

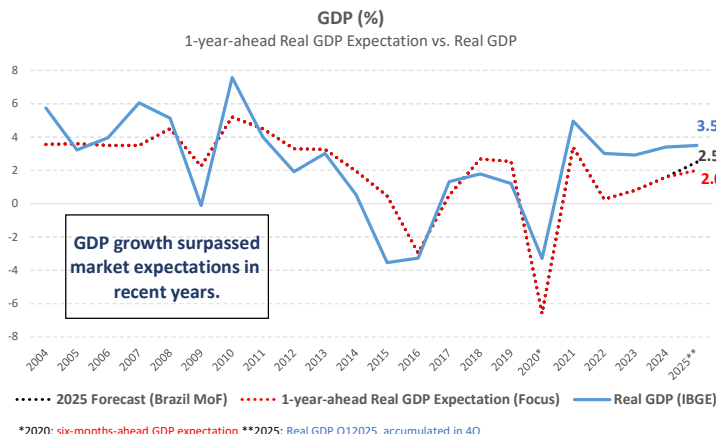
## BRAZIL: MACROECONOMIC MONITOR

July 16, 2025

### Highlights

• **Brazil hosts BRICS Summit and assumes Mercosur Presidency** In the BRICS summit, held in Rio de Janeiro, in the beginning of July, leaders reaffirmed the importance of Multilateralism and intra-BRICS cooperation as paths to strengthen the Global South. Important documents adopted in the economic and financial area were: i) in the reform of the governance of international financial institutions such as the IMF (BRICS Rio de Janeiro Vision for IMF Quota and Governance Reform); ii) in international tax cooperation (BRICS Joint Statement in support of the United Nations Framework); iii) in climate finance (Leaders' Framework Declaration on Climate Finance). For Mercosur, Brazil will hold Presidency for the Second Semester of 2025. Among the priorities, implementing trade deals with EFTA, EU and developing sustainable practices in agriculture ("Mercosul Verde").

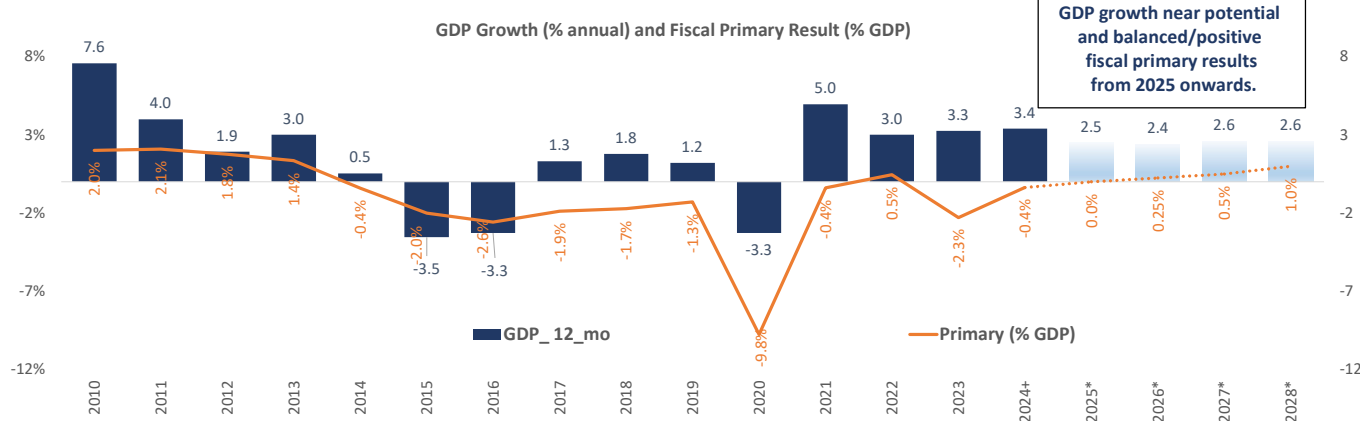
• **Brazil unemployment rate reaches record low for May.** In the quarter ending May 2025, Brazil's unemployment rate fell to 6.2% — the lowest for this period since 2012 and just above the all-time low of 6.1% in late 2024 — with 6.8 million jobseekers, down by 955 thousand from a year earlier. The country now has 103.9 million people employed, showing a resilient labor market. Record levels of formal contracts, higher incomes, and fewer discouraged workers reflect a solid economy.



	2019	2020	2021	2022	2023	2024	2025
GDP (% YoY)	1.22	-3.28	4.76	3.02	3.24	3.40	2.5 (*)
Consumer Inflation IPCA (% YoY)	4.31	4.52	10.06	5.79	4.62	4.83	4.9 (*)
Current Account (USD bi)	-65.0	-24.9	-40.4	-42.2	-27.9	-61.2	-56.0 (**)
Foreign Investment in the Country (USD bi)	69.17	38.27	46.44	74.61	62.44	71.07	70.0 (**)
International Reserves (USD bi)	357	356	362	325	355	330	346 (14 Jul)
Unemployment rate (%)	11.1	14.2	11.1	7.9	7.4	6.2	6.2 (***)
General Government Gross Debt (% GDP)	74.4	86.9	77.3	71.7	73.8	76.5	80.70 (**)
Ibovespa Index (BRL, % chg.)	31.6	2.9	-11.9	4.7	22.3	-10.4	11.9 (ytd)
CDS 5 years (year average)	108	151	222	250	140	188	175
Interest rate (Selic Target) (% eop)	4.50	2.00	9.25	13.75	11.75	12.25	15 (**)

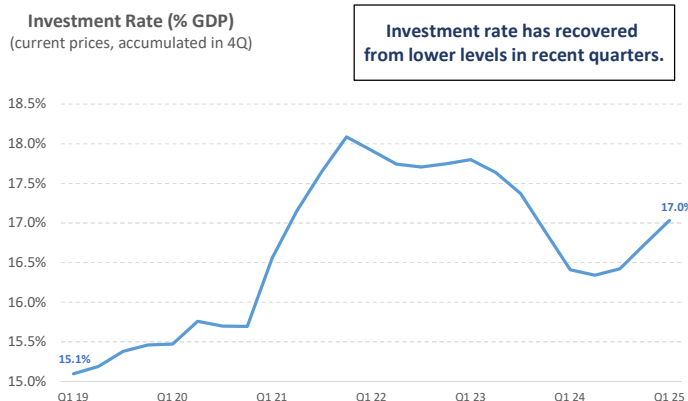
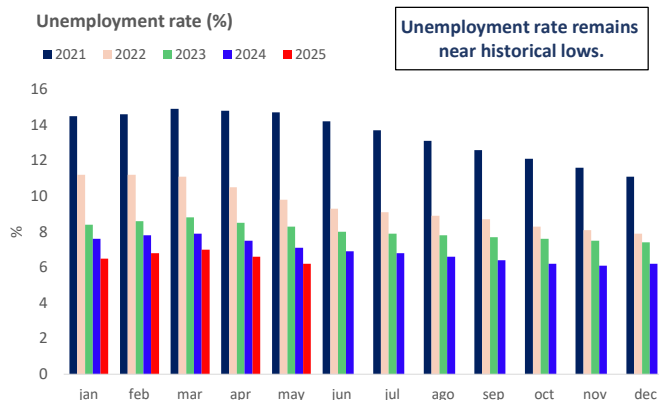
Estimates: (\*) Ministry of Finance Macroeconomic Projections, Jul. 11, 2025; (\*\*) Focus Survey, Central Bank of Brazil, Jul. 11, 2025; (\*\*\*) Last date

### BRAZIL: ECONOMIC OUTLOOK

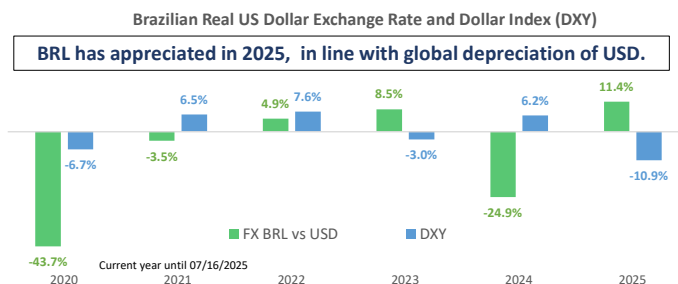
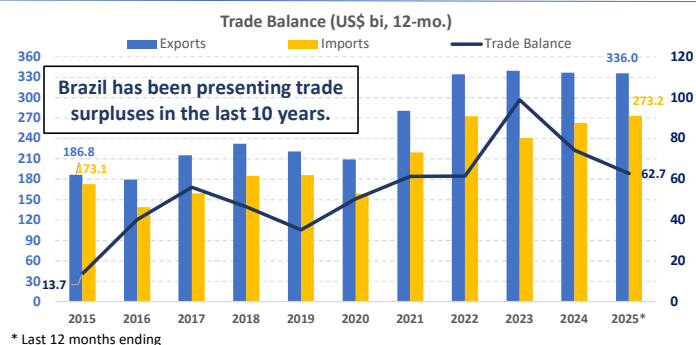
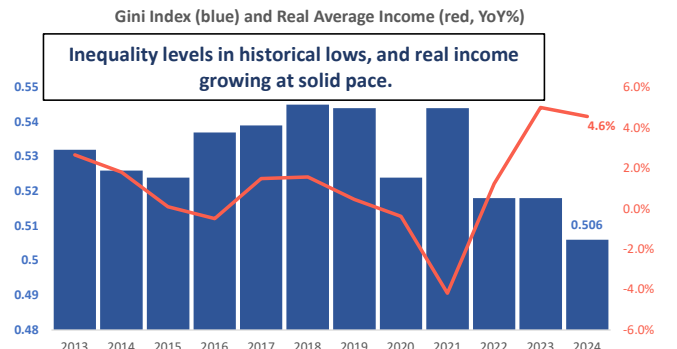
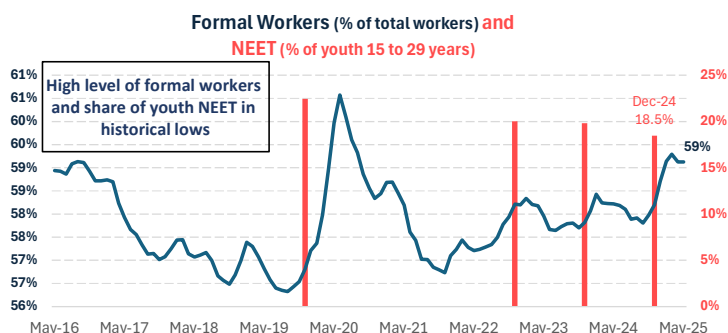


+Without Rio Grande do Sul state disaster expenditures, 2024 primary result was -0.1% of GDP, within the fiscal Framework Target band.

\* From 2025 onwards, GDP forecasts from the Ministry of Finance (May/25) and Primary Result Targets from the Fiscal Framework.



## BRAZIL: ECONOMIC OUTLOOK



Sources: BCB, Bloomberg, IBGE, MDIC

### Brazil – Main Macroeconomic Indicators

\* The Brazilian economy has shown robust performance, with GDP growth exceeding expectations in recent years — 3.2% in 2023 and 3.4% in 2024, slowing to 2.5% in 2025, in line with its potential. On the demand side, growth has been sustained by strong domestic consumption. On the fiscal front, the primary result has achieved the target in 2024 (-0.1% of GDP), excluding the extraordinary spending related to disasters in Rio Grande do Sul. Finally, the investment rate, after declining during the pandemic, has been gradually recovering, reaching 17% of GDP in the first quarter of 2025, driven by the production of capital goods and machinery and equipment. Together, these factors indicate a scenario of moderate growth, consistent with strong macroeconomic fundamentals and higher investment capacity.

\* On the labor market, the indicators have shown resilience. The unemployment rate reached 6.2% in the second quarter of 2025, the lowest level for the period since 2012. There is also an increase in formalization, with a high share of formal jobs in the labor force (over 59%). The proportion of young people aged 15 to 29 who are not in education, employment, or training (NEET) fell to historically low levels (18.5% in 2024). From an income distribution perspective, there is a downward trend in the Gini index and a consistent rise in the population's average real income in recent years. This data indicates a strengthening of the labor market, and a reduction in inequality.

\* Regarding Brazil's foreign trade, it is possible to see a consistent performance in recent years. The country has maintained significant trade surpluses — reaching around US\$ 62.7 billion in the 12 months through mid-2025 — as a result of exports remaining at higher levels than imports. The export portfolio has one of its important pillars in agribusiness, with Brazil leading global soybean exports, accounting for more than 50% of the world total, consolidating the country role as a bedrock of global food security.

\* In terms of exchange rate, the Brazilian real has appreciated against the U.S. dollar in 2025, following a global trend of weakening of the American currency this year. This exchange rate appreciation helps to reduce inflationary pressures by lowering the cost of imported goods, although it may negatively affect exports. Meanwhile, Brazil maintains a robust level of international reserves, reaching around 16% of GDP in July 2025. This substantial volume of FX reserves serves as an important buffer against external volatility and exchange rate shocks. They reinforce the credibility of economic policy and the country's ability to respond in adverse scenarios.

Ministry of Finance Highlights



Brazil-United States Trade and Investment Relations

Overview: Brazil–United States Bilateral Economic Relations

The United States maintains a consistent trade surplus in both goods and services in its bilateral relationship with Brazil.

2024 Data (in USD billions):

Indicator	Brazil (MDIC & BCB)	United States (BEA)
Goods Trade Balance	-0.25	-6.8
Services Balance	-8.9	-21.8
Total Goods and Services Balance	-9.15	-28.6
Profit and Dividend Remittances	5.7 (17% of total)	-
Long-Term Loan Amortizations	12.2 (26% of total)	-
Outward FDI Flow (Brazil to U.S.)	3.2 (36% of total)	-
Outward FDI Stock (2023)	22.1 (5.1% of total)	-
Inward FDI Flow (U.S. to Brazil)	8.5 (24% of total)	-
Inward FDI Stock (2023)	272.9 (27% of total)	-

Notes:

Methodological differences exist in data collection (e.g., Brazil excludes transport, travel, and government services in services data; discrepancies also stem from valuation and timing differences).

Trade in Goods and Services

15 year accumulated trade deficit:

Brazil's accumulated goods and services trade deficit with the USA over the past 15 years is approximately USD 410 billion, according to U.S. data from the Bureau of Economic Analysis (BEA).

2024:

Brazil recorded a USD 28.6 billion trade deficit with the United States: USD 6.8 billion in goods and USD 21.8 billion in services

\*Goods

Brazilian Exports to the United States: Key goods in 2024 included petroleum, iron/steel, and aircrafts

\* Brazilian Imports from the United States: Concentrated in machinery, mechanical instruments, devices and parts, and fuels.

\* Trade Share: The U.S. is Brazil's third-largest trade partner, behind China and EU, accounting for 12% of exports and 15.5% of imports in 2024. However, Brazil represented only 2.4% of U.S. exports and 1.3% of imports.

\*Services:

Based on data from the Brazilian Central Bank (BCB), the services deficit with the U.S. grew from USD 3.2 billion in 2022 to USD 8.9 billion in 2024. OECD/WTO estimates show key import categories in 2023 included travel (21%), financial (14%), transport (13%), ICT (13%), and intellectual property – IP (9%). ICT and IP saw notable growth from 2022 to 2023 (21% and 8%, respectively).

Capital and Investment Flows

Profit and Dividends:

The U.S. is the second-largest destination for Brazilian remittances of profits and dividends (USD 5.7 billion or 17% in 2024).

Loan Amortizations:

The U.S. is the largest destination for long-term loan amortizations (USD 12.2 billion or 26%).

Long-Term Loans Received:

The U.S. is the top source (USD 13 billion or 30%).

Outward FDI Flow:

The U.S. was the top destination for Brazilian FDI flows (USD 3.2 billion or 36% in 2024).

Outward FDI Stock (2023):

USD 22 billion, focused on financial services; nearly 3,000 Brazilian firms operated in the U.S. in 2023.

Portfolio and Real Estate Investment:

U.S. accounted for USD 96 billion (42%) in 2023 in portfolio investment, and was the second-largest real estate investment destination (USD 1.3 billion or 16%).

Inward FDI Flow:

USD 8.5 billion (24% of total), with concentration in services, especially commerce, finance, and IT.

Inward FDI Stock (2023):

The U.S. was the leading source of inward FDI with USD 272.9 billion (27%), primarily in industry, finance, IT, and commerce.

Tariff Profile

Tariff Category	Year	Simple Average	Weighted Average
Brazil on U.S. products (with special regimes)	2024	6.6%	2.7%
U.S. on Brazilian products	2022	3.4% (MFN)	1.8%
Brazil on World	2024	11.2%	5.2%

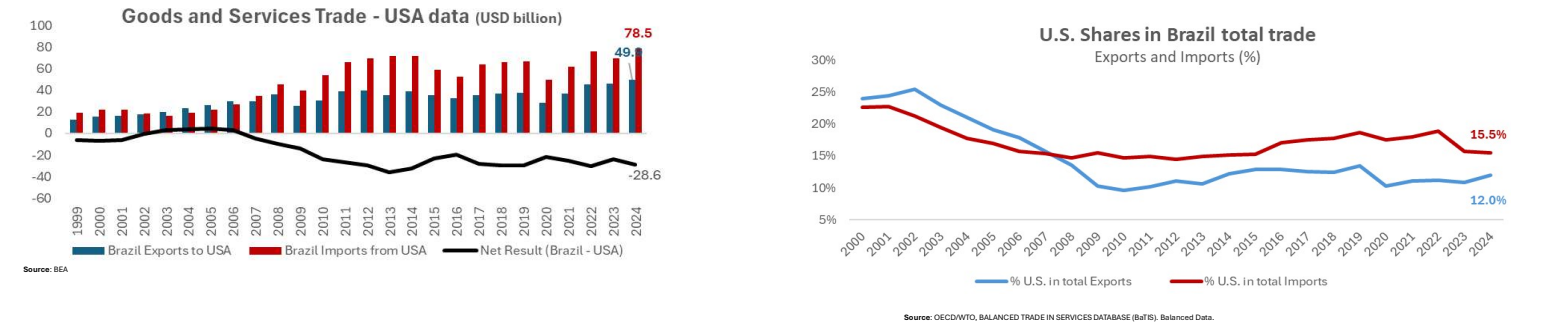
Note: The effective tariff differential is significantly lower than nominal due to special regimes (RECOF, REPETRO, Drawback, and Manaus Free Trade Zone). An estimated 43% of Brazilian imports from the U.S. entered duty-free in 2024.  
8 of the 10 top imported goods by Brazil from the US are exempt from tariffs due to special regimes  
8 of the 10 most exported goods by Brazil to the US are exempt from tariffs. However, goods in which Brazil is highly competitive (meat, sugar, steel) face strict tariffs or quotas.

Brazil-United States Trade and Investment Relations

Sectoral Issues

- \* **Iron and Steel:** Brazil, via tariff-rate quotas and market diversification post-2017–2018 trade war, exported USD 5.9 billion in 2024 — 46% of its iron/steel exports. On semi-finished iron, the US is Brazil’s largest market, with around 76% of this goods’ exports.
- \* **Auto Parts:** U.S. is Brazil’s second-largest market (USD 312 million), after Argentina. Brazil imported USD 516 million in 2024 from the U.S. but remains in deficit in this segment.
- \* **Sugar and Derivatives:** Significant increase in Brazilian exports, with 80% outside U.S. quota and facing ad valorem tariffs between 80–100%.
- \* **Wood and Derivatives:** Around 44% of Brazil’s exports go to the U.S. (main market), focused on inputs (profiled wood, doors, plywood). Brazil is the U.S.'s third-largest supplier.
- \* **Copper and Derivatives:** 44.8% of exports go to the U.S., primarily tubes, sheets, and bars. Brazil is not a top U.S. supplier; the market is dominated by Chile, Canada, and Mexico.

International Trade - Graphs



Main Sectors of goods exported from Brazil to USA, and Share of USA as destination of Brazilian exports of these sectors

Aircraft and equipment			Iron and Steel			Wood and charcoal			Electrical and electronic equipment		
Countries	Value (bi US\$)	%	Countries	Value (bi US\$)	%	Countries	Value (bi US\$)	%	Countries	Value (bi US\$)	%
United States	2.7	62%	United States	5.9	46%	United States	1.6	44%	United States	1.5	29%
Canada	0.5	11%	China	1.3	10%	Mexico	0.3	9%	Argentina	0.7	15%
Spain	0.2	5%	Netherlands	0.8	6%	China	0.2	5%	Mexico	0.3	5%
Netherlands	0.1	3%	Argentina	0.6	5%	Portugal	0.1	3%	Paraguay	0.3	5%
Cayman Island	0.1	3%	Mexico	0.4	3%	Italy	0.1	3%	Chile	0.2	4%
Total	4.4	100%	Total	12.6	100%	Total	3.6	100%	Total	4.9	100%

Machinery and mechanical equipment			Vegetables and processed fruit			Coffee, tea and spices			Recyclable paper and pulp		
Countries	Value (bi US\$)	%	Countries	Value (bi US\$)	%	Countries	Value (bi US\$)	%	Countries	Value (bi US\$)	%
United States	3.6	28%	United States	1.5	26%	United States	2.1	17%	China	4.7	36%
Argentina	1.4	11%	Netherland	1.3	24%	Germany	1.8	15%	United States	1.9	15%
Mexico	1.2	9%	Belgium	1.0	18%	Belgium	1.1	9%	Italy	1.0	8%
Singapore	0.7	6%	United Kingdon	0.2	4%	Italy	1.0	8%	Netherlands	0.9	7%
Paraguay	0.6	5%	Spain	0.2	3%	Japan	0.6	5%	Turkey	0.4	3%
Total	13.1	100%	Total	5.6	100%	Total	12.3	100%	Total	12.8	100%

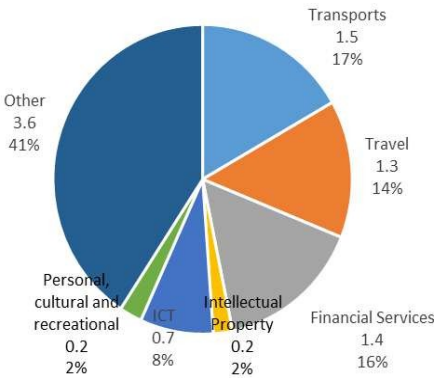
Mineral fuels and oils			Beef Meat		
Countries	Value (bi US\$)	%	Countries	Value (bi US\$)	%
China	21	37%	China	6.0	52%
United States	8	13%	United States	0.9	8%
Singapore	5	9%	United Arab Emirates	0.6	5%
Spain	5	9%	Chile	0.5	5%
Netherlands	3	6%	Phillipines	0.3	3%
Total	57	100%	Total	11.7	100%

8 of the 10 top imported goods by Brazil from the US are exempt from tariffs due to special regimes			
Products (NCM Description)	Brazilian Imports 2024 (US\$ Million)	Imports share by Origin Country (%)	Brazilian Tariff (%)
Parts of turbojets or turbopropellers	3.208	7,9	0
Turbojets with thrust exceeding 25 kN	2.894	7,1	0
Liquefied natural gas (LNG)	1.663	4,1	0
Crude Petroleum Oils	1.454	3,6	0
Gas Oil (diesel oil)	1.439	3,5	0
Naphtha for petrochemical	1.432	3,5	0
Non agglomerated bituminous coal	1.394	3,4	0
Ethylene-alpha olefin copolymers, with a density below 0.94	579	1,4	20
Lubricating oils without additives	571	1,4	0
Other polyethylene, unfilled, with density ≥ 0.94	500	1,2	20

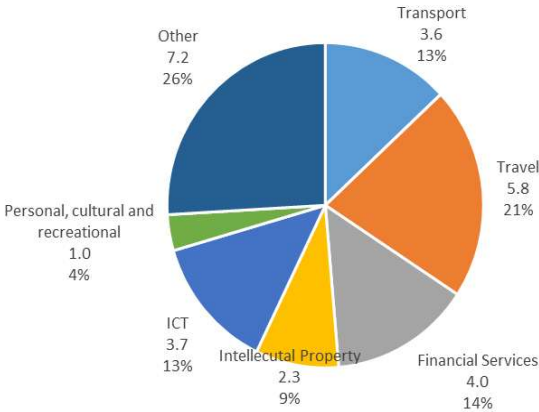
Source: MDIC/SECEX  
Sources: BCB, MDIC/SECEX, BEA, OECD/WTO

Brazil-United States Trade and Investment Relations

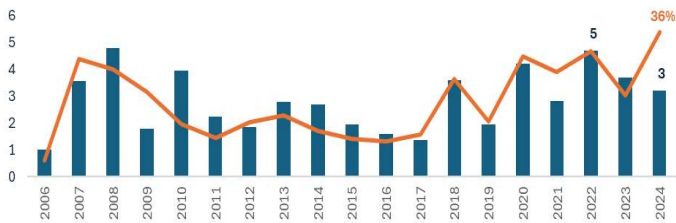
Brazil–U.S. Services Exports by Sector 2023  
(US\$ Billions and % of total)



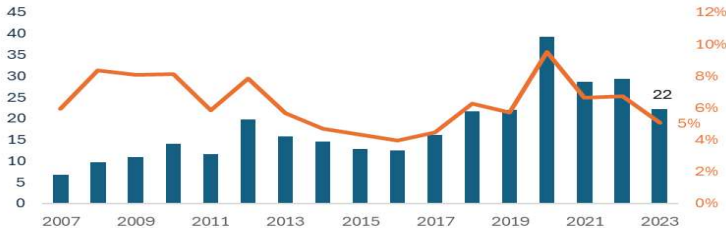
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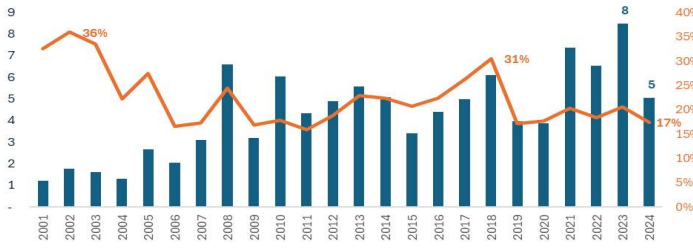
Outward FDI Flows to the U.S.  
(USD billion and % of total)



Outward FDI Stocks in USA  
(USD billion and % of total)



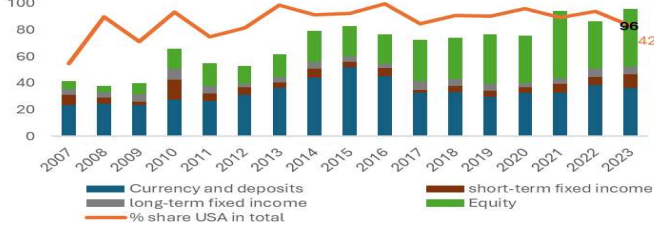
Profit and Dividend Remittances to U.S.  
(USD billion and % of total)



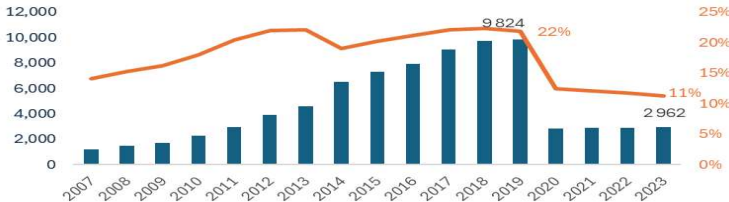
Loan Repayments to the U.S.  
(USD billion and % of total)



Stock of portfolio investments  
from Brasil in USA (US\$ billions and % of total)



Number of Brazilian Firms in USA  
(Number and % of total Outward FDI)



Sources: BCB, MDIC / Secex