

## North Korea Missiles Scare Off Brazilian Investors

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Brazilian and Latin American market receded Wednesday, as investor jitters surrounding North Korea's missile launches pressured global markets. Mexico, meanwhile, is grappling with the tight outcome of its weekend presidential election.

Brazil's Bovespa Index tumbled 989.31 points, or 2.65%. Mexico's benchmark Bolsa plunged 814.87 points, or 4.01%, while Argentina's Merval Index negated 25.32 points, or 1.47%.

Brazilian shares, much like major markets worldwide, moved down on the day, as concerns about North Korea's missile launches spurred geo-political tensions and bolstered oil prices beyond US\$ 75 a barrel.

On the economic front, the National Confederation of Industries, or CNI, reported that industrial capacity fell to 81.3% in May from 81.6% in the year-ago period, while month-over-month, capacity was up 0.3%.

Meanwhile, crude oil prices soared, hitting US\$ 75.19, as problems at a Texas refinery, a postponement of talks between Iran and the European Union on nuclear issues, and the North Korean missile launch combined to prop up crude oil prices.

On the corporate front, state-run oil firm Petrobras intends to import 20 million cubic meters of liquefied natural gas a day by the year 2011. To reach this goal, the firm wants to buy or lease two floating LNG re-gasification vessels.

Elsewhere, Luxembourg-based Arcelor said that its planned takeover by Mittal Steel does not mean that Mittal must make an offer for Arcelor's Brazilian subsidiaries.

Within the airline group, a major investment firm lifted its share price targets for Brazilian airlines TAM and Gol due to favorable fundamentals.

Mexican shares also took a cue from Brazil and U.S. market declines; however, it is likely that local politics played the biggest factor in today's slump.

Following Sunday's presidential election, a distinct winner is still in question, which is likely to support market volatility until the issues is resolved. Preliminary results showed that conservative presidential candidate Felipe Calderon was ahead of Andrés Manuel Lopez Obrador by less than one percentage point.

The Federal Electoral Institute, or IFE, today began the official tally of the results, but the process is expected to last several days. By today's market close, and 45% of the official tally complete, the tables have turned with Lopez Obrador holding 37% of the vote and Calderon 34%.

Argentine issues also took a tumble, partly due to profit-taking. In economic reports, according to the national statistics agency, or INDEC, the consumer price index rose 0.5% in June, matching April and May's results.

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