Macro scenario - Global

February 27, 2026

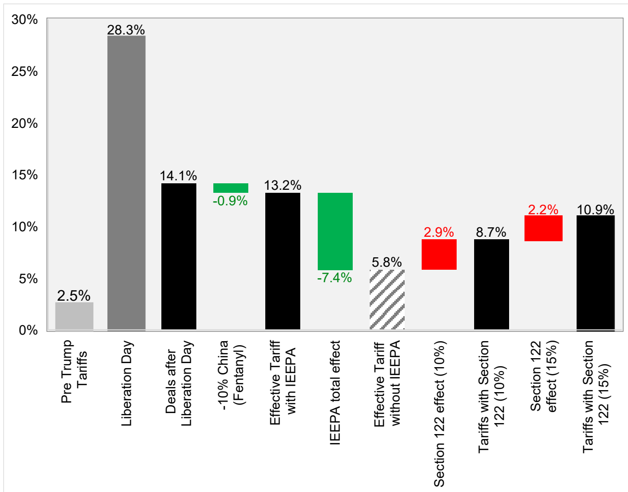
Uncertainty around tariffs and AI, but global growth remains resilient

- **Tariffs:** uncertainty persists after the reversal of the IEEPA-based tariffs and the implementation of new measures, but at a lower level than previously.
- **U.S.:** growth remains solid, supported by investment in artificial intelligence. Persistent inflation limits the scope for near-term rate cuts.
- **Europe:** we maintain our 2026 GDP growth forecast at 1.2%, amid early signs of implementation of Germany's fiscal package.
- **China:** no urgency for additional stimulus, as exports remain a key pillar for growth.
- **Latin America:** let it be... penciling in more cuts in Mexico despite upside inflation risks.

Uncertainty around tariffs and AI, but global growth remains resilient

Tariff uncertainty has returned to the forefront after the U.S. Supreme Court deemed unconstitutional the tariffs implemented under the IEEPA. However, most of the measures were reinstated through other legal mechanisms. We estimate that the current theoretical tariff rate is about 2 p.p. below the 13% level prevailing before the court ruling. Tariffs have had a smaller-than-expected impact on U.S. inflation and only a limited effect on activity (see below), but uncertainty and volatility around tariff levels have contributed to a medium-term weakening trend for the dollar.

Tariffs: effective & risks



Source: Itaú

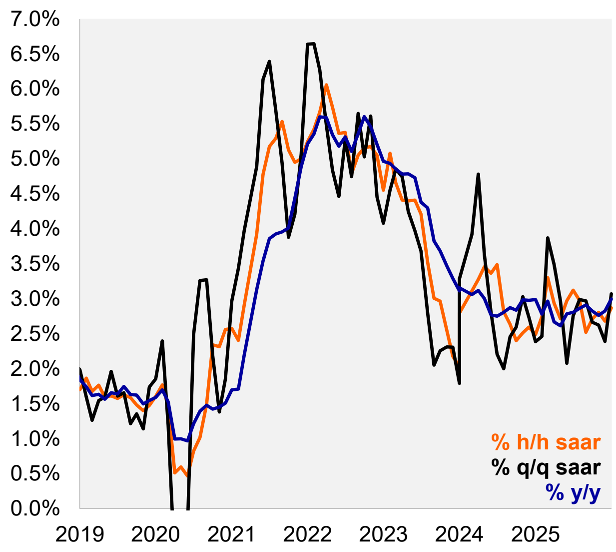
U.S.: growth remains solid, supported by AI investment. Persistent inflation limits scope for near-term rate cuts

U.S. growth remains solid and driven by domestic demand, with a strong contribution from investment in artificial intelligence (AI). GDP grew 2.2% in 2025, after a 1.4% annualized print in 4Q, with domestic demand still solid, rising 2.4% in the quarter and 2.7% over the year. We estimate that the direct effect of AI-related investment – more specifically private investment in software structures, computers and equipment, and data centers – accounted for roughly half of last year's GDP growth.

Despite the recent discussion about potential AI-driven disruption in some sectors – such as software services – having generated meaningful market moves, we see this mainly as a debate about sectoral consolidation risks rather than deeper macroeconomic implications, given that financial conditions remain in expansionary territory.

Finally, inflation remains persistent and is likely to run higher in 1Q, complicating the implementation of near-term rate cuts. Core PCE ended 2025 at 3.0% yoy, unchanged from 2024 and down marginally from 3.1% in 2023, underscoring persistent inflation that has not completed "the last mile" toward the 2% target. In addition, we estimate inflation will be higher in 1Q, influenced by seasonal residuals, averaging 0.35% m/m from January to March (4.2% annualized). Against this backdrop, while we believe the new Fed chair, Kevin Warsh, will maintain the institution's dovish bias, we continue to expect only two policy-rate cuts in the second half of the year.

U.S.: Core PCE at 3.0% yoy in Dec-25



Source: Haver, Itaú

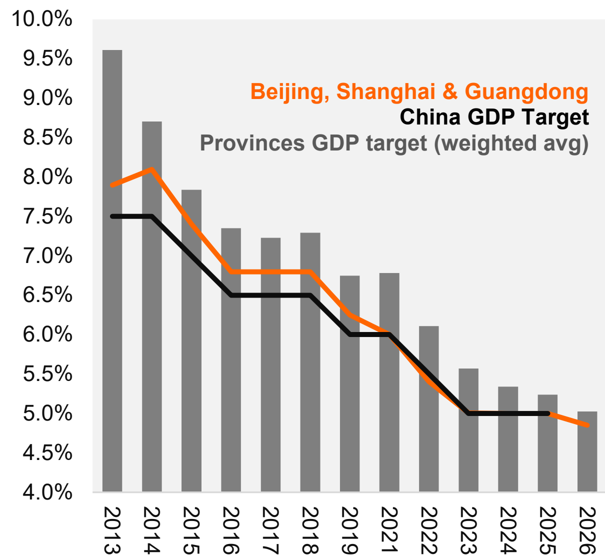
Europe: we maintain our 2026 GDP growth forecast at 1.2%, amid early signs of implementation of Germany's fiscal package

For Europe, we maintain our 2026 growth forecast at 1.2%, amid incipient signs of implementation of Germany's fiscal stimulus. Incoming data continues to surprise to the upside, supported by resilient domestic demand – especially investment – in a lower-rate environment. Moreover, early effects of the German fiscal package can already be seen in defense-related orders and in industrial surveys. We expect the fiscal stimulus to add 1.2 p.p. to German GDP and 0.4 p.p. to euro-area GDP. On inflation, the outlook remains consistent with convergence toward the 2% target, in line with ECB projections. As such, we continue to expect the ECB to keep policy rates unchanged going forward, with the balance of risks tilted more toward hikes than further cuts.

China: no urgency for additional stimulus, as exports remain a key pillar of growth

For China, provincial growth targets – more modest than in previous years – have increased the probability of a national growth target between 4.5% and 5.0%, compared with "around 5%" over the past three years. The congress that will set the 2026 targets is scheduled for March 5, and for now we keep our growth forecast at 5.0% for this year, pending the official target. Even if the national target is unchanged, we do not change our assessment that there is no urgency for additional stimulus. Growth continues to be supported by exports, whose performance has more than offset weak domestic demand. On FX, a rebalancing toward Chinese assets (and away from U.S. assets), alongside improved relations with key trading partners, opens room for a moderate appreciation to 6.85 per dollar.

China GDP: more cautious provincial growth targets



Source: Bloomberg, Local Newspapers, Itaú

In commodities, we revised our Brent oil forecast to USD 65/bbl (from USD 60/bbl), reflecting higher geopolitical risk related to a potential U.S. strike on Iran. Fundamentals still suggest prices should fluctuate between USD 60–65/bbl, with two offsetting forces: on one hand, the already scheduled OPEC supply increase adds downside pressure; on the other hand, resilient global growth supports demand. With geopolitical risk still elevated in the U.S.–Iran context, we believe prices should remain closer to the top of that range for now. In the near term, it will be important to monitor events that could affect Iran's production or, in an extreme scenario, disrupt oil flows through the Strait of Hormuz – through which around 20% of global production transits. Such a disruption would likely generate a sharp, albeit probably temporary, upward pressure on prices.

Latin America: let it be... penciling in more cuts in Mexico despite upside inflation risks

Growth forecasts unchanged in Mexico, Chile, and Colombia. Regarding activity, in Mexico, we maintained our 2026 GDP growth forecast at 1.5%, supported by expansion in its main trading partners and resilient private consumption, among other factors. Recent activity has surprised to the upside, with GDP rising 0.9% qoq/sa in 4Q25. Even so, against a backdrop of weak investment, the administration's recently announced infrastructure plan could provide an additional boost to demand.

In Chile, we also kept our 2026 GDP growth forecast at 2.6%, close to potential. Activity ended last year on a weak footing, resulting in limited carryover into 2026. Achieving our forecast requires a meaningful pickup over the course of the year. For 2027, stronger investment amid elevated copper prices leads us to forecast GDP growth of 2.5% (0.2pp above our previous estimate). Our focus remains on the expected spillover of the ongoing mining and energy investment cycle to other sectors of the economy. Swift progress on streamlining the investment process would lead us to further adjust our growth forecasts in Chile.

In Peru, domestic demand continues to perform well, supported by record terms of trade, contained inflation pressures, and an accommodative monetary policy stance. As a result, we revised our 2026 GDP growth forecast up to 3.1% (+0.2pp from our previous projection). Our constructive view on copper should continue to support terms of trade and mining activity, while household consumption will benefit from a dynamic labor market. Finally, in Colombia, we kept our GDP growth forecasts unchanged at 2.3% for 2026 and 2027, as the ongoing tightening cycle is set to restrain household consumption, while investment remains weak amid election-related uncertainty.

Upside inflation risks in Mexico contrast with subdued inflation dynamics in Chile and Colombia. In Chile, tracking and exchange rate dynamics led us to lower our 2026 inflation forecast to 2.8%, from 3.0% in our previous scenario; our path considers inflation fluctuating within the bottom half of the BCCh's tolerance range (3%+/-1%) throughout most of the year.

In Mexico, we maintained our 2026 inflation forecast at 3.7%, with risks skewed to the upside. Services inflation is likely to remain elevated, mainly reflecting wage dynamics, including the 13% nominal minimum wage hike in January. Second-round effects from excise taxes and tariffs should also weigh on disinflation going forward. Low FX pass-through in Mexico suggests that currency appreciation would provide only limited relief for goods inflation.

In Peru, we maintained our end-2026 inflation forecast at 2%, the midpoint of the BCRP's 1%–3% target range, implying a gradual rise from current levels, while survey-based inflation expectations remain well anchored. In Colombia, we also maintained our end-2026 inflation forecast at 6.7%; however, uncertainty around the implementation of the 23% minimum wage hike adds a downside bias to the forecast.

Penciling in more cuts in Mexico. Even though Banxico revised its short-term inflation forecast significantly higher, shifts in guidance, which reveal the proclivities of the majority of the board, and wider expected economic slack lead us to pencil in a lower terminal rate of 6.5% (previously at 6.75%). Our scenario considers a well-behaved currency, as interest rate differentials with the US decline. In Chile, we forecast a final 25bp cut to a terminal rate of 4.25%, the center of the neutral rate range, in March. While our scenario envisages a long pause, the balance of risks leans towards higher rates over the forecast horizon, given upside risks to growth.

In Peru, while inflation expectations remain well anchored, we have postponed the final 25 bps cut to reach the terminal (and neutral) rate of 4% to June 2026 — previously March 2026 — as we expect the BCRP to adopt a more cautious stance given the closed output gap, the timing of upcoming FOMC cuts, and rising domestic political uncertainty ahead of the April 12 general elections.

In Colombia, with the disinflation process reversing and inflation expectations well above the ceiling of the target's tolerance range, BanRep is projected to continue tightening over the next few meetings to our terminal rate call at 12%.

In Argentina, the administration is getting the job done. The government continues moving forward with structural reforms, now with the labor reform, aided by stronger support in Congress. Looking forward, the government will likely advance with its reform agenda, first on taxes, and then social security, among others. In this context, after growing by 4.4% in 2025, we forecast 2026 GDP growth at 3.5% amid a better outlook for investment and private consumption, both aided by lower interest rates. We revised our inflation forecast for YE26 to 23.5% from 20.0% in our previous scenario given higher than expected prints at the start of the year, even with a stronger ARS. We still foresee the exchange rate within the new band range throughout the year, reaching ARS/USD 1,700 by December helped by a weaker global USD.

Global | Forecasts and Data

	2021	2022	2023	2024	2025F		2026F		2027F	
					Current	Previous	Current	Previous	Current	Previous
GDP Growth										
World GDP growth - %	6.3	3.5	3.2	3.2	**3.3**	3.3	**3.6**	3.6	**3.4**	3.4
USA - %	6.2	2.5	2.9	2.8	2.2	-	**2.7**	2.7	**2.2**	2.2
Euro Area - %	6.4	3.7	0.5	0.8	1.5	-	**1.2**	1.2	**1.2**	1.2
China - %	7.7	3.0	5.4	5.0	5.0	-	**5.0**	5.0	**4.5**	4.5
Inflation										
U.S. Core CPI - %, eop	5.5	5.7	3.9	3.2	2.6	-	**3.2**	3.2	**3.5**	3.5
Interest rates and currencies										
Fed Funds - %, eop	0.13	4.15	5.38	4.52	3.63	-	**3.13**	3.13	**3.13**	3.13
U.S. 10 Year Treasury - %, eop	1.47	3.88	3.88	4.58	4.18	-	**3.80**	3.80	**3.80**	3.80
USD/EUR - eop	1.13	1.07	1.10	1.04	1.17	-	**1.18**	1.18	**1.18**	1.18
CNY/USD - eop	6.37	6.92	7.13	7.30	6.99	-	**6.85**	6.85	**6.85**	6.85
DXY Index* - eop	95.7	103.5	101.3	108.5	98.3	-	**97.4**	97.4	**97.4**	97.4

Source: IMF, Bloomberg and Itaú

* The DXY is a leading benchmark for the international value of the U.S. dollar, measuring its performance against a basket of currencies that includes the euro, yen, pound, Canadian dollar, Swiss franc and Swedish krona.

Compared scenario

World

	2025		2026		2027	
	Current	Previous	Current	Previous	Current	Previous
GDP (%)	**3.3**	-	**3.6**	3.6	**3.4**	3.4

Brazil

	2025		2026		2027	
	Current	Previous	Current	Previous	Current	Previous
GDP (%)	**2.3**	2.3	**1.9**	1.9	**1.7**	1.7
BRL / USD (eop)	**5.47**	-	**5.40**	5.50	**5.60**	5.70
Monetary Policy Rate (eop,%)	**15.00**	-	**12.25**	12.75	**11.25**	11.75
IPCA (%)	**4.3**	-	**3.8**	4.0	**3.9**	4.0

Argentina

	2025		2026		2027	
	Current	Previous	Current	Previous	Current	Previous
GDP (%)	**4.5**	4.5	**3.5**	3.5	**3.0**	3.0
ARS / USD (eop)	**1459**	-	**1700**	1700	**1950**	1900
Reference rate (eop,%)	**27.0**	-	**28.0**	25.0	**22.0**	20.0
CPI (%)	**31.5**	-	**23.5**	20.0	**18.0**	15.0

Colombia

	2025		2026		2027	
	Current	Previous	Current	Previous	Current	Previous
GDP (%)	**2.6**	2.8	**2.3**	2.3	**2.3**	2.3
COP / USD (eop)	**3757**	-	**3700**	3700	**3700**	3700
Monetary Policy Rate (eop,%)	**9.25**	-	**12.00**	12.00	**10.75**	10.75
CPI (%)	**5.1**	-	**6.7**	6.7	**5.7**	5.7

Paraguay

	2025		2026		2027	
	Current	Previous	Current	Previous	Current	Previous
GDP (%)	**6.0**	6.0	**4.0**	4.0	**4.0**	4.0
PYG / USD (eop)	**6598**	-	**6650**	6850	**6650**	6850
Monetary Policy Rate (eop,%)	**6.00**	-	**5.25**	5.25	**5.00**	5.00
CPI (%)	**3.1**	-	**3.5**	3.5	**3.5**	3.5

Latin America and Caribbean

	2025		2026		2027	
	Current	Previous	Current	Previous	Current	Previous
GDP (%)	**2.6**	2.5	**2.5**	2.5	**2.5**	2.5

Mexico

	2025		2026		2027	
	Current	Previous	Current	Previous	Current	Previous
GDP (%)	**0.6**	-	**1.5**	1.5	**2.0**	2.0
MXN / USD (eop)	**17.9**	-	**18.8**	18.8	**19.3**	19.3
Monetary Policy Rate (eop,%)	**7.00**	-	**6.50**	6.75	**6.50**	6.75
CPI (%)	**3.7**	-	**3.7**	3.7	**3.6**	3.6

Chile

	2025		2026		2027	
	Current	Previous	Current	Previous	Current	Previous
GDP (%)	**2.3**	2.3	**2.6**	2.6	**2.5**	2.3
CLP / USD (eop)	**900.6**	-	**860.0**	880.0	**860.0**	860.0
Monetary Policy Rate (eop,%)	**4.50**	-	**4.25**	4.25	**4.25**	4.25
CPI (%)	**3.5**	-	**2.8**	3.0	**3.0**	3.0

Peru

	2025		2026		2027	
	Current	Previous	Current	Previous	Current	Previous
GDP (%)	**3.4**	-	**3.1**	2.9	**3.0**	2.9
PEN / USD (eop)	**3.36**	-	**3.40**	3.40	**3.40**	3.40
Monetary Policy Rate (eop,%)	**4.25**	-	**4.00**	4.00	**4.00**	4.00
CPI (%)	**1.5**	-	**2.0**	2.0	**2.0**	2.0

Uruguay

	2025		2026		2027	
	Current	Previous	Current	Previous	Current	Previous
GDP (%)	**2.0**	2.0	**1.8**	1.8	**2.0**	2.0
UYU / USD (eop)	**39.0**	-	**39.5**	39.5	**40.0**	40.0
Monetary Policy Rate (eop,%)	**7.50**	-	**5.50**	6.50	**5.50**	6.50
CPI (%)	**3.6**	-	**4.5**	4.5	**4.5**	4.5

Source: Itau

Commodities

	2020	2021	2022	2023	2024	2025	2026F		2027F	
							Current	Previous	Current	Previous
Brent Oil (USD/bbl)	50	75	82	77	73	61	**65**	60	**65**	60
Iron Ore (USD/tonne)	153	116	110	135	103	104	**95**	95	**75**	75
Copper (USD/tonne)	7788	9525	8402	8489	9030	11763	**11050**	10250	**11050**	10250
Corn (Usd/bu)	437	592	656	480	444	444	**415**	415	**400**	400
Soy (Usd/bu)	1207	1290	1474	1311	984	1077	**1070**	1070	**980**	980
Wheat (Usd/bu)	604	790	749	619	548	532	**570**	600	**600**	600
Sugar (Usd/lb)	15	19	20	22	20	15	**15**	15	**16**	16
Coffee (Usd/lb)	123	235	166	188	321	360	**300**	300	**250**	250

Source: BBG, Itaú

Macro Research – Itaú

Mario Mesquita – Chief Economist

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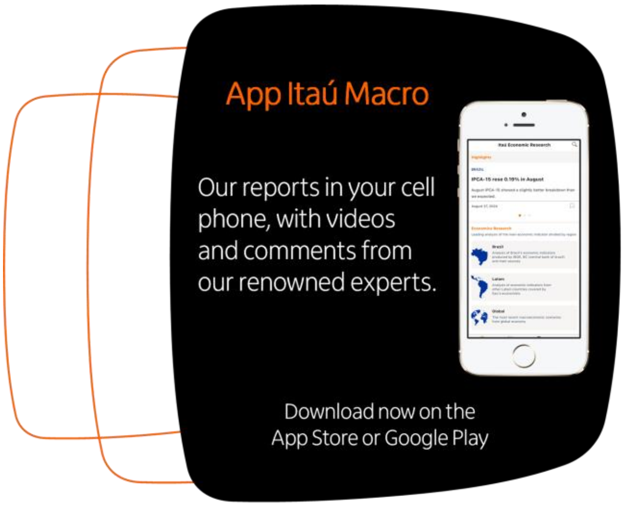

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