

# Recent RRG Press Excerpts



## Heads of Research in MarketWatch

### LATIN AMERICAN MARKETS

#### **Pension-move fears slam Argentine stock market**

By Carla Mozee, MarketWatch

Oct. 21, 2008

LOS ANGELES (MarketWatch) -- Argentine markets reeled Tuesday as worries mounted that the government would launch a takeover of local, private pension funds.

A proposal by President Cristina Fernandez de Kirchner announced after the market closed, according to media reports, would nationalize about \$30 billion in assets that had been overseen by 10 private funds.

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"Stocks are getting hammered and bond-holdings are getting hammered because nobody knows exactly at what price will those bonds be withdrawn," said **Ignacio Goni, head of research of Latin America at Riedel Research Group.**

Approval by Congress could come in the next few weeks, and labor unions have backed the plan, Kerner said. The private pension system was started 14 years to replace one that had been run by the government.

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Goni said the nationalization proposal comes at a "bad moment in the profitability of the funds" amid the global financial crisis, and that he's not surprised by the Kirchner administration's move.

"Most of the people in my generation who are big contributors to this always thought that this money would be stolen," said Goni, speaking by cell phone from a rain-soaked street in Buenos Aires. "We never trusted that those funds would be ours. Call it defaults, call it devaluation, inflation, hyperinflation ... those funds are gone."

### EMERGING MARKETS REPORT

#### **Emerging markets tumble in global stock rout**

By Polya Lesova, MarketWatch

Oct. 10, 2008

NEW YORK (MarketWatch) -- Stocks from Thailand to Turkey and from India to the Czech Republic plunged into panic mode Friday, forcing trading suspensions on numerous emerging-market exchanges, as a collapse in investor confidence and fears about a global recession amplified selling pressures around the world.

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Eastern Europe hit hard

In Eastern Europe, Russian stock markets remained closed. The Czech Republic's PX stock index fell 15% and Poland's WIG 20 stock index dropped 8%. Turkey's IMKB-100 stock index declined 8%.

After dropping sharply earlier in the day, Hungary's BUX stock index reclaimed some ground to end down 3%.

In Romania, the Bucharest Stock Exchange was closed for trading during most of the session. The BET stock index tumbled 10%.

"The heavy selling continued in CEE [Central and Eastern Europe], and the markets here were dominated by fear," said **Adrian Ciocoi, Bucharest-based head of research for emerging Europe at Riedel Research Group.**

"Confidence is pretty much rock-bottom and investor sentiment is low," Ciocoi said. "The financial markets were knocked down and the white towel is going to be thrown ... increasing signs of capitulation."

### LATIN AMERICAN MARKETS

#### **Benchmarks drop to multi-year lows: Brazil temporarily suspends trading amid market plunge**

By Carla Mozee, MarketWatch

Oct. 10, 2008

LOS ANGELES (MarketWatch) -- Latin American stocks skidded Friday, leaving the major benchmarks at multi-year lows as risk-averse investors fearful of global recession dumped shares.

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The markets in the resource-rich region have taken a beating because of fears that global growth will slow dramatically, which would cut demand for commodities.

"Investors who have followed this emerging market boom since 2003-2004 would still be in the money. The problem is that a number of investors are fairly new to these markets and that, I think, is the reason that we are having such a dramatic fall," said **David Riedel, president of Riedel Research Group,** an independent research group which focuses on emerging markets.

Investors have largely shrugged off dramatic moves, such as bailout packages, capital injections and currency interventions, undertaken by authorities worldwide as they try to stop the bleeding in equities, credit and currencies markets.

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In Mexico City, the financial group fell 16% to front overall declines. Grupo Financiero Banorte (MX:GFNORTEO: news, chart, profile) shares plummeted 22% as the bank said it credit exposure of about 1 billion pesos to Comercial Mexicana. The supermarket operator has filed for bankruptcy protection after it wasn't able to make a short-term debt payment of 400 billion pesos.

Copper miner Grupo Mexico shares fell 2.4%, and home builder Urbi dropped 20%.

Calling a short-term bottom for the markets is extremely difficult, said Riedel.

"You have a lot of international money flowing out of major index constituents and unfortunately, Brazil and Latin America haven't made that transition of being viewed as a risky asset to being a core holding in many people's portfolios," he said.

On Wall Street, the Dow Jones Industrial Average posted its steepest weekly drop ever, down 18.2%. All 30 of the index's components closed lower on Friday.