BRAZIL – BAROMETER

Monthly Update

March 2026

FOCAL POINTS :

Macro Environment

The Brazilian economy expanded by 0.1 percent quarter-on-quarter in the final three months of 2025, reflecting stagnation in domestic demand. High interest rates contributed to a sharp 3.5 percent decline in fixed investment, while household spending remained flat.

FX and money markets

The Central Bank of Brazil (BCB) maintained the Selic rate at 15.00 percent throughout February 2026. This level has been unchanged since June 2025, representing the highest benchmark rate recorded since mid-2006.

Exports

Brazil's soybean exports in February rose for the first time in nine months to 7.1 million tonnes, a month-on-month increase of 273.68 percent. China remained the main destination, while shipments to Vietnam grew by 22.9 percent and exports to India surged 171 percent year-on-year. The trend reflects Brazil's push to diversify its customer base amid ongoing trade tensions between China and the United States.

Imports

Chemical fertilizer imports totaled 1.93 million tonnes, representing a further 33.08 percent decline compared to the previous month. Year-on-year, imports were down 17.3 percent, reaching their lowest level in the past five years.

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CONTENT PAGES :

- The Brazilian economy expanded by 0.1 percent quarter-on-quarter in the final three months of 2025, reflecting a stagnation in domestic demand, as high interest rates caused a sharp 3.5 percent drop in fixed investment and flat household spending.

- For the full year, Brazil's GDP grew by 2.3 percent, a deceleration from the 3.4 percent seen in 2024.

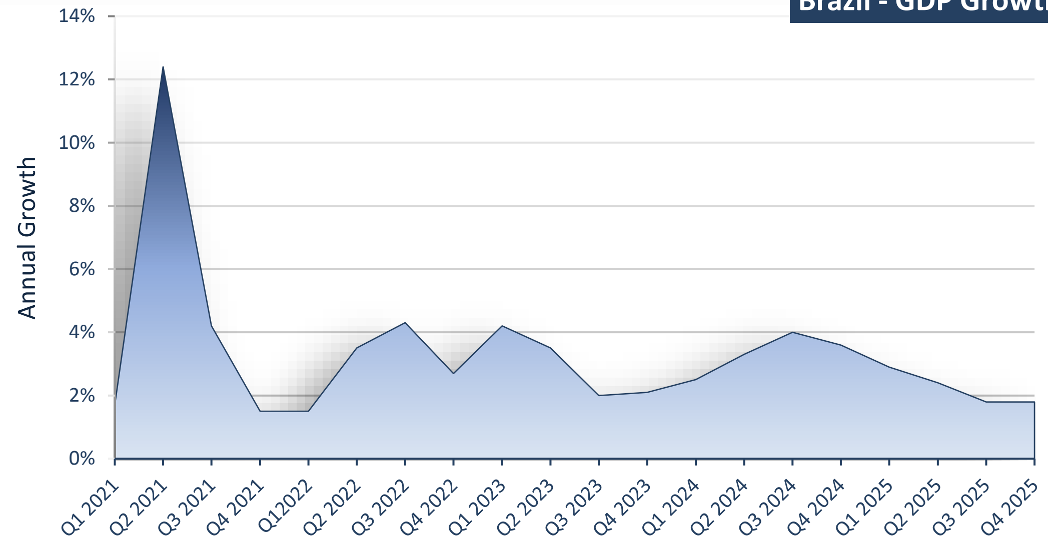
- Growth in 2026, is projected between 1.6 and 2.2 percent by most major institutions. While an interest rate easing cycle is expected to boost private consumption, growth will likely be constrained by fiscal uncertainty and a projected slowdown in public spending following the 2026 elections.

- In February 2026, Brazil recorded a trade surplus of $4.2 billion, marking a notable 10.28 percent increase over last month.

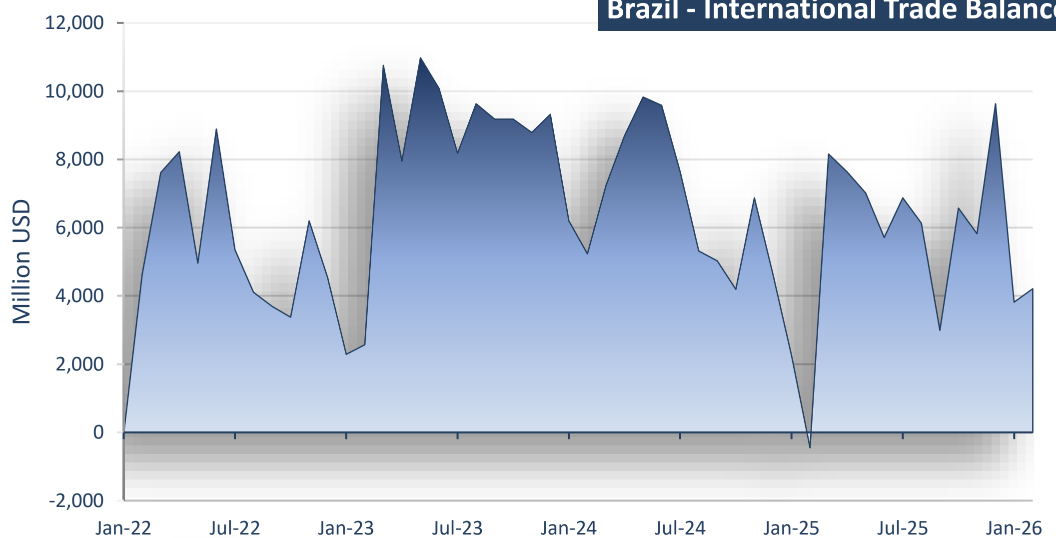
- Compared to the same period last year, when a trade deficit was last recorded, the trade balance surged nearly tenfold, reflecting a remarkable recovery.

- Exports to China surged by 38.7 percent year-on-year, while exports to the United States fell 20.3 percent over the same period last year. This marked the seventh consecutive month of decline, largely attributed to the 50 percent tariffs imposed in mid-2025.

Brazil - GDP Growth



Brazil - International Trade Balance



• Brazil's annual inflation rate, as measured by the IPCA (Extended National Consumer Price Index), rose to 0.7 percent in February.

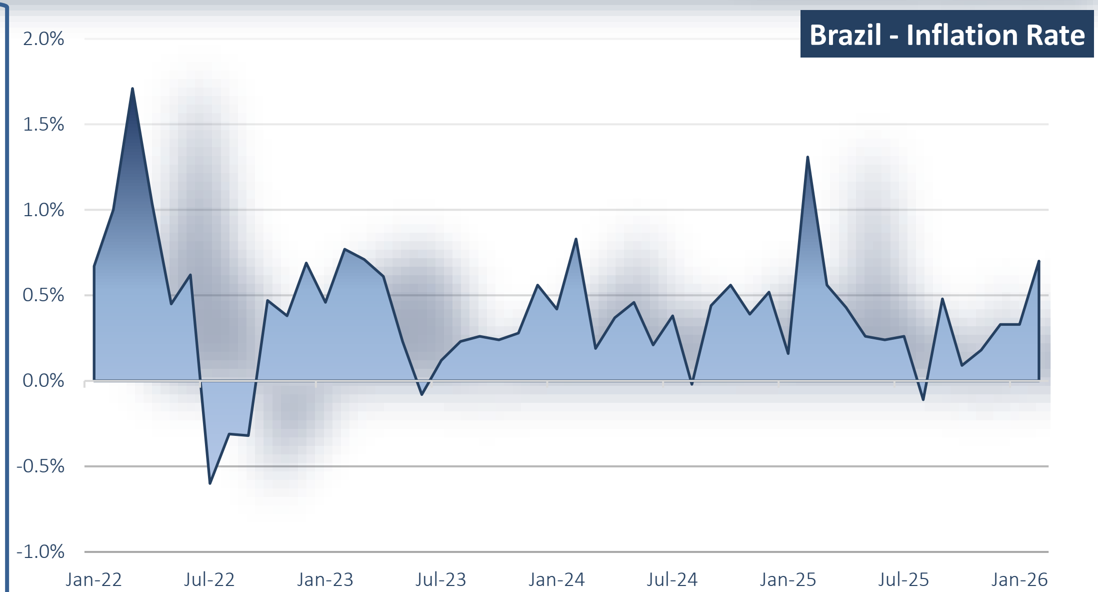
• Despite the monthly increase, the cumulative 12-month inflation rate fell to 3.81 percent, the lowest since January 2024 and remained at the Central Bank's tolerance range on 3.0 percent (+/- 1.5 percentage points).

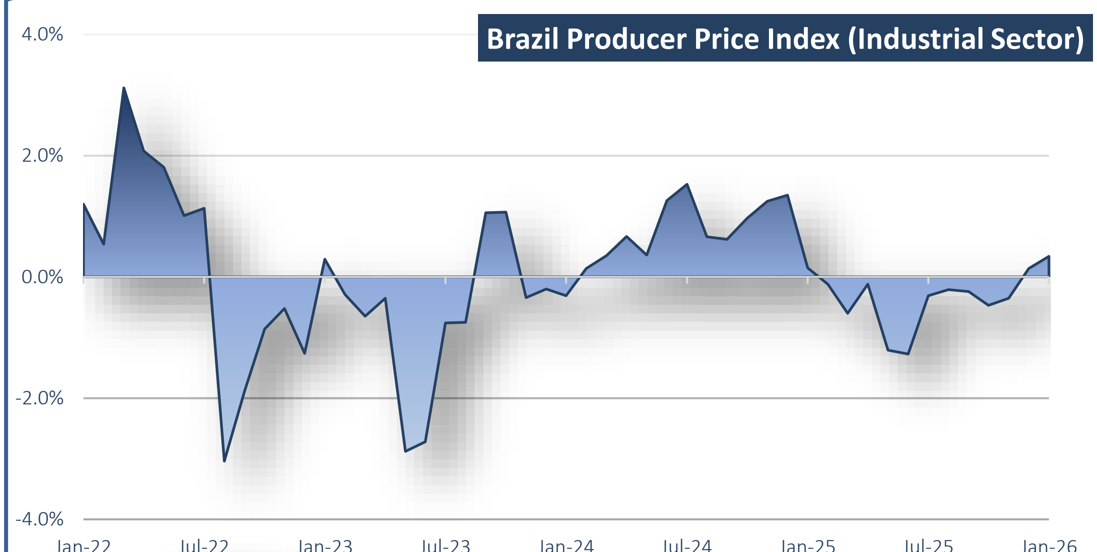
• The monthly spike was almost entirely driven by two sectors: Education (up 5.21 percent), due to traditional start-of-year tuition hikes, and Transportation, which saw an 11.4 percent surge in airfares.

• According to the IBGE, Brazil's Producer Price Index (IPP) for January 2026 rose to 0.34 percent. This marked the strongest monthly gain since December 2024.

• The monthly increase was primarily driven by Metallurgy, which saw prices jump 2.73 percent due to rising costs for copper and gold.

• Despite the recent monthly gains, the 12-month cumulative PPI remains at -4.33 percent, suggesting that while individual industrial costs are starting to creep up, the overall cost of production in Brazil is still significantly lower compared to a year ago, primarily due to cheaper fuel and raw agricultural materials.





• The Central Bank (BCB) maintained the Selic rate at 15.00 percent throughout February 2026. This rate has been held steady since June 2025, marking the highest level for the benchmark since mid-2006.

• Despite February's annual inflation dropping to a two-year low, the Monetary Policy Committee (Copom) remained cautious, citing concerns over the monthly seasonal spike in prices and the "de-anchoring" of 2026 inflation expectations.

• The BCB signaled in its February communications that a "flexibilization" cycle was likely to begin at the March 18 meeting, provided the fiscal and global scenarios remained stable.

• The Brazilian Real strengthened against the US Dollar throughout the month, with the exchange rate moving from approximately 5.26 BRL/USD at the start of February to 5.13 by the final trading day.

• This represents a monthly appreciation of roughly 2.4 percent for the Real.

• The interest rate differential between Brazil and the U.S. made the Real a top destination for "carry trade" investors, who seek higher returns in emerging markets while inflation in Brazil remained relatively contained.

• In February, Brazil exported 28.5 million tonnes of iron ore, with levels remaining unchangeD since January.

• Compared to the same period last year, export volumes increased by 12.2 percent. In addition, February's iron ore exports were the highest for the period in the last five years.

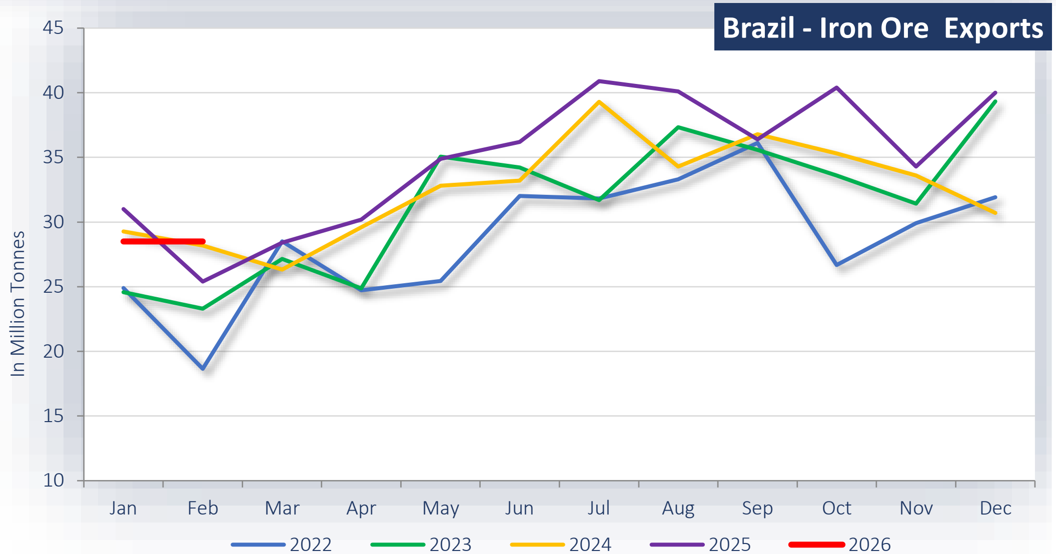
• China remains the overwhelming destination for Brazilian ore, receiving 17.2 million tons (over 65 percent of total exports) in February. However, volumes to China have cooled slightly from December 2025 peaks as Chinese steel producers implemented proactive maintenance stoppages at blast furnaces to manage inventory levels.

• Brazil's soybean exports in February rose for the first time in nine months to 7.1 million tonnes, marking a 273.68 percent surge month-on-month.

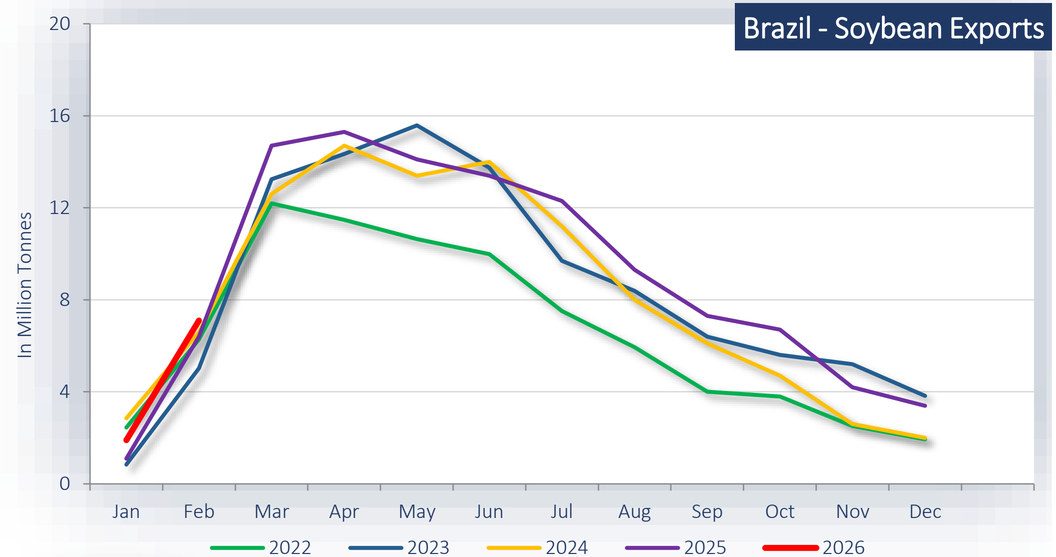
• When comparing to the same period in 2025, exports grew significantly, by 20 percent. Analysts initially expected higher volumes due to large carryover stocks. However, the actual pace was tempered by heavy rains in the Central-West and Southeast

• China remained the primary export destination. Exports to Vietnam increased by 22.9 percent. Shipments to India surged by 171 percent year-on-year. This trend reflects Brazil's ongoing efforts to diversify its customer base amid persistent trade tensions between China and the United States.

Brazil - Iron Ore Exports



Brazil - Soybean Exports



• In February, corn exports reached 2.37 million tonnes, marking a significant 44.27 percent decline over last month. Year-on-year exports were significantly higher, by 65.28 percent.

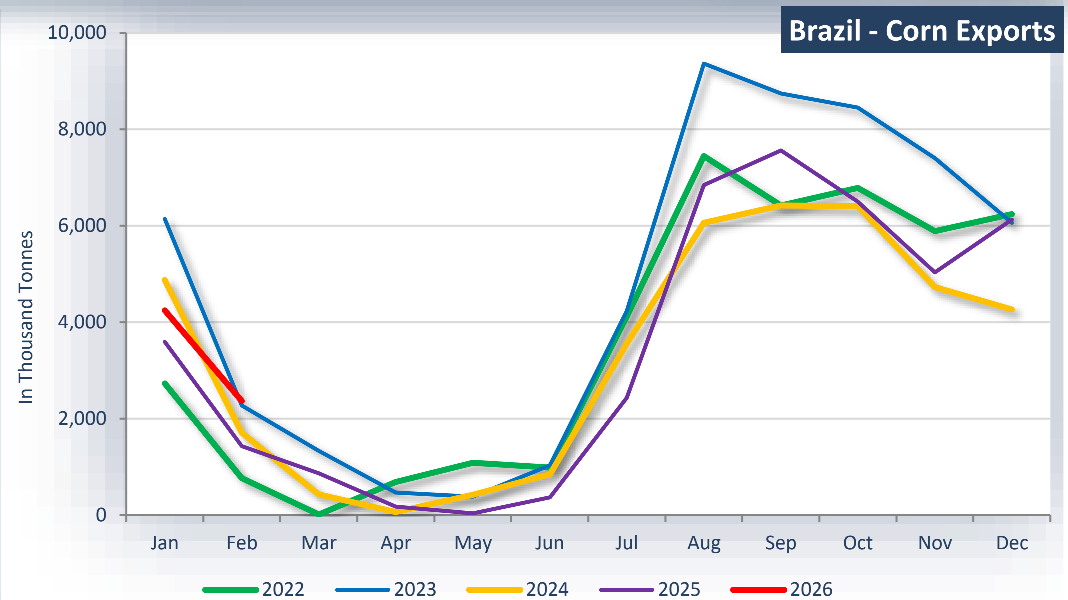
• A major factor limiting export growth is Brazil's corn ethanol industry, which is projected to consume a record 12 billion liters in 2026/27. Domestic buyers are currently outbidding international exporters, keeping more grain within the country for fuel and animal feed production.

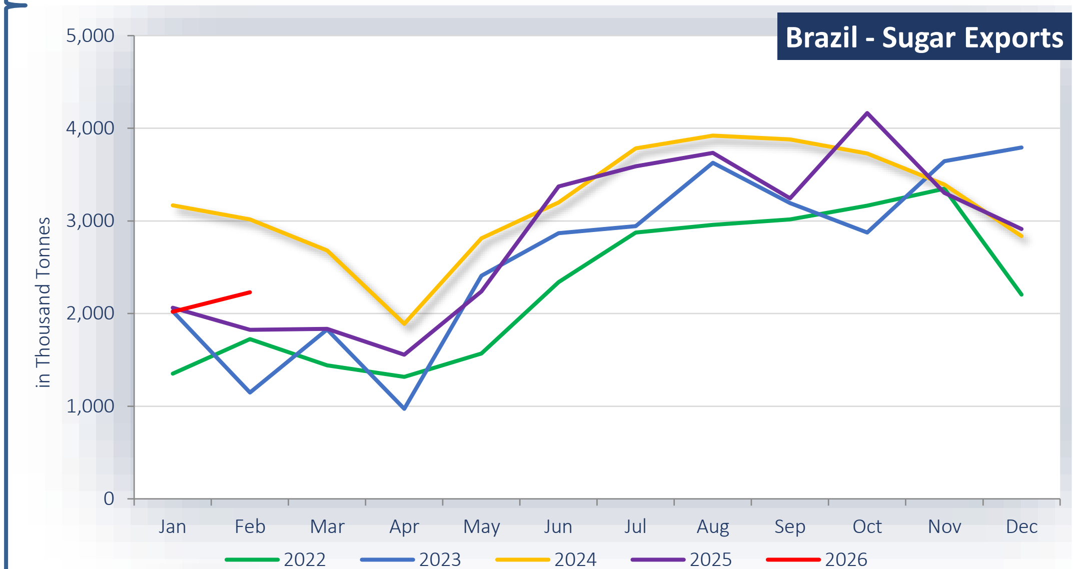
• Brazilian corn faced competition from a record-breaking U.S. harvest and a strong recovery in Argentine production.

• Sugar exports in February rose by 10.4 percent month-over-month to 2.23 million tonnes after 3 consecutive months of decline.

• Comparing to the same period last year, exports rose by 22.17 percent, as mills continued to prioritize sugar over ethanol to take advantage of Brazil's massive 2025/26 harvest surplus.

• Brazil solidified its position as the world’s "swing producer" in February. While production in India and Thailand faced weather-related uncertainties, Brazil’s Center-South region maintained high crushing rates, contributing to the global 8.7 million tonne surplus and keeping sugar-futures near a five-year low.

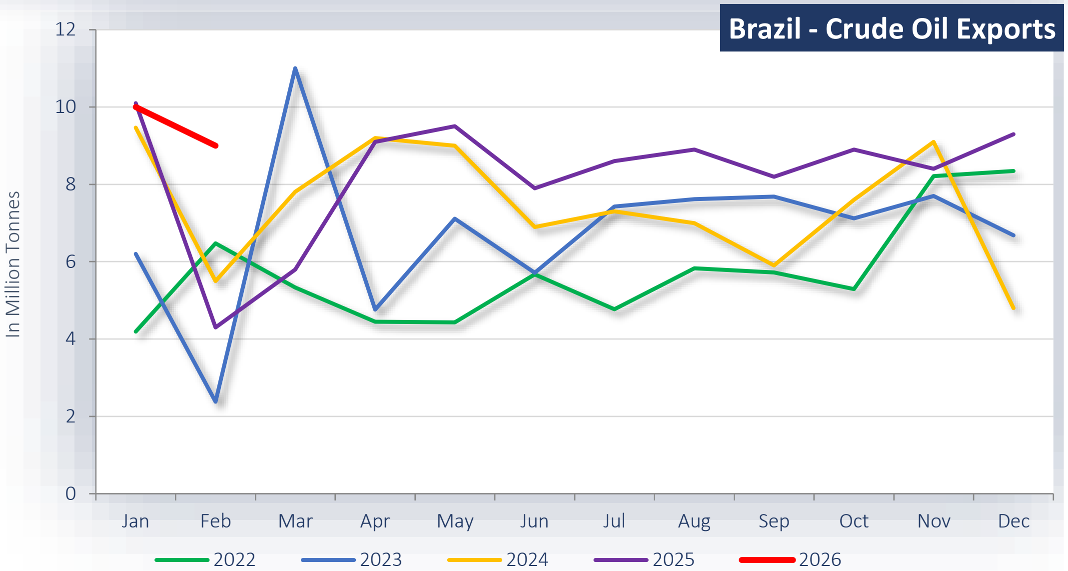




• Brazil's crude oil exports in February fell to 9 million tonnes, marking a notable 10 percent month-on-month decline.

• Comparing to the same period last year, exports rose significantly by 109 percent, marking a new record for the period.

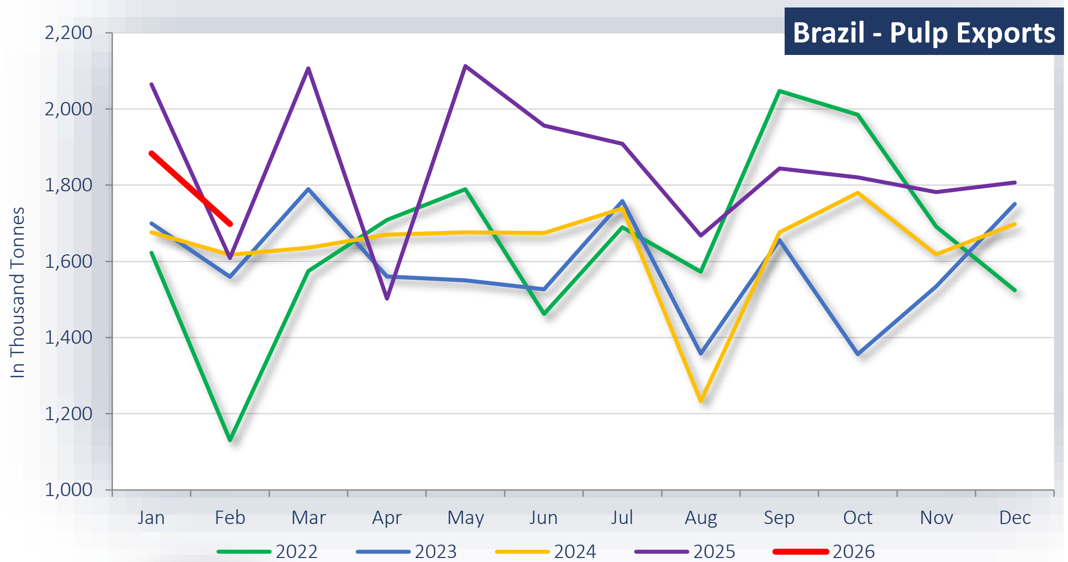
• The top five trading partners for oil value were China, India, the Netherlands, Spain, and the United States, allowing Brazil to maintain high export revenues even as non-oil trade with the U.S. faced tariff-related headwinds.



• Despite wood pulp exports in February falling by 9.84 percent month-over-month to 1.7 million tonnes, this marked the highest export volume of the period for the past five years.

• Comparing to the same period last year, exports increased by 5.54 percent, while total pulp production for 2026 is expected to increase by 2.5 percent year-on-year.

• The surge in early 2026 was largely fueled by the full ramp-up of massive new projects, specifically Suzano's Ribas do Rio Pardo mill (the "Cerrado Project"). This facility, which began operations in late 2024, added over 2.5 million tonnes of annual capacity.



• In February, Brazil's chemical fertilizer imports totaled 1.93 million tonnes, marking a further 33.08 percent decline compared to the previous month.

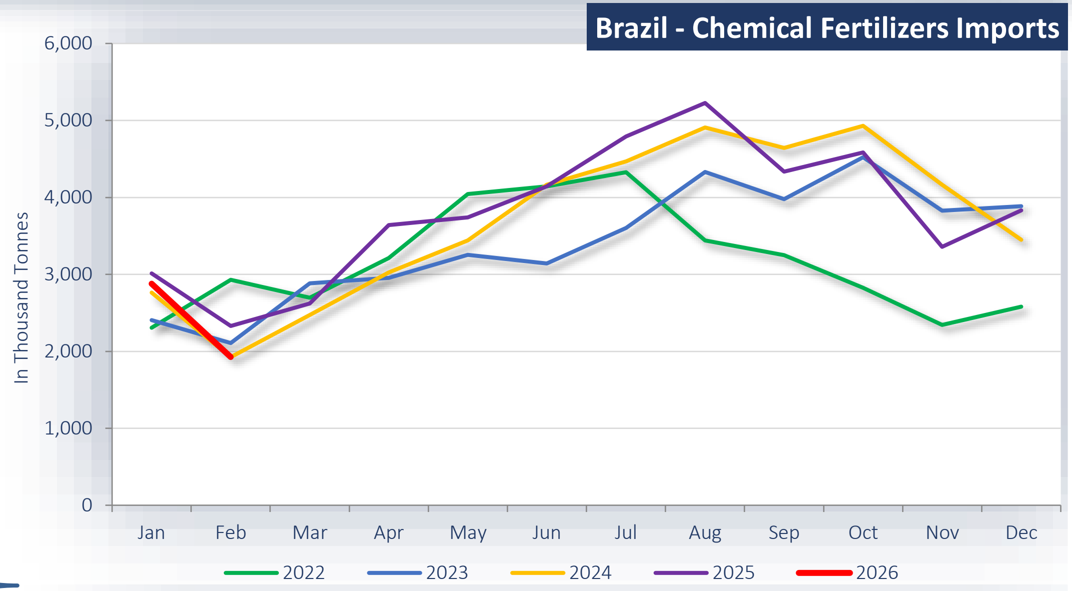
• Comparing to the same period last year, imports were 17.3 percent lower, reaching the lowest level of the past five years.

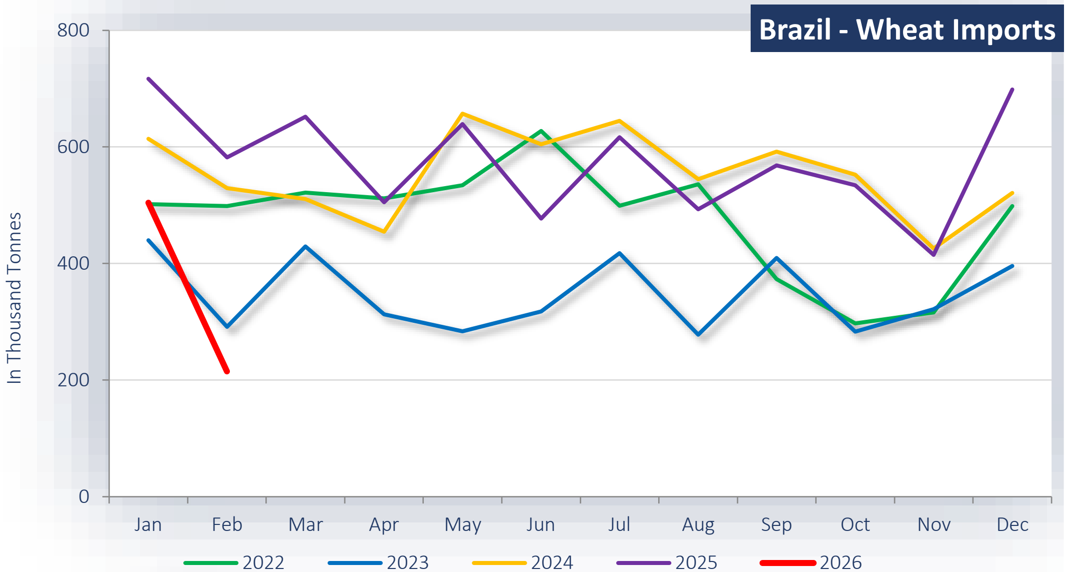
• In February, Petrobras ramped up its Bahia and Sergipe nitrogen units to 90 percent capacity, aiming to mitigate the risk of international supply chain disruptions during the critical purchasing window for the next crop cycle.

• Brazil imported 215 thousand tonnes of wheat in February, marking a steep 57.38 percent drop over the month prior.

• Comparing to the same period last year, imports were considerably lower by 63.07 percent, the lowest imported volume of the past five years.

• The low levels of imported wheat can be attributed to high international prices and a strong US Dollar, making foreign grain significantly more expensive for Brazilian millers. Limited stocks have shifted the support to local producers, but added cost pressure to the domestic flour and bakery supply chains, with wheat prices rising as much as 2.6 percent.





• In February, congestion at the Port of Santos averaged 42 vessels, representing a steep 67 percent rise from the previous month's average and reaching the highest level in 10 months.

• The average deadweight of the congested fleet also rose by 80 percent month-on-month, indicating a rising logistical pressure from vessels of higher tonnage.

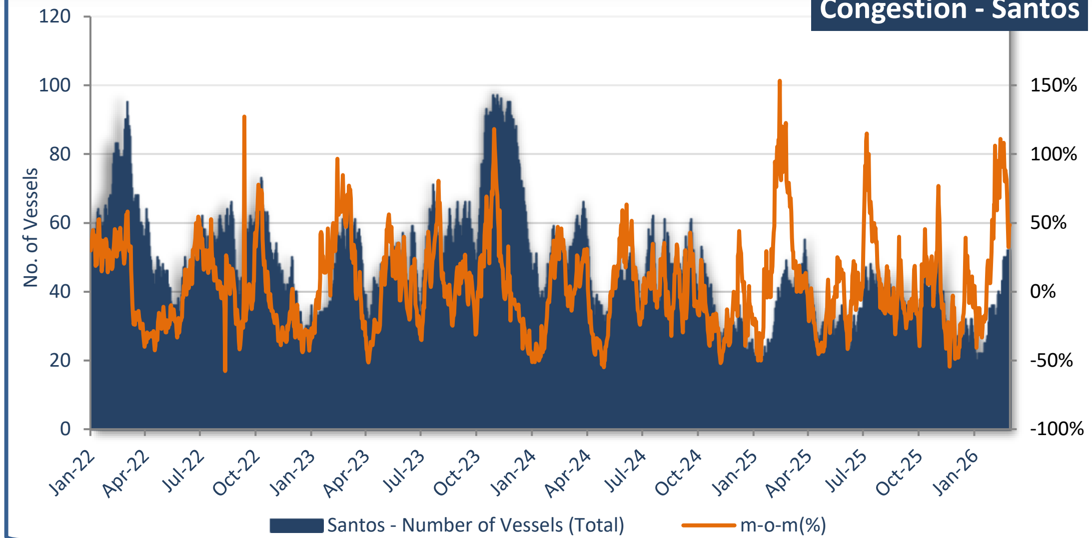
• Comparing to the same period last year, congestion was also notably higher by 7 percent, reaching the second highest level for the period in five years.

• At the ports of Tubarão and Vitória, combined congestion averaged 14 vessels during February, dropping by 9 percent compared to the month prior.

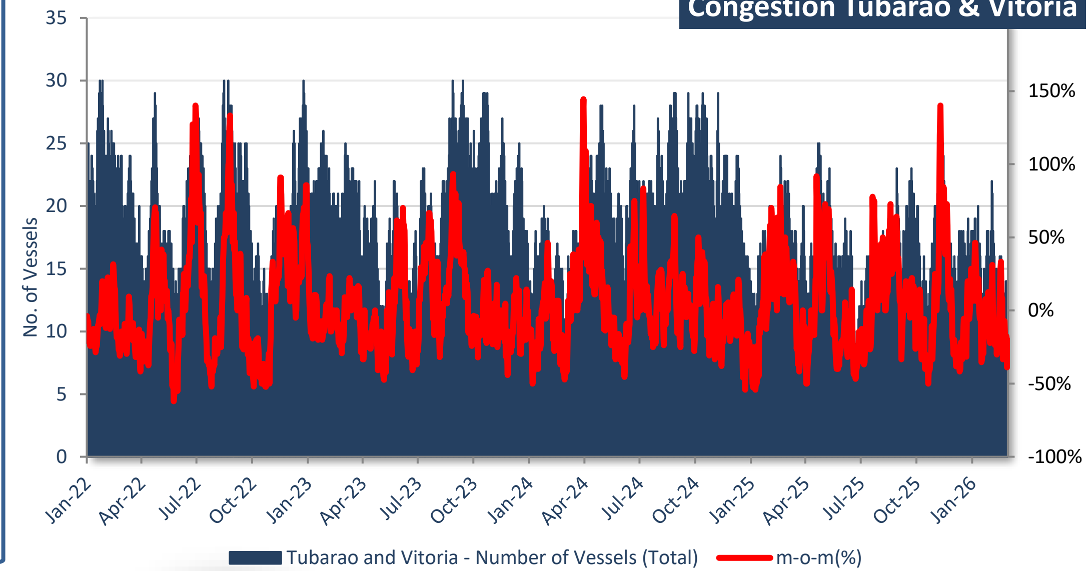
• When examining deadweight tonnage however, congestion rose by 24 percent month-over-month, indicating that fewer but larger vessels reached the ports of Tubarão and Vitória

• The number of congested vessels was significantly lower by 20 percent when comparing to the same period last year.

Congestion - Santos



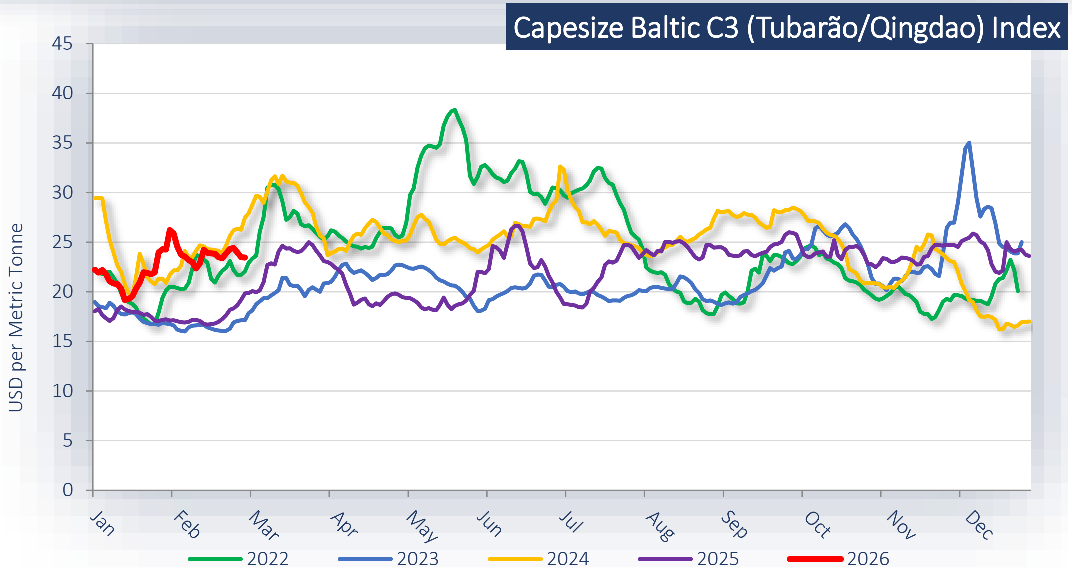
Congestion Tubarao & Vitoria



• In February 2026, the Capesize Baltic C3 Index (Tubarão/Qingdao) closed at USD 23.45 per metric tonne, USD 2.77 lower compared to the level at the end of January.

• Despite the C3 facing pressure throughout the month, the average stood at 23.76 USD per metric tonne, 9.29 percent higher than the month prior.

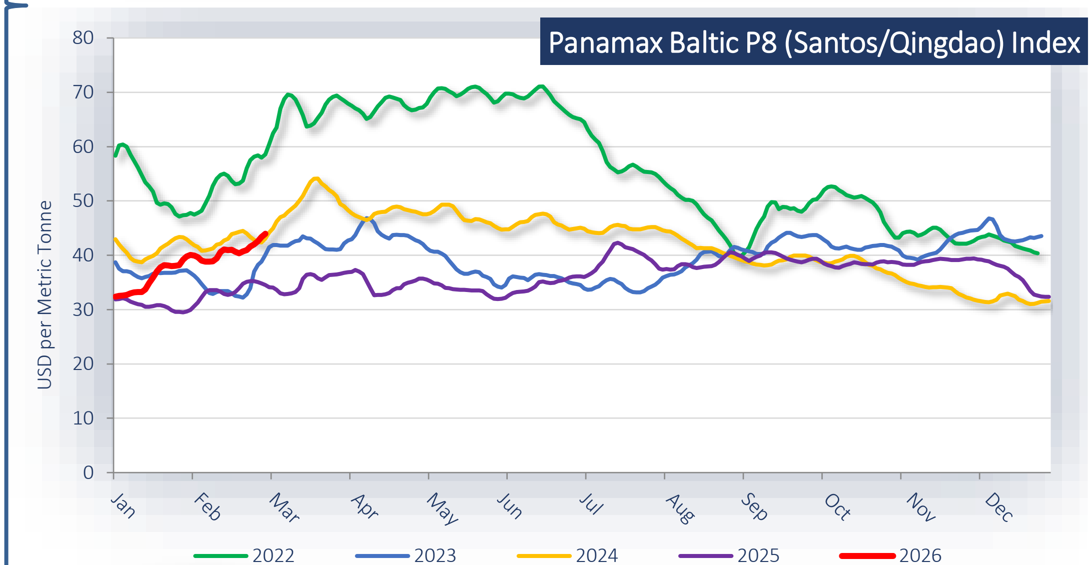
• Comparing to the same period last year, the C3 performance was significantly higher by 34.96 percent on average.



• During the second month of the year, the Panamax Baltic P8 Index (Santos/Qingdao) closed at USD 43.96 per metric tonne, recording a notable 3.91 USD per metric tonne rise throughout the month.

• The monthly average stood 13.75 percent higher than January, at USD 40.72 per tonne, the highest level for the period in three years.

• Comparing to February of 2025, the performance of the P8 index was significantly stronger by 20.58 percent, with the P8 index being bolstered by a surge in demand toward the end of the month.



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