

Strong Surplus Gives Brazilian Stocks Some Muscle

Contributed by Linda Shea
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Brazilian stocks continued to move higher, although at a more modest pace after Thursday's rally. Investors continued to cheer, after indications that the U.S. Federal Reserve may soon be ready to freeze rates following 17 consecutive hikes.

Latin American issues, in general, once again advanced broadly on the session, with Mexico taking the lead ahead of Sunday's highly anticipated presidential election.

Brazil's Bovespa Index rose 143.99 points, or 0.39%. Mexico's benchmark Bolsa leapt 238.84 points, or 1.26%, while Argentina's Merval Index advanced 21.44 points, or 1.27%.

In economic reports, the Brazilian central bank said the country's primary budget surplus came in at a stronger than expected 6.3 billion reais in May, down from a record surplus of 19.43 billion reais the prior month. The latest result brought the 12-month figure to 89.89 billion reais, or 4.51% of gross domestic product.

Within the mobile phone space, Vivo Participações declined sharply, after it said it will invest in rolling out a GSM platform by the end of 2006, but will be fully operational in three year's time. Investors fear the endeavor will be costly; although, financial details were not released.

Flat steelmaker Usiminas reported in a regulatory filing that it expects to produce 4.2 million metric tons of crude steel and log sales volume of 3.9 million tons.

Mexican shares continued to move upward, as the country awaits Sunday's, July 2, presidential election, which is seen as a tight race between Andrés Manuel Lopez Obrador and Felipe Calderon.

In economic news, the Finance Ministry said the government's budget surplus was 21.3 billion pesos in May, thank to higher oil sales and tax collections. The accumulated budget surplus was 107.7 billion pesos.

Argentine issues jumped for the third-straight session; although, volume was thin amidst World Cup soccer, where Argentina lost to Germany.

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