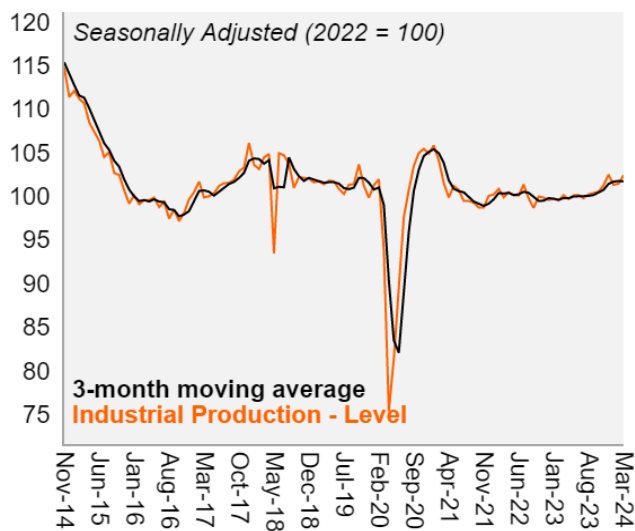


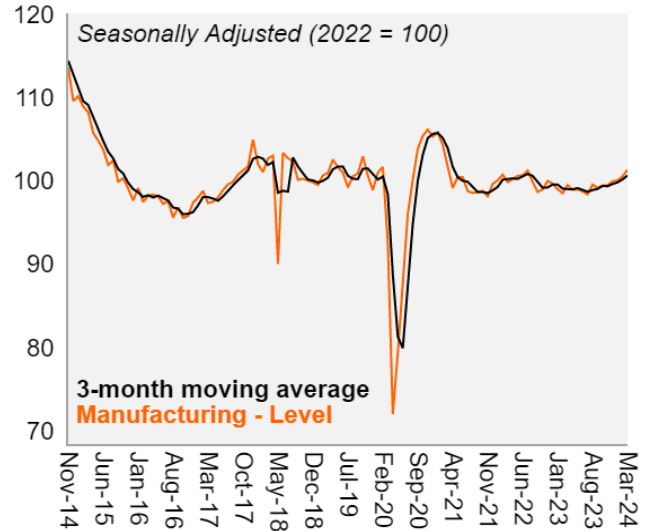
## Manufacturing rose 1.0% qoq/sa in 1Q24

- ▶ Industrial production rose 0.9% mom/sa in March (-2.8% yoy), below our call (+1.3% mom/sa) and the market's estimates (+1.4% mom/sa). The breakdown shows that manufacturing sector advanced 0.8% mom/sa (-3.6% yoy), below our call (+1.2% mom/sa), while mining/extractive segment expanded 0.2% mom/sa (+1.6% yoy), matching our expectation (+0.2% mom/sa).
- ▶ The largest negative surprises compared to our forecast were 'Food' and 'Oil and biofuel derivatives' (table below).
- ▶ Among the main categories, the positive highlights were 'Intermediate goods' (+1.2% mom/sa) and 'Semi-durable/non-durable consumer goods' (+0.9% mom s/a), while 'Durable consumer goods' (-4.2% mom s/a) and 'Capital goods' (-2.8% mom s/a) posted the largest contractions in the month. The diffusion index reached 20% versus 72% in February.
- ▶ In 1Q24, industrial production expanded 0.3% qoq/sa, with the following breakdown: 1.0% for manufacturing and -3.9% for mining/extractive. With today's release, the carryover for 2Q24 now stands at 0.7% (0.7% manufacturing and -0.1% mining/extract).
- ▶ **Our view:** today's release indicates once again a result below estimates, but the revision of February data (which went from a drop of 0.3% to an increase of 0.1% in the month) brought some relief. The lower-than-expected result of the transformation segment, for example, was offset by the upward revision of the February data in the sector. As a result, we expect small changes in the economic growth projections in 1Q24.

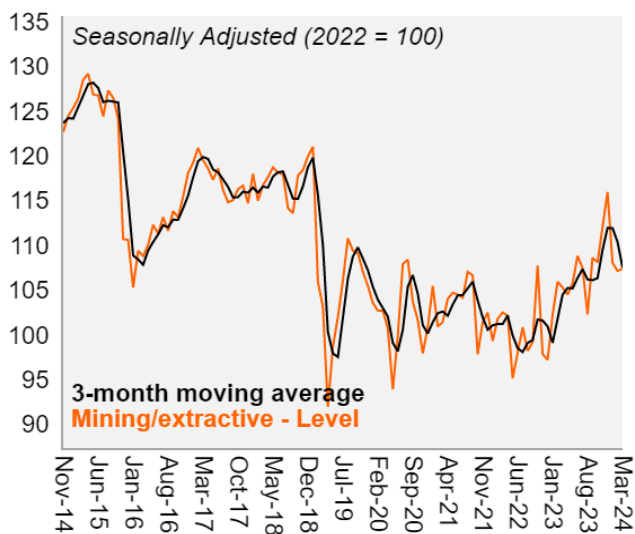
Industrial production rose 1.0% qoq s.a. in 1Q24



Manufacturing advanced 0.8% mom/sa

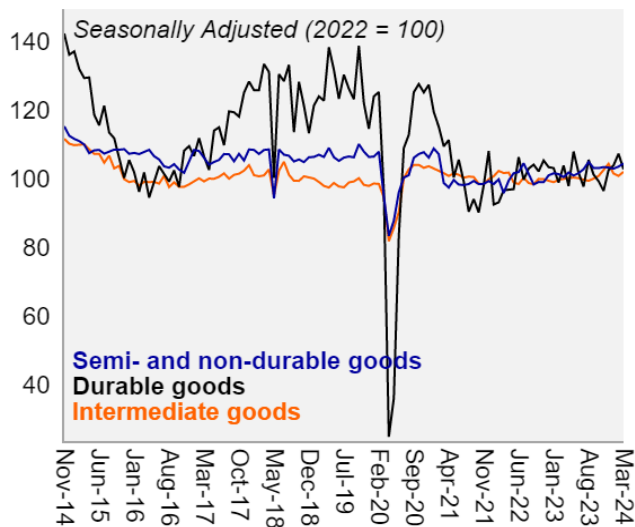


**Mining/extractive rose 0.2% mom/sa**



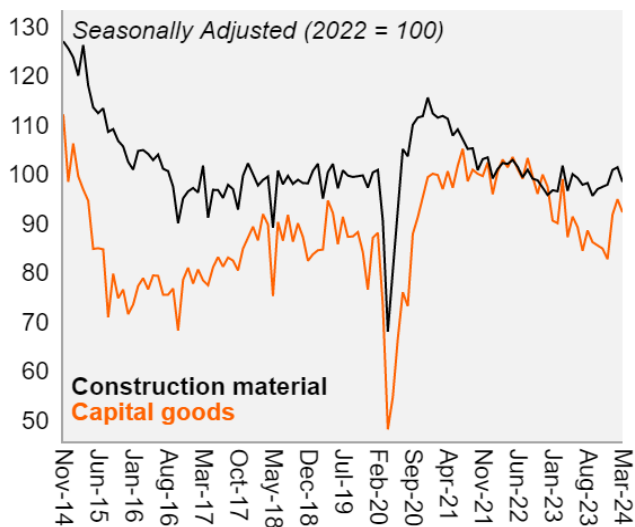
Source: IBGE, Itaú

**Positive highlights were 'Intermediate goods' and Semi-durable/non-durable consumer goods'**



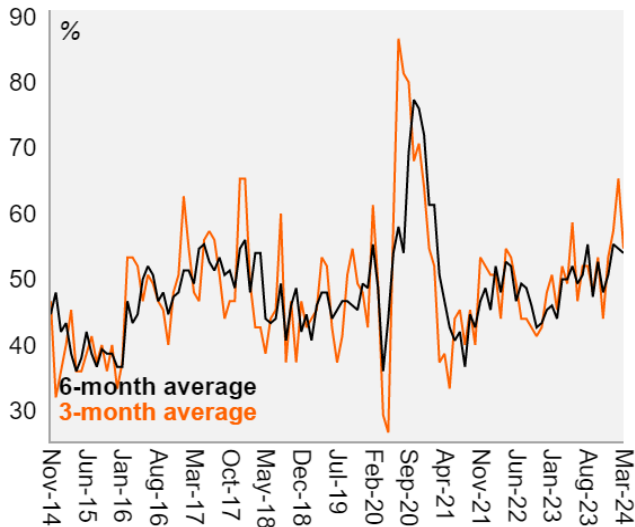
Source: IBGE, Itaú

**Capital goods and construction materials contracted**



Source: IBGE, Itaú

**Diffusion index reached 20% at the margin in March**



Source: IBGE, Itaú

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

Sector	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024
<b>Industrial Production</b>	<b>0.1</b>	<b>0.7</b>	<b>1.2</b>	<b>-1.1</b>	<b>0.1</b>	<b>0.9</b>
<b>Mining/extractive</b>	<b>-0.5</b>	<b>3.4</b>	<b>3.7</b>	<b>-6.8</b>	<b>-0.8</b>	<b>0.2</b>
<b>Manufacturing</b>	<b>0.3</b>	<b>0.0</b>	<b>0.5</b>	<b>0.1</b>	<b>0.5</b>	<b>0.8</b>
Semi-durable/non-durable consumer goods	0.0	0.3	-0.1	-0.3	0.6	0.9
Durable consumer goods	-1.9	-2.9	6.3	1.3	3.3	-4.2
Intermediate goods	0.8	1.7	1.8	-2.7	-0.7	1.2
Capital goods	-0.7	-0.8	-2.5	10.9	3.4	-2.8
<b>Diffusion</b>	<b>0.6</b>	<b>0.48</b>	<b>0.52</b>	<b>0.72</b>	<b>0.72</b>	<b>0.2</b>

Source: IBGE, Itaú

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

Sector	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024
<b>Industrial Production</b>	<b>1.1</b>	<b>1.4</b>	<b>0.9</b>	<b>3.7</b>	<b>5.4</b>	<b>-2.8</b>
<b>Mining/extractive</b>	<b>-0.3</b>	<b>14.5</b>	<b>17.5</b>	<b>6.9</b>	<b>5.3</b>	<b>1.6</b>
<b>Manufacturing</b>	<b>1.4</b>	<b>-0.8</b>	<b>-2.3</b>	<b>3.1</b>	<b>5.4</b>	<b>-3.6</b>
Semi-durable/non-durable consumer goods	4.5	4.0	-0.5	3.6	5.0	-3.2
Durable consumer goods	-2.9	-8.5	-0.8	1.1	9.3	-6.3
Intermediate goods	0.9	2.7	3.7	4.4	5.5	-1.4
Capital goods	-10.7	-14.9	-17.0	1.9	6.3	-10.5
<b>Diffusion</b>	<b>0.6</b>	<b>0.48</b>	<b>0.52</b>	<b>0.72</b>	<b>0.72</b>	<b>0.2</b>

Source: IBGE, Itaú

## Sector breakdown - actual vs. forecast in March/24

Sector	Weight	m/m s.a.	y/y	Itaú Forecast (y/y)	Error contr. (p.p.)
<b>Industrial Production</b>	<b>100.0</b>	<b>0.9</b>	<b>-2.8</b>	<b>-2.5</b>	<b>-0.3</b>
<b>Mining/extractive</b>	<b>14.6</b>	<b>0.2</b>	<b>1.6</b>	<b>1.6</b>	<b>0.0</b>
<b>Manufacturing</b>	<b>85.4</b>	<b>0.8</b>	<b>-3.6</b>	<b>-3.2</b>	<b>-0.3</b>
Food	15.1	1.0	-1.1	1.9	-0.5
Oil and biofuel derivatives	13.5	-0.6	2.8	4.9	-0.3
Vehicles	6.2	-6.0	-6.4	-5.2	-0.1
Metallurgy	4.9	-2.6	-3.2	-1.7	-0.1
Chemical products	7.4	-2.0	-8.1	-6.1	-0.1
Machinery and equipment	3.8	-1.9	-12.9	-8.2	-0.2
Metal products	3.0	-2.6	-5.3	-6.1	0.0
Non-metallic minerals	2.7	-3.2	-2.5	-1.7	-0.0
Rubber and plastic	3.4	-1.3	0.8	1.1	-0.0
Beverages	3.0	-3.3	-2.1	-12.2	0.3
Pulp and Paper	3.7	-2.8	4.2	0.1	0.2
Machinery and electric material	2.3	-2.6	-0.9	-1.7	0.0
Computers and electronics	2.0	-13.3	-16.1	-6.8	-0.2
Pharmaceuticals	2.4	0.5	-15.6	-14.5	-0.0
Clothing	2.0	-4.5	-11.1	-6.4	-0.1
Leather and footwear	1.4	-6.0	-7.9	-15.7	0.1
Textiles	1.3	4.5	-5.0	0.6	-0.1
Other transportation equipment	1.1	-0.6	7.7	-4.9	0.1
Maintenance of machinery and equipment	1.6	-2.9	-9.1	-15.0	0.1
Furniture	1.2	-3.4	-7.0	-16.3	0.1
Lumber	1.0	-5.7	2.2	1.7	0.0
Prints and engravings	0.6	8.2	1.0	-16.3	0.1
Diverse products	1.2	-9.7	-13.1	-21.0	0.1
Tobacco	0.4	-13.6	5.1	-4.1	0.0

Source: IBGE, Itaú

Natalia Cotarelli  
Marina Garrido

Macro Research – Itaú

Mario Mesquita – Chief Economist

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