

## Bargain Hunters Reverse Brazil's Stock Market Slump

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Brazilian stocks rocketed higher, as investors went bargain hunting following a recent sell-off on concerns about rising U.S. inflation and interest rates.

Brazilian shares were further boosted by upbeat local economic data, while indications of U.S. economic strength lent additional support to Mexican issues. Argentina's market was closed for a national holiday.

Brazil's Bovespa Index rallied 1776.70 points, or 4.96%. Mexico's benchmark Bolsa Index leapt 600.14 points, or 3.19%.

Brazilian stocks rocketed higher, as investors snapped up recently beaten down shares while cheering signs of strength in the local economy.

Brazil's central bank said today, May 25, that the government posted a record primary budget surplus in April of 19.43 billion reais, up from 13.19 billion reais in March.

Also, the Brazilian Census Bureau (IBGE) reported today that Brazil's official jobless rate in April was unchanged from March's rate of 10.4%. Economists had expected a rate between 10.0% and 10.6%.

In corporate news, long-distance telephone carrier Embratel Participações SA was in focus following news that the company's parent, Telefonos de Mexico SA, will maintain its cash tender offer for outstanding shares until June 7.

Meanwhile, a major investment bank upgraded shares in electric power firm Eletrobrás to "Neutral 2" from "Reduce 2," citing a more favorable valuation.

Elsewhere, Mexican shares jumped, as investors went in search of bargains following a six-day losing streak on concerns about rising U.S. interest rates.

Signs of strength in the economy of Mexico's biggest trading partner also lent support to the bolsa. The U.S. Commerce Department reported today that U.S. gross domestic product grew at a 5.3% annual rate in the first quarter, up from an initial estimate of 4.8%.

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