What to Expect from the May IPCA-15

XP Macro

Alexandre Maluf
Macro Research

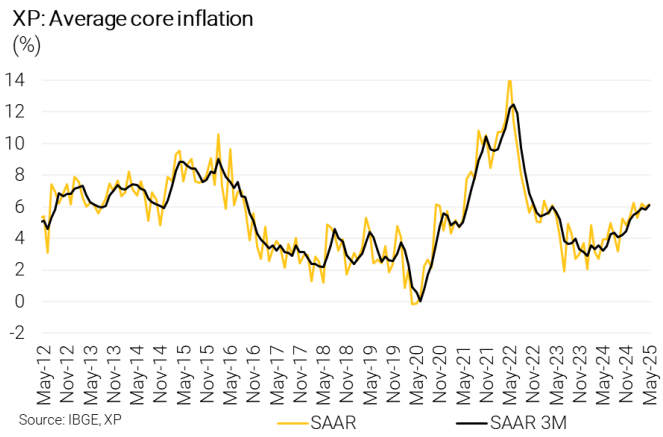
Victor Scalet
Macro Strategist

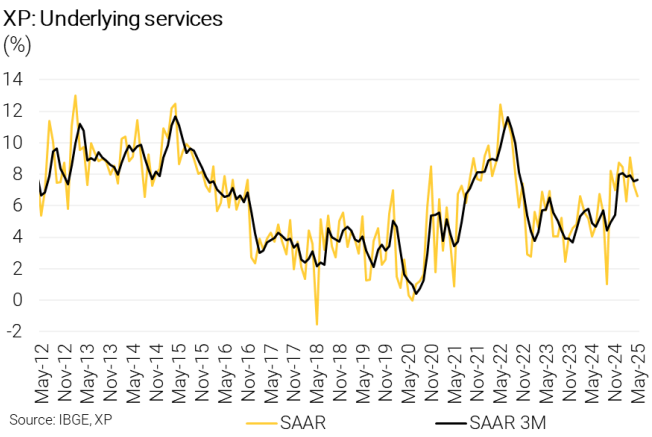
André Buzzini
Macro Strategist

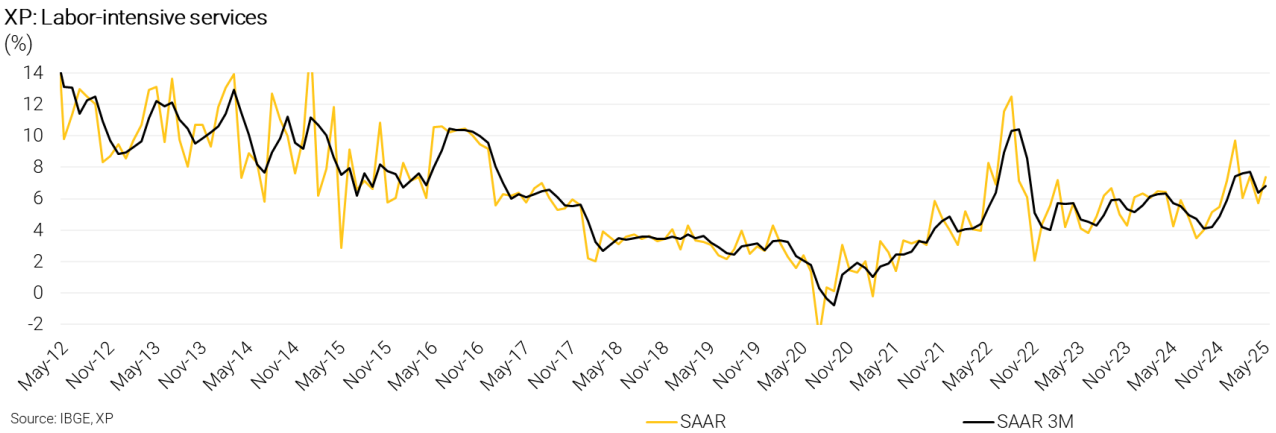
Contact
macrostrategy@xpi.com.br

The May IPCA-15 will be released tomorrow (May 27th) and the market expects the headline index to rise by 0.45% MoM, according to the Bloomberg median. Forecasts range from 0.38% to 0.53% MoM - we expect it to advance by 0.47%.

According to the projections collected by Broadcast, the market expects the average of the core inflation gauges to advance by 0.47% MoM and underlying services, by 0.56%, while we forecast advances of 0.49% and 0.51%, respectively. If our forecast proves accurate, the 3M SAAR core inflation gauge would advance from 5.8% to 6.1%, while the 3M SAAR of the underlying services would inch up from 7.5% to 7.7%. For the labor-intensive services gauge, closely monitored by BCB, we forecast an advance of 0.61%, with its 3M SAAR increasing to 6.8% from 6.4% last month.







XP - Expectations on May IPCA-15 (%)

Gauge	XP	Consensus [Median]
IPCA-15	0.47	0.45
Regulated Prices	0.65	0.61
Market-set prices	0.41	0.39
Food at home	0.60	0.58
Industrials	0.57	0.50
Services	0.23	0.22
Underlying services	0.51	0.56
Avg. Core measures	0.49	0.47

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

On the monitored goods side, the highlights are electricity, following the activation of the 'yellow flag' on tariffs, and pharmaceutical products, which are expected to peak in this reading (seasonal readjustments). On the industrial goods side, we expect some moderation compared to April, due to the dissipation of the payback from Consumer Week and the fading of clothing price readjustments. On the other hand, new car prices (0.7%) are expected to accelerate compared to the previous month. Regarding foodstuff prices, they are expected to moderate at the margin, reflecting a slowdown in the prices of fresh food items, notably eggs. In contrast, beef prices are expected to return to positive territory (1%). Finally, it is worth highlighting the strong uncertainties regarding airline ticket prices – we project a more moderate decline (-6%) than suggested by the main price surveys (-10% to -12%).

May IPCA-15 (%)

IPCA-15 inflation	XP Forecast
Headline	0.47
Food and beverages	0.60
Food at home	0.60
Food away from home	0.62
Housing	0.72
Electricity	1.46
Articles of residence	0.33
Clothing	0.85
Transports	-0.13
Gasoline	-0.13
Airfares	-6.00
Health and personal care	1.10
Personal expenses	0.39
Education	0.05
Communication	0.43
Regulated Prices	0.65
Market-set prices	0.41
Non-durable goods	0.61
Semi-durable goods	0.67
Durable goods	0.48
Services	0.23
Underliyng Services	0.51
Labor-intensive Services	0.61
Industrials	0.57
Underlying industrials	0.60
Difusion	0.87
IPCA EX0	0.36
IPCA EX3	0.55
IPCA MS	0.49
IPCA DP	0.50
IPCA P55	0.57
*Average core inflation**	0.49

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

Disclaimer

1) This report was prepared by XP Investimentos CCTVM S.A. ("XP Investimentos or XP") according to the requirements provided in CVM Resolution 20/2021 and aims to provide information that can help the investors make their own investment decisions, and does not constitute any kind of offer or purchase request and/or sale of any product. The information contained in this report is considered valid on the date of disclosure and has been obtained from public sources. XP Investimentos is not liable for any decisions made by the customer based on this report.

2) This report was prepared considering the product risk classification in order to generate allocation results for each investor profile.

3) All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst(s) compensation was, is or will be, directly or indirectly related to the specific recommendations or views expressed in this research report.

4) The signatory of this report declare that the recommendations reflect solely and exclusively their personal analyses and opinions, which have been produced independently, including in relation to XP Investimentos and which are subject to modifications without notice due to changes in market conditions, and that their remuneration are indirectly affected by revenue from business and financial transactions carried out by XP Investimentos.

5) The analyst responsible for the content of this report and the compliance with CVM Resolution 20/2021 is indicated above, and, in the event of an indication of another analyst in the report, the person responsible will be the first accredited analyst to be mentioned in Report.

6) XP Investimentos' analysts are obligated to comply with all the rules laid down in the APIMEC's conduct code for the securities analyst and XP Investimentos' analyst of securities conduct policy.

7) Customer service is carried out by XP Investimentos employees or by autonomous investment agents who perform their activities through XP, in accordance with CVM Resolution 16/2021, which are registered in the national association of brokers and distributors of securities ("ANCORD"). The autonomous agent of investment may not provide consulting, administration or management of customer net worth, and must act as an intermediary and request prior authorization from the client for the realization of any operation in the capital market.

8) The products presented in this report may not be suitable for all types of customer. Before making any decisions, customers should ensure that the products presented are suitable for their investor profile. This material does not suggest any change of portfolio, but only guidance on products suitable to a certain investor profile.

9) The profitability of financial products may present variations and their price or value may increase or decrease in a short period of time. Past performance is not necessarily indicative of future results. Performance disclosed is not net of any applicable taxes. The information present in this material is based on simulations and the actual results may be significantly different.

10) This report is intended exclusively for to the XP Investimentos' network, including independent XP agents and XP customers, and may also be released on XP's website. It is prohibited to reproduce or redistribute this report to any person, in whole or in part, whatever the purpose, without the prior express consent of XP Investimentos.

11) XP Investimentos' ombudsman has the mission to serve as a contact channel whenever customers who do not feel satisfied with the solutions given by the company to their problems. The contact can be made via telephone 0800 722 3710 if you are in Brazil or via ombudsman form if you are in other localities: ttps://institucional.xpi.com.br/ouvidoria.aspx/.

12) The cost of the transactions billing policies are defined in the operational cost tables which are made available on XP Investimentos website: www.xpi.com.br.

13) XP Investimentos is exempt from any liability for any damages, direct or indirect, that come from the use of this report or its contents.

14) Technical analysis and fundamental analysis follow different methodologies. Technical analysis is performed following concepts such as trends, support, resistance, candles, volume, and moving averages, amongst others. Fundamental analysis uses as information the results disseminated by the issuing companies and their projections. In this way, the opinions of fundamental analysts, who seek the best returns given the market conditions, the macroeconomic scenario and the specific events of the company and the sector, may differ from the opinions of technical analysts, which aim to Identify the most likely movements on asset prices, using "stops" limit possible losses.

15) Investment in stocks is appropriate for moderate and aggressive profile investors, according to the suitability policy practiced by XP Investimentos. Equity investments available are portion a company's capital that is traded on the market. Stock is a variable financial investment (i.e. an investment in which profitability is not pre-established and varies depending on market quotations). Investment in stock is a high-risk investment and past performance is not necessarily indicative of future results and no statement or warranty, expressed or implied, is made in this material in relation to future performance. Market conditions, macroeconomic scenario, company and sector specific events can affect investment performance and may even result in significant asset losses. The recommended duration for equity investments is medium-long term. There is no guarantee of investment return for customers' investments in stock.

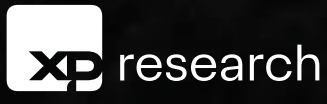
16) Investment in options is preferably indicated for aggressive profile investors, according to the suitability policy practiced by XP Investimentos. In options market, the purchase or sale rights of a good shall be negotiated at a price fixed at a future date, and the purchaser of the negotiated duty should pay a premium to the seller as in a secure agreement. Operations with these derivatives are considered very high risk for presenting high risk and return relationships and some positions present the possibility of losses higher than the capital invested. The recommended duration for the investment is short-term and the customer's assets are not guaranteed in this type of product.

17) Investment in terms is indicated for aggressive profile investors, according to the suitability policy practiced by XP Investimentos. They are contracts for the purchase or sale of a certain number of shares at a fixed price for settlement within a specified period. The term of the contract is freely chosen by the investors, complying with the minimum period of 16 days and a maximum of 999 days. The price will be the value of the added share of a portion corresponding to the interest-which are set freely on the market, depending on the term of the contract. Every transaction in the term requires a guarantee deposit. These guarantees are provided in two forms: coverage or margin.

18) Investments in futures markets are subject to significant loss of principal, and are therefore appropriate for aggressive profile investors, according to the suitability policies practiced by XP Investimentos. A commodity is an object or price determinant of a future contract or other derivative instrument, which may substantiate an index, a fee, a movable value or a physical product. Commodities are considered high risk investments, which include the possibility of price fluctuation due to the use of financial leverage. The recommended duration for commodity investments is short-term and customers' assets are not guaranteed in this type of product. Market conditions and the macroeconomic scenario can affect the performance investments.

19) This institution is adhering ANBIMA Code of Regulation and best practices for the distribution activity of retail investment products.

20) XP Investments US, LLC, a broker-dealer registered with the U.S. Securities and Exchange Commission, has assumed responsibility for this research for purposes of U.S. law. All transactions arising from this research should be directed to XP Investments US, LLC, at +1 646-664-0525



banco
de atacado