

March 8th, 2002

The median of market expectations for the current account deficit decreased to US\$20.01 billion from US\$20.10 billion for 2002 and remained stable at US\$19.82 billion for 2003, as tracked by Banco Central do Brasil daily survey. The expectations for the Over-Selic rate reduced to 16.50% p.a. from 16.53% p.a. for the year 2002 and remained constant at 14.00% p.a. for 2003.

The forecasts for the IGP-DI decreased to 5.81% from 5.84% for 2002 and rose to 4.80% from 4.73% for 2003. The median for market expectations for the IPC-Fipe reduced to 4.83% from 4.85% for 2002 and remained constant at 4.00% for 2003. The forecasts for the Consumer Price Index–Extended - IPCA rose to 4.90% from 4.89% for 2002 and remained unchanged at 4.00% for 2003. The forecasts for the IGP-M increased to 5.80% from 5.78% for 2002 and to 4.68% from 4.60% for 2003. The projections for the INPC increased to 5.88% from 5.61% for 2002 and remained stable at 4.00% for 2003.

The median of market expectations for the GDP growth decreased to 2.40% from 2.44% for 2002 and remained stable at 3.50% for 2003.

The net flow of foreign direct investment remained unchanged at US\$17.00 billion for 2002 and decreased to US\$17.75 billion from US\$18.00 billion for 2003. The expectations for the trade balance surplus reduced to US\$4.50 billion from US\$4.55 billion for 2002 and to US\$5.35 billion from US\$5.60 billion for 2003. The median of forecasts for the exchange rate remained stable at R\$/US\$2.55 for 2002 and reduced to R\$/US\$2.68 from R\$/US\$2.70 for 2003.

On the fiscal front, the median of market expectations for the primary surplus remained stable at 3.50% of the GDP for 2002 and reduced to 3.00% from 3.05% of the GDP for 2003. The projections for the harmonized nominal deficit decreased to 3.49% from 3.50% of the GDP for 2002 and to 3.00% from 3.30% of the GDP for 2003.

Expectations for the surveyed economic indicators, along with median projections for the Top 5 forecasting institutions 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)	February		March	
	As of March 1	As of today	As of March 1	As of today
IGP-DI	0.13	-	0.30	0.35
IGP-M	-	-	0.30	0.30
INPC	0.35	0.35	0.30	0.33
IPCA	0.32	0.34	0.30	0.30
IPC-FIPE	0.22	-	0.20	0.20
	2002		2003	
IGP-DI	5.84	5.81	4.73	4.80
IGP-M	5.78	5.80	4.60	4.68
INPC	5.61	5.88	4.00	4.00
IPCA	4.89	4.90	4.00	4.00
IPC-FIPE	4.85	4.83	4.00	4.00

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of March 1	As of today	As of March 1	As of today
GDP growth (%)	2.44	2.40	3.50	3.50
Trade Balance (US\$ billion)	4.55	4.50	5.60	5.35
Current Account (US\$ billion)	-20.10	-20.01	-19.82	-19.82
FDI (US\$ billion)	17.00	17.00	18.00	17.75
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.50	3.05	3.00
Nominal Balance (harmonized)	-3.50	-3.49	-3.30	-3.00
Exchange Rate End of period (R\$/US\$)	2.55	2.55	2.70	2.68
Over-Selic End of period (% p.a.)	16.53	16.50	14.00	14.00

Table 2
Market Readout

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

	February		March	
(% change)	As of March 1	As of today	As of March 1	As of today
IGP-DI	0.05	-	0.28	0.30
IGP-M	-	-	0.24	0.24
IPCA	0.35	0.37	0.30	0.30
	2002		2003	
IGP-DI	5.28	5.42	4.41	4.41
IGP-M	5.26	5.26	5.35	5.35
IPCA	4.84	4.84	3.75	3.75

Table 3
Market Readout

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

	February		March	
(% change)	As of March 1	As of today	As of March 1	As of today
IGP-DI	0.10	-	0.30	0.30
IGP-M	-	-	0.35	0.35
IPCA	0.30	0.29	0.30	0.36
	2002		2003	
IGP-DI	6.33	6.33	4.71	4.71
IGP-M	5.54	5.54	4.00	4.00
IPCA	4.82	4.91	4.01	4.00

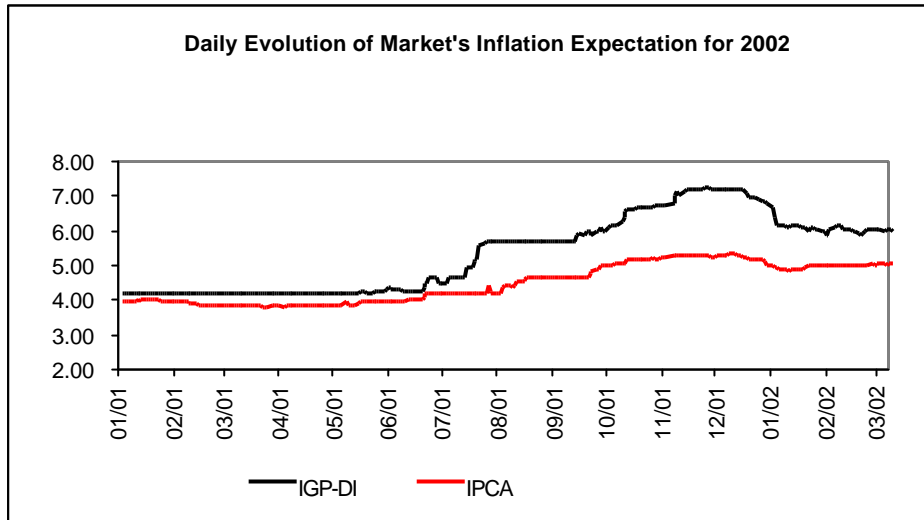
Table 4
Market Readout

*Banco Central do Brasil Daily Survey on Market Expectations - Median
Top 5 – Long Run Forecasting Institutions*

	February		March	
(% change)	As of March 1	As of today	As of March 1	As of today
IPCA	0.27	0.32	0.28	0.32
	2002		2003	
IPCA	4.98	5.06	4.25	4.75

Graph 1
Evolution of Median Expectations for Inflation

Banco Central do Brasil Daily Survey on Market Expectations



Graph 2
Dispersion of Inflation Forecasts for 2002

Banco Central do Brasil Daily Survey on Market Expectations

