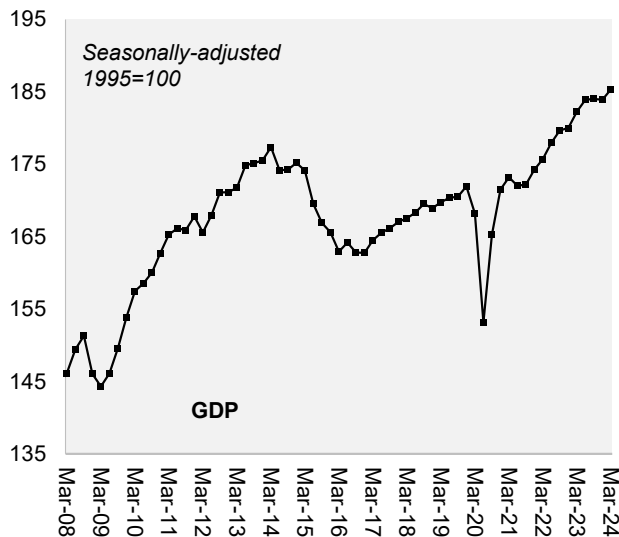


GDP grew 0.8% qoq/sa in 1Q24

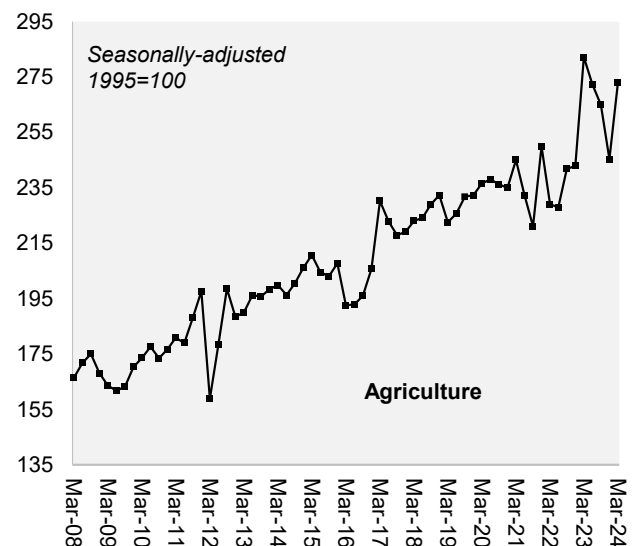
- ▶ GDP grew by 0.8% qoq/sa (2.5% yoy) in 1Q24, slightly above our estimate and the median of market expectations (both at +0.7% qoq/sa; 2.3% yoy).
- ▶ On the supply side, the positive highlight was the service sector, which expanded by 1.4% qoq/sa. Agriculture also grew (11.3% qoq/sa), while the industrial sector declined by 0.1% at the margin (see table).
- ▶ On the demand side, the highlights were the positive performances of household consumption (1.5 qoq/sa, up from -0.3% qoq/sa in 4Q23) and investment (4.1% qoq/sa, up from 0.5% qoq/sa in 4Q23). Household spending was supported by a resilient labor market and rising income (due to the extraordinary disbursement of court-ordered payments, combined with the increase in social benefits linked to the minimum wage) as well as a positive environment for new loans with declining interest rates. Gross fixed capital formation (GFCF) also expanded amid lower interest rate and higher imports of capital goods.
- ▶ **Our view:** Today's results came close to our expectations, with resilient consumption and a recovery in investment. The increase in income (led by a resilient labor market, extraordinary disbursement of court-ordered payments, and an increase in social benefits linked to the minimum wage), as well as the decline in interest rates, contributed to strong GDP growth in the first three months of the year. We forecast a 2.3% GDP growth in 2024, but we have not yet incorporated the effects of the flooding in Rio Grande do Sul, which leads to a downward bias in our GDP forecast for the 2Q.

GDP grew at the margin...



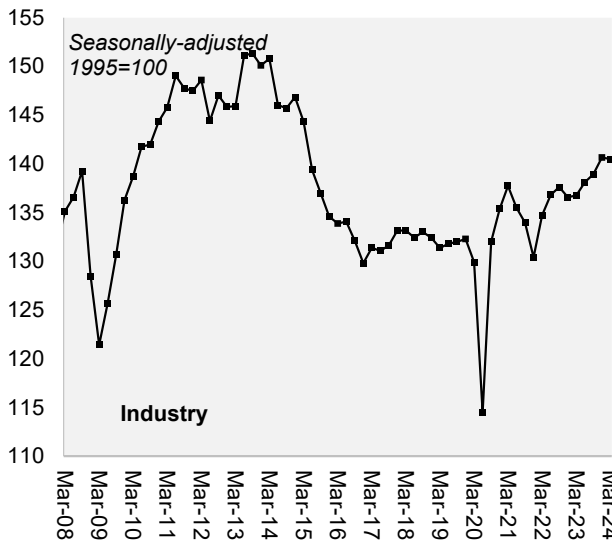
Source: IBGE, Itaú

... agriculture also grew (+11.3% qoq/sa)



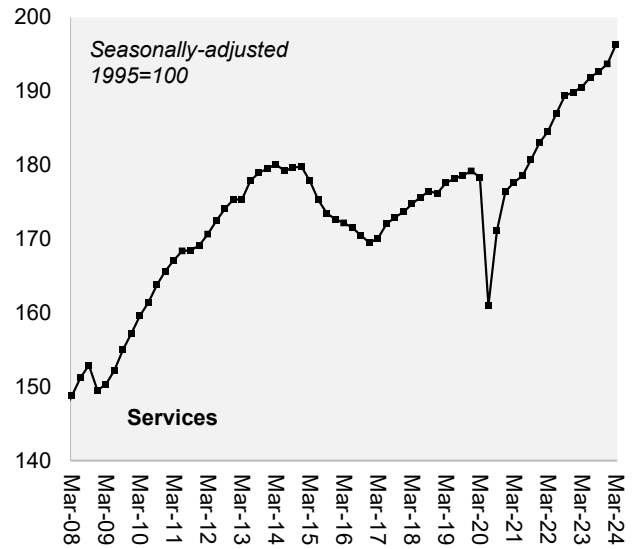
Source: IBGE, Itaú

The industry had a slight decline...



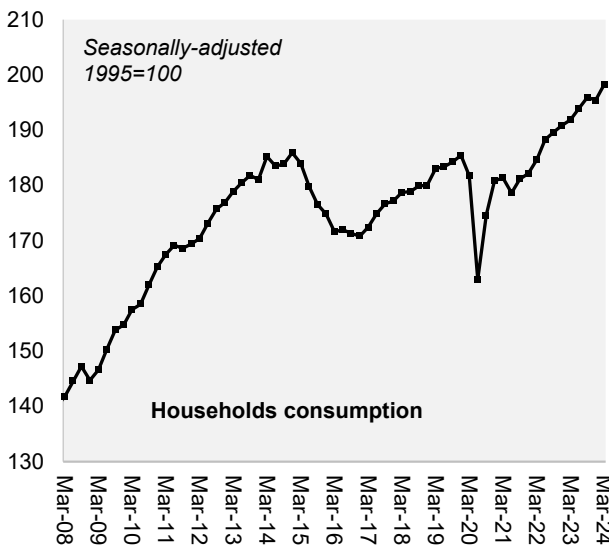
Source: IBGE, Itaú

...but the service sector is accelerating



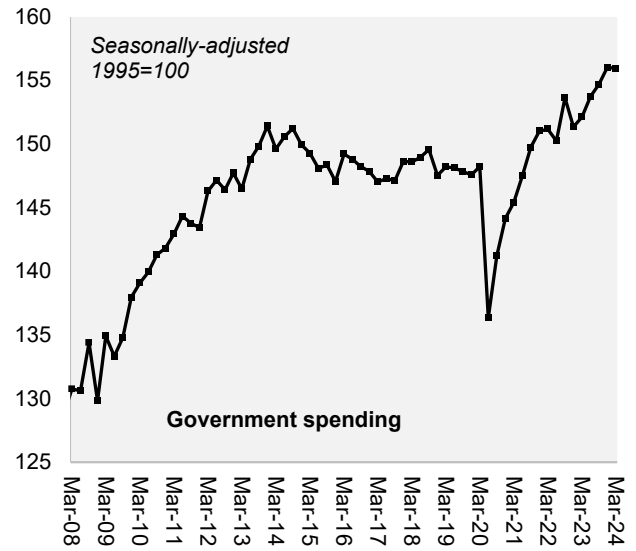
Source: IBGE, Itaú

Household consumption increased (+1.5 qoq/sa in 1Q24, from -0.3% qoq/sa in 4Q23)



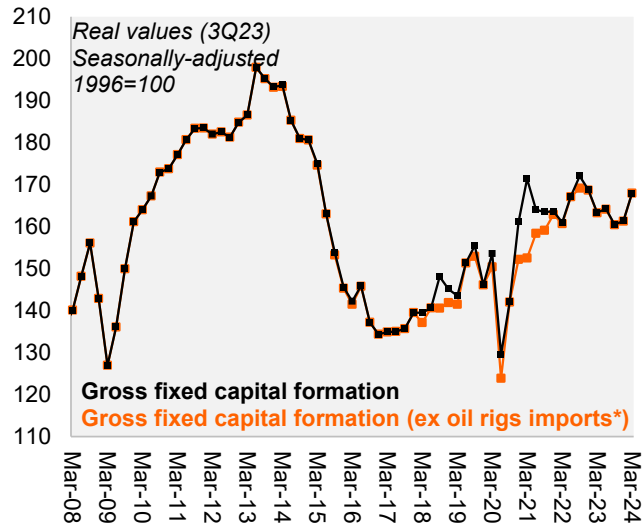
Source: IBGE, Itaú

Quarterly government spending growth decelerated to 0% in 1Q24 from 0.9% in 4Q23



Source: IBGE, Itaú

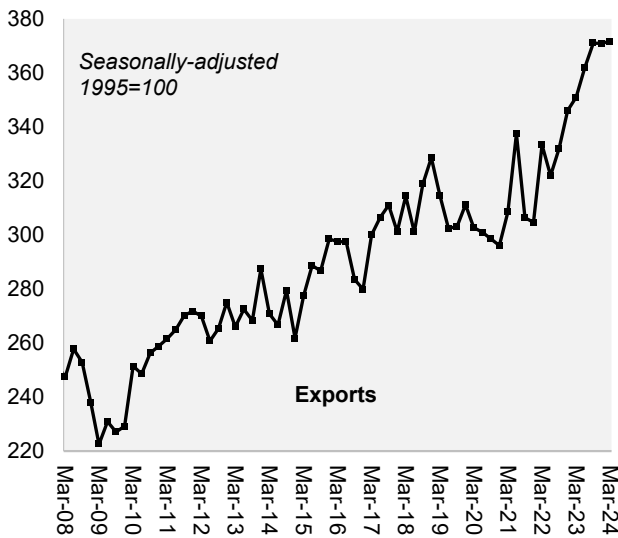
GFCF increased 4.1% qoq/sa, second consecutive increase



*Ignoring accounting effects of REPETRO.

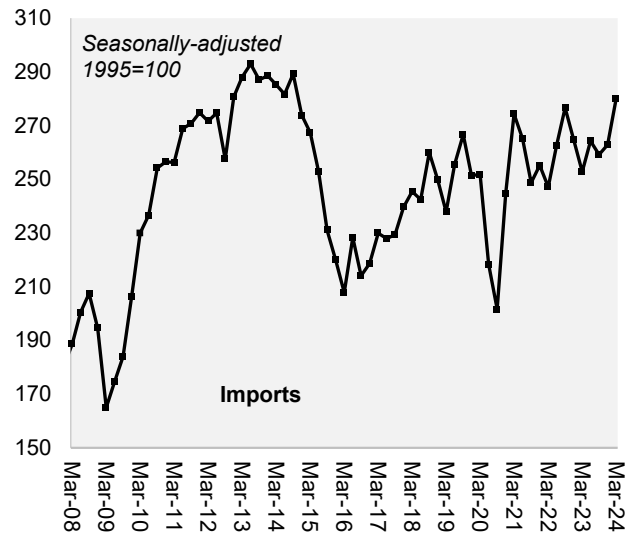
Source: IBGE, Itaú

Exports increased by +0.2% qoq/sa...



Source: IBGE, Itaú

... while imports rose by 6.5% qoq/sa



Source: IBGE, Itaú

	Quarter over quarter seasonally adjusted				YoY			
	2Q-23	3Q-23	4Q-23	1Q-24	2Q-23	3Q-23	4Q-23	1Q-24
GDP	0.9	0.1	-0.1	0.8	3.5	2.0	2.1	2.5
Demand								
Consumption	1.1	1.0	-0.3	1.5	3.1	3.3	2.3	4.4
Government Expenditure	1.1	0.6	0.9	0.0	2.3	0.8	3.0	2.6
Investment (GFCF)	0.5	-2.3	0.5	4.1	-1.8	-6.8	-4.4	2.7
Exports	3.1	2.5	0.0	0.2	11.9	10.0	7.3	6.5
Imports	4.5	-1.9	1.4	6.5	1.2	-6.1	-0.9	10.2
Inventories contribution*	0.3	0.2	-1.2	0.1	-	-	-	-
Supply								
Agriculture	-3.5	-2.7	-7.4	11.3	20.9	8.8	0.0	-3.0
Industry	1.0	0.6	1.2	-0.1	1.0	1.0	2.9	2.8
Services	0.7	0.4	0.5	1.4	2.7	1.8	1.9	3.0

Source: IBGE, Itaú

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