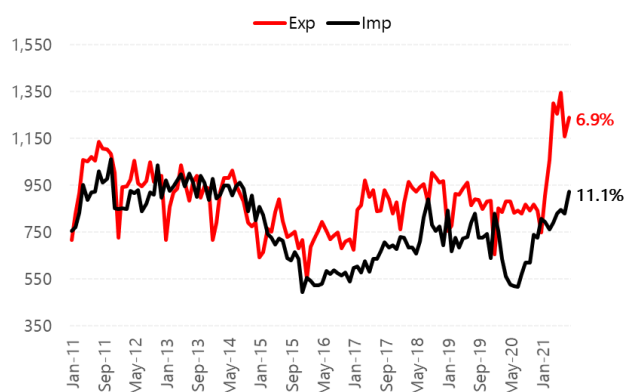


OUT OF THE LIST OF CONCERNS

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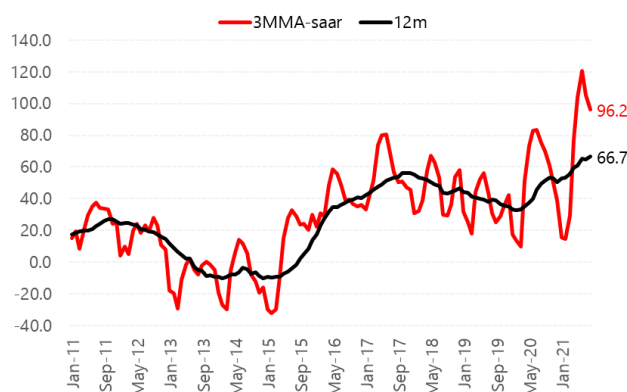
- The August 2021 trade surplus fell slightly short of what we expected (US\$7.7 billion vs US\$8.0 billion, respectively), and translated into a US\$66.7 billion surplus on a 12-month basis, as export revenue came a tad shy of our calculations (US\$27.2 billion vs. US\$27.3 billion) and import spending surpassed our estimates by a small margin (US\$19.5 billion vs US\$19.3 billion).
- Taking into account daily average readings on a seasonally adjusted basis, we learnt exports increased 6.9% as compared to July 2021, while imports expanded 11.1% on the same basis.
- Moreover, if we annualize the daily average of the last three seasonally adjusted readings (3MMA-saar), we obtain an indication of an annual US\$96.2 billion surplus, which is higher than the US\$86.0 billion positive figure we project for 2021. Thus, we continue to believe there is room for the trade surplus to continue increasing on a 12-month basis and meet our forecast.
- All in all, we continue to anticipate robust trade surpluses in the coming months to underpin markets' constructive assessment of the soundness of the Brazilian external position.

Figure 1 – Trade Balance
(US\$ million/working day, sa)



Sources: SECINT, Santander.

Figure 2 – Trade Balance
(US\$ billion, 3MMA-saar)



Sources: SECINT, Santander.

The August 2021 trade surplus of US\$7.7 billion fell slightly short of our forecast of US\$8.0 billion due to marginally lower export proceeds and higher import outlays. Export proceeds were US\$27.2 billion vs. our estimate of US\$27.3 billion, and import outlays were US\$19.5 billion vs. our US\$19.3 billion estimate. After decreasing 13.9% on a MoM seasonally adjusted basis in July 2021, daily average exports increased 6.9% last month, thus sustaining the generation of a relatively high level of external revenue. With respect to imports, the 11.1% MoM sa expansion in the daily average underpins our view that the economic recovery should remain on a recovery path in the coming months, although we do not believe imports are likely to keep the pace shown in August 2021.

Through August, the trade surplus was US\$66.67 billion on a 12-month basis, which is below the average of the last-three-month annualized surplus (3MMA-saar) of US\$96.2 billion for 2021. This figure is above our

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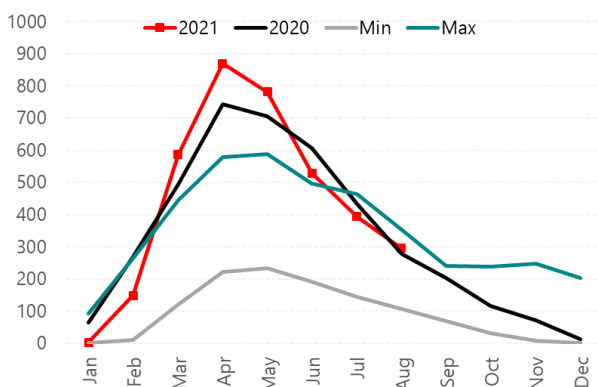
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forecast of a US\$86.0 billion surplus for this year as a whole. The difference between the level indicated by the 3MMA-saar gauge and our forecast stems chiefly from the unfavorable seasonal pattern of Brazilian exports in the second half of any given year.

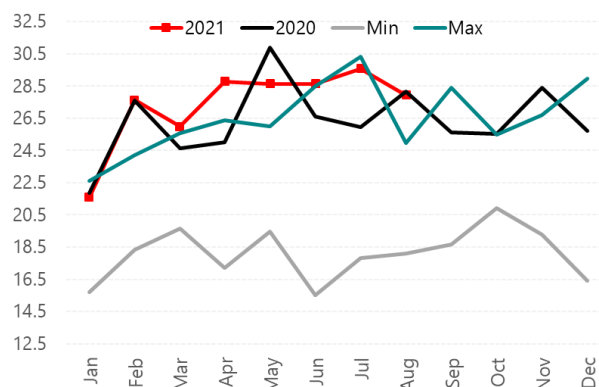
For example, exports of soybeans, an item that played an important role in the trade surplus of 2020, indicate the bulk of their contribution already has occurred in 1H21 (soybeans alone accounted for 13.7% of total export revenue last year). However, this does not mean that export proceeds are likely to collapse, as revenue has remained closer to the level observed last year. In addition, proceeds have remained steady for another important group of products in the export roster (namely, animal proteins). In sum, though lower than the level indicated by the 3MMA-saar, we do not believe the trade balance will become a source of concern.

**Figure 3 – Soybean Exports
(kilo-tonnes/working day)**



Sources: SECINT, Santander.

**Figure 4 – Animal Proteins Exports
(kilo-tonnes/working day)**



Sources: IBGE, SECINT, Santander.



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