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Third World Stock Markets "hot" In 1988

by John Neagle

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According to a report released April 26 by the International Finance Corporation (IFC), a World Bank subsidiary, stock market exchanges in Brazil, Mexico, Taiwan and South Korea rose eight to ten times faster than the New York Stock Exchange, and three times that of Tokyo's exchange. The IFC specializes in promoting private enterprise. Its third annual report is titled Emerging Stock Markets Factbook. The IFC indexes showed that values, after dollar conversion, doubled last year in Brazil, Mexico, Taiwan and South Korea, compared to a 31% rise in Tokyo's Nikkei Dow index, 12% in New York's Standard and Poor's 500, and 10% in the Morgan Stanley Capital International London index. Markets rose 20% or more last year in Argentina, Chile, the Philippines, India, Malaysia and Thailand. In the 31 markets included in the IFC index, the best performer was a Brazilian company, Acesita OP, which makes steel products. Acesita OP stocks rose 831%, due mainly to strong steel exports. Four other Brazilian metal manufacturing companies were among the top 10. The top performers also included two Mexican holding companies. The third largest stock market capitalization was Brazil's with \$32 billion. (Capitalization of the New York Stock Exchange is \$2.7 trillion.) In Chile, Mexico and Zimbabwe, stock prices were four to five times earnings, and in Brazil and Colombia, prices were about eight times earnings. (Basic data from New York Times, 04/27/89)

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