



BRAZIL – BAROMETER

Monthly Update

October 2026

FOCAL POINTS :

Macro Environment

Brazil’s economic growth is losing momentum, with GDP expanding by 0.5 percent quarter-on-quarter in Q2 2026. Weaker activity indicators prompted the Banco Central do Brasil to lower its 2026 growth forecast to 1.8 percent, from 2.0 percent previously. Meanwhile, inflationary pressures remain a concern, with annual inflation rising to 4.58 percent in September, above the Central Bank’s upper tolerance limit.

FX and money markets

On September 16, the Banco Central do Brasil cut the Selic rate by 25 basis points to 13.75 percent, extending its gradual easing cycle. Nevertheless, borrowing costs remain high, constraining credit and investment.

Exports

Brazilian corn exports reached 5.21 million tonnes in September, marking the fourth consecutive monthly increase as the second-crop (safrinha) harvest approached its seasonal peak. Nevertheless, exports were down 31.09 percent year-on-year. Iron ore exports totaled 297.8 million tonnes in the first nine months, down 1.3 percent year-on-year, with September shipments falling 6.3 percent amid weaker Chinese demand and elevated freight costs.

Imports

Brazilian chemical fertilizer imports totaled 28.51 million tonnes year-to-date, down 15.47 percent compared with the same period in 2025. Higher international prices, which averaged above year-earlier levels, prompted farmers and agribusiness buyers to reduce import volumes at the start of the main soybean planting season.

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- Following a 0.5 percent quarter-on-quarter expansion in Q2 2026, GDP growth is expected to moderate further in Q3, reflecting the lagged effects of high borrowing costs and fading fiscal stimulus.

- In response to weaker high-frequency indicators at the start of Q3, the Banco Central do Brasil lowered its 2026 GDP growth forecast to 1.8 percent, from 2.0 percent previously.

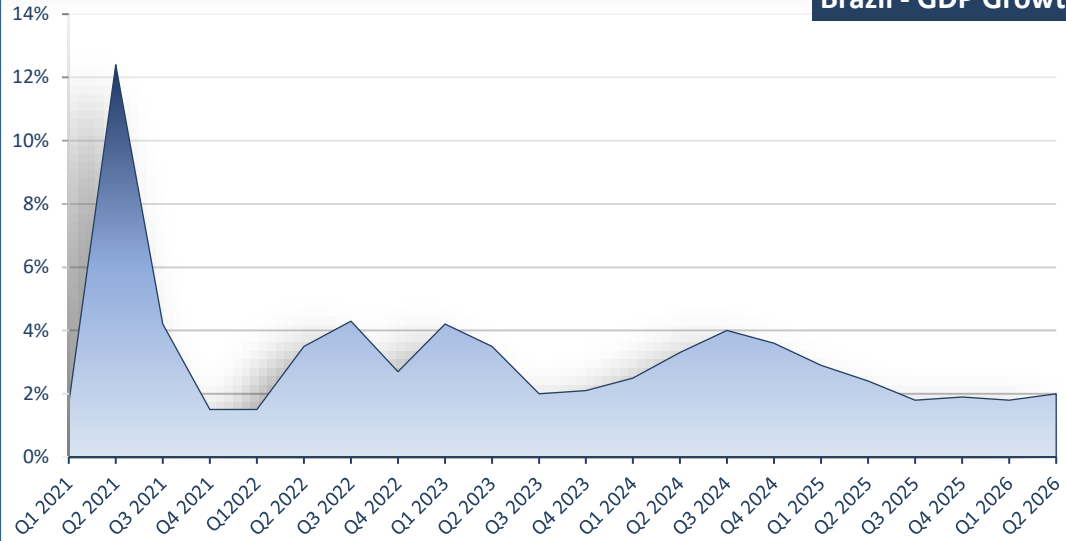
- Agriculture growth is projected to decelerate from 6.8 percent in Q2 to 3.7 percent in Q3, while industrial growth is expected to ease from 1.5 to 1.3 percent.

- In September, Brazil registered a monthly trade surplus of \$7.74 billion, marking a steep 159 percent increase year-on-year and 12.04 percent month-on-month.

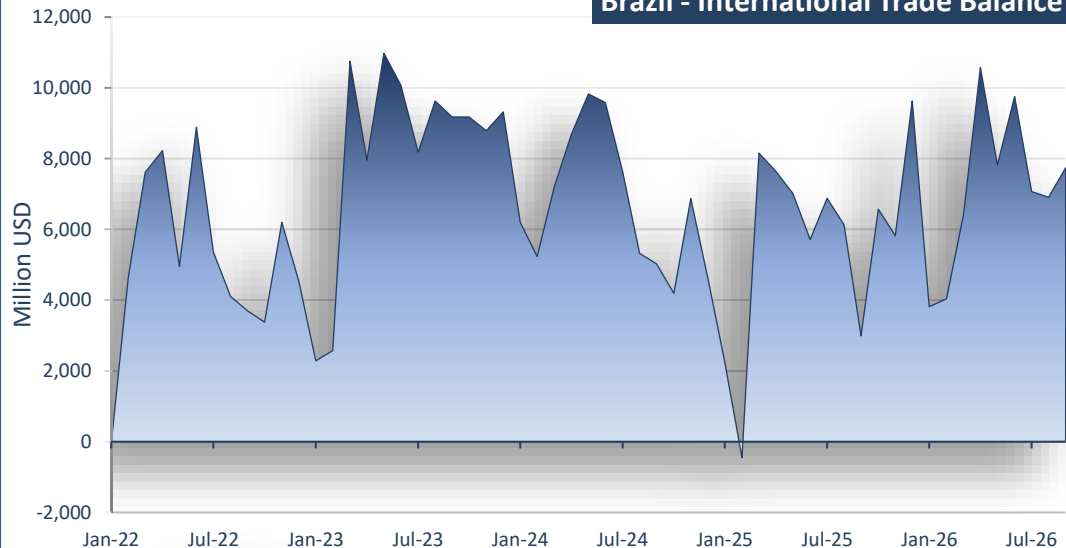
- Total exports expanded by 12.9 percent year-over-year to \$34.42 billion. The growth was primarily propelled by the extractive industry (up 39.8 percent), with major spikes in crude petroleum oil shipments and copper ores.

- Imports declined 2.4 percent YoY to USD 26.68 billion, with capital-goods imports falling 29.8 percent, suggesting weaker investment demand amid restrictive monetary conditions.

Brazil - GDP Growth



Brazil - International Trade Balance



- Brazil's official consumer price index (IPCA) surged to an annual rate of 4.58 percent in September 2026 (up from 4.22 percent in August) pushing twelve-month inflation slightly above the Central Bank of Brazil's upper target tolerance ceiling of 4.50 percent.

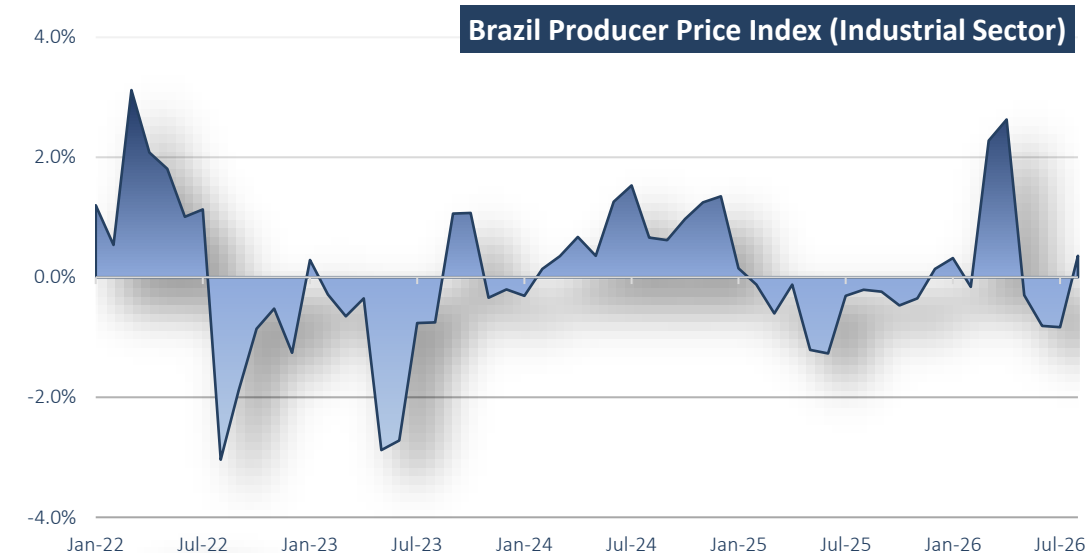
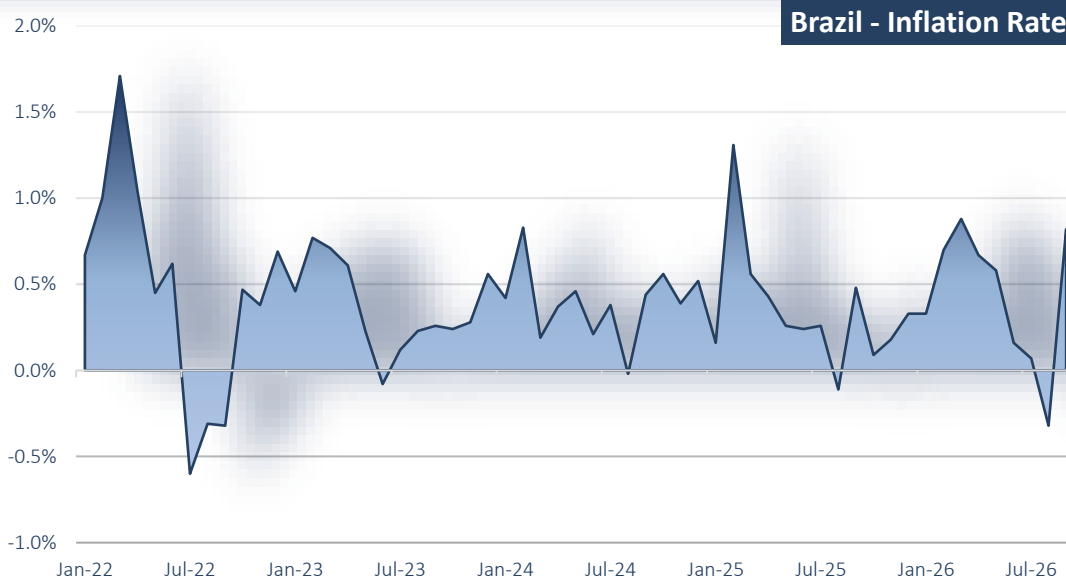
- On a month-over-month basis, inflation expanded by 0.82 percent, executing a sharp reversal from the 0.32 percent deflation recorded in August. Year-to-date cumulative IPCA inflation reached 3.95 percent through September.

- The monthly increase was driven by widespread price hikes across sectors, most notably in housing (up 2.31 percent) due to rising electricity tariffs.

- Brazil's factory-gate prices rose by 0.36 percent month-over-month in August 2026, marking the first increase in producer prices since April, successfully reversing a consecutive three-month period of deflation

- The rebound was heavily driven by a 4.33 percent month-over-month surge in the mining and quarrying sector.

- Year-on-year producer price inflation accelerated to 2.53 percent in August (up from 1.94 percent in July), bringing cumulative year-to-date PPI growth to 3.47 percent.



- At its September 16, 2026 meeting, Banco Central do Brasil lowered its benchmark Selic rate by 25 basis points to 13.75 percent.

- This marked a continuation of measured rate cuts, easing down from prior peaks to provide relief to slowing domestic output and investment.

- While decelerating quarterly GDP growth creates pressure for further rate cuts, recent monthly inflation accelerations, driven by rising housing tariffs, energy costs, and food prices, limit how aggressively the central bank can continue easing without breaching its inflation target ceiling.

- The USD/BRL rate traded within a range of 5.08 to 5.22 BRL per USD throughout September 2026.

- The Real reached the strongest point on September 8 at 5.0848 BRL per USD, bolstered by robust Brazilian export volumes. However, the US Dollar gained strength toward the end of the month, peaking at 5.2229 BRL per USD amid broader risk-off sentiment in global currency markets..

- While domestic growth moderation and rising international commodity price volatility exerted pressure on the pair, Brazil's elevated domestic interest rates continued to attract carry-trade interest.

Brazil - Interest Rates



BRL/USD



- In September 2026, Brazil exported 33.9 million tonnes of iron ore, recording a decline of 8.63 percent month-on-month and 6.87 percent when comparing to the same period in 2025.

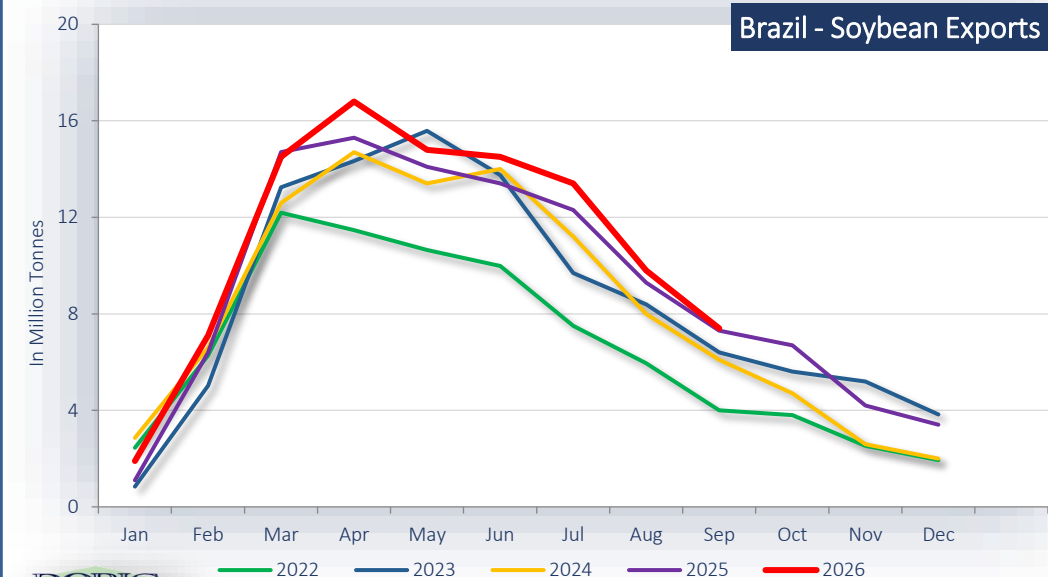
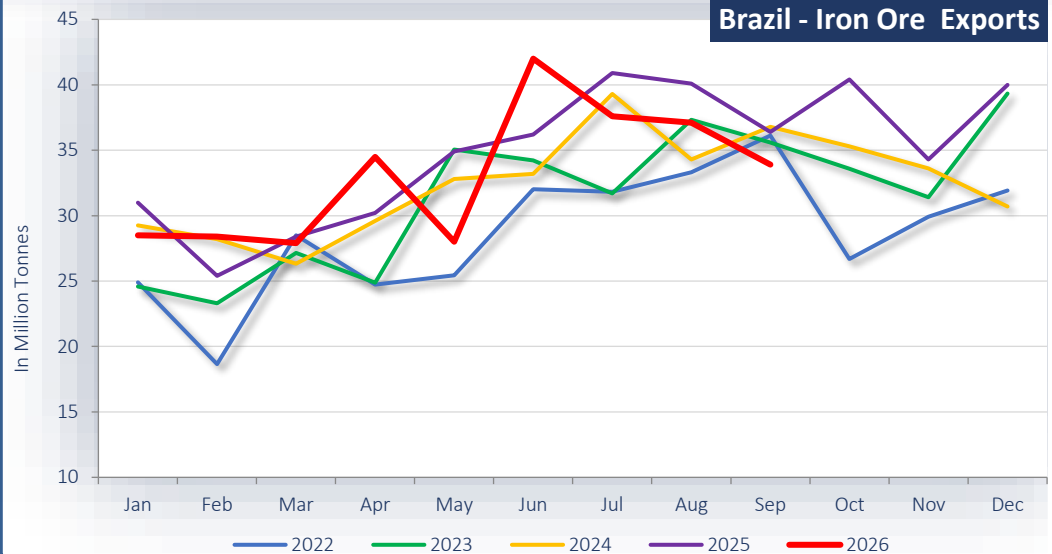
- Exports in the first three quarters totalled 297.9 million tonnes, down 1.85 percent year-on-year.

- The slowdown was primarily driven by reduced export volumes to China, Brazil's primary buyer, due to rising freight rates, causing several Brazilian suppliers to delay shipments.

- Brazil's soybean exports declined for the fifth consecutive month in September totaling 7.4 million tonnes, and marking a 24.49 percent drop month-on-month as is typical for the season.

- Combined exports for the first three quarters of 2026 reached 100.2 million tonnes, marking a 6.71 percent increase over the same period last year.

- China remained the dominant export destination, absorbing 70 percent of shipments. Increasing commitments from China to purchase U.S. soybeans for the 2026/2027 season create greater competition for Brazilian cargoes and could put pressure on Brazilian export premiums



- In September, Corn exports rose for the fourth consecutive month reaching 5.21 million tonnes as Brazil reaches the peak of the second-crop (safrinha) harvest.

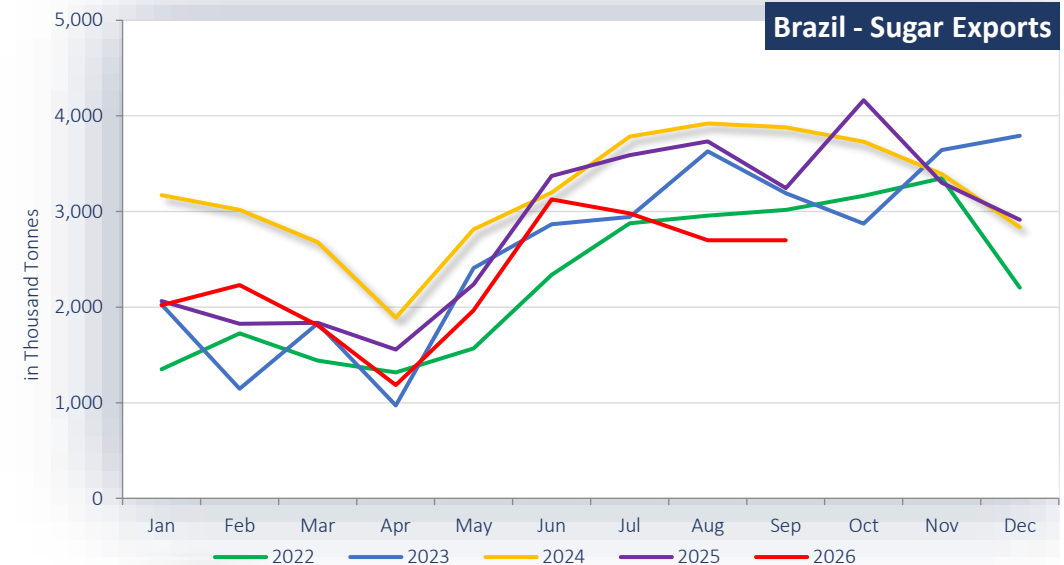
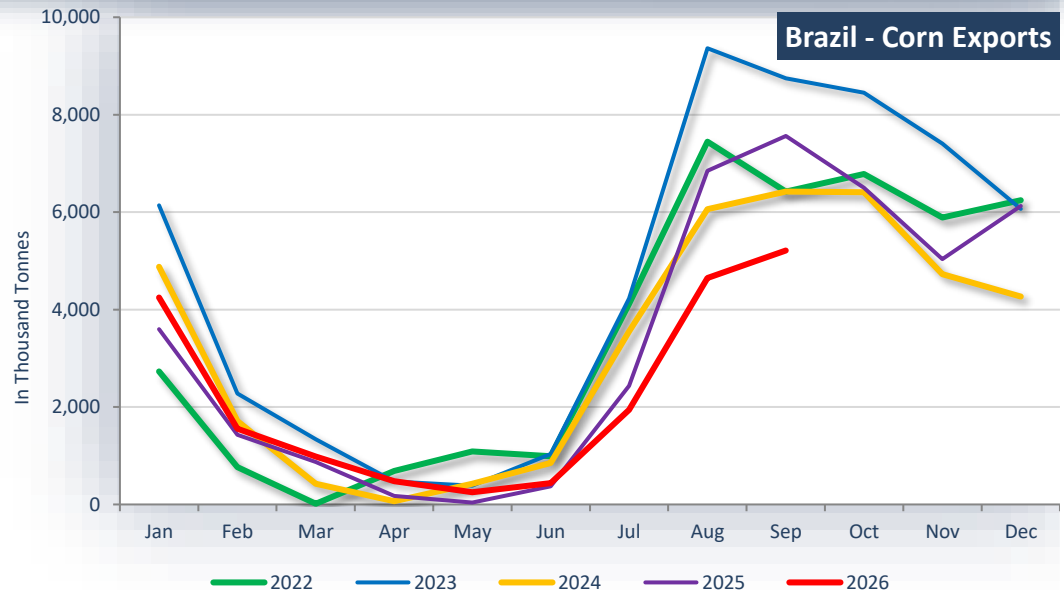
- Compared with the same period in 2025, Brazilian exports fell by 31.09 percent year-on-year, reflecting stronger domestic feed demand, increased biofuel processing and limited demand from China.

- High domestic demand for bioethanol, acts as a price stabilizer for farmers, incentivizing producers to continuously expand safrinha (second-crop) corn planting, ultimately supporting higher total national crop volumes and long-term export capacity.

- Sugar exports in September stood at the same levels as the month prior, totaling 2.7 million tonnes. This marked a 16.83 decline compared to the year prior and the lowest recorded volume of the past five years.

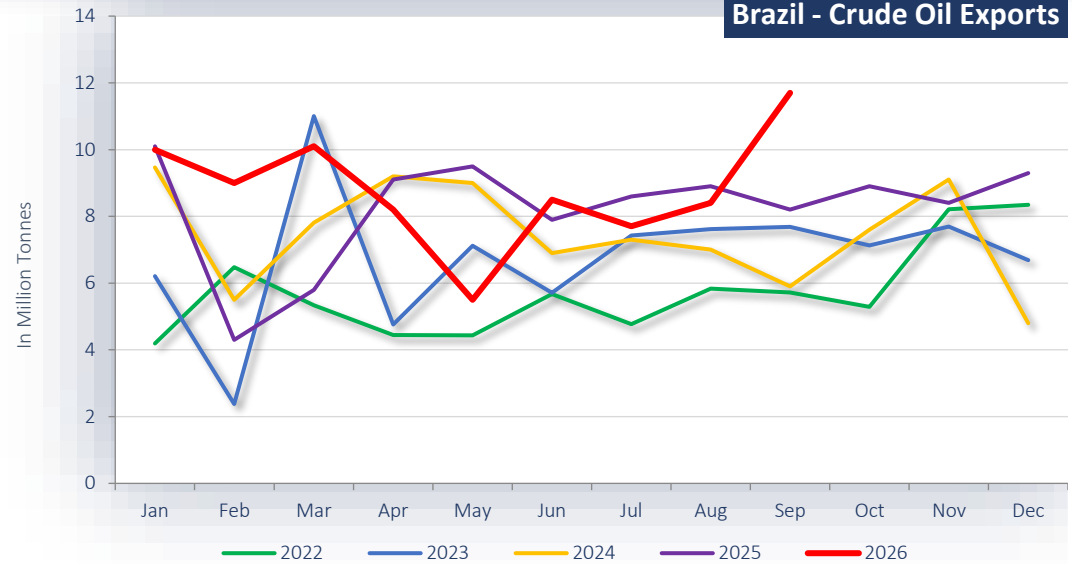
- Total exports for the first three quarters of 2026 amounted to 20.71 million tonnes, marking a notable 11.7 percent decline over the same period in the year prior.

- Persistent rains across Brazil's Center-South sugarcane belt restricted field machinery access and slowed crushing operations in late September, limiting overall exportable sugar supply despite strong international demand from Asian buyers like China and India.

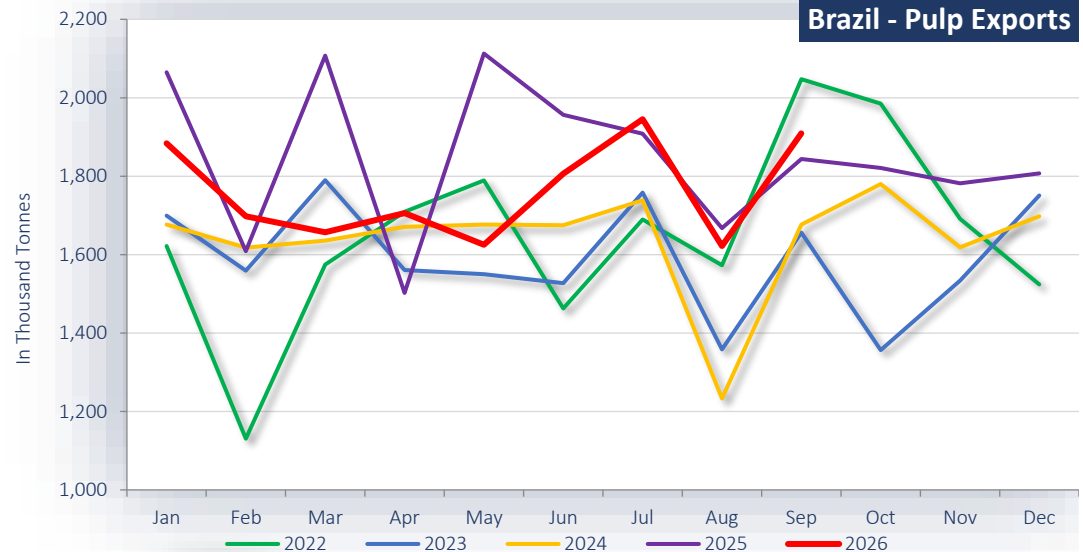


- Crude oil exports rose for the second consecutive month in September, marking a steep 39.29 percent month-on-month increase and reaching 11.7 million tonnes.
- September exports were the highest of any month for the past 5 years, and brought total exports for the first three quarters of the year to 79.1 million tonnes, 9.25 percent higher than in 2025.
- The record-breaking performance was sustained by ramping offshore pre-salt production and strong global demand for Brazil's low-sulfur grade crude, particularly as Asian buyers seek alternative supplies amid disruptions to Middle Eastern flows.
- Wood pulp exports in September recorded a notable 17.69 percent increase month-on-month, reaching 19.91 million tonnes. Comparing to the same period in 2025, exports were also higher, by 3.54 percent.
- Exports for the first three quarters of the year reached 15.85 million tonnes, marking a 5.48 percent decline compared with the same period in 2025.
- China remained the overwhelmingly single largest market for Brazilian wood pulp, absorbing 46 percent of total monthly export value, representing an 11.3 percent year-over-year expansion.

Brazil - Crude Oil Exports



Brazil - Pulp Exports



IMPORTS

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- Brazil imported 3.11 million tonnes of chemical fertilizers in September, marking a 5.6 percent recovery from last month but a 28.3 percent drop compared to the same period last year.

- Brazilian imports totaled 28.51 million tonnes year-to-date, down 15.47 percent year-on-year.

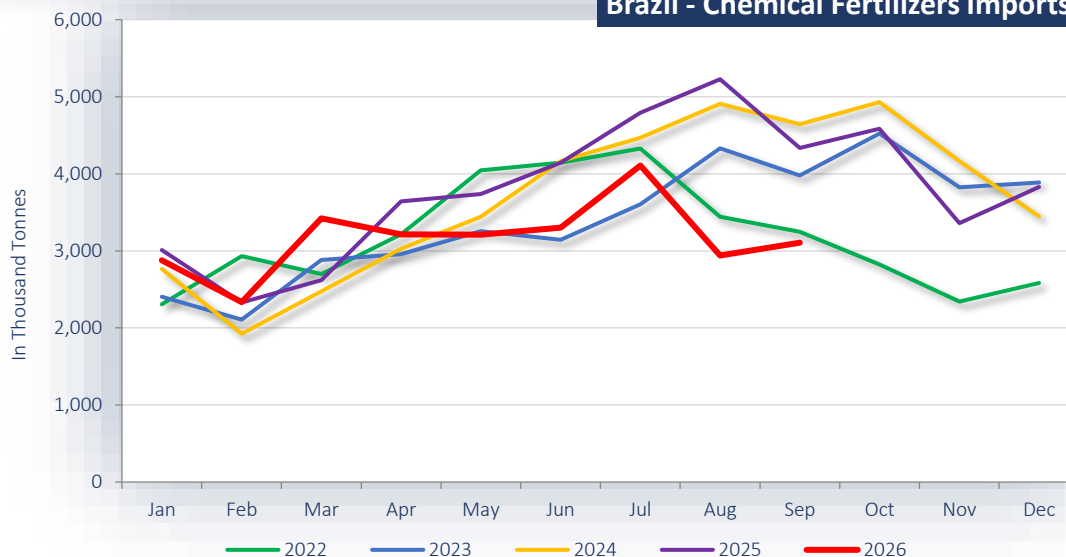
- Higher international prices, which averaged above year-earlier levels, prompted Brazilian farmers and agribusiness buyers to scale back import volumes at the start of the main soybean planting season.

- Brazil's wheat imports dropped further in September 2026, reaching 428.5 thousand tonnes, representing a drop of 16.75 percent month-on-month and 24.65 percent year-on-year.

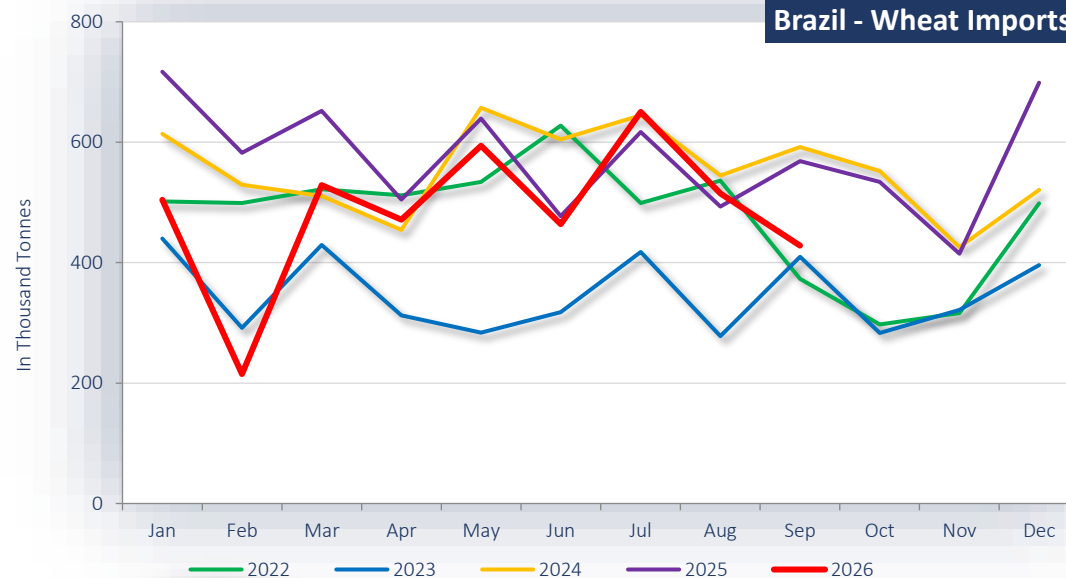
- Regional Mercosur partners continued to supply the majority of Brazil's wheat imports, with Argentina leading shipments alongside Paraguay and non-regional supplements from Canada.

- Brazilian millers face higher import unit costs as Argentine FOB wheat prices increased 7.2 percent month-over-month in September, ahead of an anticipated 20 percent increase in full-year 2026/27 import requirements driven by domestic crop production adjustments.

Brazil - Chemical Fertilizers Imports



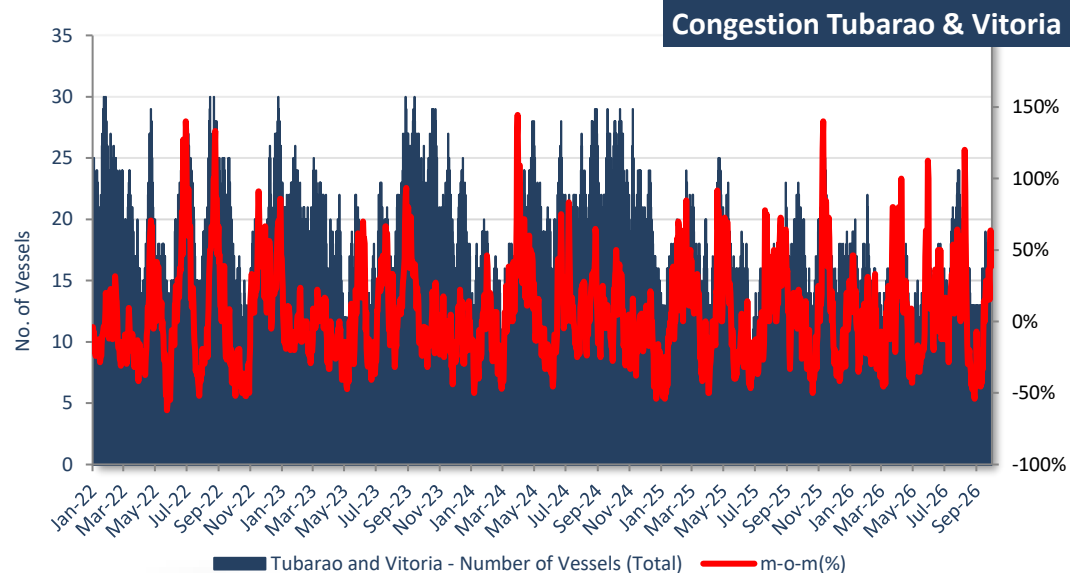
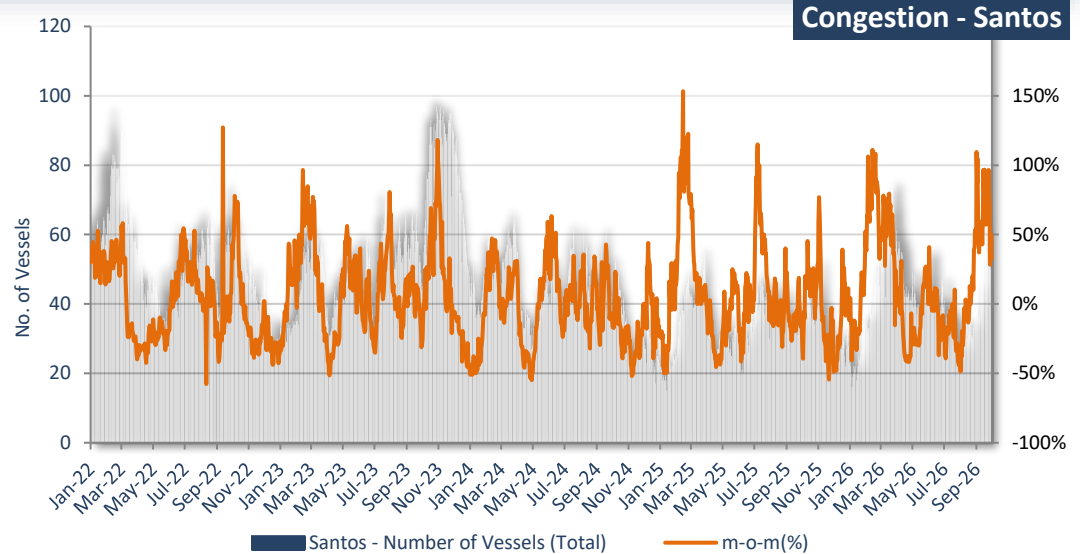
Brazil - Wheat Imports



PORT CONGESTION

OCTOBER 2026

- In September, congestion at the Port of Santos averaged 52 vessels, representing a steep 64 percent increase from the previous month's levels.
- The average deadweight of the congested fleet also registered an increase of 68 percent month-on-month, with logistical pressure rising rapidly.
- Santos handled higher container volumes in August, while soybeans, corn, sugar and coffee competed for terminal capacity during the peak season. Adverse weather and lower berth productivity added to operational constraints.
- Combined congestion at the ports of Tubarão and Vitória averaged 15 vessels throughout September, down 8 percent month-on-month, indicating a modest easing of pressure.
- With regards to congested deadweight tonnage, records showed a 10 percent increase month-on-month, indicating that larger tonnage arrived at the ports of Tubarão and Vitória
- Compared with the same period in 2025, the number of congested vessels was also significantly lower, dropping 19 percent.

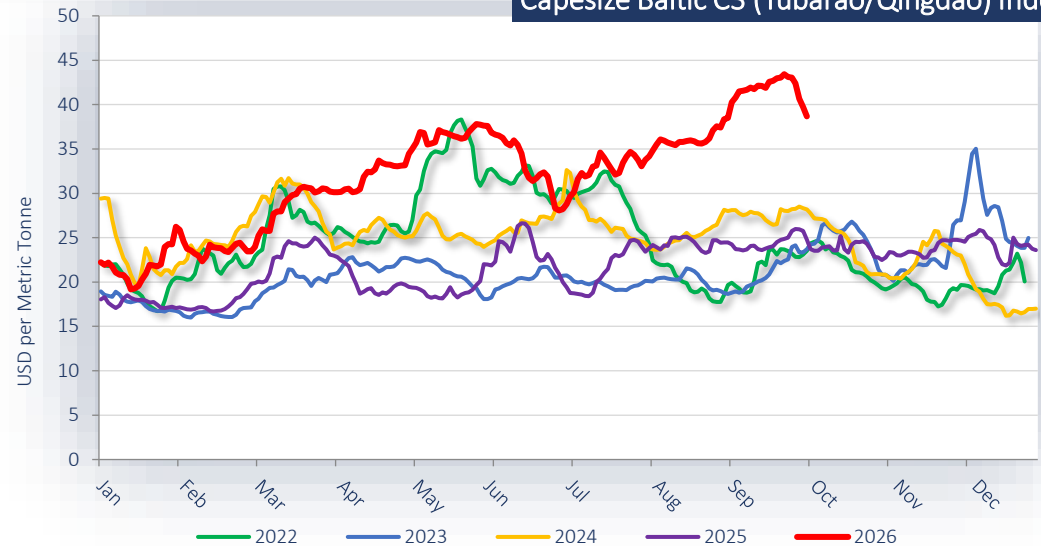


BALTIC INDICES

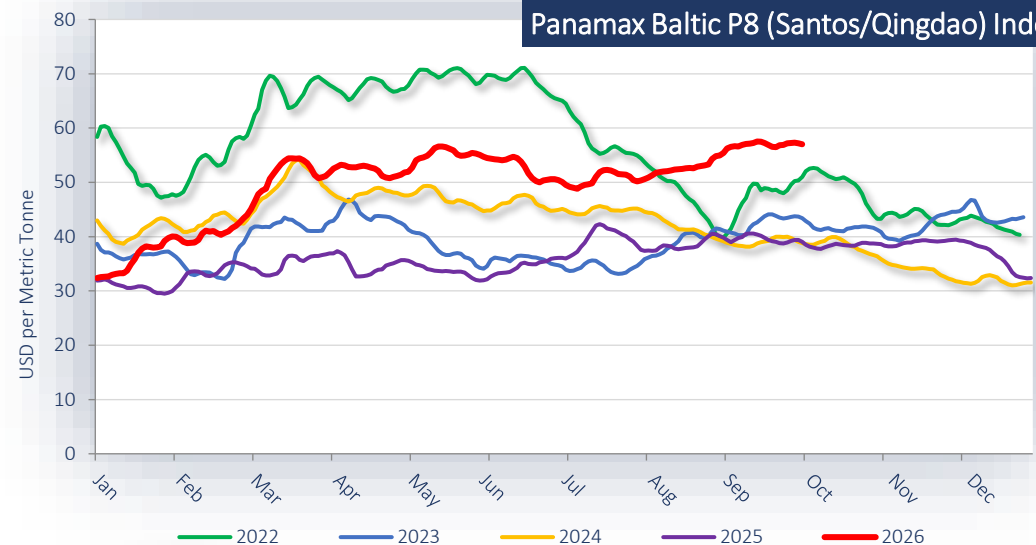
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- In September 2026, the Capesize Baltic C3 Index (Tubarão/Qingdao) closed at USD 38.67 per metric tonne, while reaching a peak of USD 43.43 per metric tonne throughout the month, the highest level of the past five years.
- The average level for September was USD 41.65 per metric tonne, recording a 15.38 percent increase month-on-month. Comparing to the same period in 2025, the index registered a 70.36 percent increase.
- Strong Brazilian iron ore activity, combined with a relatively tight supply of tonnage in the South Atlantic, lent support to C3 rates. Looking ahead, the pace of Chinese demand and Brazilian loading schedules will be instrumental in determining if the route can sustain its premium.
- The Baltic P8 Index (Santos/Qingdao) closed at USD 56.99 per metric tonne in September, recording a notable USD 5.59 per metric tonne increase during the month.
- The monthly average stood 8.02 percent higher month-on-month at USD 56.89 per tonne. Compared with the same period in 2025, the average marked a steep 43.84 percent increase.
- Despite rate softening across broader Panamax routes, P8 activity remained supported by steady Brazilian agricultural exports, particularly seasonal movement of corn and late-season soybean shipments through the Port of Santos.

Capesize Baltic C3 (Tubarão/Qingdao) Index



Panamax Baltic P8 (Santos/Qingdao) Index



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