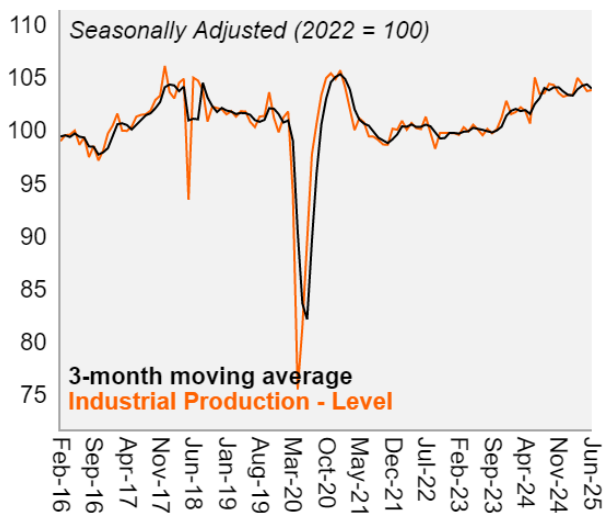


August 1, 2025

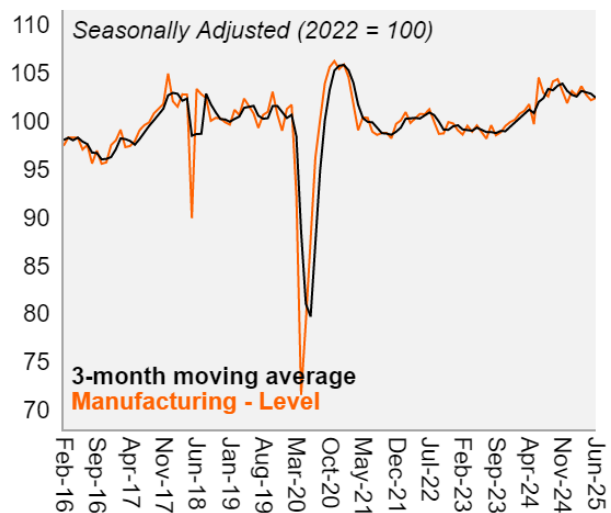
Industrial production increased 0.1% qoq s.a. in 2Q25

- ▶ Industrial production advanced 0.1% mom/sa in June (-1.3% yoy), below our expectations (+0.4% mom/sa) and the market consensus (+0.4% mom/sa). The breakdown shows that manufacturing rose 0.2% mom/sa (-2.2% yoy), exceeding our forecast (-0.2% mom/sa), while mining/extractive declined 1.9% mom/sa (+3.8% yoy), below our projection (+1.2% mom/sa).
- ▶ Compared to our yoy forecast, the largest negative surprises came from 'Food' and 'Mining/Extractive' (see table below).
- ▶ Among the main categories, the positive highlights were 'Capital goods' (+1.2% mom/sa) and 'Durable consumer goods' (+0.2% mom/sa), while 'Semi-durable/Non-durable consumer goods' (-1.2% mom/sa) and 'Intermediate goods' (-0.1% mom/sa) posted the sharpest contractions. The breakdown shows that 68% of sectors expanded in the month, up from 44% in May.
- ▶ In 2Q25, industrial production increased 0.1% qoq/sa, with the following breakdown: -0.7% for manufacturing and 4.8% for mining/extractive. With today's release, the statistical carry-over for 3Q25 now stands at -0.1%: -0.0% for manufacturing and -1.0% for mining/extractive.
- ▶ **Our view:** June's industrial production came in weaker than expected. The negative surprise was mainly driven by the extractive sector, but manufacturing also delivered a below-par performance. Overall, the industry lost momentum in the second quarter, and this trend is likely to continue in the coming months.

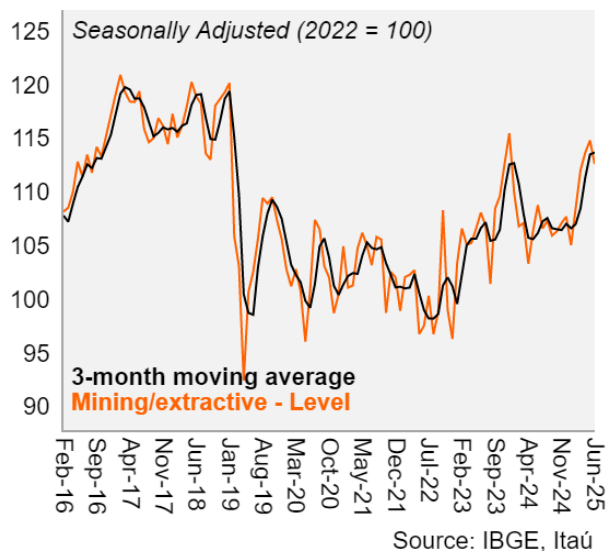
Industrial production advanced 0.1% qoq s.a. in 2Q25



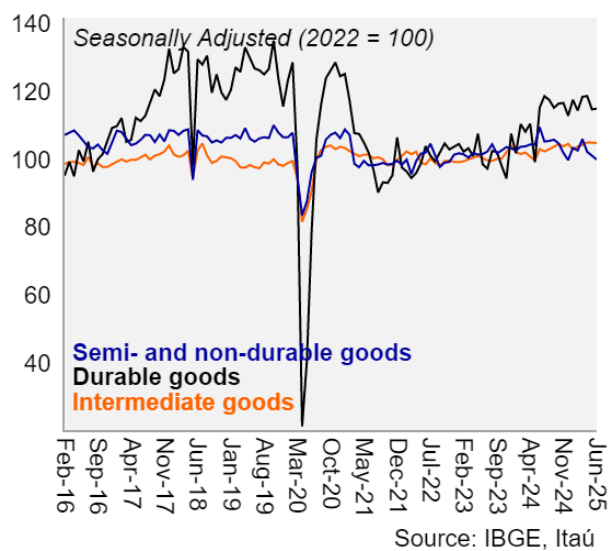
Manufacturing rose 0.2% mom/sa



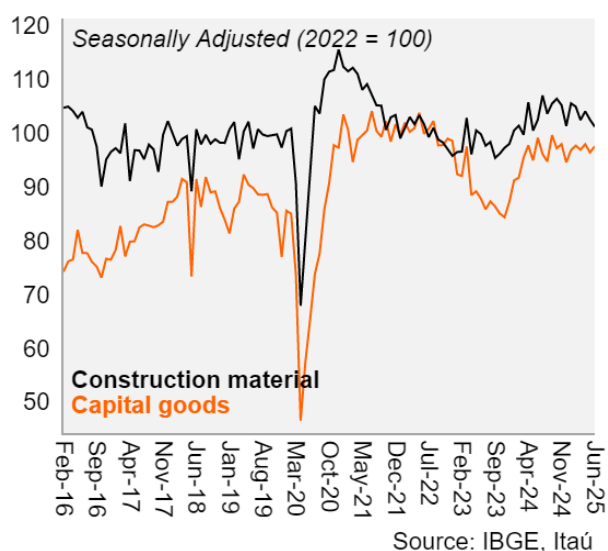
Mining/extractive receded 1.9% mom/sa



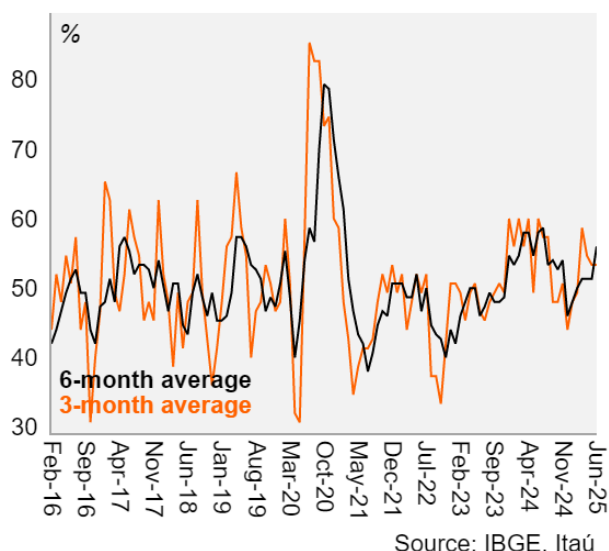
Industrial production by category



Capital goods and construction materials



Diffusion index



Industrial production - June/25 (% m/m s.a.)						
Sector	Jan-2025	Feb-2025	Mar-2025	Apr-2025	May-2025	Jun-2025
Industrial Production	0.1	0.0	1.6	-0.6	-0.6	0.1
Mining/extractive	-2.5	3.1	3.4	1.5	1.0	-1.9
Manufacturing	1.2	-0.4	0.9	-0.9	-0.5	0.2
Semi-durable/non-durable consumer goods	3.6	-0.8	3.2	-3.5	-1.1	-1.2
Durable consumer goods	4.2	-2.7	3.5	0.2	-3.3	0.2
Intermediate goods	-1.7	0.9	0.5	0.7	-0.1	-0.1
Capital goods	2.4	0.9	-0.8	1.1	-1.6	1.2
Diffusion	0.6	0.48	0.68	0.48	0.44	0.68

Source: IBGE, Itaú

Industrial production - June/25 (% y/y s.a.)						
Sector	Jan-2025	Feb-2025	Mar-2025	Apr-2025	May-2025	Jun-2025
Industrial Production	1.3	1.3	3.4	-0.5	3.3	-1.3
Mining/extractive	-5.5	-3.5	5.9	10.0	8.8	3.8
Manufacturing	2.7	2.2	3.0	-2.2	2.3	-2.2
Semi-durable/non-durable consumer goods	0.3	0.3	3.2	-6.2	-2.8	-8.8
Durable consumer goods	16.2	16.4	2.6	1.9	15.1	0.2
Intermediate goods	0.2	-0.2	4.0	2.0	5.3	1.7
Capital goods	6.7	8.3	-1.1	-3.8	1.4	-1.2
Diffusion	0.6	0.48	0.68	0.48	0.44	0.68

Source: IBGE, Itaú

Sector breakdown - actual vs. forecast in June/25					
Sector	Weight	m/m s.a.	y/y	Itaú Forecast (y/y)	Error contr. (p.p.)
Industrial Production	100.0	0.1	-1.3	-0.6	-0.7
Mining/extractive	14.6	-1.9	3.8	6.6	-0.4
Manufacturing	85.4	0.2	-2.2	-2.0	-0.2
Food	15.1	-1.9	-3.2	1.5	-0.7
Oil and biofuel derivatives	13.5	-2.3	-13.2	-11.7	-0.2
Vehicles	6.2	2.4	1.4	2.8	-0.1
Metallurgy	4.9	1.4	4.0	3.2	0.0
Chemical products	7.4	0.6	1.9	-0.4	0.2
Machinery and equipment	3.8	0.9	1.9	-0.1	0.1
Metal products	3.0	0.7	-0.4	-1.0	0.0
Non-metallic minerals	2.7	-0.8	-1.0	0.9	-0.1
Rubber and plastic	3.4	1.4	5.0	1.8	0.1
Beverages	3.0	-2.6	-5.0	1.3	-0.2
Pulp and Paper	3.7	1.6	-1.8	-3.7	0.1
Machinery and electric material	2.3	-2.7	-2.0	-2.6	0.0
Computers and electronics	2.0	1.5	-4.0	-12.0	0.2
Pharmaceuticals	2.4	1.7	-7.4	-14.3	0.2
Clothing	2.0	0.1	3.1	-0.3	0.1
Leather and footwear	1.4	-4.0	-0.8	0.8	-0.0
Textiles	1.3	0.1	9.4	7.2	0.0
Other transportation equipment	1.1	3.2	10.0	1.6	0.1
Maintenance of machinery and equipment	1.6	2.1	14.2	8.0	0.1
Furniture	1.2	2.2	-2.7	-5.3	0.0
Lumber	1.0	-2.0	-1.0	3.5	-0.0
Prints and engravings	0.6	6.6	10.2	11.3	-0.0
Diverse products	1.2	2.2	1.8	-5.1	0.1
Tobacco	0.4	2.6	13.7	19.5	-0.0

Source: IBGE, Itaú

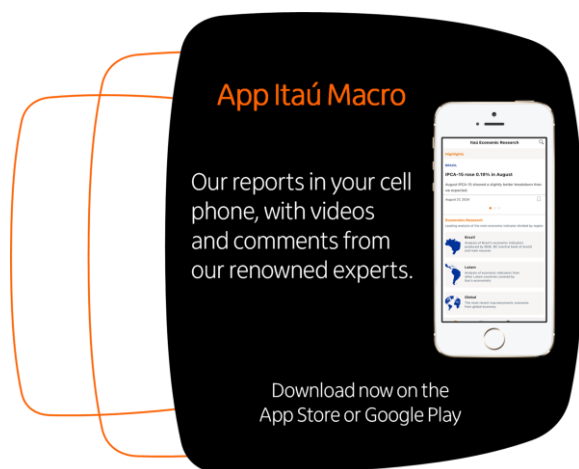
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