

Partial use of the Stabilization Fund – Another step to strengthen Pemex

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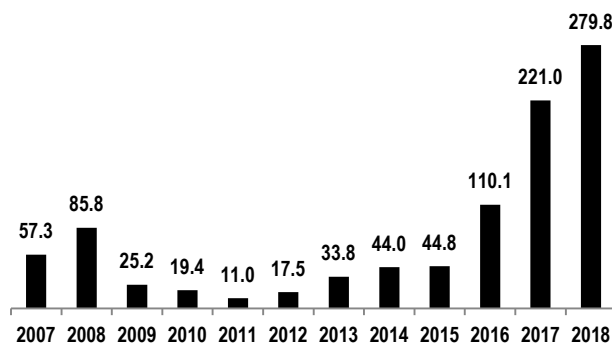
www.banorte.com
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Gabriel Casillas
Chief Economist and Head of Research
gabriel.casillas@banorte.com

- The Ministry of Finance proposed a new plan to strengthen Pemex, on top of the US\$5.2 billion support previously announced
- The proposal entails using part of the *Stabilization Fund for Budget Revenues (SFBR)* to prepay part of the debt of Pemex and to have a counter-cyclical fund
- This fund, which historically has been used to pay for the Federal Government’s oil hedge, has resources amounting to MXN\$280 billion (~US\$17.4bn)
- According to estimates from the MoF, such amount is more than enough, considering that during the 2008-2009 financial crisis only MXN\$150bn were required to stabilize revenues
- In this context, if the government used half of the SFBR (around MXN\$140bn) to prepay the debt, it would imply a 6.7% reduction in the total debt of Pemex, which amounts to MXN\$2.1tn
- This would cover 73% of the maturities due in 2019, leaving MXN\$52 outstanding
- Nevertheless, it should be noted that the PEMEX 13 bond was fully paid on its programmed maturity date by an amount of MXN\$14.6bn, leaving the outstanding maturities for the year at MXN\$37.2bn
- It is worth highlighting that, in order to use the money from the SFBR, some changes to its operation rules need to be enacted
- In our opinion, this plan will help to improve investors’ confidence. Looking ahead, attention will be on further details on this new measure to strengthen Pemex, as well as on more information the company’s business plan

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Stabilization Fund for Budget Revenues
MXN\$bn



Source: MoF

Pemex: Financial debt and maturities
MXN\$bn

Total debt at the end of 2018	2,082.3
SFBR	-140.0
Total debt 2018 with the measure	1,942.3
Pemex maturities 2019	191.8
SFBR	-140.0
Pemex maturities 2019 with the measure	51.8
PEMEX 13 (Maturity 28/02/2019)	-14.6
Outstanding maturities 2019	37.2

Source: Pemex

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Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

Economic Analysis

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Katia Celina Goya Ostos	Senior, Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Juan Carlos Alderete Macal, CFA	Senior Economist, Mexico	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Miguel Alejandro Calvo Domínguez	Economist, Regional	miguel.calvo@banorte.com	(55) 1670 - 2220
Francisco José Flores Serrano	Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Francisco Duarte Alcocer	Analyst, Global Economist	francisco.duarte.alcocer@banorte.com	(55) 1103 - 4000 x 2707
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Fixed income and FX Strategy

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Santiago Leal Singer	FX Senior Strategist	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Fixed Income and FX Strategist	leslie.orozco.velez@banorte.com	(55) 5268 - 1698

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Technical Analysis	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Equity Research – Conglomerates / Financials/ Mining / Petrochemicals	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Equity Research – Airlines / Airports / Cement / Infrastructure / REITs	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research – Auto Parts/ Consumer Discretionary / Real Estate / Retail	valentin.mendoza@banorte.com	(55) 1670 - 2250
Jorge Antonio Izquierdo Lobato	Analyst	jorge.izquierdo.lobato@banorte.com	(55) 1670 - 1746
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Manager, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebaldos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454