



# The Mexico Fund (MXF) Encouraged By Improved First Quarter Market Performance In Mexico Despite A Turbulent Time In The Petroleum Industry

30 May 2016

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The Mexico Fund (MXF) has expressed its satisfaction on the improving performance of the Mexican market for the first quarter in 2016. The success comes despite a turbulent

period in the petroleum industry. The Mexican economy has however reduced oil dependence in recent years. Oil accounts for just 6% of GDP down from 10% in 2013.

The company said on its monthly brief that the financial statements of listed Mexican companies in Q1 showed positive operating results, with sales among listed companies growing 12% in Q1, while EBITDA grew 8.7% during the same period.

Net Profits also reported a 36.2% jump, a factor the Fund believes was contributed by the increased positive local consumption environment and lower foreign exchange losses.

## **Important Highlights For Mexico So Far**

Mexico is the second largest economy in Latin America by Nominal GDP and there are a



◀ number of highlights that make it a sound investment destination at the moment. Here are some of them:

### **Improving Oil Prices**

Although global oil prices are yet to reach the \$100 per barrel mark they used to be, the industry seems to have avoided what looked to be an inevitable slump. In April oil prices recovered to \$45.9/Barrel as measured by the West Texas Intermediate. The trajectory on global oil prices is also looking up at the moment. The recovery in oil prices could help accelerate the energy reform approved in 2013. The reform permits domestic and foreign private investments and this could translate to higher investment in Mexico.

### **GPD Growth Prospects Remain Robust**

The Mexican economy is expected to shake off the oil crisis and grow by 2.4% this year. First quarter [GDP growth](#) was at 2.6%, resilient despite

the drop in global oil prices. The services industry experienced the most significant growth with a 3.7% expansion. The industrial sector also bounced back with a marginal 0.4% growth. The government in Mexico is implementing budget cuts for 2017 of up to 0.9% of GDP. Analysts expect this to boost stabilization in the economy.

### **Local Consumer Demand Remains Buoyant**

The local consumer demand in Mexico has also improved drastically. This is expected to boost local manufacturing and give the Mexican industrial sector a much needed boost towards full recovery. Inflation at the moment is below the 3% central bank target which is good news for local consumption.

### **Outlook For The Mexican Economy**

The recently approved Energy, Educational, Tax, Labor, Telecommunications and Financial

Reforms, will create significant investment opportunities in the Mexican economy. The Mexico Fund (MXF) expects these solid perspectives on the Mexican economy to translate into the Mexican equity market. The Fund (MXF) is a good vehicle to invest in Mexico and its market price is trading at an attractive recent discount to its Net Asset Value of 10 -12%.

### **Final Thoughts.....**

Despite a number of monumental challenges in the Mexican economy the stock market has remained relatively resilient compared to other emerging markets. It is definitely a good time to invest in the country. The Mexico Fund (MXF) gives you an entry through its Closed End Fund. The Fund offers a unique opportunity for people who want to invest in Mexican companies through a managed portfolio. The Mexico Fund (MXF) is also listed in the New York Stock Exchange.

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