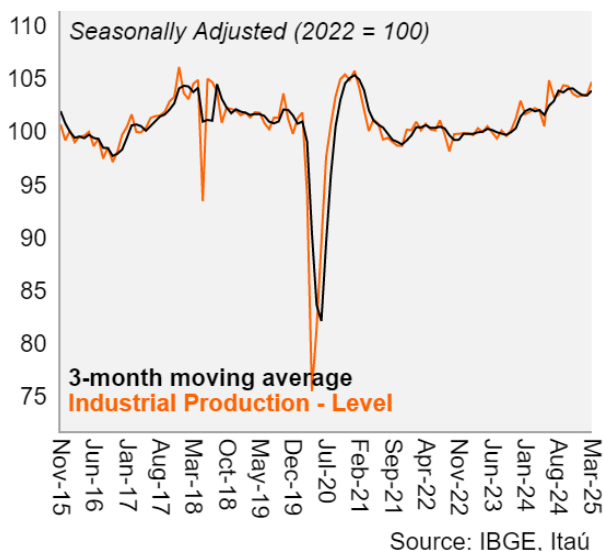


May 7, 2025

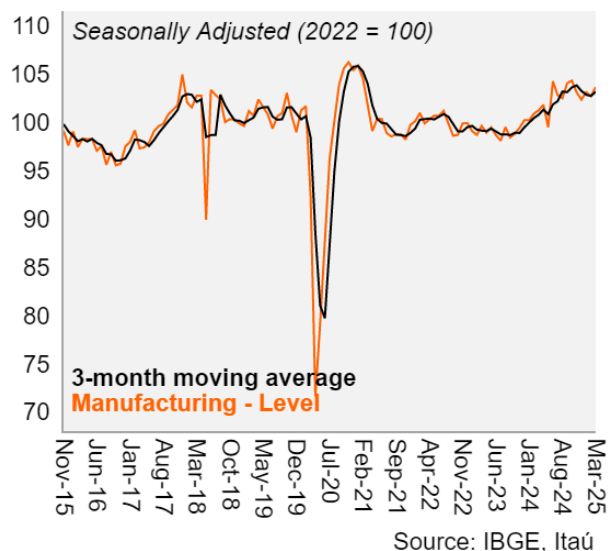
Industrial production contracted 0.1% qoq s.a. in 1Q25

- ▶ Industrial production rose 1.2% mom/sa in March (+3.1% yoy), above our call (+0.7% mom/sa) and the market's expectation (+0.3% mom/sa). The breakdown shows that manufacturing advanced 0.9% mom/sa (+2.7% yoy), above our call (+0.6% mom/sa), while mining/extractive advanced 2.8% mom/sa (+5.4% yoy), above our call (+1.4% mom/sa).
- ▶ Versus our yoy forecast, the largest positive surprises were 'Mining/extractive' and 'Pharmaceuticals' (table below).
- ▶ Among the main categories, only one contracted at the margin ('Capital goods', -0.7% mom s/a), while the positive highlights were 'Durable consumer goods' (+3.8% mom s/a) and 'Semi-durable/non-durable consumer goods' (2.4% mom s/a). The breakdown shows that 64% of the sectors moved up in the month versus 44% in February.
- ▶ In 1Q25, industrial production advanced 0.1% qoq/sa, with the following breakdown: -0.1% for manufacturing and 1.0% for mining/extractive. With today's release, the carry over for 2Q25 now stands at 0.8%: 0.5% for manufacturing and 2.8% for mining/extractive.
- ▶ **Our view:** Industrial production came in stronger than expected in March, driven both by the extractive sector and by the manufacturing sector, which resumed its acceleration at the end of the first quarter. We expect the economy to slow down from now on, with greater intensity in the second half of the year.

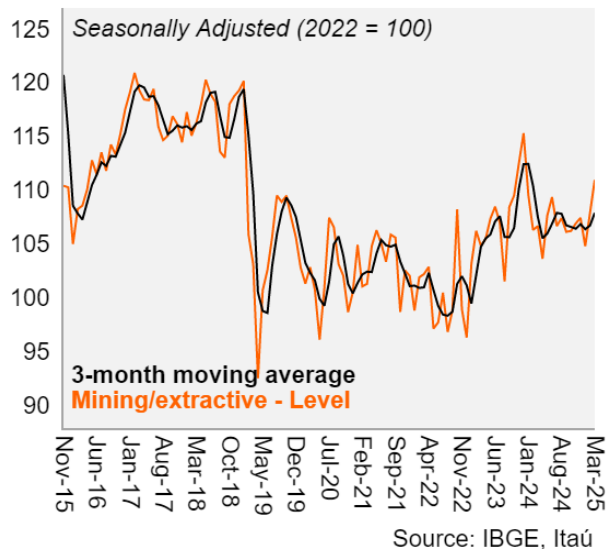
Industrial production contracted 0.1% qoq s.a. in 1Q25



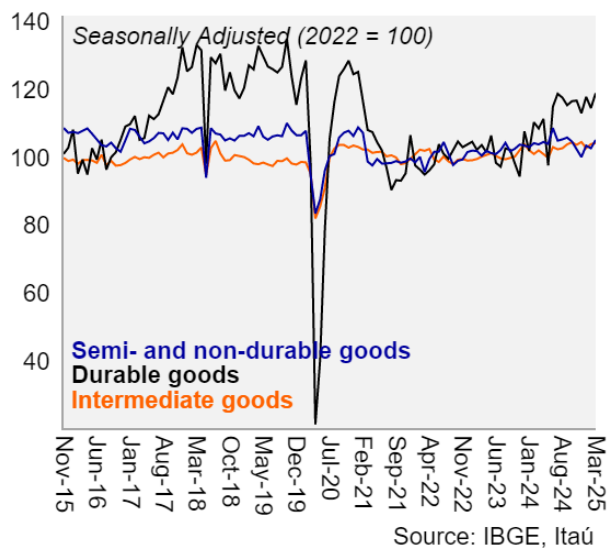
Manufacturing rose 0.9% mom/sa



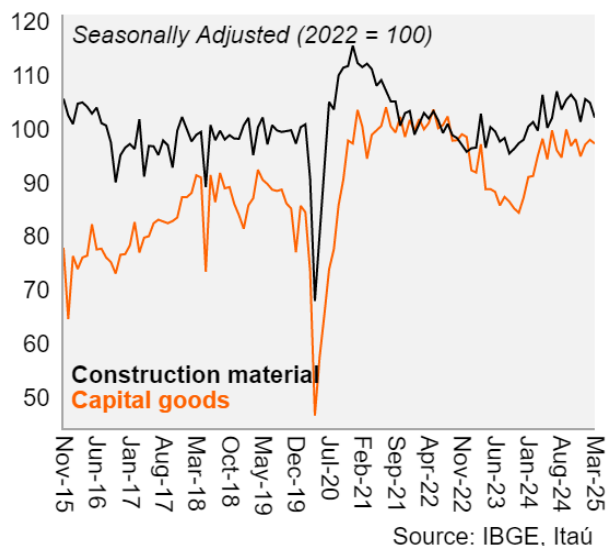
Mining/extractive rose 2.8% mom/sa



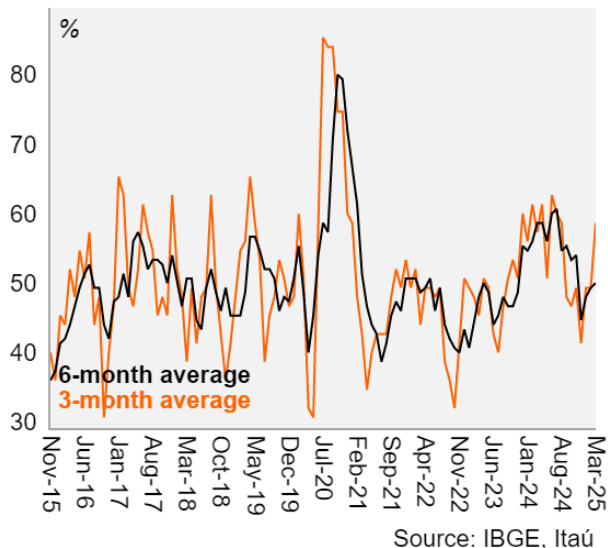
Industrial production by category



Capital goods and construction materials



Diffusion index



Industrial production - March/25 (% m/m s.a.)						
Sector	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025
Industrial Production	-0.1	-0.7	-0.3	0.1	0.0	1.2
Mining/extractive	0.1	0.7	0.5	-2.5	3.0	2.8
Manufacturing	0.2	-1.2	-0.7	0.8	-0.4	0.9
Semi-durable/non-durable consumer goods	-1.1	-2.4	-2.0	3.4	-0.8	2.4
Durable consumer goods	1.0	0.1	-3.2	4.3	-2.8	3.8
Intermediate goods	0.6	-0.7	0.8	-1.7	1.1	0.3
Capital goods	-3.1	1.3	-3.3	2.3	0.9	-0.7
Diffusion	0.44	0.44	0.36	0.68	0.44	0.64

Source: IBGE, Itaú

Industrial production - March/25 (% y/y s.a.)						
Sector	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025
Industrial Production	6.0	1.6	1.4	1.3	1.3	3.1
Mining/extractive	-2.2	-4.4	-6.6	-5.3	-3.1	5.4
Manufacturing	7.5	2.8	3.2	2.6	2.0	2.7
Semi-durable/non-durable consumer goods	3.9	-2.7	-2.3	0.0	-0.4	2.2
Durable consumer goods	20.6	19.3	10.4	16.4	16.6	2.8
Intermediate goods	5.3	1.5	1.5	0.2	-0.2	3.7
Capital goods	16.0	13.2	12.8	7.4	8.9	-0.2
Diffusion	0.44	0.44	0.36	0.68	0.44	0.64

Source: IBGE, Itaú

Sector breakdown - actual vs. forecast in March/25					
Sector	Weight	m/m s.a.	y/y	Itaú Forecast (y/y)	Error contr. (p.p.)
Industrial Production	100.0	1.2	3.1	2.2	0.9
Mining/extractive	14.6	2.8	5.4	2.7	0.4
Manufacturing	85.4	0.9	2.7	2.2	0.4
Food	15.1	-0.7	1.8	2.9	-0.2
Oil and biofuel derivatives	13.5	3.4	1.7	1.6	0.0
Vehicles	6.2	4.0	2.6	1.8	0.0
Metallurgy	4.9	-1.0	5.3	6.7	-0.1
Chemical products	7.4	-2.1	8.3	6.9	0.1
Machinery and equipment	3.8	1.7	10.0	15.2	-0.2
Metal products	3.0	-0.6	0.6	-0.4	0.0
Non-metallic minerals	2.7	-0.1	0.9	0.0	0.0
Rubber and plastic	3.4	-0.7	-1.3	-2.8	0.1
Beverages	3.0	-0.2	-0.4	-4.3	0.1
Pulp and Paper	3.7	1.2	1.2	-2.3	0.1
Machinery and electric material	2.3	1.8	5.7	4.3	0.0
Computers and electronics	2.0	1.2	-3.3	-5.1	0.0
Pharmaceuticals	2.4	13.7	11.7	3.7	0.2
Clothing	2.0	4.1	3.9	-1.6	0.1
Leather and footwear	1.4	0.5	1.4	-7.6	0.1
Textiles	1.3	1.3	12.4	16.5	-0.1
Other transportation equipment	1.1	2.1	-6.2	3.2	-0.1
Maintenance of machinery and equipment	1.6	3.0	6.2	0.7	0.1
Furniture	1.2	5.6	3.8	3.7	0.0
Lumber	1.0	4.1	-2.6	-7.9	0.1
Prints and engravings	0.6	-9.2	-18.7	-9.5	-0.1
Diverse products	1.2	5.0	1.4	6.1	-0.1
Tobacco	0.4	-4.8	-10.9	-7.0	-0.0

Source: IBGE, Itaú

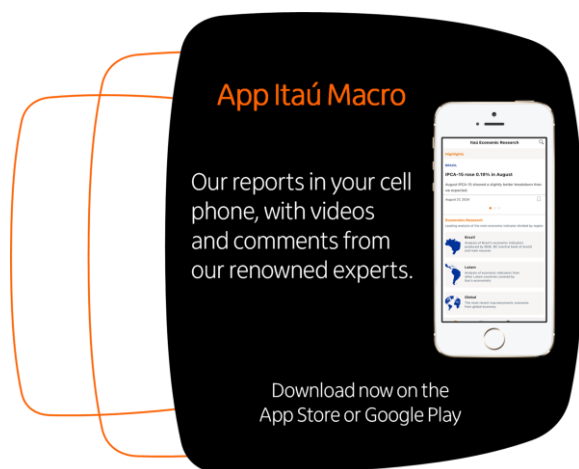
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