

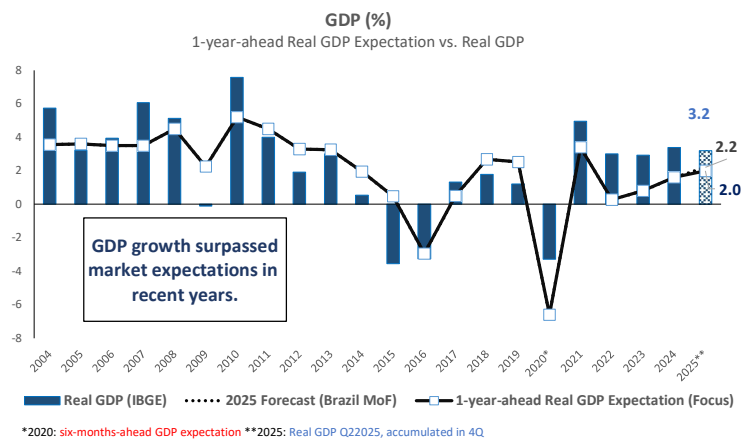
BRAZIL: MACROECONOMIC MONITOR

November 13, 2025

Highlights

• **Brazil announces the creation of Forest Conservation Fund TFFF at COP-30.** Designed to make forest conservation economically rewarding, the Tropical Forest Forever Facility (TFFF) aims to raise around R\$125 billion (roughly US\$25 billion from public and US\$100 billion from private sources) in low-risk market funding to reinvest in higher-yield projects. Profits (the spread) will be shared among tropical forest nations based on preserved area, investors, and Indigenous communities—the latter receiving up to 20%. Each participating country could earn US\$4 per hectare conserved. On November 6th, 53 countries (investors or receivers) endorsed the declaration of the fund launch. Brazil, Indonesia, Norway, France, and Portugal have already committed more than US\$ 5.5 billion in resources, with more countries expected to join later.

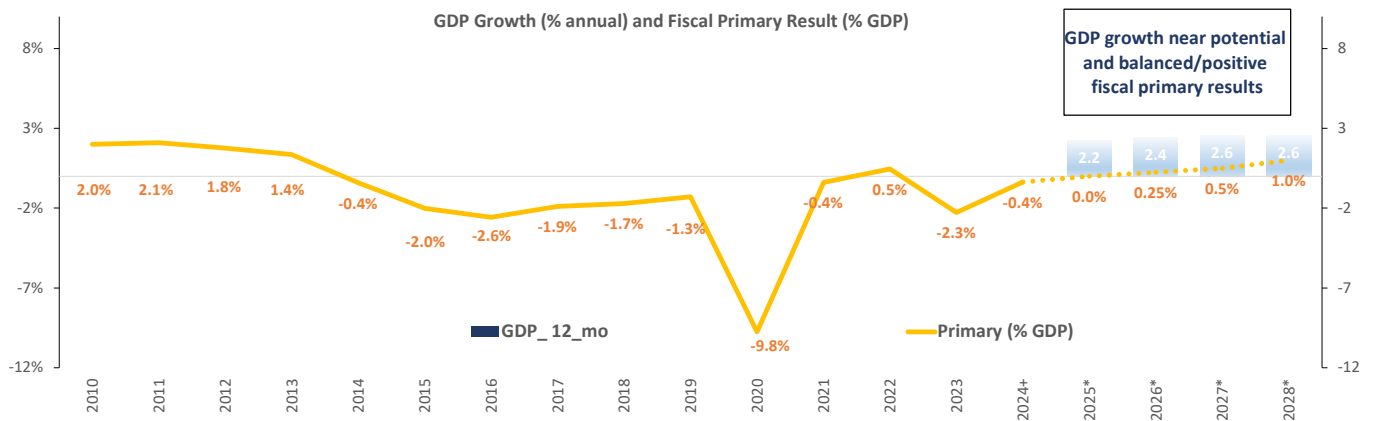
• **Brazil approves a progressive tax reform on income.** The reform expands the full exemption threshold to individuals earning up to three minimum wages (about R\$ 5,000 per month) and introduces a gradual tax for those earning between three and 4.5 minimum wages (up to R\$ 7,350), reducing the burden on lower- and middle-income groups (around 15 million people). To ensure budget neutrality, the reform introduces an increasing minimum effective tax rate that reaches 10% for individuals earning around R\$ 100,000 per month and a 10% tax on dividends above R\$ 50,000 (reaching only 141 thousand people). The reform implementation begins in 2026.



	2019	2020	2021	2022	2023	2024	2025
GDP (% YoY)	1.22	-3.28	4.76	3.02	3.24	3.40	2.2 (*)
Consumer Inflation IPCA (% YoY)	4.31	4.52	10.06	5.79	4.62	4.83	4.6 (*)
Current Account (USD bi)	-64.0	-24.2	-39.4	-42.0	-27.1	-66.2	-56.0 (**)
Foreign Investment in the Country (USD bi)	69.17	38.27	46.44	75.50	62.75	74.09	70.0 (**)
International Reserves (USD bi)	357	356	362	325	355	330	359 (11 Nov)
Unemployment rate (%)	11.1	14.2	11.1	7.9	7.4	6.2	5.6 (***)
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	30.6 (ytd)
CDS 5 years (year average)	108	151	222	250	140	188	162
Interest rate (Selic Target) (% eop)	4.50	2.00	9.25	13.75	11.75	12.25	15 (**)

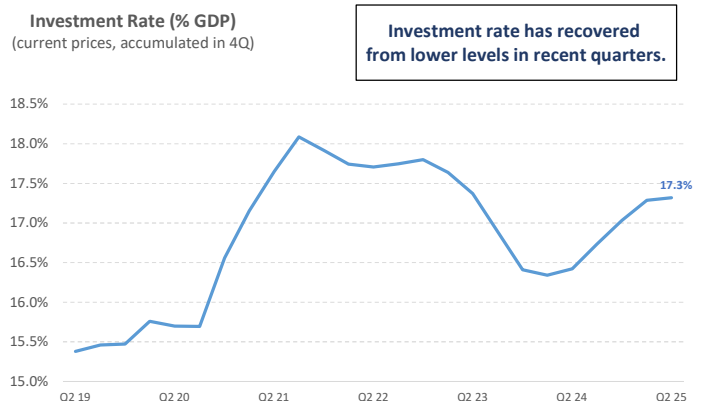
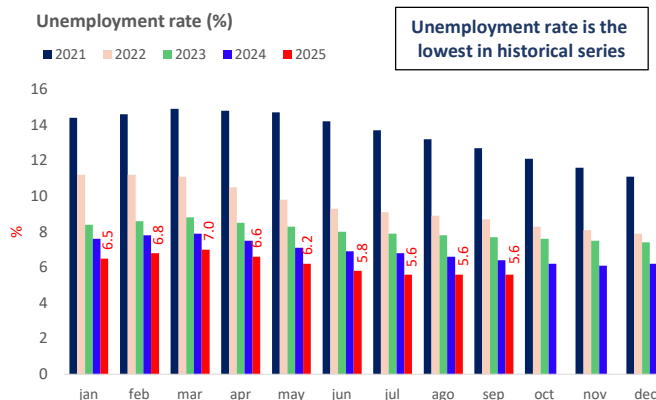
Estimates: (*) Ministry of Finance Macroeconomic Projections, Nov. 13, 2025; (**) Focus Survey, Central Bank of Brazil, Nov. 7, 2025; (***) Last date

BRAZIL: ECONOMIC OUTLOOK

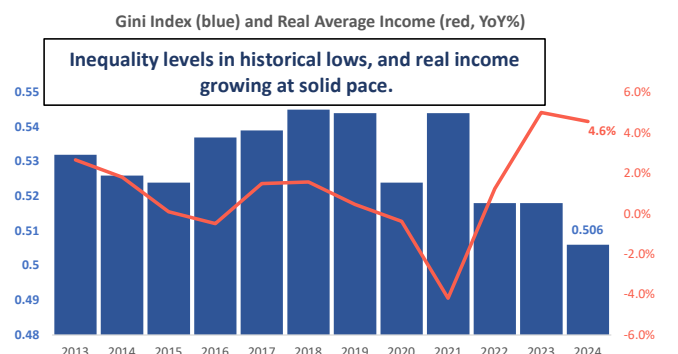
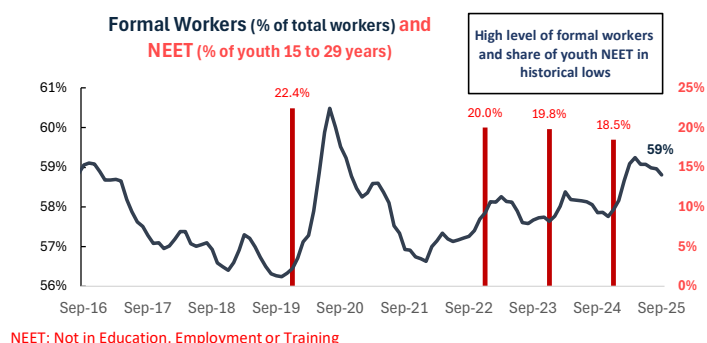


+Without Rio Grande do Sul state disaster expenditures, 2024 primary result was -0.1% of GDP, within the fiscal Framework Target band.

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



BRAZIL: ECONOMIC OUTLOOK

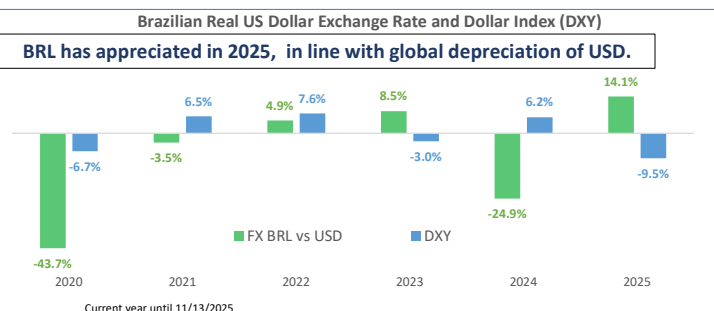
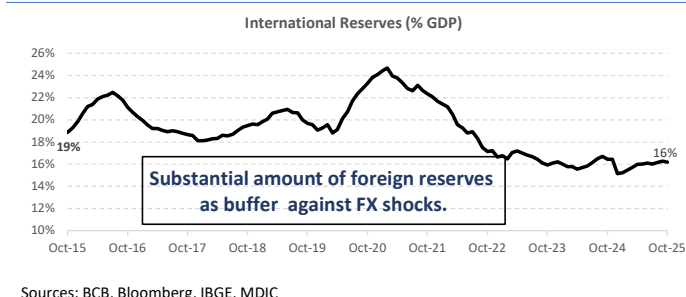
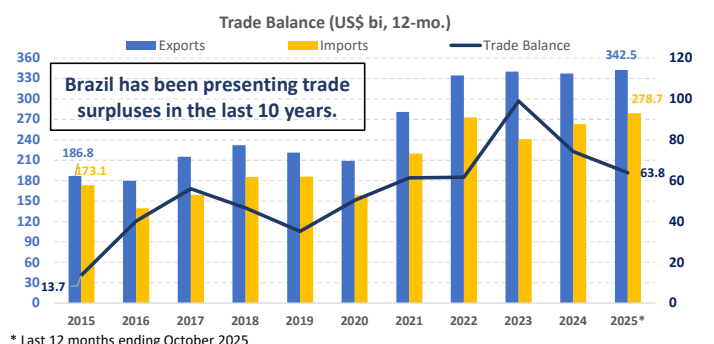


List of Goods Brazil is Leader in Global Agribusiness Exports 2024

Good	Approximate Share of Global Exports	Main Destinations
Soybeans	54%	China, Spain, Thailand, Netherlands
Orange juice	40%	USA, EU, China
Sugar	27%	Indonesia, India, China
Chicken meat	25%	China, Japan, Saudi Arabia, UAE
Coffee	22%	USA, Germany, Belgium
Pulp	19%	China, USA, Italy
Beef	17%	China, USA, UAE
Ethanol	9%	South Korea, USA, Netherlands

Brazil leader of exports in several agribusiness goods

Source: TradeMap, Comexstat



Brazil – Main Macroeconomic Indicators

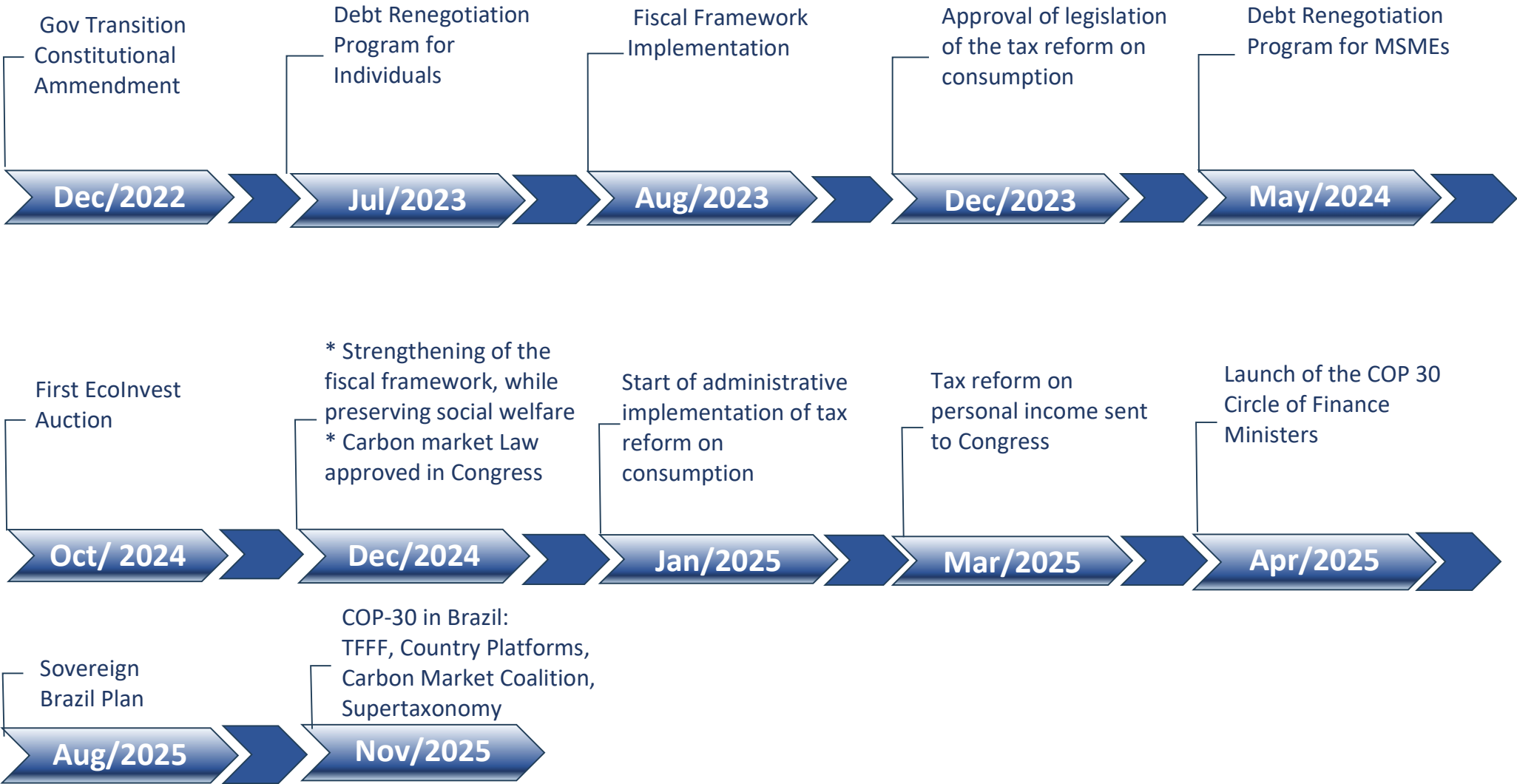
* The Brazilian economy has shown robust performance, with GDP growth exceeding expectations in recent years — 3.2% in 2023 and 3.4% in 2024, slowing to 2.2% in 2025. On the demand side, growth has been sustained by strong domestic consumption. On the fiscal front, the primary result has achieved the target in 2024 (-0.1% of GDP, excluding the extraordinary spending related to disasters in Rio Grande do Sul), and is also expected to stay within the target range in 2025. Finally, the investment rate, after declining during the pandemic, has been recovering when compared to previous years, reaching 17.3% of GDP in Q2 2025 (accumulated in four quarters), 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 5.6% in the third 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\$ 63.8 billion in the 12 months through October 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 exports in several goods (such as soybeans, coffee, sugar, beef, chicken, orange juice), 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 September 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



The Impact of US Tariffs on Brazilian Goods Exports

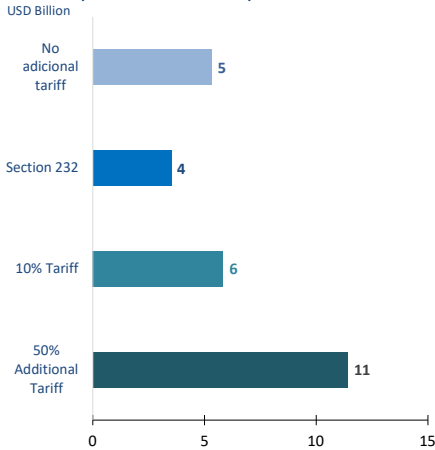
US Tariffs on Brazilian Goods Exports

In July 30th 2025, the USA imposed on Brazil an additional 40% trade tariff, on top of the original 10% tariff imposed on April 2nd 2025, composing a **50% total additional tariff**.

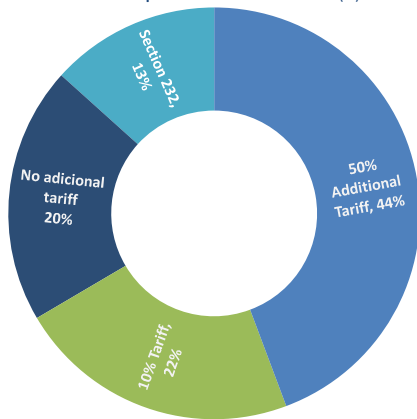
Between January and September 2025, **approximately 44.3% of Brazilian exports to the United States (US\$ 11.64 billion) were subject to the 50% additional tariff (10% + 40%)**, mainly coffee, meat, sugar, wood and machinery; **22.2% (US\$ 5.83 billion), including aircraft, orange juice, pig iron and iron ore, remained subject only to the 10% additional tariff**; 13.3% (US\$ 3.5 billion), such as auto parts and automobiles, steel, aluminum and copper, continued to face specific tariffs already in place, **including those under Section 232**; and the remaining **20.2% (US\$ 5.32 billion)**, including oil, oil fuels and pulp, were excluded from the 50% additional tariff, with pulp exempted in September.

Current effective US tariff on Brazil: around 31% (around 17.9% from US on world)

Brazilian Exports to USA in Jan to Sep 2025



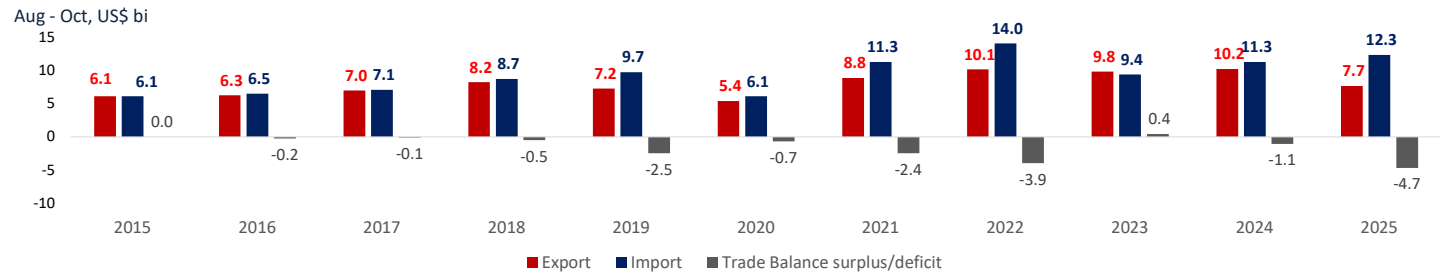
Brazilian Exports to USA in 2025 - Share (%)



Trade Brazil - USA: August to October 2025

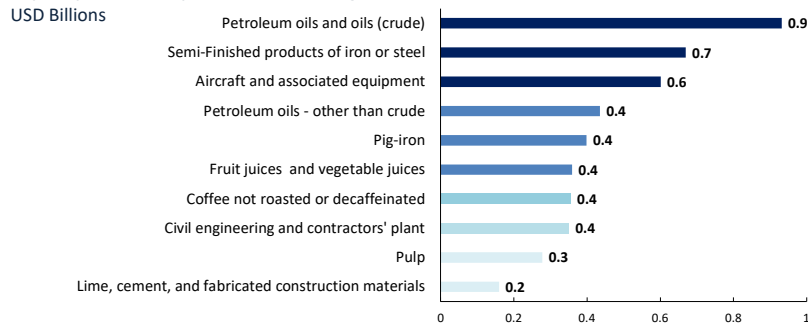
In 2025, the **trade deficit** with the United States, from August to October, **widened to USD 4.7 billion**, larger than the same period in 2024, partly reflecting the **impact of higher tariffs**. **Imports rose by 9.5%**, driven by stronger demand for industrial goods, while **exports declined by 24.9%**, affected by lower intermediate goods. As a result, the **deficit expanded by 341%**.

Trade Balance US-Brazil



From August to October 2025, Brazilian exports to the United States were highly concentrated in **intermediate goods**. Petroleum oils was the leading item, reaching US\$ 0.9 billion, followed by **Semi-Finished products of iron or steel** (US\$ 0.7 billion) and **Aircrafts and related itens** (US\$ 0.6 billion). The **performance of intermediate goods deteriorated** the most among impact categories when compared with 2024. Overall, the export basket reveals a strong specialization in energy, metals and agricultural commodities, only with a limited presence of higher value-added manufactured goods.

Top 10 products exported to US in Aug-Oct 2025



Exports to USA - BEC Level 1 (Aug-Oct)			
Categories	2024 USD Billion	2025 USD Billion	Var %
CAPITAL GOODS	1.63	1.32	-19%
CONSUMER GOODS	1.38	1.05	-24%
FUELS AND LUBRICANTS	1.77	1.37	-23%
INTERMEDIATE GOODS	5.41	3.91	-28%

Top destination for Brazil's exports between August and October 2025

Top Destinations for Brazilian Exports				
Jurisdiction	Value (FOB)	Change (% YoY)		
August - October	2025	Change in Value	Change in Quantity	Change in Unit Price
	US\$ Billion	%	%	%
World	92.0	6.4%	11.3%	-4.5%
China	27.1	25.7%	15.5%	8.8%
European Union (EU)	13.0	-0.9%	10.2%	-10.1%
United States	7.7	-24.9%	-20.6%	-5.4%
Argentina	5.1	22.0%	17.3%	4.0%
Mexico	2.2	15.7%	10.1%	5.1%
Singapore	2.2	10.0%	10.0%	0.1%
India	2.1	74.3%	211.5%	-44.1%
Canada	1.9	6.6%	19.7%	-10.9%
Chile	1.9	14.3%	12.4%	1.7%
South Korea	1.6	-21.6%	-0.7%	-21.0%

Source: MDIC/ ComexStat

Brazilian **exports from August–October 2025** grew by around 6.4% in value, when compared with the same period a year earlier. This was due to an expansion in export quantities (11.3%), despite lower average export prices (-4.5%).

The main **export partners** of Brazil remained **China, European Union, the United States and Argentina**. However, the share of exports to US fell from 12% in August-October 2024 to 8% in August-October 2025. Conversely, the share of exports to China rose from 25% to 29% in the same period. Indeed, the performance of exports to the United States was the worst among 10 largest jurisdictions during the period analysed.

Nonetheless, Brazil managed to **redirect its exports to other countries in Asia (China, Singapore, India) and America (Argentina, Mexico, Canada, Chile)**, offsetting losses resulting from US tariffs.

Tariffs impacts on Brazilian Exports (Aug-Oct 2025 compared to Aug-Oct 2024)

Products subject to a 50% tariff (10% in 2nd April + 40% in 30th July)

Export values of products facing 50% tariffs to US decreased markedly between August-October 2024 and August-October 2025. Exports quantities fell relatively more, despite higher unit prices.

Beef: Exports to US fell -53.7%, with the US falling in the ranking of export destinations from 2º to 6º. Conversely, total beef exports rose 50.2%, mainly to China and Mexico (1ª and 2º main destinations).

Coffee and Machinery: Exports to US fell -17.3% and -26.2%, respectively. However, total exports increased (+10.2% in the case of coffee, and 12.8% in the case of machinery), as Brazil managed to diversify its exports to other markets, such as Germany in the case of coffee, and Singapore in the case of machinery.

Sugar and Wood: Exports to US fell markedly, -78.8% and -35%. Total exports also decreased (-16.8% and -7.2%), showing that in those sectors the diversification of exports could not replace entirely the market lost in US (e.g. for wood, US is still the largest export destination).

Goods	Total Exports (YoY)			Exports to USA (YoY)			USA position in Brazil Exports		
Aug-Oct	Change in Value	Change in Quantity	Change in unit price	Change in Value	Change in Quantity	Change in unit price	2024	2025	Main destination
	%	%	%	%	%	%	Position	Position	2025
Beef	50.2	22.2	22.9	-53.7	-58.4	11.3	2nd	6th	China
Coffee	10.2	-21.2	39.9	-17.3	-39.6	36.9	2nd	2nd	Germany
Sugar	-16.8	-3.0	-14.2	-78.8	-81.8	16.5	27th	13th	China
Wood	-7.2	2.6	-9.6	-35.0	-39.1	6.7	1st	1st	USA
Machinery	12.8	4.3	8.2	-26.2	-27.0	1.2	2nd	5th	2024: South Korea 2025: Singapore

P.s. The categories "Coffee and Machinery" are composed by different types of products, each one with different rankings of destinations. Hence it was considered the ranking of the destination of the largest subcategory in Aug-Oct 2025 (i.e. "unroasted coffee" and "other machinery and equipment").

Products subject to a 10% tariff

Exports of products facing a 10% tariff to US fell solidly between August-October 2024 and August-October 2025

Iron ore: Export values to US fell -83.3%, due to strong decreases in quantities. Nevertheless, total iron ore exports rose 12.1%, with increased sales to China.

Pig iron: Exports to US also decreased (-24.9%), albeit less than total pig iron exports (-4.6%). In pig iron , the main destination shifted from USA to China, indicating a reorientation of trade flows in the context of tariffs.

Aircraft: Exports to US also reduced (-25.8%), despite a small rise in unit price. As the US is the major export market, total aircraft exports also declined (-21.2%).

Goods	Total Exports (YoY)			Exports to USA (YoY)			USA position in Brazil Exports		
Aug-Oct	Change in Value	Change in Quantity	Change in unit price	Change in Value	Change in Quantity	Change in unit price	2024	2025	Main destination
	%	%	%	%	%	%	Position	Position	2025
Pig Iron	-4.6	-6.2	1.7	-24.9	-21.5	-4.4	1st	2nd	2024:USA 2025:China
Iron Ore	12.1	10.3	1.6	-83.3	-79.2	-19.5	11th	23rd	China
Aircraft	-21.2	-17.6	-4.3	-25.8	-27.9	3.0	1st	1st	USA

Products with Specific Tariffs

Steel: Exports to US fell -60.2% between August-October 2024 and August-October 2025, with robust drop in quantities and lower unit prices. The US fell in the ranking of steel export destinations from 2º to 3º (now Argentina is 1º and Peru is 2º). Total exports also fell (-9.8%).

Copper: Export values to US decreased -46.2%, due to a drop in quantities despite an increase in prices. Total exports also fell, albeit a lower pace (-5.1%).

Aluminum: Expansion in US exports (314.3%), supported by higher quantities, despite lower prices. As aluminum US tariffs were raised across the world, the Brazilian aluminum likely gained market share in US from other important producers (e.g. China, Russia, Canada) also subject to tariffs or sanctions. Total aluminum exports also increased (+55.6%), to markets such as Japan.

Goods	Total Exports (YoY)			Exports to USA (YoY)			USA position in Brazil Exports		
Aug-Oct	Change in Value	Change in Quantity	Change in unit price	Change in Value	Change in Quantity	Change in unit price	2024	2025	Main destination
	%	%	%	%	%	%	Position	Position	2025
Steel	-9.8	-11.2	1.6	-60.2	-50.4	-19.6	2nd	3rd	2024:Peru 2025:Argentina
Copper	-5.1	-12.9	9.0	-46.2	-56.7	24.2	1st	1st	USA
Aluminum	55.6	53.7	1.2	314.3	421.1	-20.5	6th	3rd	Japan

Products excluded from tariffs

Exports of excluded items, mostly related to the energy sector, also decreased between August-October 2024 and August-October 2025.









Oil: Exports to US fell (-30.3%), both because of lower quantities and also lower unit prices. The US fell in the ranking of oil export destinations from 2º to 3º (now Netherlands is the 2º). Total oil exports increased, supported by higher quantities exported to countries such as China and Netherlands.

Oil fuels: Exports to US decreased (-4.1%), due to lower unit prices, despite higher quantities. Total global exports fell more (-18.6%).

Goods	Total Exports (YoY)			Exports to USA (YoY)			USA position in Brazil Exports		
Aug-Oct	Change in Value	Change in Quantity	Change in unit price	Change in Value	Change in Quantity	Change in unit price	2024	2025	Main destination
	%	%	%	%	%	%	Position	Position	2025
Oil	14.7	27.2	-9.8	-30.3	-22.6	-9.9	2nd	3rd	China
Fuel Oils	-18.6	-7.7	-11.8	-4.1	8.3	-11.5	2nd	2nd	Singapore

Source: MDIC/ ComexStat

Other relevant sectors exports to USA (Aug-Oct 2025 compared to Aug-Oct 2024)

-  **Fish:** Exports to US declined **-35.6%** in the period. Total exports decreased -12%.
-  **Pulp:** Exports to US fell **-33.1%** in the period. Total exports decreased -17.1%
-  **Eletrical Machinery:** Exports to US declined- **30.4%**. Total exports decreased -8.2%.
-  **Furniture:** Exports declined **-28.2%** in the period. However, total exports rose by 1.5%, mainly to destinations in South America (Argentina, Uruguay and Chile)
-  **Non eletrical Machinery:** Exports to US dropped **-22.8%** in the period. However, total exports rose by 19.4%, to destinations in Asia (e.g. Singapore) and America (e.g. Argentina, Mexico)
-  **Semi finished products in iron or steel:** Exports to US decreased **(-10.2%)** in the period. Total exports fell (-3.5%).
-  **Lime, cement and fabricated construction materials:** Exports to US fell **-6.4%** in the period. However, total exports rose by 2.6%, mainly to destinations in North America (Mexico, Canada).
-  **Footwear:** Exports to US descreased **(-1.8%)** in the period. Total exports fell (-4.5%).

Selected products (Aug-Oct 2025 vs Aug-Oct 2024)						
Goods	Total Exports (YoY)			Exports to USA (YoY)		
	Aug-Oct	Change in Value	Change in Quantity	Change in unit price	Change in Value	Change in Quantity
Iron Ore		12.1	10.3	1.6	-83.3	-79.2
Sugar		-16.8	-3.0	-14.2	-78.8	-81.8
Steel		-9.8	-11.2	1.6	-60.2	-50.4
Beef		50.2	22.2	22.9	-53.7	-58.4
Copper		-5.1	-12.9	9.0	-46.2	-56.7
Fish		-12.0	11.8	-21.3	-35.6	-38.6
Wood		-7.2	2.6	-9.6	-35.0	-39.1
Pulp		-17.1	14.4	-27.5	-33.1	0.5
Eletrical Machinery		-8.2	-2.5	-5.8	-30.4	-36.0
Oil		14.7	27.2	-9.8	-30.3	-22.6
Furniture		1.5	2.5	-1.0	-28.2	-17.5
Aircraft		-21.2	-17.6	-4.3	-25.8	-27.9
Pig iron		-4.6	-6.2	1.7	-24.9	-21.5
Non Eletrical Machinery		19.4	6.6	12.0	-22.8	-21.7
Coffee		10.2	-21.2	39.9	-17.3	-39.6
Semi Finished products in iron or steel		-3.5	13.5	-14.9	-10.2	6.8
Lime, cement and fabricated construction materials		2.6	-10.3	14.4	-6.4	-22.4
Fuel Oil		-18.6	-7.7	-11.8	-4.1	8.3
Footwear		-4.5	-0.1	-4.4	-1.8	-3.9
Aluminum		55.6	53.7	1.2	314.3	421.1

Source: MDIC/ ComexStat

The Impact of US Tariffs on Brazilian Goods Exports - Conclusion

The impact of higher US tariffs in Brazil from August to October 2025 reveals a mixed picture. Some sectors (e.g. sugar, wood, pig iron, steel, copper) were more affected, lowering their exports to US and not managing to redirect them to other destinations. In the case of other goods (e.g. coffee, beef, non electrical machinery, iron ore, furniture, construction material), it was possible to partly compensate the fall in US exports with sales to other destinations in Asia and America. In addition, sectors like aluminum managed to increase their exports not only to other destinations, but also to the USA, as the Brazilian aluminum likely gained market share in US from other important producers also subject to tariffs or sanctions. Even so, exports to US of goods that were not subject to tariffs (e.g. fuel oil, pulp) also fell, which might be a sign of other countries that have reached deals with US increasing their competitiveness in relative terms when compared to Brazil, and/or a deceleration of US demand for such goods.

Foreign Direct investment in Brazil - Expectations, 2025 Actual Numbers and Diversification of Sources

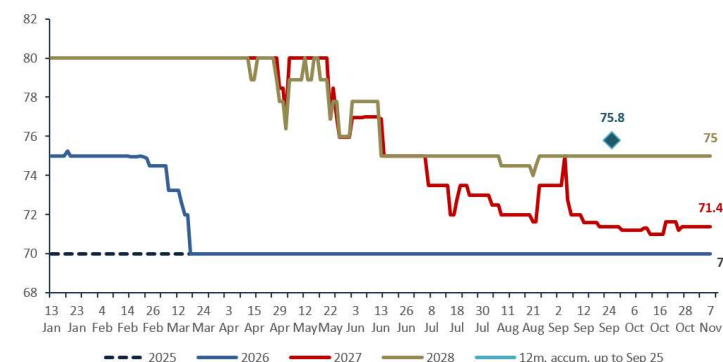
Since the beginning of the announcement of global US tariffs, in March 2025, the **expectation for FDI inflows** in Brazil kept steady for 2025 but started to reduce for 2026. Some months later, the expectations for FDI inflows for 2027 and 2028 were also negatively affected, especially after the escalation of the US tariffs against Brazil in July. However, since September, with the prospects of negotiations between the two countries, FDI expectations have broadly stabilized. Current expectations for FDI inflows in 2026 are in the same level of 2025 expectations, while for 2027 and 2028, expectations are in a higher level than 2025/2026.

Actual FDI inflows in Brazil in 2025 have exceeded expectations. The more recent numbers for FDI inflows in Brazil in 2025 (US\$ 63.2 billion from January-September 2025, and US\$ 75.8 billion in the 12 months accumulated until September 2025), are a signal that current market forecasts for the whole year of 2025 (US\$ 70 billion) are low.

In 2025, there was a change in the origin of FDI inflows, with a reduction in the share of FDI coming from the USA, and an increase in the share of FDI coming from Europe (especially Netherlands, Luxembourg, France, Germany, UK) and China, as it can be seen in the graph below. Hence, there was an increase in the **diversification of sources for FDI inflows in Brazil.**

FDI Market Forecast and observed data

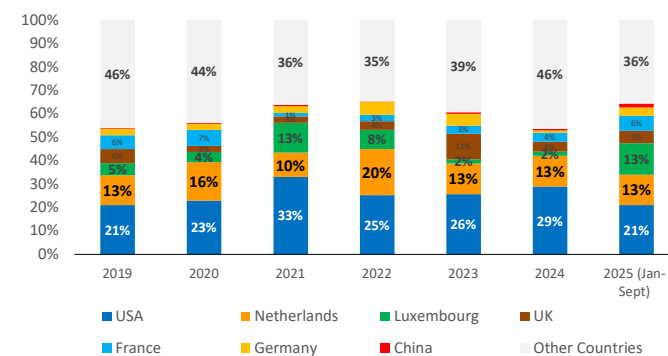
Median in US\$ Billion



Source: BCB

Countries's contribution - FDI Inflows in Brazil

% Share of total investment



Source: BCB