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economic & financial analysis

IPCA (June 2026): Disinflation led by falling food inflation

- We expect the **IPCA to rise 0.29% MoM in June 2026**. **Food & beverages** will be again the **largest contributor to monthly inflation (+0.13 p.p.)**, but it is important to note that its contribution fell from +0.29 p.p. in the previous month.

- Over the trailing **12-month period, the IPCA is expected to increase from 4.72% to 4.78%**, remaining above the upper bound of the 1.5%–4.5% inflation target range.

- **Core Inflation and Underlying Services**: The **average of the core measures** is expected to **fall from 0.45% to 0.40%** in June 2026. **Underlying services** inflation is expected to **fall as well, from 0.40% to 0.30%**, as lower expected inflation for food away from home and healthcare and personal care offsets higher airfare inflation.

- The **National Outlet Day took place in June** (between the 26th and the 28th) **at selected outlet locations** in São Paulo, Rio de Janeiro, Brasília, Salvador, and Fortaleza, **focused on clothing, footwear, and accessories**. The National Commerce Confederation suspects that sales of high-ticket goods during Valentine's Day fell short of expectations, which may have encouraged a brief period of promotions to boost sales. We estimate a **very small potential impact on the average of core measures (around -2 basis points)**, with no impact on underlying services inflation.

	IPCA (May26)	IPCA-15 (June26)	*IPCA Jun26 (forecast)*
Headline	**0.58%**	**0.41%**	***0.29%***
Foods and beverage	1.33%	0.74%	*0.62%*
Housing	1.22%	0.72%	*0.31%*
Furniture and household equipment	0.08%	0.36%	*0.22%*
Clothing and footwear	0.62%	0.45%	*0.51%*
Transportation	-0.46%	-0.03%	*0.00%*
Healthcare and personal care	0.90%	0.47%	*0.31%*
Personal expenses	0.41%	0.34%	*0.25%*
Education	0.00%	-0.02%	*0.01%*
Communication	0.23%	0.34%	*0.26%*
Average of Core Measures	**0.45%**	**0.34%**	***0.40%***
Underlying Services	**0.40%**	**0.27%**	***0.30%***

IPCA (June 2026): Forecasts for the key groups and items

Foods and Beverages: 0.62%	Food-at-home inflation is expected to fall from 1.65% to 0.72%, as is food-away-from-home inflation, from 0.49% to 0.38%.
Food at Home: 0.72%	Deflation in meats (expected -0.38%), fruits (-1.53%), and beverages (-1.00%) are the key drivers of the disinflationary bias expected for food inflation.
Food Away from Home: 0.38%	Easing inflation supported by lower inflation for restaurants and deflation in some beverage items, such as espresso, beer, and other alcoholic beverages.
Housing: 0.31%	This reflects, essentially, lower inflation expected for residential electricity.
Residential Electricity: 0.36%	With the maintenance of the yellow flag additional tariff for the month, inflation for this item is expected to be around 0.36%.
Furniture and Household Equipment: 0.22%	Rising inflation expected for furniture and home appliances may pressure the inflation rate for this group.
Clothing and Footwear: 0.51%	Rising prices in footwear and menswear may offset expected easing inflation for accessories and children's wear.
Transportation: 0.00%	Another monthly deflation in gasoline, ethanol, and diesel is expected to offset rising inflation in airfares and public transportation.
Gasoline: -0.44%	Gasoline, sugar-ethanol, and diesel prices are expected to fall 0.44%, 5.35%, and 1.06%, respectively, based on a survey by the ANP.
Airfares: 7.24%	An increase of 7.24% is expected, in line with what was observed in the IPCA-15.
Healthcare and Personal Care: 0.31%	Lower expected inflation is supported by expected deflation in medicines, coupled with lower inflation in medical services and personal hygiene.
Personal Hygiene: 0.92%	A gradual disinflation is expected, led by skincare items and perfumes.
Personal Expenses: 0.25%	Disinflation is supported by expected easing inflation for personal services and leisure items as well.
Education: 0.01%	Rising inflation is expected for books and school supplies, with no significant impact on the group as a whole.
Communication: 0.26%	A relatively stable inflation rate on the back of fading pressure from postal prices, while mobile services should exert some upward pressure during the month.

Annual Forecasts

Indicator	2023	2024	2025	*2026 (F)*
GDP (%, real growth rate)	3.2%	3.4%	2.3%	*2.0%*
Unemployment rate (% of workforce)	8.0%	6.9%	5.9%	*5.9%*
IPCA (YoY %, eop)	4.62%	4.83%	4.26%	*5.14~~4.97~~%*
IGP-M (YoY %, eop)	-3.18%	6.54%	-1.05%	*4.72~~3.87~~%*
Selic rate (% p.a., eop)	11.75%	12.25%	15.00%	*13.25~~13.00~~%*
FX rate (BRL per USD, eop)	4.84	6.19	5.50	*5.00*
Trade Balance ($ billion)	98.9	74.2	68.1	*76.8*
Gross Public Debt (% of GDP)	73.8%	76.3%	78.6%	*81.4%*

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