

## **Government Securities Auction Calendar for the fourth quarter of 2016**

The Administration of President Enrique Peña Nieto has stressed its commitment to consolidate macroeconomic stability, to maintain healthy public finances and to use public debt responsibly. In this regard, and in order to maintain and strengthen communication and transparency of public debt management, the Ministry of Finance and Public Credit (SHCP) announces the government securities auction calendar for the fourth quarter of 2016.

This schedule is consistent with the Economic Program approved by Congress for the 2016 fiscal year and with the 2016 Annual Borrowing Plan. The government securities auction programs for 2016 contemplates a 0.5% reduction in the budget deficit during 2016, hence a reduction in the Federal Government net indebtedness.

### **Important Aspects**

The most important aspects of the government's securities issuance program for the fourth quarter of 2016 are the following:

- The amounts to be auctioned for Fixed Rate Bonds (Bonos M), Inflation Linked Bonds (Udibonos) and Floating Rate Bonds (Bonos D) will remain unchanged compared to the announcement made on April 29th, 2016.
- The amount to be issued for 1-year Treasury Bills (Cetes) will be reduced by 1,000 million pesos.
- The Federal Government will continue with the mechanism to announce a minimum and a maximum amount of 28-day and 91-day Cetes to be issued weekly. The specific amount to be issued each week of 28 and 91-day Cetes will be specified in the corresponding auction announcement of the Central Bank.
- During the fourth quarter of 2016, the ranges for 28 and 91-day Cetes will remain unchanged. The 28-day Cetes weekly minimum and maximum issuance amount will be 4,000 and 11,000 million pesos respectively, and in the first week of the quarter, 5,500 million pesos will be auctioned. The 91-day Cetes weekly minimum and maximum issuance amount will be 7,000 and 14,000 million pesos and in the first week of the quarter, 9,500 million pesos will be auctioned.
- As in previous quarters, syndicated auctions may be carried out using a flexible format. This format allows the Federal Government to choose the right timing for each transaction based on investors' appetite and market conditions. These auctions are not part of the amounts announced for the quarterly calendars nor as substitutes of primary auctions. Once the new references are issued, the reopening policy will continue.
- The auctions of stripped 30 year Udibonos will continue to take place every 12 weeks. The amount to be auctioned will be announced the week prior to the transaction.

The auctions of Treasury Bills (Cetes), Fixed Rate Bonds (Bonos M), Udibonos (Inflation Linked Bonds) and Floating Rate Bonds (Bondes D) and the auctions of stripped Udibonos to be executed during the fourth quarter will have the following characteristics.

**Government Securities Auction during the Fourth Quarter of 2016**  
**Offered Amounts for each Auction (million pesos)**

Instrument	Frequency	Auction 1st quarter 2016	2nd quarter 2016 Program with Central Bank's Surplus	3rd quarter 2016 Program with Central Bank's Surplus	4th quarter 2016 Program with Central Bank's Surplus
<b>Treasury Bills</b>					
28-day Cetes	Weekly range	min. 4,000 max. 11,000	min. 4,000 max. 11,000	min. 4,000 max. 11,000	min. 4,000 max. 11,000
91-day Cetes	Weekly range	min. 7,000 max. 14,000	min. 7,000 max. 14,000	min. 7,000 max. 14,000	min. 7,000 max. 14,000
182-day Cetes	Weekly	11,000	11,000	11,000	11,000
1-year Cetes	Every 4 weeks	11,000	11,000	11,000	<b>10,000</b>
<b>Fixed-Rate Bonds</b>					
3-year Bono M	Every 4 weeks	9,000	7,500	7,500	7,500
5-year Bono M	Every 4 weeks	8,500	7,500	7,500	7,500
10-year Bono M	Every 6 weeks	8,000	7,000	7,000	7,000
20-year Bono M	Every 6 weeks	3,000	2,500	2,500	2,500
30-year Bono M	Every 6 weeks	2,500	2,000	2,000	2,000
<b>Inflation Linked Bonds (Million Udis)</b>					
3-year Udibono	Every 4 weeks	800	750	750	750
10-year Udibono	Every 4 weeks	700	650	650	650
30-year Udibono	Every 4 weeks	450	400	400	400
Stripped 30-year Udibonos	Every 12 weeks	2,500 lots of SP & SC	2,500 lots of SP & SC	2,500 lots of SP & SC	To be determined
<b>Floating Rate Bonds</b>					
5-year Bondes D	Every 2 weeks	4,500	3,000	3,000	3,000

**Auction's Calendar for October – December 2016**

Date	Fixed Short Term	Fixed Long Term	Inflation Linked	Floating Rate
October 4 <sup>th</sup> , 2016	28, 91 and 182-day Cetes	5-year Bond Code: M 210610	10-year Udibono Code: S 251204	
October 11 <sup>th</sup> , 2016	28, 91, 182-day and 1-year Cetes	30-year Bond Code: M 421113	30-year Udibono* Code: S 461108	5-year Bondes D
October 18 <sup>th</sup> , 2016	28, 91 and 182-day Cetes	3-year Bond Code: M 191211	3-year Udibono Code: S 190613	
October 25 <sup>th</sup> , 2016	28, 91 and 182-day Cetes	10-year Bond Code: M 260305		5-year Bondes D
October 31 <sup>st</sup> , 2016	28, 91 and 182-day Cetes	5-year Bond Code: M 210610	10-year Udibono Code: S 251204	
November 8 <sup>th</sup> , 2016	28, 91, 182-day and 1-year Cetes	20-year Bond Code: M 341123	30-year Udibono Code: S 461108	5-year Bondes D
November 15 <sup>th</sup> , 2016	28, 91 and 182-day Cetes	3-year Bond Code: M 191211	3-year Udibono Code: S 190613	
November 22 <sup>th</sup> , 2016	28, 91 and 182-day Cetes	30-year Bond Code: M 421113		5-year Bondes D
November 29 <sup>th</sup> , 2016	28, 91 and 182-day Cetes	5-year Bond Code: M 210610	10-year Udibono Code: S 251204	
December 6 <sup>th</sup> , 2016	28, 91, 182-day and 1-year Cetes	10-year Bond Code: M 260305	30-year Udibono Code: S 461108	5-year Bondes D
December 13 <sup>th</sup> , 2016	28, 91 and 182-day Cetes	3-year Bond Code: M 191211	3-year Udibono Code: S 190613	
December 20 <sup>th</sup> , 2016	28, 91 and 182-day Cetes	20-year Bond Code: M 341123		5-year Bondes D
December 27 <sup>th</sup> , 2016	28, 91 and 182-day Cetes	5-year Bond Code: M 210610	10-year Udibono Code: S 251204	

**IMPORTANT:** In case an instrument is auctioned using the syndicated method, the current instrument will be replaced by the new issuance. \* The auction of stripped 30-year Udibonos will be executed the next business day after the primary auction of Udibonos.

## Exchange and Repurchase Transactions

The Ministry of Finance may execute exchange and repurchase transactions of government securities during the fourth quarter of 2016. These transactions may include any issuance outstanding.

In case one of these transactions is executed, the Ministry will specify, through the Central Bank, the instruments, terms and sizes of each transaction.

## Progress in the government's issuance reduction program

On April 11th, 2016, the Federal Government announced that 167 billion pesos, equivalent to 70 percent of the operating surplus of the Central Bank, would be used to reduce both the Federal Government's outstanding debt and debt issuance during 2016. In this regard, on May 4th the Ministry of Finance repurchased 97.9 billion pesos of fixed rate and inflation linked bonds.

In addition, the Ministry of Finance adjusted its securities auction calendar for both the remaining months of the second quarter and the entire third quarter. With this, the Ministry of Finance reduced its domestic debt issuance by at least 42.375 billion pesos in this period. For the fourth quarter, debt issuance will be reduced by at least 27.250 billion pesos compared to the original program. Thus, the reduction in the domestic debt issuance will reach at least 69.625 billion pesos by the end of 2016. This reduction along with the 97.9 billion pesos repurchase transaction will represent an adjustment in Federal Government's debt by the end of 2016, of at least 167.525 billion pesos, compared to the outstanding debt that would have been observed in the absence of the Central Bank's operating surplus.

### Amendments to Government Securities Auction Program Resulting from the Application of the Central Bank's Operation Surplus

Offered Amounts for each Auction (million pesos)

Instrument	2Q Without Surplus (a)	2Q With Surplus (b)	Change (b-a)	3Q Without Surplus (c)	3Q With Surplus (d)	Change (d-c)	4Q Without Surplus (e)	4Q With Surplus (f)	Change (f-e)
<b>Treasury Bills</b>									
28-day Cetes	min. 4,000 max. 11,000	min. 4,000 max. 11,000	-	min. 4,000 max. 11,000	min. 4,000 max. 11,000	-	min. 4,000 max. 11,000	min. 4,000 max. 11,000	-
91-day Cetes	min. 7,000 max. 14,000	min. 7,000 max. 14,000	-	min. 7,000 max. 14,000	min. 7,000 max. 14,000	-	min. 7,000 max. 14,000	min. 7,000 max. 14,000	-
182-day Cetes	11,000	11,000	-	11,000	11,000	-	11,000	11,000	-
364-day Cetes	11,000	11,000	-	11,000	11,000	-	11,000	10,000	-1,000
<b>Fixed-Rate Bonds</b>									
3-year Bono M	9,000	7,500	-1,500	9,000	7,500	-1,500	9,000	7,500	-1,500
5-year Bono M	8,500	7,500	-1,000	8,500	7,500	-1,000	8,500	7,500	-1,000
10-year Bono M	8,000	7,000	-1,000	8,000	7,000	-1,000	8,000	7,000	-1,000
20-year Bono M	3,000	2,500	-500	3,000	2,500	-500	3,000	2,500	-500
30-year Bono M	2,500	2,000	-500	2,500	2,000	-500	2,500	2,000	-500
<b>Inflation Linked Bonds (Million Udis)</b>									
3-year Udibono	800	750	-50	800	750	-50	800	750	-50
10-year Udibono	700	650	-50	700	650	-50	700	650	-50
30-year Udibono	450	400	-50	450	400	-50	450	400	-50
<b>Floating Rate Bonds</b>									
5-year Bondes D	4,500	3,000	-1,500	4,500	3,000	-1,500	4,500	3,000	-1,500
Reduction vs. the original program <sup>1</sup>			-17,400			-24,975			-27,250
Cumulative reduction			-17,400			-42,375			-69,625

<sup>1</sup> This number accounts for multiplying each auction reduction by the number of auctions during the quarter.