

May 31st, 2002

The market expectations for the IPC-Fipe decreased to 4.36% from 4.39% for 2002 and remained unchanged at 4.00% for 2003, as tracked by Banco Central do Brasil daily survey. The median of market expectations for the INPC remained at 6.13% for 2002 and at 4.25% for 2003. The 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 5.72% from 5.66% for 2002 and to 4.80% from 4.73% for 2003. The median of expectations for the IGP-M increased to 5.61% from 5.57% for 2002 and to 4.68% from 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\$17.50 billion from US\$17.65 billion for 2002 and remained at US\$18.00 billion for 2003. The expectations for the trade balance surplus fell to US\$4.00 billion from US\$4.14 billion for 2002 and to US\$4.95 billion from US\$5.00 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

Median Market Expectations - Price Indices

(% change)	May		June	
	As of May 24	As of today	As of May 24	As of today
IGP-DI	0.55	0.59	0.65	0.65
IGP-M	0.54	-	0.55	0.59
INPC	0.40	0.35	0.40	0.40
IPCA	0.40	0.35	0.37	0.37
IPC-FIPE	0.19	0.15	0.40	0.35
	2002		2003	
IGP-DI	5.66	5.72	4.73	4.80
IGP-M	5.57	5.61	4.60	4.68
INPC	6.13	6.13	4.25	4.25
IPCA	5.46	5.46	4.00	4.00
IPC-FIPE	4.39	4.36	4.00	4.00

OTHER ECONOMIC INDICATORS – 2002/2003

Median Market Expectations - Other Economic Indicators

	2002		2003	
	As of May 24	As of today	As of May 24	As of today
GDP growth (%)	2.30	2.30	3.50	3.50
Trade Balance (US\$ billion)	4.14	4.00	5.00	4.95
Current Account (US\$ billion)	-20.50	-20.50	-20.10	-20.10
FDI (US\$ billion)	17.65	17.50	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*

Top 5 Forecasting Institutions – Short Run

	May		June	
(% change)	As of May 24	As of today	As of May 24	As of today
IGP-DI	0.60	0.67	0.75	0.68
IGP-M	0.63	-	0.55	0.55
IPCA	0.35	0.35	0.35	0.40
	2002		2003	
IGP-DI	5.83	5.90	5.00	5.00
IGP-M	5.50	5.52	4.50	4.60
IPCA	5.46	5.57	3.85	3.85

Table 3
Market Readout

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

Top 5 Forecasting Institutions – Medium Run

	May		June	
(% change)	As of May 24	As of today	As of May 24	As of today
IGP-DI	0.51	0.62	0.73	0.71
IGP-M	0.61	-	0.59	0.58
IPCA	0.45	0.42	0.38	0.37
	2002		2003	
IGP-DI	5.93	5.95	5.00	5.00
IGP-M	5.50	5.77	4.95	4.95
IPCA	5.49	5.49	4.50	4.50

Table 4
Market Readout

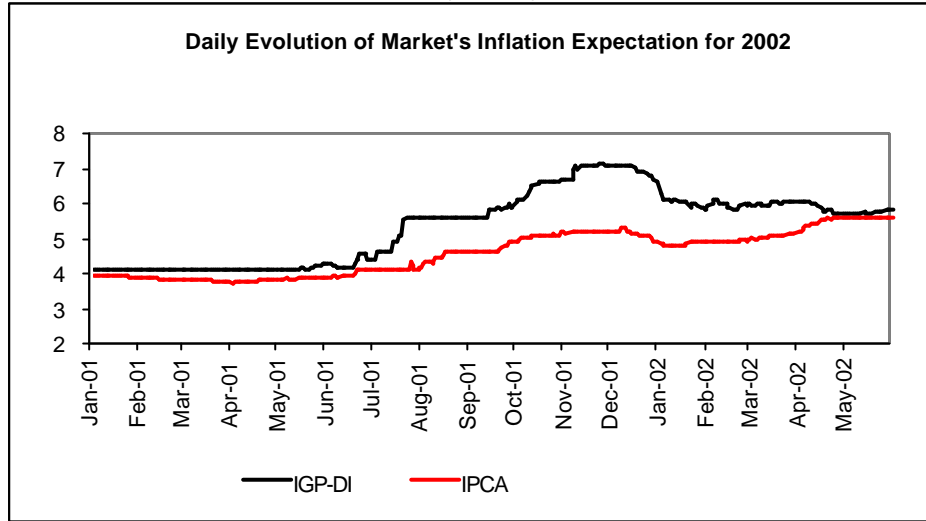
*Banco Central do Brasil Daily Survey on Market Expectations - Median
Top 5 – Long Run Forecasting Institutions*

Top 5 Forecasting Institutions – Long Run

	May		June	
(% change)	As of May 24	As of today	As of May 24	As of today
IPCA	0.40	0.30	0.37	0.37
	2002		2003	
IPCA	5.49	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

