

**January 17, 2003**

*The median of the expectations for the trade balance surplus increased to US\$15.50 billion from US\$15.30 billion for 2003 and remained at US\$16.00 billion for 2004, as tracked by the daily survey carried out by Banco Central do Brasil's Investor Relations Group.*

The median of market forecasts for the current account deficit increased to US\$5.70 billion from US\$5.60 billion for 2003 and declined to US\$5.00 billion from US\$5.25 billion for 2004. The expectations for the net inflow of foreign direct investment remained at US\$13.00 billion for 2003 and at US\$15.00 billion for 2004.

The expectations for the GDP growth increased to 1.99% from 1.96% for 2003 and remained at 3.00% for 2004.

The forecasts for the IPCA declined to 11.19% from 11.23% for 2003 and remained at 8.00% for 2004. The median of the expectations for the INPC declined to 11.01% from 11.04% for 2003 and to 7.00% from 7.15% for 2004. The expectations for the IPC-Fipe increased to 10.02% from 10.00% for 2003 and to 6.30% from 6.05% for 2004. The median of the expectations for the IGP-DI increased to 14.82% from 14.55% for 2003 and to 8.48% from 8.22% for 2004. The forecasts for the IGP-M increased to 14.97% from 14.90% for 2003 and to 9.00% from 8.00% for 2004.

The median of the forecasts for the exchange rate declined to R\$/US\$3.60 from R\$/US\$3.65 for end-2003 and to R\$/US\$3.74 from R\$/US\$3.80 for end-2004. The median of the average exchange rate for 2003 declined to R\$/US\$3.50 from R\$/US\$3.51. For 2004, the average exchange rate declined to R\$/US\$3.65 from R\$/US\$3.68. The expectations for the Over-Selic rate remained at 20.00% p.a. for end-2003 and declined to 16.72% p.a. from 17.00% p.a. for end-2004. The median forecast for the average Over-Selic rate for 2003 declined to 22.48% p.a. from 22.50% p.a. For 2004 the average Over-Selic rate declined to 18.00% p.a. from 18.15% p.a.

On the fiscal front, the median of the expectations for the primary surplus increased to 3.85% of GDP from 3.80% of GDP for 2003 and remained at 3.75% of GDP for 2004. The median of the forecasts for the nominal harmonized deficit remained at 3.30% of GDP for 2003 and at 3.00% 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 below.

**Table 1-a  
Market Readout**

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

**PRICE INDICES**

(% change)	January		February	
	As of January 10	As of today	As of January 10	As of today
IGP-DI	1.90	2.00	1.00	1.00
IGP-M	2.25	2.30	1.30	1.31
INPC	1.75	1.95	0.90	1.10
IPCA	1.78	1.80	1.00	1.08
IPC-FIPE	1.55	1.86	0.80	0.90
	2003		2004	
IGP-DI	14.55	14.82	8.22	8.48
IGP-M	14.90	14.97	8.00	9.00
INPC	11.04	11.01	7.15	7.00
IPCA	11.23	11.19	8.00	8.00
IPC-FIPE	10.00	10.02	6.05	6.30

**Table 1-b  
Market Readout**

*Banco Central do Brasil Daily Survey on Market Expectations – Standard Deviation*

**PRICE INDICES**

	January		February	
	As of January 10	As of today	As of January 10	As of today
IGP-DI	0.59	0.60	0.46	0.44
IGP-M	0.49	0.38	0.43	0.43
INPC	0.46	0.44	0.33	0.30
IPCA	0.37	0.31	0.28	0.22
IPC-FIPE	0.48	0.38	0.29	0.23
	2003		2004	
IGP-DI	3.53	3.25	3.25	3.04
IGP-M	3.13	3.26	3.48	3.19
INPC	2.56	2.12	2.63	1.68
IPCA	2.04	1.64	2.27	1.86
IPC-FIPE	2.10	1.85	2.23	2.13

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

	2003		2004	
	As of January 10	As of today	As of January 10	As of today
GDP growth (%)	1.96	1.99	3.00	3.00
Trade Balance (US\$ billion)	15.30	15.50	16.00	16.00
Current Account (US\$ billion)	-5.60	-5.70	-5.25	-5.00
FDI (US\$ billion)	13.00	13.00	15.00	15.00
Fiscal Figures (% of GDP)				
Primary Balance	3.80	3.85	3.75	3.75
Nominal Balance (harmonized)	-3.30	-3.30	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	3.65	3.60	3.80	3.74
Over-Selic End of period (% p.a.)	20.00	20.00	17.00	16.72
Exchange Rate Average (R\$/US\$)	3.51	3.50	3.68	3.65
Over-Selic Average (% p.a.)	22.50	22.48	18.15	18.00

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

	2003		2004	
	As of January 10	As of today	As of January 10	As of today
GDP growth (%)	0.58	0.55	0.85	0.85
Trade Balance (US\$ billion)	1.89	1.93	2.78	2.83
Current Account (US\$ billion)	2.45	2.17	3.59	2.89
FDI (US\$ billion)	2.71	2.58	3.13	2.88
Fiscal Figures (% of GDP)				
Primary Balance	0.27	0.28	0.45	0.37
Nominal Balance (harmonized)	1.04	1.02	1.30	1.29
Exchange Rate End of period (R\$/US\$)	0.28	0.21	0.39	0.31
Over-Selic End of period (% p.a.)	1.91	1.77	2.86	2.80
Exchange Rate Average (R\$/US\$)	0.24	0.20	0.35	0.32
Over-Selic Average (% p.a.)	1.55	1.47	2.85	2.78

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

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

(% change)	January		February	
	As of January 10	As of today	As of January 10	As of today
IGP-DI	1.99	2.00	1.26	1.00
IGP-M	2.00	2.00	0.90	0.90
IPCA	1.85	1.88	1.28	1.12
	2003		2004	
IGP-DI	15.21	15.23	10.50	9.00
IGP-M	13.43	13.43	9.00	7.00
IPCA	13.49	10.23	8.50	7.25

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

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

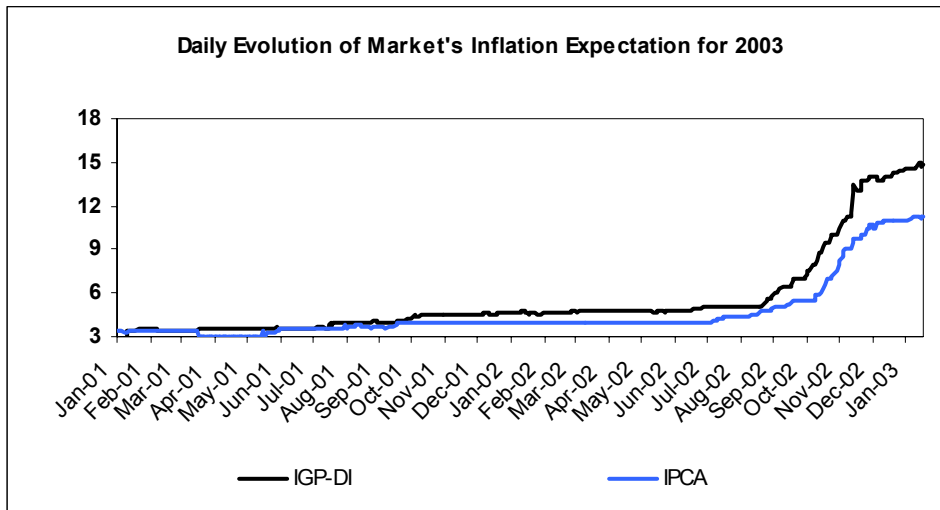
(% change)	January		February	
	As of January 10	As of today	As of January 10	As of today
IGP-DI	1.85	1.80	1.00	1.00
IGP-M	1.70	2.10	0.90	1.30
IPCA	1.88	1.85	1.03	1.10
	2003		2004	
IGP-DI	13.85	13.80	7.82	6.63
IGP-M	12.00	14.02	8.32	11.00
IPCA	13.49	10.74	8.50	7.75

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

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

(% change)	January		February	
	As of January 10	As of today	As of January 10	As of today
IPCA	1.80	1.81	1.15	1.28
	2003		2004	
IPCA	11.90	14.00	10.00	8.50

**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

