INTERNATIONAL MONETARY FUND

IMF Country Report No. 25/301

MEXICO

November 2025

REQUEST FOR AN ARRANGEMENT UNDER THE FLEXIBLE CREDIT LINE AND CANCELLATION OF THE CURRENT ARRANGEMENT—PRESS RELEASE; AND STAFF REPORT

In the context of the Request for an Arrangement Under the Flexible Credit Line and Cancellation of the Current Arrangement, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on November 13, 2025, following discussions that ended on September 12, 2025. Based on information available at the time of these discussions, the staff report was completed on October 29, 2025.
- A **Staff Supplement** of October 30, 2025, on the assessment of the impact of the proposed arrangement under the Flexible Credit Line on the Fund's finances and liquidity position.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR 25/374

IMF Executive Board Approves New Two-Year US$24 Billion Flexible Credit Line Arrangement with Mexico

FOR IMMEDIATE RELEASE

- *The IMF approved on November 13, 2025, a successor two-year arrangement for Mexico under the Flexible Credit Line (FCL), designed for crisis prevention, of about US$24 billion.*
- *Mexico qualifies for the FCL by virtue of its very strong economic fundamentals and institutional policy frameworks and track record of macroeconomic performance and policy implementation.*
- *The authorities intend to continue to treat the arrangement as precautionary.*

Washington, DC – November 14, 2025: The Executive Board of the International Monetary Fund (IMF) approved yesterday a successor two-year arrangement for Mexico under the Flexible Credit Line (FCL) in an amount equivalent to SDR 17.8254 billion (about US$24 billion,[1] equivalent to 200 percent of quota) as requested by the authorities and noted the cancelation by Mexico of the previous arrangement. The Mexican authorities stated their intention to treat the new arrangement as precautionary.

This is Mexico's eleventh FCL arrangement since 2009. Since 2017, Mexico has been gradually reducing access under its FCL arrangements. The arrangement approved on November 29, 2017 (see Press Release No. 17/459) was for an original access amount equivalent to SDR 62.389 billion (about US$88 billion), which, at the request of the Mexican authorities, was reduced to SDR 53.4762 billion (about US$74 billion) on November 26, 2018 (see Press Release No. 18/440). The arrangement approved on November 22, 2019 (see Press Release No. 19/431) was for an access amount equivalent to SDR 44.5635 billion (about US$61 billion), which was reduced in the successor arrangements approved in November 2021 (see Press Release No. 21/340) to SDR 35.6508 billion (about US$50 billion) and in November 2023 (see Press Release No. 23/398) to SDR 26.7381 billion (about US$35 billion).

Following the Executive Board's discussion on Mexico, Mr. Nigel Clarke, Deputy Managing Director and Acting Chair, made the following statement:

Economic activity in Mexico remains soft, constrained by needed fiscal consolidation and still restrictive monetary policy, as well as the dampening effect of trade tensions. Nevertheless, the economy has shown resilience and stability in the face of heightened external uncertainty, owing in part to its very strong macroeconomic policies and institutional policy frameworks, including a flexible exchange rate regime, a

[1] Amount based on the Special Drawing Rights (SDR) quote of November 13, 2025, of 1 USD = SDR 0.735218.

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USA

credible inflation targeting framework, a fiscal responsibility law, and a well-regulated financial sector. Mexico continues to meet all the Flexible Credit Line (FCL) qualification criteria.

The authorities have embarked on an appropriate recalibration of the policy mix, easing monetary policy amid reduced price pressures and unwinding the 2024 fiscal expansion. Going forward, more ambitious fiscal consolidation would prevent further upward drifts in public debt and create valuable fiscal space to cope with shocks. Meanwhile, clear evidence that inflation is on a path to the 3 percent target would allow for further monetary easing. Raising Mexico's potential growth will require closing infrastructure gaps, strengthening the rule of law, and deepening integration with global trading partners. The authorities are firmly committed to maintaining strong policies.

Mexico remains exposed to elevated external tail risks. Trade-related risks have risen since the last FCL review. On the other hand, financial conditions have become more accommodative and the country's reserve buffers have increased.

The new arrangement under the FCL will continue to play an important role in supporting the authorities' macroeconomic strategy and provide insurance against tail risks while bolstering market confidence. Its lower level of access reflects the Mexican economy's increased buffers and resilience. The authorities intend to treat the arrangement as precautionary.

For more information on the IMF's Flexible Credit Line:
https://www.imf.org/en/About/Factsheets/Sheets/2023/Flexible-Credit-Line-FCL

INTERNATIONAL MONETARY FUND

MEXICO

October 29, 2025

REQUEST FOR AN ARRANGEMENT UNDER THE FLEXIBLE CREDIT LINE AND CANCELLATION OF THE CURRENT ARRANGEMENT

EXECUTIVE SUMMARY

Context: Economic activity has been decelerating since mid-2024, in large part due to a needed fiscal consolidation and restrictive monetary policy. U.S. trade policy, and the uncertainties associated with it, have added to these headwinds. The authorities remain committed to maintaining their very strong policies and policy frameworks, to ensure economic, fiscal, and financial stability.

Risks: External downside risks have increased somewhat since the mid-term review, as trade-related risks have risen. However, financial conditions have become more accommodative and the country's reserve buffers have risen. Mexico is exposed to risks from a larger-than-expected impact of U.S. tariffs and uncertainty regarding the upcoming USMCA review. A more pronounced slowdown in the U.S. would be felt acutely in Mexico and a spike in global risk aversion could trigger capital outflows and raise financing costs. The materialization of a combination of these risks would result in lower economic growth, weaker exports, reduced remittances, and increased pressure on the fiscal position.

Flexible Credit Line (FCL): The authorities are requesting a two-year FCL arrangement for SDR 17.8254 billion (200 percent of quota) and the cancellation of the current arrangement, approved on November 15, 2023 (SDR 26.7381 billion, 300 percent of quota). The authorities intend to continue to treat the FCL arrangement as precautionary and view it as a signal of their very strong macroeconomic policies and institutional policy frameworks, and a buffer against external tail risks. In staff's assessment, Mexico continues to meet the qualification criteria for the FCL. Staff supports the authorities' request.

Fund liquidity: The proposed new commitment and cancellation of the current arrangement would have a net positive impact on the Fund's liquidity position.

Approved By
Nigel Chalk (WHD) and Geremia Palomba (SPR)

The report was prepared by a team comprising Gustavo Adler (head), Francisco Arizala, Christina Kolerus, Nils Lehr, and Johanna Schauer (all WHD); Fah Jirasavetakul (SPR); Corrado Macchiarelli (MCM); with inputs from Yao Deng, Camilo Enciso, Robin Sykes and Miho Tanaka (LEG). Anahit Aghababyan and Hugo Tuesta (both WHD) provided editorial and research assistance.

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CONTEXT

1. **The global economic environment is in flux.** As noted in the October 2025 *World Economic Outlook*, the initial resilience to global trade tensions—largely driven by temporary factors—is beginning to give way to emerging signs of strain. Uncertainty about the global economy's stability and trajectory remains high. Global growth is projected to slow, reflecting persistent headwinds from uncertainty and protectionism, and remains subject to downside risks particularly from further escalation of protectionist measures and prolonged policy uncertainty.

2. **Mexico continues to view the FCL arrangement as a signal of their very strong macroeconomic policies and institutional policy framework, and as a buffer against external tail risks.** Since 2009, Mexico has had ten consecutive FCL arrangements. Access has been gradually reduced since the November 2017 arrangement. Under the current FCL arrangement, approved in November 2023, access is 300 percent of quota.

3. **The authorities are requesting a successor two-year FCL arrangement, with a further reduction in access.** They are requesting access of 200 percent of quota, consistent with their assessment of external risks and vulnerabilities and increased available external buffers.

DEVELOPMENTS AND OUTLOOK

4. **Economic activity has been soft since mid-2024, and changes in U.S. trade policy are adding to these headwinds.** Binding capacity constraints, restrictive monetary policy, the unwinding of the 2024 fiscal expansion, and rising trade uncertainty have all contributed to the slowdown. Specifically, the completion of large public investment projects and a deterioration in business sentiment compressed investment. Faltering confidence and moderating real wage growth slowed consumption. Weaker oil and mining activity led to a contraction in industrial output and services growth slowed. Agriculture, however, has rebounded as the effects of the 2024 drought dissipated. Employment growth fell but lower labor force participation meant unemployment was broadly unchanged. The sudden shift in U.S. trade policy in 2025 added uncertainty and raised the average statutory tariff on Mexican exports to the U.S. (although the impact has been much less than initially thought due to greater use of USMCA exemptions and lower tariffs compared to competitor countries).

5. **Core inflation has remained above the headline inflation variability range in recent months, even as headline inflation has eased due to the fading impact of the drought on agricultural prices.** While core services inflation has gradually moderated, this has been more than offset by rising core goods inflation—partly driven by the delayed effects of the 2024 exchange rate depreciation and the spillover from food price shocks into core food items. Consequently, core inflation remains above the headline inflation variability range. Inflation expectations have fallen but remain above the central bank's target. After pursuing a restrictive monetary stance in 2022-23, the

central bank has been steadily lowering the policy rate as inflationary pressures wane –cutting the policy rate by 375 bps since early-2024.

6. **Fiscal consolidation is underway, albeit more gradually than previously planned.** In 2024, the government relied on an escape clause to their fiscal rule to implement procyclical fiscal policy and increased the deficit to 5.7 percent of GDP, with gross public debt rising to around 58 percent of GDP at end-2024. The new administration responded by targeting a reduction in deficit to 3.9 percent of GDP for 2025, with consolidation focused on compressing capital spending and further strengthening revenue administration. The draft 2026 budget projects the deficit will reach 4.3 percent of GDP in 2025, mainly reflecting a shortfall in oil revenues. Pemex continues to put pressure on fiscal accounts. In addition to budgetary support, recent losses have resulted in significant accumulation of debt with suppliers, adding to the company's liquidity needs from large debt amortizations in 2026. The central government has recently undertaken large financial operations to reduce the company's debt with suppliers and smooth its debt amortization profile, shifting some of these liabilities onto the sovereign's balance sheet.[1]

7. **The current account position was near balance in the first half of 2025.** The current account deficit widened modestly in 2024 but, since then, the trade deficit has narrowed. Exports have been doing well—partly reflecting increased utilization of USMCA preferences—although trade-related uncertainty and restrictive policies have weighed on domestic demand and import growth. While the effect of U.S. tariffs on exports is expected to become more apparent in the second half of the year, weak domestic consumption and subdued investment—amid prevailing uncertainty—are expected to further strengthen the current account balance.

8. **The financial sector is sound and systemic risks are contained.** Banks continue to have robust capital and liquidity positions. Stress tests indicate that the banking system remains resilient to a sharp economic slowdown—comparable to severe episodes experienced in the past two decades. Bank exposure to exporting firms appears low on average with a small number of institutions facing higher concentration. Corporate and household leverage is low, and there are no signs of stretched asset valuations. Nonetheless, limited access to financial services continues to constrain economic growth.

OUTLOOK AND RISKS

9. **Growth is expected to accelerate modestly in 2026, while inflation converges to the central bank's target.** Activity is projected to expand by 1 percent in 2025 amid restrictive domestic policies, shifting U.S. trade policies, and weakening U.S. demand. Growth would accelerate to 1.5 percent in 2026, as headwinds from domestic policies ease, and return to its long-term average by 2027. Inflation pressures are expected to continue easing and, inflation is projected to converge

[1] These operations include (i) the issuance of pre-capitalized notes (about US$12 billion) through a special purpose vehicle (to obtain lower-cost financing for Pemex and to retire more costly short-term credit lines), (ii) the issuance of sovereign bonds (about US$14 billion) to finance a bond repurchase program (about US$10 billion) and to pay further amortizations, and (iii) the creation of a Pemex Investment Fund with the purpose of paying suppliers and offering Pemex a longer-term amortization profile.

to the target by the second half of 2026, helped by weaker activity and the recent appreciation of the peso. The near-term strengthening of the current account is expected to unwind in 2026, although the current account would converge to its norm only gradually, partly reflecting structural factors—such as informality, infrastructure gaps and limited access to credit—that hinder investment. Reserve buffers are projected to remain adequate over the medium term.

10. The 2025 Article IV assessment concludes that risks to the growth outlook are broadly balanced, although external downside risks are somewhat higher than at the time of the mid-term review. Global financial conditions are more supportive but trade-related risks have risen (although, as greater clarity about U.S. policies has emerged, these are less prominent than earlier this year). Downside risks to activity include a more pronounced slowdown in the U.S., and a larger-than-expected impact of U.S. tariffs (including from possible further increases in tariffs or tighter conditions for trade under a revised USMCA). Rising global risk aversion could trigger capital outflows and higher financing costs. On the other hand, stronger growth in the U.S. or an agreement to lower tariffs (e.g., as part of the renegotiation of the USMCA) represent upside risks. Greater-than-expected adaptability of firms to operate under the USMCA framework and enter new markets—including through a shift of global supply chains into Mexico—could also represent an upside.

Box 1. Mexico: The Calculation of the External Economic Stress Index

Background. The External Economic Stress Index (EESI), a composite indicator of vulnerability related to external shocks, is constructed through three key steps: (i) identifying key external risks facing Mexico; (ii) selecting proxy variables that effectively capture these risks; and (iii) assigning weights to each variable based on their relative importance in Mexico's external accounts. The methodology follows the approach outlined in the Flexible Credit Line Operational Guidance Note and is in line with that for past FCL arrangements.

Risk. Two external risk factors are particularly relevant for the Mexican economy. First, Mexico's exports, remittances, and inward FDI are closely related to economic developments in the U.S. and U.S. trade policy. Second, Mexico's open capital account and portfolio securities held by foreigners expose Mexico to changes in global financial conditions, including changes in investor sentiment towards emerging market economies.[1]

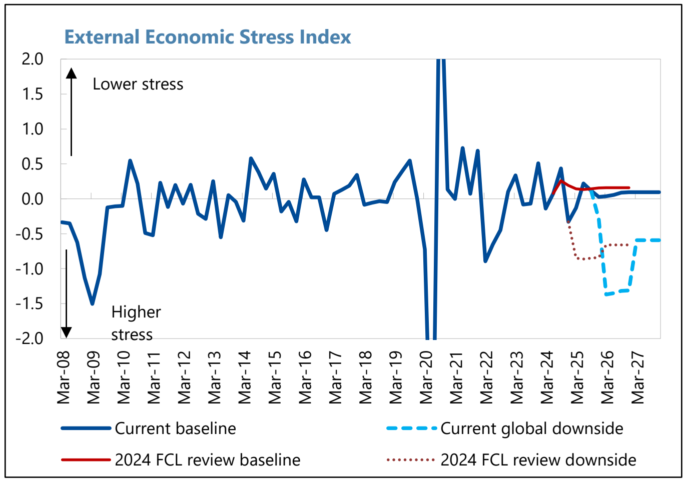
Variables. Risks to exports, remittances, and inward FDI are all proxied by U.S. growth. Risks to portfolio flows are proxied by the change in the U.S. Treasury 10-year yield and the emerging markets volatility index (VXEEM), which capture debt and equity flows respectively.

Weights. The weights are data-based using balance of payments and international investment position data in 2024. The weight on U.S. growth (0.63) corresponds to the sum of exports, FDI, and remittances; the weights on the change in the U.S. long-term yield (0.27) and the VXEEM (0.10) correspond to the stocks of foreign debt and equity, respectively. The weights are calculated as shares in the sum of these variables.

Baseline scenario. This scenario corresponds to the October 2025 WEO projections for U.S. growth and the U.S. 10-year bond yield. The VXEEM is assumed to remain constant over the projection period. The EESI indicates that the level of risks under the baseline scenario remains broadly comparable to that assessed at the time of the 2023 FCL request and the 2024 mid-term review.

Box 1. Mexico: The Calculation of the External Economic Stress Index (concluded)

Global downside scenario. This scenario is based on the downside scenario in the October 2025 WEO, which consists of four layers of global risks relevant for Mexico: (i) higher U.S. tariffs and supply chain disruptions; (ii) higher inflation expectations in the U.S. and in emerging markets excluding China; (iii) tighter global financial conditions and higher sovereign yields in all countries except China; and (iv) a decline in global demand for U.S. assets. Compared to the 2023 FCL request, this scenario features a deeper U.S. growth shock (1½ standard deviation at trough versus one standard deviation in 2023), a sharper increase in U.S. Treasury yield (1 standard deviation compared to 0.5 standard deviation in 2023), and a comparable increase in the VXEEM index, leading to a deterioration in the stress index in 2026, followed by an improvement. On average, risk levels in the downside scenario are somewhat higher than those at the time of the 2024 mid-term review.



Country-specific external downside scenario. Mexico could also be affected by uncertainty regarding the upcoming USMCA review and new disruptions to global value chains, leading to an abrupt drop in FDI and capital flows. In addition, remittance flows could be adversely impacted by potentially tighter U.S. migration policies.

1/ Similar to the 2024 mid-term review, the index excludes oil prices from external risks as the oil trade balance now registers a deficit (hence lower oil prices tend to improve the current account).

VIEWS ON POLICIES

11. Mexico continues to exhibit very strong institutional and policy frameworks. Mexico has very sound macroeconomic institutions and policy management, and a very strong track record of policy implementation, including prudent fiscal responses during the pandemic and a timely deployment of monetary policy to counter the subsequent surge of inflation. More recently, the authorities have embarked on an appropriate recalibration of the policy mix, easing monetary policy amid reduced price pressures and a slowing economy, and unwinding the 2024 fiscal expansion. Financial supervision and regulation remain effective, limiting risks. Long-standing supply-side constraints remain a key challenge to fostering higher growth.

12. The 2025 consolidation is appropriately unwinding the previous expansion, although more ambitious and front-loaded fiscal consolidation is advisable going forward. The 2025 fiscal consolidation is expected to unwind the previous procyclical expansion despite the economic slowdown, lowering the deficit to 4.3 percent of GDP, from 5.7 percent in 2024. Additional deficit reduction is expected over the medium term, although consolidation has been delayed by loosening 2026-27 fiscal targets. While debt is sustainable with high probability, the authorities' fiscal plans imply a gradual increase in the gross debt-to-GDP ratio under staff's macro assumptions—reaching 61.5 percent of GDP by 2030—and carry the risk of further increases in debt if the fiscal position is hit by slippages or adverse shocks. A more front-loaded and ambitious consolidation path would enhance the credibility of fiscal plans, prevent a further upward drift in public debt, and create valuable fiscal space for a counter-cyclical response in the event that external risks are realized. Concrete and permanent measures of around 1½ percent of GDP are needed to underpin staff's recommended consolidation, which will require the mobilization of tax revenues through both further improvements in tax administration and tax policy changes. Strengthening the financial health and profitability of state-owned enterprises will also be essential to lowering the public debt-to-GDP ratio.

13. While the current institutional framework has supported prudent fiscal policy, there is scope for strengthening its design. The framework has helped deliver fiscal discipline but has also allowed for an upward drift in public debt, as there is flexibility in setting fiscal targets and escape clauses have been invoked often. This highlights the scope for strengthening the framework. Especially important would be to adopt a binding medium-term debt anchor and corrective mechanisms in the event of deviations from the targeted debt path. A tightening of escape clauses and the creation of an independent fiscal council would help further strengthen the framework. These changes would improve credibility, anchor expectations regarding debt and deficit trajectories, and reduce financing costs.

14. Monetary policy has appropriately eased, but further rate cuts should be conditioned on clearer evidence that inflation is heading back to the central bank's target. Following 375 bps in rate reductions, monetary policy remains moderately restrictive. This is appropriate given still-elevated core inflation in recent months and that inflation expectations remain above target. The ongoing deceleration of economic activity and the recent strengthening of the peso should facilitate a return of inflation to the central bank's target. Nevertheless, further interest rate cuts should await clearer signs that core inflation and inflation expectations are converging to the 3 percent headline inflation target. Enhancing central bank communications would further strengthen the transmission of monetary policy and more firmly anchor inflation expectations at the center of the central bank's headline inflation variability range.

15. Recent efforts to expand access to financial services are welcome and should focus on addressing market failures and promoting competition, while enhancements in financial sector supervision should continue. There is a need to boost the role of Mexico's financial system in supporting growth and jobs creation. Initiatives to promote competition, including through the entry of new private institutions, are welcome and should focus on establishing a level playing field between new and traditional institutions. Strengthening creditor rights and reducing informality will also be key to foster financial deepening. Plans to boost SME and mortgage lending via increased loans and guarantees from public financial institutions should be transparent, mindful of the fiscal implications of such lending, and ensure space for private sector participation. Continued implementation of the 2022 FSAP recommendations would further strengthen the macroprudential and supervisory frameworks, while improving interagency coordination, operationalizing the new beneficial ownership framework, and enhancing supervisory effectiveness is essential to counter continued AML/CFT threats.

16. **Mexico's long-term economic success hinges on deepening integration with global trading partners, strengthening the rule of law, and closing infrastructure gaps.** A broad strategy to deepen the positive impact trade can have on the broader economy should include addressing trade tensions, avoiding trade-distorting measures, and strengthening trade integration and diversification. Addressing long-standing supply-side bottlenecks would help reverse the pattern of low productivity growth of the last two decades. The investment environment could be enhanced by strengthening the rule of law, and advancing governance reforms. Crime remains a key constraint on growth and should be tackled, including through stronger international cooperation and more effective action against drug trafficking. Finally, addressing infrastructure gaps, especially in transport, water, energy, and digitalization, can further unlock private investment and boost regional integration.

REVIEW OF FCL QUALIFICATION

17. **Mexico continues to meet all the qualification criteria for an FCL arrangement.** As recently assessed by the Executive Board, Mexico has a sustained track record of implementing very strong macroeconomic policies and continues to have very strong economic fundamentals and institutional policy frameworks. Moreover, the authorities remain committed to implementing very strong policies going forward, all of which give confidence that Mexico will respond appropriately to the balance of payments difficulties that it could encounter. Based on the set of core indicators, all nine criteria used to assess underlying fundamentals and economic policies are currently met. In addition, staff does not see substantive changes in qualification since the mid-term review in October 2024, nor since the approval of the 2023 FCL arrangement. The assessments are summarized in Text Table 1.

- ***Sustainable external position.*** The 2024 external position was broadly in line with the level implied by medium-term fundamentals and desirable policies. A near-term strengthening of the current account—due to weak domestic demand—is expected to unwind over the medium term, although the current account would remain somewhat above its norm. The external debt sustainability analysis projects the external debt-to-GDP ratio to stabilize at around 26 percent in the medium term, still well below the pre-pandemic level. The composition of external debt remains favorable, with approximately 30 percent of public external debt denominated in pesos, thereby limiting exposure to exchange rate depreciation. Foreign exchange risks associated with private sector external debt are also well mitigated through natural and financial hedges. Moreover, public sector external debt is characterized by long maturities and entails modest refinancing risks.

- ***A capital account position dominated by private flows.*** Private flows, underpinned by relatively stable FDI, remain dominant in the overall balance of payments flows. Public flows accounted for only 21 percent of Mexico's direct, portfolio, and other asset and liability flows on average over the last three years, lower than the FCL's ceiling of 50 percent.[2] In addition, the

[2] Public flows are calculated as the sum of the absolute values of reserve assets flows, and portfolio and other asset and liability flows by general government and central bank. Total flows are calculated as the sum of the absolute

(continued)

NIIP remains sustainable, with a relatively high share of local-currency denomination in its foreign public liabilities limiting FX risks.

- ***A track record of steady sovereign access to capital markets at favorable terms.*** Mexico retains investment grade with all major rating agencies and did not lose market access at any point in the last year. Mexico's EMBIG sovereign spread, which includes PEMEX bonds, is currently (as of end-September) around 210 basis points, below its pre-pandemic average. The cumulative public sector issued or guaranteed external bonds or disbursements of public and publicly guaranteed external commercial loans in international markets during the last five years is close to 830 percent of Mexico's IMF quota and 940 percent including state-owned enterprises, well above the FCL threshold of 50 percent. The FCL's requirement of continued access to international markets during at least three of the last five years is also satisfied.

- ***A reserve position that remains relatively comfortable, notwithstanding potential BOP pressures that justify Fund assistance.*** Gross international reserves were US$232 billion (12.4 percent of GDP) at the time of the 2024 mid-term review and increased to US$249 billion by end-August 2025. Over three (current and two previous) years, Mexico's reserves are projected to stand on average at about 130 percent of the ARA metric, exceeding the FCL threshold of 100 percent. The metric does not fall below 80 percent in any of these three years (hovering in the range of 120 to 140 percent). In addition, Mexico retains its swap line of US$3 billion with the U.S. Federal Reserve under the North American Framework Agreement, and a US$9 billion swap line with the U.S. Treasury.

- ***Sound public finances, including a sustainable public debt position determined by a rigorous and systematic debt sustainability analysis.*** Fiscal policy is underpinned by a sound institutional budgetary framework, including the fiscal responsibility law. The framework has helped promote fiscal discipline, transparency and accountability of fiscal policymaking. Moreover, Mexico has a sustained track record of sound public finances, including a sustainable public debt position.[3] In 2024, the authorities invoked an escape clause, which permitted a procyclical fiscal expansion, to raise the deficit from 4.3 percent of GDP in 2023 to 5.4 percent in 2024, in contrast with staff advice at the time.[4] Ex-post, the budget target for the traditional overall balance was met, while the outturn of the public sector borrowing requirement was larger than programmed at 5.7 percent of GDP, primarily due to higher-than expected interest payments on inflation-linked debt, although the deviation was within the allowed margin under the fiscal framework (below 2 percent of total approved net expenditure). The 2024 expansion is appropriately being unwound in 2025, despite the economic slowdown, as the deficit is expected to fall back to 4.3 percent of GDP. Further deficit reduction is expected over the medium term, although at a slower pace than originally planned, as 2026-27 fiscal targets were loosened and planned policy efforts reduced. Under the authorities' plans and staff's macro

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values of direct, portfolio, and other asset and liability flows as well as the absolute value of net reserve asset flows. Private flows are the difference between total and public flows.

[3] Mexico's public debt has been assessed to be sustainable with high probability in the past five years.

[4] The escape clause, specified in the Budget and Fiscal Responsibility Law, was invoked because oil prices were projected to drop by more than 10 percent compared to the price in the previous budget.

assumptions, gross public debt is projected to increase over time, reaching 61.5 percent of GDP by 2030 (from 58.3 in 2024), although stabilizing over the extended projection horizon of the SRDSF. Staff assesses Mexico's public debt to be sustainable with high probability. However , a more front-loaded and ambitious consolidation path would be preferred to enhance credibility of fiscal plans, prevent further upward drifts in public debt and create valuable fiscal space for a counter-cyclical response in the event that external risks are realized.[5] While the fiscal framework has helped promote fiscal discipline, there is scope to enhance it via a clearer link between a desired public debt level and annual budgetary decisions, tighter escape clauses and correction mechanisms.

- ***Low and stable inflation, in the context of a sound monetary and exchange rate policy framework.*** Monetary policy has remained firmly focused on anchoring inflation and expectations around the central bank's target, delivering single-digit inflation over the past two decades, although inflation expectations have remained persistently above the 3 percent target. Following a highly restrictive stance in 2022–23, the policy rate has been reduced by 375 basis points since early 2024. As disinflation continues, further easing is expected, with inflation projected to converge to the 3 percent target by the second half of 2026. The authorities have also reaffirmed their commitment to a flexible exchange rate regime.

- ***A sound financial system and the absence of solvency problems that may threaten systemic stability.*** Mexico's financial system remains healthy, supported by high capital and liquidity buffers, low and adequately provisioned delinquencies, and high profitability – historically and compared to peers. Mexico's banking sector maintains a capital adequacy ratio of 20 percent, comfortably above the regulatory minimum of 10.5 percent. Return on equity for the overall banking system stands at 17.7 percent. The liquid-to-total assets ratio stands at 32 percent, and liquid assets to short-term liabilities ratio at 114.8 percent. A low non-performing-to-total loan ratio of about 2 percent indicates sound underwriting standards. Corporate and household leverage are low, asset valuations do not appear stretched, and credit growth has been healthy over the past years, reflecting much-needed financial deepening. Main vulnerabilities relate to the sovereign-bank nexus (exposure to the public sector accounts for around ¼ of system assets) and bank exposure to Mexico's exporting sector, although risks appear low on average with concentration in a small number of institutions. Bank external funding remains a modest share of total liabilities, with FX exposures well-monitored by Banxico. Stress tests by Banxico confirm the banking sector's ability to absorb adverse shocks with no material solvency concerns under a pronounced economic slowdown, while loan exposure to exporters is low on aggregate. The 2025 Article IV consultation and FSAP assessments did not

[5] Recent financial operations to support Pemex are not expected to materially change the assessment on debt sustainability, as Pemex's financial obligations are already part of staff's definition of public debt. Staff is discussing with the authorities the statistical treatment of the pre-capitalized notes, which are currently excluded from gross public debt numbers, but their inclusion would not change the current overall assessments of risks and debt sustainability as the amount issued is about 0.6 percent of GDP. In addition, the upcoming repayment of supplier debt through the newly created Pemex Investment Fund, which extent and details are yet to be determined, may also entail an increase in DSA's stock of gross public debt—as Pemex's financial obligations are part of the DSA's debt perimeter but accounts payable (including suppliers debt) are currently not. Nonetheless, the impact on debt sustainability is also expected to be limited.

flag significant solvency risks or recapitalization needs. Corporate balance sheets are characterized by relatively low levels of debt and limited FX mismatches.

- ***Effective financial sector supervision.*** The 2022 FSAP assessed Mexico's financial system to be robust, and authorities have demonstrated a strong commitment to advancing the implementation of the FSAP recommendations. The macroprudential framework has continued to be strengthened through improvements in inter-agency coordination, systemic risk monitoring and regulatory updates, while also attending to cybersecurity resilience. Banxico has updated its standing liquidity facility, and authorities are continuing efforts to align frameworks with international best practices to ensure timely support for distressed institutions. Efforts to bolster digital infrastructure and incident response capabilities are also ongoing to further reinforce the system's capacity to safeguard financial stability. Supervision has proven effective amid recent shocks. The regulator (CNBV) is closely monitoring institutions with higher loan exposure to the export sector and has recently taken over and facilitated winding down three financial institutions designated by the U.S. as being of primary money laundering concern, which has mitigated risks for the broader financial system. While the 2025 Article IV consultation did not raise substantial concerns regarding supervision frameworks, those will need to be further strengthened with respect to identifying compliance shortcomings and taking preventive measures, as well as ensuring consistent parallel financial investigations. The authorities are also cooperating with the Financial Action Task Force (FATF) for the upcoming mutual evaluation, with renewed efforts to address AML/CFT gaps (see ¶18).

- ***Data transparency and integrity.*** The overall quality of Mexican data continues to be high and adequate to conduct effective surveillance as described in the June 2021 data ROSC update. Mexico has subscribed to the Special Data Dissemination Standards (SDDS) since August 1996 and has performed well in meeting SDDS requirements.

Staff assesses that Mexico continues to have a sustained track record of implementing very strong policies, as reflected in the authorities' counter-cyclical and prudent fiscal response during the pandemic, timely monetary policy tightening to address the subsequent surge of inflation and recent appropriate recalibration of the policy mix (see ¶11). All relevant core indicators have been met in each of the five most recent years.

Text Table 1. Mexico: Summary of Qualification Assessments			
	2023 FCL Request 1/	**2024 Mid-Term Review 1/**	**2025 FCL Request**
1. A sustainable external position (EBA assessment at least "moderately weaker").	Moderately stronger	Moderately stronger	Broadly in line
2. A capital account dominated by private flows (share of private flows in total capital flows>50 percent, on average over the last three years).	79 percent	75 percent	79 percent
3. A track record of steady sovereign access to sovereign markets at favorable terms (public sector bonds issued or loans disbursed in international markets in at least 3 of the last 5 years; cumulative amount during the last 5 years>50 percent of the country's quota at the Fund).	570 percent of quota	570 percent of quota	826 percent of quota
4. A comfortable reserve position (reserves>100 percent of ARA metric, on average over three (the current and the two previous years)).	125 percent	121 percent	131 percent
5. Sound public finances (debt sustainable with high probability).	Debt is sustainable with high probability	Debt is sustainable with high probability	Debt is sustainable with high probability
6. Low and stable inflation (inflation in single digits in the last 5 years preceding qualification).	5.1 percent[2]	5.2 percent[2]	5.4 percent[2]
7. Sound financial system (the average capital adequacy ratio for the banking sector>regulatory thresholds;[3] no significant solvency risks or recapitalization needs).	Tier 1 capital ratio stood at 18.0 percent. No significant solvency risks or recapitalization needs.	Tier 1 capital ratio stood at 18.8 percent. No significant solvency risks or recapitalization needs.	Tier 1 capital ratio stood at 17.9 percent. No significant solvency risk or recapitalization needs.
8. Effective financial sector supervision (no substantial concerns regarding the supervisory framework).	No substantial concern in supervisory framework	No substantial concern in supervisory framework	No substantial concern in supervisory framework
9. Data transparency and integrity (an SDDS subscriber or has made satisfactory progress toward meeting the SDDS requirements).	SDDS subscriber	SDDS subscriber	SDDS subscriber

1/ Reported indicators are those available at the time of the request and mid-term review, respectively.
2/ Headline and core inflation, as well as inflation expectations, are in single digits in each of the five years.
3/ The regulatory threshold for Tier 1 capital ratio is 6 percent.

18. **While the quality of institutions relevant to FCL qualification remains very strong, weaknesses remain in other areas such as crime, corruption, and the rule of law.** Mexico faces significant money laundering threats associated with organized crime, cross-border financial flows, and widespread use of informal channels—highlighted by the recent U.S. designation of three financial institutions as being of primary concern for money laundering. Efforts to address the transnational aspects of corruption are ongoing (see Mexico's Article IV Report 2025, Annex XIII). The forthcoming mutual evaluation by the FATF will likely require renewed efforts to address

AML/CFT gaps, notably with respect to strengthening supervisory frameworks (FSAP 2022). The governance framework also needs to be strengthened as the coordination capacity of the Secretariat of Anticorruption and Good Governance (SABG) remains limited, enforcement is weak, and whistleblower protection legislation remains pending. Also, the elimination of INAI, a key independent oversight body, and the absorption of part of its powers by the SABG and the Secretariat of Digital Transformation, both executive agencies under presidential authority, raise concerns about autonomy and accountability. Meanwhile, the judiciary reform has introduced uncertainty about judicial independence and the professional capabilities of newly elected judges. However, staff considers that these governance and corruption vulnerabilities do not hamper Mexico's ability to respond to shocks.

ACCESS CONSIDERATIONS

19. Staff considers that access of 200 percent of quota is justified under a plausible tail risk scenario. While trade-related risks have increased since the 2024 mid-term review, they have been partly offset by lower risks from external financial conditions. Consistent with this rotation of risks, the External Economic Stress Index (EESI) under the baseline scenario remains broadly in line with the level observed during the 2024 mid-term review, while showing somewhat higher stress under the adverse scenario. In such an adverse scenario, where key external and country-specific risks materialize, an overall financing gap of US$67.8 billion would arise. This amount is comparable to the gap estimated under the 2023 FCL request, despite more severe shock assumptions, reflecting lower projected financial flows under staff's baseline projections. Mexico would be expected to draw down its own international reserves (by about US$43½ billion), which would keep reserves above 100 percent of the ARA metric. The residual financing gap, equivalent to 200 percent of Mexico's quota, would be covered by drawing down on the FCL arrangement (Box 2). The requested access level is at the bottom of the range of FCL arrangements approved since 2023 (as a percentage of quota).

Access Levels in Recent FCL (Percent of quota)

Mexico (proposed 2025 FCL)	200
Costa Rica (2025)	300
Morocco (2025)	386
Colombia (2024)	300
Chile (2024)	600
Mexico (2023)	300

Source: IMF staff calculations.

Box 2. Mexico: Illustrative Adverse Scenario

Access of around US$24.4 billion (200 percent of quota) can be justified under an illustrative downside scenario. The scenario incorporates global and country-specific external risks as outlined in Box 1. Under this scenario, capital inflows would weaken and the current account would deteriorate. External risks, especially stemming from the current account, are somewhat higher under this scenario compared to those prevailing at the time of the 2024 mid-term review and the 2023 FCL request.

Current account. A deterioration of the current account (0.6 percent of GDP) is assumed. The exchange rate would depreciate relatively quickly, given Mexico's flexible exchange rate regime, thereby mitigating the impact on the current account. However, slower global growth—most notably that of the U.S.— partly driven by the imposition of higher tariffs and supply chain disruptions would adversely impact Mexico's exports. This, together with a decline in remittance flows stemming from potentially tighter U.S. migration policies would contribute to a temporary deterioration of the current account deficit. The current account balance would improve over time, benefitting from the full effect of the exchange rate depreciation.

Net foreign direct investment (FDI) inflows. As a large share of inward FDI in Mexico is related to export-oriented production serving the North American market, a slowdown in U.S. demand, along heightened global uncertainty and trade tensions—including uncertainty around the USMCA review for Mexico—would lead to a reduction in FDI. The scenario assumes a drop in net FDI inflows to about 40 percent of the preceding three-year average.

Net equity portfolio inflows. Loss of confidence following tighter financial conditions in emerging markets and heightened risk aversion would lead to a reduction in equity holdings by foreign investors. A shock of 1.6 standard deviations of the fluctuations in the past 10 years (roughly corresponding to the 95th percentile of the distribution) is assumed.

Foreign currency-denominated debt. The scenario assumes a rollover rate of 80 percent of foreign currency debt as foreign investors would reduce their exposure to Mexico on account of higher risk aversion. The rollover rates are assumed to be higher than those in past EM crises, reflecting Mexico's relatively low credit risk.

Peso-denominated debt. The scenario assumes the same rollover rate (of 71 percent) as in the previous FCL arrangements. The ratio is set lower than for foreign currency-denominated debt to reflect a sizable reduction of foreign investors' holdings of peso-denominated debt under currency depreciation pressures.

Resident portfolio outflows. Uncertainty about the exchange rate would also lead to temporary capital flight by residents. A shock of 1.6 standard deviations of the fluctuations in the past 10 years (roughly corresponding to the 95th percentile of the distribution) is assumed.

Use of reserves. The downside scenario assumes a drawdown of reserves of nearly US$43½ billion, compared to US$36 under the 2023 FCL request, implying a proportionally smaller use of the FCL in the new arrangement on account of the country's larger available external buffers. The ARA metric would fall to around 118 percent after the drawdown, remaining within the adequate range of 100–150 percent.

Macro policies. Automatic stabilizers could be allowed to operate, supported by limited and temporary fiscal loosening, which should be accompanied by a credible medium-term consolidation plan. In this global environment with inflationary pressures, a reduction in the policy rate to support activity would need to be carefully weighed against the risk of de-anchoring inflation expectations and undermining price stability.

Box 2. Mexico: Illustrative Adverse Scenario (continued)

Assumptions Underlying the Downside Scenarios

Assumptions	2025 FCL request	2023 FCL request	2021 FCL request	2019 FCL request	2017 FCL request
Current Account Deficit	0.6% of GDP shock	0.23%	0.45%	0.23%	0.45%
Net FDI Inflows	40% of preceeding 3-year average	60%	40%	60%	40%
Equity Portfolio Inflows	1.6 std dev shock	1.6 std dev	2.0 std dev	1.6 std dev	1.6 std dev
Financing Through Bonds and Loans					
Public sector MLT financing					
FX denominated bonds	80%	80%	80%	80%	80%
Local currency bonds	71%	71%	71%	71%	71%
Private sector MLT financing					
FX denominated bonds	80%	80%	80%	80%	80%
FX bank financing	80%	80%	80%	80%	80%
Short-term financing					
Public sector local currency bonds	71%	71%	71%	71%	71%
Private sector	80%	80%	80%	80%	80%
Trade credit	80%	80%	80%	80%	80%
Other Flows					
Residents' foreign portfolio & other investment	1.6 std dev shock	1.6 std dev shock	2.5 std dev	1.6 std dev	1.6 std dev

Key Contributions to Financing Gap under the Downside Scenarios 1/

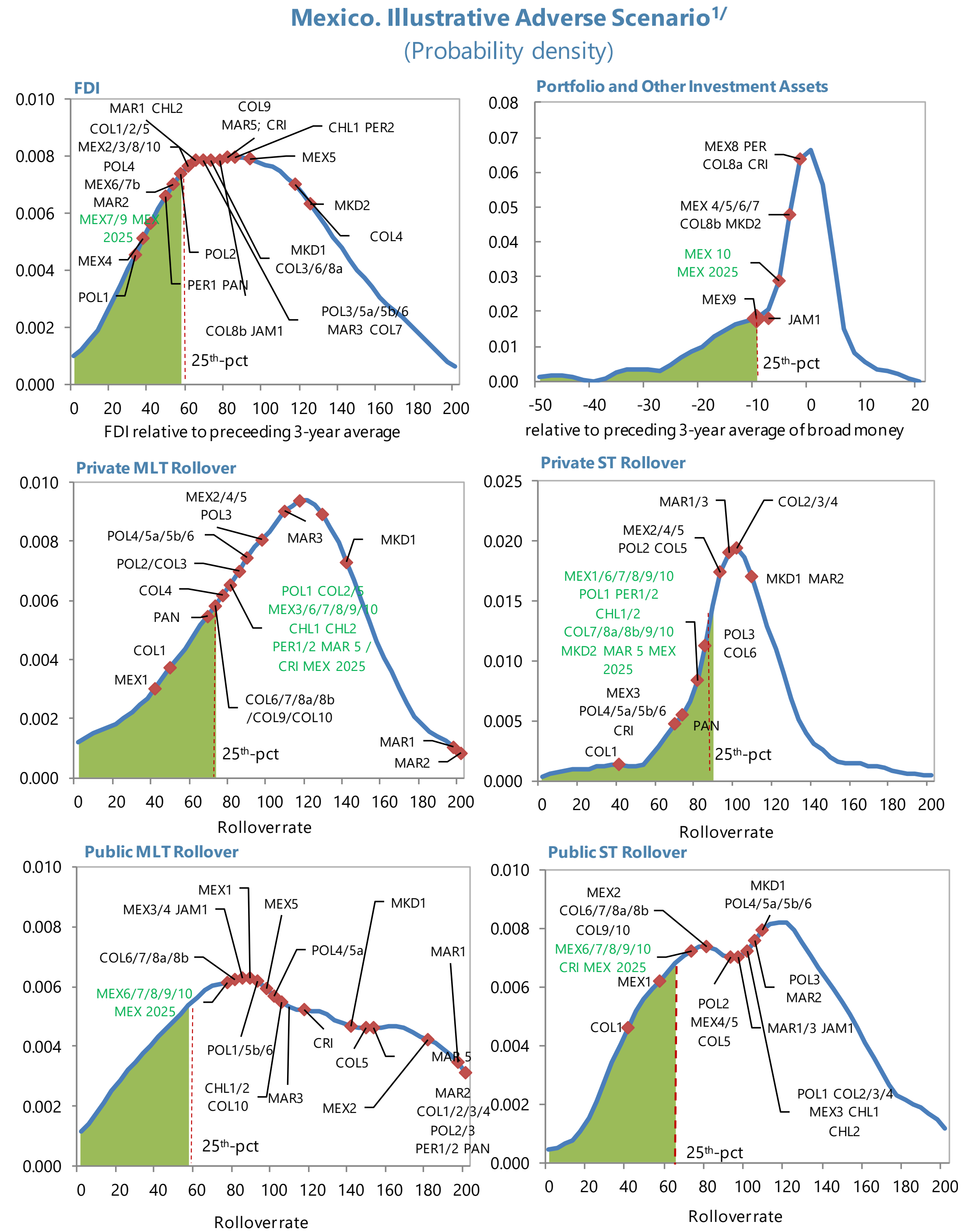
(In billions of U.S. dollars, +: financing requirements)

	2025 FCL request	2023 FCL request	2021 FCL request	2019 FCL request	2017 FCL request
Current Account Deficit	11.2	4.6	6.2	3.0	5.6
Net FDI Inflows	7.4	11.3	15.7	11.8	15.5
Equity Portfolio Inflows	5.6	7.8	13.5	11.3	9.3
Financing Through Bonds and Loans	19.9	25.8	27.1	32.9	41.7
Other Flows	23.8	21.4	26.9	17.2	25.1
Change In International Reserves	-43.4	-35.7	-39.0	-14.8	-10.0
Residual Financing Gap	24.4	35.1	50.4	61.4	87.2
in percent of quota	200	300	400	500	697

Source: IMF staff calculations.

1/ Financing gap in the year of the approval (e.g., 2025 for the 2025 FCL request).

Box 2. Mexico: Illustrative Adverse Scenario (concluded)



Source: IMF staff calculations.

1/ The countries shown are previous FCL/PCL/PLL arrangements, numbered consecutively by country. MEX2025 is this FCL arrangement request.

IMPACT ON FUND FINANCES, RISKS, AND SAFEGUARDS

20. The approval of the proposed new FCL arrangement alongside the cancellation of the current arrangement would have a net positive impact on the Fund's liquidity as measured by the Forward Commitment Capacity (FCC). Access under the proposed FCL arrangement (SDR 17.8254 billion, about 200 percent of quota) would be lower than under the current arrangement. The cancellation of the existing arrangement and commitment under the proposed arrangement would in net terms increase the FCC by SDR 8.91 billion (5.5 percent of its current level). Detailed analysis of the impact of the requested FCL arrangement on the Fund's finances and liquidity position is presented in a staff report supplement.

21. Mexico's capacity to repay the Fund remains strong. The authorities have indicated their intention to treat the proposed arrangement—like all its predecessors—as precautionary. Even if a full drawing under the arrangement were to be made, several factors would mitigate risks to the capacity to repay, including Mexico's adequate buffers, as well as very strong macroeconomic policies and institutional policy frameworks. In a scenario of full disbursement in 2025, under the downside scenario described in Box 2, public external debt would peak at 21.4 percent of GDP in 2025 before declining to around 15.7 percent in the medium term (compared to the baseline projection where public external debt reaches 16.6 percent of GDP in 2025 and falls to approximately 15 percent over the medium term). Mexico's outstanding use of GRA resources would account for 7.7 percent of total external public debt in 2025. Fund credit would initially account for 1.6 percent of GDP and 11.8 percent of gross international reserves in case of full withdrawal. External debt service would peak at 7.6 percent of GDP in 2025 and decline to about 7 percent of GDP over the medium term (Table 9). Mexico has also an excellent track record of meeting its obligations to the Fund.

22. FCL safeguards procedures will be conducted. Banco de México was subject to safeguard procedures in 2023 in connection with the 2023 FCL arrangement and no significant issues emerged. Safeguard procedures for this FCL request have been initiated and will be conducted based on a review of the most recent external audit results and discussions with Banco de México's external auditors. The results of these procedures will be reflected in the mid-term review of the FCL arrangement.

23. Enterprise risks associated with the FCL approval are largely mitigated by policy and program design. Financial risks to the Fund comprise mainly credit risk and adequacy of liquidity resources (liquidity risk). Credit risks arise from the SDR 17.8 billion commitment, which contributes to the Fund's high credit concentration to WHD and, if drawn, would result in credit outstanding to Mexico of around 69 percent of precautionary balances. However, this is mitigated by the precautionary nature of the arrangement, which has progressively reduced access. Credit risk to the Fund is further mitigated by the design of the facility linked to the strength of member's policies and Mexico's adequate buffers and credible macroeconomic policies. Adequacy of liquid resources at the Fund would continue to be constrained by the FCL arrangement as this commitment is deducted from the FCC. On the non-financial side, the proposed arrangement mitigates member engagement and reputation credibility risks for the Fund by appropriately responding to a precautionary lending request, in line with its policies.

STAFF APPRAISAL

24. Mexico continues to benefit from the FCL arrangement. The FCL is an important instrument to guard against external risks and a signal of the quality of their macroeconomic policies and institutional policy frameworks. The authorities' intention to continue to treat the FCL arrangement as precautionary is in line with the evolution of external risks and external buffers.

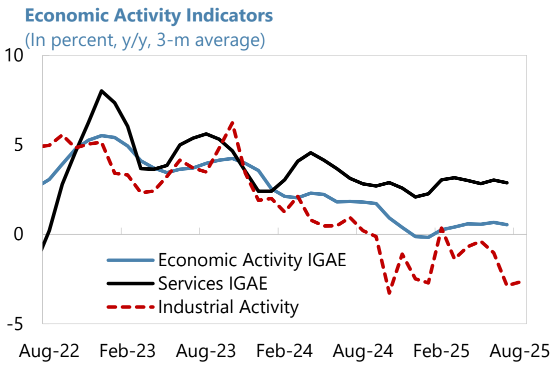
25. Mexico meets all the qualification criteria for an FCL arrangement. In the 2025 Article IV consultation with Mexico, completed on October 23, 2025, the Fund acknowledged that Mexico continues to demonstrate external, financial, and fiscal stability, supported by very strong policies, policy and institutional frameworks, and economic fundamentals. The authorities remain firmly committed to maintaining the track record of very strong macroeconomic policies going forward.

26. Given the authorities' increased buffers, the proposed access at 200 percent of quota is appropriate. While trade-related risks have increased since the 2024 mid-term review, they have been partly offset by lower risks from external financial conditions. Moreover, the country's reserve buffers have risen. The FCL arrangement, combined with an adequate level of international reserves, provides insurance against tail risks. Staff supports the authorities' proposal.

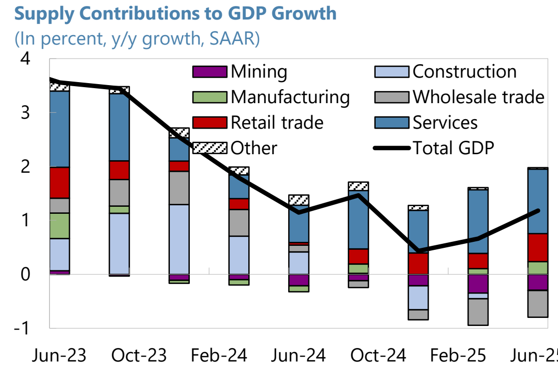
27. Staff judges the risks to the IMF arising from the proposed FCL arrangement to be manageable. While Mexico intends to treat the FCL arrangement as precautionary, the Fund's credit exposure would remain moderate even with a possible drawing under the new arrangement. Risks are contained given the very strong policy implementation track record, and the authorities' intention to maintain a very strong policy framework. In addition, Mexico's very strong repurchase record with the Fund and its manageable external debt service profile even if the full amount of the FCL arrangement were to be drawn, represent additional mitigating factors. The proposed new commitment and cancellation of the current arrangement would have a net positive impact on the Fund's liquidity position.

Figure 1. Mexico: Recent Economic Developments

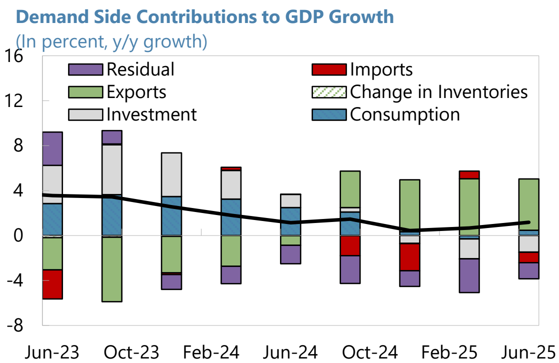
The economy has decelerated,...



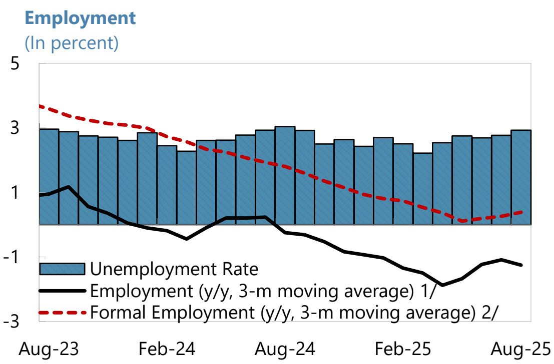
... driven by wholesale trade and mining ...



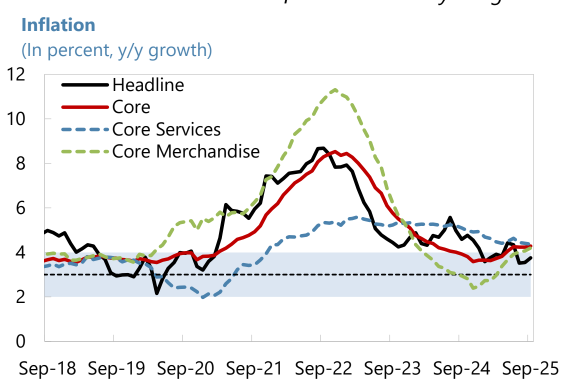
...and weak investment and consumption.



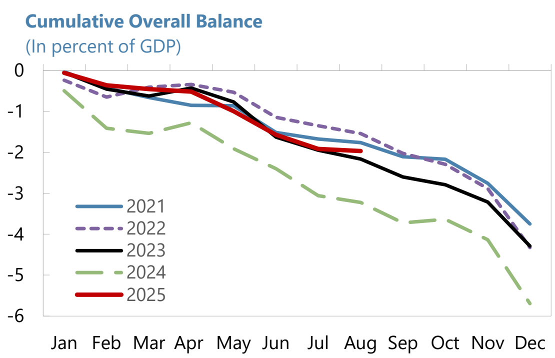
Employment creation has slowed.



Headline inflation has moderated but core inflation remains above the headline inflation variability range.



Fiscal consolidation is underway, reversing the 2024 expansion.



Sources: National authorities, INEGI, Banxico,Haver Analytics, and IMF staff calculations.

1/ Employment growth is calculated as the growth in employment as a share of the economically active population.

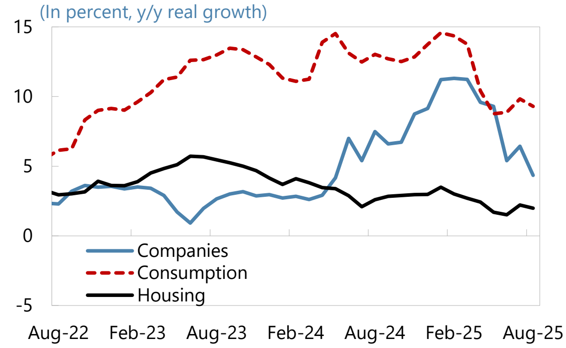
2/ Formal employment growth is calculated as the growth in the number of IMSS-reporting employees, which does not capture self-employed formal workers.

Figure 2. Mexico: Recent External and Financial Developments

Consumer and corporate credit remain strong, although with some signs of deceleration,...

Commercial Bank Credit Growth by Sector

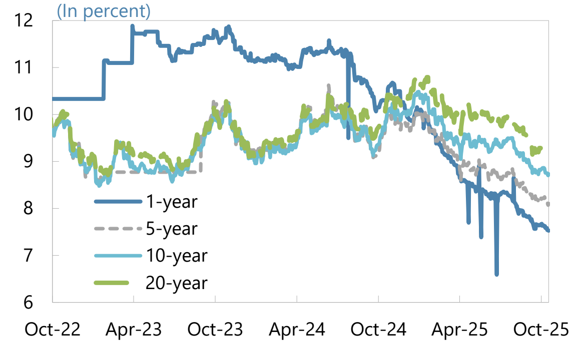
(In percent, y/y real growth)



... as domestic interest rates, especially short-term, have been declining,...

Government Bond Yields

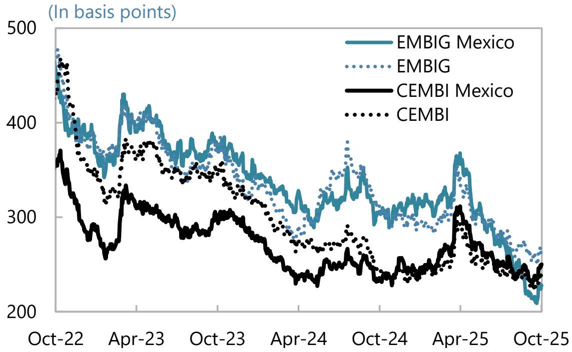
(In percent)



... accompanied by a narrowing of spreads that reversed the tariff-related spike.

EMBIG and CEMBI Spreads

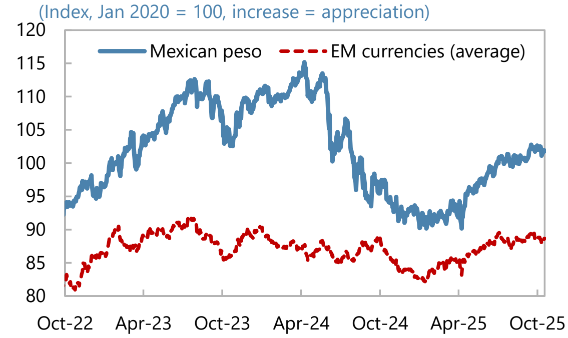
(In basis points)



The peso has continued appreciating, after the sharp 2024 depreciation, ...

Exchange Rates /1

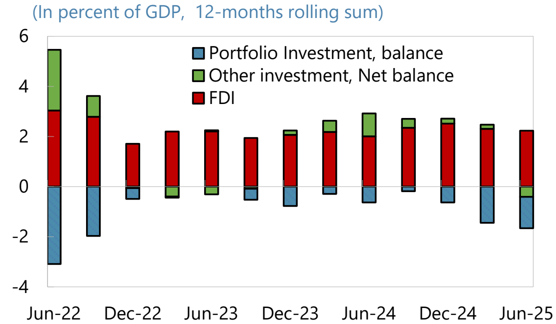
(Index, Jan 2020 = 100, increase = appreciation)



...supported by healthy FDI flows...

Investment Flows

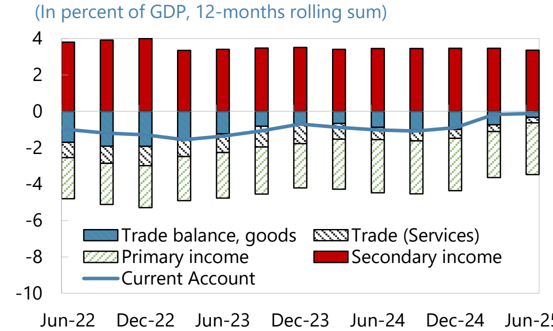
(In percent of GDP, 12-months rolling sum)



..., and a current account that is broadly balanced.

Current Account Balance

(In percent of GDP, 12-months rolling sum)

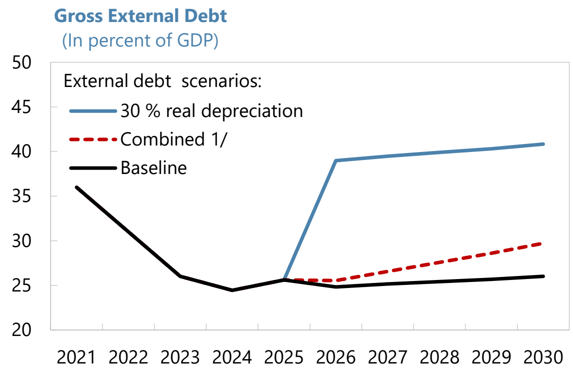


Sources: National authorities; Haver Analytics; Bloomberg, and IMF staff calculations.

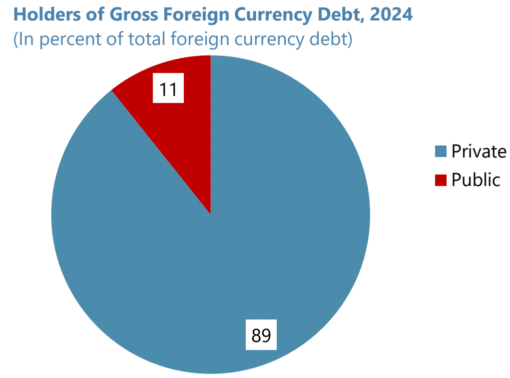
1/ Bilateral USD exchange rate. EM currencies average includes Brazil, Chile, Colombia, Czech Republic, India, Indonesia, Korea, Poland, Thailand.

Figure 3. Mexico: Qualification Criteria

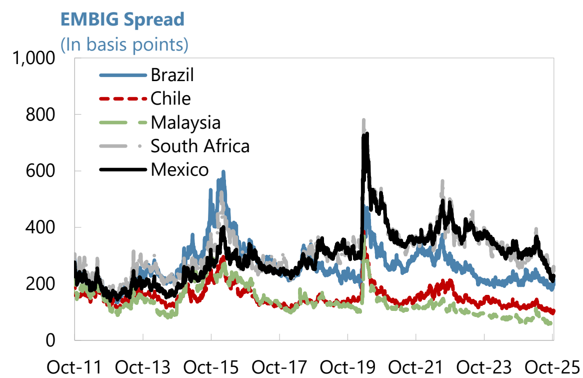
Mexico's external debt has declined in recent years and is projected to stabilize below the pre-pandemic levels…



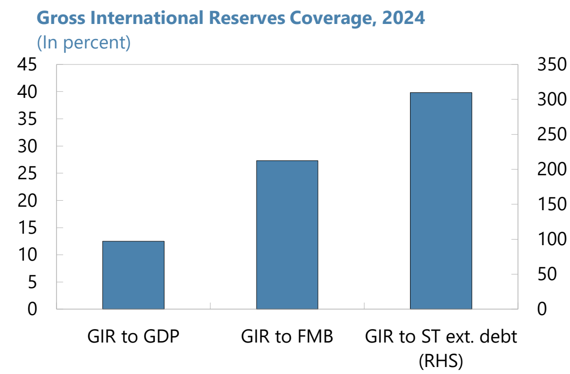
… with the majority held by private investors.



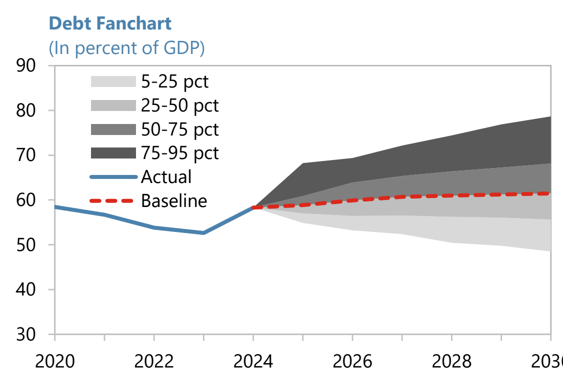
Sovereign capital market access has remained in favorable terms,…



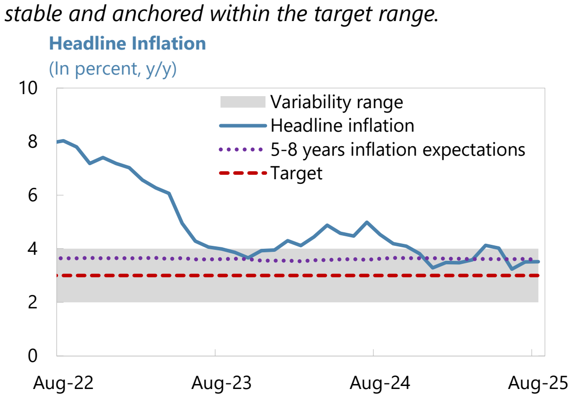
… while reserves continue to provide a comfortable buffer.



Public debt remains sustainable with high probability,…



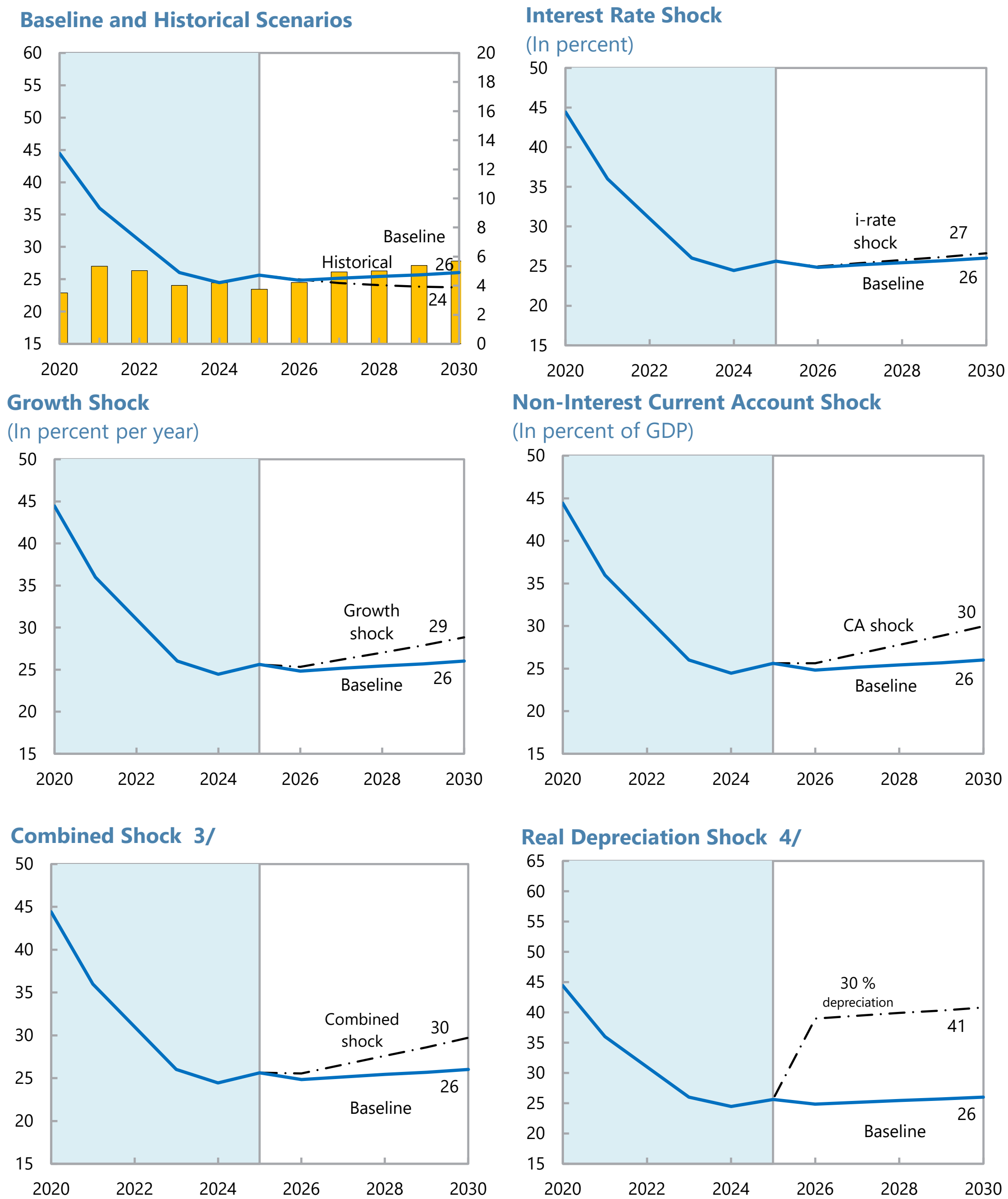
… while medium-term inflation expectations have been stable and anchored within the target range.



Sources: Bloomberg L.P., Datastream, EMED, Haver Analytics, and IMF staff estimates.

1/ Combined permanent 1/4 standard deviation shocks applied to interest rate, growth, and current account balance.

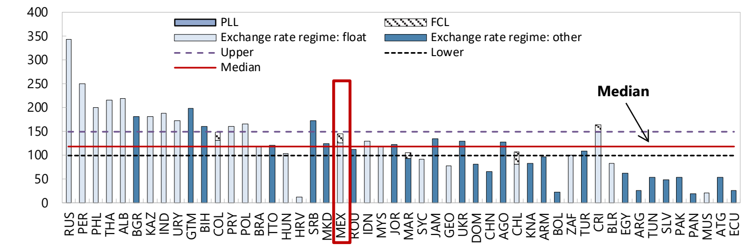
Figure 4. Mexico: External Debt Sustainability: Bound Test 1/ 2/



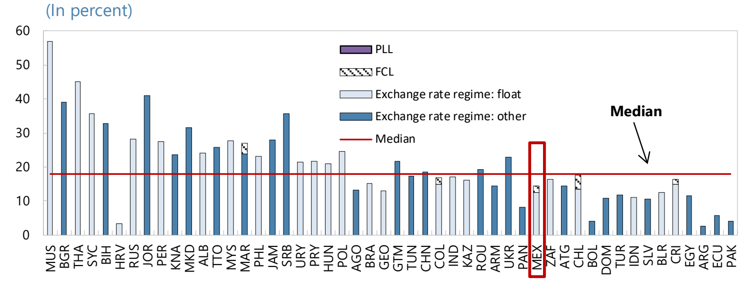
Sources: International Monetary Fund, Country desk data, and staff estimates.
1/ Shaded areas represent actual data. Individual shocks are permanent one-half standard deviation shocks. Figures in the boxes represent average projections for the respective variables in the baseline and scenario being presented. Ten-year historical average for the variable is also shown.
2/ For historical scenarios, the historical averages are calculated over the ten-year period, and the information is used to project debt dynamics five years ahead.
3/ Permanent 1/4 standard deviation shocks applied to real interest rate, growth rate, and current account balance.
4/ One-time real depreciation of 30 percent.

Figure 5. Mexico: Reserve Coverage in an International Perspective 1/

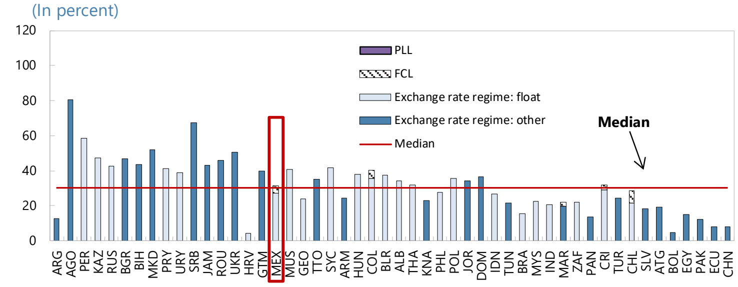
GIR to ARA Metric, end-2024 2/3/4/
(In percent)



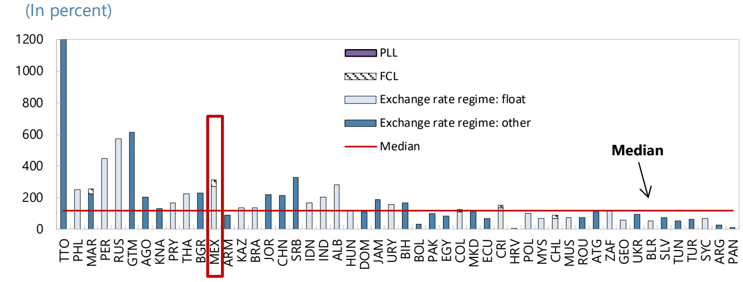
GIR to GDP, end-2024
(In percent)



GIR to Broad Money, end-2024
(In percent)



GIR to Short-term External Debt at Remaining Maturity plus Current Account Deficit (end-2024) 5/
(In percent)



Sources: World Economic Outlook; IFS; and IMF staff estimates.
1/ The sample includes all EMEs for which data is available.
2/ The ARA metric helps inform reserve adequacy assessments, but individual circumstances (for example, access to swap lines, market maturity, etc.) require additional judgment and, for this reason, mechanistic comparisons of the ARA metric do not provide a complete view.
3/ The ARA Metric is a weighted sum of potential drains on the BoP, depending on the country's exchange rate regime. For fixed exchange rates, ARA Metric = 10% × Exports + 10% × Broad Money + 30% × Short-term Debt + 20% × Other Liabilities. For floating exchange rates, ARA Metric = 5% × Exports + 5% × Broad Money + 30% × Short-term Debt + 15% × Other Liabilities. See "Guidance Note on the Assessment of Reserve Adequacy and Related Considerations", IMF, 2016.
4/ The upper and lower lines denote the 100-150 percent range of ARA metric, which are considered broadly adequate for precautionary purposes.
5/ The current account balance is set to zero if it is in surplus.

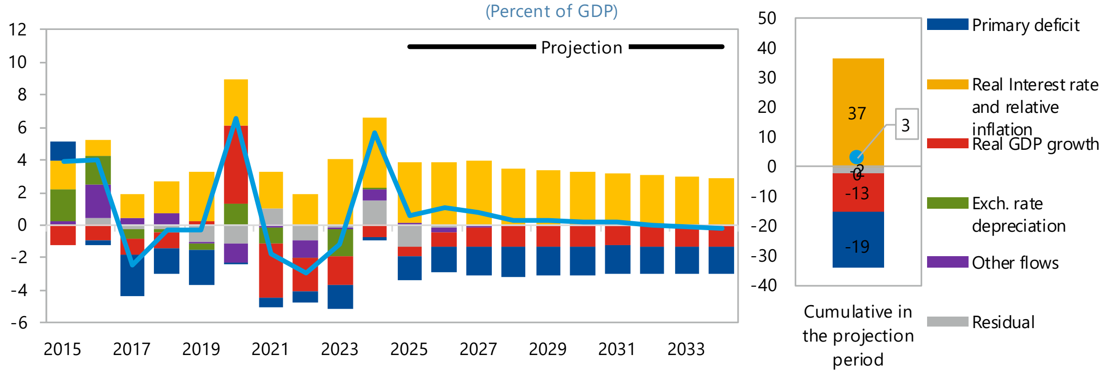
Figure 6. Mexico: Sovereign Risk and Debt Sustainability Analysis – Baseline Scenario

(Percent of GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection			
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Public debt	58.3	58.9	59.9	60.7	61.0	61.2	61.5	61.6	61.7	61.6	61.5
Change in public debt	5.7	0.5	1.1	0.8	0.3	0.3	0.2	0.2	0.0	-0.1	-0.2
Contribution of identified flows	4.2	1.8	1.2	0.9	0.3	0.3	0.3	0.2	0.0	0.0	-0.1
Primary deficit	-0.2	-1.5	-1.6	-1.8	-1.9	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Noninterest revenues	24.0	23.7	23.8	23.8	23.9	23.9	24.0	24.0	24.0	24.0	24.0
Noninterest expenditures	23.8	22.2	22.2	22.0	22.0	22.2	22.2	22.2	22.2	22.2	22.2
Automatic debt dynamics	3.6	3.2	3.0	2.7	2.2	2.1	2.1	1.9	1.8	1.7	1.6
Real interest rate and relative inflation	4.3	3.8	3.9	3.9	3.5	3.3	3.3	3.2	3.0	3.0	2.9
Real interest rate	4.0	3.4	3.6	3.7	3.3	3.2	3.1	3.0	2.9	2.8	2.7
Relative inflation	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Real growth rate	-0.7	-0.6	-0.9	-1.2	-1.3	-1.2	-1.3	-1.3	-1.3	-1.3	-1.3
Real exchange rate	0.1	…	…	…	…	…	…	…	…	…	…
Other identified flows	0.7	0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	-0.6	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Other transactions	1.3	0.6	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Contribution of residual	1.5	-1.3	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0
Gross financing needs	14.5	13.6	14.5	14.4	15.1	16.4	15.6	17.9	16.5	17.1	17.5
of which: debt service	15.2	15.6	16.5	16.6	17.4	18.6	17.7	20.0	18.6	19.2	19.6
Local currency	10.1	14.2	15.0	14.8	15.5	16.8	15.9	18.3	17.1	17.7	18.2
Foreign currency	5.1	1.4	1.5	1.9	1.9	1.7	1.8	1.7	1.5	1.6	1.5
Memo:											
Real GDP growth (percent)	1.4	1.0	1.5	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Inflation (GDP deflator; percent)	4.9	5.2	4.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Nominal GDP growth (percent)	6.4	6.2	6.1	5.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Effective interest rate (percent)	13.1	11.4	11.1	10.0	9.1	8.9	8.8	8.6	8.3	8.2	8.0

Contribution to Change in Public Debt

(Percent of GDP)

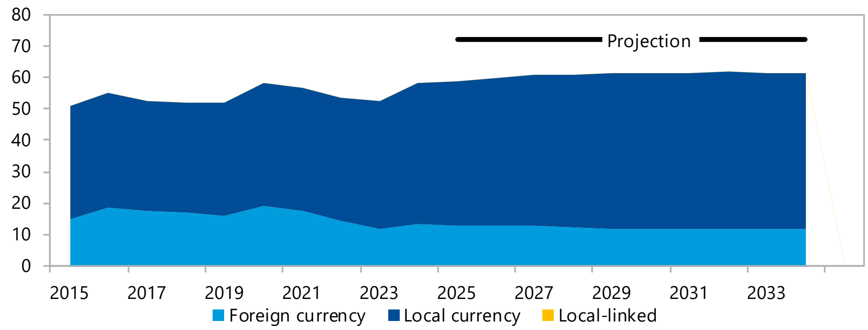


Commentary: After the fiscal expansion and weakening of the exchange rate in 2024 exerted strong upwards pressure on debt ratios, debt is projected to continue to increase over the medium-term. High real interest rates (reflecting structural and conjunctural factors) and looser budget targets explain these dynamics. A tight fiscal stance and trend growth are expected to dominate other debt drivers and serve to stabilize debt ratios over the extended projection horizon. The pace of fiscal tightening and sustained tight fiscal stance, is consistent with Mexico's track record of fiscal prudence and the new administration's emphasis on maintaining this record. The contribution of growth to the reduction in debt levels is expected to be slightly larger compared to the pre-pandemic period due to higher potential growth following increased investment in recent years.

Figure 7. Mexico: SRDSA – Public Debt Structure Indicators

Debt by Currency

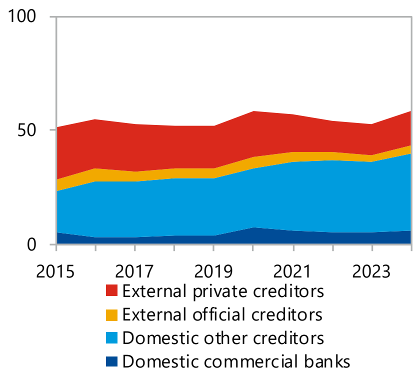
(Percent of GDP)



Note: The perimeter shown is consolidated public sector.

Public Debt by Holder

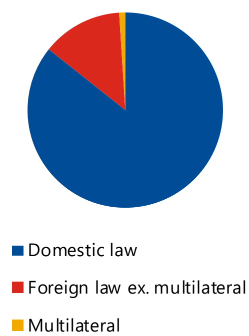
(Percent of GDP)



Note: The perimeter shown is consolidated public sector.

Public Debt by Governing Law, 2024

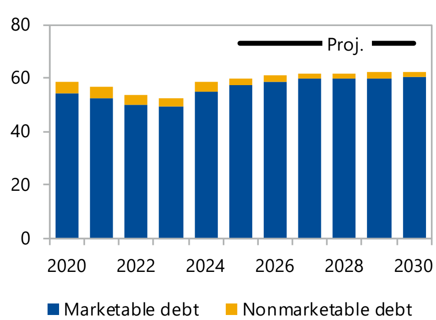
(In percent)



Note: The perimeter shown is consolidated public sector.

Debt by Instruments

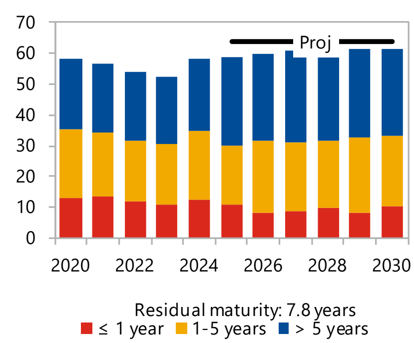
(Percent of GDP)



Note: The perimeter shown is consolidated public sector.

Public Debt by Maturity

(Percent of GDP)

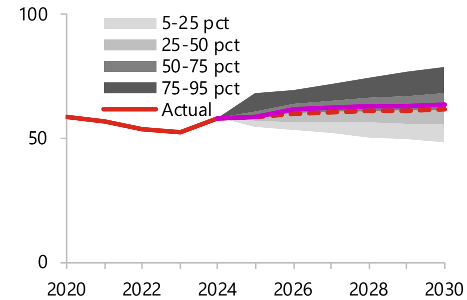


Note: The perimeter shown is consolidated public sector.

Commentary: The increased share of 'domestic other creditors' reflects the increased holdings of public debt liabilities by domestic pension funds following pension reforms. Small amounts of non-marketable debt principally relate to external official lending. The share of local currency debt and liabilities with longer maturities is expected to increase relative to the pre-projection period, in-line with the government's debt management strategy.

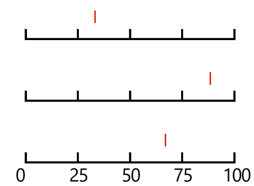
Figure 8. Mexico: SRDSA – Medium-Term Risk Assessment

Final Fanchart
(Percent of GDP)

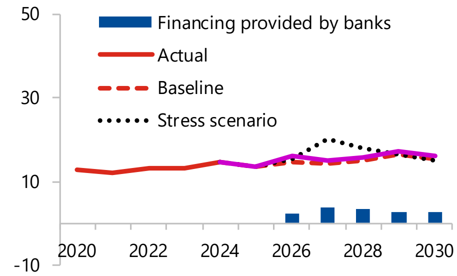


Debt fanchart module

	Value	Contrib 1/	Percentile in peer group 2/
Fanchart width *(percent of GDP)*	30.2	0.4	
Probability of debt non-stabilization *(percent)*	53.2	0.4	
Terminal debt-to-GDP x institutions index	39.6	0.9	
Debt fanchart index (DFI)		1.7	
Risk signal: 3/		**Moderate**	

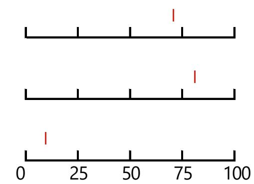


Gross Financing Needs
(Percent of GDP)



Gross financing needs (GFN) module

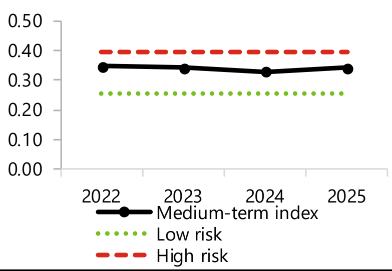
	Value	Contrib 1/	Percentile in peer group 2/
Average baseline GFN *(percent of GDP)*	15.0	5.1	
Initial Banks' claims on the gen. govt *(pct bank assets)*	26.3	8.5	
Chg. In banks' claims in stress *(pct banks' assets)*	5.3	1.8	
GFN financeability index (GFI)		15.4	
Risk signal: 4/		**Moderate**	



Triggered stress tests (stress tests not activated in gray)

Banking crisis | Commodity prices | Exchange rate | Contingent liab. | Natural disaster

Medium-Term Index
(Index number)



Medium-term risk analysis

	Value	Value (normalized)	Weight	Contribution
Debt fanchart index	1.7	0.39	0.5	0.2
GFN finaceability index	15.4	0.30	0.5	0.1
Medium-term index		0.34		
Risk signal: 5/		**Moderate**		
Final assessment:		**Moderate**		

Prob. of missed crisis, 2025-2030, if stress not predicted: 18.2 pct.
Prob. of false alarms, 2025-2030, if stress predicted: 21.6 pct.

Commentary: The medium-term analysis indicates a moderate risk of sovereign stress over that time horizon. The probability of debt non-stabilization, terminal debt-to-GDP ratio and average baseline GFN increased compared to the 2024 AIV, reflecting looser medium-term targets and tighter real interest rates. Banks' claims on the Federal government as share of their assets remain in the upper quartile relative to comparator countries. Yet, the increase in gross financing needs under a stress scenario is moderate and the change in bank claims under stress scenarios is relatively small. Thus, the banking system should be able to absorb higher government financing needs in a stress scenario. Other institutional investors, particularly pension funds, could also absorb additional financing needs. Undertaking the contingent liability stress test to account for subnational borrowing, both the debt fanchart and GFN analysis show only modest deteriorations relative to the baseline, given low debt of state and local government.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is emerging markets, non-commodity exporter, program.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Table 1. Mexico: Selected Economic, Financial and Social Indicators

I. Social and Demographic Indicators

GDP per capita (U.S. dollars, 2024)	14,034.2	Poverty headcount ratio (% of population, 2023) 1/	29.6
Population (millions, 2024)	132.3	Income share of highest 20 perc. / lowest 20 perc. (2022)	8.4
Life expectancy at birth (years, 2024)	75.5	Adult literacy rate (2020)	95.0
Infant mortality rate (per thousand, 2023)	13.6	Gross primary education enrollment rate (2022) 2/	102.0

II. Economic Indicators

	2021	2022	2023	2024	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.
(Annual percentage change, unless otherwise indicated)										
National accounts (in real terms)										
GDP	6.0	3.7	3.4	1.4	1.0	1.5	2.0	2.1	2.1	2.1
Consumption	7.1	4.4	4.0	2.6	0.5	1.8	2.1	2.0	2.0	2.0
Private	8.4	4.8	4.3	2.8	0.4	1.7	2.1	2.0	2.0	2.0
Public	-0.5	2.0	2.3	1.6	1.1	2.4	2.4	2.4	2.4	2.4
Investment	11.4	7.3	15.7	3.3	-5.1	1.2	3.1	2.8	2.8	2.8
Fixed	10.5	7.5	16.7	3.4	-5.0	1.2	3.2	2.8	2.8	2.8
Private	12.6	7.5	15.7	4.5	-3.6	1.1	3.2	2.8	2.9	2.9
Public	-3.5	7.2	24.5	-5.1	-16.6	1.4	2.6	2.4	2.1	2.0
Inventories 3/	0.2	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exports of goods and services	7.1	9.5	-7.2	3.3	6.6	1.0	2.7	3.9	4.0	4.0
Imports of goods and services	15.7	8.6	3.7	2.8	1.6	2.6	3.3	3.8	4.0	4.0
GDP per capita	5.4	2.9	2.4	0.6	0.2	0.8	1.3	1.4	1.4	1.5
External sector										
External current account balance (in percent of GDP)	-0.3	-1.3	-0.7	-0.9	-0.2	-0.3	-0.5	-0.5	-0.6	-0.6
Exports of goods, f.o.b. 4/	18.6	16.7	2.6	4.2	3.5	0.8	3.0	4.7	4.7	4.8
Imports of goods, f.o.b. 4/	32.0	19.8	-0.1	5.1	1.6	1.4	3.5	4.8	4.7	4.7
Net capital flows (in percent of GDP) 5/	-1.1	-0.9	-0.9	-1.4	-1.2	-0.8	-1.0	-0.9	-1.0	-0.9
Terms of trade (goods, improvement +) 6/	-1.0	-3.3	14.2	-0.5	-3.0	1.0	0.1	-0.2	0.0	0.1
Gross international reserves (in billions of U.S. dollars)	207.7	201.1	214.4	232.1	249.7	259.0	268.1	276.4	284.9	293.0
Exchange rates										
Real effective exchange rate (avg, appreciation +) 6/	5.9	5.4	16.3	0.2	…	…	…	…	…	…
Nominal exchange rate (MXN/USD) (eop, appreciation +)	-3.2	5.7	12.8	-19.8	…	…	…	…	…	…
Inflation and employment										
Consumer prices (end-of-period)	7.4	7.8	4.7	4.2	3.7	3.0	3.0	3.0	3.0	3.0
Core consumer prices (end-of-period)	5.9	8.3	5.1	3.7	3.6	3.0	3.0	3.0	3.0	3.0
National unemployment rate (annual average)	4.1	3.3	2.8	2.7	2.9	3.1	3.0	3.0	3.0	3.0
Money and credit										
Financial system credit to non-financial private sector 7/	4.2	10.9	8.7	11.3	4.0	5.0	5.5	5.6	5.6	5.6
Broad money	9.5	7.3	11.0	13.8	5.5	5.8	5.5	5.6	5.6	5.6
Monetary policy rate	5.50	10.50	11.25	10.00	7.50	6.00	6.00	6.00	6.00	6.00
Public sector finances (in percent of GDP) 8/										
General government revenue	22.9	24.2	24.2	24.6	24.2	24.2	24.2	24.3	24.3	24.3
General government expenditure	26.7	28.5	28.5	30.3	28.5	28.3	27.7	27.3	27.3	27.3
Overall fiscal balance	-3.7	-4.3	-4.3	-5.7	-4.3	-4.1	-3.5	-3.0	-3.0	-3.0
Primary fiscal balance	0.6	0.7	1.5	0.2	1.5	1.6	1.8	1.9	1.8	1.8
Structural primary balance	1.1	1.0	1.3	-0.1	1.4	1.5	1.8	1.9	1.8	1.8
Fiscal impulse 9/	0.3	0.0	-0.3	1.4	-1.5	-0.1	-0.2	-0.1	0.1	0.0
Gross public sector debt 10/	56.7	53.8	52.6	58.3	58.9	59.9	60.7	61.0	61.2	61.5
Memorandum items										
Nominal GDP (billions of pesos)	26,690	29,526	31,936	33,981	36,085	38,299	40,423	42,684	45,054	47,558
Output gap (in percent of potential GDP)	-2.0	0.0	1.4	0.7	-0.2	-0.1	0.0	0.0	0.0	0.0

Sources: World Bank Development Indicators, ENIGH, National Institute of Statistics and Geography, National Council of Population, Bank of Mexico, Secretariat of Finance and Public Credit, and Fund staff estimates.
1/ ENIGH.
2/ Percent of population enrolled in primary school regardless of age as a share of the population of official primary education age.
3/ Contribution to growth. Excludes statistical discrepancy.
4/ Excludes goods procured in ports by carriers.
5/ Excludes reserve assets
6/ Based on IMF staff caluclations.
7/ Includes domestic credit by banks, nonbank intermediaries, and social housing funds.
8/ Data exclude state and local governments and include state-owned enterprises and public development banks.
9/ Negative of the change in the structural primary fiscal balance.
10/ Corresponds to the gross stock of public sector borrowing requirements, calculated as the net stock of borrowing requirements as published by the authorities plus public sector financial assets. It does not include arrears on Pemex's supplier debt, which stood at 0.6 percent of GDP at end-2024 and 0.1 percent of GDP as of September 12, 2025.

Table 2. Mexico: Statement of Operations of the Public Sector, Authorities' Presentation 1/

(In percent of GDP)

					Proj.					
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Budgetary Revenue, By Type	**22.3**	**22.4**	**22.0**	**22.1**	**21.9**	**21.9**	**22.2**	**22.2**	**22.2**	**22.2**
Oil revenue	4.3	5.0	3.4	2.8	2.7	2.7	2.8	2.8	2.8	2.8
Non-oil tax revenue	13.4	12.9	14.1	14.6	14.7	14.8	14.8	14.8	14.8	14.8
Non-oil non-tax revenue	4.6	4.4	4.5	4.7	4.5	4.4	4.6	4.6	4.6	4.6
Budgetary Revenue, By Entity	**22.3**	**22.4**	**22.0**	**22.1**	**21.9**	**21.9**	**22.2**	**22.2**	**22.2**	**22.2**
Federal government revenue	16.2	16.2	16.3	16.3	16.4	16.3	16.5	16.5	16.5	16.5
Tax revenue, *of which:*	13.4	12.9	14.1	14.6	14.7	14.8	14.8	14.8	14.8	14.8
Excises (including fuel)	1.5	0.4	1.4	1.8	1.8	1.8	1.9	1.9	1.9	1.9
Nontax revenue	2.8	3.3	2.2	1.7	1.7	1.6	1.7	1.7	1.8	1.8
Public enterprises	6.2	6.1	5.7	5.8	5.5	5.5	5.6	5.6	5.6	5.6
PEMEX	3.0	2.8	2.3	2.2	2.1	2.1	2.2	2.2	2.2	2.2
Other	3.2	3.3	3.4	3.6	3.4	3.4	3.5	3.5	3.5	3.5
Budgetary Expenditure	**25.2**	**25.6**	**25.4**	**27.0**	**25.5**	**25.5**	**25.1**	**24.6**	**24.7**	**24.6**
Primary	22.7	22.8	22.2	23.6	22.0	22.7	22.5	22.5	22.6	22.8
Programmable	19.2	19.2	18.5	19.8	18.2	18.9	18.8	18.8	18.9	19.1
Current	14.8	14.9	14.9	15.9	15.4	15.6	15.9	16.0	16.2	16.4
Wages	5.1	4.8	4.8	5.0	4.9	4.9	4.9	4.9	4.9	4.9
Pensions 2/	3.9	4.0	4.1	4.3	4.5	4.4	4.6	4.6	4.7	4.8
Subsidies and transfers	3.1	3.2	3.5	3.8	3.5	3.9	4.0	4.1	4.2	4.3
Other	2.7	2.8	2.5	2.8	2.4	2.4	2.4	2.4	2.4	2.4
Capital	4.4	4.3	3.6	3.9	2.8	3.3	3.0	2.8	2.7	2.7
Physical capital	2.6	3.2	2.8	3.0	2.4	2.5	2.6	2.4	2.4	2.4
Financial capital 3/	1.8	1.2	0.8	0.9	0.4	0.7	0.3	0.3	0.3	0.3
Nonprogrammable	3.5	3.6	3.7	3.8	3.8	3.8	3.7	3.7	3.7	3.7
Of which: revenue sharing	3.4	3.6	3.6	3.7	3.7	3.6	3.5	3.5	3.5	3.5
Interest Payments	**2.6**	**2.8**	**3.3**	**3.4**	**3.5**	**3.5**	**3.2**	**3.0**	**3.0**	**2.9**
Unspecified Measures	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.7**	**-0.6**	**-0.9**	**-0.9**	**-1.0**
Traditional Balance	**-2.9**	**-3.2**	**-3.4**	**-4.9**	**-3.6**	**-3.7**	**-3.0**	**-2.5**	**-2.5**	**-2.5**
Adjustments To The Traditional Balance	**-0.9**	**-1.1**	**-1.0**	**-0.8**	**-0.7**	**-0.5**	**-0.5**	**-0.5**	**-0.5**	**-0.5**
Public Sector Borrowing Requirements	**3.7**	**4.3**	**4.3**	**5.7**	**4.3**	**4.1**	**3.5**	**3.0**	**3.0**	**3.0**
Memorandum Items										
Structural current spending	9.8	9.9	10.0	10.8						
Structural current spending real growth (y/y, in percent)	-0.3	4.1	4.6	9.7						

Sources: Ministry of Finance and Public Credit; and IMF staff estimates.
1/ Data exclude state and local governments, and include state-owned enterprises and public development banks.
2/ Includes social assistance benefits.
3/ Due to lack of disaggregated data this item includes both financing and capital transfers.

Table 3. Mexico: Statement of Operations of the Public Sector, GFSM 2014 Presentation 1/

(In percent of GDP)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Proj.					
Revenue	**22.9**	**24.2**	**24.2**	**24.6**	**24.2**	**24.2**	**24.2**	**24.3**	**24.3**	**24.3**
Taxes	**13.4**	**13.3**	**14.1**	**14.6**	**14.7**	**14.8**	**14.8**	**14.8**	**14.8**	**14.8**
Taxes on income, profits and capital gains	7.1	7.7	7.8	7.9	7.9	8.0	8.0	8.0	8.0	8.0
Taxes on goods and services	5.7	5.0	5.7	6.0	6.1	6.0	6.1	6.1	6.1	6.1
Value added tax	4.2	4.1	4.3	4.1	4.2	4.2	4.2	4.2	4.2	4.2
Excises	1.5	0.8	1.4	1.8	1.8	1.8	1.9	1.9	1.9	1.9
Taxes on international trade and transactions	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other taxes	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Social Contributions	**2.3**	**2.3**	**2.4**	**2.5**	**2.4**	**2.4**	**2.5**	**2.5**	**2.5**	**2.5**
Other Revenue	**7.3**	**8.6**	**7.7**	**7.6**	**7.1**	**7.0**	**6.9**	**7.0**	**7.0**	**7.0**
Property income	2.1	2.8	1.8	1.5	1.4	1.3	1.4	1.4	1.4	1.4
Other	5.2	5.8	5.9	6.0	5.7	5.7	5.6	5.6	5.6	5.6
Total Expenditure	**26.7**	**28.5**	**28.5**	**30.3**	**28.5**	**28.3**	**27.7**	**27.3**	**27.3**	**27.3**
Expense	**24.9**	**26.3**	**26.7**	**28.0**	**26.8**	**27.1**	**26.4**	**26.4**	**26.5**	**26.7**
Compensation of employees	3.4	3.3	3.2	3.4	3.2	3.2	3.2	3.2	3.2	3.2
Purchases of goods and services	2.9	3.0	2.7	2.9	2.4	2.4	2.4	2.4	2.4	2.4
Interest 2/	4.6	5.4	6.2	6.5	6.3	6.1	5.7	5.3	5.1	5.1
Subsidies and transfers	2.4	2.9	2.9	3.4	3.0	3.4	3.5	3.6	3.7	3.7
Grants 3/	7.6	7.6	7.6	7.6	7.5	7.3	7.2	7.2	7.2	7.2
Social benefits	3.9	4.0	4.1	4.3	4.5	4.4	4.6	4.6	4.7	4.8
Other expense	0.2	0.2	0.0	-0.1	-0.1	0.2	-0.2	0.1	0.1	0.2
Net Acquisition of Nonfinancial Assets 4/	**1.7**	**2.2**	**1.8**	**2.3**	**1.7**	**1.9**	**2.0**	**1.8**	**1.7**	**1.7**
Unspecified Measures	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.7**	**-0.6**	**-0.9**	**-0.9**	**-1.0**
Gross Operating Balance	**-2.0**	**-2.1**	**-2.5**	**-3.4**	**-2.6**	**-2.9**	**-2.2**	**-2.1**	**-2.2**	**-2.3**
Overall Fiscal Balance (Net lending/borrowing)	**-3.7**	**-4.3**	**-4.3**	**-5.7**	**-4.3**	**-4.1**	**-3.5**	**-3.0**	**-3.0**	**-3.0**
Primary Net Lending/Borrowing	**0.6**	**0.7**	**1.5**	**0.2**	**1.5**	**1.6**	**1.8**	**1.9**	**1.8**	**1.8**
Memorandum Items										
Primary expenditure	22.1	23.2	22.3	23.8	22.2	22.2	22.0	22.0	22.2	22.2
Current expenditure	24.9	26.3	26.7	28.0	26.8	26.5	25.8	25.5	25.6	25.6
Structural fiscal balance	-3.3	-4.0	-4.5	-6.0	-4.4	-4.2	-3.5	-3.0	-3.0	-3.0
Structural primary balance 5/	1.1	1.0	1.3	-0.1	1.4	1.5	1.8	1.9	1.8	1.8
Fiscal impulse 6/	0.3	0.0	-0.3	1.4	-1.5	-0.1	-0.2	-0.1	0.1	0.0
Gross public sector debt 7/	56.7	53.8	52.6	58.3	58.9	59.9	60.7	61.0	61.2	61.5
In domestic currency (percentage of total debt)	69.2	72.9	77.9	77.0	78.3	78.6	79.2	80.0	80.4	80.9
In foreign currency (percentage of total debt)	30.8	27.1	22.1	23.0	21.7	21.4	20.8	20.0	19.6	19.1
Net public sector debt 8/	49.1	47.6	46.5	51.3	51.6	52.9	53.7	54.0	54.2	54.4

Sources: Ministry of Finance and Public Credit; and Fund staff estimates and projections.

1/ Data exclude state and local governments, and include state-owned enterprises and public development banks.

2/ Interest payments differ from official data due to adjustments to account for changes in valuation and interest rates.

3/ Includes transfers to state and local governments under revenue-sharing agreements with the federal government.

4/ This category differs from official data on physical capital spending due to adjustments to account for Pidiregas amortizations included in budget figures and the reclassification of earmarked transfers to sub-national governments.

5/ Adjusting revenues for the economic and oil-price cycles and excluding one-off items (e.g. oil hedge income and Bank of Mexico transfers), in percent of potential.

6/ Negative of the change in the structural primary fiscal balance.

7/ Corresponds to the gross stock of public sector borrowing requirements, calculated as the net stock of public sector borrowing requirements as published by the authorities plus public sector financial assets. It does not include arrears on Pemex's supplier debt, which stood at 0.6 percent of GDP at end-2024 and 0.1 percent of GDP as of September 12, 2025.

8/ Corresponds to the net stock of public sector borrowing requirements (i.e., net of public sector financial assets) as published by the authorities. It does not include arrears on Pemex's supplier debt, which stood at 0.6 percent of GDP at end-2024 and 0.1 percent of GDP as of September 12, 2025.

Table 4a. Mexico: Summary Balance of Payments
(In billions of U.S. dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Proj.					
Current account	**-4.6**	**-18.9**	**-12.6**	**-16.7**	**-4.6**	**-7.0**	**-11.0**	**-11.9**	**-13.8**	**-14.5**
Merchandise goods trade balance	-10.8	-28.1	-12.3	-18.5	-6.7	-10.6	-14.2	-15.6	-16.4	-17.0
Exports, f.o.b. 2/	494.9	577.7	593.0	617.7	639.6	644.9	664.1	695.5	728.4	763.1
o/w Manufactures	436.1	508.4	528.8	554.4	576.0	588.3	620.8	654.3	685.6	718.0
o/w Petroleum and derivatives 1/	29.4	38.9	33.2	28.9	24.0	22.8	22.5	22.4	22.1	21.8
Imports, f.o.b. 2/	505.7	605.8	605.3	636.2	646.3	655.5	678.3	711.0	744.7	780.1
o/w Petroleum and derivatives 1/	53.9	75.3	58.6	50.1	37.2	37.1	38.5	39.3	40.8	41.9
Services, net	-12.4	-15.5	-19.6	-9.1	-13.0	-14.6	-17.2	-18.2	-19.4	-20.3
Primary income, net	-33.9	-33.8	-43.7	-53.4	-46.9	-46.3	-47.0	-48.9	-50.7	-52.5
Secondary income (mostly remittances), net	52.5	58.7	63.0	64.3	61.9	64.5	67.4	70.7	72.7	75.3
Capital Account, net	**-0.1**	**-0.1**	**0.0**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**
Financial Account (Net lending (+)/Net borrowing (-))	**-3.6**	**-14.3**	**-8.2**	**-12.1**	**-4.7**	**-7.1**	**-11.1**	**-12.0**	**-13.8**	**-14.6**
Foreign direct investment, net	-35.8	-21.7	-30.2	-32.3	-18.6	-22.2	-25.8	-30.8	-36.5	-37.9
Net acquisition of financial assets	-0.3	17.3	0.8	13.0	9.3	9.8	11.5	12.7	13.5	14.1
Net incurrence of liabilities	35.5	39.1	31.0	45.3	27.9	32.1	37.2	43.5	50.0	52.0
Portfolio investment, net	41.6	5.5	11.3	8.1	5.1	8.1	7.5	11.2	12.3	13.0
Net acquisition of financial assets	22.7	0.1	4.9	14.3	9.9	16.0	18.0	21.4	22.9	25.2
Net incurrence of liabilities	-18.9	-5.4	-6.4	6.2	4.8	7.9	10.5	10.3	10.5	12.2
Public Sector 3/	-10.3	3.3	7.1	8.2	6.7	5.5	6.8	5.4	4.5	5.9
o/w Local currency domestic-issued bonds	-14.8	1.9	2.1	-1.3	3.2	2.7	4.9	4.3	2.2	3.7
Private sector 4/	-10.2	-8.7	-13.5	-2.0	-1.8	2.4	3.7	4.9	6.0	6.3
Securities	-7.1	-4.0	-8.3	3.3	2.5	5.7	6.0	6.2	6.4	6.6
Equity	-3.2	-4.7	-5.2	-5.3	-4.3	-3.3	-2.3	-1.3	-0.3	-0.3
Financial derivatives, net	2.1	2.9	5.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Other investments, net	-21.7	0.7	-2.5	-2.5	-9.5	-2.9	-2.6	-1.3	1.2	1.4
Net acquisition of financial assets	-9.5	4.9	-8.0	1.1	-5.7	1.0	1.6	3.1	5.8	6.4
Net incurrence of liabilities	12.3	4.2	-5.6	3.6	3.8	4.0	4.2	4.4	4.7	5.0
Change in Reserves Assets	10.3	-1.7	7.6	13.9	17.6	9.3	9.1	8.3	8.4	8.2
Total change in gross reserves assets	8.7	-6.6	13.3	17.6	17.6	9.3	9.1	8.3	8.4	8.2
Valuation change	-1.6	-4.9	5.7	3.8	0.0	0.0	0.0	0.0	0.0	0.0
Errors and Omissions	**1.0**	**4.7**	**4.4**	**4.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
International Investment Position, net	**-552.2**	**-613.4**	**-757.9**	**-571.3**	**-557.7**	**-560.6**	**-567.1**	**-574.1**	**-582.5**	**-591.1**
Memorandum items										
Hydrocarbons exports volume growth (in percent)	-6.2	-3.6	6.4	-16.0	1.3	-0.7	-1.2	-1.0	-1.7	-1.4
Non-hydrocarbons exports volume growth (in percent)	5.8	8.6	-7.4	3.2	6.7	1.0	2.8	4.0	4.1	4.1
Hydrocarbons imports volume growth (in percent)	-4.5	27.6	1.3	-7.7	-5.0	3.0	2.3	1.7	2.6	2.2
Non-hydrocarbons imports volume growth (in percent)	16.7	7.2	3.3	3.5	1.5	2.6	3.4	3.8	4.1	4.1
Crude oil export volume (in millions of bbl/day) 5/	1.02	0.95	1.03	0.81	0.84	0.83	0.82	0.81	0.79	0.78
Gross international reserves (in billions of U.S. dollars)	207.7	201.1	214.4	232.1	249.7	259.0	268.1	276.4	284.9	293.0
Gross domestic product (in billions of U.S. dollars)	1,316.6	1,466.9	1,798.3	1,856.4	1,862.7	2,031.0	2,126.0	2,227.0	2,332.1	2,442.3

Sources: Bank of Mexico, National Institute of Statistics and Geography, PEMEX, and Fund staff estimates.
1/ Crude oil, derivatives, petrochemicals, and natural gas.
2/ Excludes goods procured in ports by carriers.
3/ Public sector is the sum of central bank, general government, and development banks, and SOEs.
4/ Private sector is the sum of commercial banks, other financial corporations, households, NPISHs, and pidiregas.
5/ Crude oil export volumes reported by PEMEX.

Table 4b. Mexico: Summary Balance of Payments

(In percent of GDP)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Proj.					
Current account	**-0.3**	**-1.3**	**-0.7**	**-0.9**	**-0.2**	**-0.3**	**-0.5**	**-0.5**	**-0.6**	**-0.6**
Merchandise goods trade balance	-0.8	-1.9	-0.7	-1.0	-0.4	-0.5	-0.7	-0.7	-0.7	-0.7
Exports, f.o.b. 2/	37.6	39.4	33.0	33.3	34.3	31.8	31.2	31.2	31.2	31.2
o/w Manufactures	33.1	34.7	29.4	29.9	30.9	29.0	29.2	29.4	29.4	29.4
o/w Petroleum and derivatives 1/	2.2	2.7	1.8	1.6	1.3	1.1	1.1	1.0	0.9	0.9
Imports, f.o.b. 2/	38.4	41.3	33.7	34.3	34.7	32.3	31.9	31.9	31.9	31.9
o/w Petroleum and derivatives 1/	4.1	5.1	3.3	2.7	2.0	1.8	1.8	1.8	1.8	1.7
Services, net	-0.9	-1.1	-1.1	-0.5	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8
Primary income, net	-2.6	-2.3	-2.4	-2.9	-2.5	-2.3	-2.2	-2.2	-2.2	-2.2
Secondary income (mostly remittances), net	4.0	4.0	3.5	3.5	3.3	3.2	3.2	3.2	3.1	3.1
Capital Account, net	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial Account (Net lending (+)/Net borrowing (-))	**-0.3**	**-1.0**	**-0.5**	**-0.7**	**-0.3**	**-0.3**	**-0.5**	**-0.5**	**-0.6**	**-0.6**
Foreign direct investment, net	-2.7	-1.5	-1.7	-1.7	-1.0	-1.1	-1.2	-1.4	-1.6	-1.6
Net acquisition of financial assets	0.0	1.2	0.0	0.7	0.5	0.5	0.5	0.6	0.6	0.6
Net incurrence of liabilities	2.7	2.7	1.7	2.4	1.5	1.6	1.8	2.0	2.1	2.1
Portfolio investment, net	3.2	0.4	0.6	0.4	0.3	0.4	0.4	0.5	0.5	0.5
Net acquisition of financial assets	1.7	0.0	0.3	0.8	0.5	0.8	0.8	1.0	1.0	1.0
Net incurrence of liabilities	-1.4	-0.4	-0.4	0.3	0.3	0.4	0.5	0.5	0.5	0.5
Public Sector 3/	-0.8	0.2	0.4	0.4	0.4	0.3	0.3	0.2	0.2	0.2
o/w Local currency domestic-issued bonds	-1.1	0.1	0.1	-0.1	0.2	0.1	0.2	0.2	0.1	0.2
Private sector 4/	-0.8	-0.6	-0.7	-0.1	-0.1	0.1	0.2	0.2	0.3	0.3
Securities	-0.5	-0.3	-0.5	0.2	0.1	0.3	0.3	0.3	0.3	0.3
Equity	-0.2	-0.3	-0.3	-0.3	-0.2	-0.2	-0.1	-0.1	0.0	0.0
Financial derivatives, net	0.2	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments, net	-1.7	0.0	-0.1	-0.1	-0.5	-0.1	-0.1	-0.1	0.0	0.1
Net acquisition of financial assets	-0.7	0.3	-0.4	0.1	-0.3	0.1	0.1	0.1	0.3	0.3
Net incurrence of liabilities	0.9	0.3	-0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Change in Reserves Assets	0.8	-0.1	0.4	0.7	0.9	0.5	0.4	0.4	0.4	0.3
Total change in gross reserves assets	0.7	-0.5	0.7	1.0	0.9	0.5	0.4	0.4	0.4	0.3
Valuation change	-0.1	-0.3	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Errors and Omissions	**0.1**	**0.3**	**0.2**	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
International Investment Position, net	**-41.9**	**-41.8**	**-42.1**	**-30.8**	**-29.9**	**-27.6**	**-26.7**	**-25.8**	**-25.0**	**-24.2**

Sources: Bank of Mexico, National Institute of Statistics and Geography, and Fund staff estimates.
1/ Crude oil, derivatives, petrochemicals, and natural gas.
2/ Excludes goods procured in ports by carriers.
3/ Public sector is the sum of central bank, general government, and development banks, and SOEs.
4/ Private sector is the sum of commercial banks, other financial corporations, households, NPISHs, and Pidiregas.

Table 5. Mexico: Financial Soundness Indicators
(In percent)

	2019	2020	2021	2022	2023	2024	2025	Latest data available 1/
Capital Adequacy								
Regulatory capital to risk-weighted assets	16.0	17.7	19.5	19.0	18.8	19.1	20.0	June
Regulatory Tier 1 capital to risk-weighted assets	14.4	16.1	18.1	17.6	17.5	17.2	17.9	June
Capital to assets	9.8	9.7	10.9	9.8	10.2	9.9	10.4	June
Gross asset position in financial derivatives to capital	52.1	82.7	49.4	62.8	44.5	35.6	30.3	June
Gross liability position in financial derivatives to capital	53.3	84.8	50.0	63.0	41.4	37.6	32.1	June
Asset Quality								
Nonperforming loans to total gross loans	2.2	2.6	2.0	2.1	2.1	2.0	2.1	June
Provisions to Nonperforming loans	146.2	160.1	160.7	158.1	154.3	156.6	152.3	June
Earnings And Profitability								
Return on assets	2.3	1.2	2.1	2.6	2.8	2.8	2.7	June
Return on equity	15.5	9.0	14.6	17.6	18.5	18.2	17.7	June
Liquidity								
Liquid assets to short-term liabilities	119.2	136.8	152.9	124.3	121.8	108.0	114.8	June
Liquid assets to total assets	29.6	33.1	34.5	30.1	29.7	30.4	32.0	June
Customer deposits to total (non-interbank) loans	93.2	105.8	109.3	106.3	105.6	102.4	101.9	June
Trading income to gross income	5.8	5.5	6.7	9.5	9.7	7.4	8.5	June

Source: Financial Soundness Indicators.
1/ End of period.

Table 6. Mexico: Financial Indicators and Measures of External Vulnerabilities

	2022	2023	2024	2025	Latest data available
Financial Market Indicators					
Exchange rate (per U.S. dollar, period average)	20.1	17.8	18.3	19.5	Sep-25
(year-to-date percent change, + appreciation)	0.7	11.8	-3.1	-10.3	Sep-25
28-day treasury auction rate (percent; period average)	7.6	11.1	10.7	8.4	Sep-25
EMBIG Mexico spread (basis points; period average)	404.5	377.7	319.2	295.7	Sep-25
Sovereign 10-year local currency bond yield (period average)	8.8	9.1	9.7	9.5	Sep-25
Stock exchange index (period average, year on year percent change)	1.4	6.2	1.3	1.4	Sep-25
Financial System					
Bank of Mexico net international reserves (US$ billion)	199.1	212.8	229.0	229.0	Proj.
Financial system credit on non-financial private sector (year on year percent change) 1/	10.9	8.7	11.3	11.3	Proj.
Nonperforming loans to total gross loans (deposit takers)	2.1	2.1	2.0	2.1	Jun-25
External Vulnerability Indicators					
Gross financing needs (billions of US$) 2/	67.3	85.5	95.7	87.6	Proj.
Gross international reserves (end-year, billions of US$) 3/	201.1	214.4	232.1	249.0	Aug-25
Change (billions of US$) 4/	-6.6	13.3	17.6	0.9	Aug-25
Months of imports of goods and services	3.6	3.8	3.9	4.1	Proj.
Months of imports plus interest payments	3.5	3.6	3.7	4.0	Proj.
Percent of broad money	31.8	26.5	31.0	28.5	Proj.
Percent of portfolio liabilities	41.9	39.8	49.6	53.0	Proj.
Percent of short-term debt (by residual maturity)	292.5	303.5	309.6	297.7	Proj.
Percent of ARA Metric 5/	122.8	117.9	135.3	139.9	Proj.
Percent of GDP	13.7	11.9	12.5	13.6	Jun-25
Gross total external debt (in percent of GDP)	31.0	26.0	24.5	25.6	Proj.
Of which: In local currency	0.0	0.0	0.0	0.0	Proj.
Of which: Public debt	20.6	17.6	16.2	16.6	Proj.
Of which: Private debt	10.4	8.4	8.3	9.0	Proj.
Financial sector	3.4	2.9			
Nonfinancial sector	7.0	5.5			
Gross total external debt (billions of US$)	454.7	468.0	454.0	477.3	Proj.
Of which: In local currency	0.0	0.0	0.0	0.0	Proj.
Of which: Public debt	302.4	316.6	300.7	309.8	Proj.
Of which: Private debt	152.4	151.3	153.3	167.6	Proj.
Financial sector	49.7	52.7			
Nonfinancial sector	102.7	98.6			
External debt service (in percent of GDP)	5.8	5.5	5.6	5.5	Proj.

Sources: Bank of Mexico, National Banking and Securities Commission, National Institute of Statistics and Geography, Ministry of Finance and Public Credit, and Fund staff estimates.

1/ Includes domestic credit by banks, nonbank intermediaries, and social housing funds.

2/ Corresponds to the sum of the current account deficit, amortization payments, and the change in gross international reserves.

3/ Excludes balances under bilateral payments accounts. Includes SDR2.337 billion of the general SDR allocation and SDR 0.224 billion of the special SDR allocation in 2009, and SDR 8.542 billion in the general SDR allocation in 2021.

4/ Current year is (to date) percentage change.

5/ The ARA metric was developed by the Strategy and Policy Review Department at the IMF to assess reserve adequacy. Weights to individual components were revised in December 2014 for the whole time series.

Table 7. Mexico: Monetary Indicators 1/
(In billions of pesos)

	2020	2021	2022	2023	2024	Proj. 2025
Banco De México						
Net foreign assets	3,876	3,945	3,640	3,383	4,536	4,504
Net international reserves	3,966	4,257	3,923	3,632	4,832	4,796
Gross international reserves 2/	3,966	4,257	3,923	3,632	4,832	4,796
Reserve liabilities	0	0	0	0	0	0
Other net foreign assets	-90	-312	-282	-248	-296	-292
Net domestic assets	-1,709	-1,496	-932	-417	-1,223	-1,031
Net domestic credit	-1,640	-1,376	-1,143	-1,054	-993	-1,121
Net credit to non-financial public sector	-1,778	-1,400	-1,045	-1,034	-1,035	-1,108
Credit to non-financial private sector	0	0	0	0	0	0
Net credit to financial corporations	138	24	-98	-20	42	-13
Net claims on other depository corporations	138	24	-98	-20	42	-13
Net claims on other financial corporations	0	0	0	0	0	0
Capital account	53	52	-288	-729	109	-181
Other items net	-15	-68	-77	-91	-121	-90
Monetary base	2,118	2,441	2,700	2,960	3,293	3,473
Other Depository Corporations						
Net foreign assets	142	340	287	331	470	495
Foreign assets	940	1,013	1,104	1,133	1,713	1,806
Foreign liabilities	798	672	817	802	1,243	1,311
Net domestic assets	9,230	9,863	10,592	11,671	13,328	14,344
Net credit to the public sector	4,239	4,437	4,588	5,123	6,037	6,576
Claims on non-financial public sector	4,644	4,880	5,096	5,621	6,638	7,233
in pesos	4,442	4,701	4,893	5,435	6,415	6,994
in FX	202	178	204	186	223	239
Liabilities to the nonfinancial public sector	405	442	508	498	601	657
Credit to the private sector	6,665	6,971	7,675	8,073	9,026	9,387
Local Currency	5,941	6,198	6,823	7,188	7,798	8,482
Foreign Currency	724	773	852	884	1,228	905
Net credit to the financial system	690	806	1,094	1,044	1,079	1,006
Other	-2,364	-2,351	-2,765	-2,569	-2,814	-2,625
Liabilities to the private sector	9,372	10,204	10,879	12,002	13,797	14,839
Liquid liabilities	8,572	9,248	9,840	10,963	12,534	13,471
Local currency	7,905	8,481	9,068	10,245	11,690	12,618
Foreign currency	667	766	772	718	844	853
Non liquid liabilities	800	956	1,039	1,039	1,263	1,368
Local currency	762	915	981	980	1,190	1,294
Foreign currency	38	41	57	59	73	74
Total Banking System						
Net foreign assets	4,018	4,285	3,927	3,714	5,006	4,999
Net domestic assets	7,522	8,367	9,659	11,254	12,104	13,313
Liquid liabilities	10,691	11,688	12,540	13,923	15,828	16,944
Non-liquid liabilities	800	956	1,039	1,039	1,263	1,368
Memorandum Items						
Monetary base (percent change)	21.6	15.2	10.6	9.6	11.2	5.5
Currency in circulation (percent change)	23.3	16.8	11.1	9.5	11.7	5.5
Broad money (percent change)	13.4	9.5	7.3	11.0	13.8	5.5
Bank credit to the non-financial private sector (growth rate)	-4.5	4.6	10.1	5.2	11.8	4.0
Bank credit to the non-financial private sector (as percent of GDP)	27.7	26.1	26.0	25.3	26.6	26.0

Sources: Bank of Mexico, National Institute of Statistics and Geography and Fund staff estimates.
1/ Data of the monetary sector are prepared based on the IMF's methodological criteria and do not necessarily coincide with the definitions published by Bank of Mexico.
2/ Excludes balances under bilateral payments accounts. Includes SDR 8.542 billion in the general SDR allocation in 2021.

Table 8. Mexico: External Financing Requirements and Sources
(In billions of U.S. dollars)

	2024	2025	2026	2025 Adverse 2025	2025 Contribution to Gap	2026 Adverse 2026	2026 Contribution to Gap
		Proj.					
Gross External Financing Requirements	**95.7**	**103.3**	**99.8**	**71.1**	**-32.2**	**68.0**	**-31.8**
Current Account Deficit	16.7	4.6	7.0	15.8	11.2	19.2	12.2
Amortization of Bonds and Loans	61.3	81.1	83.5	81.1		83.5	
Public sector MLT coming due	16.7	28.2	29.3	28.2		29.3	
Private sector MLT amortization	3.6	5.4	5.4	5.4		5.4	
Short term debt coming due	41.0	47.5	48.7	47.5		48.7	
Public sector	15.2	15.4	15.4	15.4		15.4	
Private sector ST bonds and loans	17.6	25.2	26.3	25.2		26.3	
Trade credit	8.3	6.9	7.1	6.9		7.1	
Change In International Reserves	17.6	17.6	9.3	-25.8	-43.4	-34.7	-44.0
Available External Financing	**95.7**	**103.3**	**99.8**	**46.7**	**56.6**	**43.6**	**56.2**
Net FDI Inflows	32.3	18.6	22.2	11.2	7.4	11.2	11.0
Equity Portfolio Inflows	-5.3	-4.3	-3.3	-9.9	5.6	-8.9	5.6
Financing Through Bonds And Loans	70.8	89.4	87.4	69.5		71.5	
Public sector MLT financing	25.0	29.2	30.2	24.6	4.6	25.6	4.6
Private sector MLT financing	3.6	6.2	6.4	4.4	1.9	4.4	2.1
Short-term financing	42.2	54.0	50.8	40.6		41.6	
Public sector	15.4	15.4	15.4	14.9	0.4	14.9	0.4
Private sector	19.9	31.6	28.2	20.2	11.4	21.0	7.2
Trade credit	6.9	7.1	7.2	5.5	1.5	5.6	1.6
Other Flows	-2.1	-0.4	-6.5	-24.2		-30.3	
Residents' foreign portfolio & other investment	-15.4	-4.0	-16.8	-27.8	23.8	-40.6	23.8
Financing Gap (USD Billions)					**24.4**		**24.4**
in SDR (1.370537 USD/SDR as of Sep 25, 2025)					17.8		17.8
Percent of quota					200		200
Memorandum Items							
Reserves (in billions of U.S. dollars)	232.1	249.7	259.0	206.3		215.0	
(percent of ARA)	135	139	142	118		121	

Sources: Bank of Mexico and Fund staff estimates.
Note: The illustrative results reflect adverse shocks materializing in either 2025 or 2026.

Table 9. Mexico: Capacity to Repay Indicators 1/

	2025	2026	2027	2028	2029	2030
Exposure and Repayments in SDR millions						
GRA credit to Mexico	17,825.4	17,825.4	17,825.4	17,825.4	8,912.7	0.0
(In percent of quota)	200.0	200.0	200.0	200.0	100.0	0.0
Charges due on GRA credit 2/	89.2	588.3	608.3	608.5	500.7	199.8
Debt service due on GRA credit 2/	89.2	588.3	608.3	608.5	9,413.4	9,112.5
Debt and Debt Service Ratios 3/						
In percent of GDP						
Total external debt	32.1	29.5	29.8	30.0	29.5	29.1
Public external debt	21.4	19.0	18.6	18.1	16.8	15.7
GRA credit to Mexico	1.6	1.4	1.3	1.3	0.6	0.0
Total external debt service	7.6	7.4	6.8	6.7	7.4	6.8
Public external debt service	3.0	3.1	3.0	2.7	3.2	3.2
Debt service due on GRA credit	0.0	0.0	0.0	0.0	0.6	0.6
In percent of Gross International Reserves						
Total external debt	231.7	228.4	238.2	238.2	233.8	235.7
Public external debt	154.5	147.3	148.7	143.4	133.5	127.5
GRA credit to Mexico	11.8	11.1	10.5	9.9	4.7	0.0
In percent of Exports of Goods and Services						
Total external debt service	16.1	17.7	18.0	17.9	19.7	18.3
Public external debt service	6.4	7.4	7.9	7.2	8.7	8.5
Debt service due on GRA credit	0.0	0.1	0.1	0.1	1.7	1.5
In percent of Government Fiscal Revenue						
Total external debt service	30.5	29.7	27.4	26.8	29.8	27.8
Public external debt service	12.1	12.4	12.0	10.7	13.1	12.9
Debt service due on GRA credit	0.0	0.2	0.2	0.2	2.5	2.3
In percent of Total External Debt						
GRA credit to Mexico	5.1	4.9	4.4	4.2	2.0	0.0
In percent of Public External Debt						
GRA credit to Mexico	7.7	7.5	7.0	6.9	3.5	0.0

Sources: Mexican authorities, Finance Department, World Economic Outlook, and IMF staff estimates.

1/ Assumes full drawings under the FCL in 2025. The Mexican authorities have expressed their intention to treat the arrangement as precautionary.
2/ Includes surcharges under the system currently in force, service charges and interest on SDRs.
3/ Based on the downside scenario. External debt ratios (to GDP, gross international reserves, and exports of goods and services) are adjusted for the impact of the assumed FCL drawing.

Appendix I. Written Communication

Mexico City, October 24, 2025

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
700 19th Street NW
Washington, DC 20431

Dear Ms. Georgieva,

The United Mexican States (Mexico) has pursued very strong macroeconomic policies for many years, which have promoted economic stability and anchored confidence in the country's economic outlook. Our country has also shown resilience in the face of recent external shocks, reflecting its strong buffers and robust policy framework.

Nevertheless, the Mexican economy remains exposed to significant tail risks from external developments. While the economic impact of recent policy changes in the United States—Mexico's main trading partner—has been milder than initially expected, uncertainty remains elevated. The Mexican economy is particularly exposed to risks stemming from a sharper U.S. slowdown, a stronger-than-anticipated effect of U.S. tariffs, and tighter global financial conditions. The materialization of these risks could have a significant impact on our domestic economy, leading to rising yields and risk premia, and possibly capital outflows.

We request a successor 24-month Flexible Credit Line (FCL) arrangement for Mexico, with access at 200 percent of Mexico's quota, or SDR 17.8254 billion. We believe this access level will provide an additional layer of insurance to our economy against severe tail-risk events. We intend to treat the arrangement as a precautionary support to our financial buffers, as we did with previous arrangements. We hereby notify you of our decision to cancel the current arrangement of 300 percent of quota (or SDR 26.7381 billion). The cancellation shall solely become effective upon the IMF Executive Board's approval of the referred successor arrangement.

Our economic policies will continue to preserve macroeconomic and financial stability, while strengthening our buffers.

- We are strongly committed to a sound fiscal policy. We expect the public sector borrowing requirement to reach 4.3 percent of GDP in 2025 and 4.1 percent of GDP in 2026, ensuring compliance with the target set in the budget law, which reflects a temporary adjustment to accommodate external shocks and support domestic demand, while protecting investment and social priorities. Nevertheless, we remain committed to maintaining public debt on a sustainable path over the medium term, targeting an overall deficit (public sector borrowing requirement) of 3.0 percent of GDP by 2028.

- Our monetary policy continues to be underpinned by a highly credible inflation-targeting regime, which has effectively maintained inflation low. After decisively and proactively tightening monetary policy during the post-pandemic inflation episode, we have now appropriately embarked on a gradual easing cycle and are committed to policy rate decisions that are consistent with achieving the inflation target during the forecast period.

- The flexible exchange rate regime will continue to act as the key absorber of external shocks. We have not seen a need to intervene and will continue to limit interventions to circumstances of clear disruptions in the proper functioning of the foreign exchange market.

- The financial sector remains sound, underpinned by a strong regulatory framework. The banking sector is well-capitalized, liquid, profitable, and resilient to credit and market risks. We are committed to strengthening financial oversight, promoting financial deepening, and calibrating macro-prudential policies to ensure financial stability. Furthermore, given the presence of foreign banks in our financial system, we closely monitor cross-border exposures.

- We have embarked on an ambitious structural reform agenda, laid out in Plan Mexico, to improve the business climate, address infrastructure gaps, and strengthen public safety. Our plan will support job creation and strengthen local supply chains by expanding access to higher education, fostering innovation, and deepening trade integration to position Mexico as a resilient and competitive economy.

As Executive Directors acknowledged at the latest Article IV consultation, Mexico's macroeconomic policies and institutional policy frameworks are very strong. We remain firmly committed to macroeconomic and financial stability, and to react as needed within this framework to future shocks. Insuring against tail risks, which the successor FCL arrangement would contribute to, will help maintain a high degree of confidence in our economy.

Sincerely yours,

/s/	/s/
Édgar Amador Zamora	**Victoria Rodríguez Ceja**
Secretary of Finance and Public Credit	**Governor of Banco de México**

MEXICO

October 30, 2025

ASSESSMENT OF THE IMPACT OF THE PROPOSED ARRANGEMENT UNDER THE FLEXIBLE CREDIT LINE ON THE FUND'S FINANCES AND LIQUIDITY POSITION

Approved By
Zuzana Murgasova (FIN) and Geremia Palomba (SPR)

Prepared by the Finance Department and the Strategy, Policy, and Review Department (in consultation with other departments).

CONTENTS

INTRODUCTION

1. This note assesses the impact of the proposed Flexible Credit Line (FCL) arrangement for Mexico on the Fund's finances and liquidity position, in accordance with the policy on FCL arrangements.[1] The proposed arrangement would cover a 24-month period and access would be in an amount of SDR 17.8254 billion (200 percent of quota). It would succeed the existing FCL arrangement, which would be cancelled upon approval of the proposed arrangement. As was the case for all previous FCL arrangements with Mexico, the authorities intend to treat the proposed arrangement as precautionary.

2. Access under the proposed arrangement would represent a further reduction compared with the current FCL arrangement and continue the gradual decline in access under recent FCL arrangements for Mexico. Since the November 2017 arrangement, which was initially approved for SDR 62.39 billion (700 percent of quota), the authorities have gradually reduced access under FCL arrangements (Annex I). The most recent reduction was to SDR 26.74 billion (300 percent of quota) at the approval of the successor arrangement approved in November 2023, with that access level maintained in the mid-term review in October 2024.

BACKGROUND

3. Mexico has not made purchases under any of the FCL arrangements it has had. Since the global financial crisis, Mexico has had ten FCL arrangements, including the current arrangement. All of Mexico's FCL arrangements have remained precautionary. Mexico also has a history of strong performance under earlier Fund arrangements and an exemplary record of meeting its obligations to the Fund.

4. Mexico's very strong macroeconomic policy frameworks and external buffers, complemented by the FCL arrangement, continue to anchor market confidence. Following a steady post-pandemic recovery, economic activity has softened since mid-2024, and growth is projected to slow to 1 percent in 2025, reflecting domestic policy restraint and shifting U.S. trade policies.[2] Core inflation has remained above the target range but is expected to converge to the central bank's target by the second half of 2026, aided by subdued activity and recent peso appreciation. External financing conditions remain favorable, and Mexico has maintained uninterrupted market access despite elevated global uncertainty. Sovereign bond spreads have reversed increases seen in mid-2022 and now stand in line with or below pre-pandemic averages. Gross international reserves stood at US$232 billion (12.4 percent of GDP) at end-2024, adequate at 135 percent of the ARA metric and 310 percent of short-term debt (at remaining maturity). Reserves increased further to US$249 billion by end-August 2025.

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[1] See *GRA Lending Toolkit and Conditionality—Reform Proposals* (3/13/09) and *Flexible Credit Line (FCL) Arrangements*, Decision No.14283-(09/29), adopted March 24, 2009 as amended by Decision No. 14714-(10/83), adopted August 30, 2010; and *Review of the Flexible Credit Line, The Short Term Liquidity Line and the Precautionary and Liquidity Line, and Proposals for Reform (10/6/2023)*.

[2] See *Mexico – Staff Report for the 2025 Article IV Consultation* (IMF Country Report No. 25/286, October 2025).

Table 1. Mexico: External Debt and Debt Service (2020–25) 1/

	2020	2021	2022	2023	2024	Proj 2025 2/
			(In billions of US dollars)			
Total external debt	498.1	473.9	454.7	468.0	454.0	477.3
Public	334.2	305.2	302.4	316.6	300.7	309.8
Private	163.9	168.7	152.4	151.3	153.3	167.6
Total external debt service	100.8	95.7	85.1	99.8	104.5	102.0
Public	50.9	55.1	41.8	46.6	47.2	42.6
Private	49.9	40.5	43.3	53.2	57.4	59.5
			(In percent of GDP)			
Total external debt	44.4	36.0	31.0	26.0	24.5	25.6
Public	29.8	23.2	20.6	17.6	16.2	16.6
Private	14.6	12.8	10.4	8.4	8.3	9.0
Total external debt service	9.0	7.3	5.8	5.5	5.6	5.5
Public	4.5	4.2	2.8	2.6	2.5	2.3
Private	4.4	3.1	3.0	3.0	3.1	3.2
Memorandum item						
Public external debt service in percent of exports	11.4	10.3	6.6	7.2	6.9	6.1

Sources: National authorities; and IMF staff estimates.
1 End of period, unless otherwise indicated.
2 Assumed potential disbursement under the proposed FCL and related interest are not included.

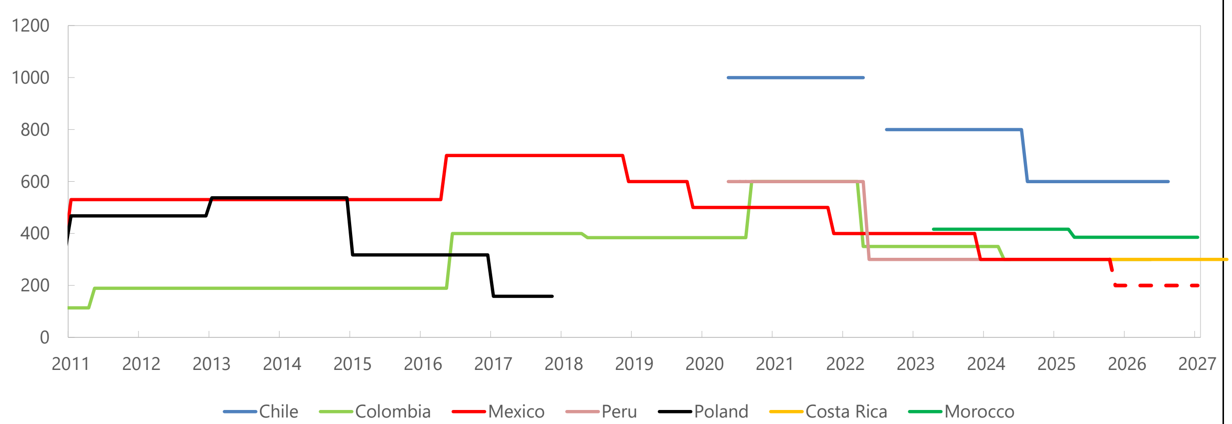
5. **Total external debt has declined in recent years and is expected to remain broadly stable over the medium term under the baseline.** After peaking at 44.4 percent of GDP in 2020 due to the sharp output contraction, the external debt ratio fell to well below pre-pandemic levels. In 2025, gross external debt is projected to edge up slightly to about 25.6 percent of GDP, with external public debt accounting for nearly two-thirds of the total. Over the medium term, external debt is expected to stabilize at around 26 percent of GDP.

6. **Fiscal consolidation is underway and public debt remains sustainable with high probability.** In 2024, the authorities invoked an escape clause to enable expansionary spending, raising debt to around 58 percent of GDP. The new administration is implementing a consolidation in 2025, reversing the expansion. Additional deficit reduction is expected over the medium term, implying a gradual increase in the debt-to-GDP ratio to 61.5 percent by 2030 before stabilizing. A more ambitious and front-loaded adjustment would help place debt on a declining path, reinforce credibility, and preserve policy space. Fiscal risks are mitigated by Mexico's access to international and domestic debt markets.

THE NEW FLEXIBLE CREDIT LINE ARRANGEMENT—IMPACT ON THE FUND'S FINANCES AND LIQUIDITY POSITION

7. **The proposed FCL arrangement would be the largest of the Fund's current undrawn commitments in nominal terms, but more moderate in percent of Mexico's quota.** The commitment under the proposed FCL arrangement (SDR 17.8254 billion) would currently be the Fund's largest undrawn commitment, with the full amount of the proposed access available throughout the arrangement period in one or multiple purchases.[3] However, access relative to quota would be at the low end of the range of historical experience for all FCL arrangements and for Mexico (Figure 1). If the full amount available under the proposed arrangement were drawn upon, the outstanding credit would currently be the Fund's second-largest exposure after Argentina. Fund credit outstanding as a percent of quota (200 percent) would be more moderate, ranking below 16 other cases at present.

Figure 1. Mexico: Access Under FCL Arrangements
(Percent of 2016 Quota)



Source: IMF Finance Department.

[3] If the full amount is not drawn in the first year of the arrangement, subsequent purchases can only be made following completion of a review of Mexico's continued qualification for the FCL arrangement.

8. If Mexico were to purchase the full amount available under the proposed FCL arrangement, the Fund's exposure relative to Mexico's relevant economic indicators would be moderate under a calibrated downside scenario[4] and Mexico's debt burden would remain manageable over the medium term (Table 2):[5]

- In a downside scenario with full disbursement in 2025, Mexico's external debt would remain moderate, peaking at 32.1 percent of GDP in 2025 before declining over the medium term to 29.1 percent of GDP. Public external debt would peak at 21.4 percent of GDP in 2025, with Fund credit representing 1.6 percent of GDP. Mexico's outstanding use of GRA resources would account for 5.1 percent of total external debt, and 7.7 percent of public external debt in 2025. In addition, Fund credit would account for 11.8 percent of Mexico's gross international reserves in 2025.

- External debt service would remain broadly stable at manageable levels over the medium term, under staff's medium-term macro projections. Mexico's projected debt service to the Fund would peak in 2029 at about SDR 9.4 billion, or 0.6 percent of GDP. Debt service to the Fund would peak at about 1.7 percent of exports of goods and services, and 2.5 percent of government fiscal revenues. Public external debt service would peak at 8.7 percent of exports of goods and services and 13.1 percent of fiscal revenues in 2029, with debt service to the Fund accounting for about 19 percent of total public external debt service.[6]

[4] Capacity to repay indicators presented in Table 2 are projected under a downside scenario, based on the downside scenario in the October 2025 WEO. The scenario assumes higher U.S. tariffs and supply chain disruptions, higher inflation expectations in the U.S. and emerging markets excluding China, tighter global financial conditions and higher sovereign yields in all countries except China, and a decline in global demand for U.S. assets. Details are presented in Box 2 of the main FCL report, "Arrangement under the Flexible Credit Line and Cancellation of Current Arrangement."

[5] The projected figures on debt service used in this report are calculated assuming that the full amount available under the arrangement is purchased upon approval of the arrangement, and that all repurchases are made as scheduled.

[6] For a broader analysis of public and external debt sustainability, see Annex IV of *Mexico – Staff Report for the 2025 Article IV Consultation* (IMF Country Report No. 25/286, October 2025).

Table 2. Mexico: Capacity to Repay Indicators (2025–30) 1/

	2025	2026	2027	2028	2029	2030
Exposure and Repayments in SDR millions						
GRA credit to Mexico	17,825.4	17,825.4	17,825.4	17,825.4	8,912.7	0.0
In percent of quota	200.0	200.0	200.0	200.0	100.0	0.0
Charges due on GRA credit 2/	89.2	588.3	608.3	608.5	500.7	199.8
Debt service due on GRA credit 2/	89.2	588.3	608.3	608.5	9,413.4	9,112.5
Debt and Debt Service Ratios 3/						
In percent of GDP						
Total external debt	32.1	29.5	29.8	30.0	29.5	29.1
Public external debt	21.4	19.0	18.6	18.1	16.8	15.7
GRA credit to Mexico	1.6	1.4	1.3	1.3	0.6	0.0
Total external debt service	7.6	7.4	6.8	6.7	7.4	6.8
Public external debt service	3.0	3.1	3.0	2.7	3.2	3.2
Debt service due on GRA credit	0.0	0.0	0.0	0.0	0.6	0.6
In percent of Gross International Reserves						
Total external debt	231.7	228.4	238.2	238.2	233.8	235.7
Public external debt	154.5	147.3	148.7	143.4	133.5	127.5
GRA credit to Mexico	11.8	11.1	10.5	9.9	4.7	0.0
In percent of Exports of Goods and Services						
Total external debt service	16.1	17.7	18.0	17.9	19.7	18.3
Public external debt service	6.4	7.4	7.9	7.2	8.7	8.5
Debt service due on GRA credit	0.0	0.1	0.1	0.1	1.7	1.5
In percent of Government Fiscal Revenue						
Total external debt service	30.5	29.7	27.4	26.8	29.8	27.8
Public external debt service	12.1	12.4	12.0	10.7	13.1	12.9
Debt service due on GRA credit	0.0	0.2	0.2	0.2	2.5	2.3
In percent of Total External Debt						
GRA credit to Mexico	5.1	4.9	4.4	4.2	2.0	0.0
In percent of Public External Debt						
GRA credit to Mexico	7.7	7.5	7.0	6.9	3.5	0.0

Sources: National authorities; IMF Finance Department; IMF, *World Economic Outlook*; and IMF staff estimates.
1 Assumes full drawings under the FCL upon approval and economic indicators are those under the downside scenario. The Mexican authorities have expressed their intention to treat the arrangement as precautionary.
2 Includes surcharges under the system currently in force, service charges, and interest on SDRs.
3 Staff projections for external debt ratios (to GDP, gross international reserves, and exports of goods and services) adjusted for the impact of the assumed FCL drawing.

9. **The approval of the proposed FCL arrangement and cancellation of the existing arrangement would have a positive net impact on the Fund's liquidity as measured by the forward commitment capacity (FCC).** As noted above (¶2), access under the proposed FCL arrangement would be lower than under the existing arrangement. The cancellation of the existing arrangement and commitment under the proposed arrangement would in net terms bring about an increase in the FCC by SDR 8.91 billion (5.5 percent of current liquidity) (Table 3).

10. **If a drawing were made, it could have a large impact on the Financial Transactions Plan (FTP), the Fund's financing mechanism.** A single drawing by Mexico for the full amount

under the proposed FCL arrangement would be by far the largest single purchase in the Fund's history and accordingly represent the largest funding requirement from participants in the Fund’s FTP. If Mexico were to draw under the FCL, it would automatically be excluded from the list of members in the FTP, thus reducing the FCC. All other FTP members would be expected to participate.

Table 3. Mexico: Impact on GRA Finances
(Millions of SDR, unless otherwise noted)

	as of 09/30/2025
Liquidity measures	
Forward Commitment Capacity (FCC) before approval 1/	162,669
FCC on approval 2/	171,582
Change in percent	5.5
Prudential measures	
Fund GRA commitment to Mexico including credit outstanding	
in percent of current precautionary balances	68.8
in percent of total GRA credit outstanding	19.7
Fund GRA credit outstanding to top five borrowers	
in percent of total GRA credit outstanding	79.9
in percent of total GRA credit outstanding including Mexico's assumed full drawing	77.1
Mexico's projected annual GRA charges for 2026 in percent of the Fund's residual burden sharing capacity	65.8
Memorandum items	
Fund's precautionary balances (end April 2025)	25,905
Fund's Residual Burden Sharing Capacity 3/	897

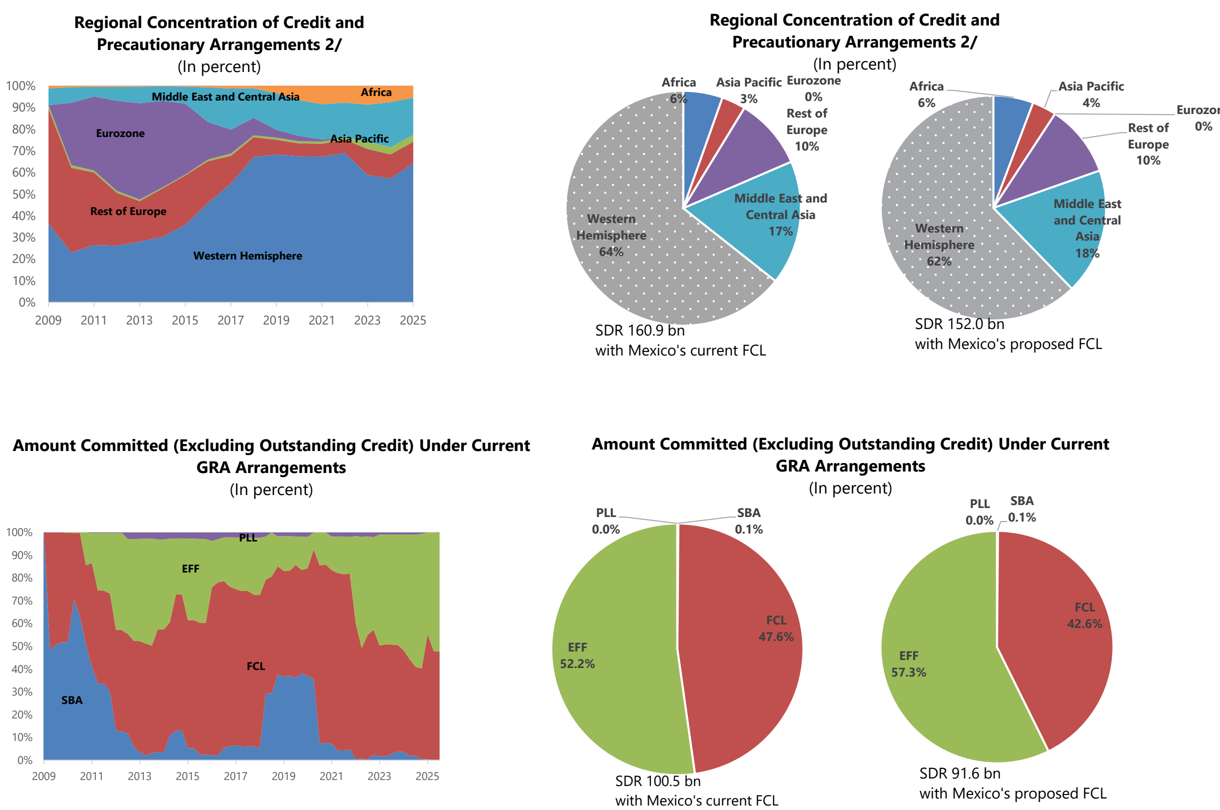
Sources: IMF Finance Department; and IMF staff estimates.
1 The FCC is defined as the Fund's stock of usable resources less undrawn balances under existing arrangements, plus projected repurchases during the coming 12 months, less repayments of borrowing due one year forward, less a prudential balance. The FCC does not include resources from currently unactivated lines of credit, including the New Arrangements to Borrow or bilateral commitments from members to boost IMF resources.
2 Current FCC minus access under the proposed arrangement plus the quota-financed portion of the arrangement being cancelled. The arrangement to be cancelled was approved after the February 2016 de-activation of the NAB and is, as the proposed successor arrangement, fully financed with quota resources. The concomitant cancellation of the existing arrangement and approval of the proposed arrangement improves the FCC as the access amount for the proposed arrangement is lower.
3 Burden-sharing capacity is calculated based on the floor for remuneration at 85 percent of the SDR interest rate. Residual burden-sharing capacity is equal to the total burden-sharing capacity minus the portion being utilized to offset deferred charges and takes into account the loss in capacity due to nonpayment of burden sharing adjustments by members in arrears.

11. The proposed FCL would have a moderate impact on the concentration of the Fund’s lending portfolio, both in terms of regions and among Fund facilities (Figure 2):

- Regional concentration to Latin America would decline slightly. As of September 30, the Western Hemisphere accounted for 64 percent of total commitments under the GRA (defined as outstanding credit plus other commitments, including for precautionary arrangements). With the proposed FCL arrangement for Mexico having reduced access relative to the current arrangement, that share would fall to 62 percent. The Fund experienced comparable regional concentration in the past, including in the aftermath of the global financial crisis, when total commitments to Europe accounted for over 60 percent of the total.

- Among the Fund's different facilities, the share of amount committed under FCL arrangements in GRA total commitments (excluding outstanding credit) would decline further. Commitments under FCLs (excluding outstanding credit), which represent the bulk of precautionary arrangements, stood at SDR 47.9 billion on September 30, or nearly 48 percent of total commitments (excluding outstanding credit) under current GRA arrangements. With the proposed FCL arrangement for Mexico the share of Fund commitments from FCL arrangements (excluding outstanding credit) in total GRA commitments (excluding outstanding credit) would decrease to 43 percent.

Figure 2. Mexico: IMF Lending Concentration—By Region and by Lending Instrument 1/



Source: IMF Finance Department.
1 As of September 30, 2025.
2 GRA credit outstanding plus undrawn balances by region as a share of total GRA balances and total GRA undrawn balances. The latter include undrawn balances under existing arrangements as well as commitments under precautionary arrangements.

12. If the resources available under the FCL arrangement were fully drawn, the GRA credit exposure to Mexico would represent a large share of the Fund's outstanding credit (Table 3).

- Fund credit to Mexico would represent about 20 percent of total GRA credit outstanding as of September 30, 2025, and about 16 percent of GRA credit outstanding including Mexico's purchase. It would be the second-largest Fund exposure after Argentina. The concentration of

Fund credit among the top five users of GRA resources would decrease modestly to 77 percent, from 80 percent as of September 30, 2025. The lending concentration to the Fund's top two borrowers would also decrease moderately, from 58 percent to 55 percent.

- Relative to the Fund's current level of precautionary balances, potential GRA exposure to Mexico would be considerable. Fund credit to Mexico would be about 69 percent of the Fund's current precautionary balances.
- Were Mexico to accrue arrears on charges after drawing under the proposed arrangement, the Fund's burden-sharing mechanism would be sufficient to cover such arrears. Total GRA charges for Mexico in 2026 would be about 66 percent of the current burden-sharing capacity.

ASSESSMENT

13. The proposed FCL arrangement would have a net positive impact on the Fund's liquidity position and reduce the Fund's credit commitments. On approval of the proposed arrangement, the Fund's liquidity position would increase as the cancellation of Mexico's existing FCL arrangement would more than offset the liquidity effect from the proposed new arrangement. Similarly, the reduction in size of the proposed arrangement would lower the Fund's credit commitments. The concentration of the Fund's commitment portfolio to Latin America would decline slightly but remain elevated.

14. However, as was the case in Mexico's previously approved FCLs, a single drawing for the full amount of the proposed FCL arrangement would be the largest single purchase in the Fund's history. Hence, it would have a large impact on the FTP, the Fund's financing mechanism, and accordingly represent the largest-ever funding requirement from participants in the Fund's FTP. Also, if the resources available under the proposed FCL arrangement were fully drawn, the GRA credit exposure to Mexico would represent about 16 percent of the Fund's outstanding credit and about 69 percent of precautionary balances.

15. Financial enterprise risks are mitigated by several factors. Mexico intends to treat the proposed FCL arrangement (which has been progressively declining in size) as precautionary, like its predecessors. The risks from the Fund's potential credit exposure are mitigated by Mexico's adequate buffers and the overall credibility of the country's macroeconomic policy framework, although weak governance, a lack of access to finance, and pervasive informality, among other factors, weigh on the country's medium-term growth prospects, and a more ambitious and front-loaded fiscal consolidation is needed to put public debt on a downward path over the medium term.[7] The Mexican authorities remain firmly committed to maintaining very strong macroeconomic policies and institutional policy frameworks. Also, Mexico's capacity to repay is assessed to remain strong, as overall external debt and debt service ratios would deteriorate only moderately over the medium term in a downside scenario assuming full drawing under the proposed arrangement.

[7] See *Mexico – Staff Report for the 2025 Article IV Consultation* (IMF Country Report No. 25/286, October 2025).

Annex I. History of Arrangements with the IMF

This annex provides a brief overview of Mexico's Fund arrangements, focusing on the period since 2000.

Mexico has an exemplary track record of meeting its obligations to the Fund under past Fund arrangements. Mexico had several Fund arrangements in the 1980s and 1990s and fully repaid its remaining outstanding credit in 2000 (Annex Table 1).

Since the global financial crisis, Mexico has had ten consecutive FCL arrangements,[1] but made no drawings.

- April 17, 2009: approval of a one-year FCL arrangement equivalent to SDR 31.5 billion (1,000 percent of quota at request) to support Mexico's economic policies and bolster confidence during the crisis.
- March 25, 2010: approval of a successor FCL arrangement on identical terms.
- January 10, 2011: approval of a two-year FCL arrangement with access increased to SDR 47.3 billion (1,500 percent of quota at request).
- November 30, 2012: approval of a two-year successor FCL arrangement for the same access.
- November 26, 2014: approval of a two-year successor FCL arrangement for the same access.
- May 27, 2016: approval of a two-year FCL arrangement with access increased to SDR 62.389 billion (700 percent of 2016 quota).
- November 29, 2017: approval of a two-year successor FCL arrangement for the same access. Access under this arrangement was reduced to SDR 53.4762 billion (600 percent of quota) at the time of the mid-term review concluded on November 26, 2018.
- November 22, 2019: approval of a two-year successor FCL arrangement with access reduced to SDR 44.5635 billion (500 percent of quota).
- November 19, 2021: approval of a two-year successor FCL arrangement with access reduced to SDR 35.6508 billion (400 percent of quota).
- November 15, 2023: approval of a two-year successor FCL arrangement with access reduced to SDR 26.7381 billion (300 percent of quota).

[1] Upon approval of a new FCL arrangement, the member's existing unexpired FCL arrangement is cancelled.

Table 1. Mexico: IMF Financial Arrangements, 1995–2025
(In millions of SDR)

Year	Type of Arrangement	Date of Arrangement	Date of Expiration or Cancellation	Amount of New Arrangement	Amount Drawn	Purchases	Repurchases	Fund Exposure 1/
1995	SBA	1-Feb-95	15-Feb-97	12,070.2	8,758.0	8,758.0	754.1	10,648.1
1996						0.0	1,413.6	9,234.5
1997						0.0	2,499.2	6,735.2
1998						0.0	783.7	5,951.5
1999	SBA	07-Jul-1999	30-Nov-2000	3,103.0	1,939.5	1,034.4	3,726.7	3,259.2
2000						905.1	4,164.3	0.0
...								
2009	FCL	17-Apr-2009	16-Apr-2010	31,528.0	0.0	0.0	0.0	0.0
2010	FCL	25-Mar-2010	09-Jan-2011	31,528.0	0.0	0.0	0.0	0.0
2011	FCL	10-Jan-2011	09-Jan-2013	47,292.0	0.0	0.0	0.0	0.0
2012	FCL	30-Nov-2012	29-Nov-2014	47,292.0	0.0	0.0	0.0	0.0
2014	FCL	26-Nov-2014	25-Nov-2016	47,292.0	0.0	0.0	0.0	0.0
2016	FCL	27-May-2016	26-May-2018	62,389.0	0.0	0.0	0.0	0.0
2017	FCL	29-Nov-2017	21-Nov-2019	62,389.0	0.0	0.0	0.0	0.0
2018	FCL 2/	26-Nov-2018	21-Nov-2019	53,476.2	0.0	0.0	0.0	0.0
2019	FCL	22-Nov-2019	18-Nov-2021	44,563.5	0.0	0.0	0.0	0.0
2021	FCL	19-Nov-2021	18-Nov-2023	35,650.8	0.0	0.0	0.0	0.0
2023	FCL	15-Nov-2023	14-Nov-2025	26,738.1	0.0	0.0	0.0	0.0

Source: IMF Finance Department.

1 As of end-December.

2 This is not a new arrangement but rather a reduction in access under the 2017 FCL arrangement.