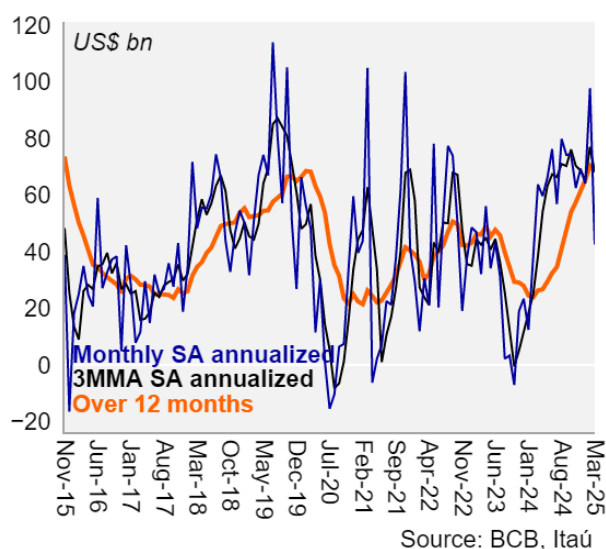


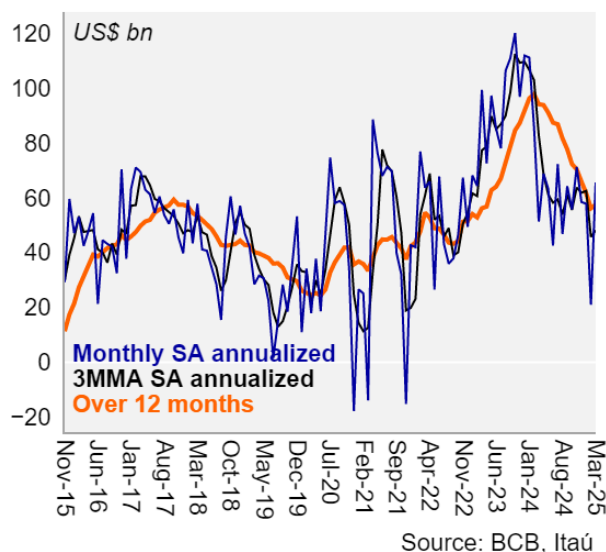
Current account posted an outflow of 3.2% of GDP in March

- ▶ The current account deficit was of US\$2.2 bn in March. The result came close to our call (-US\$2.5 bn) and better than market's expectation (-US\$3.2 bn). In March 2024, the current account had posted a US\$4.1 bn deficit. Versus our forecast, we highlight a stronger-than-expected print for profit and dividends (-US\$3.8 bn observed versus -US\$4.0 bn projected).
- ▶ The trade balance posted a surplus of US\$7.6 bn in March, while services registered a negative flow of US\$4.4 bn (-US\$1,148 mm for transportation, -US\$766 mm for travel and -US\$1,095 mm for rents), in line with our expectation. The income account (-US\$5.8 bn) matched our call, with a highlight to the outflow of US\$2.0 in the interest rate expenses.
- ▶ The current account deficit accumulated in the past 12 months was US\$68.5 bn (3.2% of GDP), versus -US\$61.2 bn (-2.8% of GDP in 2024). At the margin, the annualized 3-month moving average (MM3M SAAR) of the current account reached -US\$68.1 bn (versus -US\$77.1 bn in the previous month and -US\$38.4 bn 12 months before).
- ▶ Foreign direct investment (FDI) to Brazil remains positive over 12 months, despite the weaker-than-expected print in this release. The FDI posted a positive flow of US\$6.0 bn in March, weaker than our call (+US\$10.5 bn) and market's expectation (+US\$8.0 bn). Over 12 months, FDI accumulates an inflow of US\$68.2 bn (3.2% of GDP), versus +US\$71.1 bn (3.3% of GDP) in 2024.
- ▶ **Our view:** the current account deficit improved marginally, driven by an increase in the trade balance surplus. The services account kept a high deficit, with a payback from 'Other Services' in the previous month, particularly in 'Intellectual Property Services.' Looking forward, we continue to forecast more moderate deficits, in line with a recovery in the trade balance, due to a record harvest and a slowdown in domestic activity.

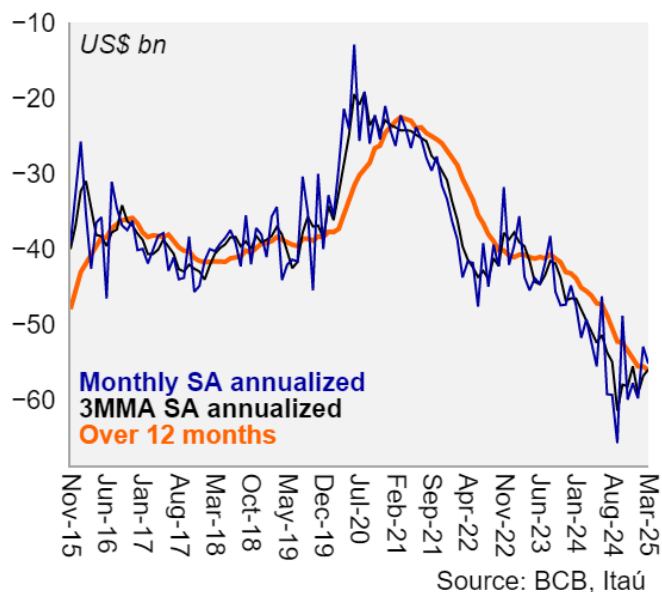
Current account balance



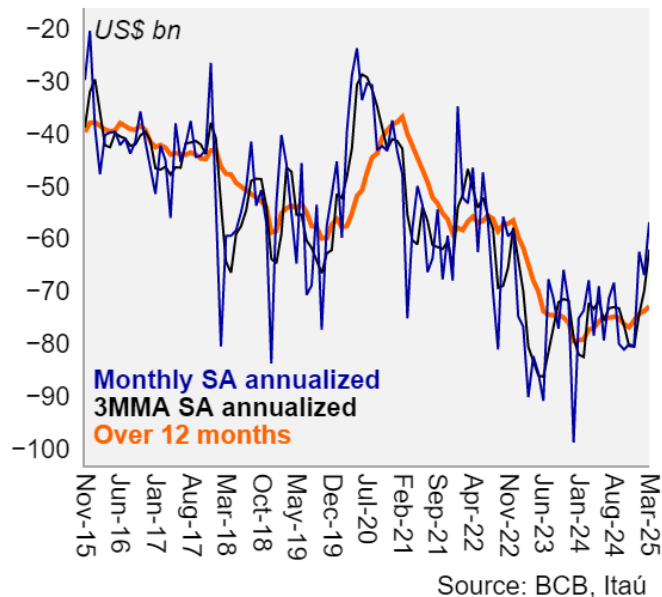
Trade balance



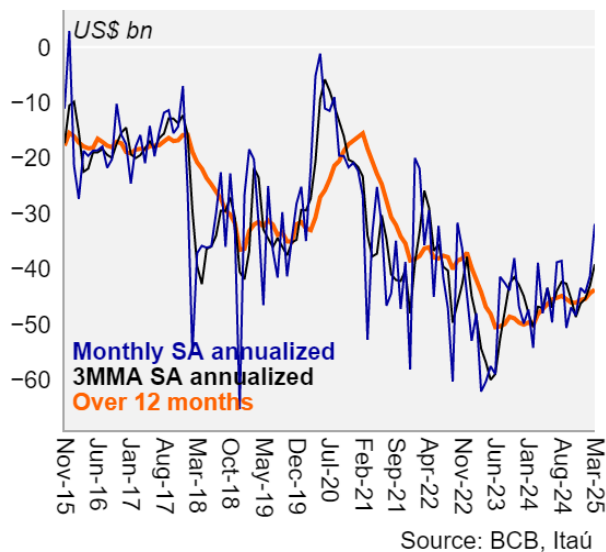
Services account



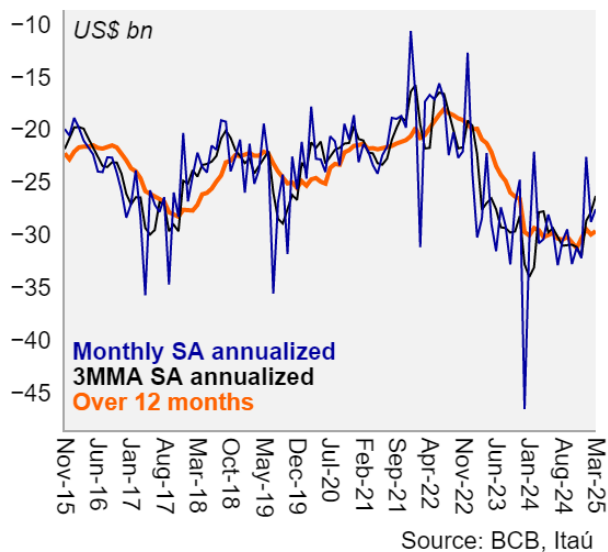
Income account



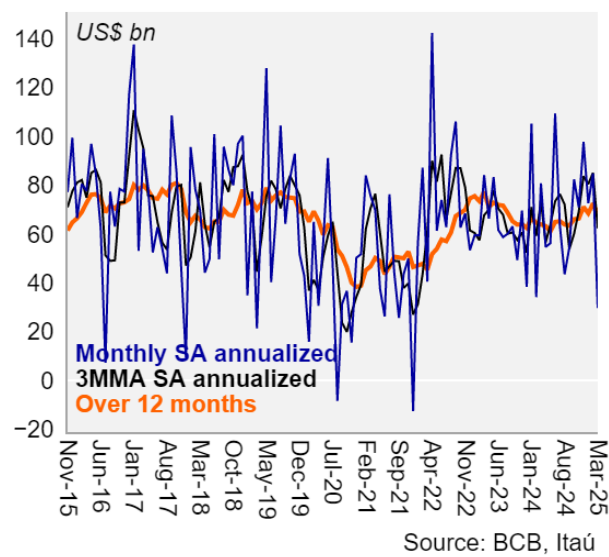
Profits and dividends



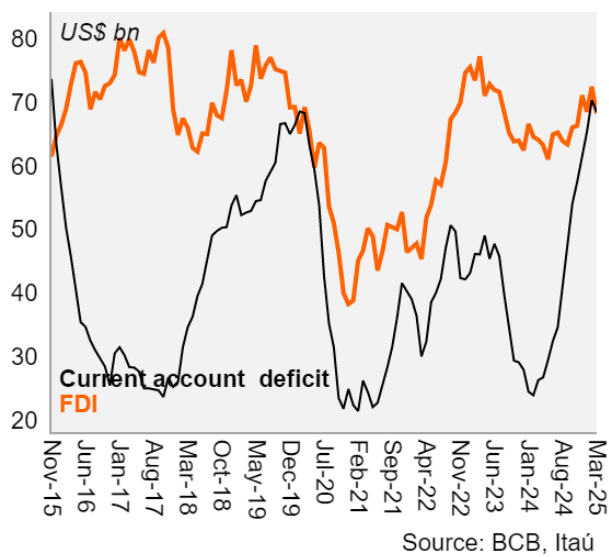
Interest rate expenses



Foreign direct investment (FDI)



FDI and CAD accumulated in 12 months



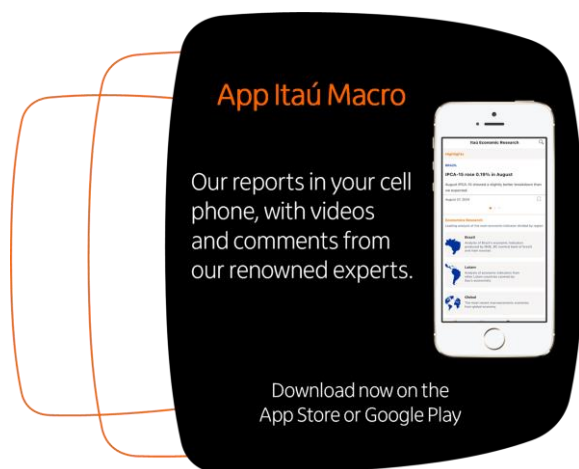
In US\$ bn	Monthly				3MMA SAAR		12M		
	Mar-2025	Feb-2025	Jan-2025	Mar-2024	Mar-2025	Feb-2025	Mar-2025	Dec-2024	Dec-2023
I. Current account (1)+(2)+(3)+(4)	-2.2	-8.9	-8.5	-4.1	-68.1	-77.1	-68.5	-61.2	-27.9
1. Balance on goods	7.6	-1.1	1.3	6.4	48.1	45.7	57.4	65.8	92.3
Exports	29.4	23.0	25.5	28.0	342.1	334.5	339.4	339.9	343.8
Imports	21.8	24.1	24.2	21.6	294.6	293.3	281.9	274.0	251.5
2. Services	-4.4	-3.9	-4.6	-3.9	-56.0	-56.9	-56.1	-54.6	-43.3
International Travel	-0.8	-0.8	-1.0	-0.8	-11.4	-11.9	-12.5	-12.3	-11.0
Operational leasing	-1.1	-1.0	-0.9	-1.0	-12.1	-12.2	-11.3	-10.9	-9.5
Transportation	-1.1	-1.2	-1.4	-1.0	-16.4	-16.5	-16.1	-15.1	-12.7
Others	-1.3	-0.9	-1.2	-1.2	-15.1	-15.4	-16.2	-16.3	-10.1
3. Primary Income	-5.8	-4.1	-5.6	-6.7	-62.1	-70.0	-72.9	-75.4	-79.5
Wages	0.0	0.0	0.1	0.0	0.5	0.6	0.5	0.5	0.3
Interests	-2.0	-1.9	-3.1	-2.3	-26.3	-27.9	-29.7	-30.3	-29.7
Profits and dividends	-3.8	-2.2	-2.6	-4.4	-39.1	-43.0	-43.7	-45.6	-50.0
4. Secondary income	0.3	0.2	0.3	0.1	3.5	3.8	3.1	2.9	2.6
II. Capital and financial account (a)+(b)+(c) +(d)	-4.6	-10.9	-12.8	-7.8	-104.7	-130.8	-109.7	-102.0	-49.3
a. Net direct investment (i)-(ii)	-2.8	-5.4	-2.3	-9.4	-23.5	-43.3	-38.6	-46.8	-37.3
i. Direct investments - liabilities	6.0	9.3	6.5	10.2	62.3	85.0	68.2	71.1	62.4
Equity capital	3.8	5.6	4.7	4.7	56.4	74.4	57.7	60.1	52.8
Intercompany loans	2.1	3.7	1.8	5.5	18.0	14.5	10.5	11.0	9.6
ii. Direct investments - assets	3.1	3.9	4.2	0.8	42.0	41.0	29.6	24.3	25.1
b. Other net investments (iii)-(iv)+(v)+(vi)	-1.7	-6.3	-6.2	2.3	-50.1	31.4	-27.0	-12.6	-22.0
iii. Portfolio investments - assets	0.9	1.9	-0.1	1.6	4.3	0.9	1.5	6.6	4.5
iv. Portfolio investments (total) - liabilities	-1.1	3.1	-4.8	0.4	-7.9	-31.0	0.7	9.7	13.8
Local fixed income	-0.8	0.0	-2.4	3.2	-12.7	-24.9	3.0	12.8	9.8
Local equities	-2.7	0.8	1.8	-3.4	5.9	-4.7	-7.0	-14.0	2.2
Funds	1.8	0.2	-0.2	0.1	7.4	-20.8	-2.0	-3.0	-1.3
v. Financial derivatives (net)	-0.2	-0.0	-0.7	-1.6	-5.0	4.9	1.4	2.2	-8.0
vi. Other investments (net)	-3.4	-5.1	-10.2	2.6	-45.1	-2.2	-29.2	-11.6	-4.7
c. Capital account	-0.7	-0.8	-1.3	-1.5	-11.7	-13.8	-14.8	-16.3	-11.4
d. Reserve assets	0.7	1.7	-3.0	0.9	-18.5	-101.8	-29.2	-26.4	21.4
III. Errors and Omissions	-0.8	-0.3	-1.7	-0.6	-16.0	-20.9	-11.5	-8.3	1.3

Source: BCB, Itaú

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