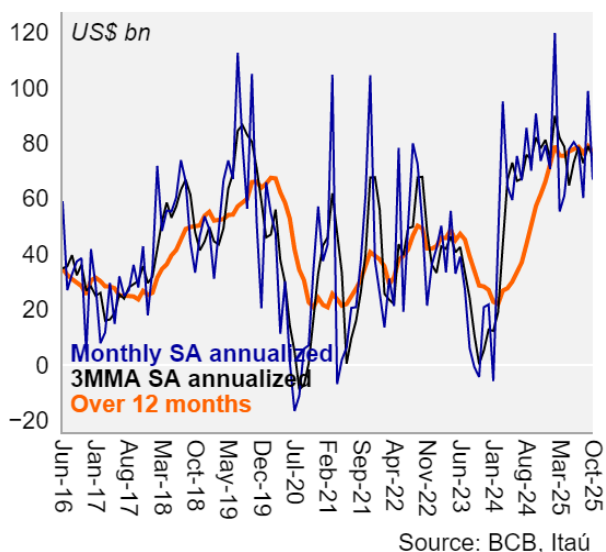


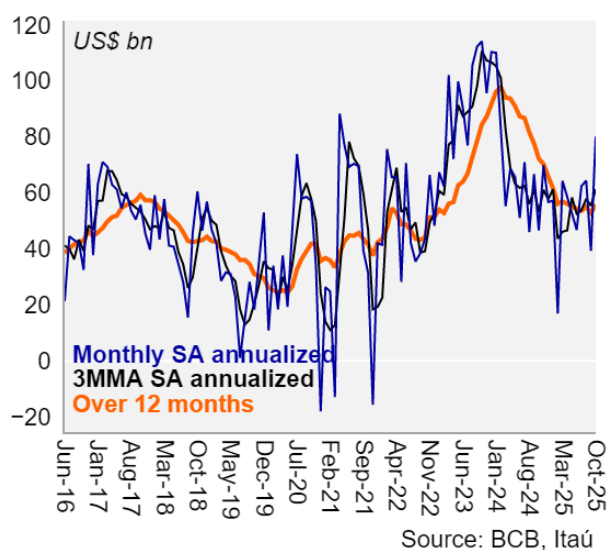
## Current account deficit of 3.5% of GDP in October

- ▶ The current account deficit reached US\$5.1 bn in October. The result came in close to our call (-US\$5.0 bn) and weaker than the market's expectation (-US\$4.7 bn). In October 2024, the current account had posted a US\$7.4 bn deficit. Versus our forecast, we highlight a weaker than expected print for interest rate (-US\$2.2 bn observed versus -US\$1.6 bn projected).
- ▶ This month, the trade balance posted a surplus of US\$6.2 bn, while services registered a negative flow of US\$4.4 bn (-US\$1290 mm for transportation, -US\$1342 mm for travel and -US\$988 mm for rents), close to our expectation. The income account (-US\$7.4 bn) recorded an outflow slightly above our expectations led by interest payments (-US\$2.2 bn).
- ▶ The current account deficit accumulated in the past 12 months reached US\$76.7 bn (3.5% of GDP), versus deficit of US\$66.2 bn (3.0% of GDP) in 2024. At the margin, the annualized 3-month moving average (MM3M SAAR) of the current account reached -US\$75.4 bn (versus -US\$79.0 bn in the previous month and -US\$82.1 bn 12 months before).
- ▶ Foreign investment (FDI) to Brazil remains positive in 12m, and last month's result came in stronger than our expectation. IDP posted a positive flow of US\$10.9 bn in October, better than our call (+US\$8.0 bn) and the market's estimates (+US\$6.0 bn). In 12 months, the FDI accumulates inflow of US\$80.1 bn (3.6% of GDP), versus +US\$74.1 bn (3.4% of GDP) in 2024.
- ▶ **Our view:** The current account deficit was close to our expectation in October, with higher outflows in the Interest account compensated by smaller outflows in Profits and Dividends and Intellectual Property. The marginal improvement in this reading was driven by the more favorable performance of the Trade Balance and the Services account, while the Income account maintained the trend of widening the deficit. Foreign direct investment in the country remained robust during the month, with our less volatile metric (equity participation excluding reinvested earnings + intercompany from parent to subsidiary) running around USD 75 billion in the 3MMA SAAR. At the margin, these foreign capital inflows have intensified the flow of resources to the country, which led the difference between the current account deficit and capital flows into positive territory. We forecast a current account deficit of USD 78 billion (3.5% of GDP) by the end of 2025 and USD 77 billion (3.1% of GDP) in 2026.

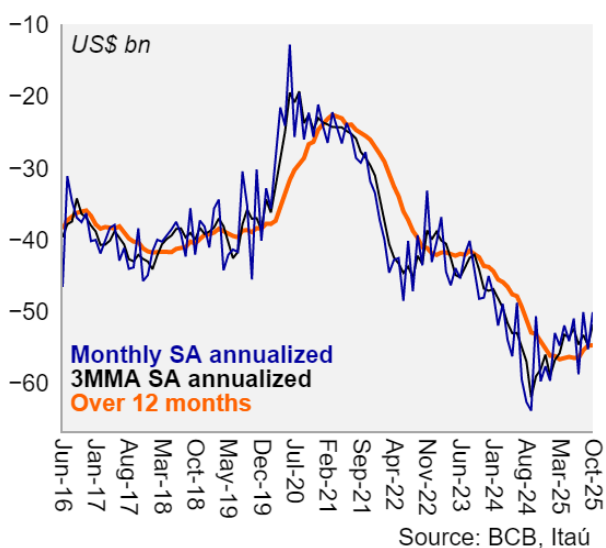
### Current account balance



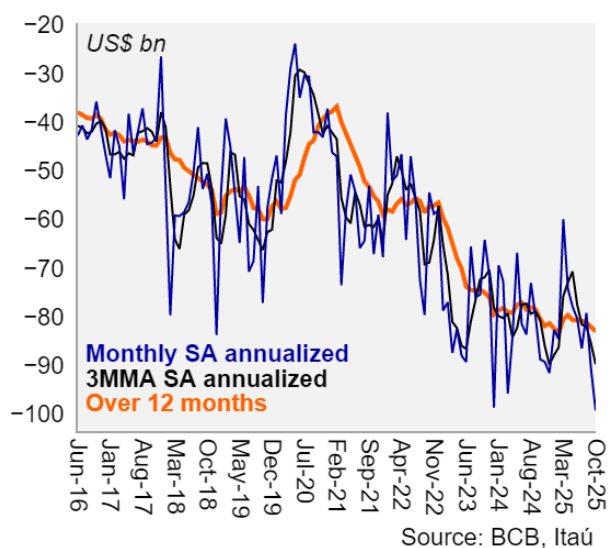
### Trade balance



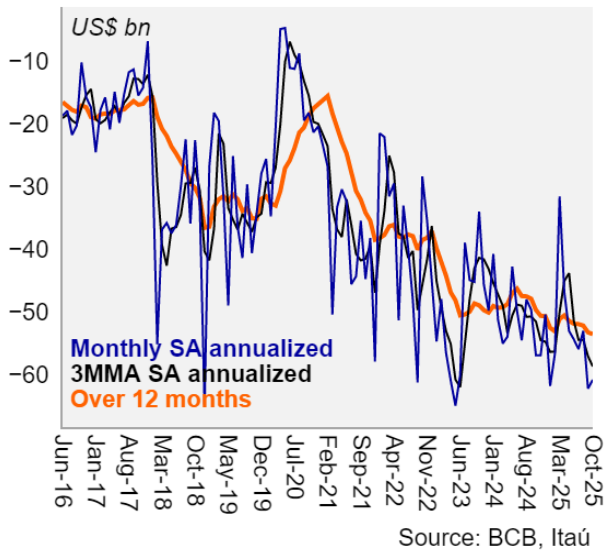
### Services account



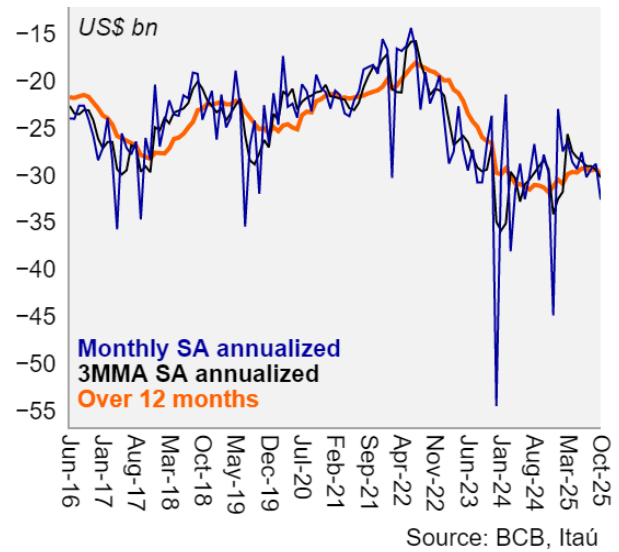
### Income account



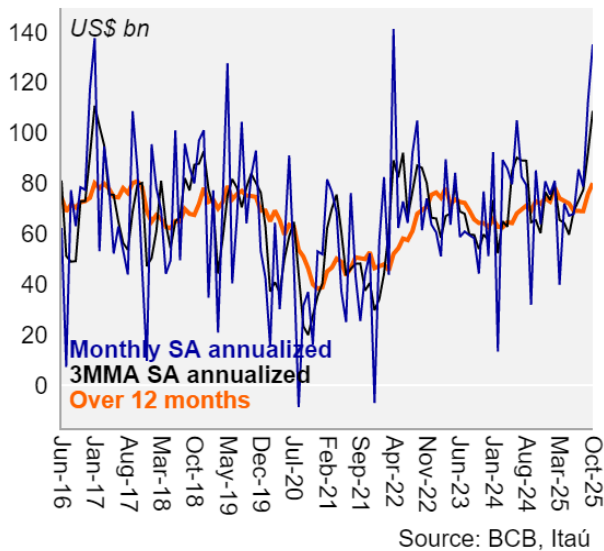
### Profits and dividends



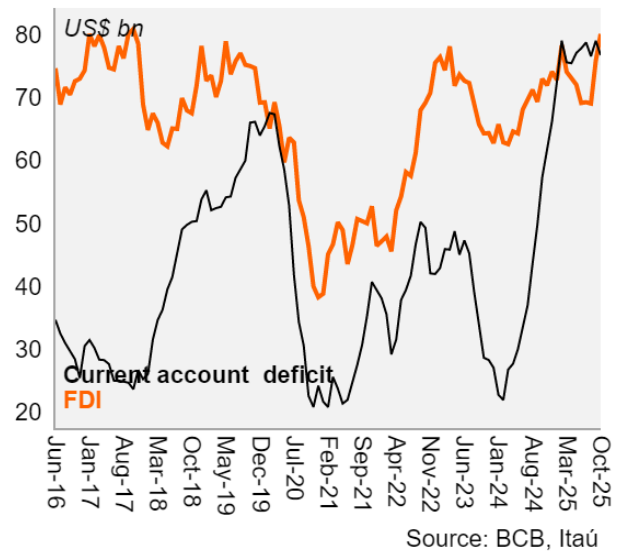
### Interests net inflow



### Foreign investment to Brazil



### FDI and CAD accumulated in 12m



In US\$ bn	Monthly				3MMA SAAR		12M		
	Oct-2025	Sep-2025	Aug-2025	Oct-2024	Oct-2025	Sep-2025	Oct-2025	Dec-2024	Dec-2023
<b>I. Current account (1)+(2)+(3)+(4)</b>	<b>-5.1</b>	<b>-9.8</b>	<b>-5.0</b>	<b>-7.4</b>	<b>-75.4</b>	<b>-79.0</b>	<b>-76.7</b>	<b>-66.2</b>	<b>-27.1</b>
<b>1. Balance on goods</b>	<b>6.2</b>	<b>2.3</b>	<b>5.2</b>	<b>3.2</b>	<b>61.3</b>	<b>55.4</b>	<b>55.8</b>	<b>65.8</b>	<b>92.3</b>
Exports	32.1	30.6	29.7	29.5	358.2	354.3	344.8	339.9	343.8
Imports	25.9	28.4	24.5	26.3	300.1	300.8	289.0	274.0	251.5
<b>2. Services</b>	<b>-4.4</b>	<b>-4.9</b>	<b>-4.2</b>	<b>-4.4</b>	<b>-51.8</b>	<b>-54.7</b>	<b>-54.7</b>	<b>-55.2</b>	<b>-43.8</b>
International Travel	-1.3	-1.3	-1.2	-1.2	-14.5	-15.4	-13.5	-12.3	-11.0
Operational leasing	-1.0	-0.9	-0.9	-0.9	-11.5	-11.5	-12.0	-11.2	-9.7
Transportation	-1.3	-1.4	-1.2	-1.6	-14.0	-13.9	-15.2	-15.1	-12.7
Others	-0.8	-1.3	-0.9	-0.7	-11.6	-13.9	-14.1	-16.6	-10.4
<b>3. Primary Income</b>	<b>-7.4</b>	<b>-7.6</b>	<b>-6.3</b>	<b>-6.6</b>	<b>-89.8</b>	<b>-85.5</b>	<b>-83.0</b>	<b>-81.3</b>	<b>-79.5</b>
Wages	0.0	0.0	0.0	0.1	0.3	0.3	0.4	0.5	0.3
Interests	-2.2	-2.3	-1.5	-1.7	-30.3	-29.5	-29.9	-31.2	-29.7
Profits and dividends	-5.3	-5.4	-4.9	-5.0	-58.6	-57.0	-53.5	-50.6	-50.0
<b>4. Secondary income</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>5.2</b>	<b>5.1</b>	<b>5.2</b>	<b>4.5</b>	<b>3.9</b>
<b>II. Capital and financial account (a)+(b)+(c) +(d)</b>	<b>-5.4</b>	<b>-10.1</b>	<b>-5.0</b>	<b>-8.5</b>	<b>-70.1</b>	<b>-66.8</b>	<b>-72.8</b>	<b>-76.3</b>	<b>-28.3</b>
<b>a. Net direct investment (i)-(ii)</b>	<b>-7.9</b>	<b>-7.8</b>	<b>-5.6</b>	<b>-4.6</b>	<b>-74.9</b>	<b>-60.1</b>	<b>-51.7</b>	<b>-47.8</b>	<b>-37.6</b>
i. Direct investments - liabilities	10.9	10.7	8.0	6.7	108.7	92.2	80.1	74.1	62.8
Equity capital	10.1	8.8	6.3	7.4	94.9	82.1	71.3	64.6	52.8
Intercompany loans	0.9	1.9	1.7	-0.8	16.5	12.5	8.8	9.5	9.9
ii. Direct investments - assets	3.0	2.9	2.4	2.1	34.5	32.1	28.4	26.3	25.1
<b>b. Other net investments (iii)-(iv)+(v)+(vi)</b>	<b>2.3</b>	<b>-6.1</b>	<b>-1.5</b>	<b>-4.2</b>	<b>-8.2</b>	<b>-28.0</b>	<b>2.3</b>	<b>0.1</b>	<b>-11.4</b>
iii. Portfolio investments - assets	-0.5	0.3	2.2	-1.5	13.2	22.5	20.8	7.2	4.5
iv. Portfolio investments (total) - liabilities	3.0	6.2	2.6	1.8	35.9	27.8	8.0	8.2	13.8
Local fixed income	2.5	5.0	3.3	1.1	32.2	31.7	17.7	12.7	9.8
Local equities	0.6	-1.0	-0.2	0.4	-4.5	-8.6	-6.2	-14.1	2.2
Funds	0.2	0.4	-0.3	0.3	0.3	-2.3	-5.3	-3.4	-1.3
v. Financial derivatives (net)	-0.4	-0.7	-0.6	0.1	-6.5	-6.2	-1.4	2.2	-8.0
vi. Other investments (net)	6.1	0.4	-0.5	-1.1	11.1	-25.1	-9.0	-1.1	5.9
<b>c. Capital account</b>	<b>0.0</b>	<b>-0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.8</b>	<b>-0.1</b>	<b>-0.2</b>	<b>-2.2</b>	<b>-0.6</b>
<b>d. Reserve assets</b>	<b>0.2</b>	<b>3.8</b>	<b>2.0</b>	<b>0.4</b>	<b>24.6</b>	<b>26.6</b>	<b>-23.1</b>	<b>-26.4</b>	<b>21.4</b>
<b>III. Errors and Omissions</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-1.1</b>	<b>8.2</b>	<b>13.2</b>	<b>4.4</b>	<b>-5.7</b>	<b>0.1</b>

Source: BCB, Itaú

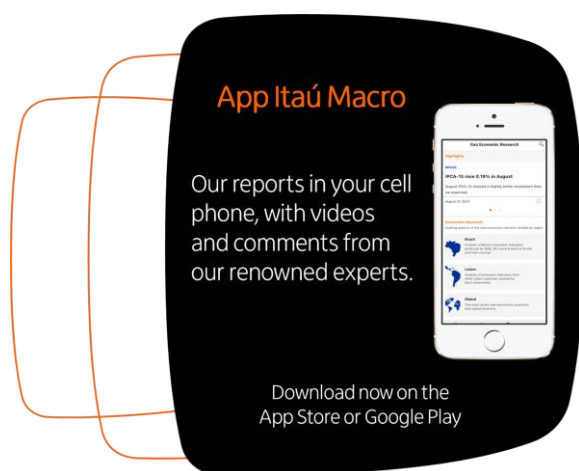
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