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Comunicación Financiera

The News

S&P recognizes Mexican reforms

Local director says confidence in the nation is growing

THE NEWS

Mexico will benefit from the economic recovery in the United States and is also prepared to face a period of volatility expected to follow a possible interest rate rise north of the border, according to Standard and Poor's (S&P) Mexico.

Director of the ratings agency in the country, Víctor Herrera, said that confidence in Mexico — and the implementation of the structural reforms — is "doing very well."

"The confidence in Mexico is there, capital is entering in an important way, and businesses that had previously gone to Asia are now coming to exploit the economic times in the United States; Mexico is in a privileged position," he said in an interview.

He stressed that the rating outlook for Mexico is "stable," as necessary measures have been taken to face the potential volatility from outside. In addition, Mexico has experience handling these situations, especially the ups and downs in the price of oil and the impact it has on public finances.

"Mexico has sold oil at $70 a barrel before, so it knows what it is like. We are seeing both tax and monetary authorities preparing for a period of volatility," he said.

Regarding the exchange rate, he said that although significant "jumps" will occur, these will be temporary, and the capacity the country has today for investment transaction is seen in the growth of the manufacturing and aerospace industries.

"It's a good time for the Mexican economy," he concluded. According to Herrera, for Mexico's outlook to pass from stable to positive, the country needs to strengthen public finances, which today are too dependent on oil revenues and therefore susceptible to shifts in oil prices.

"It is necessary to redouble efforts to strengthen these public finances while the reforms are being implemented. If this can be done, perhaps it is possible to undertake a more optimistic review," he said.