Fixed-Income & FX Strategy

Weekly

Fixed-Income and FX Weekly

- **Strong volatility in financial markets on concerns of escalating conflict in the Middle East.** Sovereign bonds extended this month's sell-off, led by Treasuries after strong US economic data and hawkish comments from Fed members, including Powell. In addition, the IMF revised its global growth forecast for 2024 slightly upward, placing it at 3.2% from 3.1%. Under this situation, the uncertainty about the moment in which the Fed will begin monetary easing is very high, which is why the market even priced-in that the first adjustment of -25bps could be delayed until the November meeting vs. September. Currently, the curve is pricing-in -39bps for 2024 vs -47bps last week, with -28bps in November. The week concluded with a strong appetite for safe-haven assets following the Israeli response to the Islamic Republic's unprecedented missile and drone attack last weekend. With this, the dollar reached 5-month highs and gold soared, approaching record levels. In this sense, concerns about higher inflation were revived following the rebound in crude-oil prices, with Brent rallying above 90 $/bbl. This situation would limit the room for maneuver of central banks. Locally, Mbonos closed with a negative balance. Although some nodes show interesting valuations, especially in longer-term Mbonos and in particular the Nov'42 tenor, our vision of waiting for better entry levels has been correct given the high correlation with their US peers and the uncertainty of the US rate trajectory. Likewise, we are closely monitoring the level of the 2-year TIIE-IRS with a receiver intention due the decoupling in market pricing for Banxico compared to our estimates (-67bps for 2024 vs. Banorte: -100bps), although we recognize that negative carry limits the potential risk-adjusted reward. Additionally, we reiterate our preference for nominal vs real rates due to the period of seasonally low inflation prints (Banorte: 0.00% 2w/2w for the 1st half of April). On the FX market, the Mexican peso was the most sensitive to the geopolitical situation, depreciating intraday up to 7% to 18.21 per dollar, its biggest drop in more than four years. However, it managed to reduce the movement quickly, although it remains above the psychological level of 17.00 per dollar. The strong risk aversion triggered greater demand for options that hedge against a greater depreciation of the Mexican peso, so the 1- and 3-month risk reversals rose to 6-month highs.

- **Weekly ranges** – We expect that the 10-year Mbono (Nov'34) to trade between 9.70% and 10.05%, and MXN between 16.80 and 17.50 per dollar

Mexican peso's intraday performance
USD/MXN

Source: Bloomberg, Banorte

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Fixed-Income

- **Sovereign bonds extended this month's sell-off** – The Treasury yields rose 9bps, on average. The 2-year reference trades well close to the 5.00% zone, although without piercing it as happened in 4Q23 when the security reached 17-year highs of 5.22%. In Mexico, the Mbonos' curve printed a flattening bias with losses of 9bps at the belly and few changes at the long-end (+2bps)

- **Supply** – On Tuesday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 10-year Mbono (Nov'34), the 10-year Udibono (Aug'34), as well as 1-, 3-, and 7-year Bondes F. It is worth noting that in the face of a potential recalibration in the portfolios due to geopolitical risk, the MoF reduced the amounts to be auctioned for the Mbono and Udibono to MXN 8.5 billion (vs. MXN 17 billion) and UDIS 550 million (vs. UDIS 1.1 billion), respectively.

- **Demand** – In the last four weeks, foreigners recorded lower holdings in Cetes by 0.3%, equivalent to 11.9% of the total amount outstanding. Furthermore, they increased their exposure in Mbonos by 1.0% (31.1% of the total). Pension funds' holdings in Udibonos increased 1.5%, equal to 55.4% of the total. In turn, Mutual funds reduced their exposure to Bondes F by 0.1%, but they remain as the main holders with 53.8% of the total

Foreign Exchange

- **USD strengthened for the second consecutive week** – The DXY and the BBDXY advanced 0.1% w/w and 0.4% w/w, respectively, amid a mostly negative balance for G10 and EM currencies. However, CHF (+0.4% w/w) stood out as a safe-haven asset. In EM, CLP outperformance (+1.5%), supported by the rally in copper prices. The industrial metal accumulates gains of 11.4% so far this month

- **MXN moderated losses after reaching levels of up to 18.21 per dollar** – The Mexican peso recorded its worst weekly performance since the beginning of October, falling 2.6% to 17.09 per dollar. With this, it accumulates losses of 3.1% so far this month, positioning itself as the second weakest. Meanwhile, the implied volatility curve shifted higher and flattened strongly. In particular, the 1-month reading rebounded to highs not seen since October around 13.5%, reflecting uncertainty over geopolitical risk

- **Market positioning in MXN** – As of April 16th, the MXN CFTC position registered a net long of US$ 3.7 billion from US$ 4.3 billion the previous week, falling for the first time in four weeks

- **Market positioning in USD** – The IMM USD net long position jumped to US$ 26.6 billion (+47% w/w), reaching highs not seen since June 2019. The main driver was strong sales in EUR (-2.8 billion), CAD (-2.1 billion), and GBP (-1.9 billion)

- **Flows** – Our EPFR aggregate for EM registered outflows, driven this time by widespread bonds sales except for emerging Europe. A total flow of -$1.1 billion was recorded, compared to -$1.2 billion the previous week. Equity recorded sales of $1.6 billion. In Mexico, a net outflow of $99.4 million was observed from a less outflow of $34.3 million the previous week, due to sales of $7.4 million in bonds (previous: $19.1 million) and $92.0 million in equities (previous: -$53.5 million)

- **Technicals** – The MXN registered a weekly trading range of 167 cents from 48 the previous week, hovering between 16.54 and 18.21 per dollar. These wide ranges have not been observed since the pandemic, when the average was 238 cents during the weeks of March 2020. Relevant short-term technical levels: 16.50, 16.37, and 16.30 (resistances) and 16.82, 16.94, and 17.00 (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	11.00	-3	-26	-45	11.45	10.98	11.24
28-days[1]	11.08	-6	-22	-23	11.34	11.08	11.29
91-days[1]	11.18	-6	-22	-24	11.45	11.18	11.41
182-days[1]	11.34	-6	-23	-24	11.62	11.34	11.57
Cetes							
28-days	11.05	-6	-1	-19	11.49	10.45	11.14
91-days	11.08	-7	-6	-16	11.61	10.75	11.35
182-days	11.24	1	5	-9	12.06	10.90	11.49
364-days	11.04	-4	24	-10	12.13	10.88	11.47
728-days	11.38	13	57	47	12.14	10.50	11.15
Mbonos							
Sep´24	11.27	2	16	30	11.57	10.03	10.99
Dec'24	11.14	-4	26	48	11.31	9.57	10.66
Mar'25	10.84	-10	39	95	11.24	9.56	10.34
Mar'26	10.57	7	60	81	10.92	8.85	9.85
Sep'26	10.43	8	57	94	10.78	9.22	9.90
Mar'27	10.14	10	64	75	10.53	8.58	9.50
Jun'27	10.11	11	64	85	10.49	8.49	9.43
Mar'29	9.95	12	67	89	10.32	9.07	9.64
May'29	9.87	9	67	93	10.24	8.43	9.14
May'31	9.85	4	64	91	10.26	8.45	9.13
May'33	9.82	2	59	89	10.24	8.52	9.13
Nov'34	9.83	1	57	88	10.21	8.49	9.11
Nov'36	9.82	2	56	90	10.20	8.53	9.11
Nov'38	9.87	3	50	83	10.25	8.66	9.23
Nov'42	9.92	2	49	85	10.25	8.71	9.26
Nov'47	9.89	5	47	81	10.17	8.69	9.22
Jul'53	9.89	3	46	82	10.17	8.66	9.23
TIIE-IRS							
3-month (3x1)	11.21	0	1	-24	11.62	11.20	11.47
6-month (6x1)	11.14	0	9	-14	11.63	11.05	11.39
9-month (9x1)	11.02	1	13	-7	11.59	10.89	11.26
1-year (13x1)	10.86	0	24	8	11.46	10.62	11.00
2-year (26x1)	10.29	7	56	59	10.83	9.49	9.98
3-year (39x1)	9.87	8	64	79	10.31	8.72	9.36
4-year (52x1)	9.60	3	66	88	10.02	8.30	9.02
5-year (65x1)	9.46	1	67	90	9.87	8.10	8.85
7-year (91x1)	9.35	1	65	90	9.78	7.98	8.74
10-year (130x1)	9.32	-2	61	87	9.78	7.97	8.74
20-year (3x1)	9.37	-3	59	87	9.85	8.05	8.81
30-year (390x1)	9.35	-3	61	90	9.84	8.07	8.80
Udibonos							
Dec'25	7.56	9	77	158	6.45	4.46	5.67
Dec'26	6.67	34	81	105	6.42	4.36	5.44
Nov'28	5.72	31	60	125	5.62	4.02	4.69
Nov'31	5.53	28	55	106	5.39	3.94	4.58
Aug'34	5.47	31					
Nov'35	5.33	27	42	95	5.06	3.96	4.45
Nov'40	5.21	22	32	90	5.04	3.96	4.48
Nov'43	5.19	20	25	86	5.06	4.30	4.60
Nov'46	5.10	17	27	95	5.04	3.91	4.46
Nov'50	5.11	12	23	88	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 Apr/19/2024	Weekly change (bps)	YTD (bps)	YTM Apr/19/2024	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Jan'26	5.64	+9	+116	4.99	+9	+56	65	+0	25	42
3Y	Mar'27	5.56	+16	+77	4.82	+9	+60	74	+7	31	61
5Y	May'29	5.73	+13	+94	4.67	+11	+67	106	+1	100	101
7Y	Apr'30	5.86	+13	+52	4.65	+11	+69	120	+3	124	139
10Y	May'33	6.04	+11	+48	4.62	+10	+75	142	+1	158	172
20Y	Mar'44	6.57	+9	+19	4.84	+9	+70	173	+0	186	--
30Y	May'54	6.78	+11	+38	4.71	+8	+75	206	+3	224	--

Source: Bloomberg, Banorte

5Y USD UMS
%

Source: Bloomberg, Banorte

10Y USD UMS
%

Source: Bloomberg, Banorte

5Y UMS-UST Spread
Basis points

Source: Bloomberg, Banorte

10Y UMS-UST Spread
Basis points

Source: Bloomberg, Banorte

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Fixed–Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 10-year Mbono (Nov'34), the 10-year Udibono (Aug'34), as well as 1-, 3-, and 7-year Bondes F. It is worth noting that the amount to be auctioned for the Mbono and the Udibono were reduced

- **Potential lower appetite for Mexican bonds given the uncertainty in the Middle East.** Although Cetes' real rates are attractive, demand could be lower than what was observed in the last auctions due to the potential recalibration of portfolios on intensifying concerns about the conflict in the Middle East. In the same sense, the potential outflows from emerging economies could limit the appetite for the 10-year Mbono. This security is trading above $+2\sigma$ of its 90-day moving average, accumulating losses of 56bps so far this month. Current levels could be attractive for investors with long-term portfolios; however, our vision of expecting better entry levels has been correct given the high correlation with its US peers and the uncertainty of the US rate trajectory, combined with the complex geopolitical context. It is worth noting that in its last placement, demand was at 2-year lows of 1.56x. In real rates, we expect that demand for the 10-year Udibono will be lower compared to its peer of the same term on the nominal curve given a less attractive relative valuation. The 10-year inflation breakeven is at 4.12%, slightly below the 12-month average

Auction specifics (April 23rd, 2024)

| Security	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	May-23-24	--	10,000	11.04
3m	Jul-25-24	--	10,000	11.15
6m	Oct-17-24	--	11,600	11.30
24m	Apr-16-26	--	17,000	11.03
Bondes F				
1Y	Apr-03-25	--	9,300	0.09
3Y	Jan-14-27	--	4,500	0.18
7Y	Mar-20-31	--	900	0.21
Bono M				
10Y	Nov-23-34	7.75	8,500	9.20
Udibono				
10Y	Aug-24-34	4.00	UDIS 550	4.87

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

2Q24 Government Securities Auction Calendar*

| Date	Cetes	Bonos M	Udibonos	Bondes F
2-Apr	1, 3, 6, and 12M	30Y (Jul'53)	10Y (Aug'34)	2, 5, and 10Y
9-Apr	1, 3, 6, and 24M	3Y (Sep'26)	30Y (Nov'50)	1, and 3Y
16-Apr	1, 3, 6, and 12M	20Y (Nov'42)	3Y (Dec'26)	2, and 5Y
23-Apr	1, 3, 6, and 24M	10Y (Nov'34)	10Y (Aug'34)	1, 3, and 7Y
29-Apr	1, 3, 6, and 12M	5Y (Mar'29)	30Y (Nov'50)	2, 5, and 10Y
7-May	1, 3, 6, and 24M	30Y (Jul'53)	3Y (Dec'26)	1, and 3Y
14-May	1, 3, 6, and 12M	3Y (Sep'26)	20Y (Nov'43)	2, and 5Y
21-May	1, 3, 6, and 24M	10Y (Nov'34)	10Y (Aug'34)	1, 3, and 7Y
28-May	1, 3, 6, and 12M	5Y (Mar'29)	30Y (Nov'50)	2, 5, and 10Y
4-Jun	1, 3, 6, and 24M	20Y (Nov'42)	3Y (Dec'26)	1, and 3Y
11-Jun	1, 3, 6, and 12M	3Y (Sep'26)	20Y (Nov'43)	2, and 5Y
18-Jun	1, 3, 6, and 24M	30Y (Jul'53)	10Y (Aug'34)	1, 3, and 7Y
25-Jun	1, 3, 6, and 12M	5Y (Mar'29)	3Y (Dec'26)	2, 5, and 10Y

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
Times
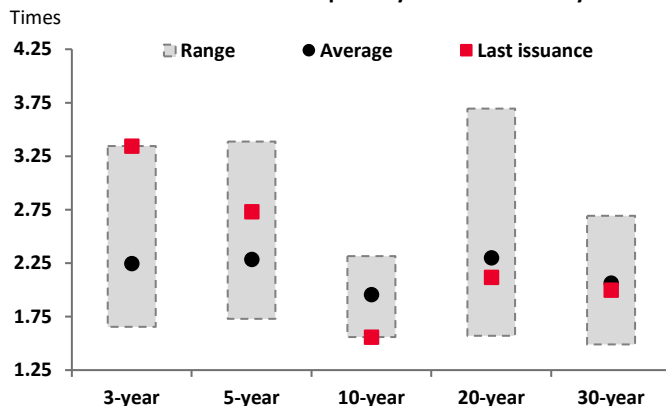
Source: Bloomberg, Banorte

Udibonos' bid-to-cover ratios for primary auction in last 2 years
Times
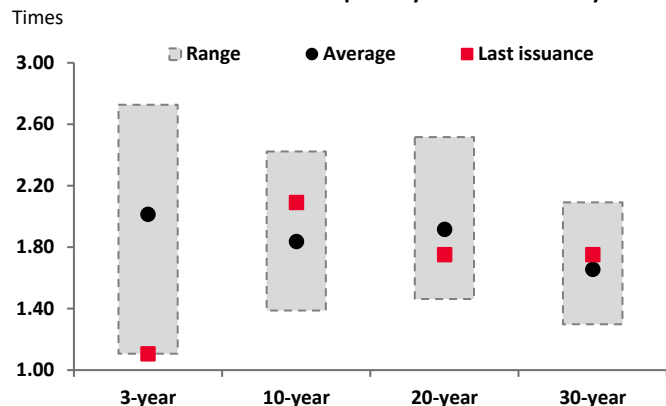
Source: Bloomberg, Banorte

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Fixed–Income Demand

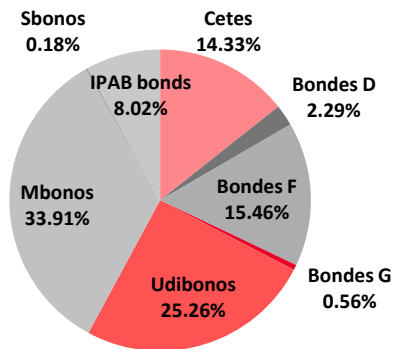**Government and IPAB securities holdings by type of investor**
US$ billion, *UDIS billion, data as of Apr/09/2024

Securities	Total amount outstanding	Foreign investors	Pension funds	Mutual funds	Isuarance companies	Local banks	Repos with Banxico	Guarantees received by Banxico	Securities held by Banxico	Other domestic residents
Cetes	114.70	13.62	13.56	18.84	5.57	11.21	4.77	5.22	-	41.90
Bondes D	18.31	0.00	0.86	6.99	0.34	4.35	0.30	0.10	-	5.36
Bondes F	123.77	0.02	6.52	66.63	2.04	14.40	4.08	0.01	-	30.07
Bondes G	4.48	-	0.06	2.34	0.34	0.52	0.51	-	-	0.70
Udibonos	202.18	9.75	112.02	8.01	37.19	5.02	0.71	0.27	-	29.20
Mbonos	271.47	84.34	64.85	7.89	7.75	38.59	15.32	1.55	0.91	50.26
Sbonos	1.40	0.67	0.40	0.01	0.03	0.03	-	-	-	0.26
Total	**736.31**	**108.40**	**198.27**	**110.71**	**53.26**	**74.13**	**25.70**	**7.16**	**0.91**	**157.76**
Udibonos*	407.56	19.66	225.81	16.15	74.97	10.13	1.43	0.54	-	58.87
IPAB bonds	**64.19**	**0.03**	**0.71**	**22.62**	**0.24**	**10.07**	**5.43**	**2.28**	**-**	**22.82**

Source: Banxico, Banorte

Government issuance by type of instrument
Total amount of US$ 801 billion (including IPAB bonds), % of total

Sbonos 0.18%
Cetes 14.33%
IPAB bonds 8.02%
Bondes D 2.29%
Mbonos 33.91%
Bondes F 15.46%
Udibonos 25.26%
Bondes G 0.56%

Source: Banxico, Banorte

Mbonos holdings by type of investor
Total amount of US$ 801 billion (including IPAB bonds), % of total

Foreign investors 13%
Others 28%
Pension funds 25%
Banks 10%
Mutual funds 17%
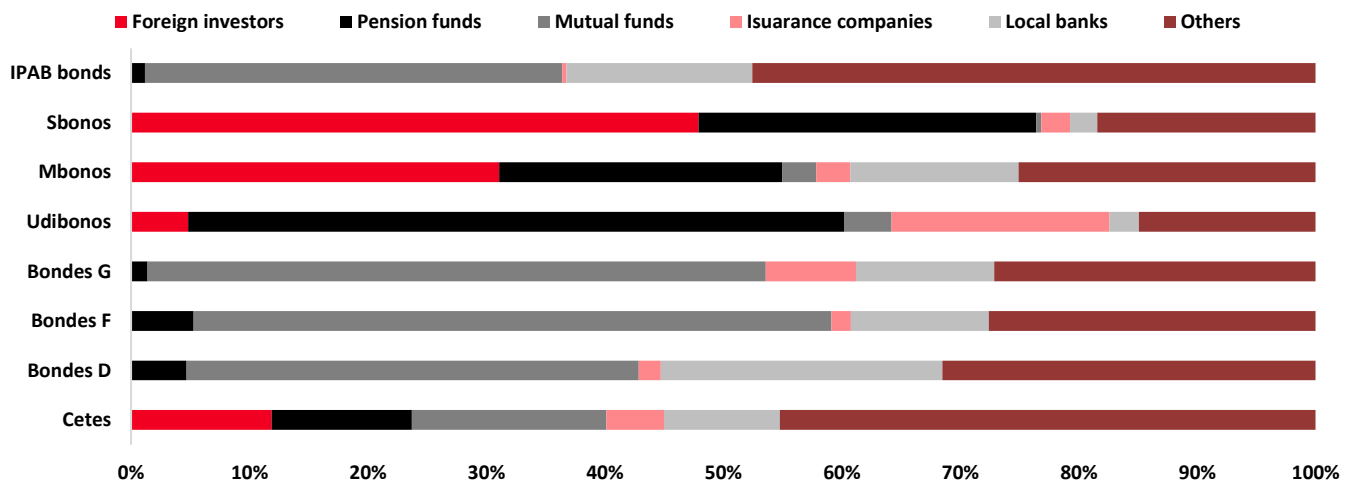Insurance companies 7%
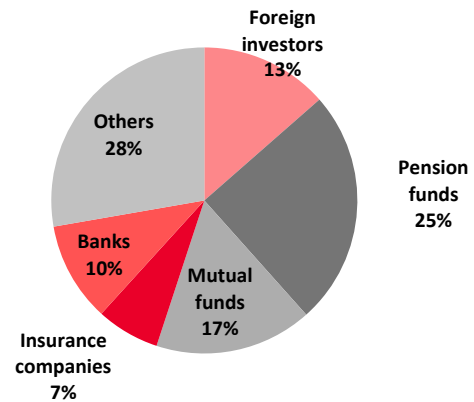
Source: Banxico, Banorte
Note: "Others" includes repos, guarantee and securities held by Banxico, as well as other domestic residents

Government securities holdings by type of investor
Total amount of US$ 801 billion (including IPAB bonds), % of total

Legend: Foreign investors | Pension funds | Mutual funds | Isuarance companies | Local banks | Others

(Categories on vertical axis: IPAB bonds, Sbonos, Mbonos, Udibonos, Bondes G, Bondes F, Bondes D, Cetes)

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

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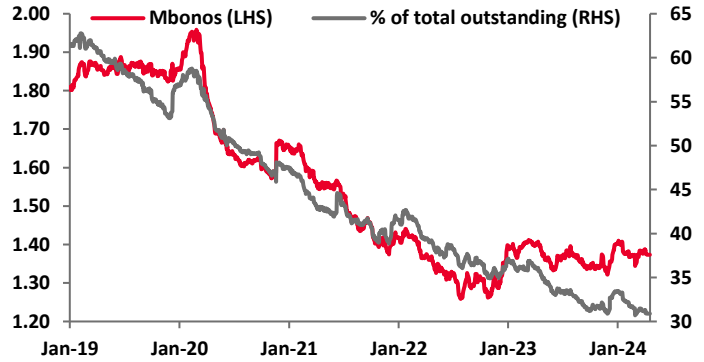# Fixed–Income Demand (continued)

Cetes held by foreigners
MXN billion, %
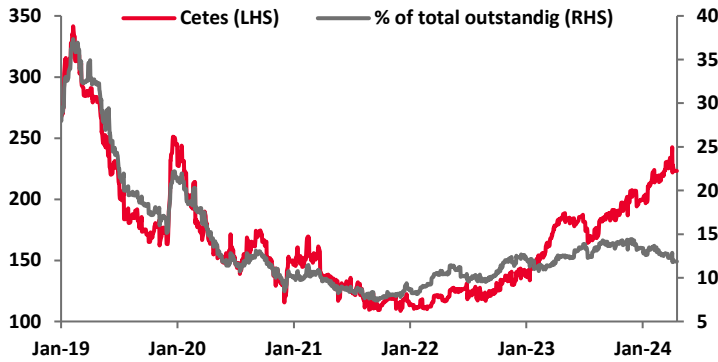
Source: Banxico, Banorte

Mbonos held by foreigners
MXN trillion, %

Source: Banxico, Banorte

Holdings of main investors by type of security
Data as of Apr/09/2024

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	-0.25	11.82	4.55	-0.06	19.27	46.81
Bondes F	-95.93	199.91	18.38	-13.18	-0.06	0.18
Udibonos	10.85	6.43	1.54	7.72	-1.41	5.96
Mbonos	0.98	-1.38	1.47	5.34	30.37	14.92

Source: Banxico, Banorte

Government securities issuance
USD Billions

Fuente: Banxico, Banorte

Mbonos holdings by type of investor
US$ billions and %, data as Apr/04/2024

Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Sep'24	16.2	25%	9%	13%	53%
Dec'24	12.4	27%	18%	8%	47%
Mar'25	7.9	35%	11%	20%	33%
Mar'26	26.6	37%	25%	11%	27%
Sep'26	12.9	31%	23%	16%	30%
Mar'27	22.6	30%	20%	9%	42%
Jun'27	21.2	10%	34%	25%	31%
Mar'29	9.2	18%	33%	19%	30%
May'29	16.6	4%	51%	22%	23%
May'31	24.9	5%	44%	34%	17%
May'33	17.1	4%	42%	32%	22%
Nov'34	8.0	2%	44%	36%	18%
Nov'36	4.5	0%	24%	48%	28%
Nov'38	13.1	1%	40%	44%	15%
Nov'42	20.3	2%	37%	46%	15%
Nov'47	15.8	0%	36%	46%	18%
Jul'53	15.0	2%	30%	48%	20%
Total	249.4	15%	31%	27%	27%

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
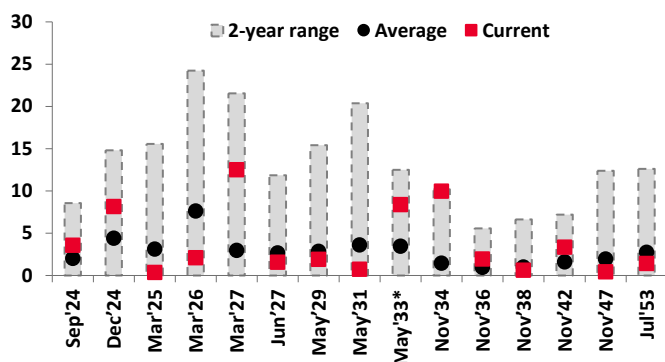
Fixed–Income Demand – Primary dealers

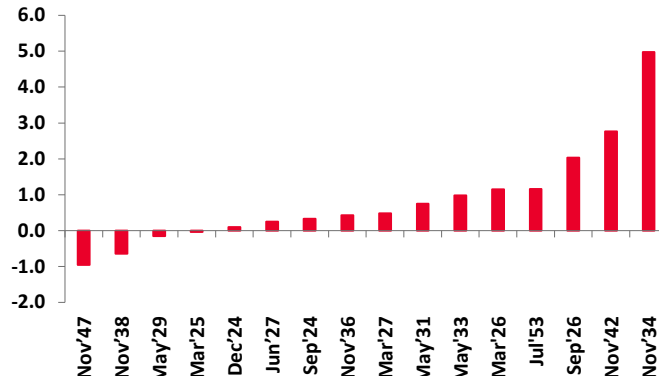**Market makers' short positions on Mbonos**
MXN billion

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

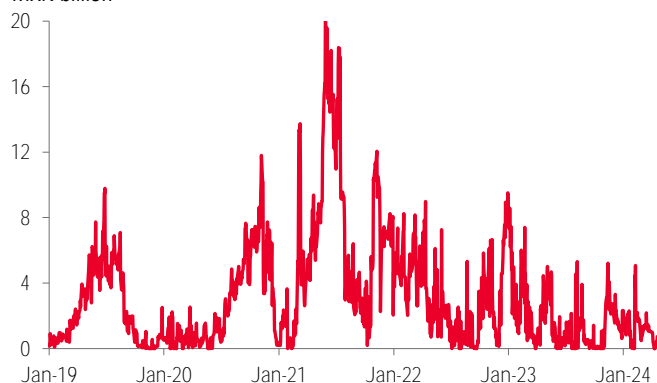**Weekly change in market makers' short positions on Mbonos**
MXN billion

Source: Banxico, Banorte
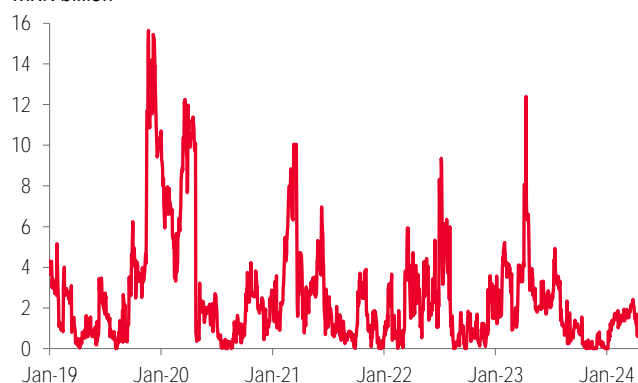
Market makers' short positions on Mbono May'31
MXN billion

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 Apr/18/2024	Apr/18/2024	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Sep'24	15,755	209	190	207	2	396	0
Dec'24	12,261	477	471	471	26	533	51
Mar'25	8,591	21	23	325	206	465	17
Mar'26	25,889	122	54	289	944	818	53
Sep'26	13,462	588	469	336	0	662	78
Mar'27	21,995	732	704	264	236	873	8
Jun'27	20,708	92	77	43	223	219	0
Mar'29	9,061	694	340	374	0	701	0
May'29	17,428	112	121	299	101	741	0
May'31	24,282	44	0	83	191	305	0
May'33	17,078	490	432	473	143	732	1
Nov'34	8,793	584	292	0	97	598	0
Nov'36	4,465	113	87	37	97	113	0
Nov'38	12,730	37	74	17	18	300	0
Nov'42	20,601	195	33	69	87	221	0
Nov'47	15,269	25	81	120	168	142	0
Jul'53	14,648	83	15	17	88	360	0
Total	**263,016**	**4,534**	**3,450**	**3,405**	**2,539**		

Source: Banxico, Banorte

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Fixed–Income Technicals

Spread between Cetes and Implied Forward Rates
Basis points

Tenor	Actual Apr/19/2024	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	56	117	114	84	243	-20
3 months	8	30	37	33	118	-16
6 months	13	16	38	17	54	-21
12 months	-15	-3	8	5	36	-29

Source: PiP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate
Basis points
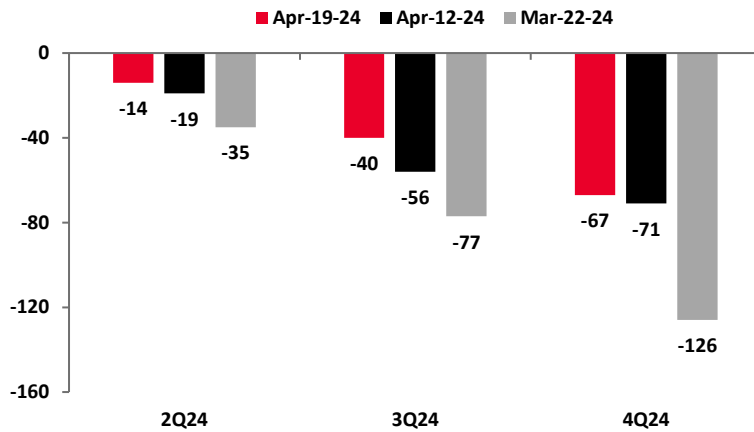
Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds
Basis points
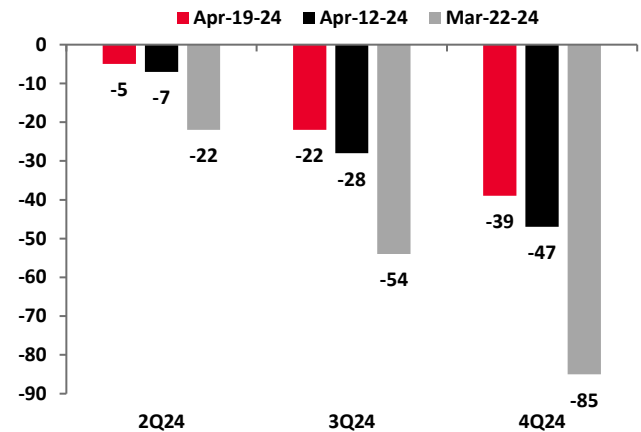
Source: Bloomberg, Banorte

Spreads between Mbonos and UST
Basis ponts

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	558	-2	20	8	672	497	569
5 year	528	1	19	6	597	489	536
10 year	520	-8	15	15	563	481	517
20 year	508	-7	12	20	548	464	499
30 year	518	-6	13	14	562	477	514

Source: Bloomberg, PiP, Banorte

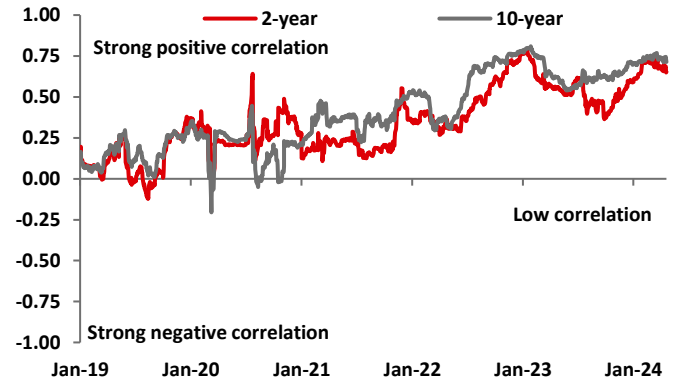**10-year Mbono and 10-year UST spread**
Basis points

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	-62	5	7	7	-31	-134	-87
2/10	-75	-6	-3	7	-40	-197	-116
2/30	-68	-4	-14	1	-25	-192	-106
5/10	-13	-11	-10	0	8	-78	-29
10/30	7	1	-11	-7	35	-15	10
TIIE IRS							
3m/2Y	-92	8	55	83	-72	-203	-149
2/5	-83	-6	11	31	-72	-151	-113
2/10	-97	-9	5	28	-83	-165	-124
2/30	-94	-11	5	32	-79	-157	-118
5/10	-14	-3	-6	-3	-1	-26	-11
10/30	3	-1	0	4	17	-6	6
TIIE IRS – Mbonos							
2 year	-28	0	-4	-23	25	-56	-21
5 year	-49	-11	0	1	-32	-100	-59
10 year	-50	-3	4	-2	-29	-68	-51
20 year	-55	-5	10	2	-24	-75	-57
30 year	-54	-6	15	8	-14	-78	-56
TIIE IRS – SOFR							
2 year	540	0	15	-24	614	485	542
5 year	504	-10	20	1	537	432	490
10 year	508	-12	21	10	540	442	493
20 year	521	-11	26	19	551	467	503
30 year	540	-10	31	28	575	487	521

Source: Bloomberg, PiP, Banorte
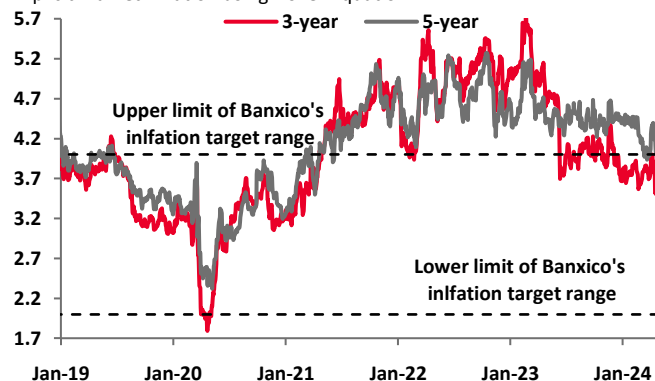
Breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation (%)

Date	Apr/19/2024	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.53	3.78 (-25bps)	3.79 (-26bps)	4.99 (-146bps)	5.08	3.51	4.03
5Y	4.00	4.19 (-19bps)	3.95 (+5bps)	4.59 (-59bps)	4.68	3.94	4.39
10Y	4.12	4.41 (-29bps)	4.11 (+1bp)	4.28 (-16bps)	4.67	4.04	4.31
20Y	4.50	4.68 (-18bps)	4.27 (+23bps)	4.43 (+7bps)	5.08	4.15	4.54
30Y	4.55	4.64 (-9bps)	4.34 (+21bps)	4.41 (+14bps)	5.01	4.15	4.55

Source: PiP, Banorte

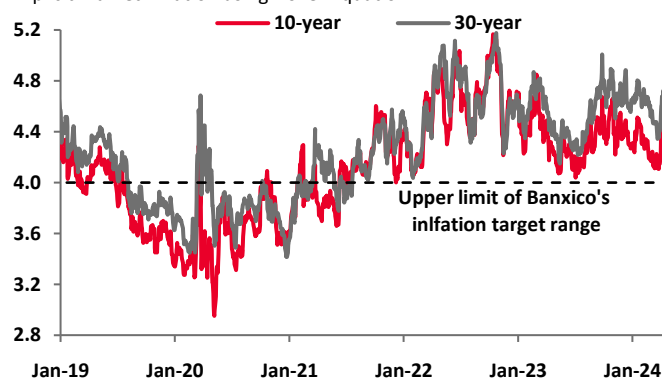**3- and 5-year breakeven inflation using Mbonos & Udibonos**
Implicit market inflation using Fisher Equation

Source: PiP, Banorte

10- and 30-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation

Source: PiP, Banorte

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FX dynamics
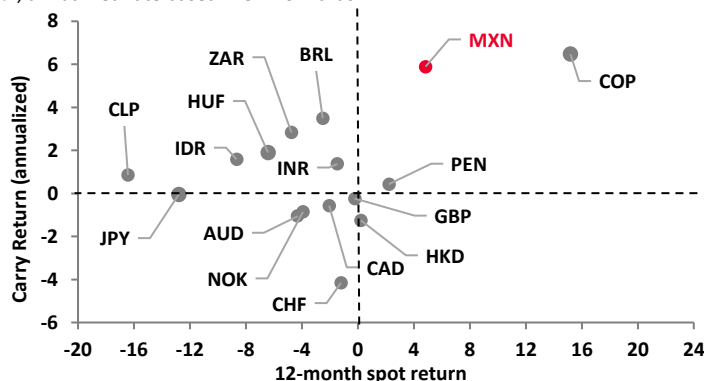
Foreign Exchange market levels and historical return

		Close at Apr/19/2024	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD[1] (%)
Emerging Markets						
Brazil	USD/BRL	5.20	0.9	-1.6	-4.5	-6.6
Chile	USD/CLP	955.30	1.1	1.5	1.3	-8.0
Colombia	USD/COP	3,910.34	0.7	-1.2	-0.4	-1.4
Peru	USD/PEN	3.68	1.3	0.6	0.3	0.6
Hungary	USD/HUF	369.98	0.1	-0.2	-2.6	-6.2
Malaysia	USD/MYR	4.78	0.0	-0.3	-1.0	-4.0
Mexico	**USD/MXN**	**17.09**	**-0.2**	**-2.6**	**-2.4**	**-0.7**
Poland	USD/PLN	4.04	0.8	-0.4	-2.4	-2.7
Russia	USD/RUB	93.11	0.9	0.2	-0.6	-3.9
South Africa	USD/ZAR	19.10	0.3	-1.3	-2.1	-3.9
Developed Markets						
Canada	USD/CAD	1.38	0.1	0.2	-1.9	-3.7
Great Britain	GBP/USD	1.24	-0.5	-0.7	-3.2	-2.8
Japan	USD/JPY	154.64	0.0	-0.9	-2.2	-8.8
Eurozone	EUR/USD	1.0656	0.1	0.1	-2.4	-3.5
Norway	USD/NOK	11.02	0.3	-1.1	-4.0	-7.7
Denmark	USD/DKK	7.00	0.1	0.1	-2.5	-3.6
Switzerland	USD/CHF	0.91	0.2	0.4	-2.6	-7.6
New Zealand	NZD/USD	0.59	-0.2	-0.9	-3.2	-6.8
Sweden	USD/SEK	10.92	0.4	-0.3	-4.9	-7.8
Australia	AUD/USD	0.64	0.0	-0.8	-2.6	-5.8

Source: Bloomberg, Banorte

1. Positive (negative) changes mean appreciation (depreciation) of the corresponding currency against the USD.
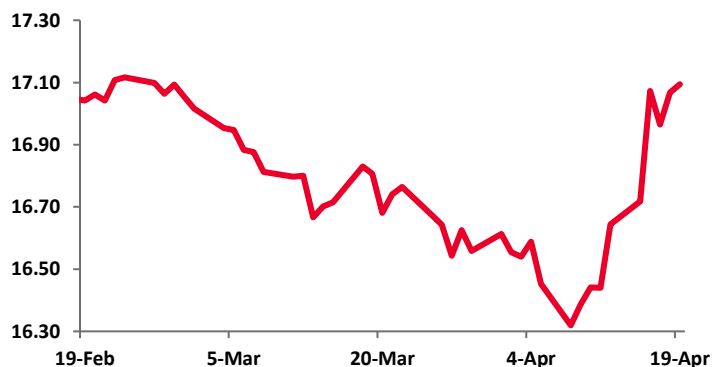
FX performance
Against USD, %

Source: Bloomberg, Banorte

Performance of selected currencies
%, annualized rate based in 3M forwards
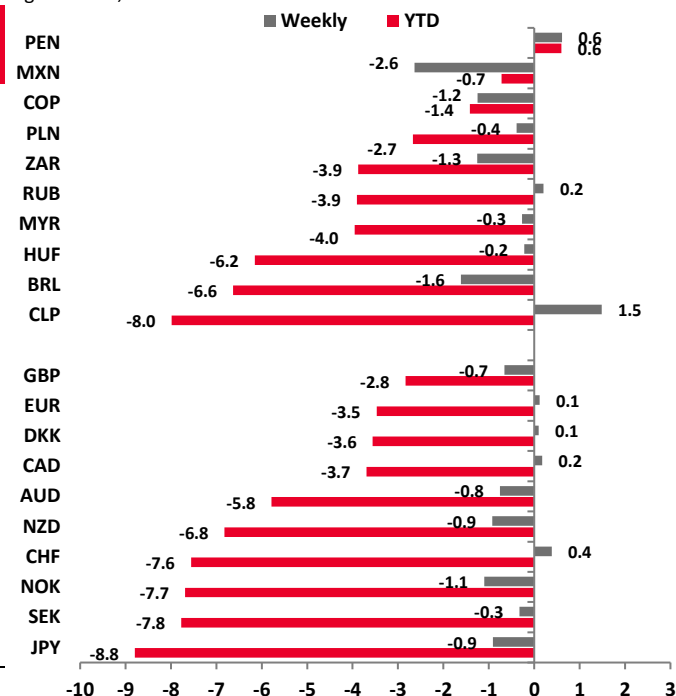
Source: Bloomberg, Banorte

BBDXY
Points

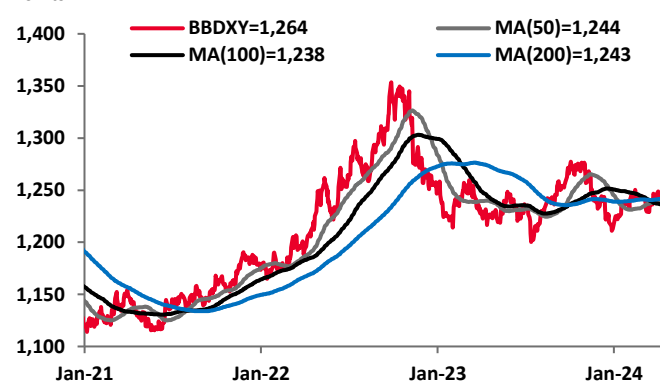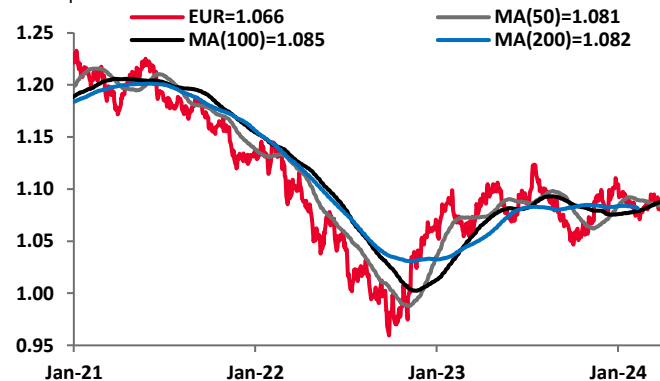Source: Bloomberg, Banorte

USD/MXN
Last 60 days

Source: Bloomberg, Banorte
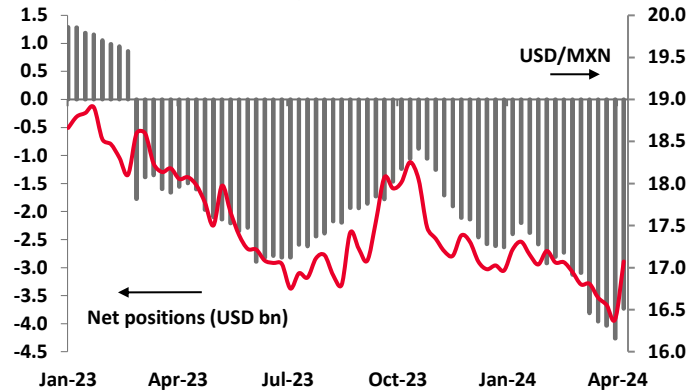
Euro
Dollar per euro

Source: Bloomberg, Banorte

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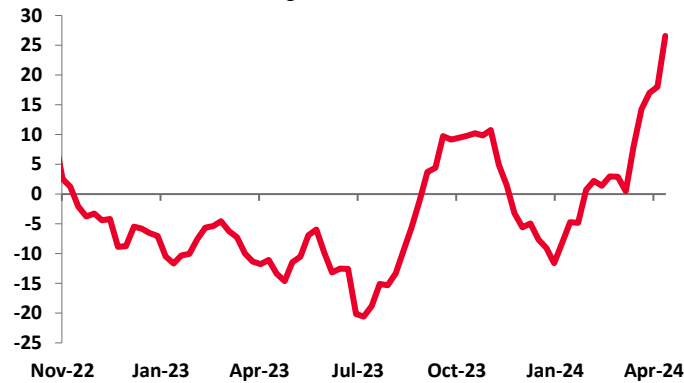# FX positioning and flows

IMM positioning in USD/MXN futures
Billion dollars, Negative = net long in MXN

Source: CME, Banorte

IMM positioning by currency*
Billion dollars

JPY -13.5, AUD -6.6, CAD -6.2, CHF -5.1, NZD -0.7, GBP 0.2, EUR 1.6, MXN 3.7

* Positive: Net long in the corresponding currency
Source: CME, Banorte

IMM positioning in USD futures*
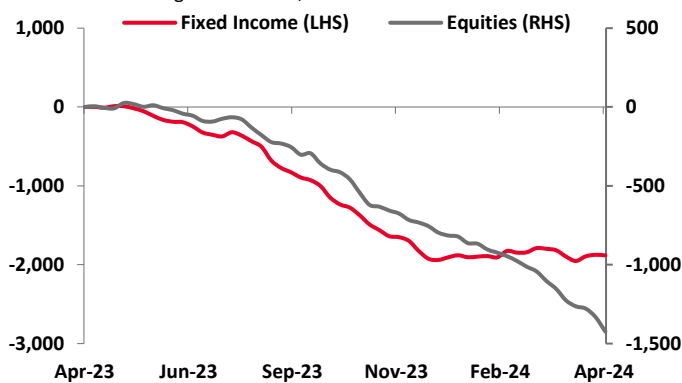Billion dollars, Positive = net long in USD

*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF
Source: CME, Banorte

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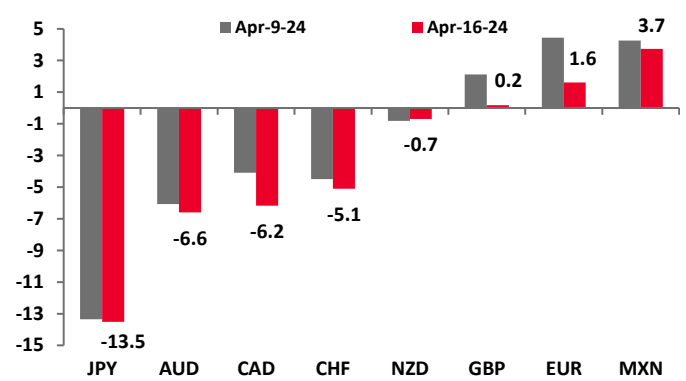Billion dollars

Region	Apr-10-24	Apr-17-24
ME and Africa	250	-37
EM Europe	227	-33
EM Asia	235	803
Latam	20	2

Source: EPFR Global, Banorte

Foreign portfolio flows into Mexico (excluding ETF's investments)
Accumulated during the last 12M, million dollars
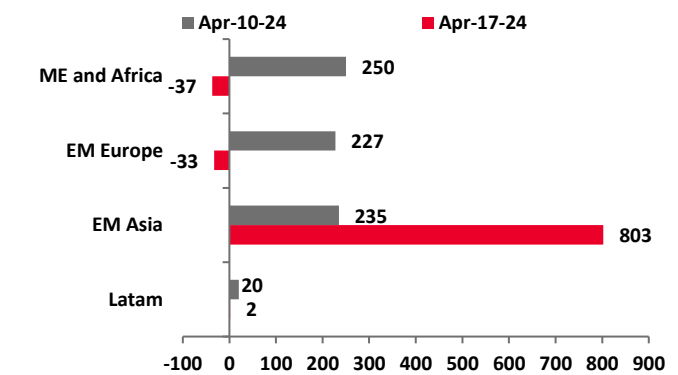
Source: EPFR Global, Banorte

Net foreign portfolio flows by region (excluding ETF's investments)
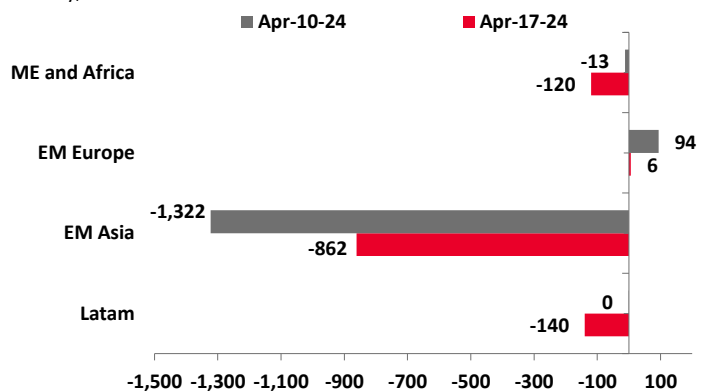Weekly, million dollars

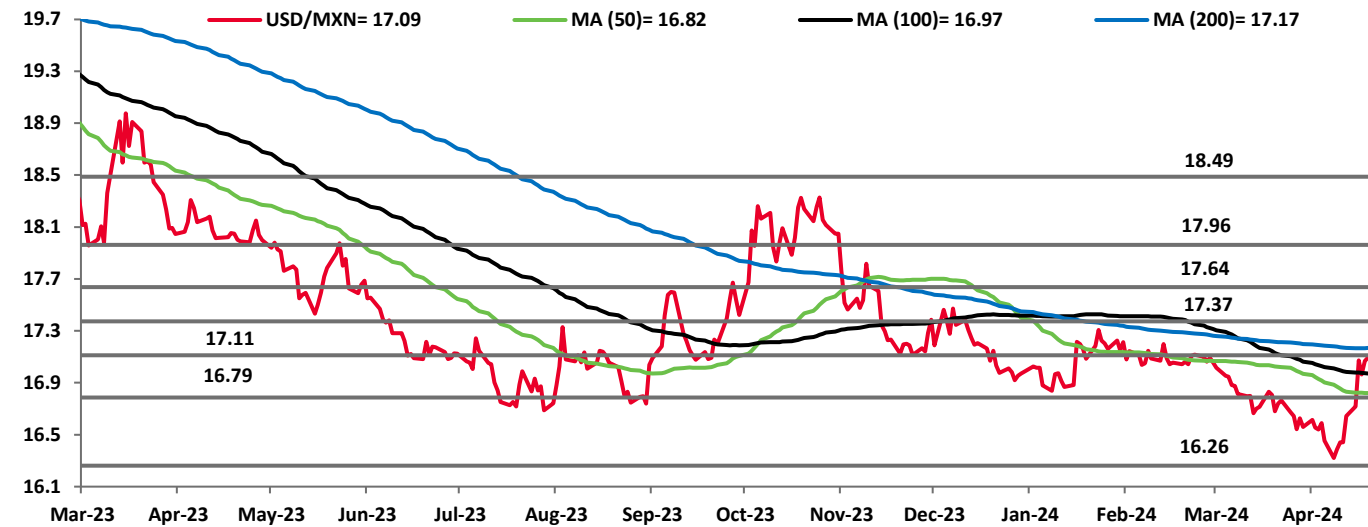| Region	Apr-10-24	Apr-17-24
ME and Africa	-120	-13
EM Europe	94	6
EM Asia	-1,322	-862
Latam	0	-140

Source: EPFR Global, Banorte

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FX technicals

USD/MXN – Moving averages and Fibonacci retracement
Last 12 months

USD/MXN= 17.09   MA (50)= 16.82   MA (100)= 16.97   MA (200)= 17.17

Levels shown: 18.49, 17.96, 17.64, 17.37, 17.11, 16.79, 16.26

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	47	67	24	72	53
CAD	42	49	25	64	45
ZAR	46	61	2	87	55
BRL	63	62	7	81	60
HUF	59	73	24	73	55
RUB	-3	-10	-23	32	2
VIX	31	51	11	74	45
SPX	33	35	-12	68	39
GSCI	-14	-21	-27	13	-5
Gold	23	49	-28	58	28

* Positive: appreciation of MXN and corresponding asset except VIX

USD/MXN – Weekly trading range
MXN cents with last 12 month average
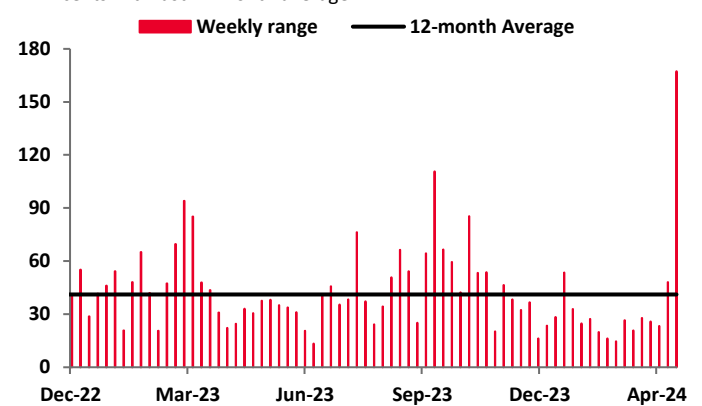
Weekly range   12-month Average

USD/MXN – 1-month correlation with other currencies*
Based on daily percentage changes

USD   CAD   ZAR   BRL   HUF   RUB
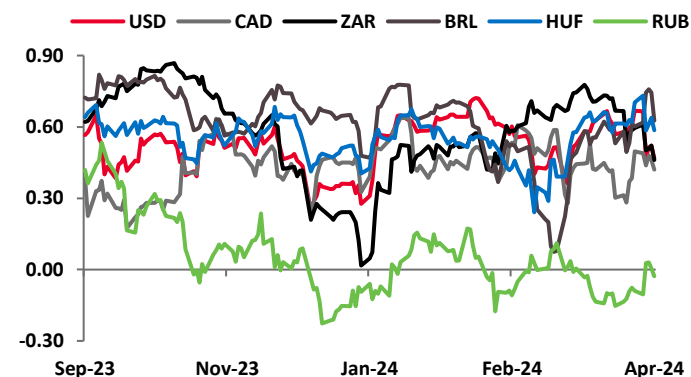
* Positive: appreciation of MXN and corresponding currency

USD/MXN – 1-month correlation with other assets*
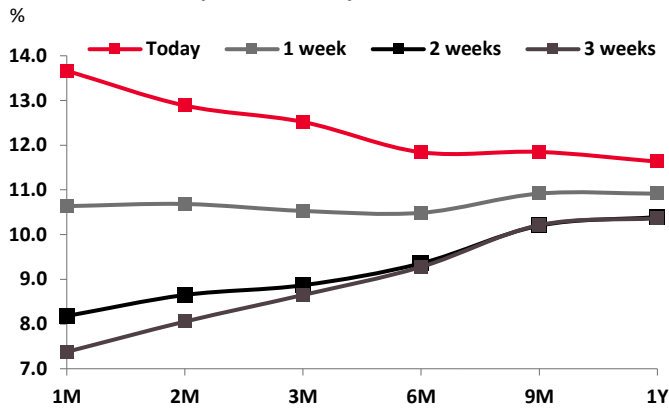Based on daily percentage changes
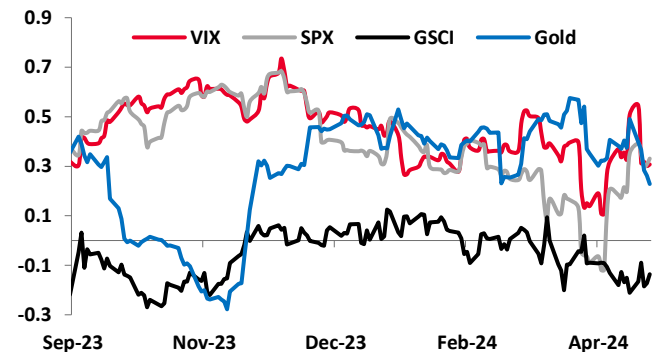
VIX   SPX   GSCI   Gold

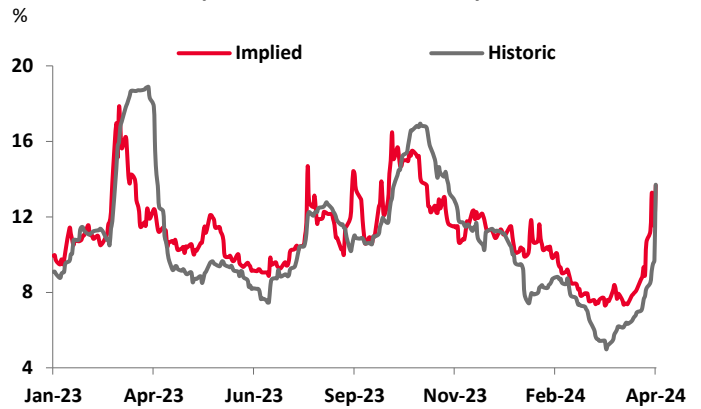* Positive: appreciation of MXN and corresponding asset except VIX

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FX technicals (continued)

USD/MXN – ATM options volatility curve
%

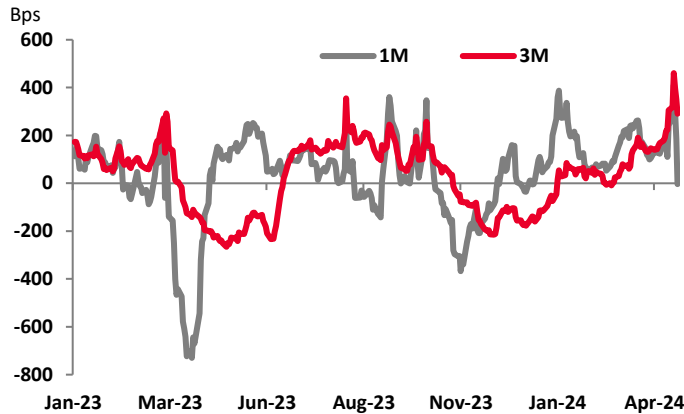Today | 1 week | 2 weeks | 3 weeks

Source: Bloomberg, Banorte

USD/MXN – 1M implied and historical volatility
%

Implied | Historic

Source: Bloomberg, Banorte

USD/MXN – Spread between implicit and historical volatility
Bps

1M | 3M

Source: Bloomberg, Banorte

Emerging markets one-month ATM options volatility
Against USD, in standard deviations relative to last year's average

	Value
CLP	1.16
MXN	0.52
ZAR	0.47
PLN	0.34
BRL	-0.12
MYR	-0.20
TRY	-0.58
COP	-0.86
HUF	-1.06
RUB	-1.66
KRW	-2.75

Cheap | Expensive
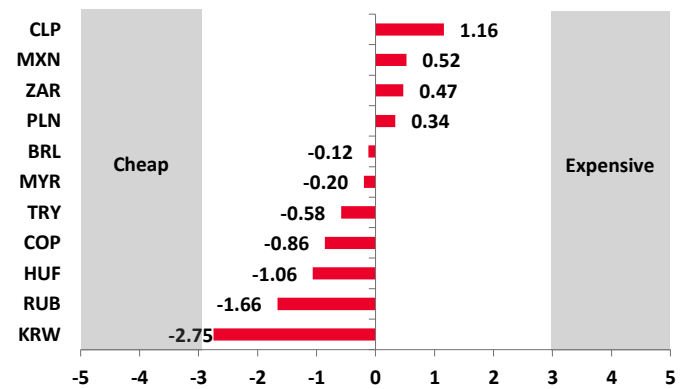
Source: Bloomberg, Banorte

USD/MXN – 1-month and 3-month 25D risk reversals
Last 24 months, difference between USD calls and puts, in vols

1M | 3M
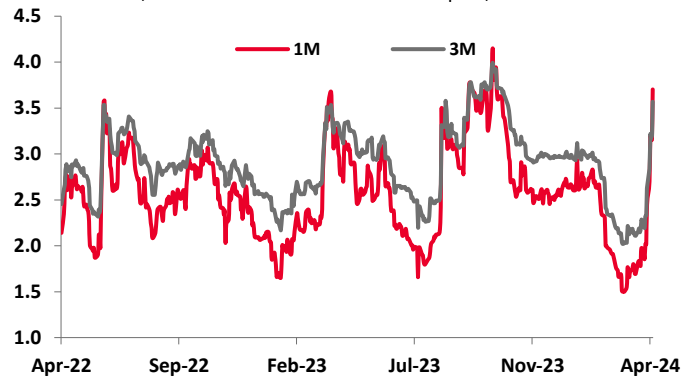
Source: Bloomberg, Banorte

USD/MXN – 1-month 25D volatility-adjusted risk reversal
Last 12 months, ratio adjusted against one-month implied volatility

Risk Reversal | 1Y average | +1 st. dev. | -1 st. dev.

USDMXN call > USDMXN put

Source: Bloomberg, Banorte

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Weekly economic calendar

For the week ending April 26th, 2024

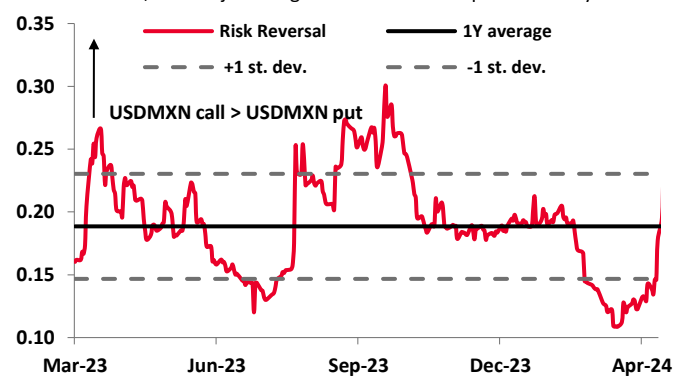|	Time		Event	Period	Unit	Banorte	Survey	Previous
Sun 21	21:15	CHI	Rate decision 1-year Loan Prime Rate	Apr 22	%	--	3.45	3.45
	21:15	CHI	Rate decision 5-year Loan Prime Rate	Apr 22	%	--	3.95	3.95
Mon 22	08:00	MX	Economic activity indicator (IGAE)	Feb	% y/y	3.3	2.7	2.0
	08:00	MX	Economic activity indicator (IGAE)*	Feb	% m/m	0.5	0.5	-0.6
	10:00	EZ	Consumer confidence*	Apr (P)	index	--	-14.4	-14.9
	16:30	MX	Citibanamex Survey of Economists					
Tue 23	03:30	GER	Manufacturing PMI*	Apr (P)	index	--	42.7	41.9
	03:30	GER	Services PMI*	Apr (P)	index	--	50.5	50.1
	03:30	GER	Composite PMI*	Apr (P)	index	--	48.5	47.7
	04:00	EZ	Manufacturing PMI*	Apr (P)	index	--	46.5	46.1
	04:00	EZ	Services PMI*	Apr (P)	index	--	51.8	51.5
	04:00	EZ	Composite PMI*	Apr (P)	index	--	50.7	50.3
	04:30	UK	Manufacturing PMI*	Apr (P)	index	--	50.4	50.3
	04:30	UK	Services PMI*	Apr (P)	index	--	53.0	53.1
	09:45	US	Manufacturing PMI*	Apr (P)	index	52.2	52.0	51.9
	09:45	US	Services PMI*	Apr (P)	index	--	52.0	51.7
	09:45	US	Composite PMI*	Apr (P)	index	--	52.0	52.1
	10:00	US	New home sales**	Mar	millions	--	670	662
	11:00	MX	International reserves	Apr 19	US$bn	--	--	217.2
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 10-year Mbono (Nov'34), 10-year Udibono (Aug'34) and 1-, 3-, and 7-year Bondes F					
Wed 24	04:00	GER	IFO Survey (business climate)*	Apr	index	--	88.8	87.8
	08:00	MX	Consumer prices	Apr 15	% 2w/2w	0.00	-0.02	-0.03
	08:00	MX	Core	Apr 15	% 2w/2w	0.16	0.14	0.02
	08:00	MX	Consumer prices	Apr 15	% y/y	4.54	4.50	4.37
	08:00	MX	Core yoy	Apr 15	% y/y	4.39	4.38	4.41
	08:30	US	Durable goods orders*	Mar (P)	% m/m	--	2.5	1.3
	08:30	US	Ex transportation*	Mar (P)	% m/m	--	0.2	0.3
Thu 25	07:00	TUR	Monetary policy decision (Central Bank of Turkey)	Apr 25	%	--	50.00	50.00
	08:30	US	Gross domestic product**	1Q24 (P)	% q/q	2.4	2.5	3.4
	08:30	US	Personal consumption**	1Q24 (P)	% q/q	2.5	2.8	3.3
	08:30	US	Trade balance*	Mar	US$bn	--	-91.1	-90.3
	08:30	US	Initial jobless claims*	Apr 20	thousands	215	215	212
		JP	Monetary policy decision BoJ (Upper Bound)	Apr 26	%	--	0.10	0.10
		JP	Monetary policy decision BoJ (LowerBound)	Apr 26	%	--	0.00	0.00
Fri 26	04:00	EZ	Monetary aggregates (M3)*	Mar	% y/y	--	0.5	0.4
	08:00	MX	Unemployment rate	Mar	%	2.28	2.50	2.45
	08:00	MX	Trade balance	Mar	US$mn	367.3	450.0	-584.7
	08:00	BZ	Consumer prices	Apr	% m/m	--	0.30	0.36
	08:00	BZ	Consumer prices	Apr	% y/y	--	3.86	4.14
	08:30	US	Personal income*	Mar	% m/m	--	0.5	0.3
	08:30	US	Personal spending*	Mar	% m/m	--	0.6	0.8
	08:30	US	Real personal spending*	Mar	% m/m	0.3	0.3	0.4
	08:30	US	PCE Deflator*	Mar	% m/m	0.3	0.3	0.3
	08:30	US	Core*	Mar	% m/m	0.3	0.3	0.3
	08:30	US	PCE Deflator	Mar	% y/y	2.7	2.6	2.5
	08:30	US	Core	Mar	% y/y	2.7	2.7	2.8
	10:00	US	U. of Michigan Confidence*	Apr (F)	index	77.9	77.9	77.9

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

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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-linkded 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-linkded 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-linkded 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 TIIE-IRS steepener	28bps	43bps	18bps	31bps	P[2]	Feb-15-17	Mar-15-17
5y10y TIIE-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 TIIE-IRS (13x1)	3.92%	3.67%	4.10%	3.87%[1]	P	Nov-12-15	Feb-8-16
Long spread 10-year TIIE-IRS *vs* US Libor	436bps	410bps	456bps	410bps	P	Sep-30-15	Oct-23-15
Receive 9-month TIIE-IRS (9x1)	3.85%	3.65%	4.00%	3.65%	P	Sep-3-15	Sep-18-15
Spread TIIE 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 TIIE-IRS (3x1)	3.24%	3.32%	3.20%	3.30%	P	Jan-29-15	Jan-29-15
Pay 9-month TIIE-IRS (9x1)	3.28%	3.38%	3.20%	3.38%	P	Jan-29-15	Jan-29-15
Pay 5-year TIIE-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 TIIE-IRS (26x1)	3.75%	3.55%	3.90%	3.90%	L	Jul-11-14	Sep-10-14
Receive 1-year TIIE-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 TIIE-IRS (6x1)	3.83%	3.65%	4.00%	3.81%	P	Oct-10-13	Oct-25-13
Receive 1-year TIIE-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 TIIE-IRS (9x1)	4.50%	4.32%	4.65%	4.31%	P	Jun-21-13	Jul-12-13
Spread TIIE-Libor (10-year)	390bps	365bps	410bps	412bps	L	Jun-7-13	Jun-11-13
Receive 1-year TIIE-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 TIIE-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 TIIE-IRS (13x1)	4.87%	4.70%	5.00%	4.69%	P	Jan-11-13	Jan-24-13
Receive TIIE Pay Mbono (10-year)	46bps	35bps	54bps	54bps	L	Oct-19-12	Mar-8-13
Spread TIIE-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

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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, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, 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.

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	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.

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