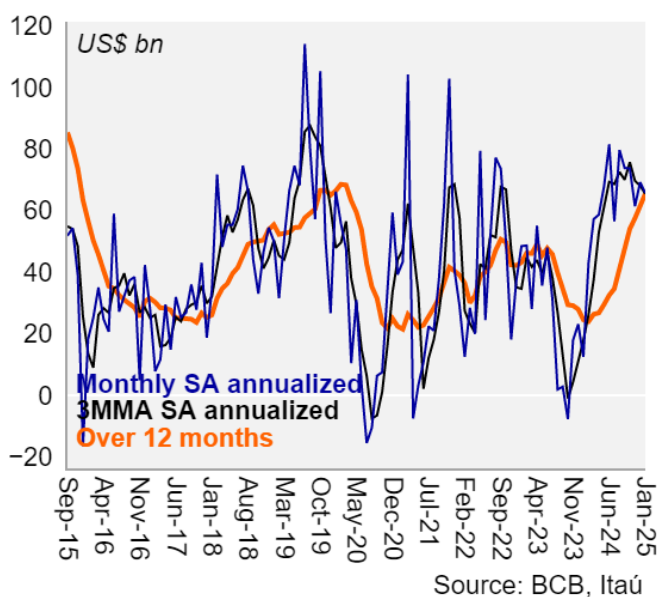


February 27, 2025

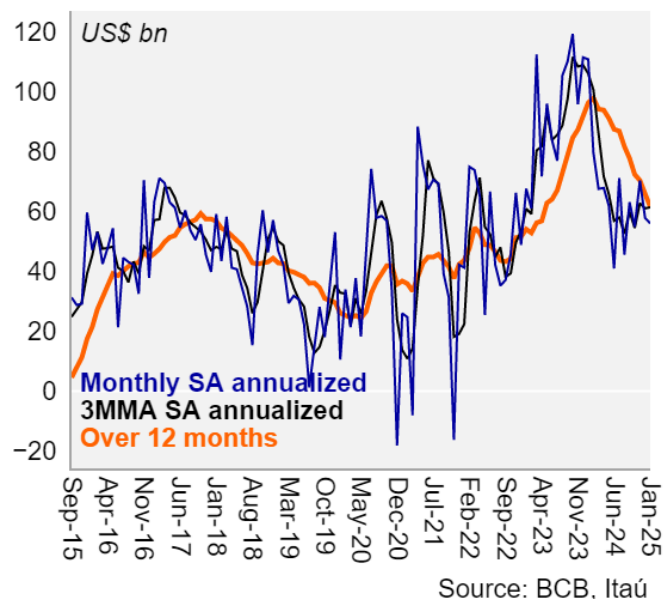
## Current account registered a deficit of -3.0% of GDP in January

- ▶ The current account deficit was US\$8.7 bn in January. The result came in better than the market's expectation (-US\$9.0 bn) and worse than our call (-US\$8.1 bn). In January 2024, the current account had posted a US\$4.4 bn deficit. Versus our forecast, we highlight a stronger than expected print for interest rate (-US\$3.1 bn observed versus -US\$3.6 bn projected).
- ▶ In the month, the trade balance posted a surplus of US\$1.2 bn, while services registered a negative flow of US\$4.6 bn (-US\$1,442 mm for transportation, -US\$978 mm for travel and -US\$944 mm for rents). The services account came in worse than our expectation, dragged by travel and other services. The income account (-US\$5.6 bn) recorded an outflow below our expectations, led by interest expenses (-US\$3.1 bn).
- ▶ The current account deficit accumulated in the past 12 months reached US\$65.4 bn (3.0% of GDP), versus -US\$61.2 bn (-2.8% of GDP in 2024). At the margin, the annualized 3-month moving average (3MMA SAAR) of the current account reached -US\$65.4 bn (versus -US\$68.1 bn in the previous month and -US\$17.8 bn 12 months before).
- ▶ Foreign investment (FDI) to Brazil remains positive in 12 months, and today's result came in stronger than our expectation. The FDI posted a positive flow of US\$6.5 bn in January, better than the market's expectation (US\$5.7 bn). In 12 months, the FDI reached US\$68.5 bn (3.2% of GDP), versus +US\$71.1 bn (3.2% of GDP) in 2024.
- ▶ **Our view:** The current account remains under pressure, with the trade balance still weak and high services and income deficits, although there is some stabilization at the margin. There were negative surprises in 'Intellectual Property Services' and 'Telecommunications, Computing, and Information', related to technology expenditures. For the trade balance, we expect improvement in the short term, as harvest progresses, and in the medium and long term, with the slowdown in activity and the lagged effects of the depreciated exchange rate.

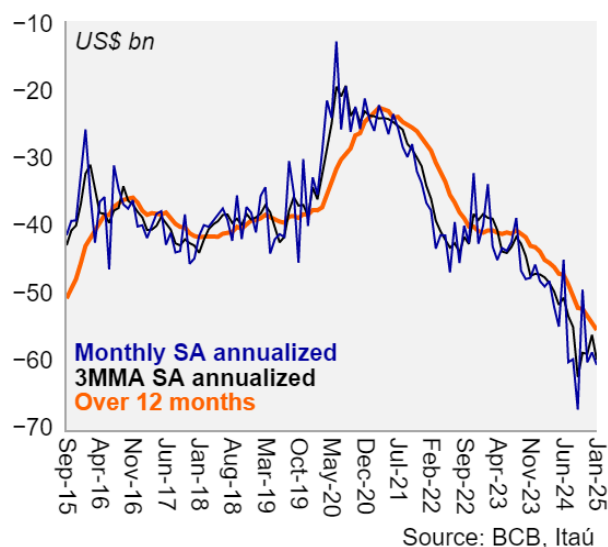
Current account balance



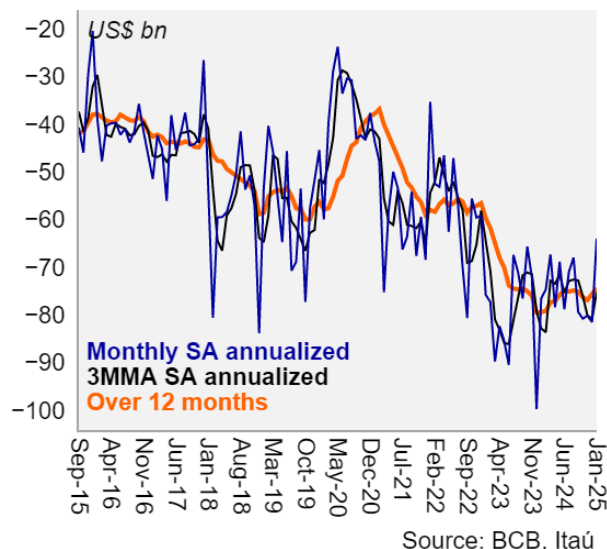
Trade balance



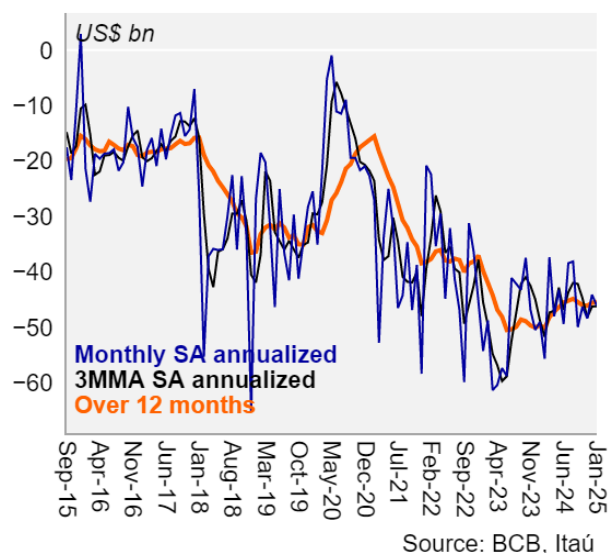
### Services account



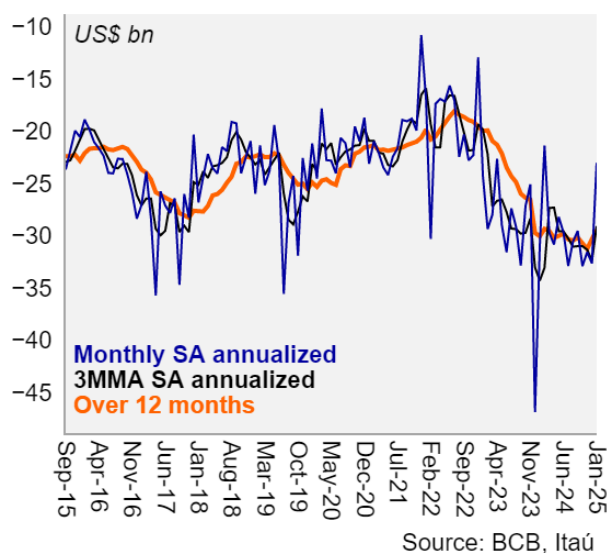
### Income account



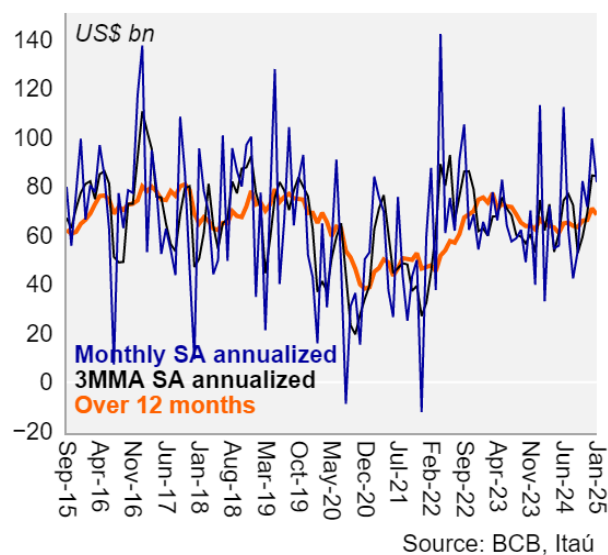
### Profits and dividends



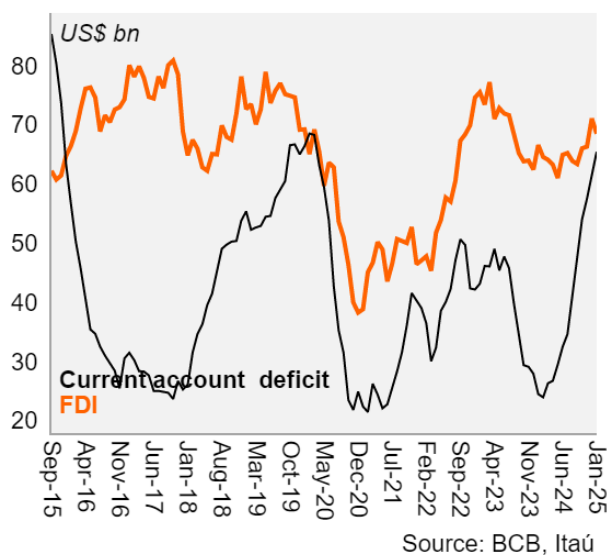
### Interests net inflow



### Foreign investment to Brazil



### FDI and CAD accumulated in 12m



	Monthly				3MMA SAAR		12M		
In US\$ bn	Jan-2025	Dec-2024	Nov-2024	Jan-2024	Jan-2025	Dec-2024	Jan-2025	Dec-2024	Dec-2023
<b>I. Current account (1)+(2)+(3)+(4)</b>	<b>-8.7</b>	<b>-9.6</b>	<b>-3.8</b>	<b>-4.4</b>	<b>-65.4</b>	<b>-68.1</b>	<b>-65.4</b>	<b>-61.2</b>	<b>-27.9</b>
<b>1. Balance on goods</b>	<b>1.2</b>	<b>4.1</b>	<b>6.0</b>	<b>5.6</b>	<b>61.3</b>	<b>60.9</b>	<b>61.5</b>	<b>65.8</b>	<b>92.3</b>
Exports	25.4	25.1	28.0	27.0	337.6	338.7	338.3	339.9	343.8
Imports	24.1	21.0	22.0	21.4	275.2	279.3	276.8	274.0	251.5
<b>2. Services</b>	<b>-4.6</b>	<b>-5.0</b>	<b>-5.1</b>	<b>-3.5</b>	<b>-60.0</b>	<b>-56.3</b>	<b>-55.6</b>	<b>-54.6</b>	<b>-43.3</b>
International Travel	-1.0	-1.0	-1.0	-0.9	-12.5	-13.0	-12.4	-12.3	-11.0
Operational leasing	-0.9	-1.1	-0.9	-0.8	-11.8	-11.5	-11.0	-10.9	-9.5
Transportation	-1.4	-1.4	-1.5	-0.9	-17.2	-17.1	-15.6	-15.1	-12.7
Others	-1.2	-1.5	-1.7	-0.9	-18.5	-14.6	-16.6	-16.3	-10.1
<b>3. Primary Income</b>	<b>-5.6</b>	<b>-9.1</b>	<b>-5.0</b>	<b>-6.7</b>	<b>-75.2</b>	<b>-80.8</b>	<b>-74.3</b>	<b>-75.4</b>	<b>-79.5</b>
Wages	0.1	0.0	0.0	0.0	0.6	0.5	0.5	0.5	0.3
Interests	-3.1	-5.1	-1.6	-3.9	-29.1	-32.4	-29.5	-30.3	-29.7
Profits and dividends	-2.6	-4.1	-3.4	-2.8	-46.2	-46.2	-45.4	-45.6	-50.0
<b>4. Secondary income</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>3.9</b>	<b>3.8</b>	<b>3.0</b>	<b>2.9</b>	<b>2.6</b>
<b>II. Capital and financial account (a)+(b)+(c) +(d)</b>	<b>-11.2</b>	<b>-14.0</b>	<b>-6.2</b>	<b>-6.7</b>	<b>-114.2</b>	<b>-114.0</b>	<b>-107.2</b>	<b>-102.6</b>	<b>-49.3</b>
<b>a. Net direct investment (i)-(ii)</b>	<b>-2.3</b>	<b>0.4</b>	<b>-4.0</b>	<b>-6.4</b>	<b>-47.0</b>	<b>-52.1</b>	<b>-42.6</b>	<b>-46.8</b>	<b>-37.3</b>
i. Direct investments - liabilities	6.5	2.8	7.0	9.1	84.3	84.5	68.5	71.1	62.4
Equity capital	4.7	4.8	6.9	7.0	79.6	82.3	57.8	60.1	52.8
Intercompany loans	1.8	-2.0	0.1	2.1	1.1	-2.0	10.7	11.0	9.6
ii. Direct investments - assets	4.2	3.1	2.9	2.7	35.6	30.4	25.9	24.3	25.1
<b>b. Other net investments (iii)-(iv)+(v)+(vi)</b>	<b>-6.3</b>	<b>17.2</b>	<b>1.8</b>	<b>0.5</b>	<b>56.7</b>	<b>47.8</b>	<b>-19.9</b>	<b>-13.2</b>	<b>-22.0</b>
iii. Portfolio investments - assets	-0.1	0.0	-0.2	2.2	2.0	-0.1	5.6	7.9	4.5
iv. Portfolio investments (total) - liabilities	-4.8	-7.9	3.6	7.2	-45.5	-16.9	-2.2	9.7	13.8
Local fixed income	-2.4	-4.5	5.5	4.3	-10.1	7.9	6.2	12.8	9.8
Local equities	1.8	-3.1	-1.1	-1.4	-19.1	-24.2	-10.8	-14.0	2.2
Funds	-0.2	-5.0	0.1	0.6	-19.7	-17.8	-3.7	-3.0	-1.3
v. Financial derivatives (net)	-0.7	2.4	-0.8	0.4	7.5	11.3	1.0	2.2	-8.0
vi. Other investments (net)	-10.3	6.9	6.4	5.0	-1.5	9.3	-28.8	-13.6	-4.7
<b>c. Capital account</b>	<b>-1.3</b>	<b>-1.3</b>	<b>-1.2</b>	<b>-1.5</b>	<b>-14.7</b>	<b>-15.2</b>	<b>-16.0</b>	<b>-16.3</b>	<b>-11.4</b>
<b>d. Reserve assets</b>	<b>-1.4</b>	<b>-30.3</b>	<b>-2.8</b>	<b>0.8</b>	<b>-111.5</b>	<b>-104.7</b>	<b>-28.6</b>	<b>-26.4</b>	<b>21.4</b>
<b>III. Errors and Omissions</b>	<b>-0.0</b>	<b>-1.9</b>	<b>-0.0</b>	<b>0.8</b>	<b>-20.8</b>	<b>-19.0</b>	<b>-9.7</b>	<b>-8.9</b>	<b>1.3</b>

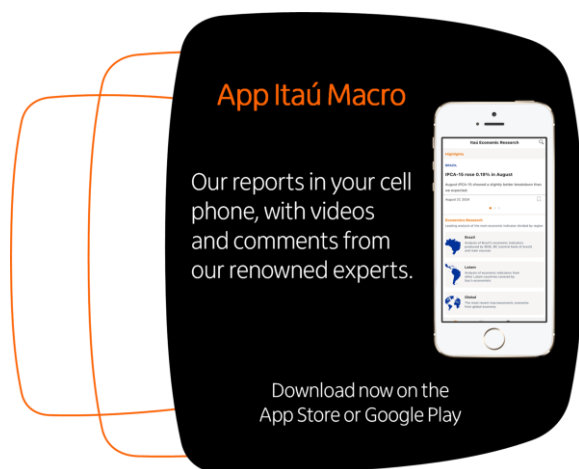
Source: BCB, Itaú

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