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LADB Staff

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Mexico Reports Trade Surplus of US\$779 Million in January

by LADB Staff

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According to a report released by the Finance Secretariat (SHCP) in late February, Mexico attained a trade surplus of US\$779 million during January, compared with a trade deficit of US\$250 million in the same month in 1995. The SHCP said exports during January amounted to a record US\$7.66 billion, up 28% from January 1995. The report said the increase in exports was evident both in the petroleum category, which was up 17%, and in the nonpetroleum category, which increased by 29.4%. Exports of manufactured goods, which represented 84% of the country's total exports during January, surpassed US\$6.44 billion. In fact, exports of manufactured goods increased by more than 35% from a year ago. The SHCP also reported January imports totaled US\$6.88 billion, up 10.4% from January of last year. The increase was the highest monthly jump since the devaluation of the peso in late 1994.

The January increase in imports was led by intermediate goods, which rose 15.7% relative to last year. The SHCP said this increase in demand for intermediate goods can be interpreted as an encouraging sign for the Mexican economy, since it indicates that factories are now in a position to acquire equipment and other related items. Meantime, private economists suggested the trade surplus was also encouraging from the standpoint of the financial markets. If the SHCP had released a disappointing export figure, they said, the administration of President Ernesto Zedillo would have been forced to let the value of the peso slide.

"At first glance, the report is much better than expected," said one analyst, who noted widespread concerns in the foreign exchange markets that the 2% gain in the value of the peso in early 1996 had restricted the capacity of Mexican companies to export their products.

However, many economists said the relatively encouraging trade statistics were more than offset by other negative economic news, including recent increases in interest rates, poor economic reports by businesses during the most recent quarter, and a surge in unemployment during January. According to the government's statistics agency (Instituto Nacional de Estadísticas, Geografía e Informática, INEGI), open unemployment surged to 6.4% of the Economically Active Population (EAP) during January (see related story in this issue). [Sources: Reuter, Agence France-Presse, 02/21/96; Reforma, 02/22/96]

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