



Economic Report

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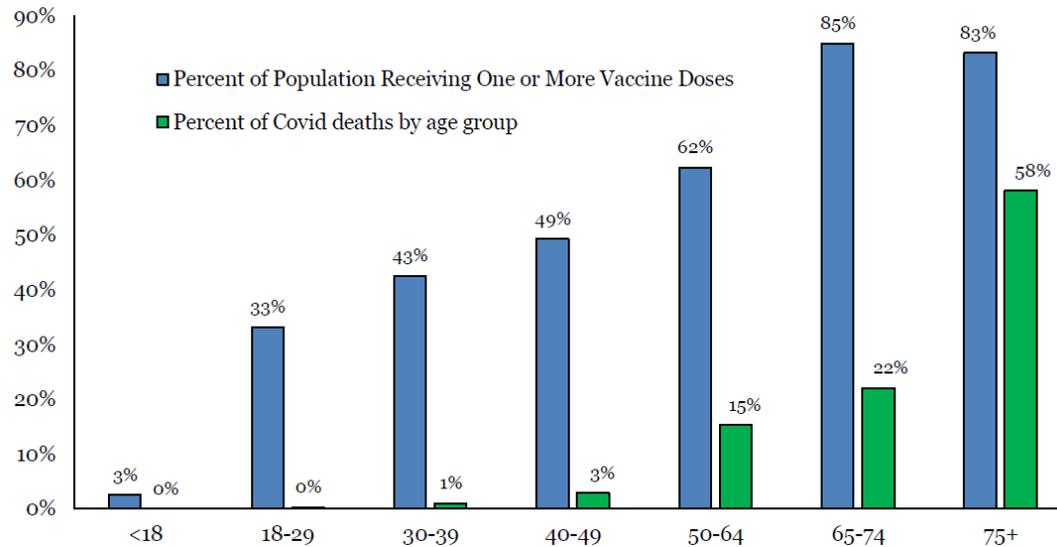
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Covid-19: Vaccination in the US slows but process remains advanced

Global Economy

US: Vaccination



Despite the vaccination pace slowing down, the Covid-19 immunization program in the US is well advanced. A look at the highest risk groups shows that about 85% of people have already been vaccinated with at least one dose (columns representing the over 65s in the accompanying graph).

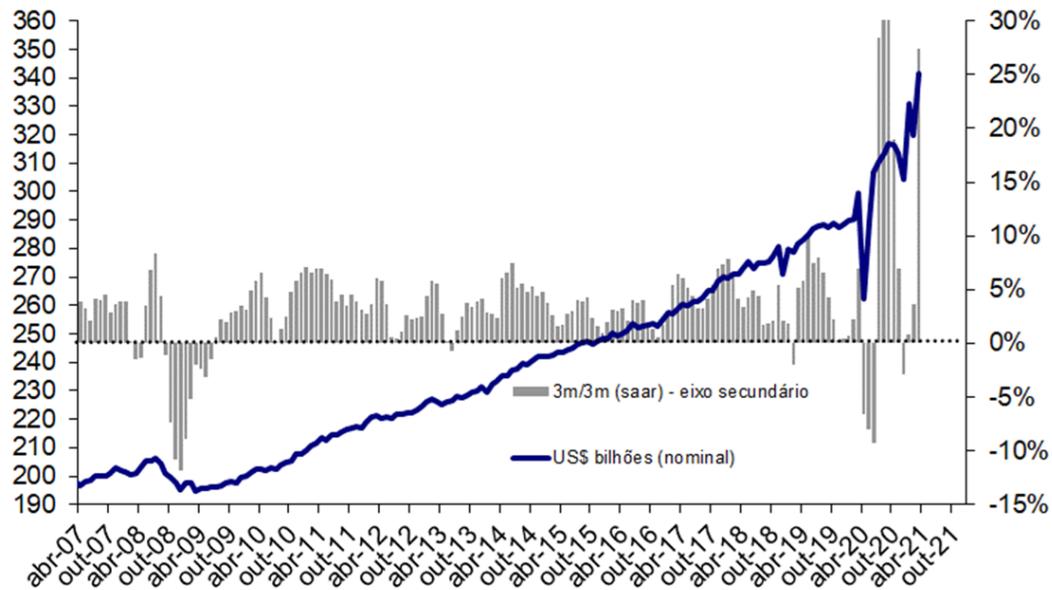


US: Vaccination + Fiscal = Boom in Sales

Global Economy

US: Retail Sales

ex-autos, ex-oil, ex-building materials

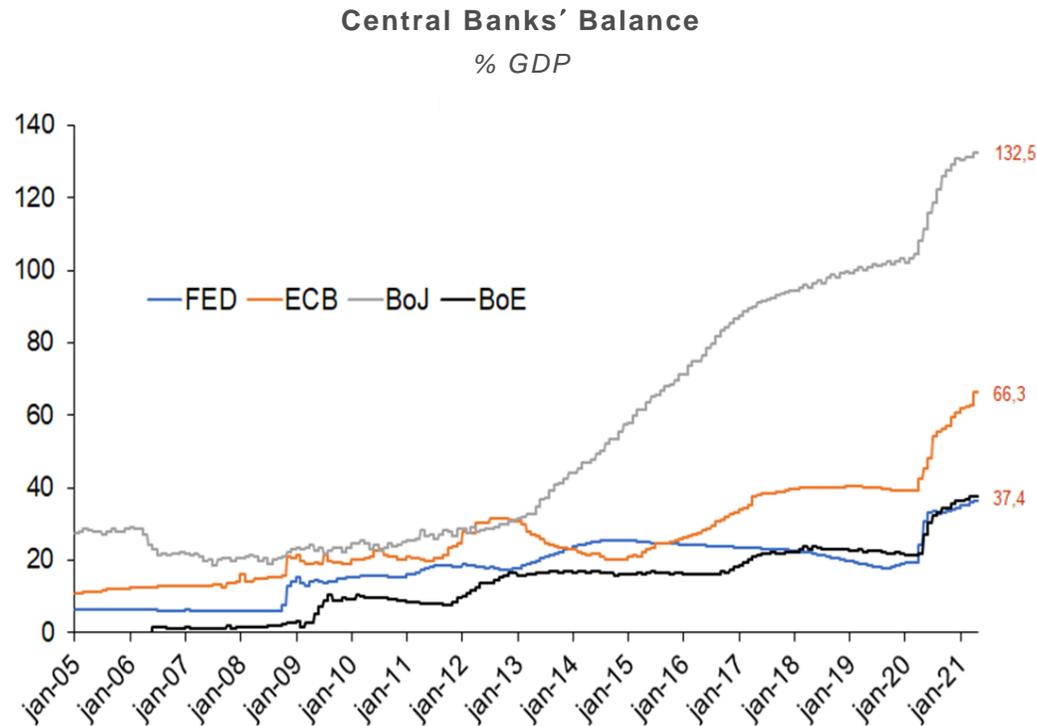


The success of the vaccination program and the strong fiscal boost of 2021 (particularly the direct transfer of resources to the population) has resulted in a rapid process of reopening of the economy and subsequent stepping up in sales. The retail sales figures for March confirm this (blue line in the accompanying graph). As the savings rate of American families is still very high, this process should extend for a few more months.



FED: Tapering still not on the agenda

Global Economy



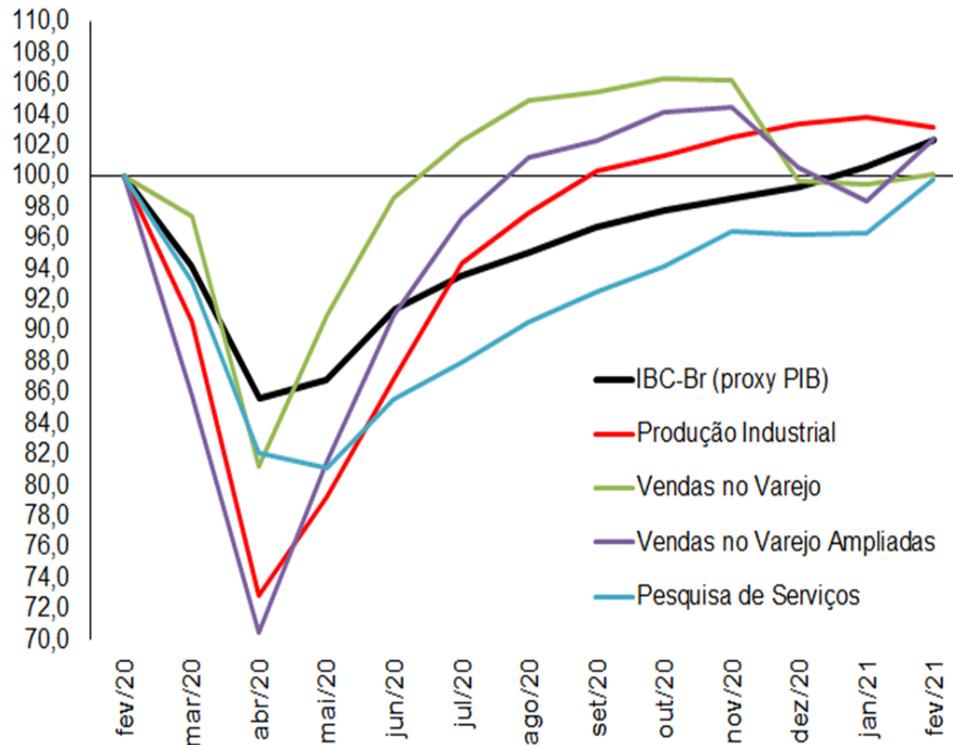
Even with strong activity figures, the American central bank, the FED, has remained firm in its stance. At the press conference after the last Federal Open Market Committee (FOMC) meeting, its president, Jerome Powell, stressed that the time had not yet come to start discussing tapering, the process of reducing the rate of quantitative easing, i.e. buying assets. As a result, monetary support should continue at a high level.



Activity: Positive surprises up until the third wave got underway

Brazilian Economy

Brazil: Sector Indicators
Base 100 = February 2020

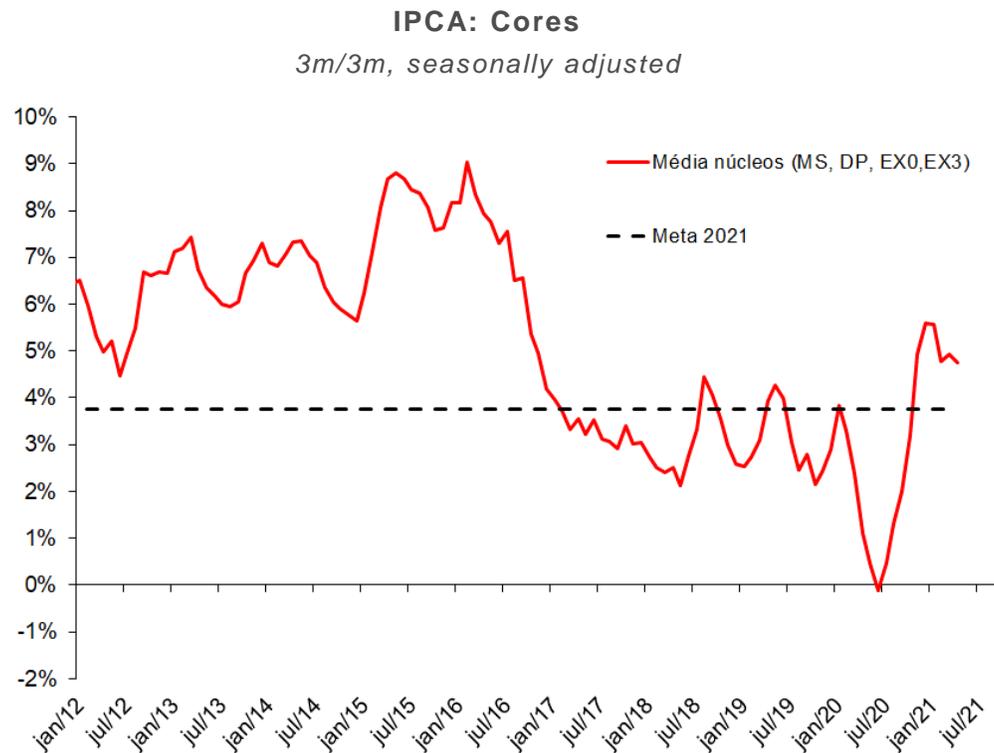


Economic activity in Brazil had been showing better-than-expected results before the announcement of new lockdown measures. The highlight was the rise in the IBC-Br index (the monthly proxy for GDP calculated by the Brazilian Central Bank - black line in the accompanying graph) in February, taking the indicator to 2.3% above the level seen in the pre-pandemic period. One specific point worth highlighting in February is the recovery in the services sector, represented by the blue line in the accompanying graph (although the segment related to services provided to households - which includes restaurants, for example - is still well below the pre-covid level).



Inflation: Despite easing, pressure remains in the short term

Brazilian Economy



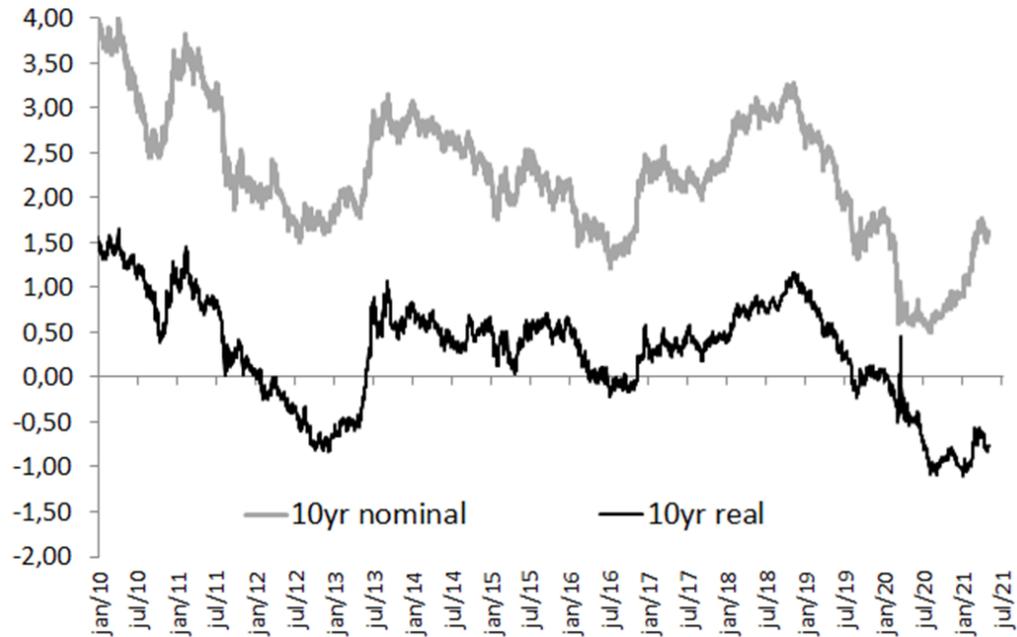
Despite some downward surprises in the latest readings, inflation remains under pressure. The average of the core inflation rates tracked by the Central Bank (red line in the accompanying graph) is above this year's target (black dotted line), in seasonally-adjusted and annualized terms. The strong movement of commodities seen in recent weeks means this pressure should continue in the short term, as indicated by the movement of the general price indices (local acronym IGP). Nevertheless, the large amount of spare capacity still present in the labor market, combined with the reduction in fiscal and monetary stimulus measures this year should offset a more consistent acceleration in prices.



Interest rates: Long-term rate slips despite very strong figures

Markets

US: 10-year interest rate



Even with the strong activity figures released in recent weeks, the move towards higher interest rates on long-term US government bonds has slipped back. This has boosted growth stocks (high-growth companies, including the tech sector) which had been hit by the upward movement earlier in 2021 .



US Dollar: Stability in 10-year rate makes dollar falter

Markets



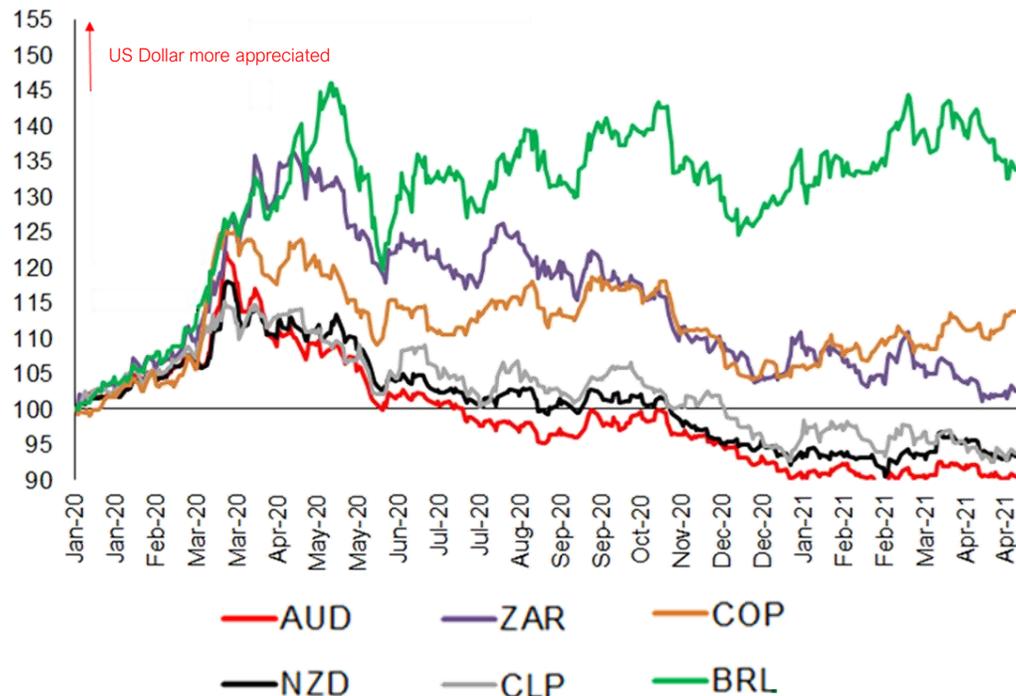
This stabilization of interest rates on long-term US bonds helped to reverse much of the dollar's appreciation, particularly against the currencies of developed countries (DXY index – accompanying graph).



Exchange Rates: Brazilian Real slightly outperforms

Markets

BRL vs. Peers
Base 100 = January 2020

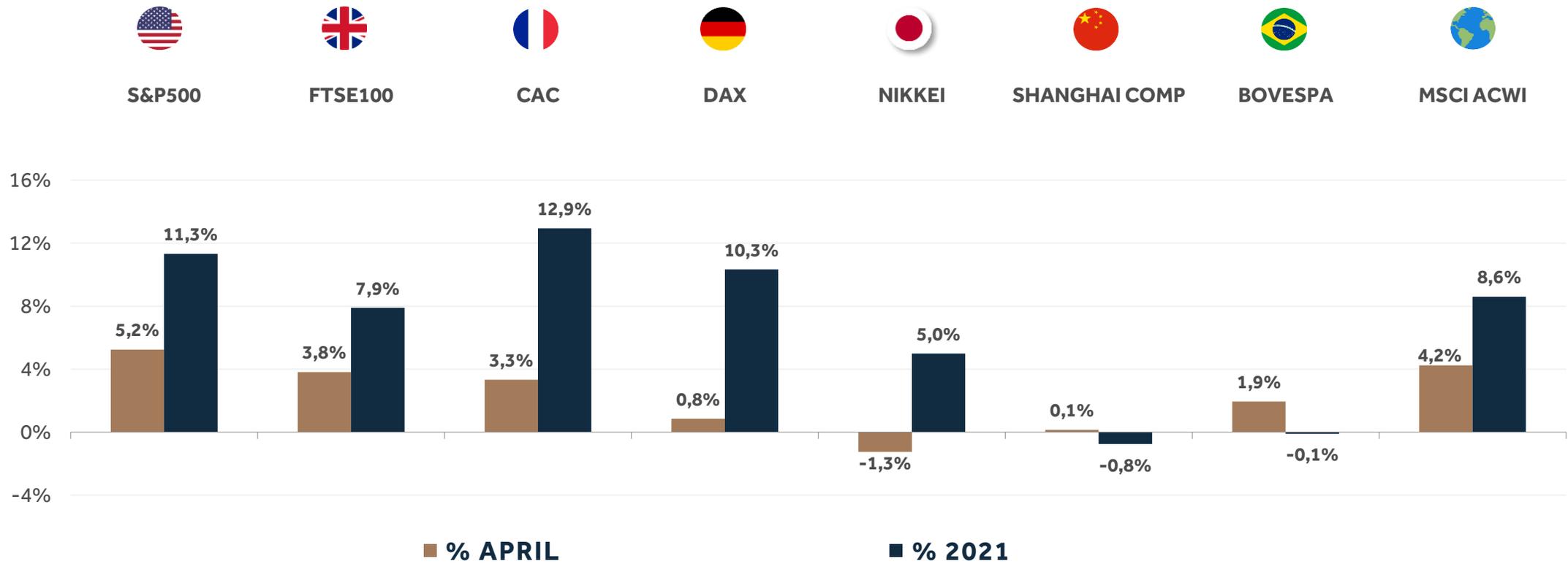


The global accommodation of the dollar in April, combined with the ongoing process of interest rate hikes by the Brazilian Central Bank, the rise in commodity prices and some easing in the fiscal risk after a solution was reached for the 2021 budget, helped the Real to slightly appreciate, outperforming its peers. Nevertheless, the outlook for the Real's performance is still a lot gloomier on the broader front, as we can see in the green line of the accompanying graph.



Stock Markets

Markets





Indexes

Values and Results presented in the local currency

	% APRIL	VALUE ON 30.04.2021	% 2021	% 12 MONTHS
COMMODITIES				
OIL WTI	7,5%	63,58	31,0%	237,5%
GOLD	3,6%	1.769,13	-6,8%	4,9%
CURRENCIES (IN RELATION TO THE US\$)				
EURO	2,5%	1,202	-1,6%	9,7%
GBP	0,3%	1,3822	1,1%	9,8%
YEN	1,3%	109,31	-5,5%	-1,9%
REAL	3,6%	5,4376	-4,4%	0,9%
INDEXES				
S&P500	5,2%	4.181,17	11,3%	43,6%
FTSE100	3,8%	6.969,81	7,9%	18,1%
CAC	3,3%	6.269,48	12,9%	37,1%
DAX	0,8%	15.135,91	10,3%	39,4%
NIKKEI	-1,3%	28.812,63	5,0%	42,7%
SHANGHAI COMP	0,1%	3.446,86	-0,8%	20,5%
BOVESPA	1,9%	118.893,80	-0,1%	47,7%
MSCI ACWI	4,2%	701,83	8,6%	43,5%



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