TURIM

Economic Report

September 2025

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Indice

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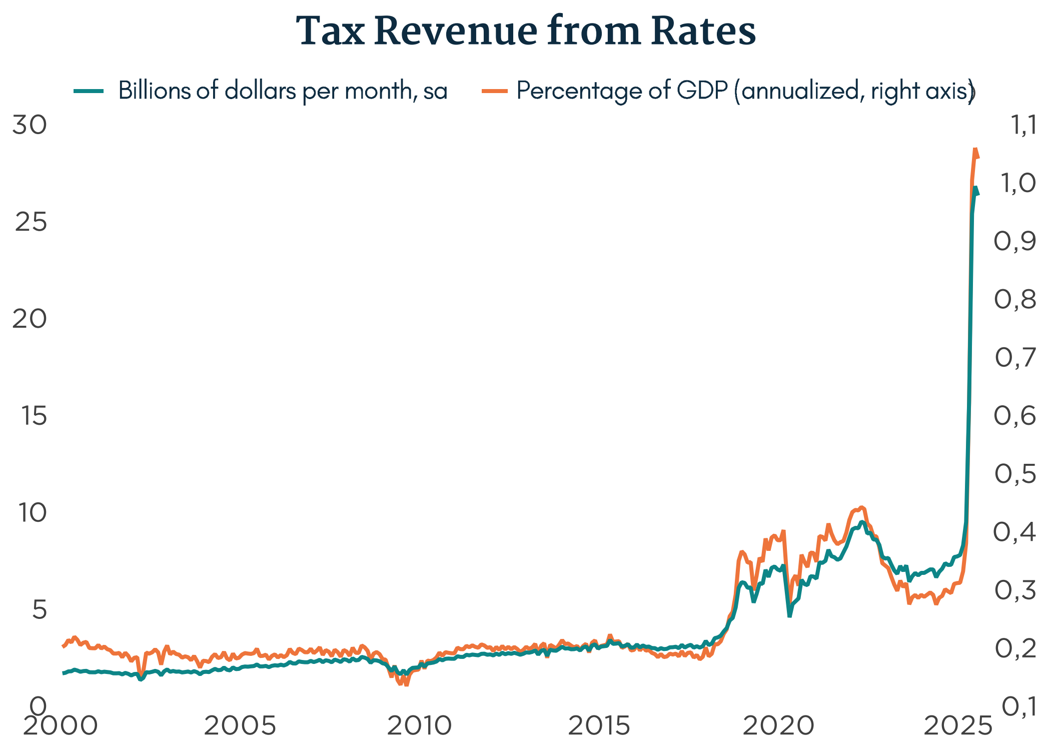
Rates:
Sharp increase in rates boosting tax revenue
Global



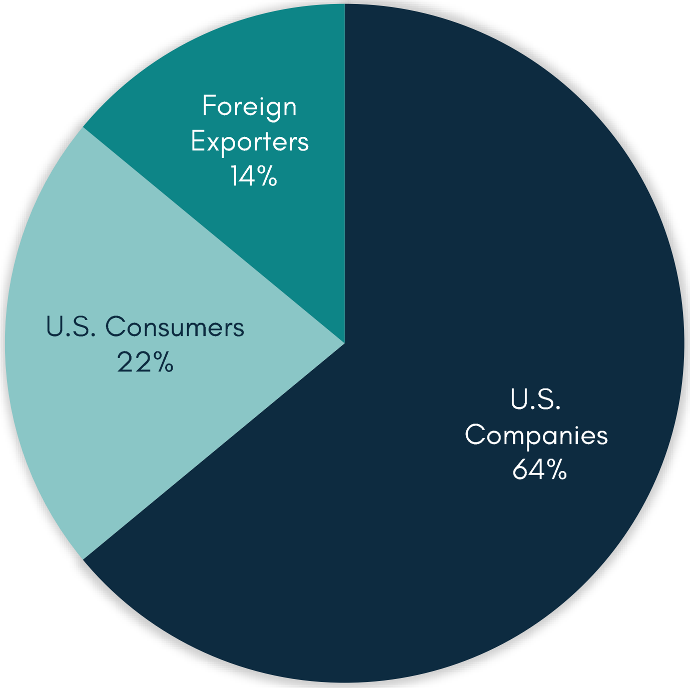
The initial effects of higher rates can already be observed in U.S. tax revenue. The chart on the left shows that tariff-related revenue reached approximately USD 26 billion in July (seasonally adjusted), equivalent to 1% of GDP on an annualized basis — a sharp increase compared to the 0.3% average recorded last year. Projections suggest this amount could rise to around 1.3% of GDP in 2026.

Although relevant, the additional revenue is unlikely to be sufficient to address the country's fiscal challenge, particularly given the impact of tax cuts in other segments of the economy.

Source: Bureau of Economic Analysis, Department of Treasury, Turim

Inflation:
No clear signs yet of rate pass-through to consumers
Global

Estimated distribution of rate costs observed up to June



Despite the sharp increase in rates — which rose from an average of about 2% last year to around 10% in recent months — official indicators have not yet pointed to a significant impact on consumer inflation. This suggests that most of the costs associated with the higher rates have not, so far, been passed on to final prices.

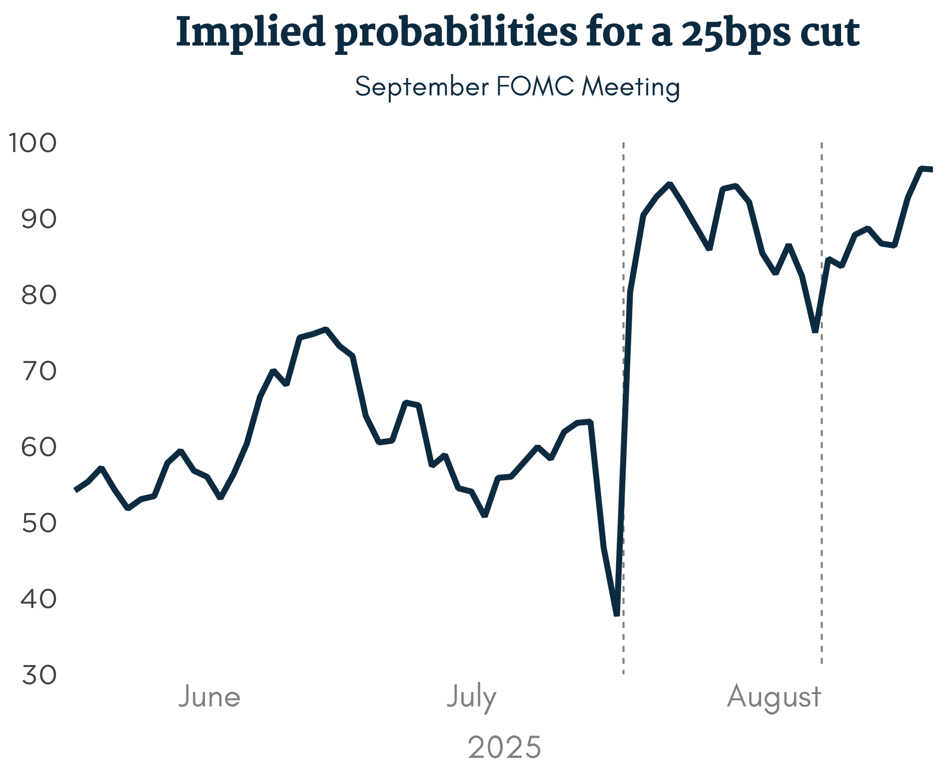
The pie chart on the left, based on a study by Goldman Sachs' research department, shows the estimated breakdown of this burden up to June. It indicates that only a small share was absorbed by foreign exporters (around 14%), while U.S. consumers bore roughly 22% of the costs through higher prices. The largest share, however, fell on U.S. companies (64%), which have so far absorbed most of the impact.

Looking ahead, it seems unlikely that this distribution will persist. Given U.S. consumers' resilience and the magnitude of the cost shock, preliminary estimates suggest that households could end up shouldering close to two-thirds of the total burden in the coming months.

Source: Goldman Sachs

Interest Rates:
Jackson Hole reinforces scenario of rate cuts resuming in September

Global



The July employment report marked a turning point in monetary policy pricing in the United States, reinforcing the perception of a weakening labor market. This movement led to a repricing of interest rates, raising the implied probability of a 25 basis point cut in September to around 90%, as shown in the chart on the left.

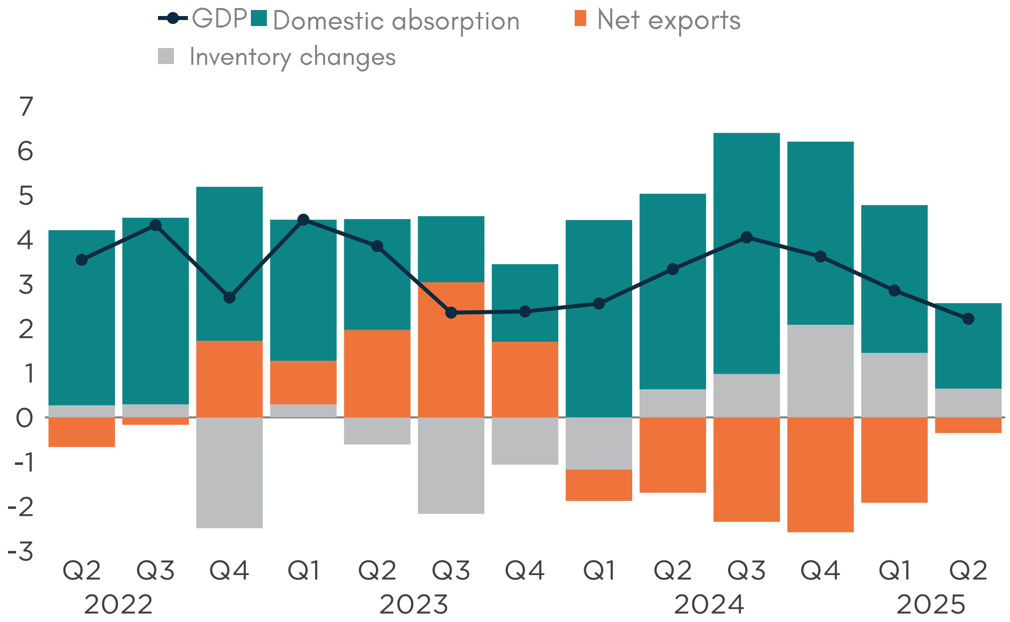
The scenario gained further consistency following the speech by Federal Reserve Chair Jerome Powell at the Jackson Hole Symposium — the annual conference organized by the Kansas City Fed, which gathers policymakers, academics, and economists to discuss the main challenges of the global economy. During the event, Powell acknowledged the signs of moderation in economic activity and indicated that it could be appropriate to resume the cycle of cuts at the next meeting.

Source: CME Group, Turim

Activity:
GDP confirms slowdown in the second quarter
Brazil

Contributions to GDP growth

Compared with the same quarter of the previous year



The second-quarter GDP confirmed expectations of deceleration, with growth of only 0.4% compared with the previous quarter, after a 1.3% increase at the beginning of the year. The composition reinforces this picture, marked by a sharp contraction in fixed capital investment (-2.2%) and a slowdown in household consumption, which nevertheless remained slightly positive (0.5%).

The chart on the left details the breakdown of growth compared with the same period of the previous year, considering net exports, inventory variation, and domestic absorption (household consumption, private investment, and government spending). The decline in the contribution of domestic absorption highlights the weakening of internal demand.

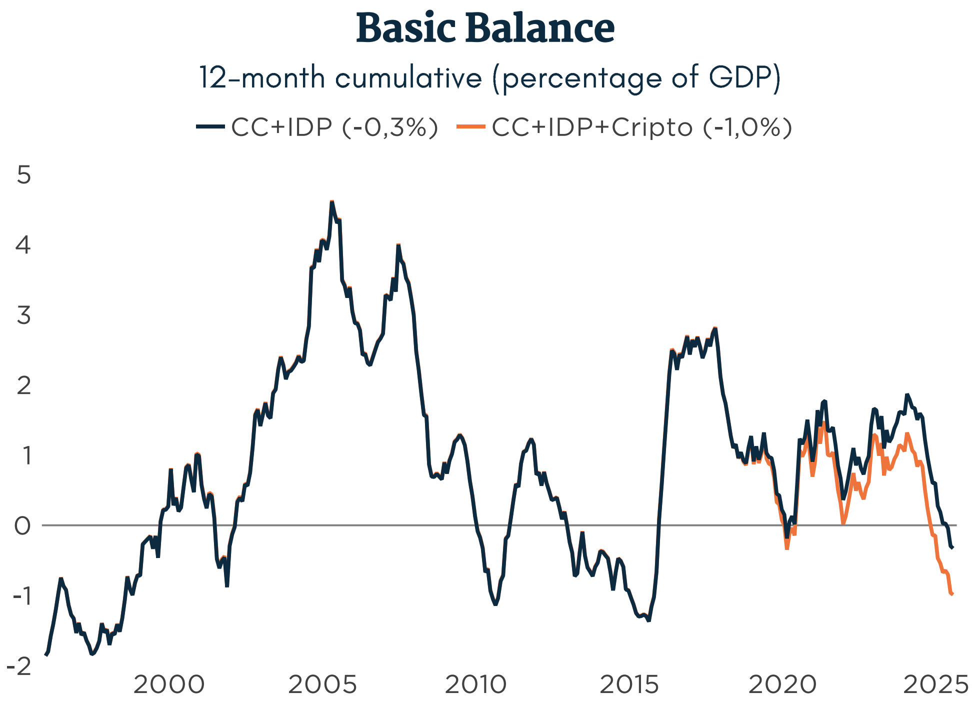
High-frequency indicators, such as confidence surveys and credit statistics, suggest that this moderation trend is likely to continue throughout the second half of the year.

Source: IBGE, Turim

External Sector:

Investment flows no longer offset current account deficit

Brazil



The chart on the left shows the evolution of the basic balance — a measure of external account sustainability that combines the current account balance (CA) with foreign direct investment (FDI), accumulated over 12 months as a share of GDP.

It is worth noting that this metric has been deteriorating rapidly since the beginning of the year and, at the margin, has already turned negative (-0.3% of GDP). This indicates that external investment flows directed to the country are no longer sufficient to offset the current account deficit. The deterioration is even more pronounced when considering crypto imports (-1% of GDP), which were excluded from trade balance statistics following methodological changes in 2024.

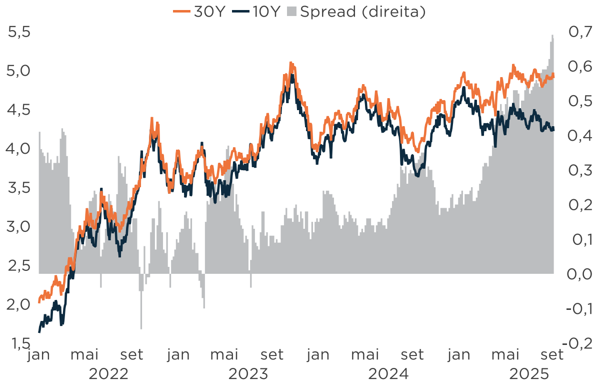
A large part of this movement stems from the increase in imports of goods and services, which rose from 15.4% to 18.2% of GDP since January 2024.

Source: BCB, Turim

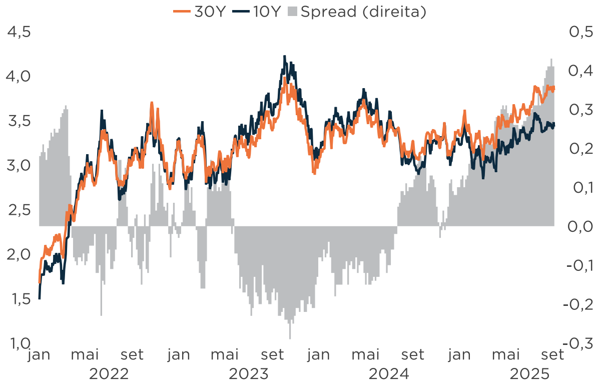
Interest Rates:
Long-term yields rise in developed markets

Markets

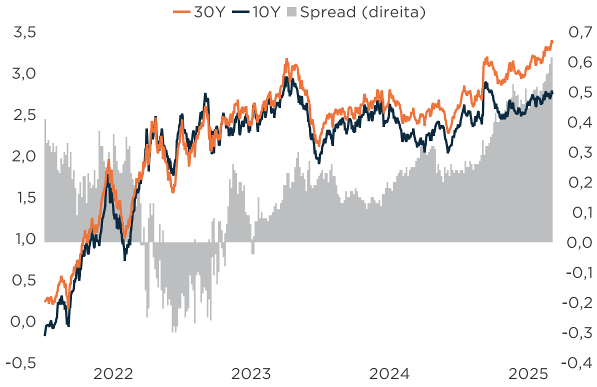
United States



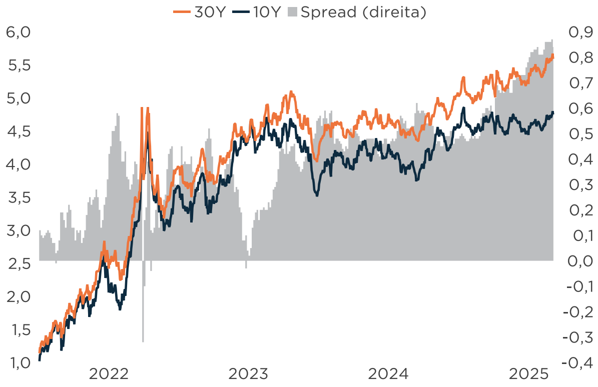
Canada



Germany



United Kingdom



The dynamics of long-term interest rates in developed economies have been one of the main points of debate in recent years. While central banks influence the short end of the curve through monetary policy, long-term premiums largely reflect market perceptions regarding growth, inflation, and fiscal trajectory.

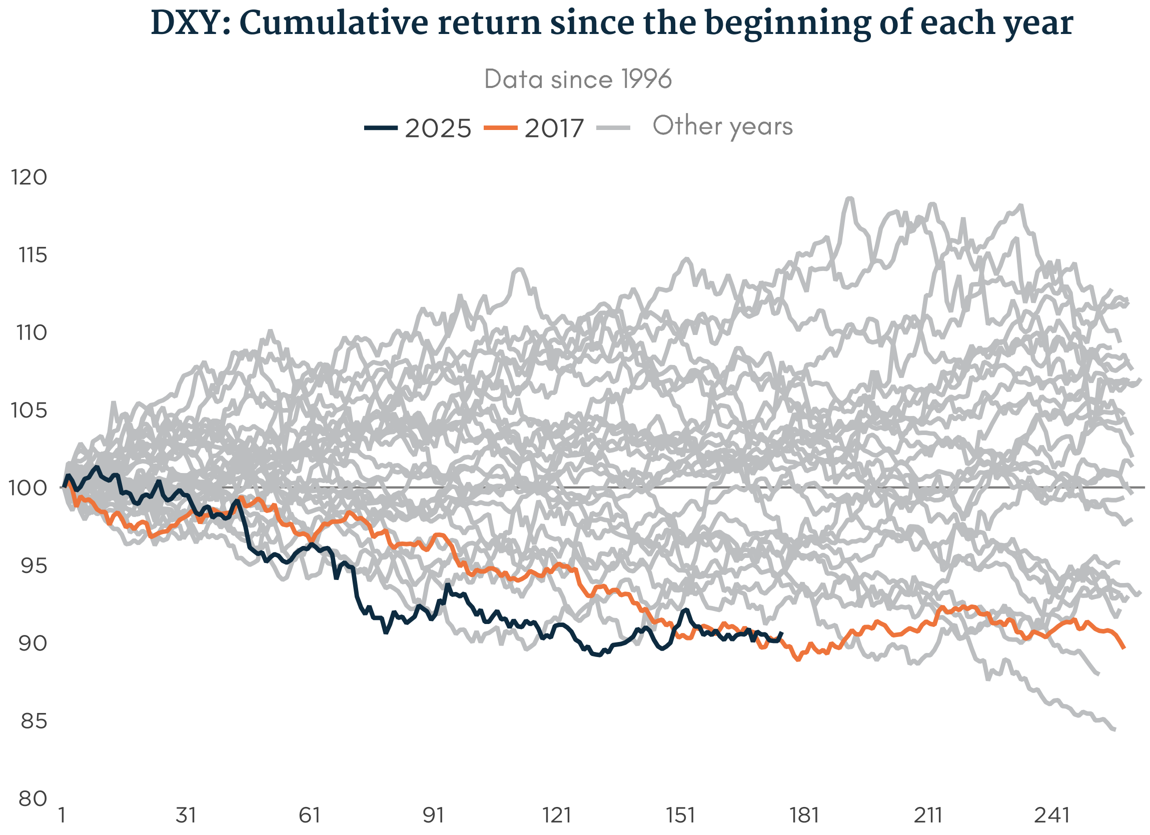
The charts on the left show the evolution of 10- and 30-year yields in four developed economies — the United States, Canada, Germany, and the United Kingdom. In all cases, long-term rates have increased in recent years, with 30-year bonds rising even more than 10-year bonds, steepening the yield curve.

This movement suggests a deterioration in perceptions of fiscal sustainability in these economies, which since the pandemic have faced larger deficits and significantly higher financing costs.

Source: Macrobond, Turim

Exchange Rate:
Dollar declines after first positive month of the year

Markets



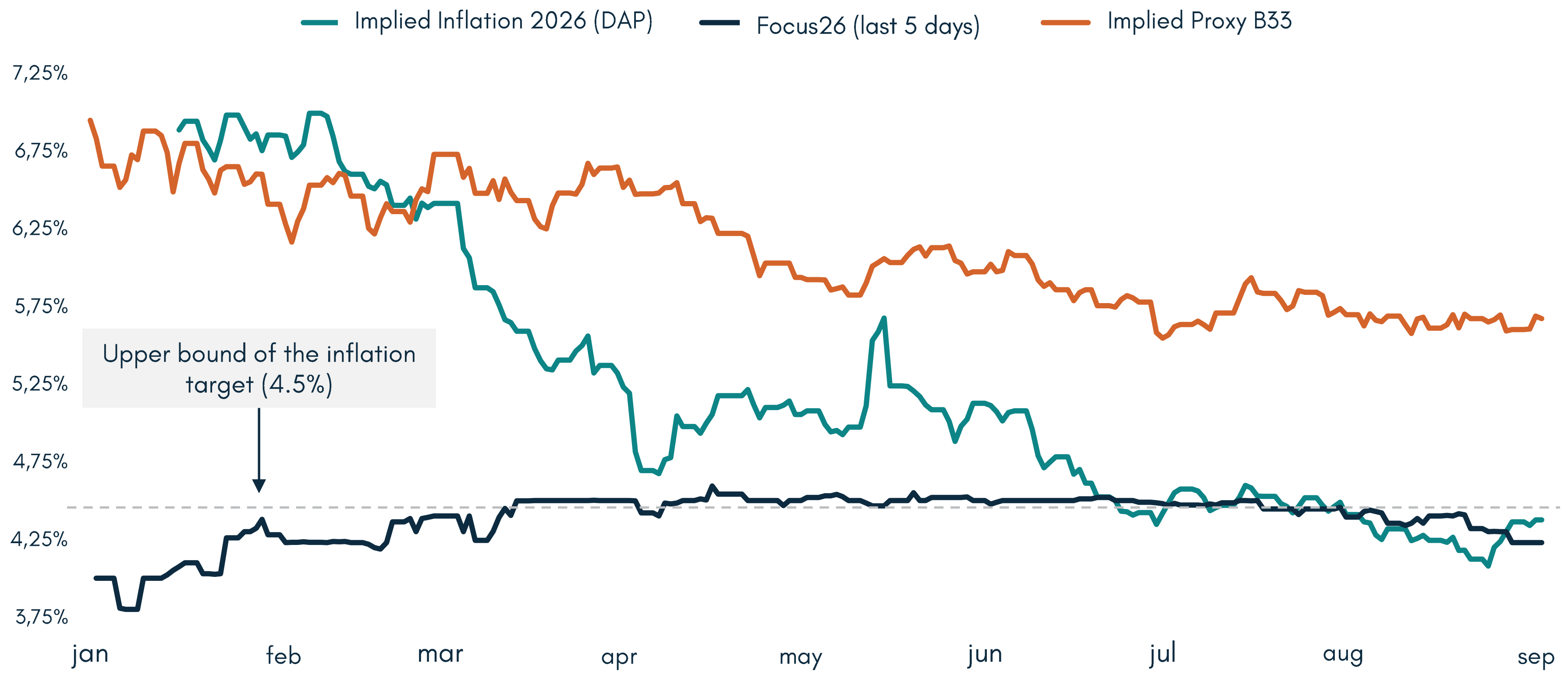
The chart on the left shows the trajectory of the DXY — an index that measures the variation of the U.S. Dollar against a weighted basket of major developed market currencies — since 1996, highlighting the performance observed in 2025 and in 2017, when results over the same period showed similar behavior.

In August, the index fell by -2.2%, offsetting a significant portion of the +3.2% appreciation recorded in July, so far the only positive month of the year.

Source: Macrobond, Turim

Interest Rates:
Implied inflation declines at the shorter maturities
Markets

Inflation Expectations



The chart shows the evolution of inflation expectations throughout the year. At shorter maturities, there has been a consistent improvement, with projections now aligned with the upper bound of the inflation target (4.5%). At longer maturities, however, the convergence has been slower, and expectations remain above the target, indicating that disinflationary challenges persist.

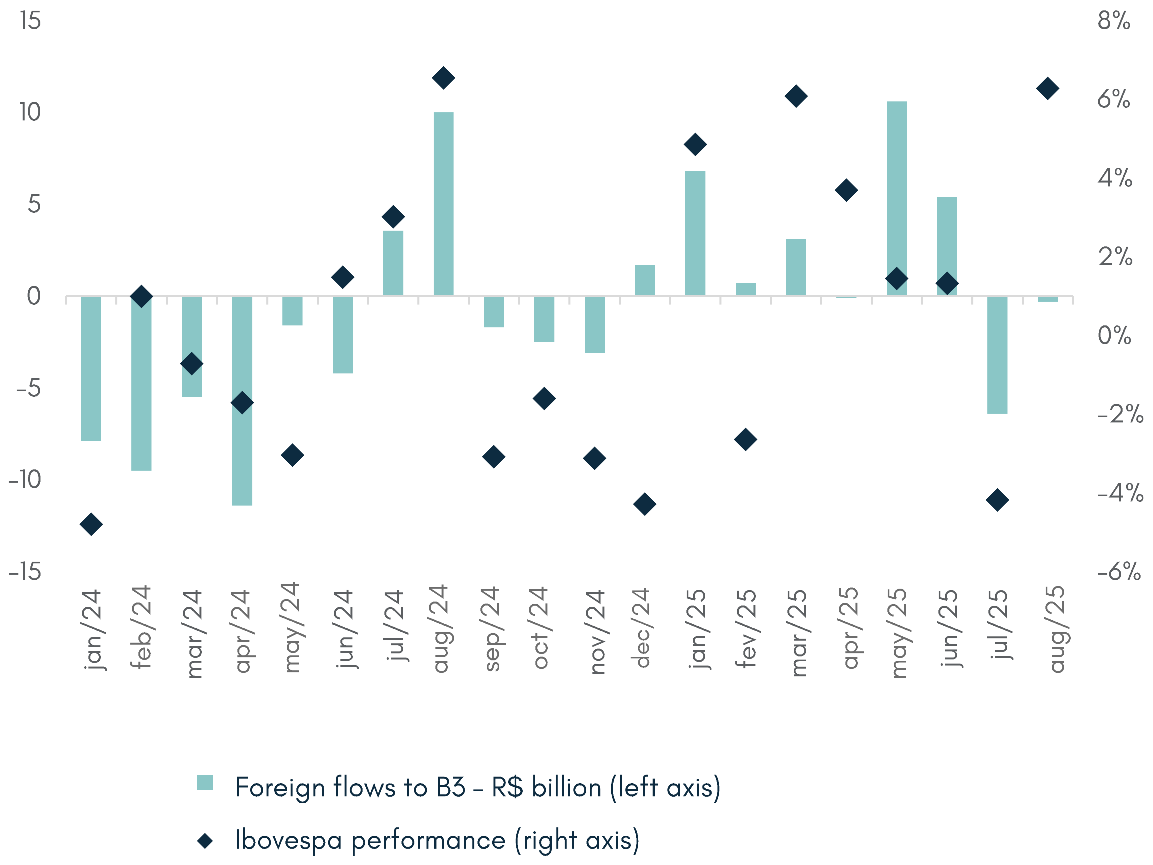
Source: BCB, Bloomberg, Turim

Equities:

Despite foreign outflows, the local stock market delivered positive performance

Markets

Foreign flows and stock market performance



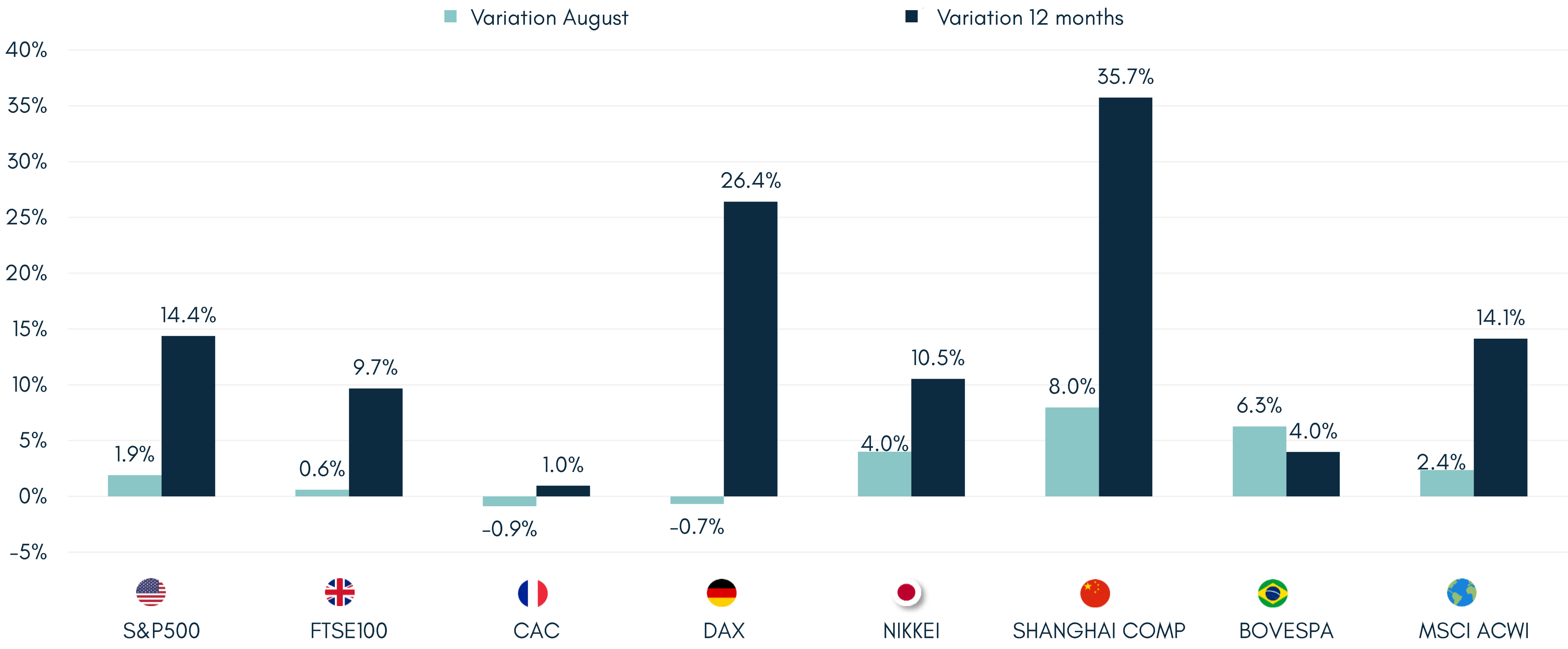
August was marked by the strong appreciation of the Ibovespa, which advanced 6.3%, in line with the movement observed in major global markets. In the chart on the left, the bars represent foreign capital flows to B3, while the dots indicate the monthly variation of the index.

Traditionally, inflows of external resources tend to support stock market appreciation, while outflows usually exert negative pressure. Even so, despite the net outflow of around R$300 million in August, the Ibovespa maintained a positive trajectory, reversing July's decline (-4.2%) and accumulating gains of more than 17% for the year.

Source: B3, Bloomberg, BTG, Turim

Stock Markets

Markets



Source: Bloomberg

Indices

	Variation August	Value in 31/08/2025	Variation in 2025	Variation in 12 months
COMMODITIES				
OIL WTI	-5.3%	65.59	-8.5%	-10,8%
GOLD	4.8%	3.447,95	31.4%	37,7%
CURRENCIES (AGAINST USD)				
EURO	2.4%	1.17	12.9%	5,8%
LIBRA	2.2%	1.35	7.9%	2,9%
YEN	2.5%	147.05	6.9%	-0,6%
REAL	3.1%	5.43	13.8%	3,3%
INDICES				
S&P500	1.9%	6.460,26	9.8%	14,4%
FTSE100	0.6%	9.187,34	12.4%	9,7%
CAC	-0.9%	7.703,90	4.4%	1.0%
DAX	-0.7%	23.902,21	20.1%	26.4%
NIKKEI	4.0%	42.718,47	7.1%	10.5%
SHANGHAI COMP	8.0%	3.857,93	15.1%	35.7%
BOVESPA	6.3%	141.422,26	17.6%	4.0%
MSCI ACWI	2.4%	951,57	13.1%	14.1%

*Amounts and results in local currency

Source: Bloomberg

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