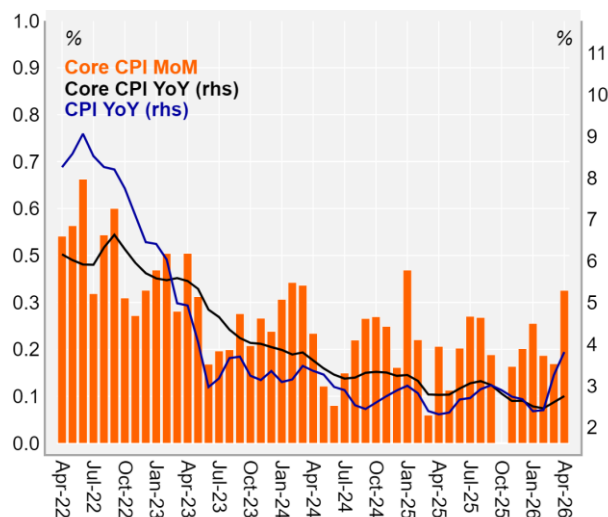


CPI in line with expectations in April

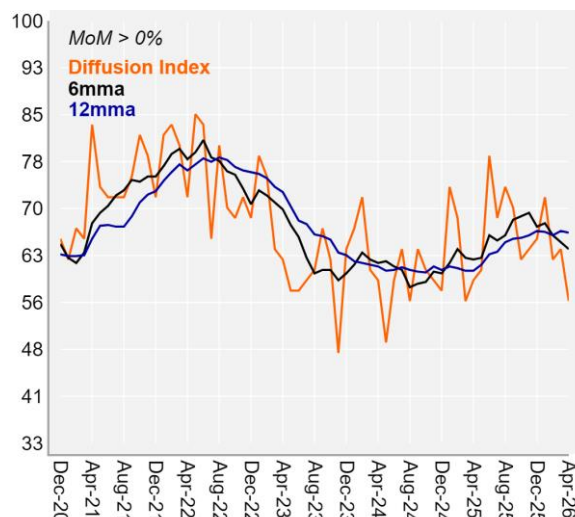
- ▶ US Core CPI came in at 0.38% m/m in April, in line with our call (0.36%) and above market expectations (0.3%). In 12 months, Core CPI inflation was 2.8%, versus 2.6% in March. Headline CPI came in at 0.64% m/m, in line with our call (0.64%) and below market consensus (1.0%). The headline index rose 3.8% in annual terms, versus 3.3% in the previous month.
- ▶ Breakdown (see table): Core goods inflation remained stable at a low level compared to the previous month, with car prices still unchanged. Core services inflation was stronger, reflecting an expected technical increase in housing-related items (+0.5%, from +0.3% in the previous month) and solid airfares (+2.8%), albeit below expectations. As a result, Supercore inflation rose to 0.45% (from 0.18% m/m). Our diffusion index declined to 56% (from 64%).
- ▶ **Our view:** A strong CPI print and our Core PCE projection above consensus (0.35%) reinforce a scenario of higher inflation, which is likely to make rate cuts more difficult later this year, even as core inflation pressures are expected to ease going forward, given the continued risks related to oil.

Headline and Core CPI



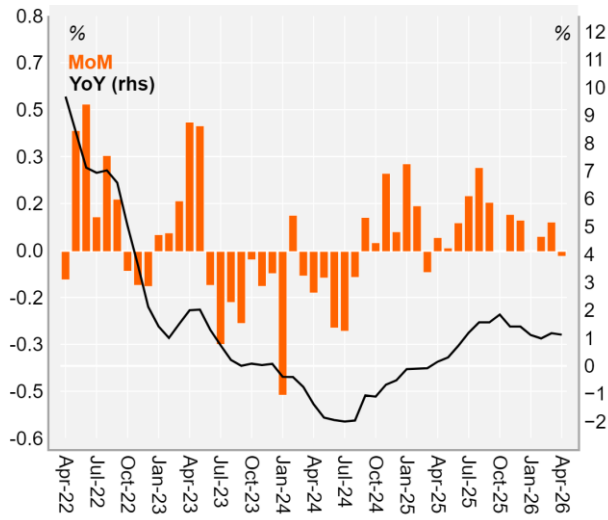
Source: BLS and Itaú

Diffusion



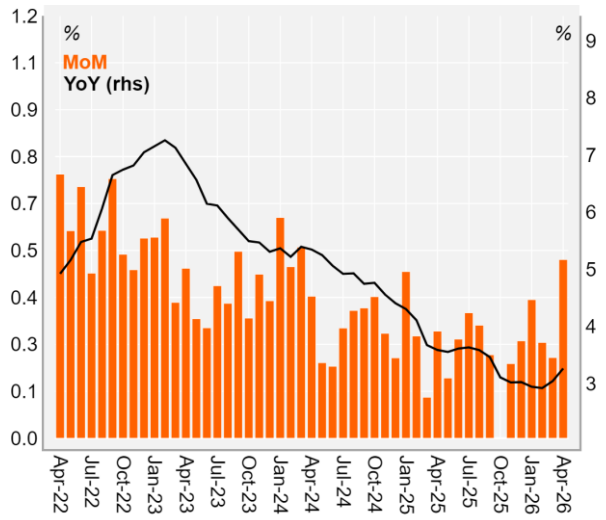
Source: BLS and Itaú

Core goods



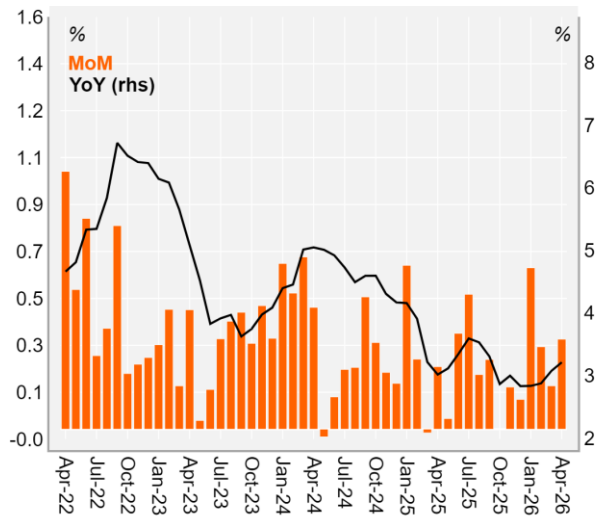
Source: BLS and Itaú

Core services



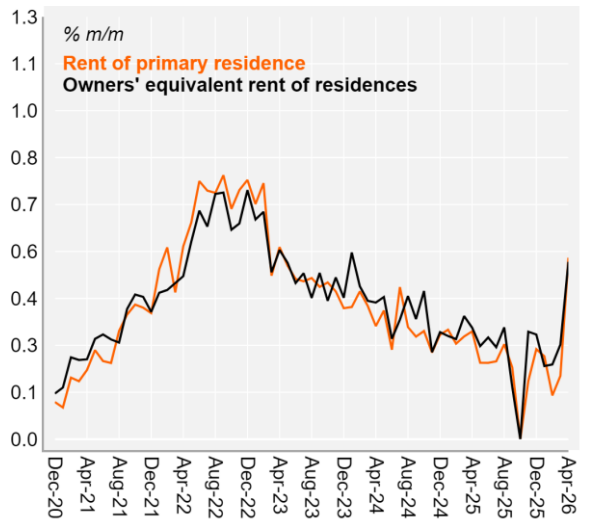
Source: BLS and Itaú

Itaú's core services ex-shelter



Source: BLS and Itaú

Shelter



Source: BLS and Itaú

Component	Weight %	% MoM						% YoY		
		Jan/26	Feb/26	Mar/26	Apr/26	Fcst.	Surp (bps)	Feb/26	Mar/26	Apr/26
CPI	100.0	0.17	0.27	0.87	0.64	0.64	0	2.4	3.3	3.8
Food	13.5	0.19	0.39	-0.01	0.50	0.53	-0	3.1	2.7	3.2
Energy	7.5	-1.47	0.63	10.87	3.81	3.96	-1	0.5	12.5	17.9
CPI ex-food&energy	79.0	0.30	0.22	0.20	0.38	0.36	1	2.5	2.6	2.8
Core Goods	18.9	0.04	0.08	0.11	0.03	0.06	-0	1.0	1.2	1.1
New Vehicles	3.8	0.15	0.04	0.10	-0.16	0.05	-1	0.5	0.5	0.2
Used Vehicles	2.6	-1.84	-0.38	-0.42	-0.00	-0.33	1	-3.2	-3.2	-2.7
Core Goods ex-Cars	12.5	0.41	0.19	0.22	0.10	0.14	-0	2.1	2.4	2.3
Core Services	60.2	0.39	0.27	0.23	0.50	0.46	2	2.9	3.0	3.3
Shelter	35.2	0.22	0.23	0.27	0.61	0.43	6	3.0	3.0	3.3
OER	25.8	0.22	0.22	0.28	0.53	0.51	1	3.2	3.1	3.3
Rent of Primary Res	7.7	0.25	0.13	0.19	0.55	0.49	0	2.7	2.6	2.8
Lodging Away	1.5	-0.10	0.96	0.24	2.44	-1.20	5	-1.1	2.6	4.6
Health Care	6.8	0.33	0.61	0.01	-0.00	0.30	-2	4.1	3.7	3.2
Transportation Svcs	6.4	1.35	0.24	0.61	0.33	1.01	-4	2.2	4.1	4.3
Airline Fare	1.0	6.52	1.36	2.67	2.82	6.50	-4	7.1	14.9	20.7
Car and Truck Rental	0.1	5.05	2.72	1.28	-3.74	0.25	-1	2.7	8.1	-0.1
Other Transp Svcs	5.2	0.34	-0.03	0.21	-0.05	0.00	-0	1.2	1.9	1.3
Other Core Svcs	11.7	0.41	0.19	0.02	0.56	0.32	3	2.5	2.2	2.6
Alternative Cores						0.00				
Core Services ex-OER&RPR (Powell Supercore)	26.7	0.59	0.35	0.18	0.45	0.40	1	2.7	3.1	3.4
Core Services ex-Shelter	24.9	0.62	0.32	0.17	0.35	0.49	-4	2.9	3.1	3.2
Core Svcs ex-Shelter & Health	18.1	0.74	0.21	0.23	0.48	0.56	-1	2.4	2.9	3.2

Source: BLS, Itaú

Bernardo Dutra

Gabriella Garcia

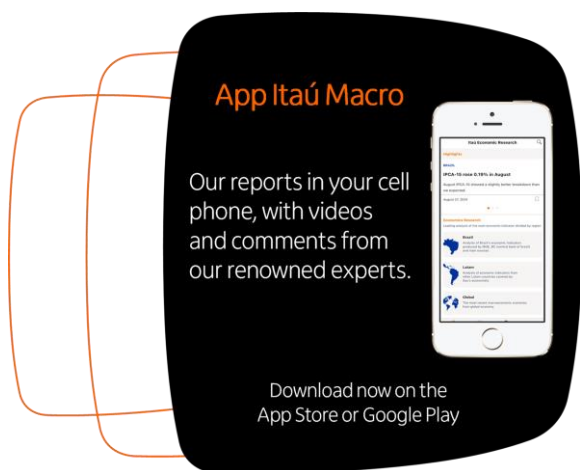
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