

Market Readout - January 31, 2003

Highlights:

- **Inflation in January:**

- The median of expectations for the IPCA closed January at 1.9%, as compared to 1.85% on January 24 and 1.43% at the end of December;
- For the IPC-FIPE in January, the median of market forecasts remained stable in the week, in 2%;
- Expectations for the IGP-DI increased somewhat, to 2.1% as compared to 2.02% in the previous week;

- **Inflation in February:**

- The medians of market expectations for February remained steady for consumer price indexes (1.1% for the IPCA and 1.0% for the IPC-FIPE), even as the general indexes increased (1.4% for the IGP-M and 1.1% for the IGP-DI).

- **Inflation in 2003:**

- The median of the forecasts for the IGP-DI in 2003 decreased to 14.36% from 14.53% last week;
- An inverse trend is noted for consumer prices. The median for the IPC-FIPE increased to 10.79% from 10.51%, at the same time as the median for the IPCA increased to 11.44% from 11.34%;
- The median of expectations of the short-term Top 5 institutions for the IPCA in 2003 increased to 10.7% from 10.4%;

- **Other Variables:**

- The expectations for other variables surveyed by the Gerin did not present relevant moves, except for the public sector primary surplus in 2003, revised to 4.0% of the GDP from 3.9% of the GDP.

Table 1-a
Market Readout

Banco Central do Brasil Daily Survey on Market Expectations - Median

PRICE INDICES

(% change)	January			February		
	As of December 31	As of January 24	As of today	As of December 31	As of January 24	As of today
IGP-DI	1.88	2.02	2.10	1.00	1.03	1.10
IGP-M	2.10	2.30	-	1.20	1.31	1.40
INPC	1.45	2.00	2.00	0.90	1.15	1.20
IPCA	1.43	1.85	1.90	0.90	1.08	1.10
IPC-FIPE	1.15	2.00	2.00	0.73	0.97	1.00
2003				2004		
IGP-DI	14.55	14.53	14.36	8.50	8.62	8.50
IGP-M	15.04	15.00	14.96	8.90	9.00	9.00
INPC	11.00	11.51	11.60	7.75	7.40	7.40
IPCA	11.00	11.34	11.44	8.00	8.00	8.00
IPC-FIPE	10.00	10.51	10.79	6.10	6.67	6.95

Table 1-b
Market Readout

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

PRICE INDICES

	January			February		
	As of December 31	As of January 24	As of today	As of December 31	As of January 24	As of today
IGP-DI	0.64	0.48	0.44	0.44	0.40	0.40
IGP-M	0.60	0.30	-	0.46	0.37	0.37
INPC	0.45	0.41	0.34	0.33	0.29	0.27
IPCA	0.41	0.24	0.24	0.29	0.19	0.22
IPC-FIPE	0.51	0.31	0.21	0.33	0.23	0.20
2003				2004		
IGP-DI	3.84	3.19	3.18	3.53	3.31	3.21
IGP-M	3.32	3.14	3.09	3.82	3.49	3.45
INPC	2.61	1.95	1.76	2.62	1.44	1.44
IPCA	2.27	1.56	1.49	2.47	1.72	1.66
IPC-FIPE	2.28	1.72	1.60	2.45	2.09	2.03

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

	2003			2004		
	As of December 31	As of January 24	As of today	As of December 31	As of January 24	As of today
GDP growth (%)	1.94	2.00	2.00	3.00	3.00	3.00
Trade Balance (US\$ billion)	15.50	15.50	15.50	16.00	16.00	16.00
Current Account (US\$ billion)	-5.90	-5.70	-5.60	-5.10	-5.00	-5.00
FDI (US\$ billion)	13.00	13.00	13.00	15.00	15.00	15.00
Fiscal Figures (% of GDP)						
Primary Balance	3.75	3.90	4.00	3.75	3.75	3.75
Nominal Balance (harmonized)	-3.30	-3.30	-3.40	-3.06	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	3.70	3.60	3.61	3.80	3.77	3.79
Over-Selic End of period (% p.a.)	20.00	20.00	20.50	17.00	16.95	17.00
Exchange Rate Average (R\$/US\$)	3.52	3.50	3.51	3.65	3.65	3.67
Over-Selic Average (% p.a.)	22.30	22.61	22.92	18.15	18.00	18.00

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

	2003			2004		
	As of December 31	As of January 24	As of today	As of December 31	As of January 24	As of today
GDP growth (%)	0.59	0.57	0.51	0.88	0.88	0.82
Trade Balance (US\$ billion)	2.18	1.67	1.66	3.54	2.32	2.43
Current Account (US\$ billion)	2.53	1.86	1.81	3.80	2.94	3.09
FDI (US\$ billion)	2.64	2.47	2.44	3.29	2.76	2.85
Fiscal Figures (% of GDP)						
Primary Balance	0.26	0.28	0.30	0.45	0.36	0.40
Nominal Balance (harmonized)	0.97	0.99	1.49	4.65	1.21	2.08
Exchange Rate End of period (R\$/US\$)	0.27	0.19	0.20	0.43	0.30	0.30
Over-Selic End of period (% p.a.)	2.06	1.77	1.90	2.93	2.74	2.73
Exchange Rate Average (R\$/US\$)	0.24	0.19	0.19	0.38	0.30	0.31
Over-Selic Average (% p.a.)	1.80	1.34	1.33	2.94	2.65	2.66

Table 2
Market Readout

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

	January			February		
(% change)	As of December 31	As of January 24	As of today	As of December 31	As of January 24	As of today
IGP-DI	2.30	2.00	2.00	1.26	1.00	1.00
IGP-M	2.00	2.00	-	1.00	1.00	1.10
IPCA	1.88	1.88	2.01	1.28	1.10	1.15
	2003			2004		
IGP-DI	17.62	15.23	15.23	10.50	9.00	9.00
IGP-M	14.23	13.43	13.43	9.00	6.75	6.75
IPCA	13.49	10.40	10.70	8.50	7.25	7.25

Table 3
Market Readout

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

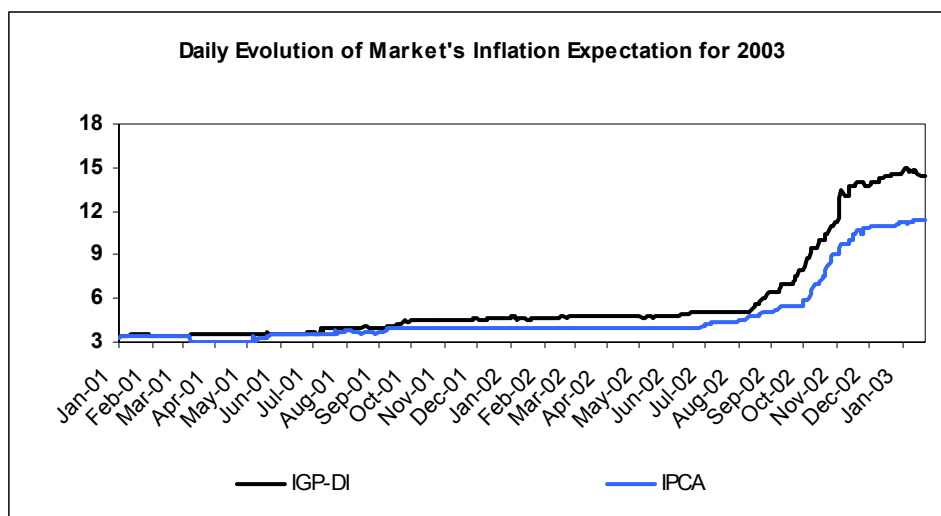
	January			February		
(% change)	As of December 31	As of January 24	As of today	As of December 31	As of January 24	As of today
IGP-DI	1.99	1.80	1.96	1.00	1.00	1.00
IGP-M	2.10	2.00	-	1.00	1.20	1.41
IPCA	1.88	1.82	1.85	1.03	1.10	1.10
	2003			2004		
IGP-DI	13.85	13.77	13.77	7.82	6.63	6.63
IGP-M	12.00	13.90	13.90	8.32	10.00	10.00
IPCA	13.49	10.74	10.74	8.50	7.75	7.75

Table 4
Market Readout

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

	January			February		
(% change)	As of December 31	As of January 24	As of today	As of December 31	As of January 24	As of today
IPCA	1.65	1.88	1.91	1.02	1.28	1.27
	2003			2004		
IPCA	11.90	13.99	13.99	10.00	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

