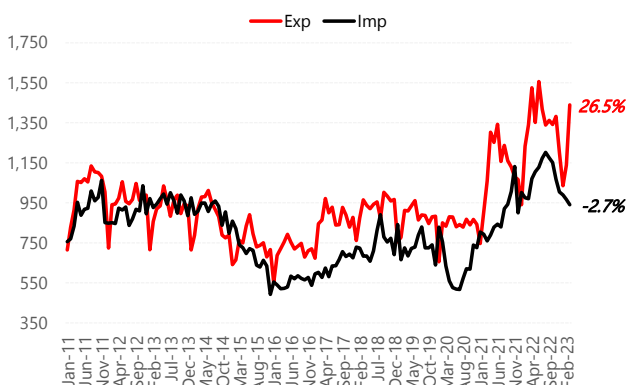


**KEEPING THE COURSE**

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

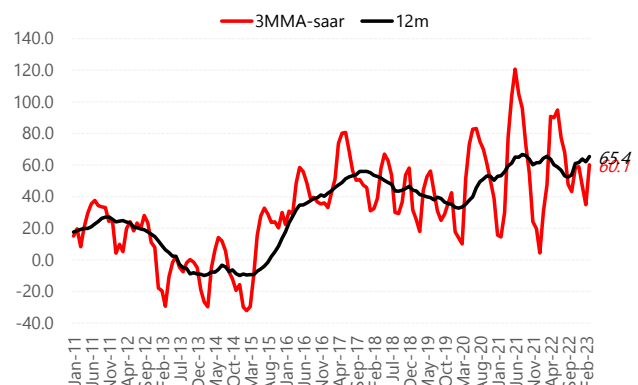
- The trade balance registered a USD11.0 billion surplus in March 2023, which was above our estimate of a USD8.5 billion positive reading (the market median estimate was USD9.1 billion). The divergence from our estimate stemmed mainly from an acceleration in export revenue in the last days of February combined with a slowdown in import outlays in the same period. We anticipated USD31.3 billion for the former and USD22.9 billion for the latter, but the actual readings were USD33.1 billion and USD22.1 billion, respectively.
- March’s figure came in above the USD7.6 billion surplus observed in the same month a year ago, causing the foreign trade surplus in 12-month terms to climb to USD65.4 billion from USD62.1 billion in February’s release.
- In seasonally adjusted terms, daily average export revenue jumped 26.5% MoM in March 2023, thus marking a two-month streak of significant increases. At the same time, daily average import outlays receded in the period (2.7% MoM), thus marking the seventh consecutive monthly decline. The 3MMA-saar gauge climbed to USD60.1 billion from USD34.9 billion in February 2023, thus implying an upward bias to our forecast of a USD53.7 billion surplus for 2023.
- In fact, assessing the performance of some typical products on the exports list, we continued to see some encouraging information, as the sales volumes of some items are running above their recent peaks and others have significant potential to deliver sound performances in the coming months. Therefore, in our view, export revenue is likely to remain in good shape. On the other hand, the dynamics of import outlays reinforce our perception that the lagged effects of the monetary tightening cycle have started to weigh on the Brazilian economy.
- All in all, we see the conditions for the Brazilian trade balance to continue to register sizeable surpluses that will support the already constructive view of the Brazilian external position.

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



Sources: SECINT, Santander.

**Figure 2 – Trade Balance**  
(USD billion)



Sources: SECINT, Santander.

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

U.S. investors' inquiries should be directed to Santander US Capital Markets LLC at (212) 350-0707.

\*Employed by a non-US affiliate of Santander US Capital Markets LLC and is not registered/qualified as a research analyst under FINRA rules.

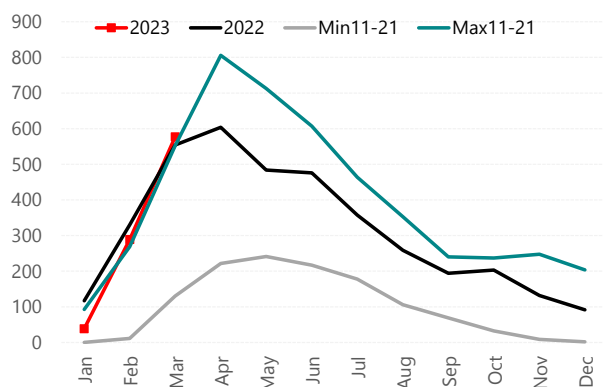


The trade balance registered a USD11.0 billion surplus in March 2023, stemming from an acceleration in export revenue in the last days of the month, while import outlays slowed down in the same period. Total import outlays amounted to USD22.1 billion in March, falling short of our estimate of USD22.9 billion. Conversely, total export revenue amounted to USD33.1 billion, thus exceeding what we expected (USD31.3 billion). The March trade surplus topped the reading of a year ago (USD7.6 billion), leading to a 12-month surplus of USD65.4 billion vs. USD62.1 billion in February’s release.

When we consider seasonally adjusted data, daily average exports shot up 26.5% MoM, thus marking a two-month streak of significant increases. In turn, daily average imports continued receding in March (-2.7% MoM sa), thus marking a seven-month streak of contractions. As a result, we saw the average of the last three months’ annualized surplus (3MMA-saar) climbing to USD60.1 billion from USD34.8 billion in February 2023, which is higher than our full year forecast of USD53.7 billion for 2023.

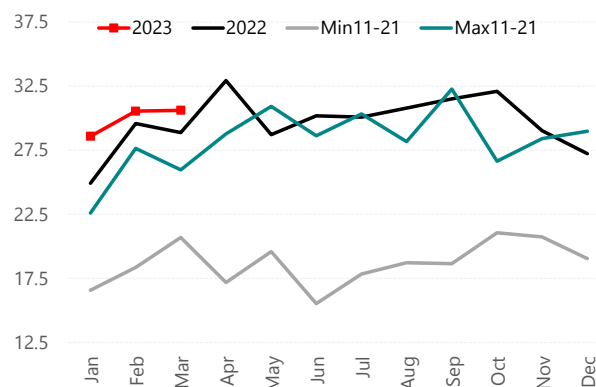
Looking at specific items in both exports and imports, we believe there are still signals suggesting that trade surpluses are likely to remain sizeable. From an export standpoint, we see volumes of certain key items such as soybeans and animal proteins above the readings for the last ten years, with minimal prospects of a slowdown in the coming months. It is worth keeping in mind that the Agriculture Ministry temporarily suspended beef exports due to one case of mad cow disease in the state of Pará (despite no complaints from purchasing nations), yet the volume of animal proteins stayed robust. The ban was lifted some days ago, which indicates the potential for an increase in the volumes ahead. Moreover, for products such as oil, we believe sales volumes should be favored by the Chinese economic reopening. As most commodity prices are higher than a year ago, revenue should likewise remain high, in our view. Conversely, we see a accommodation in imports of strategic products, whose prices have risen substantially recently. Therefore, after setting a record performance in 2022, we think the Brazilian trade balance will continue to deliver good-sized surpluses over the medium term.

**Figure 3 – Exports of Soybeans (kilotons/day)**



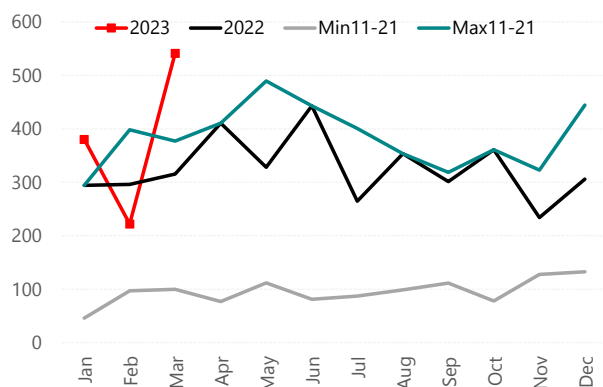
Sources: SECINT, Santander.

**Figure 4 – Exports of Animal Proteins (kilotons/day)**



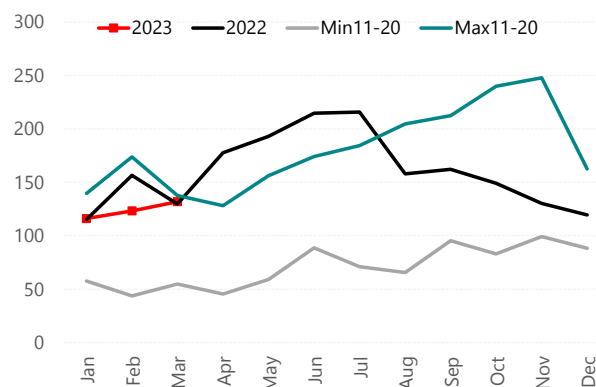
Sources: SECINT, Santander

**Figure 5 – Exports of Oil (kilotons/day)**



Sources: SECINT, Santander.

**Figure 6 – Imports of Fertilizers (kilotons/day)**



Sources: SECINT, Santander



## CONTACTS / IMPORTANT DISCLOSURES

### Brazil Macro Research

Ana Paula Vescovi*	Chief Economist	anavescovi@santander.com.br	5511-3553-8567
Mauricio Oreng*	Head of Macro Research	mauricio.oreng@santander.com.br	5511-3553-5404
Jankiel Santos*	Economist – External Sector	jankiel.santos@santander.com.br	5511-3012-5726
Ítalo Franca*	Economist – Fiscal Policy	italo.franca@santander.com.br	5511-3553-5235
Daniel Karp Vasquez*	Economist – Inflation	daniel.karp@santander.com.br	5511-3553-9828
Tomas Urani*	Economist – Global Economics	tomas.urani@santander.com.br	5511-3553-9520
Lucas Maynard*	Economist – Economic Activity	lucas.maynard.da.silva@santander.com.br	5511-3553-7495
Felipe Kotinda*	Economist – Commodities	felipe.kotinda@santander.com.br	5511-3553-8071
Gabriel Couto*	Economist – Special Projects	gabriel.couto@santander.com.br	5511-3553-8487
Fabiana Moreira*	Economist – Credit	fabiana.de.oliveira@santander.com.br	5511-3553-6120
Gilmar Lima*	Economist – Modeling	gilmar.lima@santander.com.br	5511-3553-6327

### 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
Mauricio Oreng*	Senior Economist/Strategist – Brazil	mauricio.oreng@santander.com.br	5511-3553-5404
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
Mariana Cahen Margulies*	Head, Brazil	mmargulies@santander.com.br	5511-3553-1684

### Electronic

Bloomberg  
Reuters

SIEQ <GO>  
Pages SISEMA through SISEMZ

This research report (“report”) has been prepared by Santander US Capital Markets LLC (is a subsidiary of Santander Holdings USA, Inc. which is wholly owned by Banco Santander, S.A. “Santander”) on behalf of itself and its affiliates (collectively, Grupo Santander) and is provided for information purposes only. This report must not be considered as an offer to sell or a solicitation of an offer to buy any relevant securities (i.e., securities mentioned herein or of the same issuer and/or options, warrants, or rights with respect to or interests in any such securities). Any decision by the recipient to buy or to sell should be based on publicly available information on the related security and, where appropriate, should take into account the content of the related prospectus filed with and available from the entity governing the related market and the company issuing the security. This report is issued in Spain by Santander Investment Bolsa, Sociedad de Valores, S.A. (“Santander Investment Bolsa”) and in the United Kingdom by Banco Santander, S.A., London Branch. Santander London is authorized by the Bank of Spain. This report is not being issued to private customers. Santander US Capital Markets LLC, Santander London and Santander Investment Bolsa are members of Grupo Santander. ANALYST CERTIFICATION: The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed, that their recommendations reflect solely and exclusively their personal opinions, and that such opinions were prepared in an independent and autonomous manner, including as regards the institution to which they are linked, and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report, since their compensation and the compensation system applying to Grupo Santander and any of its affiliates is not pegged to the pricing of any of the securities issued by the companies evaluated in the report, or to the income arising from the businesses and financial transactions carried out by Grupo Santander and any of its affiliates: Jankiel Santos\*.

\* Employed by a non-US affiliate of Santander US Capital Markets LLC and is not registered/qualified as a research analyst under FINRA rules and is not an associated person of the member firm and therefore is not subject to FINRA Rule 2241 or FINRA Rule 2242 and restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account. The information contained within this report has been compiled from sources believed to be reliable. Although all reasonable care has been taken to ensure the information contained within these reports is not untrue or misleading, we make no representation that such information is accurate or complete and it should not be relied upon as such. All opinions and estimates included within this report constitute our judgment as of the date of the report and are subject to change without notice. Any U.S. recipient of this report (other than a registered broker-dealer or a bank acting in a broker-dealer capacity) that would like to effect any transaction in any security discussed herein should contact and place orders in the United States with Santander US Capital Markets LLC, which, without in any way limiting the foregoing, accepts responsibility (solely for purposes of and within the meaning of Rule 15a-6 under the U.S. Securities Exchange Act of 1934) for this report and its dissemination in the United States. Hong Kong (HK): This report is distributed in Hong Kong by Banco Santander, S.A. (a public limited liability company incorporated in Spain) which has a branch in Hong Kong. Banco Santander, S.A., Hong Kong Branch is regulated as a Registered Institution by the Hong Kong Monetary Authority for the conduct of Advising and Dealing in Securities (Regulated Activity Type 4 and 1 respectively) under the Securities and Futures Ordinance. This report is not intended for distribution to any persons other than professional investors. Banco Santander, S.A. or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is greater than 1%, the specific holding is disclosed in the Important Disclosures section above. The recipient of this report must not distribute it to any person without the prior written consent of Banco Santander, S.A.. Singapore (SG): This report is distributed in



Singapore by Banco Santander, S.A. which has a branch in Singapore. It is not intended for distribution to any persons other than institutional investors, accredited investors and expert investors (each as defined in the Securities and Futures Act 2001 of Singapore). Recipients of this report should contact Banco Santander, S.A., Singapore Branch at [researchsingapore@gruposantander.com](mailto:researchsingapore@gruposantander.com) for matters arising from, or in connection with, this report. Mainland China (CN): This report is being distributed in Mainland China by Banco Santander, S.A. which has two branches in Mainland China, being Shanghai Branch and Beijing Branch ("Santander China"). Santander China is regulated by China Banking and Insurance Regulatory Commission. Banco Santander, S.A., Shanghai Branch is licensed for foreign currency business, RMB business and derivative business. Banco Santander, S.A., Beijing Branch is licensed with foreign currency business. The recipient of this report must not distribute it to any person without the prior written consent of Banco Santander, S.A. © 2023 by Santander US Capital Markets LLC All Rights Reserved.

