

Mexico

HSBC Navigator: the voice of business 2021

Business leaders in Mexico have a very positive outlook on the next 12 months. Despite concerns about COVID-19, they are less worried about supply chain disruptions and expect international trade to become easier.

Mexican businesses foresee growth in the coming year. **83% of business leaders claim to be optimistic about the next 12 months** (compared with 66% globally) and expect revenue to grow by three points above the global average (14% vs. 11% globally). Remarkably, more than one in five (22%) expect revenue to grow by more than 20%, with a predicted return to pre-COVID profitability levels as soon as August 2022.

However, businesses in Mexico are very worried about the lingering impact of the pandemic. Their most cited concern was a resurgence of COVID-19 (55% vs. 40% globally) and **60% view further outbreaks of the virus as one of the biggest macro challenges to overcome in the next 12 months** (19 points above the global average). Leaders in the region are also more worried about rising inflation than any other surveyed market.

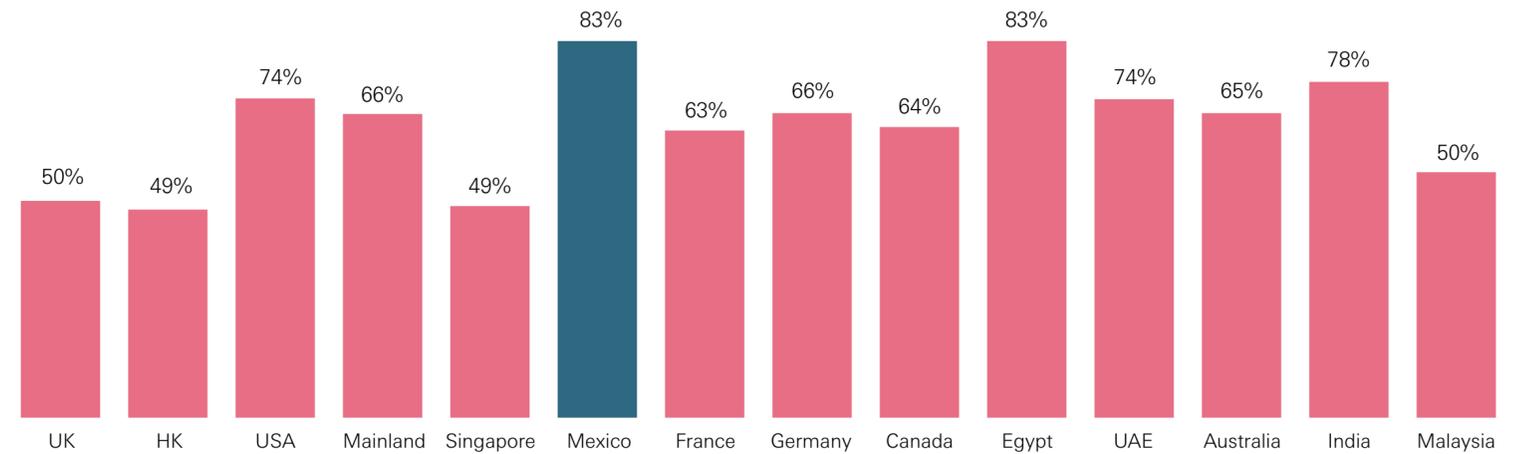
As a result, **businesses in Mexico were more likely to cite growing revenue (45%)** and expanding into new markets (45%) as top priorities. They were also most likely to mention investing in new technology or digital tools (42%), with six in ten (60%) considering technology that will enable or improve remote work.

In another significant departure from their international peers, regional businesses are unconcerned about supply chain disruption. **Just 54% expect any disruption to their supply chain at all** (compared to 71% globally) and only 15% cited a potential disruption as a threat to future growth (compared to 23% globally). Further, almost **one in three (30%) expect international trade to become easier over the next year** (10 points above the global average).

Though concerned about a resurgence of COVID-19 and inflation, Mexican business leaders are very optimistic about the coming year. Over the next 12 months, they expect to prioritise growing revenue, expanding into new markets, and investments in technology that will facilitate an increasingly remote workforce.

Businesses are confident about growth prospects

(% of businesses that are more optimistic than they were 12 months ago)

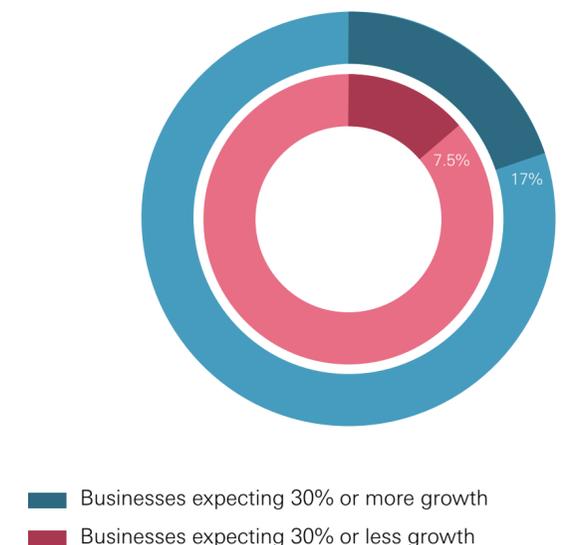


Top 3 measures businesses are taking to build resilience



Anticipated average revenue increase from greater focus on sustainability

(Global figures)



Mexico

Key findings:

- Businesses in Mexico are much more optimistic than their global peers and expect to reach pre-COVID profitability rapidly.
- Despite this, they are very concerned with a resurgence of the virus and saw further outbreaks as the main threat to growth.
- However, Mexican business leaders are not as worried about supply chain disruptions and expect international trade to become easier.

An optimistic outlook

83%

of businesses claim to be optimistic about growth in the next 12 months (compared with 66% globally).

Threats to growth

60%

of businesses view further outbreaks of COVID-19 as a main threat to growth (compared with 41% globally).

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Despite headwinds, internationalisation will be the engine of growth over the next 12 months.”

Barry O’Byrne
CEO of HSBC Global Commercial Banking