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277th

Minutes of the Meeting of the

Monetary Policy Committee — Copom

March 17-18, 2026

BANCO CENTRAL DO BRASIL

277th Meeting
COPOM
March 17-18

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Date: March 17-18, 2026

Place: BCB Headquarters' meeting rooms on the 8th floor (3/17 and 3/18 on the morning) and 20th floor (3/18 on the afternoon) – Brasilia – DF – Brazil

Starting and ending times:
March 17: 10:09 AM – 11:53 AM; 2:14 PM – 5:38 PM
March 18: 10:08 AM – 11:22 AM; 2:35 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 3/17 and on the morning of 3/18):

André de Oliveira Amante – *Open Market Operations Department*
Euler Pereira Gonçalves de Mello – *Research Department* (also attending on the afternoon of 3/18)
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 3/17 and on the morning of 3/18):

Alexandre de Carvalho – *Office of Economic Advisor*
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 the morning of 3/17)*
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 (attending on the morning of 3/18)*
Fernando Alberto G. Sampaio C. Rocha – *Head of the Department of Statistics*
Isabela Ribeiro Damaso Maia – *Head of the Sustainability and International Portfolio Investors Unit (attending on the morning of 3/17)*
Julio Cesar Costa Pinto – *Head of Office of the Governor*
Laura Soledad Cutruffo Comparini – *Deputy Head of the Department of Economics*
Leonardo Martins Nogueira – *Head of Office of the Deputy Governor for Monetary Policy*
Marcos Ribeiro de Castro – *Deputy Head of the Research Department (attending on the morning of 3/17)*
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*
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.

BANCO CENTRAL DO BRASIL

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

1. The global environment became more uncertain due to escalation of the geopolitical conflicts in the Middle East, altering global financial conditions. This scenario requires caution from emerging market economies amid heightened volatility of asset and commodities prices.

2. Regarding the domestic scenario, GDP figures for 2025Q4 confirmed the expected slowdown in economic activity, while the labor market remains resilient.

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 2026 and 2027 collected by the Focus survey remained above the inflation target and stand at 4.1% and 3.8%, respectively.

B) Scenarios and risk analysis

4. Uncertainty regarding the global environment has increased considerably. In addition to the worsening of geopolitical tensions, new uncertainties regarding U.S. economic policy have contributed to making this environment even more uncertain.

5. Domestic economic activity maintained a trajectory of moderation on growth, as anticipated by the Committee. 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. The slowdown in GDP growth at the end of 2025, which was more pronounced in its cyclical components, highlighted the lagged effects of the prolonged period of tight monetary policy.

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 emerge from economic indicators. For 2026Q1, preliminary indicators point toward a recovery in economic activity compared with the end of 2025. This movement is consistent with projections and expectations of a positive GDP growth in 2026, albeit smaller than in 2025.

7. The Committee continues to closely monitor the labor market. More recently, the unemployment rate has remained at historically low levels, while average real income has maintained the trend of expanding more than 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.

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 of inflation to the target. Copom maintained 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.

[1] Unless explicitly stated otherwise, this update considers changes since the January meeting (276th meeting).

9. Inflation expectations – measured using different instruments and obtained from various groups of agents – which had been on a downward trajectory, rose following the onset of the conflicts in the Middle East, remaining 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.

10. Recent readings up to the beginning of the conflicts indicated some slowdown in inflation, both in the headline index and in its breakdowns and underlying measures. The combination of a more appreciated exchange rate and a more benign behavior of commodities in recent periods contributed to reducing industrial goods and food inflation. Services inflation was also showing 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; on the other hand, the interpretation remains that monetary policy has played a decisive role in the observed disinflation.

11. 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 5.20[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 by 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, following a sharp short-term increase. 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 the measure expanding income tax exemptions.

12. In the reference scenario, four-quarter inflation projections for 2026 and for 2027Q3 – the current relevant horizon for monetary policy – are 3.9% and 3.3%, respectively.

13. Regarding the balance of risks, the Committee assessed that the risks to the inflation scenarios, both to the upside and to the downside, which were already higher than usual, intensified after the beginning of the Middle East conflicts. 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. After discussing changes in the balance of risks, the Committee judged it appropriate to proceed with serenity and gather additional information over time, given the high uncertainty surrounding the evolution of its elements.

[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.

C) Discussion of the conduct of monetary policy

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

15. At its last meeting, the Committee deemed it appropriate to signal the beginning of a calibration cycle for the policy rate, based on evidence of the effects of monetary policy on economic activity and inflation. In addition, it emphasized that this monetary policy calibration would preserve its restrictive stance, to ensure convergence to the inflation target. After considering that recent events would not prevent the materialization of this guidance, the Committee analyzed the options for the pace at which to begin the Selic rate calibration cycle, concluding that, at this moment, a 0.25% reduction is the most appropriate. Maintaining its fundamental commitment to ensuring the convergence of inflation to the target within the relevant monetary policy horizon, the Committee established that the magnitude and duration of the calibration cycle will be determined over time, as new information is incorporated into its assessments. This decision is consistent with the current scenario, in which the duration and extent of geopolitical conflicts, as well as mixed signals regarding the pace of economic activity slowdown and its effects on price levels hinder the identification of clear trends.

D) Monetary policy decision

16. Copom decided to reduce the Selic rate to 14.75% 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.

17. In the current scenario, marked by heightened uncertainty, the Committee reaffirms serenity and cautiousness in the conduct of monetary policy, so that future steps of interest rate calibration could incorporate new information about the depth and duration of the conflicts in the Middle East, as well as their direct and indirect effects over time on the price level.

18. 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	2027Q3
IPCA	3.9	3.3
IPCA market prices	3.7	3.3
IPCA administered prices	4.3	3.2