Macro Brazil

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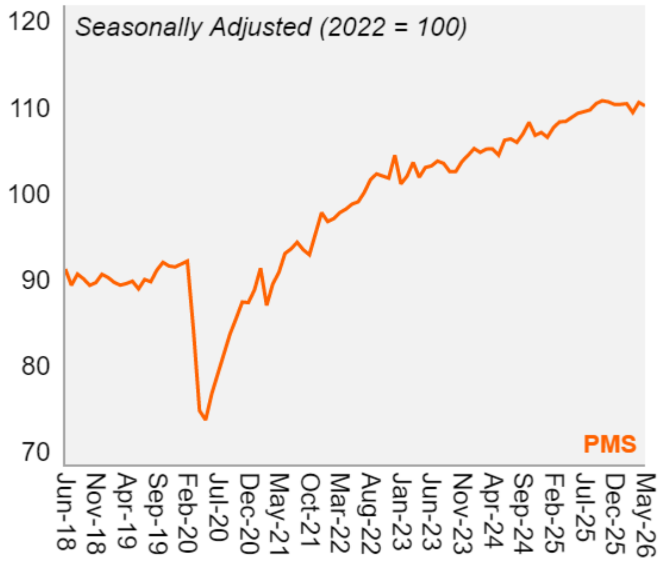
Services fell 0.4% mom/sa in May

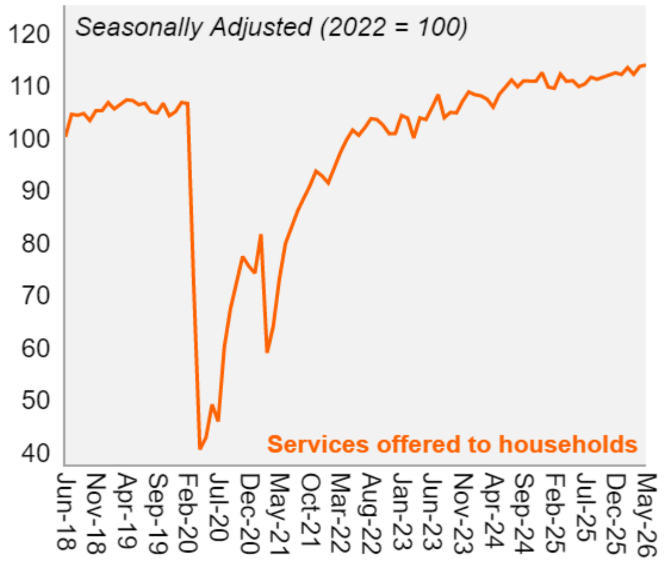
- The service sector real revenue fell 0.4% mom/sa (0.4% yoy) in May, close to our call (-0.3% mom/sa) and below market forecast (-0.1% mom/sa).
- Versus our forecast, the largest negative surprise was 'Transportation services' (-4.2% yoy vs. -2.6% estimated) while 'Professional, administrative and complementary services' (2.3% yoy vs. -0.7% estimated) stood out as the largest positive surprise. Further details can be found in the table below.
- Out of 5 categories, 2 advanced and 2 contracted at the margin. The positive highlights were 'Professional, administrative and complementary services' (+1.9% mom/sa) and 'Services offered to households' (+0.2% mom/sa), while 'Transportation services' (-1.0% mom/sa) and 'Other Services' (-1.9% mom/sa) recorded the largest mom/sa contractions.
- With today´s release, the carry over for 2Q26 now stands at 0.2% and 1.1% for the headline and the household segment, respectively.
- **Our view:** Service sector revenues in May came in line with our forecast. In the breakdown, there was a positive surprise in "Professional, Administrative and Support Services", introducing a slight upward bias to our 2Q26 GDP tracking estimate. Today's release also showed somewhat more resilient household services activity, following moderate growth at the end of the first quarter. That said, looking ahead, our proprietary indicator points to weaker data in June.

Services fell 0.4% mom/sa in May



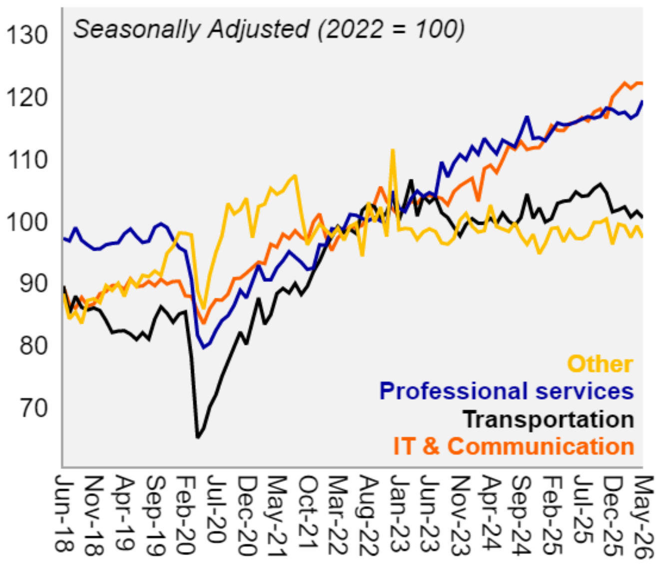
Source: IBGE, Itaú

Services to families rose 0.2% mom/sa



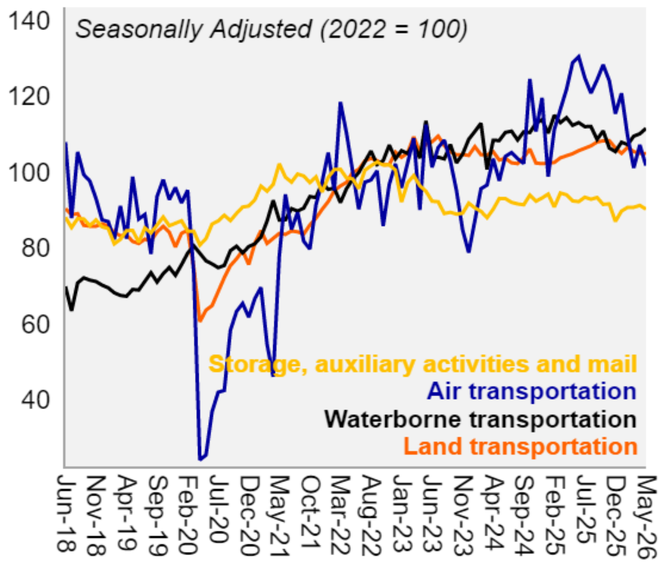
Source: IBGE, Itaú

Transportation services declined 1.0% mom/sa



Source: IBGE, Itaú

Out of 5 categories, 2 advanced



Source: IBGE, Itaú

Services - May/26 (%)		
May 2026	Weight	m/m s.a.
PMS	100.0	-0.4
Transportation services	36.4	-1.0
IT & Communication Services	23.5	0.0
Professional, administrative and complementary services	21.7	1.9
Services offered to households	8.2	0.2
Other Services	10.2	-1.9

Source: IBGE, Itaú

Services in May/26 - forecast vs. actual (%)

May 2026	Weight	Forecast (YoY)	Actual (YoY)	Error contr. (p.p.)
PMS	100.0	0.4	0.4	0.0
Transportation services	36.4	-2.6	-4.2	-0.6
IT & Communication Services	23.5	5.4	5.2	-0.0
Professional, administrative and complementary services	21.7	-0.7	2.3	0.7
Services offered to households	8.2	2.6	3.1	0.0
Other Services	10.2	-0.9	-2.4	-0.2

Source: IBGE, Itaú

Natalia Cotarelli
Marina Garrido

Macro Research – Itaú
Diogo Guillen – Chief Economist

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