buysidebrazil

11/09/2026

Brazilian inflation improves, while US pressures keep monetary policy in focus

Highlights

On the international front, inflation once again dominated the agenda, particularly in the United States, where August data showed mixed signals but remained consistent with a still-pressured inflationary environment. CPI accelerated to 0.40% MoM, in line with expectations, with energy returning as a strong source of pressure after contributing negatively in previous months. Core inflation, in turn, accelerated to 0.29% MoM, above expectations, mainly reflecting higher services inflation, particularly in housing and airfares. On the other hand, goods inflation lost momentum and remained low on a 12-month basis. PPI also showed a heterogeneous composition: headline inflation accelerated to 0.40% MoM, driven by a sharp increase in energy prices, while core PPI slowed to 0.16%, below expectations. The slowdown in services, particularly components excluding trade, transportation and warehousing, helped limit underlying pressures, although the acceleration in goods and pressures along the production chain indicates that cost risks remain present. Overall, the indicators reinforce a still-pressured inflation environment with a heterogeneous composition, calling for greater caution regarding the pace of monetary easing. Against this backdrop, we maintain our expectation of a 25 bps Fed hike at the September meeting, taking the policy rate to 4%.

In the Eurozone, the ECB also adopted a more restrictive stance, raising its three key interest rates by 25 bps, with the deposit rate reaching 2.50%. The decision was accompanied by upward revisions to growth projections for 2026 and 2027, reflecting a more resilient economy, while inflation projections were revised higher over longer horizons. The main risk remains associated with the energy shock stemming from tensions in the Middle East, which could generate indirect and second-round effects if prolonged. Despite this, the lack of a significant response in wages and the stability of underlying inflation measures continue to limit, for now, the risks of persistence. The ECB did not signal a predetermined path for interest rates and reinforced that future decisions will depend on the evolution of economic and financial data.

In Brazil, inflation data delivered a more favorable reading and reinforced the improvement observed at the margin. August IPCA registered deflation of 0.32% MoM; we forecast -0.31%, below the market median of -0.29%. More importantly than the headline figure, the composition was positive, with the average of core inflation measures slowing despite significant pressure from cigarette price increases. Underlying services inflation also showed a more benign behavior, while industrial goods contributed to a more moderate inflation dynamic.

The reading reduces part of the concerns generated by the deterioration in underlying measures in previous months and reinforces a more constructive outlook for current inflation. This movement, combined with recent signs of activity slowdown, supports our expectation of continued monetary easing.

Economic Calendar

IIn Brazil, the week will be highlighted by the release of the August IBC-Br and retail sales data, as well as the Copom’s monetary policy decision. We forecast a 0.3% MoM decline in IBC-Br, a 0.5% MoM contraction in core retail sales (PMC), and a 0.6% MoM increase in broader retail sales. For the Selic rate, we expect a 25 bps cut, taking the policy rate to 13.75%.

Abroad, the main highlight will be the Fed’s monetary policy decision, for which we expect a 25 bps hike, taking the rate to 4%. August retail sales and industrial production data will also be released in the United States.

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
14/09/26	**Monday**					
8:25	Brazil	Central Bank Weekly Economist Survey (Focus)	-	-	-	-
23:00	China	Retail Sales (YoY) [15/09]	ago/26	0.8		0.6

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
15/09/26	**Tuesday**					
9:00	Brazil	**Retail Sales - PMC (MoM)**	jul/26	0	-0.5	0.5
9:30	USA	NY Empire State Manufacturing Index	set/26	14	-	20.6

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
16/09/26	**Wednesday**					
9:00	Brazil	**Economic Activity Index IBC-Br (MoM)**	jul/26	-	-0.3	-0.6
9:30	USA	**Retail Sales (MoM)**	ago/26	0.8		-0.6
9:30	USA	**Retail Sales Ex Autos (MoM)**	ago/26	0.5		-0.3
9:30	USA	Import Prices (MoM)	ago/26	-0.1		-0.4
11:00	USA	NAHB Housing Market Index	set/26	34		35
15:00	USA	**Fed Interest Rate Decision (FOMC)**	-	3.75%	4%	3.75%
18:30	Brazil	**Copom Monetary Policy Decision (Selic)**	-	13.75%	13.75%	14.00%

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
17/09/26	**Thursday**					
6:00	Euroarea	Inflation Rate (YoY, Final)	ago/26	3.3%		3.3%
8:00	Brazil	**IGP-10 (MoM)**	set/26			-0.51%
9:30	USA	Housing Starts	ago/26	1.35M		1.239M
9:30	USA	Building Permits	ago/26	1.41M		1.433M
9:30	USA	Philadelphia Fed Manufacturing Index	set/26	47		47.4
9:30	USA	**Initial Jobless Claims**	set/26	208k		206k

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
18/09/26	**Friday**					
	Japan	BoJ Monetary Policy Decision [overnight]	-	1.25%		1%
10:15	USA	**Industrial Production (MoM)**	ago/26	0.3		0.2
10:15	USA	Capacity Utilization	ago/26	76.4		76.3

Macroeconomic projections	2020	2021	2022	2023	2024	2025	2026	2027
Brazil GDP (%)	-3,3	4,8	3,0	2,9	3,4	2,3	**1,9**	**1,6**
Unemployment Rate (average, %)	13,8	13,2	9,3	8,0	6,6	5,6	**5,5**	**6,0**
IPCA (Consumer Price Index) (%)	4,5	10,1	5,8	4,6	4,8	4,3	**5,0**	**5,0**
Selic Rate (end of period, %)	2,00	9,25	13,75	11,75	12,25	15,00	**13,8**	**12,0**
Exchange Rate (end of period, R$/US$)	5,20	5,58	5,22	4,84	6,19	5,50	**5,20**	**5,30**
Current Account Transactions (US$ billion)	-28,2	-46,4	-53,6	-28,6	-66,2	-68,8	**-53,3**	**-52,0**
Current Account Transactions (% of GDP)	-1,7	-2,9	-2,8	-1,4	-3,0	-3,0	**-2,0**	**-1,9**
Trade Balance - BCB (US$ billion)	32,4	36,4	44,2	80,5	66,2	60,0	**83,8**	**85,0**
Foreign Direct Investment (US$ billion)	37,8	46,4	87,2	62,0	71,1	77,7	**85,0**	**80,0**
Foreign Direct Investment (% of GDP)	2,6	2,8	4,5	2,8	3,2	3,4	**3,2**	**3,0**
Primary Result of the Central Government (% of GDP)	-9,8	-0,4	0,5	-2,3	-0,4	-0,4	**-0,4**	**-0,4**
Gross Public Debt (% of GDP)	86,9	77,3	71,7	74,3	76,1	78,7	**83,7**	**87,3**
United States - GDP (%)	-2,2	6,1	2,5	2,9	2,8	2,2	**2,2**	**2,1**
United States - PCE (%)	1,1	4,1	6,6	3,8	2,5	2,9	**3,6**	**2,6**
United States - Fed Funds Rate (end of period, %)	0,3	0,3	4,0	5,5	4,5	3,75	**4,0**	**4,3**

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