

October 18, 2002

The median of market expectations for the trade balance surplus increased to US\$10.00 billion from US\$9.50 billion for 2002 and to US\$12.47 billion from US\$12.00 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The median of forecasts for the current account deficit reduced to US\$ 13.40 billion from US\$14.40 billion for 2002 and to US\$11.10 billion from US\$12.57 billion for 2003. The expectations for the net flow of foreign direct investment decreased to US\$15.00 billion from US\$15.50 for 2002 and remained at US\$15.00 billion for 2003.

The expectations for the GDP growth declined to 1.25% from 1.31% for 2002 and to 2.50% from 2.60% for 2003.

The forecasts for the IPCA increased to 7.61% from 7.14% for 2002 and to 6.62% from 5.85% for 2003. The median of expectations for the INPC increased to 8.57% from 8.31% for 2002 and to 6.80% from 6.42% for 2003. The expectations for the IPC-Fipe increased to 5.59% from 5.39% for 2002 and to 5.90% from 5.10% for 2003. The median of expectations for the IGP-DI increased to 16.76% from 14.86% for 2002 and to 9.50% from 8.17% for 2003. The forecasts for the IGP-M increased to 16.08% from 15.01% for 2002 and to 9.80% from 8.50% for 2003.

The expectations for the Over-Selic rate increased to 19.70% from 18.00% p.a. for 2002 and to 16.25% p.a. from 15.50% p.a. for 2003. The median of forecasts for the exchange rate increased to R\$/US\$3.40 from R\$/US\$3.20 for 2002 and to R\$/US\$3.50 from R\$/US\$3.25 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 increased to 3.20% from 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 11	As of today	As of October 11	As of today
IGP-DI	1.83	2.40	0.89	1.35
IGP-M	2.30	2.50	1.05	1.50
INPC	0.70	0.75	0.65	0.80
IPCA	0.56	0.71	0.52	0.65
IPC-FIPE	0.60	0.66	0.50	0.50
	2002		2003	
IGP-DI	14.86	16.76	8.17	9.50
IGP-M	15.01	16.08	8.50	9.80
INPC	8.31	8.57	6.42	6.80
IPCA	7.14	7.61	5.85	6.62
IPC-FIPE	5.39	5.59	5.10	5.90

Table 1-b
Market Readout

Banco Central do Brasil Daily Survey on Market Expectations - Median

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of October 11	As of today	As of October 11	As of today
GDP growth (%)	1.31	1.25	2.60	2.50
Trade Balance (US\$ billion)	9.50	10.00	12.00	12.47
Current Account (US\$ billion)	-14.40	-13.40	-12.57	-11.10
FDI (US\$ billion)	15.50	15.00	15.00	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	-3.20
Exchange Rate End of period (R\$/US\$)	3.20	3.40	3.25	3.50
Over-Selic End of period (% p.a.)	18.00	19.70	15.50	16.25

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 11	As of today	As of October 11	As of today
IGP-DI	1.64	3.00	1.28	2.00
IGP-M	2.40	2.67	1.80	1.85
IPCA	0.60	0.88	0.50	1.02
	2002		2003	
IGP-DI	15.27	18.87	5.00	7.50
IGP-M	16.73	17.63	8.56	9.50
IPCA	7.57	8.62	5.82	7.00

Table 3
Market Readout

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

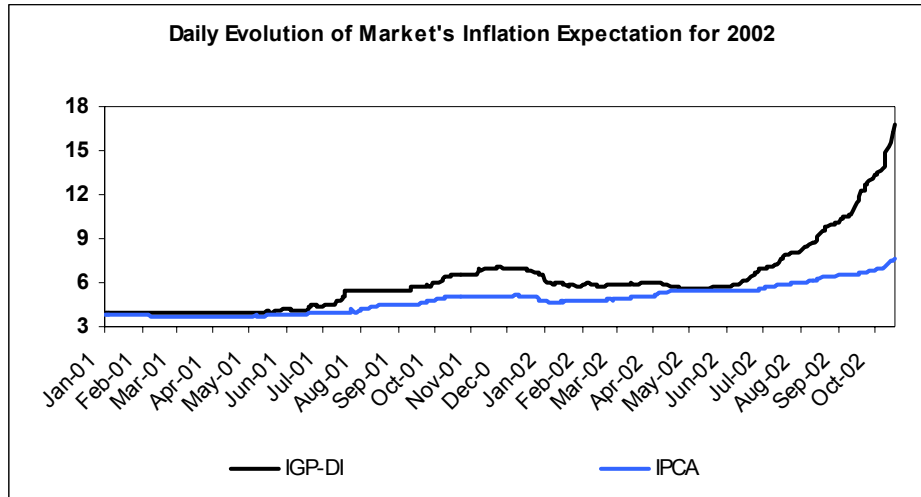
	October		November	
(% change)	As of October 11	As of today	As of October 11	As of today
IGP-DI	1.80	2.78	1.00	1.30
IGP-M	2.54	2.35	1.50	1.23
IPCA	0.50	0.38	0.45	0.41
	2002		2003	
IGP-DI	14.85	16.60	9.10	7.45
IGP-M	15.92	15.39	8.56	9.00
IPCA	7.28	6.88	6.11	5.53

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 11	As of today	As of October 11	As of today
IPCA	0.50	0.65	0.60	0.70
	2002		2003	
IPCA	7.07	7.49	6.50	7.00

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

