



**Hacienda**  
Secretaría de Hacienda  
y Crédito Público



# Mexico's Economic Outlook

---

Last update: October 2<sup>nd</sup>, 2024





# Outline

---

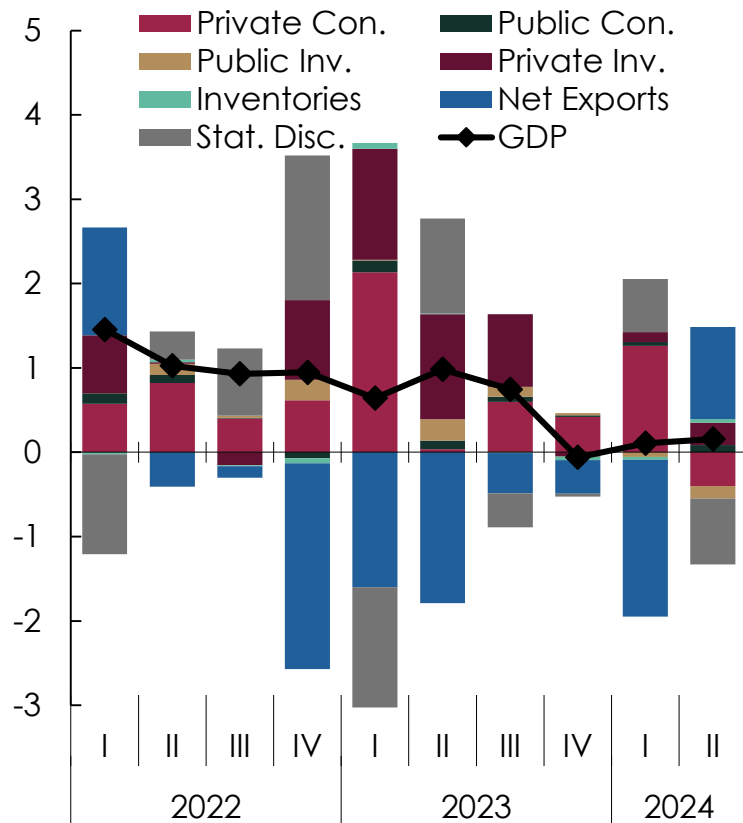
**Macroeconomic Fundamentals**

**Public Finances**

# Gross Domestic Product and Employment

## GDP

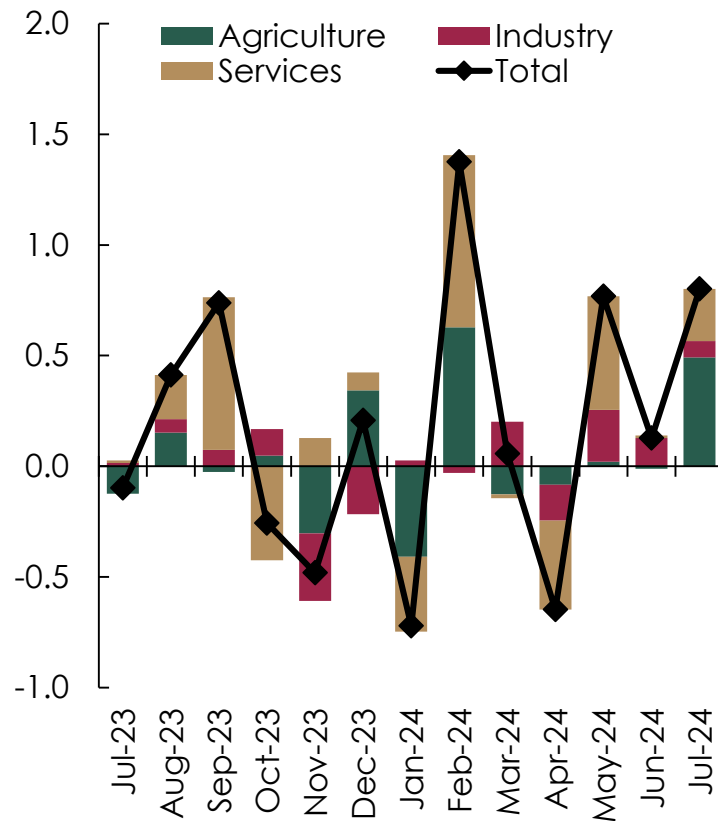
QoQ % change, pp



Note: Seasonally adjusted data.  
Source: INEGI.

## IGAE

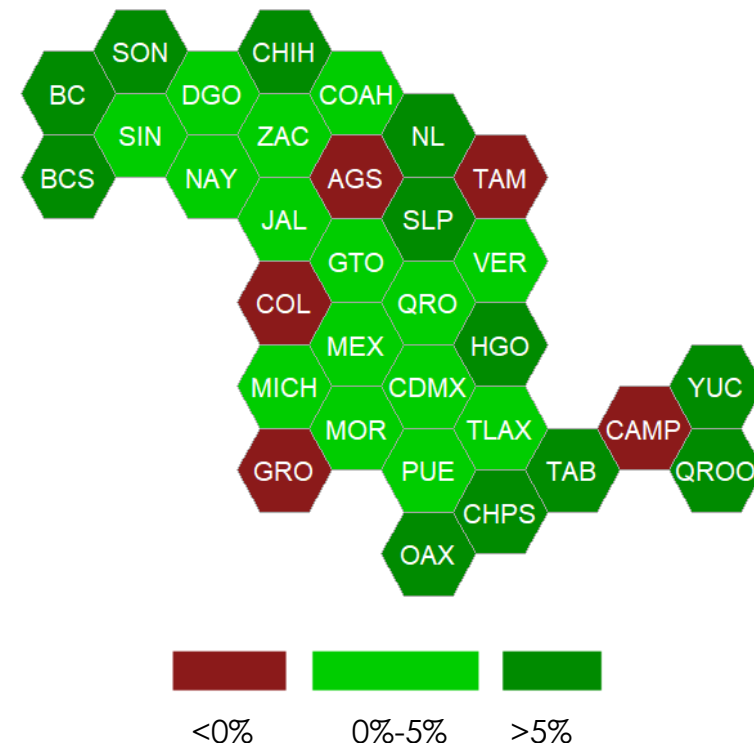
MoM % change, pp



Note: Seasonally adjusted data.  
Source: INEGI.

## Economic Activity 1/

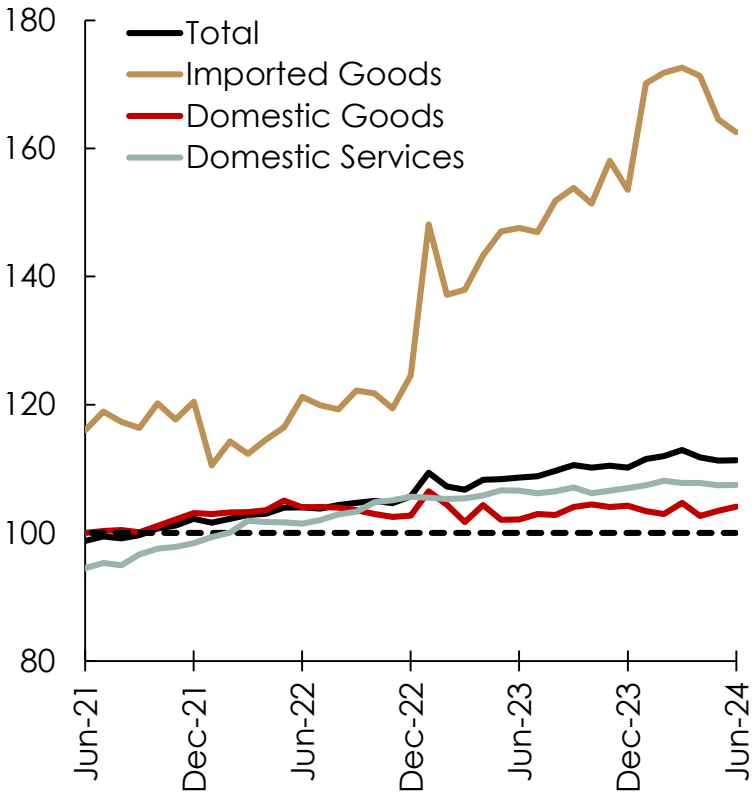
Cumulative growth 1Q-2024



1/ Cumulative growth from 4Q-2019.  
Note: Seasonally adjusted data.  
Source: INEGI.

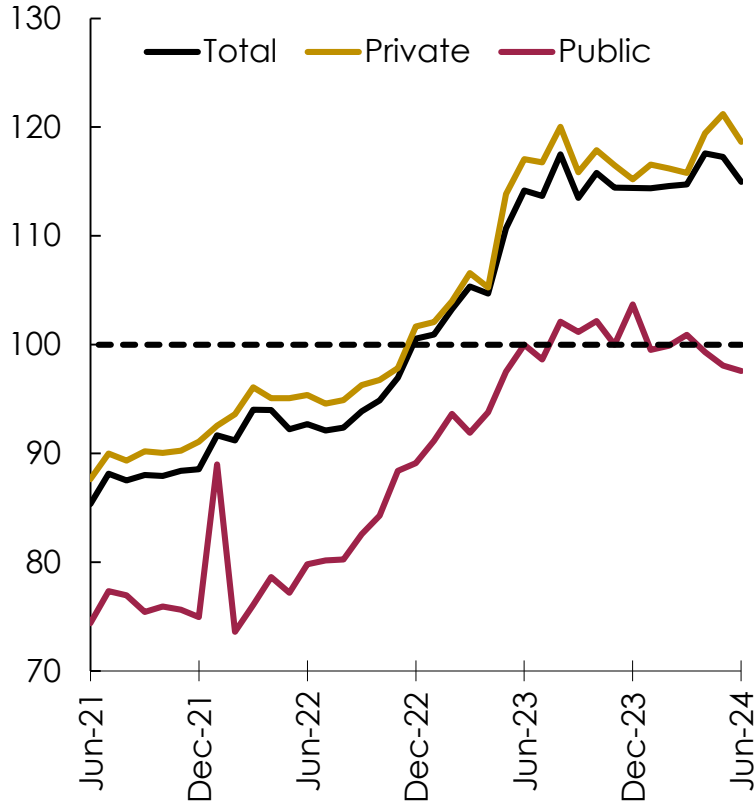
# Domestic Demand

**Private Consumption**  
Index, 2018=100



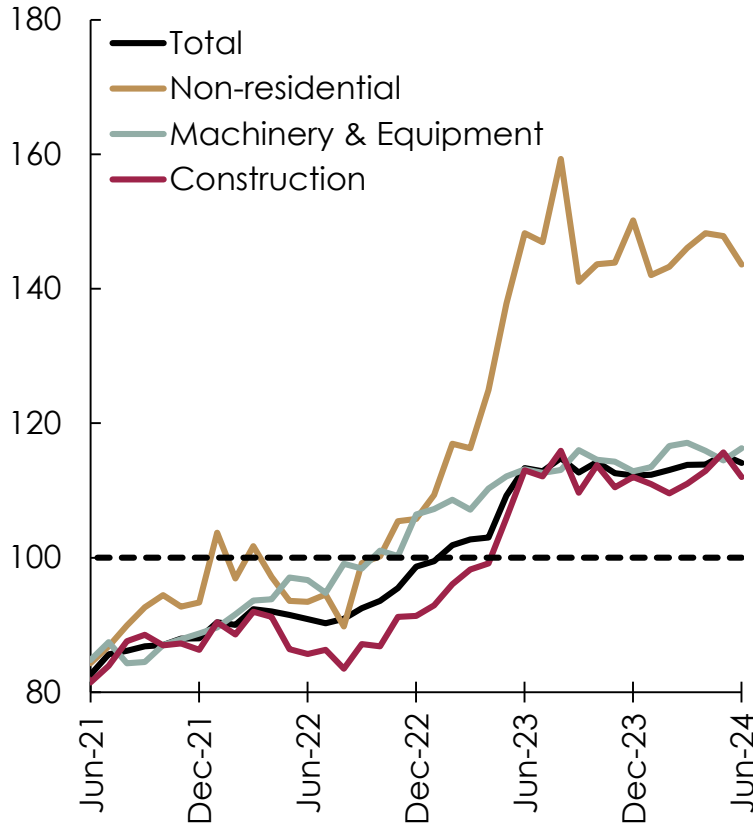
Note: Seasonally adjusted data.  
Source: INEGI.

**Investment**  
Index, 2018 =100



Note: Seasonally adjusted data.  
Source: INEGI.

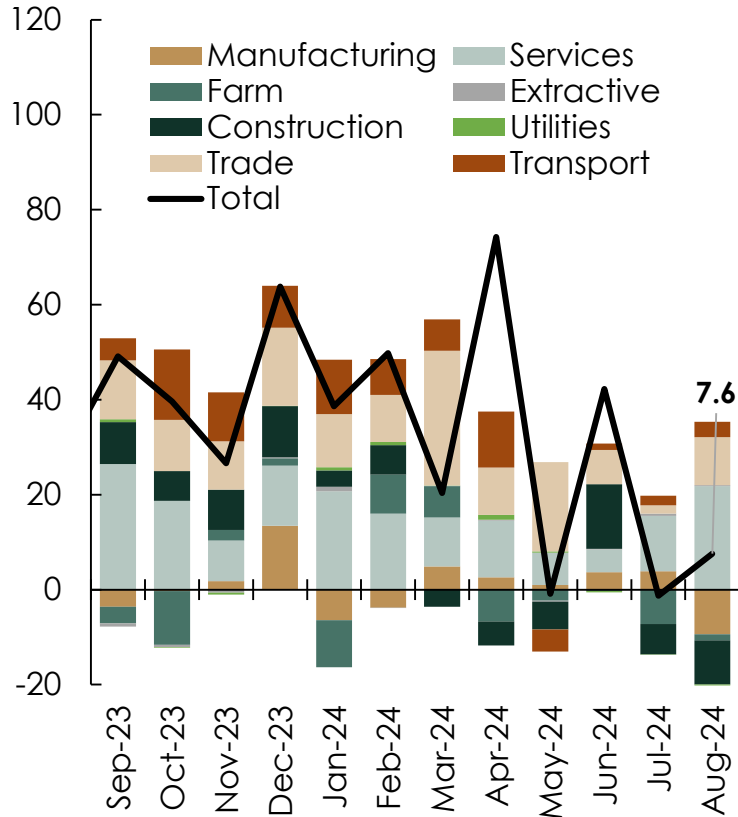
**Investment**  
Index, 2018=100



Note: Seasonally adjusted data.  
Source: INEGI.

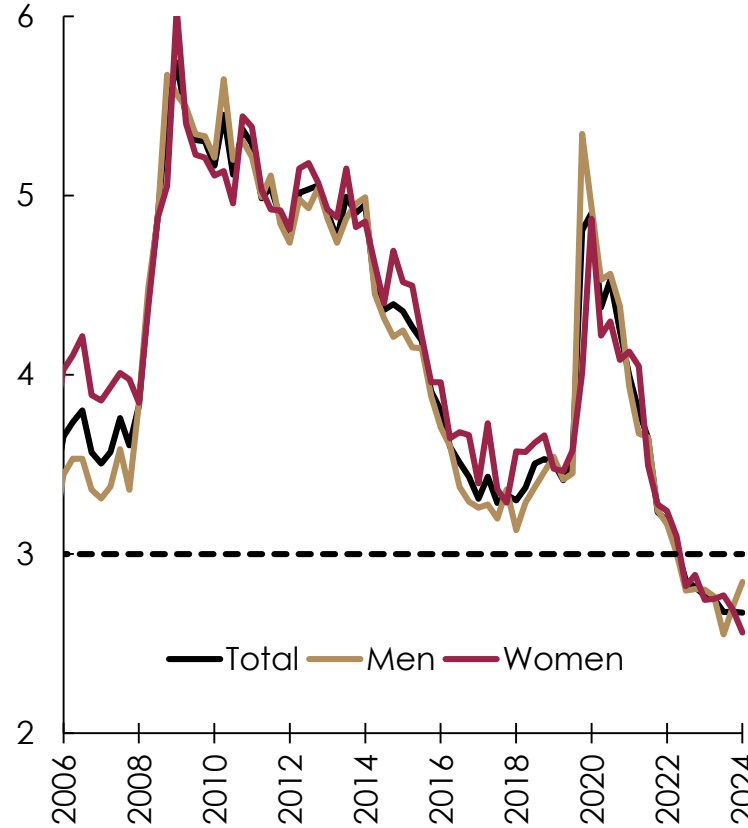
# Employment

**Formal Employment**  
MoM change, thousand jobs



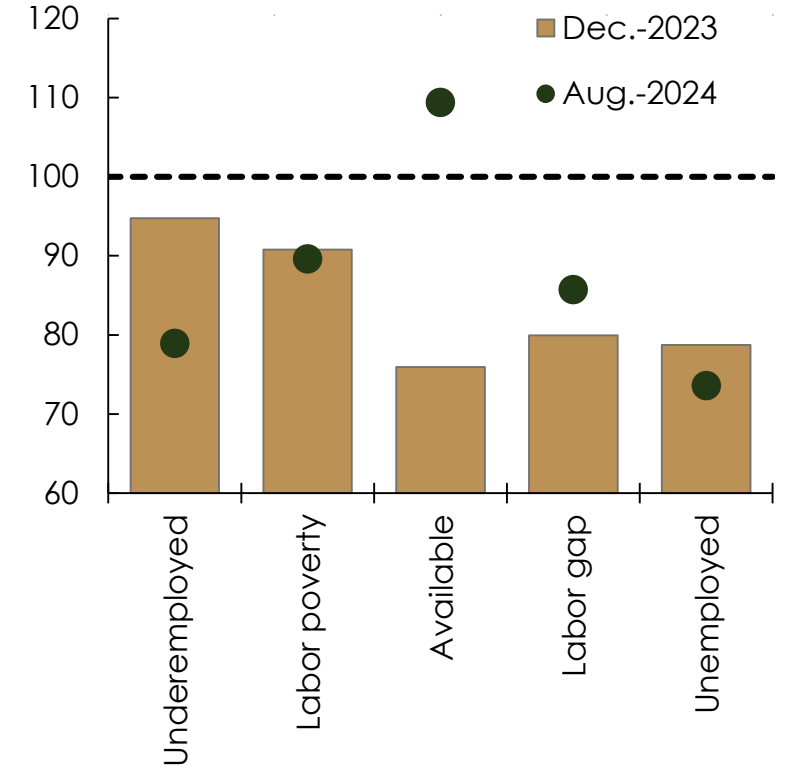
Source: IMSS.

**Unemployment Rate**  
%



Notes: Seasonally adjusted data. The dotted line represents the historical minimum of the quarterly rate  
Source: INEGI.

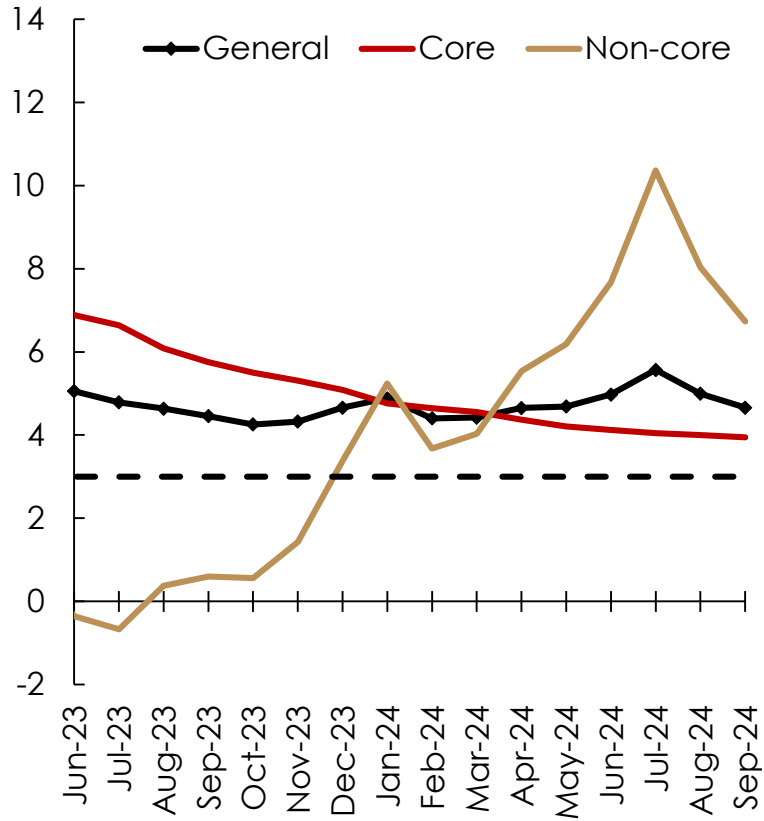
**Labor Market Indicators**  
Index, hist. avg. = 100



Note: The historical average considers data from 2011 to 2019. Labor poverty data as of 2Q 2024. The labor gap is defined as the percentage of unemployed, available and underemployed persons with respect to the economically active and the available population  
Source: INEGI and CONEVAL.

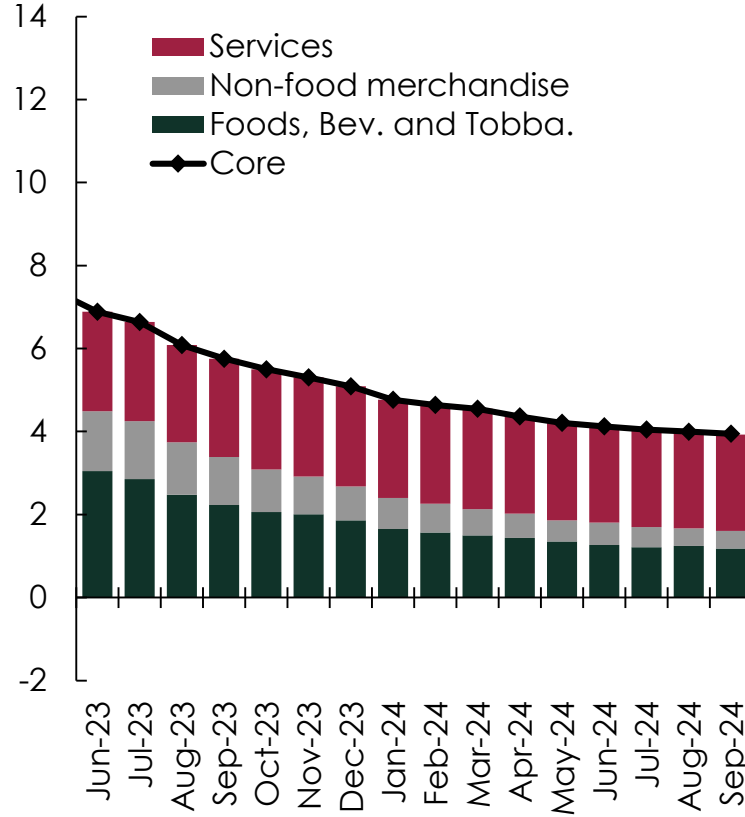
# Inflation

**Inflation**  
YoY % change



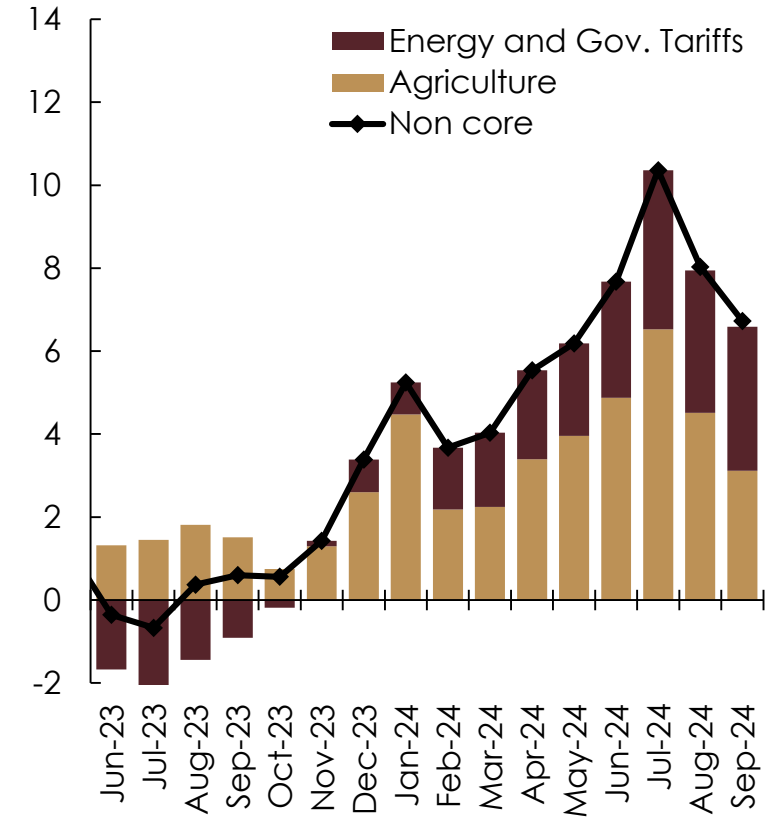
Note: Dotted line represents Banxico's inflation target of 3.0%.  
Source: INEGI.

**Core Inflation**  
YoY % change



Source: INEGI.

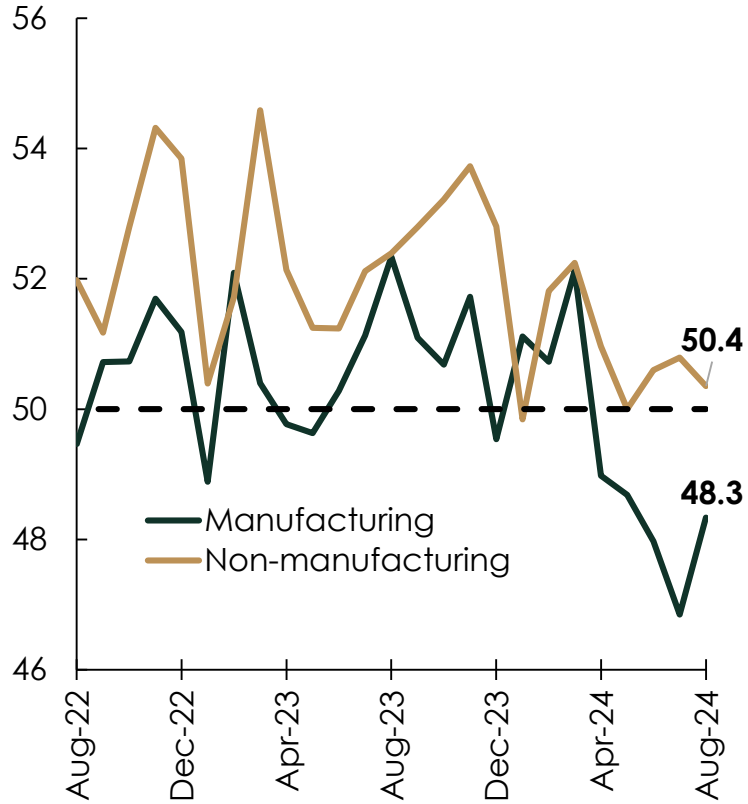
**Non-core Inflation**  
YoY % change



Source: INEGI.

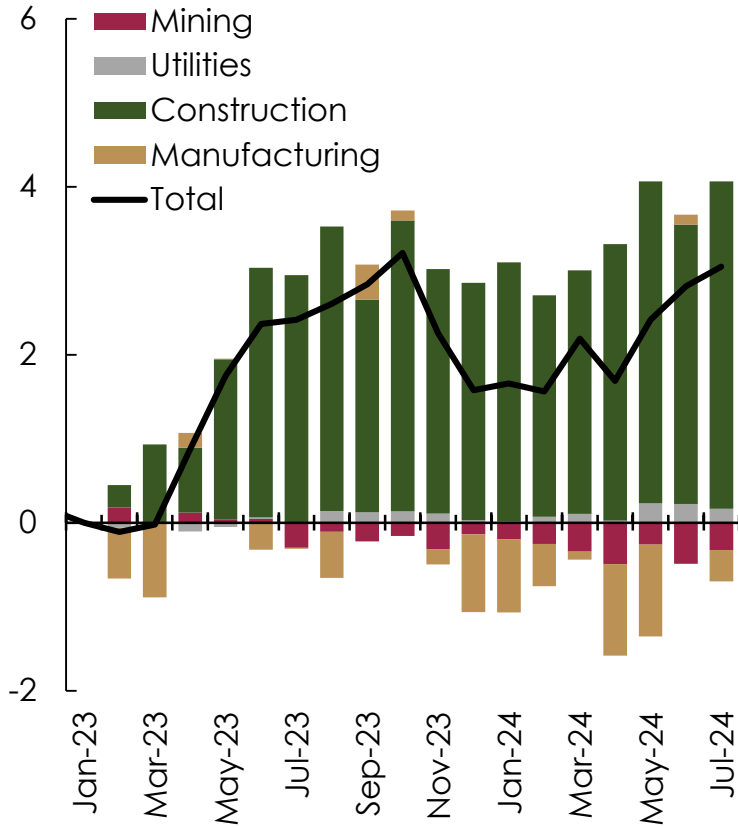
# Industrial Production and Business Confidence

**PMI Survey Index**



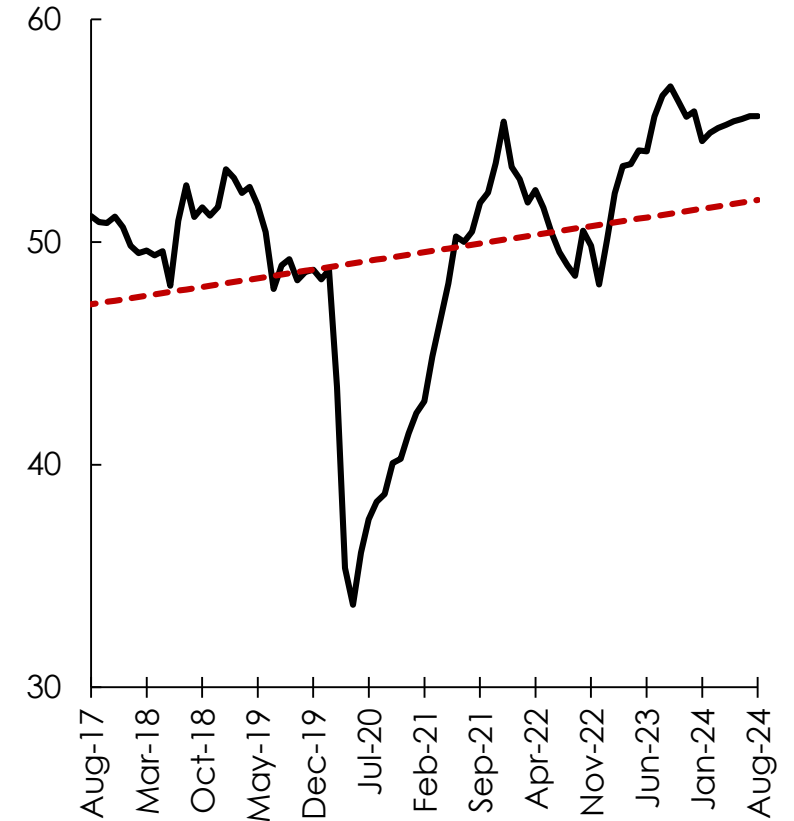
Note: Above 50 points is expansion.  
Source: IMEF.

**Industrial Production**  
% change vs. Jan-23, pp



Note: Seasonally adjusted data.  
Source: INEGI.

**Business Confidence**  
Points

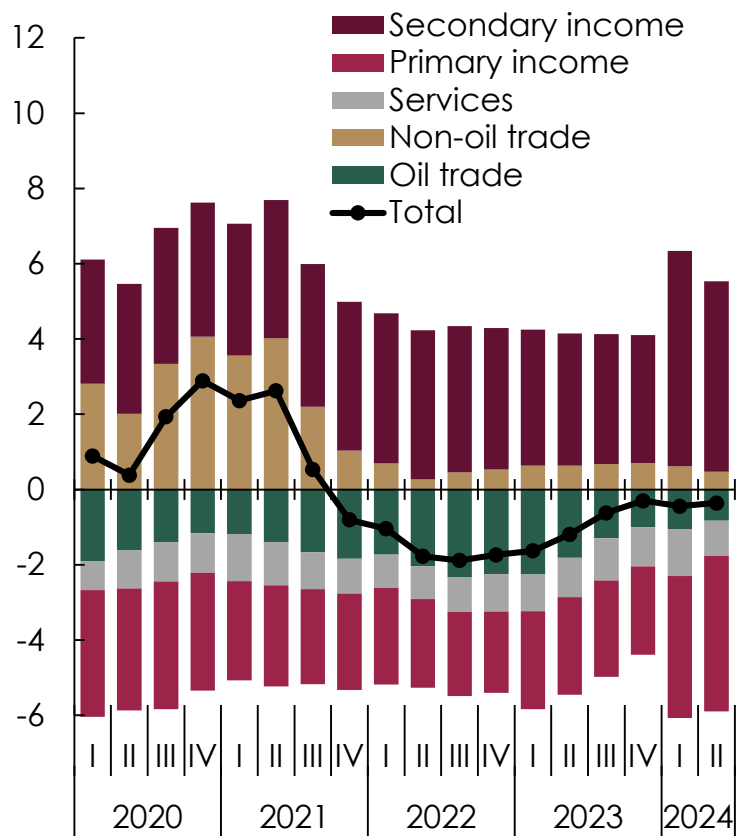


Note: Seasonally adjusted data. The dotted line represents the 2017-2019 trend.  
Source: INEGI.

# External Accounts

## Current Account Balance

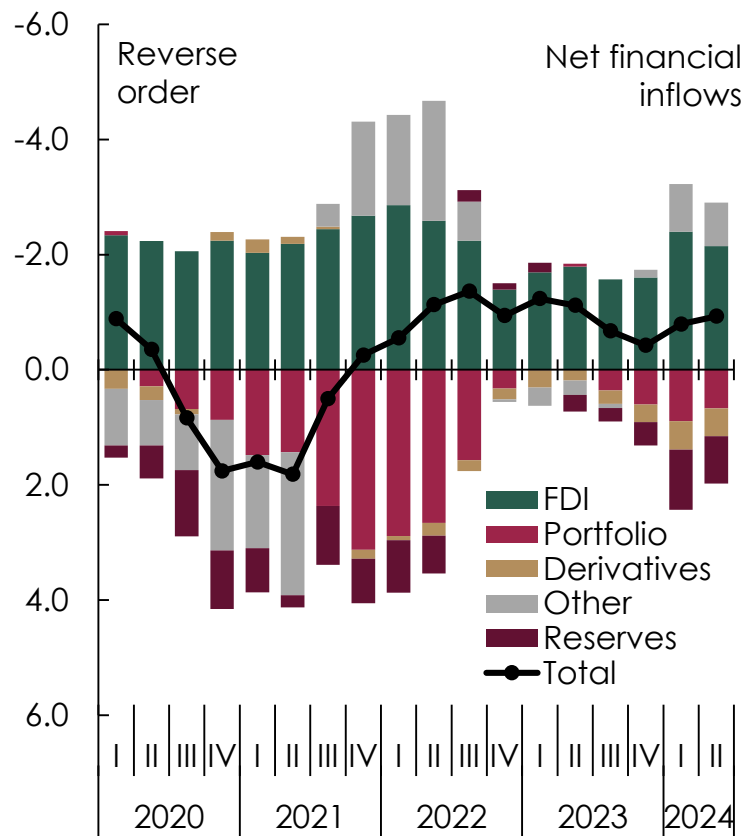
% of GDP, 4Q rolling



Source: INEGI and Banxico.

## Financial Account Balance

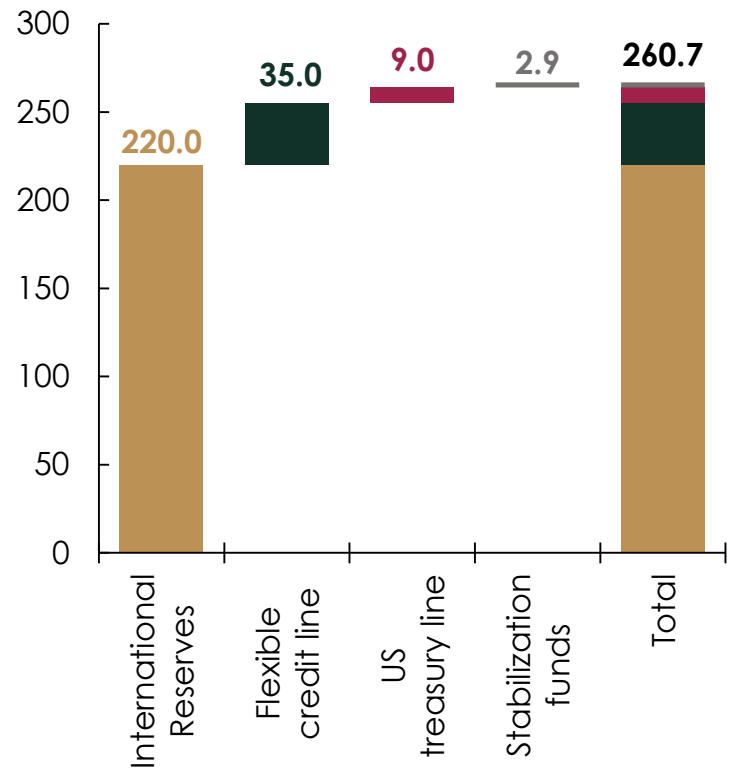
% of GDP, 4Q rolling



Source: INEGI and Banxico.

## Mexico's Financial Buffers

Billion dollars

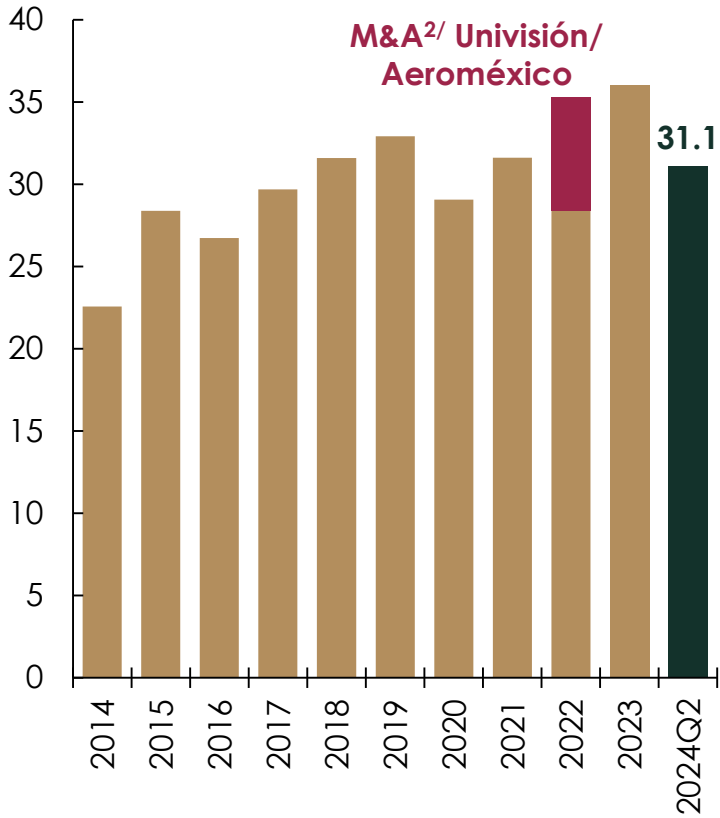


Note: Data as of 2Q2024.  
Source: Banco de México, Mexico's Ministry of Finance, IMF, FED and US Department of the Treasury.



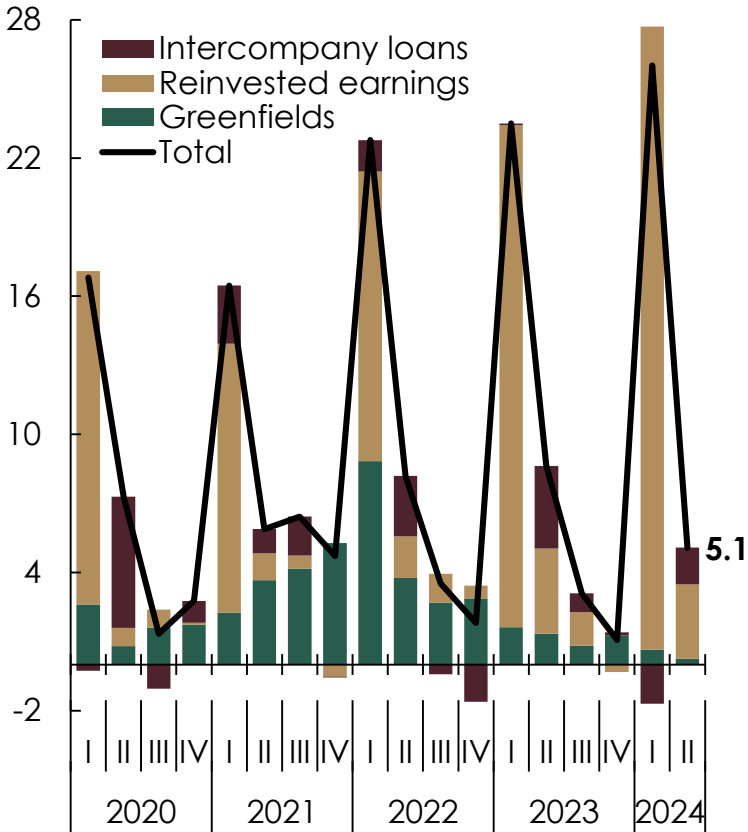
# Foreign Direct Investment

**FDI in Mexico**  
Billion dollars<sup>1/</sup>



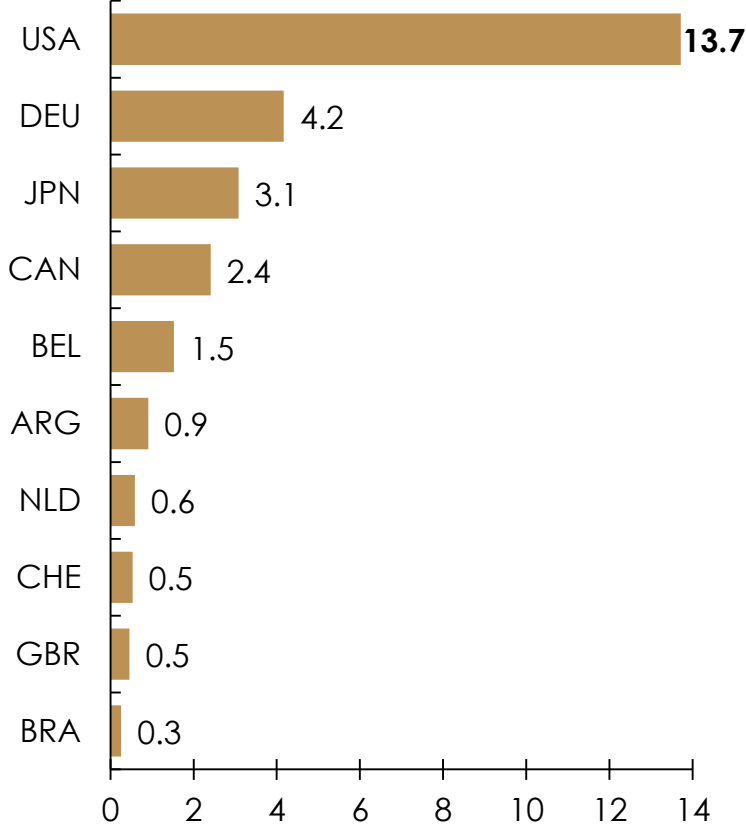
<sup>1/</sup> Preliminary figures.  
<sup>2/</sup> Mergers and Acquisitions.  
Source: Mexico's Ministry of Economy.

**FDI in Mexico**  
Billion dollars<sup>1/</sup>



<sup>1/</sup> Preliminary figures.  
Source: Mexico's Ministry of Economy.

**FDI in Mexico by Main Investing Countries, 2Q-2024**  
Billion dollars

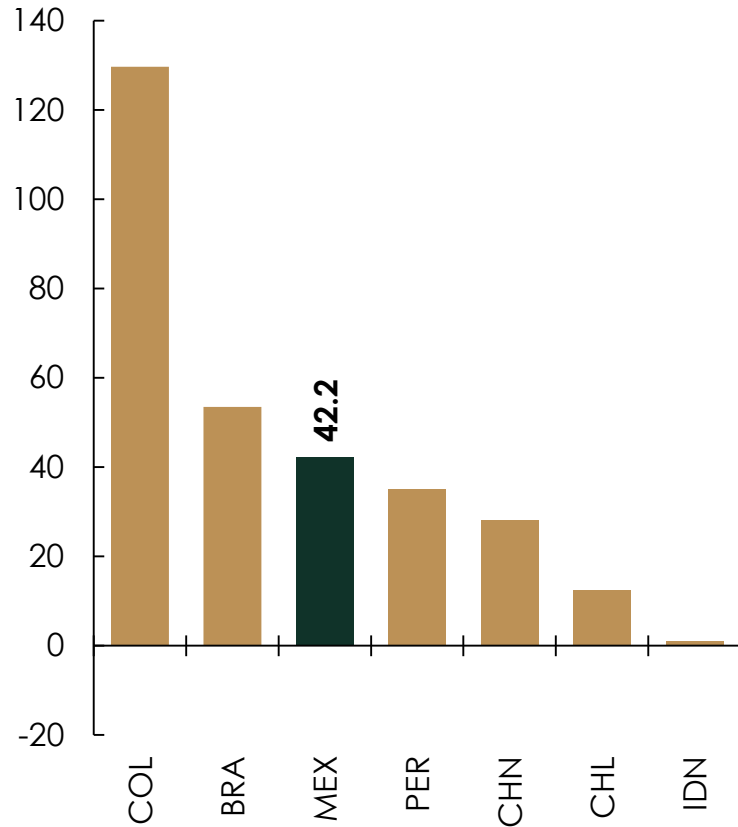


Source: Mexico's Ministry of Economy.

# Risk Measures

## Credit Default Swap

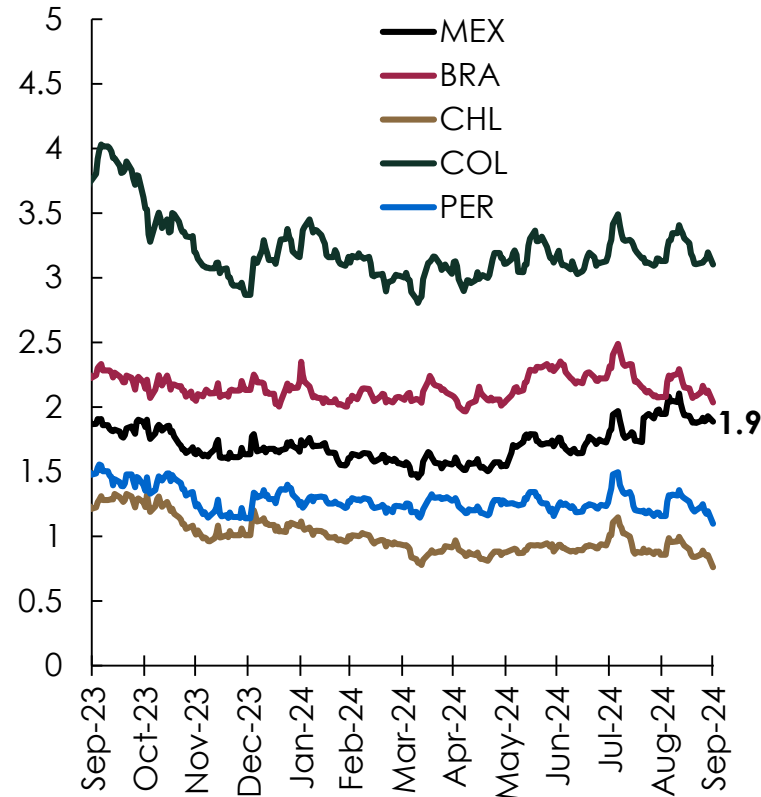
Dec-19 vs. Sep-24<sup>1/</sup>, basis points



<sup>1/</sup> Last data as of September 30<sup>th</sup>, 2024.  
Source: Bloomberg.

## Spread in Emerging Bonds <sup>1/</sup>

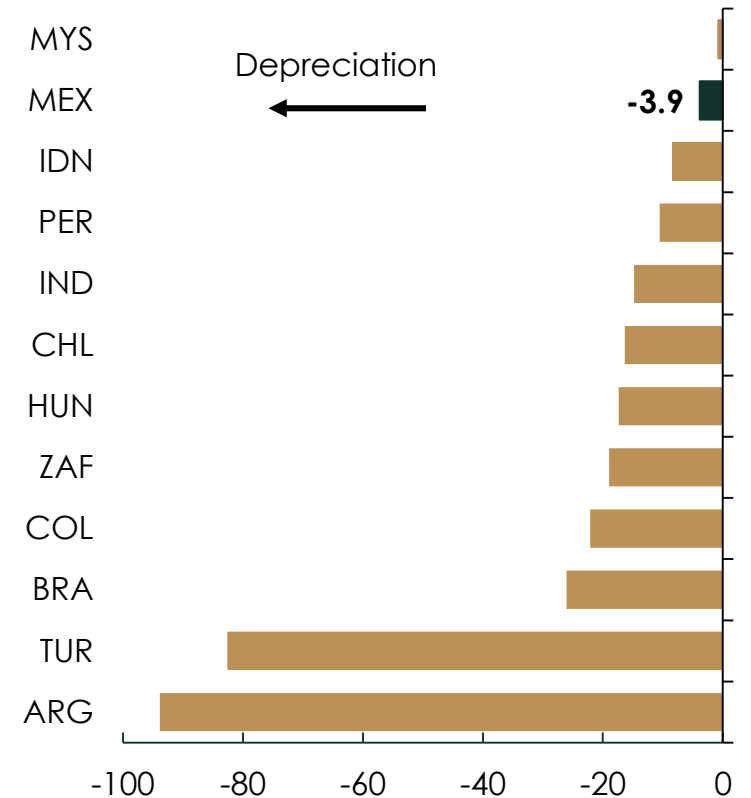
Deviation in percentage points



<sup>1/</sup> Against USD 10-year bond.  
Last data as of September 30<sup>th</sup>, 2024.  
Source: Bloomberg.

## Exchange Rate

Dec-19 vs. Sep-24<sup>1/</sup>



<sup>1/</sup> Last data as of September 30<sup>th</sup>, 2024.  
Source: Bloomberg.









# Mexico's Credit Rating

## Credit Highlights

- ✓ **Mexico holds the investment grade** with all the 8 credit rating agencies that evaluate its debt.
  - ✓ During the **2024** rating review cycle, and as of September 2024, **7 credit rating agencies have affirmed Mexico's rating.**
  - ✓ Mexico has a **stable outlook** with all the credit rating agencies.
- 4** Countries in LATAM maintain the investment grade with all the big 3 rating agencies<sup>1/</sup>.

<sup>1/</sup> Chile, Peru, Uruguay and Mexico. Big 3: Moody's, Fitch and S&P.  
Source: Rating Agencies.

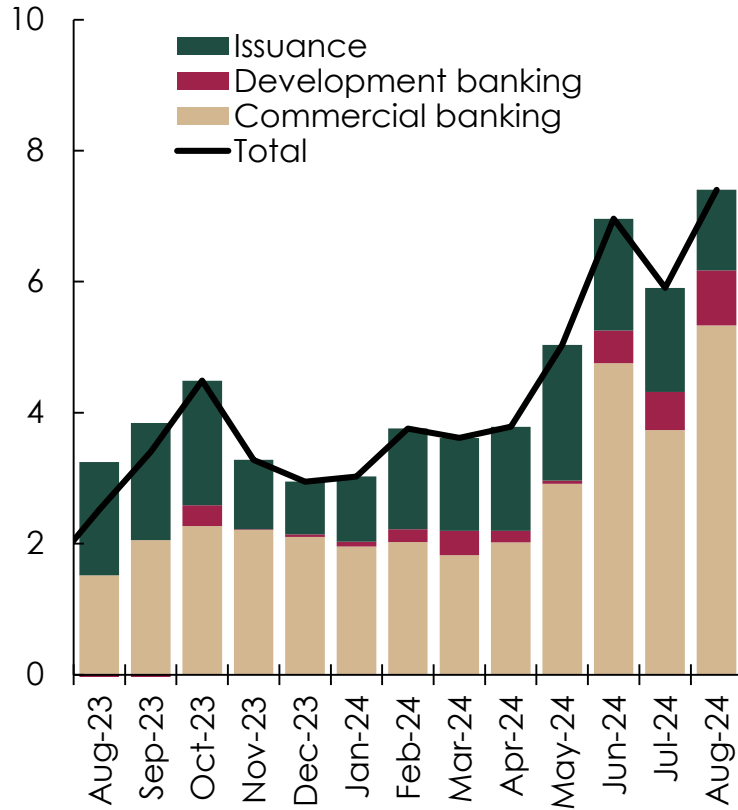
## Mexico's Foreign Currency Long-Term Debt

Agency	Foreign Currency	Outlook	Last Review
	Long Term		
	A-	Stable	29-May-24
	BBB+	Stable	18-Apr-24
	BBB+	Stable	30-Apr-24
	Baa2	Stable	08-Jul-22
	BBB	Stable	01-Feb-24
	BBB	Stable	07-May-24
	BBB	Stable	03-May-24
	BBB-	Stable	18-Jul-24

Source: Credit Rating Agencies.

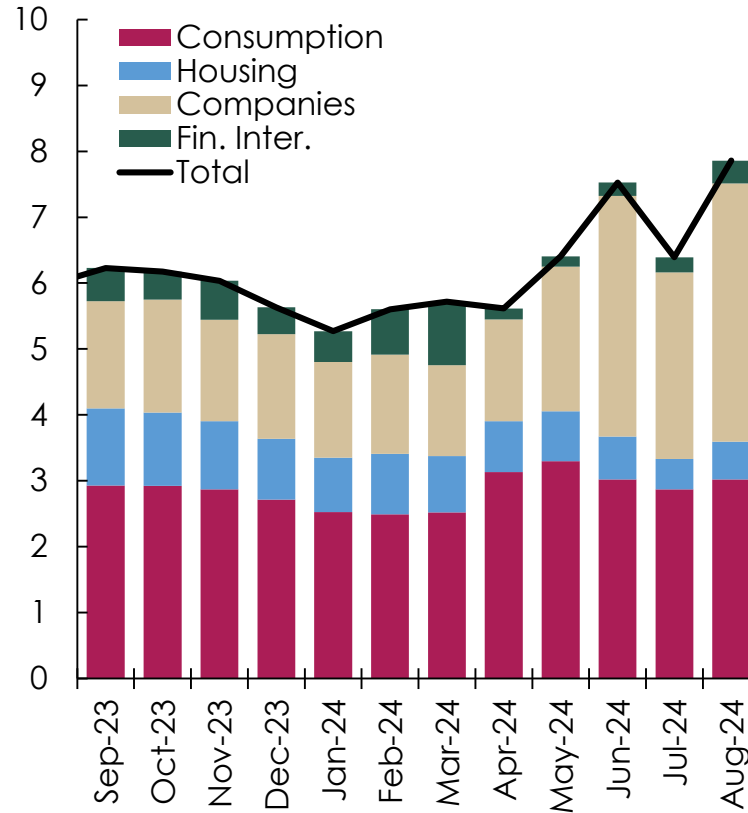
# Banking Sector

**Domestic Lending to Private Sector**  
Real YoY % change, pp



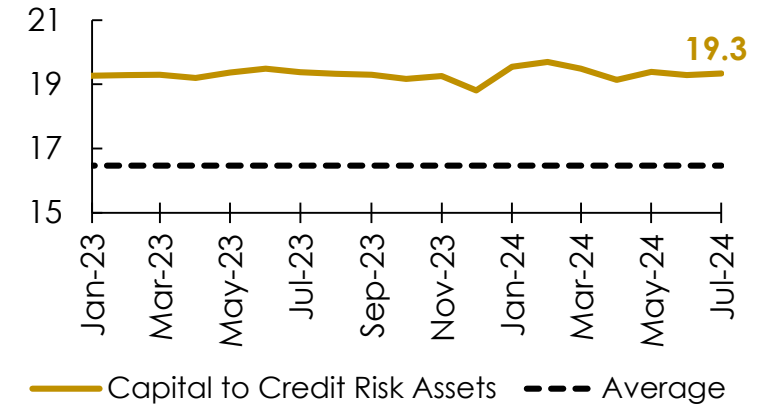
Source: Banxico.

**Banking Sector Outstanding Credit**  
Real YoY % change, pp

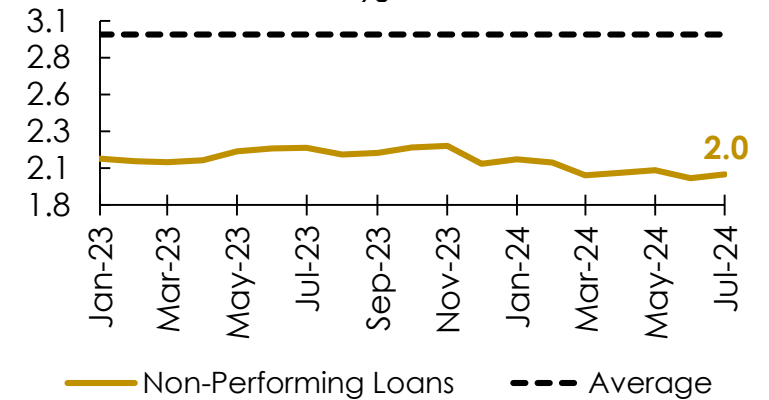


Source: Banxico

**Capital to Credit Risk Assets<sup>1/</sup>**  
%



**Non-Performing Loans<sup>2/</sup>**  
%



1/ Historical average from Dec-2000 to Jul-2024.  
2/ Historical average from Jan-2006 to Jul-2024.  
Source: CNBV.



# Outline

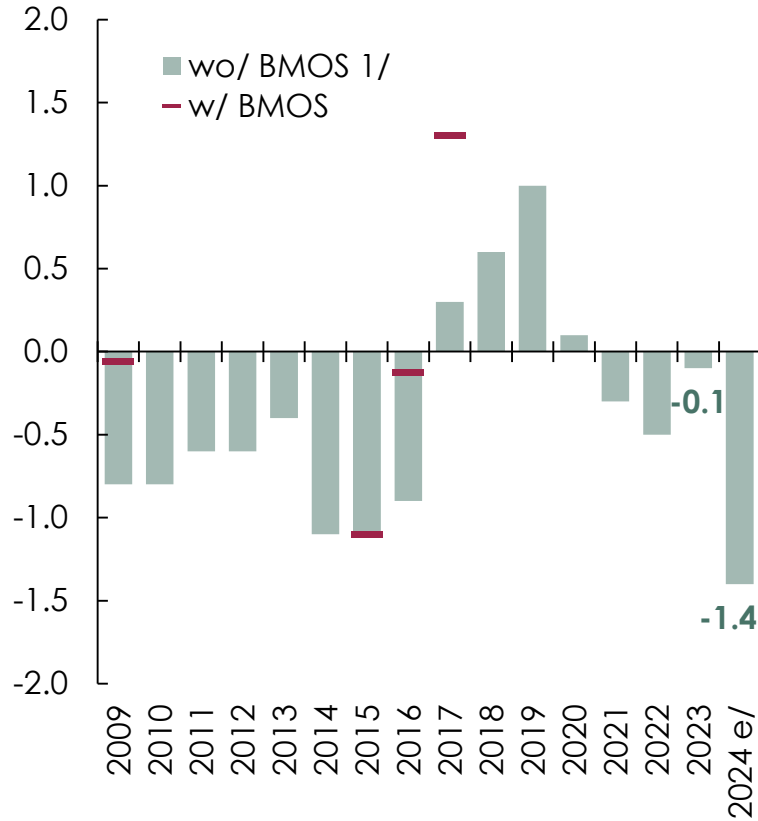
---

## Macroeconomic Fundamentals

### Public Finances

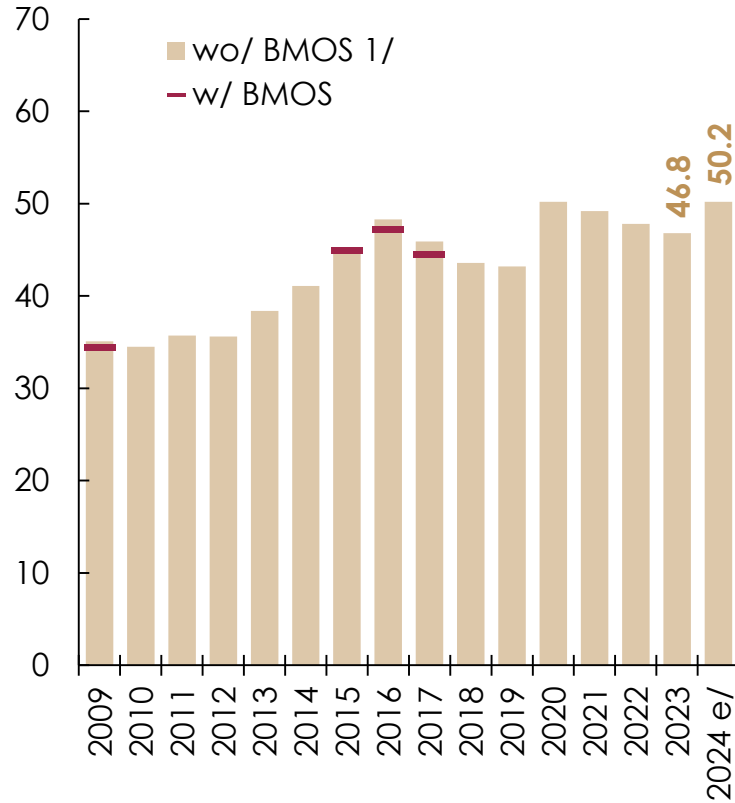
# Public Finance

## Primary Balance % of GDP



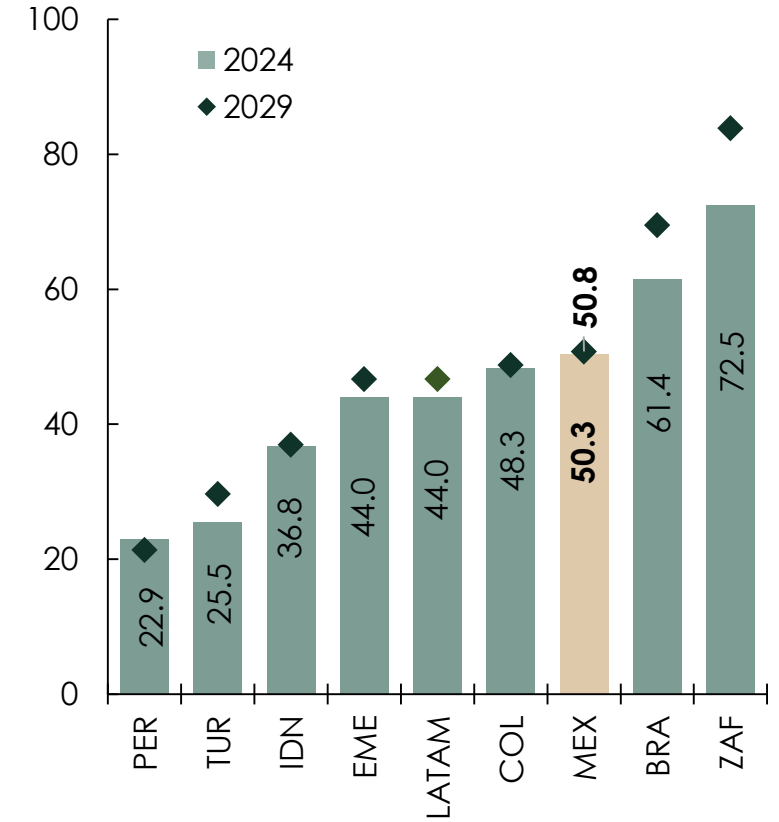
<sup>e/</sup> Last data as of 2024 Q2.  
<sup>1/</sup> BMOS: Banxico's Operating Surplus.  
 Source: Mexico's Ministry of Finance.

## Public Debt (HBPSBR) % of GDP



<sup>e/</sup> Last data as of 2024 Q2.  
<sup>1/</sup> BMOS: Banxico's Operating Surplus.  
 Source: Mexico's Ministry of Finance.

## General Government Net Debt % of GDP, Apr-24



Source: IMF, Fiscal Monitor.

# Public Finance

## August 2024, YoY % real change.



**3.6%**

▲ 75.7 bn pesos  
vs program

**Budgetary revenues**



**6.3%**

▲ 2.3 bn pesos  
vs program

**Tax revenues**

Excluding IEPS<sup>1/</sup>: **2.6%**



**-7.7%**

▼ 61.7 bn pesos  
vs program

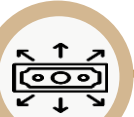
**Oil revenues**



**9.6%**

▼ 8.1 bn pesos  
vs program

**Total net expenditure**



**Programmable** **Non-programmable**

**11.6%**

**4.7%**

▲ 54.9 bn pesos vs program  
▼ 63.1 bn pesos vs program

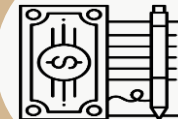
**Expenditure**



**-1.4%**

Percent of GDP  
- 0.1% in 2023

**Primary balance<sup>2/</sup>**



**-5.9%**

Percent of GDP  
- 4.3% in 2023

**PSBR<sup>3/</sup>**



**50.2%**

Percent of GDP  
46.8% in 2023

**HBPSBR<sup>4/</sup>**

<sup>1/</sup> It includes only fossil fuels excise tax (gasoline and diesel).

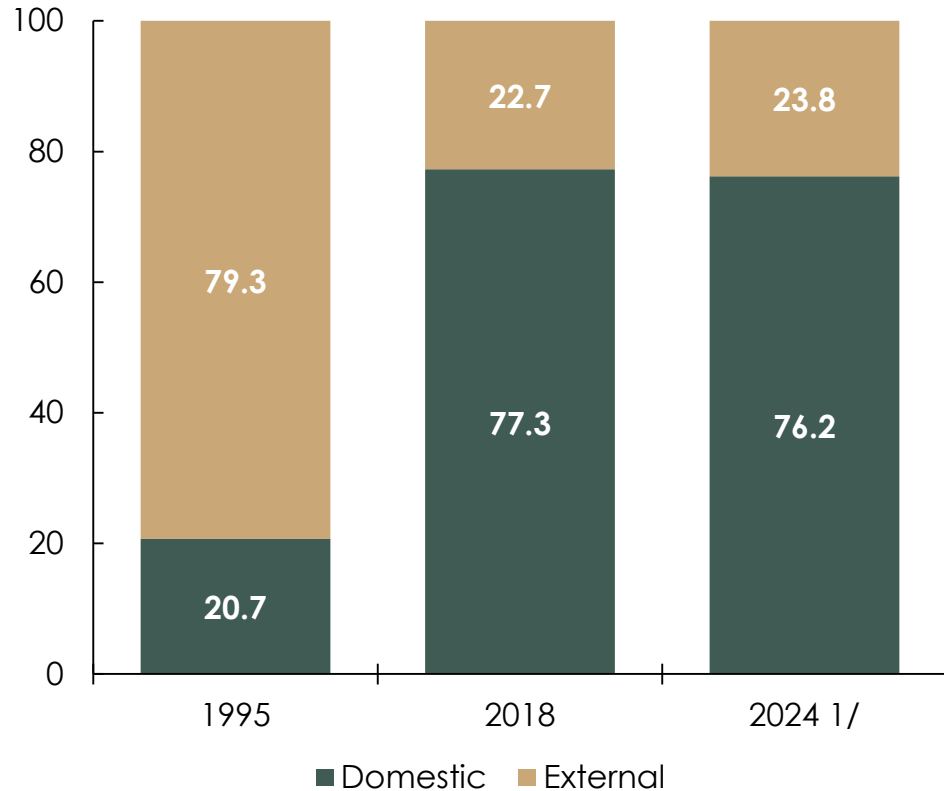
<sup>2/</sup> The primary balance is the difference between net revenues and expenditures, excluding the financing cost of the public debt.

<sup>3/</sup> The Public Sector Borrowing Requirement (PSBR) are the financing needs including in the budgetary balance of Public Sector and out-of-budget financing needs.

<sup>4/</sup> The Historical Balance of the Public Sector Borrowing Requirements (HBPSBR) refers to the total liabilities of the Public Sector excluding financial assets; it is the broadest measure of net debt. 15

# Federal Government Debt Breakdown

## Federal Government Gross Debt Breakdown *% of Total*



## Federal Government Debt Statistics, 2Q24

### External Debt

**11.8%**  
of GDP  
as of 2Q24

**19.1**  
years  
average maturity

**100%**  
at a fixed rate

### Domestic Debt

**37.6%**  
of GDP  
as of 2Q24

**7.8**  
years  
average maturity

**76.8%**  
at a fixed rate

<sup>1/</sup> 2Q24.  
Source: Mexico's Ministry of Finance.

Source: Mexico's Ministry of Finance.



# Sustainable finance policy

Aligned with the 2030 Agenda and the Mexican NDC, the Government of Mexico has a **Sustainable Finance Mobilization Strategy**<sup>1</sup> to reorient up to 15 trillion pesos by 2030.

- **Some of the Strategy's lines of action that are internationally recognized are as follow:**



**Mexico's Sustainable Taxonomy**<sup>2</sup> unveiled in March 2023 as the first of its kind, since it considers social objectives and defines gender equality as a key priority.

**SDG Bonds**<sup>3</sup>: In September 2020, Mexico became the first country to issue a sustainable sovereign bond and began building a sustainable yield curve by issuing thematic bonds in four national and international markets.

- 16 bonds have been issued to date for a total amount of 20.4 billion USD.



By 2024, 83.8% of **budget programs**<sup>4</sup> are aligned, directly or indirectly, with at least one SDG.

<sup>1/</sup> [Mobilization Strategy: Consultation Document](#)

<sup>2/</sup> [Mexico's Sustainable Taxonomy](#)

<sup>3/</sup> The SHCP released the report: [Mexico's SDG Bond: Allocation and Impact Report 2022](#).

<sup>4/</sup> [Linking the budget to the SDGs](#)

Source: Mexico's Ministry of Finance, 2023.

## Mexico's SDGs Sovereign Bonds

Issue	Currency	Amount (million)	Rate	Term
1 <sup>st</sup>	EUR	750	1.35%	7 years
2 <sup>nd</sup>	EUR	1,250	2.25%	15 years
3 <sup>rd</sup>	MXN	20,000	TIIE + Spread	2, 6 years
4 <sup>th</sup>	MXN	15,000	TIIE + Spread	3, 6 years
5 <sup>th</sup>	USD	2,203	4.88%	10 years
6 <sup>th</sup>	JPY	75,600	1.0 - 2.52%	3, 5, 10, 15, 20 years
7 <sup>th</sup>	MXN	10,000	TIIE + Spread	1, 2, 3 years
8 <sup>th</sup>	USD	2,941	6.338%	30 years
9 <sup>th</sup>	MXN	15,000	TIIE + Spread	2, 3, 5 years
10 <sup>th</sup>	MXN	23,000	8.0%	12 years
11 <sup>th</sup>	MXN	15,000	TIIE + Spread	1.7, 2.4, 4.4 years
12 <sup>th</sup>	EUR	2,000	4.9%	8 years
13 <sup>th</sup>	MXN	20,000	TIIE + Spread	1,3, 3.2, 6 years
14 <sup>th</sup>	MXN	25,000	TIIE + Spread	2, 3, 6 years
15 <sup>th</sup>	MXN	23,000	TIIE + Spread	2, 4, 6 years
16 <sup>th</sup>	JPY	152,200	1.43 - 2.93%	3, 5, 7, 10, 20 years

Source: Mexico's Ministry of Finance.