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International

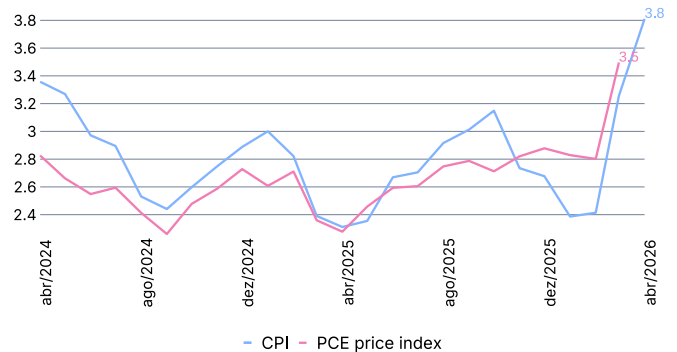
Armed conflict in the Middle East sustains global uncertainty. Despite a drop from its recent peak, spot oil prices closed the month of April at US\$ 122.59. As a ceasefire has yet to be reached, the macroeconomic consequences have continued to worsen worldwide. In the U.S., for instance, Consumer Price Index (CPI) inflation recorded a 3.8% year-over-year (YoY) increase. The Personal Consumption Expenditures (PCE) price index—the Fed’s preferred inflation gauge—rose 3.5% in the 12 months ending in March, accelerating from the previous month (2.8%). Meanwhile, in the Eurozone, the impact of the oil supply shock is even more pronounced: CPI inflation jumped from a 1.9% YoY increase in February to 3% in April, well above the 2% target. Given this scenario, the market expects the Fed Funds Rate to remain unchanged and anticipates an increase in the ECB’s deposit facility rate.

Brazil

On April 29, Brazilian the Central Bank reduced the Selic target rate by 0.25 p.p., bringing it to 14.50% p.a. The Central Bank (BCB) acknowledged signs of recovery in economic activity but still expects a deceleration trend for the 2026 aggregate. Furthermore, in light of the war-driven supply shock and the inflationary rebound observed in March and April, the Copom signaled that the current easing cycle may end sooner than expected. Our projections point to a Selic target rate of 13.50% p.a. by year-end. Meanwhile, the IPCA showed a slight deceleration in April compared to March, reaching 0.67% MoM. This cooling was primarily driven by the Transportation group, which saw a variation of 0.06% compared to 1.64% in March.

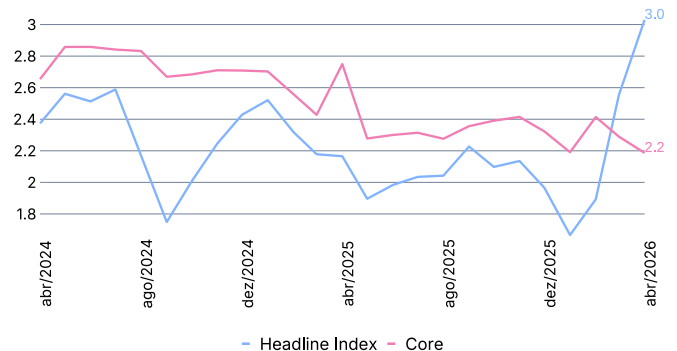
CPI and PCE price index

Annual variation (%) Source: BLS and BEA. Elaboration: 4intelligence



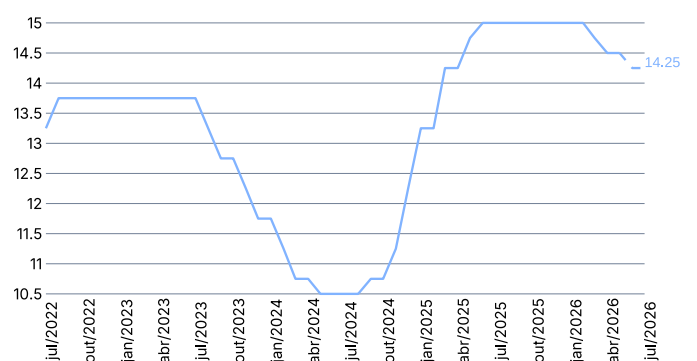
Eurozone - Consumer Price Index

Annual change (%) Source: Eurostat Elaboration: 4intelligence



Selic Target Rate Trend

Annual Rate (%) Source: BCB. Elaboration: 4intelligence



Inflation Heatmap

Monthly variation (%). Source: IBGE

	jun/2025	jul/2025	ago/2025	set/2025	out/2025	nov/2025	dez/2025	jan/2026	fev/2026	mar/2026	abr/2026
Clothing	0.75	-0.54	0.72	0.63	0.51	0.49	0.45	-0.25	0.16	0.46	0.52
Health	0.07	0.45	0.54	0.17	0.41	-0.04	0.52	0.7	0.59	0.42	1.16
Utilities	0.99	0.91	-0.9	2.97	-0.3	0.52	-0.33	-0.11	0.3	0.22	0.63
Education	0	0.02	0.75	0.07	0.06	0.01	0.08	0.02	5.21	0.02	0.06
Personal Expenses	0.23	0.76	0.4	0.51	0.45	0.77	0.36	0.41	0.33	0.65	0.35
Communication	0.11	-0.09	-0.09	-0.17	-0.16	-0.2	0.37	0.82	0.15	0.19	0.57
Housing	0.08	0.09	-0.09	-0.4	-0.34	-1	0.64	0.2	0.13	0.51	0.65
Transportation	0.27	0.35	-0.27	0.01	0.11	0.22	0.74	0.6	0.74	1.64	0.06
Food	-0.18	-0.27	-0.46	-0.26	0.01	-0.01	0.27	0.23	0.26	1.56	1.34

The services sector (PMS) experienced a significant deceleration in March. With a 1.2% MoM decline (+3.0% YoY) in real revenue, the PMS result fell well below market expectations. All five major groups within the survey showed a slowdown, most notably Transportation, which was heavily impacted by high volatility in fuel prices, posting a 1.7% MoM drop.

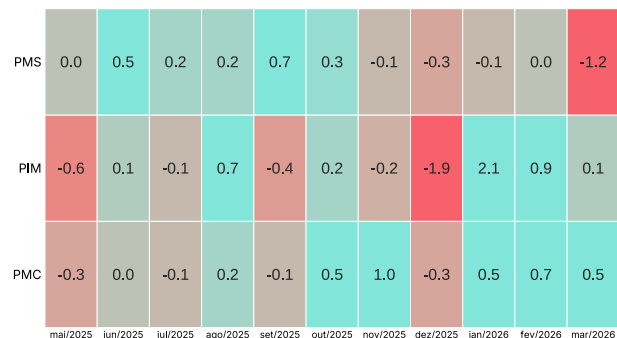
Conversely, both industry (PIM) and retail trade (PMC) delivered surprisingly positive results, both exceeding market projections. Industrial production advanced 0.1% MoM (+4.3% YoY), a result primarily driven by the Extractive Industry, which received a boost from high international prices for oil and its derivatives. Meanwhile, the PMC showed growth of 0.5% MoM (+4.0% YoY) in real revenue for restricted retail and 0.3% MoM (+6.5% YoY) for expanded retail. A positive highlight was the Fuels and Lubricants group, with a 2.9% MoM variation. Despite being counterintuitive given the price scenario, this result can be explained by strong economic activity, a seasonally favorable period, and relatively inelastic short-term demand.

Politics

The government faced political instability in April. The rejection of Jorge Messias's nomination to the Supreme Court (STF) was a significant event, marking the first such occurrence since 1894. Furthermore, electoral polls increasingly point to a very tight race between the current president and Flávio Bolsonaro, the leading opposition candidate. Despite this scenario, the **I-GOV** index reached 49.3% in April, representing a 1% increase compared to March.

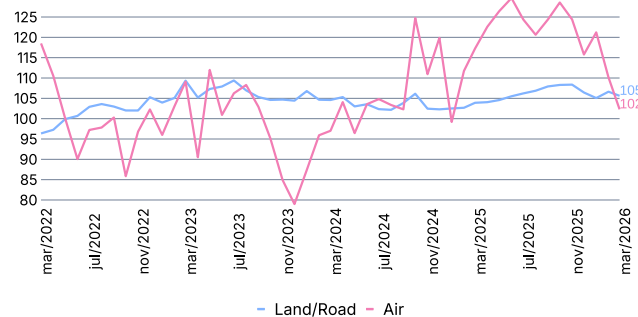
Heatmap of Economic Activity

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



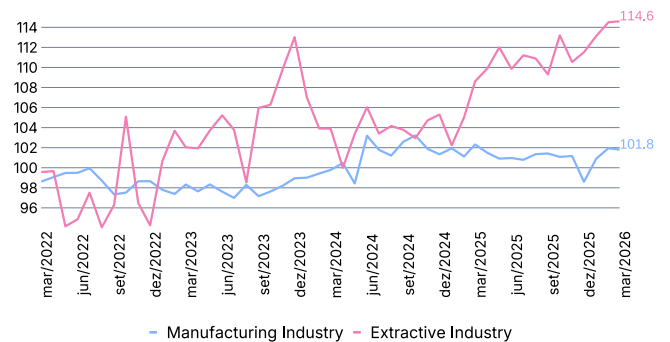
Transportation Services Volume

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



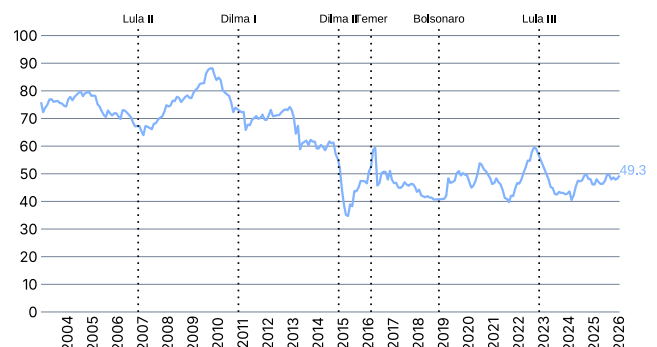
Industrial Production by Activity

Index, Jan/2020 = 100, seasonally adjusted series Source: IBGE Elaboration: 4intelligence



Governability Index (I-GOV)

% Source: 4intelligence Elaboration: 4intelligence



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