

**October 19, 2001**

*The median of market expectations for the GDP growth increased to 1.70% from 1.63% for the year 2001 and declined to 2.00% from 2.25% for 2002, as tracked by Banco Central do Brasil daily survey.* Expectations for the Consumer Price Index – IPCA increased to 6.65% from 6.60% for the year 2001 and remained constant at 5.00% for 2002. Forecasts for the IPC-Fipe augmented to 6.53% from 6.50% for the year 2001 and rose to 5.00% from 4.80% for the year 2002. Projections for the IGP-DI reached 9.45% from 9.37% for the year 2001 and 6.50% from 6.43% for the next year.

The median expectation for the trade balance surplus increased to US\$1.09 billion from US\$1.00 billion for 2001, and to US\$4.05 billion from US\$4.00 billion for 2002. Forecasts for the current account deficit declined to US\$24.60 billion from US\$25.00 billion for the year 2001 and to US\$21.20 billion from US\$21.70 billion for the year 2002.

The median of market expectations for the Over-Selic remained unchanged at 19.00% p.a. and at 17.00% p.a. for the year 2001 and 2002, respectively. Forecasts for the exchange rate remained stable at R\$/US\$2.80 for 2001 and rose to R\$/US\$2.90 from R\$/US\$2.86 for the year 2002. On the fiscal front, the median of market expectations for the primary surplus remained constant at 3.40% of the GDP for the year 2001 and at 3.50% of the GDP for the year 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)	October		November	
	As of October 11	As of today	As of October 11	As of today
IGP-DI	0.55	0.60	0.45	0.45
IGP-M	0.55	0.60	0.45	0.50
IPC-Fipe	0.39	0.40	0.30	0.30
INPC	0.45	0.45	0.40	0.45
IPCA	0.40	0.45	0.40	0.40
	<b>2001</b>		<b>2002</b>	
IGP-DI	9.37	9.45	6.43	6.50
IGP-M	9.30	9.34	6.50	6.51
IPC-Fipe	6.50	6.53	4.80	5.00
INPC	7.49	7.56	5.00	5.33
IPCA	6.60	6.65	5.00	5.00

### OTHER ECONOMIC INDICATORS

	2001		2002	
	As of October 11	As of today	As of October 11	As of today
GDP growth (%)	1.63	1.70	2.25	2.00
Trade Balance (US\$ billion)	1.00	1.09	4.00	4.05
Current Account (US\$ billion)	-25.00	-24.60	-21.70	-21.20
Fiscal Figures (% of GDP)				
- Primary Balance	3.40	3.40	3.50	3.50
- Nominal Balance (including exchange rate effect on debt)	-7.77	-7.80	-4.90	-4.88
Exchange Rate End of period (R\$/US\$)	2.80	2.80	2.86	2.90
Over-Selic End of period (% p.a.)	19.00	19.00	17.00	17.00

**Table 2**

### Market Readout

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

(% change)	October		November	
	As of October 11	As of today	As of October 11	As of today
IGP-DI	0.70	0.80	0.40	0.50
IGP-M	0.55	1.00	0.48	0.50
IPC-Fipe	0.30	0.50	0.20	0.20
IPCA	0.44	0.47	0.45	0.45
	2001		2002	
IGP-DI	9.40	9.60	6.80	6.80
IGP-M	9.29	9.60	6.25	5.50
IPC-Fipe	6.40	6.45	4.79	4.95
IPCA	6.70	6.75	5.60	5.70

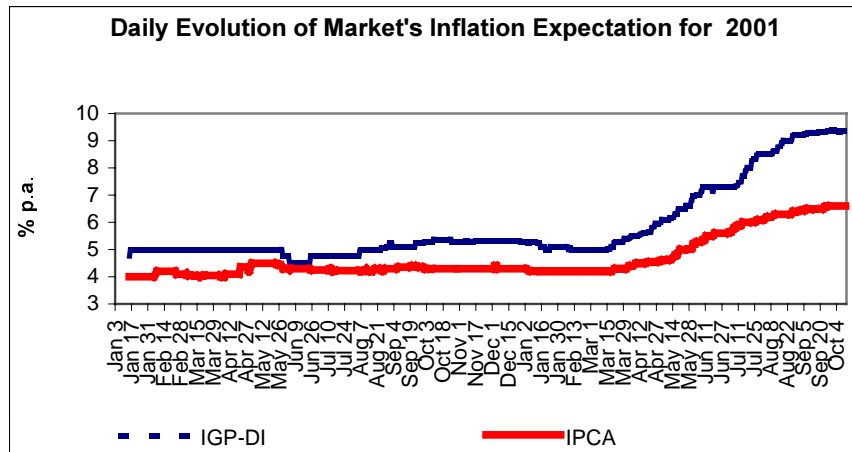
**Table 3**

### Market Readout

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

(% change)	October		November	
	As of October 11	As of today	As of October 11	As of today
IGP-DI	0.50	0.55	0.41	0.48
IGP-M	0.50	0.60	0.50	0.50
IPC-Fipe	0.25	0.45	0.20	0.20
IPCA	0.38	0.40	0.40	0.40
	2001		2002	
IGP-DI	9.33	9.61	6.50	6.75
IGP-M	9.35	9.55	6.49	6.49
IPC-Fipe	6.40	6.60	4.57	4.50
IPCA	6.69	6.69	5.48	5.49

**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

