

Brazilian president hints at selling state-run Petrobras



Petrobras has said it will hike fuel prices from Tuesday

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Brasilia, October 26 (RHC)-- State-run oil company Petrobras has seen its stock price trade up on comments from Brazilian President Jair Bolsonaro that he is considering privatizing the firm.

In addition to Bolsonaro's comments on Monday, the second time this month, a Senate leader said studies were already under way regarding the dilution of the government's share in the firm, news that helped boost the company's shares to more than 7 percent.

"This is on our radar," Bolsonaro said during a radio interview. "But privatizing a company is not just putting it on a shelf and whoever offers the highest bid takes it. It is very complicated."

Later in the day, Fernando Bezerra, the head of the government in the Senate, told the Reuters news agency officials were studying the possibility of privatizing the company via a share sale.

It is unclear if any bill clearing the way for such a move will be sent to Congress this year, he said. The government is more focused at present on the privatization of Correios, Brazil's federal mail service, Bezerra said.

Bolsonaro had first mentioned the potential privatization of Petroleo Brasileiro SA earlier in October, without elaborating on how the process might happen. At the time, he indicated that he was frustrated for being blamed for fuel-price increases.

Also on Monday, Petrobras announced it would raise diesel and gasoline prices at the refinery gate starting on Tuesday, following a spike in international oil prices and a sharp depreciation of Brazil's currency.

The firm said it will raise gasoline prices by 7 percent to 3.19 Brazilian real (\$0.5656) per litre, while diesel prices will rise 9 percent to 3.34 real. "Aligning our prices with international markets is especially relevant right now, as Petrobras has received atypical demand (from fuel distributors) for November," Petrobras said in a statement.

Taken together, the talk of privatization and fuel-price hike helped boost Petrobras shares, which were up 7.1 percent in late afternoon trade in Sao Paulo, making it the biggest winner on the benchmark Bovespa equities index.

The company has become a hot political topic as energy costs have driven Brazil's annual inflation into double digits, hurting Bolsonaro's popularity ahead of next year's election.

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