

Foreign Currency: Brazil Ended 2008 in the Red

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Friday, 09 January 2009

The green influx of dollars in Brazil has decreased quite a bit. After five years back to back of foreign currency surpluses, more dollars left Brazil than entered last year. The deficit was US\$ 983 million last year, according to figures disclosed January 7 by the Brazilian Central Bank (BC).

While the trade exchange, which totals all foreign trade figures, resulted in a surplus of US\$ 47.9 billion in the accumulated result for the year, the financial account, which includes operations with capital and services, resulted in a deficit of US\$ 48.883 billion.

Although 2008 was a year in which the trade balance result (exports minus imports) was much lower than in 2007, the financial movement of capitals for payment of interest and profit transfer abroad was greater than in the previous year.

Up to September last year, the foreign currency was favorable for Brazil, although at lower rates than in 2007, when the volume of foreign direct investment was registered and the country had a surplus of US\$ 87.454 billion.

After the fourth largest investment bank in the United States, Lehman Brothers, filed for chapter 11 bankruptcy and the international crisis worsened, the flow of funds was changed, with foreign investors turning their funds here to covering losses abroad, mainly in the United States, the European Union and Japan.

Due to this, the last three months of the year generated great negative balances: US\$ 4.639 billion in October, US\$ 7.159 billion in November and US\$ 6.373 billion in December.

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