

September 13, 2002

The median of market expectations for the current account deficit reduced to US\$17.30 billion from US\$18.00 billion for 2002 and to US\$15.90 billion from US\$17.00 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The forecasts for the trade balance surplus remained at US\$7.00 billion for 2002 and increased to US\$8.80 billion from US\$8.07 billion for 2003. The expectations for the net flow of foreign direct investment declined to US\$16.20 billion from US\$16.50 billion for 2002 and to US\$16.00 billion from US\$17.00 billion for 2003.

The expectations for the GDP growth declined to 1.43% from 1.49% for 2002 and remained at 3.00% for 2003.

The forecasts for the IPCA increased to 6.60% from 6.51% for 2002 and to 5.20% from 5.00% for 2003. The median of expectations for the INPC increased to 7.21% from 7.10% for 2002 and to 5.50% from 5.40% for 2003. The expectations for the IPC-Fipe increased to 4.93% from 4.90% for 2002 and remained stable at 4.50% for 2003. The median of expectations for the IGP-DI increased to 10.94% from 10.50% for 2002 and to 6.50% from 6.34% for 2003. The forecasts for the IGP-M increased to 11.04% from 10.51% for 2002 and to 6.50% from 6.20% for 2003.

The expectations for the Over-Selic rate remained at 17.00% p.a. for 2002 and at 15.00% p.a. for 2003. The median of forecasts for the exchange rate increased to R\$/US\$2.86 from R\$/US\$2.80 for 2002 and remained at R\$/US\$3.00 for 2003.

On the fiscal front, the median of expectations for the primary surplus remained at 3.75% of the GDP for 2002 and for 2003. The median of forecasts for the nominal harmonized deficit remained stable at 3.50% of the GDP for 2002 and declined to 3.08% from 3.20% 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-a
Market Readout**

Banco Central do Brasil Daily Survey on Market Expectations - Median

PRICE INDICES

(% change)	September		October	
	As of September 6	As of today	As of September 6	As of today
IGP-DI	0.81	0.95	0.50	0.51
IGP-M	1.00	1.22	0.55	0.60
INPC	0.43	0.45	0.38	0.40
IPCA	0.43	0.45	0.40	0.40
IPC-FIPE	0.54	0.60	0.41	0.45
	2002		2003	
IGP-DI	10.50	10.94	6.34	6.50
IGP-M	10.51	11.04	6.20	6.50
INPC	7.10	7.21	5.40	5.50
IPCA	6.51	6.60	5.00	5.20
IPC-FIPE	4.90	4.93	4.50	4.50

**Table 1-b
Market Readout**

Banco Central do Brasil Daily Survey on Market Expectations - Median

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of September 6	As of today	As of September 6	As of today
GDP growth (%)	1.49	1.43	3.00	3.00
Trade Balance (US\$ billion)	7.00	7.00	8.07	8.80
Current Account (US\$ billion)	-18.00	-17.30	-17.00	-15.90
FDI (US\$ billion)	16.50	16.20	17.00	16.00
Fiscal Figures (% of GDP)				
Primary Balance	3.75	3.75	3.75	3.75
Nominal Balance (harmonized)	-3.50	-3.50	-3.20	-3.08
Exchange Rate End of period (R\$/US\$)	2.80	2.86	3.00	3.00
Over-Selic End of period (% p.a.)	17.00	17.00	15.00	15.00

Table 2
Market Readout

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

	September		October	
(% change)	As of September 6	As of today	As of September 6	As of today
IGP-DI	0.93	1.18	0.61	0.61
IGP-M	1.18	1.18	0.60	0.60
IPCA	0.42	0.40	0.30	0.30
	2002		2003	
IGP-DI	11.01	11.50	6.50	6.50
IGP-M	11.25	11.25	6.20	6.20
IPCA	6.22	6.27	4.75	5.00

Table 3
Market Readout

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

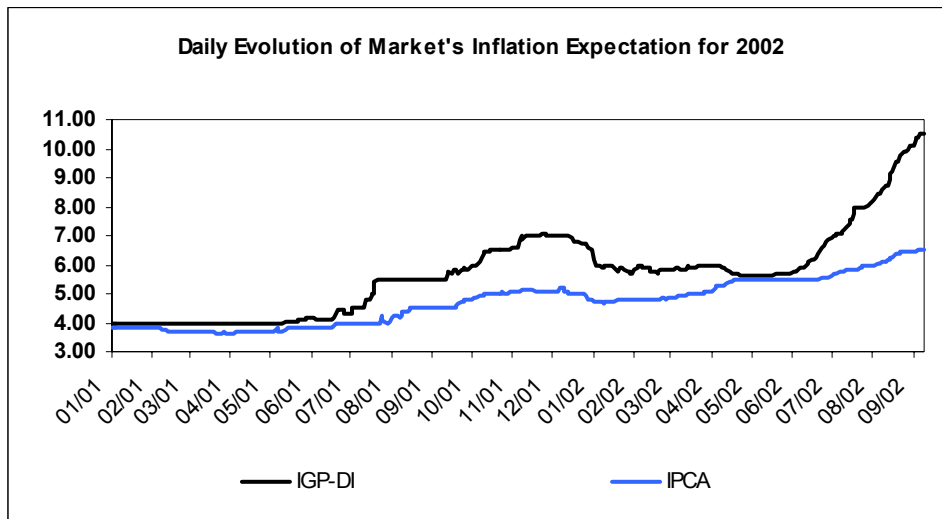
	September		October	
(% change)	As of September 6	As of today	As of September 6	As of today
IGP-DI	0.80	0.80	0.50	0.50
IGP-M	0.85	1.30	0.52	0.55
IPCA	0.50	0.47	0.40	0.43
	2002		2003	
IGP-DI	10.65	10.65	7.00	7.00
IGP-M	10.40	10.83	7.00	7.00
IPCA	6.73	6.53	5.00	5.00

Table 4
Market Readout

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

	September		October	
(% change)	As of September 6	As of today	As of September 6	As of today
IPCA	0.47	0.48	0.30	0.30
	2002		2003	
IPCA	6.48	6.59	5.60	5.60

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

