

Bladex LatAm Insight

October 2026

Regional Elections Monitor:
Runoff Election in Brazil

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Highlights

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Lula secured his fourth term in office (his second consecutive term) after coming from behind in the runoff. Following Flávio Bolsonaro's unexpected lead in the first round, Lula significantly expanded his vote share and won with 51.79% of the vote, a margin of approximately 4.4 million votes. Voter turnout reached 80.78%, while abstention rate fell to its lowest level (19.2%) in a presidential runoff since 2006.

The result confirmed the country's geographic polarization and left regional power fragmented. Lula consolidated his support in the Northeast and managed to flip Minas Gerais, while Bolsonaro maintained his dominance in the South and Center-West. At the same time, the PL (Partido Liberal) secured more governorships than the PT (Partido de los Trabajadores), meaning that Lula's presidential victory did not translate into comparable territorial dominance.

Governability will depend on agreements with centrist and right-wing parties. The limited congressional presence of Lula's allies and the strengthening of the Liberal Party will require the administration to build consensus to advance its agenda. The composition of Congress will serve as an institutional check, limiting the scope for disruptive policy changes.

With electoral uncertainty receding, attention is now shifting toward fiscal sustainability. The composition of the cabinet and the credibility of the fiscal adjustment plan will be key determinants of investor confidence, against a backdrop of elevated debt and fiscal deficits.

Lula Comes from Behind to Secure Reelection in the Runoff.

President-Elect for a New Term (Jan. 2027–Jan. 2031)



Luiz Inácio Lula Da Silva

Partido de los Trabajadores

51.79% of the votes (64.2 Millon)



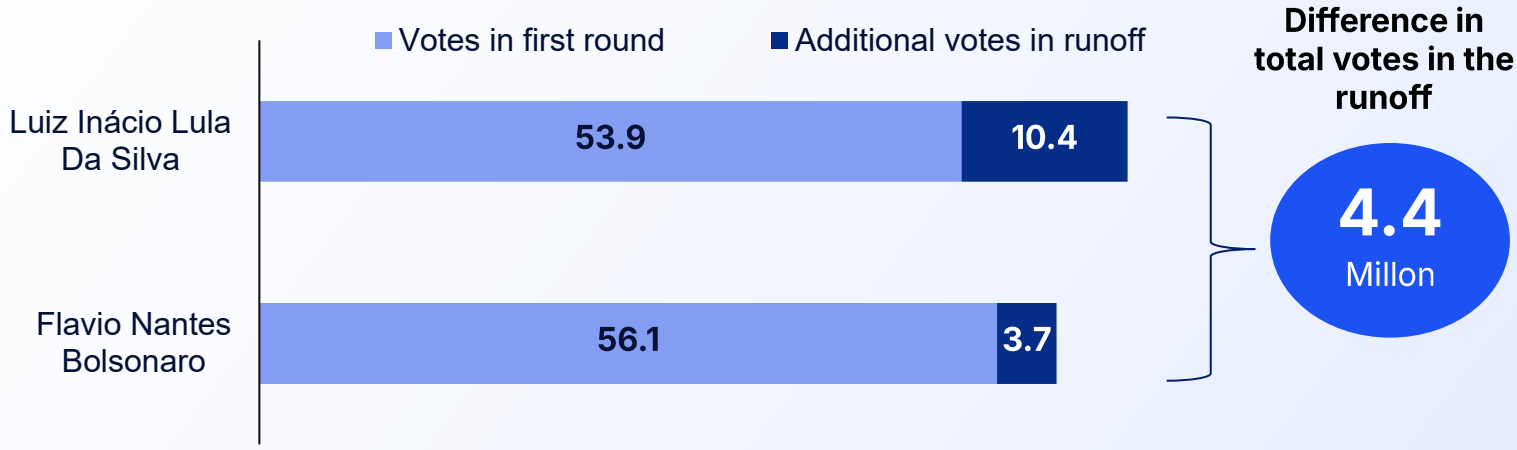
Flavio Nantes Bolsonaro

Partido Liberal

48.21% of the votes (59.8 Millon)

Lula Won the Most Votes in the Runoff

(Figures in Millions of Votes)



Turnout Runoff Election:

128.2 Million	80.78%

Abstention

30.5 Millon	19.22%

Blank Votes

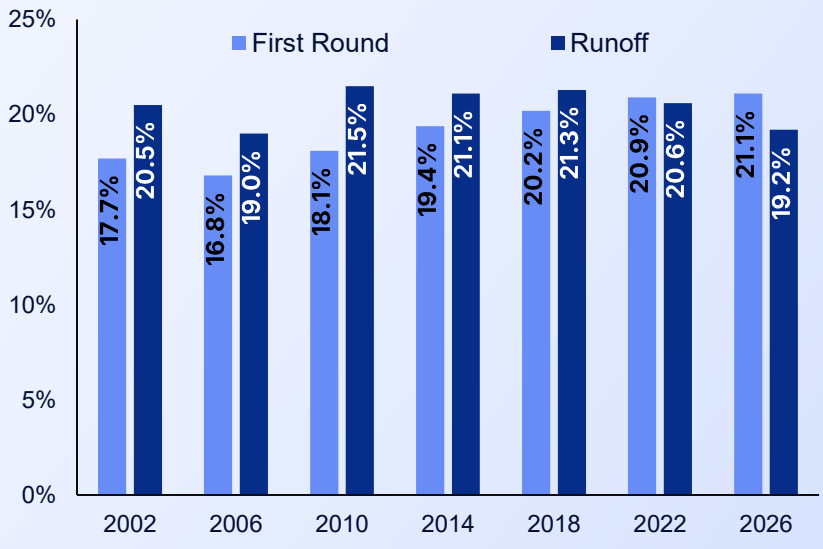
1.4 Million	1.12%

Invalid Votes

2.7 Millon	2.12%

Runoff Abstention Fell to Its Lowest Level Since 2006

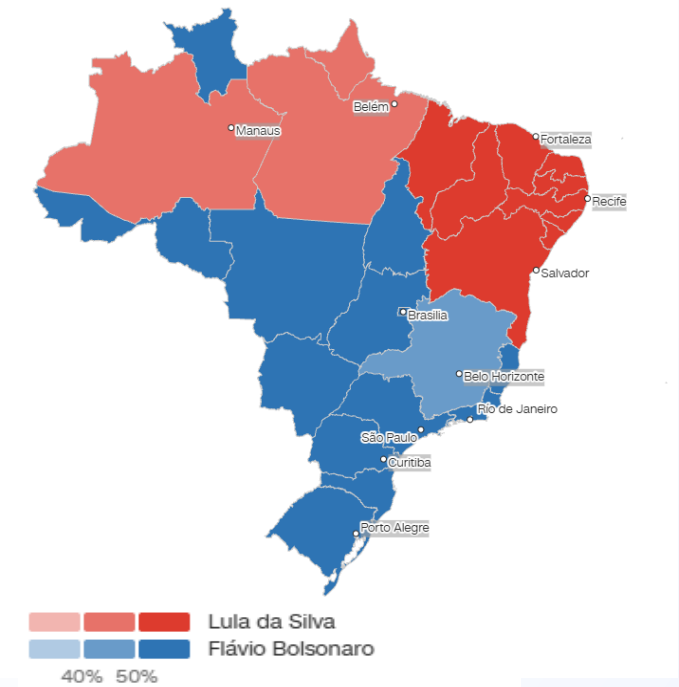
(Abstention Rate, %)



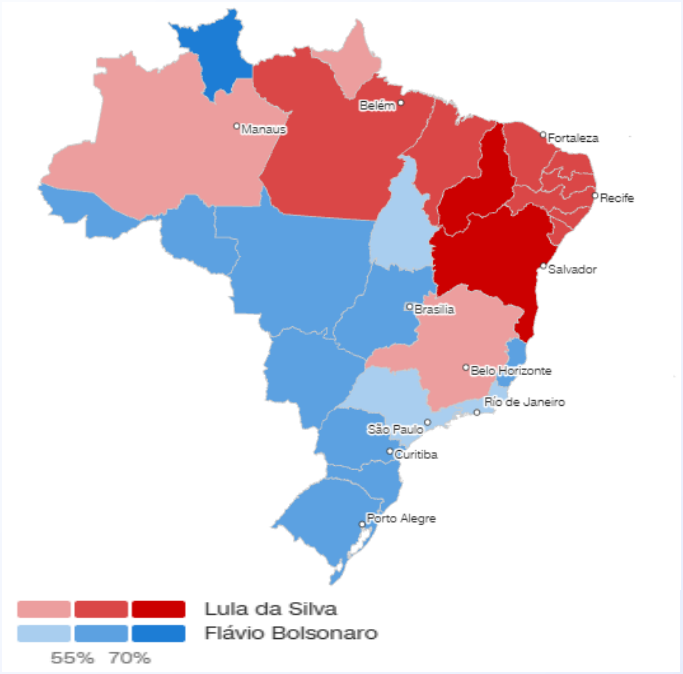
Source: TSE – CNN- Bladex Economic Research

Lula Broadened His Electoral Support but Faces a Divided Political Landscape.

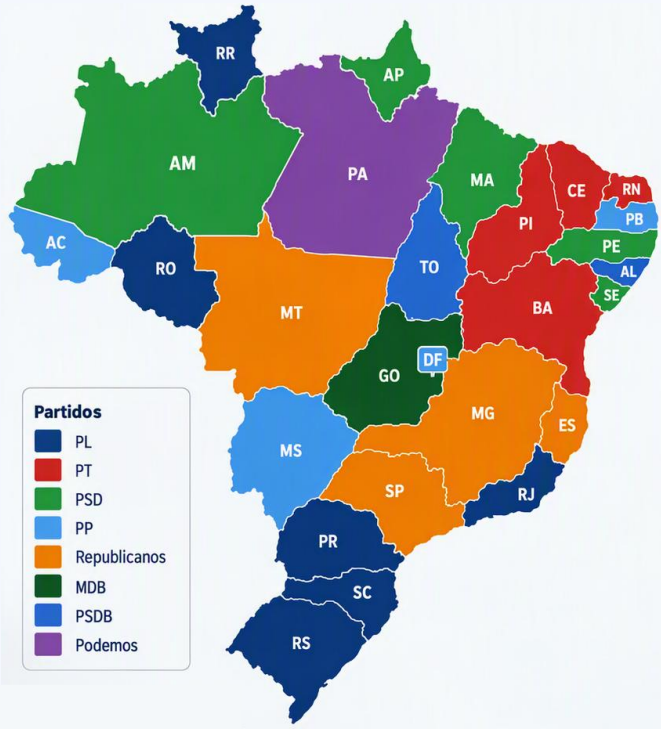
Candidates who led by state (First round)



Candidates who led by state (Runoff)



Governors-Elect (By Party)



Lula increased his vote total in most states and managed to **reverse the result in Minas Gerais**, the only state where the winning candidate changed between the two rounds.

Regional polarization persists: the Northeast consolidated its support for Lula, while Bolsonaro maintained his dominance in the South and Center-West, highlighting the **electorate's sharp regional divide**.

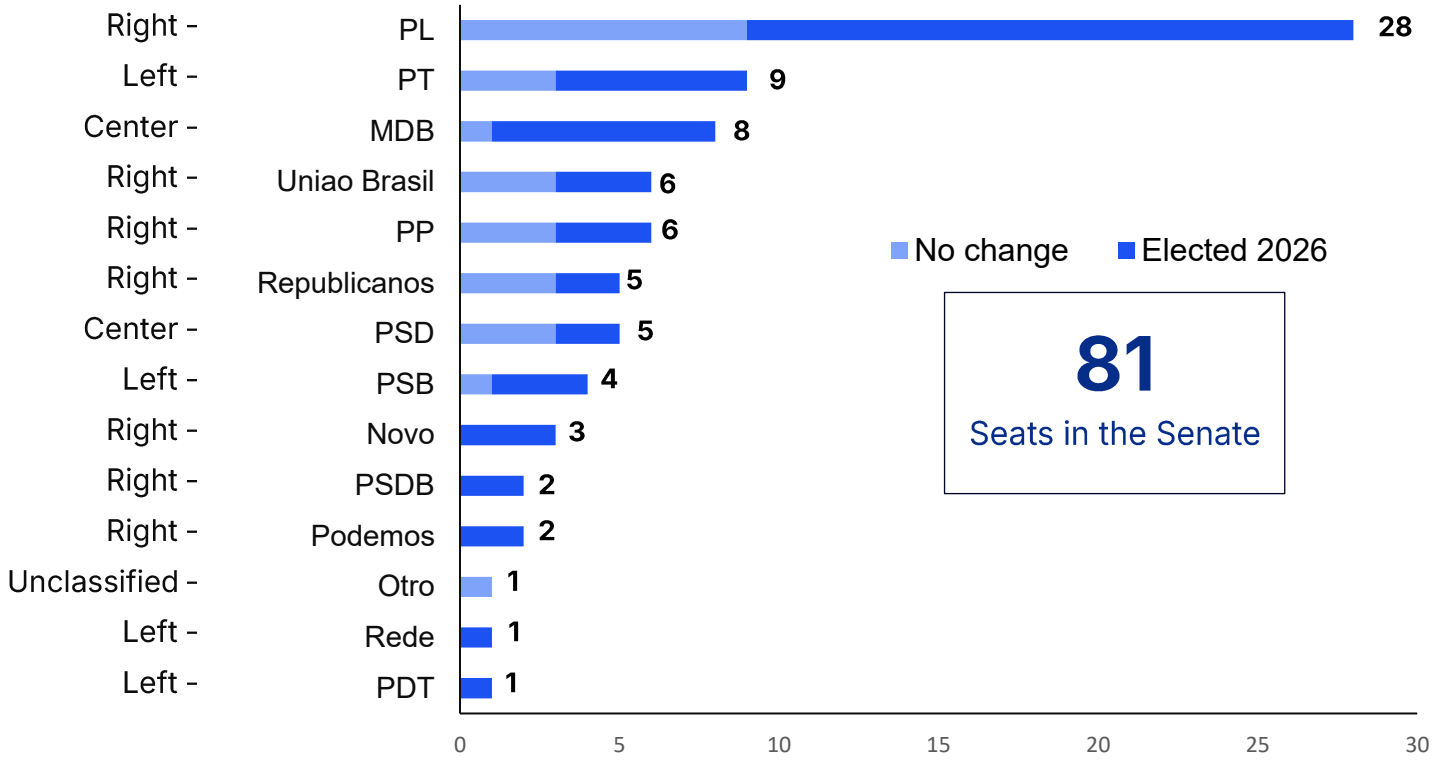
The presidential victory did not translate into territorial dominance. The PL controls 6 governorships, compared with 4 held by the PT, while other parties secured the remainder. **This fragmented territorial balance** of power will require broader political agreements.

Source: TSE - CNN Bladex Economic Research

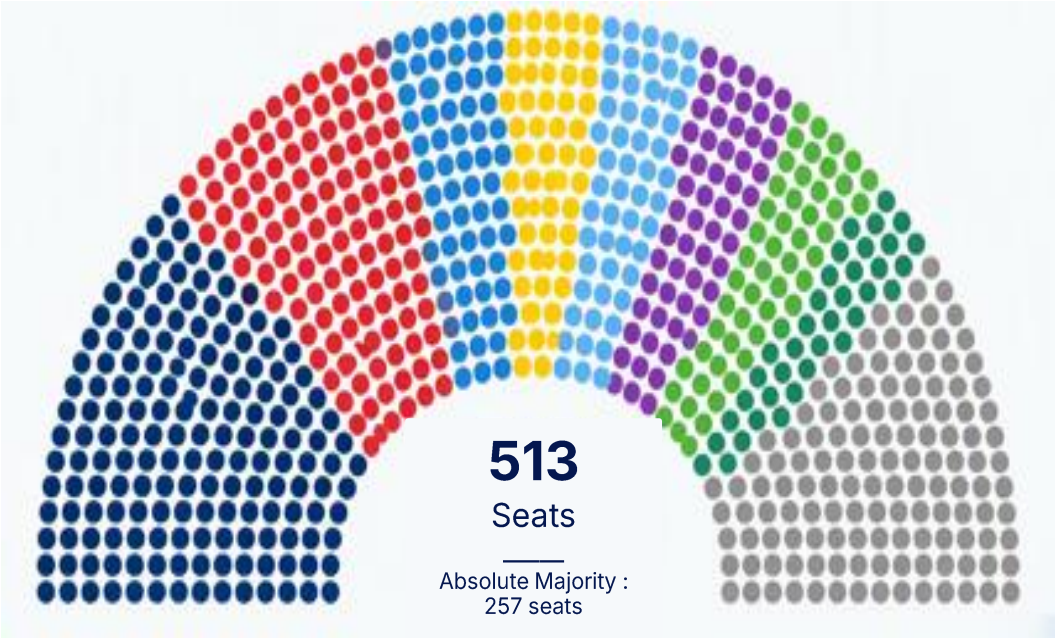
The Composition of Congress Will Serve as a Key Institutional Check, Limiting the Scope for Disruptive Changes to Economic Policy.

Political alignment

Senate Distribution (seats by party)



Distribution of the 513 seats in the lower – house by party and participation in the total



Partido	Bancas	Participación
PL	121	23.6%
PT	70	13.6%
União Brasil	46	9.0%
PSD	43	8.4%
PP	41	8.0%
Republicanos	41	8.0%
MDB	36	7.0%
Podemos	27	5.3%
Otros partidos	88	17.2%
Total	513	100%

Source: TSE - Bladex Economic Research

Lula's Victory Removes Electoral Uncertainty. Attention Now Shifts to Fiscal Sustainability, with the Credibility of His Economic Agenda Set to Be a Key Factor.

The Main Challenge Will Remain Fiscal.

Lula will need to contain spending growth while preserving social programs and establish a credible path toward debt stabilization, with public debt currently exceeding 80% of GDP.

The initial market reaction has been a sell-off, reflecting expectations of an increasingly challenging fiscal environment.

Lula's victory prompted investors to reassess their expectations for the direction of economic policy and the country's fiscal sustainability. As a result, the Brazilian real depreciated by nearly 10%, sovereign bond yields rose, and the equity market experienced a sharp correction. Taken together, these movements point to a **deterioration in market risk perception** and heightened uncertainty over the future trajectory of the public finances.

Performance of the Brazilian Real Against the U.S. Dollar.



Source: TSE, TradingView - Bladex Economic Research

Elections in Latin America



Source: Bladex Economic Research.

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