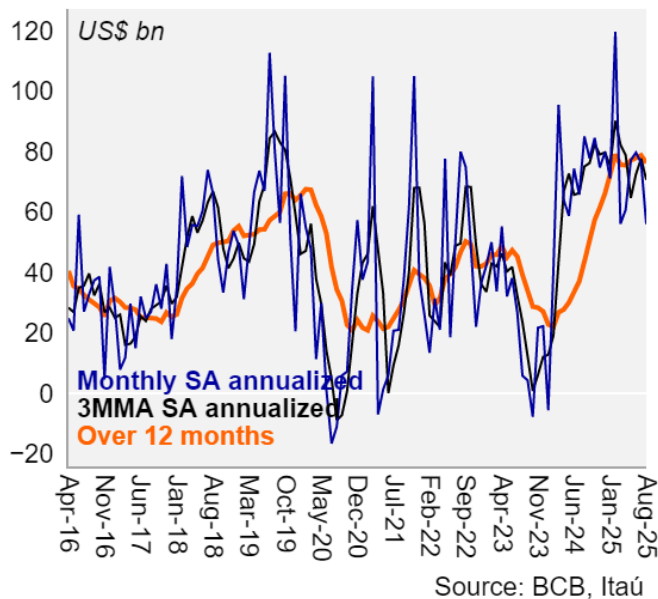


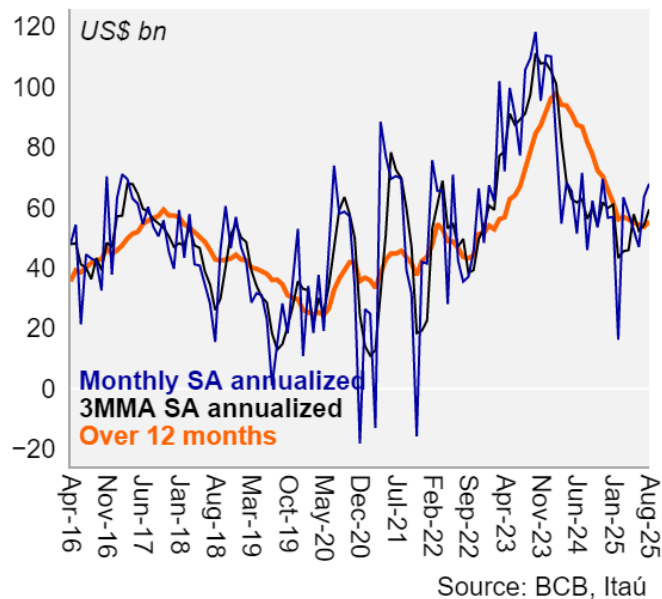
Current account posts a deficit of 3.5% of GDP in August

- ▶ The current account deficit reached US\$4.7 bn in August, a result above our forecast and the market median (-US\$5.4 bn and -US\$5.4 bn, respectively). In August 2024, the current account had posted a deficit of US\$7.1 bn. Compared to our projection, we highlight a better-than-expected outcome for interest payments (-US\$1.5 bn observed versus -US\$1.9 bn expected).
- ▶ In the month, the trade balance posted a surplus of US\$5.5 bn, while services registered a negative balance of US\$4.2 bn (-US\$1.19 bn in transportation, -US\$1.20 bn in travel, and -US\$933 mn in rentals), in line with our expectations. The income account (-US\$6.3 bn) recorded a smaller outflow than expected, driven by interest (-US\$1.5 bn).
- ▶ The 12-month accumulated current account deficit stood at US\$76.2 bn (equivalent to 3.5% of GDP), compared to -US\$66.2 bn (a deficit of 3.0% of GDP in 2024). At the margin, the seasonally adjusted and annualized three-month moving average (MM3M SAAR) for the current account reached -US\$70.6 bn / -3.3% of GDP (versus -US\$77.7 bn / -3.6% of GDP in the previous month and -US\$75.0 bn twelve months ago).
- ▶ Foreign direct investment (FDI) flows remain positive over 12 months, and the latest monthly result exceeded our expectations. FDI posted a positive flow of US\$8.0 bn in August, above our forecast and the market median (+US\$6.0 bn and +US\$6.1 bn, respectively). Over 12 months, FDI accumulated inflows of US\$69.0 bn (3.2% of GDP), versus +US\$74.1 bn (3.4% of GDP) in 2024.
- ▶ **Our view:** the August current account deficit came in better than expected, with higher outflows in profits and dividends more than offset by smaller outflows in interest and services. Nevertheless, revisions to the historical series reinforce a challenging scenario: deficits for 2024 and 2025 were revised up, adding around US\$10 bn, reinforcing the outlook for a deficit above the historical average (we project 3.2% of GDP in 2025, compared to a 2.2% historical average). On the financing side, FDI once again surprised positively, with the adjusted metric (equity participation ex-reinvested earnings + intercompany loans from parent to subsidiary) showing improvement at the margin: US\$40 bn in MM3M SAAR, versus US\$30 bn in the previous reading. The FX gap remained deeply negative, but there was some marginal improvement, with inflows in direct investment and fixed income offsetting larger outflows in equities.

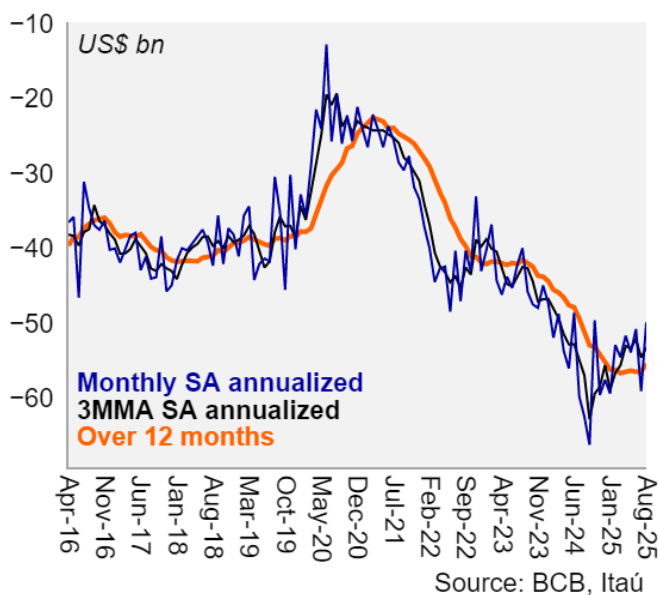
Current account balance



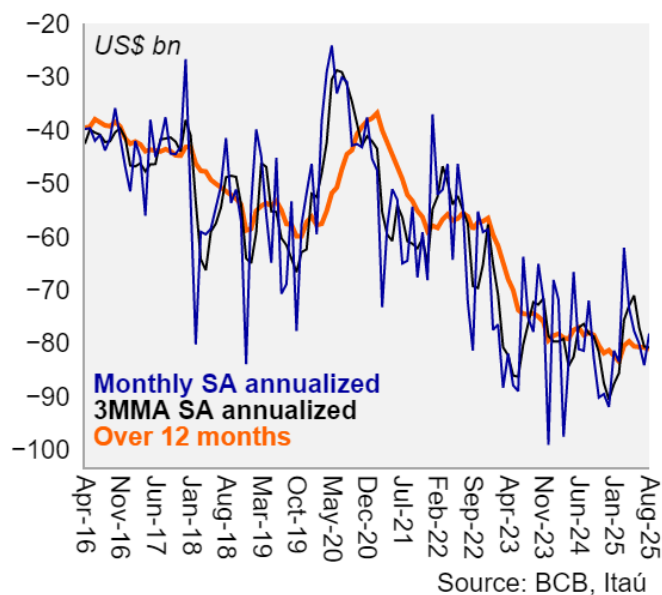
Trade balance



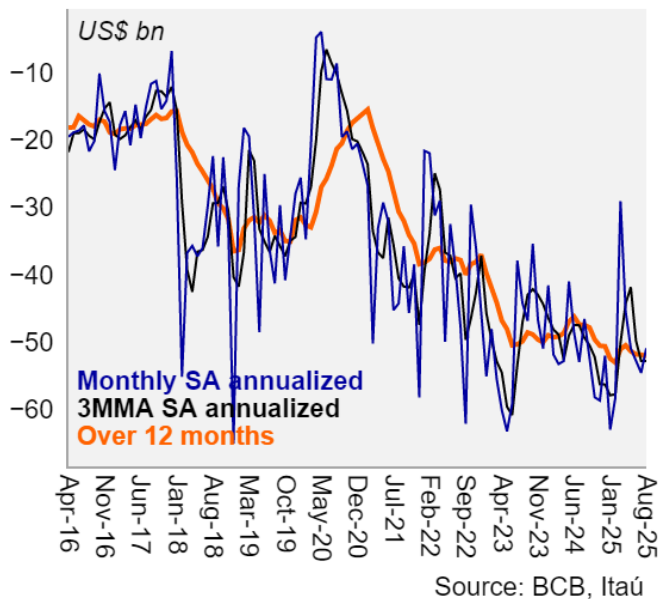
Services account



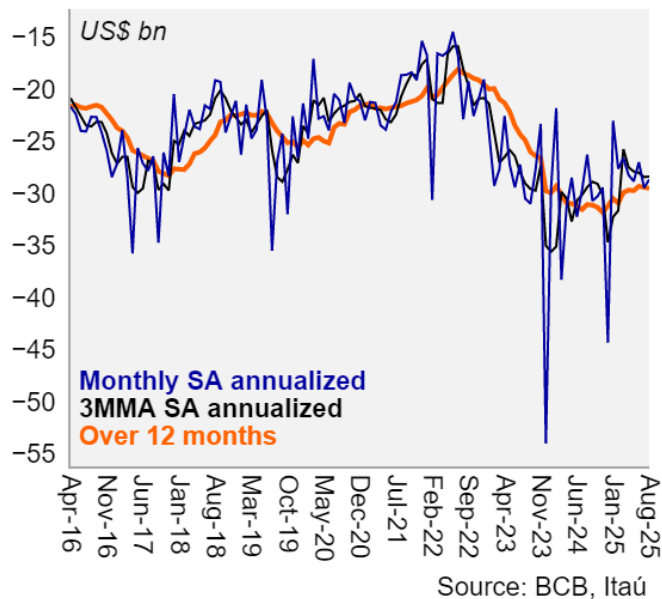
Income account



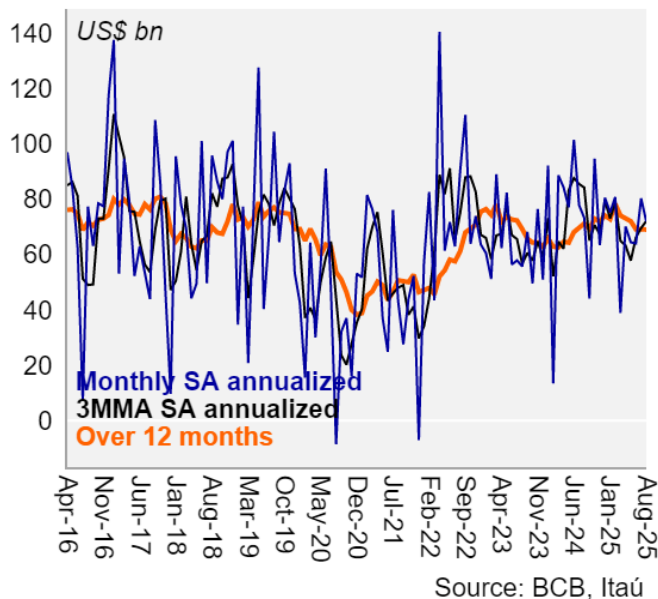
Profits and dividends



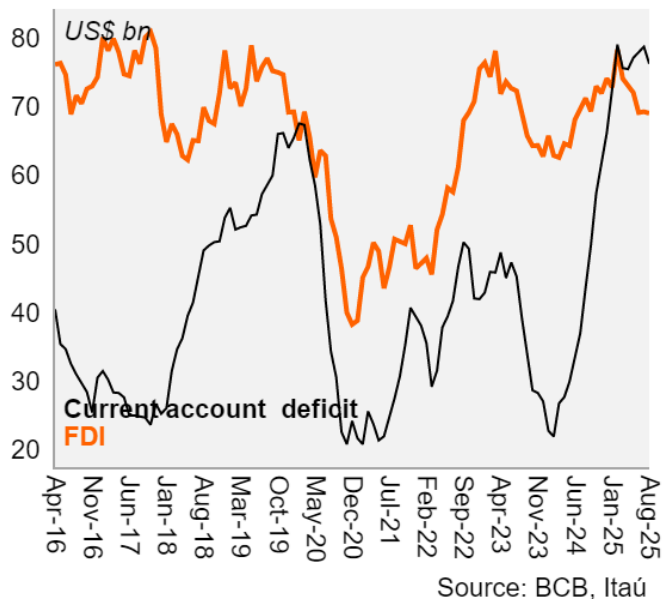
Interests net inflow



Foreign investment to Brazil



FDI and CAD accumulated in 12m



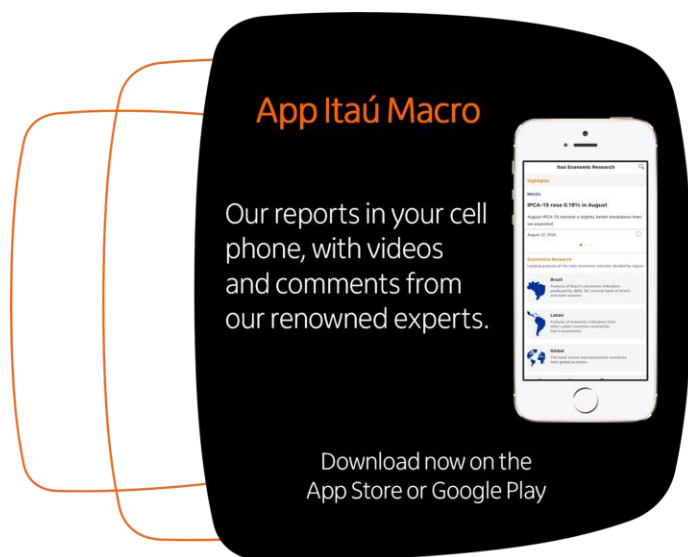
In US\$ bn	Monthly				3MMA SAAR		12M		
	Aug-2025	Jul-2025	Jun-2025	Aug-2024	Aug-2025	Jul-2025	Aug-2025	Dec-2024	Dec-2023
I. Current account (1)+(2)+(3)+(4)	-4.7	-7.5	-5.7	-7.1	-70.6	-77.7	-76.2	-66.2	-27.1
1. Balance on goods	5.5	6.3	5.1	3.7	59.5	54.1	55.4	65.8	92.3
Exports	30.0	32.4	29.1	28.9	346.3	345.8	340.5	339.9	343.8
Imports	24.5	26.1	24.0	25.2	286.8	288.2	285.1	274.0	251.5
2. Services	-4.2	-5.0	-4.5	-5.3	-53.3	-54.6	-55.4	-55.2	-43.8
International Travel	-1.2	-1.6	-1.3	-1.2	-15.0	-15.0	-13.3	-12.3	-11.0
Operational leasing	-0.9	-1.0	-1.0	-1.0	-11.6	-12.2	-11.9	-11.2	-9.7
Transportation	-1.2	-1.1	-1.2	-1.5	-13.8	-13.9	-15.6	-15.1	-12.7
Others	-0.9	-1.2	-1.1	-1.5	-13.2	-14.1	-14.7	-16.6	-10.4
3. Primary Income	-6.3	-9.2	-6.7	-6.0	-80.8	-80.6	-81.2	-81.3	-79.5
Wages	0.0	0.0	0.0	0.0	0.3	0.3	0.4	0.5	0.3
Interests	-1.5	-4.2	-2.4	-1.3	-28.4	-28.4	-29.5	-31.2	-29.7
Profits and dividends	-4.9	-5.0	-4.3	-4.7	-52.8	-52.8	-52.1	-50.6	-50.0
4. Secondary income	0.4	0.4	0.4	0.4	4.9	4.9	5.0	4.5	3.9
II. Capital and financial account (a)+(b)+(c) +(d)	-9.7	-10.4	-6.6	-11.3	-100.6	-98.9	-104.8	-104.4	-49.8
a. Net direct investment (i)-(ii)	-5.6	-6.2	-1.0	-5.8	-42.3	-48.6	-41.9	-47.8	-37.6
i. Direct investments - liabilities	8.0	8.7	3.3	8.2	72.1	69.6	69.0	74.1	62.8
Equity capital	6.3	7.2	6.9	6.1	68.6	62.5	64.3	64.6	52.8
Intercompany loans	1.7	1.5	-3.6	2.1	-1.1	1.3	4.7	9.5	9.9
ii. Direct investments - assets	2.4	2.5	2.3	2.4	29.6	23.4	27.2	26.3	25.1
b. Other net investments (iii)-(iv)+(v)+(vi)	-4.3	-6.0	-4.2	-5.1	-45.3	-38.6	-21.1	-14.0	-22.2
iii. Portfolio investments - assets	1.0	1.7	1.6	1.7	17.9	15.7	16.1	7.2	4.5
iv. Portfolio investments (total) - liabilities	2.6	-1.4	2.3	3.2	8.1	7.9	4.1	8.2	13.8
Local fixed income	3.3	0.9	4.6	2.0	30.3	28.1	15.8	12.7	9.8
Local equities	-0.2	-1.0	-1.5	0.6	-11.2	-2.8	-7.1	-14.1	2.2
Funds	-0.3	-0.1	-0.7	0.2	-6.0	-7.5	-5.3	-3.4	-1.3
v. Financial derivatives (net)	-0.6	-0.5	-0.5	0.1	-4.3	-3.4	-3.6	2.2	-8.0
vi. Other investments (net)	-2.2	-8.6	-3.0	-3.7	-57.6	-44.9	-29.4	-15.2	-4.9
c. Capital account	-1.7	-1.3	-1.5	-1.5	-17.1	-14.8	-14.4	-16.3	-11.4
d. Reserve assets	2.0	3.1	0.0	1.1	2.7	-1.9	-27.4	-26.4	21.4
III. Errors and Omissions	-1.6	-0.3	2.1	-1.1	4.4	8.4	0.2	-5.7	0.1

Source: BCB, Itaú

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