

October 26th, 2001

Banco Central do Brasil is pleased to announce the Top 5 forecasters for September 2001 inflation (IPCA and IGP-DI), interest (Over-Selic) and exchange rates. The methodology for computing Top 5 forecasters is detailed in the Focus Report dated August 8th, 2001, available on Central Bank's [website](#). This announcement precedes an important change in the process of collecting the projections. From November 5th on, the survey will be carried out through the Internet, optimizing the quality, timeliness, and accuracy of the system. More details on this issue will be disclosed soon. Please find below the weekly report on aggregate market forecasts.

Table 1
Top 5 - Short Run Forecasters in September

Rank	IGP-DI	IPCA
1	CSFB Garantia	Banco BNL do Brasil; MCM Consultores
2	Pactual	
3	ABN-Amro	BBA - Creditanstalt
4	Unibanco	Citibank
5	Banco BNL do Brasil	Pactual

Table 2
Top 5 - Medium Run Model Forecasters in September

Rank	IGP-DI	IPCA	Exchange Rate	Interest Rate
1	ABN-Amro	Banco Itaú - AMC	Rosenberg Consultoria	Tendências
2	Sumitomo	Santander	BMC	MCM Consultores
3	Fator Doria (Corretora)	Unibanco	LCA	Banco HSBC Brain (AM)
4	Banco HSBC Brain (AM)	BBV	Bank Boston	BBV
5	Unibanco	Banco HSBC Brain (AM)	CLSA BCN	Rosenberg Consultoria

The median of market expectations for the Consumer Price Index - IPCA remained constant at 6.65% for 2001 and at 5% for 2002, as tracked by Banco Central do Brasil daily survey. Expectations for the IGP-DI increased to 9.65% from 9.45% for the year 2001 and 6.53% from 6.50% for next year. Forecasts for the IPC-Fipe augmented to 6.58% from 6.53% for the year 2001 and remained at 5.00% for the year 2002. Projections for the GDP growth remained unchanged at 1.7% for the year 2001 and 2% for 2002

The median expectation for the trade balance surplus increased to US\$1.2 billion from US\$1.09 billion for 2001, and to US\$4.5 billion from US\$4.05 billion for 2002. Forecasts for the current account deficit remained at US\$24.6 billion for the year 2001 and declined to US\$21 billion from US\$21.2 billion for the year 2002.

The median of market expectations for the Over-Selic rate remained stable at 19% p.a. and at 17% p.a. for the year 2001 and 2002, respectively. Forecasts for the exchange rate remained constant at R\$/US\$2.80 for 2001 and dropped to R\$/US\$2.84 from R\$/US\$2.90 for the year 2002. On the fiscal front, the median of market expectations for the primary surplus remained 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 projections for the Top 5 forecasters are quoted in the tables and figures below.

Table 3
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations - Median
PRICE INDICES

(% change)	October		November	
	As of October 19	As of today	As of October 19	As of today
IGP-DI	0.60	0.81	0.45	0.45
IGP-M	0.60	0.85	0.50	0.50
IPC-Fipe	0.40	0.45	0.30	0.30
INPC	0.45	0.45	0.45	0.43
IPCA	0.45	0.45	0.40	0.40
	2001		2002	
IGP-DI	9.45	9.65	6.50	6.53
IGP-M	9.34	9.56	6.51	6.60
IPC-Fipe	6.53	6.58	5.00	5.00
INPC	7.56	7.56	5.33	5.31
IPCA	6.65	6.65	5.00	5.00

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of October 19	As of today	As of October 19	As of today
GDP growth (%)	1.70	1.70	2.00	2.00
Trade Balance (US\$ billion)	1.09	1.20	4.05	4.50
Current Account (US\$ billion)	-24.60	-24.60	-21.20	-21.00
Fiscal Figures (% of GDP)				
- Primary Balance	3.40	3.40	3.50	3.50
- Nominal Balance (including exchange rate effect on debt)	-7.80	-7.77	-4.88	-4.90
Exchange Rate End of period (R\$/US\$)	2.80	2.80	2.90	2.84
Over-Selic End of period (% p.a.)	19.00	19.00	17.00	17.00

Table 4
Market Readout

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

(% change)	October		November	
	As of October 19	As of today	As of October 19	As of today
IGP-DI	0.80	1.15	0.50	0.50
IGP-M	1.00	1.12	0.50	0.57
IPC-Fipe	0.50	0.47	0.20	0.21
IPCA	0.47	0.50	0.45	0.45
	2001		2002	
IGP-DI	9.60	10.14	6.80	6.80
IGP-M	9.60	9.94	5.50	6.25
IPC-Fipe	6.45	6.50	4.95	4.55
IPCA	6.75	6.70	5.70	5.60

Table 5
Market Readout

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

(% change)	October		November	
	As of October 19	As of today	As of October 19	As of today
IGP-DI	0.55	1.10	0.48	0.48
IGP-M	0.60	0.95	0.50	0.50
IPC-Fipe	0.45	0.45	0.20	0.35
IPCA	0.40	0.40	0.40	0.30
	2001		2002	
IGP-DI	9.61	9.88	6.75	6.50
IGP-M	9.55	10.00	6.49	6.60
IPC-Fipe	6.60	6.70	4.50	4.50
IPCA	6.69	6.60	5.49	5.50

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

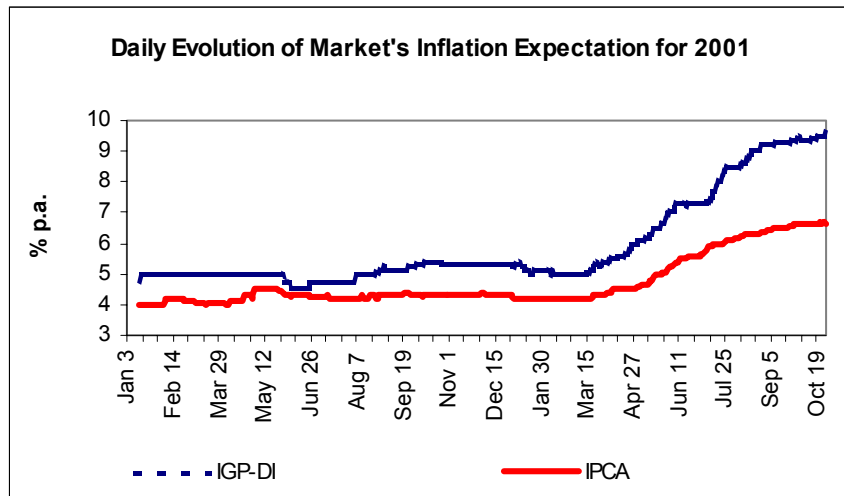


Figure 2
Dispersion of Inflation Forecasts for 2001
 Banco Central do Brasil Daily Survey on Market Expectations

