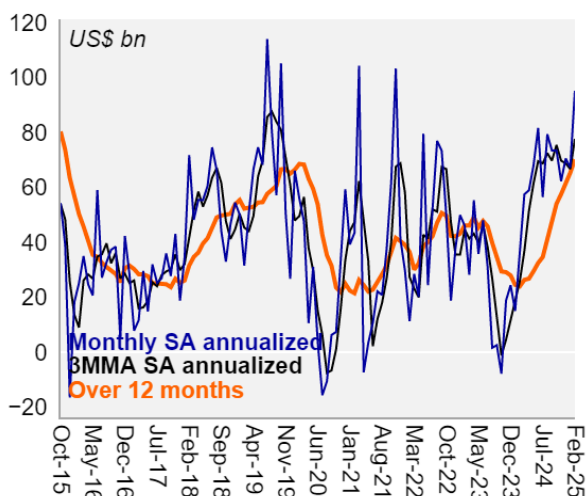


March 26, 2025

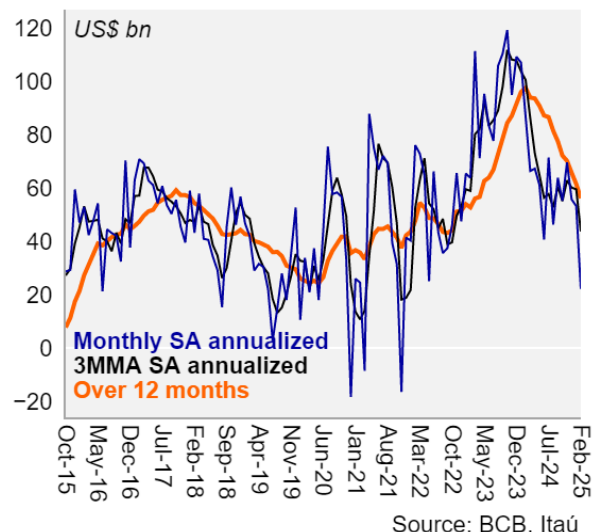
Current account records an outflow of 3.3% of GDP in February

- ▶ The current account deficit was US\$8.8 bn in February. The result came in line with our call (-US\$8.8 bn) and close to market expectations (-US\$9.0 bn). In February 2024, the current account had posted a US\$3.9 bn deficit. Compared to our forecast, we highlight a weaker than expected print for interest rate expenses (-US\$1.9 bn observed versus -US\$1.3 bn projected).
- ▶ In the month, the trade balance posted a deficit of US\$1.0 bn, while services registered a negative flow of US\$3.9 bn (-US\$1,198 mm for transportation, -US\$753 mm for travel and -US\$1,006 mm for rents), close to our expectation. The income account (-US\$4.1 bn) recorded an outflow above our expectations led by interest rate expenses (-US\$1.9 bn).
- ▶ The current account deficit accumulated in the past 12 months reached US\$70.2 bn (3.3% 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 went down to -US\$77.7 bn (versus -US\$66.7 bn in January and -US\$25.8 bn 12 months before).
- ▶ Foreign investment (FDI) to Brazil remains positive over 12 months, and today's result came in stronger than our expectation. The FDI posted a positive flow of US\$9.3 bn in February, above our call and the market's expectation (both at +US\$5.5 bn). Over 12 months, FDI accumulates an inflow of US\$72.5 bn (3.4% of GDP), versus +US\$71.1 bn (3.2% of GDP) in 2024.
- ▶ **Our view:** The current account deficit deteriorated at the margin in February - a result of a negative trade balance (something that had not occurred since January 2022), and the import of oil platforms during the period. Meanwhile, the services account kept a significant deficit, although slightly better than our expectation, with more favorable dynamics in 'Other Services' and 'Transport'. Looking forward, we anticipate more moderate current account deficits, aligned with an expected recovery in the trade balance, due to a record harvest and a slowdown in domestic activity. In the financial account, we highlight the better-than-expected result of Foreign Direct Investment, with the 'high-quality' FDI (which excludes reinvested earnings) accelerating to about US\$40 bn in the 3MMA SAAR, compared to US\$20 bn in the previous month.

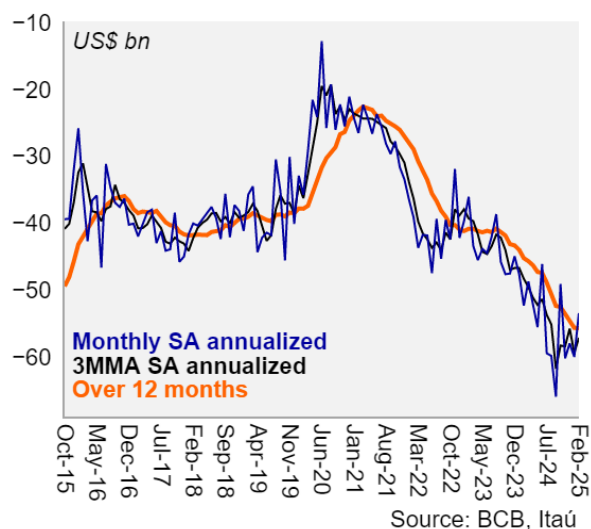
Current account balance



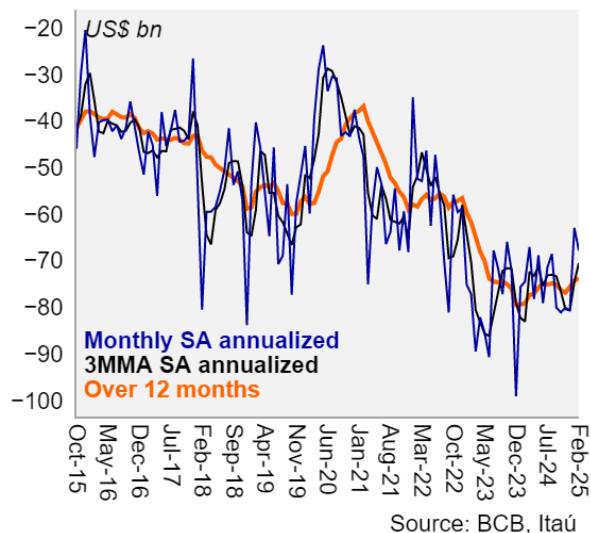
Trade balance



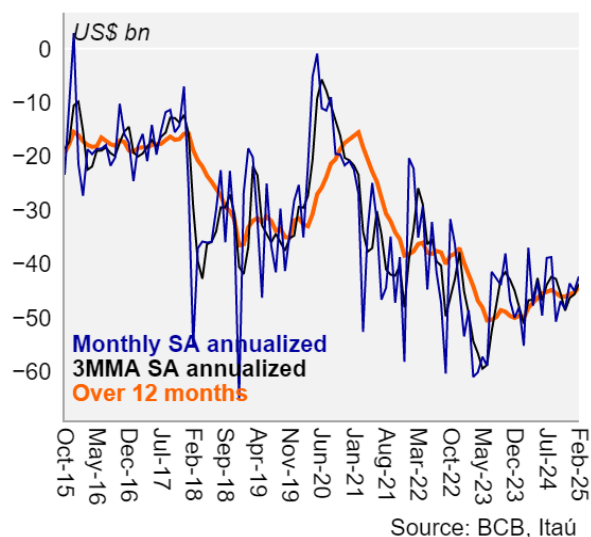
Services account



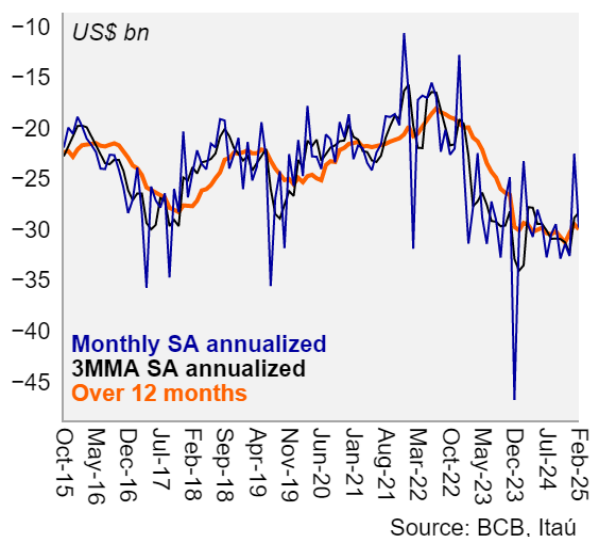
Income account



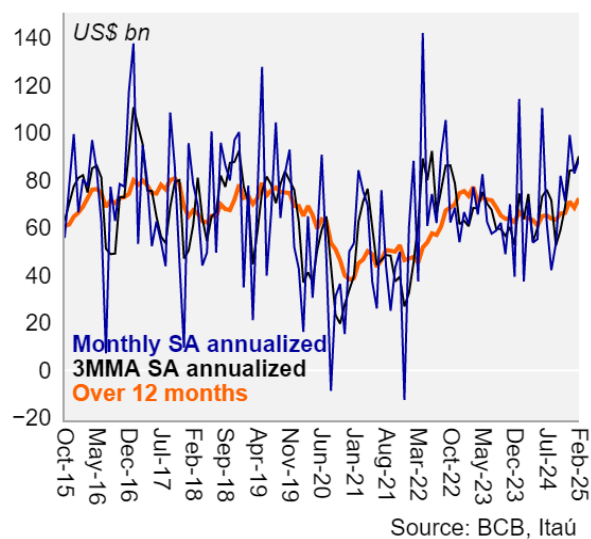
Profits and dividends



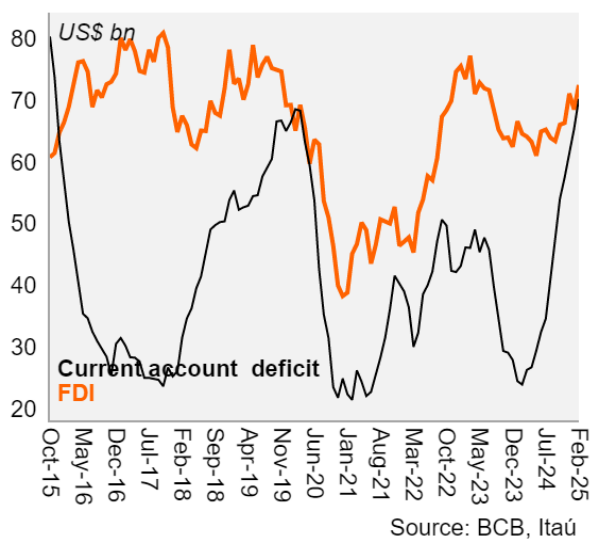
Interests net inflow



Foreign investment to Brazil



FDI and CAD accumulated in 12m



	Monthly				3MMA SAAR		12M		
In US\$ bn	Feb-2025	Jan-2025	Dec-2024	Feb-2024	Feb-2025	Jan-2025	Feb-2025	Dec-2024	Dec-2023
I. Current account (1)+(2)+(3)+(4)	-8.8	-8.6	-9.6	-3.9	-77.7	-66.7	-70.2	-61.2	-27.9
1. Balance on goods	-1.0	1.3	4.1	4.4	43.8	59.6	56.2	65.8	92.3
Exports	23.2	25.5	25.1	23.6	336.0	336.9	338.0	339.9	343.8
Imports	24.1	24.2	21.0	19.2	293.2	276.4	281.8	274.0	251.5
2. Services	-3.9	-4.6	-5.0	-3.8	-57.1	-59.3	-55.6	-54.6	-43.3
International Travel	-0.8	-1.0	-1.0	-0.7	-11.9	-12.4	-12.5	-12.3	-11.0
Operational leasing	-1.0	-0.9	-1.1	-0.8	-12.2	-11.8	-11.2	-10.9	-9.5
Transportation	-1.2	-1.4	-1.4	-0.9	-16.7	-17.1	-15.9	-15.1	-12.7
Others	-0.9	-1.2	-1.5	-1.4	-15.6	-18.0	-16.0	-16.3	-10.1
3. Primary Income	-4.1	-5.6	-9.1	-4.6	-70.5	-74.6	-73.8	-75.4	-79.5
Wages	0.0	0.1	0.0	0.0	0.6	0.6	0.5	0.5	0.3
Interests	-1.9	-3.1	-5.1	-1.4	-28.3	-28.9	-30.0	-30.3	-29.7
Profits and dividends	-2.2	-2.6	-4.1	-3.2	-43.7	-45.7	-44.3	-45.6	-50.0
4. Secondary income	0.2	0.3	0.4	0.2	3.7	3.9	3.0	2.9	2.6
II. Capital and financial account (a)+(b)+(c) +(d)	-10.8	-12.8	-13.5	-6.1	-131.7	-118.3	-112.8	-102.0	-49.3
a. Net direct investment (i)-(ii)	-5.4	-2.3	0.4	-2.9	-47.6	-47.5	-45.2	-46.8	-37.3
i. Direct investments - liabilities	9.3	6.5	2.8	5.3	90.2	84.4	72.5	71.1	62.4
Equity capital	5.6	4.7	4.8	4.9	77.0	78.5	58.6	60.1	52.8
Intercompany loans	3.7	1.8	-2.0	0.5	14.5	3.0	13.9	11.0	9.6
ii. Direct investments - assets	3.9	4.2	3.1	2.4	40.7	36.0	27.3	24.3	25.1
b. Other net investments (iii)-(iv)+(v)+(vi)	-6.2	-6.2	17.8	-2.5	32.4	58.6	-23.0	-12.6	-22.0
iii. Portfolio investments - assets	1.9	-0.1	-1.3	3.9	1.0	-2.1	2.3	6.6	4.5
iv. Portfolio investments (total) - liabilities	3.1	-4.8	-7.9	-1.3	-34.9	-40.0	2.2	9.7	13.8
Local fixed income	0.0	-2.4	-4.5	-0.9	-26.6	-9.6	7.1	12.8	9.8
Local equities	0.8	1.8	-3.1	-2.3	-6.0	-16.8	-7.7	-14.0	2.2
Funds	0.2	-0.2	-5.0	0.2	-20.0	-21.0	-3.6	-3.0	-1.3
v. Financial derivatives (net)	-0.0	-0.7	2.4	1.0	4.7	7.5	0.1	2.2	-8.0
vi. Other investments (net)	-5.0	-10.2	8.8	-8.7	-2.2	8.6	-23.1	-11.6	-4.7
c. Capital account	-0.8	-1.3	-1.3	-1.2	-13.9	-14.7	-15.6	-16.3	-11.4
d. Reserve assets	1.7	-3.0	-30.3	0.5	-105.2	-121.5	-29.0	-26.4	21.4
III. Errors and Omissions	-0.3	-1.7	-1.3	0.3	-21.7	-23.7	-11.3	-8.3	1.3

Source: BCB, Itaú

Julia Marasca

Macro Research – Itaú

Mario Mesquita – Chief Economist

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