

Brazilian Stocks Down on US Interest Rates Concerns

Contributed by Linda Shea
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Latin American shares collectively declined alongside a depressed U.S. market. Brazilian shares ultimately soured, and the local market closed early due to Brazil's game against Ghana at the World Soccer Cup competition.

U.S. interest rate concerns continued, as higher rates tend to push money out of emerging markets.

Brazil's Bovespa Index fell 255.51 points, or 0.74%. Mexico's benchmark Bolsa slumped 469.93 points, or 2.54%, while Argentina's Merval Index receded 22.42 points, or 1.38%.

Brazil reversed direction later in the session and ultimately turned negative. Local shares were partially influenced by declines in the U.S. ahead of this Thursday's U.S. interest rate decision. Analysts widely expect a rate hike this Thursday, with a possible hike also at the next meeting in August.

In economic headlines, the Fipe research foundation reported that consumer prices in São Paulo dropped 0.44% in the four weeks ended June 23, a slower pace in declines compared to the 0.50% drop witnessed in the four weeks ended June 15.

Mexican shares also continued to retreat today, alongside declines in the U.S. All eyes remain on Thursday's U.S. FOMC meeting on interest rates and local presidential elections this coming weekend.

On the economic front, the National Statistics Institute, or Inegi, said its global indicator of economic activity, or IGAE, advanced 1.8% in April compared to a year ago. On a seasonally adjusted basis, the most recent result was up 0.79% from March.

Media conglomerate Grupo Televisa bucked the broader negative trend in favor of gains. The firm lost its bid to purchase U.S.-based Univision, which instead opted to be bought out by a consortium of private equity investors for US\$ 12.3 billion.

Argentine issues also succumbed to negative sentiment, following two consecutive sessions of gains. In economic news, the national statistics agency, or Indec, said that May construction activity jumped 23.9% on the year and 2.0% from April on a seasonally adjusted basis.

Retail sales were also in the spotlight. Indec reported that supermarket sales rose 2.0% in May from April, and advanced 8.9% from a year ago. Shopping center sales advanced 2.4% on the month and rose 11.1% on the year.

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