

## Core inflation eases, reinforcing our expectation of another Selic rate cut

### Highlights

**In Brazil, the week was marked by a lighter economic calendar and a relatively calmer political environment, with June's IPCA standing out as the main highlight.** The inflation print came in below expectations and showed a qualitatively more favorable composition, reinforcing the view that the disinflation process remains on track. The downside surprise was driven mainly by food deflation, particularly in fresh food and meat prices, as well as a marked slowdown in food away from home, which helped ease underlying services inflation. Within industrial goods, weaker personal care prices also contributed to the deceleration in average core inflation measures. More importantly, even in metrics that exclude these components, the composition remained benign, indicating that the improvement in inflation was relatively broad-based and qualitatively stronger than in previous releases. In our view, this outcome, combined with the stabilization of oil prices throughout the week, should help reduce pressure on inflation expectations over the coming months. If the more favorable food price dynamics persist, we believe the Focus survey may begin to halt the upward revisions to inflation forecasts, with some room for downward revisions, given that current projections stand at 5.3% for 2026 and 4.2% for 2027.

**On the international front, the economic calendar was also relatively light, with attention focused on the minutes from the latest FOMC meeting and further developments in the conflict between the United States and Iran.** The minutes reinforced a more hawkish stance, indicating that the Committee continues to view inflation risks as predominantly tilted to the upside. Although part of the recent inflation pressure stems from the energy shock triggered by the conflict in the Middle East, progress in negotiations between the United States and Iran contributed to lower oil futures and a decline in short-term market-based inflation expectations. Even so, FOMC members assessed that this relief is not sufficient to alter the balance of risks, particularly in an environment of still-resilient economic activity, supported by the ongoing investment cycle in artificial intelligence, and persistent cost pressures in technology, electricity, and other inputs. The minutes also revealed a more hawkish bias for monetary policy, with some policymakers arguing that the current level of interest rates may not be sufficiently restrictive and acknowledging the possibility of further tightening should inflation remain persistent. Overall, the message reinforces that the Federal Reserve remains more concerned about inflation than about risks to growth, increasing the likelihood of a rate hike at the September meeting. On the geopolitical front, despite President Trump's return to more confrontational rhetoric and renewed threats of military action against Iran, oil prices remained relatively well behaved, suggesting that markets continue to assign a high probability to either a diplomatic resolution or a limited escalation of the conflict. The persistence of this scenario is an important factor in easing global inflationary pressures and reopening the discussion around monetary easing in both the United States and Brazil.

## Economic Calendar

In **Brazil**, the week's focus will be on activity data, with the release of the Monthly Services Survey (PMS), Monthly Retail Survey (PMC), and the IBC-Br.

In the **International Scenario**, attention will turn to the U.S. CPI and PPI releases. The calendar also includes China's GDP data.

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
<b>07/13/26 Monday</b>						
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)	-			
15:00	Brazil	Weekly Trade Balance	-			
15:00	US	Monthly Fiscal Result	jun/26			-292,6
<b>07/14/26 Tuesday</b>						
7:00	US	Small Business Index	jun/26	95,5		95,3
9:00	Brazil	Systematic Survey of Agricultural Production	jun/26			
9:30	US	<b>CPI (MoM)</b>	jun/26	-0,1		0,5
9:30	US	<b>Core CPI (MoM)</b>	jun/26	0,3		0,2
11:00	US	Speech by K. Warsh (Fed Chair)	-			
14:00	US	Speech by A. Goolsbee (Chicago Fed)	-			
23:00	China	<b>GDP (YoY)</b>	jun/26	4,4		5
23:00	China	Retail Sales (YoY)	jun/26	0,1		-0,6
23:00	China	Industrial Production (YoY)	jun/26	4,6		4,5
23:00	China	Unemployment Rate	jun/26			5,1
<b>07/15/26 Wednesday</b>						
6:00	Eurozone	Industrial Production (YoY)	mai/26			0,3
9:00	Brazil	<b>Services Volume (MoM)</b>	mai/26		0,0	1,2
9:30	US	<b>PPI (MoM)</b>	jun/26			1,1
9:30	US	<b>Core PPI (MoM)</b>	jun/26			0,4
14:30	Brazil	Weekly FX Flow	jul/26			
15:00	US	Beige Book	jul/26			
<b>07/16/26 Thursday</b>						
9:00	Brazil	<b>Retail Sales (MoM)</b>	mai/26		1,3	-1,5
9:00	Brazil	<b>Broad Retail Sales (MoM)</b>	mai/26		0,7	-0,7
9:30	US	NY Fed Services Index	jul/26			-10,1
9:30	US	Philadelphia Fed Manufacturing Index	jul/26	15		10,3
9:30	US	<b>Retail Sales (MoM)</b>	jun/26	0,3		0,9
9:30	US	Core Retail Sales (MoM)	jun/26	0,4		0,7
9:30	US	Initial Jobless Claims	jul/26			
11:00	US	Homebuilder Confidence	jul/26	35		35
<b>07/17/26 Friday</b>						
8:00	Brazil	IGP-10 (MoM)	jul/26			-0,3
9:00	Brazil	<b>Economic Activity Index (MoM)</b>	mai/26		0,6	0,51
6:00	Eurozone	CPI (YoY)	jun/26			2,8
6:00	Eurozone	Core CPI (YoY)	jun/26			2,4
10:15	US	<b>Industrial Production (MoM)</b>	jun/26	0,2		0,1
11:00	US	Consumer Confidence	jul/26	51,3		49,5
11:00	US	1yr Inflation Expectations	jul/26			4,6
11:00	US	5-10yr Inflation Expectations	jul/26			3,3

**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	<b>1,9</b>
Unemployment Rate (average, %)	12,0	13,8	13,2	9,3	8,0	6,6	5,6	<b>5,5</b>
IPCA (Consumer Price Index) (%)	4,3	4,5	10,1	5,8	4,6	4,8	4,3	<b>5,2</b>
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	12,25	15,00	<b>14,0</b>
Exchange Rate (end of period, R\$/US\$)	4,03	5,20	5,58	5,22	4,84	6,19	5,50	<b>5,15</b>
Current Account Transactions (US\$ billion)	-68,0	-28,2	-46,4	-53,6	-28,6	-66,2	-68,8	<b>-52,9</b>
Current Account Transactions (% of GDP)	-3,6	-1,7	-2,9	-2,8	-1,4	-3,0	-3,0	<b>-2,3</b>
Trade Balance - BCB (US\$ billion)	26,5	32,4	36,4	44,2	80,5	66,2	60,0	<b>78,0</b>
Foreign Direct Investment (US\$ billion)	69,2	37,8	46,4	87,2	62,0	71,1	77,7	<b>75,0</b>
Foreign Direct Investment (% of GDP)	3,7	2,6	2,8	4,5	2,8	3,2	3,4	<b>3,3</b>
Primary Result of the Central Government (% of GDP)	-1,3	-9,8	-0,4	0,5	-2,3	-0,4	-0,4	<b>-0,2</b>
Gross Public Debt (% of GDP)	74,4	86,9	77,3	71,7	74,3	76,1	78,7	<b>83,7</b>
United States - GDP (%)	2,5	-2,2	6,1	2,5	2,9	2,8	2,2	<b>2,3</b>
United States - PCE (%)	1,4	1,1	4,1	6,6	3,8	2,5	2,9	<b>3,1</b>
United States - Fed Funds Rate (end of period, %)	1,8	0,3	0,3	4,0	5,5	4,5	3,75	<b>3,8</b>

## Our team

**Andrea Bastos Damico**  
Chief Economist and CEO  
[andrea@buysidebrazil.com](mailto:andrea@buysidebrazil.com)

**Rafaela de Sousa**  
Economist  
[rafaela@buysidebrazil.com](mailto:rafaela@buysidebrazil.com)

**Marcelo Alonso**  
Economist  
[marcelo@buysidebrazil.com](mailto:marcelo@buysidebrazil.com)

**Mirella Hirakawa**  
Research Coordinator and  
Partner  
[mirella@buysidebrazil.com](mailto:mirella@buysidebrazil.com)

**Rita Milani**  
Economist  
[rita@buysidebrazil.com](mailto:rita@buysidebrazil.com)

**Henrique Miareli**  
Economist  
[henrique@buysidebrazil.com](mailto:henrique@buysidebrazil.com)

