buysidebrazil

09/25/2026

Activity slows in Brazil, while inflation and fiscal developments add caution to the outlook

Highlights

In the international scenario, the oil market showed mixed signals, with an increase in U.S. crude inventories and further declines in refined product inventories. Commercial crude oil inventories rose by 2.97 million barrels, above expectations for a 500 thousand-barrel decline, while refinery utilization fell 2.8 p.p. to 94.0%, reducing short-term demand for crude. In contrast, gasoline and distillate inventories continued to decline and remain below year-ago levels. The move comes amid a sharp increase in U.S. diesel prices and discussions over a possible suspension of fuel exports, a measure initially supported by Trump but criticized by the Energy Secretary and the American Petroleum Institute due to the risk of reducing refined product supply and putting further pressure on prices.

In Brazil, the Monetary Policy Report (RPM) reinforced the view of a gradual slowdown in economic activity. In its assessment of the data already released for the second quarter, the Central Bank highlighted weaker momentum in industry and services, partially offset by strong agricultural growth. GDP grew 0.5% QoQ, down from 1.1% in the first quarter, while the sectors more sensitive to the economic cycle were broadly stable and GDP excluding agriculture grew only 0.1% according to the official adjustment.

The labor market remains strong, but the Central Bank itself highlighted recent signs of moderation. Caged employment creation totaled 958 thousand jobs year-to-date, below the level recorded over the same period in 2025, while real hiring wages declined for the second consecutive quarter. Despite this, wages are still up 1.3% YoY in real terms, and job creation remains above the growth of the working-age population.

The **Central Bank maintains a view of moderate growth, projecting GDP growth of 1.8% in 2026 and 1.4% in 2027.** For 2026, we are aligned with the Central Bank's projection, while maintaining our 1.6% estimate for 2027, although with a clear downward bias. The RPM assessment incorporates the lagged effects of monetary policy on sectors more sensitive to the economic cycle, as well as the moderation already observed in the labor market.

According to the assessment presented in the RPM, credit is also beginning to show signs of weaker momentum and deteriorating quality. The data analyzed by the Central Bank show household indebtedness at 49.9% and debt-service commitments at 28.9%, both at elevated levels, while delinquency in the total SFN credit portfolio reached 4.9% in July. In household free-market credit, delinquency reached 7.8%, while new lending declined in the three months through July and emergency credit products continued to grow. Although part of the increase in delinquency is related to regulatory changes under CMN Resolution 4.966, deterioration is occurring in a context of high household indebtedness and restrictive monetary policy.

Inflation worsened at the margin, but the upside surprise in September's IPCA-15 remained concentrated mainly in more volatile components. The index came in above expectations, with food-at-home, particularly fresh products, and gasoline standing out on the upside, with gasoline returning to positive territory. Among core measures, upside surprises were concentrated in airfares, voluntary vehicle insurance, ride-hailing services and cigarettes, the latter still normalizing after the price adjustments observed in August. Therefore, while the composition was weaker at the margin and the average of core measures also surprised to the upside, the surprises do not appear to reflect, for now, a broad-based deterioration in underlying inflation components.

On the fiscal side, the RARDP showed a relevant change in the composition of budget restraint, with lower expenditure blocking but a greater need for contingency measures to meet the fiscal target. The blocked amount fell from R$17.9 billion to R$2.4 billion, but the government began to impose R$13.6 billion in contingency measures, bringing total restraint to R$16.1 billion. The change occurred because the projected primary balance after exclusions moved from a R$10.8 billion surplus to a R$13.6 billion deficit, consuming the margin available in the previous report. Without exclusions, the headline primary result moved from a R$52.0 billion deficit to an R$80.9 billion deficit. Therefore, the reduction in expenditure blocking does not represent an equivalent improvement in the fiscal outlook, but rather mainly reflects a change in the composition of the restraint.

Economic Calendar

In Brazil, the main highlights for the week will be the release of the August unemployment rate, for which we expect stability at 5.3%, and Caged employment data, with expectations for 100 thousand new jobs.

Also due are August industrial production (PIM-PF), for which we forecast growth of 0.4% MoM and 0.5% YoY, gross general government debt (DBGG), with a projection of 83.1% of GDP, and external sector data, for which we forecast a US$6 billion current account deficit and US$6.5 billion in foreign direct investment in August.

In the United States, the main highlights will be the release of August PCE inflation, including core PCE, as well as the third estimate of second-quarter GDP. The week will also include September ADP employment, initial jobless claims, the ISM manufacturing index and, most importantly, the September payroll report, along with the unemployment rate and average hourly earnings.

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
28/09/26	**Monday**					
08:25	Brazil	Central Bank Weekly Economist Survey (Focus)	-			
08:30	Brazil	**Current Account (USD)**	ago/26	-6.6	-6	-8.1
08:30	Brazil	**Foreign Direct Investment (USD)**	ago/26		6.5	7.5
12:30	USA	Dallas Fed Manufacturing Index	set/26			

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
29/09/26	**Tuesday**					
08:30	Brazil	**Monetary and Credit Statistics**	ago/26			0.3
10:00	USA	S&P/Case-Shiller Home Price (YoY)	jul/26			2.1
11:00	USA	CB Consumer Confidence	set/26	90.0		89.4
11:00	USA	**JOLTS Job Openings**	ago/26	7.24M		7.271M
14:30	Brazil	**Formal Job Creation (CAGED)**	ago/26	93k	100k	58.6k
22:30	China	NBS Manufacturing PMI [30/09]	set/26			49.8
22:30	China	NBS Non-Manufacturing PMI [30/09]	set/26			49.0
22:45	China	Caixin Manufacturing PMI [30/09]	set/26			
During the day	Brazil	**Central Government Primary Balance**	ago/26	-14.2		10.9

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
30/09/26	**Wednesday**					
03:00	Germany	Retail Sales (MoM)	ago/26			
08:00	Brazil	IGP-M (MoM)	set/26			
08:30	Brazil	**Fiscal Statistics (Primary Balance)**	ago/26		-13.38	
08:30	Brazil	**Fiscal Statistics (General Govt Gross Debt)**	ago/26	83.1		82.5
09:00	Brazil	**Unemployment Rate (PNAD)**	Jun-Aug/26		5.3	
09:15	USA	**ADP Employment Change**	set/26	49k	70K	38k
09:30	USA	**Core PCE Price Index (MoM)**	ago/26	0.3	0.3	
09:30	USA	**PCE Price Index (MoM)**	ago/26	0.4	0.4	
09:30	USA	**GDP Growth Rate (QoQ, 3rd Est)**	Q2 26	1.5	1.5	
10:45	USA	Chicago PMI	set/26			47.1
20:50	Japan	Tankan Large Manufacturers Index (Q3) [01/10]	Q3 26			22

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
01/10/26	**Thursday**					
06:00	Euroarea	Inflation Rate (YoY, Flash)	set/26			3.2
06:00	Euroarea	Core Inflation Rate (YoY, Flash)	set/26			2.4
09:30	USA	Initial Jobless Claims	set/26	195k		197k
10:00	Brazil	Manufacturing PMI (S&P Global)	set/26			
11:00	USA	ISM Manufacturing PMI	set/26	54.8		54.6
11:00	USA	Construction Spending (MoM)	ago/26			-0.5
15:00	Brazil	Balance of Trade	set/26			
20:30	Japan	Tokyo CPI (YoY) [02/10]	set/26			1.4

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
02/10/26	**Friday**					
09:00	Brazil	**Industrial Production - PIM (MoM)**	ago/26		0.4	0.2
09:30	USA	**Non Farm Payrolls**	set/26	100k	90k	162k
09:30	USA	**Unemployment Rate**	set/26	4.2	4.2	4.1
09:30	USA	Average Hourly Earnings (MoM)	set/26	0.2		0.3
11:00	USA	Factory Orders (MoM)	ago/26			0.9
14:00	USA	Baker Hughes Oil Rig Count	out/26			

Macroeconomic projections	2020	2021	2022	2023	2024	2025	2026	2027
Brazil GDP (%)	-3,3	4,8	3,0	2,9	3,4	2,3	**1,8**	**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	**13,25**	**12,00**
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	**4,25**	**4,50**

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