What to Expect from the May IPCA-15

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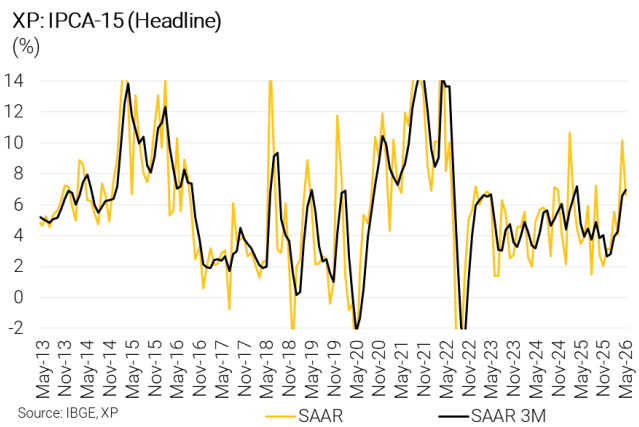
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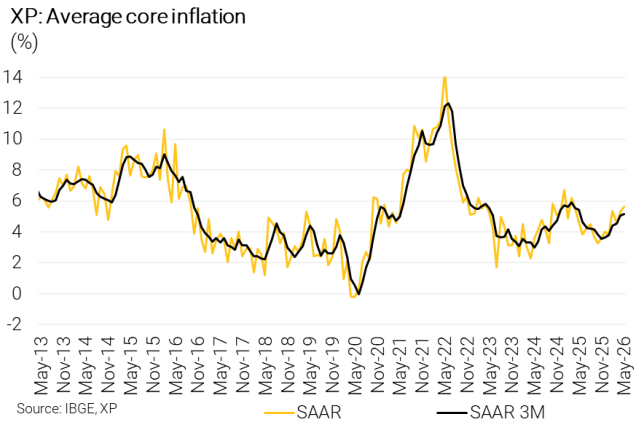
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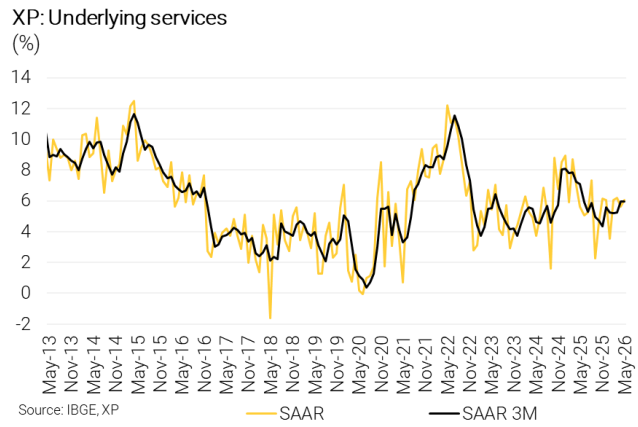
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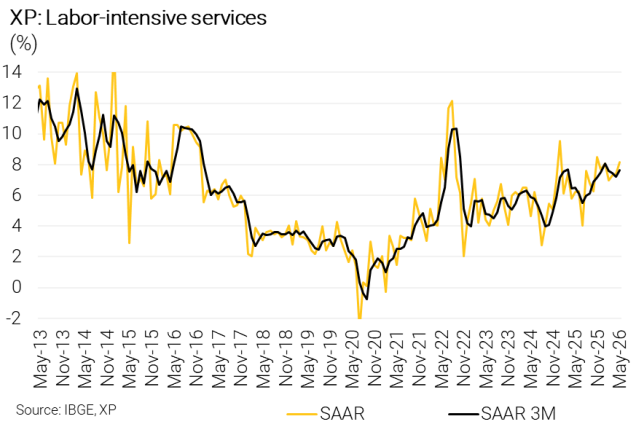
The May IPCA-15 will be released on Wednesday, May 27th. We forecast a 0.61% MoM increase in the headline index, slightly above the 0.57% Bloomberg consensus and within the 0.47%–0.65% range of market forecasts.

Based on the Broadcast+ survey, the market expects the average of the core inflation gauges to rise by 0.46% MoM and underlying services by 0.50%. In comparison, we look for a 0.49% advance in the core inflation average, with underlying services posting a similar 0.49% gain. If our projections are confirmed, the three-month seasonally adjusted annualized rate (3M SAAR) for core inflation would edge up from 5.1% to 5.2%, while the 3M SAAR for underlying services would inch higher from 5.9% to 6.0%. For labor-intensive services, we expect a 0.64% increase, with its 3M SAAR advancing from 7.2% to 7.6%.









XP - Expectations on May IPCA-15 (%)

Gauge	XP	Consensus [Median]
IPCA-15	0.61	0.57
Regulated Prices	0.32	0.37
Market-set prices	0.72	0.64
Food at home	1.54	1.47
Industrials	0.45	0.36
Services	0.58	0.45
Underlying services	0.49	0.50
Avg. Core measures	0.49	0.46

Sources: Bloomberg and Broadcast.

Again, there is significant uncertainty regarding airfares. We see projections ranging between stability and +15%. We project 10%, expecting that the IBGE's price collection will incorporate some effect from the war. With respect to industrialized goods prices, we expect an increase of 0.45%, with personal hygiene standing out (1.6%). Food prices should remain elevated, especially dairy products, fresh foods, and beef. Finally, administered prices should show mixed signals: electricity tariffs are expected to rise 1.77%, reflecting the activation of the yellow tariff flag, while gasoline should fall by 1.17%, due to the significant decline in ethanol.

May IPCA-15 (%)

IPCA-15 inflation	XP Forecast
Headline	0.61
Food and beverages	1.28
Food at home	1.54
Food away from home	0.65
Housing	0.95
Electricity	1.77
Articles of residence	0.64
Clothing	0.48
Transports	-0.10
Gasoline	-1.17
Airfares	10.00
Health and personal care	0.89
Personal expenses	0.37
Education	0.05
Communication	0.14
Regulated Prices	0.32
Market-set prices	0.72
Non-durable goods	1.19
Semi-durable goods	0.43
Durable goods	0.31
Services	0.58
Underliyng Services	0.49
Labor-intensive Services	0.64
Industrials	0.45
Underlying industrials	0.68
Difusion	0.71
IPCA EX0	0.53
IPCA EX3	0.57
IPCA MS	0.40
IPCA DP	0.47
IPCA P55	0.48
*Average core inflation**	0.49

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

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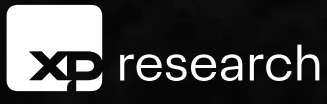
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