HACIENDA
SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO

2023 AÑO DE Francisco VILLA
EL REVOLUCIONARIO DEL PUEBLO

Mexico City, April 28th 2023.

HR ratings reaffirmed Mexico's credit rating at BBB+ with a stable outlook

- **The agency ratified Mexico's long-term foreign currency debt rating at BBB+ with a stable outlook.**
- **The agency highlighted the debt-to-GDP ratio stable path, the prudent fiscal stance as well as the positive performance of the economic activity in 2022, which was above their expectations.**
- **With this announcement, the 2023 grading cycle begins, Mexico maintains the investment grade, as well as a stable outlook, with the eight rating agencies that evaluate its debt.**

Today, HR Ratings ratified Mexico's long-term foreign currency debt rating at BBB+, three notches above investment grade. Also, the rating agency confirmed the stable outlook on Mexico's sovereign rating, which provides the certainty that the agency does not expect any rating movements in the next 12 to 18 months.

HR Ratings highlighted that the debt-to-GDP ratio at the end of 2022 was lower than the forecast of their previous rating review. In addition, the agency remarked the upward trend of the tax revenue to GDP, as a result of the battle against tax avoidance, which has allowed to maintain stable expenditure levels.

Furthermore, the agency pointed out the positive performance of the economic activity in 2022 which grew 3.1%, above their last review's forecast of 2.2%, and despite the complex international scenario coming from the war in Ukraine and above-expected inflationary pressures, among others.

The rating agency mentioned the persistence of inflationary pressures as one of the main challenges for the macroeconomic outlook. HR ratings recognized the fiscal incentives of IEPS's fuels granted by the Federal Government contributed to mitigate, to some extent, the high inflationary pressures. This, alongside with the institutional strength of the Bank of Mexico and its compromise for inflation to meet its target have contributed to keep anchored inflation expectations in the long term.

HR ratings emphasized Mexico's opportunity to take advantage of the business relocation process, also known as *nearshoring,* to increase economic growth. Nevertheless, it is important to continue with the promotion of policies that favor public and private investment in the country.

The sovereign debt rating ratification endorses the commitment of the Mexican government with an appropriate public finance management, in order to continue with an ample access to international and domestic financial markets.

You can find the complete document of the credit rating agency in the following link: https://hrratings.com/pdf/Comunicado_Deuda_Soberana_Mexico_2023.pdf

***