

**November 1<sup>st</sup>, 2001**

*The median of market expectations for the Consumer Price Index - IPCA for 2001 augmented to 6.67% from 6.65% and to 5.04% from 5% for 2002, as tracked by Banco Central do Brasil daily survey.* Expectations for the IGP-DI increased to 9.91% from 9.65% for the year 2001 and to 6.58% from 6.53% for next year. Forecasts for the IPC-Fipe rose to 6.61% from 6.58% 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 remained constant at US\$1.2 billion for 2001 and US\$4.5 billion for 2002. Forecasts for the current account deficit improved to US\$ 24.5 billion from US\$24.6 billion for the year 2001 and to US\$ 20.79 billion from US\$21 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 dropped to R\$/US\$2.79 from R\$/US\$2.80 for 2001 and increased to R\$/US\$2.86 from R\$/US\$2.84 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 26	As of today	As of October 26	As of today
IGP-DI	0.81	0.90	0.45	0.50
IGP-M	-	-	0.50	0.50
IPC-Fipe	0.45	0.49	0.30	0.31
INPC	0.45	0.45	0.43	0.45
IPCA	0.45	0.50	0.40	0.40
	2001		2002	
IGP-DI	9.65	9.91	6.53	6.58
IGP-M	9.56	9.90	6.60	6.74
IPC-Fipe	6.58	6.61	5.00	5.00
INPC	7.56	7.59	5.31	5.30
IPCA	6.65	6.67	5.00	5.04

### OTHER ECONOMIC INDICATORS

	2001		2002	
	As of October 26	As of today	As of October 26	As of today
GDP growth (%)	1.70	1.70	2.00	2.00
Trade Balance (US\$ billion)	1.20	1.20	4.50	4.50
Current Account (US\$ billion)	-24.60	-24.50	-21.00	-20.79
Fiscal Figures (% of GDP)				
- Primary Balance	3.40	3.40	3.50	3.50
- Nominal Balance (including exchange rate effect on debt)	-7.77	-7.74	-4.90	-4.90
Exchange Rate End of period (R\$/US\$)	2.80	2.79	2.84	2.86
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*

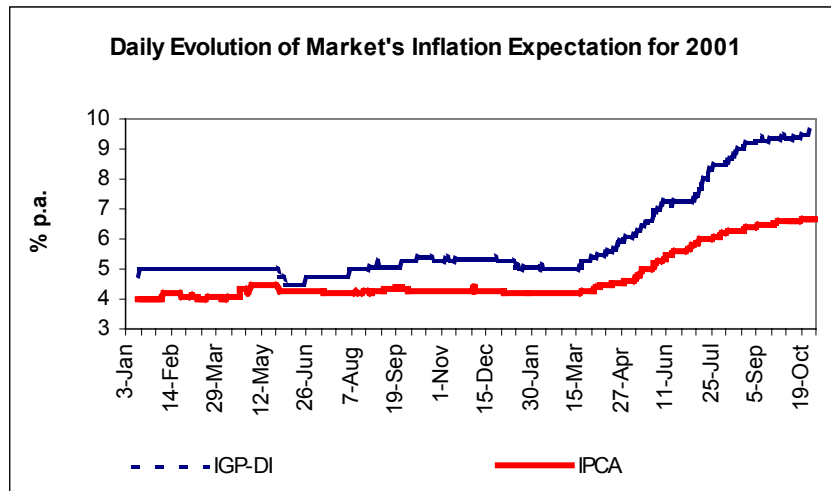
	October		November	
	As of October 26	As of today	As of October 26	As of today
(% change)				
IGP-DI	1.15	1.15	0.50	0.50
IGP-M	-	-	0.57	0.57
IPC-Fipe	0.47	0.55	0.21	0.21
IPCA	0.50	0.50	0.45	0.45
	2001		2002	
IGP-DI	10.14	10.14	6.80	6.80
IGP-M	9.94	9.94	6.25	7.00
IPC-Fipe	6.50	6.55	4.55	4.55
IPCA	6.70	6.70	5.60	5.60

#### Table 5 Market Readout

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

	October		November	
	As of October 26	As of today	As of October 26	As of today
(% change)				
IGP-DI	1.10	1.37	0.48	0.53
IGP-M	-	-	0.50	0.50
IPC-Fipe	0.45	0.48	0.35	0.35
IPCA	0.40	0.45	0.30	0.30
	2001		2002	
IGP-DI	9.88	10.35	6.50	6.75
IGP-M	10.00	10.00	6.60	6.60
IPC-Fipe	6.70	6.70	4.50	4.80
IPCA	6.60	6.60	5.50	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

