

**January 4<sup>th</sup>, 2002**

*The median of market expectations for the Consumer Price Index - IPCA remained stable at 7.40% for the year 2001 and declined to 4.70% from 4.80% for the year 2002, as tracked by Banco Central do Brasil daily survey.* Expectations for the IGP-DI fell to 10.57% from 10.59% for the year 2001 and to 6.00% from 6.60% for the next year.

The median of market expectations for the trade balance surplus remained unchanged at US\$5.00 billion for 2002 and at US\$ 6.0 billion for 2003. Forecasts for the current account deficit reduced to US\$23.45 billion from US\$23.50 billion for the year 2001 and remained constant at US\$20 billion for the year 2002. Expectations for the GDP growth remained stable at 1.80% for the year 2001 and at 2.40% for 2002.

The median of market expectations for the Over-Selic rate remained stable at 17% p.a. for the year 2002 and at 14% for the year 2003. Forecasts for the exchange rate remained unchanged at R\$/US\$2.60 for end-2002 and at R\$/US\$2.70 for end-2003. 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 1**  
**Market Readout**  
*Banco Central do Brasil Daily Survey on Market Expectations - Median*  
**PRICE INDICES (% Variation)**

(% change)	December 2001		January 2002	
	As of December 28	As of today	As of December 28	As of today
IGP-DI	0.35	0.32	0.38	0.19
IGP-M	-	-	0.30	0.10
INPC	0.44	0.50	0.40	0.40
IPCA	0.39	0.39	0.30	0.20
IPC-FIPE	0.21	0.21	0.24	0.19
	2001		2002	
IGP-DI	10.59	10.57	6.60	6.00
IGP-M	-	-	6.40	6.10
INPC	9.07	9.10	5.17	5.00
IPCA	7.40	7.40	4.80	4.70
IPC-FIPE	7.08	7.08	4.62	4.55

**OTHER ECONOMIC INDICATORS- 2001/2002**

	2001		2002	
	As of December 28	As of today	As of December 28	As of today
GDP growth (%)	1.80	1.80	2.40	2.40
Current Account (US\$ billion)	-23.50	-23.45	-20.00	-20.00
FDI (US\$ billion)	19.80	19.95	16.00	16.00
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.50	3.50	3.50
Nominal Balance (harmonized)	-3.10	-3.10	-3.30	-3.30

**OTHER ECONOMIC INDICATORS – 2002/2003**

	2002		2003	
	As of December 28	As of today	As of December 28	As of today
Trade Balance (US\$ billion)	5.00	5.00	6.00	6.00
Exchange Rate End of period (R\$/US\$)	2.60	2.60	2.70	2.70
Over-Selic End of period (% p.a.)	17.00	17.00	14.00	14.00

**Table 2  
Market Readout**

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

(% change)	December 2001		January 2002	
	As of December 28	As of today	As of December 28	As of today
IGP-DI	0.20	0.20	-0.30	-0.40
IGP-M	-	-	0.45	0.10
IPC-FIPE	0.35	0.30	0.20	0.20
IPCA	0.27	0.35	0.28	0.28
	2001		2002	
IGP-DI	10.42	10.42	5.70	5.70
IGP-M	-	-	6.11	5.90
IPC-FIPE	7.23	7.18	5.20	5.20
IPCA	7.27	7.35	4.88	4.88

**Table 3**  
**Market Readout**

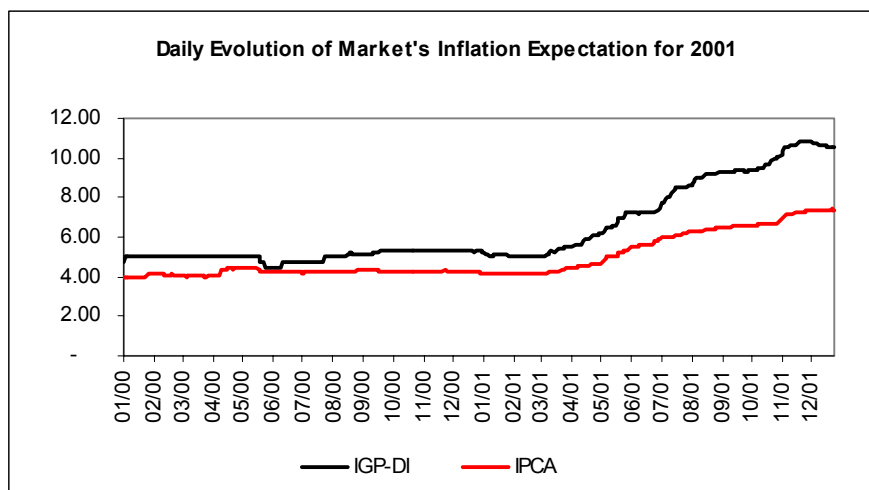
*Banco Central do Brasil Daily Survey on Market Expectations - Median  
Top 5 – Medium Run Model Forecasters*

(% change)	December 2001		January 2002	
	As of December 28	As of today	As of December 28	As of today
IGP-DI	0.25	0.13	0.20	0.05
IGP-M	-	-	0.40	0.30
IPC-FIPE	0.20	0.20	0.30	0.19
IPCA	0.33	0.29	0.20	0.20
	2001		2002	
IGP-DI	10.48	10.34	5.95	5.59
IGP-M	-	-	7.01	7.01
IPC-FIPE	7.07	7.07	5.22	4.83
IPCA	7.34	7.29	4.46	4.46

**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*

