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Brady Plan Expectations Lead To Rising Prices Of Some Latin American Nations' Debt In Secondary Markets

by John Neagle

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According to a report released April 24 in New York by Shearson, Lehman and Hutton (SLH), average prices on some Latin American nations' foreign debt paper in secondary markets have recently increased. According SLH executive Jay Newman, the market was affected by the US debt reduction initiative outlined last month by Treasury Secretary Nicholas Brady. In March, Brazil's commercial bank debt averaged 27 to 28 cents per face value dollar in secondary markets, compared to 36-37 cents in the past 30 days. In the Venezuelan case, prices rose from 28-30 cents on the dollar in March to 38-39 cents, according to SLH's index. Secondary market prices for Mexico's commercial bank debt rose by 20%, from 35-36 cents to the dollar in March to 42-43 cents. Prices on Chilean and Colombian debt paper remained relatively stable at 53 and 55 cents to the dollar, respectively. At the low end of the price range, Argentine and Ecuadoran debt in secondary markets remained stable at 17 to 18 cents per dollar, and 12 to 13 cents on the dollar, respectively. In March, Peruvian debt paper was selling for 5 to 8 cents on the dollar. SHL reported a further decline to 4 to 7 cents per dollar of face value. SHL's index is based on operations by commercial banks in the 30 days prior to publication. (Basic data from AFP, 04/24/89)

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