

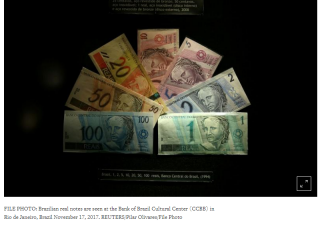
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FOREIGN EXCHANGE ANALYSIS APRIL 17, 2018 / 10:37 AM / UPDATED 8 MINUTES AGO

Most Latam currencies rise as dollar weakens

Susan Matherer 3 MIN READ

(Reuters) - Most Latin American currencies firmed on Wednesday as the dollar weakened after upbeat economic data from China eased some fears of a slowdown in its economy.



FILE PHOTO: Brazilian real notes are seen at the Bank of Brazil Cultural Center (CCBB) in Rio de Janeiro, Brazil November 17, 2017. REUTERS/Pilar Olivares/File Photo

Currencies of Mexico, Chile and Colombia strengthened between 0.2 percent and 0.4 percent, but Brazil's real weakened 0.6 percent and hit a two and a half week low.

The dollar lost ground after China reported unexpected economic growth in the first quarter, adding to positive economic data out of the country since late last week.

Argentina's peso recovered from Tuesday's falls as the government announced new measures on Wednesday, including a freeze on prices on public services, in a bid to contain inflation ahead of upcoming elections in October.

Data showing inflation rose for the third straight month hit the peso on Tuesday, and prompted the central bank to take action.

The bank said it would reinforce the "contractionary bias" of monetary policy, which includes freezing a non-intervention peso trading range until year-end and holding off from buying dollars to rein in the currency if it strengthens outside the range until the end of June.

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"Although such a measure is net positive for ARS, it is very unlikely to change ARS direction in the medium term," Morgan Stanley analysts said in a note, using ARS to refer to Argentina's peso.

"With inflation still running at very high levels and polls pointing to a very tight electoral race, markets will very likely keep pricing a non-negligible probability of a non-orthodox outcome in the presidential election," they said.

Among regional stocks, Brazil's Bovespa slipped 0.6 percent after rising at the start of the session, while state-oil firm Petrobras and iron ore mining major Vale also gave up early gains.

The country's government officials said Petrobras' market-based diesel pricing policy remains unchanged and Brazil's president has no intention of meddling in its internal affairs.

This comes after the company delayed a diesel price hike after a call from Brazilian President Jair Bolsonaro.

Vale said it expects to resume operations at its largest mine in Minas Gerais state, an announcement that led to a slump in iron ore prices.

Colombian stocks touched a five-week low with shares of state-run oil company Ecopetrol sliding 7 percent.

The company said on Tuesday it is working to contain two oil spills from its Cano Limon pipeline, which was damaged by bomb attacks on the weekend.

Meanwhile, Mexican shares rose 0.4 percent with Santander Mexico's shares among the top gainers.

Reporting by Susan Matherer in Bengaluru
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