BRAZIL
ECONOMIC OUTLOOK

September 2026

Bradesco Economic Research

Rising external risk and more visible effects of monetary policy

Brazil – Macroeconomic Outlook

Rising external risk and more visible effects of monetary policy

- **The release of second-quarter GDP confirmed what monthly data had already suggested: a sharper economic slowdown, even during a period when various stimulus measures are in place.** Early third-quarter data indicate that this moderation trend persists, with few growth drivers for the coming year. As a result, we revised GDP growth from 1.9% to 1.7% for this year and from 1.3% to 1.0% for 2027.

- **Inflation is slowing down following the relevant shocks at the beginning of the year and is expected to close 2026 at 4.9%.** Early in the year, temporary shocks in certain food items and petroleum derivatives exerted notable pressure on current inflation. However, after these effects were incorporated, the dissipation of these shocks has become evident. Over the past 12 months, the IPCA has slightly fallen below the upper limit of the inflation target but is likely to exceed it again in the coming months as the effects of El Niño and the escalation of the war resume putting upward pressure on the index.

- **The exchange rate has continued to fluctuate between R$/US$ 5.00-5.20 in recent weeks.** Compared to its peers, the currency has shown slight appreciation since early August but remains close to this year's average. For now, we are maintaining our exchange rate outlook, though we acknowledge increased uncertainty due to elevated long-term interest rates in the U.S. and the start of a monetary tightening cycle by the Fed, which historically tends to strengthen the dollar.

- **Without a relevant currency depreciation, given the economic slowdown, there is room to continue the interest rate calibration cycle.** Therefore, we now incorporate additional cuts in 2026, reaching 13.25%, while maintaining the expectation of easing to 11.0% in 2027.

Economic forecasts

Rising external risk and more visible effects of monetary policy

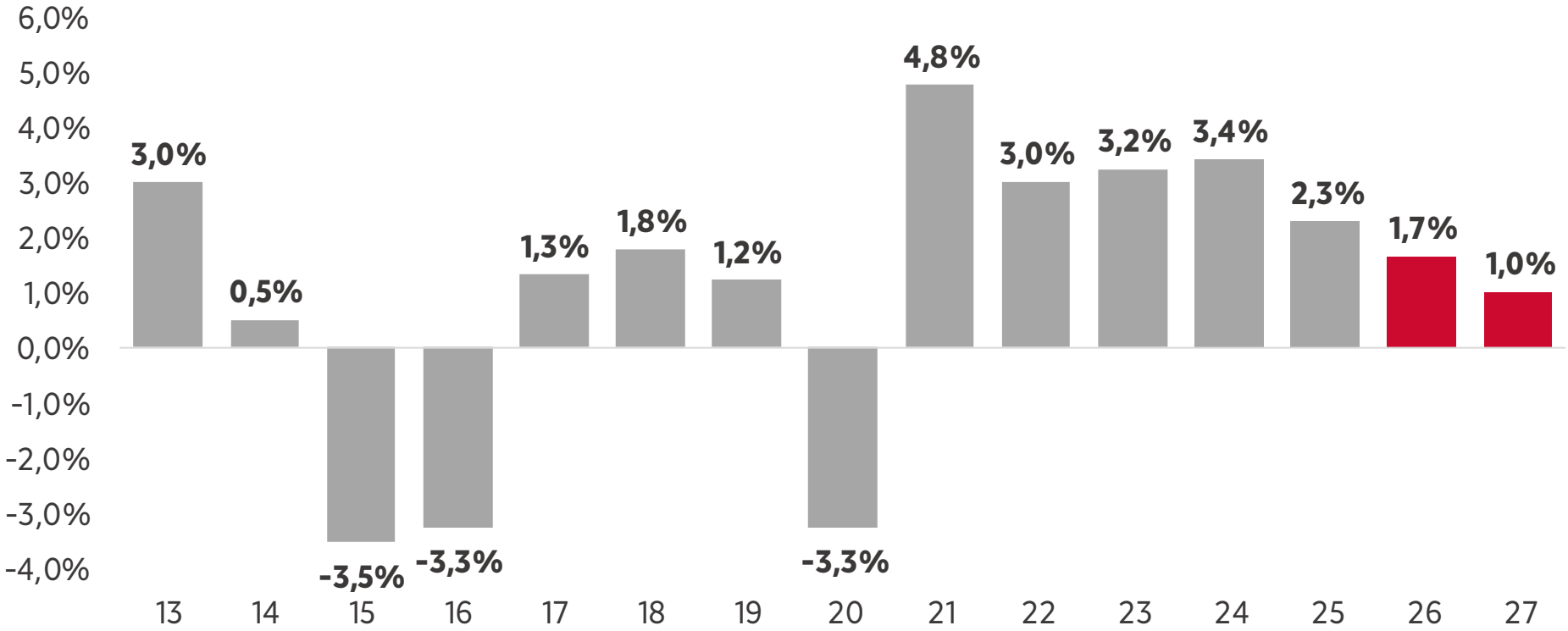
	2024	2025	2026		2027	
			previous	current	previous	current
GDP (% p.a.)	3,4	2,3	1,9	**1,7**	1,3	**1,0**
IPCA (% p.a.)	4,8	4,3	5,0	**4,9**	4,1	**4,1**
Selic Rate (%, end of period)	12,25	15,00	13,75	**13,25**	11,00	**11,00**
FX - end of period (R$ / US$)	6,19	5,50	5,00	**5,00**	5,20	**5,20**
Unemployment Rate (%)	6,8	5,9	5,5	**5,5**	6,1	**6,1**
Gross debt (% of GDP)	76,3	78,7	82,9	**83,6**	87,4	**88,2**
Current account (% of GDP)	-3,0	-3,0	-2,0	**-2,1**	-2,1	**-2,2**

Bradesco Economic Research forecasts are revised each month. During periods of heightened volatility, uncertainty and error margins naturally increase, particularly between revisions. Our forecasts assume that the adjustments required to ensure the sustainability of Brazil's macroeconomic framework will be implemented in the coming years. If these adjustments fail to materialize or exceed expectations, the forecast could change substantially. Last updated on September 18, 2026.

Source: Bradesco

GDP

Annual rate of change, %

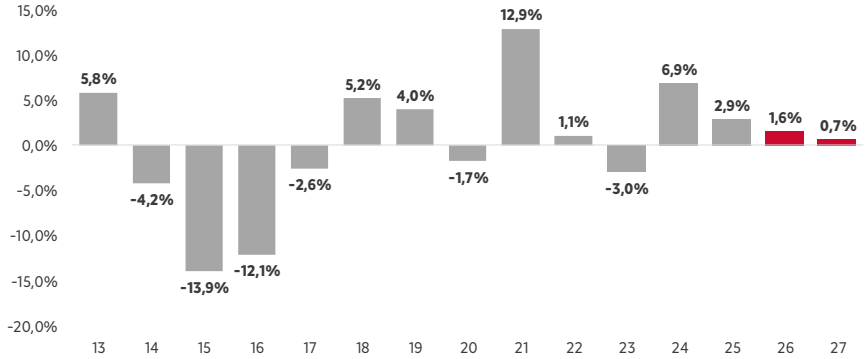


Source: IBGE, Bradesco

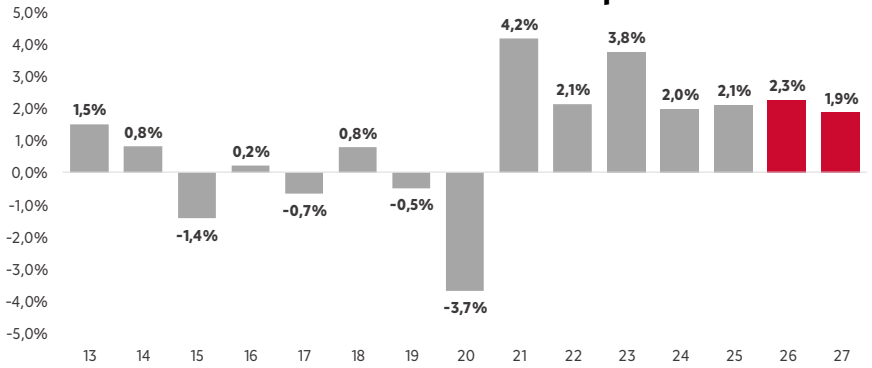
GDP

Annual rate of change, %

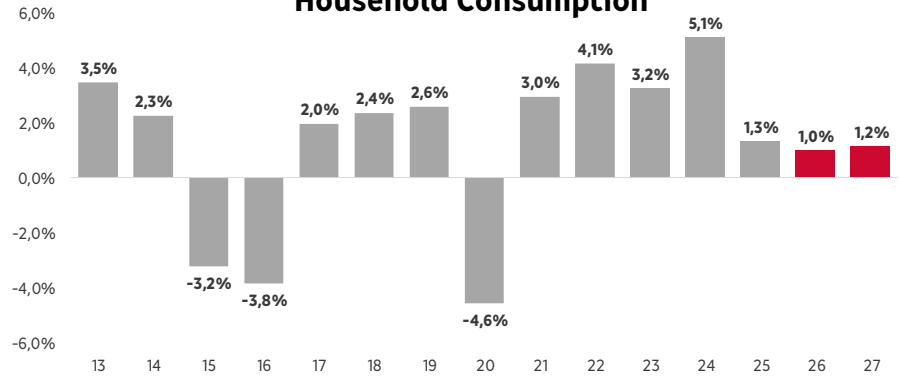
Investments



Government Consumption



Household Consumption

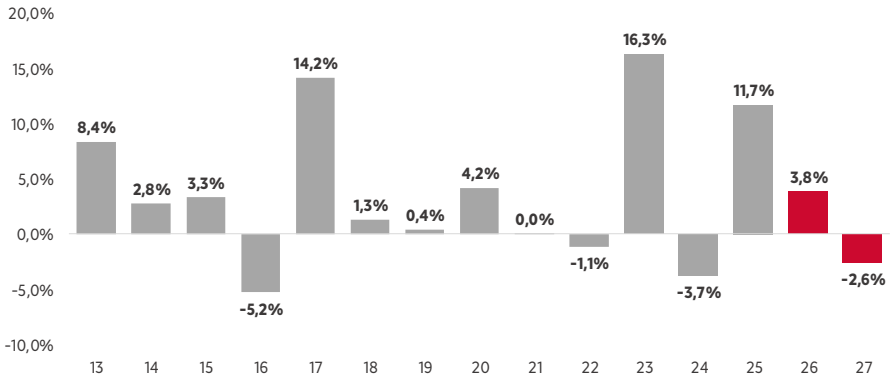


Source: IBGE, Bradesco

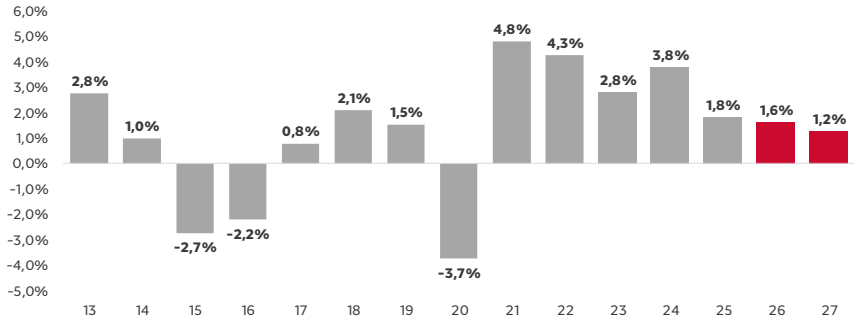
GDP

Annual rate of change, %

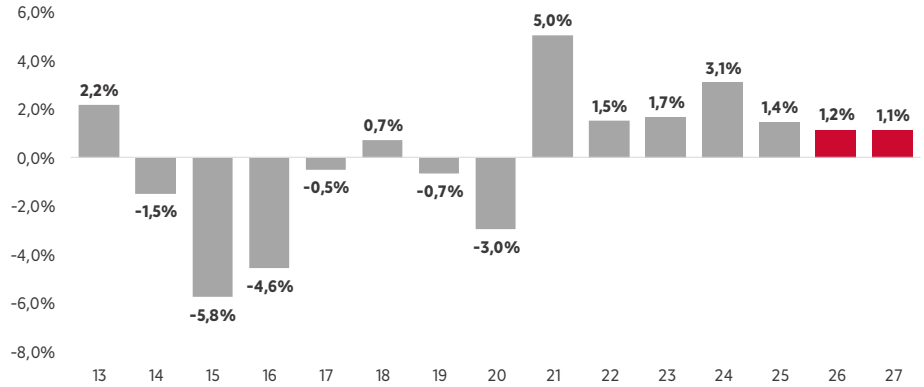
Agriculture



Services



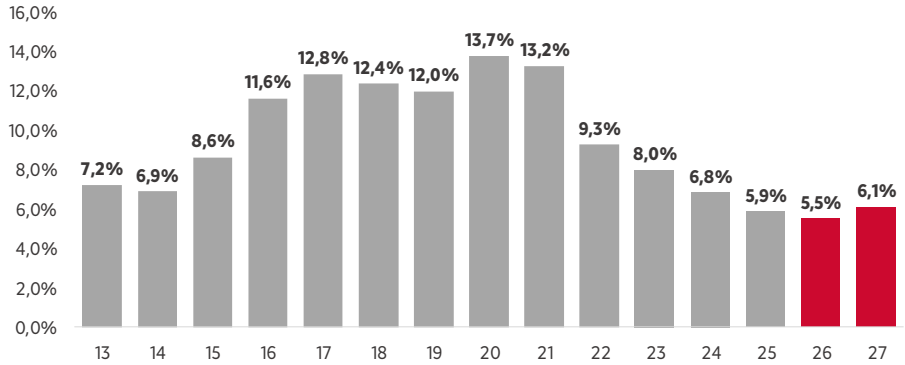
Manufacturing



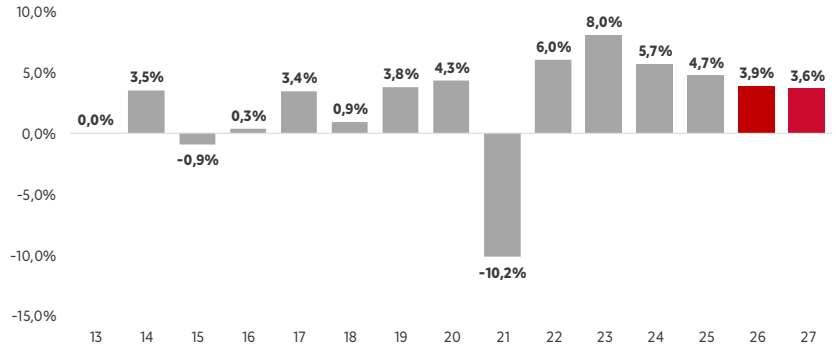
Source: IBGE, Bradesco

Employment and income

Unemployment rate
(average)



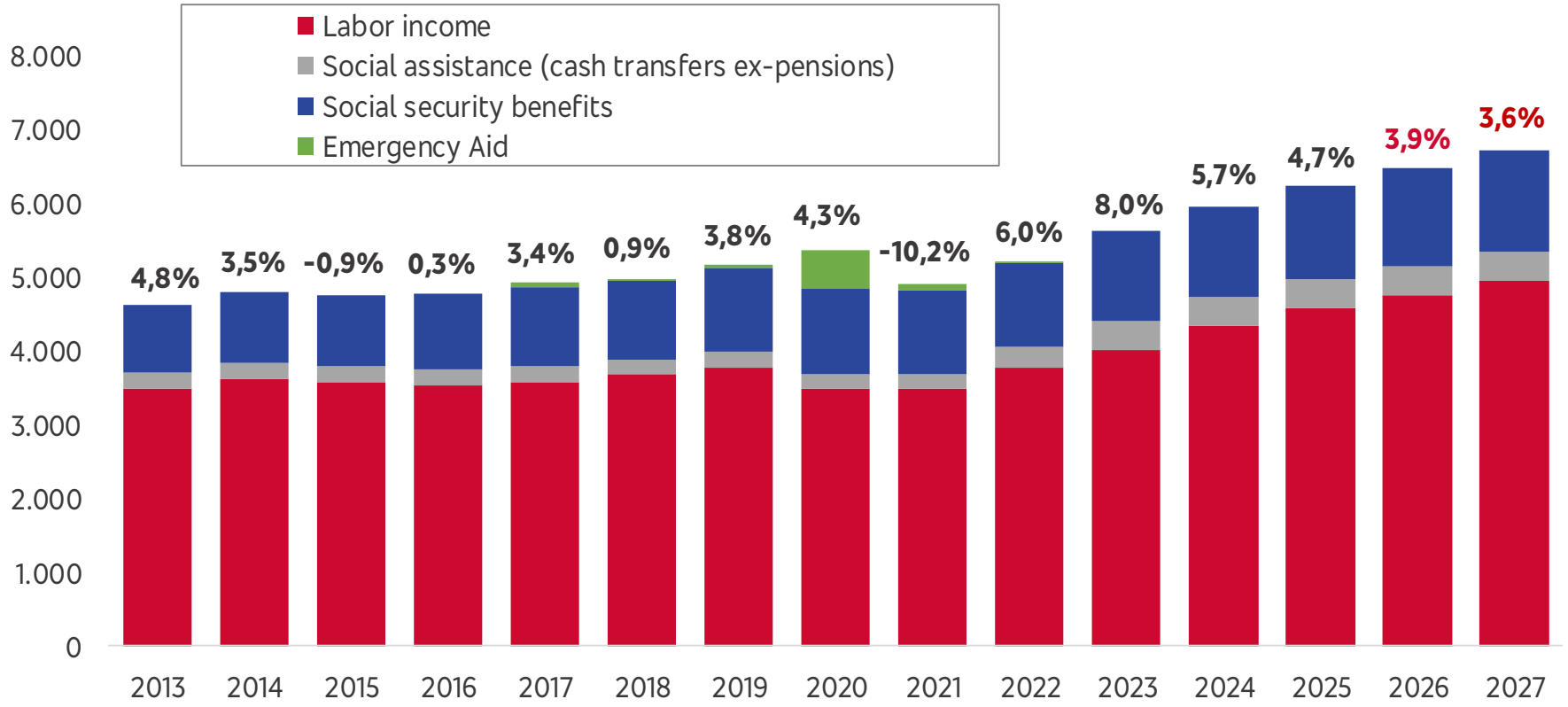
Real income growth



Source: IBGE, Bradesco

Labor income & government transfers

BRL billion, constant prices YoY



Source: IBGE, BCB, CEF, STN, Ministries of Citizenship and Welfare, Bradesco

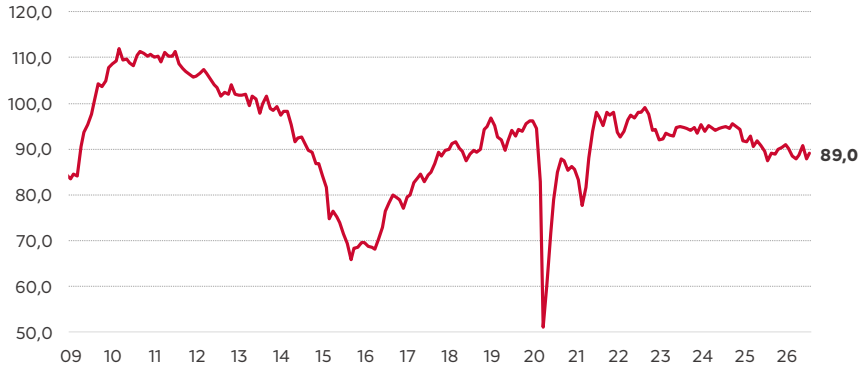
Confidence index

Seasonally adjusted level

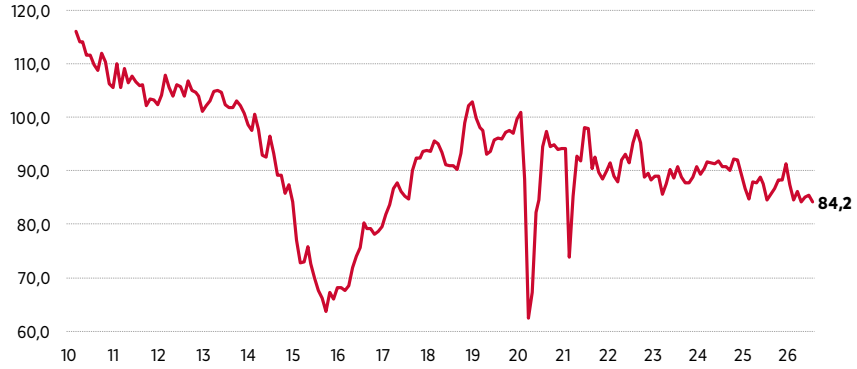
Manufacturing



Services



Retail



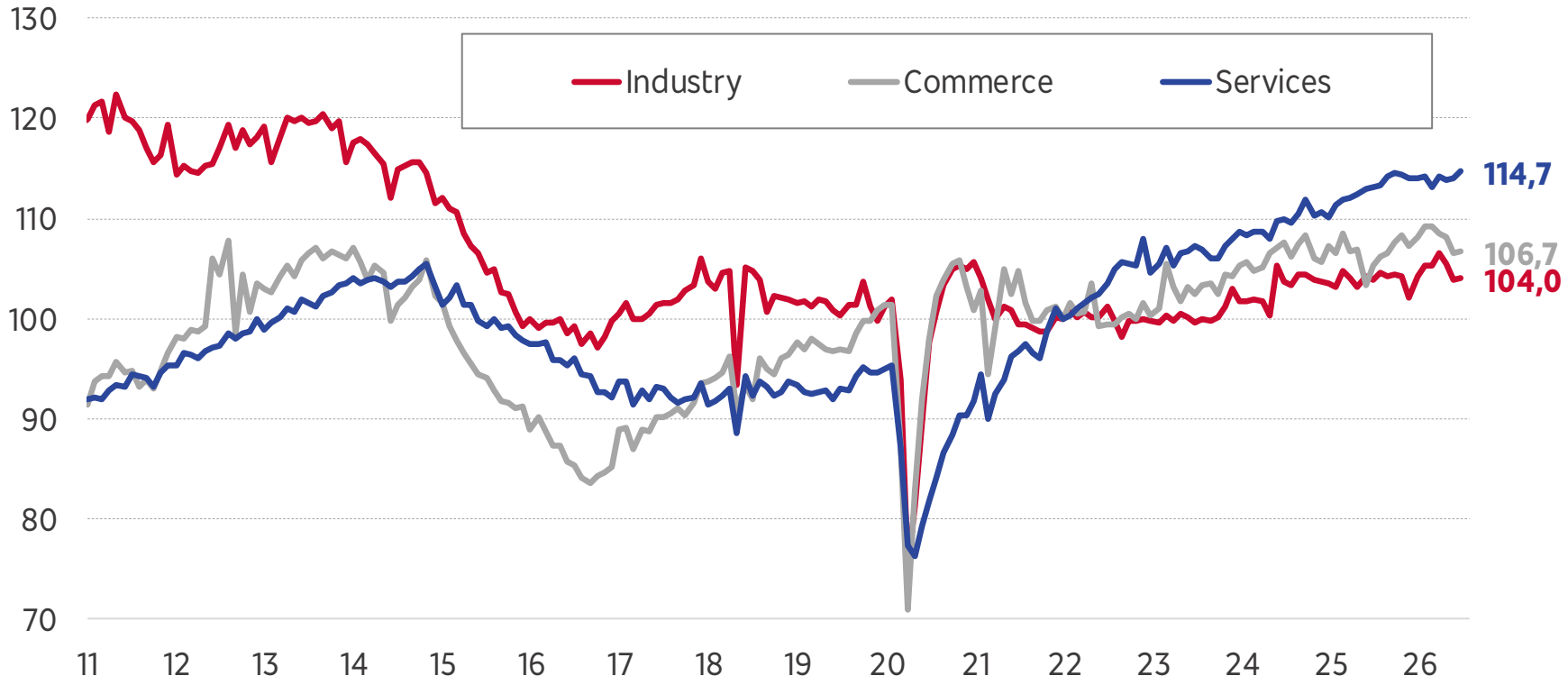
Construction



Source: FGV, Bradesco

Manufacturing, retail, and services

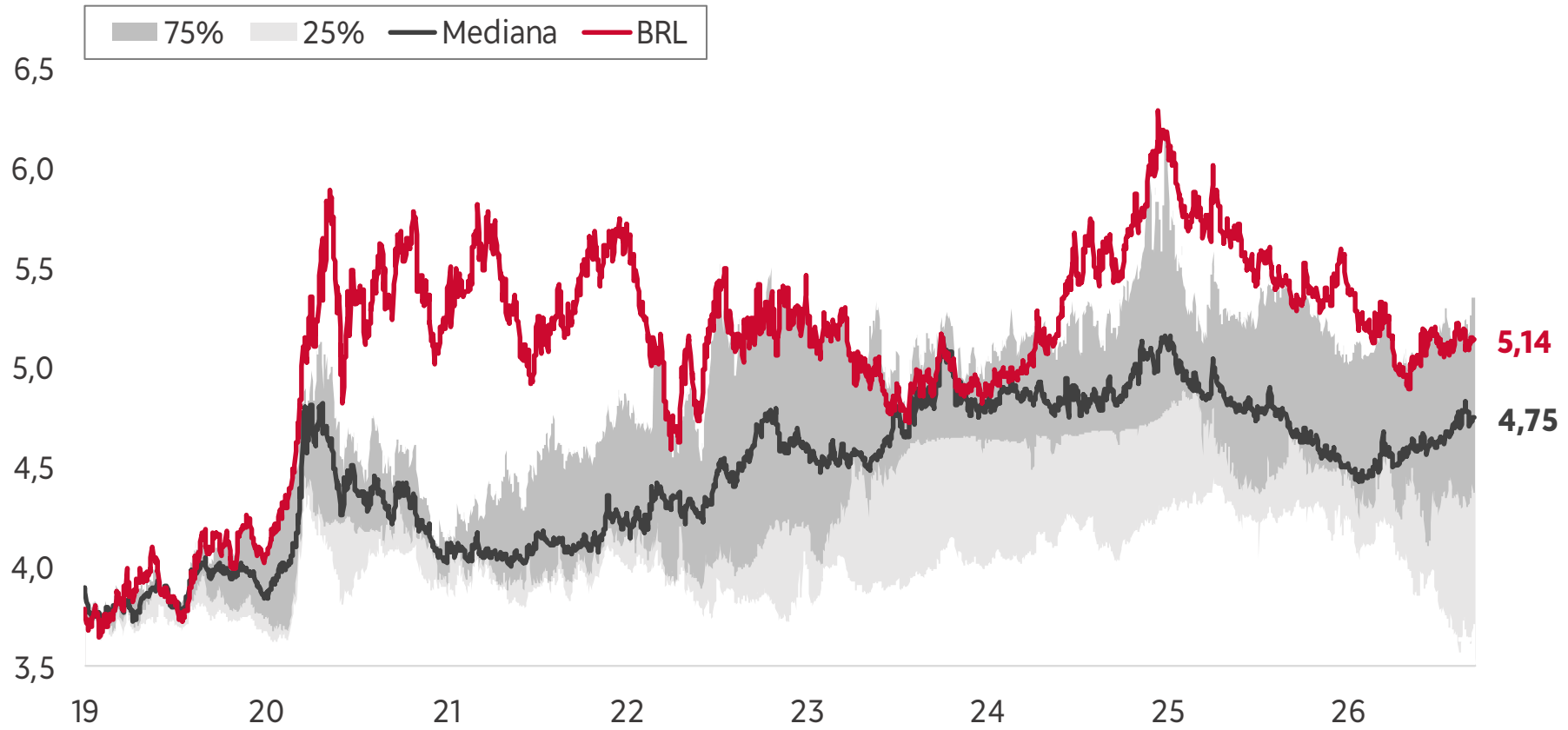
Seasonally adjusted level



Source: IBGE, Bradesco

BRL vs. emerging market currencies

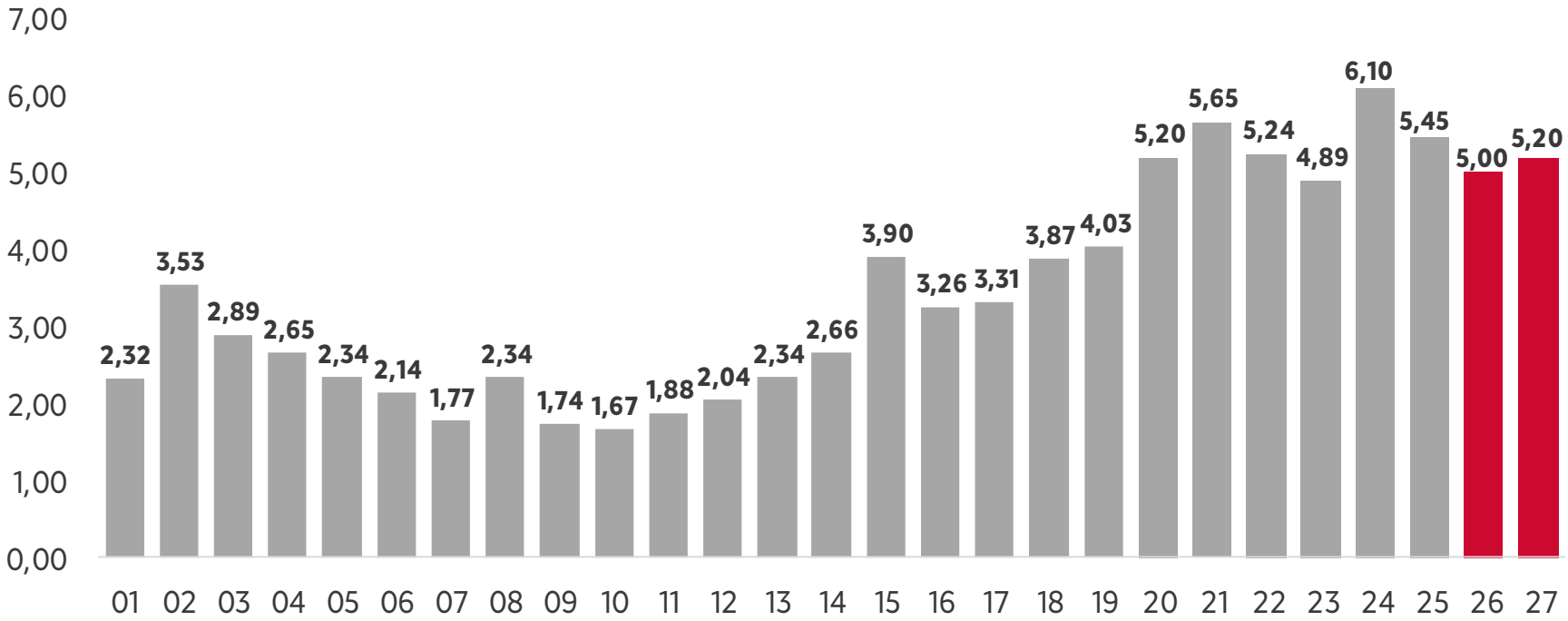
Accumulated BRL fluctuation vs. EMC median and percentiles



Source: Bloomberg, Bradesco

Nominal exchange rate

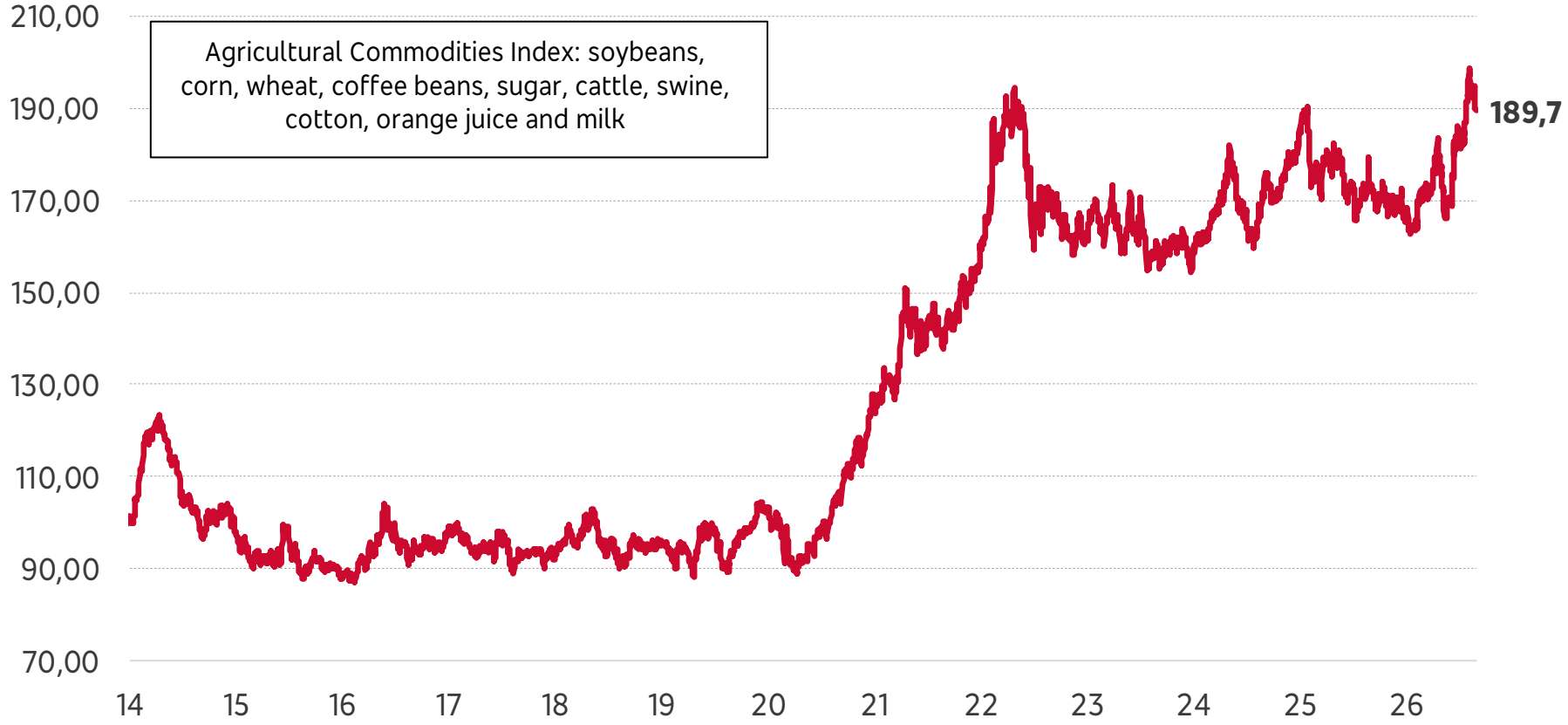
R$/US$, end of period



Source: Bloomberg, Bradesco

Bradesco commodities index: agriculture

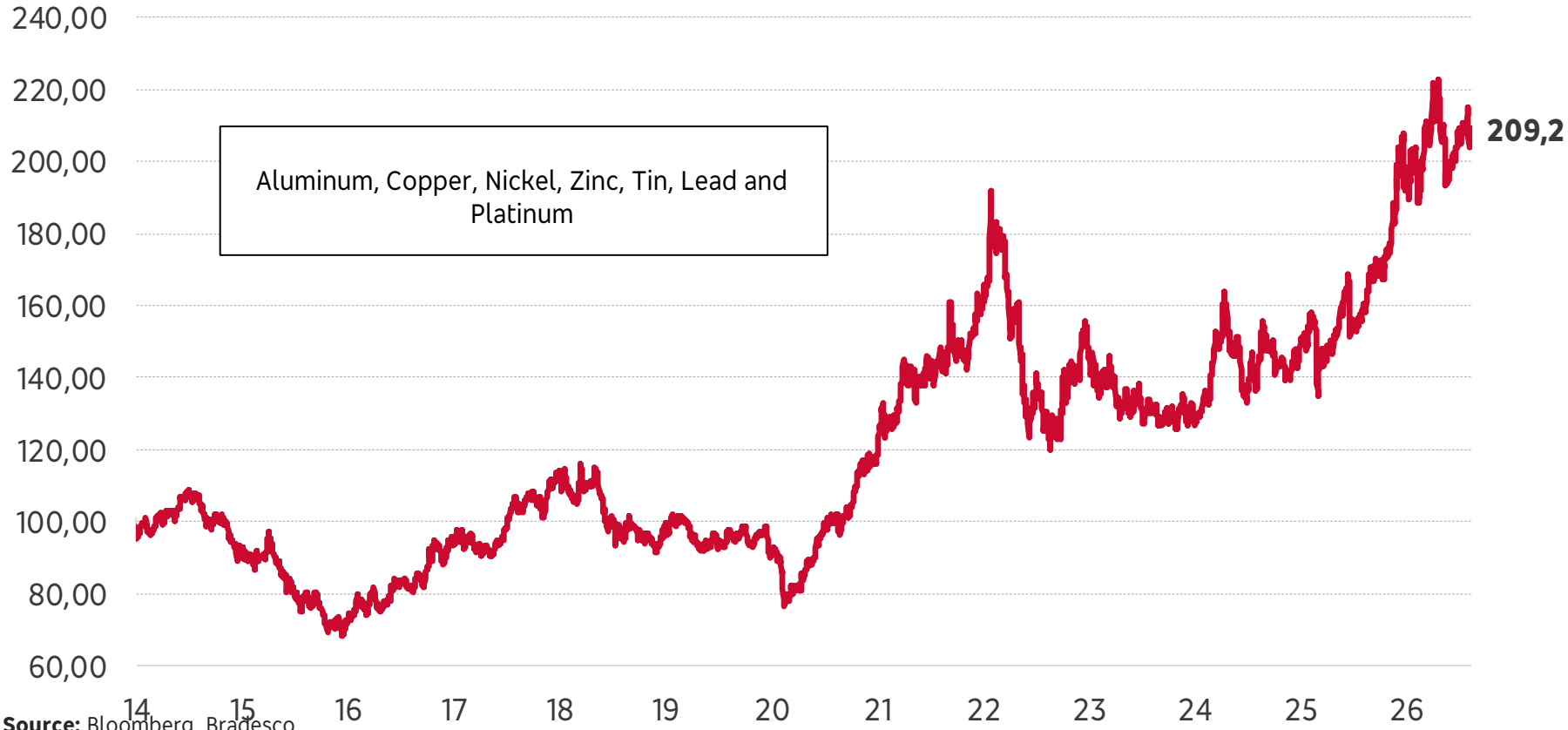
100 = January 2014



Source: Bloomberg, Bradesco

Bradesco commodities index: metals

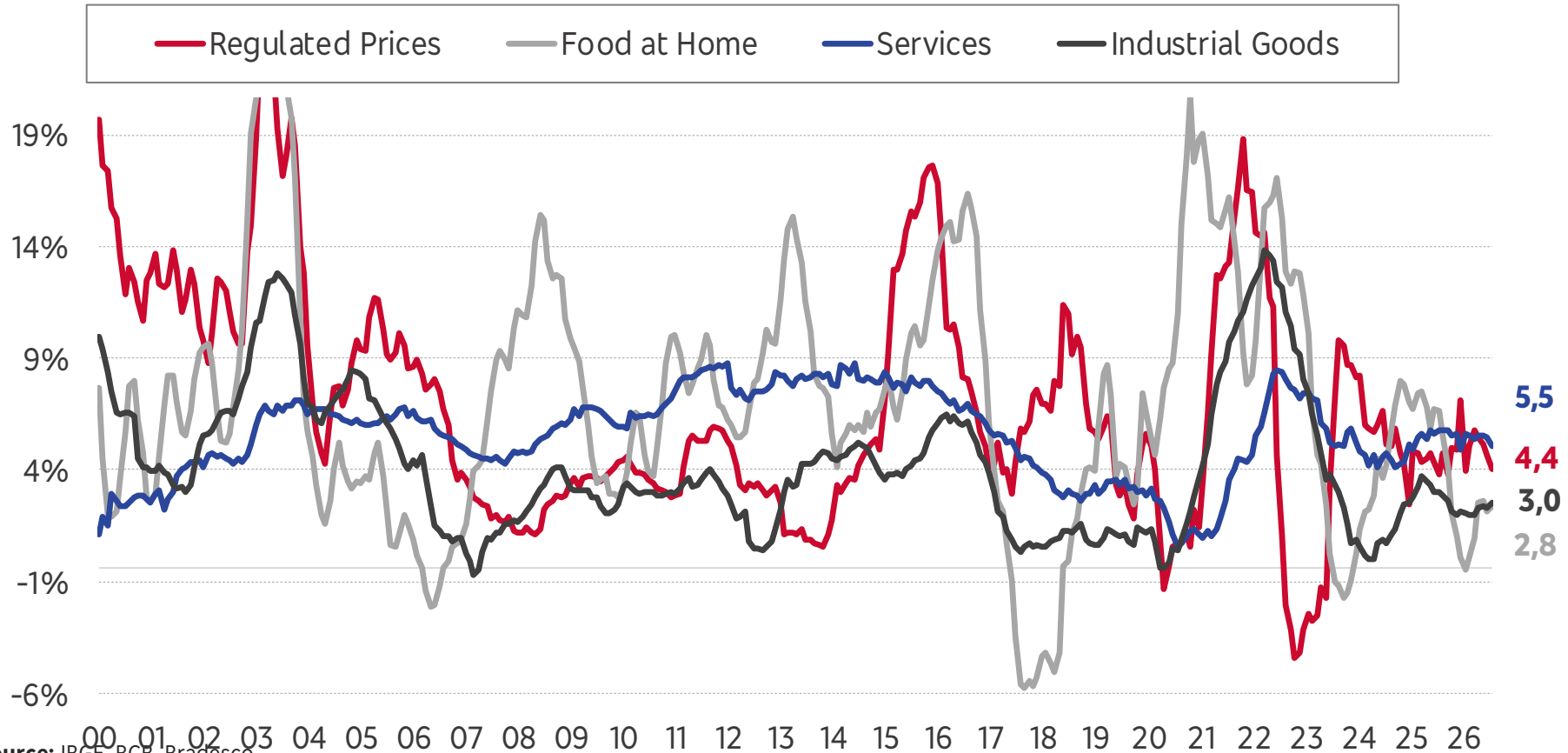
100 = January 2014



Source: Bloomberg, Bradesco

IPCA (CPI) components

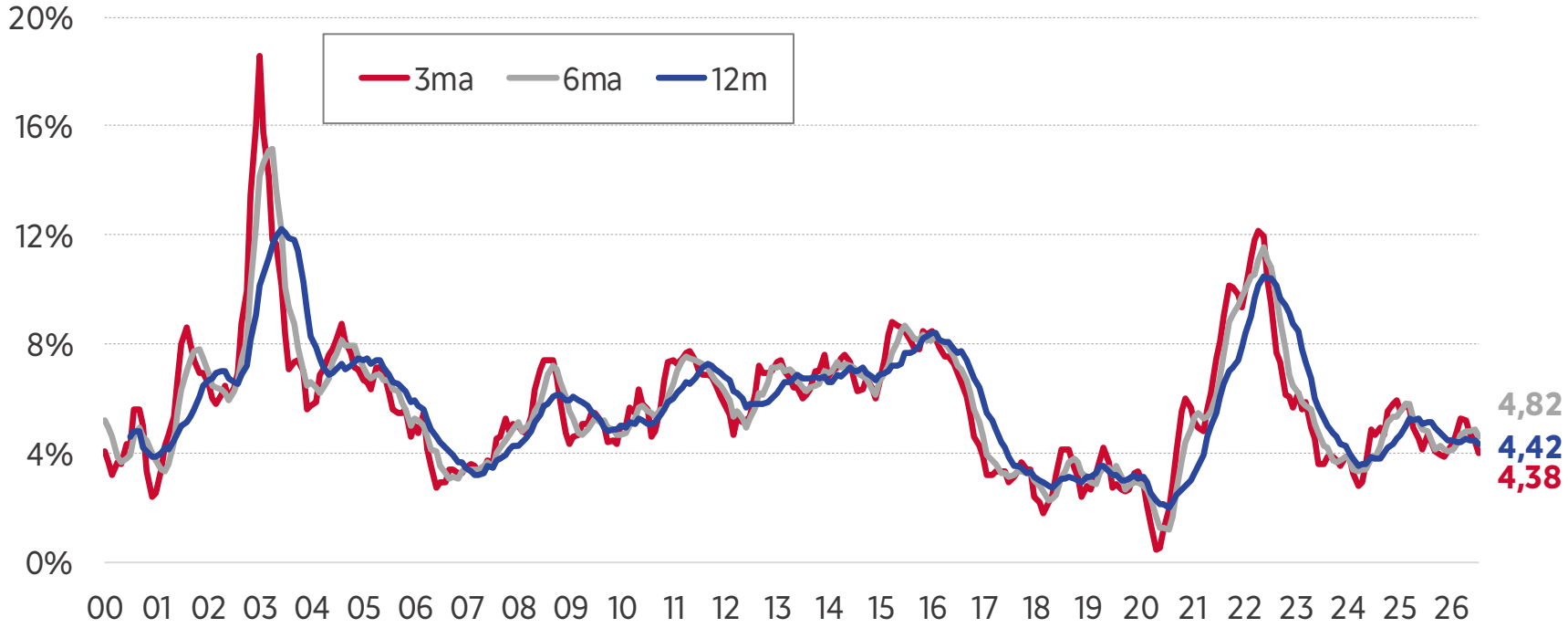
12-month change



Source: IBGE, BCB, Bradesco

IPCA – average inflation cores

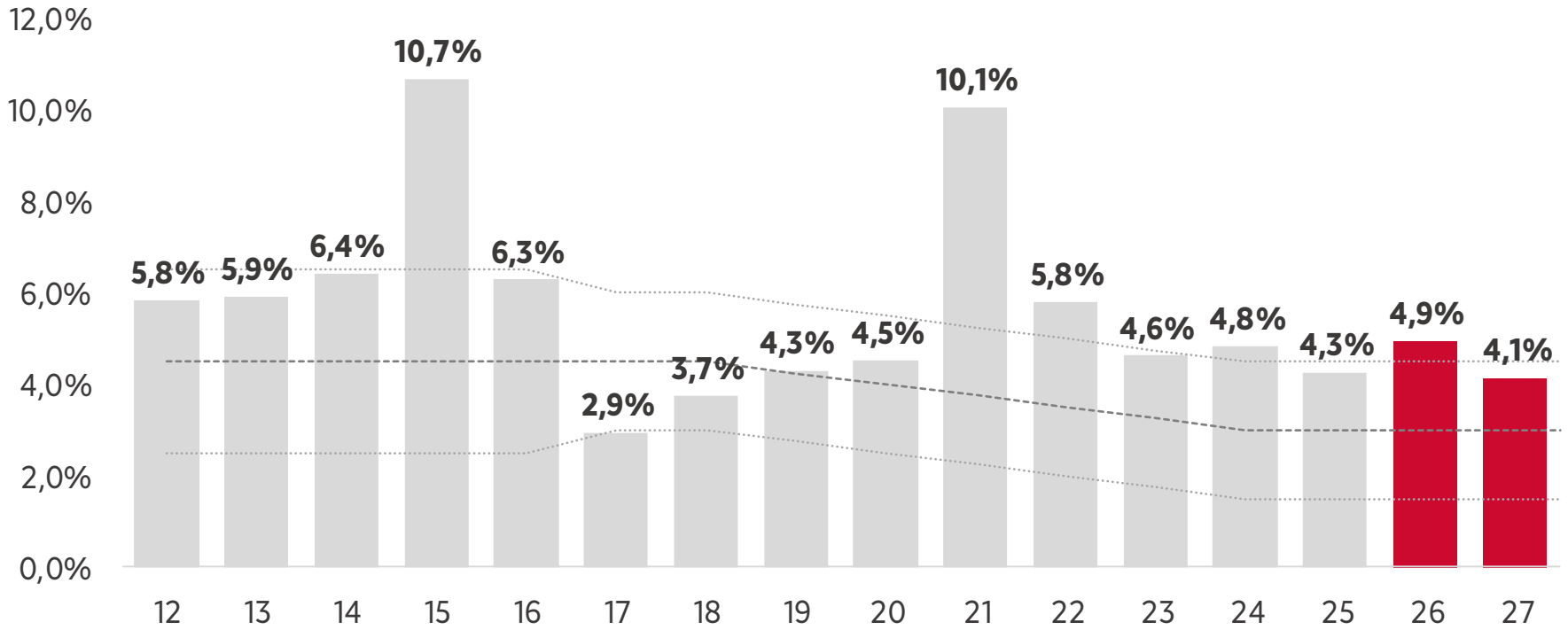
Seasonally adjusted and annualized (3, 6 and 12 months)



Source: BCB, Bradesco

Consumer prices index – IPCA

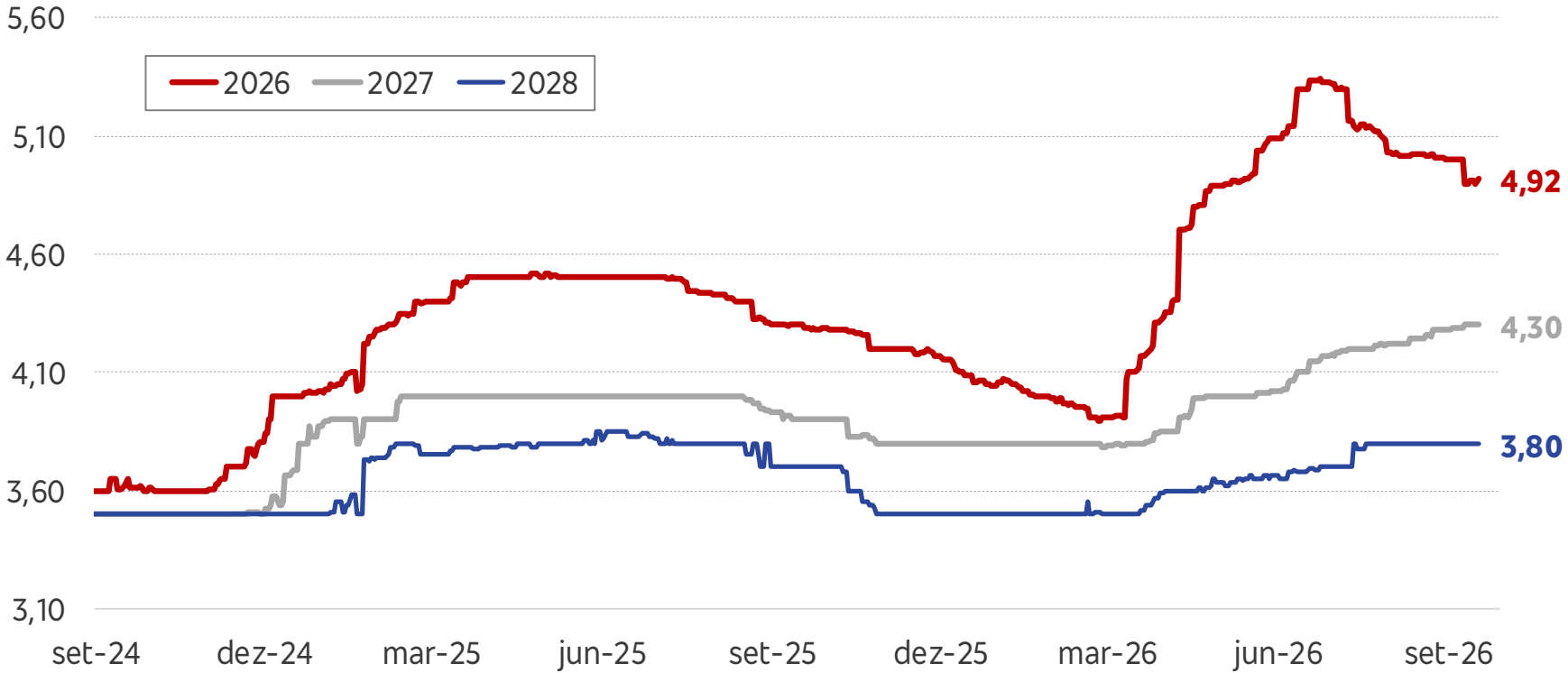
Annual rate of change, %



Source: IBGE, Bradesco

Market expectations – IPCA (CPI)

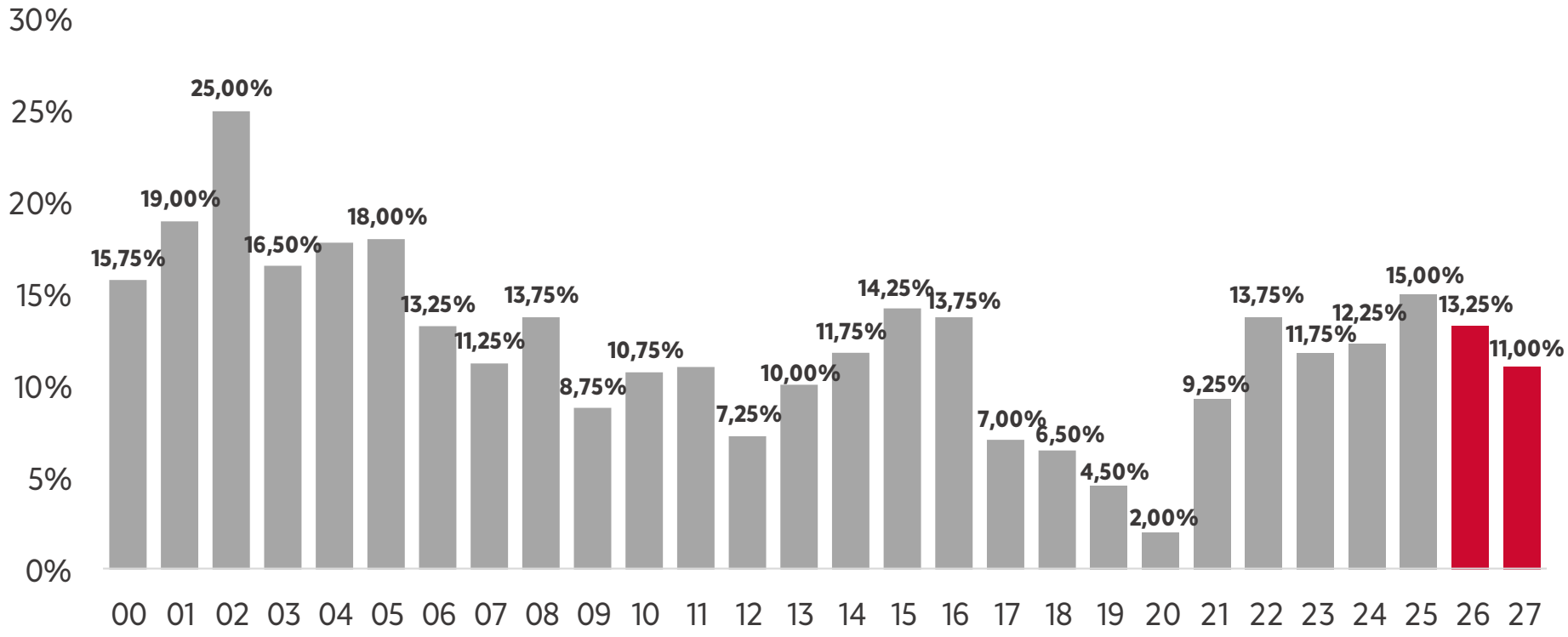
Inflation Expectations - Median



Source: BCB, Bradesco

Nominal interest rate: Selic

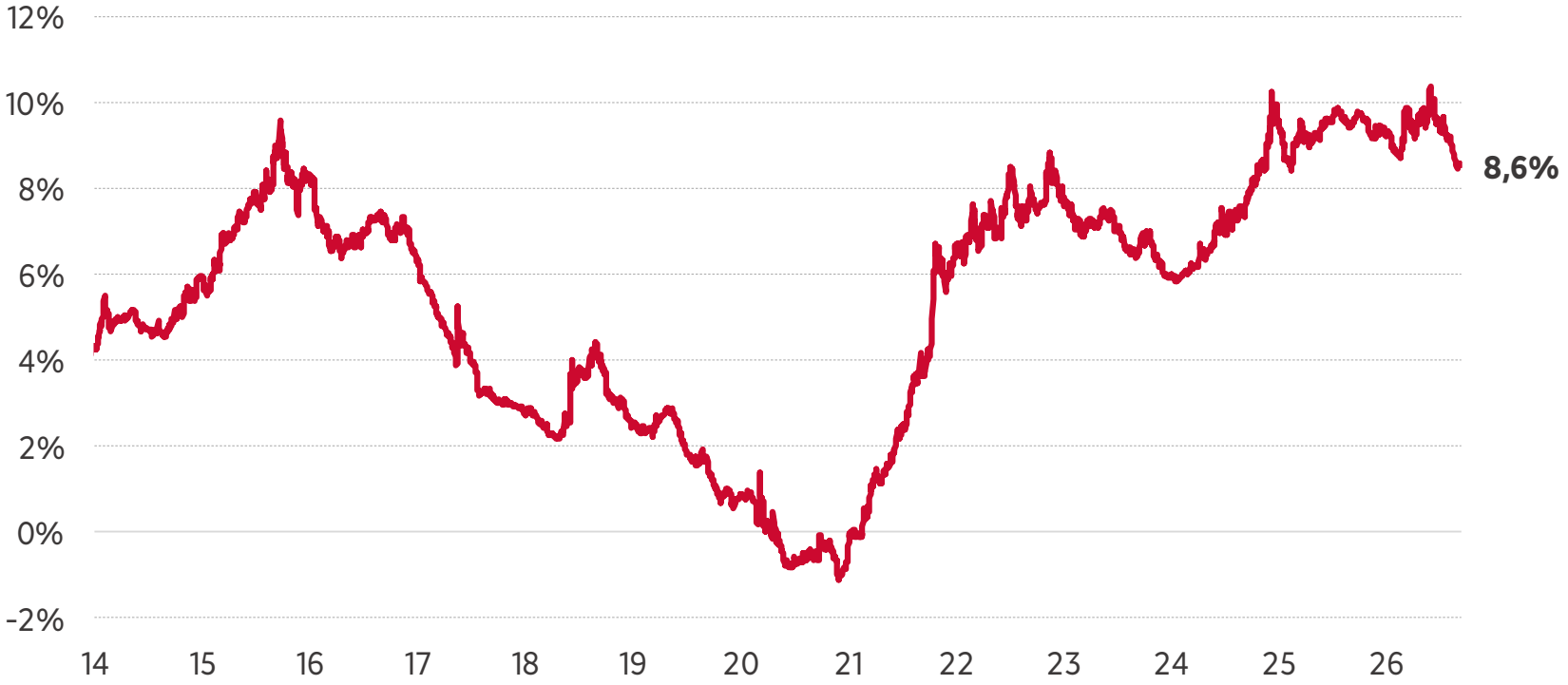
% target rate, end of period



Source: BCB, Bradesco

Real interest rate

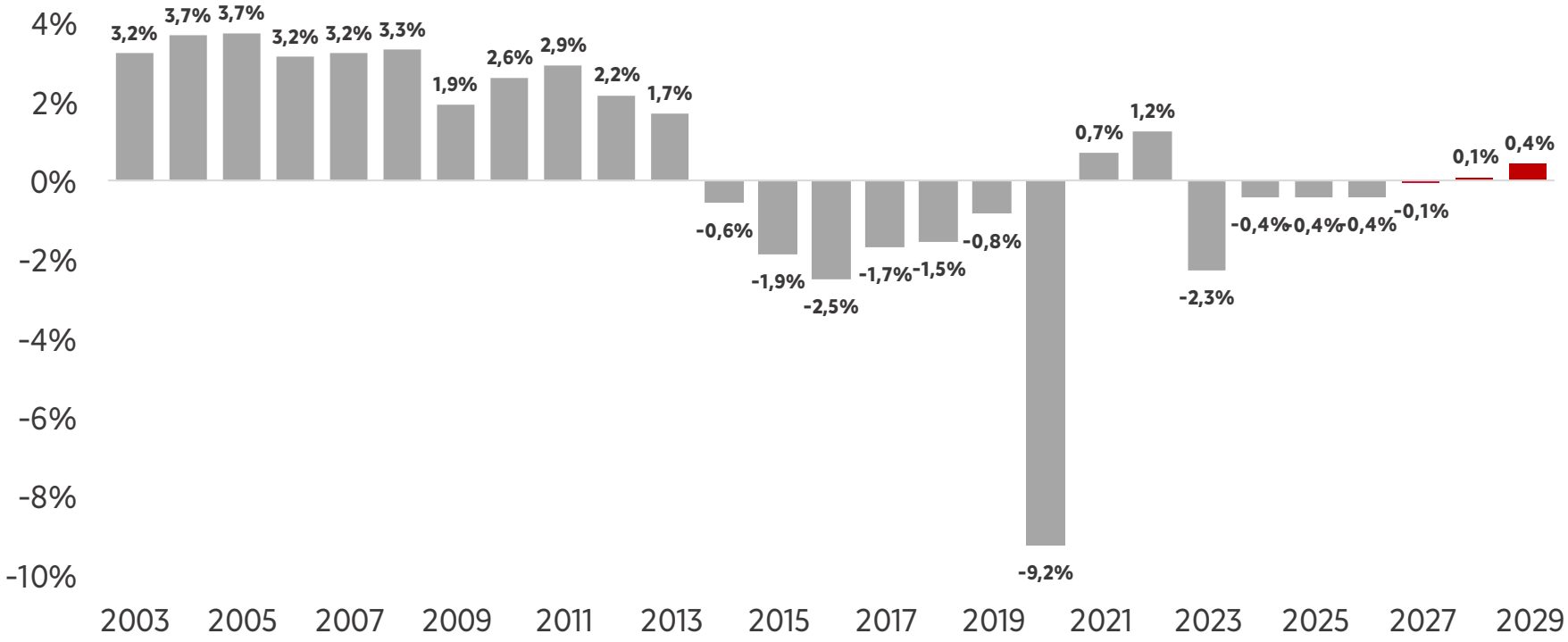
Swap DI x Pre rate deflated by IPCA expectation



Source: Bloomberg, Bradesco

Public sector primary balance

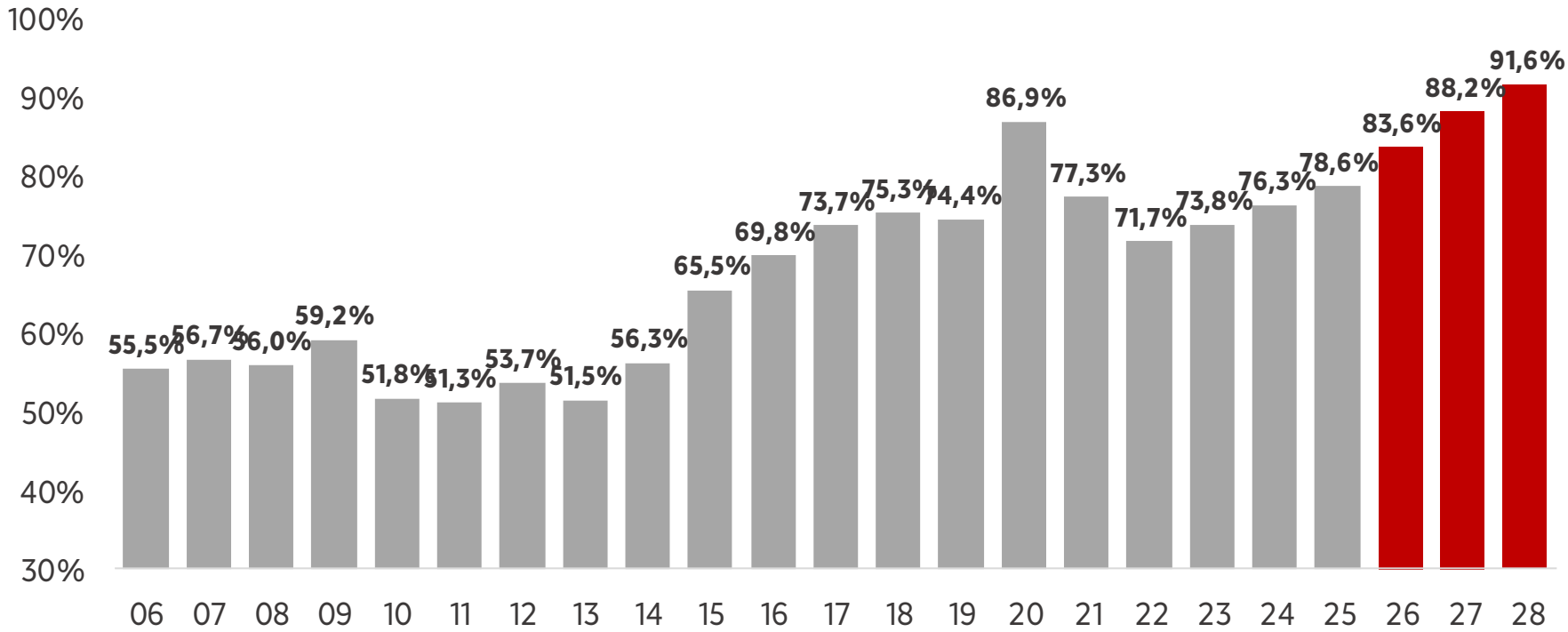
% of GDP



Source: BCB, Bradesco

Gross public debt

% of GDP



Source: BCB, Bradesco

Our forecasts

	2024	2025	2026	2027
GDP growth (%)	3,4	2,3	1,7	1,0
Consumer inflation - IPCA (%)	4,8	4,3	4,9	4,1
Wholesale inflation - IGP-M (%)	6,5	-1,0	5,3	4,2
Selic Rate (%, eop)	12,25	15,00	13,25	11,00
Exchange Rate (BRL/USD, eop)	6,19	5,50	5,00	5,20
Industrial Production (%)	3,1	0,6	1,1	1,1
Retail Sales (%)	3,7	0,0	1,1	0,6
Unemployment Rate (%)	6,8	5,9	5,5	6,1
Outstanding Credit Growth (%)	11,4	10,4	9,0	7,0
Trade Balance (USD bn)	65,8	59,7	77,4	75,8
Current Account (USD bn)	-65,3	-66,7	-56,1	-60,1
Current Account (%GDP)	-3,0	-3,3	-2,9	-2,9
Primary Balance (BRL bn)	-47,6	-55,0	-58,2	-10,0
Gross Debt (% of GDP)	76,3	78,6	83,6	88,2
BRL/EUR (eop)	6,41	6,60	5,90	6,20

Bradesco Economic Research forecasts are revised each month. During moments of greater volatility, the level of uncertainty and error margins naturally rise, especially between revisions. Our forecasts are based on the assumption that the adjustments necessary to ensure the sustainability of Brazil's macroeconomic framework will be implemented over the next few years. If these adjustments do not materialize or are better than expected, the forecast could be altered significantly. **Last updated on September 18th 2026.**

Source: Bradesco

Bradesco Economic Research
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