

**August 30<sup>th</sup>, 2002**

*The median of market expectations for the trade balance surplus increased to US\$6.50 billion from US\$6.00 billion for 2002 and to US\$7.60 billion from US\$7.20 billion for 2003, as tracked by Banco Central do Brasil daily survey.*

The forecasts for the current account deficit reduced to US\$18.50 billion from US\$19.00 billion for 2002 and to US\$17.96 billion from US\$18.50 billion for 2003. The expectations for the net flow of foreign direct investment declined to US\$16.80 billion from US\$17.00 billion for 2002 and to US\$16.50 billion from US\$17.00 billion for 2003.

The expectations for the GDP growth remained at 1.50% for 2002 and at 3.00% for 2003.

The forecasts for the IPCA remained at 6.43% for 2002 and increased to 4.95% from 4.80% for 2003. The median of expectations for the INPC increased to 6.97% from 6.90% for 2002 and to 5.20% from 4.95% for 2003. The expectations for the IPC-Fipe increased to 4.75% from 4.64% for 2002 and to 4.30% from 4.20% for 2003. The median of expectations for the IGP-DI increased to 10.08% from 9.78% for 2002 and to 5.80% from 5.25% for 2003. The forecasts for the IGP-M increased to 9.78% from 9.29% for 2002 and to 5.86% from 5.47% 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\$2.80 for 2002 and increased to R\$/US\$2.95 from R\$/US\$2.90 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 3.24% from 3.23% 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 23	As of today	As of August 23	As of today
IGP-DI	1.40	1.60	0.57	0.60
IGP-M	1.75	-	0.62	0.73
INPC	0.70	0.70	0.40	0.40
IPCA	0.61	0.65	0.38	0.40
IPC-FIPE	0.97	1.00	0.50	0.51
	2002		2003	
IGP-DI	9.78	10.08	5.25	5.80
IGP-M	9.29	9.78	5.47	5.86
INPC	6.90	6.97	4.95	5.20
IPCA	6.43	6.43	4.80	4.95
IPC-FIPE	4.64	4.75	4.20	4.30

**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 23	As of today	As of August 23	As of today
GDP growth (%)	1.50	1.50	3.00	3.00
Trade Balance (US\$ billion)	6.00	6.50	7.20	7.60
Current Account (US\$ billion)	-19.00	-18.50	-18.50	-17.96
FDI (US\$ billion)	17.00	16.80	17.00	16.50
Fiscal Figures (% of GDP)				
Primary Balance	3.75	3.75	3.75	3.75
Nominal Balance (harmonized)	-3.60	-3.60	-3.23	-3.24
Exchange Rate End of period (R\$/US\$)	2.80	2.80	2.90	2.95
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 23	As of today	As of August 23	As of today
IGP-DI	1.80	2.00	0.66	0.80
IGP-M	1.96	-	0.76	0.77
IPCA	0.60	0.67	0.37	0.42
	2002		2003	
IGP-DI	10.55	10.88	6.00	6.40
IGP-M	10.00	10.01	5.60	6.60
IPCA	6.03	6.22	4.75	4.75

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

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

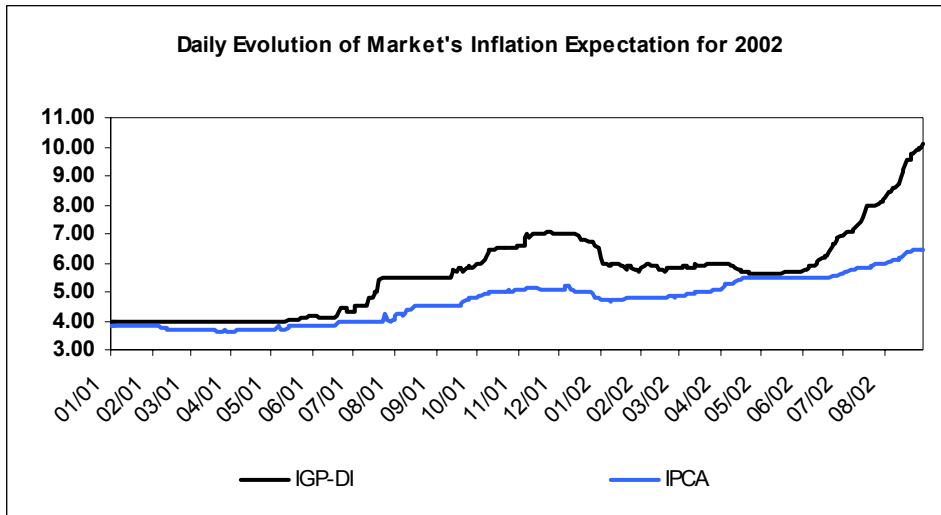
(% change)	August		September	
	As of August 23	As of today	As of August 23	As of today
IGP-DI	1.20	1.20	0.60	0.60
IGP-M	1.80	-	0.70	0.82
IPCA	0.70	0.70	0.40	0.40
	2002		2003	
IGP-DI	10.58	10.31	6.00	7.00
IGP-M	9.99	10.00	7.00	7.00
IPCA	6.65	6.65	5.00	5.00

**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 23	As of today	As of August 23	As of today
IPCA	0.55	0.55	0.37	0.45
	2002		2003	
IPCA	6.11	6.27	4.85	5.53

**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

