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Despite enormous pressure to resign, President Fernando Collor de Mello asserted in a nationally broadcast speech on Aug. 30 that he has no plans to do so, and denied the accuracy of overwhelming evidence of his involvement in corruption. Bankers and stock brokers were apparently dismayed. An unidentified trader quoted by Reuter said, "Investors believed the president would be forced to resign soon. The situation has become unbearable." On Monday, the Sao Paulo and Rio de Janeiro stock exchanges dropped 6.9% and 5.8%, respectively. On Tuesday, the Sao Paulo market (BOVESPA) recovered by 4.8%, but declined again by 4.2% on Wednesday, and 6.2% on Thursday. Foreign investors in the market, weary of awaiting an end to the political crisis, followed the lead of Brazilian counterparts. Roberto da Fonseca, manager of the local branch of Spanish Banco de Santander, told reporters that in the past week foreigners represented about 30% of the daily trade volume on the market, opting for "day-trade" transactions (buying and selling stock on the same day), and they are avoiding all risk. Economists say political uncertainty will continue fueling inflation, increasing the monthly rate from 22% to 25%. (Sources: Reuter, 09/02/92; Agence France-Presse, 09/01/92, 09/03/92)

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