

June 21st, 2002

The median of market expectations for the INPC decreased to 5.98% from 6.03% for 2002 and to 4.20% from 4.25% for 2003, as tracked by Banco Central do Brasil daily survey. The expectations for the IPC-Fipe decreased to 4.13% from 4.25% for 2002 and remained at 4.00% for 2003. The projections for the IGP-M increased to 6.03% from 5.85% for 2002 and decreased to 4.61% from 4.69% for 2003. The forecasts for the IPCA increased to 5.50% from 5.46% for 2002, and remained stable at 4.00% for 2003. The forecasts for the IGP-DI increased to 6.37% from 6.13% for 2002 and to 4.95% from 4.83% for 2003.

The median of projections for the GDP growth remained at 2.20% for 2002 and at 3.50% for 2003. The forecasts for the current account deficit remained at US\$20.50 billion for 2002 and at US\$20.00 billion for 2003. The expectations for the trade balance surplus reduced to US\$4.20 billion from US\$4.27 billion for 2002 and remained at US\$5.00 billion for 2003. The projections for the net flow of foreign direct investment decreased to US\$17.50 billion from US\$17.58 billion for 2002 and remained at US\$18.00 billion 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\$2.52 from R\$/US\$2.50 for 2002 and to R\$/US\$2.65 from R\$/US\$2.62 for 2003. On the fiscal front, the median of expectations for the primary surplus remained at 3.50% of the GDP for 2002, and increased to 3.30% from 3.10% 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)	June		July	
	As of June 14	As of today	As of June 14	As of today
IGP-DI	0.80	0.90	0.80	0.83
IGP-M	0.73	0.95	0.85	0.87
INPC	0.45	0.50	0.74	0.80
IPCA	0.41	0.45	0.78	0.80
IPC-FIPE	0.35	0.35	0.60	0.60
	2002		2003	
IGP-DI	6.13	6.37	4.83	4.95
IGP-M	5.85	6.03	4.69	4.61
INPC	6.03	5.98	4.25	4.20
IPCA	5.46	5.50	4.00	4.00
IPC-FIPE	4.25	4.13	4.00	4.00

OTHER ECONOMIC INDICATORS – 2002/2003

	2002		2003	
	As of June 14	As of today	As of June 14	As of today
GDP growth (%)	2.20	2.20	3.50	3.50
Trade Balance (US\$ billion)	4.27	4.20	5.00	5.00
Current Account (US\$ billion)	-20.50	-20.50	-20.00	-20.00
FDI (US\$ billion)	17.58	17.50	18.00	18.00
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.50	3.10	3.30
Nominal Balance (harmonized)	-3.50	-3.50	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.50	2.52	2.62	2.65
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)	June		July	
	As of June 14	As of today	As of June 14	As of today
IGP-DI	0.90	0.90	0.82	0.82
IGP-M	0.88	0.88	0.80	0.90
IPCA	0.45	0.45	0.80	0.80
	2002		2003	
IGP-DI	6.31	6.62	5.00	5.00
IGP-M	6.02	6.02	4.60	4.60
IPCA	5.53	5.53	4.00	4.00

Table 3
Market Readout

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

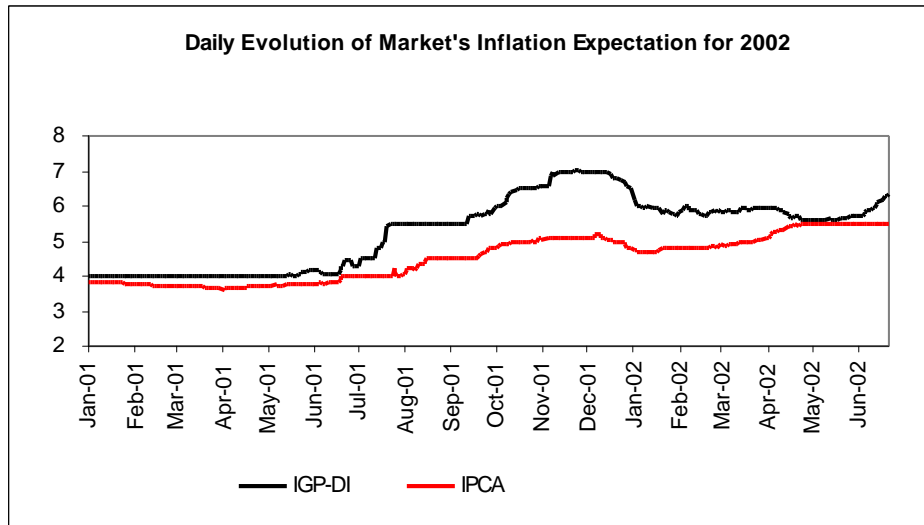
(% change)	June		July	
	As of June 14	As of today	As of June 14	As of today
IGP-DI	0.80	1.00	0.83	0.83
IGP-M	0.80	0.88	0.85	0.90
IPCA	0.38	0.43	0.88	0.83
	2002		2003	
IGP-DI	6.19	7.13	5.00	5.00
IGP-M	6.02	6.11	5.00	4.60
IPCA	5.61	5.62	3.60	3.75

Table 4
Market Readout

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

(% change)	June		July	
	As of June 14	As of today	As of June 14	As of today
IPCA	0.45	0.45	0.65	0.73
	2002		2003	
IPCA	5.53	5.48	4.00	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

