

October 25, 2002

The median of forecasts for the current account deficit reduced to US\$ 13.00 billion from US\$13.40 billion for 2002 and to US\$10.00 billion from US\$11.10 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The median of market expectations for the trade balance surplus increased to US\$10.50 billion from US\$10.00 billion for 2002 and to US\$13.00 billion from US\$12.47 billion for 2003. The expectations for the net flow of foreign direct investment remained at US\$15.00 billion for 2002 and decreased to US\$14.00 billion from US\$15.00 for 2003.

The expectations for the GDP growth remained stable at 1.25% for 2002 and declined to 2.10% from 2.50% for 2003.

The forecasts for the IPCA increased to 8.07% from 7.61% for 2002 and to 7.10% from 6.62% for 2003. The median of expectations for the INPC increased to 8.96% from 8.57% for 2002 and to 7.40% from 6.80% for 2003. The expectations for the IPC-Fipe increased to 5.90% from 5.59% for 2002 and to 6.40% from 5.90% for 2003. The median of expectations for the IGP-DI increased to 17.44% from 16.76% for 2002 and to 10.00% from 9.50% for 2003. The forecasts for the IGP-M increased to 17.05% from 16.08% for 2002 and to 10.40% from 9.80% for 2003.

The expectations for the Over-Selic rate increased to 21.00% from 19.70% p.a. for 2002 and to 17.00% p.a. from 16.25% p.a. for 2003. The median of forecasts for the exchange rate increased to R\$/US\$3.50 from R\$/US\$3.40 for 2002 and remained at R\$/US\$3.50 for 2003.

On the fiscal front, the median of expectations for the primary surplus remained at 3.88% of the GDP for 2002 and at 3.75% of the GDP for 2003. The median of forecasts for the nominal harmonized deficit remained at 3.50% of the GDP for 2002 and decreased to 3.15% from 3.20% 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-a
Market Readout**

Banco Central do Brasil Daily Survey on Market Expectations - Median

PRICE INDICES

(% change)	October		November	
	As of October 18	As of today	As of October 18	As of today
IGP-DI	2.40	2.70	1.35	1.50
IGP-M	2.50	2.90	1.50	1.78
INPC	0.75	0.85	0.80	0.85
IPCA	0.71	0.88	0.65	0.80
IPC-FIPE	0.66	0.80	0.50	0.65
	2002		2003	
IGP-DI	16.76	17.44	9.50	10.00
IGP-M	16.08	17.05	9.80	10.40
INPC	8.57	8.96	6.80	7.40
IPCA	7.61	8.07	6.62	7.10
IPC-FIPE	5.59	5.90	5.90	6.40

**Table 1-b
Market Readout**

Banco Central do Brasil Daily Survey on Market Expectations - Median

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of October 18	As of today	As of October 18	As of today
GDP growth (%)	1.25	1.25	2.50	2.10
Trade Balance (US\$ billion)	10.00	10.50	12.47	13.00
Current Account (US\$ billion)	-13.40	-13.00	-11.10	-10.00
FDI (US\$ billion)	15.00	15.00	15.00	14.00
Fiscal Figures (% of GDP)				
Primary Balance	3.88	3.88	3.75	3.75
Nominal Balance (harmonized)	-3.50	-3.50	-3.20	-3.15
Exchange Rate End of period (R\$/US\$)	3.40	3.50	3.50	3.50
Over-Selic End of period (% p.a.)	19.70	21.00	16.25	17.00

Table 2
Market Readout

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

(% change)	October		November	
	As of October 18	As of today	As of October 18	As of today
IGP-DI	3.00	3.00	2.00	2.00
IGP-M	2.67	3.26	1.85	2.00
IPCA	0.88	1.00	1.02	1.11
	2002		2003	
IGP-DI	18.87	18.87	7.50	7.50
IGP-M	17.63	17.96	9.50	11.99
IPCA	8.62	8.80	7.00	8.20

Table 3
Market Readout

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

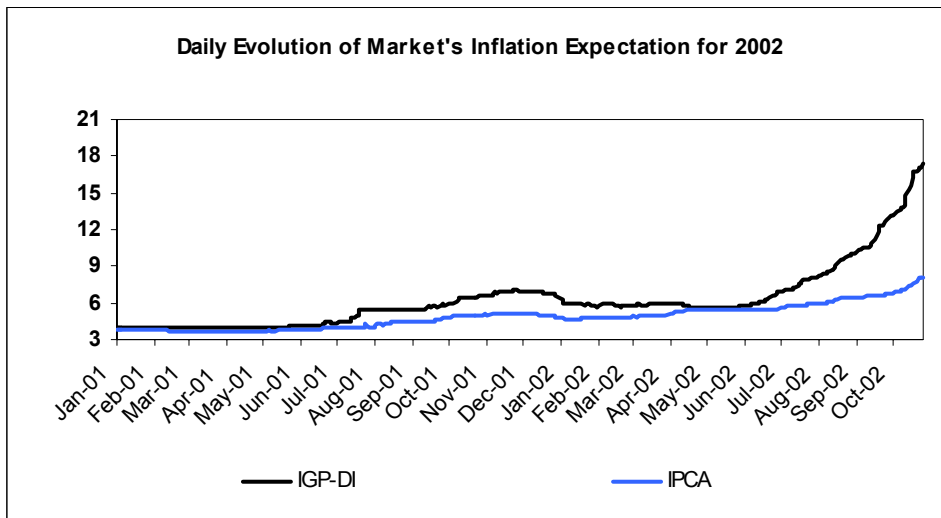
(% change)	October		November	
	As of October 18	As of today	As of October 18	As of today
IGP-DI	2.78	2.87	1.30	1.60
IGP-M	2.35	2.55	1.23	1.25
IPCA	0.38	0.89	0.41	0.68
	2002		2003	
IGP-DI	16.60	18.87	7.45	9.15
IGP-M	15.39	16.00	9.00	9.00
IPCA	6.88	7.97	5.53	4.85

Table 4
Market Readout

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

(% change)	October		November	
	As of October 18	As of today	As of October 18	As of today
IPCA	0.65	0.83	0.70	0.89
	2002		2003	
IPCA	7.49	8.25	7.00	7.52

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

