

Macro Brazil

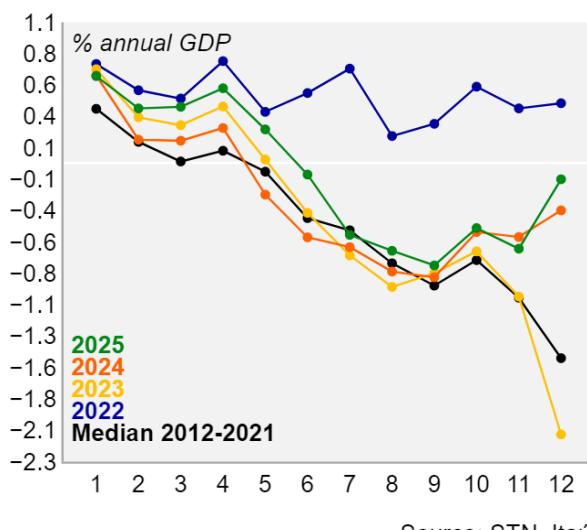


December 30, 2025

Primary deficit of BRL 14.4bn in November

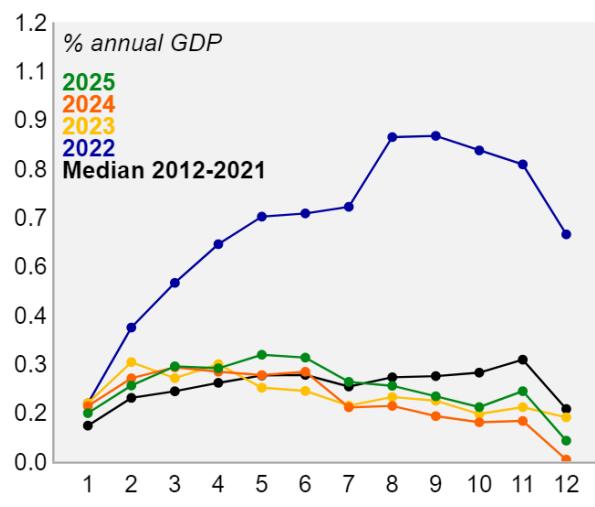
- The consolidated public sector recorded a primary deficit of BRL 14.4 bn in November, worse than our estimates (a deficit of BRL 11.0bn). The central government recorded a primary deficit of BRL 20.2 bn, as reported by the Treasury (based on the revenues and expenses), worse than our estimates (a deficit of BRL 12.5bn). According to the Central Bank (below the line figures), the central government posted a deficit of BRL 16.9 bn.
- The regional governments registered a surplus of BRL 5.3 bn. In the past 12 months, the consolidated primary result was 0.4% of GDP (vs. 0.3% in October), with the following breakdown: 0.4% of GDP for the central government and -0.1% for regional governments and SOEs.
- General government gross debt rose from 78.4% of GDP in October to 79.0% of GDP in November, while the public sector net debt rose from 64.8% to 65.2% of GDP. Ex-FX swaps, 12-month accumulated nominal deficit increased from 8.8% to 9.0% of GDP between October and November, while interest expenses increased from 8.5% to 8.6% of GDP.
- **Our view:** revenues continue to decelerate in line with economic activity. In the month, the negative surprise was related to judicial deposit devolutions in relevant amounts. Expenses have shown acceleration in the second half of the year with “precatorio” payments, civil servant wage increases, higher legislative amendment payments and discretionary expenditures. Looking ahead, we expect the government to meet the primary result target of -0.6% this year (considering exceptions and the lower limit of the 0% target), especially with around BRL 20 bn in extraordinary revenues in December, such as dividends and oil auctions. For 2026, we estimate a fiscal challenge of 0.4% of GDP to comply with the target; the success of the government’s strategy will depend on the confirmation of extraordinary revenues and the strict compliance with the fiscal framework targets, with no new exceptions or loosening of current rules.

Primary result of the central government, seasonal profile



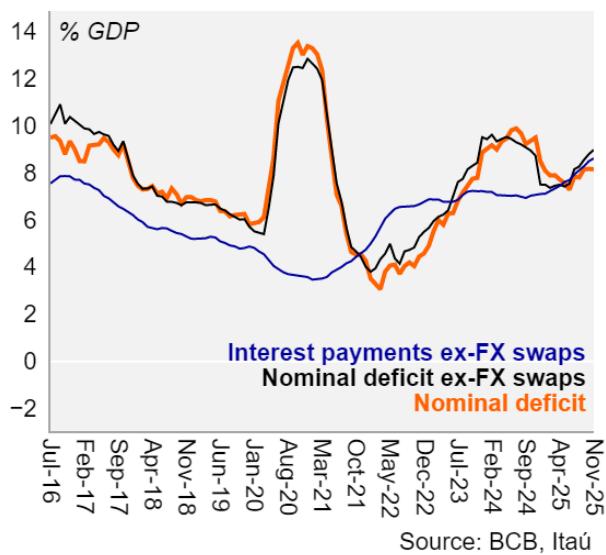
Source: STN, Itaú

Primary result of regional governments, seasonal profile

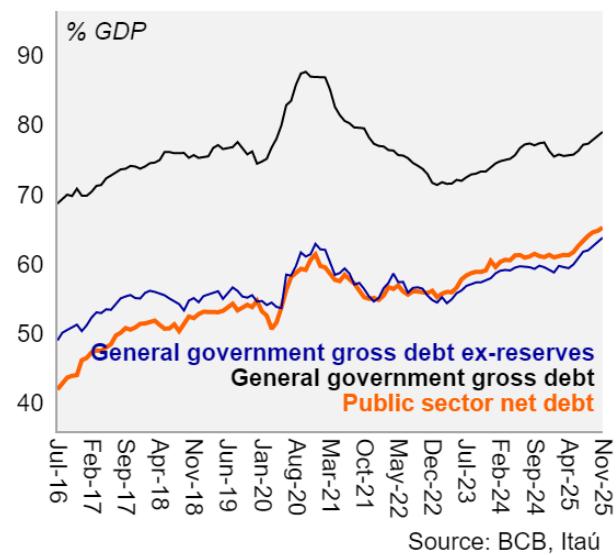


Source: BCB, Itaú

Nominal deficit and interest expenses



Public debt



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