

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\$444 million amounting to US\$174.7 billion. According to Banxico's report, this figure comes mainly as a result of: (1) US\$366 million dollar sales from Banxico to the Federal Government; (2) the payment of the annual commission to the FMI for the Flexible Credit line amounting to US\$284 million; and (3) a US\$114 million increase due to a positive revalorization in central bank assets. In this context, the Central Bank's international reserves have diminished by US\$1.8 billion this year (please refer to the table below).

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

	2016	Jun 2, 2017	Jun 2, 2017	Year-to-date
	Balance		Flows	
International reserves (B)-(C)	176,542	174,694	-444	-1,848
(B) Gross international reserve	178,025	176,075	-937	-1,950
Pemex	--	--	-160	-711
Federal government	--	--	-68	-892
Market operations	--	--	0	-2,000
Other	--	--	-709	1,653
(C) Short-term government's liabilities	1,483	1,381	-493	-103

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 5-year fixed-rate Mbonos (Jun'22), 10-year inflation-linked Udibonos (Dec'25), in addition to the “more traditional” 1-, 3-, and 6-month zero-coupon Cetes (please refer to the table below). As usual, the results will be released at 12:30pm (EDT).

Auction specifics (Tuesday, May 30, 2017)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	13-Jul-17	--	7,000	6.74
3m	14-Sep-17	--	11,000	7.02
6m	07-Dec-17	--	11,500	7.25
M Bono				
5y	09-Jun-22	6.50	8,500	7.04
Udibonos				
10y	04-Dec-25	4.00	600	3.36

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 175-, 292-, and 343-day Cetes. The auction will take place at 1:30pm (EDT).

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