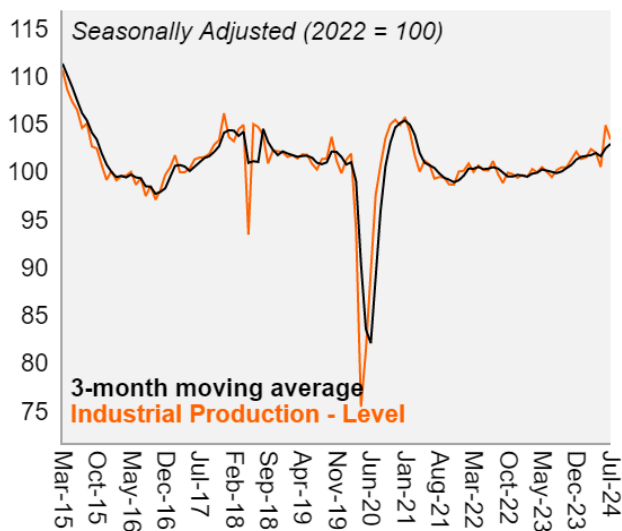


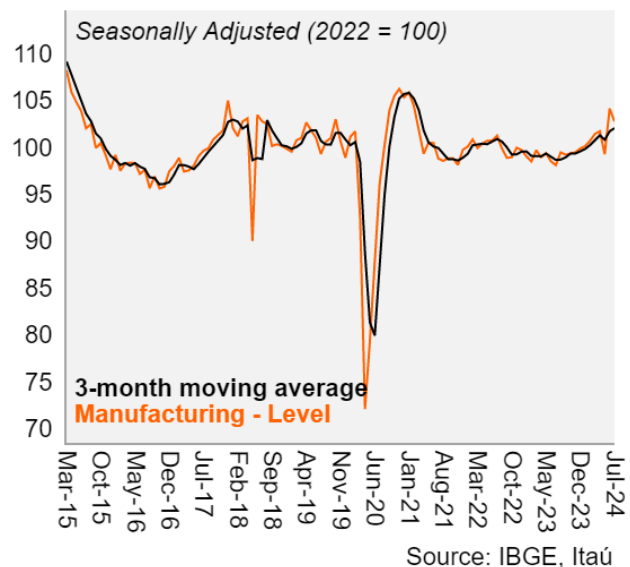
Industrial production receded 1.4% mom/sa in July

- ▶ Industrial production receded 1.4% mom/sa in July (+6.1% yoy), above our call (-1.9% mom/sa) and below the market's expectation (-1.0% mom/sa). The breakdown shows that manufacturing contracted 1.3% mom/sa (+7.3% yoy), above our estimates (-1.6% mom/sa), while mining/extractive contracted 2.4% mom/sa (-0.4% yoy), above our call (-3.5% mom/sa).
- ▶ Versus our forecast, the largest positive surprises were 'Mining/extractive' and 'Prints and engravings' (table below).
- ▶ Among the main categories, the positive highlights were 'Durable consumer goods' (+9.1% mom s/a) and 'Capital goods' (+2.5% mom s/a), while 'Semi-durable/non-durable consumer goods' (-3.1% mom s/a) and 'Intermediate goods' (-0.3% mom s/a) posted the largest contractions at the margin. The breakdown shows that 72% of the sectors moved up in the month versus 64% in June.
- ▶ With today's release, the carry-over of industrial production for 3Q24 now stands at 0.9%, with the following breakdown: 1.0% for manufacturing and 0.3% for mining/extractive.
- ▶ **Our view:** the drop in industrial production in July only partially reverses the strong increase observed in industry in June (after the shock of the floods in Rio Grande do Sul that had affected industry in May). Despite the upside surprise, especially in the manufacturing industry, we project some slowdown in economic activity throughout the 2nd half of the year.

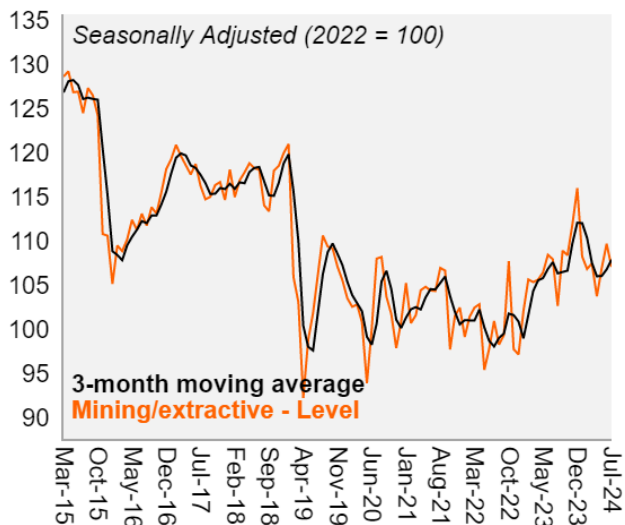
Industrial production receded 1.4% mom/sa in July



Manufacturing receded 1.3% mom/sa

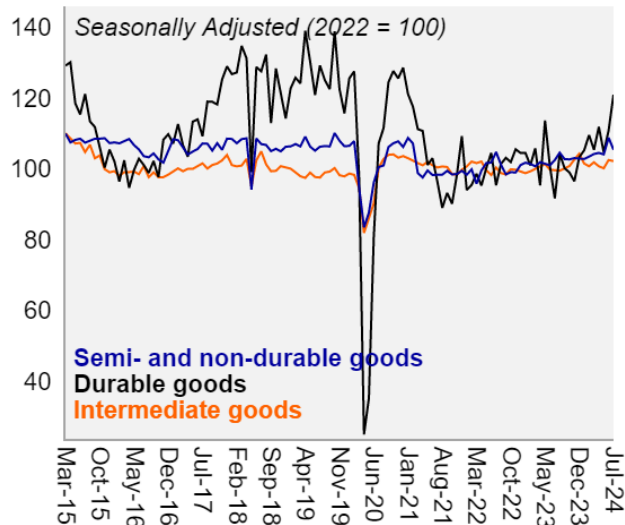


Mining/extractive contracted 2.4% mom/sa



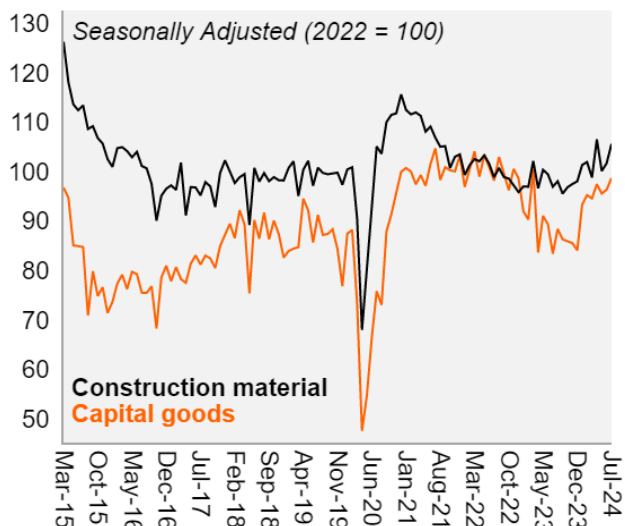
Source: IBGE, Itaú

Industrial production by category



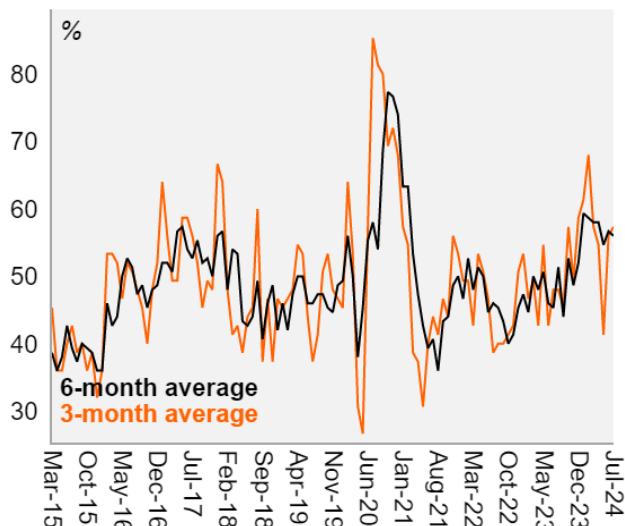
Source: IBGE, Itaú

Capital goods and construction materials



Source: IBGE, Itaú

Diffusion index



Source: IBGE, Itaú

Industrial production - July/24 (% m/m s.a.)

Sector	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024
Industrial Production	0.2	0.8	-0.4	-1.5	4.3	-1.4
Mining/extractive	-1.3	0.6	-3.5	3.1	2.6	-2.4
Manufacturing	0.6	0.7	0.3	-2.4	4.9	-1.3
Semi-durable/non-durable consumer goods	0.7	0.7	0.3	-0.4	4.5	-3.1
Durable consumer goods	4.1	-3.8	6.1	-6.4	5.9	9.1
Intermediate goods	-0.8	1.1	-1.1	-0.6	2.3	-0.3
Capital goods	2.1	-0.7	3.0	-1.9	0.8	2.5
Diffusion	0.76	0.2	0.68	0.36	0.64	0.72

Source: IBGE, Itaú

Industrial production - July/24 (% y/y s.a.)

Sector	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024
Industrial Production	5.6	-2.9	8.4	-1.2	3.2	6.1
Mining/extractive	5.4	1.8	-1.5	-0.1	1.1	-0.4
Manufacturing	5.7	-3.7	10.2	-1.4	3.6	7.3
Semi-durable/non-durable consumer goods	4.9	-3.6	11.0	1.5	5.4	5.5
Durable consumer goods	9.5	-6.3	26.1	-10.5	12.1	31.4
Intermediate goods	5.9	-1.4	4.7	-2.0	1.4	4.0
Capital goods	6.4	-10.6	24.6	3.9	9.1	17.3
Diffusion	0.76	0.2	0.68	0.36	0.64	0.72

Source: IBGE, Itaú

Sector breakdown - actual vs. forecast in July/24

Sector	Weight	m/m s.a.	y/y	Itaú Forecast (y/y)	Error contr. (p.p.)
Industrial Production	100.0	-1.4	6.1	5.4	0.7
Mining/extractive	14.6	-2.4	-0.4	-1.5	0.2
Manufacturing	85.4	-1.3	7.3	6.7	0.5
Food	15.1	-3.8	1.3	2.6	-0.2
Oil and biofuel derivatives	13.5	-3.9	-0.6	1.3	-0.3
Vehicles	6.2	12.0	26.8	23.6	0.2
Metallurgy	4.9	2.0	4.8	6.1	-0.1
Chemical products	7.4	2.7	10.5	8.1	0.2
Machinery and equipment	3.8	4.2	10.8	6.4	0.2
Metal products	3.0	8.4	13.9	8.3	0.2
Non-metallic minerals	2.7	2.8	4.4	5.1	-0.0
Rubber and plastic	3.4	3.5	11.6	9.7	0.1
Beverages	3.0	1.8	8.4	13.0	-0.1
Pulp and Paper	3.7	-3.2	3.1	8.0	-0.2
Machinery and electric material	2.3	5.1	18.0	15.1	0.1
Computers and electronics	2.0	-2.6	24.4	31.1	-0.1
Pharmaceuticals	2.4	-2.6	7.2	7.7	-0.0
Clothing	2.0	5.5	10.9	6.6	0.1
Leather and footwear	1.4	12.1	14.3	12.3	0.0
Textiles	1.3	-0.6	8.9	2.9	0.1
Other transportation equipment	1.1	9.0	17.7	5.5	0.1
Maintenance of machinery and equipment	1.6	3.2	-2.1	-7.7	0.1
Furniture	1.2	4.0	26.9	25.6	0.0
Lumber	1.0	6.4	10.8	6.7	0.0
Prints and engravings	0.6	23.4	6.9	-28.8	0.2
Diverse products	1.2	18.8	19.4	6.4	0.2
Tobacco	0.4	3.9	-4.7	2.2	-0.0

Source: IBGE, Itaú

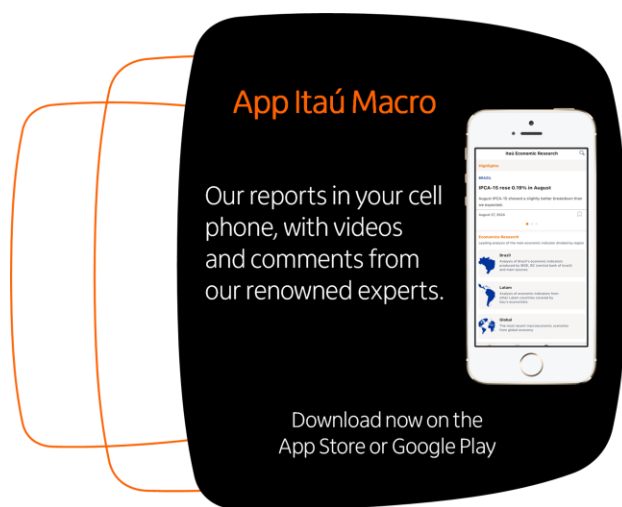
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