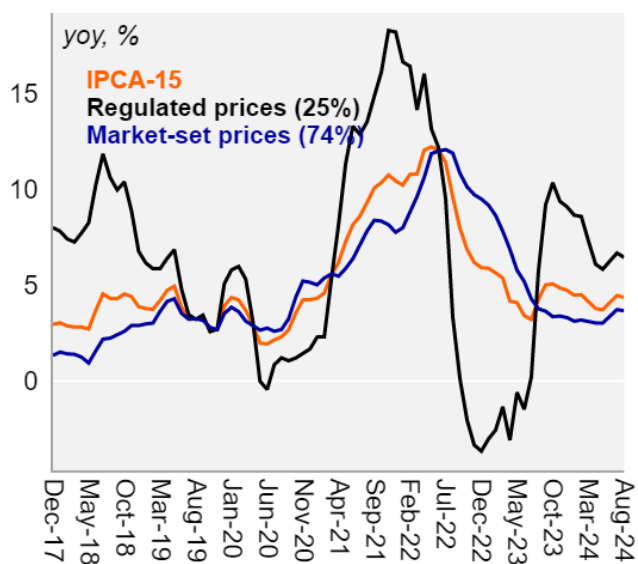


August 27, 2024

IPCA-15 rose 0.19% in August

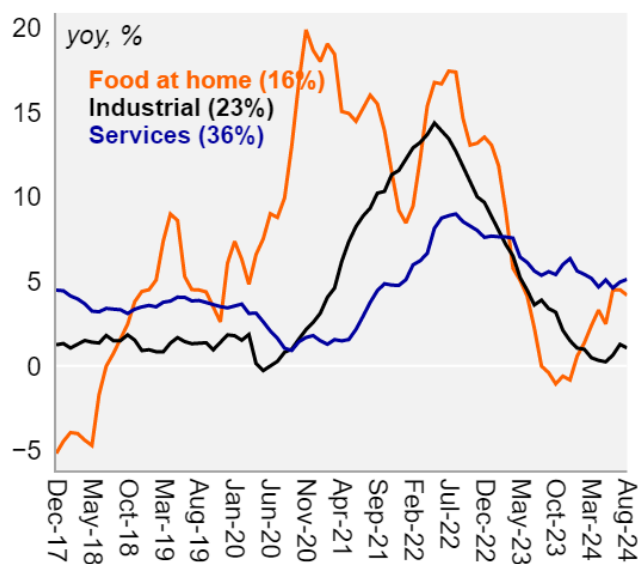
- ▶ August IPCA-15 came in at 0.19%, close to both the market forecast (0.17%) and our call (0.20%). In 12 months, IPCA-15 rose 4.4%, the same rate as in July.
- ▶ Compared to our forecast, we highlight the lower-than-expected prints in gasoline, services for vehicles and beauty services. Air ticket, on the other hand, came in above our forecast. Regarding core metrics, underlying services inflation was below expectations led by condo fees, 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 moved up to 4.9% (from 4.4%), while underlying industrials moved up to 2.6% (from 2.0%). In the same metric, the average of core inflation measures increased to 4.3% (from 4.1%).
- ▶ **Our view:** August IPCA-15 was in line with our expectations and showed a slightly better breakdown than expected, especially due to a monthly deceleration in underlying services (with the payback of the services for vehicle component, after a sharp increase in the previous month, and a lower-than-expected print of labor-related services). Looking ahead, we expect the services component to remain under pressure, reflecting the tight labor market.

IPCA-15 - Market-set and regulated prices



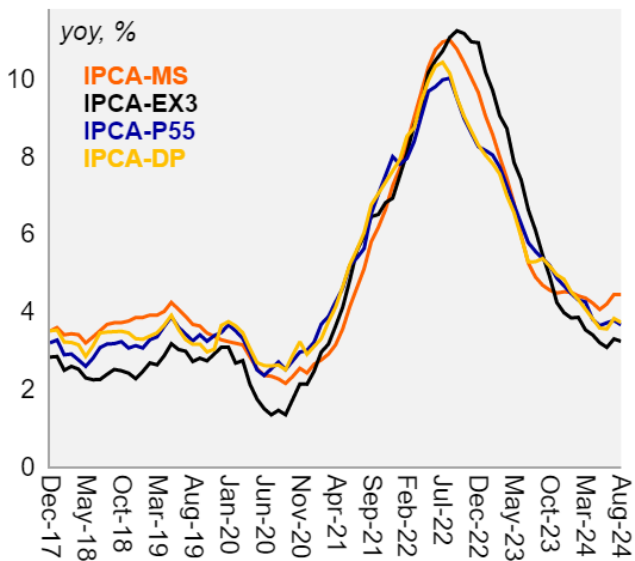
Source: IBGE, Itaú

IPCA-15 - Market-set prices



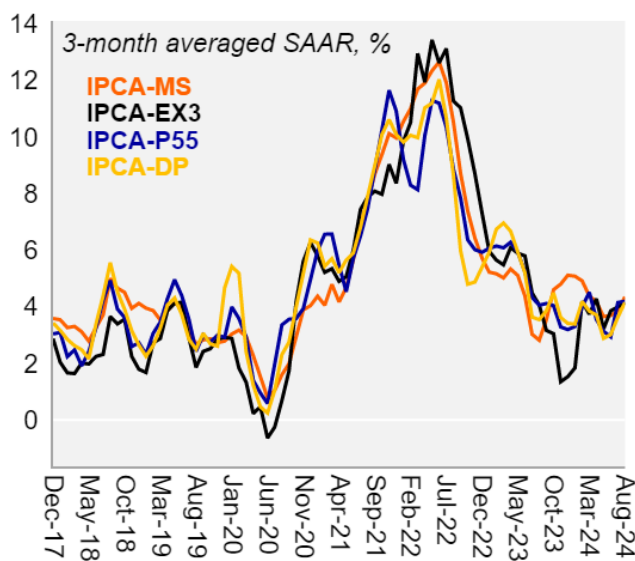
Source: IBGE, Itaú

IPCA-15 - Core



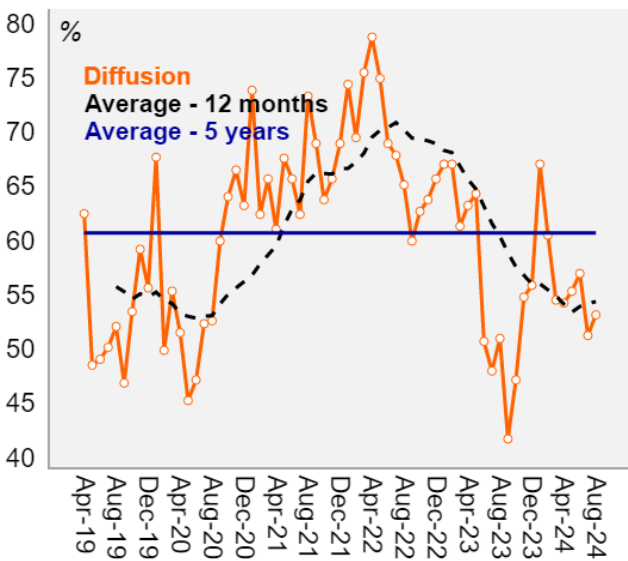
Source: IBGE, Itaú

IPCA-15



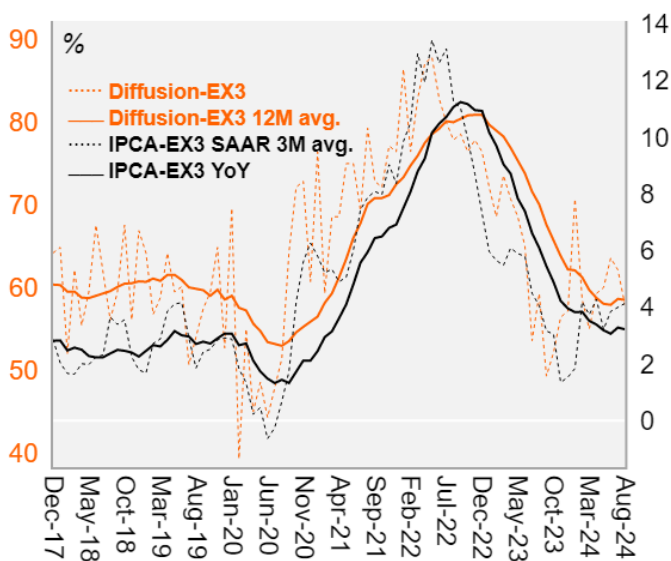
Source: IBGE, Itaú

IPCA-15 - Diffusion index



Source: IBGE, Itaú

IPCA-15 and diffusion index for EX3 core



Source: IBGE, Itaú

Weight		Aug-2023		Jul-2024		Aug-2024	Proj.	Δ
		IPCA-15	IPCA	IPCA-15	IPCA	IPCA-15		bps
100	Headline	0.28	0.23	0.30	0.38	0.19	0.20	-1.0
GROUPS	21 Food & beverage	-0.65	-0.85	-0.44	-1.00	-0.80	-0.88	1.7
	15 Food at home	-0.99	-1.26	-0.70	-1.51	-1.30	-1.34	0.6
	5 Food out of home	0.22	0.22	0.25	0.39	0.49	0.31	1.1
	15 Housing	1.08	1.11	0.49	0.77	0.18	0.20	-0.3
	3 Household articles	0.01	-0.04	0.24	0.48	0.71	0.33	1.4
	4 Apparel	-0.03	0.54	-0.08	-0.02	0.09	0.11	-0.1
	20 Transportation	0.23	0.34	1.12	1.82	0.83	1.08	-5.2
	13 Health and personal care	0.81	0.58	0.33	0.22	0.27	0.29	-0.3
	10 Personal spending	0.60	0.38	0.32	0.52	0.43	0.42	0.1
	6 Education	0.71	0.69	0.06	0.08	0.75	0.53	1.3
	4 Communication	0.04	-0.09	0.09	0.18	0.09	0.02	0.3
BREAKDOWN	26 Regulated prices	1.02	1.26	0.54	1.08	0.81	0.93	-3.2
	4 Residential electricity	4.59	4.59	1.20	1.93	-0.42	-0.30	-0.5
	5 Gasoline	0.90	1.24	1.43	3.15	3.33	3.90	-2.9
	74 Market-set prices	0.03	-0.12	0.21	0.14	-0.03	-0.06	2.3
	15 Food at home	-0.99	-1.26	-0.70	-1.51	-1.30	-1.34	0.6
	22 Industrials	0.55	0.32	0.08	0.33	0.33	0.36	-0.6
35 Services	0.13	0.08	0.70	0.75	0.29	0.23	2.1	
CORES AND DIFFUSION	4 Underlying food at home	-0.31	-0.38	0.35	0.49	0.49	0.32	0.7
	15 Underlying industrials	0.42	0.39	0.07	0.11	0.12	0.10	0.3
	21 Underlying services	0.27	0.14	0.58	0.63	0.39	0.45	-1.3
	58 IPCA-EX0	0.30	0.18	0.46	0.59	0.31	0.28	1.6
	82 IPCA-EX1	0.49	0.45	0.42	0.52	0.21	0.18	2.4
	40 IPCA-EX2	0.27	0.18	0.36	0.42	0.30	0.31	-0.5
	36 IPCA-EX3	0.34	0.25	0.36	0.41	0.28	0.30	-0.9
	- IPCA-MS	0.30	0.33	0.35	0.39	0.29	0.34	-
	- IPCA-DP	0.37	0.29	0.30	0.40	0.27	0.30	-
	- IPCA-P55	0.39	0.34	0.23	0.36	0.28	-	-
- Diffusion index	50.95	53.05	51.23	46.95	53.13	-	-	

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	Aug-23	May-24	Jun-24	Jul-24	Aug-24
IPCA-15 (monthly)	100.0	0.28	0.44	0.39	0.30	0.19
Regulated prices	26.0	1.02	0.85	0.40	0.54	0.81
Market-set prices	74.0	0.03	0.30	0.38	0.21	-0.03
Food at home	15.5	-0.99	0.22	1.13	-0.70	-1.30
Industrials	22.8	0.55	0.29	0.31	0.08	0.33
Services	35.7	0.13	0.34	0.10	0.70	0.29
IPCA-15 (12-month)	100.0	4.24	3.70	4.06	4.45	4.35
Regulated prices	26.0	5.73	5.82	6.27	6.66	6.43
Market-set prices	74.0	3.75	3.01	3.33	3.71	3.65
Food at home	16.0	-0.01	2.49	4.49	4.51	4.19
Industrials	23.0	3.90	0.25	0.64	1.27	1.06
Services	36.0	5.37	5.10	4.62	4.97	5.13
Core* (monthly)						
IPCA-EX0	59.0	0.30	0.32	0.18	0.46	0.31
IPCA-EX3	37.0	0.34	0.28	0.35	0.36	0.28
IPCA-MS	-	0.30	0.32	0.41	0.35	0.29
IPCA-DP	-	0.37	0.30	0.37	0.30	0.27
IPCA-P55	-	0.39	0.34	0.37	0.23	0.28
Average**	-	0.34	0.31	0.34	0.34	0.29
Core* (12-month)						
IPCA-EX0	59.0	4.78	3.15	3.02	3.50	3.51
IPCA-EX3	37.0	6.09	3.19	3.07	3.29	3.22
IPCA-MS	-	4.88	4.05	4.19	4.43	4.43
IPCA-DP	-	5.28	3.57	3.54	3.81	3.71
IPCA-P55	-	5.55	3.63	3.70	3.76	3.65
Average**	-	5.32	3.52	3.50	3.76	3.70
Diffusion***						
Diffusion index	-	50.95	55.31	56.95	51.23	53.13

* 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

Luciana Rabelo

Macro Research – Itaú

Mario Mesquita – Chief Economist

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