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Latam Daily: Colombia Debt Holders, Mexican Inflation

- **Colombia: September COLTES Holders Report—offshore portfolios reflected structuring of the TRS with Treasury, while local banks were the largest sellers during the period**
- **Mexico: Inflation rises, meets expectations; small registered jobs gain**

COLOMBIA: SEPTEMBER COLTES HOLDERS REPORT—OFFSHORE PORTFOLIOS REFLECTED STRUCTURING OF THE TRS WITH TREASURY, WHILE LOCAL BANKS WERE THE LARGEST SELLERS DURING THE PERIOD

In September, markets continued to react to the nation's debt strategy, with the structuring of the Total Return Swap (TRS) taking center stage. During the month, the government carried out a new liability management operation (LMO) on UVR-denominated debt—the sixth so far this year. This operation reduced the outstanding volume of COLTES UVR maturing in 2027, 2029, 2033, and 2035, exchanging them for COLTES UVR 2031 and 2062. Up to this operation, LMOs have collectively led to a COP 8 tn reduction in the country's nominal debt outstanding (excluding Treasury portfolio operations). In terms of price action, the COLTES pesos curve appreciated 13 bps in a mixed movement that specifically benefitted the belly and the long end of the curve.

Offshore investors emerged as some of the largest buyers of COLTES during the period (charts 1 and 3), driven by the execution of the TRS, in which six international banks received COLTES. Our estimates indicate that, without this operation, offshore investors would have been net sellers of COLTES in spot transactions by COP 2.4 tn during September. The central bank became the second-largest buyer of COLTES, responding to the economy's liquidity needs amid significant operations by the Treasury (table 1).

On the other hand, local banks were among the largest sellers of COLTES during the period (chart 4), influenced by the liquidation of holdings by offshore investors through non-delivery forward (NDF) operations. This was followed by the Ministry of Finance (chart 5), whose COLTES sales may have been related to the delivery of these assets for the TRS structuring, offset by purchases executed in the secondary market.

Key takeaways:

- **Changes in offshore portfolios reflected the TRS operation.** Offshore investors increased their holdings by COP 31.4 tn during the period, due to the delivery of COLTES to six international banks for the structuring of the TRS with the Treasury (COP 21.6 tn in short-term debt called TCOs, and COP 12 tn in COLTES). Our

Chart 1

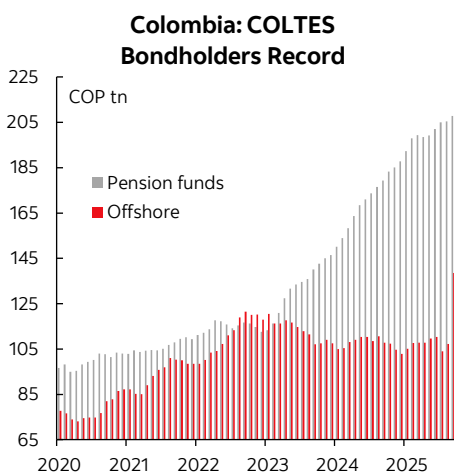
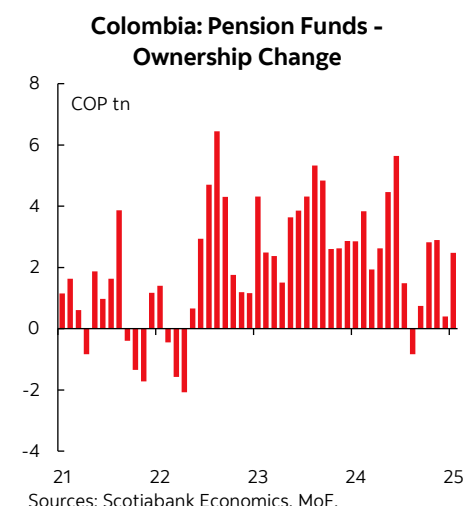


Chart 2

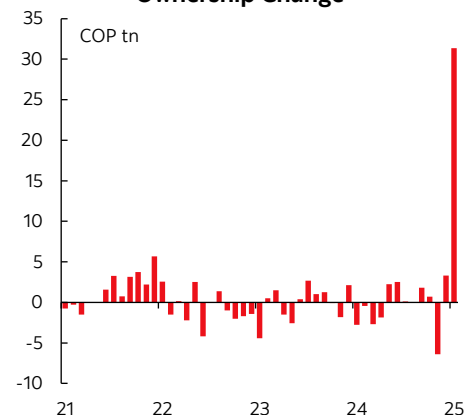


estimates suggest that, in the absence of this operation, offshore accounts would have recorded net sales of over COP 2.4 tn in spot transactions. Year-to-date, they have reported net purchases totaling COP 20.1 tn. Offshore funds have reemerged as the second-largest holders of COLTES, now accounting for 20% of the total outstanding. In September, we also observed position liquidations among some agents who prefer to operate through NDFs.

- BanRep was the second-largest buyer of COLTES during the period** (chart 6). Purchases of peso-denominated COLTES totaled COP 2.7 tn, while UVR-denominated COLTES amounted to COP 300 bn. In total, BanRep recorded net purchases of COP 3.0 tn in September—a level not seen since August 2024. These operations were carried out to meet the economy's increased liquidity needs, likely in response to the operations executed by Treasury, and to help align the overnight IBR with the monetary policy rate.
- Local banks were the largest sellers of COLTES during the period.** Sales of peso-denominated COLTES totaled COP 10.5 tn, while UVR-denominated COLTES sales amounted to COP 1.3 tn. In total, banks recorded sales of COP 11.8 tn in September—levels not seen since 2012, when debt holder records began. Their portfolios now total COP 104 tn, representing 15% of the total outstanding. We attribute this portfolio reduction especially to a reduction in rollover of NDFs in COLTES by offshore investors, since the credit market is not picking up substantially to motivate a replacement in bank's assets.

Chart 3

Colombia: Offshore - Ownership Change



Sources: Scotiabank Economics, MoF.

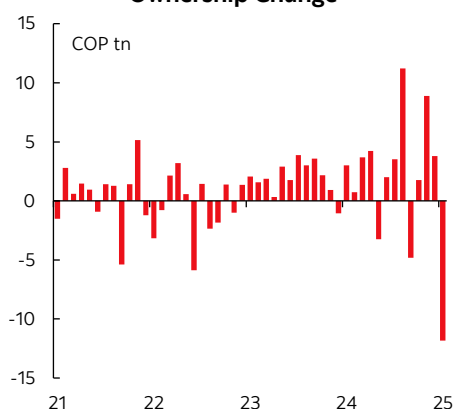
Table 1: Colombia - COLTES Holdings (September 2025)

Agent	COLTES Holdings			% Outstanding			Monthly Change			YTD Change		
	COP	UVR	TOTAL	COP	UVR	TOTAL	COP	UVR	TOTAL	COP	UVR	TOTAL
Pension Funds	133.0	74.9	207.9	27.5	35.9	30.0	3.1	-0.6	2.5	16.4	3.7	20.1
Banks	80.4	23.6	104.0	16.6	11.3	15.0	-10.5	-1.3	-11.8	10.6	0.7	11.2
Offshore Funds	131.0	7.6	138.6	27.1	3.7	20.0	30.8	0.6	31.4	34.7	1.0	35.7
Insurance and Capitalization Companies	16.3	66.1	82.3	3.4	31.7	11.9	0.0	1.3	1.4	2.2	11.5	13.7
Public Trusts	22.4	14.3	36.7	4.6	6.9	5.3	-0.5	-0.2	-0.7	-7.6	0.1	-7.6
BanRep	30.7	7.0	37.7	6.3	3.4	5.4	2.7	0.3	3.0	4.5	1.0	5.5
Infrastructure Companies	20.7	5.5	26.2	4.3	2.6	3.8	-0.6	-0.2	-0.7	5.0	0.1	5.1
Local Retail Funds	17.4	4.0	21.5	3.6	1.9	3.1	-0.1	0.2	0.1	8.6	1.2	9.8
MoF	9.4	0.5	9.9	1.9	0.3	1.4	-2.5	0.2	-2.3	9.3	0.5	9.8
Commercial Financing Companies	7.0	0.0	7.0	1.5	0.0	1.0	-0.1	0.0	-0.1	5.9	0.0	5.9
Financial Corporations	3.6	1.4	5.0	0.7	0.7	0.7	1.0	0.1	1.1	0.8	-0.6	0.2
Public Pension Fund (Colpensiones)	2.1	1.6	3.7	0.4	0.8	0.5	0.0	0.0	0.0	0.3	-0.2	0.1
Businesses	2.4	0.5	2.9	0.5	0.3	0.4	0.1	0.1	0.1	0.9	0.2	1.1
Public Entities	2.2	0.3	2.5	0.4	0.1	0.4	0.2	0.0	0.2	-2.5	0.0	-2.5
Funds and Pension Funds Administered by Others	1.2	0.2	1.4	0.2	0.1	0.2	0.0	0.0	0.0	0.6	0.0	0.6
Stockbrokers	1.4	0.3	1.7	0.3	0.1	0.2	0.2	0.1	0.3	0.6	0.2	0.8
Non-Profit Entities	0.4	0.3	0.8	0.1	0.2	0.1	0.0	0.0	0.0	0.1	0.2	0.3
Individuals	0.5	0.0	0.5	0.1	0.0	0.1	0.0	0.0	0.0	0.3	0.0	0.3
Other Funds	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	484.2	208.6	692.8				23.9	0.6	24.4	90.6	19.5	110.1

Sources: Scotiabank Economics, MoF.

Chart 4

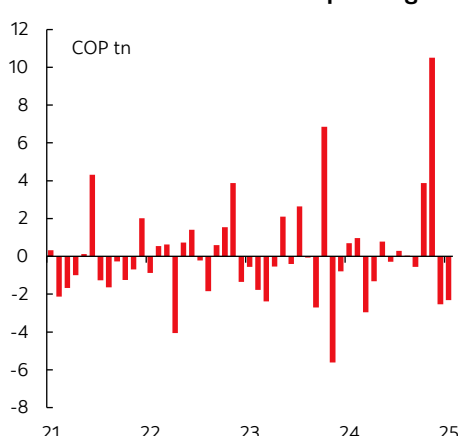
Colombia: Local Banks - Ownership Change



Sources: Scotiabank Economics, MoF.

Chart 5

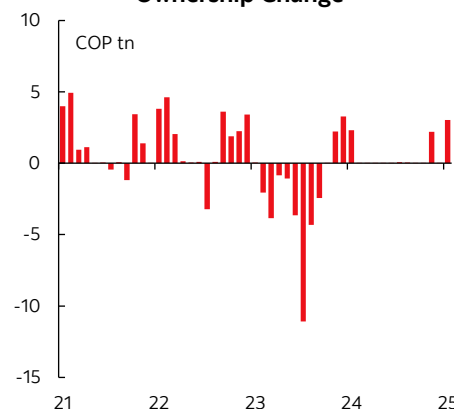
Colombia: MoF - Ownership Change



Sources: Scotiabank Economics, MoF.

Chart 6

Colombia: BanRep - Ownership Change



Sources: Scotiabank Economics, MoF.

October 9, 2025

- **The Ministry of Finance reported the second-largest sales.** During September, the MoF sold COP 2.3 tn from its portfolio, which totaled COP 9.9 tn for the month. This behaviour reflects the delivery of these assets to the six international banks for the structuring of the TRS, offset by the possible continuation of COLTES purchases executed in the secondary market.
- **Total COLTES outstanding increased by COP 24.4 tn in September.** The share of nominal bonds represents 69.9% of the total outstanding. Year-to-date through September, total COLTES outstanding has risen by COP 110 tn. In terms of composition, COP 7.58 tn of the monthly increase was driven by auctions (TCOs and long-term COLTES), although this was lower than the previous month due to the postponement of some auctions to allow for external debt issuance.

—Jackeline Piraján & Valentina Guio

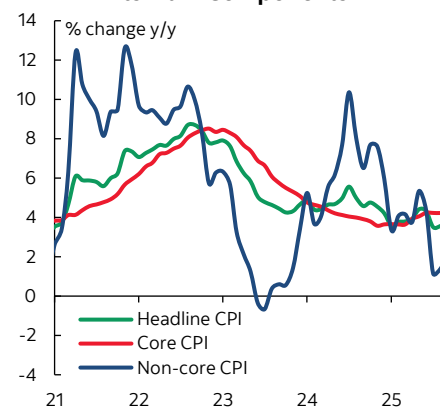
MEXICO: INFLATION RISES, MEETS EXPECTATIONS; SMALL REGISTERED JOBS GAIN

In September 2025, headline inflation rose 0.23% m/m, below the 0.26% expected by analysts, but higher than the 0.06% recorded in August. This placed annual inflation at 3.76%, slightly below the 3.78% forecast, but above the 3.57% from the previous month (chart 7). Core inflation, which excludes volatile items, increased 0.33% monthly and 4.28% annually (chart 8), in line with market expectations and reflecting an acceleration compared to August. This was driven by price increases in goods (4.19% y/y) and services (4.36%). In contrast, the non-core component fell -0.10% monthly, due to declines in agricultural and energy products, with an annual variation of 2.02%. Among the items with the greatest upward impact were housing, primary education, and food services; while eggs, avocados, and professional services contributed to the downward pressure.

According to the Mexican Social Security Institute (IMSS), 22,571,682 jobs were registered with social security in September. Excluding recent affiliations of app-based workers, the IMSS reported a monthly increase of 116,765 jobs, while the 12-month total showed a net gain of 90,879 jobs, equivalent to an annual growth of 0.4%. On the other hand, the total number of employers during the period was 1,039,227, meaning 25,318 employers were lost over the past year, representing an annual decline of 2.4% and marking 15 consecutive months of contraction. While monthly formal job creation is a positive sign, the modest annual growth and continued loss of employers can reflect structural weaknesses in business formation. Lastly, the average base salary for social security contributions reached \$623.10 MXN, reflecting a nominal annual increase of 7.1% (charts 9 and 10).

Chart 7

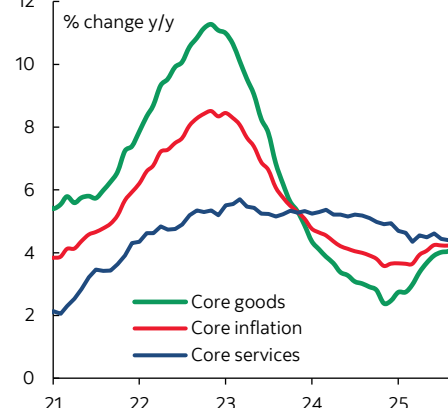
Mexico: Monthly Inflation & Its Main Components



Sources: Scotiabank Economics, INEGI.

Chart 8

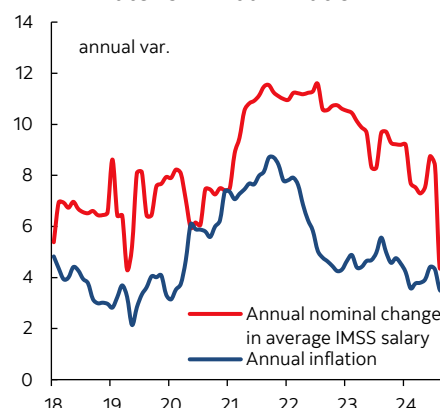
Mexico: Core Goods & Services Inflation



Sources: Scotiabank Economics, INEGI.

Chart 9

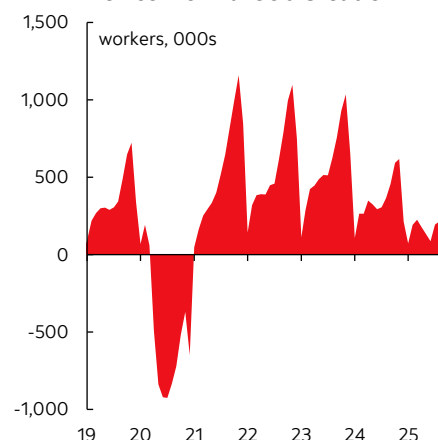
Mexico: Average IMSS Salary Growth Rate vs. Annual Inflation



Sources: Scotiabank Economics, IMSS.

Chart 10

Mexico: Formal Job Creation



Sources: Scotiabank Economics, IMSS.

—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

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