Flash Brasil

COPOM: “vigilante” y centrado en 2014

Las minutas de la pasada reunión del Comité de Política Monetaria (COPOM) revelan que este se mantendrá "vigilante" en cuanto a la inflación, dados los riesgos que existen de que esta persista elevada hasta el próximo año. Esto está en línea con nuestra visión de que el ciclo de ajuste monetario que comenzó la semana pasada, está dirigido a controlar las expectativas de inflación en el medio plazo y no en garantizar que la inflación converja al objetivo del 4.5%. Aunque las minutas tuvieron un tono ligeramente más duro de lo esperado, no tenemos razones para cambiar nuestras expectativas de que haya tres nuevas subidas adicionales de 25 puntos básicos cada una, en las próximas tres reuniones del COPOM.

COPOM: “vigilant” and focused on 2014

The minutes of last week’s monetary policy meeting revealed that the Monetary Policy Committee (COPOM) is “vigilant” to minimize the risks that high inflation persists next year, which is in line with our view that the monetary tightening cycle that started last week is aimed at anchoring medium-term inflation expectations and not at driving domestic down so that inflation converges to the 4.5% target. Even though the minutes sounded slightly more hawkish than we expected, we see no reasons to change our expectations of three additional 25bp hikes in the next three monetary meetings.

- **Vigilance…**

  The COPOM emphasized the need to remain “especially vigilant in order to minimize risks that the high levels of inflation observed in the last twelve months persist in the relevant horizon”. The minutes also clarified that all the members of the COPOM agreed on “a monetary policy action to neutralize risks that arise in the prospective scenario for inflation, notedly in the next year”, but that for the two members who voted against the 25bp hike that took the SELIC to 7.50% last week “an immediate monetary policy action would not be recommended” as “there is an ongoing reassessment of global growth which, depending on its intensity and duration, can have a positive impact on the dynamics of domestic prices”. An intensification of growth during the first quarter was also noted, “in spite of supply constraints” (which cannot be addressed by the monetary policy, according to previous official communication). The minutes also included references to the expected acceleration of activity in the remainder of 2013 and also in 2014 and to the fact that fiscal policy has been made more expansive.

- **…but also “caution”**

  On the other hand, the COPOM also recommended caution in the monetary policy management and highlighted that the dynamic of some asset prices (in particular the exchange rate) will create “a disinflationary force” (in the previous minutes, the reference was to “a very disinflationary force”). Taking the arguments in favor of “vigilance” and those in favor of “caution” all together, we see a central bank prepared to continue to hike interest rates ahead to control inflation expectations (and not to enforce the convergence of inflation to the 4.5% target), which is line with our view that the SELIC rate will be adjusted by 25bp in each one of the next three monetary meetings.

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