280th

Minutes of the Meeting of the

Monetary Policy Committee — Copom

August 4-5, 2026

BANCO CENTRAL
DO BRASIL

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Date: August 4-5, 2026

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

Starting and ending times:
August 4: 10:08 AM – 11:55 AM; 2:09 PM – 5:33 PM
August 5: 10:04 AM – 11:35 AM; 2:31 PM – 6:30 PM

In attendance:

Copom Members

Gabriel Muricca Galípolo – *Governor*
Ailton de Aquino Santos
Gilneu Francisco Astolfi Vivan
Izabela Moreira Correa
Nilton José Schneider David
Paulo Picchetti
Rodrigo Alves Teixeira

Department Heads in charge of technical presentations (attending on 8/4 and on the morning of 8/5):

André de Oliveira Amante – *Open Market Operations Department*
Euler Pereira Gonçalves de Mello – *Research Department* (also attending on the afternoon of 8/5)
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 8/4 and on the morning of 8/5):

Alexandre de Carvalho – *Office of Economic Advisor*
Alisson Curatola de Melo – *Deputy Head of the Department of Economics*
André Maurício Trindade da Rocha – *Head of the Financial System Monitoring Department*
Ângelo José Mont'Alverne Duarte – *Head of Office of the Deputy Governor for Licensing and Resolution (attending on 8/4)*
Arnaldo José Giongo Galvão – *Press Office Advisor*
Cristiano de Oliveira Lopes Cozer – *General Counsel*
Edson Broxado de França Teixeira – *Head of Office of the Deputy Governor for Supervision*
Gustavo Andrade Barbosa de Souza – *Deputy Head of the Open Market Operations Department*
Isabela Ribeiro Damaso Maia – *Head of the Sustainability and International Portfolio Investors Unit*
Julio Cesar Costa Pinto – *Head of Office of the Governor* (attending on the afternoon of 8/4 and on the morning of 8/5)
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 – *Deputy Head of the Financial System Regulation Department* (attending on the mornings of 8/4 and 8/5)
Olavo Lins Romano Pereira – *Deputy Head of the Department of International Affairs*
Renato Baldini Junior – *Deputy Head of the Department of Statistics*
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*
Rogério Antonio Lucca – *Executive Secretary (attending on the afternoon of 8/4 and on the morning of 8/5)*
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. This document represents Copom's best effort to provide an English version of its policy meeting minutes. In case of inconsistency, the Portuguese version prevails.

A) Update of the economic outlook and the Copom's scenario[1]

1. The global environment remains uncertain due to the lack of definition regarding the armed conflicts in the Middle East and uncertainty surrounding monetary policy in some advanced economies. This scenario requires caution from emerging market economies amid heightened volatility of asset and commodity prices.

2. Regarding the domestic scenario, the set of indicators released since the last meeting suggests a gradual moderation of economic activity, albeit at a resilient level, with mixed signs across sectors, and a tight labor market. In recent releases, headline inflation decelerated, though surpassing the upper limit of the target, while measures of underlying inflation decelerated to a level slightly below the upper limit of the target.

3. Inflation expectations for 2026 and 2027 collected by the Focus survey remained above the inflation target and stand at 5.0% and 4.2%, respectively. Copom's inflation projections for the first quarter of 2028, currently the relevant horizon for monetary policy, stand at 3.2% in the reference scenario (Table 1).

B) Scenarios and risk analysis

4. Uncertainty regarding the global environment remains at high levels. In addition to the lack of clarity about the consequences of the geopolitical tensions, continuing uncertainties regarding the U.S. economic policy have contributed to this scenario.

5. Domestic economic activity maintained a trajectory of moderation, as anticipated by the Committee. Recent indicators point to a deceleration in the transition from the first to the second quarter of 2026, widespread across both the supply and demand components of aggregate output. Naturally, at turning points in the economic cycle, mixed signs emerge from economic indicators. The Committee reiterates 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 Committee continues to closely monitor the labor market. The unemployment rate remains at historically low levels, while growth in the employment rate has been decelerating. Average income decelerated at the margin, even in nominal terms, but still increase in real terms at a rate higher than that of the labor productivity. The Committee remains attentive to the debate on the current and structural dimensions of the labor market, emphasizing the need to deepen this analysis in order to assess the transmission patterns of employment levels to labor income and, ultimately, to prices across the various sectors of the economy.

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 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 reaffirms 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 maintains a firm conviction that policies must be predictable, credible, and countercyclical. In particular, the Committee's discussion once again reinforces the need for harmonious fiscal and monetary policies.

8. Headline consumer inflation decelerated in the most recent prints, though the 12-month rate remains above the upper bound of the target, while measures of underlying inflation also decelerated, standing slightly below the upper limit of the target. Still considering the same perspective of 12-month changes in the recent prints, producer

[1] Unless explicitly stated otherwise, this update considers changes since the June meeting (279th meeting).

prices declined, largely reflecting the strong influence of mining, while less volatile measures of manufacturing prices showed a slight increase.

9. Inflation expectations – measured using different instruments and obtained from various groups of agents – 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. The Committee is closely monitoring a further deanchoring of longer-term inflation expectations and has been discussing the possible causes of this movement in expectations. It assesses that perseverance, determination, and serenity in the conduct of monetary policy will contribute to the reanchoring of expectations, 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.

10. Copom then addressed the projections. In the reference scenario, the interest rate path is extracted from the Focus survey, the exchange rate starts at USD/BRL 5.10[2] 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, in line with standard governance. Given the observed Brent futures curve, this governance resulted in a downward trajectory throughout the second half of the year. In addition, the assumption of a "yellow" electricity tariff flag in December 2026 is adopted. The Committee will continue to monitor incoming data to calibrate and refine the impacts of aggregate demand stimulus measures and supply shocks.

11. In the reference scenario, four-quarter inflation projections for 2026, 2027, and for 2028Q1 – currently the relevant horizon for monetary policy – are 5.1%, 3.8%, and 3.2%, respectively.

12. The risks to inflation, both to the upside and to the downside, remain higher than usual, with an upward asymmetry. 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, with longer horizons incorporating potential second-round effects stemming from supply shocks in oil and its derivatives, and to climate effects upon agricultural productivity and energy costs; (ii) a stronger-than-expected resilience of services inflation due to a more positive output gap; (iii) a conjunction of internal and external economic policies with a stronger-than-expected inflationary impact, for example, through a persistently more depreciated currency; and (iv) stimuli to aggregate demand, particularly its consumption component, resulting in economic activity growth above potential output, weakening some of the usual transmission channels of monetary policy. 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 and oil shocks 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. The Committee assesses that evidence of the transmission of contractionary monetary policy to economic activity has been gradually accumulating. Although monetary policy has been playing a decisive role in the disinflation process, inflation is

[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.

still being driven by demand, requiring monetary policy to remain tight.

15. Supply shocks have played a significant role in both the recent evolution of inflation and its prospective trajectory. Copom assesses that it should not respond to the first-round effects of such shocks but it is necessary to closely monitor potential second-round effects and to react decisively should those effects materialize.

16. In the current context of historically high uncertainty levels, with asymmetric upside risks to prices, the Committee reiterates that the magnitude of the calibration cycle will be adjusted in light of developments in the scenario, so as to keep monetary policy at a contractionary level to ensure inflation convergence to the target.

D) Monetary policy decision

17. Copom decided to reduce the Selic rate to 14.00% 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, deanchoring of expectations, and elevated risks surrounding the reference scenario, requires serenity and cautiousness in the conduct of monetary policy. The Committee will continue to incorporate new information and monitor developments in the scenario in order to keep monetary policy adequately restrictive to ensure convergence to the inflation target.

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

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

Price Index	2026	2027	1st quarter 2028
IPCA	5.1	3.8	3.2
IPCA market prices	5.1	3.9	3.1
IPCA administered prices	4.9	3.5	3.5