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International

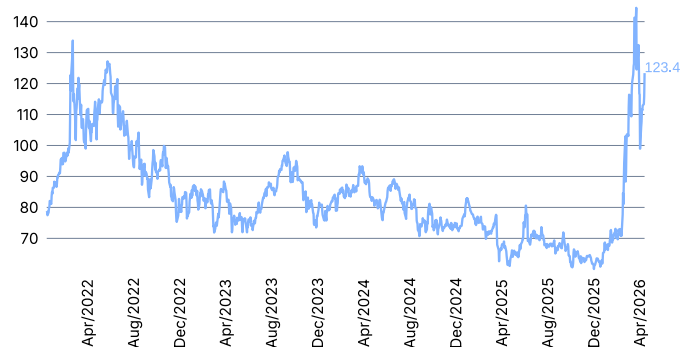
On February 28, a major armed conflict broke out in the Middle East and remains ongoing. This event has triggered widespread economic consequences globally and created an environment of significant uncertainty. One of the measures adopted during the conflict was the closure of the Strait of Hormuz, a vital transit point for approximately 20% to 30% of the world's oil supply. Consequently, spot oil prices have seen successive increases, surpassing US\$ 140 per barrel. This movement has brought severe repercussions for countries worldwide. In the United States, for instance, there is already a visible rise in price indices, most notably the headline CPI, which saw a 3.3% increase compared to March 2025. This inflationary rebound further exacerbates the climate of uncertainty within the U.S. landscape. As a result, market projections for GDP growth and household consumption have been revised downward.

Brazil

The IPCA (Extended Consumer Price Index) rose by 0.88% in March, reaching a 4.14% increase over the last 12 months. This result came in above median market expectations, primarily reflecting the impacts of the Middle East conflict on the Brazilian economy. Transportation was the group with the highest variation (1.64%), driven by rising fuel prices, particularly gasoline and diesel. Additionally, the Food and Beverage and Administered Prices groups stood out. All three categories are highly sensitive to fuel price fluctuations due to their heavy reliance on these inputs within their production and distribution chains. However, a deceleration is projected for the coming months, as it is expected that the price hikes for gasoline and diesel will begin to moderate.

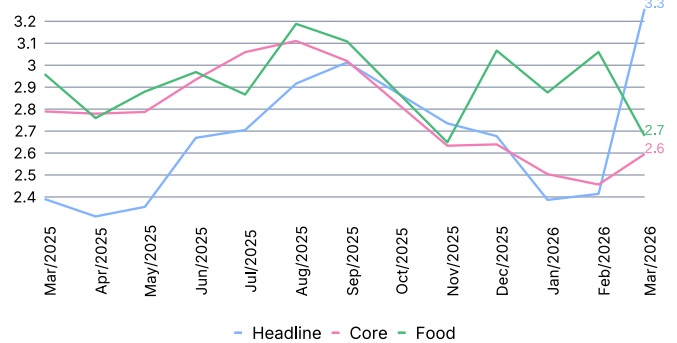
Brent Crude Oil Spot Price Trend

Daily prices (US\$/barrel) Source: Bloomberg. Elaboration: 4intelligence



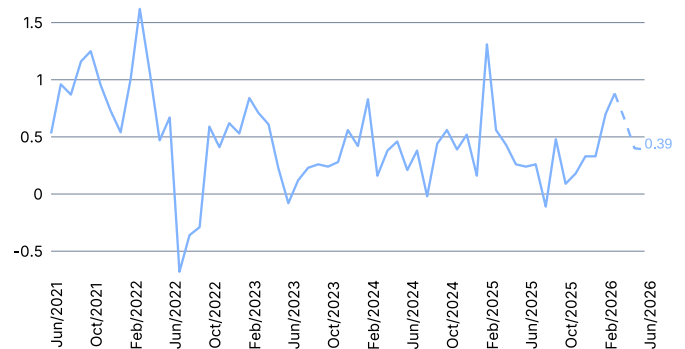
CPI - Consumer Prices

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



IPCA Inflation Trend

Monthly variation (%) Source: IBGE. Elaboration: 4intelligence



Inflation Heatmap

Monthly variation (%). Source: IBGE

Clothing	0.41	0.75	-0.54	0.72	0.63	0.51	0.49	0.45	-0.25	0.16	0.46
Health	0.54	0.07	0.45	0.54	0.17	0.41	-0.04	0.52	0.7	0.59	0.42
Utilities	1.19	0.99	0.91	-0.9	2.97	-0.3	0.52	-0.33	-0.11	0.3	0.22
Education	0.05	0	0.02	0.75	0.07	0.06	0.01	0.08	0.02	5.21	0.02
Personal Expenses	0.35	0.23	0.76	0.4	0.51	0.45	0.77	0.36	0.41	0.33	0.65
Communication	0.07	0.11	-0.09	-0.09	-0.17	-0.16	-0.2	0.37	0.82	0.15	0.19
Housing	-0.27	0.08	0.09	-0.09	-0.4	-0.34	-1	0.64	0.2	0.13	0.51
Transportation	-0.37	0.27	0.35	-0.27	0.01	0.11	0.22	0.74	0.6	0.74	1.64
Food	0.17	-0.18	-0.27	-0.46	-0.26	0.01	-0.01	0.27	0.23	0.26	1.56

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

Both Retail (PMC) and Services (PMS) sector data for February came in below market expectations.

According to data released by IBGE, real revenue for the services sector grew by only 0.1% (+0.5% YoY). Meanwhile, real retail sales revenue (restricted) advanced 0.6% (+0.2% YoY), while expanded retail sales rose 1.0% (-2.2% YoY). Despite these positive monthly figures, both results missed market forecasts, pointing to an economic slowdown within these two sectors. Furthermore, the Retail and Services Confidence Indices for March showed declines, reflecting the global environment of uncertainty, the recent inflationary spike, and high interest rates.

The unemployment rate remains stable. Data from the Continuous PNAD for the rolling quarter ending in March showed that the unemployment rate remained steady at approximately 5.4% (seasonally adjusted). Despite the challenging environment of high interest rates and inflation, the labor market remains resilient, continuing to post historically low unemployment rates. Furthermore, real average earnings continue to show significant gains. In the case of formal employment, this is primarily driven by wage adjustments that have outpaced inflation. The combination of a tight labor market and rising income creates a robust demand-side element that could translate into increased household consumption.

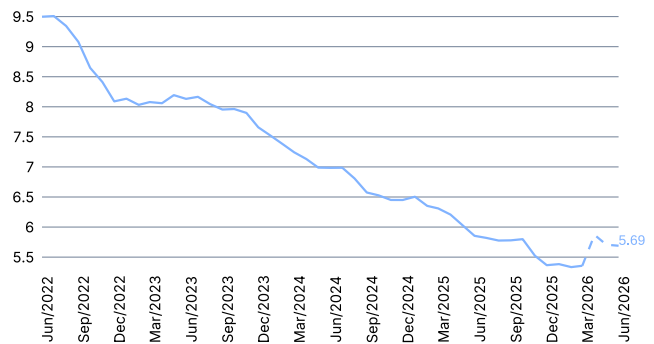
Heatmap of Economic Activity

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



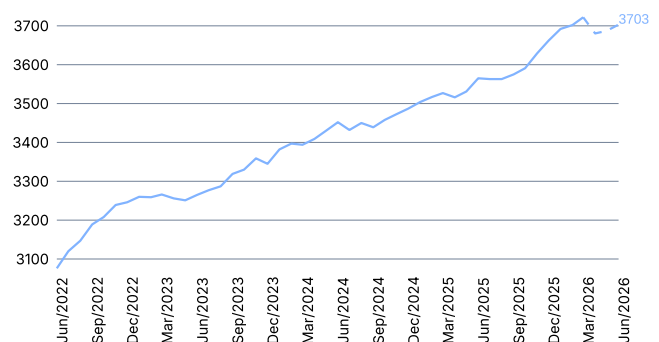
Unemployment Rate Trend

%, Seasonally Adjusted Source: IBGE. Elaboration: 4intelligence



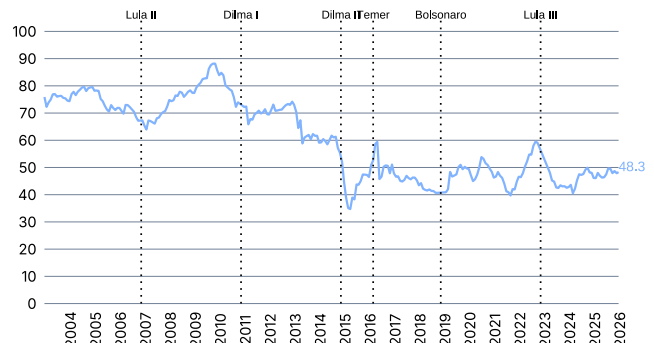
Real Average Earnings Trend

In R\$, Seasonally Adjusted Source: IBGE. Elaboration: 4intelligence



Governability Index (I-GOV)

% Source: 4intelligence Elaboration: 4intelligence



Politics

The electoral race remains tight. The impact of rising fuel prices has been deeply felt by the population, leading to a decline in the current administration’s approval ratings. This trend is also reflected in recent polling, where Flávio Bolsonaro, the leading opposition candidate, is polling very close to Lula. In this context, the month of March begins with the I-GOV index at 48.3%, indicating a stable scenario.

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.

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