# What to Expect from the July IPCA-15

## XP Macro & Macro Strategy

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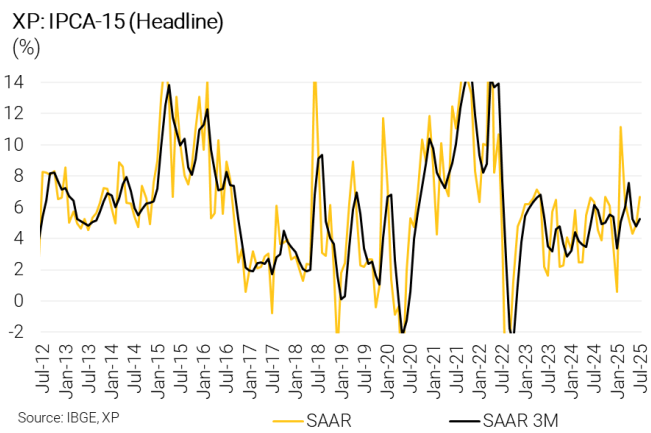
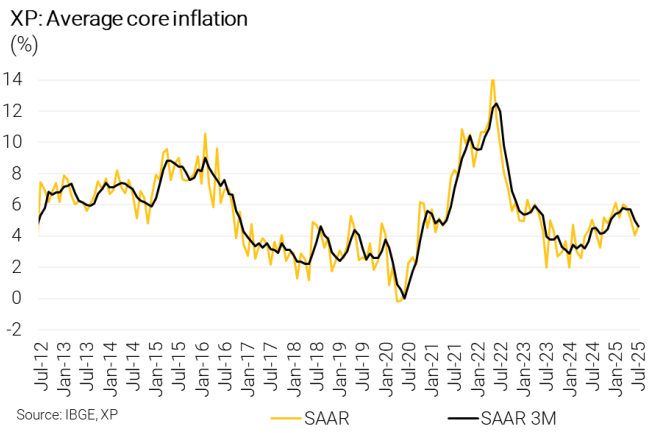
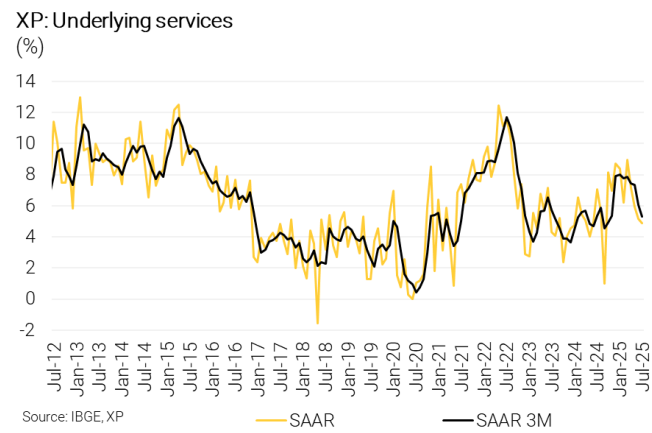
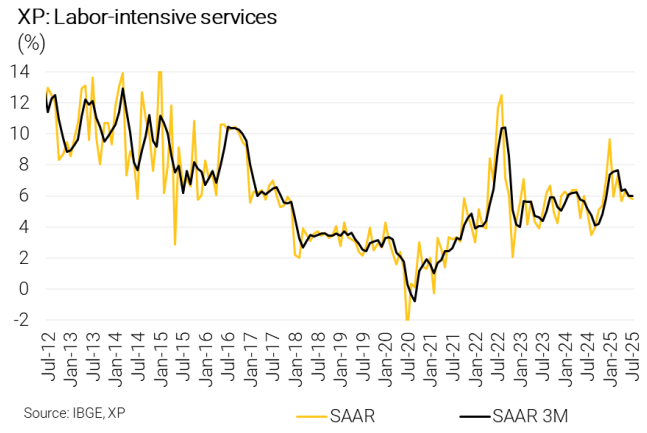
The July IPCA-15 will be released on Friday (July 25th), and we expect the headline index to rise by 0.33% MoM, a tad above the Bloomberg median (0.30%). Forecasts range from 0.20% to 0.36% MoM.

According to the projections collected by Broadcast, the market expects the average of the core inflation gauges to advance by 0.30% MoM and underlying services, by 0.42%, roughly in line with our estimates (0.30% and 0.41%, respectively). If our forecast proves accurate, the 3M SAAR core inflation gauge would drop from 5.0% to 4.6%, while the 3M SAAR of the underlying services would decline from 6.1% to 5.3%. For the labor-intensive services gauge, we forecast a 0.42% advance, with its 3-month SAAR remaining at 6.0%.



XP - Expectations on July IPCA-15 (%)

| Gauge | XP | Consensus [Median] |
|---|---|---|
| IPCA-15 | 0.33 | 0.30 |
| Regulated Prices | 0.72 | 0.64 |
| Market-set prices | 0.20 | 0.20 |
| Food at home | -0.36 | -0.33 |
| Industrials | 0.16 | 0.07 |
| Services | 0.47 | 0.53 |
| Underlying services | 0.41 | 0.42 |
| Avg. Core measures | 0.30 | 0.30 |

Sources: Bloomberg (market consensus for the headline), Broadcast (market consensus for the breakdown) and XP (projections)

Still on the services side, we expect an 8% increase in airfare prices – price collections indicate up to 17%, so there is upside risk. In July, food prices are expected to decline again, primarily due to decreases in fresh food prices. On the other hand, industrialized goods prices (exp. 0.16%) are expected to accelerate, considering price adjustments in cigarettes and increases in personal hygiene products (exp. 0.2% from -0.9% in June). Finally, monitored prices are also expected to accelerate due to electricity fare adjustments in São Paulo state and increases in lottery prices.

July IPCA-15 (%)

| IPCA-15 inflation | XP Forecast |
|---|---|
| ***Headline*** | **0.33** |
| *Food and beverages* | -0.12 |
| *Food at home* | -0.36 |
| *Food away from home* | 0.49 |
| *Housing* | 1.16 |
| *Electricity* | 3.67 |
| *Articles of residence* | -0.06 |
| *Clothing* | 0.39 |
| *Transports* | 0.23 |
| *Gasoline* | -0.20 |
| *Airfares* | 8.00 |
| *Health and personal care* | 0.27 |
| *Personal expenses* | 0.84 |
| *Education* | 0.06 |
| *Communication* | -0.05 |
| *Regulated Prices* | 0.72 |
| *Market-set prices* | 0.20 |
| *Non-durable goods* | -0.22 |
| *Semi-durable goods* | 0.33 |
| *Durable goods* | 0.12 |
| *Services* | 0.47 |
| *Underliyng Services* | 0.41 |
| *Labor-intensive Services* | 0.42 |
| *Industrials* | 0.16 |
| *Underlying industrials* | 0.19 |
| *Difusion* | 0.59 |
| *IPCA EX0* | 0.35 |
| *IPCA EX3* | 0.32 |
| *IPCA MS* | 0.28 |
| *IPCA DP* | 0.31 |
| *IPCA P55* | 0.25 |
| *Average core inflation** | **0.30** |

** EX0, EX3, MS, DP e P55*

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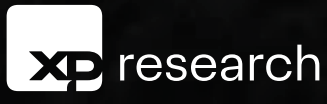


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