

Ahead of the Curve

June 10, 2016

No relevant economic reports this week

- International reserves.** On Tuesday, at 10:00am (EDT), Banco de Mexico will release its weekly balance report. Last week, net international reserves increased by US\$353mn amounting to US \$177.3bn on June 3. According to Banxico’s report, this figure comes mainly as a result of: (1) Dollar sales by Banxico to the Federal Government for US\$47mn; and (2) US\$353mn 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. In this context, the Central Bank has accumulated US\$565mn international reserves this year (please refer to the table below).
- Government weekly auction.** Also on Tuesday, the Ministry of Finance (MoF) –via Banco de Mexico as its financial agent-, will offer 5-year fixed-rate Mbonos (Jun’21), as well as 10-year inflation-linked Udibonos, in addition to the “more traditional” 1-, 3-, and 6- month zero-coupon Cetes (please refer to the table below). The results will be released at 12:30pm (EDT). Moreover, on Wednesday the Ministry of Finance (MoF) will also offer Monetary Regulation Bonds (BREMS), in addition to 6-, 9-, and 12-month zero-coupon Cetes

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Document for distribution among the general public

Mexico weekly calendar

DATE	TIME (EDT)	EVENT	PERIOD	UNIT	BANORTE-IXE	CONSENSUS	PREVIOUS
Tue 14-Jun	10:00am	International reserves	3-Jun	US\$ bn	--	--	177.3
Tue 14-Jun	12:30am	Government weekly auction: 1-, 3-, 6-month CETES; 10y Udibono (Dec'25)					
Wed 15-Jun	12:30am	Government weekly auction: Monetary Regulation Bonds (BREMS)					
Wed 15-Jun	1:30pm	Government weekly auction: 6-, 9-, 12-month CETES					

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 increased by US\$353mn amounting to US \$177.3bn on June 3. According to Banxico's report, this figure comes mainly as a result of: (1) Dollar sales by Banxico to the Federal Government for US\$47mn; and (2) US\$353mn 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. In this context, the Central Bank has accumulated US\$565mn international reserves this year (please refer to the table below).

Banxico's foreign reserve accumulation details

US\$, million

	2015	3/Jun/2016	3/Jun/2016	Year-to-date
	Balance		Flows	
International reserves (B)-(C)	176,735	177,300	306	565
(B) Gross international reserve	177,597	179,074	-525	1,477
Pemex	--	--	-100	2,592
Federal govt	--	--	-145	2,053
Market operations	--	--	0	-5,562
Other	--	--	-280	2,394
(C) Short-term government's liabilities	861	1,774	-831	912

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 5-year fixed-rate Mbonos (Jun'21), as well as 10-year inflation-linked Udibonos, in addition to the “more traditional” 1-, 3-, and 6- month zero-coupon Cetes (please refer to the table below). The results will be released at 12:30pm (EDT).

Auction specifics (Tuesday, Jun 7, 2016)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	14-Jul-16	--	5,500	3.78
3m	16-Sep-16	--	9,500	4.05
6m	8-Dec-16	--	11,000	4.27
Mbono				
5y	10-Jun-21	6.50	7,500	5.50
Udibonos				
10y	4-Dec-25	4.50	650	3.13

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

Weekly government bond auction. Finally on Wednesday, the Ministry of Finance (MoF) –via Banco de Mexico as its financial agent-, will offer Monetary Regulation Bonds (BREMS), in addition to 6-, 9-, and 12- month zero-coupon Cetes.

Disclaimer

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