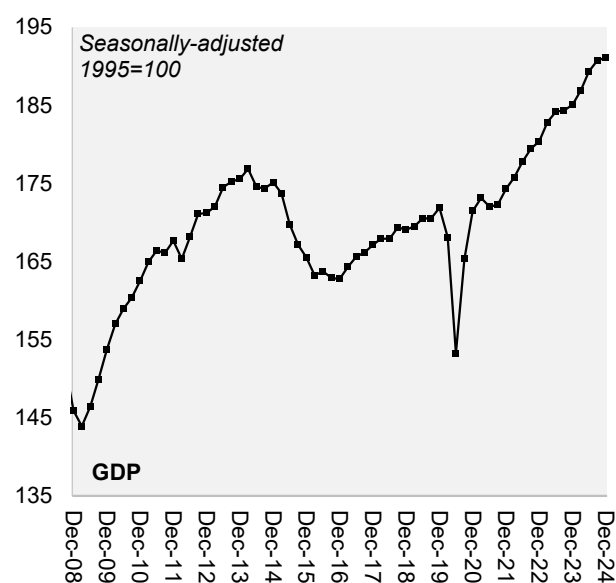


GDP expanded 3.4% in 2024, after increasing 0.2% in 4Q24

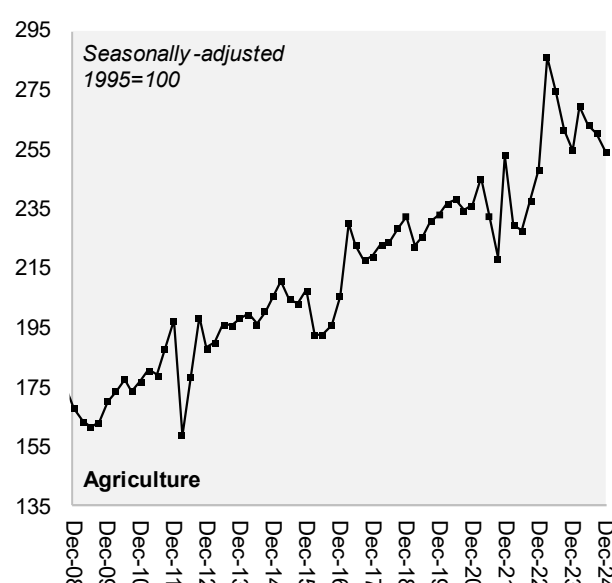
- ▶ GDP expanded 0.2% in 4Q24 (3.6% yoy), below our estimate and the median of market expectations (both at 0.4% qoq/sa and 4.0% yoy).
- ▶ The main negative surprises vs. our numbers came from agriculture and services (see table).
- ▶ On the supply side, agriculture fell by 2.3% qoq/sa, while the industrial sectors expanded by 0.3% at the margin, and services increased by 0.1% qoq/sa.
- ▶ On the demand side, the highlight was the worse-than-expected drop in household consumption (-1.0% qoq/sa in 4Q24, coming from +1.3% qoq/sa in 3Q24). On the positive side, the main highlight was the gross fixed capital formation (GFCF), which increased 0.4% qoq/sa. Finally, exports decreased 1.3% qoq/sa and imports dropped 0.1% qoq/sa. According to our estimates, inventories had a negative contribution (see table).
- ▶ With this result, GDP expanded 3.4% in 2024 (compared to 3.2% in 2023). From the supply side, the industrial GDP closed 2024 growing 3.3% (an acceleration vs. 1.7% in 2023) and the services GDP expanded 3.7% (compared to 2.8% in 2023). In agriculture, the sector's GDP declined 3.2% (vs. +16.3% in 2023), reflecting adverse weather conditions that reduced the annual production estimate. From a demand perspective, household consumption expanded by 4.8% (vs 3.2%) and GFCF grew by 7.3% (after falling by 3.0% in 2023). Government consumption decelerated to +1.9% (vs +3.8%). Finally, imports registered a 14.7% GDP expansion (vs -1.2% in 2023), while exports slowed to +2.9% (vs +8.9% in the previous year).
- ▶ **Our view:** Today's result came in below our expectations, with some deceleration in the services and industrial sectors and a negative contribution from the agricultural sector. Despite the negative surprise of consumption in the last quarter of 2024, we expect some recovery in the first months of this year. Thus, we maintain our call for 2025 GDP growth at 2.2%.

GDP expanded 0.2% at the margin



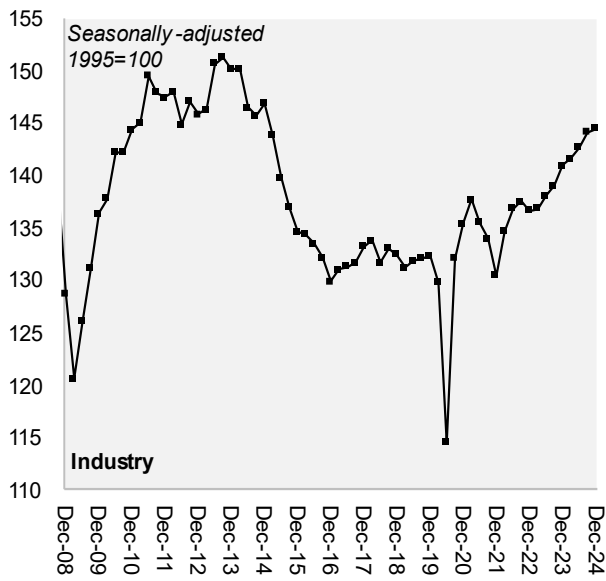
Source: IBGE, Itaú

Another fall in agriculture



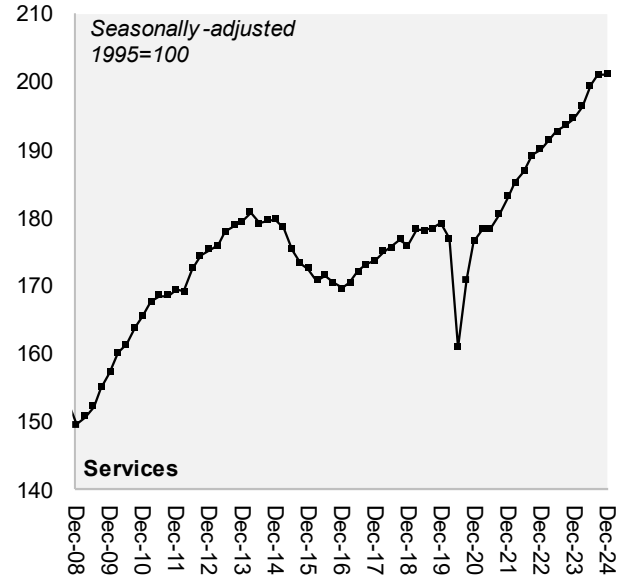
Source: IBGE, Itaú

The industry continues to grow...



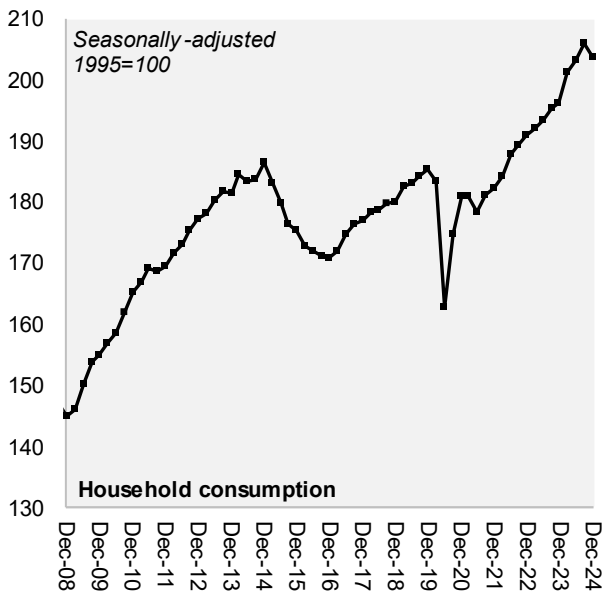
Source: IBGE, Itaú

...but the service sector is accommodating



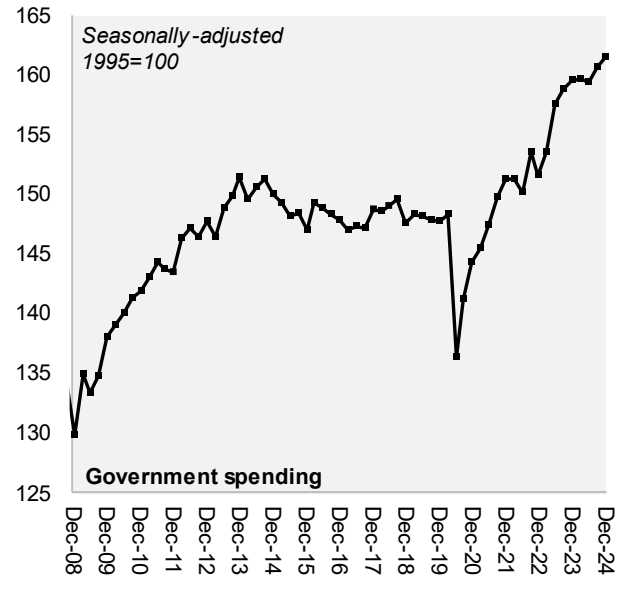
Source: IBGE, Itaú

Fall in household consumption (-1.0% qoq/sa in 4Q24, from +1.3% qoq/sa in 3Q24)



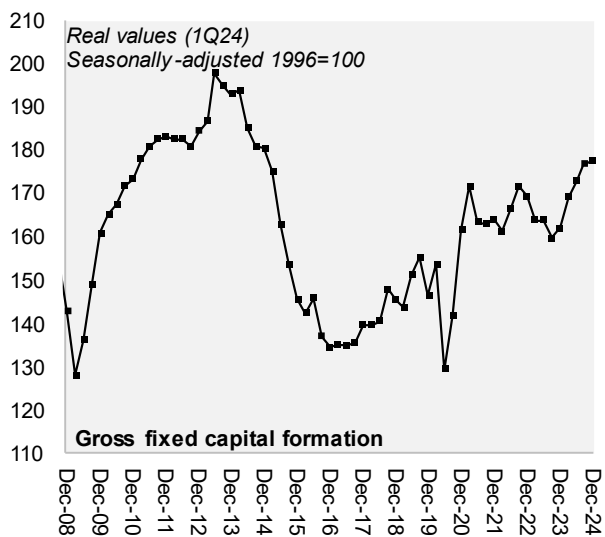
Source: IBGE, Itaú

Government spending grew 0.8% qoq/sa in 4Q24



Source: IBGE, Itaú

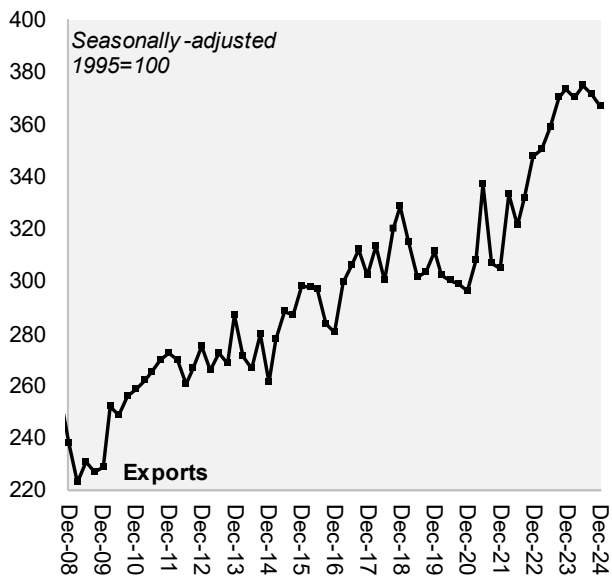
GFCF increased 0.4% qoq/sa



*Ignoring accounting effects of REPETRO.

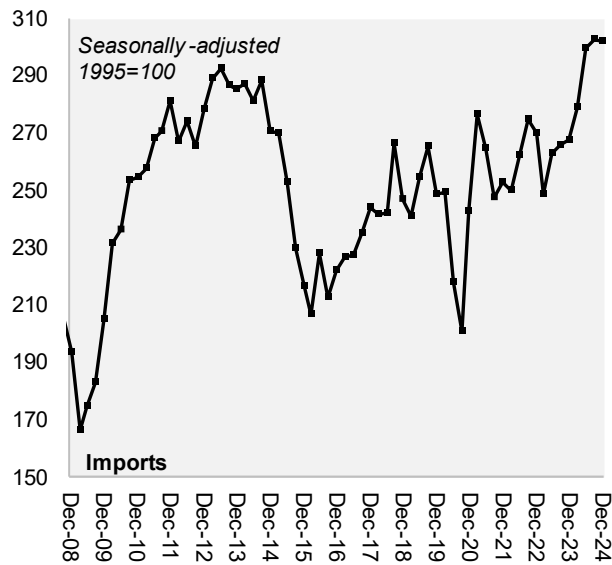
Source: IBGE, Itaú

Exports decreased by 1.3% qoq/sa...



Source: IBGE, Itaú

... and imports dropped by 0.1% qoq/sa



Source: IBGE, Itaú

4Q24	Weight	Forecast (YoY)	Actual (YoY)	Error contribution	4Q24	Weight	QoQ/SA
GDP	100%	4.0%	3.6%	-0.4%	GDP	100%	0.2%
Supply							
AGRICULTURE	6%	3.1%	-1.5%	-0.3%	SERVICES	59%	0.1%
INDUSTRY	22%	2.2%	2.5%	0.1%	Other Services	15%	-0.1%
Manufacturing	13%	4.1%	5.3%	0.2%	Transportation	3%	0.4%
Construction	3%	7.0%	5.1%	-0.1%	Information Technology	3%	-0.4%
Utilities	2%	-0.5%	-3.5%	-0.1%	Retail	10%	0.3%
Mining/Extractive	4%	-4.2%	-3.6%	0.0%	Public Administration	14%	0.0%
SERVICES	59%	3.9%	3.4%	-0.3%	Financial	7%	-0.3%
Public Administration	14%	1.7%	1.7%	0.0%	Housing	8%	0.1%
Other Services*	15%	5.1%	4.5%	-0.1%	INDUSTRY	22%	0.3%
Retail	10%	5.0%	4.7%	0.0%	Mining/Extractive	4%	0.7%
Housing	8%	3.2%	2.6%	0.0%	Construction	3%	2.5%
Financial services	7%	4.5%	2.0%	-0.2%	Manufacturing	13%	0.8%
Transportation	3%	2.9%	3.9%	0.0%	Utilities	2%	-1.2%
Information Technology	3%	6.2%	6.2%	0.0%	AGRICULTURE	6%	-2.3%
TAXES	13%	6.1%	6.1%	0.0%			

*Includes services offered to households (bars, restaurants, hotels, beauty parlors, etc.)

Source: IBGE, Itaú

	Quarter over quarter seasonally adjusted				YoY			
	1Q-24	2Q-24	3Q-24	4Q-24	1Q-24	2Q-24	3Q-24	4Q-24
GDP	1.0	1.3	0.7	0.2	2.6	3.3	4.0	3.6
Demand								
Consumption	2.5	1.0	1.3	-1.0	4.7	5.1	5.5	3.7
Government Expenditure	0.1	-0.2	0.8	0.6	4.1	1.2	1.3	1.2
Investment (GFCF)	4.4	2.3	2.3	0.4	3.0	5.7	10.8	9.4
Exports	-1.0	1.2	-0.7	-1.3	6.1	4.3	2.1	-0.7
Imports	4.1	7.5	0.9	-0.1	10.0	14.7	17.7	16.0
Inventories contribution*	-0.3	-0.5	1.3	-0.3	-	-	-	-
Supply								
TAXES	-	-	-	-	2.5	2.5	2.5	2.5
Agriculture	5.8	-2.3	-1.1	-2.3	-5.5	-3.3	-0.8	-1.5
Industry	0.5	0.7	1.0	0.3	3.0	4.0	3.6	2.5
Services	0.9	1.6	0.7	0.1	3.5	3.6	4.1	3.4

Source: IBGE, Itaú

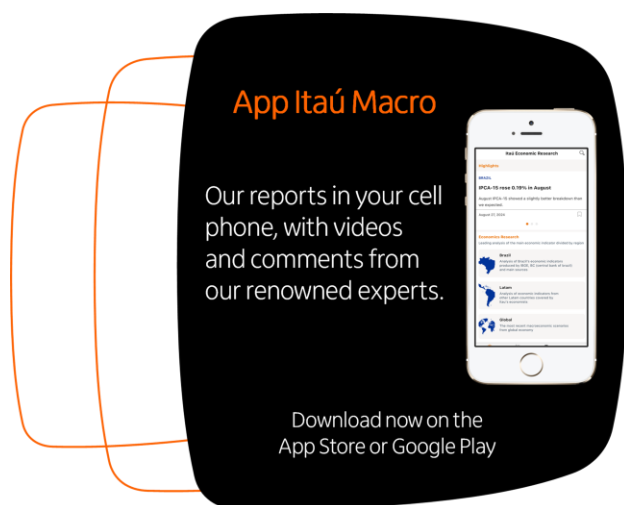
Natalia Cotarelli
Marina Garrido

Macro Research – Itaú

Mario Mesquita – Chief Economist

To access our reports and forecast visit our website:

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