

## Brazilian Stocks Bump Up Despite Continued Political Chaos

Contributed by Beatrice Denis  
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Brazilian stocks went up, but Latin American markets ended mixed to higher, amid declining oil prices and mixed to positive U.S. job data. Traders and corporations also continued to assess the impact of Hurricane Katrina.

Brazil's benchmark Bovespa Index rose 356.92 points, or 1.28%, while Mexico's benchmark Bolsa Index climbed 286.11 points, or 1.98%. Argentina's Merval Index fell 20.26 points, or 1.26%.

Brazilian shares rose strongly, as investors remained upbeat in light of positive economic data released earlier in the week. Overseas funds also flowed ahead of a U.S. holiday and Brazil's independence day next week.

Political shenanigans were relegated to the back burner ahead of the weekend, although late yesterday, Juscelino Dourado, a top aide to Finance Minister Antonio Palocci, presented his resignation a day after denying any knowledge of an alleged kickback scheme.

On the corporate front, Bradespar announced that Portuguese bank Banco Espírito Santo plans to sell 8.28 million of preferred shares it owns in Bradespar, which could raise more than 410 million reais.

In other deals, InBev SA agreed to buy the remaining 30% stake in K.K.'s brewing activities in China in order to strengthen its position in that country.

Separately, steelmaker Usiminas expects steel prices to stay at historically high levels for at least the next two years due to robust demand from China and high production costs. The firm is also looking to boost its foreign trade, especially to the U.S. auto industry, according to news services.

On the research front, an investment bank raised its price target on waterworks company Sabesp to US\$ 20.62 from US\$ 18.15 for year-end 2006, citing a strong recovery in sales volume in the first half of this year.

Mexican issues, meanwhile, advanced strongly. Economic data from the U.S., its key trading partner, was mixed. The unemployment rate eased to 4.9% in August from 5.0% the prior month, while non-farm payrolls climbed by 169,000, versus a stronger 242,000 in July.

Wall Street had predicted a jobless rate of 5.0% and payroll growth of 190,000. Payroll data was revised higher for June and July.

In company news, Cemex will expand its joint venture with Ready Mix USA, adding 27 concrete plants and four cement block plants to the partnership and receiving US\$ 91.6 million and unspecified additional resources.

Also of note, workers at the Sicartsa steel plant in southern Mexico rejected a company proposal aimed at ending a month-long strike.

In addition, Mexican state oil monopoly Petroleos Mexicanos said that 311,000 barrels a day of its crude exports have been shut in because of Hurricane Katrina.

Argentine stocks declined, on profit-taking after hitting a record yesterday. On the economic front, local analysts downwardly revised their August inflation forecast from a 0.7% gain to an increase of \$0.6%, according to the central bank's weekly survey.

In other news, Telecom Argentina expects to book a gain of 1.584 billion pesos in the third quarter from its just-completed US\$ 2.63 billion debt restructuring, according to a filing.

On the M&A front, Spanish-Argentine oil firm Repsol stated it would not present an offer for Turkish Oil Refinery Co., saying, "The price was overvalued and the synergies didn't quiet match."

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