buysidebrazil

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U.S. employment surprises to the upside, while Brazil's GDP reinforces signs of a slowdown

Highlights

In the United States, labor market data sent mixed signals throughout the week. JOLTS showed a slight increase in job openings, although the figure came in below expectations and was accompanied by a downward revision to the previous month. At the same time, workers' lower willingness to voluntarily leave their jobs continued to suggest reduced confidence in their ability to find new opportunities, while layoffs remained at low levels, pointing to a slower hiring environment but still no signs of broad-based job cuts. ADP conveyed a similar message, with private-sector job creation remaining subdued and concentrated in a few sectors, alongside a lower diffusion of hiring, reinforcing the view of a gradual loss of momentum. The main highlight, however, was the August payroll report, with 162k jobs created following the weakness observed in previous months and accompanied by upward revisions to the June and July figures. The recovery was relatively broad-based across sectors, with contributions from services, goods-producing industries, and government employment, partially reversing the signs of weakening momentum seen in recent months. In addition, the unemployment rate remained at 4.1% despite an increase in labor force participation, while wage growth remained moderate on the month and continued to decelerate on a year-over-year basis. Overall, the payroll report provided a stronger reading of the labor market at the margin and reduced concerns about a sharper slowdown in employment, even though the pace of job creation over longer horizons remains below previous levels. Thus, the data remain consistent with a labor market that is gradually moderating but still close to equilibrium, reducing the need for additional support to activity and allowing the Fed to maintain a greater focus on inflation developments. Against this backdrop, the labor market data remain consistent with our expectation of a rate hike at the September meeting.

In Brazil, second-quarter GDP surprised to the upside at the headline level, but its composition reinforced signs of a gradual slowdown in economic activity. GDP grew 0.5% QoQ s.a., above our 0.3% forecast and the 0.4% market median. Despite the stronger-than-expected headline result, growth remained significantly supported by Agriculture, while Industry and Services posted more moderate performances, suggesting weaker momentum in sectors more closely linked to the domestic cycle. A similar picture emerged on the demand side: although investment remained an important source of support for growth, household consumption declined again during the quarter and domestic absorption was broadly stable, pointing to weaker domestic demand momentum. Thus, the positive GDP surprise appears to reflect the strength of specific components rather than a broad-based improvement in activity, with clearer signs of moderation in cyclical components and domestic demand.

This composition becomes particularly relevant for the coming quarters, as the lagged effects of restrictive monetary policy are likely to continue weighing on consumption and the sectors most sensitive to financial conditions, while the stronger contribution from Agriculture observed in the first half of the year should gradually lose momentum. In this sense, the second-quarter result reinforces our expectation of a slowdown in economic activity throughout the second half of the year and remains consistent with our 1.9% GDP growth forecast for 2026. The more moderate composition of activity, particularly among components more closely linked to the domestic cycle, also reinforces a more favorable environment for the continuation of monetary easing and our expectation of another 25 bps rate cut by the Copom at its September meeting.

Economic Calendar

In Brazil, the highlight of the week will be the release of the August IPCA, for which we forecast a 0.31% MoM decline, as well as the Monthly Survey of Services for July.

Abroad, attention will be focused on U.S. inflation data, which will help shape expectations for the Fed's upcoming monetary policy decision.

Time	Country	Event	Reference	Median	Buysidebrazil	Previous
07/09/26	**Monday**					
-	Brazil	**National Holiday**	-	-		-
-	US	**National Holiday**	-	-		-
3:00	Germany	Industrial Production (MoM)	jul/26	-		0,2
6:00	Euro Area	GDP (QoQ)	jun/26	-		0,4
08/09/26	**Tuesday**					
8:25	Brazil	Focus Survey	set/26	-		-
11:30	Brazil	LFT and NTN-B Auction	-	-		-
15:00	Brazil	Weekly Trade Balance	set/26	-		-
22:30	China	**PPI (YoY)**	ago/26	-		3,5
22:30	China	**CPI (YoY)**	ago/26	-		0,5
09/09/26	**Wednesday**					
14:30	Brazil	Weekly FX Flow	set/26	-		-
10/09/26	**Thursday**					
9:00	Brazil	**Services Volume (MoM)**	jul/26	0,2	0,3	0
9:15	Euro Area	**Monetary Policy Meeting**	set/26	2,5		2,25
9:30	US	Initial Jobless Claims	set/26	-		-
9:30	US	**PPI (MoM)**	ago/26	0,4		0,0
9:30	US	**Core PPI (MoM)**	ago/26	0,3		0,2
13:00	US	Crude Oil Inventories	set/26	-		-
11/09/26	**Friday**					
9:00	Brazil	**IPCA (MoM)**	ago/26	-0,29	-0,31	0,07
9:30	US	**CPI (MoM)**	ago/26	0,4		0,1
9:30	US	**Core CPI (MoM)**	ago/26	0,2		0,2
11:00	US	Consumer Sentiment	set/26	-		51,7
11:00	US	1-Year Inflation Expectations	set/26	-		4
11:00	US	5-10 Year Inflation Expectations	set/26	-		3,3

Macroeconomic projections	2020	2021	2022	2023	2024	2025	2026	2027
Brazil GDP (%)	-3,3	4,8	3,0	2,9	3,4	2,3	**1,9**	**1,6**
Unemployment Rate (average, %)	13,8	13,2	9,3	8,0	6,6	5,6	**5,5**	**6,0**
IPCA (Consumer Price Index) (%)	4,5	10,1	5,8	4,6	4,8	4,3	**5,0**	**5,0**
Selic Rate (end of period, %)	2,00	9,25	13,75	11,75	12,25	15,00	**13,8**	**12,0**
Exchange Rate (end of period, R$/US$)	5,20	5,58	5,22	4,84	6,19	5,50	**5,20**	**5,30**
Current Account Transactions (US$ billion)	-28,2	-46,4	-53,6	-28,6	-66,2	-68,8	**-53,3**	**-52,0**
Current Account Transactions (% of GDP)	-1,7	-2,9	-2,8	-1,4	-3,0	-3,0	**-2,0**	**-1,9**
Trade Balance - BCB (US$ billion)	32,4	36,4	44,2	80,5	66,2	60,0	**83,8**	**85,0**
Foreign Direct Investment (US$ billion)	37,8	46,4	87,2	62,0	71,1	77,7	**85,0**	**80,0**
Foreign Direct Investment (% of GDP)	2,6	2,8	4,5	2,8	3,2	3,4	**3,2**	**3,0**
Primary Result of the Central Government (% of GDP)	-9,8	-0,4	0,5	-2,3	-0,4	-0,4	**-0,4**	**-0,4**
Gross Public Debt (% of GDP)	86,9	77,3	71,7	74,3	76,1	78,7	**83,7**	**87,3**
United States - GDP (%)	-2,2	6,1	2,5	2,9	2,8	2,2	**2,2**	**2,1**
United States - PCE (%)	1,1	4,1	6,6	3,8	2,5	2,9	**3,6**	**2,6**
United States - Fed Funds Rate (end of period, %)	0,3	0,3	4,0	5,5	4,5	3,75	**4,0**	**4,3**

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