

Republic of Mexico

Composite Rating: Baa2 / - / BBB

Bond/s: MEX 1.43 27 (JPY-Denominated)

Outlook: Positive

Country Overview

- Mexico, the second largest economy in Latin America and among the world's top 15, generated an estimated GDP of USD 1.79 trillion in 2023. (World Bank, 2023).
- While the World Bank classifies Mexico as an "Upper-Middle Income, Developing" economy with a per capita GDP of USD 24,766.6 (2023), MSCI's 2024 Market Classification Review designates it as an Emerging Market, indicating that it is adequate but still developing.
- Though a net importer, Mexico boasts a robust export sector, primarily in petroleum, digital processing units, and automobiles, which generated approximately USD 82.8 million in revenue (WITS, 2022).
- This economic activity is largely fueled by the services sector, contributing roughly 60% to GDP, and an increasingly skilled, yet affordable, workforce (Global Finance Magazine, 2024).

Macro Fundamentals

- Mexico has a strong fiscal track record, attaining consistent fiscal targets and maintaining low public debt.
- High tax revenues allow for breathing room to prudently allocate funds to address key socioeconomic sectors such as education, infrastructure, and the fight against corruption (OECD, 2024)
- Private Sector Analysts expect the country's economic growth rate to sit at 1.00% by the end of 2025 and 1.12% for 2026 (Reuters, 2025).
- Recent data show Mexico's debt-to-GDP figures at 45.3% for 2023, a slight uptick from the previous year's 44%, and 44.9% for 2021 (World Bank, 2023).

Risk and Catalyst

- The Mexican economy is heavily reliant on the US economy, which constitutes 75% of its total exports.
- Any additional increase in tariffs may have a significant repercussion on the US economy.
- There is a possibility of increased fiscal deficits given the rising financing needs associated with Pemex.



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Key Macro Indicators

	FY2022	FY2023	FY2024	FY2025 (f)
Real GDP Growth	3.7%	32.2%	1.5%	1.3%
GDP per Capita (US\$, Thousands)	11.26	13.64	13.97	13.63
Inflation, Average	7.9%	5.5%	4.7%	3.8%
Unemployment Rate (% of the Labor Force)	3.3%	2.8%	3%	3.3%
Current Account Balance (US\$ Billions)	-17.6	-5.48	-13.7	-15.5
General Government Fiscal Balance (% of the GDP)	-4.3	-4.3	-5.9	-3.5

Sources: International Monetary Fund (IMF), Metrobank Research



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