

GDP growth likely accelerated in the 1Q26

- ▶ For 1Q26 GDP, which will be released on Friday, May 29, we estimate a 1.2% q/q increase (seasonally adjusted). On a year-over-year basis, we project growth of 2.0%, a slightly stronger pace compared to the observed in the 4Q25 (1.8% yoy).
- ▶ On the supply side, industry likely recorded annual growth of 1.9%, accelerating from a 0.6% y/y increase in the previous quarter. For the services sector, we also expect an acceleration to 2.1% y/y (from 2.0% y/y in 4Q25), while in agriculture we project a loss of momentum to 2.4% y/y (from 12.1% y/y in 4Q25).
- ▶ On the demand side, we expect household consumption to have accelerated to 2.0% y/y (from 1.0% y/y in 4Q25), while investment continued to show a contraction of 3.7% y/y (vs. -3.1% y/y in the previous quarter).

Economy expected to maintain annual growth momentum

We estimate that GDP grew by 1.2% q/q (seasonally adjusted) in 1Q26 and expanded by 2.0% y/y (from 1.8% in 4Q25). Official data will be released on Friday, May 29.

On the supply side, services remain resilient, rising 2.2% y/y in 1Q26, from 2.1% y/y in the previous quarter. We expect a relevant contribution from trade and other services (including professional and household services), supported by strong employment and income conditions, as well as by fiscal and credit stimulus.

For industry, we expect an acceleration to 1.9% y/y, after 0.6% y/y in 4Q25, indicating a recovery from the weak performance at the end of last year. The improvement should be led by manufacturing, particularly the automotive segment. The extractive industry is expected to maintain robust growth, supported by oil and iron ore production.

Finally, agricultural GDP is expected to grow 2.0% y/y, following the strong 12.1% y/y increase in 4Q25. Even so, the soybean harvest should contribute positively, along with livestock.

On the demand side, we expect household consumption to reaccelerate to 2.0% y/y (from 1.0% y/y in 4Q25), reflecting strong employment and income levels and possible effects of recent stimulus measures. Investment, despite showing signs of improvement at the margin, should recede in annual terms, estimated at -3.7% y/y (vs. -3.1% y/y in the previous quarter). The quarter's dynamics may be partially supported by a low comparison base and the import of oil platforms.

For now, we maintain our expectation that GDP will grow by 1.9% in 2026. However, the announcement of new fiscal, quasi-fiscal, and credit measures in recent weeks increases the upside bias to this projection.

GDP 1Q26 (YoY)						
	Weight	1Q25	2Q25	3Q25	4Q25	1Q26
GDP	100%	3.1%	2.4%	1.8%	1.8%	2.0%
Services	59%	2.1%	1.9%	1.3%	2.0%	2.1%
Public Administration	14%	0.6%	0.1%	0.3%	0.9%	-0.3%
Other Services	15%	2.1%	2.7%	1.1%	2.1%	2.7%
Retail	10%	2.4%	1.0%	0.9%	0.2%	1.1%
Housing	8%	1.9%	2.0%	2.0%	1.9%	2.2%
Financial services	6%	3.3%	3.5%	0.4%	4.5%	4.8%
Transportation	3%	1.0%	1.3%	4.2%	1.7%	1.0%
Information Technology	3%	7.0%	6.5%	5.3%	7.1%	7.5%
Industry	21%	2.4%	1.1%	1.7%	0.6%	1.9%
Manufacturing	12%	2.6%	-0.8%	-0.4%	-2.2%	-0.1%
Construction	3%	3.0%	0.2%	2.0%	-2.9%	-1.0%
Utilities	2%	2.3%	-2.9%	-0.3%	0.6%	-1.3%
Mining/Extractive	4%	1.2%	8.8%	11.9%	12.0%	13.9%
Agriculture	6%	12.9%	11.5%	10.1%	12.1%	2.4%
Taxes	14%	2.9%	1.5%	1.4%	1.0%	1.7%
Household consumption	64%	2.2%	1.8%	0.4%	1.0%	2.0%
Government Expenditure	19%	2.0%	0.9%	1.8%	3.6%	1.5%
Investment (GFCF)	17%	9.0%	4.1%	2.3%	-3.1%	-3.7%
Exports	18%	1.2%	2.1%	7.2%	14.2%	6.2%
Imports	18%	13.3%	3.9%	2.2%	-0.3%	-3.0%

Source: IBGE, Itaú

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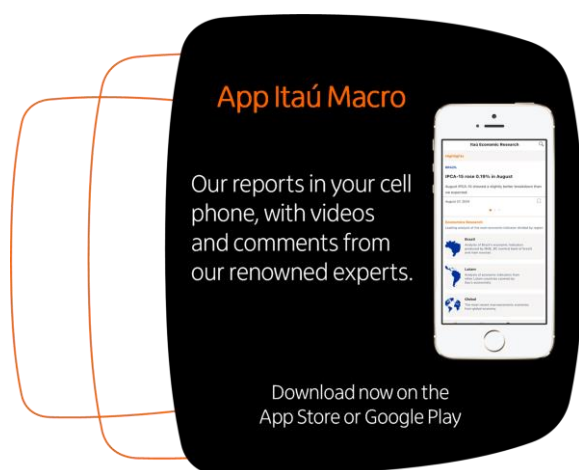
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