

Mexico City, May 17th 2022

Fitch reaffirms Mexico's credit rating with a stable outlook

- **The agency ratified Mexico's rating for long-term sovereign debt in BBB- with a stable outlook.**
- **Fitch highlights the fiscal prudence, the solid macroeconomic equilibrium, and its debt stability as percentage of GDP.**
- **With this announcement, five credit rating agencies have reaffirmed Mexico's rating during 2022.**

The agency highlighted the Government of Mexico keeps sound public finances and moderate deficit as a priority. This has created an environment of macroeconomic credibility and a healthy access to financial markets.

The agency mentioned that the stability of debt as percentage of GDP places Mexico below the median of countries with a BBB credit rating. Furthermore, the measures aiming to increase revenues such as the increase of the taxpayer's base and the improvement of tax collection efficiency were pointed out as positive.

Fitch noted that Mexico keeps sound external finances as a result of a flexible exchange rate and an adequate level of international reserves. This has been supported by a small current account deficit, high remittances and the external demand, mainly from the United States, which favors the manufacturing sector.

Some risks for the Mexican economy noted by the agency are the inflationary pressures, the tightening of monetary policy in the United States, as well as the disruptions in the global value chains resulting from the geopolitical conflict of Eastern Europe and the zero tolerance policy towards COVID-19 in China.

Nevertheless, Fitch emphasized the gradual economic recovery of the country, supported by higher mobility and the labor market improvement, which have boosted consumption. Additionally, it highlighted that investment levels and the performance of medium-term growth are factors that could lead to an improvement of Mexico's rating.

The ratification by the credit rating agency enables Mexico to keep a sound macroeconomic equilibrium and stable public finances, securing the healthy access to national and foreign financial markets.

In the following link, the complete document of the credit rating agency can be found:

<https://www.fitchratings.com/research/sovereigns/fitch-affirms-mexico-at-bbb-outlook-stable-17-05-2022>
