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Mexico's Current Account Deficit Falls Sharply in First Quarter of 1996

by LADB Staff

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According to statistics released by the Banco de Mexico (Central Bank) in late May, Mexico's current account deficit reached US\$462 million during the first quarter of this year, a significant improvement compared with the US\$1.18 billion deficit registered in January-March 1995. The Central Bank report said the deficit this year was relatively narrow because of the country's growing trade surplus, which reached US\$914 million in the January-March period. "The increase in exports more than offset the growth in imports of products needed for the recovery of Mexico's productive activity," the report said.

According to the bank, high income from the tourism industry during the first quarter which was US\$238 million higher than in 1995 also helped hold the deficit down. Yet another factor was the large number of family remittances from Mexicans in the US to relatives in Mexico. According to the bank, Mexicans working in the US sent a total of US\$838 million in the January-March period. Still, the Banco de Mexico said the strong trade surplus and other earnings were not sufficient to offset Mexico's interest payments during January-March, which totaled US\$3.7 billion. This was an increase of roughly US\$587 million from January-March of 1995. (Sources: Novedades, Reforma, Excelsior, 05/30/96)

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