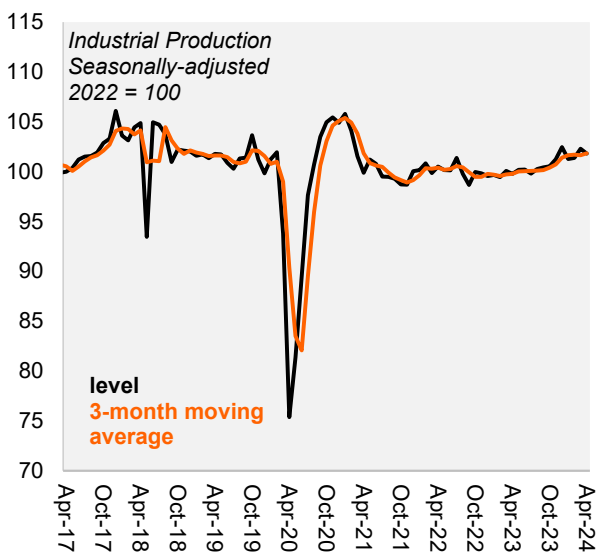


## Industrial production fell 0.5% in April

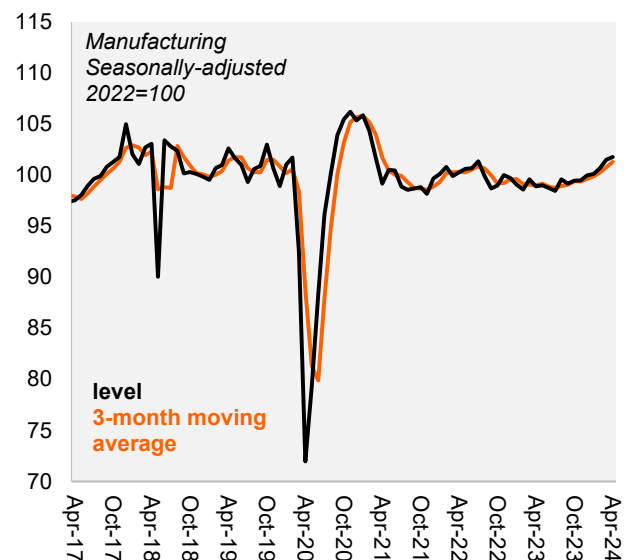
- ▶ Industrial production fell 0.5% mom/sa in April (+8.4% yoy), interrupting the sequence of two consecutive monthly increases. The result was above our call (-1.2% mom/sa) and below the market's estimates (-0.4% mom/sa). The breakdown shows that manufacturing advanced 0.3% mom/sa (+10.3% yoy), above our call (-0.6% mom/sa), while mining/extractive fell 3.4% mom/sa (-1.6% yoy), below our expectation (-2.1% mom/sa).
- ▶ The largest positive surprises compared to our forecast were 'Vehicles' and 'Machinery and equipment' (table below).
- ▶ Among the main categories, the positive highlights were 'Durable goods' (+5.6% mom s/a) and 'Capital Goods' (+3.5% mom s/a), while 'Intermediate goods' (-1.2% mom s/a) posted the only contraction in the month. The diffusion index reached 72% versus 20% in March.
- ▶ With today's release, the carryover for 2Q24 now stands at 0.2% (1.0% manufacturing and -3.6% mining/extractive).
- ▶ **Our view:** the drop in April's industrial production was driven by mining, while the manufacturing segment, more important for the GDP tracking, came in above expectation. Even so, we expect some moderation in 2Q GDP growth.

Industrial production fell 0.5% mom/sa in April



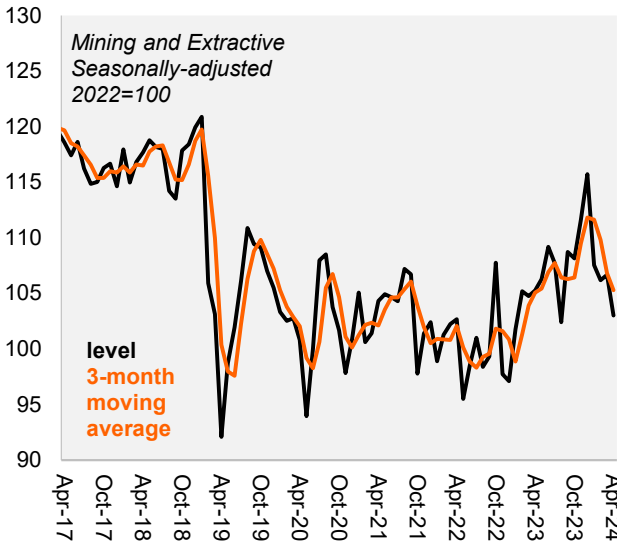
Source: IBGE, Itaú

Manufacturing advanced 0.3% mom/sa



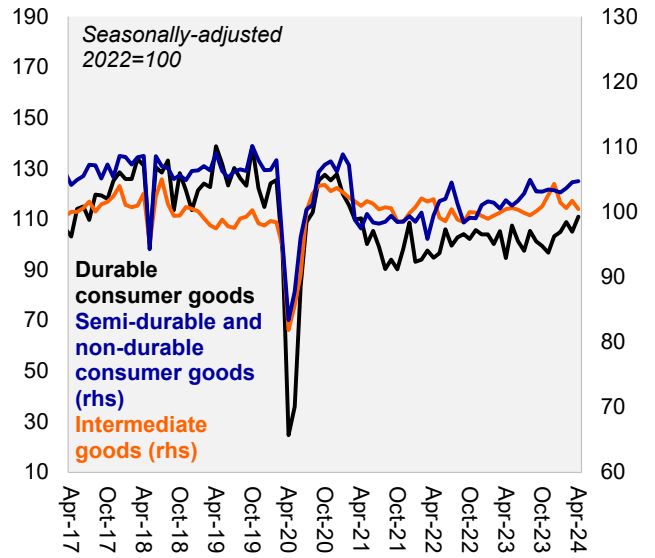
Source: IBGE, Itaú

**Mining/extractive decreased 3.4% mom/sa**



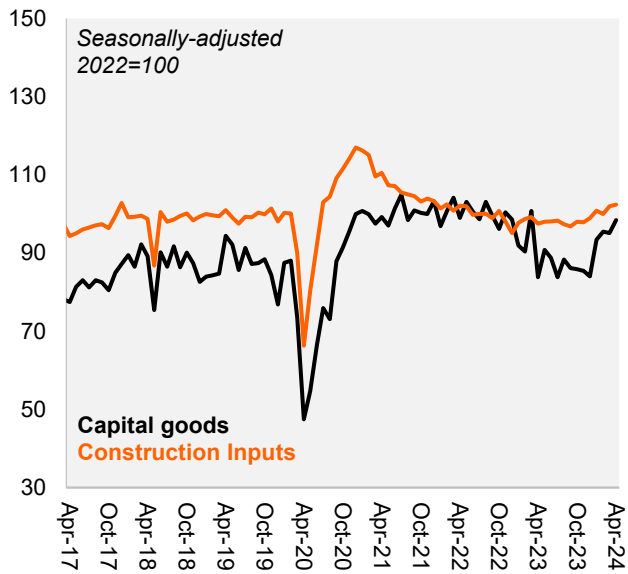
Source: IBGE, Itaú

**Industrial production by category**



Source: IBGE, Itaú

**Capital goods and construction materials**



Source: MDIC, Itaú

Industrial Production - IBGE	MoM/SA					
	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
<b>Industrial Production</b>	<b>0.7%</b>	<b>1.2%</b>	<b>-1.2%</b>	<b>0.1%</b>	<b>0.9%</b>	<b>-0.5%</b>
Mining/Extractive	3.2%	3.7%	-7.1%	-1.3%	0.4%	-3.4%
Manufacturing	0.0%	0.5%	0.1%	0.5%	0.8%	0.3%
Durable consumer goods	-2.6%	6.7%	1.7%	3.7%	-3.4%	5.6%
Capital goods	-0.5%	-1.7%	11.2%	2.2%	-0.4%	3.5%
Intermediate goods	1.7%	1.7%	-2.8%	-0.8%	1.1%	-1.2%
Semi-durable/non-durable consumer goods	0.3%	-0.1%	-0.3%	0.6%	0.9%	0.1%
Construction Material	-0.2%	1.1%	1.9%	-0.8%	2.0%	0.4%
Diffusion	48.0%	52.0%	72.0%	76.0%	20.0%	72.0%

Industrial Production - IBGE	YoY					
	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
<b>Industrial Production</b>	<b>1.4%</b>	<b>0.9%</b>	<b>3.7%</b>	<b>5.5%</b>	<b>-2.8%</b>	<b>8.4%</b>
Mining/Extractive	14.5%	17.5%	6.9%	5.3%	1.6%	-1.6%
Manufacturing	-0.8%	-2.3%	3.1%	5.5%	-3.6%	10.3%
Durable consumer goods	-8.5%	-0.8%	1.1%	9.2%	-6.4%	25.8%
Capital goods	-14.9%	-17.0%	1.9%	6.5%	-10.4%	25.5%
Intermediate goods	2.7%	3.7%	4.3%	5.6%	-1.4%	4.6%
Semi-durable/non-durable consumer goods	4.0%	-0.5%	3.6%	5.0%	-3.1%	11.5%
Construction Material	-0.2%	2.0%	4.6%	5.8%	-2.9%	11.3%

Source: IBGE

April 2024	Weight	MoM/SA	YoY
<b>Industrial Production</b>	<b>100.0%</b>	<b>-0.5%</b>	<b>8.4%</b>
<b>Mining/extractive</b>	<b>14.6%</b>	<b>-3.4%</b>	<b>-1.6%</b>
<b>Manufacturing</b>	<b>85.4%</b>	<b>0.3%</b>	<b>10.3%</b>
Food	15.1%	-0.6%	14.4%
Oil and biofuel derivatives	13.5%	-0.6%	0.7%
Vehicles	6.2%	13.2%	31.6%
Metallurgy	4.9%	1.4%	-0.4%
Chemical products	7.4%	2.2%	5.7%
Machinery and equipment	3.8%	5.1%	15.8%
Metal products	3.0%	1.3%	14.1%
Non-metallic minerals	2.7%	2.4%	9.9%
Rubber and plastic	3.4%	-1.2%	8.0%
Beverages	3.0%	-0.8%	6.6%
Pulp and Paper	3.7%	0.6%	5.0%
Machinery and electric material	2.3%	9.0%	31.3%
Computers and electronics	2.0%	-2.6%	10.5%
Pharmaceuticals	2.4%	10.8%	-5.1%
Clothing	2.0%	5.3%	16.4%
Leather and footwear	1.4%	4.9%	15.1%
Textiles	1.3%	-2.8%	12.7%
Other transportation equipment	1.1%	5.3%	30.7%
Maintenance of machinery and equipment	1.6%	8.7%	1.0%
Furniture	1.2%	2.9%	17.6%
Lumber	1.1%	0.3%	9.0%
Prints and engravings	0.6%	12.4%	21.5%
Diverse products	1.2%	25.1%	9.8%
Tobacco	0.4%	4.5%	18.9%

**Marina Garrido**

## Macro Research – Itaú

### Mario Mesquita – Chief Economist

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