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Industry Report Card:

Latin American State And Provincial Governments Will Continue To Grapple With Rising Operating And Infrastructure Costs In 2014

Primary Credit Analyst:
Daniela D Brandazza, Mexico City (52) 55-5081-4441; daniela.brandazza@standardandpoors.com

Secondary Contacts:
Cesar M Barceinas, Mexico City (52) 55-5081-4439; cesar.barceinas@standardandpoors.com
Delfina Cavanagh, Buenos Aires (54) 114-891-2153; delfina.cavanagh@standardandpoors.com

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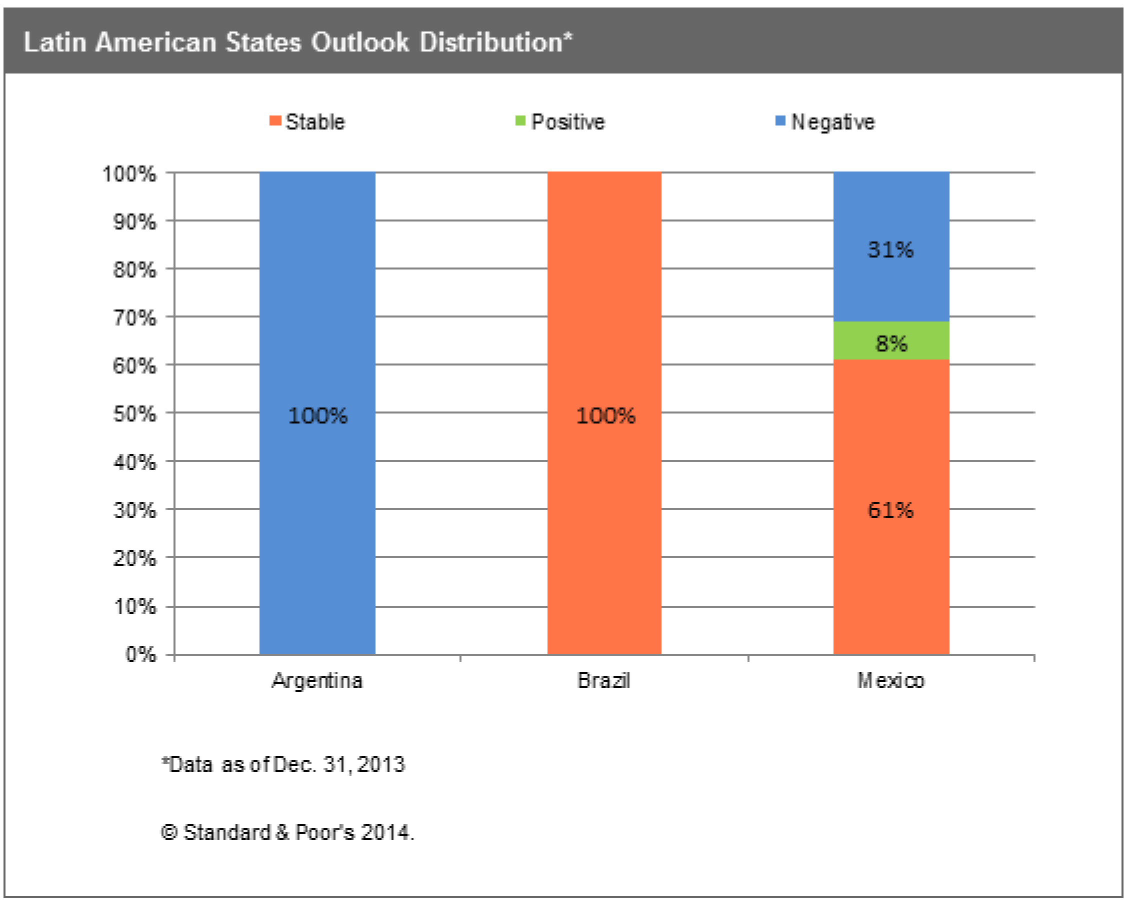
Ratings Outlook And Overview For Latin American States And Provinces

We rate 23 Latin American state and provincial governments, which continue to face rising costs for education, healthcare, and public safety. Although the majority of our ratings on Latin American states and provinces are still speculative grade, we also expect a few positive rating actions in 2014 and 2015 if these entities can maintain prudent fiscal policies.

Chart 1



We expect to keep the negative outlook on the Argentinian provinces during 2014, given our assessment of their "weak" institutional framework in which they operate and the sovereign rating that caps the ratings on local and regional governments (LRGs). All rated Brazilian states have maintained their investment-grade ratings with stable outlook, as of Dec. 31, 2013. And we don't expect rating changes among these entities in 2014 as long as the fiscal discipline is part of their institutional framework and debt levels, although still high overall, don't rise significantly. We expect more than 60% of rated Mexican states to keep stable outlooks in 2014. As of Dec. 31, 2013, about 30% of these entities had negative outlooks. Furthermore, we could upgrade about 10% of rated Mexican states during the next 12-18 months.

The Macroeconomic Environment

Brazil's and Mexico's economies continue to undercut growth in the region, but we expect the region's economic growth to pick up slightly in 2014 to about 2.9%, compared with 2.4% in 2013. We expect the Brazilian economy to grow about 2.1% in 2014, slightly down from 2.3% in 2013. Slower economic growth could hinder the Brazilian states' tax growth as well, which they need to fund increasing operating and capital expenses (capex) and in some cases to sustain their high debt service costs. The 2014 World Cup may temporarily boost their economic performance, but infrastructure and financing needs will remain after the games.

We expect the Mexican economy's growth to pick up to about 3% in 2014 from only 1.2% in 2013. We expect that the 2014 tax reform and the federal government's increasing spending plans on infrastructure will increase federal transfers to the states, although not enough to change their current revenue mix. According to our 2014 base-case scenario, federal participation transfers will increase slightly above inflation rate in real terms.

Argentina's poor macroeconomic policies continue to constrain growth, hurting the Argentine provinces' economic and fiscal performance. Some provinces have implemented aggressive fiscal reforms in the past two years, so we are not expecting similar growth in 2014 compared to 2013. We are still uncertain if the provinces will receive enough funding from the domestic capital market or from the federal government to cover operating needs and capital expenses in 2014.

Obstacles In Financing Infrastructure

Spanning from Argentina, which has the region's weakest institutional framework to Brazil and Mexico that share a stronger one, rated Latin American states and provinces will continue to struggle in financing their infrastructure needs in 2014. The common trend among these entities in the three countries is that capex will account for less than 12% of total expenditures in 2014. We expect Mexican states' capex to be higher than those of Brazil and Argentina. The Mexican state of Aguascalientes' (mxAA/Stable/--¬) capex were the highest among those of its rated peers as a percentage of total spending in fiscals 2012 and 2013. Argentine and Brazilian state and provincial capex levels were the lowest in 2012 and are likely to remain so in 2014 (see tables 1 and 2).

Despite many completed infrastructure projects, which states and provinces financed through federal government transfers, public-private partnerships, or debt, capex have been lagging behind the actual needs. As a result, financing basic infrastructure and special projects, which could boost economic development, remains a major challenge among Latin American states and provinces. Although there are significant differences among Argentine, Brazilian, and Mexican states in terms of own-source revenue levels, operating costs account for the majority of budgets and are very difficult to reduce. As a result, they rely on external financing sources, such as federal transfers, the private sector, or debt, to fund their capex. Federal support or additional debt have been states' and provinces' most popular financing option for the past two years and likely to continue in 2014.

Table 1

Latin American LRGs' 2012 Capital Expenditures

	Minimum	Average	Maximum
(% of total expenditures)			
Argentina	3.43	5.15	6.68
Brazil	4.23	6.6	9.1
Mexico	4.91	11.83	24.41

Table 2

Rated Latin American LRGs' Capital Expenditures*

	Minimum	Average	Maximum
(% of total expenditures)			
Argentina	3.66	5.31	7.17
Brazil	5.14	8.02	10.34
Mexico	4.61	10.9	20.63

*2014 base case.

Financing Sources: Development Banks Versus Capital Markets

We expect Brazilian and Mexican development banks to expand their scope in financing state and provincial infrastructure or in debt refinancing. For example, toward the end of 2013, Mexico's Banco Nacional de Obras y Servicios Publicos S.N.C. (BANOBRAS) took a more active role than in the past by offering refinancing of state debts or offering partial guarantees. We expected this trend to continue in 2014. In addition, Brazilian states have been receiving, and are expected to do so in 2014, additional financing from the Brazilian Development Bank (BNDES) and Caixa Economica Federal. We expect Argentine provinces to receive financing from international development banks and domestic capital markets, if the sovereign's credit quality doesn't deteriorate significantly.

Mexican states have only recently begun to tap financing through capital markets, despite maintaining the highest capex levels in the region. According to Mexico's Secretary of Finance, most of the financing came from commercial banks, which increased by almost four times during the past seven years, while financing through capital markets has been below 20% of total state debt. Development banks reduced their share of capex financing to 19.5% total state debt in September 2013 from 36.3% in 2006. Following the recent approval of the financial reform, Mexico's development banks are likely to become more active in financing states' needs. We also consider that financing through the capital markets is still an unexplored option for many states whose fiscal transparency improved during the past few years.

Debt levels among rated Latin American states and provinces are low to moderate, except for some Brazilian and Mexican peers whose debt levels are above 100% of total revenues. As a result, we expect debt levels to restrict their fiscal sustainability and financial management capacity in 2014, rather than their credit quality. Below, we summarize some of the key credit factors of each rated LRG in Argentina, Brazil, and Mexico.

Issuer Review

Table 3

State/Province/Rating/Outlook/Comments	Analyst
Rated Argentinean provinces	
Buenos Aires (GS: CCC+/Negative/--; NS: raBB+/Negative/--) The province historically has reported fiscal deficits--despite generating 36% of the national GDP, it only receives 22% in federal tax transfers. Despite the likely improved fiscal results for fiscal 2014, pressure to raise salaries will remain throughout the next two years, as it has in the past two years, and will continue to threaten the province's fiscal sustainability. The province generated an operating deficit of 7.3% of total operating revenues in fiscal 2012, up from 6.6% in fiscal 2011. Thanks to higher tax revenues and restrained spending on wages in fiscal 2013, we expect an operating balance or deficit of about 1% of total revenues. Moreover, we expect a fiscal deficit (after capex) of about ARP2.02 billion (2% of total revenues) in fiscal 2013, narrower than ARP8.8 billion in fiscal 2012.	Delfina Cavanagh
Cordoba (GC: CCC+/Negative--; NS: raBB+/Negative/raB) Similar to most provinces in Argentina, Córdoba's budgetary performance has been quite volatile in the past few years, given the unstable economy and high inflation. Nevertheless, Córdoba has been successful in improving its fiscal results. The province implemented several tax modifications in the past two years and restrained expenses, especially capex. We expect the province to achieve a consolidated operating surplus (including the pension system) of 3.6% of total operating revenues and deficit (after capex) of 1.1% of total revenues in 2013. We believe pension liabilities could pose a considerable risk to Córdoba's budgetary performance in the medium to long term, since the province has not made any progress in its negotiations with the federal government on the matter. Given Cordoba's limited fiscal flexibility, further improvement of fiscal results will be a challenge, while capex is likely to be at 5% of total expenses in 2014.	Delfina Cavanagh
Mendoza (GS: CCC+/Negative/--; NS: raBB+/Negative/raB--) The province's budgetary performance has been weak and deteriorating in the past two years due to still high inflation and the rising cost of government employee salaries and social service programs. We expect operating balance to slightly improve in fiscal 2013, though operating surplus is likely to be less than 5% of total operating revenues in 2013 and 2014. Mendoza signicantly reduced its capex for the past three years--our base case for fiscal 2014 estimates less than 7% of total expenses, down from 11.8% in 2011. However, during fiscal 2012, Mendoza's operating deficit was ARP2.8 million, down from ARP130.7 million in fiscal 2011 following the tax modifications in 2012 (modifications in the gross receipt tax, the province's main revenue generator). To slow rising overall expenses, the government is likely to keep capex low for the next two years, as several public works could be delayed.	Delfina Cavanagh
Neuquen (NS: raBB+/Negative/raB) Neuquén's fiscal performance in 2013 was slightly better than in 2012, though we still expect an operating deficit of 1.7% of total operating revenues in 2013 and 2.5% in 2014. This ratio is much lower than in the past, reflecting low growth rates in royalty taxes and increasing pressures to raise wages. We also expect deficit (after capex) of about 7.7% of total revenues in fiscals 2013 and 2014. This is mostly due to steady capex level for the past three years, averaging 8.8% of total expenditures, and we expect similar levels in fiscals 2014 and 2015. Debt repayment dropped in fiscal 2013 thanks to the agreement to postpone debt payment to the federal government. Neuquén's debt levels have been slowly increasing for the past three years, as a percentage of operating revenues, given the province's need to fund its fiscal deficit. As of September 2013, debt represented 38% of estimated 2013 operating revenues, and we expect it to rise to 42% by the end of fiscal 2014.	Delfina Cavanagh
Rated Brazilian states	
Mato Grosso (GS: BBB-/Stable/--; NS: brAAA/Stable/--) The state generated an operating surplus of 12% of total operating revenues in fiscal 2012 and a surplus (after capex) of 5% of total revenues. For the same year, the state refinanced its debt through a loan from Bank of America, which lowered its borrowing costs by about R$900 million for fiscals 2012-2014. We expect the	Delfina Cavanagh

operating surplus to continue to be strong--above 5%--thanks to the recent debt refinancing. Its debt levels are moderate, at 41.5% of total operating revenues as of the end of fiscal 2012 and expected to decline to 40% by the end of fiscal 2013.

Minas Gerais (GS: BBB-/Stable/--; NS: brAAA/Stable/--)

Our base-case scenario for fiscals 2013 and 2014 assumes an operating surplus of about 7% of total operating revenues, slightly lower than 8.4% in fiscal 2012 and a fiscal surplus of 1.8% of total revenues, down from 4.8%. The state's debt level remains high, at about R$83.6 billion as of the end of August 2013, and equivalent to 150% of total expected revenues for fiscal 2013, but down from about 156.6% in fiscal 2011. Debt levels are likely to increase for the next two years, but only modestly due to the state's plans to increase borrowing to finance infrastructure projects. During fiscal 2013, the federal government approved new borrowings for up to R$4 billion, which the state will use to fund infrastructure projects in the next three years. Minas Gerais is currently negotiating with Banco do Brasil, BNDES, and Caixa over the terms and conditions for these borrowings.	Delfina Cavanagh

Parana (GS: BBB-/Stable/--; NS: brAAA/Stable/--)

The state's operating surplus was slightly above 5% of total operating revenues during fiscals 2009-2011, but it declined to 4.3% in fiscal 2012. We expect operating surplus below 5% in fiscals 2013-2015 due to slow growth of revenues and rising operating expenses. Due to a low capex, the state obtained a fiscal surplus of 3% of total operating revenues in the past three years, yet given Parana's plans to increase infrastructure spending, we expect small deficits from 2013 to 2015. The state has moderate debt, estimated at 63% of total operating revenues. However, we expect it to increase during the next three years, but remain below 70%. Additionally, the state has low debt service costs (7% of total operating revenues).	Delfina Cavanagh

Río de Janeiro (GS: BBB-/Stable--; NS: brAAA/Stable/--)

The state's increasing operating and capital expenses have pressured its budgetary performance and flexibility, and caused its debt levels to rise during the past couple of years. The state's operating surplus was 3.6% of total operating revenue in fiscal 2012, down from 8.9% in fiscal 2011. The drop was mainly due to slow operating revenue growth. We expect an operating surplus of 2.7% and 2.5% in fiscals 2013 and 2014, respectively. The state generated a moderate fiscal deficit (after capex) of 5.0% in 2012. We continue to expect deterioration in fiscal balances due to the expected increase in capex, though they should remain manageable for the next two years. We project a 5.8% fiscal deficit in fiscal 2013 and 6.0% in fiscal 2014. The state's total debt reached R$79.31 billion as of the end August 2013, which represents 134% of total expected operating revenues in fiscal 2013, up from 122% in fiscal 2011. We expect the state's debt to rise in the next two years given its plan to significantly increase its capex, mainly related to infrastructure. Nevertheless, we expect debt levels to continue to be less than 150% of two operating revenues in the next two years.	Delfina Cavanagh

Santa Catarina (GS: BBB-/ Stable/--; NS: brAAA/Stable/--)

The state received R$986 million from BNDES and Celesc in fiscal 2013, which it used to prepay debt with a 14.028% interest rate. The state refinanced its debt owed to the federal government in fiscal 2012 through a R$1.48 billion loan from Bank of America Merrill Lynch. These two debt restructurings will help the state increase its operating surplus to 6.3% of total operating revenues in fiscal 2013 from 3.3% in fiscal 2012 by diminishing the interest payments. We project a fiscal deficit of 1.1% of total revenues in 2013 due to a 30% rise in capex.	Delfina Cavanagh

Sao Paulo (GS: BBB-/Stable/--; NS: brAAA/Stable/--)

The state's 2014 financial performance is expected to be satisfactory, albeit fiscal figures in the past two years have been slightly weaker than in 2011. We expect an operating surplus of about 8% of total operating revenues in fiscal 2014, similar to 9% in fiscals 2013 and 2012. After capital revenues and expenses, we project a 3% surplus of total revenues at the end of fiscal 2013, down from 4.5% in fiscal 2012. In contrast to what we saw in the past two years, new borrowings of R$4 billion (as of the end of October 2013) allowed the pace of capital expenses to accelerate. Capex reached R$8.5 billion (as of the end of October 2013) and we project it to rise to about R$10.5 billion, equivalent to 6.5% of total expenses. Capital investments are still low compared to the state's infrastructure needs. Capex is expected to increase in the next two years at higher rates than operating expenses. Debt levels are likely to remain high, but still below 150% of total operating revenues.	Delfina Cavanagh

Rated Mexican states

Aguascalientes (NS: mxAA/Stable/--)

Aguascalientes' fiscal performance was solid in fiscal 2013, with high operating surpluses which were in line with our expectations deficits (after capex). The state continues to receive significant private investment and maintains a high level of capex, which consistently surpassed 20% of total expenditures for the past three years. The state also maintains a prudent debt management and adequate liquidity position. An upgrade is possible if	Daniela Brandazza

Aguascalientes continues generating fiscal surpluses (after capex) in the next few months and its debt level remains below 50% of total discretionary revenues. A downgrade is possible if deficits (after capex) are more than 5% of total revenues in 2014 and 2015.	
Baja California (NS: mxA+/Stable/--)	
We downgraded Baja California to 'mxA+' from 'mxAA-' in 2013 due to a weak budgetary performance, as seen in a low operating surplus and a deficit (after capex) of more than 5% of total revenues. The state's financial flexibility is limited due to its rising spending on education. Additionally, the state failed to reform its pension system to make it sustainable over the long term, which will result in an extraordinary expenditure in fiscal 2014 and afterwards. A downgrade is possible if the state consistently reports operating deficits or deficits (after capex) of more than 5% of total revenues, both of which could force the state to increase its debt level and/or weaken its liquidity. We don't expect an upgrade in the next 18 months, but we think that the state has the capacity to balance its budget by implementing a stricter expenditure policy.	Manuel Orozco
Campeche (NS: mxA/Stable/--)	
Campeche improved its budgetary performance in fiscal 2013 and its financial management remained conservative. We expect that Campeche will continue decreasing its deficit after capex to about 1% of total revenues and maintain debt below 10% of its total discretionary revenues at the end of fiscal 2013 and during fiscal 2014. An upgrade is possible if the state strengthens its liquidity and continues its efforts to diversify its economic base. Should the state's budgetary performance deteriorate and/or its liquidity weakens, a downgrade is possible.	César Barceinas
Coahuila (NS: mxBBB-/Stable/--)	
Coahuila's budgetary performance improved in fiscals 2012 and 2013, and we expect the state to continue reporting operating and after capex surpluses. The rating incorporates high borrowing costs and considerable debt to suppliers. An upgrade is possible if fiscal performance is adequate during 2014, suppliers' debt is dropping, and debt continues to decrease in relation to revenues. A downgrade is possible if Coahuila generates fiscal deficit (after capex) of 5% and doesn't improve its liquidity in the next 12 to 18 months.	Daniela Brandazza
Mexico (NS: mxA/Positive/--)	
The state has maintained prudent fiscal performance for the past few years, thanks to stronger revenues and adequate expenditure controls. We expect its debt to remain less than 45% of total discretionary revenues or 24% of total operating revenues. The prudent financial planning continues to be one of the main rating strengths. This factor, along with the improvement of its operating surpluses to about 8% of total operating revenues, could result in an upgrade in fiscal 2014. We don't expect a significant debt increase in 2014, but we could revise the outlook to stable if fiscal deficit is beyond our expectations and debt rises above 50% of total discretionary revenues.	Daniela Brandazza
Guanajuato (GS: BBB-/Stable/--; NS: mxAA/Stable/--)	
We expect the state to maintain an adequate budgetary performance until the end of fiscal 2013 and during fiscal 2014 through low debt levels, strong liquidity, and a solid financial management. We estimate that its operating surplus could reach 10% of its total operating revenues and debt levels of no more than 40% of its total discretionary revenues. If its operating surplus is less than 5%, along with higher-than-expected debt levels or a deteriorated liquidity, a downgrade is possible. On the other hand, the consistent strengthening of its own-source revenues and operating surplus near 15% could result in an upgrade.	César Barceinas
Guerrero (NS: mxBBB+/Stable/--)	
For the past two fiscal years, the state's budgetary performance has been balanced; its debt policy adequate, but it still lacks medium- to long-term financial management. An upgrade is possible if the state's tax revenues rise to more than 10% of total operating revenues, and it strengthens its administrative practices and financial transparency. A downgrade is possible if operating surplus is about or less than 1% of total operating revenues, and a deficit after capex is more than 5% of total revenues, which could raise its debt.	César Barceinas
Hidalgo (NS: mxA/Negative/--)	
Hidalgo's budgetary performance is increasingly pressured by rising operating costs for the past three fiscal years and may continue to do so until the end of fiscal year 2013 and during fiscal 2014. We continue to view its debt policy as conservative, despite a debt increase to about 38% of total discretionary revenues at the end of fiscal 2013 from 32% in fiscal 2012 amid still weak liquidity. A downgrade is possible if the state's operating deficits and/or deficits after capex are more than 5% of total revenues, liquidity remains weak, and its debt is more than 50% of total discretionary revenues. We could revise our outlook to stable from negative if the state generates operating surplus and a surplus after capex and improves its liquidity.	César Barceinas

Nuevo Leon (NS: mxA-/Negative/--)	
Nuevo León's fiscal performance has been weak in the past two years, with operating surpluses of less than 5% of total operating revenues, deficits after capex of 11% in fiscal 2012 and debt of 75% of total discretionary revenues. A downgrade is possible if operating cost growth remains higher than that of operating revenues and the state is unable to reduce its capex to maintain fiscal deficits below 5% of total revenues. We could revise our outlook to stable from negative if the state's expenditure controls and rising own-source revenues improve its budgetary performance.	César Barceinas
Michoacan (NS: mxBBB/Watch Neg/--)	
The CreditWatch negative listing reflects a possible two-notch downgrade after the state violated a covenant for its debt certificate, MICHCB 07U. This breach could result in a default of these certificates and therefore of the state in May 2014 due to cross default and acceleration clauses in its other credit contracts. The rating reflects the state's ability to receive a partial guarantee by the national development bank and on our expectation that Michoacan will keep decreasing its deficit (after the capex) to 1% until the end of fiscal 2013 and during fiscal 2014.	Manuel Orozco
Oaxaca (NS: mxA-/Stable/--)	
Oaxaca's fiscal year's 2013 financial performance was weaker than expected, hurting its liquidity and increasing its debt-type obligations. However, we believe that its budgetary performance is still adequate and should remain so in 2014. We also expect its debt levels to be manageable, which is reflected in our stable outlook. An upgrade is possible if the state reduces its deficit after capex below 4% of total revenues and if its debt starts to drop from 55% in the next couple of years.	César Barceinas
Querétaro (GS: BBB-/Stable/--; NS: mxAA/Stable/--)	
Querétaro has improved its fiscal results in 2013, which supported its liquidity and kept debt levels low. For the next 18 months, we expect Querétaro to maintain a stable budgetary performance and refrain from significant additional debt. A downgrade is possible if the state consistently reports deficits after capex higher than 5% of total revenues, resulting in debt of more than 30% of its total discretionary revenues. An upgraded is possible if Querétaro consistently generates surpluses after capex in the next two years and improves its liquidity in relation to its operating and borrowing costs.	Manuel Orozco
Sinaloa (NS: mxA/Negative/--)	
In fiscal 2013, Sinaloa's budgetary performance deteriorated; it generated an operating deficit of 2.5% of total operating revenues (compared with a surplus of 7.6% a year earlier) and deficit after capex rose to 8.6% of total revenues as of June 30, 2013. If the state keeps generating operating deficits and doesn't reduce its short-term debt, a downgrade is possible. If Sinaloa reduces its deficit after capex below 5%, generates operating surpluses, and reduces its use of short-term debt, we could revise our outlook to stable from negative.	César Barceinas

GS--Global scale. NS--National scale. Ratings as of Dec. 31, 2013.

Rating Actions

Table 4

Recent Rating/Outlook/CreditWatch Actions*

Province	To	From	Analyst	Comments
Buenos Aires	GS: CCC+/Negative/--; NS: raBB+/Negative/--	GS: B-/Watch Neg/--; NS: raBBB/Watch Neg/--	Delfina Cavanagh	We downgraded the Argentine provinces following the downgrade on Argentina and our subsequent analyses of each LRG and their capacity to withstand a sovereign default scenario.
Córdoba	GS: CCC+/Negative/--; NS: raBB+/Negative/raB	GS: B-/Watch Neg/--; NS: raA-/Watch Neg/raA-2	Delfina Cavanagh	We downgraded the Argentine provinces following the downgrade on Argentina and our subsequent analyses of each LRG and their capacity to withstand a sovereign default scenario.
Mendoza	GS: CCC+/Negative/--; NS: raBB+/Negative/--	GS: B-/Watch Neg/--; NS: raBBB+/Watch Neg/--	Delfina Cavanagh	We downgraded the Argentine provinces following the downgrade on Argentina and our subsequent analyses of each LRG and their capacity to withstand a sovereign default scenario.

Table 4

Recent Rating/Outlook/CreditWatch Actions* (cont.)				
Neuquén	NS: raBB+/Negative/raB	NS: raBBB+/Watch Neg/raA-2	Delfina Cavanagh	We downgraded the Argentine provinces following the downgrade on Argentina and our subsequent analyses of each LRG and their capacity to withstand a sovereign default scenario.
Baja California	NS: mxA+/Stable/--	NS: mxAA-/Negative/--	Manuel Orozco	We downgraded Baja California due to its low operating surplus in fiscal 2012 and estimates for 2013. We also expect deficits after capital expeditures of more than 5% of its total revenues.
Guanajuato	GS: BBB-/Stable/--; NS: mxAA/Stable/--	NS: mxAA/Stable/--	César Barceinas	We assigned a global scale rating and confirmed the national scale rating on the state.
Nuevo León	NS: mxA-/Negative/--	NS: mxA/Negative/--	Daniela Brandazza	The downgrade reflects weaker fiscal performance observed in 2012 and estimated for 2013, in addition to the state's significant debt burden.
Querétaro	GS: BBB-/Stable/--; NS: mxAA/Stable/--	NS: mxAA/Stable/--	Manuel Orozco	We assigned a global scale rating and confirmed the national scale rating on the state.
Coahuila	NS: mxBBB-/Stable/--	NS: mxBBB-/Negative/--	César Barceinas	The outlook revision reflects the state's more stable budgetary performance reflected in surpluses after capital expenditures in fiscal 2013 and estimated for 2014, although significant debt levels could continue to surpass its national and international peers.
México	NS: mxA/Positive/--	NS: mxA/Stable/--	Daniela Brandazza	The positive outlook reflects our expectation that the state's deficits after capital expenditures will continue to drop and that the state will maintain debt levels below 45% of its discretionary revenues.
Michoacán	NS: mxBBB/CWNeg/--	NS: mxBBB/Stable/--	Manuel Orozco	The state could default on its MICHCB 07U certificates, given the cross-defaults covenants included in most of Michoacán's credit agreements.
Oaxaca	NS: mxA-/Stable/--	NS: mxA-/Positive/--	César Barceinas	The state reported budgetary performance in 2012-2013 below our base-case expectations for an upgrade, which weakened its liquidity position and increased its debt-like obligations. However, we expect relatively stable fiscal performance in fiscal 2014.
Querétaro	NS: mxAA/Stable/--	NS: mxAA/Negative/--	Manuel Orozco	The state enjoyed positive fiscal results during 2012 and 2013, which improved its liquidity-to-financial obligations ratio.
Sinaloa	NS: mxA/Negative/--	mxA/Stable/--	César Barceinas	The negative outlook reflects the deterioration in the state's budgetary performance and the increase in its short-term financial obligations.

*Actions taken throughout 2013. GS--Global scale. NS--National scale.

Contact Information

Table 5

Contact Information			
Credit analyst	**Location**	**Phone**	**e-mail**
Daniela Brandazza	Mexico City	(52) 55-50-81-44-41	daniela_brandazza@standard&poors.com
Cesar Barceinas	Mexico City	(52) 55-50-81-4439	cesar_barceinas@standard&poors.com
Delfina Cavanagh	Buenos Aires	(54) 11-4891-2153	delfina_cavanagh@standard&poors.com
Manuel Orozco,	Mexico City	(52) 55-50-81-44-75	manuel_orozco@standard&poors.com
Dominca Zavala	Sao Paulo	(55) 11 3039 9719	dominica_zavala@standard&poors.com

Comments and ratings reflect available public data as of Jan 17, 2014.

Related Criteria And Research

- Credit Conditions: Growth In Latin America Expected To Pick Up In 2014 Amid Continuing Financial Market Volatility, Dec. 13, 2013