

Projections for GDP growth in 2024 and 2025

This box updates the projections for Gross Domestic Product (GDP) growth in 2024 and 2025. Compared with the previous IR, the projection for the 2024 growth of the aggregate GDP grew from 3.2% to 3.5%, while the projection for 2025 rose from 2.0% to 2.1%.

Revision of the 2024 GDP projection

The change in the GDP growth projection for 2024 reflects the positive surprise in the 2024Q3 results and 2024Q4 indicators available up to the cut-off date of this IR. The revision of the time series of the Quarterly National Accounts (CNT) was an important factor for updating the projection of some components, although not having a significant influence on the aggregate.

From a supply perspective, the upward revision in GDP growth for 2024, from 3.2% to 3.5%, reflected an increased projection for the services sector, partially offset by lower estimates for agriculture and industry.

The projection for the annual change in agriculture was reduced from -1.6% to -2.0%. The revision of the time series for agriculture, which incorporated data from structural surveys for 2023 and updated forecasts for the 2024 harvest, was particularly important. The Gross Value Added (GVA) change for agriculture in the first half of 2024, compared with the same period of last year, was revised from -2.9% to -4.5%, impacting the annual growth forecast.

For industry, the forecast was adjusted from 3.5% to 3.3%, with increases in projections for manufacturing and utilities¹ and declines in estimates for mining and construction. The surprises in 2024Q3 – with declines for mining and construction and increases for utilities – explain a significant share of the revision for these sectors. As for manufacturing, the surprise regarding 2024Q3 result was small. The revision in the annual growth forecast for this segment mainly reflects a more favorable expectation for 2024Q4, heavily influenced by the high statistical carry-over of the respective monthly industrial production series. The revision of time series had little impact on the projections for industrial activities, except for utilities, whose growth in the first half of 2024 compared with the same period the previous year was increased by 0.8 p.p.

For the services sector, the growth projection was revised from 3.2% to 3.8%, reflecting stability in the estimate for trade and increases in forecasts for other segments. The increased forecast for the services sector was driven by positive surprises in 2024Q3 results, widespread across activities, and by the revision of time series. This revision mainly impacted projections for “financial intermediation and related services”, “other services”, and “public administration, health, and education.”

Regarding the domestic components of aggregate demand, the estimated growth for household consumption increased from 4.5% to 5.3%, while that for Gross Fixed Capital Formation (GFCF) rose from 5.5% to 7.3%. These revisions mainly reflect the strong increase of these components in 2024Q3, as opposed to the previously expected slowdown. Conversely, the forecast for the growth of government consumption was reduced from 2.7% to 1.9%, reflecting a lower YoY change in the first half of the year after the revision of the time series and a negative surprise in 2024Q3 result.

1/ Utilities: electricity and gas, water, sewage, waste management activities.

The projection for exports remained nearly stable, decreasing from 3.2% to 3.0%, while the estimate for imports increased from 11.3% to 13.7%, mainly reflecting a smaller-than-expected slowdown in 2024Q3. Given the revised expectations for the aggregate demand components, the contributions of domestic demand and the external sector to the GDP growth in 2024 are estimated at 5.2% and -1.7%, respectively.

Table 1 – Gross Domestic Product

Accumulated in the year

Itemization	2023	% growth	
		2024 ¹	
		Previous	Current
Agriculture	16.3	-1.6	-2.0
Industry	1.7	3.5	3.3
Mining	9.2	1.8	0.5
Manufacturing	-1.3	3.6	3.9
Construction	-0.3	5.4	3.4
Public utilities	5.8	3.7	4.0
Services	2.8	3.2	3.8
Trade	0.8	3.8	3.8
Transport and storage	2.4	1.1	1.9
Information services	2.9	6.3	6.7
Financial and related services	7.5	2.2	3.6
Other services	3.4	4.5	5.6
Real estate	3.0	3.1	3.5
Public admin., health and education	1.6	1.6	1.9
More cyclical components	1.2	3.9	3.9
Less cyclical components	5.5	1.6	1.6
Value added at basic prices	3.4	2.9	3.3
Taxes on products	2.3	4.7	5.5
GDP at market prices	3.2	3.2	3.5
Household consumption	3.2	4.5	5.3
Government consumption	3.8	2.7	1.9
Gross Fixed Capital Formation	-3.0	5.5	7.3
Exports	8.9	3.2	3.0
Imports	-1.2	11.3	13.7

Sources: IBGE and BCB

1/ Estimated.

Revision of the 2025 GDP projection

The small increase in the GDP growth projection for 2025, from 2.0% to 2.1%, is driven by factors acting in opposite directions. Positive contributions include the upward revision in expected agricultural growth, in line with the latest forecasts indicating a further increase in the grain harvest, and the rise in the statistical carry-over from 2024 to the growth in 2025, mainly due to the surprise in 2024Q3. In the opposite direction, the expectation of lower quarterly growth throughout 2025, mainly due to the assumption of a stronger monetary tightening than expected in the previous IR², contributes to reducing the growth projection. Nevertheless, the growth outlook for 2025 remains lower than that for 2024, due to the expectation of reduced fiscal stimulus; the ongoing monetary policy turnaround; the reduced degree of slack of production factors; and the absence of a strong external stimulus, given the prospect of a world growth in 2025 similar to that of 2024.

2/ The comparison of nominal and real interest rates with the assumptions of the previous IR is presented in the [Inflation determinants and conditioning assumptions](#) segment of section 2.2 of this IR.

From the supply perspective, the slight increase in the GDP growth forecast reflects an upward revision in the projection for agriculture and stability in the estimates for industry and services. From the demand perspective, the forecasts for household consumption and GFCF were increased from 2.2% to 2.4% and from 2.0% to 2.9%, respectively. Conversely, the estimate for the growth of government consumption was reduced from 2.0% to 1.6%. Finally, the growth forecast of 2.5% for both exports and imports was maintained. The contributions of the internal and external demand contributions are estimated at 2.1% and 0.0%, respectively.

Table 2 – Gross Domestic Product

Accumulated in the year

Itemization	2023	2024 ¹	% growth	
			2025 ¹	
		Current	Previous	Current
Agriculture	16.3	-2.0	2.0	4.0
Industry	1.7	3.3	2.4	2.4
Services	2.8	3.8	1.9	1.9
Value added at basic prices	3.4	3.3	2.0	2.2
Taxes on products	2.3	5.5	1.9	2.0
GDP at market prices	3.2	3.5	2.0	2.1
Household consumption	3.2	5.3	2.2	2.4
Government consumption	3.8	1.9	2.0	1.6
Gross Fixed Capital Formation	-3.0	7.3	2.0	2.9
Exports	8.9	3.0	2.5	2.5
Imports	-1.2	13.7	2.5	2.5

Sources: IBGE and BCB

1/ Estimated.

As usual, there are many risks surrounding this central scenario. Among external risks, global growth in 2025 may be lower than in 2024, due to, for example, geopolitical factors. Domestically, on the one hand, the recent tightening of financial conditions may have a stronger contractionary impact than anticipated. On the other hand, part of the high growth in recent years may be related to structural reforms, which means the possibility of new positive surprises, given the uncertainties surrounding the potential growth rate.