

has not yet been disbursed, which adds up to about \$40 billion. As is obvious, more than \$10 billion is still short—a fact which *EIR* has been pointing out since last February.

The speculative Wall Street and Chicago banking houses are already working on a program to direct Mexico's "own resources." For the "experts on emerging markets" of Bankers Trust Securities, Global Emerging Markets Advisors, Bear Sterns, Salomon Brothers, Nomura, etc., the Clinton package has sparked "a new overvaluation of the peso." In a suspiciously similar analysis which appeared in all the national dailies at once, these houses claim that "many suspect that what the [Mexican] government is doing is maintaining a solid peso during the present heavy period of 'tesobono' maturities." What is next, they say, is "the effect of weakening the peso."

According to this, the exchange rate by the end of the year ought to be between 6.85 and 7.25 pesos per dollar—which means an additional devaluation of 13-17%—since "6 pesos to the dollar is not an adequate devaluation" to "increase international reserves" and to assure "an export economy."

But beyond these "experts," are the perverse games being played by the autonomous Miguel Mancera, governor of the Bank of Mexico, who has already restarted his speculative practices with the tatters of the national economy (its "own resources").

All through July, the Bank of Mexico offered to pay "tesobonos" in advance of their maturity. The National Finance Company, Nafin, has acted the same way, offering to pay these same securities with an exchange rate outside the so-called spot (48-hour) market price. The official explanation is that "we are trying to eliminate the demand pressure on the currency market on pre-established days" (the calendar of liquidation of "tesobonos").

Due to the "excessive presence" of dollars in the market, as the result of these movements, the national currency stood in mid-July below 6 pesos to the dollar (at 5.95 pesos to the dollar, it was said that "the dollar got cheap again"). This caused a major stampede of capital out of the country, which in one day pushed the exchange rate back up to 6.20 pesos. In a matter of hours the Bank of Mexico threw in \$400 million to supply the strong demand of fleeing "investors."

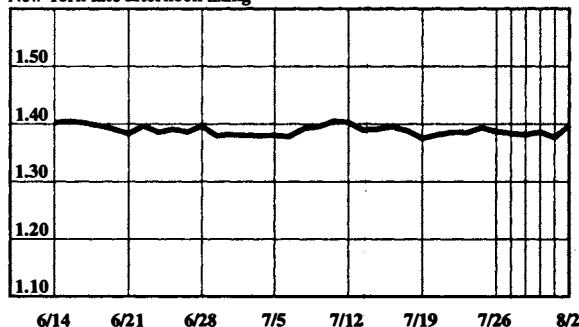
For their part, the secondary markets suffered a sudden setback in their "corporate demand," which forced interest rate increases in all the instruments being bought and sold, especially government securities. The Bank of Mexico contributed, via "credit auctions," an equivalent in pesos to \$808 million to lessen the "liquidity crunch" of the operators on that market.

What happened between July 19 and 20 in the Mexican financial markets was the first tremor, a warning of what will happen as the Clinton rescue package is running out, and as Mexico goes on trying to pay off the speculators with its own resources.

Currency Rates

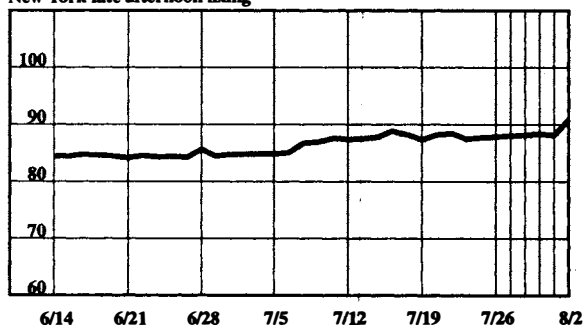
The dollar in deutschemarks

New York late afternoon fixing



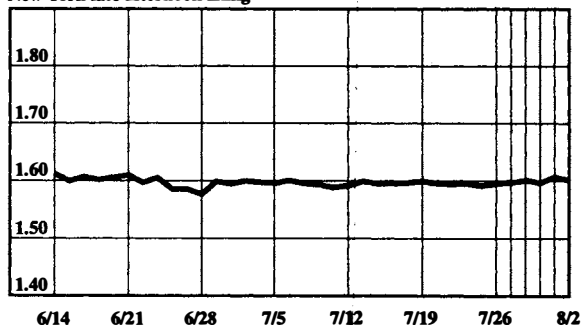
The dollar in yen

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

