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International

In the latest meeting of the Federal Open Market Committee (FOMC), the Federal Reserve unanimously decided to keep the federal funds rate in the range of 4.25% to 4.50% per year. The accompanying statement saw only minor changes. In its assessment of the current state of the economy, the Fed maintained that economic activity remains solid, despite recent changes in net exports affecting the data. In its forward guidance, the Fed noted that “uncertainty about the economic outlook has increased further,” and added that the “risks of higher unemployment and higher inflation have grown.”

Following the decision, statement, and press conference, market expectations for a rate cut at the next meeting in June declined slightly. In our outlook, we expect three 25 basis point cuts in U.S. interest rates by the end of the year, followed by three additional cuts in 2026.

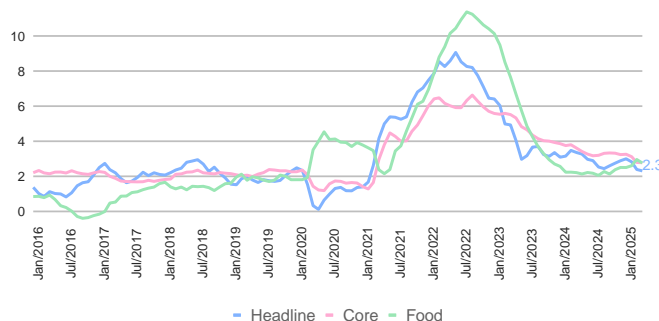
Brazil

At its latest meeting, the Copom raised the Selic rate to 14.75%, as expected. The statement accompanying the decision included important changes, acknowledging that the external environment has become even more uncertain and that domestic economic activity and the labor market remain resilient, though there are signs of a slowdown in growth.

These changes are consistent with the decision to slow the pace of Selic hikes and maintain flexibility in the calibration of monetary tightening. The expectation is for one final 25 basis point increase in June, with an easing cycle projected to begin between the first and second quarters of 2026.

CPI – Consumer Prices

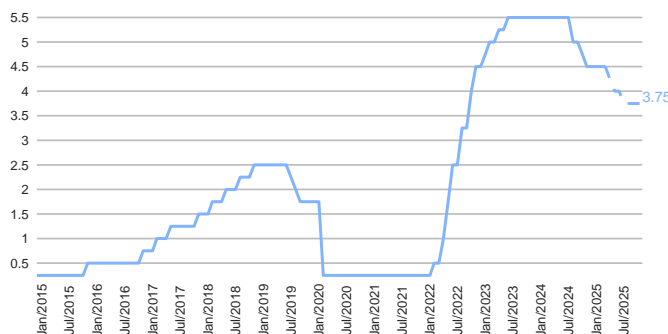
Annual variation (%)



Source: Bureau of Labor Statistics Elaboration: 4intelligence

Fed Funds Target Rate

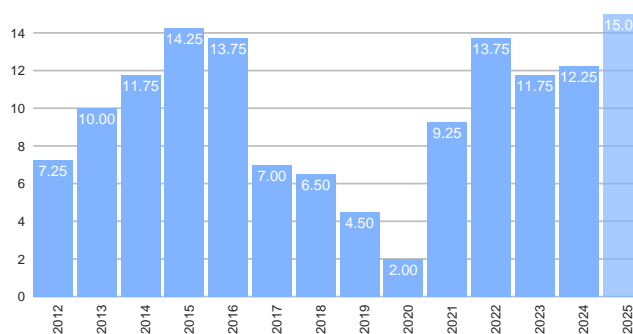
% per year



Source: Federal Reserve Elaboration: 4intelligence

Selic Rate

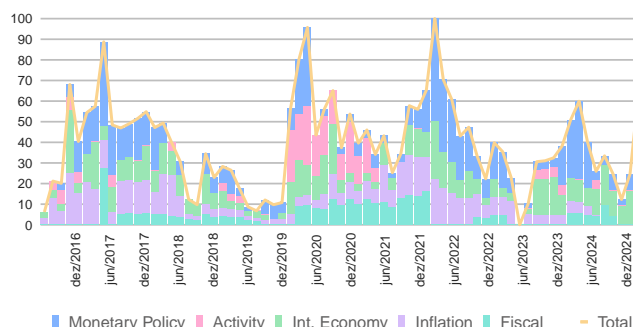
% per year, end of period



Source: BCB Elaboration: 4intelligence

Uncertainty Index – Copom Statements

Contribution by topic, percentage points



Source: BCB Elaboration: 4intelligence

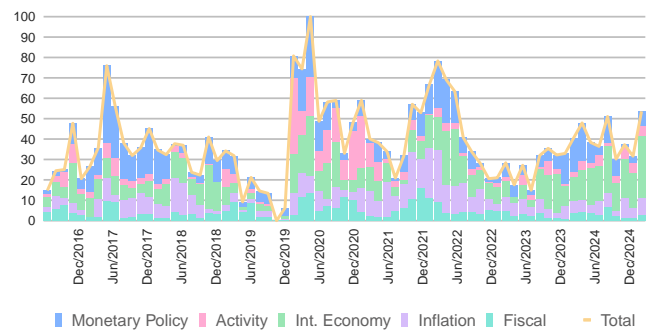
The **Broad Consumer Price Index (IPCA)** registered a **0.43% increase in April**, below the March reading of +0.56

This result was very close to *4Intelligence's* projection (+0.41%), as well as market expectations compiled by Bloomberg and Agência Estado (both at +0.42%). As a result, the 12-month IPCA rose from +5.48% in March to +5.53% in April, continuing its drift away from the inflation target ceiling, though showing some signs of deceleration.

We project a +0.42% increase for the IPCA in May. On one hand, we expect lower inflation in (i) Food and beverages, (ii) Health and personal care, and (iii) Communication. On the other hand, the index will face significant upward pressure from residential electricity, largely due to the shift from the green to the yellow tariff flag between April and May, which will accelerate inflation in the Housing category.

Uncertainty Index – Copom Minutes

Contribution by topic, percentage points



Source: BCB Elaboration: 4intelligence

Inflation Heatmap

Monthly variation (%)

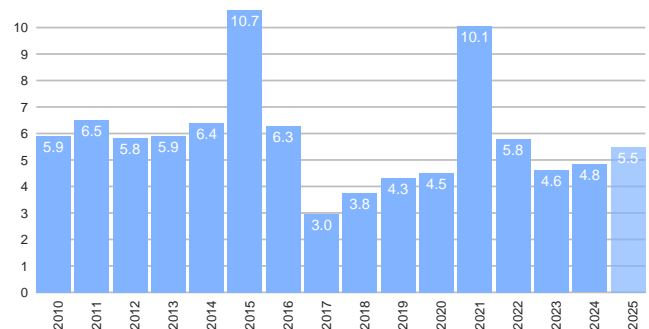
Clothing	0.55	0.5	0.02	-0.02	0.39	0.18	0.37	-0.12	1.14	-0.14	0	0.59	1.02
Health	1.16	0.69	0.54	0.22	0.25	0.46	0.38	-0.06	0.38	0.7	0.49	0.43	1.18
Utilities	-0.01	0.67	0.25	0.77	-0.51	1.8	1.49	-1.53	-0.56	-3.08	4.44	0.24	0.14
Education	0.05	0.09	0.06	0.08	0.73	0.05	0.04	-0.04	0.11	0.26	4.7	0.1	0.05
Personal Expenses	0.1	0.22	0.29	0.52	0.25	-0.31	0.7	1.43	0.62	0.51	0.13	0.7	0.54
Communication	0.48	0.14	-0.08	0.18	0.1	-0.05	0.52	-0.1	0.37	-0.17	0.17	0.24	0.69
Housing	-0.26	-0.53	0.19	0.48	0.74	-0.19	0.43	-0.31	0.65	-0.09	0.44	0.13	0.53
Transportation	0.14	0.44	-0.19	1.82	0	0.14	-0.38	0.89	0.67	1.3	0.61	0.46	-0.38
Food	0.7	0.62	0.44	-1	-0.44	0.5	1.06	1.55	1.18	0.96	0.7	1.17	0.82

Apr/2024May/2024Jun/2024Jul/2024Aug/2024Sep/2024Oct/2024Nov/2024Dec/2024Jan/2025Feb/2025Mar/2025Apr/2025

Fonte: IBGE Elaboração: 4intelligence

IPCA

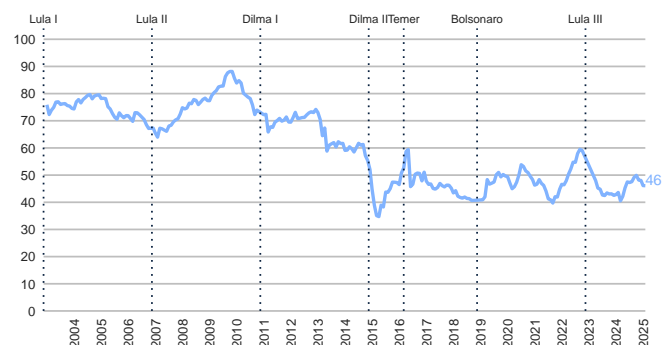
Annual variation (%)



Source: IBGE Elaboration: 4intelligence

Governability Index

%



Source: 4intelligence Elaboration: 4intelligence

Politics

The fourth month of the year showed stability, with minor fluctuations in all three dimensions. In April, [I-GOV](#) closed again at 46%. President Lula maintained the level of 18% in the legislative dimension, with two approved bills related to supplementary credits and six defeats. In the Judiciary dimension, there was a slight decline to 77%, impacted by rulings on agendas from previous administrations. Finally, in the Public Opinion dimension, the two polls conducted in April indicated a modest improvement for the government, reaching 42%.

Disclaimer

The points of view expressed in this document constitute the private opinions of the analyst responsible for its elaboration up to the date of publication.

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