

**August 17, 2001**

*The median of market expectations for the GDP growth declined to 2.20% from 2.50% for the year 2001 and remained unchanged at 3.00% for 2002, as tracked by Banco Central do Brasil daily survey.* Expectations for the Consumer Price Index – IPCA rose to 0.70% from 0,68% for August and remained stable at 0.40% for September and at 6.30% for the year 2001, and increased to 4.50% from 4.35% for the next year. Forecasts for the IPC-Fipe rose to 6.20% from 6.10% for 2001 and to 4.40% from 4.06% for the year 2002. Projections for the IGP-DI increased to 9.00% from 8.64% for the year 2001 and remained constant 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\$0.60 billion from US\$0.50 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 rose to 18.25% p.a. from 18.00% p.a. for 2001 and remained constant at 15.50% p.a. for the year 2002. Forecasts for the exchange rate remained unchanged at R\$/US\$2.40 for 2001 and rose to R\$/US\$ 2.53 from R\$/US\$ 2.50 for the year 2002. On the fiscal front, the median of expectations for the primary surplus rose to 3.35% of the GDP from 3.20% of the GDP for the year 2001 and to 3.50% of the GDP from 3.00% 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**

	<b>August</b>		<b>September</b>	
	(% change)	As of August 10	As of August 10	As of today
IGP-DI		0.75	0.50	0.50
IGP-M		0.90	0.52	0.50
IPC-Fipe		0.92	0.40	0.40
INPC		0.70	0.40	0.38
IPCA		0.68	0.40	0.40
		<b>2001</b>	<b>2002</b>	
IGP-DI		8.64	5.50	5.50
IGP-M		8.59	5.50	5.50
IPC-Fipe		6.10	4.06	4.40
INPC		6.70	4.50	4.50
IPCA		6.30	4.35	4.50

### OTHER ECONOMIC INDICATORS

	2001		2002	
	As of August 10	As of today	As of August 10	As of today
GDP growth (%)	2.50	2.20	3.00	3.00
Trade Balance (US\$ billion)	-1.00	-1.00	0.50	0.60
Current Account (US\$ billion)	-27.00	-27.00	-26.30	-26.00
Fiscal Figures (% of GDP)				
- Primary Balance	3.20	3.35	3.00	3.50
- Nominal Balance	-6.00	-6.20	-4.30	-4.25
Exchange Rate End of period (R\$/US\$)	2.40	2.40	2.50	2.53
Over-Selic End of period (% p.a.)	18.00	18.25	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 10	As of today	As of August 10	As of today
IGP-DI	0.70	0.90	0.38	0.43
IGP-M	0.85	1.30	0.70	0.50
IPC-Fipe	1.10	1.23	0.29	0.30
IPCA	0.65	0.70	0.29	0.37

	2001		2002	
IGP-DI	8.60	9.00	5.50	5.50
IGP-M	8.60	8.90	5.50	5.50
IPC-Fipe	6.05	6.00	4.54	4.50
IPCA	6.34	6.50	4.50	4.50

**Table 3**

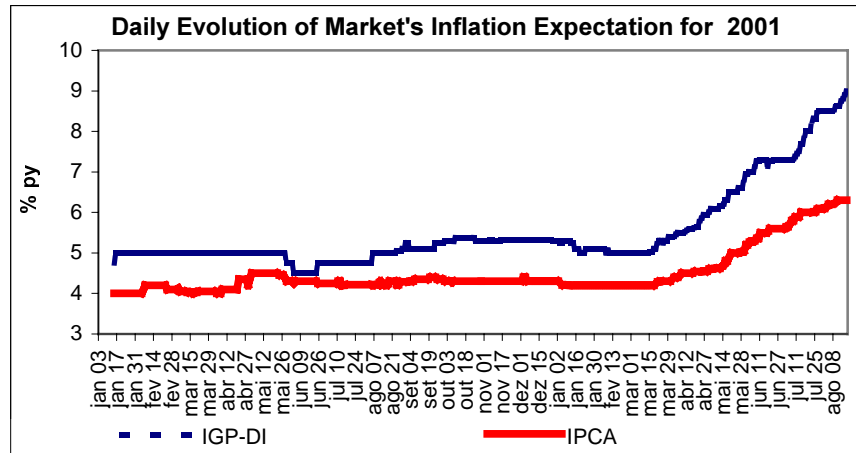
### Market Readout

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

(% change)	August		September	
	As of August 10	As of today	As of August 10	As of today
IGP-DI	0.75	0.76	0.50	0.50
IGP-M	0.85	1.00	0.55	0.55
IPC-Fipe	1.00	1.18	0.40	0.40
IPCA	0.63	0.65	0.40	0.38

	2001		2002	
IGP-DI	8.80	9.30	5.00	5.50
IGP-M	8.59	8.97	6.50	6.50
IPC-Fipe	6.60	6.60	4.63	4.63
IPCA	6.30	6.37	4.25	4.55

**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

