

August 16th, 2002

The median of market expectations for the trade balance surplus increased to US\$5.96 billion from US\$5.00 billion for 2002 and to US\$6.50 billion from US\$5.70 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The forecasts for the current account deficit reduced to US\$19.50 billion from US\$19.90 billion for 2002 and to US\$19.00 billion from US\$19.63 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\$17.55 billion from US\$17.93 billion for 2003. The expectations for the GDP growth declined to 1.70% from 1.83% for 2002 and to 3.20% from 3.40% for 2003.

The forecasts for the IPCA increased to 6.27% from 6.07% for 2002 and to 4.50% from 4.40% for 2003. The median of expectations for the INPC increased to 6.85% from 6.80% for 2002 and decreased to 4.69% from 4.80% for 2003. The expectations for the IPC-Fipe increased to 4.55% from 4.39% for 2002 and remained at 4.02% for 2003. The median of expectations for the IGP-DI increased to 9.22% from 8.58% for 2002 and remained at 5.00% for 2003. The forecasts for the IGP-M increased to 9.02% from 8.27% 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\$2.70 from R\$/US\$2.65 for 2002 and to R\$/US\$2.80 from R\$/US\$2.78 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 3.75% from 3.70% of the GDP for 2003. The median of forecasts for the nominal harmonized deficit increased to 3.60% 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-a
Market Readout

Banco Central do Brasil Daily Survey on Market Expectations - Median

PRICE INDICES

(% change)	August		September	
	As of August 9	As of today	As of August 9	As of today
IGP-DI	0.89	1.19	0.50	0.55
IGP-M	1.00	1.49	0.51	0.60
INPC	0.55	0.63	0.35	0.35
IPCA	0.51	0.58	0.30	0.35
IPC-FIPE	0.85	0.90	0.50	0.50
	2002		2003	
IGP-DI	8.58	9.22	5.00	5.00
IGP-M	8.27	9.02	5.00	5.00
INPC	6.80	6.85	4.80	4.69
IPCA	6.07	6.27	4.40	4.50
IPC-FIPE	4.39	4.55	4.02	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 9	As of today	As of August 9	As of today
GDP growth (%)	1.83	1.70	3.40	3.20
Trade Balance (US\$ billion)	5.00	5.96	5.70	6.50
Current Account (US\$ billion)	-19.90	-19.50	-19.63	-19.00
FDI (US\$ billion)	17.00	17.00	17.93	17.55
Fiscal Figures (% of GDP)				
Primary Balance	3.75	3.75	3.70	3.75
Nominal Balance (harmonized)	-3.54	-3.60	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.65	2.70	2.78	2.80
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*

	August		September	
(% change)	As of August 9	As of today	As of August 9	As of today
IGP-DI	1.15	1.20	0.53	0.59
IGP-M	1.26	1.42	0.25	0.55
IPCA	0.51	0.60	0.30	0.35
	2002		2003	
IGP-DI	8.83	9.59	5.00	5.00
IGP-M	8.00	8.59	4.60	5.60
IPCA	6.25	6.00	4.00	4.50

Table 3
Market Readout

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

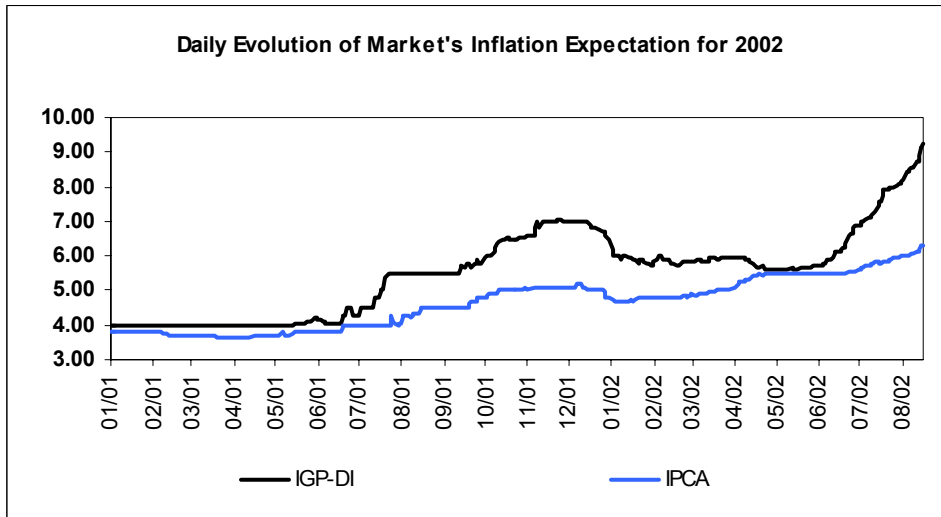
	August		September	
(% change)	As of August 9	As of today	As of August 9	As of today
IGP-DI	0.92	1.10	0.49	0.36
IGP-M	0.98	1.80	0.57	0.63
IPCA	0.55	0.65	0.35	0.30
	2002		2003	
IGP-DI	8.80	9.06	5.50	5.00
IGP-M	8.24	9.40	5.25	5.25
IPCA	6.08	6.16	3.50	4.40

Table 4
Market Readout

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

	August		September	
(% change)	As of August 9	As of today	As of August 9	As of today
IPCA	0.51	0.65	0.30	0.37
	2002		2003	
IPCA	6.02	6.27	5.10	4.85

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

