

# BANCO CENTRAL DO BRASIL – FOCUS

November 24, 2000

*Median of market expectations for the consumer price index – IPC-Fipe decreased to 0.20% from 0.35% for November and remained stable at 5.21% for 2000 and at 4.00% for 2001, as tracked by Banco Central do Brasil daily survey.* Expectations for the IPCA reduced to 0.40% from 0.42%, IGP-M to 0.40% from 0.45% for November. The IGP-DI remained stable at 9.63% for 2000 and 5.33% for 2001. Median of market expectations for the nominal deficit of the consolidated public sector remained stable at 3.90% of GDP for 2000 and increased to 3.05% from 3.00% for 2001. Expectations for the trade balance remained stable at US\$0.00 billion for 2000 and US\$2.00 billion for 2001. Forecasts for the current account deficit declined to US\$25.00 billion from US\$25.10 billion for 2000. Forecasts for other economic indicators, along with median expectations for the Top 5 forecasters are quoted in the tables and figures below.

**Table 1**

## **Market Readout**

*Banco Central do Brasil Daily Survey on Market Expectations  
Median of Market Expectations*

### **PRICE INDICES**

(% change)	November		December	
	as of November 17	As of today	as of November 17	As of today
IGP-DI	0.50	0.50	0.43	0.50
IGP-M	0.45	0.40	0.50	0.60
IPC-Fipe	0.35	0.20	0.45	0.50
INPC	0.45	0.45	0.50	0.60
IPCA	0.42	0.40	0.45	0.50

	2000		2001	
IGP-DI	9.63	9.63	5.33	5.33
IGP-M	9.92	10.00	5.13	5.30
IPC-Fipe	5.21	5.21	4.00	4.00
INPC	5.60	5.65	4.30	4.40
IPCA	6.15	6.18	4.30	4.30

### **OTHER ECONOMIC INDICATORS**

	2000		2001	
	as of November 17	As of today	as of November 17	As of today
GDP growth (%)	3.90	3.90	4.15	4.10
Trade Balance (US\$ billion)	0.00	0.00	2.00	2.00
Current Account (US\$ billion)	-25.10	-25.00	-24.90	-24.95
Fiscal Figures (% of GDP)				
- Primary Balance	3.25	3.25	3.00	3.00
- Nominal Balance	-3.90	-3.90	-3.00	-3.05

**Table 2****Market Readout**

*Banco Central do Brasil Daily Survey on Market Expectations  
Top 5 Median Expectations*

(% change)	November		December	
	as of November 17	As of today	as of November 17	As of today
IGP-DI	0.60	0.55	0.50	0.80
IGP-M	0.45	0.35	0.58	0.90
IPC-Fipe	0.30	0.34	0.59	0.58
INPC	0.50	0.40	0.62	0.65
IPCA	0.40	0.36	0.57	0.61

	2000		2001	
	IGP-DI	9.70	10.00	5.50
IGP-M	10.00	10.21	5.50	6.02
IPC-Fipe	5.20	5.30	4.15	4.10
INPC	5.70	5.70	4.00	4.25
IPCA	6.30	6.02	4.28	4.28
GDP	4.00	4.00	4.50	4.50

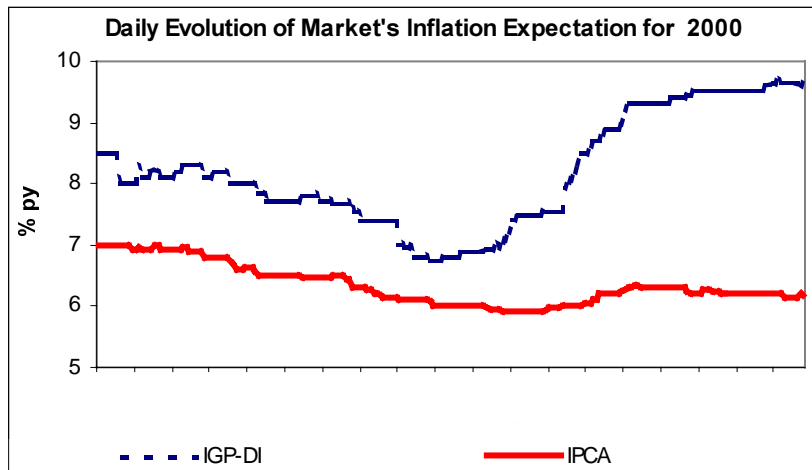
**Explanatory Note**

Top 5 median expectations indices are calculated from the full sample based on the five institutions with minima penalty scores, calculated from observations on the institution's degree of forecast precision over the last four months. Each inflation figure that is released creates two penalty scores for each institution, that are the quadratic errors of the forecasts that the institution informed two and one day before the release of the actual figure. If the institution did not inform any value for those days, it receives the penalty of the worst performer in the sample for the period. The monthly penalty is calculated according to the formula below.

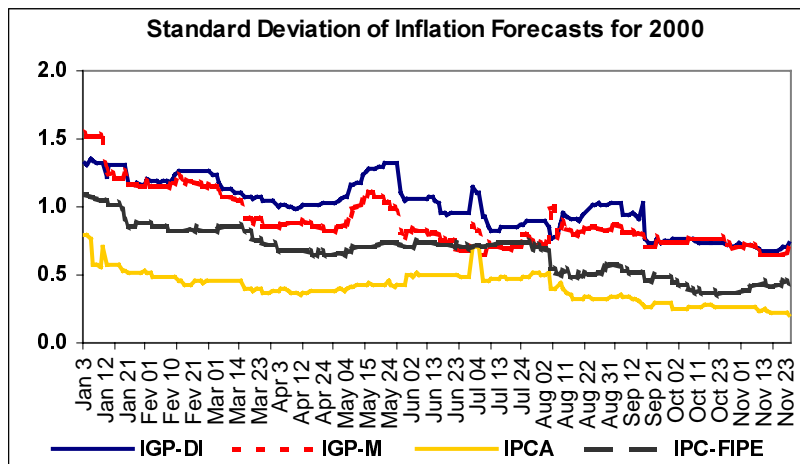
$$monthlypenalty = \frac{(100 \cdot (E[\pi_t | t-2] - \pi_t))^2 + (100 \cdot (E[\pi_t | t-1] - \pi_t))^2}{1000}$$

where  $\pi$  denotes inflation in percentage points.

**Figure 1**  
**Central Bank Daily Survey on Market Expectations**  
**Evolution of Median Expectations for Inflation**



**Figure 2**  
**Dispersion of Inflation Forecasts for 2000**



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