

July 19th, 2002

The median of market expectations for the trade balance surplus increased to US\$4.60 billion from US\$4.50 billion for 2002 and to US\$5.20 billion from US\$5.00 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The forecasts for the current account deficit declined to US\$20.06 billion from US\$20.30 billion for 2002 and increased to US\$20.20 billion from US\$20.10 for 2003. The expectations for the GDP growth remained at 2.00% for 2002 and increased to 3.50% from 3.45% for 2003. The expectations for the net flow of foreign direct investment declined to US\$17.15 billion from US\$17.30 billion for 2002 and remained at US\$18.00 billion for 2003.

The expectations for the IPC-Fipe increased to 4.31% from 4.21% for 2002 and remained at 4.00% for 2003. The forecasts for the IPCA increased to 5.84% from 5.81% for 2002 and to 4.38% from 4.20% for 2003. The median of expectations for the INPC increased to 6.39% from 6.24% for 2002 and remained at 4.50% for 2003. The forecasts for the IGP-M increased to 7.50% from 7.16% for 2002 and remained at 5.00% for 2003. The median of expectations for the IGP-DI increased to 7.94% from 7.27% for 2002 and remained at 5.00% for 2003.

On the fiscal front, the median of expectations for the primary surplus remained at 3.75% of the GDP for 2002 and 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 remained at R\$/US\$2.60 for 2002 and at R\$/US\$2.69 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)	July		August	
	As of July 12	As of today	As of July 12	As of today
IGP-DI	1.10	1.32	0.66	0.75
IGP-M	1.21	1.50	0.80	0.85
INPC	0.87	0.95	0.50	0.50
IPCA	1.00	1.04	0.45	0.46
IPC-FIPE	0.70	0.70	0.80	0.81
	2002		2003	
IGP-DI	7.27	7.94	5.00	5.00
IGP-M	7.16	7.50	5.00	5.00
INPC	6.24	6.39	4.50	4.50
IPCA	5.81	5.84	4.20	4.38
IPC-FIPE	4.21	4.31	4.00	4.00

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of July 12	As of today	As of July 12	As of today
GDP growth (%)	2.00	2.00	3.45	3.50
Trade Balance (US\$ billion)	4.50	4.60	5.00	5.20
Current Account (US\$ billion)	-20.30	-20.06	-20.10	-20.20
FDI (US\$ billion)	17.30	17.15	18.00	18.00
Fiscal Figures (% of GDP)				
Primary Balance	3.75	3.75	3.50	3.50
Nominal Balance (harmonized)	-3.50	-3.50	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.60	2.60	2.69	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)	July		August	
	As of July 12	As of today	As of July 12	As of today
IGP-DI	1.20	1.40	0.60	0.80
IGP-M	1.50	1.60	0.73	0.80
IPCA	0.98	0.99	0.47	0.47
	2002		2003	
IGP-DI	6.98	8.09	5.00	5.00
IGP-M	7.52	7.50	4.56	4.60
IPCA	5.81	5.78	4.00	4.00

Table 3
Market Readout

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

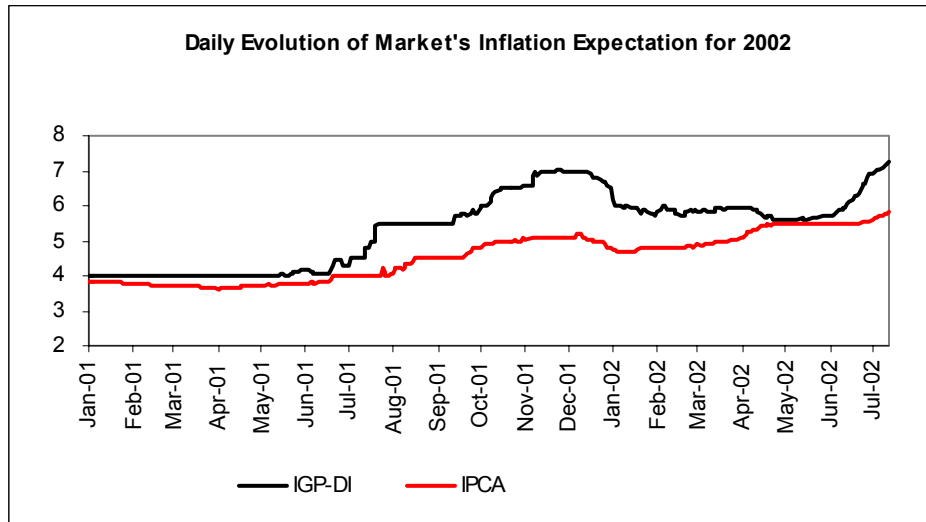
(% change)	July		August	
	As of July 12	As of today	As of July 12	As of today
IGP-DI	1.26	1.69	0.83	0.85
IGP-M	1.60	1.70	0.95	0.93
IPCA	0.80	1.04	0.50	0.55
	2002		2003	
IGP-DI	7.34	8.30	5.00	5.50
IGP-M	7.68	7.65	5.00	5.25
IPCA	5.68	6.08	3.50	3.50

Table 4
Market Readout

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

(% change)	July		August	
	As of July 12	As of today	As of July 12	As of today
IPCA	0.90	0.90	0.45	0.45
	2002		2003	
IPCA	5.50	5.60	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

