

# Flash Brasil

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Análisis Económico

Brasil

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## Las minutas del COPOM sugieren que el ciclo de ajuste ha acabado

El acta de [la última reunión del Comité de Política Monetaria \(COPOM\)](#) destaca el impacto retardado del actual ajuste monetario sobre la inflación y califica el reciente aumento de los precios de los alimentos como un shock limitado y de naturaleza temporal. Las minutas refuerzan nuestra visión de que la tasa SELIC se mantendrá sin cambios en el 11,0% en la próxima reunión del COPOM a finales de mayo. Sin embargo, la autoridad monetaria podría verse obligada a realizar un aumento final de 25 p.b. si la inflación sorprende al alza en las próximas mediciones [como lo hizo en marzo](#).

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## COPOM minutes suggest that the tightening cycle is over

The minutes of the [last Monetary Policy Committee \(COPOM\) meeting](#) highlight the lagged impact of the current monetary tightening on inflation and regard the recent increase in food prices as a temporary, limited shock. The minutes reinforce our view that the SELIC rate will be left unchanged at 11.0% at the next COPOM meeting in the end of May. However, the monetary authority can be forced to deliver a final 25bp hike if inflation surprises to the upside in the forthcoming readings [as it did in March](#).

- **Inflation forecasts were revised upwards, but the tone of the minutes was clearly dovish**

In spite of higher interest rates and a stronger exchange rate, the BCB's inflation forecasts for 2014 and 2015 were adjusted upwards. To some extent, this revision was triggered by the effect of the recent drought on food prices and on electricity tariffs (which are now expected by the BCB to increase 9.5% rather than 7.5% this year) and also by the impact of very high inflation expectations (around 6.4% at the end of 2014). Although the outlook for inflation is not benign, some expressions suggesting the continuity of the tightening cycle were eliminated from the minutes. More importantly, the document revealed that the monetary authority thinks that "monetary impulses have been propagating normally through the main transmission channels, and will remain like that" and "a significant part of the impact on prices of the current monetary tightening cycle is yet to materialize". In addition, the recent supply shock driving food prices up was somewhat downplayed. Finally, the minutes say that the monetary authority will remain "vigilant", rather than "especially vigilant" as previously. The changes introduced in the minutes released today are evidence that the tightening cycle is over, or at least very close to its end.

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