

Economic QuickView



Brazil: A global agricultural powerhouse poised for enduring economic expansion

- Brazil's economy stands as the largest in South America and the 10th largest in the world.
- Brazil maintains a dynamic and deepening partnership with China, underpinned by their BRICS+ affiliation.
- Brazil's economy is set for sustained growth, supported by a stream of foreign investment.

A large, diversified economy with growth opportunities

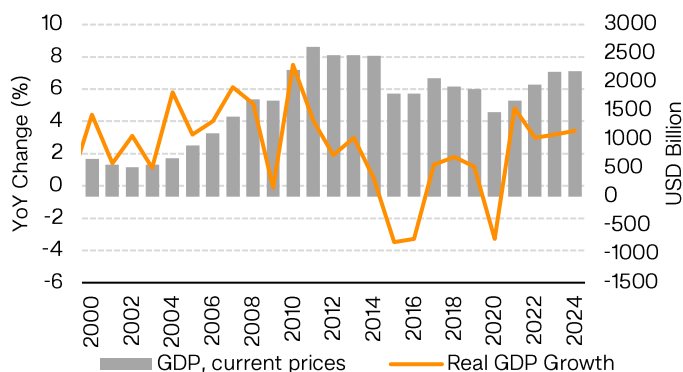
Brazil, the largest nation in South America, boasts a vast Atlantic coastline and shares land borders with 10 countries. With a population of about 211 million, Brazil is the seventh most populous country globally and the fifth largest by land area. Brazil is also a global agricultural powerhouse, with a leading position in various food exports. Its rich ecological heritage, including the Amazon rainforest, which spans two-thirds of national territory, makes Brazil a magnet for international tourism. The country has showcased its global standing by hosting premier events such as the 2014 FIFA World Cup and the 2016 Olympic Games. In 2024, Brazil presided over the G20 summit and is reportedly having plans to join OPEC+. As a prominent member of the BRICS+ coalition, Brazil is set to host the 2025 BRICS summit. Brazil's nominal GDP reached USD 2.19 trillion in 2024, making it the largest economy in South America and the 10th largest globally, and it is classified as an upper-middle income economy with a GDP per capita of USD \$10,214.

Brazil's economic structure is notably diversified. Agriculture remains a foundational pillar of the economy, comprising about 6% of GDP in 2024. Leveraging fertile soils and advanced agribusiness technology, Brazil is a global leader in the exportation of soybeans, coffee, sugarcane and beef. In 2024, Brazil was the world's largest exporter of soybeans (USD 42.9 billion) and coffee (USD 11.4 billion).

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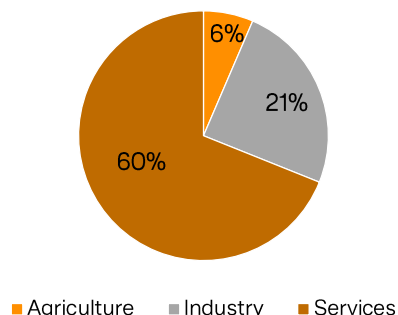
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Brazil Real GDP Growth and GDP at current



Source: International Monetary

Brazil % Share of GDP by Sector (2024)



Source: Brazilian Institute of Geography and Statistics

The industry sector, which includes construction, manufacturing, and mining, accounted for about 21% of Brazil's GDP in 2024. The mining segment is vital, with Brazil serving as a major global supplier of iron ore, gold, bauxite, and gemstones. In energy, Brazil distinguishes itself with a robust mix of renewable energy and offshore oil production, led by Petrobras (a state-owned corporation). In addition to domestic consumption, petroleum products consistently rank among Brazil's most important exports. Manufacturing is also significant, with competitive industries in automobiles, aerospace (led by Embraer), steel, machinery, and consumer goods.

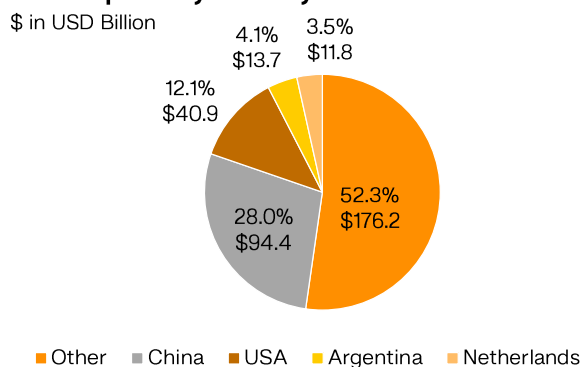
The services sector is the principal component of Brazil's economy, taking up around 60% of GDP in 2024, spanning across various young and thriving sub-segments such as financial services, tourism & hospitality, and information technology. Sao Paulo is recognised as a premier financial centre in the Latin America and Caribbean region, as highlighted in the March 2025 Global Financial Centre Index. Fintech in Brazil is also thriving significantly, driven by the fast-growing Nubank, which is one of the world's biggest digital banks. Founded in 2013 and based in São Paulo, Nubank penetrates the domestic Brazilian market by offering low-cost digital banking to millions of retail customers and expanded steadily into Mexico and Colombia. Nubank's growth has been impressive, with USD 2 billion in profit in 2024 and 118.6 million customers as of Q1 2025.

Brazil Exports by Commodity (2024)

| Commodity | Value (\$ USD billion) | % Share of Total |
|--------------------|------------------------|------------------|
| Total Exports | 337 | 100% |
| Crude Petroleum | 44.8 | 13.3% |
| Soybeans | 42.9 | 12.7% |
| Iron Ore | 29.8 | 8.9% |
| Raw Sugar | 18.6 | 5.5% |
| Refined Petroleum | 11.7 | 3.5% |
| Coffee | 11.4 | 3.4% |
| Frozen Cattle Meat | 10.1 | 3.0% |

Source: United Nations Comtrade

Brazil Exports by Country in 2024

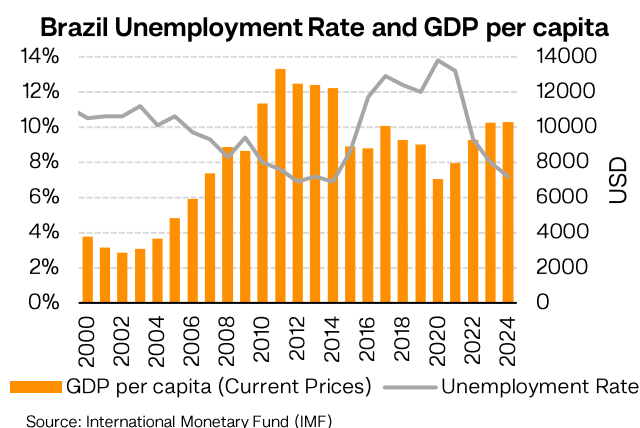


Source: United Nations Comtrade

Brazil's economic history was characterised by cycles of commodity-driven booms, political disruption and external shocks. In the early 2000s, Brazil experienced significant growth, led by poverty reduction, improved productivity, and strong external demand for its commodities. From 2000 to 2009, GDP growth averaged at 3.4% per year, outpacing the 1990s, and GDP per capita rose from USD 3,572 in 2000 to USD 8,641 in 2009. During the 2008 global financial crisis, the economy demonstrated resilience compared to many other nations, with a mild contraction of 0.1% in 2009 and then rebounding to 7.5% growth in 2010.

Multiple economic challenges emerged in the 2010s. Up until 2014, global commodity prices had been steadily rising, greatly lifting Brazil's economy. But a sharp downturn in commodity prices in 2014 turned into a major headwind for Brazil's domestic industries. Furthermore, political turmoil and policy missteps tipped Brazil into an economic recession and led to the impeachment of President Dilma Rousseff. The economy contracted in both 2015 and 2016, resulting in high unemployment, debt accumulation, and economic inequality. To restore stability, the government enacted a constitutional spending cap and structural labour reforms, which supported a gradual recovery until the Covid-19 pandemic.

Brazil's economy has regained traction since the pandemic. Brazil's post-pandemic recovery has been underpinned by supportive government subsidies, revived external demand, and renewed foreign investment. The economy expanded by 3.4% in 2024. The Chinese Mainland and the US are Brazil's top export markets, accounting for 28.0% and 12.1% of total exports in 2024, respectively. Labour market conditions have improved, with the unemployment rate falling to 6.9% in 2024, down from a high of 13.8% during the pandemic. Foreign direct investment (FDI) remains robust. Average annual FDI inflows reached USD 61.1 billion from 2021 to 2023, outstripping comparable economies such as Canada and Italy. The investments have fuelled industrial upgrading, job creation, and infrastructure enhancements, strengthening Brazil's overall international competitiveness.



| Brazil's real GDP Growth | |
|--------------------------|-----------|
| Time period | per annum |
| 1995-1999 | 2.2% |
| 2000-2004 | 3.2% |
| 2005-2009 | 3.7% |
| 2010-2014 | 3.4% |
| 2015-2019 | -0.5% |
| 2020-2024 | 2.2% |

Source: IMF

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Brazil's fiscal position has improved but remains a point of vigilance. The nation faced credit downgrades through the economic downturn in the 2010s, but several rating agencies have since made upgrades in recent years. Moody's lowered Brazil's credit rating from Baa2 (investment grade) to Ba2 (speculative grade) in 2013, impacting borrowing and investment. In October 2024, Moody's upgraded Brazil's rating to Ba1 with a positive outlook. S&P revised down Brazil's credit rating from BBB to BBB- in March 2014, followed by further downgrades to a low of BB- in January 2018. In December 2023, S&P upgraded Brazil's rating to BB. Fitch's rating on Brazil followed similar trends and currently lists at BB with a stable outlook. Despite recent upgrades, Brazil is yet to regain the investment grade status, underscoring the need for more reforms and fiscal improvements. The Lula administration is targeting to reach a primary surplus of 0.25% of GDP in 2026, with a gradual increase to 1.25% by 2029, but these projections are subject to uncertainty given upcoming spending pressures and reliance on one-off revenues. Besides, gross government debt-to-GDP ratio declined from 96.0% in 2020 to 87.3% in 2024, yet remains high by emerging market standards and warrants continued fiscal restraint.

Brazil's central bank has acted decisively in taming inflation. The Banco Central do Brasil (BCB) places high policy focus on maintaining price stability and proactively uses its key policy rate, the Selic rate, to influence inflation and economic activity. Most notably, the BCB has adopted a tightening stance to counter resurging inflation in 2024, even as global peers moved toward monetary easing. As determined by the National Monetary Council, a top governing body of Brazil's national financial system, Brazil's inflation target is set at 3%, with a tolerant interval of +/- 1.5 percentage points. As Brazil's inflation started to surge above the upper band of 4.5% from 2H 2024, the BCB initiated a rapid tightening cycle from September 2024, raising the Selic rate by a total of 425 basis points to its current level of 14.75%. Regarding its currency, Brazil operates a floating exchange rate system, with the Brazilian real (BRL) trading at roughly 5.7 BRL per 1 USD. As of March 2025, Brazil holds foreign reserves at USD 336 billion, providing sufficient cushion against external shocks.

Brazil is expanding economic engagement with China

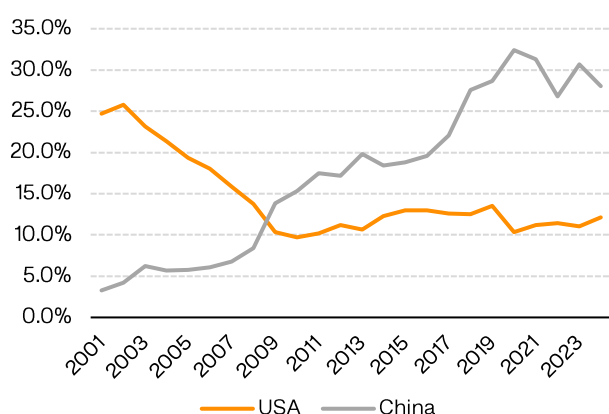
Brazil and the Chinese Mainland enjoy a strong economic partnership. Bilateral ties are underpinned by strong trades and deepening cooperation in the BRICS+ alliance. In 2024, the Chinese Mainland was Brazil's largest trading partner, with total trades reaching USD 94.4 billion. Brazil's exports to the Chinese Mainland are dominated by commodities, while imports from the Chinese Mainland consists mainly of electronics, machinery, and other manufactured goods, giving Brazil a trade surplus with the Chinese Mainland. Regarding trade with Hong Kong, Brazil primarily exports meat products and refined petroleum and imports telephones and electronic equipment. In terms of investment, FDI from Chinese Mainland to Brazil is rising. FDI inflows from the Chinese Mainland to Brazil rose to USD 506 million in 2023, up from USD 223 million in 2022. Chinese investments focus on sectors such as energy, infrastructure, technology, and manufacturing. High-profile projects include a 30-year transmission line agreement, a smart city cultural centre, electric vehicle plants (e.g. BYD) and technology partnerships (e.g. Lenovo's R&D collaboration).

| Brazil's Top Five Export/Import Commodities to/from Chinese Mainland (2024) | | | |
|---|-------|--------------------------------|-------|
| Export Commodities | Share | Import Commodities | Share |
| Soybeans | 33.4% | Motor cars | 4.9% |
| Crude petroleum | 21.2% | Semiconductor devices | 4.5% |
| Iron ores | 21.0% | Telephones | 3.7% |
| Beef | 6.3% | Pesticides | 3.2% |
| Sulfate chemical wood pulp | 4.3% | Electronic integrated circuits | 2.4% |

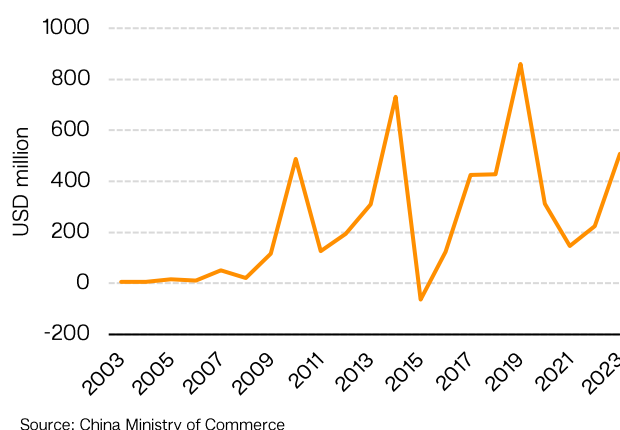
Source: United Nations Comtrade

Bilateral agreements have reinforced economic and strategic cooperation between Brazil and China. Over the past two decades, Brazil and China have signed a series of bilateral accords, including trade settlement agreements in local currencies, new investment frameworks, and a central bank currency swap arrangement. Since returning to office in 2023, President Lula has made deepening relations with China a central pillar of foreign policy. In May 2025, the leaders of China and Brazil signed the Memorandum of Understanding (MoU) on Financial Strategic Cooperation to promote financial market investment between the two nations.

Brazil Export Share by Destination



China Outward Direct Investment in Brazil



Brazil's Future Outlook and Potential Opportunities

US tariffs are set to negatively impact Brazil, but at a smaller magnitude compared to other countries. As mentioned earlier, the US is Brazil's second-largest export market, accounting for USD 40.9 billion and 12.1% of total exports. In the recent round of US tariffs, Brazil was hit with the 10% universal tariff as well as the 25% targeted tariff on steel and aluminium products (Brazil is the third largest exporter of these metal products to the US). Despite this, the drag on Brazil's economy is expected to be relatively contained compared to other countries. Brazil can take advantage of the high tariffs between China and the US, replacing previous trade between the two countries, particularly in the agriculture and petroleum segments.

Brazil's large and diversified economy offers compelling prospects for global investors. President Lula has prioritised reforms to foster growth, including a tax system overhaul to boost investment.

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In 2023, the new Growth Acceleration Program (PAC) was launched, aiming to invest up to BRL 1.7 trillion into large-scale infrastructure and development projects, which will create jobs and promote higher household income. Besides, the Ecological Transformation Plan (ETP) is set to leverage Brazil's environmental assets (forests and other natural resources) for sustainable job creation and green industry development. Moreover, policies to promote artificial intelligence and digital transformation, reflect the government's commitment to upskilling its economy for the future. These initiatives are expected to unleash Brazil's growth potential and attract more global investors.

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