

## Geopolitical uncertainty remains at the center of attention, while in Brazil the resilience of activity stands out

### Highlights

**In the United States, this was a relatively light week in terms of data, with retail sales as the main highlight, while payroll will only be released on Friday (Apr/03).**

Once again, the Middle East conflict dominated attention, with a key development being President Donald Trump's speech amid rising disapproval among the American electorate regarding both the war and the government. The speech surprised with a more hawkish tone than expected, marked by explicit threats to attack Iran with "extreme force" within the next two to three weeks. The remarks reinforced the perception of escalation and added pressure on markets, which had been expecting signs of moderation. Amid discussions around the conflict, March retail sales data reinforced the perception of a more consistent recovery in activity relative to expectations, albeit still marked by sectoral heterogeneity. Thus, the combination of heightened uncertainty regarding the war—particularly its duration—and resilient economic activity supports our view that the Federal Reserve (Fed) should keep interest rates unchanged this year.

**In Brazil, the focus of the week was on activity data, which continue to indicate a gradual slowdown, albeit with meaningful signs of resilience in the labor market.** The release of Caged had a more limited impact, as it followed the PNAD data published the previous week. Net job creation of 255k came slightly below market expectations (270k), but still represents a robust result, close to the post-pandemic average for February. Notably, strength persisted in trade and services, which showed acceleration at the margin after seasonal adjustment. On the other hand, industry and construction, after positive surprises in January, declined in February even after accounting for seasonality, reinforcing the view that these sectors remain more sensitive to the high level of interest rates and that government incentives have been insufficient to sustain more consistent growth. Another relevant point is the credit market, which makes the resilience of the labor market even more atypical. The Central Bank's February credit report indicated a further decline in lending, for both households and corporates, alongside rising interest rates. Although directed credit partially offsets this trend, the combination of high delinquency and elevated household indebtedness stands out. This helps explain why the strong labor market performance, with rising wage bill, has not translated into a proportional expansion in consumption, as seen in private consumption data at the end of 2025. Additionally, this environment increases the likelihood of further government stimulus measures, with potential fiscal implications, given the perception that high household indebtedness limits gains in popularity. Finally, February industrial production (PIM) came slightly above expectations, with an upward revision to January's data, adding another positive print for activity in the first quarter. Still, a significant part of this performance reflects a base effect, following the sharper contraction observed at the end of 2025. Overall, the data reinforce our view of a gradual economic slowdown in the coming months, without meaningful changes to the baseline scenario, but highlighting the resilience of activity, particularly in the labor market.

## Economic Calendar

In **Brazil**, the highlight is the March IPCA, which will be released on Friday.

In the **International Scenario**, the focus is on income data in the United States and inflation data in China.

Date	Country	Event	Reference	Median	Buysidebrazil Actual	Previous
<b>06/04/26 Monday</b>						
8:25	Brazil	Focus Survey	Apr/26			-
<b>07/04/26 Tuesday</b>						
4:55	Germany	Composite PMI	mar/26			51.9
5:00	Euro Area	Composite PMI	mar/26			50.5
9:30	USA	<b>Durable Goods Orders (MoM)</b>	Feb/26			-
13:35	USA	Speech by A. Goolsbee (Chicago Fed)	-			-
15:00	Brazil	<b>Monthly Trade Balance</b>	mar/26			4,208
16:00	USA	Consumer Credit	Feb/26			8.05
<b>08/04/26 Wednesday</b>						
6:00	Euro Area	Retail Sales (MoM)	Feb/26			0.10%
6:00	Euro Area	PPI (MoM)	Feb/26			0.7%
8:00	Brazil	<b>IGP-DI (MoM)</b>	mar/26			-2.91%
14:30	Brazil	<b>Weekly FX Flow</b>	Apr/26			-
15:00	USA	FOMC Minutes	mar/26			-
<b>09/04/26 Thursday</b>						
9:30	USA	<b>Personal Income (MoM)</b>	Feb/26			0.4%
9:30	USA	Personal Spending (MoM)	Feb/26			0.4%
9:30	USA	PCE Deflator (MoM)	Feb/26			0.3%
0:00	USA	Core PCE (MoM)	Feb/26			0.4%
9:30	USA	Initial Jobless Claims	Apr/26			-
9:30	USA	GDP (QoQ Annualized)	Dec/25			0.7%
22:30	China	PPI (YoY)	mar/26			-0.90%
22:30	China	CPI (YoY)	mar/26			1.3%
<b>10/04/26 Friday</b>						
3:00	Germany	<b>Harmonized CPI (YoY)</b>	mar/26			-
9:00	Brazil	<b>IPCA (MoM)</b>	mar/26			0.70%
9:30	USA	CPI (MoM)	mar/26			0.3%
0:00	USA	Core CPI (MoM)	mar/26			0.2%
11:00	USA	<b>Factory Orders (MoM)</b>	Feb/26			0.1%
11:00	USA	<b>Consumer Confidence - Preliminary</b>	Apr/26			-

**Macroeconomic projections**

	2019	2020	2021	2022	2023	2024	2025	2026
Brazil GDP (%)	1,2	-3,3	4,8	3,0	2,9	3,4	2,3	<b>1,8</b>
Unemployment Rate (average, %)	12,0	13,8	13,2	9,3	8,0	6,6	5,6	<b>5,5</b>
IPCA (Consumer Price Index) (%)	4,3	4,5	10,1	5,8	4,6	4,8	4,3	<b>4,3</b>
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	12,25	15,00	<b>12,50</b>
Exchange Rate (end of period, R\$/US\$)	4,03	5,20	5,58	5,22	4,84	6,19	5,50	<b>5,40</b>
Current Account Transactions (US\$ billion)	-68,0	-28,2	-46,4	-53,6	-28,6	-66,2	-68,8	<b>-65,1</b>
Current Account Transactions (% of GDP)	-3,6	-1,7	-2,9	-2,8	-1,4	-3,0	-3,0	<b>-2,9</b>
Trade Balance - BCB (US\$ billion)	26,5	32,4	36,4	44,2	80,5	66,2	60,0	<b>65,3</b>
Foreign Direct Investment (US\$ billion)	69,2	37,8	46,4	87,2	62,0	71,1	77,7	<b>80,0</b>
Foreign Direct Investment (% of GDP)	3,7	2,6	2,8	4,5	2,8	3,2	3,4	<b>3,3</b>
Primary Result of the Central Government (% of GDP)	-1,3	-9,8	-0,4	0,5	-2,3	-0,4	-0,4	<b>-0,2</b>
Gross Public Debt (% of GDP)	74,4	86,9	77,3	71,7	74,3	76,1	78,7	<b>83,7</b>
United States - GDP (%)	2,5	-2,2	6,1	2,5	2,9	2,8	2,2	<b>2,4</b>
United States - PCE (%)	1,4	1,1	4,1	6,6	3,8	2,5	2,9	<b>2,9</b>
United States - Fed Funds Rate (end of period, %)	1,8	0,3	0,3	4,0	5,5	4,5	3,75	<b>3,75</b>

## Our team

**Andrea Bastos Damico**  
Chief Economist and CEO  
[andrea@buysidebrazil.com](mailto:andrea@buysidebrazil.com)

**Rafaela de Sousa**  
Economist  
[rafaela@buysidebrazil.com](mailto:rafaela@buysidebrazil.com)

**Marcelo Alonso**  
Economist  
[marcelo@buysidebrazil.com](mailto:marcelo@buysidebrazil.com)

**Mirella Hirakawa**  
Research Coordinator and  
Partner  
[mirella@buysidebrazil.com](mailto:mirella@buysidebrazil.com)

**Rita Milani**  
Economist  
[rita@buysidebrazil.com](mailto:rita@buysidebrazil.com)

**Henrique Miareli**  
Economist  
[henrique@buysidebrazil.com](mailto:henrique@buysidebrazil.com)

