

After more hawkish remarks from Central Bank officials, we revised our Selic rate forecast to 13% by December 2026

Highlights

The international backdrop was dominated by geopolitical dynamics, marked by an initial escalation in Middle East tensions early in the week, highlighted by the U.S. naval blockade of the Strait of Hormuz, which sharply increased oil prices and risk aversion. This was followed by more constructive signals as diplomatic negotiations between the United States and Iran progressed. Statements from Donald Trump indicating advances in the talks contributed to a partial reduction in the risk premium and a recovery in markets, further supported by positive regional developments such as the temporary ceasefire between Israel and Hezbollah. Nevertheless, the environment remains highly uncertain, with the trajectory of the conflict and its implications for global oil supply—particularly through the Strait of Hormuz—remaining the main source of volatility. On the economic front, recent data played a secondary role, with mixed readings in both the United States and China failing to materially alter the global outlook, reinforcing that, in the near term, energy price dynamics and geopolitical risks remain the key drivers for markets and monetary policy decisions.

In Brazil, the week was marked by a combination of still-resilient activity data, further deterioration in inflation expectations, and relevant speeches by Central Bank officials at IMF events, which led us to revise our Selic rate forecast to 13.0% by year-end. On the activity side, recent indicators continue to point to strong resilience, without altering the view of a gradual slowdown over the first half of the year. Both the IBC-Br and the FGV GDP Monitor indicated 0.6% growth in activity in February over January, in seasonally adjusted terms, with industry standing out as it recovered from a weaker end to 2025. Other highlights included the Monthly Services Survey (PMS) and, especially, the Monthly Retail Survey (PMC), which came in below expectations but still signal resilience in services and retail, with no signs of a sharper slowdown in the near term. On the other hand, inflation expectations continued to deteriorate, including at longer horizons, reinforcing concerns about de-anchoring, as short-term inflation shocks begin to affect more distant projections, adding complexity to monetary policy management in this uncertain environment. The main highlight, however, came from recent Central Bank communication, with statements from Nilton David, Director of Monetary Policy, and Paulo Picchetti, Director of Economic Policy, indicating a more adverse inflation outlook. At IMF events, Nilton David emphasized that the current process should be interpreted as calibration rather than easing, noting that the outlook has worsened since the last meeting and highlighting growing concern about long-term inflation expectations, particularly for 2028. Subsequently, Paulo Picchetti reinforced the view of a more challenging environment and reiterated the absence of forward guidance, emphasizing that the Central Bank remains strictly data dependent. Both officials also acknowledged the recent appreciation of the exchange rate but made clear that the Central Bank does not rely on the exchange rate to anchor inflation. In this context, this set of communications suggests a shift in the reaction function, with greater weight placed on inflation expectations rather than the relief provided by the exchange rate, which,

combined with resilient activity and worsening expectations, supports our revised Selic forecast of 13.0% by the end of 2026, incorporating an additional 25bps cut in April.

Economic Calendar

In **Brazil**, the week will be lighter in terms of data due to the holiday on Tuesday. The main highlight will be the release of FDI on Friday.

In the **international scenario**, the focus will be on U.S. retail sales data.

Date	Country	Event	Period	Survey	Prior
04/13/26	Monday				
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)			-
04/14/26	Tuesday				
	Brazil	National Holiday		-	
9:30	US	Philadelphia Fed Non-Manufacturing Index	abr/26	-	-23,9
9:30	US	Retail Sales (MoM)	mar/26	1,30%	0,60%
9:30	US	Core	mar/26	-	0,50%
04/15/26	Wednesday				
11:00	Eurozone	Consumer Confidence	abr/26	-	-16,3
14:30	Brazil	Weekly FX Flow	abr/26	-	
15:00	Brazil	Weekly Trade Balance	abr/26	-	4,195
04/16/26	Thursday				
4:30	Germany	PMI Composite	abr/26	-	51,9
5:00	Eurozone	PMI Composite	abr/26	-	50,7
9:30	US	Chicago Fed National Activity Index (CFNAI)	mar/26	-	-0,11
9:30	US	Initial Jobless Claims	abr/26	222k	
10:45	US	PMI Composite	abr/26	50,3	50,3
12:00	US	Kansas City Fed Manufacturing Survey	abr/26	-	11
04/17/26	Friday				
5:00	Germany	Business Climate	abr/26	-	86,4
8:00	Brazil	Consumer Confidence	abr/26	-	88,1
8:30	Brazil	Current Account Balance	mar/26	-	-5,614
		FDI	mar/26	-	6,754
11:00	US	Consumer Confidence	abr/26	47,6	47,6
11:00	US	1-Year Inflation Expectations	abr/26	4,80%	4,80%
11:00	US	5-10 Year Inflation Expectations	abr/26	3,40%	3,40%
12:00	US	Kansas City Fed Services Activity Index	abr/26	-	15

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	1,8
Unemployment Rate (average, %)	12,0	13,8	13,2	9,3	8,0	6,6	5,6	5,5
IPCA (Consumer Price Index) (%)	4,3	4,5	10,1	5,8	4,6	4,8	4,3	4,7
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	12,25	15,00	13,0
Exchange Rate (end of period, R\$/US\$)	4,03	5,20	5,58	5,22	4,84	6,19	5,50	5,4
Current Account Transactions (US\$ billion)	-68,0	-28,2	-46,4	-53,6	-28,6	-66,2	-68,8	-52,9
Current Account Transactions (% of GDP)	-3,6	-1,7	-2,9	-2,8	-1,4	-3,0	-3,0	-2,3
Trade Balance - BCB (US\$ billion)	26,5	32,4	36,4	44,2	80,5	66,2	60,0	78,0
Foreign Direct Investment (US\$ billion)	69,2	37,8	46,4	87,2	62,0	71,1	77,7	75,0
Foreign Direct Investment (% of GDP)	3,7	2,6	2,8	4,5	2,8	3,2	3,4	3,3
Primary Result of the Central Government (% of GDP)	-1,3	-9,8	-0,4	0,5	-2,3	-0,4	-0,4	-0,2
Gross Public Debt (% of GDP)	74,4	86,9	77,3	71,7	74,3	76,1	78,7	83,7
United States - GDP (%)	2,5	-2,2	6,1	2,5	2,9	2,8	2,2	2,4
United States - PCE (%)	1,4	1,1	4,1	6,6	3,8	2,5	2,9	2,9
United States - Fed Funds Rate (end of period, %)	1,8	0,3	0,3	4,0	5,5	4,5	3,75	3,8

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

