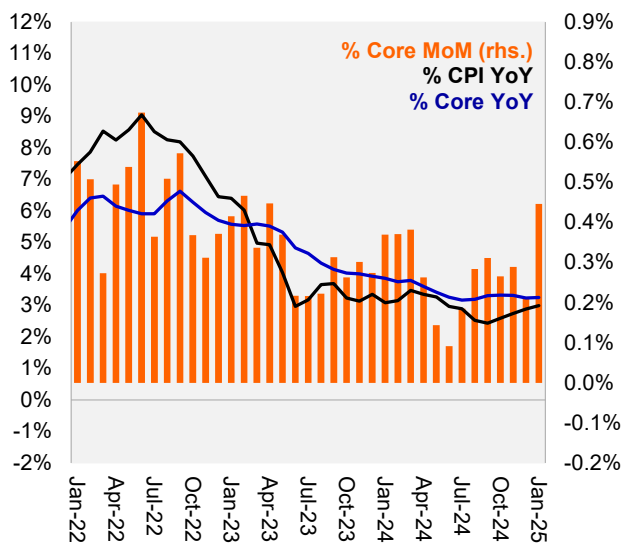


US: Core CPI above expectations in January

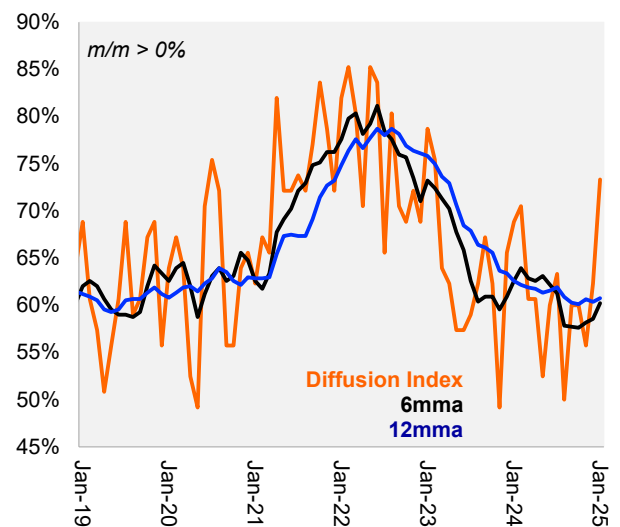
- ▶ US Core CPI came in at 0.45%, above our expectation (0.33%) and market consensus of 0.3%. In 12 months, Core CPI increased to 3.3% from 3.2%. Moreover, the headline CPI came in at 0.47% m/m, also above our 0.36% m/m call and the market consensus of 0.3%. CPI increased to 3.0% in annual terms (from 2.9%).
- ▶ Breakdown (see table below): The main surprise was due to the January effect (residual seasonality) which impacted mostly the Supercore (Core Services ex-Housing), which rose to 0.76% from 0.21% m/m, but also other core goods, which also increased driven by Used cars. Core Services were also up, driven by Lodging Away and Airfares, although Shelter remained stable. Our diffusion index rose to 73% (from 62%).
- ▶ **Our view:** This stronger print is hawkish for the Fed outlook. It reinforces our call of no rate cuts this year and puts some incipient risk of a rate hike. However, the January effect may lead them to possibly fall behind the curve again.

Core CPI 0.45% m/m, 3.3% y/y in January



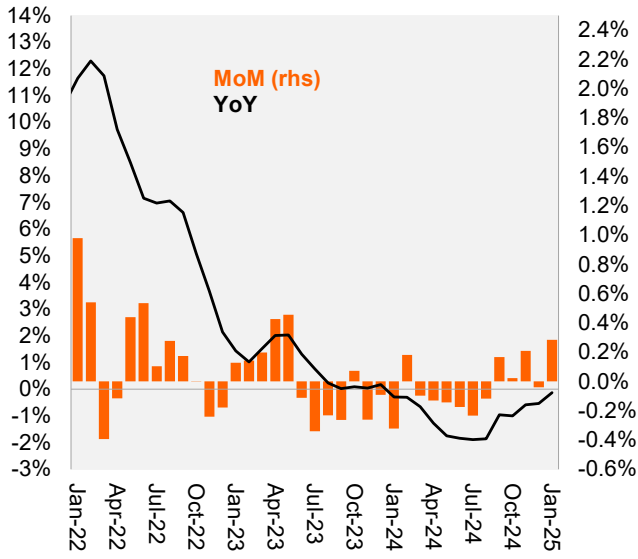
Source: BLS, Itaú

Itaú Diffusion Index up to 73% (from 62%)



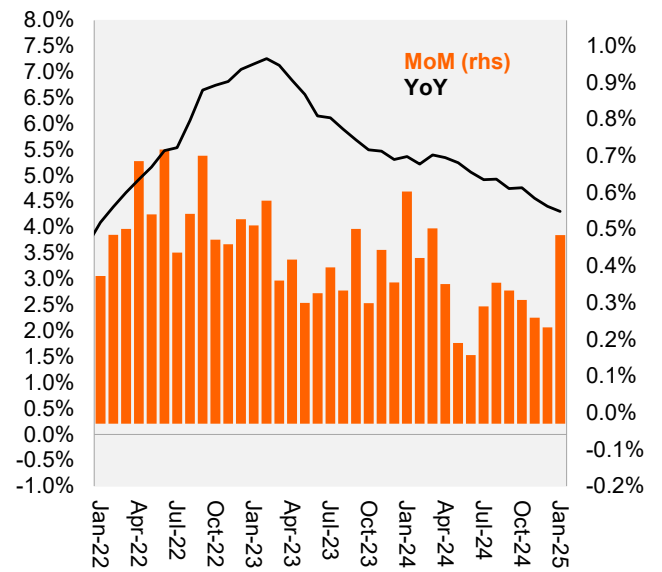
Source: BLS, Itaú

CPI Core Goods



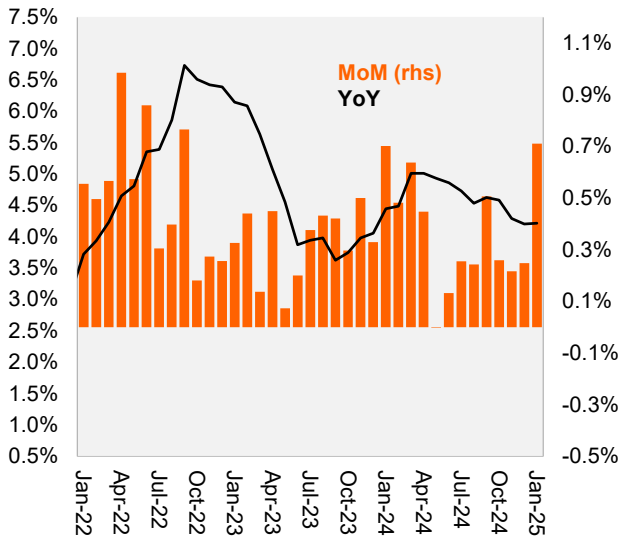
Source: BLS, Itaú

CPI Core Services



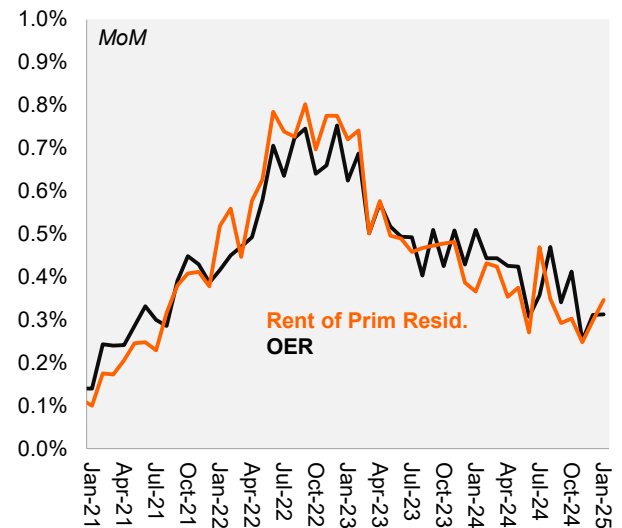
Source: BLS, Itaú

Core Services ex-Shelter



Source: BLS, Itaú

Shelter



Source: BLS, Itaú

Component	Weight %	% MoM						% YoY		
		Oct-24	Nov-24	Dec-24	Jan-25	Forecast	Surp (bps)	Nov-24	Dec-24	Jan-25
CPI	100.0	0.23%	0.28%	0.36%	0.47%	0.36%	11	2.7%	2.9%	3.0%
Food	13.7	0.2%	0.3%	0.3%	0.4%	0.4%	0	2.4%	2.5%	2.5%
Energy	6.3	-0.2%	0.1%	2.4%	1.1%	0.7%	3	-3.2%	-0.5%	1.0%
CPI ex-food&energy	80.0	0.27%	0.29%	0.21%	0.45%	0.33%	9	3.3%	3.2%	3.3%
Core Goods	19.4	0.0%	0.2%	0.0%	0.3%	0.2%	2	-0.6%	-0.5%	-0.1%
New Vehicles	4.4	0.0%	0.5%	0.4%	0.0%	-0.2%	1	-0.7%	-0.4%	-0.3%
Used Vehicles	2.4	1.2%	1.3%	0.8%	2.2%	1.5%	2	-3.4%	-3.3%	1.0%
Core Goods ex-Cars	12.6	-0.14%	-0.02%	-0.33%	0.01%	0.08%	-1	0.0%	-0.1%	-0.3%
Core Services	60.7	0.3%	0.3%	0.3%	0.51%	0.38%	8	4.6%	4.4%	4.3%
Shelter	35.4	0.4%	0.3%	0.3%	0.4%	0.4%	0	4.7%	4.6%	4.4%
OER	26.2	0.41%	0.25%	0.31%	0.31%	0.32%	0	4.9%	4.8%	4.6%
Rent of primary res	7.5	0.30%	0.25%	0.30%	0.35%	0.33%	0	4.4%	4.3%	4.2%
Lodging Away	1.3	0.4%	2.6%	-0.5%	1.4%	1.3%	0	3.7%	2.6%	2.2%
Health Care	6.7	0.3%	0.3%	0.2%	0.0%	0.34%	-2	3.7%	3.4%	2.7%
Transportation svcs	6.4	0.4%	0.1%	0.5%	1.8%	0.0%	12	7.1%	7.3%	8.0%
Airline Fare	0.9	1.9%	0.0%	3.0%	1.2%	-0.3%	1	4.7%	7.9%	7.1%
Car and Truck Rental	0.1	-1.1%	-2.1%	0.1%	1.7%	0.5%	0	-8.0%	-6.2%	-3.6%
Other Transp Svc	5.3	0.1%	0.2%	0.0%	2.0%	0.0%	10	7.8%	7.7%	8.8%
Other Core Services	12.2	0.16%	0.22%	0.19%	0.50%	0.71%	-3	3.1%	2.9%	2.9%
Alternative Cores										
Core Services ex-OER&RPR (Powell Supercore)	27.0	0.27%	0.34%	0.21%	0.76%	0.46%	8	4.3%	4.2%	4.1%
Core Services ex-Shelter	25.2	0.26%	0.22%	0.25%	0.71%	0.41%	7	4.3%	4.2%	4.2%
Core Svcs ex-Shelter & Health	18.5	0.23%	0.18%	0.28%	0.96%	0.44%	10	4.5%	4.5%	4.8%

Bernardo Dutra
Nathan Teixeira

Macro Research – Itaú
Mario Mesquita – Chief Economist

To access our reports and forecast visit our website:
<https://www.itaubba-pt/macroeconomic-analysis>

App Itaú Macro

Our reports in your cell phone, with videos and comments from our renowned experts.

Download now on the App Store or Google Play

Relevant Information

1. This report has been prepared and released by the Macro Research Department of Itaú Unibanco S.A. ("Itaú Unibanco"). This report is not a product of the Equity Research Department of Itaú Unibanco or Itaú Corretora de Valores S.A. and shall not be construed as a research report ("relatório de análise") for the purposes of Article 1 of the CVM Instruction NR. 20, dated 2021.
2. The exclusive purpose of this report is to provide macroeconomics information and it does not constitute and shall not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial product, or to participate in any particular trading strategy in any jurisdiction. The information herein is believed to be reliable as of the date on which this report was released and it has been obtained from public sources believed to be reliable. However, Itaú Unibanco does not make any explicit or implied representation or warranty as to the completeness, reliability or accuracy of such information, nor does this report intend to be a complete statement or summary of the markets or developments referred to herein. Itaú Unibanco has no obligation whatsoever to update, modify or amend this report and inform the reader accordingly.
3. The opinions contained herein reflect exclusively the personal views of the analyst responsible for this report and were prepared independently and autonomously, including in relation to Itaú Unibanco, Itaú Corretora de Valores S.A. and any other companies within their economic group.
4. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of Itaú Unibanco. Additional information on the financial products mentioned in this report may be available upon request. Itaú Unibanco and/or any other company within its economic group is not and shall not be liable for any investment decisions (or otherwise) based on the information provided herein.

Additional Note: This material does not take into consideration the objectives, financial situation or specific needs of any particular client. Clients must obtain financial, tax, legal, accounting, economic, credit and market advice on an individual basis, based on their personal characteristics and objectives, prior to making any decision based on the information contained herein. By accessing the material, you represent and confirm that you understand the risks related to the financial instruments described in this material and the laws in your jurisdiction relating to the provision and sale of financial service products. You acknowledge that this material contains proprietary information and you agree to keep this information confidential for your exclusive use.

For inquiries, suggestions, complaints, criticisms and compliments, talk to Itaú's CSCC: 0800 728 0728. Or contact us through our portal <https://www.itaú.com.br/atenda-itaú/para-voce/>. If you are not satisfied with the proposed solution, please contact the Itaú Corporate Ombudsman: 0800 570 0011 (on weekdays from 9 AM to 6 PM) or our PO Box 67.600, São Paulo-SP, Zip Code 03162-971. Hearing impaired, every day, 24h, 0800 722 1722.