

December 7th, 2001

On December 7th, the median market expectation for the trade balance surplus improved to US\$1.7 billion for 2001 from US\$ 1.6 billion on the previous week and to US\$4.8 billion from US\$4.75 billion for 2002, as tracked by Banco Central do Brasil daily survey. Forecasts for the current account deficit remained at US\$ 24 billion for the year 2001 and dropped to US\$ 20.18 billion from US\$20.4 billion for the year 2002.

The median of market expectations for the Consumer Price Index - IPCA for 2001 increased to 7.34% from 7.29% and to 5.20% from 5.09% for 2002. Expectations for the IGP-M remained at 10.68% for the year 2001 and increased to 7.05% from 7% for next year. Forecasts for the IPC-Fipe augmented to 7.18% from 7.17% for the year 2001 and to 5.23% from 5.2% for the year 2002. Projections for the GDP growth remained constant at 1.7% for the year 2001 and elevated to 2.11% from 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 years 2001 and 2002, respectively. Forecasts for the exchange rate remained at R\$/US\$2.60 for 2001 and dropped to R\$/US\$2.70 from R\$/US\$2.75 for the year 2002. On the fiscal front, the median of market expectations for the primary surplus increased to 3.44% from 3.40% of the GDP for the year 2001 and remained unchanged 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 30	As of today	As of November 30	As of today
IGP-DI	0.80	0.82	0.50	0.50
IGP-M	1.10	-	0.50	0.50
INPC	0.75	0.75	0.33	0.33
IPCA	0.70	0.70	0.32	0.35
IPC-FIPE	0.60	-	0.30	0.30
	2001		2002	
IGP-DI	10.80	10.80	7.00	7.00
IGP-M	10.68	10.68	7.00	7.05
INPC	8.38	8.44	5.31	5.30
IPCA	7.29	7.34	5.09	5.20
IPC-FIPE	7.17	7.18	5.20	5.23

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of November 30	As of today	As of November 30	As of today
GDP growth (%)	1.70	1.70	2.00	2.11
Trade Balance (US\$ billion)	1.60	1.70	4.75	4.80
Current Account (US\$ billion)	-24.00	-24.00	-20.40	-20.18
FDI (US\$ billion)	19.00	19.00	15.00	15.00
Fiscal Figures (% of GDP)				
Primary Balance	3.40	3.44	3.50	3.50
Nominal Balance (harmonized)	-3.20	-3.20	-3.47	-3.47
Exchange Rate End of period (R\$/US\$)				
	2.60	2.60	2.75	2.70
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*

(% change)	November		December	
	As of November 30	As of today	As of November 30	As of today
IGP-DI	0.75	0.80	0.40	0.48
IGP-M	1.10	-	0.50	0.53
IPC-FIPE	0.55	-	0.33	0.38
IPCA	0.70	0.72	0.40	0.40
2001				
IGP-DI	10.63	10.69	6.60	6.60
IGP-M	10.68	10.71	7.50	6.70
IPC-FIPE	7.11	7.23	5.19	5.48
IPCA	7.45	7.48	5.50	5.50

Table 3
Market Readout

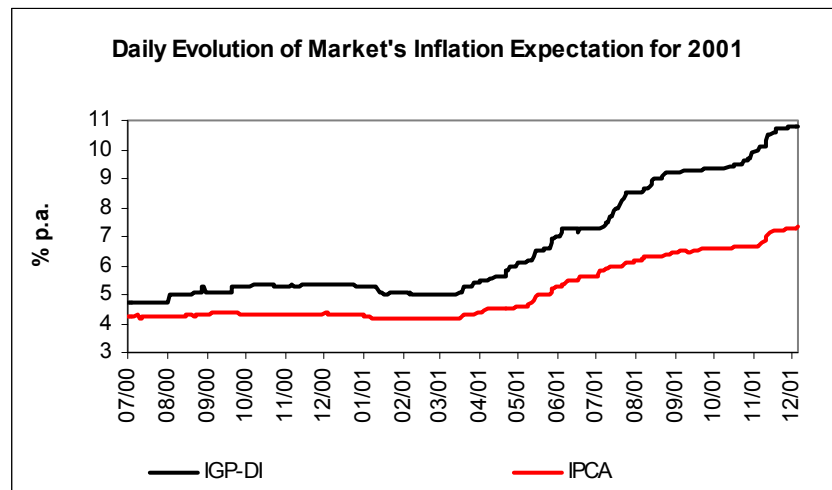
Banco Central do Brasil Daily Survey on Market Expectations - Median Top 5 – Medium Run Model Forecasters

(% change)	November		December	
	As of November 30	As of today	As of November 30	As of today
IGP-DI	0.75	0.85	0.45	0.48
IGP-M	1.10	-	0.50	0.50
IPC-FIPE	0.60	-	0.31	0.31
IPCA	0.70	0.69	0.35	0.35
	2001		2002	
IGP-DI	10.69	10.74	6.90	6.80
IGP-M	10.63	10.68	7.30	7.30
IPC-FIPE	7.17	7.17	5.52	5.52
IPCA	7.29	7.29	5.59	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

