

Fixed-Income & FX Strategy

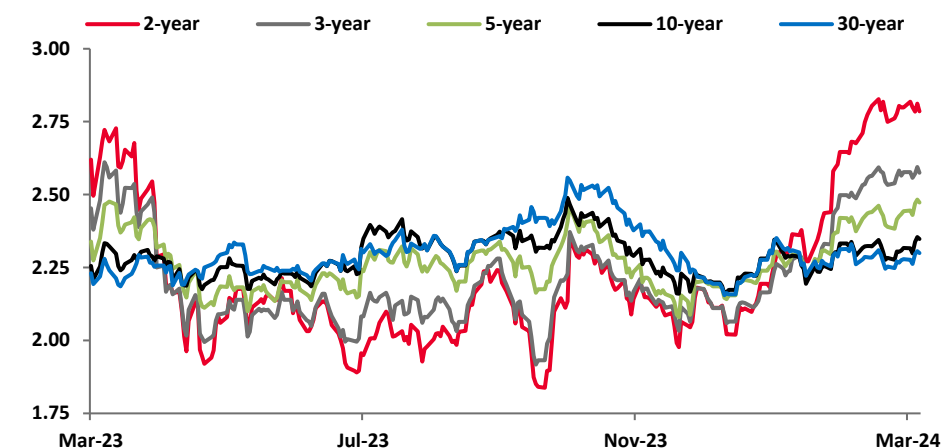
W e e k l y

March 22, 2024

Fixed-Income and FX Weekly

- Risk of rate pressures ahead of key figures in the U.S. in the coming days.** Sovereign bonds took a breather this week, with shorter-term rates benefiting the most on the back of catalysts that validated optimism regarding potential Fed and other central bank cuts this year. In this context, we see tight valuations in the nominal curve in Mexico, especially in the short-end, making it challenging to structure directional strategies at the moment. The market is pricing-in 156bps of cuts for Banxico in the 2024 aggregate, very close to our year-end rate estimate of 9.75%. However, the reaction in Mbonos to Banxico's 25bps cut was interesting as short-term securities extended gains yesterday by more than 10bps, suggesting that the market could assign some probability to a cut in May. If the rally continues, paying shorter-term tenors as a tactical strategy could result attractive as we expect [Banxico](#) to stay pat in May's meeting with its rate unchanged at 11.00% until June. The next two weeks will feature an agenda highlighting two main risks to fixed-income performance: the US PCE deflator for February and the March's NFP. On balance, we consider the risk to rates could be to the upside, in a context where U.S. inflation breakevens have recently picked-up, particularly for readings from 5-years onwards, while shorter metrics remain close to year highs. Given this combination, we choose to wait for better market conditions for positions in the long-end of the nominal curve in Mexico. As we've mentioned, the Mbono Nov'42 shows an attractive valuation. However, spreads against Treasuries remain low across the entire curve, making it difficult to initiate any directional position. In FX, MXN reaction to Banxico's cut was very modest, in line with our expectations and even marginally strengthening in Thursday's session. We believe the peso will continue supported by Mexico's attractive real rate and rate spreads against other flow competitors that will continue on its favor. Furthermore, considering other countries will extend more aggressive cuts (e.g. CLP, COP). We also consider the difficulty to break the 16.60 region reflects that the appreciation is showing signs of fatigue, at least in the short term. Buying dollars at current levels seems attractive, and with implied volatilities which, after the sharp decline since the end of last year, have shown resistance to extend the recent compression
- Weekly ranges** – We expect that the 10-year Mbono (Nov'34) to trade between 9.05% and 9.30%, and MXN between 16.50 and 17.00 per dollar

US Inflation breakevens
%



Source: Bloomberg, Banorte



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com

Index

Markets summary.....	pg. 3
Fixed-Income	
Market dynamics.....	pg. 4
Supply.....	pg. 6
Demand.....	pg. 7
Technical.....	pg. 10
Foreign exchange	
Market dynamics.....	pg. 12
Market positioning and flows.....	pg. 13
Technical.....	pg. 14

This document will not be published during the Easter Holiday, resuming with its publication on April 5th



[@analisis_fundam](http://www.banorte.com/analisiseconomico)

Winners of the awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023



**LSEG STARMINE
AWARD FOR
REUTERS POLLS**
Best Forecaster
Economic Indicators
for Mexico 2023



Document for distribution among the general public



Fixed-Income

- **Rally in sovereign bonds** – Treasuries yield curve recorded a bull steepening following Fed's decision, with the 2-year benchmark rallying 14bps w/w and closing around the 100-day MA at 4.59%. In a similar fashion, the Mbonos and TIE-IRS averaged gains of 9bps, with the short- and mid-end benefiting the most
- **Supply** – On Monday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 3-year Mbono (Sep'26), the 20-year Udibono (Nov'43), as well as 1-, 3-, and 7-year Bondes F
- **Demand** – In the last four weeks, foreigners recorded higher holdings in Cetes by 2.6%, equivalent to 12.8% of the total amount outstanding. Furthermore, they reduced their exposure in Mbonos by 1.8% (31.2% of the total). Pension funds' holdings in Udibonos increased 1.8%, equal to 55.7% of the total. In turn, Mutual funds reduced their exposure to Bondes F by 4.3%, but they remain as the main holders with 54.9% of the total
- **Technicals** – Mbonos' 2s30s spread moved to -54bps from -60bps the previous week, while this reading for Treasuries stood at -21bps from -30bps. In addition, the 10-year spread between Mbonos and Treasuries remained virtually unchanged vs the previous week at 505bps, remaining below the 12-month lows of 513bps

Foreign Exchange

- **The USD scored its second week strengthening** – The DXY and BBDXY rose 1.0% and 0.9% w/w, respectively, as a result of a negative balance in all G10 and in most of EM currencies. For developed currencies, stronger losses came for SEK (-1.9%) and CHF (-1.5%), with the latter impacted by the unexpected cut from the SNB. JPY (-1.6%) also fell during the week and despite the BoJ's hike, as it signaled no further increases in the short-term. In EM, CLP (-4.1%) led the sell-off, influenced by the dovish expectation for its central bank
- **The MXN paired a three-week rally** – The peso kept respecting the 16.65 region as a floor and was mostly supported on Wednesday's session amid broad USD weakness in the aftermath of the Fed's decision. However, it closed at 16.76 per dollar, depreciating 0.3% w/w. With this adjustment it stood among the most defensive EM and only after BRL between Latam's strongest
- **Market positioning in MXN** – As of March 19th, the MXN CFTC position registered a net long of US\$ 3.82 billion, rising 23% vs the previous week. This data is the highest net long registered since March 2020
- **Market positioning in USD** – The IMM USD net long position increased strongly to US\$ 7.9 billion from US\$ 0.5 billion. The main driver was strong sales in EUR (-3.6 billion), collapsing the net long position to lows not seen since October 2022
- **Flows** – Our EPFR EM aggregate continued to register outflows, holding on the negative trend since May of last year. It recorded an outflow US\$ 2.9 billion from US\$ 1.1 billion the previous week. Bond exits were observed in all regions including Europe, which had seen 4 weeks of inflows. Equity sales also came in a widespread fashion, with Brazil experiencing the highest relative increase in outflows for Latam. Mexico, marked a net outflow of US\$ 153 million from an outflow of US\$ 69 million the previous week, resulting this time from sales of US\$ 73 million in equities (previous: -51 million) and sales of US\$ 80 million in bonds (previous: -18 million)
- **Technicals** – The MXN registered a weekly trading range of 28 cents, above the four-week average of 20 cents, hovering between 16.67 and 16.95 per dollar. The following relevant technical levels are: 16.62, 16.55, and 16.50 (resistances) and 16.90, 17.00, and 17.10 (supports)

Fixed-Income Dynamics

Fixed-income securities performance

Security	YTM (%)	Weekly change (bps)	Δ last 4 weeks (bps)	YTD (bps)	12m Max (%)	12m Min (%)	12m Average (%)
Overnight TIIE funding rate							
1-day	11.26	2	1	-19	11.45	11.01	11.25
28-days ¹	11.29	0	0	-1	11.34	11.05	11.29
91-days ¹	11.41	0	0	-1	11.45	11.15	11.40
182-days ¹	11.57	0	0	-2	11.62	11.31	11.57
Cetes							
28-days	11.06	-18	-9	-19	11.49	10.45	11.14
91-days	11.14	-9	-16	-10	11.61	10.75	11.35
182-days	11.19	-1	-9	-14	12.06	10.90	11.49
364-days	10.80	-32	-34	-34	12.13	10.88	11.47
728-days	10.78	-6	-3	-14	12.14	10.50	11.15
Mbonos							
Sep'24	11.11	-12	-12	14	11.57	10.03	10.99
Dec'24	10.88	-12	-6	22	11.31	9.57	10.66
Mar'25	10.46	4	42	56	11.24	9.56	10.34
Mar'26	9.97	-12	3	22	10.92	8.85	9.85
Sep'26	9.87	-10	15	37	10.78	9.22	9.90
Mar'27	9.50	-14	10	12	10.53	8.58	9.50
Jun'27	9.47	-12	4	21	10.49	8.49	9.43
Mar'29	9.28	-12	0	21	10.32	9.07	9.64
May'29	9.20	-8	1	26	10.24	8.43	9.14
May'31	9.21	-7	2	27	10.26	8.45	9.13
May'33	9.24	-7	4	30	10.24	8.52	9.13
Nov'34	9.25	-8	7	31	10.21	8.49	9.11
Nov'36	9.26	-4	8	34	10.20	8.53	9.11
Nov'38	9.37	-2	6	33	10.25	8.66	9.23
Nov'42	9.43	-7	4	36	10.25	8.71	9.26
Nov'47	9.42	-6	3	34	10.17	8.69	9.22
Jul'53	9.43	-6	3	36	10.17	8.66	9.23
TIIE-IRS							
3-month (3x1)	11.20	-11	-18	-26	11.62	11.20	11.50
6-month (6x1)	11.05	-12	-18	-23	11.65	11.05	11.43
9-month (9x1)	10.89	-10	-14	-20	11.63	10.89	11.30
1-year (13x1)	10.62	-10	-12	-16	11.46	10.62	11.04
2-year (26x1)	9.73	-14	-2	3	10.83	9.49	9.98
3-year (39x1)	9.23	-11	6	15	10.31	8.72	9.33
4-year (52x1)	8.94	-7	7	21	10.02	8.30	8.98
5-year (65x1)	8.79	-8	7	23	9.87	8.10	8.80
7-year (91x1)	8.70	-8	7	25	9.78	7.98	8.69
10-year (130x1)	8.71	-7	6	26	9.78	7.97	8.69
20-year (3x1)	8.78	-6	8	28	9.85	8.05	8.76
30-year (390x1)	8.75	-4	7	30	9.84	8.07	8.75
Udibonos							
Dec'25	6.79	-11	7	81	6.45	4.46	5.67
Dec'26	5.86	-1	-6	24	6.42	4.36	5.44
Nov'28	5.13	0	29	65	5.62	4.02	4.69
Nov'31	4.98	0	18	51	5.39	3.94	4.58
Aug'34	4.92	1	--	--	--	--	--
Nov'35	4.91	9	28	54	5.06	3.96	4.45
Nov'40	4.89	6	24	57	5.04	3.96	4.48
Nov'43	4.95	8	29	62	5.06	4.30	4.60
Nov'46	4.84	7	28	69	5.04	3.91	4.46
Nov'50	4.88	8	29	65	5.03	3.97	4.48

Source: Bloomberg, PIP, Banxico, Banorte

1: Compounded in advance Overnight TIIE Funding rate for "n" days

Fixed-Income Dynamics (continued)

USD UMS and US Treasuries performance

UMS					UST			Spreads			CDS
Term	Maturity date	YTM Mar/22/2024	Weekly change (bps)	YTD (bps)	YTM Mar/22/2024	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Jan'26	5.09	-11	+61	4.59	-14	+16	50	+3	24	36
3Y	Mar'27	4.98	-11	+18	4.35	-16	+13	63	+4	33	53
5Y	May'29	5.27	-11	+49	4.18	-14	+18	109	+3	100	92
7Y	Apr'30	5.38	-11	+5	4.20	-13	+23	118	+2	126	129
10Y	May'33	5.62	-9	+6	4.20	-11	+32	142	+2	162	161
20Y	Mar'44	6.22	-9	-16	4.47	-8	+32	175	-1	190	--
30Y	May'54	6.44	-6	+5	4.38	-5	+41	206	-1	227	--

Source: Bloomberg, Banorte

5Y USD UMS



Source: Bloomberg, Banorte

10Y USD UMS



Source: Bloomberg, Banorte

5Y UMS-UST Spread



Source: Bloomberg, Banorte

10Y UMS-UST Spread



Source: Bloomberg, Banorte

Fixed-Income Supply

- Mexico's weekly auction.** On Monday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43), as well as 1-, 3-, and 7-year Bondes F. It is worth noting that the MoF will release the Government Securities Auction Calendar for 2Q24 on March 26th
- Robust appetite for Cetes even after Banxico's rate cut.** Cetes remain an attractive investment option considering the high real rates that remain very close to historical highs. In our view, Banxico will not make consecutive cuts, holding the reference rate unchanged at 11.00% in the May meeting, resuming cuts in June at a pace of 25bps until ending the year at 9.75%. Under this scenario, we expect strong demand for Cetes, likely seeing an improvement for the 2-year tenor compared to the previous auction (2.2x). In nominal rates, the short-end reflects a less attractive valuation compared to real rates of the same maturity. However, the 3-year Mbono (Sep'26) shows modest room for additional gains according to our duration-adjusted yield analysis. In this sense, we expect demand to be stable, in line with the average of its last four issuances of 2.0x. On the other hand, we anticipate weak appetite for the 20-year Udibono (Nov'43) given a relatively unattractive valuation and despite modest compression in the inflation breakeven to 4.27% from 4.39% in the week

Auction specifics (March 25th, 2024)

Security	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	Apr-25-24	--	10,000	10.99
3m	Jun-27-24	--	10,000	11.19
6m	Sep-19-24	--	11,600	11.23
24m	Feb-19-26	--	18,200	10.80
Bondes F				
1Y	Jan-16-25	--	8,000	0.09
3Y	Jan-14-27	--	3,500	0.17
7Y	Oct-04-29	--	900	0.22
Bono M				
3Y	Sep-03-26	7.00	14,500	9.81
Udibono				
20Y	Nov-12-43	3.25	UDIS 850	4.69

Source: Banxico, Banorte

1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.

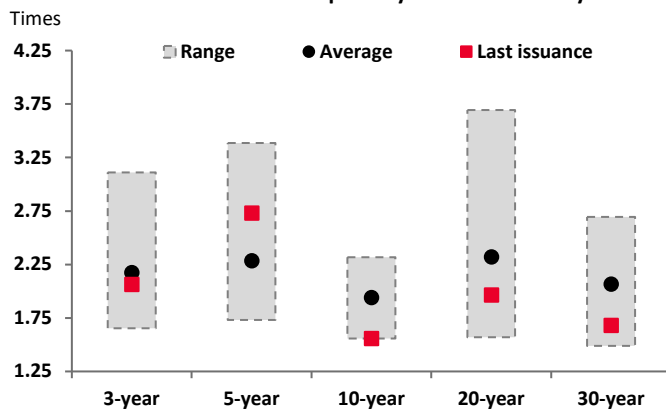
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

1Q24 Government Securities Auction Calendar*

Date	Cetes	Bonos M	Udibonos	Bondes F
2-Jan	1, 3, 6, and 24M	3Y (Sep'26)	20Y (Nov'43)	1, 3, and 7Y
9-Jan	1, 3, 6, and 12M	30Y (Jul'53)	10Y (Nov'31)	2, 5, and 10Y
16-Jan	1, 3, 6, and 24M	5Y (Mar'29)	30Y (Nov'50)	1, and 3Y
23-Jan	1, 3, 6, and 12M	10Y (Nov'34)	3Y (Dec'26)	2, and 5Y
30-Jan	1, 3, 6, and 24M	3Y (Sep'26)	20Y (Nov'43)	1, 3, and 7Y
6-Feb	1, 3, 6, and 12M	20Y (Nov'42)	10Y (Nov'31)	2, 5, and 10Y
13-Feb	1, 3, 6, and 24M	5Y (Mar'29)	30Y (Nov'50)	1, and 3Y
20-Feb	1, 3, 6, and 12M	30Y (Jul'53)	3Y (Dec'26)	2, and 5Y
27-Feb	1, 3, 6, and 24M	3Y (Sep'26)	20Y (Nov'43)	1, 3, and 7Y
5-Mar	1, 3, 6, and 12M	10Y (Nov'34)	10Y (Nov'31)	2, 5, and 10Y
12-Mar	1, 3, 6, and 24M	5Y (Mar'29)	30Y (Nov'50)	1, and 3Y
19-Mar	1, 3, 6, and 12M	20Y (Nov'42)	3Y (Dec'26)	2, and 5Y
25-Mar	1, 3, 6, and 24M	3Y (Sep'26)	20Y (Nov'43)	1, 3, and 7Y

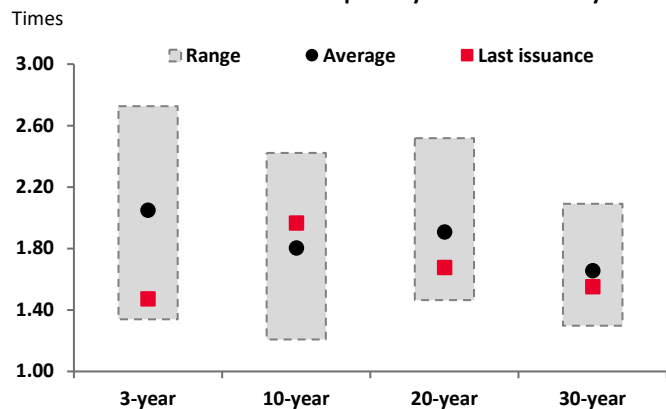
Source: SHCP *Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

Mbonos' bid-to-cover ratios for primary auction in last 2 years



Source: Bloomberg, Banorte

Udibonos' bid-to-cover ratios for primary auction in last 2 years



Source: Bloomberg, Banorte

Fixed-Income Demand

Government and IPAB securities holdings by type of investor

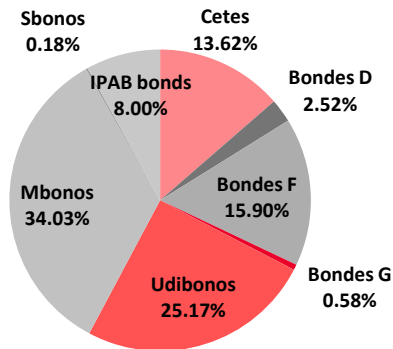
US\$ billion, *UDIS billion, data as of Mar/11/2024

Securities	Total amount outstanding	Foreign investors	Pension funds	Mutual funds	Insurance companies	Local banks	Repos with Banxico	Guarantees received by Banxico	Securities held by Banxico	Other domestic residents
Cetes	104.53	13.34	12.79	15.42	5.42	12.75	1.40	5.14	-	38.26
Bondes D	19.38	0.54	0.55	8.18	0.26	4.89	-	0.01	-	4.95
Bondes F	122.06	0.49	5.85	64.58	1.97	16.93	2.06	0.01	-	30.16
Bondes G	4.47	-	0.07	3.08	0.32	0.08	0.54	-	-	0.37
Udibonos	193.26	8.53	107.62	7.94	36.04	4.22	0.71	0.10	-	28.09
Mbonos	261.24	81.43	62.44	6.08	7.34	40.54	12.66	1.49	0.89	48.36
Sbonos	1.37	0.65	0.39	0.01	0.03	0.04	-	-	-	0.25
Total	706.30	104.97	189.72	105.30	51.38	79.46	17.37	6.76	0.89	150.45
Udibonos*	400.58	17.68	223.08	16.46	74.70	8.75	1.48	0.21	-	58.21
IPAB bonds	61.45	0.02	0.61	21.47	0.30	12.73	3.68	2.30	-	20.33

Source: Banxico, Banorte

Government issuance by type of instrument

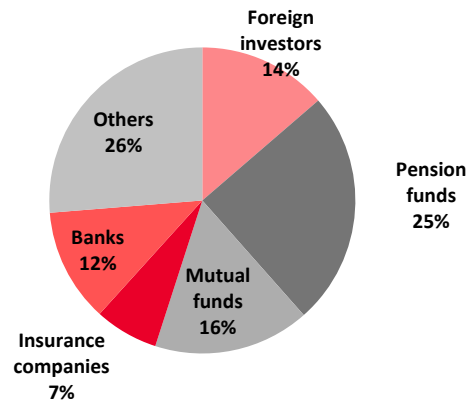
Total amount of US\$ 768 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

Mbonos holdings by type of investor

Total amount of US\$ 768 billion (including IPAB bonds), % of total

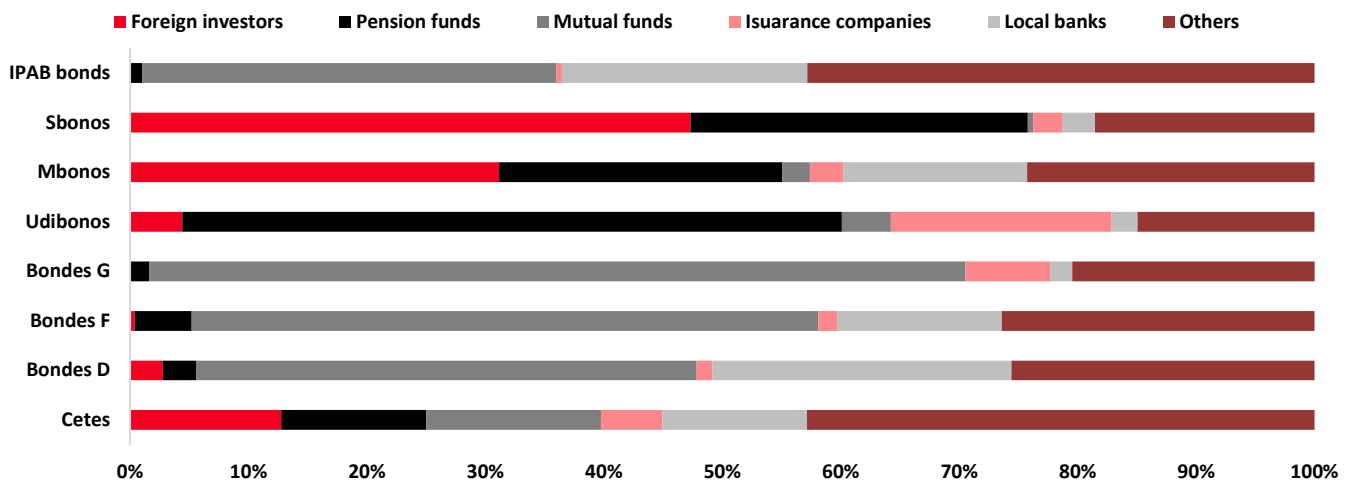


Source: Banxico, Banorte

Note: "Others" includes repos, guarantee and securities held by Banxico, as well as other domestic residents

Government securities holdings by type of investor

Total amount of US\$ 768 billion (including IPAB bonds), % of total



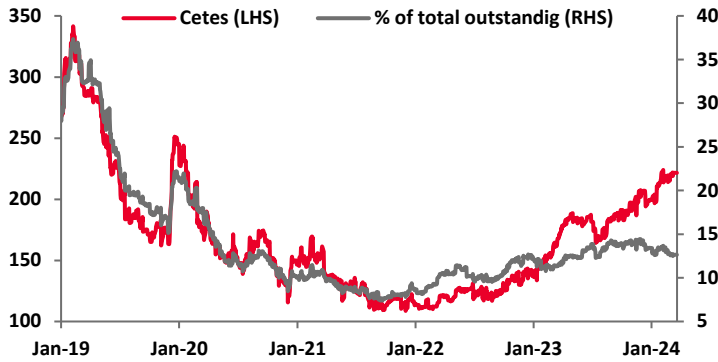
Source: Banxico, Banorte

Note: "Others" includes repos, guarantee and securities held by Banxico, as well as other domestic residents

Fixed-Income Demand (continued)

Cetes held by foreigners

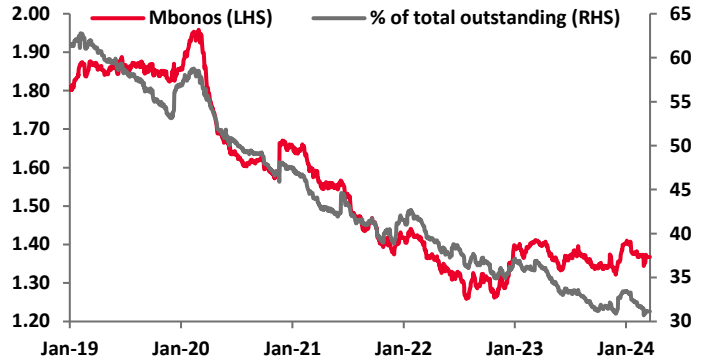
MXN billion, %



Source: Banxico, Banorte

Mbonos held by foreigners

MXN trillion, %



Source: Banxico, Banorte

Holdings of main investors by type of security

Data as of Mar/11/2024

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	2.62	12.21	-8.69	-3.38	19.74	23.19
Bondes F	3408.37	7138.33	4.54	-20.14	-4.33	-0.46
Udibonos	-0.26	-4.56	1.76	6.08	-0.03	7.66
Mbonos	-0.24	-2.40	0.04	3.97	-3.40	-9.15

Source: Banxico, Banorte

Mbonos holdings by type of investor

US\$ billions and %, data as Mar/07/2024

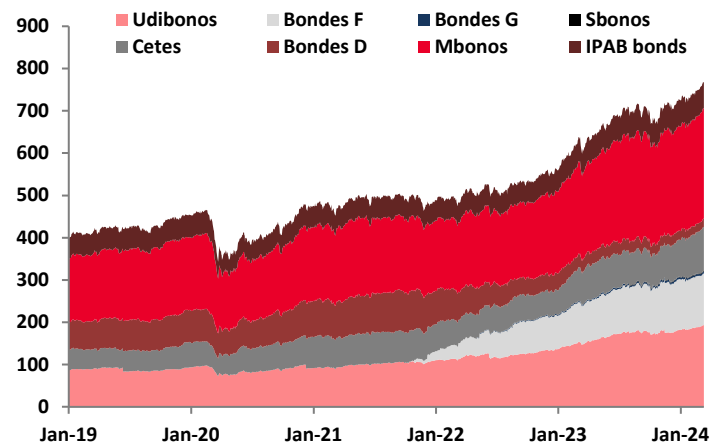
Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Sep'24	16.1	27%	9%	14%	50%
Dec'24	12.2	36%	20%	7%	36%
Mar'25	8.0	36%	15%	22%	27%
Mar'26	26.4	30%	25%	12%	33%
Sep'26	11.3	39%	22%	15%	23%
Mar'27	21.9	26%	21%	12%	41%
Jun'27	20.9	22%	31%	25%	21%
Mar'29	8.2	24%	26%	21%	29%
May'29	16.5	5%	50%	23%	23%
May'31	24.5	4%	46%	33%	17%
May'33	17.0	5%	43%	31%	22%
Nov'34	7.8	9%	40%	35%	17%
Nov'36	4.4	0%	24%	48%	28%
Nov'38	12.8	1%	41%	43%	15%
Nov'42	19.5	1%	39%	46%	14%
Nov'47	15.5	0%	36%	46%	18%
Jul'53	13.8	1%	32%	46%	22%
Total	243.1	16%	32%	27%	26%

Source: Banxico, Banorte

Notas: "Institutional investors" include pension funds, mutual funds, and insurance companies. "Others" includes repos, guarantee and securities held by Banxico, as well as other domestic residents

Government securities issuance

USD Billions

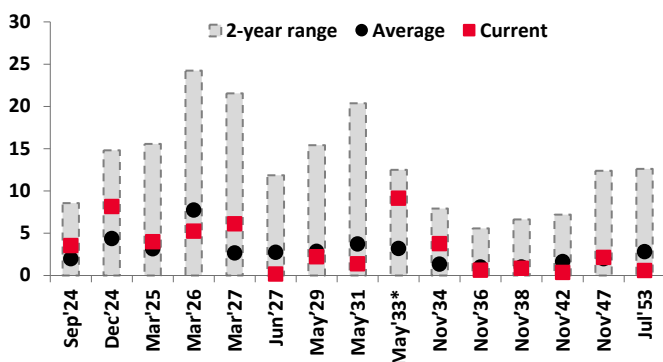


Fuente: Banxico, Banorte

Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

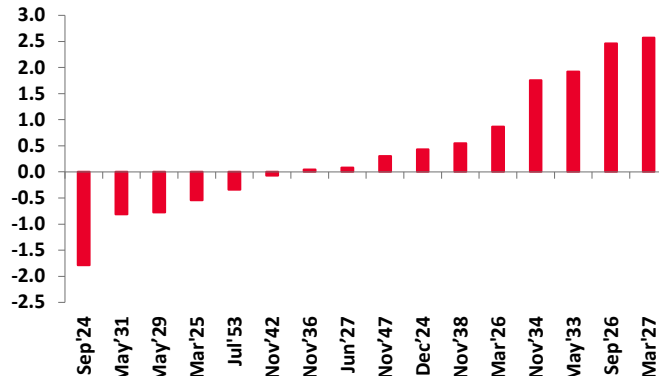
MXN billion



Source: Banxico, Banorte *May'33 issued in December 2022

Weekly change in market makers' short positions on Mbonos

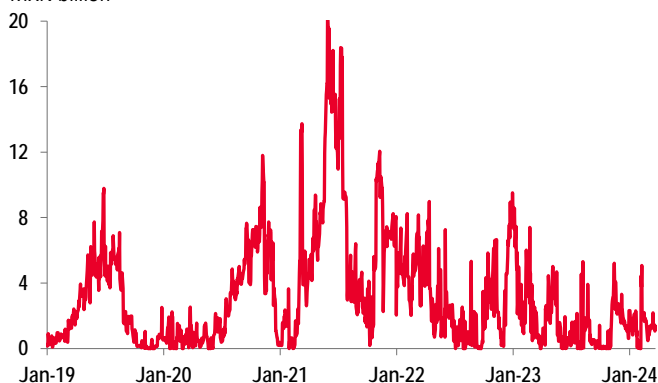
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

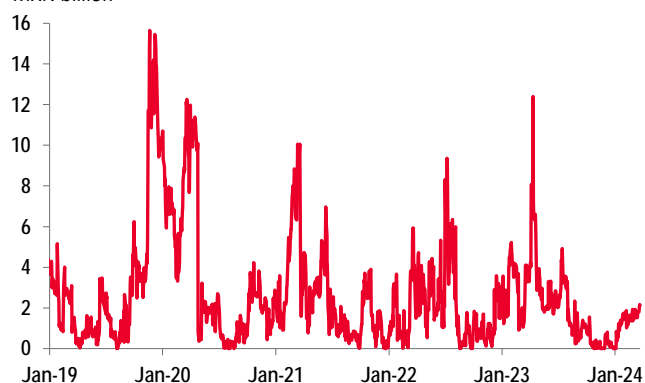
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono Nov'47

MXN billion



Source: Banxico, Banorte

Market makers' position on Mbonos

US\$ million

Maturity date	Total amount outstanding as of Mar/21/2024	Mar/21/2024	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Sep'24	16,061	211	317	348	217	404	0
Dec'24	12,501	486	460	337	164	486	49
Mar'25	8,975	237	269	348	115	610	162
Mar'26	26,585	314	262	670	592	974	216
Sep'26	11,527	443	296	461	0	594	79
Mar'27	22,043	364	211	456	8	879	8
Jun'27	21,029	9	4	0	127	223	0
Mar'29	9,035	504	433	174	0	714	0
May'29	17,786	131	178	157	120	921	8
May'31	24,795	82	131	101	0	311	0
May'33	17,458	545	430	352	223	746	1
Nov'34	8,594	225	119	160	61	473	0
Nov'36	4,473	36	33	51	102	98	0
Nov'38	12,992	50	17	97	43	306	0
Nov'42	20,257	21	25	0	6	226	0
Nov'47	15,668	126	108	93	197	130	0
Jul'53	13,871	34	55	1	5	640	0
Total	263,649	3,783	3,293	3,805	1,975		

Source: Banxico, Banorte

Fixed-Income Technicals

Spread between Cetes and Implied Forward Rates

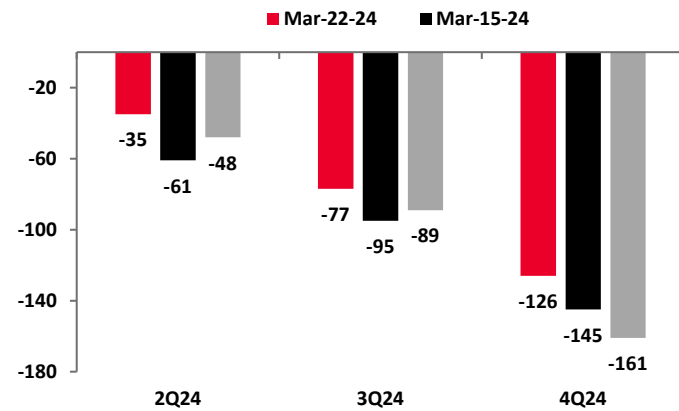
Basis points

Tenor	Actual Mar/22/2024	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	114	92	61	78	243	-31
3 months	37	41	38	28	118	-29
6 months	38	22	30	12	54	-36
12 months	8	21	26	3	36	-34

Source: PiP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate

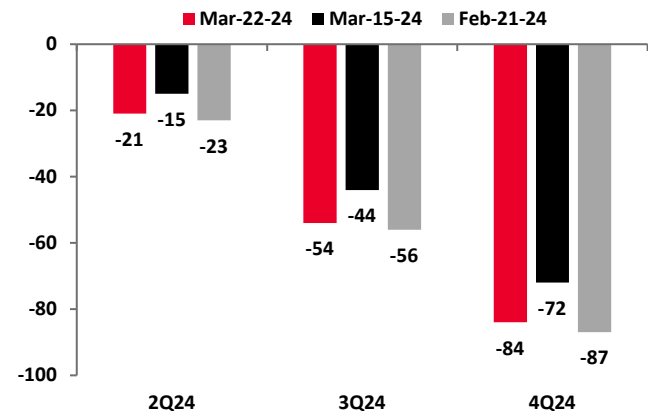
Basis points



Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

Spreads between Mbonos and UST

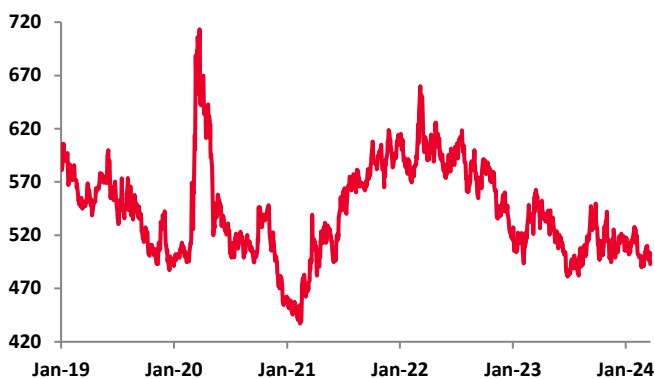
Basis points

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	538	2	13	-12	672	497	569
5 year	509	3	9	-13	597	489	536
10 year	505	3	12	0	563	481	517
20 year	496	1	8	8	548	464	499
30 year	505	-1	2	1	562	477	514

Source: Bloomberg, PiP, Banorte

10-year Mbono and 10-year UST spread

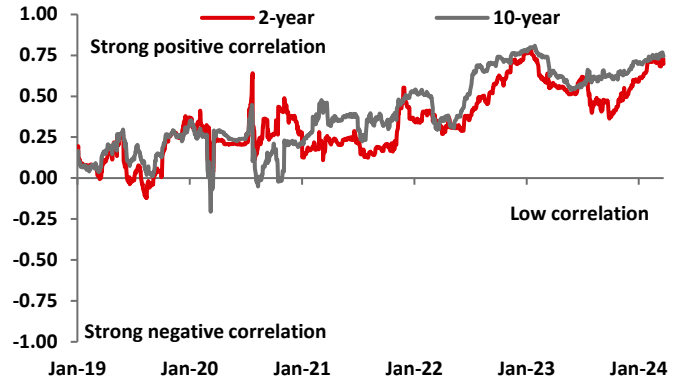
Basis points



Source: PiP, Banorte

Mexico and US 2- and 10-year bonds correlation

3-month moving correlation



Source: Bloomberg, Banorte

Fixed-Income Technicals (continued)

Selected spreads

Basis points

Security	Spread	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
Mbonos							
2/5	-70	0	-4	0	-31	-134	-87
2/10	-72	4	4	10	-40	-197	-116
2/30	-54	6	0	15	-25	-192	-106
5/10	-3	4	7	10	8	-78	-29
10/30	18	2	-4	4	35	-15	10
TIIE IRS							
3m/2Y	-147	-3	16	29	-72	-203	-152
2/5	-95	6	9	19	-90	-152	-118
2/10	-102	7	8	23	-97	-174	-129
2/30	-99	10	9	27	-88	-165	-123
5/10	-7	1	-1	3	-1	-26	-12
10/30	3	3	1	4	17	-4	7
TIIE IRS – Mbonos							
2 year	-24	-2	-5	-18	25	-57	-22
5 year	-49	4	8	1	-32	-100	-60
10 year	-54	1	-1	-6	-29	-68	-51
20 year	-65	1	4	-8	-24	-75	-56
30 year	-69	2	4	-6	-14	-78	-55
TIIE IRS – SOFR							
2 year	525	0	6	-38	618	485	547
5 year	483	5	14	-20	537	432	492
10 year	487	2	10	-11	540	442	494
20 year	495	-1	9	-6	551	467	504
30 year	510	-1	8	-3	575	487	523

Source: Bloomberg, PIP, Banorte

Breakeven inflation using Mbonos & Udibonos

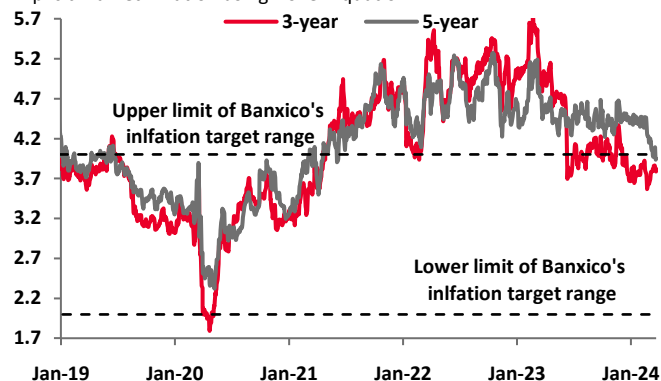
Implicit market inflation using Fisher Equation (%)

Date	Mar/22/2024	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.79	3.86 (-7pb)	3.59 (+20pb)	4.86 (-107pb)	5.15	3.57	4.12
5Y	3.95	4.06 (-11pb)	4.24 (-29pb)	4.44 (-49pb)	4.72	3.94	4.42
10Y	4.05	4.12 (-7pb)	4.19 (-14pb)	4.32 (-27pb)	4.67	4.04	4.31
20Y	4.27	4.41 (-14pb)	4.52 (-25pb)	4.57 (-30pb)	5.08	4.15	4.54
30Y	4.34	4.48 (-14pb)	4.6 (-26pb)	4.58 (-24pb)	5.01	4.15	4.54

Source: PIP, Banorte

3- and 5-year breakeven inflation using Mbonos & Udibonos

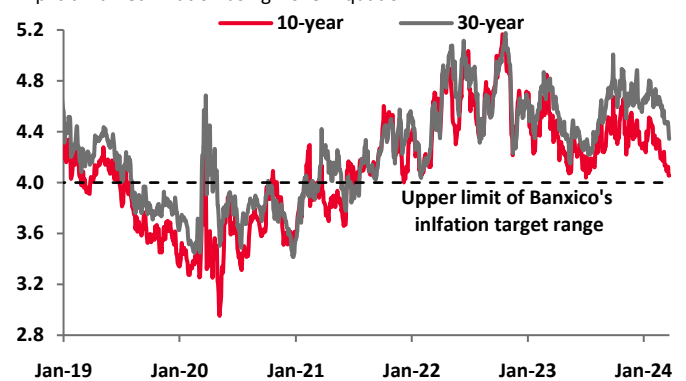
Implicit market inflation using Fisher Equation



Source: PIP, Banorte

10- and 30-year breakeven inflation using Mbonos & Udibonos

Implicit market inflation using Fisher Equation



Source: PIP, Banorte

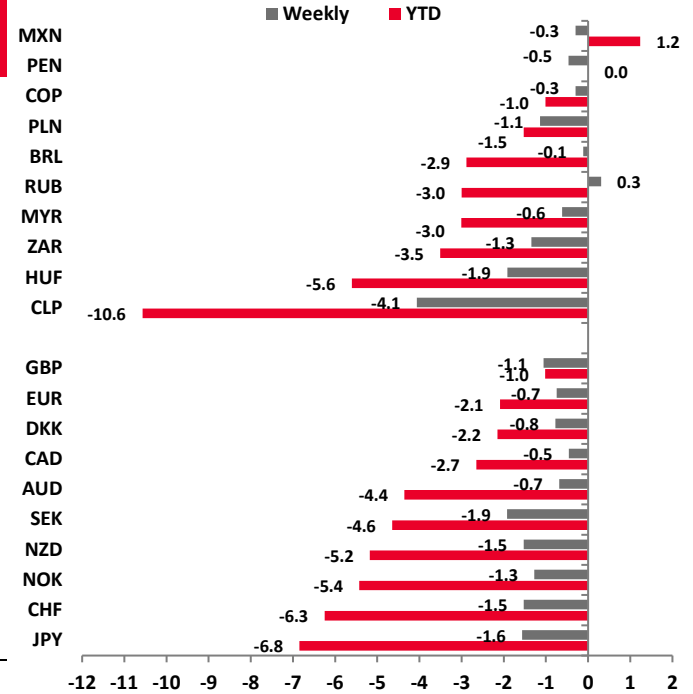
FX dynamics

Foreign Exchange market levels and historical return

		Close at Mar/15/2024	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD ¹ (%)
Emerging Markets						
Brazil	USD/BRL	5.00	-0.4	-0.1	-1.3	-2.9
Chile	USD/CLP	982.88	-1.0	-4.1	-1.2	-10.6
Colombia	USD/COP	3,894.44	0.2	-0.3	0.8	-1.0
Peru	USD/PEN	3.70	-0.4	-0.5	2.5	0.0
Hungary	USD/HUF	367.84	-1.2	-1.9	-2.7	-5.6
Malaysia	USD/MYR	4.74	-0.4	-0.6	1.2	-3.0
Mexico	USD/MXN	16.76	-0.1	-0.3	1.7	1.2
Poland	USD/PLN	4.00	-0.8	-1.1	-0.2	-1.5
Russia	USD/RUB	92.24	-0.4	0.3	0.1	-3.0
South Africa	USD/ZAR	19.03	-1.1	-1.3	-0.6	-3.5
Developed Markets						
Canada	USD/CAD	1.36	-0.5	-0.5	-0.7	-2.7
Great Britain	GBP/USD	1.26	-0.5	-1.1	-0.3	-1.0
Japan	USD/JPY	151.41	0.1	-1.6	-0.7	-6.8
Eurozone	EUR/USD	1.0808	-0.5	-0.7	-0.1	-2.1
Norway	USD/NOK	10.76	-0.8	-1.3	-2.5	-5.4
Denmark	USD/DKK	6.90	-0.5	-0.8	-0.2	-2.2
Switzerland	USD/CHF	0.90	0.0	-1.5	-2.0	-6.3
New Zealand	NZD/USD	0.60	-0.9	-1.5	-3.0	-5.2
Sweden	USD/SEK	10.56	-0.9	-1.9	-1.9	-4.6
Australia	AUD/USD	0.65	-0.8	-0.7	-0.5	-4.4

FX performance

Against USD, %

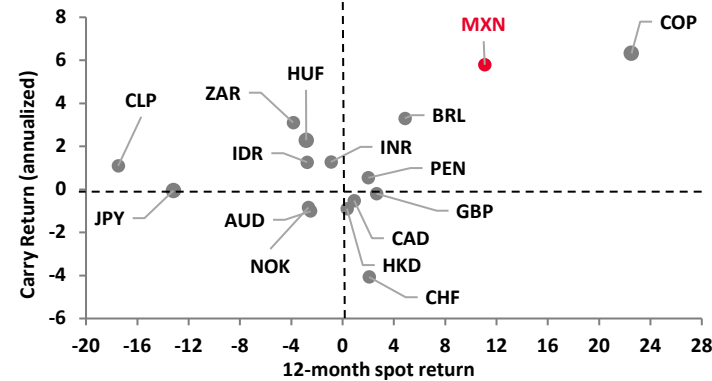


Source: Bloomberg, Banorte

1. Positive (negative) changes mean appreciation (depreciation) of the corresponding currency against the USD.

Performance of selected currencies

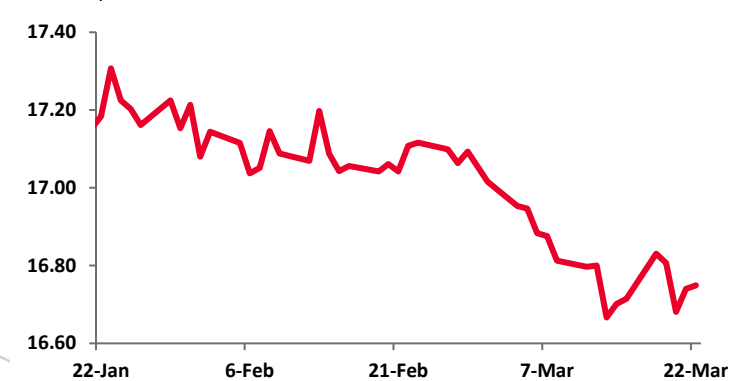
%, annualized rate based in 3M forwards



Source: Bloomberg, Banorte

USD/MXN

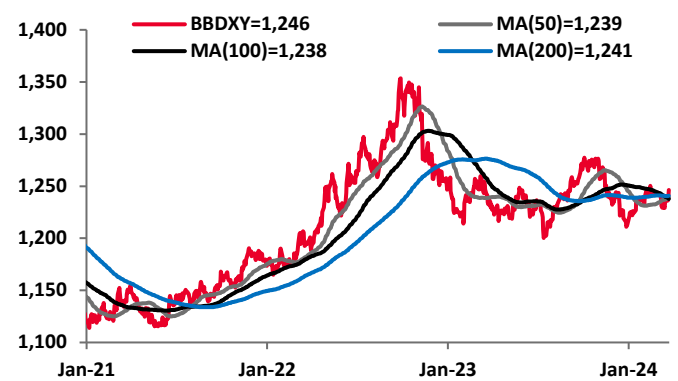
Last 60 days



Source: Bloomberg, Banorte

BBDXY

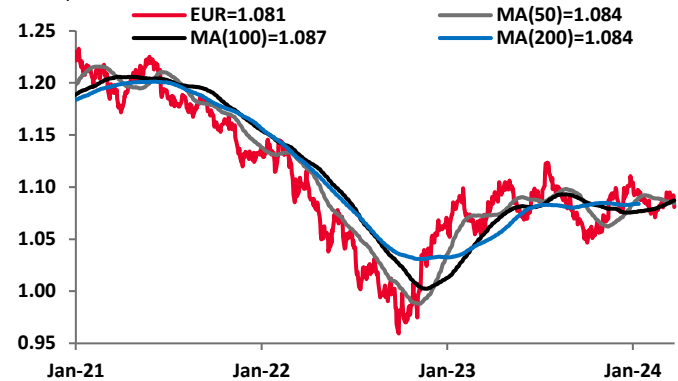
Points



Source: Bloomberg, Banorte

Euro

Dólar per euro

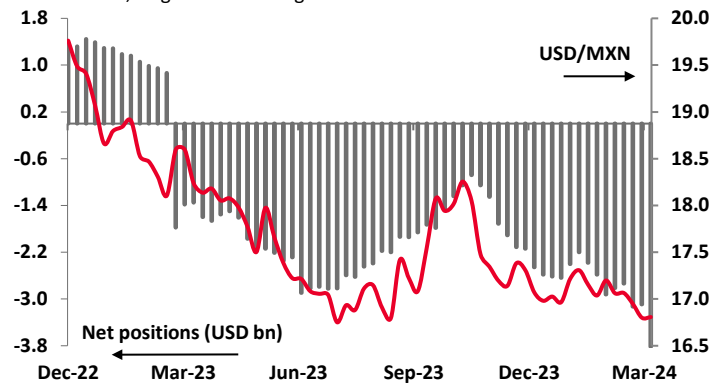


Source: Bloomberg, Banorte

FX positioning and flows

IMM positioning in USD/MXN futures

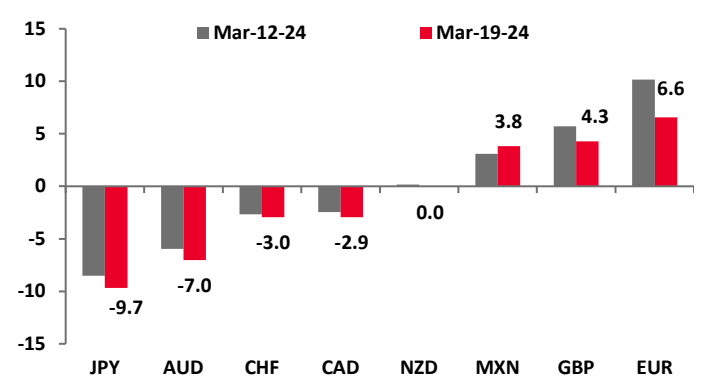
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

IMM positioning by currency*

Billion dollars

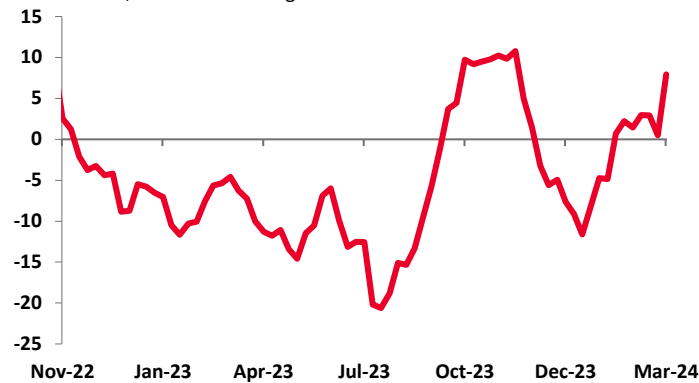


* Positive: Net long in the corresponding currency

Source: CME, Banorte

IMM positioning in USD futures*

Billion dollars, Positive = net long in USD

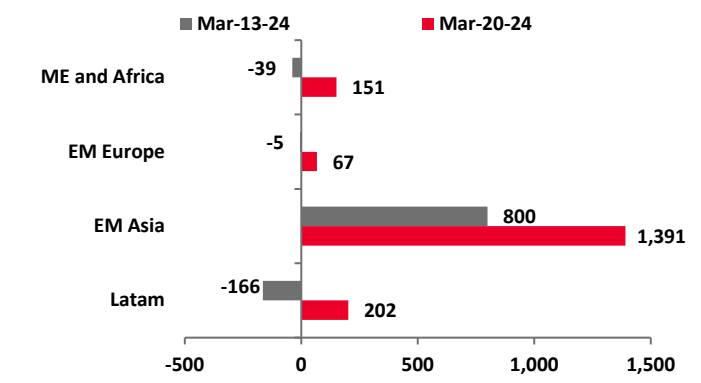


* Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF

Source: CME, Banorte

Net foreign portfolio flows by region (Only ETF's investments)

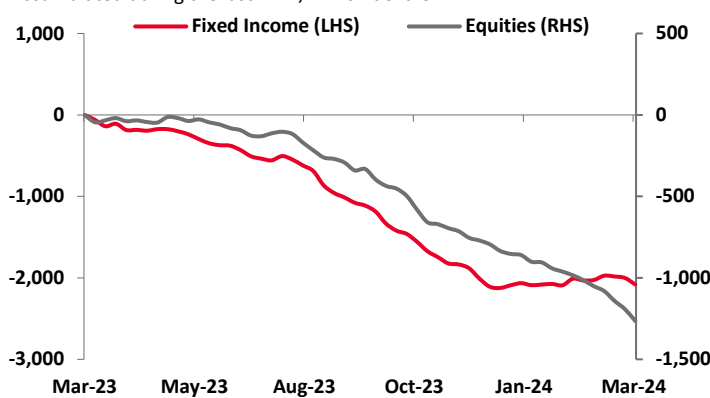
Billion dollars



Source: EPFR Global, Banorte

Foreign portfolio flows into Mexico (excluding ETF's investments)

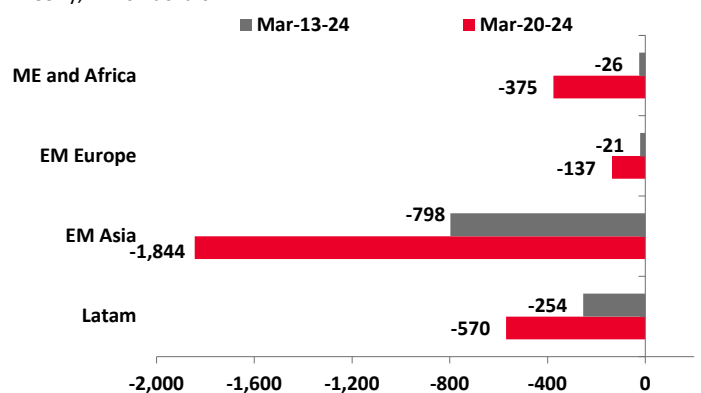
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

Net foreign portfolio flows by region (excluding ETF's investments)

Weekly, million dollars

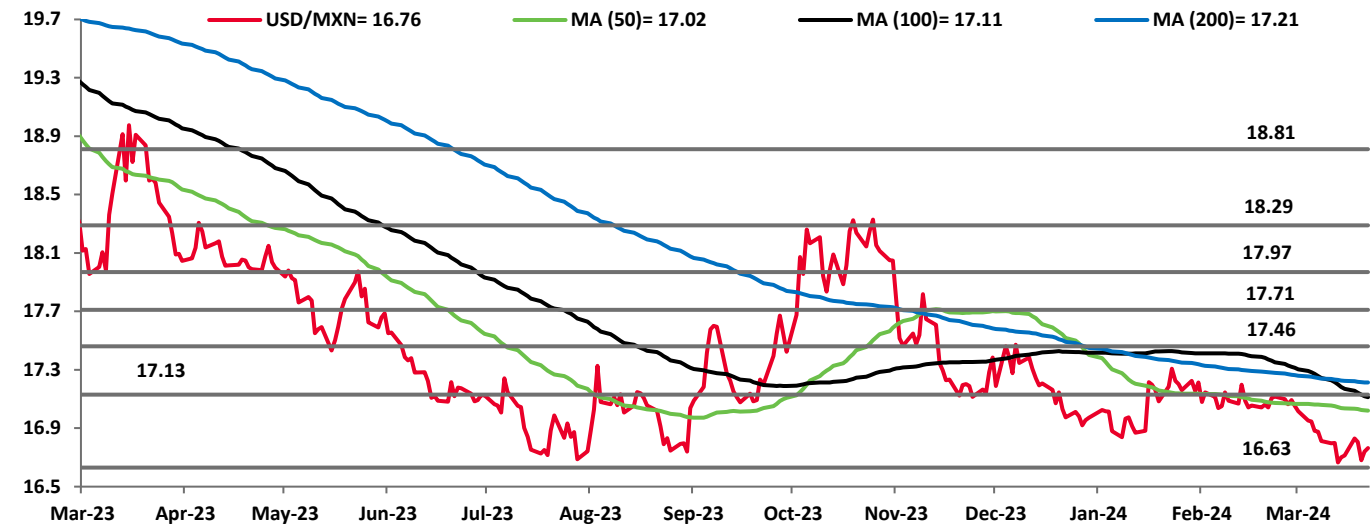


Source: EPFR Global, Banorte

FX technicals

USD/MXN – Moving averages and Fibonacci retracement

Last 12 months



Source: Bloomberg, Banorte

USD/MXN – 1-month correlation with other currencies and assets

Based on daily percentages changes

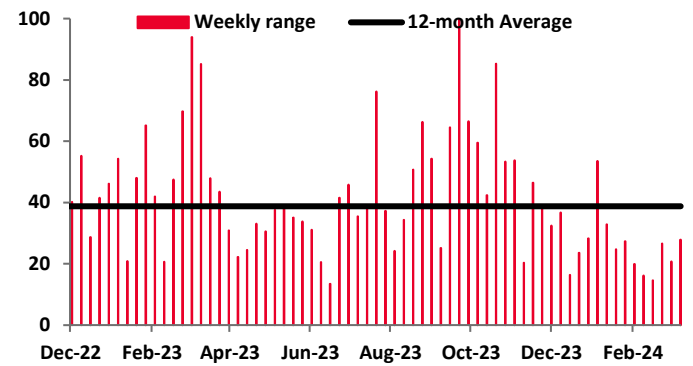
	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	50	38	24	72	51
CAD	40	32	17	64	43
ZAR	72	67	2	87	56
BRL	48	23	8	82	63
HUF	55	39	24	69	54
RUB	-1	0	-23	53	8
VIX	39	39	14	74	45
SPX	16	17	8	68	41
GSCI	-11	0	-27	21	-3
Oro	55	48	-28	55	28

* Positive: appreciation of MXN and corresponding asset except VIX

Source: Bloomberg, Banorte

USD/MXN – Weekly trading range

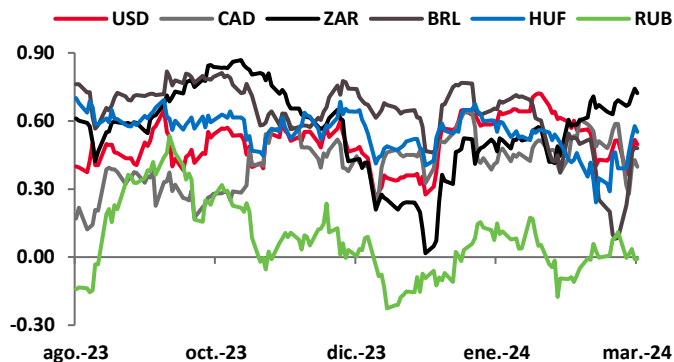
MXN cents with last 12 month average



Source: Bloomberg, Banorte

USD/MXN – 1-month correlation with other currencies*

Based on daily percentage changes

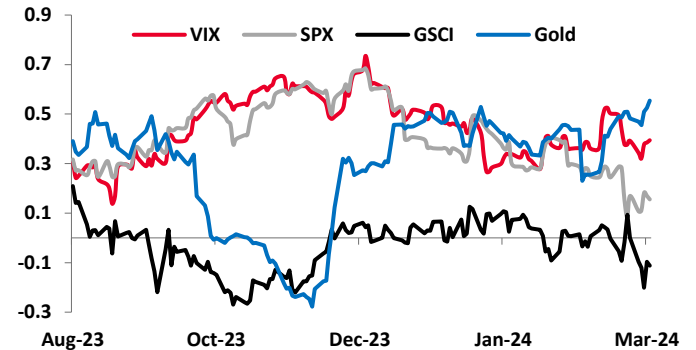


* Positive: appreciation of MXN and corresponding currency

Source: Bloomberg, Banorte

USD/MXN – 1-month correlation with other assets*

Based on daily percentage changes

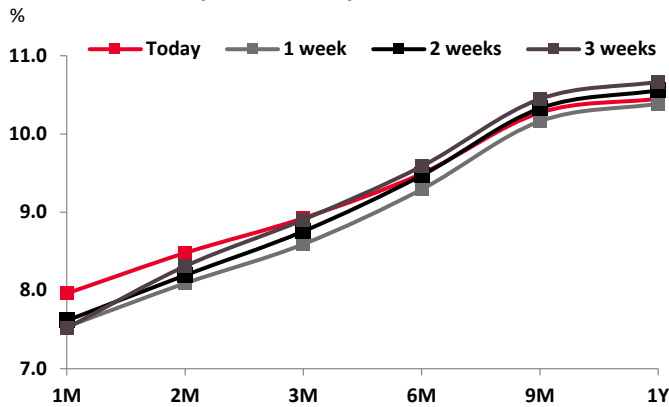


* Positive: appreciation of MXN and corresponding asset except VIX

Source: Bloomberg, Banorte

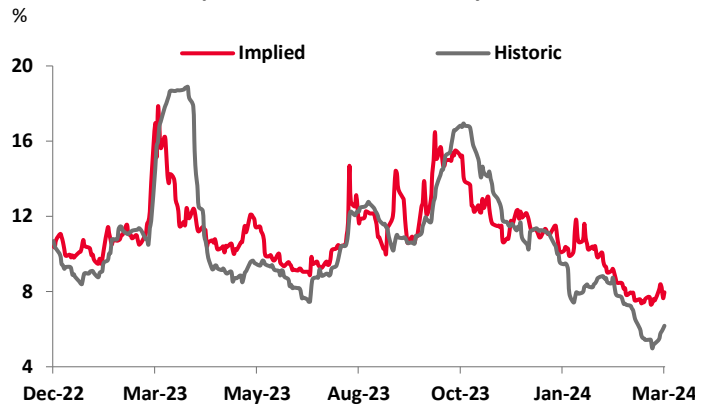
FX technicals (continued)

USD/MXN – ATM options volatility curve



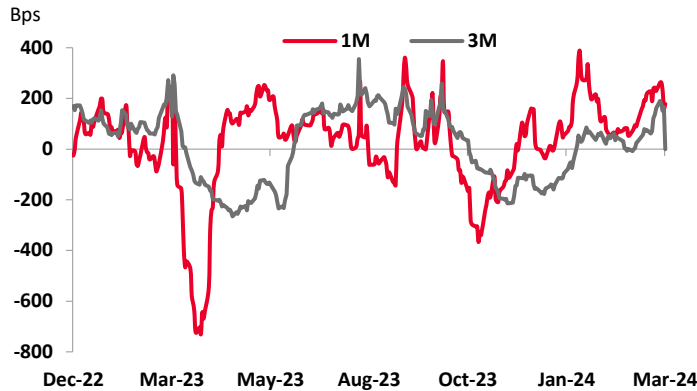
Source: Bloomberg, Banorte

USD/MXN – 1M implied and historical volatility



Source: Bloomberg, Banorte

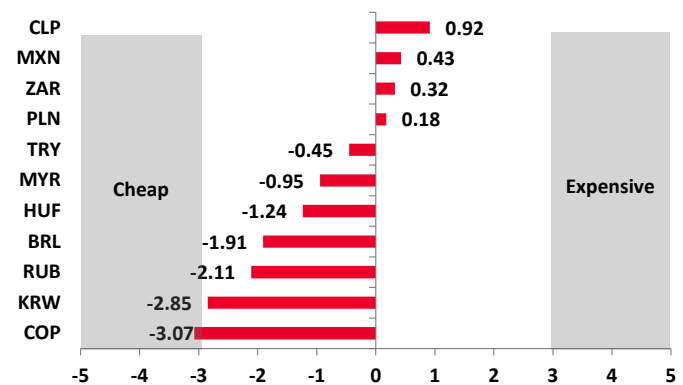
USD/MXN – Spread between implicit and historical volatility



Source: Bloomberg, Banorte

Emerging markets one-month ATM options volatility

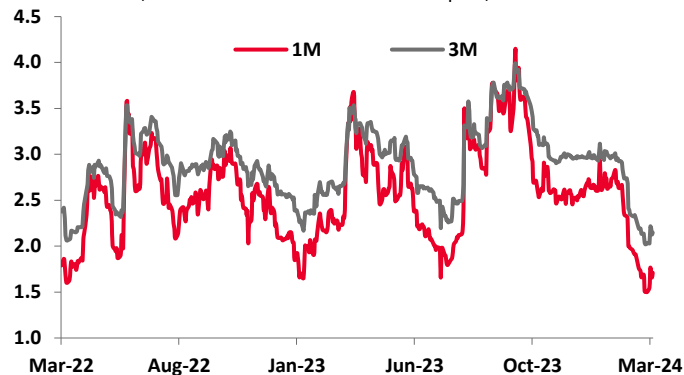
Against USD, in standard deviations relative to last year's average



Source: Bloomberg, Banorte

USD/MXN – 1-month and 3-month 25D risk reversals

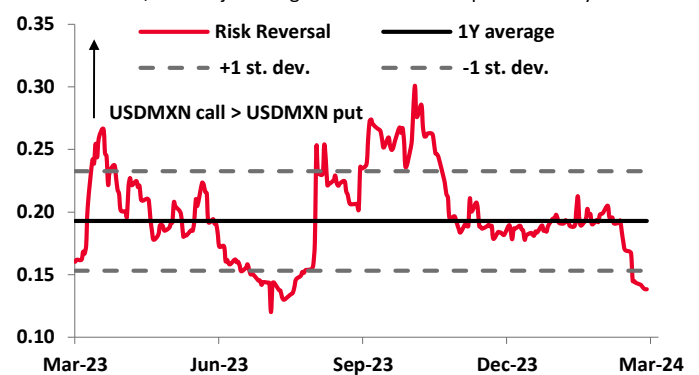
Last 24 months, difference between USD calls and puts, in vols



Source: Bloomberg, Banorte

USD/MXN – 1-month 25D volatility-adjusted risk reversal

Last 12 months, ratio adjusted against one-month implied volatility



Source: Bloomberg, Banorte

Weekly economic calendar

For the week ending April 5th, 2024

	Time		Event	Period	Unit	Banorte	Survey	Previous
Sun 24	19:50	JN	BOJ minutes					
Mon 25	08:25	US	Fed's Bostic Participates in Moderated Conversation					
	10:00	US	New home sales**	Feb	thousands	--	675	661
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43) and 1-, 3-, and 7-year Bondes F					
	07:00	BZ	COPOM minutes					
	08:00	BZ	Consumer prices	Mar	% m/m	--	0.32	0.78
	08:00	BZ	Consumer prices	Mar	% y/y	--	4.10	4.49
Tue 26	08:30	US	Durable goods orders*	Feb (P)	% m/m	--	1.2	-6.2
	08:30	US	Ex transportation*	Feb (P)	% m/m	--	0.4	-0.4
	09:00	US	S&P/CoreLogic housing prices	Jan	% y/y	--	6.7	6.1
	10:00	US	Consumer confidence*	Mar	index	106.0	107.0	106.7
	11:00	MX	International reserves	Mar 22	US\$bn	--	--	216.5
	06:00	EZ	Consumer confidence*	Mar (F)	index	--	--	-14.9
	06:00	EZ	Economic confidence*	Mar	index	--	96.2	95.4
	08:00	SAR	Monetary policy decision (South African Reserve Bank)	Mar 27	%	--	8.25	8.25
Wed 27	08:00	MX	Unemployment rate	Feb	%	2.80	2.80	2.80
	08:00	MX	Trade balance	Feb	US\$mn	822.3	-545.0	-4,314.7
	11:00	MX	Banking credit	Feb	% y/y	5.1	--	5.3
	16:30	MX	Public finances (PSBR, year-to-date)	Feb	MXNbn	--	--	-149.5
	18:00	US	Fed's Waller Speaks on Economic Outlook					
		MX	Markets closed for Holy Thursday					
	03:00	UK	Gross domestic product	4Q23 (F)	% y/y	--	-0.2	-0.2
	03:00	UK	Gross domestic product*	4Q23 (F)	% q/q	--	-0.3	-0.3
	05:00	EZ	Monetary aggregates (M3)*	Feb	% y/y	--	0.3	0.1
Thu 28	07:00	BZ	Central Bank Quarterly Inflation Report					
	08:00	BZ	Unemployment rate	Feb	%	--	7.8	7.6
	08:30	US	Gross domestic product**	4Q23 (F)	% q/q	3.2	3.2	3.2
	08:30	US	Personal consumption**	4Q23 (F)	% q/q	3.0	3.0	3.0
	08:30	US	Initial jobless claims*	Mar 23	thousands	210	215	210
	08:30	US	U. of Michigan Confidence*	Mar (F)	index	76.5	76.5	76.5
		MX	Markets closed for Good Friday					
	08:30	US	Personal income*	Feb	% m/m	--	0.4	1.0
	08:30	US	Personal spending*	Feb	% m/m	--	0.5	0.2
	08:30	US	Real personal spending*	Feb	% m/m	--	0.1	-0.1
Fri 29	08:30	US	PCE Deflator*	Feb	% m/m	0.4	0.4	0.3
	08:30	US	Core*	Feb	% m/m	0.3	0.3	0.4
	08:30	US	PCE Deflator*	Feb	% y/y	2.4	2.5	2.4
	08:30	US	Core*	Feb	% y/y	2.8	2.8	2.8
	08:30	US	Trade balance*	Feb	US\$bn	--	-89.7	-90.5
	11:30	US	Fed's Powell Speaks in Moderated Discussion with Kai Ryssdal					
Sat 30	21:30	CHI	Manufacturing PMI*	Mar	index	--	50.2	49.1
	21:30	CHI	Non-manufacturing PMI*	Mar	index	--	--	51.4
	21:30	CHI	Composite PMI*	Mar	index	--	--	50.9
Sun 31	21:45	CHI	Manufacturing PMI (Caixin)*	Mar	index	--	--	50.9

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 1		MX	Deadline for the presentation of the 2025 Preliminary Policy Criteria by the MoF					
	09:00	BZ	Manufacturing PMI*	Mar	index	--	--	54.1
	09:45	US	Manufacturing PMI*	Mar (F)	index	--	--	52.5
	10:00	US	ISM manufacturing*	Mar	index	--	48.0	47.8
	11:00	MX	Family remittances	Feb	US\$bn	4,582.3	--	4,574.6
	14:00	MX	PMI manufacturing (IMEF)*	Mar	index	50.7	--	49.9
	14:00	MX	PMI non-manufacturing (IMEF)*	Mar	index	53.0	--	52.9
Tue 2	03:55	GER	Manufacturing PMI*	Mar (F)	index	--	--	41.6
	04:00	EZ	Manufacturing PMI*	Mar (F)	index	--	--	45.7
	05:30	UK	Manufacturing PMI*	Mar (F)	index	--	--	49.9
	08:00	GER	Consumer prices	Mar (P)	% y/y	--	--	2.5
	10:00	US	Factory orders*	Feb	% m/m	--	1.1	-3.6
	10:00	US	Ex transportation*	Feb	% m/m	--	--	-0.8
	10:00	US	Durable goods orders*	Feb (F)	% m/m	--	--	--
	10:00	US	Ex transportation*	Feb (F)	% m/m	--	--	--
	10:00	US	JOLTS Job Openings	Feb	thousands	--	--	8,863
	11:00	MX	Survey of expectations (Banxico)					
	11:00	MX	International reserves	Mar 27	US\$bn	--	--	--
	12:05	US	Fed's Mester Gives Remarks on Economic Outlook					
	13:30	US	Fed's Daly Participates in Fireside Chat					
	13:30	MX	Government weekly auction					
	17:00	CL	Monetary policy decision (BCCh)	Apr 2	%	--	--	7.25
	21:45	CHI	Services PMI (Caixin)*	Mar	index	--	--	52.5
	21:45	CHI	Composite PMI (Caixin)*	Mar	index	--	--	52.5
Wed 3		US	Total vehicle sales**	Mar	millions	--	15.9	15.8
	05:00	EZ	Consumer prices	Mar (P)	% y/y	--	--	2.6
	05:00	EZ	Core	Mar (P)	% y/y	--	--	3.1
	05:00	EZ	Unemployment rate*	Feb	%	--	--	6.4
	08:00	BZ	Industrial production	Feb	% y/y	--	--	3.6
	08:00	BZ	Industrial production*	Feb	% m/m	--	--	-1.6
	08:00	MX	Gross fixed investment	Jan	% y/y	18.1	--	13.4
	08:00	MX	Gross fixed investment*	Jan	% m/m	1.7	--	0.0
	08:00	MX	Private consumption	Jan	% y/y	3.9	--	4.4
	08:00	MX	Private consumption*	Jan	% m/m	-0.5	--	0.2
	08:15	US	ADP employment*	Mar	thousands	135	155	140
	09:45	US	Services PMI*	Mar (F)	index	--	--	51.7
	09:45	US	Composite PMI*	Mar (F)	index	--	--	52.2
	10:00	US	ISM services*	Mar	index	--	--	52.6
	12:00	US	Fed's Goolsbee Gives Opening Remarks					
Thu 4	03:55	GER	Services PMI*	Mar (F)	Index	--	--	49.8
	03:55	GER	Composite PMI*	Mar (F)	Index	--	--	47.4
	04:00	EZ	Services PMI*	Mar (F)	Index	--	--	51.1
	04:00	EZ	Composite PMI*	Mar (F)	Index	--	--	49.9
	04:30	UK	Services PMI*	Mar (F)	Index	--	--	53.4
	08:00	MX	Consumer confidence*	Mar	Index	47.3	--	47.0
	08:30	US	Trade balance*	Feb	US\$bn	--	-66.0	-67.4
	08:30	US	Initial jobless claims*	Mar 30	thousands	--	--	--
	11:00	MX	Banxico's minutes					
	12:45	US	Fed's Goolsbee Participates in Moderated Q&A					
Fri 5	14:00	US	Fed's Mester Gives Remarks on Economic Outlook					
	05:00	EZ	Retail sales*	Feb	% m/m	--	--	0.1
	08:30	US	Nonfarm payrolls*	Mar	thousands	220	190	275
	08:30	US	Unemployment Rate*	Mar	%	3.9	3.9	3.9
	15:00	US	Consumer credit*	Feb	US\$bn	--	--	19.5
	16:30	MX	Banamex Survey of Economists					

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate

Recent trade ideas				
Trade idea	P/L	Initial date	End date	
Tactical longs in Udibono Dec'26	P	Feb-16-24	Mar-08-24	
Pay 1-year TIIE-IRS (13x1)	P	Jan-12-24	Jan-19-24	
2y10y TIIE-IRS steepener	L	Oct-13-23	Feb-23-24	
Long positions in Mbono Dec'24	P	Jun-16-23	Jun-22-23	
Pay TIIE-IRS (26x1), receive 2-year SOFR	L	Aug-18-22	Oct-28-22	
Pay 2-year TIIE-IRS (26x1)	P	Feb-4-22	Mar-4-22	
Tactical longs in Mbono Mar'26	P	May-14-21	Jun-7-21	
Receive 6-month TIIE-IRS (6x1)	P	Dec-17-20	Mar-3-21	
Long positions in Udibono Nov'23	L	Feb-11-21	Feb-26-21	
Long positions in Mbono May'29 & Nov'38	P	Sep-7-20	Sep-18-20	
Long positions in Udibono Dec'25	P	Jul-23-20	Aug-10-20	
Long positions in Udibono Nov'35	P	May-22-20	Jun-12-20	
Long positions in Mbono May'29	P	May-5-20	May-22-20	
Tactical longs in 1- & 2-year TIIE-28 IRS	P	Mar-20-20	Apr-24-20	
Long positions in Udibono Nov'28	P	Jan-31-20	Feb-12-20	
Long positions in Udibono Jun'22	P	Jan-9-20	Jan-22-20	
Long positions in Mbono Nov'47	L	Oct-25-19	Nov-20-19	
Long positions in Mbonos Nov'36 & Nov'42	P	Aug-16-19	Sep-24-19	
Long positions in the short-end of Mbonos curve	P	Jul-19-19	Aug-2-19	
Long positions in Mbonos Nov'42	L	Jul-5-19	Jul-12-19	
Long positions in Mbonos Nov'36 & Nov'38	P	Jun-10-19	Jun-14-19	
Long positions in Mbonos Jun'22 & Dec'23	P	Jan-9-19	Feb-12-19	
Long floating-rate Bondes D	P	Oct-31-18	Jan-3-19	
Long CPI-linked Udibono Jun'22	L	Aug-7-18	Oct-31-18	
Long floating-rate Bondes D	P	Apr-30-18	Aug-3-18	
Long 20- to 30-year Mbonos	P	Jun-25-18	Jul-9-18	
Short Mbonos	P	Jun-11-18	Jun-25-18	
Long CPI-linked Udibono Jun'19	P	May-7-18	May-14-18	
Long 7- to 10-year Mbonos	L	Mar-26-18	Apr-23-18	
Long CPI-linked Udibono Jun'19	P	Mar-20-18	Mar-26-18	
Long 5- to 10-year Mbonos	P	Mar-5-18	Mar-20-18	
Long floating-rate Bondes D	P	Jan-15-18	Mar-12-18	
Long 10-year UMS Nov'28 (USD)	L	Jan-15-18	Feb-2-18	

P = Profit, L = Loss

Short-term tactical trades					
Trade Idea	P/L*	Entry	Exit	Initial Date	End date
Long USD/MXN	P	19.30	19.50	Oct-11-19	Nov-20-19
Long USD/MXN	P	18.89	19.35	Mar-20-19	Mar-27-19
Long USD/MXN	P	18.99	19.28	Jan-15-19	Feb-11-19
Long USD/MXN	P	18.70	19.63	Oct-16-18	Jan-3-19
Short USD/MXN	P	20.00	18.85	Jul-2-18	Jul-24-18
Long USD/MXN	P	19.55	19.95	May-28-18	Jun-4-18
Long USD/MXN	P	18.70	19.40	Apr-23-18	May-14-18
Long USD/MXN	P	18.56	19.20	Nov-27-17	Dec-13-17
Long USD/MXN	L	19.20	18.91	Nov-6-17	Nov-17-17
Long USD/MXN	P	18.58	19.00	Oct-9-17	Oct-23-17
Short USD/MXN	L	17.80	18.24	Sep-4-17	Sep-25-17
Long USD/MXN	P	14.40	14.85	Dec-15-14	Jan-5-15
Long USD/MXN	P	13.62	14.11	Nov-21-14	Dec-3-14
Short EUR/MXN	P	17.20	17.03	Aug-27-14	Sep-4-14

* Total return does not consider carry gain/losses

P = Profit, L = Loss

Track of directional fixed-income trade recommendations								
Trade idea	Entry	Target	Stop-loss	Closed	P/L	Initial date	End date	
Long Udibono Dec'20	3.05%	2.90%	3.15%	3.15%	L	Aug-9-17	Oct-6-17	
5y10y TIE-IRS steepener	28bps	43bps	18bps	31bps	P ²	Feb-15-17	Mar-15-17	
5y10y TIE-IRS steepener	35bps	50bps	25bps	47bps	P	Oct-5-16	Oct-19-16	
Long Mbono Jun'21	5.60%	5.35%	5.80%	5.43%	P	Jul-13-16	Aug-16-16	
Long Udibono Jun'19	1.95%	1.65%	2.10%	2.10%	L	Jul-13-16	Aug-16-16	
Receive 1-year TIE-IRS (13x1)	3.92%	3.67%	4.10%	3.87% ¹	P	Nov-12-15	Feb-8-16	
Long spread 10-year TIE-IRS vs US Libor	436bps	410bps	456bps	410bps	P	Sep-30-15	Oct-23-15	
Receive 9-month TIE-IRS (9x1)	3.85%	3.65%	4.00%	3.65%	P	Sep-3-15	Sep-18-15	
Spread TIE 2/10 yrs (flattening)	230bps	200bps	250bps	200bps	P	Jun-26-15	Jul-29-15	
Long Mbono Dec'24	6.12%	5.89%	6.27%	5.83%	P	Mar-13-15	Mar-19-15	
Relative-value trade, long 10-year Mbono (Dec'24) / flattening of the curve					P	Dec-22-14	Feb-6-15	
Pay 3-month TIE-IRS (3x1)	3.24%	3.32%	3.20%	3.30%	P	Jan-29-15	Jan-29-15	
Pay 9-month TIE-IRS (9x1)	3.28%	3.38%	3.20%	3.38%	P	Jan-29-15	Jan-29-15	
Pay 5-year TIE-IRS (65x1)	5.25%	5.39%	5.14%	5.14%	L	Nov-4-14	Nov-14-14	
Long Udibono Dec'17	0.66%	0.45%	0.82%	0.82%	L	Jul-4-14	Sep-26-14	
Relative-value trade, long Mbonos 5-to-10-year					P	May-5-14	Sep-26-14	
Receive 2-year TIE-IRS (26x1)	3.75%	3.55%	3.90%	3.90%	L	Jul-11-14	Sep-10-14	
Receive 1-year TIE-IRS (13x1)	4.04%	3.85%	4.20%	3.85%	P	Feb-6-14	Apr-10-14	
Long Udibono Jun'16	0.70%	0.45%	0.90%	0.90%	L	Jan-6-14	Feb-4-14	
Long Mbono Jun'16	4.47%	3.90%	4.67%	4.06%	P	Jun-7-13	Nov-21-13	
Receive 6-month TIE-IRS (6x1)	3.83%	3.65%	4.00%	3.81%	P	Oct-10-13	Oct-25-13	
Receive 1-year TIE-IRS (13x1)	3.85%	3.55%	4.00%	3.85%	--	Oct-10-13	Oct-25-13	
Long Udibono Dec'17	1.13%	0.95%	1.28%	1.35%	L	Aug-9-13	Sep-10-13	
Receive 9-month TIE-IRS (9x1)	4.50%	4.32%	4.65%	4.31%	P	Jun-21-13	Jul-12-13	
Spread TIE-Libor (10-year)	390bps	365bps	410bps	412bps	L	Jun-7-13	Jun-11-13	
Receive 1-year TIE-IRS (13x1)	4.22%	4.00%	4.30%	4.30%	L	Apr-19-13	May-31-13	
Long Udibono Jun'22	1.40%	1.20%	1.55%	0.97%	P	Mar-15-13	May-3-13	
Receive 1-year TIE-IRS (13x1)	4.60%	4.45%	4.70%	4.45%	P	Feb-1-13	Mar-7-13	
Long Mbono Nov'42	6.22%	5.97%	6.40%	5.89%	P	Feb-1-13	Mar-7-13	
Long Udibono Dec'13	1.21%	0.80%	1.40%	1.40%	L	Feb-1-13	Apr-15-13	
Receive 1-year TIE-IRS (13x1)	4.87%	4.70%	5.00%	4.69%	P	Jan-11-13	Jan-24-13	
Receive TIE Pay Mbono (10-year)	46bps	35bps	54bps	54bps	L	Oct-19-12	Mar-8-13	
Spread TIE-Libor (10-year)	410bps	385bps	430bps	342bps	P	Sep-21-13	Mar-8-13	
Long Udibono Dec'12	+0.97%	-1.50%	+1.20%	-6.50%	P	May-1-12	Nov-27-12	
Long Udibono Dec'13	+1.06%	0.90%	+1.35%	0.90%	P	May-1-12	Dec-14-12	

1. Carry + roll-down gains of 17bps

2. Closed below target and before the proposed horizon date due to changes in market conditions that have differed from our expectations.

P = Profit, L = Loss

Track of the directional FX trade recommendations								
Trade Idea	Entry	Target	Stop-loss	Closed	P/L*	Initial Date	End date	
Long USD/MXN	18.57	19.50	18.20	18.20	L	Jan-19-18	Apr-2-18	
Long USD/MXN	14.98	15.50	14.60	15.43	P	Mar-20-15	Apr-20-15	
Short EUR/MXN	17.70	n.a.	n.a.	16.90	P	Jan-5-15	Jan-15-15	
Short USD/MXN	13.21	n.a.	n.a.	13.64	L	Sep-10-14	Sep-26-14	
USD/MXN call spread**	12.99	13.30	n.a.	13.02	L	May-6-14	Jun-13-14	
Directional short USD/MXN	13.00	12.70	13.25	13.28	L	Oct-31-13	Nov-8-13	
Limit short USD/MXN	13.25	12.90	13.46	--	--	Oct-11-13	Oct-17-13	
Short EUR/MXN	16.05	15.70	16.40	15.69	P	Apr-29-13	May-9-13	
Long USD/MXN	12.60	12.90	12.40	12.40	L	Mar-11-13	Mar-13-13	
Long USD/MXN	12.60	12.90	12.40	12.85	P	Jan-11-13	Feb-27-13	
Tactical limit short USD/MXN	12.90	12.75	13.05	--	--	Dec-10-12	Dec-17-12	
Short EUR/MXN	16.64	16.10	16.90	16.94	L	Oct-3-12	Oct-30-12	

* Total return does not consider carry gain/losses

** Low strike (long call) at 13.00, high strike (short call) at 13.30 for a premium of 0.718% of notional amount

P = Profit, L = Loss

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Juan Carlos Mercado Garduño, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and
Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000



Alejandro Padilla Santana
Chief Economist and Head of
Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research,
Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000