

August 10, 2001

The median of market expectations for the GDP growth remained unchanged at 2.5% for the year 2001 and at 3.0% for 2002, as tracked by Banco Central do Brasil daily survey. Expectations for the Consumer Price Index – IPCA rose to 6.30% from 6.20% for 2001 and to 4.35% from 4.25% for the next year. Forecasts for the IPC-Fipe increased to 6.10% from 6.00% for 2001 and to 4.06% from 4.00% for the year 2002. Projections for the IGP-DI rose to 8.64% from 8.50% for the year 2001 and remained stable at 5.50% for 2002.

The median of market expectations for the trade balance is still a deficit of US\$1.00 billion for 2001, with the trade balance surplus for the year 2002 being revised to US\$0.50 billion from US\$0.49 billion. Expectations for the current account deficit remained stable at US\$27 billion for the year 2001. Median of market expectations for the Over-Selic remained at 18% p.a. for 2001 and at 15.50% p.a. for 2002. Forecasts for the exchange rate remained stable at R\$/US\$2.40 and at R\$/US\$ 2.50 for the year 2001 and for 2002 respectively. On the fiscal front, the median of expectations for the primary surplus rose to 3.20% of the GDP from 3.10% for 2001 and continued at 3.0% of the GDP for 2002. Expectations for other economic indicators, along with median forecasts 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

PRICE INDICES

(% change)	August		September	
	As of August 3	As of today	As of August 3	As of today
IGP-DI	0.70	0.75	0.50	0.50
IGP-M	0.85	0.90	0.50	0.52
IPC-Fipe	0.90	0.92	0.40	0.40
INPC	0.65	0.70	0.39	0.40
IPCA	0.65	0.68	0.40	0.40
	2001		2002	
IGP-DI	8.50	8.64	5.50	5.50
IGP-M	8.35	8.59	5.50	5.50
IPC-Fipe	6.00	6.10	4.00	4.06
INPC	6.90	6.70	4.50	4.50
IPCA	6.20	6.30	4.25	4.35

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of August 3	As of today	As of August 3	As of today
GDP growth (%)	2.50	2.50	3.00	3.00
Trade Balance (US\$ billion)	-1.00	-1.00	0.49	0.50
Current Account (US\$ billion)	-27.00	-27.00	-26.20	-26.30
Fiscal Figures (% of GDP)				
- Primary Balance	3.10	3.20	3.00	3.00
- Nominal Balance	-6.00	-6.00	-4.30	-4.30
Exchange Rate End of period (R\$/US\$)	2.40	2.40	2.50	2.50
Over-Selic End of period (% p.a.)	18.00	18.00	15.50	15.50

Table 2

Market Readout

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

(% change)	August		September	
	As of August 3	As of today	As of August 3	As of today
IGP-DI	0.65	0.70	0.45	0.38
IGP-M	0.90	0.85	0.58	0.70
IPC-Fipe	1.01	1.10	0.30	0.29
IPCA	0.63	0.65	0.34	0.29

	2001		2002	
IGP-DI	8.40	8.60	5.45	5.50
IGP-M	8.55	8.60	5.50	5.50
IPC-Fipe	6.00	6.05	4.50	4.54
IPCA	6.30	6.34	4.50	4.50

Table 3

Market Readout

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

(% change)	August		September	
	As of August 3	As of today	As of August 3	As of today
IGP-DI	0.75	0.75	0.50	0.50
IGP-M	0.85	0.85	0.55	0.55
IPC-Fipe	1.00	1.00	0.50	0.40
IPCA	0.58	0.63	0.40	0.40

	2001		2002	
IGP-DI	8.70	8.80	5.00	5.00
IGP-M	8.59	8.59	6.50	6.50
IPC-Fipe	6.50	6.60	4.63	4.63
IPCA	6.30	6.30	4.00	4.25

Figure 1
Evolution of Median Expectations for Inflation
 Banco Central do Brasil Daily Survey on Market Expectations

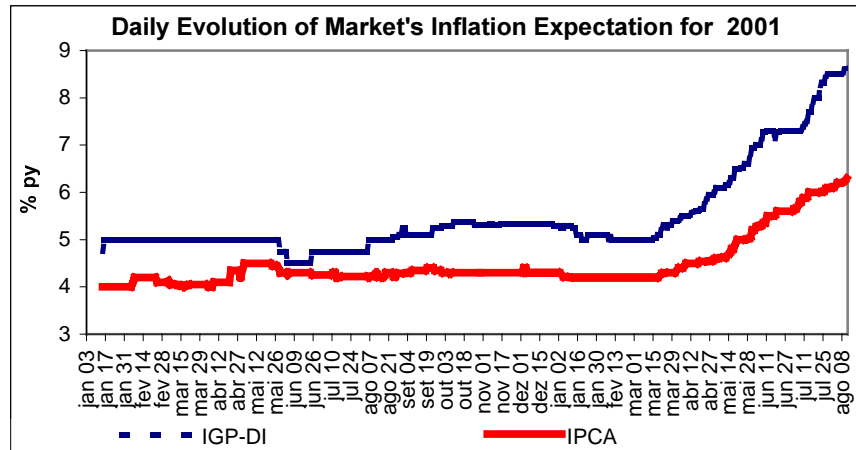


Figure 2
Dispersion of Inflation Forecasts for 2001
 Banco Central do Brasil Daily Survey on Market Expectations

