11/06/2026

Copom reinforces its cautious stance amid a deteriorating inflation outlook, while the US labor market supports expectations of further interest rate hikes

Highlights

The deterioration in the inflation outlook has led the Copom to adopt a more cautious stance, reinforcing our expectation that the Selic rate will remain at 13.75% for a prolonged period. At its November meeting, the Committee kept the benchmark interest rate unchanged, in line with expectations, and delivered a more hawkish communication compared to the previous decision. The main highlight of the statement was the deterioration in the Committee's assessment of the inflation outlook. The Committee acknowledged that both headline inflation and the average of underlying inflation measures had accelerated again, moving above the upper bound of the tolerance range. In addition, it highlighted the further de-anchoring of inflation expectations, raising concerns about the persistence of inflationary pressures. On the external front, the prolonged conflicts in the Middle East, higher oil prices, and the prospect of more restrictive monetary policy in advanced economies pose additional risks to the domestic disinflation process. On the other hand, economic activity has shown clearer signs of slowing, particularly in sectors more sensitive to the monetary policy cycle. The Copom also acknowledged signs of moderation in the labor market and began to incorporate tighter financial conditions among the factors that could help ease inflationary pressures. Nevertheless, we believe these factors are insufficient to offset the deterioration in the inflation outlook, leaving the balance of risks skewed to the upside. Against this backdrop, we believe the Copom's communication confirms the interruption of the monetary easing cycle. The combination of stronger current inflationary pressures, further de-anchored expectations, and heightened external uncertainty reduces the scope for additional rate cuts, even amid slowing economic activity. Therefore, we maintain our expectation that the Selic rate will remain at 13.75% at the next meeting and throughout 2027, as the resumption of monetary easing will depend on more consistent evidence of inflation converging toward the target and a sustained improvement in the balance of risks.

In the United States, the labor market showed renewed signs of strengthening in October, easing concerns about a sharper slowdown in employment. The main highlight of the week was the October nonfarm payrolls report, which showed the creation of 165,000 jobs, above the monthly average of 48,000 recorded over the past 12 months. In addition to the upside surprise in job creation, employment figures for August and September were revised upward by a combined 84,000 jobs, reinforcing the perception of stronger labor market momentum. Job gains were concentrated in the private sector, particularly in professional and business services, education and healthcare, and transportation and warehousing. The unemployment rate declined from 4.2% to 4.1%, despite an increase in the labor force participation rate, while wage growth accelerated to 0.4% MoM, with annual growth remaining at 3.1%. Similarly, the September JOLTS report pointed to a recovery in job openings and a decline in layoffs and discharges, while the October ADP report showed stable private-sector job creation. Taken together, the results suggest that labor market conditions remain relatively favorable.

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Against this backdrop, the data reinforce our expectation of another interest rate hike by the FOMC in December, given persistent inflationary pressures and the absence of a more significant deterioration in employment. The recovery in job creation, the decline in the unemployment rate, and the acceleration in wage growth reduce the urgency for a less restrictive monetary policy stance. Although some segments continue to show signs of weakness, we believe the overall set of indicators points to a labor market that remains sufficiently resilient to support continued monetary tightening by the Federal Reserve.

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Economic Calendar

In Brazil, the week will be marked by the release of the Copom minutes, which should provide further details on the Committee's assessment of the deteriorating inflation outlook and the prospects for monetary policy. On inflation, we expect October's IPCA to increase by 0.26% MoM. Regarding economic activity, we expect services volume to remain stable (0.0% MoM) and core retail sales to decline by 0.2% MoM in September.

On the international front, the main highlight will be the release of October's US CPI report, particularly given its implications for the Fed's monetary policy outlook. The Producer Price Index (PPI) and weekly initial jobless claims will also be released. In the Euro Area, the second estimate of third-quarter GDP will be published, while China will release its October consumer and producer inflation data.

Date	Country	Event	Period	Survey	Buysidebrazil	Prior
09/11/26	**Monday**					
-	China	Inflation Rate (MoM)	out/26	0.2		0.2
-	China	PPI (YoY)	out/26	5.4		5.0
8:30	Brazil	Central Bank Weekly Economist Survey (Focus)	-			
10/11/26	**Tuesday**					
8:00	Brazil	**Copom Meeting Minutes**	-			
10:30	USA	**Inflation Rate (MoM)**	out/26	0.3		0.6
10:30	USA	**Core Inflation Rate (MoM)**	out/26	0.2		0.3
11/11/26	**Wednesday**					
4:00	Germany	Inflation Rate (MoM, Final)	out/26	-0.2		0.6
-	USA	Holiday	-			
9:00	Brazil	**Services Volume**	out/26	0.3	0.0	-0.1
14:30	Brazil	Weekly FX Flow	out/26	6.5		6.8
12/11/26	**Thursday**					
9:00	Brazil	**IPCA Inflation Rate (MoM)**	out/26	-	0.26	0.82
10:30	USA	Initial Jobless Claims	nov/26	195k		189k
13/11/26	**Friday**					
7:00	Euroarea	GDP Growth Rate (QoQ, 2nd Est)	3T26	0.4		0.6
9:00	Brazil	**Retail Sales (MoM)**	set/26	0.2	-0.2	0.1
10:30	USA	**PPI (MoM)**	out/26	0.4		1.3
10:30	USA	**Core PPI (MoM)**	out/26	0.3		0.7

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Macroeconomic projections	2020	2021	2022	2023	2024	2025	2026	2027
Brazil GDP (%)	-3,3	4,8	3,0	2,9	3,4	2,3	1,8	1,0
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	5,1	4,7
Selic Rate (end of period, %)	2,00	9,25	13,75	11,75	12,25	15,00	13,75	13,75
Exchange Rate (end of period, R$/US$)	5,20	5,58	5,22	4,84	6,19	5,50	5,40	5,40
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	4,25	4,50

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