BRAZIL – BAROMETER

Monthly Update

October 2025

FOCAL POINTS :

Macro Environment

Brazil's Q2 2025 GDP grew by by 0.4 percent compared to the first quarter of 2025. This represents a notable deceleration from the strong 1.3 percent quarterly growth recorded in Q1 2025.

FX and money markets

In September, the Brazilian Real showed a moderate appreciation against the U.S. dollar with the average exchange rate settling at 5.363 BRL/USD, the strongest FX rate since June 2024.

Exports

In September, Brazil's corn exports rose to year-high 7.56 million tonnes, marking a notable 10.43 percent rise compared to August with Brazil having entered the peak of its corn (safrinha) harvest season. Cumulative soybean exports for the year so far reached 93.9 million tonnes, a 4.97 percent increase over the same period last year. China is estimated to have accounted for approximately 93 percent of Brazil's total soybean exports in September, a historically high.

Imports

In September, Brazil's chemical fertilizer dropped to 4.33 million tonnes after 6 consecutive months of growth. Russia and China remained the top two suppliers, with Russia as the leading source of all fertilizer imports for the year, and China playing a massive role in specific products like Ammonium Sulphate and NP compounds.

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CONTENT PAGES :

• Brazil's Q2 2025 GDP grew by 0.4 percent compared to the first quarter of 2025. This represents a notable deceleration from the strong 1.3 percent quarterly growth recorded in Q1 2025.

• Industrial output expanded by 0.5 percent, driven primarily by the strong performance of the mining and quarrying sectors. In contrast, credit-dependent industries such as manufacturing and construction experienced stagnation or contraction, reflecting the tight financial conditions and high borrowing costs.

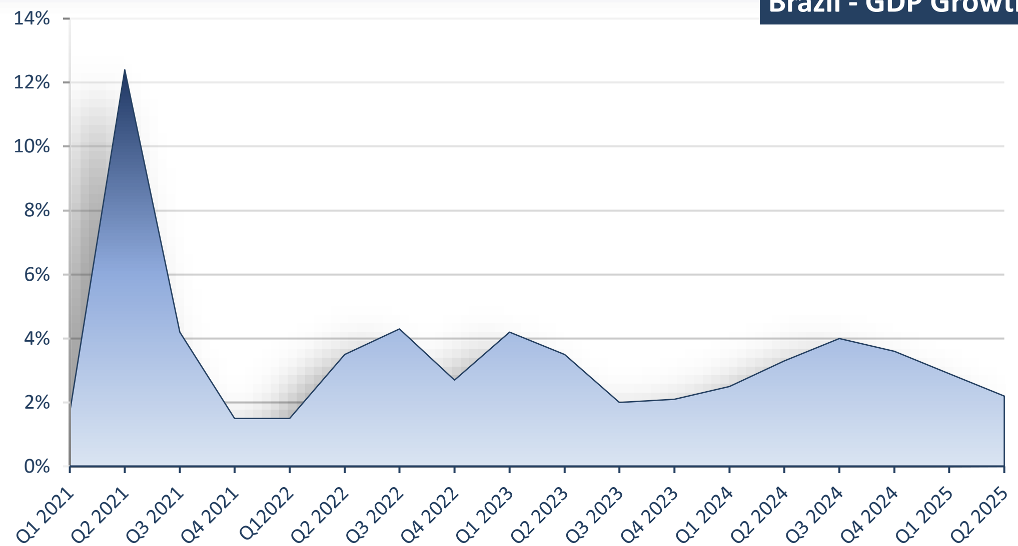
• Brazil's central bank lowered its 2025 economic growth forecast to 2.0 percent from 2.1 percent previously, according to its quarterly monetary policy report released in late September.

• Brazil recorded a trade surplus of $2.99 billion in September 2025, $3.14 billion less than the month prior.

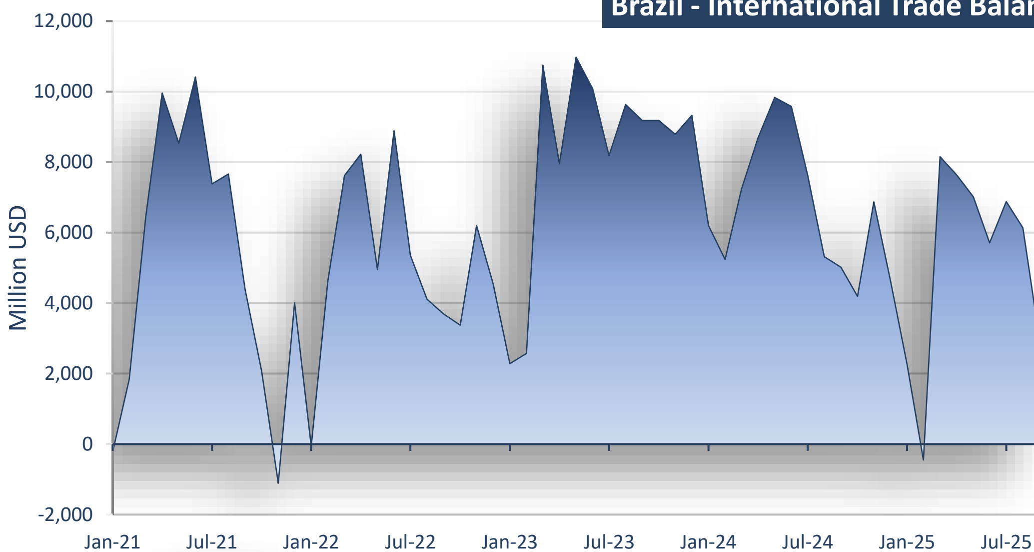
• When comparing to the same period last year, the trade surplus was also significantly lower, by 40.48 percent.

• From January to September, Brazil recorded a cumulative trade surplus of USD 45.48 billion. However, imports grew by 8.2 percent, significantly outpacing the 1.1 percent cumulative growth in exports, pointing to a potential moderation of trade surplus in the coming months.

Brazil - GDP Growth



Brazil - International Trade Balance



• Brazil's annual inflation rate, as measured by the IPCA (Extended National Consumer Price Index), increased by 0.48 percent in September, reversing a slight monthly deflation of -0.11 percent seen in August.

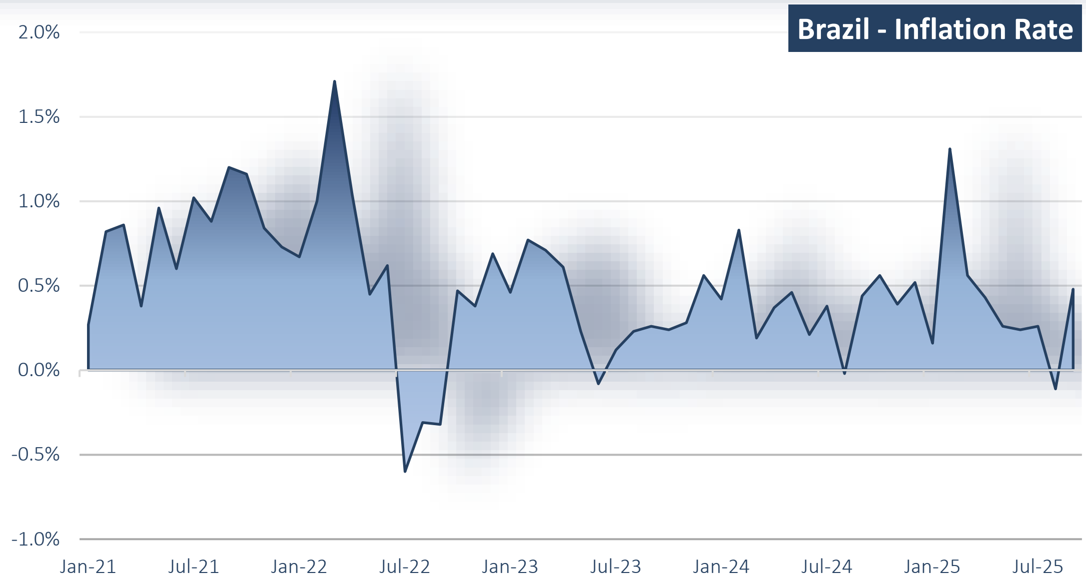
• The 12-month IPCA was 5.17 percent, remaining above the Central Bank's official ceiling of 3.0 percent with a 1.5 percentage points tolerance band.

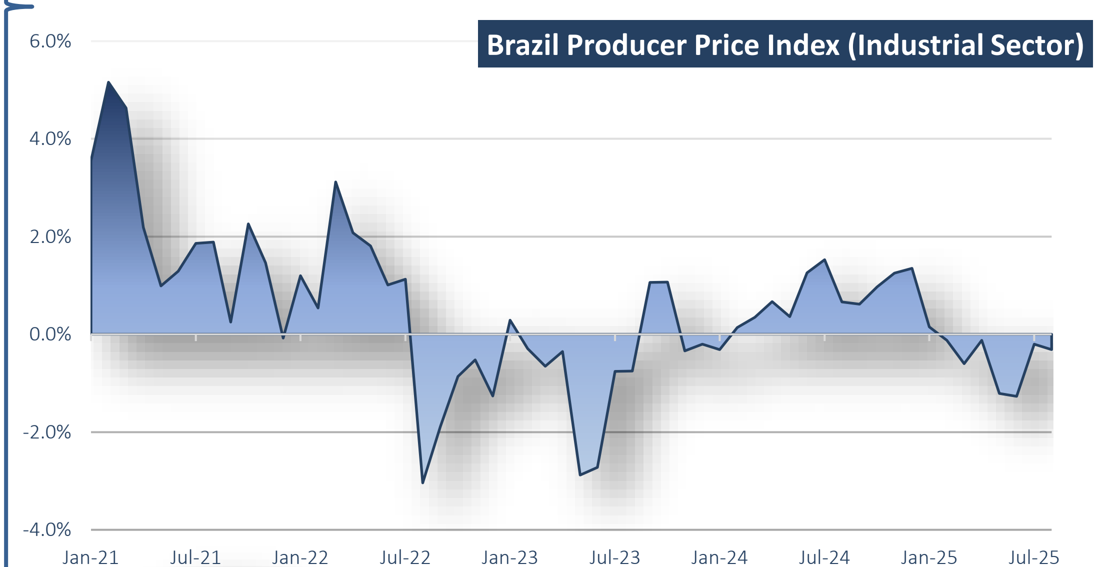
• The Central Bank announced thatBrazil's financial market lowered its inflation forecast for 2025 from 4.80 percent to 4.72 percent, and maintained its 2026 forecast at 4.28 percent, bringing projections closer to the government's target ceiling.

• Brazil's Producer Price Index (IPP) for August 2025 continued its downward trend, registering a -0.31 percent decrease month-over-month. This marks the seventh consecutive monthly decline in industrial producer price.

• Among 24 industrial activities, 12 posted declines, with some the sharpest seen in wood products (-1.59 percent) and pulp and paper products (-1.42 percent).

• On an annual basis, the PPI rose marginally by 0.48 percent in August, reflecting broader efforts within the country to stabilize its economic environment.





- In September, Brazil's central bank (BCB) maintained the Selic rate at 15.00 percent.

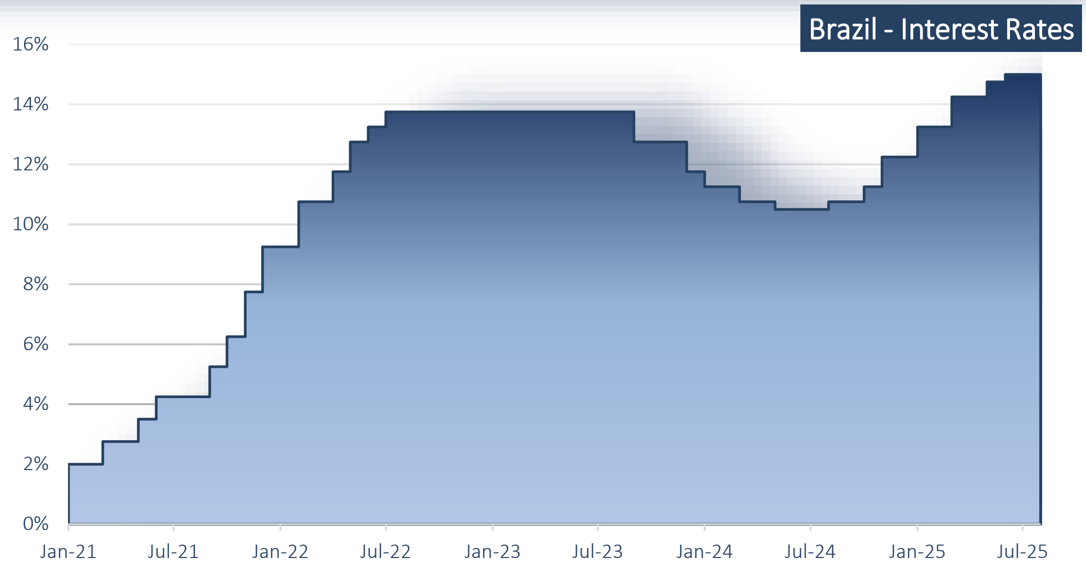
- At the September meeting, the monetary policy committee (COPOM) chose to keep the rate unchanged for the second consecutive time, signaling a "new stage" in which the tightening cycle is paused while the bank evaluates whether the current rate level is adequate.

- This decision was widely anticipated by the market and represented a pause in the rate hiking cycle that had been in place since September 2024.

- In September, the Brazilian Real showed a moderate appreciation against the U.S. dollar with the average exchange rate settling at 5.363 BRL/USD, the strongest FX rate since June 2024

- The expectation that the Federal Reserve may begin an easing cycle in the latter part of 2025, while Brazil remains committed to maintaining high interest rates, has widened the rate differential, providing strong support for the Real.

- At the same time, signs of a softening U.S. labor market and indications of a possible slowdown in economic activity weakened support for the U.S. Dollar.



• In September, Brazil exported 36.5 million tonnes of iron ore, representing a month-on-month decline of 8.98 percent. On a year-on-year basis, exports fell by 0.82 percent, marking the first decline over 2024 levels after six months of growth.

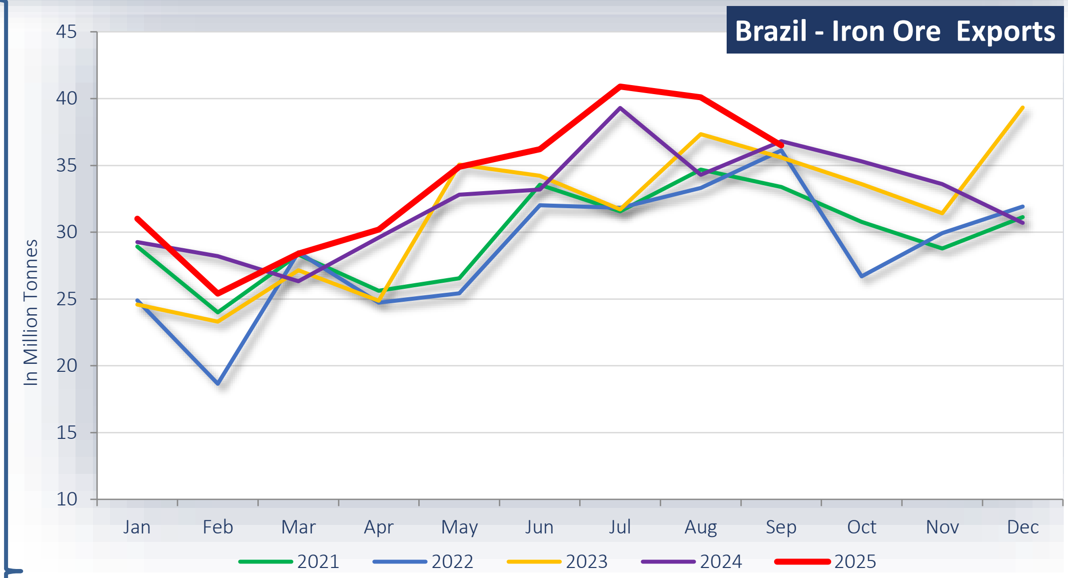
• Cumulative shipments in the first three quarters reached 303.6 million tonnes, reflecting a 4.77 percent increase compared with the same period in 2024.

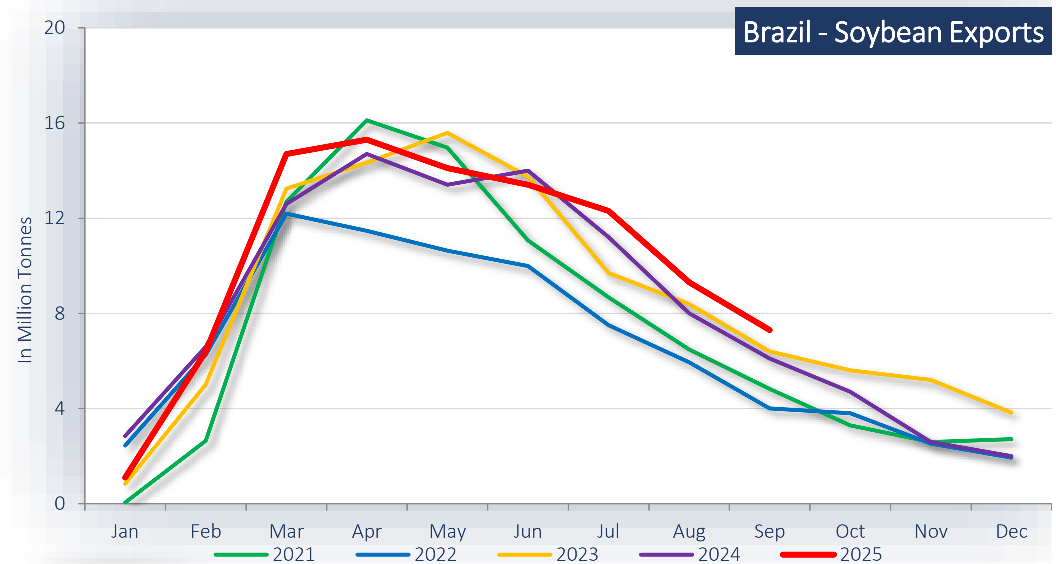
• Major Brazilian producer Vale has been increasing production by resuming operations at the Capanema mine and granting an operating license for the expansion of the S11D mine , which is expected to add 35 million tonnes per year to total output starting in 2026.

• In September, Brazil's soybean exports declined to 7.3 million tonnes, representing a 21.51 percent drop month-on-month.

• Year-on-year, exports increased by 19.67 percent and cumulative exports for the year so far reached 93.9 million tonnes, a 4.97 percent increase over the same period last year.

• China is estimated to have accounted for approximately 93 percent of Brazil's total soybean exports in September, a historically high and disproportionate share and a direct result of the ongoing trade tensions and tariffs from the US.





• In September, Brazil's corn exports rose to year-high 7.56 million tonnes, marking a notable 10.43 percent rise compared to August with Brazil having entered the peak of its corn (safrinha) harvest season.

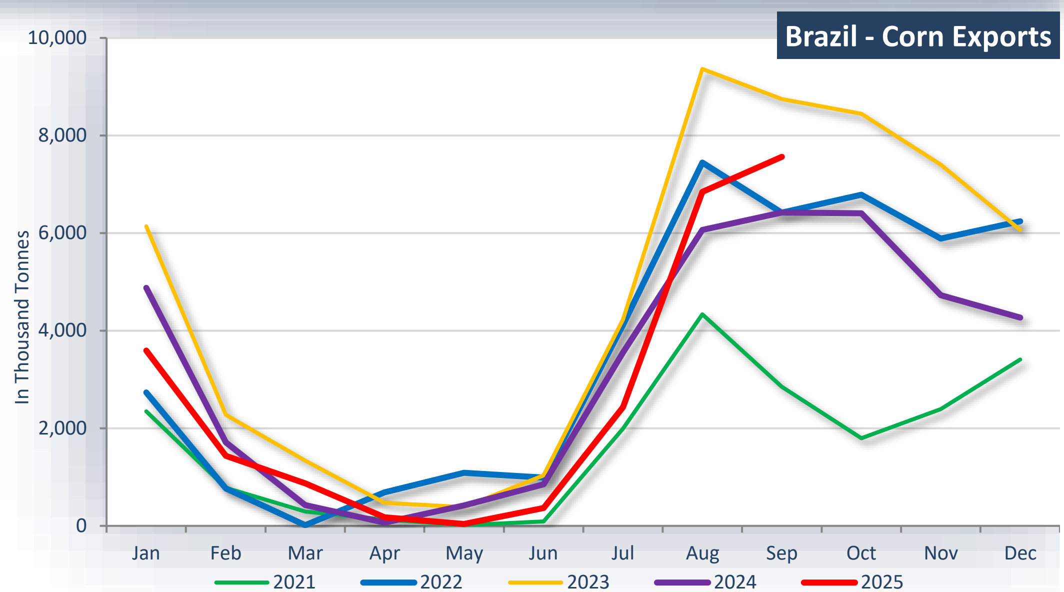
• Brazil's corn exports rose 17.77 percent year-on-year in September, despite cumulative shipments for the year-to-date having fallen to 23.33 million tonnes, down 4.36 percent from 2024.

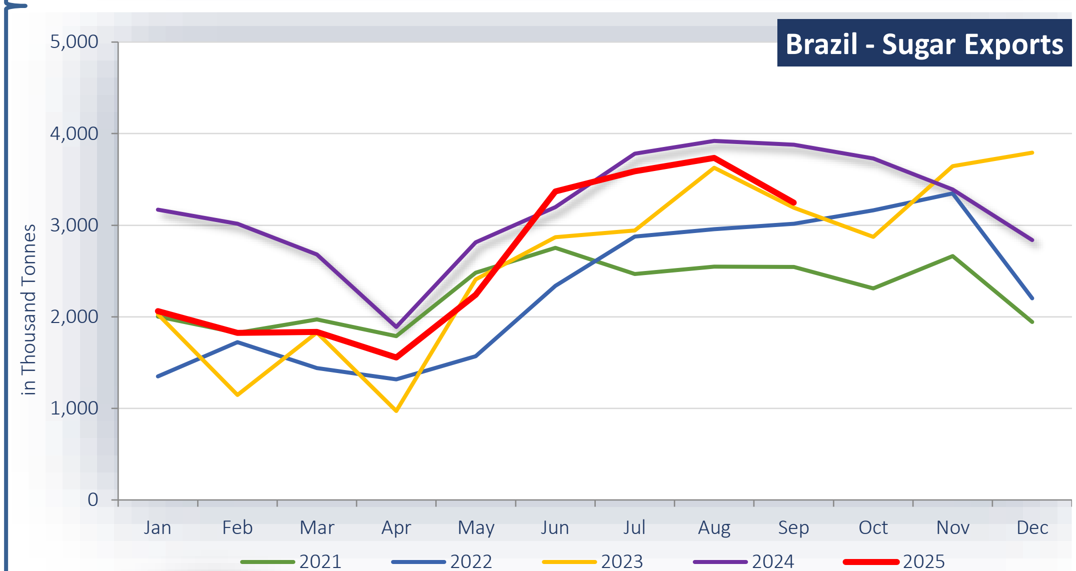
• The main factor underpinning the strong export pace was the record-breaking 2024/2025 corn harvest, which created a massive exportable surplus. Production estimates for the total crop year were around 139–140 million tonnes.

• Sugar exports dropped by 13.1 percent compared to last month after recording four consecutive monthly growth, with the total volume in September reaching 3.24 million tonnes.

• Comparing to the same period in 2024, exports declined by 16.33 percent. For the first three quarters of the year, volumes reached 23.45 million tonnes, marking a 17.26 percent decline from a year earlier.

•Forecasts for the 2025/2026 season increasingly pointed toward a global sugar surplus, driven largely by expected record production in Brazil and a rebound in production from the world's second-largest producer, India.

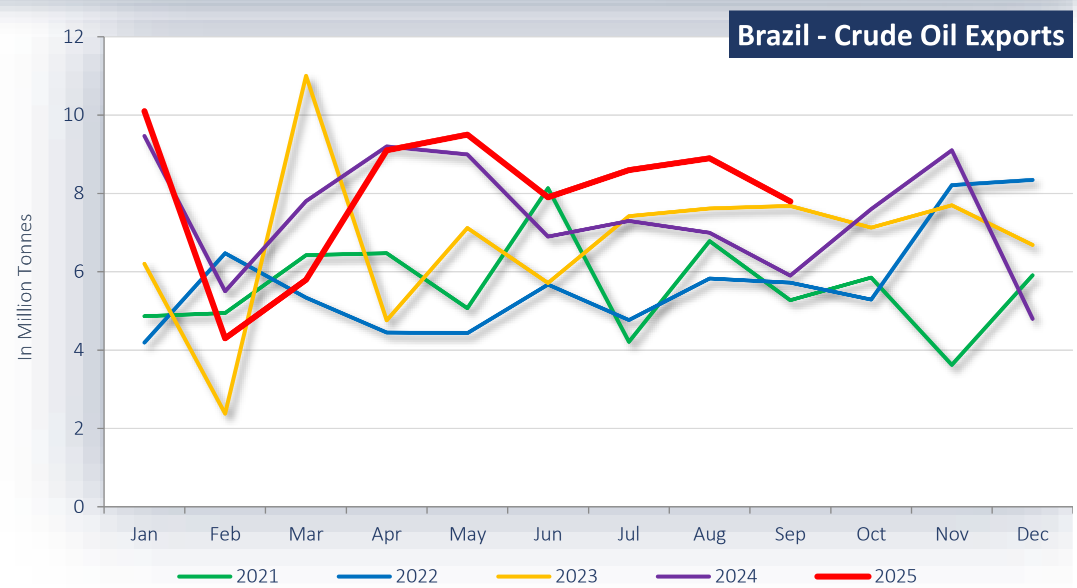




• Brazil's crude oil exports declined in September to 7.8 million tonnes, down 12.36 percent month-on-month, yet this remained the highest volume recorded for September in the past five years.

• On a year-on-year basis, exports increased sharply by 32 percent, while total shipments for the first three quarters reached 72 million tonnes, representing a 5.77 percent rise compared with the same period in 2024.

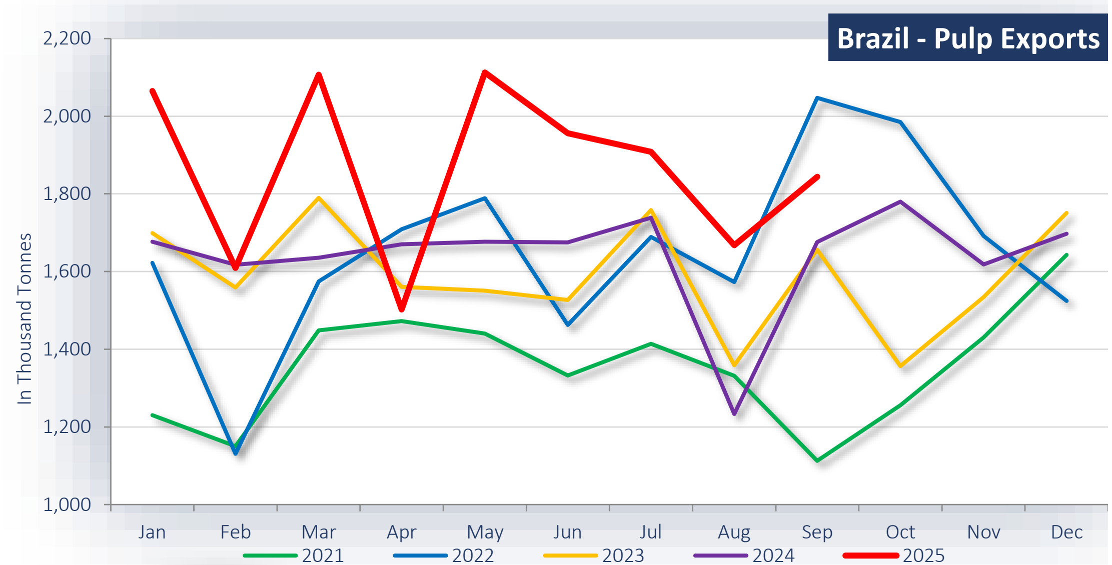
• Tariff exemptions granted by the United States for selected petroleum products enabled the resumption of oil exports to the U.S., helping to stabilize trade flows.



• Wood pulp exports in September reached 1.84 million tonnes, a notable 10.55 percent increase over August.

• Year-on-year exports grew by 9.99 percent, while cumulative exports for the year-to-date reached 16.77 million tonnes, representing a 14.88 percent increase compared with the same period in 2024.

•A key factor influencing the September figures was the decision by major Brazilian pulp producers, such as Suzano, to announce price hikes in both the Asian, European, and U.S. markets, signaling confidence in robust global demand.



• In September, Brazil's chemical fertilizer imports dropped to 4.33 million tonnes after 6 consecutive months of growth.

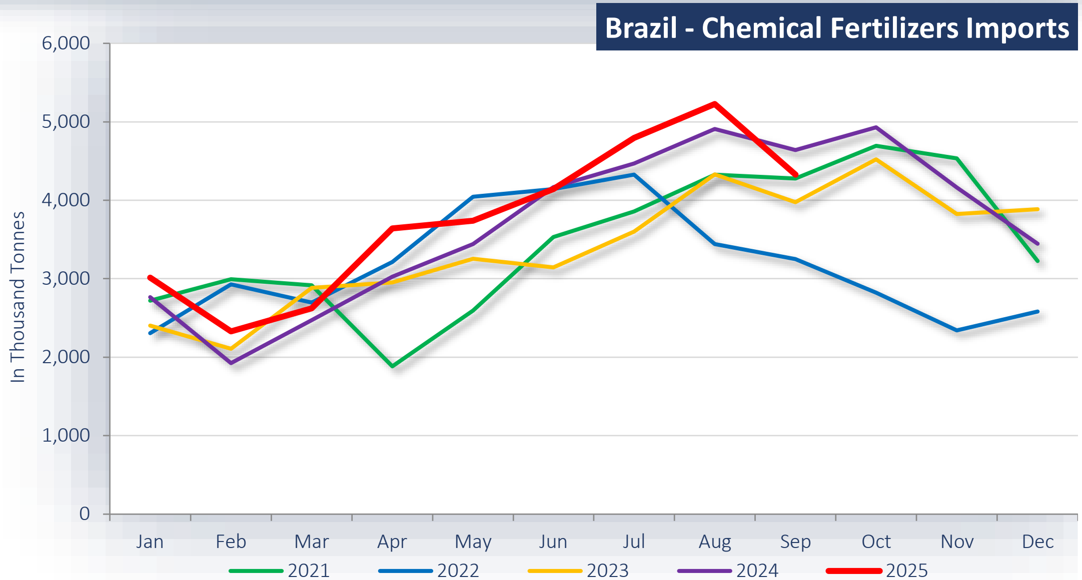
• On an annual basis, September's import volumes were 6.8 percent lower than the same month in 2024, while cumulative imports for the first three quarters totaled 33.83 million tonnes, up by 6.34 percent year-on-year.

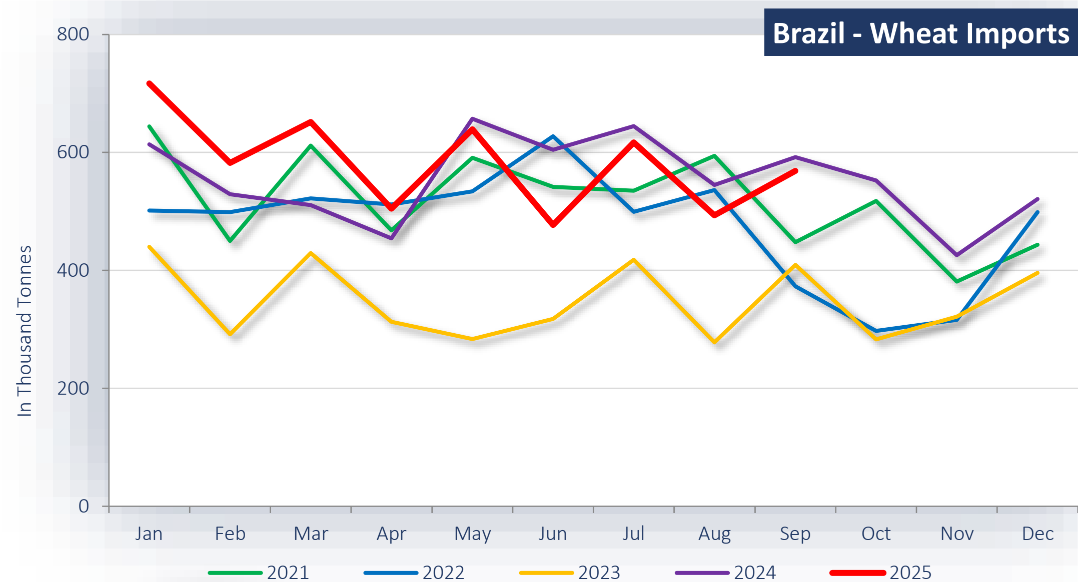
• Russia and China remained the top two suppliers, with Russia as the leading source of all fertilizer imports for the year, and China playing a massive role in specific products like Ammonium Sulphate and NP compounds.

• Brazil imported 569 thousand tonnes of wheat, a notable 15.39 percent increase when compared to August.

• Comparing to the same period in 2024, imports dropped by 3.87 percent. Accumulated volumes from January until September, stood 1.94 percent higher compared to last year at 5.25 million tones.

• Argentina, which remained the principal and most competitive supplier of wheat to Brazil, temporarily eliminated export duties on grains and by-products (including wheat) until October 31, 2025, making their wheat even more attractive to Brazilian buyers compared to other global sources.





• In September, congestion at the Port of Santos averaged 35 vessels, corresponding to a 10 percent decrease when comparing with last month's average.

• The average deadweight of the congested fleet also decreased by 11 percent month-on-month, indicating further logistical easing in Brazil's largest port for the second month in a row.

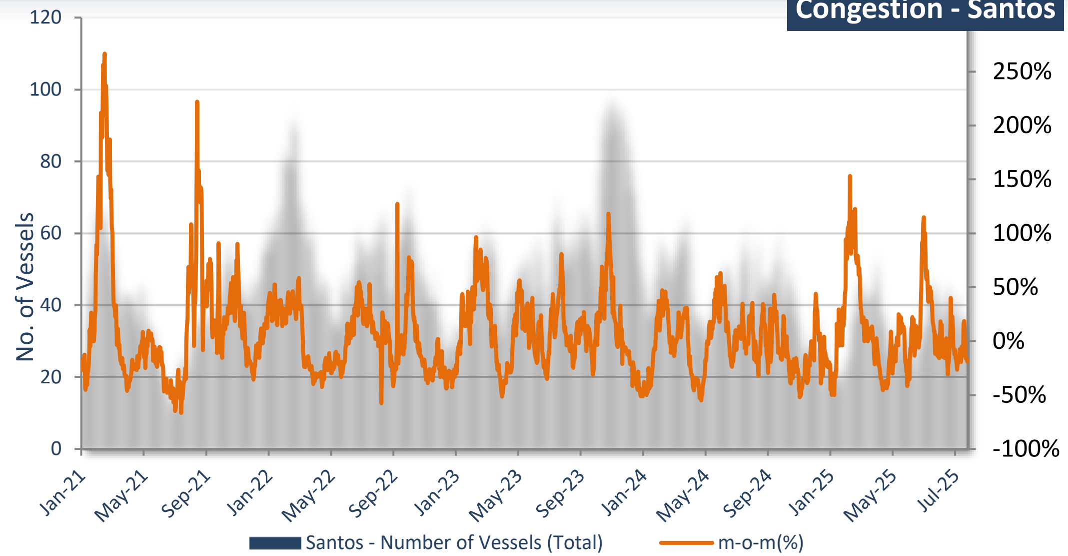
• Compared to the same period last year, the number of congested vessels was also significantly lower, with a 28 percent drop recorded.

•At the ports of Tubarão and Vitória, combined congestion averaged 18 vessels in September, remaining unchanged from the previous month.

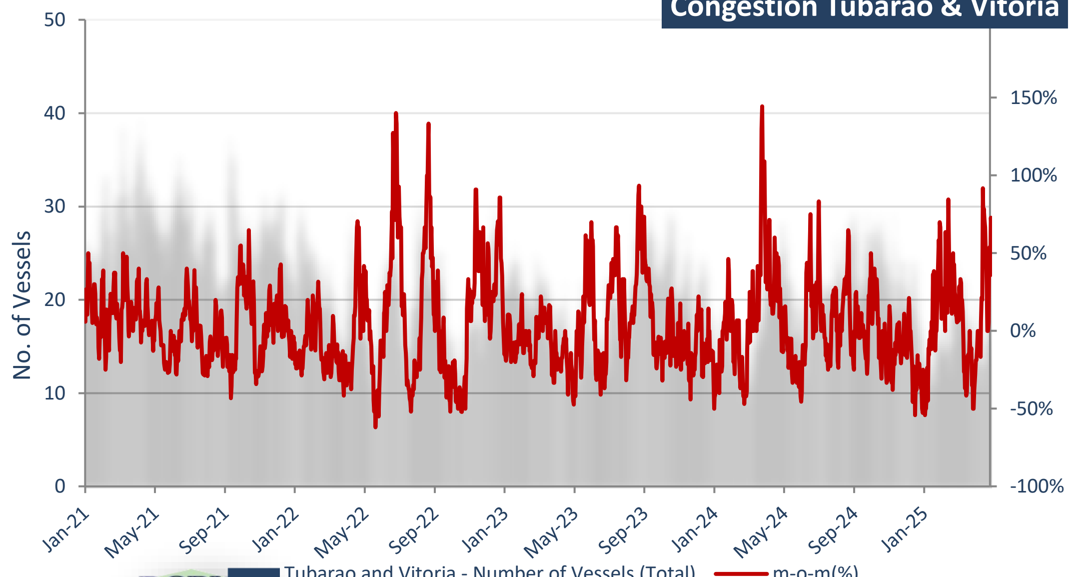
• In terms of deadweight tonnage however, congestion increased by 20 percent month-on-month, reflecting the continuing accumulation of larger vessels at anchorage.

• When contrasting against the same period last year, congestion levels were 21 percent lower, reflecting the ongoing decongestion happening at Brazil's major export hubs.

Congestion - Santos



Congestion Tubarao & Vitoria



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• In September 2025, the Capesize Baltic C3 Index (Tubarão/Qingdao) closed at USD 24.74 per metric tonne, edging marginally higher from last month's levels. The average for the month stood at USD 24.45 per metric tonne.

• September's average stood at USD 24.45 per metric tonne, 0.39 percent higher than August's levels.

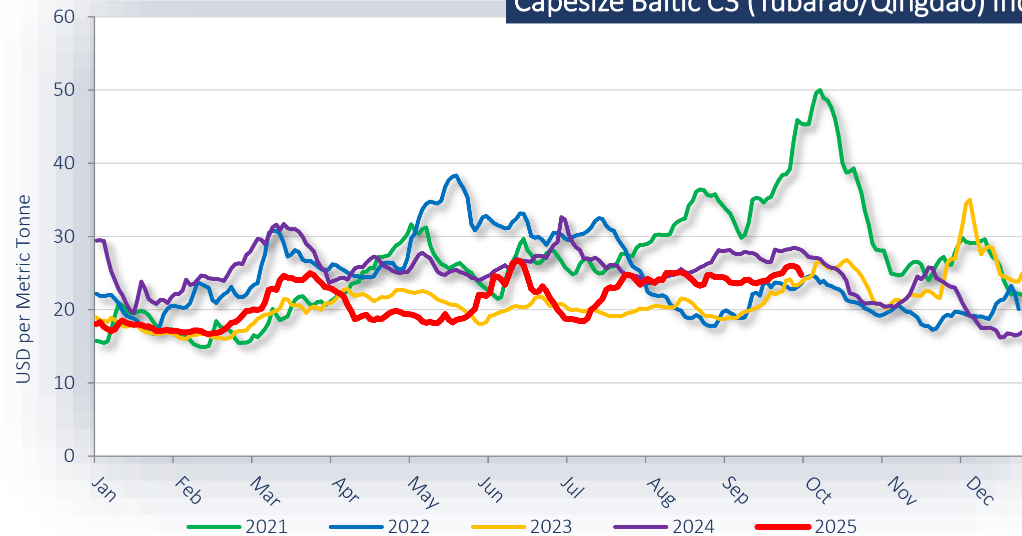
• Compared with September 2024, the average was 11.86 percent lower, reflecting weaker market performance year-on-year.

• At the end of September, the Panamax Baltic P8 Index (Santos/Qingdao) closed at USD 39.007 per metric tonne, down USD 1.86 from the levels recorded at the end of August.

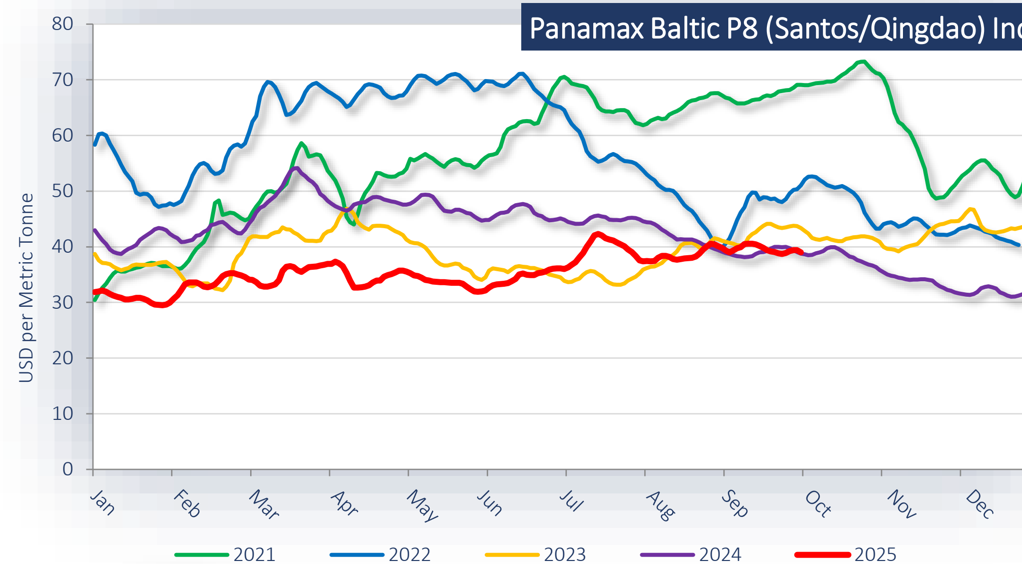
• Despite that, the monthly average stood at USD 39.55 per tonne, representing a 2.75 percent increase over August's average of USD 38.49 per tonne.

• When compared with the same period last year, the P8 Index performed 1.33 percent higher on average, indicating a modest year-on-year improvement. This marked the first month in 2025 in which the average P8 levels exceeded those of the corresponding period in 2024.

Capesize Baltic C3 (Tubarão/Qingdao) Index



Panamax Baltic P8 (Santos/Qingdao) Index



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