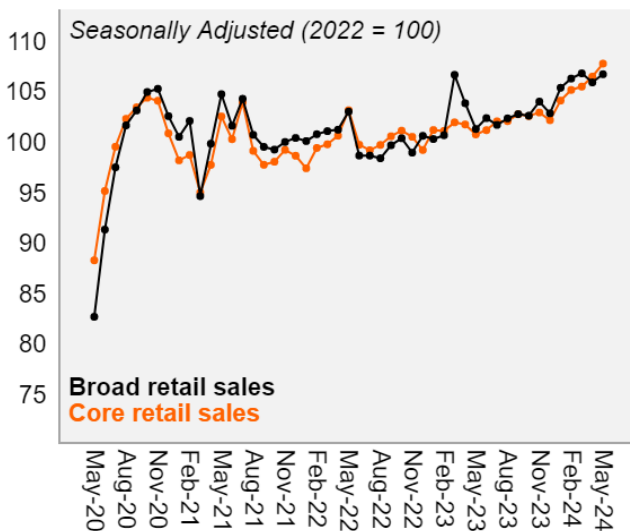


## Broad retail sales rose 0.8% mom/sa in May, above expectations

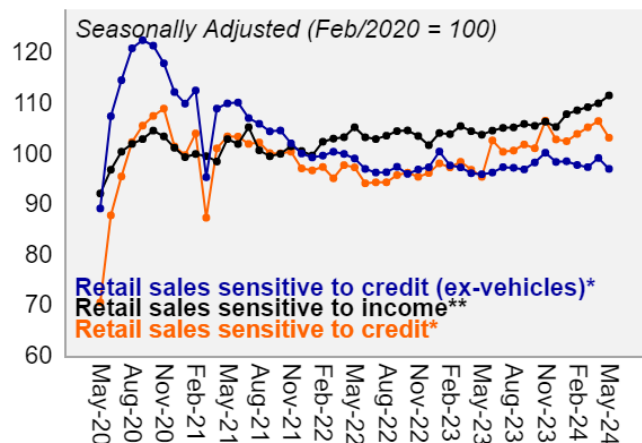
- ▶ Broad retail sales expanded 0.8% mom/sa in May (+5.0% yoy), above our call (-0.4% mom/sa) and the market's expectation (-0.5% mom/sa). Core sales rose 1.2% mom/sa (+8.1% yoy), also higher than our estimate (-0.4% mom/sa) and the market's expectation (-0.5% mom/sa).
- ▶ Compared with our estimates, the largest surprise was in "Wholesale specialized in foods" (-8.2% vs. our forecast of -16.2% yoy).
- ▶ Out of 10 sectors, 5 advanced and 5 contracted at the margin. The positive highlight was "Hypermarkets, supermarkets, food, beverages and tobacco" (+0.7% mom/sa), while "Auto & Parts" (-2.3% mom/sa) stood out on the negative side.
- ▶ With today's release, the carry over for 2Q24 now stands at 2.3% and 0.3% for core and broad sales, respectively.
- ▶ **Our view:** Retail sales in May came in stronger than expected, with a positive surprise in "Hyper, supermarkets" and once again in "Specialized food wholesale". The floods in Rio Grande do Sul seem to have had a greater and more localized effect on industry and possibly on the region's service sector in May, while retail sales were less affected (possibly due to a stockpiling effect). Overall, today's data confirms that activity remains strong, indicating that, so far, the tragedy in the south of the country has not affected the prospects for aggregate GDP growth in the year.

### Broad Retail Sales rose 0.8% mom/sa in May



Source: IBGE, Itaú

### Retail sales sensitive to credit contracted



\*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 - May/24(%)		
Sector	%MoM S.A.	%YoY
<b>Core retail sales</b>	<b>1.2</b>	<b>8.1</b>
Fuel, lubricants	-2.5	-3.2
Hypermarkets, supermarkets, food, beverages and tobacco	0.7	10.5
Fabric, apparel, footwear	2.0	2.0
Furniture and appliances	-1.2	2.1
Pharmaceutical, medical	0.2	13.6
Equipment and material for office	-8.5	-0.2
Books, periodicals, magazines	0.2	-8.9
Other goods of personal use*	1.6	14.5
<b>Broad retail sales</b>	<b>0.8</b>	<b>5.0</b>
<b>Broad retail sales ex-wholesales</b>	<b>1.1</b>	<b>7.7</b>
Wholesale specialized in foods	-	-8.2
Auto & Parts	-2.3	10.6
Construction material	-3.5	-1.5

\*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 May/24 - forecast vs. actual (%)				
Sector	Weight	Actual (YoY)	Forecast (YoY)	Error Contribution (p.p.)
<b>Core retail sales</b>	<b>59.6</b>	<b>8.1</b>	<b>4.6</b>	<b>2.1</b>
Fuel, lubricants	7.2	-3.2	-3.2	-0.0
Hypermarkets, supermarkets, food, beverages and tobacco	32.2	10.5	7.4	1.0
Fabric, apparel, footwear	3.7	2.0	-1.5	0.1
Furniture and appliances	4.1	2.1	1.9	0.0
Pharmaceutical, medical	5.6	13.6	8.7	0.3
Equipment and material for office	0.9	-0.2	2.0	-0.0
Books, periodicals, magazines	0.2	-8.9	-18.9	0.0
Other goods of personal use*	5.8	14.5	1.1	0.8
<b>Broad retail sales</b>	<b>100.0</b>	<b>5.0</b>	<b>1.9</b>	<b>3.1</b>
<b>Broad retail sales ex-wholesales</b>	<b>84.1</b>	<b>7.7</b>	<b>5.5</b>	<b>1.8</b>
Wholesale specialized in foods	15.9	-8.2	-16.2	1.3
Auto & Parts	16.8	10.6	11.5	-0.2
Construction material	7.7	-1.5	-0.6	-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

## Marina Garrido

Macro Research – Itaú

Mario Mesquita – Chief Economist

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