

We estimate GDP to grow by 1.7% quarter-over-quarter in 1Q25

- ▶ 1Q25 GDP will be released next Friday, May 30, and we estimate a 1.7% growth on the margin, with seasonal adjustment, non-annualized. On an year-over-year comparison, our expectation is for a 3.2% increase.
- ▶ In the quarter, the positive highlight should be the Agricultural sector, which, according to our estimates, expanded by 10.9% compared to 1Q24, contributing 0.6 percentage points to the year-over-year GDP growth. The industrial GDP is expected to have recorded the same annual growth rate as the previous quarter (2.5%), while the services sector is expected to have slowed to 2.5% in 1Q25 (compared to 3.4% in 4Q24).
- ▶ On the demand side, the highlights were household consumption and investment. Household consumption is expected to have recorded an annual increase of 2.8%, while investments are projected to have advanced by 8.3%

Economy has likely accelerated in 1Q25

We estimate that GDP advanced by 1.7% on the margin in Q1, with seasonal adjustment, and expanded by 3.2% on an annual comparison. Official data will be released next Friday, May 30. We estimate that the Agricultural sector was the main positive highlight during the period, with an expansion of 10.9% compared to 1Q24, contributing 0.6 percentage points to the year-over-year GDP growth. This performance is expected to have been mainly driven by soybean and corn crops, which showed production growth of 13.3% and 11.8%, respectively.

Excluding the Agricultural sector, we estimate that GDP grew 2.6% year-over-year, slowing down from the 3.6% increase in 4Q24. The industrial GDP has likely maintained the annual growth pace of the previous quarter (2.5%), with positive highlights in the manufacturing and construction segments, the latter driven by production and the expansion of the sector's total income. On the other hand, the mining industry is expected to have shown negative performance, reflecting the decline in iron ore production.

The services sector has probably slowed down, recording an annual increase of 2.5% in 1Q25 (compared to 3.4% in 4Q24). Despite this, all segments are expected to have shown positive variation, with highlights in the growth of the information sector and the resilience of the retail and other services segments. The heated labor market and the increase in real wages continue to support the strong performance of services provided to households and, especially, retail sales.

On the demand side, we estimate that the highlights were household consumption and investments. Household consumption is expected to have recorded an annual increase of 2.8%, slowing down from the 3.7% growth in 4Q24 but still showing robust growth at the margin. Investments, in turn, are expected to have grown by 8.3% on an annual comparison (after 9.4% in 4Q24), a result influenced by the import of an oil platform in February.

GDP 1Q25 (YoY)						
	Weight	1Q24	2Q24	3Q24	4Q24	1Q25
GDP	100%	2.6%	3.3%	4.0%	3.6%	3.2%
Services	59%	3.5%	3.6%	4.1%	3.4%	2.5%
Public Administration	14%	2.5%	1.5%	1.7%	1.7%	0.1%
Other Services	15%	5.4%	5.1%	6.4%	4.5%	3.2%
Retail	10%	2.8%	3.8%	3.9%	4.7%	2.7%
Housing	8%	4.0%	3.8%	3.1%	2.6%	3.3%
Financial services	6%	3.0%	4.7%	5.1%	2.0%	3.7%
Transportation	3%	0.4%	0.8%	2.5%	3.9%	0.4%
Information Technology	3%	5.0%	5.7%	7.8%	6.2%	7.3%
Industry	21%	3.0%	4.0%	3.6%	2.5%	2.5%
Manufacturing	12%	1.5%	3.7%	4.2%	5.3%	2.7%
Construction	3%	2.1%	4.4%	5.7%	5.1%	5.9%
Utilities	2%	6.3%	8.3%	3.7%	-3.5%	2.5%
Mining/Extractive	4%	6.1%	1.3%	-1.0%	-3.6%	-1.6%
Agriculture	6%	-5.5%	-3.3%	-0.8%	-1.5%	10.9%
Taxes	14%	3.8%	5.5%	6.4%	6.1%	3.3%
Household consumption	63%	4.7%	5.1%	5.5%	3.7%	2.8%
Government Expenditure	18%	4.1%	1.2%	1.3%	1.2%	1.4%
Investment (GFCF)	18%	3.0%	5.7%	10.8%	9.4%	8.3%
Exports	20%	6.1%	4.3%	2.1%	-0.7%	1.4%
Imports	-19%	10.0%	14.7%	17.7%	16.0%	10.7%

Source: IBGE, Itaú

For the full year of 2025, we project growth of 2.2%. After the strong result at the beginning of the year, economic activity is expected to experience a more pronounced slowdown in the second half due to the lagged effects of monetary tightening and the global slowdown.

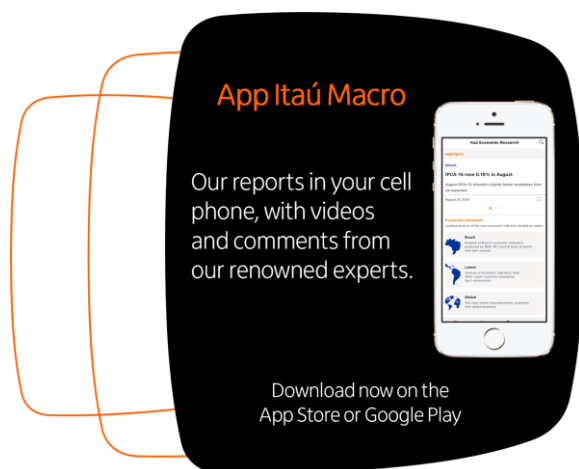
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