

## **S&P Global Ratings (S&P) affirms Mexico's credit rating**

- **S&P Global Ratings affirmed Mexico's BBB sovereign rating, with a negative outlook.**
- **The agency highlights that the Government of Mexico continues to prioritize macroeconomic and financial stability, while pursuing an ambitious social and economic agendas.**
- **With this rating action, the review cycle of the three main rating agencies (Moody's, Fitch and S&P) has been concluded. Mexico ratings have seen seven consecutive affirmations YTD in 2021**
- **Despite the pandemic, the Government of Mexico has demonstrated fiscal caution and macroeconomic strength.**

S&P affirmed Mexico's BBB foreign currency rating, with a negative outlook. As such, the sovereign rating remains in a comfortable position, two notches above investment grade.

The rating agency points out that the economic recovery has been supported by a prioritization of macroeconomic and financial stability, as well as US dynamism and remittances growth. In this context, S&P improved its growth estimate from 4.9 to 5.8% in 2021.

S&P highlights the government's ongoing collaboration with the private sector on the two infrastructure packages (which include projects in the energy sector), as well as the pension and outsourcing reforms. Additionally, USMCA and nearshoring trends should positively impact the investment climate and are expected to stimulate growth in the medium and long term.

Regarding public finances, the rating agency highlights the administration's commitment to fiscal prudence, which will allow maintaining the net debt in a





stable trajectory for the next years. S&P highlights the robust debt composition given the moderate market and interest rate risks. Additionally, S&P notes that contingent liabilities are limited, even considering the support to Pemex, and the expansion of some social programs.

The rating agency highlights that a prudent management of fiscal, monetary, exchange and trade policies will remain, which have maintained investor confidence to be continued the soundness of the external position. S&P believes that the financial market is well capitalized, highly liquid, and resilient to the pressures brought about by the pandemic in 2020.

The rating agency points out that, after a period of high volatility in the international capital markets, the holding of bonds in the hands of foreigners have stabilized and are expected to increase in the coming years.

The Ministry of Finance and Public Credit remains highly committed to fiscal discipline and prudent macroeconomic policies contributing to the economic and financial stability of the country and a sustained and inclusive recovery.

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