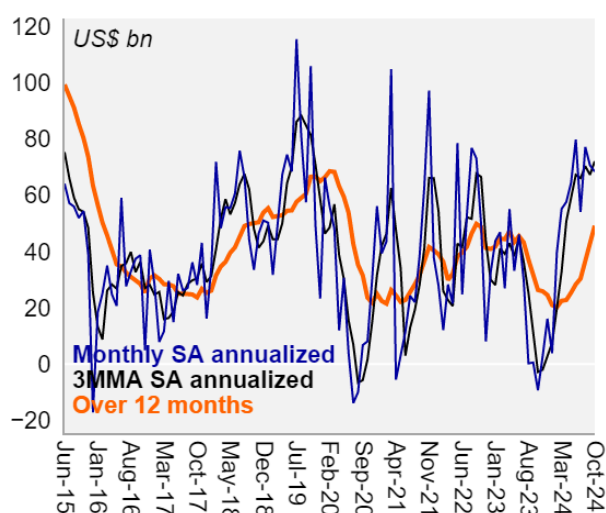


November 25, 2024

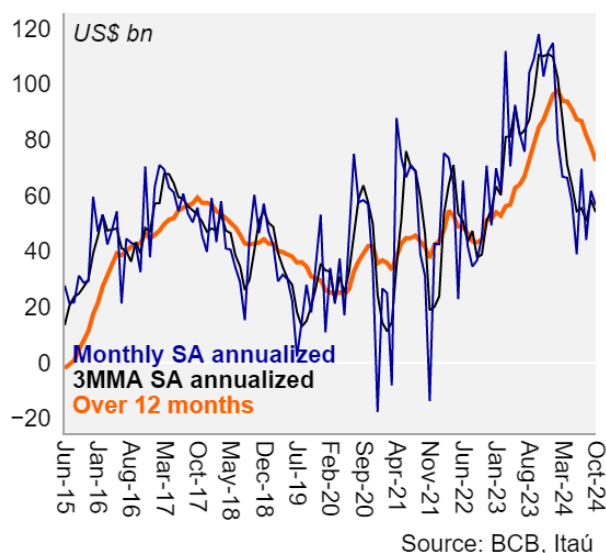
Current account deficit of 2.2% of GDP in October

- ▶ The current account deficit was US\$5.9 bn in October. The result came in better than our call and the market's estimates (-US\$6.5 bn and -US\$6.2 bn). In October 2023, the current account had posted a US\$0.5 bn surplus.
- ▶ In the month, the trade balance posted a surplus of US\$3.4 bn, while services registered a negative flow of US\$3.9 bn (-US\$1582 mm for transportation, -US\$737 mm for travel and -US\$866 mm for rents). The services account came in better than our expectation led by other services. The income account (-US\$5.8 bn) matched our call, with a highlight to the outflow of US\$2.0 bn in the interest rate account.
- ▶ The current account deficit accumulated in 12 months reached US\$49.2 bn (2.2% of GDP), versus -US\$24.5 bn (-1.1% of GDP in 2023). At the margin, the annualized 3-month moving average (MM3M SAAR) of the current account reached -US\$72.1 bn (versus -US\$67.3 bn in the previous month and -US\$2.9 bn 12 months before).
- ▶ Foreign investment (FDI) posted a positive flow of US\$5.7 bn in October, better than the market's expectation (+US\$5.0 bn). In 12 months, the FDI accumulates inflow of US\$66.0 bn (2.9% of GDP), versus +US\$62.4 bn (2.9% of GDP) in 2023.
- ▶ **Our view:** The balance of payments data for October continued to indicate pressure on the current account, with the trade surplus still weakening and outflows in services and income accounts still at high levels. There was a positive surprise in the month in "Telecommunications, computing and information" services. Even so, on the margin, the current account deficit continues to run close to US\$ 72 billion (3.3% of GDP), slightly worse than the historical average. External financing is at a relatively comfortable level, but has worsened at the margin, with FDI not fully covering the current account deficit and operating below the levels recorded in recent years.

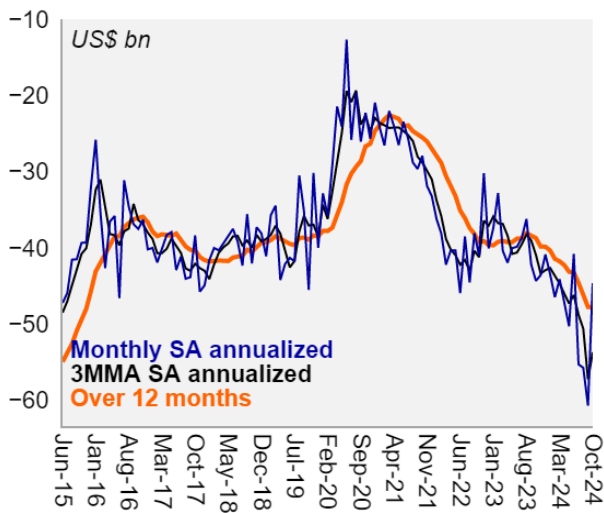
Current account balance



Trade balance

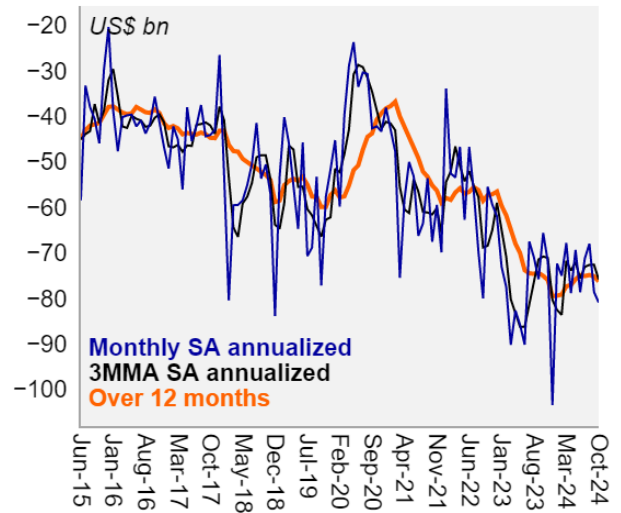


Services account



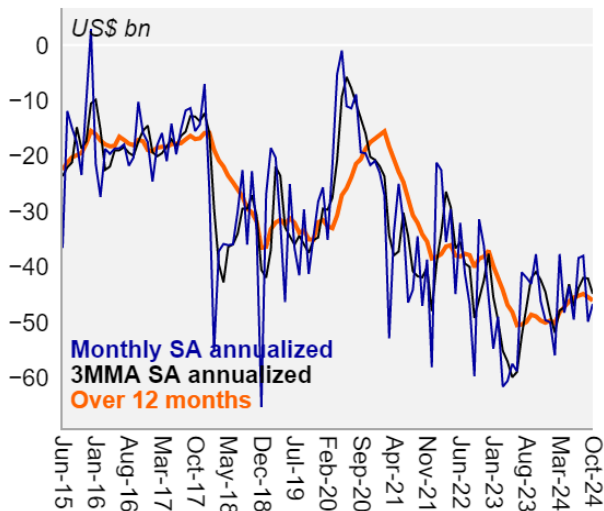
Source: BCB, Itaú

Income account



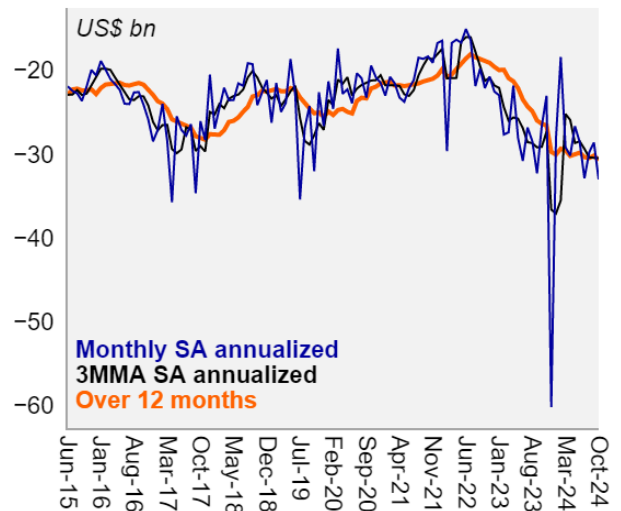
Source: BCB, Itaú

Profits and dividends



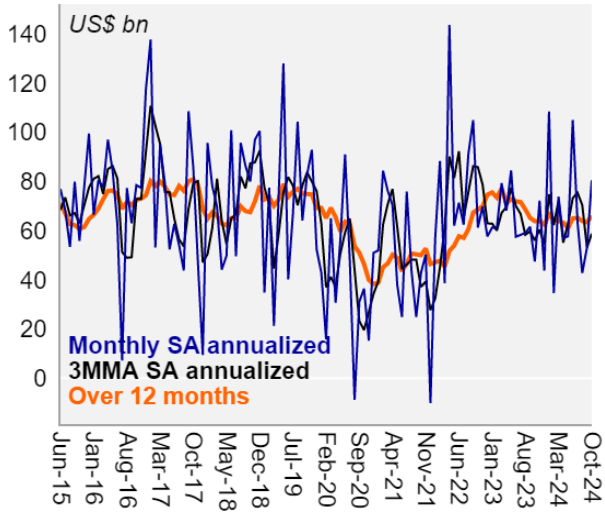
Source: BCB, Itaú

Interests net inflow



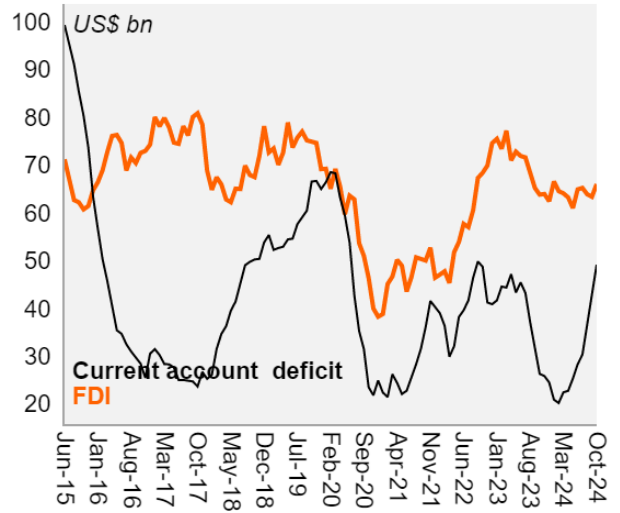
Source: BCB, Itaú

Foreign investment to Brazil



Source: BCB, Itaú

FDI and CAD accumulated in 12 months



Source: BCB, Itaú

In US\$ bn	Monthly				3MMA SAAR		12M		
	Oct-2024	Sep-2024	Aug-2024	Oct-2023	Oct-2024	Sep-2024	Oct-2024	Dec-2023	Dec-2022
I. Current account									
(1)+(2)+(3)+(4)	-5.9	-6.9	-6.9	0.5	-72.1	-67.3	-49.2	-24.5	-40.9
1.Balance on goods	3.4	4.5	3.7	8.6	54.1	58.5	72.5	92.3	51.5
Exports	29.6	28.6	28.9	29.8	338.4	337.9	343.9	343.8	340.2
Imports	26.2	24.2	25.2	21.2	286.9	280.8	271.4	251.5	288.7
2.Services	-3.9	-5.0	-4.7	-3.9	-53.7	-57.3	-47.8	-39.9	-39.6
International Travel	-0.7	-0.8	-0.8	-0.7	-9.0	-8.9	-7.4	-7.6	-7.2
Operational leasing	-0.9	-0.9	-1.0	-0.9	-10.9	-10.9	-10.6	-9.5	-8.3
Transportation	-1.6	-1.5	-1.5	-1.0	-17.0	-16.7	-14.2	-12.7	-19.4
Others	-0.7	-1.9	-1.4	-1.3	-16.1	-20.1	-15.7	-10.1	-4.7
3.Primary Income	-5.8	-6.5	-6.2	-4.6	-75.8	-72.6	-76.3	-79.5	-56.5
Wages	0.1	0.0	0.0	0.0	0.5	0.5	0.5	0.3	0.1
Interests	-2.0	-2.1	-1.9	-1.5	-30.5	-30.4	-30.7	-29.7	-19.6
Profits and dividends	-3.8	-4.5	-4.3	-3.2	-44.8	-42.1	-46.0	-50.0	-37.1
4.Secondary income	0.3	0.2	0.3	0.3	2.6	2.7	2.4	2.6	3.7
II. Capital and financial account (a)+(b)+(c) +(d)	-8.7	-10.2	-10.1	-2.4	-104.3	-105.8	-85.0	-45.9	-53.9
a. Net direct investment (i)-(ii)	-3.3	-3.4	-3.8	0.1	-32.8	-29.4	-41.9	-37.3	-41.3
i.Direct investments - liabilities	5.7	5.2	5.4	3.1	58.8	53.1	66.0	62.4	74.6
Equity capital	6.8	3.7	5.1	4.4	59.3	50.7	54.6	52.8	57.1
Intercompany loans	-1.0	1.5	0.3	-1.4	-1.0	1.4	11.4	9.6	17.5
ii.Direct investments - assets	2.4	1.9	1.6	3.2	29.7	28.5	24.1	25.1	33.4
b. Other net investments (iii)-(iv)+(v)+(vi)	-4.7	-4.8	-5.9	-2.3	-55.8	-53.6	-35.5	-18.6	1.8
iii.Portfolio investments - assets	-0.1	-0.4	1.7	-0.9	8.5	-4.8	8.5	4.5	-0.1
iv.Portfolio investments (total) - liabilities	1.8	3.6	2.8	3.1	28.8	32.1	14.2	13.8	-3.1
Local fixed income	1.1	4.3	2.0	1.6	23.1	21.2	11.8	9.8	-4.4
Local equities	0.4	-1.7	0.6	1.2	-4.1	2.2	-7.5	2.1	9.5
Funds	0.2	0.4	0.0	-0.6	3.2	-2.1	1.5	-1.3	2.0
v.Financial derivatives (net)	0.1	-3.4	0.1	-1.0	-12.8	-8.4	-3.5	-8.0	-2.0
vi.Other investments (net)	-3.0	2.6	-4.9	2.8	-20.5	-15.7	-26.4	-1.3	0.9
c.Capital account	-1.1	-1.3	-1.5	-1.0	-16.9	-16.9	-16.5	-11.4	-7.1
d.Reserve assets	0.4	-0.7	1.1	0.7	6.0	1.7	8.9	21.4	-7.3
III. Errors and Omissions	-0.6	-0.6	-0.2	-0.9	1.8	-3.3	-2.9	1.4	1.2

Source: IBGE, Itaú

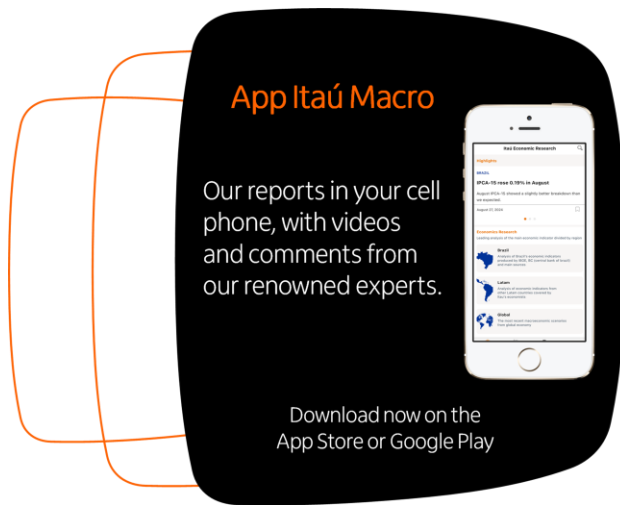
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