

Fitch affirms Mexico ‘BBB-’ rating, maintaining a stable outlook

- **Fitch Ratings** affirmed Mexico’s sovereign long-term foreign and local currency credit rating at ‘BBB-’, with a stable outlook
- A prudent macroeconomic stance, robust external finances, and a relatively stable trajectory of debt/GDP keep supporting the rating
- On the contrary, the agency identifies long-term growth, Pemex’s fiscal burden, and governance factors are among the main challenges and risks
- With this, Fitch endorses its last movement on May 17th, maintaining a very similar tone. The decision strengthens further our confidence that the country will remain as ‘investment grade’ in the short- and mid-term

Fitch Ratings ratifies Mexico's sovereign rating at ‘BBB-’. Today, the agency ratified Mexico's long-term sovereign rating in foreign- and local-currency at 'BBB-', with a stable outlook. The last time they made an announcement was [in May](#), with a similar tone. The agency reiterated the support from a prudent macroeconomic stance, robust external finances, and a better projection for the debt/GDP ratio than for the median of ‘BBB’ countries. Among the most relevant changes in the announcement, we highlight favorable points such as the opportunities stemming from nearshoring efforts and the recent reform to rebuild fiscal buffers. Regarding the first, they expect US and China tensions, maintaining the preference for more resilient supply chains that would benefit our country. On a more negative note, they highlighted greater pressures on expenditures, explaining that “A large increase in pensions [...] and the administration's priority social transfer program to older people [...], coupled with low government revenue, signal narrowing medium-term fiscal space...”. Also important, they also revised their estimates for Mexico’s GDP, anticipating growth of 2.5% in 2022 and 1.4% in 2023 (Banorte: 2.7% and 1.0%, in the same order). In this backdrop, we reiterate our view that Mexico will remain an investment-grade country in the short- and medium-term, anchored by responsible macroeconomic policies and a conservative fiscal stance, despite some remaining challenges on the horizon.

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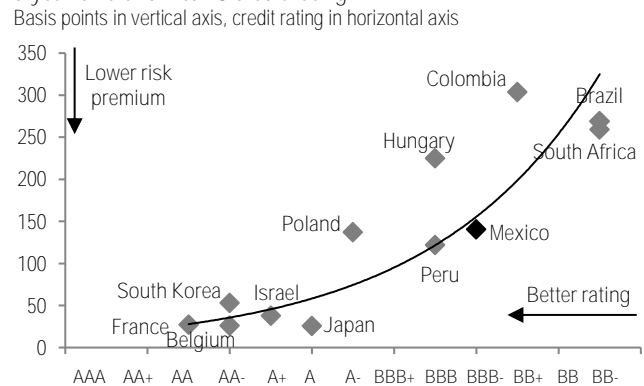
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Mexico and Pemex credit rating

FitchRatings	S&P Global	MOODY'S
A-	A-	A3
BBB+	BBB+	Baa1
BBB	BBB Sovereign	Baa2 Sovereign
BBB- Sovereign	BBB- PEXEM	Baa3
BB+	BB+	Ba1
BB	BB	Ba2
BB- PEXEM	BB- PEXEM	Ba3 PEXEM

Investment grade threshold

5-year CDS and Fitch's credit rating



Source: Banorte with data from Fitch Ratings, S&P Global Ratings and Moody's Investors Service

Source: Banorte with data from Bloomberg and Fitch Ratings

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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