

August 2nd, 2002

The median of market expectations for the trade balance surplus increased to US\$5.00 billion from US\$4.60 billion for 2002 and to US\$5.54 billion from US\$5.50 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The forecasts for the current account deficit remained at US\$20.00 billion for 2002 and declined to US\$19.65 billion from US\$20.20 billion for 2003. The expectations for the net flow of foreign direct investment remained at US\$17.00 billion for 2002 and at US\$18.00 billion for 2003.

The expectations for the GDP growth declined to 1.85% from 1.93% for 2002 and to 3.45% from 3.50% for 2003.

The forecasts for the IPCA increased to 6.00% from 5.96% for 2002 and to 4.40% from 4.35% for 2003. The median of expectations for the INPC increased to 6.71% from 6.47% for 2002 and to 4.80% from 4.50% for 2003. The expectations for the IPC-Fipe increased to 4.37% from 4.31% for 2002 and remained at 4.00% for 2003. The median of expectations for the IGP-DI increased to 8.24% from 8.00% for 2002 and remained at 5.00% for 2003. The forecasts for the IGP-M increased to 8.00% from 7.63% for 2002 and remained at 5.00% 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\$2.65 from R\$/US\$2.60 for 2002 and to R\$/US\$2.73 from R\$/US\$2.70 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 3.57% from 3.54% of the GDP for 2002 and remained 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)	July		August	
	As of July 26	As of today	As of July 26	As of today
IGP-DI	1.41	1.60	0.75	0.80
IGP-M	1.55	-	0.85	0.90
INPC	1.00	1.09	0.50	0.55
IPCA	1.05	1.10	0.50	0.50
IPC-FIPE	0.70	0.70	0.81	0.85
	2002		2003	
IGP-DI	8.00	8.24	5.00	5.00
IGP-M	7.63	8.00	5.00	5.00
INPC	6.47	6.71	4.50	4.80
IPCA	5.96	6.00	4.35	4.40
IPC-FIPE	4.31	4.37	4.00	4.00

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of July 26	As of today	As of July 26	As of today
GDP growth (%)	1.93	1.85	3.50	3.45
Trade Balance (US\$ billion)	4.60	5.00	5.50	5.54
Current Account (US\$ billion)	-20.00	-20.00	-20.20	-19.65
FDI (US\$ billion)	17.00	17.00	18.00	18.00
Fiscal Figures (% of GDP)				
Primary Balance	3.75	3.75	3.50	3.50
Nominal Balance (harmonized)	-3.54	-3.57	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.60	2.65	2.70	2.73
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 26	As of today	As of July 26	As of today
IGP-DI	1.60	1.60	0.80	0.88
IGP-M	1.75	-	0.80	0.80
IPCA	1.01	1.07	0.52	0.51
	2002		2003	
IGP-DI	8.30	8.42	5.00	5.00
IGP-M	7.60	8.00	4.60	4.60
IPCA	5.88	6.12	4.00	4.00

Table 3
Market Readout

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

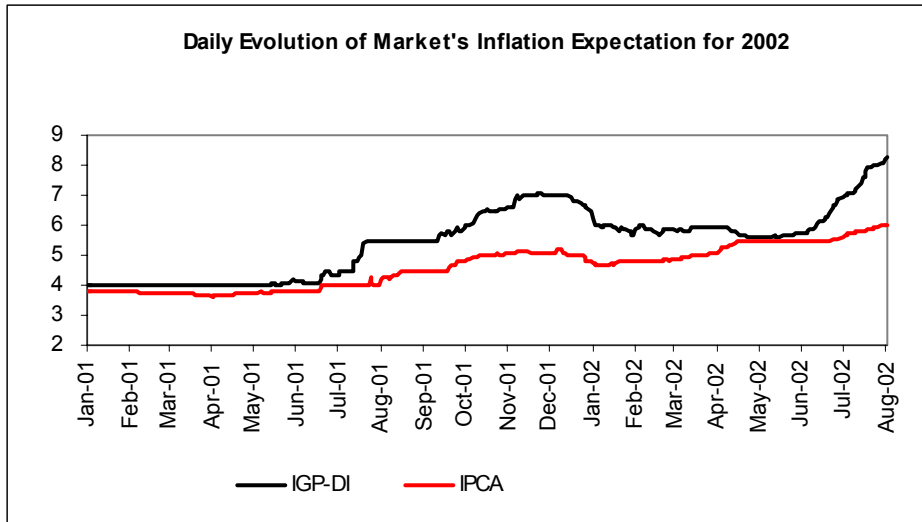
(% change)	July		August	
	As of July 26	As of today	As of July 26	As of today
IGP-DI	1.83	1.89	0.90	0.92
IGP-M	1.78	-	0.93	0.98
IPCA	1.04	1.05	0.55	0.55
	2002		2003	
IGP-DI	8.42	8.80	5.50	5.50
IGP-M	7.65	8.24	5.25	5.25
IPCA	6.08	6.08	3.50	3.50

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 26	As of today	As of July 26	As of today
IPCA	0.90	1.05	0.45	0.45
	2002		2003	
IPCA	5.96	6.01	4.75	5.00

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

