

September 6, 2002

The median of market expectations for the trade balance surplus increased to US\$7.00 billion from US\$6.50 billion for 2002 and to US\$8.07 billion from US\$7.60 billion for 2003, as tracked by Banco Central do Brasil daily survey.

The forecasts for the current account deficit reduced to US\$18.00 billion from US\$18.50 billion for 2002 and to US\$17.00 billion from US\$17.96 billion for 2003. The expectations for the net flow of foreign direct investment declined to US\$16.50 billion from US\$16.80 billion for 2002 and increased to US\$17.00 billion from US\$16.50 billion for 2003.

The expectations for the GDP growth declined to 1.49% from 1.50% for 2002 and remained at 3.00% for 2003.

The forecasts for the IPCA increased to 6.51% from 6.43% for 2002 and to 5.00% from 4.95% for 2003. The median of expectations for the INPC increased to 7.10% from 6.97% for 2002 and to 5.40% from 5.20% for 2003. The expectations for the IPC-Fipe increased to 4.90% from 4.75% for 2002 and to 4.50% from 4.30% for 2003. The median of expectations for the IGP-DI increased to 10.50% from 10.08% for 2002 and to 6.34% from 5.80% for 2003. The forecasts for the IGP-M increased to 10.51% from 9.78% for 2002 and to 6.20% from 5.86% 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\$3.00 from R\$/US\$2.95 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 declined to 3.50% from 3.60% of the GDP for 2002 and to 3.20% from 3.24% 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 30	As of today	As of August 30	As of today
IGP-DI	1.60	1.90	0.60	0.81
IGP-M	-	-	0.73	1.00
INPC	0.70	0.72	0.40	0.43
IPCA	0.65	0.65	0.40	0.43
IPC-FIPE	1.00	-	0.51	0.54
	2002		2003	
IGP-DI	10.08	10.50	5.80	6.34
IGP-M	9.78	10.51	5.86	6.20
INPC	6.97	7.10	5.20	5.40
IPCA	6.43	6.51	4.95	5.00
IPC-FIPE	4.75	4.90	4.30	4.50

**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 30	As of today	As of August 30	As of today
GDP growth (%)	1.50	1.49	3.00	3.00
Trade Balance (US\$ billion)	6.50	7.00	7.60	8.07
Current Account (US\$ billion)	-18.50	-18.00	-17.96	-17.00
FDI (US\$ billion)	16.80	16.50	16.50	17.00
Fiscal Figures (% of GDP)				
Primary Balance	3.75	3.75	3.75	3.75
Nominal Balance (harmonized)	-3.60	-3.50	-3.24	-3.20
Exchange Rate End of period (R\$/US\$)	2.80	2.80	2.95	3.00
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 30	As of today	As of August 30	As of today
IGP-DI	2.00	2.12	0.80	0.93
IGP-M	-	-	0.77	1.18
IPCA	0.67	0.64	0.42	0.42
	2002		2003	
IGP-DI	10.88	11.01	6.40	6.50
IGP-M	10.01	11.25	6.60	6.20
IPCA	6.22	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*

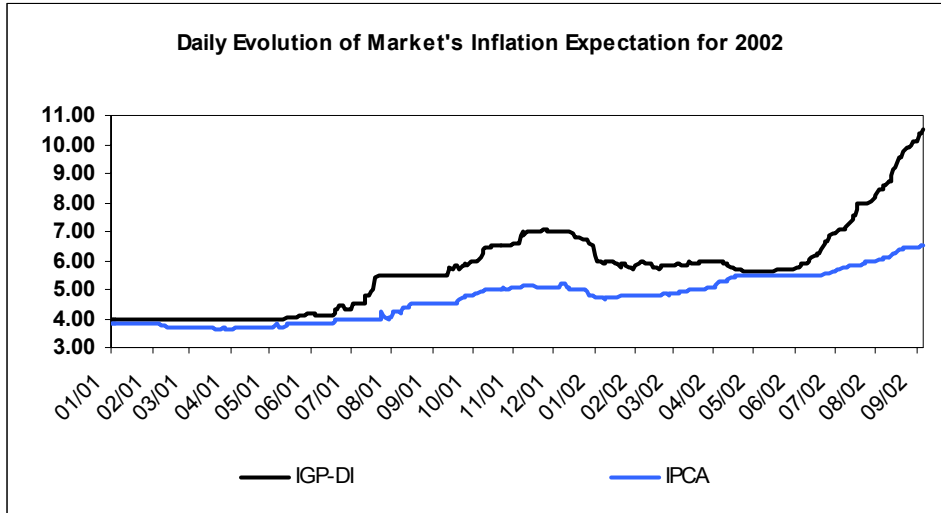
	August		September	
(% change)	As of August 30	As of today	As of August 30	As of today
IGP-DI	1.20	1.90	0.60	0.80
IGP-M	-	-	0.82	0.85
IPCA	0.70	0.70	0.40	0.50
	2002		2003	
IGP-DI	10.31	10.65	7.00	7.00
IGP-M	10.00	10.40	7.00	7.00
IPCA	6.65	6.73	5.00	5.00

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 30	As of today	As of August 30	As of today
IPCA	0.55	0.60	0.45	0.47
	2002		2003	
IPCA	6.27	6.48	5.53	5.60

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

