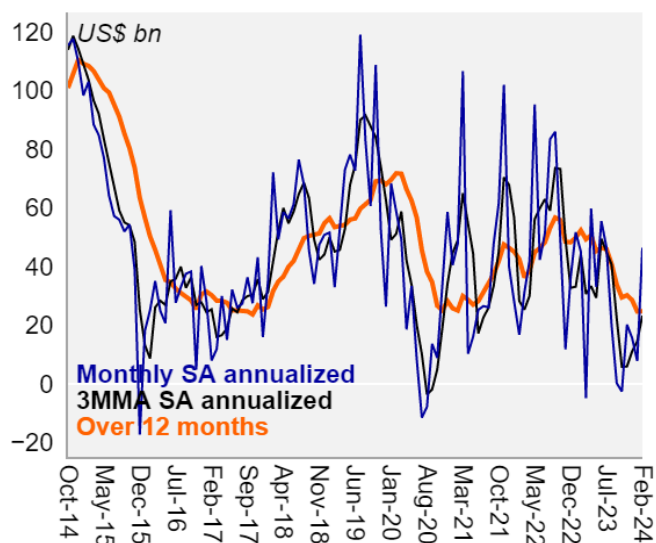


Current account registered deficit of 1.1% of GDP in February

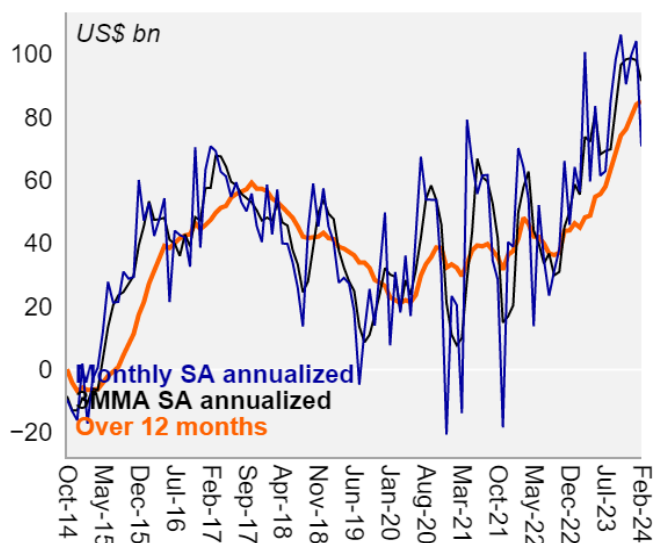
- ▶ The current account deficit was US\$4.4 bn in February. The result came in worse than our call (-US\$2.7 bn) and the market's estimates (-US\$3.5 bn). In February 2023, the current account had posted a US\$4.4 bn deficit. Versus our forecast, we highlight a weaker than expected print for profit and dividends (-US\$2.9 bn observed versus -US\$2.2 bn projected).
- ▶ This month, the trade balance posted a surplus of US\$3.4 bn, while services registered a negative flow of US\$3.7 bn (-US\$1163 mm for transportation, -US\$378 mm for travel and -US\$836 mm for rents), close to our expectation. The income account (-US\$4.2 bn) was also slightly worse than our call, with a highlight to the outflow of US\$2.9 in the profit and dividends account.
- ▶ The current account deficit accumulated in the past 12 months reached US\$24.7 bn (1.1% of GDP), versus a deficit of US\$28.6 bn (1.3% of GDP) in 2023). At the margin, the annualized 3-month moving average (3MMA SAAR) of the current account reached -US\$23.3 bn (versus -US\$14.5 bn in the previous month and -US\$44.2 bn 12 months before).
- ▶ Foreign investment (FDI) to Brazil remains positive in 12 months, despite the weaker-than-expected print. FDI posted a positive flow of US\$5.0 bn in February, weaker than our call (+US\$7.2 bn) and the market's expectation (+US\$6.6 bn). In 12 months, the FDI accumulates inflow of US\$62.0 bn (2.8% of GDP), similar to the +US\$62.0 bn (2.9% of GDP) inflow registered in 2023.
- ▶ **Our view:** We expect the dynamics of the external accounts to continue on a favorable trajectory throughout this year, mainly with the good performance of the trade balance, while the income account prevents further improvement. We forecast a current account deficit of 0.6% of GDP this year and 0.9% in 2025.

Current account balance



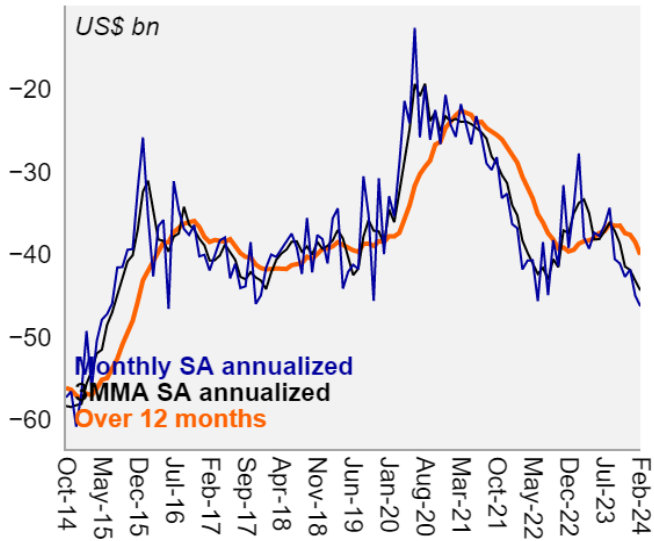
Source: BCB, Itaú

Trade balance



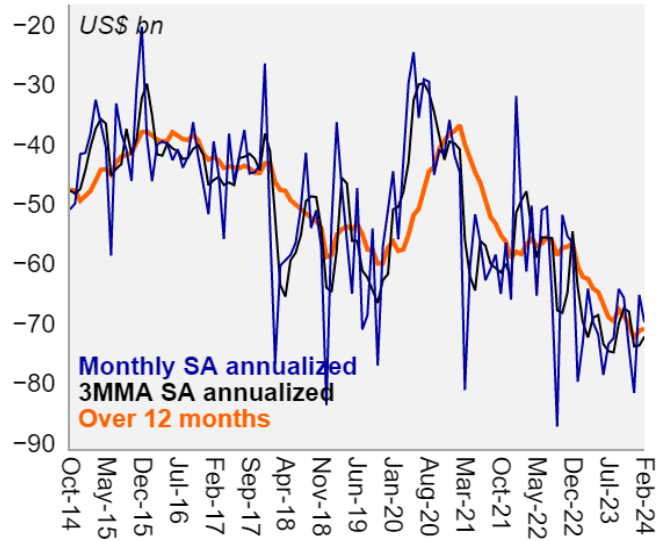
Source: BCB, Itaú

Services account



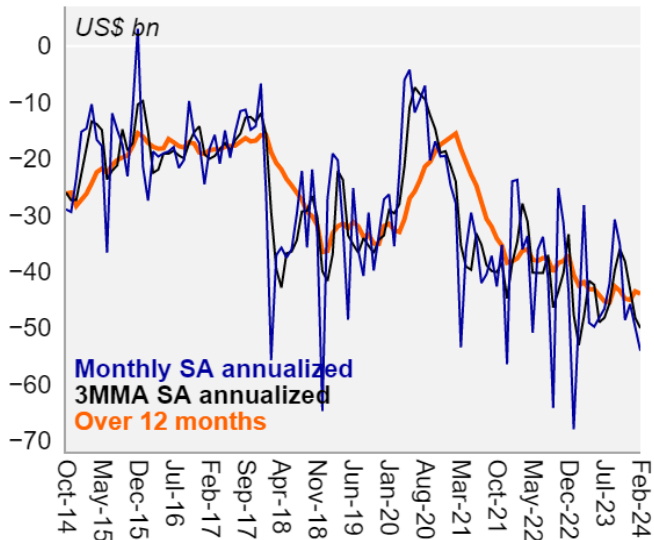
Source: BCB, Itaú

Income account



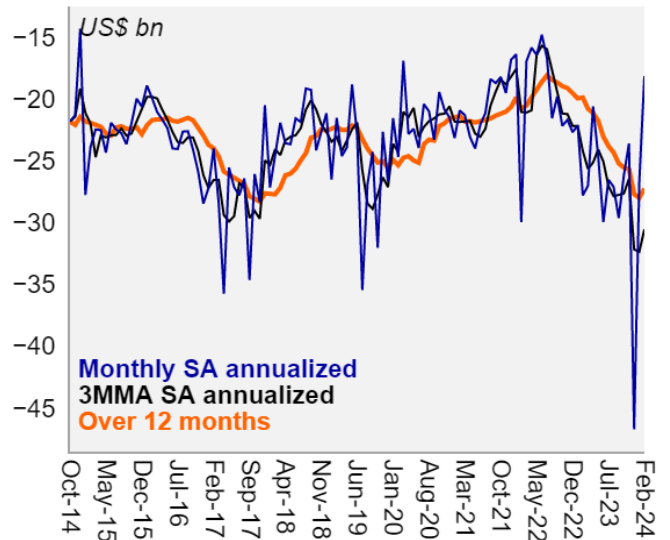
Source: BCB, Itaú

Profits and dividends



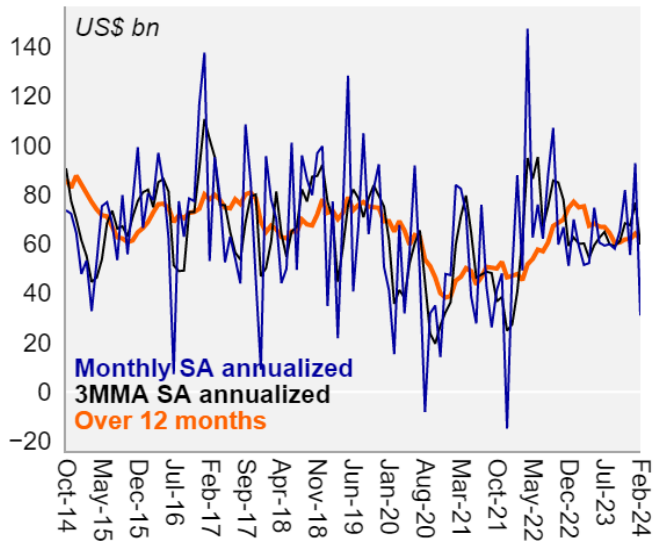
Source: BCB, Itaú

Interests net inflow



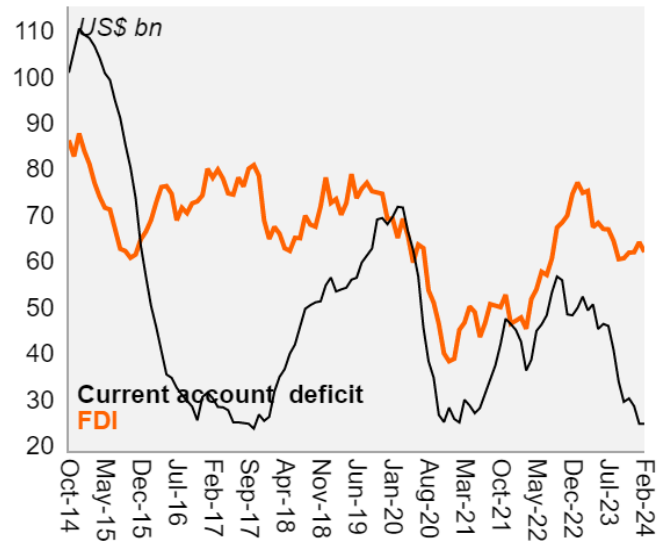
Source: BCB, Itaú

Foreign investment to Brazil



Source: BCB, Itaú

FDI and CAD accumulated in 12m



Source: BCB, Itaú

In US\$ bn	Monthly				3MMA SAAR		12M		
	Feb-2024	Jan-2024	Dec-2023	Feb-2023	Feb-2024	Jan-2024	Feb-2024	Dec-2023	Dec-2022
I. Current account (1)+(2)+(3)+(4)	-4.4	-5.1	-5.9	-4.4	-23.3	-14.5	-24.7	-28.6	-48.3
1. Balance on goods	3.4	4.3	7.2	2.2	91.5	98.1	85.2	80.6	44.2
Exports	23.9	27.3	29.0	21.3	363.6	365.4	351.3	344.4	340.3
Imports	20.4	23.0	21.8	19.0	275.8	267.5	266.1	263.8	296.2
2. Services	-3.7	-3.3	-3.8	-2.1	-44.3	-43.2	-40.0	-37.6	-39.6
International Travel	-0.4	-0.5	-0.5	-0.3	-5.9	-6.1	-7.5	-7.6	-7.2
Operational leasing	-0.8	-0.8	-0.9	-0.6	-10.3	-10.2	-9.6	-9.3	-8.3
Transportation	-1.2	-1.3	-1.3	-0.9	-14.7	-13.6	-13.1	-12.9	-19.4
Others	-1.3	-0.8	-1.0	-0.3	-13.8	-13.3	-9.8	-7.8	-4.7
3. Primary Income	-4.2	-6.3	-9.3	-4.6	-72.2	-73.7	-70.8	-72.4	-56.5
Wages	0.0	0.0	0.0	0.0	0.5	0.5	0.3	0.3	0.1
Interests	-1.4	-3.9	-4.9	-2.1	-30.5	-32.4	-27.2	-27.7	-19.6
Profits and dividends	-2.9	-2.5	-4.4	-2.5	-50.0	-48.2	-43.9	-45.0	-37.1
4. Secondary income	0.1	0.1	-0.1	0.1	0.9	0.5	0.9	0.9	3.7
II. Capital and financial account (a)+(b)+(c) +(d)	-4.2	-4.7	-3.6	-4.4	-26.1	-10.2	-23.1	-26.7	-46.5
a. Net direct investment (i)-(ii)	-2.6	-6.1	1.9	-5.2	-38.6	-42.6	-33.1	-33.7	-41.3
i. Direct investments - liabilities	5.0	8.7	-0.4	7.2	59.8	76.7	62.0	62.0	74.6
Equity capital	4.5	6.7	0.9	4.7	62.7	68.1	55.3	52.8	57.1
Intercompany loans	0.5	2.1	-1.3	2.5	5.1	5.3	6.7	9.1	17.5
ii. Direct investments - assets	2.4	2.7	1.5	2.0	22.8	32.2	28.9	28.3	33.4
b. Other net investments (iii)-(iv)+(v)+(vi)	-2.2	0.6	-6.5	-2.2	-14.8	-6.3	-8.8	-14.7	1.8
iii. Portfolio investments - assets	1.9	-0.3	-2.0	0.5	1.0	-2.2	5.7	4.5	-0.1
iv. Portfolio investments (total) - liabilities	-1.3	7.2	-4.3	1.1	-2.9	11.2	14.5	11.8	-3.1
Local fixed income	-0.9	4.3	-0.9	0.3	6.4	7.4	10.6	9.8	-4.4
Local equities	-2.3	-1.4	0.6	0.2	-16.2	-8.4	-4.1	2.1	9.5
Funds	0.2	0.6	-0.5	0.0	-1.8	-2.8	-2.1	-3.3	2.0
v. Financial derivatives (net)	1.0	0.4	-2.2	0.3	-4.9	-11.8	-6.4	-8.0	-2.0
vi. Other investments (net)	-6.4	7.6	-6.6	-1.8	-9.3	19.8	6.4	0.6	0.9
c. Capital account	0.1	-0.0	0.0	0.0	-0.2	-0.4	0.3	0.3	0.2
d. Reserve assets	0.5	0.8	1.1	2.9	19.7	27.1	18.4	21.4	-7.3
III. Errors and Omissions	0.0	0.4	2.3	-0.1	4.1	2.6	1.0	1.2	1.2

Source: IBGE, Itaú

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