

January 3, 2003

The median of market forecasts for the current account deficit declined to US\$8.60 billion from US\$8.75 billion for 2002, remained at US\$5.90 billion for 2003 and increased to US\$5.30 billion from US\$5.10 billion for 2004, as tracked by the daily survey carried out by Banco Central do Brasil's Investor Relations Group.

The median of the expectations for the trade balance surplus remained at US\$15.50 billion for 2003 and at US\$16.00 billion for 2004. The expectations for the net inflow of foreign direct investment remained at US\$16.00 billion for 2002, at US\$13.00 billion for 2003 and at US\$15.00 billion for 2004.

The expectations for the GDP growth increased to 1.45% from 1.44% for 2002, declined to 1.93% from 1.94% for 2003 and remained at 3.00% for 2004.

The forecasts for the IPCA increased to 12.64% from 12.53% for 2002, remained at 11.00% for 2003 and increased to 8.00% from 7.90% for 2004. The median of the expectations for the INPC increased to 14.46% from 14.44% for 2002, to 11.02% from 10.96% for 2003 and to 7.75% from 7.50% for 2004. The expectations for the IPC-Fipe remained at 9.87% for 2002, increased to 10.00% from 9.95% for 2003 and to 6.28% from 6.00% for 2004. The median of the expectations for the IGP-DI declined to 27.40% from 27.52% for 2002, increased to 14.50% from 14.38% for 2003 and to 9.00% from 8.50% for 2004. The forecasts for the IGP-M increased to 15.13% from 15.00% for 2003 and to 8.95% from 8.90% for 2004.

The median of the forecasts for the exchange rate remained at R\$/US\$3.70 for 2003 and at R\$/US\$3.80 for 2004. The expectations for the Over-Selic rate remained at 20.00% p.a. for 2003 and increased to 17.15% p.a. from 17.00% p.a. for 2004.

On the fiscal front, the median of the expectations for the primary surplus remained at 3.90% of GDP for 2002, increased to 3.77% of GDP from 3.75% of GDP for 2003 and remained at 3.75% of GDP for 2004. The median of the forecasts for the nominal harmonized deficit increased to 3.70% of GDP from 3.60% of GDP for 2002, remained at 3.30% of GDP for 2003 and at 3.06% of GDP

for 2004. 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

	December		January			
(% change)	As of December 27	As of today	As of December 27	As of today		
IGP-DI	3.60	3.50	1.65	2.00		
IGP-M	-	-	2.04	2.30		
INPC	2.44	2.45	1.40	1.50		
IPCA	2.13	2.20	1.24	1.57		
IPC-FIPE	1.79	1.78	1.10	1.25		
	2002		2003		2004	
					As of December 27	As of today
IGP-DI	27.52	27.40	14.38	14.50	8.50	9.00
IGP-M	-	-	15.00	15.13	8.90	8.95
INPC	14.44	14.46	10.96	11.02	7.50	7.75
IPCA	12.53	12.64	11.00	11.00	7.90	8.00
IPC-FIPE	9.87	9.87	9.95	10.00	6.00	6.28

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

	December		January			
	As of December 27	As of today	As of December 27	As of today		
IGP-DI	0.75	0.73	0.70	0.65		
IGP-M	-	-	0.63	0.61		
INPC	0.48	0.43	0.46	0.47		
IPCA	0.40	0.37	0.38	0.42		
IPC-FIPE	0.34	0.27	0.51	0.51		
	2002		2003		2004	
					As of December 27	As of today
IGP-DI	1.31	1.27	3.79	3.83	3.52	3.53
IGP-M	-	-	3.51	3.31	3.84	3.70
INPC	0.73	0.66	2.67	2.61	2.62	2.62
IPCA	0.54	0.50	2.25	2.23	2.48	2.42
IPC-FIPE	0.41	0.34	2.25	2.13	2.47	2.41

Table 1-c
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations - Median
OTHER ECONOMIC INDICATORS – 2002/2003/2004

	2002		2003		2004	
	As of December 27	As of today	As of December 27	As of today	As of December 27	As of today
GDP growth (%)	1.44	1.45	1.94	1.93	3.00	3.00
Trade Balance (US\$ billion)	12.50	-	15.50	15.50	16.00	16.00
Current Account (US\$ billion)	-8.75	-8.60	-5.90	-5.90	-5.10	-5.30
FDI (US\$ billion)	16.00	16.00	13.00	13.00	15.00	15.00
Fiscal Figures (% of GDP)						
Primary Balance	3.90	3.90	3.75	3.77	3.75	3.75
Nominal Balance (harmonized)	-3.60	-3.70	-3.30	-3.30	-3.06	-3.06
Exchange Rate End of period (R\$/US\$)	3.50	-	3.70	3.70	3.80	3.80
Over-Selic End of period (% p.a.)	25.00	-	20.00	20.00	17.00	17.15

Table 1-d
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations – Standard Deviation
OTHER ECONOMIC INDICATORS – 2002/2003/2004

	2002		2003		2004	
	As of December 27	As of today	As of December 27	As of today	As of December 27	As of today
GDP growth (%)	0.25	0.24	0.57	0.59	0.86	0.88
Trade Balance (US\$ billion)	0.75	-	2.15	2.09	3.54	3.48
Current Account (US\$ billion)	0.85	0.87	2.54	2.46	3.80	3.73
FDI (US\$ billion)	0.77	0.78	2.59	2.60	3.29	3.23
Fiscal Figures (% of GDP)						
Primary Balance	0.13	0.13	0.26	0.26	0.45	0.45
Nominal Balance (harmonized)	1.44	1.51	0.97	1.02	4.65	4.65
Exchange Rate End of period (R\$/US\$)	0.12	-	0.27	0.27	0.42	0.42
Over-Selic End of period (% p.a.)	0.89	-	2.08	2.01	2.89	2.94

Table 2
Market Readout

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

(% change)	December		January			
	As of December 27	As of today	As of December 27	As of today		
IGP-DI	3.65	3.40	2.30	2.50	2004	
IGP-M	-	-	2.00	2.00		
IPCA	2.30	2.33	1.74	1.90		
	2002		2003		As of December 27	As of today
IGP-DI	27.58	27.27	17.60	17.62	10.50	10.50
IGP-M	-	-	14.23	14.23	9.00	9.00
IPCA	12.75	12.78	11.14	13.49	8.50	8.50

Table 3
Market Readout

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

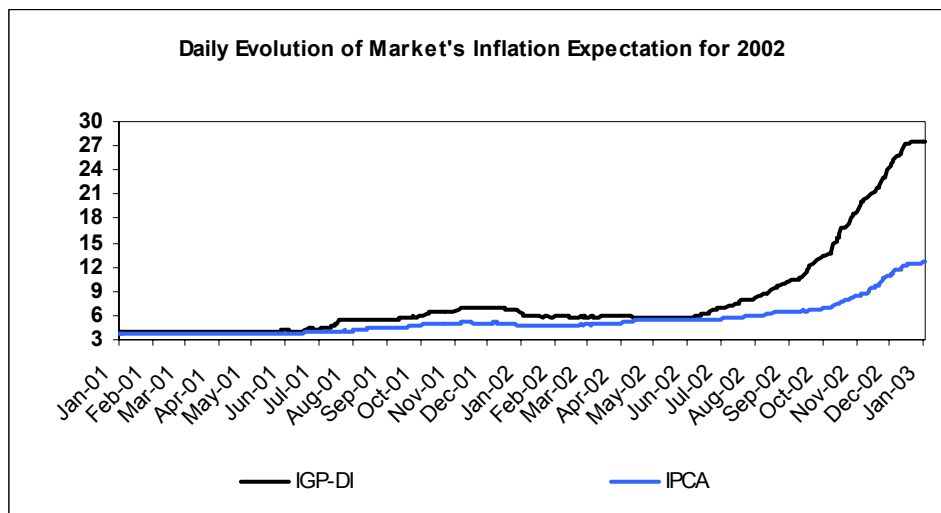
(% change)	December		January			
	As of December 27	As of today	As of December 27	As of today		
IGP-DI	3.40	3.40	1.99	1.99	2004	
IGP-M	-	-	2.00	2.10		
IPCA	2.20	2.28	1.74	1.90		
	2002		2003		As of December 27	As of today
IGP-DI	27.27	27.27	13.85	13.85	7.82	7.82
IGP-M	-	-	12.00	12.00	8.32	8.32
IPCA	12.64	12.73	11.14	13.49	8.50	8.50

Table 4
Market Readout

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

	December		January			
(% change)	As of December 27	As of today	As of December 27	As of today		
IPCA	2.22	2.22	1.65	1.65	2004	
	2002		2003		As of December 27	As of today
IPCA	12.66	12.66	11.90	11.90	10.00	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

