

BANCO CENTRAL DO BRASIL - FOCUS

August 13, 1999

Market expectations for August inflation in Brazil were revised upwards over the week, with positive impact on 1999 forecasts . The median forecasts for the IPC-Fipe for August increased to 0.76% from 0.70% as tracked by Banco Central do Brasil daily survey. Forecasts for September and October inflation remained stable (see figure below). For the IGP-M index, it increased to 13.00% from 12.90% for 1999. Forecasts for IGP-DI changed to 13.00% from 12.59% for 1999; for the IPCA, it moved to 7.76% from 7.70% and INPC expectations increased to 7.50 from 7.47 . This survey also points out to an improvement of GDP forecasts for 1999, to -0.75% from -0.80%. Expectations for the trade balance remained unchanged for 1999, at US\$ 1.2 billion, and also for 2000 at US\$ 5.00 billion. The forecast for the current account deficit increased to US\$ 24.5 billion from US\$ 24.2 billion. The dispersion of the forecasts for price indices in 1999 remained stable over the period, with the exception of INPC which was lowered over the week (see figure below).

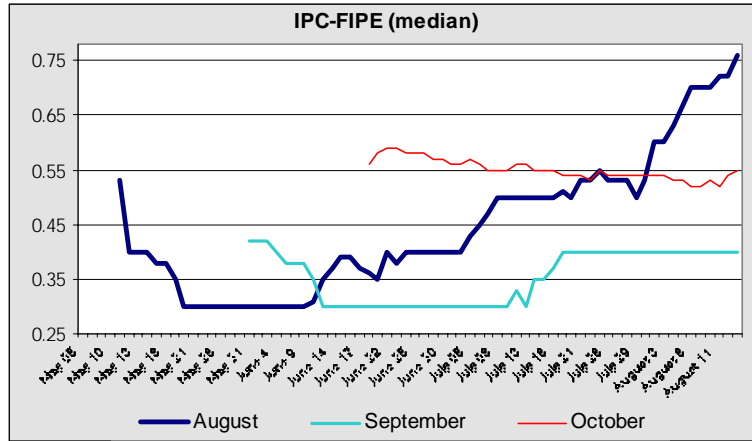
Market Readout

*Central Bank Daily Survey on Market Expectations
Market Median Forecasts*

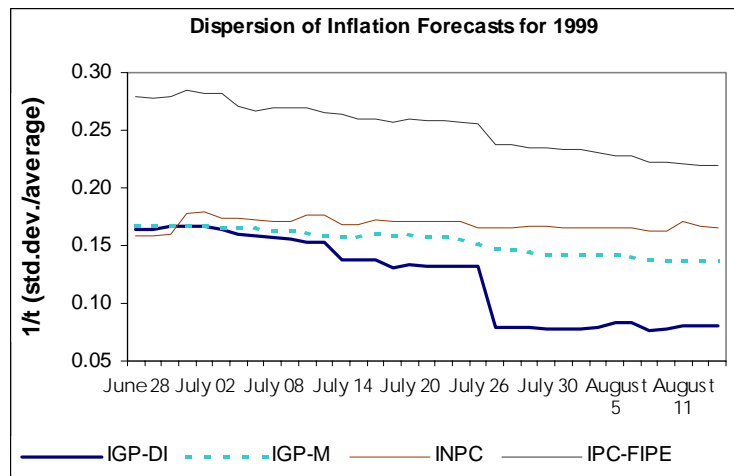
Price indices (% change)	For August 1999		for 1999		for 2000	
	as of August 6	as of today	as of August 6	as of today	as of August 6	as of today
IGP-DI	0.63	0.80	12.59	13.00	6.00	6.00
IGP-M	0.75	1.00	12.90	13.00	6.00	6.00
IPC-Fipe	0.70	0.76	6.51	6.57	5.00	5.00
INPC	0.50	0.60	7.47	7.50	5.87	5.87
IPCA	0.55	0.67	7.70	7.76	6.00	6.00

	for 1999		for 2000	
	as of August 6	as of today	as of August 6	as of today
GDP growth (%)	-0.80	-0.75	3.55	3.50
Trade Balance (US\$ billion)	1.20	1.20	5.00	5.00
Current account (US\$ billion)	-24.20	-24.50	-22.10	-22.45
Fiscal Figures (% of GDP)				
Primary balance	3.00	3.00	3.05	3.00
Nominal balance	-9.50	-9.50	-4.26	-4.22

**Central Bank Daily Survey on Market Expectations
Monthly Inflation Expectations**



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



Market forecasts are solely informative and not intended to bind Banco Central do Brasil in its monetary policy actions. This information is for unrestricted disclosure and free of any charge.