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Update On Stock Market Performance

by Carlos Navarro

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After peaking at 1,907.36 on June 1, the Mexican Stock Exchange (BMV) index has dropped to below 1,400. The market lost 10.8% in August alone. Trading at present is down to November 1991 levels. Economists estimate the trade deficit is now running at US$12.6 billion, and most are predicting inflation of around 12% this year. Over the last five months, the government has raised interest rates on government certificates by 5.5% to 16.5%, making fixed income investments more attractive to investors than playing the stock market. On Sept. 7, trade was the slowest so far this year with the market closing at 1,385.28 (down 7.36 points). Volume came to 14.7 million shares. About 63 issues traded and decliners outstripped gainers by 35 to 4, with 24 unchanged. Traders said the reduced pace was due in large part to the Labor Day holiday in the US. The chief decliners were financial holding group Serfin (down 5%), Mexicana airline (-4.9%), and bottling company Argos (-4.2%). In contrast, Ponderosa was up 2.5%; sportswear maker Martin, up 1%, Cementos de Chihuahua, 0.5%, and bottling firm Contal, 0.3%. On Tuesday, Sept. 8, the BMV index lost 15.43 points, closing at 1,369.85. Analysts said investors continue to sell equities to move into higher-yielding money market securities. Volume on Tuesday was 38.2 million shares, with 80 issues traded. Decliners outpaced winners 45 to 5, with 30 issues unchanged. Both A and L series of Telmex shares dropped by 1.79%. Shares of Telefonos de Mexico (Telmex) account for over 25% of the Bolsa’s trading volume. Telmex is also the most traded Mexican stock on the New York Stock Exchange. (Sources: Associated Press, 09/07/92; Reuter, 09/07/92, 09/08/92)

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