

## 1Q24 Auction Calendar: Higher debt issuance at both floating and fixed rates

- Today, the Ministry of Finance (MoF) published the 1Q24 government securities auction calendar. Issuances of debt at both floating and fixed rates will increase considerably. The MoF reiterated that internal debt will continue as the main source of financing. Regarding the former, the amount of **Bondef** will be MXN 147.9 billion, equivalent to an increase of 40.3% q/q, with the largest adjustment in the 1-year tenor (+20 billion). On the latter, the placement of the **Mbonos** and CPI-linked bonds (**Udibonos**) will be MXN 168.5 billion (+24.4% q/q) and **UDIS** 13 billion (+18.8% q/q), respectively. The MoF noted that the adjustments factor-in current economic and financial conditions, pointing to: (1) Less uncertainty about monetary policies of the main central banks; (2) strong economic figures, with better GDP growth and CPI expectations, (3) appetite for higher duration from both foreign and domestic investors, and (4) geopolitical risks
- Since November, the fixed-income market has been immersed in a global rally on optimism that the US will avoid a recession and the Fed will begin its easing cycle relatively soon. Specifically, **Mbonos** have accumulated gains of just over 100bps, with long-term yields close to 5-month low
- In 2024, fixed-income securities will be influenced by the onset of interest rate cuts by major central banks and general liquidity conditions. Also, by the evolution of economic data and even geopolitical risks and events. In our view, local rates will remain highly sensitive to US financial and monetary conditions, maintaining a high degree of correlation. It is worth mentioning that, after the latest decisions from [Banxico](#) and the Fed's, we reiterate our estimates of a first 25bps cut in March with a 9.25% (-200bps) rate at the end of 2024 in Mexico, and a -25bps adjustment in July with a range of 4.25%-4.50% (-100bps) in the US by the end of the year

### Government securities

- Cetes:** The upper bound of the issuance range was increased, with a minimum of MXN 5 billion and maximum at MXN 25 billion (+5 billion). In addition, 28-, 91-, and 182-day nodes will be auctioned weekly, while 364- and 728-day tenors will be held every two weeks
- Mbonos:** The average amount will increase for all benchmarks as follows: 3-year tenor to MXN 14.5 billion (+2.5 billion), 5-year tenor to MXN 13.5 billion (+1.5 billion), 10-year tenor to MXN 16.5 billion (+1.5 billion), 20-year tenor to MXN 6.0 billion (+1.5 billion), and 30-year tenor MXN 12.5 billion (+2.5 billion). It is worth noting that the new 10-year benchmark will be the **Mbono Nov'34**, which trades very close to the 9.00% figure, very similar to the current benchmark, **Mbono May'33**
- Udibonos:** Average amount for the 10-year stayed at **UDIS** 1.2 billion. Meanwhile, for 3-, 20-, and 30-year securities, they moved to **UDIS** 950 million (-250 million), **UDIS** 850 million (+150 million), and **UDIS** 1.15 billion (+250 million), in the same order
- Bondef:** Average amounts increased for all tenors: 1-year to MXN 8.0 billion (+2.0 billion), 2-year to MXN 8.0 billion (+2.2 billion), 3-year to MXN 3.5 billion (+1.3 billion), 5-year to MXN 2.2 billion (+800 million), 7-year to MXN 900 million (+50 million), and 10-year to MXN 850 million (+50 million). As in the previous quarter, each node will be auctioned on a bi-weekly basis, except for the 7- and 10-year maturities (monthly)

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- The MoF reaffirmed that it may use the tools at its disposal to preserve proper market functioning, smooth the maturity profile, improve the portfolio's efficiency, and strengthen liquidity in specific securities. In addition, special operations will be carried out in the period, if market conditions are favorable, including the placement of floating rate (Bondes G) and fixed rate (Sbonos) ASG securities. Finally, the MoF highlighted its commitment to preserve economic stability and in the local debt market

### **Banxico operations**

- As in 4Q23, Banxico will issue Bondes F on a weekly basis for monetary regulation purposes for up to MXN 3 billion, distributed equally between 1-, 3-, and 5-year Bondes F. That is, MXN 1 billion at each maturity
- The central bank will carry out extraordinary transactions to sterilize the expected liquidity expansion in the financial system during 1Q24. Therefore, Banxico may call extraordinary auctions of Cetes and/or Bondes F. Finally, debt exchange auctions could be executed to smooth the impact of the maturity profile on liquidity conditions. These transactions will be held for a total amount of up to MXN 100 billion
- It is worth noting that these operations are neutral from the standpoint of Banxico's monetary policy stance, so they do not impact the Overnight Interbank Interest Rate

### **IPAB Bonds**

- Total weekly amounts stayed at MXN 4.9 billion, as follows:
  - 3-year (BPAG28): MXN 1.7 billion
  - 5-year (BPAG91): MXN 1.7 billion
  - 7-year (BPAG182): MXN 1.5 billion

### **PEMEX Bonds**

- Petróleos Mexicanos' 2024 financing program allows net internal indebtedness of up to MXN 138.12 billion, which will remain flexible to adapt to the company's needs and prevailing conditions in financial markets
- For the first quarter of 2024, Pemex will evaluate carrying out new issuances, reopening outstanding bonds or execute liability management transactions to improve the company's liquidity and the price discovery process. Pemex will be sensitive to market volatility and investor appetite
- In addition to the issuance of bonds in public markets, the financing strategy will contemplate credit lines, both syndicated and bilateral, revolving credit facilities, as well as structured financing alternatives. The company may refinance this type of financing sources during the year to strengthen Pemex's financial position
- If any issuances in the local market were to take place, they would be carried out through the communicating vessels mechanism in different formats, such as variable rate, nominal fixed rate, and real fixed rate. The corresponding amounts and dates will be disclosed through proper public offering announcements

## Auction Calendar for 1Q24\*

Date	Fixed Short Term	Fixed Long Term	Inflation Linked	Floating
Jan-2	1-, 3-, 6-, and 24-month Cetes	3-year Mbono (Sep'26)	20-year Udibono (Nov'43)	1-, 3-, and 7-year Bondes F
Jan-9	1-, 3-, 6-, and 12-month Cetes	30-year Mbono (Jul'53)	10-year Udibono (Nov'31)	2-, 5-, and 10-year Bondes F
Jan-16	1-, 3-, 6-, and 24-month Cetes	5-year Mbono (Mar'29)	30-year Udibono (Nov'50)	1-, and 3-year Bondes F
Jan-23	1-, 3-, 6-, and 12-month Cetes	10-year Mbono (Nov'34)	3-year Udibono (Dec'26)	2-, and 5-year Bondes F
Jan-30	1-, 3-, 6-, and 24-month Cetes	3-year Mbono (Sep'26)	20-year Udibono (Nov'43)	1-, 3-, and 7-year Bondes F
Feb-6	1-, 3-, 6-, and 12-month Cetes	20-year Mbono (Nov'42)	10-year Udibono (Nov'31)	2-, 5-, and 10-year Bondes F
Feb-13	1-, 3-, 6-, and 24-month Cetes	5-year Mbono (Mar'29)	30-year Udibono (Nov'50)	1-, and 3-year Bondes F
Feb-20	1-, 3-, 6-, and 12-month Cetes	30-year Mbono (Jul'53)	3-year Udibono (Dec'26)	2-, and 5-year Bondes F
Feb-27	1-, 3-, 6-, and 24-month Cetes	3-year Mbono (Sep'26)	20-year Udibono (Nov'43)	1-, 3-, and 7-year Bondes F
Mar-5	1-, 3-, 6-, and 12-month Cetes	10-year Mbono (Nov'34)	10-year Udibono (Nov'31)	2-, 5-, and 10-year Bondes F
Mar-12	1-, 3-, 6-, and 24-month Cetes	5-year Mbono (Mar'29)	30-year Udibono (Nov'50)	1-, and 3-year Bondes F
Mar-19	1-, 3-, 6-, and 12-month Cetes	20-year Mbono (Nov'42)	3-year Udibono (Dec'26)	2-, and 5-year Bondes F
Mar-25	1-, 3-, 6-, and 24-month Cetes	3-year Mbono (Sep'26)	20-year Udibono (Nov'43)	1-, 3-, and 7-year Bondes F

Source: Ministry of Finance

\*In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

## Mbonos auction calendar for 1Q24

Security	Auction Date	Auction Amount (MXN million)	vs 4Q23
3Y Mbono (Sep'26)	Jan-02-24	14,500	
	Jan-30-24	14,500	+2,500
	Feb-27-24	14,500	
	Mar-25-24	14,500	
	<b>Average</b>	<b>14,500</b>	
5Y Mbono (Mar'29)	Jan-16-24	13,500	
	Feb-13-24	13,500	+1,500
	Mar-12-24	13,500	
	<b>Average</b>	<b>13,500</b>	
10Y Mbono (Nov'34)	Jan-23-24	16,500	
	Mar-05-24	16,500	+1,500
	<b>Average</b>	<b>16,500</b>	
20Y Mbono (Nov'42)	Feb-06-24	6,000	
	Mar-19-24	6,000	+1,500
	<b>Average</b>	<b>6,000</b>	
30Y Mbono (Jul'53)	Jan-09-24	12,500	
	Feb-20-24	12,500	+2,500
	<b>Average</b>	<b>12,500</b>	

Source: Ministry of Finance

## Udibonos auction calendar for 1Q24

Security	Auction Date	Auction Amount (UDIS million)	vs 4Q23
3Y Udibono (Dec'26)	Jan-23-24	950	
	Feb-20-24	950	+250
	Mar-19-24	950	
	<b>Average</b>	<b>950</b>	
10Y Udibono (Nov'31)	Jan-09-24	1,200	
	Feb-06-24	1,200	--
	Mar-05-24	1,200	
	<b>Average</b>	<b>1,200</b>	
20Y Udibono (Nov'43)	Jan-02-24	850	
	Jan-30-24	850	+150
	Feb-27-24	850	
	Mar-25-24	850	
	<b>Average</b>	<b>850</b>	
30Y Udibono (Nov'50)	Jan-16-24	1,150	
	Feb-13-24	1,150	+250
	Mar-12-24	1,150	
	<b>Average</b>	<b>1,150</b>	

Source: Ministry of Finance

## Bondes F auction calendar for 1Q24

Security	Periodicity	Auction Amount (MXN million)	vs 4Q23
Bondes F 1Y	Biweekly	8,000	+2,000
Bondes F 2Y	Biweekly	8,000	+2,200
Bondes F 3Y	Biweekly	3,500	+1,300
Bondes F 5Y	Biweekly	2,200	+800
Bondes F 7Y	Monthly	900	+50
Bondes F 10Y	Monthly	850	+50

Source: Ministry of Finance

## Cetes auction calendar for 1Q24

Security	Periodicity	1Q24 Range (MXN million)	vs 4Q23
28-day Cetes	Weekly	mIn 5,000	-
		max 25,000	+5,000
91-day Cetes	Weekly	mIn 5,000	-
		max 25,000	+5,000
182-day Cetes	Weekly	mIn 5,000	-
		max 25,000	+5,000
364-day Cetes	Biweekly	mIn 5,000	-
		max 25,000	+5,000
728-day Cetes	Biweekly	mIn 5,000	-
		max 25,000	+5,000

Source: Ministry of Finance

Recent trade ideas				
Trade idea	P/L	Initial date	End date	
2y10y TIIE-IRS steepener		Oct-13-23		
Long positions in Mbono Dec'24	P	Jun-16-23	Jun-22-23	
Pay TIIE-IRS (26x1), receive 2-year SOFR	L	Aug-18-22	Oct-28-22	
Pay 2-year TIIE-IRS (26x1)	P	Feb-4-22	Mar-4-22	
Tactical longs in Mbono Mar'26	P	May-14-21	Jun-7-21	
Receive 6-month TIIE-IRS (6x1)	P	Dec-17-20	Mar-3-21	
Long positions in Udibono Nov'23	L	Feb-11-21	Feb-26-21	
Long positions in Mbono May'29 & Nov'38	P	Sep-7-20	Sep-18-20	
Long positions in Udibono Dec'25	P	Jul-23-20	Aug-10-20	
Long positions in Udibono Nov'35	P	May-22-20	Jun-12-20	
Long positions in Mbono May'29	P	May-5-20	May-22-20	
Tactical longs in 1- & 2-year TIIE-28 IRS	P	Mar-20-20	Apr-24-20	
Long positions in Udibono Nov'28	P	Jan-31-20	Feb-12-20	
Long positions in Udibono Jun'22	P	Jan-9-20	Jan-22-20	
Long positions in Mbono Nov'47	L	Oct-25-19	Nov-20-19	
Long positions in Mbonos Nov'36 & Nov'42	P	Aug-16-19	Sep-24-19	
Long positions in the short-end of Mbonos curve	P	Jul-19-19	Aug-2-19	
Long positions in Mbonos Nov'42	L	Jul-5-19	Jul-12-19	
Long positions in Mbonos Nov'36 & Nov'38	P	Jun-10-19	Jun-14-19	
Long positions in Mbonos Jun'22 & Dec'23	P	Jan-9-19	Feb-12-19	
Long floating-rate Bondes D	P	Oct-31-18	Jan-3-19	
Long CPI-linkded Udibono Jun'22	L	Aug-7-18	Oct-31-18	
Long floating-rate Bondes D	P	Apr-30-18	Aug-3-18	
Long 20- to 30-year Mbonos	P	Jun-25-18	Jul-9-18	
Short Mbonos	P	Jun-11-18	Jun-25-18	
Long CPI-linkded Udibono Jun'19	P	May-7-18	May-14-18	
Long 7- to 10-year Mbonos	L	Mar-26-18	Apr-23-18	
Long CPI-linkded Udibono Jun'19	P	Mar-20-18	Mar-26-18	
Long 5- to 10-year Mbonos	P	Mar-5-18	Mar-20-18	
Long floating-rate Bondes D	P	Jan-15-18	Mar-12-18	
Long 10-year UMS Nov'28 (USD)	L	Jan-15-18	Feb-2-18	

P = Profit, L = Loss

Short-term tactical trades					
Trade Idea	P/L*	Entry	Exit	Initial Date	End date
Long USD/MXN	P	19.30	19.50	Oct-11-19	Nov-20-19
Long USD/MXN	P	18.89	19.35	Mar-20-19	Mar-27-19
Long USD/MXN	P	18.99	19.28	Jan-15-19	Feb-11-19
Long USD/MXN	P	18.70	19.63	Oct-16-18	Jan-3-19
Short USD/MXN	P	20.00	18.85	Jul-2-18	Jul-24-18
Long USD/MXN	P	19.55	19.95	May-28-18	Jun-4-18
Long USD/MXN	P	18.70	19.40	Apr-23-18	May-14-18
Long USD/MXN	P	18.56	19.20	Nov-27-17	Dec-13-17
Long USD/MXN	L	19.20	18.91	Nov-6-17	Nov-17-17
Long USD/MXN	P	18.58	19.00	Oct-9-17	Oct-23-17
Short USD/MXN	L	17.80	18.24	Sep-4-17	Sep-25-17
Long USD/MXN	P	14.40	14.85	Dec-15-14	Jan-5-15
Long USD/MXN	P	13.62	14.11	Nov-21-14	Dec-3-14
Short EUR/MXN	P	17.20	17.03	Aug-27-14	Sep-4-14

\* Total return does not consider carry gain/losses

P = Profit, L = Loss

Track of directional fixed-income trade recommendations								
Trade idea	Entry	Target	Stop-loss	Closed	P/L	Initial date	End date	
Long Udibono Dec'20	3.05%	2.90%	3.15%	3.15%	L	Aug-9-17	Oct-6-17	
5y10y TIE-IRS steepener	28bps	43bps	18bps	31bps	P <sup>2</sup>	Feb-15-17	Mar-15-17	
5y10y TIE-IRS steepener	35bps	50bps	25bps	47bps	P	Oct-5-16	Oct-19-16	
Long Mbono Jun'21	5.60%	5.35%	5.80%	5.43%	P	Jul-13-16	Aug-16-16	
Long Udibono Jun'19	1.95%	1.65%	2.10%	2.10%	L	Jul-13-16	Aug-16-16	
Receive 1-year TIE-IRS (13x1)	3.92%	3.67%	4.10%	3.87% <sup>1</sup>	P	Nov-12-15	Feb-8-16	
Long spread 10-year TIE-IRS vs US Libor	436bps	410bps	456bps	410bps	P	Sep-30-15	Oct-23-15	
Receive 9-month TIE-IRS (9x1)	3.85%	3.65%	4.00%	3.65%	P	Sep-3-15	Sep-18-15	
Spread TIE 2/10 yrs (flattening)	230bps	200bps	250bps	200bps	P	Jun-26-15	Jul-29-15	
Long Mbono Dec'24	6.12%	5.89%	6.27%	5.83%	P	Mar-13-15	Mar-19-15	
Relative-value trade, long 10-year Mbono (Dec'24) / flattening of the curve					P	Dec-22-14	Feb-6-15	
Pay 3-month TIE-IRS (3x1)	3.24%	3.32%	3.20%	3.30%	P	Jan-29-15	Jan-29-15	
Pay 9-month TIE-IRS (9x1)	3.28%	3.38%	3.20%	3.38%	P	Jan-29-15	Jan-29-15	
Pay 5-year TIE-IRS (65x1)	5.25%	5.39%	5.14%	5.14%	L	Nov-4-14	Nov-14-14	
Long Udibono Dec'17	0.66%	0.45%	0.82%	0.82%	L	Jul-4-14	Sep-26-14	
Relative-value trade, long Mbonos 5-to-10-year					P	May-5-14	Sep-26-14	
Receive 2-year TIE-IRS (26x1)	3.75%	3.55%	3.90%	3.90%	L	Jul-11-14	Sep-10-14	
Receive 1-year TIE-IRS (13x1)	4.04%	3.85%	4.20%	3.85%	P	Feb-6-14	Apr-10-14	
Long Udibono Jun'16	0.70%	0.45%	0.90%	0.90%	L	Jan-6-14	Feb-4-14	
Long Mbono Jun'16	4.47%	3.90%	4.67%	4.06%	P	Jun-7-13	Nov-21-13	
Receive 6-month TIE-IRS (6x1)	3.83%	3.65%	4.00%	3.81%	P	Oct-10-13	Oct-25-13	
Receive 1-year TIE-IRS (13x1)	3.85%	3.55%	4.00%	3.85%	--	Oct-10-13	Oct-25-13	
Long Udibono Dec'17	1.13%	0.95%	1.28%	1.35%	L	Aug-9-13	Sep-10-13	
Receive 9-month TIE-IRS (9x1)	4.50%	4.32%	4.65%	4.31%	P	Jun-21-13	Jul-12-13	
Spread TIE-Libor (10-year)	390bps	365bps	410bps	412bps	L	Jun-7-13	Jun-11-13	
Receive 1-year TIE-IRS (13x1)	4.22%	4.00%	4.30%	4.30%	L	Apr-19-13	May-31-13	
Long Udibono Jun'22	1.40%	1.20%	1.55%	0.97%	P	Mar-15-13	May-3-13	
Receive 1-year TIE-IRS (13x1)	4.60%	4.45%	4.70%	4.45%	P	Feb-1-13	Mar-7-13	
Long Mbono Nov'42	6.22%	5.97%	6.40%	5.89%	P	Feb-1-13	Mar-7-13	
Long Udibono Dec'13	1.21%	0.80%	1.40%	1.40%	L	Feb-1-13	Apr-15-13	
Receive 1-year TIE-IRS (13x1)	4.87%	4.70%	5.00%	4.69%	P	Jan-11-13	Jan-24-13	
Receive TIE Pay Mbono (10-year)	46bps	35bps	54bps	54bps	L	Oct-19-12	Mar-8-13	
Spread TIE-Libor (10-year)	410bps	385bps	430bps	342bps	P	Sep-21-13	Mar-8-13	
Long Udibono Dec'12	+0.97%	-1.50%	+1.20%	-6.50%	P	May-1-12	Nov-27-12	
Long Udibono Dec'13	+1.06%	0.90%	+1.35%	0.90%	P	May-1-12	Dec-14-12	

1. Carry + roll-down gains of 17bps

2. Closed below target and before the proposed horizon date due to changes in market conditions that have differed from our expectations.

P = Profit, L = Loss

Track of the directional FX trade recommendations								
Trade Idea	Entry	Target	Stop-loss	Closed	P/L*	Initial Date	End date	
Long USD/MXN	18.57	19.50	18.20	18.20	L	Jan-19-18	Apr-2-18	
Long USD/MXN	14.98	15.50	14.60	15.43	P	Mar-20-15	Apr-20-15	
Short EUR/MXN	17.70	n.a.	n.a.	16.90	P	Jan-5-15	Jan-15-15	
Short USD/MXN	13.21	n.a.	n.a.	13.64	L	Sep-10-14	Sep-26-14	
USD/MXN call spread**	12.99	13.30	n.a.	13.02	L	May-6-14	Jun-13-14	
Directional short USD/MXN	13.00	12.70	13.25	13.28	L	Oct-31-13	Nov-8-13	
Limit short USD/MXN	13.25	12.90	13.46	--	--	Oct-11-13	Oct-17-13	
Short EUR/MXN	16.05	15.70	16.40	15.69	P	Apr-29-13	May-9-13	
Long USD/MXN	12.60	12.90	12.40	12.40	L	Mar-11-13	Mar-13-13	
Long USD/MXN	12.60	12.90	12.40	12.85	P	Jan-11-13	Feb-27-13	
Tactical limit short USD/MXN	12.90	12.75	13.05	--	--	Dec-10-12	Dec-17-12	
Short EUR/MXN	16.64	16.10	16.90	16.94	L	Oct-3-12	Oct-30-12	

\* Total return does not consider carry gain/losses

\*\* Low strike (long call) at 13.00, high strike (short call) at 13.30 for a premium of 0.718% of notional amount

P = Profit, L = Loss



## Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalia Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Paula Lozoya Valadez, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cautencos Mora and Andrea Muñoz Sánchez, 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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	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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