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Nicaraguan Cordoba Devalued 615% Since April 25

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On July 3, the Nicaraguan cordoba was devalued by 7.3% in the official and parallel markets, marking the fourth devaluation in 10 days. As of Tuesday, the official rate used in foreign trade operations was 365,000 cordobas per US dollar (sale and purchase). The dollar was quoted at 365,000 (purchase) and 376,000 (sale) in the parallel market. On July 5, the cordoba was devalued once again, this time by 5.4%. As of Thursday, the US dollar was quoted at 385,000 cordobas in the official market. In the parallel market, exchange houses were purchasing the dollar for 365,000, and selling it at 376,000 cordobas. Fuel prices were raised 13.5% on July 3, and by 5.4% Thursday. The government is attempting to maintain the nominal price on a gallon of gasoline at 1.85 cordobas oro (on parity with the US dollar). Thus, on July 5, a gallon was priced at 712,250 current cordobas, equivalent to \$0.48 cents per liter. Since President Violeta Barrios de Chamorro was installed in office on April 25, the cordoba has been devalued by 615% in the official market, and gasoline prices have increased 738%. For the past month, black market trading in US dollars was depressed, with the exchange rate stabilized at about 250,000 cordobas per dollar. Over the weekend, however, the illegal trade boomed, reaching 500,000 per dollar by July 2. By Thursday, the black market quote on the dollar had dropped to 480,000 cordobas. (Basic data from Notimex, 07/03/90, 07/05/90)

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