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## International

**In the US, the headline Consumer Price Index (CPI) rose by 0.08% in May, slowing from the 0.22% increase recorded in April.** The core CPI, which excludes volatile items such as food and energy, increased by 0.13%, also below the 0.24% observed in the previous month. The May core readings imply annualized gains of 1.6% over the past three months (versus 2.9%), 1.7% over the past six months (versus 2.1%), and 2.6% over the past twelve months (versus 3.0%).

**Meanwhile, consumer inflation in the euro area fell to 1.9% y/y in May,** down from 2.2% in April and slightly below Bloomberg's median forecast of 2.0%. The slowdown was driven by a reduction in underlying pressures. Core inflation dropped to 2.3%, from 2.7% the previous month. Against this context, the ECB cut interest rates by 25 basis points and is expected to lower them by the same magnitude again in September.

## Brazil

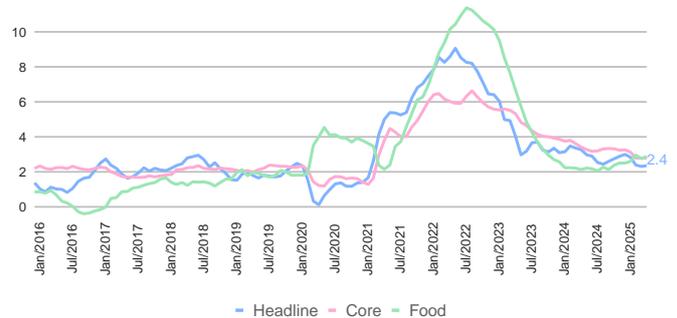
**April activity data indicated a marginal decline in industry and retail, but a new advance in the services sector**

According to the [PIM](#), industrial production fell by 0.3% y/y in April 2025, ending a streak of ten consecutive increases. The result was below market expectations, which projected growth of 0.4%.

Meanwhile, the [PMC](#) showed that in April, core retail sales positively surprised, with a real increase of 4.8% compared to the same period last year. However, in the seasonally adjusted comparison with March, there was a contraction: -0.4% in core retail and -1.9% in the broader category, indicating a moderation after a robust first quarter.

### CPI – Consumer Prices

Annual variation (%)



Source: Bureau of Labor Statistics Elaboration: 4intelligence

### Euro Area – Consumer Price Index

Annual change (%)



Source: Eurostat Elaboration: 4intelligence

### Heatmap of Economic Activity

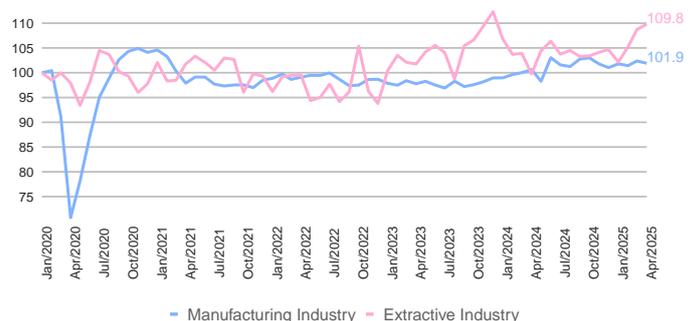
Seasonally adjusted series, monthly change (%)



Source: IBGE, Central Bank of Brazil Elaboration: 4intelligence

### Industrial Production by Activity

Index, Jan/2020 = 100, seasonally adjusted series



Source: IBGE Elaboration: 4intelligence

On the other hand, the [PMS](#) for April showed a year-over-year increase of 1.8% in the real revenue of the services sector. Discounting seasonal effects, the services sector grew by 0.2% between March and April, marking the third consecutive monthly increase. This trend, however, follows a period of moderate contraction in the sector at the end of last year.

The [Broad Consumer Price Index \(IPCA\)](#) for May came in at **+0.26%**, below the April reading (+0.43%).

Seven out of nine groups presented easing: Food, Household goods, Apparel, Transportation, Health and personal care, Personal expenses, and Communication.

We project **+0.30%** for the [IPCA](#) in June, a rate slightly above that of May, mainly due to the expected increase in residential electricity prices (as the tariff flag shifts from yellow to red level 1), which may be offset by expected declines in (i) Food and (ii) Transportation.

## Politics

After two months around the 46-point mark, the government managed to return to the level seen in the first two months of the year. Thus, the [I-GOV](#) closed May at 48%, driven by the positive contribution of the Judiciary, a less impactful loss of coverage in the Legislative branch, and the absence of public opinion surveys in May.

### Retail Sales Volume

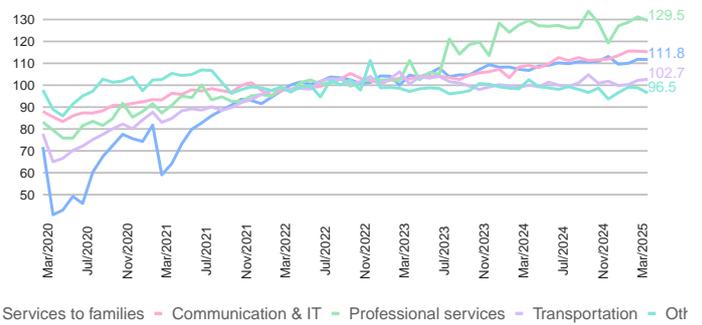
Seasonally adjusted series, 2022 average = 100



Source: IBGE Elaboration: 4intelligence

### Service Volume

Seasonally adjusted series, 2022 = 100



Source: IBGE Elaboration: 4intelligence

### Inflation Heatmap

Monthly variation (%)

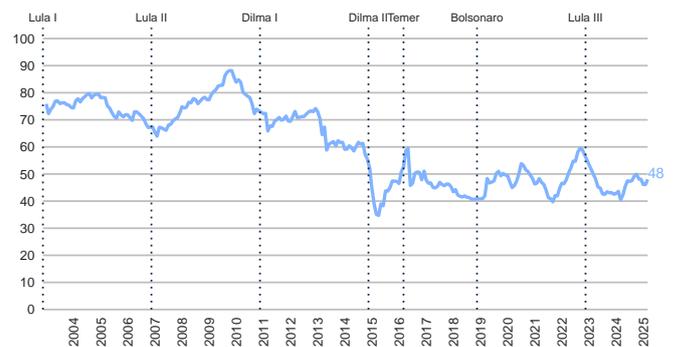
Clothing	0.55	0.5	0.02	-0.02	0.39	0.18	0.37	-0.12	1.14	-0.14	0	0.59	1.02
Health	1.16	0.69	0.54	0.22	0.25	0.46	0.38	-0.06	0.38	0.7	0.49	0.43	1.18
Utilities	-0.01	0.67	0.25	0.77	-0.51	1.8	1.49	-1.53	-0.56	-3.08	4.44	0.24	0.14
Education	0.05	0.09	0.06	0.08	0.73	0.05	0.04	-0.04	0.11	0.26	4.7	0.1	0.05
Personal Expenses	0.1	0.22	0.29	0.52	0.25	-0.31	0.7	1.43	0.62	0.51	0.13	0.7	0.54
Communication	0.48	0.14	-0.08	0.18	0.1	-0.05	0.52	-0.1	0.37	-0.17	0.17	0.24	0.89
Housing	-0.26	-0.53	0.19	0.48	0.74	-0.19	0.43	-0.31	0.65	-0.09	0.44	0.13	0.53
Transportation	0.14	0.44	-0.19	1.82	0	0.14	-0.38	0.89	0.67	1.3	0.61	0.46	-0.38
Food	0.7	0.82	0.44	-1	-0.44	0.5	1.06	1.55	1.18	0.96	0.7	1.17	0.82

Apr/2024 May/2024 Jun/2024 Jul/2024 Aug/2024 Sep/2024 Oct/2024 Nov/2024 Dec/2024 Jan/2025 Feb/2025 Mar/2025 Apr/2025

Source: IBGE Elaboration: 4intelligence

### Governability Index

%



Source: 4intelligence Elaboration: 4intelligence

## **Disclaimer**

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