279th

Minutes of the Meeting of the

Monetary Policy Committee — Copom

June 16-17, 2026

BANCO CENTRAL DO BRASIL

Date: June 16-17, 2026

Place: BCB Headquarters' meeting rooms on the 8th floor (6/16 and 6/17 on the morning) and 20th floor (6/17 on the afternoon) – Brasilia – DF

Starting and ending times:
June 16: 10:04 AM – 11:41 AM; 2:14 PM – 5:19 PM
June 17: 10:07 AM – 11:12 AM; 2:32 PM – 6:53 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 6/16 and on the morning of 6/17):

André de Oliveira Amante – *Open Market Operations Department*
Euler Pereira Gonçalves de Mello – *Research Department* (also attending on the afternoon of 6/17)
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 6/16 and on the morning of 6/17):

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 6/16)*
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*
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*
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*
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 – *Senior Advisor 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.

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

1. The global environment remains uncertain due to the lack of definition on the terms of the agreement for the end of the armed conflicts in the Middle East, and the consequences of the already materialized effects of these conflicts until this moment, 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, the set of indicators shows economic activity acceleration during the first quarter of this year, with cyclical sectors resuming to play a significant role, while the labor market still shows signals of resilience. In recent releases, headline inflation and measures of underlying inflation accelerated, moving further away from the inflation target, surpassing the upper limit in the latest print.

3. Inflation expectations for 2026 and 2027 collected by the Focus survey remained above the inflation target and stand at 5.30% and 4.10%, respectively. Copom's inflation projections for the fourth quarter of 2027, currently the relevant horizon for monetary policy, stand at 3.7% in the reference scenario (Table 1).

B) Scenarios and risk analysis

4. Uncertainty regarding the global environment remained 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 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 effects of a prolonged tight monetary policy on aggregate demand are still being felt through the slowdown in the credit balance, particularly in the non-earmarked segment.

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. In 2026Q1, there was 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. The unemployment rate has repeatedly 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 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

[1] Unless explicitly stated otherwise, this update considers changes since the April meeting (278th meeting).

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.

9. Inflation expectations - measured using different instruments and obtained from various groups of agents - remain above the inflation target in all horizons. Since the previous meeting, a further deanchoring of inflation expectations has become evident for longer horizons, particularly for 2028. 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. The latest inflation releases, both for consumers and producers, showed clear signs of the effects of geopolitical conflicts in the Middle East, coming in significantly higher than initially expected. Beyond the effects of the conflicts, 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 5.10[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, 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 2027Q4 – the current relevant horizon for monetary policy – are 5.2% and 3.7%, respectively.

13. Regarding the balance of risks, the Committee assessed that the risks to the 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

[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.

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

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. The Committee assessed that the prolonged period of the basic policy rate at a contractionary level provided evidence about monetary policy transmission to the economic deceleration.

16. Reaffirming its commitment to ensure the convergence of inflation to the target within the relevant horizon, Copom then began to consider different trajectories for the basic policy rate. Initially, it was emphasized that the scenario had deteriorated since the last decision, both in terms of the most recent prints of headline inflation and its underlying inflation measures and of expectations for 2026, 2027, and 2028. It was highlighted that the latest IPCA print already places the index above the upper limit set for the target.

17. In the reference scenario, based on the standard governance of incorporating the Selic trajectory represented by the median of Focus expectations, Copom's projection for the fourth quarter of 2027 – the current relevant horizon – was 3.7%, indicating a further distancing from the target compared with the projection of the previous meeting (3.5%).

18. The Committee discussed alternative trajectories – not included in any of the expectations and responses in the Focus survey and the Pre-Copom Questionnaire (PCQ), and also not reflected in the market agents' pricing of monetary policy – in which inflation converges to the target within the current relevant horizon, requiring abrupt changes in direction and of large magnitude in the Selic rate, followed by several quarters of inflation below the target.

19. The Committee judged that, at this moment, Selic trajectories that are less divergent from those present in the Focus survey, the PCQ, and the pricing of monetary policy are more appropriate, as they avoid inducing excessive volatility in financial asset prices and macroeconomic aggregates, with effects that could be counterproductive to the convergence of inflation to the target.

20. These trajectories considered scenarios combining different moments of pause and resumption in the calibration cycle. In this case, output fluctuations proved to be smaller, with inflation converging to the target in 2028Q1.

21. The Committee discussed that this set of results should be weighed in light of the best monetary policy practices, recommending not to fully respond to price changes derived from supply shocks, which currently involve high uncertainties. These uncertainties do not only concern the extent of the already materialized effects of shocks – such as the consequences of the armed conflict in the Middle East – but also the extent of other effects considered in the projection, but not yet materialized, such as the *El Niño* impacts.

22. 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 ensure inflation convergence to the target.

BANCO CENTRAL DO BRASIL

D) Monetary policy decision

23. Copom decided to reduce the Selic rate to 14.25% p.a., and judges that this decision is consistent with the strategy for inflation convergence to a level around its target, considering the observations in paragraph 21 above. Without compromising its fundamental objective of ensuring price stability, this decision also implies smoothing economic fluctuations and fostering full employment.

24. 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 can 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.

25. 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	2027Q4
IPCA	5.2	3.7
IPCA market prices	5.3	3.7
IPCA administered prices	4.7	3.9