

## Mexican Senate ratified Agustín Carstens as central bank governor

September 18, 2015

- Yesterday, the Senate approved the Presidential appointment of Agustín Carstens as governor of Banco de México
- Dr. Carstens' second period will begin on 1 January 2016 and will end on December 31, 2021
- The appointment was welcomed by market participants, more so in an episode of high global volatility
- We highlight that during Dr. Carstens' first term as central bank governor, inflation converged to the 3% target, while there were important steps taken towards greater transparency

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**Six more years as governor of Banco de Mexico.** Yesterday, the Mexican Senate ratified Agustín Carstens to head the Board of Governors of Banco de Mexico. This will be the second term for Dr. Carstens starting on January 1st 2016 until December 31, 2021.

**The appointment was welcomed by market participants.** Given the high level of credibility of Dr. Carstens as a central banker, participants in global financial markets have welcomed the news, in a context of high uncertainty globally amid the Fed's decision to delay the start of the normalization of monetary policy, coupled with concerns about growth in China and other geopolitical issues. In our opinion, the nomination of Dr. Carstens reinforces the monetary authority commitment with an autonomous central bank, whose primary objective is inflation and ensure stability of the financial system.

**Inflation at 3% and meeting minutes.** It is worth mentioning that during his first term as governor of the central bank, 12-month CPI has reached its target of 3%. In fact, inflation is currently at historically low levels (2.59% yoy) on the back of the actions of both fiscal and monetary policy. Additionally, during the first period of Dr. Carstens, Banxico has taken important steps –extending the efforts of his predecessors–, towards greater transparency, as it is the case of the publication, since 2011, of the minutes of the discussions held by the board during monetary policy meetings.

**A prestigious economist with a consolidated career.** Besides heading the central bank, this year Dr. Carstens was appointed Chairman of the International Monetary and Financial Committee (IMFC) –which is the committee that advises and reports to the IMF board on the supervision and management of the international monetary and financial system, including on responses to unfolding events that may disrupt the system-, for a period of three years. The Committee consists of 24 members (reflecting the composition of the Executive Board of the IMF), including finance ministers and central bank governors. He also chairs the Economic Consultative Council (ECC) and the Global Economy Meeting (GEM) of the Bank for International Settlements (BIS), both entrusted to carry out the tasks coordination and cooperation between central banks for global monetary and financial stability. Since 2010, he is member of the Steering Committee of the Financial Stability Board (FSB) and he is also a member of the Board of Directors of the Bank for International Settlements (BIS). Previously, he served as Secretary of Finance and Public Credit (MoF), during the administration of former President Felipe Calderon (2006- 2009), among various important positions at both the federal government and the central bank. Agustin Carstens holds a master’s degree (1983) and a PhD in Economics from the University of Chicago (1985). He obtained a BA in Economics from the *Instituto Tecnológico Autónomo de México* (ITAM), where he graduated with honors in 1982.

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