DORIC SHIPBROKERS S.A.

BRAZIL – BAROMETER

Monthly Update

September 2026

FOCAL POINTS :

Macro Environment

Brazil's economy expanded by 0.5 percent quarter-on-quarter in Q2, exceeding the Central Bank's projections, while year-on-year growth reached 2.0 percent. Despite the stronger-than-expected quarterly performance, the outlook remains more restrained, with the Ministry of Finance signalling a downward revision to its full-year 2026 growth target of 2.3 percent as analysts anticipate a moderation in economic activity.

FX and money markets

At its August 5, 2026 meeting, Banco Central do Brasil reduced the benchmark Selic rate by 25 basis points to 14.00 percent per annum. The Central Bank maintained its gradual pace of easing rather than accelerating the cycle, reflecting persistent upside risks to inflation and continued uncertainty surrounding the fiscal outlook.

Exports

Brazil exported 37.2 million tonnes of iron ore in August 2026, representing a 1.06 percent increase month-on-month and a 7.23 percent rise compared with August 2025. However, cumulative exports for the first eight months of the year reached 264.1 million tonnes, still 1.12 percent below the corresponding period of 2025, highlighting a relatively subdued performance despite the stronger August volumes.

Imports

Brazil imported 2.97 million tonnes of chemical fertilizers in August, down sharply by 27.79 percent month-on-month and 43.3 percent year-on-year. Elevated global prices and continued supply-chain volatility have encouraged a shift in the import mix, with Brazilian buyers increasingly substituting more expensive urea with ammonium sulphate. Russia and China remained the principal sources of supply as importers adjusted procurement strategies to manage both cost pressures and availability.

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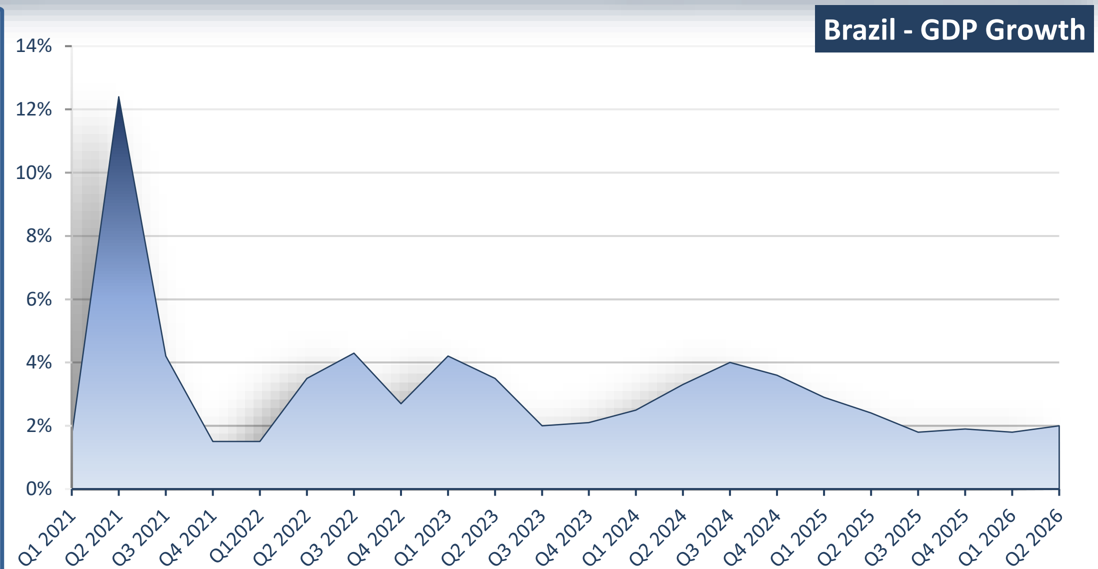
CONTENT PAGES :

• Brazil’s Q2 GDP beat the Central Bank’s projections, recording a growth of 0.5 percent quarter-on-quarter and 2.0 percent year-on-year.

• The top contributor was the agricultural sector, which surged by 2.8 percent on a quarterly basis due to bumper soybean and coffee harvests.

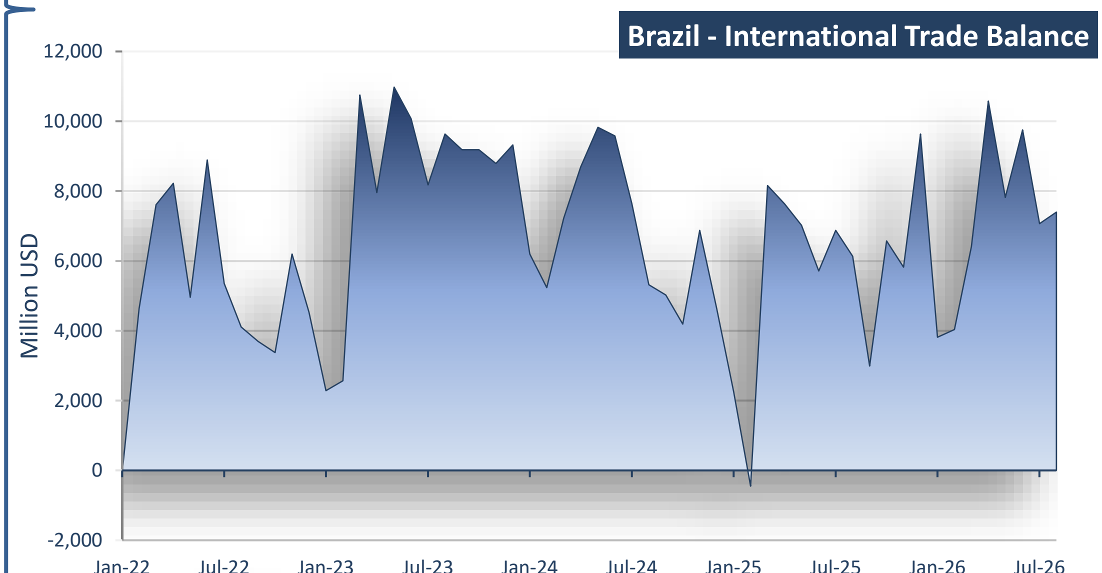
• The Ministry of Finance signaled plans to revise down its full-year 2026 growth target of 2.3 percent as analysts expect economic activity to remain muted through the second half, mainly due to elevated borrowing costs.



• In August, Brazil registered a monthly trade surplus of $7.39 billion, marking a 20.56 percent increase year-on-year and 4.62 percent month-on-month.

• 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.



• The IPCA consumer price index fell by 0.32 percent month-on-month in August 2026, registering its lowest monthly inflation reading in four years and beating market expectations of a milder decline.

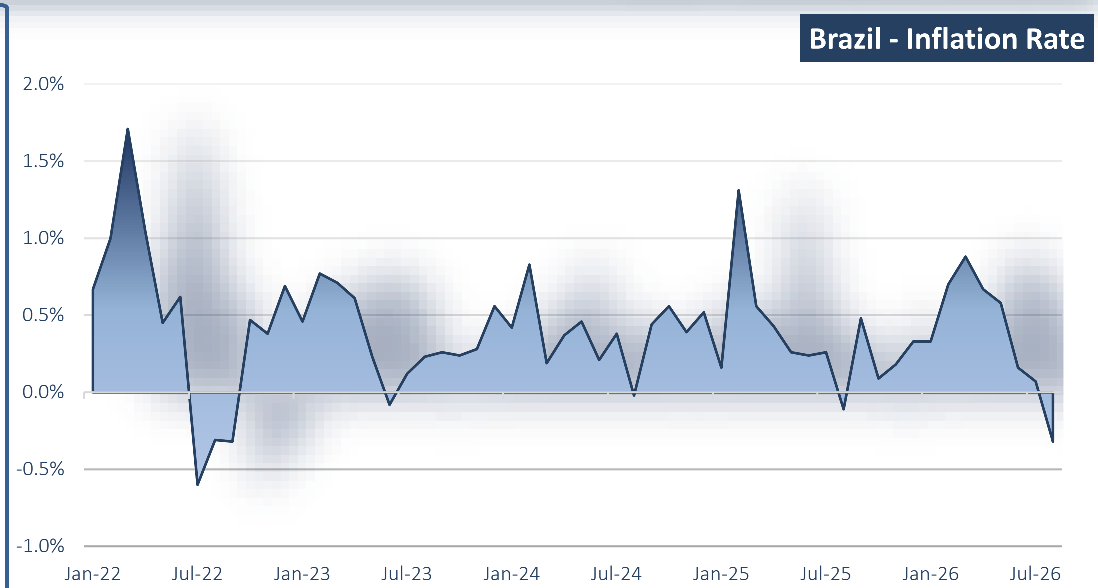
• On a 12-month basis, headline IPCA inflation slowed to 4.22 percent (down from 4.44 percent in July), comfortably remaining below the upper tolerance ceiling of the Central Bank's 3.00 percent +/- 1.5 percent target band.

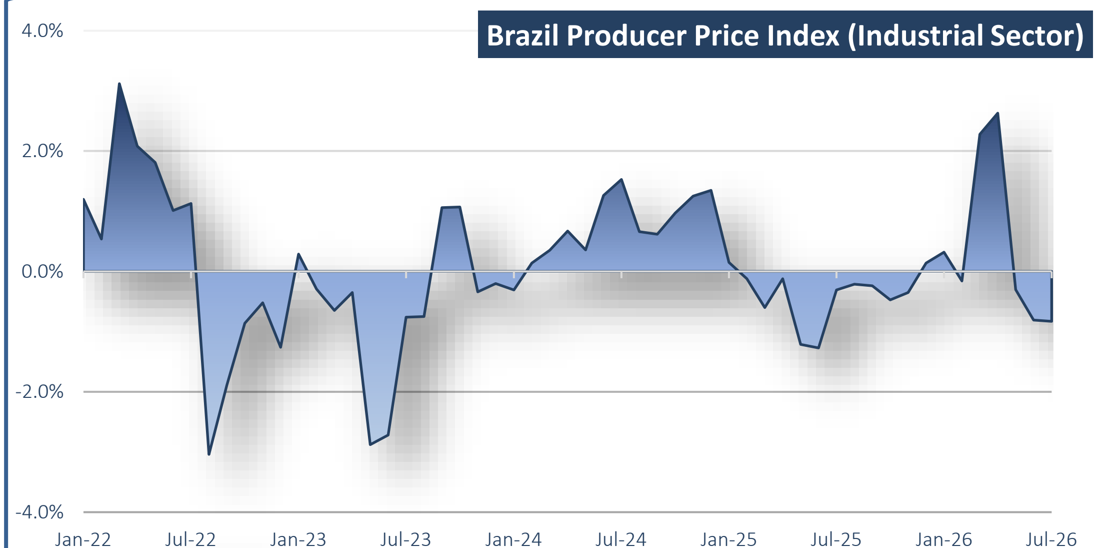
• The sharp monthly drop was primarily propelled by a 1.87 percent contraction in housing costs, driven by lower electricity bills.

• Brazil's Producer Price Index fell 0.83 percent month-on-month in July 2026, marking a second consecutive monthly decline and the sharpest drop in factory-gate prices in over a year.

• Downward pressure was heavily concentrated in key industrial sectors, led by petroleum refining & biofuels (-5.65 percent), chemical products (-4.49 percent), and mining/extractive industries (-4.38 percent).

• The 12-month trailing IPP rate decelerated to 1.94 percent (down from 2.47 percent in June), providing strong upstream disinflationary signals for broader consumer prices.





• At its August 5, 2026 meeting, Banco Central do Brasil lowered the benchmark Selic rate by 25 basis points to 14.00 percent per annum.

• The central bank maintained a gradual 25-basis-point reduction pace rather than accelerating cuts, citing persistent upside risks to inflation forecasts and ongoing fiscal uncertainties.

• Private-sector economists project the Selic rate to end 2026 at 13.50 percent per annum, while market consensus holds terminal rate expectations at 12.00 percent for year-end 2027 and 10.50 percent for 2028.

Brazil - Interest Rates

• The USD/BRL exchange rate fluctuated between 5.07 BRL per USD and 5.22 BRL per USD throughout August 2026, averaging 5.15 BRL per USD.

• Despite Banco Central do Brasil trimming the Selic rate, Brazil's double-digit real interest rate differential continued to attract carry-trade flows, providing an anchor against sharper dollar appreciation.

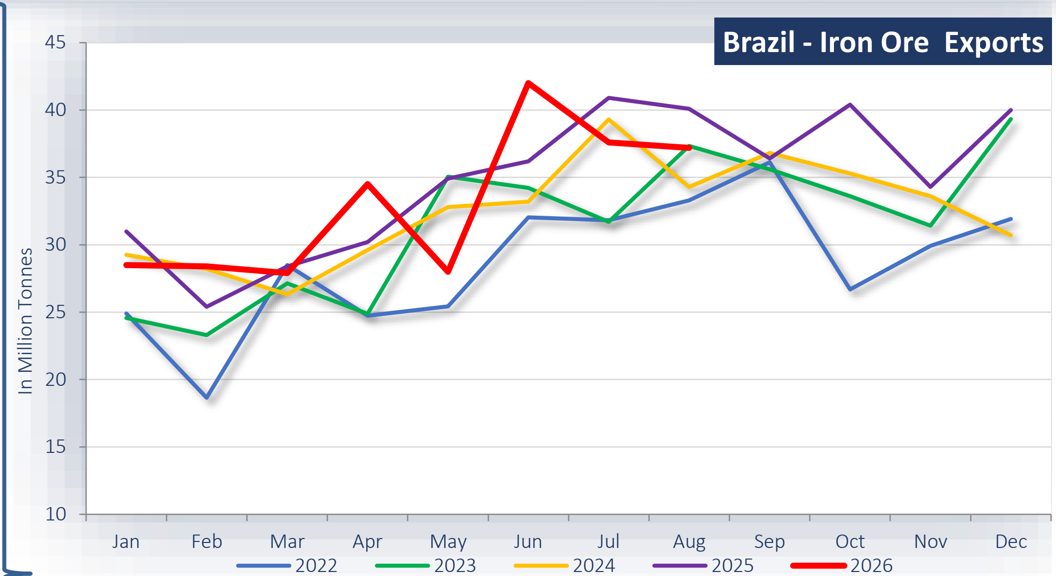
• Despite the Real's depreciation against the US Dollar in August, Brazil's currency has appreciated by 5.6 percent for the year to date, reflecting the strong trade activity and weaker US dollar sentiment.

BRL/USD

- In August 2026, Brazil registered 37.2 million tonnes of iron ore exports, recording a 1.06 percent month-on-month and 7.23 percent when comparing to the same period in 2025.

- Year-to-date exports amount to 264.1 million tonnes, marking a marginal drop of 1.12 percent compared to the year prior.

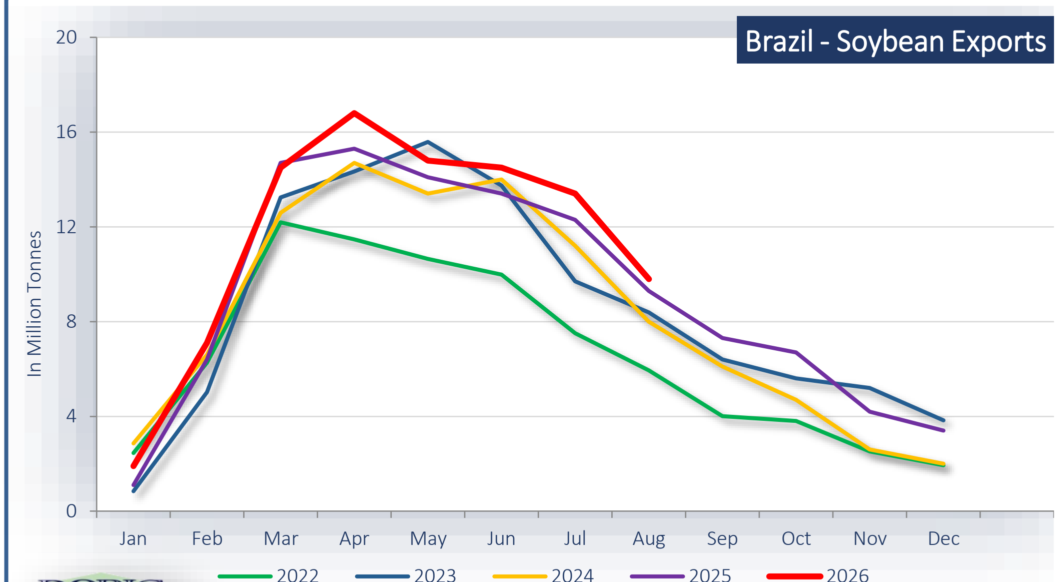
- Brazil's iron ore shipments to China accounted for 25.96 million metric tonnes or 69.8 percent of the total exported volume. Direct appetite from Chinese steelmakers remained subdued due to scheduled plant maintenance, restrictions on low-grade ore usage, and tight margins triggered by elevated coking coal costs.



- Brazil's soybean shipment in August experienced a further 26.87 percent drop month-on-month, typical for the season, with exports reaching 9.8 million tonnes.

- When comparing to the same period in 2025, exports rose by 5.38 percent. Total volumes for the year-to-date reached 83.8 million tonnes, marking a 3.23 percent drop over the same period last year.

- While China remained the predominant destination for Brazilian soybeans, absorbing 71 percent of exports, Chinese exports dropped by 25.7 percent month-on-month mainly due to increase soybean availability from the U.S.



• In August, Corn exports rose for the third consecutive month totaling 4.65 million tonnes as Brazil reaches the peak of the second-crop (safrinha) harvest. Reduced export availability can be attributed to expanding domestic feed demand combined with heavy biofuel processing.

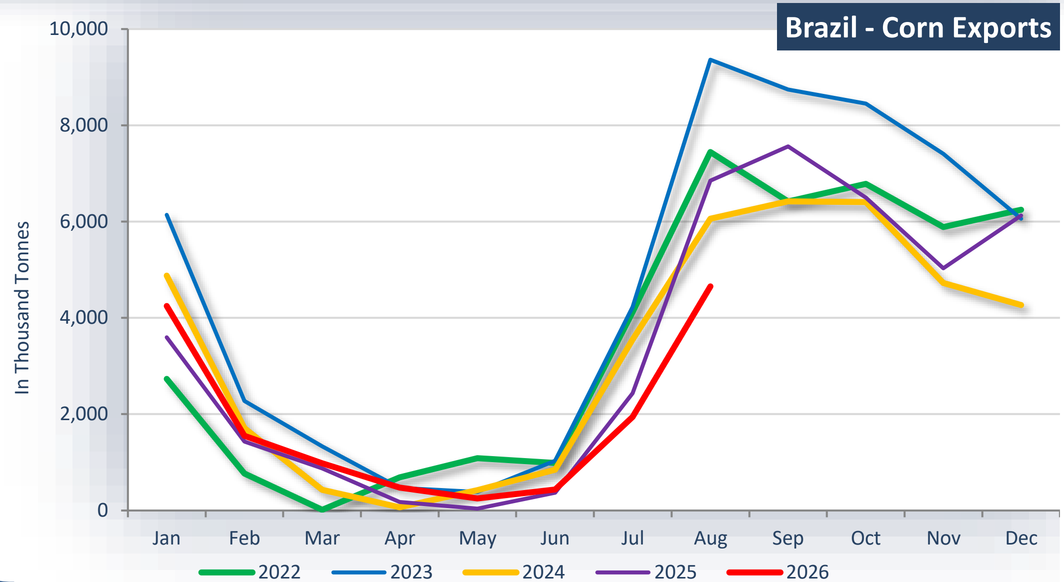
• Compared to the same period in 2025, Brazil recorded a significant 32.03 percent drop in exports. Year-to-date exports amounted to 14.54 million tonnes, marking a notable 7.78 percent decline year-on-year.

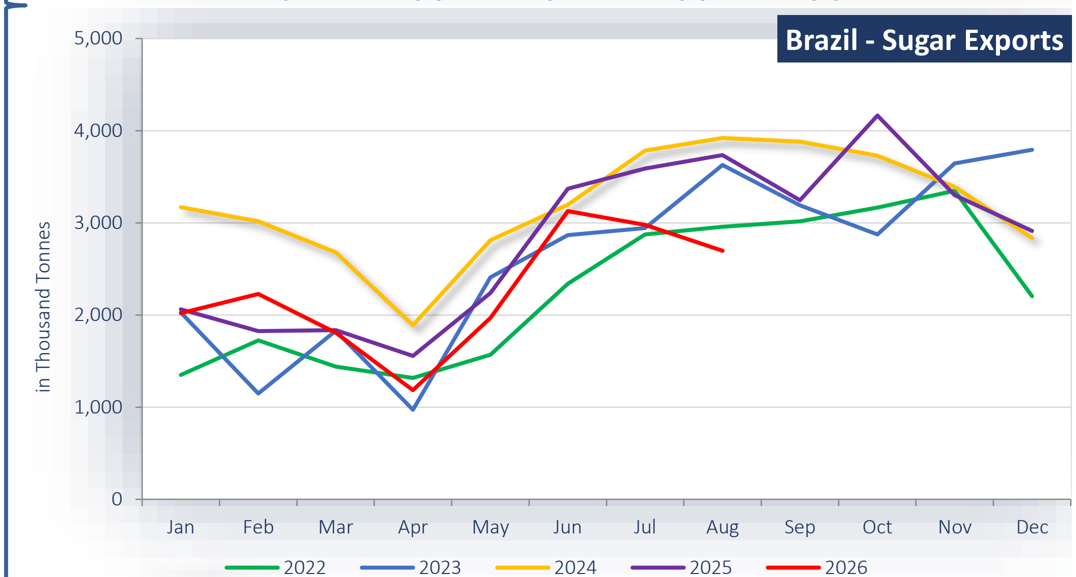
• The rapid expansion of corn ethanol processing plants represents the largest single structural shift in Brazil's domestic corn market. In the 2026/27 cycle, ethanol production is projected to consume over 30 million tonnes of corn (representing 22 percent of the total national output)

• Sugar exports in August dropped for the second consecutive month by 9.44 percent to 2.70 million tonnes, and by 27.77 percent compared to the year prior.

• A surge in domestic energy prices and shifting biofuel economics pushed mills in early Q3 to divert a larger share of sugarcane juice toward ethanol.

• Year-to-date sugar exports reached 17.94 million tonnes, 10.87 percent below the same period in 2025, while export earnings fell 28.2 percent to $6.37 billion.





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- Crude oil exports rebounded in August, marking a 9.1 percent month-on-month increase and reaching 8.4 million tonnes.

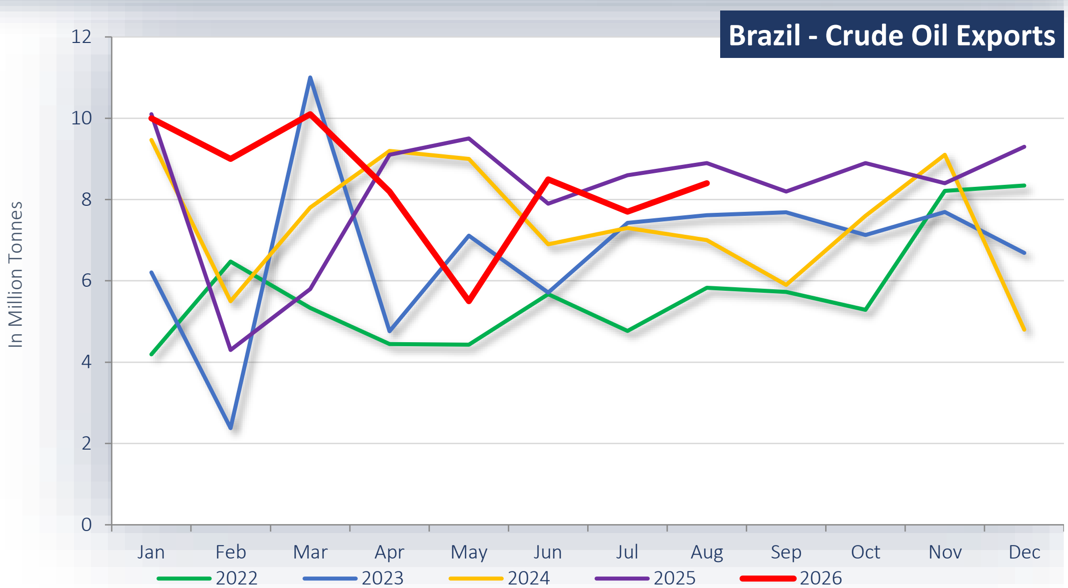
- Compared to the same period last year, exports were lower by 6 percent, while total exports for the year-to-date reached 67.4 million tonnes, marking a 4.98 percent increase over the same period in 2025.

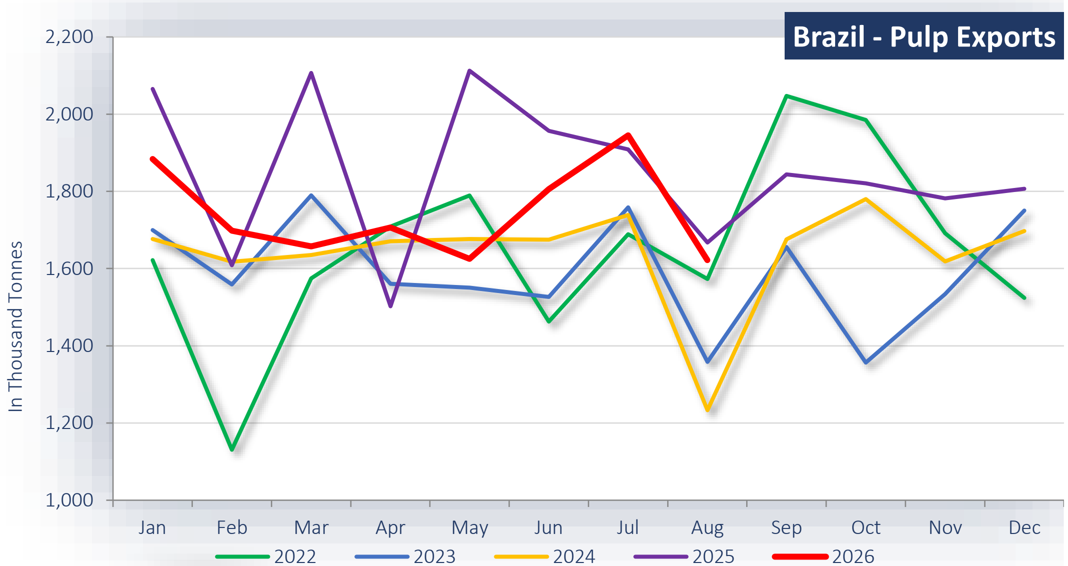
- China retained its position as the primary buyer of Brazilian heavy sweet crudes, while steady demand from European refining hubs and expanding flows to Indian refiners helped sustain firm long-haul VLCC tanker utilization along Atlantic-to-Pacific routes.

- Wood pulp exports in August recorded a sharp 16.62 percent drop month-to-month, reaching 1.62 million tonnes. Comparing to the same period in 2025, exports were also lower, by 2.74 percent.

- Year-to-date exports totaled 13.94 million tonnes, marking a 6.6 percent decline compared with the same period in 2025.

- Despite volume dips, high global pulp prices, paired with cost advantages from modern mega-mill expansions (such as Suzano's Cerrado project), sustained solid export margins for Brazilian producers.





• In August, Brazil imported 2.97 million tonnes of chemical fertilizers, falling sharply by 27.79 percent from the previous month, and by 43.3 percent compared to the same period last year.

• Imports for the year to date amounted to 25.43 million tonnes, falling notably by 13.8 percent when comparing to the same period the year prior.

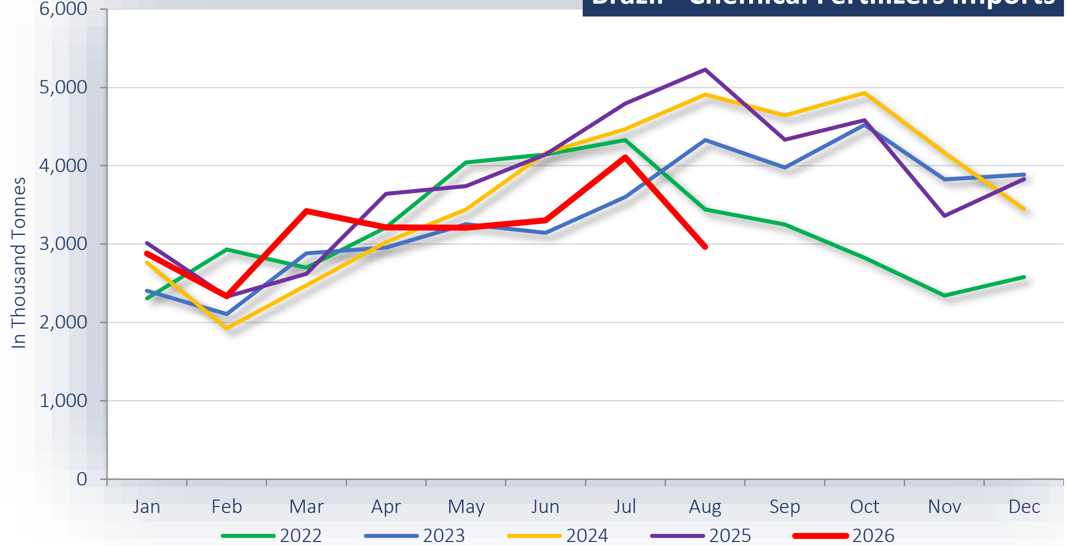
• High global prices and supply chain volatility forced a shift in product mix with Brazilian importers increasingly substituting expensive urea with ammonium sulfate, while relying heavily on Russia and China as primary supply sources to meet requirements.

• Brazil's wheat imports dropped sharply in August 2026, reaching 515.6 thousand tonnes, representing a 20.71 percent monthly drop but a 4.56 percent increase year-on-year.

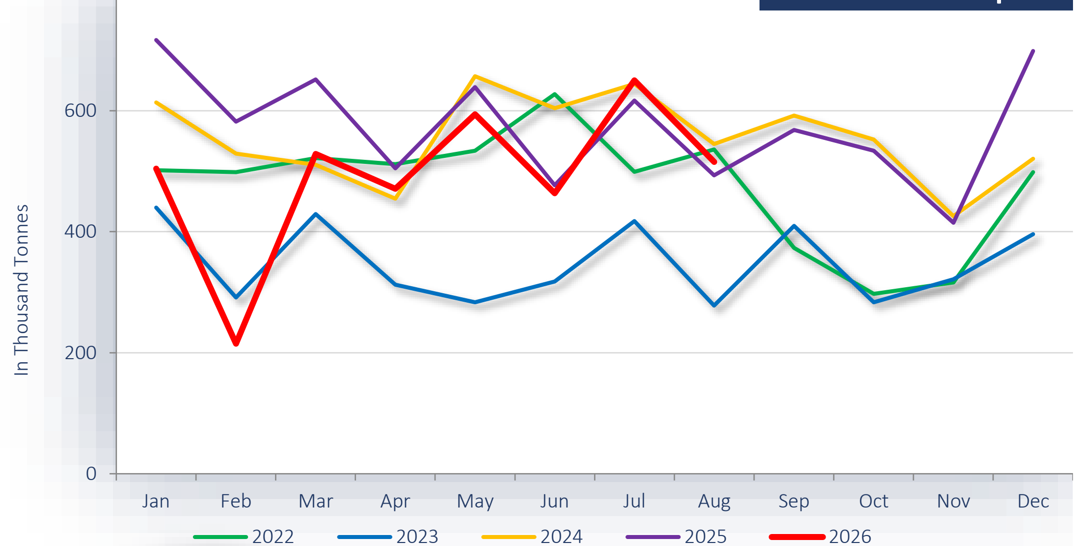
• In the Paraná region, where local millers face a 1.6-million tonne supply gap, imports were accelerated in late August to secure high-gluten, high-protein grain, hedging against fears that anticipated El Niño rains during the upcoming Q3/Q4 southern harvest would compromise local crop quality.

• Argentina maintained its overwhelming dominance, supplying approximately 84 percent of Brazil's inbound wheat volumes under Mercosur duty-free privileges.

Brazil - Chemical Fertilizers Imports



Brazil - Wheat Imports



PORT CONGESTION SEPTEMBER 2026

• In August, congestion at the Port of Santos averaged 31 vessels, representing a marginal 2 percent decline from the previous month's levels.

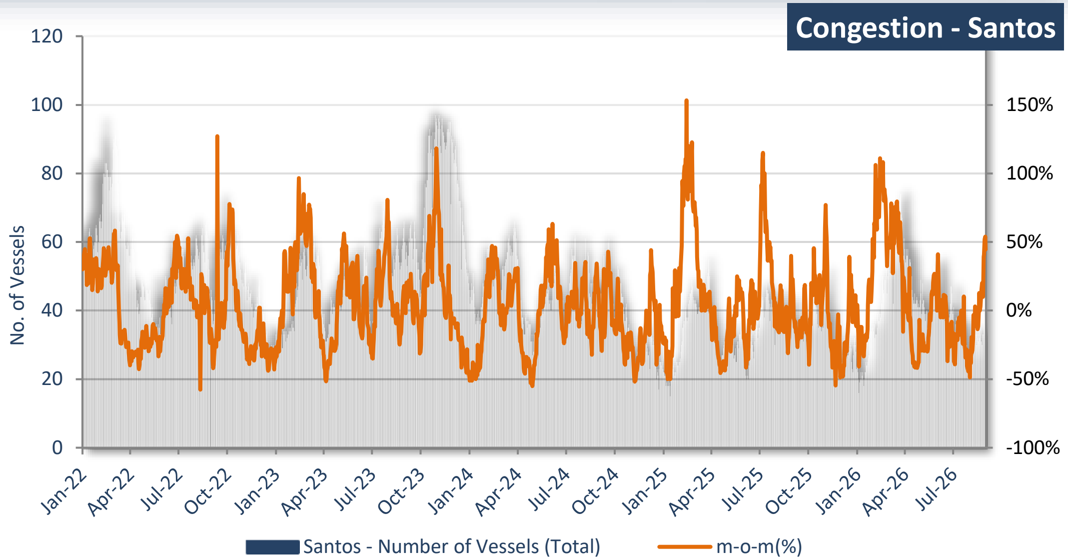
• The average deadweight of the congested fleet also registered a decline by 6 percent month-on-month, while logistical pressure easing as we move away from the peak months of Spring.

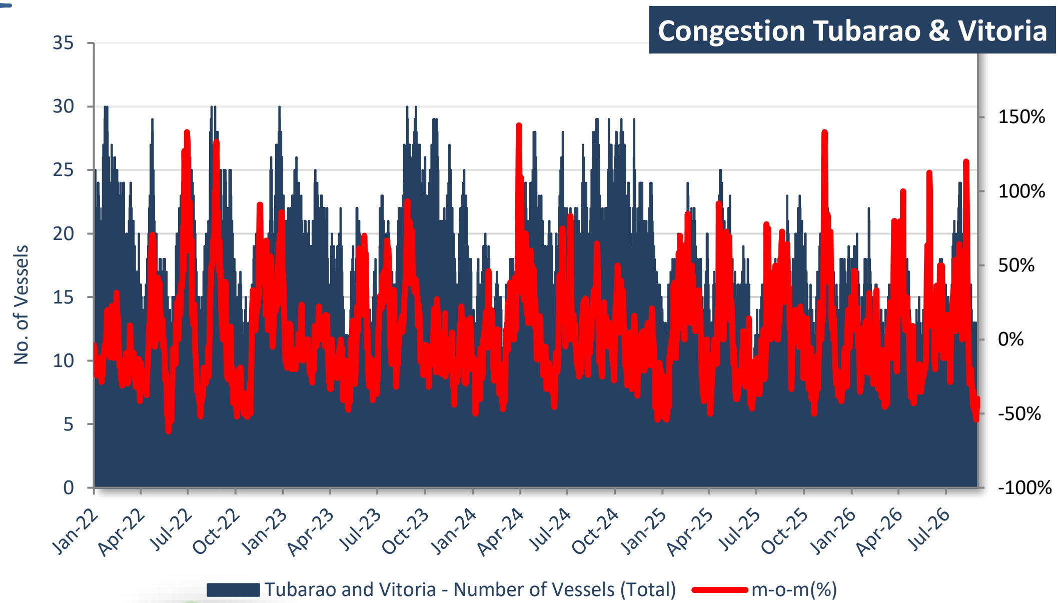
• The planned dredging project to deepen the navigation channel to 16 meters was stalled by legal challenges earlier in 2026, leaving the channel unable to accommodate higher-draft vessels concurrently.

• Throughout August at the ports of Tubarão and Vitória, combined congestion averaged 16 vessels, marking a notable 12 percent decrease over the month prior.

• With regards to congested deadweight tonnage, figures showed a 24 percent decrease month-on-month, indicating that smaller tonnage arrived at the ports of Tubarão and Vitória

• Compared with the same period in 2025, the number of congested vessels was also moderately lower higher, dropping by 10 percent.





- In August 2026, the Capesize Baltic C3 Index (Tubarão/Qingdao) closed at USD 38.36 per metric tonne, rising by USD 3.56 per metric tonne throughout the month.

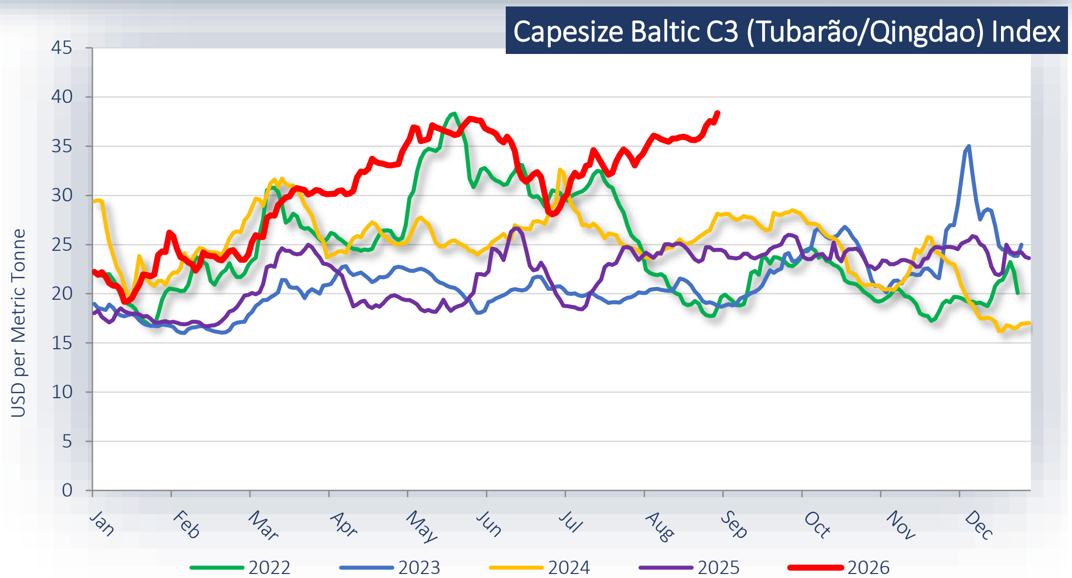
- The average level for July was USD 36.1 per metric tonne, recording a 10.25 percent increase month-on-month. Comparing to the same period in 2025, the index registered a 48.23 percent increase.

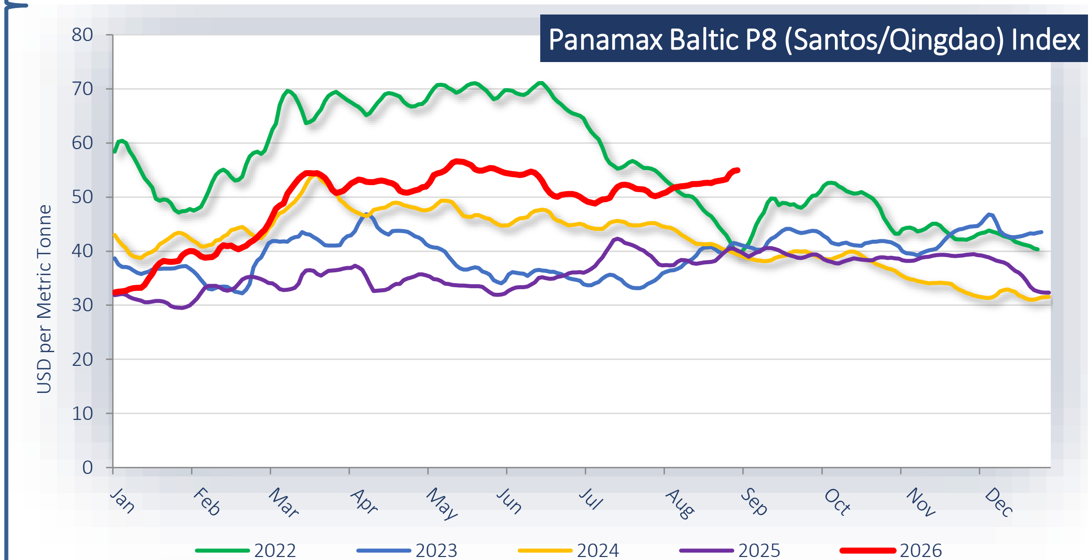
- Rate momentum was fueled by a sharp contraction in available ballast vessels in the South Atlantic dropping over 20 percent week-on-week late in the month and creating a supply deficit relative to forward loading demand along the Brazil–China corridor.

- The Baltic P8 Index (Santos/Qingdao) closed at USD 54.971 per metric tonne in August, recording a notable 8.62 percent increase during the month.

- The monthly average stood 4.14 percent higher month-on-month at USD 52.67 per tonne. Compared with the same period in 2025, the average marked a steep 36.82 percent increase.

- Despite port congestion and rising bunker costs, the P8 maintained a steady premium over North American grain routes, reflecting the Chinese import appetite for Brazilian agricultural commodities.





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