	0.6	-0.7	-0.8	1.2	-0.2	-1.7	-1.7	1.2	1.1
Consumer goods	27%	-0.1	2.0	0.1	0.5	0.7	5.8	1.4	-1.6	0.7
Durable	4%	2.8	2.4	-1.3	6.5	-4.3	13.9	1.8	1.1	1.6
Non-Durable	23%	0.0	2.0	0.1	-0.5	1.5	4.6	0.8	-2.1	0.5
Construction Supplies	**-**	**-3.2**	**-1.9**	**2.8**	**-5.8**	**-8.8**	**-2.9**	**-2.5**	**-3.1**	**-3.4**

Sources: IBGE, Santander.

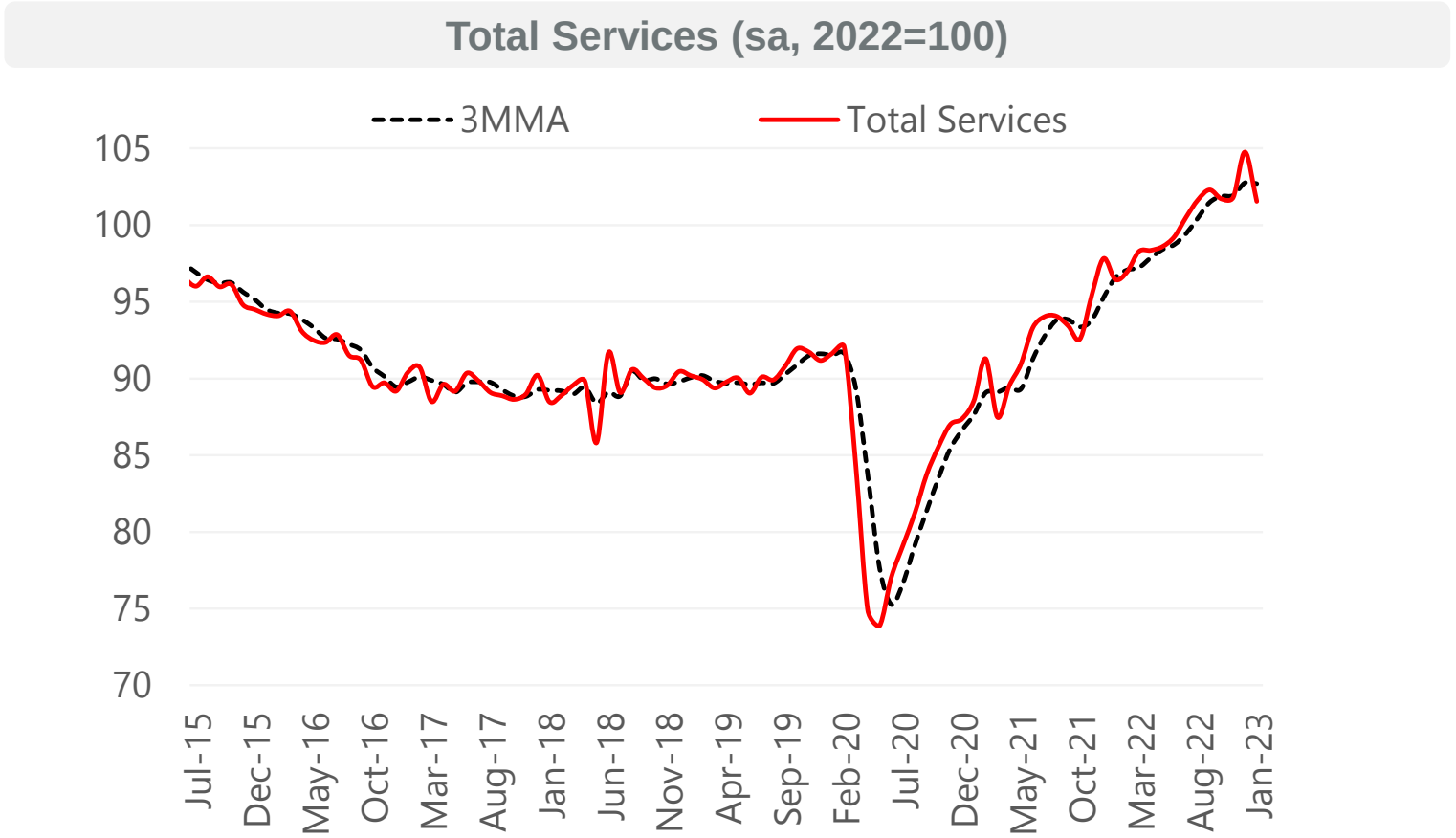
* For details, please see: https://bit.ly/Std-econact-033023

SERVICES

03

Services: January's Drop Completely Offsets December's Strong Increase

- After a strong result in December, the services sector had a 3.1% MoM-sa tumble, completely offsetting the previous month's gain. The 3mma indicates a deceleration trend at the margin.

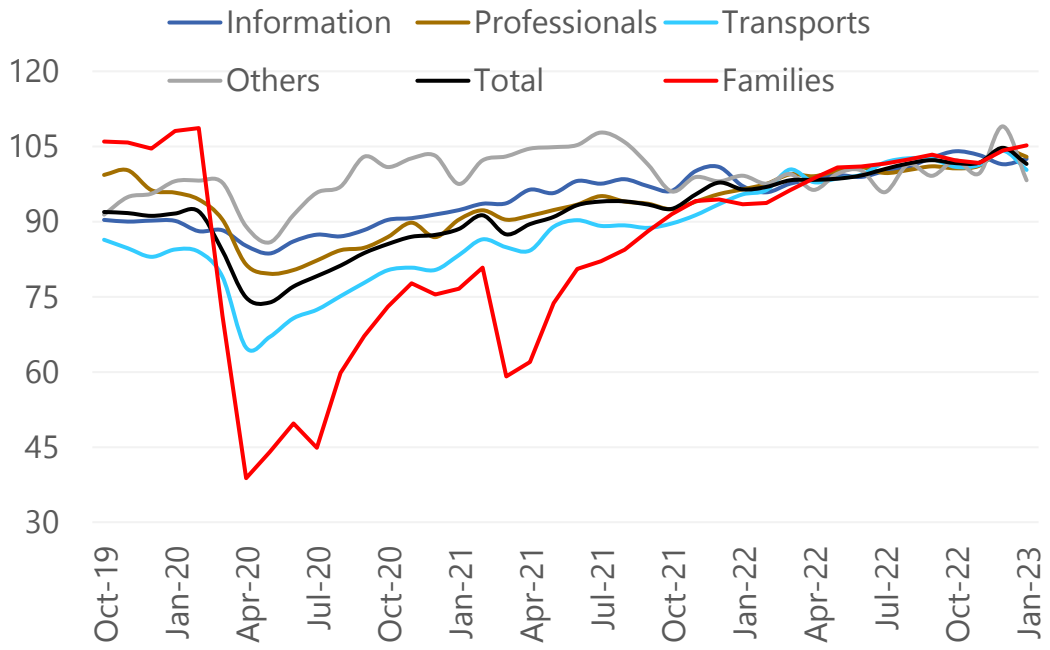


Sources: IBGE, Santander

Mobility-Related Activities Remain in a Positive Trend, With Higher Volatility

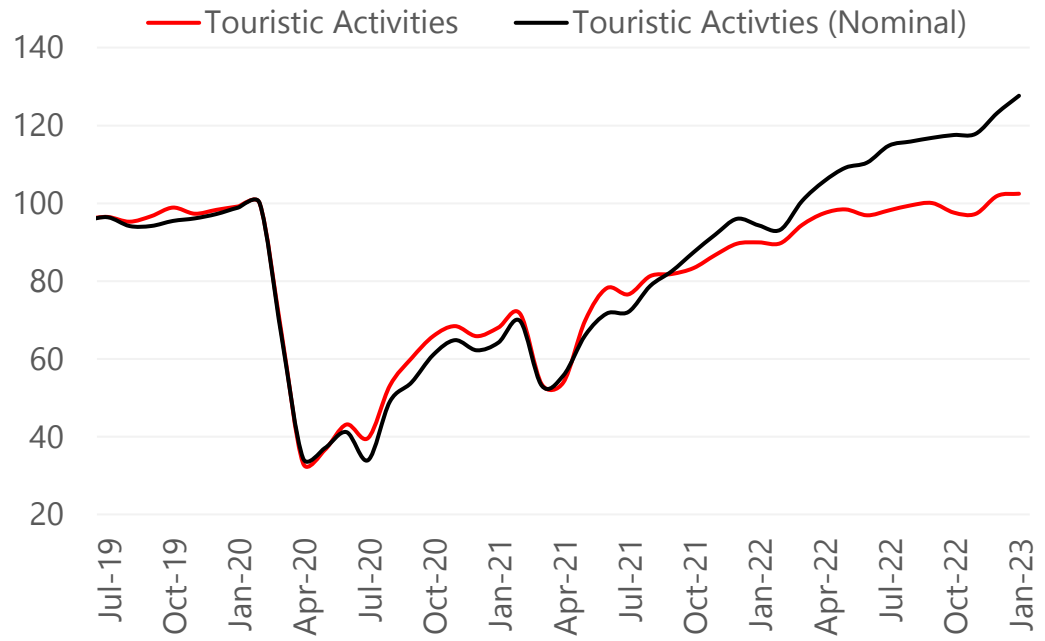
- Mobility-related segments like services to families continue in a positive trend, on the heels of the consolidation of economy's reopening process. However, we highlight that some segments have been showing higher volatility in the latest releases. In our view, most activities in the services sector tends to lose momentum as financial conditions remain highly restrictive.

Total Services Breakdown (sa, 2022=100)



Sources: IBGE, Santander

Touristic Activities (sa, 2022=100)



Sources: IBGE, Santander.

Services Sector Breakdown

Services Breakdown									
	% MoM			% YoY			% QoQ		
	Nov-22	Dec-22	Jan-23	Nov-22	Dec-22	Jan-23	Sep-22	Dec-22	Jan-23
Total Services	0.1	2.9	-3.1	6.5	6.0	6.1	2.8	1.3	0.8
Families	**-0.5**	**2.4**	**1.0**	**7.8**	**9.2**	**11.4**	**2.3**	**0.2**	**1.0**
Accommodation and Food	-0.5	2.8	0.7	6.6	8.8	11.0	2.4	-0.5	0.5
Other Services to Families	0.9	0.8	-0.5	15.1	12.0	13.8	2.9	1.7	2.2
Information	**-0.7**	**-1.8**	**1.0**	**3.4**	**0.0**	**5.9**	**2.4**	**1.7**	**-0.1**
Technology	-0.9	-3.2	2.8	3.3	-0.3	6.6	2.8	1.4	-0.7
Audiovisual	8.1	-1.5	-2.4	4.6	1.7	0.6	-0.1	1.7	4.4
Professional	**0.5**	**3.3**	**-1.5**	**7.1**	**7.4**	**8.3**	**0.3**	**1.7**	**2.2**
Professional	0.2	2.7	0.7	7.4	7.9	9.2	2.0	0.0	0.9
Administrative	0.7	2.7	-0.4	7.0	7.3	8.9	0.1	1.8	2.7
Transportation	**0.4**	**2.8**	**-3.7**	**10.6**	**10.2**	**6.0**	**3.7**	**-0.2**	**-0.1**
Ground Transportation	-0.3	2.9	-1.4	15.7	15.2	14.8	3.9	-0.5	0.2
Water Transportation	4.2	-1.7	2.1	14.2	6.6	11.6	5.8	0.0	2.3
Air Transport	3.2	7.4	-5.9	3.8	4.4	-8.7	-3.7	-4.2	-0.4
Storage and Mail	0.3	0.8	-9.0	3.4	4.8	-4.1	5.0	0.9	-2.2
Other Services	**-2.6**	**9.4**	**-9.9**	**0.3**	**10.1**	**-0.1**	**0.1**	**4.9**	**1.3**
Sewage	-	-	-	-	-	**0.4**	-	-	-
Financial	-	-	-	-	-	**-1.6**	-	-	-
Rents	-	-	-	-	-	**11.4**	-	-	-
Other	-	-	-	-	-	**24.2**	-	-	-
Touristic Activities	-0.3	4.8	0.5	11.9	12.6	12.9	1.7	-0.3	1.5

Sources: IBGE, Santander.

* For details, please see: https://bit.ly/Std-econact-041423

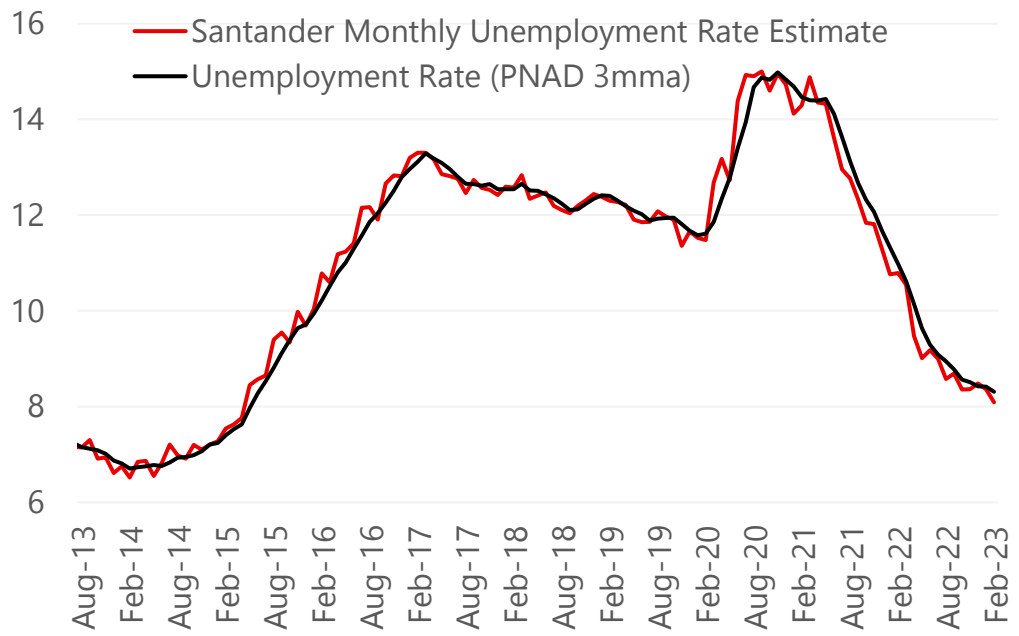
LABOR MARKET

04

Labor Market Remains Overheated

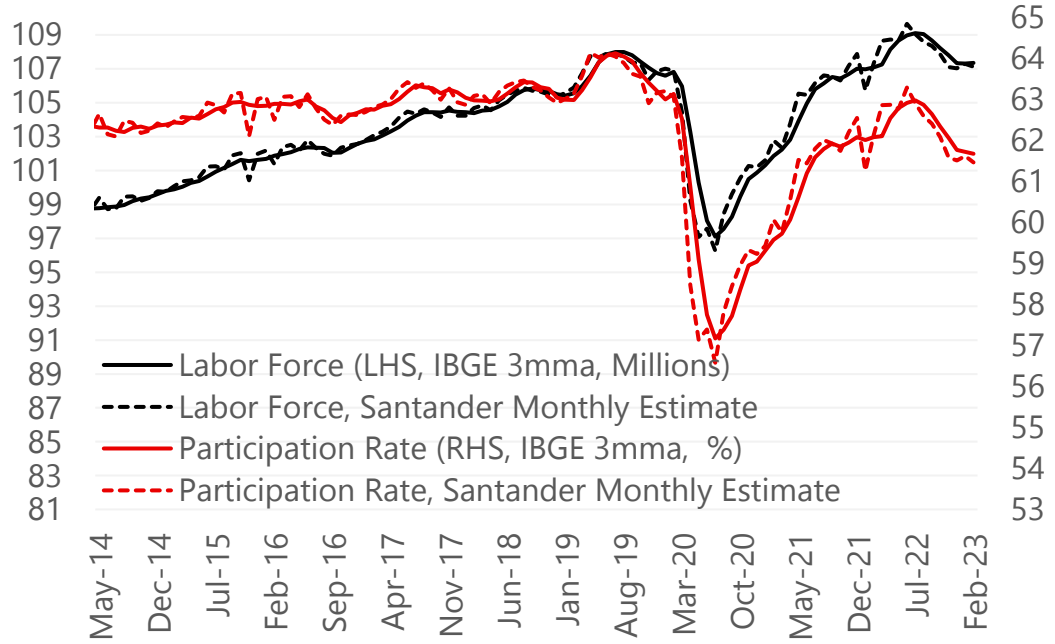
- The PNAD survey continues to show a likely overheated job market. In our assessment, the unemployment rate remains low more because of a reduction in the participation rate than because of employment growth.

Unemployment Rate (sa)



Sources: IBGE, Santander.

Labor Force and Participation Rate (sa)

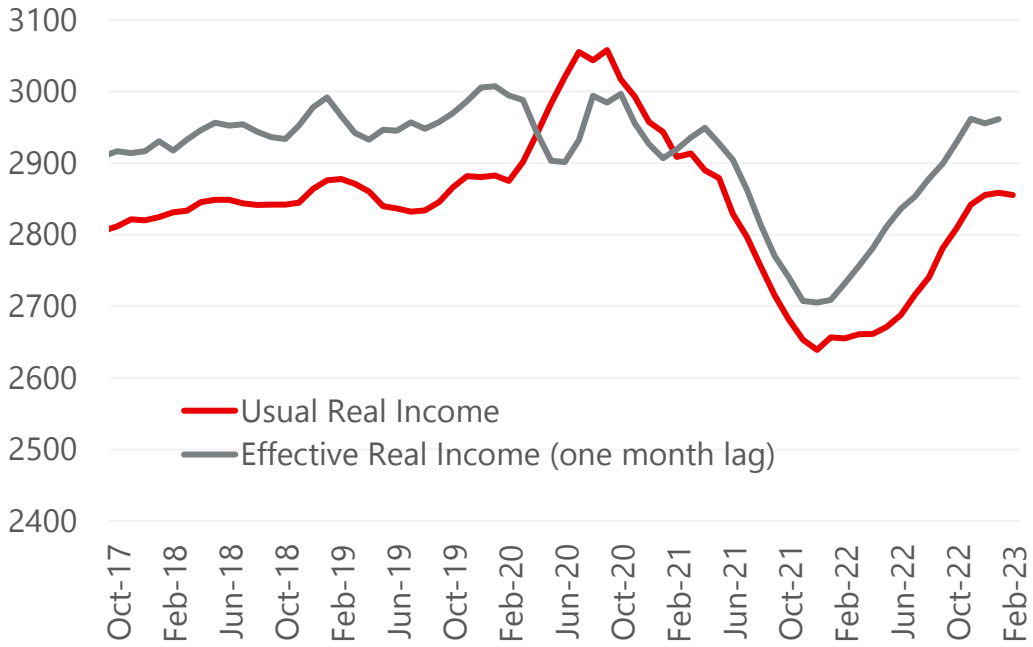


Sources: IBGE, Santander.

Average Real Income Shows Strong Recovery

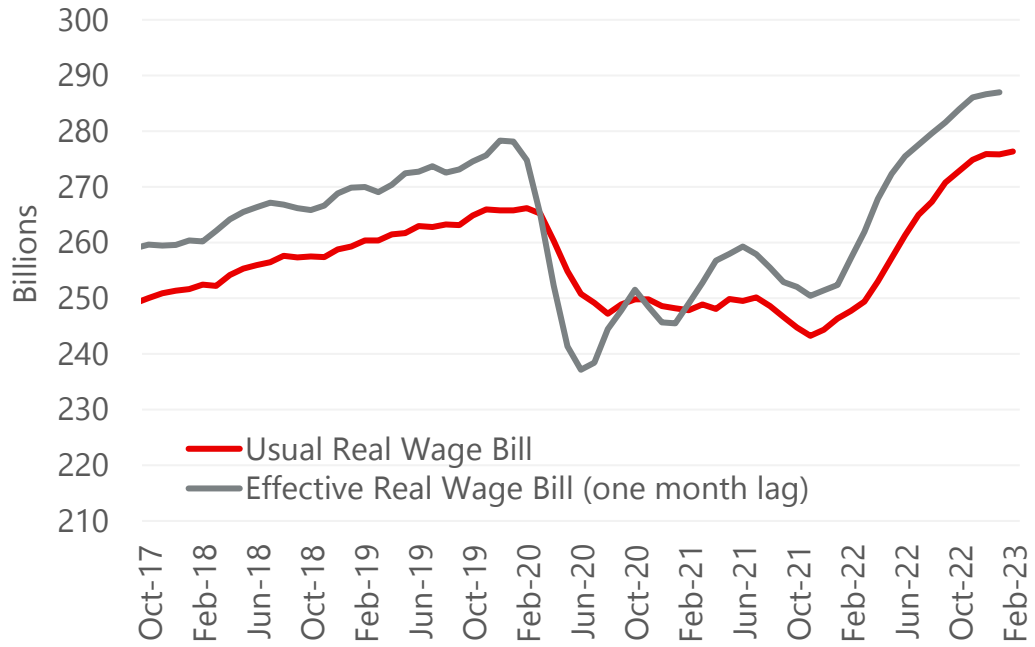
- The effective real average income posted a +0.2% MoM sa variation in January (data lagged one month relative to other PNAD series), while usual real average income posted a -0.1% MoM-sa variation in February. Both real wage bill series continue to benefit from the positive impact of a recovering trend in average real wages.

Average Real Income (BRL, sa)



Sources: IBGE, Santander.

Real Wage Bill (BRL, sa)

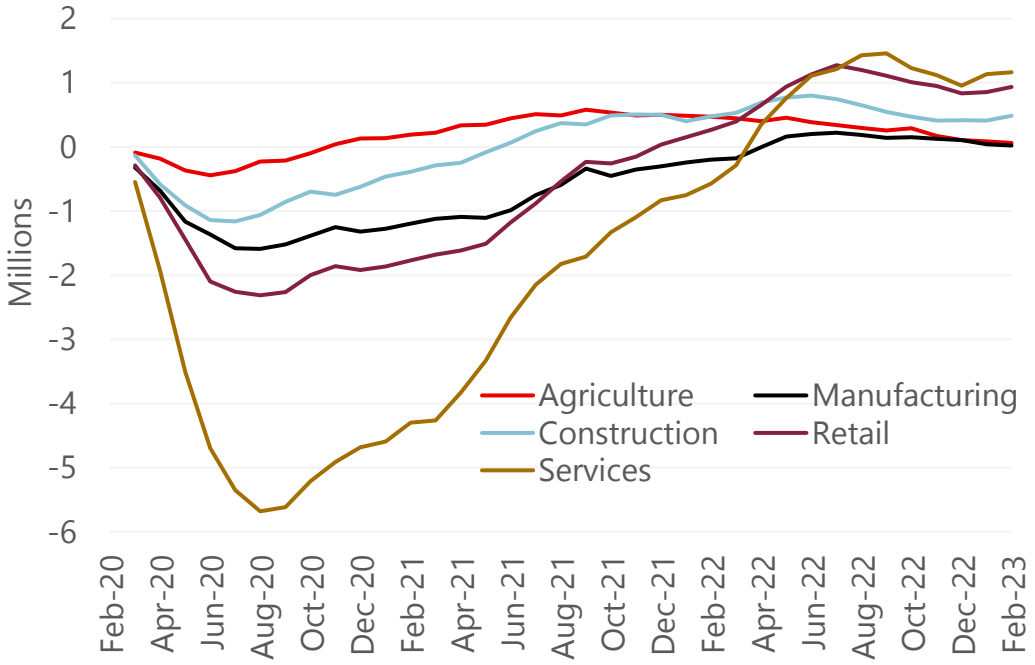


Sources: IBGE, Santander.

All Main Sectors Above the Pre-Crisis Mark

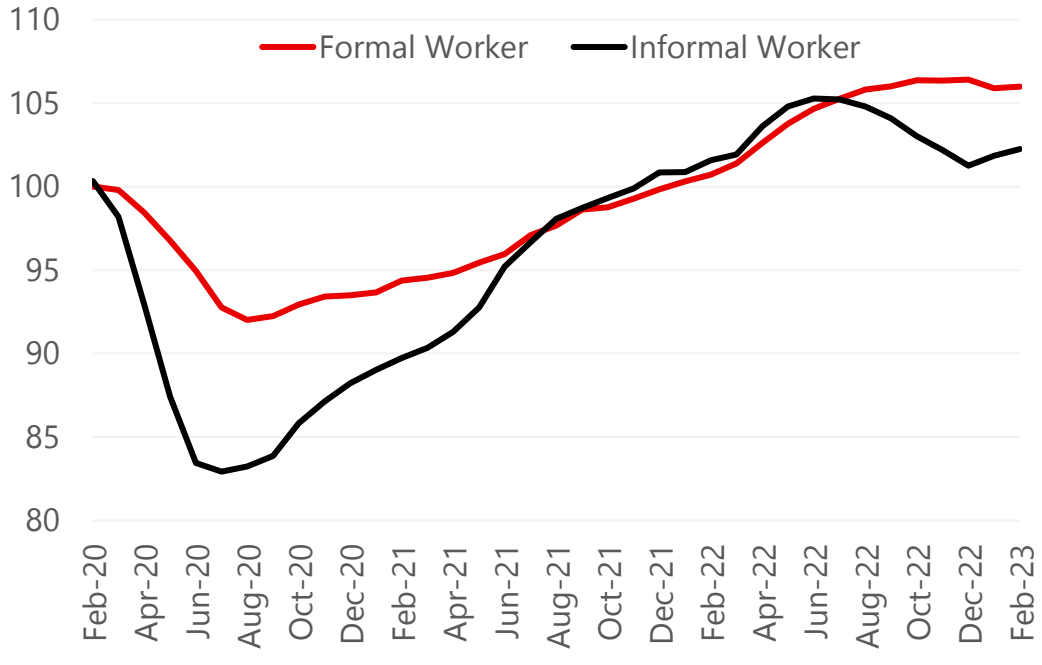
- The construction, accommodation/food, and transportation sectors were the highlights of job creation in February, while domestic services posted the largest contraction at the margin. In our view, more cycle-sensitive sectors tend to signal deceleration or stability in employment ahead, due to tight financial conditions.

Post-Pandemic Accumulated Job Losses (sa)



Sources: IBGE, Santander.

Employment by Position (sa, Jan-20=100)

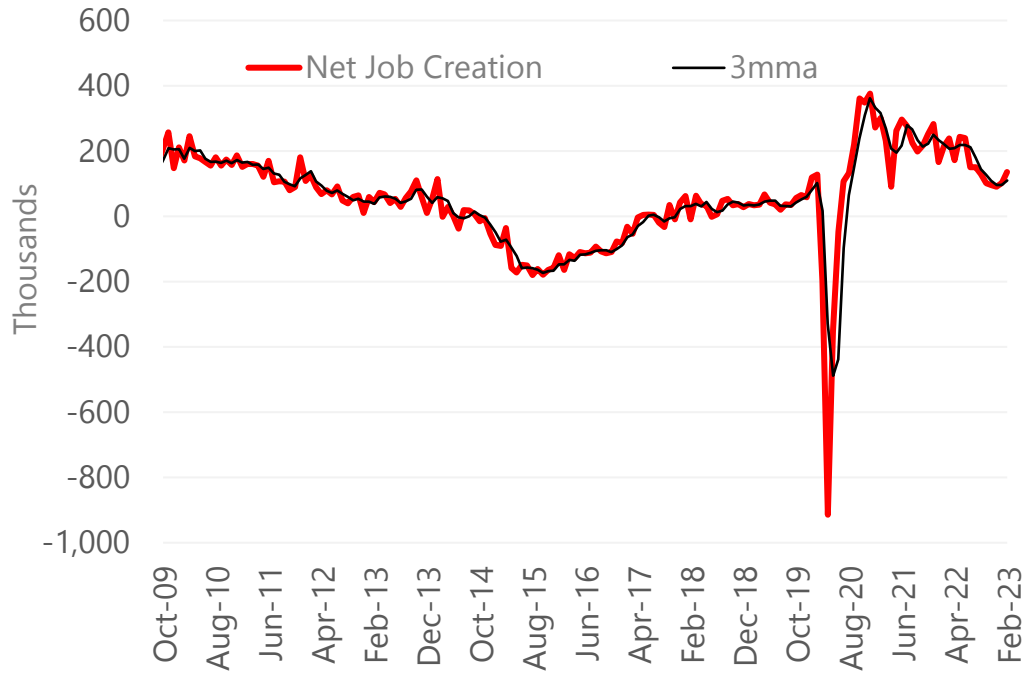


Sources: IBGE, Santander.

Monthly Payroll Expansion at a Slower Pace

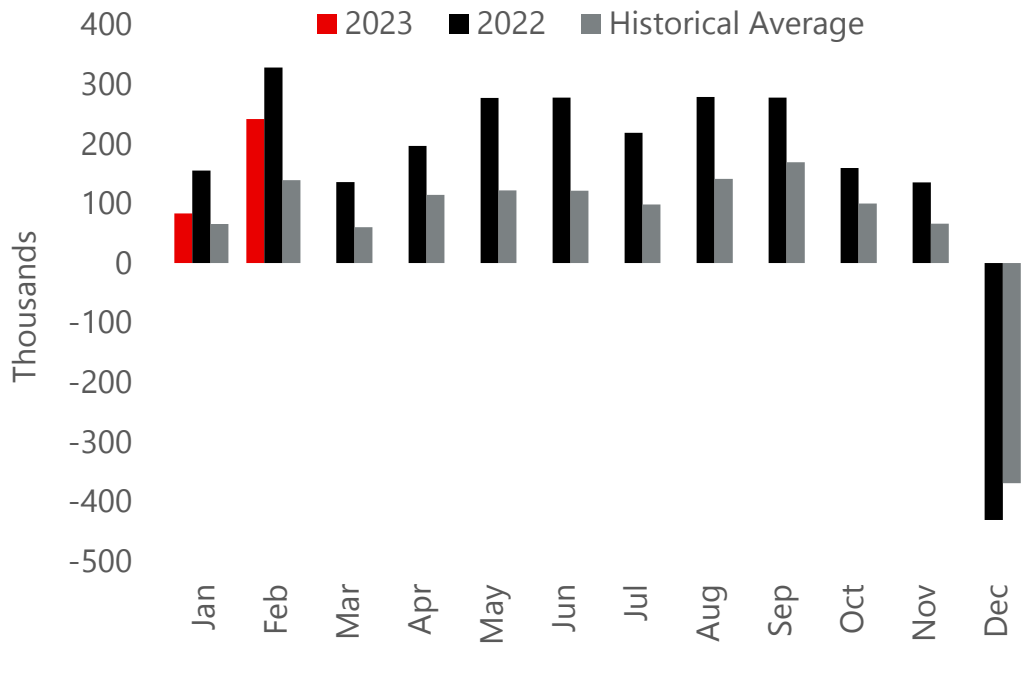
- According to the February CAGED survey net formal job creation stood at 242k. After our seasonal adjustment, net formal job creation accelerated to 135k, from 102k in January. The three-month average now points to a payroll expansion of 109k jobs, from 96k in January.

CAGED Net Job Creation (sa)



Sources: Ministry of Labor, Santander.

Net Job Creation and Historical Average

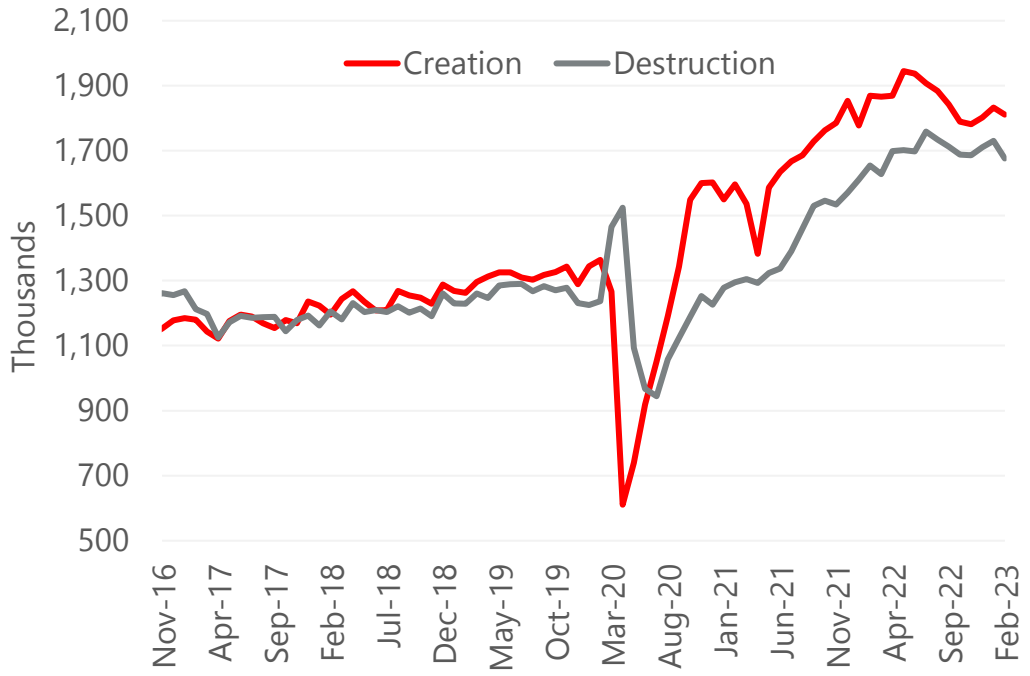


Sources: Ministry of Labor, Santander.

CAGED: Net Job Creation Slightly Above Joblessness-Neutral Level

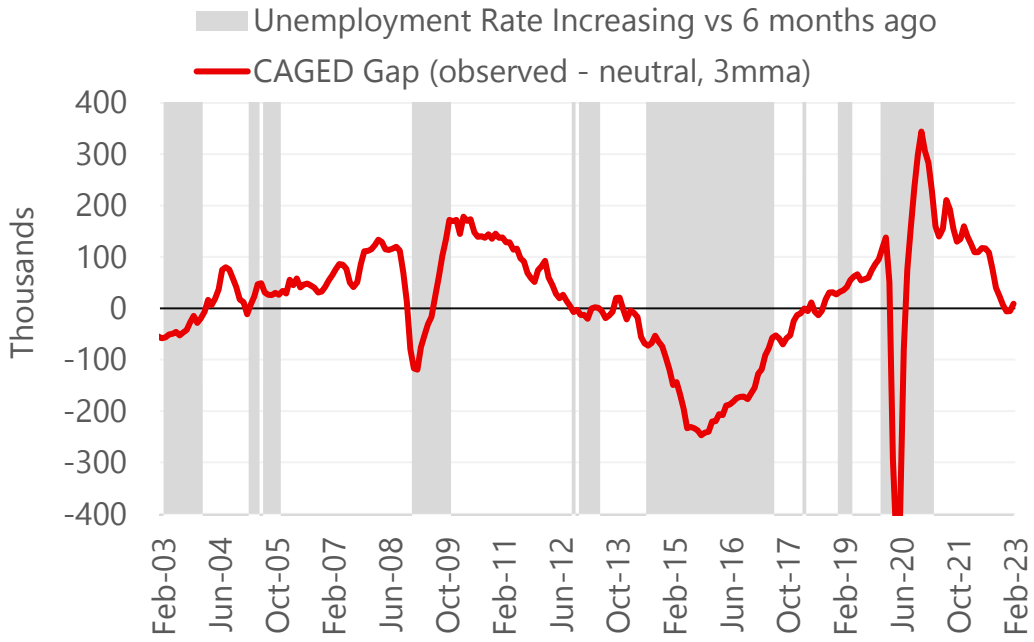
- The number of hirings decreased 1.1% MoM-sa, while layoffs decreased 3.1% MoM-sa. CAGED results stayed slightly above our estimate for the joblessness-neutral level. We estimate that the three-month moving average of CAGED's gap with the joblessness-neutral level (~100k) stood at +8.6k (-5.2k in January).

CAGED: Creation and Destruction (sa)



Sources: Ministry of Labor, Santander.

Net Job Creation Gap (sa)



Sources: Ministry of Labor, IBGE, Santander.

February 2023 PNAD Results

PNAD Breakdown	s.a.			% MoM-sa*			% YoY*		
	Dec-22	Jan-23	Feb-23	Dec-22	Jan-23	Feb-23	Dec-22	Jan-23	Feb-23
Unemployment rate (%)	8.4	8.4	8.3	-0.1	0.0	-0.1	-3.2	-2.8	-2.6
Participation rate (%)	61.8	61.7	61.7	-0.3	-0.1	0.0	-0.4	-0.4	-0.5
Labor force (millions)	107.3	107.3	107.3	-0.4	0.0	0.0	0.2	0.1	0.1
Employment	98.3	98.3	98.4	-0.3	0.0	0.2	3.8	3.4	3.0
Unemployment	9.0	9.0	8.9	-1.4	-0.1	-1.3	-28.6	-25.3	-23.2
Formalization Rate (%)	58.5	58.2	58.1	0.2	-0.3	-0.1	1.5	1.1	1.1
Formal Workers (millions)	57.4	57.1	57.2	0.0	-0.5	0.1	6.5	5.4	5.0
Informal Workers (millions)	40.8	41.1	41.2	-0.9	0.6	0.4	0.2	0.7	0.4
Average usual earnings (BRL)**	2,855	2,858	2,856	0.5	0.1	-0.1	8.3	7.7	7.5
Average effective earnings (BRL)**	2,956	2,961	-	-0.2	0.2	-	8.3	8.4	-
Usual wage bill (BRL bn)**	275.9	275.9	276.4	0.4	0.0	0.2	12.8	11.9	11.4
Effective wage bill (BRL bn)**	286.6	287.0	-	0.2	0.1	-	12.5	12.2	-

* For rates, change is in percentage points.

** In real terms

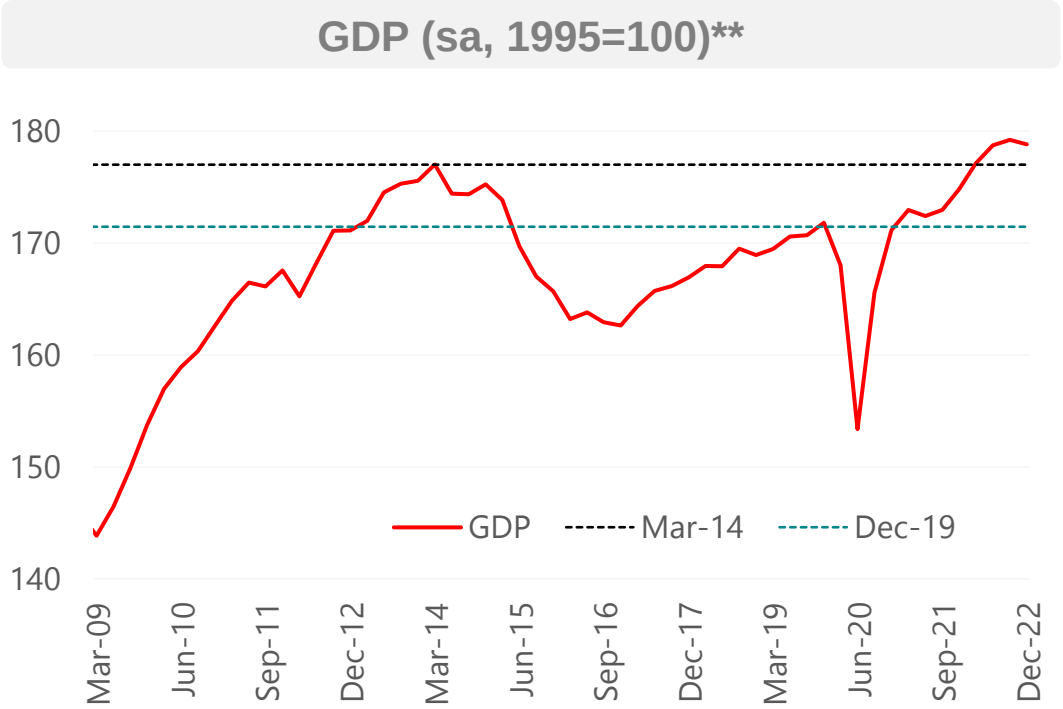
Sources: IBGE, Santander.

GDP

05

A Weak GDP Print after a Strong Streak

- After GDP lost steam in 3Q22, 4Q22's data pointed to a weak -0.2% QoQ-sa (+1.9% YoY) figure and confirmed that broad activity entered into negative territory at the end of 2022. In annual terms, Brazil's economy ended 2022 posting strong growth of 2.9% (+5.0% in 2021 and -3.3% in 2020), well above the estimates made in the beginning of the year (market consensus was roughly at 0.2%). Our estimate for the output gap suggests that it is currently running approximately at 1.3%.



	3Q22		4Q22		2022	4Q19*	2023**
	% YoY	% QoQ	% YoY	% QoQ	%	%	%
GDP	3.6	0.3	1.9	-0.2	2.9	4.1	0.2
Supply							
Taxes	3.3	1.1	2.4	0.2	2.1	5.4	0.9
Farm Output	**3.2**	**-0.5**	**-2.9**	**0.3**	**-1.7**	**0.6**	**-0.2**
Industry	**2.8**	**0.7**	**2.6**	**-0.3**	**1.6**	**3.6**	**0.5**
Mining	-2.6	0.0	1.4	2.5	-1.7	-0.2	2.4
Manufacturing	1.7	0.0	1.0	-1.4	-0.3	-0.9	-0.7
Construction	6.6	0.0	3.2	-0.7	6.9	15.8	0.3
Utilities	11.2	0.6	10.8	-0.4	10.1	10.6	0.2
Services	**4.5**	**0.9**	**3.3**	**0.2**	**4.2**	**6.0**	**0.9**
Retail	2.0	0.2	2.1	-0.9	0.8	3.1	-0.1
Transports	8.8	0.9	5.3	0.2	8.4	9.4	1.2
Information	6.9	3.8	4.9	1.8	5.4	24.9	4.2
Financial	1.7	1.7	2.4	0.9	0.4	4.2	1.4
Other Services	9.8	1.5	8.3	0.9	11.1	11.1	2.1
Rents	3.2	1.4	3.2	0.7	2.5	7.9	1.5
Public Services	1.5	1.1	-0.3	-0.5	1.5	-1.0	-0.1
Demand							
Consumption	**4.6**	**1.0**	**4.3**	**0.3**	**4.3**	**3.8**	**1.2**
Government	**1.0**	**1.2**	**0.5**	**0.3**	**1.5**	**2.1**	**0.6**
Investments	**5.0**	**2.6**	**3.5**	**-1.1**	**0.9**	**19.1**	**1.4**
Exports	**8.1**	**3.7**	**11.7**	**3.5**	**5.5**	**12.8**	**3.8**
Imports	**10.6**	**5.5**	**4.6**	**-1.9**	**0.8**	**7.1**	**2.9**

Sources: IBGE, Santander.

** "4Q22 GDP Shrank 0.2% QoQ-sa"* – March 02, 2023 - Available on: https://bit.ly/Std-GDP-4Q22

** GDP is 4.1% above the pre-pandemic mark (Dec-19) and 1.0% above the spike immediately before the great domestic recession (2014-2016).

BASELINE SCENARIO

06

GDP: Key Hypotheses, Basic Description and Risks

- Main hypothesis: The effects of a tight monetary policy stance will continue to prevail on economic activity in 2023. We assume no further weather problems hitting the main crop harvest in 2023 and 2024. In the face of higher consumer debt and higher NPLs, we expect a slowdown in credit in 2023, reversing part of the strong growth of the last three year, but in line with more restrictive financial conditions. Our scenario does not assume a major, dysfunctional credit crunch.

- We see a tepid outlook for cyclical activities in 1Q23, as coincident indicators (IGet family, vehicles production, heavy vehicles toll flow, employed population, manufacturing, etc.) lose momentum and financial conditions still signal a deceleration path ahead. Our quarterly GDP path is as follows: a positive figure in 1Q23 (+0.5% QoQ-sa), owing mainly to farm output; for 2Q23 to 4Q23, we expect sequential declines (-0.2% QoQ-sa per quarter). We expect a gradual recovery in quarterly results throughout 2024, as financial conditions should get looser with easing monetary cycles both domestically and abroad.

- **Upside risks:** Stronger than expected real household income amid a more resilient job market and a greater impact of government transfers on consumption. Resilience in commodity prices could mean a persistent impulse for investment. The program for household debt renegotiations (*Desenrola*), yet to be announced by the federal government, could mean a slight upside risk for new loans for households in the short term.

- **Downside risks:** Stronger than expected inflationary resilience, leading the BCB to keep a tight policy stance for even longer. Weather problems dampening farm output. A dysfunctional evolution in the local credit market, maybe requiring BCB intervention with macroprudential measures, leading to a more intense than expected activity slowdown.

GDP Path and Breakdown

GDP Baseline Scenario			
	YoY	QoQ	Full Year
4Q22	1.9%	-0.2%	2.9%
1Q23	2.5%	0.5%	
2Q23	0.5%	-0.2%	
3Q23	0.1%	-0.2%	
4Q23	-0.1%	-0.2%	0.8%
1Q24	-0.5%	-0.1%	
2Q24	0.3%	0.3%	
3Q24	0.6%	0.3%	
4Q24	1.5%	0.4%	0.5%

Sources: IBGE, Santander.

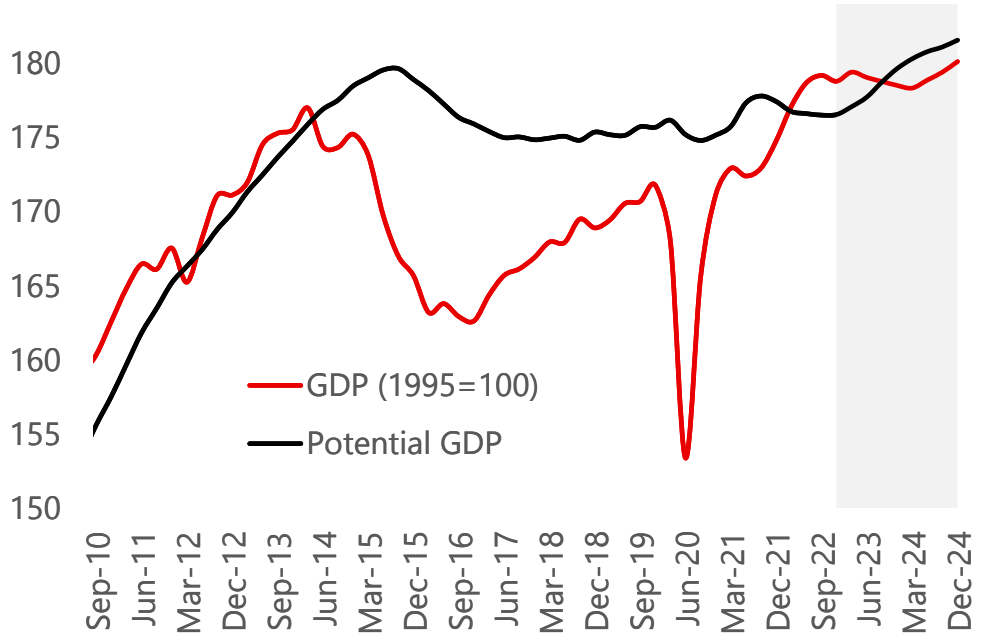
GDP Breakdown						
	2019	2020	2021	2022	2023e	2024e
GDP	1.2	-3.3	5.0	2.9	0.8	0.5
Farm Output	0.4	4.2	0.3	-1.7	7.6	1.5
Industry	-0.7	-3.0	4.8	1.6	0.7	0.3
Services	1.5	-3.7	5.2	4.2	0.7	0.5
Household Consumption	2.6	-4.6	3.7	4.3	1.0	0.5
Government Consumption	-0.5	-3.7	3.5	1.5	2.0	2.3
Investments	4.0	-1.7	16.5	0.9	0.5	0.1
Exports	-2.6	-2.3	5.9	5.5	4.6	1.5
Imports	1.3	-9.5	12.0	0.8	1.4	1.0

Sources: IBGE, Santander

Output Gap Closed Until Mid-2023

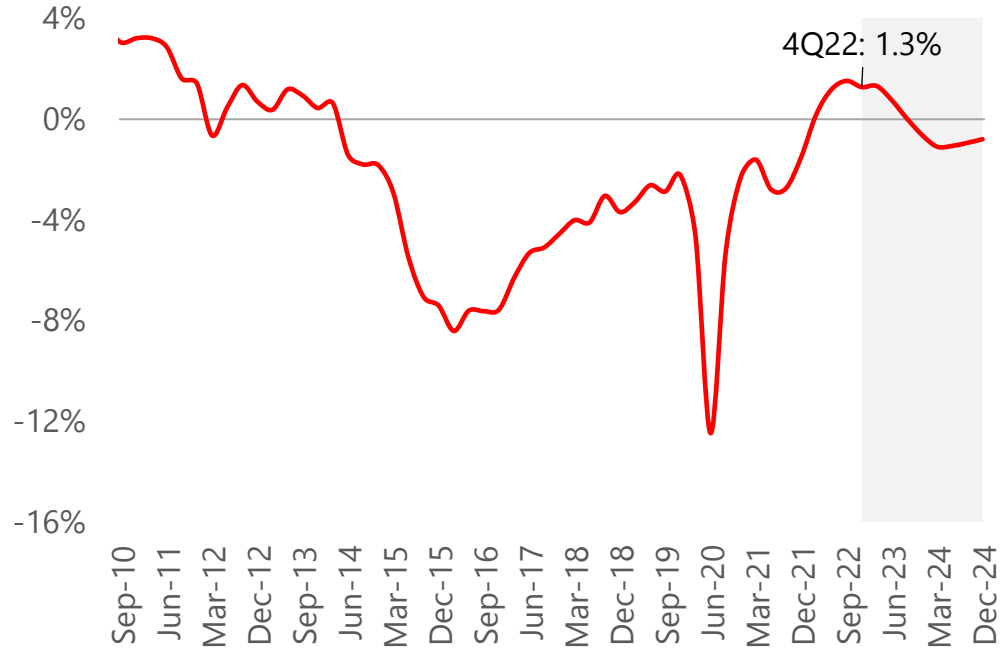
- The strength of economic activity in 2022 took the output gap to positive terrain for the first time since 2014 in 2Q22. We expect the GDP to remain above potential until mid-2023. The GDP contraction expected for 2023 and the growth below potential in 2024 should maintain a negative output gap at least until YE-2024 (~-0.5%). Our long-term potential growth stands at the 1.5%.

GDP (sa, average 1995=100)



Sources: IBGE, Santander.

Output Gap (%)



Sources: IBGE, Santander.

Lower Participation Rate Has Led Us to Reduce our Unemployment Rate Estimates

- There was a considerable slowdown in employment growth, and the jobless rate has not yet started increasing only due to an important decline in the labor supply.

- We continue to project an increase in the unemployment rate throughout 2023, as we expect a continuation of the contractionary effects of monetary tightening, as well as a gradual normalization in the job-market participation rate, which should slowly return to levels closer to its historical average (~63%). For 2023, our average unemployment rate forecast is at 9.5% (previously: 9.6%), while for 2024 and 2025 we maintained our forecasts at 10.1%. We project that the jobless rate will only reach its neutral level in 3Q23.

- **Upside risks:** Faster than expected growth in employment, on the heels of further positive surprises on labor intensive services. Lower than expected participation rate, resulting in a tight labor market for longer

- **Downside risks:** Stronger inflationary pressures leading the BCB to adopt an even tighter monetary policy stance in the medium term.

	2020	2021	2022	2023e	2024e
Unemployment Rate *					
Average	13.8	13.2	9.3	9.5	10.1
End of Period (s.a.)	14.8	11.7	8.4	10.1	10.2
Unemployed Population **					
Average	13.8	13.9	10.0	10.4	11.3
End of Period	15.0	12.5	9.2	11.2	11.4

* in %

** in Millions

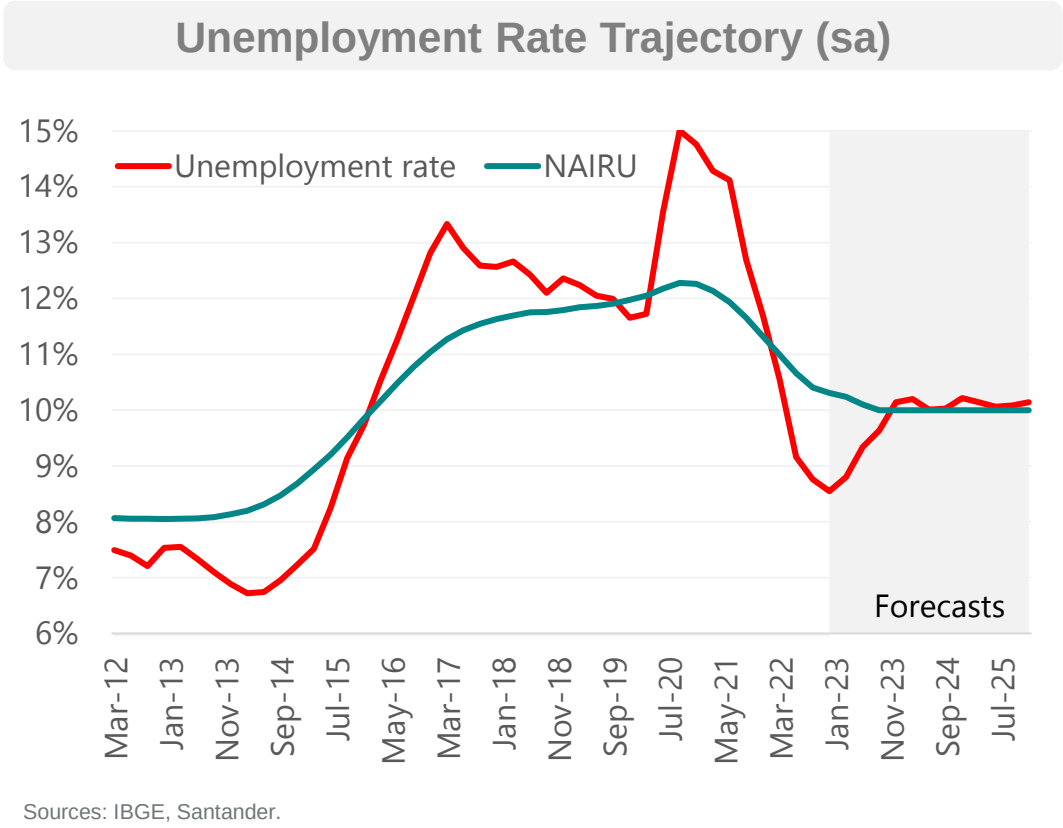
Sources: IBGE, Santander.

Job Market to Remain Tight Until 3Q23

- We have reduced our joblessness estimate for 1Q23, impacting our average unemployment rate estimate for 2023. We envision a tight labor market until 3Q23 (we see the NAIRU stabilizing around 10%), which adds to the difficult conditions for the disinflation process expected ahead.

		Feb-23	Mar-23
Unemployment Rate (avg)	2023	9.6	9.5
	2024	10.1	10.1
	2025	10.1	10.1
Unemployment Rate (YE, sa)	2023	10.2	10.1
	2024	10.2	10.2
	2025	10.2	10.1
Unemployed (YE, Millions sa)	2023	11.2	11.2
	2024	11.4	11.4
	2025	11.5	11.4

Sources: IBGE, Santander.

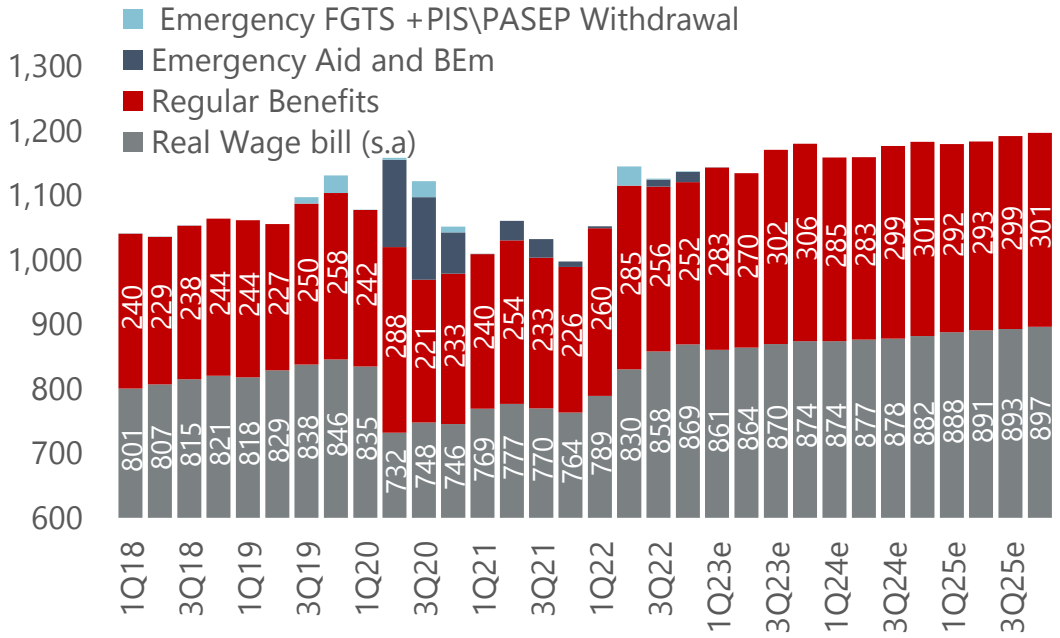


Sources: IBGE, Santander.

“Expanded” Real Wage Bill: Better Figures for 2023

- We raised our projections for the “expanded” real wage bill (a statistic that aggregates labor income with government transfers and social programs) in 2023. We revised our number for average real wages after a stronger-than-expected recovery in 4Q22, but the lower numbers for the employed population in 1Q23 limited this increase. We project that the “expanded” real wage bill will grow 2.9%, 1.1% and 1,6% in 2023, 2024, and 2025, respectively (previously: 2.6%, 1.2%, and 1.6%, respectively). Our estimates are also influenced now by our long-term estimate for the “expanded” real wage bill growth (+1.4%).

“Expanded” Real Wage Bill (BRL billion)



Sources: National Treasury, IBGE, Ministry of Economy, Santander.

	2022	2023(E)	2024(E)	2025(E)	Long-Term
Real Wage Bill	+8.7%	+3.7%	+1.2%	+1.6%	+1.4%
Real Wage Bill (With Government Transfers)	+8.7%	+2.9%	+1.1%	+1.6%	+1.4%

Sources: National Treasury, IBGE, Ministry of Economy, Santander.

Macro Scenario: Projections

- For our Scenario Update 'UPPING CPI ESTIMATES…AGAIN' (sent on April 06, 2023), **click on the link:** https://bit.ly/Std-scenreview-apr23

Macroeconomic Variables		Previous		Current
GDP (%)	2023E	0.8	→	0.8
	2024E	0.5	→	0.5
	2025E	1.5	→	1.5
IPCA (%)	2023E	5.9	↑	6.1
	2024E	3.7	↑	3.9
	2025E	4.0	↑	4.5
Selic Rate (% end of period)	2023E	13.00	→	13.00
	2024E	11.00	→	11.00
	2025E	8.00	→	8.00
FX Rate - USDBRL (end of period)	2023E	5.40	→	5.40
	2024E	5.50	→	5.50
	2025E	5.55	→	5.55
Current Account Balance (% of GDP)	2023E	-3.1	→	-3.1
	2024E	-3.4	→	-3.4
	2025E	-3.1	→	-3.1
Primary Fiscal Balance (% of GDP)	2023E	-1.4	↑	-1.2
	2024E	-1.2	↑	-1.1
	2025E	-0.8	↓	-0.9
Gross Public Debt (% of GDP)	2023E	78.8	↓	77.4
	2024E	83.4	↓	81.7
	2025E	86.7	↓	84.8

Sources: IBGE, The National Treasury Secretariat, BCB and Santander.

Thank you.

Our purpose is to help people and businesses prosper.

Our culture is based on believing that everything we do should be:

Simple Personal Fair

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