

August 23rd, 2002

The median of market expectations for the trade balance surplus increased to US\$6.00 billion from US\$5.96 billion for 2002 and to US\$7.20 billion from US\$6.50 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The forecasts for the current account deficit reduced to US\$19.00 billion from US\$19.50 billion for 2002 and to US\$18.50 billion from US\$19.00 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\$17.00 billion from US\$17.55 billion for 2003.

The expectations for the GDP growth declined to 1.50% from 1.70% for 2002 and to 3.00% from 3.20% for 2003.

The forecasts for the IPCA increased to 6.43% from 6.27% for 2002 and to 4.80% from 4.50% for 2003. The median of expectations for the INPC increased to 6.90% from 6.85% for 2002 and to 4.95% from 4.69% for 2003. The expectations for the IPC-Fipe increased to 4.64% from 4.55% for 2002 and to 4.20% from 4.02% for 2003. The median of expectations for the IGP-DI increased to 9.78% from 9.22% for 2002 and to 5.25% from 5.00% for 2003. The forecasts for the IGP-M increased to 9.29% from 9.02% for 2002 and to 5.47% from 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\$2.80 from R\$/US\$2.70 for 2002 and to R\$/US\$2.90 from R\$/US\$2.80 for 2003.

On the fiscal front, the median of expectations for the primary surplus remained at 3.75% of the GDP for 2002 and for 2003. The median of forecasts for the nominal harmonized deficit remained at 3.60% of the GDP for 2002 and increased to 3.23% from 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 16	As of today	As of August 16	As of today
IGP-DI	1.19	1.40	0.55	0.57
IGP-M	1.49	1.75	0.60	0.62
INPC	0.63	0.70	0.35	0.40
IPCA	0.58	0.61	0.35	0.38
IPC-FIPE	0.90	0.97	0.50	0.50
	2002		2003	
IGP-DI	9.22	9.78	5.00	5.25
IGP-M	9.02	9.29	5.00	5.47
INPC	6.85	6.90	4.69	4.95
IPCA	6.27	6.43	4.50	4.80
IPC-FIPE	4.55	4.64	4.02	4.20

**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 16	As of today	As of August 16	As of today
GDP growth (%)	1.70	1.50	3.20	3.00
Trade Balance (US\$ billion)	5.96	6.00	6.50	7.20
Current Account (US\$ billion)	-19.50	-19.00	-19.00	-18.50
FDI (US\$ billion)	17.00	17.00	17.55	17.00
Fiscal Figures (% of GDP)				
Primary Balance	3.75	3.75	3.75	3.75
Nominal Balance (harmonized)	-3.60	-3.60	-3.00	-3.23
Exchange Rate End of period (R\$/US\$)	2.70	2.80	2.80	2.90
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)	August		September	
	As of August 16	As of today	As of August 16	As of today
IGP-DI	1.20	1.80	0.59	0.66
IGP-M	1.42	1.96	0.55	0.76
IPCA	0.60	0.60	0.35	0.37
	2002		2003	
IGP-DI	9.59	10.55	5.00	6.00
IGP-M	8.59	10.00	5.60	5.60
IPCA	6.00	6.03	4.50	4.75

Table 3
Market Readout

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

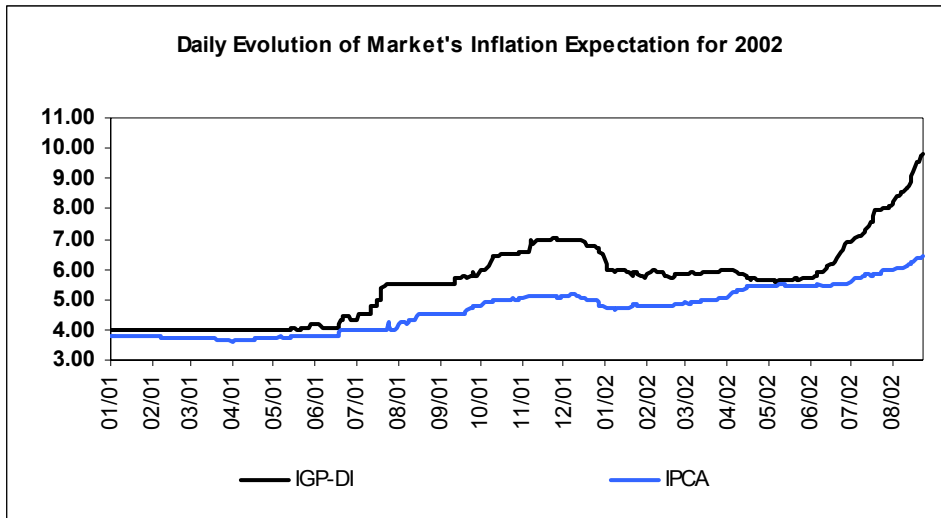
(% change)	August		September	
	As of August 16	As of today	As of August 16	As of today
IGP-DI	1.10	1.20	0.36	0.60
IGP-M	1.80	1.80	0.63	0.70
IPCA	0.65	0.70	0.30	0.40
	2002		2003	
IGP-DI	9.06	10.58	5.00	6.00
IGP-M	9.40	9.99	5.25	7.00
IPCA	6.16	6.65	4.40	5.00

Table 4
Market Readout

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

(% change)	August		September	
	As of August 16	As of today	As of August 16	As of today
IPCA	0.65	0.55	0.37	0.37
	2002		2003	
IPCA	6.27	6.11	4.85	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

