

**August 9<sup>th</sup>, 2002**

*The median of market expectations for the trade balance surplus remained at US\$5.00 billion for 2002 and increased to US\$5.70 billion from US\$5.54 billion for 2003, as tracked by Banco Central do Brasil daily survey.*

The forecasts for the current account deficit reduced to US\$19.90 billion from US\$20.00 billion for 2002 and to US\$19.63 billion from US\$19.65 billion for 2003. The expectations for the net flow of foreign direct investment remained at US\$17.00 billion for 2002 and declined to US\$17.93 billion from US\$18.00 billion for 2003. The expectations for the GDP growth declined to 1.83% from 1.85% for 2002 and to 3.40% from 3.45% for 2003.

The forecasts for the IPCA increased to 6.07% from 6.00% for 2002 and remained at 4.40% for 2003. The median of expectations for the INPC increased to 6.80% from 6.71% for 2002 and remained at 4.80% for 2003. The expectations for the IPC-Fipe increased to 4.39% from 4.37% for 2002 and to 4.02% from 4.00% for 2003. The median of expectations for the IGP-DI increased to 8.58% from 8.24% for 2002 and remained at 5.00% for 2003. The forecasts for the IGP-M increased to 8.27% from 8.00% 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 remained at R\$/US\$2.65 for 2002 and increased to R\$/US\$2.78 from R\$/US\$2.73 for 2003.

On the fiscal front, the median of expectations for the primary surplus remained at 3.75% of the GDP for 2002 and increased to 3.70% from 3.50% of the GDP for 2003. The median of forecasts for the nominal harmonized deficit declined to 3.54% from 3.57% 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-a**  
**Market Readout**

*Banco Central do Brasil Daily Survey on Market Expectations - Median*  
**PRICE INDICES**

(% change)	August		September	
	As of August 2	As of today	As of August 2	As of today
IGP-DI	0,80	0,89	0,45	0,50
IGP-M	0,90	1,00	0,50	0,51
INPC	0,55	0,55	0,35	0,35
IPCA	0,50	0,51	0,30	0,30
IPC-FIPE	0,85	0,85	0,43	0,50
	2002		2003	
IGP-DI	8,24	8,58	5,00	5,00
IGP-M	8,00	8,27	5,00	5,00
INPC	6,71	6,80	4,80	4,80
IPCA	6,00	6,07	4,40	4,40
IPC-FIPE	4,37	4,39	4,00	4,02

**Table 1-b**  
**Market Readout**

*Banco Central do Brasil Daily Survey on Market Expectations - Median*  
**OTHER ECONOMIC INDICATORS – 2002/2003**

	2002		2003	
	As of August 2	As of today	As of August 2	As of today
GDP growth (%)	1,85	1,83	3,45	3,40
Trade Balance (US\$ billion)	5,00	5,00	5,54	5,70
Current Account (US\$ billion)	-20,00	-19,90	-19,65	-19,63
FDI (US\$ billion)	17,00	17,00	18,00	17,93
Fiscal Figures (% of GDP)				
Primary Balance	3,75	3,75	3,50	3,70
Nominal Balance (harmonized)	-3,57	-3,54	-3,00	-3,00
Exchange Rate End of period (R\$/US\$)	2,65	2,65	2,73	2,78
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*

	<b>August</b>		<b>September</b>	
(% change)	As of August 2	As of today	As of August 2	As of today
IGP-DI	0,88	1,15	0,46	0,53
IGP-M	0,80	1,26	0,25	0,25
IPCA	0,51	0,51	0,28	0,30
	<b>2002</b>		<b>2003</b>	
IGP-DI	8,42	8,83	5,00	5,00
IGP-M	8,00	8,00	4,60	4,60
IPCA	6,12	6,25	4,00	4,00

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

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

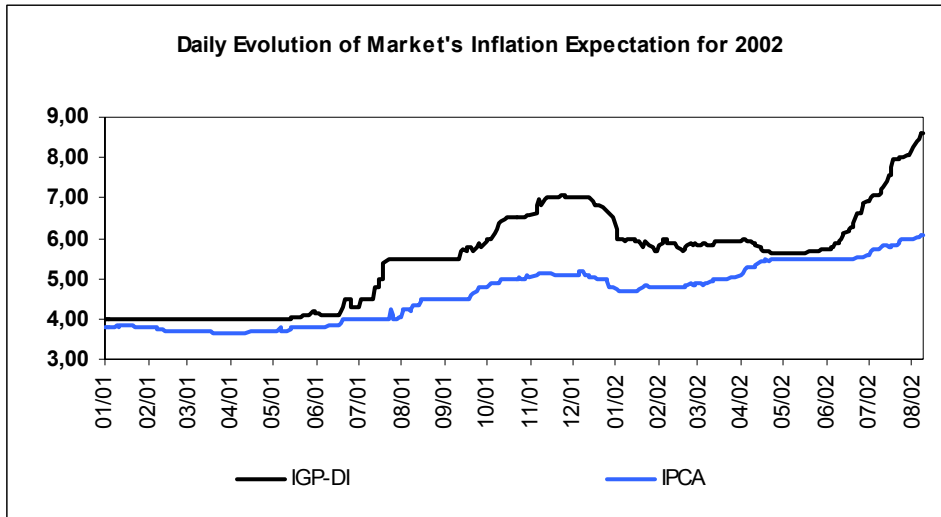
	<b>August</b>		<b>September</b>	
(% change)	As of August 2	As of today	As of August 2	As of today
IGP-DI	0,92	0,92	0,49	0,49
IGP-M	0,98	0,98	0,57	0,57
IPCA	0,55	0,55	0,35	0,35
	<b>2002</b>		<b>2003</b>	
IGP-DI	8,80	8,80	5,50	5,50
IGP-M	8,24	8,24	5,25	5,25
IPCA	6,08	6,08	3,50	3,50

**Table 4**  
**Market Readout**

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

	<b>August</b>		<b>September</b>	
(% change)	As of August 2	As of today	As of August 2	As of today
IPCA	0,45	0,51	0,30	0,30
	<b>2002</b>		<b>2003</b>	
IPCA	6,01	6,02	5,00	5,10

**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

