

January 10, 2003

The median of market forecasts for the current account deficit declined to US\$5.60 billion from US\$5.90 billion for 2003 and to US\$5.25 billion from US\$5.30 billion for 2004, 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 decreased to US\$15.30 billion from US\$15.50 billion for 2003 and remained at US\$16.00 billion for 2004. The expectations for the net inflow of foreign direct investment remained at US\$13.00 billion for 2003 and at US\$15.00 billion for 2004.

The expectations for the GDP growth increased to 1.96% from 1.93% for 2003 and remained at 3.00% for 2004.

The forecasts for the IPCA increased to 11.23% from 11.00% for 2003 and remained at 8.00% for 2004. The median of the expectations for the INPC increased to 11.04% from 11.02% for 2003 and decreased to 7.15% from 7.75% for 2004. The expectations for the IPC-Fipe remained at 10.00% for 2003 and declined to 6.05% from 6.28% for 2004. The median of the expectations for the IGP-DI increased to 14.55% from 14.50% for 2003 and declined to 8.22% from 9.00% for 2004. The forecasts for the IGP-M decreased to 14.90% from 15.13% for 2003 and to 8.00% from 8.95% for 2004.

The median of the forecasts for the exchange rate declined to R\$/US\$3.65 from R\$/US\$3.70 for end-2003 and remained at R\$/US\$3.80 for end-2004. The median of the average exchange rate for 2003 remained at around R\$/US\$3.50. For 2004, the average exchange rate decreased to R\$/US\$3.68 from R\$/US\$3.70. The expectations for the Over-Selic rate remained at 20.00% p.a. for end-2003 and decreased to 17.00% p.a. from 17.15% p.a. for end-2004. The median forecast for the average Over-Selic rate for 2003 increased to 22.50% p.a. from 22.40% p.a. For 2004 the average Over-Selic rate is expected to decrease to 18.15% p.a. from 18.35% p.a.

On the fiscal front, the median of the expectations for the primary surplus increased to 3.80% of GDP from 3.77% of GDP for 2003 and remained at 3.75% of GDP for 2004. The median of the forecasts for the nominal harmonized deficit remained at 3.30% of GDP for 2003 and decreased to

3.00% of GDP from 3.06% of GDP for 2004. Expectations for the surveyed economic indicators, along with median projections for the Top 5 forecasting institutions are quoted in the tables below.

Table 1-a
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations - Median
PRICE INDICES

(% change)	January		February	
	As of January 3	As of today	As of January 3	As of today
IGP-DI	2.00	1.90	1.00	1.00
IGP-M	2.30	2.25	1.26	1.30
INPC	1.50	1.75	0.90	0.90
IPCA	1.57	1.78	0.95	1.00
IPC-FIPE	1.25	1.55	0.75	0.80
	2003		2004	
IGP-DI	14.50	14.55	9.00	8.22
IGP-M	15.13	14.90	8.95	8.00
INPC	11.02	11.04	7.75	7.15
IPCA	11.00	11.23	8.00	8.00
IPC-FIPE	10.00	10.00	6.28	6.05

Table 1-b
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations – Standard Deviation
PRICE INDICES

	January		February	
	As of January 3	As of today	As of January 3	As of today
IGP-DI	0.65	0.59	0.45	0.46
IGP-M	0.61	0.49	0.45	0.43
INPC	0.47	0.46	0.33	0.33
IPCA	0.42	0.37	0.28	0.28
IPC-FIPE	0.51	0.48	0.32	0.29
	2003		2004	
IGP-DI	3.83	3.53	3.83	3.25
IGP-M	3.31	3.13	3.70	3.48
INPC	2.61	2.56	2.62	2.63
IPCA	2.23	2.04	2.42	2.27
IPC-FIPE	2.13	2.10	2.41	2.23

Table 1-c
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations - Median
OTHER ECONOMIC INDICATORS – 2003/2004

	2003		2004	
	As of January 3	As of today	As of January 3	As of today
GDP growth (%)	1.93	1.96	3.00	3.00
Trade Balance (US\$ billion)	15.50	15.30	16.00	16.00
Current Account (US\$ billion)	-5.90	-5.60	-5.30	-5.25
FDI (US\$ billion)	13.00	13.00	15.00	15.00
Fiscal Figures (% of GDP)				
Primary Balance	3.77	3.80	3.75	3.75
Nominal Balance (harmonized)	-3.30	-3.30	-3.06	-3.00
Exchange Rate End of period (R\$/US\$)	3.70	3.65	3.80	3.80
Over-Selic End of period (% p.a.)	20.00	20.00	17.15	17.00
Exchange Rate Average (R\$/US\$)	3.50	3.51	3.70	3.68
Over-Selic Average (% p.a.)	22.40	22.50	18.35	18.15

Table 1-d
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations – Standard Deviation
OTHER ECONOMIC INDICATORS – 2003/2004

	2003		2004	
	As of January 3	As of today	As of January 3	As of today
GDP growth (%)	0.59	0.58	0.88	0.85
Trade Balance (US\$ billion)	2.09	1.89	3.48	2.78
Current Account (US\$ billion)	2.46	2.45	3.73	3.59
FDI (US\$ billion)	2.60	2.71	3.23	3.13
Fiscal Figures (% of GDP)				
Primary Balance	0.26	0.27	0.45	0.45
Nominal Balance (harmonized)	1.02	1.04	4.65	1.30
Exchange Rate End of period (R\$/US\$)	0.27	0.28	0.42	0.39
Over-Selic End of period (% p.a.)	2.01	1.91	2.94	2.86
Exchange Rate Average (R\$/US\$)	0.24	0.24	0.37	0.35
Over-Selic Average (% p.a.)	1.61	1.55	2.96	2.85

Table 2
Market Readout

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

	January		February	
(% change)	As of January 3	As of today	As of January 3	As of today
IGP-DI	2.50	1.99	1.26	1.26
IGP-M	2.00	2.00	1.00	0.90
IPCA	1.90	1.85	1.28	1.28
	2003		2004	
IGP-DI	17.62	15.21	10.50	10.50
IGP-M	14.23	13.43	9.00	9.00
IPCA	13.49	13.49	8.50	8.50

Table 3
Market Readout

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

	January		February	
(% change)	As of January 3	As of today	As of January 3	As of today
IGP-DI	1.99	1.85	1.00	1.00
IGP-M	2.10	1.70	1.00	0.90
IPCA	1.90	1.88	1.03	1.03
	2003		2004	
IGP-DI	13.85	13.85	7.82	7.82
IGP-M	12.00	12.00	8.32	8.32
IPCA	13.49	13.49	8.50	8.50

Table 4
Market Readout

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

	January		February	
(% change)	As of January 3	As of today	As of January 3	As of today
IPCA	1.65	1.80	1.02	1.15
	2003		2004	
IPCA	11.90	11.90	10.00	10.00