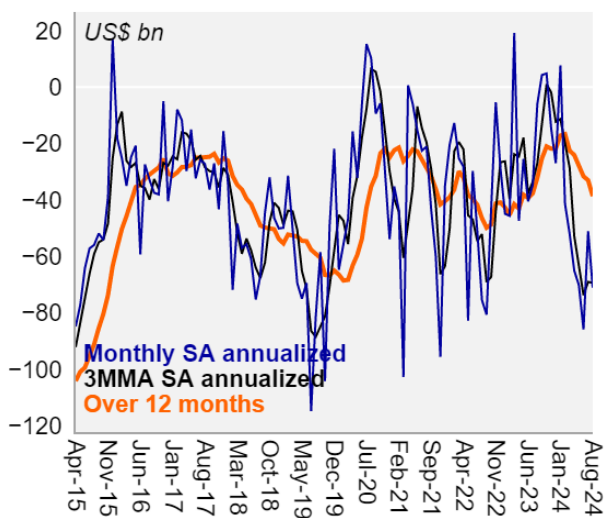


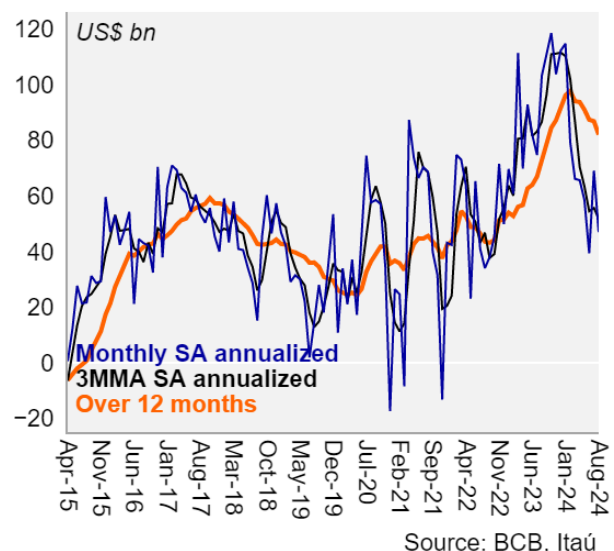
## Current account posted a deficit of 1.7% of GDP in August

- ▶ The current account deficit was US\$6.6 bn in August. The result came in worse than our call (-US\$5.1 bn) and the market's expectation (-US\$5.0 bn). In August 2023, the current account had posted a US\$1.0 bn deficit. Versus our forecast, we highlight a worse-than-expected print for interests (-US\$1.9 bn observed versus -US\$1.0 bn projected).
- ▶ The trade balance posted a surplus of US\$4.0 bn in the month, while services registered a negative flow of US\$4.7 bn (-US\$1527 mm for transportation, -US\$765 mm for travel and -US\$1001 mm for rents), matching our expectation. The income account (-US\$6.2 bn) recorded an outflow above our expectations led by interests (-US\$1.9 bn).
- ▶ The current account deficit accumulated in the past 12 months was US\$38.6 bn (1.7% of GDP). At the margin, the annualized 3-month moving average (MM3M SAAR) of the current account remained stable at -US\$69.3 bn (versus -US\$27.1 bn a year ago).
- ▶ Foreign direct investment (FDI) posted a positive result of US\$6.1 bn in August. In 12 months, the FDI accumulates an inflow of US\$70.6 bn (3.1% of GDP), versus US\$64.2 bn (3.0% of GDP) in 2023.
- ▶ **Our view:** August's balance of payments data continued to show a deterioration of the current account compared to last year, especially due to the loss of dynamism in the trade balance (decrease in exports along with a marked increase in imports, reflecting resilient activity) and an increase in the services deficit. Even so, external financing remains at a historically comfortable level, with FDI more than fully covering the current account deficit.

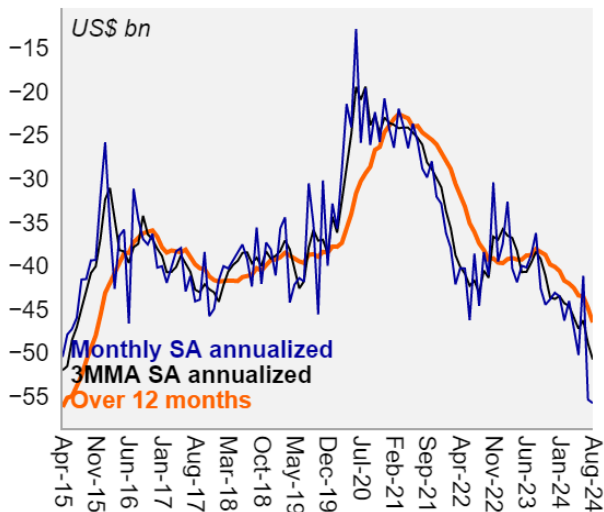
Current account balance



Trade balance

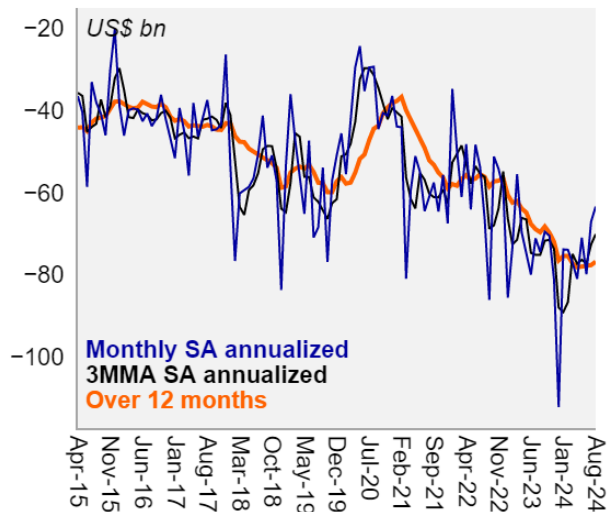


**Services account**



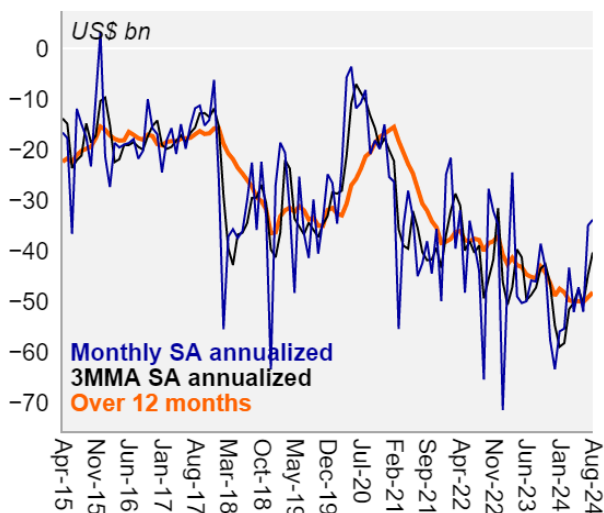
Source: BCB, Itaú

**Income account**



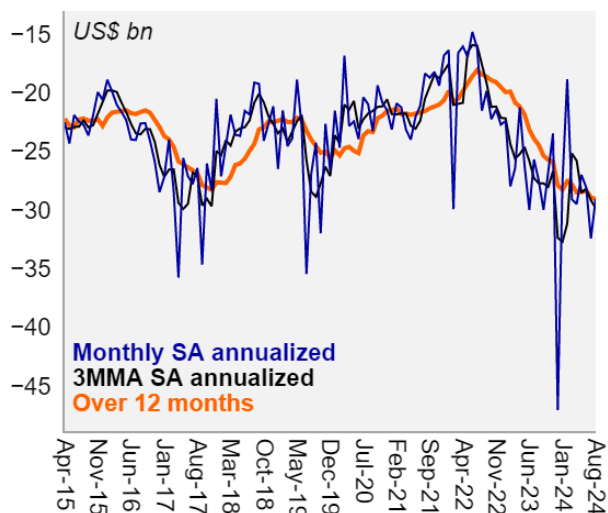
Source: BCB, Itaú

**Profits and dividends**



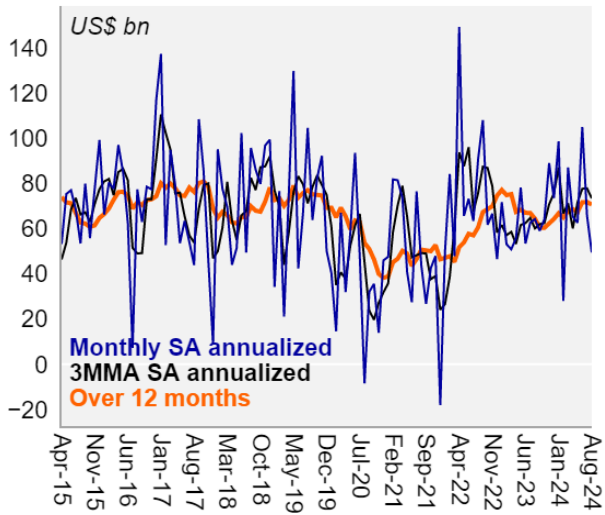
Source: BCB, Itaú

**Interests net inflow**



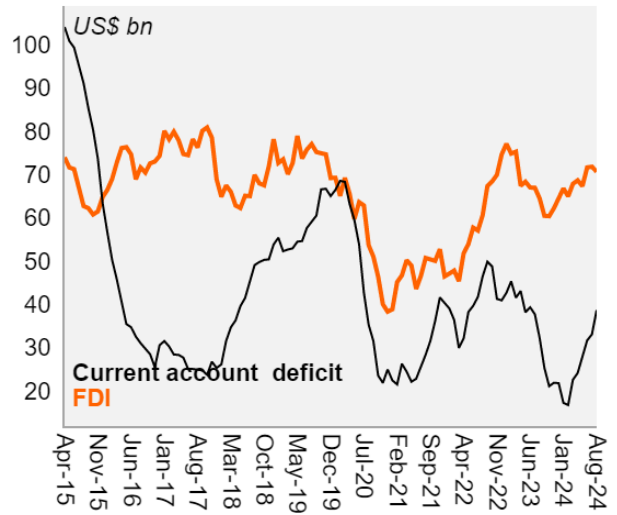
Source: BCB, Itaú

**Foreign direct investment (FDI)**



Source: BCB, Itaú

**FDI and CAD accumulated in 12 months**



Source: BCB, Itaú

In US\$ bn	Monthly				3MMA SAAR		12M		
	Aug-2024	Jul-2024	Jun-2024	Aug-2023	Aug-2024	Jul-2024	Aug-2024	Dec-2023	Dec-2022
<b>I. Current account (1)+(2)+(3)+(4)</b>	<b>-6.6</b>	<b>-4.9</b>	<b>-4.1</b>	<b>-1.0</b>	<b>-69.3</b>	<b>-69.0</b>	<b>-38.6</b>	<b>-21.7</b>	<b>-40.9</b>
<b>1. Balance on goods</b>	<b>4.0</b>	<b>7.0</b>	<b>5.7</b>	<b>8.8</b>	<b>51.9</b>	<b>55.7</b>	<b>82.1</b>	<b>92.3</b>	<b>51.5</b>
Exports	29.2	31.1	29.0	31.4	335.2	341.1	344.8	343.8	340.2
Imports	25.2	24.1	23.3	22.5	280.6	275.6	262.7	251.5	288.7
<b>2. Services</b>	<b>-4.7</b>	<b>-4.5</b>	<b>-3.9</b>	<b>-3.1</b>	<b>-50.7</b>	<b>-48.9</b>	<b>-46.5</b>	<b>-40.1</b>	<b>-39.6</b>
International Travel	-0.8	-0.8	-0.7	-0.6	-8.3	-7.9	-7.2	-7.6	-7.2
Operational leasing	-1.0	-0.9	-0.8	-0.8	-10.5	-10.5	-10.5	-9.5	-8.3
Transportation	-1.5	-1.4	-1.1	-1.0	-15.9	-15.2	-13.3	-12.9	-19.4
Others	-1.4	-1.5	-1.2	-0.6	-16.6	-16.3	-15.5	-10.1	-4.7
<b>3. Primary Income</b>	<b>-6.2</b>	<b>-7.8</b>	<b>-6.2</b>	<b>-7.0</b>	<b>-70.1</b>	<b>-72.7</b>	<b>-76.8</b>	<b>-76.5</b>	<b>-56.5</b>
Wages	0.0	0.1	0.0	0.0	0.5	0.5	0.5	0.3	0.1
Interests	-1.9	-4.4	-2.3	-1.8	-29.8	-29.2	-29.1	-27.9	-19.6
Profits and dividends	-4.3	-3.5	-3.9	-5.2	-40.3	-44.8	-48.2	-48.9	-37.1
<b>4. Secondary income</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>	<b>2.8</b>	<b>2.0</b>	<b>2.6</b>	<b>2.6</b>	<b>3.7</b>
<b>II. Capital and financial account (a)+(b)+(c) +(d)</b>	<b>-10.7</b>	<b>-8.1</b>	<b>-7.5</b>	<b>-4.8</b>	<b>-107.5</b>	<b>-103.5</b>	<b>-73.3</b>	<b>-44.3</b>	<b>-53.9</b>
<b>a. Net direct investment (i)-(ii)</b>	<b>-4.5</b>	<b>-5.0</b>	<b>-5.1</b>	<b>-6.7</b>	<b>-50.4</b>	<b>-57.5</b>	<b>-45.3</b>	<b>-39.1</b>	<b>-41.3</b>
i. Direct investments - liabilities	6.1	7.3	6.3	7.3	73.4	77.8	70.6	64.2	74.6
Equity capital	5.8	6.4	4.3	7.3	54.7	50.4	58.3	55.1	57.1
Intercompany loans	0.3	0.8	2.0	-0.0	14.0	22.7	12.3	9.1	17.5
ii. Direct investments - assets	1.6	2.3	1.2	0.5	24.7	20.8	25.3	25.1	33.4
<b>b. Other net investments (iii)-(iv)+(v)+(vi)</b>	<b>-5.8</b>	<b>-2.8</b>	<b>-2.3</b>	<b>2.6</b>	<b>-33.0</b>	<b>-26.6</b>	<b>-22.0</b>	<b>-15.2</b>	<b>1.8</b>
iii. Portfolio investments - assets	1.1	-0.7	-0.8	0.9	0.4	4.8	10.6	4.5	-0.1
iv. Portfolio investments (total) - liabilities	2.8	1.1	3.3	-0.3	20.0	19.9	13.0	11.8	-3.1
Local fixed income	2.0	-0.1	1.7	1.5	9.6	10.1	10.3	9.8	-4.4
Local equities	0.6	1.5	-1.4	-2.2	2.3	-2.8	-5.6	2.1	9.5
Funds	0.0	-0.6	0.2	-0.1	-1.5	-1.1	0.0	-3.3	2.0
v. Financial derivatives (net)	0.1	1.5	0.3	0.5	8.9	7.4	-1.5	-8.0	-2.0
vi. Other investments (net)	-4.2	-2.5	1.4	0.9	-24.5	-20.9	-18.2	0.2	0.9
<b>c. Capital account</b>	<b>-1.5</b>	<b>-1.3</b>	<b>-1.3</b>	<b>-1.1</b>	<b>-15.7</b>	<b>-14.7</b>	<b>-15.9</b>	<b>-11.4</b>	<b>-7.1</b>
<b>d. Reserve assets</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>	<b>0.4</b>	<b>0.5</b>	<b>0.7</b>	<b>10.0</b>	<b>21.4</b>	<b>-7.3</b>
<b>III. Errors and Omissions</b>	<b>-1.1</b>	<b>-0.5</b>	<b>-0.9</b>	<b>-1.7</b>	<b>-1.6</b>	<b>-1.4</b>	<b>-2.8</b>	<b>0.2</b>	<b>1.2</b>

Source: IBGE, Itaú

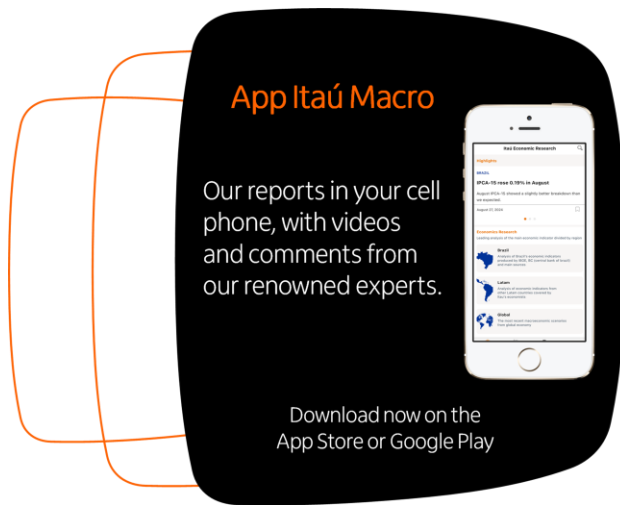
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