

December 12, 2025

12049
Mexico

Long-term Rating	A-
Outlook*	Stable
Short-term Rating	—

*Long-term Rating refers to Long-term Issuer Rating in principle.

▼ Overview

Mexico has a population of approximately 131 million and a nominal GDP of around USD 1.9 trillion, making it the second- largest economy in Latin America after Brazil. Its per capita nominal GDP is approximately USD 14,000 on a market exchange rate basis and around USD 25,000 on a purchasing power parity (PPP) basis (as of 2024). The land area is approximately 1.96 million square kilometers, about five times the size of Japan.

In terms of ethnic composition, Mestizos, people of mixed European (e.g., Spanish) and indigenous descent, account for approximately 60%, indigenous people for about 30%, and Europeans (e.g., Spanish) for around 10%. The official language is Spanish, and approximately 80% of the population is Catholic. The legacy of the Spanish colonial era remains strongly reflected in the demographic composition, language, and religion.

In the presidential election held in June 2024, Claudia Sheinbaum of the left-wing political party MORENA (Movimiento Regeneración Nacional) was elected and assumed office in October of the same year. She is the successor to former President Andrés Manuel López Obrador (commonly known as AMLO), and continues to pursue the policy direction of the AMLO administration, including anti-corruption measures, expansion of social welfare policies, and strengthening of state-owned enterprises such as Petróleos Mexicanos (PEMEX) and Comisión Federal de Electricidad (CFE). In the concurrent congressional elections, the left-wing coalition led by MORENA secured two-thirds of the seats in both houses, enabling constitutional amendments. This has provided a strong foundation for political governance.

▼ Social and political bases

Mexico is a federal republic based on constitutional democracy, with the president serving as the head

of state. The president is elected by direct popular vote for a single six-year term, with re-election prohibited. The legislature consists of a bicameral Congress composed of the upper and lower houses.

Historically, the Institutional Revolutionary Party (PRI), founded in 1929, consolidated the main forces that emerged after the Mexican Revolution and held power as the ruling party for approximately 70 years. In 2000, the right-wing National Action Party (PAN) won the election and assumed power for the first time, governing until 2012. From 2012 to 2018, PRI regained control of the government, during which time President Enrique Peña Nieto advanced economic structural reforms—particularly in the energy sector—that required constitutional amendments. However, the administration was unable to implement effective measures against widespread corruption, and with the deterioration of public security, its approval ratings remained low despite the vigorous promotion of economic structural reforms.

Against this backdrop, the newly emerging left-wing party MORENA gained momentum by attracting public support from citizens disillusioned with the traditional political establishment. In the 2018 presidential election, MORENA's leader, AMLO, was elected president. In the concurrent congressional elections, the leftist coalition led by MORENA secured a majority in both houses of Congress. The AMLO administration, inaugurated in December 2018, strongly criticized the neoliberal economic policies and corruption-prone nature of previous governments, asserting that they had exacerbated social inequality. It positioned the eradication of corruption and the enhancement of social welfare as its highest priorities. Under the AMLO administration, approximately 13.4 million people (around 10% of the total population) escaped poverty due to an increase in labor income (minimum wage mainly) and social transfers between 2018 and 2024, earning substantial support, particularly among socially vulnerable and low-income groups. In terms

of economic policy, the administration questioned the effectiveness of the private sector-led growth strategy pursued under the Peña Nieto government, and instead advocated for public sector-driven job creation and economic revitalization. It halted the construction of the new Mexico City airport and postponed initiatives such as the opening of oil blocks to private companies (“rounds”) and joint development projects (“farm-outs”). At the same time, it provided institutional and financial support to state-owned enterprises such as Petróleos Mexicanos (PEMEX) and the Federal Electricity Commission (CFE). Furthermore, in September 2024, a judicial reform involving constitutional amendments was enacted, changing the selection process for all judges—including Supreme Court justices—from presidential appointments to direct elections by public vote.

President Claudia Sheinbaum, who took office in October 2024, has inherited the policies of the AMLO administration, advocating for the eradication of corruption and the expansion of social welfare programs aimed at supporting vulnerable and low-income populations. She currently enjoys a high approval rating, ranging from 70% to 80% in various polls. In terms of economic policy, she has launched a national investment strategy known as “Plan México,” aimed at reducing disparities in regional infrastructure and fostering the development of domestic industries through investment. This strategy seeks to promote private investment from both domestic and international sources through tax incentives and other measures. Specifically, in the infrastructure sector, plans include the development of roads through public-private partnerships and the construction of airports, ports, and railways. In the energy sector, under the “Strengthening and Expansion Plan for the National Electrical System 2025-2030,” the government intends to increase generation capacity by building new power plants, including those utilizing renewable energy. Furthermore, to nurture domestic industries, the administration plans to raise the domestic procurement ratio in manufacturing, enforce local production requirements, and increase tariffs on imported goods. Through these initiatives, the government aims to achieve sustainable long-term economic growth and elevate Mexico’s GDP ranking from 12th to 10th globally. A notable departure from the previous administration is her proactive approach to the expansion of renewable energy. Her government is actively promoting development projects for wind and solar power generation facilities. In June 2025, Mexico held its first-ever judicial elections under a reformed system that amended the constitution to allow judges, including

Supreme Court justices, to be elected by popular vote.

Mexico’s foreign policy is based on principles of sovereignty, non-intervention, national self-determination, and peaceful resolution of disputes. Bilateral relations with the United States are of paramount importance due to strong geographical, cultural, historical, and economic ties. Successive Mexican presidents have sought to maintain favorable relations with the United States. While Mexico benefits economically from nearshoring, it continues to face serious challenges such as Undocumented immigration and the proliferation of synthetic drugs like fentanyl. Since the inauguration of U.S. President Trump in January 2025, President Sheinbaum has engaged in ongoing dialogue regarding these issues. Her administration has worked to establish systems for accepting Mexican immigrants deported from the United States and has implemented measures to combat fentanyl trafficking, including seizures and the arrest of criminal organizations. As a result of these measures, the number of apprehensions at the border between January and September 2025 decreased by 89.1% overall and by 81.6% for Mexican nationals compared to the same period of the previous year. Measures have also been implemented to combat illegal drugs, resulting in the seizure of more than 48 tons of cocaine at sea and the dismantling of 1,597 methamphetamine production sites.

In March 2025, the Trump administration imposed additional tariffs on Mexican goods to curb the influx of Undocumented immigrants and fentanyl. Sector-specific tariffs were also introduced on automotive-related products as well as steel and aluminum. However, goods that met the rules of origin under the United States-Mexico-Canada Agreement (USMCA) were largely exempt from these additional tariffs, thereby mitigating excessive economic impact. It has been reported that negotiations to revise the USMCA will begin in the latter half of 2025. In September 2025, a public consultation for the USMCA revision already started, and close attention must be paid to future developments.

▼ Economic Base

Since the enactment of NAFTA in 1994, Mexico has established a solid export base for automobiles and home appliances mainly bound for the North American market through large-scale direct investments. As a result, the share of industrial products in exports reached approximately 90% in 2024. In the year, Mexico produced approximately 4.2 million vehicles, including large buses and trucks,

ranking fifth in the world and surpassing the pre-COVID level of 4 million units. U.S.-based automakers have positioned Mexico as a production hub for vehicles destined for North America, and further increases in production are expected. On the other hand, Mexico's ratio of exports and imports to GDP has recently reached approximately 70%, indicating a high level of trade dependence and increased vulnerability to external economic conditions, particularly those in the United States.

Mexico possesses abundant mineral resources such as petroleum, silver, and lead. However, their share in the real economy remains low, with mining accounting for about 3% of nominal GDP and crude oil accounting for about 5% of exports. Although the share of oil-related revenues in total government income has been on a declining trend in recent years, it remained at a relatively high level of 13% in 2024, indicating continued fiscal dependence on resource-related income.

As of the end of 2020, Mexico's proven oil reserves stood at 6.1 billion barrels, ranking 20th globally (3rd in Latin America), and its oil production was approximately 1.9 million barrels per day, ranking 11th globally (2nd in Latin America). Due to insufficient investment in development, oil production has been on a declining trend since its peak of 3.38 million barrels per day in 2004, and recovery remains a challenge. Under the Peña Nieto administration, efforts were made to attract private investment to restore oil production. However, the AMLO administration shifted its policy to focus on increasing production through the state-owned enterprise PEMEX. As a result, private investment in the oil sector has stagnated. Under the Sheinbaum administration, tax simplification and subsidiary integration have been implemented, alongside the launch of a business plan aimed at turning PEMEX self-sufficient by 2027. Key measures include ramping up hydrocarbon and petrochemical output, including through partnerships with the private sector, enhancing refining efficiency, lowering personnel and current expenditures, improving procurement processes, and alleviating short-term financing pressures through government support.

President Sheinbaum is promoting the national investment strategy known as "Plan México" to achieve medium- to long-term economic growth. While the strategy is expected to stimulate growth through the strengthening of domestic industries and job creation, careful attention must be paid to the potential increase in fiscal burden associated with its implementation.

In 2024, Mexico's real GDP growth slowed to 1.4%, down from 3.4% in 2023, due to sluggish personal consumption caused by monetary tightening and a decline in fixed capital formation following the termination of government infrastructure projects. JCR forecasts that real GDP growth in 2025 will slow down to around 0% due primarily to weakened external demand caused by additional U.S. tariffs and subdued private investment amid supply chain uncertainties but expects a moderate recovery to around 1% in 2026, supported by low interest rates and the effects of Plan México.

▼ Fiscal Base

Mexico's fiscal policy has been aimed at reducing the budget deficit and curbing government debt since the Peña Nieto administration's fiscal reconstruction efforts. However, the structure remains susceptible to the performance of the oil sector, including PEMEX. Oil-related revenues, including those from PEMEX, accounted for 13% of total public sector revenues in 2024, down from the peak of 39% in 2012, but still at a high level.

The Fiscal Responsibility Act was amended in 2014 to require the government to set an annual target for the Public Sector Borrowing Requirement (PSBR), the broadest-based budget deficit. In FY2024, the PSBR stood at 5.7% of GDP (compared to 4.3% in FY2023), and the cumulative PSBR reached 51.3% (up from 46.5%), both worsening year-on-year. While revenues increased mainly from non-oil sources, expenditures also rose due to expanded social welfare policies and early completion of infrastructure projects in the final year of the AMLO administration. The government has committed to restrain expenditures, and the draft budget projects that the PSBR will gradually improve to 4.3% in FY2025 and 4.1% in FY 2026, with the cumulative PSBR expected to remain at 52.3% for both years. Compared to other countries, Mexico's cumulative PSBR remains relatively low among the sovereigns rated in the A range by JCR.

Regarding PEMEX, approximately 60% of its EBITDA is paid to the government, resulting in persistent net losses and excess liabilities since 2009. The AMLO administration has implemented measures to alleviate PEMEX's financial burden, including reductions in tax and profit-sharing rates. In January 2022, PEMEX acquired 100% of the shares of the Deer Park refinery in Texas, U.S., for USD 596 million. This acquisition was considered a realistic measure, offering equivalent refining capacity at one-tenth the cost of building a new refinery. Although crude oil production, which had been declining since its peak in 2004, bottomed out

in 2020 and showed a gradual recovery trend, it decreased year-on-year in 2024 due to the inability to offset declining output from existing oil fields with new field developments. PEMEX had a net loss of MXN 781 billion in 2024, and its financial liabilities reached MXN 2 trillion (approximately 6% of GDP). While the Sheinbaum administration has indicated its intention to continue the support measures implemented under the AMLO administration, such as capital injections and tax reductions, while also implementing tax simplification and subsidiary integration. In addition, it has launched a business plan aimed at turning PEMEX self-sufficient by 2027. However, PEMEX's modernization needs are substantial, and uncertainties remain regarding its competitiveness against U.S.-made petroleum products. Future developments in oil production and refining capacity, as well as the government's fiscal burden and progress toward financial self-sufficiency, warrant close attention.

▼ External position

Mexico's current account balance has remained in deficit at around 1% of GDP in recent years, primarily due to trade deficits and interest payments on foreign direct investment, despite steady inflows of remittances from migrant workers.

Its gross external debt has been contained since 2015. As of December 2024, it stood at USD 591 billion, equivalent to 32% of GDP, which is relatively low among the countries rated in the A range by JCR. Of this, short-term external debt amounted to USD 61.2 billion (3.3% of GDP). The country's foreign exchange reserves have been on an upward trend since 2015, reaching USD 249.7 billion at the end of October 17th, 2025. The reserves are equivalent to approximately four times the short-term external debt and four months' worth of imports of goods and services, indicating a strong external liquidity position. Furthermore, Mexico maintains a Flexible Credit Line (FCL) with the IMF, amounting to SDR 26.7 billion (approximately USD 35 billion, valid for two years from November 2023), which complements its flexible monetary policy and agile interest rate management, thereby enhancing its resilience to external shocks.

▼ Financial System

Mexico's banking sector mainly consists of commercial banks and government-affiliated development banks. As part of the financial system reforms implemented after the 1994 currency crisis, the restriction on foreign investment in domestic banks was abolished in 1999. This prompted foreign banks to acquire major Mexican banks, resulting in

a reorganization of the banking sector. Currently, four of the top five banks in terms of assets are foreign-owned. Foreign banks have taken a cautious stance toward domestic lending, and the ratio of domestic credit to GDP remains at around 40%, which is low compared to other countries rated in the A range by JCR. The overall financial intermediation of the financial system is not sufficiently deep relative to the size of the economy, and the supply of growth capital is not necessarily adequate.

Mexico's banking sector continues to demonstrate strong profitability, soundness, and robust liquidity buffers. In 2024, the sector-wide return on assets (ROA) stood relatively high at 2.04%, and 1.96% as of August 2025. As of the end of August 2025, the capital adequacy ratio stayed high at 20.3%. The nonperforming loan (NPL) ratio was contained at 2.2% as of the same date. The liquidity coverage ratio (LCR) has consistently exceeded 200%, while the net stable funding ratio (NSFR) remains above 140%, well above the regulatory minimum of 100%. The loan-to-deposit ratio has remained stable below the 100% threshold.

The primary policy objective of the Bank of Mexico (central bank) is to maintain low and stable inflation. Its monetary policy framework is based on an inflation targeting regime, with a central target of 3.0% and a tolerance band of $\pm 1.0\%$. In response to inflationary pressures stemming from surging energy prices, the central bank began raising its policy interest rate ahead of the U.S. Federal Reserve in June 2021, with cumulative hikes totaling 725 basis points. Although the rate was held at 11.25% from May 2023, the bank shifted to a rate-cutting stance in 2024 amid signs of economic slowdown and easing inflation, and implemented six consecutive rate cuts in 2025, bringing the policy rate down to 7.5% by September. This proactive tightening helped prevent a sharp depreciation of the peso and a surge in inflation while also facilitating an early transition to monetary easing and mitigating the risk of economic deterioration. The consumer price index (CPI) peaked at a year-on-year increase of 8.7% in September 2022 but declined to 3.8% by September 2025. Although the peso temporarily weakened in 2024 due to concerns over Mexico's fiscal and economic outlook, driven by judicial reforms under the Sheinbaum administration and a hardline stance toward Mexico by U.S. President Trump, the exchange rate has since returned to previous levels following a stabilization in the trade negotiations with the United States. The interest rate differential between Mexico and the U.S. remains at a stable level, and the peso is expected to stay on a relatively stable trajectory.

▼ Overall assessment and rating outlook

The ratings reflect Mexico's solid export-oriented industrial base, flexible and agile monetary and exchange rate policy operations, and resilience to external shocks. On the other hand, constraints on the ratings include the need for modernization of the domestic oil industry. The Mexican economy has succeeded in stabilizing inflation and is performing relatively well under an uncertain global economic environment. Its real GDP growth rate is projected to be close to zero in 2025 due primarily to weakened external demand caused by additional U.S. tariffs and subdued private investment amid supply chain uncertainties. However, JCR forecasts it will return to a moderate recovery in 2026, supported by the effects of Plan México and declining policy interest rates, which are expected to bolster domestic demand and help the economy bottom out. Although the fiscal deficit widened temporarily in FY 2024 due to increased expenditures ahead of the general elections and the accelerated completion of infrastructure projects, fiscal discipline is expected to be maintained from FY 2025 onward under a more austere budget framework. Based on these factors, the credit ratings have been affirmed with a Stable outlook.

Regarding the need to modernize Mexico's domestic oil industry, a key constraint on the country's credit ratings, the Sheinbaum administration has maintained its commitment to supporting PEMEX through financial improvements and equipment renewals. Given the persistent investment requirements for its modernization, close attention must continue to be paid not only to trends in crude oil production and refining capacity but also to the extent of the government's fiscal burden and progress toward financial self-sufficiency.

JCR maintains the country ceiling for Mexico at "A+" in line with the issuer ratings.

Atsushi Masuda • Kazuki Nishiwaki

12049 Mexico

Consolidated Financial Summary

		2020	2021	2022	2023	2024
Nominal GDP per capita	USD	8,744	10,207	11,284	13,679	14,007
Real GDP growth	%	-8.4	6.0	3.7	3.4	1.4
CPI inflation (annual average)	%	3.4	5.7	7.9	5.5	4.7
Public sector primary balance to GDP	%	0.1	-0.3	-0.5	-0.1	-1.5
Public sector fiscal balance to GDP	%	-2.7	-2.9	-3.2	-3.4	-4.9
Public sector borrowing requirement (PSBR) to GDP	%	3.8	3.7	4.3	4.3	5.7
Public sector historical PSBR to GDP	%	50.2	49.1	47.6	46.5	51.3
Current account balance to GDP	%	2.4	-0.3	-1.3	-0.7	-0.9
Trade balance to GDP	%	3.0	-0.8	-1.9	-0.7	-1.0
Financial account balance to GDP	%	1.8	-0.3	-1.0	-0.5	-0.6
Official reserve assets	bn USD	199.1	207.7	201.1	214.4	232.1
Official reserve assets to imports of goods and services	months	5.6	4.4	3.6	3.8	4.0
Official reserve assets to short-term external debt	x	4.3	4.4	3.7	3.6	3.8
External debt to GDP	%	55.6	45.7	39.7	32.9	31.9
Foreign exchange rate (annual average)	MXN/USD	21.5	20.3	20.1	17.7	18.3
Capital adequacy ratio	%	16.7	18.6	19.1	19.3	19.4
Nonperforming loan ratio	%	2.3	2.4	2.3	2.1	2.0

* Figures for the most recent period could be indicators based on preliminary figures.

(Source) National Institute of Statistics and Geography (INEGI), Central Bank, Secretariat of Finance and Public Credit (SHCP), IMF and CEIC

Ratings

	Rating	Outlook*	Amount	Currency	Rate (%)	Issue Date	Maturity Date	Release
Local Currency Long-term Issuer Rating	A+	Stable	-	-	-	-	-	2025.07.18
Foreign Currency Long-term Issuer Rating	A-	Stable	-	-	-	-	-	2025.07.18
Japanese Yen Bonds 23rd Series (2016)	A-	-	16,300	JPY	1.09	2016.06.16	2026.06.16	2025.07.18
Japanese Yen Bonds 31st Series (2019)	A-	-	27,300	JPY	1.05	2019.07.05	2026.07.03	2025.07.18
Japanese Yen Bonds 6th Series (2024) (SDG Bonds)	A-	-	97,100	JPY	1.43	2024.08.29	2027.08.27	2025.07.18
Japanese Yen Bonds 2nd Series (2022) (SDG Bonds)	A-	-	23,800	JPY	1.25	2022.09.08	2027.09.08	2025.07.18
Japanese Yen Bonds 27th Series (2018)	A-	-	38,700	JPY	1.05	2018.04.20	2028.04.20	2025.07.18
Japanese Yen Bonds 32nd Series (2019)	A-	-	31,000	JPY	1.3	2019.07.05	2029.07.05	2025.07.18
Japanese Yen Bonds 7th Series (2024) (SDG Bonds)	A-	-	32,200	JPY	1.72	2024.08.29	2029.08.28	2025.07.18

Japanese Yen Bonds 8th Series(2024)(SDG Bonds)	A-	-	10,000	JPY	1.88	2024.08.29	2031.08.28	2025.07.18
Japanese Yen Bonds 3rd Series(2022)(SDG Bonds)	A-	-	14,900	JPY	1.83	2022.09.08	2032.09.08	2025.07.18
Japanese Yen Bonds 20th Series(2014)	A-	-	12,300	JPY	2.57	2014.07.24	2034.07.24	2025.07.18
Japanese Yen Bonds 9th Series(2024)(SDG Bonds)	A-	-	8,300	JPY	2.27	2024.08.29	2034.08.28	2025.07.18
Japanese Yen Bonds 24th Series(2016)	A-	-	21,900	JPY	2.4	2016.06.16	2036.06.16	2025.07.18
Japanese Yen Bonds 4th Series(2022)(SDG Bonds)	A-	-	4,000	JPY	2.28	2022.09.08	2037.09.08	2025.07.18
Japanese Yen Bonds 28th Series(2018)	A-	-	15,000	JPY	2	2018.04.20	2038.04.20	2025.07.18
Japanese Yen Bonds 5th Series(2022)(SDG Bonds)	A-	-	3,200	JPY	2.52	2022.09.08	2042.09.08	2025.07.18
Japanese Yen Bonds 10th Series(2024)(SDG Bonds)	A-	-	4,600	JPY	2.93	2024.08.29	2044.08.26	2025.07.18

History of Long-term Issuer Rating

(Long-term Issuer Rating or its equivalent)

Date	Rating	Outlook*	Issuer
1998.06.17	BB+	-	Mexico
2000.11.02	BBB	-	Mexico
2005.01.26	BBB	Stable	Mexico
2006.01.20	BBB+	Stable	Mexico
2008.01.28	A-	Stable	Mexico
2020.04.27	A-	Negative	Mexico
2022.04.07	A-	Stable	Mexico

*Outlook for long-term issuer rating, or direction in case of Credit Monitor

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