Fixed-Income & FX Strategy

Weekly

Fixed-Income and FX Weekly

▪ **The market has not yet ruled out a 50bps Fed cut.** The highly anticipated US jobs report today came in weaker than expected (142K vs 165Ke and included a downward revision to the previous print), although it provided mixed signals given wage acceleration. Data failed to clear the market's view on the Fed's move on September 18th. We still expect a 25bps cut, with adjustments of the same magnitude in both November and December; however, the curve is pricing in a 65% probability for a 50bps cut (-36bps), below last week's close (-33bps). Meanwhile, year-end discount still seems excessive, strengthening to -115bps, a level close to what was observed in early August. Next week, watch for the final CPI report ahead of the Fed's decision, alongside the first presidential debate between Harris and Trump. Mexico's agenda includes August inflation, while in other regions, the ECB's decision stands out

▪ **Global rally in sovereign bonds.** The uncertainty surrounding the Fed and weak risk appetite benefited fixed-income assets across all regions. The Treasury curve kicked-off September with a remarkable appreciation of 23bps on average, mainly driven by an inflation breakeven compression. This movement also coincided with an extended decline in oil prices (WTI -7.3% w/w), even as OPEC+ delayed supply reintegration. This backdrop supported local assets, with the Mbonos' curve averaging gains of 16bps. The 10-year spread between Mbonos and USTs remained at 576bps, reaching up to 588bps

▪ **Weak USD and MXN marking its third week of losses.** The MXN closed at 19.98 (-1.3% w/w), finding support around the 20.15 zone. We suggest buying USD on dips

▪ **We hold a 2/10 steepener in TIIE IRS.** Our recommendation on this strategy (entry: -83bps, target: -35bps, and stop-loss: -100bps) is trading at -42bps, the least inverted level of this spread since May 2022. At current levels, this strategy has gained 33bps, net of 9bps of negative carry roll-down over the 57 days it has been open. We maintain our expectation of a steeper curve going forward; however, to protect accumulated gains, we set a "stop-win" level at -55bps, while keeping the target unchanged

▪ **Weekly ranges** – We expect the 10-year Mbono (Nov'34) to trade between 9.35% and 9.60%, and MXN between 19.75 and 20.50 per dollar

2s10s spread in TIIE-28 IRS
Basis points

Source: Bloomberg, Banorte

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

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

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

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

Marcos Saúl García Hernandez
Strategist, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com

www.banorte.com/analisiseconomico
@analisis_fundam

Winners of the award as the best economic forecasters in Mexico by *LSEG* in 2023

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

Document for distribution among the general public

BANORTE

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	10.70	-8	-30	-75	11.45	10.70	11.12
28-days[1]	10.83	-3	-22	-48	11.33	10.83	11.19
91-days[1]	10.93	-3	-23	-49	11.45	10.93	11.29
182-days[1]	11.08	-4	-23	-50	11.61	11.08	11.46
Cetes[2]							
28-days	10.63	2	-7	-62	11.38	10.48	11.05
91-days	10.63	-17	-23	-62	11.45	10.67	11.20
182-days	10.68	-11	-19	-65	11.66	10.72	11.29
364-days	10.58	-10	-14	-56	11.86	10.53	11.20
Mbonos							
Dec'24	10.74	-10	-14	8	11.40	10.57	11.01
Mar'25	10.27	-4	15	37	11.15	9.80	10.42
Mar'26	9.98	-14	-8	22	11.03	9.53	10.29
Sep'26	9.75	-24	-13	25	11.03	9.41	10.15
Mar'27	9.41	-27	-4	3	10.74	9.26	9.87
Jun'27	9.41	-28	0	15	10.68	9.20	9.84
Mar'29	9.46	-24	5	39	10.55	9.01	9.68
May'29	9.42	-23	3	48	10.47	8.90	9.60
May'31	9.42	-18	6	48	10.42	8.94	9.59
May'33	9.46	-18	6	52	10.40	8.94	9.58
Nov'34	9.47	-17	8	53	10.41	8.95	9.58
Nov'36	9.50	-17	5	57	10.41	8.92	9.58
Nov'38	9.70	-14	15	66	10.46	9.04	9.66
Nov'42	9.91	-9	25	84	10.51	9.06	9.71
Nov'47	9.92	-9	25	84	10.49	9.04	9.69
Jul'53	9.92	-10	26	85	10.50	9.04	9.70
TIIE-IRS							
3-month (3x1)	10.84	-6	-13	-62	11.55	10.84	11.32
6-month (6x1)	10.61	-9	-17	-67	11.55	10.61	11.21
9-month (9x1)	10.37	-13	-21	-72	11.55	10.37	11.07
1-year (13x1)	10.05	-19	-22	-73	11.46	10.05	10.85
2-year (26x1)	9.33	-28	-17	-37	10.86	9.33	10.07
3-year (39x1)	9.03	-28	-8	-5	10.48	8.93	9.58
4-year (52x1)	8.92	-24	0	20	10.24	8.61	9.30
5-year (65x1)	8.84	-25	2	28	10.09	8.45	9.16
7-year (91x1)	8.86	-20	5	41	9.98	8.37	9.07
10-year (130x1)	8.92	-19	8	46	9.96	8.40	9.07
20-year (3x1)	9.00	-18	10	49	10.04	8.45	9.13
30-year (390x1)	8.95	-19	9	50	9.98	8.44	9.10
Udibonos							
Dec'25	6.40	-8	26	41	7.90	5.75	6.51
Dec'26	5.87	-14	26	25	7.08	5.26	6.07
Nov'28	4.98	-26	0	51	5.96	4.42	5.16
Nov'31	5.02	-19	32	55	5.80	4.44	5.02
Aug'34[3]	5.07	-19	37	21	5.76	4.82	5.23
Nov'35	5.04	-17	32	67	5.60	4.31	4.88
Nov'40	5.09	-13	34	77	5.50	4.26	4.86
Nov'43	5.14	-11	27	81	5.51	4.25	4.88
Nov'46	5.08	-10	25	93	5.30	4.15	4.80
Nov'50	5.08	-10	24	86	5.32	4.23	4.83
Oct'54[4]	5.06	-10	26	5	5.31	4.80	5.09

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

		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	4.54	-17	+8	3.65	-27	-78	89	+10	46	54
3Y	Mar'27	4.49	-15	+32	3.53	-25	-70	96	+10	55	74
5Y	May'29	4.88	-10	+9	3.49	-21	-52	139	+12	107	119
7Y	Apr'30	5.02	-13	-32	3.59	-21	-38	143	+9	124	158
10Y	May'33	5.52	-9	-4	3.71	-19	-16	181	+10	155	196
20Y	Mar'44	6.15	-8	-23	4.09	-19	-5	206	+11	184	--
30Y	May'54	6.40	-6	+1	4.02	-18	+6	238	+12	220	--

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

BANORTE

Fixed–Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 5-year Mbono (Mar'29), the 20-year Udibono (Nov'43), as well as 1-, 3- and 7-year Bondes F

- **Strong appetite for Cetes.** We expect demand for Cetes to remain robust, especially for 1-, 3- and 6- months, considering the attractive real rates and expectations of further Banxico cuts ahead. The market anticipates that the reference rate will end the year close to 10.00%. This is an even more optimistic scenario compared to our estimate of 10.25% resulting from 25bps cuts in the September and December decisions. Meanwhile, Cetes in all maturities trade above the figure of 10.50%. The 5-year Mbono (Mar'29) shows a valuation with little room for additional gains considering the 24bps rally during the week that led it to trade below 9.50% and our expectation of a steeper curve going forward. In particular, the 2s5s spread in Mbonos has compressed to -52bps from -72bps at the end of July. With this, we expect moderate demand after the lowest oversubscription (1.69x) in the last two years was observed in its last placement. In real rates, we anticipate a moderate appetite for the 20-year Udibono (Nov'43) given a less attractive valuation relative to shorter-term securities. In its last placement, the demand was 2.22x, modestly above the 2-year average (1.97x). The 20-year inflation breakeven is very close to its 12-month average at 4.54%, while the 3-year reading is at 3.66%, an attractive level for purchases driven by potential improvements in the UDI's carry in the following fortnights

Auction specifics (September 10th, 2024)

| Security	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	Oct-10-24	--	10,000	10.51
3m	Dec-11-24	--	10,000	10.70
6m	Mar-06-25	--	16,900	10.72
24m	Aug-06-26	--	17,700	10.70
Bondes F				
1Y	Aug-28-25	--	10,200	0.09
3Y	Jul-22-27	--	5,300	0.21
7Y	Mar-20-31		800	0.23
Bono M				
5Y	Mar-01-29	8.50	16,500	9.47
Udibono				
20Y	Nov-12-43	3.25	UDIS 850	5.27

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	Bondes 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
Times
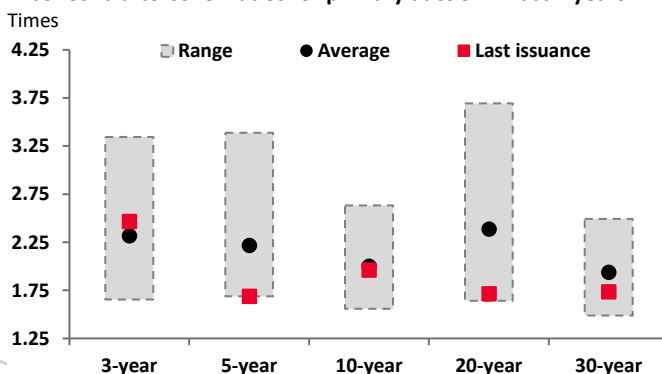
Source: Bloomberg, Banorte

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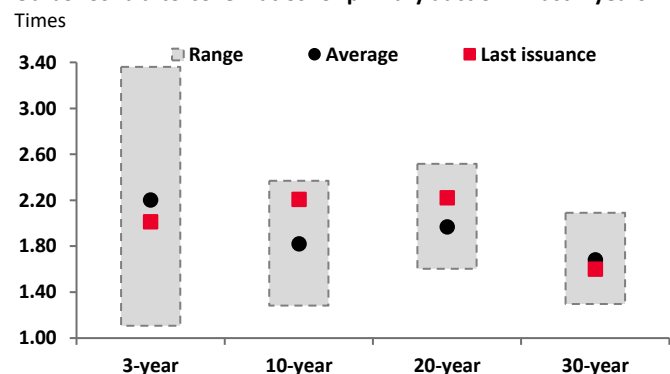
Source: Bloomberg, Banorte

BANORTE

Fixed–Income Demand

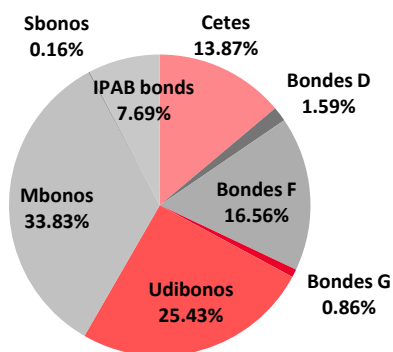**Government and IPAB securities holdings by type of investor**
US$ billion, *UDIS billion, data as of Aug/26/2024

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	100.79	11.55	13.66	17.63	5.05	10.29	5.03	3.28	-	34.29
Bondes D	11.55	0.00	0.65	5.48	0.08	2.02	0.06	-	-	3.27
Bondes F	120.31	0.02	3.59	64.26	2.44	10.48	7.34	1.11	-	31.08
Bondes G	6.26	0.00	0.18	2.23	0.37	0.74	1.37	-	-	1.37
Udibonos	184.77	8.47	102.95	6.89	33.12	4.19	0.62	0.07	-	28.47
Mbonos	245.73	70.97	57.73	10.21	7.54	31.91	17.52	0.95	0.77	48.12
Sbonos	1.19	0.55	0.33	0.01	0.03	0.04	-	-	-	0.23
Total	670.59	91.56	179.08	106.71	48.62	59.67	31.95	5.41	0.77	146.81
Udibonos*	434.47	19.92	242.08	16.20	77.87	9.85	1.47	0.15	-	66.93
IPAB bonds	55.86	0.04	0.74	18.46	0.21	8.46	7.55	1.10	-	19.32

Source: Banxico, Banorte

Government issuance by type of instrument
Total amount of US$ 726 billion (including IPAB bonds), % of total

Sbonos 0.16%
Cetes 13.87%
IPAB bonds 7.69%
Bondes D 1.59%
Mbonos 33.83%
Bondes F 16.56%
Udibonos 25.43%
Bondes G 0.86%

Source: Banxico, Banorte

Government issuance by type of investor
Total amount of US$ 726 billion (including IPAB bonds), % of total

Foreign investors 13%
Others 29%
Pension funds 25%
Banks 9%
Mutual funds 17%
Insurance companies 7%
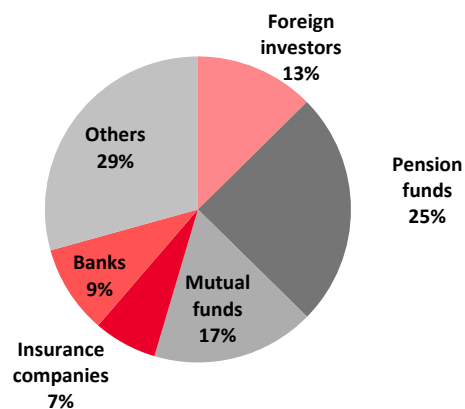
Source: Banxico, Banorte
Note: "Others" includes repos, guarantee and securities held by Banxico, as well as other domestic residents

Government securities holdings by type of investor
Total amount of US$ 726 billion (including IPAB bonds), % of total

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

Categories: 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

BANORTE

Fixed–Income Demand (continued)

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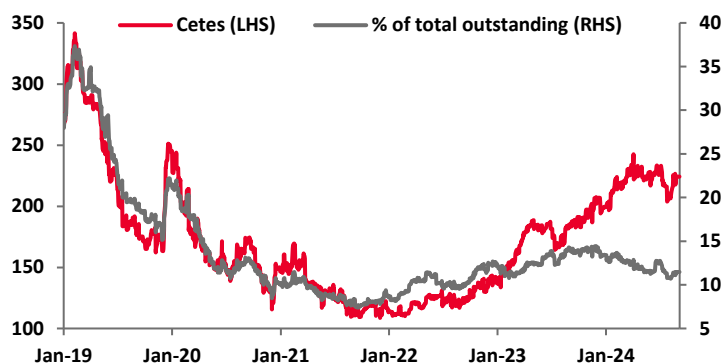
Source: Banxico, Banorte

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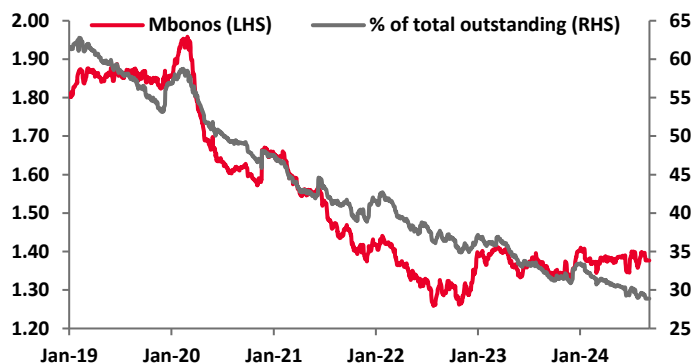
Source: Banxico, Banorte

Holdings of main investors by type of security
Data as of Aug/26/2024

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	8.95	12.28	2.41	19.17	3.37	62.67
Bondes F	7.22	198.97	-15.42	-43.32	2.08	14.41
Udibonos	2.06	9.47	2.74	17.22	5.05	7.88
Mbonos	0.66	-1.73	-0.72	11.03	-0.63	76.18

Source: Banxico, Banorte

Government securities issuance
USD Billions

Fuente: Banxico, Banorte

Mbonos holdings by type of investor
US$ billions and %, data as Aug/22/2024

Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Sep'24	12.8	34%	3%	20%	43%
Dec'24	9.5	21%	10%	22%	46%
Mar'25	5.7	31%	12%	17%	41%
Mar'26	20.7	34%	26%	12%	28%
Sep'26	15.4	20%	29%	17%	34%
Mar'27	20.2	22%	17%	7%	53%
Jun'27	17.5	23%	29%	18%	30%
Mar'29	13.3	15%	36%	16%	33%
May'29	15.6	8%	41%	25%	26%
May'31	20.6	4%	45%	32%	19%
May'33	16.4	6%	37%	30%	27%
Nov'34	9.5	5%	44%	32%	19%
Nov'36	4.3	2%	22%	50%	27%
Nov'38	10.9	3%	34%	47%	16%
Nov'42	18.8	0%	36%	48%	16%
Nov'47	13.4	0%	31%	49%	20%
Jul'53	15.1	1%	28%	53%	19%
Total	224.7	14%	30%	28%	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

Fixed–Income Demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion

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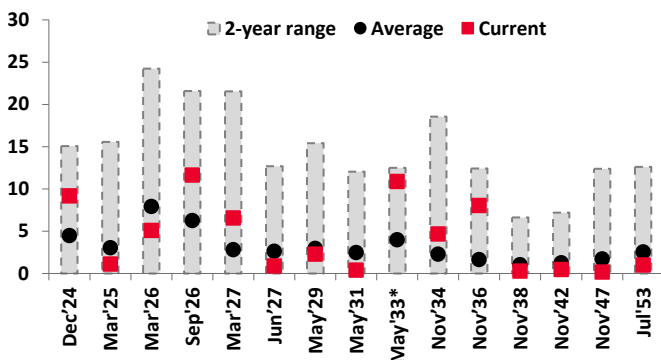
Source: Banxico, Banorte *May'33 issued in December 2022

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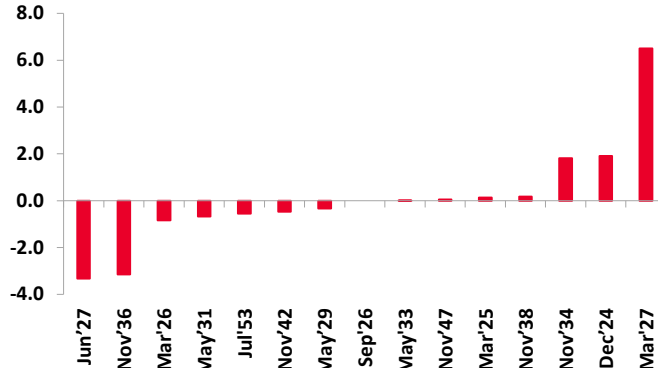
Source: Banxico, Banorte

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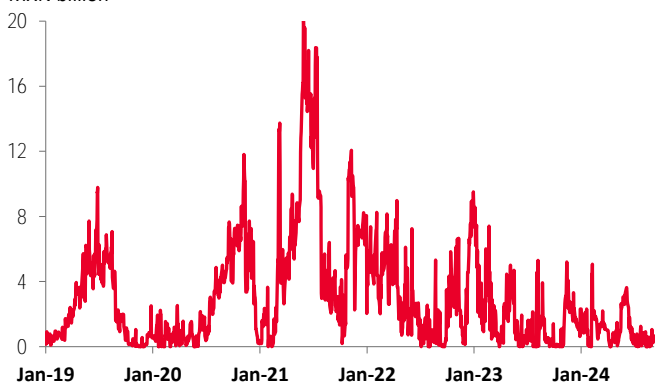
Source: Banxico, Banorte

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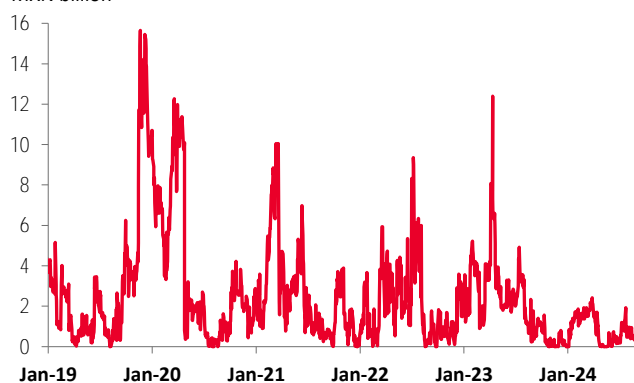
Source: Banxico, Banorte

Market makers' position on Mbonos
US$ million

Maturity date	Total amount outstanding as of Sep/5/2024	Sep/5/2024	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Dec'24	9,603	462	366	492	76	760	338
Mar'25	5,560	56	50	177	325	370	15
Mar'26	20,328	255	297	174	612	363	46
Sep'26	15,203	585	585	548	320	688	247
Mar'27	20,843	330	3	0	336	750	0
Jun'27	17,069	44	212	128	130	639	0
Mar'29	13,175	235	148	150	5	805	97
May'29	16,334	115	131	95	513	525	0
May'31	20,338	19	53	8	25	183	0
May'33	16,584	547	547	565	146	617	0
Nov'34	11,025	235	144	316	31	934	0
Nov'36	4,143	404	562	351	3	625	23
Nov'38	10,810	14	6	0	36	98	0
Nov'42	18,877	24	48	19	32	167	0
Nov'47	13,184	8	5	36	33	122	0
Jul'53	15,736	50	78	2	17	340	0
Total	**228,810**	**3,334**	**3,157**	**3,059**	**2,624**		

Source: Banxico, Banorte

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	74	60	96	72	139	-7
3 months	40	46	44	30	67	-8
6 months	54	55	33	29	89	-7
12 months	82	65	67	24	91	-40

Source: PiP, Bloomberg, Banorte

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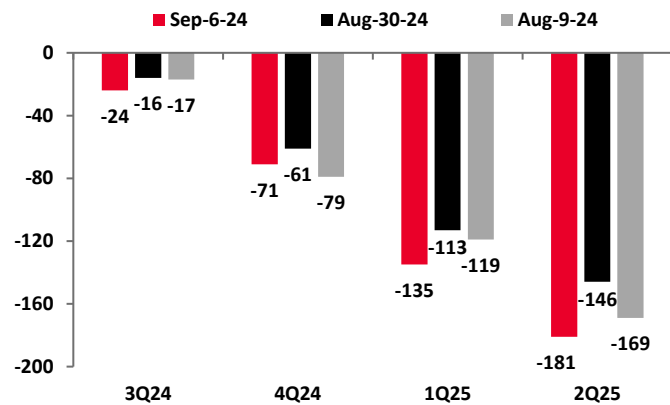
Source: Bloomberg, Banorte

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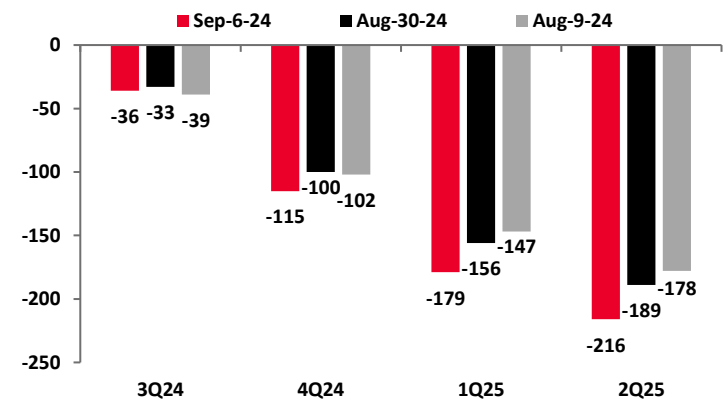
Source: Bloomberg, Banorte

Spreads between Mbonos and UST
Basis ponts

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	633	13	33	82	644	497	566
5 year	597	-3	36	75	623	489	541
10 year	576	2	31	71	602	490	530
20 year	582	10	47	93	590	464	513
30 year	590	8	46	86	596	479	524

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
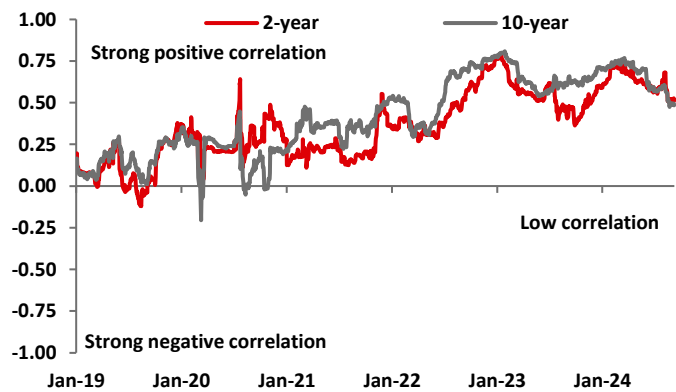
Source: Bloomberg, Banorte

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	-52	-10	13	17	-31	-79	-63
2/10	-50	-3	16	32	-40	-94	-72
2/30	-5	4	34	63	-5	-97	-61
5/10	2	7	3	15	10	-28	-9
10/30	45	8	18	32	42	-11	11
TIIE IRS							
3m/2Y	-151	-22	-5	25	-41	-189	-125
2/5	-49	3	19	65	-49	-126	-91
2/10	-42	9	26	83	-42	-137	-100
2/30	-39	9	26	87	-39	-135	-97
5/10	7	7	7	18	7	-21	-9
10/30	3	-1	0	4	23	-6	3
TIIE IRS − Mbonos							
2 year	-65	-14	-9	-59	25	-65	-22
5 year	-61	-1	-3	-11	-5	-69	-51
10 year	-56	-1	1	-8	-7	-70	-50
20 year	-92	-9	-15	-34	-10	-94	-58
30 year	-98	-10	-17	-35	-14	-98	-59
TIIE IRS − SOFR							
2 year	589	0	25	26	624	516	557
5 year	566	-3	34	63	602	465	515
10 year	567	1	33	69	602	472	516
20 year	566	0	31	64	609	476	523
30 year	574	-2	27	61	625	490	538

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	3.66	-8	-37	-52	4.37	3.39	3.85
5Y	4.26	2	5	-26	4.68	3.94	4.29
10Y	4.19	2	-29	-24	4.67	4.04	4.35
20Y	4.54	2	-4	-15	5.08	4.27	4.60
30Y	4.63	1	-1	-4	5.01	4.34	4.65

Source: Bloomberg, Banorte

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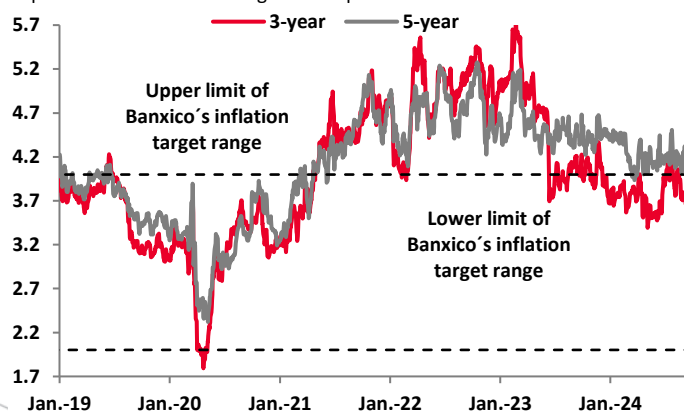
Source: PiP, Banorte

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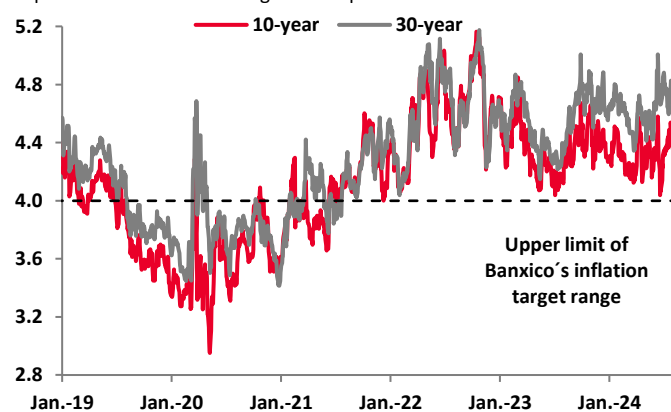
Source: PiP, Banorte

FX dynamics

Foreign Exchange market levels and historical return

		Close at Sep/6/24	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD (%)[1]
Emerging Markets						
Brazil	USD/BRL	5.60	-0.5	0.1	0.6	-13.3
Chile	USD/CLP	943.99	-0.2	-3.5	0.0	-6.9
Colombia	USD/COP	4,174.40	-0.4	0.1	-0.8	-7.7
Peru	USD/PEN	3.80	-0.2	-1.3	-1.6	-2.5
Hungary	USD/HUF	355.28	-0.4	0.1	2.6	-2.3
Malaysia	USD/MYR	4.33	0.2	-0.2	3.9	6.1
Mexico	**USD/MXN**	**19.98**	**-0.6**	**-1.3**	**-3.5**	**-15.1**
Poland	USD/PLN	3.86	-0.2	0.3	2.5	1.9
Russia	USD/RUB	90.45	-2.4	0.0	-5.2	-1.1
South Africa	USD/ZAR	17.85	-0.8	-0.2	3.0	2.9
Developed Markets						
Canada	USD/CAD	1.36	-0.5	-0.6	1.4	-2.4
Great Britain	GBP/USD	1.31	-0.4	0.0	3.4	3.1
Japan	USD/JPY	142.30	0.8	2.7	3.1	-0.9
Eurozone	EUR/USD	1.1084	-0.2	0.3	1.5	0.4
Norway	USD/NOK	10.71	-0.7	-0.9	0.9	-5.1
Denmark	USD/DKK	6.73	-0.2	0.3	1.5	0.3
Switzerland	USD/CHF	0.84	0.1	0.8	2.2	-0.2
New Zealand	NZD/USD	0.62	-0.8	-1.2	3.0	-2.3
Sweden	USD/SEK	10.30	-0.4	-0.3	1.9	-2.2
Australia	AUD/USD	0.67	-1.0	-1.4	2.3	-2.1

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
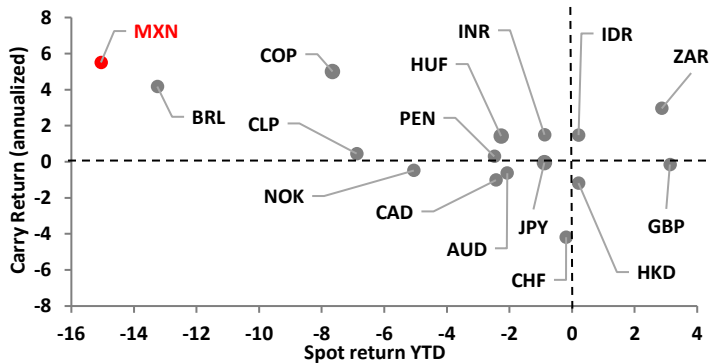
4Source: Bloomberg, Banorte

BBDXY
Points
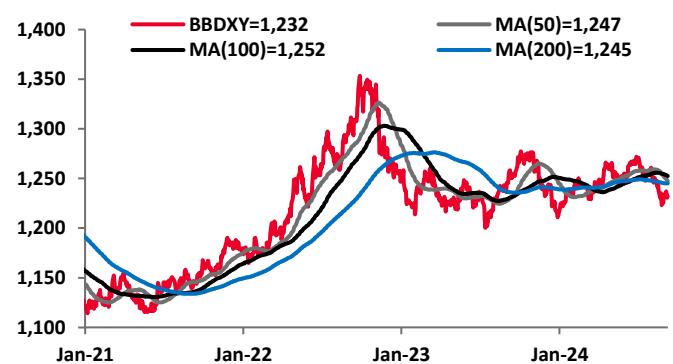
Source: Bloomberg, Banorte

USD/MXN
Last 60 days
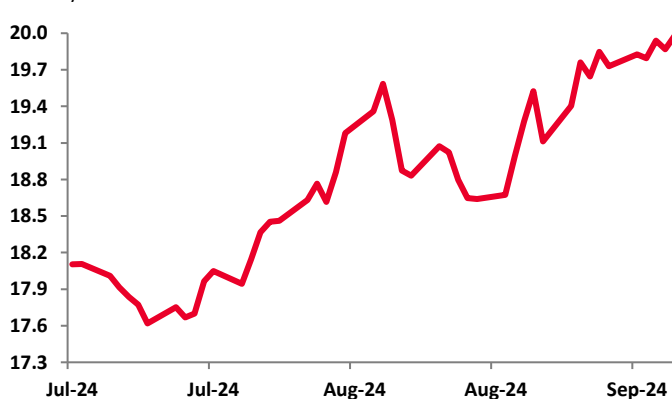
Source: Bloomberg, Banorte

Euro
Dollar per euro
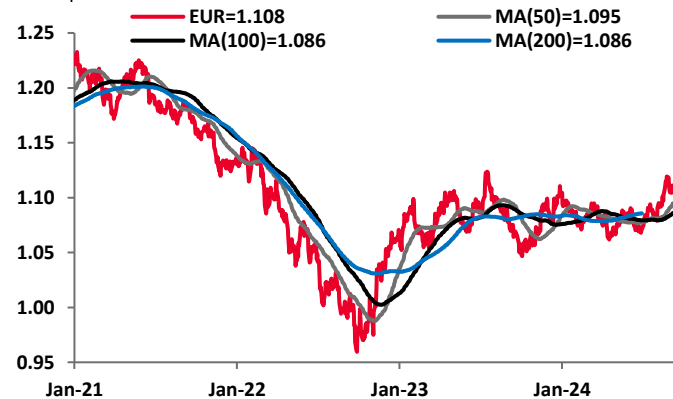
Source: Bloomberg, Banorte

BANORTE

FX positioning and flows

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

Source: CME, Banorte

IMM positioning by currency*
Billion dollars
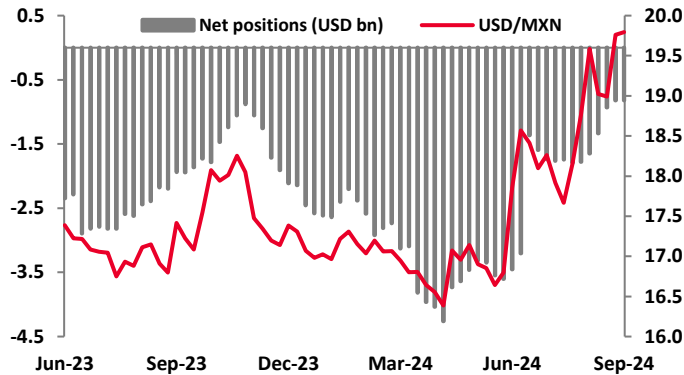
* Positive: Net long in the corresponding currency
Source: CME, Banorte

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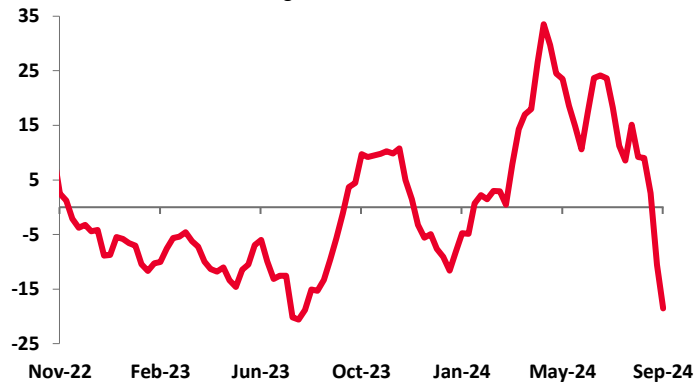
*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF
Source: CME, Banorte

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

Source: EPFR Global, Banorte

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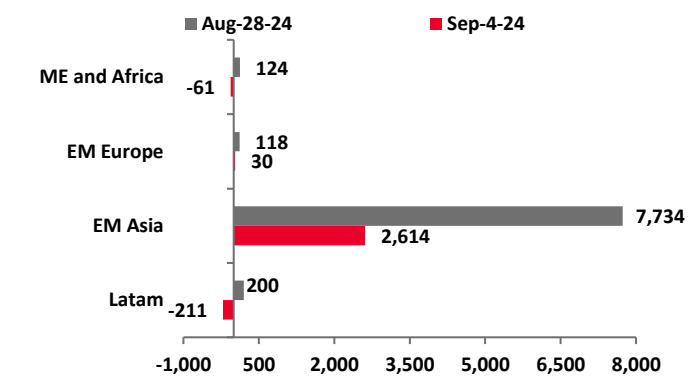
Source: EPFR Global, Banorte

Net foreign portfolio flows by region (excluding ETF's investments)
Weekly, million dollars
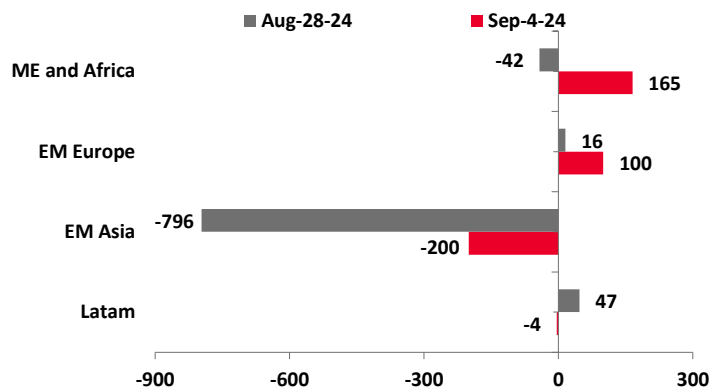
Source: EPFR Global, Banorte

FX technicals

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

Legend: USD/MXN= 19.98 | MA (50)= 18.76 | MA (100)= 18.09 | MA (200)= 17.53

Fibonacci levels: 18.49, 17.96, 17.64, 17.37, 17.11, 16.79, 16.26
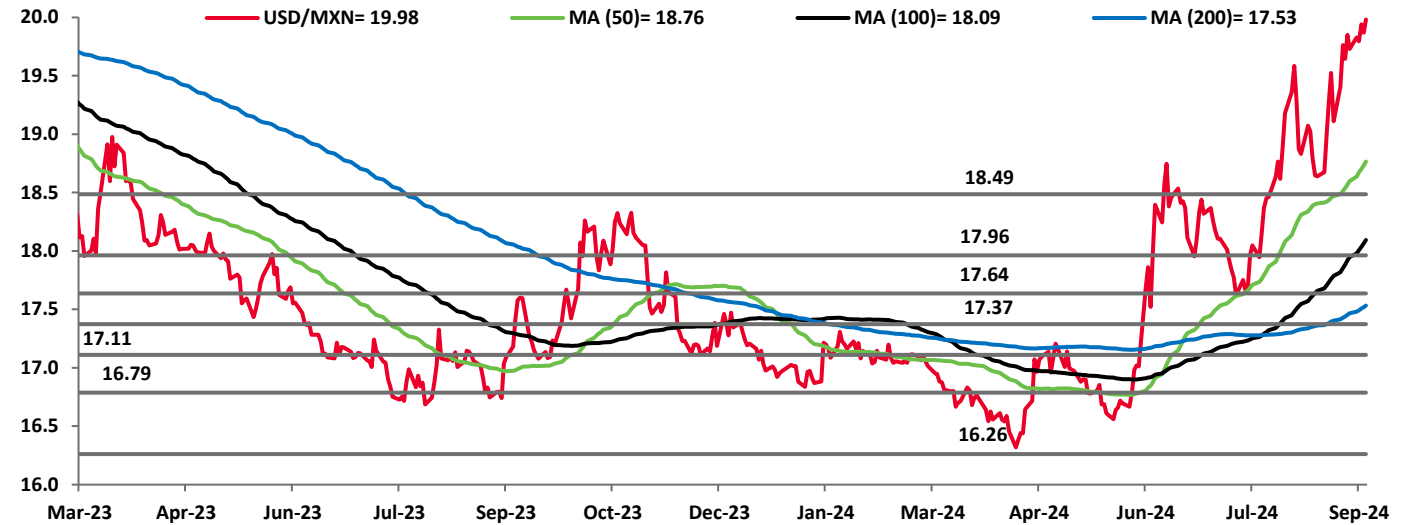
Source: Bloomberg, Banorte

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	-1	3	-14	65	28
CAD	20	30	20	64	39
JPY	-20	-24	-42	62	4
BRL	46	47	-4	70	41
CLP	28	34	-12	63	27
ZAR	42	46	-28	77	33
VIX	32	38	-12	58	30
SPX	46	55	-12	60	34
GSCI	25	27	-21	45	7
Gold	23	21	-4	58	27

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

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

Legend: Weekly range | 12-month Average

Source: Bloomberg, Banorte

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

Legend: USD | CAD | JPY | BRL | CLP | ZAR
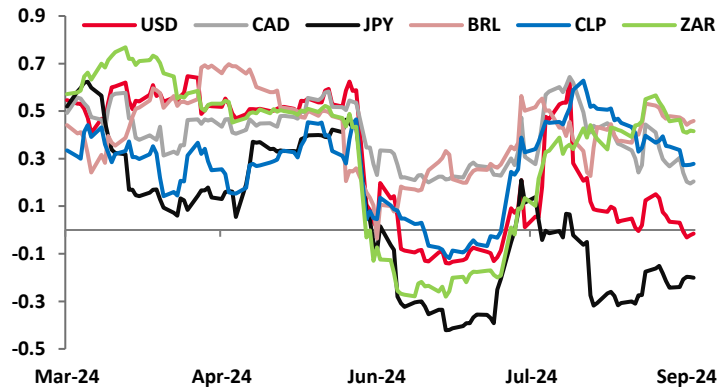
* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte
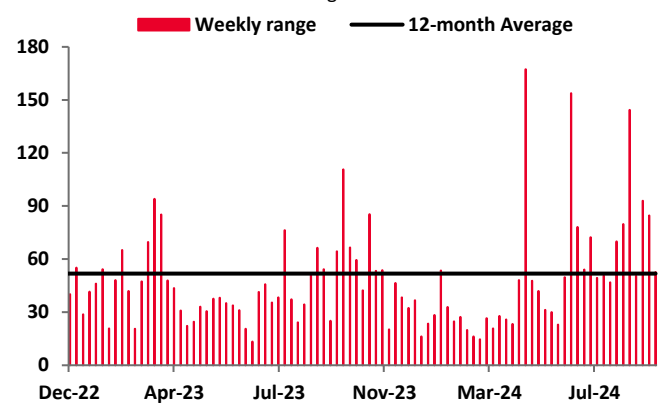
USD/MXN – 1-month correlation with other assets*
Based on daily percentage changes
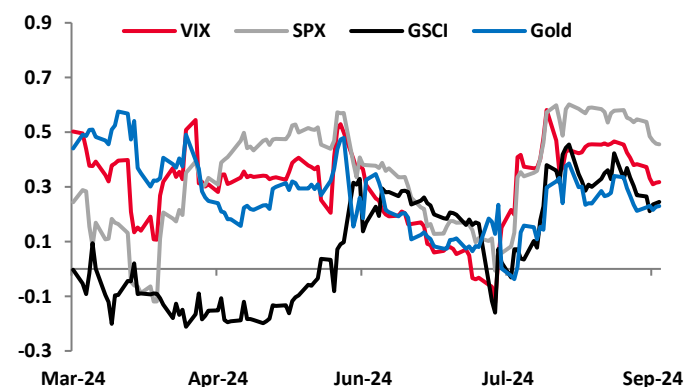
Legend: VIX | SPX | GSCI | Gold

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

BANORTE

FX technicals (continued)

USD/MXN – ATM options volatility curve
%
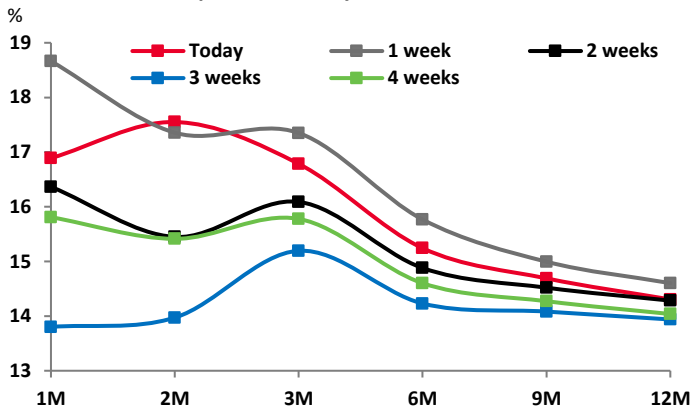
Source: Bloomberg, Banorte

USD/MXN – Implied volatility
%
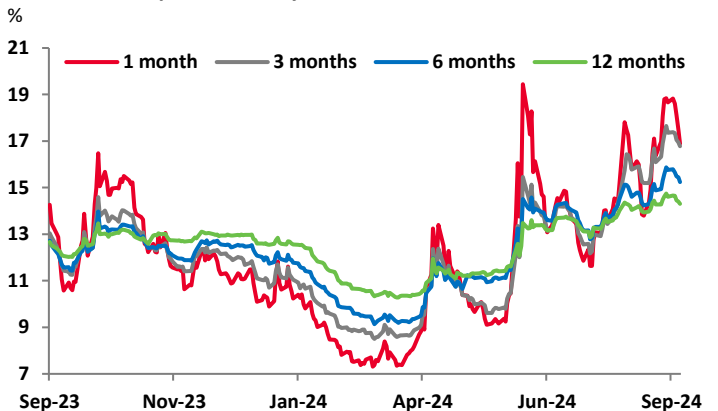
Source: Bloomberg, Banorte

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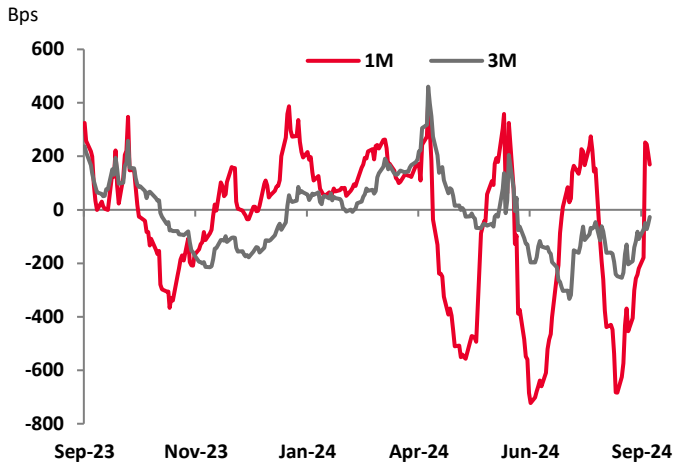
Source: Bloomberg, Banorte

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

MXN	1.71
BRL	1.41
KRW	0.52
MYR	-0.28
TRY	-0.38
PLN	-0.78
RUB	-0.80
HUF	-1.06
ZAR	-1.26
COP	-1.27
CLP	-2.03

Cheap   Expensive
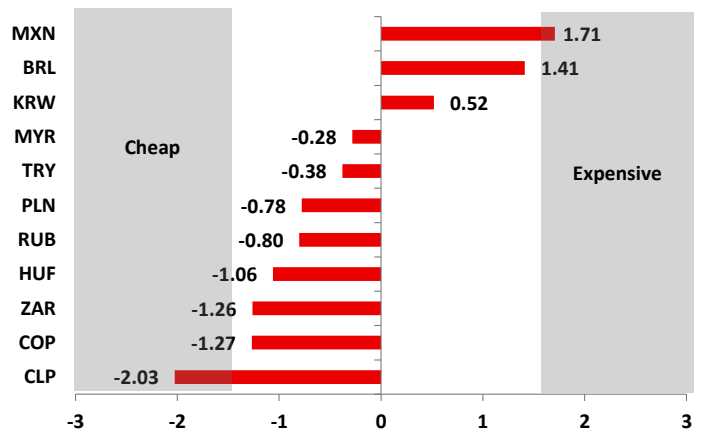
Source: Bloomberg, Banorte

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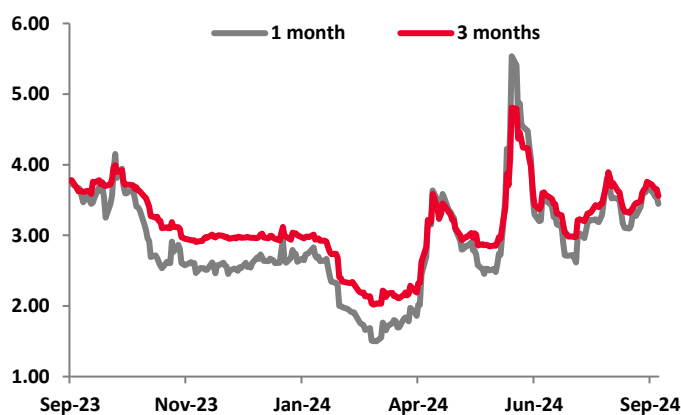
Source: Bloomberg, Banorte

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

USDMXN call > USDMXN put
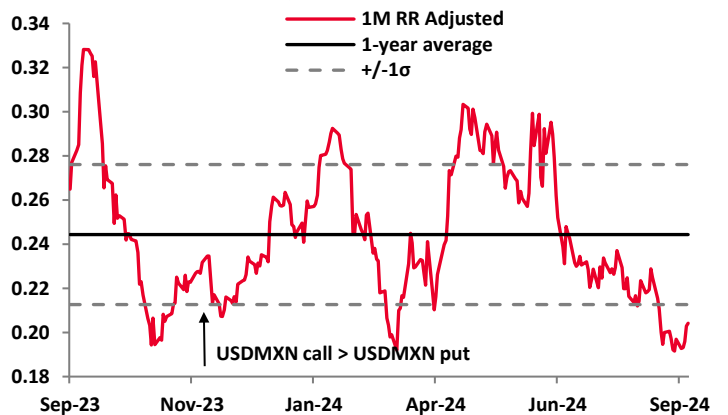
Source: Bloomberg, Banorte

BANORTE

Weekly economic calendar

For the week ending September 13th, 2024

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 9	08:00	MX	Consumer prices	Aug	% m/m	0.09	0.06	1.05
	08:00	MX	Core	Aug	% m/m	0.23	0.23	0.32
	08:00	MX	Consumer prices	Aug	% y/y	5.08	5.05	5.57
	08:00	MX	Core	Aug	% y/y	4.00	4:00	4.05
	08:00	MX	Consumer confidence*	Aug	index	46.7	--	46.9
	11:00	US	New York Fed 1-yr inflation expectations	Aug	%	--	--	2.97
	15:00	US	Consumer Credit*	Jul	US$bn	--	12.0	8.9
	23:00	CHI	Trade balance	Aug	USDbn	--	82.0	84.7
	23:00	CHI	Exports	Aug	% y/y	--	6.6	7.0
	23:00	CHI	Imports	Aug	% y/y	--	2.3	7.2
Tue 10	02:00	GER	Consumer prices	Aug (F)	% y/y	--	2.0	2.0
	02:00	UK	Unemployment rate*	Jul	%	--	4.1	4.2
	08:00	BZ	Consumer prices	Aug	% m/m	--	0.00	0.38
	08:00	BZ	Consumer prices	Aug	% y/y	--	4.27	4.50
	11:00	MX	International reserves	Sep 6	US$bn	--	--	224.8
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Mar'29), 20-year Udibono (Nov'43) and 1-, 3-, and 7-year Bondes F					
	22:00	US	First presidential debate between candidates Kamala Harris and Donald Trump					
		MX	Wage negotiations	Aug	% y/y	--	--	6.5
Wed 11	02:00	UK	Industrial production*	Jul	% y/y	--	0.3	0.8
	08:00	MX	Industrial production	Jul	% y/y	0.9	0.5	-0.7
	08:00	MX	Industrial production*	Jul	% m/m	-0.4	-0.4	0.4
	08:00	MX	Manufacturing output	Jul	% y/y	1.1	--	-0.9
	08:30	US	Consumer prices*	Aug	% m/m	0.2	0.2	0.2
	08:30	US	Ex. food & energy*	Aug	% m/m	0.3	0.2	0.2
	08:30	US	Consumer prices	Aug	% y/y	2.7	2.6	2.9
	08:30	US	Ex. food & energy	Aug	% y/y	3.2	3.2	3.2
Thu 12	08:00	BZ	Retail sales	Jul	% y/y	--	4.4	4.0
	08:00	BZ	Retail sales*	Jul	% m/m	--	0.5	-1.0
	08:15	EZ	Monetary policy decision (ECB)	Sep 12	%	3.50	3.50	3.75
	08:30	US	Producer prices*	Aug	% m/m	--	0.1	0.1
	08:30	US	Ex. food & energy*	Aug	% m/m	--	0.2	0.0
	08:30	US	Initial jobless claims*	Sep 7	thousands	230	230	227
	08:45	EZ	ECB President Christine Lagarde Holds Press Conference					
	19:00	PER	Monetary policy decision (BCRP)	Sep 12	%	--	5.25	5.50
Fri 13	05:00	EZ	Industrial production*	Jul	% m/m	--	-0.4	-0.1
	08:00	BZ	Economic activity	Jul	% y/y	--	4.4	3.2
	08:00	BZ	Economic activity*	Jul	% m/m	--	-0.8	1.4
	10:00	US	U. of Michigan confidence*	Sep (P)	index	67.0	68.3	67.9
	22:00	CHI	Industrial production	Aug	% y/y	--	4.6	5.1
	22:00	CHI	Retail sales	Aug	% y/y	--	2.5	2.7
	22:00	CHI	Gross fixed investment (YTD)	Aug	% y/y	--	3.5	3.6

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; () 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	P	Jul-5-24	Aug-02-24
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

BANORTE

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

Directory
Research and Strategy

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

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

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

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

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

Economic Research

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

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

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

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

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438

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

Market Strategy

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

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

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

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

Hugo Armando Gómez Solís
Senior Strategist, Equity
hugoa.gomez@banorte.com
(55) 1670 - 2247

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

Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296

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

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

Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060

Quantitative Analysis

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

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

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

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

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

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904

Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430

BANORTE