

**May 24<sup>th</sup>, 2002**

*The market expectations for the trade balance surplus increased to US\$4.14 billion from US\$4.05 billion for 2002 and to US\$5.00 billion from US\$4.90 billion for 2003, as tracked by Banco Central do Brasil daily survey.*

The median of market expectations for the IPC-Fipe fell to 4.39% from 4.42% for 2002 and remained at 4.00% for 2003. The forecasts for the INPC decreased to 6.13% from 6.23% for 2002 and increased to 4.25% from 4.20% for 2003. The market expectations for the Consumer Price Index–Extended - IPCA remained at 5.46% for 2002 and at 4.00% for 2003. The forecasts for the IGP-DI increased to 5.66% from 5.62% for 2002 and declined to 4.73% from 4.80% for 2003. The median of expectations for the IGP-M increased to 5.57% from 5.55% for 2002 and remained at 4.60% for 2003.

The median of forecasts for the GDP growth remained at 2.30% and at 3.50% for 2002 and 2003, respectively. The forecasts for the current account deficit remained at US\$20.50 billion for 2002 and at US\$20.10 billion for 2003. The expectations for the net flow of foreign direct investment declined to US\$17.65 billion from US\$17.90 billion for 2002 and remained at US\$18.00 billion for 2003.

The median of forecasts for the exchange rate remained at R\$/US\$2.50 for 2002 and at R\$/US\$2.62 for 2003. The expectations for the Over-Selic rate remained at 17.00% p.a. for 2002 and at 14.50% p.a. for 2003. On the fiscal front, the median of expectations for the primary surplus remained at 3.50% of the GDP and at 3.00% of the GDP for 2002 and 2003, respectively. The median of forecasts for the nominal deficit remained at 3.50% of the GDP for 2002 and at 3.00% of the GDP for 2003. Expectations for the surveyed economic indicators, along with median projections for the Top 5 forecasting institutions are quoted in the tables and figures below.

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

(% change)	May		June	
	As of May 17	As of today	As of May 17	As of today
IGP-DI	0.46	0.55	0.60	0.65
IGP-M	0.48	0.54	0.56	0.55
INPC	0.40	0.40	0.40	0.40
IPCA	0.40	0.40	0.37	0.37
IPC-FIPE	0.25	0.19	0.40	0.40
	2002		2003	
IGP-DI	5.62	5.66	4.80	4.73
IGP-M	5.55	5.57	4.60	4.60
INPC	6.23	6.13	4.20	4.25
IPCA	5.46	5.46	4.00	4.00
IPC-FIPE	4.42	4.39	4.00	4.00

**OTHER ECONOMIC INDICATORS – 2002/2003**

	2002		2003	
	As of May 17	As of today	As of May 17	As of today
GDP growth (%)	2.30	2.30	3.50	3.50
Trade Balance (US\$ billion)	4.05	4.14	4.90	5.00
Current Account (US\$ billion)	-20.50	-20.50	-20.10	-20.10
FDI (US\$ billion)	17.90	17.65	18.00	18.00
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.50	3.00	3.00
Nominal Balance (harmonized)	-3.50	-3.50	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.50	2.50	2.62	2.62
Over-Selic End of period (% p.a.)	17.00	17.00	14.50	14.50

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

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

(% change)	May		June	
	As of May 17	As of today	As of May 17	As of today
IGP-DI	0.46	0.60	0.60	0.75
IGP-M	0.51	0.63	0.68	0.55
IPCA	0.40	0.35	0.30	0.35
	2002		2003	
IGP-DI	5.66	5.83	5.00	5.00
IGP-M	5.47	5.50	4.50	4.50
IPCA	5.46	5.46	3.85	3.85

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

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

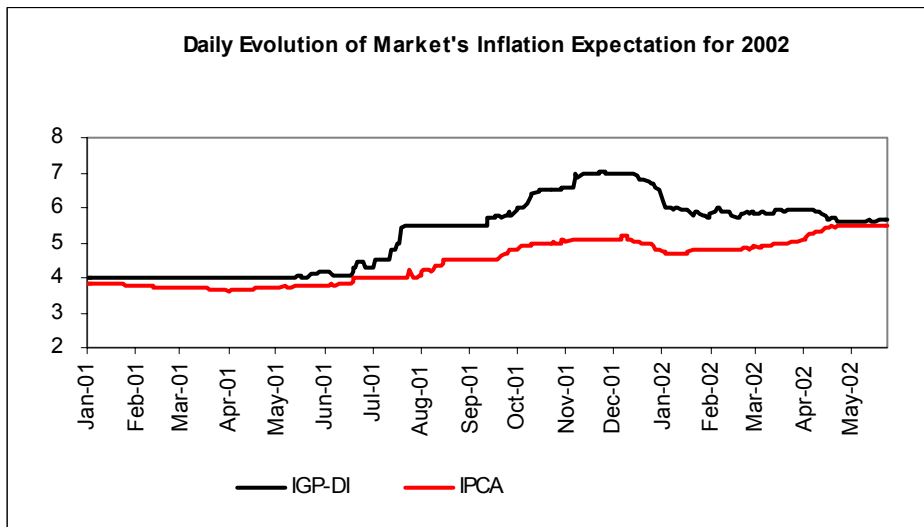
(% change)	May		June	
	As of May 17	As of today	As of May 17	As of today
IGP-DI	0.51	0.51	0.73	0.73
IGP-M	0.51	0.61	0.55	0.59
IPCA	0.45	0.45	0.40	0.38
	2002		2003	
IGP-DI	5.93	5.93	5.00	5.00
IGP-M	5.58	5.50	4.95	4.95
IPCA	5.52	5.49	4.36	4.50

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

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

(% change)	May		June	
	As of May 17	As of today	As of May 17	As of today
IPCA	0.40	0.40	0.40	0.37
	2002		2003	
IPCA	5.52	5.49	4.50	4.50

**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

