

**January 24, 2003**

*The median of the market expectations for the GDP growth increased to 2.00% from 1.99% for 2003 and remained at 3.00% for 2004, as tracked by the daily survey carried out by Banco Central do Brasil's Investor Relations Group.* The forecasts for the trade balance surplus remained at US\$15.50 billion for 2003 and at US\$16.00 billion for 2004. The median of market forecasts for the current account deficit remained at US\$5.70 billion for 2003 and at US\$5.00 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 IGP-DI reduced to 14.53% from 14.82% for 2003 and increased to 8.62% from 8.48% for 2004. The forecasts for the IPCA increased to 11.34% from 11.19% for 2003 and remained at 8.00% for 2004. The median of the expectations for the INPC increased to 11.51% from 11.01% for 2003 and to 7.40% from 7.00% for 2004. The expectations for the IPC-Fipe increased to 10.51% from 10.02% for 2003 and to 6.67% from 6.30% for 2004. The forecasts for the IGP-M increased to 15.00% from 14.97% for 2003 and remained at 9.00% for 2004.

The median of the forecasts for the exchange rate remained at R\$/US\$3.60 for end-2003 and increased to R\$/US\$3.77 from R\$/US\$3.74 for end-2004. The median of the forecasts for the average exchange rate remained at R\$/US\$3.50 for 2003 and at R\$/US\$3.65 for 2004. The expectations for the Over-Selic rate remained at 20.00% p.a. for end-2003 and increased to 16.95% p.a. from 16.72% p.a. for end-2004. The median forecast for the average Over-Selic rate for 2003 increased to 22.61% p.a. from 22.48% p.a. For 2004 the average Over-Selic rate remained at 18.00% p.a.

On the fiscal front, the median of the expectations for the primary surplus increased to 3.90% of GDP from 3.85% 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 17	As of today	As of January 17	As of today
IGP-DI	2.00	2.02	1.00	1.03
IGP-M	2.30	2.30	1.31	1.31
INPC	1.95	2.00	1.10	1.15
IPCA	1.80	1.85	1.08	1.08
IPC-FIPE	1.86	2.00	0.90	0.97
	2003		2004	
IGP-DI	14.82	14.53	8.48	8.62
IGP-M	14.97	15.00	9.00	9.00
INPC	11.01	11.51	7.00	7.40
IPCA	11.19	11.34	8.00	8.00
IPC-FIPE	10.02	10.51	6.30	6.67

**Table 1-b  
Market Readout**

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

	January		February	
	As of January 17	As of today	As of January 17	As of today
IGP-DI	0.60	0.48	0.44	0.40
IGP-M	0.38	0.30	0.43	0.37
INPC	0.44	0.41	0.30	0.29
IPCA	0.31	0.24	0.22	0.19
IPC-FIPE	0.38	0.31	0.23	0.23
	2003		2004	
IGP-DI	3.25	3.19	3.04	3.31
IGP-M	3.26	3.14	3.19	3.49
INPC	2.12	1.95	1.68	1.44
IPCA	1.64	1.56	1.86	1.72
IPC-FIPE	1.85	1.72	2.13	2.09

**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 17	As of today	As of January 17	As of today
GDP growth (%)	1.99	2.00	3.00	3.00
Trade Balance (US\$ billion)	15.50	15.50	16.00	16.00
Current Account (US\$ billion)	-5.70	-5.70	-5.00	-5.00
FDI (US\$ billion)	13.00	13.00	15.00	15.00
Fiscal Figures (% of GDP)				
Primary Balance	3.85	3.90	3.75	3.75
Nominal Balance (harmonized)	-3.30	-3.30	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	3.60	3.60	3.74	3.77
Over-Selic End of period (% p.a.)	20.00	20.00	16.72	16.95
Exchange Rate Average (R\$/US\$)	3.50	3.50	3.65	3.65
Over-Selic Average (% p.a.)	22.48	22.61	18.00	18.00

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

	2003		2004	
	As of January 17	As of today	As of January 17	As of today
GDP growth (%)	0.55	0.57	0.85	0.88
Trade Balance (US\$ billion)	1.93	1.67	2.83	2.32
Current Account (US\$ billion)	2.17	1.86	2.89	2.94
FDI (US\$ billion)	2.58	2.47	2.88	2.76
Fiscal Figures (% of GDP)				
Primary Balance	0.28	0.28	0.37	0.36
Nominal Balance (harmonized)	1.02	0.99	1.29	1.21
Exchange Rate End of period (R\$/US\$)	0.21	0.19	0.31	0.30
Over-Selic End of period (% p.a.)	1.77	1.77	2.80	2.74
Exchange Rate Average (R\$/US\$)	0.20	0.19	0.32	0.30
Over-Selic Average (% p.a.)	1.47	1.34	2.78	2.65

**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 17	As of today	As of January 17	As of today
IGP-DI	2.00	2.00	1.00	1.00
IGP-M	2.00	2.00	0.90	1.00
IPCA	1.88	1.88	1.12	1.10
	2003		2004	
IGP-DI	15.23	15.23	9.00	9.00
IGP-M	13.43	13.43	7.00	6.75
IPCA	10.23	10.40	7.25	7.25

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

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

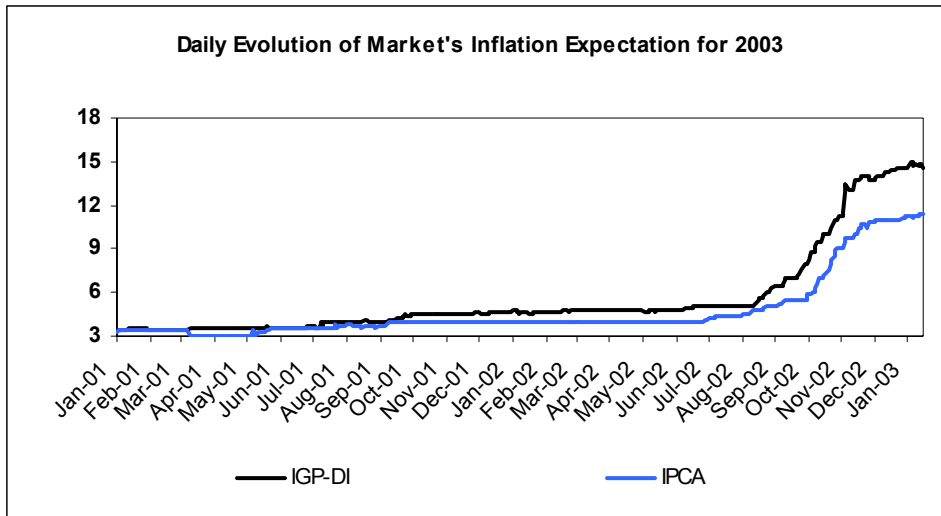
(% change)	January		February	
	As of January 17	As of today	As of January 17	As of today
IGP-DI	1.80	1.80	1.00	1.00
IGP-M	2.10	2.00	1.30	1.20
IPCA	1.85	1.82	1.10	1.10
	2003		2004	
IGP-DI	13.80	13.77	6.63	6.63
IGP-M	14.02	13.90	11.00	10.00
IPCA	10.74	10.74	7.75	7.75

**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 17	As of today	As of January 17	As of today
IPCA	1.81	1.88	1.28	1.28
	2003		2004	
IPCA	14.00	13.99	8.50	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

