

# Mexico Contends With the 'Super Peso'

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A stronger currency generally hurts exports, but that isn't Mexico's experience so far this year. The peso is up nearly 24 percent relative to the dollar over the past 12 months and yet Mexico overtook

China as the top exporter to the United States. Bilateral trade reached \$263 billion in the first four months of 2023, of which nearly 90 percent were manufactured goods (mostly in the automotive industry). Nearshoring – the relocation of supply chains closer to their intended market – likely plays a major role.

However, a strong peso enables Mexican consumers to purchase more imported goods, and higher consumption has pushed up inflation. A gradual decline is still expected. In the meantime, remittances remain critical for Mexican households struggling to keep pace with rising prices – even if each dollar buys fewer pesos than before.

**Author: Geopolitical Futures**

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