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Brazil's political landscape intensifies as global geopolitical uncertainty persists

Highlights

In Brazil, the week was marked by a light economic calendar and a growing focus on political developments as party conventions officially got underway. With no major releases on economic activity, inflation, or fiscal accounts, attention shifted to election polls and the formation of political alliances ahead of October's presidential election. The Quaest poll released the previous week showed President Lula holding an eight-percentage-point lead over Flávio Bolsonaro in a hypothetical runoff, suggesting a relatively comfortable position for the incumbent. However, when aggregating the various polls and accounting for each pollster's methodological differences, the gap narrows to roughly four percentage points (46% versus 42%), pointing to a more competitive race that remains highly uncertain. At the same time, the start of the party conventions is providing greater clarity regarding the electoral landscape, although Flávio Bolsonaro is still not expected to announce his running mate at the PL convention due to the lack of an agreement with União Brasil-PP and Republicanos. As a result, the race remains open and highly competitive, with opinion polls, coalition negotiations, and renewed political noise becoming increasingly important for both the electoral outlook and the pricing of Brazilian assets. On the political-trade front, tensions between Brazil and the United States returned to the forefront after the U.S. government confirmed the imposition of an additional 12.5% tariff on Brazilian imports, justified by alleged Brazilian collaboration with forced labor. The final regulation clarified that the new tariff will be cumulative to the existing 25.0% tariff already imposed on Brazilian products, raising the effective tariff to 37.5% for goods not covered by the exemptions.

Internationally, tensions between the United States and Iran remained the primary driver of global markets, particularly through their impact on oil prices and the outlook for monetary policy. Donald Trump once again threatened a large-scale military offensive after Iran rejected a ceasefire proposal brokered by Baghdad, while Houthi attacks and restrictions on maritime traffic added further uncertainty to the conflict. The deterioration in negotiations and increasingly aggressive rhetoric pushed Brent crude back toward the US$100 per barrel mark, increasing inflationary risks and making the outlook for major central banks, particularly the Federal Reserve, more challenging. In Europe, the European Central Bank left its policy rate unchanged at 2.25%, in line with expectations, following the 25bp increase delivered in June. The accompanying statement noted that inflation remains broadly consistent with the baseline scenario but emphasized that energy price volatility and uncertainty surrounding the conflict warrant caution. Against this backdrop, the ECB will continue to assess the magnitude and persistence of the shock, as well as its indirect and second-round effects on inflation and economic activity, maintaining a data-dependent approach without committing to any predetermined path for interest rates.

Economic Calendar

In Brazil, the week begins with the release of July's IPCA-15 on Tuesday, followed by labor market, credit, and fiscal data.

In the international scenario, attention will focus on the monetary policy decisions by the Federal Reserve and the Bank of England.

Date	Country	Event	Period	Buysidebrazil	Prior
07/27/26	**Monday**				
5:00	Germany	Business Climate	jul/26		85,6
8:00	Brazil	Consumer Confidence	jul/26		88,7
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)	jul/26		-
11:30	US	Dallas Fed Manufacturing Index	jul/26		-
15:00	Brazil	Weekly Trade Balance	jul/26		-
07/28/26	**Tuesday**				
8:00	Brazil	Construction Confidence	jul/26		-
8:30	Brazil	**External Sector Statistics**	jun/26		-3,185
9:00	Brazil	**IPCA-15 (MoM)**	jun/26	0,21	0,41
11:00	US	Richmond Fed Manufacturing Index	jul/26		4
11:00	US	Consumer Confidence	jul/26		91,2
11:30	US	Dallas Fed Services Index	jul/26		2,9
07/29/26	**Wednesday**				
8:00	Brazil	Manufacturing Confidence	jul/26		-
14:30	Brazil	Weekly FX Flow	jul/26		-
15:00	US	**Monetary Policy Decision**	jul/26	3,75	3,75
15:30	US	**Speech by Kevin Warsh**	-		-
-	Brazil	Monthly Debt Report	jun/26		-
07/30/26	**Thursday**				
8:00	United Kingdom	**Monetary Policy Decision**	jul/26		3,75
8:00	Brazil	IGP-M (MoM)	jul/26		-0,5
8:00	Brazil	Commerce Confidence	jul/26		-
8:00	Brazil	Services Confidence	jul/26		-
8:30	Brazil	**Credit Statistics**	jun/26		9,5
9:00	Brazil	**Unemployment Rate**	jun/26	5,5	5,6
9:30	US	Personal Income (MoM)	jun/26		0,7
9:30	US	Personal Spending(MoM)	jun/26		0,7
9:30	US	**PCE (MoM)**	jun/26		0,4
9:30	US	**Core PCE (MoM)**	jun/26		0,3
9:30	US	**GDP (QoQ Anuall.)**	jun/26		2,1
9:30	US	Initial Jobless Claims	jul/26		-
22:30	China	PMI Composite	jul/26		50,6
-	Brazil	**Formal Job Creation**	jun/26	147k	72k
-	Brazil	**Central Government Primary Balance**	jun/26		-53,3
-	Brazil	**Federal Tax Revenue**	jun/26	256	266
07/31/26	**Friday**				
4:55	Germany	Unemployment Rate	jul/26		6,3
6:00	Euroarea	CPI (YoY)	jul/26		-
6:00	Euroarea	Core CPI (YoY)	jul/26		-
11:00	US	**Consumer Confidence**	jul/26		54,4
11:00	US	1yr Inflation Expectations	jul/26		4,2
11:00	US	5-10yr Inflation Expectations	jul/26		3,3

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	**1,9**
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	**5,1**
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	12,25	15,00	**14,0**
Exchange Rate (end of period, R$/US$)	4,03	5,20	5,58	5,22	4,84	6,19	5,50	**5,15**
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	**2,3**
United States - PCE (%)	1,4	1,1	4,1	6,6	3,8	2,5	2,9	**3,1**
United States - Fed Funds Rate (end of period, %)	1,8	0,3	0,3	4,0	5,5	4,5	3,75	**3,8**

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