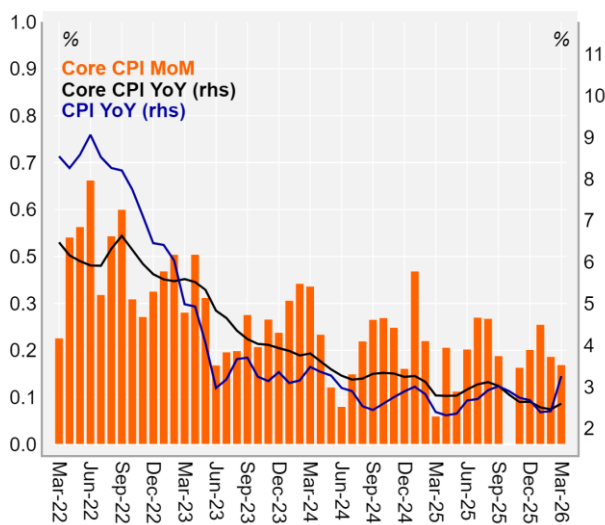


## Core CPI lower than expected in March

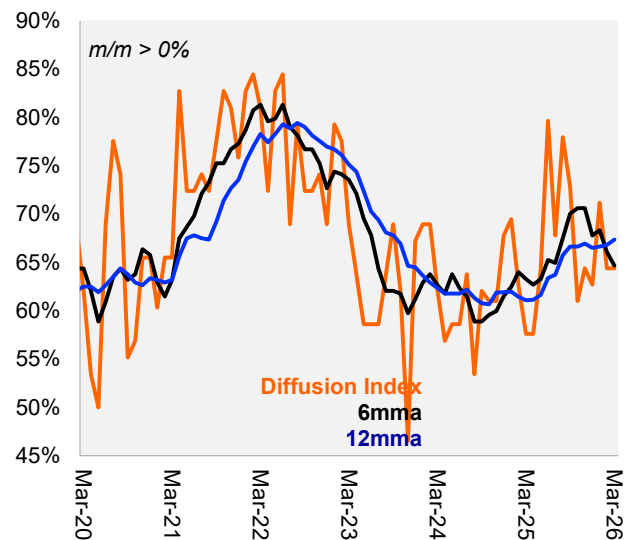
- ▶ US Core CPI came in at 0.20% m/m in March, below both our call (0.34%) and market consensus (0.3%). In 12 months, Core CPI inflation was 2.6%, versus 2.5% in February. Headline CPI came in at 0.87% m/m, below both our call (1.0%) and market consensus (1.0%). The headline index rose 3.3% in annual terms, versus 2.4% in the previous month.
- ▶ **Breakdown (see table below):** Core Goods inflation was stable at a low level compared to the previous month with falling Used Cars, in line with our expectation. Core Services inflation decreased and surprised lower, driven by a lower increase than we expected in Airfares and other core services. As a result, "Supercore" inflation moved down to 0.18% (from 0.35% m/m). Our diffusion index was stable at 64%.
- ▶ **Our view:** We reduced our Core PCE forecast to 0.30% (from 0.36%) with CPI inputs and PPI assumptions. This would still be a moderately high number, but the inflation roundup was lower than expected in the month.

Headline and Core CPI

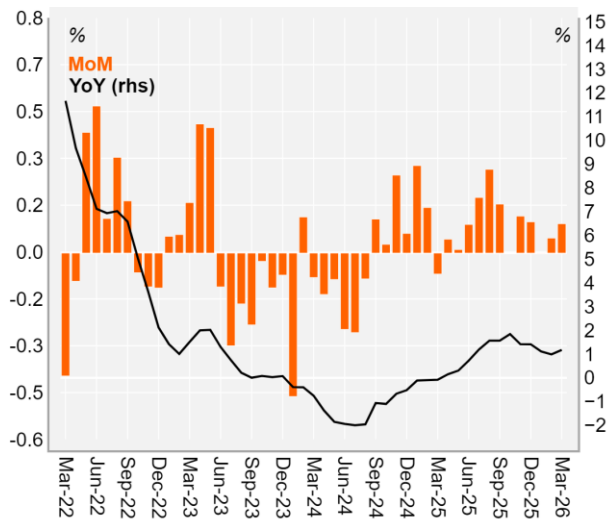


Source: BLS and Itaú

Diffusion

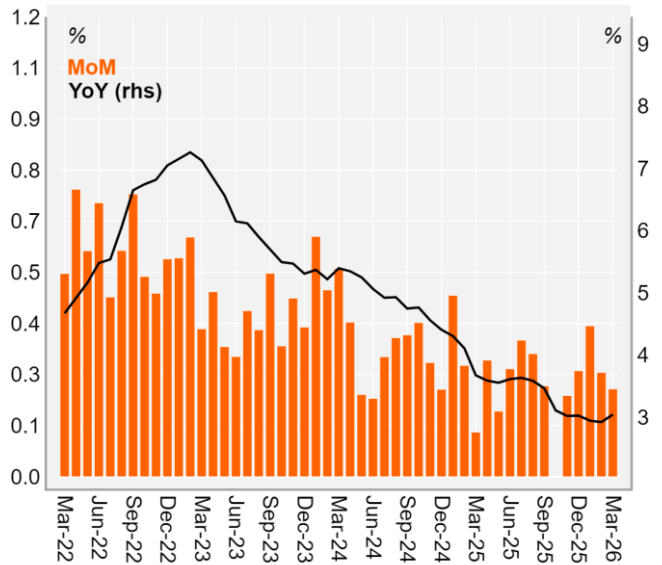


### Core goods



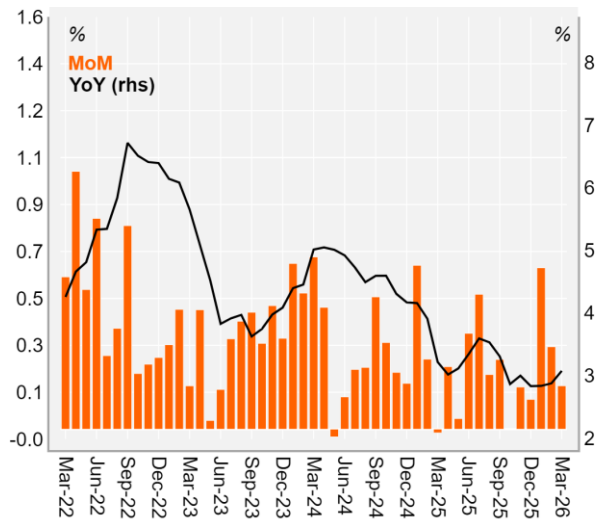
Source: BLS and Itaú

### Core services



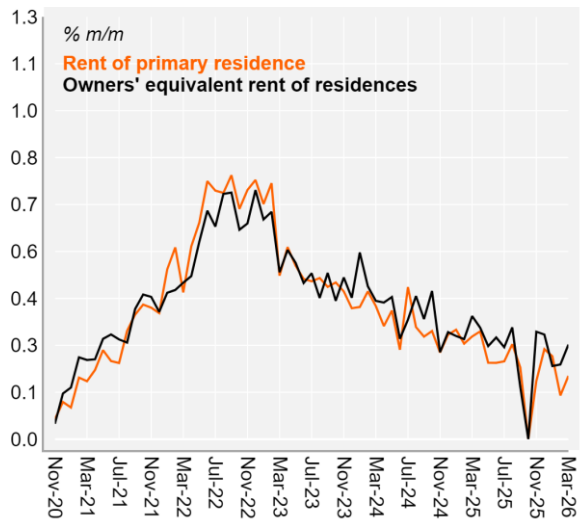
Source: BLS and Itaú

### Itaú's core services ex-shelter



Source: BLS and Itaú

### Shelter



Source: BLS and Itaú

Component	Weight %	% MoM						% YoY		
		dez/25	Jan/26	Feb/26	Mar/26	Fcst.	Surp (bps)	Jan/26	Feb/26	Mar/26
<b>CPI</b>	<b>100.0</b>	<b>0.30</b>	<b>0.17</b>	<b>0.27</b>	<b>0.87</b>	<b>1.00</b>	<b>-13</b>	<b>2.4</b>	<b>2.4</b>	<b>3.3</b>
Food	13.6	0.66	0.19	0.39	-0.01	0.54	-7	2.9	3.1	2.7
Energy	7.1	0.34	-1.47	0.63	10.87	10.41	3	-0.1	0.5	12.5
<b>CPI ex-food&amp;energy</b>	<b>79.4</b>	<b>0.23</b>	<b>0.30</b>	<b>0.22</b>	<b>0.20</b>	<b>0.34</b>	<b>-11</b>	<b>2.5</b>	<b>2.5</b>	<b>2.6</b>
<b>Core Goods</b>	<b>19.0</b>	<b>0.03</b>	<b>0.04</b>	<b>0.08</b>	<b>0.11</b>	<b>0.08</b>	<b>1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.2</b>
New Vehicles	3.8	0.01	0.15	0.04	0.10	0.20	-0	0.4	0.5	0.5
Used Vehicles	2.6	-0.87	-1.84	-0.38	-0.42	-0.40	-0	-2.0	-3.2	-3.2
Core Goods ex-Cars	12.6	0.24	0.41	0.19	0.22	0.15	1	2.1	2.1	2.4
<b>Core Services</b>	<b>60.3</b>	<b>0.27</b>	<b>0.39</b>	<b>0.27</b>	<b>0.23</b>	<b>0.41</b>	<b>-11</b>	<b>2.9</b>	<b>2.9</b>	<b>3.0</b>
Shelter	35.3	0.38	0.22	0.23	0.27	0.30	-1	3.0	3.0	3.0
OER	25.9	0.31	0.22	0.22	0.28	0.31	-1	3.3	3.2	3.1
Rent of Primary Res	7.7	0.27	0.25	0.13	0.19	0.25	-0	2.8	2.7	2.6
Lodging Away	1.4	2.18	-0.10	0.96	0.24	0.50	-0	-2.0	-1.1	2.6
Health Care	6.9	0.37	0.33	0.61	0.01	0.18	-1	3.9	4.1	3.7
Transportation Svcs	6.4	0.41	1.35	0.24	0.61	1.19	-4	1.3	2.2	4.1
Airline Fare	1.0	3.76	6.52	1.36	2.67	8.00	-5	2.2	7.1	14.9
Car and Truck Rental	0.2	-0.98	5.05	2.72	1.28	0.50	0	-1.2	2.7	8.1
Other Transp Svcs	5.3	-0.11	0.34	-0.03	0.21	-0.00	1	1.0	1.2	1.9
Other Core Svcs	11.7	-0.19	0.41	0.19	0.02	0.48	-5	3.0	2.5	2.2
<b>Alternative Cores</b>						<b>0.00</b>				
Core Services ex-OER&RPR (Powell Supercore)	26.7	0.23	0.59	0.35	0.18	0.56	-10	2.7	2.7	3.1
Core Services ex-Shelter	25.0	0.11	0.62	0.32	0.17	0.58	-10	2.8	2.9	3.1
Core Svcs ex-Shelter & Health	18.1	0.02	0.74	0.21	0.23	0.73	-9	2.5	2.4	2.9

Source: BLS, Itaú

**Bernardo Dutra**  
**Nathan Teixeira**

**Macro Research – Itaú**  
**Mario Mesquita – Chief Economist**

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