



Hacienda
Secretaría de Hacienda
y Crédito Público



Mexico's Economic Outlook

Last update: November 5th, 2024



Mexican Government Securities

Cetes

Bonos

Udibonos

Bondes D & Bondes F

Bondes G

Hedge of Government Securities

Mexico has one of the most-developed bond markets in Latin America, with an outstanding domestic debt securities amounting to USD 1,250.3 billion, only behind Brazil. ^{1/}

Mexico's innovative instruments and debt management have been recognized internationally:

- ▶ In January 2024, Mexico was awarded by LatinFinance as sovereign issuer of 2023. ^{2/}
- ▶ In November 2023, Mexico won the Bonds, Loans and ESG Capital Markets Latin America & Caribbean awards 2023 for Sovereign, Supra & Agency Treasury & Funding Team of the Year. ^{3/}
- ▶ In May 2023, The Banker awards Mexico in the category “Bonds: Sovereign, Supranational and Agencies” for the inaugural issuance of a sustainable bond denominated in dollars. ^{4/}
- ▶ In April 2023,
 - ▶ Environmental Finance awards Mexican Bondes G in the category: “Sustainability sovereign bond of the year 2022. This was the first sovereign bond issued in pesos aligned with ESG criteria. ^{5/}
 - ▶ Mexico wins Largest Sovereign Social and Sustainability Bond at the 8th Climate Bonds Awards by the Climate Bonds Initiative. ^{6/}
- ▶ Moody's assigned an SQS1 sustainability quality score [excellent] to the Government of Mexico's SDG Sovereign Bond Framework. ^{7/}

^{1/} As of the first quarter of 2024 [BIS Debt Securities statistics](#).

^{2/} [Sovereign Issuer of the Year - LatinFinance](#)

^{3/} [BONDS, LOANS & ESG CAPITAL MARKETS LATIN AMERICA & CARIBBEAN AWARDS 2023 28TH NOVEMBER | THE... | GFC Media Group \[bondsloans.com\]](#)

^{4/} [Announcement No. 32](#).

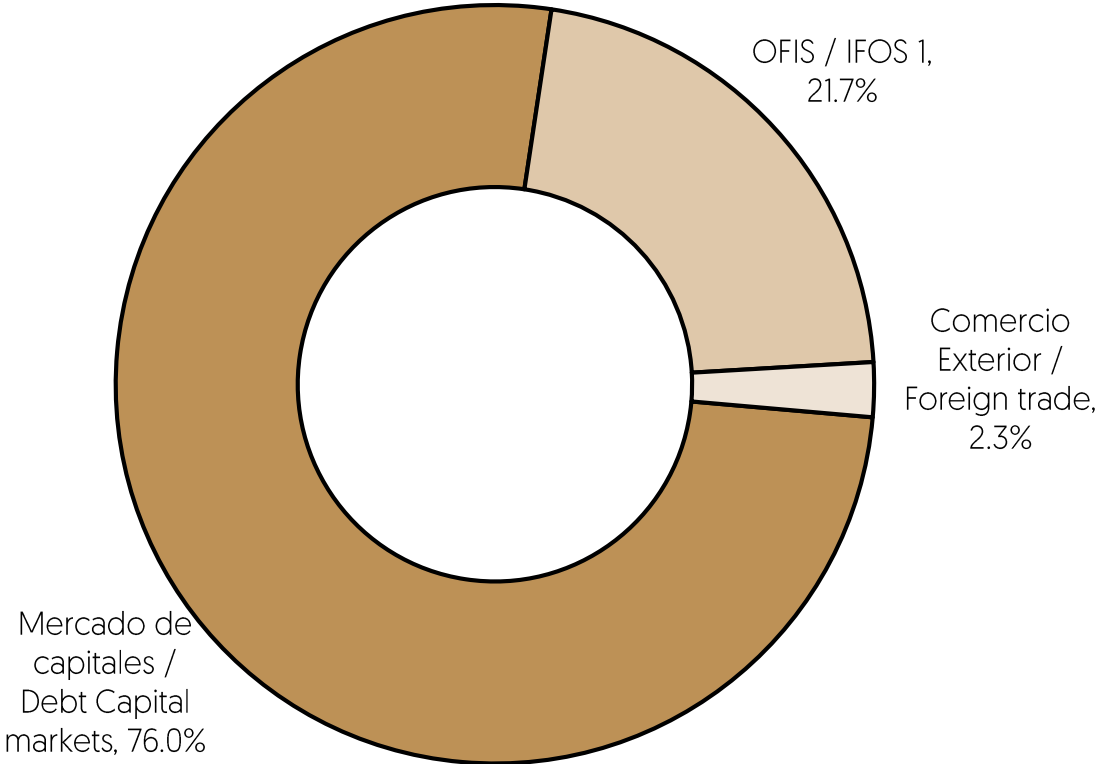
^{5/} [Environmental Finance Bond Awards 2022](#).

^{6/} [Announcement No. 24](#).

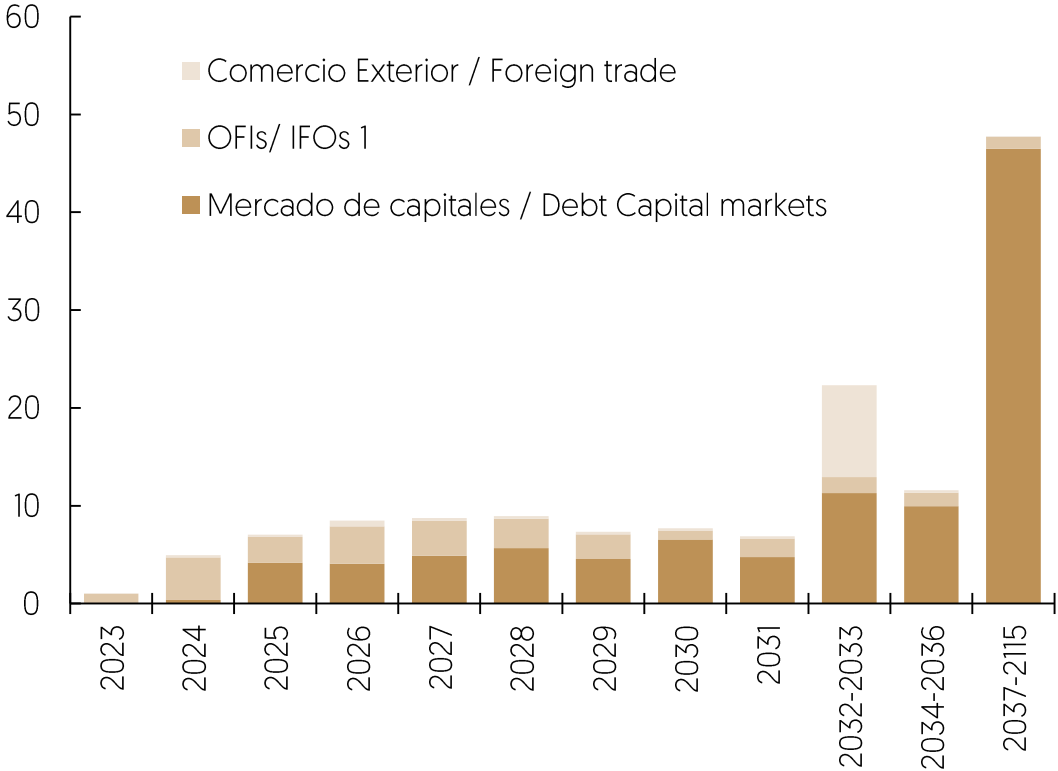
^{7/} [Moody's Investors Service](#).

Overview: Federal Domestic Debt

External Debt Distribution
% Total



Maturity Profile
Billion USD



Note: Data as of October 2024.
 1/ International Financial Organizations [OFIS, by its Spanish acronym], Ordinary Fiscal Income, [IFOS, by its Spanish acronym].
 Source: Ministry of Finance.

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 Source: Ministry of Finance.

Sustainable Finance Policy

Mexico's rating debt in
local currency

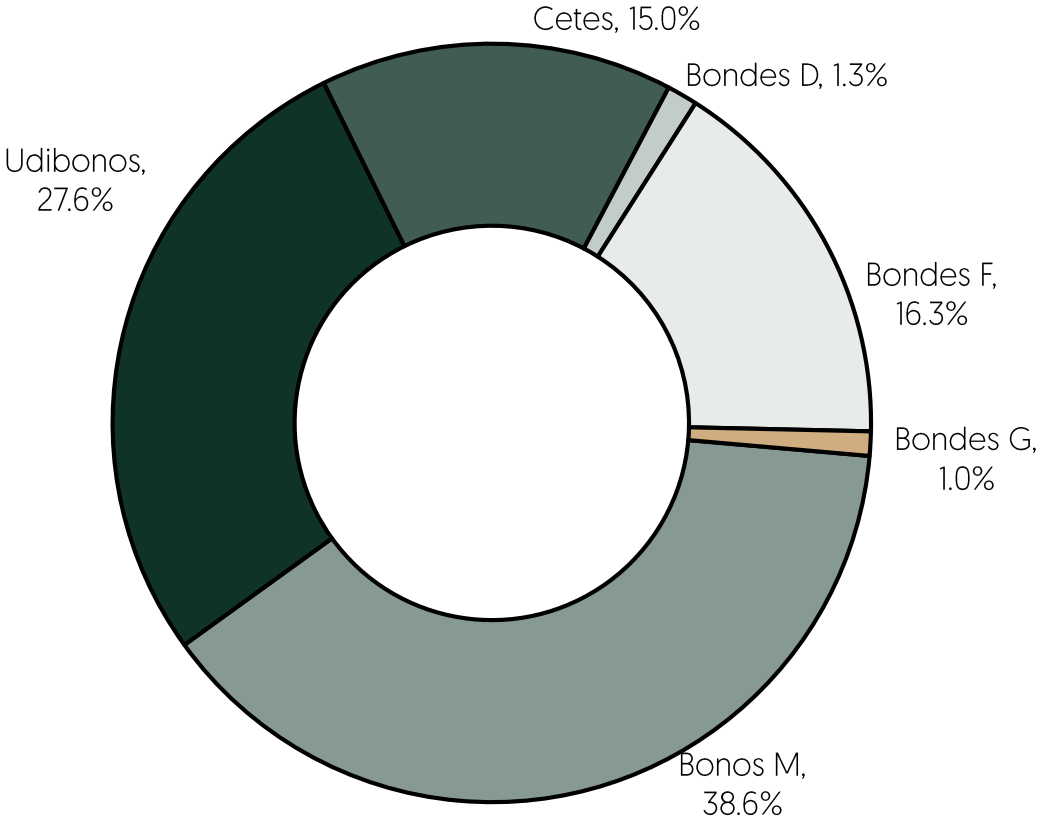
Rating Agency	Rate	Outlook
S&P	BBB	Stable
Fitch	BBB-	Stable
Moody's	Baa2	Stable

Local government
securities issuances

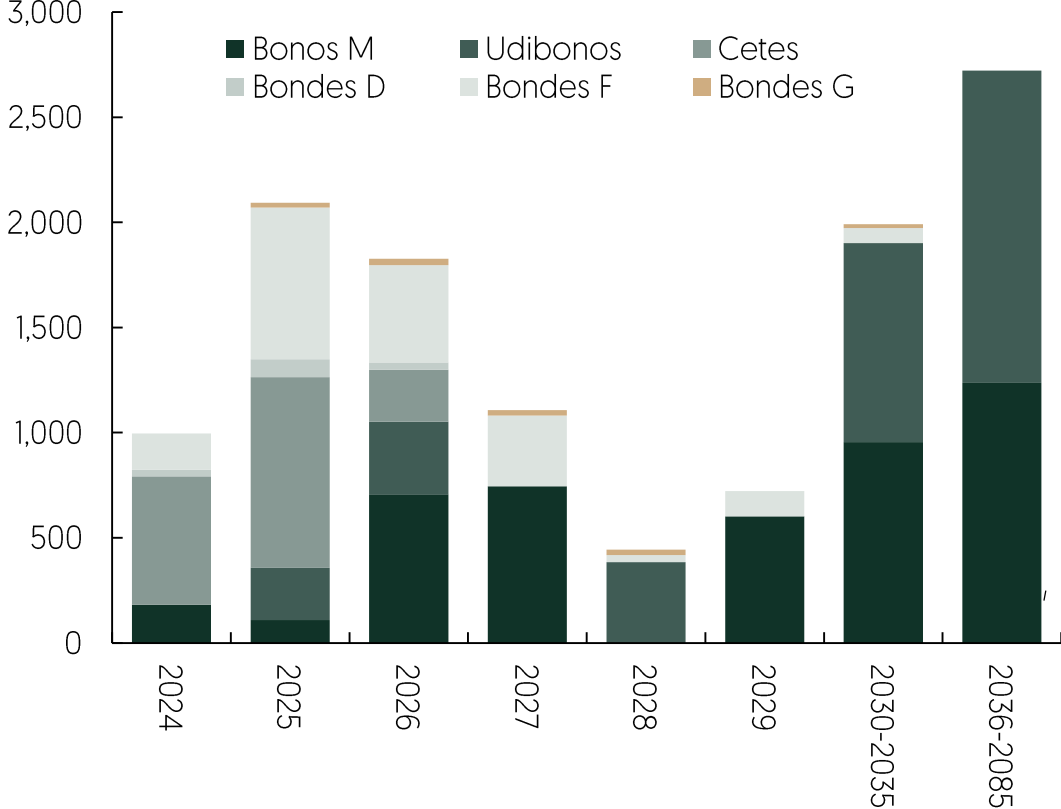
Instrument	First issuance	Characteristics	Interest rate	Term
<i>Cetes</i>	Jan 19 th , 1978	Zero-coupon bonds	Yield rate referenced to discount rate	7 years
<i>Bonos</i>	Jan 27 th , 2000	182-day coupon	Fixed interest rate set at issue date	15 years
<i>Udibonos</i>	May 30 th , 1996	182-day coupon	Fixed interest rate set at issue date	2, 6 years
<i>Bondes D</i>	Aug 17 th , 2006	28-day coupon	Daily "weighted-average interbank funding rate"	3, 6 years
<i>Bondes F</i>	Oct 7 th , 2021	28-day coupon	Overnight equilibrium interbank interest rate [TIIE] collateralized	10 years
<i>Bondes G</i>	May 4 th , 2022	28-day coupon	Overnight Equilibrium interbank interest rate [TIIE] collateralized	3, 5, 10, 15, 20 years
<i>Cetes</i>	Jan 19 th , 1978	Zero-coupon bonds	Yield rate referenced to discount rate	1, 2, 3 years
<i>Bonos</i>	Jan 27 th , 2000	182-day coupon	Fixed interest rate set at issue date	30 years
<i>Udibonos</i>	May 30 th , 1996	182-day coupon	Fixed interest rate set at issue date	2, 3, 5 years
<i>Bondes D</i>	Aug 17 th , 2006	28-day coupon	Daily "weighted-average interbank funding rate"	12 years
<i>Bondes F</i>	Oct 7 th , 2021	28-day coupon	Overnight equilibrium interbank interest rate [TIIE] collateralized	1.7, 2.4, 4.4 years
<i>Bondes G</i>	May 4 th , 2022	28-day coupon	Overnight Equilibrium interbank interest rate [TIIE] collateralized	8 years
<i>Cetes</i>	Jan 19 th , 1978	Zero-coupon bonds	Yield rate referenced to discount rate	1,3, 3.2, 6 years

Overview: Federal Domestic Debt

Domestic Debt Distribution
% Total



Maturity Profile
Billion USD

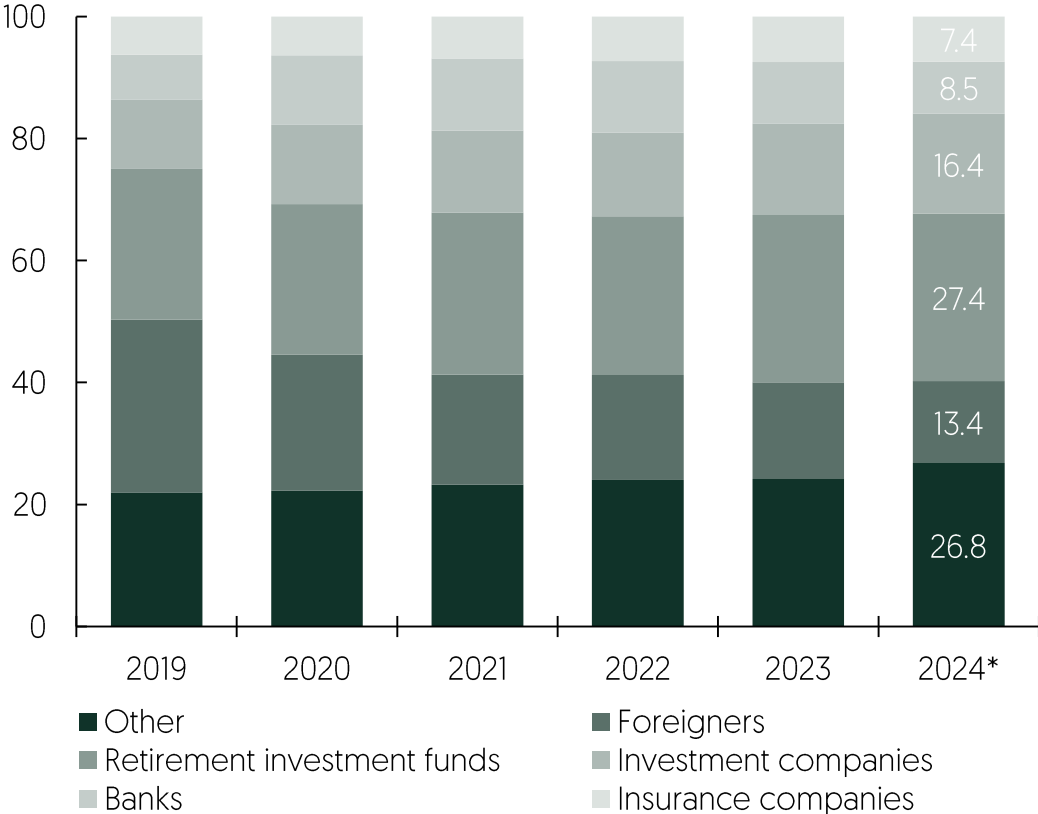


Note: Data as of October 2024.
Source: Ministry of Finance.

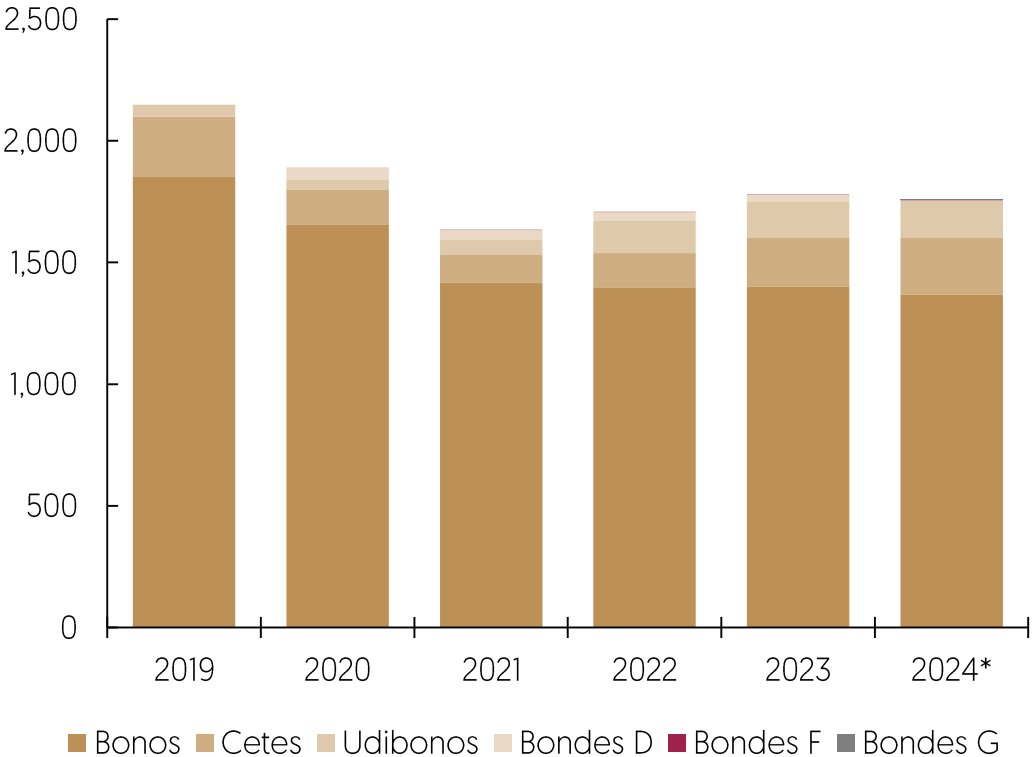
Note: Data as of October 2024.
Source: Ministry of Finance.

Overview: Holding of Securities

Securities Holdings by Sector
%



Non-Residents' Holdings of Government Bonds
Billion Pesos

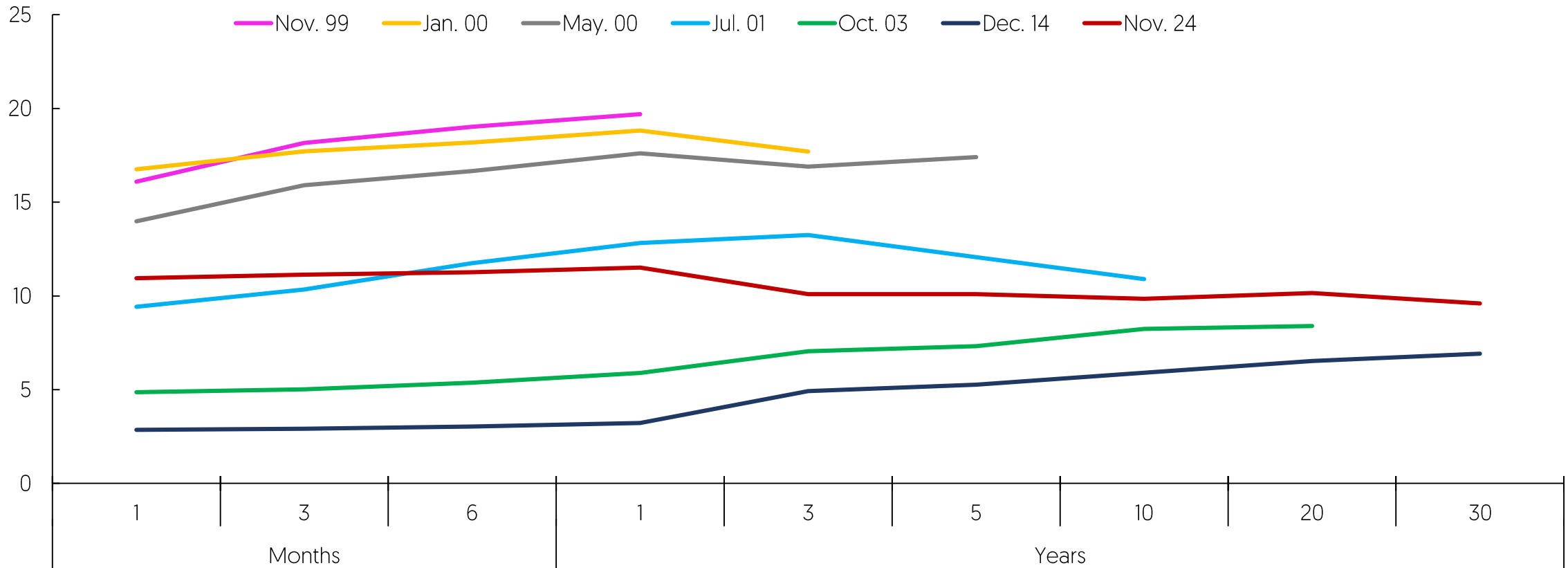


Note: Data as of October 24th. Other contains the holdings of brokerage houses, public and private treasuries, private pension funds, "Welfare Pension Fund" and third-parties holding accounts.
Source: Banco de México.

Note: Data as of October 24th, 2024.
Source: Banco de México.

Market Depth – Yield Curve

In only a few years, the Mexican debt market has experienced an outstanding growth, extending the yield curve from one year in 1999 to 30 years in less than a decade. This extension was due to the rapid growth of more domestic and foreign participants, with various investment horizons and strategies.



Source: Banco de México.

Mexican Government Securities

Cetes

Bonos

Udibonos

Bondes D & Bondes F

Bondes G

Hedge of Government Securities

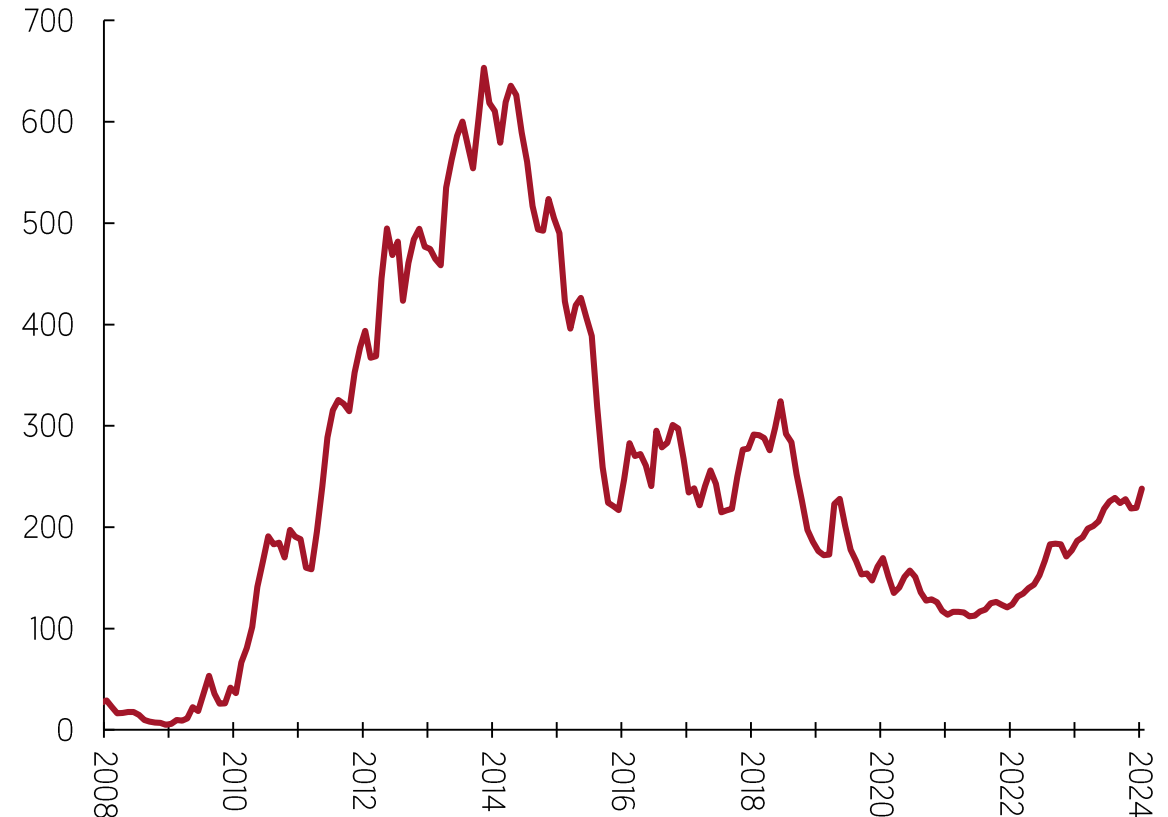
- The Mexican Federal Treasury Certificates [Cetes] are the oldest debt instrument issued by the Federal Government. These securities are zero-coupon bonds and are traded at a discount.
- Face value is 10 Mexican pesos. Currently, Cetes are issued for 28- and 91-day terms, and at maturities close to six months, one and two years.
- The **primary issue** is carried out through auctions, where participants present their bids for the amount they want to purchase and the discount rate they are willing to pay.

Cetes	
Face Value	10 MXN
Term	28, 91, 182 days and 1, 2 years
Coupon Frequency	Zero coupon
Interest Rate	Discount Rate
First Issuance [year]	1978
Outstanding Amount* [billions of MXN]	2,075.1
Outstanding Amount* [billions of USD]	105.3

- In Mexico there is a broad secondary market for these securities. Today, it is possible to carry out outright sale and repo transactions as well as securities' lending transactions. Cetes can also be used as underlying assets in derivative markets (futures and options in MEXDER and CME). Cetes series are designed to be fungible.
- Two Cetes issued on different dates but maturing on the same date will have the same identification code, and therefore cannot be recognized from one another.
- Example of series of Cetes issued on August 24th, 2000 for a 28-day term maturing on September 21th, 2000: BI000921.

Source: Banco de México.

Non-Residents' Holdings Cetes
Billion Pesos



Note: Data as of October 24th, 2024.
Source: Banco de México.

Mexican Government Securities

Cetes

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Hedge of Government Securities

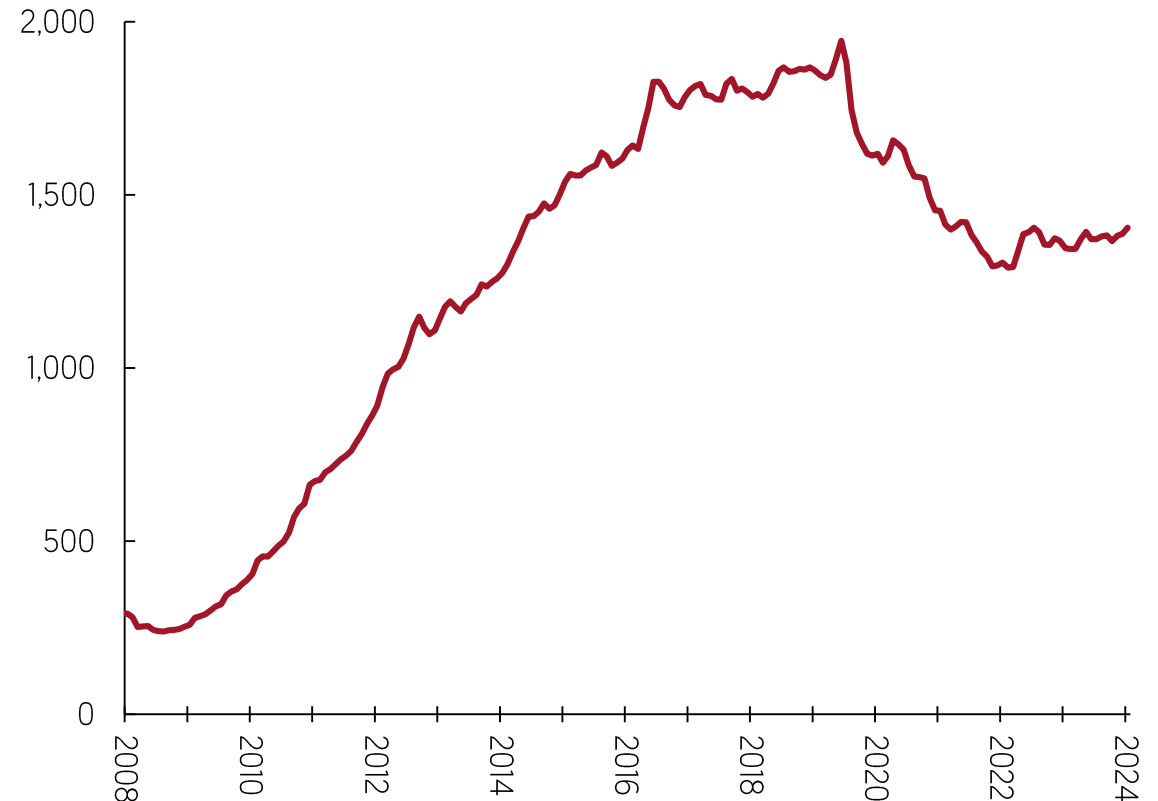
- Bonos are issued for longer terms than one year. They pay coupons every six months and an interest rate determined upon issuance that remains fixed during the life of the instrument.
- Face value is 100 Mexican pesos [a hundred pesos] and can be issued for any term, if this term is a multiple of 182 days.
- Bonos pay interest every six months [182 days].
- The interest rate paid is fixed by the Federal Government upon issuance and is specified to investors in the auction announcement. If a new reference is issued in the market, a prior notice is published.

Bonos	
Face Value	100 MXN
Term	3, 5, 10, 20, 30 years
Coupon Frequency	182 days
Interest Rate	Fixed on emission
First Issuance [year]	2000
Outstanding Amount* [billions of MXN]	4,687.9
Outstanding Amount* [billions of USD]	237.9

- The primary issue is carried out through auctions, where participants present their bids for the amount they want to purchase and the price they are willing to pay through a market maker.
- In Mexico, there is a broad secondary market for these securities. Today, it is possible to carry out outright sale and repo transactions as well as securities' lending transactions. Bonos can also be used as underlying assets in derivative markets (futures and options), although up to now they have never been used as such.
- Bonos are not fungible unless they have the same interest rate. This is the reason the series is composed of eight characters.

Source: Banco de México.

Non-Residents' Holdings M Bono
Billion Pesos



Note: Data as of October 24th, 2024.
Source: Banco de México.

Mexican Government Securities

Cetes

Bonos

Udibonos

Bondes D & Bondes F

Bondes G

Hedge of Government Securities

- Udibonos are investment instruments that protect the holder from unexpected changes on inflation rate. They are sold at long terms and pay interest every six months based on a real fixed interest rate which is determined on the issue date of each security.
- Face value is 100 UDIS (a hundred of investment units) and have been issued at terms of 3-, 5-, 10-, 20- and 30-years.
- The securities pay a fixed interest rate upon issuance of the securities, and it is specified to investors in the auction announcement.

Udibonos	
Face Value	100 UDIS
Term	3, 10, 30 years
Coupon Frequency	182 days
Interest Rate	Fixed on emission
First Issuance [year]	1996
Outstanding Amount* [billions of MXN]	3,674.9
Outstanding Amount* [billions of USD]	186.5

- For the purposes of the placement, interest payments and amortization, the conversion to domestic currency is made at the value of the UDI in the day that the corresponding payments are made.
- Today, it is possible to carry out outright sale and repo transactions as well as securities lending transactions with these securities. They can also be used as underlying assets in derivative markets (futures and options), although up to now they have never been used as such.
- Example of an identification code for an Udibono issued on January 17th, 2020, at a term of 3 years and maturing on November 16th, 2023: S231116.

Source: Banco de México.

Non-Residents' Holdings Udibonos
Billion Pesos



Note: Data as of October 24th, 2024.
Source: Banco de México.

Mexican Government Securities

Cetes

Bonos

Udibonos

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Bondes G

Hedge of Government Securities

Bondes D

- The Mexican Federal Government decided to issue Mexican Federal Government Development Bonds (Bonos D) to improve the structure through floaters linked bonds.
- Face value is 100 Mexican pesos and can be issued for any term if the maturity is a multiple of 28 days. The securities accrue interest every month (28 consecutive days - holidays not included).
- This instrument is broadly traded within credit institutions and brokerage houses through outright sales and repo transactions.

Bonos D	
Face Value	100 MXN
Term	1, 3, 5 years
Coupon Frequency	28 days
Interest Rate	Overnight interbank funding rate
First Issuance (year)	1987
Outstanding Amount* [billions of MXN]	198.2
Outstanding Amount* [billions of USD]	10.1

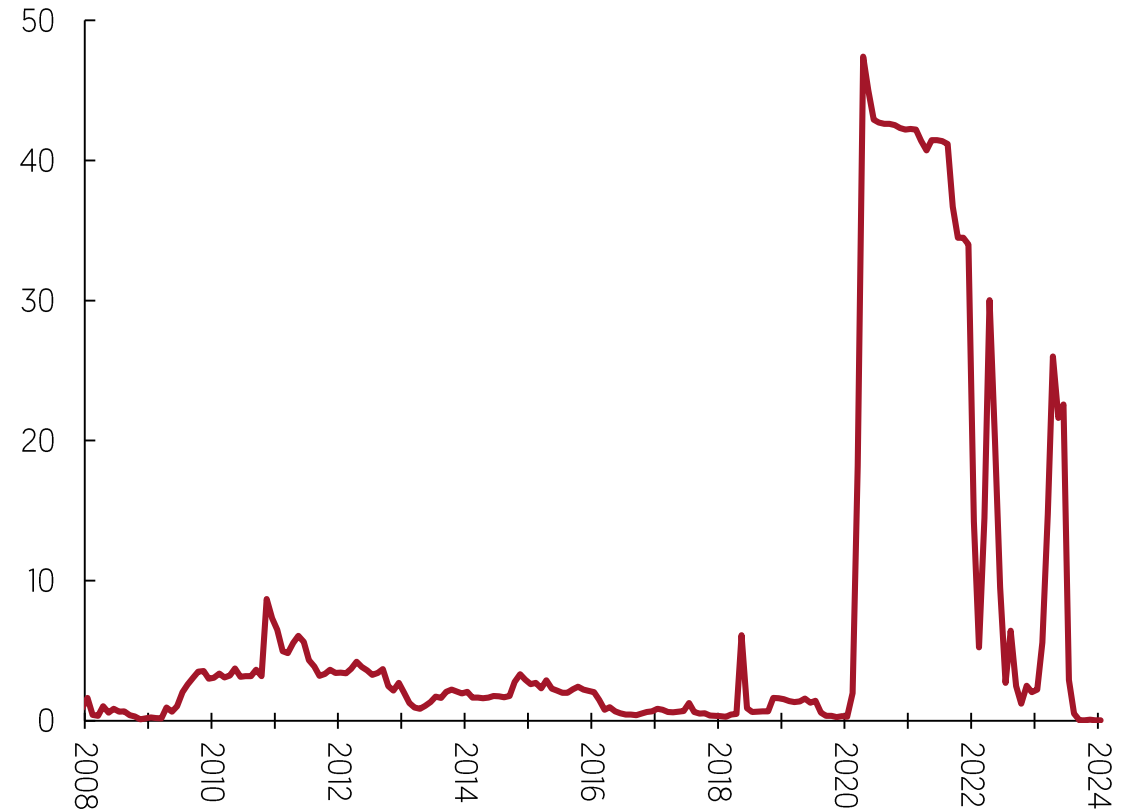
Source: Banco de México.

Note: Data as of October 24th, 2024.
Source: Banco de México.

- Bondes D series are designed to be fungible.
- Identification codes have eight characters. The first two identify the title ["LD"] and the remaining six, the title's maturity date [year, month and day]. The relevant number used to identify a Bondes D is the maturity date.
- Example of series for Bondes D issued on July 27th, 2006 for a 3-year term maturing July 23th, 2009: LD090723.
- It is important to point that auctions are carried out at a clean price [with no accrued interest].
- The last auction of BONDES D was on Sep-2021.

Source: Banco de México.

Non-Residents' Holdings Bondes D
Billion Pesos



Note: Data as of October 24th, 2024.
Source: Banco de México.

- Following best practices and recommendations released by the FSB and the BIS, Mexico decided to issue government debt securities referenced to new benchmark rates promoting transparency and consolidation of its debt local market.
- Bondes F series are designed to be fungible. Interest rate is known in the market as Overnight Equilibrium Interbank Interest Rate (TIIE) collateralized and is calculated and published every day by the Central Bank on its website.
- Face value is 100 Mexican pesos and can be issued for any term if the maturity is a multiple of 28 days.
- The securities accrue interest every month [28 consecutive days - holidays not included].

Bondes F	
Face Value	100 MXN
Term	1, 3, 5 years
Coupon Frequency	28 days
Interest Rate	Overnight interbank funding rate
First Issuance [year]	1987
Outstanding Amount* [billions of MXN]	198.2
Outstanding Amount* [billions of USD]	10.1

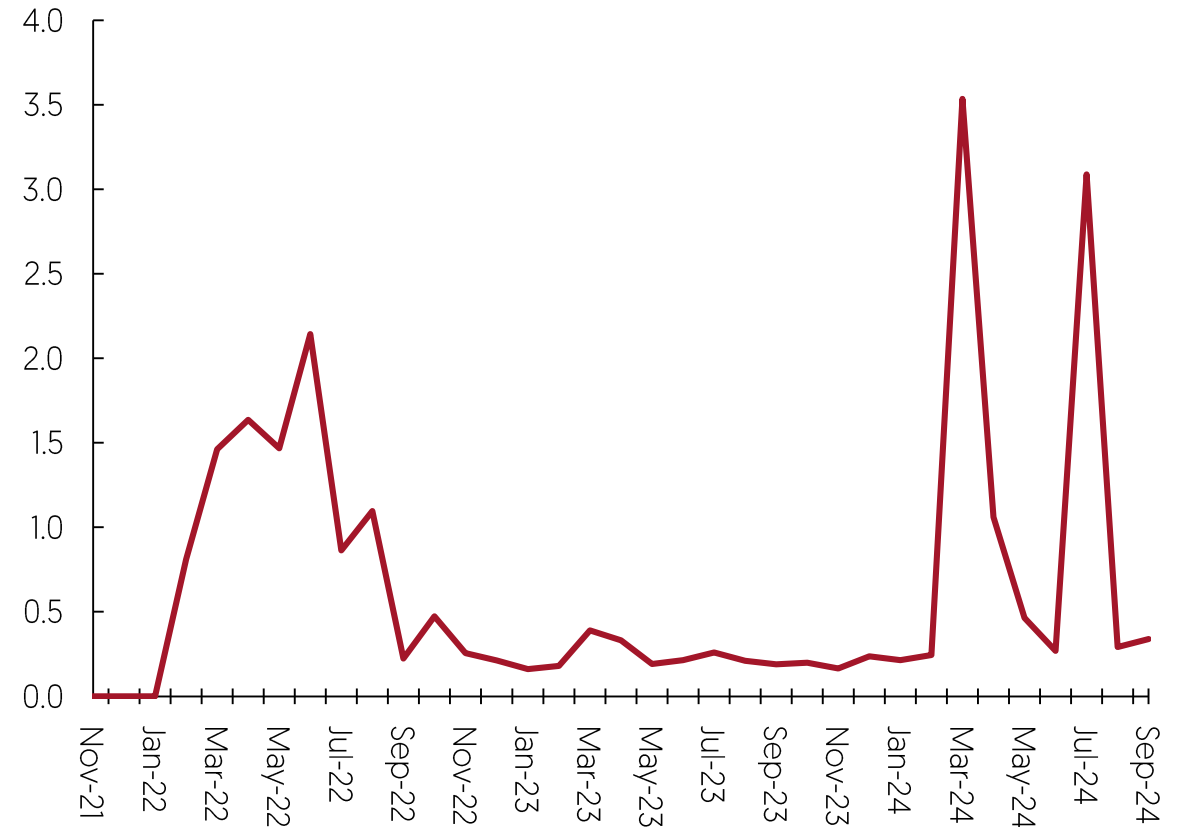
Source: Banco de México.

Note: Data as of October 24th, 2024.
Source: Banco de México.

- Identification codes have eight characters. The first two identify the title ["LF"] and the remaining six, the title's maturity date [year, month and day]. The relevant number used to identify a Bondes F is the maturity date.
- This means that two Bondes F issued on different dates but maturing on the same date will have the same identification code, and therefore cannot be recognized from one another.
- BONDES F was auctioned starting in October 2021.
- It's expected that over time this instrument will entirely replace the issuance of BONDES D.

Source: Banco de México.

Non-Residents' Holdings Bondes F
Billion Pesos



Note: Data as of October 24th, 2024.
Source: Banco de México.

Mexican Government Securities

Cetes

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Udibonos

Bondes D & Bondes F

Bondes G

Hedge of Government Securities

- Mexico decided to issue public debt securities aligned with environmental, social and corporate governance criteria, as part of the strategy to comply with the UN Sustainable Development Goals [SDG].
- Face value is 100 Mexican pesos and can be issued for any term if the maturity is a multiple of 28 days. Currently, they are issued for 1 to 10-year terms.
- The securities accrue interest every month [28 consecutive days - holidays not included].
- Identification codes have eight characters. The first two identify the title ["LG"] and the remaining six, the title's maturity date [year, month and day]. The relevant number used to identify a Bondes G is the maturity date. This means that two Bondes G issued on different dates but maturing on the same date will have the same identification code, and therefore cannot be recognized from one another.

Source: Banco de México.

Bondes G	
Face Value	1 to 10 years
Term	28 days
Coupon Frequency	Overnight Equilibrium interbank interest rate [TIE] collateralized
Interest Rate	2022
First Issuance [year]	121.4
Outstanding Amount [billions of MXN]	6.2
Outstanding Amount [billions of USD]	1 to 10 years

Note: Data as of October 24th, 2024.
Source: Banco de México.

Mexican Government Securities

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Bondes G

Hedge of Government Securities

Hedge of Government Securities

- The local futures market will give coverage of risk and anticipate interest rate movements, because in the BONDES F, the final coupon calculations will be made in reference to overnight F-TIIE rates to each day in the coupon period.
- CME and MEXDER have mirrored in the future contracts F-TIIE. This will come in handy by using the futures to effectively hedge changing overnight F-TIIE.
- The local futures market will have a positive influence as it has a curve with collateral in pesos that reflects interbank market conditions, taking overnight bank funding as a reference. This will benefit investors and open doors to new participants.

January 2021	BANXICO publish daily rate of F-TIIE
February 2021	Launch of 1 month Future contract of F-TIIE in MEXDER
May 2021	Launch of monthly F-TIIE Future contract in CME
October 2021	Launch of new BONDES F
May 2022	Launch of new BONDES G