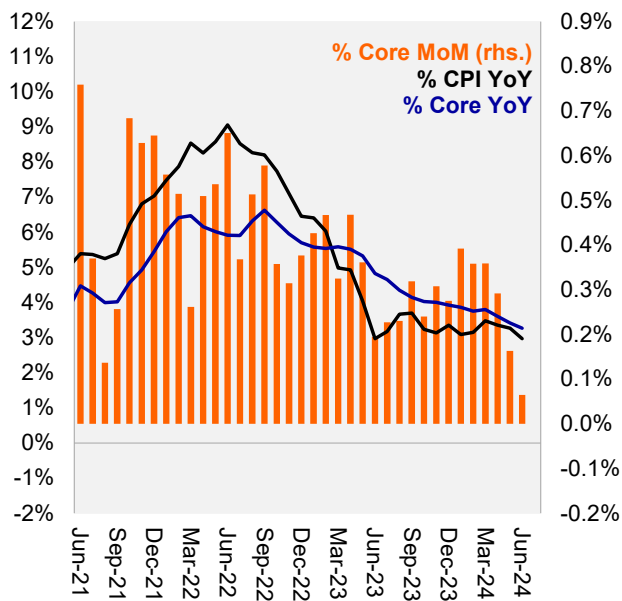


## US: Core CPI below expectations

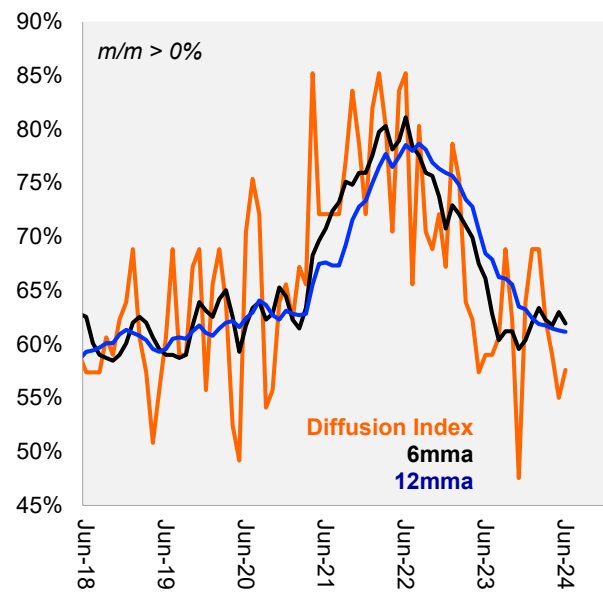
- ▶ US Core CPI came in at 0.06% m/m in June, below our expectations of 0.22% and the market consensus of 0.20%. In 12 months, Core CPI was down to 3.3% (from 3.4%). Moreover, the headline CPI came in at -0.06% m/m, also below our expectations of 0.08% m/m and the market consensus of 0.10%, down to 3.0% y/y (from 3.3%).
- ▶ Breakdown (see table below): Core Services came in below expectations for the second month in a row, due to lower Shelter with the most wanted fall in OER, but also a large fall in volatiles Lodging Away and Airfares. In other transportations services, despite the payback in car insurance, other items like Leased Cars and Vehicle Maintenance & Repair were also lower than expected. Goods matched our expectations also for the second consecutive month. Our diffusion index was a bit up but remains in a reasonable level of 58% (from 56%).
- ▶ **Our view:** Today's number shows a continued lower Services inflation, specially the most awaited OER down, which is more dovish for the Fed. Despite the indication of a still moderate Core PCE reading in June, of around 0.20% (to be confirmed by the PPI tomorrow), at the end of the day, the low CPI print increases the chances of an earlier Fed cut in September, which would lead to 2 cuts this year.

**Core CPI 0.06% m/m, 3.3% y/y in June**



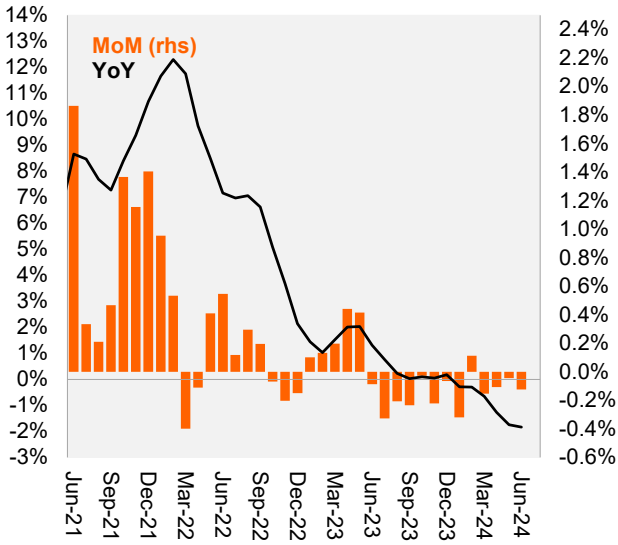
Source: BLS, Itaú

**Itaú Diffusion Index a bit up to 58% (from 56%)**



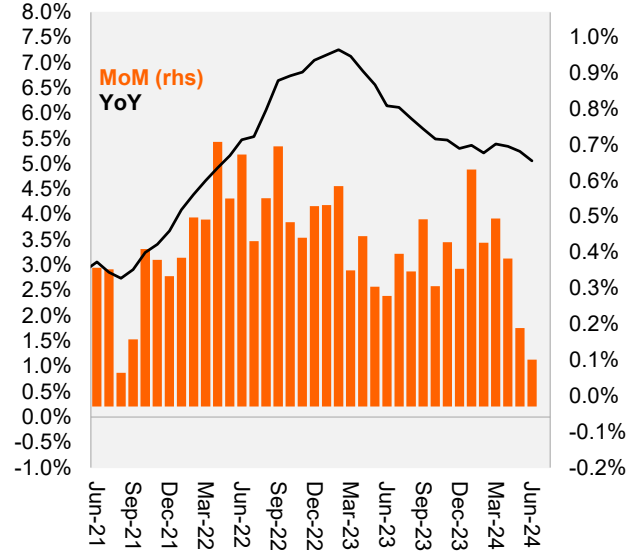
Source: BLS, Itaú

**CPI Core Goods**



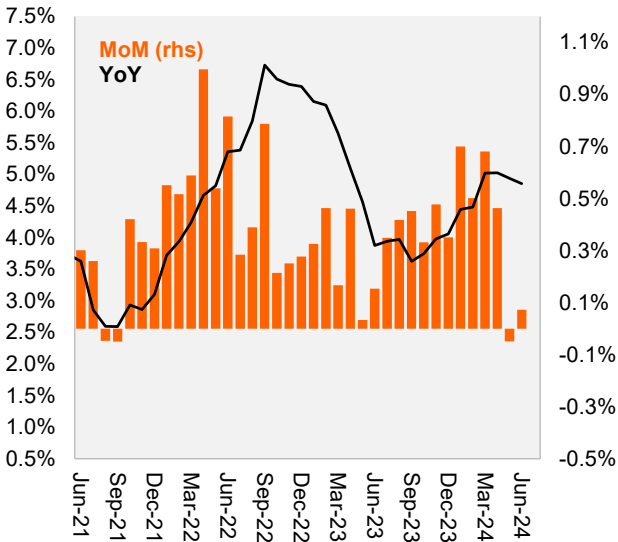
Source: BLS, Itaú

**CPI Core Services**



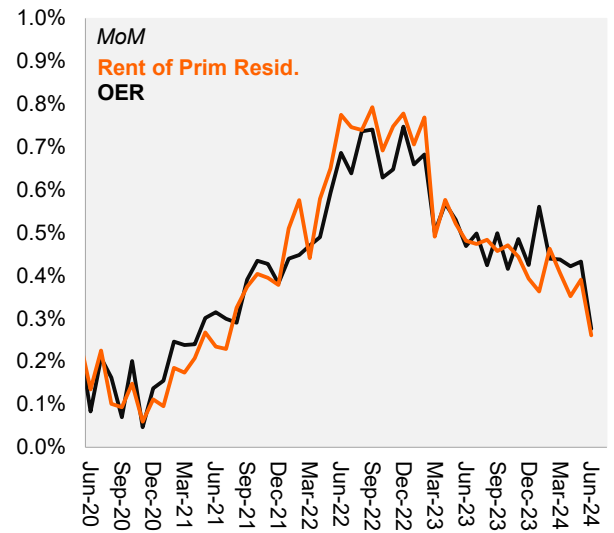
Source: BLS, Itaú

**Core Services ex-Shelter**



Source: BLS, Itaú

**Shelter**



Source: BLS, Itaú

Component	Weight %	% MoM						% YoY		
		Mar-24	Apr-24	May-24	Jun-24	Forecast	Surp (bps)	Apr-24	May-24	Jun-24
<b>CPI</b>	<b>100.0</b>	<b>0.38%</b>	<b>0.31%</b>	<b>0.01%</b>	<b>-0.06%</b>	<b>0.08%</b>	<b>-14</b>	<b>3.4%</b>	<b>3.3%</b>	<b>3.0%</b>
<b>Food</b>	<b>13.4</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>2</b>	<b>2.2%</b>	<b>2.1%</b>	<b>2.2%</b>
<b>Energy</b>	<b>6.9</b>	<b>1.1%</b>	<b>1.1%</b>	<b>-2.0%</b>	<b>-2.0%</b>	<b>-1.5%</b>	<b>-4</b>	<b>2.6%</b>	<b>3.7%</b>	<b>1.0%</b>
<b>CPI ex-food&amp;energy</b>	<b>79.7</b>	<b>0.36%</b>	<b>0.29%</b>	<b>0.16%</b>	<b>0.06%</b>	<b>0.22%</b>	<b>-12</b>	<b>3.6%</b>	<b>3.4%</b>	<b>3.3%</b>
<b>Core Goods</b>	<b>18.5</b>	<b>-0.2%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.2%</b>	<b>1</b>	<b>-1.3%</b>	<b>-1.7%</b>	<b>-1.8%</b>
<b>New Vehicles</b>	<b>3.6</b>	<b>-0.2%</b>	<b>-0.4%</b>	<b>-0.5%</b>	<b>-0.2%</b>	<b>-0.2%</b>	<b>0</b>	<b>-0.4%</b>	<b>-0.8%</b>	<b>-0.9%</b>
<b>Used Vehicles</b>	<b>1.9</b>	<b>-1.1%</b>	<b>-1.4%</b>	<b>0.6%</b>	<b>-1.5%</b>	<b>-1.5%</b>	<b>0</b>	<b>-6.9%</b>	<b>-9.3%</b>	<b>-10.1%</b>
Core Goods ex-Cars	13.0	-0.01%	0.17%	-0.02%	0.09%	0.05%	1	-0.7%	-0.9%	-0.9%
<b>Core Services</b>	<b>61.1</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.13%</b>	<b>0.33%</b>	<b>-12</b>	<b>5.3%</b>	<b>5.3%</b>	<b>5.1%</b>
<b>Shelter</b>	<b>36.3</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.3%</b>	<b>-5</b>	<b>5.5%</b>	<b>5.4%</b>	<b>5.2%</b>
<b>OER</b>	<b>26.8</b>	<b>0.44%</b>	<b>0.42%</b>	<b>0.43%</b>	<b>0.28%</b>	<b>0.38%</b>	<b>-3</b>	<b>5.8%</b>	<b>5.7%</b>	<b>5.4%</b>
<b>Rent of primary res</b>	<b>7.6</b>	<b>0.41%</b>	<b>0.35%</b>	<b>0.39%</b>	<b>0.26%</b>	<b>0.36%</b>	<b>-1</b>	<b>5.4%</b>	<b>5.3%</b>	<b>5.1%</b>
Lodging Away	1.5	0.1%	-0.2%	-0.1%	-2.0%	-1.0%	-2	-0.3%	-1.4%	-2.3%
<b>Health Care</b>	<b>6.5</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.4%</b>	<b>-2</b>	<b>2.7%</b>	<b>3.1%</b>	<b>3.3%</b>
<b>Transportation svcs</b>	<b>6.5</b>	<b>1.5%</b>	<b>0.9%</b>	<b>-0.5%</b>	<b>-0.5%</b>	<b>0.3%</b>	<b>-5</b>	<b>11.2%</b>	<b>10.5%</b>	<b>9.4%</b>
Airline Fare	0.8	-0.4%	-0.8%	-3.6%	-5.0%	-2.0%	-2	-5.8%	-5.9%	-5.1%
Car and Truck Rental	0.1	-0.8%	-4.6%	-1.2%	1.3%	0.8%	0	-10.1%	-8.8%	-6.3%
Other Transp Svc	5.5	1.9%	1.2%	0.0%	0.0%	0.6%	-3	13.7%	12.8%	11.5%
<b>Other Core Services</b>	<b>11.8</b>	<b>0.29%</b>	<b>0.25%</b>	<b>-0.01%</b>	<b>0.36%</b>	<b>0.36%</b>	<b>0</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.5%</b>
<b>Alternative Cores</b>										
<b>Core Services ex-OER&amp;RPR</b>	<b>26.7</b>	<b>0.65%</b>	<b>0.42%</b>	<b>-0.04%</b>	<b>-0.05%</b>	<b>0.28%</b>	<b>-9</b>	<b>4.9%</b>	<b>4.7%</b>	<b>4.6%</b>
<b>(Powell Supercore)</b>										
<b>Core Services ex-Shelter</b>	<b>24.8</b>	<b>0.68%</b>	<b>0.46%</b>	<b>-0.05%</b>	<b>0.07%</b>	<b>0.36%</b>	<b>-7</b>	<b>5.0%</b>	<b>4.9%</b>	<b>4.9%</b>
<b>Core Svcs ex-Shelter &amp; Health</b>	<b>18.3</b>	<b>0.73%</b>	<b>0.47%</b>	<b>-0.19%</b>	<b>0.04%</b>	<b>0.34%</b>	<b>-5</b>	<b>5.9%</b>	<b>5.6%</b>	<b>5.4%</b>

Bernardo Dutra  
Nathan Teixeira

Macro Research – Itaú

Mario Mesquita – Chief Economist

To access our reports and forecast visit our website:

<https://www.itaubba.com.br/itaubba-pt/macroeconomic-analysis>

**App Itau Economic Analysis**  
Our Research on your mobile.

Download it 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 CCCC: 0800 728 0728. Or contact us through our portal <https://www.itaubr.com.br/atenda-itaubr/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.