

December 21st, 2001

Banco Central do Brasil announces the Top 5 forecasters for the November 2001 inflation (IPCA, IGP-M and IGP-DI), and the exchange and interest (Over-Selic) rates.

Table 1
Top 5 - Short Run Forecasters in November

Ranking	IPCA	IGP-M	IGP-DI
1st	Citibank	MCM Consultores	BIC Banco
2nd	Banco BNL do Brasil	Modal	Boreal
3rd	Safra	Unibanco	PEBB Corretora de Valores
4th	Banco Votorantim	ABN-Amro	Banco Votorantim
5th	Bradesco	Banco Itaú - AMC	Unibanco

Table 2
Top 5 - Medium Run Forecasters in November

Ranking	IPCA	IGP-M	IGP-DI	Exchange Rate	Interest Rate
1st	LCA	BNP Paribas	BNP Paribas	Citibank	Banco do Brasil
2nd	Banco Cruzeiro do Sul	LCA	LCA	BMC	Banco BNL do Brasil
3rd	Bradesco	BBV	Rosenberg Consultoria	Banco Alfa de Investimentos	BMC, MCM Consultores
4th	BBM	Rosenberg Consultoria	Banco Cruzeiro do Sul	Rosenberg Consultoria	
5th	GM	Inter Amex	BIC Banco	JP Morgan	BBV

On December 21st, the median market expectation for the Consumer Price Index - IPCA for 2001 increased to 7.40% from 7.35% on the previous week and reduced to 5.00% from 5.03% for 2002, as tracked by Banco Central do Brasil daily survey. Expectations for the IGP-M fell to 10.54% from 10.63% for the year 2001 and to 6.67% from 7.00% for next year. Forecasts for the IPC-Fipe reduced to 7.13% from 7.18% for the year 2001 and declined to 4.97% from 5.00% for the year 2002.

The median of market expectations for the trade balance surplus improved to US\$ 1.9 billion from US\$1.8 billion for 2001 and remained stable at US\$ 5.0 billion for 2002. Forecasts for the current account deficit reduced to US\$ 23.7 billion from US\$ 23.8 billion for the year 2001 and to US\$ 20 billion from 20.16 billion for the year 2002. Expectations for the GDP growth elevated to 1.78% from 1.71% for the year 2001 and to 2.35% from 2.20% 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 reduced to R\$/US\$

2.40 from R\$/US\$2.50 for end-2001 and to R\$/US\$ 2.64 from R\$/US\$2.70 for end-2002. On the fiscal front, the median of market expectations for the primary surplus remained unchanged at 3.50% of the GDP for the years 2001 and 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)	December		January	
	As of December 14	As of today	As of December 14	As of today
IGP-DI	0.50	0.40	0.45	0.41
IGP-M	0.47	0.40	0.43	0.40
INPC	0.38	0.35	0.45	0.45
IPCA	0.35	0.36	0.45	0.40
IPC-FIPE	0.30	0.28	0.38	0.35
	2001		2002	
IGP-DI	10.78	10.64	7.00	6.80
IGP-M	10.63	10.54	7.00	6.67
INPC	8.71	8.96	5.30	5.30
IPCA	7.35	7.40	5.03	5.00
IPC-FIPE	7.18	7.13	5.00	4.97

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of December 14	As of today	As of December 14	As of today
GDP growth (%)	1.71	1.78	2.20	2.35
Trade Balance (US\$ billion)	1.80	1.90	5.00	5.00
Current Account (US\$ billion)	-23.80	-23.70	-20.16	-20.00
FDI (US\$ billion)	19.00	19.50	15.10	16.00
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.50	3.50	3.50
Nominal Balance (harmonized)	-3.13	-3.10	-3.30	-3.30
Exchange Rate End of period (R\$/US\$)	2.50	2.40	2.70	2.64
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*

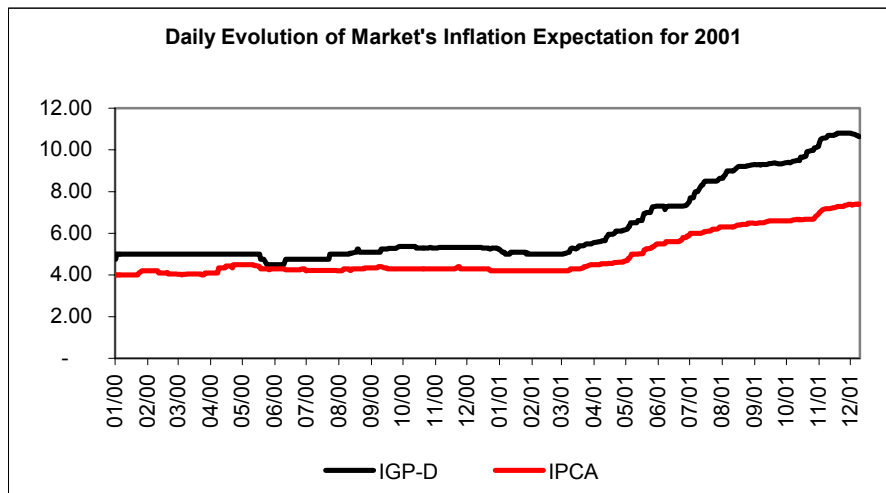
(% change)	December		January	
	As of December 14	As of today	As of December 14	As of today
IGP-DI	0.40	0.35	0.40	0.20
IGP-M	0.40	0.35	0.35	0.50
IPC-FIPE	0.35	0.35	0.42	0.40
IPCA	0.40	0.27	0.40	0.31
	2001		2002	
IGP-DI	10.64	10.59	6.60	6.10
IGP-M	10.57	10.52	5.90	6.80
IPC-FIPE	7.23	7.23	5.19	5.25
IPCA	7.41	7.27	5.31	4.88

Table 5
Market Readout

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

(% change)	December		January	
	As of December 14	As of today	As of December 14	As of today
IGP-DI	0.45	0.32	0.45	0.35
IGP-M	0.50	0.35	0.60	0.40
IPC-FIPE	0.34	0.30	0.40	0.40
IPCA	0.35	0.33	0.50	0.31
	2001		2002	
IGP-DI	10.74	10.56	6.80	6.17
IGP-M	10.57	10.52	7.30	7.60
IPC-FIPE	7.22	7.18	5.52	5.48
IPCA	7.30	7.34	5.59	4.70

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

