

RATING ACTION COMMENTARY**Fitch Upgrades Pemex's IDRs to 'BB+', Removes Watch Positive; Outlook Stable**

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Fitch Ratings - New York - 02 Oct 2025: Fitch Ratings has removed Petroleos Mexicanos' (PEMEX) Long-Term Local and Foreign Currency Issuer Default Ratings (IDRs) from Rating Watch Positive (RWP) and upgraded them to 'BB+' from 'BB'. The Rating Outlook is Stable. Fitch has also removed PEMEX's outstanding senior unsecured notes from RWP and upgraded the rating to 'BB+' from 'BB'.

The upgrade follows Pemex's successful execution of a USD9.9 billion tender offer across eight security series funded with cash proceeds from the Mexican government. The transaction indicates increased linkage between PEMEX and the sovereign, resulting in an increase in the company's Oversight, Linkage and Support (OLS) assessment. Fitch now rates PEMEX only one level below Mexico's sovereign rating instead of two levels below it, resulting in the upgrade.

KEY RATING DRIVERS

Improved GRE Linkage Score: Mexico has taken legislative actions that allow PEMEX to share a debt ceiling with the Secretariat of Finance. These changes are intended to materially address the company's leverage and funding cost. The USD9.9 billion tender for eight series of PEMEX securities was executed as planned and financed with United Mexican States cash. This operationalizes the legislative intent and provides tangible evidence of stronger government direction, support and control over PEMEX's financial policy.

Based on this development, Fitch revised the Oversight and Decision-Making subfactor to 'Very Strong' from 'Strong' per our Government-Related Entity (GRE) criteria. This caused a five-point increase in PEMEX's OLS to 35 from 30. This score led to a change in Fitch's approach to notching PEMEX's IDR just one level below the sovereign rather than two and resulted in an upgrade of the IDR to 'BB+'.