

The IMF ratifies Mexico’s flexible credit line

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- In the press release, the IMF highlights the strength of the Mexican economy in light of the recent volatility episodes it has faced
- In our opinion, the extension of the FCL shows confidence in the Mexican economy

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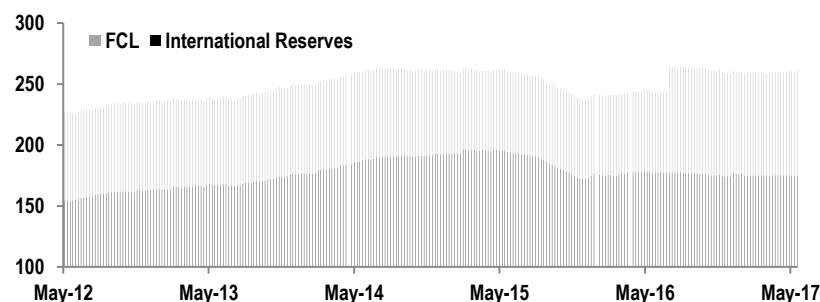
The IMF announced yesterday the extension of Mexico’s Flexible Credit Line (FCL) amounting to US\$86 billion. The amount that can be accessed as part of the credit line amounts to 62.389 billion in *Special Drawing Rights* (SDRs), which is equivalent to about US\$86 billion. It should be noted that the first provision of the credit line was approved in April 2009 and has been renewed on 5 occasions.

In the press release, the IMF highlights the strength of the Mexican economy in light of the recent volatility episodes. David Lipton, First Deputy Managing Director and Acting Chairman of the Board, mentioned that the country has shown strength in an adverse environment, although uncertainty still prevails around the Mexican economy due to the lack of clarity on the future of the commercial relations between Mexico and the United States. In addition, he highlighted the growth of the economy, despite inflation being above the Central Bank’s target, which according to its evaluation, will return to the target in the medium term. Finally, the Director mentioned that the role of macroeconomic policy has played a large role in maintaining the stability of the Mexican economy, which will be further strengthened by the fiscal consolidation efforts of the Federal Government.

In our opinion, the extension of the FCL shows confidence in the Mexican economy. Although on several occasions the Federal Government has announced the intention to maintain the FCL as a precautionary measure, we believe that access to this aid will help consolidate the position of the Mexican economy in the event of adverse economic shocks.

International reserves and FCL

US\$bn



Source: Banxico, IMF and Bloomberg

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