








Moody's affirms Mexico rating on a prudent fiscal stance and the impulse from the US

- Moody's affirmed Mexico's long-term sovereign rating, both in foreign and local currency, at 'Baa1', maintaining the negative outlook
- The rating agency acknowledged prevailing challenges stemming from growth dynamics and the current situation of Pemex on public finances
- However, the prudent management of fiscal accounts during the pandemic, as well as the expected recovery of economic activity in 2021 benefiting from the greater dynamism in the United States, were the main factors that helped maintain the sovereign rating
- We reiterate our call that Mexico will remain an investment grade issuer in the short- and medium-term, although we recognize some important challenges ahead

Moody's affirms Mexico rating at 'Baa1'. *Moody's Investors Service* affirmed today Mexico's long-term sovereign rating, both in foreign and local currency, at 'Baa1'. Moreover, it maintained the negative outlook. It is worth recalling that their last modification was on April 17th, 2020, when [they cut Mexico's rating from 'A3' to 'Baa1'](#). Despite the deterioration in some important drivers of Mexico's credit assessment, they acknowledged two key factors to keep it unchanged. The first is the resiliency of fiscal accounts during the pandemic and the federal government's austerity strategy, preventing an increase in debt levels as a percentage of GDP as high as in other emerging economies, especially in the region. The second is the expectation of a more accelerated economic rebound in 2021 after the deep recession in 2020 caused by the COVID-19 crisis, largely benefited by the strong economic reactivation in the US, underpinned by lax economic policies and an efficient vaccination program. However, the agency warned about risks ahead for public finances due to low growth dynamics, as well as potential pressures from greater financial support of the federal government to Pemex. The decision to maintain Mexico's sovereign rating is in line with the announcements made by *Fitch Ratings* and *S&P Global* last year. We reiterate our call that Mexico will remain an investment grade issuer in the short- and medium-term, despite some important challenges arising from lower potential growth, the need to strengthen the rule of law, and try to create ideal conditions for investment to increase as a share of GDP.

Mexico and Pemex credit rating

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

1 notch
2 notches
3 notches

Investment grade threshold

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

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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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