

Oil and Wall Street Make Brazil Market Bearish

Contributed by Beatrice Denis
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Latin American markets had a mixed session, due to discount-buying in Argentina and bullishness in Mexico, while traders booked profits in Brazil.

Brazil's benchmark Bovespa Index fell 131.28 points, or 0.40%, while Mexico's benchmark Bolsa Index climbed 120.07 points, or 0.70%. Argentina's Merval Index added 16.71 points, or 1.08%.

Brazilian shares eased back on profit-taking, higher oil prices and weakness on Wall Street. In domestic data, the consumer price index for the São Paulo region rose 0.29% in November, from 0.63% the prior month, below forecasts ranging from 0.39% and 0.45%. Also, the trade surplus during the December 1-4 period totaled US\$ 671 million, bringing the year-to-date total surplus to US\$ 41.10 billion.

In telecoms, the Vivo mobile group announced it would merge five of its holdings under one company. The news was seen as positive in the long term by analysts, according to media reports.

Mexican issues, meanwhile, reached yet another record high, despite early profit-taking in the session. Optimism about the local economy has propelled the market higher lately.

However, of note, in the U.S., the Institute for Supply Management's index of non-manufacturing activity dropped to 58.5 in November from 60 in October. The reading missed analysts' expectations of 59.

In company news, Grupo Mexico was active on news it plans to invest US\$ 600 million in a coal-fired power station to supply its own electricity needs.

Also, Gruma rose on news of a share offering, whose proceeds may be invested in fixed assets and to pay down debt.

Argentine stocks gained ground on bargain hunting after sustaining steep losses last week on news that Finance Minister Lavagna had been replaced.

In economic news, the consumer price index jumped 1.2% in November, well above expectations for a 0.8% increase and the 0.8% gain registered the prior month. Also, auto production leapt 16.3% in November from the prior month, or 22.9% year-on-year.

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