08/07/2026

We revise our 2026 Selic rate forecast from 14.00% to 13.75%

Highlights

The August Copom meeting kept the door open for further monetary easing but reinforced that future policy decisions will depend entirely on the evolution of the economic outlook. In a unanimous decision, the Committee lowered the Selic rate by 25 bps to 14.00%, in line with broad market expectations, while streamlining its communication and reinforcing a data-dependent strategy without providing forward guidance on either the pace or the duration of the easing cycle. The statement introduced several important changes relative to the previous meeting, more explicitly acknowledging the gradual moderation in economic activity observed in second-quarter indicators, as well as the qualitative improvement in current inflation, reflected in the deceleration of both headline inflation and underlying inflation measures. At the same time, the Central Bank reiterated that inflation remains above target, the labor market continues to be tight, and the external environment still warrants caution, particularly given the uncertainties surrounding the conflict in the Middle East and the monetary policy outlook in advanced economies. In addition, the Committee removed references to alternative interest-rate paths and model-based projection simulations, further simplifying its communication and reinforcing a more straightforward, fully data-dependent strategy. In our view, the overall message continues to leave room for further monetary easing by combining the recognition of gradually moderating economic activity and improving inflation dynamics with a cautious stance in light of still-unanchored inflation expectations and persistent external uncertainties. Against this backdrop, we believe the balance of risks is likely to evolve in a manner consistent with the continuation of the easing cycle. As a result, we revise our terminal Selic rate forecast for 2026 from 14.00% to 13.75%, incorporating one additional 25 bps rate cut at the next Copom meeting.

In the United States, the week was marked by a series of indicators reinforcing the view that the labor market continues to lose momentum gradually. While the JOLTS survey pointed only to a moderation in labor demand, suggesting that labor market conditions remain relatively balanced and showing no signs of broader deterioration, the July data indicated a more evident slowdown in hiring. The ADP employment report surprised to the downside, with payrolls increasing by only 44k, reflecting weaker momentum across both the goods-producing and services sectors. Meanwhile, the nonfarm payrolls report delivered the week's biggest surprise, showing a net loss of 23k jobs alongside sizeable downward revisions to previous months. The report also showed a further moderation in wage growth, while the decline in the unemployment rate was explained entirely by lower labor force participation, suggesting that the improvement in the headline unemployment rate did not reflect stronger labor market conditions. Taken together, the data reinforce the view that the U.S. labor market remains on a gradual normalization path. In our assessment, the latest figures reduce the need for additional monetary policy action in the near term and reinforce our baseline scenario that the Federal Reserve will keep interest rates unchanged at its September meeting.

Economic Calendar

In Brazil, the focus will be on the release of the Copom meeting minutes, followed by the July CPI report, which we expect to increase by 0.02% MoM. In addition, June services sector and retail sales data will be released.

Internationally, attention will center on U.S. inflation data, as well as July retail sales.

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
08/10/26	Monday					
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)	jul/26			-
15:00	Brazil	Weekly Trade Balance	jul/26			-
08/11/26	Tuesday					
8:00	Brazil	**Copom Minutes**	ago/26	-		-
9:00	Brazil	**IPCA (MoM)**	jul/26	0,02	0,02	0,16
08/12/26	Wednesday					
9:00	Brazil	**Services Volume (MoM)**	jun/26	0,0		-0,4
9:30	US	**CPI (MoM)**	jul/26	0,1		-0,4
9:30	US	**Core CPI (MoM)**	jul/26	0,2		-
11:30	US	Crude oil inventories	ago/26	-		-
14:30	Brazil	Weekly FX Flow	ago/26	-		-
08/13/26	Thursday					
6:00	Euroarea	Industrial Production (MoM)	jun/26	-		-0,2
9:00	Brazil	**Retail Sales (MoM)**	jun/26	0,1		0,1
9:00	Brazil	**Broad Retail Sales (MoM)**	jun/26	-1,4		-0,2
9:30	US	Initial Jobless Claims	ago/26	-		-
9:30	US	**PPI (MoM)**	jul/26	0,2		-0,3
9:30	US	**Core PPI (MoM)**	jul/26	0,2		0,2
9:40	US	Speech by T. Barkin (Fed Richmond)	-	-		-
08/14/26	Friday					
6:00	Euroarea	GDP (QoQ)	jun/26	-		0,4
9:30	US	**Retail Sales(MoM)**	jul/26	0,1		0,2
9:30	US	**Core Retail Sales (MoM)**	jul/26	-		0,5
11:00	US	Consumer Confidence	ago/26	-		-
11:00	US	1yr Inflation Expectations	ago/26	-		-
11:00	US	5-10yr Inflation Expectations	ago/26	-		-

Macroeconomic projections

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	**1,9**
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	**5,0**
Selic Rate (end of period, %)	4,50	2,00	9,25	13,75	11,75	12,25	15,00	**13,75**
Exchange Rate (end of period, R$/US$)	4,03	5,20	5,58	5,22	4,84	6,19	5,50	**5,15**
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	**2,3**
United States - PCE (%)	1,4	1,1	4,1	6,6	3,8	2,5	2,9	**3,1**
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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