MEDIO: THE NEWS
SECCIÓN: BUSINESS
PÁGINA: 17
FECHA: 25/SEPTIEMBRE/2013

Bond offerings at record high

Mexican companies selling debt at rates

BY **BEN BAIN**
Bloomberg News

NEW YORK – The Federal Reserve's decision to maintain its unprecedented stimulus effort is propelling bond offerings from Mexico to a record this month.

The Mexican government's sale of $3.9 billion in debt Monday pushed dollar offerings coming from the country to $6.9 billion in September, the busiest month since at least 1999 and breaking the previous record of $6.2 billion in Sept. 2004, data compiled by Bloomberg show. The country sold 10-year securities to yield 1.35 percentage point over U.S. Treasuries, less than the 1.42 percentage point premium Colombia paid when it tapped the market last week.

Mexico's sale is part of a surge in issuance by emerging-market borrowers after the Fed unexpectedly said Sept. 18 that it will continue to buy $85 billion of bonds a month to bolster growth in the U.S., triggering a decline in borrowing costs globally. The extra yield investors demand to own developing-nation government debt instead of Treasuries fell the most in almost two years the following day, data compiled by JPMorgan Chase show. Mexican companies including state-run oil producer Petróleos Mexicanos and América Móvil have also sold debt this month.

"Mexico was always opportunistic," Siobhan Morden, head of Latin American strategy at Jefferies Group, said in a telephone interview. "They always want to do some prefunding for the following year, and given the risk-on appetite that we've seen and given that Colombia was first out of the gate, it looks like they would rather do whatever debt liability and new funding that they need now before a crowd of new issuers that are yet to come."

The offering was the country's biggest-ever fixed-rate bond issuance in international markets, said Alejandro Díaz de Leon, who oversees government bond sales as head of public debt at the Finance Ministry.

"In our case and surely in the case of Mexican corporations you try to look for the appropriate window," he said in a telephone interview from Mexico City. "We saw the opportunity yesterday after the Fed clarified it wasn't reducing the pace of its purchases."


CUARTOSCURO/MISAEL VALTIERRA

Alejandro Díaz de Leon oversees Mexico's gov't bond sales.

Mexico sold the 4 percent bonds due 2023 for cash and in an exchange for shorter-term securities.

The average yield on Mexico sovereign dollar debt has dropped 0.47 percentage point to 4.89 percent since Sept. 5, when it touched a 2 1/2-year high, according to JPMorgan. The average yield on Mexican corporate dollar debt has dropped 0.44 percentage point to 5.58 percent from a one-year high on Sept. 5.

Mexico and Colombia are both rated BBB, the second-lowest investment grade, by Standard & Poor's.

"The announcement from the Fed has obviously opened a window for a number of issuers who before were watching Treasury yields move only upwards," Joe Kogan, the head of emerging- market strategy at Scotiabank, said in an emailed response to questions.

Erick Urtuzuástegui, an analyst at economic research provider Prognosis, said Mexican issuance will slow once the Fed begins to curb the pace of its bond purchases.

The Fed will take the first step in reducing its $85 billion in monthly bond purchases in December, according to 59 percent of 41 economists in a Sept. 18-19 survey.

"There's the urgency from many companies and the government to issue now," Urtuzuástegui said by phone from Mexico City.