

## IDAT-Activity: Update

- ▶ **We present a methodological evolution of IDAT Activity** – the proprietary daily indicator of aggregate Itaú-client spending. **Overall, the changes do not alter the aggregate reading of the indicator, while also delivering gains in adherence at the sectoral level where there was room for refinement.**
- ▶ **The changes were motivated by the continuous modernization of Itaú's data management**, which allowed us to strengthen controls and made the testing environment more agile and robust. With that, we implemented a revision of the sectoral classifications of MCCs (Merchant Category Code – code that identifies the sector) in card transactions, and an individualized sectoral treatment of relevant retail players.
- ▶ The revisions were most relevant in **Office, IT and Communications; Other Goods of Personal Use; Furniture and Appliances; Vehicles and Parts; and Hypermarkets.**
- ▶ **For April, IDAT Goods was revised from -1.0% m/m s.a. to -0.8% m/m, while IDAT Services was revised from 0.0% m/m s.a. to +0.3% m/m.** From a longer perspective, IDAT after the revisions shows a slightly stronger performance in the year-to-date: YTD growth through April for Goods stands at 1.5% vs 0.4% in the previous version, while YTD growth for Services stands at -1.0% vs -1.5%.
- ▶ **The impact on our forecasts is marginally positive: for the March data to be released this week, our models suggest a forecast for broad retail sales (PMC) ex-wholesale-club of +0.1% m/m seasonally adjusted (vs. -0.2% previously) and for household services (PMS) of +0.3% m/m seasonally adjusted (vs. +0.2% previously).**

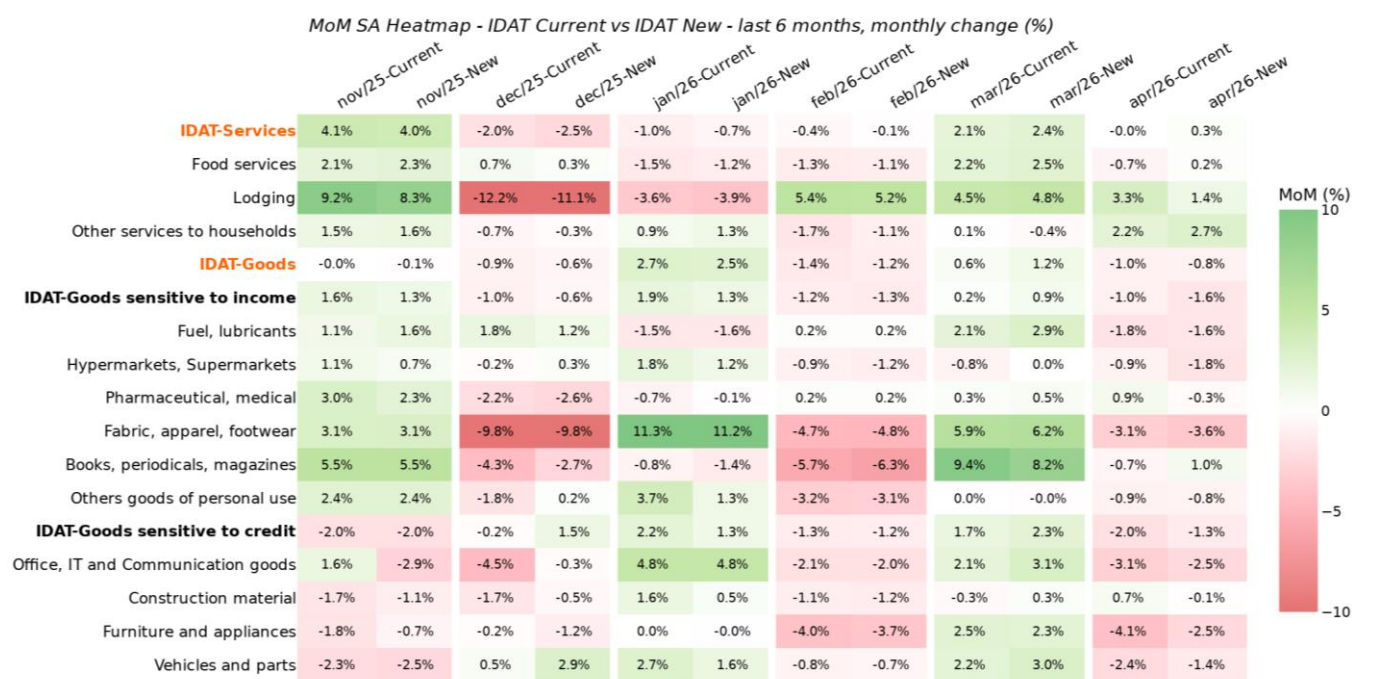
## Main improvements

**Revision of the sectoral classifications of MCCs, used as reference for card transactions.** We reallocated some MCC codes to sectors that better match their economic nature, with the most notable impact on Office, IT and Communications. In that sector, IDAT had been signaling a faster growth pace than the official survey, partly reflecting the fact that some online technology services (such as AI and gaming) were being treated under the old classification as IT goods. The revision removes these growing flows from the sector, with the net effect of lowering the IDAT level and improving adherence to IBGE data.

**Individualized treatment of large players across all transaction types.** Higher-volume retailers now receive a dedicated sectoral assignment (outside the general MCC rule) to ensure they reflect the sector that actually concentrates their sales. The treatment covers players mainly in **Other Goods of Personal Use; Furniture and Appliances; Hypermarkets; and Books/Stationery**, and is especially relevant for some multi-category companies whose volume had been credited to sectors that did not match their core economic nature. The measure reduces the risk of misclassification, especially in more concentrated segments. More specifically, the individualized treatment of retail companies reallocated firms from Other Personal and Household Items and Books/Stationery to Furniture and Appliances. In addition, it brought into the Hypermarkets sector businesses that sit in a grey area between wholesale and retail, have a CNAE linked to retail, but, as they held a wholesale-club MCC, they were left out of the sector. In fact, the absence of these firms was causing a divergence between the IDAT level and its counterpart in the IBGE survey, which we have adjusted in this version.

Beyond the sectors already mentioned, we updated the debit data sources, which generate positive impacts across all sectors, but more intensely in those where this payment method has greater representativeness (notably, Food services and Hypermarkets).

**Refinements in IDAT Other Sectors (which covers cuts that differ from IBGE aggregations but carry relevant economic meaning).** In **Gyms**, we now include workout aggregators, which previously were not identified as belonging to the sector. In **IDAT Malls**, we enriched the base of ZIP codes assigned to malls, increasing the representativeness of the cut.

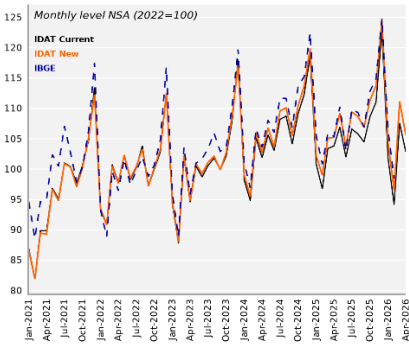


Source: Itaú

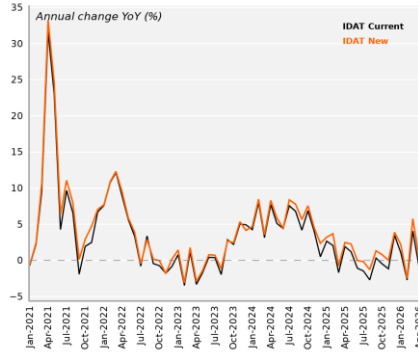
The heatmap shows that the impact of the change is relatively small in most sectors. In the aggregate and at the margin, IDAT Goods was revised from -1.0% m/m s.a. to -0.8% m/m, while IDAT Services was revised from 0.0% m/m s.a. to +0.3% m/m.

From a longer perspective, the charts below show the impacts for goods and services at the n.s.a. level, in year-over-year change and at the s.a. level, and indicate that the revision brings upside impacts. YTD growth through April for Goods stands at 1.5% vs 0.4% in the previous version, while YTD growth for Services stands at -1.0% vs -1.5%.

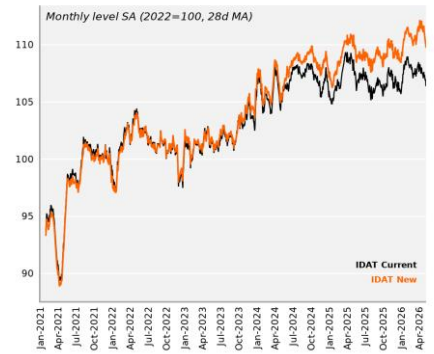
Chart 1: IDAT-Goods



Source: IBGE, Itaú

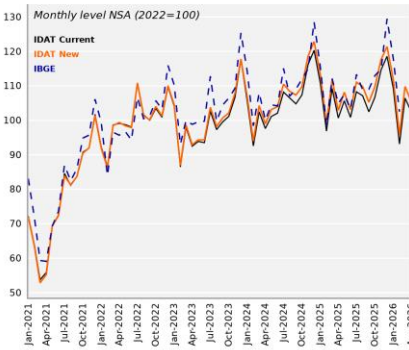


Source: Itaú

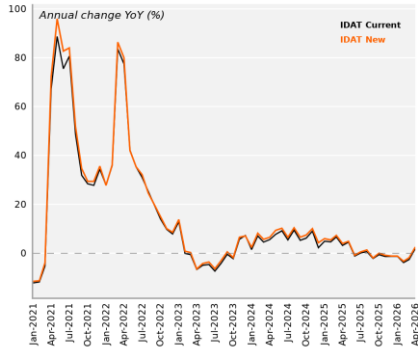


Source: Itaú

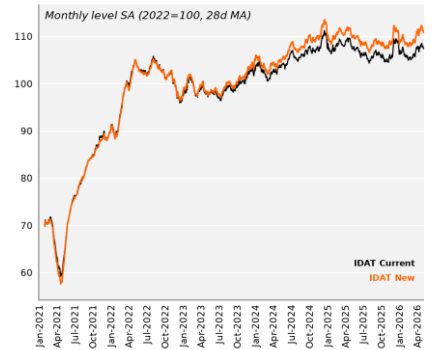
Chart 2: IDAT-Services



Source: IBGE, Itaú



Source: Itaú



Source: Itaú

### Adherence vs Official Surveys

The table below shows the  $R^2$  of *in-sample* regressions of the IBGE survey on the equivalent IDAT, both in monthly comparison, without seasonal adjustment. The regressions start in 2021.

The table indicates that the adjustments made brought improvements in explanatory power for most sectors, with particular emphasis on Office, IT and Communications and Other Goods of Personal Use.

	R <sup>2</sup> IDAT Current	R <sup>2</sup> IDAT New	Δ New – Current (p.p.)
<b>IDAT-Services</b>	0.85	0.85	0
Food services	0.88	0.87	-1
Lodging	0.56	0.56	0
<b>IDAT-Goods</b>	0.96	0.97	1
<b>IDAT-Goods sensitive to income</b>	0.98	0.98	0
Fuel, lubricants	0.67	0.69	2
Hypermarkets, Supermarkets	0.97	0.97	0
Pharmaceutical, medical	0.91	0.92	1
Fabric, apparel, footwear	0.98	0.98	0
Books, periodicals, magazines	0.83	0.85	2
Others goods of personal use	0.75	0.79	4
<b>IDAT-Goods sensitive to credit</b>	0.88	0.89	1
Office, IT and Communication goods	0.67	0.71	4
Construction material	0.81	0.82	1
Furniture and appliances	0.77	0.79	2
Vehicles and parts	0.77	0.79	2

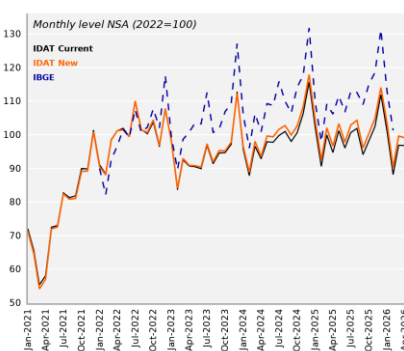
Source: Itaú

### IDAT under continuous improvement

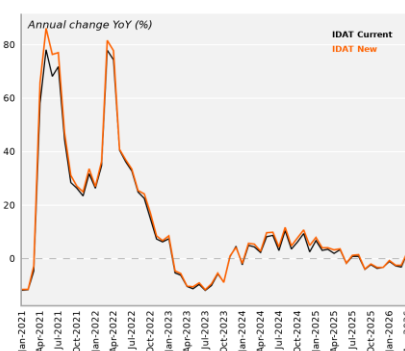
The changes presented were motivated and made possible by the continuous modernization of data management at Itaú. Whenever possible, we will incorporate improvements into the indicator so that it reflects, as faithfully as we are able, the evolution of consumption in the country.

### Appendix - Charts

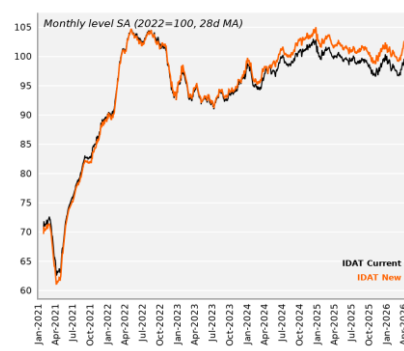
Chart 3: Food services



Source: IBGE, Itaú

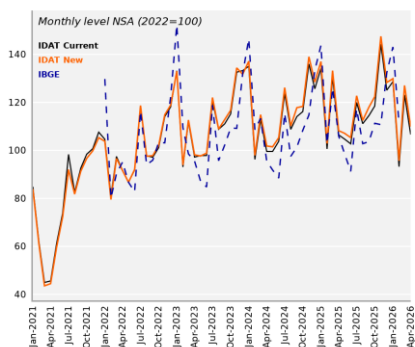


Source: Itaú

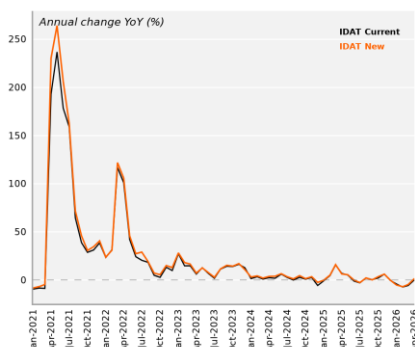


Source: Itaú

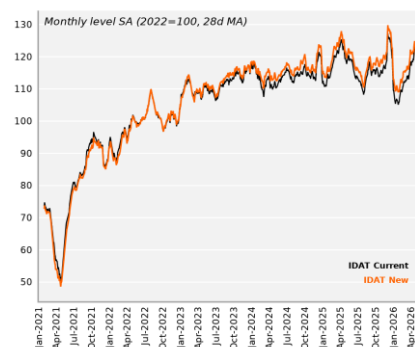
### Chart 4: Lodging



Source: IBGE, Itaú

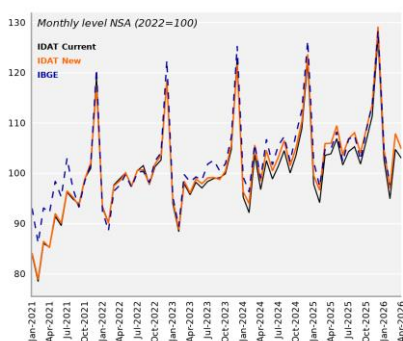


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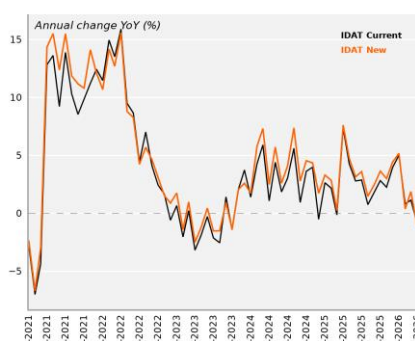


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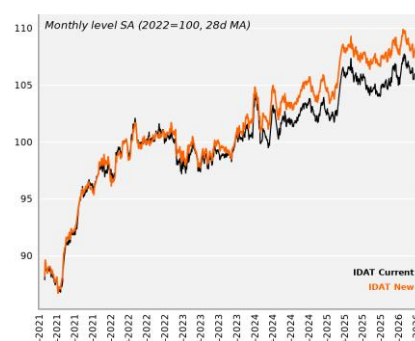
### Chart 5: IDAT-Goods sensitive to income



Source: IBGE, Itaú

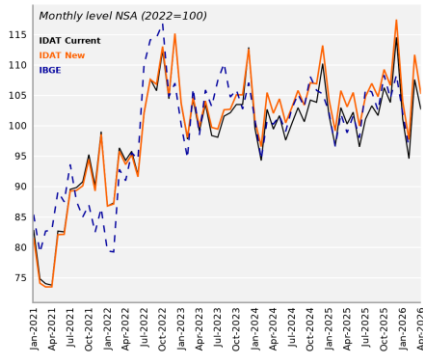


Source: Itaú

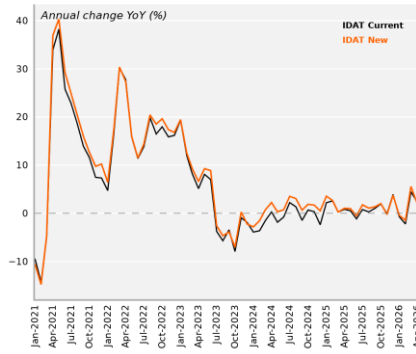


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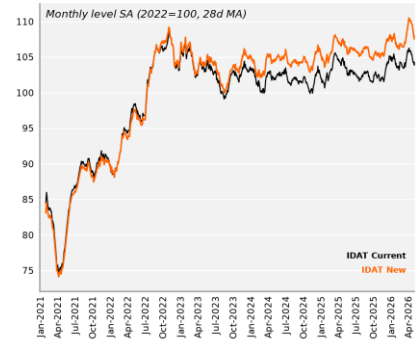
Chart 6: Fuels and Lubricants



Source: IBGE, Itaú

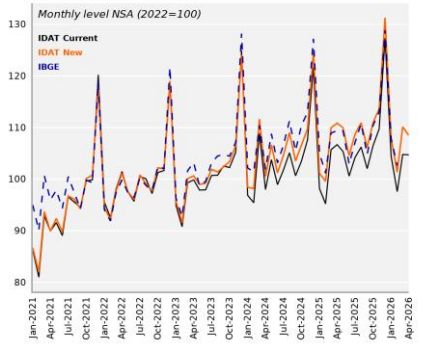


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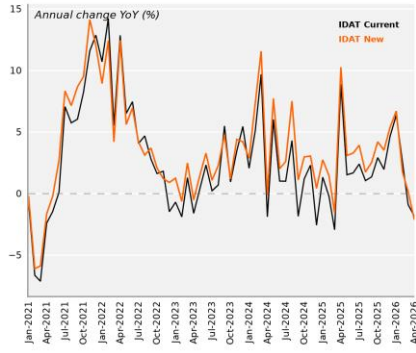


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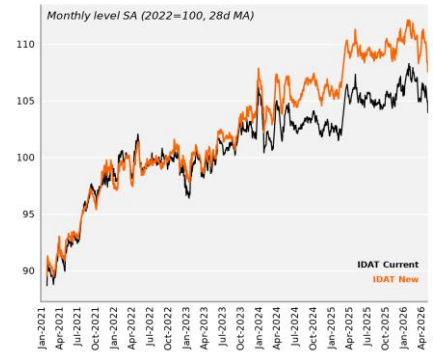
Chart 7: Hypermarkets and Supermarkets



Source: IBGE, Itaú

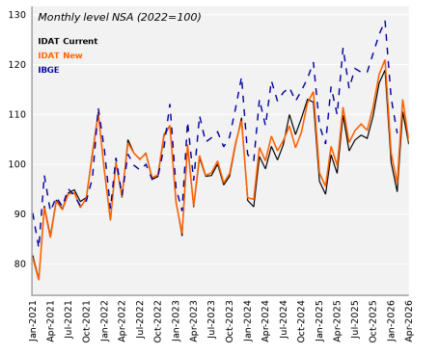


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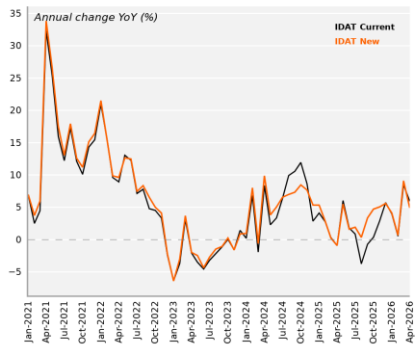


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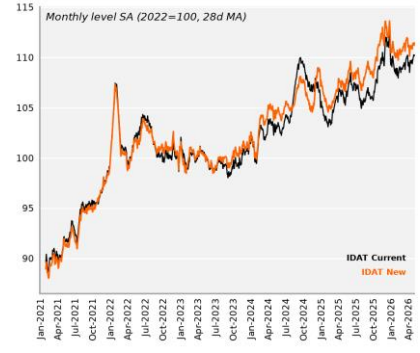
Chart 8: Pharmaceuticals, medical



Source: IBGE, Itaú

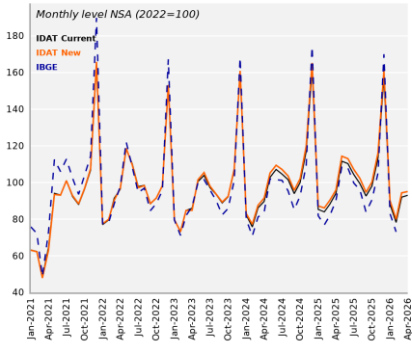


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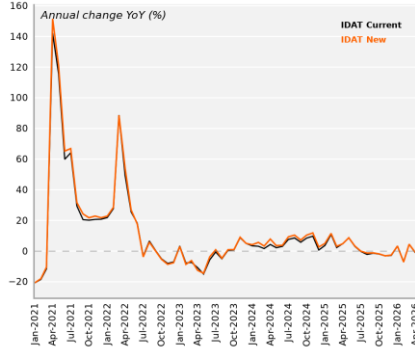


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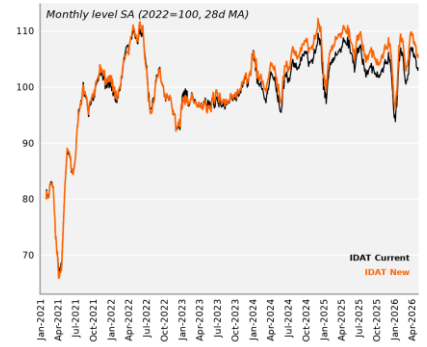
Chart 9: Textiles, apparel and footwear



Source: IBGE, Itaú

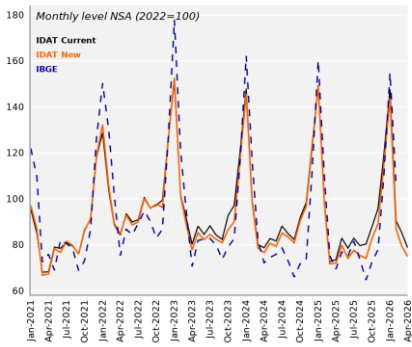


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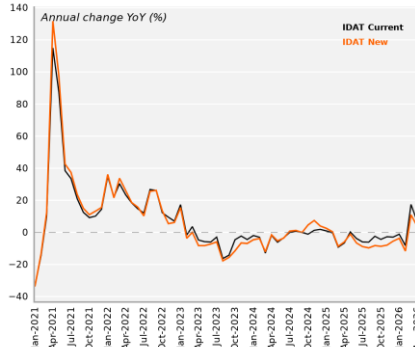


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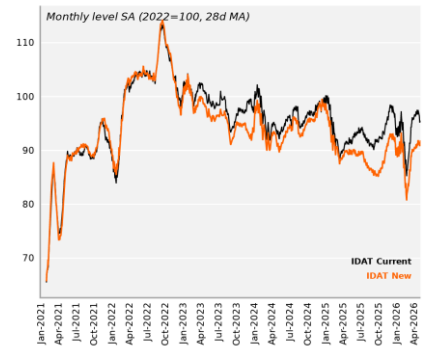
Chart 10: Books, periodicals, magazines



Source: IBGE, Itaú

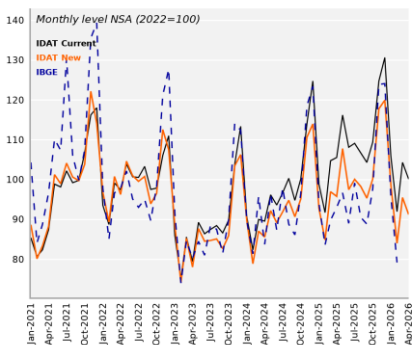


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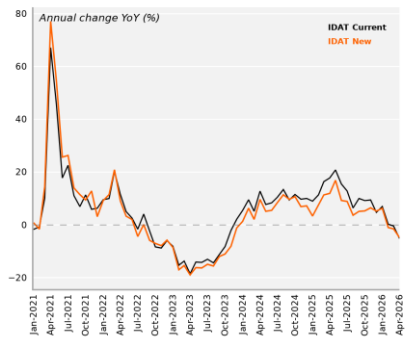


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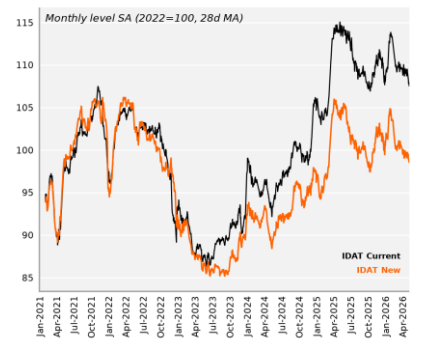
Chart 11: Other goods of personal use



Source: IBGE, Itaú

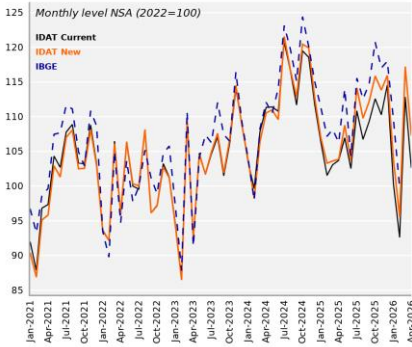


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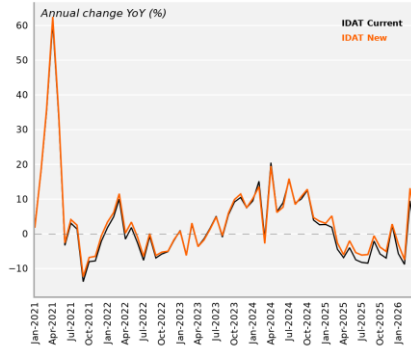


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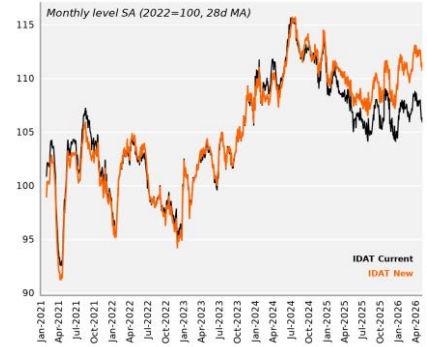
Chart 12: IDAT-Goods sensitive to credit



Source: IBGE, Itaú

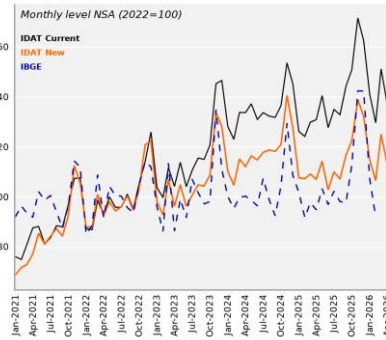


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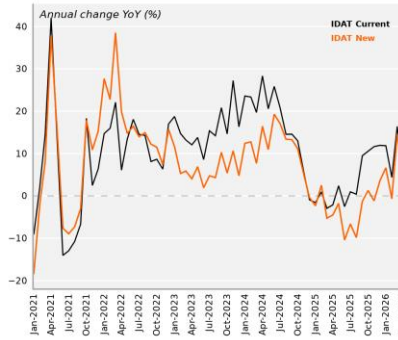


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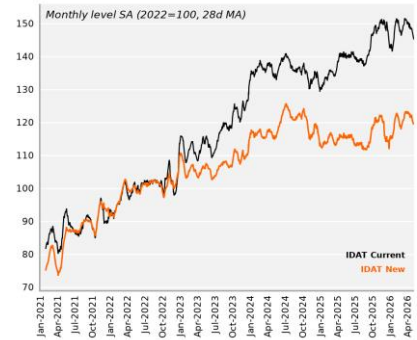
Chart 13: Office, IT and communications goods



Source: IBGE, Itaú

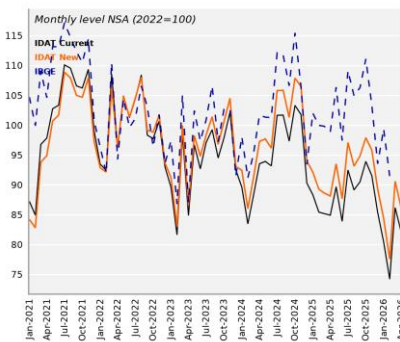


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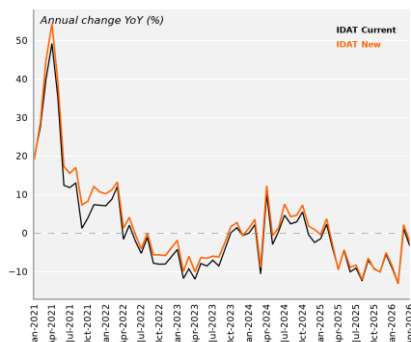


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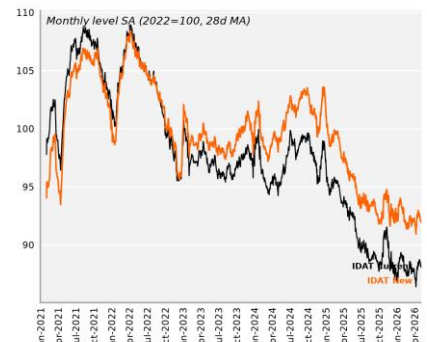
Chart 14: Construction material



Source: IBGE, Itaú

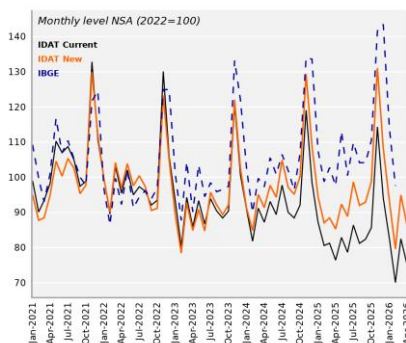


Source: Itaú

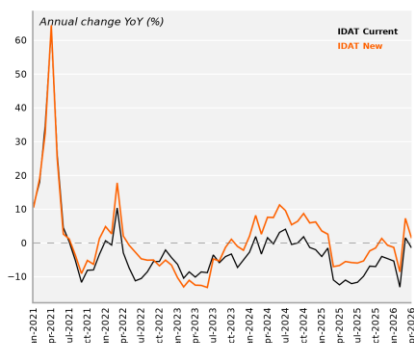


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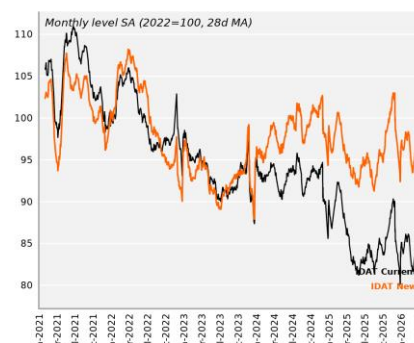
Chart 15: Furniture and appliances



Source: IBGE, Itaú

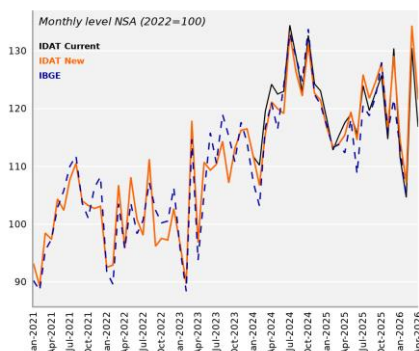


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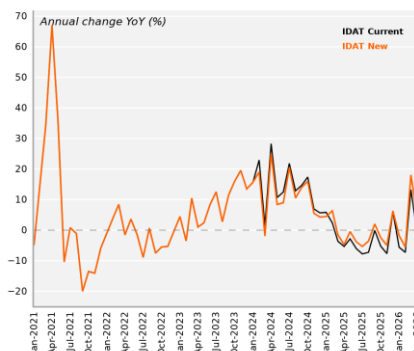


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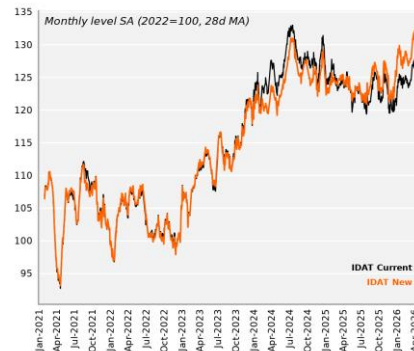
Chart 16: Vehicles and parts



Source: IBGE, Itaú



Source: Itaú



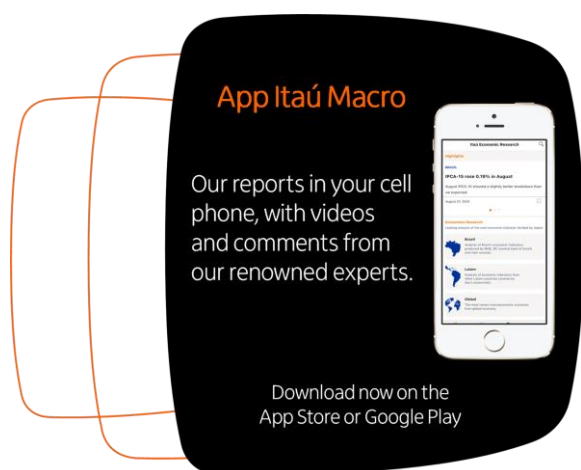
Source: Itaú

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