



275th

Minutes of the Meeting of the
Monetary Policy Committee — Copom

December 9-10, 2025

275th Meeting COPOM

December 9-10



Date: December 9-10, 2025

Place: BCB Headquarters' meeting rooms on the 8th floor (12/9 and 12/10 on the morning) and 20th floor (12/10 on the afternoon) – Brasília – DF – Brazil

Starting and ending times: December 9: 10:09 AM – 11:33 AM; 2:17 PM – 5:10 PM
December 10: 10:08 AM – 11:19 AM; 2:32 PM – 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 12/9 and on the morning of 12/10):

André de Oliveira Amante – *Open Market Operations Department*
Euler Pereira Gonçalves de Mello – *Research Department* (also attending on the afternoon of 12/10)
Fábio Martins Trajano de Arruda – *Department of Banking Operations and Payments System*
Luís Guilherme Siciliano Pontes – *International Reserves Department*
Marcelo Antonio Thomaz de Aragão – *Department of International Affairs*
Ricardo Sabbadini – *Department of Economics*

Other participants

(attending on 12/9 and on the morning of 12/10):

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 the afternoon of 12/9 and on the morning of 12/10)
Arnaldo José Giongo Galvão – *Press Office Advisor*
Cristiano de Oliveira Lopes Cozer – *General Counsel*
Fernando Alberto G Sampaio C Rocha – *Head of the Department of Statistics* (attending on 12/9)
Fernando Ryu Ramos Kawaoka – *Deputy Head of the Department of Economics*
Julio Cesar Costa Pinto – *Head of Office of the Governor*
Leonardo Martins Nogueira – *Head of Office of the Deputy Governor for Monetary Policy*
Leonardo Nogueira Ferreira – *Office of Economic Advisor*
Marcos Ribeiro de Castro – *Deputy Head of the Research Department* (attending on 12/9)
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*
Renato Jansson Rosek – *Deputy Head of the International Reserves Department* (attending on 12/9)
Ricardo Eyer Harris – *Head of Office of the Deputy Governor for Regulation*
Ricardo Franco Moura – *Head of the Prudential and Foreign Exchange Regulation Department*
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 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, as observed in the latest GDP data release, while the labor market shows resilience.

3. In recent releases, headline inflation and measures of underlying inflation continued to show 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 4.4% and 4.2%, respectively.

B) Scenarios and risk analysis

4. The global outlook remains uncertain. Long-term risks, as well as several of the more immediate sources of uncertainty, remain present. Nevertheless, although many latent risks persist, the international scenario is less uncertain than it was a few months ago, with the end of the government shutdown in the U.S., and the unfolding of the trade negotiations. In this environment, the prices of major commodities have remained subdued and financial conditions, favorable.

5. Domestic economic activity has maintained a trajectory of moderate growth, as anticipated by the Committee. The latest GDP release continued to indicate moderate growth, and pointed to a slowdown in household consumption growth, which had been strong due to real income gains. Considering such data, the Committee recalls that the aggregate demand slowdown is an essential element of supply-demand rebalancing in the economy and of the convergence of inflation to the target.

6. 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 show greater resilience. Naturally, at turning points in the economic cycle, mixed signals from economic indicators or some divergence between expectations and actual data releases are observed. The Committee continues to closely monitor the labor market. More recently, the unemployment rate has remained at historically low levels, albeit with a decline in the employed population and in the participation rate. The Committee's discussion unfolded in two dimensions. On the one hand, a debate on the current conjuncture, seeking to understand the present situation of labor market heating and its prospects. On the other hand, a more structural debate on how the labor market has evolved over the years and how each of these changes has affected the indicators and the very interpretation of labor market conditions. The Committee concluded that the labor market is currently at a very tight level, that there are early signs of slowdown, and that the understanding of the distinction between cyclical and structural factors should continue to be deepened, in light of evidence that requires time for a more robust analysis.

7. 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

¹ Unless explicitly stated otherwise, this update considers changes since the November Copom meeting (274th meeting).

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 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.

8. 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. Copom emphasized that the cost of disinflation on the level of economic activity over time is higher in environments with deanchored expectations. It 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. 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.

9. Recent inflation readings continue to point to better dynamic when compared with 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 reduce industrial goods and food inflation. Services inflation has also shown some slowdown, albeit more resilient, responding to a labor market that is still dynamic and to an economic activity that has shown gradual moderation. On the one hand, the interpretation persists that inflation is being driven by demand and requires a contractionary monetary policy for a very prolonged period; on the other hand, the interpretation remains that monetary policy has played a decisive role in the observed disinflation.

10. 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 5.35², 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. The Committee will continue to monitor the data in order to calibrate and refine the impacts of the measure to expand the income tax exemption.

11. In the reference scenario, four-quarter inflation projections for 2025 and for 2026 are 4.4% and 3.5%, respectively (Table 1). For the relevant horizon for monetary policy – 2027Q2 – the inflation projection based on the reference scenario extracted from the Focus survey is at 3.2%.

12. Regarding the balance of risks, it was assessed that the scenario 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

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.

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.

C) Discussion of the conduct of monetary policy

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

14. Throughout the year, the Committee has adjusted its communication to convey its assessment of the current stage of monetary policy, highlighting the growing confidence in the disinflation process. First, it is worth noting the firm increase in the policy rate to counteract a deterioration in the inflation scenario. After completing the tightening phase, the Committee paused to assess whether the prevailing interest rate level would be sufficient to ensure inflation convergence. The Committee reinforced that its strategy would be to keep the interest rate level for a very prolonged period. At first, Copom debated whether such a rate was sufficient, then judged that it was, and, in this meeting, concluded that the ongoing strategy of maintaining the current level of interest rate for a very prolonged period is appropriate to ensure the convergence of inflation to the target.

15. The Committee assesses that the cautious conduct of monetary policy has contributed to disinflationary gains and, once again, reaffirms its firm commitment to the BCB's mandate of bringing inflation to the target. Furthermore, it notes that inflationary drivers remain adverse and that it will continue to monitor the pace of economic activity, critical in determining inflation, particularly of services; inflation expectations, which remain deanchored and are key to the prospective inflation outlook; the exchange rate pass-through; the balance of risks; and the current inflation dynamics itself. Given actual and prospective conditions, the scenario prescribes a significantly contractionary monetary policy for a very prolonged period.

16. Endorsing the Committee's expected scenario so far, the gradual ongoing activity moderation, the decline in current inflation, and the reduction in inflation expectations persist. However, the Committee will remain vigilant and, as usual, will not hesitate to resume the rate hiking cycle if appropriate.

D) Monetary policy decision

17. 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.

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

19. 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	4.4	3.5	3.2
IPCA market prices	4.0	3.6	3.2
IPCA administered prices	5.3	3.2	3.4