

July 5th, 2002

The median of market expectations for the trade balance surplus increased to US\$4.47 billion from US\$4.35 billion for 2002 and remained at US\$5.00 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The expectations for the IPC-Fipe increased to 4.14% from 4.10% for 2002 and remained at 4.00% for 2003. The forecasts for the IPCA increased to 5.72% from 5.53% for 2002 and remained at 4.00% for 2003. The median of expectations for the INPC increased to 6.08% from 6.03% for 2002 and remained at 4.50% for 2003. The forecasts for the IGP-M increased to 6.83% from 6.52% for 2002 and to 5.00% from 4.80% for 2003. The median of expectations for the IGP-DI increased to 7.05% from 6.89% for 2002 and remained at 5.00% for 2003.

The median of market forecasts for the GDP growth declined to 2.00% from 2.20% for 2002 and remained at 3.50% for 2003.

The forecasts for the current account deficit declined to US\$20.45 billion from US\$20.50 billion for 2002 and to US\$19.90 billion from US\$20.30 billion for 2003. The expectations for the net flow of foreign direct investment declined to US\$17.40 billion from US\$17.50 billion for 2002 and remained at US\$18.00 billion for 2003.

On the fiscal front, the median of expectations for the primary surplus increased to 3.75% from 3.50% of the GDP for 2002 and remained at 3.50% of the GDP for 2003. The median of forecasts for the nominal harmonized deficit remained at 3.50% of the GDP for 2002 and at 3.00% of the GDP for 2003. The expectations for the Over-Selic rate remained at 17.00% p.a. for 2002 and at 15.00% p.a. for 2003. The median of forecasts for the exchange rate increased to R\$/US\$2.59 from R\$/US\$2.55 for 2002 and to R\$/US\$2.69 from R\$/US\$2.65 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

	June		July	
	As of June 28	As of today	As of June 28	As of today
(% change)				
IGP-DI	1.20	1.30	0.85	0.92
IGP-M	1.36	-	0.90	1.01
INPC	0.51	0.55	0.80	0.85
IPCA	0.46	0.50	0.80	0.85
IPC-FIPE	0.35	-	0.60	0.68
	2002		2003	
IGP-DI	6.89	7.05	5.00	5.00
IGP-M	6.52	6.83	4.80	5.00
INPC	6.03	6.08	4.50	4.50
IPCA	5.53	5.72	4.00	4.00
IPC-FIPE	4.10	4.14	4.00	4.00

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of June 28	As of today	As of June 28	As of today
GDP growth (%)	2.20	2.00	3.50	3.50
Trade Balance (US\$ billion)	4.35	4.47	5.00	5.00
Current Account (US\$ billion)	-20.50	-20.45	-20.30	-19.90
FDI (US\$ billion)	17.50	17.40	18.00	18.00
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.75	3.50	3.50
Nominal Balance (harmonized)	-3.50	-3.50	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.55	2.59	2.65	2.69
Over-Selic End of period (% p.a.)	17.00	17.00	15.00	15.00

Table 2
Market Readout

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

(% change)	June		July	
	As of June 28	As of today	As of June 28	As of today
IGP-DI	1.30	1.47	0.90	0.92
IGP-M	1.48	-	1.00	1.50
IPCA	0.50	0.50	0.80	0.81
	2002		2003	
IGP-DI	7.07	7.07	5.00	5.00
IGP-M	6.86	7.69	4.55	4.55
IPCA	5.68	6.00	4.50	4.50

Table 3
Market Readout

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

(% change)	June		July	
	As of June 28	As of today	As of June 28	As of today
IGP-DI	1.21	1.23	0.83	0.85
IGP-M	1.45	-	1.00	1.30
IPCA	0.45	0.45	0.80	0.90
	2002		2003	
IGP-DI	7.18	7.20	5.00	5.00
IGP-M	6.71	7.53	4.60	5.50
IPCA	5.47	5.68	3.60	3.60

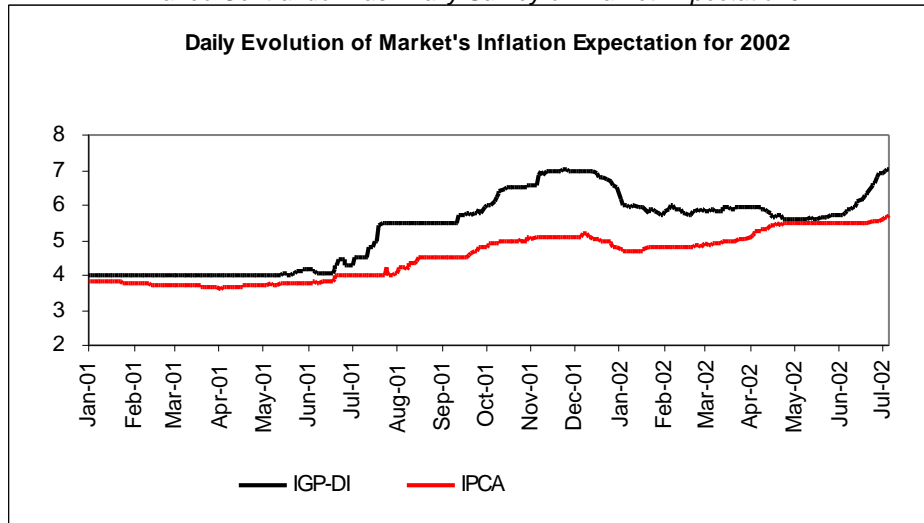
Table 4
Market Readout

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

(% change)	June		July	
	As of June 28	As of today	As of June 28	As of today
IPCA	0.45	0.45	0.75	0.90
	2002		2003	
IPCA	5.48	5.50	4.75	4.75

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

