

# Flash Brasil

## Tras un último ajuste, el ciclo monetario expansivo llega a su fin

En línea con nuestra previsión, pero sorprendiendo a una parte significativa del mercado, el *Banco Central do Brasil* decidió reducir los tipos SELIC en 25pp hasta 7.25%. En el comunicado de la decisión, la autoridad monetaria se refirió a la “estabilidad de las condiciones monetarias por un período de tiempo suficientemente prolongado”, lo que claramente apoya a nuestra visión de que el SELIC permanecerá estable por un largo intervalo de tiempo a partir de ahora.

## After a last adjustment, the monetary easing cycle is now over

In line with our call, but surprising many analysts, the Central Bank of Brazil decided to cut the SELIC rate by 25bps to 7.25%. In the communiqué released with the decision, the monetary authority referred to the “stability of monetary conditions for a sufficiently prolonged period”, which clearly supports our view that the SELIC rate will remain stable for a long spell of time from now on.

### • SELIC reaches new record low, after a total reduction of 525bps in the last 15 months

The decision announced last night in Brazil to cut the SELIC rate was not unanimous: five COPOM members voted for a 25bps cut and three for keeping the rate stable at 7.50%. The division was also clear among analysts before the decision was announced: 38 out of 73 expected the SELIC to remain unchanged while the other 35 (including us) expected a 25bps cut, according to Bloomberg. The Central Bank of Brazil (BCB) signalled clearly that the monetary easing cycle is over after 15 months of sharp, continuous adjustments. The communiqué released by the BCB was as follows: “Considering the balance of risks for inflation, the recovery in domestic activity and the complexity involving the international environment, the Committee understands that the stability of monetary conditions for a sufficiently prolonged period is the most adequate strategy to ensure convergence of inflation to the target, albeit in non-linear manner.” We will now wait for the minutes of yesterday’s decision, which will be released next week, to shed more light on the new relevant question regarding monetary policy in Brazil: for how long will the SELIC remain constant at 7.25%? Although an upward adjustment is being expected by many, we see more likely that the SELIC remains stable over the course of 2013.

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