



Relatório Econômico

February 2025

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Global

03

Brazil

06

Markets

08

Indices

13

Activity:

Resilient data, maintaining the recovery seen at the end of last year

Global

Surprise Table – U.S. Activity Indicators

Comparison with Bloomberg median

Activity	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Retail Sales (MoM)	-0.6	-0.2	0.3	-0.4	-0.2	0.3	0.6	0.3	0.1	0.1	0.1	-0.2	
Retail Sales – Control Group (MoM)	-0.6	-0.4	0.7	-0.4	-0.1	0.7	0.2	0.0	0.4	-0.4	0.0	0.3	
PCE – Personal Income (MoM)	0.6	-0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	0.0	0.3	-0.1	0.0	
PCE – Personal Spending (MoM)	0.0	0.3	0.2	-0.2	0.0	-0.1	0.0	0.0	0.1	-0.1	0.0	0.1	
Industrial Production (MoM)	-0.3	0.1	0.0	0.1	0.6	0.3	-0.3	0.6	-0.1	0.1	-0.4	0.6	
Manufacturing Production (MoM)	-0.5	0.5	0.3	-0.4	0.6	0.3	0.0	0.7	-0.3	0.0	-0.3	0.4	
ISM Manufacturing	1.9	-1.7	2.0	0.8	-0.8	-0.6	-2.0	-0.3	-0.3	-1.1	0.9	1.1	0.9
ISM Services	1.4	-0.4	-1.4	-2.6	2.8	-3.9	0.4	0.1	3.2	2.2	-3.6	0.6	-1.2
GDP (QoQ, AR)			0.0			0.1			0.3			-0.3	
GDP – Personal Consumption (QoQ, AR)			-0.5			-0.1			0.1			1.0	

Key: downside / upside surprise

Economic activity data in the United States remains resilient, maintaining the recovery path observed in the fourth quarter of 2024. As illustrated in the table above, several indicators continue to outperform market expectations, reflecting an economy that is still robust, despite a restrictive monetary policy environment.

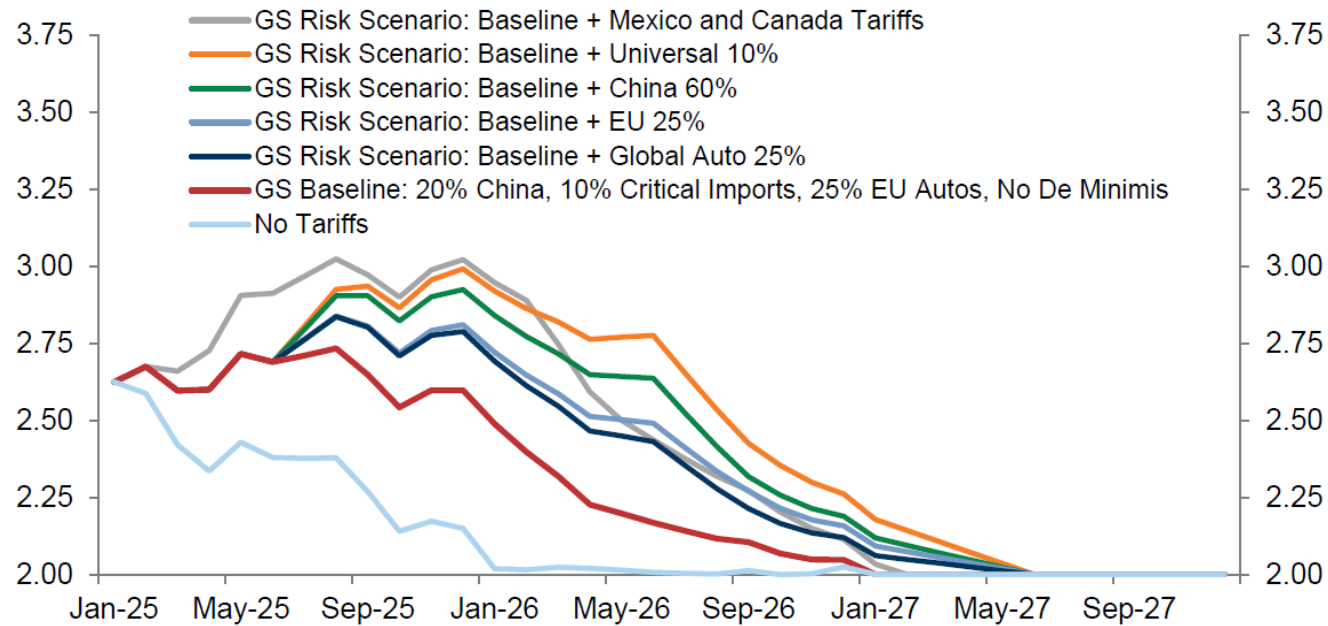
Foreign Trade:

Trade war may increase the challenges for monetary policy

Global

Projections for Core PCE under different tariff scenarios

Year-over-year change (%)



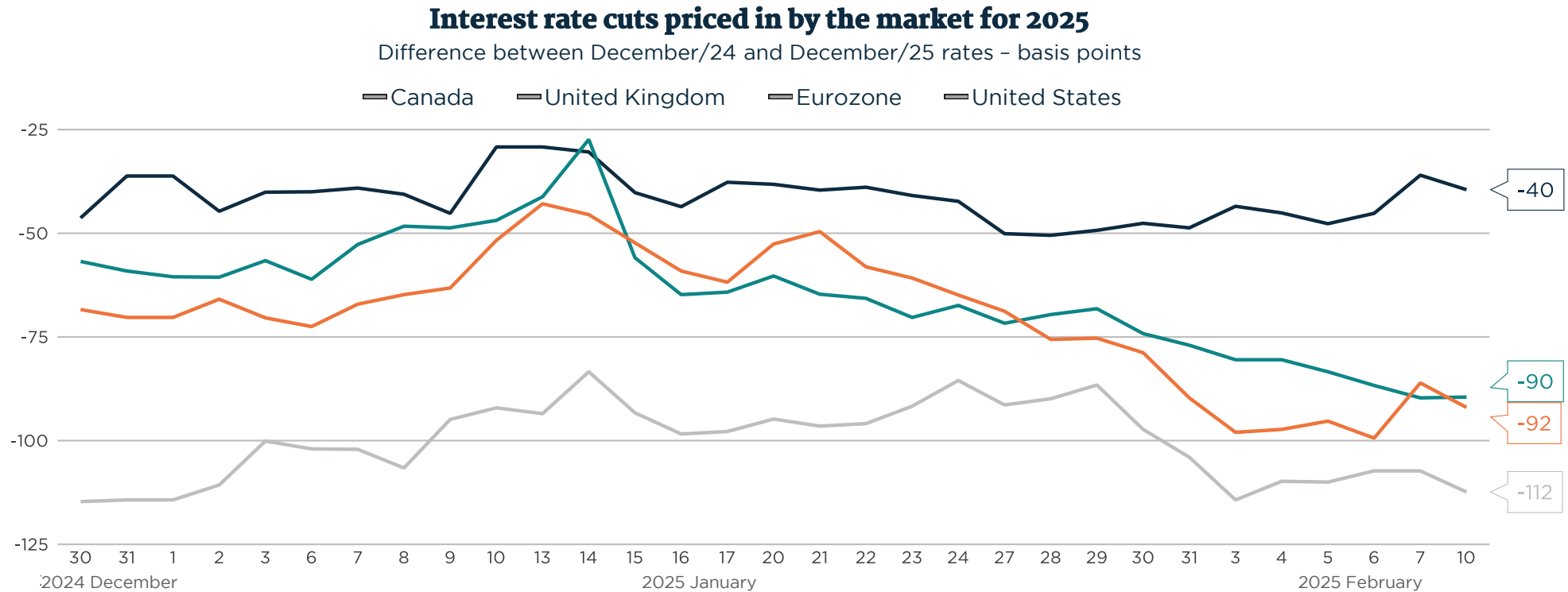
The chart illustrates the trajectory of the core PCE deflator, the main inflation metric monitored by the Federal Reserve (Fed), under different tariff policy scenarios. In the absence of new measures, expectations are that the Core PCE (Personal Consumption Expenditures Price Index) will converge toward the 2% target by year-end, as indicated by the study.

However, each additional tariff measure considered tends to extend the convergence horizon, following the estimate of a 10 basis point increase in Core PCE for each 1 percentage point increment in the effective multilateral tariff rate.

Monetary Policy:

U.S. monetary cycle diverging even further from other developed economies

Global

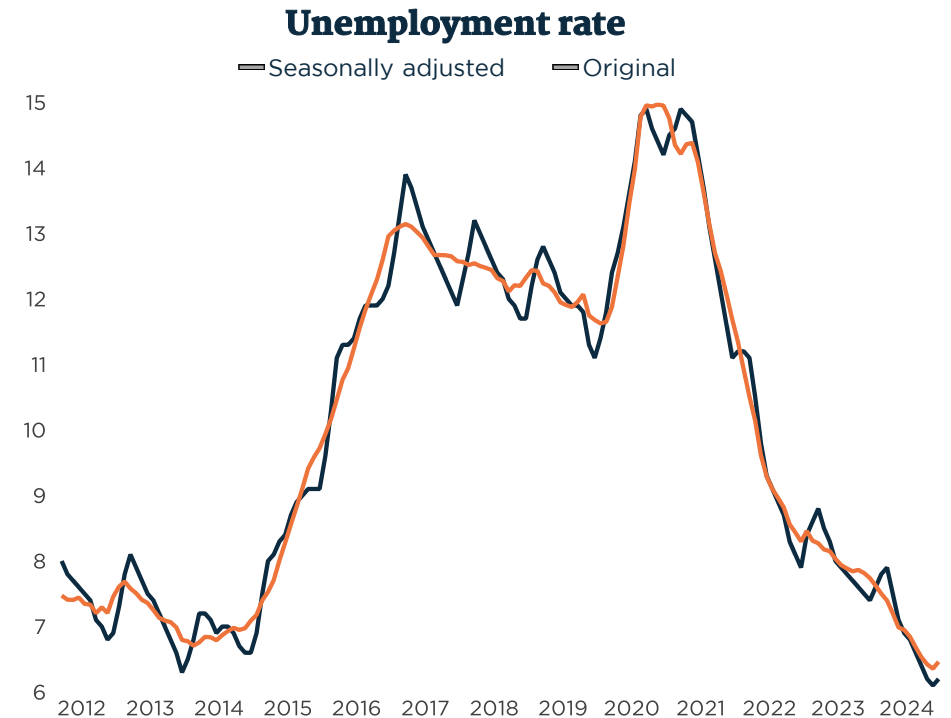
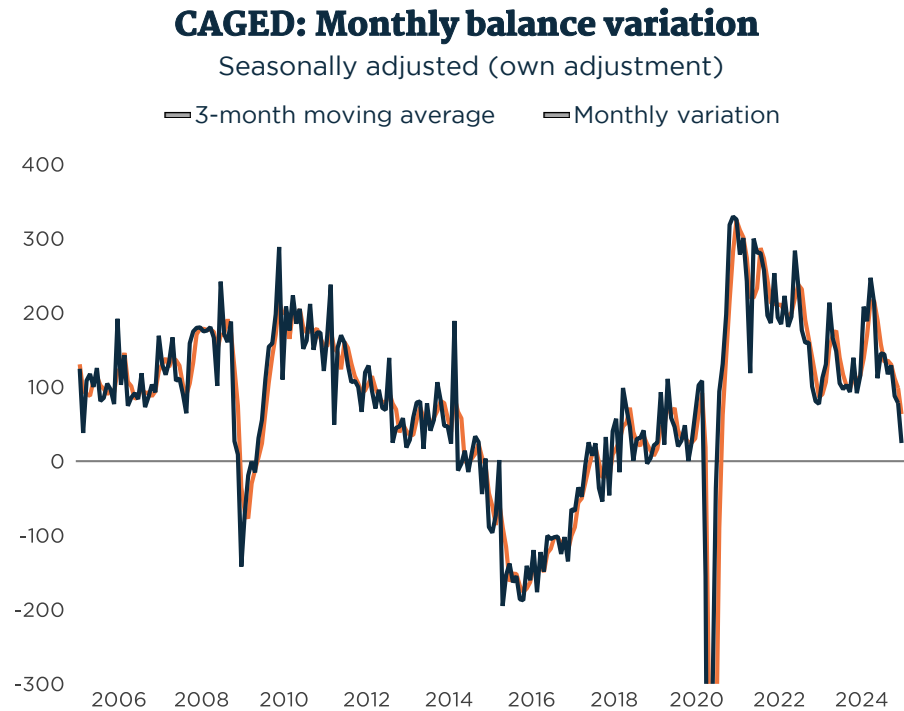


The prospect of maintaining interest rates in the U.S. for a longer period has widened the gap between the country's monetary cycle and that of other developed economies. The chart above illustrates the evolution of interest rate cut expectations for 2025, as priced in by the futures market. It is noteworthy that regions such as the Eurozone, the United Kingdom, and Canada are heading toward more intense cuts in the coming months, while the U.S. remains close to stability, with projections of fewer than two 25-basis-point cuts by year-end.

Activity:

First weaker numbers in the labor market

Brazil



After a long period of strong performance in the labor market, December data showed initial signs of a possible slowdown. The increase in the unemployment rate in December was particularly symbolic, marking the first rise since October 2023 (according to our seasonal adjustment) and the first upside surprise since January 2023. As a result, the rate reached 6.2% – still at a high level, but signaling a possible turning point, as illustrated in the chart on the right. At the same time, net formal job creation has also followed a decelerating trend, as shown in the chart on the left.

Monetary Policy:

Central Bank maintains forward guidance in its first 2025 meeting

Brazil

Effective and projected Selic



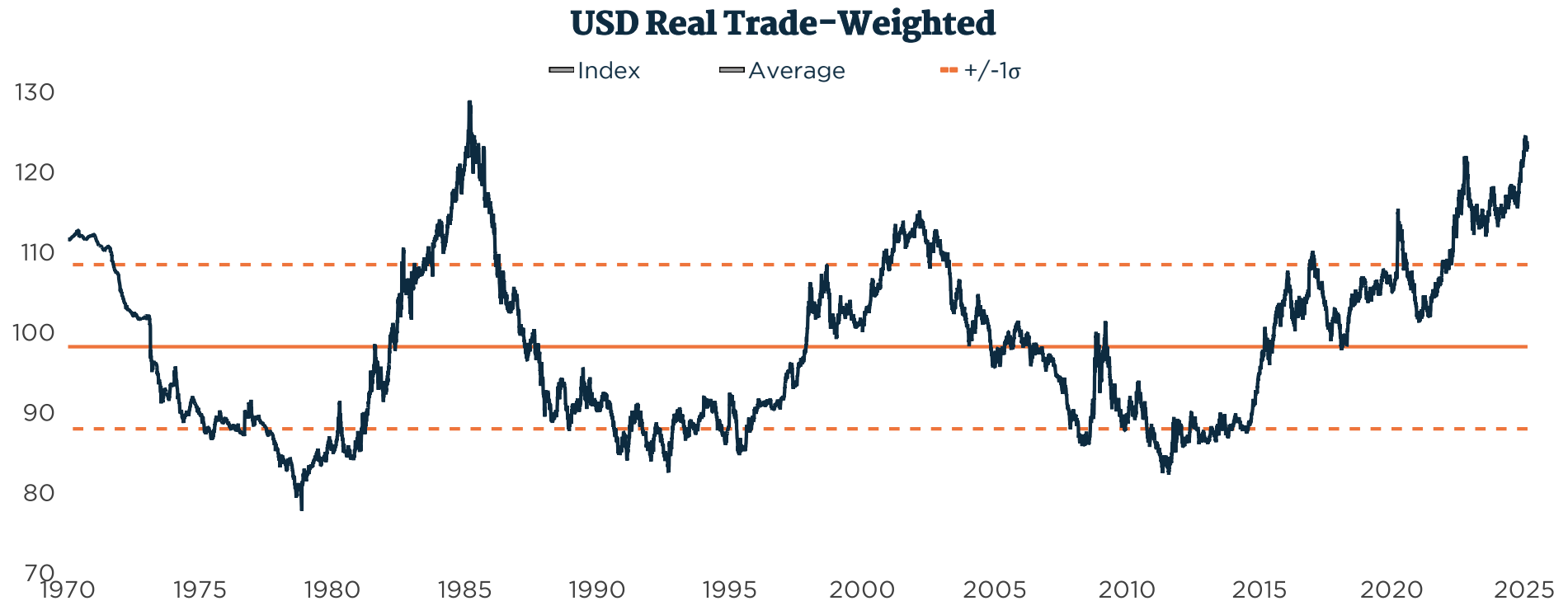
At the first meeting under the presidency of Gabriel Galípolo, the Copom decided to raise the Selic rate by 100 basis points, to 13.25% per year, in line with the guidance from the December statement. The committee also maintained the indication of a further hike of the same magnitude at the next meeting but avoided committing to the path of subsequent decisions.

The minutes emphasized that the most recent economic activity data came in below expectations, suggesting a possible cooling of growth momentum. However, the committee noted that, in previous occasions, similar signs did not result in an actual economic deceleration and that, so far, there is no concrete evidence of a more abrupt adjustment. In this context, the market continues to price in a terminal rate between 15% and 16% by the end of 2025.

Exchange Rate:

Tariff expectations and strong economy keep the Dollar at high levels

Markets



The real multilateral trade-weighted dollar remains at historically high levels, driven by expectations of new trade tariffs and the resilience of the U.S. economy. The chart shows the index well above the historical average, clearly surpassing one standard deviation above this reference. This suggests that, despite the market consensus around a "strong dollar" scenario, the currency is already appreciated relative to historical standards.

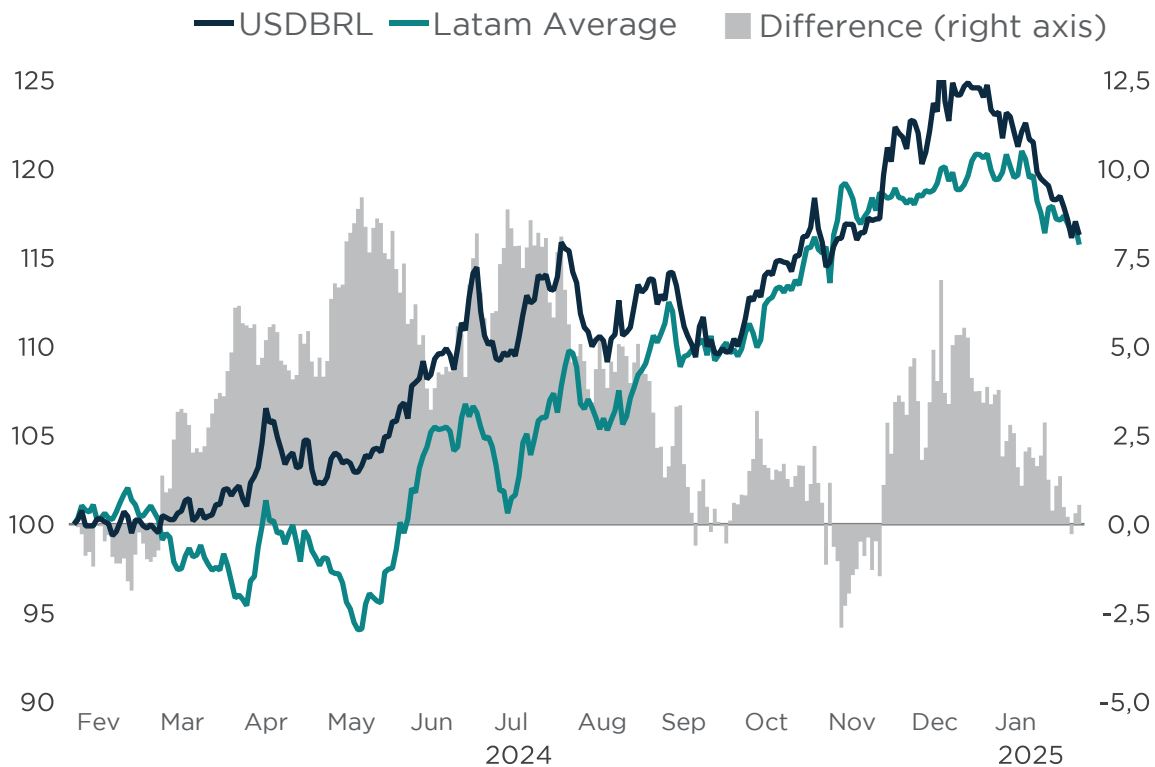
Exchange Rate:

Real appreciates supported by peer currencies and improved risk perception

Markets

Performance of the Real and similar currencies

Base 100 = 12 months ago



*Latam Average: COP, CLP, PEN, UYU

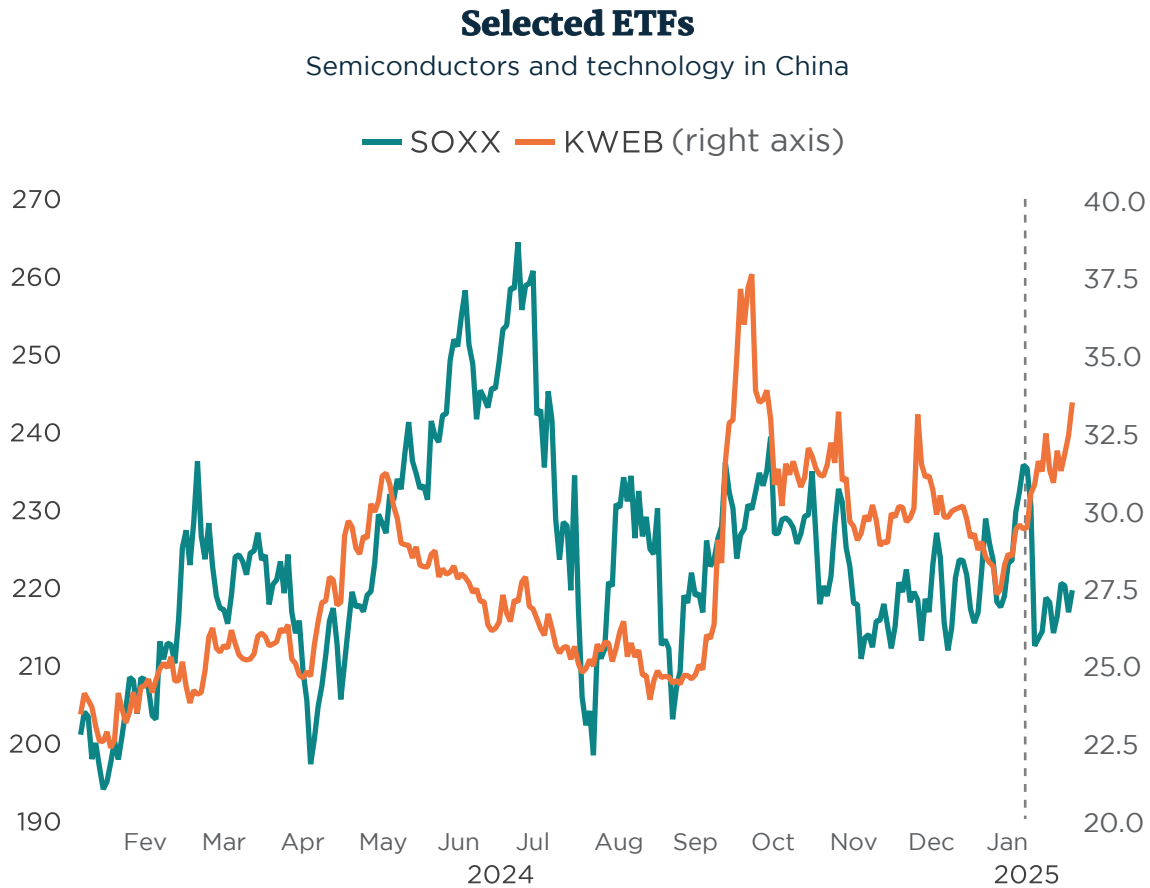
After three consecutive months of depreciation, January marked a strong appreciation of the real, which clearly outperformed the - generally positive - performance of other emerging market currencies. The movement occurred despite the announcements of import tariffs in the United States, as illustrated in the chart on the left, which compares the performance of the real with a basket of similar currencies.

This appreciation occurred alongside the compression of risk premiums in other domestic assets, suggesting an improvement in country risk perception since the turn of the year.

Equities:

New DeepSeek model raises questions in the technology sector

Markets



Large companies in the technology sector, especially chips and semiconductors (represented by the SOXX ETF in the chart on the left), recorded a sharp drop at the end of January, in response to the announcement of the DeepSeek-R1 model – an open-source and free artificial intelligence system, with performance comparable to market leaders and significantly lower production costs.

On the other hand, Chinese technology companies (represented by the KWEB ETF) saw their performance boosted by the announcement, suggesting that U.S. leadership in the AI race may be less dominant than previously assumed.

Equities:

Local stock market delivered strong results in January

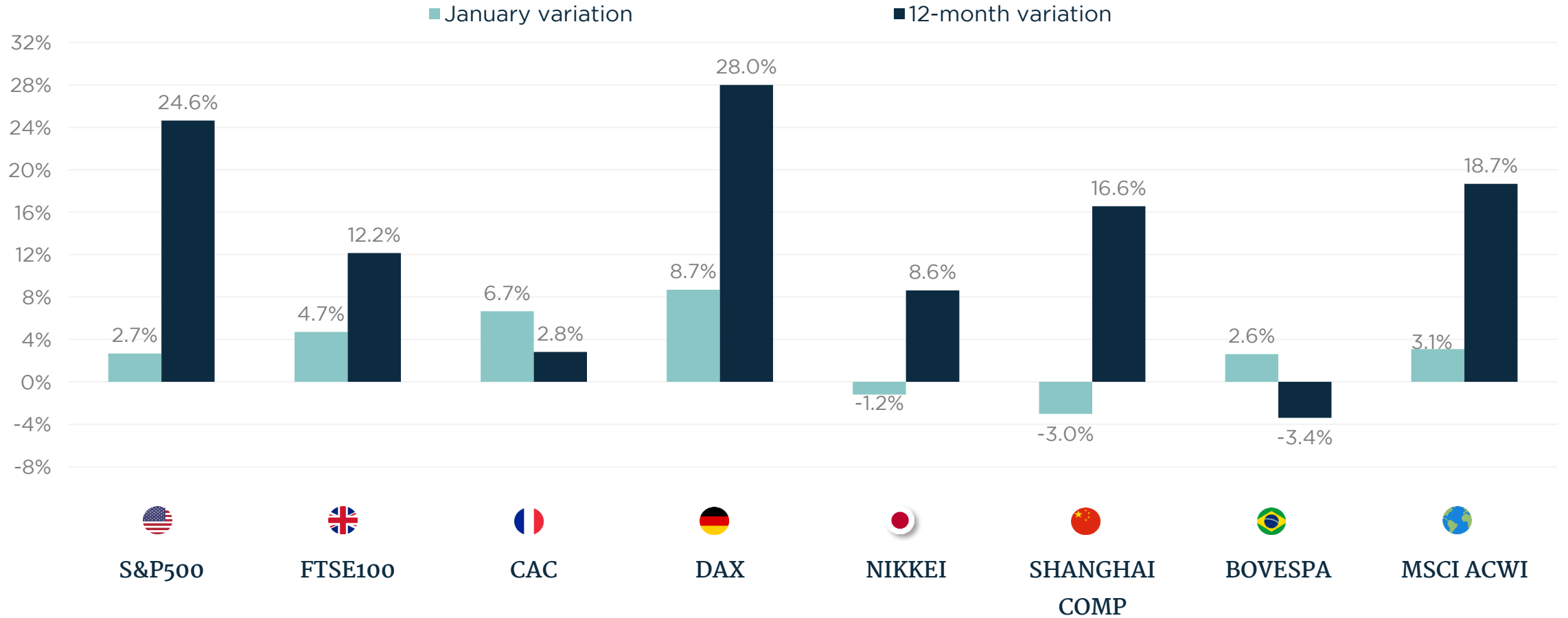
Markets



The local stock market performed positively in January, with the Ibovespa posting a 4.9% increase, reversing a large portion of the losses accumulated in December. This movement largely reflects an improvement in country risk perception, following a period of elevated stress at the end of the year – a trend also observed in the exchange rate and the interest rate futures market.

Equities

Markets



Indices

	January variation	Value in 01/31/2025	2025 variation	12-month variation
COMMODITIES				
OIL WTI	1.1%	72.53	1.1%	-4.4%
GOLD	5.1%	2,759.36	5.1%	35.3%
CURRENCIES (RELATIVE TO USD)				
EURO	0.6%	1.04	0.6%	-3.7%
POUND	-0.5%	1.25	-0.5%	-1.9%
YEN	1.3%	155.22	1.3%	-5.3%
REAL	5.3%	5.87	5.3%	-15.5%
INDICES				
S&P500	2.7%	6,039.31	2.7%	24.6%
FTSE100	4.7%	8,557.81	4.7%	12.2%
CAC	6.7%	7,872.48	6.7%	2.8%
DAX	8.7%	21,637.53	8.7%	28.0%
NIKKEI	-1.2%	39,414.78	-1.2%	8.6%
SHANGHAI COMP	-3.0%	3,250.60	-3.0%	16.6%
BOVESPA	2.6%	123,432.12	2.6%	-3.4%
MSCI ACWI	3.1%	867.30	3.1%	18.7%

*Values and results presented in local currency

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