

Mexican Peso Falls to Fresh Low as Trump's Rule Approaches



Mexico City, January 13 (RHC)-- With U.S. President-elect Donald Trump's inauguration rapidly approaching, Mexico is already beginning to feel the negative effects of his impending rule as the country's currency plunged to a record low in response to Trump's anti-Mexico rhetoric and his pledge to take offshore industry back to the United States.

The Mexican peso closed down almost 2 percent at 21.801 per dollar, while the IPC stock index gained 0.73 percent. Donald Trump has been making waves in recent days, taking to Twitter and criticizing carmakers with operations in Mexico and praising Ford's decision to reverse and cancel its plans to build a \$1.6-billion plant in Mexico saying Trump's "pro-business policies," along with declining car sales, were factors.

Trump has promised to impose a 35 percent border tariff on goods imported from Mexico and renegotiate the North American Free Trade Agreement, under the argument that trade agreements, and specifically this one, have led to the loss of millions of manufacturing jobs in the U.S.

Eighty percent of Mexican exports are destined for its northern neighbor, bringing bilateral trade to more than \$531 billion. Mexican economist Jose Angel Gurria, who is the secretary-general of the Organization for Economic Co-operation and Development, or OECD, said that he thought further depreciation was "almost inevitable."

Diplomatic relations between Mexico and the new Trump administration remain a mystery for now. However, an attack on NAFTA would provoke push-back from industry leaders and a hard blow to the Mexican economy.

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