

**November 29, 2002**

*The median of market forecasts for the current account deficit declined to US\$ 10.00 billion from US\$10.50 billion for 2002 and to US\$6.50 billion from US\$7.05 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\$12.50 billion from US\$12.00 billion for 2002 and to US\$15.10 billion from US\$15.06 billion for 2003. The expectations for the net flow of foreign direct investment increased to US\$15.50 billion from US\$15.30 for 2002 and remained at US\$13.00 billion for 2003.

The expectations for GDP growth increased to 1.26% from 1.21% for 2002 and declined to 1.95% from 2.00% for 2003.

The forecasts for the IPCA increased to 11.00% from 10.00% for 2002 and to 10.68% from 9.96% for 2003. The median of the expectations for the INPC increased to 12.05% from 11.40% for 2002 and to 10.65 from 10.00% for 2003. The expectations for the IPC-Fipe increased to 8.73% from 8.00% for 2002 and to 9.38% from 8.00% for 2003. The median of the expectations for the IGP-DI increased to 24.08% from 22.04% for 2002 and to 14.00% from 13.70% for 2003. The forecasts for the IGP-M increased to 23.58% from 22.00% for 2002 and to 14.19% from 14.00% for 2003.

The expectations for the Over-Selic rate remained at 22.00% p.a. for 2002 and increased to 18.14% p.a. from 18.00% p.a. for 2003. The median of the forecasts for the exchange rate remained at R\$/US\$3.50 for 2002 and at R\$/US\$3.60 for 2003.

On the fiscal front, the median of the expectations for the primary surplus remained at 3.90% of GDP for 2002 and at 3.75% of GDP for 2003. The median of the forecasts for the nominal harmonized deficit remained at 3.50% of GDP for 2002 and at 3.30% of 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)	November		December	
	As of November 22	As of today	As of November 22	As of today
IGP-DI	3.50	4.34	1.80	2.20
IGP-M	4.10	-	2.10	2.60
INPC	1.90	2.60	1.10	1.15
IPCA	1.86	2.50	0.95	1.10
IPC-FIPE	1.80	2.41	0.85	1.00
	2002		2003	
IGP-DI	22.04	24.08	13.70	14.00
IGP-M	22.00	23.58	14.00	14.19
INPC	11.40	12.05	10.00	10.65
IPCA	10.00	11.00	9.96	10.68
IPC-FIPE	8.00	8.73	8.00	9.38

**Table 1-b**  
**Market Readout**  
*Banco Central do Brasil Daily Survey on Market Expectations – Standard Deviation*  
**PRICE INDICES**

	November		December	
	As of November 22	As of today	As of November 22	As of today
IGP-DI	1.03	1.12	0.75	0.83
IGP-M	0.80	-	0.66	0.89
INPC	0.68	0.82	0.27	0.44
IPCA	0.65	0.69	0.29	0.39
IPC-FIPE	0.57	0.61	0.32	0.46
	2002		2003	
IGP-DI	2.27	2.16	4.56	4.59
IGP-M	1.71	1.83	4.29	4.30
INPC	1.48	1.72	2.69	2.66
IPCA	1.04	1.10	2.39	2.36
IPC-FIPE	0.89	1.00	2.61	2.43

**Table 1-c**  
**Market Readout**  
*Banco Central do Brasil Daily Survey on Market Expectations - Median*  
**OTHER ECONOMIC INDICATORS – 2002/2003**

	2002		2003	
	As of November 22	As of today	As of November 22	As of today
GDP growth (%)	1.21	1.26	2.00	1.95
Trade Balance (US\$ billion)	12.00	12.50	15.06	15.10
Current Account (US\$ billion)	-10.50	-10.00	-7.05	-6.50
FDI (US\$ billion)	15.30	15.50	13.00	13.00
Fiscal Figures (% of GDP)				
Primary Balance	3.90	3.90	3.75	3.75
Nominal Balance (harmonized)	-3.50	-3.50	-3.30	-3.30
Exchange Rate End of period (R\$/US\$)	3.50	3.50	3.60	3.60
Over-Selic End of period (% p.a.)	22.00	22.00	18.00	18.14

**Table 1-d**  
**Market Readout**  
*Banco Central do Brasil Daily Survey on Market Expectations – Standard Deviation*  
**OTHER ECONOMIC INDICATORS – 2002/2003**

	2002		2003	
	As of November 22	As of today	As of November 22	As of today
GDP growth (%)	0.33	0.33	0.81	0.78
Trade Balance (US\$ billion)	0.78	0.64	2.15	2.01
Current Account (US\$ billion)	3.10	3.05	3.45	3.01
FDI (US\$ billion)	0.99	0.95	2.67	2.68
Fiscal Figures (% of GDP)				
Primary Balance	0.07	0.11	0.28	0.26
Nominal Balance (harmonized)	1.38	1.79	2.06	2.15
Exchange Rate End of period (R\$/US\$)	0.20	0.16	0.36	0.32
Over-Selic End of period (% p.a.)	1.11	0.96	1.92	2.11

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

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

(% change)	November		December	
	As of November 22	As of today	As of November 22	As of today
IGP-DI	3.99	4.60	1.65	1.80
IGP-M	4.39	-	2.77	3.25
IPCA	2.50	2.82	1.25	1.54
	2002		2003	
IGP-DI	22.15	23.65	15.45	15.45
IGP-M	23.40	24.70	14.60	14.60
IPCA	11.21	11.70	11.00	11.00

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

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

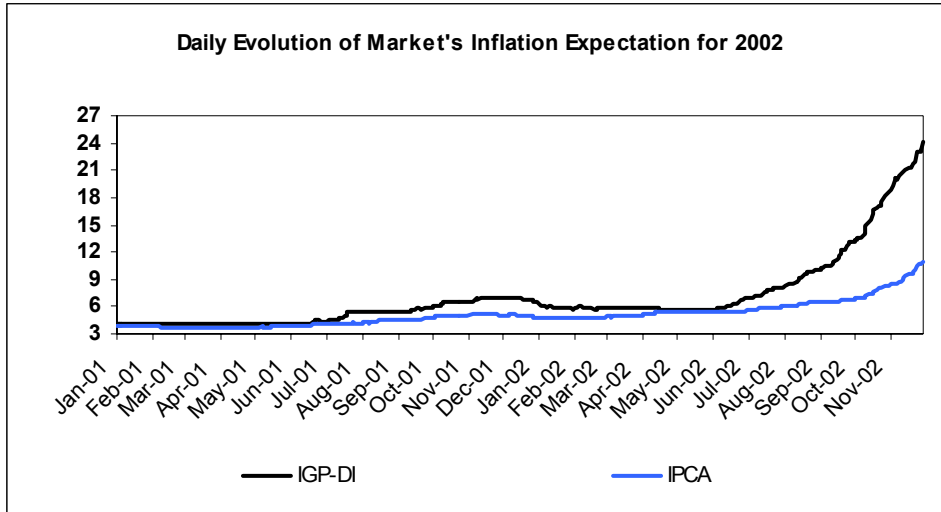
(% change)	November		December	
	As of November 22	As of today	As of November 22	As of today
IGP-DI	3.60	3.60	1.80	1.80
IGP-M	4.50	-	2.60	2.60
IPCA	2.19	2.79	1.13	1.38
	2002		2003	
IGP-DI	21.93	21.93	16.70	14.70
IGP-M	23.58	23.71	10.00	12.00
IPCA	10.44	11.56	9.20	9.80

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

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

(% change)	November		December	
	As of November 22	As of today	As of November 22	As of today
IPCA	2.19	2.49	1.13	1.25
	2002		2003	
IPCA	10.75	11.06	10.50	10.50

**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*

