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U.S. Pension Funds Seeking Investments In Mexico

by Steven Ranieri

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According to a recent report in *El Financiero* (02/26/91), now that Mexico has returned to the international voluntary capital market, US pension funds are interested in investing. At present, there are between \$2 trillion and \$5 trillion in pension funds in the US. Of that amount, only about \$100 billion are invested outside of the country. Randy Pike of the Bear Crosbie & Pike consulting firm said, "Economic pressures, recession, continued decline of interest rates and low rates of return on fixed-term assets, will make private pension funds look toward the Mexican market to try to maintain their high dividends." The greatest potential is for private funds, according to Pike, because such groups as unions, truckers and small agricultural associations will have difficulty explaining to members why they are investing in Mexico. Current investments are limited to what Pike called "vanilla ice cream," or very low risk investments and such things as "Brady Bonds" which are linked to the recent foreign debt restructuring. However, the second step will be investments considered to be slightly more risky but much more profitable, such as direct investment in the Mexican stock exchange. This development will be "significant" for Mexico's economy, said Pike. (Source: *El Financiero*, 02/26/91)

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