

## Market Readout - February 7, 2003

### Highlights:

- **IPCA:**

- The median of expectations for the IPCA for January increased to 2.00% on February 7 from 1.90% on January 31;
- For February, the median of forecasts increased to 1.20% from 1.10% in the same period;
- The median of expectations for 2003 increased to 11.84% as compared to 11.44% in the previous week.

- **IPC-Fipe:**

- The median of expectations for February increased to 1.05% from 1.00% in the week;
- For 2003, the median of market expectations increased to 11.21% from 10.79%.

- **IGPs:**

- The median of forecasts for the IGP-DI for January increased to 2.25% from 2.10%;
- For February, the forecast for the IGP-M increased to 1.50% from 1.40% and the forecast for the IGP-DI increased to 1.26% from 1.10%;
- The median of expectations for the IGP-M for 2003 increased to 15.23% from 14.96%, while the median of expectations for the IGP-DI increased to 14.78% from 14.36%.

- **Over-Selic rate:**

- The expectations for the Over-Selic rate for 2003 increased to 21% from 20.50% (end of the period) and to 23% from 22.92% (average).

- **Exchange rate:**

- The expectations for the exchange rate presented little increase. It rose to R\$/US\$3.64 from R\$/US\$3.61 (end of the period).

**Table 1-a**  
**Market Readout**  
*Banco Central do Brasil Daily Survey on Market Expectations - Median*  
**PRICE INDICES**

(% change)	January		February	
	As of January 31	As of today	As of January 31	As of today
IGP-DI	2.10	2.25	1.10	1.26
IGP-M	-	-	1.40	1.50
INPC	2.00	2.03	1.20	1.23
IPCA	1.90	2.00	1.10	1.20
IPC-FIPE	2.00	-	1.00	1.05
	2003		2004	
IGP-DI	14.36	14.78	8.50	8.48
IGP-M	14.96	15.23	9.00	8.50
INPC	11.60	11.68	7.40	8.00
IPCA	11.44	11.84	8.00	8.00
IPC-FIPE	10.79	11.21	6.95	7.00

*Number of institutions surveyed on February 7, 2003:*

IGP-DI: 64	IGP-M: 69	INPC: 43	IPCA: 76	IPC-FIPE: 64
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**Table 1-b**  
**Market Readout**  
*Banco Central do Brasil Daily Survey on Market Expectations – Standard Deviation*  
**PRICE INDICES**

	January		February	
	As of January 31	As of today	As of January 31	As of today
IGP-DI	0.44	0.36	0.40	0.37
IGP-M	-	-	0.37	0.33
INPC	0.34	0.30	0.27	0.30
IPCA	0.24	0.18	0.22	0.25
IPC-FIPE	0.21	-	0.20	0.25
	2003		2004	
IGP-DI	3.18	2.76	3.21	2.72
IGP-M	3.09	2.71	3.45	2.80
INPC	1.76	1.70	1.44	1.43
IPCA	1.49	1.47	1.66	1.51
IPC-FIPE	1.60	1.63	2.03	1.93

**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 31	As of today	As of January 31	As of today
GDP growth (%)	2.00	2.00	3.00	3.00
Trade Balance (US\$ billion)	15.50	15.50	16.00	16.00
Current Account (US\$ billion)	-5.60	-5.60	-5.00	-5.00
FDI (US\$ billion)	13.00	13.00	15.00	15.00
Fiscal Figures (% of GDP)				
Primary Balance	4.00	4.00	3.75	3.80
Nominal Balance (harmonized)	-3.40	-3.38	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	3.61	3.64	3.79	3.80
Exchange Rate Average (R\$/US\$)	3.51	3.51	3.67	3.68
Over-Selic End of period (% p.a.)	20.50	21.00	17.00	16.95
Over-Selic Average (% p.a.)	22.92	23.00	18.00	18.08

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

	2003		2004	
	As of January 31	As of today	As of January 31	As of today
GDP growth (%)	0.51	0.52	0.82	0.89
Trade Balance (US\$ billion)	1.66	1.68	2.43	2.71
Current Account (US\$ billion)	1.81	1.97	3.09	3.20
FDI (US\$ billion)	2.44	2.37	2.85	2.59
Fiscal Figures (% of GDP)				
Primary Balance	0.30	0.29	0.40	0.39
Nominal Balance (harmonized)	1.49	1.78	2.08	2.10
Exchange Rate End of period (R\$/US\$)	0.20	0.19	0.30	0.30
Exchange Rate Average (R\$/US\$)	0.19	0.17	0.31	0.31
Over-Selic End of period (% p.a.)	1.90	2.08	2.73	2.71
Over-Selic Average (% p.a.)	1.33	1.37	2.66	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 31	As of today	As of January 31	As of today
IGP-DI	2.00	2.31	1.00	1.26
IGP-M	-	-	1.10	1.65
IPCA	2.01	2.10	1.15	1.45
	2003		2004	
IGP-DI	15.23	15.23	9.00	9.00
IGP-M	13.43	15.56	6.75	7.25
IPCA	10.70	11.07	7.25	7.60

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

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

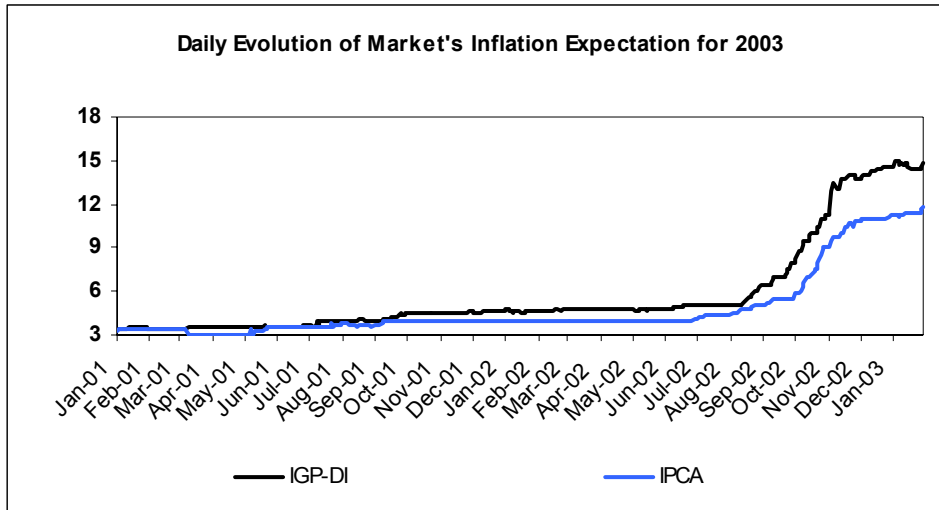
(% change)	January		February	
	As of January 31	As of today	As of January 31	As of today
IGP-DI	1.96	2.10	1.00	1.24
IGP-M	-	-	1.41	1.60
IPCA	1.85	2.04	1.10	1.25
	2003		2004	
IGP-DI	13.77	14.25	6.63	6.63
IGP-M	13.90	14.64	10.00	10.00
IPCA	10.74	11.07	7.75	8.00

**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 31	As of today	As of January 31	As of today
IPCA	1.91	2.06	1.27	1.31
	2003		2004	
IPCA	13.99	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

