

Batista's OGX Soars as Rout Boosts Ibovespa Weighting: Rio Mover
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By Denyse Godoy

Sept. 2 (Bloomberg) -- Eike Batista's OGX Petroleo & Gas Participacoes SA rose the most in five years, rebounding from a record slump, as a surge in trading volume pushed up the crude explorer's weighting in Brazil's main equity index.

OGX soared 30 percent to 39 centavos at 12:11 p.m. in Sao Paulo, heading for the biggest gain since its June 2008 initial public offering. The stock regained about half the ground lost in the final half hour of trading on Aug. 30 when it tumbled to a record low 30 centavos from 50 centavos.

Batista's flagship company is the worst-performing major stock in Brazil in the past six months, losing 88 percent of its value, after a series of missed production targets, exacerbated last month by the former billionaire reducing his stake and a dispute with Petrolia Nacional Bhd. While the selloff saw OGX removed from the MSCI Brazil Index today, the resulting increase in trading volume is boosting the stock's weighting in the benchmark Ibovespa.

"Shares slumped on Friday as foreign investors massively sold because OGX would not be part of the MSCI Brazil anymore," Sandro Fernandes, a trader at Geraldo Correa, said by phone from Belo Horizonte, Brazil. "Today shares are rallying because some funds needed to buy more stock as OGX's weighting on the Brazilian benchmark increased."

Ibovespa Weighting

OGX has the third-highest weight in the Ibovespa at 5.21 percent, according to data compiled by Bloomberg. That compares with 0.92 percent on Aug. 30, the data show. BM&FBovespa SA is considering excluding stocks trading for less than 1 real, or penny stocks, from the Ibovespa, which is otherwise weighted just by trading volume, according to a statement on the exchange operator's website.

The oil company's press office in Rio de Janeiro declined to comment on the Aug. 30 share decline in an e-mailed response to questions.

OGX said last week Petronas has no right to delay buying stakes in two Brazilian blocks for \$850 million after the Malaysian producer said the deal hinges on OGX undertaking a debt restructuring. OGX will run out of cash this quarter if it doesn't receive the first installment of the Petronas payment, Deutsche Bank said in Aug. 27.

The oil producer said last month that it hired Blackstone

Group LP to advise on a study of its capital structure as
Batista raises cash and sells company stakes and assets.

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