

We estimate that Brazil's GDP grew by 0.2% qoq/sa in 3Q25

- ▶ We estimate that Brazil's GDP grew by 0.2% quarter-over-quarter in 3Q25, seasonally adjusted. On an annual basis, our expectation is for a 1.7% increase. The official 3Q GDP data will be released next Thursday, December 4.
- ▶ On the supply side, the industrial sector likely posted annual growth of 1.6%, accelerating from a 1.1% y/y increase in the previous quarter. For the services sector, we expect a slowdown to 1.5% y/y (from 2.0% y/y in 2Q25), while for agriculture we forecast a deceleration to 6.0% y/y (from 10.1% y/y in 2Q25).
- ▶ On the demand side, both household consumption and investment are expected to have lost momentum. We estimate household consumption grew 1.2% y/y in 3Q25 (versus 1.8% in 2Q25) and investment rose 2.0% y/y (compared to 4.0% y/y in 2Q25).
- ▶ This release will also include revisions to quarterly GDP data from 2023 onwards, introducing an additional element of uncertainty.

The economy is expected to continue slowing in 3Q25

We estimate that GDP grew 0.2% quarter-on-quarter, seasonally adjusted, and advanced 1.7% year-on-year in 3Q25. Official data will be released next Thursday, December 4.

On the supply side, industry is expected to stand out positively, with annual growth accelerating to 1.6%, from 1.1% y/y in the previous quarter. Industrial activity was likely driven once again by the extractive sector, for which we project an 11% y/y increase in 3Q25, consistent with strong oil and gas output during the period.

The services sector, in turn, is expected to have slowed, with estimated growth of 1.5% y/y in 3Q25 (after 2.0% y/y in 2Q25). This reflects, among other factors, weaker performance in the "other services" category, particularly services provided to households. Retail trade also appears to have lost momentum: we estimate annual growth of 0.4% between July and September, compared to 0.9% y/y in 2Q25.

Agricultural GDP likely decelerated as well, with an estimated increase of 6.0% y/y in 3Q25 (down from 10.1% y/y in 2Q25), due to the harvest profile. For the quarter, the main positive highlights should be corn, cotton, wheat, and oranges.

Excluding agriculture, we estimate GDP grew 1.5% y/y, versus 1.7% y/y in 2Q25, reinforcing our view that the economy remains on a deceleration path over the next quarters, amid the lagged effects of tight monetary policy.

On the demand side, we expect a slowdown in both household consumption and investment. Household consumption likely grew 1.2% y/y, compared to 1.8% in 2Q25, with quarterly expansion similar to the previous period. Investment, meanwhile, is projected to have increased 2.0% y/y (versus 4.1% y/y in 2Q25), which on a quarterly basis suggests some recovery after last quarter's decline.

It is worth noting that this release carries an additional source of uncertainty: along with 3Q25 data, revisions to quarterly GDP numbers from 2023 onward will also be published.

GDP 3Q25 (YoY)						
	Weight	3Q24	4Q24	1Q25	2Q25	3Q25
GDP	100%	4.0%	3.6%	2.9%	2.2%	1.7%
Services	59%	4.1%	3.4%	2.1%	2.0%	1.5%
Public Administration	14%	1.7%	1.7%	0.5%	0.2%	0.1%
Other Services	15%	6.4%	4.5%	2.5%	2.7%	2.0%
Retail	10%	3.9%	4.7%	2.1%	0.9%	0.4%
Housing	8%	3.1%	2.6%	2.8%	2.2%	2.1%
Financial services	6%	5.1%	2.0%	2.1%	3.8%	2.6%
Transportation	3%	2.5%	3.9%	1.1%	1.3%	2.9%
Information Technology	3%	7.8%	6.2%	6.9%	6.4%	4.7%
Industry	21%	3.6%	2.5%	2.4%	1.1%	1.6%
Manufacturing	12%	4.2%	5.3%	2.8%	0.1%	-0.1%
Construction	3%	5.7%	5.1%	3.4%	0.2%	1.0%
Utilities	2%	3.7%	-3.5%	3.8%	-3.8%	-2.2%
Mining/Extractive	4%	-1.0%	-3.6%	0.2%	8.7%	11.0%
Agriculture	6%	-0.8%	-1.5%	10.2%	10.1%	6.0%
Taxes	14%	6.4%	6.1%	2.9%	1.4%	1.4%
Household consumption	63%	5.5%	3.7%	2.6%	1.8%	1.2%
Government Expenditure	18%	1.3%	1.2%	1.1%	0.4%	0.0%
Investment (GFCF)	18%	10.8%	9.4%	9.1%	4.1%	2.0%
Exports	20%	2.1%	-0.7%	1.2%	2.0%	7.1%
Imports	-19%	17.7%	16.0%	14.0%	4.4%	2.7%

Source: IBGE, Itaú

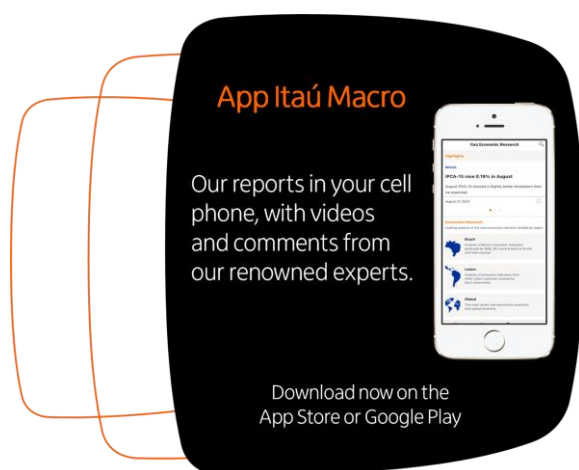
Finally, we maintain our GDP growth forecast of 2.2% for 2025. The balance of risks remains tilted to the downside, due to credit market dynamics, influenced especially by INSS payroll-deductible loans and tax changes (IOF), although lending to individuals and companies has shown a recent improvement, reducing the probability of these downside risks materializing.

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