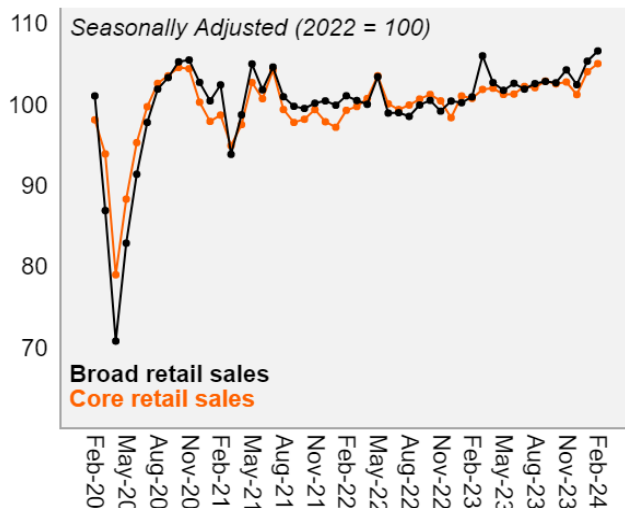


## Strong retail sales in February, exceeding expectations

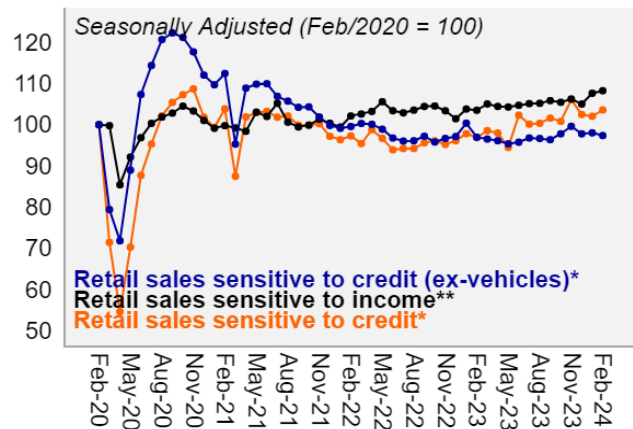
- ▶ Broad retail sales expanded 1.2% mom/sa in February (+9.7% yoy), above our call (+0.4% mom/sa) and the market's expectation (-0.8% mom/sa). Core sales moved up 1.0% mom/sa (+8.2% yoy), also above our call (-0.5% mom/sa) and the market's estimates (-1.5% mom/sa).
- ▶ Versus our estimates, the largest surprises were "Other goods of personal use" (9.6% vs. our forecast of -1.8% yoy) and "Hypermarkets, supermarkets, food, beverages and tobacco " (9.6% vs. our estimate of 7.7% yoy).
- ▶ Out of 10 sectors, 7 advanced and 3 contracted at the margin. The positive highlight was "Auto & Parts" (+3.9% mom/sa), while "Fuel, lubricants" (-2.7% mom/sa) stood out on the negative side.
- ▶ With today's release, the retail sales carry over for 1Q24 now stands at 2.5% and 3.0% for core and broad sales, respectively.
- ▶ **Our view:** The data for February corroborates our view that the strong number in January was not a one-off occurrence or due to some seasonal distortion. We believe that the 'precatórios' (court-ordered payments, available to households at the beginning of the year) and the increase in the minimum wage are positively impacting retail sales (only partially captured by our IDAT-Activity). With this in mind, we believe that 1H24 will be stronger than we previously expected, leading to an upward bias to our GDP forecast for 24, currently at +2.0%.

### Broad Retail Sales moved up 1.2% mom/sa in February



Source: IBGE, Itaú

### Retail sales sensitive to credit advanced



\*Includes: furniture and appliances; auto and parts; construction material; equipment and material for office.

\*\*Includes: fuel; supermarkets; apparel, footwear; pharmaceutical; books/magazines.

Source: IBGE, Itaú

Retail sales - February/24(%)		
Sector	%MoM S.A.	%YoY
<b>Core retail sales</b>	<b>1.0</b>	<b>8.2</b>
Fuel, lubricants	-2.7	-0.2
Hypermarkets, supermarkets, food, beverages and tobacco	-0.2	9.6
Fabric, apparel, footwear	0.3	-0.5
Furniture and appliances	1.2	3.7
Pharmaceutical, medical	9.9	18.5
Equipment and material for office	0.5	10.5
Books, periodicals, magazines	3.2	-6.0
Other goods of personal use*	4.8	9.6
<b>Broad retail sales</b>	<b>1.2</b>	<b>9.7</b>
Wholesale specialized in foods	-	10.1
Auto & Parts	3.9	16.6
Construction material	-0.2	5.0

\*Includes sale of jewelry, watches, recreational and sporting goods, handicrafts, electronic devices for domestic use (except computers and communication items)

Source: IBGE, Itaú

Retail Sales in February/24 - forecast vs. actual (%)				
Sector	Weight	Actual (YoY)	Forecast (YoY)	Error Contribution (p.p.)
<b>Core retail sales</b>	<b>59.6</b>	<b>8.2</b>	<b>5.6</b>	<b>1.5</b>
Fuel, lubricants	7.2	-0.2	1.6	-0.1
Hypermarkets, supermarkets, food, beverages and tobacco	32.2	9.6	7.7	0.6
Fabric, apparel, footwear	3.7	-0.5	-2.0	0.1
Furniture and appliances	4.1	3.7	2.8	0.0
Pharmaceutical, medical	5.6	18.5	7.9	0.6
Equipment and material for office	0.9	10.5	16.0	-0.0
Books, periodicals, magazines	0.2	-6.0	-7.7	0.0
Other goods of personal use*	5.8	9.6	-1.8	0.7
<b>Broad retail sales</b>	<b>100.0</b>	<b>9.7</b>	<b>8.2</b>	<b>1.5</b>
Wholesale specialized in foods	15.9	10.1	16.1	-1.0
Auto & Parts	16.8	16.6	13.0	0.6
Construction material	7.7	5.0	3.2	0.1

\*Includes sale of jewelry, watches, recreational and sporting goods, handicrafts, electronic devices for domestic use (except computers and communication items)

Source: IBGE, Itaú

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