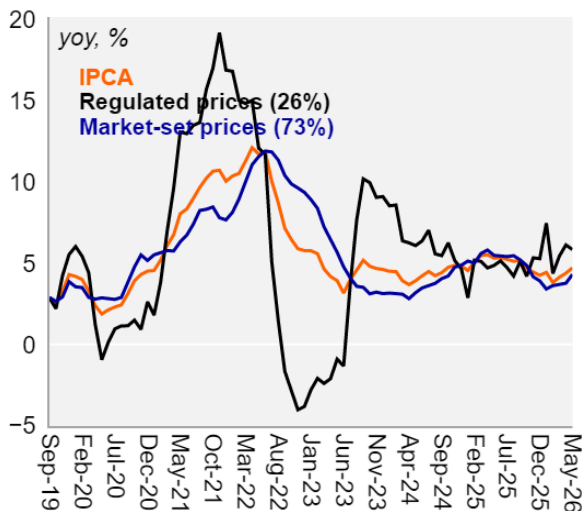


## IPCA moved up 0.58% in May

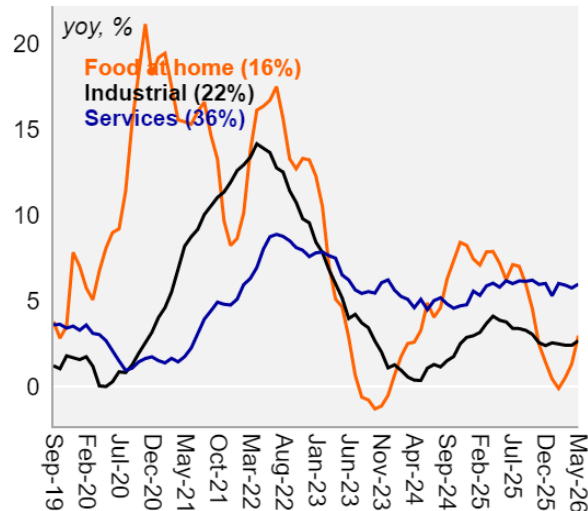
- ▶ May IPCA came in at 0.58%, slightly above our call (0.56%) and exceeding market consensus (0.53%). In 12 months, IPCA rose 4.7%, versus 4.4% in April.
- ▶ Compared to our forecast, we highlight the higher-than-expected prints in gasoline and personal care. Food at home, on the other hand, came in below our forecast. Regarding core metrics, underlying services inflation was in line with our estimates, while underlying industrials came in above expectations led by personal hygiene.
- ▶ In the three-month moving average, with seasonally adjusted and annualized data, underlying services inflation declined to 5.6% (from 6.0%), while underlying industrials moved up to 6.5% (from 5.0%). In the same metric, the average of core inflation measures increased to 5.6% (from 5.2%).
- ▶ **Our view:** IPCA inflation came in slightly above our projection in May, notably driven by an upside surprise in underlying industrials (mainly personal hygiene items), which continue to reflect the indirect effect of the oil shock on goods. On the other hand, underlying services confirmed a deceleration at the margin, led primarily by miscellaneous services. For the year, we project IPCA at 5.4% and continue to see the balance of risks as skewed to the upside.

IPCA - Market-Set and Regulated Prices



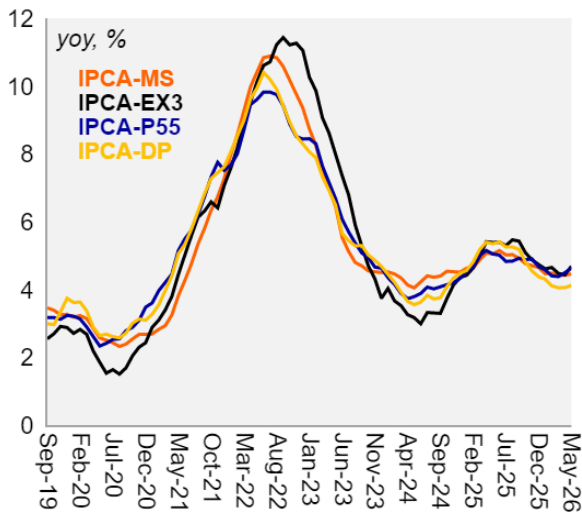
Source: IBGE, Itaú

IPCA - Market-Set Prices



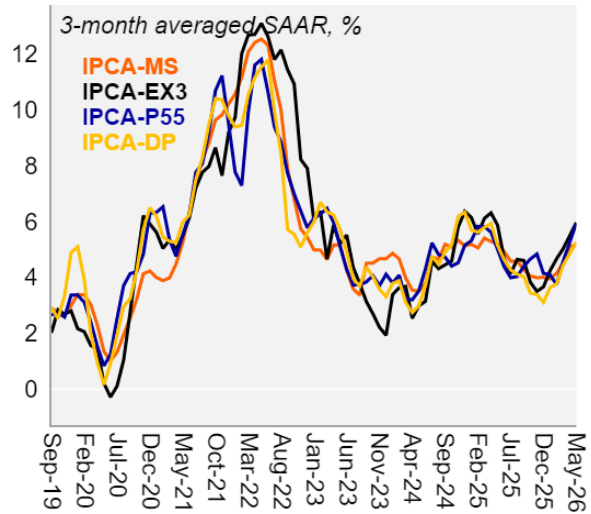
Source: IBGE, Itaú

**IPCA - Core**



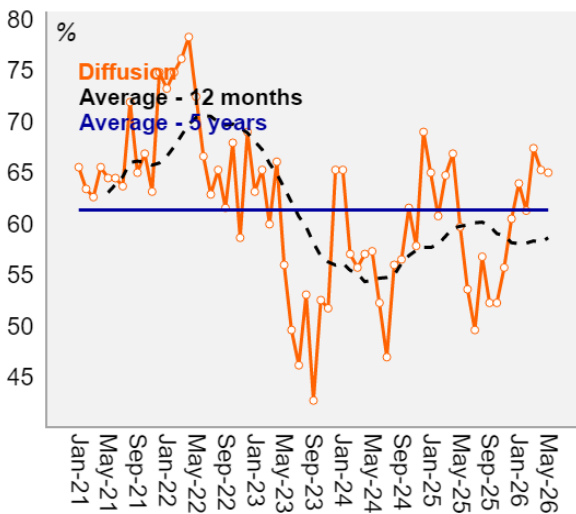
Source: IBGE, Itaú

**IPCA - Core s.a. annualized, 3-month averaged**



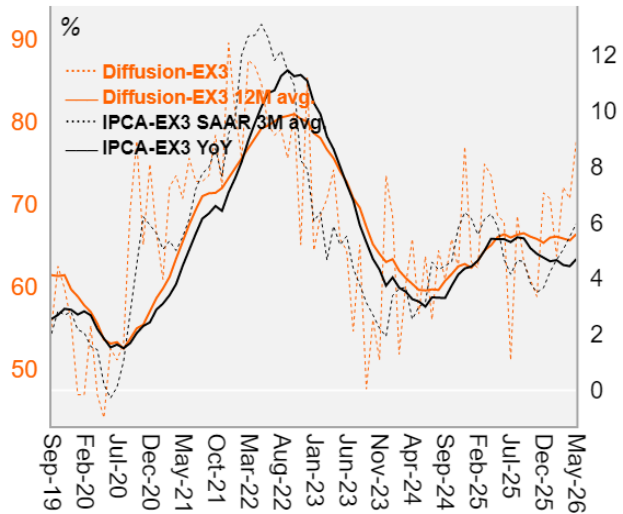
Source: IBGE, Itaú

**IPCA - Diffusion Index**



Source: IBGE, Itaú

**IPCA and diffusion index for EX3 core**



Source: IBGE, Itaú

	Weight	May-2025		Apr-2026		May-2026		Proj.	Δ bps	
		IPCA-15	IPCA	IPCA-15	IPCA	IPCA-15	IPCA			
	100	<b>Headline</b>	0.36	0.26	0.89	0.67	0.62	0.58	<b>0.56</b>	2.0
<b>GROUPS</b>	21	<b>Food &amp; beverage</b>	0.39	0.17	1.46	1.34	1.38	1.33	<b>1.35</b>	-0.4
	15	Food at home	0.30	0.02	1.77	1.64	1.73	1.65	<b>1.78</b>	-2.0
	6	Food out of home	0.63	0.58	0.70	0.59	0.51	0.49	<b>0.25</b>	1.5
	15	<b>Housing</b>	0.67	1.19	0.42	0.63	1.03	1.22	<b>1.36</b>	-2.1
	3	<b>Household articles</b>	-0.07	-0.27	0.48	0.65	0.21	0.08	<b>0.34</b>	-0.9
	4	<b>Apparel</b>	0.92	0.41	0.76	0.52	0.36	0.62	<b>0.45</b>	0.8
	20	<b>Transportation</b>	-0.29	-0.37	1.34	0.06	-0.33	-0.46	<b>-0.59</b>	2.7
	13	<b>Health and personal care</b>	0.91	0.54	0.93	1.16	1.05	0.90	<b>0.68</b>	3.0
	10	<b>Personal spending</b>	0.50	0.35	0.32	0.35	0.50	0.41	<b>0.40</b>	0.1
	6	<b>Education</b>	0.09	0.05	0.05	0.06	0.01	0.00	<b>0.01</b>	-0.1
4	<b>Communication</b>	0.27	0.07	0.48	0.57	0.36	0.23	<b>0.26</b>	-0.1	
<b>BREAKDOWN</b>	26	<b>Regulated prices</b>	0.64	0.70	1.79	1.00	0.43	0.44	<b>0.36</b>	2.0
	4	Residential electricity	1.68	3.62	0.68	0.72	2.16	3.67	<b>3.67</b>	0.0
	5	Gasoline	0.14	-0.66	6.23	1.86	-1.32	-1.46	<b>-2.25</b>	4.2
	73	<b>Market-set prices</b>	0.26	0.11	0.57	0.55	0.69	0.64	<b>0.62</b>	1.3
	15	Food at home	0.30	0.02	1.77	1.64	1.73	1.65	<b>1.78</b>	-2.0
	22	Industrials	0.41	0.06	0.65	0.62	0.31	0.32	<b>0.19</b>	2.9
35	<b>Services</b>	0.15	0.18	0.02	0.04	0.48	0.40	<b>0.40</b>	-0.2	
<b>CORES AND DIFFUSION</b>	4	<b>Underlying food at home</b>	1.10	1.00	0.23	0.03	0.24	0.17	<b>0.15</b>	0.1
	15	<b>Underlying industrials</b>	0.49	0.22	0.69	0.78	0.68	0.84	<b>0.64</b>	3.1
	21	<b>Underlying services</b>	0.45	0.42	0.45	0.52	0.53	0.40	<b>0.37</b>	0.6
	58	IPCA-EX0	0.25	0.14	0.26	0.26	0.42	0.37	<b>0.32</b>	2.7
	81	IPCA-EX1	0.43	0.43	0.30	0.32	0.52	0.55	<b>0.53</b>	2.0
	41	IPCA-EX2	0.54	0.41	0.51	0.56	0.55	0.54	<b>0.45</b>	3.7
	36	IPCA-EX3	0.47	0.34	0.55	0.63	0.59	0.58	<b>0.49</b>	3.4
	-	IPCA-MS	0.40	0.38	0.48	0.48	0.45	0.43	<b>0.40</b>	-
	-	IPCA-DP	0.42	0.32	0.51	0.51	0.47	0.38	<b>0.37</b>	-
	-	IPCA-P55	0.47	0.35	0.54	0.59	0.50	0.48	<b>0.00</b>	-
-	<b>Diffusion index</b>	<b>66.49</b>	<b>59.68</b>	<b>67.03</b>	<b>65.25</b>	<b>65.12</b>	<b>64.99</b>	-	-	

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	May-25	Feb-26	Mar-26	Apr-26	May-26
<b>IPCA (monthly)</b>	<b>100.0</b>	<b>0.26</b>	<b>0.70</b>	<b>0.88</b>	<b>0.67</b>	<b>0.58</b>
<b>Regulated prices</b>	<b>26.2</b>	<b>0.70</b>	<b>0.17</b>	<b>1.22</b>	<b>1.00</b>	<b>0.44</b>
<b>Market-set prices</b>	<b>73.8</b>	<b>0.11</b>	<b>0.89</b>	<b>0.76</b>	<b>0.55</b>	<b>0.64</b>
Food at home	15.5	0.02	0.23	1.94	1.64	1.65
Industrials	22.3	0.06	0.33	0.31	0.62	0.32
Services	35.9	0.18	1.51	0.53	0.04	0.40
<b>IPCA (12-month)</b>	<b>100.0</b>	<b>5.32</b>	<b>3.81</b>	<b>4.14</b>	<b>4.39</b>	<b>4.72</b>
<b>Regulated prices</b>	<b>26.0</b>	<b>4.87</b>	<b>4.37</b>	<b>5.45</b>	<b>6.13</b>	<b>5.85</b>
<b>Market-set prices</b>	<b>74.0</b>	<b>5.49</b>	<b>3.63</b>	<b>3.68</b>	<b>3.77</b>	<b>4.32</b>
Food at home	16.0	7.19	-0.11	0.51	1.32	2.97
Industrials	22.0	3.87	2.48	2.41	2.40	2.67
Services	36.0	5.80	6.01	5.91	5.75	5.97
<b>Core* (monthly)</b>						
IPCA-EX0	58.0	0.14	1.06	0.45	0.26	0.37
IPCA-EX3	37.0	0.34	0.52	0.39	0.63	0.58
IPCA-MS	-	0.38	0.45	0.41	0.48	0.43
IPCA-DP	-	0.32	0.58	0.46	0.51	0.38
IPCA-P55	-	0.35	0.49	0.46	0.59	0.48
<b>Average**</b>	<b>-</b>	<b>0.31</b>	<b>0.62</b>	<b>0.43</b>	<b>0.49</b>	<b>0.45</b>
<b>Core* (12-month)</b>						
IPCA-EX0	58.0	5.03	4.64	4.55	4.44	4.68
IPCA-EX3	37.0	5.39	4.66	4.48	4.44	4.69
IPCA-MS	-	5.06	4.49	4.43	4.42	4.47
IPCA-DP	-	5.36	4.11	4.06	4.06	4.12
IPCA-P55	-	5.05	4.41	4.39	4.50	4.63
<b>Média núcleos**</b>	<b>-</b>	<b>5.18</b>	<b>4.46</b>	<b>4.38</b>	<b>4.37</b>	<b>4.52</b>
<b>Difusão***</b>						
Diffusion index	-	59.68	61.27	67.37	65.25	64.99

\* 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.

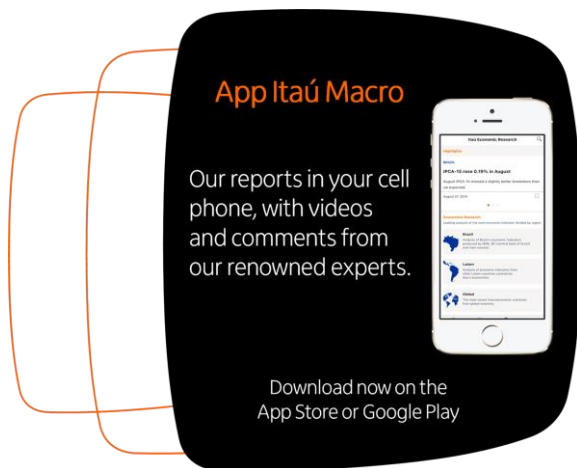
Source: IBGE, BCB, Itaú

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