

## No Change is Good News for Brazilian Investors

Contributed by Paul Davee  
Friday, 31 March 2006

Latin American stocks were mixed to higher, with Brazilian shares posting modest gains on growing hopes for a continuation of Brazil's austere fiscal and monetary policies that have been credited with reviving Latin America's largest economy. Meanwhile, pleasing U.S. economic data boosted Mexican equities.

Brazil's Bovespa Index rose 285.19 points, or 0.76%. Mexico's benchmark Bolsa Index climbed 81.66 points, or 0.43%, while Argentina's Merval Index added 6.18 points, or 0.34%.

Brazilian stocks gained ground, as investors grew less concerned that Guido Mantega's recent appointment as finance minister might lead to a major change in economic policy.

Helping to calm nervous investors, Mantega said the government would meet its ambitious fiscal austerity goals for 2006. Investors were also pleased with appointment of market-friendly economists Bernard Appy and Carlos Kawall, as deputy finance minister and treasury secretary respectively.

"We believe that both names help in signaling to the markets the continuation of the current economic policy," a major investment bank wrote in a note to clients.

Separately, President Luiz Inácio Lula da Silva today named nine new ministers of state to replace officials leaving office to participate in the country's October elections. Among the key posts undergoing a shuffle are the ministers of defense, health and the interior.

In corporate news, aircraft maker Embraer said late yesterday that it plans to launch three new executive jet models, local news services reported.

Mexican issues turned around late in the day, after closely following downbeat U.S. markets for most of the session. U.S. shares moved lower, despite economic data released indicating tame inflation and improved consumer sentiment.

Meanwhile, the Senate approved a new radio and television law that some critics believe favors existing broadcasters, such as Televisa, because it will allow them to acquire spectrum for high definition television possibly without paying for it.

Conglomerate Alfa SA intends to invest US\$ 1.2 billion over the next three years to expand capacity in its auto parts, petrochemicals and food operations. The firm jumped higher on the day.

Argentine issues traded similarly to yesterday-modestly lower, amid low trading volume. In economic news, the Ministry of Labor said the employment index rose 0.5% in February from January, bringing the index up 9.8% from February last year.

National power grid operator Cammesa will begin accepting construction bids next week for an expansion of Argentina's two main gas pipelines. The move should help curtail gas shortages.

Thomson Financial - [www.thomsonfinancial.com](http://www.thomsonfinancial.com)