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**January 25<sup>th</sup>, 2002**

*The median of market expectations for the GDP growth remained stable at 1.80% for the year 2001, increased to 2.44% from 2.40% for 2002 and remained unchanged at 3.5% for the year 2003, as tracked by Banco Central do Brasil daily survey.* Forecasts for the current account deficit remained constant at US\$ 20.00 billion for the year 2002 and decreased to US\$ 19.83 billion from US\$ 20.00 billion for the year 2003. Expectations for the trade balance surplus remained stable at US\$ 4.80 billion for 2002 and at US\$ 6.0 billion for 2003.

The median of market expectations for the Consumer Price Index - IPCA for 2002 increased to 4.80% from 4.75% and remained unchanged at 4.00% for 2003. Forecasts for the IGP-DI declined to 5.85% from 5.92% for the year 2002 and to 4.58% from 4.65% for 2003. Expectations for the IGP-M decreased to 5.84% from 5.96% for the year 2002 and remained constant at 4.60% for the next year. Forecasts for the IPC-Fipe elevated to 4.80% from 4.68% for the year 2002 and remained stable at 4.00% for the year 2003. Expectations for the INPC increased to 5.17% from 5.10% for the year 2002 and remained unchanged at 4.00% for the year 2003.

The median of market expectations for the exchange rate dropped to R\$/US\$ 2.58 from R\$/US\$ 2.60 for end-2002 and remained constant at R\$/US\$ 2.70 for end-2003. Forecasts for the Over-Selic rate fell to 16.51% from 17.00% p.a. for the year 2002 and remained stable at 14.00% p.a. for the year 2003. On the fiscal front, the median of market expectations for the primary surplus remained unchanged at 3.50% for the years 2001 and 2002 and elevated to 3.05% from 3.00% of the GDP for the year 2003. Expectations for other economic indicators, along with median projections for the Top 5 forecasting institutions are quoted in the tables and figures below.

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**Table 1**  
**Market Readout**  
*Banco Central do Brasil Daily Survey on Market Expectations - Median*

**PRICE INDICES**

(% change)	January		February	
	As of January 18	As of today	As of January 18	As of today
IGP-DI	0.15	0.15	0.20	0.20
IGP-M	0.25	0.25	0.15	0.15
INPC	0.45	0.50	0.30	0.30
IPCA	0.39	0.40	0.25	0.25
IPC-FIPE	0.40	0.45	0.25	0.25
	2002		2003	
IGP-DI	5.92	5.85	4.65	4.58
IGP-M	5.96	5.84	4.60	4.60
INPC	5.10	5.17	4.00	4.00
IPCA	4.75	4.80	4.00	4.00
IPC-FIPE	4.68	4.80	4.00	4.00

**OTHER ECONOMIC INDICATORS - 2001**

	2001	
	As of January 18	As of today
GDP growth (%)	1.80	1.80
Fiscal Figures (% of GDP)		
Primary Balance	3.50	3.50
Nominal Balance (harmonized)	-3.10	-3.10

**OTHER ECONOMIC INDICATORS – 2002/2003**

	2002		2003	
	As of January 18	As of today	As of January 18	As of today
GDP growth (%)	2.40	2.44	3.50	3.50
Trade Balance (US\$ billion)	4.80	4.80	6.00	6.00
Current Account (US\$ billion)	-20.00	-20.00	-20.00	-19.83
FDI (US\$ billion)	16.00	16.00	16.50	16.25
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.50	3.00	3.05
Nominal Balance (harmonized)	-3.30	-3.30	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.60	2.58	2.70	2.70
Over-Selic End of period (% p.a.)	17.00	16.51	14.00	14.00

**Table 2**  
**Market Readout**

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

(% change)	January		February	
	As of January 18	As of today	As of January 18	As of today
IGP-DI	0.05	0.00	0.10	0.00
IGP-M	0.20	0.18	0.15	-0.05
IPCA	0.40	0.40	0.37	0.25
	2002		2003	
IGP-DI	5.70	5.06	4.00	4.01
IGP-M	5.90	5.52	4.00	4.00
IPCA	4.88	4.85	4.00	3.75

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

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

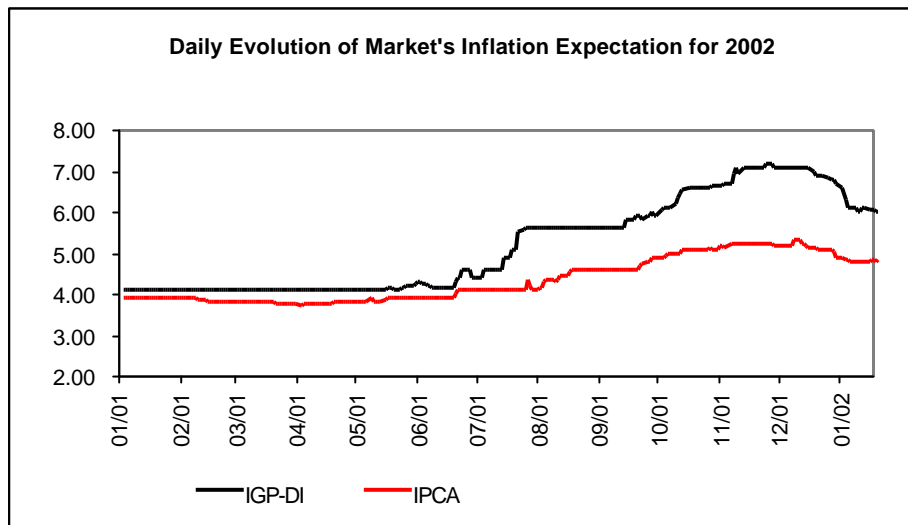
(% change)	January		February	
	As of January 18	As of today	As of January 18	As of today
IGP-DI	0.15	-0.05	0.20	0.05
IGP-M	0.15	0.20	0.16	0.00
IPCA	0.33	0.40	0.15	0.27
	2002		2003	
IGP-DI	5.70	5.61	4.50	5.00
IGP-M	6.42	5.09	4.56	4.15
IPCA	4.51	4.96	4.49	4.00

**Table 4**  
**Market Readout**

*Banco Central do Brasil Daily Survey on Market Expectations - Median  
Top 5 – Long Run Forecasting Institutions*

(% change)	January		February	
	As of January 18	As of today	As of January 18	As of today
IPCA	0.23	0.35	0.25	0.25
	2002		2003	
IPCA	4.91	4.91	4.25	4.25

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



**Graph 2**  
**Dispersion of Inflation Forecasts for 2002**  
 Banco Central do Brasil Daily Survey on Market Expectations

