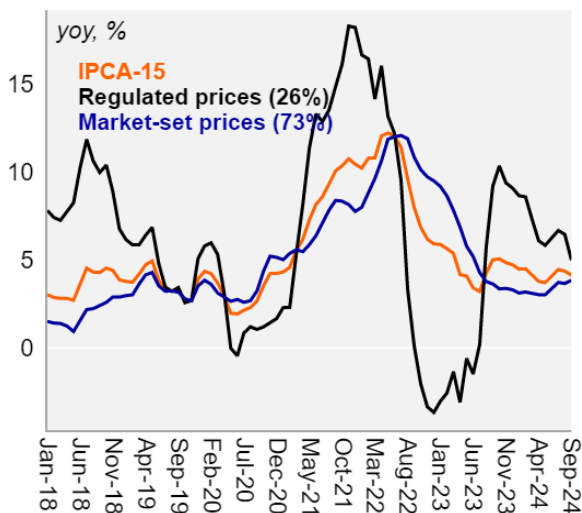


IPCA-15 moved up 0.13% in September

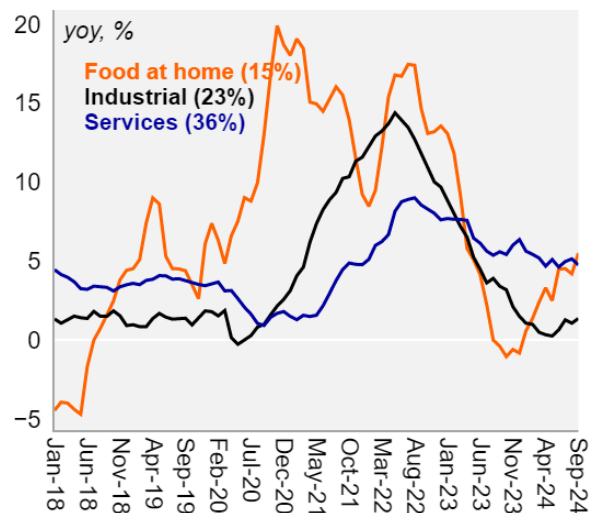
- ▶ September IPCA-15 came in at 0.13%, well below both our call (0.30%) and market forecast (0.28%). In 12 months, IPCA-15 rose 4.1%, versus 4.4% in August.
- ▶ Looking at the breakdown, we highlight the lower-than-expected prints in air ticket and personal expenses. Regarding core metrics, underlying services inflation was below expectations led by leisure (movie tickets), vehicle services (likely with a payback from the high print in insurance prices from July) and food away from home, while underlying industrials came in below expectations, led by clothing and personal hygiene.
- ▶ Items that repeat the IPCA-15 variation at the IPCA report (airfares, courses, rent and condominium fees, labor, domestic workers, labor, among others) were 6 bps below our forecast.
- ▶ In the three-month moving average, with seasonally adjusted and annualized data, underlying services inflation declined to 4.0% (from 4.7%), while underlying industrials declined to 2.4% (from 2.6%). In the same metric, the average of core inflation measures receded to 4.0% (from 4.2%).
- ▶ **Our view:** September IPCA-15 came in well below our expectations and with a more benign breakdown, specially with the better-than-expected print in underlying services. Part of this surprise may be attributed to volatility in certain items, such as movie tickets and vehicle insurance. On the other hand, underlying services related to labor and food away from home remain well behaved, despite the tight labor market.

IPCA-15 - Market-set and regulated prices



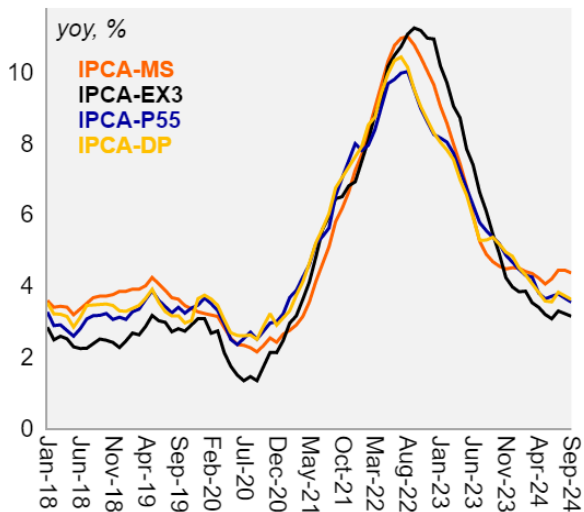
Source: IBGE, Itaú

IPCA-15 - Market-set prices



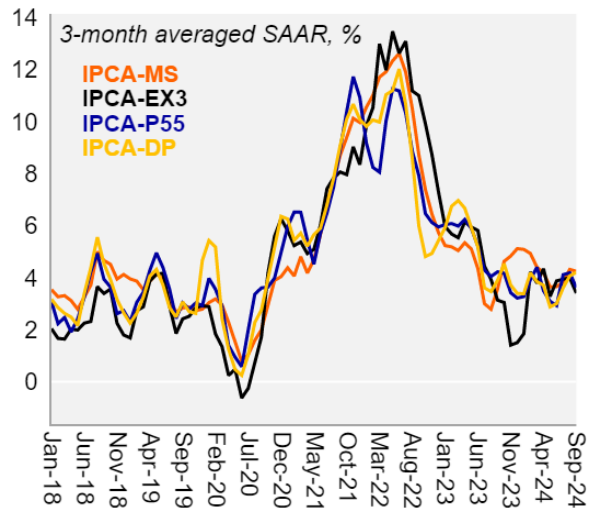
Source: IBGE, Itaú

IPCA-15 - Core



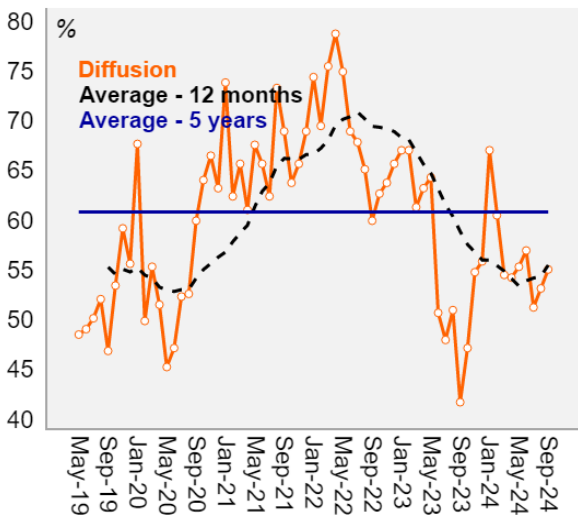
Source: IBGE, Itaú

IPCA-15



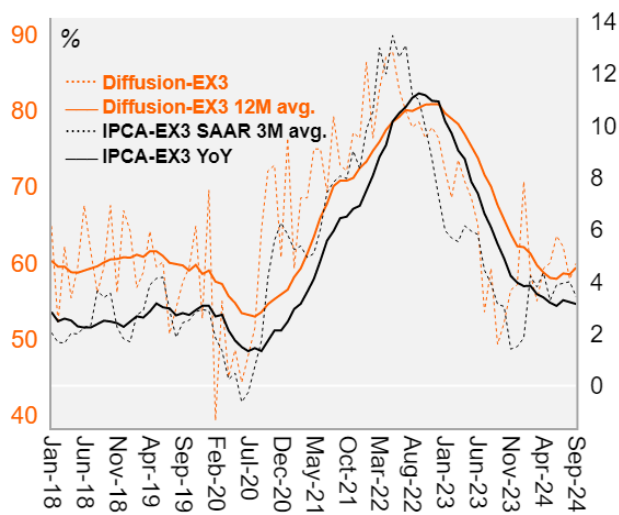
Source: IBGE, Itaú

IPCA-15 - Diffusion index



Source: IBGE, Itaú

IPCA-15 and diffusion index for EX3 core



Source: IBGE, Itaú

Weight		Sep-2023		Aug-2024		Sep-2024	Proj.	Δ	
		IPCA-15	IPCA	IPCA-15	IPCA	IPCA-15		bps	
100	Headline	0.35	0.26	0.19	-0.02	0.13	0.30	-17.0	
GROUPS	21	Food & beverage	-0.77	-0.71	-0.80	-0.44	0.05	0.10	-1.1
	15	Food at home	-1.25	-1.02	-1.30	-0.73	-0.01	-0.01	0.0
	6	Food out of home	0.46	0.12	0.49	0.33	0.22	0.38	-1.0
	15	Housing	0.30	0.47	0.18	-0.51	0.50	0.53	-0.5
	3	Household articles	-0.47	-0.58	0.71	0.74	0.17	0.46	-1.1
	4	Apparel	0.41	0.38	0.09	0.39	0.12	0.52	-1.8
	20	Transportation	2.02	1.40	0.83	0.00	-0.08	0.36	-9.1
	13	Health and personal care	0.17	0.04	0.27	0.25	0.32	0.31	0.1
	10	Personal spending	0.35	0.45	0.43	0.25	-0.04	0.39	-4.3
	6	Education	0.05	0.05	0.75	0.73	0.05	0.06	-0.1
4	Communication	-0.15	-0.11	0.09	0.10	0.07	0.03	0.2	
BREAKDOWN	26	Regulated prices	1.54	1.11	0.81	-0.12	0.16	0.26	-2.6
	4	Residential electricity	0.66	0.99	-0.42	-2.77	0.84	1.00	-0.6
	5	Gasoline	5.18	2.80	3.33	0.67	-0.66	-0.20	-2.4
	73	Market-set prices	-0.06	-0.04	-0.03	0.02	0.12	0.32	-14.9
	15	Food at home	-1.25	-1.02	-1.30	-0.73	-0.01	-0.01	0.0
	22	Industrials	-0.16	-0.20	0.33	0.18	0.13	0.26	-3.0
35	Services	0.53	0.50	0.29	0.24	0.17	0.50	-11.9	
CORES AND DIFFUSION	4	Underlying food at home	-0.15	-0.30	0.49	0.37	0.39	0.48	-0.4
	15	Underlying industrials	-0.10	-0.16	0.12	0.19	0.17	0.30	-1.9
	21	Underlying services	0.34	0.33	0.39	0.28	-0.00	0.34	-7.3
	58	IPCA-EX0	0.25	0.22	0.31	0.22	0.15	0.40	-14.5
	82	IPCA-EX1	0.32	0.29	0.21	0.07	0.21	0.40	-15.9
	40	IPCA-EX2	0.12	0.07	0.30	0.25	0.10	0.34	-9.6
	36	IPCA-EX3	0.15	0.12	0.28	0.24	0.07	0.32	-9.1
	-	IPCA-MS	0.34	0.30	0.29	0.30	0.27	0.33	-
	-	IPCA-DP	0.26	0.22	0.27	0.19	0.16	0.30	-
	-	IPCA-P55	0.33	0.22	0.28	0.29	0.22	-	-
-	Diffusion index	41.69	42.71	53.13	55.97	55.04	-	-	

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	Sep-23	Jun-24	Jul-24	Aug-24	Sep-24
IPCA-15 (monthly)	100.0	0.35	0.39	0.30	0.19	0.13
Regulated prices	26.1	1.54	0.40	0.54	0.81	0.16
Market-set prices	73.9	-0.06	0.38	0.21	-0.03	0.12
Food at home	15.3	-1.25	1.13	-0.70	-1.30	-0.01
Industrials	22.8	-0.16	0.31	0.08	0.33	0.13
Services	35.8	0.53	0.10	0.70	0.29	0.17
IPCA-15 (12-month)	100.0	5.00	4.06	4.45	4.35	4.12
Regulated prices	26.0	9.17	6.27	6.66	6.43	4.99
Market-set prices	74.0	3.63	3.33	3.71	3.65	3.83
Food at home	15.0	-0.40	4.49	4.51	4.19	5.49
Industrials	23.0	3.40	0.64	1.27	1.06	1.36
Services	36.0	5.59	4.62	4.97	5.13	4.76
Core* (monthly)						
IPCA-EX0	59.0	0.25	0.18	0.46	0.31	0.15
IPCA-EX3	37.0	0.15	0.35	0.36	0.28	0.07
IPCA-MS	-	0.34	0.41	0.35	0.29	0.27
IPCA-DP	-	0.26	0.37	0.30	0.27	0.16
IPCA-P55	-	0.33	0.37	0.23	0.28	0.22
Average**	-	0.27	0.34	0.34	0.29	0.17
Core* (12-month)						
IPCA-EX0	59.0	4.71	3.02	3.50	3.51	3.41
IPCA-EX3	37.0	5.45	3.07	3.29	3.22	3.14
IPCA-MS	-	4.67	4.19	4.43	4.43	4.35
IPCA-DP	-	5.36	3.54	3.81	3.71	3.61
IPCA-P55	-	5.35	3.70	3.76	3.65	3.54
Average**	-	5.11	3.50	3.76	3.70	3.61
Diffusion***						
Diffusion index	-	41.69	56.95	51.23	53.13	55.04

* 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

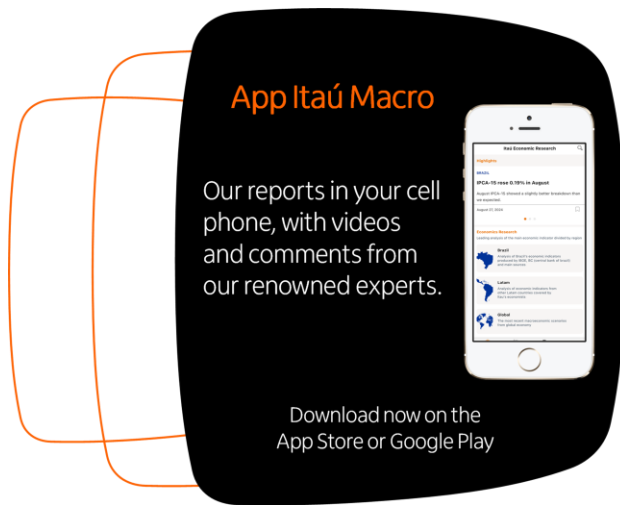
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