



Brazilian National Confederation of Industry

THE FUTURE OF INDUSTRY

Economic outlook and perspectives

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Superintendent of Economics

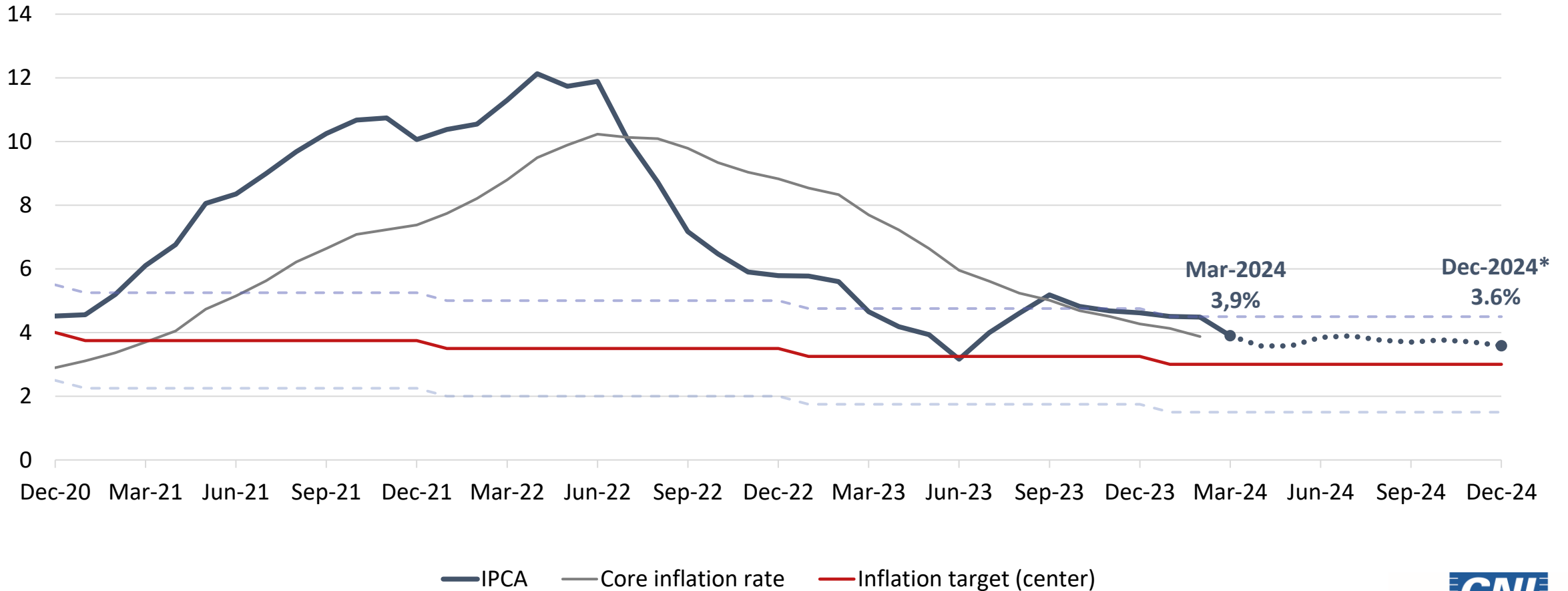
April 15 | 2024

2024: CONTINUED DECELERATION OF INFLATION IN BRAZIL

Result of the monetary tightening cycle

IPCA – EXTENDED NATIONAL CONSUMER PRICE INDEX

12 months change (%)



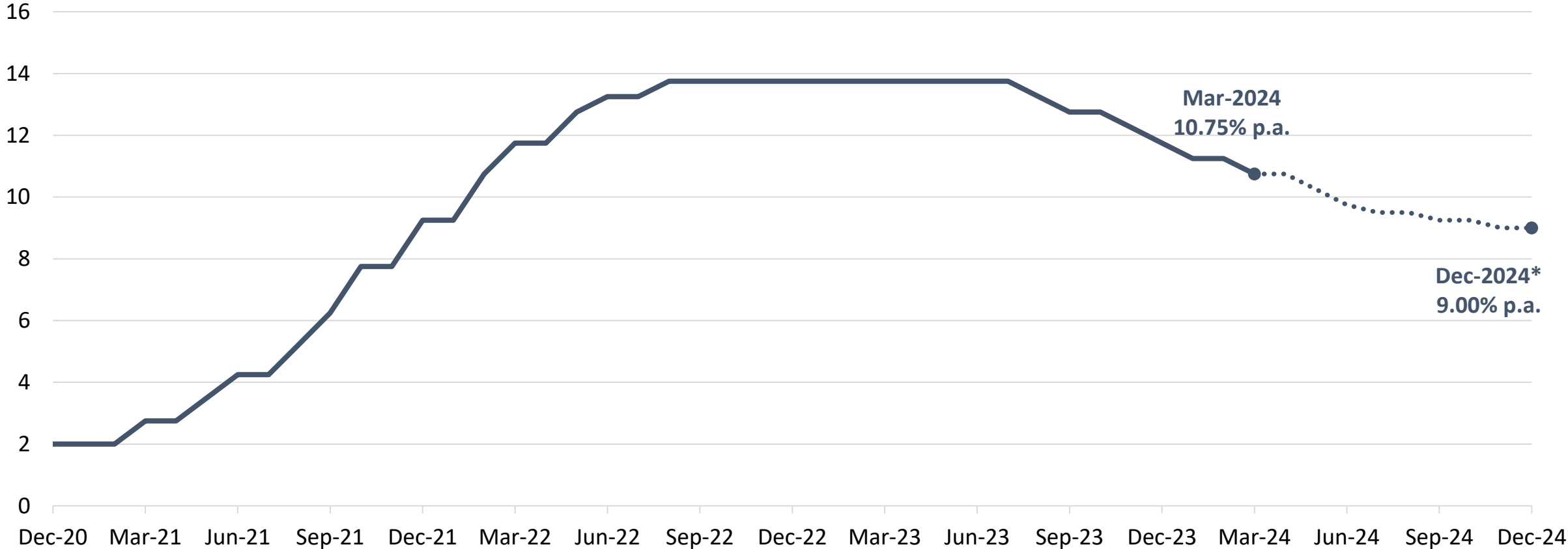
— IPCA — Core inflation rate — Inflation target (center)

2024: MAINTENANCE OF THE MONETARY EASING CYCLE

Basic interest rate (Selic) is expected to end 2024 at 9.00% p.a.

BASIC INTEREST RATE (SELIC)

% per annum (p.a.)



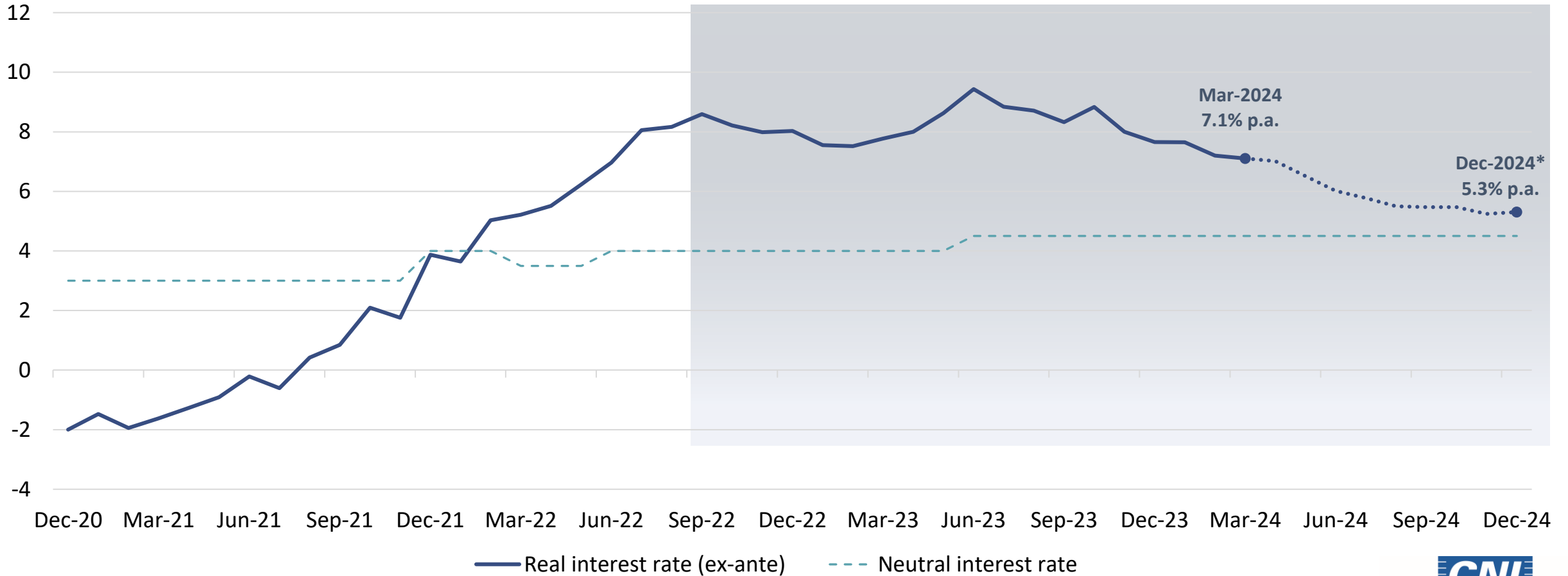
Source: Brazilian Central Bank *CNI estimate

2024: MAINTENANCE OF THE MONETARY EASING CYCLE

Even with cuts in Selic, monetary policy remains contractionary until the end of 2024

REAL INTEREST RATE

% per annum (p.a.)



Source: Brazilian Central Bank *CNI estimate



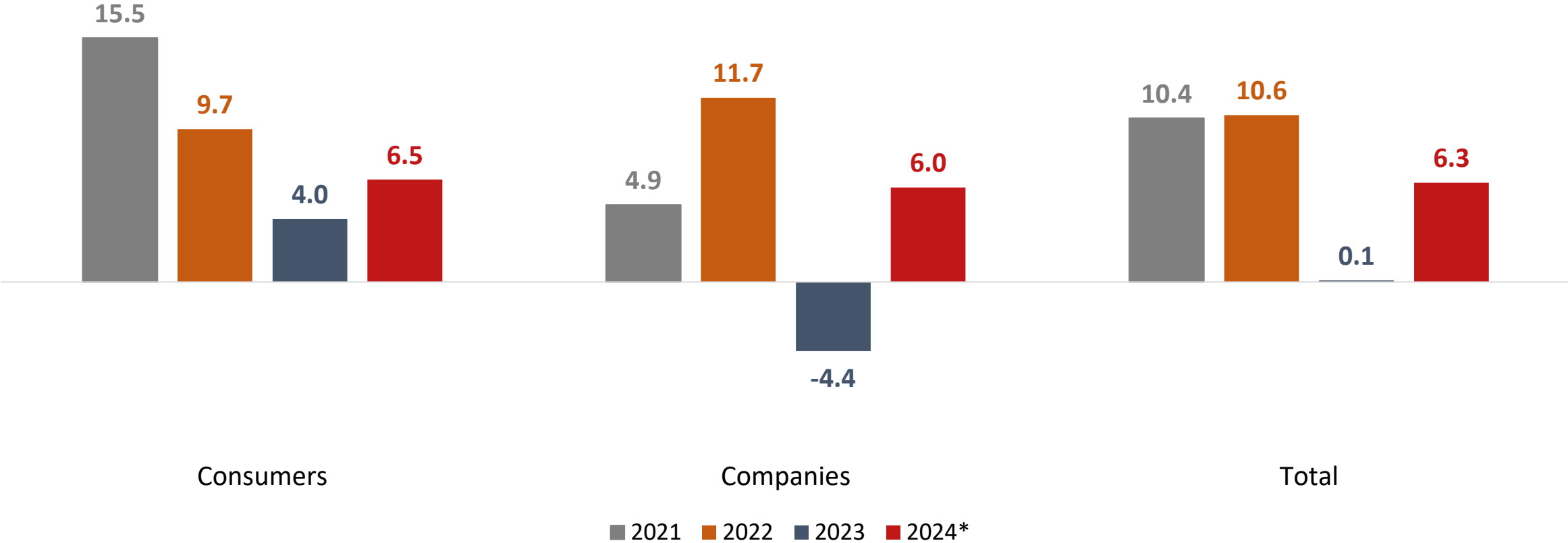
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2024: CREDIT RECOVERY

After weak performance in 2023, total credit concessions will rise in 2024

REAL VARIATION OF CREDIT CONCESSIONS

% change Year on Year (YoY)



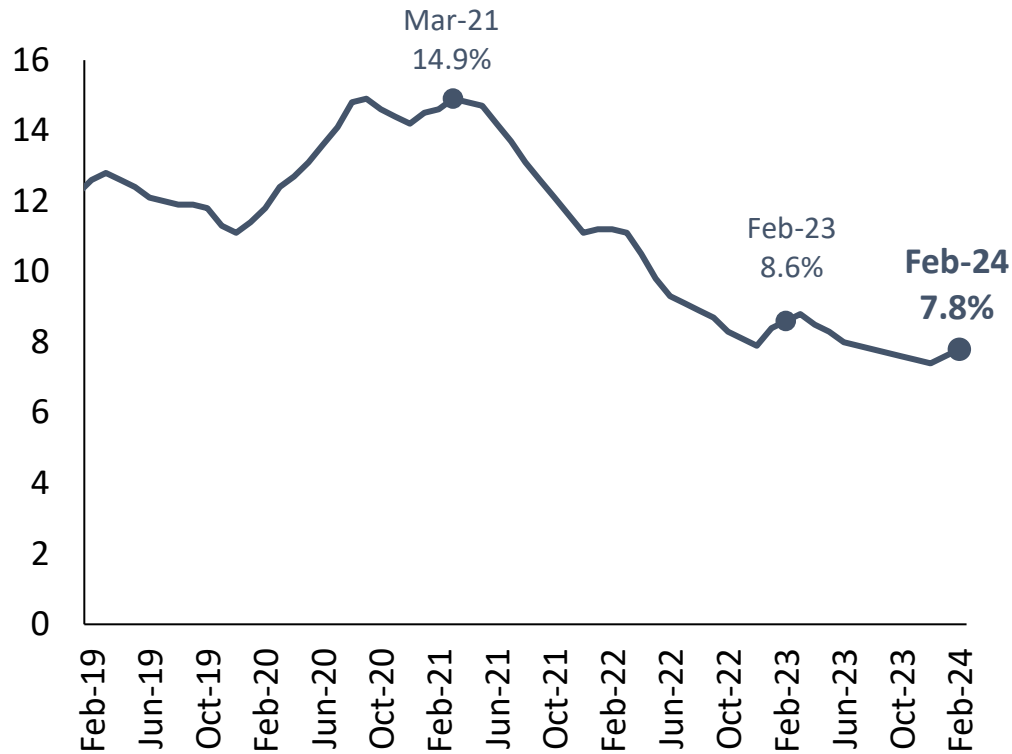
Source: Brazilian Central Bank *CNI estimate

2024: LABOR MARKET REMAINS TIGHT

Low unemployment rate puts pressure on wages

UNEMPLOYMENT RATE

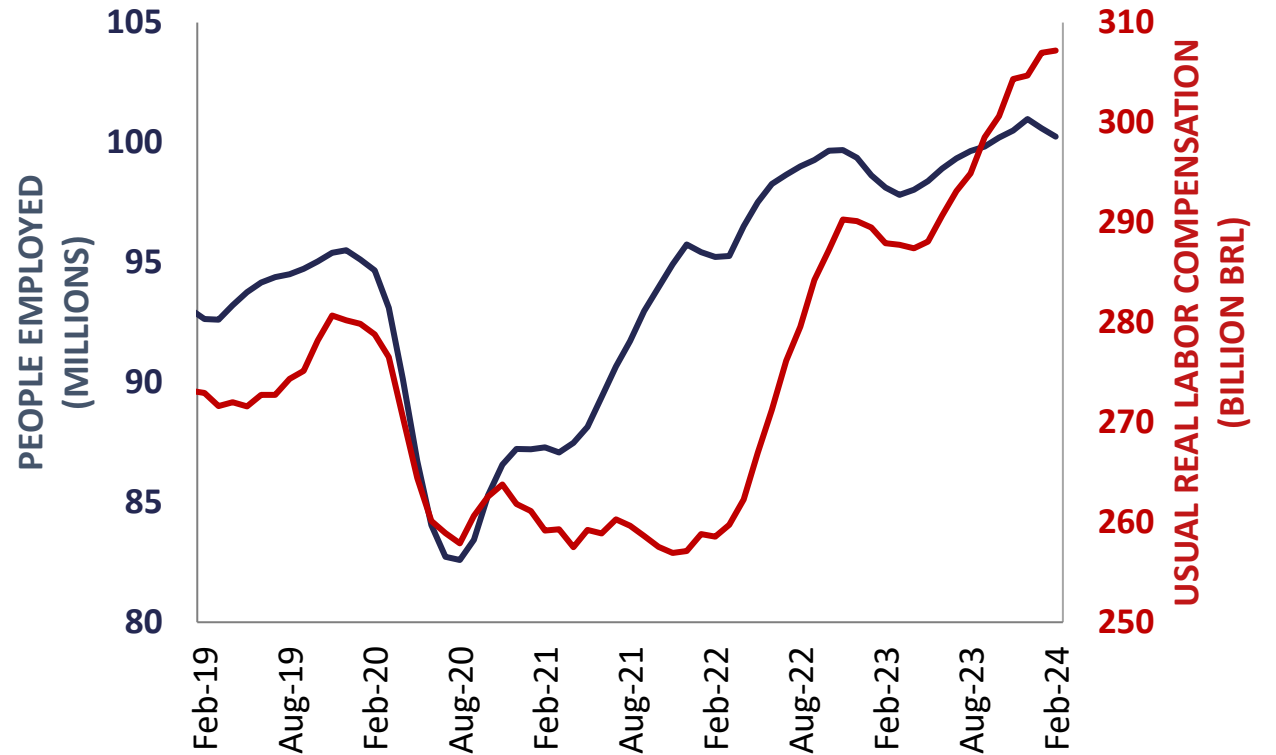
Percent (%), moving quarters



Source: IBGE

EMPLOYMENT AND TOTAL LABOR COMPENSATION

Number of people employed (millions) and usual real total labor compensation (billion BRL), moving quarters



Source: IBGE



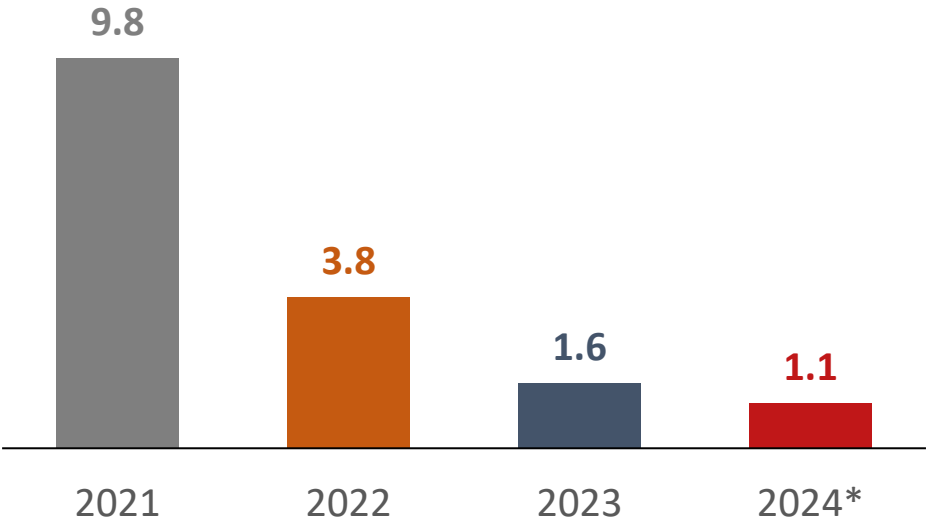
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2024: LABOR MARKET REMAINS TIGHT

Low unemployment rate puts pressure on wages

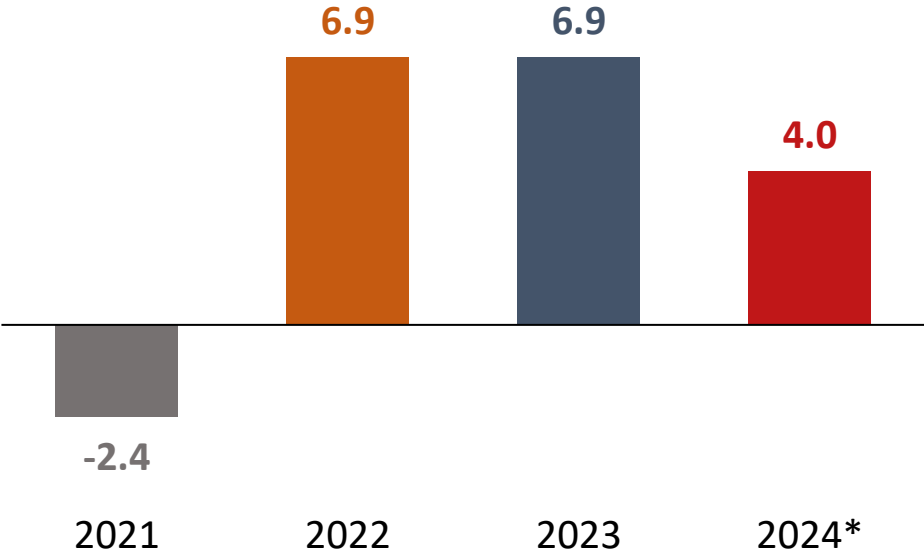
EMPLOYMENT

Year on Year (YoY) growth rate (%)



TOTAL REAL LABOR COMPENSATION

Year on Year (YoY) growth rate (%)



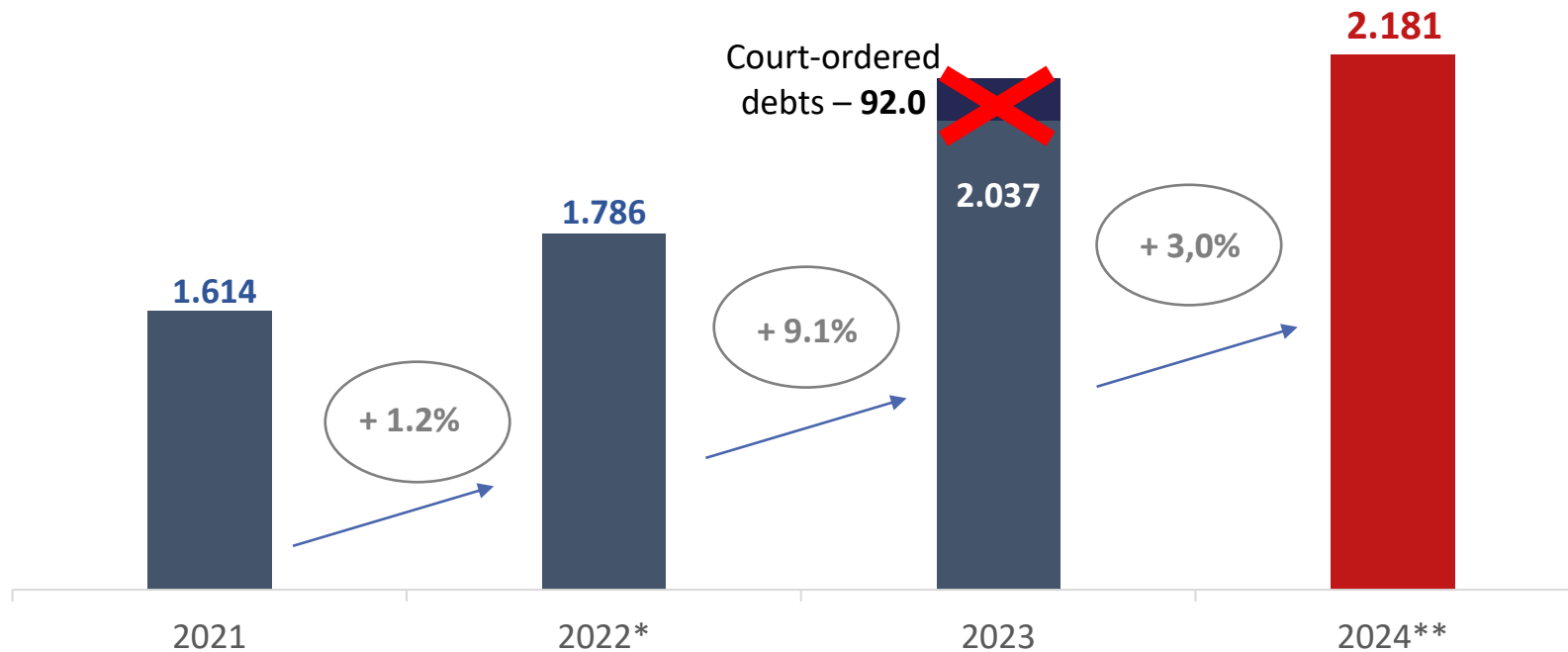
Source: IBGE *CNI estimate

2024: FISCAL POLICY

Fiscal stimulus will still have considerable effects on economic growth

FEDERAL GOVERNMENT PRIMARY EXPENSES AND FISCAL STIMULUS

Current values (in BRL millions) and real variation (%)



Source: Brazilian National Treasury

*Notice: The presented values do not consider expenses relative to "Campo de Marte" in 2022

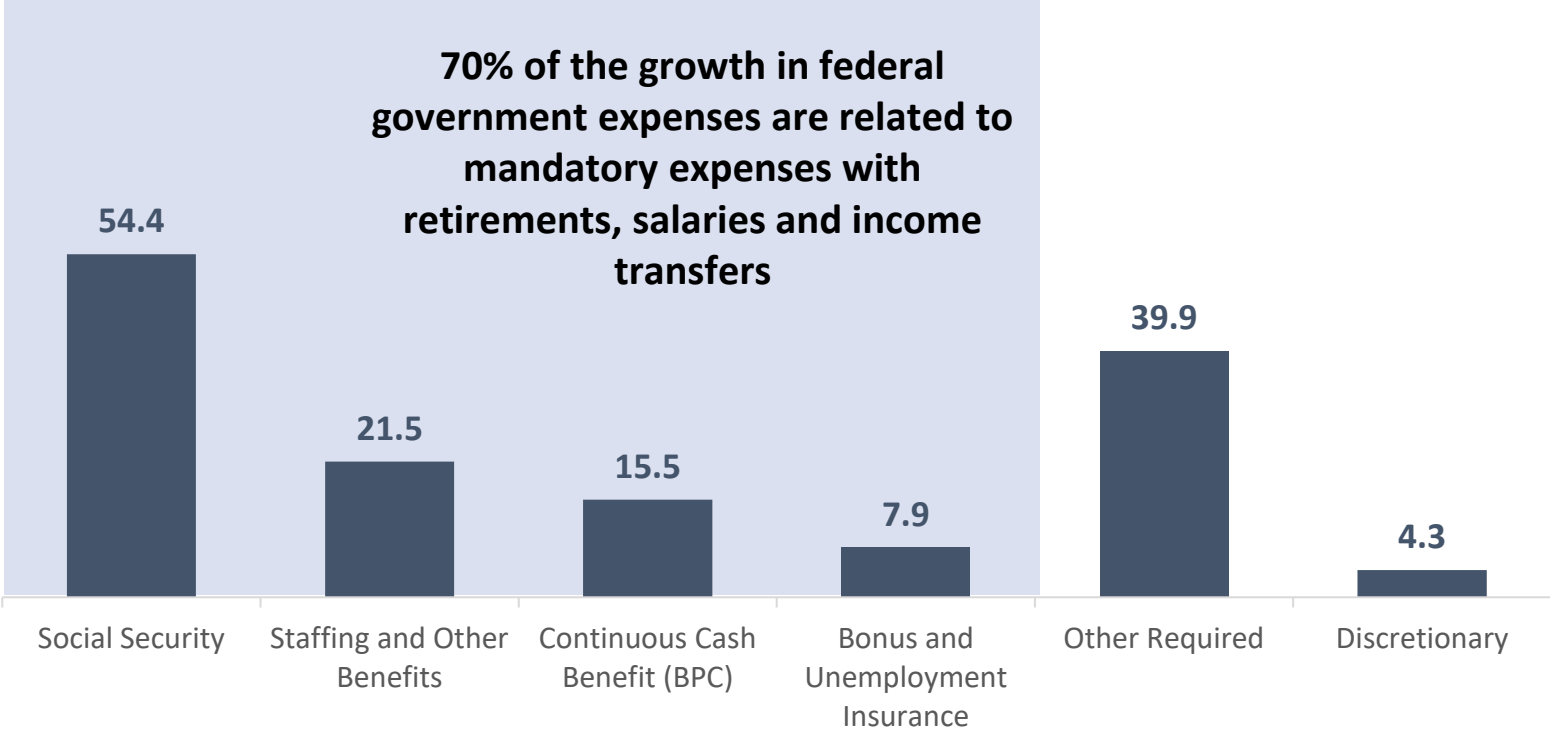
**CNI estimates, considering the impact of court-ordered debt payments in 2024

2024: FISCAL POLICY AIMED AT STIMULATING CONSUMPTION

Most of the growth in federal expenses is related to retirements, personnel and social assistance

COMPOSITION OF THE INCREASE IN FEDERAL GOVERNMENT PRIMARY EXPENSES IN 2024

Increase in primary expenses in 2024 (in BRL billions)



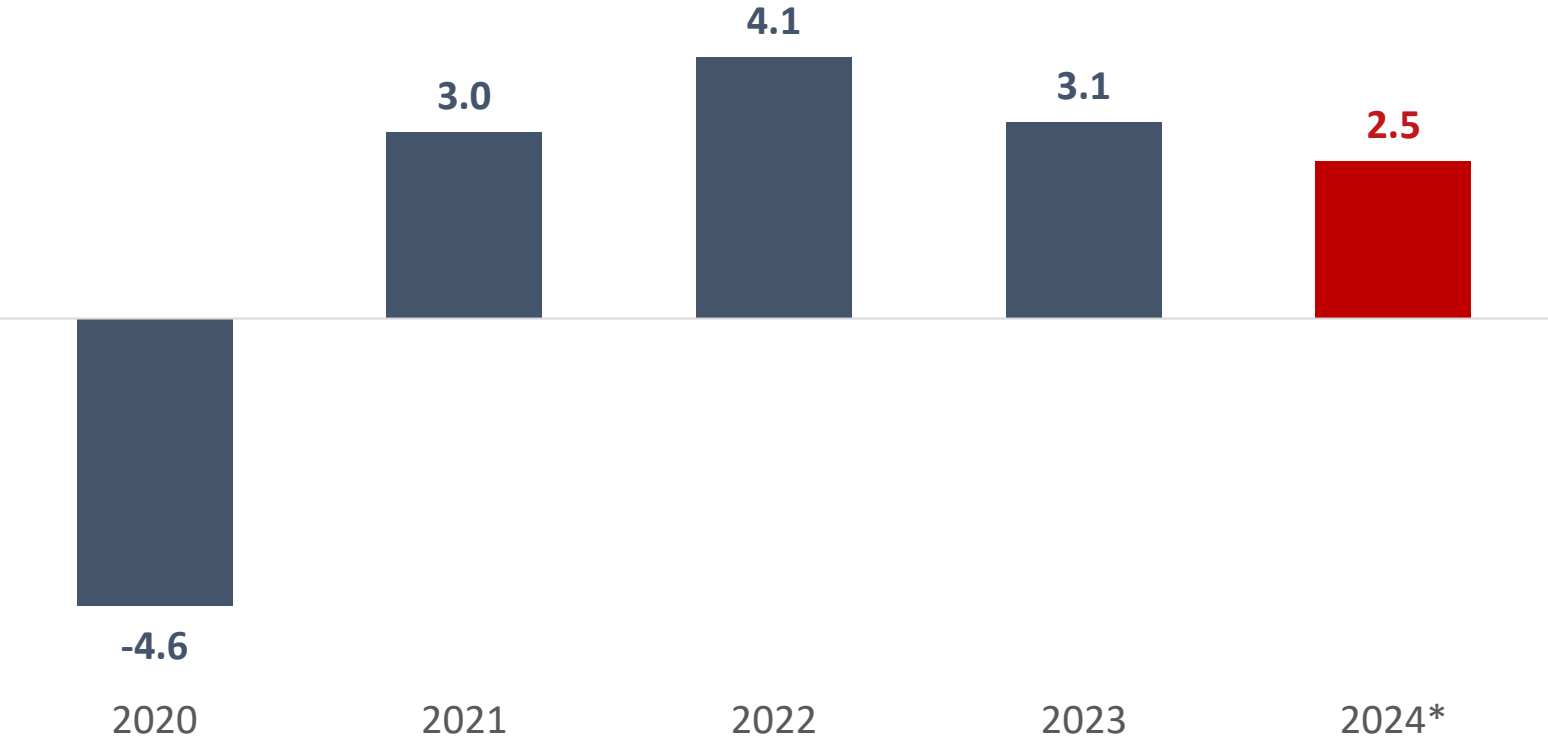
Source: Brazilian National Treasury and CNI estimates (disregarding the additional payment of court-ordered debts in 2023)

2024: HOUSEHOLD CONSUMPTION

Household consumption remains as the main force behind GDP growth in 2024

HOUSEHOLD CONSUMPTION AND CNI PROJECTION

Growth rate (%)



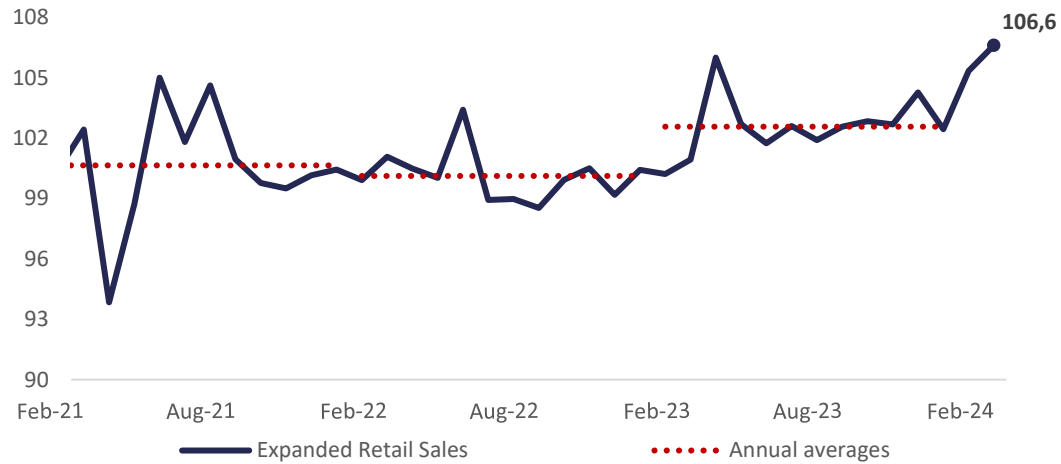
Source: IBGE *CNI estimate

2024: SERVICES

Sector will keep growing in 2024

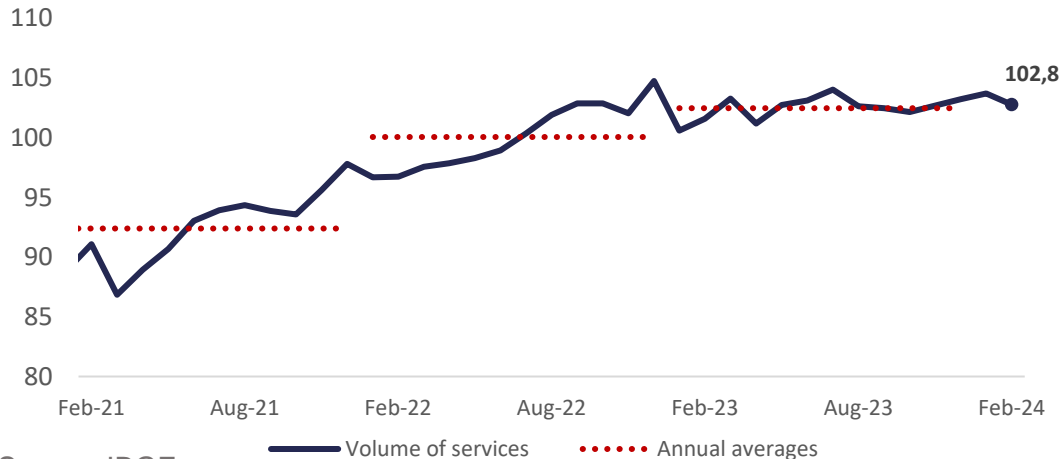
VOLUME OF SALES IN EXPANDED RETAIL

Index (2022 = 100)



VOLUME OF SERVICES PROVIDED

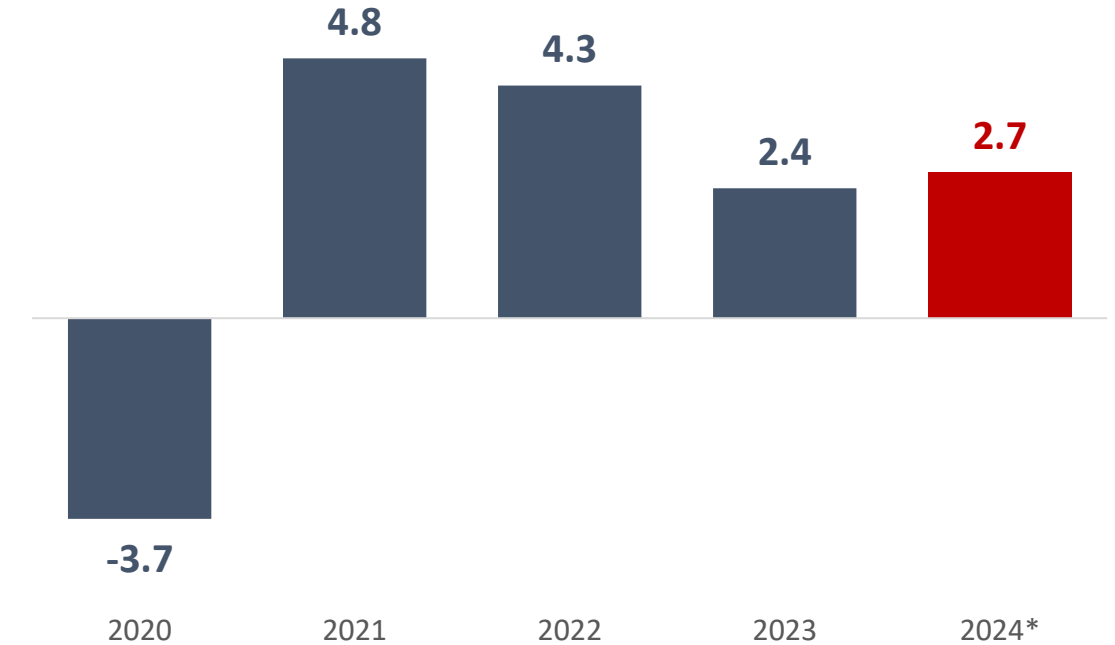
Index (2022 = 100)



Source: IBGE

SERVICES GDP AND CNI PROJECTION

Growth rate (%)



Source: IBGE *CNI estimate



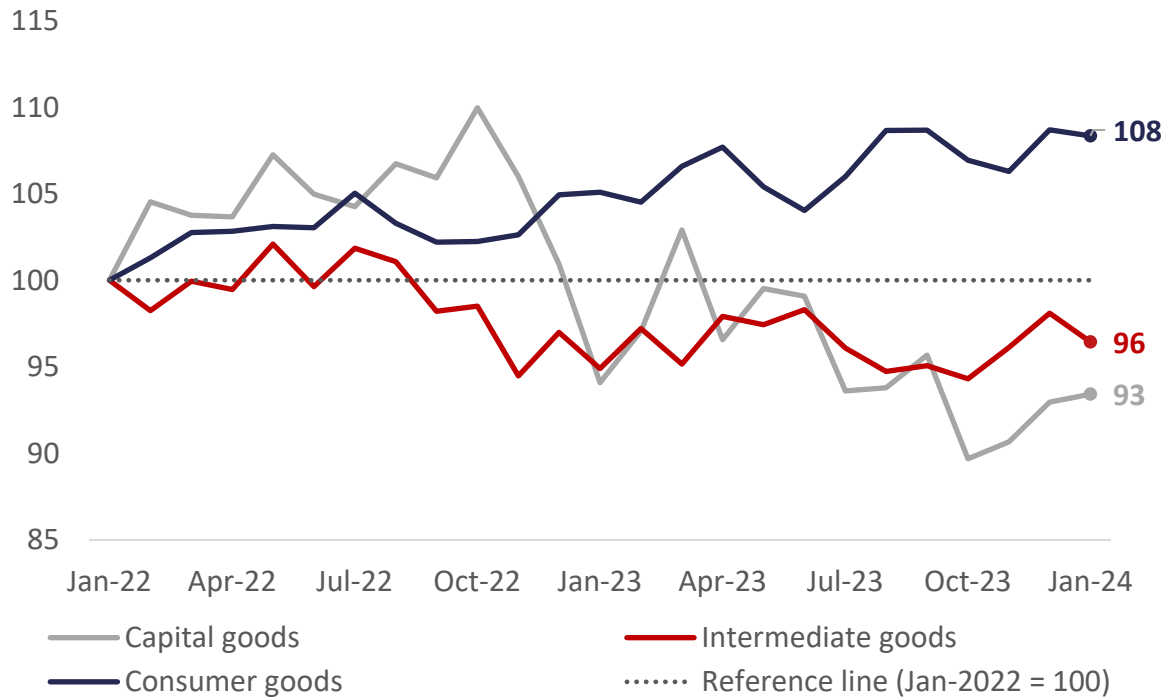
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2024: INDUSTRY

Demand for all types of goods shows growth in recent months

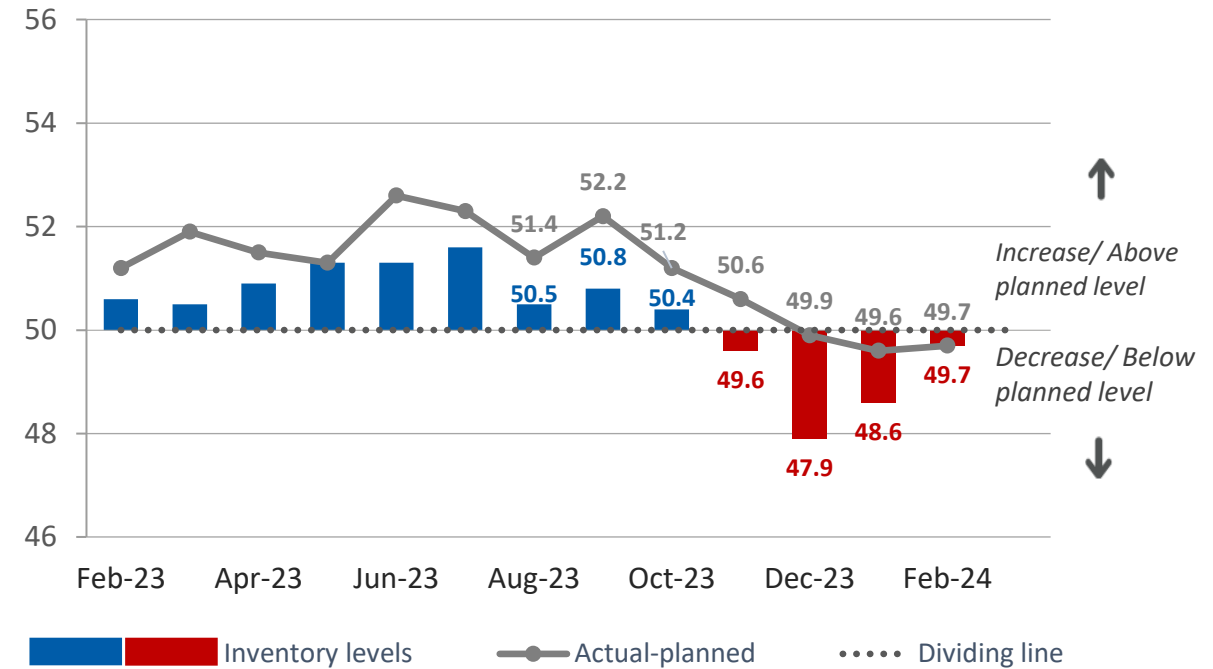
IPEA MONTHLY INDICATOR OF APPARENT CONSUMPTION OF INDUSTRIAL GOODS

Index (base: Jan/2022 = 100) by economic categories, seasonally adjusted



Source: IPEA

INVENTORY EVOLUTION AND ACTUAL TO PLANNED INVENTORY DIFFUSION INDEX (0 TO 100 POINTS)*



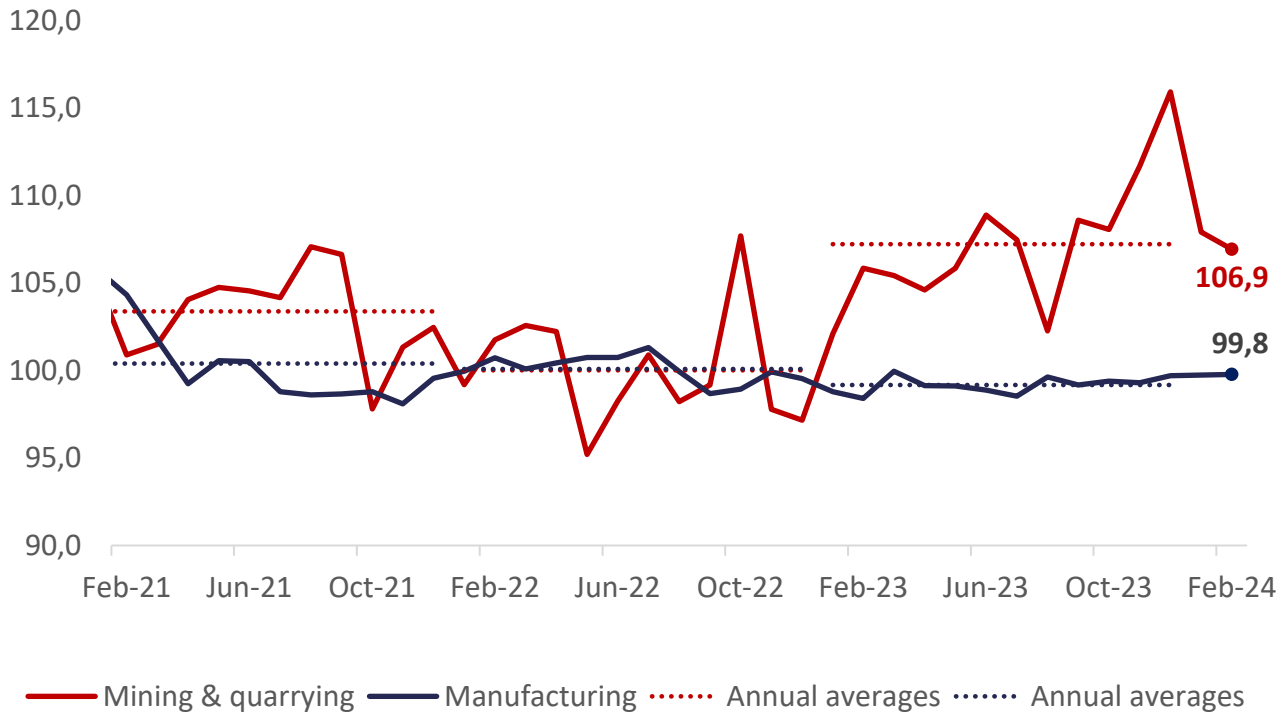
*A score above 50 points indicates an increase in inventory levels or that actual inventory is above planned levels. A score below 50 points indicates a decline in inventory levels or that actual inventory is below planned levels. The further the point score is from 50 points, the greater the change or the distance from planned levels.

2024: MANUFACTURING AND MINING & QUARRYING

Mining will maintain a high production level and manufacturing is projected to grow after two years

INDUSTRIAL PRODUCTION

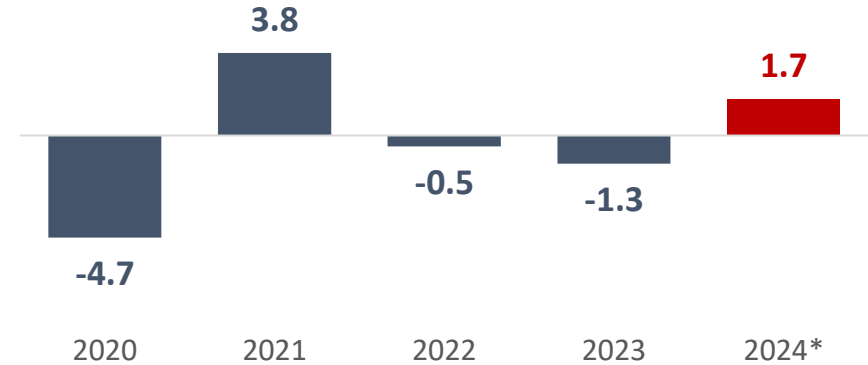
Index, seasonally adjusted (2022 = 100), by segment



Source: IBGE

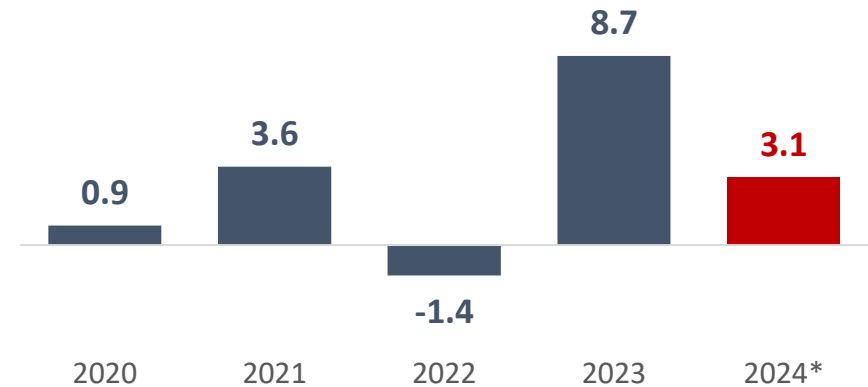
MANUFACTURING INDUSTRY GDP AND CNI PROJECTION

Growth rate (%)



MINING AND QUARRYING GDP AND CNI PROJECTION

Growth rate (%)



Source: IBGE *CNI estimate



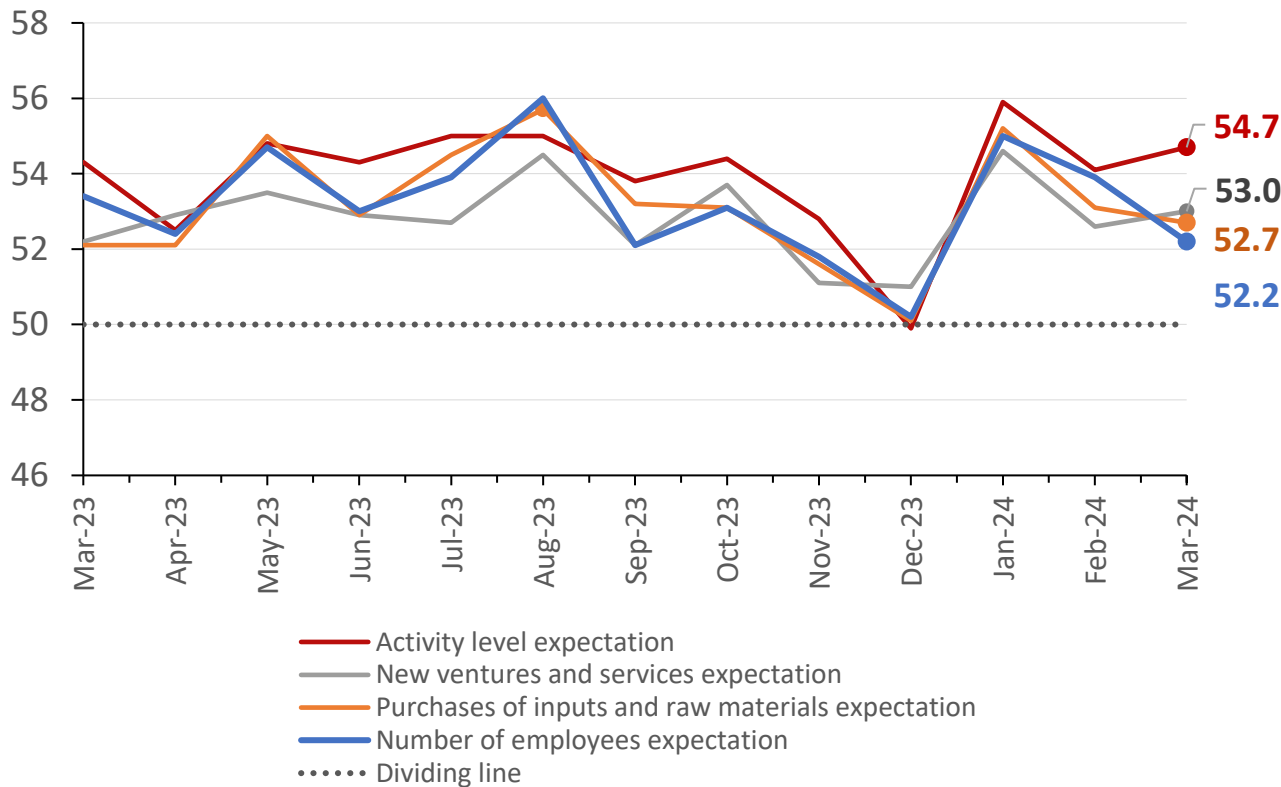
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2024: CONSTRUCTION INDUSTRY AND UTILITIES

Construction is projected to grow in 2024

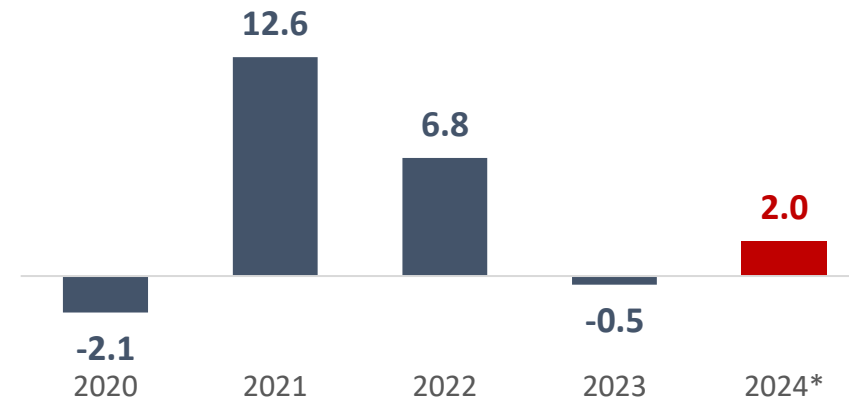
CONSTRUCTION INDUSTRY EXPECTATION INDICES

Indices (0 to 100 points)*



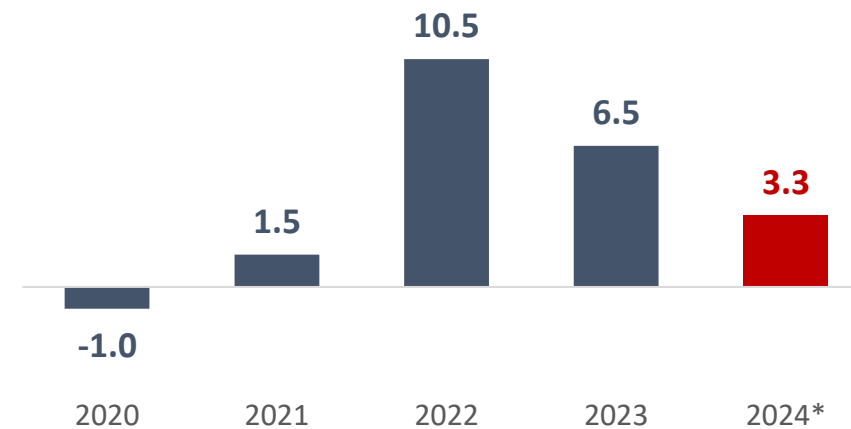
CONSTRUCTION INDUSTRY GDP AND CNI PROJECTION

Growth rate (%)



UTILITIES GDP AND CNI PROJECTION

Growth rate (%)



* Values above 50 points indicate an expectation of growth. Values below 50 points indicate an expectation of decline. The further away from 50 points, the greater and more widespread the expected variation

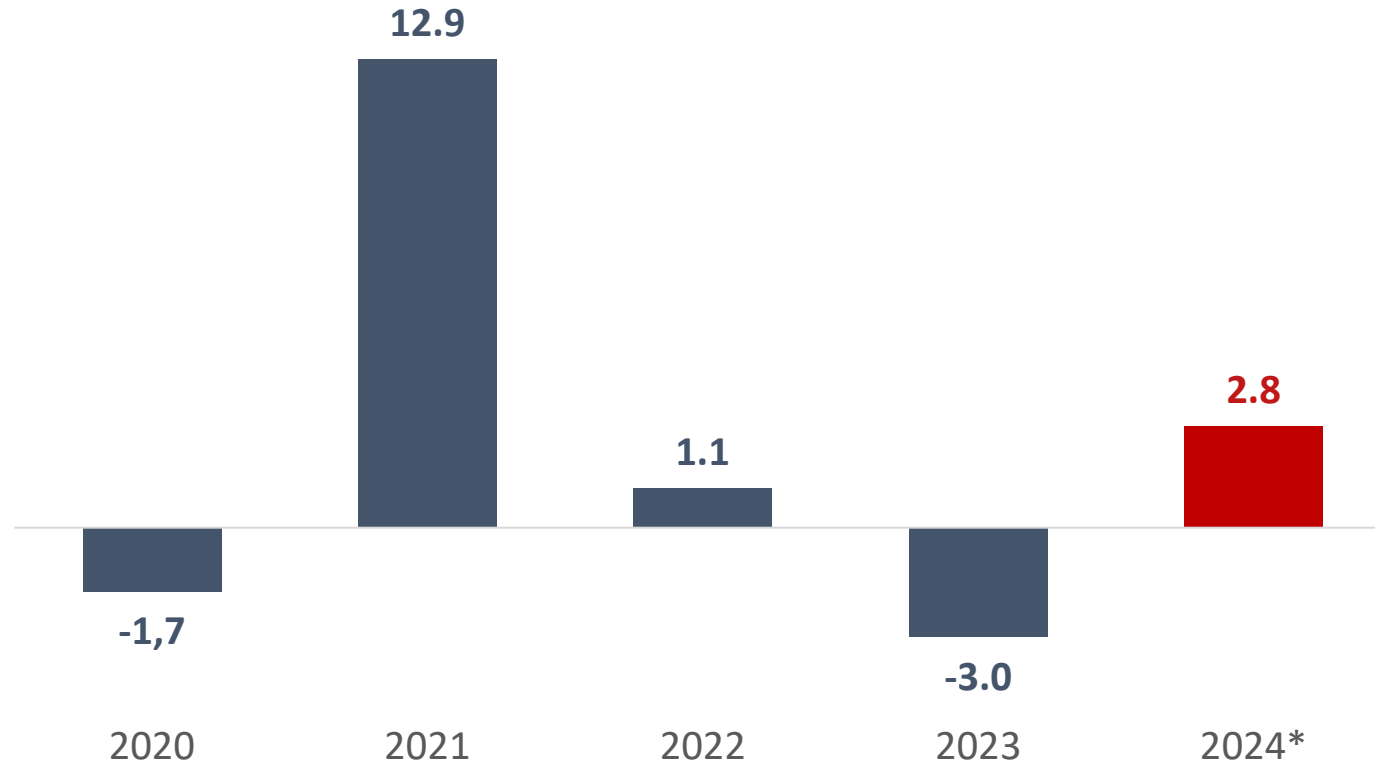
Source: IBGE *CNI estimate

2024: INVESTMENT

Although household consumption remains with the greatest impact on GDP in 2024, growth should be more balanced between consumption and investment

INVESTMENT (GROSS FIXED CAPITAL FORMATION) AND CNI PROJECTION

Growth rate (%)



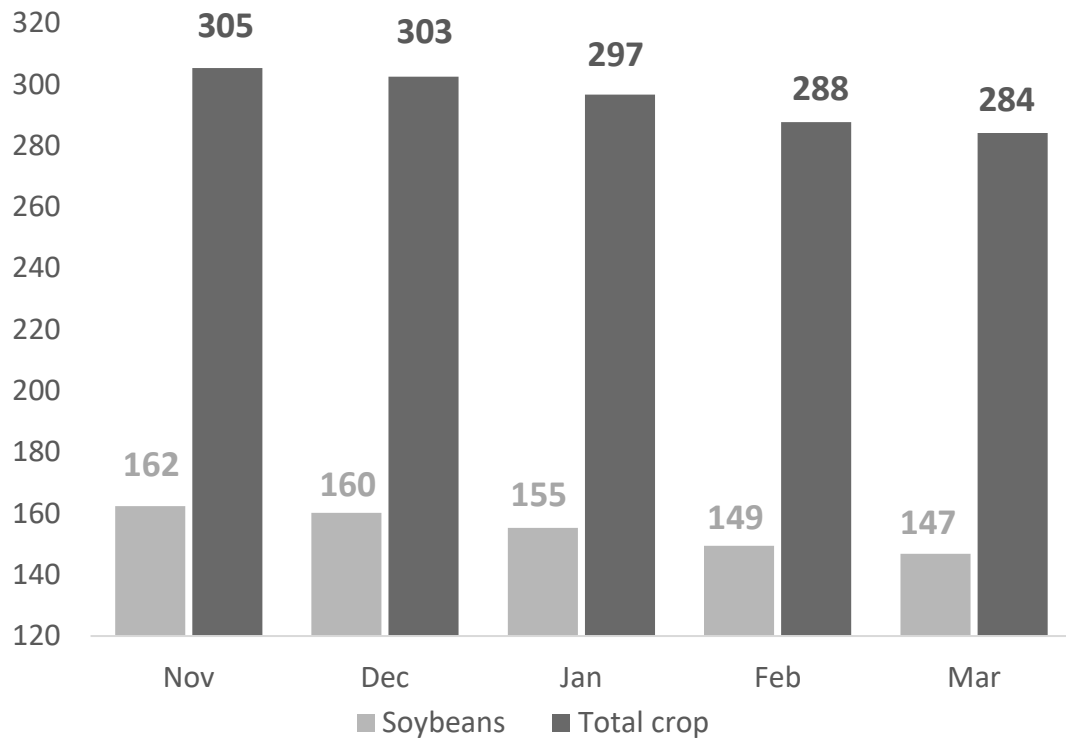
Source: IBGE *CNI estimate

2024: AGRICULTURE

Negative revisions for agricultural production lead to negative contribution to GDP 2024

2024 CROPS PROJECTION REVISIONS

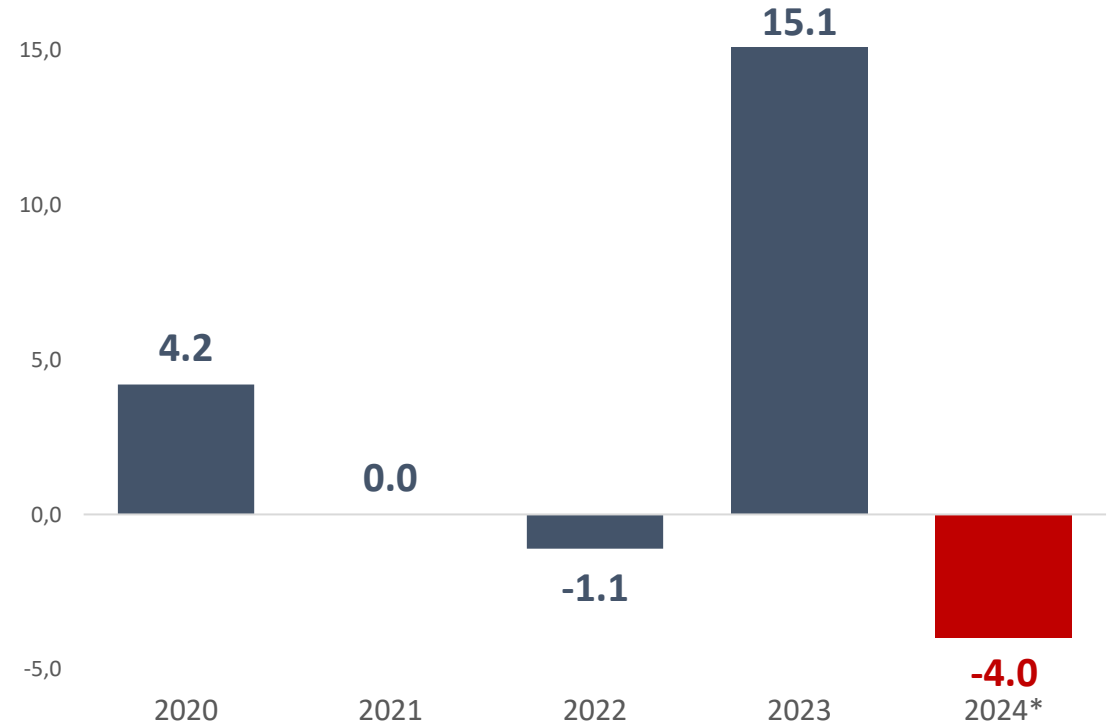
Thousand tonnes



Source: Conab

AGRICULTURE GDP AND CNI ESTIMATE

Yearly growth rate (%)



Source: IBGE *CNI estimate



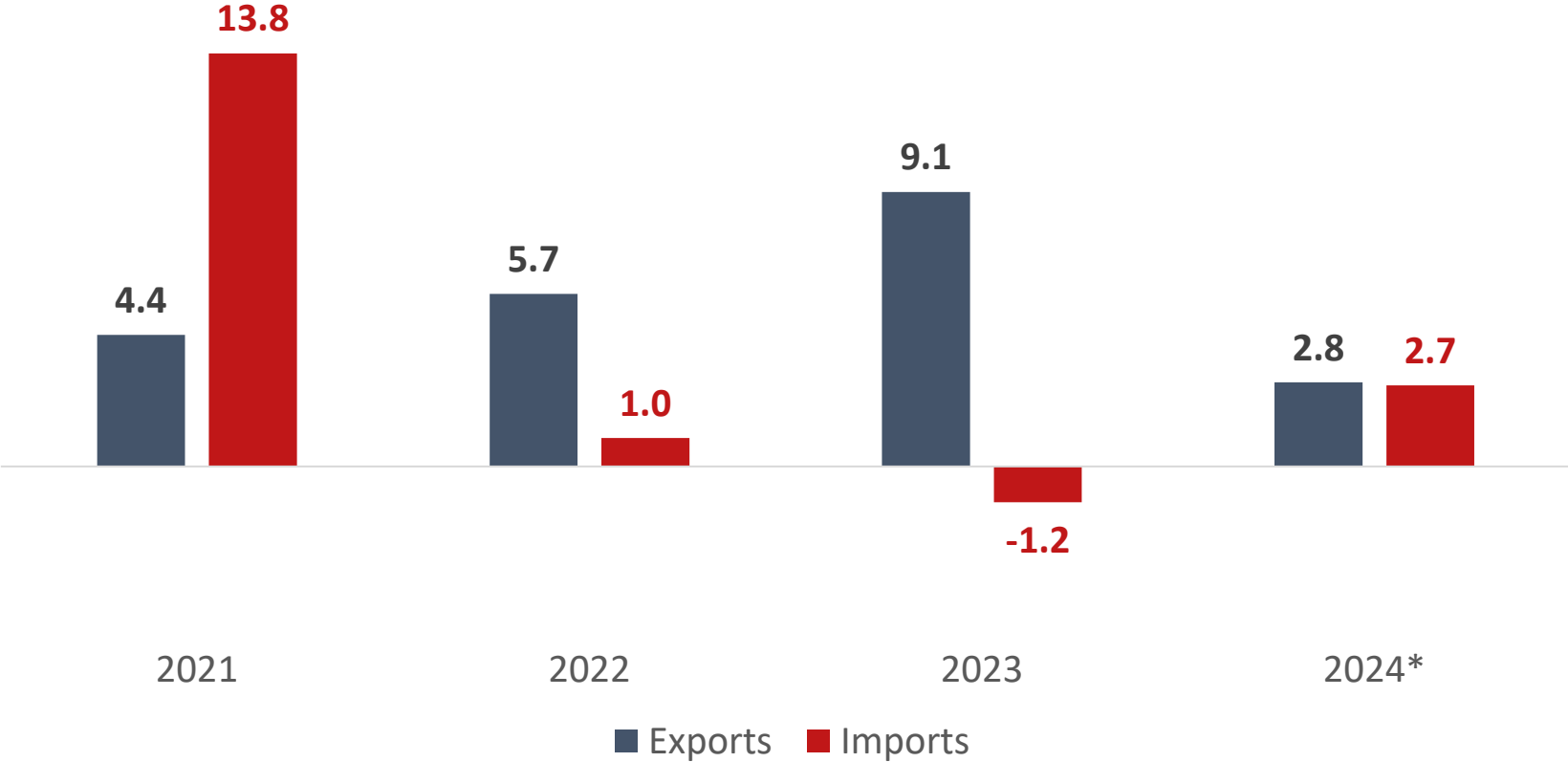
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2024: EXTERNAL SECTOR

Weaker agriculture and mining & quarrying exports and greater imports make external contribution to GDP lower in 2024

EXPORTS AND IMPORTS IN GDP AND CNI PROJECTION

Growth rate (%)



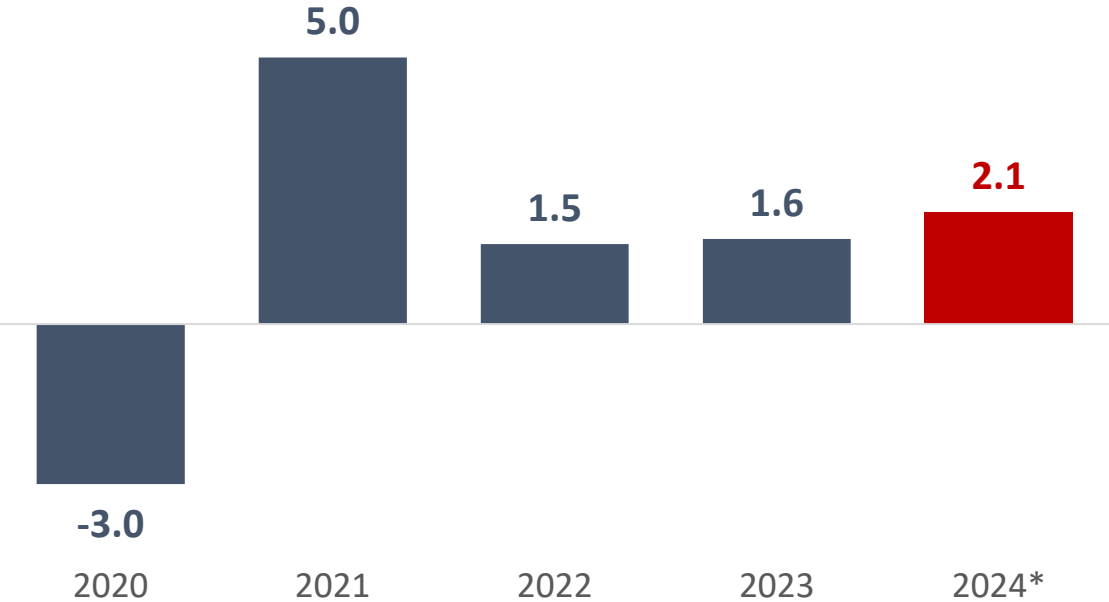
Source: IBGE *CNI estimate

2024: GDP

Lower growth, but with better composition than that of 2023

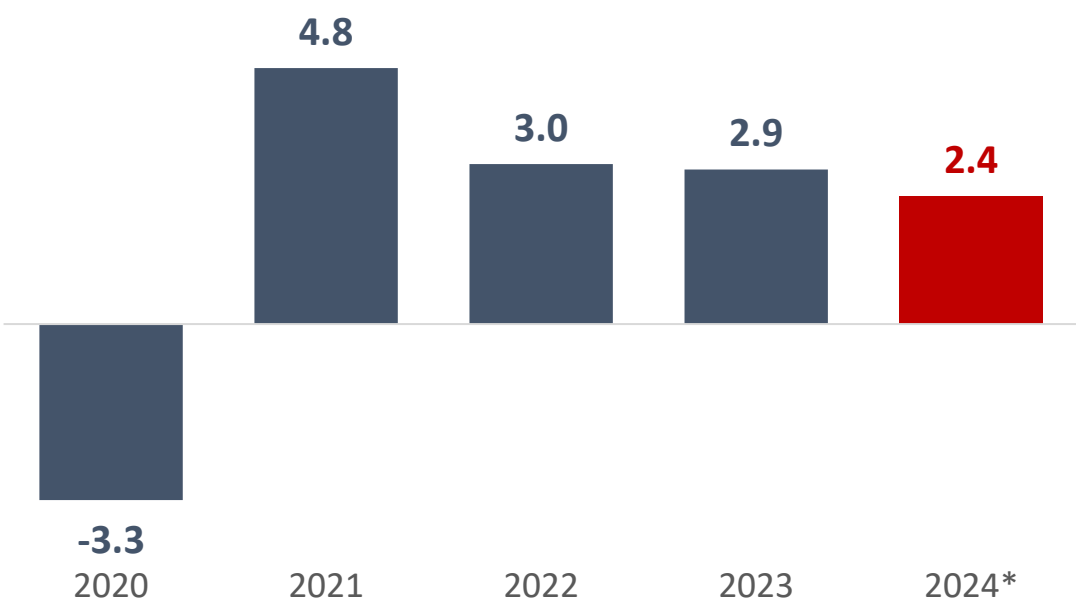
INDUSTRIAL GDP AND CNI ESTIMATE

Annual percentage change (%)



GDP AND CNI ESTIMATE

Annual percentage change (%)



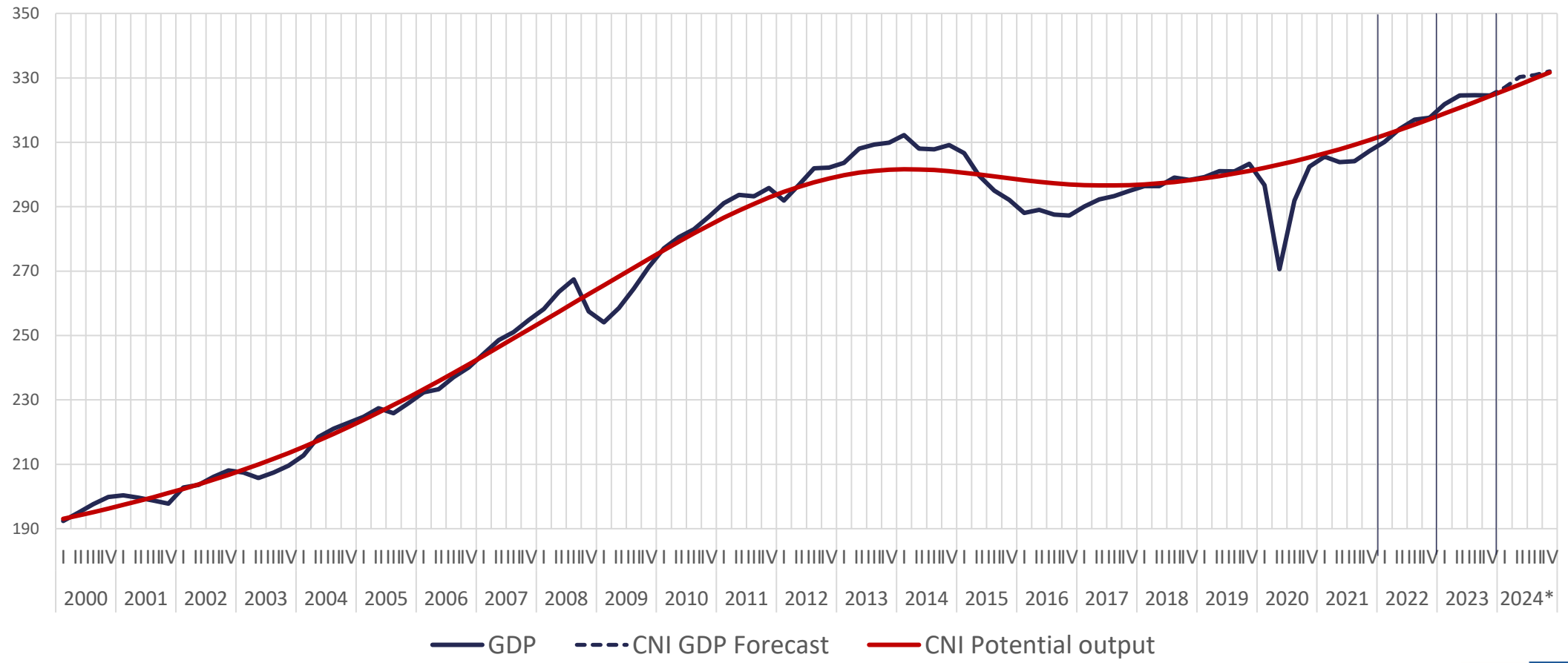
Source: IBGE *CNI estimate

2024: GDP AND POTENTIAL OUTPUT

GDP growth forecast is close to Brazilian potential GDP

BRAZILIAN GDP, CNI FORECAST, AND POTENTIAL OUTPUT

Quarterly GDP seasonally adjusted (R\$ billions, linked values at 1995 prices)



Source: IBGE. Elaboration: CNI.
*CNI Forecast



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