

Fixed-Income & FX Strategy

W e e k l y

Fixed-Income and FX Weekly

- Fed, BoJ, and BoE in focus.** Markets are navigating the summer with signs of liquidity impacted by the season, although the flow of catalysts has been uninterrupted. The week was particularly affected by a deterioration in risk appetite, as corporate reports added lackluster growth figures and, in some cases, negative surprises. Amidst this, the possibility of Kamala Harris as the Democratic candidate to face Trump in November became more likely. Prior to the strong US GDP report, yield curves steepened globally, driven by increased conviction of Fed cuts. Meanwhile, June's price deflators consolidated this view. As such, the Treasuries' curve closed with gains of 6bps on average. In Mexico, the Mbonos' curve averaged gains of 10bps. Consequently, the 10-year spread between Mbonos and Treasuries closed at 567bps from 573bps a week ago, averaging 563bps during the month. Next week brings the Fed's decision, likely setting the stage for a 25bps cut in September. In the US, focus will be on July's jobs reports, particularly non-farm payrolls on Friday. Additionally, the BoE might cut its rate by 25bps ahead of the Fed. Given this context and the market's strong conviction that the Federal Reserve will start its monetary easing in September (currently pricing-in -28bps for that meeting and -69bps accumulated by year-end), we expect Banxico to follow through with a 25bps cut that we call for the August 8th meeting. Notably, the market is currently pricing in only -12bps for that meeting. Meanwhile, the analyst's consensus aligns with our view for August. Looking ahead, we still expect the market to demand a higher term premium on Treasuries in response to the balance of fiscal expansion, increased trade, and immigration protection policies that could result from a Republican administration (not ruling out similar risks, particularly on tariffs, in a Democratic scenario). Therefore, we maintain our [trade recommendation on the 2s10s spread in TIIE-28 IRS](#) (entry -84bps, last close -83bps). Despite the [upward surprise July's first fortnightly inflation](#), Udibonos ended the week with a mixed balance. However, mid- and longer duration was more defensive, with the Udibono Nov'35 adjusting -1bp w/w. We also maintain [our trade idea on this security](#), as an expression of the expectation of favorable carry for the UDI in the quarter, combined with attractive relative valuation in this tenor. The FX market added to the week's volatility with a positive balance for the USD. Price action was characteristically correlated between JPY (+2.4% w/w) and LatAm, as the yen benefited from expectations of a BoJ rate hikes next week, impacting carry trades. The MXN depreciated by 2.2% w/w to 18.46 per dollar. With an implied probability of a rate hike in Japan at 68% on Wednesday, there could still be room for additional JPY appreciation before a potential profit-taking should the hike materializes. For MXN trading purposes, this suggests that volatility will prevail, limiting its carry appeal for now. We maintain a preference for buying USD/MXN below 18.00
- Weekly ranges** – We expect the 10-year Mbono (Nov'34) to trade between 9.75% and 10.05%, and MXN between 18.00 and 18.75 per dollar

July 26, 2024



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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	11.00	0	-2	-45	11.45	10.98	11.17
28-days ¹	11.06	0	1	-25	11.33	11.05	11.22
91-days ¹	11.17	0	1	-25	11.45	11.15	11.34
182-days ¹	11.32	0	1	-26	11.61	11.31	11.50
Cetes²							
28-days	10.95	-9	3	-30	11.38	10.55	11.10
91-days	11.11	-3	-4	-13	11.45	11.08	11.26
182-days	11.20	-5	1	-13	11.66	11.16	11.35
364-days	11.27	-10	-1	13	11.86	10.53	11.26
Mbonos							
Sep'24	11.25	-2	4	28	11.57	10.75	11.20
Dec'24	11.24	0	5	58	11.40	10.47	10.98
Mar'25	10.66	-6	22	77	11.15	9.80	10.41
Mar'26	10.65	-8	-1	89	11.03	9.53	10.25
Sep'26	10.54	-14	6	104	11.03	9.41	10.12
Mar'27	10.09	-16	-13	70	10.74	9.26	9.86
Jun'27	10.05	-15	-15	79	10.68	9.20	9.82
Mar'29	9.94	-19	-14	88	10.55	9.01	9.67
May'29	9.88	-16	-8	94	10.47	8.84	9.55
May'31	9.87	-11	0	93	10.42	8.83	9.55
May'33	9.86	-12	0	92	10.40	8.81	9.53
Nov'34	9.86	-11	0	91	10.41	8.78	9.53
Nov'36	9.88	-13	3	96	10.41	8.77	9.52
Nov'38	10.02	-10	6	98	10.46	8.85	9.60
Nov'42	10.15	-5	15	107	10.51	8.90	9.64
Nov'47	10.15	-3	15	107	10.49	8.86	9.60
Jul'53	10.15	-4	14	108	10.50	8.88	9.62
TIIE-IRS							
3-month (3x1)	11.18	1	-2	-28	11.55	11.13	11.38
6-month (6x1)	11.05	-2	-4	-23	11.55	11.00	11.29
9-month (9x1)	10.90	-6	-7	-19	11.55	10.85	11.16
1-year (13x1)	10.71	-11	-9	-7	11.46	10.62	10.94
2-year (26x1)	10.15	-12	-14	45	10.86	9.55	10.11
3-year (39x1)	9.74	-12	-16	66	10.48	8.93	9.59
4-year (52x1)	9.52	-11	-16	79	10.24	8.61	9.30
5-year (65x1)	9.40	-12	-16	83	10.09	8.45	9.14
7-year (91x1)	9.32	-11	-13	87	9.98	8.32	9.04
10-year (130x1)	9.32	-11	-9	86	9.96	8.29	9.04
20-year (3x1)	9.38	-8	-9	88	10.04	8.37	9.10
30-year (390x1)	9.31	-10	-9	87	9.98	8.37	9.08
Udibonos							
Dec'25	6.36	-4	-26	38	7.90	5.60	6.42
Dec'26	6.27	3	-9	65	7.08	5.26	6.02
Nov'28	5.48	5	-17	100	5.96	4.42	5.11
Nov'31	5.20	0	-12	73	5.80	4.44	4.98
Aug'34 ³	5.19	-7	-12	33	5.52	4.82	5.10
Nov'35	5.25	-1	4	88	5.60	4.27	4.81
Nov'40	5.27	3	13	95	5.50	4.26	4.79
Nov'43	5.35	6	21	102	5.51	4.25	4.81
Nov'46	5.18	0	23	103	5.30	4.15	4.74
Nov'50	5.15	-6	22	93	5.32	4.23	4.76
Oct'54 ⁴	5.11	-9	20	10	5.31	4.88	5.11

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

Fixed-Income Dynamics (continued)

USD UMS and US Treasuries performance

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	5.12	-12	+66	4.39	-13	-4	73	+1	38	48
3Y	Mar'27	4.95	-14	+16	4.20	-9	-3	75	-5	46	66
5Y	May'29	5.27	-11	+48	4.07	-9	+7	119	-2	103	108
7Y	Apr'30	5.41	-9	+7	4.11	-7	+15	130	-2	122	145
10Y	May'33	5.80	-9	+24	4.19	-5	+32	161	-5	152	183
20Y	Mar'44	6.41	-5	+4	4.54	-1	+40	187	-4	182	--
30Y	May'54	6.67	-4	+28	4.45	+1	+49	221	-5	218	--

Source: Bloomberg, Banorte

5Y USD UMS



Source: Bloomberg, Banorte

10Y USD UMS



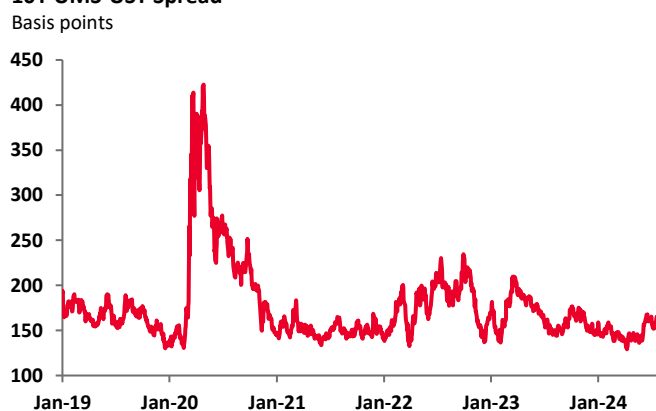
Source: Bloomberg, Banorte

5Y UMS-UST Spread



Source: Bloomberg, Banorte

10Y UMS-UST Spread



Source: Bloomberg, Banorte

Fixed-Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 20-year Mbono (Nov'42), the 20-year Udibono (Nov'43), as well as 1- and 3-year Bondes F
- **Strong appetite for Cetes.** We expect solid demand for Cetes given the attractive rates. These securities do not yet incorporate our expectation that Banxico will cut the benchmark rate to 10.75% (-25bps) at the August 8th meeting, and the adjustment of the same magnitude to close the year at 10.50%. For its part, the 1- and 3- month Cetes are trading close to 11.00%, the 6- month tenor at 11.20%, and the 12- and 24- month ones above 11.25%. Despite the latest CPI readings, real rates remain above 6.75% in all maturities. In historical terms, these levels are 70bps higher vs. the real rates observed in the last two years. For the 20-year Mbonos (Nov'42), we anticipate stable demand and similar to its last placement (2.5x) due to the recent sell-off as it shows a valuation with moderate room to correct further, according to the adjusted-duration yield analysis. However, Mbonos Mar'26 and Sep'26 reflect a greater attractiveness. So far this month, the Udibonos' curve has steepened on the back of gains of 17bps at the short-end and significant losses at the long-end of up to 23bps. In particular, Udibono Nov'43 has sold-off 21bps, trading close to this year's highs. After this movement, its relative valuation is the most attractive with a potential correction of -17bps, only behind Dec'26 (-23bps). As such, we expect a better demand relative to its last placement of 1.7x

Auction specifics (July 30th, 2024)

Security	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	Aug-29-24	--	10,000	10.87
3m	Oct-31-24	--	13,000	11.09
6m	Jan-23-25	--	15,800	11.26
24m	Jun-11-26	--	15,400	11.19
Bondef F				
1Y	Jul-03-25	--	10,200	0.09
3Y	Jul-22-27	--	5,300	0.19
Bono M				
20Y	Nov-13-42	7.75	7,000	10.04
Udibono				
20Y	Nov-12-43	3.25	UDIS 850	5.40

Source: Banxico, Banorte

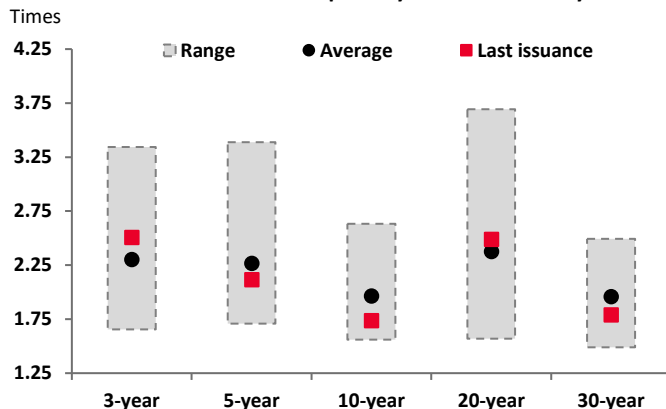
1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

3Q24 Government Securities Auction Calendar*

Date	Cetes	Bonos M	Udibonos	Bondef F
2-Jul	1, 3, 6, and 24M	10Y (Nov'34)	10Y (Aug'34)	1 and 3Y
9-Jul	1, 3, 6, and 12M	5Y (Mar'29)	30Y (Oct'54)	2 and 5Y
16-Jul	1, 3, 6, and 24M	30Y (Jul'53)	3Y (Dec'26)	1, 3, and 7Y
23-Jul	1, 3, 6, and 12M	3Y (Sep'26)	10Y (Aug'34)	2, 5, and 10Y
30-Jul	1, 3, 6, and 24M	20Y (Nov'42)	20Y (Nov'43)	1 and 3Y
6-Aug	1, 3, 6, and 12M	10Y (Nov'34)	3Y (Dec'26)	2 and 5Y
13-Aug	1, 3, 6, and 24M	5Y (Mar'29)	10Y (Aug'34)	1, 3, and 7Y
20-Aug	1, 3, 6, and 12M	3Y (Sep'26)	30Y (Oct'54)	2, 5, and 10Y
27-Aug	1, 3, 6, and 24M	20Y (Nov'42)	3Y (Dec'26)	1 and 3Y
3-Sep	1, 3, 6, and 12M	30Y (Jul'53)	10Y (Aug'34)	2 and 5Y
10-Sep	1, 3, 6, and 24M	5Y (Mar'29)	20Y (Nov'43)	1, 3, and 7Y
17-Sep	1, 3, 6, and 12M	3Y (Sep'26)	3Y (Dec'26)	2, 5, and 10Y
24-Sep	1, 3, 6, and 24M	10Y (Nov'34)	30Y (Oct'54)	1 and 3Y

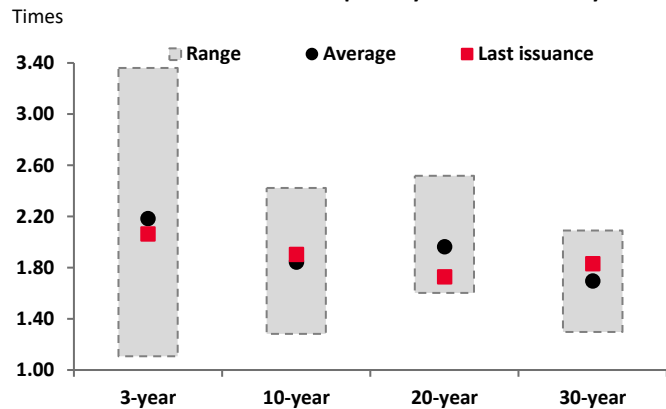
Source: SHCP *Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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

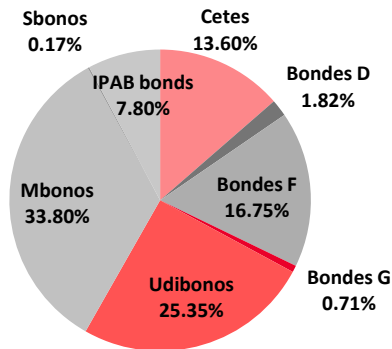
US\$ billion, *UDIS billion, data as of Jul/16/2024

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	106.03	12.36	13.83	19.11	5.21	14.19	2.36	2.99	-	35.97
Bon-des D	14.17	0.00	0.73	6.41	0.24	2.85	0.05	0.11	-	3.78
Bon-des F	130.54	0.08	4.45	70.26	1.99	13.92	1.31	2.18	-	36.36
Bon-des G	5.57	0.00	0.16	1.63	0.43	0.48	1.78	-	-	1.09
Udibonos	197.60	9.76	108.88	6.82	35.72	5.14	1.27	0.33	-	29.68
Mbonos	263.48	79.16	61.45	10.14	7.59	42.74	7.13	0.83	0.85	53.59
Sbonos	1.30	0.66	0.34	0.01	0.03	0.00	-	-	-	0.26
Total	718.68	102.02	189.84	114.37	51.22	79.32	13.90	6.43	0.85	160.73
Udibonos*	427.97	21.14	235.82	14.76	77.36	11.14	2.76	0.71	-	64.29
IPAB bonds	60.79	0.04	0.46	19.84	0.29	12.27	5.47	0.86	-	21.57

Source: Banxico, Banorte

Government issuance by type of instrument

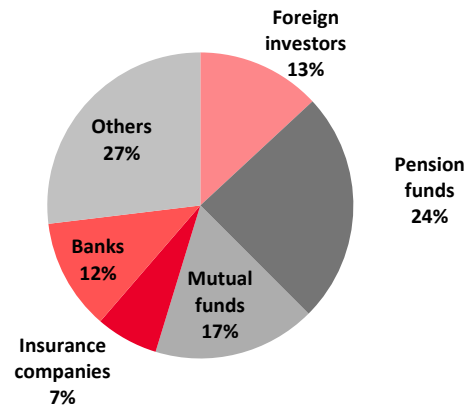
Total amount of US\$ 779 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

Government issuance by type of investor

Total amount of US\$ 779 billion (including IPAB bonds), % of total

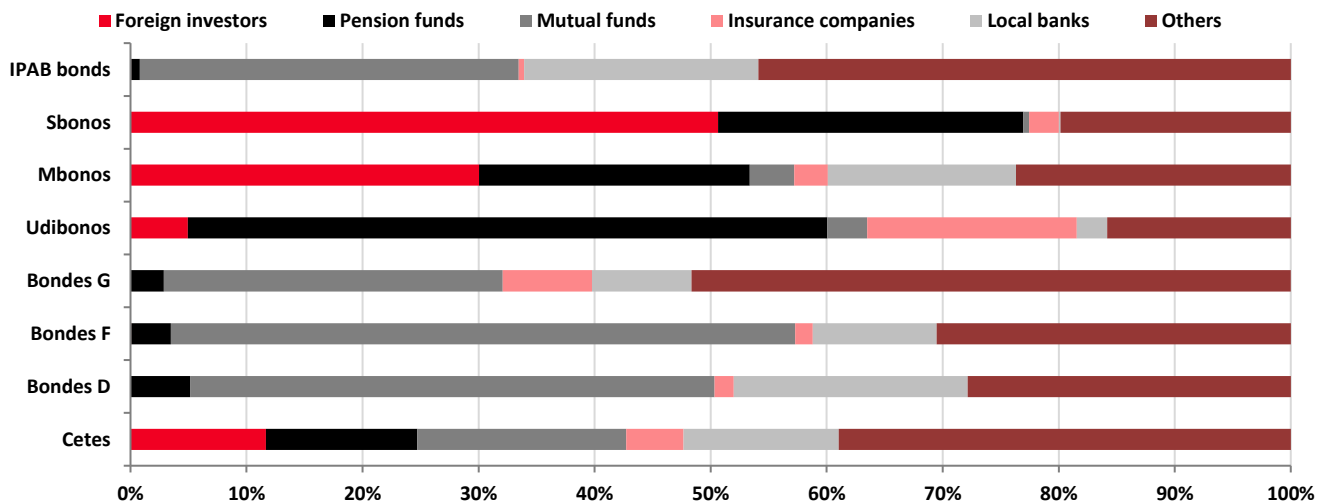


Source: Banxico, Banorte

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\$ 779 billion (including IPAB bonds), % of total



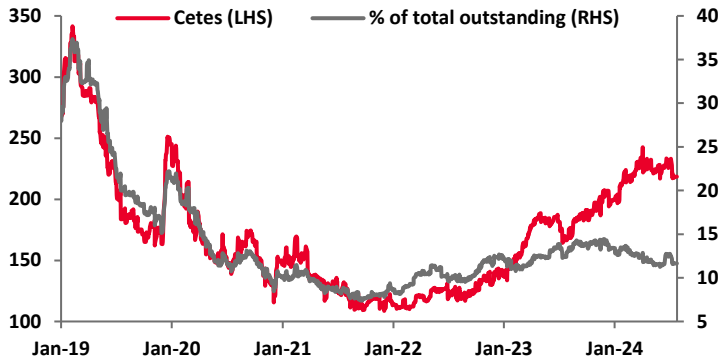
Source: Banxico, Banorte

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

Fixed-Income Demand (continued)

Cetes held by foreigners

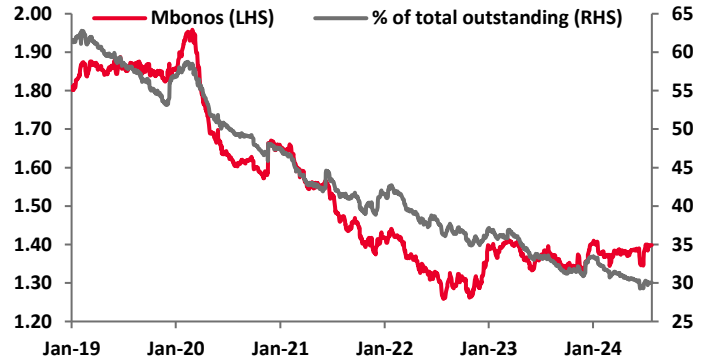
MXN billion, %



Source: Banxico, Banorte

Mbonos held by foreigners

MXN trillion, %



Source: Banxico, Banorte

Holdings of main investors by type of security

Data as of Jul/16/2024

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	-5.14	9.41	3.99	9.88	10.54	60.53
Bondef F	531.27	1,097.52	-19.25	-36.09	3.16	13.90
Udibonos	7.41	14.84	-0.27	12.88	4.26	-2.84
Mbonos	3.70	-0.20	1.53	7.62	7.24	59.27

Source: Banxico, Banorte

Mbonos holdings by type of investor

US\$ billions and %, data as Jul/11/2024

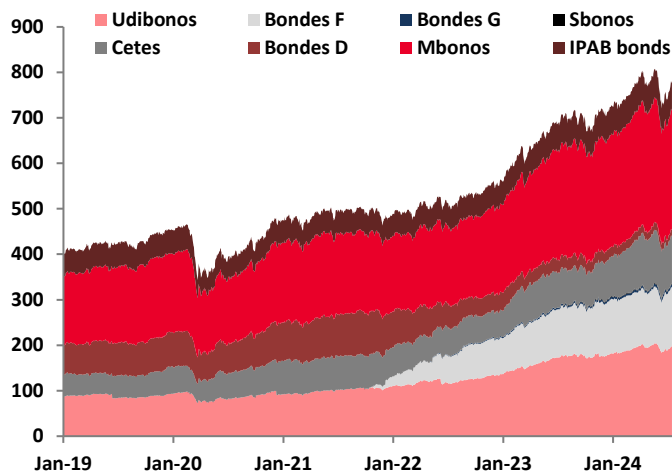
Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Sep'24	15.3	33%	4%	18%	46%
Dec'24	11.7	20%	9%	26%	45%
Mar'25	6.4	29%	12%	19%	40%
Mar'26	22.7	46%	26%	9%	19%
Sep'26	14.7	29%	34%	12%	26%
Mar'27	21.7	35%	18%	9%	38%
Jun'27	18.8	28%	32%	20%	20%
Mar'29	13.4	20%	32%	16%	31%
May'29	15.5	7%	46%	22%	25%
May'31	22.7	4%	44%	33%	19%
May'33	18.0	6%	38%	30%	26%
Nov'34	9.5	4%	48%	33%	16%
Nov'36	4.5	2%	22%	48%	28%
Nov'38	12.0	2%	37%	46%	16%
Nov'42	20.1	1%	37%	46%	16%
Nov'47	14.8	0%	32%	48%	19%
Jul'53	15.8	1%	28%	51%	20%
Total	241.6	17%	30%	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

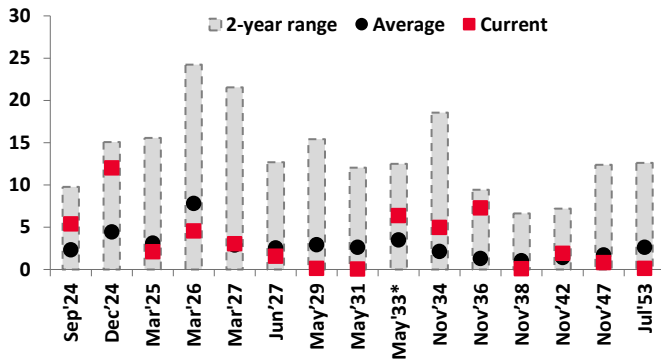


Fuente: Banxico, Banorte

Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

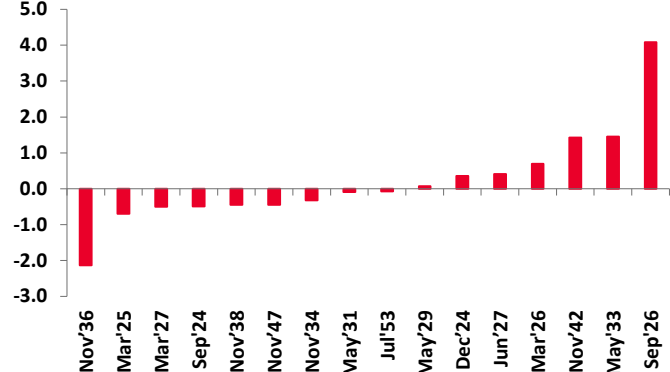
MXN billion



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

Weekly change in market makers' short positions on Mbonos

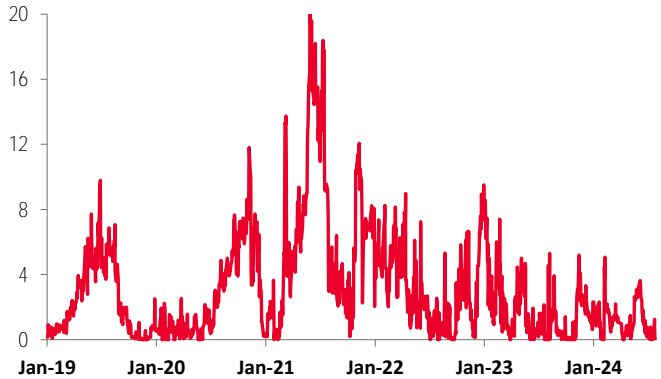
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

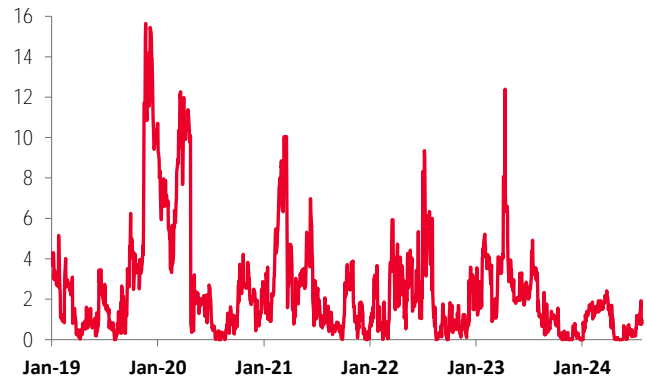
MXN billion



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 Jul/25/2024	Jul/25/2024	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Sep'24	14,650	291	318	448	168	530	104
Dec'24	11,387	651	632	429	104	818	109
Mar'25	6,791	113	150	186	789	398	16
Mar'26	21,859	248	210	359	1,163	617	49
Sep'26	15,448	699	478	419	0	740	176
Mar'27	21,172	164	191	38	528	808	0
Jun'27	18,128	85	62	93	230	688	0
Mar'29	12,785	258	374	468	0	866	34
May'29	16,009	6	3	22	348	307	0
May'31	21,879	3	8	40	0	275	0
May'33	17,610	345	266	297	339	618	0
Nov'34	10,568	270	287	707	24	1,006	0
Nov'36	4,421	395	511	375	3	511	9
Nov'38	11,628	5	29	36	72	169	0
Nov'42	19,498	103	26	11	50	191	0
Nov'47	14,230	44	68	9	180	131	0
Jul'53	15,924	7	11	0	98	366	0
Total	253,984	3,678	3,612	3,936	3,997		

Source: Banxico, Banorte

Fixed-Income Technicals

Spread between Cetes and Implied Forward Rates

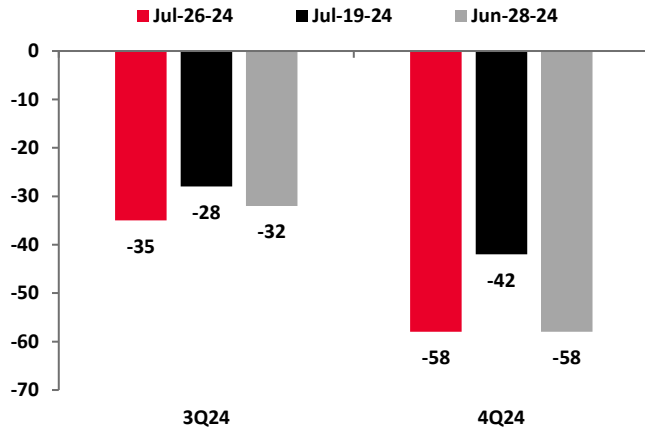
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	61	107	106	73	152	-7
3 months	37	39	45	30	71	-8
6 months	42	45	28	23	48	-7
12 months	55	55	32	9	56	-40

Source: PIP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate

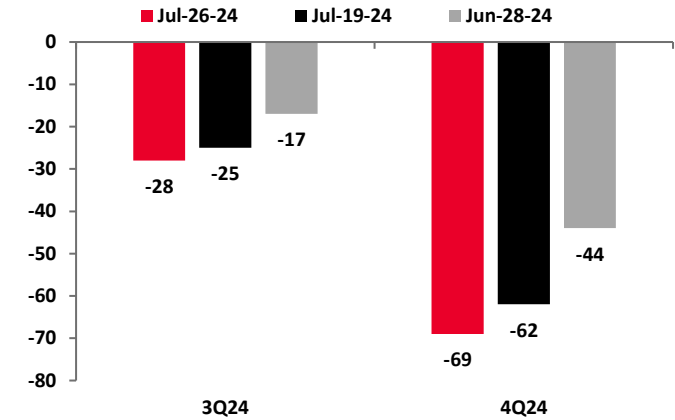
Basis points



Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

Spreads between Mbonos and UST

Basis points

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	626	5	36	76	630	497	555
5 year	587	-9	17	65	623	489	533
10 year	567	-7	21	61	602	482	521
20 year	560	-5	26	72	590	464	503
30 year	569	-4	25	65	596	477	515

Source: Bloomberg, Banorte

10-year Mbono and 10-year UST spread

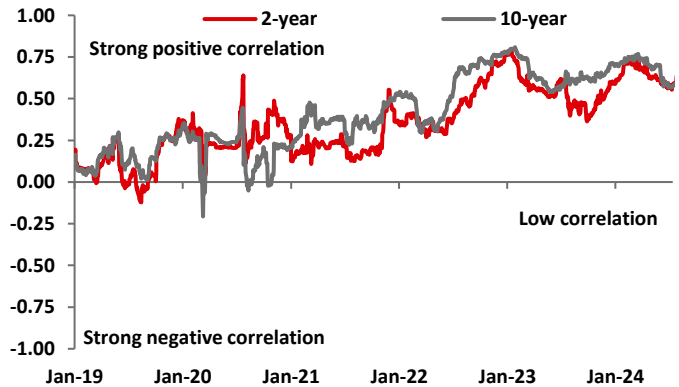
Basis points



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	-71	-11	-13	-1	-31	-94	-64
2/10	-79	-4	1	4	-40	-134	-77
2/30	-50	4	15	19	-25	-127	-68
5/10	-8	7	14	5	10	-59	-13
10/30	29	8	14	15	33	-11	8
TIIE IRS							
3m/2Y	-103	-13	-12	73	-41	-189	-127
2/5	-75	1	-2	39	-71	-127	-98
2/10	-83	2	5	41	-81	-142	-108
2/30	-83	2	5	42	-73	-141	-104
5/10	-8	1	7	3	-1	-22	-10
10/30	0	0	0	1	23	-6	4
TIIE IRS – Mbonos							
2 year	-50	-4	-13	-44	25	-53	-18
5 year	-55	7	-3	-4	-5	-97	-51
10 year	-55	1	-9	-6	-7	-62	-49
20 year	-77	-3	-23	-20	-10	-88	-54
30 year	-83	-7	-23	-21	-14	-91	-54
TIIE IRS – SOFR							
2 year	591	-3	24	28	624	491	549
5 year	561	-3	15	58	602	447	506
10 year	556	-5	14	58	602	458	507
20 year	558	-5	7	57	609	474	516
30 year	567	-9	3	54	625	490	533

Source: Bloomberg, Banorte

Breakeven inflation using Mbonos & Udibonos

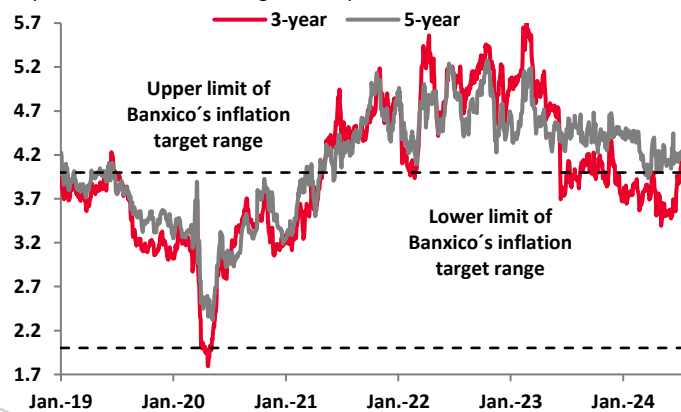
%, Implicit market inflation using Fisher Equation

Date	Breakevens (%)	Weekly change (bps)	Δ last 4 weeks (bps)	YTD (bps)	12m Max (%)	12m Min (%)	12m Average (%)
3Y	4.01	-16	14	4	4.37	3.39	3.87
5Y	4.23	-23	4	-35	4.68	3.94	4.32
10Y	4.44	-3	12	30	4.67	4.04	4.35
20Y	4.55	-11	-7	15	5.08	4.27	4.60
30Y	4.79	5	-6	40	5.01	4.32	4.64

Source: Bloomberg, Banorte

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

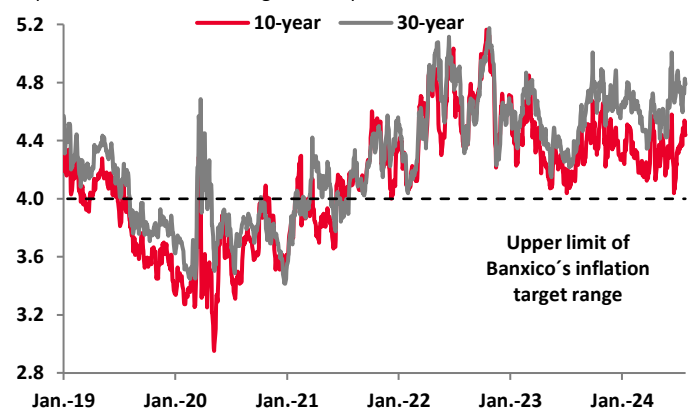
Implicit market inflation using Fisher Equation



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

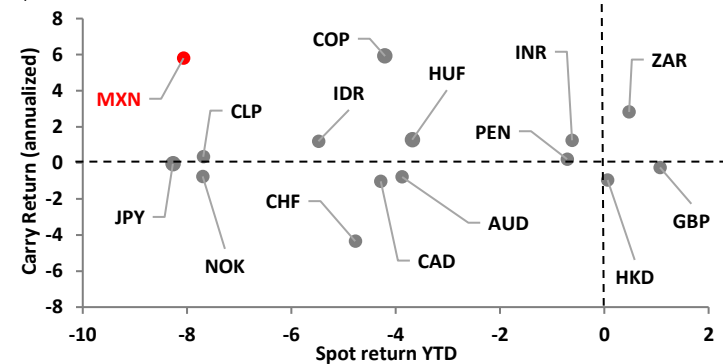
		Close at Jul/26/24	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD (%) ¹
Emerging Markets						
Brazil	USD/BRL	5.66	-0.2	-1.0	-2.4	-14.1
Chile	USD/CLP	952.23	-0.1	-0.6	-0.1	-7.7
Colombia	USD/COP	4,024.06	0.2	0.3	2.8	-4.2
Peru	USD/PEN	3.73	0.5	0.7	2.5	-0.7
Hungary	USD/HUF	360.50	0.4	-0.4	3.0	-3.7
Malaysia	USD/MYR	4.66	0.1	0.6	1.3	-1.4
Mexico	USD/MXN	18.46	0.0	-2.2	-0.7	-8.1
Poland	USD/PLN	3.94	0.3	0.0	2.6	0.0
Russia	USD/RUB	86.07	-1.2	2.1	2.5	4.0
South Africa	USD/ZAR	18.28	0.4	-0.1	-0.5	0.5
Developed Markets						
Canada	USD/CAD	1.38	-0.1	-0.8	-1.0	-4.3
Great Britain	GBP/USD	1.29	0.1	-0.4	1.9	1.1
Japan	USD/JPY	153.76	0.1	2.4	4.6	-8.3
Eurozone	EUR/USD	1.0856	0.1	-0.2	1.6	-1.7
Norway	USD/NOK	11.02	0.2	-1.0	-3.1	-7.7
Denmark	USD/DKK	6.87	0.1	-0.3	1.6	-1.8
Switzerland	USD/CHF	0.88	-0.2	0.6	1.6	-4.8
New Zealand	NZD/USD	0.59	0.0	-2.0	-3.2	-6.8
Sweden	USD/SEK	10.82	0.1	-1.3	-2.3	-6.9
Australia	AUD/USD	0.65	0.2	-2.0	-1.5	-3.9

Source: Bloomberg, Banorte

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

Performance of selected currencies

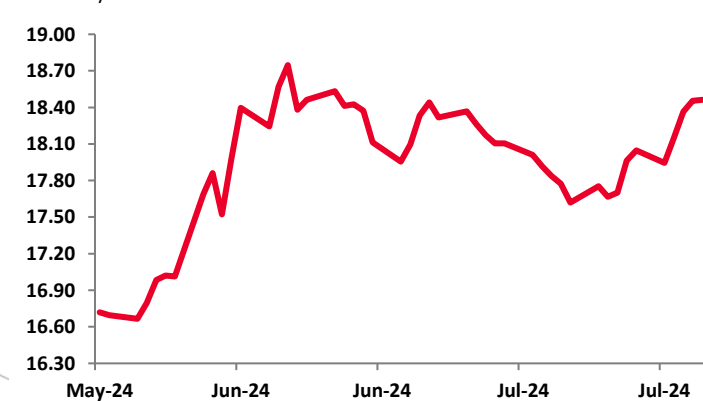
%, annualized rate based in 3M forwards



Source: Bloomberg, Banorte

USD/MXN

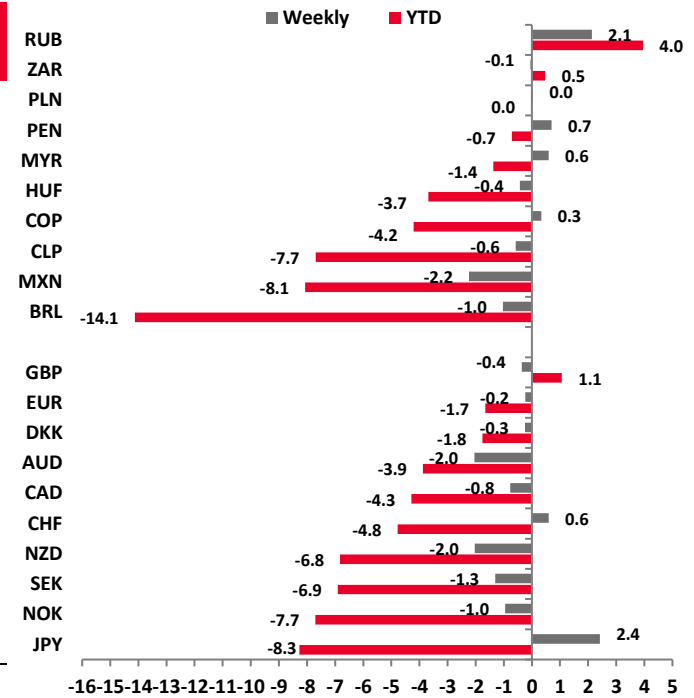
Last 60 days



Source: Bloomberg, Banorte

FX performance

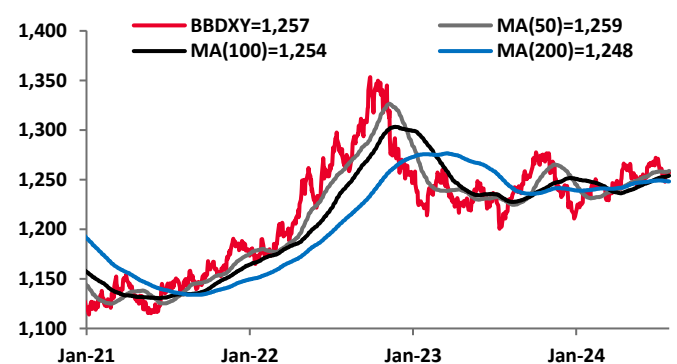
Against USD, %



Source: Bloomberg, Banorte

BBDXY

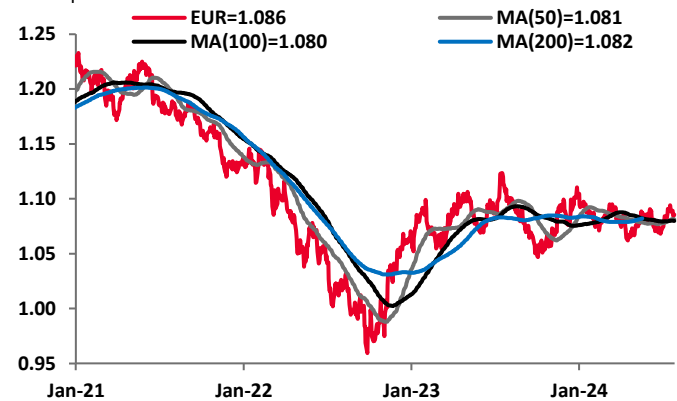
Points



Source: Bloomberg, Banorte

Euro

Dollar per euro

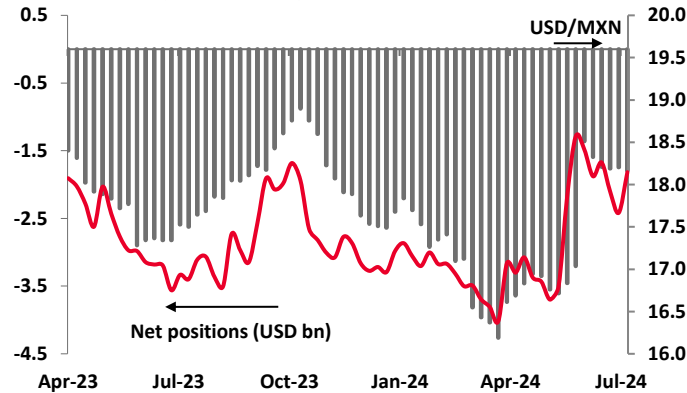


Source: Bloomberg, Banorte

FX positioning and flows

IMM positioning in USD/MXN futures

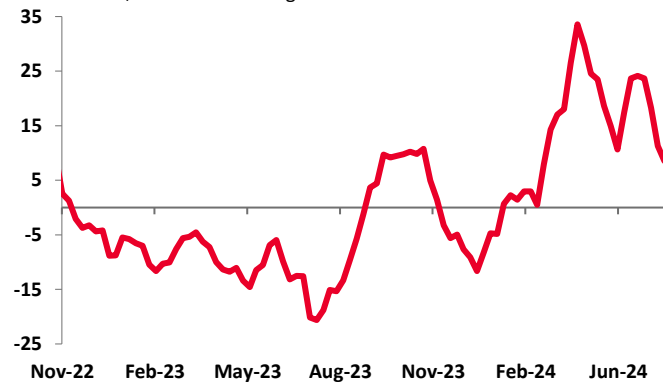
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

IMM positioning in USD futures*

Billion dollars, Positive = net long in USD

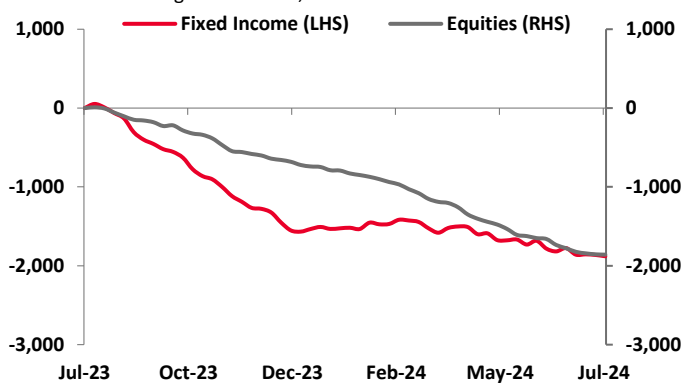


*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF

Source: CME, Banorte

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

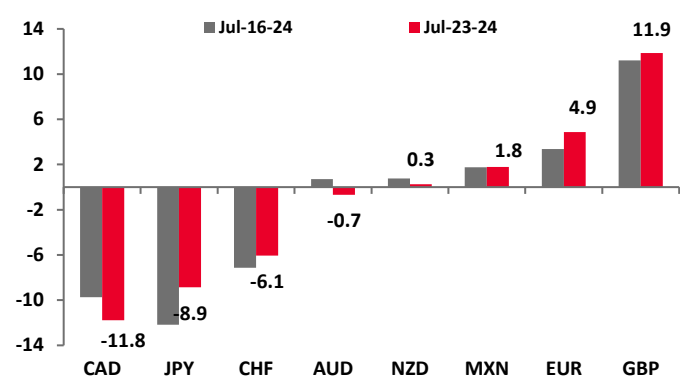
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

IMM positioning by currency*

Billion dollars

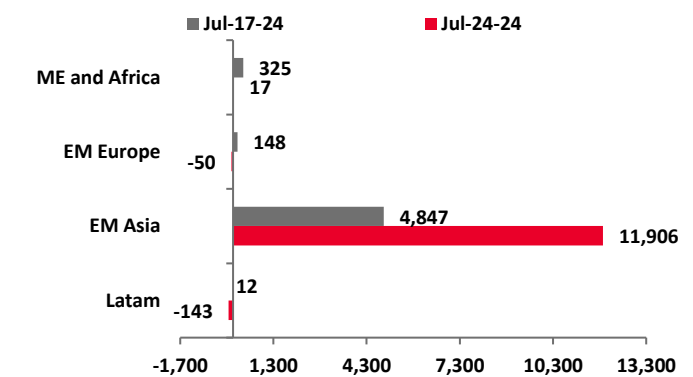


* Positive: Net long in the corresponding currency

Source: CME, Banorte

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

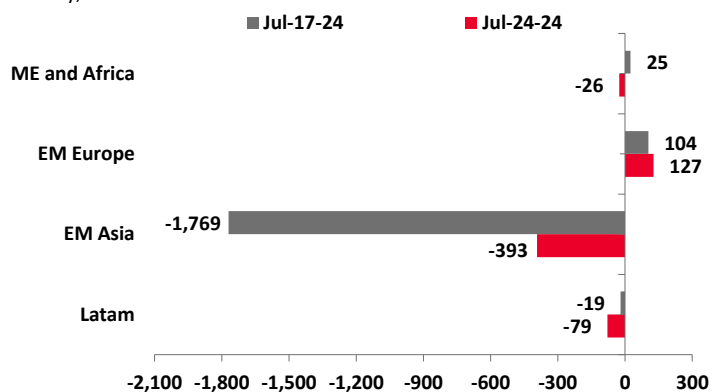
Billion dollars



Source: EPFR Global, Banorte

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

Weekly, million dollars

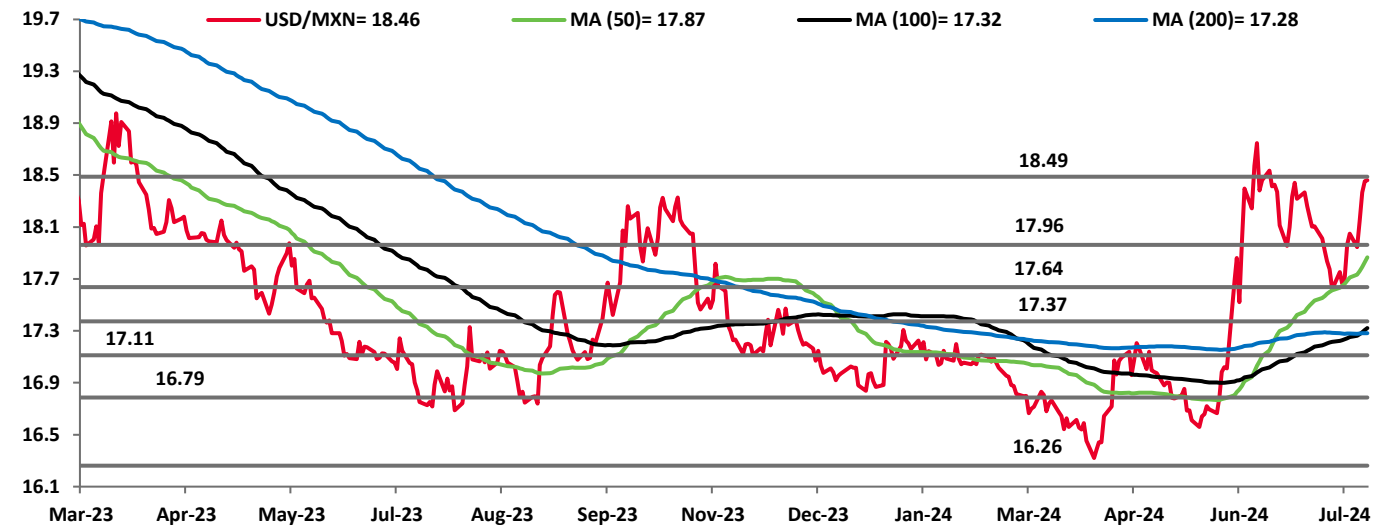


Source: EPFR Global, Banorte

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

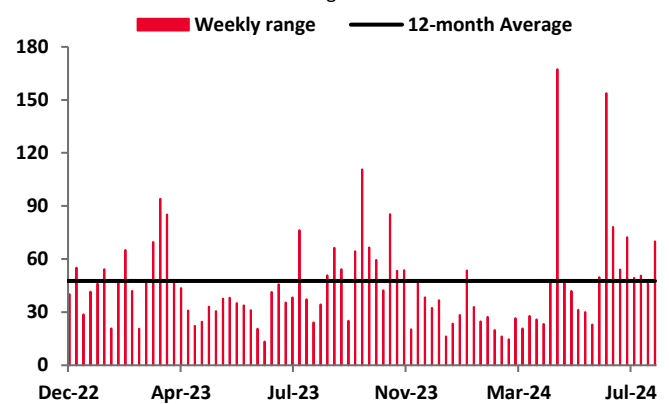
Based on daily percentage changes

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	47	6	-14	69	39
CAD	58	28	20	58	41
JPY	-1	14	-42	62	19
BRL	50	52	-4	70	45
CLP	45	34	-12	53	26
ZAR	33	10	-28	77	35
VIX	38	15	-12	54	29
SPX	33	6	-12	57	29
GSCI	3	2	-21	33	1
Gold	15	0	-4	58	29

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

USD/MXN – Weekly trading range

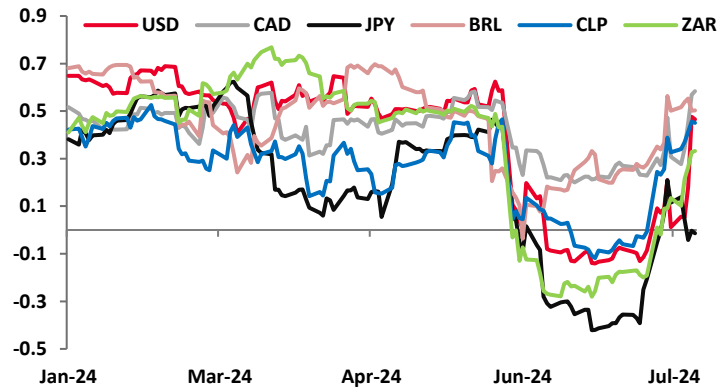
MXN cents with last 12 month average



Source: Bloomberg, Banorte

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

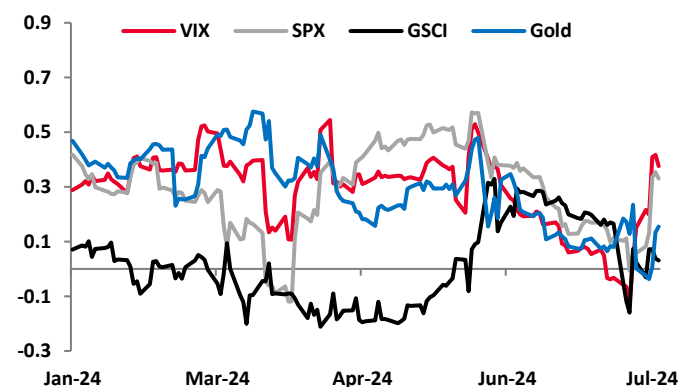
Based on daily percentage changes



* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte

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

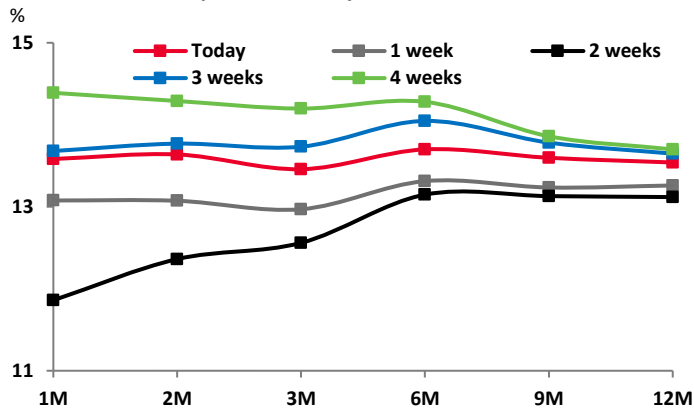
Based on daily percentage changes



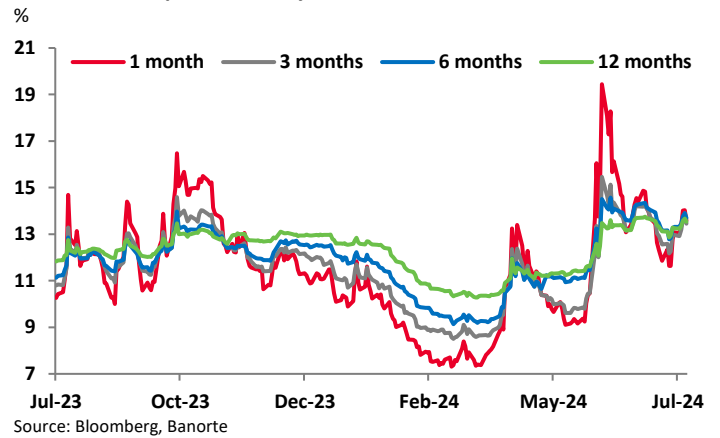
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

FX technicals (continued)

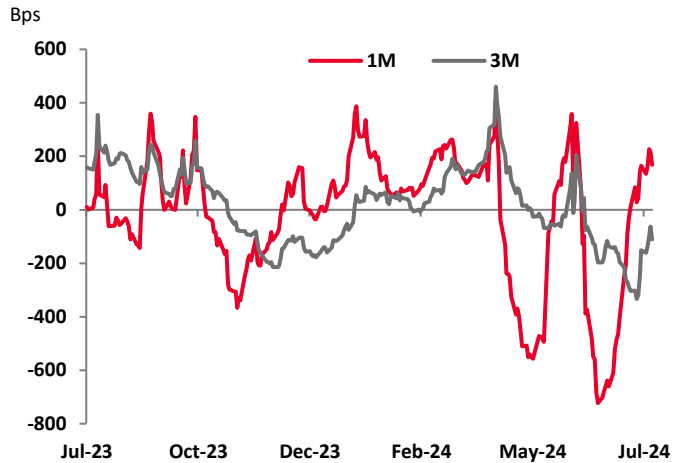
USD/MXN – ATM options volatility curve



USD/MXN – Implied volatility

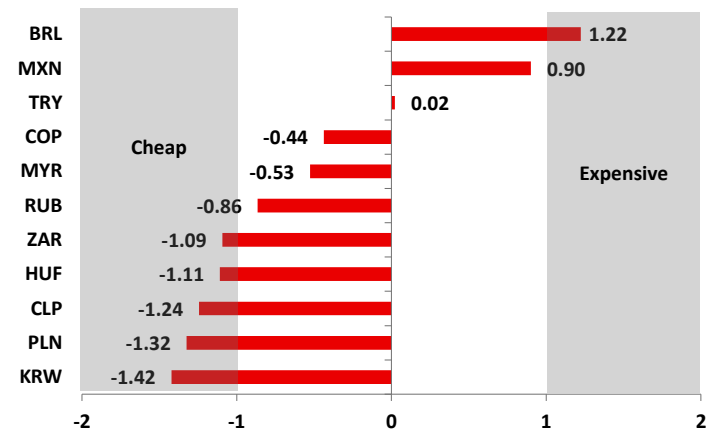


USD/MXN – Spread between implicit and historical volatility



Emerging markets 1-month ATM options volatility

Against USD, in σ relative to last year's average



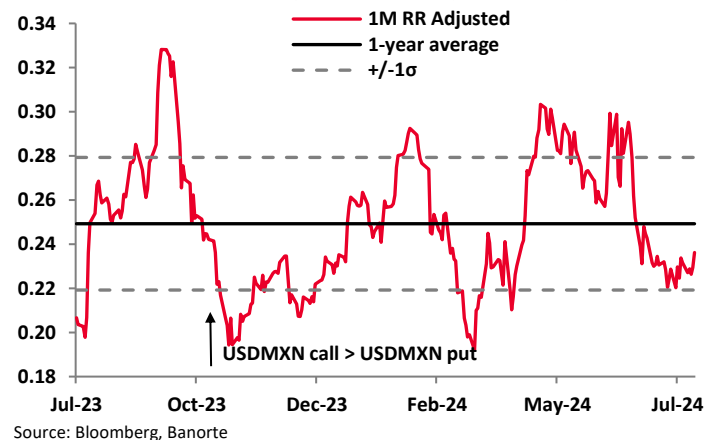
USD/MXN – 25D risk reversals

Last 12 months, difference between USD calls and puts, in vols



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

Last 12 months, ratio adjusted against 1-month implied volatility



Weekly economic calendar

For the week ending August 4th, 2024

	Time		Event	Period	Unit	Banorte	Survey	Previous
Tue 30	04:00	GER	Gross domestic product*	2Q24 (P)	% q/q	--	0.1	0.2
	05:00	EZ	Consumer confidence*	Jul (F)	index	--	--	-13.0
	05:00	EZ	Economic confidence*	Jul	index	--	95.3	95.9
	05:00	EZ	Gross domestic product	2Q24	% y/y	--	0.5	0.4
	05:00	EZ	Gross domestic product*	2Q24	% q/q	--	0.2	0.3
	08:00	GER	Consumer prices	Jul (P)	% y/y	--	2.2	2.2
	08:00	MX	Gross domestic product	2Q24 (P)	% y/y	2.4	2.6	1.6
	08:00	MX	Gross domestic product*	2Q24 (P)	% q/q	0.3	0.5	0.3
	09:00	US	S&P/CoreLogic housing prices	May	% y/y	--	6.3	7.2
	10:00	US	JOLTS Job Openings	Jun	thousands	--	8,055	8,140
	10:00	US	Consumer confidence*	Jul	index	100.0	99.8	100.4
	11:00	MX	International reserves	Jul 26	US\$bn	--	--	221.6
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 20-year Mbono (Nov'42), 20-year Udibono (Nov'43), 1-, and 3-year Bondes F					
	16:30	MX	Public finances (PSBR, year-to-date)	Jun	MXNbn	--	--	-645.7
	21:30	CHI	Manufacturing PMI*	Jul	index	--	49.3	49.5
	21:30	CHI	Non-manufacturing PMI*	Jul	index	--	50.2	50.5
	21:30	CHI	Composite PMI*	Jul	index	--	--	50.5
Wed 31		JN	Monetary policy decision BoJ (Upper Bound)	Jul 31	%	--	0.10	0.10
		JN	Monetary policy decision BoJ (Lower Bound)	Jul 31	%	--	0.00	0.00
	05:00	EZ	Consumer prices	Jul (P)	% y/y	--	2.5	2.5
	05:00	EZ	Core	Jul (P)	% y/y	--	2.8	2.9
	08:00	BZ	Unemployment rate	Jun	%	--	6.9	7.1
	08:15	US	ADP employment*	Jul	thousands	145	149	150
	11:00	MX	Banking credit	Jun	% y/y	5.9	--	6.4
	14:00	COL	Monetary policy decision (BanRep)	Jul 31	%	--	10.75	11.25
	14:00	US	FOMC Rate Decision (Upper Bound)	Jul 31	%	5.50	5.50	5.50
	14:00	US	FOMC Rate Decision (Lower Bound)	Jul 31	%	5.25	5.25	5.25
	14:00	US	Interest Rate on Excess Reserves (IOER)	Jul 31	%	5.40	5.40	5.40
	14:39	US	Fed Chair Powell Holds Post-Meeting Press Conference					
	17:30	BZ	Monetary policy decision (Central bank of Brazil)	Jul 31	%	10.50	10.50	10.50
	18:00	CHL	Monetary policy decision (BCCh)	Jul 31	%	--	5.50	5.75
	21:45	CHI	Manufacturing PMI (Caixin)*	Jul	index	--	51.5	51.8
Thu 1	03:55	GER	Manufacturing PMI*	Jul (F)	index	--	42.6	42.6
	04:00	EZ	Manufacturing PMI*	Jul (F)	index	--	45.6	45.6
	04:30	UK	Manufacturing PMI*	Jul (F)	index	--	51.8	51.8
	05:00	EZ	Unemployment rate*	Jun	%	--	6.4	6.4
	07:00	UK	Monetary policy decision (BoE)	Aug 1	%	--	5.00	5.25
	08:30	US	Initial jobless claims*	Jul 27	thousands	235	236	235
	09:00	BZ	Manufacturing PMI*	Jul	index	--	--	52.5
	09:45	US	Manufacturing PMI*	Jul (F)	index	49.5	--	49.5
	10:00	US	ISM manufacturing*	Jul	index	48.0	48.8	48.5
	11:00	MX	Family remittances	Jun	US\$bn	5,486.5	--	5,624.5
	11:00	MX	Survey of expectations (Banxico)					
Fri 2	14:00	MX	PMI Manufacturing (IMEF)*	Jul	index	48.7	--	49.5
	14:00	MX	PMI Non-manufacturing (IMEF)*	Jul	index	51.3	--	51.0
		US	Total vehicle sales**	Jul	millions	--	16.2	15.3
	08:00	MX	Unemployment rate	Jun	%	2.66	--	2.62
	08:00	BZ	Industrial production	Jun	% y/y	--	1.1	-1.0
	08:00	BZ	Industrial production*	Jun	% m/m	--	2.5	-0.9
	08:00	MX	Gross fixed investment	May	% y/y	6.4	8.4	18.1
	08:00	MX	Gross fixed investment*	May	% m/m	0.9	--	0.9
	08:00	MX	Private consumption	May	% y/y	4.1	--	8.0
	08:00	MX	Private consumption*	May	% m/m	0.4	--	-0.9
	08:30	US	Nonfarm payrolls*	Jul	thousands	180	178	206
	08:30	US	Unemployment rate*	Jul	%	4.1	4.1	4.1
	10:00	US	Factory orders*	Jun	% m/m	--	-3.1	-0.5
	10:00	US	Ex transportation*	Jun	% m/m	--	--	-0.7
	10:00	US	Durable goods orders*	Jun (F)	% m/m	--	-6.6	-6.6
	10:00	US	Ex transportation*	Jun F	% m/m	--	--	0.5
Sun 4	21:45	CHI	Services PMI (Caixin)*	Jul	index	--	--	51.2
	21:45	CHI	Composite PMI (Caixin)*	Jul	index	--	--	52.8

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

Recent trade ideas				
Trade idea	P/L	Initial date	End date	
2y10y TIIE-IRS steepener		Jul-11-24		
Tactical longs in Udibono Nov'35		Jul-5-24		
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

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, 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 Hernández, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmín 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
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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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