BRAZIL – BAROMETER

Monthly Update

August 2025

FOCAL POINTS :

Macro Environment

The Brazilian government has revised its 2025 GDP growth forecast to 2.5 percent, up from 2.4 percent previously, reflecting stronger expectations for the agricultural sector. Economists caution, however, that tight monetary policy and global trade uncertainties, including recent U.S. tariffs, may weigh on the country's ability to sustain this growth momentum.

FX and money markets

The Central Bank of Brazil (BCB) left the Selic rate unchanged at 15.00 percent, a decision reached unanimously by the Monetary Policy Committee (COPOM) at its July 29–30 meeting. Meanwhile, the Brazilian Real extended its gains against the U.S. dollar, with the average exchange rate settling at 5.5332 BRL/USD.

Exports

In July, Brazil exported 41.1 million tonnes of iron ore, a 13.54 percent increase from the previous month and the highest monthly volume recorded in the past five years.

Imports

Chemical fertilizer imports continued their upward trajectory for the fifth consecutive month, reaching 4.79 million tonnes in July, up 15.58 percent month on month. Russia remained Brazil's leading supplier, accounting for 28.2 percent of total imports in the first seven months of 2025, representing an 18 percent year-on-year increase in volume.

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CONTENT PAGES :

• Analysts are forecasting Brazil's Q2 2025 GDP to grow by 1.4 percent on a quarterly basis, following a strong Q1 performance, where the economy grew by 1.4 percent, marking a significant acceleration from the previous quarter.

• The Brazilian government has revised its 2025 GDP growth forecast to 2.5 percent, up from the previous estimate of 2.4 percent, reflecting optimism about the agricultural sector's performance.

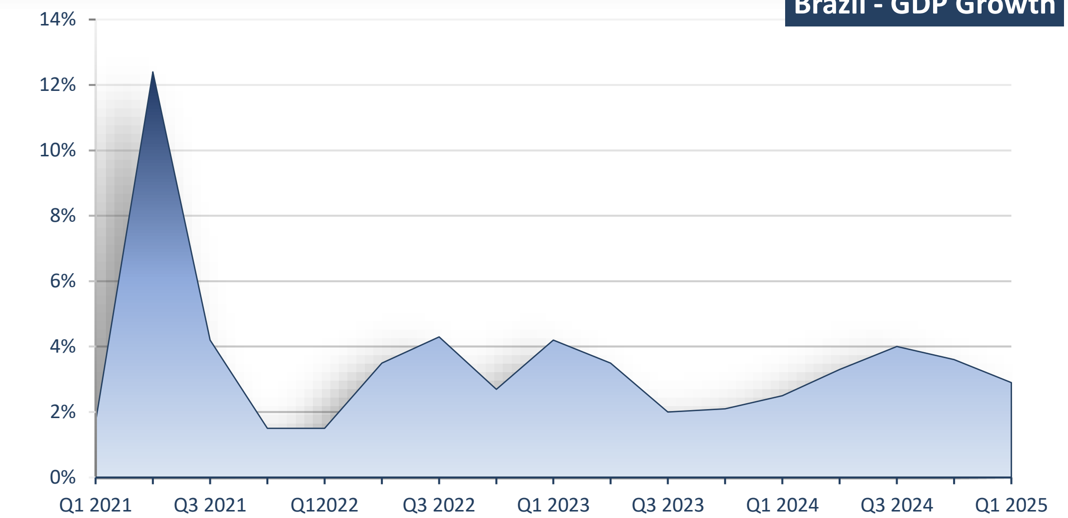
• However, economists caution that the tight monetary policy and global trade uncertainties, including recent U.S. tariffs, may pose challenges to sustaining this growth momentum .

• In July 2025, Brazil recorded a trade surplus of $7.08 billion.

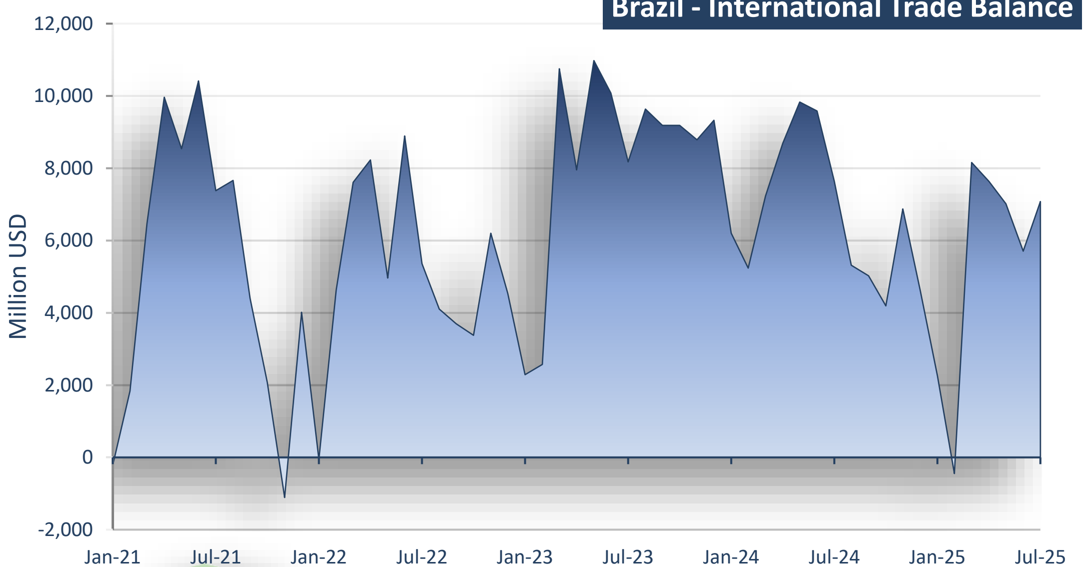
• Exports grew slower than imports, with the former recording a 4.5 percent growth year-on-year and the later 8.4 percent. Brazil's exports totaled $32.3 billion in July, while imports stood at $25.2 billion.

• From January to July 2025, Brazil's cumulative trade surplus stood at $37 billion, a 25 percent decrease compared to the same period in 2024. This decline was attributed to continued strong domestic demand fueling import growth .

Brazil - GDP Growth



Brazil - International Trade Balance



• Brazil's annual inflation rate, as measured by the IPCA (Extended National Consumer Price Index), rose 0.26 percent in July, up from 0.24 percent in June, marking a modest uptick in monthly inflation.

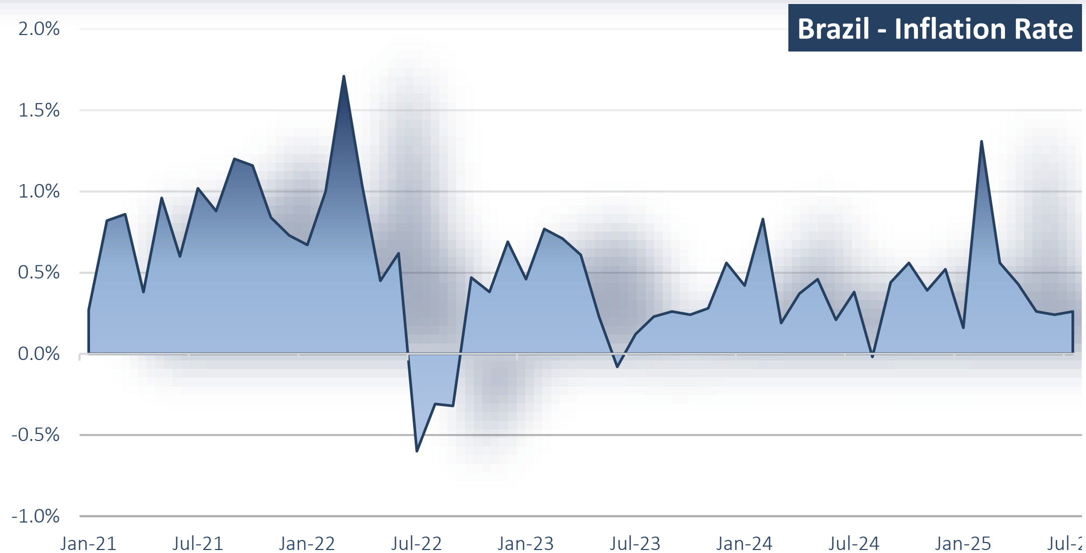
• The 12-month IPCA came in at 5.23 percent, edging down from 5.35 percent in June but still remaining above the targets set by many policymakers.

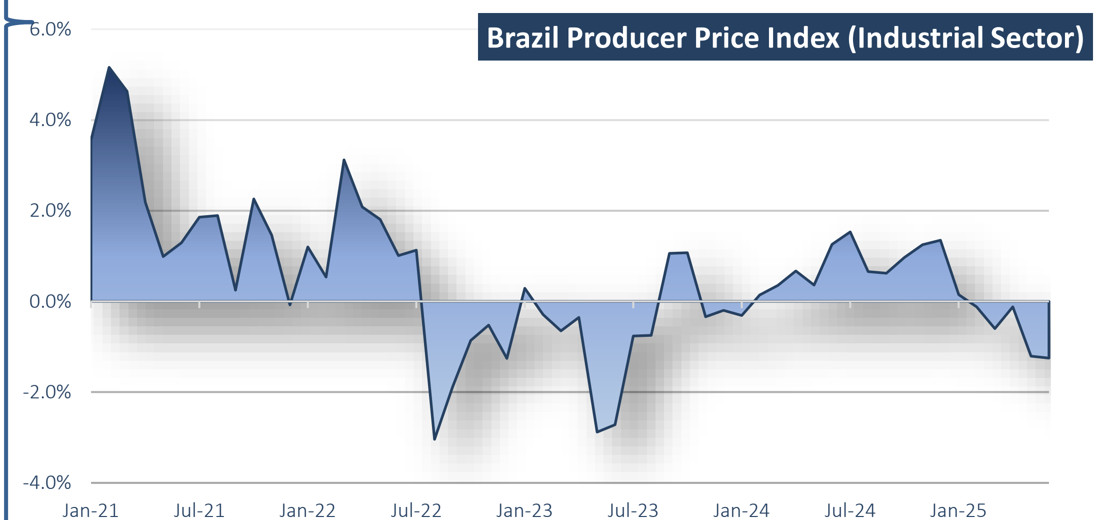
• The central bank maintained its forecast for 2025 IPCA at 4.9 percent, signaling that while inflation remains above the 3 percent target (±1.5 percentage points), current policy may suffice to guide it lower over time.

• Brazil's Producer Price Index (PPI) declined by 1.25 percent in June, marking a sharper contraction compared to May's 1.21 percent drop, marking the fifth consecutive decline and the steepest monthly fall since June 2023.

• Among 24 industrial activities, 14 posted declines, with the sharpest seen in food product (-3.43 percent) which was heavily influenced by falling grain and meat prices.

• On an annual basis, the PPI rose by 3.24 percent in June, substantially easing from the 5.86 percent year-on-year increase recorded in May, indicating a deceleration in producer-level inflation.





- In July 2025, Brazil's central bank (BCB), decided to maintain the Selic rate at 15.00 percent. This decision was made unanimously by the Monetary Policy Committee (COPOM) during its meeting on July 29-30.

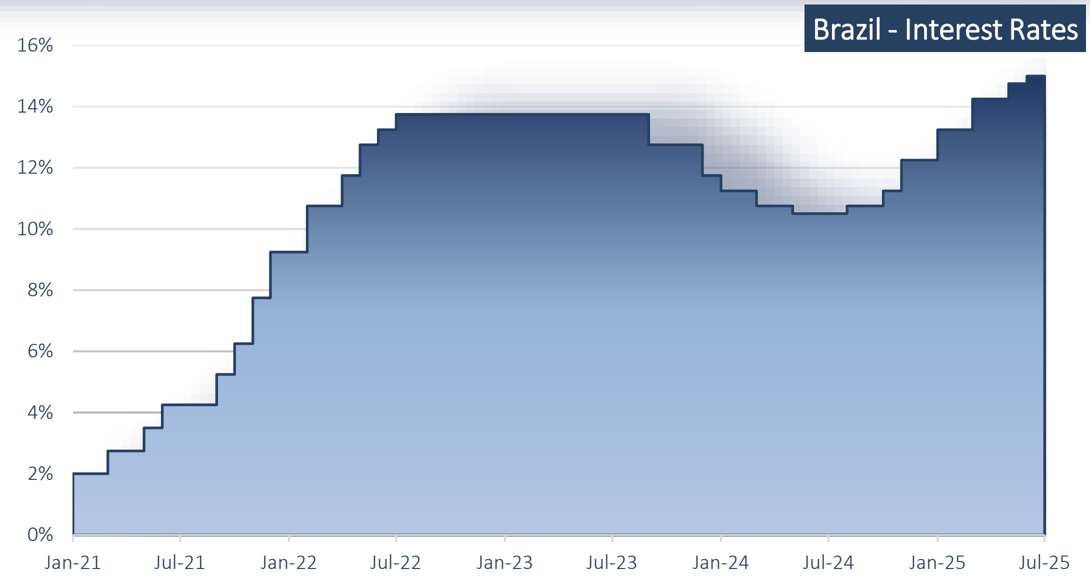
- This marked the end of a series of hikes totaling 450 basis points over the preceding months, a move intended to combat persistent and elevated inflation.

- A major theme in the central bank's communique was the high level of uncertainty, both domestically and internationally, citing the threat of tariffs on Brazilian exports from the United States

- In July, the Brazilian Real strengthened its position further against the U.S. dollar with the average exchange rate settling at 5.5332 BRL/USD.

- The exchange rate in July was characterized by increased volatility. Notably on July 10, the Brazilian real dropped roughly 2 percent, after President Trump’s tariff announcements.

- Reuters’ June and July FX polls showed analysts expect the real to trade broadly stable near 5.55–5.75 per USD through the next 3–6 months.



- In July, Brazil exported 41.1 million tonnes of iron ore, a 13.54 percent increase from the previous month and the highest monthly volume in the past five years.

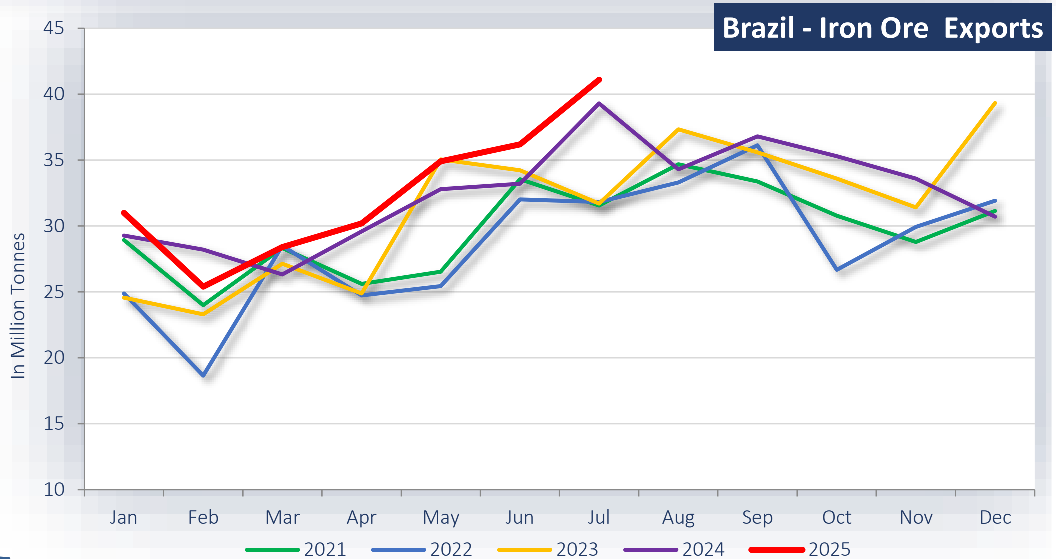
- Compared with the same period last year, exports rose by 4.58 percent, marking the fifth consecutive month in 2025 that shipments have surpassed year-ago levels. Cumulatively, exports in the first seven months reached 227.2 million tonnes, representing a 3.9 percent increase compared with the previous year.

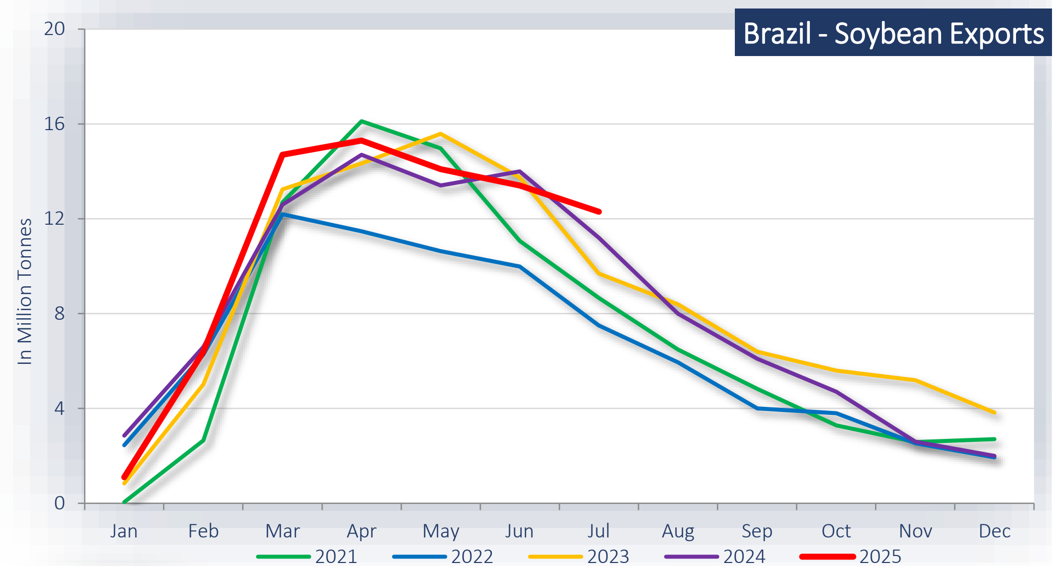
- Brazil's increase in market share has come at the expense of competitors like Australia, Peru, and India, which have faced disruptions due to severe weather, port handling issues, and stronger domestic demand, respectively.

- Brazil's soybean exports in July totaled 12.3 million tonnes, marking an 8.21 percent decline over June’s figures.

- Year-on-year however, the volumes exported increased by 9.82 percent, while cumulative exports for the year so far stood at 77.3 million tonnes, a 2.58 percent increase over the same period in 2024.

- China remained the largest destination, importing 11.67 million tonnes of Brazilian soybeans, in July and marking an 18.5 percent surge from the previous year.





• in July, Brazil's corn exports rose to 2.43 million tonnes, marking a significant 558.73 percent rise compared to June, as Brazil has now entered its corn harvest season.

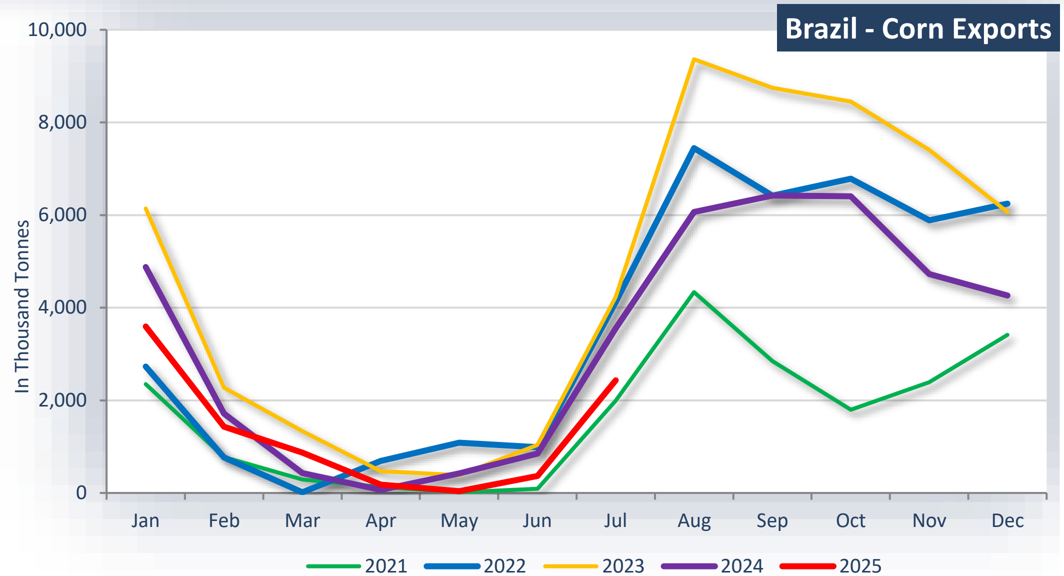
• Despite that, when comparing year-on-year exports were notably lower by 31.51 percent, while total exports for the year-to-date stood at 9.92 million tonnes, marking a 25.11 percent drop compared to the same period in 2024.

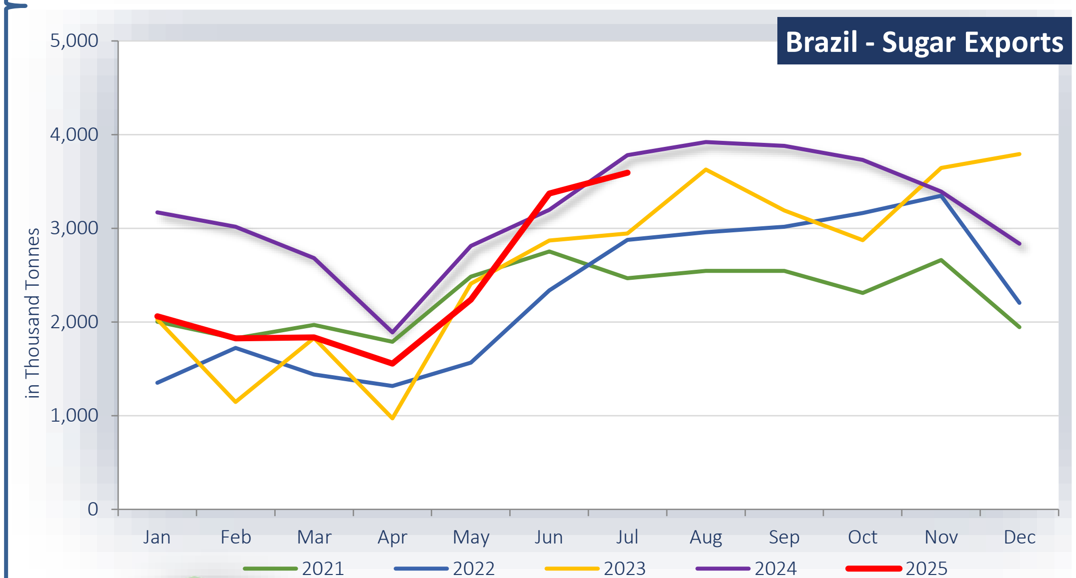
• Poor exports figures can be mainly attributed to the rising domestic demand, especially from the livestock sector and a rapidly expanding corn ethanol industry, which is absorbing a larger share of the crop and reducing exportable surplus

• Brazil's sugar exports recorded their third consecutive month of growth in July, with the total volume reaching 3.59 million tonnes, representing a 6.62 percent increase over the month prior.

• Compared with the same period in 2024, exports declined by 4.99 percent. During the first seven months, volumes reached 16.48 million tonnes, down 19.8 percent from a year earlier.

•The decrease in exports can be linked multiple factors, including drier weather conditions during the sugarcane crop development and the lingering effects of wildfires in 2024, which have impacted the 2025/26 crop.





• Brazil's crude oil exports rose to 8.6 million tonnes in July, the highest during the same period over the past five years. Overall exports increased by 8.86 percent over the month prior.

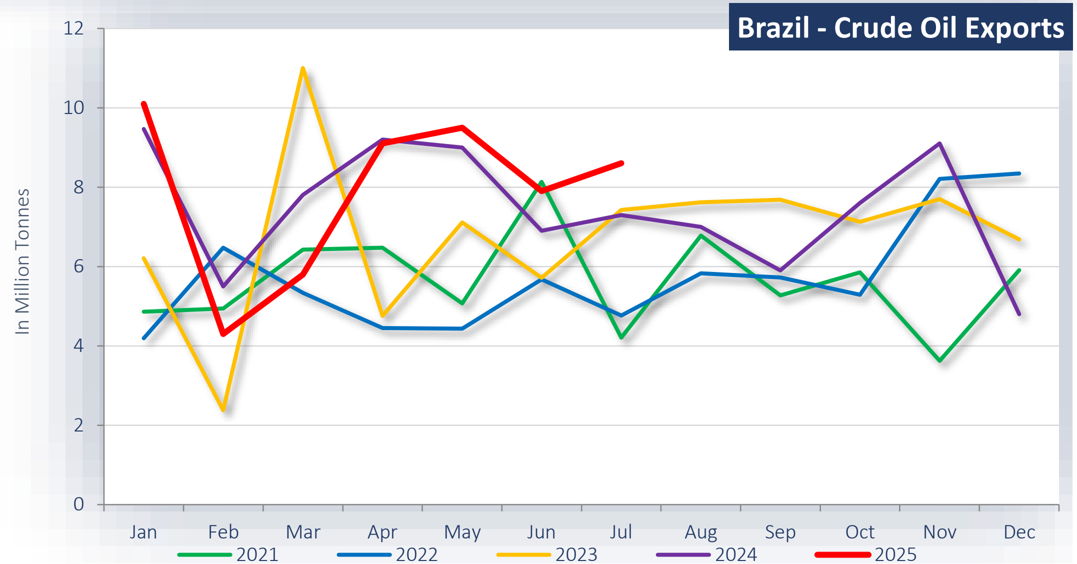
• On a year-on-year basis, crude oil exports rose significantly by 18 percent. Year-to-end-July exports reached 55.3 million tonnes, reflecting only a marginal 0.23 percent increase compared with the same period in 2024.

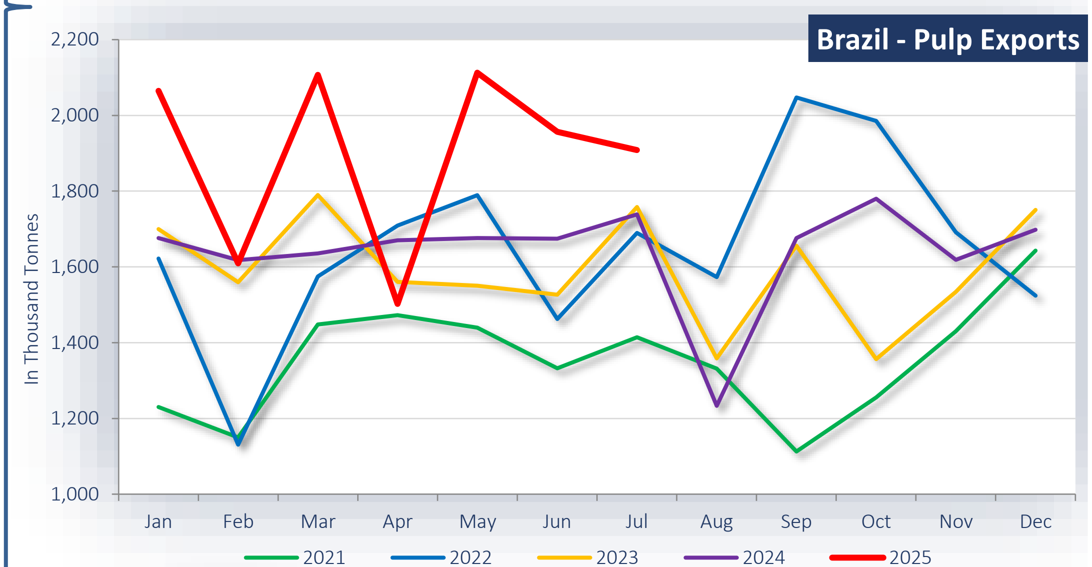
• The threat of a 50 percent tariff on Brazilian oil imports by the U.S. has led to a drop in Brent crude prices and discussions about rerouting oil exports towards markets in Asia-Pacific and Europe.

• Wood pulp exports in July amounted to 1.91 million tonnes, a 2.44 percent decrease over June.

• Export growth year-on-year was notable, at 9.77 percent, while total exports so far this year amounted to 13.26 million tonnes, marking a 13.44 percent increase compared to the same period last year.

• On July 30th, the U.S. announced that wood pulp would be exempted from the 50 percent tariff imposed on all Brazilian imports. Nonetheless, the threat of tariffs highlighted the importance for Brazil to diversify its export markets.

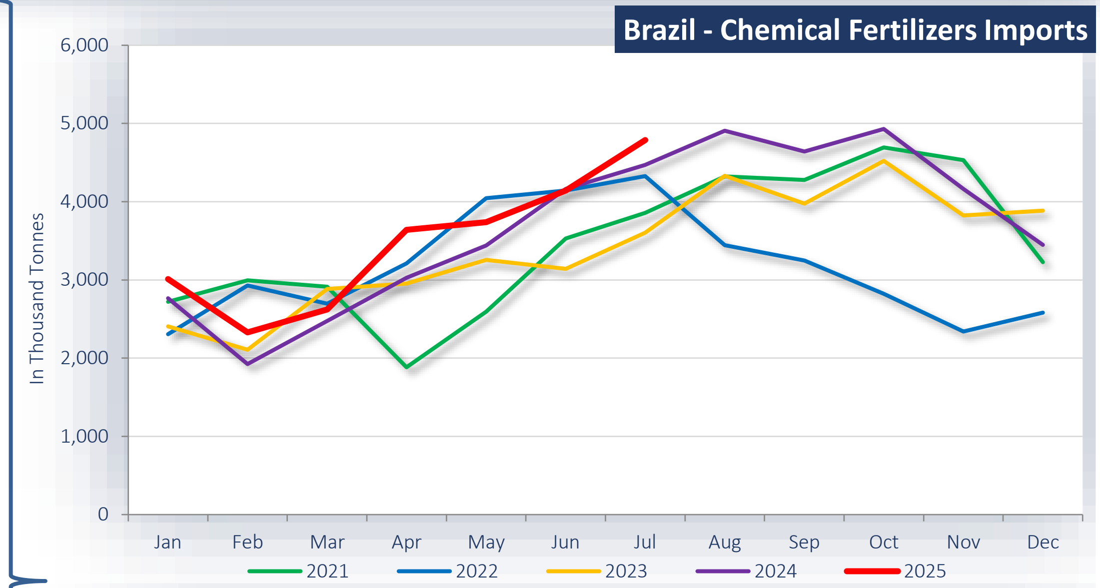




• In July, Brazil's chemical fertilizer imports followed their upward trend for the fifth consecutive month, totaling 4.79 million tonnes, a 15.58 percent monthly increase.

• Comparing to the same period last year, imports rose by 7.2 percent and import volumes for the the year thus far totaled 24.27 million tonnes, marking a 9.02 percent increase over the same period in 2024.

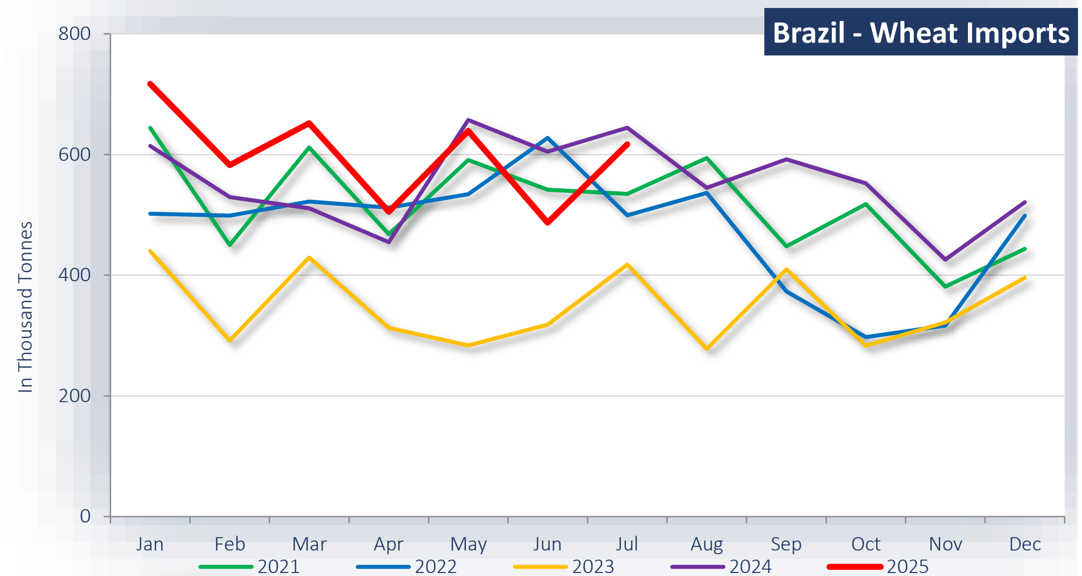
• Russia remained Brazil's leading supplier, accounting for 28.2 percent of total imports in the first seven months of 2025, representing an 18 percent year-on-year increase in volume.



• Brazil imported 616.91 thousand tons of wheat in July 2025, marking a significant 26.7 percent increase from the month prior.

• Comparing to the same period in 2024 however, imports dropped by 4.3 percent. Despite that, accumulated volumes for the year to date, stood 4.59 percent higher compared to last year.

• Looking ahead, projections made by StoneX for Brazil's 2025/26 wheat harvest suggest a lower production volume compared to the previous cycle, reinforcing the expectation that Brazil will continue import significant volumes, mainly from Argentina.



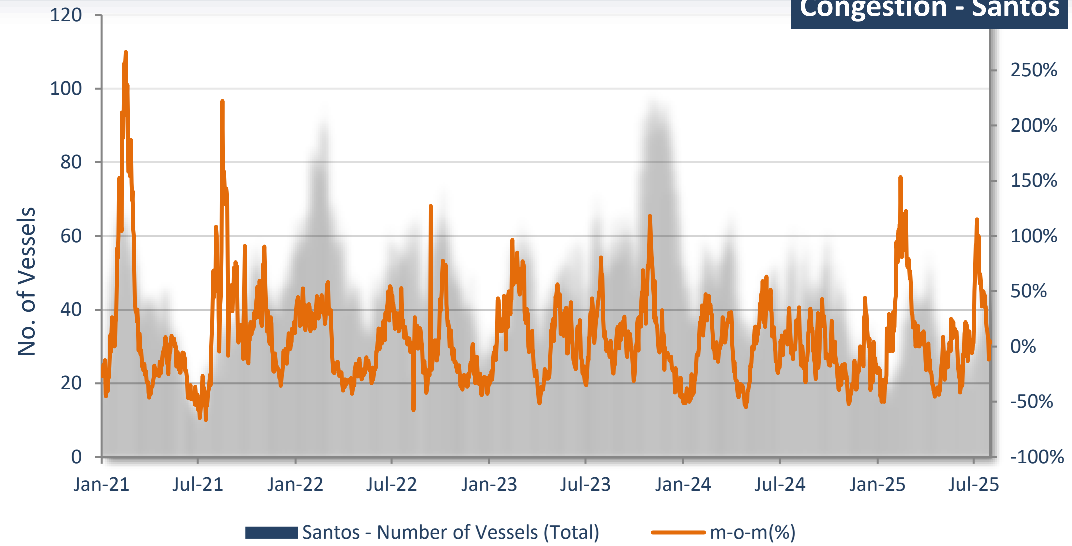
PORT CONGESTION AUGUST 2025

• In July, congestion at the Port of Santos averaged 41 vessels, marking a significant 44 percent increase from June's average.

• The average deadweight of the congested fleet also increased significantly by 47 percent month-on-month, suggesting heavier tonnage calling Brazil's largest port.

• Compared to the same period last year however, the number of congested vessels was notably lower, with an 11 percent drop being recorded.

Congestion - Santos

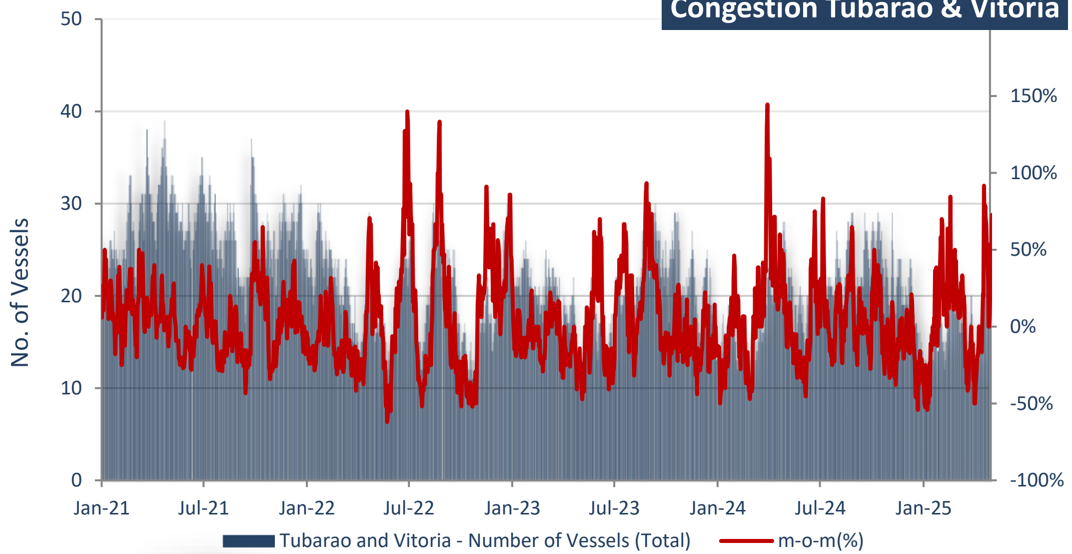


• At the Ports of Tubarão and Vitória, combined congestion in July averaged 13 vessels, showing no change from the data recorded the month prior.

• In deadweight terms, there was an 11 percent drop month over month, meaning that smaller tonnage called at these ports.

• Comparing to the same period during the past year, congestion was 33 percent lower, once again showcasing an easing in logistical pressure at Brazil's major hubs.

Congestion Tubarao & Vitoria



• In July, the Capesize Baltic C3 Index (Tubarão/Qingdao) closed at USD 23.805 per metric tonne, making a recovery from the levels recorded at the start on the month. The index average for the month stood at USD 21.46 per metric tonne.

• July's average represented an 8.7 percent decrease when comparing to June's average of USD 23.51 per tonne.

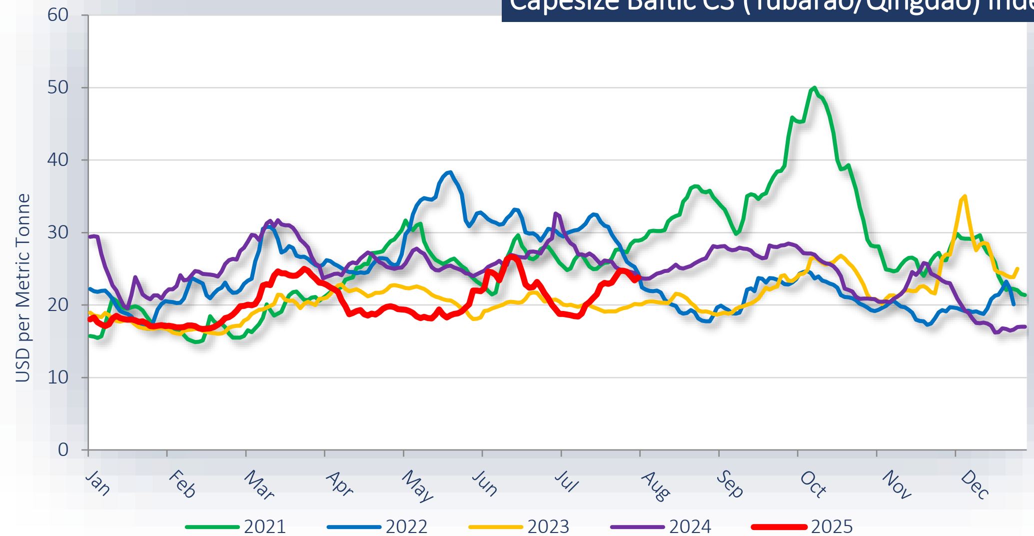
• On a year-on-year basis, the index recorded further decline, with the monthly average down 20.15 percent compared to the same period last year.

• The Panamax Baltic P8 Index (Santos/Qingdao) ended the month at USD 37.379 per metric tonne, down USD 4.7 per metric tonne from its 2025 maxima, which was recorded in mid-July.

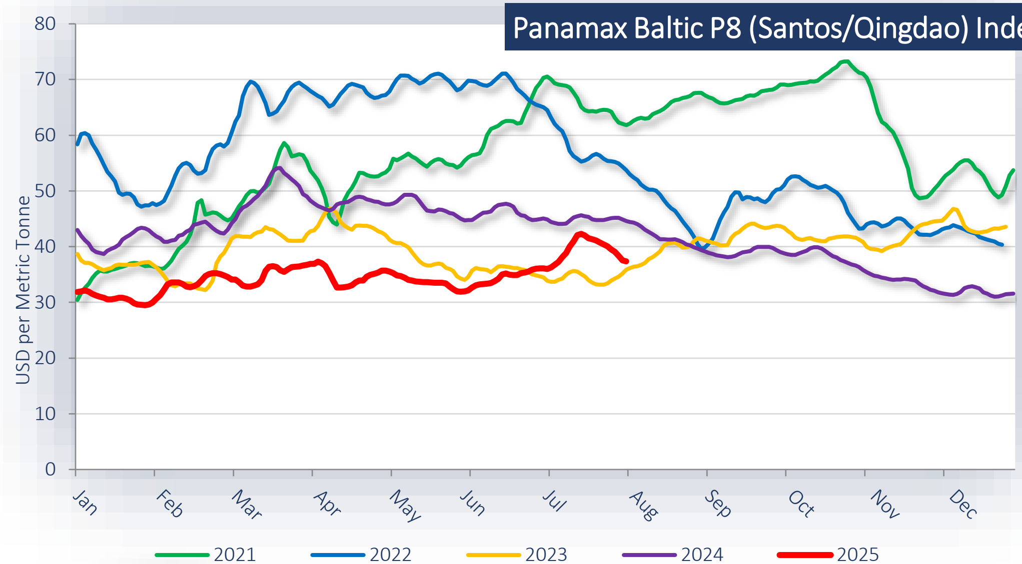
• The monthly average settled at USD 39.29 per tonne, reflecting a notable 14.51 percent increase over June's average of USD 34.31 per tonne.

• Although July marked the peak levels of the year, the monthly average still fell short of the same period in 2024, standing 12.43 percent lower.

Capesize Baltic C3 (Tubarão/Qingdao) Index



Panamax Baltic P8 (Santos/Qingdao) Index



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