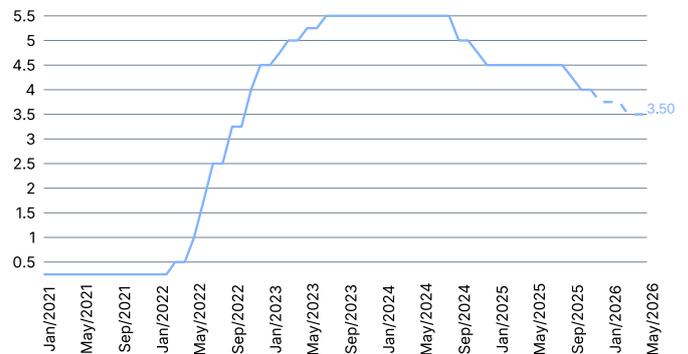The historical data and forecasts presented here can be accessed in **our Feature Store.Access here.**

## International

**The Federal Reserve cut its policy rate by 25 basis points in each of the last three FOMC meetings in 2025**, easing the degree of monetary restriction, even as the U.S. economy continued to post robust growth, driven by investments in artificial intelligence and re-silient consumer spending.  In this context, U.S. GDP is expected to have ended 2025 with stronger-than-anticipated performance following the tariff shock an-nounced by the Trump administration in April.  For 2026, we project the resumption of the monetary eas-ing cycle starting in June, and estimate that the Fed Funds rate will end the year at 3.25%.
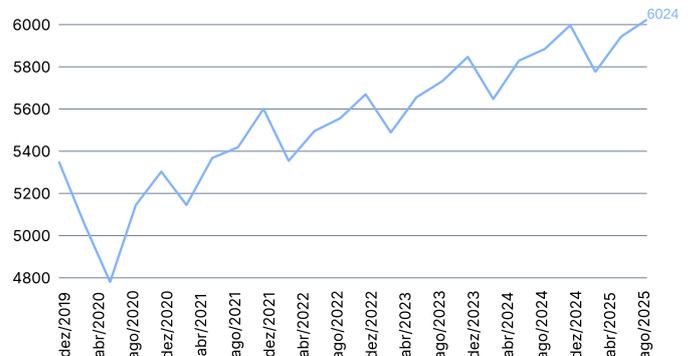
## Brazil

**The next Copom decision regarding the Selic rate will be announced on the 28th of this month**.  De-spite recent signs of resilience in economic activity, mainly driven by the retail sector, inflation has shown some easing.  The latest Focus Report points to the beginning of the easing cycle only in March, with a 50 basis-point cut.  In our baseline scenario, we project that Copom will start the monetary easing cycle in March as well, but with a more moderate 25 basis-point cut, and that the Selic rate will end 2026 at 12.50%.

**The IPCA rose by 0.33% in December** (from 0.18% in November), ending 2025 with an increase of 4.26%, compared to 4.83% in 2024.  The result came in line with both our projection and the median market ex-pectation, each at 0.33%. There were small upside de-viations in Services, driven by ride-hailing transporta-tion, which were offset by a milder increase in personal care within Industrial Goods.  For the January IPCA, we preliminarily project an increase of 0.35%.

**Retail sales surprised to the upside in November**.

### Federal Funds Rate – Target
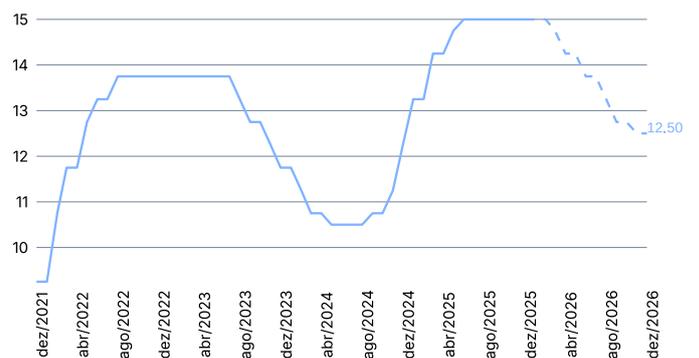% p.a. Source: FRED Elaboration: 4intelligence



### United States - GDP
Index (2023 = 100) Source: FRED Elaboration: 4intelligence



### Selic Rate - Target
% p.a. Source: Central Bank of Brazil Elaboration: 4intelligence



### Inflation Heatmap
Monthly variation (%). Source: IBGE

| | fev/2025 | mar/2025 | abr/2025 | mai/2025 | jun/2025 | jul/2025 | ago/2025 | set/2025 | out/2025 | nov/2025 | dez/2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Clothing | 0 | 0,59 | 1,02 | 0,41 | 0,75 | -0,54 | 0,72 | 0,63 | 0,51 | 0,49 | 0,45 |
| Health | 0,49 | 0,43 | 1,18 | 0,54 | 0,07 | 0,45 | 0,54 | 0,17 | 0,41 | -0,04 | 0,52 |
| Utilities | 4,44 | 0,24 | 0,14 | 1,19 | 0,99 | 0,91 | -0,9 | 2,97 | -0,3 | 0,52 | -0,33 |
| Education | 4,7 | 0,1 | 0,05 | 0,05 | 0 | 0,02 | 0,75 | 0,07 | 0,06 | 0,01 | 0,08 |
| Personal Expenses | 0,13 | 0,7 | 0,54 | 0,35 | 0,23 | 0,76 | 0,4 | 0,51 | 0,45 | 0,77 | 0,36 |
| Communication | 0,17 | 0,24 | 0,69 | 0,07 | 0,11 | -0,09 | -0,09 | -0,17 | -0,16 | -0,2 | 0,37 |
| Housing | 0,44 | 0,13 | 0,53 | -0,27 | 0,08 | 0,09 | -0,09 | -0,4 | -0,34 | -1 | 0,64 |
| Transportation | 0,61 | 0,46 | -0,38 | -0,37 | 0,27 | 0,35 | -0,27 | 0,01 | 0,11 | 0,22 | 0,74 |
| Food | 0,7 | 1,17 | 0,82 | 0,17 | -0,18 | -0,27 | -0,46 | -0,26 | 0,01 | -0,01 | 0,27 |

Sales volume in the core retail segment grew by 1.3% year over year (YoY), significantly above both 4Intelligence's projection (-0.3% YoY) and market medians (0.0% YoY according to Bloomberg and +0.1% YoY according to Agência Estado). Meanwhile, Broad Retail declined by only -0.3% YoY, a milder contraction than estimated by 4Intelligence (-1.2% YoY) and also less negative than Bloomberg's (-0.5% YoY) and Agência Estado's (-0.7% YoY) medians. 4Intelligence's preliminary projection for December points to +3.6% YoY for Core Retail and +4.0% YoY for Broad Retail.

**The Central Bank's economic activity index also surprised in November**, posting a 0.7% month-over-month (MoM) increase in the seasonally adjusted series and a 1.2% year-over-year (YoY) gain in the non-seasonally adjusted series. The result followed two consecutive declines of 0.1% MoM (both revised from -0.2% MoM) and lifted the indicator to its highest activity level since April, a month affected by the end of the soybean harvest — which was once again record-high in 2024/25 and is expected to be surpassed in 2025/26. The performance exceeded 4Intelligence's projections (+0.3% MoM; +0.4% YoY), as well as market medians compiled by Bloomberg (+0.4% MoM; +0.7% YoY) and Agência Estado (+0.35% MoM; +0.66% YoY).

## Politics

**Lula has little reason to celebrate his ability to govern Brazil** at the end of the third year of his current term. According to the I-GOV, December closed at the same level as January, at 48%. The year was marked by turbulence, with controversies and policy actions causing the indicator to fluctuate between 46% and 49.5%.

### Heatmap of Economic Activity
Seasonally adjusted series, Monthly variation (%). Source: IBGE, Central Bank of Brazil

| | jan/2025 | fev/2025 | mar/2025 | abr/2025 | mai/2025 | jun/2025 | jul/2025 | ago/2025 | set/2025 | out/2025 | nov/2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| PMS | -0.3 | 0.8 | 0.4 | 0.3 | 0.2 | 0.4 | 0.3 | 0.2 | 0.7 | 0.4 | -0.1 |
| PIM | 0.1 | 0.0 | 1.8 | -0.7 | -0.5 | 0.1 | -0.1 | 0.7 | -0.4 | 0.1 | 0.0 |
| PMC | 0.2 | 0.5 | 0.7 | -0.3 | -0.4 | 0.0 | -0.2 | 0.2 | -0.1 | 0.5 | 1.0 |

### Retail Sales Volume
Seasonally adjusted, 2022 average = 100 Source: IBGE Elaboration: 4intelligence



107.9
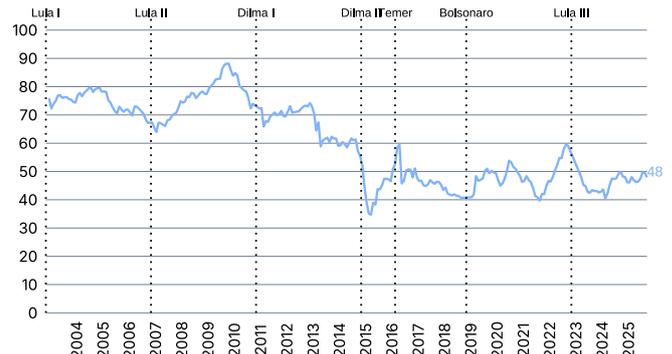
— Expanded  — Core
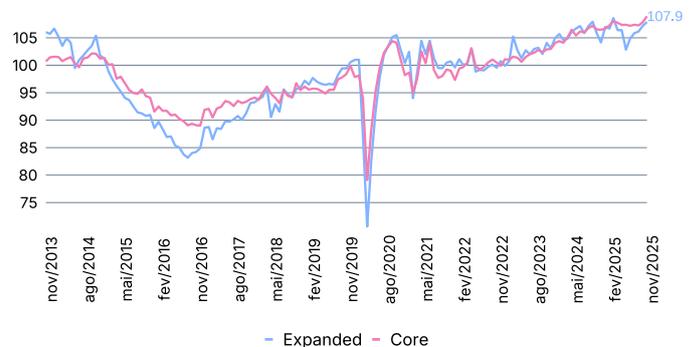
### Economic Activity Index
Index (2022 = 100), seasonally adjusted Source: BCB Elaboration: 4intelligence



109.3
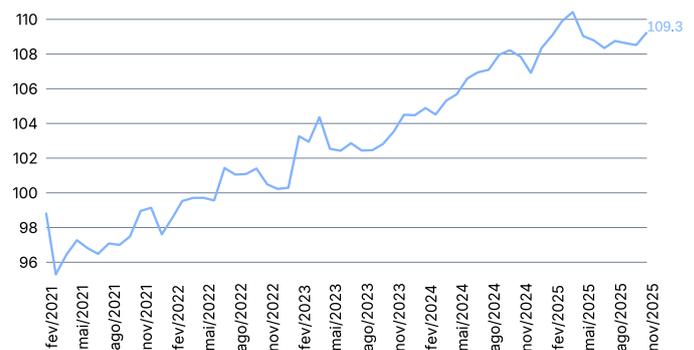
### Governability Index
% Source: 4intelligence Elaboration: 4intelligence



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## Disclaimer

The points of view expressed in this document constitute the private opinions of the analyst responsible for its elaboration up to the date of publication.

## Technical Team

Alexandre Teixeira / Antonio Madeira / Basiliki Litvac / Bruno Imaizumi / Bruno Lavieri / Caio Napoleao / Carlos Urso Junior / Cosmo de Donato Junior / Fabio Silveira / Fernando Sampaio / Francisco de Moraes / Giovana Ferreira / Giovane Berlande / Guilherme Seehagen / Gustavo Souza / Joao Carmo / Jose Senna / Juan Jensen / Julia Nicolaci / Leonardo Kawahara / Luis Suzigan / Maria Rafaela Soares / Michael Seymour Burt / Renan Armiliato / Ricardo Ribeiro / Rodrigo Nishida / Thais Zara / Sofia Vargas / Vitor Oliveira