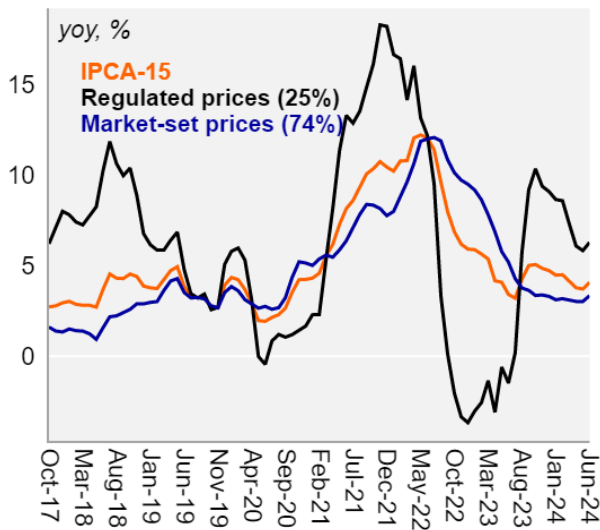


## IPCA-15 moved up 0.39% in June

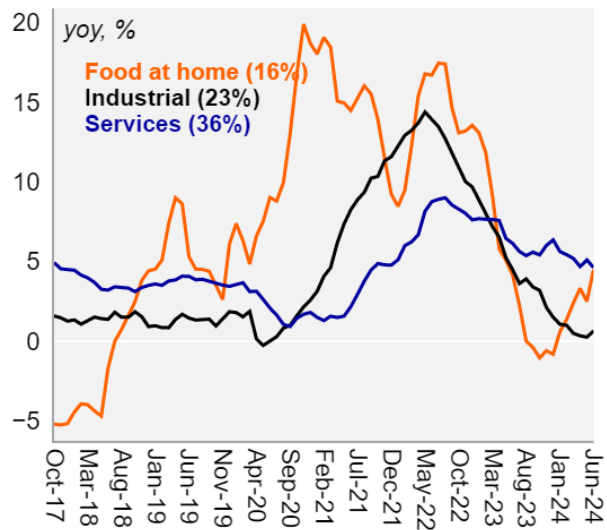
- ▶ June IPCA-15 came in at 0.39%, below both our call (0.43%) and market forecast (0.47%). In 12 months, IPCA-15 rose 4.1%, versus 3.7% in May.
- ▶ Compared to our forecast, we highlight the lower-than-expected prints in airfare and condominium fees. Pharmaceutical products, on the other hand, came in above our forecast. Regarding core metrics, underlying services inflation was in line with our estimates, while underlying industrials came in above expectations led by personal hygiene.
- ▶ Items that repeat the IPCA-15 variation at the IPCA report (airfares, courses, rent and condominium fees, labor, domestic workers, among others) were 11 bps below our call.
- ▶ In the three-month moving average, with seasonally adjusted and annualized data, underlying services inflation declined to 4.0% (from 4.8%), while underlying industrials moved up to 2.4% (from 0.7%). In the same metric, the average of core inflation measures increased to 3.3% (from 3.2%).
- ▶ **Our view:** June's IPCA-15 was lower than expected, mainly driven by airfare. Despite the slowdown in underlying services at the margin, services linked to labor remained under pressure and showed no improvement at the margin.

IPCA-15 - Market-set and regulated prices



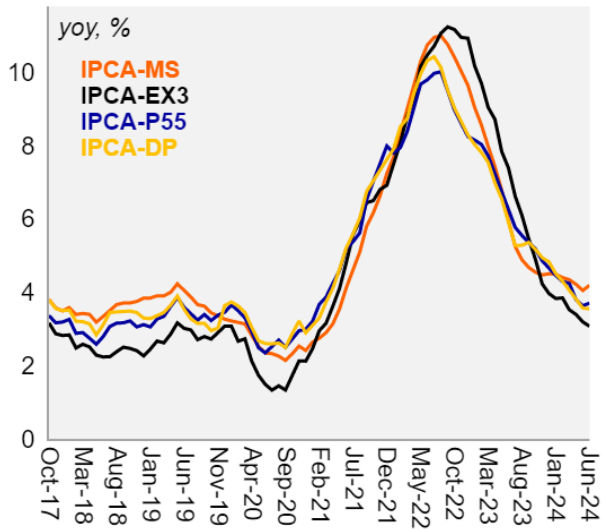
Source: IBGE, Itaú

IPCA-15 - Market-set prices



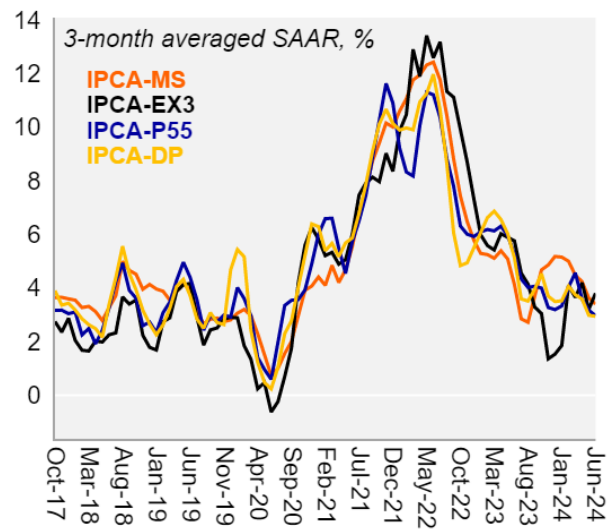
Source: IBGE, Itaú

IPCA-15 - Core



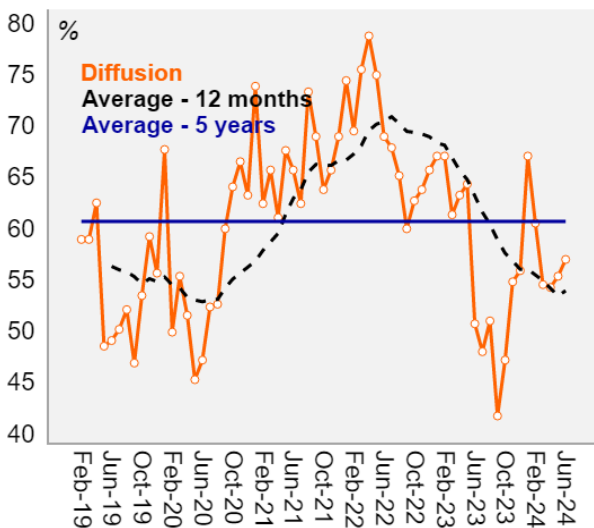
Source: IBGE, Itaú

IPCA-15



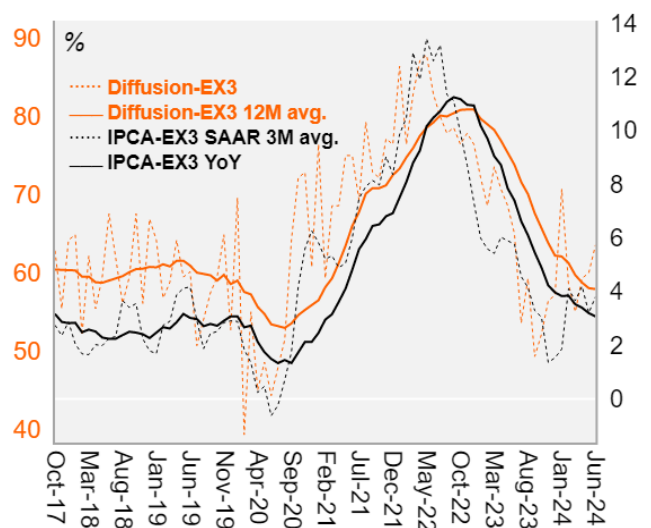
Source: IBGE, Itaú

IPCA-15 - Diffusion index



Source: IBGE, Itaú

IPCA-15 and diffusion index for EX3 core



Source: IBGE, Itaú

	Weight		Jun-2023		May-2024		Jun-2024	Proj.	Δ bps
			IPCA-15	IPCA	IPCA-15	IPCA	IPCA-15		
	100	<b>Headline</b>	0.04	-0.08	0.44	0.46	0.39	0.43	-4.0
<b>GROUPS</b>	21	<b>Food &amp; beverage</b>	-0.51	-0.66	0.26	0.62	0.98	0.98	0.0
	15	Food at home	-0.81	-1.07	0.22	0.66	1.13	1.16	-0.5
	5	Food out of home	0.29	0.46	0.37	0.50	0.59	0.50	0.5
	15	<b>Housing</b>	0.96	0.69	0.25	0.67	0.63	0.65	-0.3
	3	<b>Household articles</b>	-0.01	-0.42	-0.44	-0.53	-0.01	0.01	-0.1
	4	<b>Apparel</b>	0.79	0.35	0.66	0.50	0.30	0.21	0.4
	20	<b>Transportation</b>	-0.55	-0.41	0.77	0.44	-0.23	0.24	-9.6
	13	<b>Health and personal care</b>	0.19	0.11	1.07	0.69	0.57	0.25	4.3
	10	<b>Personal spending</b>	0.52	0.36	0.18	0.22	0.25	0.23	0.2
	6	<b>Education</b>	0.04	0.06	0.11	0.09	0.05	0.03	0.1
4	<b>Communication</b>	0.11	-0.14	0.18	0.14	0.17	0.14	0.1	
<b>BREAKDOWN</b>	25	<b>Regulated prices</b>	-0.03	0.06	0.85	0.55	0.40	0.31	2.3
	3	Residential electricity	1.45	1.43	0.17	0.94	0.79	0.74	0.2
	5	Gasoline	-3.40	-1.14	1.90	0.45	-0.13	-	0.1
	74	<b>Market-set prices</b>	0.07	-0.12	0.30	0.42	0.38	0.48	-7.4
	15	Food at home	-0.81	-1.07	0.22	0.66	1.13	1.16	-0.5
	22	Industrials	-0.08	-0.58	0.29	0.29	0.31	0.23	1.8
35	<b>Services</b>	0.56	0.62	0.34	0.40	0.10	0.34	-8.6	
<b>CORES AND DIFFUSION</b>	4	<b>Underlying food at home</b>	0.29	-0.01	0.26	0.46	0.43	0.39	0.2
	15	<b>Underlying industrials</b>	0.35	0.14	0.24	0.29	0.29	0.16	2.0
	21	<b>Underlying services</b>	0.56	0.67	0.31	0.41	0.40	0.37	0.6
	58	IPCA-EX0	0.31	0.14	0.32	0.36	0.18	0.30	-7.0
	82	IPCA-EX1	0.55	0.31	0.36	0.42	0.30	0.34	-3.3
	40	IPCA-EX2	0.45	0.39	0.28	0.37	0.36	0.29	2.9
	36	IPCA-EX3	0.47	0.44	0.28	0.36	0.35	0.28	2.6
	-	IPCA-MS	0.27	0.11	0.32	0.40	0.41	0.40	-
	-	IPCA-DP	0.39	0.13	0.30	0.36	0.37	0.38	-
	-	IPCA-P55	0.30	0.21	0.34	0.45	0.37	-	-
-	<b>Diffusion index</b>	50.68	49.60	55.31	57.29	56.95	-	-	

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	Jun-23	Mar-24	Apr-24	May-24	Jun-24
<b>IPCA-15 (monthly)</b>	<b>100.0</b>	<b>0.04</b>	<b>0.36</b>	<b>0.21</b>	<b>0.44</b>	<b>0.39</b>
Regulated prices	25.9	-0.03	0.70	0.26	0.85	0.40
Market-set prices	74.1	0.07	0.24	0.20	0.30	0.38
Food at home	15.6	-0.81	1.04	0.74	0.22	1.13
Industrials	22.9	-0.08	-0.02	0.07	0.29	0.31
Services	35.7	0.56	0.07	0.04	0.34	0.10
<b>IPCA-15 (12-month)</b>	<b>100.0</b>	<b>3.40</b>	<b>4.14</b>	<b>3.77</b>	<b>3.70</b>	<b>4.06</b>
Regulated prices	26.0	-1.49	7.29	6.08	5.82	6.27
Market-set prices	74.0	5.18	3.11	3.02	3.01	3.33
Food at home	16.0	4.14	2.39	3.31	2.49	4.49
Industrials	23.0	4.48	0.49	0.33	0.25	0.64
Services	36.0	6.13	5.19	4.68	5.10	4.62
<b>Core* (monthly)</b>						
IPCA-EX0	59.0	0.31	0.03	0.05	0.32	0.18
IPCA-EX3	37.0	0.47	0.20	0.29	0.28	0.35
IPCA-MS	-	0.27	0.33	0.29	0.32	0.41
IPCA-DP	-	0.39	0.23	0.22	0.30	0.37
IPCA-P55	-	0.30	0.36	0.10	0.34	0.37
<b>Average**</b>	<b>-</b>	<b>0.35</b>	<b>0.23</b>	<b>0.19</b>	<b>0.31</b>	<b>0.34</b>
<b>Core* (12-month)</b>						
IPCA-EX0	59.0	5.47	3.30	2.94	3.15	3.02
IPCA-EX3	37.0	7.39	3.52	3.39	3.19	3.07
IPCA-MS	-	5.95	4.34	4.21	4.05	4.19
IPCA-DP	-	5.91	4.05	3.79	3.57	3.54
IPCA-P55	-	6.28	4.24	3.79	3.63	3.70
<b>Average**</b>	<b>-</b>	<b>6.20</b>	<b>3.89</b>	<b>3.62</b>	<b>3.52</b>	<b>3.50</b>
<b>Diffusion***</b>						
Diffusion index	-	50.68	54.5	54.22	55.31	56.95

\* 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 subitems with positive price changes during the month.

Source: IBGE, BCB, Itaú

Luciana Rabelo

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