

BREAKING NEWS Country Garden: Why its financial crisis poses a risk to China

Home / Trending / Is its fall against the dollar good?



IS ITS FALL AGAINST THE DOLLAR GOOD?

adminplay 7 hours ago Trending Leave a comment 52 Views

Bogotá — **Colombian peso (COP)** and **Mexican peso (MXN)** remains the two strongest currencies among emerging markets against the dollar this year, which is favored by aspects such as sovereign debt in the currency as well as other liabilities, but has not declined equally across sectors.

After a significant drop in value last year when it hit the \$5,000 barrier, the dollar in Colombia is moderate and **touched the level below \$4000 again** in a more favorable international and domestic context.

The Colombian peso has increased by 20.43% against the US dollar this year.

Meanwhile, in Mexico, the peso has occasionally benefited from increased exports due to demand in the US, investment (project extensions or greenfields) near the coast exchange and remittances that continue to grow each month.

The Mexican peso has increased by 14.20% in 2023. according to figures compiled from Bloomberg Terminal.

"I believe the strength of these currencies is due to positive fundamentals. In the case of Mexico due to higher foreign investment and in Colombia due to the reduction of the penalty with which the dollar was negotiated due to political uncertainty," said Juan David Ballen, director of analysis and strategy at the brokerage house.

In general, he states that **This increase is positive, as citizens gain purchasing power in foreign currency, reduce inflation and interest rates.**

"The currency acts as a rescue valve in countries with a flexible exchange rate," he said.

for the analyst, **The most important thing about a currency is that it has low volatility.** It can go up or down, ideally with low volatility.

Search

- Recent Popular Comments Tags
- Country Garden: Why its financial crisis poses a risk to China**
27 seconds ago
- Saudi Arabia Roshan League Standings 2023-2024**
2 mins ago
- LG is now selling this bizarre TV in a case and I have to have it**
5 mins ago
- Paramount Plus doc revisits '68 Comeback Special**
6 mins ago
- Kepa's Real Madrid loan: How they beat Bayern Munich to the Chelsea goalkeeper**
7 mins ago

TRENDING NEWS

- News Adam-Volendam, Landsmeer, Purmerend and Waterland**
June 13, 2023 17,752
- Riot 'deletes' Yuumi from League of Legends: Although she is already one of the worst champions in the game, the developers announce a new 'nerf' - League of Legends**
January 4, 2023 11,884
- TECHNOLOGY / The book "xTurbo and Awita, The Curse of End" by Youtuber xTurbo will be released on February 15**
January 12, 2023 11,126
- Gaming and esports are mixed with sailing, with activities for the whole family at Alicante**

This currency volatility is not abating in some manufacturing sectors and markets such as Colombia **at the beginning of the year, they counted on a much stronger dollar.**

“Foreign exchange rate movements create winners and losers in every country. On the one hand, a rise in exchange rates definitely helps the prices of goods that are imported into each country’s economy, fueling inflation. **It also helps those entrepreneurs who import their produce as it is a little cheaper, helping with marketing and business operations.**”, summarizes Scotiabank Colpatría Chief Economist Sergio Olarte.

However, he agrees that exporters who receive dollars are shocked when they are about to monetize them into pesos and find the exchange rate falling, as it has done this year.

In fact, they do not benefit **“those who receive remittances or income from foreign countries. They will have a little less disposable income.”**

Either way, it’s important to know **“How many exporters and importers are there, how many agents receive income from foreign countries”**, to assess these potential impacts in their full extent.

Dollar price today in Colombia

In a recent report, the business growth development bank Bancóldex said that a stronger dollar makes public dollar debt cheaper and **this can create more demand for imported goods and allow importers to gain more market share.**

“Companies may use this lull in the dollar to build inventories as further depreciation is not out of the question given the uncertainty and risks at the national and global levels,” he noted in the report.

On the other hand, the instability of the dollar in Colombia may cause difficulties for entrepreneurs, **especially those small and medium-sized companies that are dedicated to international trade in decision-making.**

Occasionally, seasonal exporters could be affected, as is the case with flower growers.

To the extent that the Colombian countryside could suffer from the effects of the El Niño phenomenon in this second semester, **a lower dollar could affect new exports at a time when manufacturing may suffer.**

Likewise, Sergio Olarte, chief economist at Scotiabank Colpatría, told Bloomberg Línea that we need to be careful about the earnings of the state oil company **Ecopetrol.**

“Ecopetrol sells abroad, its income is in dollars. It’s a bit like exporters. **The assessment may reduce the revenue the government has from Ecopetrol’s profits, which may decline**”, he explained.

Dollar price today in Mexico

As in the case of Colombia, the rise in the peso in Mexico also has mixed effects on the country’s economy.

On the one hand, the superpeso’s strength helps reduce domestic inflationary pressures and boosts imports.

In Mexico, headline inflation was 4.79% on the year in July, higher than the 4.77% expected by analysts polled by Citibanamex.

However, **July data reflected the lowest level of consumer price growth in the last 28 months.**

But on the other hand, the country faces other adverse effects as far as it is concerned **export competitiveness is lost.**

In addition, the appreciation of the Mexican peso creates less purchasing power for Mexican families, who receive fewer pesos for dollars sent from the United States.

Remittance inflows to Mexico hit a record high of \$30,238 million in the first half of 2023, which compared to the corresponding period of the previous year meant an increase of 9.9%.

15

🕒 January 12, 2023 🗨️ 11,126



Gaming and esports are mixed with sailing, with activities for the whole family at Alicante Digital Gaming, full schedule

🕒 January 5, 2023 🗨️ 8,222



AMPTP approaches WGA chief negotiator in effort to resume talks - Variety

🕒 2 weeks ago 🗨️ 7,324

On the other hand, local finances can be affected by lower tax collection, according to Carlos Pons, founder of SNX Consultores.

"I think the value addition in the Mexican economy is a little more complicated than in the Colombian economy. **Mexico is a bit more open than Colombia.** But these movements definitely have winners and losers, and one would think that this is a net positive for the Colombian economy," Olarte said.

Juan David Ballén of Casa de Bolsa concludes that the dollar exchange rate fluctuates between countries and "there are times when it favors higher demand and other suppliers". **The most important thing is to identify timing to capitalize on the opportunities created.**

**With the collaboration of Estefania Suarez in Mexico City*

SHARE

f Facebook

Twitter

Stumbleupon

in LinkedIn

Pinterest

ABOUT ADMINPLAY



Previous
The business of the solar company Sobotka continues to grow, with sales exceeding two billion

Next
Rays place Wander Franco on restricted list pending investigation

RELATED ARTICLES



Saudi Arabia Roshan League Standings 2023-2024

🕒 2 mins ago



Andy Murray pulls out of Cincinnati Open with stomach strain

🕒 11 mins ago



the composer of the song answers to Juliet Armande

🕒 12 mins ago

LEAVE A REPLY

Your email address will not be published. Required fields are marked *

Comment *

Name *

Email *



CHECK ALSO

Website

Save my name, email, and website in this browser for the next time I comment.

Post Comment



MOISÉS CAICEDO, THE MOST EXPENSIVE ECUADORIAN IN HISTORY

Moises Caicedo signed for Chelsea who paid Brighton the sum 146 million dollars, which is the ...