BCB’s monetary policy operations

Banco Central do Brasil

XI CEMLA Central Banking Operations Meeting

André de Oliveira Amante
Consumer price inflation: international context

Source: Reuters Refinitiv

CPI (%), yoy

CPI Index (Jan/20 = 100)

CPI Food Index (Jan/20 = 100)
Brazil: consumer price inflation and its components (%)
Economic activity

Industrial production (Jan/20 = 100)

Retail sales (Jan/20 = 100)

Source: Central Banks, Bloomberg
Brazil: confidence indexes and expected GDP growth

Confidence indexes (FGV)

- ICI (manufacturing)
- ICOM (commerce)
- ICS (services)
- ICST (construction)
- ICC (consumer)

Expected GDP growth (%)

Source: IBRE/FGV, BCB
Brazil: CPI (IPCA) and market expectations

Source: BCB

*as of June 25th
Break-even inflation

Break-even inflation 2y-3y (yoy, %)

Source: BCB, Anbima
The BCB raised the policy rate by 75 basis points to 4.25% at its June meeting and indicated that the full normalization of monetary policy is its base case.
Brazil: current account and FX net flows

Current account balance

Source: BCB (* forecast)

FX net flows 12M
BCB FX instruments

- FX spot operations
- USD repos and FX loans
- FX swaps (swap cambial)

Source: BCB (* forecast)
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