

**June 7<sup>th</sup>, 2002**

*The market expectations for the IPC-Fipe decreased to 4.29% from 4.36% 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 increased to 6.14% from 6.13% for 2002 and decreased to 4.20% from 4.25% for 2003. The expectations for the Consumer Price Index–Extended - IPCA increased to 5.49 from 5.46% for 2002 and remained at 4.00% for 2003. The forecasts for the IGP-DI increased to 5.88% from 5.72% for 2002 and remained at 4.80% for 2003. The median of expectations for the IGP-M increased to 5.70% from 5.61% for 2002 and remained at 4.68% for 2003.

The median of forecasts for the GDP growth decreased to 2.27% from 2.30% for 2002 and remained at 3.50% for 2003. The forecasts for the current account deficit remained at US\$20.50 billion for 2002 and decreased to US\$20.00 billion from US\$20.10 billion for 2003. The expectations for the net flow of foreign direct investment remained stable at US\$17.50 billion and at US\$18.00 billion for 2002 and 2003, respectively. The expectations for the trade balance surplus rose to US\$4.05 billion from US\$4.00 billion for 2002 and to US\$5.00 billion from US\$4.95 billion for 2003.

The median of forecasts for the exchange rate remained at R\$/US\$2.50 for 2002 and increased to R\$/US\$2.64 from R\$/US\$2.62 for 2003. The expectations for the Over-Selic rate remained at 17.00% p.a. for 2002 and increased to 15.00% p.a. from 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 31	As of today	As of May 31	As of today
IGP-DI	0.59	0.65	0.65	0.66
IGP-M	-	-	0.59	0.60
INPC	0.35	0.35	0.40	0.43
IPCA	0.35	0.35	0.37	0.40
IPC-FIPE	0.15	-	0.35	0.35
	2002		2003	
IGP-DI	5.72	5.88	4.80	4.80
IGP-M	5.61	5.70	4.68	4.68
INPC	6.13	6.14	4.25	4.20
IPCA	5.46	5.49	4.00	4.00
IPC-FIPE	4.36	4.29	4.00	4.00

**OTHER ECONOMIC INDICATORS – 2002/2003**

	2002		2003	
	As of May 31	As of today	As of May 31	As of today
GDP growth (%)	2.30	2.27	3.50	3.50
Trade Balance (US\$ billion)	4.00	4.05	4.95	5.00
Current Account (US\$ billion)	-20.50	-20.50	-20.10	-20.00
FDI (US\$ billion)	17.50	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	2.64
Over-Selic End of period (% p.a.)	17.00	17.00	14.50	15.00

**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 31	As of today	As of May 31	As of today
IGP-DI	0.67	0.67	0.68	0.68
IGP-M	-	-	0.55	0.55
IPCA	0.35	0.30	0.40	0.45
	2002		2003	
IGP-DI	5.90	5.90	5.00	5.00
IGP-M	5.52	5.52	4.60	4.60
IPCA	5.57	5.59	3.85	3.85

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

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

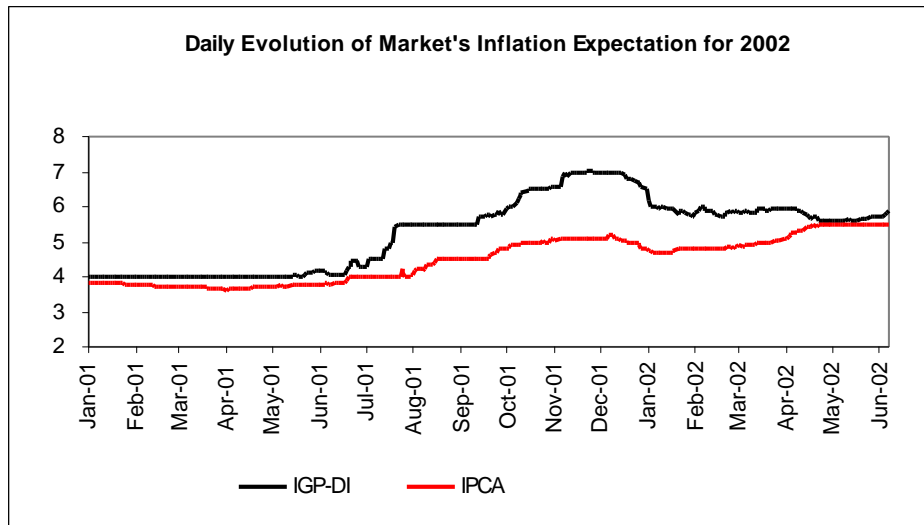
(% change)	May		June	
	As of May 31	As of today	As of May 31	As of today
IGP-DI	0.62	0.62	0.71	0.71
IGP-M	-	-	0.58	0.58
IPCA	0.42	0.36	0.37	0.40
	2002		2003	
IGP-DI	5.95	5.95	5.00	5.00
IGP-M	5.77	5.77	4.95	4.95
IPCA	5.49	5.50	4.50	4.50

**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 31	As of today	As of May 31	As of today
IPCA	0.30	0.30	0.37	0.35
	2002		2003	
IPCA	5.49	5.54	4.50	4.00

**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

