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IPCA-15 shows relief in underlying inflation, reinforcing our view of a Selic cut in January. US CPI also eases

Highlights

In the United States, inflation continued to show signs of moderation amid the ongoing federal shutdown.
With the September CPI being the only official data released during the government halt, the report reinforced the signal of a loss of momentum in both goods and services. The headline index rose 0.31% MoM (versus 0.38% in August) and the core advanced 0.23% MoM (from 0.35%), both below expectations. Core goods declined, reflecting slower price increases for new and used vehicles as well as lower variations in apparel and household appliances. In services, there was a significant easing, with notable relief in shelter and transportation, especially airfares and auto insurance, offsetting mild gains in medical and recreational services. Despite the moderation in the month, the supercore slightly reaccelerated, supported by labor-intensive services. It is worth noting that with the extended shutdown, October price collection has been affected, which will likely compromise the next CPI release. From a monetary policy perspective, the data reinforce a more benign inflation trajectory, alongside a continued slowdown in the labor market. The absence of the official Payroll report due to the shutdown was partially offset by private indicators, which continue to point to weakening in hiring and wages. We therefore expect the Fed to lower the policy rate by 25 bps at next week's meeting, continuing the gradual easing cycle initiated in September. For the year, we foresee an additional cut in December, followed by three more in 2026, bringing the Fed Funds rate to 3.00% by the end of next year.

On the geopolitical front, trade tensions have once again dominated the global agenda, with developments centered on China and Canada.
Regarding China, Washington is considering new restrictions on exports of products that contain or use US-origin software, in retaliation for Beijing's curbs on rare-earth exports. The proposal, still under discussion within the Trump administration, would mark a new escalation in the technological dispute between the world's two largest economies and could affect global supply chains, especially in the technology and defense sectors. Presidents Trump and Xi Jinping are scheduled to meet on the 30th, during the APEC summit in South Korea, in an attempt to extend the tariff truce and advance bilateral commitments. Concerning Canada, Trump suspended trade negotiations after criticism from Ontario's government over US tariff policy, heightening uncertainty around a bilateral relationship worth nearly USD 1 trillion annually. In the diplomatic sphere, expectations are rising that President Lula will meet with Trump on Sunday, on the sidelines of the ASEAN summit in Malaysia, although the US government has not yet officially confirmed the encounter.

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In Brazil, inflation remains on a moderating path, reinforcing the outlook for gradual yet consistent easing in price pressures.

The October IPCA-15 increased 0.18% MoM, below both our forecast and the market median (0.21% MoM), bringing the 12-month rate to 4.94%. The downside surprise was broad-based across components, with notable contributions from airfares and auto insurance, which drove the slowdown in services and core measures. Among industrial goods, the performance was also favorable, with marginal deflation in household items and telecommunications, reflecting the recent exchange-rate appreciation and softening demand. Food at home remained benign, with mild gains in fresh products offset by declines in milk and bakery items. On annual metrics, the deceleration of the headline index and the average of core measures reinforces a picture of moderate inflation, albeit still above target. Today's result consolidates the view that the disinflation process remains broad-based and sustained, easing pressures across both goods and services. Incorporating the October IPCA-15 outcome and recent downward revisions to gasoline prices following the latest fuel price cut, we expect the 12-month headline inflation to continue converging more steadily through 2025, reaching 4.5% by year-end. On monetary policy, the more constructive tone of recent communications, combined with ongoing inflation moderation, greater exchange-rate stability, and credible monetary management, reinforces our expectation that the Central Bank will begin its easing cycle in January 2026, maintaining a restrictive stance until then to ensure full convergence of inflation to the target.

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Economic Calendar

In **Brazil,** the domestic agenda will feature the Central Bank's economic and financial reports for September, alongside the release of fiscal and labor market indicators.

On the **international front,** the highlight will be the FOMC's monetary policy decision, for which we expect a 25-bp rate cut. Also in the monetary sphere, policy decisions are scheduled in the Euro Area and Japan.

Date	Country	Event	Period	Survey	Prior
10/24/25	**Monday**				
5:00	Brazil	IPC - FIPE (MoM)	3ª q	-	0,56%
6:00	Germany	Business Climate Index	Oct	-	87,00
8:00	Brazil	Consumer Confidence	Oct	-	87,50
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)	-	-	-
9:30	US	Durable Goods Orders (MoM)	Sep	0,2%	-
11:30	US	Dallas Fed Manufacturing Survey	Oct	-	-8,70
14:00	US	5-Year Treasury Note Auction	-	-	-
15:00	Brazil	Weekly Trade Balance	-	-	$1109m
10/25/25	**Tuesday**				
8:00	Brazil	Construction Confidence	Oct	-	-
10:00	US	Housing Prices (MoM)	Ago	0,0%	-0,1%
11:00	US	Richmond Fed Manufacturing Survey	Oct	-	-17
11:00	US	Consumer Confidence Index	Oct	93,4	94,20
11:30	US	Dallas Fed Services Activity Index	Oct	-	-5,60
10/26/25	**Wednesday**				
8:00	Brazil	Industrial Confidence	Oct	-	-
8:30	Brazil	**Central Bank Press Release: Monetary and Credit Statistics**	Sep	-	10,2%
9:30	US	Trade Balance	Sep	-	-$85.5b
14:30	Brazil	Foreign Exchange Transactions	-	-	
15:00	US	**Monetary Policy Decision (FOMC)**	-	4,0%	4,3%
15:30	US	**Jerome Powell Press Conference**	-	-	-
-	Brazil	**Public Debt Monthly Report**	Sep	-	-
27/10/2025	**Thursday**				
6:00	Germany	GDP (QoQ)	3T P	-	-0,3%
7:00	Eurozone	Economic Confidence Indicator	Oct	-	95,50
7:00	Eurozone	GDP (QoQ)	3T A	0,1%	0,1%
7:00	Eurozone	Unemployment Rate	Sep	6,3%	6,3%
8:00	Brazil	**IGP-M (MoM)**	Oct	-	0,4%
8:00	Brazil	Trade Confidence	Oct	-	-
8:00	Brazil	Services Confidence	Oct	-	-
9:30	US	**GDP (QoQ Annualized)**	3T A	3,0%	3,8%
9:30	US	Personal Consumption (QoQ Annualized)	3T A	-	2,5%
9:30	US	PCE Deflator (QoQ Annualized)	3T A	-	2,6%
10:00	Germany	Harmonized CPI (YoY)	Oct P	-	2,4%
10:15	Eurozone	**Monetary Policy Decision**	-	2,0%	2,0%
14:15	US	Speech by Lorie Logan (Dallas Fed)	-	-	
22:30	China	Composite PMI		-	50,6
-	Brazil	**Caged (Formal Employment Report)**	Sep	-	147k
-	Brazil	**Central Government Primary Balance**	Sep	-	-15.6b
	Japan	**Monetary Policy Decision**	-	0,5%	0,50%
10/28/25	**Friday**				
7:00	Eurozone	CPI (YoY)	Oct P	-	2,2%
7:00	Eurozone	Core (YoY)	Oct P	-	2,4%
8:30	Brazil	**Central Bank Press Release: Fiscal Policy**	Sep	-	-17.3b
9:00	Brazil	**Unemployment Rate**	Sep	-	5,6%
9:30	US	Personal Income (MoM)	Sep	0,4%	0,40%
9:30	US	Personal Spending (MoM)	Sep	0,4%	0,6%
9:30	US	**PCE Deflator (MoM)**	Sep	0,3%	0,3%
9:30	US	**Core (MoM)**	Sep	0,3%	0,2%
10:45	US	Chicago PMI	Oct	42,0	40,60
11:00	US	Speech by Lorie Logan (Dallas Fed)	-	-	-
13:00	US	Speech by Beth Hammack (Cleveland Fed)	-	-	-
-	Brazil	Net Financial Worth of the General Government	2T 2025	-	-
-	Brazil	**Energy Tariff Flag**	Nov	-	Red 1

Macroeconomic projections	2019	2020	2021	2022	2023	2024	2025	2026
Brazil GDP (%)	1,2	-3,3	4,8	3,0	2,9	3,4	**2,1**	**1,8**
Unemployment Rate (average, %)	12,0	13,8	13,2	9,3	8,0	6,6	**6,3**	**6,7**
IPCA (Consumer Price Index) (%)	4,3	4,5	10,1	5,8	4,6	4,8	**4,5**	**4,1**
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	12,25	**15,00**	**12,25**
Exchange Rate (end of period, R$/US$)	4,03	5,20	5,58	5,22	4,84	6,19	**5,50**	**5,50**
Current Account Transactions (US$ billion)	-68,0	-28,2	-46,4	-53,6	-28,6	-56,0	**-76,3**	**-74,9**
Current Account Transactions (% of GDP)	-3,6	-1,7	-2,9	-2,8	-1,4	-2,6	**-3,5**	**-3,3**
Trade Balance - BCB (US$ billion)	26,5	32,4	36,4	44,2	80,5	66,2	**52,6**	**53,6**
Foreign Direct Investment (US$ billion)	69,2	37,8	46,4	87,2	62,0	71,1	**66,8**	**75,0**
Foreign Direct Investment (% of GDP)	3,7	2,6	2,8	4,5	2,8	3,2	**3,1**	**3,3**
Primary Result of the Central Government (R$ billion)	-95,1	-743,3	-35,1	54,1	-249,1	-43,0	**-73,9**	**-67,8**
Primary Result of the Central Government (% of GDP)	-1,3	-9,8	-0,4	0,5	-2,3	-0,4	**-0,6**	**-0,5**
Primary Result of the Public Sector (R$ billion)	-61,9	-703,0	64,7	126,0	-249,1	-47,6	**-42,5**	**-37,8**
Primary Result of the Public Sector (% of GDP)	-0,8	-9,2	0,7	1,3	-2,3	-0,4	**-0,3**	**-0,3**
Gross Public Debt (% of GDP)	74,4	86,9	77,3	71,7	74,3	76,1	**79,4**	**83,7**
United States - GDP (%)	2,5	-2,2	6,1	2,5	2,9	2,8	**1,7**	**2,0**
United States - PCE (%)	1,4	1,1	4,1	6,6	3,8	2,5	**3,5**	**2,8**
United States - Fed Funds Rate (end of period, %)	1,8	0,3	0,3	4,0	5,5	4,5	**3,75**	**3,00**

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