

Monthly Allocation

Winter Vacations



The second half of the year starts with the Ibovespa above our YE09 forecast. This is mainly the result of foreign investors, who sought to gain a return on their capital in a world where a zero interest rate predominates. This means choosing stocks with very high daily volumes traded where there is a guarantee for investors of an exit as fast as their entrance. This being so, we start 3Q09 without changing our expectations for the year-end. We have therefore chosen a portfolio that is much more conservative than the ones we chose in previous months. We are also monitoring upcoming IPOs that, with Visanet's successful allocation, should start cropping up, but at a more selective rate.

The Brazilian Central Bank meets again on July 22. Expectations are that this will be the last meeting this year in which it cuts interest rates. The Government remains more optimistic on the growth of the country for the rest of this year than does the market. To be sure, it did revise its estimates downwards in line with the World Bank but, unlike the World Bank and the majority of economists, it still forecasts a growth (0.8%), while others estimate a fall of around 1.0%. Data on the second quarter should point to a recovery, especially for personal consumption, but not enough to reverse the year's negatives.

The appetite of foreign investors decreases

Foreigners have been the clear buyers in the Brazilian stock market during 1H09. Looking for some form of profit when interest rates in most countries are around zero, they invested their money in Brazil, enabling the Brazilian stock market to recover a good part of the losses it suffered at the start of the crisis. The question asked now is who will continue to maintain the good performance of the Brazilian stock market. Bets return to pension funds, but these have slowly increased the participation of stock in their portfolio from 10% three years ago to nearly 20% this year.

Profit taking should predominate

We expect July to be a month of profit taking, with some sectors performing worse than the Ibovespa. We believe this especially true for the Civil Construction sector, due to capital increase announcements.

Outperforming the Ibovespa – Recommended Portfolio ("LONG")

Stock – Catalyst/Fundamentals

AMBV4 – Solid market share leadership, with an attractive FCF yield

B RTP4 – Greatest potential in the sector to increase in value

CSNA3 – Increase in ore sales to China

DURA4– Synergy gains from the merger with Satipel

ELPL6 – Should announce good dividends when publishing 2Q09 results

GOLL4 – July is a good month for air traffic

ITUB4 – Continuous growth in credit leads to better 2Q09 results

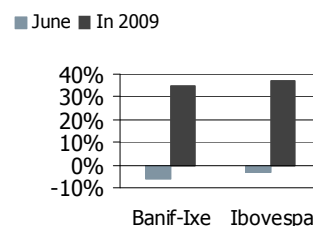
MMXM3 – Should announce new business deals in July

PCAR4 – Defensive business, with exposure to consumption and a high FCF yield

PETRA4 – Should perform on a level with Ibovespa

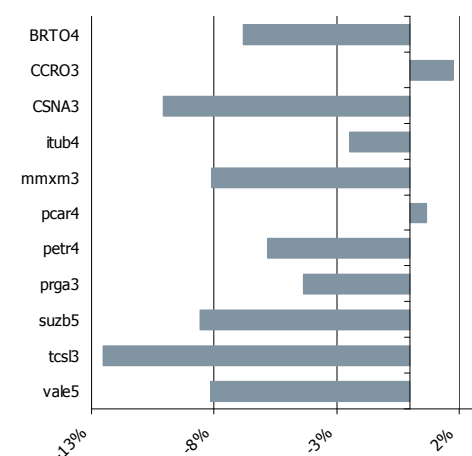
VALE5 – Increase in the price of nickel caused by an increase in demand.

Banif - Ixe (LONG) x Ibovespa



Source: Economática

Weighted performance in June/09



Source: Economática. Weighted performance of the stocks from the recommended portfolio.

Portfolio - buy (LONG) – July/09

Empresa/Ação	Código	Vol. Neg.*	Peso %
AmBev	AMBV4	45.8	10
Brasil Telecom	B RTP4	7.1	5
Sid Nacional	CSNA3	108	10
Duratex	DURA4	16.6	5
Eletropaulo	ELPL6	27.5	10
Gol	GOLL4	14.9	4
Itaú Unibanco	ITUB4	197.8	10
MMX Mineradora	MMXM3	30.5	6
Pão de Açúcar	PCAR4	22.3	10
Petrobras	PETRA4	656.5	15
Vale do Rio Doce	VALE5	591.6	15
Total	-	-	100%

TOP – Suggestions (SHORT) – July/09

Empresa/Ação	Código	Δ no mês anterior
Brakem	BRKN5	0.28
Marfrig	MFRG3	-0.34
Net	NETC4	-4.28

Source: Economática and Banif – Ixe Securities Research
* 3 month Average daily volume traded at the Ibovespa. R\$ mn

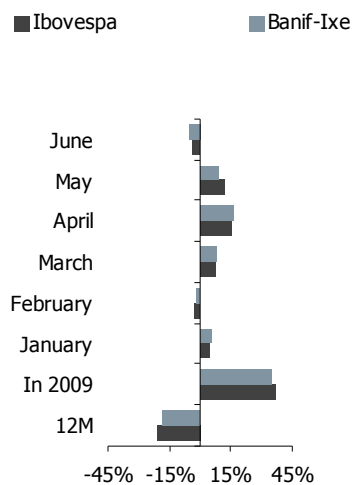
Short suggestions for July

BRKN5 – negative Outlook for 2010

MFRG3 – outperformed peers

NETC4 – future catalyst priced in.

Banif - Ixe x Ibovespa Evolution



Source: Economática and Banif - Ixe Securities Research

2008	Banif-Ixe	IBOV
jan-08	-5.7%	-6.9%
fev-08	8.3%	6.7%
mar-08	-4.4%	-4.0%
abr-08	11.6%	11.3%
May-08	10.6%	7.0%
jun-08	-11.9%	-10.4%
jul-08	-8.9%	-8.5%
ago-08	-8.0%	-6.4%
set-08	-14.0%	-11.0%
out-08	-18.4%	-24.8%
nov-08	0.2%	-1.8%
dez-08	2.4%	2.6%
2009		
jan-09	5.7%	4.7%
fev-09	-1.6%	-2.8%
mar-09	8.3%	7.2%
abr-09	16.2%	15.6%
mai-09	9.6%	12.2%
jun-09	-5.9%	-3.3%
In 2009	34.9%	36.7%
12M	-18.5%	-21.1%
18M	-13.4%	-19.7%

Source: Economática and Banif - Ixe Securities Research

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Rating	Coverage	Banking Relationship Last 12 Months
BUY	51.0%	2.0%
NEUTRAL	21.0%	0%
SELL	28.0%	0%

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