

August 24, 2001

The median of market expectations for the Consumer Price Index – IPCA increased to 6.32% from 6.30% for the year 2001 and remained unchanged at 4.50% for 2002, as tracked by Banco Central do Brasil daily survey. Forecasts for the IPC-Fipe rose to 6.30% from 6.20% for 2001 and remained stable at 4.40% for the year 2002. Projections for the IGP-DI increased to 9.04% from 9.00% for the year 2001 and remained constant at 5.50% for 2002. The median of market expectations for the GDP growth declined to 1.85% from 2.20% for the year 2001 and to 2.90% from 3.00% for 2002.

The median of market expectations for the trade balance is still a deficit of US\$1.00 billion for 2001, with the trade balance surplus for the year 2002 being revised to US\$0.90 billion from US\$0.60 billion. Expectations for the current account deficit remained stable at US\$27.00 billion for the year 2001 and declined to US\$25.60 billion from US\$26.00 billion for the next year. Median of market expectations for the Over-Selic rose to 18.50% p.a. from 18.25% p.a. for 2001 and to 16.00% p.a. from 15.50% p.a. for the year 2002. Forecasts for the exchange rate increased to R\$/US\$2.41 from R\$/US\$2.40 for 2001 and to R\$/US\$2.55 from R\$/US\$2.53 for the year 2002. On the fiscal front, the median of expectations for the primary surplus remained unchanged at 3.35% of the GDP for the year 2001 and at 3.50% of the GDP for 2002. Expectations for other economic indicators, along with median forecasts 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

PRICE INDICES

(% change)	August		September	
	As of August 17	As of today	As of August 17	As of today
IGP-DI	0.84	1.00	0.50	0.50
IGP-M	1.10	1.26	0.50	0.55
IPC-Fipe	1.02	1.10	0.40	0.40
INPC	0.65	0.65	0.38	0.40
IPCA	0.70	0.70	0.40	0.40
	2001		2002	
IGP-DI	9.00	9.04	5.50	5.50
IGP-M	8.70	8.97	5.50	5.50
IPC-Fipe	6.20	6.30	4.40	4.40
INPC	6.90	6.90	4.50	4.50
IPCA	6.30	6.32	4.50	4.50

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of August 17	As of today	As of August 17	As of today
GDP growth (%)	2.20	1.85	3.00	2.90
Trade Balance (US\$ billion)	-1.00	-1.00	0.60	0.90
Current Account (US\$ billion)	-27.00	-27.00	-26.00	-25.60
Fiscal Figures (% of GDP)				
- Primary Balance	3.35	3.35	3.50	3.50
- Nominal Balance	-6.20	-6.45	-4.25	-4.22
Exchange Rate End of period (R\$/US\$)	2.40	2.41	2.53	2.55
Over-Selic End of period (% p.a.)	18.25	18.50	15.50	16.00

Table 2

Market Readout

*Banco Central do Brasil Daily Survey on Market Expectations - Median
Top 5 – Short Run Forecasters*

(% change)	August		September	
	As of August 17	As of today	As of August 17	As of today
IGP-DI	0.90	1.00	0.43	0.43
IGP-M	1.30	1.35	0.50	0.55
IPC-Fipe	1.23	1.20	0.30	0.30
IPCA	0.70	0.70	0.37	0.37

	2001		2002	
IGP-DI	9.00	9.30	5.50	5.50
IGP-M	8.90	9.02	5.50	5.50
IPC-Fipe	6.00	6.00	4.50	4.55
IPCA	6.50	6.50	4.50	4.50

Table 3

Market Readout

*Banco Central do Brasil Daily Survey on Market Expectations - Median
Top 5 – Medium Run Model Forecasters*

(% change)	August		September	
	As of August 17	As of today	As of August 17	As of today
IGP-DI	0.76	1.08	0.50	0.50
IGP-M	1.00	1.20	0.55	0.55
IPC-Fipe	1.18	1.14	0.40	0.40
IPCA	0.65	0.65	0.38	0.40

	2001		2002	
IGP-DI	9.30	9.29	5.50	5.26
IGP-M	8.97	8.97	6.50	6.50
IPC-Fipe	6.60	6.36	4.63	4.50
IPCA	6.37	6.30	4.55	4.50

Figure 1
Evolution of Median Expectations for Inflation
 Banco Central do Brasil Daily Survey on Market Expectations

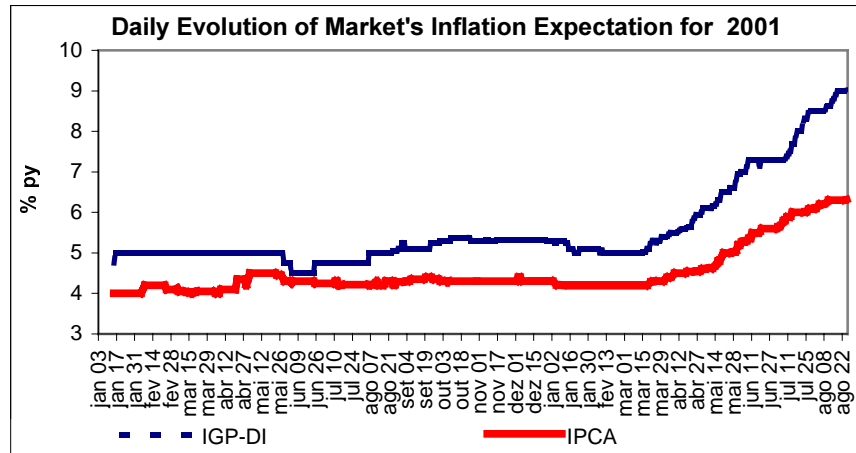


Figure 2
Dispersion of Inflation Forecasts for 2001
 Banco Central do Brasil Daily Survey on Market Expectations

