

Macro Research

Monthly Scenario Review | GLOBAL
10 themes for 2026

Global | Forecasts: stronger growth in the U.S. and China lifts global GDP

- **USA:** We revised our 2026 GDP growth forecast to 2.7% (from 2.2%), supported by stronger consumption and net exports, despite the tariff shock. We continue to expect two rate cuts in the second, following the inauguration of the new Federal Reserve Chair.
- **Europe:** We continue to expect 1.2% growth in 2026, with the ECB keeping policy rates on hold at 2.0% over the forecast horizon.
- **China:** We revised our 2026 growth forecast to 5.0% (from 4.5%), assuming authorities will maintain the growth target “around 5%”, to be announced in March. We expect currency appreciation to 6.85, as China seeks to reduce frictions with key trading partners.

	2022	2023	2024	2025F		2026F		2027F	
				Current	Previous	Current	Previous	Current	Previous
GDP Growth									
World GDP growth - %	3.5	3.2	3.2	3.3	3.2	3.6	3.3	3.4	3.3
USA - %	2.5	2.9	2.8	2.3	2.0	2.7	2.2	2.2	2.2
Euro Area - %	3.7	0.6	0.8	1.3	1.3	1.2	1.2	1.2	1.2
China - %	3.0	5.4	5.0	5.0	5.0	5.0	4.5	4.5	4.5
Inflation									
U.S. Core CPI - %, eop	5.7	3.9	3.2	2.6	-	3.2	3.2	3.5	3.5
Interest rates and currencies									
Fed Funds - %, eop	4.15	5.38	4.52	3.63	-	3.13	3.13	3.13	3.13
U.S. 10 Year Treasury - %, eop	3.88	3.88	4.58	4.18	-	3.80	3.80	3.80	3.80
USD/EUR - eop	1.07	1.10	1.04	1.17	-	1.18	1.18	1.18	1.18
CNY/USD - eop	6.92	7.13	7.30	6.99	-	6.85	7.10	6.85	7.10
DXY Index* - eop	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.

Global: 10 themes for 2026

1. **Geopolitics in the spotlight:** tariffs, conflicts, and disputes
2. **U.S.:** employment stabilizes, inflation remains close to 3%
3. **U.S.:** will the Fed lower rates to neutral (or below) under new leadership?
4. **U.S.:** risk of fiscal stimulus ahead of midterm elections
5. **AI:** growing macro impact (investment, financial conditions, labor market), increasingly concentrated in the U.S.
6. **Europe:** ECB on hold, but risk of hiking is greater than cutting rates
7. **China:** tensions with the West over rare earths likely to return in the second half of the year
8. **China:** GDP target maintained “around 5%”; currency sees modest appreciation
9. **USD:** weakening trend should continue, but at a smaller magnitude than in 2025
10. **Commodities:** Gold rally continues; oil holds in the \$60–\$65 range

1. Geopolitics in the spotlight: events

Russia–Ukraine conflict, tensions in the Middle East, between China and Taiwan, and the U.S.–Europe dispute over Greenland have no easy resolution

- 1H: (i) new Fed Chair, (ii) court rulings involving Lisa Cook and the legality of part of the tariffs (IEEPA), (iii) announcement of China's GDP growth target.
- 2H: U.S. midterm elections and tensions around rare earth minerals.

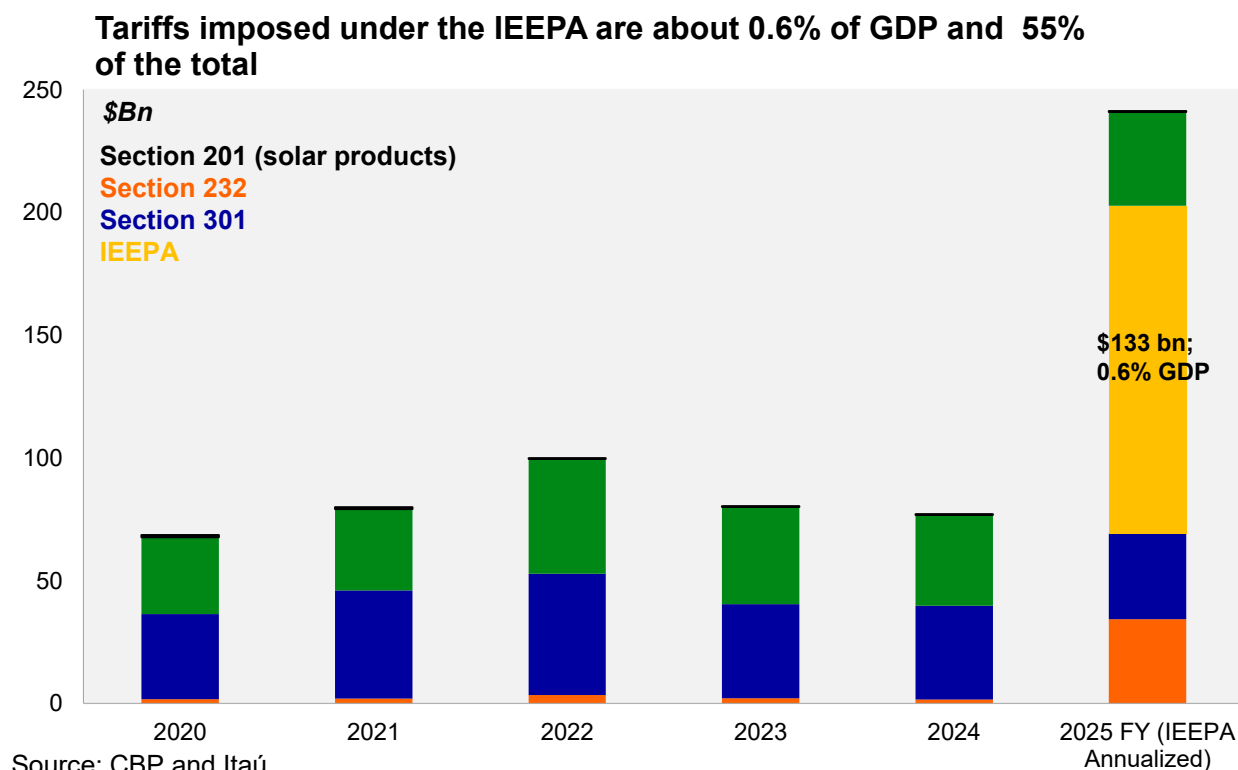
Month	Date	Location	Event description
Jan	30-Jan	US	Government funding expiration (possible shutdown)
	30-Jan	US	Floated deadline for ACA healthcare subsidies extension
	31-Jan	US	Miran term expires
	31-Jan	US	House seat special election in Texas
Feb	Feb	Germany-China	Merz visit to China
	8-Feb	Japan	Japan Lower House elections
	Mid-Feb	US-China	Nvidia H200 shipments to China begin
	4-Feb	US-Russia	New START (nuclear weapons) Treaty expiration
	Late-Feb	EU	EU Parliament vote on EU-US trade deal
Mar	Early March	China	Annual NPC meeting (set targets)
	Mar	US	House seat special election in Georgia
	3-Mar	UK	Spring Budget
	8-Mar	Colombia	Parliamentary Elections
	Mid-March	Japan	Shunto (spring wage negotiation) 1st result
Apr	Q2	US	Possible SCOTUS gerrymandering decision
	Apr	US	House seat special election in New Jersey
	Apr	US-China	Reported Trump visit to China
	12-Apr	Hungary	Parliamentary Elections
	12-Apr	Peru	General Elections
	13-18-Apr	Global	IMF Spring Meetings
	Late April	China	Politburo
May	7-May	UK	Local Elections
	15-May	US	Powell term expires
	31-May	Colombia	Presidential Elections
Jun	7-Jun	Global	OPEC+ ministerial
	11-Jun - 19-Jul	Global	World Cup
	14-16-Jun	G7	52nd G7 summit

Month	Date	Location	Event description
Jul	1-Jul	US-Mexico-Canada	Deadline for USMCA start of joint review
	Late July	China	Politburo
	Jul/Aug	US	GOP convention
Aug	20-Aug	US	Jackson Hole (TBC)
Sep	13-Sep	Sweden	General Elections
	-	France	Senate Election (Indirect)
	30-Sep	US	End of 2026 Fiscal Year
Oct	4-Oct	Brazil	General Elections - 1 ^o round
	12-18-Oct	Global	IMF and WB - Annual Meetings
	27-Oct	Israel	Official Election Date
	25-Oct	Brazil	General Elections - runoff
	31-Oct	Denmark	General Elections
Nov	3-Nov	US	Mid-term elections
	19-Dec	New Zealand	General Elections
	10-Nov	US-China	1 year truce ends
	18-Nov	US-China	APEC summit in Shenzhen (possible Trump visit)
	27-Nov	US-China	Formal expiration of rare earths export controls suspension
	-	UK	Autmn Budget
Dec	Early Dec	China	Politburo/Central Economic Working Conference (CEWC)
	14-Dec	US-China	G20 summit in Miami (possible Xi visit to US)
	-	France	Local Elections
Throughout 2026		Germany	Local Elections (Mar & Sep)

1. U.S.: tariff court rulings add noise, but implementation through other channels remains possible

Sections 122 and 338 allow for rapid reimposition of tariffs with material magnitude on countries

- Tariffs imposed under the IEEPA (International Emergency Economic Powers Act) amount to 0.6% of U.S. GDP and account for 7 p.p. of the 12.7 p.p. increase in the effective tariff rate (55% of the total).

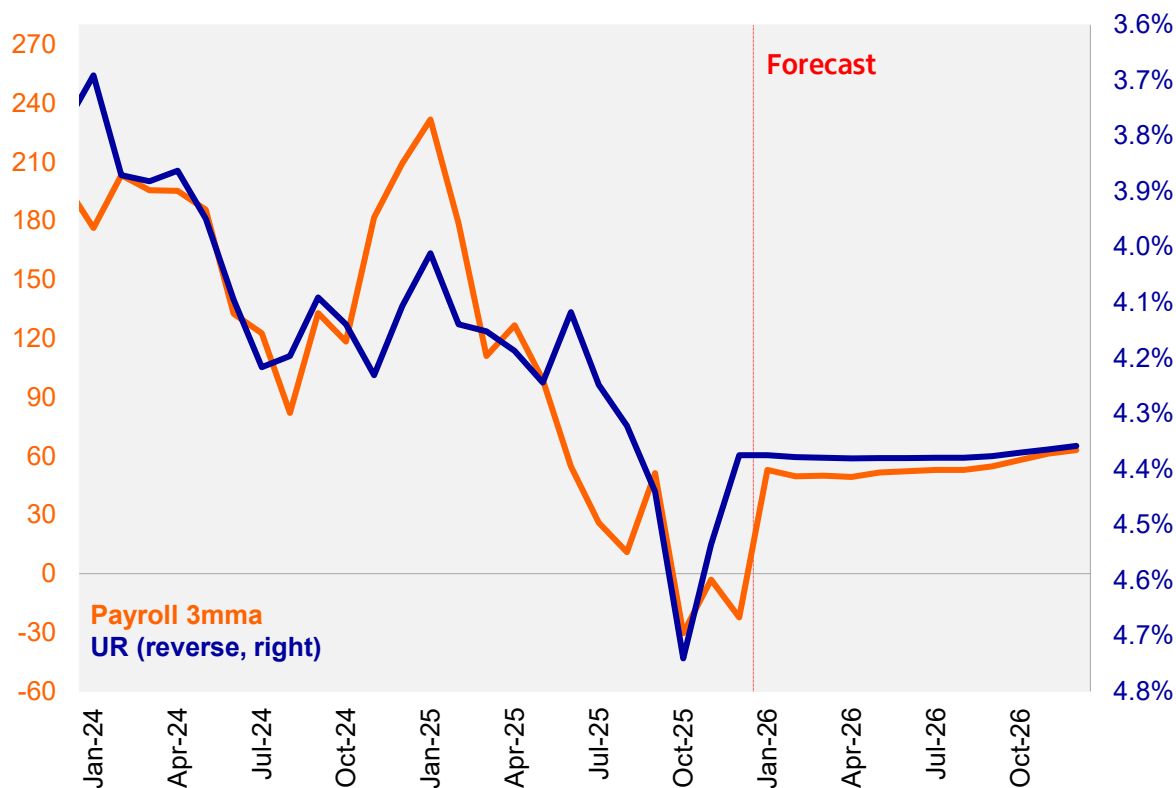


2. U.S.: labor market stabilizes, inflation remains close to 3%

We expect unemployment at 4.4% and inflation at 3.0-3.5%

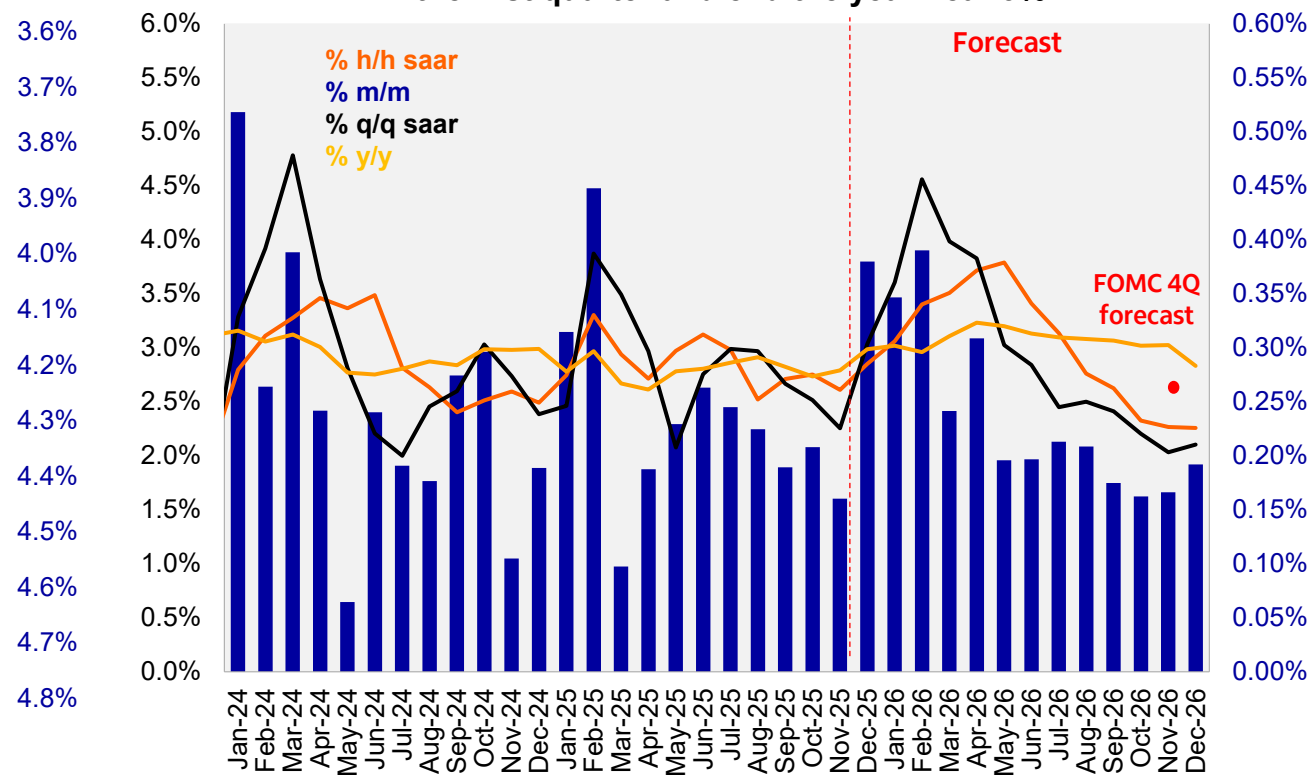
- We revised U.S. GDP growth to 2.6% in 2026 (from 2.2%), supported by stronger consumption and net exports, despite the tariff shock.

Labor market improving after noise from the government shutdown



Source: Haver, Itaú

Core PCE inflation is expected to remain more pressured in the first quarter and end the year near 3%."

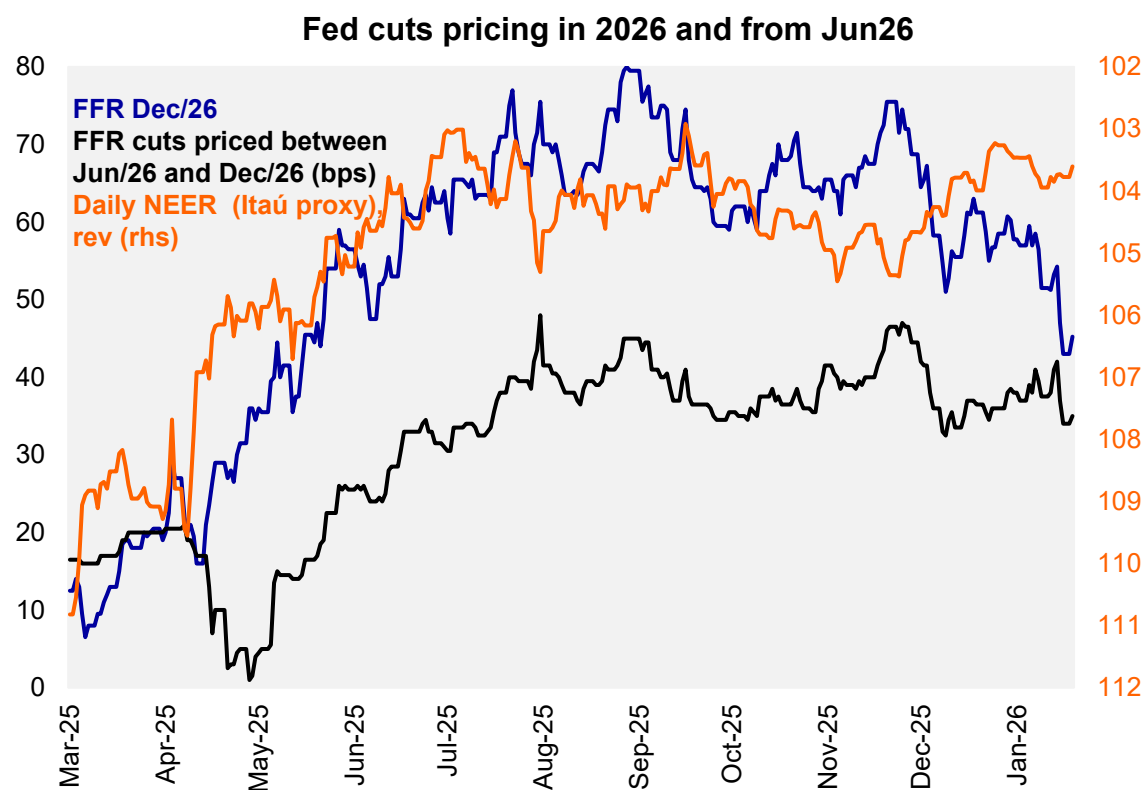


Source: Haver, Itaú

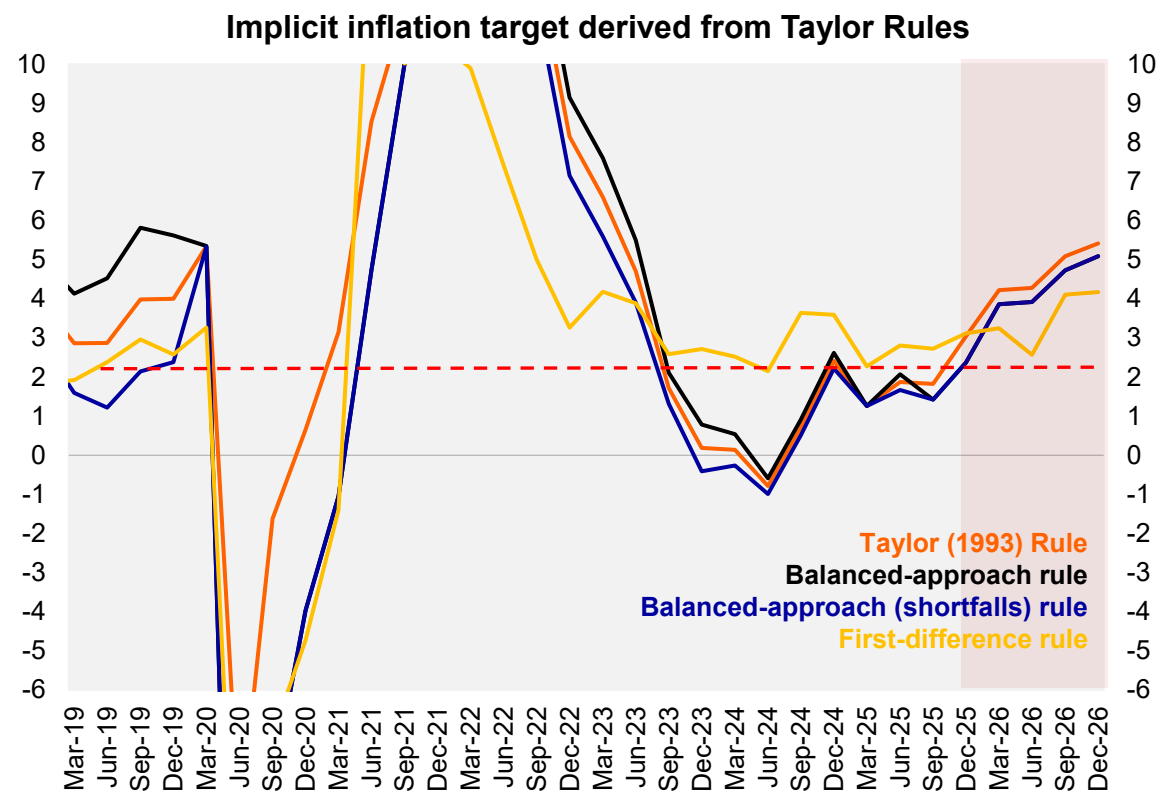
3. U.S.: will the Fed lower rates to neutral (or below) under new leadership?

We expect two rate cuts by the Fed in the second half of 2026. The current policy rate is already below the Taylor rule, pointing to upside inflation risks ahead

- With a resilient economy and persistent inflation, markets have recently reduced pricing of rate cuts in 2026. However, this has not changed the perception that, in the second half of the year, under a new Chair, the Fed is likely to deliver between one and two cuts.



Source: BBG, Itaú

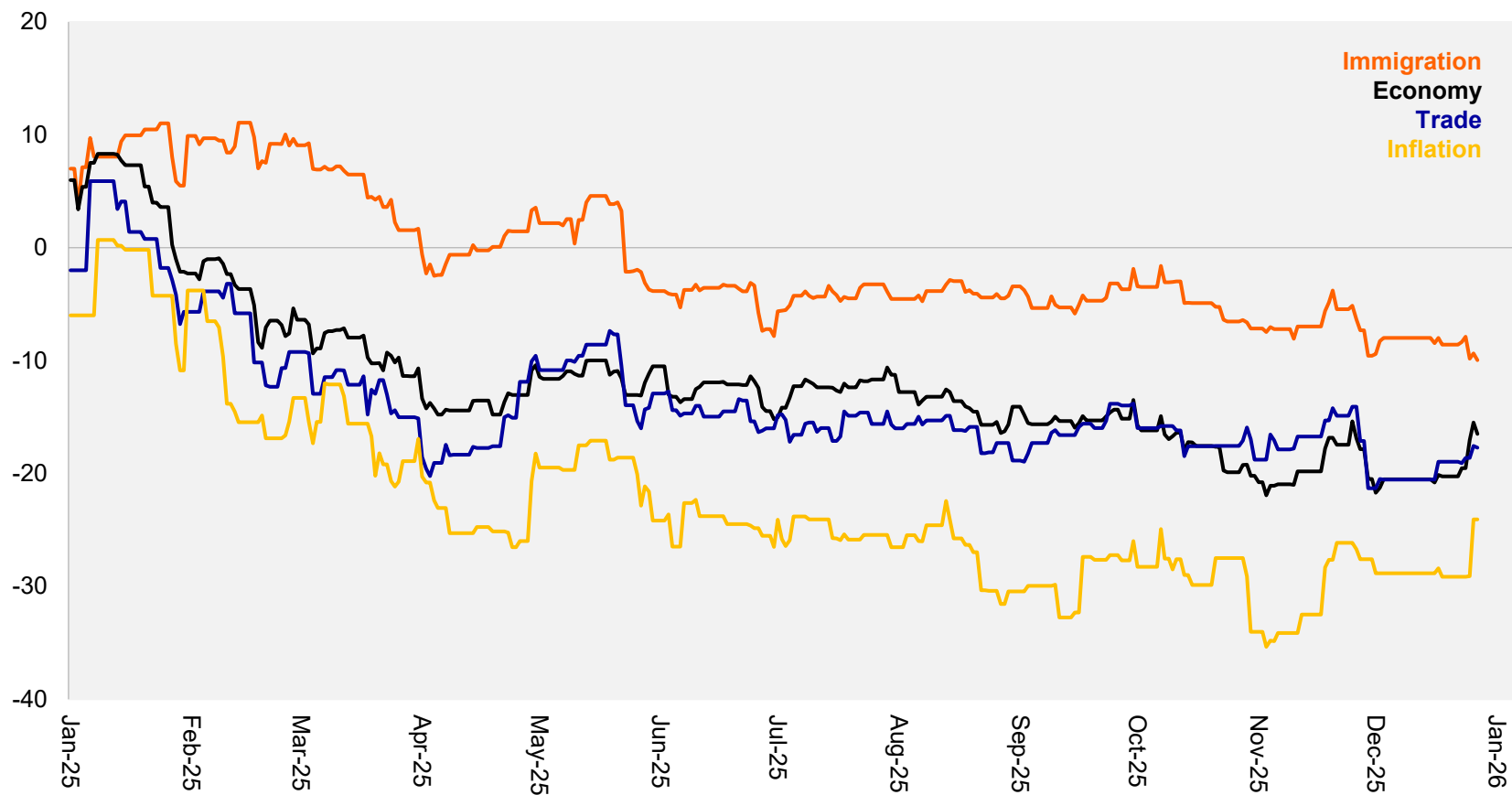


Source: Itaú

4. U.S.: risk of fiscal stimulus ahead of midterm elections

The Trump administration has signaled plans for heterodox measures (e.g., price controls and interest rate caps), aimed at lowering the cost of living for U.S. households amid unfavorable polling

Falling approval ratings for the Trump administration could prompt fiscal stimulus in a midterm-election year.



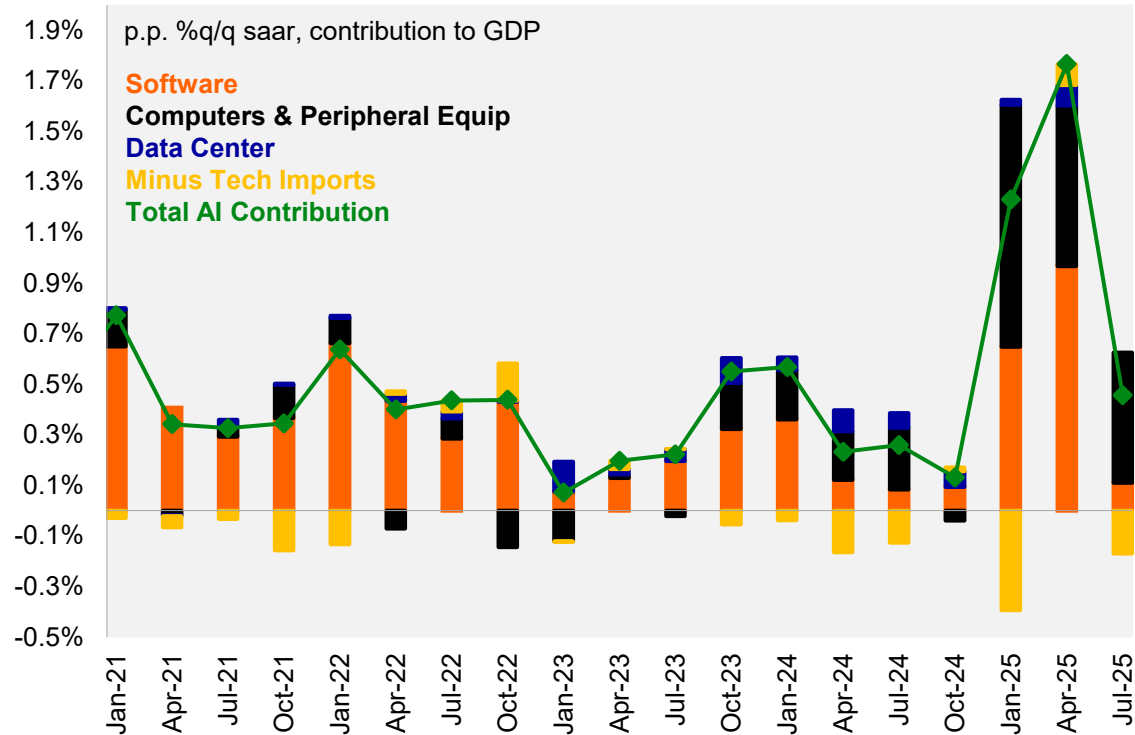
Source: Nate Silver, Itaú

5. AI: growing macroeconomic impact, increasingly concentrated in the U.S.

Investment boom, looser financial conditions, and rising youth unemployment

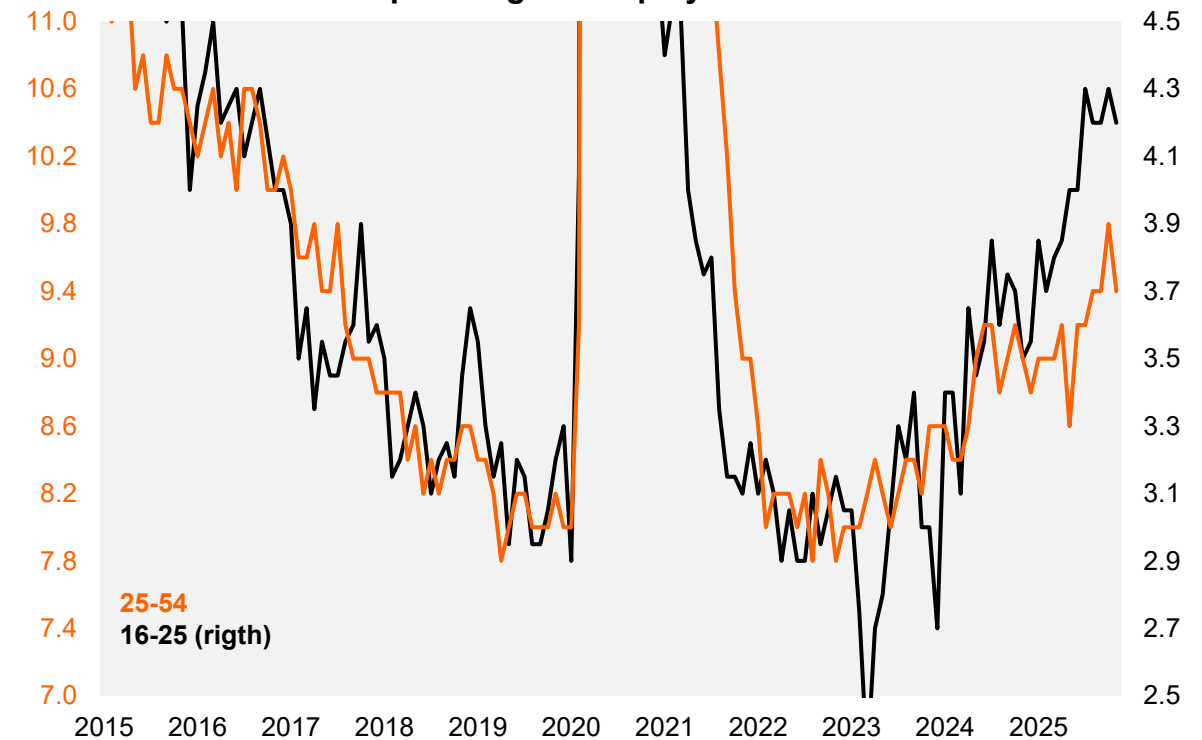
■ Reliance on artificial intelligence as a driver of U.S. growth poses risks. The sector explains a relevant share of the U.S. equity market rally, has increased leverage, may experience greater concentration, and could generate supply bottlenecks amid strong demand for electricity.

AI-related Investment contributed with 1.5 p.p. of growth through the first semester and 0.5 p.p. in the third quarter



Source: Itaú

Youth unemployment above its historical correlation with prime-age unemployment



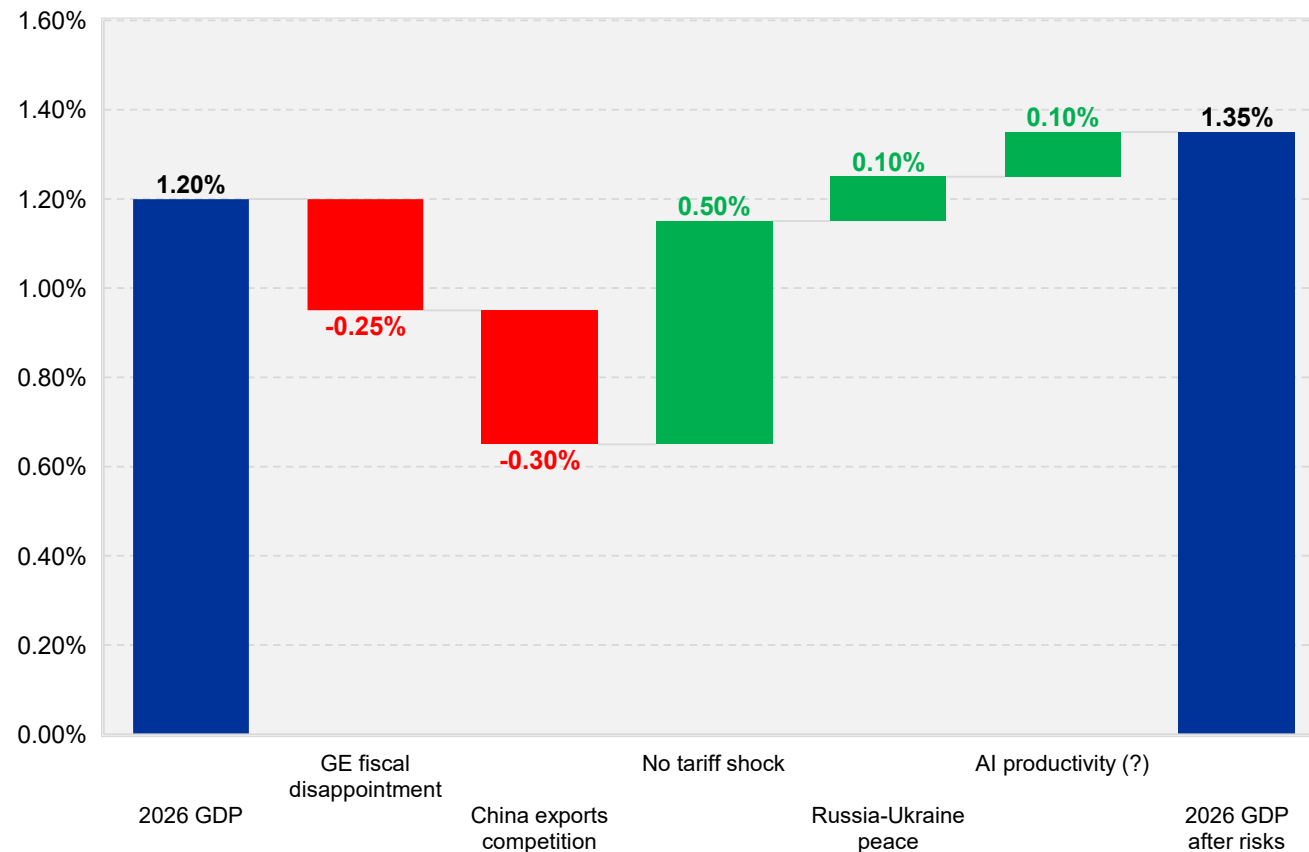
Source: Haver, Itaú

6. Europe: ECB on hold, but risk of hiking is greater than cutting rates

Impact of tariffs has been smaller than expected, but Germany's fiscal impulse may be more limited

- With the output gap closing and GDP approaching potential, core inflation around 2% and policy rates at 2% (a level considered neutral by the central bank), we do not expect ECB moves this year. However, the balance of risks for activity is skewed to the upside, suggesting higher risks of rate hikes than of cuts.

Euro Area: we expect GDP growth of 1.2% in 2026 and see an upside risk balance

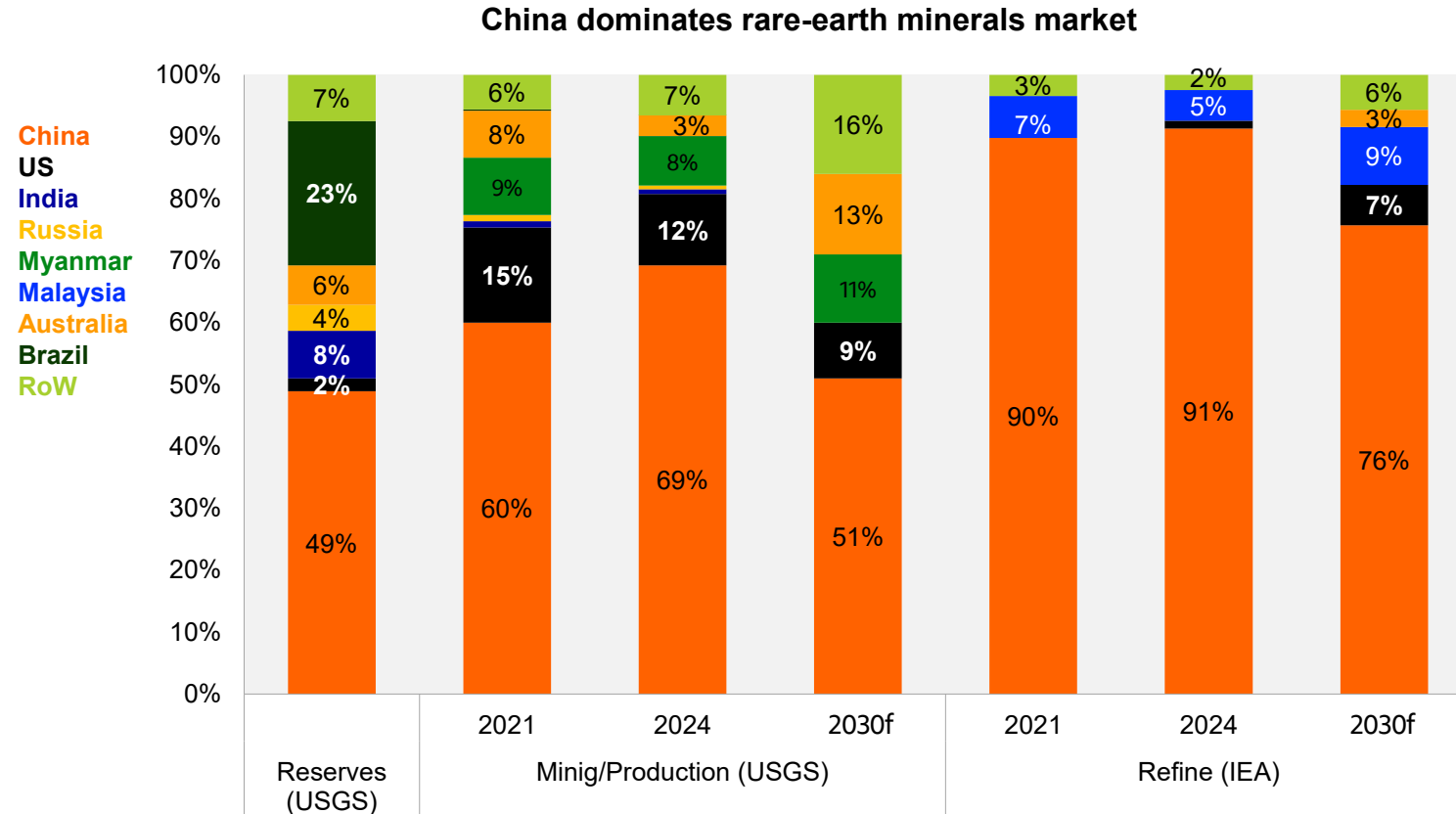


Source: Itaú

7. China: tensions with the West over rare earths are likely to return in H2

China's dominance is hard to challenge in the short term. The initial agreement with the U.S. expires in November

- Rare earths: a group of 17 elements critical for electric vehicles, defense, and high technology, due to their strong magnetic properties, thermal stability, and luminescence.
- Challenges to overcoming China's dominance: (1) China leads in reserves, production, refining, and technology; (2) projects outside China face low financial viability due to price controls; (3) new projects typically take 10 to 15 years to be completed.



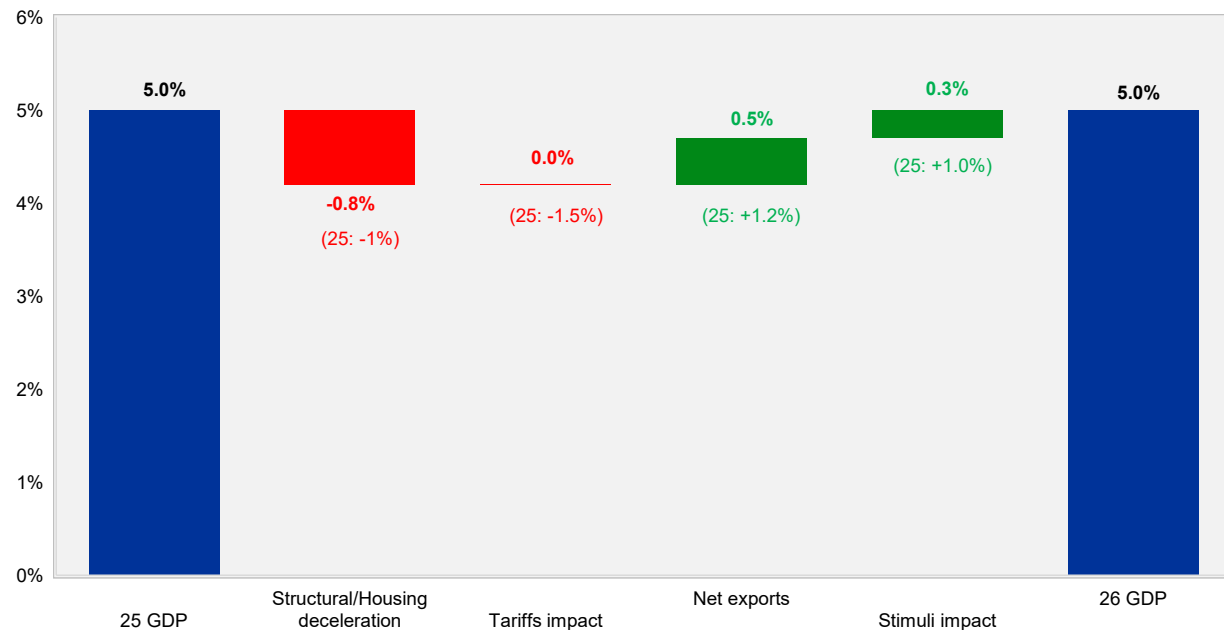
Source: UCGS, IEA and Itaú

8. GDP target maintained “around 5%”; currency sees modest appreciation

We expect minimal stimulus (0.3% of GDP) in an export-led economy

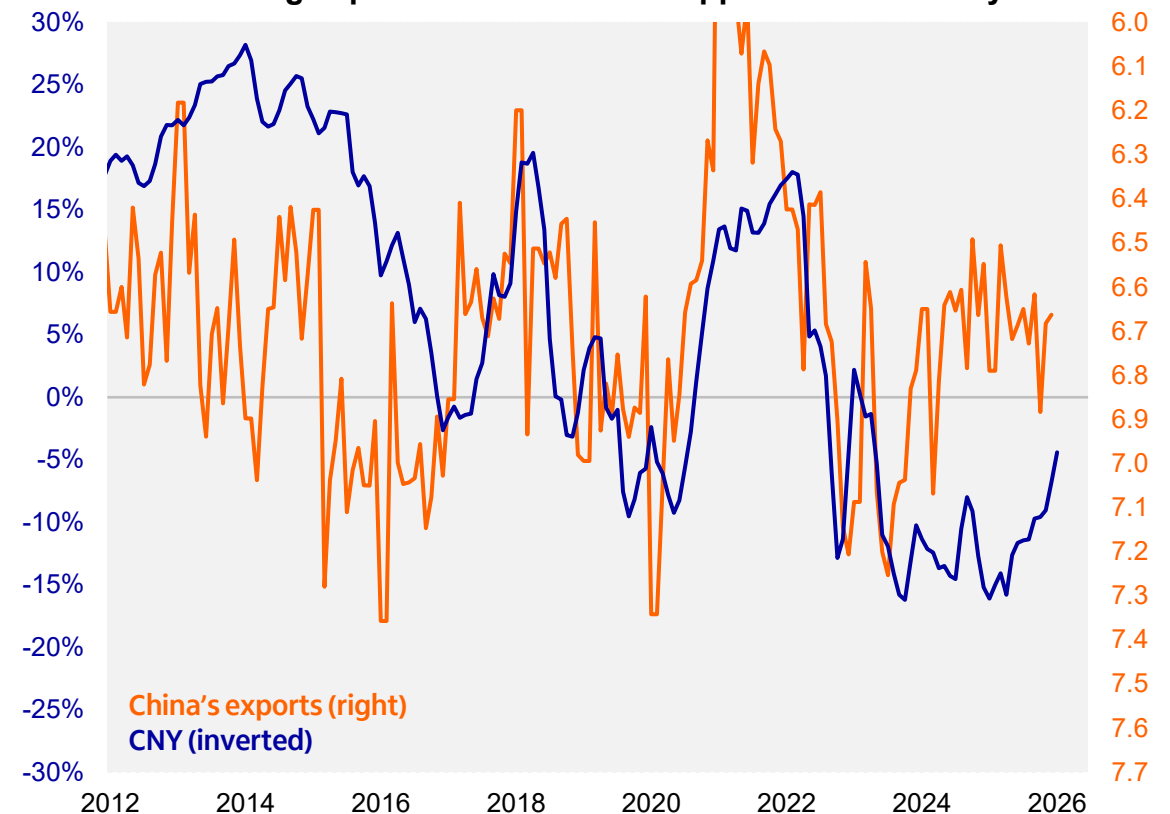
- We revised 2026 growth from 4.5% to 5.0%, assuming authorities will keep the target ‘around 5%’ in March.
- We expect currency appreciation to 6.85, driven by efforts to reduce frictions with trading partners. A more significant appreciation, such as that seen in 2021–22, would require a new domestic growth driver.

China is expected to maintain growth at 5% in 2026, with structural deceleration being offset by strong exports and a small stimulus package



Source: Itaú

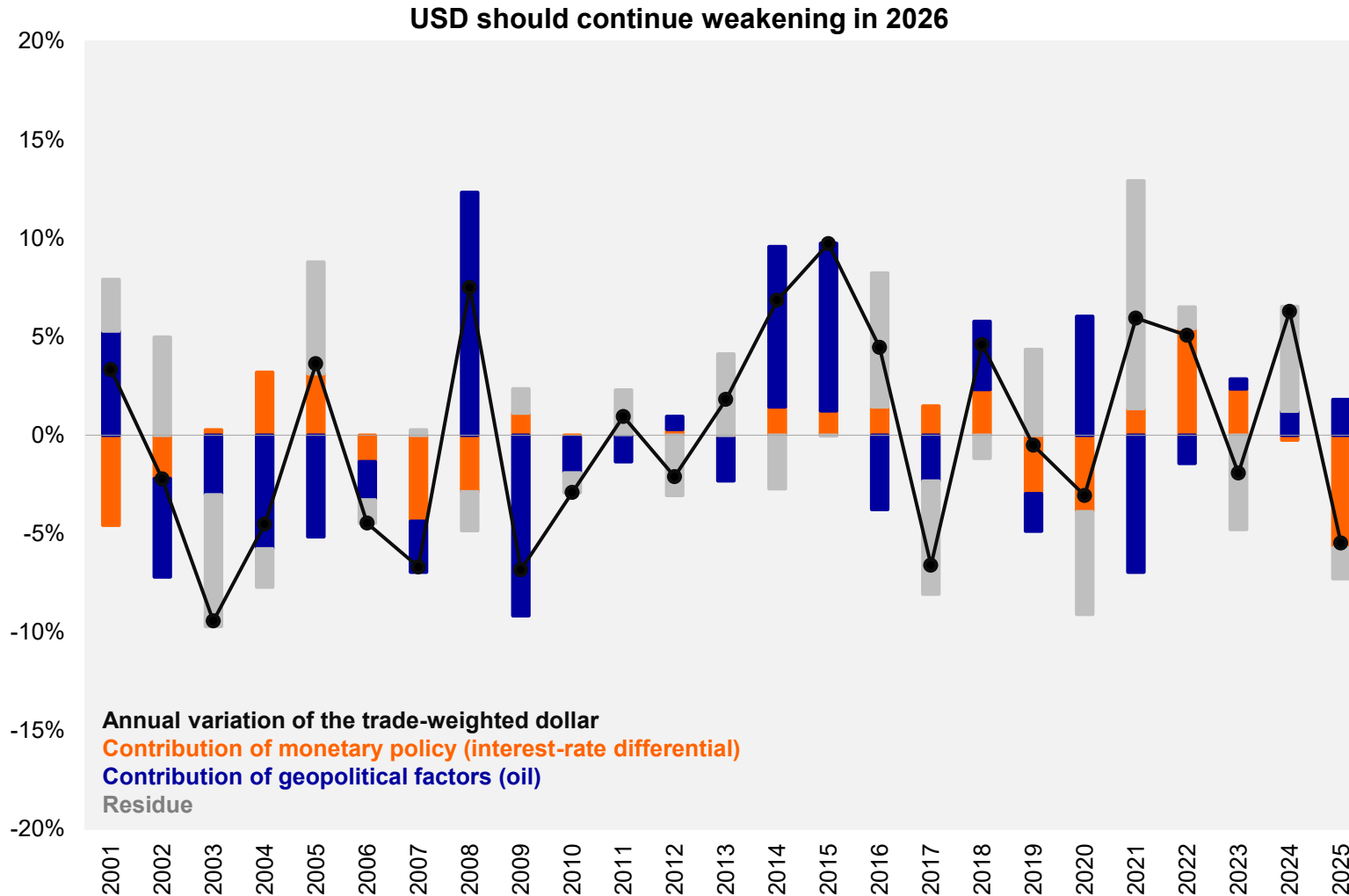
Strong exports indicate a more appreciated currency



Source: BBG, Itaú

9. USD: weakening trend should continue, but at a smaller magnitude than in 2025

We expect EUR at 1.18 and CNY at 6.85, alongside a USD depreciation of around 1% in multilateral terms

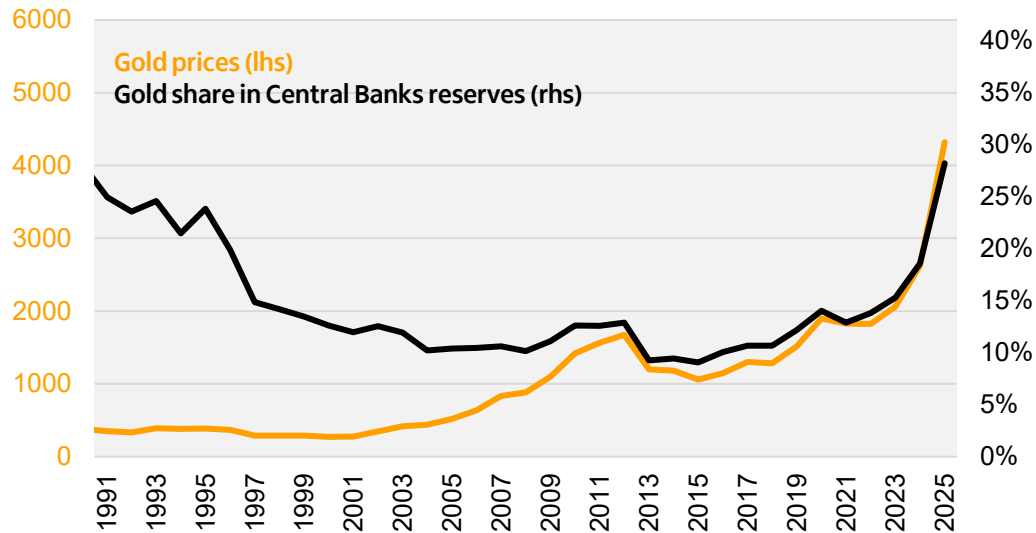


Source: BBG, Itaú

10. Commodities: Gold rally continues; oil holds in the \$60–\$65 range

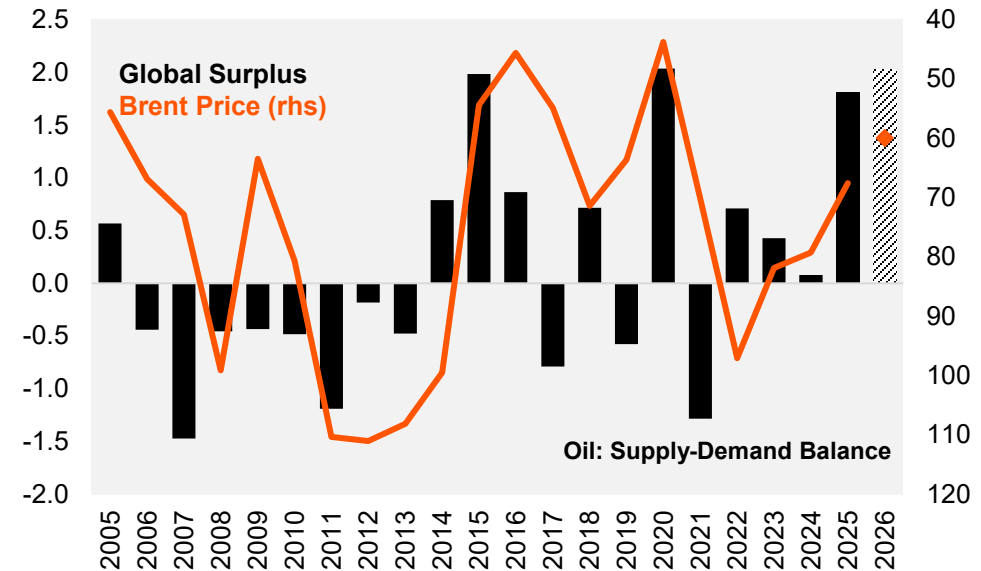
Gold prices are set to remain supported by the geopolitical backdrop, while resilient global activity limits downside risks to oil, even amid a surplus balance (with the return of OPEC production)

Central banks demand pushing gold prices higher



Sources: BBG, Itaú

Oil is set to remain in the \$60–\$65 range even with a surplus balance



Source: IEA, Itaú

Commodities

	2022	2023	2024	2025	2026F		2027F	
					Current	Previous	Current	Previous
Brent Oil (USD/bbl)	82	77	73	61	60	60	60	60
Iron Ore (USD/tonne)	110	135	103	104	95	90	75	65
Copper (USD/tonne)	8402	8489	9030	11763	10250	10250	10250	10000
Corn (Usd/bu)	656	480	444	444	415	415	400	400
Soy (Usd/bu)	1474	1311	984	1077	1070	1070	980	980
Wheat (Usd/bu)	749	619	548	532	600	600	600	600
Sugar (Usd/lb)	20	22	20	15	15	16	16	18
Coffee (Usd/lb)	166	188	321	377	300	300	250	200

Source: BBG, Itaú

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