

BANCO CENTRAL DO BRASIL - FOCUS

May 21, 1999

Market expectations for inflation in Brazil downward trend continues. Market lower forecasts for the June IGP-DI to 0.40% today, from 0.52% Friday of the last week, and for the June IPC-FIPE to 0.50% today, from 0.66% a week ago, according to the Central Bank Daily Survey on Market Expectations. This survey also points out to the improvement of GDP forecasts for 1999 to -1.9%, from -2.65% at the end of April. Lower than expected inflation, improved capital inflows, and the Monetary Policy Committee (COPOM) decision to reduce the Over-Selic interest rate to 23.5% from 27%, underline the week's improving outlook for key economic indicators. Below median market expectations for key economic indicators.

Market Readout

Central Bank Daily Survey on Market Expectations Market Median Forecasts

Price indices (% change)	for June 1999		for 1999		for 2000	
	as of May 14	as of today	as of May 14	as of today	as of May 14	as of today
IGP-DI	0.52	0.40	12.59	12.16	6.09	6.05
IGP-M	0.50	0.42	12.60	12.45	5.00	5.00
IPC-Fipe	0.66	0.50	8.05	7.48	5.09	5.00
INPC	0.66	0.47	8.99	8.30	4.00	5.00

	for 1999		for 2000	
	as of May 14	as of today	as of May 14	as of today
GDP growth (%)	n.a.	-1.90	n.a.	3.60
Trade Balance (US\$ billion)	5.50	5.05	7.00	6.75
Current account (US\$ billion)	-20.00	-20.70	-18.88	-19.44
Fiscal Figures (% of GDP)				
Primary balance	3.08	3.00	3.23	3.20
Nominal balance	-9.25	-9.10	-4.20	-4.10

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