

December 20, 2002

The median of market forecasts for the GDP growth increased to 1.40% from 1.32% for 2002 and remained at 2.00% for 2003, as tracked by the daily survey carried out by Banco Central do Brasil's Investor Relations Group.

The median of the expectations for the trade balance surplus remained at US\$12.50 billion for 2002 and declined to US\$15.20 from US\$15.60 billion for 2003. The expectations for the current account deficit declined to US\$8.90 billion from US\$9.10 billion for 2002 and remained at US\$6.00 billion for 2003. The expectations for the net flow of foreign direct investment increased to US\$15.80 billion from US\$15.67 billion for 2002 and remained at US\$13.00 billion for 2003.

The forecasts for the IPCA increased to 12.46% from 12.12% for 2002 and remained at 11.00% for 2003. The median of the expectations for the INPC increased to 14.42% from 14.07% for 2002 and declined to 10.77% from 11.00% for 2003. The expectations for the IPC-Fipe increased to 9.85% from 9.73% for 2002 and to 9.54% from 9.50% for 2003. The median of the expectations for the IGP-DI increased to 27.40% from 26.78% for 2002 and to 14.35% from 14.00% for 2003. The forecasts for the IGP-M remained at 25.61% for 2002 and increased to 14.90% from 14.47% for 2003.

The median of the forecasts for the exchange rate declined to R\$/US\$3.50 from R\$/US\$3.60 for 2002 and increased to R\$/US\$3.71 from R\$/US\$3.70 for 2003. The expectations for the Over-Selic rate increased to 25.00% p.a. from 24.00% p.a. for 2002 and to 20.00% p.a. from 19.00% p.a. for 2003.

On the fiscal front, the median of the expectations for the primary surplus remained at 3.90% of GDP for 2002 and at 3.75% of GDP for 2003. The median of the forecasts for the nominal harmonized deficit declined to 3.50% of GDP from 3.60% of GDP for 2002 and remained at 3.30% of 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

	December		January	
	As of December 13	As of today	As of December 13	As of today
(% change)				
IGP-DI	3.65	3.70	1.40	1.50
IGP-M	4.00	4.00	1.70	2.00
INPC	2.30	2.42	1.10	1.28
IPCA	1.80	2.10	0.95	1.20
IPC-FIPE	1.69	1.78	0.90	0.97
	2002		2003	
IGP-DI	26.78	27.40	14.00	14.35
IGP-M	25.61	25.61	14.47	14.90
INPC	14.07	14.42	11.00	10.77
IPCA	12.12	12.46	11.00	11.00
IPC-FIPE	9.73	9.85	9.50	9.54

**Table 1-b
Market Readout**

Banco Central do Brasil Daily Survey on Market Expectations – Standard Deviation

PRICE INDICES

	December		January	
	As of December 13	As of today	As of December 13	As of today
IGP-DI	1.00	0.83	0.69	0.74
IGP-M	0.77	0.57	0.58	0.60
INPC	0.65	0.50	0.38	0.43
IPCA	0.51	0.46	0.28	0.37
IPC-FIPE	0.45	0.37	0.37	0.46
	2002		2003	
IGP-DI	2.48	1.75	4.04	3.89
IGP-M	1.33	0.87	3.85	3.67
INPC	1.86	0.84	2.83	2.70
IPCA	0.91	0.83	2.33	2.27
IPC-FIPE	0.65	0.46	2.31	2.28

Table 1-c
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations - Median
OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of December 13	As of today	As of December 13	As of today
GDP growth (%)	1.32	1.40	2.00	2.00
Trade Balance (US\$ billion)	12.50	12.50	15.60	15.20
Current Account (US\$ billion)	-9.10	-8.90	-6.00	-6.00
FDI (US\$ billion)	15.67	15.80	13.00	13.00
Fiscal Figures (% of GDP)				
Primary Balance	3.90	3.90	3.75	3.75
Nominal Balance (harmonized)	-3.60	-3.50	-3.30	-3.30
Exchange Rate End of period (R\$/US\$)	3.60	3.50	3.70	3.71
Over-Selic End of period (% p.a.)	24.00	25.00	19.00	20.00

Table 1-d
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations – Standard Deviation
OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of December 13	As of today	As of December 13	As of today
GDP growth (%)	0.31	0.26	0.72	0.60
Trade Balance (US\$ billion)	0.81	0.76	2.17	2.05
Current Account (US\$ billion)	1.43	1.03	2.47	2.45
FDI (US\$ billion)	0.90	0.75	2.66	2.60
Fiscal Figures (% of GDP)				
Primary Balance	0.12	0.13	0.25	0.26
Nominal Balance (harmonized)	1.38	1.46	1.68	0.98
Exchange Rate End of period (R\$/US\$)	0.17	0.14	0.29	0.27
Over-Selic End of period (% p.a.)	1.18	1.03	2.24	2.14

Table 2
Market Readout

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

	December		January	
(% change)	As of December 13	As of today	As of December 13	As of today
IGP-DI	4.22	4.22	1.92	1.99
IGP-M	4.30	4.25	2.00	2.00
IPCA	1.98	2.20	1.17	1.60
	2002		2003	
IGP-DI	28.28	28.28	16.70	17.60
IGP-M	25.97	25.91	14.23	14.23
IPCA	12.40	12.64	11.00	11.10

Table 3
Market Readout

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

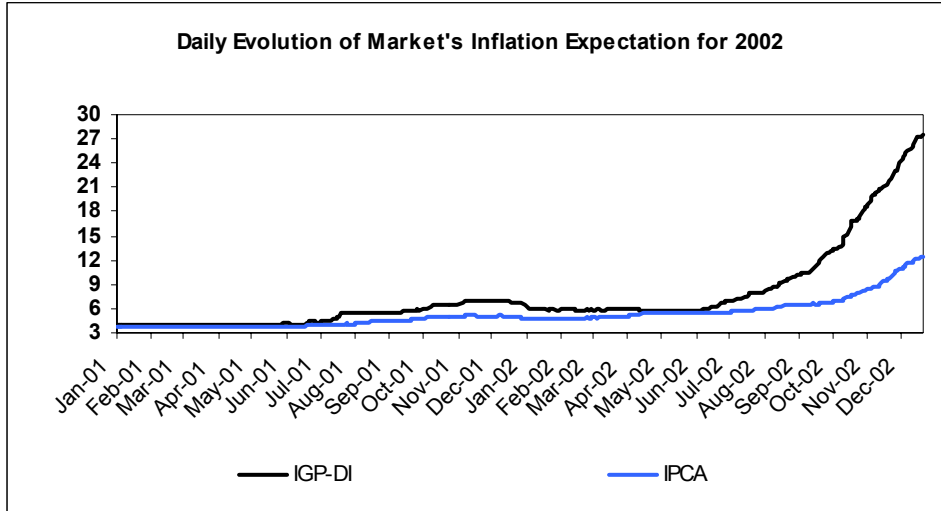
	December		January	
(% change)	As of December 13	As of today	As of December 13	As of today
IGP-DI	4.00	3.40	2.06	1.99
IGP-M	4.30	3.80	2.00	2.00
IPCA	1.96	2.10	1.17	1.50
	2002		2003	
IGP-DI	28.01	27.27	13.85	13.85
IGP-M	25.97	25.36	12.89	12.00
IPCA	12.38	12.53	11.00	11.10

Table 4
Market Readout

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

	December		January	
(% change)	As of December 13	As of today	As of December 13	As of today
IPCA	1.80	2.22	1.05	1.65
	2002		2003	
IPCA	11.92	12.66	11.02	11.90

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

