

**November 8, 2002**

*The median of market forecasts for the current account deficit reduced to US\$ 11.10 billion from US\$11.85 billion for 2002 and to US\$8.57 billion from US\$9.00 billion for 2003, as tracked by the daily survey carried out by Banco Central do Brasil's Investor Relations Group.*

The median of the market expectations for the trade balance surplus increased to US\$11.50 billion from US\$11.30 billion for 2002 and remained at US\$15.00 billion for 2003. The expectations for the net flow of foreign direct investment increased to US\$15.15 billion from US\$15.00 for 2002 and remained at US\$13.00 billion for 2003.

The expectations for the GDP growth remained at 1.20% for 2002 and decreased to 1.90% from 2.00% for 2003.

For the first time the median of the market expectations for the IPCA for 2003 surpassed that for 2002. The forecasts for the IPCA increased to 8.76% from 8.42% for 2002 and to 9.00% from 8.20% for 2003. Top 5 forecasting institutions (long run and short run) are also projecting an upward trajectory of inflation (IPCA). The median of the expectations for the INPC increased to 9.72% from 9.29% for 2002 and to 8.60% from 7.75% for 2003. The expectations for the IPC-Fipe increased to 6.65% from 6.23% for 2002 and to 7.00% from 6.73% for 2003. Forecasting institutions have been projecting two-digit wholesale price inflation since the first week of September. The median of the expectations for the IGP-DI increased to 20.39% from 18.87% for 2002 and to 11.20% from 10.45% for 2003. The forecasts for the IGP-M increased to 20.09% from 18.62% for 2002 and to 12.77% from 11.00% for 2003.

The expectations for the Over-Selic rate remained at 21.00% p.a. for 2002 and increased to 18.00% p.a. from 17.00% p.a. for 2003. The median of the forecasts for the exchange rate remained at R\$/US\$3.50 for 2002 and increased to R\$/US\$3.59 from R\$/US\$3.55 for 2003.

On the fiscal front, the median of the 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 the forecasts for the nominal harmonized deficit decreased to 3.50% from 3.65% of the GDP for 2002 and to 3.20% from 3.30%

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 November 1	As of today	As of November 1	As of today
IGP-DI	3.20	3.61	2.00	2.45
IGP-M	-	-	2.10	2.92
INPC	1.00	1.10	0.90	1.10
IPCA	0.98	1.01	0.90	1.12
IPC-FIPE	0.95	-	0.72	0.88
	2002		2003	
IGP-DI	18.87	20.39	10.45	11.20
IGP-M	18.62	20.09	11.00	12.77
INPC	9.29	9.72	7.75	8.60
IPCA	8.42	8.76	8.20	9.00
IPC-FIPE	6.23	6.65	6.73	7.00

**Table 1-b  
Market Readout**

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

**OTHER ECONOMIC INDICATORS – 2002/2003**

	2002		2003	
	As of November 1	As of today	As of November 1	As of today
GDP growth (%)	1.20	1.20	2.00	1.90
Trade Balance (US\$ billion)	11.30	11.50	15.00	15.00
Current Account (US\$ billion)	-11.85	-11.10	-9.00	-8.57
FDI (US\$ billion)	15.00	15.15	13.00	13.00
Fiscal Figures (% of GDP)				
Primary Balance	3.88	3.88	3.75	3.75
Nominal Balance (harmonized)	-3.65	-3.50	-3.30	-3.20
Exchange Rate End of period (R\$/US\$)	3.50	3.50	3.55	3.59
Over-Selic End of period (% p.a.)	21.00	21.00	17.00	18.00

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

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

	October		November	
(% change)	As of November 1	As of today	As of November 1	As of today
IGP-DI	3.60	3.62	2.00	2.20
IGP-M	-	-	2.00	3.55
IPCA	1.09	1.11	1.13	1.46
	2002		2003	
IGP-DI	18.87	19.44	7.50	7.50
IGP-M	18.67	21.05	11.99	10.75
IPCA	9.05	9.53	11.20	11.15

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

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

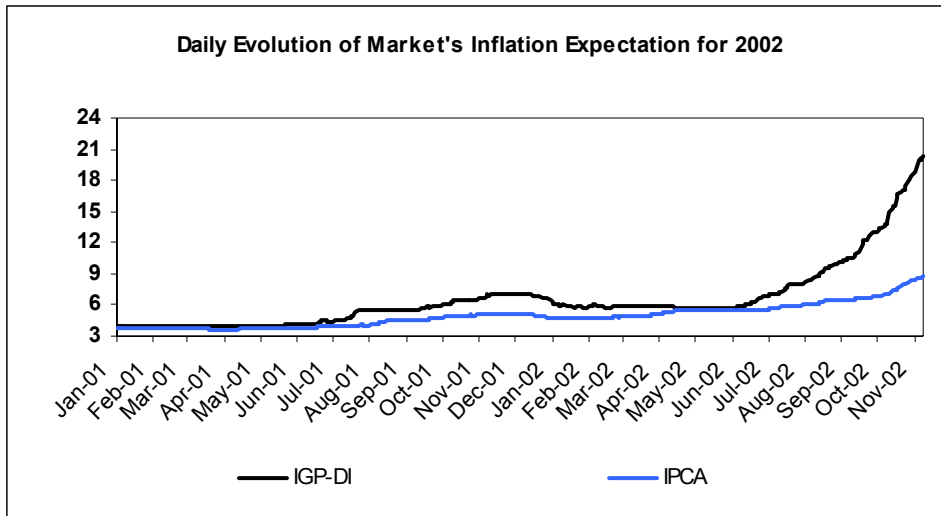
	October		November	
(% change)	As of November 1	As of today	As of November 1	As of today
IGP-DI	2.87	2.87	1.40	1.40
IGP-M	-	-	1.69	3.10
IPCA	0.90	0.90	0.75	0.75
	2002		2003	
IGP-DI	18.29	18.29	9.15	9.15
IGP-M	17.63	20.44	10.50	11.50
IPCA	7.97	7.97	5.00	5.00

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

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

	October		November	
(% change)	As of November 1	As of today	As of November 1	As of today
IPCA	0.92	1.09	0.99	1.22
	2002		2003	
IPCA	8.51	8.91	7.77	10.00

**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

