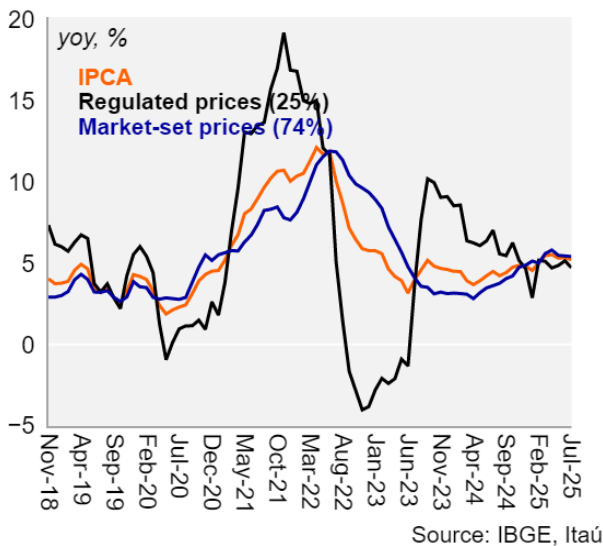


August 12, 2025

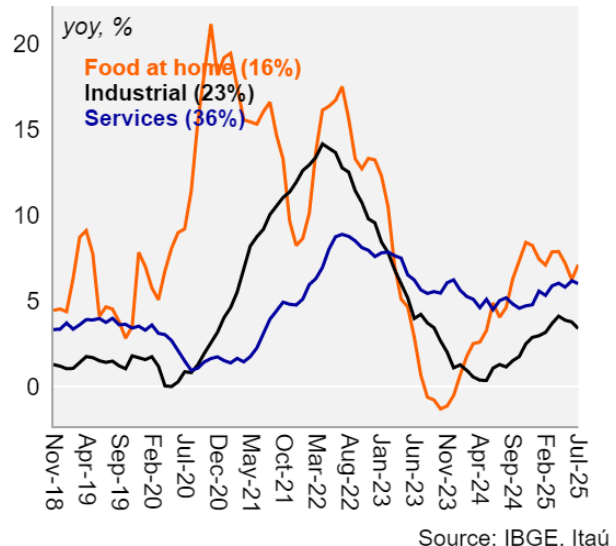
IPCA moved up 0.26% in July

- ▶ July IPCA came in at 0.26%, below both our call (0.34%) and market forecast (0.36%). In 12 months, IPCA rose 5.2%, versus 5.4% in June.
- ▶ Compared to our forecast, we highlight the lower-than-expected prints in food at home and personal care. Smoking, on the other hand, came in above our forecast. Regarding core metrics, underlying services inflation was in line with our estimates, while underlying industrials below expectations, led by personal hygiene and apparel.
- ▶ In the three-month moving average, with seasonally adjusted and annualized data, underlying services inflation declined to 6.1% (from 6.3%), while underlying industrials declined to 1.9% (from 3.5%). In the same metric, the average of core inflation measures receded to 4.1% (from 4.5%).
- ▶ **Our view:** today's data came in better than expected, both in the headline and in the qualitative components. The surprise in underlying industrials was driven by personal hygiene products and, especially, apparel – which usually shows a more benign seasonal component at this time of year but tends to have a payback in the coming months. Finally, the price of new vehicles registered a deflation, in line with our expectations and already reflecting the impact of the reduction in the Tax on Industrialized Products (IPI).

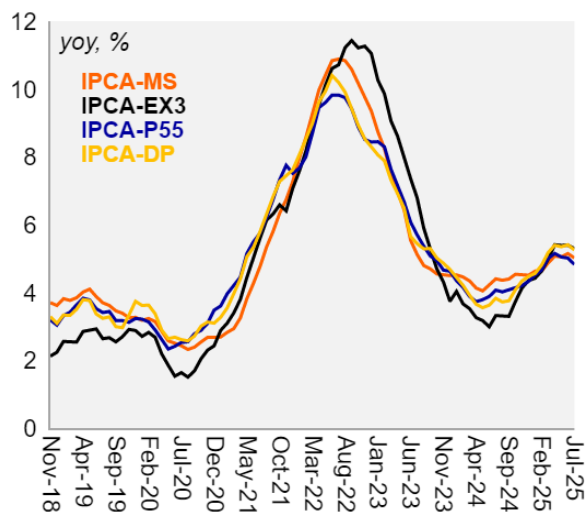
IPCA - Market-Set and Regulated Prices



IPCA - Market-Set Prices

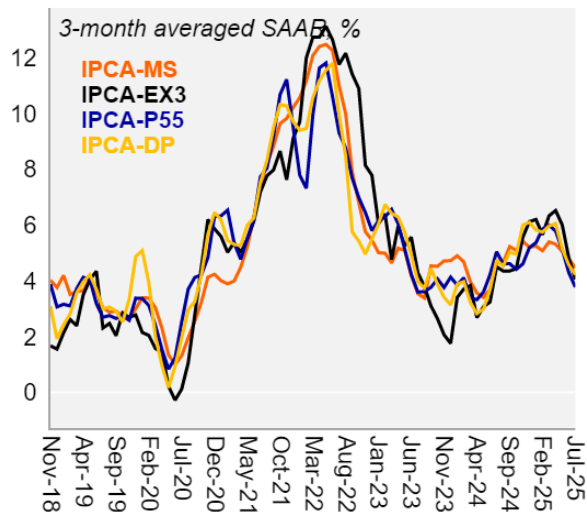


IPCA - Core



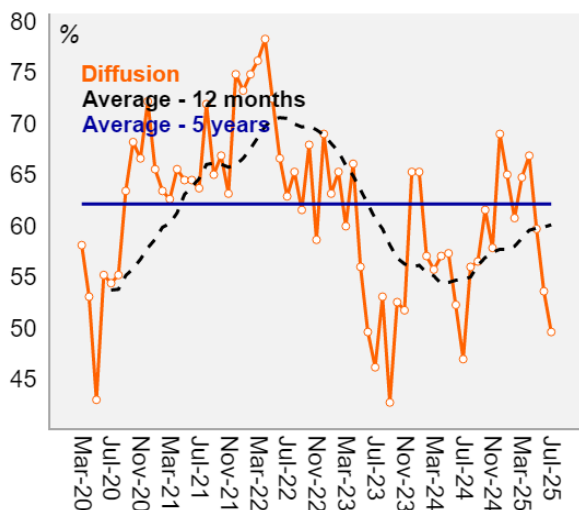
Source: IBGE, Itaú

IPCA - Core s.a. annualized, 3-month averaged



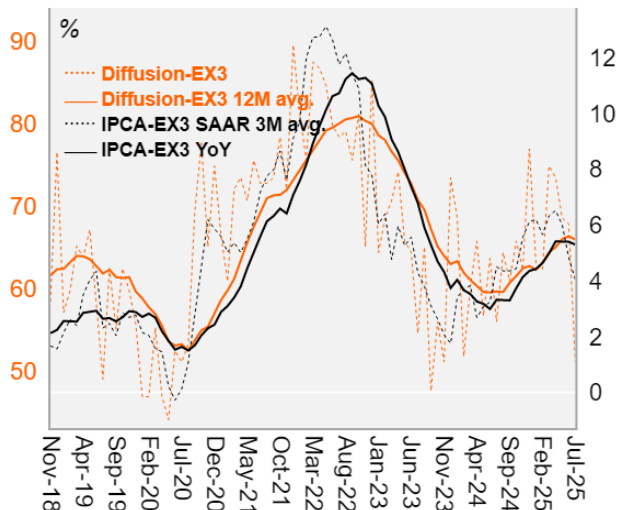
Source: IBGE, Itaú

IPCA - Diffusion Index



Source: IBGE, Itaú

IPCA and diffusion index for EX3 core



Source: IBGE, Itaú

Weight			Jul-2024		Jun-2025		Jul-2025		Proj.	Δ bps
			IPCA-15	IPCA	IPCA-15	IPCA	IPCA-15	IPCA		
100	Headline		0.30	0.38	0.26	0.24	0.33	0.26	0.34	-8.0
GROUPS	21	Food & beverage	-0.44	-1.00	-0.02	-0.18	-0.06	-0.27	-0.08	-4.1
	15	Food at home	-0.70	-1.51	-0.24	-0.43	-0.40	-0.69	-0.45	-3.8
	6	Food out of home	0.25	0.39	0.55	0.46	0.84	0.87	0.91	-0.2
	15	Housing	0.49	0.77	1.08	0.99	0.98	0.91	0.95	-0.6
	3	Household articles	0.24	0.48	0.11	0.08	-0.02	0.09	-0.02	0.4
	4	Apparel	-0.08	-0.02	0.51	0.75	-0.10	-0.54	-0.32	-1.0
	20	Transportation	1.12	1.82	0.06	0.27	0.67	0.35	0.35	0.0
	13	Health and personal care	0.33	0.22	0.29	0.07	0.21	0.45	0.57	-1.6
	10	Personal spending	0.32	0.52	0.19	0.23	0.25	0.76	0.79	-0.3
	6	Education	0.06	0.08	-0.02	0.00	0.00	0.02	0.01	0.1
	4	Communication	0.09	0.18	0.02	0.11	0.11	-0.09	-0.05	-0.2
BREAKDOWN	25	Regulated prices	0.54	1.08	0.65	0.60	0.53	0.67	0.72	-1.2
	4	Residential electricity	1.20	1.93	3.29	2.96	3.01	3.04	2.95	0.4
	5	Gasoline	1.43	3.15	-0.52	-0.34	-0.50	-0.51	-0.59	0.4
	74	Market-set prices	0.21	0.14	0.12	0.11	0.25	0.12	0.21	-6.6
	15	Food at home	-0.70	-1.51	-0.24	-0.43	-0.40	-0.69	-0.45	-3.8
	22	Industrials	0.08	0.33	0.06	0.04	0.01	-0.04	0.06	-2.3
CORES AND DIFFUSION	35	Services	0.70	0.75	0.31	0.40	0.70	0.59	0.60	-0.4
	4	Underlying food at home	0.35	0.49	0.71	0.19	0.07	-0.00	-0.04	0.2
	15	Underlying industrials	0.07	0.11	0.20	0.04	-0.01	0.07	0.24	-2.7
	21	Underlying services	0.58	0.63	0.42	0.44	0.45	0.49	0.46	0.6
	58	IPCA-EX0	0.46	0.59	0.22	0.26	0.43	0.34	0.39	-2.7
	82	IPCA-EX1	0.42	0.52	0.45	0.42	0.52	0.50	0.55	-3.9
	41	IPCA-EX2	0.36	0.42	0.37	0.26	0.24	0.28	0.32	-1.8
	36	IPCA-EX3	0.36	0.41	0.33	0.27	0.26	0.31	0.37	-2.1
	-	IPCA-MS	0.35	0.39	0.38	0.38	0.31	0.27	0.29	-
	-	IPCA-DP	0.30	0.40	0.29	0.26	0.27	0.25	0.32	-
	-	IPCA-P55	0.23	0.36	0.32	0.27	0.23	0.18	0.00	-
	-	Diffusion index	51.23	46.95	57.77	53.58	51.23	49.60	-	-

IPCA-EX0: excludes food and Regulated prices.

IPCA-EX3: underlying indicator for services and industrial products.

IPCA-MS (Smoothed Trimmed Means): before the items with a monthly variation above the 80th percentile or below the 20th percentile are excluded, components with infrequent variations are smoothed.

IPCA-DP (Double Weight): proportionally reduces the weight of more volatile items.

Diffusion: share of subitems with positive price changes during the month.

Source: IBGE, BCB, Itaú

	Weight	Jul-24	Apr-25	May-25	Jun-25	Jul-25
IPCA (monthly)	100.0	0.38	0.43	0.26	0.24	0.26
Regulated prices	25.9	1.08	0.35	0.70	0.60	0.67
Market-set prices	74.1	0.14	0.46	0.11	0.11	0.12
Food at home	15.8	-1.51	0.83	0.02	-0.43	-0.69
Industrials	22.7	0.33	0.62	0.06	0.04	-0.04
Services	35.5	0.75	0.20	0.18	0.40	0.59
IPCA (12-month)	100.0	4.50	5.53	5.32	5.35	5.23
Regulated prices	26.0	7.04	4.72	4.87	5.15	4.73
Market-set prices	74.0	3.62	5.82	5.49	5.44	5.42
Food at home	16.0	4.04	7.87	7.19	6.23	7.11
Industrials	23.0	1.29	4.11	3.87	3.77	3.38
Services	36.0	5.01	6.03	5.80	6.17	6.00
Core* (monthly)						
IPCA-EX0	58.0	0.59	0.37	0.14	0.26	0.34
IPCA-EX3	37.0	0.41	0.67	0.34	0.27	0.31
IPCA-MS	-	0.39	0.49	0.38	0.38	0.27
IPCA-DP	-	0.40	0.51	0.32	0.26	0.25
IPCA-P55	-	0.36	0.48	0.35	0.27	0.18
Average**	-	0.43	0.50	0.31	0.29	0.27
Core* (12-month)						
IPCA-EX0	58.0	3.51	5.27	5.03	5.22	4.97
IPCA-EX3	37.0	3.32	5.41	5.39	5.40	5.30
IPCA-MS	-	4.41	5.08	5.06	5.15	5.03
IPCA-DP	-	3.83	5.40	5.36	5.41	5.26
IPCA-P55	-	4.07	5.16	5.05	5.02	4.83
Média núcleos**	-	3.83	5.26	5.18	5.24	5.08
Difusão***						
Diffusion index	-	46.95	66.84	59.68	53.58	49.6

* IPCA-EX0: excludes food and Regulated prices.

IPCA-EX3: underlying indicator for services and industrial products.

IPCA-MS (Smoothed Trimmed Means): before the items with a monthly variation above the 80th percentile or below the 20th percentile are excluded, components with infrequent variations are smoothed.

IPCA-DP (Double Weight): proportionally reduces the weight of more volatile items.

IPCA-P55: corresponds to the variation of the 55th percentile of the distribution weighted by the subitem weights.

** Average of IPCA-EX0, EX3, MS, DP and P55.

*** Diffusion: share of subitens with positive price changes during the month.

Source: IBGE, BCB, Itaú

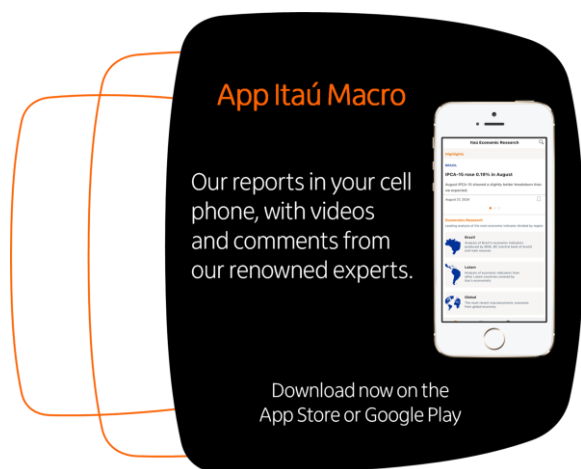
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