

**December 14<sup>th</sup>, 2001**

*On December 14<sup>th</sup>, the median market expectation for the Consumer Price Index - IPCA for 2001 increased to 7.35% from 7.34% on the previous week and dropped to 5.03% from 5.20% for 2002, as tracked by Banco Central do Brasil daily survey. Expectations for the IGP-M fell to 10.63% from 10.68% for the year 2001 and to 7.00% from 7.05% for next year. Forecasts for the IPC-Fipe remained stable at 7.18% for the year 2001 and declined to 5.00% from 5.23% for the year 2002.*

The median of market expectations for the trade balance surplus improved to US\$1.8 billion for 2001 from US\$ 1.7 billion and to US\$ 5.0 billion from US\$4.8 billion for 2002. Forecasts for the current account deficit reduced to US\$ 23.8 billion from US\$ 24 billion for the year 2001 and to US\$ 20.08 billion from US\$20.18 billion for the year 2002. Expectations for the GDP growth elevated to 1.72% from 1.70% for the year 2001 and to 2.20% from 2.11% for 2002.

The median of market expectations for the Over-Selic rate remained stable at 19% p.a. and at 17% p.a. for the years 2001 and 2002, respectively. Forecasts for the exchange rate reduced to R\$/US\$2.50 from R\$/US\$2.60 for 2001 and remained unchanged at R\$/US\$2.70 for the year 2002. On the fiscal front, the median of market expectations for the primary surplus increased to 3.50% from 3.44% of the GDP for the year 2001 and remained unchanged 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 1**  
**Market Readout**  
*Banco Central do Brasil Daily Survey on Market Expectations - Median*  
**PRICE INDICES**

	<b>December</b>		<b>January</b>	
(% change)	As of December 7	As of today	As of December 7	As of today
IGP-DI	0,50	0,50	0,47	0,45
IGP-M	0,50	0,47	0,47	0,43
INPC	0,33	0,38	0,45	0,45
IPCA	0,35	0,35	0,50	0,45
IPC-FIPE	0,30	0,30	0,40	0,38
	<b>2001</b>		<b>2002</b>	
IGP-DI	10,80	10,78	7,00	7,00
IGP-M	10,68	10,63	7,05	7,00
INPC	8,44	8,71	5,30	5,30
IPCA	7,34	7,35	5,20	5,03
IPC-FIPE	7,18	7,18	5,23	5,00

**OTHER ECONOMIC INDICATORS**

	2001		2002	
	As of December 7	As of today	As of December 7	As of today
GDP growth (%)	1.70	1.72	2.11	2.20
Trade Balance (US\$ billion)	1.70	1.80	4.80	5.00
Current Account (US\$ billion)	-24.00	-23.80	-20.18	-20.08
FDI (US\$ billion)	19.00	19.00	15.00	15.10
<b>Fiscal Figures (% of GDP)</b>				
Primary Balance	3.44	3.50	3.50	3.50
Nominal Balance (harmonized)	-3.20	-3.13	-3.47	-3.30
<b>Exchange Rate End of period (R\$/US\$)</b>				
Exchange Rate	2.60	2.50	2.70	2.70
<b>Over-Selic End of period (% p.a.)</b>				
Over-Selic	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*

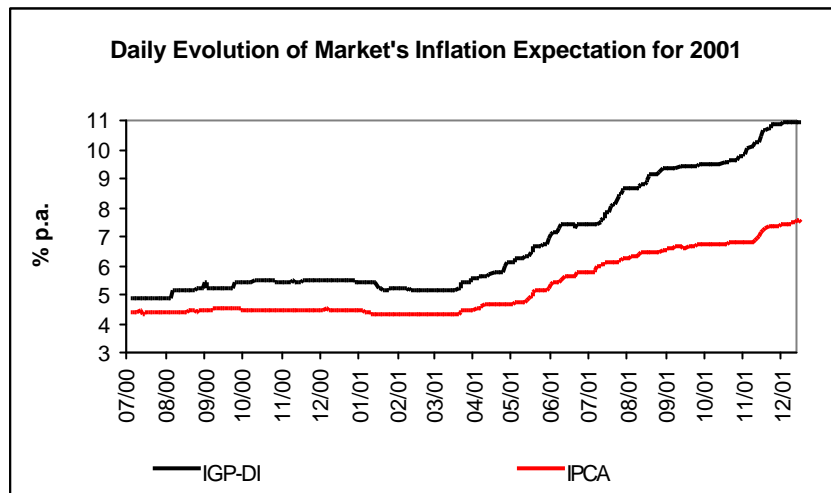
	December		January	
	As of December 7	As of today	As of December 7	As of today
(% change)				
IGP-DI	0,48	0,40	0,49	0,40
IGP-M	0,53	0,40	0,35	0,35
IPC-FIPE	0,38	0,35	0,44	0,42
IPCA	0,40	0,40	0,40	0,40
<b>2001</b>				
IGP-DI	10,69	10,64	6,60	6,60
IGP-M	10,71	10,57	6,70	5,90
IPC-FIPE	7,23	7,23	5,48	5,19
IPCA	7,48	7,41	5,50	5,31

**Table 3**
**Market Readout**

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

	January		February	
	As of December 7	As of today	As of December 7	As of today
(% change)				
IGP-DI	0.48	0.45	0.53	0.45
IGP-M	0.50	0.50	0.70	0.60
IPC-FIPE	0.31	0.34	0.40	0.40
IPCA	0.35	0.35	0.50	0.50
<b>2001</b>				
IGP-DI	10.74	10.74	6.80	6.80
IGP-M	10.68	10.57	7.30	7.30
IPC-FIPE	7.17	7.22	5.52	5.52
IPCA	7.29	7.30	5.59	5.59

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



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

