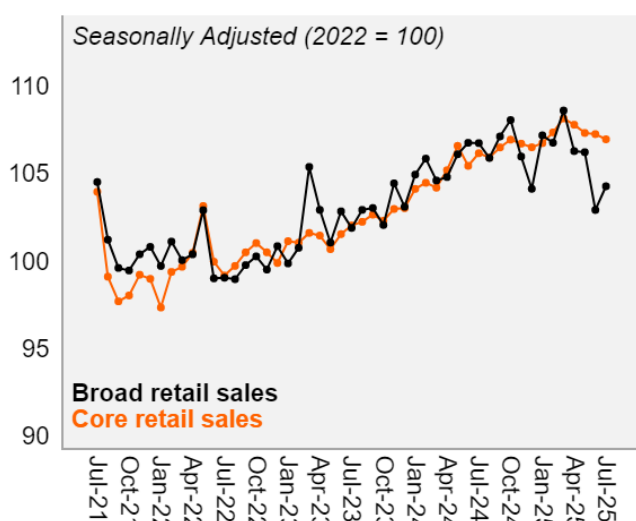


September 11, 2025

Broad Retail Sales fell 2.5% yoy in July

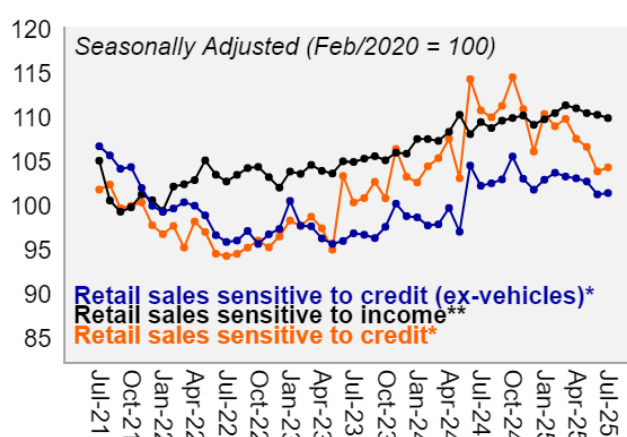
- ▶ Broad retail sales fell 2.5% yoy in July (+1.3% mom/sa), below our call (-2.2% yoy) and the market's expectation (-1.6% yoy). Core sales expanded 1.0% yoy (-0.3% mom/sa), close to market's expectation (+0.8% yoy) and above our call (+0.6% yoy).
- ▶ Relative to our estimates, the largest surprise in core sales was "Hypermarkets, supermarkets, food, beverages and tobacco" (0.4% vs. our forecast of -0.3% yoy). In the broad retail sales, the most significant deviation came from "Auto & Parts" (-9.0% vs. estimated -3.6% yoy).
- ▶ The previous reading of broad sales was revised downward. Considering these revisions and market expectations for marginal performance last month, we estimate that the level of broad retail sales stood 0.7% below market expectations in July (0.8% weaker in the last three months on average).
- ▶ Out of 10 sectors, 6 advanced and 4 contracted at the margin. The positive highlight was "Auto & Parts" (+1.8% mom/sa), while "Fabric, apparel, footwear" (-2.9% mom/sa) stood out on the negative side.
- ▶ With today's release, the carry-over for 3Q25 now stands at -0.5% and -0.8% for core and broad sales, respectively.
- ▶ **Our view:** Broad retail sales came in below both market expectations and our forecast on a year-over-year basis. The main deviation came from a weaker print in the 'Auto & Parts' segment. In July, we observed a slightly increase in credit-sensitive items, but this was insufficient to offset the weakness seen in the previous month. Income-sensitive categories remain on a downward trend since the beginning of Q2. These results reinforce our view of a gradual deceleration in economic activity throughout 3Q25, extending the slowdown observed in the previous quarter.

Broad Retail Sales expanded 1.3% mom/sa in July



Source: IBGE, Itaú

Retail sales sensitive to credit advanced



*Includes: furniture and appliances; auto and parts; construction material; equipment and material for office.

**Includes: fuel; supermarkets; apparel, footwear; pharmaceutical; books/magazines.

Source: IBGE, Itaú

Retail sales - July/25(%)		
Sector	%MoM S.A.	%YoY
Core retail sales	-0.3	1.0
Fuel, lubricants	0.7	1.0
Hypermarkets, supermarkets, food, beverages and tobacco	-0.3	0.4
Fabric, apparel, footwear	-2.9	-1.5
Furniture and appliances	1.5	3.2
Pharmaceutical, medical	0.6	3.8
Equipment and material for office	-3.1	-4.7
Books, periodicals, magazines	1.0	3.4
Other goods of personal use*	-0.6	1.5
Broad retail sales	1.3	-2.5
Broad retail sales ex-wholesales	0.9	-1.7
Wholesale specialized in foods	-	-7.5
Auto & Parts	1.8	-9.0
Construction material	0.4	-2.6

*Includes sale of jewelry, watches, recreational and sporting goods, handicrafts, electronic devices for domestic use (except computers and communication items)

Source: IBGE, Itaú

Retail Sales in July/25 - forecast vs. actual (%)				
Sector	Weight	Actual (YoY)	Forecast (YoY)	Error Contribution (p.p.)
Core retail sales	59.6	1.0	0.6	0.2
Fuel, lubricants	7.2	1.0	2.0	-0.1
Hypermarkets, supermarkets, food, beverages and tobacco	32.2	0.4	-0.3	0.2
Fabric, apparel, footwear	3.7	-1.5	4.1	-0.2
Furniture and appliances	4.1	3.2	1.7	0.1
Pharmaceutical, medical	5.6	3.8	3.0	0.0
Equipment and material for office	0.9	-4.7	9.9	-0.1
Books, periodicals, magazines	0.2	3.4	-0.1	0.0
Other goods of personal use*	5.8	1.5	-2.3	0.2
Broad retail sales	100.0	-2.5	-2.2	-0.3
Broad retail sales ex-wholesales	84.1	-1.7	-6.6	4.1
Wholesale specialized in foods	15.9	-7.5	-11.1	0.6
Auto & Parts	16.8	-9.0	-3.6	-0.9
Construction material	7.7	-2.6	-2.8	0.0

*Includes sale of jewelry, watches, recreational and sporting goods, handicrafts, electronic devices for domestic use (except computers and communication items)

Source: IBGE, Itaú

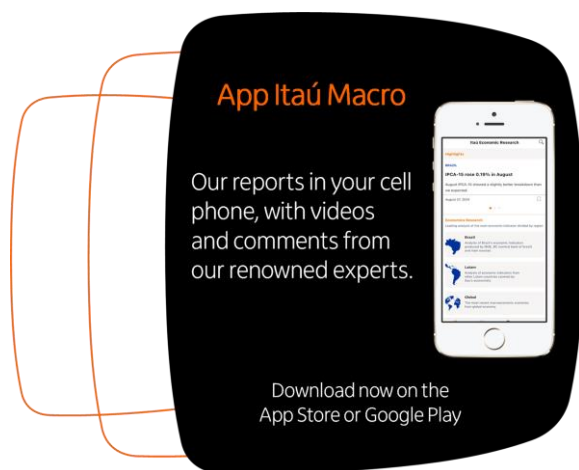
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