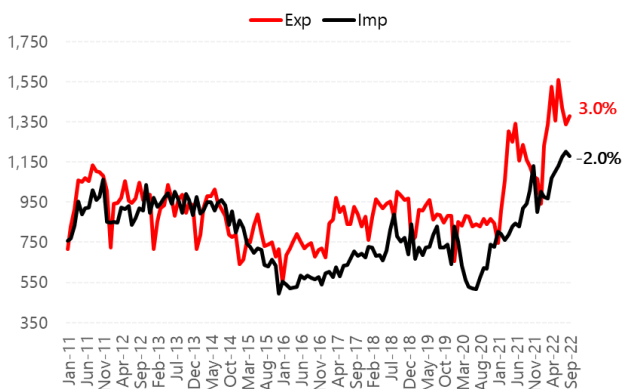


AT HIGH (ALTHOUGH NOT RECORD) LEVELS

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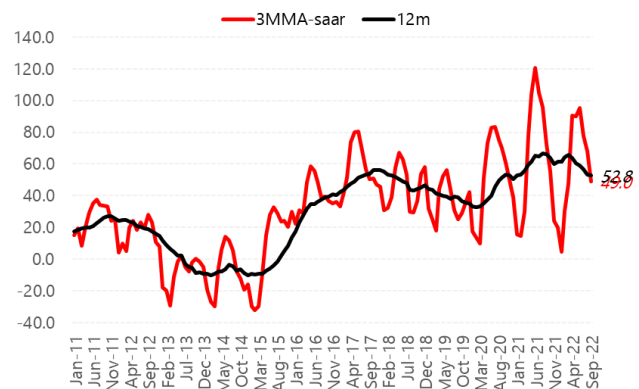
- The trade balance registered a US\$4.0 billion surplus in September 2022, thus falling short of our estimate of a US\$4.6 billion surplus for the period. Both exports revenue and imports outlays came in below our expectation (US\$29.0 billion and US\$25.0 billion vs. US\$30.0 billion and US\$25.4 billion, respectively).
- The monthly surplus was slightly lower than a year ago (US\$4.4 billion), leading the 12-month figure to recede to a US\$52.8 billion surplus compared with US\$61.4 billion in 2021. Moreover, it translated into a US\$49.0 billion surplus in 3MMA-saar terms, thus undermining the likelihood that our forecast of US\$56.9 billion for 2022 will materialize.
- In seasonally adjusted terms, daily average exports revenue climbed 3.0% MoM in September, thus confirming the seesaw pattern it has followed lately. On the other hand, daily average imports outlays receded 2.0% MoM, ending a five-month streak of expansion. Hence, although daily average exports revenue continues to hover at a high level, the surge in daily average imports outlays has weighed on the dynamics of the Brazilian trade balance.
- All in all, although we think it probable that the Brazilian trade balance will manage to deliver a still sizeable surplus in 2022 — above US\$50.0 billion, which has happened only three times since 2000 — the case for another record performance has become weaker, in our view.

Figure 1 – Trade Balance (USD million/working day, sa)



Sources: SECINT, Santander.

Figure 2 – Trade Balance (USD billion)



Sources: SECINT, Santander.

The trade balance registered a US\$4.0 billion surplus in September 2022, stemming from a deceleration in imports outlays in the last month, while exports revenue managed to expand in the period. Total imports outlays amounted to US\$25.0 billion last month, nearly matching our estimate of US\$25.4 billion. On the other hand, total exports revenue amounted to US\$29.0 billion, thus falling short of our expected US\$30.0 billion figure. The September trade surplus did not surpass the reading seen a year ago (US\$4.4 billion), which has kept the 12-month surplus on the downward trend that started in April 2022.

IMPORTANT DISCLOSURES/CERTIFICATIONS ARE IN THE “IMPORTANT DISCLOSURES” SECTION OF THIS REPORT.

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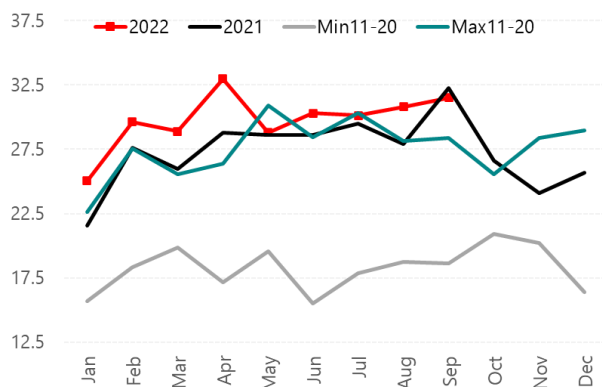
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When we consider seasonally adjusted data, daily average exports increased 3.0% MoM after having receded in the previous two readings, thus reinforcing the seesaw pattern that they have followed recently. We believe it is important to reiterate that — although seesawing — daily average exports have hovered at historically high levels, which indicates continued good demand for Brazilian products. In turn, daily average imports receded in the last month (-2.0% MoM sa), ending a five-month streak of expansion associated with the faster-than-expected pace of the Brazilian economy lately. As a result, we saw the average of the last-three-month annualized surplus (3MMA-saar) recede to US\$49.0 billion in September 2022, a reading below our full year forecast of US\$56.9 billion for 2022. Given the unfavorable seasonal pattern of the coming months, we think September’s trade balance imparts a downward bias to our YE2022 forecast.

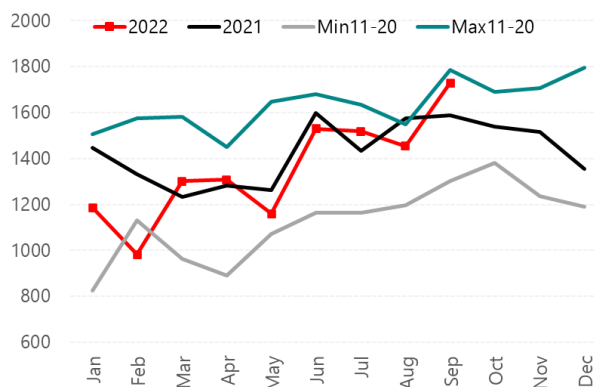
Looking at specific items in both exports and imports, we believe there are signals suggesting that the downward trend observed in 12-month terms could be reversed. From an exports standpoint, we continue to see volumes either in line with or above last year’s readings. As most commodity prices are higher than a year ago, revenue should remain high, in our view. Conversely, we see a deceleration in imports of strategic products whose prices have risen substantially this year. Therefore, although we judge the case for another record performance has become weaker, we think the Brazilian trade balance will manage to deliver a still sizeable surplus in 2022 — above US\$50.0 billion, which has happened only three times since 2000.

Figure 3 – Export of Animal Proteins (kilotons/day)



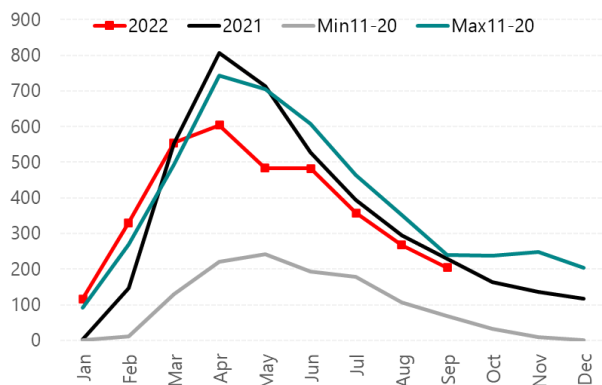
Sources: SECINT, Santander.

Figure 4 – Export of Iron Ore (kilotons/day)



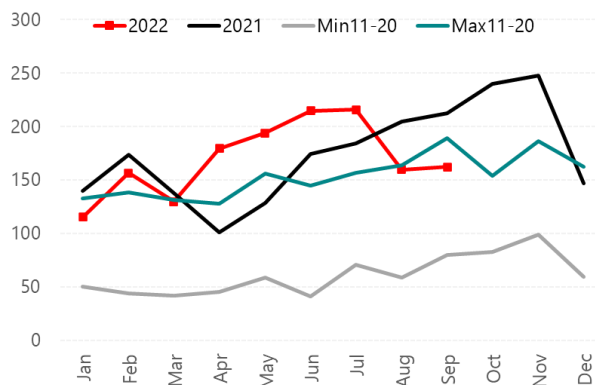
Sources: SECINT, Santander.

Figure 5 – Export of Soybeans (kilotons/day)



Sources: SECINT, Santander.

Figure 6 – Import of Fertilizers (kilotons/day)



Sources: SECINT, Santander.



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