

Projections for GDP growth in 2026

The projection for the Gross Domestic Product (GDP) growth in 2026 remains at 1.6%, the same figure released in the December 2025 MPR, maintaining the prospect of moderate expansion over the year.

The stability of the annual growth projection reflects the 2025Q4 result, which was close to expectations, and the continued prospect for a moderate quarterly expansion throughout 2026. This scenario is conditioned by the expectation of monetary policy remaining in a restrictive territory, the low level of slack of production factors, the prospect of deceleration of the world economy, and the absence of the agricultural stimulus observed in 2025. As in the previous MPR, the outlook also incorporates estimates of the effects of recent measures with the potential to support domestic demand, such as the real increase in the minimum wage and the exemption or reduction of the Individual Income Tax (IRPF) for lower income brackets.

Although the aggregate 2025Q4 GDP was in line with the Banco Central do Brasil's (BCB) forecasts, there were surprises in its components: overall, services outperformed expectations, whereas industry and domestic demand grew below the previous MPR projections. These surprises have an impact on the projections for the supply and demand components for 2026. Furthermore, the recent conflict in the Middle East increases the degree of uncertainty surrounding the forecasts. If prolonged, its predominant impacts, both domestically and abroad, should be consistent with a negative supply shock, raising inflation and reducing growth, even though they may benefit some sectors of the Brazilian economy – particularly the oil sector.

In terms of GDP dynamics throughout the year, growth is projected to be stronger in 2026Q1 – following a virtual stability over the second half of 2025 – and followed by moderate increases in the subsequent quarters. The aforementioned measures, which may affect demand, as well as the expected growth of agriculture in 2026Q1 – despite the forecast of moderate annual expansion for the sector – should contribute to the acceleration of economic activity during this period. However, the expected growth for 2026Q1 and for the remainder of the year – especially when excluding agriculture from GDP – is sensitive to the seasonal adjustment specification, as discussed in a box in this MPR.¹ Considering seasonal adjustment by the indirect method, which aggregates the already seasonally adjusted components, GDP ex-agriculture is expected to show a more homogeneous growth pattern throughout the year, as already observed in 2025. These results suggest that interpretations of the degree of economic activity momentum, particularly in early 2026, should be made with caution.

From the supply side perspective, the stability of the annual GDP growth projection reflects a downward revision for industry and upward revisions for services and agriculture. The expected expansion of agriculture increased from 0.5% to 1.0%, amid more favorable projections for agricultural production. In industry, the projection was revised from 1.9% to 1.2%, a reduction that reflects lower growth expectations for manufacturing and construction, both influenced by a lower-than-expected performance in 2025Q4. Despite the significant downward revision to the annual growth projection for construction, the sector is still expected to expand over the year, driven by the residential segment and the anticipated increase in infrastructure works. The projection for the services sector was revised more moderately, from 1.6% to 1.7%. Among tertiary-sector activities, negative revisions for trade and transport stand out, while positive revisions were recorded for information services and financial services, largely influenced by the surprises observed in 2025Q4 results.

1/ Box [Seasonal adjustment and uncertainty about the pace of growth in early 2026](#).

Still from the supply side perspective, compared with the 2025 result, the projection for 2026 indicates that the pace of growth in the more cyclical components will be maintained, at 1.4%.² Therefore, the expectation remains of a continued moderate expansion in these sectors in a context of tight monetary policy and low level of slack of production factors. Among the less cyclical segments, growth of 1.8% is projected, compared with 3.7% in 2025, a deceleration mainly resulting from the expectation of more moderate agricultural expansion in 2026, following the strong increase recorded in the previous year.

In the context of domestic demand, the projections for household consumption and for Gross Fixed Capital Formation (GFCF) in 2026 were revised from 1.5% and 1.0% in the previous MPR to 1.4% and 0.5%, respectively, while the growth estimate for government consumption increased from 1.5% to 2.0%. These revisions mainly reflect the surprises observed in 2025Q4 results. In the external sector, the exports forecast increased from 2.0% to 2.5%, whereas the projection for imports was maintained at 1.0%. Given these updated projections, the contribution of domestic demand to GDP growth is expected to decrease from 2.0 p.p. in 2025 to 1.3 p.p. in 2026, while the external sector is once again expected to provide a modest contribution of 0.3 p.p.

Table 1 – Gross Domestic Product

Year-to-date

Itemization	2024	2025	% growth	
			2026 ¹	Current
			Previous	Current
Agriculture	-3.7	11.7	0.5	1.0
Industry	3.1	1.4	1.9	1.2
Mining	0.5	8.6	4.0	4.0
Manufacturing	3.9	-0.2	1.3	0.5
Construction	4.4	0.5	2.5	1.0
Utilities (EGAER) ²	1.0	-0.4	0.5	1.0
Services	3.8	1.8	1.6	1.7
Trade	3.8	1.1	1.7	1.2
Transport and storage	1.9	2.1	3.0	1.7
Information services	6.1	6.5	3.5	4.0
Financial and related services	5.5	2.9	0.8	3.0
Other services	5.3	2.0	1.5	1.7
Real estate	3.1	2.0	1.7	1.7
Public admin., health, and education (APU)	1.7	0.5	1.0	1.0
More cyclical components	4.2	1.4	1.8	1.4
Less cyclical components	1.7	3.7	1.3	1.8
Value added at basic prices	3.1	2.4	1.6	1.5
Taxes on products	5.7	1.7	1.9	1.6
GDP at market prices	3.4	2.3	1.6	1.6
Household consumption	5.1	1.3	1.5	1.4
Government consumption	2.0	2.1	1.5	2.0
Gross Fixed Capital Formation	6.9	2.9	1.0	0.5
Exports	2.8	6.2	2.0	2.5
Imports	15.6	4.5	1.0	1.0

Sources: IBGE and BCB

1/ Estimated.

2/ Electricity and gas, water, sewage, waste management activities.

2/ Classification of sectors as more or less cyclical, as discussed in several MPR editions. Activities classified as less cyclical are agriculture; mining; financial activities, insurance, and related services; real estate activities; and public administration, defense, health and education, and social security.