

Brazil Markets Start Year Subdued

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Brazilian equities began 2005 in a downslope performance, as investors booked some gains following recent record market highs. Following on the steps of U.S. stocks, which declined on weak November construction data, Brazil's benchmark Bovespa Index dropped 474.24 points, or 1.81%.

Brazilian shares pulled back, as investors logged profits following the market's record highs of last year's final days. Still, market watchers noted that investors have good reason to continue buying local shares as a new tax cut on capital gains to 15% from 20% will take effect starting January 3.

In the news, Brazil posted a trade surplus of US\$ 33.70 billion in 2004, up nearly 36% from 2003, breaking all prior records for the second-straight year as exports reached new highs.

Exports surged 32% on the year to US\$ 96.48 billion, as imports firmed 30% on the year to US\$ 62.78 billion.

Brazil's trade surplus is booming due to a competitive currency, structural changes in the economy and surging worldwide demand for commodities that are driving export income to record levels.

Turning to corporate items, shares of Brazilian beverage giant AmBev were active alongside movement in Belgium-based parent company InBev. InBev, the world's largest brewer, announced it is buying a stake in Russia's No. 2 brewery, Sun Interbrew Ltd.

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