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Mexico's Consumer Inflation Approaches 36 Percent in First Half of 1995

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The high rate of inflation that sent the Mexican economy in a downward spiral earlier this year appears to have subsided in the last several months. In early August, the Banco de Mexico (central bank) reported that the consumer price index (Indice Nacional de Precios al Consumidor, INPC) reached only 2.04% for July, bringing the accumulated inflation rate for January-July to 35.63%. The July rate is right on target with forecasts for the month made by the Banco de Mexico's chief governor, Miguel Mancera Aguayo (see SourceMex, 07/14/95). The relatively low rate for July means the annual inflation rate for 1995 will not increase much above the administration's most recent official forecast of 42%. According to some reports, the Zedillo administration had internally revised annual inflation estimates for this year to between 47% and 48% (see SourceMex, 08/02/95).

The administration's internal estimates match projections by most private economists, although there are still some predictions that foresee inflation in Mexico above 50%. According to the Central Bank report, the price increases in July were led by a rise in the index for the basket of basic goods. The price increases were led by such items as fruits and vegetables, tomatoes, domestic rents, heating oil, soft drinks, bread, cookies, tortillas, milk, books and school supplies, footwear, clothing, automobile parts, airline tickets, and personal hygiene items.

Meantime, the Banco de Mexico reported the Producer Price Index (Indice Nacional de Precios al Productor, INPP) for July at 1.88%, bringing the accumulated rate for January-July to 38.85%. According to the report, the price increases in the INPP were led by higher costs for such products as cereal grains, sugar cane, sesame seeds, natural gas, processed meats, alcoholic beverages, cotton cloth, and other materials. (Sources: Agence France-Presse, 08/09/95; La Jornada, Notimex, Excelsior, 08/10/95; El Financiero International, 08/14/95)

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