

Mexico's Economic Outlook

Last update: November 6th, 2023



HACIENDA

SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO



2023
AÑO DE
**Francisco
VILA**

EL REVOLUCIONARIO DEL PUEBLO

Table of Contents

Macroeconomic Fundamentals

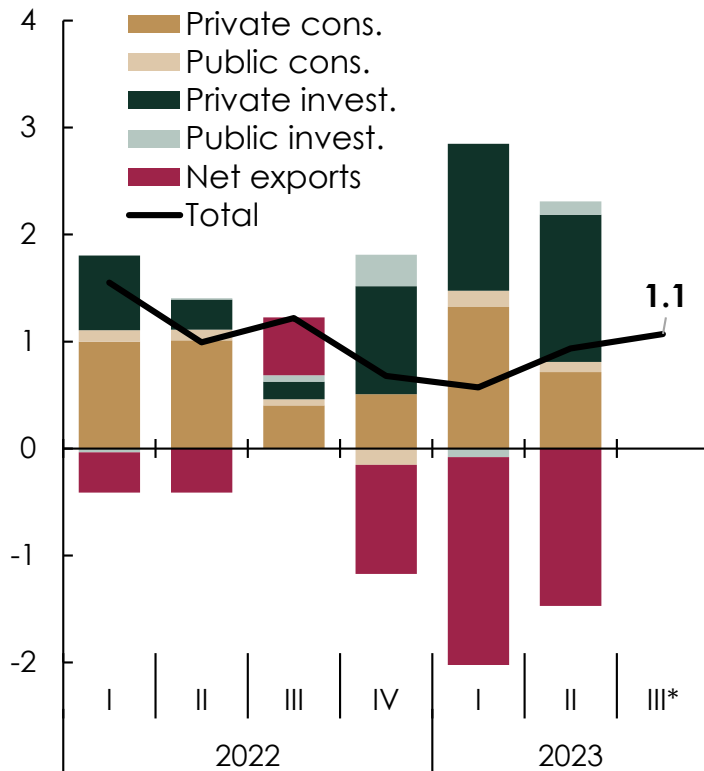
Public Finances

Debt Management

State Owned Enterprises

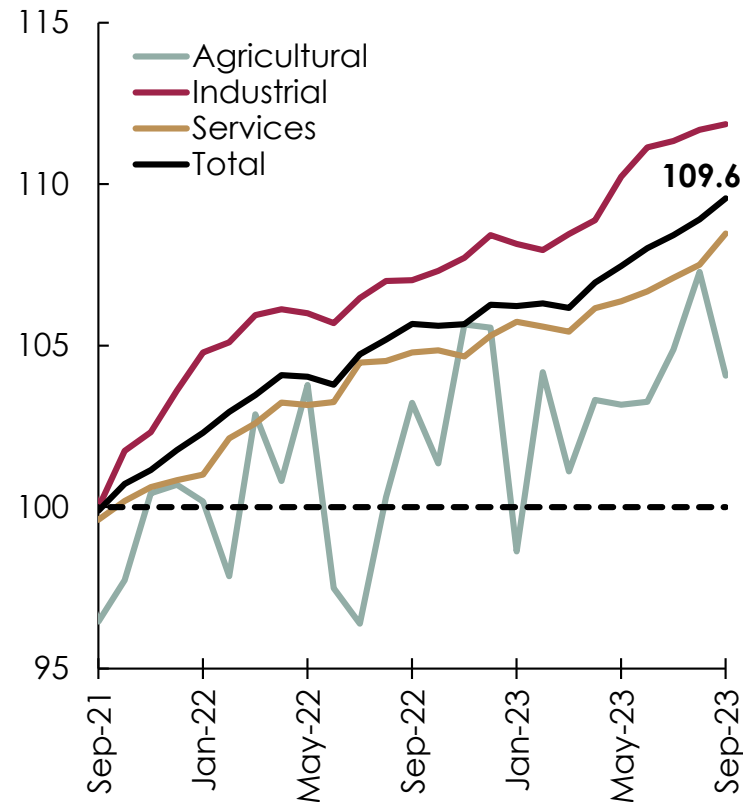
Gross Domestic Product and Employment

GDP
QoQ % change, contribution



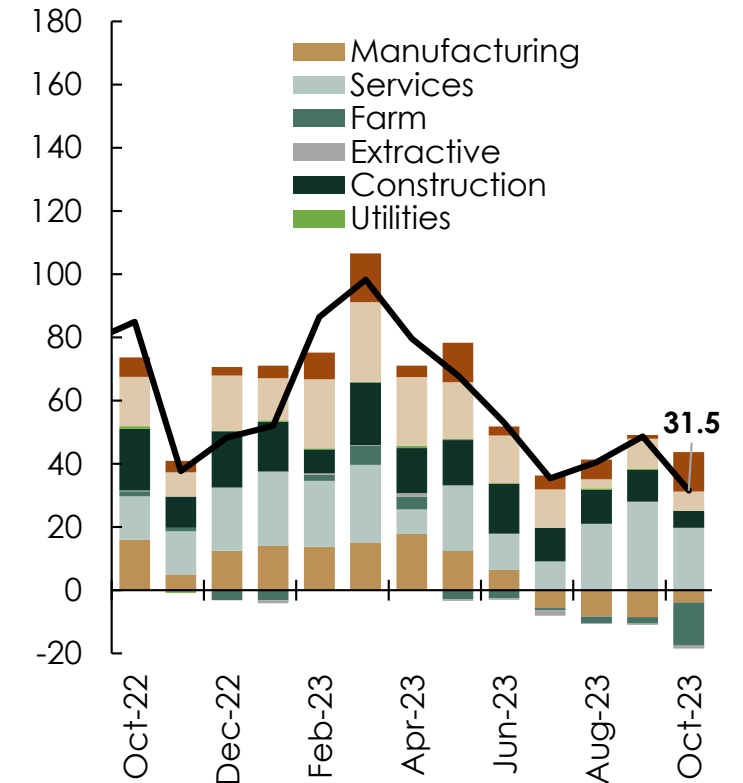
*/ GDP Flash estimate.
Source: INEGI.

Economic Activity Index (IGAE)
Index Feb-20=100



Source: INEGI.

Formal Employment ^{1/}
MoM change, thousand jobs

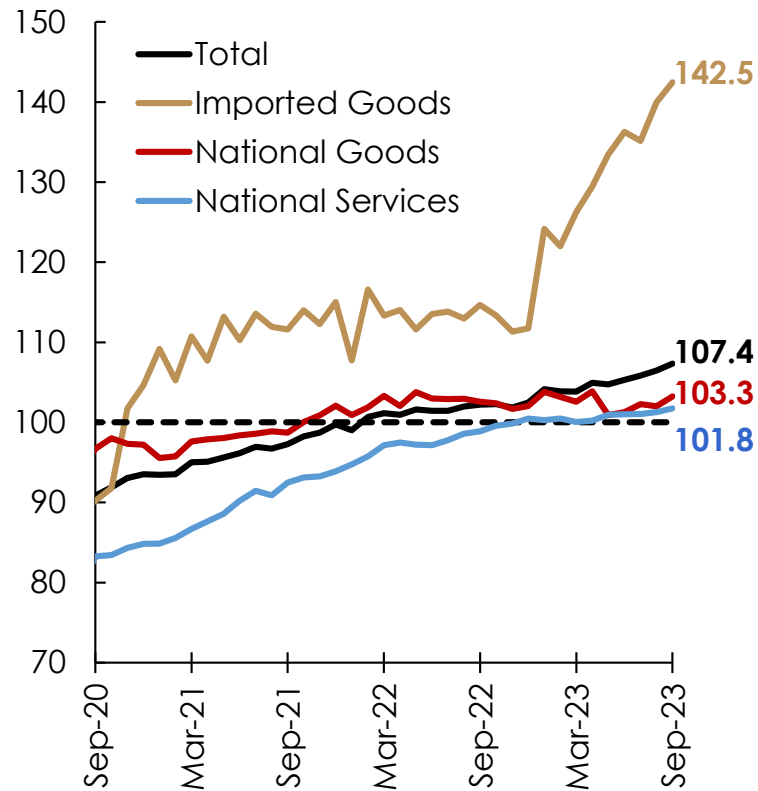


^{1/} Series with seasonal adjustment.
Source: Mexican Institute of Social Security.

Private Consumption

Private Consumption

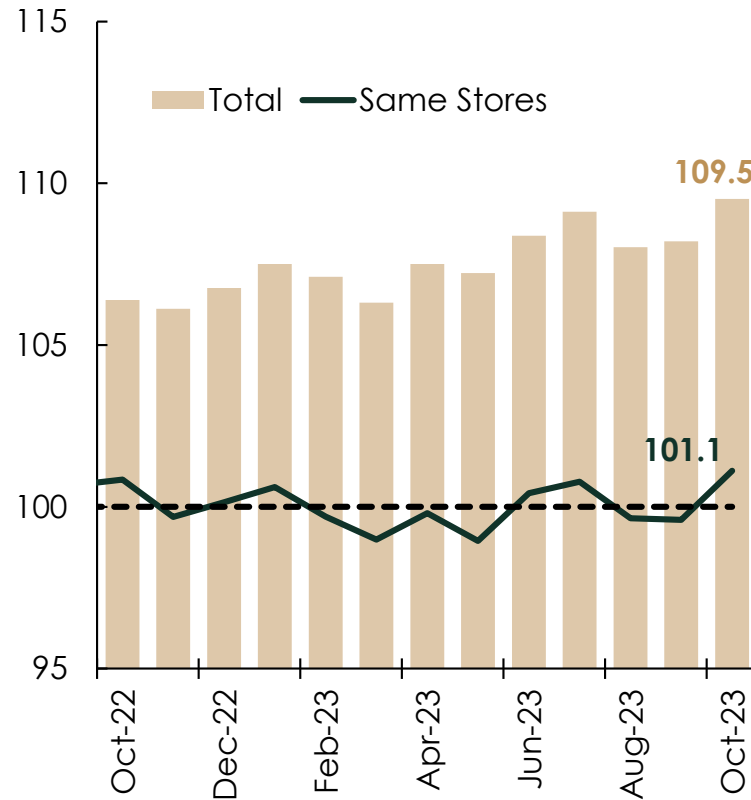
Index Jan-20 = 100



Source: INEGI.

Supermarket Sales

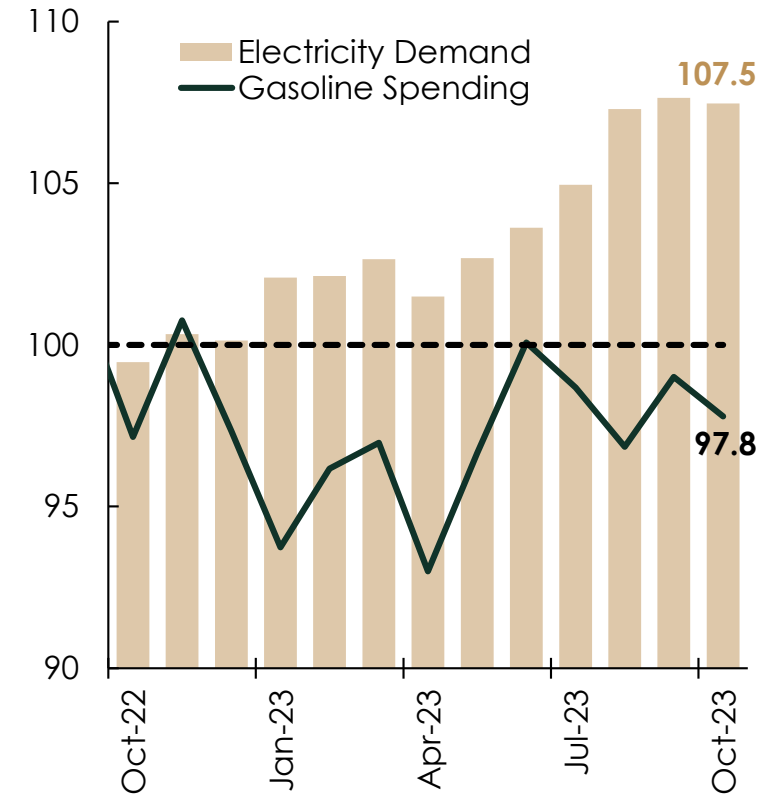
Index Jan-20 = 100



Source: ANTAD.

Gasoline Spending and Electricity Demand

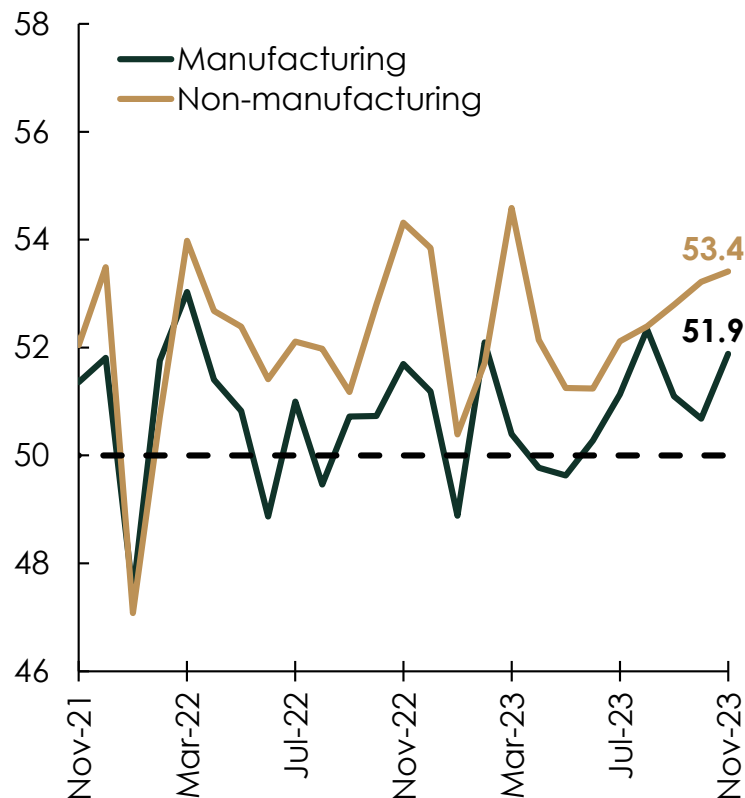
Index Jan-20 = 100



Source: PEMEX and CFE.

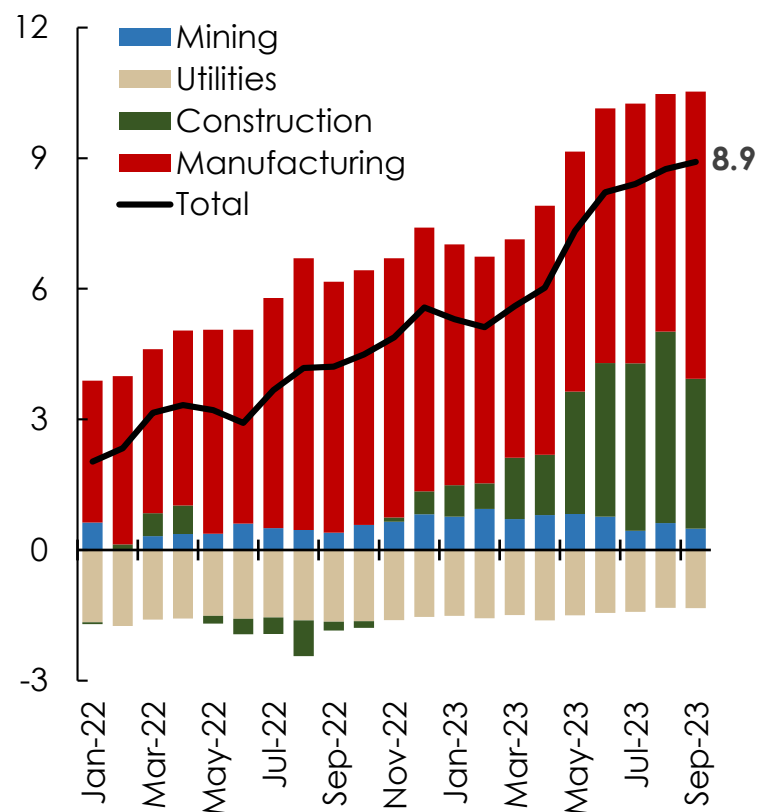
Industrial Production and Exports

PMI Survey
Index



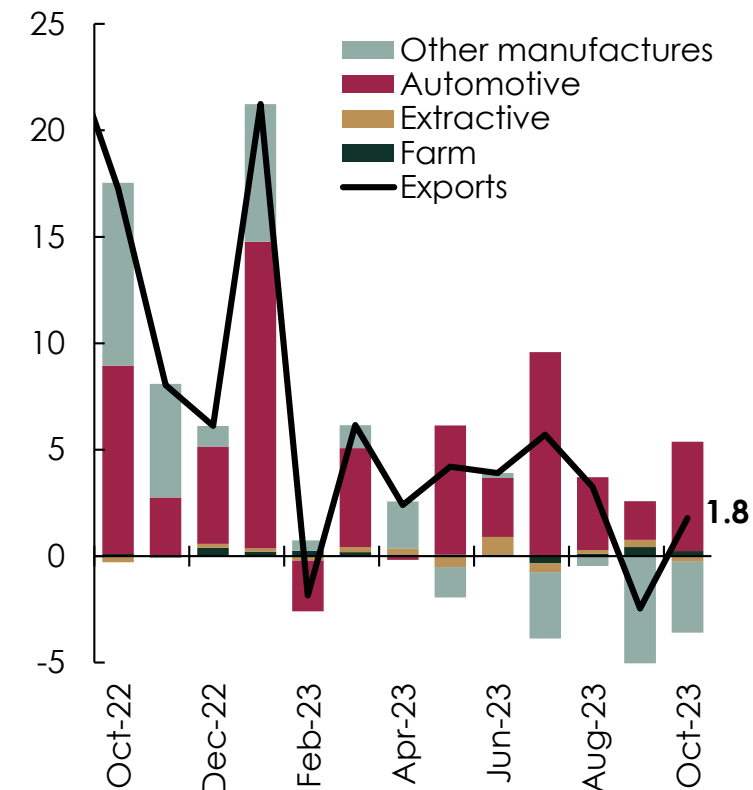
Note: Above 50 points is expansion.
Source: IMEF.

Industrial Production^{1/}
% change vs. Feb-20, contribution



^{1/} Series with seasonal adjustment.
Source: INEGI.

Non-oil Exports
YoY % change, contribution

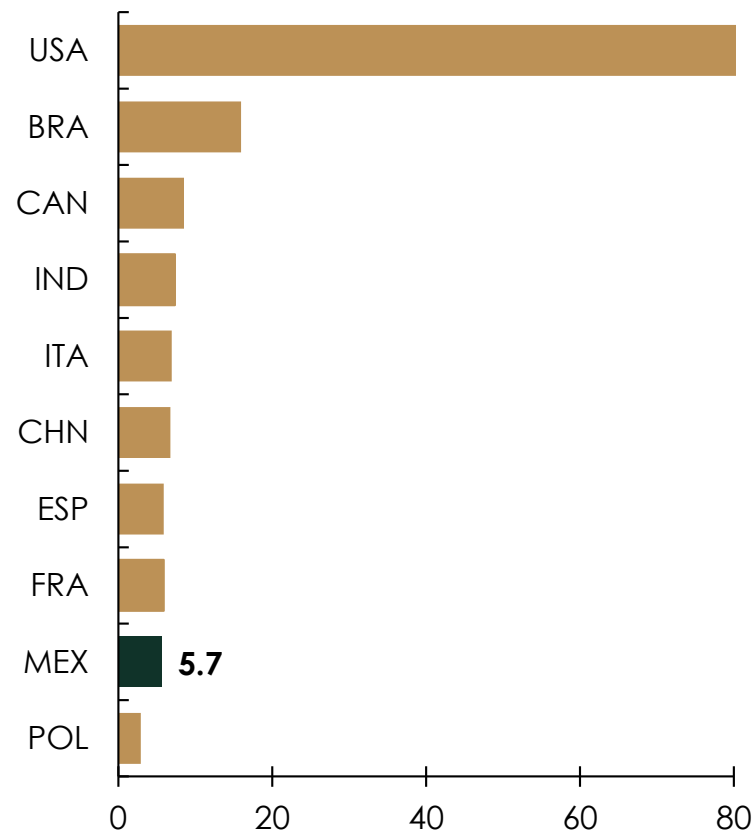


Source: INEGI.

Foreign Direct Investment

Top 10 Major FDI Recipients, 2Q-23

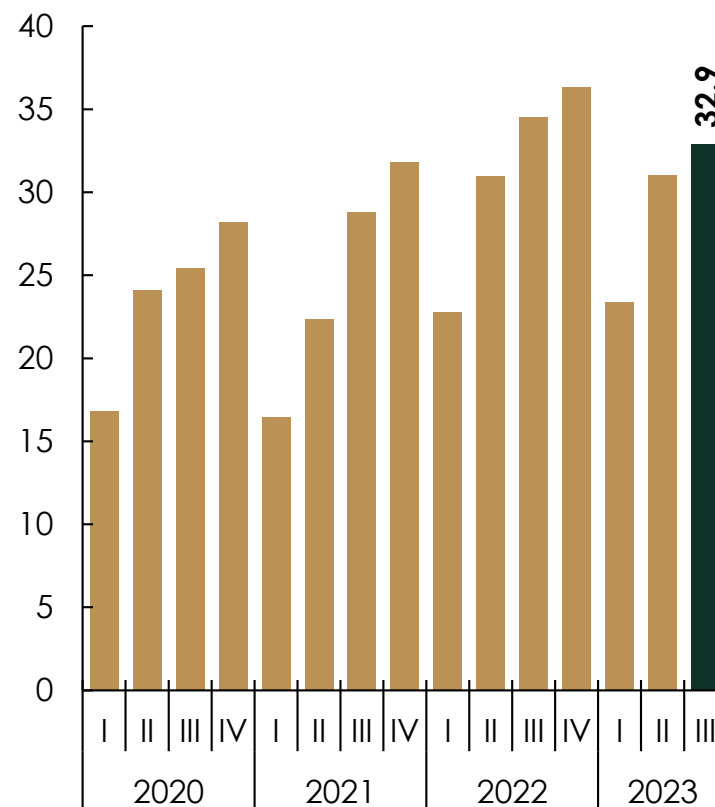
Billion dollars



Source: OECD.

FDI Towards Mexico

Billion dollars, YTD^{1/}

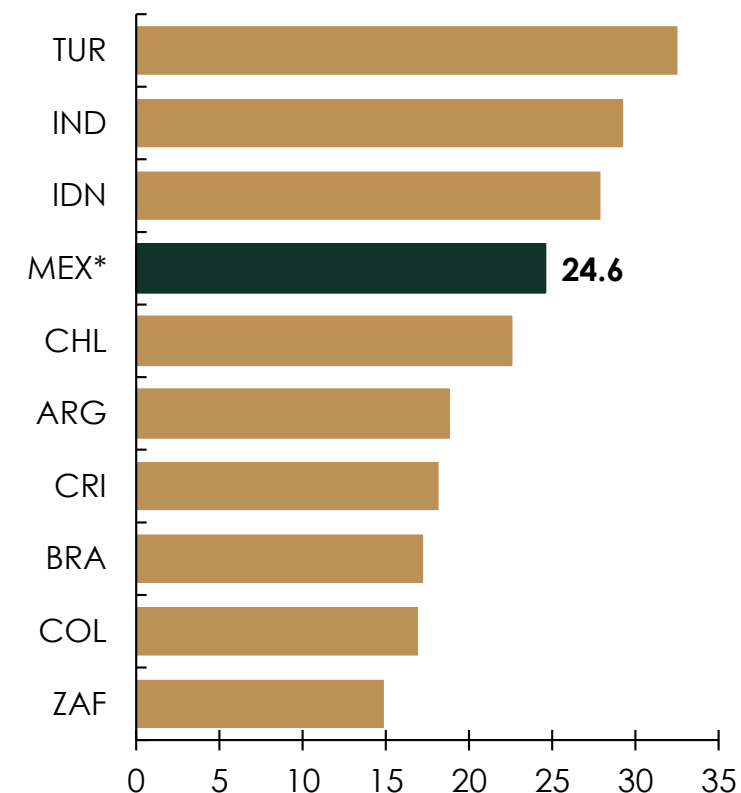


^{1/} Preliminary figures.

Source: Mexico's Ministry of Economy.

Gross Fixed Investment

% of GDP, average 2Q-23

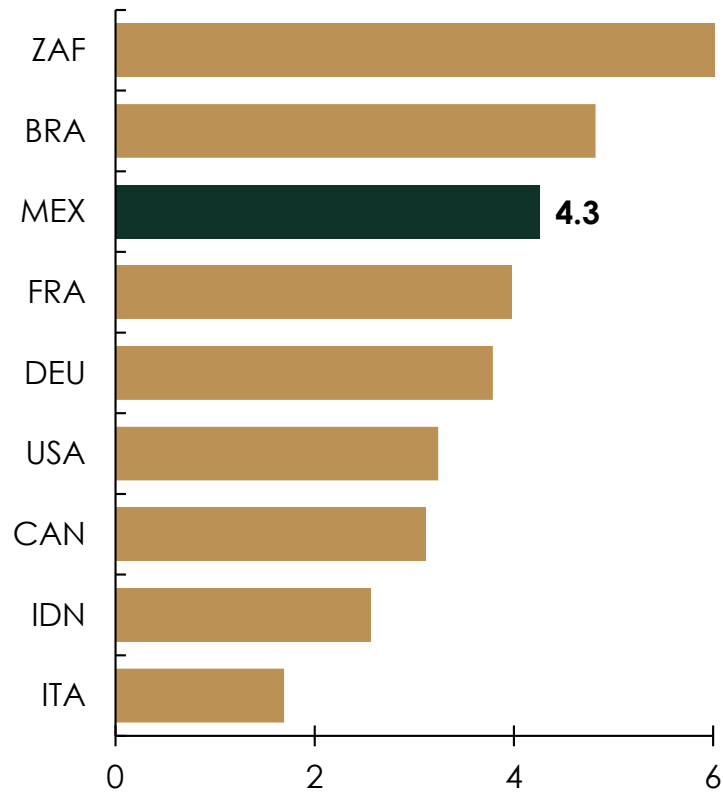


* / 1Q-2023

Source: OECD.

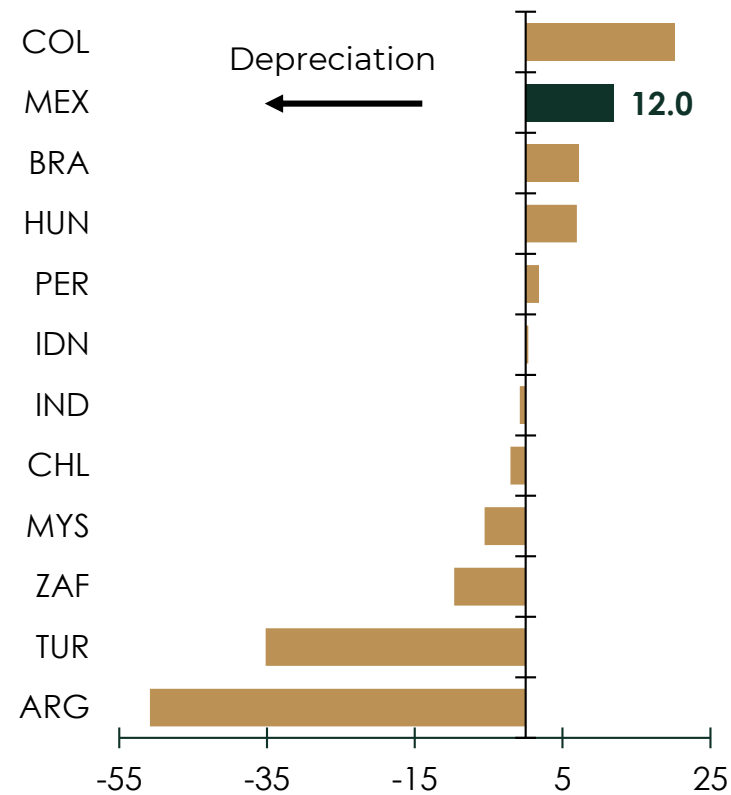
Inflation and Foreign Reserves

General Inflation
YoY % change, Oct-23



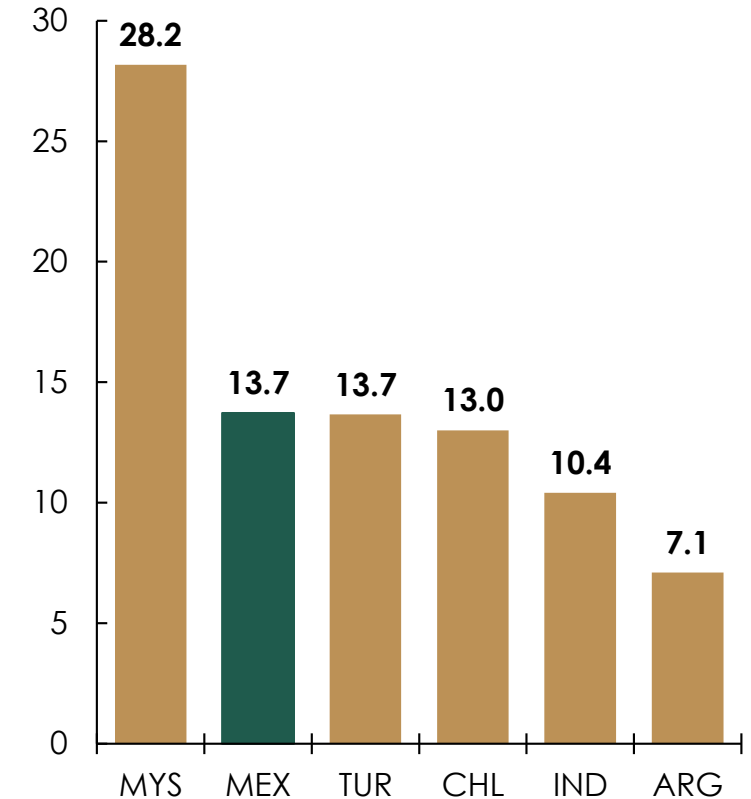
Source: OECD.

Exchange Rate
YTD % change, Nov-23



Source: Bloomberg.

Foreign Reserves, 2022
% of GDP

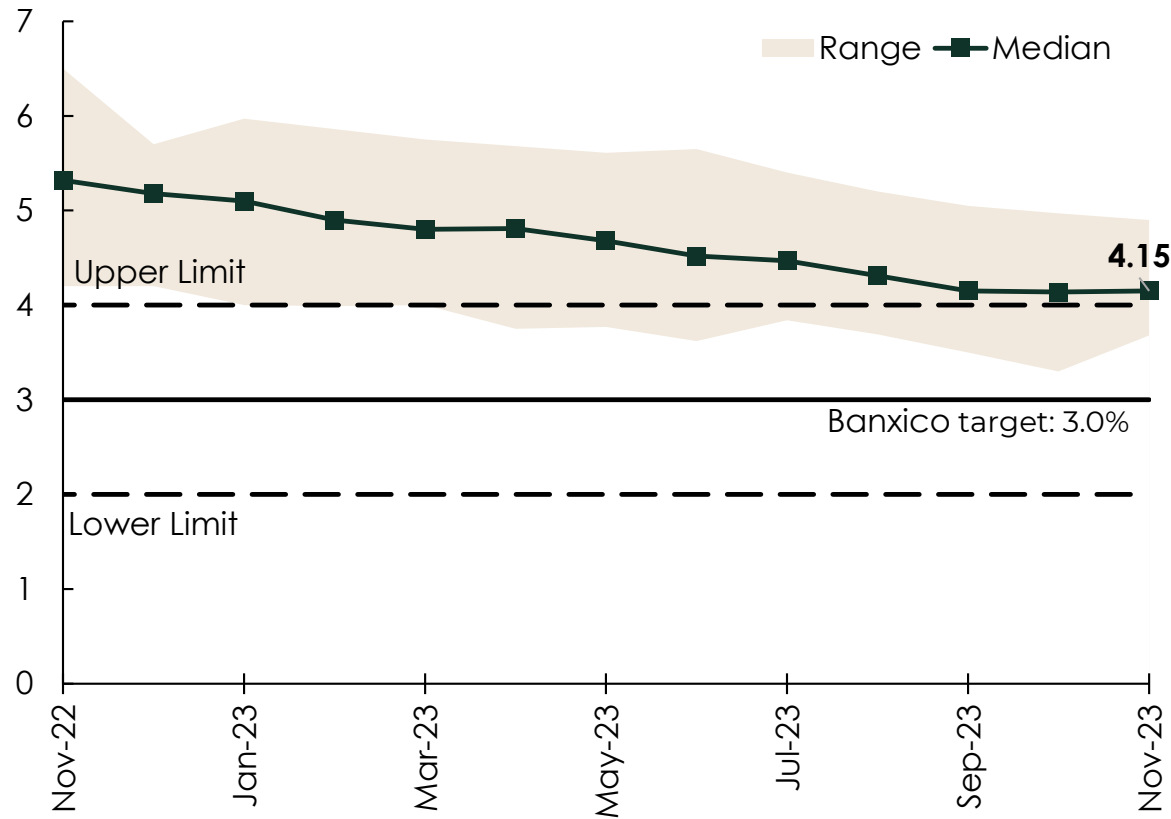


Source: World Bank.

Medium and Long-term Inflation Expectations

Inflation Expectations for Next 12 Months

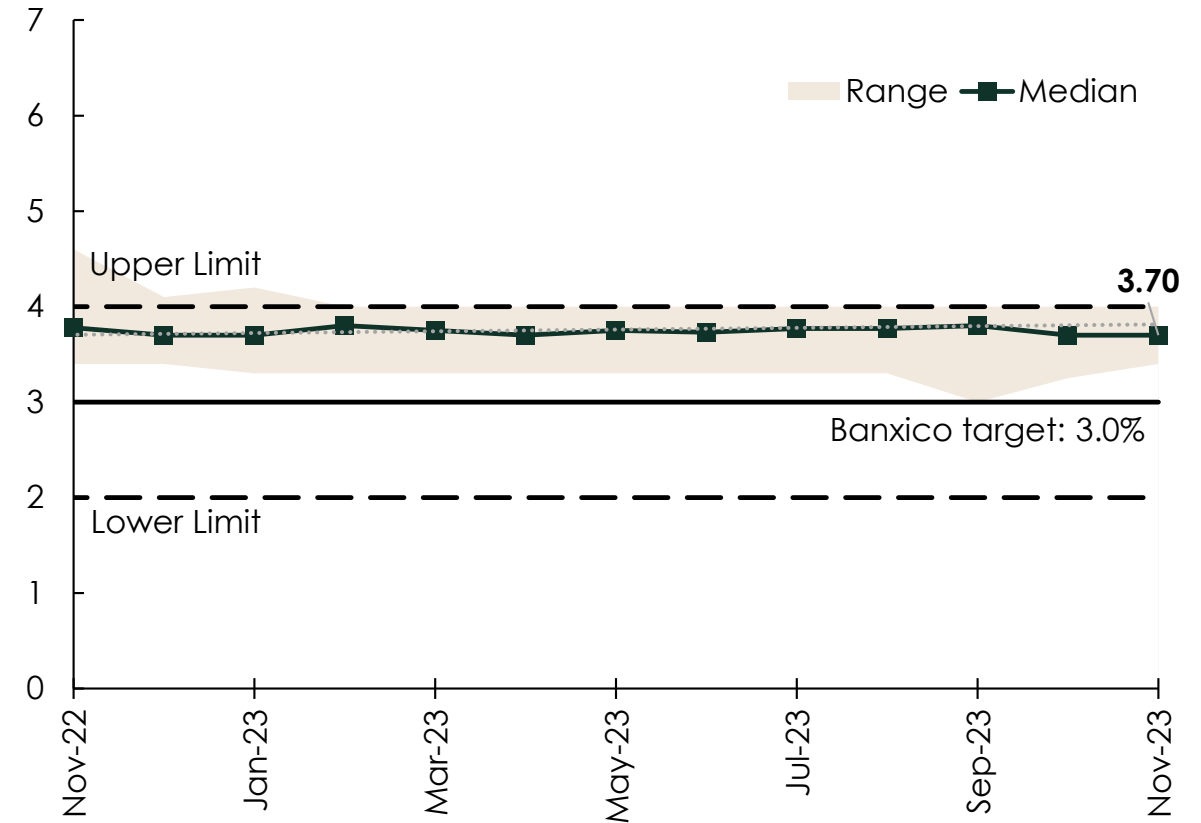
%



Source: Citibanamex Survey, as of November 21st, 2023.

Inflation Expectations for Next 5 Years

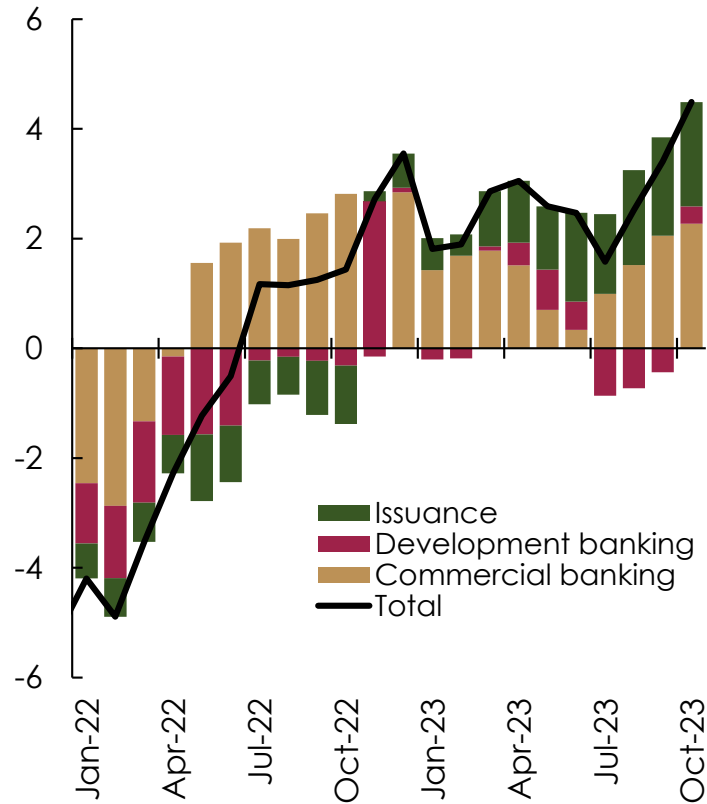
%



Source: Citibanamex Survey, as of November 21st, 2023.

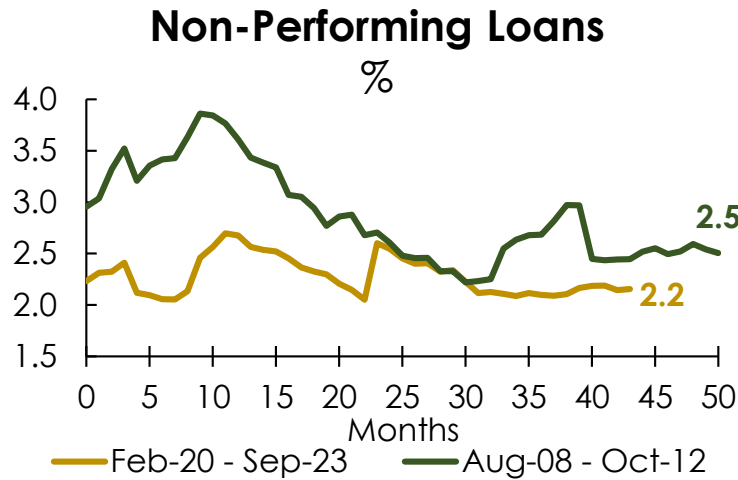
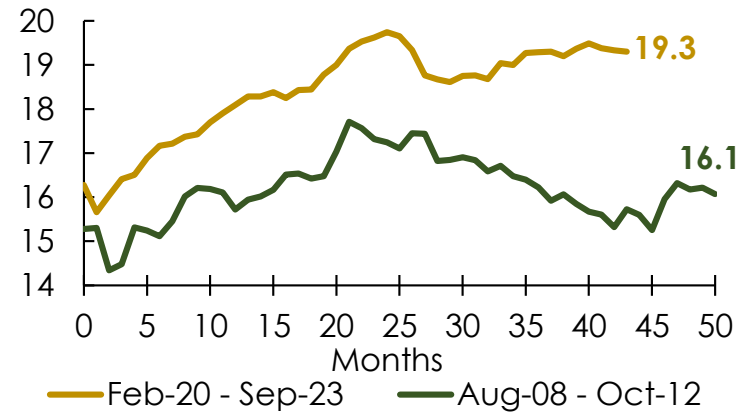
Banking Sector

Domestic Funding to Private Sector
Real anual % change, contributions



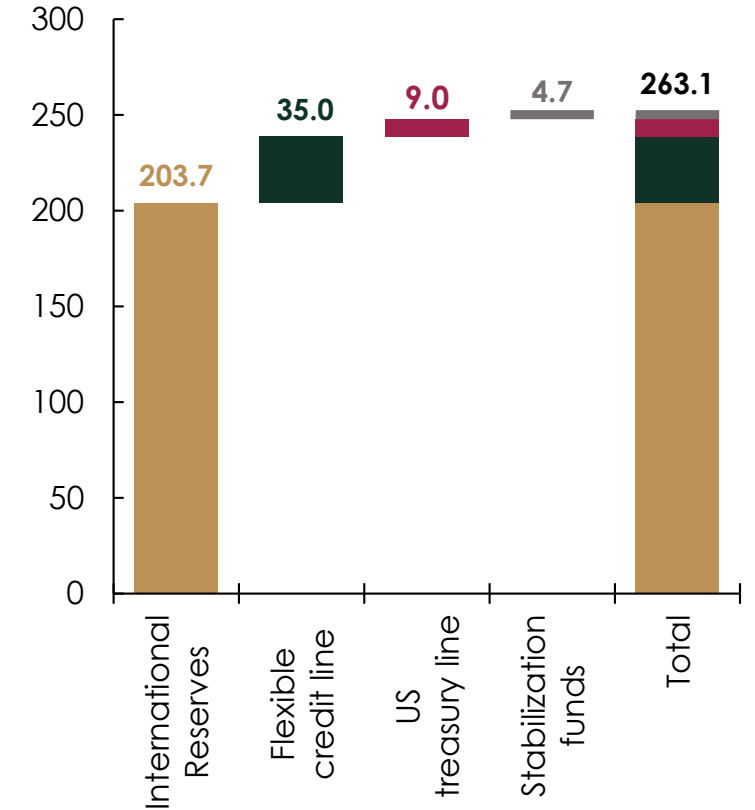
Source: Banco de México.

Capital to Credit Risk Assets
%



Source: CNBV.

Mexico's Financial Buffers
Billion dollars

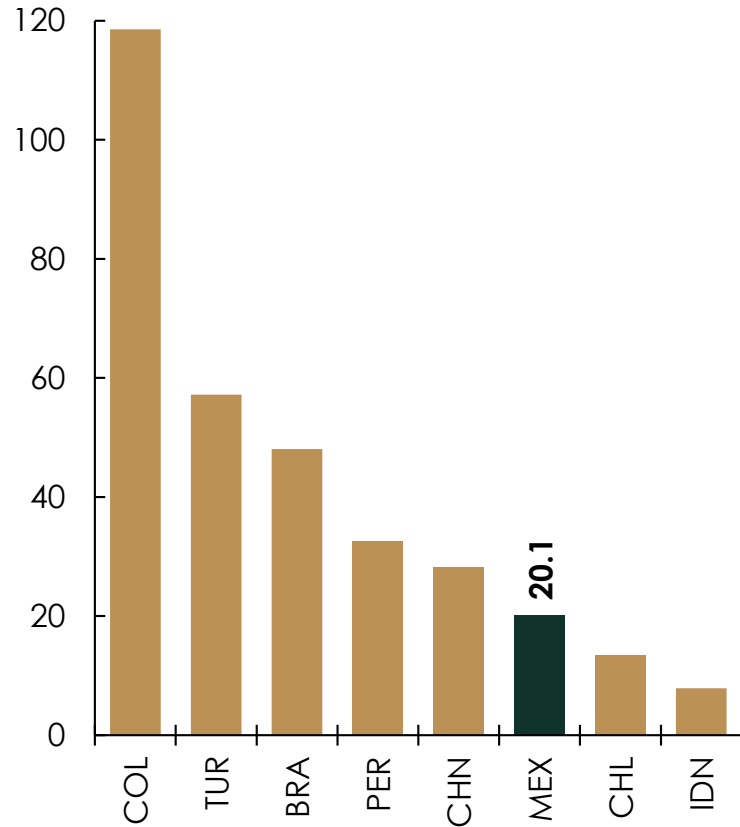


Source: Banco de México, Mexico's Ministry of Finance, IMF, FED and US Department of the Treasury.

Mexico's Risk Measures

Credit Default Swap

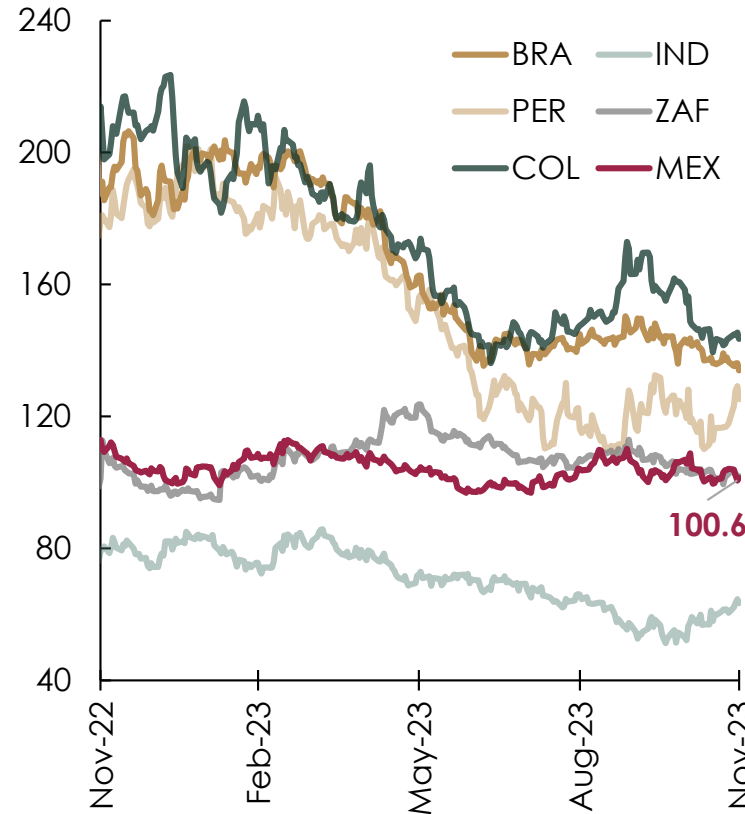
Dec-19 vs. Nov-23^{1/}, basis points



^{1/} Latest data as of November 30th, 2023.
Source: Bloomberg.

US Treasury vs Emerging Bonds^{1/}

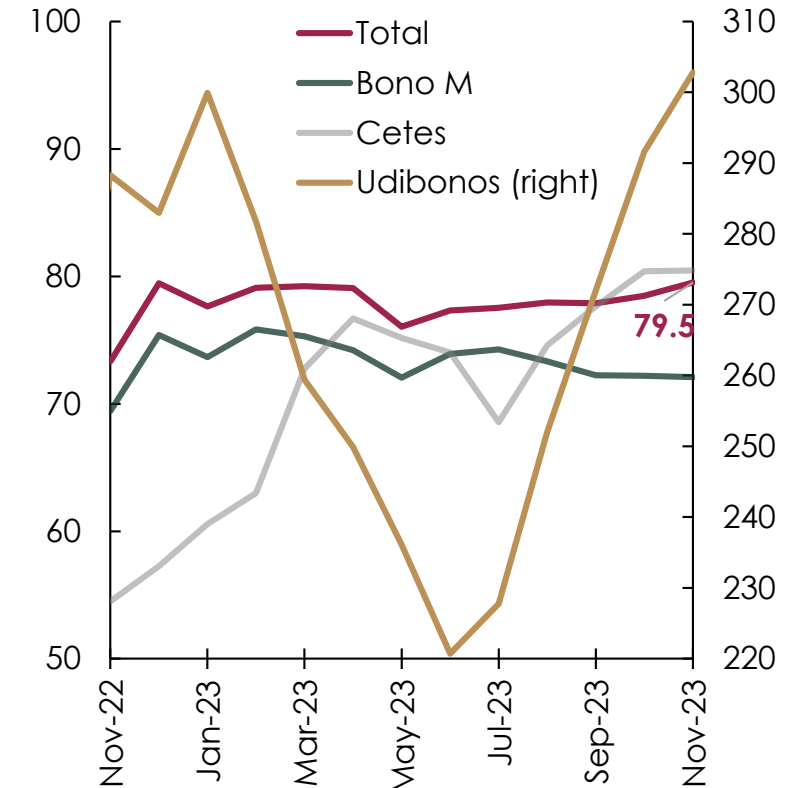
Index, Dec-19 = 100



^{1/} UST 10-year bond. Latest data as of November 30th, 2023.
Source: Bloomberg.

Foreign Sovereign Holdings^{1/}

Index, Dec-19 = 100



^{1/} Figures include all government values in effect at the date of consultation.
Source: Banco de México.

Table of Contents

Macroeconomic Fundamentals

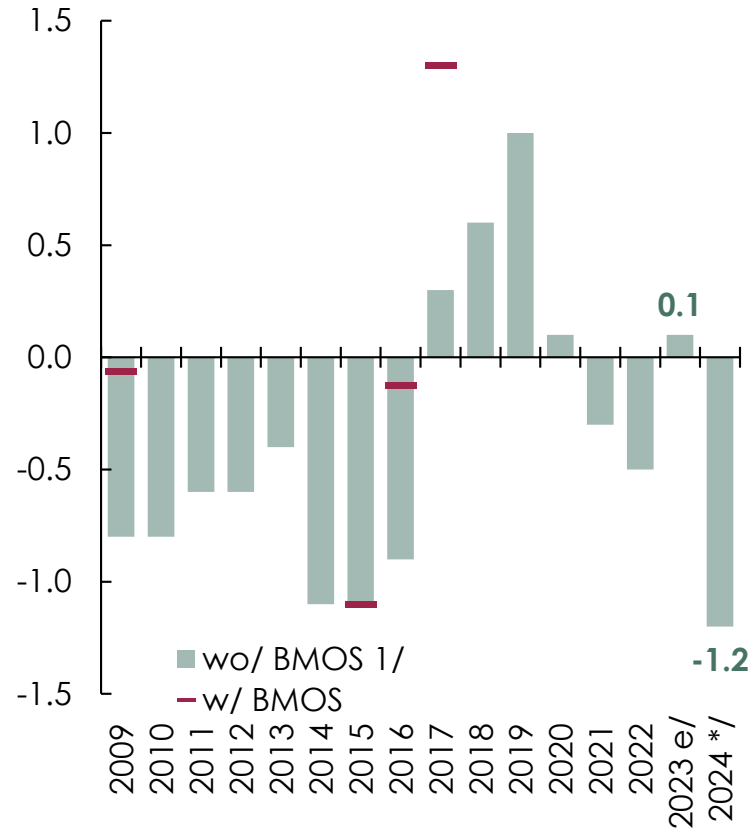
Public Finances

Debt Management

State Owned Enterprises

Public Finances

Primary Balance
% of GDP



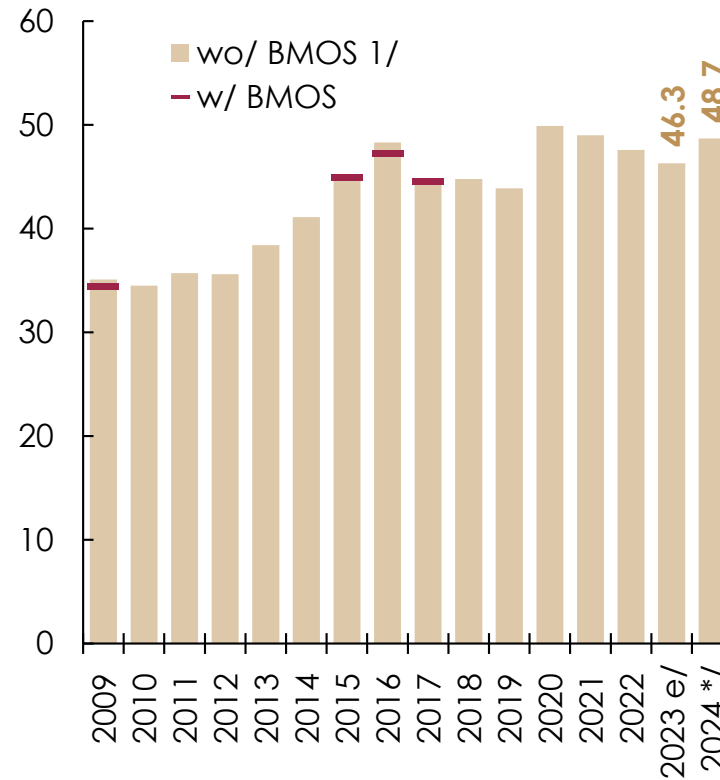
e/ Last data as of October.

*/ Latest estimates (CGPE 2024).

1/ BMOS: Banco de México Operating Surplus.

Source: Mexico's Ministry of Finance.

Public Debt ^{1/}
% of GDP



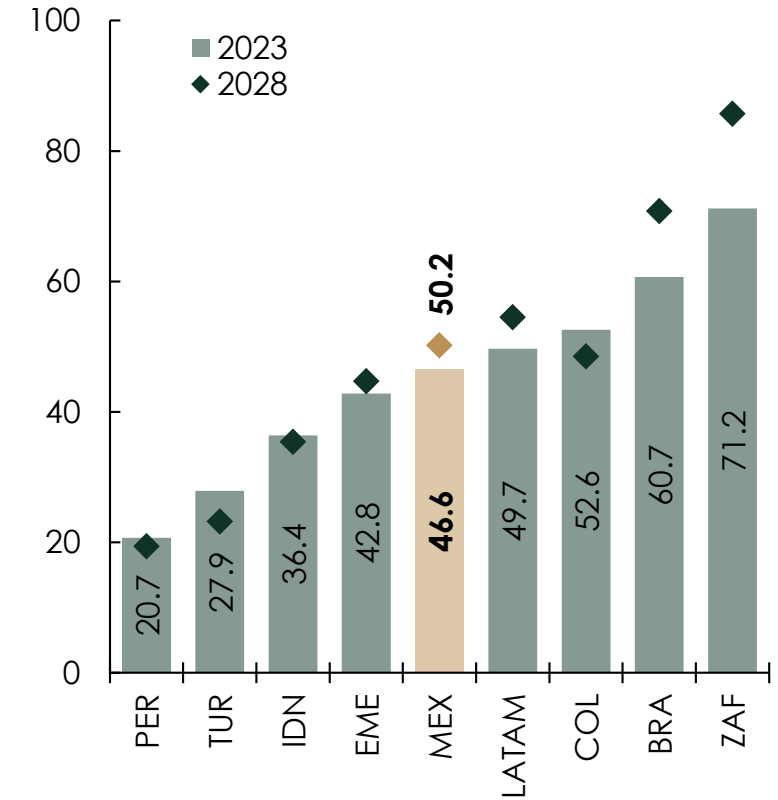
e/ Last data as of October.

*/ Latest estimates (CGPE 2024).

1/ BMOS: Banco de México Operating Surplus.

Source: Mexico's Ministry of Finance.

General Government Net Debt
% of GDP, Oct.-23



Source: IMF, Fiscal Monitor.

Public Finances (October 2023)

REVENUES



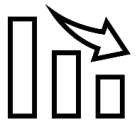
- **Public Sector's revenues lower than the budget program by 123.1 billion pesos** (tax revenues excluding fuel excise tax -77.5 bn pesos | non-tax revenues + 80.7 bn pesos).

EXPENDITURE



- **Programmable expenditure** lower than the budget program by 177.5 billion pesos.
- **Non-programmable expenditure** was 83.14 billion pesos lower than the budget program.

DEBT



Public debt has not exceeded the Congress ceiling, the Historical Balance of the Public Sector Borrowing Requirements (HBPSBR) amounted to 14,651.8 billion pesos and net public sector debt stood at 14,691.5 billion pesos.

Table of Contents

Macroeconomic Fundamentals

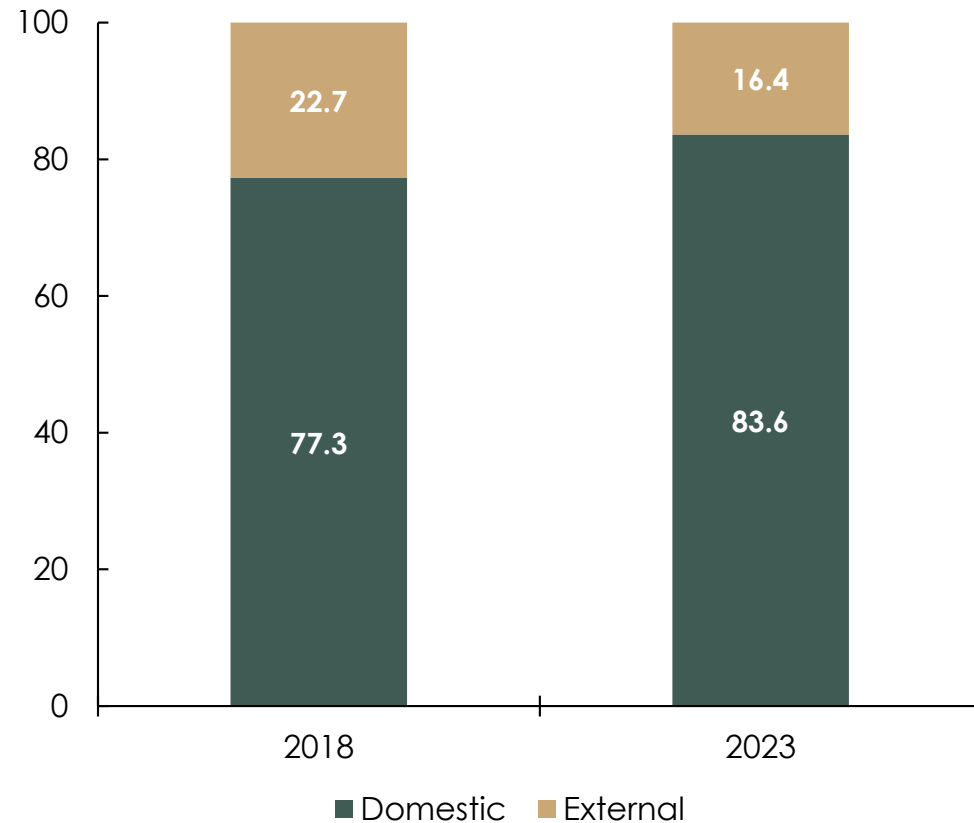
Public Finances

Debt Management

State Owned Enterprises

Federal Government Debt Breakdown

Federal Government Gross Debt Breakdown, 3Q23
2018 vs 2023, % of Total



Federal Government Debt Statistics

External Debt

6.5%
of GDP
as of 3Q23

20.1
years
average maturity

100%
at a fixed rate

Domestic Debt

33.4%
of GDP
as of 3Q23

7.8
years
average maturity

76.3%
at a fixed rate

Source: Mexico's Ministry of Finance.

Sustainable Sovereign Bond

The Mexican Government is committed to broaden its investor base through the issuance of sustainable finance instruments, aligned with the Sustainable Development Goals (SDGs).



In Sep-20^{1/}, Mexico became the first country in the world to issue a sustainable sovereign bond^{2/} that were linked to the SDGs, for an amount of EUR 750 million. As part of Mexico's Sustainable Financing Strategy, the Treasury issued a new benchmark sustainable bond denominated in dollars maturing in 2053. This is the ninth sustainable bond issued in international financial markets^{3/}.



Mexico's innovative instruments and debt management have been recognized internationally:

- ▶ Moody's assigned an SQS1 sustainability quality score (excellent) to the Government of Mexico's SDG Sovereign Bond Framework^{4/}.
- ▶ In April 2023, Mexico received two international awards for its public debt management and its vision of sustainable development. A total of 22 has been awarded in the last five years^{5/}.
- ▶ In July 2023, Mexico carried out the initial issuance of the BonoS, a sustainable bond in local currency. This issuance consolidates Mexico as the country with the largest ESG corporate bond market in Latin America^{6/}.

^{1/} [Announcement No. 071](#).

^{2/} In November 2021 the SHCP released the report: [Mexico's SDG Bond: Allocation and Impact Report 2021](#).

^{3/} [Announcement No. 27](#).

^{4/} [Moody's Investors Service](#).

^{5/} [Announcement No. 24](#).

^{6/} [Announcement No. 50](#).

Source: Mexico's Ministry of Finance, 2023.

Table of Contents

Macroeconomic Fundamentals

Public Finances

Debt Management

State Owned Enterprises

State-owned Enterprises



Investor's page

<https://www.pemex.com/en/investors/Paginas/default.aspx>

Investor's tools

<https://www.pemex.com/en/investors/investor-tools/Paginas/default.aspx>

Latest publications

<https://www.pemex.com/en/investors/publications/Paginas/default.aspx>



Investor's page

<https://www.cfe.mx/finanzas/Pages/default.aspx>

Financial results

<https://www.cfe.mx/finanzas/financial-economic-information/pages/financial-results.aspx>

Latest publications

<https://www.cfe.mx/finanzas/financial-economic-information/pages/investor-presentation.aspx>