

October 11, 2002

The median of market expectations for the trade balance surplus increased to US\$9.50 billion from US\$8.90 billion for 2002 and to US\$12.00 billion from US\$11.00 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The median of forecasts for the current account deficit reduced to US\$ 14.40 billion from US\$15.25 billion for 2002 and to US\$12.57 billion from US\$13.90 billion for 2003. The expectations for the net flow of foreign direct investment decreased to US\$15.50 billion from US\$16.00 for 2002 and to US\$15.00 billion from US\$15.45 billion for 2003.

The expectations for the GDP growth declined to 1.31% from 1.32% for 2002 and remained at 2.60% for 2003.

The forecasts for the IPCA increased to 7.14% from 6.91% for 2002 and to 5.85% from 5.53% for 2003. The median of expectations for the INPC increased to 8.31% from 7.62% for 2002 and to 6.42% from 6.20% for 2003. The expectations for the IPC-Fipe increased to 5.39% from 5.12% for 2002 and to 5.10% from 5.00% for 2003. The median of expectations for the IGP-DI increased to 14.86% from 13.46% for 2002 and to 8.17% from 7.55% for 2003. The forecasts for the IGP-M increased to 15.01% from 13.11% for 2002 and to 8.50% from 7.45% for 2003.

The expectations for the Over-Selic rate increased to 18.00% from 17.50% p.a. for 2002 and to 15.50% p.a. from 15.00% p.a. for 2003. The median of forecasts for the exchange rate increased to R\$/US\$3.20 from R\$/US\$3.08 for 2002 and to R\$/US\$3.25 from R\$/US\$3.20 for 2003.

On the fiscal front, the median of expectations for the primary surplus remained at 3.88% 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)	October		November	
	As of October 4	As of today	As of October 4	As of today
IGP-DI	1.05	1.83	0.67	0.89
IGP-M	1.25	2.30	0.73	1.05
INPC	0.55	0.70	0.50	0.65
IPCA	0.50	0.56	0.50	0.52
IPC-FIPE	0.50	0.60	0.45	0.50
	2002		2003	
IGP-DI	13.46	14.86	7.55	8.17
IGP-M	13.11	15.01	7.45	8.50
INPC	7.62	8.31	6.20	6.42
IPCA	6.91	7.14	5.53	5.85
IPC-FIPE	5.12	5.39	5.00	5.10

**Table 1-b
Market Readout**

Banco Central do Brasil Daily Survey on Market Expectations - Median

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of October 4	As of today	As of October 4	As of today
GDP growth (%)	1.32	1.31	2.60	2.60
Trade Balance (US\$ billion)	8.90	9.50	11.00	12.00
Current Account (US\$ billion)	-15.25	-14.40	-13.90	-12.57
FDI (US\$ billion)	16.00	15.50	15.45	15.00
Fiscal Figures (% of GDP)				
Primary Balance	3.88	3.88	3.75	3.75
Nominal Balance (harmonized)	-3.50	-3.50	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	3.08	3.20	3.20	3.25
Over-Selic End of period (% p.a.)	17.50	18.00	15.00	15.50

Table 2
Market Readout

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

	October		November	
(% change)	As of October 4	As of today	As of October 4	As of today
IGP-DI	1.08	1.64	0.85	1.28
IGP-M	2.30	2.40	1.64	1.80
IPCA	0.50	0.60	0.50	0.50
	2002		2003	
IGP-DI	13.65	15.27	5.45	5.00
IGP-M	16.50	16.73	7.60	8.56
IPCA	6.97	7.57	5.53	5.82

Table 3
Market Readout

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

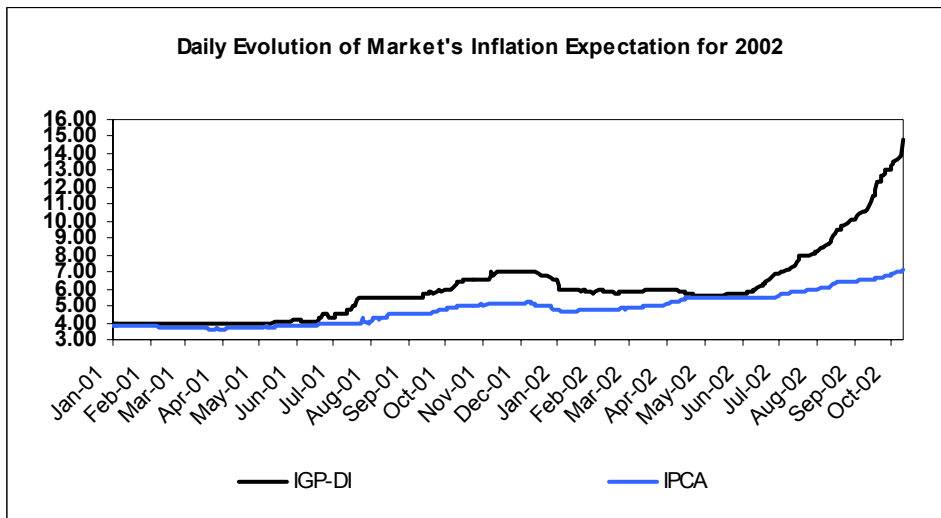
	October		November	
(% change)	As of October 4	As of today	As of October 4	As of today
IGP-DI	1.08	1.80	0.89	1.00
IGP-M	1.50	2.54	1.00	1.50
IPCA	0.50	0.50	0.45	0.45
	2002		2003	
IGP-DI	13.65	14.85	7.83	9.10
IGP-M	14.11	15.92	7.45	8.56
IPCA	6.97	7.28	6.11	6.11

Table 4
Market Readout

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

	October		November	
(% change)	As of October 4	As of today	As of October 4	As of today
IPCA	0.40	0.50	0.50	0.60
	2002		2003	
IPCA	6.96	7.07	6.13	6.50

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

