

Mexico City, July 8th, 2022

**Moody's downgraded Mexico's credit rating to Baa2 and revised its outlook
from negative to stable**

- **Moody's downgraded the long-term foreign currency debt rating to Baa2 from Baa1, maintaining Mexico among the main investment-grade emerging market economies.**
- **The Federal Government commitment to maintain macroeconomic stability for the following years and its space for maneuver, derived in Moody's outlook improvement.**
- **In total, all agencies that evaluate Mexico's debt preserve its investment grade. In 2022, six of them have reaffirmed Mexico's sovereign debt rating, while seven maintain a stable outlook.**

Moody's downgraded Mexico's long-term sovereign debt rating in foreign and local currency to Baa2 from Baa1, and revised its outlook from negative to stable. After a stable outlook, the agency expects Mexico's rating to remain at the same level during the rest of the current Administration.

The rating agency highlights the relatively prudent fiscal policies applied during the pandemic by the Government of Mexico, which prevented fiscal and debt metrics deterioration. Furthermore, the agency considers that fiscal metrics will

keep at moderate levels. In this sense, Mexico's debt burden is lower than the median of "Baa" countries rated by Moody's.

To face a deterioration of global macroeconomic conditions, Moody's expects the Government of Mexico to take the necessary measures to limit any weakening of its fiscal accounts.

The rating agency recognizes the Government's commitment to preserve macroeconomic stability. It also underlines that Mexico can potentially benefit from nearshoring due to its integration with the United States. However, to materialize this geopolitical and commercial opportunity, the country must address investment risks. To take full advantage of this favorable situation, the Government of Mexico is currently working on this.

Despite Moody's downgrade, Mexico's debt preserves a solid position at international markets. Moreover, the country has sufficient financial buffers to face global risk scenarios. The Ministry of Finance reaffirms its commitment to look after strong public finances and debt.

You can find the complete document of the credit rating agency in the following link:



https://www.moodys.com/research/Moodys-downgrades-Mexicos-ratings-to-Baa2-changes-outlook-to-stable--PR_465313
