



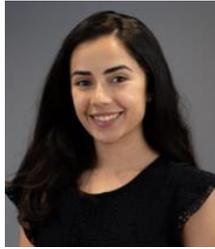
# XP Analysis: Retail Sales (Nov)

*January, 15th 2020*





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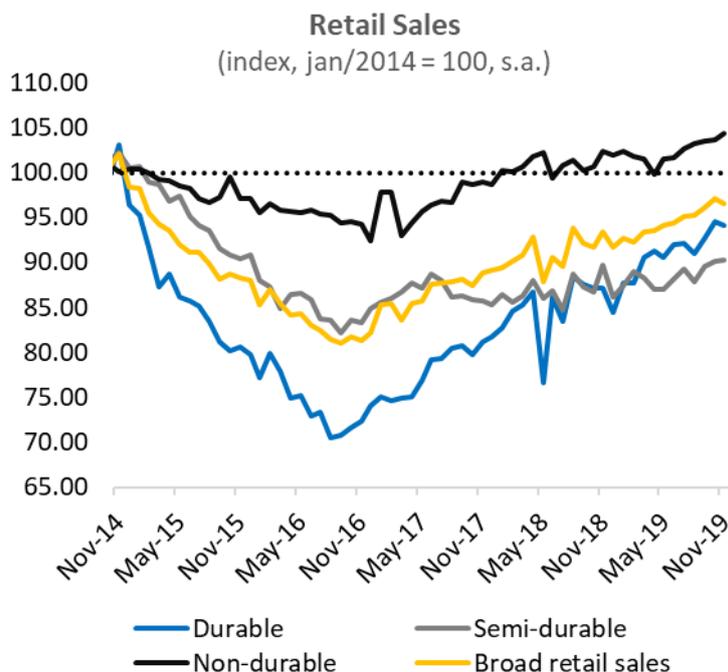
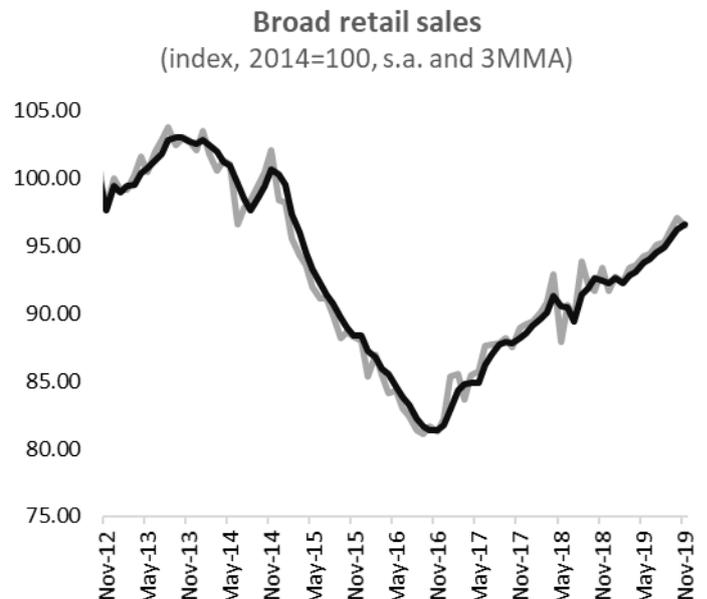
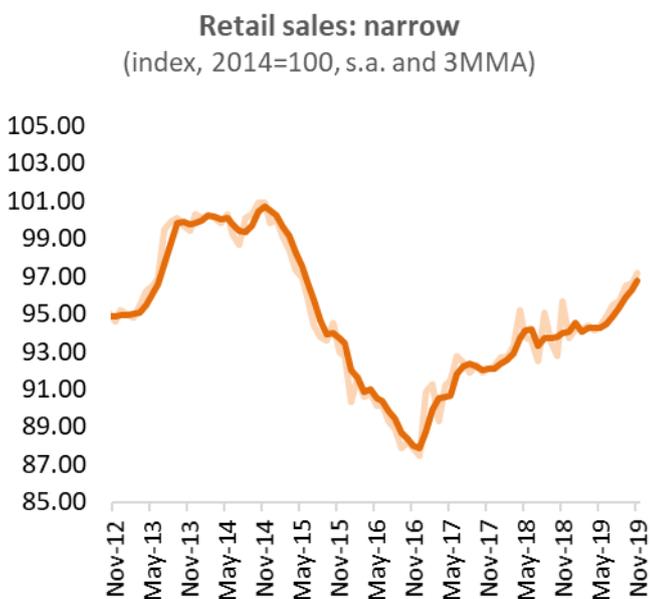
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- *The retail sales index fell 0.6% m/m and increased by 3.8% y/y in November, way below our expectations (+0.9 % m/m and + 6.2% y/y) and the market expectation collected by Bloomberg (+ 0.5% m/m and + 5.3% y/y).*
- *In general, the breakdown of the data is less worrisome than the headline, but we understand that this is a considerable frustration regarding the pace of the economic activity recovery in 4Q19.*
- *Today's poor performance considerably increases the odds of a 0.25% interest rate cut in February. If the November IBC-Br (to be released tomorrow) confirms the negative print, we believe that the discussion on Selic below 4.25% will gain momentum.*

Find below some of the **main highlights** (charts and table are in the next page):

1. *The **main negative contribution** to the headline was **vehicles** (-1.0% m/m), which represents about 24.2% of the headline index.*
2. *Fuel, clothing and stationery categories (which together account for 15.2% of the survey) also performed poorly in the month.*
3. ***On the positive side**, furniture and appliances, pharmaceuticals, office equipment and supplies, building materials and other personal items (about 30.1% of the retail sector) performed well in the month and prevented the headline from falling further in November.*
4. ***All in all, the survey breakdown is less worrisome than the headline, but we understand that this is a great frustration of expectation** regarding the pace of the economic recovery in the 4Q19, specially because the economy is under a sizeable effect of monetary stimulus and the FGTS withdrawal policy.*
5. *In our view, the retail sales negative performance along with the weaker performance of the industrial and service **sectors reinforce the scenario of a additional 0.25% cut in the Selic rate in February**. If the November IBC-Br (to be released tomorrow) surprises on the downside, we believe that the discussion on Selic rate below 4.25% will gain momentum.*

	YoY	MoM	12M	Ytd
Fuels and lubricants	0.8	-0.3	0.7	0.8
Supermarkets, Prod. Food, Beverage & Smoking	2.3	0.0	0.8	0.7
Fabrics, Clothing and Footwear	1.5	-0.2	0.0	0.2
Furniture and Appliances	4.9	0.5	1.1	1.9
Pharmaceutical Articles	9.5	4.1	6.8	6.8
Books, newspapers, magazines and stationery	-14.6	-4.7	-23.2	-23.0
Office Equipment & Supplies	7.9	2.8	0.3	0.7
Other personal and household articles	1.5	1.0	4.8	5.1
Vehicles, Motorcycles, Parts and Parts	6.6	-1.0	9.9	10.1
Construction material	4.4	0.1	3.8	4.2
<b>Broad Retail Sales</b>	<b>3.8</b>	<b>-0.5</b>	<b>3.6</b>	<b>3.8</b>



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