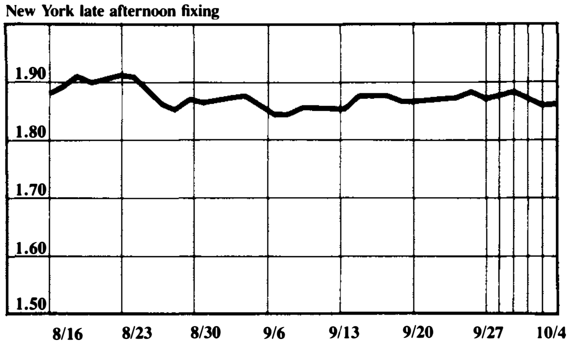
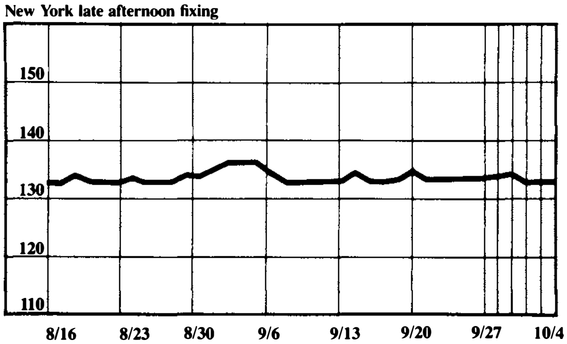
Currency Rates

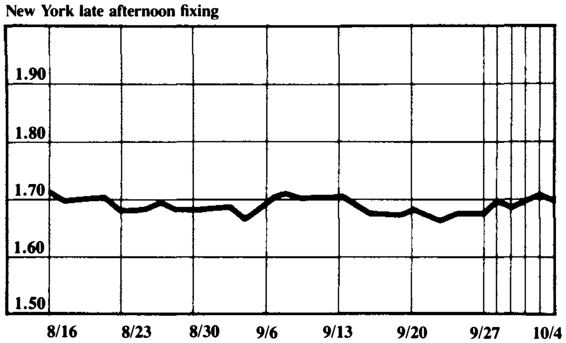
The dollar in deutschemarks
New York late afternoon fixing



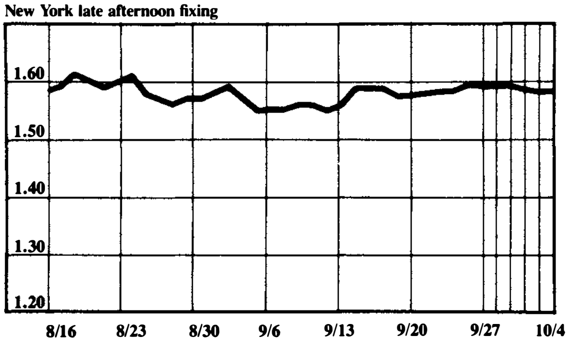
The dollar in yen
New York late afternoon fixing



The British pound in dollars
New York late afternoon fixing



The dollar in Swiss francs
New York late afternoon fixing



Debt bomb ticks for Mexico's Salinas

by Carlos Cota Meza

A conjuncture of economic and financial crises in Mexico promises to hand President-elect Carlos Salinas de Gortari a debt bomb with a very short fuse when he takes office Dec. 1. The press is full of dark economic predictions and analyses, and all and sundry are demanding that the President-elect, still reeling from the voters' stunning challenge to his sure-win candidacy on July 6, define himself on these crucial issues.

Mexican Foreign Trade Undersecretary Luis Bravo Aguilera acknowledged in his recent speech to the National Foreign Trade Council that "during the current six-year period, Mexico has sent $76 billion abroad in foreign debt service payments, representing three-fourths of the total foreign debt." He also asserted that during the same period, the country "has lost $43 billion because of price reductions on the raw materials" it exports. This last figure, he said, is equivalent to Mexico's total government income in 1987, or to 92% of total agricultural production of that same year.

Wharton Econometrics (the economic forecast service hired by the Foreign Trade Ministry) reports that Mexico's foreign debt rose from $87.5 billion in 1983 to $104.7 billion today, despite the vast sums paid in service costs.

Countdown

The experts at the newspaper *El Financiero* have worked out a still more precise projection on how the debt bomb is going to explode in Mexico. They reveal that Mexico this year will suffer a $6.1 billion foreign exchange deficit. The foreign trade surplus—which has been the pride of the outgoing De la Madrid government—will be down by $3.5 billion. At the same time, an additional $600 million have had to be paid in interest costs on new international credits. Further, with the freeze of the exchange rate as of December 1987, Mexico has had to make prepayments on the private foreign debt of nearly $2 billion.

According to official figures for the first half of 1988, the positive trade balance was $2.391 billion, down $2.368 billion from the same period in 1987. This drop—according to