

Ahead of the Curve

No relevant economic reports this week

Weekly international reserves report. On Tuesday, at 10:00am (EDT), Banco de Mexico will release its weekly balance report. Last week, net international reserves decreased by US\$150 million amounting to US\$173.2 billion. According to Banxico’s report, this figure comes mainly as a result of: (1) US\$183 million dollar sales from Banxico to the Federal Government; and (2) a US\$33 million increase due to a positive revalorization in central bank assets. In this context, the Central Bank’s international reserves have diminished by US\$3.3 billion this year (please refer to the table below).

Banxico's foreign reserve accumulation detail
US\$, million

	2016	Aug 4, 2017	Aug 4, 2017	Year-to-date
	Balance		Flows	
International reserves (B)-(C)	176,542	173,211	-150	-3,331
(B) Gross international reserve	178,025	175,612	-72	-2,413
Pemex	--	--	-156	43
Federal government	--	--	-259	-3,317
Market operations	--	--	0	-2,000
Other	--	--	343	2,861
(C) Short-term government's liabilities	1,483	2,403	77	918

Source: Banco de México

Weekly government bond auction. On Tuesday, the Ministry of Finance (MoF) –via Banco de Mexico as its financial agent-, will offer 10-year fixed-rate Mbonos (Jun’27), 30-year inflation-linked Udibonos (Nov’46), 5-year Bondes D, in addition to the “more traditional” 1-, 3-, 6-, and 12-month zero-coupon Cetes (please refer to the table below). As usual, the results will be released at 12:30pm (EDT).

Auction specifics (Tuesday, August 15, 2017)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	14-Sep-17	--	7,000	6.96
3m	16-Nov-17	--	11,000	7.13
6m	15-Feb-18	--	11,500	7.16
12m	16-Aug-18	--	12,500	7.23
Bondes D				
5y	14-Jul-22	--	3,750	0.18
M Bono				
10y	03-Jun-27	7.50	8,500	6.88
Udibonos				
30y	08-Nov-46	4.00	400	3.60

Source: Banorte-ixe with data from Banco de México

1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. 2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

Extraordinary government bond auction. On Wednesday, the Ministry of Finance (MoF) –via Banco de Mexico as its financial agent-, will offer 182-, 252-, and 364-day Cetes. The auction will take place at 1:30pm (EDT).

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