

Copom minutes signal stronger conviction that monetary policy is working while economic data support the assessment

Highlights

Following the decision to keep interest rates unchanged, the minutes of the Copom meeting delivered a more dovish communication.

In the external environment and domestic activity sections, there were only minor adjustments. The text acknowledged the additional difficulty in interpreting US data during the shutdown and reaffirmed that Brazilian activity continues to decelerate gradually, with interest-sensitive sectors cooling while the labor market remains resilient. On inflation, the Committee highlighted the more benign recent trajectory and expectations that have become better anchored beyond the relevant horizon. It also indicated that it chose to incorporate, even if only preliminarily, the potential impact of the expansion of the income tax exemption bracket into the inflation model. This decision strengthens transparency and caution, but it is noteworthy that even after adding a shock that would normally push projections higher, the model still pointed to lower inflation in the relevant horizon. This indicates that the improvement in expectations and current dynamics was strong enough to more than offset the upward effect of the tax measure, reinforcing the perception of a more favorable inflation environment. In subsequent public remarks, Board members consistently reinforced the technical and cautious tone of the minutes. They emphasized that the Central Bank remains fully data dependent and that there is no signal of an early easing of monetary policy. Officials highlighted that the current strategy continues to produce effects, albeit slowly and unevenly across sectors, and that the combination of disinflation and a resilient labor market requires careful interpretation of monetary transmission channels. They also reiterated that the de-anchoring of long-term expectations remains a concern and that the Central Bank must maintain a vigilant stance until greater confidence in convergence is achieved. Taken together, the minutes and the public comments reinforced the coherence of the current strategy and conveyed increased confidence among policymakers in the ongoing process, stressing that the Central Bank sees disinflation advancing consistently and remains committed to guiding inflation back to target. Overall, the minutes and speeches strengthen our expectation that the easing cycle will begin in January 2026.

On the data side, this week's releases corroborate the Central Bank's communication.

The October IPCA, which rose 0.09% MoM, showed a more favorable composition, with core measures running at a moderate pace and a more benign behavior in both industrial goods and underlying services. Food at home also contributed positively, maintaining a smoother dynamic than usual for this time of the year, which is particularly relevant given the typical year-end seasonal acceleration. Among administered prices, the main pressure came from electricity, reflecting the tariff flag adjustment, but the impact was concentrated and did not change the broader picture of moderation. Activity data also signaled weaker momentum: the retail sales posted widespread declines in the core index, pointing to a broader softening in retail trade, while the services volume, although stronger than market expectations, already shows signs of moderation in services provided to households. In both surveys, the quarterly comparison confirms a slowdown relative to the stronger performance seen in the second quarter, more clearly reflecting the effects of the current level of interest rates on demand. Overall, the data point to more benign current inflation and activity running at a more moderate pace, consistent with the Copom's assessment.

In the United States, the end of the shutdown after 43 days removes an important source of institutional dysfunction, but uncertainty surrounding the reading of the economy remains elevated.

The agreement approved by Donald Trump and Congress is temporary, securing funding only through January 30 and leaving out sensitive issues such as the renewal of Obamacare subsidies, which heightens the risk of another shutdown early in 2026. Moreover, the prolonged interruption created significant gaps in statistical production and normalization is unlikely to be immediate. According to National Economic Council Director Kevin Hassett, upcoming indicators may be incomplete or delayed. So far, the BLS has not published a revised release calendar, increasing uncertainty regarding the timing and reliability of upcoming data. This reduced visibility is compounded by the more hawkish tone recently adopted by Jerome Powell, who reiterated that additional cuts are not guaranteed and that the Fed will need to act with greater caution while data remain compromised. As a result, the information set available for the next meeting becomes even more critical, and the Committee will face additional challenges in calibrating its communication and deciding the next steps for monetary policy.

Economic Calendar

In **Brazil**, the domestic agenda will be lighter due to the holiday, with the main highlights being the release of the September IBC-Br and the Bimonthly Revenue and Expenditure Report.

On the **international front**, the focus will be the FOMC Minutes in the United States, as well as the release of data delayed by the end of the shutdown. In the Euro Area, the highlight will be the October inflation figures.

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
11/17/25 Monday						
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)	-	-	-	-
9:00	Brazil	Economic Activity Index (MoM)	Sep	-	-0,3%	0,40%
15:00	Brazil	Trade Balance	-	-	-	-
10:30	US	Empire Manufacturing	Nov	6,7	-	10,7
11:00	US	Speech by J. Williams (Fed New York)	-	-	-	-
15:00	US	Speech by N. Kashkari (Fed Minneapolis)	-	-	-	-
11/18/25 Tuesday						
5:00	Brazil	IPC-FIPE (MoM)	-	-	-	0,24%
8:00	Brazil	IGP-M - 2ª Preview (MoM)	Nov	-	-	-0,38%
10:15	Brazil	GDP Monitor (MoM)	Sep	-	-	0,70%
10:30	US	Imported Price Index (MoM)	Oct	-0,1%	-	-
10:30	US	Exported Price Index (MoM)	Oct	-	-	-
10:30	US	New York Services Activity Index	Nov	-	-	23,6
11:15	US	Industrial Production (MoM)	Oct	0,0%	-	-
11:15	US	Capacity Utilization	Oct	77,3%	-	-
12:00	US	Homebuilder Confidence	Nov	-	-	37
11/19/25 Wednesday						
6:00	Eurozone	Balance of Payments	Sep	-	-	11,9b
7:00	Eurozone	CPI (MoM)	Oct	0,2%	-	0,2%
7:00	Eurozone	Core (YoY)	Oct	2,4%	-	2,4%
10:30	US	Housing Starts	Oct	1328k	-	1307k
10:30	US	Building Permits	Oct	-	-	-
14:30	Brazil	Foreign Exchange Transactions	-	-	-	-
16:00	US	FOMC Minutes	-	-	-	-
11/20/25 Thursday						
	Brazil	National Holiday	-	-	-	-
4:00	Germany	PPI (MoM)	Oct	0,1%	-	0,0
7:00	Eurozone	Construction Output (MoM)	Sep	-	-	-0,1%
12:00	Eurozone	Consumer Confidence	Nov	-14	-	-14,2
10:30	US	Jobless Claims	-	225k	-	-
10:30	US	Philadelphia Fed Manufacturing Survey	Nov	2,0	-	-12,8
10:45	US	Speech by B. Hammack (Fed Cleveland)	-	-	-	-
12:00	US	Leading Indicators (MoM)	Oct	-0,3%	-	-
12:00	US	Existing Home Sales	Oct	4,08m	-	4,06m
13:00	US	Kansas City Fed Manufacturing Survey	Nov	-	-	6
15:40	US	Speech by A. Goolsbee (Fed Chicago)	-	-	-	-
11/21/25 Friday						
5:30	Germany	PMI Composite	Nov	53,5	-	53,9
6:00	Eurozone	PMI Composite	Nov	52,5	-	52,5
9:30	US	Speech by J. Williams (Fed New York)	-	-	-	-
11:00	US	Speech by L. Logan (Fed Dallas)	-	-	-	-
11:45	US	PMI Composite	Nov	-	-	54,6
12:00	US	Consumer Confidence	Nov	50,5	-	50,3
12:00	US	One-Year Inflation Expectations	Nov	-	-	4,7%
12:00	US	Five-to-Ten-Year Inflation Expectations	Nov	-	-	3,6%
13:00	US	Kansas Services Activity Index	Nov	-	-	-5
-	Brazil	Primary Revenues and Expenditures Assessment Report	-	-	-	-

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	4,0
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 (% of GDP)	-1,3	-9,8	-0,4	0,5	-2,3	-0,4	-0,5	-0,5
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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