

September 6, 2001

The median of market expectations for the GDP growth declined to 1.70% from 1.80% for the year 2001 and rose to 2.88% from 2.86% for 2002, as tracked by Banco Central do Brasil daily survey. Expectations for the Consumer Price Index – IPCA increased to 6.49% from 6.43% for the year 2001 and remained unchanged at 4.50% for 2002. Forecasts for the IPC-Fipe reached 6.46% from 6.36% for 2001 and remained stable at 4.50% for the year 2002. Projections for the IGP-DI elevated to 9.24% from 9.20% for the year 2001 and remained constant at 5.50% for 2002.

The median of market expectations for the trade balance deficit reduced to US\$0.50 billion from US\$0.80 billion for 2001, while the trade balance surplus remained unchanged at US\$1.00 billion for the next year. Expectations for the current account deficit decreased to US\$26.80 billion from US\$26.90 billion for the year 2001 and rose to US\$25.99 billion from US\$25.77 billion for the year 2002. Median of market expectations for the Over-Selic rose to 18.25% p.a. from 18.18% p.a. for the year 2001 and remained stable at 16.00% p.a. for 2002. Forecasts for the exchange rate remained constant at R\$/US\$2.45 for 2001 and increased to R\$/US\$2.60 from R\$/US\$2.57 for the year 2002. On the fiscal front, the median of expectations for the primary surplus remained unchanged at 3.35% of the GDP for the year 2001 and at 3.50% 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

	August		September	
(% change)	As of August 31	As of today	As of August 31	As of today
IGP-DI	1.03	1.10	0.50	0.50
IGP-M	-	-	0.55	0.55
IPC-Fipe	1.10	-	0.40	0.40
INPC	0.68	0.70	0.40	0.40
IPCA	0.70	0.70	0.40	0.39
	2001		2002	
IGP-DI	9.20	9.24	5.50	5.50
IGP-M	9.09	9.17	5.63	5.75
IPC-Fipe	6.36	6.46	4.50	4.50
INPC	7.08	7.11	4.50	4.50
IPCA	6.43	6.49	4.50	4.50

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of August 31	As of today	As of August 31	As of today
GDP growth (%)	1.80	1.70	2.86	2.88
Trade Balance (US\$ billion)	-0.80	-0.50	1.00	1.00
Current Account (US\$ billion)	-26.90	-26.80	-25.77	-25.99
Fiscal Figures (% of GDP)				
- Primary Balance	3.35	3.35	3.50	3.50
- Nominal Balance	-6.45	-6.43	-4.30	-4.40
Exchange Rate End of period (R\$/US\$)	2.45	2.45	2.57	2.60
Over-Selic End of period (% p.a.)	18.18	18.25	16.00	16.00

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 31	As of today	As of August 31	As of today
IGP-DI	1.20	1.15	0.45	0.50
IGP-M	-	-	0.53	0.58
IPC-Fipe	1.10	-	0.30	0.35
IPCA	0.70	0.73	0.33	0.35
	2001		2002	
IGP-DI	9.30	9.50	6.00	6.00
IGP-M	9.16	9.16	5.65	5.65
IPC-Fipe	6.00	6.25	4.40	4.49
IPCA	6.50	6.53	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 31	As of today	As of August 31	As of today
IGP-DI	1.10	1.06	0.50	0.50
IGP-M	-	-	0.60	0.70
IPC-Fipe	1.14	-	0.40	0.59
IPCA	0.70	0.70	0.40	0.40
	2001		2002	
IGP-DI	9.40	9.40	5.26	5.75
IGP-M	9.22	9.22	6.39	6.27
IPC-Fipe	6.50	6.57	4.50	4.50
IPCA	6.53	6.53	4.50	4.50

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

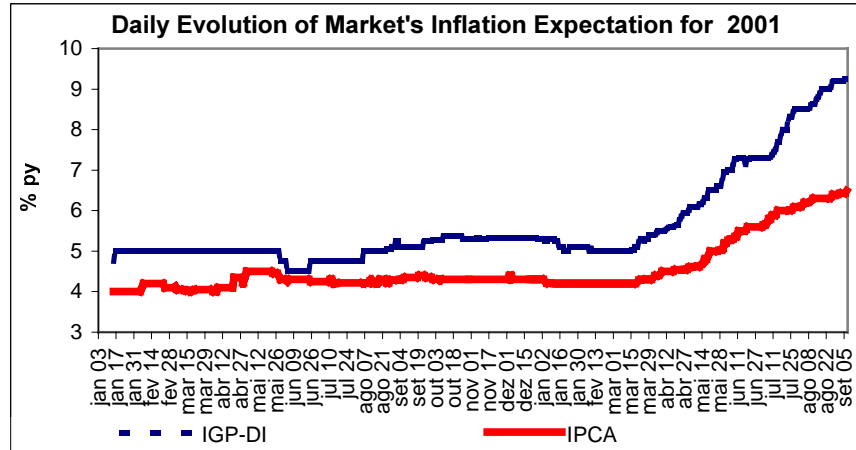


Figure 2
Dispersion of Inflation Forecasts for 2001
 Banco Central do Brasil Daily Survey on Market Expectations

