

**June 28<sup>th</sup>, 2002**

*The median of market expectations for the trade balance surplus increased to US\$4.35 billion from US\$4.20 billion for 2002 and remained at US\$5.00 billion for 2003, as tracked by Banco Central do Brasil daily survey.*

The expectations for the IPC-Fipe declined to 4.10% from 4.13% for 2002 and remained at 4.00% for 2003. The forecasts for the IPCA increased to 5.53% from 5.50% for 2002 and remained at 4.00% for 2003. The median of expectations for the INPC increased to 6.03% from 5.98% for 2002 and to 4.50% from 4.20% for 2003. The forecasts for the IGP-M increased to 6.52% from 6.03% for 2002 and to 4.80% from 4.61% for 2003. The median of expectations for the IGP-DI increased to 6.89% from 6.37% for 2002 and to 5.00% from 4.95% for 2003.

The median of market forecasts 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 increased to US\$20.30 billion from US\$20.00 billion for 2003. The expectations for the net flow of foreign direct investment remained at US\$17.50 billion for 2002 and at US\$18.00 billion 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 3.50% from 3.30% of the GDP for 2003. The median of forecasts for the nominal harmonized deficit remained at 3.50% of the GDP for 2002 and at 3.00% of the GDP 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\$2.55 from R\$/US\$2.52 for 2002 and remained at R\$/US\$2.65 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 21	As of today	As of June 21	As of today
IGP-DI	0.90	1.20	0.83	0.85
IGP-M	0.95	1.36	0.87	0.90
INPC	0.50	0.51	0.80	0.80
IPCA	0.45	0.46	0.80	0.80
IPC-FIPE	0.35	0.35	0.60	0.60
	2002		2003	
IGP-DI	6.37	6.89	4.95	5.00
IGP-M	6.03	6.52	4.61	4.80
INPC	5.98	6.03	4.20	4.50
IPCA	5.50	5.53	4.00	4.00
IPC-FIPE	4.13	4.10	4.00	4.00

**OTHER ECONOMIC INDICATORS – 2002/2003**

	2002		2003	
	As of June 21	As of today	As of June 21	As of today
GDP growth (%)	2.20	2.20	3.50	3.50
Trade Balance (US\$ billion)	4.20	4.35	5.00	5.00
Current Account (US\$ billion)	-20.50	-20.50	-20.00	-20.30
FDI (US\$ billion)	17.50	17.50	18.00	18.00
Fiscal Figures (% of GDP)				
Primary Balance	3.50	3.50	3.30	3.50
Nominal Balance (harmonized)	-3.50	-3.50	-3.00	-3.00
Exchange Rate End of period (R\$/US\$)	2.52	2.55	2.65	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 21	As of today	As of June 21	As of today
IGP-DI	0.90	1.30	0.82	0.90
IGP-M	0.88	1.48	0.90	1.00
IPCA	0.45	0.50	0.80	0.80
	2002		2003	
IGP-DI	6.62	7.07	5.00	5.00
IGP-M	6.02	6.86	4.60	4.55
IPCA	5.53	5.68	4.00	4.50

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

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

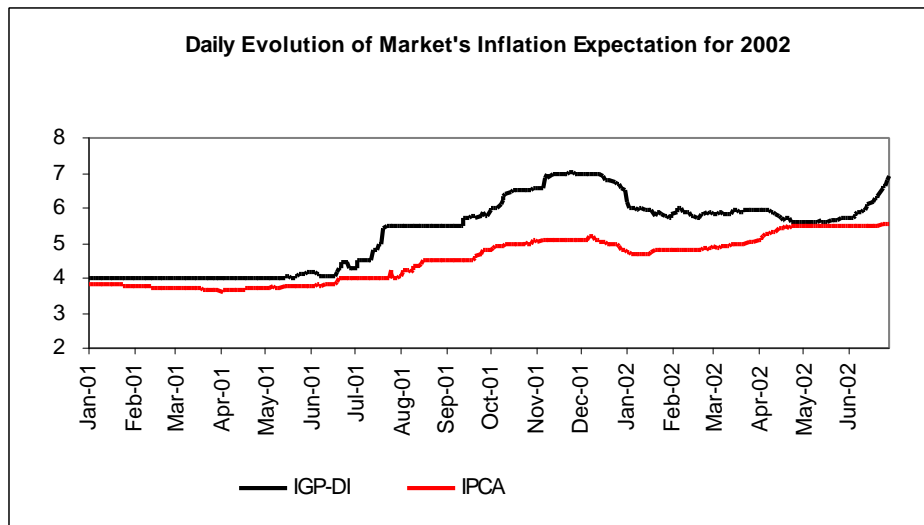
(% change)	June		July	
	As of June 21	As of today	As of June 21	As of today
IGP-DI	1.00	1.21	0.83	0.83
IGP-M	0.88	1.45	0.90	1.00
IPCA	0.43	0.45	0.83	0.80
	2002		2003	
IGP-DI	7.13	7.18	5.00	5.00
IGP-M	6.11	6.71	4.60	4.60
IPCA	5.62	5.47	3.75	3.60

**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 21	As of today	As of June 21	As of today
IPCA	0.45	0.45	0.73	0.75
	2002		2003	
IPCA	5.48	5.48	4.50	4.75

**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

