

**September 20, 2002**

*The median of market expectations for the current account deficit reduced to US\$ 16.70 billion from US\$17.30 billion for 2002 and to US\$15.00 billion from US\$15.90 billion for 2003, as tracked by Banco Central do Brasil daily survey.*

The forecasts for the trade balance surplus increased to US\$7.50 billion from US\$7.00 billion for 2002 and increased to US\$9.00 billion from US\$8.80 billion for 2003. The expectations for the net flow of foreign direct investment declined to US\$16.15 billion from US\$16.20 billion for 2002 and remained stable at US\$16.00 billion for 2003.

The expectations for the GDP growth declined to 1.40% from 1.43% for 2002 and to 2.80% from 3.00% for 2003.

The forecasts for the IPCA increased to 6.64% from 6.60% for 2002 and to 5.50% from 5.20% for 2003. The median of expectations for the INPC increased to 7.43% from 7.21% for 2002 and to 5.70% from 5.50% for 2003. The expectations for the IPC-Fipe increased to 5.00% from 4.93% for 2002 and remained stable at 4.50% for 2003. The median of expectations for the IGP-DI increased to 12.29% from 10.94% for 2002 and to 7.00% from 6.50% for 2003. The forecasts for the IGP-M increased to 11.99% from 11.04% for 2002 and to 7.00% from 6.50% 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\$2.90 from R\$/US\$2.86 for 2002 and remained at R\$/US\$3.00 for 2003.

On the fiscal front, the median of expectations for the primary surplus increased to 3.87% of the GDP from 3.75% of the GDP for 2002 and remained stable at 3.75% of the GDP for 2003. The median of forecasts for the nominal harmonized deficit remained stable at 3.50% of the GDP for 2002 and declined to 3.00% from 3.08% 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 13	As of today	As of September 13	As of today
IGP-DI	0,95	1,50	0,51	0,68
IGP-M	1,22	1,82	0,60	0,80
INPC	0,45	0,49	0,40	0,40
IPCA	0,45	0,50	0,40	0,40
IPC-FIPE	0,60	0,63	0,45	0,49
	2002		2003	
IGP-DI	10,94	12,29	6,50	7,00
IGP-M	11,04	11,99	6,50	7,00
INPC	7,21	7,43	5,50	5,70
IPCA	6,60	6,64	5,20	5,50
IPC-FIPE	4,93	5,00	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 13	As of today	As of September 13	As of today
GDP growth (%)	1,43	1,40	3,00	2,80
Trade Balance (US\$ billion)	7,00	7,50	8,80	9,00
Current Account (US\$ billion)	-17,30	-16,70	-15,90	-15,00
FDI (US\$ billion)	16,20	16,15	16,00	16,00
Fiscal Figures (% of GDP)				
Primary Balance	3,75	3,87	3,75	3,75
Nominal Balance (harmonized)	-3,50	-3,50	-3,08	-3,00
Exchange Rate End of period (R\$/US\$)	2,86	2,90	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 13	As of today	As of September 13	As of today
IGP-DI	1,18	2,03	0,61	1,05
IGP-M	1,18	2,20	0,60	1,30
IPCA	0,40	0,50	0,30	0,43
	2002		2003	
IGP-DI	11,50	13,48	6,50	5,45
IGP-M	11,25	12,98	6,20	7,00
IPCA	6,27	6,64	5,00	5,27

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

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

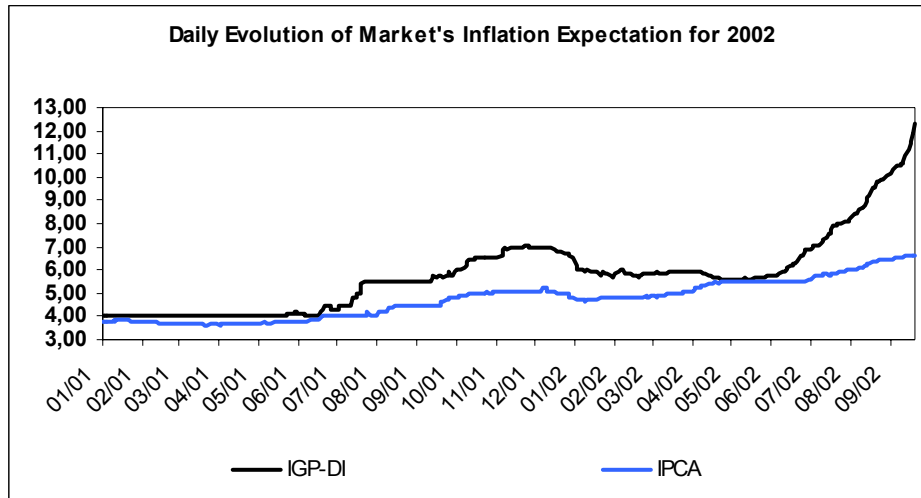
	September		October	
(% change)	As of September 13	As of today	As of September 13	As of today
IGP-DI	0,80	2,03	0,50	1,08
IGP-M	1,30	1,30	0,55	0,75
IPCA	0,47	0,47	0,43	0,38
	2002		2003	
IGP-DI	10,65	13,65	7,00	7,00
IGP-M	10,83	10,86	7,00	7,00
IPCA	6,53	6,53	5,00	5,00

**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 13	As of today	As of September 13	As of today
IPCA	0,48	0,50	0,30	0,35
	2002		2003	
IPCA	6,59	6,64	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

