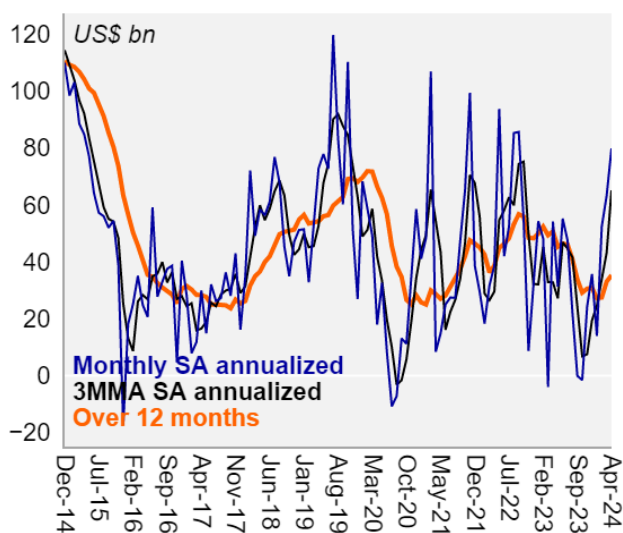


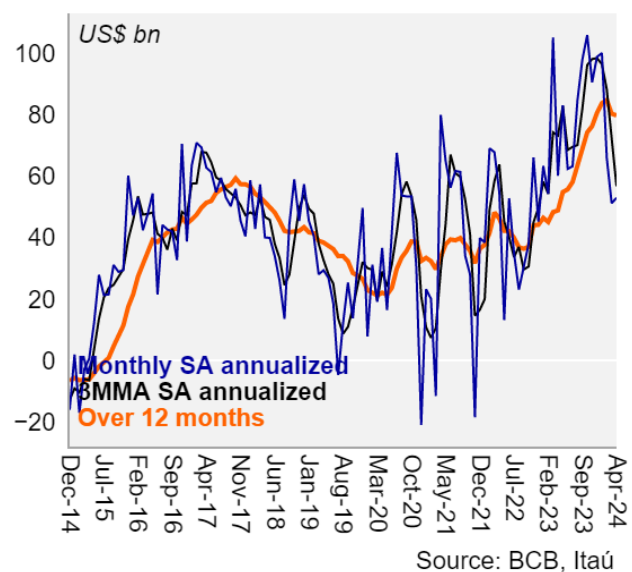
## Current account posted a deficit of 1.6% of GDP in April

- ▶ The current account deficit was US\$2.5 bn in April, weaker than our call (result of -US\$2.1 bn) and the market's expectation (-US\$1.4 bn). In April 2023, the current account had posted a US\$0.2 bn deficit. Versus our forecast, we highlight a weaker than expected print for profit and dividends (-US\$3.7 bn observed versus -US\$3.0 bn projected).
- ▶ This month, the trade balance posted a surplus of US\$6.8 bn, while services registered a negative flow of US\$4.0 bn (-US\$1.4 bn for transportation, -US\$0.5 bn for travel and -US\$0.9 bn for rents), close to our expectation. The income account (-US\$5.5 bn) recorded an outflow above our expectation, led by profit and dividends (-US\$3.7 bn).
- ▶ The current account deficit accumulated in the past 12 months was US\$35.3 bn (1.6% of GDP), versus -US\$30.8 bn (or a deficit of 1.4% of GDP) in 2023. At the margin, the annualized 3-month moving average (MM3M SAAR) of the current account reached -US\$65.1 bn (versus -US\$43.2 bn in the previous month and -US\$32.8 bn 12 months before).
- ▶ Foreign investment (FDI) to Brazil remains positive in 12 months, despite the weaker-than-expected print in this release. FDI posted a positive flow of US\$3.9 bn in April, weaker than our call (+US\$5.1 bn) and the market's estimates (+US\$5.0 bn). In 12 months, the FDI accumulates inflow of US\$67.3 bn (3.0% of GDP), versus +US\$64.2 bn (3.0% of GDP) in 2023.
- ▶ **Our view:** external account data continues to show weakness in the current account, but external financing remains at a historically comfortable level. We forecast a current account deficit of 1.3% of GDP this year and 1.8% in 2025.

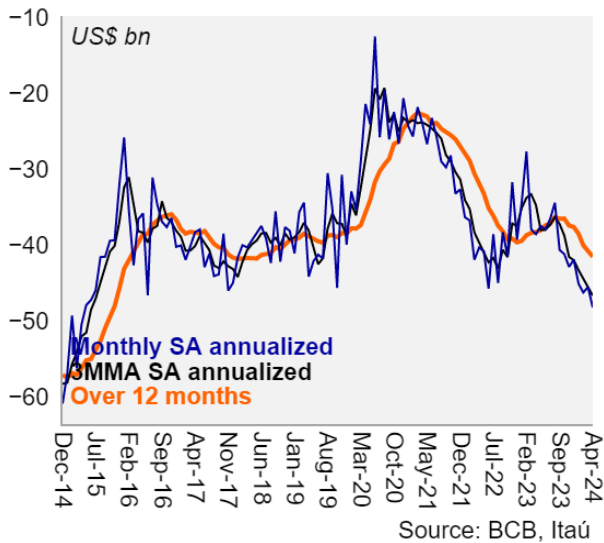
Current account balance



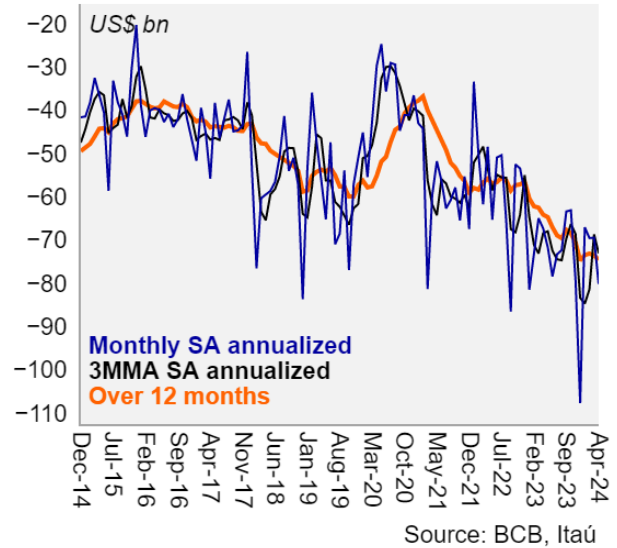
Trade balance



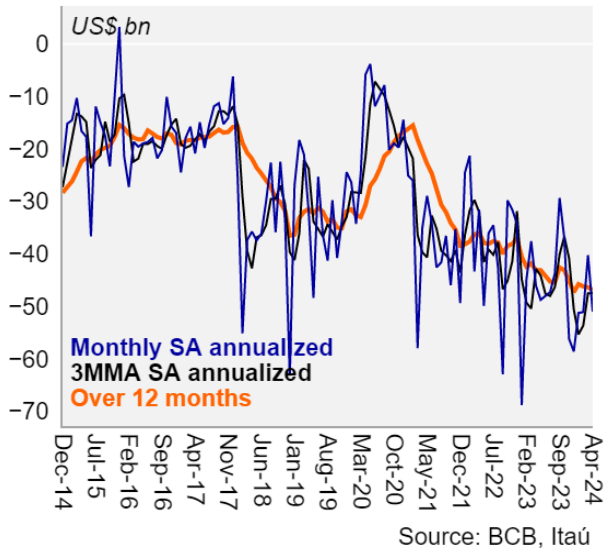
**Services account**



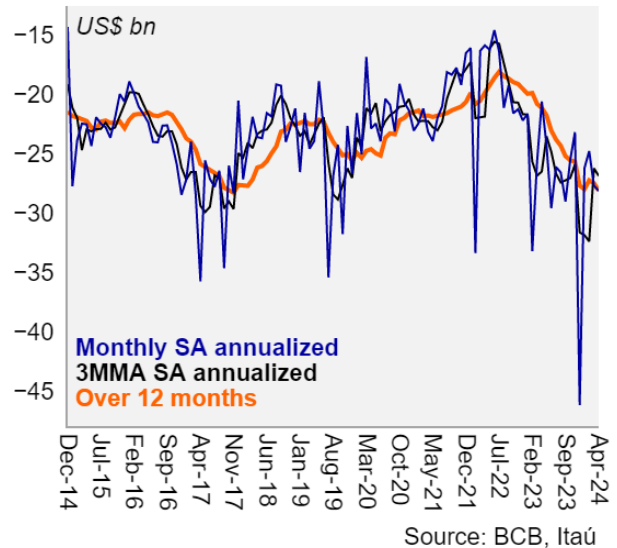
**Income account**



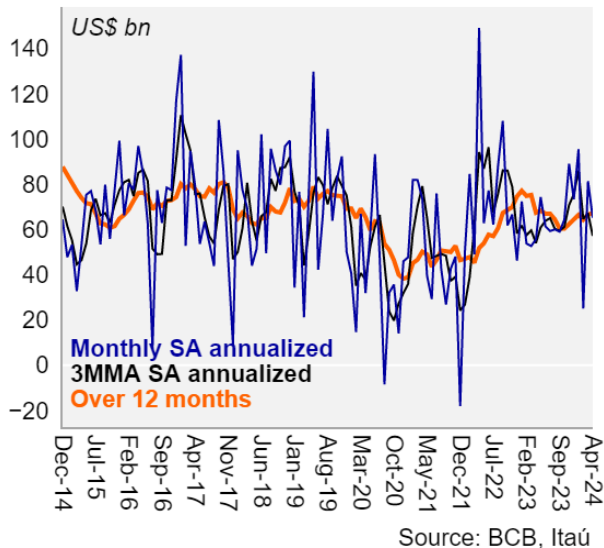
**Profits and dividends**



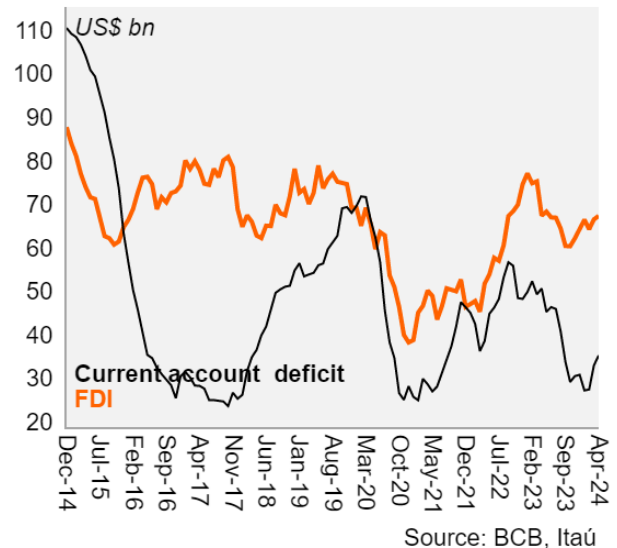
**Interests net inflow**



**Foreign investment to Brazil**



**FDI and CAD accumulated in 12m**



In US\$ bn	Monthly				3MMA SAAR		12M		
	Apr-2024	Mar-2024	Feb-2024	Apr-2023	Apr-2024	Mar-2024	Apr-2024	Dec-2023	Dec-2022
<b>I. Current account (1)+(2)+(3)+(4)</b>	<b>-2.5</b>	<b>-4.8</b>	<b>-4.6</b>	<b>-0.2</b>	<b>-65.1</b>	<b>-43.2</b>	<b>-35.3</b>	<b>-30.8</b>	<b>-48.3</b>
<b>1. Balance on goods</b>	<b>6.8</b>	<b>4.9</b>	<b>3.2</b>	<b>7.4</b>	<b>56.7</b>	<b>72.4</b>	<b>79.8</b>	<b>80.6</b>	<b>44.2</b>
Exports	31.4	28.2	23.8	28.1	337.4	348.5	349.4	344.4	340.3
Imports	24.6	23.4	20.5	20.7	289.8	280.4	269.6	263.8	296.2
<b>2. Services</b>	<b>-4.0</b>	<b>-3.7</b>	<b>-3.7</b>	<b>-3.1</b>	<b>-46.6</b>	<b>-45.6</b>	<b>-41.5</b>	<b>-37.6</b>	<b>-39.6</b>
International Travel	-0.5	-0.5	-0.4	-0.8	-5.8	-5.9	-7.2	-7.6	-7.2
Operational leasing	-0.9	-1.0	-0.8	-0.6	-11.0	-10.4	-9.9	-9.3	-8.3
Transportation	-1.4	-1.3	-1.2	-1.0	-16.3	-15.3	-13.6	-12.9	-19.4
Others	-1.2	-1.0	-1.3	-0.7	-13.6	-13.8	-10.8	-7.8	-4.7
<b>3. Primary Income</b>	<b>-5.5</b>	<b>-6.0</b>	<b>-4.2</b>	<b>-4.4</b>	<b>-73.0</b>	<b>-68.7</b>	<b>-74.6</b>	<b>-74.7</b>	<b>-56.5</b>
Wages	0.0	0.0	0.0	0.0	0.5	0.5	0.4	0.3	0.1
Interests	-1.8	-2.2	-1.4	-1.2	-26.9	-26.2	-28.1	-27.7	-19.6
Profits and dividends	-3.7	-3.8	-2.9	-3.2	-47.5	-47.5	-46.9	-47.3	-37.1
<b>4. Secondary income</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>-0.1</b>	<b>1.7</b>	<b>1.3</b>	<b>1.1</b>	<b>0.9</b>	<b>3.7</b>
<b>II. Capital and financial account (a)+(b)+(c) +(d)</b>	<b>-3.1</b>	<b>-5.0</b>	<b>-5.1</b>	<b>-0.7</b>	<b>-69.9</b>	<b>-47.1</b>	<b>-36.6</b>	<b>-29.0</b>	<b>-46.5</b>
<b>a. Net direct investment (i)-(ii)</b>	<b>-2.7</b>	<b>-8.8</b>	<b>-2.6</b>	<b>-0.8</b>	<b>-37.6</b>	<b>-53.0</b>	<b>-39.9</b>	<b>-36.0</b>	<b>-41.3</b>
i. Direct investments - liabilities	3.9	9.6	5.0	3.1	57.2	67.3	67.3	64.2	74.6
Equity capital	3.9	4.1	4.5	3.5	46.7	58.1	57.2	55.1	57.1
Intercompany loans	0.0	5.5	0.5	-0.4	20.6	20.3	10.1	9.1	17.5
ii. Direct investments - assets	1.2	0.8	2.4	2.3	16.4	22.7	27.4	28.3	33.4
<b>b. Other net investments (iii)-(iv)+(v)+(vi)</b>	<b>-0.8</b>	<b>2.9</b>	<b>-3.1</b>	<b>-3.2</b>	<b>-24.8</b>	<b>0.1</b>	<b>-6.7</b>	<b>-14.7</b>	<b>1.8</b>
iii. Portfolio investments - assets	1.1	0.9	3.9	0.3	19.3	24.9	10.3	4.5	-0.1
iv. Portfolio investments (total) - liabilities	-6.5	0.4	-1.3	3.3	-4.9	22.7	7.5	11.8	-3.1
Local fixed income	-6.1	3.2	-0.9	-0.4	-3.3	24.6	6.5	9.8	-4.4
Local equities	-1.2	-3.4	-2.3	1.4	-14.0	-18.8	-6.8	2.1	9.5
Funds	0.6	0.1	0.2	0.1	5.8	4.0	-1.1	-3.3	2.0
v. Financial derivatives (net)	2.2	-1.6	1.0	-0.3	2.9	-2.2	-5.6	-8.0	-2.0
vi. Other investments (net)	-10.6	3.9	-9.3	0.0	-61.2	9.6	-4.0	0.6	0.9
<b>c. Capital account</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.3</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>
<b>d. Reserve assets</b>	<b>0.4</b>	<b>0.9</b>	<b>0.5</b>	<b>3.3</b>	<b>-1.4</b>	<b>2.3</b>	<b>9.8</b>	<b>21.4</b>	<b>-7.3</b>
<b>III. Errors and Omissions</b>	<b>-0.6</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-0.5</b>	<b>-5.5</b>	<b>-4.5</b>	<b>-1.9</b>	<b>1.2</b>	<b>1.2</b>

Source: IBGE, Itaú

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