

October 11, 2001

The median of market expectations for the trade balance surplus increased to US\$1.00 billion from US\$0.87 billion for 2001, while for the next year, the trade balance surplus increased to US\$4.00 billion from US\$2.80 billion, as tracked by Banco Central do Brasil daily survey.

Expectations for the current account deficit declined to US\$25.00 billion from US\$25.50 billion for the year 2001 and to US\$21.70 billion from US\$23.00 billion for the year 2002.

Expectations for the GDP growth augmented to 1.63% from 1.60% for the year 2001 and decreased to 2.25% from 2.46% for 2002. Expectations for the Consumer Price Index – IPCA remained constant at 6.60% for the year 2001 and increased to 5.00% from 4.89% for 2002. Forecasts for the IPC-Fipe remained stable at 6.50% for the year 2001 and rose to 4.80% from 4.57% for the year 2002. Projections for the IGP-DI reached 9.37% from 9.33% for the year 2001 and 6.43% from 6.00% for the next year.

The median of market expectations for the Over-Selic remained unchanged at 19.00% p.a. for the year 2001 and rose to 17.00% p.a. from 16.50% p.a. for 2002. Forecasts for the exchange rate increased to R\$/US\$2.80 from R\$/US\$2.75 for 2001 and to R\$/US\$2.86 from R\$/US\$2.80 for the year 2002. On the fiscal front, the median of expectations for the primary surplus remained stable at 3.40% 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)	October		November	
	As of October 5	As of today	As of October 5	As of today
IGP-DI	0.50	0.55	0.45	0.45
IGP-M	0.50	0.55	0.43	0.45
IPC-Fipe	0.39	0.39	0.30	0.30
INPC	0.40	0.45	0.40	0.40
IPCA	0.40	0.40	0.37	0.40
	2001		2002	
IGP-DI	9.33	9.37	6.00	6.43
IGP-M	9.30	9.30	6.14	6.50
IPC-Fipe	6.50	6.50	4.57	4.80
INPC	7.40	7.49	5.00	5.00
IPCA	6.60	6.60	4.89	5.00

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of October 5	As of today	As of October 5	As of today
GDP growth (%)	1.60	1.63	2.46	2.25
Trade Balance (US\$ billion)	0.87	1.00	2.80	4.00
Current Account (US\$ billion)	-25.50	-25.00	-23.00	-21.70
Fiscal Figures (% of GDP)				
- Primary Balance	3.40	3.40	3.50	3.50
- Nominal Balance (including exchange rate effect on debt)	-7.50	-7.77	-4.71	-4.90
Exchange Rate End of period (R\$/US\$)	2.75	2.80	2.80	2.86
Over-Selic End of period (% p.a.)	19.00	19.00	16.50	17.00

Table 2

Market Readout

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

(% change)	October		November	
	As of October 5	As of today	As of October 5	As of today
IGP-DI	0.50	0.70	0.45	0.40
IGP-M	0.45	0.55	0.45	0.48
IPC-Fipe	0.30	0.30	0.20	0.20
IPCA	0.42	0.44	0.33	0.45
	2001		2002	
IGP-DI	9.30	9.40	6.80	6.80
IGP-M	9.10	9.29	6.25	6.25
IPC-Fipe	6.30	6.40	4.77	4.79
IPCA	6.70	6.70	5.60	5.60

Table 3

Market Readout

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

(% change)	October		November	
	As of October 5	As of today	As of October 5	As of today
IGP-DI	0.43	0.50	0.45	0.41
IGP-M	0.48	0.50	0.45	0.50
IPC-Fipe	0.30	0.25	0.21	0.20
IPCA	0.39	0.38	0.40	0.40
	2001		2002	
IGP-DI	9.33	9.33	6.50	6.50
IGP-M	9.22	9.35	6.49	6.49
IPC-Fipe	6.35	6.40	4.54	4.57
IPCA	6.69	6.69	5.48	5.48

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

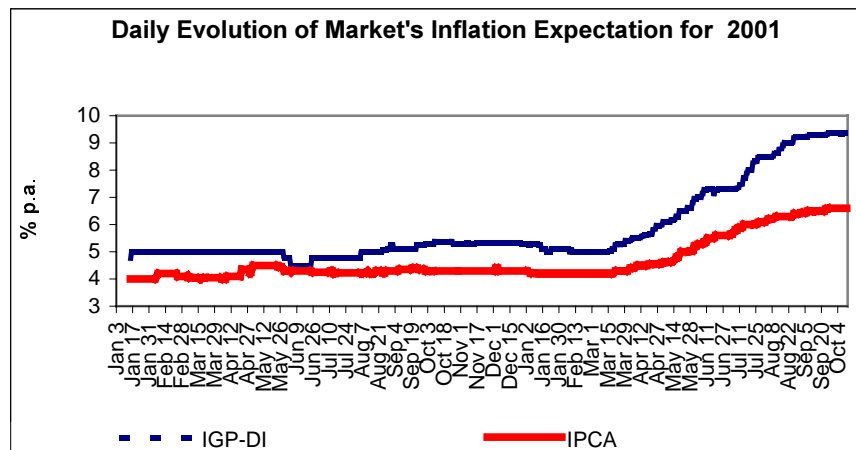


Figure 2
Dispersion of Inflation Forecasts for 2001
 Banco Central do Brasil Daily Survey on Market Expectations

