

# BANCO CENTRAL DO BRASIL – FOCUS

September 8, 2000

*Median of market expectations for GDP increased to 3.80% from 3.71% for 2000 and remained stable at 4.10% for 2001.* Median of market expectations for inflation measured by IGP-DI raised to 9.33% from 9.31% for 2000 and the IPCA declined to 6.31% from 6.32% for this year. The median forecasts for the INPC improved to 5.85% from 5.80% for 2000, while the IGP-M (9.30%) and IPC-Fipe (5.70%) remained stable for 2000. For the month of September, the IPC-Fipe median expectations decreased to 0.45% from 0.52% and the IGP-M median expectations increased to 0.68% from 0.60%; Forecasts for the trade surplus declined to US\$1.40 billion from US\$1.50 billion for 2000 and to US\$2.90 billion from US\$3.10 billion for 2001. Forecasts for other economic indicators, along with median expectations for the Top 5 forecasters are quoted in the tables and figures below.

**Table 1**

## **Market Readout**

*Banco Central do Brasil Daily Survey on Market Expectations  
Median of Market Expectations*

### **PRICE INDICES**

(% change)	September		October	
	as of September 1	as of today	as of September 1	as of today
IGP-DI	0.50	0.50	0.50	0.50
IGP-M	0.60	0.68	0.45	0.45
IPC-Fipe	0.52	0.45	0.50	0.50
INPC	0.53	0.55	0.57	0.54
IPCA	0.50	0.50	0.45	0.41

	2000		2001	
IGP-DI	9.31	9.33	5.10	5.10
IGP-M	9.30	9.30	5.00	5.00
IPC-Fipe	5.70	5.70	4.00	4.00
INPC	5.80	5.85	4.00	4.00
IPCA	6.32	6.31	4.30	4.35

### **OTHER ECONOMIC INDICATORS**

	2000		2001	
	as of September 1	as of today	as of September 1	as of today
GDP growth (%)	3.71	3.80	4.10	4.10
Trade Balance (US\$ billion)	1.50	1.40	3.10	2.90
Current Account (US\$ billion)	-24.53	-24.60	-23.80	-24.00
Fiscal Figures (% of GDP)				
- Primary Balance	3.25	3.25	3.00	3.00
- Nominal Balance	-3.80	-3.80	-3.00	-2.95

Top 5 median expectations indices are calculated from the full sample based on the five institutions with minima penalty scores, calculated from observations on the institution's degree of forecast precision over the last four months. Each inflation figure that is released creates two penalty scores for each institution, that are the quadratic errors of the forecasts that the institution informed two and one day before the release of the actual figure. If the institution did not inform any value for those days, it receives the penalty of the worst performer in the sample for the period. The monthly penalty is calculated according to the formula below.

$$\text{monthlypenalty} = \frac{(100 \cdot (E[\pi_i | t-2] - \pi_i))^2 + (100 \cdot (E[\pi_i | t-1] - \pi_i))^2}{1000}$$

where  $\pi$  denotes inflation in percentage points

**Table 2**

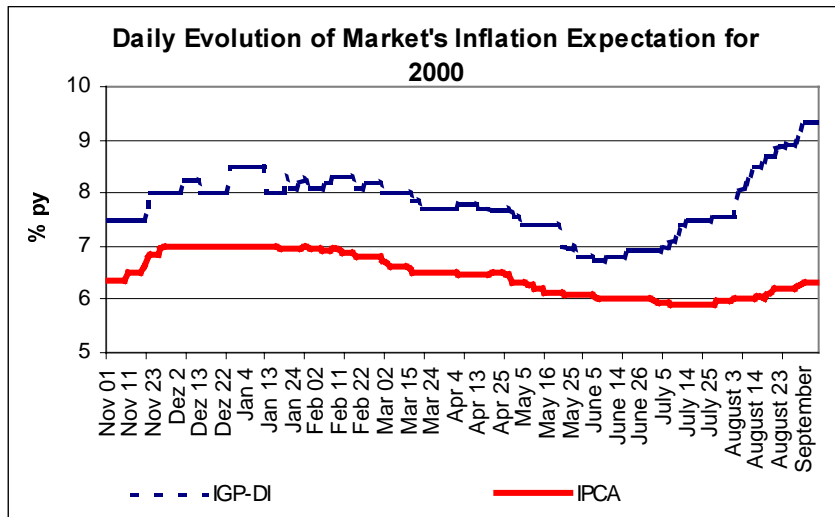
## ***Market Readout***

*Banco Central do Brasil Daily Survey on Market Expectations  
Top 5 Median Expectations*

(% change)	<b>September</b>		<b>October</b>	
	as of September 1	as of today	as of September 1	as of today
IGP-DI	0.50	0.50	0.50	0.50
IGP-M	0.45	0.65	0.45	0.45
IPC-Fipe	0.35	0.40	0.47	0.42
INPC	0.50	0.50	0.57	0.55
IPCA	0.45	0.45	0.45	0.40

	<b>2000</b>		<b>2001</b>	
IGP-DI	9.40	9.40	4.50	4.50
IGP-M	9.30	9.40	5.00	5.00
IPC-Fipe	5.65	5.62	4.00	4.00
INPC	6.20	5.90	4.00	4.00
IPCA	6.45	6.50	4.00	4.00
GDP	3.71	3.80	4.05	4.05

**Figure 1**  
**Central Bank Daily Survey on Market Expectations**  
**Evolution of Median Expectations for Inflation**



**Figure 2**  
**Dispersion of Inflation Forecasts for 2000**

