DORIC SHIPBROKERS S.A.

BRAZIL – BAROMETER

Monthly Update

January 2026

FOCAL POINTS :

Macro Environment

Brazil is expected to close 2025 with annual GDP growth of approximately 2.2 to 2.4 percent. However, the introduction of U.S. tariffs in August 2025—averaging between 20 and 30 percent on key Brazilian exports—created a material drag on economic activity in the second half of the year. While exporters successfully front-loaded shipments during Q2, the resulting slowdown in industrial output and export-oriented activity in Q3 and Q4 is estimated to have reduced full-year GDP growth by around 0.3 to 0.4 percentage points.

FX and money markets

In 2025, Brazil's monetary policy was defined by an aggressive "tightening and holding" strategy. The SELIC rate rose from 13.25 to 15 percent from January to June and was held firm until the end of the year.

Exports

Iron ore cumulative shipments for 2025 reached 418.4 million tonnes, surpassing the 400 million tonne threshold for the first time in history. Total soybean exports for 2025 reached 108.2 million tonnes, marking a significant 9.6 percent increase compared to 2024. Total corn exports for the year reached 40.99 million tonnes, a notable 3.0 percent increase on an annual basis.

Imports

Total fertilizer imports for 2025 reached a record high 45.61 million tonnes, marking a 2.83 percent increase over the 2024 imported volume. Wheat imports reached a 12-year high of 6.9 million tonnes during the same period, a 3.7 percent increase year-on-year.

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CONTENT PAGES :

• Brazil is expected to close 2025 with an annual GDP growth of approximately 2.2 to 2.4 percent according to estimated from the Ministry of Finance, the Worlds Bank and the IMF.

• While this is a slowdown from the 3.4 percent recorded in 2024, the economy remains "near potential," supported by a record-low unemployment rate (averaging 5.6–5.7 percent in Q3) and a strong trade surplus.

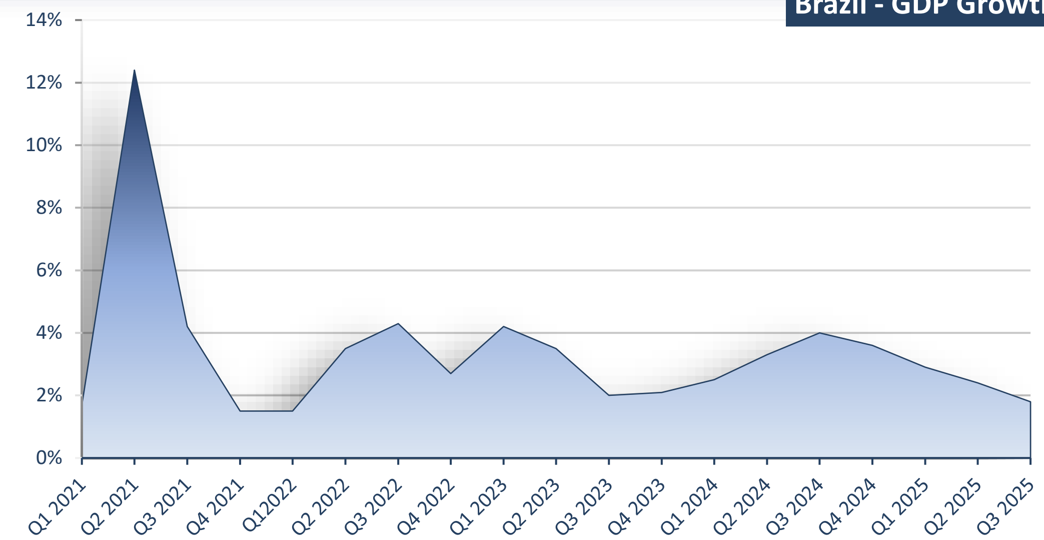
• The Tariffs enacted in August 2025 by the U.S. (averaging 20–30 percent on key Brazilian exports) created a significant drag in Q3 and Q4. While exporters successfully "front-loaded" shipments in Q2, the late-year industrial slowdown shaved an estimated 0.3 to 0.4 percentage points off the total annual GDP.

• In December 2025, Brazil recorded a trade surplus of $9.63 billion, the largest of the year and the highest since May 2024.

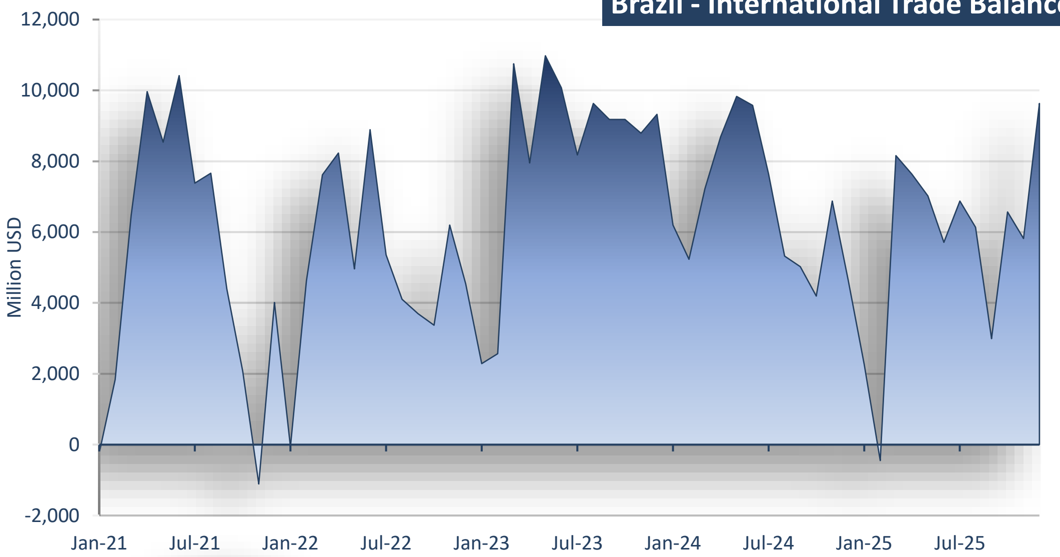
• Compared to November 2025 this represents a significant 65.52 percent increase and a 107.80 percent increase when comparing to the same period last year.

• Brazil closed 2025 with a significant trade surplus of $68.35 billion, with a negative trade balance being recorded only in February. Despite a 15.03 percent decrease compared to 2024 the total trade flow (exports plus imports) reached an all-time high of $629.1 billion.

Brazil - GDP Growth



Brazil - International Trade Balance



• Brazil's annual inflation rate, as measured by the IPCA (Extended National Consumer Price Index), increased by 0.33 percent in December, a modest acceleration from the 0.18 percent increase recorded in November.

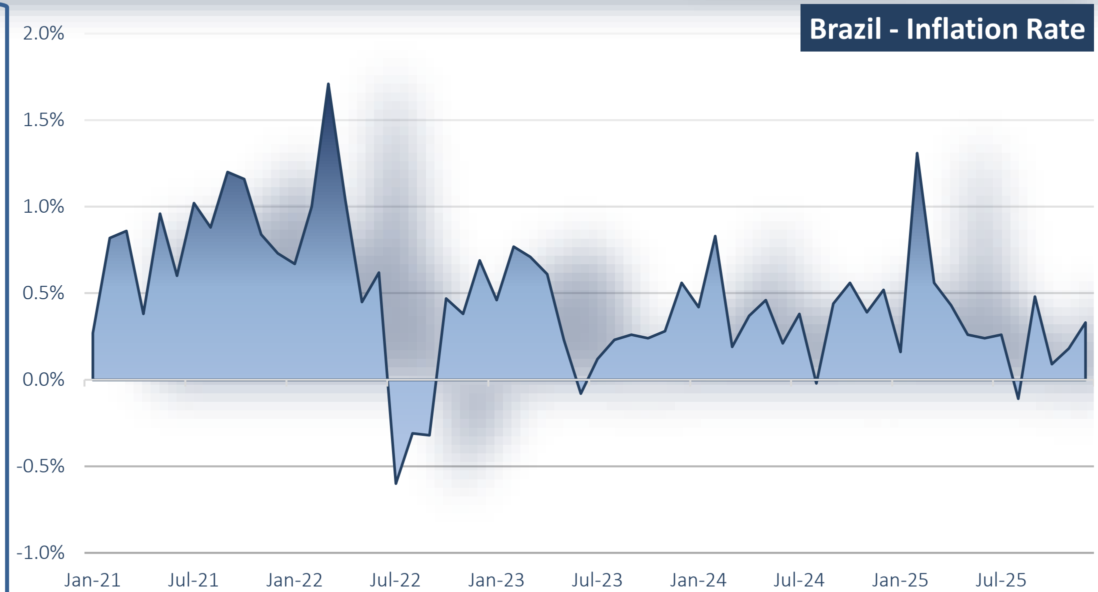
• The 12-month IPCA slowed down further to 4.42 percent, remaining within the Central Bank’s tolerance range on 3.0 percent (+/- 1.5 percentage points).

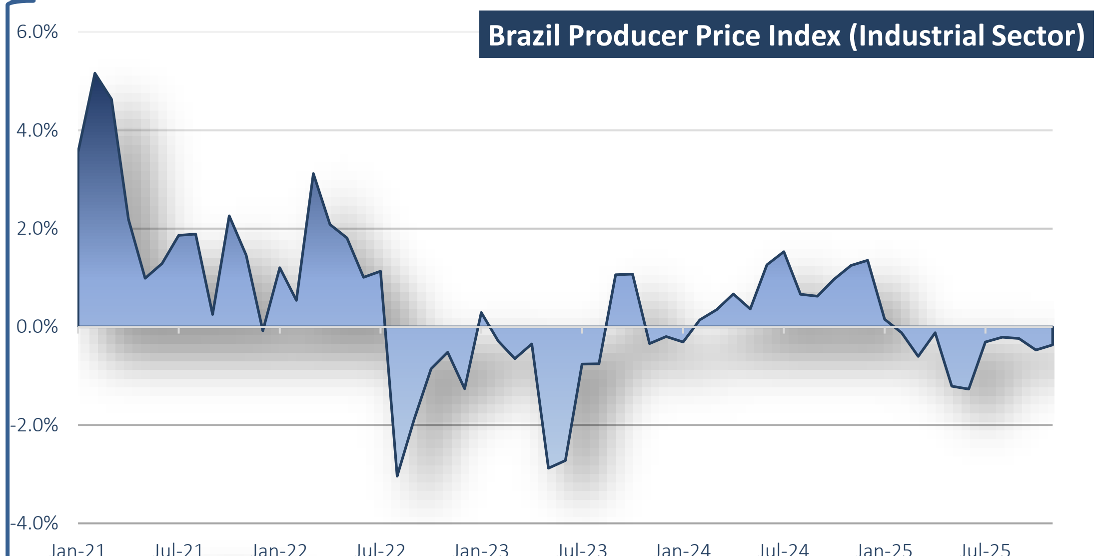
• 2025 saw a sharp contrast in price drivers, with residential electricity surging by over 12 percent due to climate-related tariff adjustments, a cooling in food prices acted as the primary anchor for the headline index.

• According to the IBGE, Brazil's Producer Price Index (IPP) for November 2025 signaled a deepening trend of industrial deflation, recording a monthly decrease of -0.37 percent and marking the tenth consecutive monthly decline in industrial producer price.

• Among 24 industrial activities, 12 posted declines, with some the sharpest seen in mining and quarrying (-3.43 percent) while pulp and paper rose notable (1.35 percent).

• The Manufacturing PMI reached 48.8 in November, dropping to 47.6 in December. This contraction signals falling new orders and output, meaning producers face weaker demand conditions.





• During its latest meeting on December 10th, Brazil's Monetary Policy Committee (Copom) decided to maintain the Selic rate at 15.00 percent per annum.

• In 2025, Brazil's monetary policy was defined by an aggressive "tightening and holding" strategy. The SELIC rate rose from 13.25 to 15 percent from January to June and was held firm until the end of the year.

• The consensus heading into 2026 is that the interest rate peak is over. Most analysts expect the BCB to initiate an easing cycle in early 2026 with projections suggesting the Selic could fall to 12.25 percent by the end of next year.

• In December, the Brazilian Real experienced a period of notable volatility against the US Dollar with the average exchange rate settling at 5.5157 BRL/USD.

• The primary support for the Real was the Selic rate. Brazil's interest rates, kept the "carry trade" active, preventing a more severe collapse of the currency despite fiscal concerns.

• The Real started the year under heavy pressure surpassing BRL/USD 6.10 in early January. Throughout 2025, the Real appreciated by 12.8 percent against the USD for the full year.

Brazil - Interest Rates

BRL/USD

• In December, Brazil exported 40.2 million tonnes of iron ore, representing a 17.2 percent month-on-month increase. On a year-on-year basis, exports surged by 30.94 percent, marking the highest export volume for the month for the ninth time this year.

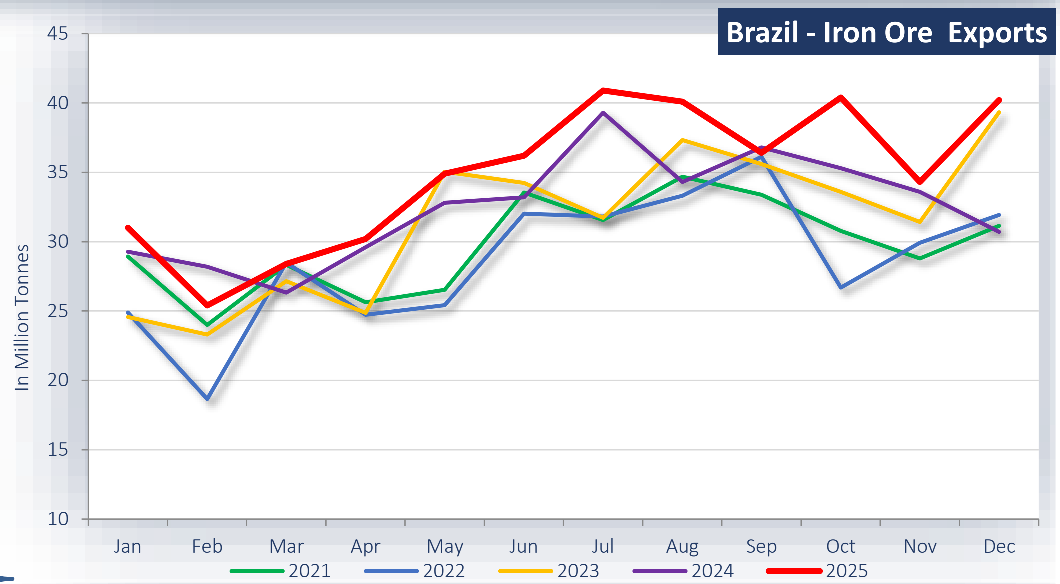
• Cumulative shipments for 2025 reached 418.4 million tonnes, surpassing the 400 million tonne threshold for the first time in history. This reflects a significant 7.45 percent increase in exports compared to 2024.

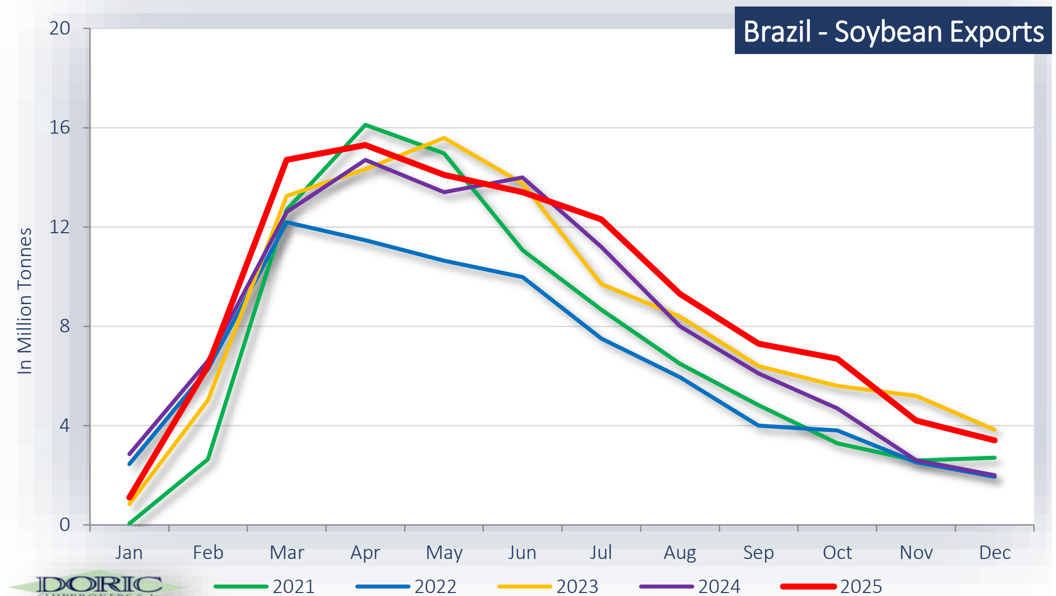
• Despite concerns about China's cooling real estate sector, Chinese demand remained the bedrock of Brazilian trade, absorbing roughly 65 percent of Brazil's total iron ore exports in 2025.

•Brazil's soybean exports in December declined for the eight month in a row to 3.4 million tonnes, representing a 19.05 percent drop month-on-month.

• Total exports for 2025 reached 108.2 million tonnes, marking a significant 9.56 percent increase over 2024 volumes. The 2024/25 harvest was the most productive in Brazilian history, surpassing 170 million tonnes.

• Improvements in "Northern Arc" ports (Barcarena, São Luís etc.) and expanded rail capacity in Santos allowed for more efficient cargo movement. However, peak-season bottlenecks remain a challenge as volumes continue to climb.





• In December, Brazil's corn exports totaled 6.13 million tonnes, recording a significant 21.75 percent increase from the previous month and a 43.64 percent surge year-on-year.

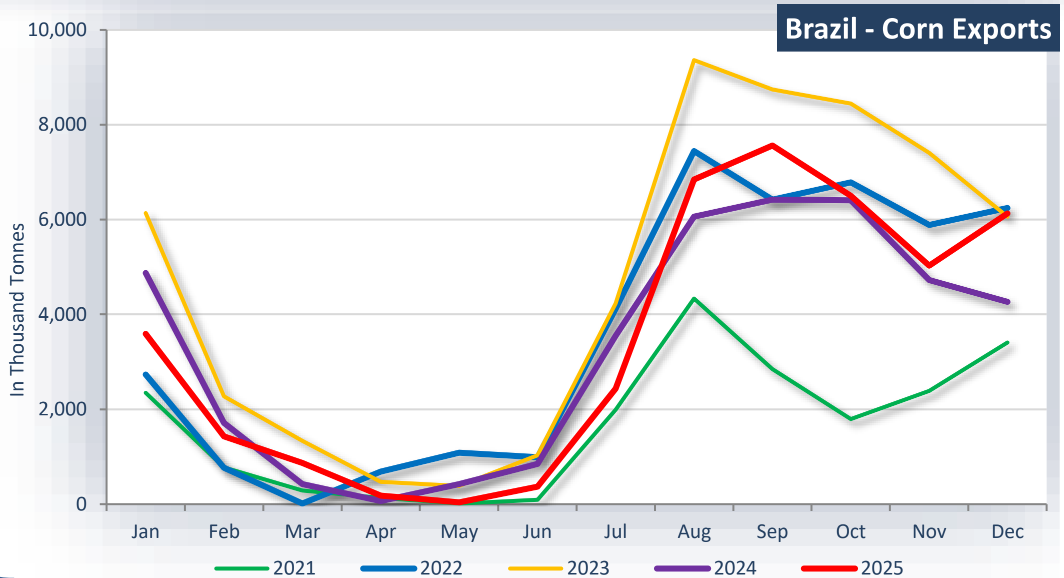
• Total corn exports for 2025 reached 40.99 million tonnes, marking a notable 3.01 percent increase compared to 2024.

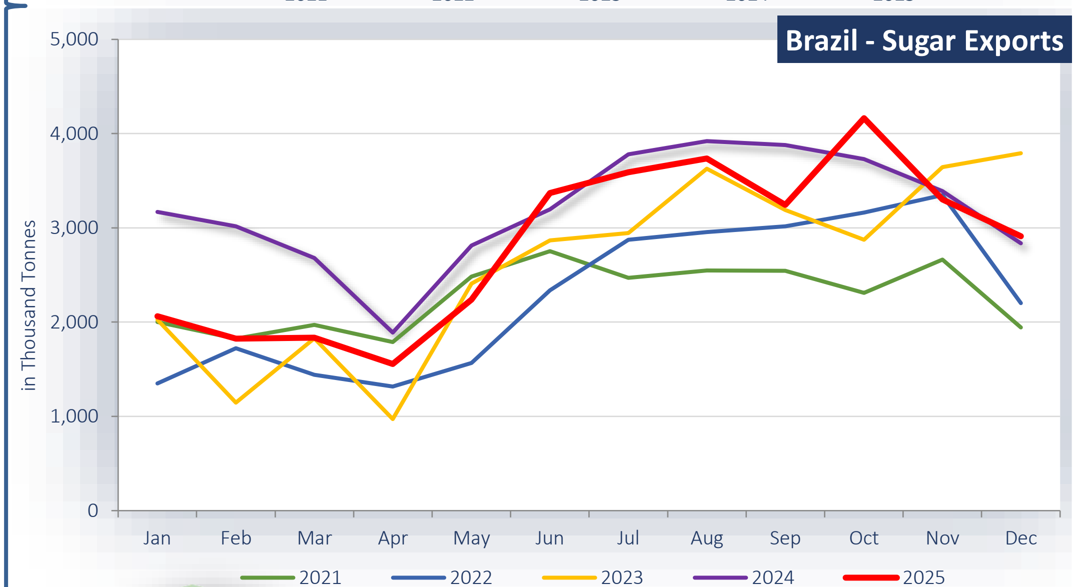
• While China remained a key player, the 2025 trade map showed significant diversification with Iran eclipsing other buyers to become a top destination, importing a record 9.08 million tonnes of Brazilian corn, the second-largest volume ever purchased by a single country in a year.

• Sugar exports in December dropped further to 2.9 million tonnes, marking a notable 11.79 percent decline over the previous month, but a 2.71 increase on a yearly basis.

• Cumulative sugar exports for 2025 reached 33.84 million tonnes, marking an 11.67 drop compared to 2024 volumes.

• The primary reason for the drop in Brazilian exports was the recovery of global supply. After years of deficits, India and Thailand saw bumper harvests in the 2025/26 season, flooding the market with cheaper alternatives and ending the period of extreme price premiums that Brazil had enjoyed during 2023 and 2024.





• Brazil's crude oil exports in December rose to 9.3 million tonnes, marking a 10.71 percent month-on-month increase and a significant 94 percent surge year-on-year.

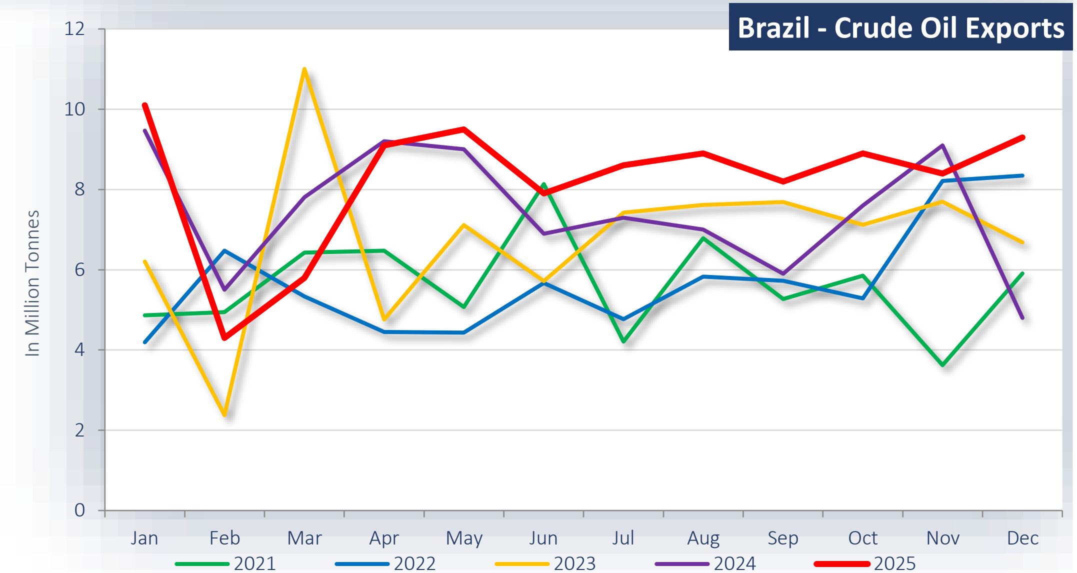
• Exports for 2025 totaled 99 million tonnes, marking a 10.52 percent increase over last year. Crude oil cemented its position as Brazil's top export product for the second consecutive year, surpassing soybeans in total value.

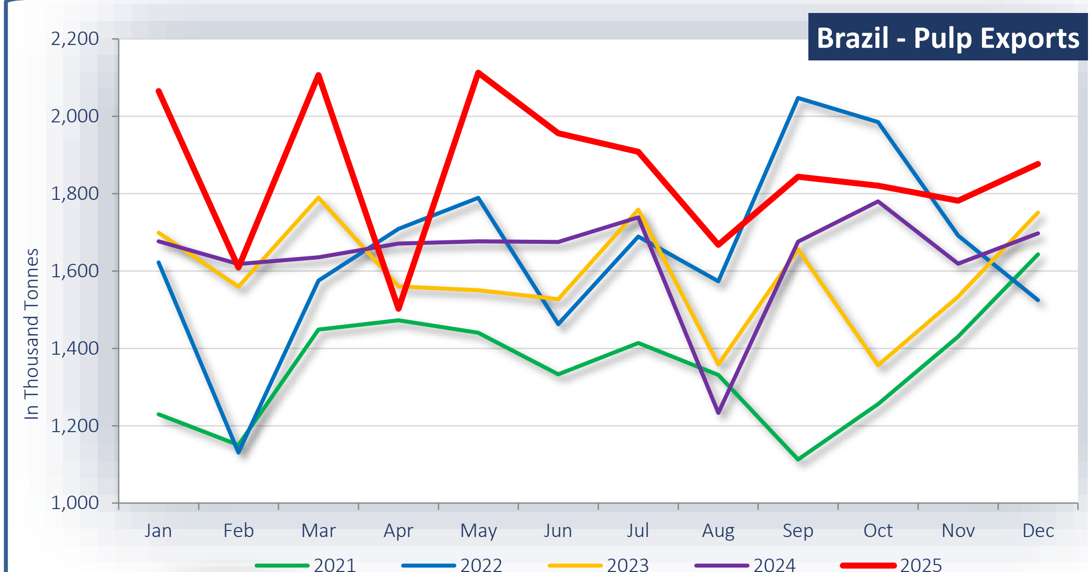
• China remained the primary destination, absorbing roughly 28 percent of all Brazilian exports, while exports to the United States fell by 6.6 percent, largely due to new U.S. tariffs on Brazilian products and a shift in American energy imports.

• Wood pulp exports in December rose to 1.88 million tonnes, marking a 5.33 percent increase over last month and a 10.54 percent increase compared to the same period last year.

• Total wood pulp exports for 2025 reached 22.25 million tonnes, representing a significant 12.97 percent increase compared to 2024 and achieving a record-breaking volume of shipments, driven by a massive expansion in production capacity.

• The primary catalyst for the 2025 volume surge was the operation of Suzano's "Cerrado Project" in Ribas do Rio Pardo, which added roughly 2.5 million tonnes of capacity.





• In December, Brazil's chemical fertilizer imports totaled 3.83 million tonnes, marking a 14.03 percent increase compared with the previous month and an 11.1 percent increase compared to the same period last year.

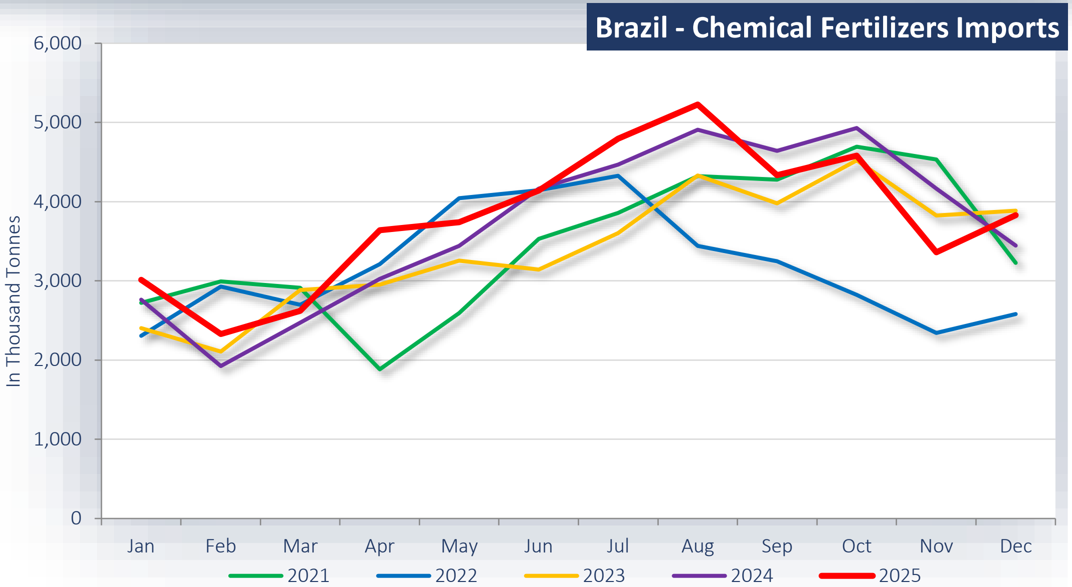
• Total fertilizer imports for 2025 reached a record high 45.61 million tonnes, marking a 2.83 percent increase over the 2024 imported volume.

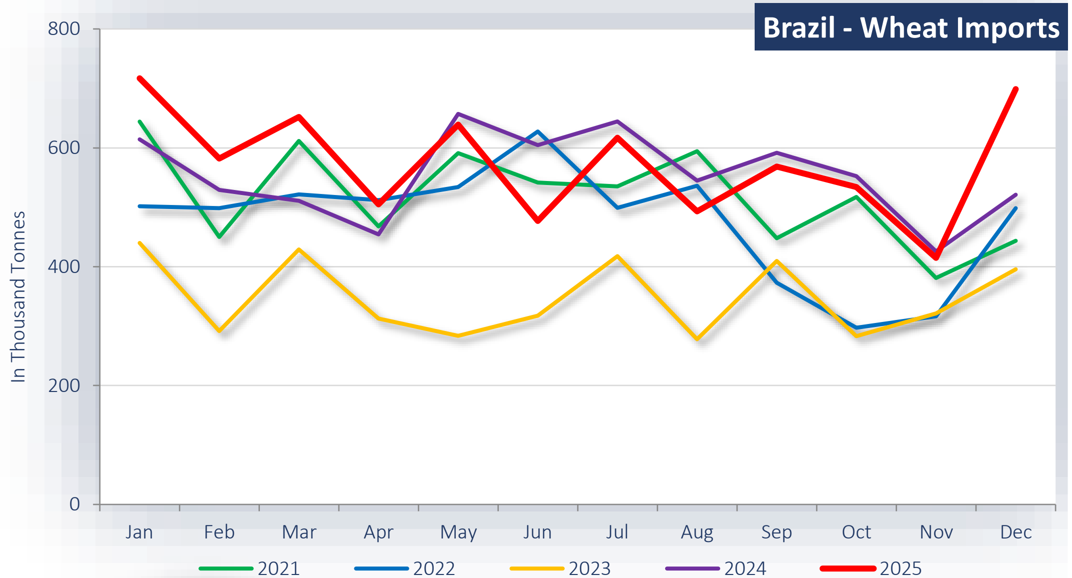
• Despite ongoing geopolitical tension, Russia supplied roughly 28.2 of Brazil's total needs, particularly in Potash and China emerged as the leading supplier in the latter half of the year, providing 9.77 million tonnes, primarily in the nitrogen and specialty phosphate segments.

• Brazil imported 698.7 thousand tonnes of wheat in December, recording an impressive 68.4 percent surge when compared to last month, and the highest import volume in five years..

• Wheat imports for 2025 reached a 12-year high of 6.9 million tonnes, a 3.73 percent increase over last year's volumes.

• Argentina remained the primary source, providing over 60 percent of Brazil's imports. Meanwhile, Russia solidified its position as the second-largest supplier, accounting for roughly 12 percent of imports.





- In December, congestion at the Port of Santos averaged 27 vessels, representing a 17 percent decline compared with the previous month's average and a significant 36 percent decline year-on-year.

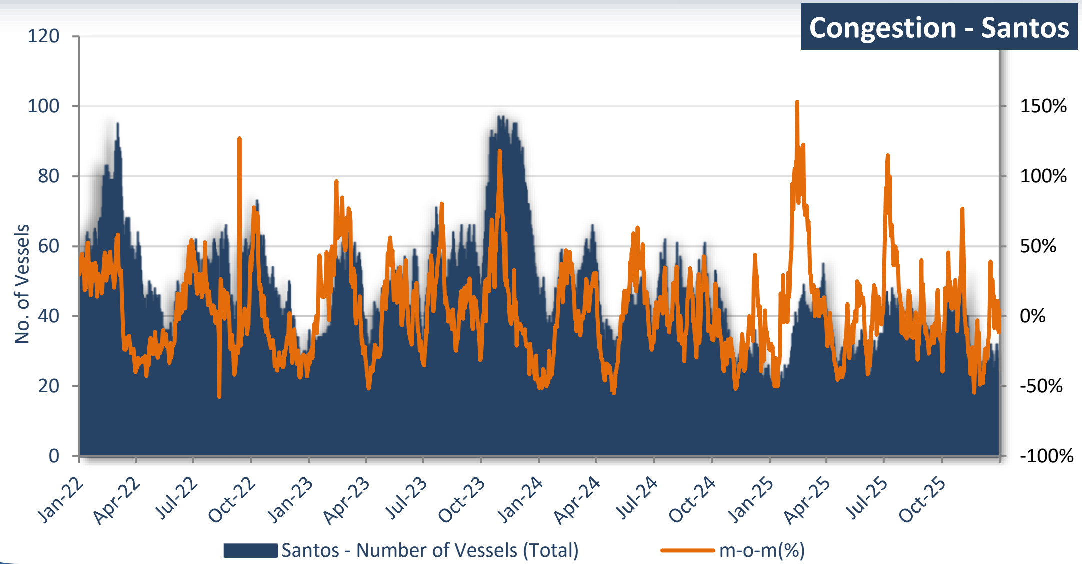
- The average deadweight of the congested fleet also fell by 11 percent month-on-month, indicating a notable logistical easing in Brazil's largest port.

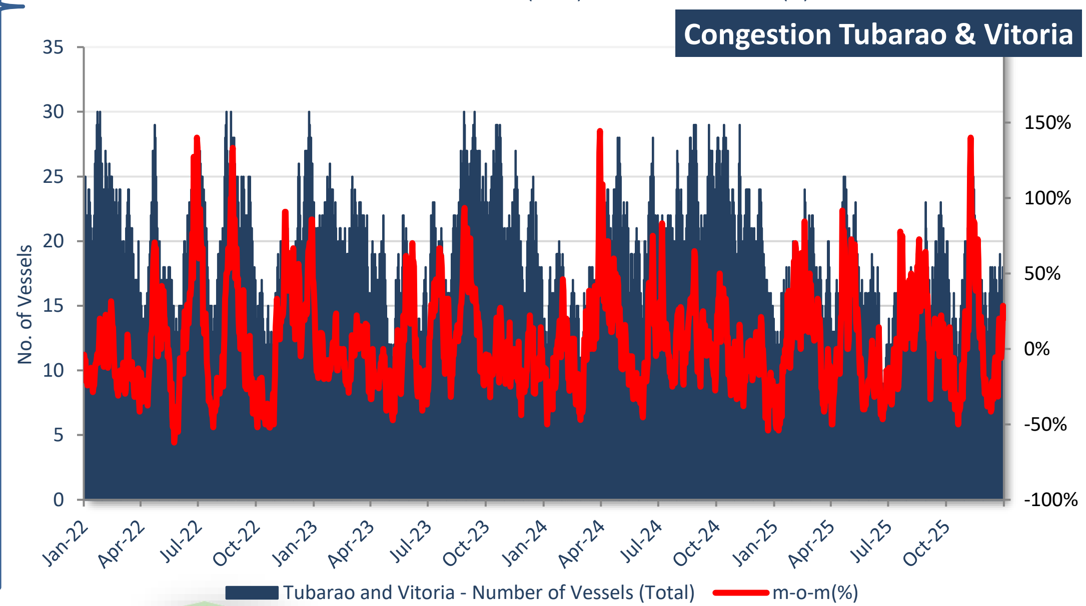
- The average number of congested vessels for 2025 was 34, marking a significant 21 percent decline over last year's average and underscoring the decongestion trend observed throughout the year.

- At the ports of Tubarão and Vitória, combined congestion averaged 16 vessels in December, marking an 18 percent decline from the previous month and a 21 percent drop from the year prior

- When examining deadweight tonnage, congestion also eased by 8 percent month-on-month.

- In 2025, the average number of vessels congested at Tubarão and Vitória were 16, marking a 20 percent drop over the average recorded in 2024.

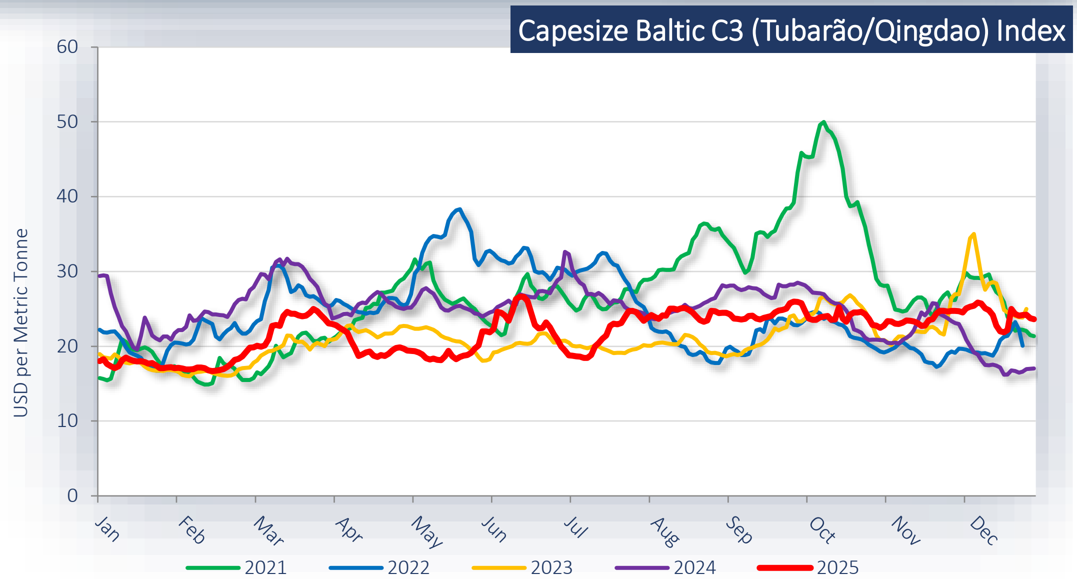




• In December 2025, the Capesize Baltic C3 Index (Tubarão/Qingdao) closed at USD 23.62 per metric tonne, slightly lower than last month's levels, while the average for the month stood at USD 24.13 per metric tonne.

• December's average rate represents a minor 1.49 percent gain when compared to November's index levels and a significant 39.84 percent increase when compared to the same period last year.

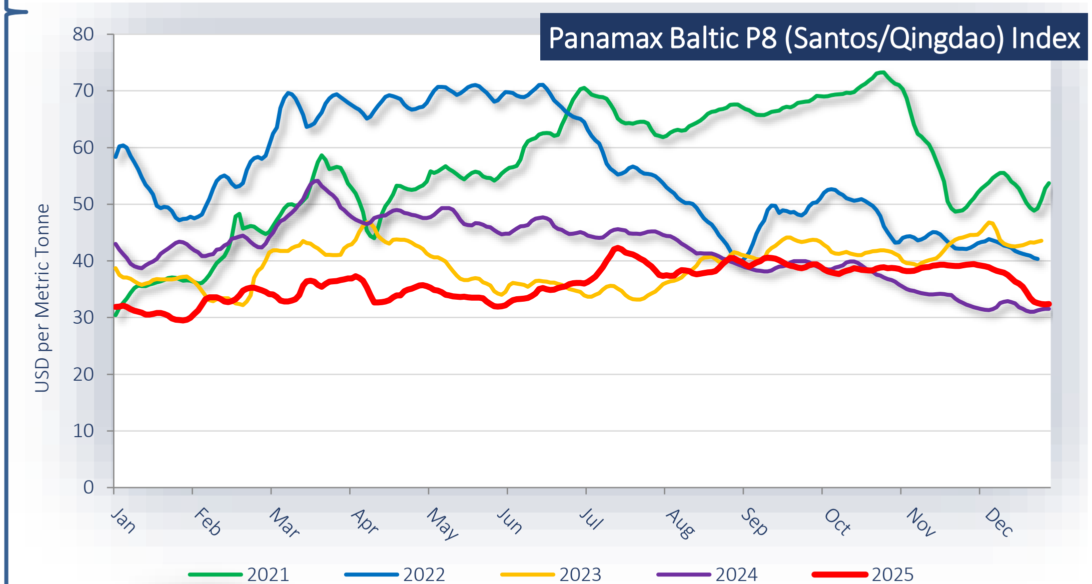
• In 2025, the C3 Index averaged USD 21.9 per metric tonne, which represents a 12.36 percent drop when comparing with 2024's average of USD 24.99 per metric tonne.



• In December, the Panamax Baltic P8 Index (Santos/Qingdao) closed at USD 32.36 per metric tonne, down USD 6.82 throughout the month.

• The monthly average stood at USD 35.75 per tonne, marking an 8.25 percent drop over November's average of USD 38.96 per tonne.

• In 2025, the P8 Index averaged USD 36.11 per metric tonne, marking a 14.2 percent drop over last year, despite the recovery observed in Q4, and marking the worst performance of the index in the past 5 years.



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