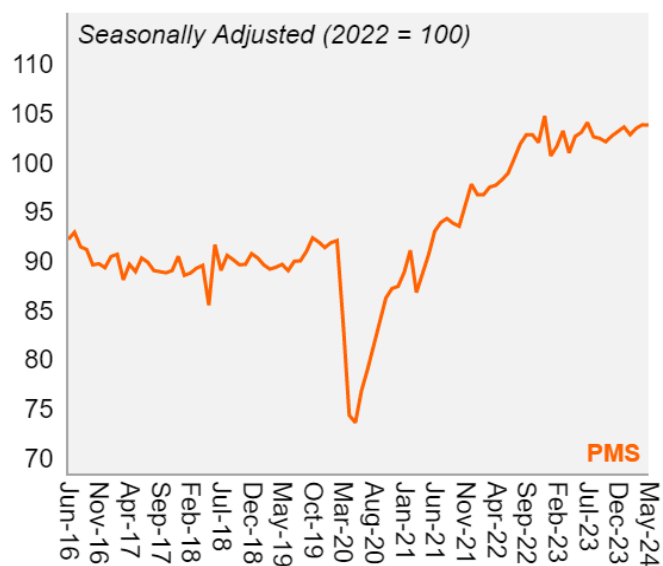


July 12, 2024

## Services was unchanged in May

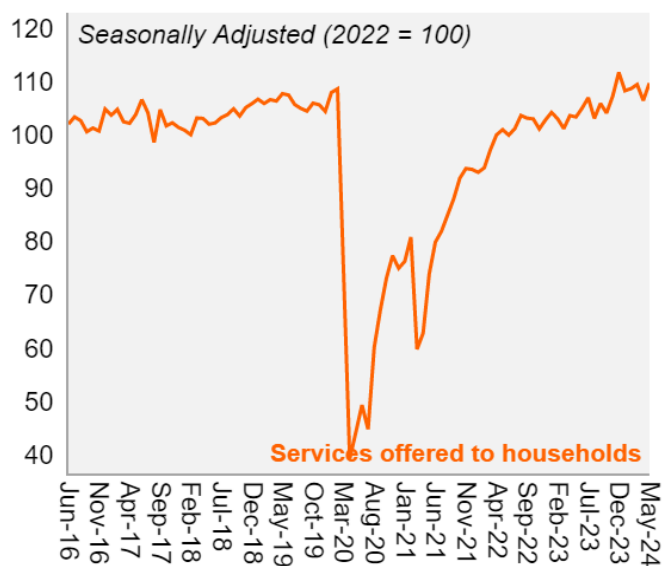
- ▶ The service sector real revenue was flat (0.0%) mom/sa in May (0.8% yoy), a result above both our call (-0.8% mom/sa) and market consensus (-0.7% mom/sa).
- ▶ Versus our forecast, the largest positive surprises were seen in 'Other Services' (3.3% yoy vs. 0.2% estimated) and 'Services offered to households' (6.5% yoy vs. 3.0% estimated). Further details can be found in the table below.
- ▶ Out of 5 categories, 2 increased and 3 contracted at the margin. The positive highlights were 'Services offered to households' (+3.0% mom/sa) and 'Professional, administrative and complementary services' (+0.5% mom/sa), while 'IT & Communication Services' (-1.1% mom/sa) and 'Transportation services' (-1.6% mom/sa) recorded the largest monthly contractions.
- ▶ With today's release, the carry over for 2Q24 now stands at 0.5% for the headline and -0.2% for the household segment.
- ▶ **Our view:** similar to the retail sales data released yesterday, the services sector surprised to the upside in May, especially in services offered to families and transportation. The services offered to families fully offset the previous month decline, possibly explained by shows and events of great magnitude. Specifically, regarding the transportation sector in the south of the country, despite the drop in nominal terms, the significant decline in the deflator (with a sharp drop in toll prices) promoted an increase in real revenues. All in all, the floods in Rio Grande do Sul appear to have had a smaller-than-expected effect on economic activity in May and data for June point to a still resilient economic activity.

### Services was unchanged mom/sa in May



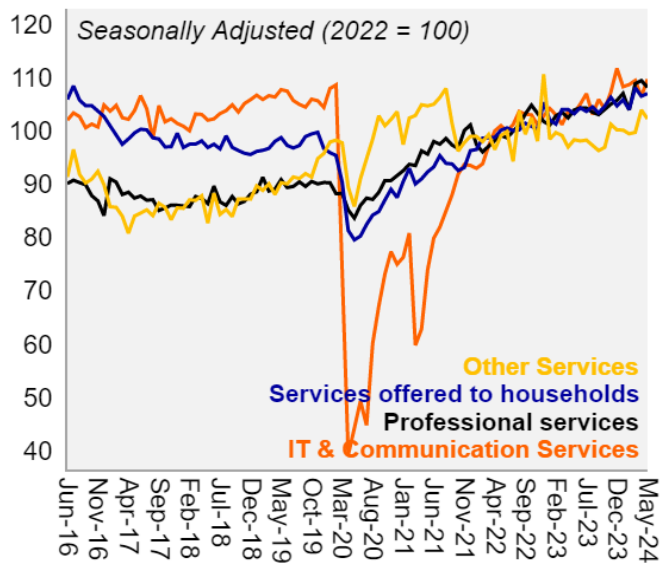
Source: IBGE, Itaú

### Services to families advanced 3.0% mom/sa



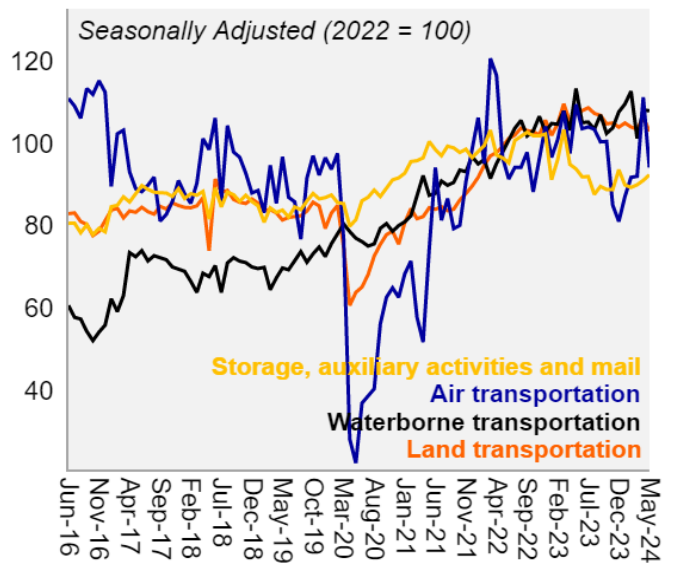
Source: IBGE, Itaú

**Out of 5 categories, 2 advanced and 3 contracted**



Source: IBGE, Itaú

**Transportation services fell 1.6% mom/sa**



Source: IBGE, Itaú

Services - May/24 (%)		
May 2024	Weight	m/m s.a.
<b>PMS</b>	<b>100.0</b>	<b>0.0</b>
Transportation services	36.4	-1.6
IT & Communication Services	23.5	-1.1
Professional, administrative and complementary services	21.7	0.5
Services offered to households	8.2	3.0
Other Services	10.2	-1.6

Source: IBGE, Itaú

Services in May/24 - forecast vs. actual (%)				
May 2024	Weight	Forecast (YoY)	Actual (YoY)	Error contr. (p.p.)
<b>PMS</b>	<b>100.0</b>	<b>-0.3</b>	<b>0.8</b>	<b>1.1</b>
Transportation services	36.4	-5.7	-4.8	0.3
IT & Communication Services	23.5	4.0	4.2	0.0
Professional, administrative and complementary services	21.7	3.0	3.4	0.1
Services offered to households	8.2	3.0	6.5	0.3
Other Services	10.2	0.2	3.3	0.3

Source: IBGE, Itaú

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