

Macro Brazil

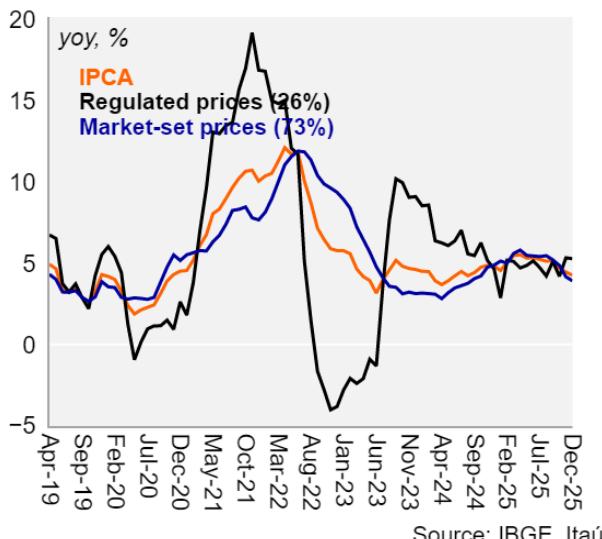
January 9, 2026



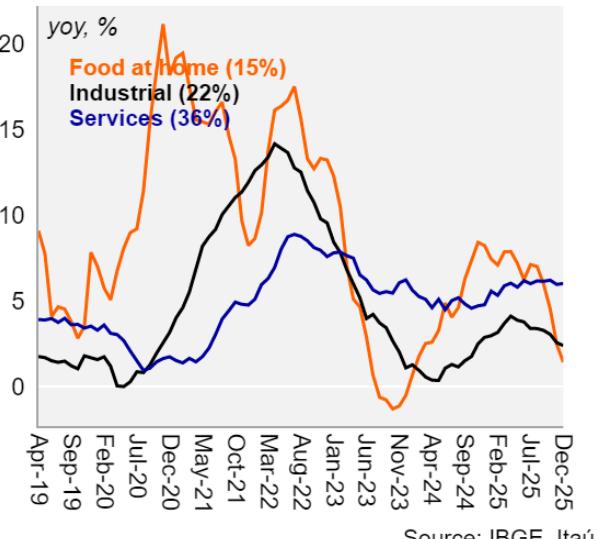
IPCA moved up 0.33% in December, ending 2025 with a 4.3% increase

- December IPCA came in at 0.33%, close to both market forecast (0.32%) and our call (0.35%). In 12 months, IPCA wrapped 2025 at 4.3%, versus 4.5% in November.
- Compared to our forecast, we highlight the lower-than-expected prints in apparel and personal expenses. Household articles, on the other hand, came in above our forecast. 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 moved up to 5.1% (from 3.9%), while underlying industrials declined to 2.1% (from 2.5%). In the same metric, the average of core inflation measures receded to 3.7% (from 3.8%).
- **Our view:** The December IPCA came in close to our forecast, with a breakdown also broadly in line with expectations. Regarding the qualitative aspect, core services showed a marginal deterioration, in line with our forecast, albeit with a somewhat different composition: there was a downside surprise in food away from home, offset by an upside surprise in labor-intensive services. This result reinforces the evidence that labor market pressures continue to impact service prices, underscoring our view that this segment will remain under pressure throughout the coming year. With this release, the IPCA closed 2025 at 4.3%, above the target midpoint but within the tolerance band. For 2026, we maintain our inflation expectation at 4.0%.

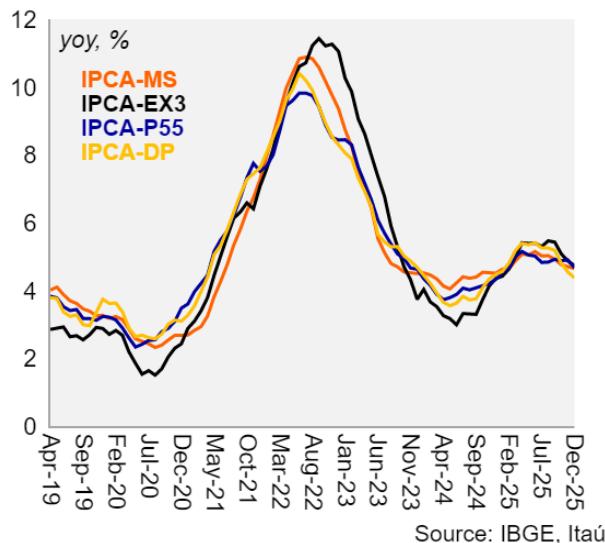
IPCA - Market-Set and Regulated Prices



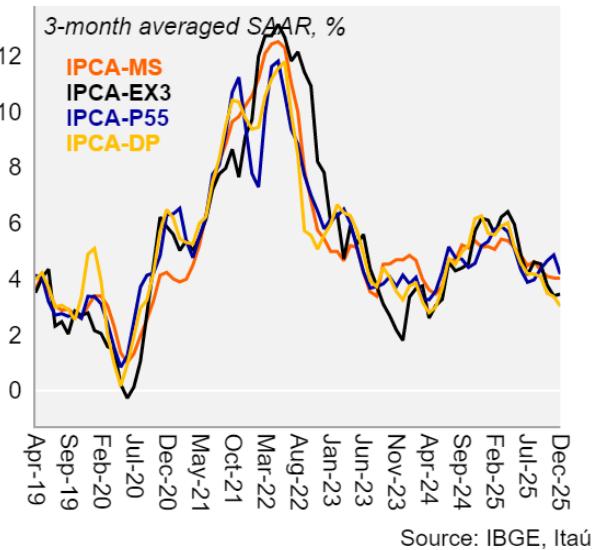
IPCA - Market-Set Prices



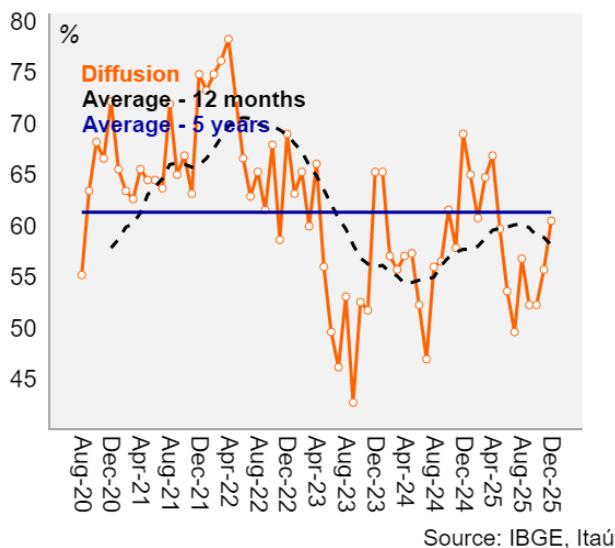
IPCA - Core



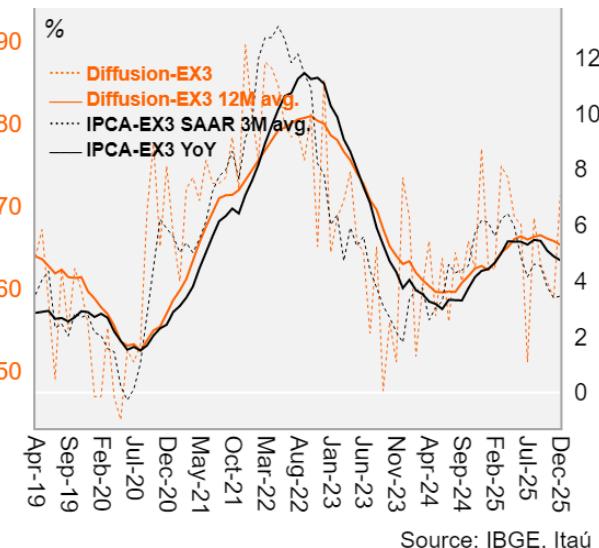
IPCA - Core s.a. annualized, 3-month averaged



IPCA - Diffusion Index



IPCA and diffusion index for EX3 core



Weight		Dec-2024		Nov-2025		Dec-2025		Proj.	Δ bps	
		IPCA-15	IPCA	IPCA-15	IPCA	IPCA-15	IPCA			
100	Headline	0.34	0.52	0.20	0.18	0.25	0.33	0.35	-2.0	
GROUPS	21	Food & beverage	1.47	1.18	0.09	-0.01	0.13	0.27	0.36	-1.9
	15	Food at home	1.56	1.17	-0.15	-0.20	-0.08	0.14	0.17	-0.5
	6	Food out of home	1.23	1.19	0.68	0.46	0.65	0.60	0.82	-1.3
	15	Housing	-1.32	-0.56	0.09	0.52	0.17	-0.33	-0.35	0.3
	3	Household articles	-0.52	0.65	-0.20	-1.00	-0.64	0.64	0.14	1.8
	4	Apparel	0.34	1.14	0.19	0.49	0.69	0.45	0.80	-1.6
	20	Transportation	0.46	0.67	0.22	0.22	0.69	0.74	0.80	-1.2
	13	Health and personal care	-0.05	0.38	0.29	-0.04	-0.01	0.52	0.45	1.0
	10	Personal spending	1.36	0.62	0.85	0.77	0.46	0.36	0.50	-1.4
	6	Education	0.00	0.11	0.05	0.01	0.00	0.08	0.11	-0.2
	4	Communication	0.08	0.37	-0.19	-0.20	0.01	0.37	0.01	1.7
BREAKDOWN	26	Regulated prices	-0.74	-0.17	-0.01	0.21	0.08	-0.22	-0.22	-0.0
	4	Residential electricity	-5.72	-3.19	-0.38	1.27	-0.22	-2.41	-2.40	-0.0
	5	Gasoline	-0.01	0.54	-0.48	-0.42	0.11	0.18	0.40	-1.1
	73	Market-set prices	0.72	0.77	0.27	0.16	0.31	0.52	0.55	-1.9
	15	Food at home	1.56	1.17	-0.15	-0.20	-0.08	0.14	0.17	-0.5
	22	Industrials	0.26	0.65	-0.06	-0.29	-0.05	0.48	0.46	0.4
	35	Services	0.64	0.66	0.66	0.60	0.70	0.72	0.77	-1.9
CORES AND DIFFUSION	4	Underlying food at home	0.97	1.01	0.03	0.03	0.05	0.14	0.17	-0.2
	15	Underlying industrials	-0.01	0.69	0.05	-0.21	0.00	0.53	0.59	-1.0
	21	Underlying services	0.71	0.67	0.40	0.30	0.52	0.56	0.57	-0.2
	58	IPCA-EX0	0.50	0.66	0.39	0.26	0.42	0.63	0.65	-1.4
	82	IPCA-EX1	0.16	0.42	0.30	0.28	0.32	0.34	0.35	-0.5
	41	IPCA-EX2	0.47	0.71	0.23	0.08	0.28	0.50	0.54	-1.5
	36	IPCA-EX3	0.41	0.68	0.25	0.09	0.31	0.55	0.58	-1.2
	-	IPCA-MS	0.37	0.45	0.29	0.30	0.34	0.40	0.42	-
	-	IPCA-DP	0.48	0.56	0.25	0.19	0.29	0.40	0.39	-
	-	IPCA-P55	0.30	0.54	0.18	0.31	0.26	0.32	0.00	-
	-	Diffusion index	61.85	68.97	54.77	55.70	54.50	60.48	-	-

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	Dec-24	Sep-25	Oct-25	Nov-25	Dec-25
IPCA (monthly)	100.0	0.52	0.48	0.09	0.18	0.33
Regulated prices	26.2	-0.17	1.87	-0.16	0.21	-0.22
Market-set prices	73.8	0.77	-0.00	0.17	0.16	0.52
Food at home	15.4	1.17	-0.41	-0.16	-0.20	0.14
Industrials	22.5	0.65	0.06	0.03	-0.29	0.48
Services	35.9	0.66	0.13	0.41	0.60	0.72
IPCA (12-month)	100.0	4.83	5.17	4.68	4.46	4.26
Regulated prices	26.0	4.66	5.11	4.20	5.34	5.29
Market-set prices	74.0	4.89	5.21	4.87	4.17	3.92
Food at home	15.0	8.22	5.97	4.53	2.46	1.42
Industrials	22.0	2.87	3.28	3.04	2.56	2.39
Services	36.0	4.77	6.14	6.20	5.95	6.01
Core* (monthly)						
IPCA-EX0	58.0	0.66	0.10	0.26	0.26	0.63
IPCA-EX3	37.0	0.68	0.06	0.25	0.09	0.55
IPCA-MS	-	0.45	0.23	0.29	0.30	0.40
IPCA-DP	-	0.56	0.19	0.18	0.19	0.40
IPCA-P55	-	0.54	0.36	0.29	0.31	0.32
Average**	-	0.58	0.19	0.25	0.23	0.46
Core* (12-month)						
IPCA-EX0	58.0	4.02	5.01	4.96	4.62	4.59
IPCA-EX3	37.0	4.36	5.43	5.09	4.88	4.74
IPCA-MS	-	4.51	4.93	4.77	4.71	4.65
IPCA-DP	-	4.48	5.19	4.81	4.55	4.38
IPCA-P55	-	4.33	4.93	4.88	4.91	4.68
Média núcleos**	-	4.34	5.10	4.90	4.73	4.61
Difusão***						
Diffusion index	-	68.97	52.25	52.25	55.7	60.48

* 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.

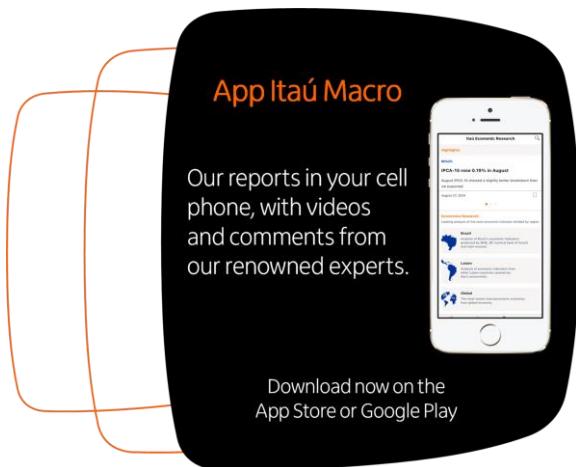
Source: IBGE, BCB, Itaú

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