DORIC SHIPBROKERS S.A.

BRAZIL – BAROMETER

Monthly Update

August 2026

FOCAL POINTS :

Macro Environment

Brazil's economic momentum softened in Q2, with the Central Bank's IBC-Br activity index expanding just 0.2 percent quarter-on-quarter, following 1.1 percent growth in Q1. The slowdown was driven by a 0.1 percent contraction in services, while industry and agriculture grew by 0.5 percent and 0.3 percent, respectively.

FX and money markets

The Brazilian Real strengthened against the US Dollar throughout July 2026, appreciating by 2.8 percent over the month, from 5.22 BRL per USD at the start of July to 5.08 BRL per USD by month-end. The average exchange rate for July stood at 5.11 BRL per USD, 7.66 percent lower than a year earlier.

Exports

Iron ore exports reached 37.8 million tonnes in July, declining by 10 percent month-on-month and 7.58 percent year-on-year. Despite the monthly slowdown, cumulative export volumes remain on track for a potential full-year record.

Imports

Brazil imported 4.1 million tonnes of chemical fertilisers in July, up sharply by 24.16 percent month-on-month, but 14.4 percent lower than in the same month of 2025. Urea imports rebounded strongly to 600.8 thousand tonnes, rising 12 percent year-on-year, while potassium chloride imports reached 1.5 million tonnes, down 10.1 percent year-on-year.

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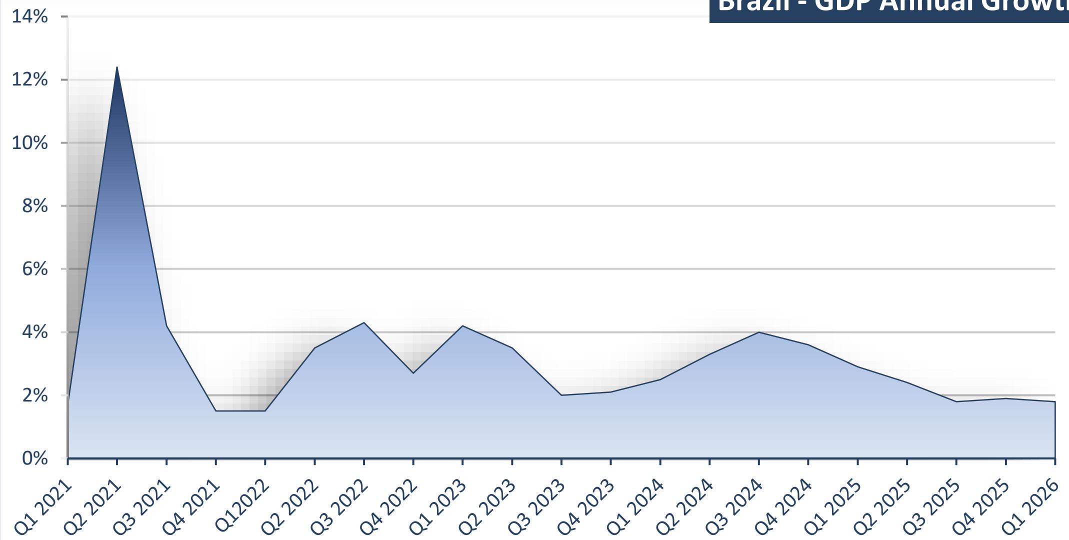
CONTENT PAGES :

• Projections for Brazil's Q2 GDP growth by the Central Bank point to a 0.2 percent expansion quarter on quarter, a slowdown compared to the 1.1 percent growth recorded in Q1.

• The slowdown reflects the impact of tight monetary policy, with high interest rates increasingly weighing on household consumption and business activity.

• The government forecasts 2.3 percent full-year GDP growth, while the market consensus is closer to 2.0 percent, indicating that Q2 marks a transition toward a slower-growth environment.

Brazil - GDP Annual Growth

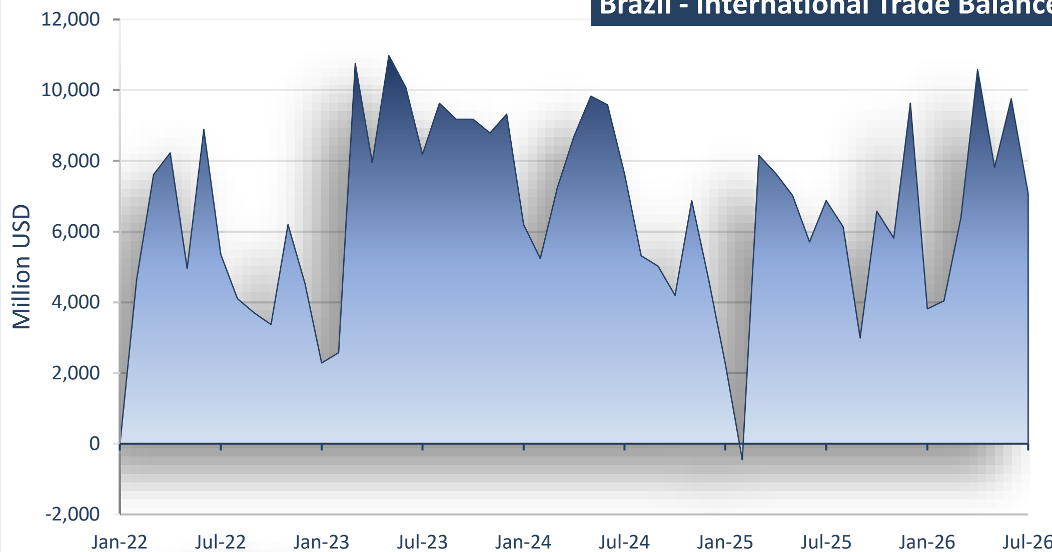


• In July, Brazil recorded a trade surplus of $7.07 billion, down 27.57 percent month-on-month. Compared to the same period last year this marked a 2.76 percent expansion.

• The year-to-date surplus reached $49.0 billion, up 31.9 percent year-on-year, supported by exports growing 10.5 percent versus 5.5 percent import growth.

• China remained the primary export destination, generating a $4.26 billion surplus in July, while Brazil recorded a $0.64 billion deficit with the US, highlighting the changing composition of its trade flows.

Brazil - International Trade Balance



- Brazil's monthly IPCA was constrained to a modest 0.07 percent. largely held back by falling food and motor fuel/transportation costs.

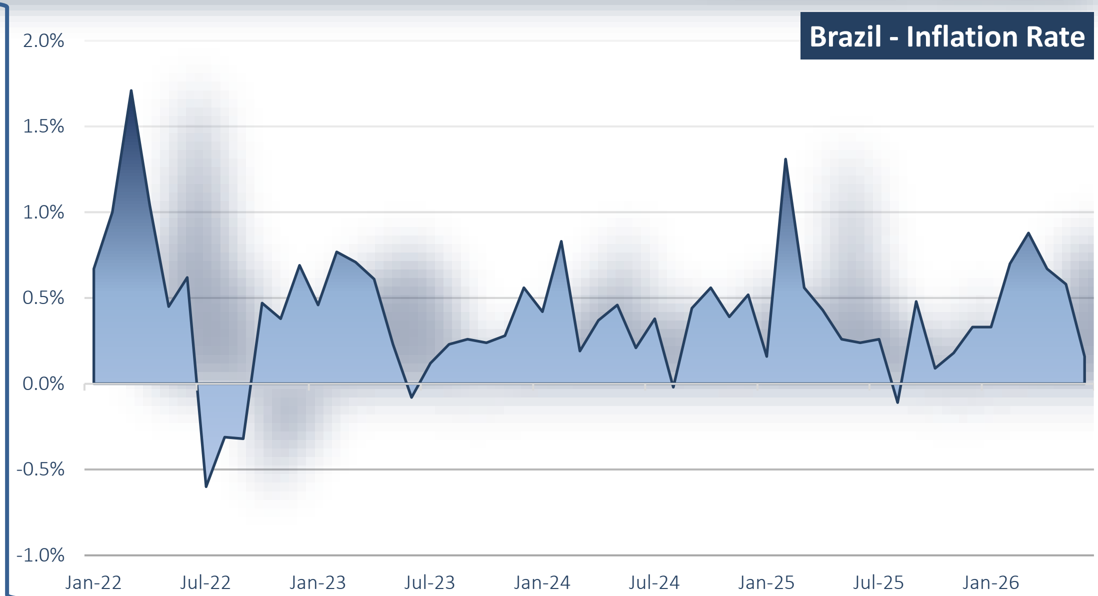
- The 12-month IPCA inflation rate decelerated to 4.44 percent in July 2026, down from 4.64 percent in June bringing the annual headline index back within the Banco Central do Brasil's upper tolerance limit of 4.50 percent.

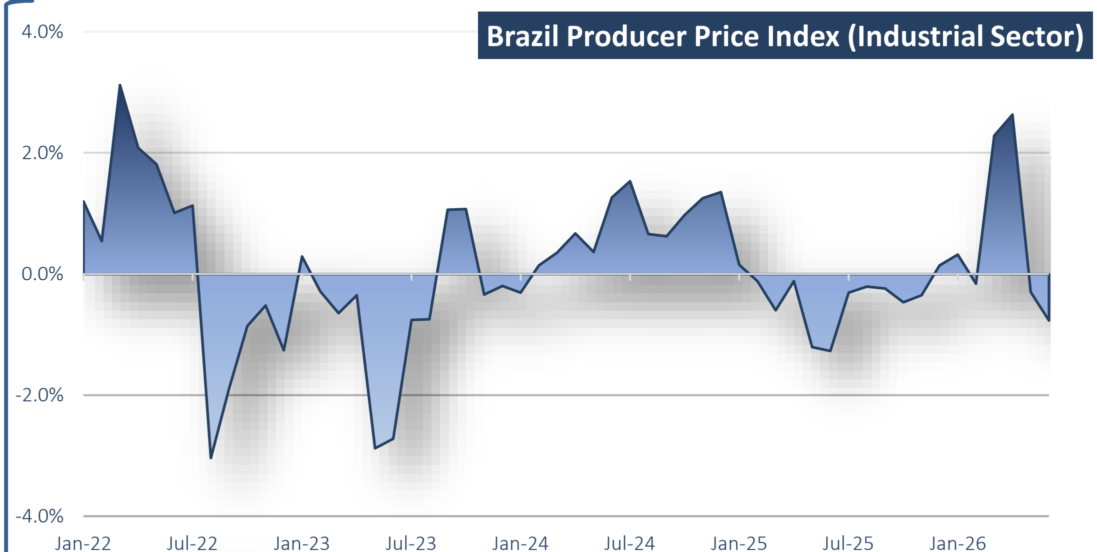
- For the second consecutive month residential electricity costs surged by 3.09 percent, due to regional distribution tariff hikes and yellow tariff flags.

- Brazil's industrial prices fell 0.77 percent month-over-month in in June 2026, marking a second consecutive monthly decline following May's downward trend.

- The sharp drop was primarily driven by the extractive industries, which plunged 11.85 percent compared to the month prior due to falling international crude oil prices, contributing a net -0.56 percentage points to the overall monthly index.

- The 12-month cumulative PPI rose to 2.51 percent in June, indicating that underlying factory-gate prices remained elevated on an annual basis despite short-term monthly declines.





• Heading through July 2026, Brazil's benchmark SELIC rate stood at 14.25 percent p.a. following a 25-basis-point reduction by the Monetary Policy Committee (Copom) at their June meeting, maintaining a gradual calibration path from early-2026 peaks near 15.00 percent.

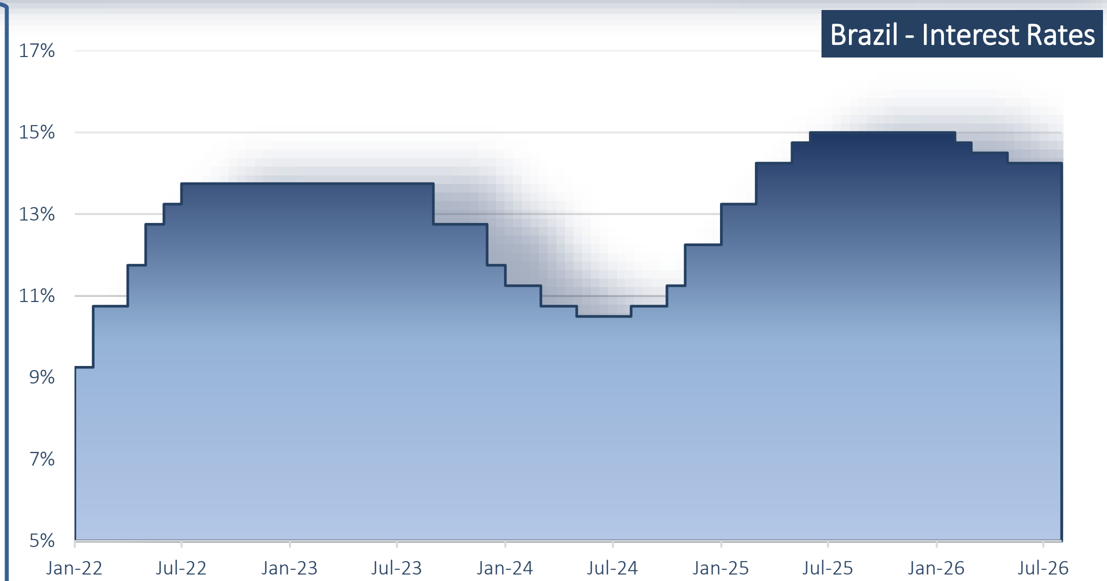
• The SELIC remained unchanged throughout July 2026 as Copom held no scheduled meeting during the calendar month, holding policy steady ahead of their early August decision.

• The inflation outlook leaves modest room for monetary easing, with the central bank likely to continue cutting rates by 25 basis points at upcoming meetings, bringing the Selic rate to 13.0 percent by year-end.

• The Brazilian Real strengthened against the US Dollar throughout July 2026, advancing 2.8 percent over the month from 5.22 BRL per USD at the start of July to 5.08 BRL per USD by month-end.

• The currency saw a notable upward run in the third week of July, reaching a peak near 5.07 BRL per USD on July 22, bolstered by favorable carry trade dynamics, elevated SELIC interest rates and stabilizing inflation metrics.

• The average FX for July stood at 5.11 BRL per USD, 7.66 percent lower compared to the year prior.



• In July 2026, Brazil exported 37.8 million tonnes of iron ore, recording a drop of 10 percent month-over month and 7.58 percent when comparing to the same period last year.

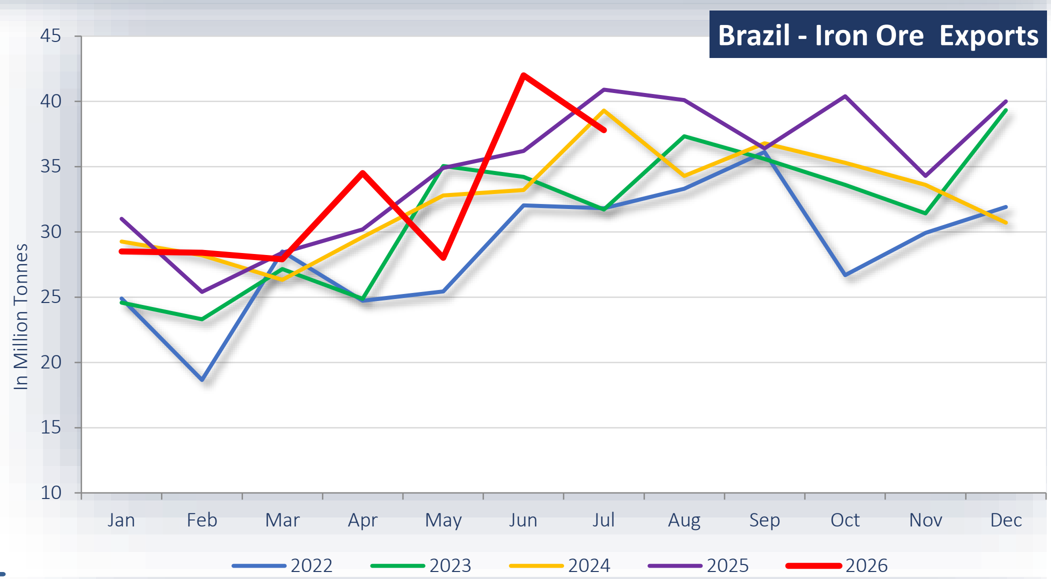
• Year-to-date exports amount to 227.1 million tonnes, matching the export volume recorded during the same period last year.

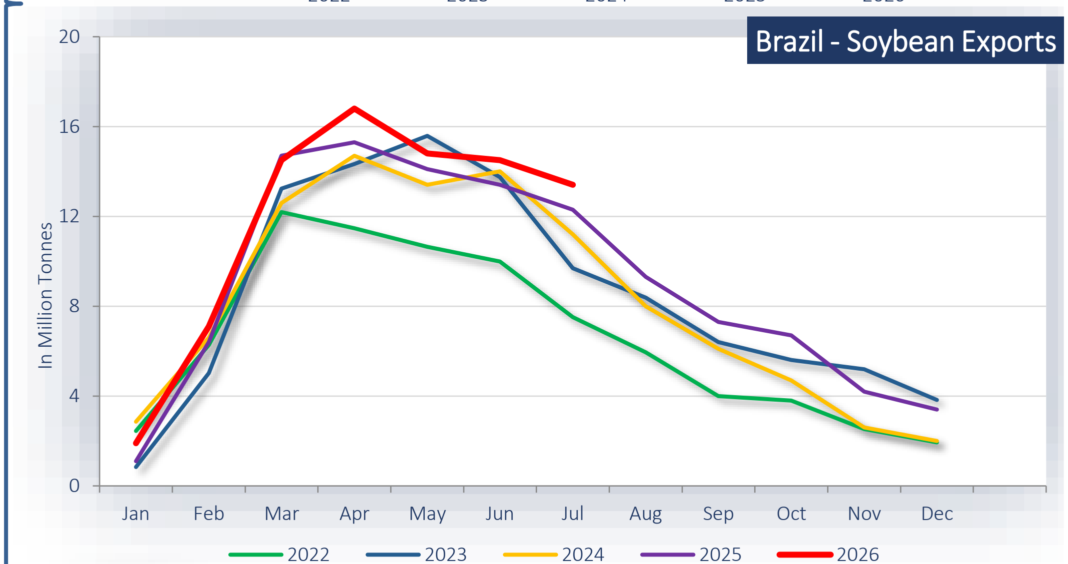
• Despite the slowdown in July, cumulative performance for the first half of 2026 remains on track for a potential full-year export volume record, anchored by Vale's production expansion targets (335–345 million metric tonness) and elevated shipments to primary buyers like China and Malaysia.

• Brazil's soybean shipment in July experienced a typical season drop, with exports totaling 13.4 million tonnes, marking a 7.59 percent decrease month-over-month.

• When comparing to the same period in 2025, exports rose notably by 8.94 percent. Total volumes for the year-to-date reached 83 million tonnes, marking a 7.37 percent increase over the same period last year.

• China remained the dominant buyer, absorbing 9.42 million tonnes (70.29 percent) of July's total exports, though its monthly volume dipped by 8.37 percent relative to June as shipments began shifting slightly toward secondary international destinations.





• In July, Corn exports surged totaling 1,93 million tonnes as Brazil enters the second-crop (safrinha) harvest in late summer. Reduced export availability can be attributed to rising domestic consumption (notably for ethanol and feed) absorbing local yields.

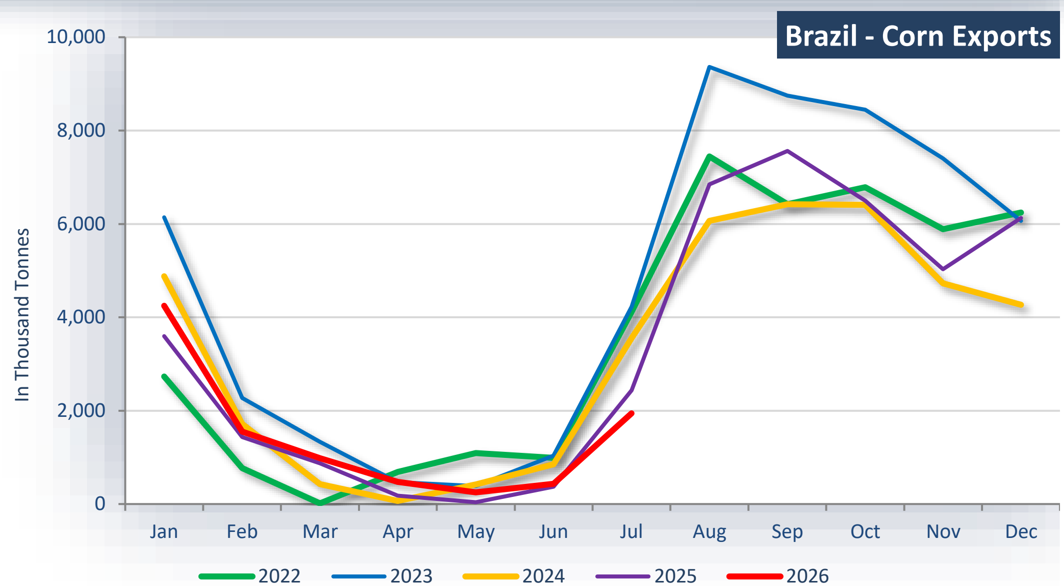
• Brazil recorded a significant 20.16 percent drop in exports compared to the same month in 2025. Year-to-date exports however amounted to 9.86 million tonnes, marking a notable 10.85 percent increase over the same period last year.

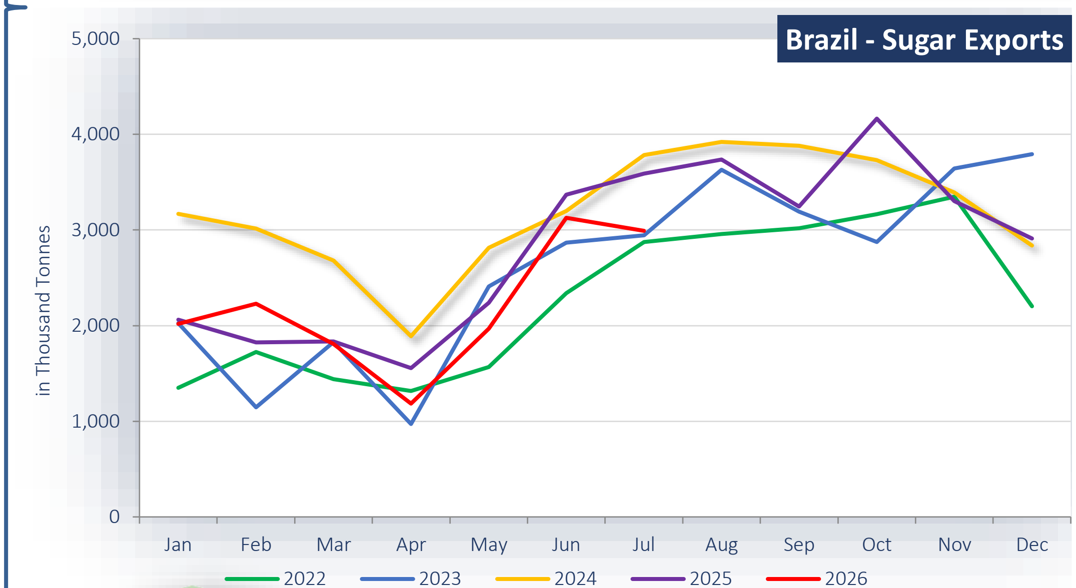
• The export pace lagged early in the month due to heavy port priority given to strong soybean shipments, alongside initial harvest and logistical delays in major safrinha producing regions.

• Sugar exports in July dropped notably by 4.31 percent month-over-month to 2.99 million tonnes, and by 16.64 percent compared to the year prior.

• Sugar production in Brazil's primary Center-South region plunged in the second half of July, over 17 percent year-on-year, as mills allocated a higher proportion of sugarcane toward ethanol to capitalize on favorable energy margins.

• Heavy rainfall also disrupted harvesting in July, while the stronger Brazilian real reduced export incentives. The combination points to tighter Brazilian availability and potentially firmer global sugar prices in the coming months.





• Crude oil exports dipped in July, marking a 9.41 percent month-on-month decrease and reaching 7.7 million tonnes.

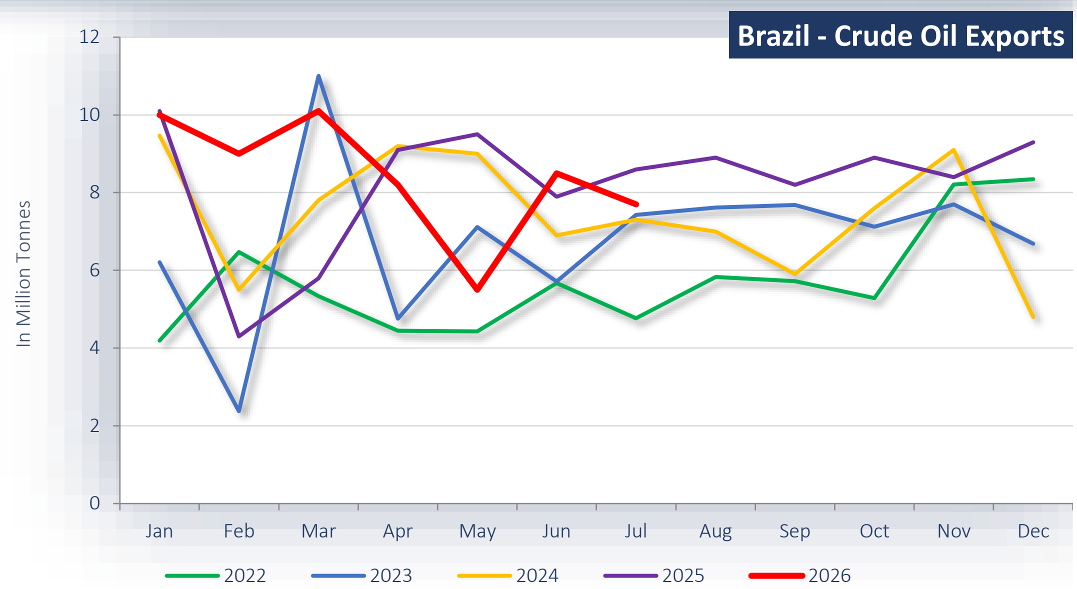
• Compared to the same period last year, exports were also lower by 10 percent, while total exports for the year-to-date reached 59 million tonnes, marking a 6.69 percent increase over the same period in 2025.

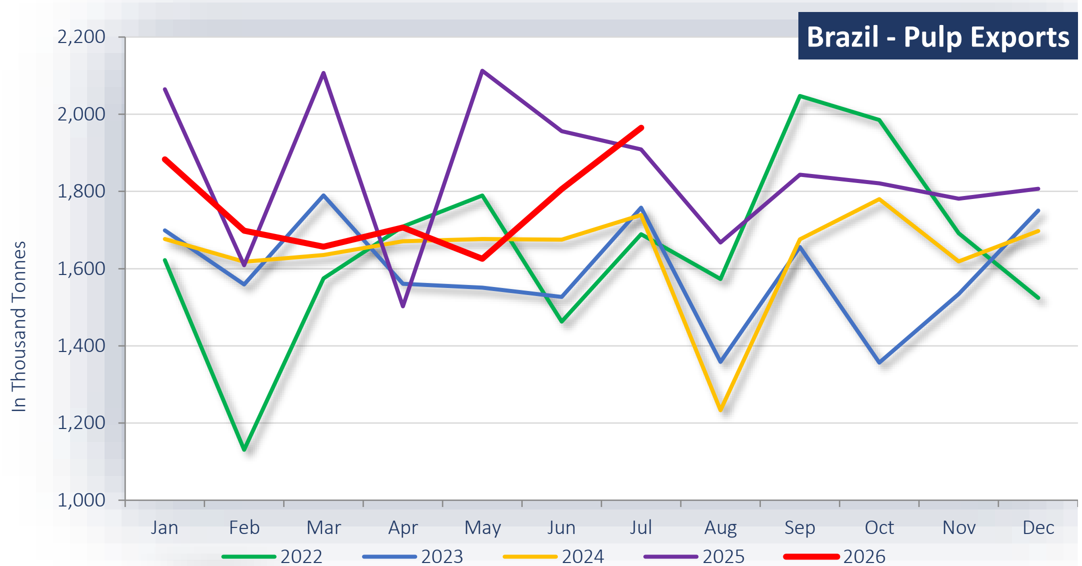
• Export momentum faced headwinds as Gecex-Camex extended Brazil's 12 percent temporary crude oil export tax into late Q3 2026, creating friction for operators looking to optimize foreign shipments over domestic refining delivery.

• Wood pulp exports in July rose by 8.79 percent month-to-month, reaching 1.97 million tonnes. Comparing to the same period in 2025, exports were also higher, by 2.96 percent.

• Year-to-date exports totalled 12.34 million tonnes, marking a 6.93 percent decline compared with the same period in 2025.

• Shifting trade dynamics led exporters to redirect pulp shipments toward Asia and Europe, as the US prepared to implement new 25% Section 301 tariffs, which took effect on July 22. Meanwhile, China maintained its position as leading import destination, absorbing approximately $2.5 billion worth of exports leading into July.





• In July, Brazil imported 4.1 million tonnes of chemical fertilizers, up sharply by 24.16 percent from the previous month, but 14.4 percent lower compared to the same period last year.

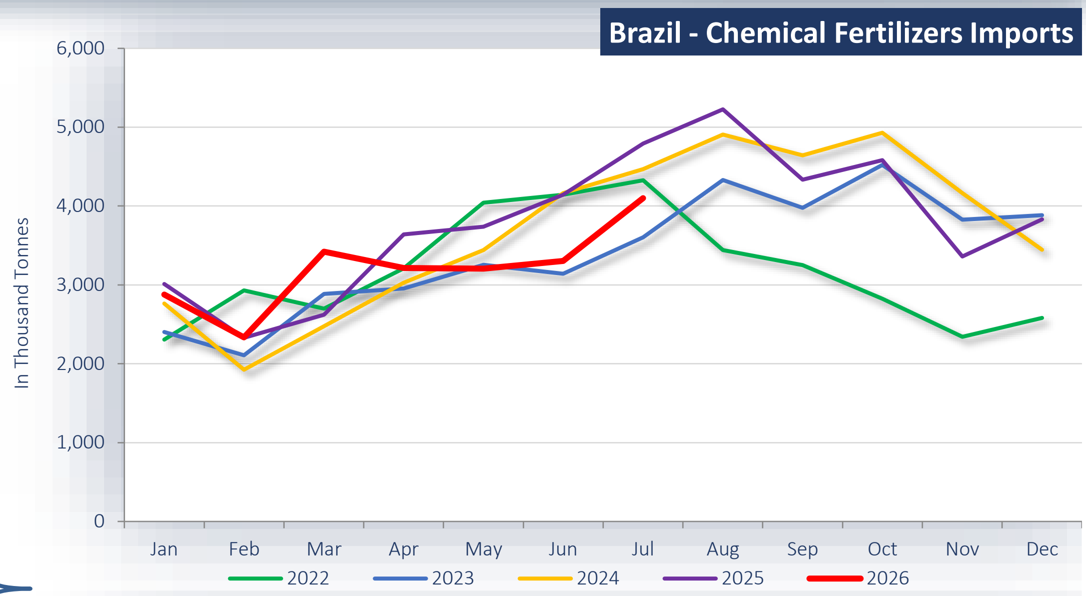
• Urea imports rebounded strongly to 600.8 thousand tonnes, up 12 percent year-on-year, while potassium chloride imports were 1.5 million tonnes, down 10.1 percent from July 2025.

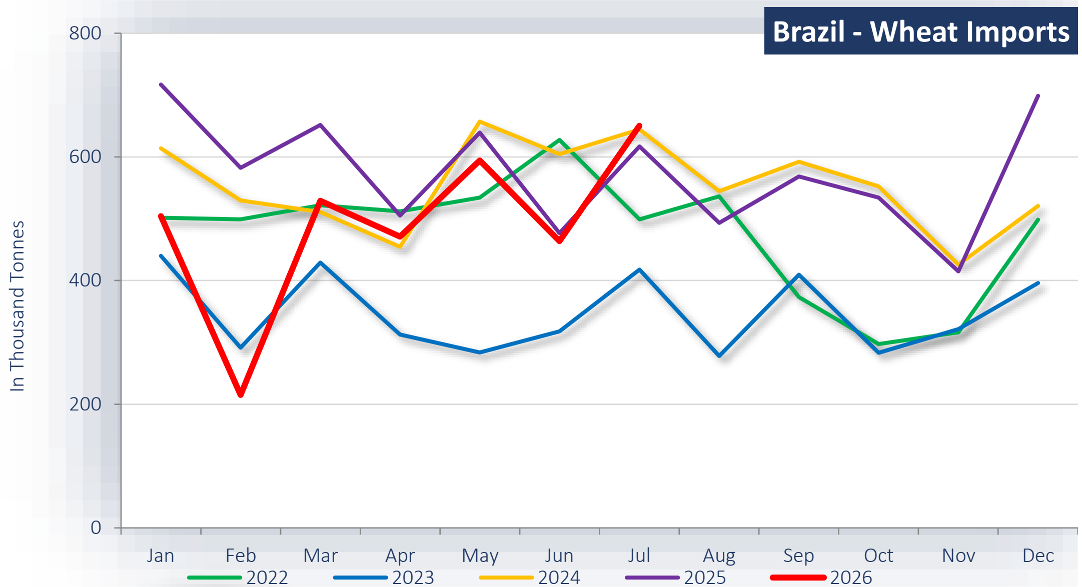
• As result of the disruptions in the Middle East, Brazil's fertilizer imports cost 8 percent more compared to the same period in 2025 despite the drop in volume, raising production costs for crops and leading to delayed purchases.

• Brazil's wheat imports rebounded strongly in July 2026, reaching 650.3 thousand tonnes, the highest monthly volume of the year and 5.4 percent above July 2025.

• Argentina supplied 78.7 percent of July shipments under Mercosur duty-free terms, favored by short sea routes to southern milling hubs like Paraná and Rio Grande do Sul.

• Driven by a projected 22.5 percent plunge in domestic production due to reduced acreage and high input costs, Brazil's total wheat import demand for the remainder of 2026 is forecast to approach 7.0 to 7.2 million tonnes, reaching its highest annual import volume in over a decade.





• In July, congestion at the Port of Santos averaged 32 vessels, representing a significant 23 percent decline from the previous month's levels, as decongestion is observed for a fourth consecutive month in Brazil's largest port.

• The average deadweight of the congested fleet also declined accordingly by 25 percent month-on-month, underscoring the easing of logistical pressure as we move away for the peak months of Spring.

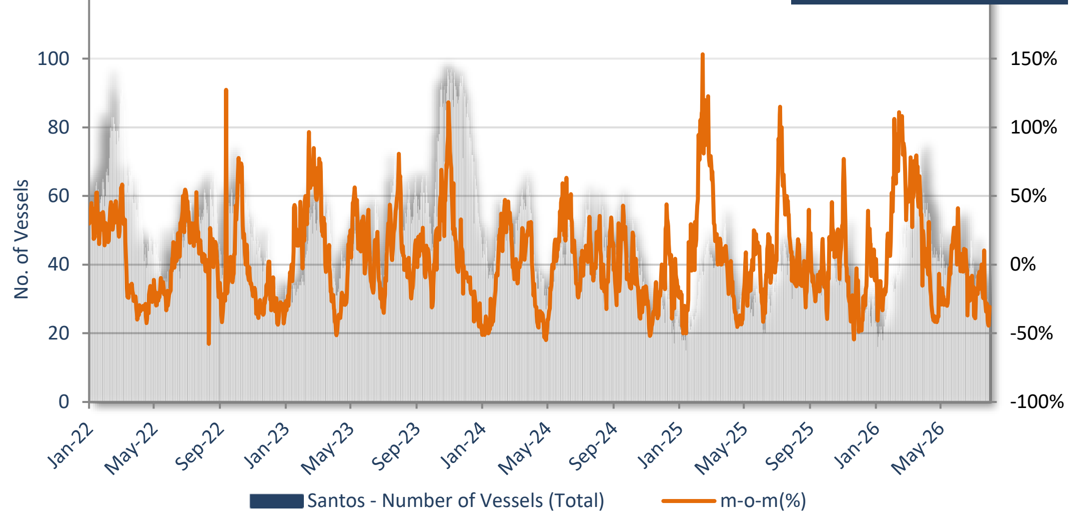
• Comparing to the same period last year, congestion was also significantly lower by 23 percent. The decongestion observed is in line with the declining export activity after the record-breaking month of June.

• At the ports of Tubarão and Vitória, combined congestion averaged 18 vessels throughout July, marking a notable 23 percent increase over the month prior.

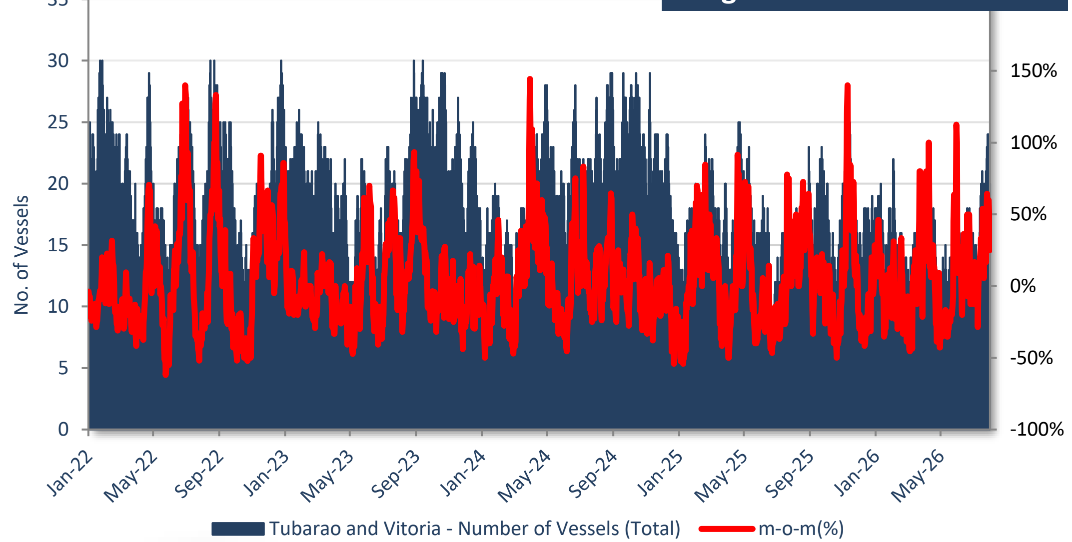
• As far as congested deadweight tonnage is concerned, data showed a 28 percent increase month-over-month, indicating that larger vessels arrived at the ports of Tubarão and Vitória

• Compared with the same period in 2025, the number of congested vessels was also significantly higher, increasing by 25 percent.

Congestion - Santos



Congestion Tubarao & Vitoria



- In July 2026, the Capesize Baltic C3 Index (Tubarão/Qingdao) closed at USD 34.16 per metric tonne, recovering by USD 5.38 per metric tonne throughout the month.

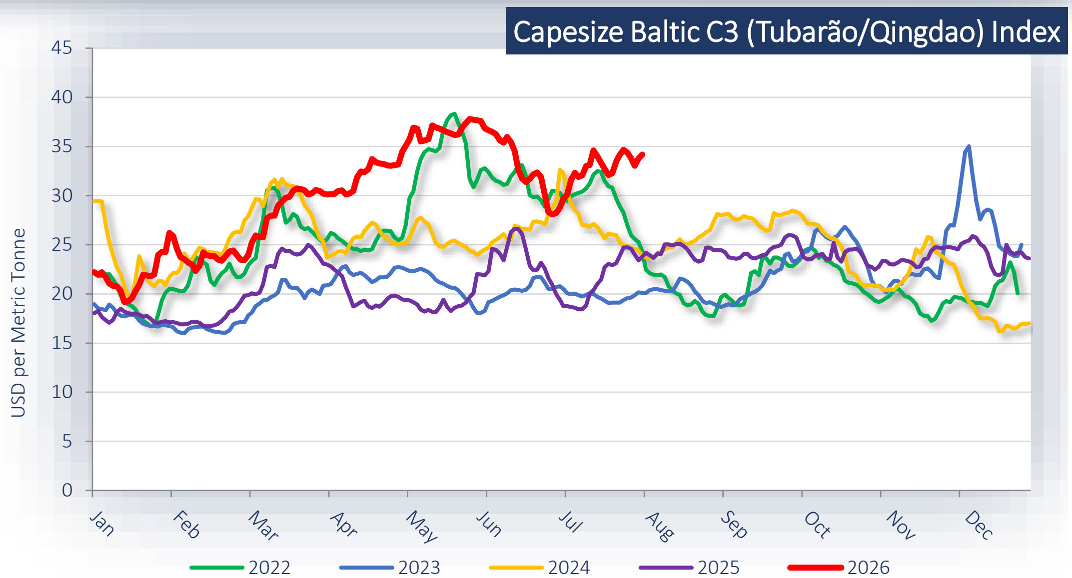
- The average level for July was USD 32.74 per metric tonne, marking a 2.27 percent decrease month-on-month, while still remaining considerably above last year's levels by 52.54 percent

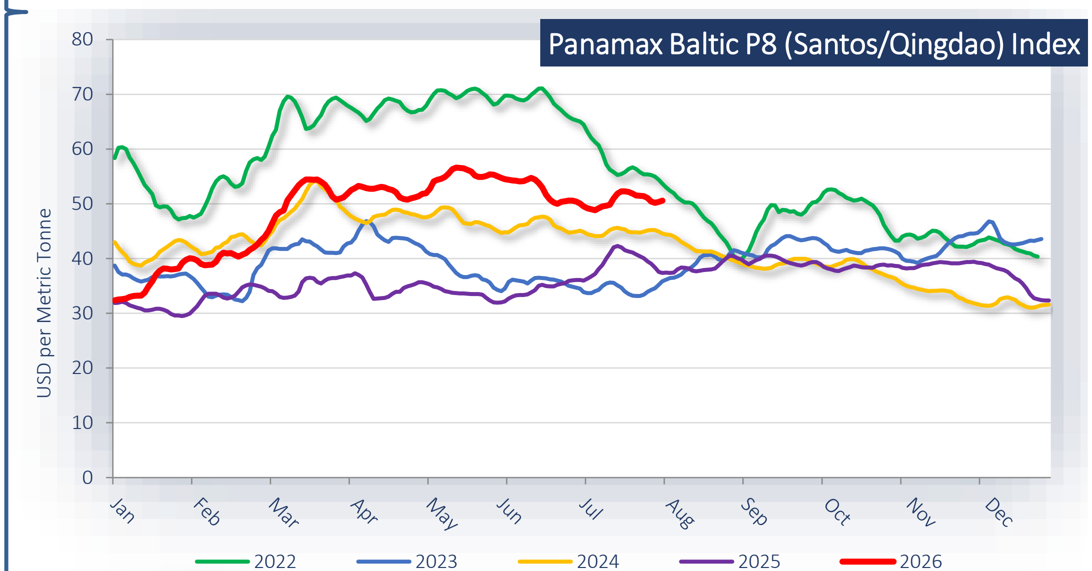
- Supply of tonnage in the South Atlantic remained tighter than the Pacific C5 route for most of the month, allowing Capesize owners to command a healthy premium on long-haul Brazil-to-China runs despite minor mid-month corrections.

- The Baltic P8 Index (Santos/Qingdao) closed at USD 50.607 per metric tonne in June, recording a minor 0.44 percent increase during the month.

- The monthly average stood 4.14 percent lower month-on-month at USD 50.58 per tonne. Nevertheless, compared with the same period in 2025, the average marked a notable 28.72 percent increase.

- Heavy front-haul demand out of ECSA, driven by the peak movement of Brazilian soybeans and early safrinha corn, supported strong Panamax time-charter rates and added upside to freight costs.





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