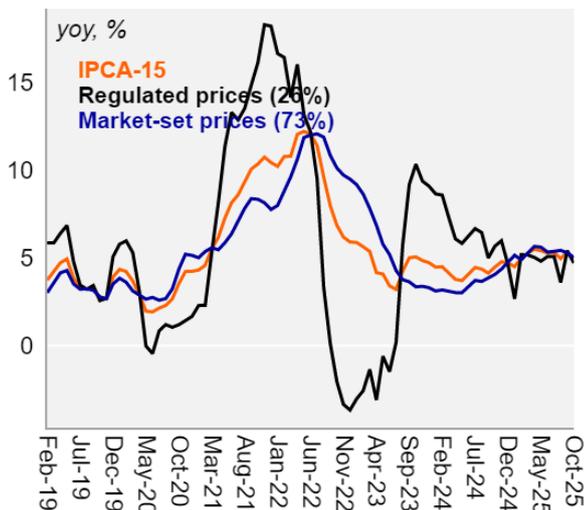


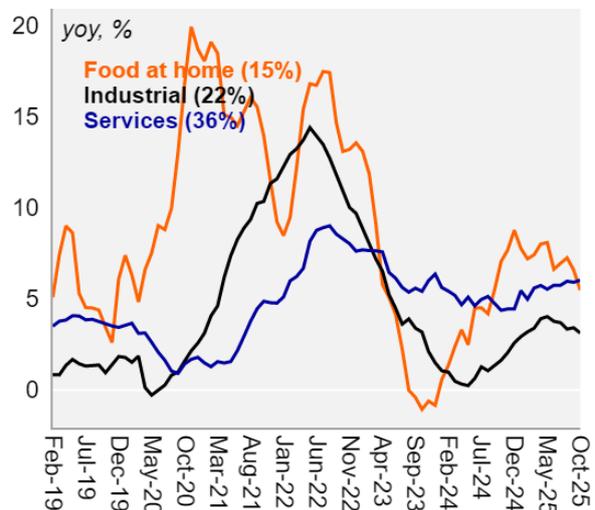
IPCA-15 moved up 0.18% in October

- ▶ October IPCA-15 came in at 0.18%, slightly above our call (0.17%) and below market forecast (0.21%). In 12 months, the index rose 4.9%, versus 5.3% in September.
- ▶ Compared to our forecast, we highlight the higher-than-expected prints in air ticket and rents. Services for vehicles, on the other hand, came in below our forecast. Regarding core metrics, underlying services inflation was below expectations led by insurance and car repair, while underlying industrials came in below expectations, led by phones.
- ▶ Items that repeat the IPCA-15 variation at the IPCA report (airfares, courses, rent and condominium fees, labor, domestic workers, among others) were 4 bps above our forecast.
- ▶ In the three-month moving average, with seasonally adjusted and annualized data, underlying services inflation declined to 4.6% (from 4.8%), while underlying industrials declined to 2.8% (from 3.7%). In the same metric, the average of core inflation measures receded to 3.9% (from 4.1%).
- ▶ **Our view:** October IPCA came close to expectations, but with a qualitatively better composition than expected, showing downside surprises in both core services (auto insurance and repairs) and core industrial goods (personal hygiene products and telephones). For 2025, we expect the IPCA to increase 4.6%.

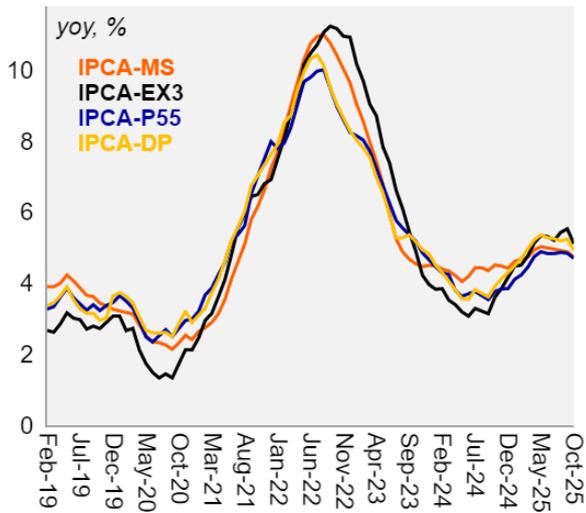
IPCA-15 - Market-set and regulated prices



IPCA-15 - Market-set prices

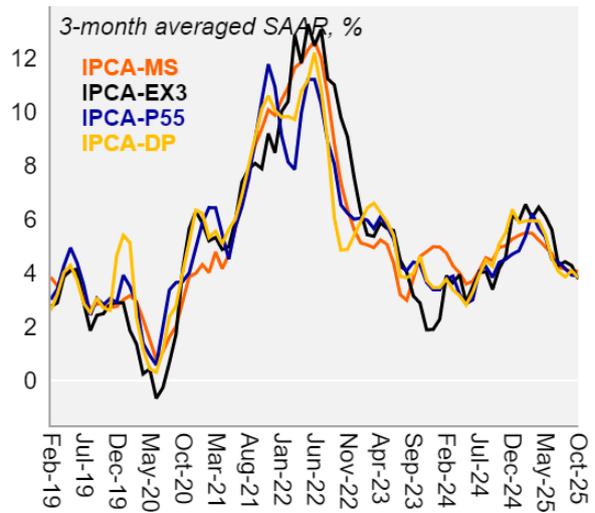


IPCA-15 - Core



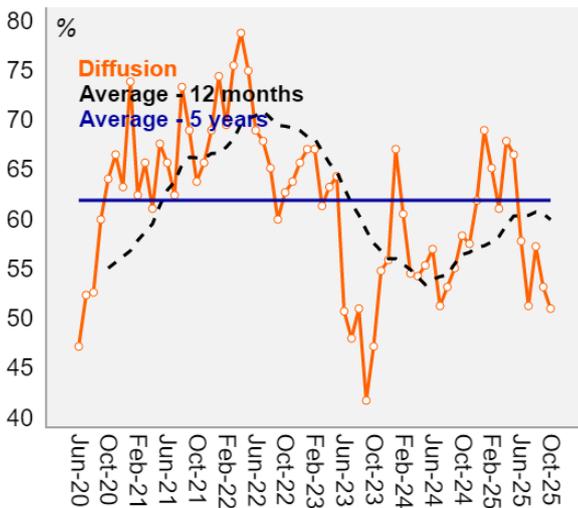
Source: IBGE, Itaú

IPCA-15



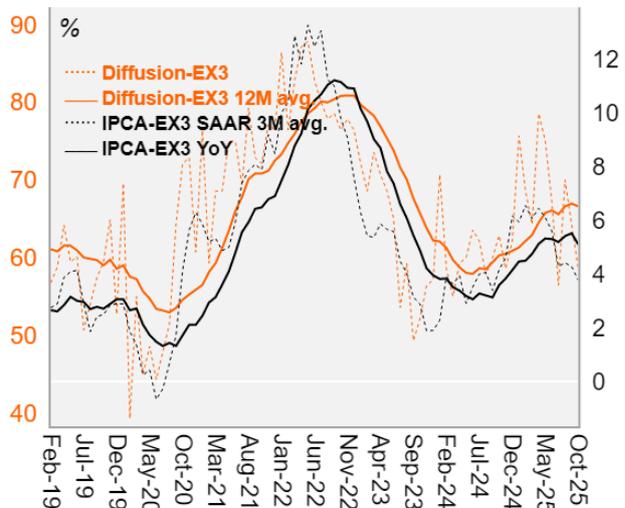
Source: IBGE, Itaú

IPCA-15 - Diffusion index



Source: IBGE, Itaú

IPCA-15 and diffusion index for EX3 core



Source: IBGE, Itaú

Weight		Oct-2024		Sep-2025		Oct-2025	Proj.	Δ	
		IPCA-15	IPCA	IPCA-15	IPCA	IPCA-15		bps	
100	Headline	0.54	0.56	0.48	0.48	0.18	0.17	1.0	
GROUPS	21	Food & beverage	0.87	1.06	-0.35	-0.26	-0.02	-0.01	-0.2
	15	Food at home	0.95	1.22	-0.63	-0.41	-0.10	-0.11	0.2
	6	Food out of home	0.66	0.65	0.36	0.11	0.19	0.22	-0.2
	15	Housing	1.72	1.49	3.31	2.97	0.16	-0.06	3.4
	3	Household articles	0.41	0.43	-0.16	-0.40	-0.64	-0.11	-1.9
	4	Apparel	0.43	0.37	0.97	0.63	0.45	0.44	0.0
	20	Transportation	-0.33	-0.38	-0.25	0.01	0.41	0.42	-0.2
	13	Health and personal care	0.49	0.38	0.36	0.17	0.24	0.28	-0.5
	10	Personal spending	0.35	0.70	0.20	0.51	0.42	0.43	-0.1
	6	Education	0.05	0.04	0.03	0.07	0.09	0.09	0.0
	4	Communication	0.40	0.52	-0.08	-0.17	-0.09	-0.04	-0.2
BREAKDOWN	26	Regulated prices	0.91	0.71	1.91	1.87	0.24	0.16	2.2
	4	Residential electricity	5.29	4.74	12.17	10.31	-1.09	-1.00	-0.4
	5	Gasoline	0.00	-0.13	-0.13	0.75	0.99	0.75	1.2
	73	Market-set prices	0.41	0.50	-0.02	-0.00	0.15	0.18	-1.9
	15	Food at home	0.95	1.22	-0.63	-0.41	-0.10	-0.11	0.2
	22	Industrials	0.26	0.26	0.20	0.06	-0.02	0.20	-4.9
36	Services	0.27	0.35	0.12	0.13	0.37	0.29	3.0	
CORES AND DIFFUSION	4	Underlying food at home	0.88	0.66	0.05	0.24	0.07	0.27	-0.9
	15	Underlying industrials	0.46	0.34	0.36	0.10	0.00	0.25	-3.8
	21	Underlying services	0.59	0.76	0.04	0.03	0.24	0.35	-2.4
	58	IPCA-EX0	0.26	0.31	0.15	0.10	0.22	0.26	-2.2
	82	IPCA-EX1	0.50	0.49	0.69	0.59	0.12	0.16	-3.2
	41	IPCA-EX2	0.57	0.59	0.16	0.08	0.13	0.31	-7.4
	36	IPCA-EX3	0.54	0.58	0.17	0.06	0.14	0.31	-6.2
	-	IPCA-MS	0.42	0.45	0.24	0.23	0.28	0.29	-
	-	IPCA-DP	0.48	0.54	0.20	0.19	0.18	0.22	-
	-	IPCA-P55	0.43	0.33	0.20	0.36	0.29	0.00	-
-	Diffusion index	58.31	61.54	53.13	52.25	50.95	-	-	

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	Oct-24	Jul-25	Aug-25	Sep-25	Oct-25
IPCA-15 (monthly)	100.0	0.54	0.33	-0.14	0.48	0.18
Regulated prices	26.2	0.91	0.53	-0.61	1.91	0.24
Market-set prices	73.8	0.41	0.25	0.02	-0.02	0.15
Food at home	15.5	0.95	-0.40	-1.02	-0.63	-0.10
Industrials	22.4	0.26	0.01	-0.00	0.20	-0.02
Services	36.0	0.27	0.70	0.50	0.12	0.37
IPCA-15 (12-month)	100.0	4.47	5.30	4.95	5.32	4.94
Regulated prices	26.0	5.66	5.07	3.59	5.40	4.70
Market-set prices	74.0	4.05	5.37	5.42	5.28	5.02
Food at home	15.0	7.05	6.95	7.25	6.58	5.48
Industrials	22.0	1.63	3.70	3.35	3.42	3.13
Services	36.0	4.37	5.74	5.97	5.91	6.02
Core* (monthly)						
IPCA-EX0	58.0	0.26	0.43	0.31	0.15	0.22
IPCA-EX3	37.0	0.54	0.26	0.49	0.17	0.14
IPCA-MS	-	0.42	0.31	0.25	0.24	0.28
IPCA-DP	-	0.48	0.27	0.22	0.20	0.18
IPCA-P55	-	0.43	0.23	0.31	0.20	0.29
Average**	-	0.43	0.30	0.32	0.19	0.22
Core* (12-month)						
IPCA-EX0	58.0	3.29	4.95	4.95	4.94	4.90
IPCA-EX3	37.0	3.60	5.20	5.43	5.53	5.11
IPCA-MS	-	4.51	4.95	4.91	4.88	4.73
IPCA-DP	-	3.90	5.25	5.19	5.24	4.92
IPCA-P55	-	3.76	4.83	4.86	4.84	4.70
Average**	-	3.81	5.04	5.07	5.09	4.87
Diffusion***						
Diffusion index	-	58.31	51.23	57.22	53.13	50.95

* 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.

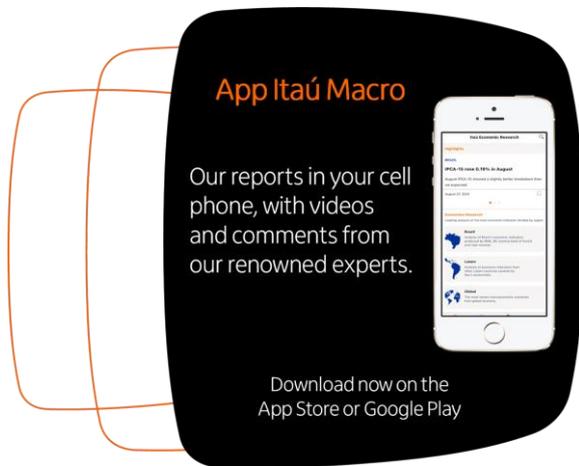
Source: IBGE, BCB, Itaú

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