

## Brazil Gets Lowest Inflow of Dollars Since 2008

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Brazil started the year with US\$ 84 million greater outflow than inflow of dollars in the first three working days of the month. In 2012, the country had the lowest inflow of dollars since 2008, the peak of the international financial crisis.

Figures disclosed on Wednesday by the Central Bank of Brazil show net inflow of dollars (discounting the outflow) of US\$ 16.753 billion last year, much less than the US\$ 65.279 billion recorded in 2011.

In 2008, there was greater outflow than inflow of dollars, with a negative balance of US\$ 983 million. In September that year, the bankruptcy of North American investment bank Lehman Brothers resulted in a crisis that caused foreign investors to redirect funds invested in Brazil abroad, aiming at covering losses abroad. The crisis also affected investor confidence in emerging-country papers.

Last year, the government feared there would be a “monetary tsunami” caused by the disbursement of funds by developed countries seeking to fight the international economic crisis, stimulating economic activity.

Albeit, the dollar flow to the country was not as great as expected. In 2012, the government adopted measures to contain the inflow of dollars, having an effect on the North American currency, but this strategy was partly reverted at the end of the year.

In 2012, in February, March, April and May, the Central Bank purchased US\$ 11.152 billion on the spot market. In March there were also operations in the forward market, for liquidation at a later date (US\$ 7.005 billion).

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In December, in turn, a period in which each dollar cost as much as R\$ 2.10, the Central Bank sold dollars with a re-purchase agreement, for the total of US\$ 5.466 billion.

Last year, the reduction of exports was the main reason for the lower inflow of dollars. The trade flow (operations related to exports and imports) recorded a positive balance of US\$ 8.373 billion, against US\$ 43.950 billion in 2011.

The financial flow (investment in papers, transfer of profits and dividends abroad, and foreign direct investment, among other operations), in turn, resulted in a positive balance of US\$ 8.38 billion, also lower than in 2011 (when the balance had been US\$ 21.329 billion).

**ABr**