buysidebrazil

11/21/2025

We have revised our outlook and expect the Fed to keep interest rates unchanged in December due to elevated uncertainty

Highlights

We anticipate that the FOMC will leave rates on hold in December, a decision that reflects the sharp rise in recent uncertainty, particularly after the loss of visibility caused by the shutdown.

We believe that the absence or weakness of official indicators has significantly reduced the Fed's ability to assess the pace of economic deceleration, the consistency of labor-market data and even the inflation trajectory ahead of the meeting. This makes it riskier to advance with another cut without greater clarity. This diagnosis appears repeatedly in recent speeches, which highlight concerns regarding the resilience of core inflation, the risk of renewed pass-through after the compression of corporate margins and the lack of concrete signs of further labor-market deterioration that would justify an immediate easing move. Released with delay, the September payroll reinforces this environment. Although the creation of 119 thousand jobs surprised to the upside, the composition was weak, concentrated in a few service sectors, with net losses in relevant segments, downward revisions to previous months and an increase in the unemployment rate to 4.4 percent. Following the labor-market data, the set of remarks from Williams, Collins, Miran and Logan added important nuances to the market's interpretation. Policymakers acknowledged rising downside risks to employment, emphasized that inflation has shown some relief on the upside-risk front and indicated that, even with the effect of tariffs, the trajectory remains compatible with convergence toward 2 percent over the next few years. At the same time, some members mentioned explicit room for near-term cuts, while others expressed discomfort with moving in December, reflecting internal heterogeneity. This combination was interpreted as marginally more dovish and led markets to increase pricing for a cut at the next meeting. Even so, we believe that the elevated statistical uncertainty, the need for more conclusive data on activity and inflation and the lack of deeper labor-market deterioration should prevail in the December decision. In our view, the Fed is likely to keep rates unchanged, resume cuts in January 2026 and close the year at 3 percent.

In the geopolitical sphere, the removal of US tariffs on Brazilian products signals a meaningful bilateral rapprochement.

The announcement made on Thursday by President Donald Trump revoked the additional 40 percent tariff on a relevant list of Brazilian goods, especially meat, coffee and tropical fruits, all of which are highly representative items in Brazil's agricultural export basket. The measure comes in a context of renewed high-level dialogue. Trump and Lula had already opened a diplomatic channel during their October phone call, which paved the way for negotiations conducted by the teams led by Geraldo Alckmin, Fernando Haddad and Mauro Vieira, as well as recent meetings in Washington, including the encounter between the Brazilian foreign minister and Secretary of State Marco Rubio. In justifying the decision, the White House highlighted the initial progress in negotiations and recognized that certain Brazilian agricultural products should no longer be subject to the additional tariff, given the advances observed in bilateral talks. This acknowledgment is significant and signals a shift in how the issue is being handled within the US government. It opens space for the removal of tariffs to be not just a one-off gesture but potentially the first step in a broader process of commercial normalization. For Brazil, the measure reduces uncertainty around export flows, strengthens key agricultural sectors and demonstrates that the strategy of direct dialogue has produced concrete results.

On the domestic political front, the nomination of Jorge Messias to the Supreme Court reinforces the government's strategy of prioritizing profiles of trust and institutional alignment.

Messias, a National Treasury prosecutor since 2007, consolidated a central role in Lula's legal core, accumulating relevant victories in fiscal and institutional issues. His trajectory within the Attorney General's Office brought him close to the Court, where he developed strong relationships with justices and handled highly sensitive political matters, including accountability for the January 8 attacks and the defense of Brazilian authorities in international actions such as those related to the Magnitsky case. Behind the scenes, Rodrigo Pacheco, president of the Senate, had been considered the preferred choice of a significant bloc in the chamber and had the backing of Davi Alcolumbre to secure his nomination. Lula's decision in favor of Messias therefore not only frustrated this expectation but was perceived as a direct setback for the group that dominates the Senate and was preparing to play a leading role in the Supreme Court succession. The reaction was immediate, with Alcolumbre placing on the agenda a bill with a potential fiscal impact of up to 21 billion reais, a move interpreted as a direct signal to the Planalto. From now on, the government's challenge will be to rebuild channels and manage the fallout to ensure the confirmation process advances without escalating the tension created by the internal dispute over the Court vacancy.

Economic Calendar

In **Brazil**, the domestic agenda will be dominated by the release of the November IPCA-15, for which we project a 0.18% MoM increase, as well as the publication of the Central Bank's economic and financial reports and the October labor-market and fiscal data.

On the **international front,** the key event will be the release of the September PPI in the United States, along with sectoral surveys already referring to November. In addition, Germany will publish its inflation data.

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
11/24/25	**Monday**					
6:00	Germany	IFO Business Climate	Nov	88,6		88,4
8:00	Brazil	Consumer Confidence	Nov	-		88,5
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)	-	-		-
10:30	US	National Activity Index (CFNAI)	Oct	-		
12:30	US	Dallas Industry Sector Activity Index	Nov	-		-5
15:00	Brazil	Weekly Trade Balance	-	-		-
11/25/25	**Tuesday**					
4:00	Germany	**GDP (QoQ)**	3QF	0,0%		0,00%
5:00	Brazil	IPC-FIPE (MoM)	-	-		0,20%
8:00	Brazil	Homebuilder Confidence	Nov	-		-
8:30	Brazil	**External Sector Statistics: Current Account**	Oct	-U$ 4,4 bi	-U$ 4,4 bi	-U$ 9,8 bi
8:30	Brazil	FDI	Oct	U$ 5,5 bi	U$ 6 bi	US$ 10,7 bi
10:30	US	Philadelphia Service Sector Activity Index	Nov	-		-22,2
10:30	US	**Retail Sales (MoM)**	Sep	0,5%		0,60%
10:30	US	**PPI (MoM)**	Sep	0,3%		-0,01%
11:00	US	Residential Prices (MoM)	Sep	-		0,4%
12:00	US	Industrial Survey - Richmond	Nov	-		-4
12:00	US	Consumer Confidence	Nov	93.3		94,6
12:30	US	Dallas Service Sector Activity Index	Nov	-		-9,4
11/26/25	**Wednesday**					
8:00	Brazil	Industry Confidence	Nov	-		-
8:30	Brazil	**Monetary and Credit Statistics**	Oct	-		10,1%
9:00	Brazil	**IPCA-15 (MoM)**	Nov	0,20%	0,18%	0,18%
10:30	US	Jobless Claims	-	230k		-
11:45	US	Chicago PMI	Nov	44.5		43,8
14:30	Brazil	Foreign Exchange Transactions	-	-		-
-	Brazil	**Monthly Public Debt Report**	Oct			
-	Brazil	**Central Government Primary Result**	Oct			-14.5b
16:00	US	Beige Book	-	-		-
22:30	China	Corporate Profits (YoY)	Oct	-		3,2%
22:30	China	Total Industry Profits (YoY)	Oct	-		21,6%
11/27/25	**Thursday**					
4:00	Germany	Consumer Confidence	Dec	-23,1		-24,1
7:00	Eurozone	Consumer Confidence	Nov	-		-
7:00	Eurozone	Economic Confidence	Nov	97,0		96,8
8:00	Brazil	**IGP-M (MoM)**	Nov	-		-0,4%
8:00	Brazil	Trade Confidence	Nov	-		
8:00	Brazil	Services Confidence	Nov	-		
-	Brazil	National Monetary Council Meeting	-	-		
-	Brazil	**Formal Job Creation**	Oct	-	105k	213k
11/28/25	**Friday**					
5:55	Germany	Unemployment Rate	Nov	6,3%		6,3%
8:30	Brazil	**Fiscal Statistics**	Oct			
9:00	Brazil	**Unemployment Rare**	Oct	5,7%	5,6%	5,6%
10:00	Germany	CPI (MoM)	Nov	-0,2%		0,3%
10:00	Germany	Harmonized CPI (MoM)	Nov	-0,6%		0,3%
-	Brazil	**Definition of the electricity tariff flag**	Dec		Yellow	Red 1

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

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