

Mexico faces risk from major U.S. economic slowdown

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A wholesale food market in Mexico City, Mexico. | Photo: Xinhua

Mexico City, November 18 (RHC)-- The Mexican Institute of Finance Executives (IMEF) is warning that the Mexican economy faces risk from an expected U.S. economic slowdown and global inflation. In its updated monthly forecast, the IMEF upgraded expected economic growth in 2022 from 1.9 percent to 2.5 percent, but lowered it for 2023, from 1.2 percent to 1.1 percent.

"Among the most important factors for Mexico's economic growth in 2023 is the U.S. economy's performance, which is expected to have a significant slowdown," IMEF President Alejandro Hernandez said. Over the last two months, global financial markets showed "exacerbated" volatility, with strong adjustments in asset prices due to inflation and central bank monetary policies.

"This uncertainty is likely to continue over the coming months, so we expect high volatility in financial markets to persist," Hernandez said.

Mexico's 2023 economic growth will also depend on the "degree of tightening" of monetary policy in the U.S. and Mexico to contain inflation, and on the regional relocation of suppliers for the U.S. market, he added. Given that the short-term imbalances in the global economy are related to the Ukrainian conflict, Mexico on Tuesday asked the G20 countries to promote an "immediate" dialogue to end the war as soon as possible.

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