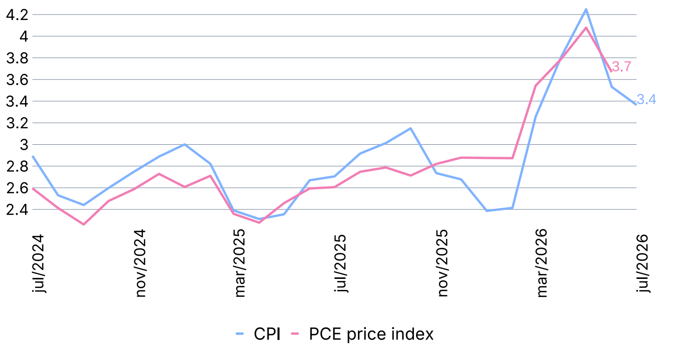
The historical data and forecasts presented here can be accessed in **our Feature Store.**[Access here.]

International

Global inflation eased in July, but oil prices rose again. Largely due to the decline in oil prices between mid-May and early July, inflation slowed worldwide in July. In the U.S., the two main consumer inflation gauges, CPI and PCE, eased to 3.4% and 3.7% YoY, respectively. However, both remain well above the Fed's informal 2% target. Combined with the resilience of economic activity, this continues to push back expectations of interest rate cuts in the USA over the coming months. Even so, the moderation in inflation strengthened market expectations that the FED would refrain from raising interest rates in September. Geopolitical tensions between the USA and Iran, however, triggered a renewed upward trend in oil prices beginning in early July. Although considerably less pronounced than the surge observed between March and April, this increase is expected to make it more difficult for inflation to continue easing in the months ahead.

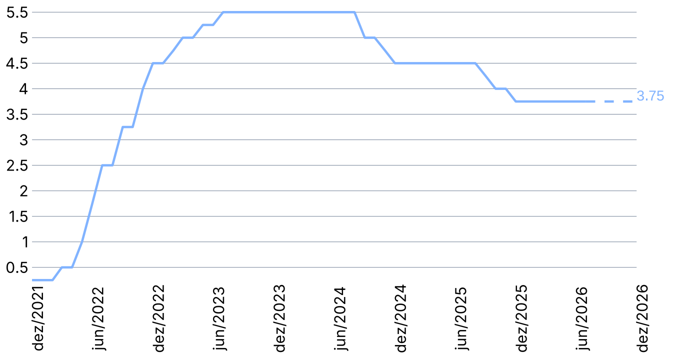
CPI and PCE price index

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



Fed Funds Target Rate Trend

Annual Rate (%) Source: FRED Elaboration: 4intelligence

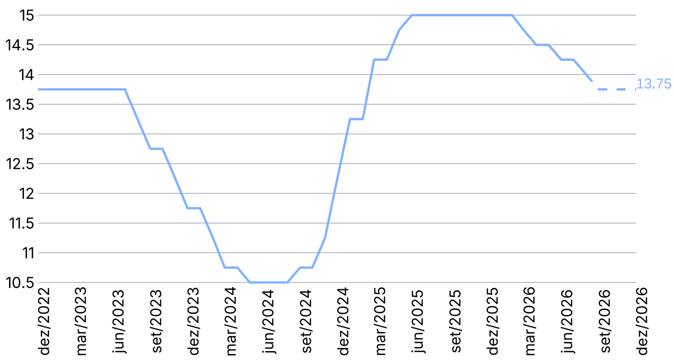


Brazil

Selic rate cut for the fourth consecutive meeting. On August 5, Copom reduced the Selic rate from 14.25% to 14.00% per year, continuing the easing cycle that began in March. One of the factors supporting the decision was a series of positive inflation surprises. Brazil's IPCA rose by just 0.07% MoM in July, slowing to 4.44% YoY. The moderation in inflation was driven mainly by deeper deflation in the Food and Beverages category, deflation in Clothing, and a slowdown in price increases in Transportation. In our assessment, the recent easing of inflation opens the door for another 25-basis-point cut in the Selic rate at the next Copom meeting. However, given the rebound in international oil prices and the prospect of higher food prices associated with El Niño, this is likely to be the final rate cut of the year.

Selic Target Rate Trend

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

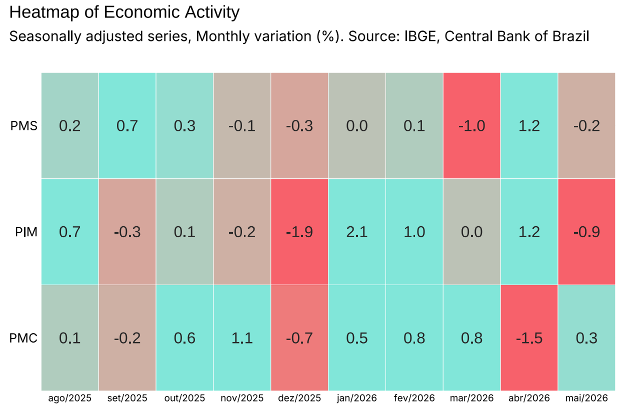


Inflation Heatmap

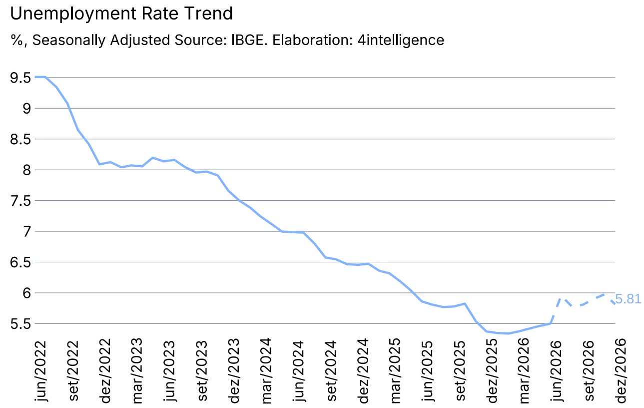
Monthly variation (%). Source: IBGE

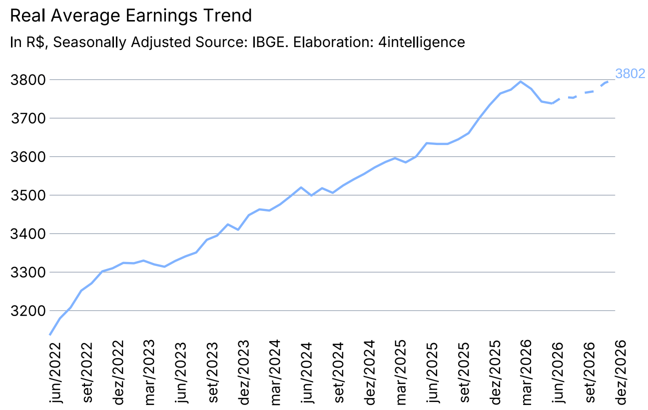
	set/2025	out/2025	nov/2025	dez/2025	jan/2026	fev/2026	mar/2026	abr/2026	mai/2026	jun/2026	jul/2026
Clothing	0.63	0.51	0.49	0.45	-0.25	0.16	0.46	0.52	0.62	0.17	-0.66
Health	0.17	0.41	-0.04	0.52	0.7	0.59	0.42	1.16	0.9	0.23	0.4
Utilities	2.97	-0.3	0.52	-0.33	-0.11	0.3	0.22	0.63	1.22	0.63	0.99
Education	0.07	0.06	0.01	0.08	0.02	5.21	0.02	0.06	0	-0.02	-0.03
Personal Expenses	0.51	0.45	0.77	0.36	0.41	0.33	0.65	0.35	0.41	0.25	0.22
Communication	-0.17	-0.16	-0.2	0.37	0.82	0.15	0.19	0.57	0.23	0.19	0.04
Housing	-0.4	-0.34	-1	0.64	0.2	0.13	0.51	0.65	0.08	0.23	0.07
Transportation	0.01	0.11	0.22	0.74	0.6	0.74	1.64	0.06	-0.46	0.17	0.05
Food	-0.26	0.01	-0.01	0.27	0.23	0.26	1.56	1.34	1.33	-0.24	-0.67

Economic activity posted mixed results in June. Monetary easing is taking place amid still uneven activity. According to the PIM, Brazilian industrial output fell 1.8% MoM in June, weighed down by still-high interest rates and weaker sales to the U.S. following higher tariffs. By contrast, the PMC showed that real revenue in core retail sales rose 0.5% MoM, while broad retail sales fell 1.0% MoM. The improvement in core retail was driven mainly by Food Retail, which grew 1.1% MoM, supported by food-price deflation in June. In contrast, Fuels posted a sharp decline (-1.7% MoM), reflecting higher global oil prices. Finally, the PMS showed services were flat in June (0.0% MoM). Audiovisual, IT and professional services advanced, while transportation declined.



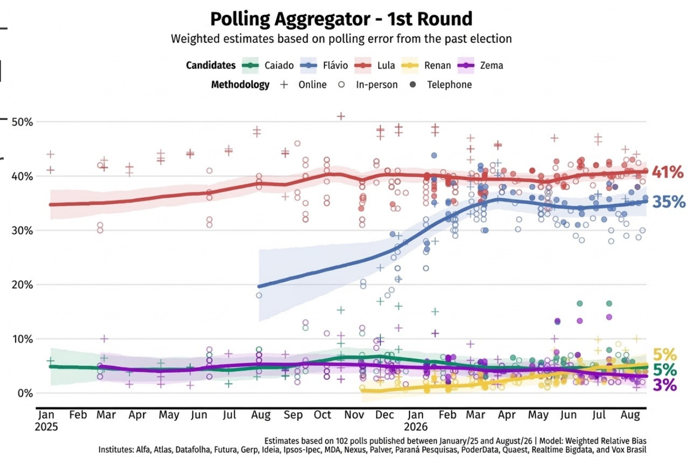
Labor market starts to show signs of slowing. According to the PNAD Contínua, the unemployment rate stood at 5.4% in June. Seasonally adjusted, it reached 5.5%, up 0.04 pp from May. Meanwhile, usual and effective earnings edged down 0.5% and 0.3%, respectively. Although the labor market remains strong, recent indicators point to more moderate conditions compared with earlier this year. The main reason is the recent slowdown in economic activity.





Politics

Election campaign officially begins. Amid controversies involving the leading candidates in the polls (Flávio Bolsonaro and Lula), the official campaign period has started, marking the stage when candidates present their proposals to voters. According to 4intelligence's poll aggregator, Lula leads the first-round race with 41% of voting intentions. Flávio ranks second with 35%, while all other candidates hold 5% or less.



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