

POLITICAL OUTLOOK GUIDE · ISSUE NO. 01

Brazil after the election: what to expect until the 2027 inauguration

Election results, continuity of government, the balance of power in Congress and in the states, and the agenda that the Executive, the Legislature and the Supreme Court must address by December.

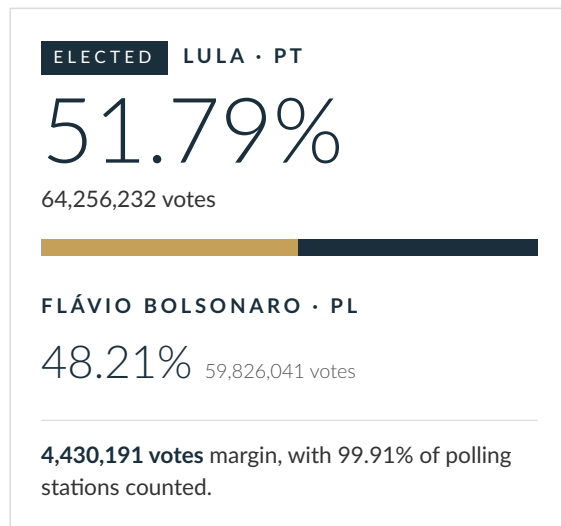
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01 · PRESIDENCY OF THE REPUBLIC · RUN-OFF, 25 OCTOBER

Lula is re-elected to a fourth term after reversing the first-round result

With 51.79% of valid votes, Lula defeats Flávio Bolsonaro in a close race. The victory rested on his performance in the Northeast, his recovery in Minas Gerais and higher voter turnout.



WINNER BY STATE · % OF VALID VOTES

■ Lula · 13 states ■ Flávio · 13 states + DF



WHAT CHANGED BETWEEN ROUNDS

-1.9 p.p.

LOWER ABSTENTION

Voter turnout rose in the run-off, together with a 1.6 p.p. drop in the share of blank and spoiled ballots.

+5.6 million

LARGER VOTING ELECTORATE

The run-off brought 5.6 million additional voters to the polls, of whom approximately 4.7 million voted for one of the two candidates.

+1.8 million

INCREASE IN LULA'S LEAD

Lula's vote grew faster than his opponent's, widening his lead by approximately 1.8 million votes.

Lula · +10.2 m votes

Flávio · +3.7 m votes



02 · TRANSITION BETWEEN CONSECUTIVE TERMS

Re-election opens a period of political reorganisation and new priorities

Continuity of government does away with a conventional administrative transition, but it opens a period of assessing results, rebuilding the congressional base and adjusting the cabinet structure.

01 OCTOBER

Assessing results and setting priorities

Administrative continuity. Re-election preserves the structure of government, reducing the need for the formal transition procedures set out in Law No. 10,609/2002.

Review of the PPA. Assessment of the targets and deliverables of the 2024–2027 Multi-Year Plan, identifying priorities and possible adjustments for the new term.

02 NOVEMBER TO DECEMBER

Political coordination and budget adjustments

2027 Budget. Negotiation of the Annual Budget Bill (PLOA) with the National Congress, taking into account the fiscal and political priorities of the new term.

Rebuilding the congressional base. Talks with allied parties and potential partners to form the government's support base in Congress.

Administrative reorganisation. Review of changes to the ministerial structure, strategic bodies and senior posts in the federal administration.

03 DECEMBER

Cabinet composition and government agenda

Defining the team. Confirmation of ministers and announcement of any changes at cabinet level, based on political criteria and management priorities.

Priority agenda. Consolidation of the main guidelines of the new term and definition of the initiatives planned for the first 100 days.

04 JANUARY 2027

Inauguration and start of the new term

Presidential inauguration. Formal start of the new term, with the constitutional oath before the National Congress.

Implementation of priorities. Start of the government agenda, focused on the administrative, budgetary and legislative measures defined during the reorganisation period.

INSTITUTIONAL CALENDAR

By 22 Dec 2026	End of the ordinary legislative session.
Dec 2026	Electoral Court certifies the elected candidates (<i>diplomação</i>).
5 Jan 2027	Inauguration of the President of the Republic.
6 Jan 2027	Inauguration of state governors.
1 Feb 2027	Swearing-in of federal deputies and senators and election of the Boards of the National Congress.
2 Feb 2027	Start of the first legislative session of the 58th Legislature.

POINTS TO WATCH

Cabinet reshuffle. Any changes at cabinet level may become part of negotiations to broaden the government's support base in Congress.

Redistribution of strategic posts. The administrative reorganisation may involve ministries, regulatory agencies and state-owned companies, including the return or reassignment of government members who ran in the election.

Medium-term planning. Drafting the 2028–2031 PPA will be decisive in setting the priorities, programmes and investments of the new term.

03 · CONGRESSIONAL BASE AND GOVERNORS

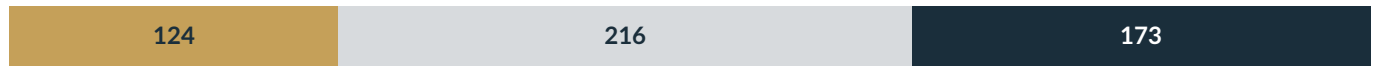
A minority government in both Houses and in the states

For an absolute majority, Lula needs 133 more deputies and 26 more senators from outside his own camp. The path runs through the União Progressista Federation, the PSD and the MDB.

■ Government ■ No confirmed alignment ■ Opposition

Chamber of Deputies

513 seats



Majority 257

Federal Senate

81 seats



Majority 41

Count by party, not by individual vote. No party had formally declared support for the new government as of 26 Oct.

GOVERNORS ELECTED · SUPPORT IN THE PRESIDENTIAL RUN-OFF

* elected in the run-off

18 supported Flávio					6 • Lula		3 neutral	
SP	Tarcísio de Freitas	Rep.	RO	Marcos Rogério	PL	S U P P O R T E D L U L A		
MG	Cleitinho	Rep.	RR	Arthur Henrique	PL	BA	Jerônimo Rodrigues	PT
RJ	Douglas Ruas	PL	PA	Dr. Daniel	Pode.	CE	Elmano de Freitas	PT
PR	Sergio Moro	PL	AL	JHC	PSDB	PI	Rafael Fonteles	PT
RS	Luciano Zucco	PL	SE	Fábio	PSD	PB	Lucas Ribeiro	PP
SC	Jorginho Mello	PL	DF	Celina Leão*	PP	RN	Cadu de Lula*	PT
GO	Daniel Vilela	MDB	ES	Lorenzo Pazolini*	Rep.	AM	Omar Aziz*	PSD
MT	Otaviano Pivetta	Rep.	AC	Mailza Assis*	PP	N E U T R A L		
MS	Eduardo Riedel	PP	TO	Vicentinho Jr.*	PSDB	PE	Raquel Lyra	PSD
						MA	Eduardo Braide	PSD
						AP	Dr. Furlan	PSD

GOVERNOR RUN-OFFS · 25 OCT

AM	Omar Aziz · PSD	61.41%	Prof. Maria do Carmo · PL	38.59%
AC	Mailza Assis · PP	66.21%	Alan Rick · Republicanos	33.79%
DF	Celina Leão · PP	57.18%	Leandro Grass · PT	42.82%
ES	Lorenzo Pazolini · Republicanos	52.17%	Ricardo Ferraço · MDB	47.83%
RN	Cadu de Lula · PT	50.77%	Allyson · União	49.23%
TO	Vicentinho Júnior · PSDB	64.52%	Prof. Dorinha · União	35.48%

04 · RECEPTION AND TRANSITION OF MEMBERS OF CONGRESS

From certification to swearing-in: the legislature turns over on 1 February

The Chamber and the Senate follow their own rites to receive those elected and close the terms of those leaving. The 513 deputies and 54 senators (two-thirds of the Senate) are sworn in; the other 27 continue their eight-year terms.

DECEMBER

Electoral Court certifies those elected

DEC · JAN

Accreditation, office allocation by lot and housing

JANUARY

Wind-down of offices whose terms end

1 FEB 2027

Swearing-in and election of the Boards of the Chamber and the Senate

Incoming members**ACCREDITATION**

Documents. Certificate issued by the Electoral Court, personal documents and asset declaration.

Systems. Access to internal networks, the electronic voting system, digital signature and the legislative app.

INFRASTRUCTURE

Offices. Allocated by seniority or by lot by the General Secretariats of the Boards. Higher floors and rooms close to the Plenary are the most sought-after.

Housing. Queue for official apartments or a housing allowance, under each House's rules.

TRAINING

Seminars on the Rules of Procedure, standing committees, drafting amendments and the public budget.

Outgoing members**ADMINISTRATIVE CLOSE-OUT**

Premises. Offices and official apartments vacated within the deadlines set by the Boards.

Inventory. Return of laptops, official vehicles and devices, with inspection of the premises.

STAFF AND RECORDS

Advisers. Commissioned staff of closing offices are dismissed by the deadline marking the end of the legislature.

Archives. Public records and the members' historical record go to the archive of the respective House.

IMPACT ON THE AGENDA

At the end of the legislature, bills in progress are archived, subject to the exceptions in the rules of procedure; re-elected authors may request their reinstatement. Bills of interest to members who were not re-elected need a new sponsor.

Succession in the presidencies. On 1 Feb 2027 both Houses elect new Boards for the 2027–2028 biennium. The race determines who controls the agenda in the first two years of the new term and tends to dominate political coordination as early as December.

Committees and rapporteurships. Committee chairs and rapporteurships for pending bills will be reassigned in 2027. It is worth mapping now which interlocutors stay and which leave.

05 · PRIORITY AGENDA UNTIL THE 22 DECEMBER RECESS

Eight weeks to test the base with the current Congress

The government is negotiating with an outgoing legislature, already in the shadow of the 2027 composition. Public security heads the queue, regulation of the end of the 6x1 schedule races against the clock and the digital agenda is back on the table.

ITEM	WHERE IT STANDS	WHAT TO EXPECT BY DECEMBER
Public Security PEC PEC 18/2025 · Senate Plenary HIGH PRIORITY	Approved by the Senate CCJ on 14 Oct. After changes to the text, it awaits a Plenary vote. The vote was postponed to negotiate amendments.	A government priority after the election. If approved by the Senate, it returns to the Chamber. Progress is strategic for creating the Ministry of Public Security.
End of the 6x1 schedule: transition and regulation EC 141/2026 · promulgated on 16 Oct HIGH PRIORITY	Provides for a 5x2 schedule and a 42-hour week from 15 Dec, falling to 40 hours after 12 months.	Regulation of the transition rules for companies and special regimes. The private sector will need to adjust contracts and collective agreements.
Legal framework for artificial intelligence Bill 2,338/2023 · Chamber special committee MEDIUM PRIORITY	Approved by the Senate in 2024. Awaits the rapporteur's report in the Chamber's special committee, after repeated postponements.	A vote by December is possible, conditional on the report being presented and on negotiating contentious points, especially tax-related ones.
Presidential vetoes and joint sessions Joint session of Congress UNLOCKS THE AGENDA	A backlog of pending presidential vetoes weighs on the agenda of joint sessions, which also consider budget matters.	Negotiation between government and Congress to unblock votes. Consideration of the vetoes will be an indicator of political coordination capacity.
Central Bank financial autonomy PEC 65/2023 · Senate Plenary RISK ITEM	Approved by the CCJ and ready for the Plenary. The government has reservations about the text.	A Congress agenda item, not the Executive's. If it advances at year-end, it gauges the strength of the centre against the Planalto.
Digital platforms and apps No text up for a vote FOR 2027	In his victory speech Lula promised to regulate <i>big tech</i> . The app-based work bill stalled in the Chamber after the government withdrew support for the report.	Low prospect of progress in 2026. Discussions are expected to gain momentum in the next legislature.

ALSO IN THE QUEUE

The 2027 Budget and Provisional Measures with open deadlines, such as the betting ban, Desenrola 3.0 and the foreign-trade package against US tariffs.

06 • PROVISIONAL MEASURES

Congress faces 27 provisional-measure deadlines before the recess

Of the 28 provisional measures (MPs) under consideration, 27 have deadlines falling by December. The agenda concentrates fiscal, economic and regulatory matters, adding pressure to the year-end legislative calendar.

OCTOBER 4 MPS

26 Oct	MPs 1,373/2026 (Desenrola Adimplentes) and 1,372/2026 (diesel).
28 Oct	MP 1,374/2026, financial support for independent sugar-cane producers in the Northeast.
30 Oct	MP 1,375/2026, on the border-duty allowance.

NOVEMBER 13 MPS

MAIN ITEMS

9 Nov	MP 1,391/2026 — diesel subsidy.
11 Nov	MP 1,376/2026 — renegotiation of rural debt.
18 Nov	MP 1,379/2026 — Brasil Soberano Programme.
23 Nov	MP 1,393/2026 — Desenrola 3.0.
23 Nov	MP 1,394/2026 — restrictions on the betting market.
28 Nov	MP 1,382/2026 — guarantee funds and Minha Casa, Minha Vida.

DECEMBER 10 MPS

MAIN ITEMS

11 Dec	MP 1,396/2026 — measures against abusive telemarketing.
22 Dec	MP 1,386/2026 — drawback regime for exports hit by US tariffs.

EXTRAORDINARY APPROPRIATIONS

16 provisional measures opening extraordinary budget appropriations.

PURPOSE	QTY.	AMOUNT
Fuel subsidies	6 MPs	R\$ 24.6 bn
Support for exporters	2 MPs	R\$ 13.5 bn
Rural technology, Desenrola and Fies	1 MP	R\$ 13.3 bn
Housing and credit for micro and small enterprises	1 MP	R\$ 3.5 bn
Climate and civil defence	4 MPs	R\$ 1.6 bn
INSS reimbursement	1 MP	R\$ 0.5 bn
Pronaf — 2026/2027 crop season	1 MP	R\$ 0.4 bn

PROCEDURAL RULES

MPs are initially valid for 60 days, extendable for the same period, with the count suspended during the parliamentary recess. After 45 days they lock the agenda of the House where they are pending. Rejected or lapsed measures cannot be reissued in the same legislative session, under Article 62 of the Federal Constitution.

FEDERAL BUDGET • PLOA 2027 – PLN NO. 24/2026

The 2027 Budget

Passage of the Budget Guidelines Law (LDO) and the Annual Budget Law (LOA) will be one of Congress's top priorities at the close of the legislative year. The scenario combines fiscal constraints, negotiations over parliamentary amendments and the need to accommodate the new term's priorities.

KEY INDICATORS

R\$ 5.05 tn

BUDGET EXPENDITURE

Projected expenditure of the fiscal and social security budgets, excluding public debt refinancing.

R\$ 18.6 bn

FISCAL TARGET

Primary surplus projected for the central government, equivalent to 0.1% of GDP.

R\$ 2.58 tn

EXPENDITURE CEILING

Ceiling on primary expenditure set by the fiscal framework, with nominal growth of 7.69%.

R\$ 44.8 bn

PARLIAMENTARY AMENDMENTS

R\$ 28.5 billion projected for individual amendments and R\$ 16.3 billion for state-caucus amendments.

R\$ 1,741

MINIMUM WAGE

Value projected from January 2027, a nominal increase of 7.4%.

R\$ 414.1 bn

GOLDEN RULE

Projected shortfall in meeting the golden rule, whose coverage will depend on specific legislative authorisation.

PROCESS AND NEXT STEPS

01

Approval of the LDO

Vote on the 2027 Budget Guidelines Bill, still pending, which is required to guide approval of the Budget.

02

Review by the Joint Budget Committee

Submission of amendments, consideration of sectoral reports and vote on the final report of the general rapporteur.

03

Vote in the National Congress

Consideration of the bill in a joint session, expected to conclude by 22 December.

04

Provisional budget execution

If the LOA is not signed into law by early 2027, certain expenditures will be subject to the provisional rules set out in the LDO.

POINTS TO WATCH

Budget rigidity. Mandatory spending accounts for 91.7% of primary expenditure, limiting fiscal room for new public policies and investment.

Fiscal risks. Official projections for economic growth and inflation differ from market estimates, increasing the sensitivity of projected revenue and expenditure.

Political coordination. Negotiation of parliamentary amendments is expected to play a significant role in rebuilding the government's support base and in passing the legislative agenda.

07 · OUTLOOK FOR SUPREME COURT (STF) DECISIONS

With the election over, the Supreme Court returns to sensitive cases

Chief Justice Edson Fachin sets the docket until the recess, which runs from 20 Dec to 31 Jan. Cases postponed so as not to interfere with the election return to the spotlight, along with follow-ups to October's tax rulings.

POST-ELECTION POLITICAL DOCKET

Criminal review petition of Jair Bolsonaro

Rapporteur: Nunes Marques · Plenary

The defence seeks annulment of the 27-year-3-month sentence imposed by the First Panel. The case awaits the Prosecutor General's (PGR) opinion and was left until after the run-off; the date depends on Fachin.

Parliamentary amendments

Rapporteur: Flávio Dino · ADPF 854 and related cases

The STF continues to monitor the transparency and traceability of amendments. New requirements directly affect the execution and negotiation of the 2027 Budget.

TAX · OCTOBER RULINGS WITH PENDING FOLLOW-UP

Topic 118 · RE 592,616	6-5	ISS excluded from the PIS and Cofins tax base (21 Oct). Modulation of effects was left to the motions for clarification; high fiscal impact.
Topic 843 · RE 835,818	7-4	Presumed ICMS credits excluded from the PIS and Cofins base (7 Oct). No modulation so far; the Federal Government may file motions for clarification.
ADI 4,395	Merits	Funrural on gross revenue unconstitutional before 2018 and valid thereafter (15 Oct). Modulation may return in motions for clarification.
Topic 1,348 · RE 1,495,108	8-2	ITBI immunity on capital contributions, whatever the company's activity. Opens room for refund claims.

STRUCTURAL ISSUES NOT YET SCHEDULED

Platform work ("uberisation")	RE 1,446,336 · rapporteur Fachin. Employment relationship of drivers and couriers with platforms; ties in with the bill stalled in the Chamber.
Hiring via legal entities ("pejotização")	Topic 1,389 · rapporteur Gilmar Mendes. Validity of hiring self-employed workers and sole-proprietor companies; direct bearing on EC 141.

CUNHA & FERDINAND'S VIEW

The motions for clarification on Topics 118 and 843 are the main financial risk point at year-end. Taxpayers with ongoing lawsuits should follow the modulation before deciding on tax offsets.

Sources. TSE; National Congress; Budget Advisory Offices of the Chamber and the Senate; Agência Senado; Agência Brasil; STF. Data as of 26 Oct 2026. Informational material; it does not constitute legal advice. English translation of the Portuguese original; in case of discrepancy, the Portuguese version prevails.

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