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Middle East uncertainty and Treasury moves mark the week

Highlights

In the international backdrop, market attention was focused on developments in the Middle East conflict and the behavior of long-term U.S. yields. Tensions involving Iran remained elevated, particularly amid uncertainty surrounding the Strait of Hormuz, a key route for global oil trade. The possibility of further restrictions on traffic through the strait, alongside a tougher stance from the U.S. administration and heightened tensions with Tehran, increased risks to global oil supply and supported oil prices throughout the week. President Donald Trump ruled out extending the 60-day truce and adopted a less conciliatory stance toward Tehran, reducing expectations of a near-term diplomatic solution. On Friday, Iranian President Masoud Pezeshkian argued that the conflict should be brought to an end while the country remained in what he described as a favorable position, initially prompting some optimism in markets. The reaction, however, faded over the course of the day, given Pezeshkian's limited influence over the regime's strategic and military decisions, leaving considerable uncertainty around the prospects for negotiations. Meanwhile, in the United States, the U.S. Treasury announced changes to its debt buyback program. Starting September 9, the maximum size of operations involving nominal securities in the 10-to-20-year and 20-to-30-year sectors will increase from US$2 billion to at least US$4 billion per operation. The increase is intended to improve secondary-market functioning and facilitate trading in longer-dated securities at a time when long-end yields remain elevated. The announcement was well received by markets and contributed to a decline in yields at the long end of the curve, particularly the 30-year Treasury yield. Even so, 30-year yields remained close to 5.30%, keeping U.S. financial conditions tight.

In Brazil, the main highlight of the week was the release of the June IBC-Br, which reinforced signs of slowing economic activity at the end of the second quarter. The index fell 0.64% m/m in seasonally adjusted terms, broadly in line with expectations, following a flat reading in May. Beyond the magnitude of the decline, the composition pointed to a more broad-based weakening in activity, with most major components contracting and agriculture the sole exception. Excluding the agricultural sector, the IBC-Br fell 0.9% on the month, providing a clearer indication of moderation in domestic demand. The result was also consistent with previously released sectoral surveys, which showed a sharper contraction in industrial production, mixed retail sales and broadly flat services activity. In particular, weakness across sectors more sensitive to financial conditions suggests that the cumulative effects of a prolonged period of high interest rates are becoming increasingly visible in economic activity. Against this backdrop, the June reading reinforces the gradual shift in the growth momentum following a more resilient start to the year and remains consistent with our expectation of more moderate growth in the second half of the year.

Economic Calendar

In Brazil, the highlight of the week will be the release of the August IPCA-15 inflation print, for which we expect a 0.29% decline, as well as July fiscal and labor market data.

Abroad, the main highlights will be the release of the July PCE inflation report in the United States and the second estimate of Q2 GDP.

Date	Country	Event	Reference	Median	Buysidebrazil	Previous
24/08/26	**Monday**					
8:25	Brazil	Focus Survey	-	-		
9:30	USA	National Activity Index (Chicago Fed)	jul/26	-		-0,02
-	Brazil	Electoral Poll - Nexus/BTG	-	-		
25/08/26	**Tuesday**					
8:00	Brazil	Consumer Confidence Survey	ago/26	-		-
5:00	Germany	IFO - Business Climate	ago/26	-		86.6
11:00	USA	Consumer Confidence (CB)	ago/26	-		90.8
11:00	USA	New Home Sales	jul/26	-		0.628M
11:00	USA	Richmond Fed Manufacturing Index	ago/26	-		5
-	Brazil	Electoral Poll - GERP/AESP	-	-		
26/08/26	**Wednesday**					
8:00	Brazil	Construction Survey	ago/26	-		-
9:00	Brazil	**IPCA-15 (MoM)**	ago/26	-0,30	-0,29	0,06
9:30	USA	Durable Goods Orders (MoM)	jul/26	-		0.3
9:30	USA	**PCE Deflator (MoM)**	jul/26	0,1		-0,1
9:30	USA	Personal Income (MoM)	jul/26	0,2		0,2
9:30	USA	Personal Spending (MoM)	jul/26	0,2		0,3
9:30	USA	**GDP (Annualized QoQ)**	jun/26	1,5		1,5
11:30	USA	Crude Oil Inventories (EIA)	ago/26	-		-
-	Brazil	Electoral Poll - INDEXA	-	-		-
-	Brazil	Electoral Poll - JOTA	-	-		-
27/08/26	**Thursday**					
8:00	Brazil	Industry Survey	ago/26	-		-
8:30	Brazil	**External Sector Report**	jul/26	-	-5,8	-2,3
9:00	Brazil	**Unemployment Rate**	jul/26	5,4	5,3	5,4
9:30	USA	Initial Jobless Claims	ago/26	-		206k
11:30	USA	Natural Gas Inventories (EIA)	ago/26	-		-
12:00	USA	Kansas City Fed Index	ago/26	-		9
20:30	Japan	Tokyo Core CPI (YoY)	ago/26	-		-
20:30	Japan	Unemployment Rate	jul/26	-		-
28/08/26	**Friday**					
8:00	Brazil	Trade Survey	ago/26	-		-
8:00	Brazil	Services Survey	ago/26	-		-
8:30	Brazil	**Credit Report**	jul/26	-		-
11:00	USA	Consumer Sentiment (Michigan, Final)	ago/26	-		55.2
14:00	USA	Oil Rig Count (Baker Hughes)	ago/26	-		-
-	Brazil	**CAGED**	jul/26	115K	96K	145k
-	Brazil	**Central Government Primary Balance**	jul/26	-		-55,3
-	Brazil	**Federal Tax Revenue**	jul/26	-	286	264

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