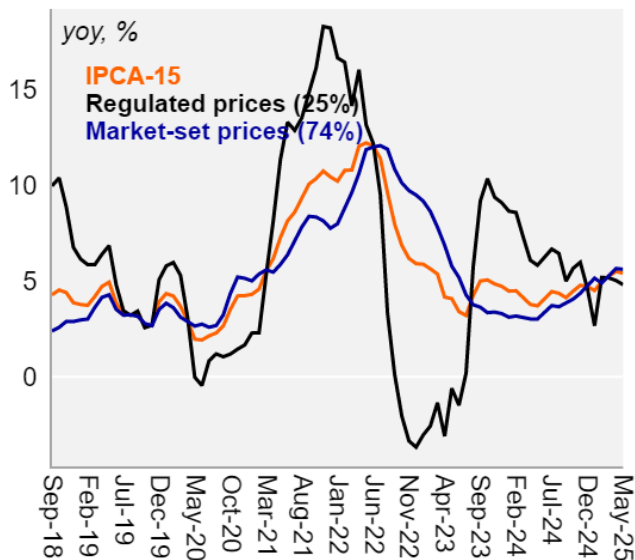


May 27, 2025

## IPCA-15 moved up 0.36% in May

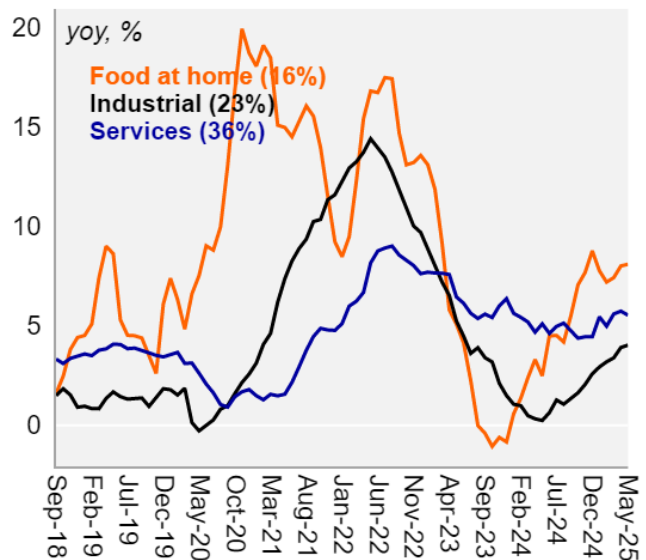
- ▶ May IPCA-15 came in at 0.36%, below both our call (0.45%) and market forecast (0.44%). In 12 months, IPCA-15 rose 5.4%, versus 5.5% in April.
- ▶ Compared to our forecast, we highlight the lower-than-expected prints in food at home and auto repair. Apparel, on the other hand, came in above our forecast. Regarding core metrics, underlying services inflation was below expectations, led by car repair, while underlying industrials were in line with our estimates.
- ▶ Items that repeat the IPCA-15 variation at the IPCA report (airfares, courses, rent and condominium fees, labor, domestic workers, among others) were in line with our forecast.
- ▶ In the three-month moving average, with seasonally adjusted and annualized data, underlying services inflation was stable at 7.4%, while underlying industrials declined to 4.9% (from 5.4%). In the same metric, the average of core inflation measures receded to 5.6% (from 5.8%).
- ▶ **Our view:** May IPCA-15 came in below expectations, with the main surprise concentrated in food at home, especially beef and vegetables. Qualitatively, this reading surprised positively as well, with underlying services below expectations, driven by car repair services - but despite the downward surprise, core inflation remains at a high level.

IPCA-15 - Market-set and regulated prices



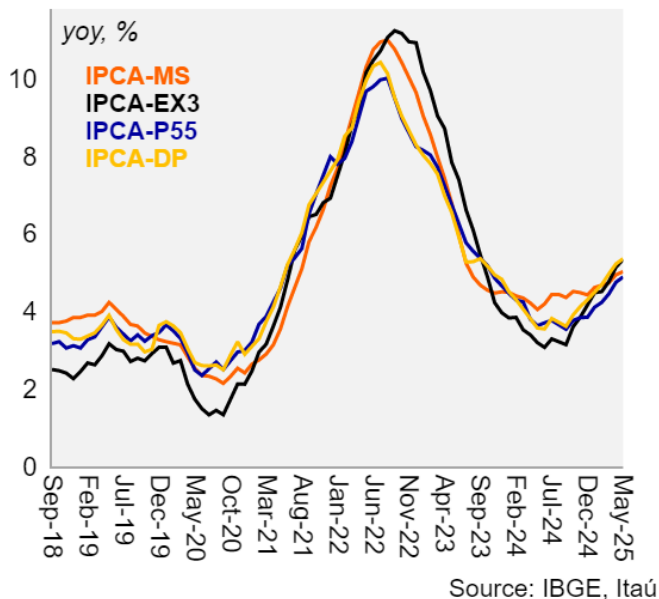
Source: IBGE, Itaú

IPCA-15 - Market-set prices

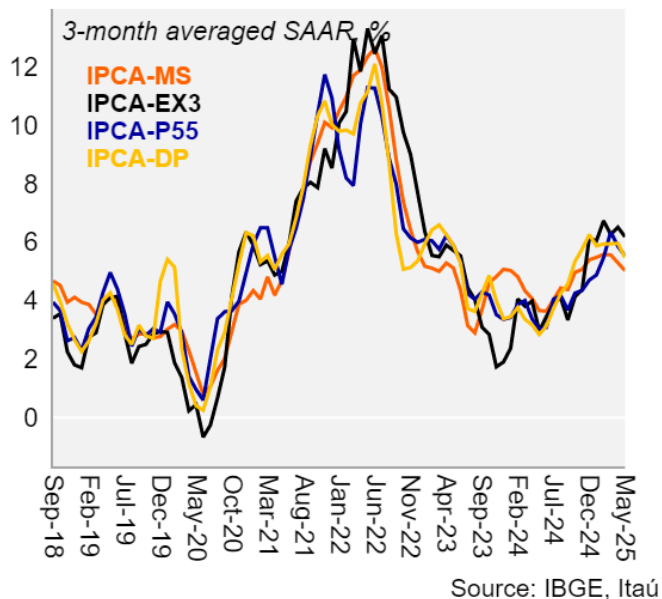


Source: IBGE, Itaú

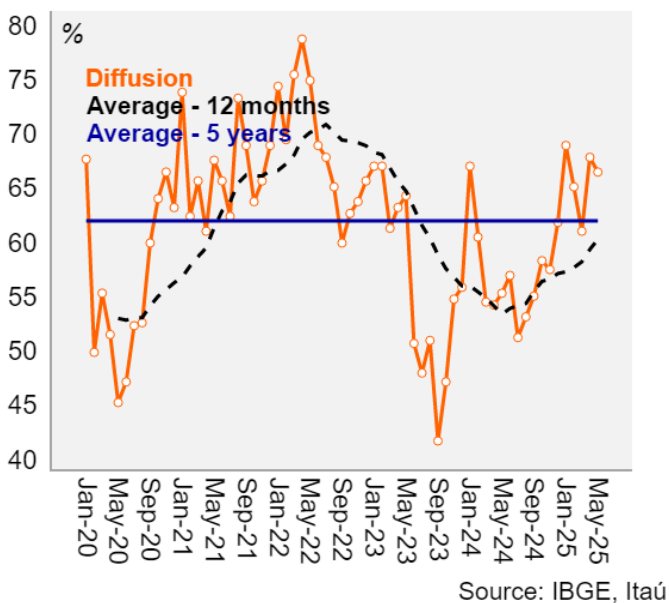
### IPCA-15 - Core



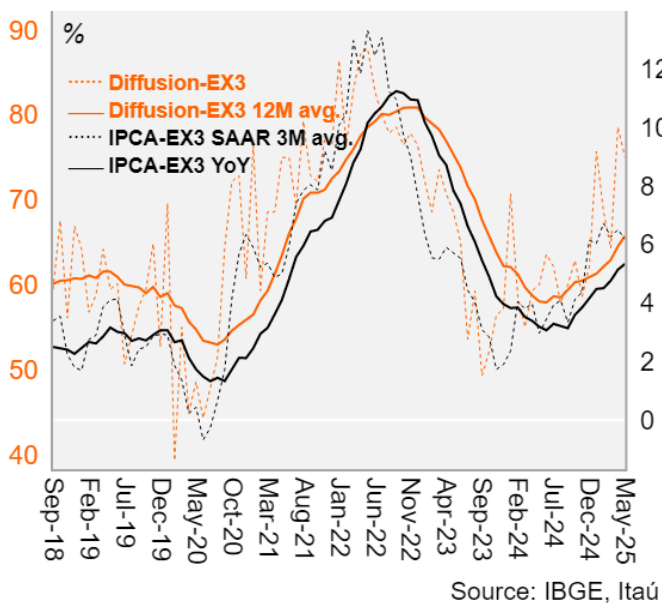
### IPCA-15



### IPCA-15 - Diffusion index



### IPCA-15 and diffusion index for EX3 core



			May-2024		Apr-2025		May-2025	Proj.	Δ bps
Weight			IPCA-15	IPCA	IPCA-15	IPCA	IPCA-15		
	100	Headline	0.44	0.46	0.43	0.43	0.36	0.45	-9.0
GROUPS	22	Food & beverage	0.26	0.62	1.14	0.82	0.39	0.71	-7.0
	16	Food at home	0.22	0.66	1.29	0.83	0.30	0.70	-6.4
	6	Food out of home	0.37	0.50	0.77	0.80	0.63	0.74	-0.7
	15	Housing	0.25	0.67	0.09	0.14	0.67	0.67	0.0
	3	Household articles	-0.44	-0.53	0.37	0.53	-0.07	0.18	-0.9
	4	Apparel	0.66	0.50	0.76	1.02	0.92	0.63	1.3
	20	Transportation	0.77	0.44	-0.44	-0.38	-0.29	-0.17	-2.5
	13	Health and personal care	1.07	0.69	0.96	1.18	0.91	0.98	-0.9
	10	Personal spending	0.18	0.22	0.53	0.54	0.50	0.40	1.0
	6	Education	0.11	0.09	0.06	0.05	0.09	0.04	0.3
	4	Communication	0.18	0.14	0.52	0.69	0.27	0.31	-0.2
BREAKDOWN	25	Regulated prices	0.85	0.55	0.13	0.35	0.64	0.66	-0.4
	3	Residential electricity	0.17	0.94	-0.09	-0.08	1.68	1.60	0.3
	5	Gasoline	1.90	0.45	-0.29	-0.35	0.14	0.05	0.5
	74	Market-set prices	0.30	0.42	0.53	0.46	0.26	0.37	-8.2
	16	Food at home	0.22	0.66	1.29	0.83	0.30	0.70	-6.4
	22	Industrials	0.29	0.29	0.57	0.62	0.41	0.45	-1.0
CORES AND DIFFUSION	35	Services	0.34	0.40	0.18	0.20	0.15	0.17	-0.8
	4	Underlying food at home	0.26	0.46	1.61	1.25	1.10	1.05	0.2
	15	Underlying industrials	0.24	0.29	0.78	0.75	0.49	0.50	-0.2
	21	Underlying services	0.31	0.41	0.55	0.61	0.45	0.54	-1.8
	58	IPCA-EX0	0.32	0.36	0.33	0.37	0.25	0.28	-1.8
	81	IPCA-EX1	0.36	0.42	0.41	0.48	0.43	0.48	-4.1
	41	IPCA-EX2	0.28	0.37	0.75	0.73	0.54	0.58	-1.7
	36	IPCA-EX3	0.28	0.36	0.65	0.67	0.47	0.52	-1.9
	-	IPCA-MS	0.32	0.40	0.49	0.49	0.40	0.46	-
	-	IPCA-DP	0.30	0.36	0.47	0.51	0.42	0.47	-
	-	IPCA-P55	0.34	0.45	0.39	0.48	0.47	-	-
	-	Diffusion index	55.31	57.29	67.85	66.84	66.49	-	-

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	May-24	Feb-25	Mar-25	Apr-25	May-25
<b>IPCA-15 (monthly)</b>	<b>100.0</b>	<b>0.44</b>	<b>1.23</b>	<b>0.64</b>	<b>0.43</b>	<b>0.36</b>
<b>Regulated prices</b>	<b>25.7</b>	<b>0.85</b>	<b>2.98</b>	<b>0.67</b>	<b>0.13</b>	<b>0.64</b>
<b>Market-set prices</b>	<b>74.3</b>	<b>0.30</b>	<b>0.64</b>	<b>0.63</b>	<b>0.53</b>	<b>0.26</b>
Food at home	16.0	0.22	0.63	1.25	1.29	0.30
Industrials	22.5	0.29	0.57	0.17	0.57	0.41
Services	35.8	0.34	0.68	0.66	0.18	0.15
<b>IPCA-15 (12-month)</b>	<b>100.0</b>	<b>3.70</b>	<b>4.96</b>	<b>5.26</b>	<b>5.49</b>	<b>5.40</b>
<b>Regulated prices</b>	<b>26.0</b>	<b>5.82</b>	<b>5.18</b>	<b>5.16</b>	<b>5.02</b>	<b>4.80</b>
<b>Market-set prices</b>	<b>74.0</b>	<b>3.01</b>	<b>4.88</b>	<b>5.29</b>	<b>5.65</b>	<b>5.60</b>
Food at home	16.0	2.49	7.19	7.42	8.00	8.09
Industrials	23.0	0.25	3.19	3.39	3.91	4.03
Services	36.0	5.10	4.98	5.59	5.73	5.53
<b>Core* (monthly)</b>						
IPCA-EX0	58.0	0.32	0.64	0.47	0.33	0.25
IPCA-EX3	36.0	0.28	0.49	0.44	0.65	0.47
IPCA-MS	-	0.32	0.51	0.39	0.49	0.40
IPCA-DP	-	0.30	0.78	0.50	0.47	0.42
IPCA-P55	-	0.34	0.65	0.57	0.39	0.47
<b>Average**</b>	<b>-</b>	<b>0.31</b>	<b>0.61</b>	<b>0.47</b>	<b>0.47</b>	<b>0.40</b>
<b>Core* (12-month)</b>						
IPCA-EX0	58.0	3.15	4.28	4.73	5.02	4.94
IPCA-EX3	36.0	3.19	4.51	4.76	5.14	5.34
IPCA-MS	-	4.05	4.67	4.73	4.94	5.02
IPCA-DP	-	3.57	4.69	4.96	5.22	5.36
IPCA-P55	-	3.63	4.23	4.45	4.75	4.88
<b>Average**</b>	<b>-</b>	<b>3.52</b>	<b>4.48</b>	<b>4.73</b>	<b>5.01</b>	<b>5.11</b>
<b>Diffusion***</b>						
Diffusion index	-	55.31	65.12	61.04	67.85	66.49

\* 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 subitens with positive price changes during the month.

Source: IBGE, BCB, Itaú

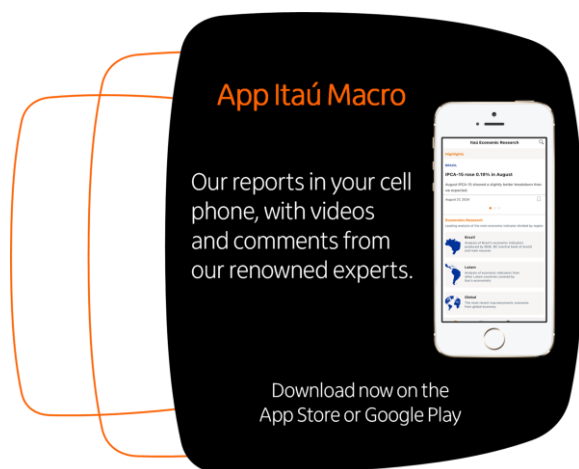
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