

# Ahead of the Curve

No relevant reports this week

**Weekly international reserves report.** Last week, net international reserves increased by US\$288 million, closing at US\$201.7 billion (please refer to the following table). According to Banxico's report, this was explained by: (1) A sale of US\$50 million from Pemex to the central bank; and (2) a positive valuation effect in institutional assets of US\$238 million. Year-to-date, the central bank's international reserves have fallen by US\$712 million.

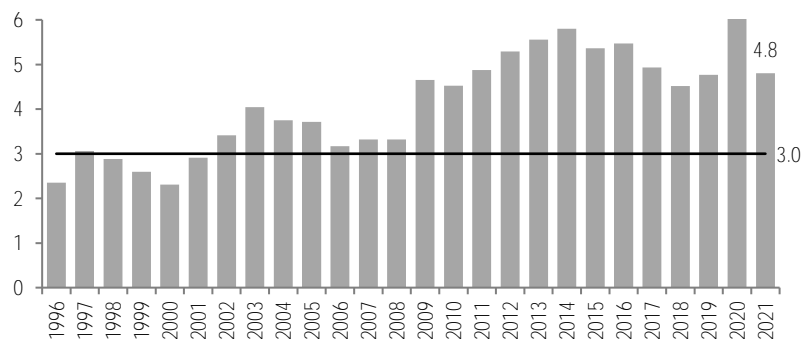
Banxico's foreign reserve accumulation details  
US\$ millions

	2021	Mar 4, 2022	Mar 4, 2022	Year-to-date
	Balance		Flows	
International reserves (B)-(C)	202,399	201,687	288	-712
(B) Gross international reserve	207,745	209,650	166	1,905
Pemex	--	--	-50	150
Federal government	--	--	-76	3,805
Market operations	--	--	0	0
Other	--	--	293	-2,049
(C) Short-term government's liabilities	5,346	7,963	-122	2,617

Source: Banco de México

Given current financial instability concerns due to the war in Ukraine and the sanctions imposed to Russia's trade in key items such as oil-related products, the chart below shows international reserves relative to imports. This is one of several metrics used to assess the adequacy of international reserves, given that they imply both benefits and costs. In this sense, Mexico's "import coverage ratio" by year-end 2021 stood at 4.8 months. This is significantly above the 3 months recommended by the IMF and has been consistently surpassed since the 2008/2009 financial crisis. Moreover, it does not consider available resources from the institution's *Flexible Credit Line*. In our view, this is just one of many other measures that show Mexico's advantages due to its stable macroeconomic framework.

Months of coverage of international reserves to imports  
Months: International reserves: balance at year-end. Imports: 12-month average



\* Note: Horizontal line shows the IMF's recommendation of the amount of reserves needed relative to a country's monthly imports. Source: Banco de México and INEGI

Mexico weekly calendar

DATE	HOOR (ET)	EVENT	PERIOD	UNIT	BANORTE	CONSENSUS	PREVIOUS
Tue 15-Feb	11:00am	International reserves	Mar-11	US\$ bn	--	--	201.7

Source: Banorte; Bloomberg

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Winners of the award for best economic forecasters for Mexico in 2021, granted by Refinitiv



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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, José Luis García Casales, Yazmín Selene Pérez Enríquez, José Itzamna Espitia Hernández, Carlos Hernández García, David Alejandro Arenas Sánchez, Paola Soto Leal, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Daniela Olea Suárez, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo and Isaiás Rodríguez Sobrino, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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