Fixed-Income & FX Strategy

Weekly

Fixed-Income and FX Weekly

▪ **Fed decision and US inflation in focus.** The rally in global rates led by Treasuries extended through much of this week and, although it already had lost some momentum in previous sessions, it was abruptly halted by the surprise in May's NFP today. The labor market report showed mixed signals. It revealed the creation of 272,000 jobs (consensus 180,000), with revisions to the previous two months subtracting 15,000. The unemployment rate unexpectedly rose from 3.9% to 4.0% (consensus 3.9%), with the participation rate falling from 62.7% to 62.5% and wages accelerating to +0.4% m/m (previous: +0.2% m/m). Despite these mixed signals, we consider they lean more towards sustaining employment strength with price pressures stemming from the labor market. This contrasts with most recent indicators that had been weaker than expected and largely fueled the rally in Treasuries. On this front, the 10-year benchmark returned to levels not seen since early April of 4.28%, although it closed the week at 4.43% with a gain of only 6bps vs. 21bps before the report. These employment figures will contribute to the expectation that the Fed will hold a hawkish tone in its decision next week. We do not expect changes in their stance, in line with the market. Also, it is still our take the Fed will stay pat for a few more months, unlike other central banks such as the ECB (this same week), which have begun cutting interest rates. Crucial as well for next week's price action and matching with the Fed decision on Wednesday, is the publication of US May's inflation (Banorte: 0.1% m/m; consensus: 0.1%). In this regard, the market incorporates accumulated implied cuts for the Fed by -37bps by year-end from -50bps at its strongest point in recent days, with the probability of a 25bps cut in September remaining close to 50%. Locally, May's inflation also published today surprised to the downside at -0.19% m/m, with core inflation at 0.17%. Annual inflation increased to 4.69% (previous: 4.65%), with the core lower at 4.21% (previous: 4.37%). However, considering the price dynamics so far, we believe Banxico will no longer cut rates at its next meeting on June 27th. Moreover, we think the gradual approach will extend for the rest of the year, now expecting the rate at 10.50% by December's close (previous: 10.00%), considering 25bps cuts in September and December. In this regard, the market prices -3bps for June's meeting and -30bps accumulated by year-end (Banorte: -50bps). We suggest taking advantage of the wider ranges in Mbonos for short-term tactical trading operations. We reiterate our view favoring nominal rates vis-á-vis real rates for the rest of the quarter. The dollar strengthened during the week, and the BBDXY (index with a higher weight of EM currencies) added 3 positive weeks. The Mexican peso depreciated 7.5% w/w, closing at 18.40 per dollar, trading in a weekly range of 154 cents (widest since April) between 16.92 and 18.45. MXN implied volatilities were pressured upwards along the curve, more strongly in short term maturities, resulting in an inverted slope. Technically, the next supports for the peso are located at 18.52, 19.00, and 19.23, while resistances are at 17.66, 17.45, and 17.30

▪ **Weekly ranges** – We expect the 10-year Mbono (Nov'34) to trade between 9.90% and 10.40%, and MXN between 17.90 and 19.10 per dollar

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2023
#1 OVERALL FORECASTER - MEXICO

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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	10.99	0	-3	-46	11.45	10.98	11.20
28-days[1]	11.06	0	0	-25	11.33	11.05	11.26
91-days[1]	11.16	0	0	-26	11.45	11.16	11.37
182-days[1]	11.32	0	0	-26	11.61	11.31	11.53
Cetes[2]							
28-days	11.05	1	1	-19	11.49	10.45	11.14
91-days	11.13	-2	-3	-11	11.61	10.75	11.35
182-days	11.19	-3	-2	-14	12.06	10.90	11.49
364-days	11.38	7	40	25	12.13	10.88	11.47
Mbonos							
Sep´24	11.42	7	9	45	11.57	10.03	10.99
Dec'24	11.40	18	23	74	11.31	9.57	10.66
Mar'25	10.76	20	14	86	11.24	9.56	10.34
Mar'26	10.82	19	19	106	10.92	8.85	9.85
Sep'26	10.80	32	30	130	10.78	9.22	9.90
Mar'27	10.39	22	23	101	10.53	8.58	9.50
Jun'27	10.41	25	29	115	10.49	8.49	9.43
Mar'29	10.32	38	40	125	10.32	9.07	9.64
May'29	10.24	37	38	130	10.24	8.43	9.14
May'31	10.21	39	43	127	10.26	8.45	9.13
May'33	10.19	42	44	125	10.24	8.52	9.13
Nov'34	10.20	45	46	126	10.21	8.49	9.11
Nov'36	10.20	44	48	128	10.20	8.53	9.11
Nov'38	10.28	48	52	124	10.25	8.66	9.23
Nov'42	10.35	50	54	128	10.25	8.71	9.26
Nov'47	10.32	52	55	125	10.17	8.69	9.22
Jul'53	10.33	52	55	126	10.17	8.66	9.23
TIIE-IRS							
3-month (3x1)	11.23	7	4	-23	11.55	11.16	11.42
6-month (6x1)	11.19	13	8	-9	11.55	11.05	11.33
9-month (9x1)	11.12	18	12	3	11.55	10.89	11.20
1-year (13x1)	11.00	23	21	22	11.46	10.62	10.95
2-year (26x1)	10.53	28	23	83	10.83	9.49	10.03
3-year (39x1)	10.17	29	30	109	10.31	8.72	9.46
4-year (52x1)	9.92	31	32	120	10.02	8.30	9.14
5-year (65x1)	9.79	32	33	123	9.87	8.10	8.98
7-year (91x1)	9.69	37	34	124	9.78	7.98	8.87
10-year (130x1)	9.69	39	38	124	9.78	7.97	8.87
20-year (3x1)	9.73	38	37	123	9.85	8.05	8.93
30-year (390x1)	9.69	37	35	124	9.84	8.07	8.92
Udibonos							
Dec'25	7.29	29	27	131	6.45	4.46	5.67
Dec'26	7.05	35	44	143	6.42	4.36	5.44
Nov'28	5.79	18	42	131	5.62	4.02	4.69
Nov'31	5.53	27	43	106	5.39	3.94	4.58
Aug'34[3]	5.50	28	43	43	5.52	4.82	5.14
Nov'35	5.45	31	37	108	5.06	3.96	4.45
Nov'40	5.34	30	32	103	5.04	3.96	4.48
Nov'43	5.35	31	33	102	5.06	4.30	4.60
Nov'46	5.18	24	23	103	5.04	3.91	4.46
Nov'50	5.17	23	21	95	5.03	3.97	4.48
Oct'54[4]	5.18	23	23	23	5.18	4.88	5.06

Source: Bloomberg, Banxico, Banorte
1: Compounded in advance Overnight TIIE Funding rate for "n" days
2: 1-day lag
3: Udibono Aug'34 issued on March 14th, 2024
4: Udibono Oct'54 issued on May 17th, 2024

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Fixed–Income Dynamics (continued)

USD UMS and US Treasuries performance

		UMS			UST			Spreads			CDS
Term	Maturity date	YTM (%)	Weekly change (bps)	YTD (bps)	YTM (%)	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Jan'26	5.68	+16	+120	4.88	+1	+46	79	+15	29	47
3Y	Mar'27	5.52	+9	+72	4.66	-2	+44	86	+11	35	65
5Y	May'29	5.67	+10	+88	4.46	-5	+45	121	+15	99	109
7Y	Apr'30	5.81	+11	+47	4.44	-6	+48	136	+17	121	145
10Y	May'33	6.00	+12	+44	4.43	-7	+55	157	+18	152	177
20Y	Mar'44	6.51	+5	+14	4.64	-8	+50	187	+14	182	--
30Y	May'54	6.74	+7	+35	4.55	-10	+59	219	+17	219	--

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

Fixed–Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 3-year Mbono (Sep'26), the 20-year Udibono (Nov'43), as well as 2- and 5-year Bondes F

- **Banxico will keep the benchmark rate at 11.00% for longer.** Under the current backdrop, we no longer expect a 25bps cut in June, with a higher year-end rate of 10.50% (previous: 10.00%). In this sense, Cetes' real rates remain attractive; however, we could see more moderate demand. Meanwhile, the market has also delayed its expectation for the Fed's first rate cut, now waiting for it to materialize at the December meeting. This week, Mbonos accumulated losses of ~30bps, contrasting with the modest breather of their international peers. As such, Mbonos are trading +2σ above their 90-day moving average, with a wider spread relative to Treasuries at ~40bps. In particular, Mbono Sep'26 looks modestly cheap with room to correct some of the recent losses. Demand for this paper has averaged 3.3x in its last two issuances. In real rates, we expect more limited appetite for the 20-year Udibono, with its inflation breakeven trading at 4.75%, above its 12-month average of 4.56%. Finally, we reiterate our preference for nominal vs. real rates in the period of seasonally low inflation prints

Auction specifics (June 11th, 2024)

Security	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	Jul-11-24	--	10,000	11.04
3m	Sep-12-24	--	13,000	11.15
6m	Dec-11-24	--	13,000	11.24
12m	May-29-25	--	14,300	11.34
Bondes F				
2Y	May-21-26	--	9,500	0.13
5Y	Apr-19-29	--	2,500	0.19
Bono M				
3Y	Sep-03-26	7.00	14,500	10.40
Udibono				
20Y	Nov-12-43	3.25	UDIS 850	5.00

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 (Oct'54)	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

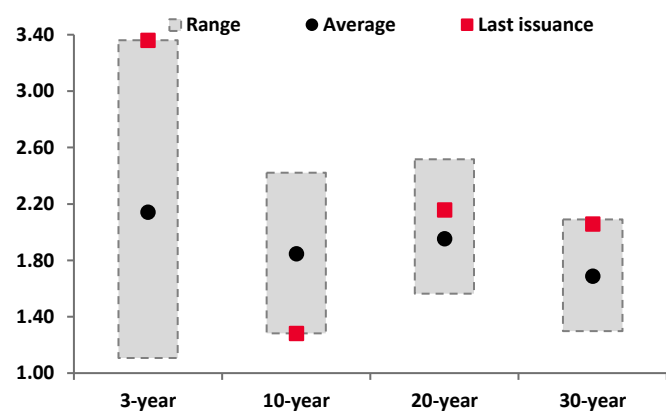**Mbonos' bid-to-cover ratios for primary auction in last 2 years**
Times
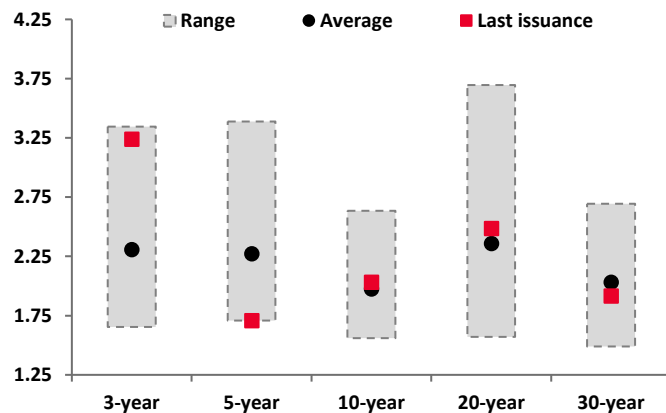
Source: Bloomberg, Banorte

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

Source: Bloomberg, Banorte

Fixed−Income Demand

**Government and IPAB securities holdings by type of investor**
US$ billion, *UDIS billion, data as of May/27/2024

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	117.98	13.67	11.53	21.84	5.48	13.10	5.93	6.52	-	39.90
Bondes D	16.90	0.00	0.46	8.61	0.20	2.43	0.27	-	-	4.93
Bondes F	122.76	0.01	5.10	69.19	1.87	14.02	1.91	0.01	-	30.65
Bondes G	5.90	0.00	0.15	2.04	0.38	0.61	1.60	-	-	1.11
Udibonos	204.23	9.53	113.19	8.43	37.22	4.55	1.42	0.17	-	29.71
Mbonos	273.19	83.15	63.23	9.19	7.90	35.09	19.25	1.47	0.90	53.01
Sbonos	1.38	0.63	0.39	0.01	0.03	0.06	-	-	-	0.26
Total	742.34	107.00	194.06	119.31	53.10	69.87	30.38	8.16	0.90	159.56
Udibonos*	417.44	19.49	231.36	17.23	76.07	9.31	2.91	0.35	-	60.72
IPAB bonds	62.38	0.05	0.28	19.00	0.22	10.62	10.04	0.75	-	21.42

Source: Banxico, Banorte

Government issuance by type of instrument
Total amount of US$ 805 billion (including IPAB bonds), % of total
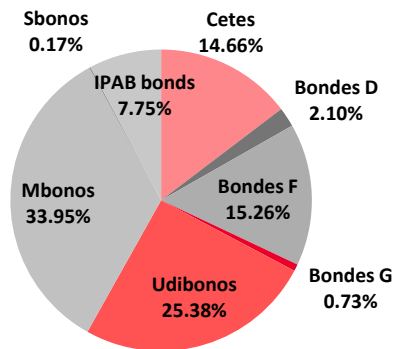
Source: Banxico, Banorte

Government issuance by type of investor
Total amount of US$ 805 billion (including IPAB bonds), % of total
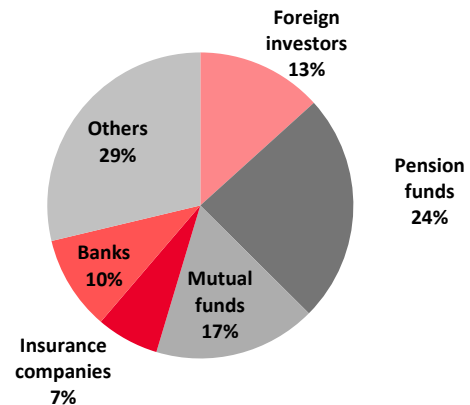
Source: Banxico, Banorte
Note: "Others" includes repos, guarantee and securities held by Banxico, as well as other domestic residents

Government securities holdings by type of investor
Total amount of US$ 805 billion (including IPAB bonds), % of total
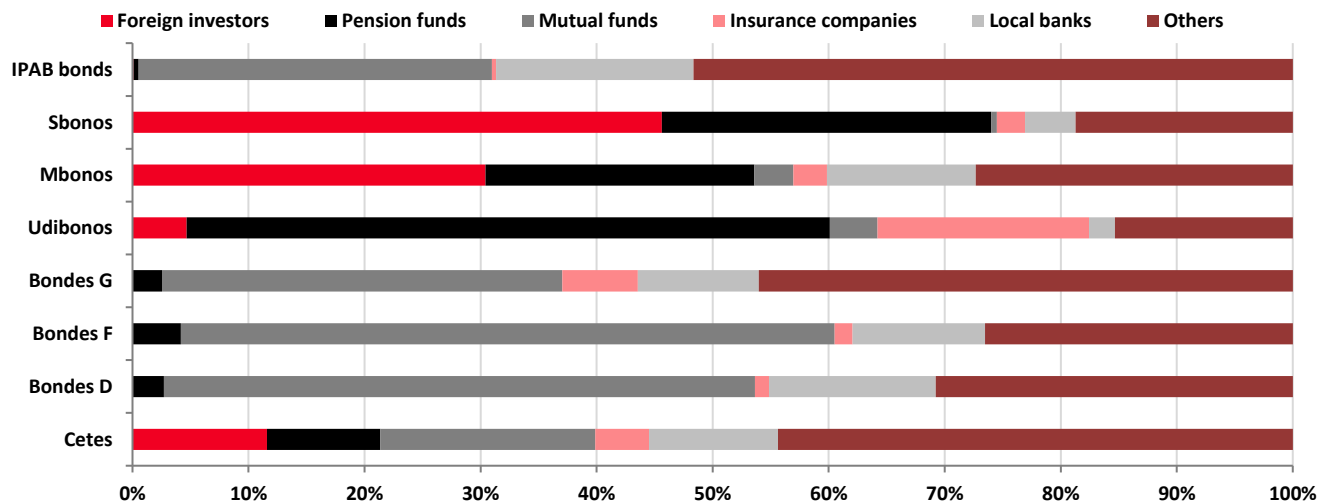
Source: Banxico, Banorte
Note: "Others" includes repos, guarantee and securities held by Banxico, as well as other domestic residents

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Fixed–Income Demand (continued)

Cetes held by foreigners
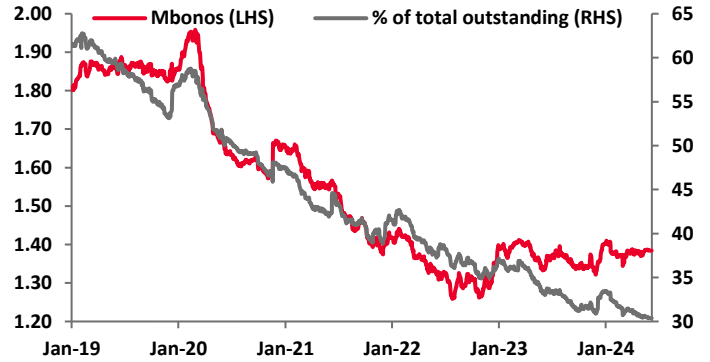MXN billion, %

Source: Banxico, Banorte

Mbonos held by foreigners
MXN trillion, %
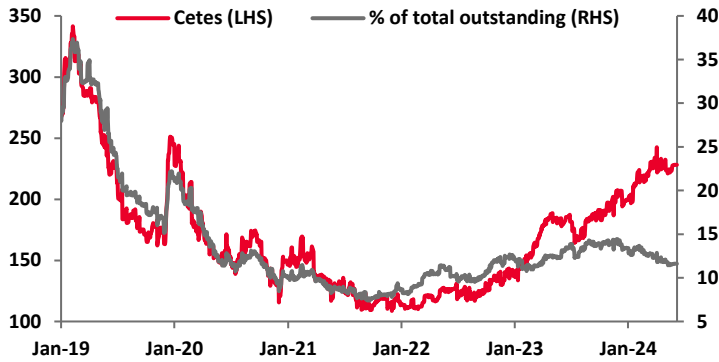
Source: Banxico, Banorte

Holdings of main investors by type of security
Data as of May/27/2024

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	-1.95	14.08	-5.87	-13.58	5.82	73.08
Bondes F	155.85	116.37	-10.21	-30.85	0.69	5.80
Udibonos	1.18	5.83	2.56	10.70	0.97	13.38
Mbonos	1.13	-1.11	-0.44	4.46	24.24	36.20

Source: Banxico, Banorte

Government securities issuance
USD Billions

Fuente: Banxico, Banorte

Mbonos holdings by type of investor
US$ billions and %, data as May/23/2024

Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Sep'24	16.3	21%	5%	17%	57%
Dec'24	12.1	22%	15%	9%	54%
Mar'25	7.2	35%	13%	22%	30%
Mar'26	24.8	37%	27%	10%	25%
Sep'26	14.8	27%	29%	15%	29%
Mar'27	23.1	27%	17%	8%	48%
Jun'27	20.3	7%	33%	23%	37%
Mar'29	10.7	15%	32%	17%	35%
May'29	16.7	5%	49%	22%	23%
May'31	24.4	5%	45%	33%	18%
May'33	18.8	4%	38%	30%	28%
Nov'34	9.1	5%	45%	33%	18%
Nov'36	4.6	1%	22%	49%	28%
Nov'38	12.8	1%	38%	45%	16%
Nov'42	20.7	1%	38%	45%	16%
Nov'47	15.7	0%	33%	48%	19%
Jul'53	15.9	1%	30%	49%	19%
Total	252.1	13%	31%	27%	29%

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

BANORTE

Fixed–Income Demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion

Legend: 2-year range | Average | Current
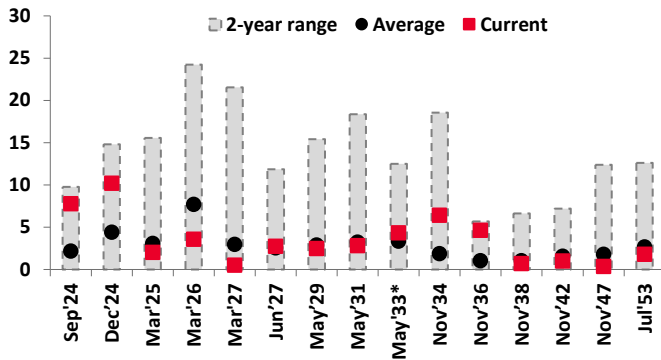
Source: Banxico, Banorte *May'33 issued in December 2022

Weekly change in market makers' short positions on Mbonos
MXN billion
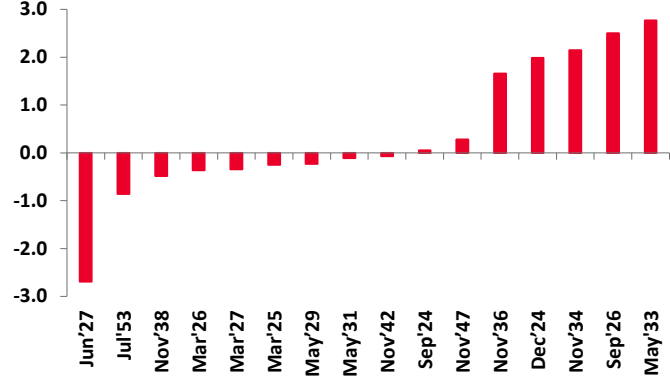
Source: Banxico, Banorte

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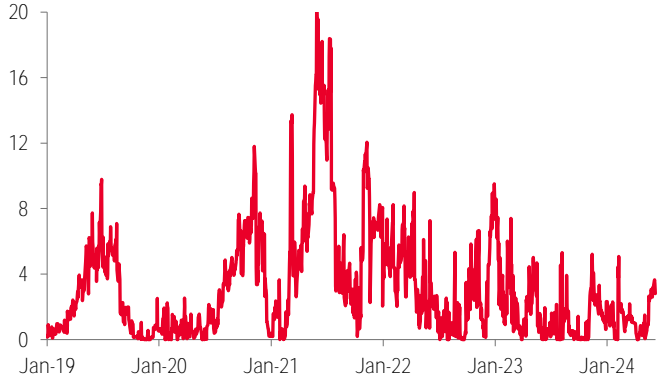
Source: Banxico, Banorte

Market makers' short positions on Mbono Nov'47
MXN billion
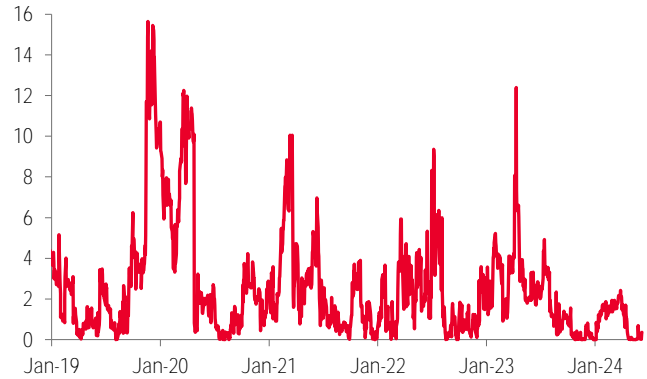
Source: Banxico, Banorte

Market makers' position on Mbonos
US$ million

Maturity date	Total amount outstanding as of Jun/06/2024	Jun/06/2024	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Sep'24	15,164	432	429	172	12	544	88
Dec'24	11,581	566	456	452	83	566	49
Mar'25	7,532	112	126	308	246	409	16
Mar'26	22,983	199	220	158	1,249	711	51
Sep'26	13,839	532	393	630	0	760	74
Mar'27	21,624	28	47	88	11	829	0
Jun'27	19,132	151	301	81	287	301	0
Mar'29	10,711	338	377	531	0	889	0
May'29	16,705	137	150	19	231	456	0
May'31	22,715	156	162	21	108	282	0
May'33	17,955	241	87	2	139	694	0
Nov'34	9,570	357	238	531	96	1,032	0
Nov'36	4,387	257	165	162	45	316	0
Nov'38	11,964	39	66	70	83	285	2
Nov'42	19,954	55	59	36	34	196	0
Nov'47	14,575	19	4	0	119	135	0
Jul'53	14,749	99	147	196	320	229	0
Total	**255,140**	**3,620**	**3,278**	**3,261**	**2,745**		

Source: Banxico, Banorte

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Fixed–Income Technicals

Spread between Cetes and Implied Forward Rates
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	77	63	59	78	208	-6
3 months	27	33	24	31	91	-1
6 months	20	18	13	20	46	-8
12 months	24	22	-20	4	36	-40

Source: PiP, Bloomberg, Banorte

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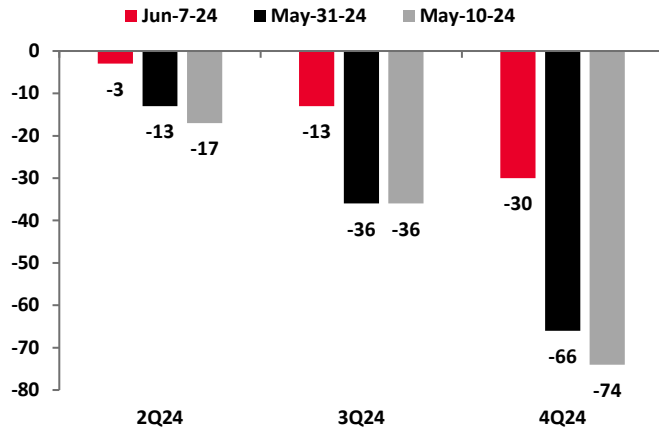
Source: Bloomberg, Banorte

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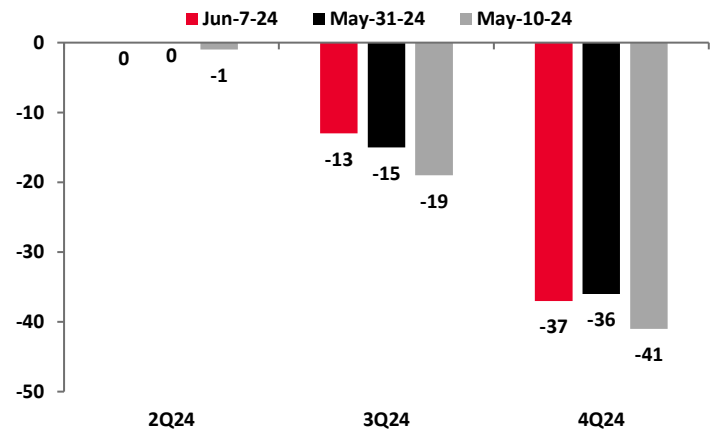
Source: Bloomberg, Banorte

Spreads between Mbonos and UST
Basis ponts

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	593	18	17	42	672	497	569
5 year	585	42	45	63	597	489	536
10 year	577	51	52	71	563	481	517
20 year	571	58	63	82	548	464	499
30 year	578	61	63	73	562	477	514

Source: Bloomberg, 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
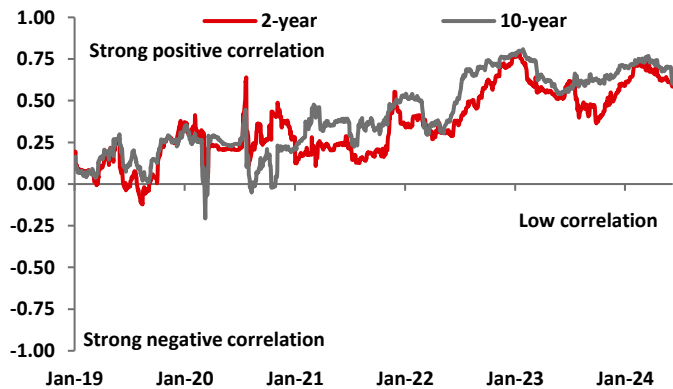
Source: Bloomberg, Banorte

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	-50	19	21	19	-31	-134	-87
2/10	-62	26	27	21	-40	-197	-116
2/30	-48	33	36	20	-25	-192	-106
5/10	-12	7	6	1	8	-78	-29
10/30	13	7	9	0	35	-15	10
TIIE IRS							
3m/2Y	-71	21	19	105	-71	-203	-139
2/5	-74	4	10	40	-72	-142	-105
2/10	-84	11	15	41	-83	-165	-116
2/30	-84	9	12	41	-73	-157	-111
5/10	-10	7	5	1	-1	-26	-11
10/30	0	-2	-3	1	23	-6	5
TIIE IRS – Mbonos							
2 year	-29	-10	-15	-23	25	-50	-18
5 year	-53	-28	-27	-2	-5	-100	-55
10 year	-51	-25	-26	-3	-7	-68	-50
20 year	-63	-29	-30	-5	-10	-75	-54
30 year	-65	-29	-31	-2	-14	-78	-54
TIIE IRS – SOFR							
2 year	576	29	25	13	577	485	538
5 year	557	37	39	54	557	432	491
10 year	564	46	45	66	564	442	494
20 year	573	47	45	71	573	467	504
30 year	588	46	43	76	588	487	523

Source: Bloomberg, Banorte

Breakeven inflation using Mbonos & Udibonos
%, Implicit market inflation using Fisher Equation

Date	Breakevens (%)	Weekly change (bps)	Δ last 4 weeks (bps)	YTD (bps)	12m Max (%)	12m Min (%)	12m Average (%)
3Y	3.50	-4	-15	-95	4.48	3.39	3.87
5Y	4.28	18	-3	-9	4.68	3.94	4.35
10Y	4.45	13	0	21	4.67	4.04	4.32
20Y	4.75	18	19	40	5.08	4.21	4.56
30Y	4.90	26	31	51	5.01	4.22	4.57

Source: Bloomberg, Banorte

3- and 5-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation
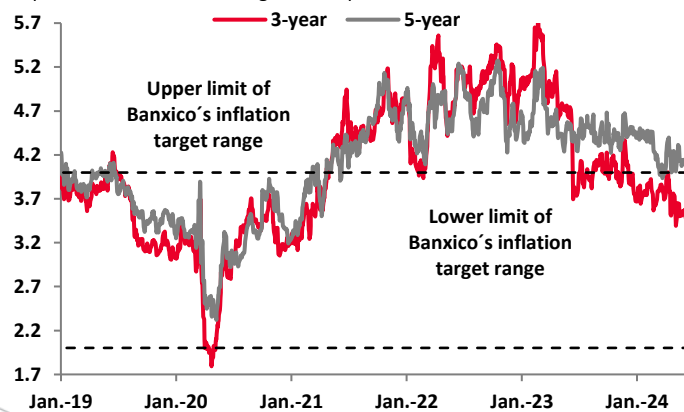
10- and 30-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation
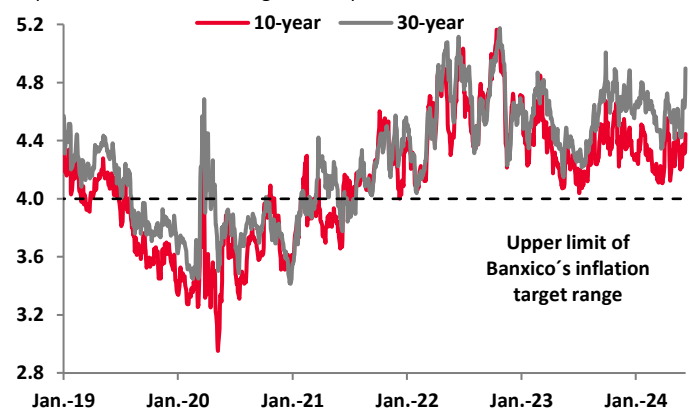
Source: PiP, Banorte

Source: PiP, Banorte

FX dynamics

Foreign Exchange market levels and historical return

		Close at Jun/07/24	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD (%)[1]
Emerging Markets						
Brazil	USD/BRL	5.35	-1.7	-1.9	-4.8	-9.1
Chile	USD/CLP	920.20	-1.3	-0.2	1.9	-4.5
Colombia	USD/COP	3,934.50	0.1	-1.7	-0.9	-2.0
Peru	USD/PEN	3.76	0.0	-0.8	-0.8	-1.4
Hungary	USD/HUF	362.33	-1.3	-0.9	-0.2	-4.2
Malaysia	USD/MYR	4.69	0.1	0.3	1.1	-2.1
Mexico	**USD/MXN**	**18.40**	**-2.2**	**-7.5**	**-8.1**	**-7.7**
Poland	USD/PLN	3.99	-1.5	-1.3	0.2	-1.4
Russia	USD/RUB	89.05	0.0	1.5	2.9	0.5
South Africa	USD/ZAR	18.90	0.4	-0.6	-1.8	-2.9
Developed Markets						
Canada	USD/CAD	1.38	-0.7	-1.0	-0.3	-3.8
Great Britain	GBP/USD	1.27	-0.6	-0.2	1.8	-0.1
Japan	USD/JPY	156.75	-0.7	0.4	-0.8	-10.0
Eurozone	EUR/USD	1.0801	-0.8	-0.4	0.5	-2.2
Norway	USD/NOK	10.71	-1.5	-2.0	1.8	-5.0
Denmark	USD/DKK	6.91	-0.8	-0.4	0.5	-2.2
Switzerland	USD/CHF	0.90	-0.8	0.6	1.3	-6.2
New Zealand	NZD/USD	0.61	-1.5	-0.6	1.7	-3.4
Sweden	USD/SEK	10.55	-1.5	-0.2	3.4	-4.5
Australia	AUD/USD	0.66	-1.3	-1.1	0.0	-3.4

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
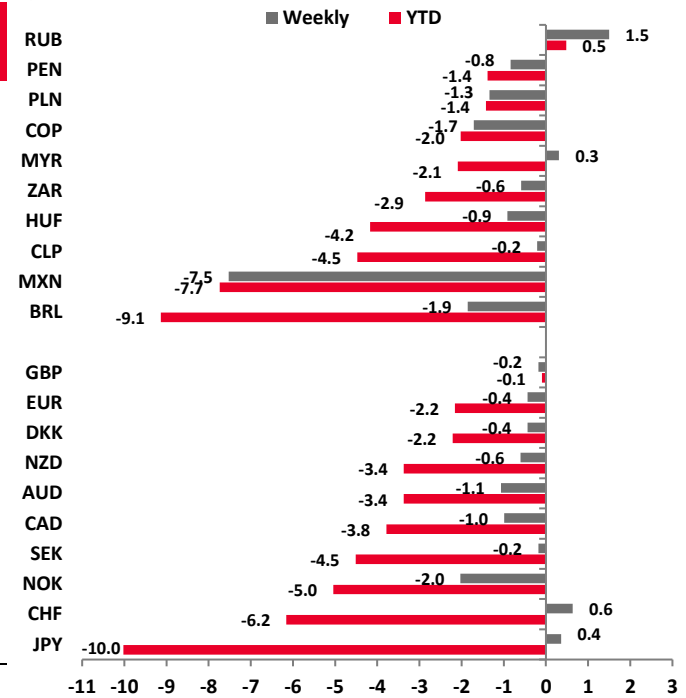
Source: Bloomberg, Banorte

BBDXY
Points

Source: Bloomberg, Banorte
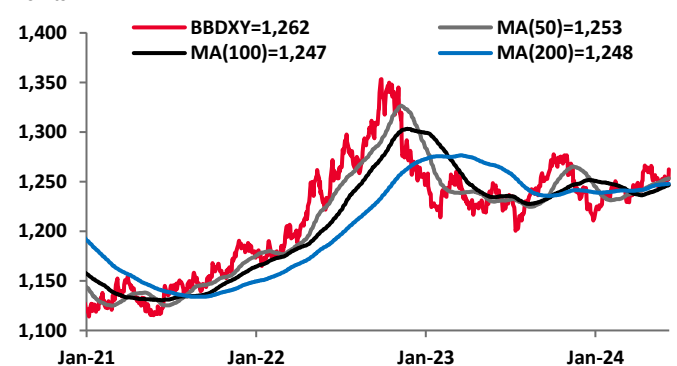
USD/MXN
Last 60 days

Source: Bloomberg, Banorte

Euro
Dollar per euro
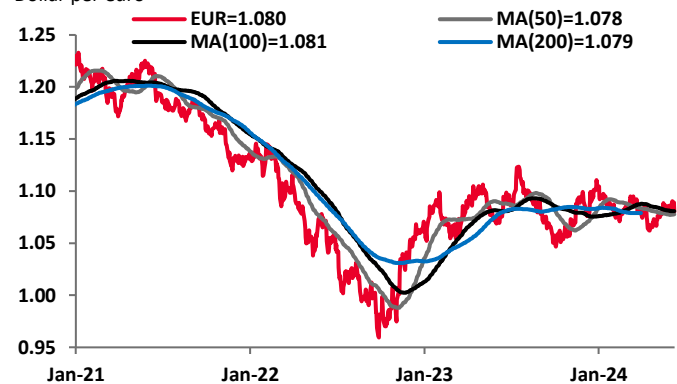
Source: Bloomberg, Banorte

FX positioning and flows

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

USD/MXN →

← Net positions (USD bn)

Source: CME, Banorte

IMM positioning by currency*
Billion dollars

Legend: May-28-24, Jun-4-24

Currency	Value
JPY	-10.6
CAD	-6.9
CHF	-6.6
AUD	-3.4
NZD	0.4
MXN	3.5
GBP	3.7
EUR	9.2
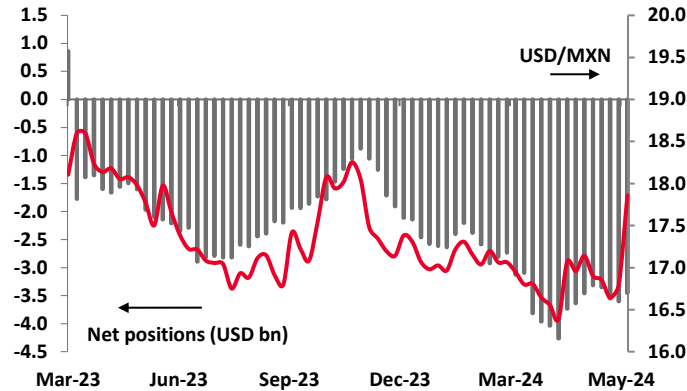
* Positive: Net long in the corresponding currency
Source: CME, Banorte

IMM positioning in USD futures*
Billion dollars, Positive = net long in USD
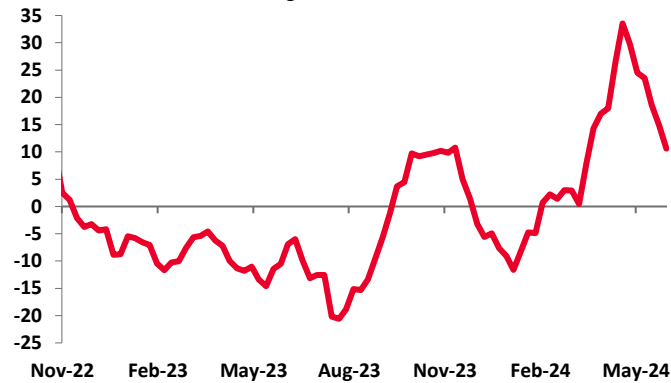
*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF
Source: CME, Banorte

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

Legend: May-29-24, Jun-5-24

Region	May-29-24	Jun-5-24
ME and Africa	19	18
EM Europe	5	133
EM Asia	589	5,071
Latam	177	268

Source: EPFR Global, Banorte

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

Legend: Fixed Income (LHS), Equities (RHS)
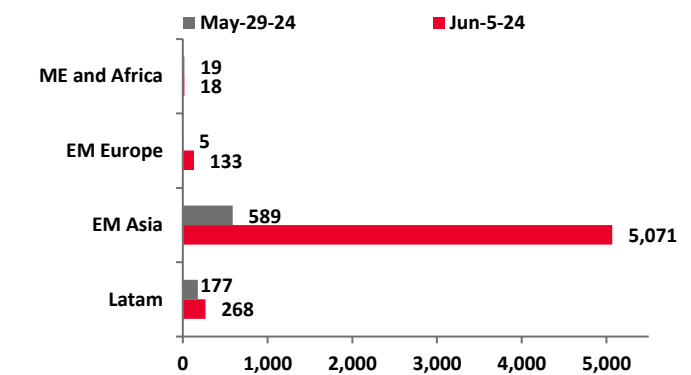
Source: EPFR Global, Banorte

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

Legend: May-29-24, Jun-5-24

Region	May-29-24	Jun-5-24
ME and Africa	-295	20
EM Europe	61	222
EM Asia	-909	-304
Latam	-255	117
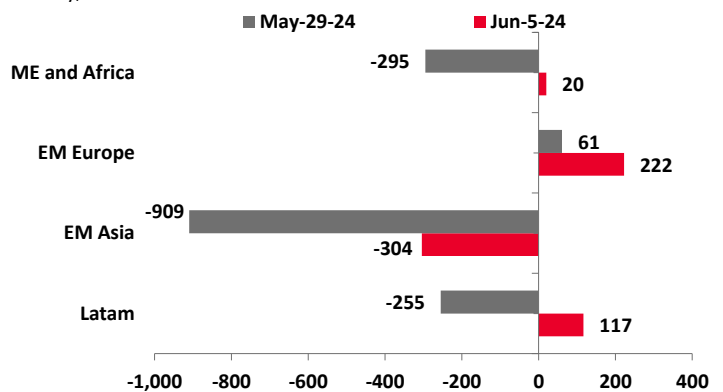
Source: EPFR Global, Banorte

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FX technicals

USD/MXN – Moving averages and Fibonacci retracement
Last 12 months
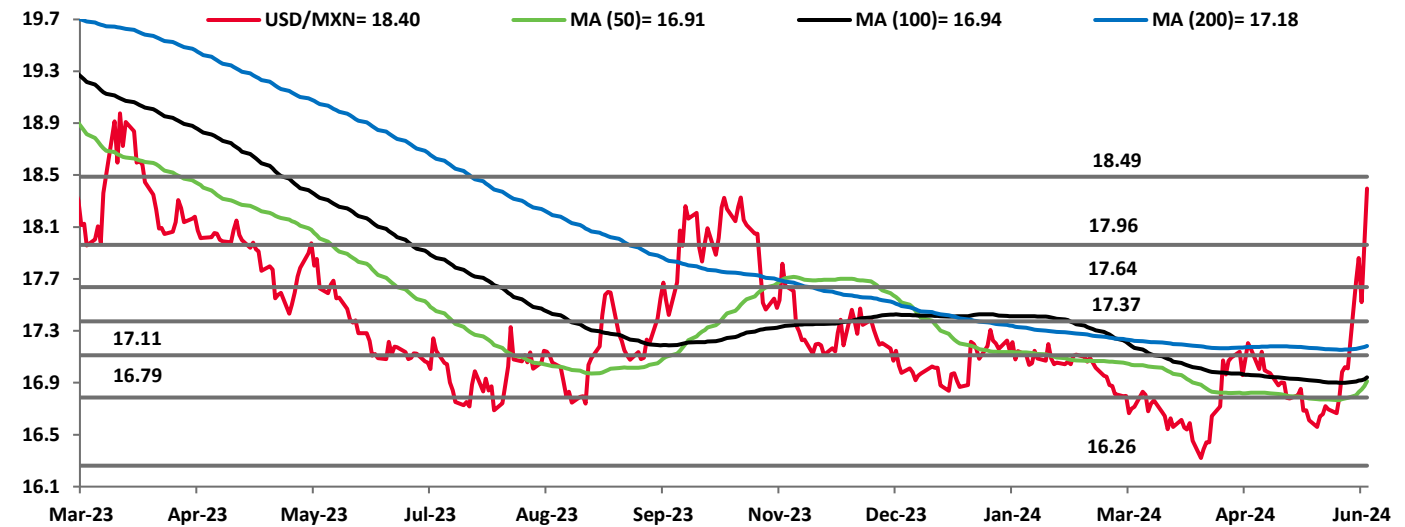
Source: Bloomberg, Banorte

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	20	11	1	69	51
CAD	34	35	23	59	45
JPY	2	8	-11	62	28
BRL	11	16	-4	73	55
CLP	14	4	4	62	37
ZAR	-12	-3	-13	77	47
VIX	31	50	11	74	39
SPX	38	57	-12	68	35
GSCI	11	10	-21	33	-2
Gold	33	48	16	58	37

* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

USD/MXN – Weekly trading range
MXN cents with last 12 month average
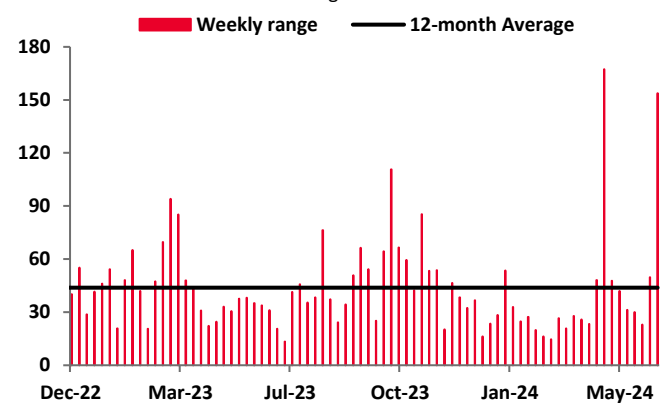
Source: Bloomberg, Banorte

USD/MXN – 1-month correlation with other currencies*
Based on daily percentage changes
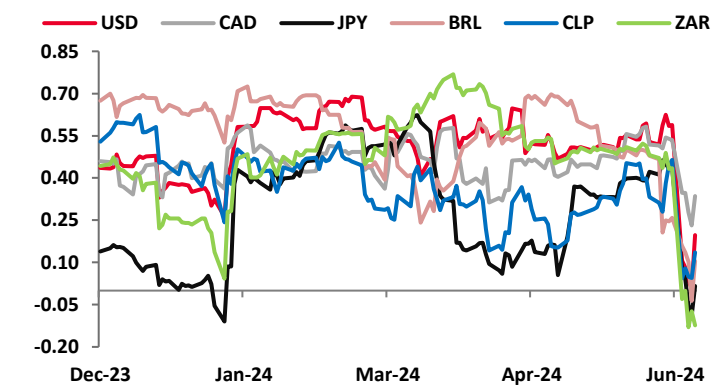
* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte

USD/MXN – 1-month correlation with other assets*
Based on daily percentage changes
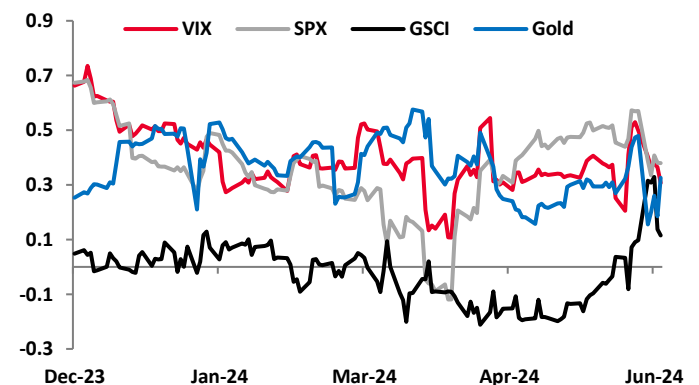
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

FX technicals (continued)

USD/MXN – ATM options volatility curve
%

Source: Bloomberg, Banorte

USD/MXN – Implied volatility
%

Source: Bloomberg, Banorte
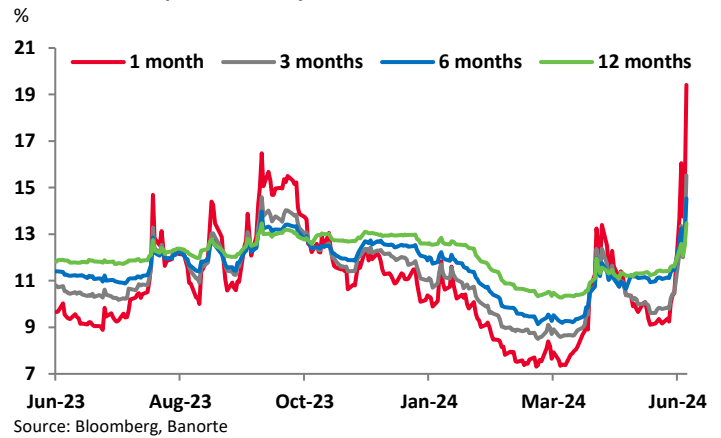
USD/MXN – Spread between implicit and historical volatility
Bps

Source: Bloomberg, Banorte
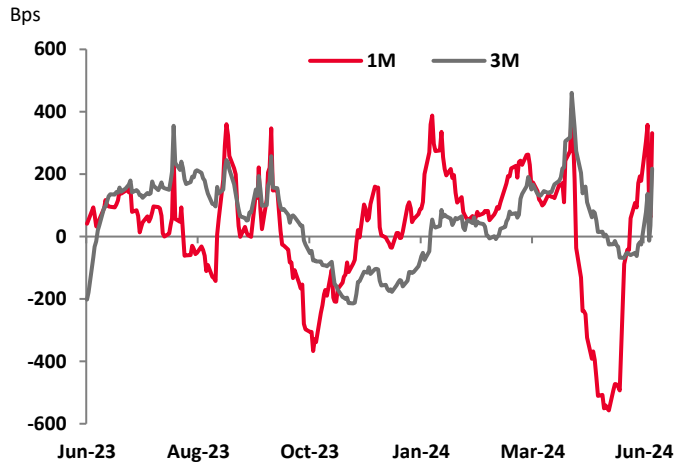
Emerging markets 1-month ATM options volatility
Against USD, in σ relative to last year's average

MXN	3.93
COP	1.23
ZAR	1.18
TRY	0.21
BRL	-0.53
CLP	-0.63
KRW	-0.95
MYR	-1.10
PLN	-1.18
RUB	-1.21
HUF	-1.30

Source: Bloomberg, Banorte
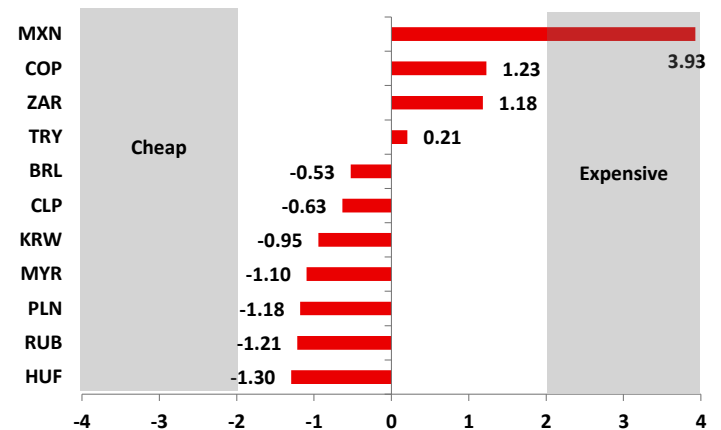
USD/MXN – 25D risk reversals
Last 12 months, difference between USD calls and puts, in vols

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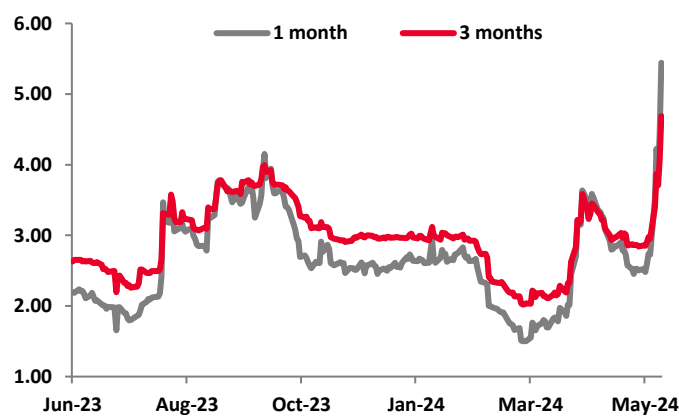
USD/MXN – 1-month 25D volatility-adjusted risk reversal
Last 12 months, ratio adjusted against 1-month implied volatility

USDMXN call > USDMXN put

Source: Bloomberg, Banorte
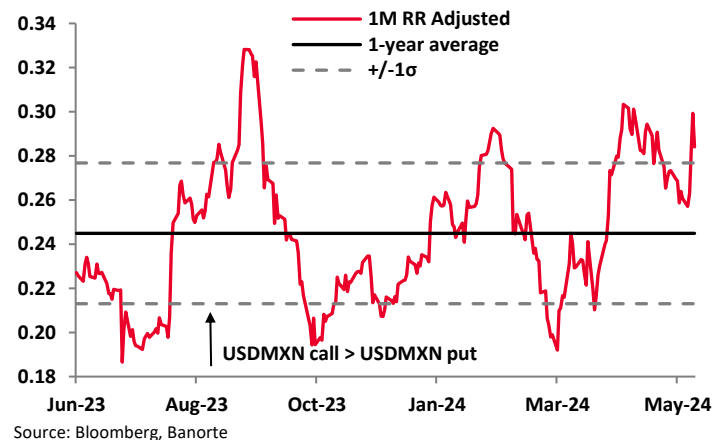
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Weekly economic calendar

For the week ending June 14th, 2024

	Time		Event	Period	Unit	Banorte	Survey	Previous
Sun 9	19:50	JN	Gross domestic product*	1Q24 (F)	% q/q	--	-0.5	-0.5
Mon 10	11:00	US	New York Fed 1-yr inflation expectations	May	%	--	--	3.3
		MX	Wage negotiations	May	% y/y	--	--	7.6
Tue 11	02:00	UK	Unemployment rate*	Apr	%	--	4.3	4.3
	08:00	MX	Industrial production	Apr	% y/y	6.2	4.1	-3.0
	08:00	MX	Industrial production*	Apr	% m/m	0.1	0.2	0.6
	08:00	MX	Manufacturing output	Apr	% y/y	6.1	--	-5.0
	08:00	BZ	Consumer prices	May	% m/m	--	0.42	0.38
	08:00	BZ	Consumer prices	May	% y/y	--	3.88	3.69
	11:00	MX	International reserves	Jun 7	US$bn	--	--	218.7
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43) and 2-, and 5-year Bondes F					
	21:30	CHI	Consumer Prices	May	% y/y	--	0.4	0.3
		MX	ANTAD same-store sales	May	% y/y	--	--	0.6
Wed 12	02:00	GER	Consumer prices	May (F)	% y/y	--	2.4	2.4
	02:00	UK	Industrial production*	Apr	% m/m	--	-0.1	0.2
	08:30	US	Consumer prices*	May	% m/m	0.1	0.1	0.3
	08:30	US	Ex. food & energy*	May	% m/m	0.3	0.3	0.3
	08:30	US	Consumer prices	May	% y/y	3.4	3.4	3.4
	08:30	US	Ex. food & energy	May	% y/y	3.5	3.5	3.6
	14:00	US	FOMC Rate Decision (Upper Bound)	Jun 12	%	5.50	5.50	5.50
	14:00	US	FOMC Rate Decision (Lower Bound)	Jun 12	%	5.25	5.25	5.25
	14:00	US	Interest Rate on Excess Reserves (IOER)	Jun 12	%	5.40	5.40	5.40
	14:30	US	Fed Chair Powell Holds Post-Meeting Press Conference					
Thu 13	05:00	EZ	Industrial Production*	Apr	% m/m	--	0.2	0.6
	08:00	BZ	Retail sales	Apr	% y/y	--	3.9	5.7
	08:00	BZ	Retail sales*	Apr	% m/m	--	1.7	0.0
	08:30	US	Initial jobless claims*	Jun 8	thousands	222	220	229
	08:30	US	Producer prices*	May	% m/m	--	0.1	0.5
	08:30	US	Ex. food & energy*	May	% m/m	--	0.3	0.5
	12:00	US	Fed's Williams Interviews Treasury Sec. Yellen					
	19:00	PER	Monetary policy decision (BCRP)	Jun 13	%	--	5.50	5.75
		JP	Monetary policy decision BoJ (Upper Bound)	Jun 14	%	--	0.10	0.10
		JP	Monetary policy decision BoJ (Lower Bound)	Jun 14	%	--	0.00	0.00
Fri 14	05:00	EZ	Trade balance*	Apr	EURbn	--	--	17.3
	10:00	US	U. of Michigan confidence*	Jun (P)	index	71.5	73.0	69.1
	14:00	US	Fed's Goolsbee Speaks in Fireside Chat					
	19:00	US	Fed's Cook Gives Speech for AEA Summer Program					

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; () 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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