

# Brazil Flash

## Food prices drive inflation up

Inflation increased to 5.28%/y/y (0.57%/m/m) in September from 5.24%/y/y (0.41%/m/m) in August, pressured by food prices. We expect inflation to remain above target, close to 5.3%/y/y, in the remainder of the year.

- **Inflation was broadly in line with expectation**

Inflation figures released today were broadly in line with forecasts (market consensus: 5.26%/y/y and 0.56%/m/m; BBVA Research: 5.22%/y/y and 0.50%/m/m). As in August, food prices accounted for more than 50% of headline inflation. More precisely, food inflation contributed, in monthly terms, with 0.30 out of 0.57 points recorded in September. Core inflation also increased in the month showing that pressures are not exclusively within the food group. Looking forward, food prices and an activity recovery environment will prevent inflation from trending downward. We expect inflation to close the year at 5.3%. In 2013, prices will benefit from important tax cuts but inflation will remain clearly above the 4.5% target. As we see the Central Bank willing to tolerate inflation within the broad official range (from 2.5% to 6.5%), we anticipate a final SELIC cut next week and then stability at 7.25% for a long time from then on.

For more on Brazil, [click here](#)

## El precio de los alimentos causa un aumento de la inflación

La inflación aumentó hasta el 5,28%/a/a (0.57%/m/m) en septiembre desde el 5.24%/a/a (0.41%/m/m) en agosto, presionada por el precio de los alimentos. Esperamos que la inflación siga por encima del objetivo, próxima al 5,3%/a/a, en lo que queda de año.

Para ver más acerca de Brasil, [haga clic aquí](#)

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