Introduction

During the first semester of 1999, the main macroeconomic variables have performed soundly, as shown by the behavior of the following indicators:

(a) Gross Domestic Product (GDP) has increased at rates above those originally expected.

(b) Between January and August, 495.6 thousand jobs were created in the formal labor market.

(c) The Consumer Price Index behaved according to the original forecast and estimations point towards the accomplishment of the 13 percent inflation target set in the 1999 Monetary Program.

(d) Inflation expectations have been adjusted downwards repeatedly, allowing for significant reductions in nominal interest rates.

(e) Oil and non-oil exports have posted high growth rates, thus contributing to the narrowing of the trade and current account deficits.

(f) The current account deficit has been primarily financed by long-term capital flows, mainly direct foreign investment amounting to 5.469 billion dollars in the first half of 1999.

(g) A larger than expected accumulation of international reserves.

The outcome regarding economic growth, disinflation and financial market stability is a reflection of both internal and external developments. On the domestic front, the implementation of fiscal and monetary policies consistent with macroeconomic stability has contributed to creating a favorable environment for investment and saving, therefore bolstering production and employment.

On the external front, two elements should be singled out. First, the outstanding performance of the United States' economy (whose real growth for 1999 is estimated at approximately

3.7 percent) has had an expansive effect upon Mexican exports, which account for a very significant portion of national income. Second, the positive effect of higher international oil prices on Mexico's public finances and external accounts.

Inflation rates have been decreasing rapidly since February, influenced by the slowdown in prices of tradable goods, which are primarily determined by exchange rate fluctuations. In contrast, prices of non-tradable goods have not registered significant reductions. To a great extent, said behavior stems from the downward rigidity of inflation expectations, which remain above both the stated target and actual inflation. This inflexibility has been evidenced —among other instances— in wage and credit contracts that have taken place throughout 1999. Therefore, in order to help guide inflation expectations and the path of inflation for the following year, Banco de México's Board of Governors has agreed with the Federal Government to establish a maximum inflation target of 10 percent for the year 2000. Said target is part of the overall aim, stated in January and hereby reiterated, to make Mexico's inflation rates converge to those of our main trading partners by the year 2003. Since Mexican inflation is still well above such levels, monetary policy must maintain a restrictive stance.

Within a medium-term disinflation process, it is only natural that monetary policy remain tight. However, Banco de México will continuously monitor the different sources of inflation pressures in order to assess the advisability of adjusting its monetary policy stance. Nonetheless, as the effects of monetary policy actions take a relatively long period to materialize, the possibility for Banco de México to influence future inflation requires that actions be taken sufficiently in advance.

International Environment

At the onset of 1999, Banco de México envisaged an adverse external environment for the remainder of the year. Thus, it was deemed necessary to have flexible domestic economic policies and a high degree of coordination among them.

The international environment has had both positive and negative effects on the evolution of the Mexican economy this year.

Among the most important factors whose influence on Mexican economic activity and financial markets has been favorable are:

(a) A stronger than expected expansion of the United States' economy.

(b) Events in Brazil turned out to be less harmful than anticipated.

(c) Oil prices have substantially increased over their last quarter of 1998 levels.

(d) The economic recovery in Asia.

On the other hand, some of the developments with a negative impact on the performance of Mexican economy are:

(a) High interest rates in both domestic and foreign currency stemming from the adverse evolution of sovereign risk of emerging markets after the Russian crisis.

(b) Uncertainty regarding the possibility for continued expansion in the United States without giving rise to inflationary pressures.

(c) The perception of international financial markets regarding emerging markets' preparedness to deal with the Y2K problem affects the availability of funds.

Although the world economic outlook is currently more promising than in early 1999, a degree of uncertainty and weaknesses remain in various regions of the world. In particular, there is concern with respect to the possibilities of weaker economic growth in Japan and Europe, and that this may represent an obstacle to recovery in Asian countries that suffered hardship in the recent past. Moreover, additional interest rates increases in the United States would not only imply smaller private capital flows to Latin America and limit the region's possibilities for growth, but also weaken economic activity in the United States itself, thereby affecting its trading partners.

On the basis of the satisfactory performance of the Mexican economy, the authorities were able to successfully negotiate the 1999-2000 Financial Strengthening Program (*Programa de Fortalecimiento Financiero 1999-2000*). This confirms that international investors and rating agencies are increasingly setting the

Mexican economy apart from the rest of emerging markets. Nonetheless, the external environment still looks uncertain, which is reason enough to maintain economic policy on its charted course in order to preserve a solid and coherent macroeconomic environment.

Consumer Price Performance in 1999

The behavior of consumer prices in January 1999 was interpreted by most economic agents as confirmation that the complicated economic environment then prevailing would remain an insurmountable obstacle to attain the 1999 inflation target. In fact, price rises in January alone reached 2.53 percent, a monthly rate above that reported in January 1998 (2.18 percent). The annual CPI growth rate reached 19.02 percent, the largest increase since August 1997. As a result, by late January financial analysts had raised their inflation forecasts for 1999 to 16.8 percent.

However, between February and August, the outlook for the external and domestic situations improved substantially. Thus, the exchange rate appreciated and later stabilized while prices administered by the public sector (gasoline, diesel, gas and electricity) were modified according to schedule.

Consequently, after January and during the following seven months, there has been noticeable progress in the fight against inflation. CPI's accumulated rise during the first eight months of the year amounted to 8.49 percent, the lowest increase for such period since 1994 and 0.68 percentage points below the estimate for the period (consistent with a 13 percent annual inflation objective).

Inflation's significant reduction in 1999 is explained by the following factors:

(a) A monetary policy well suited to the prevailing circumstances.

(b) The reversal, so far in 1999, of inflationary factors manifested in the previous year: i) the exchange rate appreciated and later stabilized, and ii) in the first eight months of this year, prices of fruits and vegetables have registered an accumulated reduction of 3.4 percent.

(c) Coordination of fiscal, monetary and trade policies.

(d) Improved private sector inflation expectations for year-end 1999.

Since 1998, annual increases in both contractual wages and workers' average earnings in the manufacturing industry have hovered around 18 percent. This has taken place in spite of the aforementioned decline in inflation and improved inflation expectations. Consequently, wages (both those observed in the last few months and those expected for the following months) have risen in real terms. However, it should be emphasized that gains in real wages must be accompanied by higher labor productivity. Otherwise, firms' production costs would augment and businesses would strive to transfer said increases to consumers by means of higher prices. Ultimately, inflation would surge, resulting in the reduction or even complete elimination of any gains in real wages.

Inflation Expectations

Inflation expectations encompass forecasts of price increases estimated by individuals, firms and economic analysts, which guide their decision-making. Expectations cannot be directly observed and must be inferred from surveys. In Mexico's case, expectations are strongly influenced by exchange rate fluctuations, among other factors. Financial analysts' expectations for the following twelve months have steadily decreased throughout the year. Another element that has contributed to abating inflation expectations has been the reduction of inflation itself. Thus, while in late January annual inflation for 1999 was expected to reach 16.8 percent, by August it had been adjusted down to 13.55 percent, falling by more than three percentage points during that period.

Monetary Policy

Major Elements of the 1999 Monetary Program

Banco de México announced its monetary program in January 1999. Its primary objective was to contribute to bringing the annual inflation rate down to 13 percent. The major elements of the program are as follows:

First: As a general rule, Banco de México will make daily adjustments to the supply of primary money so as to match the demand for it.

Second: Due to the fact that daily variations in the monetary base are a general and appropriate reference for monitoring monetary policy, Banco de México decided to publish the expected path for this variable. The path was estimated using information available in January and is consistent with the annual inflation target, as long as the assumptions contemplated in such estimate indeed materialize.

Specifically, Banco de México indicated that the stock of base money would rise by 18.1 percent in 1999 as compared to the level registered at year-end 1998 (131,109 million pesos).

In addition, the monetary program included quarterly limits to net domestic credit expansion, as well as a commitment to preventing any reduction in the level of net international assets for the year as a whole.

In an environment of high financial market volatility, the monetary authorities need the power to discretionally adjust monetary policy. This notion is the basis for the third major element of the monetary program.

Third: Banco de México may adjust monetary policy when unexpected circumstances make it advisable to do so. Specifically, the Central Bank will tighten its policy stance under the following situations:

(a) Whenever inflationary pressures, inconsistent with the objective of abating inflation, are detected.

(b) When restoring orderly conditions in the foreign exchange and money markets is deemed appropriate.

(c) When expectations substantially deviate from the original inflation target.

Monetary Program Implementation

Throughout this year, Banco de México has complied with its fundamental operating rule, based on which it makes daily adjustments to the supply of primary money. During 1999, the observed daily path of the monetary base has been consistent with the forecast.

Although in 1999 the decreasing trend in inflation has benefited from temporary factors (such as the decline in prices of fruits and vegetables and the appreciation of the exchange rate), the restrictive stance of monetary policy has limited the extent to which external shocks cause sharp adjustments in the exchange rate and thereby affect the underlying dynamics of inflation as well as medium and long-term inflation expectations.

Immediately after the exchange rate adjustment in Brazil, the Mexican currency fell to 11.4 pesos per dollar. In response, Banco de México decided to tighten its monetary policy stance by increasing the so-called "short" (*corto*) from 130 to 160 million pesos. This was intended to limit the depreciation of the domestic currency, to restore orderly conditions in the foreign exchange market and to preserve the possibilities of accomplishing the 13 percent inflation target for 1999. The exchange rate reacted favorably to this measure.

In order to make its monetary policy instruments more effective and, more specifically, to increase Banco de México's ability to influence short-term interest rates, last February the Board of Governors ordered credit institutions to deposit at the Central Bank the sum of 5,000 million pesos on each business day starting on February 15th, until reaching a 25,000 million peso deposit. The amount of the deposit to be made by each credit institution was determined on the basis of each bank's total liabilities at year-end 1998. These deposits have an unspecified maturity and earn interest at a rate equivalent to the 28-day TIIE (Interbank Equilibrium Interest Rate).

Throughout the year, Mexican financial markets have responded to both domestic and external developments. Although the latter have been more favorable than expected, a certain degree of uncertainty remains regarding the performance of the world economy and domestic political issues that are part of every democratic process, thus affecting major macroeconomic and financial variables. The main effect of such uncertainty has been upon interest rates.

Nominal interest rates have registered substantial declines; in fact, they have fallen to levels similar to those observed in March 1998, before Banco de México changed the stance of monetary policy, from neutral to restrictive. Notwithstanding, real interest rates remain high.

Compliance with quarterly limits

Between December 31, 1998 and September 21, 1999, net international assets increased by 3.239 billion dollars, exceeding the level projected in January. This development was highly convenient in light of the financial turbulence registered earlier this year.

Concerning net domestic credit, the monetary program anticipated a negative accumulated flow of 10,239 million pesos at the end of the third quarter of 1999. As of September 21, net domestic credit had fallen by an accumulated 37,855 million pesos, therefore effectively complying with the limit stated in the monetary program.

Exchange Rate Policy

In the context of the current floating exchange rate regime, in 1999 the Mexican peso-dollar exchange rate has shown a tendency towards appreciation which has been occasionally interrupted by unexpected developments of the kind referred to in previous paragraphs.

In general, throughout 1999 Mexico’s exchange rate regime has confirmed its suitability for cushioning external disruptions. There is no doubt that the international environment’s changing conditions, as well as the instability of capital flows and financial markets make the floating exchange rate regime the most appropriate for the Mexican economy.

In compliance with the guidelines established by the Exchange Rate Commission, in 1999 Banco de México has intervened in the foreign exchange market by means of two mechanisms: purchases of dollars through options and the contingent dollar sales scheme.

As of September 22, 1999, Banco de México has purchased 1.93 billion dollars through the first mechanism —an amount larger than that acquired between January and September 1998 (1.428 billion dollars). The options mechanism has accomplished the primary objective for which it was implemented, namely to facilitate international reserve accumulation in the context of a floating exchange rate regime.

In contrast with the developments of 1998, between January and September of this year the contingent dollar sales scheme has been less frequently used by Banco de México to intervene in the foreign exchange market. The daily variations of the exchange rate in 1999 have been more moderate than in the previous year and, therefore, conditions propitious to the participation of credit institutions in dollar auctions have been less frequent. The instances when such scheme has been triggered this year have responded exclusively to external shocks.

Throughout 1999, Banco de México has sold 405 million dollars, whereas during all of 1998 the amount sold reached 895 million dollars. Emphasis must be made on the fact that the purpose of this scheme is to moderate exchange rate volatility, not to support the exchange rate at specific levels.

Actually, when comparing the amounts of dollars that Banco de México has purchased through the options mechanism or sold through the contingent dollar sales scheme, it turns out that in 1999 Banco de México has been a net buyer of foreign exchange.

Inflation Target for the Year 2000.

Worldwide experience overwhelmingly shows that a central bank best serves the public interest by concentrating on fighting inflation. When monetary policy achieves stability, it creates a monetary and financial environment conducive to economic development.

Inflation has a significant, negative effect on four fundamental aspects of economic performance: production growth, evolution of real wages, income distribution, and the soundness of public finances.

There is currently a wide consensus on the negative effects that instability in the general price level has upon economic growth. There are several reasons for this. Firstly, because higher inflation rates are associated with greater volatility in relative prices, and in turn this volatility distorts the price system and prevents it from accomplishing its paramount function, namely, giving producers and consumers the right signals so that can they make their decisions efficiently.

Higher inflation rates also imply greater uncertainty regarding future inflation, which forces economic agents to allocate more resources in order to acquire and interpret information to protect themselves against unexpected outcomes. This uncertainty affects interest rates —among other economic variables—, which tend to rise as they incorporate a risk premium that allows lenders to make up for possible losses resulting from higher than expected inflation rates. Moreover, nominal interest rates must of course take into account the loss in the real value of capital invested that arises as a result of inflation. It is not surprising, therefore, that nominal and real interest rates tend to be higher during inflationary episodes than in times of price stability. Finally, higher inflation rates give greater incentives to shorten investment timetables, which in turn translate into shorter loan maturities. In sum, both entrepreneurial investment and individuals' expenditures are affected negatively, slowing down economic growth.

Mexico's recent experience clearly shows the pernicious effects of inflation on economic growth. The data are conclusive: between 1957 and 1998 —years that posted single digit inflation rates— the average annual growth of real GDP was 6.2 percent. In contrast, when inflation has reached levels above 10 percent, real economic growth has only been 3.8 percent on average.

Empirical evidence in Mexico and abroad also indicates that prices rise faster than wages in times of inflation —especially when the latter is high. Wages tend to finish behind in the race because they are set by contract for specific time periods; thus, mistaken inflation expectations usually translate into lower real wages. An analysis of the evolution of real wages in Mexico between 1957 and

1998 shows that real wages declined an average 2.7 percent in years when inflation rates were above 10 percent, whereas they rose 6 percent on average in years of price stability.

One of the most insidious effects of high inflation is the regressive distribution of income and wealth it causes. In other words, inflation harms most those who earn the least and have less. This is so because the poor hold a larger percentage of their assets in the form of currency, as they would normally not have ready access to financial instruments that may protect them against inflation. The regressive effects of inflation upon income distribution have been confirmed by numerous studies.

Finally, inflation also impinges drastically upon public finances. Higher nominal and real interest rates associated with higher inflation mean larger debt service payments, bringing harm to the public sector which is typically a net debtor.

In short, abundant empirical evidence regarding the negative effects of inflation supports the assertion that a central bank can most effectively contribute to social welfare by implementing a monetary policy geared towards price stability. Therefore, it is clear that the consolidation of the undergoing stabilization process ought to be a national strategic priority in order to ensure sustained economic and social development.

Although stabilization efforts carried out in the last few years have been successful, Mexican inflation rates are still well above those prevailing in the economies of Mexico's main trading partners. The elimination of this discrepancy is the medium-term objective of the Central Bank's Board of Governors. Therefore, in line with its legal mandate, Banco de México will continue to rely on a restrictive monetary policy stance.

Monetary Program Objective

An appropriate stabilization strategy must transcend the immediate future. In this light, the Board of Governors has adopted as the medium-term objective for Banco de México's stabilizing efforts to converge with "external inflation" by year-end 2003. In order to establish a short-term reference within that path towards price stability, Banco de México and the Federal Government have agreed to setting, as the target for the coming year, an annual inflation rate that does not exceed 10 percent.

Announcing this target will lower the level of uncertainty regarding the future performance of the main nominal variables, thus facilitating economic agents' and financial authorities' decisions throughout the last quarter of 1999. For example, the inflation rate expected for the twelve months following the signing of the relevant contract revision should be adopted as the pertinent inflation figure for wage negotiations taking place during the last months of this year. The same logic applies for every price and budgetary decision made during said period. Since monetary policy measures affect inflation with a lag, the stance of monetary policy in the next few months will influence the evolution of prices during the year 2000.

In the absence of severe disruptions, either domestic or external, the inflation target for the year 2000 is a demanding, albeit realistic intermediate objective along the road towards convergence with external inflation.

Inflation Perspectives and the Target for the Year 2000

Inflation's positive behavior throughout the previous eight months could lead to the conclusion that an inflation rate target that does not exceed 10 percent is not ambitious enough. Nonetheless, there are a number of factors to consider in order to appropriately evaluate this target.

Various price subindices clearly reveal that the disinflation achieved so far has been the result of the favorable performance of the exchange rate and its effect on the prices of tradable goods and services. In contrast, prices of non-tradable goods and services —which are primarily determined by inflation expectations and labor costs— have not yet made a significant contribution to stabilization.

This is explained by the fact that in 1999 inflation expectations —as measured by the survey carried out periodically among economic analysts— have been slowly converging towards the 13 percent objective. In fact, throughout the year they have considerably exceeded this target. This inertial effect has been present in every type of contract revision, including wage negotiations. Therefore, it may be inferred that implicit inflation expectations have in general substantially exceeded the official target as well as the expectations of financial analysts, and are currently quite far from the target for next year.

Therefore, it is of the utmost importance that a "social consensus" in favor of stability be reached. Only to the extent that economic agents —whose decisions affect the evolution of prices and wages— adopt a commitment to disinflate will the difference between stated goals and what is feasible tend to decrease, thus reducing the cost of stabilization.

In order to achieve the inflation target for the year 2000 at the least possible cost, it is necessary that starting from the last quarter of 1999 inflation expectations be adjusted downwards towards the target, and that the adjustment in inflation expectations be in turn reflected in all contract revisions signed in the months to come.

The challenge currently faced by the monetary authorities is to foster a rapid correction of economic agents' inflation expectations. The Board of Governors of Banco de México is convinced that, to the extent that inflation continues to converge towards the 13 percent target during the remainder of 1999 and a tight monetary policy stance is maintained, the central bank's commitment to its objectives will be validated and the general public's confidence in the feasibility of next year's target will increase and be followed by a further adjustment in expectations.

The Y2K Information Systems Problem.

The Mexican financial system has reached a high level of automation. Therefore, it is clear that the intensive use of technology in Mexico's financial system makes it highly sensitive to any failure in information systems. Hence the relevance of the efforts made in order to prepare banks', brokerage houses' and other financial institutions' computer and communications systems for the arrival of the year 2000.

In July 1998, the National Commission for the Year 2000 Systems Conversion (*Comisión Nacional para la Conversión Informática Año 2000*) was created by presidential mandate. The Commission invited Banco de México to coordinate the tasks involving the financial sector. The project was divided in three stages. The first would concentrate on revising programming language code and internal system, equipment and application testing. The second would analyze multi-institutional business procedures (clearing houses, for instance) and their validation by means of multi-lateral and industry-wide testing. The last stage, currently being carried out, is intended to design and implement contingency plans to ensure the continuity of financial services.

Financial institutions concluded the first stage between December 1998 and April 1999, and the second one between November 1998 and July 1999.

The third stage started in February 1999. The task groups in charge of analyzing and testing business procedures in the financial sector have also prepared contingency plans to ensure that such procedures indeed work in emergency situations. Currently, nearly all groups have concluded their tasks.

During the following months, a final revision of strategic institutions' and firms' contingency plans will be carried out. Therefore, even though some isolated system failures may arise, Banco de México estimates that the Mexican financial system is well prepared to face the Y2K problem.

Concluding Remarks.

Notwithstanding the persistence of a volatile external environment, the recent performance of economic activity in Mexico suggests that gross domestic product for 1999 will grow around 3 percent and that there will be a significant increase in employment. Furthermore, a monetary policy with a restrictive bias and exchange rate stability have induced a turnaround of the inflation rate, thus reverting the effects of the "bubble" that surged in late 1998. Consequently, it is highly probable that the inflation target for 1999 will be attained.

However, in spite of the progress achieved so far, economic agents' inflation expectations have not completely converged with the official targets for this year and the next. As a result, inertial inflation is still seen in all kinds of contracts, including wage and credit contracts. In particular, growth rates of contractual wages do not yet include the observed decrease in inflation, a fact which suggests that implicit expectations still remain above the proposed targets.

Mexican experience over the last 30 years shows that when growth in nominal wages exceeds the sum of expected inflation and increases in productivity employment growth stagnates and, eventually, improvements in real wages turn out to be temporary.

The lack of credibility in the inflation target has also affected the level of real interest rates. This can be explained by reference to domestic and external developments. On the external front, the perception of higher country-risk by international financial markets during 1999 has pushed domestic interest rates upward. Another important factor has been the rise in international interest rates. On the domestic front, high inflation expectations prevailing at the onset of this year stand out as the main explanatory factor.

A major conclusion can be drawn from this analysis: to the extent that the monetary authority perseveres in its battle against inflation, expectations will converge towards the official target and observed inflation. Consequently, ex-ante and ex-post real interest rates will also converge. This will reduce the probability of suffering episodes of high interest rates due to a lack of credibility in the official inflation target.

The presidential election and the change of Administration taking place in the year 2000 are additional factors calling for intensification of the stabilization efforts. It is of the utmost importance that monetary policy contributes to preserving the macroeconomic and financial soundness achieved in recent years, in order to allow the political transition to be carried out in an environment of economic stability. In the last few years, many efforts have been spent to improve Mexico's economic resilience. Among the pillars supporting the economy, the following deserve special mention: i) sound public finances; ii) the floating exchange rate regime; iii) a sustainable current account deficit; iv) a rise in domestic saving; v) the 1999-2000 Financial Strengthening Program; and vi) historically high levels of international reserves.

Experience shows that an instrumental element for uninterrupted economic development is an efficient financial system. Additional efforts in this regard are necessary in order to modernize and improve the regulatory framework for financial institutions so that it complies with the strictest international standards. In addition, new mechanisms to foster the banking system's capitalization should be brought forth.

Given the nature of the banking business —which is based on debtors' commitment, ability and willingness to pay— the financial system's development largely rests on a properly functioning legal system. Therefore, Banco de México will continue to argue, before the relevant authorities, in favor of improving the application of the law.

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It is expected that in 1999 Mexico's GDP growth rate will be the highest in Latin America. In addition, inflation has returned to a downward path and attaining the 13 percent target is indeed possible. These are not accidental achievements; they are the result of efforts carried out in recent years to consolidate a sound economy. This makes it quite clear that the Mexican economy is moving in the right direction and that the pace should be stepped up.

By announcing an inflation rate target that does not exceed 10 percent for the year 2000, Banco de México seeks to influence the processes that shape inflation expectations and confirms its commitment to stability. As previously stated, in spite of progress made in the fight against inflation, a significant gap still persists between official targets and forecasts of private economic agents. If such discrepancy is not eliminated soon, the cost of attaining the desired stability would be unnecessarily high.

However, improvements in the public's confidence in the disinflation plan should be expected for the near future as the inflation target for 1999 is achieved. In such event, nominal and real interest rates would decline rapidly and the cost of attaining the objective should be less burdensome.

For the medium term, Banco de México intends to converge towards the levels of inflation prevailing in the economies of its major trading partners. Due to the wide gap that still exists between current inflation levels and the medium-term objective, Banco de México will continue to lead the stabilization efforts by means of a restrictive monetary policy stance.

Although the external environment during 1999 has been more favorable that in 1998, the international outlook remains uncertain, particularly with regard to economic activity and interest rates in the United States. Under such circumstances, the authorities, and especially Banco de México, must maintain an attitude of permanent alertness and extreme caution.

It is appropriate to reiterate that lowering inflation is neither an end in itself nor a dogmatic objective. Ultimately, the central bank's mission is of utmost importance to the national interest. Its mission, stated in general terms, is to help improve economic welfare and, specifically, to contribute to the reduction of poverty in Mexico.

Inflation is a disorder of the economy that undermines its correct functioning. It causes inequity and inefficiency, which is more than enough reason to make reducing inflation a social priority. Inasmuch as monetary policy succeeds in stabilizing the domestic currency's purchasing power, the resulting environment will be conducive to higher growth rates in production and employment, sustainable increases in real wages, better income distribution and a sound fiscal stance. These developments will be instrumental in advancing material wellbeing for all Mexicans, but especially for the less privileged groups.

Banco de México has always given the utmost importance to the publication of information that will help decision-making and allow the public to evaluate the execution of its policies. This Summary is provided only as a convenience to the reader, and discrepancies could eventually arise from the translation of the document into English. The original and unabridged Report on Monetary Policy in Spanish is the only official document.