

BlackRock Betting on Silva Win in Brazil Is Bullish on Petrobras

2014-09-15 16:31:12.160 GMT

By Christiana Sciaudone

Sept. 15 (Bloomberg) -- BlackRock Inc.'s Will Landers, who oversees \$3.7 billion in Latin American stocks, said he's bullish on Petroleo Brasileiro SA, as he bets on a change of leadership in upcoming presidential elections that will be more favorable to the private sector.

Brazil votes next month on whether to reinstate incumbent President Dilma Rousseff or elect Marina Silva. The two are running in a statistical tie, with a Vox Populi poll published last week showing Silva would get 42 percent of votes in a runoff, compared with 41 percent for Rousseff.

"We're overweight because we're looking and we're continuing to look for change," Landers said in a Sept. 12 interview at BlackRock's New York office. "We have good reasons to believe that the election will go towards Marina."

Landers said Silva is signaling that she will allow the private sector to be "in charge of its own destiny," instead of trying to control every aspect of the economy, and that she will bring inflation down. Rousseff has been using Petrobras and other state companies as fiscal and monetary policy tools, driving their value down, Landers said.

As part of Rousseff's effort to contain inflation, she limited Petrobras's ability to increase fuel prices.

If Rousseff wins in October, Petrobras will return to the nine-year low it hit in March, Landers said, and BlackRock would reduce its exposure to Brazil.

"We would significantly have to rethink our portfolio,"

Landers said. The Latin America fund shrank from \$4.5 billion in December on flows.

Petrobras is the second-largest holding in Brazil after Itau Unibanco Holding SA in BlackRock's Latin America fund.

Earlier this year, various BlackRock funds bought 500,600 shares of Petrobras, as the Rio de Janeiro-based company is known, according to data compiled by Bloomberg.

For Related News and Information:

Petrobras Extends Drop as Silva Aide Pledges Higher Fuel Tax NSN NBT6TA6VDKHS <GO> BlackRock's Landers Favors Brazil's Itau With Room to Grow Seen NSN MXNXAQ6JTSF9 <GO> Top Stories:TOP<GO> Top Latin American News: TOPL <GO> Most-Read News on Brazil: MNI BRAZIL <GO> Bloomberg News in Portuguese: NH PBN <GO>

To contact the reporter on this story:

Christiana Sciaudone in Sao Paulo at +55-11-2395-9268 or csciaudone@bloomberg.net To contact the editors responsible for this story:

Ed Dufner at +1-214-954-9453 or

edufner@bloomberg.net

Molly Schuetz, Carlos Caminada