

May 10th, 2002

The median of market expectations for the INPC decreased to 6.29% from 6.32% for 2002 and to 4.13% from 4.18% for 2003, as tracked by Banco Central do Brasil daily survey. The forecasts for the IPC-Fipe fell to 4.66% from 4.72% for 2002 and remained stable at 4.00% for 2003. The expectations for the Consumer Price Index–Extended - IPCA increased to 5.50% from 5.46% for 2002 and remained unchanged at 4.00% for 2003. The forecasts for the IGP-DI remained stable at 5.62% for 2002 and at 4.80% for 2003. The median of expectations for the IGP-M increased to 5.65% from 5.63% for 2002 and dropped to 4.60% from 4.63% for 2003.

The median of projections for the GDP growth remained stable at 2.40% for 2002 and at 3.50% for 2003. The forecasts for the current account deficit increased to US\$20.50 billion from US\$20.40 billion for 2002 and to US\$20.20 billion from US\$20.00 billion for 2003. The expectations for the trade balance surplus decreased to US\$4.18 billion from US\$4.30 billion for 2002 and to US\$4.90 billion from US\$4.95 billion for 2003. The expectations for the net flow of foreign direct investment remained stable at US\$17.90 billion for 2002 and at US\$18.00 billion for 2003.

The median of forecasts for the exchange rate remained stable at R\$/US\$2.50 for 2002 and increased to R\$/US\$2.65 from R\$/US\$2.60 for 2003. The expectations for the Over-Selic rate increased to 17.00% p.a. from 16.60% p.a. for 2002 and remained unchanged at 14.45% p.a. for 2003. On the fiscal front, the median of expectations for the primary surplus remained constant at 3.50% of the GDP for 2002 and fell to 3.05% from 3.20% of the GDP for 2003. The projections for the nominal harmonized deficit remained unchanged at 3.50% of the GDP for 2002 and 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
Market Readout

Banco Central do Brasil Daily Survey on Market Expectations - Median

PRICE INDICES

(% change)	May		June	
	As of May 3	As of today	As of May 3	As of today
IGP-DI	0.50	0.50	0.62	0.60
IGP-M	0.50	0.50	0.60	0.55
INPC	0.40	0.40	0.40	0.40
IPCA	0.40	0.40	0.35	0.35
IPC-FIPE	0.35	0.30	0.41	0.41
	2002		2003	
IGP-DI	5.62	5.62	4.80	4.80
IGP-M	5.63	5.65	4.63	4.60
INPC	6.32	6.29	4.18	4.13
IPCA	5.46	5.50	4.00	4.00
IPC-FIPE	4.72	4.66	4.00	4.00

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of May 3	As of today	As of May 3	As of today
GDP growth (%)	2.40	2.40	3.50	3.50
Trade Balance (US\$ billion)	4.30	4.18	4.95	4.90
Current Account (US\$ billion)	-20.40	-20.50	-20.00	-20.20
FDI (US\$ billion)	17.90	17.90	18.00	18.00
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.50	3.20	3.05
Nominal Balance (harmonized)	-3.50	-3.50	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.50	2.50	2.60	2.65
Over-Selic End of period (% p.a.)	16.60	17.00	14.45	14.45

Table 2
Market Readout

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

(% change)	May		June	
	As of May 3	As of today	As of May 3	As of today
IGP-DI	0.50	0.50	0.60	0.60
IGP-M	0.45	0.48	0.68	0.68
IPCA	0.34	0.41	0.25	0.27
	2002		2003	
IGP-DI	5.61	5.61	5.00	5.00
IGP-M	5.64	5.65	4.51	4.51
IPCA	5.46	5.47	4.00	4.00

Table 3
Market Readout

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

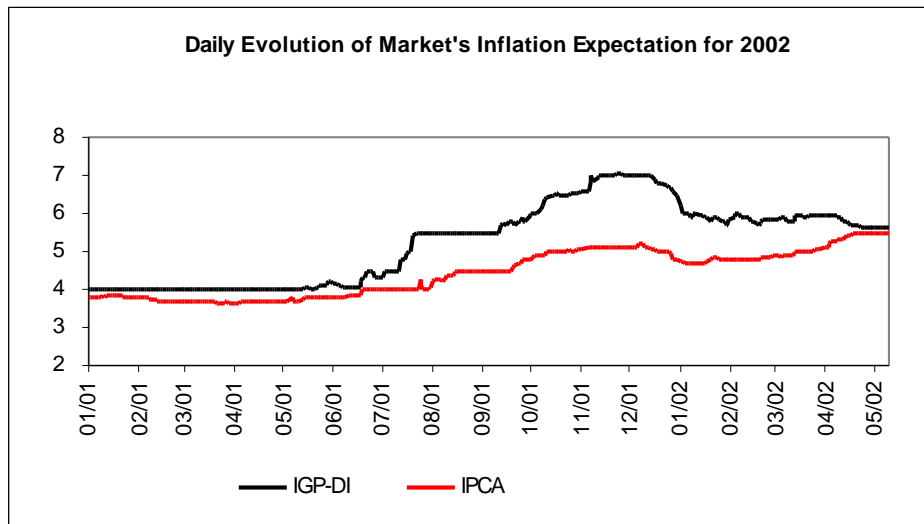
(% change)	May		June	
	As of May 3	As of today	As of May 3	As of today
IGP-DI	0.45	0.45	0.80	0.80
IGP-M	0.45	0.45	0.50	0.50
IPCA	0.40	0.40	0.45	0.40
	2002		2003	
IGP-DI	5.61	5.61	4.50	4.50
IGP-M	5.61	5.61	4.25	4.25
IPCA	5.46	5.30	4.00	4.00

Table 4
Market Readout

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

(% change)	May		June	
	As of May 3	As of today	As of May 3	As of today
IPCA	0.30	0.40	0.45	0.40
	2002		2003	
IPCA	5.51	5.51	4.50	4.50

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

