

Mexico Central Bank to Sell \$52 Million Daily to Stem Peso Decline



Mexico City, March 12 (teleSUR-RHC)-- The Bank of Mexico (Banxico) sold the first tranche of \$52 million on Wednesday in an attempt to stop the peso from sliding further after the currency's value reached historic lows.

The measure is expected to be taken during the next three months through a mechanism in which Banxico sells \$200 million on days that the peso drops by 1.5 percent from the previous day's closing price. The plan is to auction a total of around \$3 billion.

The resources used for these operations will come from international reserves. The move is an addition to the dollar-selling program introduced by the bank last December.

The U.S. dollar sold Wednesday morning for an average of 15.4525 pesos per dollar, according to the Central Bank.

Finance Minister Luis Videgaray said the main goal of the measure is to preserve the stability of the Mexican economy, since the local currency has suffered on the back of a global oil price slump.

Videgaray added that the move will ensure the order, the liquidity and the good functioning of the foreign exchange market.

Mexico is the second largest economy in Latin America, however it has been stagnant despite the promises of President Enrique Peña Nieto to stimulate growth. Peña Nieto introduced a total of 11 neo-liberal structural reforms during his first 20 months of government.

Six of the reforms passed by the Congress (labor, education, competition policy, financial sector, telecommunications and energy), were allegedly to increase productivity and growth; however the country has had to slash its budget and reduce its growth outlook.

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