

Latin America Stocks Close Higher on Greek-Aid Pledge

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By Liana B. Baker, MarketWatch

SAN FRANCISCO (MarketWatch)—The major Latin American markets rallied Thursday, boosted by news that the European Union countries made a pledge to help support Greece.

Brazil's Bovespa stock index climbed 1.7%, or 1,078 points, to 66,129. Earlier in the day, disappointing earnings results released late Wednesday by the mining giant Vale (VALE) weighed down Brazil's stock market. The world's largest producer of iron ore saw its net income rise in the past quarter, but did not meet analysts' expectations.

"Vale's disappointing performance has given traders pause as to the strength of the rebound in Brazil and the global economy," said Paul Baiocchi, head of consulting for Delta Global Advisors.

U.S. shares of Vale rose 3.4% while U.S. shares of another market heavyweight, Petrobras (PBR) , gained 2.4%.

In Mexico City, the IPC advanced 0.3% while in Buenos Aires, the Merval rose 1.9%.

Baiocchi, from Delta Global Advisors, said that it would "be extremely detrimental" to Latin American markets if Greece is not bailed out, because countries like Brazil, Argentina and Chile have similar debt structures and debt ratings as Greece.

"The longer it takes for a bailout to come to pass, the larger the likelihood that the price of similar debt would go down in Latin American countries," he said.

Chile's main stock index, the IPSA, rose 0.8%.

Late Thursday, the Central Bank of Chile held interest rates at a record low 0.5% after its monthly monetary policy meeting. Analysts had expected the bank keep interest rates at this level even though Chile had higher-than-expected CPI rates in December. Chile's market gained 12% in the last three months, which outpaced the major Latin American markets.

