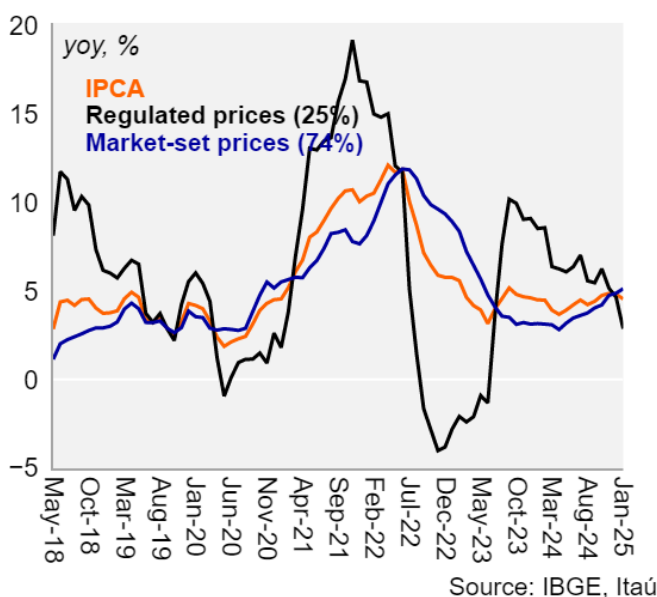


February 11, 2025

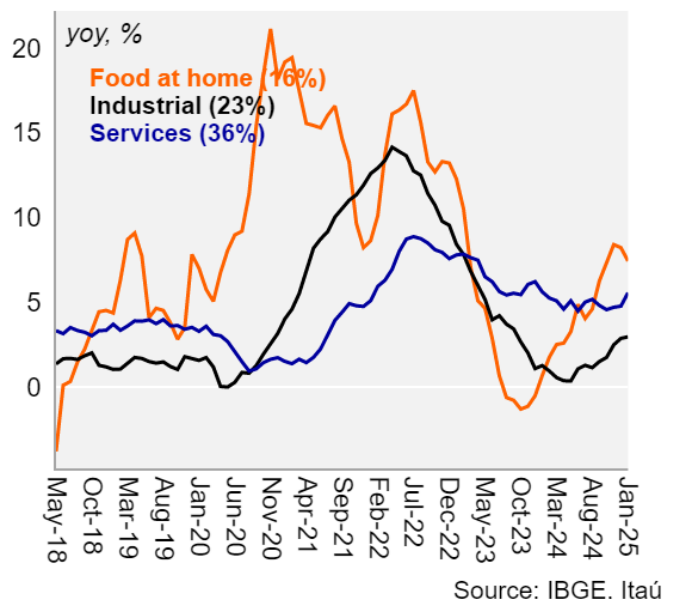
IPCA rises 0.16% in January, in line with our forecast

- ▶ January IPCA came in at 0.16%, in line with our call (0.16%) and slightly below the market consensus (0.17%). In 12 months, IPCA rose 4.6%, versus 4.8% in December.
- ▶ Compared to our forecast, we highlight the higher-than-expected result in lodging and the lower-than-expected print in household articles. Regarding core metrics, underlying services inflation was in line with our estimates, while underlying industrials came in below expectations, led by the weaker results seen in perfume and cellphone.
- ▶ In the three-month moving average, with seasonally adjusted and annualized data, underlying services inflation declined to 7.8% (from 8.7%), while underlying industrials rose to 4.4% (from 3.5%). In the same metric, the average of core inflation measures increased to 6.1% (from 5.6%).
- ▶ **Our view:** January's IPCA came in line with our estimate, confirming our expectation of some deceleration in underlying services at the margin. This is mainly due to the slowdown in miscellaneous services (cinema), while labor-related services, more influenced by the economic cycle, continue under pressure, reinforcing a still poor qualitative reading.

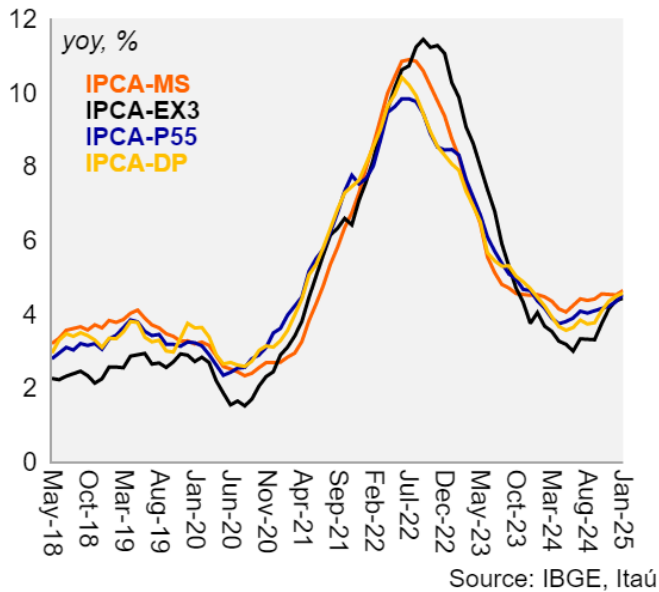
IPCA - Market-Set and Regulated Prices



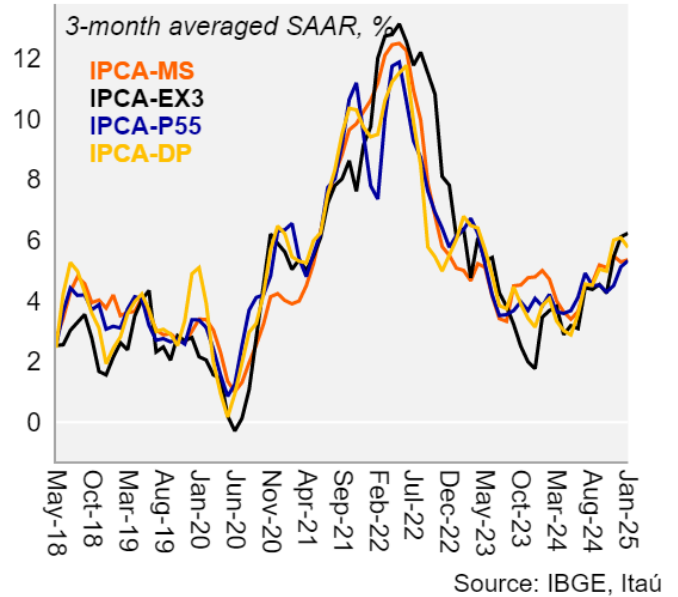
IPCA - Market-Set Prices



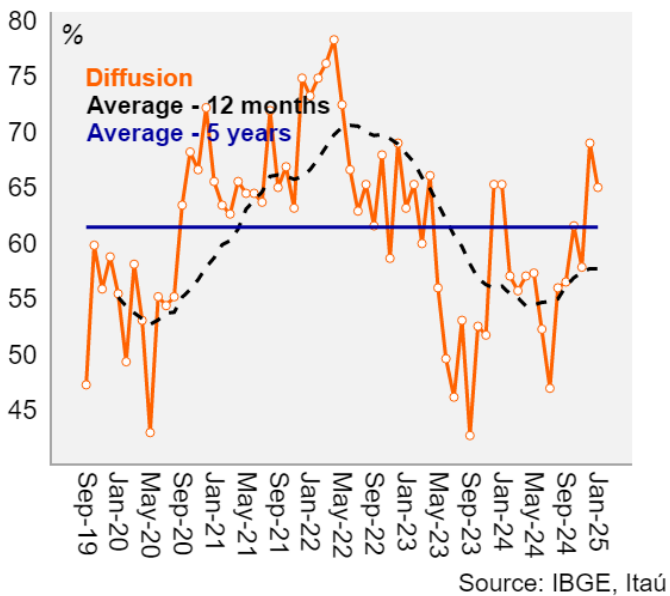
IPCA - Core



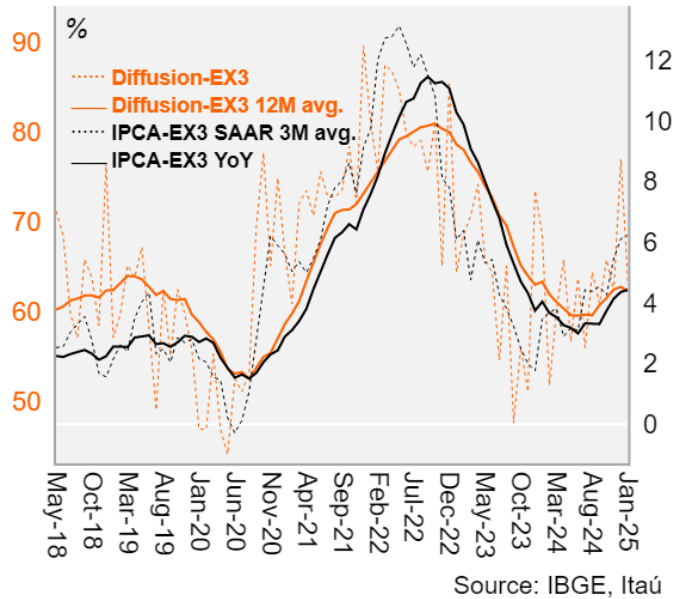
IPCA - Core s.a. annualized, 3-month averaged



IPCA - Diffusion Index



IPCA and diffusion index for EX3 core



Weight			Jan-2024		Dec-2024		Jan-2025		Proj.	Δ
			IPCA-15	IPCA	IPCA-15	IPCA	IPCA-15	IPCA		bps
100	Headline		0.31	0.42	0.34	0.52	0.11	0.16	0.16	0.0
GROUPS	21	Food & beverage	1.53	1.38	1.47	1.18	1.06	0.96	0.99	-0.7
	15	Food at home	2.04	1.81	1.56	1.17	1.10	1.07	1.09	-0.3
	5	Food out of home	0.24	0.25	1.23	1.19	0.93	0.67	0.70	-0.2
	15	Housing	0.33	0.25	-1.32	-0.56	-3.43	-3.08	-3.08	0.0
	3	Household articles	0.26	0.22	-0.52	0.65	0.72	-0.09	0.51	-2.2
	4	Apparel	0.22	0.14	0.34	1.14	0.46	-0.14	-0.06	-0.4
	20	Transportation	-1.13	-0.65	0.46	0.67	1.01	1.30	1.09	4.3
	13	Health and personal care	0.56	0.83	-0.05	0.38	0.64	0.70	0.73	-0.4
	10	Personal spending	0.56	0.82	1.36	0.62	0.40	0.51	0.47	0.4
	5	Education	0.39	0.33	0.00	0.11	0.25	0.26	0.30	-0.2
	4	Communication	-0.03	-0.08	0.08	0.37	0.15	-0.17	0.06	-1.1
BREAKDOWN	25	Regulated prices	-0.07	0.19	-0.74	-0.17	-1.92	-1.52	-1.56	1.0
	3	Residential electricity	-0.14	-0.64	-5.72	-3.19	-15.46	-14.21	-14.00	-0.8
	5	Gasoline	-0.43	-0.31	-0.01	0.54	0.53	0.61	0.50	0.6
	74	Market-set prices	0.44	0.50	0.72	0.77	0.82	0.74	0.75	-0.8
	15	Food at home	2.04	1.81	1.56	1.17	1.10	1.07	1.09	-0.3
	22	Industrials	0.26	0.36	0.26	0.65	0.59	0.45	0.58	-3.0
	35	Services	-0.11	0.02	0.64	0.66	0.85	0.78	0.71	2.5
CORES AND DIFFUSION	4	Underlying food at home	0.28	0.40	0.97	1.01	1.23	1.64	1.55	0.4
	15	Underlying industrials	0.34	0.39	-0.01	0.69	0.67	0.41	0.57	-2.6
	21	Underlying services	0.68	0.76	0.71	0.67	0.96	0.86	0.86	-0.0
	58	IPCA-EX0	0.03	0.16	0.50	0.66	0.75	0.65	0.66	-0.6
	81	IPCA-EX1	0.07	0.21	0.16	0.42	-0.06	0.02	0.01	0.6
	40	IPCA-EX2	0.51	0.58	0.47	0.71	0.88	0.77	0.82	-2.1
	36	IPCA-EX3	0.54	0.60	0.41	0.68	0.84	0.67	0.74	-2.7
	-	IPCA-MS	0.44	0.51	0.37	0.45	0.62	0.62	0.59	-
	-	IPCA-DP	0.34	0.45	0.48	0.56	0.53	0.53	0.55	-
	-	IPCA-P55	0.32	0.40	0.30	0.54	0.57	0.58	-	-
	-	Diffusion index	67.03	65.25	61.85	68.97	68.94	64.99	-	-

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	Jan-24	Oct-24	Nov-24	Dec-24	Jan-25
IPCA (monthly)	100.0	0.42	0.56	0.39	0.52	0.16
Regulated prices	25.8	0.19	0.71	-0.87	-0.17	-1.52
Market-set prices	74.2	0.50	0.50	0.84	0.77	0.74
Food at home	15.8	1.81	1.22	1.81	1.17	1.07
Industrials	22.9	0.36	0.26	0.18	0.65	0.45
Services	35.5	0.02	0.35	0.83	0.66	0.78
IPCA (12-month)	100.0	4.51	4.76	4.87	4.83	4.56
Regulated prices	26.0	8.55	6.26	5.17	4.66	2.87
Market-set prices	74.0	3.17	4.22	4.76	4.89	5.14
Food at home	16.0	0.68	7.28	8.41	8.22	7.44
Industrials	23.0	1.27	1.75	2.49	2.87	2.96
Services	36.0	5.62	4.57	4.71	4.77	5.57
Core* (monthly)						
IPCA-EX0	58.0	0.16	0.31	0.58	0.66	0.65
IPCA-EX3	37.0	0.60	0.58	0.29	0.68	0.67
IPCA-MS	-	0.51	0.45	0.35	0.45	0.62
IPCA-DP	-	0.45	0.54	0.44	0.56	0.53
IPCA-P55	-	0.40	0.33	0.29	0.54	0.58
Average**	-	0.42	0.44	0.39	0.58	0.61
Core* (12-month)						
IPCA-EX0	58.0	3.84	3.44	3.83	4.02	4.53
IPCA-EX3	37.0	4.04	3.74	4.14	4.36	4.43
IPCA-MS	-	4.52	4.54	4.53	4.51	4.63
IPCA-DP	-	4.46	4.09	4.34	4.48	4.57
IPCA-P55	-	4.35	4.15	4.21	4.33	4.52
Média núcleos**	-	4.24	3.99	4.21	4.34	4.54
Difusão***						
Diffusion index	-	65.25	61.54	57.82	68.97	64.99

* 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

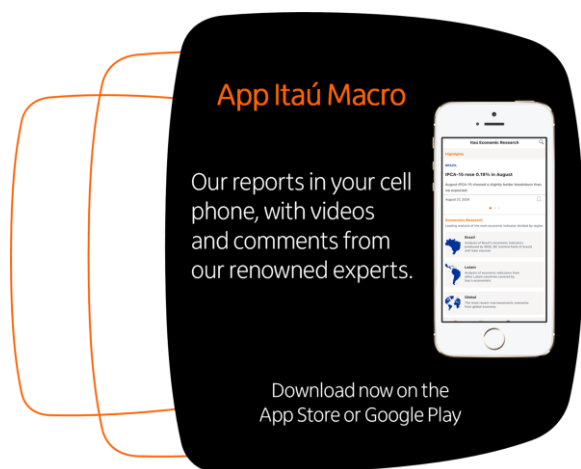
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