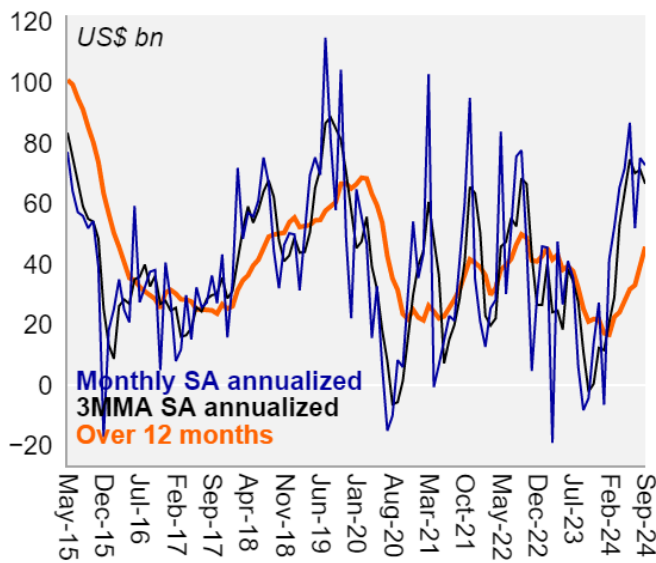


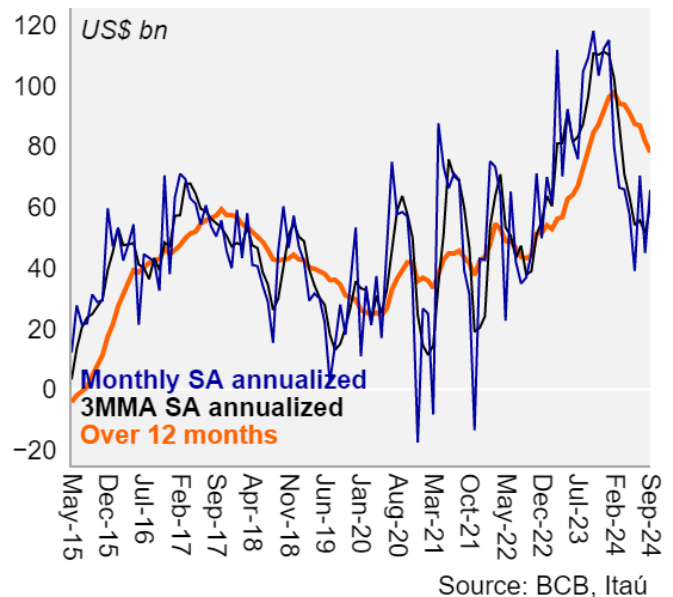
Current account posted a deficit of -2.1% of GDP in September

- ▶ The current account deficit was US\$6.5 bn in September. The result came in weaker than our call (-US\$5.0 bn) and the market's estimates (also at -US\$5.0 bn). In September 2023, the current account had posted a US\$0.3 bn surplus. Compared to our forecast, we highlight a weaker than expected print for profit and dividends (-US\$4.5 bn observed versus -US\$3.5 bn projected).
- ▶ This month, the trade balance posted a surplus of US\$4.8 bn, while services registered a negative flow of US\$5.0 bn (-US\$1456 mm for transportation, -US\$783 mm for travel and -US\$864 mm for rents), close to our expectation. The income account (-US\$6.5 bn) recorded an outflow above our expectations led by profit and dividends (-US\$4.5 bn).
- ▶ The current account deficit accumulated in the past 12 months was US\$45.8 bn (2.1% of GDP), from -US\$21.7 bn (-1.0% of GDP in 2023). At the margin, the annualized 3-month moving average (MM3M SAAR) of the current account reached -US\$66.5 bn (from -US\$71.2 bn in the previous month and -US\$11.1 bn twelve months before).
- ▶ Foreign investment (FDI) to Brazil remains positive in 12m, despite the weaker-than-expected print in this release. IDP posted a positive flow of US\$5.2 bn in September, weaker than the market's expectation (+US\$5.9 bn). In 12 months, the FDI accumulates inflow of US\$70.7 bn (3.2% of GDP), from +US\$64.2 bn (3.0% of GDP) in 2023.
- ▶ **Our view:** The balance of payments data for September continued to show pressure on the current account, with the trade surplus weakening further and a higher outflow of profits and dividends in the month. At the margin, the current account deficit is running close to US\$ 70 billion (3.0% of GDP), slightly worse than the historical average. External financing remains at a relatively comfortable level but is also lower than in previous years.

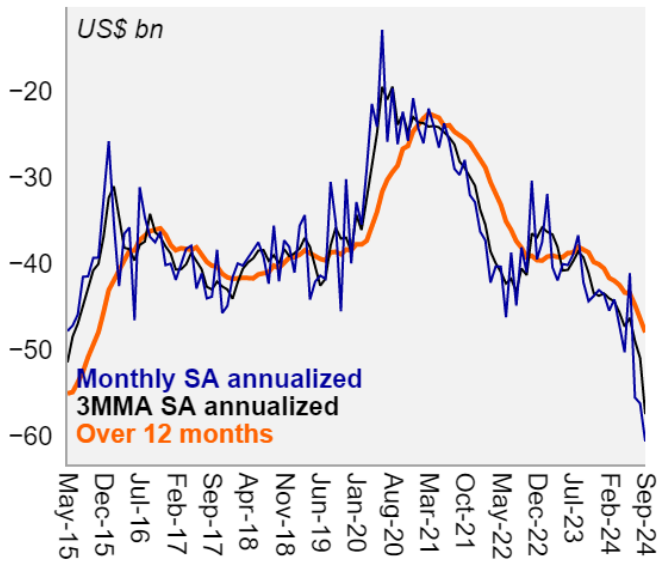
Current account balance



Trade balance

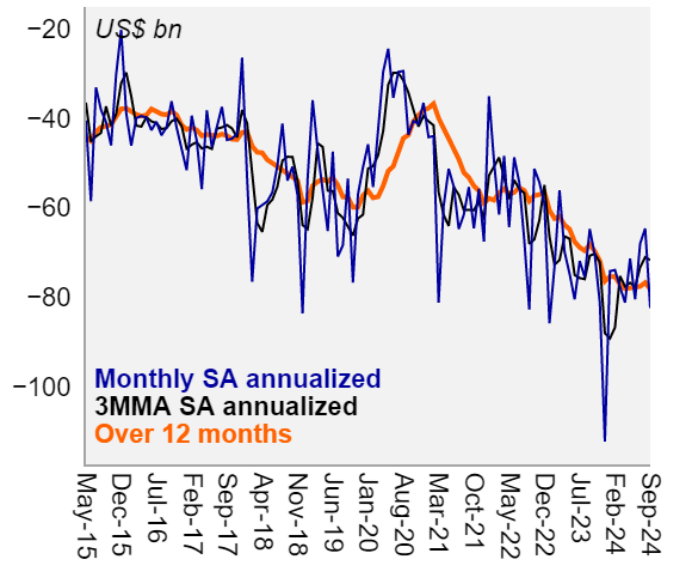


Services account



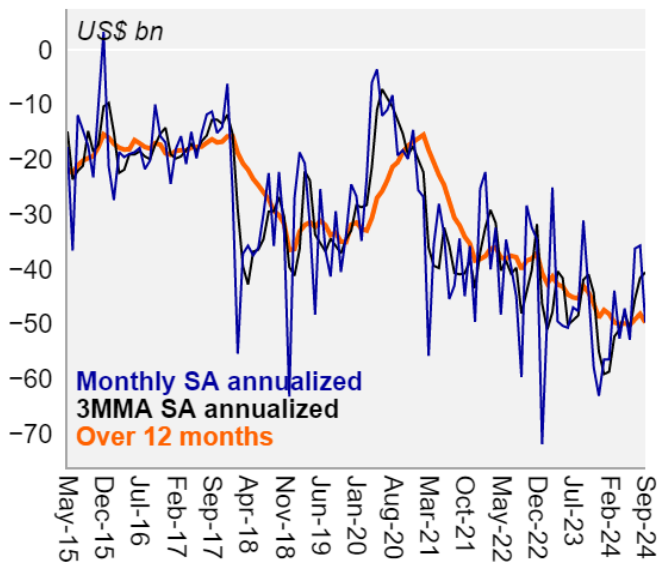
Source: BCB, Itaú

Income account



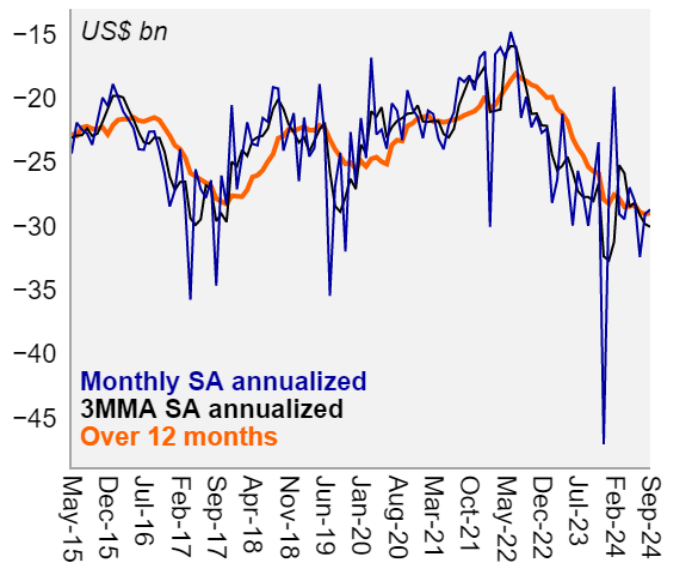
Source: BCB, Itaú

Profits and dividends



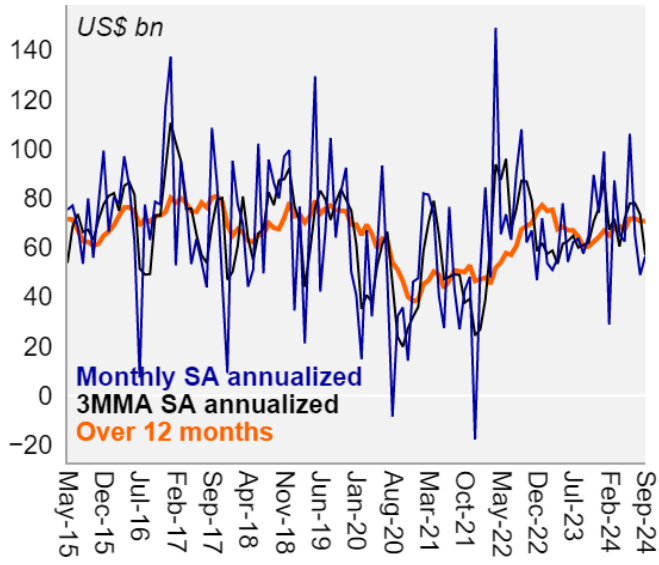
Source: BCB, Itaú

Interests net inflow

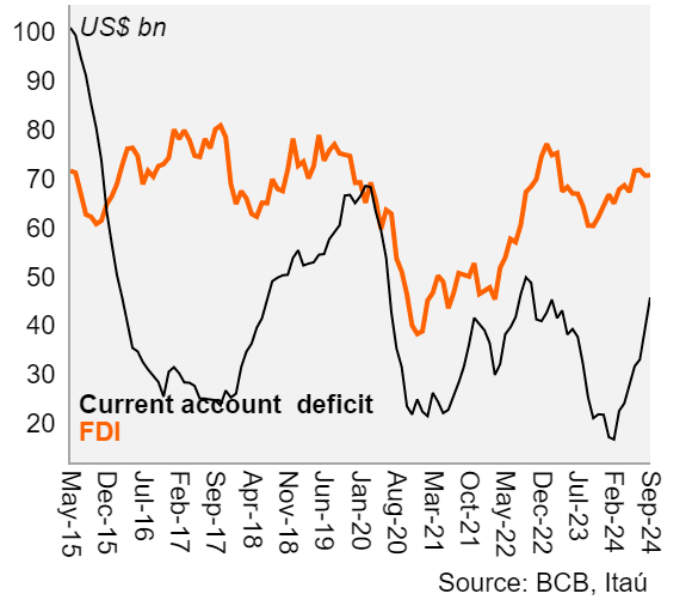


Source: BCB, Itaú

Foreign investment to Brazil



FDI and CAD accumulated in 12m



In US\$ bn	Monthly				3MMA SAAR		12M		
	Sep-2024	Aug-2024	Jul-2024	Sep-2023	Sep-2024	Aug-2024	Sep-2024	Dec-2023	Dec-2022
I. Current account (1)+(2)+(3)+(4)	-6.5	-6.9	-4.9	0.3	-66.5	-71.2	-45.8	-21.7	-40.9
1. Balance on goods	4.8	3.7	7.1	8.5	60.3	51.4	78.1	92.3	51.5
Exports	29.0	28.9	31.2	28.9	338.2	333.8	344.5	343.8	340.2
Imports	24.2	25.2	24.1	20.4	279.1	280.5	266.5	251.5	288.7
2. Services	-5.0	-4.7	-4.5	-3.5	-57.5	-51.0	-48.0	-40.1	-39.6
International Travel	-0.8	-0.8	-0.8	-0.7	-9.0	-8.3	-7.3	-7.6	-7.2
Operational leasing	-0.9	-1.0	-0.9	-0.8	-10.9	-10.5	-10.6	-9.5	-8.3
Transportation	-1.5	-1.5	-1.4	-1.0	-16.6	-15.9	-13.8	-12.9	-19.4
Others	-1.9	-1.4	-1.5	-1.0	-20.2	-17.0	-16.3	-10.1	-4.7
3. Primary Income	-6.5	-6.2	-7.8	-5.1	-71.7	-71.1	-78.3	-76.5	-56.5
Wages	0.0	0.0	0.1	0.0	0.5	0.5	0.5	0.3	0.1
Interests	-2.1	-1.9	-4.4	-2.1	-30.1	-29.8	-29.0	-27.9	-19.6
Profits and dividends	-4.5	-4.3	-3.5	-3.0	-40.6	-41.6	-49.8	-48.9	-37.1
4. Secondary income	0.2	0.3	0.3	0.3	2.6	2.7	2.4	2.6	3.7
II. Capital and financial account (a)+(b)+(c) +(d)	-9.9	-11.1	-10.4	-3.7	-109.6	-116.9	-82.2	-44.3	-53.9
a. Net direct investment (i)-(ii)	-3.4	-4.5	-5.0	-2.9	-32.4	-49.4	-45.8	-39.1	-41.3
i. Direct investments - liabilities	5.2	6.1	7.3	5.1	56.9	73.4	70.7	64.2	74.6
Equity capital	3.7	5.8	6.4	3.5	52.6	55.2	58.5	55.1	57.1
Intercompany loans	1.5	0.3	0.8	1.6	4.6	13.8	12.2	9.1	17.5
ii. Direct investments - assets	1.9	1.6	2.3	2.2	29.4	24.8	24.9	25.1	33.4
b. Other net investments (iii)-(iiv)+(v)+(vi)	-4.6	-6.2	-5.1	0.1	-56.1	-43.4	-29.3	-15.2	1.8
iii. Portfolio investments - assets	-0.4	1.1	-2.8	1.1	-6.8	-8.7	7.0	4.5	-0.1
iv. Portfolio investments (total) - liabilities	3.6	2.8	1.1	1.4	34.1	21.3	15.1	11.8	-3.1
Local fixed income	4.3	2.0	-0.1	2.3	21.7	11.2	12.3	9.8	-4.4
Local equities	-1.7	0.6	1.5	-0.5	3.2	0.7	-6.8	2.1	9.5
Funds	0.4	0.0	-0.6	0.0	-2.0	-1.3	0.4	-3.3	2.0
v. Financial derivatives (net)	-3.4	0.1	1.5	-0.2	-8.2	8.0	-4.7	-8.0	-2.0
vi. Other investments (net)	2.8	-4.5	-2.7	0.6	-11.9	-23.1	-16.6	0.2	0.9
c. Capital account	-1.3	-1.5	-1.3	-0.9	-17.0	-15.8	-16.3	-11.4	-7.1
d. Reserve assets	-0.7	1.1	1.0	0.1	1.2	0.7	9.3	21.4	-7.3
III. Errors and Omissions	-0.7	-1.2	-2.8	-2.1	-7.4	-9.6	-3.8	0.2	1.2

Source: IBGE, Itaú

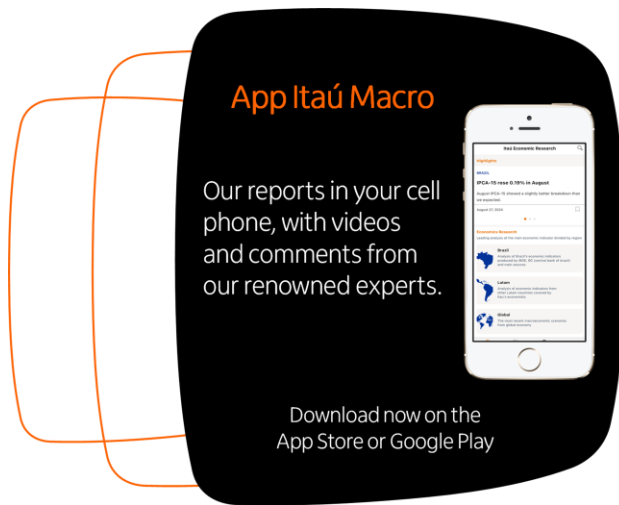
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