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BANCO CENTRAL DO BRASIL



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Inflation Report

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Statistical conventions

...	data not available.
-	nil or non-existence of the event considered.
0 or **0.0**	less than half the final digit shown on the right.
*****	preliminary data.

Hiphen between years indicates the years covered, including the first and the last year.
A bar (/) between years (1970/1975) indicates the average of the years covered, including the first and the last year or even crop or agreement year, when mentioned in the text.

Occasional discrepancies between constituent figures and totals as well as percentage changes are due to rounding.

There are no references to sources in tables and figures originated in the Banco Central do Brasil.

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Monetary policy framework in Brazil

Legal framework

The conduct of monetary policy by the Banco Central do Brasil (BCB) follows this institutional framework:

i. **BCB objectives:** The BCB's fundamental objective is to ensure price stability. Without compromising its fundamental objective, the BCB also aims to ensure the stability and efficiency of the financial system, smooth out economic activity fluctuations, and foster full employment (Complementary Law 179 of February 24, 2021).

ii. **Inflation-targeting regime:** The objective to ensure price stability is achieved through the inflation-targeting regime. Under this framework, the National Monetary Council (CMN) sets an inflation target and a tolerance interval, and the BCB must execute the necessary policies to meet the target.

- From 1999 to 2024, the target refers to the calendar-year inflation. If the year's inflation falls outside the tolerance interval, the BCB's Governor is required to write an open letter to the Minister of Finance, containing a detailed description of the causes of the breach of the target, measures to ensure the return of inflation to the established intervals, and the expected time frame for these measures to take effect (Decree 3,088 of June 21, 1999).

- As of January 2025, the target will refer to the 12-month inflation, measured every month, also known as the "continuous target." Thus, the verification is no longer restricted to December of each year. If inflation remains outside the tolerance interval for six consecutive months, it is considered that the target has not been met. In this case, the BCB must publicly disclose the reasons for the breach of the target through a note in the Monetary Policy Report and an open letter addressed to the Minister of Finance with the same content of the previous item. A new communication will be made only if inflation does not return to the tolerance interval within the stipulated time frame or if the BCB deems it necessary to update the measures or the expected time span for inflation to return to the tolerance interval (Decree 12,079 of June 26, 2024).

iii. **Target and tolerance interval:** The inflation target set by the CMN for 2024 and from January 2025 onwards is 3.00%, measured by the change in the Extended National Consumer Price Index (IPCA), with a tolerance interval of plus or minus 1.50 p.p., i.e., from 1.50% to 4.50% (CMN Resolution 5,141 of June 26, 2024).

Monetary Policy Committee – Copom

Copom is the BCB body, composed of its Governor and Deputy Governors, which sets, every 45 days, the base interest rate of the economy – the Selic rate. The Committee uses a wide range of information in its decision-making process. The BCB's staff makes technical presentations about the evolution and outlook of both the Brazilian and global economies, liquidity conditions, and market behavior. The decision is based on an assessment of the macroeconomic scenario and its main associated risks, aiming to align inflation with the target set by the CMN.

Transparency and accountability are fundamental elements in the conduct of monetary policy. The main monetary policy documents are:

i. **Statement:** published immediately after the end of the Copom's meeting, from 6:30 pm on. It contains the Committee's decision, the main elements of its rationale, and the votes of each member.

ii. **Minutes:** published four business days after the meeting. It provides a more thorough account of the analyses and discussions.

iii. **Inflation Report (IR):** published at the end of each calendar quarter. It provides detailed information on the recent economic developments and the outlook, focused on inflation prospects. As of 2025, the IR will be renamed as Monetary Policy Report.

Further details at Monetary policy (bcb.gov.br).

Contents

Monetary policy framework in Brazil 3

Executive summary 6

Economic outlook 8

1.1 External scenario 8

1.2 Domestic outlook 14

Economic activity 14

Labor market 19

Credit 21

Fiscal 24

External accounts 27

Prices 30

Inflation outlook 49

2.1 Revisions and short-term projections 49

2.2 Conditional projections 50

Inflation determinants and conditioning assumptions 50

Inflation projections 54

2.3 Balance of risks 55

2.4 Conduct of monetary policy 57

Methodological appendix 58

Boxes

Projections for GDP growth in 2024 and 2025 36

Complementary labor market indicators 39

Projection for credit growth in 2024 and 2025 45

Projections for the external accounts for 2024 and 2025 46

Governance for the communication of the inflation projections horizon 59

Appendix 62