

# BANCO CENTRAL DO BRASIL – FOCUS

October 20, 2000

*Median of market expectations for inflation measured by the consumer price index - IPCA dropped to 6.20% from 6.23% for 2000, and remained stable at 4.30% for 2001, during the week.* Expectations for the IPC-Fipe remained stable at 5.50% for 2000 and 4.00% for 2001. Forecasts for the IGP-DI and for the INPC remained stable at 9.50% and 5.64% for 2000, respectively. The median of market expectations for GDP remained stable at 3.80% for 2000 and 4.20% for 2001. Forecasts for the trade balance surplus declined to US\$0.70 billion from US\$0.80 billion for 2000 and to US\$2.37 billion from US\$2.44 billion for 2001. Median of market expectations for the current account deficit increased to US\$24.92 billion and US\$24.80 for 2000 and 2001 from US\$ 24.90 and US\$24.65, respectively. 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)	October		November	
	as of October 13	as of today	as of October 13	As of today
IGP-DI	0.50	0.50	0.40	0.40
IGP-M	0.45	0.43	0.43	0.41
IPC-Fipe	0.40	0.36	0.45	0.44
INPC	0.46	0.46	0.50	0.50
IPCA	0.40	0.40	0.40	0.42

	2000		2001	
IGP-DI	9.50	9.50	5.37	5.37
IGP-M	9.60	9.70	5.22	5.25
IPC-Fipe	5.50	5.50	4.00	4.00
INPC	5.64	5.64	4.29	4.25
IPCA	6.23	6.20	4.30	4.30

### OTHER ECONOMIC INDICATORS

	2000		2001	
	as of October 13	as of today	as of October 13	as of today
GDP growth (%)	3.80	3.80	4.20	4.20
Trade Balance (US\$ billion)	0.80	0.70	2.44	2.37
Current Account (US\$ billion)	-24.90	-24.92	-24.65	-24.80
Fiscal Figures (% of GDP)				
- Primary Balance	3.25	3.25	3.00	3.00
- Nominal Balance	-3.80	-3.80	-2.90	-2.90

**Table 2****Market Readout**

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

	October		November	
	as of October 13	as of today	as of October 13	as of today
(% change)				
IGP-DI	0.50	0.50	0.50	0.50
IGP-M	0.50	0.40	0.45	0.45
IPC-Fipe	0.40	0.30	0.45	0.45
INPC	0.50	0.50	0.55	0.52
IPCA	0.35	0.35	0.50	0.41

	2000		2001	
	IGP-DI	9.60	9.70	6.00
IGP-M	9.80	9.80	5.50	5.50
IPC-Fipe	5.50	5.50	4.29	4.20
INPC	5.70	5.95	4.14	4.00
IPCA	6.30	6.23	4.29	4.35
GDP	3.80	3.80	4.50	4.50

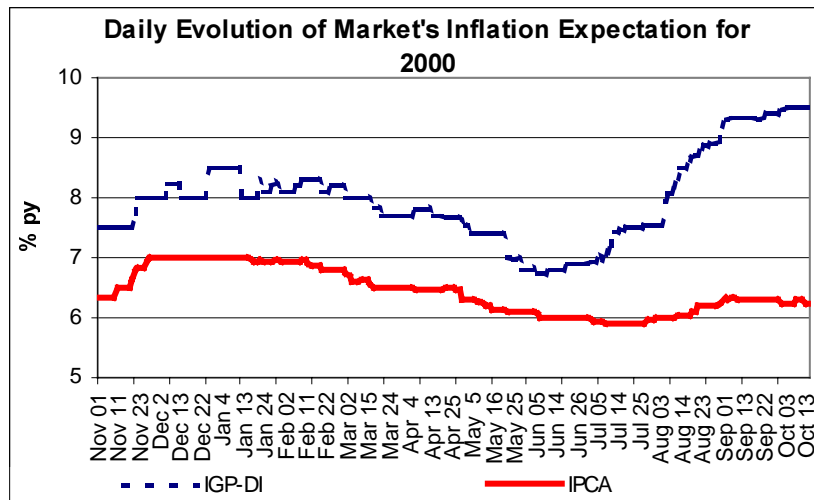
**Explanatory Note**

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.

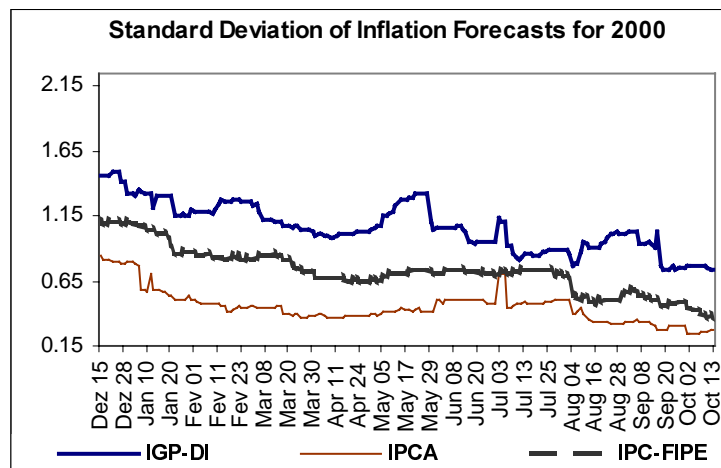
$$monthlypenalty = \frac{(100 \cdot (E[\pi_t | t-2] - \pi_t))^2 + (100 \cdot (E[\pi_t | t-1] - \pi_t))^2}{1000}$$

where  $\pi$  denotes inflation in percentage points.

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



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



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