Market Readout - February 14, 2003

Highlights:

- **IPCA:**
  - The median of expectations for the IPCA for February increased to 1.27% on February 14 from 1.20% on February 7;
  - For March, the median of forecasts increased to 0.75% from 0.70% in the same period;
  - The median of expectations for 2003 increased to 11.99% as compared to 11.84% in the previous week.

- **IPC-Fipe:**
  - The median of expectations for February increased to 1.10% from 1.05% in the week;
  - For 2003, the median of market expectations decreased to 11.16% from 11.21%.

- **IGPs:**
  - The median of forecasts for the IGP-DI for February increased to 1.40% from 1.26% and for the IGP-M to 1.55% from 1.50%;
  - For March, the forecast for the IGP-DI increased to 0.84% from 0.80% and the forecast for the IGP-M remained at 0.90%;
  - The median of expectations for the IGP-M for 2003 decreased to 15.15% from 15.23%, while the median of expectations for the IGP-DI declined to 14.69% from 14.78%.

- **Over-Selic rate:**
  - The expectations for the Over-Selic rate for 2003 remained at 21% (end of the period) and increased to 23.20% p.a. from 23% p.a. (average).

Table 1-a

Market Readout

Banco Central do Brasil Daily Survey on Market Expectations - Median

PRICE INDICES

	February			**March**		
(% change)	As of January 31	As of February 7	As of today	As of January 31	As of February 7	As of today
IGP-DI	1.10	1.26	1.40	0.78	0.80	0.84
IGP-M	1.40	1.50	1.55	0.87	0.90	0.90
INPC	1.20	1.23	1.25	0.70	0.74	0.80
IPCA	1.10	1.20	1.27	0.70	0.70	0.75
IPC-FIPE	1.00	1.05	1.10	0.53	0.60	0.60
	2003			**2004**		
IGP-DI	14.36	14.78	14.69	8.50	8.48	8.50
IGP-M	14.96	15.23	15.15	9.00	8.50	8.95
INPC	11.60	11.68	12.03	7.40	8.00	8.00
IPCA	11.44	11.84	11.99	8.00	8.00	8.00
IPC-FIPE	10.79	11.21	11.16	6.95	7.00	7.00

Number of institutions surveyed on February 14, 2003:

IGP-DI: 63	IGP-M: 69	INPC: 40	IPCA: 76	IPC-FIPE: 63

Table 1-b

Market Readout

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

PRICE INDICES

	February			**March**		
	As of January 31	As of February 7	As of today	As of January 31	As of February 7	As of today
IGP-DI	0.40	0.37	0.34	0.31	0.40	0.40
IGP-M	0.37	0.33	0.30	0.32	0.39	0.41
INPC	0.27	0.30	0.29	0.17	0.20	0.19
IPCA	0.22	0.25	0.31	0.19	0.20	0.27
IPC-FIPE	0.20	0.25	0.19	0.21	0.24	0.23
	2003			**2004**		
IGP-DI	3.18	2.76	2.79	3.21	2.72	2.73
IGP-M	3.09	2.71	2.55	3.45	2.80	2.84
INPC	1.76	1.70	1.79	1.44	1.43	1.52
IPCA	1.49	1.47	1.44	1.66	1.51	1.56
IPC-FIPE	1.60	1.63	1.65	2.03	1.93	1.79

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 February 7	As of today	As of January 31	As of February 7	As of today
GDP growth (%)	2.00	2.00	2.00	3.00	3.00	3.00
Trade Balance (US$ billion)	15.50	15.50	15.90	16.00	16.00	16.00
Current Account (US$ billion)	-5.60	-5.60	-5.70	-5.00	-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	4.00	4.00	4.25	3.75	3.80	4.00
Nominal Balance (harmonized)	-3.40	-3.38	-3.35	-3.00	-3.00	-3.00
Exchange Rate End of period (R$/US$)	3.61	3.64	3.65	3.79	3.80	3.80
Exchange Rate Average (R$/US$)	3.51	3.51	3.51	3.67	3.68	3.69
Over-Selic End of period (% p.a.)	20.50	21.00	21.00	17.00	16.95	17.00
Over-Selic Average (% p.a.)	22.92	23.00	23.20	18.00	18.08	18.30

Table 1-d

Market Readout

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

	2003			2004		
	As of January 31	As of February 7	As of today	As of January 31	As of February 7	As of today
GDP growth (%)	0.51	0.52	0.52	0.82	0.89	0.84
Trade Balance (US$ billion)	1.66	1.68	1.52	2.43	2.71	2.65
Current Account (US$ billion)	1.81	1.97	2.09	3.09	3.20	3.02
FDI (US$ billion)	2.44	2.37	2.29	2.85	2.59	2.48
Fiscal Figures (% of GDP)						
Primary Balance	0.30	0.29	0.27	0.40	0.39	0.34
Nominal Balance (harmonized)	1.49	1.78	1.92	2.08	2.10	2.06
Exchange Rate End of period (R$/US$)	0.20	0.19	0.19	0.30	0.30	0.29
Exchange Rate Average (R$/US$)	0.19	0.17	0.16	0.31	0.31	0.29
Over-Selic End of period (% p.a.)	1.90	2.08	2.11	2.73	2.71	2.70
Over-Selic Average (% p.a.)	1.33	1.37	1.49	2.66	2.65	2.65

Table 2
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations - Median
Top 5 – Short Run Forecasting Institutions

	February			March		
(% change)	As of January 31	As of February 7	As of today	As of January 31	As of February 7	As of today
IGP-DI	1.00	1.26	1.35	0.60	0.80	0.80
IGP-M	1.10	1.65	1.70	0.75	0.90	0.90
IPCA	1.15	1.45	1.53	0.65	0.82	0.88
	2003			**2004**		
IGP-DI	15.23	15.23	15.09	9.00	9.00	9.00
IGP-M	13.43	15.56	15.04	6.75	7.25	6.50
IPCA	10.70	11.07	11.60	7.25	7.60	8.00

Table 3
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations - Median
Top 5 – Medium Run Forecasting Institutions

	February			March		
(% change)	As of January 31	As of February 7	As of today	As of January 31	As of February 7	As of today
IGP-DI	1.00	1.24	1.30	0.61	0.70	0.74
IGP-M	1.41	1.60	1.50	0.75	0.80	1.21
IPCA	1.10	1.25	1.50	0.71	0.90	0.80
	2003			**2004**		
IGP-DI	13.77	14.25	14.25	6.63	6.63	6.63
IGP-M	13.90	14.64	15.41	10.00	10.00	8.50
IPCA	10.74	11.07	12.56	7.75	8.00	6.90

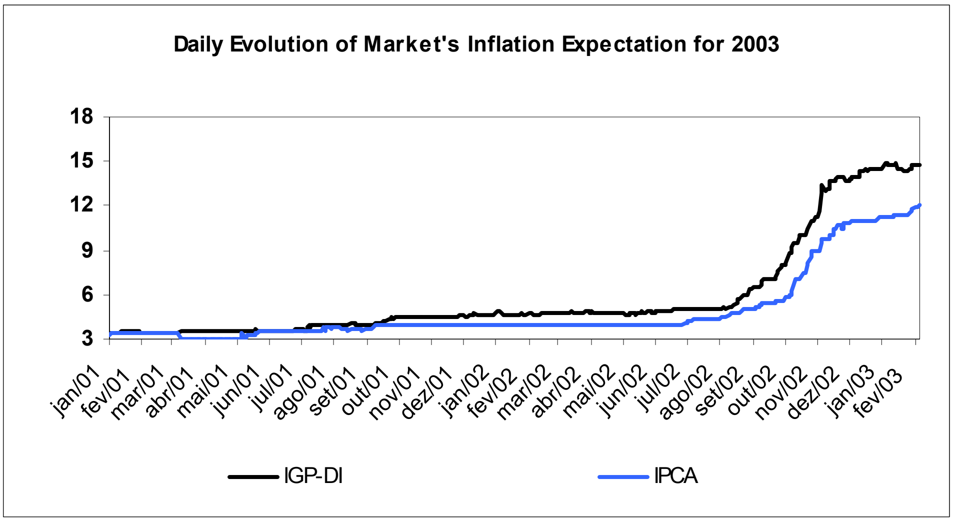
Table 4
Market Readout
Banco Central do Brasil Daily Survey on Market Expectations - Median
Top 5 – Long Run Forecasting Institutions

	February			March		
(% change)	As of January 31	As of February 7	As of today	As of January 31	As of February 7	As of today
IPCA	1.27	1.31	1.31	1.05	1.03	1.03
	2003			**2004**		
IPCA	13.99	13.99	14.00	8.50	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