

GLOBAL LEADERSHIP BRIEFING | CEO BRIEFING

Lula wins, Brazil markets brace for shock sell-off; Tokyo Brazil ETF plunges ~15%

Investors had bet on a Bolsonaro win, and Lula's upset sent Brazilian assets tumbling in overseas trade before São Paulo opens. Traders fear circuit breakers and a sharp fall in the real.

By **Manasee Kurlekar** | October 26, 2026



Brazil just rewrote its own political rulebook.

Luiz Inácio Lula da Silva, 80, won Sunday's runoff with 51.8% of the vote against Senator Flávio Bolsonaro's 48.2%.

He became the first candidate since direct elections returned in 1989 to lose the first round and still take the presidency. His 64.3 million votes are the most any candidate has ever won in Brazil.

The country is split almost exactly down the middle, and Bolsonaro has reportedly refused to concede. Lula's new term begins on 5 January 2027.

Markets had priced in the other result. Investors had bet on a Bolsonaro win, and Lula's upset sent Brazilian assets tumbling in overseas trade before São Paulo opens. Traders fear circuit breakers and a sharp fall in the real. Tokyo-listed Bovespa ETF fell nearly 15% in Asian trading after Lula's runoff win. CME currency contracts point to about 5.55 reals per dollar, a fall of more than 10% from last week's close.

Brokerage Monte Bravo estimates the Ibovespa could drop 11% in the first hour; a 10%+ fall halts trading for 30 minutes. Goldman Sachs has set out an extreme scenario of a 10% drop in the real and a 200bp jump in bond yields.

Chicago soybean futures hit a two-month low, which markets read as a sign of closer Brazil-China ties.

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