



274th

Minutes of the Meeting of the
Monetary Policy Committee — Copom

November 4-5, 2025

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Date: November 4-5, 2025

Place: BCB Headquarters' meeting rooms on the 8th floor (11/4 and 11/5 on the morning) and 20th floor (11/5 on the afternoon) – Brasília – DF – Brazil

Starting and ending times: November 4 10:07 AM – 11:46 AM; 2:09PM – 5:18 PM
November 5 10:08 AM – 11:32 AM; 2:35PM – 6:30 PM

In attendance:

Copom Members

Gabriel Muricca Galípolo – *Governor*
Ailton de Aquino Santos
Diogo Abry Guillen
Gilneu Francisco Astolfi Vivan
Izabela Moreira Correa
Nilton José Schneider David
Paulo Picchetti
Renato Dias de Brito Gomes
Rodrigo Alves Teixeira

Department Heads in charge of technical presentations (attending on 11/4 and on the morning of 11/5):

André de Oliveira Amante – *Open Market Operations Department*
Euler Pereira Gonçalves de Mello – *Research Department* (also attending on the afternoon of 11/5)
Fábio Martins Trajano de Arruda – *Department of Banking Operations and Payments System*
Laura Soledad Cutruffo Comparini – *Department of Economics*
Luís Guilherme Siciliano Pontes – *International Reserves Department*
Marcelo Antonio Thomaz de Aragão – *Department of International Affairs*

Other participants (attending on 11/4 and on the morning of 11/5):

Alexandre de Carvalho – *Office of Economic advisor* (attending on 11/4)
Alisson Curatola de Melo – *Deputy Head of the Department of Economics*
André Maurício Trindade da Rocha – *Head of the Financial System Monitoring Department*
Angelo Jose Mont Alverne Duarte – *Head of Office of the Deputy Governor for Licensing and Resolution* (attending on 11/4)
Arnaldo José Giongo Galvão – *Press Office Advisor*
Cristiano de Oliveira Lopes Cozer – *General Counsel* (attending on the morning of 11/5)
Edson Broxado de França Teixeira – *Head of Office of the Deputy Governor for Supervision* (attending on 11/4)
Fernando Alberto G. Sampaio C. Rocha – *Head of the Department of Statistics*
Julio Cesar Costa Pinto – *Head of Office of the Governor*
Leonardo Martins Nogueira – *Head of Office of the Deputy Governor for Monetary Policy*
Marcos Ribeiro de Castro – *Deputy Head of the Research Department*
Mardilson Fernandes Queiroz – *Head of the Financial System Regulation Department* (attending on 11/4)
Mario Rubem do Couto Bastos – *Deputy Head of the Department of Banking Operations and Payments System*
Olavo Lins Romano Pereira – *Deputy Head of the Department of International Affairs*
Ricardo da Costa Martinelli – *Deputy Head of the International Reserves Department*
Ricardo Eyer Harris – *Head of Office of the Deputy Governor for Regulation*
Ricardo Franco Moura – *Head of the Prudential and Foreign Exchange Regulation Department* (attending on 11/4)
Rogerio Antonio Lucca – *Executive Secretary*
Simone Miranda Burello – *Advisor in the Office of the Deputy Governor for Monetary Policy*

Copom members analyzed the recent performance and prospects for the Brazilian and international economies, under the monetary policy framework, whose objective is to achieve the inflation target set by the National Monetary Council.

A) Update of the economic outlook and the Copom's scenario¹

1. The global environment still remains uncertain due to the economic policy and economic outlook in the United States, altering global financial conditions. This scenario requires particular caution from emerging market economies amid heightened geopolitical tensions.
2. Regarding the domestic scenario, the set of indicators continues to show, as expected, a path of moderation on economic growth but the labor market is still showing strength.
3. In recent releases, headline inflation and measures of underlying inflation have shown some improvement but remained above the inflation target. Inflation expectations for 2025 and 2026 collected by the Focus survey remained above the inflation target and stand at 4.5% and 4.2%, respectively.

B) Scenarios and risk analysis

4. The inflation outlook remains challenging in several dimensions. Copom assessed the international scenario, economic activity, aggregate demand, inflation expectations, and current inflation. Copom then discussed inflation projections and expectations before deliberating on the current decision and future communication.
5. The global outlook remains uncertain. Long-term risks, such as U.S. trade policy, the proper pricing of fundamentals, and increased fiscal spending in several countries, remain present. Regarding the most immediate sources of uncertainty, trade negotiations between Brazil and the U.S. stand out, as well as the conduct of U.S. monetary policy in the context of a government shutdown, which makes it more difficult to assess the current economic situation. The view remained that the exchange rate appreciation is partly related to the interest rate differential and partly to the USD depreciation against various currencies. The prevailing assessment within the Committee is that great uncertainty persists in the global outlook, and, therefore, Copom should maintain a cautious stance. As usual, the Committee will focus on the transmission mechanisms from the external environment to the domestic inflation dynamics and its impact on the outlook.
6. Domestic economic activity has maintained a trajectory of moderate growth, reinforcing the interpretation that the scenario outlined by the Committee is, so far, materializing. The most recent data generally corroborate the continuation of a gradual slowdown in growth, although, at inflection points in the economic cycle, it is natural to observe mixed signals from economic indicators or some difference between expectations and data released.
7. The moderation and the very heterogeneity of growth trajectories across different sectors and markets are consistent with the current monetary policy. Markets that are more sensitive to financial conditions show greater deceleration, while markets that are more sensitive to income and less sensitive to financial conditions show greater resilience. The credit market, for example, continues to show a clearer slowdown, consistent with the current monetary policy, while the labor market remains resilient. The Committee reiterates that the aggregate demand slowdown is an essential element of supply-demand rebalancing in the economy and convergence of inflation to the target.
8. Fiscal policy has a short-term impact, mainly through stimulating aggregate demand, and a more structural dimension, which has the potential to affect perceptions of debt sustainability and influence the term premium in the yield curve. A fiscal policy that acts countercyclically and contributes to reducing the risk premium favors the convergence

¹ Unless explicitly stated otherwise, this update considers changes since the September Copom meeting (273rd meeting).

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of inflation to the target. Copom reinforced its view that the slowdown in structural reform efforts and fiscal discipline, the increase in earmarked credit, and uncertainties over the public debt stabilization have the potential to raise the economy's neutral interest rate, with deleterious impacts on the power of monetary policy and, consequently, on the cost of disinflation in terms of activity. The Committee remained firmly convinced that policies must be predictable, credible, and countercyclical. In particular, the Committee's discussion once again highlighted the need for harmonious fiscal and monetary policies.

9. Inflation expectations, as measured by various instruments and gathered from different groups of agents, have continued on a downward path but remain above the inflation target in all horizons. The decline in expectations remains more concentrated in the shorter-term horizons, though this movement has become clearer in the horizons beyond the relevant one. The Committee assesses that perseverance, determination, and serenity in the conduct of monetary policy will support the continuation of this movement, which is crucial for the convergence of inflation to the target at a lower cost.

10. Deanchored inflation expectations are a factor of discomfort shared by all Committee members and must be tamed. Copom highlighted that environments with deanchored expectations increase the disinflation cost in terms of activity. The scenario of inflation convergence to the target becomes more challenging with deanchored expectations for longer horizons. When discussing this topic, the main conclusion obtained and shared by all members of Copom was that, in an environment of deanchored expectations – as currently is the case – greater monetary restriction is required for a longer period than would be otherwise appropriate.

11. Recent inflation readings still point to a more favorable dynamic compared to what was expected at the beginning of the year. The combination of a more appreciated exchange rate and a more benign behavior of commodities contributed to a reduction in inflation for industrial goods and food. Services inflation has also shown some slowdown but remains more resilient, responding to a labor market that is still dynamic and to an economic activity that has shown gradual moderation. The interpretation of inflation being driven by demand pressures persists, requiring a contractionary monetary policy for a very prolonged period.

12. Copom then addressed the projections. In the reference scenario, the interest rate path is extracted from the Focus survey, and the exchange rate starts at USD/BRL 5.40², and evolves according to the purchasing power parity (PPP). The Committee assumes that oil prices follow approximately the futures market curve for the following six months and then start increasing 2% per year. Moreover, the energy tariff flag is assumed to be “yellow” in December of the years 2025 and 2026. Finally, the Committee decided to already incorporate a preliminary estimate of the impact of the measure expanding income tax exemption. The Committee considers that such an estimate is highly uncertain and will monitor data to calibrate its effects. This choice of a conservative and data-dependent stance is reinforced by recent examples of fiscal and credit measures that were initially thought to potentially cause deviations from the projected scenario but ultimately did not lead to significant divergences from expectations.

13. In the reference scenario, four-quarter inflation projections for 2025 and for 2026 are 4.6% and 3.6%, respectively (Table 1). For the relevant horizon for monetary policy – 2027Q2 – the inflation projection based on the reference scenario extracted from the Focus survey remained at 3.3%, above the inflation target.

² It corresponds to the rounded value of the average exchange rate observed over the ten working days ending on the last day of the week prior to the Copom meeting, according to the procedure adopted since the 258th meeting.

14. Regarding the balance of risks, it was assessed that the scenario of greater uncertainty continues to present higher-than-usual upside and downside inflation risks to the inflation outlook. Copom assessed that, among the upside risks for the inflation outlook and inflation expectations, it should be emphasized (i) a more prolonged period of deanchoring of inflation expectations; (ii) a stronger-than-expected resilience of services inflation due to a more positive output gap; and (iii) a conjunction of internal and external economic policies with a stronger-than-expected inflationary impact, for example, through a persistently more depreciated currency. Among the downside risks, it should be noted (i) a greater-than-projected deceleration of domestic economic activity, impacting the inflation scenario; (ii) a steeper global slowdown stemming from the trade shock and the scenario of heightened uncertainty; and (iii) a reduction in commodity prices with disinflationary effects.

15. Prospectively, the Committee will continue monitoring the pace of economic activity, which is a fundamental driver of inflation, particularly services inflation; the exchange rate pass-through to inflation, after a process of increased exchange rate volatility; and inflation expectations, which remain deanchored and are drivers of future inflation behavior. It was emphasized that inflationary vectors remain adverse, such as the economic activity resilience and labor market pressures, deanchored inflation expectations, and high inflation projections. This scenario prescribes a significantly contractionary monetary policy for a very prolonged period to ensure the convergence of inflation to the target.

C) Discussion of the conduct of monetary policy

16. Copom then discussed the conduct of monetary policy, considering the set of projections evaluated, as well as the balance of risks for prospective inflation.

17. As the scenario has unfolded as expected, the Committee proceeds with the stage in which it opts to keep the rate unchanged for a very prolonged period, but with greater confidence that the current rate is enough to ensure the convergence of inflation to the target.

18. Endorsing the Committee's expected scenario so far, there is a gradual moderation in ongoing activity, a certain decrease in current inflation, and some reduction in inflation expectations. However, the Committee will remain vigilant and will not hesitate to resume the rate hiking cycle if appropriate. The firm commitment to the BCB's mandate to bring inflation to the target was reaffirmed.

D) Monetary policy decision

19. Copom decided to maintain the Selic rate at 15.00% p.a. and judges that this decision is consistent with the strategy for inflation convergence to a level around its target throughout the relevant horizon for monetary policy. Without compromising its fundamental objective of ensuring price stability, this decision also implies smoothing economic fluctuations and fostering full employment.

20. The current scenario, marked by heightened uncertainty, requires a cautious stance in monetary policy. The Committee evaluates that maintaining the interest rate at its current level for a very prolonged period is enough to ensure the convergence of inflation to the target. The Committee emphasizes it will remain vigilant, that future monetary policy steps can be adjusted and that it will not hesitate to resume the rate hiking cycle if appropriate.

21. The following members of the Committee voted for this decision: Gabriel Muricca Galípolo (Governor), Ailton de Aquino Santos, Diogo Abry Guillen, Gilneu Francisco Astolfi Vivan, Izabela Moreira Correa, Nilton José Schneider David, Paulo Picchetti, Renato Dias de Brito Gomes, and Rodrigo Alves Teixeira.

Table 1
Inflation projections in the reference scenario
Year-over-year IPCA change (%)

Price Index	2025	2026	2027Q2
IPCA	4.6	3.6	3.3
IPCA market prices	4.5	3.6	3.2
IPCA administered prices	5.0	3.4	3.5