



Economic Report

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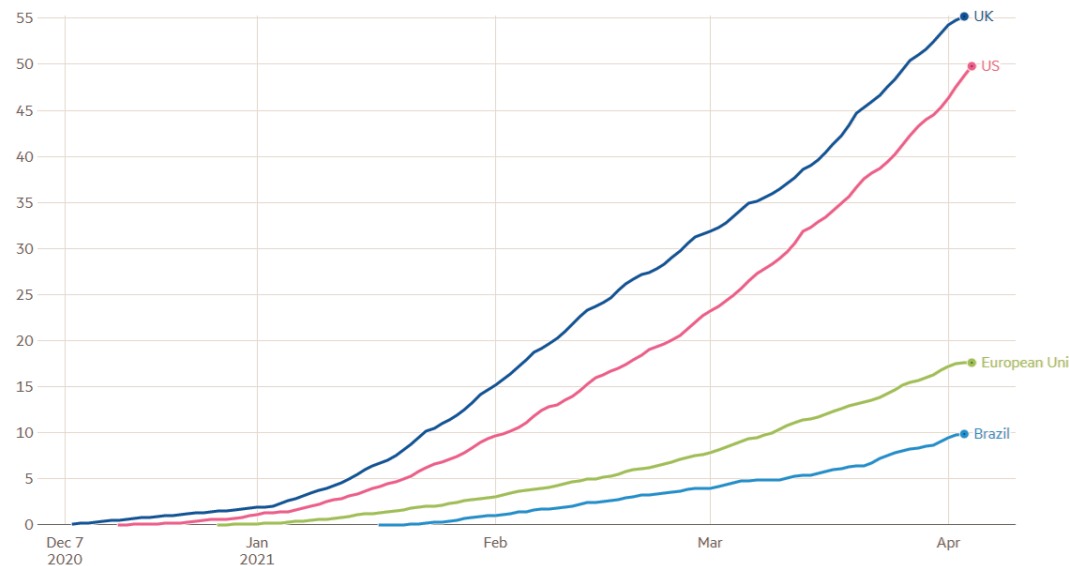


Covid-19: US continues to power ahead with vaccinations, European Union lags

Global Economy

Vaccination

Cumulative doses administered per 100 habitantes



Among the economically heavyweight countries, the US (pink line in the accompanying graph) and the UK (dark blue line) continued to stand out positively with their rate of vaccination. On the other hand, the European Union (green line) continues to lag well behind although with some sequential improvement. This divergence should impact in their reopening speed and therefore in economic performance in the upcoming months.

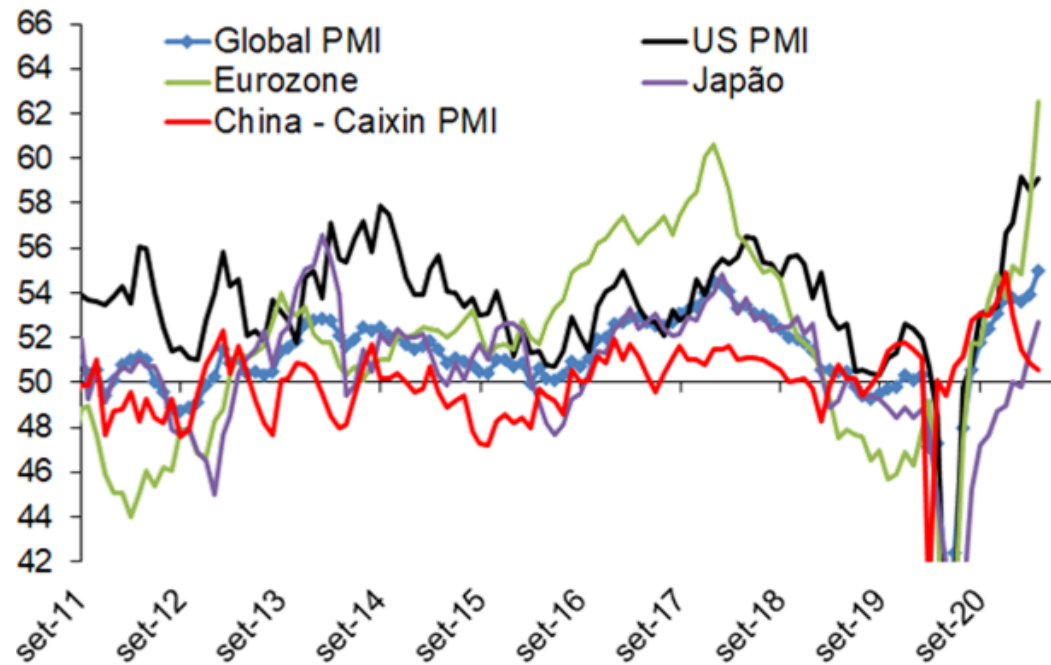


Global: Economic activity remains strong

Global Economy

Global Manufacturing PMI

Purchasing Managers' Index in the manufacturing sector



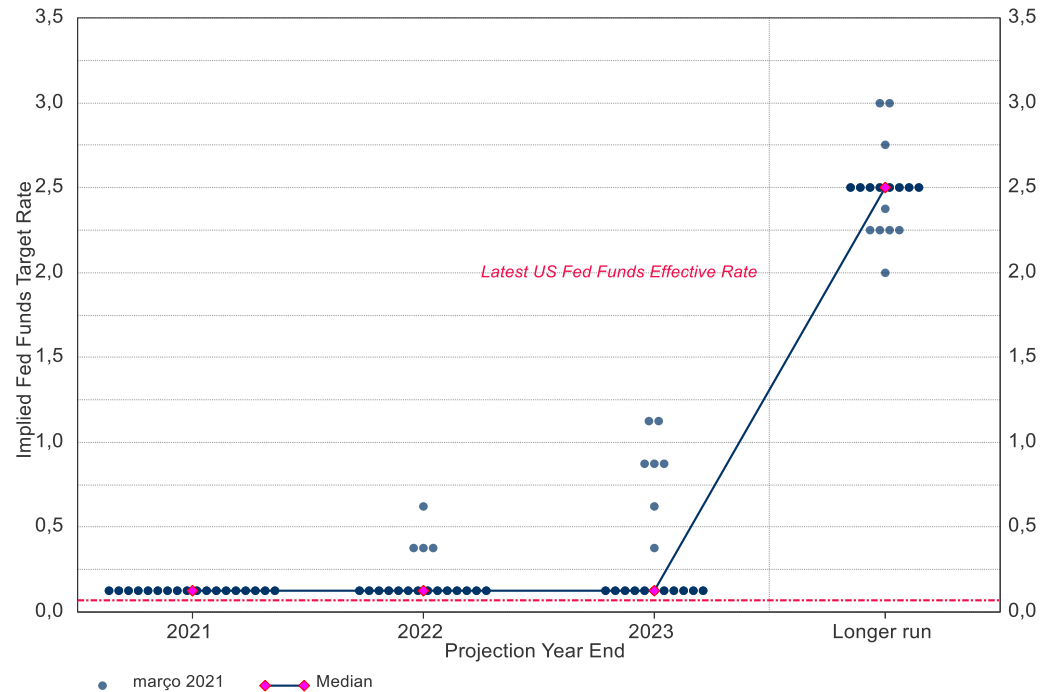
The global manufacturing numbers remained strong in March as shown in data from the Global Manufacturing PMI index which measures the pace of activity in the manufacturing industry (chart opposite). A combination of strong demand for goods (change in consumption caused by the pandemic, with fewer services and more goods being purchased) and a rush to rebuild inventories has boosted this expansion..



FED: Indications remain consistent with new outlook

Global Economy

Projections Fed Fund Rate
Federal Open Market Committee (FOMC)



The U.S. monetary policy committee kept interest rates stable at 0% at its latest meeting and continued to indicate this would be the case until the end of 2023. This was based on a change of outlook announced last year when the Fed pledged to pursue a moderately higher inflation rate than the 2% target in periods of economic expansion in order to offset the lower results seen during recessions, thereby increasing the employment level. Even with strong economic results, the message continues to be one of strong monetary stimulus.

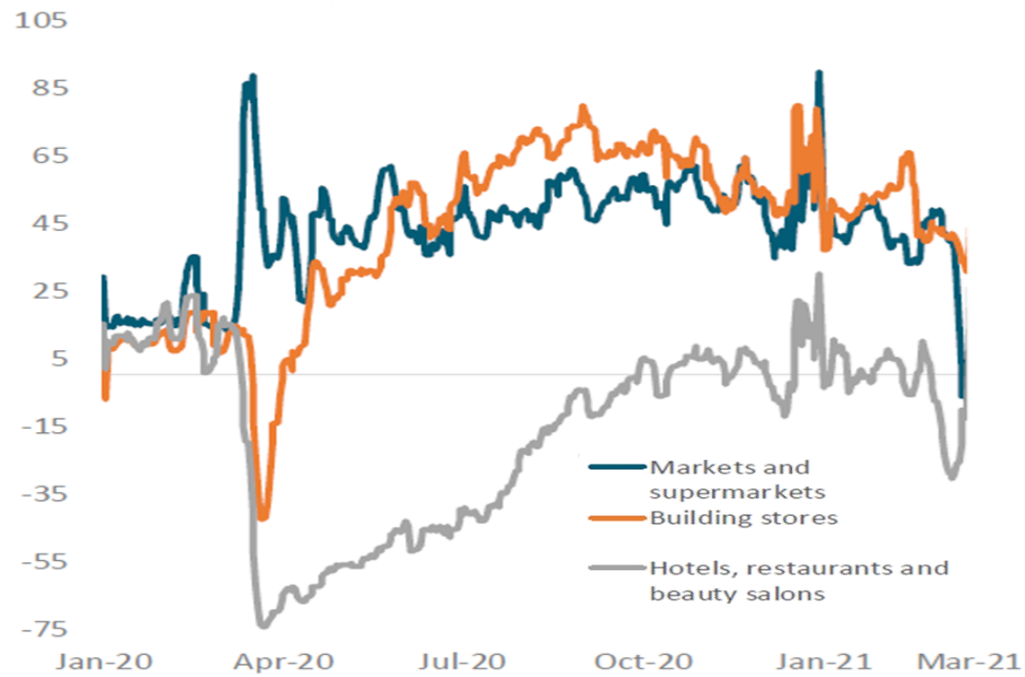


Activity: Impact of the pandemic's new wave

Brazilian Economy

Debit Card Sales

Selected sectors, nominal values, mm7d, %YoY

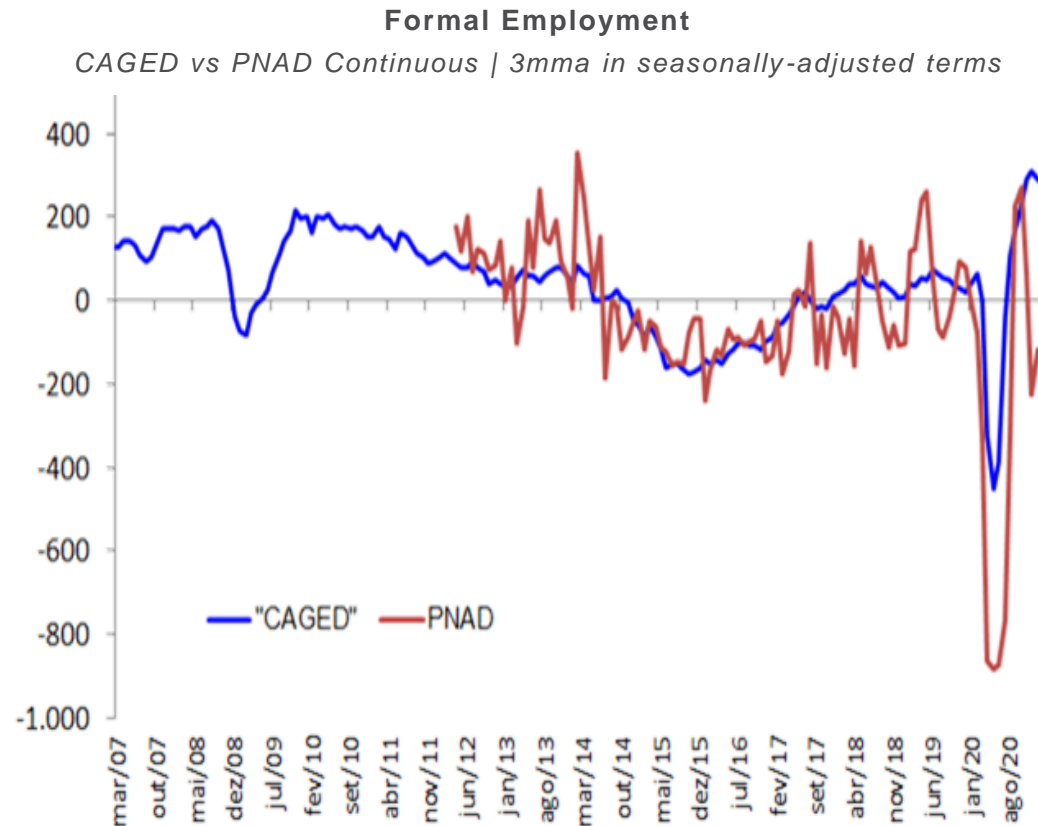


The restrictions announced in response to the sharp rise in Covid-19-related deaths have already appeared in the high-frequency economic data (chart opposite), a move that had already been anticipated by sector confidence indicators. The second quarter should get off to a challenging start in terms of economic activity as the signs in April are still causing concern and restrictive measures are being extended in several states.



Labor Market: Which is the right sign?

Brazilian Economy



The signs from the formal labor market in Brazil have been confusing. While the official employment survey (local acronym CAGED) shows strong results in the creation of formally-registered jobs, with around 686,000 posts registered since the beginning of the pandemic, the continuous national household sample (PNAD), released by the IBGE statistics office, shows a much worse scenario. The dichotomy in the latest data is more important than the difference in the variation of the stock of jobs. It is one of the most crucial questions in terms of projections for economic recovery in Brazil. There is still no clear answer and the evidence is inconclusive.



Interest rates: Market already pricing in hikes by the FED in 2023

Markets

US: Interest Rates

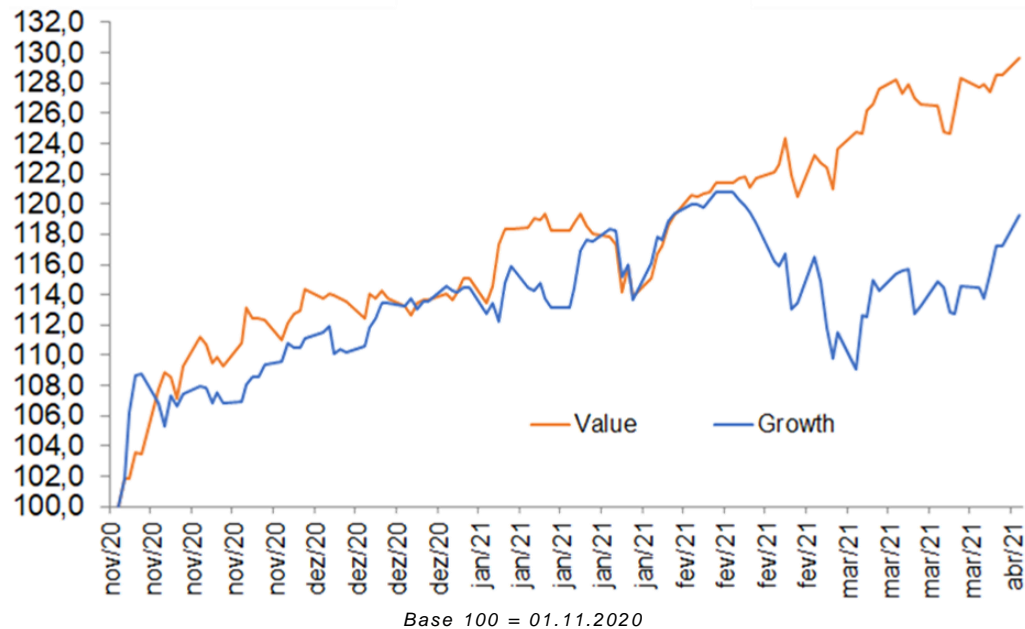


Despite the message confirmed at the last meeting of the Federal Open Market Committee (FOMC) that interest rates should remain stable until the end of 2023, according to the majority view of the members, the market continues to have doubts about this and prices about 3 hikes. The accompanying graph shows the rise in the 5-year interest rates, as well as the 5-year rates in 5 years, which are currently around 2.5%, the level the FED regards as the equilibrium rate.



Equity: Growth stocks recovers from the drawdown while Value stocks holds firm *Markets*

Russell 1000: Value vs Growth

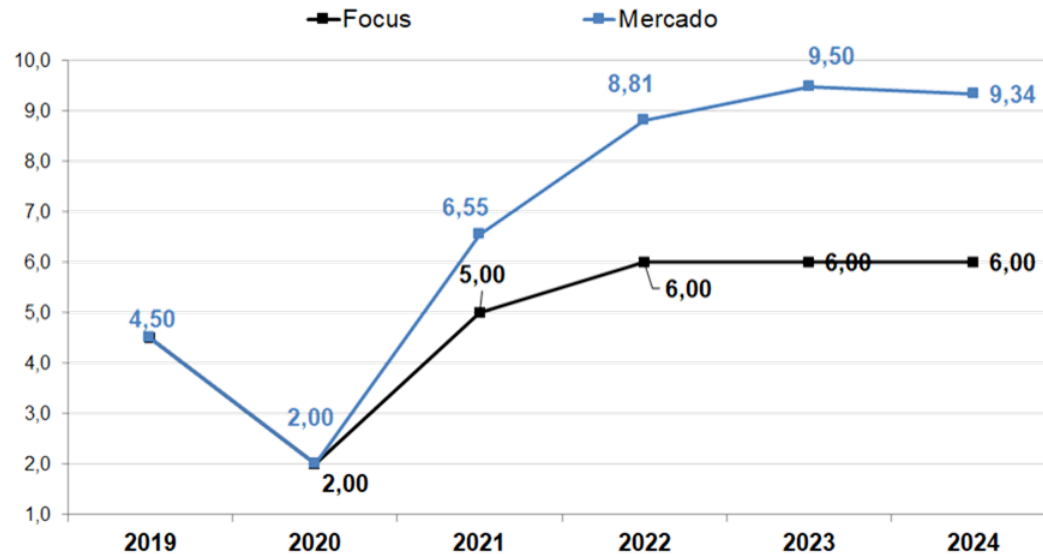




Brazil: Interest rate curve continues to factor in the fiscal risk

Markets

Selic Rate: Market vs Focus Survey
End of year

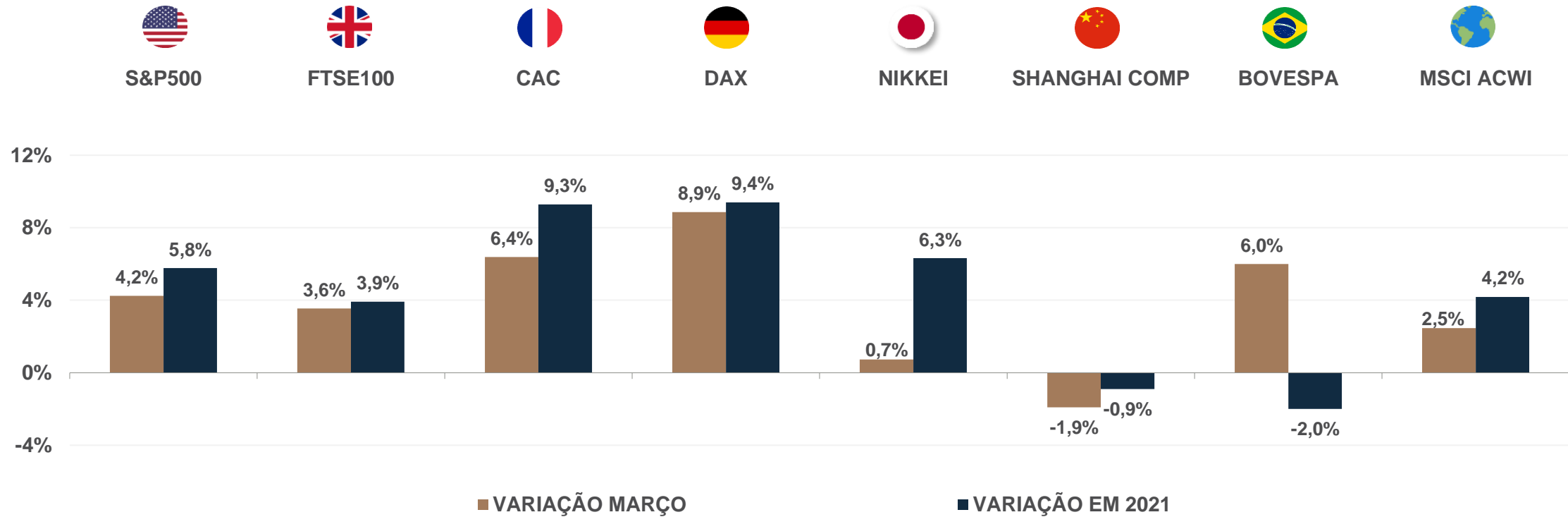


The political fallout from Brazil's fiscal trajectory intensified recently with the impasse over the 2021 budget - approved by Congress with mandatory spending grossly underestimated - has been reflected in the risk premiums factored into the yield curve. While the Central Bank insists on a partial normalization of interest rates which recent signs point to the Selic rate (Brazil's basic interest rate) at around 4.5%, the pricing in the yield curve is for a rate of 6.5% at the end of the year, with an ongoing rise up to nearly 10.0% in the coming years.



Stock Markets

Markets





Indexes

Values and Results presented in the local currency

	% MARCH	VALUE ON 31.03.2021	% 2021	% 12 MONTHS
COMMODITIES				
OIL WTI	-3,8%	59,16	21,9%	188,9%
GOLD	-1,5%	1.707,71	-10,0%	8,3%
CURRENCIES (IN RELATION TO US\$)				
EURO	-2,9%	1,173	-4,0%	6,3%
GBP	-1,1%	1,3783	0,8%	11,0%
YEN	-3,7%	110,72	-6,7%	-2,9%
REAL	-0,5%	5,6337	-7,7%	-7,6%
INDEXES				
S&P500	4,2%	3.972,89	5,8%	53,7%
FTSE100	3,6%	6.713,63	3,9%	18,4%
CAC	6,4%	6.067,23	9,3%	38,0%
DAX	8,9%	15.008,34	9,4%	51,1%
NIKKEI	0,7%	29.178,80	6,3%	54,2%
SHANGHAI COMP	-1,9%	3.441,91	-0,9%	25,1%
BOVESPA	6,0%	116.633,70	-2,0%	59,7%
MSCI ACWI	2,5%	673,29	4,2%	52,2%



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