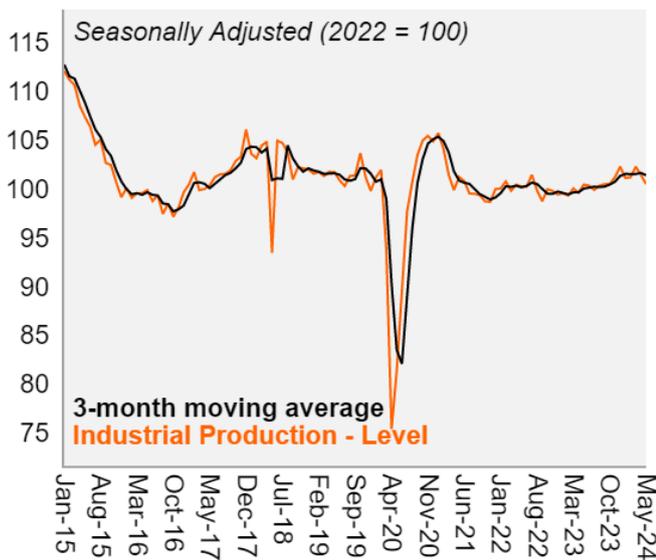


July 3, 2024

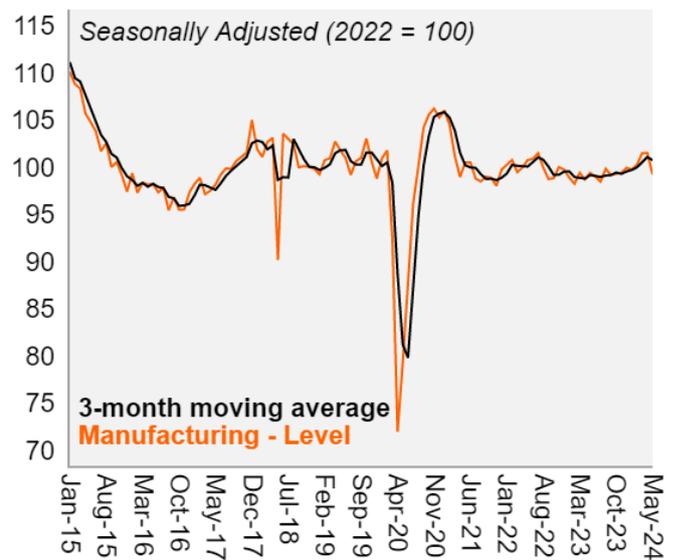
## Industrial production receded 0.9% mom/sa in May

- ▶ The industrial production contracted 0.9% mom/sa in May (-1.0% yoy), a smaller decline than our call (-1.1% mom/sa) and the market's expectation (-1.4% mom/sa). The breakdown shows that manufacturing contracted 2.2% mom/sa (-1.2% yoy), better than our expectation (-2.4% mom/sa), while mining/extractive rose 2.6% mom/sa (-0.2% yoy), also above our forecast (+1.9% mom/sa).
- ▶ Versus our forecast, the largest positive surprises were seen in 'Oil and biofuel derivatives' and 'Rubber and plastic' (table below).
- ▶ Among the main categories, all contracted at the margin, with a negative highlight to 'Durable consumer goods' (-5.7% mom s/a) and 'Capital goods' (-2.7% mom s/a). Among the sector, 36% of them moved up in the month versus 68% in April.
- ▶ With today's release, the carryover of industrial production for 2Q24 now stands at -0.7%, with the following breakdown: -0.5% for manufacturing and -1.6% for mining/extractive.
- ▶ **Our view:** the industrial production fell for the second consecutive month, this time reflecting the impacts of the floods in Rio Grande do Sul. The result came in close to our estimates, with a drop in the manufacturing industry, only partially offset by a stronger-than-expected increase than expected in mining/extractive. The result is in line with our view of some moderation in growth in the 2Q.

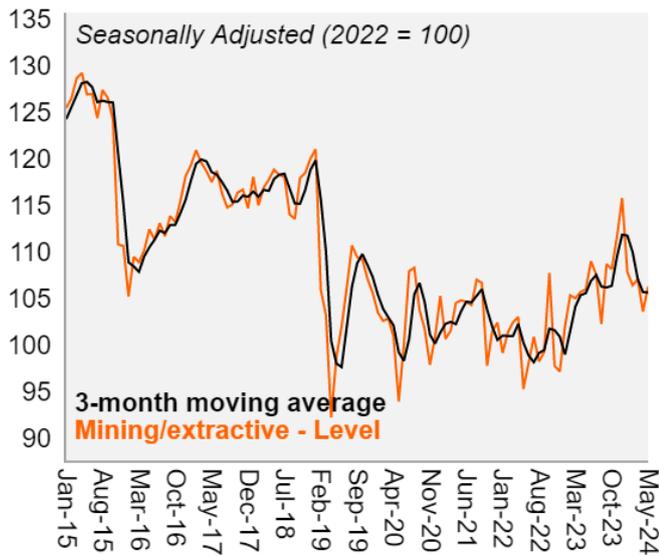
Industrial production receded 0.9% mom/sa in May



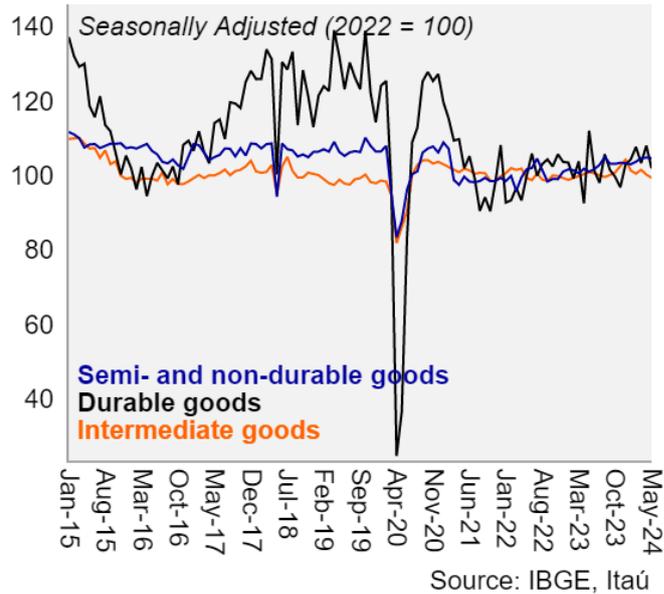
Manufacturing contracted 2.2% mom/sa



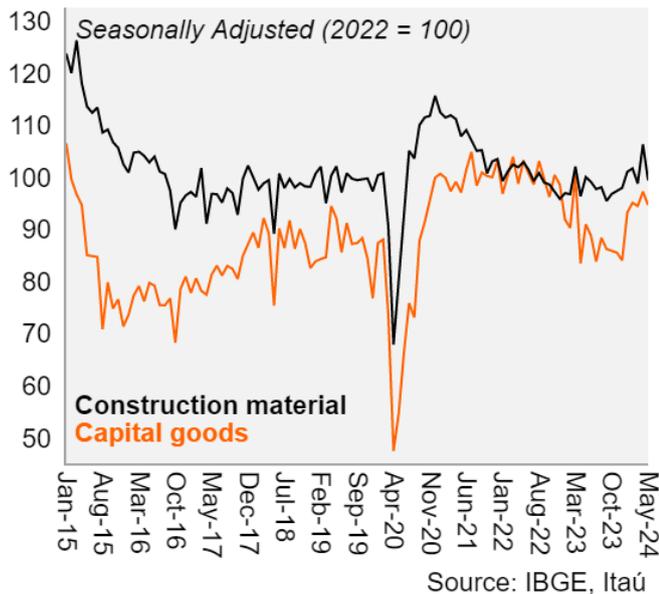
**Mining/extractive expanded 2.6% mom/sa**



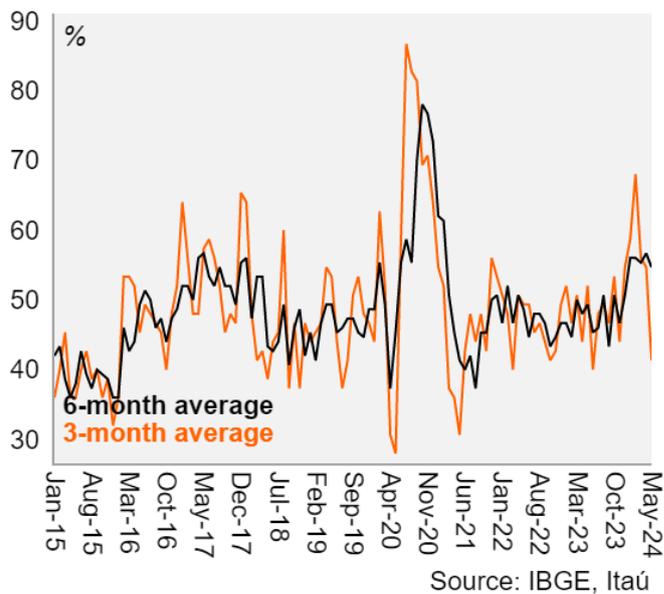
**Industrial production by category**



**Capital goods and construction materials**



**Diffusion index**



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

Sector	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024
<b>Industrial Production</b>	<b>1.1</b>	<b>-1.1</b>	<b>0.1</b>	<b>1.1</b>	<b>-0.8</b>	<b>-0.9</b>
<b>Mining/extractive</b>	<b>3.7</b>	<b>-6.9</b>	<b>-1.3</b>	<b>0.6</b>	<b>-3.2</b>	<b>2.6</b>
<b>Manufacturing</b>	<b>0.5</b>	<b>-0.2</b>	<b>0.5</b>	<b>1.2</b>	<b>0.0</b>	<b>-2.2</b>
Semi-durable/non-durable consumer goods	-0.1	-0.3	0.7	0.9	0.2	-0.1
Durable consumer goods	6.3	1.3	3.2	-4.0	4.5	-5.7
Intermediate goods	1.7	-2.8	-0.8	1.0	-1.3	-0.8
Capital goods	-1.7	10.9	2.0	-0.7	2.9	-2.7
<b>Diffusion</b>	<b>0.56</b>	<b>0.72</b>	<b>0.76</b>	<b>0.2</b>	<b>0.68</b>	<b>0.36</b>

Source: IBGE, Itaú

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

Sector	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024
<b>Industrial Production</b>	<b>0.9</b>	<b>3.7</b>	<b>5.5</b>	<b>-2.8</b>	<b>8.4</b>	<b>-1.0</b>
<b>Mining/extractive</b>	<b>17.5</b>	<b>6.9</b>	<b>5.3</b>	<b>1.6</b>	<b>-1.6</b>	<b>-0.2</b>
<b>Manufacturing</b>	<b>-2.3</b>	<b>3.1</b>	<b>5.5</b>	<b>-3.6</b>	<b>10.3</b>	<b>-1.2</b>
Semi-durable/non-durable consumer goods	-0.5	3.7	5.1	-3.1	11.5	2.6
Durable consumer goods	-0.8	1.1	9.2	-6.4	25.8	-10.6
Intermediate goods	3.7	4.4	5.6	-1.5	4.6	-2.2
Capital goods	-17.0	1.7	6.2	-10.6	24.6	3.1
<b>Diffusion</b>	<b>0.56</b>	<b>0.72</b>	<b>0.76</b>	<b>0.2</b>	<b>0.68</b>	<b>0.36</b>

Source: IBGE, Itaú

## Sector breakdown - actual vs. forecast in May/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>-1.0</b>	<b>-1.3</b>	<b>0.3</b>
<b>Mining/extractive</b>	<b>14.6</b>	<b>2.6</b>	<b>-0.2</b>	<b>-1.2</b>	<b>0.1</b>
<b>Manufacturing</b>	<b>85.4</b>	<b>-2.2</b>	<b>-1.2</b>	<b>-1.3</b>	<b>0.1</b>
Food	15.1	-4.0	1.5	8.1	-1.0
Oil and biofuel derivatives	13.5	1.9	-3.0	-8.2	0.7
Vehicles	6.2	-11.7	-6.0	-5.3	-0.0
Metallurgy	4.9	-2.8	-5.6	-3.9	-0.1
Chemical products	7.4	-2.5	-3.6	-0.5	-0.2
Machinery and equipment	3.8	-3.5	-8.9	-3.7	-0.2
Metal products	3.0	-1.2	-1.3	-0.4	-0.0
Non-metallic minerals	2.7	-3.1	-1.1	-3.0	0.1
Rubber and plastic	3.4	0.5	4.3	-0.4	0.2
Beverages	3.0	-1.7	-0.6	-3.1	0.1
Pulp and Paper	3.7	0.1	5.5	2.7	0.1
Machinery and electric material	2.3	-6.3	9.4	7.4	0.0
Computers and electronics	2.0	3.7	5.9	-4.0	0.2
Pharmaceuticals	2.4	1.5	5.8	1.8	0.1
Clothing	2.0	-1.9	1.7	3.2	-0.0
Leather and footwear	1.4	-4.3	-6.9	-7.7	0.0
Textiles	1.3	2.9	2.3	0.7	0.0
Other transportation equipment	1.1	0.2	9.0	16.4	-0.1
Maintenance of machinery and equipment	1.6	-3.7	-3.5	-5.4	0.0
Furniture	1.2	0.2	7.1	-0.8	0.1
Lumber	1.0	-1.0	2.2	2.5	-0.0
Prints and engravings	0.6	-15.0	-8.6	-14.2	0.0
Diverse products	1.2	-8.5	-11.5	-14.0	0.0
Tobacco	0.4	-28.2	-22.9	5.4	-0.1

Source: IBGE, Itaú

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