

Mexico's Openness Makes Peso Vulnerable

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What is an open economy?

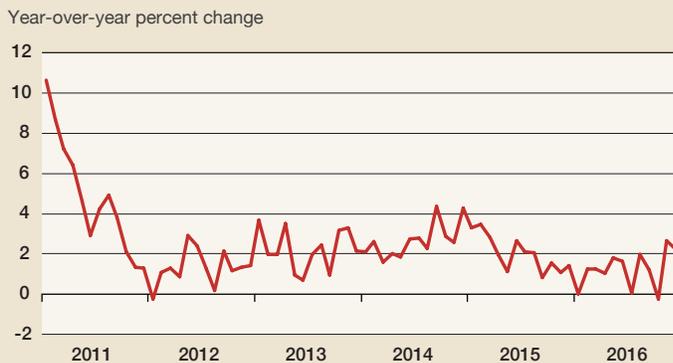
A country with an open economy typically has many trading partners and trade is a large percentage of its **GDP**.

Mexico GDP is heavily dependent on trade

Mexico is one of the world's most open economies with trade agreements with **46 countries**



World trade* isn't growing as rapidly as before ...

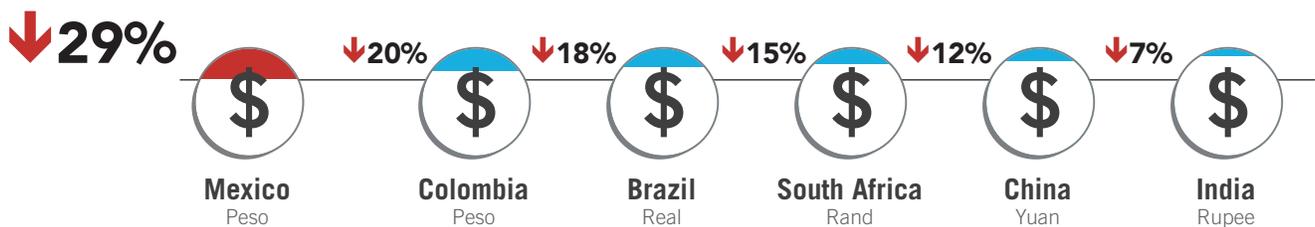


Why?

- Weak **economic growth**
- Reduced **demand for imports**
- Lower **commodity prices**
- Rise of **anti-trade sentiment**

... That's particularly bad for open economies

The Mexican peso falls furthest against the dollar in 2015–16.



NOTE: *Volume of merchandise world trade
 SOURCES: CPB World Trade Monitor, International Monetary Fund and national sources.