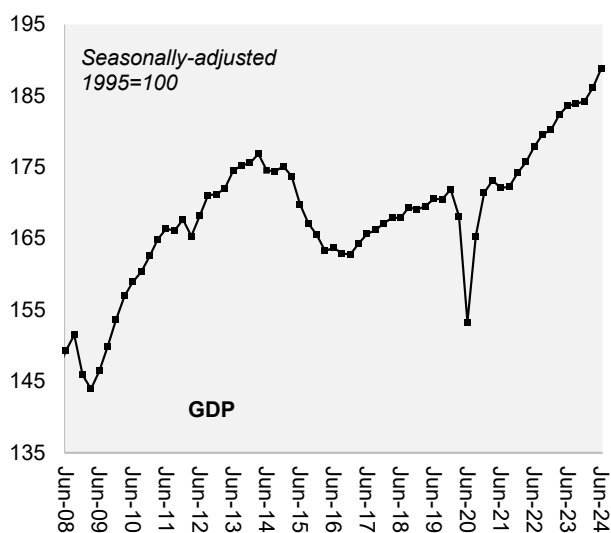


GDP grew 1.4% qoq/sa in 2Q24, exceeding expectations

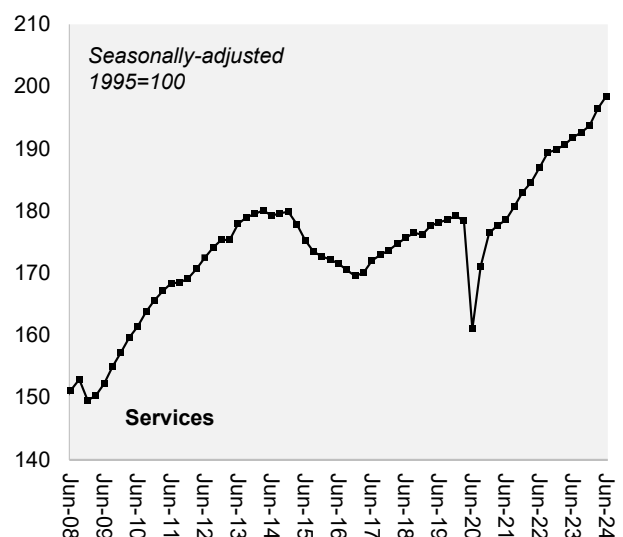
- ▶ GDP grew by 1.4% qoq/sa (3.3% yoy) in 2Q24, exceeding our estimate (+1.0% qoq/sa; 2.8% yoy), as well as the median of market expectations (+0.9% qoq/sa; 2.7% yoy).
- ▶ On the supply side, the highlight was the service sector, with public administration stronger than expected. Services expanded by 1.0% qoq/sa, after an also strong first quarter. The industrial sector also grew (1.8% qoq/sa), while agriculture declined by 2.3% at the margin (see table).
- ▶ On the demand side, the main surprise compared to our estimate was a stronger-than-expected growth in government spending (1.3% qoq/sa). Household consumption continued to perform well (1.3% qoq/sa, in line with our expectations), while investment, although below our expectation, continued to recover from a low level and advanced sequentially (2.1% qoq/sa). Household consumption remains supported by a resilient labor market and rising income, as well as a positive credit environment. Gross fixed capital formation (GFCF) expanded in a context of high imports of capital goods and a heated capital market.
- ▶ **Our view:** Today's result exceeded our expectations, with an expansion of the public sector (government spending on the demand side and public administration on the supply side), along with a resilient consumption and some recovery in investment, which had been at a low level. The rise in income (led by a resilient labor market), combined with a favorable credit cycle and heated capital markets, have all contributed to robust GDP growth. We anticipate GDP growth of 2.5% in 2024, considering some deceleration of economic activity during the second half of the year due to reduced fiscal stimulus and less support from the credit cycle. Nevertheless, we acknowledge that there is an upward bias to our GDP projection for the year.

GDP grew at the margin...



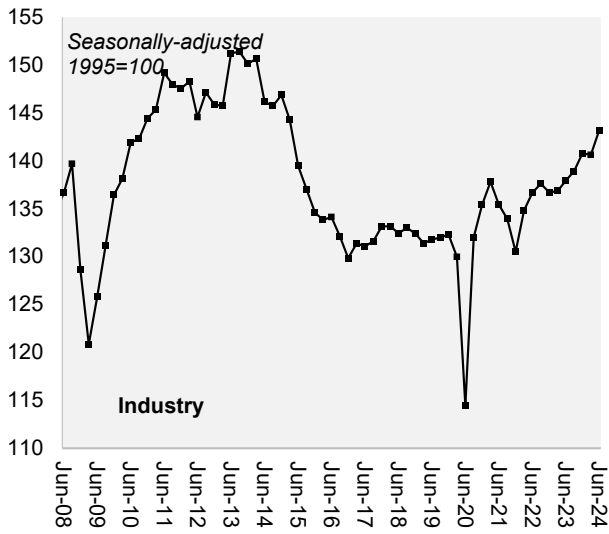
Source: IBGE, Itaú

Strong performance of the service sector



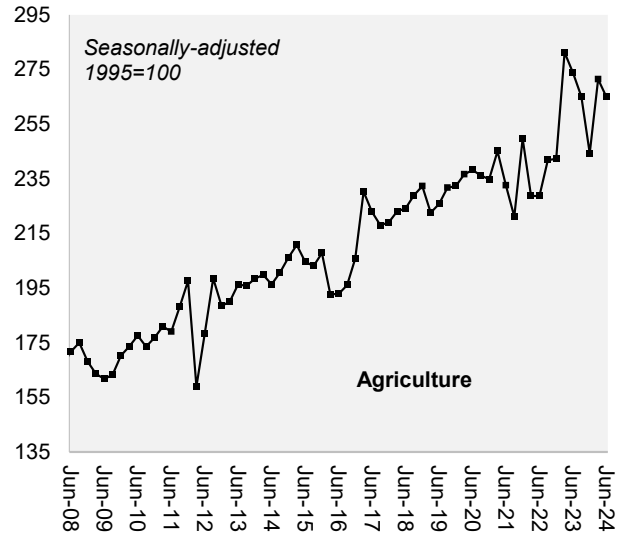
Source: IBGE, Itaú

The industry also grew ...



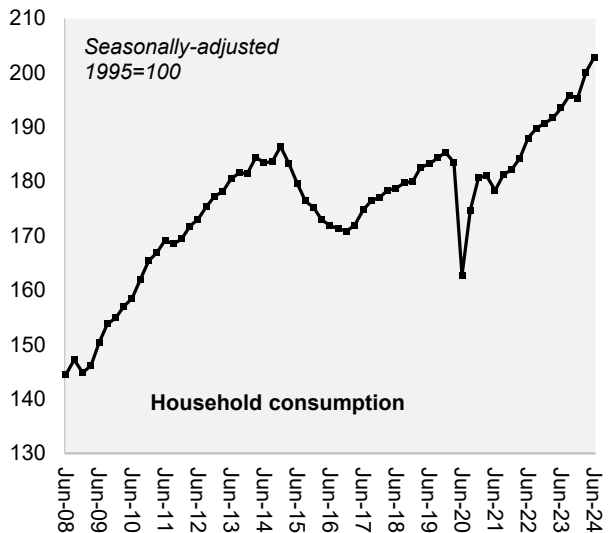
Source: IBGE, Itaú

...while agriculture retreated



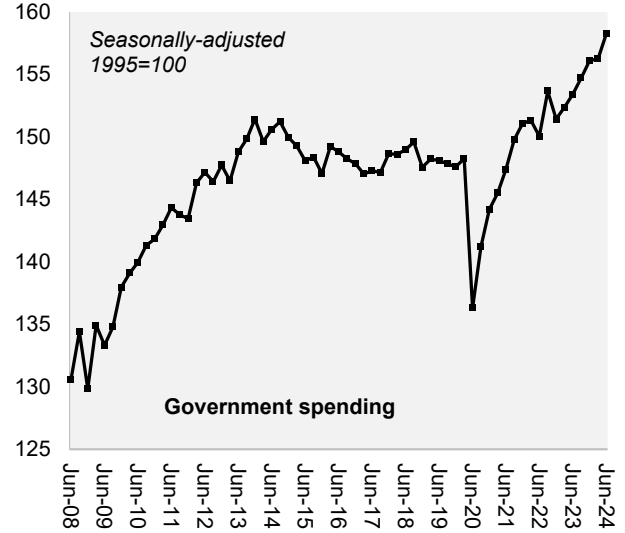
Source: IBGE, Itaú

On the demand side, resilient household consumption



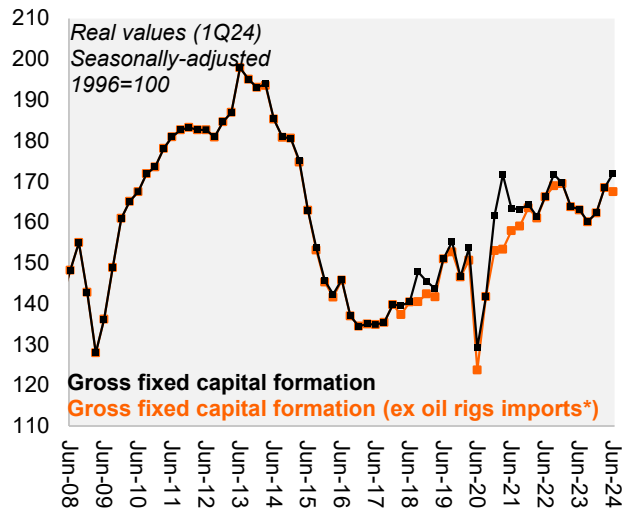
Source: IBGE, Itaú

Robust government spending



Source: IBGE, Itaú

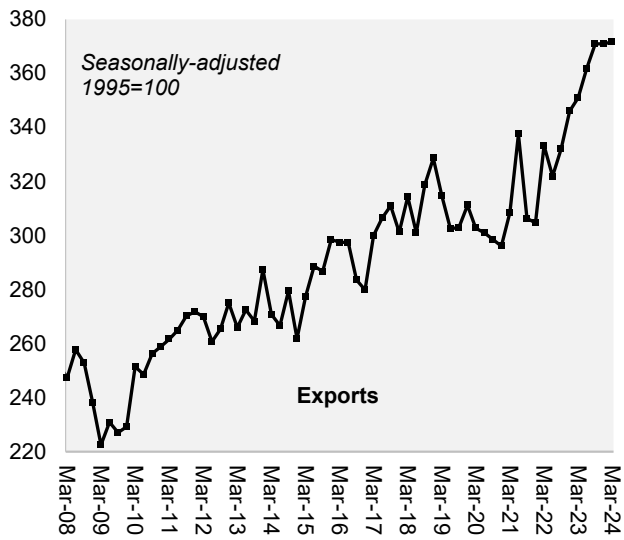
GFCF advanced, recovering from a low level



*Ignoring accounting effects of REPETRO.

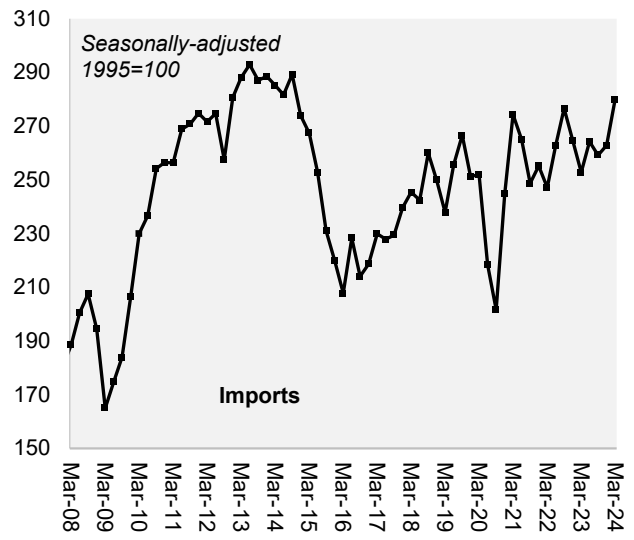
Source: IBGE, Itaú

Exports increased...



Source: IBGE, Itaú

...as well as imports



Source: IBGE, Itaú

	Quarter over quarter seasonally adjusted				YoY			
	3Q-23	4Q-23	1Q-24	2Q-24	3Q-23	4Q-23	1Q-24	2Q-24
GDP	0.1	0.2	1.0	1.4	2.0	2.1	2.5	3.3
Demand								
Consumption	1.2	-0.3	2.5	1.3	3.3	2.3	4.4	4.9
Government Expenditure	0.9	0.9	0.1	1.3	0.8	3.0	2.6	3.1
Investment (GFCF)	-1.8	1.3	3.8	2.1	-6.8	-4.4	2.7	5.7
Exports	2.9	0.0	0.4	1.4	10.0	7.3	6.5	4.5
Imports	0.6	0.9	4.5	7.6	-6.1	-0.9	10.2	14.8
Inventories contribution*	-0.3	0.6	-0.9	0.2	-	-	-	-
Supply								
Agriculture	-3.2	-7.8	11.1	-2.3	8.8	0.0	-3.0	-2.9
Industry	0.7	1.3	-0.1	1.8	1.0	2.9	2.8	3.9
Services	0.4	0.5	1.4	1.0	1.8	1.9	3.0	3.5

Source: IBGE, Itaú

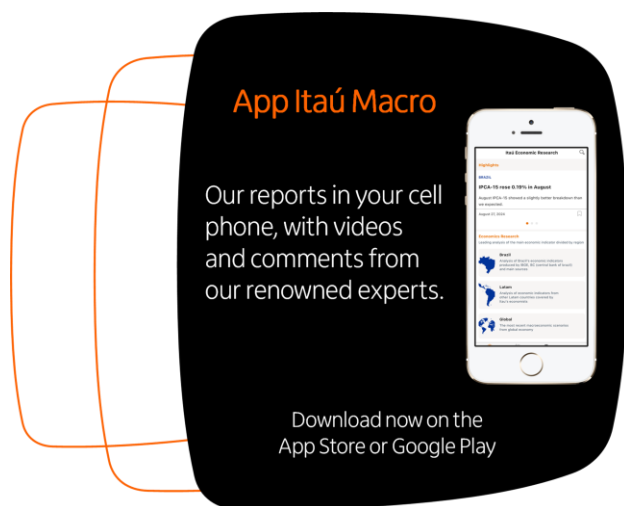
Marina Garrido

Macro Research – Itaú

Mario Mesquita – Chief Economist

To access our reports and forecast visit our website:

<https://www.itaubba.com.br/itaubba-pt/macroeconomic-analysis>



Relevant Information

1. This report has been prepared and released by the Macro Research Department of Itaú Unibanco S.A. ("Itaú Unibanco"). This report is not a product of the Equity Research Department of Itaú Unibanco or Itaú Corretora de Valores S.A. and shall not be construed as a research report ("relatório de análise") for the purposes of Article 1 of the CVM Instruction NR. 20, dated 2021.
2. The exclusive purpose of this report is to provide macroeconomics information and it does not constitute and shall not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial product, or to participate in any particular trading strategy in any jurisdiction. The information herein is believed to be reliable as of the date on which this report was released and it has been obtained from public sources believed to be reliable. However, Itaú Unibanco does not make any explicit or implied representation or warranty as to the completeness, reliability or accuracy of such information, nor does this report intend to be a complete statement or summary of the markets or developments referred to herein. Itaú Unibanco has no obligation whatsoever to update, modify or amend this report and inform the reader accordingly.
3. The opinions contained herein reflect exclusively the personal views of the analyst responsible for this report and were prepared independently and autonomously, including in relation to Itaú Unibanco, Itaú Corretora de Valores S.A. and any other companies within their economic group.
4. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of Itaú Unibanco. Additional information on the financial products mentioned in this report may be available upon request. Itaú Unibanco and/or any other company within its economic group is not and shall not be liable for any investment decisions (or otherwise) based on the information provided herein.

Additional Note: This material does not take into consideration the objectives, financial situation or specific needs of any particular client. Clients must obtain financial, tax, legal, accounting, economic, credit and market advice on an individual basis, based on their personal characteristics and objectives, prior to making any decision based on the information contained herein. By accessing the material, you represent and confirm that you understand the risks related to the financial instruments described in this material and the laws in your jurisdiction relating to the provision and sale of financial service products. You acknowledge that this material contains proprietary information and you agree to keep this information confidential for your exclusive use.

For inquiries, suggestions, complaints, criticisms and compliments, talk to Itaú's CSCC: 0800 728 0728. Or contact us through our portal <https://www.itaú.com.br/atenda-itaú/para-voce/>. If you are not satisfied with the proposed solution, please contact the Itaú Corporate Ombudsman: 0800 570 0011 (on weekdays from 9 AM to 6 PM) or our PO Box 67.600, São Paulo-SP, Zip Code 03162-971. Hearing impaired, every day, 24h, 0800 722 1722.