

Bradesco Buys American Express's Operations in Brazil

Contributed by Linda Shea
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Latin American stocks moved collectively higher on the day, with Brazil gaining more than 100 points and Mexican shares again reaching fresh highs. Investors in both the U.S. and Latin America will be eyeing a speech by Fed chairman Ben Bernanke later this evening.

Brazil's Bovespa Index jumped 154.36 points, or 0.41%. Mexico's benchmark Bolsa Index surged 235.32 points, or 1.22%, while Argentina's Merval Index edged up 6.32 points, or 0.35%.

Brazilian issues posted solid gains, as investors were relieved that no further allegations surfaced against Finance Minister Antonio Palocci over the weekend. Also aiding local shares was a sharp drop in crude oil prices. Brazil is a net importer of oil.

On the economic front, the private Getúlio Vargas Foundation said that the General Price Index, or IGP-M, fell 0.10% in the 10 days through March 20, compared with a slip of 0.01% during the same period in February. The most recent result showed a sharper-than-expected drop in prices.

Separately, the Fipe research foundation said that its consumer price index rose 0.26% in the four weeks ended March 15, versus a 0.16% jump in the four weeks ended March 7.

In corporate headlines, Banco Bradesco SA said it will buy the local operations of U.S.-based American Express for US\$ 490 million. Brazil's largest private bank said it will acquire operations run by American Express in Brazil, including credit card portfolios and consumer credit unions.

A major investment bank initiated coverage on investment fund Bradespar at "outperform." The broker cited the firm's "transparent valuation with low reinvestment risk" as one factor for its rating.

Mexican shares moved higher today, with the IPC Index reaching another fresh record high. In the U.S., investors are awaiting an evening speech by Federal Reserve Chairman Ben Bernanke, in which further insight into interest rates may be given.

Turning to the economy, the National Statistics Institute reported that unemployment fell to 3.6% in February from 3.8% a year ago. On a seasonally-adjusted basis, unemployment rose 0.14% in February from January.

Elsewhere, an influential investment bank raised its rating on steel firm Industrias CH SA to "buy" from "neutral," as it expects improved performance at its U.S. unit PAV Republic.

In Argentina, shares moved modestly higher, in line with broader regional gains. Local shares were bolstered by the banking sector. Meanwhile, falling crude oil prices weighed on select related stocks.

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