

# **BANCO CENTRAL DO BRASIL - FOCUS**

**May 14, 1999**

*Inflation forecasts revised downward over the week.* The outlook for GDP improved after the *Brazilian Census Bureau* (IBGE) released better than expected first quarterly figures. Brazil's GDP fell 0.99% yoy. Market expectations for the trade balance trended downward, reverting earlier projections for a severe recession made in the aftermath of the Real devaluation. Low inflation figures released (early IGP-M figures, covering the April 21 to April 30 period showed a deflation of 0.05%) seem to confirm that tight monetary stance and fiscal restraint are being capable of materializing the stable macroeconomic conditions that leads to **a sustainable recovery of the economy**. Below, medians of the market forecasts gathered by Banco Central do Brasil.

## **Market Readout**

	<b>June 1999</b>		<b>for 1999</b>		<b>for 2000</b>	
<b>Price indices</b> (% change)	as of May, 14		as of May, 14		as of May, 14	
IGP-DI	0.52				6.09	
IGP-M	0.50				5.00	
IPC-Fipe	0.66				5.09	
INPC	0.66				4.00	

	<b>for 1999</b>		<b>for 2000</b>	
	as of May, 14	as of May, 14	as of May, 14	
<b>GDP growth (%)</b>	<b>1/</b>			
<b>Trade Balance</b> (US\$ billion)	5.50		7.00	
<b>Current account</b> (US\$ billion)	-20.00		-18.88	
<b>Fiscal Figures</b> (% of GDP)				
Primary balance	3.08		3.23	
Nominal balance	-9.25		-4.20	

1) several institutions are revising their forecasts.

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*Market forecasts are solely informative, and not intended to bind Banco Central do Brasil in its monetary policy actions.*