

Brazil Flash

Retail sales grow 0.6%/m/m in September and reduce the chances of a GDP drop in Q3

Retail sales expanded 0.6%/m/m in September, recovering from a 0.4%/m/m decline in August. Taking into account this information, we expect Q3 GDP to grow around 0.2%/q/q. Although a GDP drop should not be ruled out, September's retail sale data make it less likely.

- **Retail sales growth was broadly in line with expectations**

The growth of retail sales in September (0.6%/m/m) was broadly in line with markets expectations (0.4%/m/m). Retail sales' three-month average is now at 0.5%/m/m, around the same level observed in the first half of the year. In yearly terms, retail sales growth weakened from 6.3%/y/y in August to 5.3%/y/y in September. All in all, retail sales figures support the view that Q3 GDP will not be in negative territory. We continue expecting some moderation in the months ahead.

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