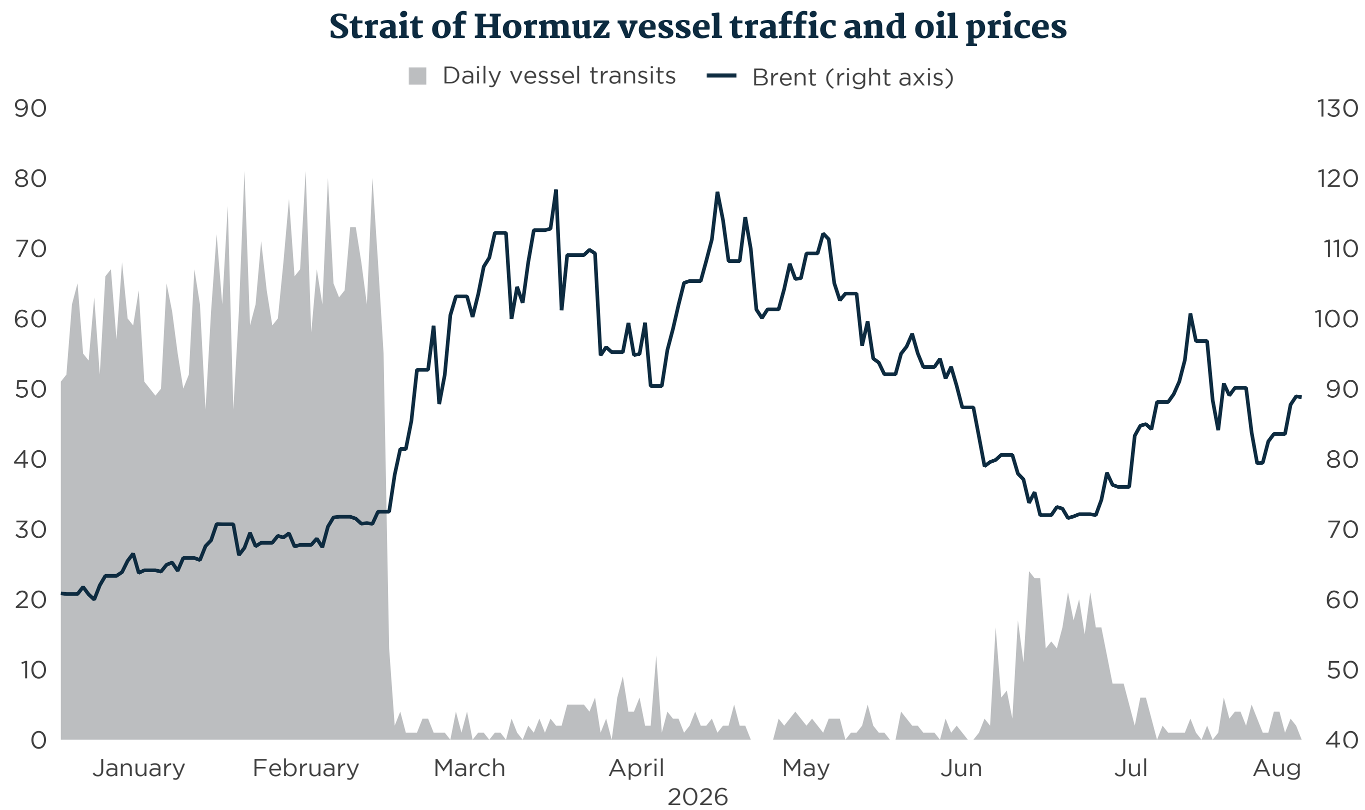
TURIM 25 ANOS

Economic Report

August
2026

Oil

Prices remain relatively stable despite the prolonged blockade of the Strait



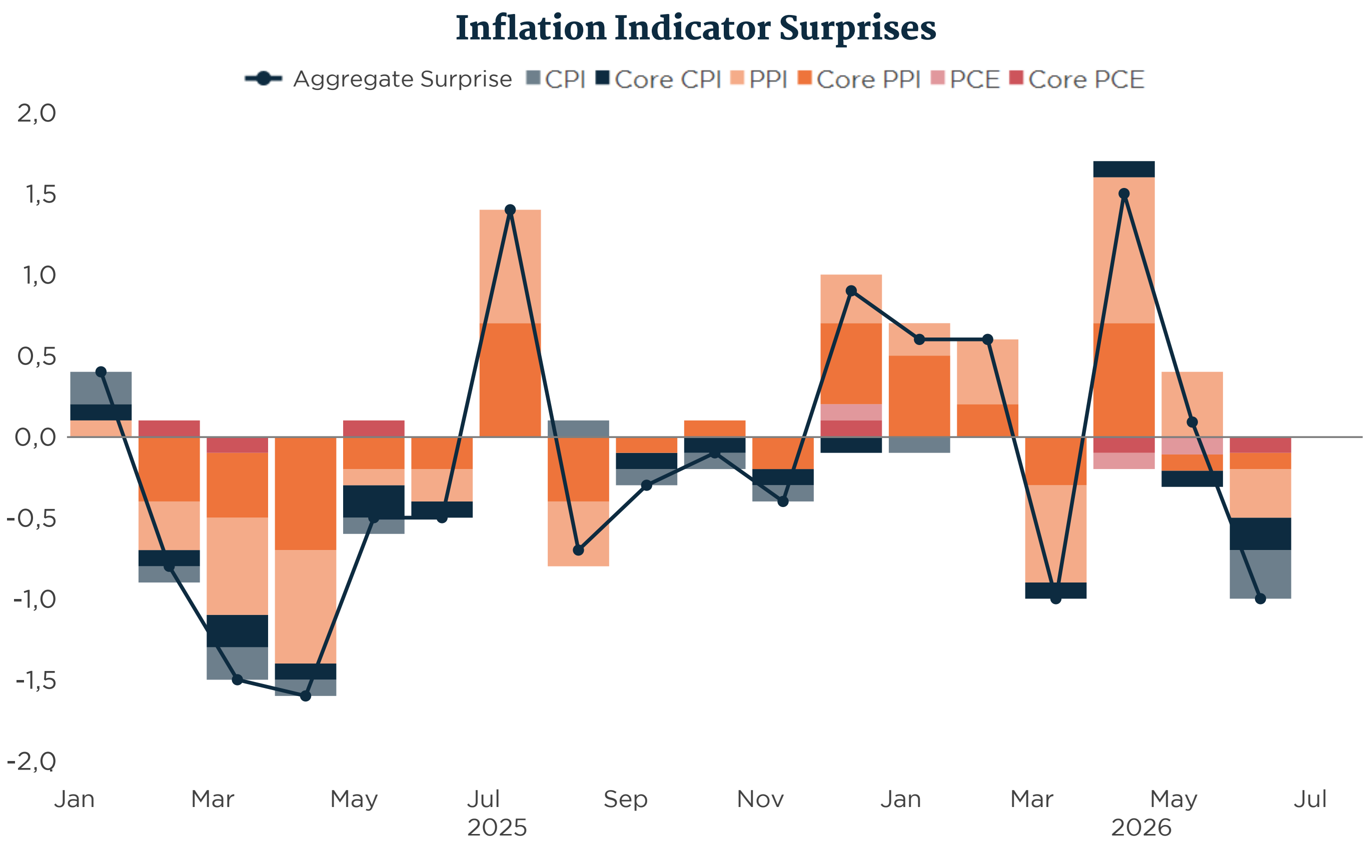
The blockade of the Strait of Hormuz, in place since late February, pushed Brent crude prices into the US$100–120 per barrel range through the end of May. Starting in June, signs of renewed engagement between the two sides and the prospect of an agreement led to a partial recovery in shipping traffic through the region. As shown in the chart, traffic between late June and early July reached nearly 20 vessels per day, still below pre-conflict levels. By late July, however, relations between the United States and Iran deteriorated again, the Strait was once more blocked, and oil prices resumed their upward trend.

Even so, the oil shock has been less severe than initially projected under a prolonged blockade scenario. One possible explanation for the more contained price response is weaker Chinese demand. China, the world's largest oil importer, nearly halved its import volumes through June, which likely offset a significant portion of the supply disruption caused by the blockade, limiting the pass-through of the geopolitical shock to oil prices.

Source: Bloomberg, Turim

Inflation

Inflation moderates in June



The main U.S. inflation indicators surprised to the downside across the board in June. The chart illustrates a simple measure of the month's "aggregate inflation surprise," incorporating the difference between actual readings and market consensus (the median of forecasts collected by Bloomberg) for consumer inflation (CPI and PCE) and producer inflation (PPI), including both headline measures and the main core indices.

The chart shows that the aggregate surprise reached a level comparable to that observed in March. In that case, however, the surprise was heavily concentrated in producer inflation, while the latest data point to a more broad-based downside surprise.

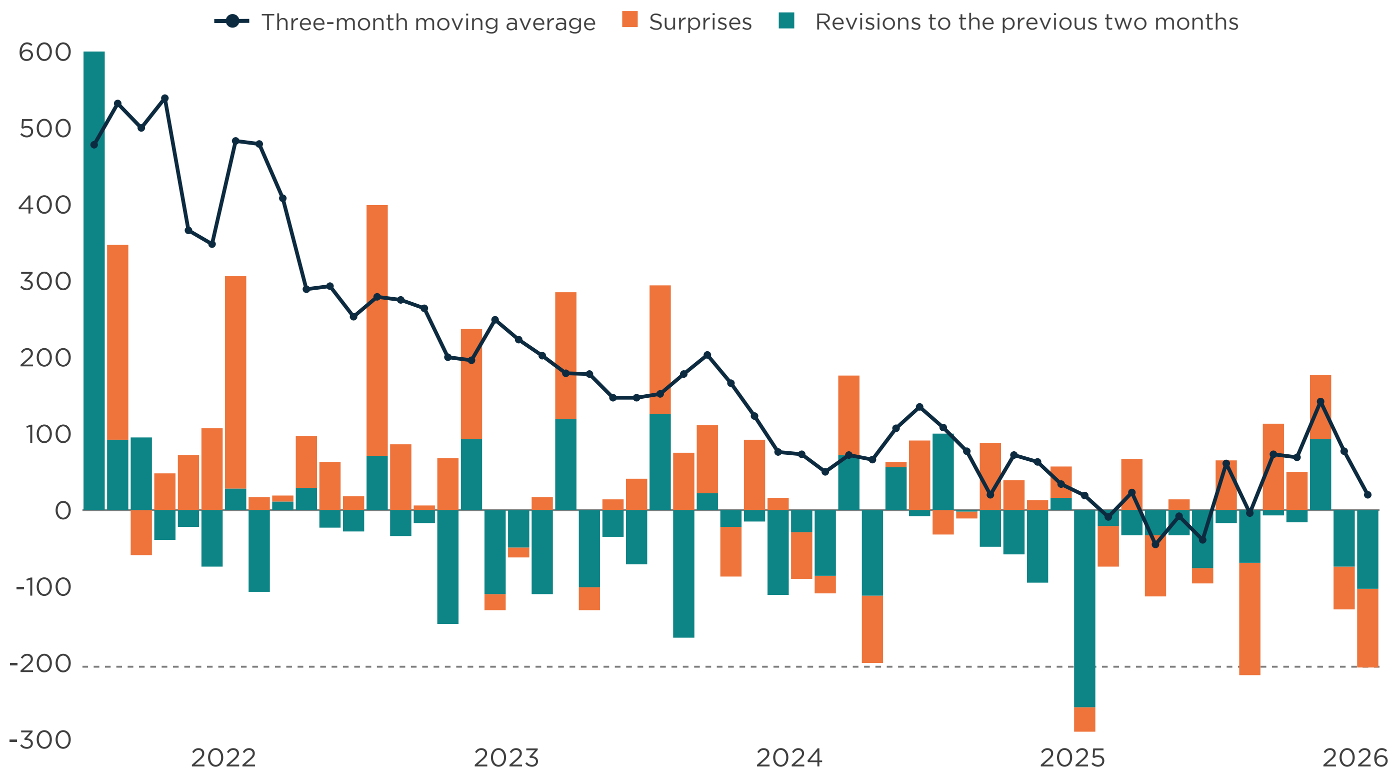
Even so, the overall inflation picture remains uncomfortable. A shift toward some easing of monetary policy would require not only further favorable surprises, but also an actual decline in 12-month inflation, which remains well above the inflation target across the main measures.

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Turim

Labor Market

Job creation declines as wage growth falls below productivity growth

Payroll: Net Job Creation



The July Payroll report came in below expectations for the second consecutive month, this time by a wider margin. The U.S. economy lost 23,000 jobs, compared with expectations for a gain of 83,000, while revisions to the previous two months removed an additional 103,000 jobs from initial estimates. The chart highlights the magnitude of the slowdown: the three-month moving average fell to just 20,000 jobs, below estimates of neutral job creation. The unemployment rate declined to 4.1%, but this reflected people leaving the labor force, with the participation rate falling to 61.4%, its lowest level in more than five years.

Wage dynamics reinforce this picture of a cooling labor market. On a seasonally adjusted three-month annualized basis, wage growth slowed to 2.3%, while the 12-month rate declined to 2.8%, both reaching their lowest levels in recent years. After accounting for productivity gains, which have historically averaged around 2%, these figures are well below the inflation target, pointing to a sustainable pace of wage growth.

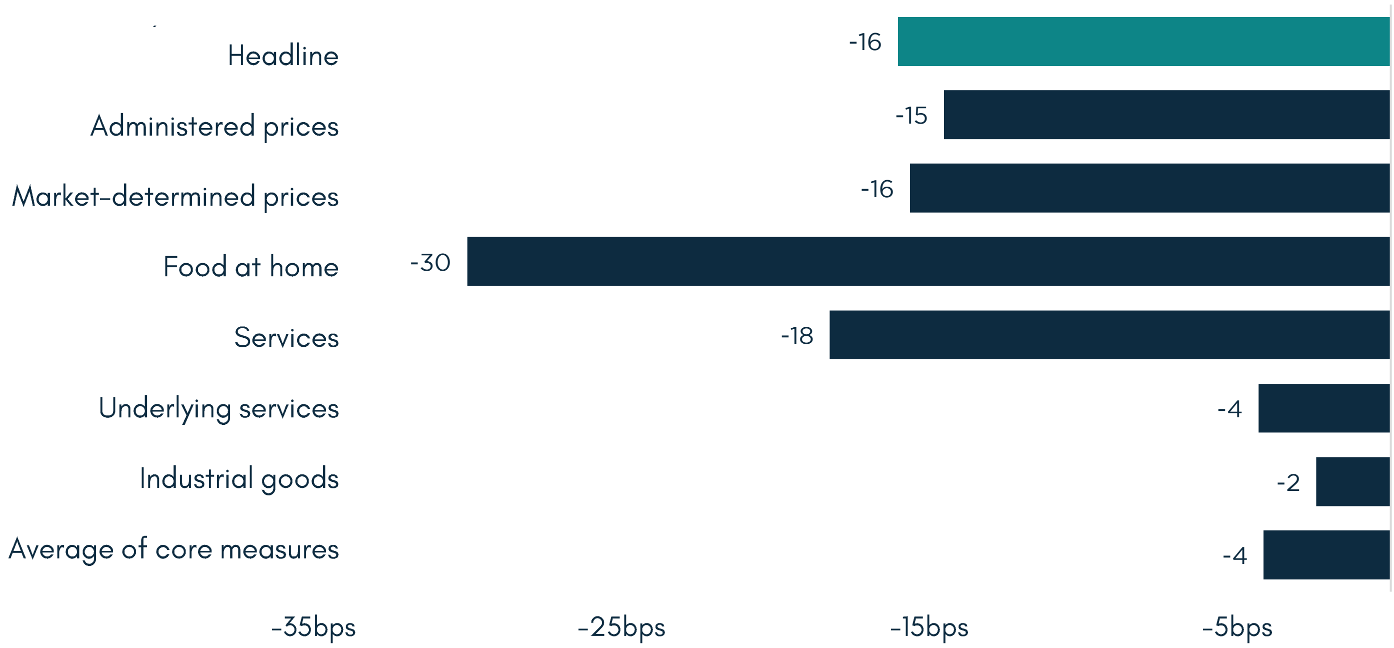
Source: Bloomberg, Bureau of Labor Statistics, Turim

Inflation

July IPCA-15 comes in below expectations with a favorable composition

IPCA-15 Surprises

July | Basis points



The July IPCA-15 rose by just 0.06% in the month, well below the 0.22% consensus, bringing 12-month inflation down from 4.8% to 4.5%. The surprise chart highlights the broad-based nature of the result: virtually all groups came in below expectations, led by food at home, with a 30-basis point downside surprise, and services, with an 18-basis point downside surprise. Core and underlying inflation measures, which are more closely monitored by the Central Bank, showed smaller deviations but also came in below expectations.

The full July IPCA, released subsequently, confirmed the favorable tone of the preliminary reading, rising 0.07% in the month and 4.44% over 12 months, returning to the inflation target's tolerance range after two months above the upper bound. The improvement, however, does not change Copom's reaction function. Services inflation remains resilient, Focus expectations for 2027 remain above 4.2%, and the Committee's minutes reinforced that monetary policy will need to remain restrictive for a prolonged period. A benign reading at the margin reduces the risk of further Selic rate hikes but does not create room for an acceleration in the pace of rate cuts.

Source: Bloomberg, Broadcast, IBGE, Turim

Elections

Party conventions intensify the pace of the presidential race

05/08	**Last day of party conventions** (60 days before the 1st round)
15/08	**Deadline for candidate registration** (by 7:00 p.m.)
28/08	**Start of free electoral broadcasting** on radio and TV (1st round)
04/10	**1st Round**
25/10	**2nd Round**

With the conclusion of the party conventions on August 5 and the candidate registration deadline on August 15, Brazil's electoral landscape is now largely defined. Lula (PT) will seek reelection, while the opposition has consolidated around Flávio Bolsonaro (PL). The remaining candidates, including Ronaldo Caiado, Romeu Zema, and Renan Santos, continue to poll in the single digits.

At this stage, any attempt to change the candidates running for office in October would face significant bureaucratic and logistical hurdles, making major changes to the current lineup unlikely.

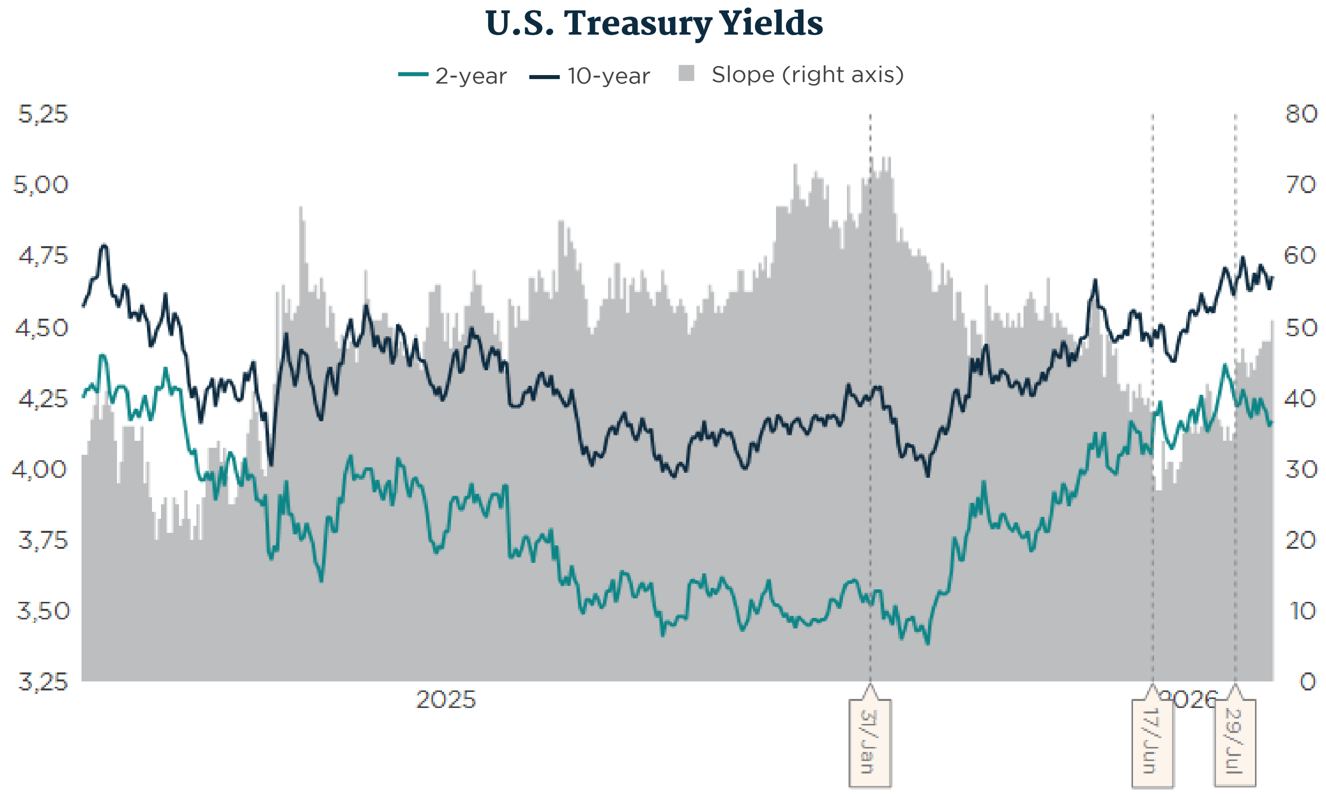
The timeline highlights the next key event on August 28, with the start of free electoral broadcasting on radio and television. Although its influence has declined somewhat relative to digital platforms in recent election cycles, this period formally marks the beginning of the most intense phase of the campaign.

For now, polls point to a closely contested runoff between Lula and Flávio Bolsonaro, with the incumbent leading by roughly 2 to 5 percentage points, depending on the polling firm. The gap remains too narrow to provide confidence in any particular outcome at this stage of the electoral race.

Source: Tribunal Superior Eleitoral, Turim

Interest Rates

Yield curve steepening increasingly reflects higher term premiums



The U.S. yield curve* displayed three distinct movements over the period covered by the chart. The first was a sharp steepening through the end of January 2026, driven by uncertainty surrounding the succession of the Fed Chair, which eased following the announcement of Kevin Warsh's nomination. The second came after his nomination was confirmed: uncertainty surrounding the conduct of monetary policy appears to have subsided alongside the decline in the curve's steepness, reflecting Warsh's strong reputation as a technically oriented policymaker with a historically more hawkish stance on inflation.

The third movement, a renewed steepening of the yield curve, began following the first FOMC meetings under the new leadership, on June 17 and July 29. Since then, the FOMC has adopted a considerably less transparent communication stance, providing less guidance in its policy statements and using more vague language during press conferences. In the absence of clear signals about the next steps for monetary policy, investors have begun to demand greater compensation for holding fixed income securities, particularly those with longer maturities, pushing their yields higher.

**Note: The yield curve represents the interest rates paid on government bonds across different maturities. Its slope is measured by the difference between long-term (10-year) and short-term (2-year) yields: when the slope increases, longer-dated bonds offer relatively higher yields, generally reflecting greater uncertainty or a higher term premium demanded by investors.*

Source: Bloomberg, Turim

Equities

July was a test for risk management

Ativo	YTD*	Jun/26	Jul/26
S&P 500	10,0%	-0,9%	-0,1%
MSCI EAFE	12,0%	0,1%	2,0%
MSCI EM	20,3%	-1,4%	-3,0%
Semiconductors	68,0%	12,7%	-21,3%
Gold	-6,3%	-11,7%	1,0%
UST 10Y	57bps	3bps	27bps
Energy Commodities	60,2%	-11,8%	15,6%
Precious Metals Commodities	-7,7%	-13,7%	-0,1%

*As of the end of July

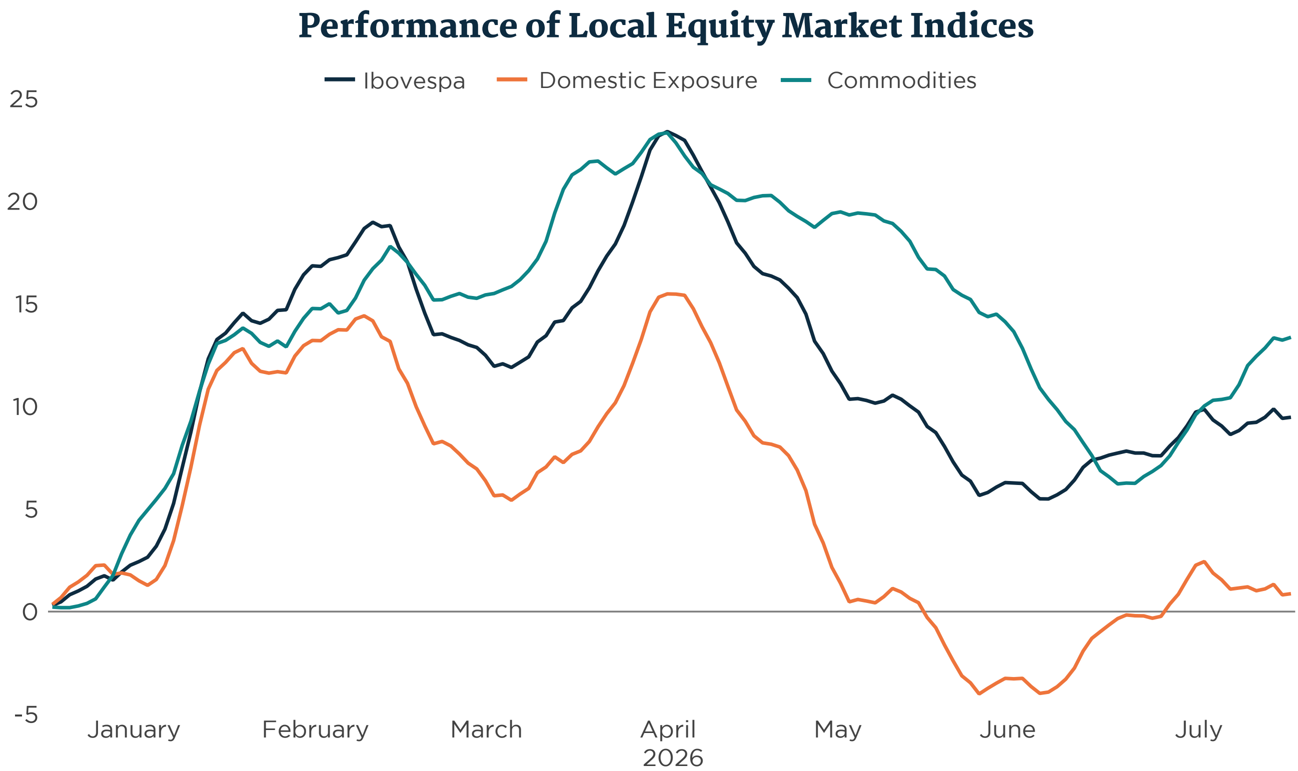
July put managers with concentrated exposure to the artificial intelligence theme to the test. The S&P 500 ended the month virtually flat, down just 0.1%, but this headline performance masked a very different dynamic beneath the surface: the semiconductor sector fell 21.3% during the month, although this represented only a partial reversal of its strong year-to-date gains. The table highlights this contrast: the MSCI EAFE gained 2%, while emerging markets declined 3% and energy commodities rose 15.6% amid renewed tensions in the Strait of Hormuz. Gold, which had fallen 11.7% in June alongside oil, remained broadly stable in July.

The correction in semiconductors was partly technical in nature. Investors with highly leveraged positions in the AI theme faced margin calls as the market reversed, forcing them to liquidate positions and amplifying the sector's decline. By early August, the major indices had begun to show signs of recovery, reversing part of July's losses.

Source: Bloomberg, Turim

Equities

Commodities drive the Ibovespa higher in July



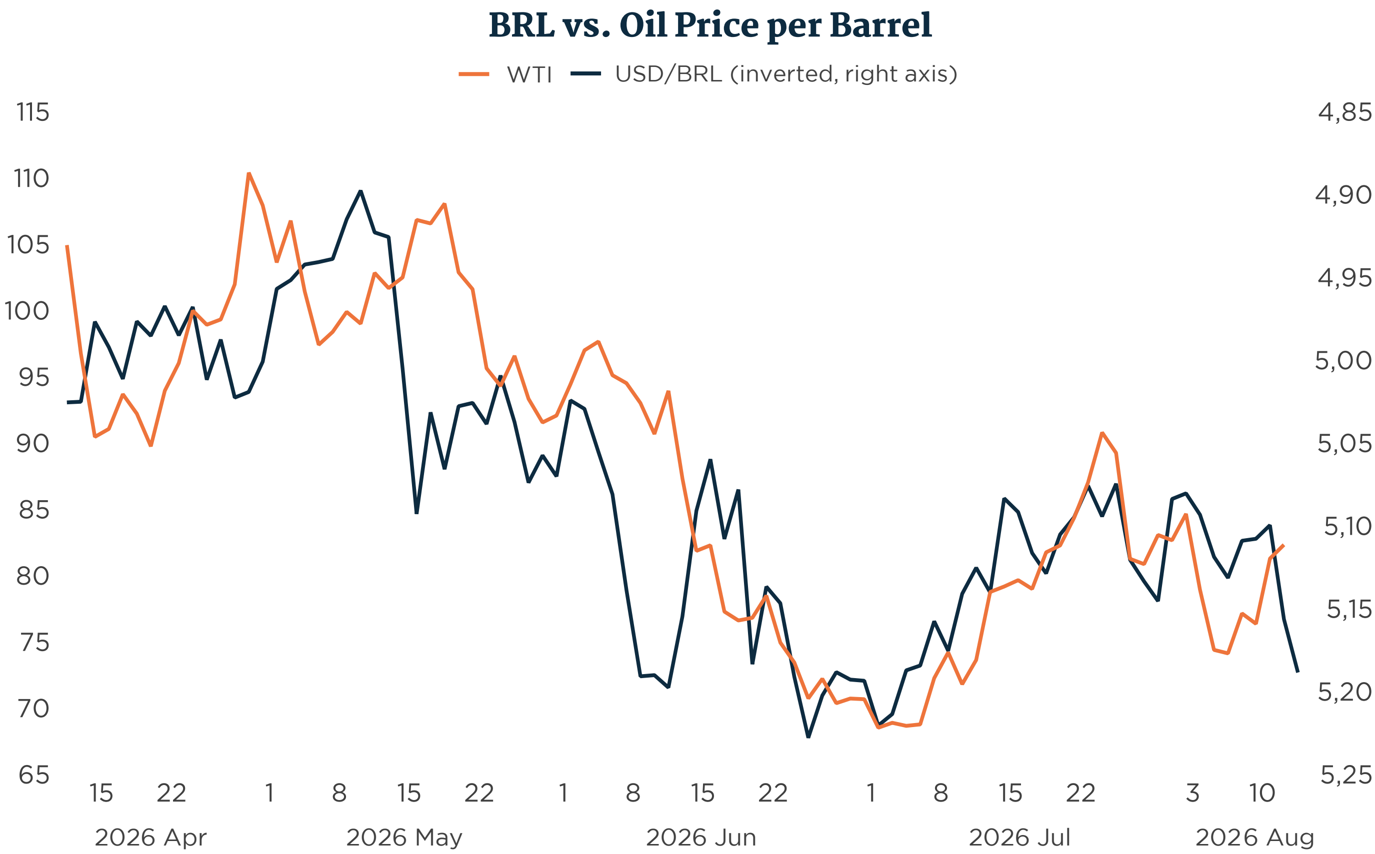
The Ibovespa rose by approximately 3.5% in July, posting its first positive monthly return since February. The chart clearly illustrates the source of this performance: commodities are up nearly 20% year to date and have been the main driver of the index this year, while domestic assets have gained only 2.8% over the same period. Higher oil prices, driven by prolonged tensions in the Strait of Hormuz, benefited Petrobras, whose common shares rose 17.4% in July.

The return of foreign inflows in July, also supported by a global rotation away from the technology sector following the semiconductor correction, provided further support to the index. However, the move was largely driven by external factors and remained concentrated in a few sectors. Domestic assets, which are more sensitive to Brazil's interest rate cycle and the electoral outlook, continue to lag commodities significantly year to date, reflecting investor caution over the fiscal trajectory and the still incomplete disinflation process. In early August, this dynamic already appears to have reversed, with significant foreign outflows from the equity market and a decline in the index.

Source: Bloomberg, Turim

Foreign Exchange

The Brazilian Real has been closely correlated with oil prices in recent months

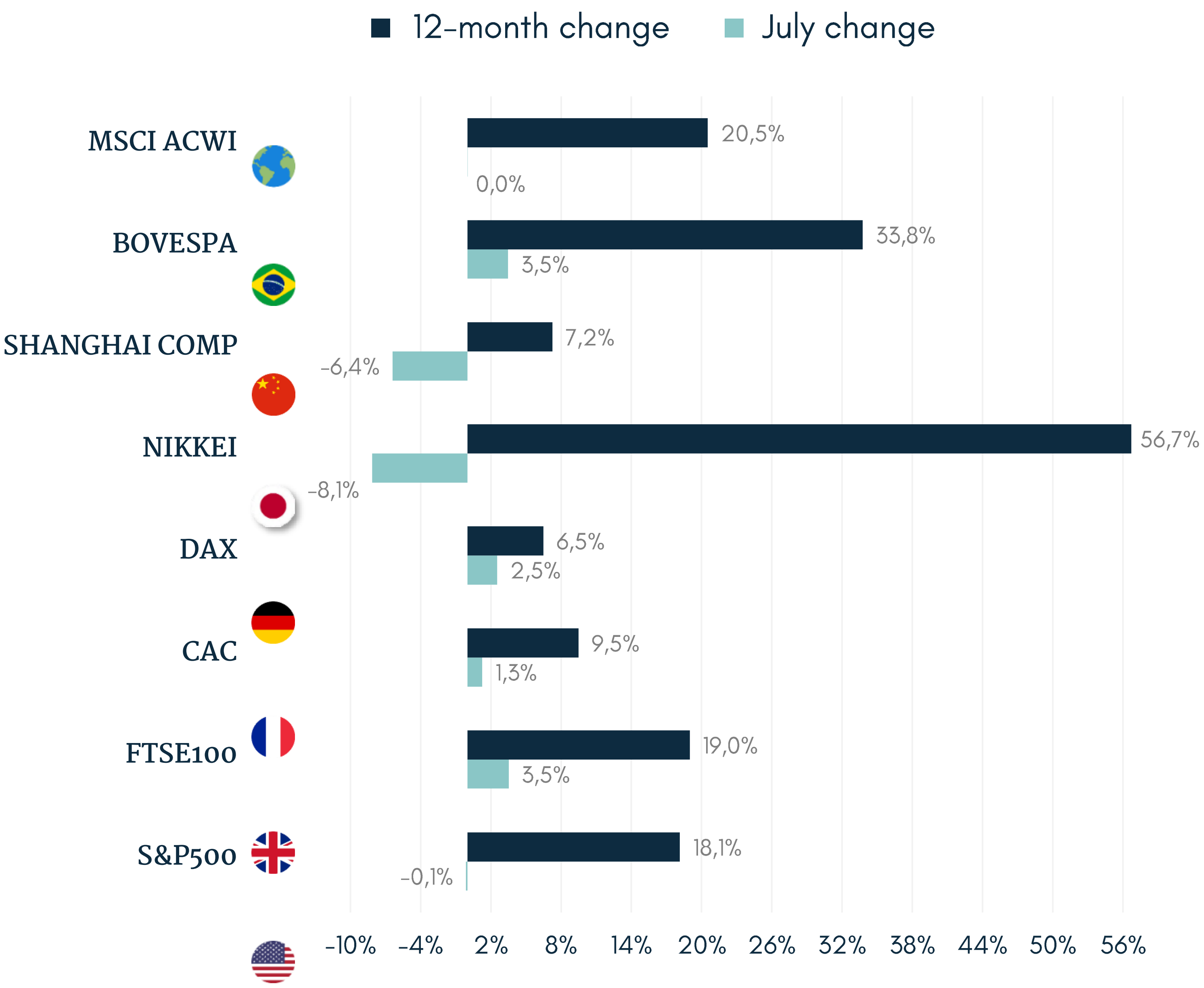


The Brazilian Real has been one of the best-performing emerging market currencies in 2026, supported by two factors highlighted in the chart. The first is the interest rate differential: with the Selic rate at 14% per year, compared with 3.5%-3.75% in the United States, Brazil offers one of the most attractive carry opportunities globally, encouraging capital inflows and supporting the currency. The second is Brazil's position as an oil exporter. As shown in the chart, the inverted USD/BRL exchange rate has closely tracked WTI prices in recent months, with the Real appreciating when oil prices rise and depreciating when oil prices fall, as occurred between April and mid-June.

This relationship with oil, through the terms-of-trade channel, helps explain the Real's resilience amid an adverse geopolitical environment. On the other hand, the approaching election may once again put pressure on the Brazilian currency and increase its volatility in the coming months.

Source: Bloomberg, Turim

Stock Markets



Source: Bloomberg

	July Change	Value on 31/07/2026	Change in 2026	12-month Change
COMMODITIES				
WTI Crude Oil	21.8%	84.67	47.5%	22.2%
Gold	1.0%	4,046.15	-6.3%	23.0%
CURRENCIES				
Euro	0.9%	1.15	-1.9%	1.0%
Pound Sterling	1.7%	1.35	0.1%	2.1%
Yen	3.5%	157.40	-0.4%	-4.2%
Brazilian Real	1.7%	5.07	7.9%	10.4%
INDICES				
S&P 500	-0.1%	7,489.72	9.4%	18.1%
FTSE 100	3.5%	10,868.05	9.4%	19.0%
CAC 40	1.3%	8,509.64	4.4%	9.5%
DAX	2.5%	25,629.24	4.7%	6.5%
Nikkei	-8.1%	64,362.02	27.9%	56.7%
Shanghai Composite	-6.4%	3,832.26	-3.4%	7.2%
Bovespa	3.5%	177,999.00	10.5%	33.8%
MSCI ACWI	0.0%	1,120.51	10.4%	20.5%

*Figures and results presented in local currency

Source: Bloomberg

Disclaimer

Our analyses and views are based on continuous and comprehensive monitoring of a wide range of sources, including global studies and reports produced by various market participants.

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