BRAZIL – BAROMETER

Monthly Update

April 2026

FOCAL POINTS :

Macro Environment

In March 2026, Brazil recorded a trade surplus of USD 6.4 billion, marking a significant 58.62 percent increase compared to the previous month and the highest monthly surplus recorded so far this year. However, compared to the same period in 2025, the trade surplus declined notably by 21.46 percent, mainly due to a 19.9 percent increase in import values.

FX and money markets

On March 18, the Monetary Policy Committee (Copom) unanimously voted to reduce the Selic rate by 0.25 percentage points to 14.75 percent, marking the first interest rate cut since May 2024 and ending a nine-month period during which the benchmark rate remained unchanged at a 20-year high of 15.00 percent.

Exports

Brazil's soybean exports rose sharply in March to 14.5 million tonnes as production approached its seasonal peak. This represented a 104.23 percent increase compared to February. China absorbed approximately 72 percent of March volumes, driven largely by efforts to replenish state reserves.

Imports

In March, Brazil's chemical fertilizer imports totaled 3.41 million tonnes, marking a steep 46.34 percent increase compared to the previous month. During the first quarter of 2026, total imports reached 8.62 million tonnes, representing an 8.37 percent increase compared to the same period last year.

Doric Research Department
Michalis Voutsinas
Konstantinos Dimitriadis

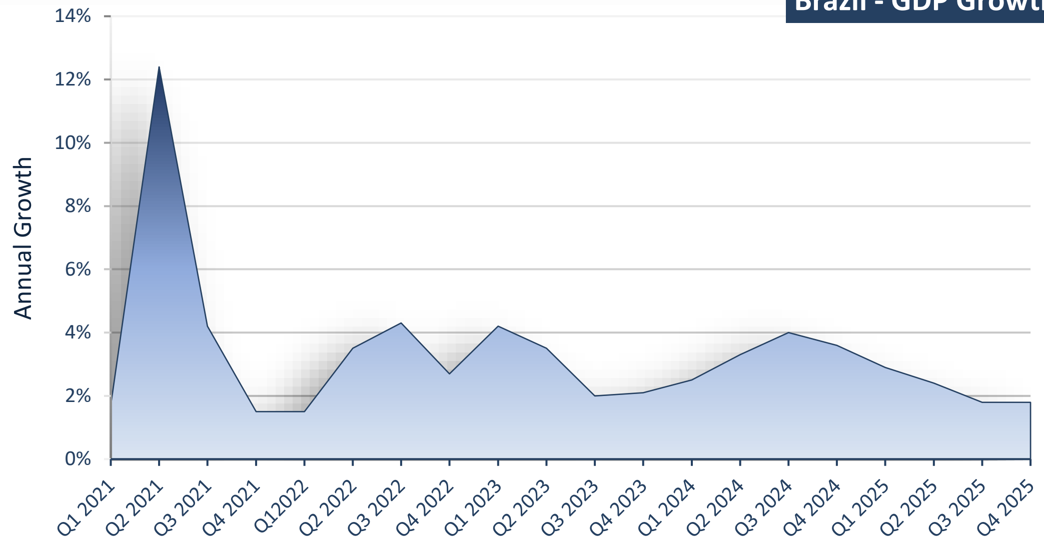
CONTENT PAGES :

• Early estimates from the Finance Ministry and market analysts suggest Q1 2026 GDP grew by roughly 0.8 to 1.0 percent compared to the previous quarter.

• The projected growth figures confirm a continued trend of "soft landing" deceleration as the economy adjusts to the long-term effects of high borrowing costs.

• For the full year, the International Monetary Fund and World Bank project Brazil's 2026 GDP growth at roughly 1.6–1.9 percent, indicating a moderate slowdown from previous years.

Brazil - GDP Growth

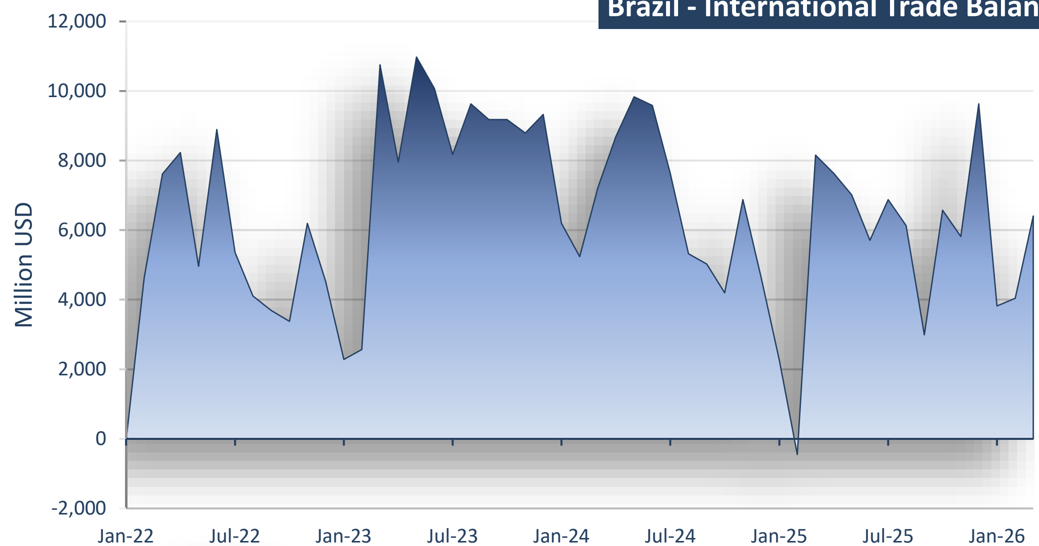


• In March 2026, Brazil recorded a trade surplus of $6.4 billion, marking a significant 58.62 percent increase over last month and a record for the year so far.

• Compared to the same period last year, the trade surplus fell notably, by 21.46 percent, mainly due to the 19.9 percent increase in the imports' value.

• Notable jumps in imports included a 204 percent increase in passenger vehicle imports and a 61 percent rise in chemical fertilizers, suggesting a recovery in domestic industrial and agricultural demand despite high domestic interest rates.

Brazil - International Trade Balance



• Brazil's monthly inflation rate, as measured by the IPCA (Extended National Consumer Price Index), rose to 0.88 percent in March.

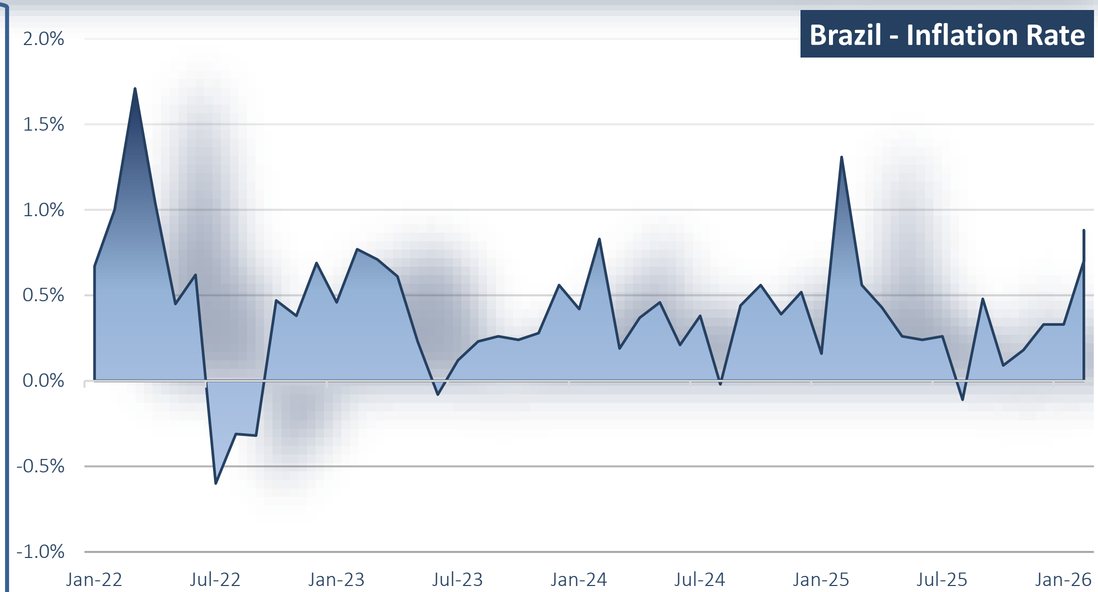
• The cumulative 12-month inflation rate rose to 4.14 percent, up from 3.81 percent last month edging closer to the upper limit of the Central Bank's tolerance range on 3.0 percent (+/- 1.5 percentage points).

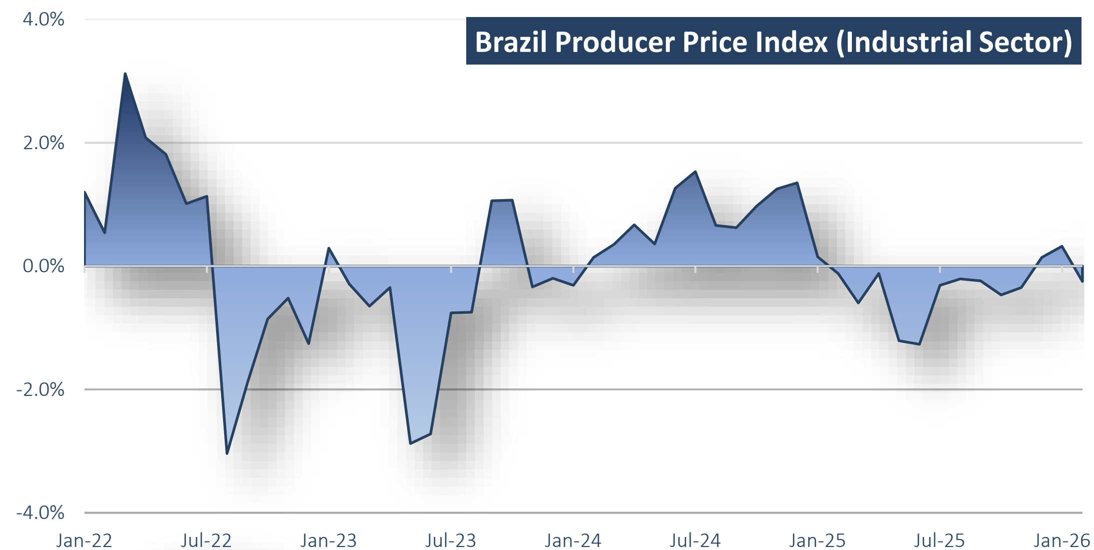
• The primary driver was the conflict in the Middle East that spiked global oil prices leading to a sharp 4.32 percent increase in vehicle fuel costs, while food and beverages rose by 2.16 percent as heavy rains continued to impact crop yields and distribution.

• According to the IBGE, Brazil's Producer Price Index (IPP) for February 2026 fell to -0.25 percent. This marked the fist monthly decline in 2026.

• The monthly drop was driven by price drops in 13 of the 24 industrial activities surveyed. Key drags on the index included Capital Goods (-1.29 percent) and Intermediate Goods (-0.25 percent), indicating a lack of pricing power for manufacturers..

• The food industry, the most influential sector in the index, saw prices drop by 0.87 percent in February, marking the tenth consecutive month of deflation for food producers.





FX AND MONEY MARKETS APRIL 2026

- On March 18, the Monetary Policy Committee (Copom) unanimously voted to reduce the Selic rate by 0.25 percentage points to 14.75 percent.

- This marked the first interest rate reduction since May 2024, ending a nine-month period where the rate was frozen at a 20-year high of 15.00 percent.

- While markets had initially hoped for a larger 0.50 percent cut, the BCB opted for a more cautious reduction amid elevated uncertainty.

- The Real faced significant pressure early in the month, with the USD/BRL rate peaking at 5.33 on March 13, primarily driven by investors moving into Dollars following the conflict in the Middle East

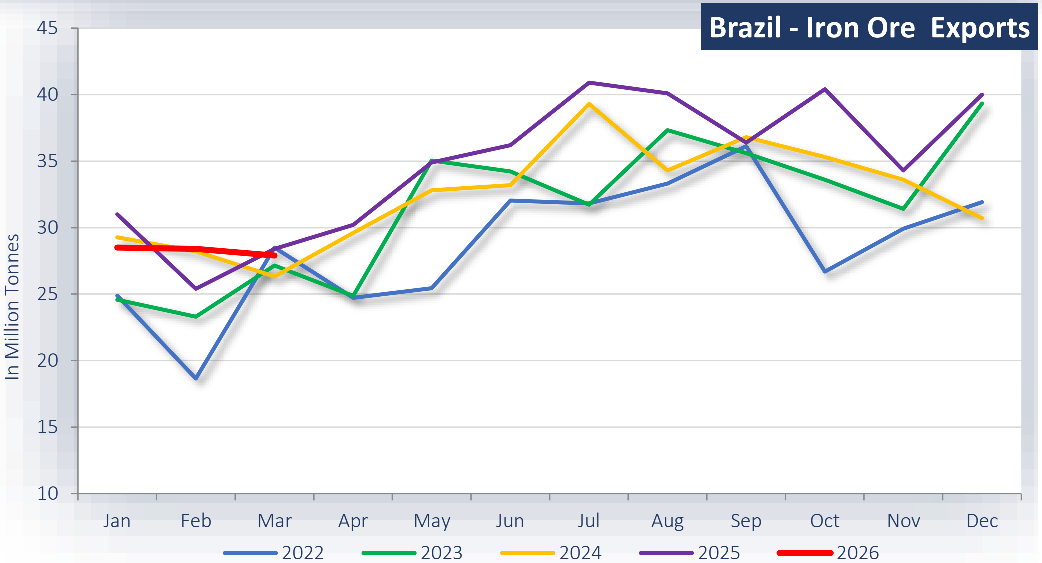
- The FX rate increase was also due to the Central Bank’s decision to cut interest rates. The Real experienced a sell-off, as the reduction in the carry trade yield was combined with a hawkish shift in inflation expectations.

- Strong inflows from the oil and iron ore sectors provided a steady supply of Dollars, allowing the Real to recover some ground by month-end, closing at 5.19.

• In March, Brazil exported 27.9 million tonnes of iron ore, marking a 1.76 percent drop over the month prior.

• Compared to the same period last year, export volumes also fell by 1.76 percent, while exports for the first quarter remained at the same levels as last year.

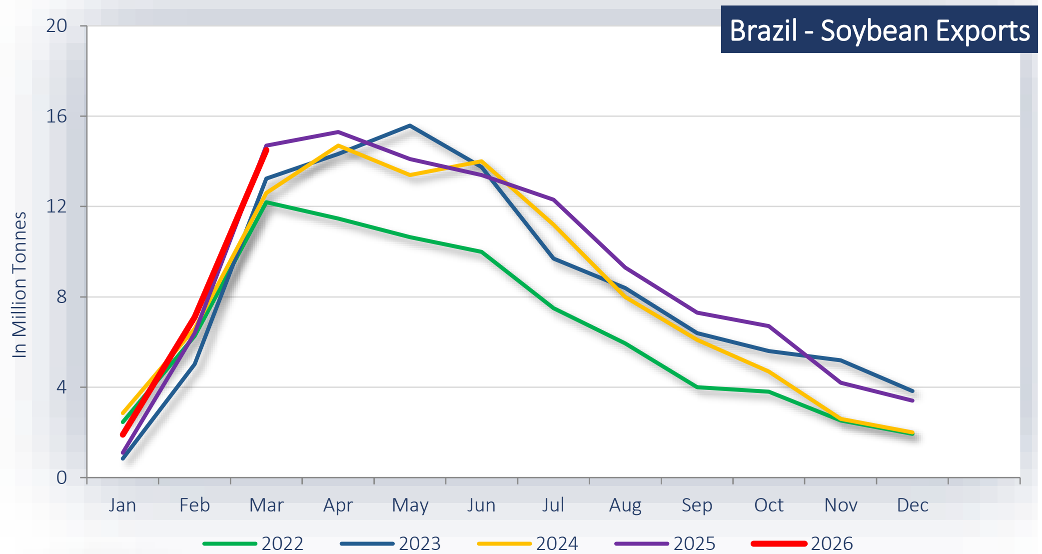
• China remained the bedrock of Brazilian mining revenue as roughly 19.7 million tons or about 70 percent of total exports were destined for Chinese ports, with steel mills replenishing inventories following the Lunar New Year break.



• Brazil's soybean exports in March rose significantly to 14.5 million tonnes as productions nears its seasonal peak. This marked a 104.23 percent increase compared to February.

• When comparing to the same period in 2025, exports fell slightly, by 1.36 percent. High volumes can also be attributed to favorable weather in the final weeks of the harvest allowing for a rapid flow of grain from farms to ports.

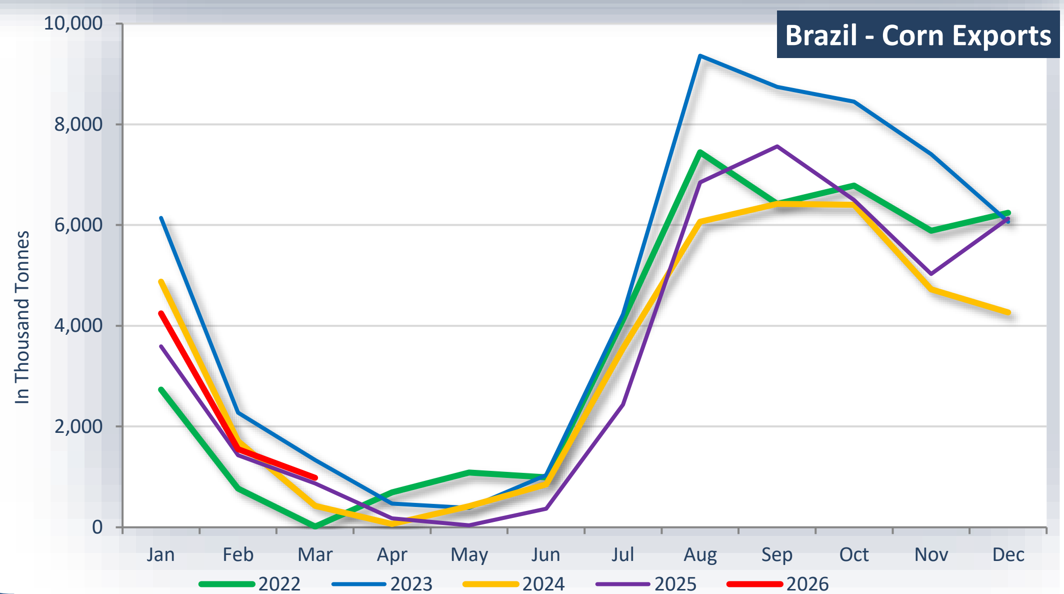
• China absorbed roughly 72 percent of the March volume, driven by a strategic move to replenish its state reserves, helping to balance out the rising costs of chemical fertilizer imports, as farmers are already securing for the next planting season.



• In March, corn exports dropped to 983 thousand tonnes, marking a significant 36.67 percent decline over last month. Year-on-year however, exports were noticeably higher, by 12.82 percent.

• For the first quarter exports grew by 15.01 percent when comparing to the same period last year.

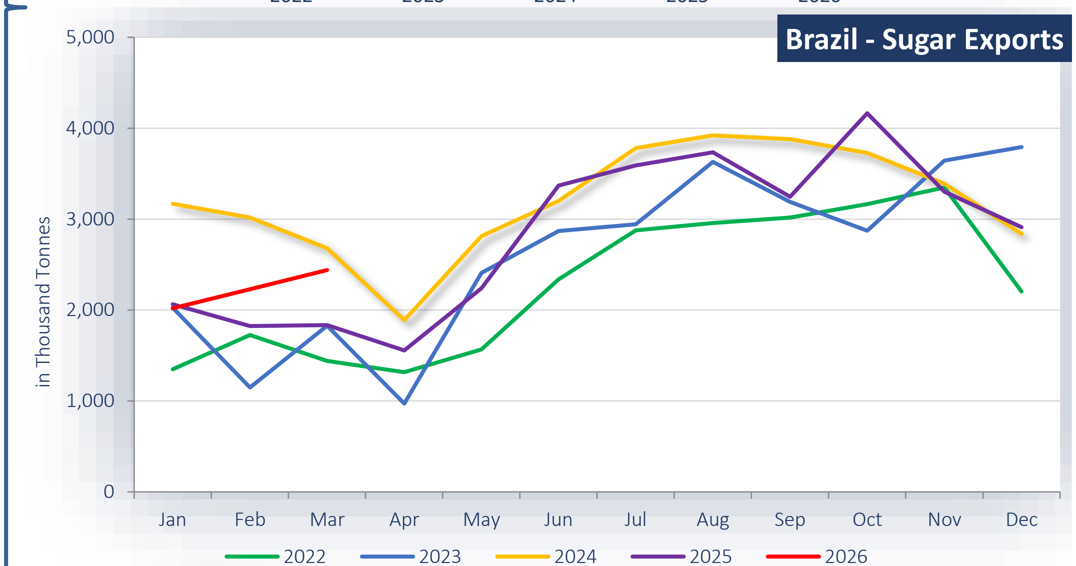
• While China's appetite for Brazilian corn remained strong, with imports jumping 177 percent year-on-year, Brazil saw significant growth in Vietnam Iran, and Egypt, with an estimated growth of 25, 21 and 17 percent respectively in the first quarter of 2026.



• Sugar exports in March rose by 9.42 percent month-over-month to 2.43 million tonnes, marking the second consecutive month of growth.

• Comparing to the same period last year, exports rose significantly by 33 percent. Growth was also recorded for the first quarter of 2026, with exports rising by 16.9 percent compared to the same period in 2025.

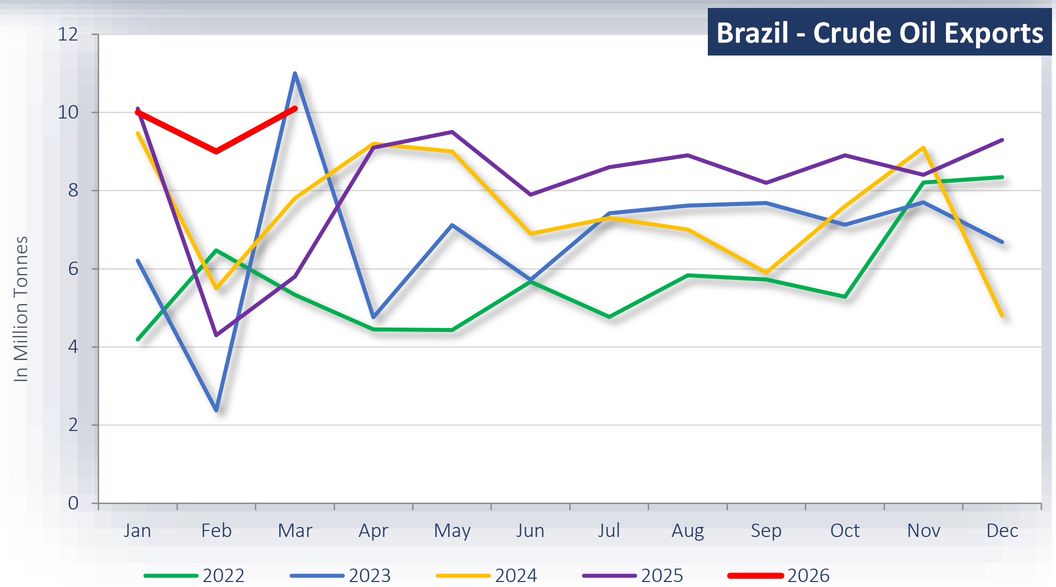
• While Brazil remained the dominant sugar exporter, forecasts released by Safras projected a 14.2 percent cut in total shipments for the upcoming 2026/27 season, fueling a risk premium in international markets as traders braced for a tighter global supply balance.



• Brazil's crude oil exports in March rose to 10.1 million tonnes, marking a notable 12.22 percent rise month-on-month.

• Comparing to the same period last year, exports rose significantly by 74 percent, the highest for the period since 2023.

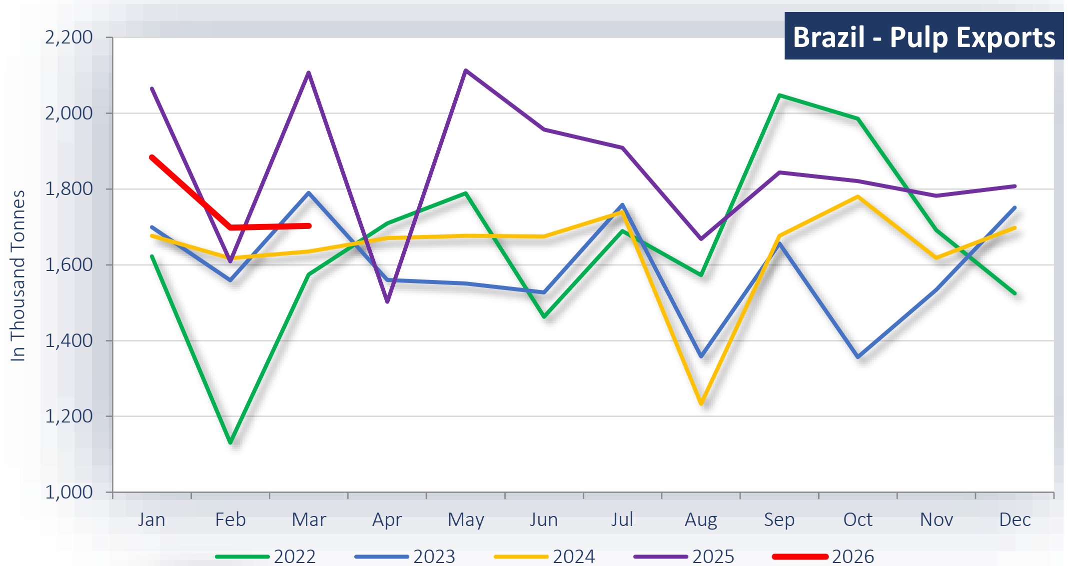
• Following the escalation of conflict in the Middle East in early 2026, Chinese refineries, which typically rely on the Persian Gulf for over 40 percent of their supply, aggressively pivoted to Atlantic Basin and accounted for 65 percent of all Brazilian crude shipments during the month



• Wood pulp exports in March amounted to 1.7 million tonnes, recording a marginal increase of 0.26 percent month over month, but a significant 19.18 percent drop when comparing to the same period in 2025.

• Total exports for the first quarter where 5.28 million tonnes, 8.59 percent less that a year prior.

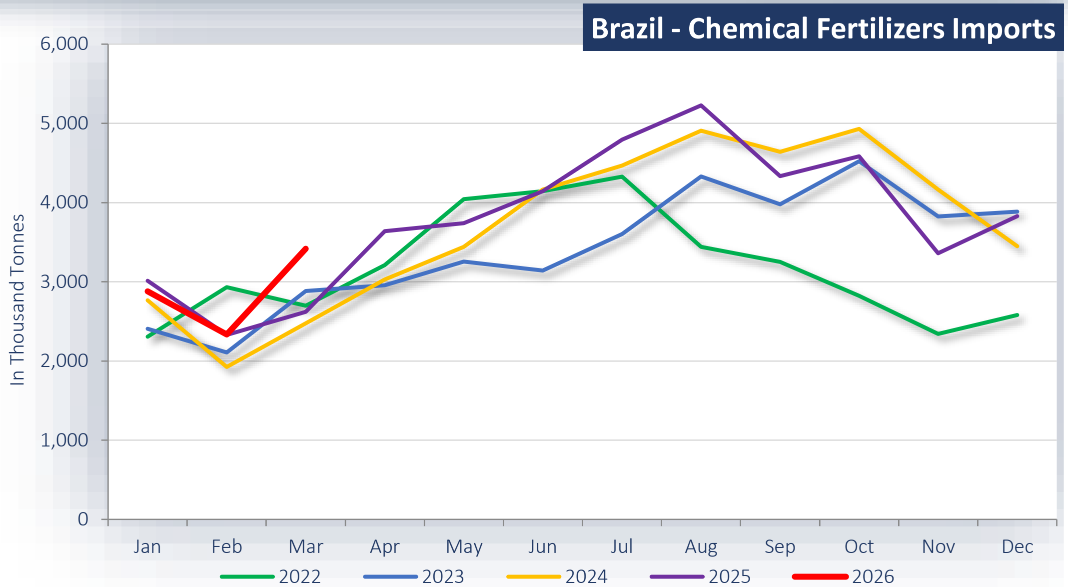
• Brazil solidified its position as the world's leading exporter, with 2026 shipments projected to reach a record 19.2 million tonnes. March exports continued to prioritize the Asian market, with China absorbing nearly half of all shipments.



• In March, Brazil's chemical fertilizer imports totaled 3.41 million tonnes, marking a steep 46.34 percent rise compared to the previous month.

• Comparing to the same period last year, imports were 30.2 percent higher, reaching a peak for the period in the past five years.

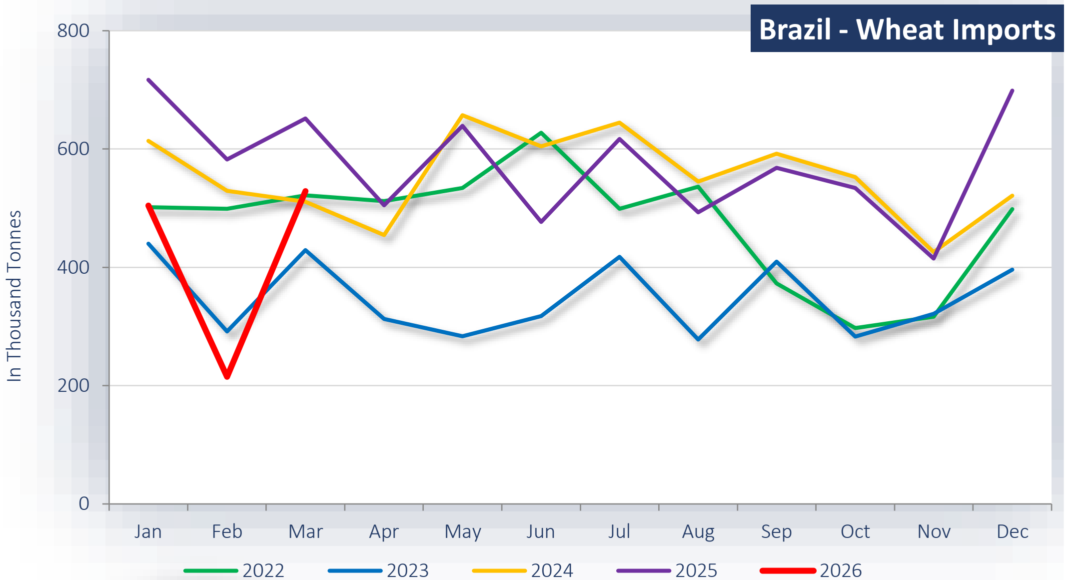
• For the first quarter of 2026, total imports amounted to 8.62 metric tonnes, marking an 8.37 percent increase compared to the same period last year.



• Brazil imported 528 thousand tonnes of wheat in March, marking a steep 145.95 percent rise over the month prior. In the first quarter of the year, imports totaled 1.25 million tonnes, 36 percent less than in the same period in 2025.

• Comparing to the same period last year, imports were considerably lower by 18.87 percent but were the second highest for the period in the past five years.

• Argentina reclaimed its position as the primary supplier, providing over 85 percent of the March volume. With the Argentine 2025/26 harvest being one of the largest on record, Brazilian millers capitalized on shorter transit times and the Common External Tariff exemption.



• In March, congestion at the Port of Santos averaged 62 vessels, representing a significant 47 percent rise from previous month's levels and reaching the highest level since November 2023.

• The average deadweight of the congested fleet also rose by 51 percent month-on-month, further underlining the increasing logistical pressure from vessels of higher tonnage.

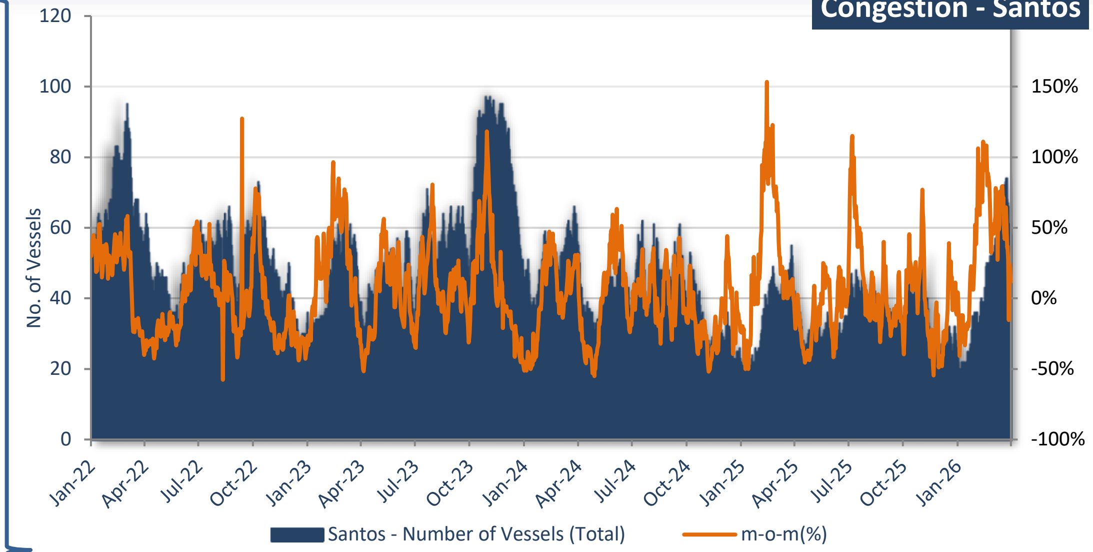
• Comparing to the same period last year, congestion was also significantly higher by 40 percent, underscoring the increased activity in Brazil's largest port.

• At the ports of Tubarão and Vitória, combined congestion averaged 14 vessels during March, remaining at the same levels as in the previous month.

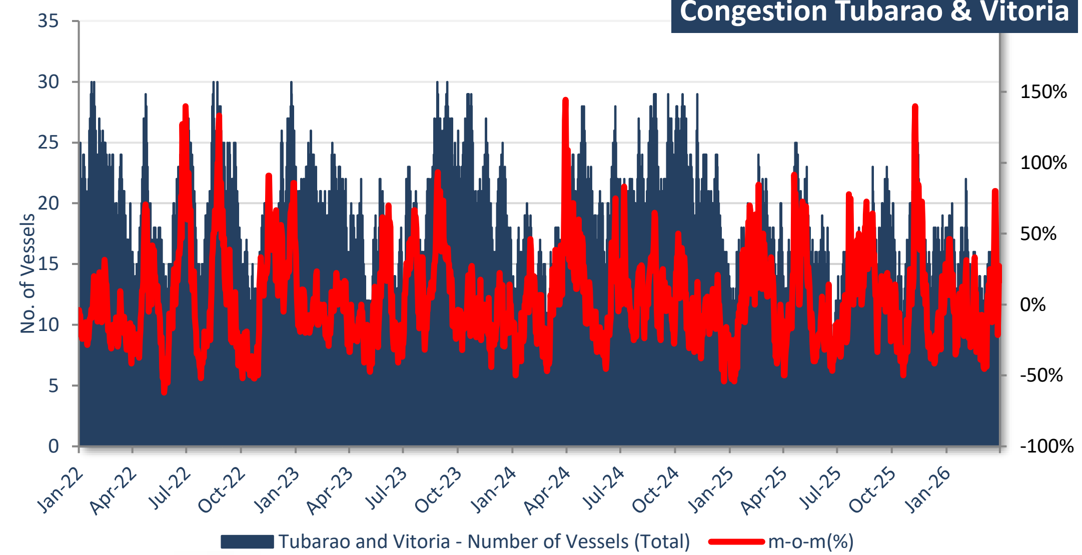
• When examining deadweight tonnage, the trend was negative, with congestion dropping by 9 percent month-over-month, indicating that smaller vessels reached the ports of Tubarão and Vitória

• Comparing to the same period in 2025, the number of congested vessels was notable lower by 16 percent.

Congestion - Santos



Congestion Tubarao & Vitoria



• In March 2026, the Capesize Baltic C3 Index (Tubarão/Qingdao) closed at USD 30.123 per metric tonne, the highest level recorded since July 2024.

• During the month, the C3 rose significantly by USD 6.67 per metric tonne and averaged USD 28.75 per metric tonne, marking a 21 percent increase month-over-month.

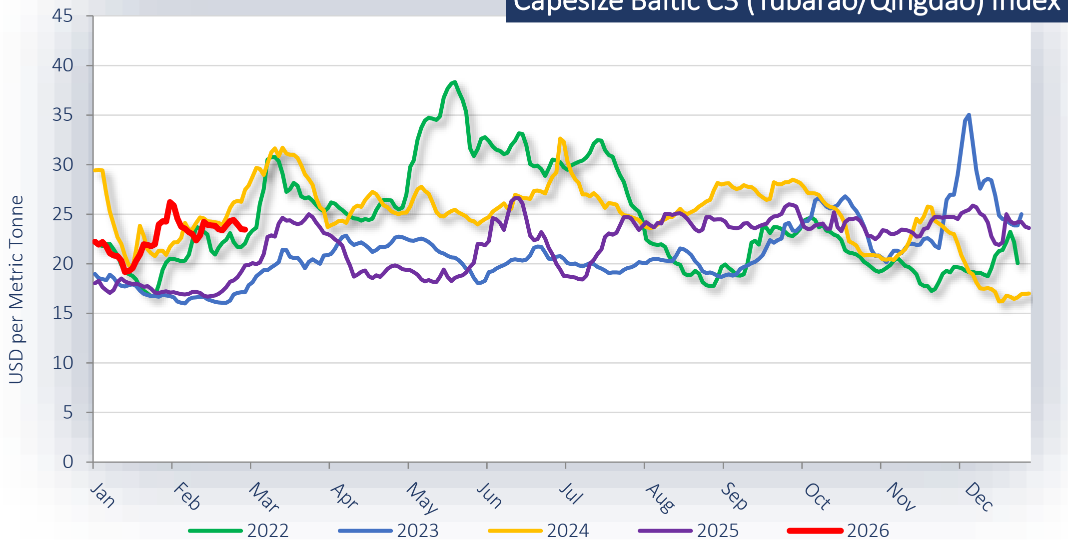
• Comparing to the same period in 2025, the C3 performance was significantly higher, averaging 23.96 percent above last year's levels. This increase can be partly attributed to fewer vessels being available in the South Atlantic to meet the steady demand from Brazilian miners, allowing shipowners to command a premium.

• The Panamax Baltic P8 Index (Santos/Qingdao) closed at USD 51.83 per metric tonne, recording a steep 7.87 USD per metric tonne rise throughout the month.

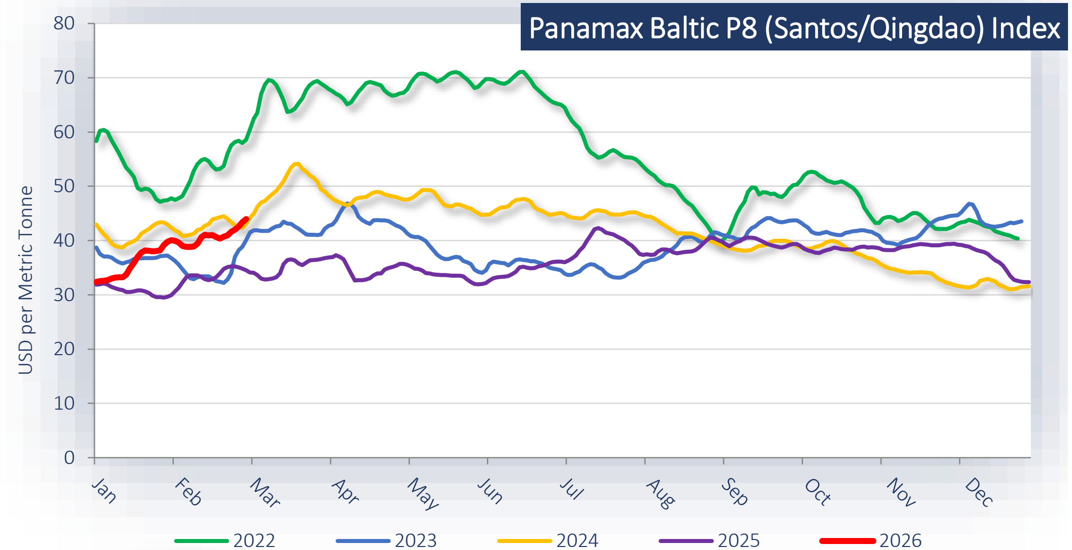
• The monthly average stood 26.42 percent higher than the month prior, at USD 51.47 per tonne, the highest level for the period since October 2022.

• The rise in freight rates can partly be attributed to higher export volumes in conjunction with increased congestion at Paranagua and Santos, squeezing the tonnage supply at Brazil's largest ports.

Capesize Baltic C3 (Tubarão/Qingdao) Index



Panamax Baltic P8 (Santos/Qingdao) Index



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