

Ahead of the Curve

August 12, 2016

No relevant economic reports to be published this week

- International reserves.** On Tuesday, at 10:00am (EDT), Banco de Mexico will release its weekly balance report. Last week, net international reserves decreased by US\$781mn amounting to US \$176.6bn on August 5. According to Banxico’s report, this figure comes mainly as a result of: (1) Dollar sales by Banxico to the Federal Government for US\$571mn; along with a (2) US\$210 mn reduction due to changes in the valuation of the Central Bank’s assets. In this context, the Central Bank’s international reserves have diminished by US\$128mn this year
- Government weekly auction.** Also on Tuesday, the Ministry of Finance (MoF) –via Banco de Mexico as its financial agent-, will offer 20-year fixed-rate Mbonos (Nov’34), 30-year inflation-linked Udibonos (Nov’46), as well as 5-year BondesD, in addition to the “more traditional” 1-, 3-, 6- and 12- month zero-coupon Cetes. As usual, the results will be released at 12:30pm (EDT)

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Document for distribution among the general public

Mexico weekly calendar

DATE	HOUR (EDT)	EVENT	PERIOD	UNIT	BANORTE-IXE	CONSENSUS	PREVIOUS
Tue 16-Aug	10:00am	International reserves	12-Aug	US\$ bn	--	--	176.6
Tue 16-Aug	12:30pm	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 20y MBono (Nov'34); 30y Udibono (Nov'46); 5y Bondes D					

Source: Banorte-IXE; Bloomberg

Proceeding in chronological order...

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\$781mn amounting to US \$176.6bn on August 5. According to Banxico's report, this figure comes mainly as a result of: (1) Dollar sales by Banxico to the Federal Government for US\$571mn; along with a (2) US\$210 mn reduction due to changes in the valuation of the Central Bank's assets. In this context, the Central Bank's international reserves have diminished by US\$128mn this year (please refer to the table below).

Banxico's foreign reserve accumulation details

US\$, million

	2015	5/Aug/2016	5/Aug/2016	Year-to-date
	Balance		Flows	
International reserves (B)-(C)	176,735	176,607	-781	-128
(B) Gross international reserve	177,597	178,241	-1,411	644
Pemex	--	--	-1,131	2,383
Federal government	--	--	43	1,460
Market operations	--	--	0	-5,562
Other	--	--	-324	2,363
(C) Short-term government's liabilities	861	1,633	-630	772

Source: Banco de México

Weekly government bond auction. Also on Tuesday, the Ministry of Finance (MoF) –via Banco de Mexico as its financial agent-, will offer 20-year fixed-rate Mbonos (Nov'34), 30-year inflation-linked Udibonos (Nov'46), as well as 5-year BondesD, 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 16, 2016)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	15-Sep-16	--	5,500	4.22
3m	17-Nov-16	--	9,500	4.35
6m	16-Feb-17	--	11,000	4.69
12m	20-Jul-17	--	11,000	4.79
Mbono				
20y	23-Nov-34	7.75	2,500	6.41
Udibono				
30y	08-Nov-46	4.00	400	3.30
Bondes D				
5y	22-Jul-21	--	3,000	0.23

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

Disclaimer

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