

Ahead of the Curve

April 10, 2015

No relevant economic reports to be published this week

- **Weekly government auction.** On Tuesday, the Ministry of Finance (MoF) –via Banco de Mexico as its financial agent-, will offer 30-year fixed-rate Mbonos (Nov’42) as well as 5-year Bondes D, in addition to the “more traditional” 1-, 3-, and 6- month zero-coupon Cetes. As usual, the results will be released at 12:30pm (EDT)

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Mexico weekly calendar

DATE	TIME (EDT)	EVENT	PERIOD	UNIT	BANORTE-IXE	CONSENSUS	PREVIOUS
Tue 14-Apr	10:00am	International reserves	10-Apr	US\$ bn	--	--	195.2
Tue 14-Apr	12:30pm	Government weekly auction: 1-, 3-, 6-month CETES; 30y MBono (Nov'42); 5y Bondes D					

Source: Banorte-IXE; Bloomberg

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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\$156mn amounting to US\$195.2bn on April 1. According to Banxico's report, this figure comes mainly as a result of: (1) Dollar sales by the Central Bank to the Federal Government for US\$7mn; (2) US\$156 decrease explained by the introduction of Banxico's USD daily auction; along with a (3) US\$7 increase due to changes in the valuation of the Central Bank's assets. It is worth noting that Pemex is currently the only significant source of reserve accumulation, given that on November 2011, the FEC (Federal Exchange Commission) decided to shut down the options scheme that Banxico also used to accumulate reserves. In this context, the central bank has accumulated US\$1,980mn of international reserves this year (please refer to the table below).

Banxico's foreign reserve accumulation details

US\$, million

	Foreign Reserve Level	Chg	Breakdown			
			Pemex	Federal govt ¹	Market operations ²	Other
2006	67,680					
2007	77,991	10,311	12,899	-4,218	-4,240	5,870
2008	85,441	7,450	22,754	-5,413	-18,674	8,783
2009	90,838	5,397	11,529	6,573	-16,246	3,541
2010	113,597	22,759	16,037	2,338	4,466	-83
2011	142,475	28,878	18,692	2,439	4,614	3,134
2012	163,516	21,116	17,867	2,805	-646	1,089
2013	176,522	13,063	18,100	-1,251	0	-3,788
2014	193,239	16,717	14,500	2,570	-200	-154
01-Apr-15	195,219	1,980	3,000	578	-980	-618

Source: Banorte-Ixe, Banco de México; *Year-to-date

1. Includes short-term government's liabilities

2. Includes Banxico's US dollar sales to Mexican financial institutions as well as the Foreign Exchange Commission's USD Put/MXN Call options

*Year-to-date

Weekly government bond auction. Also on Tuesday, the Ministry of Finance (MoF) –via Banco de Mexico as its financial agent-, will offer 30-year fixed-rate Mbonos (Nov’42) as well as 5-year Bondes D, 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). We highlight that on Wednesday, April 15; there will be a Cetes extraordinary auction in four different securities: 84-, 140-, 266-, and 364-days, for an amount of 25,000.

Auction specifics (Tuesday, April 14, 2015)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	14-May-15	--	5,500	3.02
3m	16-Jul-15	--	9,500	3.11
6m	15-Oct-15	--	11,000	3.25
Mbono				
30y	13-Nov-42	7.75	2,500	6.42
Bondes D				
5y	02-Apr-20	--	3,000	0.21

Source: Banco de México

Disclaimer

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