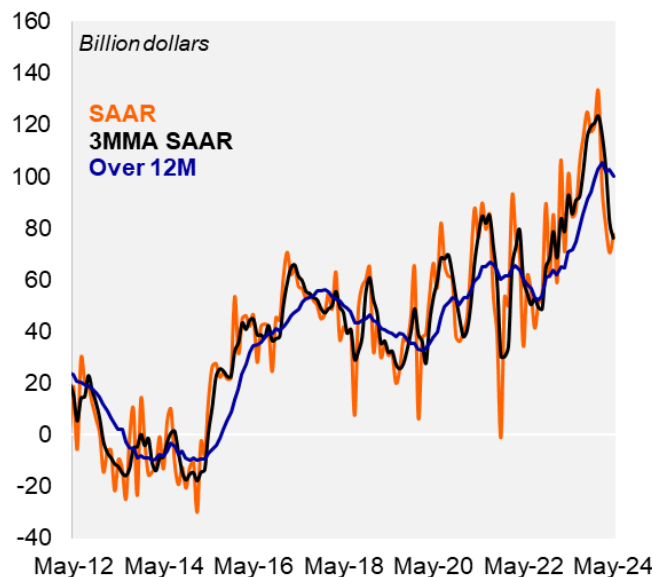


June 6, 2024

Trade balance with a surplus of US\$ 8.5 bn in May

- ▶ The trade balance recorded a surplus of US\$ 8.534 billion in May. The result was in line with our call and market consensus. Exports remain at a high level (US\$ 30.3 billion), driven by the performance of the commodities sector, but are losing strength at the margin. Imports (US\$ 21.8 billion) continue to accelerate, remaining slightly above that recorded in the same month of 2023.
- ▶ As a result, the trade balance accumulates a surplus of close to US\$ 100.2 billion in 12 months. The 3-month moving average of seasonally adjusted and annualized data (3MMA SAAR) of the balance is running at US\$ 76.3 billion, slowing down to US\$ 77.7 billion at the margin (SAAR).
- ▶ Terms of trade show stability at the margin, with a drop in export and import prices. Both export and import volumes (quantum) showed a drop, but remained above that observed in 2023.
- ▶ **Our view:** the trade balance started 2024 at a strong pace but is slowing down at the margin. The result is due to the good performance of exports, while imports continue to accelerate. Despite the loss of traction, foreign trade should remain robust in the coming years, with a structural improvement in the Brazilian trade balance. We forecast a surplus of US\$ 85 billion in 2024 and US\$ 70 billion in 2025.

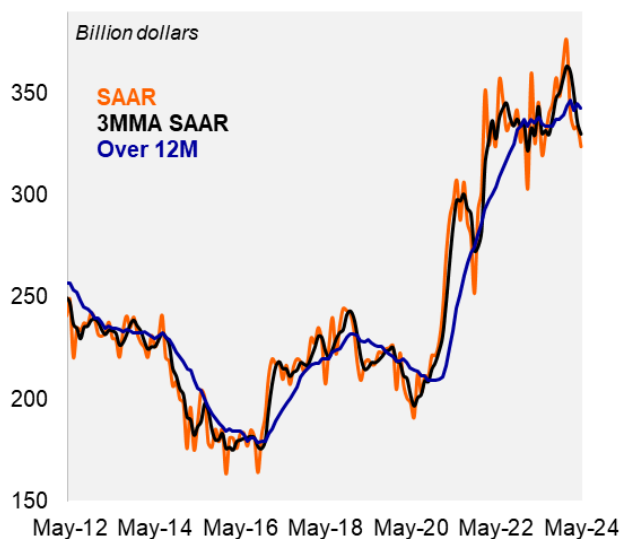
Trade balance remains at a high level, but with signs of some accommodation at the margin (SAAR at US\$78 bn)



Source: MDIC, Itaú

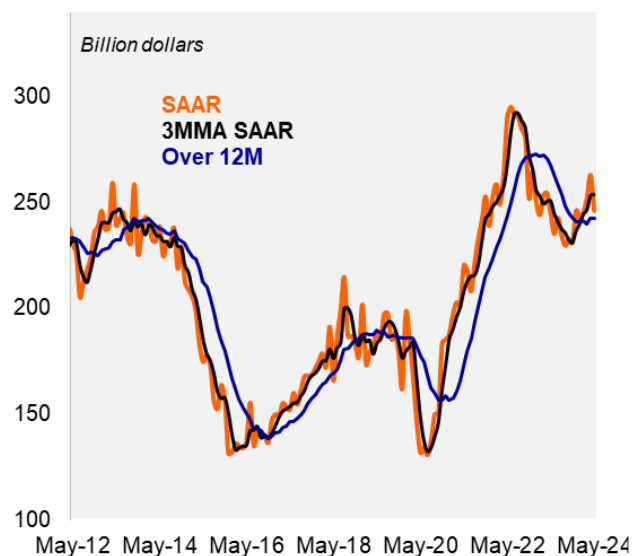
	Monthly			3MMA SAAR		Over 12M				
	May-24	Apr-24	May-23	May-24	Apr-24	May-24	2023	2022	2021	2020
Trade balance	8.5	8.7	11.0	76.3	82.2	100.2	98.8	61.5	61.4	50.4
Exports	30.3	30.6	32.7	330.1	335.6	342.9	339.7	334.1	280.8	209.2
Imports	21.8	21.9	21.7	253.8	253.4	242.7	240.8	272.6	219.4	158.8

Exports at historically-high levels, but losing strength



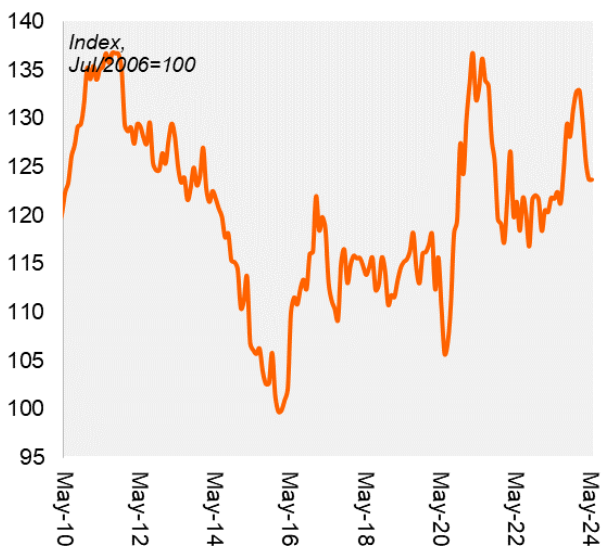
Source: MDIC, Itaú

... while imports are accelerating at the margin



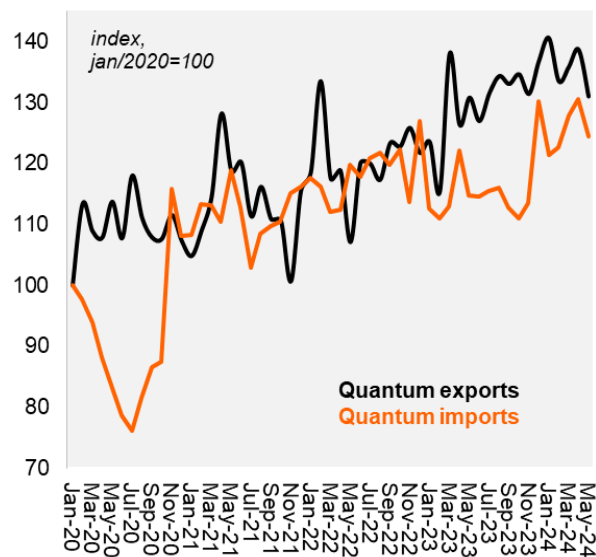
Source: MDIC, Itaú

Terms of trade returning to 2022 levels (drop in Px and Pm)



Source: MDIC, Itaú

Quantum of exports and imports falling



Source: MDIC, Itaú

Claudia Bruschi

Macro Research – Itaú

Mario Mesquita – Chief Economist

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