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## International

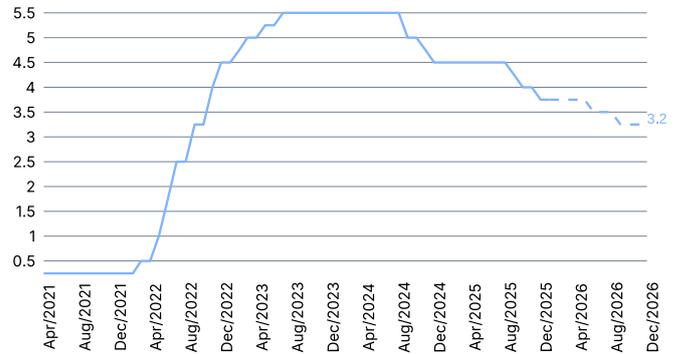
**In the United States, the FOMC kept the policy rate unchanged within its current target range**, following the significant cuts implemented in the previous year. Recent indicators, showing continued labor market resilience and relatively well-behaved inflation (albeit somewhat sticky), suggest that the Fed remains in a comfortable position to maintain a “pause mode” in the near term. By reiterating the 3.50%–3.75% per year target range, the Committee signaled that it will carefully assess incoming data before making any further adjustments. Market pricing currently points to two 25-basis-point cuts in 2026, likely only in the second half of the year, following Jerome Powell’s departure and Kevin Warsh’s appointment as Fed Chair in May. Our baseline scenario is consistent with this outlook.

## Brazil

**At its latest meeting, the Comitê de Política Monetária (Copom) decided to keep the Selic rate unchanged at 15.00%.** In the [statement](#) released after the decision, the Committee highlighted the persistent uncertainty in the external environment, stemming from U.S. economic policy, and noted that such a backdrop calls for caution in the conduct of monetary policy. On the other hand, the set of domestic indicators has continued to show moderation. In light of this, the statement emphasizes that the Committee foresees the beginning of the monetary easing process at its next meeting, should the expected scenario be confirmed, and underscores that the current strategy involves the “calibration” of the policy rate. In the latest [Focus Report](#), market expectations for the next meeting point to a 50-basis-point cut. More important than the start of the “calibration” cycle, however, is the pace of easing in subsequent meetings, which, in our view, should not exceed 50 basis points per meeting.

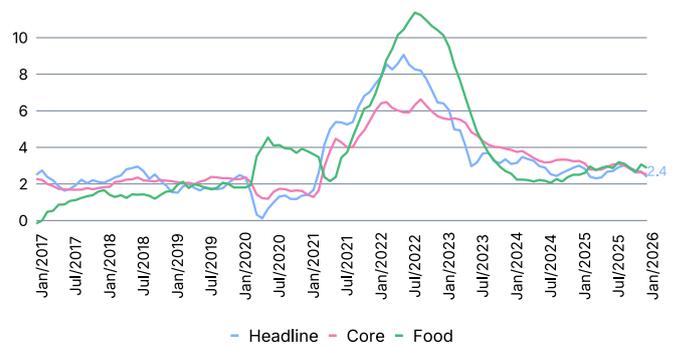
Federal Funds Rate – Target

% p.a. Source: FRED Elaboration: 4intelligence



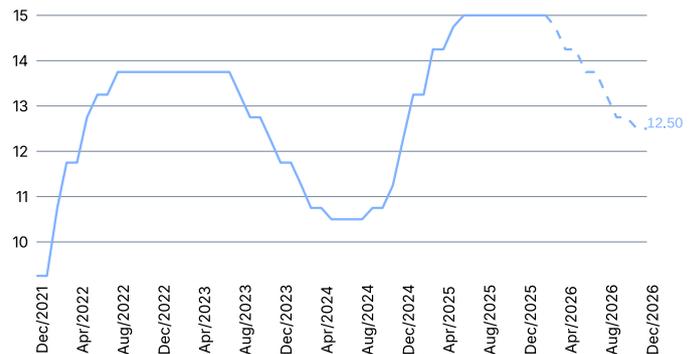
CPI - Consumer Prices

Annual variation (%) Source: Bureau of Labor Statistics Elaboration: 4intelligence



Selic Rate - Target

% p.a. Source: Central Bank of Brazil Elaboration: 4intelligence



Inflation Heatmap

Monthly variation (%). Source: IBGE

Clothing	0.59	1.02	0.41	0.75	-0.54	0.72	0.63	0.51	0.49	0.45	-0.25
Health	0.43	1.18	0.54	0.07	0.45	0.54	0.17	0.41	-0.04	0.52	0.7
Utilities	0.24	0.14	1.19	0.99	0.91	-0.9	2.97	-0.3	0.52	-0.33	-0.11
Education	0.1	0.05	0.05	0	0.02	0.75	0.07	0.06	0.01	0.08	0.02
Personal Expenses	0.7	0.54	0.35	0.23	0.76	0.4	0.51	0.45	0.77	0.36	0.41
Communication	0.24	0.69	0.07	0.11	-0.09	-0.09	-0.17	-0.16	-0.2	0.37	0.82
Housing	0.13	0.53	-0.27	0.08	0.09	-0.09	-0.4	-0.34	-1	0.64	0.2
Transportation	0.46	-0.38	-0.37	0.27	0.35	-0.27	0.01	0.11	0.22	0.74	0.6
Food	1.17	0.82	0.17	-0.18	-0.27	-0.46	-0.26	0.01	-0.01	0.27	0.23

Mar/2025 Apr/2025 May/2025 Jun/2025 Jul/2025 Aug/2025 Sep/2025 Oct/2025 Nov/2025 Dec/2025 Jan/2026

**According to the Pesquisa Mensal do Comércio (PMC), in December, the volume of sales in core retail fell 0.4% MoM (+2.3% YoY), while extended retail declined 1.2% MoM (+2.8% YoY).** In the consolidated data for 2025, core retail sales grew 1.6%, while extended retail sales increased only 0.1%. Despite these gains, both measures showed a marked deceleration compared to 2024, when they expanded by 4.1% and 3.8%, respectively. 4Intelligence’s preliminary estimate for January points to stability at the margin for core retail (+1.9% YoY) and a 0.7% MoM increase for extended retail (+0.8% YoY)

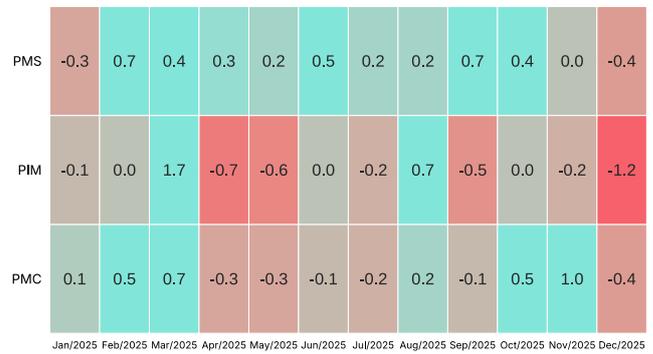
**In 2025, the volume of services grew 2.8% compared to 2024.** As this sector tends to be less sensitive to credit conditions, it exhibited a milder slowdown than that observed in industry and retail. The negative monthly result was mainly driven by the Transportation segment (-3.1% MoM). In cumulative terms for 2025, the volume of services expanded 2.8% relative to 2024. Being less sensitive to credit, the sector showed a more moderate deceleration compared to industry and retail, maintaining an annual growth pace between 2.8% and 3.1% over the past three years. 4Intelligence’s preliminary estimate for January points to a +0.2% MoM increase (+2.9% YoY).

## Politics

**Lula begins the year moving sideways.** The president enters the fourth and decisive year of his third term facing challenges that put his reelection bid at risk. While he recently stated that he will not lose the race and knows that the institutional machinery tends to weigh positively throughout the year ahead of the elections, polls suggest voter fatigue with the incumbent and a strengthening of the right, largely associated with rejection of Lula. In this context, January of the election year begins with the **I-GOV** at 48.5%, indicating a broadly stable scenario relative to previous periods.

Heatmap of Economic Activity

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



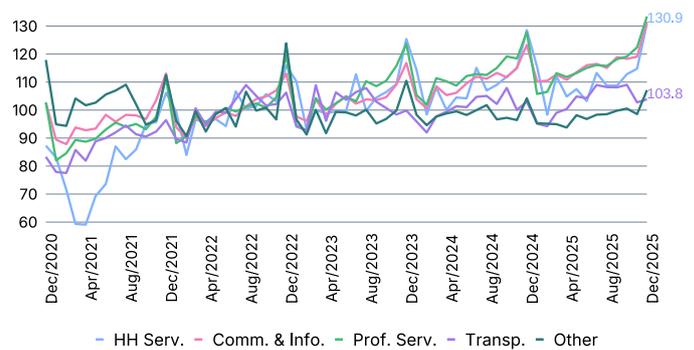
Retail Sales Volume

Seasonally adjusted, 2022 average = 100 Source: IBGE Elaboration: 4intelligence



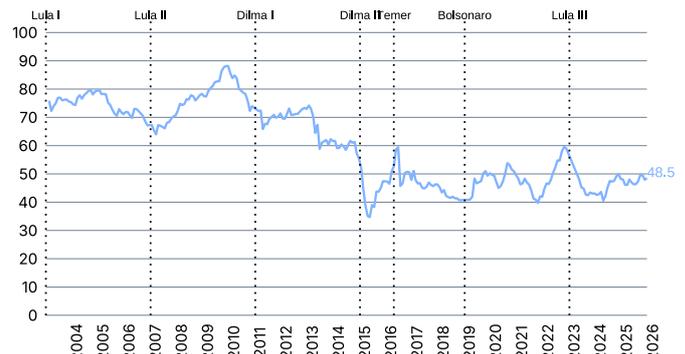
Services Volume

Index (2022 = 100) Source: IBGE Elaboration: 4intelligence



Governability Index

% Source: 4intelligence Elaboration: 4intelligence



## **Disclaimer**

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