buysidebrazil

01/16/2026

Domestic activity surprises, while disinflation and institutional risks gain traction in the United States

Highlights

In Brazil, the latest data reinforced the notion that the late-2025 slowdown in activity has unfolded gradually, with sectoral heterogeneity and no abrupt break in the short term. After nine consecutive increases, the Services Volume (PMS) declined 0.1 percent MoM sa in November, as transportation gave back part of recent gains but still maintained a positive carry for the quarter and the year. Conversely, the Retail Sales (PMC) posted a second consecutive upside surprise, with a broad-based increase in both the core segment (+1.0 percent MoM sa) and the extended segment (+0.7 percent MoM sa), supported by Black Friday and contributing to a meaningful gain in Q4. The Economic Activity Index complemented the picture by advancing 0.7 percent MoM sa in the same month, outperforming sectoral signals and showing synchronized increases in industry, services and taxes, with agriculture as the only negative contributor. Altogether, the indicators continue to suggest a soft landing in activity, with domestic demand still providing support and the output gap closing at a more moderate pace. In light of recent surprises, we revised our 2025 GDP projection to 2.2 percent and maintained 1.8 percent for 2026.

In the United States, December data suggest a continuation of the disinflationary process alongside a gradual cooling of demand. The CPI rose 0.31 percent on the headline and 0.24 percent on the core, taking the 2025 accumulated rate to 2.7 percent and 2.6 percent, respectively. Pressures mainly reflected food and seasonal services, while energy declined and core goods remained flat, consistent with the persistent divergence between goods and services. This performance reinforces the interpretation of inflation normalization after the more pressured months of the second half of the year, as well as the technical effect associated with the absence of the October release, which smoothed the annual trajectory. At the wholesale level, the November PPI showed a partial recomposition, with both headline and core below expectations. The increase was led by energy, while services lost momentum. On intermediate demand, there were punctual signs of cost recomposition, particularly in processed goods. Retail sales recovered part of the October loss, supported by the end of the shutdown and Black Friday, with rebounds in autos, parts and building materials, and strong performance among segments with higher import content. Overall, the data suggest that disinflation remains consistent with a controlled deceleration in activity, allowing the Fed more patience in 2026 without requiring an immediate policy response.

Institutionally, the week brought an escalation involving the Federal Reserve amid rising tensions between the White House, Congress and external monetary authorities over the independence of US monetary policy. The situation intensified after Jerome Powell reported subpoenas from the Department of Justice which, according to him, would form part of a broader effort by the Trump administration to pressure for rate cuts and constrain the central bank's autonomy ahead of his succession in May. In parallel, President Trump stated he will announce Powell's successor in the coming weeks, reiterating criticism of the current chair and advocating for a profile more willing to cut rates. In the Senate, Republican Thom Tillis threatened to block any nominee until the investigation is clarified, raising the institutional cost of the succession. Congressional reaction included bipartisan criticism and was accompanied by a rare joint statement from former Fed chairs and former Treasury secretaries defending the central bank's independence. Internationally, central banks have been coordinating a joint note in support of Powell amid concerns about political conditioning of monetary policy and potential implications for credibility, the dollar and the global financial architecture.

Economic Calendar

In **Brazil**, a lighter domestic agenda will be centered on the Federal Revenue data for December 2025, alongside the November GDP Monitor figures.

On the **international front**, the highlights will include the Q3 2025 GDP release in the United States, as well as the PMI and CPI prints in the Euro Area and the monetary policy decision in Japan.

Date	Country	Event	Period	Survey	Prior
01/12/26	**Monday**				
5:00	Brazil	IPC-FIPE (MoM) - 2nd week	jan/26	-	0,4%
7:00	Eurozone	**CPI (YoY)**	dez/25	-	2,0%
		Core (YoY)		-	2,3%
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)	-	-	-
15:00	Brazil	Weekly Trade Balance	jan/26	-	-
01/13/26	**Tuesday**				
10:30	US	Philadelphia Services Activity Index	jan/26	-	-16,8
01/14/26	**Wednesday**				
8:00	Brazil	IGP-M (MoM) - 2nd Preview	jan/26	-	0,14%
10:15	Brazil	**Monitor do PIB**	nov/25	-	-
12:00	US	Leading Indicators (MoM)	dez/25	-	-0,3%
12:00	US	Construction Spending (MoM)	out/25	0,10%	-
12:00	US	Pending Home Sales (MoM)	dez/25	-	3%
14:30	Brazil	Foreign Exchange Transactions	jan/26	-	-
01/15/26	**Thursday**				
10:30	US	Initial Jobless Claims	jan/26	-	-
10:30	US	**GDP (QoQ anualizado)**	set/25	4,30%	4,30%
10:30	US	Household Income (MoM)	nov/25	4,00%	-
10:30	US	Household Spending (MoM)	**nov/25**	5,00%	-
10:30	US	PCE Deflator (MoM)	nov/25	-	-
10:30	US	Core PCE Deflator (MoM)	nov/25	0,20%	-
12:00	Eurozone	Consumer Confidence	jan/26	-	-13,1
13:00	US	Kansas City Fed Manufacturing Survey	jan/26	-	1,0
01/16/26	**Friday**				
5:30	Germany	PMI Composite - Preview	jan/26	-	51,3
6:00	Eurozone	PMI Composite - Preview	jan/26	-	51,5
11:45	US	PMI Composite - Preview	jan/26	-	52,7
12:00	US	**Consumer Confidence**	jan/26	-	54
12:00	US	One-Year Inflation Expectations	jan/26	-	4,20%
12:00	US	Five-to-Ten-Year Inflation Expectations	jan/26	-	3,40%
12:00	US	Índice de atividade do setor de serviços em Kansas	jan/26	-	3,0
-	Japan	**Monetary policy decision**	jan/26	-	0,75%
In the week					
-	Brazil	**Federal Tax Revenue**	dez/25	-	226,75

Macroeconomic projections	2019	2020	2021	2022	2023	2024	2025	2026
Brazil GDP (%)	1,2	-3,3	4,8	3,0	2,9	3,4	**2,2**	**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	4,3	**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	68,3	**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	3,75	**3,00**

Our team

Andrea Bastos Damico
Chief Economist and CEO
andrea@buysidebrazil.com

Rafaela de Sousa
Economist
rafaela@buysidebrazil.com

Marcelo Alonso
Economist
marcelo@buysidebrazil.com

Mirella Hirakawa
Research Coordinator and Partner
mirella@buysidebrazil.com

Rita Milani
Economist
rita@buysidebrazil.com

Henrique Miareli
Economist
henrique@buysidebrazil.com