

September 21, 2001

The median of market expectations for the GDP growth remained unchanged at 1.70% for the year 2001 and declined to 2.65% from 2.93% for 2002, as tracked by Banco Central do Brasil daily survey. Expectations for the Consumer Price Index – IPCA rose to 6.50% from 6.48% for the year 2001 and to 4.65% from 4.50% for 2002. Forecasts for the IPC-Fipe reached 6.50% from 6.47% for 2001 and remained constant at 4.50% for the year 2002. Projections for the IGP-DI elevated to 9.30% from 9.29% for the year 2001 and declined to 5.69% from 5.73% for the next year.

The median of market expectations for the trade balance deficit reduced to US\$0.20 billion from US\$0.30 billion for 2001, while the trade balance surplus increased to US\$1.12 billion from US\$1.03 billion for next year. Expectations for the current account deficit remained stable at US\$26.50 billion and at US\$25.50 billion for the year 2001 and for the year 2002 respectively. The median of market expectations for the Over-Selic remained unchanged at 18.50% p.a. for the year 2001 and increased to 16.50% p.a. from 16.00% p.a. for 2002. Forecasts for the exchange rate reached R\$/US\$2.60 from R\$/US\$2.50 for 2001 and rose to R\$/US\$2.70 from R\$/US\$2.60 for the year 2002. On the fiscal front, the median of expectations for the primary surplus remained constant at 3.35% of the GDP for the year 2001 and at 3.50% of the GDP for the year 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)	September		October	
	As of September 14	As of today	As of September 14	As of today
IGP-DI	0.50	0.50	0.45	0.45
IGP-M	0.50	0.46	0.46	0.50
IPC-Fipe	0.40	0.40	0.35	0.40
INPC	0.40	0.40	0.38	0.38
IPCA	0.40	0.40	0.35	0.39
	2001		2002	
IGP-DI	9.29	9.30	5.73	5.69
IGP-M	9.18	9.30	6.00	6.00
IPC-Fipe	6.47	6.50	4.50	4.50
INPC	7.15	7.27	4.55	4.58
IPCA	6.48	6.50	4.50	4.65

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of September 14	As of today	As of September 14	As of today
GDP growth (%)	1.70	1.70	2.93	2.65
Trade Balance (US\$ billion)	-0.30	-0.20	1.03	1.12
Current Account (US\$ billion)	-26.50	-26.50	-25.50	-25.50
Fiscal Figures (% of GDP)				
- Primary Balance	3.35	3.35	3.50	3.50
- Nominal Balance	-6.50	-6.95	4.50	4.60
Exchange Rate End of period (R\$/US\$)	2.50	2.60	2.60	2.70
Over-Selic End of period (% p.a.)	18.50	18.50	16.00	16.50

Table 2

Market Readout

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

(% change)	September		October	
	As of September 14	As of today	As of September 14	As of today
IGP-DI	0.40	0.40	0.40	0.40
IGP-M	0.50	0.35	0.48	0.55
IPC-Fipe	0.35	0.35	0.24	0.24
IPCA	0.36	0.36	0.32	0.37
	2001		2002	
IGP-DI	9.20	9.30	6.00	6.00
IGP-M	9.25	9.30	5.70	5.60
IPC-Fipe	6.20	6.20	4.46	4.46
IPCA	6.65	6.65	4.60	4.60

Table 3

Market Readout

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

(% change)	September		October	
	As of September 14	As of today	As of September 14	As of today
IGP-DI	0.51	0.49	0.45	0.45
IGP-M	0.52	0.46	0.48	0.51
IPC-Fipe	0.50	0.33	0.40	0.24
IPCA	0.43	0.40	0.35	0.39
	2001		2002	
IGP-DI	9.10	9.33	5.76	5.50
IGP-M	9.10	9.30	6.00	6.00
IPC-Fipe	6.50	6.15	4.50	4.50
IPCA	6.43	6.69	5.01	5.01

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

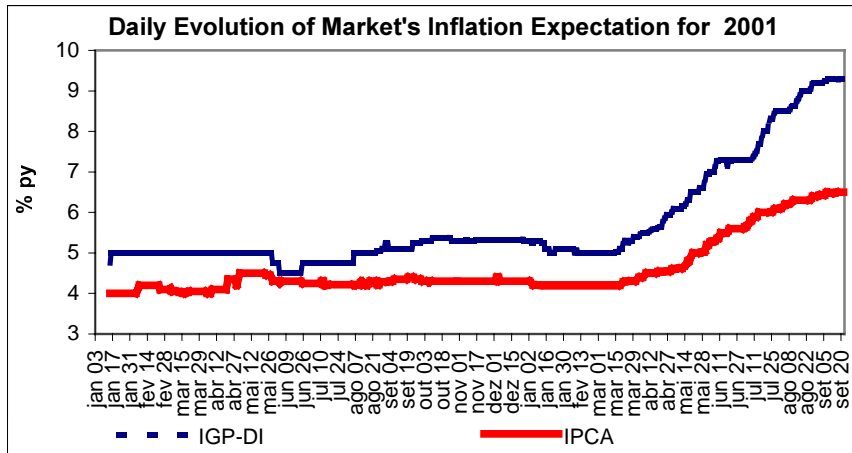


Figure 2
Dispersion of Inflation Forecasts for 2001
 Banco Central do Brasil Daily Survey on Market Expectations

