

November 9th, 2001

On November 5th, a new system for collecting market expectations on the evolution of key macroeconomic variables was implemented. Institutions participating in the survey are now required to directly enter their projections on our [website](#). From November 12th on, the former system, which was based on Excel spreadsheets periodically sent to the Central Bank, will be totally disabled. On November 9th, the median expectation for the trade balance surplus improved to US\$1.4 billion for 2001 from US\$ 1.2 billion on the previous week and remained at US\$4.5 billion for 2002, as tracked by Banco Central do Brasil daily survey. Forecasts for the current account deficit remained constant at US\$ 24.5 billion for the year 2001 and dropped to US\$ 20.65 billion from US\$20.79 billion for the year 2002.

The median of market expectations for the Consumer Price Index - IPCA for 2001 increased to 6.80% from 6.67% and to 5.11% from 5.04% for 2002. Expectations for the IGP-DI rose to 10.1% from 9.91% for the year 2001 and to 6.97% from 6.58% for next year. Forecasts for the IPC-Fipe increased to 6.93% from 6.61% for the year 2001 and to 5.2% from 5% for the year 2002. Projections for the GDP growth remained unchanged at 1.7% for the year 2001 and 2% for 2002.

The median of market expectations for the Over-Selic rate remained stable at 19% p.a. and at 17% p.a. for the year 2001 and 2002, respectively. Forecasts for the exchange rate declined to R\$/US\$2.75 from R\$/US\$2.79 for 2001 and to R\$/US\$2.85 from R\$/US\$2.86 for the year 2002. On the fiscal front, the median of market expectations for the primary surplus remained unchanged 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 projections 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)	November		December	
	As of November 1	As of today	As of November 1	As of today
IGP-DI	0.50	0.55	0.45	0.46
IGP-M	0.50	0.67	0.42	0.50
IPC-Fipe	0.31	0.40	0.30	0.30
INPC	0.45	0.49	0.32	0.30
IPCA	0.40	0.45	0.31	0.33

	2001		2002	
IGP-DI	9.91	10.10	6.58	6.97
IGP-M	9.90	10.19	6.74	6.98
IPC-Fipe	6.61	6.93	5.00	5.20
INPC	7.59	7.83	5.30	5.30
IPCA	6.67	6.80	5.04	5.11

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of November 1	As of today	As of November 1	As of today
GDP growth (%)	1.70	1.70	2.00	2.00
Trade Balance (US\$ billion)	1.20	1.40	4.50	4.50
Current Account (US\$ billion)	-24.50	-24.50	-20.79	-20.65
Fiscal Figures (% of GDP)				
- Primary Balance	3.40	3.40	3.50	3.50
- Nominal Balance (including exchange rate effect on debt)	-7.74	-7.90	-4.90	-4.90
Exchange Rate End of period (R\$/US\$)	2.79	2.75	2.86	2.85
Over-Selic End of period (% p.a.)	19.00	19.00	17.00	17.00

Table 2

Market Readout

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

	November		December	
(% change)	As of November 1	As of today	As of November 1	As of today
IGP-DI	0.50	0.55	0.44	0.49
IGP-M	0.57	0.75	0.41	0.43
IPC-Fipe	0.21	0.36	0.29	0.27
IPCA	0.45	0.50	0.38	0.35
	2001		2002	
IGP-DI	10.14	10.42	6.80	7.17
IGP-M	9.94	10.24	7.00	7.50
IPC-Fipe	6.55	6.78	4.55	4.75
IPCA	6.70	6.92	5.60	5.65

Table 3

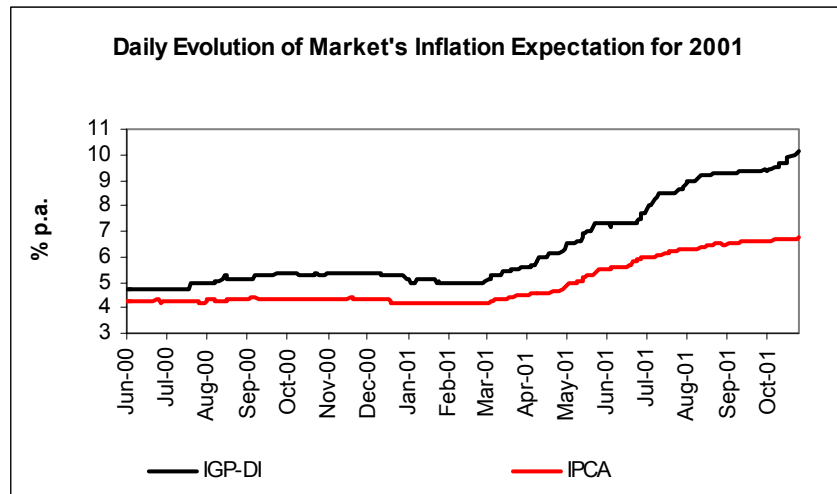
Market Readout

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

	November		December	
(% change)	As of November 1	As of today	As of November 1	As of today
IGP-DI	0.53	0.55	0.50	0.60
IGP-M	0.50	0.80	0.45	0.70
IPC-Fipe	0.35	0.35	0.35	0.30
IPCA	0.30	0.60	0.31	0.30

	2001		2002	
IGP-DI	10.35	10.58	6.75	7.00
IGP-M	10.00	10.60	6.60	8.02
IPC-Fipe	6.70	6.90	4.80	5.33
IPCA	6.60	6.99	5.50	5.60

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



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

