



Markets

Disclosing Plan to Pay Pemex Debt Caused Cost to Rise, AMLO Says

By Amy Stillman and Maya Averbuch
October 6, 2021, 10:23 PM GMT+7

- ▶ President called those who traded on the news ‘vulture funds’
- ▶ Banxico reserves may go to sovereign debt payments, not Pemex



Andres Manuel Lopez Obrador at his daily morning press briefing in April 2021 Alejandro Cegarra for Bloomberg News

Mexico President Andres Manuel Lopez Obrador said Wednesday that disclosing his plan to prepay debt of Petroleos Mexicanos caused the cost of that transaction to rise, suggesting the operation may be off the table for now.

Bond prices leaped for Pemex, as the state-owned oil company is known, after the president on Sept. 6 began talking up his debt plans at his morning press briefing, making the operation itself more expensive.

The president said at the time that he planned to use at least part of \$12 billion in funds recently transferred to the central bank's reserves from the International Monetary Fund to reduce Pemex's \$115 billion debt burden. The company's bond prices spiked again the following week after Mexico said it purchased \$7 billion of international reserves from the central bank.

[Read More: Mexican President Talks Up the Very Bonds He Plans to Buy](#)

“We spoke here about using resources that were being given to Mexico, that we were thinking about the possibility of buying bonds to pay debt, especially the Pemex debt,” AMLO, as the president is known, said at his Wednesday morning briefing. “Do you know what happened? The interest on Pemex bonds increased because of what are called vulture funds, which are speculative.”

AMLO's press office didn't immediately reply to a request for comment on the status of the debt repayment plan.

The \$7 billion may not go to Pemex and could be used to make upcoming sovereign debt payments, two people familiar with the matter told Bloomberg News last month. A third person said that while the funds may be used to buy back Pemex debt in the end, there are other possibilities currently under analysis, without elaborating.

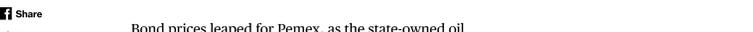
Have a confidential tip for our reporters? [GET IN TOUCH](#)

Before it's here, it's on the Bloomberg Terminal. [LEARN MORE](#)

In this article

12322 **PETROLEOS MEXICANOS** Private Company

GL1 **WTI Crude** 78.33 USD/bbl ▲ +0.90 +116%



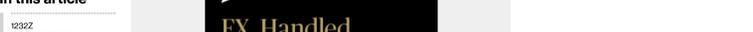
[Read More: Mexican President Talks Up the Very Bonds He Plans to Buy](#)

AMLO's press office didn't immediately reply to a request for comment on the status of the debt repayment plan.

The \$7 billion may not go to Pemex and could be used to make upcoming sovereign debt payments, two people familiar with the matter told Bloomberg News last month. A third person said that while the funds may be used to buy back Pemex debt in the end, there are other possibilities currently under analysis, without elaborating.

From The Web

Sponsored Links by Taboola



The FIX

The Bloomberg Fixed Income Exchange



Macklem Says Exiting Stimulus Will Test Global Financial System

The Weekly Fix
Sign up to get the latest fixed income news, charts, and insights, right in your inbox each Friday.

Enter your email

The Basics

Ultra-Short Bond ETFs Are in Demand

December Deadlines Mean Year-End Crunch for Washington

Mnuchin Says Crypto Stablecoins 'Shouldn't Be Like Casino Chips'

Delta's Foreign Earnings from U.S. to China in Real-Time

UBS's Botched Muni Statements Cost Clients Millions, Suit Says

Schumer Says Debt-Limit Deal Reached, With Vote Possible Today

U.S. Mortgage Rates Dip Slightly, Once Again Dropping Below 3%

Poland Signals Shock Rate Hike Won't Be Repeated Soon

Steven Mnuchin Warns of Inflation Risk, 3.5% Treasury Yields

The Global Economy is Shrugging Off Delta Variants Now

Following the Fed, Bank of Israel to End Bond-Buying Program

Merkel Bids Draghi Farewell, Warning Him Not to Push Germany Too Far

BlackRock Alumni Want to Shake Up World of Junk-Debt Investing

A \$9 Trillion Bill Turns Central Banks Into Market's Biggest Whales

Learn more: [Federal Reserve's new strategy to fight inflation and what it means](#)



NAME	YIELD %	CHANGE
US 3 Month	0.04	0.00
US 6 Month	0.06	1 0.01
US 2 Year	0.31	1 0.01
US 5 Year	1.02	1 0.03
US 10 Year	1.56	1 0.04
US 30 Year	2.12	1 0.05

[More on Rates & Bonds](#)

McConnell: Democrats Had Plenty of Time to Raise the Debt Limit

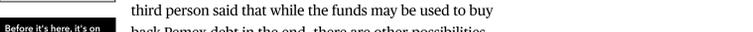


Senate Minority Leader Mitch McConnell says Democrats had plenty of time to work out a deal to raise the debt ceiling. He spoke on the floor this morning. Senate leaders have reached agreement on a deal that staves off any default on federal payments into December. (Source: Bloomberg)



Iceland Must End Fiscal Aid for Economy, Central Bank Chief Says

by Ragnhildur Sigurdardottir



Pandemic May Change European Consumers for Good, ECB Study Finds

by Alexander Weber



Debt Deal, Beer Game, Stephanomics on Supply Chains: Eco Day

by Alessandra Migliaccio



BOE's New Chief Economist Sees Prolonged Jump in U.K. Inflation

by David Goodman



Turkey Governor Says Policy Tight Enough After Surprise Rate Cut

by Cagan Koc



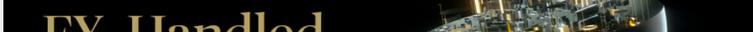
The Extremely Serious Case For Minting the \$1 Trillion Coin

by Joe Weisenthal



Anyone Seen Tether's Billions?

by Zeke Faux



Your monthly limit of free content is about to expire. Stay on top of historic market volatility. Try 3 months for \$9.75 \$0.50 per week. Cancel anytime.

[Claim This Offer](#) [Sign In](#)