

Trade tensions continue to dominate the global market and in Brazil the highlight was the PLDO

Highlights

In a week devoid of indicators in Brazil, the highlight was the presentation of next year's PLDO, which did not change the fiscal target but presents overestimated revenues.

The 2026 Budget Guidelines Bill (PLDO), presented this week by the government, kept the fiscal targets established in the new framework unchanged, forecasting primary surpluses from 2026 onwards. The text also projects a minimum wage of R\$1,630.00 and real GDP growth of 2.5%, but predicts a significant drop in the wage bill – a factor that could limit the growth of revenue collection. To achieve the 2026 fiscal result, the government estimates the need to generate R\$118 billion in additional revenues, without increasing the tax burden, but with measures that have not yet been detailed. As of 2027, all court orders will once again fall within the limits of the framework, putting pressure on mandatory expenses by more than R\$60 billion and making clear the need for new reforms so that the fiscal rule remains viable after the elections. For now, our expectations for the fiscal sphere remain unchanged.

On the external front, Trump's tariff policy remained in focus. In addition, Powell's speech and the release of activity data in the US are also noteworthy.

At the end of last week, Donald Trump excluded cell phones, computers and other electronics from reciprocal tariffs, and therefore these products were also excluded from the high rates imposed on China – the main production hub for these products. However, on Sunday, US Secretary of Commerce Howard Lutnick stated that the exemption would be temporary. According to him, the products should be included in a new tariff regime related to semiconductors within a month. On the one hand, this movement contributed to some reduction in risk premiums, on the other hand, the market's cautious stance remains, especially after Jerome Powell's speech, in which he reinforced the possibility that inflation resulting from the government's trade policy will be long-lasting. The Fed chairman also indicated that the institution's priority will be to contain prices, maintaining a tougher stance. Finally, on the American economic agenda, retail grew 1.4% m/m in March, in line with expectations, bringing an outlook for improvement in trade compared to previous months. Many sectors showed recovery on the margin, especially vehicles and auto parts (5.3% m/m). Industrial production fell 0.3% m/m last month, slightly below consensus (-0.2%), influenced by the sharp drop in utilities and the slowdown in mining growth. This decline reflects the dissipation of the effect of the advance in production in previous months, in order to anticipate the announcement of import tariffs.

In China, economic activity surprised estimates positively, but the outlook for the year remains compromised by trade tensions.

GDP grew 5.4% y/y in the first quarter of this year, exceeding expectations (5.2%). This increase was influenced by the strong performance in March, when industrial production increased 7.7% y/y (vs. est. 5.9%) and retail sales, 5.9% y/y (vs. est. 4.3%). The anticipation of Trump's reciprocal tariffs led to an increase in exports, mainly of capital and durable goods. Retail sales were boosted by the Trade In Program – benefiting the categories of home appliances, smartphones and similar products. In the real estate sector, home sales continue to fall, while investments remain contained to avoid an increase in supply, as there is a slight deflation in the prices of new homes. In any case, even with the more favorable result in the first quarter, the uncertainty caused by the trade war should contribute to a weaker GDP in 2025 – unless substantial stimulus is announced to strengthen domestic demand.

Economic Calendar

On the domestic front, the agenda will be empty again, but the IPCA-15 result for April will be released. On Monday, the market will be closed due to the Tiradentes holiday.

On the international scene, there is also a shortage of relevant economic indicators. The only highlights are the Flash PMIs from the US and the Eurozone. In any case, the news should continue to move assets.

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
04/21/25 Monday						
11:00 AM	USA	Leading Index (MoM)	Mar	-0.4%	-	-0.3%
9:30 AM	USA	A. Goolsbee' Speech (Fed Chicago)	-	-	-	-
-	Brazil	National Holiday - Closed Market	-	-	-	-
04/22/25 Tuesday						
8:25 AM	Brazil	Central Bank Weekly Economist Survey (Focus)	-	-	-	-
9:30 AM	USA	Philadelphia Fed Non-Manufacturing Activity	Apr	-	-	-32.5
10:00 AM	USA	P. Jefferson' Speech (Fed Council)	-	-	-	-
10:30 AM	USA	P. Harker' Speech (Philadelphia)	-	-	-	-
11:00 AM	USA	Richmond Fed Manufacturing Index	Apr	-	-	-4
11:00 AM	USA	Richmond Fed Business Conditions	Apr	-	-	-14
11:00 AM	Eurozone	Consumer Confidence	Apr (P)	-15.1	-	-14.5
3:00 PM	USA	N. Kashkari' Speech (Fed Minneapolis)	-	-	-	-
3:00 PM	Brazil	Weekly Trade Balance	-	-	-	-
04/23/25 Wednesday						
5:00 AM	Eurozone	PMI	Apr (P)			
		Manufacturing		47.5	-	48.6
		Services		50.5	-	51.0
		Composite		50.3	-	50.9
6:00 AM	Eurozone	Trade Balance (\$A)	Feb	\$15.0b	-	\$14.0b
10:00 AM	USA	A. Goolsbee' Speech (Fed Chicago)	-	-	-	-
10:30 AM	USA	A. Musalem' Speech (Fed St Louis)	-	-	-	-
10:45 AM	USA	PMI	Apr (P)			
		Manufacturing		-	-	50.2
		Services		-	-	54.4
		Composite		-	-	53.5
11:00 AM	USA	New Home Sales	Mar	683k	-	676k
2:30 PM	Brazil	Foreign Exchange Transactions	-	-	-	-
3:00 PM	USA	Beige Book	-	-	-	-
7:30 PM	USA	B. Hammack' Speech (Cleveland)	-	-	-	-
04/24/25 Thursday						
5:00 AM	Germany	Ifo Business Climate	Apr	85.2	-	86.7
8:00 AM	Brazil	Consumer Confidence	Apr	-	-	84.3
9:30 AM	USA	Chicago Fed National Activity Index	Mar	-	-	0.18
9:30 AM	USA	Durable Good Orders (MoM)	Mar (P)	1.5%	-	1.0%
9:30 AM	USA	Initial Jobless Claims	-	-	-	215k
11:00 AM	USA	Used Home Sales	Mar	4.13m	-	4.26m
12:00 PM	USA	Kansas City Fed Manufacturing Activity	Apr	-	-	-2
6:00 PM	USA	N. Kashkari' Speech (Fed Minneapolis)	-	-	-	-
-	Brazil	National Monetary Council Meeting	-	-	-	-
04/25/25 Friday						
5:00 AM	Brazil	IPC-Fipe (MoM)	Apr (3P)	-	-	0.25%
8:00 AM	Brazil	Construction Survey	Apr	-	-	95.0
9:00 AM	Brazil	IPCA-15 (MoM)	Apr	-	0.49%	0.64%
11:00 AM	USA	U. of Michigan Sentiment	Apr (F)	-	-	50.8
		Inflation Expectation (1Y)		-	-	6.7%
		Inflation Expectation (5-10Y)		-	-	4.4%
12:00 PM	USA	Kansas City Fed Services Activity	Apr	-	-	0
-	Brazil	Definition of the Electricity Tariff Flag	May	-	Yellow	Green

Macroeconomic projections

	2019	2020	2021	2022	2023	2024	2025	2026
GDP (%)	1,2	-3,3	4,8	3,0	2,9	3,4	1,9	1,6
Unemployment Rate (average, %)	12,0	13,8	13,2	9,3	8,0	6,6	7,1	7,5
IPCA (Consumer Price Index) (%)	4,3	4,5	10,1	5,8	4,6	4,8	5,4	4,6
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	12,25	15,00	13,00
Exchange Rate (end of period, R\$/US\$)	4,03	5,20	5,58	5,22	4,84	6,19	5,85	5,95
Current Account Transactions (US\$ billion)	-68,0	-28,2	-46,4	-53,6	-28,6	-56,0	-65,1	-69,4
Current Account Transactions (% of GDP)	-3,6	-1,7	-2,9	-2,8	-1,4	-2,6	-2,9	-3,0
Trade Balance - BCB (US\$ billion)	26,5	32,4	36,4	44,2	80,5	66,2	60,2	57,9
Foreign Direct Investment (US\$ billion)	69,2	37,8	46,4	87,2	62,0	71,1	72,0	75,0
Foreign Direct Investment (% of GDP)	3,7	2,6	2,8	4,5	2,8	3,2	3,2	3,2
Primary Result of the Central Government (R\$ billion)	-95,1	-743,3	-35,1	54,1	-249,1	-43,0	-61,0	-51,0
Primary Result of the Central Government (% of GDP)	-1,3	-9,8	-0,4	0,5	-2,3	-0,4	-0,5	-0,4
Primary Result of the Public Sector (R\$ billion)	-61,9	-703,0	64,7	126,0	-249,1	-47,6	-52,3	-50,0
Primary Result of the Public Sector (% of GDP)	-0,8	-9,2	0,7	1,3	-2,3	-0,4	-0,4	-0,4
Gross Public Debt (% of GDP)	74,4	86,9	77,3	71,7	74,3	76,1	80,0	84,4

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