



S&P lifts outlook for Mexico's credit

THE NEWS

The financial services agency Standard & Poor's (S&P) raised its credit rating on Mexico's sovereign debt to BBB-Plus on Thursday.

S&P's improved outlook for Mexico brings the agency's rating in line with those issued by Moody's Investors Service and Fitch Ratings, the other members of the so-called Big Three credit rating agencies.

According to a statement issued by S&P, Mexico's improved rating was due to the recent passage of an energy reform allowing for private investment in the country's state-run oil industry, supplemented by a tax reform, which the agency said raise the country's growth expectations in the medium term.

"Tapping into Mexico's vast oil potential should energize investment and growth throughout the economy, but we also believe that we won't see its tangible effects on economic activity for a number of years," the statement said.

S&P expects that Mexico will see real GDP growth of 3 percent in 2014 and 3.5 percent in 2015, up from the country's disappointing 1.2 percent growth in 2013.

"We are closer today than we have ever been to an 'A' category," said Alejandro Díaz de León, director of public credit for the Treasury and Public Finance Secretariat (SHCP). "There is a lot of upside in the near future if the implementation of the energy reform continues as planned."



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