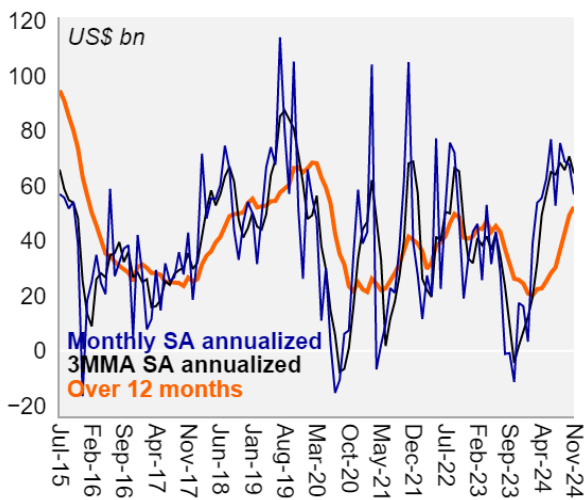


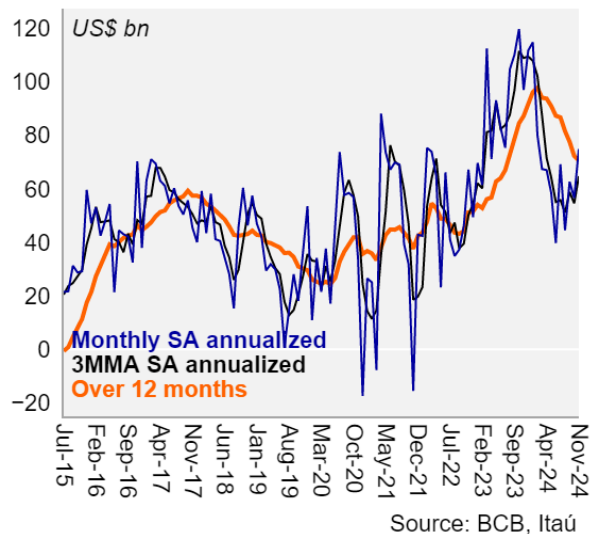
## Current account registered a USD 3.1 bn deficit in November

- ▶ The current account deficit was US\$3.1 bn in November. The result came in better than the market's estimates (-US\$3.4 bn) and worse than our call (-US\$2.4 bn). In November 2023, the current account had posted a null result.
- ▶ This month, the trade balance posted a surplus of US\$6.3 bn, while services registered a negative flow of US\$4.7 bn (-US\$1.5 bn for transportation, -US\$550 mm for travel and -US\$899 mm for rents). The services account came in worse than our expectation led by other services. The income account (-US\$5.0 bn) came in close to our call, with a highlight to the outflow of US\$1.6 in the interest rate account.
- ▶ The current account deficit accumulated in the past 12 months was US\$52.4 bn (2.3% of GDP), versus a deficit of US\$24.5 bn (or 1.1% of GDP) in 2023. At the margin, the annualized 3-month moving average (MM3M SAAR) of the current account reached -US\$64.6 bn (versus -US\$70.8 bn in the previous month and -US\$1.8 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\$7.0 bn in November, better than our call (+US\$6.0 bn) and the market's estimates (+US\$6.0 bn). In 12 months, the FDI accumulates inflow of US\$66.3 bn (2.9% of GDP), versus +US\$62.4 bn (2.9% of GDP) in 2023.
- ▶ **Our view:** November's release continues to indicate pressure on the current account. Despite the improvement in the current account result compared to October (-USD 6.0 bn) – justified by a larger surplus in the trade balance in that month – outflows in the services and income accounts remain at a high level, keeping the deficit larger than in previous years. Relative to our call, there was a negative surprise in "Telecommunications, computing and information" services, which had presented a less negative result in October, therefore indicating that the deficit in the Services account should remain high in the next readings. External financing is at a less favorable level and has worsened at the margin, with FDI not fully covering the current account deficit.

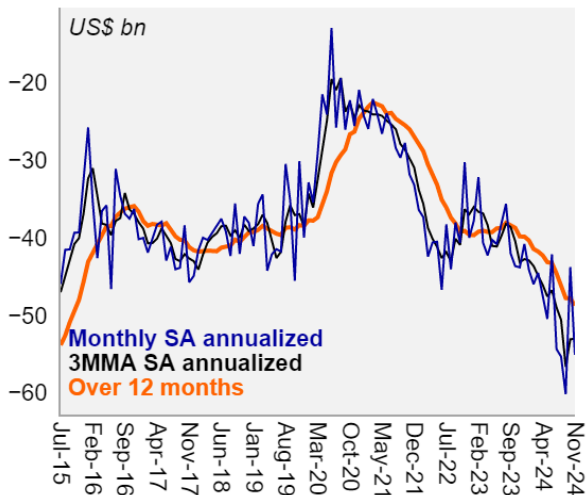
**Current account balance**



**Trade balance**

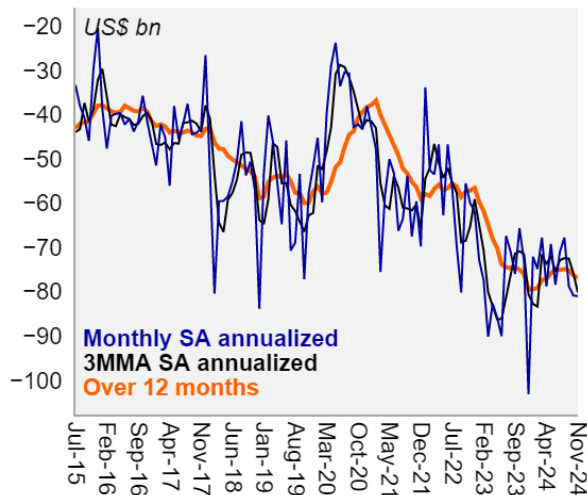


**Services account**



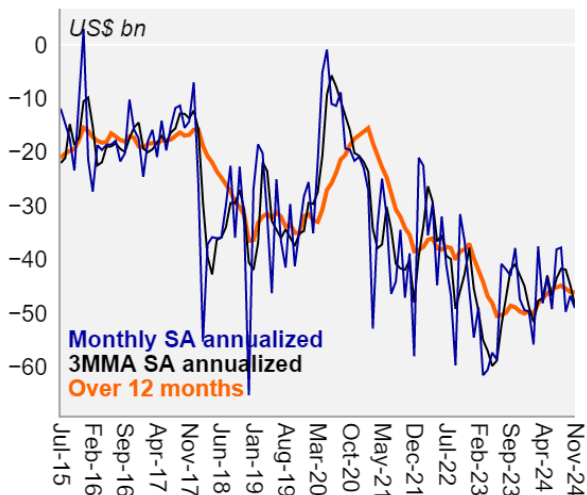
Source: BCB, Itaú

**Income account**



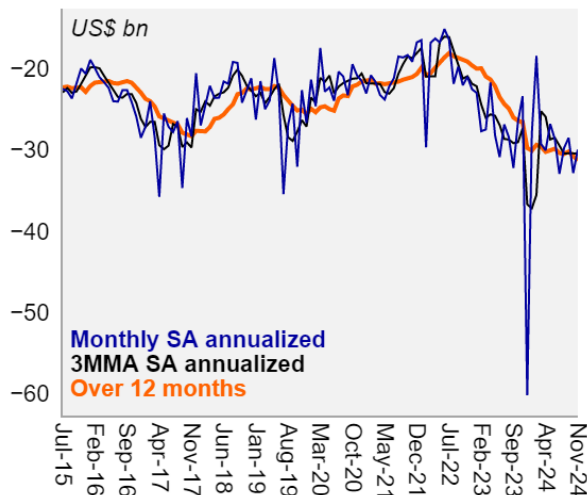
Source: BCB, Itaú

**Profits and dividends**



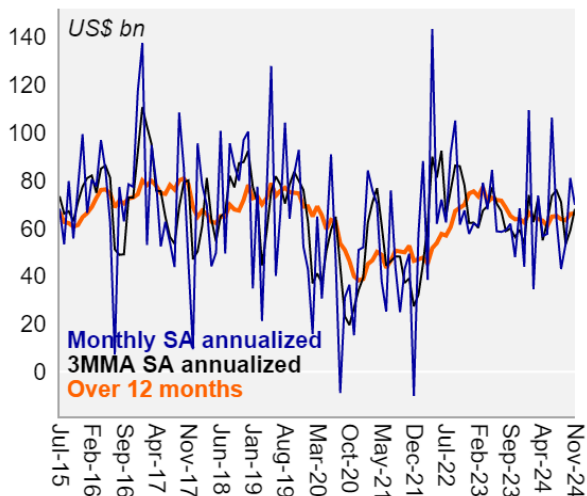
Source: BCB, Itaú

**Interests net inflow**



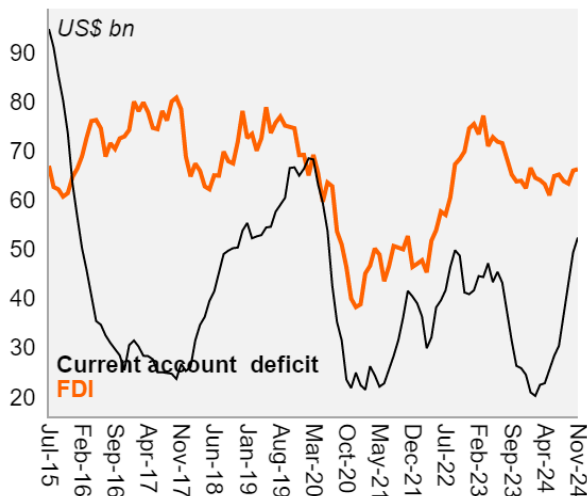
Source: BCB, Itaú

**Foreign investment to Brazil**



Source: BCB, Itaú

**FDI and CAD accumulated in 12m**



Source: BCB, Itaú

In US\$ bn	Monthly				3MMA SAAR		12M		
	Nov-2024	Oct-2024	Sep-2024	Nov-2023	Nov-2024	Oct-2024	Nov-2024	Dec-2023	Dec-2022
<b>I. Current account (1)+(2)+(3)+(4)</b>	<b>-3.1</b>	<b>-6.0</b>	<b>-6.8</b>	<b>-0.0</b>	<b>-64.6</b>	<b>-70.8</b>	<b>-52.4</b>	<b>-24.5</b>	<b>-40.9</b>
<b>1. Balance on goods</b>	<b>6.3</b>	<b>3.3</b>	<b>4.5</b>	<b>8.0</b>	<b>64.7</b>	<b>54.6</b>	<b>70.6</b>	<b>92.3</b>	<b>51.5</b>
Exports	28.2	29.5	28.6	28.1	347.2	338.1	343.8	343.8	340.2
Imports	21.9	26.2	24.2	20.1	283.7	285.8	273.2	251.5	288.7
<b>2. Services</b>	<b>-4.7</b>	<b>-3.9</b>	<b>-5.0</b>	<b>-3.7</b>	<b>-53.0</b>	<b>-53.1</b>	<b>-48.7</b>	<b>-39.9</b>	<b>-39.6</b>
International Travel	-0.6	-0.7	-0.8	-0.5	-8.3	-8.9	-7.4	-7.6	-7.2
Operational leasing	-0.9	-0.9	-0.9	-0.9	-10.9	-10.9	-10.6	-9.5	-8.3
Transportation	-1.5	-1.6	-1.5	-0.9	-17.5	-17.1	-14.8	-12.7	-19.4
Others	-1.7	-0.7	-1.9	-1.4	-16.9	-16.3	-16.0	-10.1	-4.7
<b>3. Primary Income</b>	<b>-5.0</b>	<b>-5.8</b>	<b>-6.5</b>	<b>-4.4</b>	<b>-80.2</b>	<b>-75.8</b>	<b>-76.9</b>	<b>-79.5</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	-1.6	-2.0	-2.1	-1.1	-30.4	-30.4	-31.3	-29.7	-19.6
Profits and dividends	-3.4	-3.8	-4.5	-3.3	-48.5	-44.7	-46.1	-50.0	-37.1
<b>4. Secondary income</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>2.9</b>	<b>2.6</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>-5.6</b>	<b>-8.9</b>	<b>-10.5</b>	<b>-1.6</b>	<b>-93.8</b>	<b>-104.3</b>	<b>-89.5</b>	<b>-45.9</b>	<b>-53.9</b>
<b>a. Net direct investment (i)-(ii)</b>	<b>-4.0</b>	<b>-3.3</b>	<b>-3.4</b>	<b>-1.6</b>	<b>-44.3</b>	<b>-32.8</b>	<b>-44.4</b>	<b>-37.3</b>	<b>-41.3</b>
i. Direct investments - liabilities	7.0	5.7	5.2	6.7	68.2	59.2	66.3	62.4	74.6
Equity capital	6.9	6.8	3.7	6.6	67.7	59.7	54.9	52.8	57.1
Intercompany loans	0.1	-1.0	1.5	0.1	-0.3	-1.5	11.4	9.6	17.5
ii. Direct investments - assets	2.9	2.4	1.9	5.1	27.0	29.2	22.0	25.1	33.4
<b>b. Other net investments (iii)-(iv)+(v)+(vi)</b>	<b>2.4</b>	<b>-4.9</b>	<b>-5.1</b>	<b>0.1</b>	<b>-34.3</b>	<b>-55.0</b>	<b>-33.8</b>	<b>-18.6</b>	<b>1.8</b>
iii. Portfolio investments - assets	1.0	-0.1	-0.7	0.6	6.0	7.2	8.6	4.5	-0.1
iv. Portfolio investments (total) - liabilities	4.1	1.8	3.6	4.2	24.4	28.5	14.0	13.8	-3.1
Local fixed income	5.5	1.1	4.3	0.8	37.1	25.2	16.5	9.8	-4.4
Local equities	-0.6	0.4	-1.7	1.7	-13.1	-5.3	-9.9	2.1	9.5
Funds	0.1	0.2	0.4	-0.1	3.9	3.0	1.8	-1.3	2.0
v. Financial derivatives (net)	-0.8	0.1	-3.4	-1.8	-12.5	-13.0	-2.4	-8.0	-2.0
vi. Other investments (net)	6.2	-3.2	2.5	5.5	-8.4	-19.9	-26.0	-1.3	0.9
<b>c. Capital account</b>	<b>-1.2</b>	<b>-1.1</b>	<b>-1.3</b>	<b>-1.3</b>	<b>-15.9</b>	<b>-16.7</b>	<b>-16.4</b>	<b>-11.4</b>	<b>-7.1</b>
<b>d. Reserve assets</b>	<b>-2.8</b>	<b>0.4</b>	<b>-0.7</b>	<b>1.1</b>	<b>-7.3</b>	<b>4.1</b>	<b>5.0</b>	<b>21.4</b>	<b>-7.3</b>
<b>III. Errors and Omissions</b>	<b>-0.1</b>	<b>-0.7</b>	<b>-1.0</b>	<b>1.0</b>	<b>-5.3</b>	<b>-0.7</b>	<b>-4.4</b>	<b>1.4</b>	<b>1.2</b>

Source: IBGE, Itaú

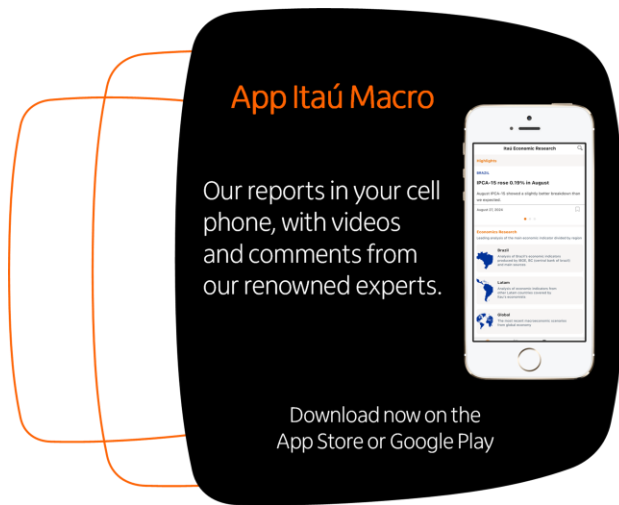
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