

November 16th, 2001

Banco Central do Brasil is pleased to announce the Top 5 forecasters for the October 2001 inflation (IPCA, IGP-M and IGP-DI), and the exchange and interest (Over-Selic) rates. From now on, Banco Central do Brasil will be releasing the Top 5 forecasters for the IGP-M inflation. The days chosen as critical for computing the Top 5-Medium Run Model forecasters of the IGP-M are those immediately prior to the release of the 1st ten-day preview of that index. The next computation of Top 5 forecasters, referring to November results, will take into account only institutions that have informed their monthly expectations for at least 3 months and annual expectations for at least 1 year, on the dates considered for the calculation of the Top 5 beginning on November 19th, 2001. For a reference on the methodology used for computing Top 5 forecasters, please refer to the Focus Report dated August 13th, 2001, available at Banco Central do Brasil's [website](#).

Table 1
Top 5 - Short Run Forecasters in October

Rank	IGP-DI	IGP-M	IPCA
1	Boreal	Depec - BCB	Pactual
2	Pactual	MCM Consultores	Safra
3	BIC Banco	Modal	BBA - Creditanstalt
4	Tendências	Boreal	Citibank
5	BBA - Creditanstalt	Safra	Banco BNL do Brasil

Table 2
Top 5 - Medium Run Model Forecasters in October

Rank	IGP-DI	IGP-M	IPCA	Exchange Rate	Interest Rate
1	BNP Paribas	BNP Paribas	Bank of America Liberal AM	LCA	Banco Sogeral; MCM Consultores
2	Tendências	LCA; Tendências	Citibank	Rosenberg Consultoria	
3	Banco Alfa de Investimentos		MCM Consultores	BMC	BMC
4	LCA	BBV	Banif Primus A. Management	Citibank	Banco do Brasil
5	BMC	Sumitomo	Fator Doria (Corretora)	Banco Cruzeiro do Sul	Banco HSBC Brain (AM)

On November 16th, the median expectation for the trade balance surplus improved to US\$1.5 billion for 2001 from US\$ 1.4 billion on the previous week and to US\$4.9 billion from US\$4.5 billion for 2002, as tracked by Banco Central do Brasil daily survey. Forecasts for the current account deficit dropped to US\$ 24.27 billion from US\$24.5 billion for the year 2001 and to US\$ 20.50 billion from US\$20.65 billion for the year 2002.

The median of market expectations for the Consumer Price Index - IPCA for 2001 increased to 7.14% from 6.80% and remained unchanged at 5.11% for 2002. Expectations for the IGP-M rose to 10.41% from 10.19% for the year 2001 and to 7% from 6.98% for next year. Forecasts for the IPC-

Fipe augmented to 7.04% from 6.93% for the year 2001 and remained at 5.2% for the year 2002. Projections for the GDP growth remained constant 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\$2.70 from R\$/US\$2.75 for 2001 and to R\$/US\$2.80 from R\$/US\$2.85 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 3
Market Readout**

Banco Central do Brasil Daily Survey on Market Expectations - Median

PRICE INDICES

(% change)	November		December	
	As of November 9	As of today	As of November 9	As of today
IGP-DI	0.55	0.70	0.46	0.46
IGP-M	0.67	0.90	0.50	0.45
IPC-Fipe	0.40	0.54	0.30	0.30
INPC	0.49	0.60	0.30	0.30
IPCA	0.45	0.56	0.33	0.30
	2001		2002	
IGP-DI	10.10	10.55	6.97	7.00
IGP-M	10.19	10.41	6.98	7.00
IPC-Fipe	6.93	7.04	5.20	5.20
INPC	7.83	8.18	5.30	5.30
IPCA	6.80	7.14	5.11	5.11

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of November 9	As of today	As of November 9	As of today
GDP growth (%)	1.70	1.70	2.00	2.00
Trade Balance (US\$ billion)	1.40	1.50	4.50	4.90
Current Account (US\$ billion)	-24.50	-24.27	-20.65	-20.50
FDI (US billion)	18.60	18.60	15.00	15.00
Fiscal Figures (% of GDP)				
- Primary Balance	3.40	3.40	3.50	3.50
- Nominal Balance (harmonized)	-3.50	-3.20	-3.50	-3.50
Exchange Rate End of period (R\$/US\$)	2.75	2.70	2.85	2.80
Over-Selic End of period (% p.a.)	19.00	19.00	17.00	17.00

Table 4
Market Readout

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

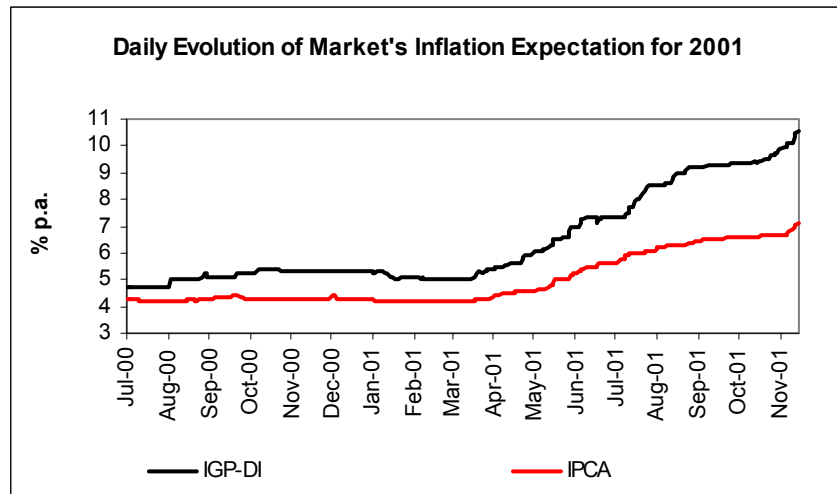
	November		December	
(% change)	As of November 9	As of today	As of November 9	As of today
IGP-DI	0.55	0.70	0.49	0.50
IGP-M	0.75	0.90	0.43	0.45
IPC-Fipe	0.36	0.41	0.27	0.31
IPCA	0.50	0.55	0.35	0.33
	2001		2002	
IGP-DI	10.42	10.52	7.17	6.60
IGP-M	10.24	10.41	7.50	7.50
IPC-Fipe	6.78	6.81	4.75	4.75
IPCA	6.92	7.10	5.65	5.65

Table 5
Market Readout

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

	November		December	
(% change)	As of November 9	As of today	As of November 9	As of today
IGP-DI	0.55	0.70	0.60	0.50
IGP-M	0.80	0.90	0.70	0.50
IPC-Fipe	0.35	0.58	0.30	0.28
IPCA	0.60	0.60	0.30	0.30
	2001		2002	
IGP-DI	10.58	10.74	7.00	6.59
IGP-M	10.60	10.46	8.02	8.02
IPC-Fipe	6.90	7.12	5.53	5.52
IPCA	6.99	7.09	5.60	5.59

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

