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## Brazil Macro | July 2021

### Economic Activity

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## SUMMARY

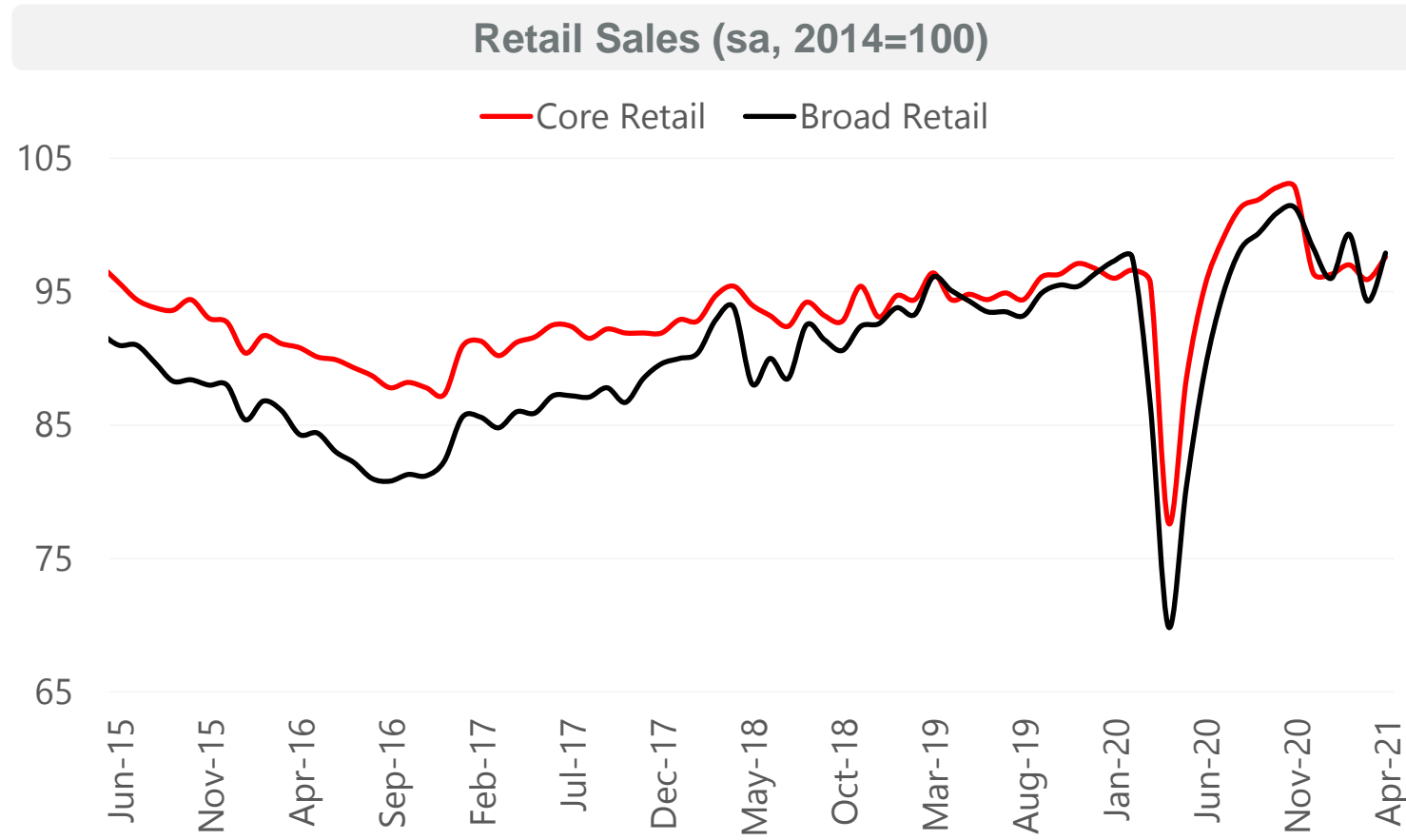
- We are revising higher our 2021 GDP estimate to 5.1% from 3.6%. Activity surprised to the upside in 1Q21, despite the reduction of fiscal support and the resurgence of the pandemic. For 2Q21, the faster-than-expected recovery of urban mobility, along with the new round of Emergency Aid should improve the tertiary sector, as suggested by the timely indexes and our proprietary indicator (IGet). We expect farm output to partially give back its positive GDP contribution. Industry should be a short-term drag for the recovery, likely reflecting the cost increases and widespread shortage of inputs.
- Assuming progress in the vaccination rollout, we expect a faster recovery in 2H21, with a virtual return to “normality” in 4Q21. Regarding the GDP path, we expect stability in 2Q21 (0% QoQ-sa), with the tertiary sector propping up activity - stemming from the recovery of mobility and the payment of the Emergency Aid - but dragged by the partial payback of agriculture’s growth and industrial weak performance. For 2H21, the higher commodities prices along with the advances in the economy’s reopening should contribute to a better outlook for activity. Indeed, half of Services GDP are still running at low levels, which leaves room for growth as the sanitary crisis is overcome.
- For 2022, the lingering positive effects from the commodities cycles in conjunction with an economy in full-operation mode (over a basis of comparison affected by restrictions measures) should contribute to more robust growth, despite the delayed effects of a less expansionary monetary policy path. We upgraded our forecasts for 2022 (from 1.5%) to 2.0%.
- We have made minor revisions to our unemployment rate trajectory for 2021. We continue to expect the vaccine rollout and urban mobility to be crucial for the labor force and employment recovery in the coming months, with sectors more reliant on social interaction gaining traction. We estimate an average unemployment rate of 14.2% in 2021 and 13.6% in 2022 (unchanged from our last review).

RETAIL SALES

01

## POSITIVE OUTLOOK FOR 2Q21 FOLLOWING 1Q21 RETREAT

- Retail Sales ended 1Q21 with a quarterly retreat, likely reflecting the partial effects of the fiscal stimuli withdrawal and the pandemic's relapse, but in a less pronounced way than in 2Q20. For 2Q21, the outlook is positive for the tertiary sector, reflecting the economy's reopening process and the new round of emergency aid.

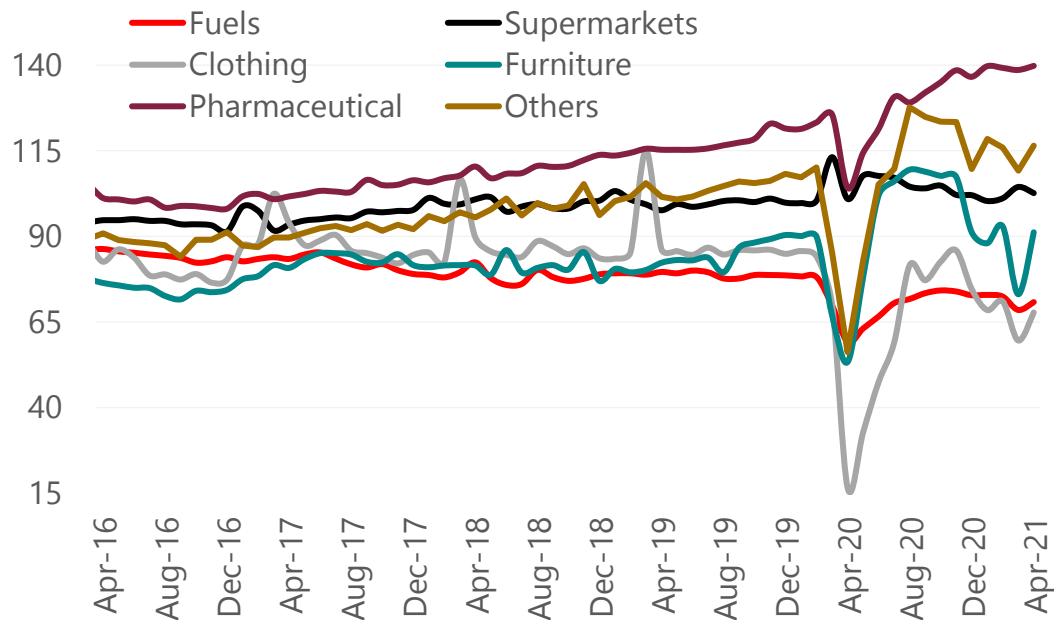


Sources: IBGE, Santander

## ESSENTIAL GOODS SHOULD KEEP RESILIENCE

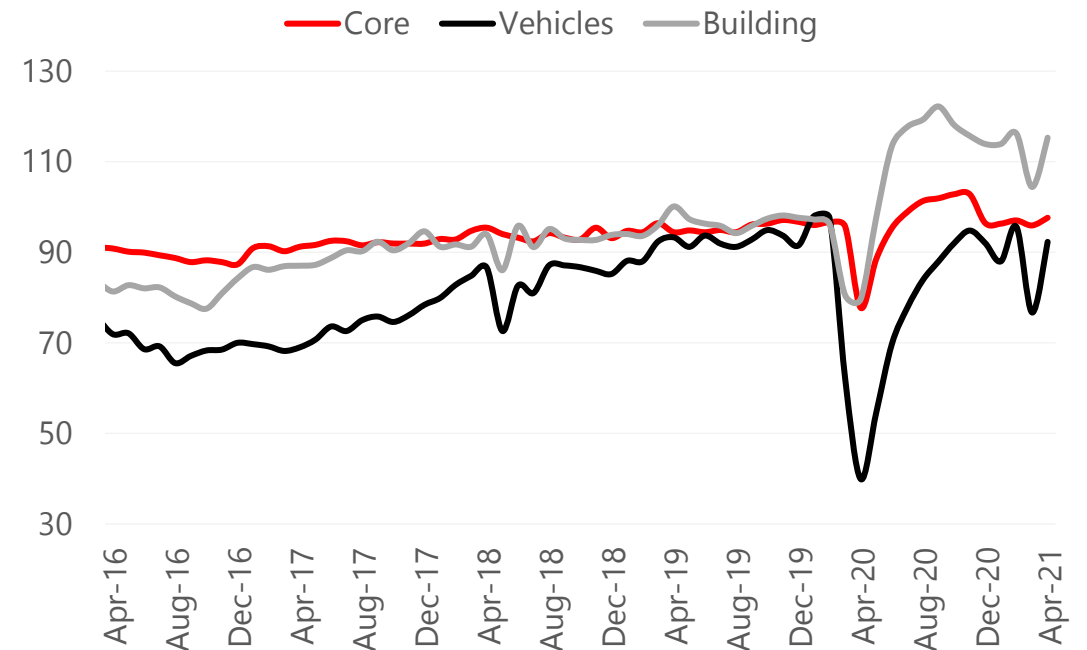
- Amid 1Q21 widespread retreat, Supermarket and Pharmaceutical sales showed resilience. For 2Q21, on the heels of the emergency aid, we expect these segments to keep being resilient, amid likely modest figures for credit granting to households.

Core Retail Sales (sa, 2014=100)



Sources: IBGE, Santander

Broad Retail Sales (sa, 2014=100)

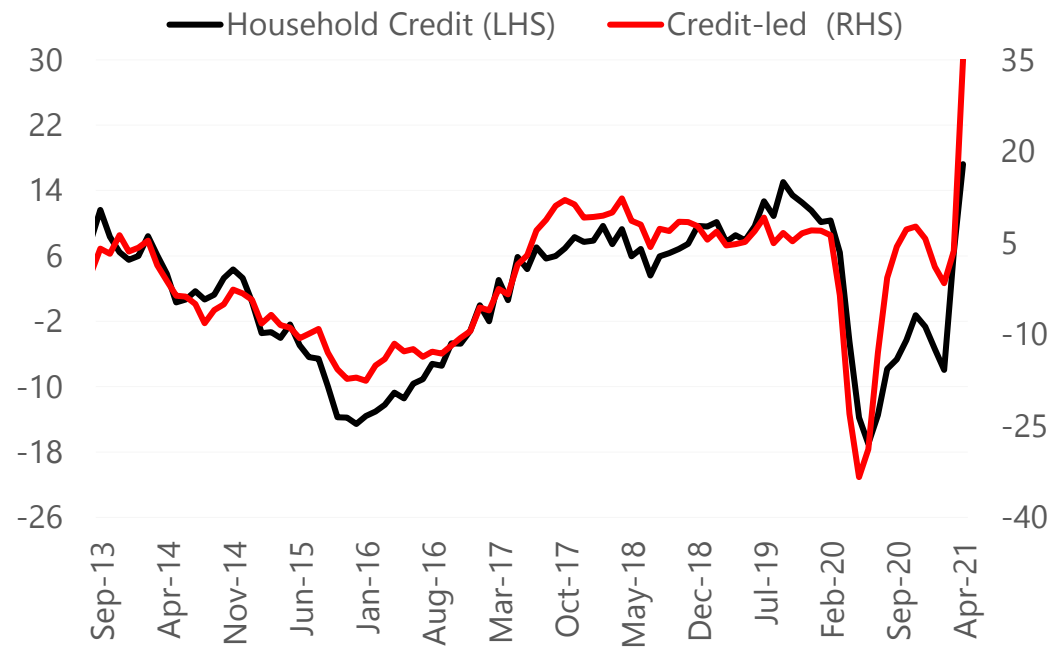


Sources: IBGE, Santander

# THE REDUCTION IN DISPOSABLE INCOME SHOULD BE A HEADWIND FOR SALES

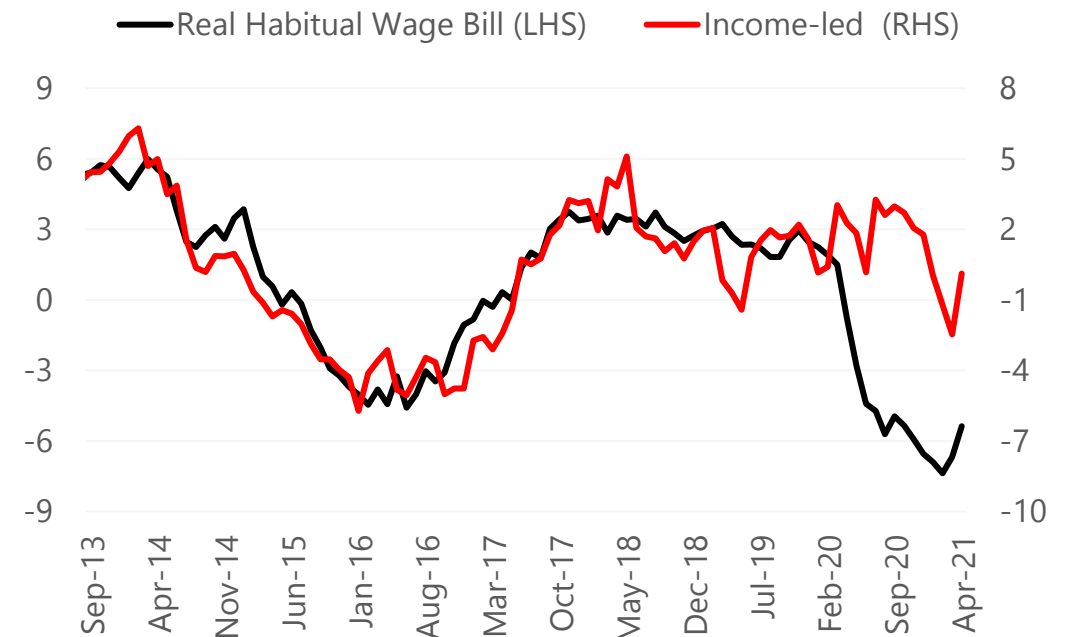
- In terms of outlook, we expect sales in credit-led segments to benefit from lower interest rates in 2021, while the reduction in disposable income should be a headwind for sales in income-led segments. The spending of the savings made last year and the new round of the emergency aid can partially mitigate this scenario.

## Retail Sales and Credit (3mma, % YoY)



Sources: IBGE, Santander

## Retail Sales and Income (3mma, % YoY)



Sources: IBGE, Santander

# RETAIL SALES

Retail Sales Breakdown									
	Feb-21			Mar-21			Apr-21		
	% MoM	% YoY	% QoQ	% MoM	% YoY	% QoQ	% MoM	% YoY	% QoQ
<b>Core Retail Sales</b>	<b>0.7</b>	<b>-3.9</b>	<b>-5.8</b>	<b>-1.1</b>	<b>2.2</b>	<b>-4.2</b>	<b>1.8</b>	<b>23.7</b>	<b>-1.7</b>
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
<b>Broad Retail Sales</b>	<b>3.4</b>	<b>-1.9</b>	<b>-2.7</b>	<b>-5.0</b>	<b>9.8</b>	<b>-3.6</b>	<b>3.8</b>	<b>40.9</b>	<b>-1.4</b>
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

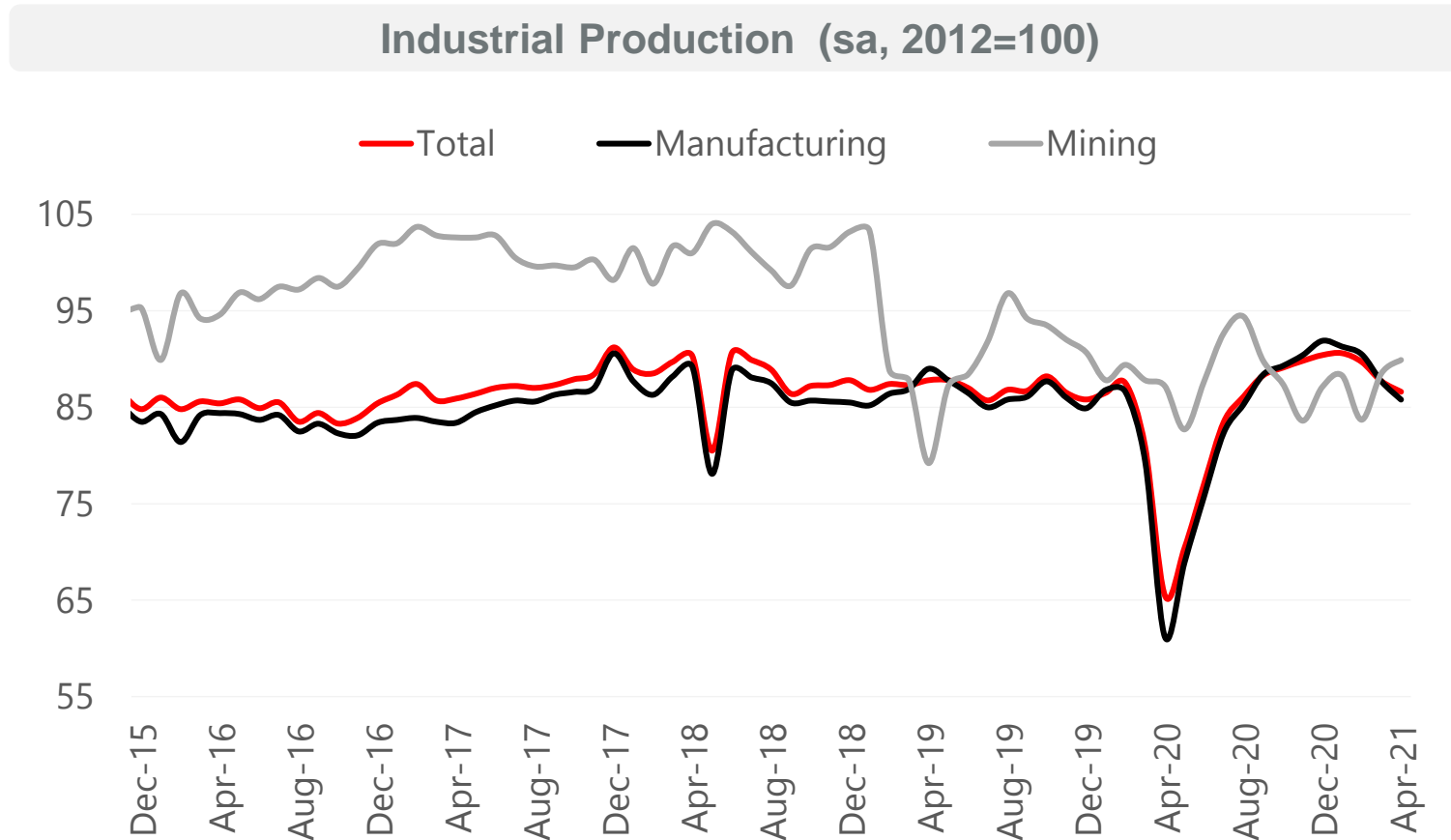


INDUSTRIAL  
PRODUCTION

02

## INDUSTRY EXPECTED TO BE A SHORT-TERM DRAG OF ACTIVITY IN 2Q21

- Industrial production ended 1Q21 with a quarterly retreat, stemming mainly from manufacturing but with the mining industry partially mitigating the hit. We expect this pattern to repeat in 2Q21, with manufacturing still suffering from costs increases and widespread shortage of inputs.

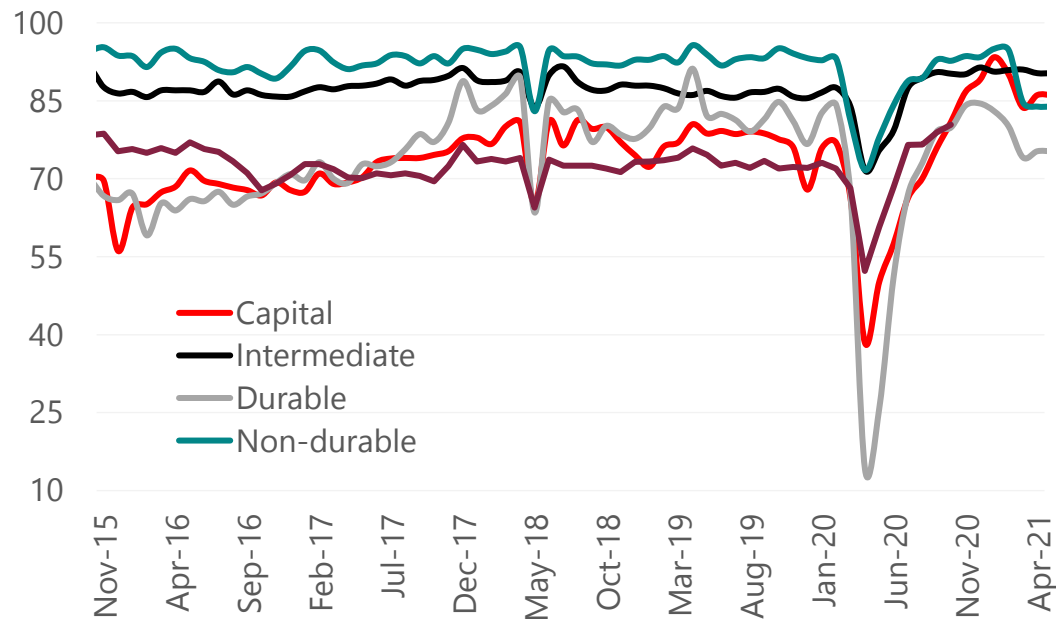


Sources: IBGE, Santander

# INVESTMENTS SHOULD KEEP THE PACE, AMID STILL LOW FINANCIAL CONDITIONS

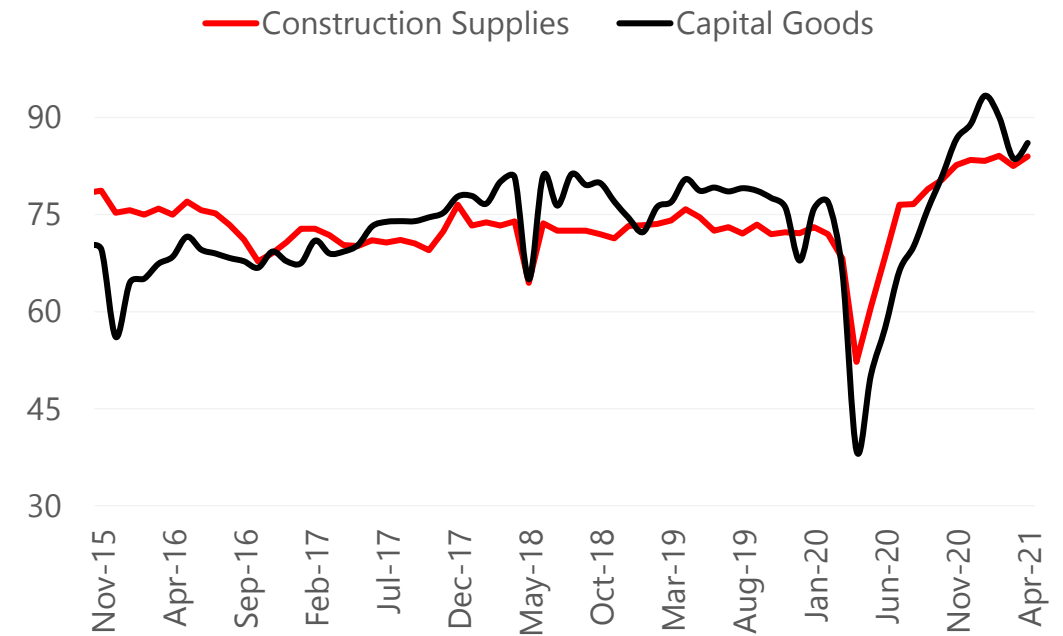
- Despite the accounting effect of oil rigs imports that inflated investments last quarters, domestic capital goods production still stands at high levels. This production stems mainly from the farm sector, on the heels of the commodities prices, and the building sector, following the historically low interest rates.

**Industrial Production (sa, 2012=100)**



Sources: IBGE, Santander

**Related to Investments (sa, 2012=100)**

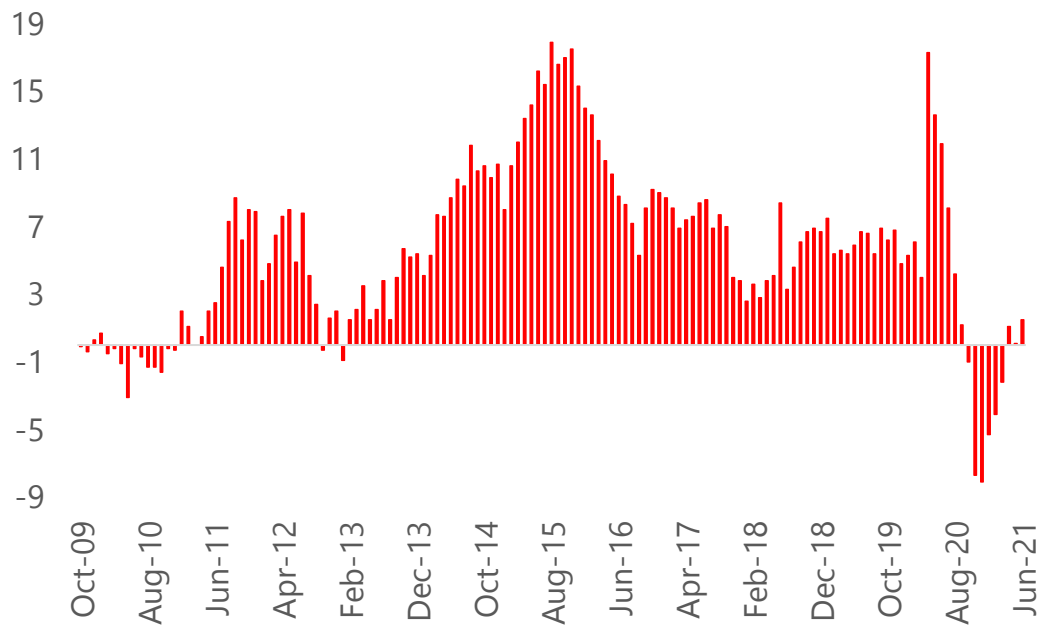


Sources: IBGE, Santander

# LOW INVENTORIES AS A TAILWIND FOR PRODUCTION AHEAD

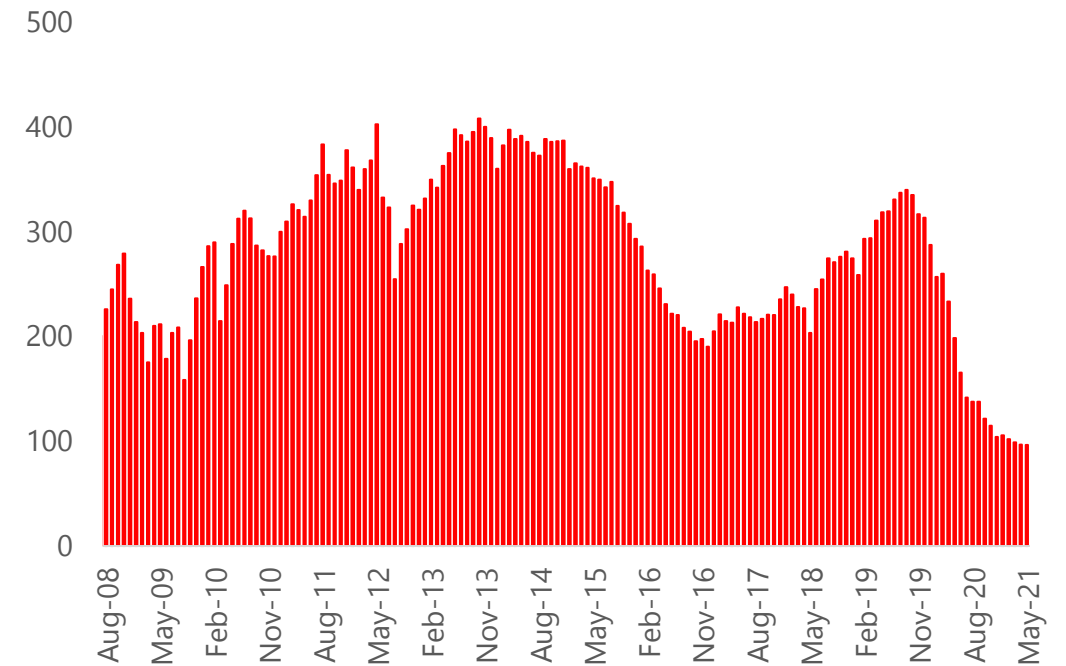
- The low level of inventories leaves room for production growth ahead amid an environment with lower demand for goods and disposable income (but conditioned to the overcoming of the shortage in inputs issue and of the sanitary crisis).

Inventories Perception (sa, points)



Sources: Anfavea, Santander

Auto Inventories (sa, Units in Thousands)



Sources: Anfavea, Santander

# INDUSTRIAL PRODUCTION BREAKDOWN

Industrial Production Breakdown									
	% MoM			% YoY			% QoQ		
	Feb-21	Mar-21	Apr-21	Feb-21	Mar-21	Apr-21	Feb-21	Mar-21	Apr-21
<b>Total Industry</b>	<b>-1.0</b>	<b>-2.2</b>	<b>-1.3</b>	<b>0.3</b>	<b>10.4</b>	<b>34.7</b>	<b>1.3</b>	<b>-0.5</b>	<b>-2.5</b>
Mining	-5.2	5.7	1.6	-6.6	-0.1	3.6	-0.7	0.9	1.2
Manufacturing	-0.9	-3.1	-2.2	1.1	11.9	40.2	2.1	-0.8	-3.5
Capital Goods	-3.5	-7.1	2.9	14.7	29.5	125.1	11.9	4.1	-3.4
Intermediate Goods	0.3	0.1	-0.8	0.4	10.1	25.8	0.8	0.3	0.0
Consumer goods	-1.1	-11.4	-0.9	-3.1	7.4	41.1	1.9	-3.0	-8.3
Durable	-3.5	-7.5	1.6	-8.2	12.0	430.5	1.9	-4.5	-8.8
Non-Durable	-0.2	-10.7	-0.9	-1.6	6.2	17.1	1.4	-1.9	-6.6
Construction Supplies	1.0	-1.9	1.8	11.3	22.4	66.4	3.6	1.4	0.5

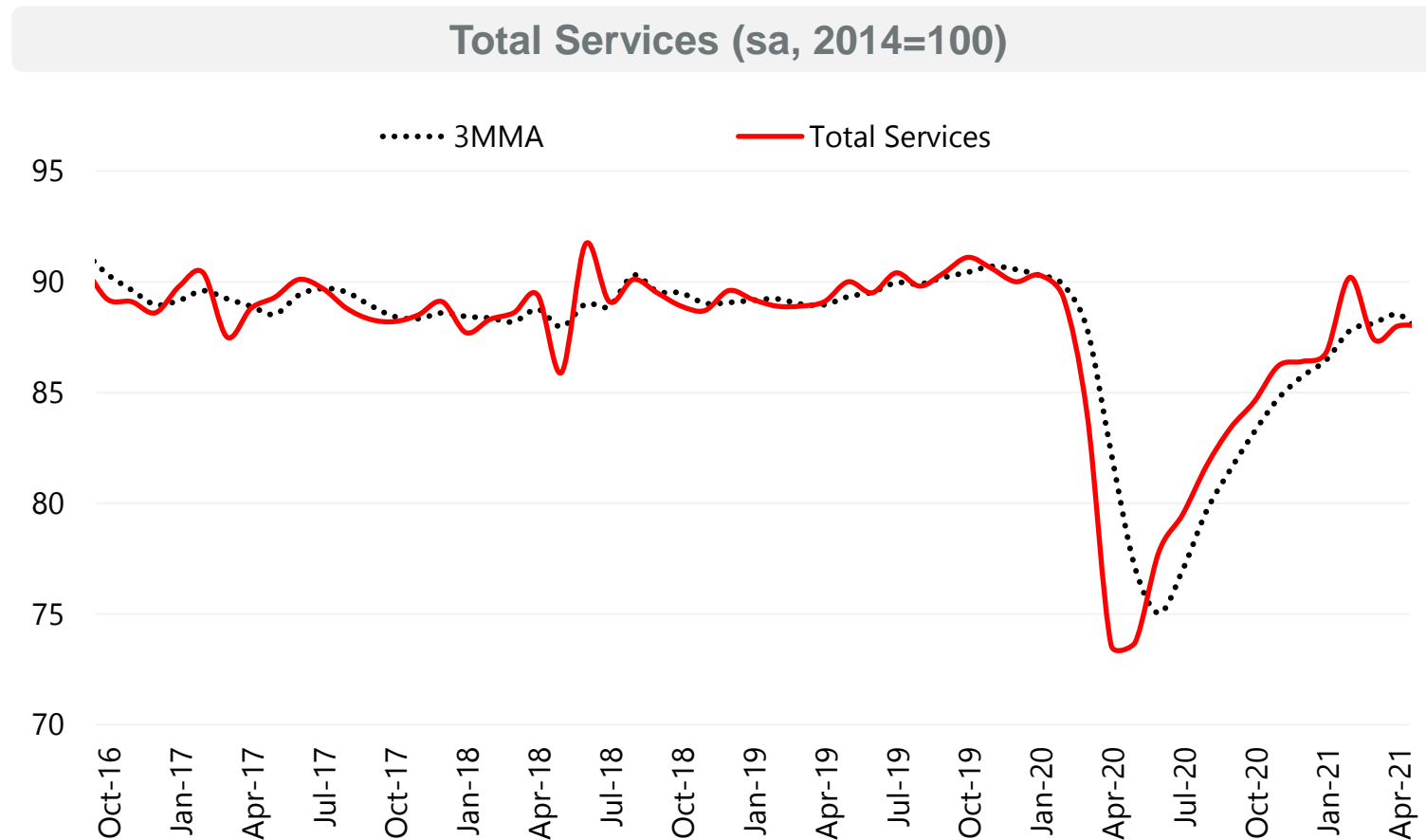
Sources: IBGE, Santander

SERVICES

03

# SOLID GROWTH AND RESILIENCE AMID THE RESURGENCE OF THE PANDEMIC

- Following the reopening of the economy and the demand shifting from goods towards services, the services sector showed solid growth at the beginning of 2021. Regarding the impacts of the pandemic's resurgence, as opposed to that observed last year, the sector showed resilience.

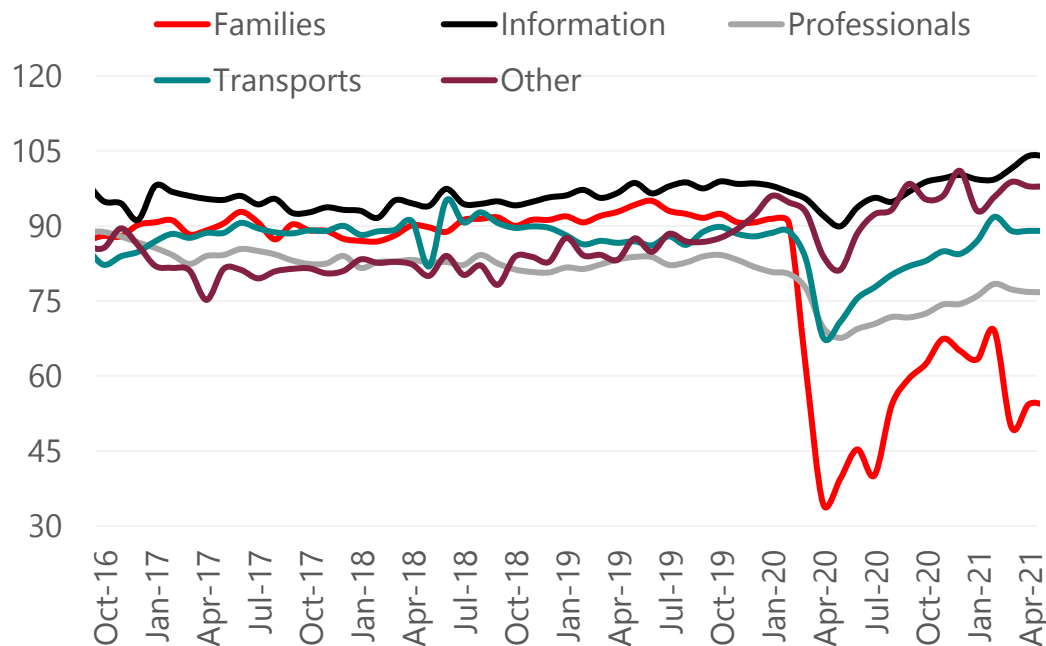


Sources: IBGE, Santander

## SOME SECTORS SHOWED REARRANGEMENT, BUT OTHERS CONTINUED TO SUFFER

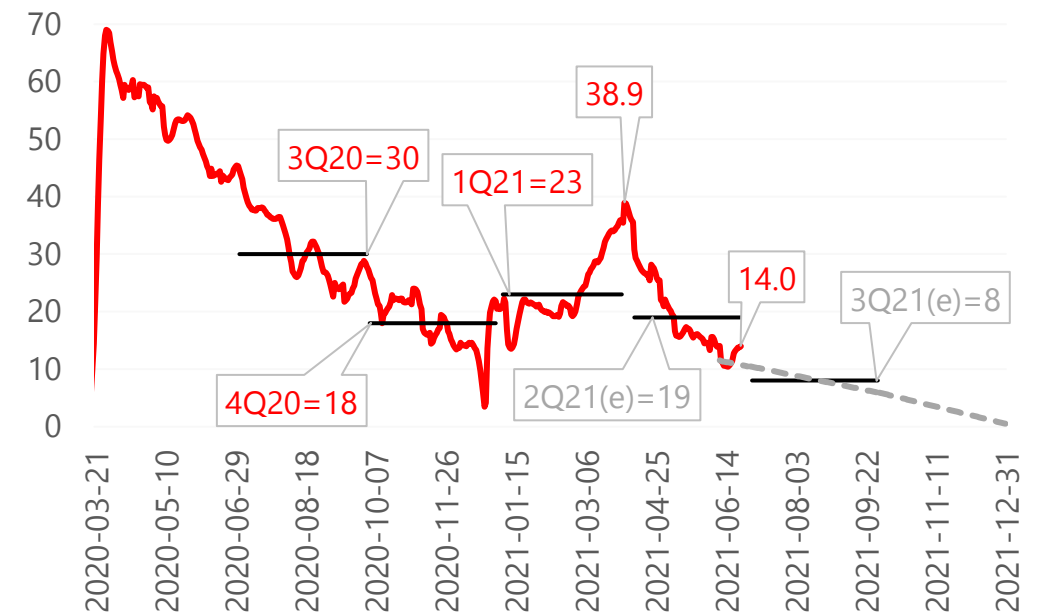
- The resilience of services to firms reflects an adaptation by the segments to the pandemic, with greater digitalization and remote work (home-office). On the other hand, services to families were unable to adapt as efficiently, and the recovery of this segment should only take place after advances in the massive vaccination campaign.

Total Services Breakdown (sa, 2014=100)



Sources: IBGE, Santander

Google Mobility\* (Jan/20=0) – 28dmma



Sources: Google, Santander  
\* Lockdown index: Data until June 24.



# SERVICES SECTOR BREAKDOWN

Services Breakdown									
	% MoM			% YoY			% QoQ		
	Feb-21	Mar-21	Apr-21	Feb-21	Mar-21	Apr-21	Feb-21	Mar-21	Apr-21
<b>Total Services</b>	<b>3.9</b>	<b>-3.1</b>	<b>0.7</b>	<b>-1.8</b>	<b>4.5</b>	<b>19.8</b>	<b>3.6</b>	<b>2.8</b>	<b>2.4</b>
<b>Families</b>	<b>9.0</b>	<b>-28.0</b>	<b>9.3</b>	<b>-28.3</b>	<b>-17.2</b>	<b>65.8</b>	<b>4.3</b>	<b>-6.6</b>	<b>-11.6</b>
Accommodation and Food	8.5	-28.9	9.8	-29.0	-17.3	77.2	4.6	-7.4	-12.9
Other Services to Families	1.3	-4.6	0.9	-24.1	-16.8	27.6	0.1	0.4	-1.1
<b>Information</b>	<b>0.0</b>	<b>2.2</b>	<b>2.5</b>	<b>2.7</b>	<b>6.4</b>	<b>12.8</b>	<b>1.3</b>	<b>0.5</b>	<b>1.9</b>
Technology	0.0	1.9	3.1	4.9	7.5	11.7	1.8	1.8	3.0
Telecommunication	-1.6	0.0	0.8	-2.1	-0.1	0.9	0.4	0.7	0.0
Information Technology	2.0	4.4	5.3	17.8	20.2	31.2	4.5	3.4	6.8
Audiovisual	5.1	5.9	1.0	-14.5	-3.1	23.6	-2.5	-5.8	0.1
<b>Professional</b>	<b>3.2</b>	<b>-1.4</b>	<b>-0.6</b>	<b>-2.3</b>	<b>0.9</b>	<b>11.0</b>	<b>4.7</b>	<b>4.7</b>	<b>3.5</b>
Professional	3.1	-0.7	-0.1	7.9	7.3	14.6	3.8	4.3	3.7
Administrative	4.1	-2.0	-1.3	-5.7	-1.4	9.5	4.8	4.6	3.5
<b>Transportation</b>	<b>5.5</b>	<b>-3.1</b>	<b>0.0</b>	<b>0.1</b>	<b>8.8</b>	<b>30.7</b>	<b>5.4</b>	<b>6.1</b>	<b>5.3</b>
Ground Transportation	6.0	-2.6	-0.9	-2.6	11.1	37.1	3.8	6.4	5.9
Water Transportation	2.4	1.2	5.6	6.5	8.1	17.0	4.9	6.6	8.3
Air Transport	-11.8	-7.8	-15.5	-30.2	-26.8	136.4	8.0	3.0	-14.2
Storage and Mail	5.3	-1.6	0.3	11.3	13.3	20.2	5.1	5.1	5.2
<b>Other Services</b>	<b>3.0</b>	<b>3.1</b>	<b>-0.9</b>	<b>1.2</b>	<b>6.7</b>	<b>16.7</b>	<b>0.0</b>	<b>-1.6</b>	<b>0.9</b>

Sources: IBGE, Santander

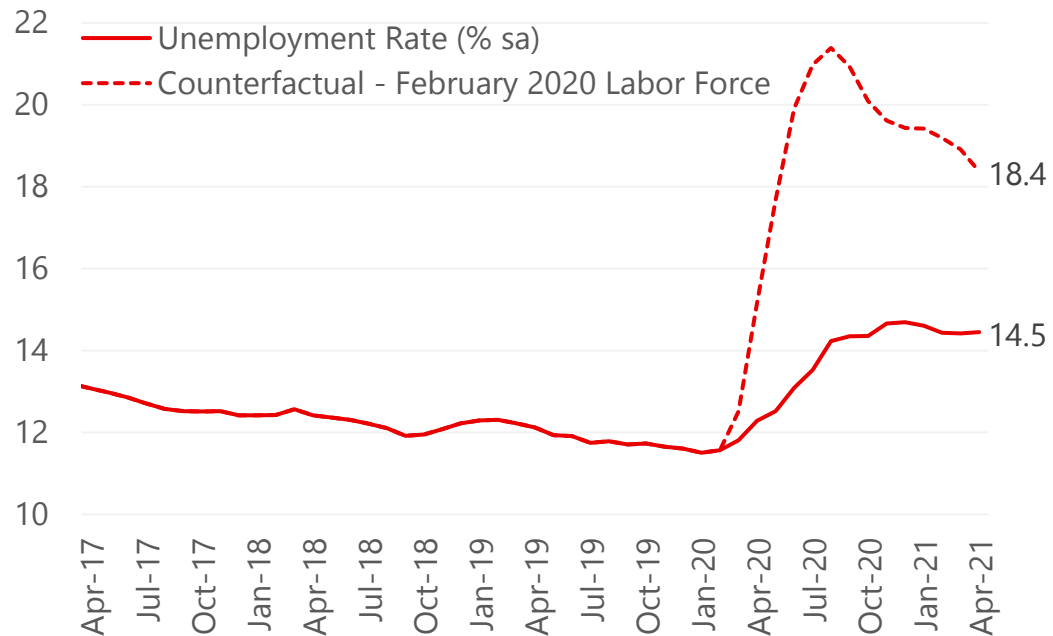
LABOR MARKET

04

# LABOR FORCE RECOVERY TO PICK UP IN THE COMING MONTHS

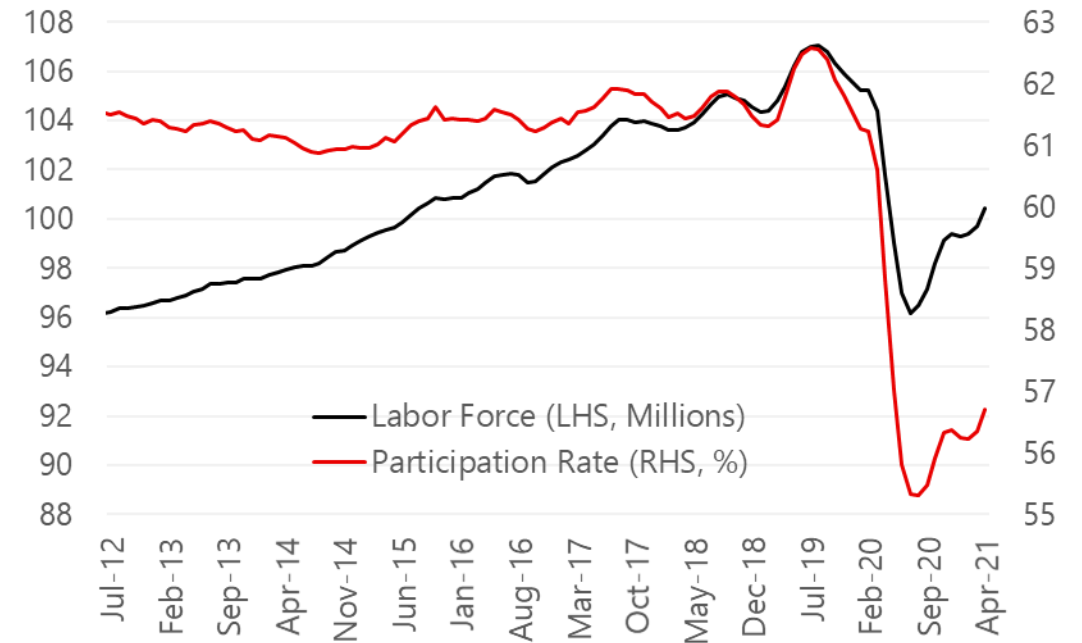
- After consecutive months of recovery since mid-2020, labor force has decelerated between January and March 2021. However, April data has shown a better outlook for labor force normalization, that should be benefited by higher levels of urban mobility in the coming months.

## Counterfactual Exercise



Sources: IBGE, Santander.

## Participation Rate and Labor Force (sa)

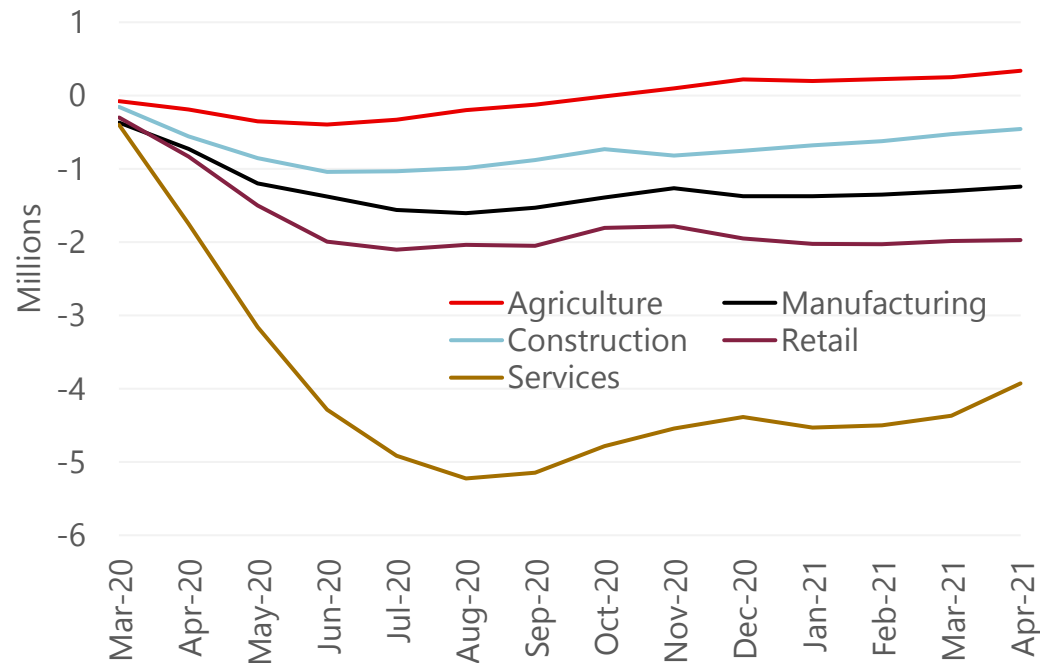


Sources: IBGE, Santander.

## SERVICES SECTOR STILL THE LAGGARD

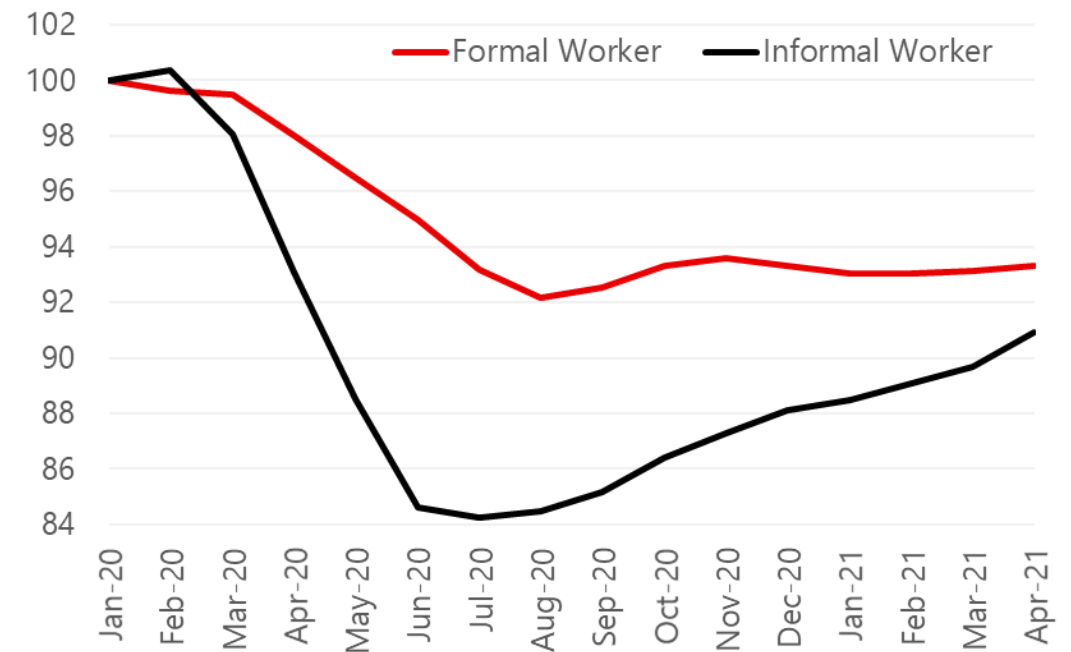
- Most of the job losses during the pandemic are in the services sector. We expect a partial recovery of employment in the services sector, concentrated in 2H21, as urban mobility reaches higher levels and benefits informal workers. We consider that labor market still has considerable slacks, as informal workers represent over 40% of the employed population in normal times.

Post-Pandemic Accumulated Job Losses (sa)



Sources: IBGE, Santander.

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

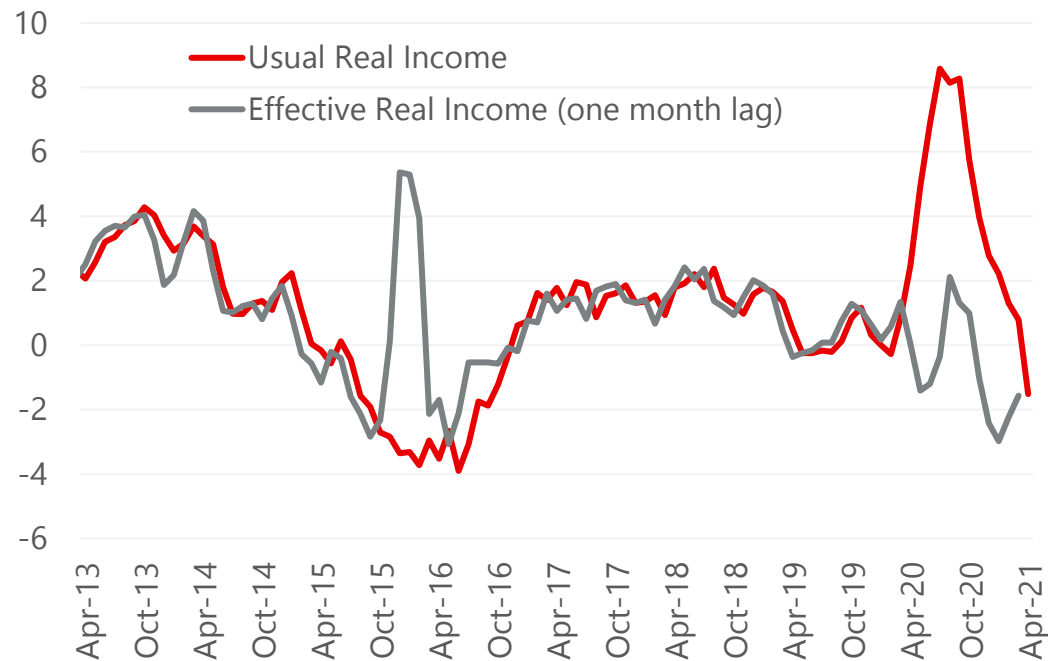


Sources: IBGE, Santander.

## WORSENING IN REAL WAGE BILL RECENT DATA

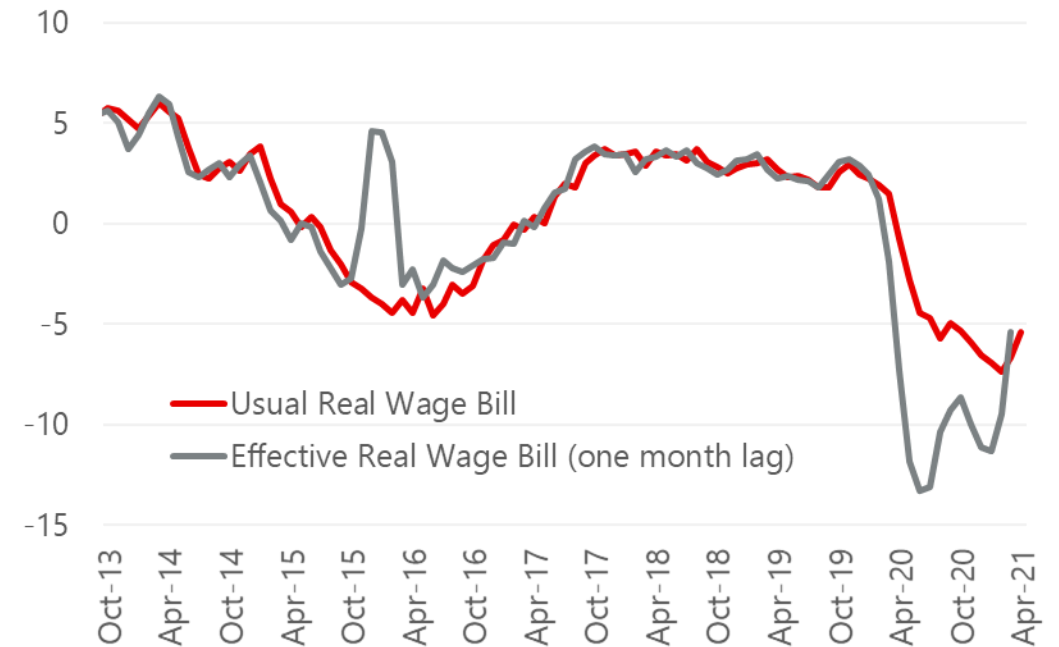
- Real wage bill is still in a precarious situation. There has been a decoupling between the usual and effective real wage bills due to composition effect, as job losses were concentrated among employees with lower wages. These differences decreased in April, but new discrepancies cannot be dismissed as a possibility for in the upcoming months, as the composition effect dissipates.

Average Real Income (% YoY)



Sources: IBGE, Santander.

Real Wage Bill (% YoY)

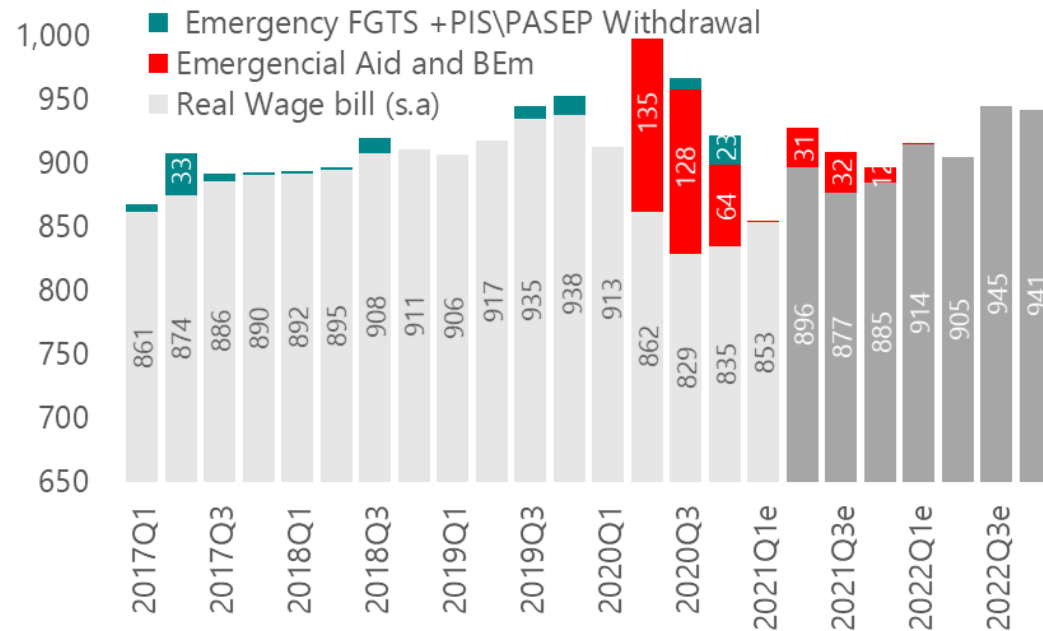


Sources: IBGE, Santander.

## “EXPANDED” REAL WAGE BILL WILL DROP IN 2021

- The reintroduction and extension of the Emergency Aid, as well as the anticipation of some cash transfers through social programs will raise the “expanded” real wage bill in 2Q21 and 3Q21. However, the full-year scenario will still post a considerable drop in this indicator.

### “Expanded” Real Wage Bill (BRL billion)



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

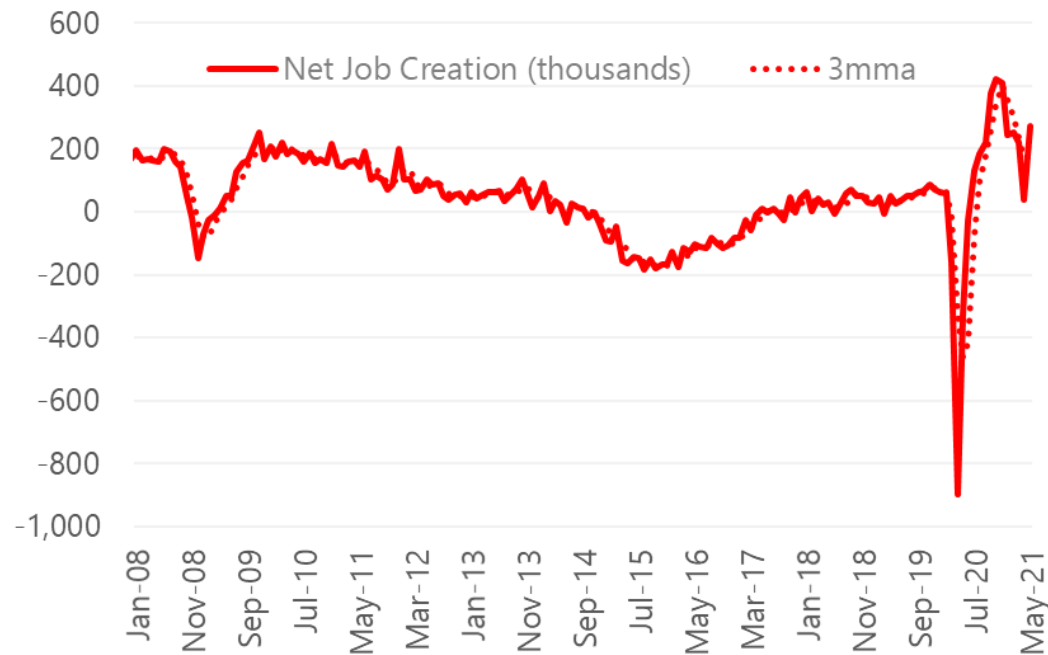
	2020	2021(E)	2022(E)
Wage Bill (Without Fiscal Aid)	-6.9%	+2.1%	+5.5%
Wage Bill (With Fiscal Aid)	+2.2%	-5.5%	+3.3%

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

## CAGED HAS SHOWN STRONG RESULTS IN THE PAST FEW MONTHS

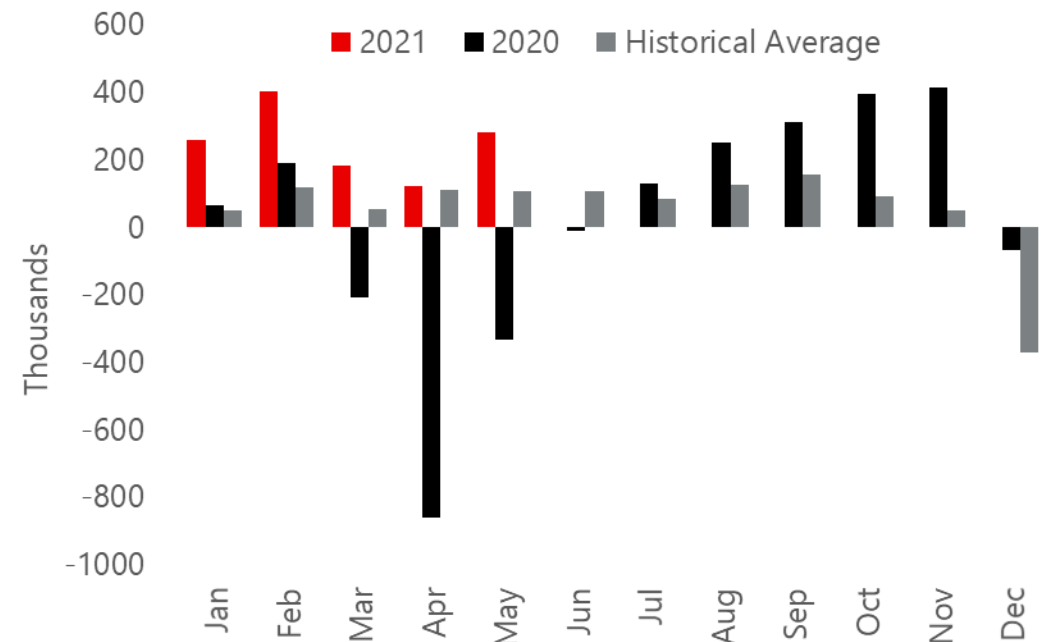
- Since January 2021, CAGED recovery seems to be more aligned with most economic activity statistics, after possible underreporting issues in 2H20. The higher mobility levels in May, as well as the new round of the government's job protection program (BEm), have led to another strong result in net formal job creation, after a deceleration observed in April.

CAGED Net Job Creation (sa)



Sources: Ministry of Economy, Santander.

Net Job Creation and Historical Average

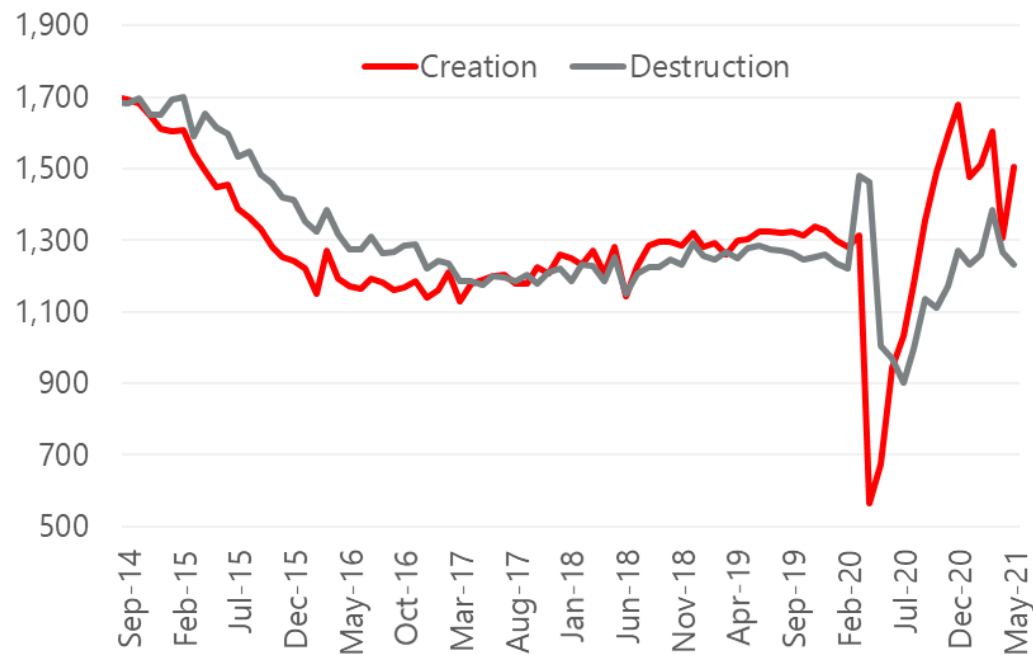


Sources: Ministry of Economy, Santander.

## CAGED: SIGNS OF UNDERREPORTING HAVE SIGNIFICANTLY DECREASED

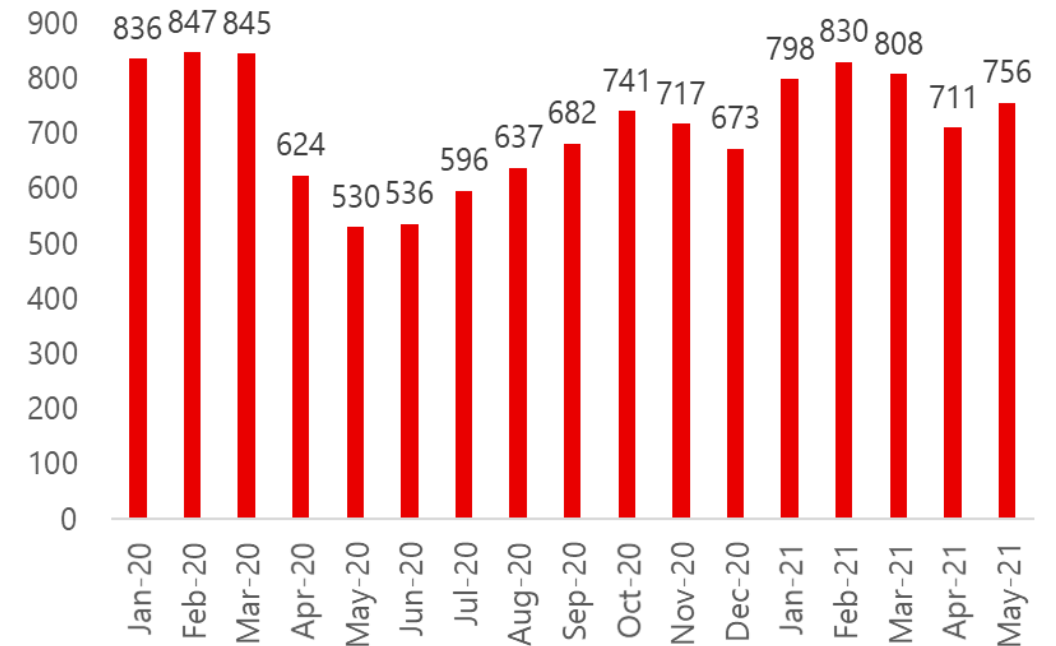
- In our view, the strong figures of CAGED in 2H20 are related to underreporting in layoffs. This problem looks smaller since January, as job destruction is closer to the pre-pandemic levels, as well as the number of reporting establishments.

CAGED: Creation and Destruction (sa)



Sources: Ministry of Economy, Santander.

CAGED: Number of Reporting Establishments



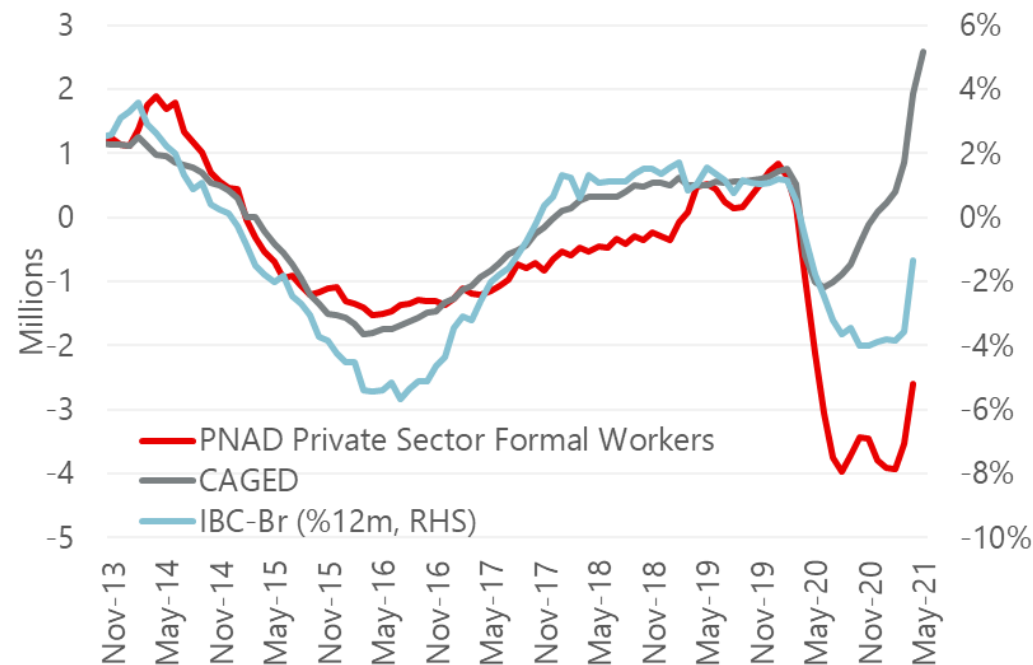
Sources: Ministry of Economy, Santander.



## SINCE JANUARY, CAGED REFLECTS FORMAL JOB MARKET BETTER

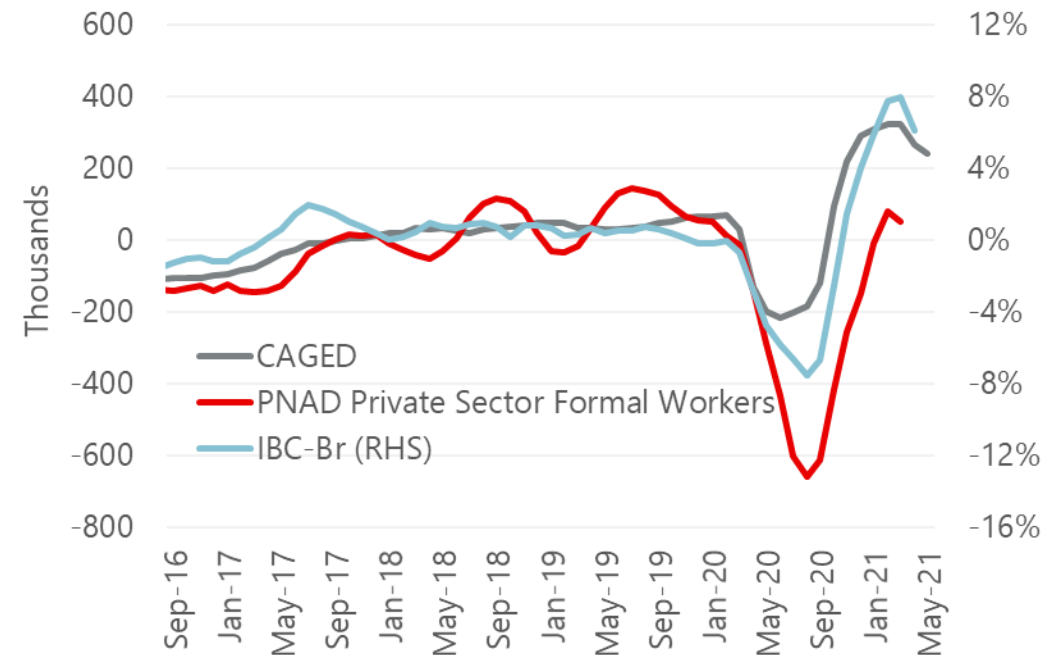
- The 12m accumulated formal job creation data looks biased (overestimation in CAGED, underestimation in PNAD). However, the 6m accumulated data indicates that there was an actual improvement of the formal labor market at the margin, as shown by CAGED data.

Net Job Creation and IBC-Br (nsa, 12m)



Sources: Ministry of Economy, BCB, IBGE, Santander.

Net Job Creation and IBC-Br (sa, 6m)

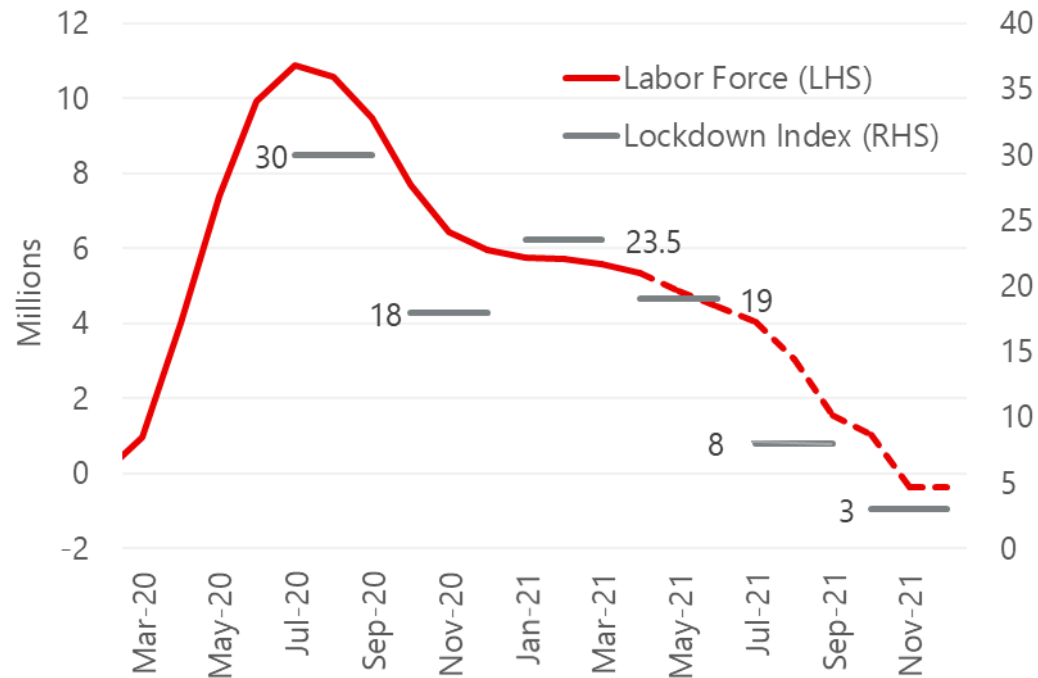


Sources: Ministry of Economy, BCB, IBGE, Santander.

# LABOR FORCE AND EMPLOYMENT RECOVERY WILL DEPEND ON MOBILITY

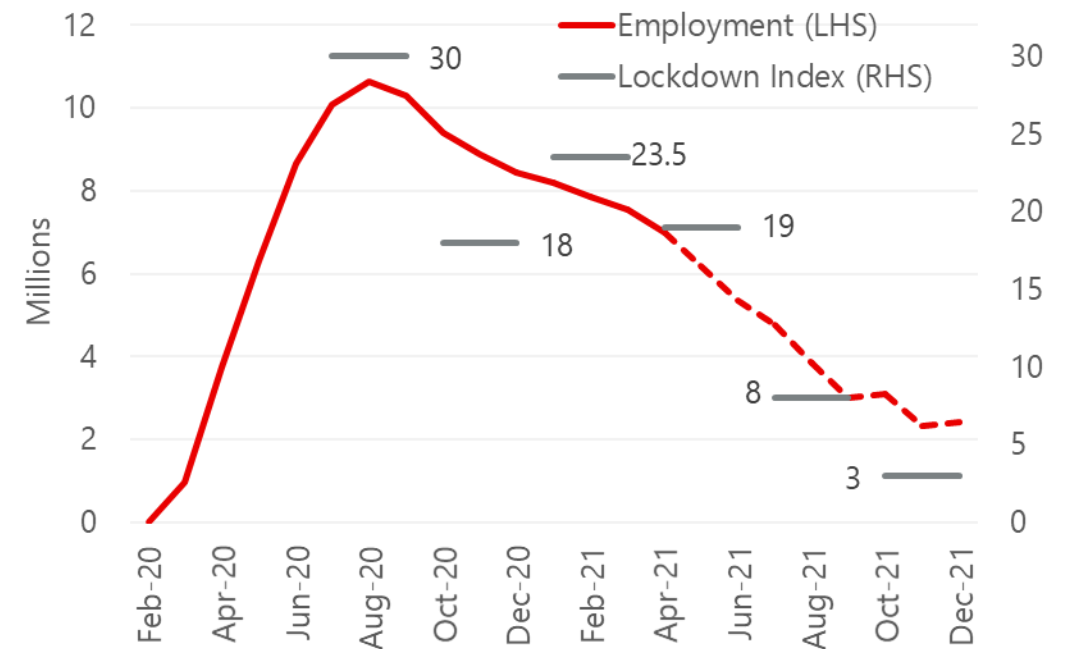
- We expect the labor force normalization to depend on vaccination and mobility. Considering our vaccination scenario, the labor force should normalize between 3Q21 and 4Q21.

## Labor Force: Post-Pandemic Accumulated Drop



Sources: IBGE, Google, Santander.

## Employment: Post-Pandemic Accumulated Drop



Sources: IBGE, Google, Santander.

## APRIL 2021 PNAD RESULTS

	PNAD Breakdown								
	s.a.			% YoY			% Feb-20*		
	Feb-21	Mar-21	Apr-21	Feb-21	Mar-21	Apr-21	Feb-21	Mar-21	Apr-21
<b>Unemployment rate (%)</b>	<b>14.4</b>	<b>14.4</b>	<b>14.5</b>	<b>2.8</b>	<b>2.5</b>	<b>2.1</b>	<b>2.9</b>	<b>2.9</b>	<b>2.9</b>
<b>Participation rate (%)</b>	<b>56.2</b>	<b>56.3</b>	<b>56.7</b>	<b>-4.9</b>	<b>-4.2</b>	<b>-2.1</b>	<b>-5.0</b>	<b>-4.9</b>	<b>-4.5</b>
<b>Labor force (millions)</b>	<b>99.4</b>	<b>99.7</b>	<b>100.4</b>	<b>-5.4</b>	<b>-4.4</b>	<b>-1.3</b>	<b>-5.9</b>	<b>-5.5</b>	<b>-4.8</b>
Employment	85.0	85.3	85.9	-8.3	-7.1	-3.7	-8.0	-7.7	-7.2
Unemployment	14.3	14.4	14.5	16.9	15.2	15.2	2.2	2.2	2.3
<b>Formalization Rate (%)</b>	<b>58.0</b>	<b>57.9</b>	<b>57.6</b>	<b>1.2</b>	<b>0.6</b>	<b>-0.6</b>	<b>1.2</b>	<b>1.1</b>	<b>0.8</b>
Formal Workers (millions)	49.3	49.4	49.5	-6.5	-6.2	-4.7	-3.5	-3.4	-3.4
Informal Workers (millions)	35.7	36.0	36.4	-10.8	-8.4	-2.3	-4.5	-4.3	-3.8
<b>Average usual earnings</b>	-	-	-	<b>1.3</b>	<b>0.8</b>	<b>-1.5</b>	-	-	-
<b>Average effective earnings</b>	-	-	-	<b>-2.2</b>	<b>-1.6</b>	-	-	-	-
<b>Usual wage bill</b>	-	-	-	<b>-7.4</b>	<b>-6.7</b>	<b>-5.4</b>	-	-	-
<b>Effective wage bill</b>	-	-	-	<b>-9.5</b>	<b>-5.4</b>	-	-	-	-

\* Variation relative to February 2020 (pre-pandemic) reading. For rates, change is in percentage points.

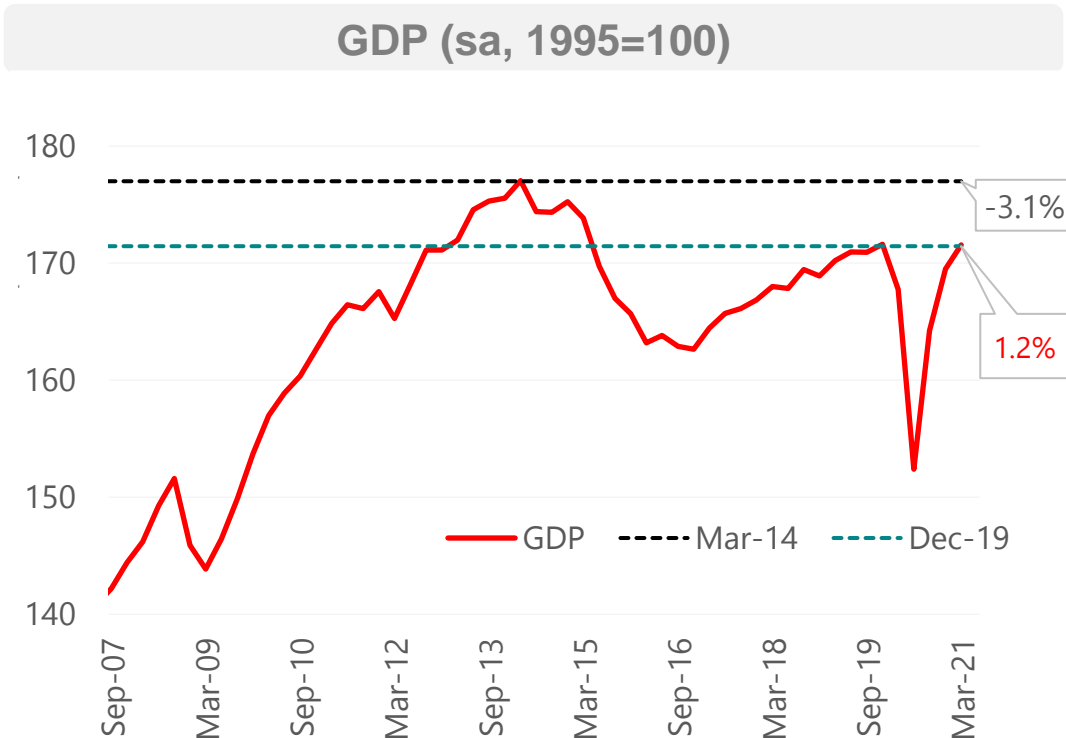
Sources: IBGE, Santander.

GDP

05

## GDP SURPRISED POSITIVELY, PLACING THE INDEX BACK TO THE PRE-CRISIS LEVEL

- Following the monthly surprises across 1Q21, GDP figure reinforced the economy's resilience amid the pandemic's relapse. The sequential climbs seen since 3Q20 fully gave back the pandemic losses, placing the headline index back to the pre-crisis mark (4Q19). Among the sectors, despite the small proportion, farm output was the main contributor to the 1.2% GDP growth.



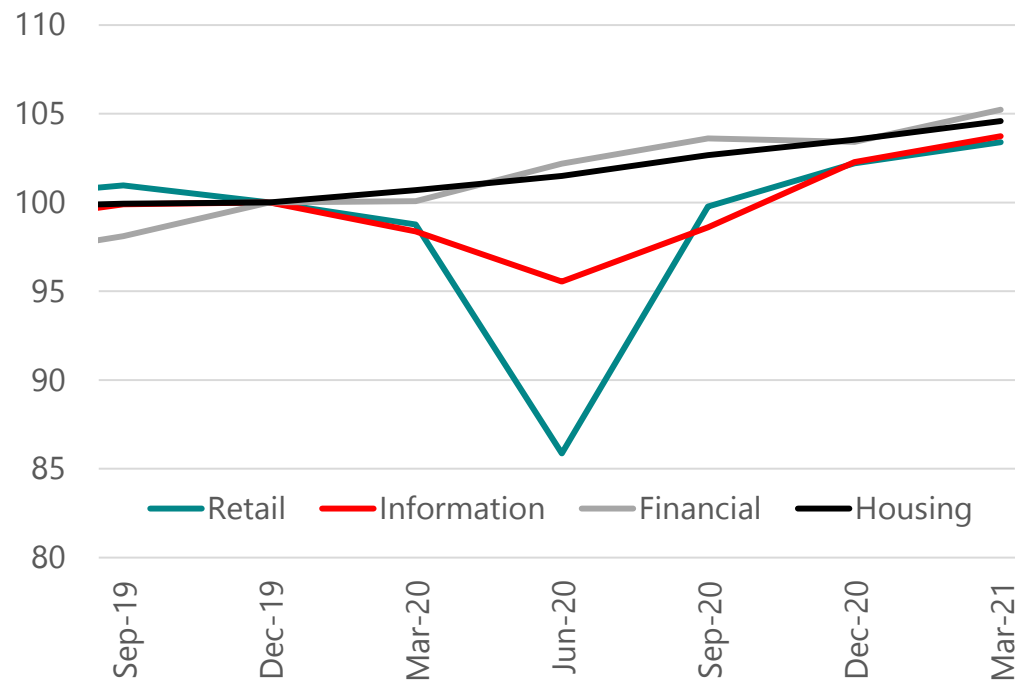
Sources: BCB, IBGE, Santander.

1Q21			
	Weights	% YoY	% QoQ
<b>GDP</b>	<b>100%</b>	<b>1.0</b>	<b>1.2</b>
<b>Supply</b>			
Taxes	14%	1.9	2.1
Agriculture	10%	5.2	5.7
Industry	17%	3.0	0.7
Services	58%	-0.8	0.4
<b>Demand</b>			
Consumption	60%	-1.7	-0.1
Government	18%	-4.9	-0.8
Investments	19%	17.0	4.6
Exports	18%	0.8	3.7
Imports	-19%	7.7	11.6

## SERVICES DEPRESSED LEVELS LEAVE ROOM TO GROWTH AHEAD

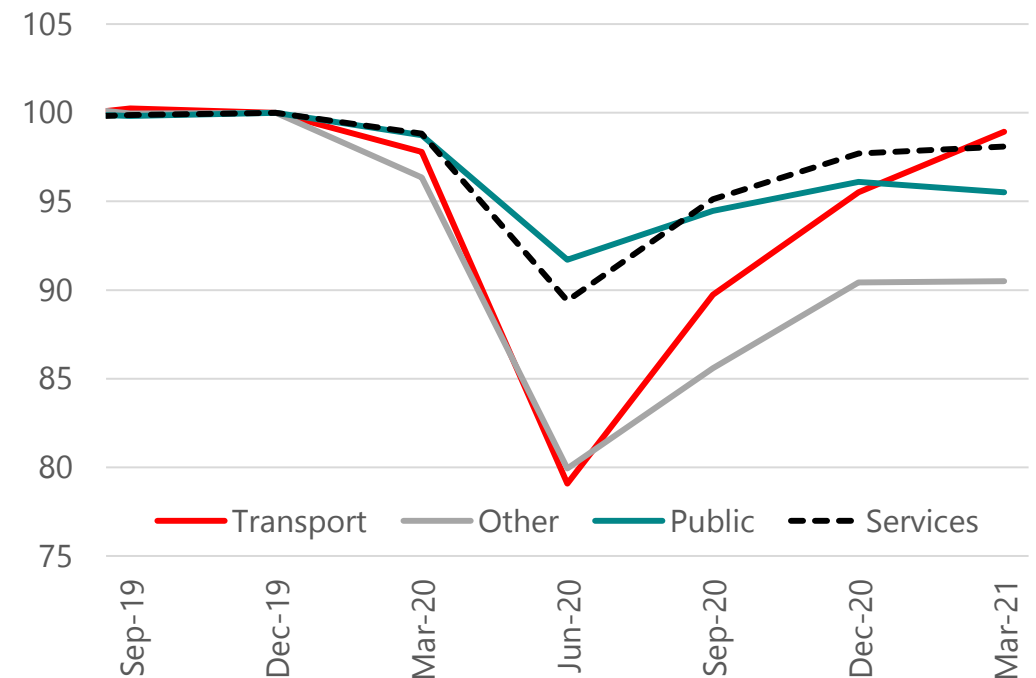
- Despite the less pronounced impact of the pandemic's relapse, almost half of GDP services still stands below its pre-pandemic mark. We expect these segments to prompt activity, as economy gradually reopens, and the public health crisis is overcome.

### Full-recovered Services Segments (sa, 2019=100)



Sources: IBGE, Santander

### Laggard Services Segments (sa, 2019=100)



Sources: IBGE, Santander

BASELINE  
SCENARIO

06

## WELL BALANCED RISKS TO OUR BASELINE ACTIVITY SCENARIO

- We expect stability in 2Q21, with the tertiary sector propping up activity - stemming from the recovery of mobility and the payment of the Emergency Aid – but dragged by the give back of agriculture's growth and industrial weak performance. The higher commodities prices and the economy's reopening should contribute to a better 2H21. Half of Services still stands at low levels, which leaves room for growth as the sanitary crisis is overcome.
- The lingering effects from the commodities cycles in conjunction with an economy in full-operation mode (over a basis of comparison affected by restriction measures) should contribute to more robust growth, despite the delayed effects of a less expansionary monetary policy path.
- Additional upside risks: massive vaccination campaign unrolls faster than expected, increasing mobility and positioning the services sector to recover earlier than expected. Resilience of industry amid a rebuilding of inventories.
- Downside risks: an increase of infections before a more disseminated vaccine rollout and delays in the vaccination campaign would likely set back the economy's reopening process. Lingering widespread shortage of inputs and high costs in some production chains and likely implications of the drought for both the electricity generation and some important crops are additional factors to slow the pace of activity resumption. An even stronger (and inflationary) supply shock causing even further tightening in monetary policy.

GDP Baseline Scenario			
	YoY	QoQ	Full Year
4Q20	-1.1%	3.2%	-4.1%
1Q21	1.0%	1.2%	
2Q21	12.6%	0.0%	
3Q21	5.1%	0.6%	
4Q21	2.3%	0.3%	5.1%
1Q22	2.2%	0.7%	
2Q22	2.3%	0.6%	
3Q22	1.8%	0.4%	
4Q22	1.6%	0.3%	2.0%

Sources: IBGE, Santander.

Previous scenario: 2Q21=-0.6 ; 2021= 3.6 e 2022= 1.5



## LABOR MARKET: HIGH UNEMPLOYMENT RATE, BALANCED RISKS

- We maintain our view that the unemployment rate will remain high throughout 2021. In our previous scenario, we revised our unemployment rate trajectory to a more stable path. We maintain this view, but we are also introducing some new elements to our balance of risks.
- On the upside, the positive surprises (seen so far) from economic activity indicators may lead to a faster than expected recovery in employment, in our view. Furthermore, mobility levels have also been surprising on the upside, despite some social distancing measures still in place, which can favor informal jobs.
- On the downside, the further extension of the Emergency Aid may keep part of the population away from the labor market for longer, implying additional delays in the recovery of the informal sector.
- All in all, we have made minor adjustments in our unemployment rate trajectory for 2021, as we believe these risks are balanced. We are keeping our average unemployment rate forecasts for 2021 and 2022 unchanged at 14.2% and 13.6%, respectively.

	2019	2020	2021e	2022e
Unemployment Rate *				
Average	11.9	13.2	14.2	13.6
End of Period (s.a.)	11.6	14.7	14.0	13.3
Unemployed Population **				
Average	12.6	13.2	14.6	14.7
End of Period	12.2	14.6	14.8	14.3

\* in %

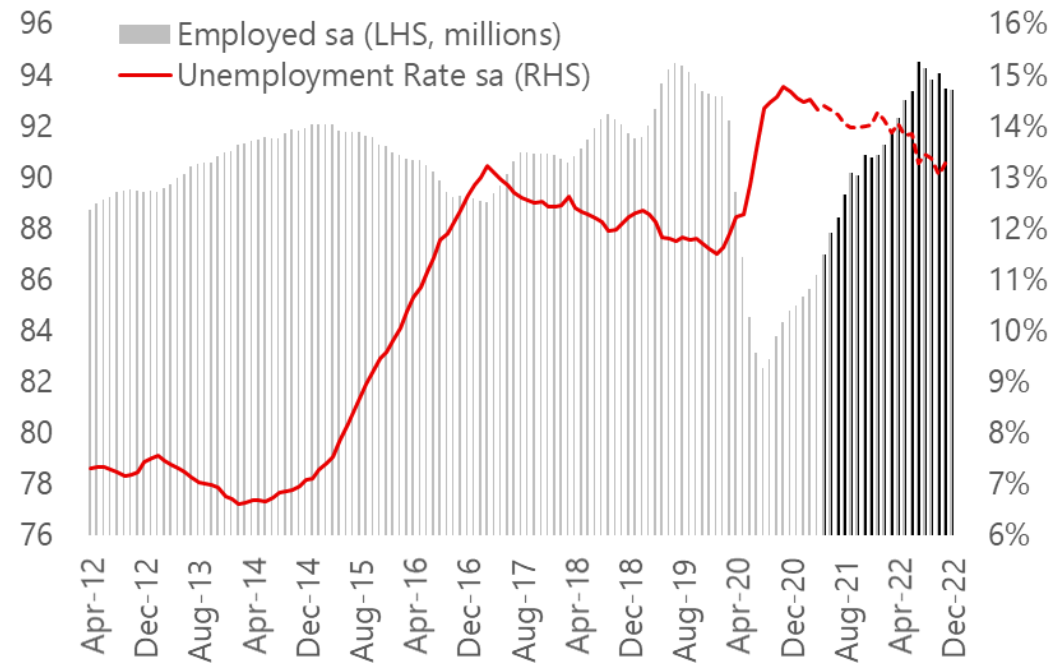
\*\* in Millions

Sources: IBGE, Santander.

# UNEMPLOYMENT RATE TO REMAIN AT HIGH LEVELS THROUGHOUT 2021 AND 2022

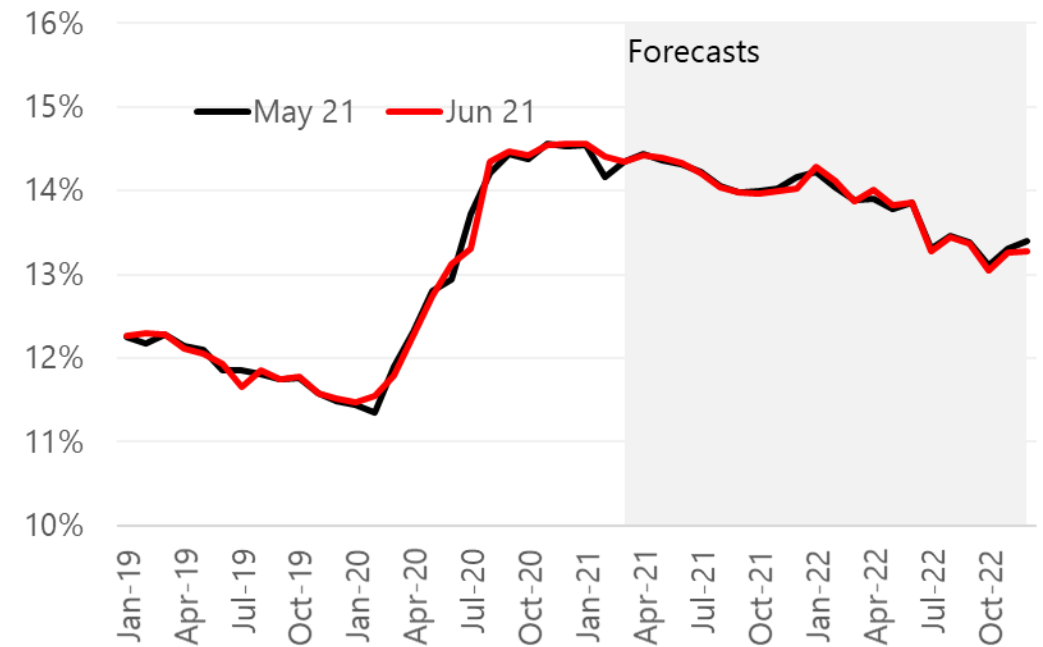
- We are keeping our average unemployment rate forecasts for 2021 and 2022 unchanged at 14.2% and 13.6%, respectively. We maintain our view that the employed population should gain momentum as the pandemic gets under control but will reach pre-pandemic levels only in 2022.

## Unemployment Rate and Employed Population



Sources: IBGE, Santander.

## New Unemployment Rate Trajectory (sa)



Sources: IBGE, Santander.

## MACRO SCENARIO: PROJECTIONS

- For our latest Scenario Review 'IMPROVEMENT IN THE SHORT TERM, CAUTION FOR THE MEDIUM TERM' (sent on July 01, 2021). **Click on the link:** <http://bit.ly/Std-scenrev-070121>

Macroeconomic variables		Previous		Current
GDP (%)	2021E	3.6	↑	5.1
	2022E	1.5	↑	2.0
	2023E	1.8	↓	1.5
IPCA (%)	2021E	5.9	↑	6.7
	2022E	3.9	↑	4.0
	2023E	3.3	→	3.3
Selic Rate (% end of period)	2021E	6.50	↑	7.00
	2022E	7.00	→	7.00
	2023E	7.00	→	7.00
FX Rate - USDBRL (end of period)	2021E	5.25	↓	5.05
	2022E	5.55	→	5.55
	2023E	5.20	→	5.20
Current Account Balance (% of GDP)	2021E	0.3	↓	-0.5
	2022E	0.2	↓	-0.8
	2023E	-0.5	↓	-1.0
Primary Fiscal Balance (% of GDP)	2021E	-3.0	↑	-1.9
	2022E	-2.1	↑	-1.7
	2023E	-1.6	↑	-1.3
Gross Public Debt (% of GDP)	2021E	85.0	↓	82.2
	2022E	87.6	↓	84.3
	2023E	90.0	↓	87.2

# 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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