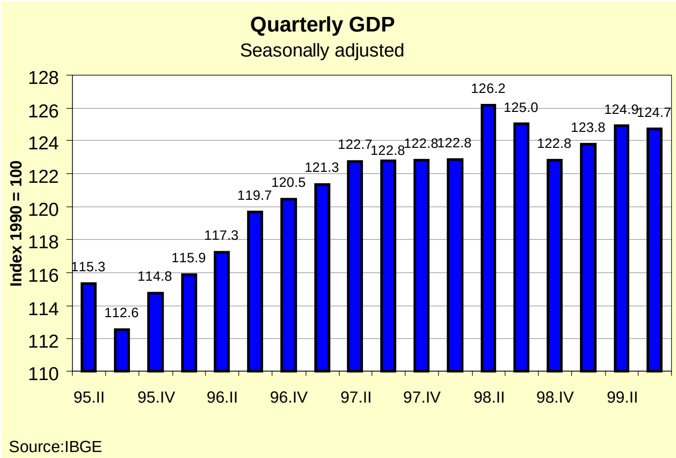
Monetary programming for the first quarter and the year 2000

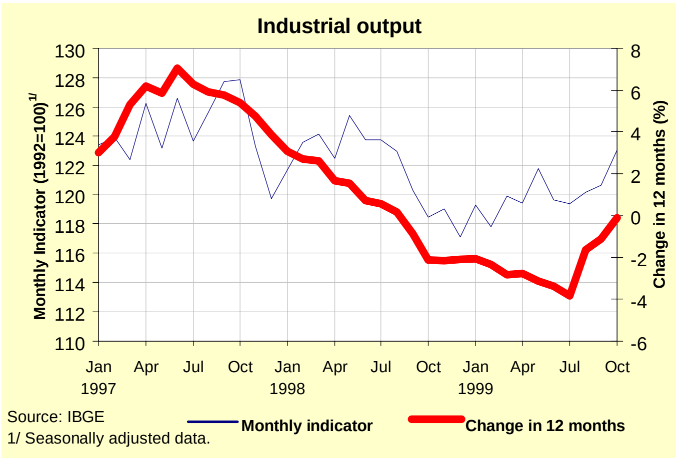
A. The economy in the fourth quarter of 1999

1. Based on data purged of seasonal factors and released by the Brazilian Institute of Geography and Statistics (IBGE), gross domestic product (GDP) declined by 0.18% in the third quarter of 1999 when compared to the previous quarter. The result was generated by variations of –2.92%, -0.17% and 0.18% in the output of the crop/livestock, industrial and service sectors, respectively. Accumulated GDP in the first three quarters of the year closed at 0.02%, a figure quite similar to that registered in the same period of the preceding year.



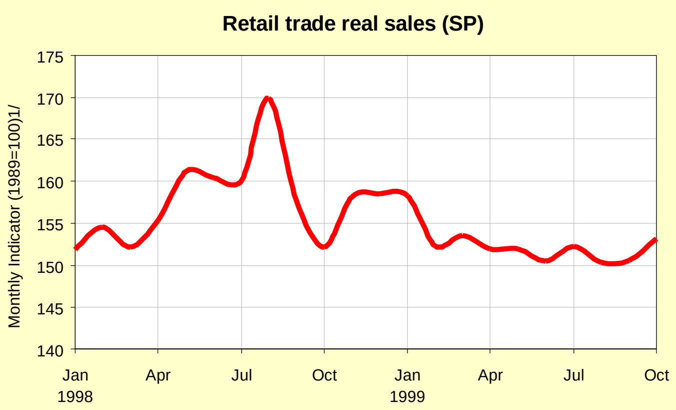
2. In the third quarter of 1999, the industrial output index median calculated by IBGE on the basis of the statistical series from which Depec has removed seasonal factors came to 0.18% or less than in the preceding quarter. Growth of 7.3% in the production of consumer durables contrasted with reductions of 3.32% and 2.6% under output of nondurable and semidurable consumer goods and capital goods.

3. Industrial production recovered in October, with growth of 2.01% in relation to the September result. This movement reflects increases in output of capital goods (3.07%), intermediate goods (2.1%) and durable consumer goods (4.16%), while output of nondurable and semidurable consumer goods closed with more moderate growth (0.37%). In the January-October 1999 period, the industrial output index was 2.13% below that of the same



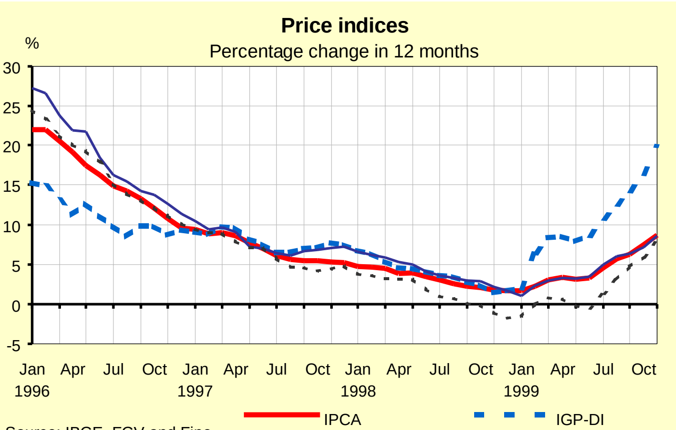
period of the previous year as a result of decreases of 11.6% and 12.48% in the production of capital goods and consumer durables, respectively, since production of intermediate goods – the segment on which the exchange devaluation generated the least impact – registered 0.45% growth.

4. According to data released by the Trade Federation of the State of São Paulo (Fcesp) and purged of seasonal factors by Banco Central, real retail sector revenues in the metropolitan region of São Paulo expanded by 1.57% in October, when compared to the previous month. This performance indicates growth of 7.16% in the segment of durable consumer goods and a reduction of 6.21% in automotive marketing operations. Evidently, this was one of the factors underlying the 4.23% reduction in the sales of factory vehicle outlets. Real revenues generated by the retail trade sector in the metropolitan region dropped by 3.12% in the year up to October, when compared to the same period of 1998. Real supermarket sales increased by 2.85% in the month of October, as compared to the September performance. Despite this result, however, the accumulated result for the first ten months of 1999 was a decline of 2.87%, when compared to the same period of the previous year.



Source: Fcesp
1/ Seasonally adjusted data

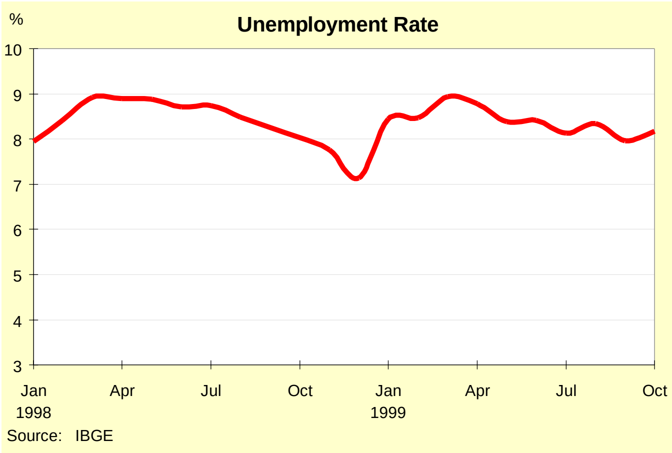
5. Inflation closed on a downward trajectory in the August/September period. Once the impact of the July fuel price and telephone rate hikes had been absorbed, the drop was significantly more pronounced under consumer price indices. In October and November, the indices were pressured by increases in fuel and meat prices. In the case of general price indices, twelve month accumulated results up to November for the general price index – internal supply (IGP-DI) and general price index – market (IGP-M) increased by 19.68% and 18.5%, respectively. In this period, consumer indices registered significantly lower growth, as the consumer



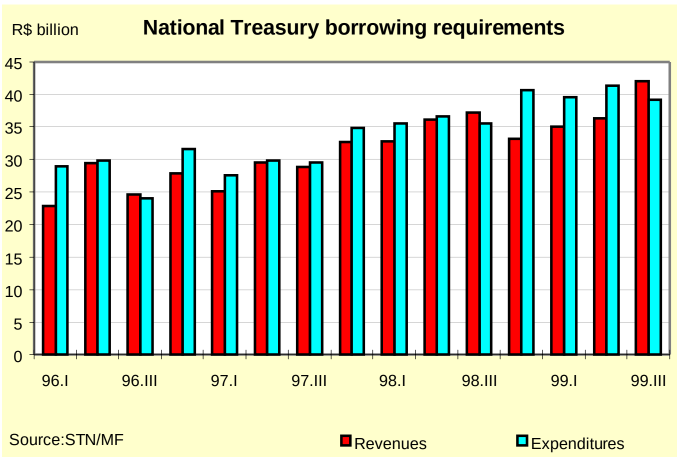
Source: IBGE, FGV and Fipe

price index – Fipe (IPC-Fipe) increased by 7.98% and the national consumer price index (INPC) expanded by 8.08%. The broad consumer price index (IPCA) increased by 0.9% in November. For the most part, this figure reflected pressures generated under beef, chicken meat, alcohol and gasoline, which accounted for 0.57 percentage points of growth in the index. In the first eleven months of the year, this index registered an overall change of 8.29%.

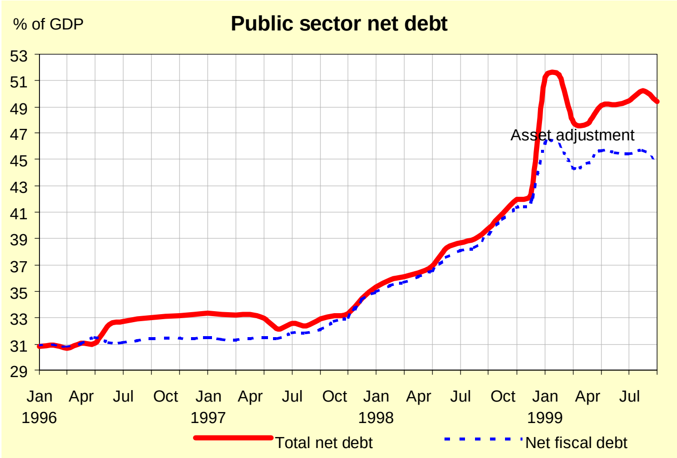
6. The rate of open unemployment announced by IBGE came to 8.16% in October, as compared to 7.96% in September and 8.02% in the same month of 1998. This result mirrors growth of 0.59% of the economically active population and 0.41% of the employed population. In the period under consideration, the informal labor market registered expansion, while the level of unregistered workers expanded by 2.09%, compared to reductions of 0.55% and 1.04% under registered workers and the self-employed.



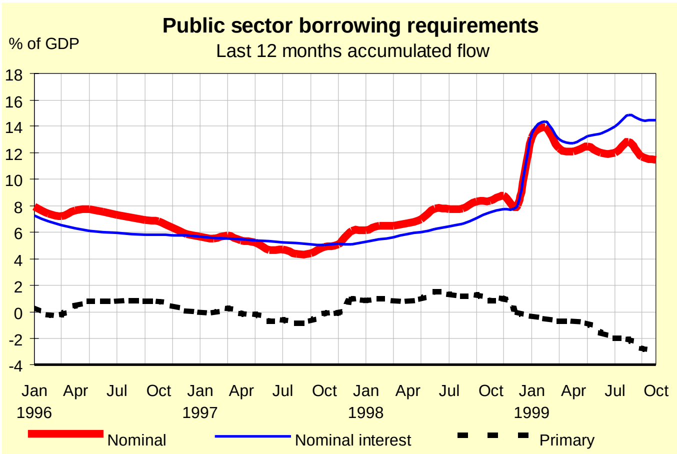
7. Total central government revenues, including the National Treasury and Social Security System, came to R$ 153.7 billion in the first nine months of 1999, with positive nominal growth of 12.9% in relation to the same period of the previous year. Total expenditures registered growth of 2.8% and closed at R$ 132.9 billion. The National Treasury result was a surplus of R$ 26.6 billion or 154.3% more than in the same period of the preceding year. Among the factors that contributed to this result, one should cite the 9.8% reduction under current expenditure and capital outlays, low growth of just 1.9% under spending on personnel and charges and growth of 15.8% in net administered revenues, which closed at R$ 99.5 billion.



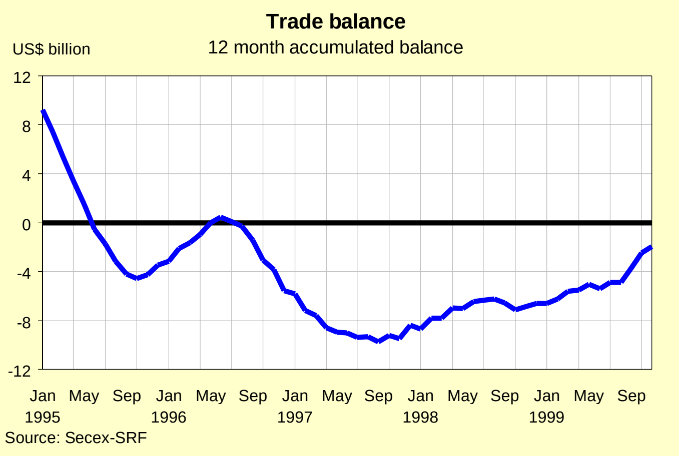
8. In September, the net public sector debt (DLSP) totaled R$ 510.7 billion, equivalent to 49.4% of GDP. In comparison to December 1998, growth in DLSP was mostly a consequence of exchange devaluation. The net internal debt came to R$ 398.2 billion (38.5% of GDP) and the net foreign debt closed at R$ 112.5 billion (10.9% of GDP);



9. In the primary concept, public sector borrowing requirements (NFSP) registered a surplus of 3.84% of GDP in the first ten months of 1999. This result (R$ 32 billion) was a full R$ 5.9 billion above the trajectory defined in the agreement with the IMF. In the nominal concept, NFSP came to 11.51% of GDP, as compared to 7.47% in the same period of the previous year. This increase is a consequence of the impact of the exchange devaluation on nominal interest payments which increased from 7.76% of GDP from January to October 1998 to 15.35% of GDP in the same period of 1999. Utilizing the same basis of comparison, when the impact of the exchange devaluation is removed from NFSP, the result comes to 5.19% of GDP in comparison to 7.02% in 1998, while nominal interest moves to a level of 9.03% of GDP.

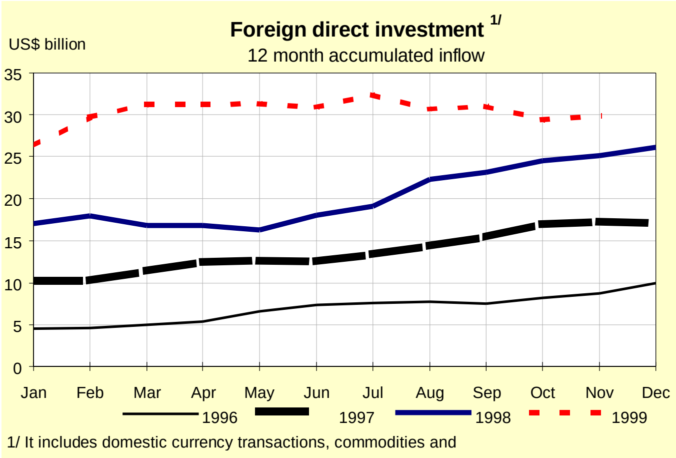


10. In the third quarter of 1999, the trade deficit came to US$ 155 million as against US$ 1.8 billion in the same period of 1998. This result was a consequence of a lesser reduction under exports (6.75%) than under imports (16.61%) in the period. The overall result for foreign sales came to US$ 12.6 billion, as against US$ 12.7 billion for imports. For the most part, the reduction under imports was a result of lesser volumes of foreign acquisitions, whereas the drop in foreign sales was caused by lower farm prices and decreased demand for Brazilian manufactured goods among the nation's major trading partners. In the October-November period, foreign sales totaled US$ 8.3 billion or 7.65% more than in the same period of the previous year. At the same time, imports totaled US$ 9 billion, corresponding to a reduction of 11.7% utilizing the same basis of comparison.

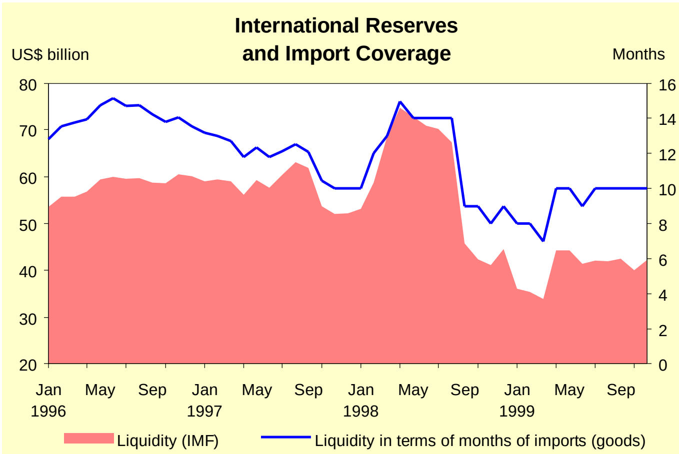


11. The balance of payments in current account closed the third quarter of 1999 with a deficit of US$ 4.6 billion or approximately half the deficit registered in the same period of the previous year. In the October/November period, the current account deficit came to US$ 4.6 billion or 41.9% less than in the same two months of 1998. The accumulated result to that point in the year was a deficit of US$ 21.4 billion, as compared to US$ 30 billion in the January to November period of the previous year. The factors that made the greatest contribution to the deficit reduction were growth in exports and lesser outlays on imports, decreased spending on international travel and lower profit and dividend remittances. The accumulated service account deficit up to November declined by 14.5% and closed at US$ 21.8 billion, as compared to US$ 25.5 billion in the same period of the previous year.

12. Net inflows of direct foreign investments continue as a highly important source of financing. By way of example, the third quarter of 1999 registered an inflow of US$ 9.6 billion or 2% more than in the same quarter of 1998. In the October/November period, net inflows of direct foreign investments came to US$ 4.4 billion, raising the total up to November to US$ 27.1 billion. This figure reflects growth of approximately 15.6% over the result for the same period of the previous year.



13. In the concept of international liquidity, foreign reserves came to US$ 42.2 billion in November, an amount equivalent to ten months of imports of goods. For the most part, changes in the international reserve stock have been a result of Banco Central foreign operations.



B. Monetary policy in the third quarter of 1999

14. In the month of September, the restricted monetary base totaled R$ 39 billion, when viewed in terms of average daily balances. This result was well within the parameters defined in monetary programming for the third quarter of the year. In the month, the monetary base remained stable and accumulated growth of 12.8% in 12 months. Currency issued increased by 0.3% in the month of September and 11.9% in twelve months, closing at a level of R$ 21.1 billion. Banking reserves added up to R$ 18 billion for a reduction of 0.4% in the month and twelve month growth of 14%.

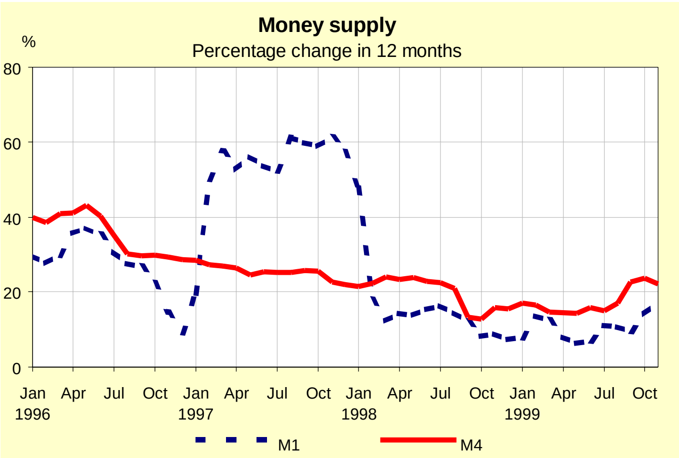
15. Defined as the sum of the restricted base, compulsory cash deposits and federal public securities outside Banco Central, the expanded monetary base reached a level of R$ 414.9 billion in September. This aggregate turned in growth of 0.5% in the month and was also well within monetary programming targets for the third quarter of 1999. Basically, this growth was a consequence of increases of 6.2% in the restricted base and 3% in the balance of securities issued by the National Treasury, offset by a reduction of 9.2% in Banco Central papers outside the institution's portfolio. Viewed over twelve months, the expanded monetary base increased by 28.8%.

Table 1. Observed results and forecast monetary program for the third quarter of 1999[1/]

Itemization	Forecast		Observed	
	R$ billion	Percentage change in 12 months [2/]	R$ billion	Percentage change in 12 months
M1 [3/]	42.9 - 50.3	7.2	47.5	9.4
Restricted base [3/]	34.5 - 40.5	8.3	39.0	12.8
Expanded base [4/]	381.3 - 447.6	28.6	414.9	28.8
M4 [4/]	472.9 - 555.1	21.4	518.9	22.5

1/ It refers to the last day in the period.
2/ Percentage changes are based on the medium point of forecast.
3/ Working-day balance average of last month in the period.
4/ End-of-period balances.

16. Based on the concept of average daily balances, the money supply (M1) came to R$ 47.5 billion in September. This aggregate registered growth of –1% in the month and 9.4% in twelve months and closed within the upper and lower limits defined in monetary programming. Currency held by the public and demand deposits came to respective totals of R$ 18.4 billion and R$ 29.2 billion, for growth of 0.1% and decline of 1.7% in the month, in the same order. In accumulated twelve month terms, these headings turned in growth of 11.7% and 8%, respectively.



17. The broader monetary aggregate (M4) totaled R$ 518.9 billion in September and closed within the parameters stipulated in monetary programming for the quarter. This aggregate expanded by 1.04% in the month and 22.5% in twelve months.

18. Operations with federal public securities closed the third quarter with expansion of R$ 9.7 billion. In the primary market, growth came to R$ 17.2 billion, based on net placements of R$ 1.5 billion in National Treasury papers and net redemptions of R$ 18.8 billion in Banco Central papers. In the case of the secondary market, security operations turned in a contractive impact of R$ 7.3 billion.

19. In the third quarter of the year, the Banco Central Monetary Policy Committee (Copom) decided to maintain the downward trend in the Selic interest rate target. With this, the rate closed the period at 19% per year, as compared to 21% per year at the end of the preceding quarter. The decision to reduce the target took due account of the potential risks implicit in the internal and external scenarios and their impacts on the trajectory of the IPCA rate, the index defined as the inflation targeting standard.

20. In order to reduce the costs of financial intermediation and expand the credit supply, Banco Central cut the compulsory deposit rate on time deposits by 15 percentage points in the third quarter. Circular no. 2,908, dated July 7, altered the rate from 25% to 20%. Later on, Circular no. 2,925 reduced the rate to 10% on September 2. Aside from this, Circular no. 2,927, dated September 8, cut compulsory reserves on demand deposits and deposits subject to notification from 75% to 65%.

21. In September, net domestic assets (the difference between the monetary base and net international reserves) closed in a position that was R$ 2.6 billion below the ceiling defined as the monetary target in the agreement with the International Monetary Fund (IMF).

C. Monetary policy in October/November 1999

22. Viewed under the prism of average daily balances, the restricted monetary base came to R$ 38 billion in November, for growth of 2.6% in the month and 13.5% in the last 12 months. Currency issued and banking reserves came to respective volumes of R$ 21.8 billion and R$ 16.2 billion, for growth of 1.8% and 3.6%. In the last 12 months, growth came to 12.2% and 15.4%, in the same order.

23. In November, the expanded monetary base totaled R$ 428 billion. In the month, the growth of this aggregate closed at 0.9%, with 21.9% accumulated expansion over the past 12 months.

Table 2. Forecast monetary program for the fourth quarter of 1999 and observed results in the October/November period [1/]

Itemization	Forecast		Observed	
	R$ billion	Percentage change in 12 months [2/]	R$ billion	Percentage change in 12 months
M1 [3/]	54.3 - 63.7	20.5	50.1	17.3
Restricted base [3/]	43.4 - 47.2	20.0	38.0	13.5
Expanded base [4/]	399.6 - 469.1	23.3	428.0	21.9
M4 [4/]	504.2 - 591.9	20.9	540.7	22.0

1/ It refers to the last day in the period.
2/ Percentage changes are based on the medium point of forecast.
3/ Working-day balance average of last month in the period.
4/ End-of-period balances.

24. The November money supply (M1) totaled R$ 50.1 billion in the concept of average daily balances, with growth of 2.1% in the month and 17.3% in 12 months. Currency held by the public and demand deposits totaled R$ 18.8 billion and R$ 31.2 billion, respectively. The balance of currency held by the public increased by 1.3% in the month, while the balance of demand deposits expanded by 2.6%. In the last 12 months, growth came to 11.2% and 21.4%, respectively.

25. The balance of the broader monetary aggregate (M4) totaled R$ 540.7 billion at the end of November, with growth of 2.14% in the month and 22% in the last 12 months.

26. Operations with federal public securities produced an expansionary impact of R$ 1.1 billion in the October/November period. In the primary market, net redemptions generated R$ 6.2 billion in monetary expansion, based on redemptions of R$ 19.9 billion in Banco Central papers and net issues of R$ 13.6 billion in National Treasury securities. In the secondary market, net sales came to R$ 5.1 billion.

27. During the course of the October/November period, Copom decided to maintain the Selic interest rate steady at 19% per year. In the period from March to November, Copom defined the following trajectory for the Selic rate target:

Date of the Copom meeting	Use of the Bias	Selic rate target (% p.y.) 1/
3.4.99	-	45.0
-	3.24.99	42.0
-	4.5.99	39.5
4.14.99	-	34.0
-	4.28.99	32.0
-	5.7.99	29.5
-	5.12.99	27.5
5.19.99	-	23.5
	6.8.99	22.0
6.23.99	-	21.0
7.28.99	-	19.5
9.22.99	-	19.0
10.6.99	-	19.0
11.10.99	-	19.0

1/ Refers to the first following business day.

28. The country fully complied with the October and November indicative monetary targets for net domestic assets, closing at levels that were R$ 2.5 billion and R$ 7.8 billion, respectively, below the ceiling agreed upon with the IMF.

29. In the two month period, measures were taken to reduce the banking spread. Among these, one should mention Provisional Measure no. 1,925, dated 10.14.99, which created a new credit paper, called the Bank Credit Bill. Parallel to this, Circular no. 2,938, dated October 14, introduced a measure aimed at improving conditions for evaluating credit risk. According to this instrument, financial institutions are obligated to inform the Central Risk System of all credit contracts in amounts of R$ 20 thousand or more. Previously, this limit had been set at R$ 50 thousand.

30. On November 4, Banco Central announced a series of measures aimed at improving primary market operations and, above all, secondary market federal public security transactions. The overall purpose of these measures was to enhance the liquidity, transparency and stability of these markets. Among other innovations, these measures seek to reduce Banco Central interventions in the open market so that institutions authorized to operate as dealers will take on the role of contributing to price formation.

D. Outlook for the year 2000

31. The major indicators on consumption and investments show no evidence of a consistent demand recovery when one analyzes data up to the end of the third quarter or, in some cases, up to October. This confirms expectations that marked the end of the first half of the year and suggested a relative decline in activity levels in the period.

32. In the opposite sense, the interest rate trajectory – particularly the effective reduction in the differential between the rates on the lending and borrowing operations of financial system institutions – will certainly contribute to a favorable GDP performance in the fourth quarter of the year and in 2000. Though most level of activity indicators evince third quarter results below those of the same 1998 period, one should note that the fourth quarter scenario may well be quite different, as consumer and business surveys suggest that the final months of the year will be marked by considerably brighter expectations. Here, one should also consider the fact that, as of October, the basis of comparison is significantly depressed due to the effects of the 1998 Russian crisis. In this context, GDP will close 1999 with growth in the range of 1%, with a more vigorous performance in 2000, when GDP is expected to rise as high as 4%.

33. Monetary policy has been implemented in a manner consistent with other government policies in such a way as to make it possible to initiate a period of renewed economic growth in a context of continued price stability. In this way, monetary policy has been oriented in the sense of defining a trajectory for basic interest rates that corresponds to the levels required to avoid inflationary pressures and, at the same time, create the conditions demanded for a further decline in the rates levied on financial system lending operations. With this, it is expected that the volume of credit operations, which have already registered some degree of recovery, will expand substantially in response to declines in asset operation interest rates, resulting from lower credit attracting costs and measures aimed at reducing the banking spread.

34. Strongly favorable fiscal results continue. Up to October, the consolidated public sector primary result came to R$ 32 billion, surpassing the target agreed upon with the International Monetary Fund for 1999. This result is clear evidence of the austerity that has marked the administration of public accounts. In this scenario, the debt/GDP ratio will tend to decline, demonstrating that the effects of the exchange devaluation are nearing exhaustion. Here, one should emphasize the importance of approving the public sector structural adjustment measures now before the National Congress.

35. The trade balance has not yet shown signs of the new price relation perceived by economic agents and more favorable results are expected for the coming year. Despite this, it is already possible to identify signs of recovery under revenues, partly as a consequence of increased prices for several important export products and

more intense demand on the part of the countries of Asia, the European Union and the United States. The pressures exerted by services related to production factors, which are normally the major source of demand for exchange resources in the current account context, have been less intense in recent months, while the net flow of services not related to production factors, which is more sensitive to the exchange devaluation, has remained stable and, consequently, has not brought pressures to bear on the exchange market. This tendency is expected to continue in the coming year.

36. In this context of reduced exchange demand, expanded access to permanent sources of financing will aid in reducing pressures on the rate of exchange even further. The inflow of direct foreign investments has remained high and further reinforces the international financial community's perception that the fundamentals of the Brazilian economy have been evolving at a favorable pace. At the same time, new inflows through placements of Bonds of the Republic have generated demand greater than supply and become a highly important source of financing.

37. Given the absence of pressures generated by aggregate demand, a significant drop in inflation is expected as of December and, even more intensely, during the course of the coming year. This trend will be further intensified by the results of the coming agricultural harvest and, consequently, by normalization of the flow of crop and livestock products. Accumulated rates at the end of 1999 are expected to close in the range of 19% for the general indices and 9% for consumer price indices, following a downward trajectory during the entire course of 2000.

E. Growth targets for monetary aggregates in the first quarter and the year 2000

38. Programming of the monetary aggregates for the first quarter of the year 2000 is consistent with the current system of inflation targeting and is founded upon the most probable scenario for national income, interest rates and other factors that have potential for impacting these results.

39. Money supply projections (currency held by the public plus demand deposits) are compatible with inflation targets and other factors of importance. Twelve month growth in the average daily balance of this aggregate was estimated at 17.7% in March and 12.3% in December 2000.

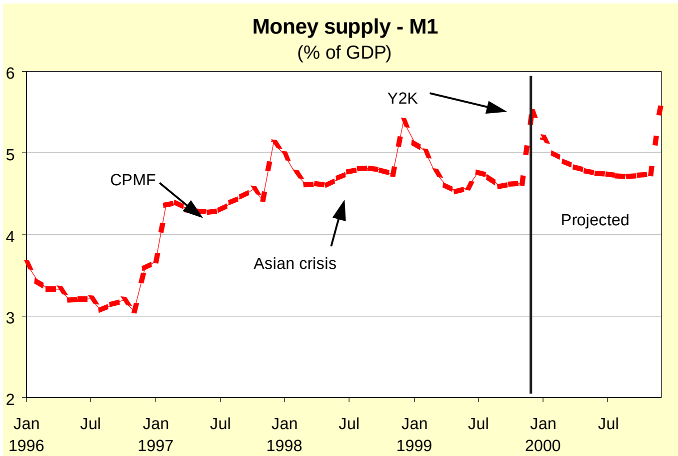
Table 3. Monetary program for 2000 [1/]

R$ billion

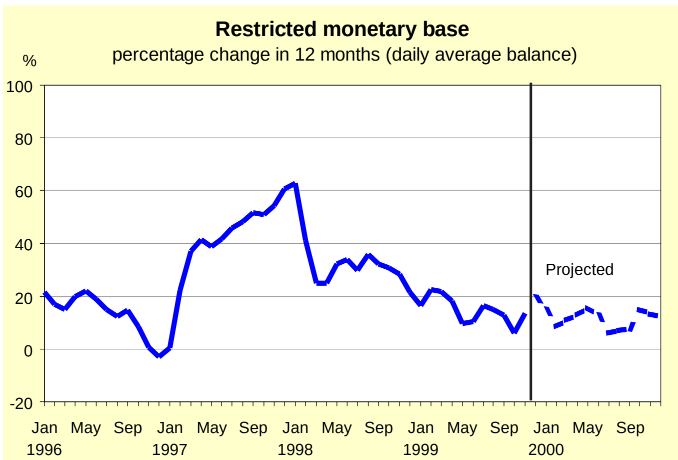
Itemization	First Quarter		Year	
	R$ billion	% change in 12 month [2/]	R$ billion	% change in 12 months [2/]
M1 [3/]	50.4 - 59.2	17.7	62.3 - 73.1	12.3
Restricted base [3/]	38.4 - 45.1	11.0	48.5 - 56.9	12.3
Expanded base [4/]	417.2 - 489.8	16.9	464.3 - 545.1	16.0
M4 [4/]	528.8 - 620.8	20.4	595.7 - 699.3	17.9

1/ It refers to the final month in the period.
2/ Percentage changes are based on the medium point of forecast.
3/ Working-day balance average of last month in the period.
4/ End-of-period balances.

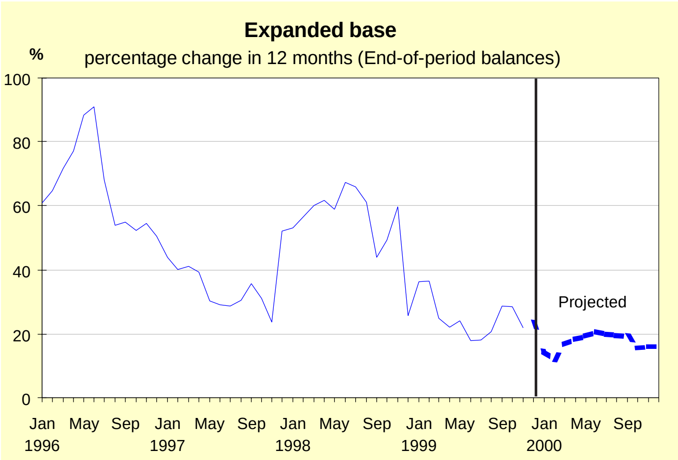
40. The reduction in the M1/GDP ratio in the first half of 1999 was larger than would normally be expected as a result of seasonal factors and can be ascribed to the lag in the response time of money supply demand to the growth that occurred in price levels.



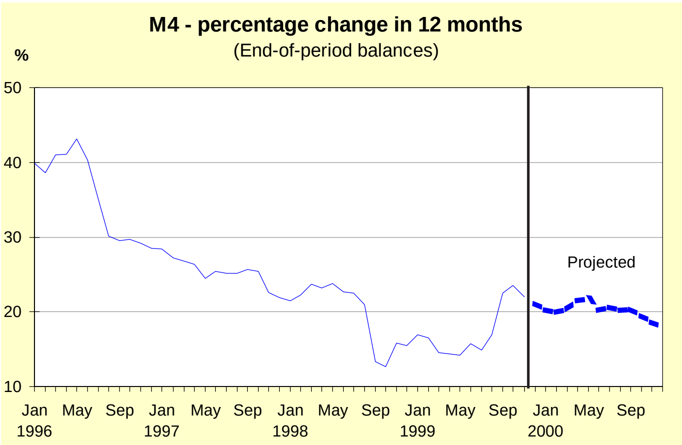
41. Based on the forecast behavior of currency demand, including currency retained in cash form and as demand deposits, the twelve month growth projection for the average monetary base balance (currency issued plus banking reserves) is 11% for March and 12.3% in December 2000.



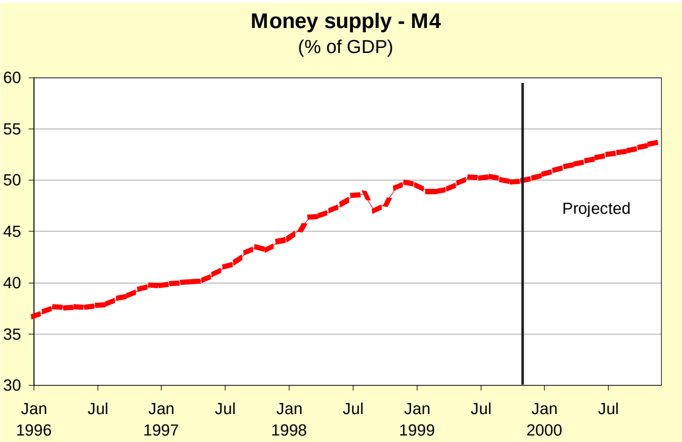
42. Projections for the broad base (a measurement of the federal monetary and securities debt), which assumes neutralization of those conditioning factors that generate undesirable impacts on the restricted monetary base, reflect a decline in the rate of growth, mostly as a consequence of the ongoing fiscal adjustment process. Thus, 12 month growth for this monetary aggregate is estimated at 16.9% in March and 16% in December 2000.



43. In the broad money supply concept – corresponding to M4 – growth is expected to be higher than that of the broad base, at an opportunity cost represented by the Selic rate. This expectation is a consequence of a growth scenario based on private sector spending and control of the public sector nominal deficit. With this, the 12 month M4 projection for March is 20.4%, with 17.9% in December 2000.



44. The proportion between M4 and GDP is expected to grow during the course of 2000, at a pace that is consistent with the expected behavior of the respective variables.



45. The evolution of the monetary aggregates is summarized in the following table, which includes the amounts effectively registered in the October/November 1999 period, together with those forecast for the first quarter and for all of 2000.

Table 4. Evolution of monetary aggregates [1/]

Itemization	1999		2000 [2/]			
	October-November		First Quarter		Year	
	R$ billion	% change in 12 months	R$ billion [3/]	% change in 12 months	R$ billion [3/]	% change in 12 months
M1 [4/]	50.1	17.3	54.8	17.7	67.7	12.3
Restricted base [4/]	38.0	13.5	41.7	11.0	52.7	12.3
Expanded base [5/]	428.0	21.9	453.5	16.9	504.7	16.0
M4 [5/]	540.7	22.0	574.8	20.4	647.5	17.9

1/ It refers to the final month in the period.
2/ Projected.
3/ Medium point of forecasts.
4/ Working-day balance average in month.
5/ End-of-period balances.

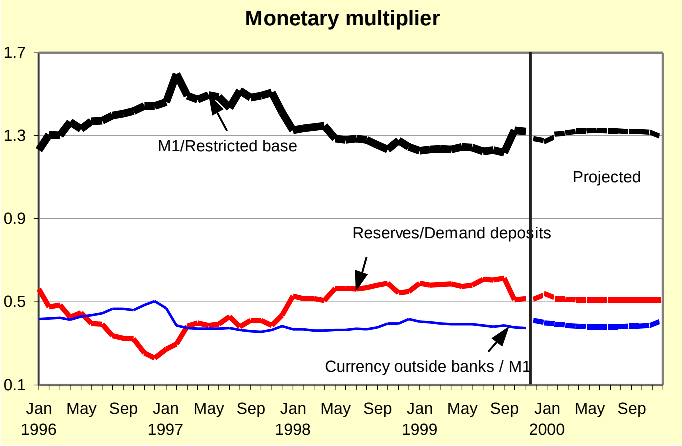
46. The evolution of the different multipliers implicit in monetary programming is summarized in the following table:

Table 5. Monetary multiplier [1/]

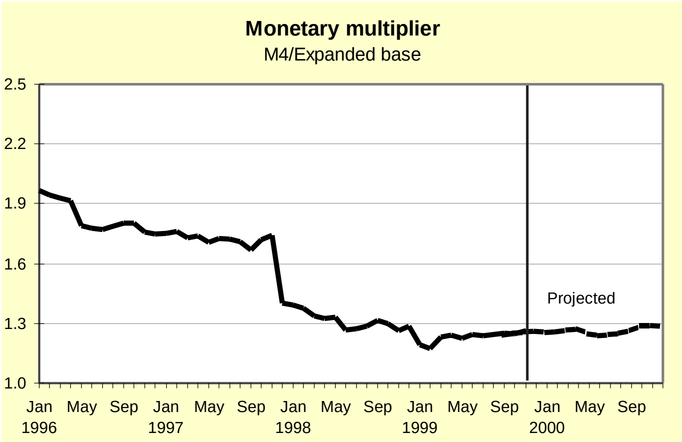
Itemization	1999		2000 [2/]			
	October-November		First Quarter		Year	
	Multiplier	% change in 12 months	Multiplier	% change in 12 months	Multiplier	% change in 12 months
M1 / Restricted base [3/]	1.319	3.4	1.313	6.1	1.285	0.0
Banking reserves / Demand deposits [3/]	0.517	-5.0	0.515	-11.8	0.510	-1.0
Currency / M1 [3/]	0.376	-5.3	0.386	-3.0	0.417	1.0
M4 / Expanded base [4/]	1.263	1.0	1.268	3.0	1.283	1.7

1/ It refers to the final month in the period.
2/ Projected.
3/ Working-day balance average in month.
4/ End-of-period balances.

47. The increase in the restricted monetary base multiplier that was first noted in October 1999 was provoked by a reduction in the rate of compulsory reserves on demand deposits and deposits subject to notification from a level of 75% to 65%.



48. In 2000, the broad base multiplier is expected to expand, since the liabilities of financial institutions – which constitute the private M4 – will expand more rapidly than the federal securities debt.



Summary of projections

Table 1. Observed results and forecast monetary program for the third quarter of 1999[1/]

Itemization	Forecast		Observed	
	R$ billion	Percentage change in 12 months [2/]	R$ billion	Percentage change in 12 months
M1 [3/]	42.9 - 50.3	7.2	47.5	9.4
Restricted base [3/]	34.5 - 40.5	8.3	39.0	12.8
Expanded base [4/]	381.3 - 447.6	28.6	414.9	28.8
M4 [4/]	472.9 - 555.1	21.4	518.9	22.5

1/ It refers to the last day in the period.
2/ Percentage changes are based on the medium point of forecast.
3/ Working-day balance average of last month in the period.
4/ End-of-period balances.

Table 2. Forecast monetary program for the fourth quarter of 1999 and observed results in the October/November period [1/]

Itemization	Forecast		Observed	
	R$ billion	Percentage change in 12 months [2/]	R$ billion	Percentage change in 12 months
M1 [3/]	54.3 - 63.7	20.5	50.1	17.3
Restricted base [3/]	43.4 - 47.2	20.0	38.0	13.5
Expanded base [4/]	399.6 - 469.1	23.3	428.0	21.9
M4 [4/]	504.2 - 591.9	20.9	540.7	22.0

1/ It refers to the last day in the period.
2/ Percentage changes are based on the medium point of forecast.
3/ Working-day balance average of last month in the period.
4/ End-of-period balances.

Table 3. Monetary program for 2000 [1/]

R$ billion

Itemization	First Quarter		Year	
	R$ billion	% change in 12 month [2/]	R$ billion	% change in 12 months [2/]
M1 [3/]	50.4 - 59.2	17.7	62.3 - 73.1	12.3
Restricted base [3/]	38.4 - 45.1	11.0	48.5 - 56.9	12.3
Expanded base [4/]	417.2 - 489.8	16.9	464.3 - 545.1	16.0
M4 [4/]	528.8 - 620.8	20.4	595.7 - 699.3	17.9

1/ It refers to the final month in the period.
2/ Percentage changes are based on the medium point of forecast.
3/ Working-day balance average of last month in the period.
4/ End-of-period balances.

Table 4. Evolution of monetary aggregates [1/]

Itemization	1999		2000 [2/]			
	October-November		First Quarter		Year	
	R$ billion	% change in 12 months	R$ billion [3/]	% change in 12 months	R$ billion [3/]	% change in 12 months
M1 [4/]	50.1	17.3	54.8	17.7	67.7	12.3
Restricted base [4/]	38.0	13.5	41.7	11.0	52.7	12.3
Expanded base [5/]	428.0	21.9	453.5	16.9	504.7	16.0
M4 [5/]	540.7	22.0	574.8	20.4	647.5	17.9

1/ It refers to the final month in the period.
2/ Projected.
3/ Medium point of forecasts.
4/ Working-day balance average in month.
5/ End-of-period balances.

Table 5. Monetary multiplier [1/]

Itemization	1999		2000 [2/]			
	October-November		First Quarter		Year	
	Multiplier	% change in 12 months	Multiplier	% change in 12 months	Multiplier	% change in 12 months
M1 / Restricted base [3/]	1.319	3.4	1.313	6.1	1.285	0.0
Banking reserves / Demand deposits [3/]	0.517	-5.0	0.515	-11.8	0.510	-1.0
Currency / M1 [3/]	0.376	-5.3	0.386	-3.0	0.417	1.0
M4 / Expanded base [4/]	1.263	1.0	1.268	3.0	1.283	1.7

1/ It refers to the final month in the period.
2/ Projected.
3/ Working-day balance average in month.
4/ End-of-period balances.