

Copom and FOMC: decisions in line with expectations, with a more hawkish tone

Highlights

In Brazil, the week was marked by the Copom meeting, which confirmed the expected 25bps rate cut while delivering a more hawkish tone for upcoming decisions. In line with consensus, the Committee reduced the Selic rate to 14.50%, but adopted a communication that was neutral to slightly more hawkish than anticipated. Notably, the inflation projection for the relevant monetary policy horizon (4Q27) was revised upward to 3.5%, above our expectation of 3.4%. The balance of risks remained symmetric, but with greater emphasis on risks related to second-round effects from oil price shocks on longer-term inflation expectations. Regarding next steps, Copom chose to preserve flexibility, maintaining a data-dependent approach for both the pace and, more importantly, the extent of the easing cycle, suggesting the possibility of a higher terminal rate.

On the data front, the week also brought relevant indicators for monetary policy. The April IPCA-15 came below expectations, with the downside surprise concentrated in volatile items, while the increase in fuel prices had already been anticipated. Core services and average core measures came in close to expectations, still at elevated levels but without additional signs of deterioration, resulting in an essentially neutral reading for monetary policy. In the labor market, data continue to point to resilience, with no clear signs of cooling in the short term. Caged recorded a net job creation of 228.2 thousand, above expectations, with strong performance in commerce and services during the first quarter. PNAD, in turn, showed an unemployment rate of 6.1%, slightly above expectations, but virtually stable on a seasonally adjusted basis (5.4%), still at a tight level. The main highlight was the increase in wages and the robust growth of the wage bill, which should support demand in the second quarter. In this context, considering the more hawkish tone from Copom, resilient labor market, and still elevated inflation, we expect the continuation of 25bps cuts at the June meeting, with a terminal Selic rate of 13.0% in 2026.

This week was also marked by monetary policy decisions in advanced economies. The Federal Reserve (Fed) opted to keep interest rates unchanged, maintaining the range at 3.50%-3.75%, in line with market expectations. The statement maintained a cautious tone for upcoming meetings, reinforcing a data-dependent approach. Despite dissent from Stephen Miran, who voted for a 25bps cut, the overall tone was more hawkish, with a significant portion of policymakers showing resistance to further easing in the near term. Combined with Jerome Powell's remarks, the overall message was more hawkish in the near-term horizon: rate cuts have become less likely in the short run, while a potential hiking cycle would still require further deterioration in the inflation outlook. **In Europe, the European Central Bank (ECB) also decided to keep rates unchanged, in line with expectations,** with communication similar to other central banks, neutral to slightly hawkish, reinforcing a data-dependent strategy. In this context, the recent rise in energy prices stands out, with the intensity and duration of the Middle East conflict remaining key factors in assessing indirect and second-round effects on inflation.

Economic Calendar

In **Brazil**, the week's highlights will be the release of the Copom minutes on Tuesday and March industrial production data, which we expect to decline by 0.3% m/m.

In the **International scenario**, attention will focus on U.S. labor market data, with JOLTS on Tuesday and Payroll on Friday.

Date	Country	Event	Period	Buysidebrazil	Prior
05/04/26	Monday				
4:55	Germany	PMI Manufacturing	abr/26		51,2
5:00	Eurozone	PMI Manufacturing	abr/26		52,2
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)	mai/26		-
05/05/26	Tuesday				
5:00	Brazil	IPC-Fipe	abr/26		0,59%
8:00	Brazil	Copom Minutes	abr/26		-
9:30	US	Trade Balances	mar/26		-57,3
10:45	US	PMI Services	abr/26		51,3
10:45	US	PMI Composite	abr/26		52,0
11:00	US	Services ISM	abr/26		54
11:00	US	JOLTS	mar/26		6882k
22:45	China	PMI Composite	abr/26		51,5
22:45	China	PMI Services	abr/26		52,1
05/06/26	Wednesday				
4:55	Germany	PMI Services	abr/26		46,9
4:55	Germany	PMI Composite	abr/26		48,3
5:00	Eurozone	PMI Services	abr/26		47,40
6:00	Eurozone	PPI (MoM)	mar/26		-0,7
10:30	US	Speech by A. Musalem (Fed St. Louis)	-		-
14:30	Brazil	Weekly FX Flow	mai/26		-
05/07/26	Thursday				
6:00	Eurozone	Retail Sales (MoM)	mar/26		-0,20%
9:00	Brazil	Industrial Production (MoM)	mar/26	-0,30%	0,90%
9:30	US	Initial Jobless Claims	mai/26		-
11:00	US	Construction Spending (MoM)	mar/26		-0,30%
15:00	Brazil	Monthly Trade Balance	abr/26		6,405
15:05	US	Speech by B. Hammack (Fed Cleveland)	-		-
16:00	US	Consumer Credit	mar/26		9,484
05/08/26	Friday				
8:00	Brazil	IGP-DI (MoM)	abr/26		1,14%
9:30	US	Payroll	abr/26		178k
9:30	US	Average Earning Hourly	abr/26		0,20%
9:30	US	Unemployment Rate	abr/26		4,30%
11:00	US	Consumer Confidence	mai/26		49,8
11:00	US	1yr Inflation Expectations	mai/26		4,70%
11:00	US	5-10yr Inflation Expectations	mai/26		3,5
20:30	US	Speech by A. Goolsbee (Fed Chicago)			-

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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