

IMPLICACIONES DEL CORONAVIRUS EN MÉXICO DESDE EL PUNTO DE VISTA EPIDEMIOLÓGICO Y ECONÓMICO

CONFERENCIA del 08 de ABRIL de 2020

KEYPOINTS

- Mexican President Andres Manuel Lopez Obrador presented his first quarterly report for 2020. He took the opportunity to explain his government's plan to confront the public health and economic crises gripping the country as a result of the coronavirus. His plan focuses on social programs and the continuation of megaprojects (such as the Tren Maya in the Yucatan Peninsula and the Dos Bocas refinery) already in progress. The hope is that maintaining high levels of government spending can help to combat the worst effects of COVID-19.
- With regard to the economic situation, the president re-affirmed that there will not be fiscal stimulus for the private sector, such as bailouts of companies. In addition to the public projects noted above, AMLO offered zero-interest credit, a reduction in the salaries of senior officials, and scholarships for students.
- As has been the case in other affected countries, and what can be expected in Mexico, are very serious blows to industries such as tourism, entertainment, construction, and significant impacts on Pemex value chains. Not having fiscal support is likely to further complicate the situation.
- In recent days, the Business Coordinating Council (CCE) has indicated that Mexican employers are organizing to counter government inaction and to propose a civilian mutual aid program to save jobs.
- Analysts (including Bulltick's strategy team) believe that:
 - The economy will have an L-shaped recovery, rather than a V-shaped recovery. This means a prolonged impact from the recession and some delay in returning to prior levels of productivity.
 - The depth of the recession this year is likely to be between 6-8% of real GDP.
 - In the next 2 years, Mexico will lose its investment-grade status which it has maintained for two decades. A Citigroup survey indicated that 74% of investors anticipate a downgrade this year.

