5 External sector

The increase registered in the current account deficit in 2010 reflected, besides the impact of the recovery of domestic economic activity on the demand for imported goods, the effects of the global economic recovery on the country's exports. In addition, it must be emphasized the developments of the exchange rate trajectory and the salary mass on the services account net expenses, especially the accounts related to residents' international tourism.

For 2011, a lesser growth in the current account deficit is expected, essentially financed by net inflows of foreign direct investments (FDI). The behavior of these flows shall reflect the international liquidity and, mostly, the positive outlook regarding growth of the Brazilian economy. Portfolio investments in the country will remain significant, despite the reduction of the foreign investments in fixed income as a result of the increase in the Financial Operations Tax (IOF) last October. The rollover rate of the medium- and long-term external debt in 2011 shall remain around 150%, increasing the participation of the external indebtedness as financing source of the balance, without, however, changing the structure of the Brazilian external liabilities, with the investments taking over the debt.

The trajectory of the current account deficit may also be influenced by the maturing of investments in the sector of tradable goods and by the recovery of the foreign trade net incomes, in a setting of more favorable expectations for the world's economy.

In the beginning of 2011, a positive reaction of the trade balance was observed. The expansion projected for the deficit of the services' account considers the effects of rises in real income and employment, such as transportation and equipment rental. The profits and dividends shall present remittances higher than the ones observed in 2010, in line with the expansion of the foreign investment stock in the country and with an increase in the resident companies' profitability. The country risk, which in the beginning of

2010 was 191b.p., reached 251 b.p. in June on a trend that later reversed, reaching 189 b.p. at the end of December and 177 b.p. on February 28, 2011.

5.1 Exchange operations

Table 5.1 – Foreign exchange flows

US$ billion

	2010			2011	
	Feb	Jan-Feb	Year	Feb	Jan-Feb
Trade operations	-2.3	-2.4	-1.7	-0.5	0.6
Exports	10.1	20.8	176.6	14.7	29.7
Imports	12.4	23.2	178.2	15.2	29.2
Financial operations[1/]	1.9	3.1	26.0	7.9	22.4
Purchases	23.8	46.8	378.4	32.1	74.8
Sales	21.9	43.7	352.4	24.2	52.4
Net flows	-0.4	0.7	24.4	7.4	22.9

1/ Excluding interbank operations and Central Bank foreign operations.

The market of exchange transactions, after recording net inflows of US$24.4 billion in 2010, presented surplus of US$22.9 billion in the first two months of 2011, against US$676 million in the same period of the previous year. The trade surplus reached US$579 million, against deficit of US$2.4 billion in the same period in 2010, due to the respective rises of 42.9% and 25.5% in the export and import operations. The financial sector, evincing the external credit conditions, registered an increases of 59.7% in purchases and 19.9% in sales of foreign currencies, resulting in net inflows of US$22.4 billion, against US$3.1 billion in the first two-month period of 2010.

Table 5.2 – Trade balance – FOB

US$ million

Period		Exports	Imports	Balance	Total trade
Jan-Feb	2011	31 947	30 325	1 622	62 272
Jan-Feb	2010	23 502	23 292	210	46 795
% change		35.9	30.2	672.4	33.1

Source: MDIC/Secex

The interventions performed by the Central Bank throughout 2010 resulted in net purchases of US$42 billion, from which US$41.4 billion in the spot exchange market. In the first two months of 2011 interventions became more frequent, resulting in purchases of US$17 billion. The short position of banks, which reflects the operations with clients in the primary exchange market and the Central Bank's interventions, changed from US$16.8 billion, at the end of December 2010, to US$12.7 billion at the end of February 2011.

5.2 Trade in goods

The recent trend of a more balanced growth between the Brazilian exports and imports was maintained in the first two-month period of 2011, when exports accounted for US$31.9 billion and imports U$ 30.3 billion, rising 35.9% and 30.2%, respectively, when compared with the same period of 2010.

Table 5.3 – Exports by aggregate factor – FOB

Daily average – January-February

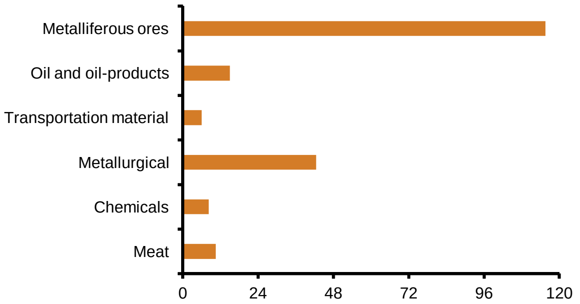
US$ million

	2010	2011	% change
Total	618.5	779.2	26.0
Primary products	232.4	342.6	47.4
Industrial products	369.2	419.0	13.5
Semimanufactured goods	92.4	112.4	21.6
Manufactured goods	276.8	306.7	10.8
Special operations	16.9	17.5	3.9

Source: MDIC/Secex

The daily average of exports in the first two months of this year increased 26% when compared to the same period in 2010 because of increases in all the categories of aggregate factors. The price evolution of several important commodities for the exports line helped the shipments of basic products and of semi-manufactured to increase in 47.4% and 21.6%, respectively, in the period. The participation of sales of basic products within total exports rose 6.4 p.p., to 44% in the period, contrasting with the decrease of 5.4 p.p., to 39.4%,

Figure 5.1 – Exports by major sectors
January-February – 2011/2010[1/] – % growth



Source: MDIC/Secex
1/ Change in value over the same period of the previous year.

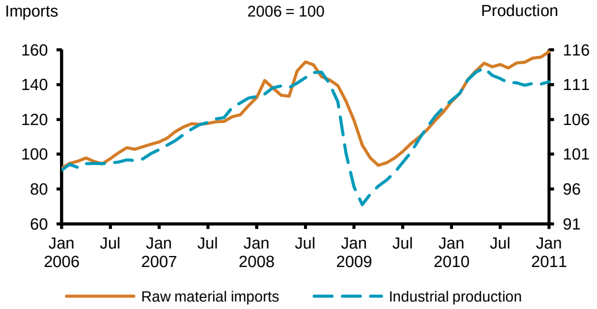
Table 5.4 – Imports by end-use category – FOB
Daily average – January-February

US$ million

	2010	2011	% change
Total	613.0	739.6	20.7
Capital goods	134.0	165.5	23.6
Raw materials	296.5	342.2	15.4
Consumer goods	103.6	135.7	31.0
Durable	59.2	80.3	35.5
Passenger vehicles	25.6	37.4	46.2
Nondurable	44.4	55.4	24.9
Fuels	78.8	96.2	22.0
Crude oil	40.3	15.3	-62.1

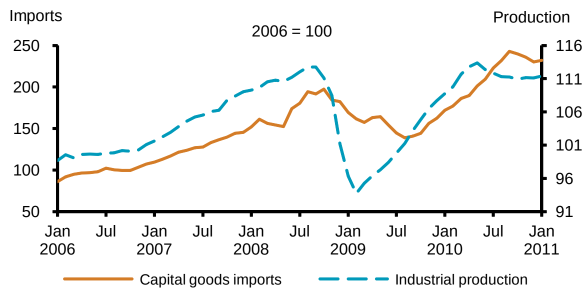
Source: MDIC/Secex

Figure 5.2 – Raw material imports x industrial production – 3-month moving average
Seasonally adjusted indices



Sources: Funcex and IBGE

Figure 5.3 – Capital goods imports x industrial production – 3-month moving average
Seasonally adjusted indices



Sources: Funcex and IBGE

in manufactured products, whose external sales increased 10.8% within the period.

The daily average of imports increased 20.7% in the first two months of this year, when compared to the same period in 2010, with recorded rises in all final use categories. Imports of consumer durables rose 35.5% boosted by the increase of 46.2% in purchases of passenger vehicles, while those related to non-durable consumption goods and to capital goods grew 24.9% and 23.6%, respectively.

Trade with the main economic blocs and partner countries witnessed a broad increase in the period, emphasizing the rise in transactions with Eastern Europe, 33.2%; Asia, 32.2%; and Mercosur, 23.9%. In the exports scope, it shall be emphasized the rises in exports targeted to Asia, 40%, highlighting growth of 57.5% in shipments to China, to the Southern Common Market (Mercosur), 30.3%, and to the European Union, 19.9%. Regarding imports, it may be pointed out the rise in those from Eastern Europe, 62.4%, and USA, 27.4%.

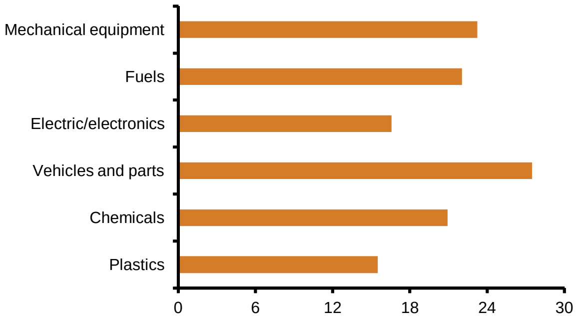
Growth in exports in the first two months of the year, when compared to the same period in 2010, resulted from the increases of 25.1% in prices and of 8.6% in the volume exported, according to the Foreign Trade Studies Center Foundation (Funcex). The prices of the basic products rose 42%, followed by the expansions in the semi-manufactured, 20.6%, and manufactured, 11.6%, categories while volume growth represented respective increases of 12.2%, 8.8% and 7.1%, in the mentioned categories.

Import growth, in the same basis of comparison, resulted from rises of 18.5% in the volume and of 10% in the prices of the acquired products. There was growth in the imported volume in all the use categories, though mainly in those related to consumer durables, 33.8%; non-durable consumer goods, 32.7%; and capital goods, 27%. The price trajectory reflected the rises applied to the categories of fuels and lubricants, 24.8%; consumer durables, 9.2%; intermediary goods, 10.9%; capital goods, 4.9% and non-durable consumer goods, 1.5%.

5.3 Services and income

The current account deficit amounted to US$47.5 billion in 2010, against US$24.3 billion in the previous year. In the first two months of 2011, the deficit reached US$8.8 billion, increasing 23.8% when compared to the same period of 2010.

Figure 5.4 – Imports by main products
January-February – 2011/2010 – % growth



Source: MDIC/Secex

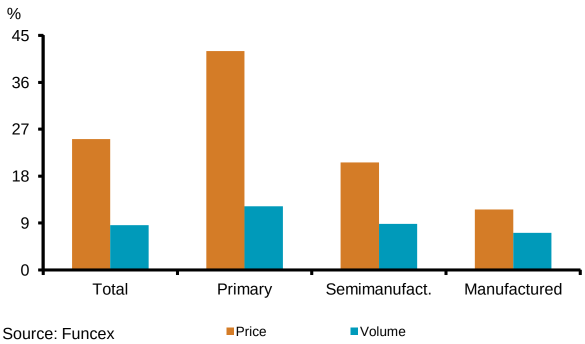
Table 5.5 – Exports and imports by area – FOB
Daily average – January-February

US$ million

	Exports			Imports			Balance	
	2010	2011	% change	2010	2011	% change	2010	2011
Total	618	779	26.0	613	740	20.7	6	40
L.A. and Caribe	154	185	20.4	109	128	17.4	45	58
Mercosur	70	91	30.3	59	69	16.5	10	22
Argentina	56	74	30.8	51	60	17.1	5	14
Other	13	17	28.2	9	10	12.4	5	8
Other	84	95	12.3	50	59	18.6	35	36
USA 1/	71	82	14.9	88	113	27.4	-17	-31
EU	143	171	19.9	132	150	13.7	11	21
E. Europe	16	19	17.3	9	14	62.4	7	5
Asia	142	198	40.0	188	238	26.4	-47	-40
China	62	97	57.5	84	115	36.4	-23	-18
Other	142	101	-28.4	188	123	-34.8	-47	-21
Others	93	123	33.3	87	97	11.9	6	26

Source: MDIC/Secex
1/ Includes Puerto Rico.

Figure 5.5 – Exports – Price and volume index
January – February – 2011/2010



Source: Funcex

The deficit accumulated in 12 months totaled US$49.2 billion in February, which corresponds to 2.31% of the GDP.

The net service expenses accounted for US$4.5 billion, increasing 37.5% with respect to the first two months of 2010, with emphasis on the expansion of 66.7%, to US$1.9 billion, in the net expenses with international travel. Brazilians' expenses with international travel, remained in increasing trajectory, reached US$3.1 billion, and the incomes of foreign tourist's expenses totaled US$1.2 billion, representing growth of 38.5% and 8.6%, respectively.

Growth in imports and in Brazilians' travel abroad impacted on the expenses with freight and airline tickets, contributing to net expenses with transportation reaching US$865 million in the first two months, a 23.2% increase when compared to the same period in 2010. Net expenses with equipment rental amounted to US$2.2 billion, increasing 37.8% in the same comparison basis.

Net interest expenses dropped 22.8% in relation to the first two months of 2010 and totaled US$2 billion. Payments abroad totaled US$3.3 billion while revenues, reflecting the recent rise of the international interest rates, increased 55.8% to US$1.4 billion. Interest revenue originated from earnings on international reserves totaled US$4.5 billion in the twelve-month period ended in February. Net interest expenses came to US$9.1 billion.

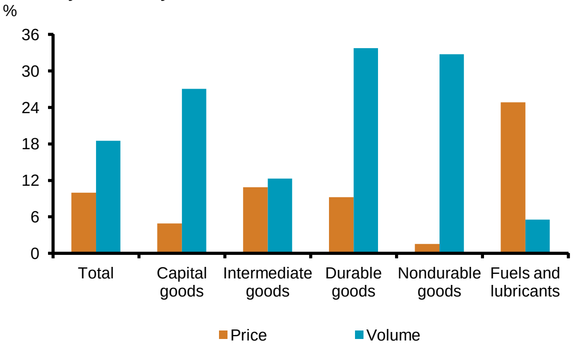
The net remittance of profits and dividends totaled US$4.7 billion in the first two months of the year, increasing 125.5% when compared to the same period of 2010. Companies of the industrial sector were responsible for the remittance of 54.6% of the gross remittances of profits and dividends of FDI in the period, especially the ones related to the automotive vehicles sector, 36.2%. Considering twelve-month periods, the net remittance of profits and dividends accounted for US$33 billion in February, of which US$25 billion referred to FDI.

The unilateral net transfers totaled US$673 million, increasing 33.8% when compared to the first two months of 2010. Inflows due to remittances for the maintenance of residents totaled US$336 million in the period.

5.4 Financial account

The financial account totaled a surplus of US$26.7 billion in the two-month period ended in February 2011, with

Figure 5.6 – Imports – Price and volume index
January-February – 2011/2010



Sources: MDIC and BCB

Table 5.6 – Current account

US$ billion

	2010			2011		
	Feb	Jan-Feb	Year	Feb	Jan-Feb	Year[1/]
Current account	-3.3	-7.1	-47.5	-3.4	-8.8	-60.0
Trade balance	0.4	0.2	20.3	1.2	1.6	15.0
Exports	12.2	23.5	201.9	16.7	31.9	240.0
Imports	11.8	23.3	181.6	15.5	30.3	225.0
Services	-2.0	-3.3	-31.1	-2.2	-4.5	-34.8
Transportation	-0.4	-0.7	-6.4	-0.4	-0.9	-7.5
International travel	-0.5	-1.1	-10.5	-0.8	-1.9	-12.0
Computer and inform.	-0.2	-0.5	-3.3	-0.2	-0.6	-3.8
Operational leasing	-0.7	-1.6	-13.7	-1.2	-2.2	-14.5
Other	-0.2	0.7	2.8	0.4	1.1	3.0
Income	-1.8	-4.5	-39.6	-2.9	-6.6	-43.2
Interest	-0.6	-2.5	-9.7	-0.1	-2.0	-9.8
Profits and dividends	-1.3	-2.1	-30.4	-2.8	-4.7	-34.0
Compensation of employees	0.0	0.1	0.5	0.0	0.1	0.6
Current transfers	0.2	0.5	2.8	0.5	0.7	3.0

1/ Forecast.

Table 5.7 – Financial account

US$ billion

	2010			2011		
	Feb	Jan-Feb	Year	Feb	Jan-Feb	Year[1/]
Financial account	4.6	10.7	99.0	12.8	26.7	89.4
Direct investments	-1.3	-2.1	37.0	9.8	19.1	50.0
Abroad	-4.2	-5.6	-11.5	2.1	8.4	-5.0
In Brazil	2.8	3.4	48.5	7.7	10.7	55.0
Equity capital	2.1	2.9	40.1	5.7	7.5	43.0
Intercompany loans	0.8	0.6	8.3	2.1	3.1	12.0
Portfolio investments	1.9	5.2	64.5	2.4	7.3	24.6
Assets	-0.1	-0.4	-3.3	1.3	2.9	-
Liabilities	2.0	5.7	67.8	1.1	4.5	24.6
Derivatives	0.0	0.0	-0.1	-0.1	-0.1	-
Other investments	4.1	7.6	-2.3	0.6	0.4	14.8
Assets	-3.8	0.7	-51.5	-3.6	-6.6	-23.3
Liabilities	7.9	6.9	49.2	4.2	7.0	38.2

1/ Forecast.

emphasis on the impact of foreign direct investments, of net loan amortizations received by headquarters of Brazilian companies from their branches abroad, and of private inflows of securities in the external market.

Brazilian direct investments abroad accumulated net assets of US$11.5 billion in 2010, reflecting the recovery of Brazilian companies' internationalization. In the first two–month period of 2011, the subsidiaries of Brazilian companies provided net returns of US$8.4 billion, as a result of amortizations of US$9.6 billion of intercompany loans and an increase of US$1.2 billion in the equity participation of subsidiary companies abroad.

Net FDI inflows US$10.7 billion in the first two months of the year, from which US$7.5 billion related to an increase in equity participation and US$3.1 billion regarding intercompany loans. The FDI accumulated in 12 months reached the historical record of US$55.7 billion in February, 2.62% of the GDP.

Net inflows concerning foreign portfolio investments totaled US$4.5 billion in the first two months of 2011, with net foreign investments in shares of Brazilian companies amounting to US$1.3 billion. Emphasizing the IOF growth impact, foreign investments in fixed-income securities negotiated in the country registered net outflows of US$524 million, constituting the fourth negative monthly result in a row.

The National Treasury, following the policy of extending the maturity profile of the public external indebtedness, anticipated bond repurchases of US$2.2 billion the first two months of 2011, with US$2 billion regarding the face value of the securities and US$185 million the premium of these operations.

The rollover rate of medium- and long-term securities negotiated abroad reached 970% in the two-month period ended in February, against 214% in 2010. The net disbursements of notes and commercial papers accounted for US$3.6 billion, as a result of disbursements of US$4 billion and amortizations of US$412 million. Short-term securities registered net disbursements of US$2.3 billion in the period.

The other Brazilian investments turned in net investment of assets abroad of US$6.6 billion in these two months, recording respective increases of US$1.8 billion and US$33 million in foreign deposits of Brazilian banks and of the non-financial sector. The net granting of loans abroad, including commercial credits, totaled US$4.3 billion in the first two months of 2011.

Table 5.8 – BP financing sources
Selected items

US$ billion

	2010			2011		
	Feb	Jan-Feb	Year	Feb	Jan-Feb	Year[1/]
Medium and long-term funds	1.6	4.8	36.5	3.5	8.3	19.3
Public bonds	-	-	2.8	-	-	-
Private debt securities	1.1	3.2	23.0	1.0	4.0	7.8
Direct loans	0.5	1.6	10.7	2.6	4.3	11.5
Short-term loans (net)[2/]	4.6	3.8	21.7	1.9	5.0	10.0
Short-term sec. (net)	-0.1	-0.1	5.4	0.2	2.3	10.0
Portfolio in the country (net)	3.2	5.7	45.2	0.8	1.0	15.0
Roll-over rates[3/]						
Total	131%	261%	244%	538%	311%	150%
Debt securit.	94%	214%	248%	355%	970%	150%
Direct loans	614%	476%	237%	664%	190%	150%

1/ Forecast.
2/ Includes direct loans and trade credits transferred by banks.
3/ Corresponds to the ratio between direct loans and medium-and long-term amortizations. Excludes amortizations resulting from debt/equity conversion.

Table 5.9 – Statement of international reserves

US$ billion

	2009	2010		2011	
	Year	Jan-Feb	Year	Jan-Feb	Year[1/]
Reserve position in previous period	193.8	238.5	238.5	288.6	288.6
Net Banco Central purchases	36.5	2.3	42.0	17.0	24.4
Forward	-	-	-	1.0	1.3
Spot	24.0	2.1	41.4	16.1	23.2
Repo lines of credit	8.3	-	-	-	-
Foreign currency loans	4.2	0.3	0.5	-	-
Debt servicing (net)	-2.2	-2.3	-5.2	-2.4	-0.4
Interest	0.7	-0.9	0.2	-0.4	2.4
Credit	4.8	0.6	4.1	1.0	6.0
Debit	-4.0	-1.5	-3.9	-1.4	-3.6
Amortization	-2.9	-1.4	-5.4	-2.0	-2.8
Disbursements	1.8	-	1.2	-	-
Multilateral organizations	-	-	-	-	-
Sovereign bonds	1.8	-	1.2	-	-
Others[2/]	1.7	-0.4	2.8	0.9	0.9
Treasury's purchases	7.0	2.9	9.3	3.4	6.4
Change in assets	44.7	2.6	50.1	18.9	31.3
Gross reserve position	238.5	241.1	288.6	307.5	319.9
Repo lines of credit position	-	-	-	-	-
Foreign currency loans position	0.5	0.3	-	-	-
Reserves position - liquidity	239.1	241.3	288.6	307.5	319.9

1/ Forecast.
2/ Includes payments/receipts in the framework of the Reciprocal Credits and Payments Agreement (CCR), fluctuations in prices of securities, exchange parities and price of gold, discounts and premiums, duty fees, release of collaterals and SDRs allocations.

Other foreign investments, including direct loans with Banks and with international entities, commercial credits and deposits, registered net revenues of US$7 billion in the two-month period. The net inflows of long-term loans of the other sectors totaled US$2.4 billion, pointing out the net payments of direct loans, US$2 billion, indicating a rollover rate of 190% in the two-month period; of buyers, US$427 million; and of loans from agencies, US$123 million, while loans of entities turned in net amortizations of US$186 million. Short term loans totaled net payments of US$5 billion.

Brazil's international reserves totaled US$307.5 billion in February, increasing US$18.9 billion relative to December 2010. In the two-month period, Central Bank net purchases in the currency exchange market accounted for US$16.1 billion; the liquidation of long-term purchases, US$973 million; net interest expenses, US$383 million, result of US$1 billion income with earnings on reserves and of the expense of US$1.4 billion with the bonus interests; the amortization expenses, US$2 billion; and the other operations caused an impact of US$894 million on the rise of the reserve stock.

International reserves are expected to increase by US$31.3 billion in 2011, to US$319.9 billion. Including the events of the first two months of 2011, net expenses on external debt service are expected to be of US$404 million, result of the revenues from earnings on reserves of US$6 billion, forecasted interest expenses of US$3.6 billion and US$2.8 billion of amortizations. This calculation also includes liquidations of the purchases already carried out of US$24.4 billion by the Central Bank and of US$6.4 billion by the National Treasury in the domestic exchange market.

5.5 External sustainability indicators

Considering the estimated position of the external debt on February 2011, the external debt service and the exports showed respective rises of 4.1% and 4.2% with respect to December 2010, decreasing the ratio between these indicators from 23% to 22.9%.

The total debt increased 5.6%, the total net debt dropped 20.6%, and the GDP in dollars increased 1.7%, resulting in an increase from 12.3% to 12.8%, of the ratio total debt/GDP, and a reduction from -2.4% to -2.9% of the total net debt/GDP ratio.

Table 5.10 – Sustainability indicators[1/]

US$ billion

	2009		2010			2011
	Jun	Dec	Jun	Sep	Dec	Feb[2/]
Exports of goods	177.2	153.0	172.2	186.1	201.9	210.4
Exports of goods and services	206.3	180.7	202.1	216.6	233.7	243.2
Debt service	38.7	43.6	46.5	47.7	46.3	48.2
Total external debt	199.0	198.2	228.6	247.8	256.8	271.1
Net external debt	-28.0	-61.8	-42.2	-44.9	-50.6	-61.1
International reserves						
Cash concept	201.5	238.5	253.1	275.2	288.6	307.5
Liquidity concept	208.4	239.1	253.1	275.2	288.6	307.5
GDP	1 462	1 598	1 998	2 074	2 090	2 126
Indicators						
Total external debt/GDP (%)	13.6	12.4	11.4	11.9	12.3	12.8
Net external debt/GDP (%)	-1.9	-3.9	-2.1	-2.2	-2.4	-2.9
Total external debt/exports	1.1	1.3	1.3	1.3	1.3	1.3
Total external debt/exports of goods and services	1.0	1.1	1.1	1.1	1.1	1.1
Net external debt/exports	-0.2	-0.4	-0.2	-0.2	-0.3	-0.3
Net external debt/exports of goods and services	-0.1	-0.3	-0.2	-0.2	-0.2	-0.3
Debt service/exports (%)	21.9	28.5	27.0	25.6	23.0	22.9
Debt service/exports of goods and services (%)	18.8	24.1	23.0	22.0	19.8	19.8
Reserves – cash concept/ total external debt (%)	101.2	120.3	110.7	111.1	112.4	113.4
Reserves – liquidity concept/ total external debt (%)	104.7	120.6	110.7	111.1	112.4	113.4

1/ Excludes stock of principal, amortizations and interests concerning intercompany loans.
2/ Estimated data.

The ratio between total debt and net total debt (surplus) exports remained stable, respectively, in 1.3 and -0.3, in the period. In addition, the ratio between international reserves and the total external debt increased from 112.4% to 113.4%.

5.6 Conclusion

The perspective of a decreasing current account deficit in 2011, shown in the analysis carried out in this chapter and in the box Projections for the Balance of Payments, reflects the expectation of a reduced trade surplus and an increase in net expenses in the services and income accounts. The high international liquidity and, particularly, the favorable perspectives regarding the performance of the Brazilian economy, may ensure the comfortable financing of the projected deficit, maintaining the possibility of strengthening international reserves. It should be emphasized that the revision of the perspectives for net FDI inflows enables this modality of investments to account for even to the full financing of the deficit in the country's current account.

Balance of Payments Projections for 2011

This box presents a review of the projections for the 2011 balance of payments released in the December 2010 Inflation Report. This review comprehends recent statistics with respect to the commerce of goods and services, the country's foreign indebtedness and the debt service, Central Bank interventions in the domestic exchange market and National Treasury repurchase of sovereign debt in the months of January and February.

Exports are estimated at US$240 billion and imports at US$225 billion, respectively US$5 billion and US$1 billion more than the December estimates and 18.9% and 23.9% higher than registered in 2010. In this scenario, while the trade balance surplus should increase to US$15 billion, against US$11 billion in the previous forecast, estimated net services and income expenditures and unrequited transfers remain unchanged, thus leading to a deficit in current transactions estimated at US$60 billion, 2.57% of GDP.

The deficit in the service account decreased from US$35 billion, in December, to US$34.8 billion, 12.1% higher than observed in 2010. Net expenditures on equipment rentals, US$14.5 billion, and international travel, US$12 billion, remained unchanged, while the deficit in the transportation account, in line with of expectation of increased foreign trade volume, rose to US$7.5 billion.

Net expenditures on interests, US$900 million lower than the December forecast, are expected to increase US$100 million in relation to 2010, with emphasis on the expansion of US$1.7 billion under gross expenditures, US$300 million higher than the previous forecast and 10.8% higher than

Table 1 – Uses and sources

US$ billion

	2010			2011		
	Feb	Jan-Feb	Year	Feb	Jan-Feb	Year[1/]
Uses	-6.2	-11.9	-81.4	-5.3	-15.7	-89.0
Current account	-3.3	-7.1	-47.5	-3.4	-8.8	-60.0
Amortizations ML-term[2/]	-2.9	-4.8	-33.8	-1.9	-6.9	-29.0
Securities	-2.3	-3.1	-15.7	-0.6	-2.6	-8.2
Suppliers' credits	-0.2	-0.4	-2.6	-0.2	-0.4	-3.2
Direct loans[3/]	-0.4	-1.3	-15.5	-1.1	-3.9	-17.7
Sources	6.2	11.9	81.4	5.3	15.7	89.0
Capital account	0.1	0.1	1.1	0.1	0.1	1.0
FDI	2.8	3.4	48.5	7.7	10.7	55.0
Domestic securities[4/]	3.2	5.6	52.3	0.5	0.7	15.0
ML-term disbursem.[5/]	5.2	9.0	62.6	4.8	10.5	49.8
Securities	1.1	3.2	25.8	1.0	4.0	7.8
Supliers' credits	0.1	0.2	2.1	0.1	0.2	6.9
Loans[6/]	3.9	5.5	34.6	3.8	6.2	35.1
Brazilian assets abroad	-8.1	-5.3	-66.2	-0.2	4.7	-28.3
Other[7/]	3.7	1.9	32.2	1.9	7.1	27.0
Reserve assets	-0.7	-2.9	-49.1	-9.6	-18.1	-30.4

1/ Forecast.
2/ Registers amortization of medium and long-term supliers' credit, loans and securities placed abroad minus refinancing and discounts. Excludes amortizations referring to loans to IMF and intercompany loans.
3/ Registers amortizations loans borrowed from foreign banks, buyers, agencies and multilateral organizations.
4/ Includes foreign investment in equity and debt securities traded in the domestic market.
5/ Excludes intercompany loans disbursements.
6/ Includes multilateral and bilateral financing and buyers' credits.
7/ Registers net values of bond swaps, short-term securities, short-term trade credit, financial derivatives, nonresident deposits, other liabilites and errors & omissions.

in 2010, already including the debt stock registered on December 2010. Gross incomes are estimated at US$7.5 billion, 27.1% more than the 2010 result and US$1.2 billion higher than the December forecast, of which US$6 billion refer to earnings on international reserves and US$1.5 billion to income consequent upon private interests.

Table 2 – Balance of payments – Market

US$ billion

Itemization	2010			2011		
	Feb	Jan-Feb	Year	Feb	Jan-Feb	Year[1/]
Current account	-3.6	-7.7	-51.6	-3.9	-9.8	-66.0
Capital (net)	4.2	5.1	93.6	13.5	28.7	101.7
Foreign direct investment	2.8	3.4	48.5	7.7	10.7	55.0
Portfolio investment	3.2	5.6	51.1	0.5	0.8	15.0
ML-term loans	1.6	3.4	22.2	2.5	3.2	11.5
Trade credits – Short, medium and long term	4.7	4.0	33.8	2.6	5.9	26.1
Banks	5.3	4.7	26.5	2.4	5.5	15.4
Other	-0.6	-0.7	7.3	0.2	0.4	10.7
Brazilian invest. abroad	-7.9	-10.3	-66.5	0.3	6.6	-17.0
Other	-0.3	-1.2	4.6	-0.3	1.5	11.2
Financial gap	0.6	-2.6	42.0	9.5	18.9	35.7
Banco Central net interv.	-0.4	-2.3	-42.0	-9.0	-17.0	-24.4
Bank deposits	-0.2	5.0	0.0	-0.5	-1.9	-11.3

1/ Forecast.

Estimates of net expenditures on profits and dividends, including remittances of US$4.7 billion performed in the first two months of the year, increased from US$33 billion to US$34 billion. It is important to mention that the stock of foreign investments in the BM&FBovespa S.A. – Securities, Commodities and Futures Exchange, which reached US$70.7 billion in February 2009, impacted by net capital outflows and exchange rate depreciation caused by the financial crisis of 2008/2009, accounted for US$254.2 billion at the end of December 2010. This increase may be partly explained by net capital inflows and the consequent exchange rate appreciation.

The financial account surplus, estimated at US$67.8 billion in the December forecast, should close at US$89.4 billion, emphasizing the increase from US$45 billion to US$55 billion in the forecast of net inflows of foreign direct investments (FDI), which are expected to reach 2.36% of Gross Domestic Product (GDP). The additional US$10 billion for net FDI inflows reflects respective expansions of US$8 billion and US$2 billion in the modalities of capital participation and intercompany loans, in addition to net inflows of US$10.7 billion registered in the first two months of 2011.

The forecast concerning net inflows of domestic stocks and shares decreased from US$40 billion, in December, to US$15 billion, compatible with the results obtained in the first two months of 2011.

The forecast for net Brazilian direct investments abroad decreased to US$5 billion, US$11 billion lower than the December forecast, explained by the trajectory observed in the first two months of 2011, with net returns of US$8.4 billion, even with the resumption of the process of internalization of Brazilian companies started in 2010.

Amortizations of medium and long-term foreign debt for 2011, considering the new foreign debt schedule of December 2010, increased US$100 million, to US$29 billion. Since payments are expected to surpass medium and long-term amortizations, the rolling rate forecast remained at 150%. Short-term inflows of foreign investments, including securities, commercial credits and loans, are estimated at US$27 billion.

According to these projections, the balance of payments financial gap is expected to remain positive, reaching US$35.7 billion, of which the Central Bank has already absorbed US$24.4 billion, while the assets of commercial banks abroad are expected to increase by US$11.3 billion.