

## US shutdown halts data releases, while labor market and fiscal matters lead the domestic agenda

### Highlights

#### **US shutdown halts official data releases, while private ADP figures highlight continued labor market slowdown.**

The United States government entered a shutdown following a budget deadlock between President Donald Trump and the Democrats. The opposition insisted on including health provisions in the funding package, in a move that marks a reversal from recent history, with Republicans supporting a clean extension while Democrats pressed for conditions. The dispute comes at a politically delicate moment, ahead of the midterm elections, and raises perceptions of instability in Washington, with risks of political costs for both parties and potential economic and popularity impacts for the president. The shutdown has disrupted the functioning of several federal agencies and prevented the release of key economic indicators. Among the most relevant, the September Payroll and the weekly jobless claims were not published, leaving market participants without official references on labor market performance. In this context, private data gained greater importance. The September ADP report reinforced signs of labor market weakening, pointing to a net job loss of 32k, downward revisions to August, and broad-based deceleration across both goods-producing and service sectors. The data reinforce the view of a labor market losing momentum and increase expectations that the Federal Reserve will proceed with additional rate cuts by the end of the year.

#### **In Brazil, the latest indicators confirm that the labor market remains tight but is moving into a moderation phase.**

CAGED data showed a net creation of 147.4k formal jobs in August, below market expectations and signaling a slowdown in seasonally adjusted terms, after upward revisions to July. The positive balance was concentrated in services, commerce, industry, and construction, while agriculture recorded a slight decline consistent with seasonal patterns. The PNAD Contínua indicated that the unemployment rate stood at 5.6 percent in the quarter ending in August, the lowest since 2012, with stability also in the seasonally adjusted series. Employment rose, supported by formal hiring, although informality increased again at the margin. Real wages remained broadly stable in the quarter but advanced 3.3 percent year-over-year, while the wage bill rose 5.4 percent from the previous year. This set of factors suggests that the labor market continues to provide important support to household income and consumption, but with signs that the pace of formal job creation is likely to lose momentum in the coming months.

**Finally, the Lower House approved the proposal to expand the income tax exemption, while the debate over free public transportation has begun to raise market concerns.**

This week, the fiscal agenda came into focus with the unanimous approval in the Chamber of Deputies of the proposal to raise the exemption threshold for income tax to R\$5,000, accompanied by a progressive levy of up to 10 percent on annual earnings above R\$600,000. The design aimed to preserve neutrality, with projected revenue gains of R\$12.7 billion by 2027, although skepticism remains regarding the credibility of these estimates and the effectiveness of the compensation in the medium term. At the same time, negotiations around Provisional Measure 1303 progressed, with the risk of defeat if the proposed taxation of LCI and LCA is maintained, leading the government to signal adjustments to reduce resistance in Congress. Meanwhile, markets reacted negatively to new headlines about the potential implementation of a federal zero-fare program for public transportation, which could generate fiscal costs exceeding R\$60 billion and affect consumer price dynamics. The issue triggered a repricing of assets, underscoring investor sensitivity to measures that increase fiscal pressures and reigniting concerns about the sustainability of the fiscal framework.

## Economic Calendar

In **Brazil**, the lighter agenda will be highlighted by the release of the September headline IPCA, for which we project a 0.53 percent MoM increase. In addition, the IGP-DI and the consolidated September trade balance will also be published.

On **the international front**, the focus will be on the release of the FOMC Minutes in the United States. It is worth noting that the shutdown could once again affect the release of certain indicators, such as jobless claims. In China, the highlight will be the credit data.

| Date                      | Country  | Event  | Period   | Survey   | Buysidebrazil | Prior       |
|---------------------------|----------|--|----------|----------|---------------|-------------|
| <b>10/06/25 Monday</b>    |          |  |          |          |               |             |
| 6:00                      | Eurozone | Retail Sales (MoM)                           | Ago      | 0,1%     |               | -0,5%       |
| 8:25                      | Brazil   | Central Bank Weekly Economist Survey (Focus) | -        | -        |               | 0,28%       |
| 15:00                     | Brazil   | <b>Monthly Trade Balance</b>                 | Set      | -        |               | US\$ 6,1 bi |
| <b>10/07/25 Tuesday</b>   |          |  |          |          |               |             |
| 8:00                      | Brazil   | <b>IGP-DI (MoM)</b>                          | Set      | 0,4%     |               | 0,2%        |
| 9:30                      | US       | Trade Balance                                | Ago      | -\$61.0b |               | -\$78.3b    |
| 11:00                     | US       | Speech by R. Bostic (Fed Atlanta)            | -        | -        |               | -           |
| 11:30                     | US       | Speech by S. Miran (Fed Board)               | -        | -        |               | -           |
| 16:00                     | US       | Consumer Credit                              | Ago      | \$15.0b  |               | \$16.010b   |
| <b>10/08/25 Wednesday</b> |          |  |          |          |               |             |
| 10:30                     | US       | Speech by S. Barr (Fed Board)                | -        | -        |               | -           |
| 14:00                     | US       | 10-Year Treasury Note Auction                | -        | -        |               | -           |
| 14:30                     | Brazil   | IC-Br (MoM)                                  | Set      | -        |               | -0,5%       |
| 14:30                     | Brazil   | Foreign Exchange Transactions                | -        | -        |               | -           |
| 15:00                     | US       | <b>FOMC Minutes</b>                          | Set      | -        |               | -           |
| <b>10/09/25 Thursday</b>  |          |  |          |          |               |             |
| 5:00                      | Brazil   | IPC -FIPE (MoM)                              | 1ª - Out | -        |               | 0,3%        |
| 8:00                      | Brazil   | IGP-M (1st Preview) (MoM)                    | Out      | -        |               | 0,32%       |
| 9:00                      | Brazil   | <b>IPCA (MoM)</b>                            | Set      | 0,54%    | 0,53%         | -0,11%      |
| 9:30                      | US       | Jobless Claims (mil)                         | -        | 233k     |               | -           |
| 14:00                     | US       | 30-Year Treasury Note Auction                | -        | -        |               | -           |
| <b>10/10/25 Friday</b>    |          |  |          |          |               |             |
| 10:45                     | US       | Speech by A. Goolsbee (Fed Chicago)          | -        | -        |               | -           |
| 11:00                     | US       | U. of Mich. Sentiment                        | Out      | 54.5     |               | 55,10       |
|                           |          | U. of Mich. 1yr inflation                    | Out      | -        |               | 4,7%        |
|                           |          | U. of Mich. 5-10yr inflation                 | Out      | -        |               | 3,7%        |
| 15:00                     | US       | Federal Budget Balance                       | Set      | -        |               | -\$344.8b   |
| -                         | Brazil   | General Government Finance Statistics        | -        | -        |               | -           |
| <b>In the week</b>        |          |  |          |          |               |             |
| -                         | China    | Nre Yuan Loans CNY (YTD)                     | Set      | 14934.6b |               | 13460.0b    |
| -                         |          | Aggregate Financing CNY (YTD)                | Set      | 29928.0b |               | 26560.0b    |

**Macroeconomic projections**

|  | 2019  | 2020   | 2021  | 2022  | 2023   | 2024  | 2025         | 2026         |
|--|-------|--------|-------|-------|--------|-------|--------------|--------------|
| Brazil GDP (%)   | 1,2   | -3,3   | 4,8   | 3,0   | 2,9    | 3,4   | <b>2,1</b>   | <b>1,8</b>   |
| Unemployment Rate (average, %)                         | 12,0  | 13,8   | 13,2  | 9,3   | 8,0    | 6,6   | <b>6,3</b>   | <b>6,7</b>   |
| IPCA (Consumer Price Index) (%)                        | 4,3   | 4,5    | 10,1  | 5,8   | 4,6    | 4,8   | <b>4,6</b>   | <b>4,1</b>   |
| Selic Rate (end of period, %)                          | 4,50  | 2,00   | 9,25  | 13,75 | 11,75  | 12,25 | <b>15,00</b> | <b>12,25</b> |
| Exchange Rate (end of period, R\$/US\$)                | 4,03  | 5,20   | 5,58  | 5,22  | 4,84   | 6,19  | <b>5,50</b>  | <b>5,50</b>  |
| Current Account Transactions (US\$ billion)            | -68,0 | -28,2  | -46,4 | -53,6 | -28,6  | -56,0 | <b>-76,3</b> | <b>-74,9</b> |
| Current Account Transactions (% of GDP)                | -3,6  | -1,7   | -2,9  | -2,8  | -1,4   | -2,6  | <b>-3,5</b>  | <b>-3,3</b>  |
| Trade Balance - BCB (US\$ billion)                     | 26,5  | 32,4   | 36,4  | 44,2  | 80,5   | 66,2  | <b>52,6</b>  | <b>53,6</b>  |
| Foreign Direct Investment (US\$ billion)               | 69,2  | 37,8   | 46,4  | 87,2  | 62,0   | 71,1  | <b>66,8</b>  | <b>75,0</b>  |
| Foreign Direct Investment (% of GDP)                   | 3,7   | 2,6    | 2,8   | 4,5   | 2,8    | 3,2   | <b>3,1</b>   | <b>3,3</b>   |
| Primary Result of the Central Government (R\$ billion) | -95,1 | -743,3 | -35,1 | 54,1  | -249,1 | -43,0 | <b>-73,9</b> | <b>-67,8</b> |
| Primary Result of the Central Government (% of GDP)    | -1,3  | -9,8   | -0,4  | 0,5   | -2,3   | -0,4  | <b>-0,6</b>  | <b>-0,5</b>  |
| Primary Result of the Public Sector (R\$ billion)      | -61,9 | -703,0 | 64,7  | 126,0 | -249,1 | -47,6 | <b>-42,5</b> | <b>-37,8</b> |
| Primary Result of the Public Sector (% of GDP)         | -0,8  | -9,2   | 0,7   | 1,3   | -2,3   | -0,4  | <b>-0,3</b>  | <b>-0,3</b>  |
| Gross Public Debt (% of GDP)                           | 74,4  | 86,9   | 77,3  | 71,7  | 74,3   | 76,1  | <b>79,4</b>  | <b>83,7</b>  |
| United States - GDP (%)                                | 2,5   | -2,2   | 6,1   | 2,5   | 2,9    | 2,8   | <b>1,7</b>   | <b>2,0</b>   |
| United States - PCE (%)                                | 1,4   | 1,1    | 4,1   | 6,6   | 3,8    | 2,5   | <b>3,5</b>   | <b>2,8</b>   |
| United States - Fed Funds Rate (end of period, %)      | 1,8   | 0,3    | 0,3   | 4,0   | 5,5    | 4,5   | <b>3,75</b>  | <b>3,00</b>  |

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