

BANCO CENTRAL DO BRASIL - FOCUS

July 02, 1999

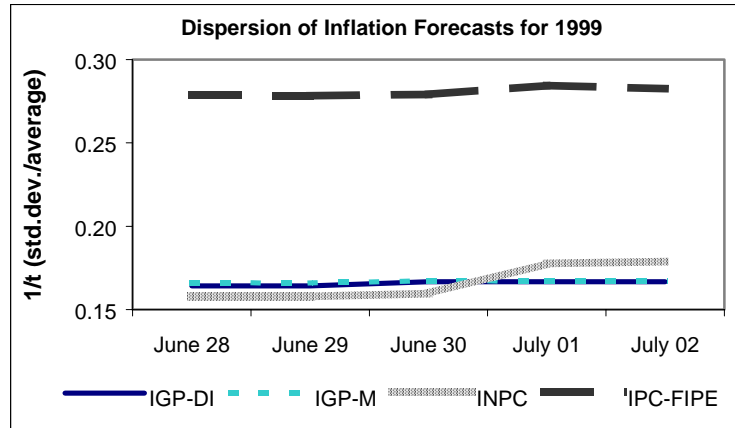
Forecasts for the IPCA for 1999 – the reference index for the inflation targeting – increased to 7.30% from 7.00% over the week, as tracked by Banco Central do Brasil Daily Survey on Market Expectations. The median forecast for the INPC index for 1999 declined to 7.36% from 7.50%. The median expectation for the IGP-M fell to 11.70% from 11.90%. Median GDP did not change for the second week in a row. Expectations for the trade balance surplus were lowered to US\$2.6 billion from US\$3.0 billion. The dispersion of consumer price indices, measured by the standard deviation over the average of the forecasts, increased slightly over the week.

Market Readout

Central Bank Daily Survey on Market Expectations Market Median Forecasts

| Price indices (% change) | for July 1999 | | for 1999 | | for 2000 | |
|-----------------------------|------------------|----------------|------------------|----------------|------------------|----------------|
| | as of June 25 | As of today | as of June 25 | as of today | as of June 25 | as of today |
| IGP-DI | 0.60 | 0.70 | 11.90 | 11.90 | 6.20 | 6.30 |
| IGP-M | 0.66 | 0.70 | 11.90 | 11.70 | 5.00 | 5.00 |
| IPC-Fipe | 0.70 | 0.75 | 6.35 | 6.30 | 4.45 | 4.50 |
| INPC | 0.55 | 0.60 | 7.50 | 7.36 | 5.00 | 5.15 |
| IPCA | 0.58 | 0.70 | 7.00 | 7.30 | 4.50 | 4.50 |

| | for 1999 | | for 2000 | |
|---------------------------------------|------------------|----------------|------------------|----------------|
| | as of June 25 | As of today | as of June 25 | as of today |
| GDP growth (%) | -1.00 | -1.00 | 4.00 | 4.00 |
| Trade Balance (US\$ billion) | 3.00 | 2.60 | 5.30 | 5.55 |
| Current account (US\$ billion) | -23.10 | -23.00 | -22.00 | -22.10 |
| Fiscal Figures (% of GDP) | | | | |
| Primary balance | 3.00 | 3.00 | 3.10 | 3.10 |
| Nominal balance | -9.00 | -9.08 | -3.86 | -4.00 |



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