

July 26th, 2002

The median of market expectations for the trade balance surplus remained at US\$4.60 billion for 2002 and increased to US\$5.50 billion from US\$5.20 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The forecasts for the current account deficit declined to US\$20.00 billion from US\$20.06 billion for 2002 and remained at US\$20.20 billion for 2003. The expectations for the GDP growth decreased to 1.93% from 2.00% for 2002 and remained at 3.50% for 2003. The expectations for the net flow of foreign direct investment declined to US\$17.00 billion from US\$17.15 billion for 2002 and remained at US\$18.00 billion for 2003.

The forecasts for the IPCA increased to 5.96% from 5.84% for 2002 and declined to 4.35% from 4.38% for 2003. The expectations for the IPC-Fipe remained at 4.31% for 2002 and at 4.00% for 2003. The median of expectations for the INPC increased to 6.47% from 6.39% for 2002 and remained at 4.50% for 2003. The forecasts for the IGP-M increased to 7.63% from 7.50% for 2002 and remained at 5.00% for 2003. The median of expectations for the IGP-DI increased to 8.00% from 7.94% 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 increased to 3.54% from 3.50% of the GDP for 2002 and remained 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 increase to R\$/US\$2.70 from 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 19	As of today	As of July 19	As of today
IGP-DI	1.32	1.41	0.75	0.75
IGP-M	1.50	1.55	0.85	0.85
INPC	0.95	1.00	0.50	0.50
IPCA	1.04	1.05	0.46	0.50
IPC-FIPE	0.70	0.70	0.81	0.81
	2002		2003	
IGP-DI	7.94	8.00	5.00	5.00
IGP-M	7.50	7.63	5.00	5.00
INPC	6.39	6.47	4.50	4.50
IPCA	5.84	5.96	4.38	4.35
IPC-FIPE	4.31	4.31	4.00	4.00

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of July 19	As of today	As of July 19	As of today
GDP growth (%)	2.00	1.93	3.50	3.50
Trade Balance (US\$ billion)	4.60	4.60	5.20	5.50
Current Account (US\$ billion)	-20.06	-20.00	-20.20	-20.20
FDI (US\$ billion)	17.15	17.00	18.00	18.00
Fiscal Figures (% of GDP)				
Primary Balance	3.75	3.75	3.50	3.50
Nominal Balance (harmonized)	-3.50	-3.54	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.60	2.60	2.69	2.70
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 19	As of today	As of July 19	As of today
IGP-DI	1.40	1.60	0.80	0.80
IGP-M	1.60	1.75	0.80	0.80
IPCA	0.99	1.01	0.47	0.52
	2002		2003	
IGP-DI	8.09	8.30	5.00	5.00
IGP-M	7.50	7.60	4.60	4.60
IPCA	5.78	5.88	4.00	4.00

Table 3
Market Readout

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

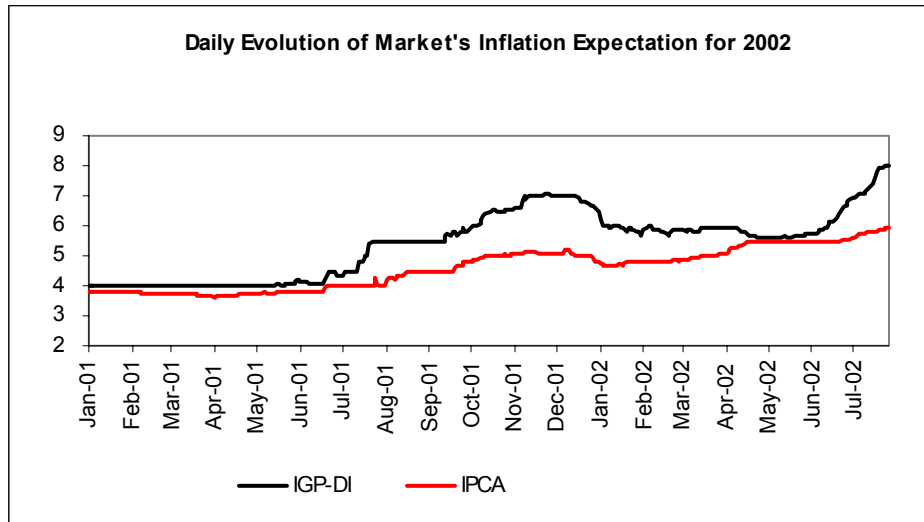
(% change)	July		August	
	As of July 19	As of today	As of July 19	As of today
IGP-DI	1.69	1.83	0.85	0.90
IGP-M	1.70	1.78	0.93	0.93
IPCA	1.04	1.04	0.55	0.55
	2002		2003	
IGP-DI	8.30	8.42	5.50	5.50
IGP-M	7.65	7.65	5.25	5.25
IPCA	6.08	6.08	3.50	3.50

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 19	As of today	As of July 19	As of today
IPCA	0.90	0.90	0.45	0.45
	2002		2003	
IPCA	5.60	5.96	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

