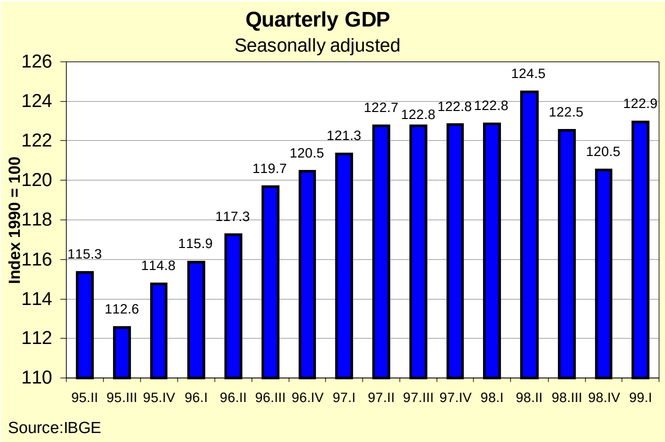
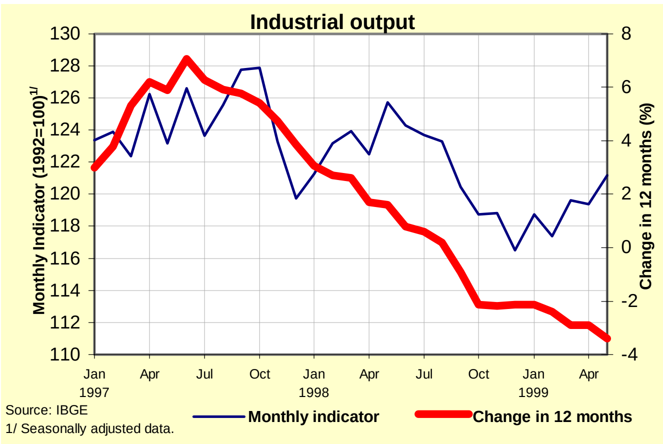
Monetary program for the third quarter and 1999

A. The economy in the second quarter of 1999

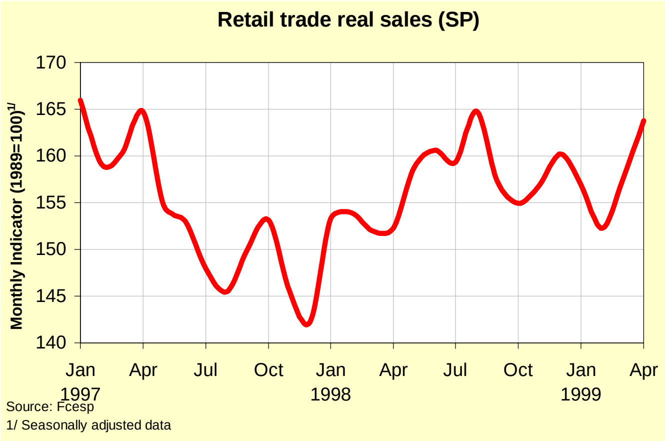
1. In the first quarter of 1999, gross domestic product – GDP expanded by 1.02%, when compared to the previous quarter. This result, which was drawn from the seasonally adjusted series released by the Brazilian Institute of Geography and Statistics (IBGE), interrupted a downward trajectory dating to the third quarter of 1998. The reasons behind this expansion were positive growth figures under crop and livestock farming (17.76%), services (0.92%) and industry (0.11%). Using the first quarter of 1998 as reference, GDP declined by 0.99%. However, even this result, though negative, was considerably better than expected at the beginning of the current year, when strong devaluation of the nation’ currency and spiraling interest rates suggested much sharper reductions in economic activity levels.



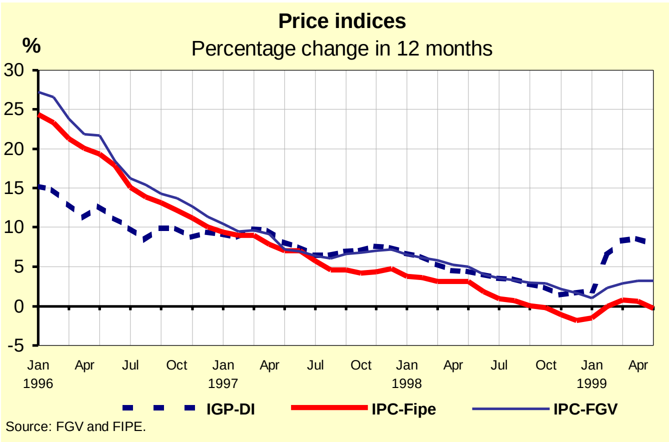
2. Based on IBGE statistics from which Banco Central has eliminated seasonal factors, industrial production closed with a 0.24% reduction in April, when compared to the previous month. This result reflects negative performances under capital goods and durable consumer goods, with respective reductions of 3.64% and 3.15% in the month. However, one should note that these figures were, to some extent, offset by positive growth under intermediate goods and nondurable and semidurable consumer goods. An analysis of the first third of the year shows a 3.29% across-the-board decline in industrial production, with falloffs under all the different use categories and, particularly, under capital goods and durable consumer goods, with drops of 12.4% and 16.66%, respectively.



3. According to data released by the Trade Federation of the State of São Paulo (Fcesp) and purged of seasonal factors by Banco Central, real billings of the retail trade sector in the metropolitan region of São Paulo, increased by 4.07% in April, when compared to the previous month. This result reflects growth under consumer goods (4.38%) and construction material (2.33%), while automotive sales declined by 0.89%. In the specific case of factory vehicle outlets, the falloff in sales came to 7.16%. Insofar as the billings of the trade sector are concerned, a comparison with identical periods of the previous year indicates that real growth closed at 5.78% for the last 12 months and 3.2% accumulated in the first third of the year. According to the Brazilian Association of Wholesalers and Distributors of Industrialized Products (ABAD), real billings of the wholesale trade sector expanded by 1.17% in April, when compared to the previous month. An analysis of the last twelve months shows growth of 9.09%. Figures released by the Brazilian Association of Supermarkets (ABRAS) indicate that supermarket sales fell by 6.57% in real terms in April, when compared to the March results.

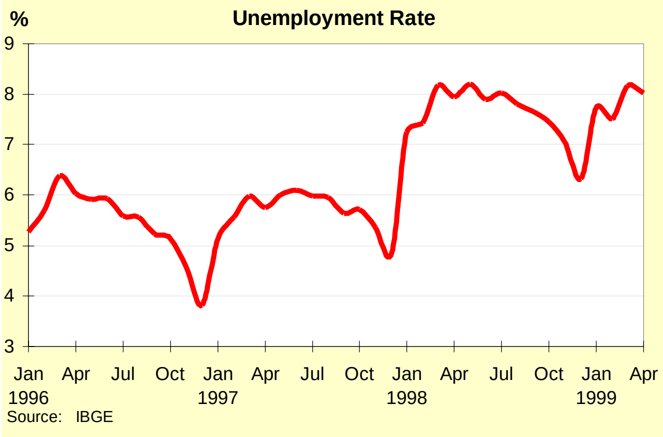


4. The trajectory of the major price indices in the second quarter of the year suggests that the largest share of the inflationary impact generated by the nation's shift to a new exchange rate system was felt in February and March. In April, the impact of the exchange devaluation implemented at the start of the year was less intense than in the previous month. Evidence that the devaluation had run its course was obvious in the May result, as the major general price indices turned negative. In terms of accumulated twelve month growth in the general price indices, in the period from December 1998 to May of this year, the average increase under these indices came to eight percentage points. When one views this performance against the backdrop of exchange rate behavior in the period, it can only be interpreted as a signal of a definitive break with price indexing mechanisms of the past. Consumer price indices in the quarter behaved in much the same way as general price indices. Here, one should note that, to the extent that the exposure of these indices to

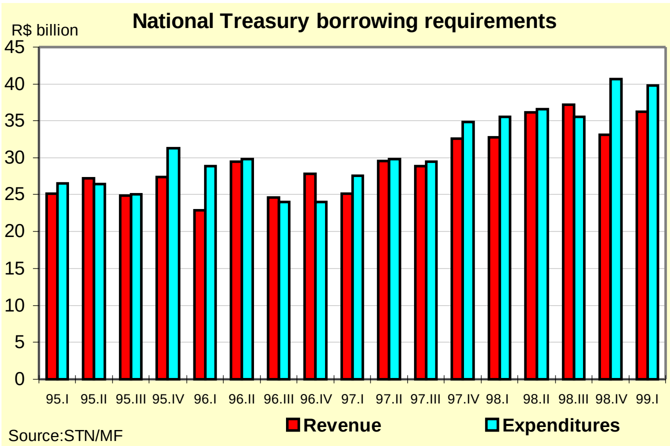


exchange rate growth was significantly smaller, the level of twelve month growth closed at a point quite close to the final 1998 figure.

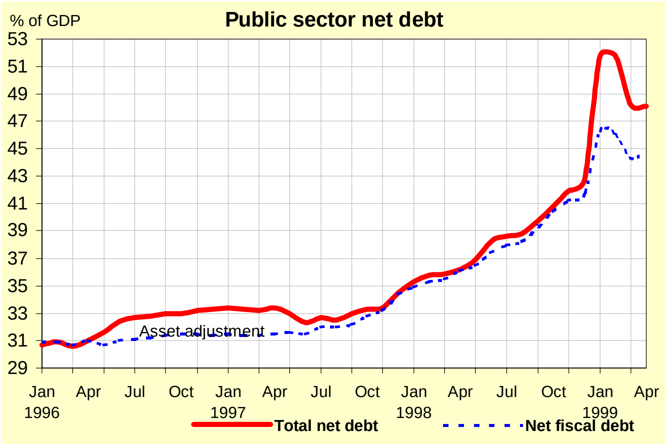
5. As measured by IBGE, the rate of basic unemployment came to 8.02% in April, or 1.7% below the previous month's figure. In the first four months of the year, the rate held at a point 2% higher than in the same period of 1998, a situation considered compatible with the level of economic activity in the period. In that period, the economically active population declined by 0.24%, reflecting a reduction of 2% in the employed population and growth of 1.4% in the number of unemployed workers. The composition of the economically active population suggests a continued shift of workers from the formal to the informal job market, with a reduction of 3.9% in the number of registered workers.



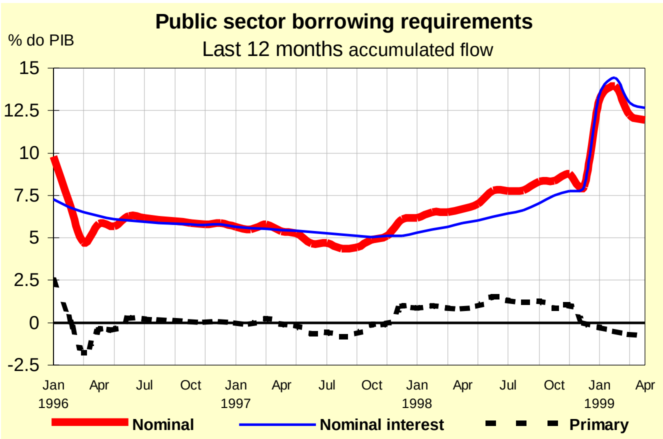
6. In April, overall central government revenues reached a level of R$ 16.2 billion, for growth of 3.1% in relation to the same month of the previous year. National Treasury and Social Security revenues turned in positive growth of 1.6% and 8.5%, respectively. Total outlays declined by 2.2% and came to R$ 13.8 billion, mostly as a result of a strong downturn under current and capital expenditures (31.7%). Thus, National Treasury budget operations closed with a positive balance of R$ 2.4 billion or 52.4% more than in April 1998. In the first four months of 1999, total central government revenues accumulated a volume of R$ 67.5 billion, while expenditures added up to R$ 57.7 billion, for a balance of R$ 9.6 billion or 159.2% more than in the same period of the previous year.



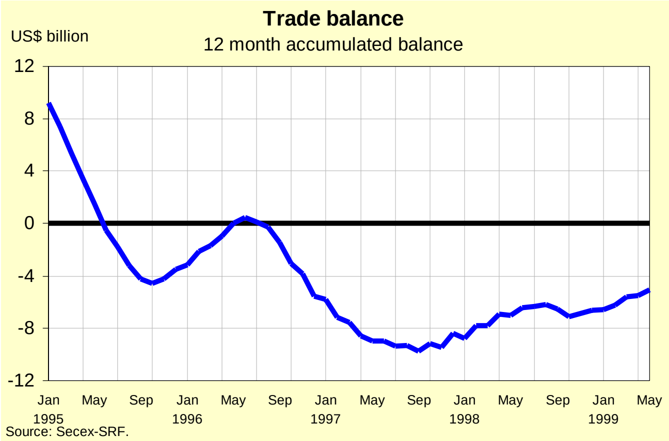
7. The net public sector debt (DLSP) added up to R$ 467.9 billion in the month of April, corresponding to 48.1% of GDP, as the net internal debt closed at R$ 366.9 billion and the net foreign debt totaled R$ 101 billion.



8. In the primary concept, public sector borrowing requirements (NFSP) registered a surplus of 3.45% of GDP in the first four months of the year. This result was higher than in the same 1998 period, when the surplus came to 1.43% of GDP, and was also greater than the performance target defined in the international financial assistance agreement negotiated with the International Monetary Fund. In the nominal concept, NFSP came to 17.97% of GDP in the first four months of the year, as compared to 6.19% of GDP in the same period of 1998. This trajectory resulted from growth in outlays on nominal interest, which came to a total of 21.43% of GDP as compared to a 1998 level of 7.62% of GDP. Obviously, this comparison reflects the impact of the floating rate exchange system adopted at the start of the year. When one abstracts from the alteration in the nation’s exchange rate system, nominal public sector borrowing requirements increased from 5.83% of GDP to 6.89% of GDP, while interest rose from 7.26% of GDP to 10.34% of GDP, based on a comparison between the same periods of 1998 and 1999.



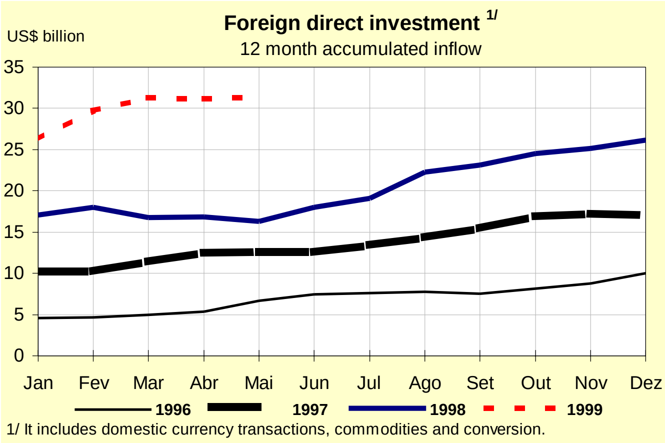
9. The balance of trade in the months of April and May registered a positive accumulated balance of US$ 342 million, as compared to a deficit of US$ 351 million in the same period of the previous year. This result was based on exports of US$ 8.1 billion and imports of US$ 7.7 billion, reflecting respective declines of 11.9% and 18.7% in comparison to the same period of 1998. The performance registered under imports reflects the sensitivity of these operations to price alterations generated by the exchange devaluation and to the pace of economic activity. In contrast, exports were negatively affected by reductions in international commodity prices, coupled with a falloff in overall demand. In the January to May period, the balance of trade deficit reached US$ 479 million for a reduction of 76.4% compared to the corresponding period of the previous year. In the same period, exports declined by 14% and imports dropped by 19.5%.



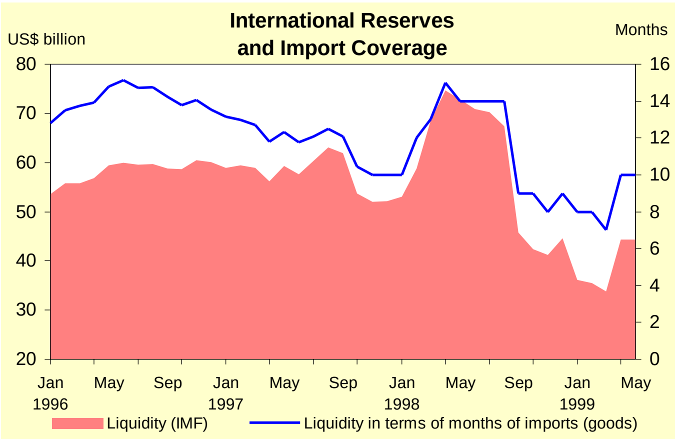
Source: Secex-SRF.

10. In the April-May period, the balance of payments in current account closed with a negative result of US$ 4.2 billion, raising the accumulated January-May deficit to US$ 9.4 billion. These figures were 19.5% and 14.1% below those of the same periods of 1998, respectively. For the most part, the reductions in these deficits were caused by the performance of the balance of trade, at the same time in which lesser outlays on international travel also contributed positively to the aforementioned result. The service account deficit in the April-May period came to US$ 4.8 billion or 5.3% less than in the same period of 1998. In accumulated terms for the first five months of the year, the deficit came to US$ 9.8 billion or quite close to the result of the same period in the previous year. When net interest outlays are excluded, the service balance reflects a reduction of 32% in comparison to 1998.

11. Net inflows of direct foreign investments in April and May totaled US$ 3 billion, raising the accumulated total for the first five months of the year to US$ 10.7 billion, a figure 14.3% higher than the current account deficit in the period. Inflows of these resources in 1999 were 93.9% greater than in the same 1998 period. With this result, it became clear that, to the extent that the change in the nation's exchange rate system demonstrates the government's commitment to an effective fiscal adjustment, it has had a highly positive impact on foreign investors' perceptions as to the long-term prospects of the Brazilian economy.



12. In May, international reserves – viewed under the prism of the cash concept – came to a total of US$ 43.4 billion. In terms of the international liquidity concept, the total closed at US$ 44.3 billion. Both of these figures correspond to 10 months of imports of goods. This volume of reserves marks a return to the level in effect in December 1998.



B. Monetary policy in the first quarter of 1999

13. Based on the concept of average daily balances, the restricted monetary base totaled R$ 37.6 billion in the month of March, well within monetary programming parameters for the first quarter. In the month, the base contracted by 4% and closed the 12 month period with growth of 21.9%. Currency issued dropped by 5% in March and ended the 12 month period with a high of 23.1% and a balance of R$ 21.2 billion. Banking reserves, in turn, declined by 2.6% and expanded by 20.5%, utilizing the same bases of comparison.

14. The expanded monetary base, which encompasses the restricted base, compulsory cash deposits and federal public securities outside Banco Central, reached

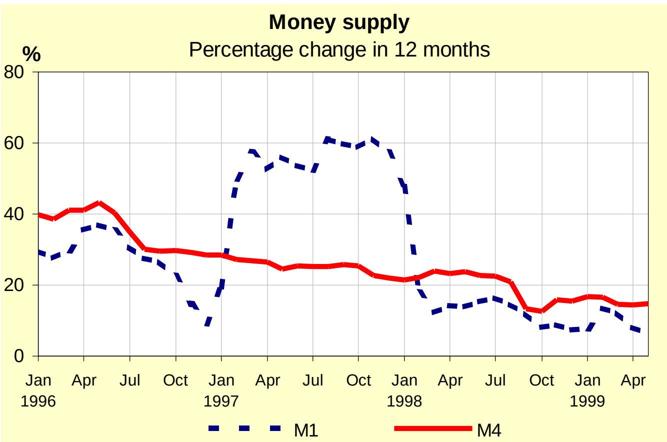
a level of R$ 388 billion in March and closed well within the parameters defined in monetary programming for the first quarter of the year. In the month, this aggregate registered a reduction of 3.41%, with growth of 24.9% in twelve months.

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

Itemization	Forecast		Observed	
	R$ billion	Percentage change in 12 months [2/]	R$ billion	Percentage change in 12 months
M1 [3/]	46.0 – 54.0	20.5	46.6	12.3
Restricted base [3/]	35.4 – 41.6	24.8	37.6	21.9
Expanded base [4/]	353.0 – 414.4	23.5	388.0	24.9
M4 [4/]	436.7 – 512.6	13.8	477.4	14.5

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.

15. The money supply (M1) totaled R$ 46.6 billion in March based on the concept of average daily balances and closed within the limits defined in monetary programming, declining by 3.7% in the month and expanding by 12.3% in twelve months. In the same period, currency held by the public and demand deposits reached respective levels of R$ 18.5 billion and R$ 28 billion, with reductions of 4.9% and 3% in the month and increases of 22.9% and 6.3% in twelve months.



16. The broader monetary aggregate (M4) reached R$ 477.4 billion in March, closing within the parameters set down in monetary programming for the quarter. In the month, growth under this aggregate came to 1.2%,with 14.5% over twelve months.

17. In order to adopt a more flexible approach to monetary policy following implementation of the nation's new exchange policy, on March 4 Banco Central decided to preserve the Monetary Policy Committee (Copom) while reformulating the mechanisms applied to operational management of this policy. With this in mind, Banco Central issued Communique no. 2,868, defining the Selic rate and its possible bias as monetary

policy instruments. The bias instrument consists in granting the President of Banco Central authorization to raise or lower the primary interest rate target during the period between Copom meetings, based always on the direction or bias previously defined by the Committee.

18. On the same date, Communique no. 6,629 was issued setting the Selic rate at 45% per year with a downward bias. Parallel to that measure, the Committee decided to preserve the TBC (equivalent to the Selic rate) and the Tban (the Selic rate plus 2% per year) exclusively for contracts in effect on that date. On March 23, the downward bias was applied and the Selic rate target was lowered to 42% per year.

C. Monetary policy in April-May 1999

19. In May, the restricted monetary base came to R$ 35.5 billion, based on the concept of average daily balances, registering 2.6% negative growth in the month and expansion of 9.7% in the last 12 months. Currency issued and banking reserves came to respective levels of R$ 20.1 billion and R$ 15.5 billion, for growth of –0.6% and –4.2%. In the last twelve months, these results closed at 15.5% and 3%, in the same order.

20. The expanded monetary base totaled R$ 397.7 billion in May. During the month, growth in this aggregate reached 3.1%, closing the 12 month period at 24.6%.

Table 2. Forecast monetary program for the second quarter of 1999 and observed results in the April/May period[1/]

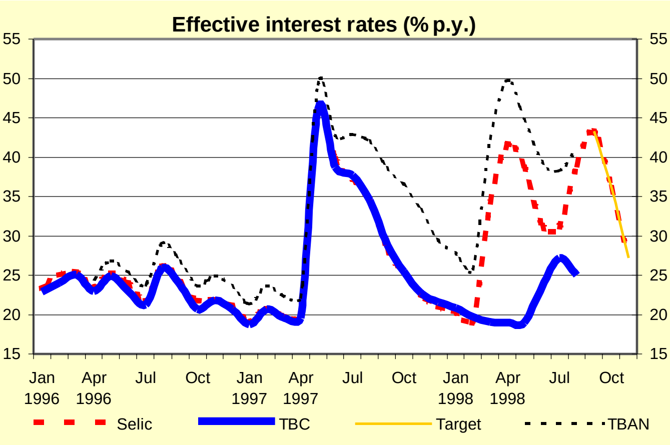
Itemization	Forecast		Observed	
	R$ billion	Percentage change in 12 months [2/]	R$ billion	Percentage change in 12 months
M1 [3/]	44.4 – 52.1	13.7	44.2	6.3
Restricted base [3/]	34.6 – 40.7	13.7	35.5	9.8
Expanded base [4/]	368.9 – 433.0	17.9	397.7	24.6
M4 [4/]	439.0 – 515.4	10.7	487.8	14.7

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.

21. Based on the concept of average daily balances, the money supply (M1) totaled R$ 44.2 billion in May, with growth of –1.7% in the month and 6.3% in the last 12 months. Currency held by the public and demand deposits reached respective levels of R$ 17.4 billion and R$ 26.8 billion. The balance of currency held by the public declined by 1.2% in the month, while demand deposits dropped by 2%. In the last 12 months, growth in these aggregates ended at 14.9% and 1.4%, respectively.

22. The balance of the broader monetary aggregate (M4) totaled R$ 485.7 billion at the end of May, for growth of 1.3% in the month and 14.2% in the last 12 months.

23. Starting in the second half of the month of March, the Selic rate target turned downward and was cut from 42% per year to 23.5% per year in May. Obviously, this decision was taken in light of the more favorable internal macroeconomic scenario. The downturn in the basic rate was generated by decisions taken by the Monetary Policy Committee at its meetings on April 14 and May 19, as well as by application of the downward bias that had been confirmed by Copom for the period.



Movement of the Selic rate target

Date of the Copom meeting	Use of the Bias	Selic rate target (% p.y.) 1/
3.4.99	-	45.00
-	3.24.99	42.00
-	4.5.99	39.50
4.15.99	-	34.00
-	4.28.99	32.00
-	5.7.99	29.50
-	5.13.99	27.50
5.19.99	-	23.50

1/ Refers to the first following business day.

D. Outlook for the third quarter of 1999

24. In the months following adoption of the new exchange rate system, Brazilian economic performance made it clear that the stabilization process that began with introduction of the Real Plan had achieved consolidation. Inflation quickly settled back to 1998 levels, internal economic activity remained satisfactory and, above all, society itself made it clear that it deems it enormously important to preserve the benefits generated by economic stability.

25. With regard to the activity level, expectations of relative instability following adoption of the new exchange system were quickly dissipated as the first quarter closed with positive product growth. In relation to the previous quarter, the 1.02% growth rate in GDP resulted from an upturn in farm production. This was clearly a signal

that product growth in 1999 would be significantly better than had been originally expected following exchange devaluation. Forecasts were revised to moderate growth under nondurable consumer goods and a positive reaction on the part of durable goods to the decline in interest rates.

26. The downward movement in prices was interrupted by the events of January. However, the fact that the subsequent upturn in prices ran out of steam in the first quarter of the year stands as evidence that Brazil has definitively broken with its past history of price indexing, while society as a whole has made it clear that the gains consequent upon stabilization must be preserved. Initially, inflation rates came under growing pressures caused by high production costs in sectors dependent on imported inputs, at the same time in which increased prices for tradables forced wholesale price indices higher. However, these pressures were quickly dissipated as inflation turned downward once again in April and moved below zero in the following month in most of the price indices. Consequently, in this scenario of a lower than expected impact of the January devaluation on prices, coupled with tighter profit margins and efforts to substitute previously imported products, it is now estimated that growth in the major consumer price indices in 1999 will be in the same range as at the end of 1998, while wholesale price indices might slip just beyond the one digit level.

27. Adoption of the new exchange system altered the fundamental axis of factors that previously accounted for much of the nation's inflation, since the new rules governing monetary policy implementation have now freed this economic policy instrument from the basic passivity of the previous exchange system in which interest rates acted as a constant support of the rate of exchange. Consequently, in the first five months of 1999, real interest rates were lower than in the previous year and, depending on the price index used as deflator, even lower than at any time since implementation of the Real Plan. It is probable that this tendency toward a consistent reduction in interest rates will intensify during the year, reflecting the positive impact of gains in the fiscal area and increased international financial community confidence in the Brazilian economy.

Real interest rates – effective Selic (% per year)

Period \ Deflator	IGP-DI	IGP-M	IPA-DI	IPC-BR	INPC	IPC-Fipe
1995	33.38	32.84	43.91	21.58	25.50	24.29
1996	16.54	16.69	17.87	14.43	16.77	15.78
1997	16.09	15.82	15.76	16.37	19.59	19.04
1998	26.62	26.52	26.88	26.67	25.66	31.13
1999 [1/]	12.29	11.46	3.85	24.54	22.01	25.77

1/ Average in the Jan-May 1999 period.

28. In this sense, the fiscal results of the first four months of the year clearly reflected the austere approach the government has adopted in the management of public accounts. Among the factors that have contributed to the positive evolution of the fiscal adjustment, one should cite the downward trajectory of interest rates, upward movement

in economic activity and the March turnaround in the process of devaluation that had excessively reduced the value of the nation's currency. Parallel to the fiscal effort being made by the central government, these factors made it clear that the government would comply with the fiscal targets stated in the financial assistance program negotiated between the Brazilian government and the IMF in terms of both primary results and the trajectory of the public debt.

29. The balance of trade has turned in a positive performance in 1999, as evident in the approximately US$ 1.5 billion reduction in the trade deficit in the first five months of the year, when compared to the same 1998 period. Exports were impacted by falling world demand and by deteriorating international commodity prices, and failed to register the upturn many expected as a result of the change in price structures in the wake of the January devaluation. Notwithstanding this performance, it is still expected that foreign sales will take on greater dynamism before the end of the year as trade credit lines are renewed and a larger share of internal production is channeled to the foreign market. The impact of devaluation on the prices of imported goods is an immediate result of the policy change, as witnessed by the 19% cutback in foreign purchases between January and May 1999, as compared to the same period of the previous year. In this framework, it is expected that the trade balance situation will be reversed and will close the year with a surplus in the range of US$ 10 billion.

30. The reduction in the current account deficit that marked the first five months of 1999, as compared to the same period of the previous year, is expected to intensify in the second half of the year as a result of a better trade balance performance and lesser outlays on such service headings as international travel and transportation. financing of the deficit is also expected to be somewhat easier, particularly in light of the renewal of long-term credit lines to Brazil and continued strong inflows of foreign direct investments. In the latter case, one should note that, in the January to May period, direct foreign investments were 93% higher than in the same period of the previous year. The return of long-term credit operations will be a result of greater external stability and a favorable internal performance.

E. Indicative targets for monetary aggregates in the third quarter and in 1999 as a whole

31. Programming for the monetary aggregates in the third quarter of 1999 took due account of the probable scenario as regards inflation, GDP, interest rates and the monetary impacts of National Treasury operations.

Table 3. Monetary program for 1999 1/

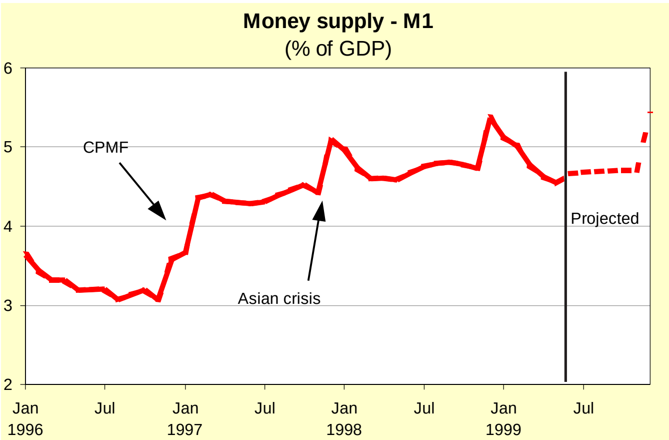
R$ billion

Itemization	Third Quarter		Year	
	R$ billion	% change 12 months 2/	R$ billion	% change 12 months 2/
M1 3/	42.9 - 50.3	7.2	50.5 - 59.2	12.0
Restricted base 3/	34.5 - 40.5	8.3	41.1 - 48.2	13.7
Expanded base 4/	381.3 - 447.6	28.6	399.4 - 468.9	23.2
M4 4/	472.9 - 555.1	21.4	494.8 - 580.8	18.7

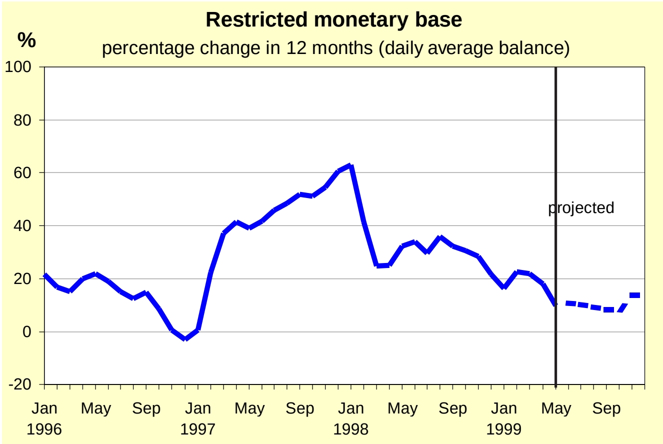
1/ It refers to the final month in the period.
2/ Percentage changes are based on the medium point of forecast.
3/ Working-day balance average of last month in the period.
4/ End-of-period balances.

32. Money supply (currency held by the public plus demand deposits) forecasts are consistent with the scenario for internal interest rates and growth in income over the coming months. Twelve month growth in the average daily money supply balances was estimated at 7.2% in September and 12% in December 1999.

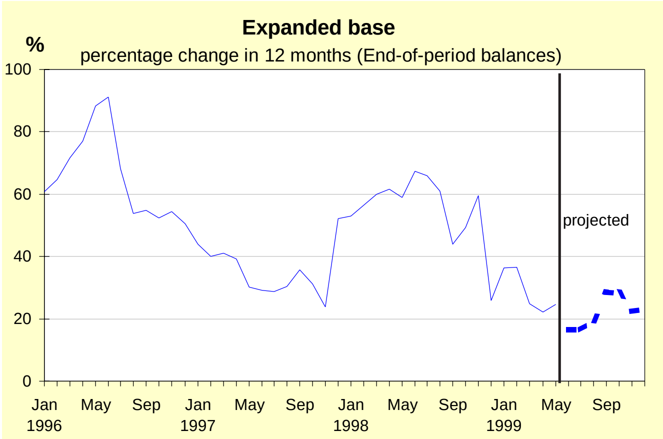
33. The upward movement in the M1/GDP ratio evident since the start of the Real Plan can be attributed to monetization of financial assets that began with adoption of the stabilization program and intensified as of 1997 as a consequence of the new form of taxation levied on financial operations. It should be noted that, among the money supply components, currency adjusts more slowly to changes in the economic environment and is responsible for the gradualism that characterizes monetization processes.



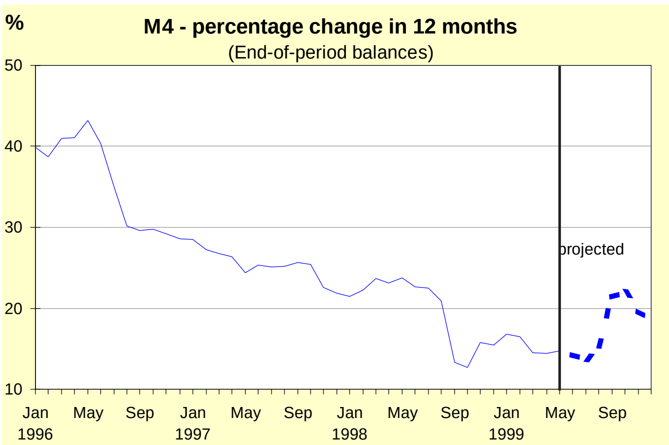
34. Based on forecast behavior for currency demand, as well as expected growth in compulsory deposits on demand resources, twelve month expansion in the average monetary base balance is projected at 8.2% in September and 13.7% in December 1999.



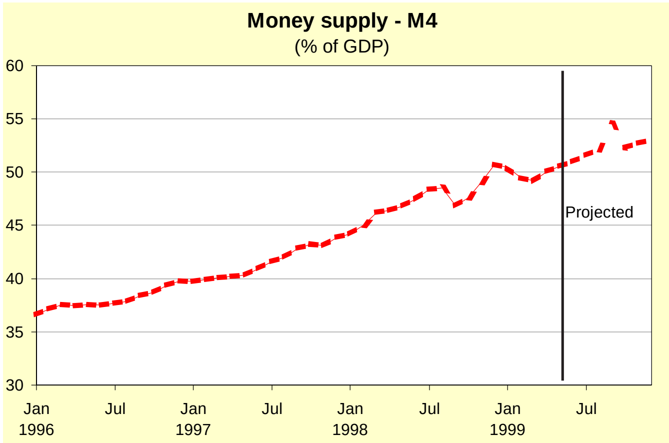
35. The projection for the expanded base, which presupposes neutralization of the factors that condition the restricted monetary base, was founded on the premise that the major expansionary factor in coming months – earnings to be appropriated on the federal securities debt – will be partially offset by the primary results of National Treasury operations. Consequently, 12 month growth in this monetary aggregate is now projected at 28.6% in September and 23.2% in December 1999.



36. In much the same fashion and consistent with the behavior standard of the other aggregates, 12 month growth in M4 is estimated at 21.4% in September and 18.7% in December 1999.



37. The proportion between M4 and GDP is expected to register growth during the remainder of the year, principally due to the expected behavior of GDP and appropriation of charges in the period.



38. Growth in monetary aggregates is summarized in the table below, which presents the values registered in 1998 and in the April-May period of 1999, as well as the amounts forecast for the third quarter of 1999.

Table 4. Evolution of monetary aggregates [1/]

Itemization	1998		1999					
	Year		April-May		Third quarter [2/]		Year [2/]	
	R$ billion	% change in 12 months	R$ billion	% change in 12 months	R$ billion [3/]	% change in 12 months	R$ billion [3/]	% change in 12 months
M1 [4/]	49.0	7.4	44.2	6.3	46.6	7.2	54.8	12.0
Restricted base [4/]	39.3	21.7	35.5	9.8	37.5	8.3	44.7	13.7
Expanded base [5/]	352.3	25.8	397.7	24.6	414.4	28.6	434.2	23.2
M4 [5/]	453.2	15.5	487.8	14.7	514.0	21.4	537.8	18.7

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.

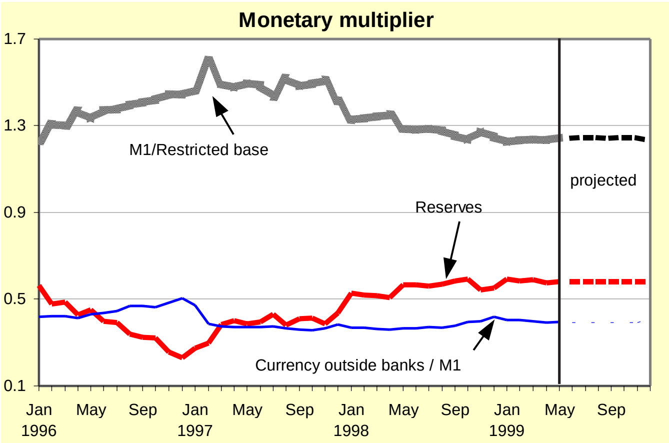
39. The growth in the different multipliers implicit in monetary programming is summarized in the following table:

Table 5. Monetary multiplier [1/]

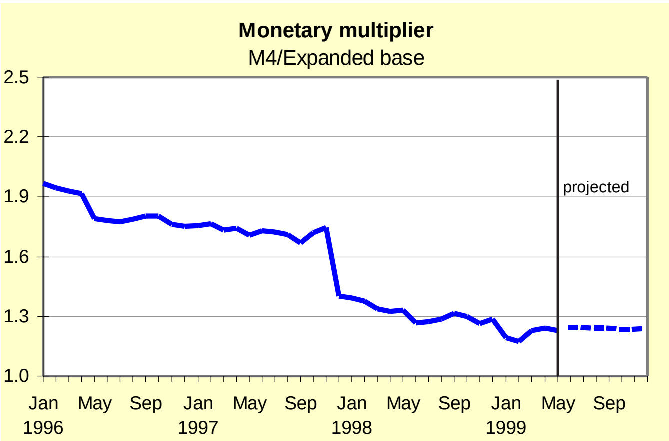
Itemization	1998		1999					
	Year		April-May		Third quarter [2/]		Year [2/]	
	Multiplier	% change in 12 months	Multiplier	% change in 12 months	Multiplier	% change in 12 months	Multiplier	% change in 12 months
M1 / Restricted base [3/]	1,247	-11.7	1,246	-3.1	1,243	-1.0	1,228	-1.5
Banking reserves / Demand deposits [3/]	0.552	25.7	0.576	1.8	0.580	-0.5	0.581	5.3
Currency / M1 [3/]	0.418	8.6	0.394	7.9	0.393	4.0	0.410	-1.9
M4 / Expanded base [4/]	1,286	-8.2	1,227	-7.9	1,240	-5.6	1,239	-3.7

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

40. Since the process of economic stabilization has matured considerably, one should not expect significant future volatility in the value of the restricted monetary base multiplier.



41. According to forecasts, the multiplier of the expanded base will be relatively stable in coming months, particularly since the process of restructuring state debts, which has generated a larger impact on the expanded base than on M4, has now been practically concluded. At the same time, there is no expectation that operations with private securities will intensify in the current year.



Summary of projections

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

Itemization	Forecast		Observed	
	R$ billion	Percentage change in 12 months [2/]	R$ billion	Percentage change in 12 months
M1 [3/]	46.0 – 54.0	20.5	46.6	12.3
Restricted base [3/]	35.4 – 41.6	24.8	37.6	21.9
Expanded base [4/]	353.0 – 414.4	23.5	388.0	24.9
M4 [4/]	436.7 – 512.6	13.8	477.4	14.5

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 second quarter of 1999 and observed results in the April/May period[1/]

Itemization	Forecast		Observed	
	R$ billion	Percentage change in 12 months [2/]	R$ billion	Percentage change in 12 months
M1 [3/]	44.4 – 52.1	13.7	44.2	6.3
Restricted base [3/]	34.6 – 40.7	13.7	35.5	9.8
Expanded base [4/]	368.9 – 433.0	17.9	397.7	24.6
M4 [4/]	439.0 – 515.4	10.7	487.8	14.7

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 1999 [1/]

R$ billion

Itemization	Third Quarter		Year	
	R$ billion	% change 12 months[2/]	R$ billion	% change 12 months[2/]
M1 [3/]	42.9 - 50.3	7.2	50.5 - 59.2	12.0
Restricted base [3/]	34.5 - 40.5	8.3	41.1 - 48.2	13.7
Expanded base [4/]	381.3 - 447.6	28.6	399.4 - 468.9	23.2
M4 [4/]	472.9 - 555.1	21.4	494.8 - 580.8	18.7

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	1998		1999					
	Year		April-May		Third quarter [2/]		Year [2/]	
	R$ billion	% change in 12 months	R$ billion	% change in 12 months	R$ billion [3/]	% change in 12 months	R$ billion [3/]	% change in 12 months
M1 [4/]	49.0	7.4	44.2	6.3	46.6	7.2	54.8	12.0
Restricted base [4/]	39.3	21.7	35.5	9.8	37.5	8.3	44.7	13.7
Expanded base [5/]	352.3	25.8	397.7	24.6	414.4	28.6	434.2	23.2
M4 [5/]	453.2	15.5	487.8	14.7	514.0	21.4	537.8	18.7

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	1998		1999					
	Year		April-May		Third quarter [2/]		Year [2/]	
	Multiplier	% change in 12 months	Multiplier	% change in 12 months	Multiplier	% change in 12 months	Multiplier	% change in 12 months
M1 / Restricted base [3/]	1,247	-11.7	1,246	-3.1	1,243	-1.0	1,228	-1.5
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Currency / M1 [3/]	0.418	8.6	0.394	7.9	0.393	4.0	0.410	-1.9
M4 / Expanded base [4/]	1,286	-8.2	1,227	-7.9	1,240	-5.6	1,239	-3.7

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