

March 22nd, 2002

The median of market expectations for the INPC decreased to 5.71% from 5.77% for 2002, a second consecutive fall, and remained stable at 4.08% for 2003, as tracked by Banco Central do Brasil daily survey. The projections for the IPC-Fipe declined to 4.86% from 4.88% for 2002 and remained constant at 4.00% for 2003. The forecasts for the Consumer Price Index–Extended - IPCA increased to 5.00% from 4.98% for 2002 and remained unchanged at 4.00% for 2003. The expectations for the IGP-M elevated to 5.82% from 5.81% for 2002, and to 4.68% from 4.67% for 2003. The median of expectations for the IGP-DI increased to 5.94% from 5.93% for 2002, and to 4.83% from 4.80% for 2003.

The median of expectations for the GDP growth remained stable at 2.40% for 2002 and at 3.50% for 2003. The forecasts for the net flow of foreign direct investment remained unchanged at US\$17.00 billion for 2002 and elevated to US\$17.75 billion from US\$17.50 billion for 2003. The expectations for the trade balance surplus remained stabilized at US\$4.30 billion for 2002, and at US\$5.00 billion for 2003. The median of the projections for the current account deficit fell to US\$20.25 billion from US\$20.40 billion for 2002 and remained constant at US\$20.00 billion for 2003.

The median of expectations for the exchange rate decreased to R\$/US\$2.52 from R\$/US\$2.55 for 2002 and remained stable at R\$/US\$2.68 for 2003. The expectations for the Over-Selic rate remained unchanged at 16.50% p.a. for 2002 and at 14.00% p.a. for 2003. On the fiscal front, the median of expectations for the primary surplus remained constant at 3.50% of the GDP for 2002 and at 3.00% of the GDP for 2003. The projections for the nominal harmonized deficit remained unchanged at 3.50% of the GDP for 2002, and reduced to 3.00% from 3.15% of the GDP for 2003. Expectations for the surveyed economic indicators, along with median projections for the Top 5 forecasting institutions are quoted in the tables and figures below.

Table 1
Market Readout

Banco Central do Brasil Daily Survey on Market Expectations - Median

PRICE INDICES

(% change)	March		April	
	As of March 15	As of today	As of March 15	As of today
IGP-DI	0.35	0.35	0.42	0.45
IGP-M	0.32	0.28	0.40	0.42
INPC	0.35	0.39	0.35	0.32
IPCA	0.35	0.40	0.35	0.40
IPC-FIPE	0.23	0.21	0.30	0.30
	2002		2003	
IGP-DI	5.93	5.94	4.80	4.83
IGP-M	5.81	5.82	4.67	4.68
INPC	5.77	5.71	4.08	4.08
IPCA	4.98	5.00	4.00	4.00
IPC-FIPE	4.88	4.86	4.00	4.00

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of March 15	As of today	As of March 15	As of today
GDP growth (%)	2.40	2.40	3.50	3.50
Trade Balance (US\$ billion)	4.30	4.30	5.00	5.00
Current Account (US\$ billion)	-20.40	-20.25	-20.00	-20.00
FDI (US\$ billion)	17.00	17.00	17.50	17.75
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.50	3.00	3.00
Nominal Balance (harmonized)	-3.50	-3.50	-3.15	-3.00
Exchange Rate End of period (R\$/US\$)	2.55	2.52	2.68	2.68
Over-Selic End of period (% p.a.)	16.50	16.50	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)	March		April	
	As of March 15	As of today	As of March 15	As of today
IGP-DI	0.43	0.35	0.50	0.50
IGP-M	0.31	0.37	0.46	0.37
IPCA	0.42	0.42	0.33	0.33
	2002		2003	
IGP-DI	5.69	5.61	4.64	4.64
IGP-M	5.75	5.78	5.35	5.18
IPCA	4.87	4.87	3.80	3.80

Table 3
Market Readout

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

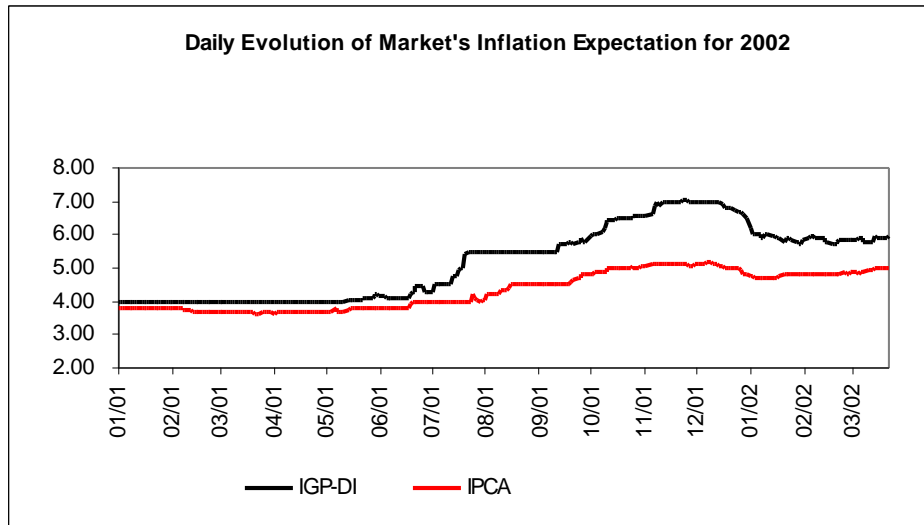
(% change)	March		April	
	As of March 15	As of today	As of March 15	As of today
IGP-DI	0.40	0.30	0.45	0.40
IGP-M	0.35	0.23	0.35	0.42
IPCA	0.43	0.40	0.42	0.40
	2002		2003	
IGP-DI	6.63	6.44	4.82	4.82
IGP-M	5.75	5.55	4.00	3.98
IPCA	5.05	4.94	3.90	4.00

Table 4
Market Readout

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

(% change)	March		April	
	As of March 15	As of today	As of March 15	As of today
IPCA	0.32	0.35	0.37	0.39
	2002		2003	
IPCA	5.18	5.16	4.49	4.50

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

