What to Expect from the July IPCA-15

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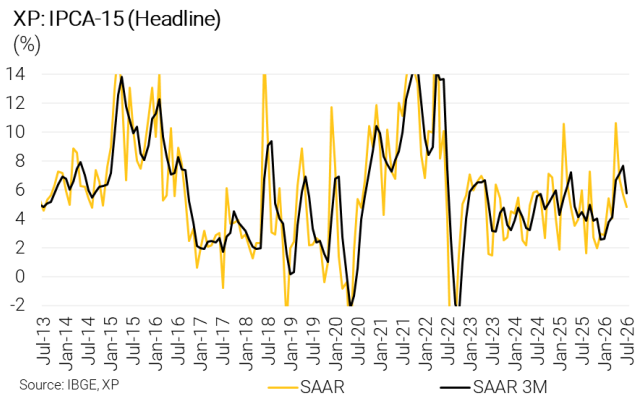
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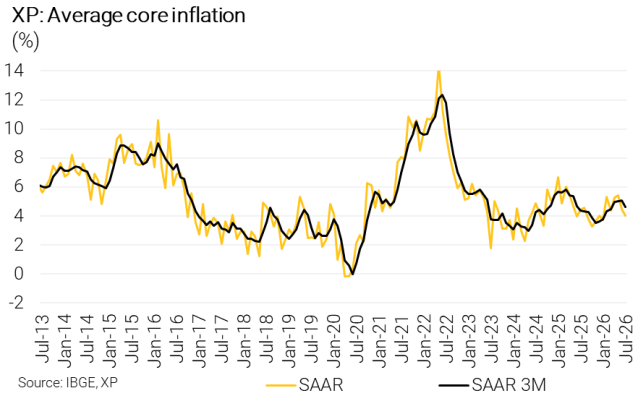
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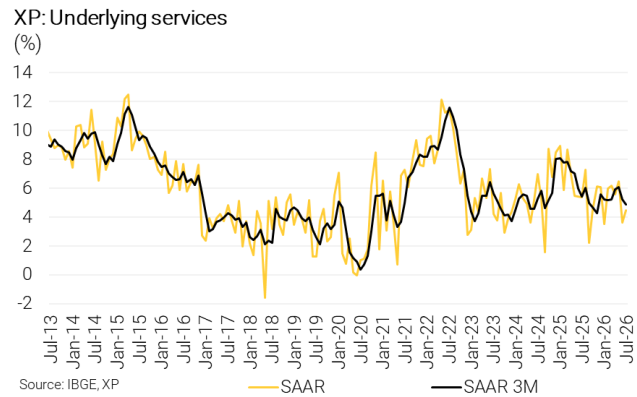
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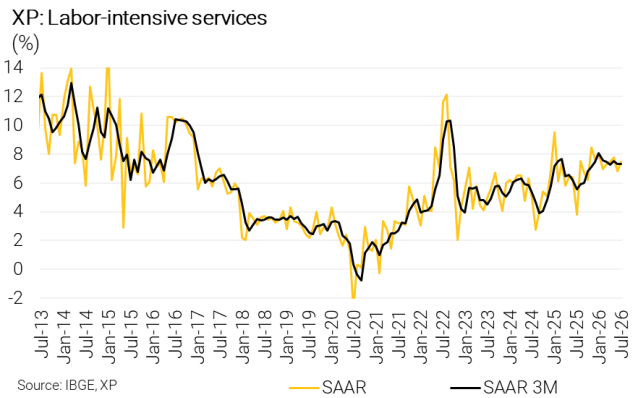
The July IPCA-15 will be published on Tuesday, July 28th. We anticipate the headline index to increase by 0.26% MoM (4.73% YoY), a tad above the Bloomberg (0.23% MoM; 4.70% YoY) and Broadcast consensus (0.21% MoM; 4.67% YoY).

According to the Broadcast+ survey, the market expects the average of the core inflation gauges to rise by 0.25% MoM, in line with our forecast, and underlying services, by 0.34% (we foresee a 0.37% advance). Should our forecast materialize, the three-month seasonally adjusted annualized rate (3M SAAR) for core inflation would decline from 5.0% to 4.6%, while the 3M SAAR for underlying services would drop from 5.2% to 4.9%. For the labor-intensive services gauge, we anticipate a 0.55% increase, with its 3M SAAR remaining at 7.3%.









The decline in the margin will be driven by food at home, mainly due to falling prices for fresh food and meat. Additionally, industrial goods will decline due to slowdowns in apparel and personal care. On the other hand, services are expected to pick up again, driven by our expectation of a significant increase in airfare (18%). We believe that the main source of divergence among market analysts' expectations lies in the projections for this subcategory. Still within services, we anticipate a slight increase in voluntary auto insurance and highlight a potential rise in communication services as an upside risk. Finally, regulated prices are expected to rise due to increases in electricity bills — which reflect rate adjustments in some of the surveyed regions—and a smaller decline in gasoline prices.

XP - Expectations on July IPCA-15 (%)

Gauge	XP	Consensus [Median]
IPCA-15	0.26	0.21* / 0.23**
Regulated Prices	0.54	0.51
Market-set prices	0.16	0.11
Food at home	-0.87	-0.84
Industrials	0.01	0.01
Services	0.68	0.59
Underlying services	0.37	0.34
Avg. Core measures	0.25	0.25

*Broadcast; **Bloomberg

Sources: Bloomberg and Broadcast.

July IPCA-15	MoM		YoY	
IPCA-15 inflation	Jun-26	Jul-26	Jun-26	Jul-26
Headline	**0.41**	**0.26**	**4.80**	**4.73**
Food and beverages	0.74	-0.54	4.29	3.79
Food at home	0.87	-0.87	3.40	2.91
Food away from home	0.40	0.28	6.60	6.01
Housing	0.72	1.19	5.88	6.07
Electricity	2.04	3.79	8.86	9.59
Articles of residence	0.36	0.34	0.42	0.78
Clothing	0.45	-0.06	4.35	4.39
Transports	-0.03	0.64	4.10	4.07
Gasoline	-0.73	-0.35	5.16	5.32
Airfares	7.24	18.00	52.95	50.58
Health and personal care	0.47	0.17	6.18	6.15
Personal expenses	0.34	0.39	5.88	6.03
Education	-0.02	0.02	6.35	6.37
Communication	0.34	-0.04	1.93	1.78
Regulated Prices	0.27	0.54	5.52	5.52
Market-set prices	0.46	0.16	4.47	4.37
Non-durable goods	0.65	-0.59	3.67	3.32
Semi-durable goods	0.40	-0.03	2.93	3.03
Durable goods	0.23	0.12	0.50	0.56
Services	0.40	0.68	6.27	6.25
Underliyng Services	0.27	0.37	5.26	5.17
Labor-intensive Services	0.50	0.55	7.06	7.37
Industrials	0.27	0.01	2.63	2.63
Underlying industrials	0.57	0.06	4.03	4.11
Difusion	0.60	0.45	-	-
IPCA EX0	0.35	0.42	4.86	4.85
IPCA EX3	0.39	0.24	4.75	4.73
IPCA MS	0.31	0.27	3.39	3.35
IPCA DP	0.27	0.20	4.12	4.05
IPCA P55	0.36	0.12	4.26	4.15
*Average core inflation**	**0.34**	**0.25**	**4.28**	**4.23**

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

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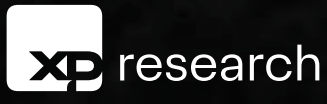
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