

September 27, 2002

The median of market expectations for the trade balance surplus increased to US\$8.10 billion from US\$7.50 billion for 2002 and to US\$9.50 billion from US\$9.00 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The median of forecasts for the current account deficit reduced to US\$ 16.00 billion from US\$16.70 billion for 2002 and to US\$14.85 billion from US\$15.00 billion for 2003. The expectations for the net flow of foreign direct investment declined to US\$16.00 billion from US\$16.15 billion for 2002 and remained at US\$16.00 billion for 2003. The expectations for the GDP growth declined to 1.37% from 1.40% for 2002 and to 2.70% from 2.80% for 2003.

The forecasts for the IPCA increased to 6.76% from 6.64% for 2002 and remained at 5.50% for 2003. The median of expectations for the INPC increased to 7.52% from 7.43% for 2002 and to 6.00% from 5.70% for 2003. The expectations for the IPC-Fipe increased to 5.02% from 5.00% for 2002 and to 4.90% from 4.50% for 2003. The median of expectations for the IGP-DI increased to 13.02% from 12.29% for 2002 and to 7.05% from 7.00% for 2003. The forecasts for the IGP-M increased to 12.49% from 11.99% for 2002 and remained at 7.00% for 2003.

The expectations for the Over-Selic rate increased to 17.31% from 17.00% p.a. for 2002 and remained at 15.00% p.a. for 2003. The median of forecasts for the exchange rate increased to R\$/US\$2.98 from R\$/US\$2.90 for 2002 and to R\$/US\$3.03 from R\$/US\$3.00 for 2003.

On the fiscal front, the median of expectations for the primary surplus remained at 3.87% of the GDP for 2002 and at 3.75% of the GDP for 2003. The median of forecasts for the nominal harmonized deficit remained at 3.50% of the GDP for 2002 and at 3.00% 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)	As of September 20	As of today	As of September 20	As of today
IGP-DI	1.50	1.88	0.68	0.83
IGP-M	1.82	-	0.80	1.00
INPC	0.49	0.55	0.40	0.40
IPCA	0.50	0.55	0.40	0.44
IPC-FIPE	0.63	0.65	0.49	0.50
	2002		2003	
IGP-DI	12.29	13.02	7.00	7.05
IGP-M	11.99	12.49	7.00	7.00
INPC	7.43	7.52	5.70	6.00
IPCA	6.64	6.76	5.50	5.50
IPC-FIPE	5.00	5.02	4.50	4.90

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 20	As of today	As of September 20	As of today
GDP growth (%)	1.40	1.37	2.80	2.70
Trade Balance (US\$ billion)	7.50	8.10	9.00	9.50
Current Account (US\$ billion)	-16.70	-16.00	-15.00	-14.85
FDI (US\$ billion)	16.15	16.00	16.00	16.00
Fiscal Figures (% of GDP)				
Primary Balance	3.87	3.87	3.75	3.75
Nominal Balance (harmonized)	-3.50	-3.50	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.90	2.98	3.00	3.03
Over-Selic End of period (% p.a.)	17.00	17.31	15.00	15.00

Table 2
Market Readout

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

(% change)	September		October	
	As of September 20	As of today	As of September 20	As of today
IGP-DI	2.03	2.15	1.05	1.08
IGP-M	2.20	-	1.30	1.64
IPCA	0.50	0.50	0.43	0.43
	2002		2003	
IGP-DI	13.48	13.65	5.45	5.45
IGP-M	12.98	14.05	7.00	7.10
IPCA	6.64	6.94	5.27	5.53

Table 3
Market Readout

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

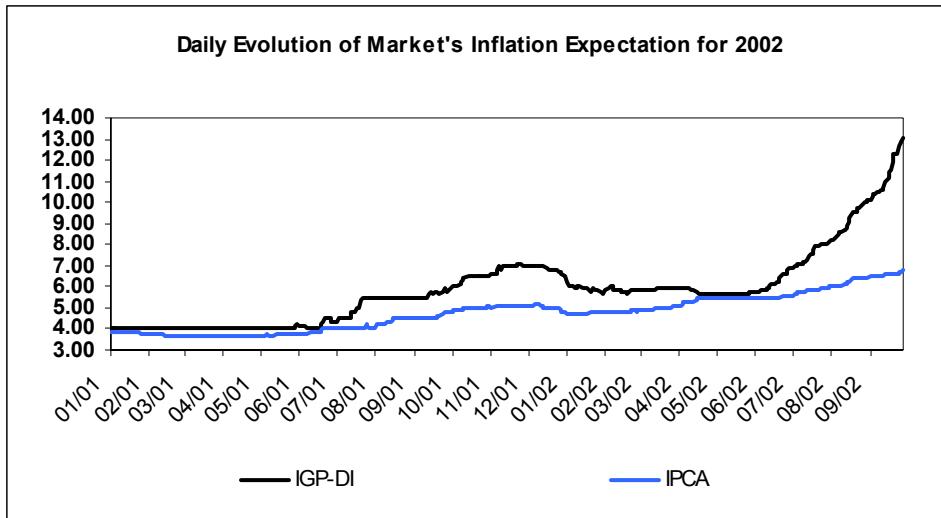
(% change)	September		October	
	As of September 20	As of today	As of September 20	As of today
IGP-DI	2.03	2.10	1.08	1.08
IGP-M	1.30	-	0.75	1.50
IPCA	0.47	0.55	0.38	0.42
	2002		2003	
IGP-DI	13.65	13.65	7.00	7.10
IGP-M	10.86	14.11	7.00	7.45
IPCA	6.53	6.82	5.00	5.52

Table 4
Market Readout

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

(% change)	September		October	
	As of September 20	As of today	As of September 20	As of today
IPCA	0.50	0.60	0.35	0.37
	2002		2003	
IPCA	6.64	6.69	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

