Since the government at the moment shows no sign of wanting to change its financial fundamentalism, in the coming weeks we will see even more banks going belly-up, and like the Probursa bankruptcy, this will be extremely costly for the Mexican treasury.

Major firms will be unable to pay

Right behind the banks in line for bankruptcy are the Mexican companies which had "access" to the international capital market. The external debt of these companies, between 1993 and 1994, grew by 100% and went from $15 million to $31 million. Various reports establish that 12 of the 55 top companies on the Mexican Stock Market in the next six months will have to meet payments of $1.284 billion, mainly in the so-called Mexican Eurobonds and commercial paper. Among these, the standouts are: the airline Aeroméxico, currently restructuring external liabilities which it could not pay in February; Sidek, which suspended payments in March; Cemex, whose suspension of payments is deemed imminent; as well as Synkro, Iusacell (cellular phones), and Cydsa of the Monterrey Group.

Stock market analysts maintain that if they don't find sufficient backing, the stock values of these companies will plunge more than 50% or to minimum values, which could cause their shares to be suspended from listing on the stock market, provoking a new collapse in the Mexican Stock Market.

But 1995 is the easy year for these companies. Between 1996 and 1999, the companies that issued external obligations have to pay around $8.3 billion in Mexican Eurobonds, with a whopping $4.145 billion concentrated in 1998. And who knows if they will get through 1995!

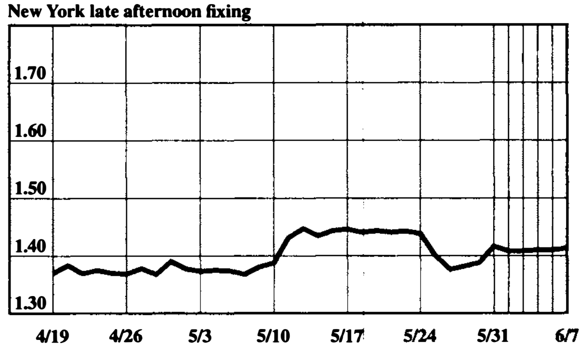
Beyond this, a banking corruption scandal is about to explode. The 12 "representative" companies are also in debt for the second quarter to the national banks for 5 billion new pesos ($1 billion), which they do not consider debt, because in one way or another, they were partners in the purchase of the privatized banks. Rather, they were self-loans—precisely the corrupt practice for which the banks were nationalized in 1982.

The advisory service El Inversionista Mexicano ("The Mexican Investor"), in an exhaustive analysis of the first-quarter reports of 54 Mexican Stock Market firms, shows that they report a short-term internal bank debt of 54.146 billion new pesos ($8.357 billion), and that the same companies paid 8 billion new pesos, or $1.333 million in interest in the first quarter. This reveals that the bulk of non-performing and related debt falls on these 50-odd "representative" companies of the economic model of the former Salinas de Gortari government. Were the government to accede to a review and classification of non-performing debt, we would discover that the delinquency of the farmers as well as small and medium-sized businesses and retailers would be an easily manageable problem.

Currency Rates

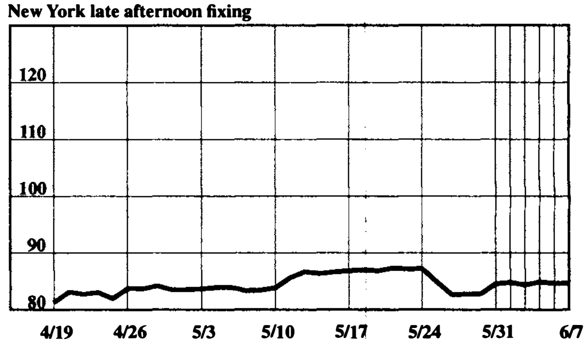
The dollar in deutschemarks

New York late afternoon fixing



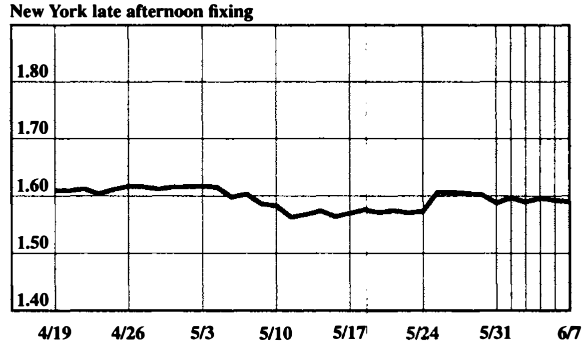
The dollar in yen

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