

Copom and FOMC: caution prevails in a week of monetary policy decisions

Highlights

In Brazil, the week will be marked by the Copom meeting, in an environment that remains challenging since the last decision. Externally, uncertainty remains elevated, particularly through oil and its spillovers to inflation and global financial conditions. Domestically, activity continues to moderate, while inflation expectations have shown further de-anchoring across the relevant horizon. The effects of higher oil prices are already feeding into current inflation, with more visible impacts on administered prices, while also pushing up projections for 2026 and beyond. In this context, although the more appreciated exchange rate provides a relevant offset in the projection model and the oil curve has seen some adjustment over the past 45 days, the deterioration in expectations and higher inflation inertia — stemming from recent upside surprises and likely to be reflected in the BCB's inflation path — limit the room for downward revisions in the baseline.

From a communication standpoint, recent remarks from the Committee have consistently reinforced that the current process should be seen as a calibration rather than a conventional easing cycle. As a whole, the Copom has emphasized caution, gradualism, and strong data dependence, while also signaling discomfort with the worsening in expectations and the lack of meaningful improvement in the balance of risks. Against this backdrop, next week's decision should bring limited changes, with the Committee preserving flexibility and avoiding any firm forward guidance amid elevated uncertainty. As a result, market reaction should be contained, given that the start of the cycle is already largely priced in and recent communication has anchored expectations around gradual moves. The main source of uncertainty remains the tone of the statement, particularly any shifts in the assessment of the balance of risks.

In the United States, the week will also be marked by the FOMC decision, with the policy rate expected to remain unchanged at 3.50%–3.75%. Since the March meeting, the macro backdrop has seen little structural change, supporting a cautious stance by the Fed. Recent communication has reinforced the expectation of a prolonged period of stability, with the Committee avoiding any signal of imminent cuts. The tone remains somewhat hawkish, reflecting both the resilience of economic activity and the challenges in the disinflation process. As such, next week's decision is likely to bring limited news, with rates on hold and a continued emphasis on caution.

On the institutional front, Kevin Warsh's recent confirmation hearing reinforces this narrative, pointing to a more technical and cautious approach to monetary policy going forward. The nominee emphasized the importance of Fed independence and the need for improvements in the monetary policy framework, particularly in an environment of more persistent inflation. His refusal to provide any forward-looking guidance on rates and his criticism of forward guidance reinforce a more cautious and data-dependent approach, in line with the current Committee's communication. At the same time, his defense of a gradual balance sheet reduction suggests a medium-term agenda focused on re-anchoring the monetary policy framework.

Finally, the geopolitical backdrop remains at the center of attention, with the conflict in the Middle East still characterized by elevated uncertainty and limited progress in negotiations. Despite temporary ceasefires, the impasse between the US and Iran persists, particularly around the blockade of the Strait of Hormuz, which continues to affect global oil flows. Recent developments suggest that, while Iranian exports show some resilience, logistical disruptions and heightened tensions are keeping global oil prices elevated. In this context, oil remains the main transmission channel of the geopolitical shock, increasing global inflation risks and adding uncertainty to monetary policy paths across major economies.

Economic Calendar

In Brazil, the week will be highlighted by the release of April's mid-month inflation (IPCA-15), which we expect at 1.00% m/m, alongside the Central Bank's monetary policy decision. Additionally, March labor market data will be released, as well as fiscal figures.

In the global backdrop, attention will be focused on monetary policy decisions in the United States, the Euro Area, the United Kingdom, and Japan. At the same time, US inflation and activity data for March are also set to be released.

Date	Country	Event	Period	Buysidebrazil	Prior
04/27/26 Monday					
8:00	Brazil	Construction Confidence	abr/26	-	-
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)	abr/26	-	-
8:30	Brazil	Central Bank Credit Statistics	mar/26	-	9,60%
11:30	US	Dallas Fed Manufacturing Index	abr/26	-	-0,20%
15:00	Brazil	Weekly Trade Balance	abr/26	-	-
04/28/26 Tuesday					
9:00	Brazil	IPCA-15 (MoM)	abr/26	1,0%	0,44%
11:00	US	Richmond Fed Manufacturing Survey	abr/26	-	-
11:00	US	Consumer Confidence	abr/26	-	91,8
11:00	Brazil	Federal Tax Revenue	mar/26	-	222,1
11:30	US	Dallas Fed Services Activity	abr/26	-	-13,3
-	Japan	Monetary Policy Decision	abr/26	-	0,75%
04/29/26 Wednesday					
8:00	Brazil	Retail Confidence	abr/26	-	-
8:00	Brazil	Services Confidence	abr/26	-	-
9:00	Germany	Harmonized CPI (MoM)	abr/26	-	1,20%
9:30	US	Trade Balance	mar/26	-	-98,5
14:30	Brazil	Weekly FX Flow	abr/26	-	-
15:00	US	Monetary Policy Decision	abr/26	3,75%	3,75%
15:30	US	Speech by J. Powell	-	-	-
18:30	Brazil	Monetary Policy Decision	abr/26	14,5%	14,75%
22:30	China	PMI Composite	abr/26	-	50,5
-	Brazil	Central Government Primary Balance	mar/26	-73,4	-30
04/30/26 Thursday					
6:00	Eurozone	GDP (QoQ)	mar/26	-	0,20%
6:00	Eurozone	Unemployment Rate	mar/26	-	6,20%
6:00	Eurozone	CPI (YoY)	abr/26	-	2,60%
6:00	Eurozone	Core CPI (YoY)	abr/26	-	2,30%
8:00	R. Unido	Monetary Policy Decision	abr/26	-	3,75%
8:30	Brazil	Central Bank Fiscal Statistics	mar/26	-	-
9:00	Brazil	Unemployment Rate	mar/26	5,9%	5,80%
9:15	Eurozone	Monetary Policy Decision	abr/26	-	2%
9:30	US	Personal Income (MoM)	mar/26	-	-0,10%
9:30	US	Personal Spending (MoM)	mar/26	-	0,50%
9:30	US	PCE Deflator (MoM)	mar/26	-	0,40%
9:30	US	Core PCE (MoM)	mar/26	-	0,40%
9:30	US	Initial Jobless Claims	abr/26	-	-
9:30	US	GDP (QoQ Annualized)	mar/26	-	0,50%
-	Brazil	Caged (Formal Job Creation)	mar/26	148k	255k
05/01/26 Friday					
-	Brazil	National Holiday	-	-	-
10:45	US	Manufacturing PMI	abr/26	-	-
11:00	US	ISM Manufacturing Index	abr/26	-	52,7

Macroeconomic projections

	2019	2020	2021	2022	2023	2024	2025	2026
Brazil GDP (%)	1,2	-3,3	4,8	3,0	2,9	3,4	2,3	1,8
Unemployment Rate (average, %)	12,0	13,8	13,2	9,3	8,0	6,6	5,6	5,5
IPCA (Consumer Price Index) (%)	4,3	4,5	10,1	5,8	4,6	4,8	4,3	4,7
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	12,25	15,00	13,0
Exchange Rate (end of period, R\$/US\$)	4,03	5,20	5,58	5,22	4,84	6,19	5,50	5,4
Current Account Transactions (US\$ billion)	-68,0	-28,2	-46,4	-53,6	-28,6	-66,2	-68,8	-52,9
Current Account Transactions (% of GDP)	-3,6	-1,7	-2,9	-2,8	-1,4	-3,0	-3,0	-2,3
Trade Balance - BCB (US\$ billion)	26,5	32,4	36,4	44,2	80,5	66,2	60,0	78,0
Foreign Direct Investment (US\$ billion)	69,2	37,8	46,4	87,2	62,0	71,1	77,7	75,0
Foreign Direct Investment (% of GDP)	3,7	2,6	2,8	4,5	2,8	3,2	3,4	3,3
Primary Result of the Central Government (% of GDP)	-1,3	-9,8	-0,4	0,5	-2,3	-0,4	-0,4	-0,2
Gross Public Debt (% of GDP)	74,4	86,9	77,3	71,7	74,3	76,1	78,7	83,7
United States - GDP (%)	2,5	-2,2	6,1	2,5	2,9	2,8	2,2	2,4
United States - PCE (%)	1,4	1,1	4,1	6,6	3,8	2,5	2,9	2,9
United States - Fed Funds Rate (end of period, %)	1,8	0,3	0,3	4,0	5,5	4,5	3,75	3,8

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