

# BBVA Research Flash

## Brazil

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Economic Analysis

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## Brazil: retail sales came up strong in July, but we expect economic activity to moderate in Q3

Retail sales grew 1.4%*m/m* in July, the strongest pace in the year. In spite of this figure we expect activity to gradually continue moderating in the third quarter

- Retail sales expanded 1.4%*m/m* in July, more than markets expected (consensus: 1.0%*m/m*) and significantly more than the average expansion observed in Q2 (0.33%*m/m*).
- In yearly terms, retail sales grew 7.1%*y/y* in July -same pace as in June - especially supported by the sectors furniture and household appliances (21.4%*y/y*), office, computer and communication material and equipment (15.9%*y/y*), and pharmaceutical, medical and orthopaedic articles, toiletries and cosmetics (10.3%*y/y*).
- The retail sales expansion at the beginning of Q3 reinforces the evidence that domestic demand remains very robust in Brazil. Nonetheless, we expect activity to continue slowing down this quarter. More precisely, we expect Q3 GDP growth to be around 0.7%*q/q* in comparison to 1.2%*q/q* and 0.8%*q/q* in Q1 and Q2 respectively.

For more on Brazil, click [here](#)

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