

December 28th, 2001

The median of market expectations for the GDP growth reached 1.80% from 1.78% for the year 2001 and 2.40% from 2.35% for the next year, as tracked by Banco Central do Brasil daily survey. Expectations for the Consumer Price Index - IPCA remained stable at 7.40% for the year 2001 and declined to 4.80% from 5.00% for the year 2002. The median of expectations for the IGP-DI fell to 10.59% from 10.64% for the year 2001 and to 6.60% from 6.80% for the next year.

The median of market expectations for the trade balance surplus improved to US\$2.01 billion from US\$1.90 billion for the year 2001 and remained unchanged at US\$5.00 billion for the next year. Forecasts for the current account deficit reduced to US\$23.50 billion from US\$23.70 billion for the year 2001 and remained constant at US\$20 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 years 2001 and 2002, respectively. Forecasts for the exchange rate reduced to R\$/US\$ 2.37 from R\$/US\$2.40 for end-2001 and to R\$/US\$2.60 from R\$/US\$2.64 for end-2002. On the fiscal front, the median of market expectations for the primary surplus remained unchanged at 3.50% of the GDP for the years 2001 and 2002, respectively. 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

	December/01		January/02	
	As of December 21	As of today	As of December 21	As of today
IGP-DI	0.40	0.35	0.41	0.38
IGP-M	0.40	-	0.40	0.30
INPC	0.35	0.44	0.45	0.40
IPCA	0.36	0.39	0.40	0.30
IPC-Fipe	0.28	0.21	0.35	0.24
	2001		2002	
IGP-DI	10.64	10.59	6.80	6.60
IGP-M	10.54	-	6.67	6.40
INPC	8.96	9.07	5.30	5.17
IPCA	7.40	7.40	5.00	4.80
IPC-Fipe	7.13	7.08	4.97	4.62

OTHER ECONOMIC INDICATORS

	2001		2002	
	As of December 21	As of today	As of December 21	As of today
GDP growth (%)	1.78	1.80	2.35	2.40
Trade Balance (US\$ billion)	1.90	2.01	5.00	5.00
Current Account (US\$ billion)	-23.70	-23.50	-20.00	-20.00
FDI (US\$ billion)	19.50	19.80	16.00	16.00
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.50	3.50	3.50
Nominal Balance (harmonized)	-3.10	-3.10	-3.30	-3.30
Exchange Rate End of period (R\$/US\$)	2.40	2.37	2.64	2.60
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*

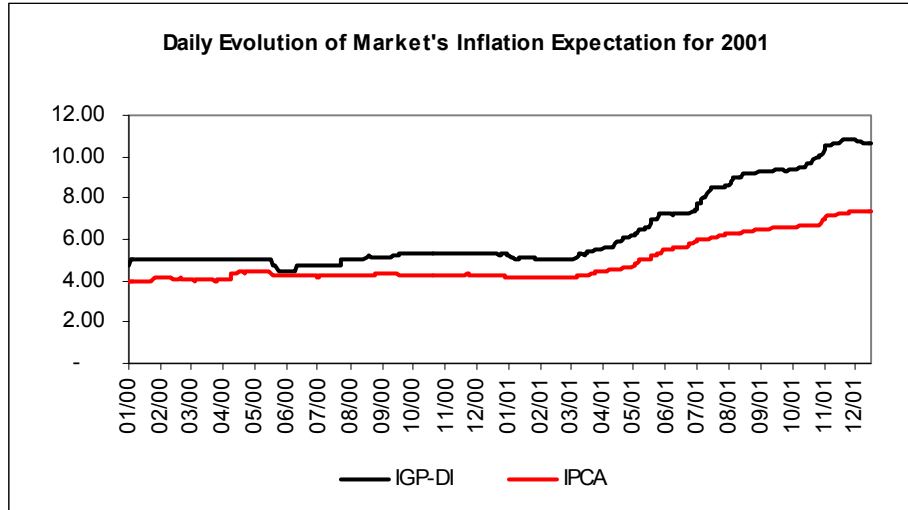
	December/01		January/02	
	As of December 21	As of today	As of December 21	As of today
IGP-DI	0.35	0.20	0.20	-0.30
IGP-M	0.35	-	0.50	0.45
IPC-Fipe	0.35	0.35	0.40	0.20
IPCA	0.27	0.27	0.31	0.28
	2001		2002	
IGP-DI	10.59	10.42	6.10	5.70
IGP-M	10.52	-	6.80	6.11
IPC-Fipe	7.23	7.23	5.25	5.20
IPCA	7.27	7.27	4.88	4.88

Table 3
Market Readout

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

	December/01		January/02	
	As of December 21	As of today	As of December 21	As of today
IGP-DI	0.32	0.25	0.35	0.20
IGP-M	0.35	-	0.40	0.40
IPC-Fipe	0.30	0.20	0.40	0.30
IPCA	0.33	0.33	0.31	0.20
	2001		2002	
IGP-DI	10.56	10.48	6.17	5.95
IGP-M	10.52	-	7.60	7.01
IPC-Fipe	7.18	7.07	5.48	5.22
IPCA	7.34	7.34	4.70	4.46

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

