

BANCO CENTRAL DO BRASIL - FOCUS

August 06, 1999

Market expectations for inflation in Brazil were revised upward over the week.. The median forecasts for the IPC-Fipe for August increased to 0.70% from 0.53% as tracked by Banco Central do Brasil daily survey. For the IGP-M index, it increased to 0.75% from 0.65% in August and for 1999, to 12.90% from 12.59%. Forecasts for IGP-DI changed to 12.59% from 12.56% for 1999 and for the IPCA, it moved to 7.70% from 7.68%. This survey also points out to the improvement of GDP forecasts for 1999, to -0.80% from -0.88%. Expectations for the trade balance were lowered to US\$ 1.2 billion from US\$ 1.5 billion for 1999 and to US\$ 5.00 billion from US\$5.40 billion for 2000. The forecast for the current account deficit increased to US\$ 24.2 billion from US\$ 23.9 billion. The dispersion of the forecasts for price indices in 1999 remained stable over the week.

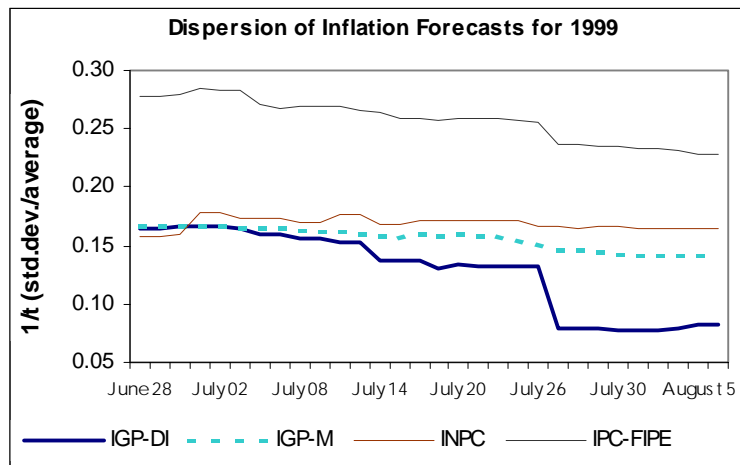
Market Readout

Central Bank Daily Survey on Market Expectations
Market Median Forecasts

	for August 1999		for 1999		for 2000	
	as of July 30	as of today	as of July 30	as of today	as of July 30	as of today
Price indices (% change)						
IGP-DI	0.60	0.63	12.56	12.59	6.05	6.00
IGP-M	0.65	0.75	12.59	12.90	5.95	6.00
IPC-Fipe	0.53	0.70	6.50	6.51	5.00	5.00
INPC	0.50	0.50	7.47	7.47	5.87	5.87
IPCA	0.52	0.55	7.68	7.70	6.00	6.00

	for 1999		for 2000	
	as of July 30	as of today	as of July 30	as of today
GDP growth (%)	-0.88	-0.80	3.55	3.55
Trade Balance (US\$ billion)	1.50	1.20	5.40	5.00
Current account (US\$ billion)	-23.9	-24.2	-22.0	-22.1
Fiscal Figures (% of GDP)				
Primary balance	3.00	3.00	3.05	3.05
Nominal balance	-9.50	-9.50	-4.10	-4.26

**Central Bank Daily Survey on Market Expectations
Dispersion of Inflation Forecasts for 1999**



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