Santander
Macroeconomic Research

MACRO BRAZIL

October 2, 2023

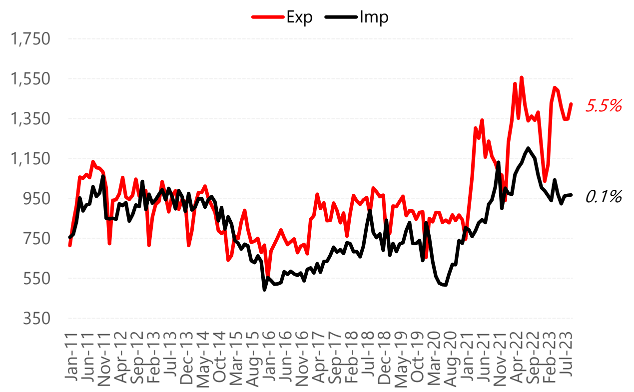
DATA ANALYSIS – TRADE BALANCE

THE FORTRESS

Jankiel Santos*
jankiel.santos@santander.com.br
+5511 3012-5726

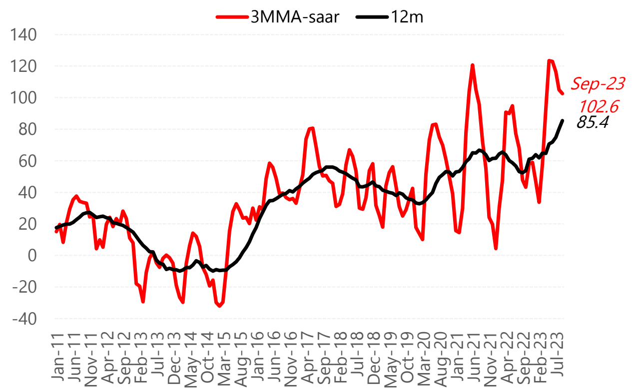
- **The trade balance registered a USD8.9 billion surplus in September 2023, which topped our estimate of a USD8.5 billion positive reading and was in line with the market median estimate of USD9.0 billion. The number exceeded the USD3.7 billion surplus reported for the same month a year ago, causing the foreign trade surplus in 12-month terms to reach a historical peak of USD85.4 billion.**
- **Export revenue in the last week of September showed a marginal acceleration from the previous week, whereas import outlays slowed in the same comparison. This led the former to reach USD28.4 billion and the latter to total USD19.5 billion — our estimates were USD28.2 billion and USD19.7 billion, respectively.**
- **In seasonally adjusted terms, daily average exports expanded in September 2023 (+5.5% MoM), while daily average import outlays remained relatively stable (+0.1% MoM). Besides remaining at fairly high levels, daily average exports broke a four-month streak of declines, implying a positive bias for the coming months. Meanwhile, daily average imports ended a two-month streak of increases, which, in our opinion, reinforces the perception that the Brazilian economy is losing steam. As a result, the 3MMA-saar gauge declined at a more gradual pace than in previous months (to USD102.6 billion last month from USD105 billion in August 2023), underpinning our view that last year's record trade surplus is likely to be exceeded in 2023.**
- **Assessing the performance of some typical products on the exports list, we continued to see some encouraging data, which indicates, in our view, that export revenue is likely to remain steady. On the other hand, the behavior of import outlays buttresses our perception that the lagged effects of the monetary tightening cycle are weighing on their expansion and will continue to do so, thus preventing a growth trend from materializing.**
- **In sum, we think the data supports our already constructive view on the Brazilian external position and could give the BRL substantial insulation against jitters on the international front.**

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



Sources: SECINT, Santander.

Figure 2 – Trade Balance
(USD billion)



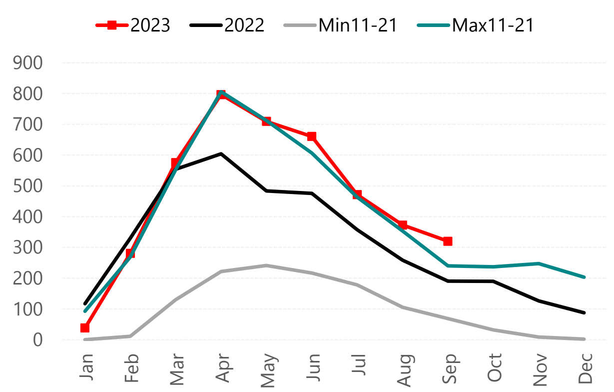
Sources: SECINT, Santander.

The trade balance registered a USD8.9 billion surplus in September 2023, stemming from a deceleration in import outlays and an acceleration in export revenue in the last week of the month. While import outlays tallied USD19.5 billion in September, total export revenue amounted to USD28.4 billion for the month. Export revenue topped our estimate (USD28.2 billion), while import outlays fell short (we estimated USD19.7 billion). The September trade surplus was considerably higher than the reading of a year ago (USD3.7 billion), bringing the 12-month surplus to a new historical peak of USD85.4 billion in these terms.

When we consider seasonally adjusted data, daily average exports increased (+5.5% MoM), whereas daily average imports remained nearly unchanged (+0.1% MoM). Nonetheless, the average of the last three months' annualized surplus (3MMA-saar) receded to USD102.6 billion from USD105.0 billion in August 2023, which is still higher than our full year 2023 forecast of USD76 billion.

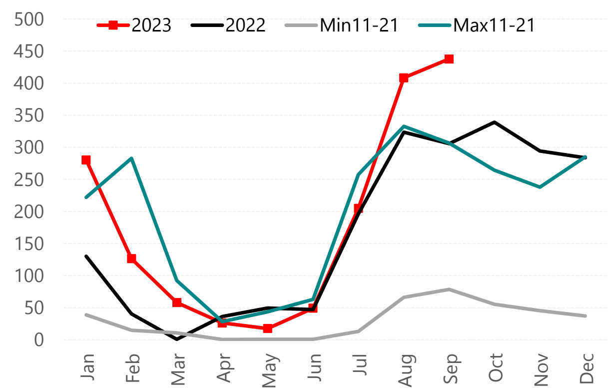
Looking at specific items in both exports and imports, we see signals suggesting that trade surpluses are likely to be more modest in the coming months, although a significant decline seems unlikely. From an export standpoint, we see volumes of certain key items such as soybeans and corn above the readings for the last ten years. While the former is losing steam, the latter is showing a rapid increase. Conversely, we think Brazilian importers took advantage of the price drops observed in some strategic products to increase their purchases — especially those inputs related to buoyant Brazilian agribusiness activities — and the stronger BRL could lead to some opportunistic purchases as well, which would provide support to certain imports. However, the economic slowdown stemming from the lagged effects of prior interest rate hikes in Brazil has weighed on imports lately — especially those related to manufactured goods. Thus, we think the Brazilian trade balance will likely continue to convey a positive message as far as the Brazilian external position is concerned.

Figure 3 – Exports of Soybeans (kilotons/day)



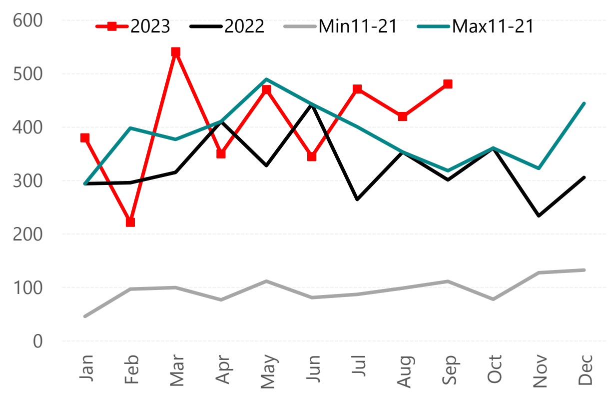
Sources: SECINT, Santander.

Figure 4 – Exports of Corn (kilotons/day)



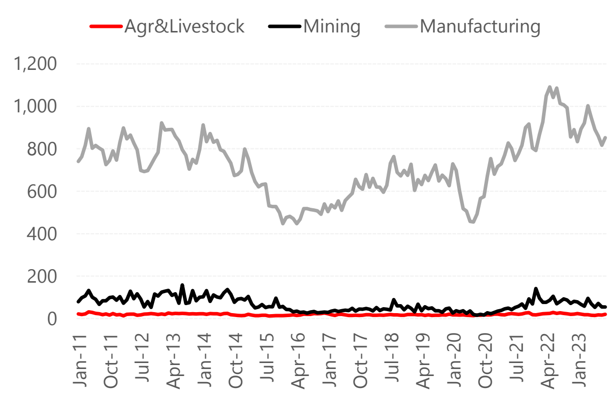
Sources: SECINT, Santander

Figure 5 – Exports of Oil (kilotons/day)



Sources: SECINT, Santander.

Figure 6 – Imports by Industry (USD million/day, sa)



Sources: SECINT, Santander

CONTACTS / IMPORTANT DISCLOSURES

Brazil Macro Research			
Ana Paula Vescovi*	Chief Economist	anavescovi@santander.com.br	5511-3553-8567
Adriano Valladao Ribeiro*	Economist – Inflation	adriano.ribeiro@santander.com.br	5511-3553-7495
Ana Julia Carvalho*	Economist – Special Projects	ana.carvalho.silva@santander.com.br	5511-3553-8071
Daniel Karp Vasquez*	Economist – Inflation	daniel.karp@santander.com.br	5511-3553-9828
Felipe Kotinda*	Economist – Commodities	felipe.kotinda@santander.com.br	5511-3553-8071
Gabriel Couto*	Economist – Activity	gabriel.couto@santander.com.br	5511-3553-8487
Gilmar Lima*	Economist – Modeling	gilmar.lima@santander.com.br	5511-3553-6327
Henrique Danyi Correia*	Economist – Credit / Monetary Policy	henrique.danyi@santander.com.br	5511-3553-7350
Ítalo Franca*	Economist – Fiscal Policy	italo.franca@santander.com.br	5511-3553-5235
Jankiel Santos*	Economist – External Sector	jankiel.santos@santander.com.br	5511-3012-5726
Tomas Urani*	Economist – Global Economics	tomas.urani@santander.com.br	5511-3553-9520
Global Macro Research			
Maciej Reluga*	Head Macro, Rates & FX Strategy – CEE	maciej.reluga@santander.pl	48-22-534-1888
Rodrigo Park *	Economist – Argentina	rpark@santander.com.ar	54-11-4341-1272
Ana Paula Vescovi*	Economist – Brazil	anavescovi@santander.com.br	5511-3553-8567
Juan Pablo Cabrera*	Economist – Chile	jcabrera@santander.cl	562-2320-3778
Guillermo Aboumrad*	Economist – Mexico	gjaboumrad@santander.com.mx	5255-5257-8170
Piotr Bielski*	Economist – Poland	piotr.bielski@santander.pl	48-22-534-1888
Mike Moran	Head of Macro Research, US	mike.moran@santander.us	212-350-3500
Fixed Income Research			
Juan Arranz*	Chief Rates & FX Strategist – Argentina	jarranz@santanderrio.com.ar	5411-4341-1065
Juan Pablo Cabrera*	Chief Rates & FX Strategist – Chile	jcabrera@santander.cl	562-2320-3778
Equity Research			
Miguel Machado*	Head Equity Research Americas	mmachado@santander.com.mx	5255 5269 2228
Alan Alanis*	Head, Mexico	aalanis@santander.com.mx	5552-5269-2103
Andres Soto	Head, Andean	asoto@santander.us	212-407-0976
Walter Chiarvesio*	Head, Argentina	wchiarvesio@santanderrio.com.ar	5411-4341-1564
Aline de Souza Cardoso*	Head, Brazil	aline.souza.cardoso@santander.com.br	5511-3553-1684

Electronic	
Bloomberg	SIEQ <GO>
Reuters	Pages SISEMA through SISEMZ

Santander