

London Blasts Shake Brazilian Market

Contributed by Linda Shea
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Latin American shares ended mixed, recovering from losses at the onset of trading. A series of deadly blasts, believed to be the work of terrorists, hit London's transportation system, negatively impacting global market activity earlier in the session.

Brazil witnessed a volatile session, weaving in and out of negative territory and ultimately finishing lower. On the upside, Mexican shares jumped higher on encouraging inflation data and ahead of the highly anticipated monetary policy meeting tomorrow, while Argentina posted much-needed gains.

Brazil's benchmark Bovespa Index fell 67.35 points, or 0.27%, while Mexico's benchmark Bolsa Index jumped 60.21 points, or 0.44%. Argentina's Merval Index rallied 34.88 points, or 2.57%.

Brazilian shares initially tumbled on word of the London terror attacks, bounced back in the second half of the session as investor jitters subsided, but ultimately ended in the red. A decline in crude oil prices failed to bolster Brazil, which is a net importer of oil.

In economic reports, the IBGE statistics institute reported that industrial production jumped 1.3% in May from the prior month. Meanwhile, the 12-months industrial production figure fell to 7.2% in May from 7.5% in April. The IBGE said that monthly output was boosted by strength from exports that aided employment levels and easing inflation.

Turning to corporate reports, government-controlled Banco do Brasil said that it fired Vice President for Investor Relations Luís Eduardo Franco de Abreu and Vice President for Retail Operations Edson Monteiro amid allegations they helped provide the ruling Workers Party a loan under favorably-biased conditions.

Meanwhile, Spain's Telefonica Moviles announced that Vivo, its Brazilian joint venture with Portugal Telecom, became the first local firm to offer third-generation mobile services.

Online retailer Submarino SA posted a more than 50% advance in its preliminary second-quarter sales to US\$ 54 million (127.5 million reais) from the year-ago period. The firm credited Brazil's June Valentine's Day holiday and an offline advertising campaign for the greatly improved results.

Mexican issues, much like the broader Latin American markets, strongly recovered from an early plunge sparked by a series of explosions in London that initially roiled global markets.

Mexican shares also received support from U.S. market strength. Meanwhile, investors are awaiting Wal-Mart de Mexico's second-quarter results, which are due for release after the close.

In economic headlines, the Bank of Mexico said that the Consumer Price Index declined 0.10% in June thanks to a reduction in fruit and vegetable prices. June's result pushed annual inflation down to 4.33% from 4.60% in May.

Fast-food operator Alsea SA is set to purchase Operadora Dopitam, a Domino's Pizza sub-franchisee that operates 11 Domino's Pizza stores. Alsea currently owns 663 outlets, including Starbucks and Burger King outlets, and aims to own 700 by the year's end.

Argentine shares turned higher late in the session, as bargain hunters moved into the region following recent market weakness.

Planning Minister Julio De Vido said that Bolivian officials want to resume discussions on a pipeline project that would supply Argentina with 20 million cubic meters of natural gas per day.

Elsewhere in Latin America, a leap in metal prices helped boost Chile's trade surplus to US\$ 976.2 million in June from US\$ 578.2 million a year ago. The country is the world's largest copper producer.

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