

Ahead of the Curve

No relevant publications this week

Weekly international reserves report. Last week, net international reserves decreased US\$194 million, closing at US\$182.6 billion. According to Banxico's report, this comes mainly from a negative valuation effect in central bank assets. In this context, the central bank's international reserves have increased US\$1.7 billion during 2020 (please refer to the following table).

Banxico's foreign reserve accumulation detail

US\$, million

	2019	Feb 7, 2020	Feb 7, 2020	Year-to-date
	Balance		Flows	
International reserves (B)-(C)	180,877	182,603	-194	1,726
(B) Gross international reserve	183,028	188,945	-213	5,917
Pemex	--	--	56	1,034
Federal government	--	--	-126	4,145
Market operations	--	--	0	0
Other	--	--	-143	738
(C) Short-term government's liabilities	2,151	6,342	-19	4,191

Source: Banco de México

Weekly government bond auction. The Ministry of Finance (MoF) –via Banco de Mexico as its financial agent, will offer 5-year fixed-rate Mbonos (Sep'24), 10-year inflation-linked Udibonos (Nov'28), in addition to 1-, 3-, and 6-month zero-coupon Cetes (see following table). As usual, results will be released at 12:30pm (ET).

Auction specifics (Tuesday, February 18th, 2020)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	19-Mar-20	--	5,000	7.00
3m	21-May-20	--	5,000	6.96
6m	13-Aug-20	--	11,500	6.84
M Bono				
5y	05-Sep-24	8.00	9,800	6.77
Udibono				
10y	30-Nov-28	4.00	UDIS 875	3.26

Source: Banorte 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

Citibanamex survey. Markets will center on analysts' inflation forecasts for the first half of February (to be published on Monday, February 24th) along with the 2020 year-end estimate. It will be important to see monetary policy assessments, particularly after the last monetary policy meeting, in which Banxico cut the rate by 25bps, showing a slightly less dovish stance. We will also pay attention to GDP growth estimates and the exchange rate at YE20.

Mexico weekly calendar

DATE	TIME (ET)	EVENT	PERIOD	UNIT	BANORTE	CONSENSUS	PREVIOUS
Tue 18-Feb	10:00am	International reserves	Feb-14	US\$ bn	--	--	182.6
Tue 18-Feb	12:30pm	Government weekly auction: 1-, 3-, 6-month CETES; 5y Mbono (Sep'24); 10y Udibonos (Nov'28)					
Thu 20-Feb	4:30pm	Citibanamex bi-weekly survey of economic expectations					

Source: Banorte; Bloomberg

February 14, 2020

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Document for distribution among the general public

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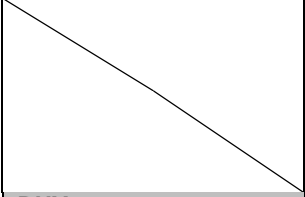
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