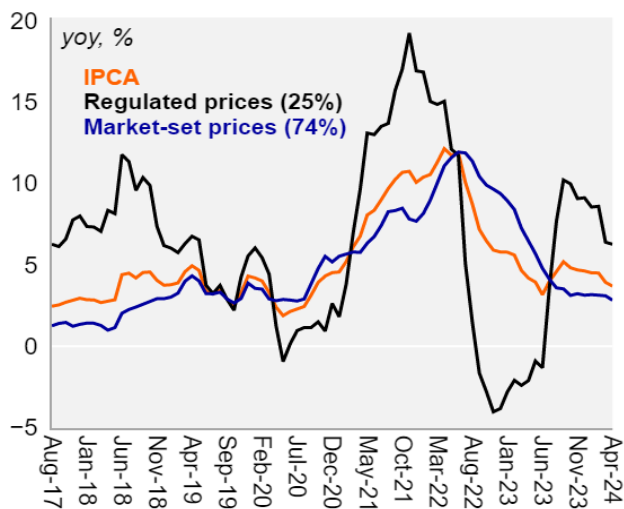


## IPCA moved up 0.38% in April, close to our expectations

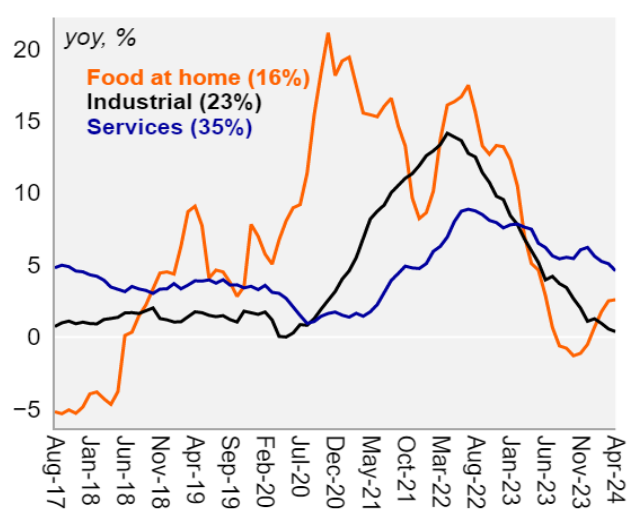
- ▶ April IPCA came in at 0.38%, broadly in line with our call (0.37%) and exceeding market forecast (0.35%). In 12 months, IPCA rose 3.7%, versus 3.9% in March.
- ▶ Compared to our forecast, we highlight the higher-than-expected gasoline prices, offset by downside surprise in industrial products (pharmaceuticals). Regarding core metrics, both underlying services and underlying industrials inflations were close to expectations.
- ▶ In the three-month moving average, with seasonally adjusted and annualized data, underlying services inflation declined to 4.8% (from 5.6%), while underlying industrials declined to 0.0% (from 2.0%). In the same metric, the average of core inflation measures receded to 3.0% (from 3.5%).
- ▶ **Our view:** April's IPCA was in line with our expectations and had a benign composition. The 3-month moving average of underlying services fell (after the readjustment of banking services at the beginning of the year), as did that of underlying industrials (after the upward shock of January). At the margin, the core average fell to 3.0% (from 3.5%).

IPCA - Market-Set and Regulated Prices



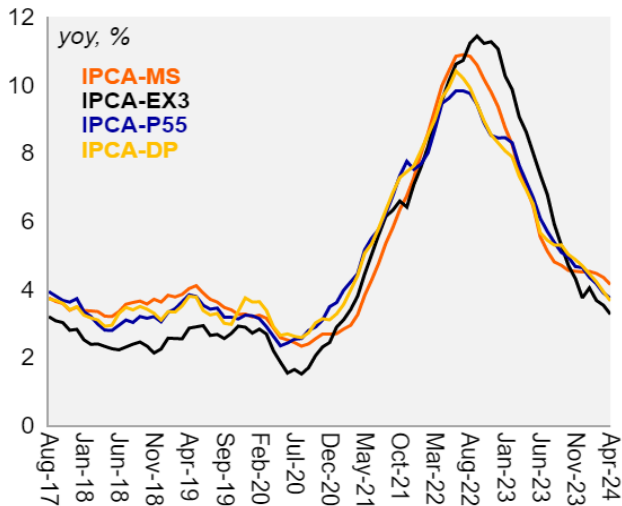
Source: IBGE, Itaú

IPCA - Market-Set Prices



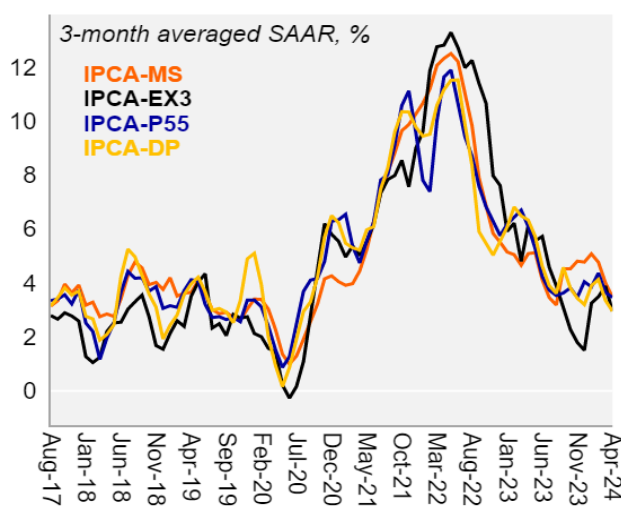
Source: IBGE, Itaú

**IPCA - Core**



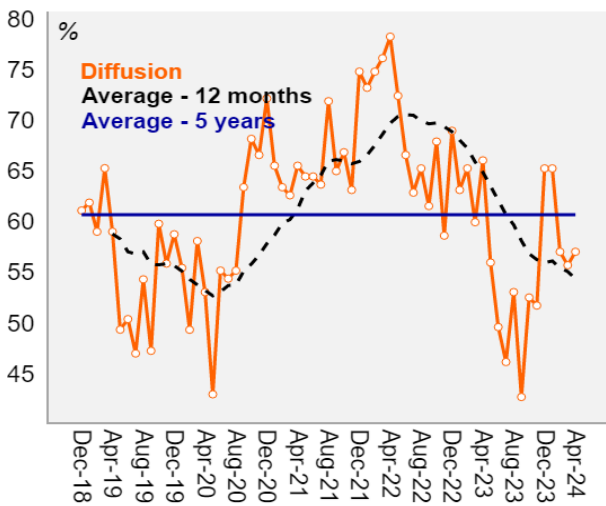
Source: IBGE, Itaú

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



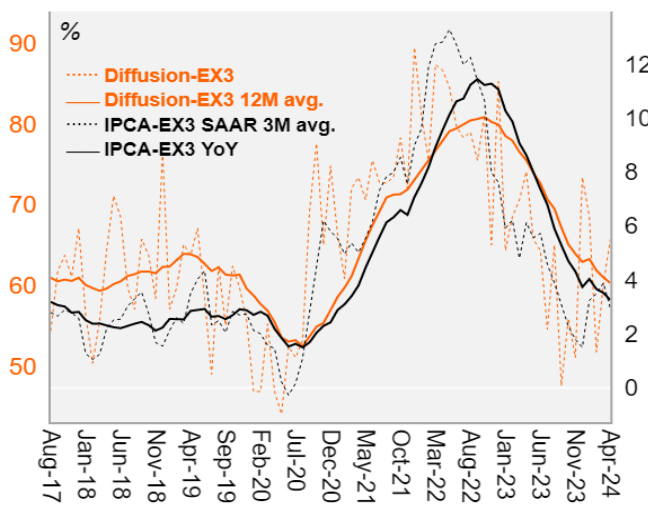
Source: IBGE, Itaú

**IPCA - Diffusion Index**



Source: IBGE, Itaú

**IPCA and diffusion index for EX3 core**



Source: IBGE, Itaú

	Weight	Apr-2023		Mar-2024		Apr-2024		Proj.	Δ bps	
		IPCA-15	IPCA	IPCA-15	IPCA	IPCA-15	IPCA			
	100	<b>Headline</b>	0.57	0.61	0.36	0.16	0.21	0.38	0.37	1.0
<b>GROUPS</b>	21	<b>Food &amp; beverage</b>	0.04	0.71	0.91	0.53	0.61	0.70	0.68	0.4
	15	Food at home	-0.15	0.73	1.04	0.59	0.74	0.81	0.82	-0.2
	5	Food out of home	0.55	0.66	0.59	0.35	0.25	0.39	0.30	0.5
	15	<b>Housing</b>	0.48	0.48	0.19	0.19	0.07	-0.01	0.04	-0.8
	3	Household articles	0.07	0.17	-0.58	-0.04	0.03	-0.26	-0.16	-0.4
	4	Apparel	0.39	0.79	-0.22	0.03	0.41	0.55	0.36	0.9
	20	<b>Transportation</b>	1.44	0.56	0.43	-0.33	-0.49	0.14	0.07	1.4
	13	<b>Health and personal care</b>	1.04	1.49	0.61	0.43	0.78	1.16	1.22	-0.8
	10	<b>Personal spending</b>	0.28	0.18	-0.07	0.33	0.40	0.10	0.21	-1.1
	6	<b>Education</b>	0.11	0.09	0.14	0.14	0.05	0.05	0.03	0.1
4	<b>Communication</b>	0.06	0.08	-0.04	-0.13	0.17	0.48	0.23	1.2	
<b>BREAKDOWN</b>	25	<b>Regulated prices</b>	1.41	0.86	0.70	0.25	0.26	0.74	0.68	1.5
	4	Residential electricity	0.84	0.48	0.00	0.12	-0.07	-0.46	-0.30	-0.6
	5	Gasoline	3.47	-0.52	2.39	0.21	-0.11	1.50	0.90	3.0
	74	<b>Market-set prices</b>	0.29	0.53	0.24	0.13	0.20	0.26	0.27	-0.7
	15	Food at home	-0.15	0.73	1.04	0.59	0.74	0.81	0.82	-0.2
	23	Industrials	0.23	0.39	-0.02	-0.12	0.07	0.21	0.25	-0.9
35	<b>Services</b>	0.53	0.52	0.07	0.10	0.04	0.05	0.04	0.4	
<b>CORES AND DIFFUSION</b>	4	<b>Underlying food at home</b>	0.51	0.45	0.60	0.61	0.82	0.62	0.69	-0.3
	15	<b>Underlying industrials</b>	0.28	0.48	-0.08	-0.08	0.16	0.19	0.15	0.6
	21	<b>Underlying services</b>	0.52	0.56	0.40	0.45	0.38	0.32	0.33	-0.2
	58	IPCA-EX0	0.41	0.47	0.03	0.01	0.05	0.12	0.12	0.0
	82	IPCA-EX1	0.55	0.66	0.10	0.11	0.18	0.23	0.27	-3.3
	40	IPCA-EX2	0.42	0.51	0.24	0.26	0.34	0.30	0.30	0.0
	36	IPCA-EX3	0.41	0.52	0.20	0.22	0.29	0.27	0.26	0.4
	-	IPCA-MS	0.42	0.50	0.33	0.24	0.29	0.30	0.27	-
	-	IPCA-DP	0.47	0.56	0.23	0.16	0.22	0.31	0.31	-
	-	IPCA-P55	0.53	0.49	0.36	0.15	0.10	0.34	-	-
-	<b>Diffusion index</b>	63.22	66.05	54.50	55.70	54.22	57.03	-	-	

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 subitens with positive price changes during the month.

Source: IBGE, BCB, Itaú

	Weight	Apr-23	Jan-24	Feb-24	Mar-24	Apr-24
<b>IPCA (monthly)</b>	<b>100.0</b>	<b>0.61</b>	<b>0.42</b>	<b>0.83</b>	<b>0.16</b>	<b>0.38</b>
<b>Regulated prices</b>	<b>25.8</b>	<b>0.86</b>	<b>0.19</b>	<b>0.88</b>	<b>0.25</b>	<b>0.74</b>
<b>Market-set prices</b>	<b>74.2</b>	<b>0.53</b>	<b>0.50</b>	<b>0.80</b>	<b>0.13</b>	<b>0.26</b>
Food at home	15.6	0.73	1.81	1.12	0.59	0.81
Industrials	23.1	0.39	0.36	0.21	-0.12	0.21
Services	35.4	0.52	0.02	1.06	0.10	0.05
<b>IPCA (12-month)</b>	<b>100.0</b>	<b>4.18</b>	<b>4.51</b>	<b>4.50</b>	<b>3.93</b>	<b>3.69</b>
<b>Regulated prices</b>	<b>26.0</b>	<b>-2.11</b>	<b>8.55</b>	<b>8.59</b>	<b>6.39</b>	<b>6.26</b>
<b>Market-set prices</b>	<b>74.0</b>	<b>6.48</b>	<b>3.17</b>	<b>3.13</b>	<b>3.10</b>	<b>2.82</b>
Food at home	16.0	5.10	0.68	1.77	2.51	2.59
Industrials	23.0	5.95	1.27	0.94	0.56	0.37
Services	35.0	7.49	5.62	5.25	5.09	4.60
<b>Core* (monthly)</b>						
IPCA-EX0	59.0	0.47	0.16	0.72	0.01	0.12
IPCA-EX3	37.0	0.52	0.60	0.27	0.22	0.27
IPCA-MS	-	0.50	0.51	0.42	0.24	0.30
IPCA-DP	-	0.56	0.45	0.53	0.16	0.31
IPCA-P55	-	0.49	0.40	0.52	0.15	0.34
<b>Average**</b>	<b>-</b>	<b>0.51</b>	<b>0.42</b>	<b>0.49</b>	<b>0.16</b>	<b>0.27</b>
<b>Core* (12-month)</b>						
IPCA-EX0	59.0	6.86	3.84	3.50	3.25	2.89
IPCA-EX3	37.0	8.62	4.04	3.67	3.53	3.26
IPCA-MS	-	6.97	4.52	4.46	4.35	4.14
IPCA-DP	-	6.93	4.46	4.22	3.92	3.66
IPCA-P55	-	7.13	4.35	4.16	3.89	3.73
<b>Média núcleos**</b>	<b>-</b>	<b>7.30</b>	<b>4.24</b>	<b>4.00</b>	<b>3.79</b>	<b>3.54</b>
<b>Difusão***</b>						
Diffusion index	-	66.05	65.25	57.03	55.7	57.03

\* 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

Luciana Rabelo

Macro Research – Itaú

Mario Mesquita – Chief Economist

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