Macro Brazil

February 26, 2026

2025 GDP is expected to have grown by 2.3%

- Regarding 4Q25 GDP, which will be released next Tuesday, March 3, we estimate a 0.1% q/q increase (seasonally adjusted), pointing to an economy that was flat at the end of the year. On a year-over-year basis, we expect growth of 1.8%, the same annual pace recorded in 3Q25.
- On the supply side, industry is expected to have posted 0.8% y/y growth, decelerating from 1.7% y/y in the previous quarter. In contrast, the services sector is expected to have accelerated to 2.1% y/y, up from 1.3% y/y in 3Q25, while agriculture likely lost momentum, with growth easing to 7.0% y/y from 10.1% y/y in 3Q25.
- On the demand side, we expect household consumption to have accelerated to 1.6% y/y, from 0.4% y/y in 3Q25, while investment lost steam, rising 1.0% y/y, down from 2.3% y/y in the previous quarter.

Economy likely stalled in 4Q25

We estimate that 4Q25 GDP grew 0.1% q/q (seasonally adjusted) and 1.8% y/y. Official data will be released next Tuesday, March 3.

On the supply side, the main positive contribution is expected to have come from the services sector, which likely accelerated to 2.1% y/y, from 1.3% y/y in the previous quarter. Growth was probably driven mainly by Public Administration and Other Services (which include professional services and services provided to households). Services provided to households continue to show resilience, supported by a tight labor market.

Industry, in turn, is expected to have decelerated to 0.8% y/y, from 1.7% y/y in the previous quarter, reflecting in particular weak performance in manufacturing and construction. By contrast, extractive industries once again posted a robust result, as in previous quarters, which should have partially offset the negative contribution from other subsectors.

Agricultural GDP is also expected to have lost momentum, with estimated growth of 7.0% y/y in 4Q25, down from 10.1% y/y in 3Q25, reflecting the harvest profile.

From the demand perspective, we estimate an improvement in household consumption alongside a loss of momentum in investment. Household consumption likely grew 1.6% y/y, above the 0.4% y/y recorded in 3Q25. On a quarterly basis, this should translate into growth close to 0.5% q/q, consistent with the resilience of employment and income. In contrast, investment (gross fixed capital formation) is expected to have increased 1.0% y/y, below the 2.3% y/y seen in the previous quarter. It is worth recalling that 3Q25 benefited from the import of an oil platform, while in the final three months of the year there was a decline in domestic production of capital goods.

GDP 4Q25 (YoY)	Weight	4Q24	1Q25	2Q25	3Q25	4Q25
GDP	**100%**	**3.6%**	**3.1%**	**2.4%**	**1.8%**	**1.8%**
Services	**59%**	**3.5%**	**2.1%**	**1.9%**	**1.3%**	**2.1%**
Public Administration	14%	1.7%	0.6%	0.1%	0.3%	1.7%
Other Services	15%	4.3%	2.1%	2.7%	1.1%	2.3%
Retail	10%	4.4%	2.4%	1.0%	0.9%	0.7%
Housing	8%	2.2%	1.9%	2.0%	2.0%	2.8%
Financial services	6%	3.8%	3.3%	3.5%	0.4%	1.7%
Transportation	3%	4.1%	1.0%	1.3%	4.2%	2.6%
Information Technology	3%	6.2%	7.0%	6.5%	5.3%	6.6%
Industry	**21%**	**2.2%**	**2.4%**	**1.1%**	**1.7%**	**0.8%**
Manufacturing	12%	5.3%	2.5%	-0.7%	-0.5%	-2.0%
Construction	3%	4.9%	3.0%	0.2%	2.0%	-1.1%
Utilities	2%	-6.3%	2.1%	-1.9%	-1.1%	0.6%
Mining/Extractive	4%	-3.6%	1.2%	8.8%	11.9%	11.7%
Agriculture	**6%**	**-1.8%**	**12.9%**	**11.5%**	**10.1%**	**7.0%**
Taxes	**14%**	**6.2%**	**2.9%**	**1.5%**	**1.4%**	**1.3%**
Household consumption	64%	4.0%	2.2%	1.8%	0.4%	1.6%
Government Expenditure	19%	0.1%	2.0%	0.9%	1.8%	3.8%
Investment (GFCF)	17%	9.2%	9.0%	4.1%	2.3%	1.0%
Exports	18%	-0.7%	1.2%	2.1%	7.2%	12.8%
Imports	18%	16.6%	13.3%	3.9%	2.2%	1.1%

Source: IBGE, Itaú

If our forecast is confirmed, GDP growth in 2025 should come in at 2.3%, down from 3.4% in 2024. The main highlight of the year is expected to be agriculture, with estimated growth of 11%, while industry and services are likely to have decelerated to 1.5% and 1.8%, respectively, after posting growth rates above 3% in 2024. From the demand side, we expect a slowdown in household consumption, from 5.1% in 2024 to 1.5% in 2025, alongside a moderation in investment, easing from 6.9% to 4.0%, in an environment of tighter monetary policy.

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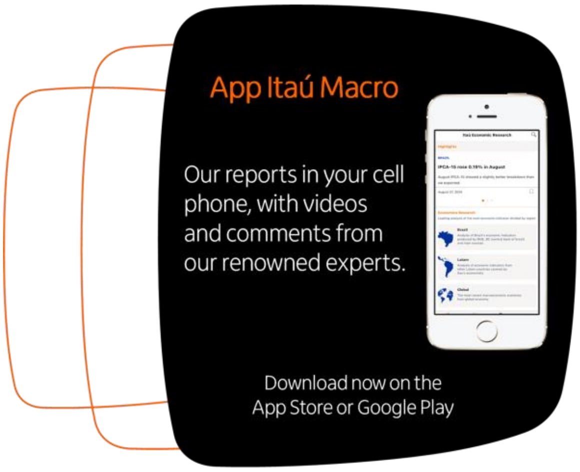

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