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## Brazil: Economic Notes

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## **Brazil: Economic Notes**

*by John Neagle*

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Inflation for the month of December is expected to surpass 40%. The 1989 national budget deficit is estimated at nearly 8% of GDP. After consumer price inflation had reached 70% per month, in January President Jose Sarney introduced an anti-inflation program called the "Plano Verao." The program consisted of a price freeze, monetary reform including the introduction of the cruzado novo at parity with the US dollar, and quarterly wage adjustments. Inflation plunged to 3.6% shortly thereafter, and then resumed its upward spiral. (Basic data from Notimex, 12/07/89)

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