Fixed-Income & FX Strategy

Weekly

September 20, 2024

Fixed-Income and FX Weekly

- **The Fed surprised with a 50bps cut.** Against our expectations and broad consensus expecting a 25bps reduction, the adjustment was more aligned with the curve's pricing that had been reflecting in recent price action a skew towards a stronger cut. Powell stressed that the cut should not be taken as guidance for subsequent moves in the same magnitude, and his presser balanced for a more dovish tone in the statement, SEP update, and the dot plot. The US curve steepened, led by a rally in the short-end, while longer maturities faced pressures. The 2-year note ended at 3.59% (+1bp w/w) and the 10-year at 3.74% (+9bps). With gains in the short-end, the market is now pricing -74bps for the Fed by the end of the year and -196bps cumulative by 2025. We expect more gradual cuts, with two more 25bps reductions in 2024, in the November and December meetings. For next year, we project a total cut of 150bps. Risk appetite bounced back this week, with US equities reaching new highs. In Mexico, curves rallied, with mid-end Mbonos outperforming. The 10-year benchmark gained 5bps to 9.19%, compared to January lows of 9.02%. The spread against the 10-year Treasury narrowed to 545bps from 559bps the previous week
- **Next up is Banxico, and we continue to expect a steeper local curve.** We anticipate a 25bps cut in the policy rate next Thursday, bringing it to 10.50%. The decision will likely be split again, with Espinosa voting against. However, Heath's bias is more uncertain and could lean dovish. After next week's decision, we believe there is room for consecutive cuts throughout the rest of the year, with the policy rate closing 2024 at 10% and 2025 at 8%. Ahead of the Fed meeting, on Tuesday, we took profits on our 2s10s steepener recommendation in TIIE-28 derivatives, though we reaffirm our view of an nominal curve gaining slope going forward. Currently, the curve prices in an aggressive scenario for Banxico in the short-term, with 109bps of implied cuts by year-end. However, this valuation appears more feasible for 2025, with an additional 182bps priced in. A cut distribution in line with our view would support further steepening, with the short-end anchored and likely outperforming the longer-end, which we also expect to factor in a higher term premia going forward. The latter would also capture a similar dynamics in the performance of USTs. We will watch for new entry points to initiate relative value strategies in this sense, despite the negative carry associated with the curve structure. Our view on short- and mid-term Udibonos proved accurate this week, and we maintain a favorable outlook ahead of next Tuesday's inflation report (Banorte: 0.16% 2w/2w)
- **The USD has completed three weeks of losses.** The USD extended its recent decline, with the BBDXY nearing new lows for the year. The Mexican peso ended the week at 19.41 per dollar (-1.1% w/w), reversing part of the nearly 4% appreciation from the prior week. We recommend buying USD on dips within the key technical range of 18.90 to 19.15 for tactical purposes. We also updated our USD/MXN forecasts, factoring in current market conditions, and now expecting 19.90 by the end of 2024 and 20.90 by the end of 2025
- **Weekly ranges**. We expect the 10-year Mbono (Nov'34) to trade between 9.00% and 9.30%, and MXN between 19.05 and 19.80 per dollar


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Index

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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

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	10.76	-1	-1	-69	11.45	10.65	11.10
28-days[1]	10.81	0	-11	-50	11.33	10.81	11.17
91-days[1]	10.91	0	-11	-51	11.45	10.91	11.28
182-days[1]	11.07	0	-12	-52	11.61	11.06	11.44
Cetes[2]							
28-days	10.47	-3	-29	-78	11.38	10.38	11.02
91-days	10.45	-15	-34	-80	11.45	10.37	11.17
182-days	10.36	-20	-41	-97	11.66	10.38	11.25
364-days	10.15	-28	-49	-99	11.86	10.17	11.15
Mbonos							
Dec'24	10.56	-8	-32	-10	11.40	10.56	11.01
Mar'25	10.19	4	6	30	11.15	9.80	10.41
Mar'26	9.66	-19	-42	-10	11.03	9.53	10.28
Sep'26	9.46	-14	-43	-3	11.03	9.41	10.13
Mar'27	9.09	-7	-44	-30	10.74	9.03	9.85
Jun'27	9.06	-8	-43	-20	10.68	9.02	9.81
Mar'29	9.11	-14	-34	4	10.55	9.01	9.66
May'29	9.07	-14	-37	13	10.47	8.90	9.58
May'31	9.07	-14	-39	13	10.42	8.94	9.58
May'33	9.16	-5	-34	23	10.40	8.94	9.57
Nov'34	9.19	-5	-33	24	10.41	8.95	9.57
Nov'36	9.19	-8	-35	27	10.41	8.92	9.57
Nov'38	9.33	-9	-35	29	10.46	9.04	9.65
Nov'42	9.50	-8	-33	42	10.51	9.06	9.71
Nov'47	9.51	-6	-31	43	10.49	9.04	9.69
Jul'53	9.50	-7	-32	43	10.50	9.04	9.70
TIIE-IRS							
3-month (3x1)	10.68	-14	-26	-78	11.55	10.68	11.29
6-month (6x1)	10.36	-16	-34	-92	11.55	10.36	11.17
9-month (9x1)	10.08	-16	-41	-101	11.55	10.08	11.03
1-year (13x1)	9.71	-18	-48	-108	11.46	9.71	10.80
2-year (26x1)	8.95	-15	-52	-75	10.86	8.93	10.03
3-year (39x1)	8.65	-14	-47	-44	10.48	8.63	9.54
4-year (52x1)	8.54	-12	-40	-19	10.24	8.49	9.28
5-year (65x1)	8.49	-10	-36	-7	10.09	8.43	9.13
7-year (91x1)	8.49	-11	-34	4	9.98	8.37	9.05
10-year (130x1)	8.57	-9	-30	12	9.96	8.40	9.06
20-year (3x1)	8.67	-7	-30	17	10.04	8.45	9.11
30-year (390x1)	8.61	-8	-31	16	9.98	8.44	9.09
Udibonos							
Dec'25	6.40	-3	-5	41	7.90	5.83	6.53
Dec'26	5.79	-14	-11	17	7.08	5.26	6.07
Nov'28	4.77	-16	-46	29	5.96	4.42	5.16
Nov'31	4.72	-22	-37	25	5.80	4.44	5.02
Aug'34[3]	4.73	-23	-40	-14	5.76	4.82	5.23
Nov'35	4.74	-24	-38	36	5.60	4.31	4.89
Nov'40	4.81	-26	-30	49	5.50	4.26	4.88
Nov'43	4.81	-29	-32	48	5.51	4.25	4.90
Nov'46	4.81	-17	-31	65	5.30	4.15	4.82
Nov'50	4.80	-18	-31	58	5.32	4.23	4.84
Oct'54[4]	4.79	-18	-28	-23	5.31	4.80	5.08

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)

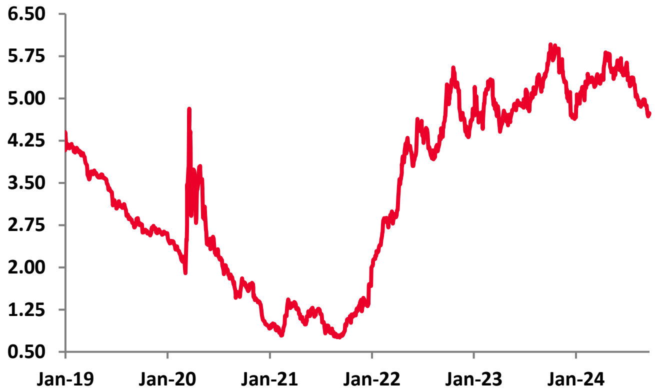
USD UMS and US Treasuries performance

		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	4.38	-3	-8	3.59	+1	-83	79	-4	49	55
3Y	Mar'27	4.33	-2	+15	3.48	+4	-74	85	-6	61	73
5Y	May'29	4.74	+1	-5	3.50	+7	-51	124	-5	108	118
7Y	Apr'30	4.87	+3	-47	3.61	+8	-35	126	-5	125	154
10Y	May'33	5.37	+6	-19	3.74	+9	-13	163	-3	155	193
20Y	Mar'44	6.00	+3	-38	4.12	+8	-2	187	-5	184	--
30Y	May'54	6.29	+4	-10	4.08	+10	+12	221	-7	220	--

Source: Bloomberg, Banorte

5Y USD UMS

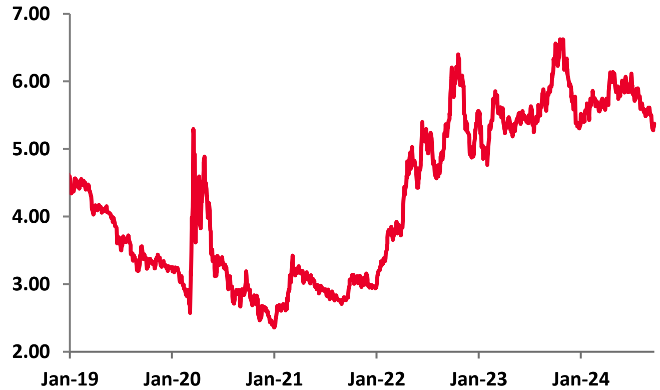
%



Source: Bloomberg, Banorte

10Y USD UMS

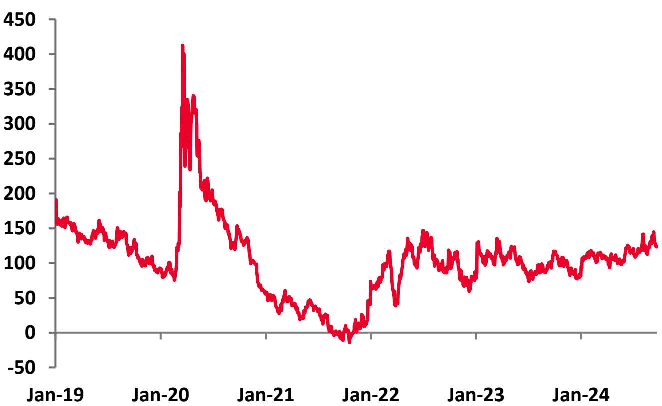
%



Source: Bloomberg, Banorte

5Y UMS-UST Spread

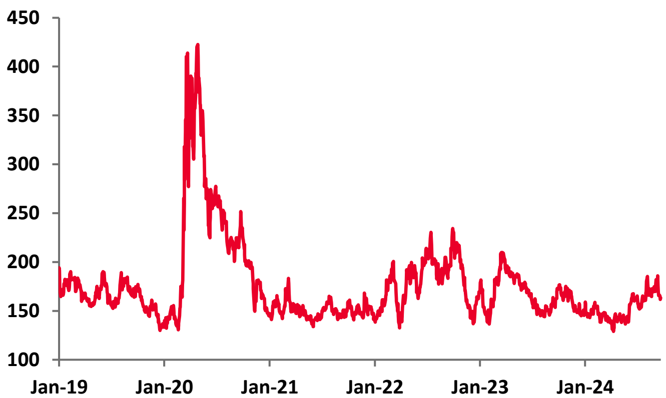
Basis points



Source: Bloomberg, Banorte

10Y UMS-UST Spread

Basis points



Source: Bloomberg, Banorte

Fixed–Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 10-year Mbono (Nov'34), the 30-year Udibono (Oct'54), as well as 1- and 3-year Bondes F
- **Rate cuts are supporting demand for the short-end, with stable interest in the 10-year Mbono and the 30-year Udibono.** In anticipation of this week's Fed decision, the MoF's auction saw a strong 4.68x oversubscription for the 1-month CETES, its highest reading in two years. Appetite was reflected not only in the bid-to-cover ratio but also in the issuance rate. In our view, attractive differentials vs implied forward rates also contributed to the positive outcome. We expect demand to remain robust for CETES, particularly in the shorter tenors, as the market strengthens its pricing for Banxico over the coming months. The curve now prices in around 110bps of cuts by year-end, up from 80bps a week ago. The 10-year Mbono could see solid demand, though limited by by spreads against Treasuries which have compressed sharply in recent weeks, with this mark trading at its tightest since May. The last four issuances of this bond averaged a bid-to-cover ratio of 2.09x. Udibonos experienced some enriching this week, which could weigh on demand for the 30-year Udibono Oct'54 at auction. Nonetheless, we expect stable interest, with the breakeven inflation rate in this tenor at 4.50%, down from 4.62% at the start of the month, suggesting room for further surges

Auction specifics (September 24th, 2024)

Security	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	Oct-24-24	--	10,000	10.40
3m	Dec-26-24	--	15,000	10.56
6m	Mar-20-25	--	16,900	10.54
24m	Aug-06-26	--	17,300	10.55
Bondes F				
1Y	Aug-28-25	--	10,200	0.09
3Y	Sep-23-27	--	5,300	0.20
Bono M				
10Y	Nov-23-34	7.75	18,000	9.74
Udibono				
30Y	Oct-29-54	4.00	UDIS 1,150	5.03

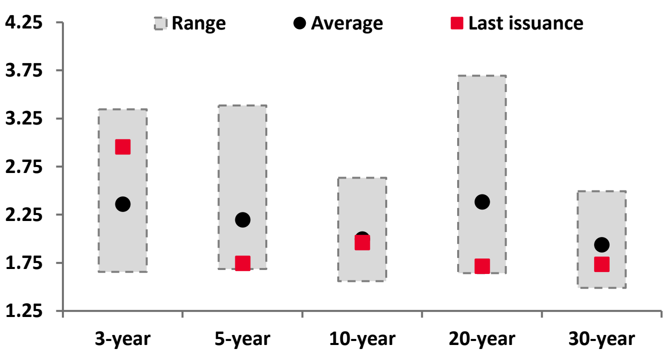
Source: Banxico, Banorte
1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

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

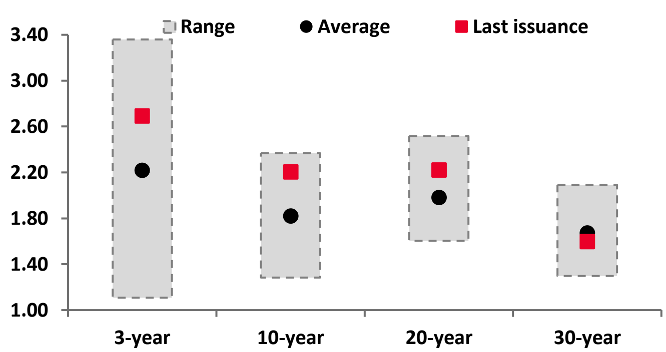
Source: SHCP *Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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

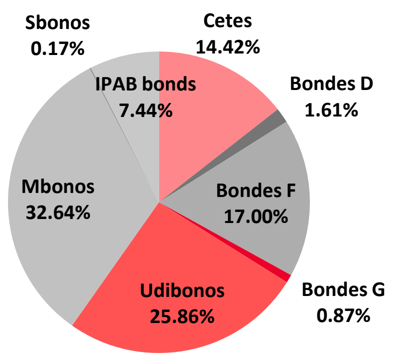
Fixed–Income Demand

Government and IPAB securities holdings by type of investor
US$ billion, *UDIS billion, data as of Sep/9/2024

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	101.05	11.80	14.84	18.12	5.35	9.66	2.46	3.57	-	35.26
Bondes D	11.27	0.00	0.69	5.06	0.33	1.67	0.12	0.04	-	3.36
Bondes F	119.14	0.02	3.66	66.90	2.17	10.72	5.43	1.08	-	29.17
Bondes G	6.10	0.00	0.28	2.33	0.44	0.56	1.06	0.14	-	1.31
Udibonos	181.20	8.39	100.76	6.14	32.24	5.01	0.96	0.15	-	27.57
Mbonos	228.69	69.90	54.38	7.20	7.20	32.90	7.69	1.34	0.75	47.34
Sbonos	1.16	0.56	0.31	0.01	0.03	0.00	-	-	-	0.24
Total	**648.62**	**90.67**	**174.91**	**105.75**	**47.76**	**60.51**	**17.71**	**6.32**	**0.75**	**144.24**
Udibonos*	436.77	20.22	242.87	14.80	77.71	12.07	2.30	0.35	-	66.45
IPAB bonds	**52.14**	**0.01**	**0.92**	**16.23**	**0.27**	**8.69**	**6.07**	**0.80**	**-**	**19.15**

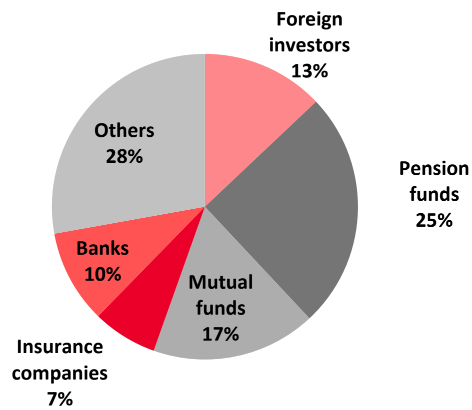
Source: Banxico, Banorte

Government issuance by type of instrument
Total amount of US$ 701 billion (including IPAB bonds), % of total



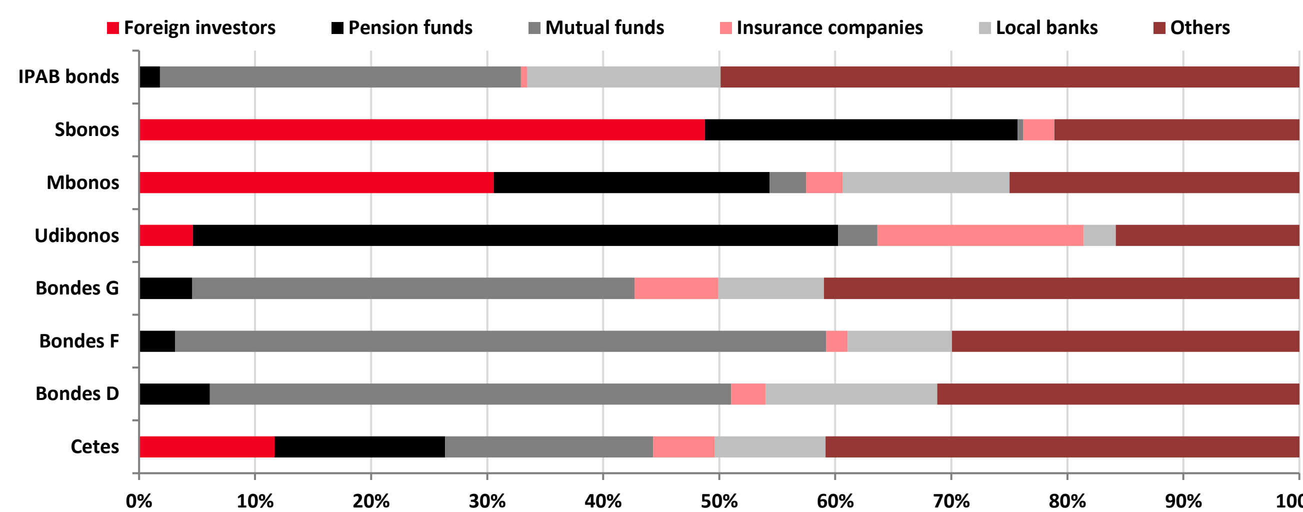
Source: Banxico, Banorte

Government issuance by type of investor
Total amount of US$ 701 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

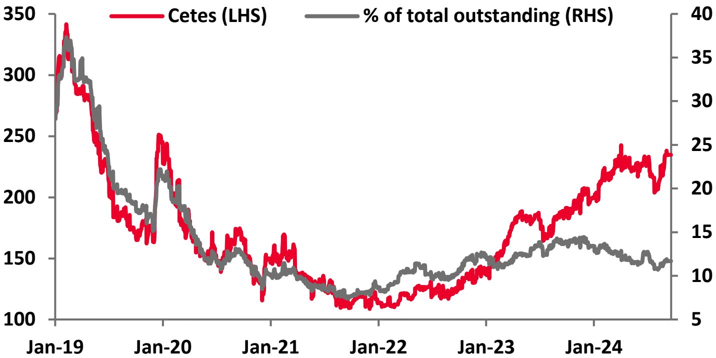
Government securities holdings by type of investor
Total amount of US$ 701 billion (including IPAB bonds), % of total



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

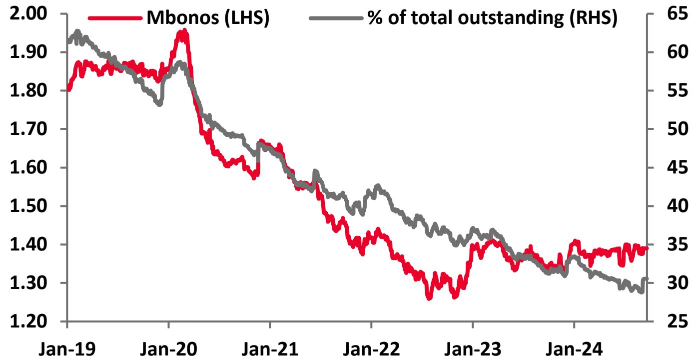
Fixed–Income Demand (continued)

Cetes held by foreigners
MXN billion, %



Source: Banxico, Banorte

Mbonos held by foreigners
MXN trillion, %



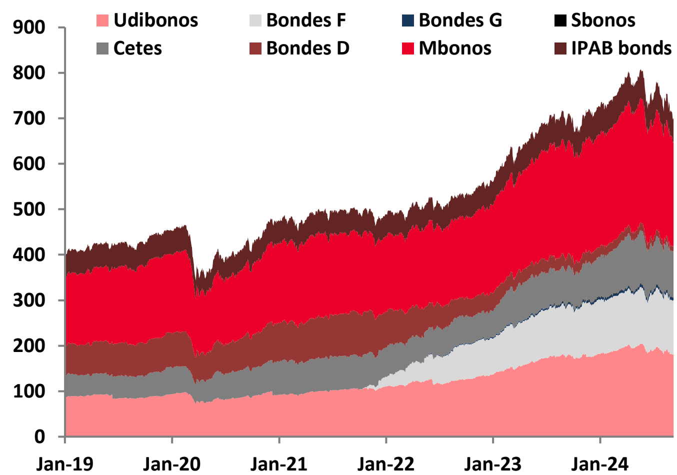
Source: Banxico, Banorte

Holdings of main investors by type of security
Data as of Sep/9/2024

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	8.85	17.56	12.03	32.71	5.97	71.35
Bondes F	54.79	245.09	-1.69	-40.90	3.37	22.07
Udibonos	1.67	11.08	1.56	17.58	0.18	-1.46
Mbonos	-0.28	-0.81	-0.88	7.19	-19.33	27.25

Source: Banxico, Banorte

Government securities issuance
USD Billions



Fuente: Banxico, Banorte

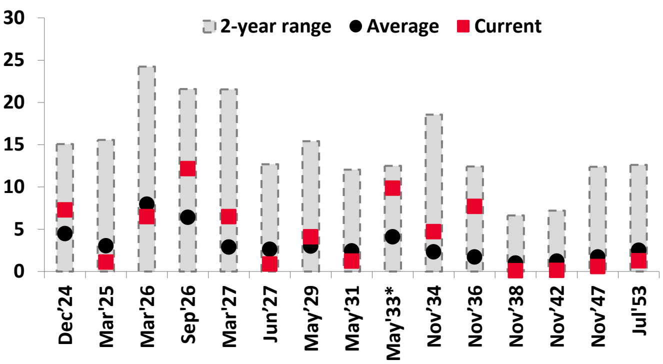
Mbonos holdings by type of investor
US$ billions and %, data as Sep/5/2024

Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Dec'24	9.4	22%	10%	22%	46%
Mar'25	5.6	39%	10%	13%	37%
Mar'26	20.3	30%	26%	11%	34%
Sep'26	15.2	20%	29%	19%	33%
Mar'27	19.7	26%	17%	7%	49%
Jun'27	17.0	24%	30%	17%	29%
Mar'29	13.2	16%	37%	14%	33%
May'29	15.3	8%	42%	24%	27%
May'31	20.3	6%	44%	31%	20%
May'33	16.1	6%	37%	30%	27%
Nov'34	9.6	6%	45%	29%	20%
Nov'36	4.1	2%	23%	49%	26%
Nov'38	10.7	1%	32%	48%	19%
Nov'42	18.8	2%	36%	47%	16%
Nov'47	13.2	0%	31%	49%	20%
Jul'53	15.7	3%	27%	52%	19%
Total	**208.4**	**13%**	**31%**	**28%**	**28%**

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

Fixed–Income Demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion

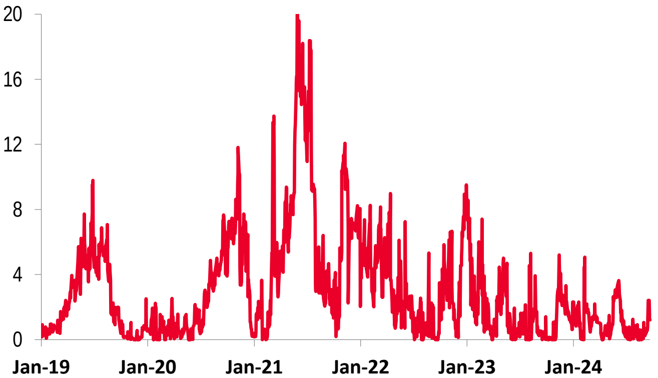


Source: Banxico, Banorte *May'33 issued in December 2022

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

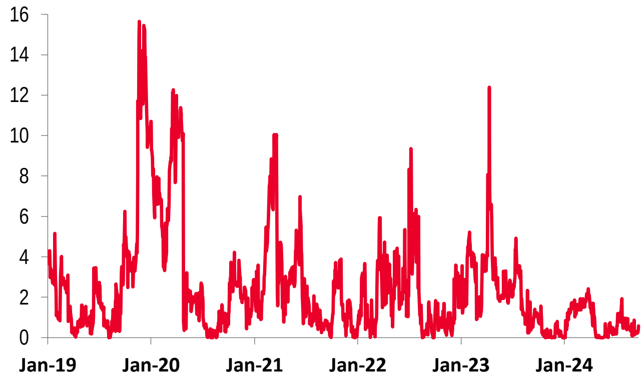
Source: Banxico, Banorte

Market makers' short positions on Mbono May'31
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono Nov'47
MXN billion



Source: Banxico, Banorte

Market makers' position on Mbonos
US$ million

Maturity date	Total amount outstanding as of Sep/19/2024	Sep/19/2024	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Dec'24	9,777	376	452	376	58	781	376
Mar'25	5,718	58	52	78	228	380	15
Mar'26	20,979	336	324	259	830	383	47
Sep'26	16,606	629	601	563	190	707	257
Mar'27	21,430	336	344	99	423	772	0
Jun'27	17,553	46	36	254	2	657	0
Mar'29	14,639	177	183	205	83	827	100
May'29	16,891	212	246	206	567	540	0
May'31	20,957	63	81	3	6	188	0
May'33	17,001	511	514	590	120	635	0
Nov'34	11,338	243	325	115	46	961	27
Nov'36	4,243	398	336	516	0	643	31
Nov'38	11,106	4	13	0	3	101	0
Nov'42	19,394	7	63	29	70	172	0
Nov'47	13,580	30	13	19	59	125	0
Jul'53	16,196	65	24	106	56	349	0
Total	**237,409**	**3,425**	**3,584**	**3,313**	**2,685**		

Source: Banxico, Banorte

Fixed–Income Technicals

Spread between Cetes and Implied Forward Rates

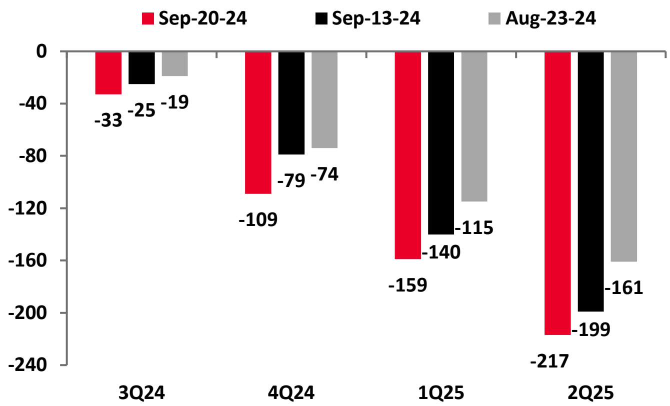
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	67	63	86	70	138	-7
3 months	44	33	38	31	67	-8
6 months	48	50	43	32	89	-7
12 months	67	75	55	30	94	-40

Source: PiP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate

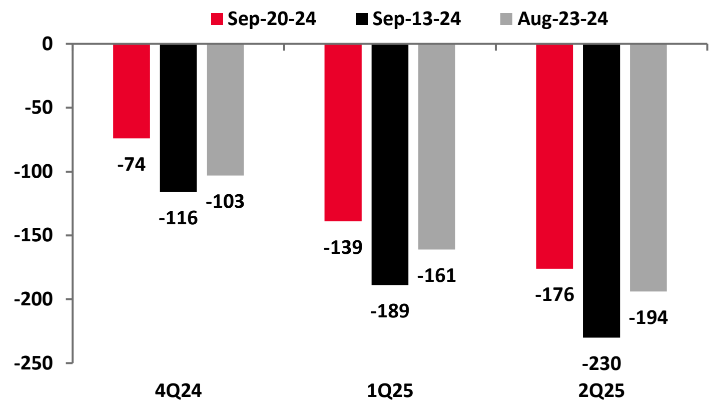
Basis points



Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

Spreads between Mbonos and UST

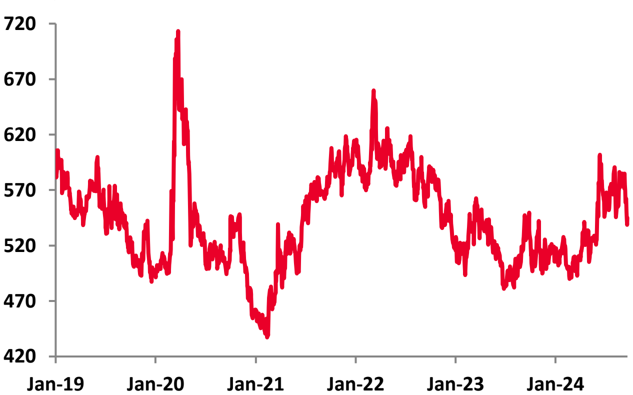
Basis ponts

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	606	-19	-10	56	644	497	569
5 year	561	-20	-19	39	623	489	543
10 year	545	-14	-27	39	602	490	531
20 year	537	-15	-27	49	590	464	514
30 year	542	-18	-31	37	597	479	526

Source: Bloomberg, Banorte

10-year Mbono and 10-year UST spread

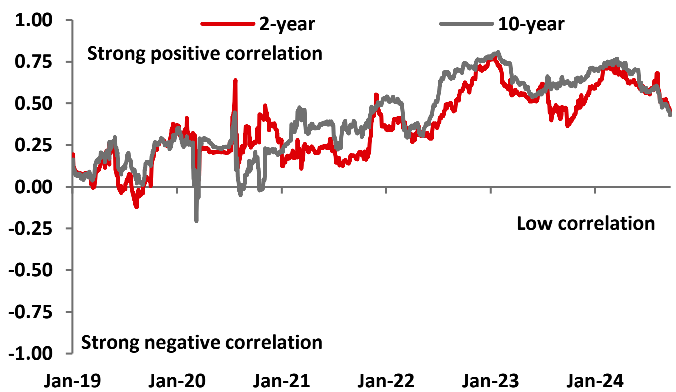
Basis points



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	-55	5	8	14	-31	-79	-62
2/10	-47	14	9	36	-40	-94	-71
2/30	-15	11	11	53	-3	-97	-58
5/10	8	8	1	21	10	-28	-9
10/30	31	-2	2	18	45	-11	12
TIIE IRS							
3m/2Y	-172	-1	-26	3	-41	-189	-127
2/5	-46	5	16	68	-46	-126	-89
2/10	-38	6	22	86	-38	-137	-97
2/30	-35	6	22	91	-35	-135	-94
5/10	8	1	6	19	8	-21	-8
10/30	4	1	-1	4	23	-6	3
TIIE IRS – Mbonos							
2 year	-70	4	-10	-65	25	-75	-24
5 year	-62	3	-2	-11	-5	-69	-51
10 year	-62	-4	3	-14	-7	-70	-50
20 year	-82	1	4	-25	-10	-95	-59
30 year	-90	-1	1	-27	-14	-99	-60
TIIE IRS – SOFR							
2 year	557	-15	-20	-7	624	516	558
5 year	528	-18	-22	25	602	465	517
10 year	528	-19	-22	30	602	472	518
20 year	527	-18	-26	25	609	476	523
30 year	533	-20	-29	20	625	490	539

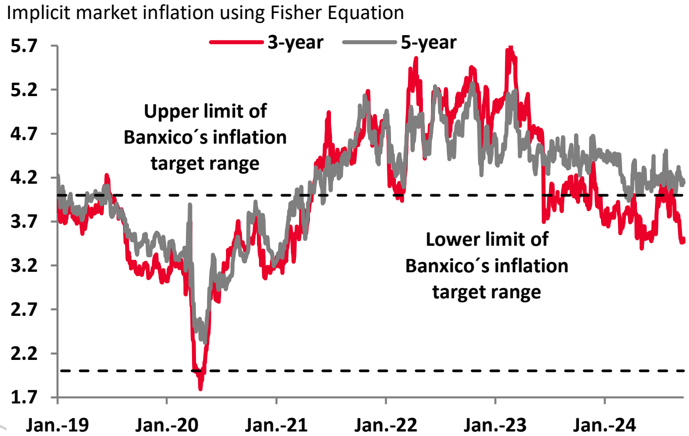
Source: Bloomberg, Banorte

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	3.47	1	-30	-58	4.37	3.39	3.83
5Y	4.14	3	12	-21	4.68	3.94	4.28
10Y	4.26	17	8	-16	4.67	4.04	4.34
20Y	4.47	21	0	-34	5.08	4.25	4.59
30Y	4.50	10	-2	-27	5.01	4.34	4.64

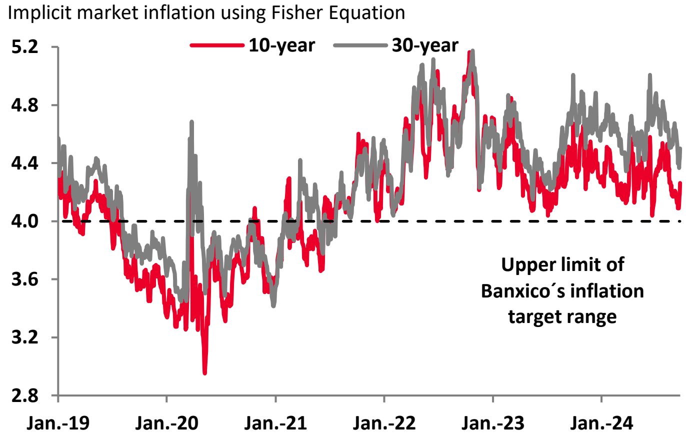
Source: Bloomberg, Banorte

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

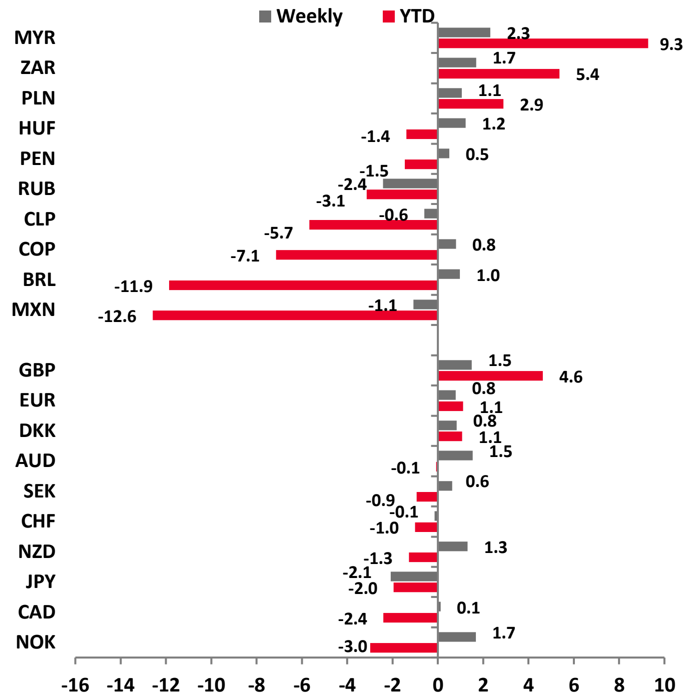
FX dynamics

Foreign Exchange market levels and historical return

		Close at Sep/20/24	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD (%)[1]
Emerging Markets						
Brazil	USD/BRL	5.51	-1.5	1.0	-0.4	-11.9
Chile	USD/CLP	931.85	0.0	-0.6	-1.7	-5.7
Colombia	USD/COP	4,151.59	0.2	0.8	-2.9	-7.1
Peru	USD/PEN	3.76	-0.3	0.5	-0.3	-1.5
Hungary	USD/HUF	352.13	0.3	1.2	0.0	-1.4
Malaysia	USD/MYR	4.20	0.1	2.3	4.2	9.3
Mexico	**USD/MXN**	**19.41**	**-0.5**	**-1.1**	**-0.7**	**-12.6**
Poland	USD/PLN	3.83	0.1	1.1	0.4	2.9
Russia	USD/RUB	92.37	0.0	-2.4	-0.9	-3.1
South Africa	USD/ZAR	17.43	0.4	1.7	2.4	5.4
Developed Markets						
Canada	USD/CAD	1.36	-0.1	0.1	0.2	-2.4
Great Britain	GBP/USD	1.33	0.3	1.5	1.8	4.6
Japan	USD/JPY	143.85	-0.8	-2.1	0.9	-2.0
Eurozone	EUR/USD	1.1162	0.0	0.8	0.1	1.1
Norway	USD/NOK	10.49	0.1	1.7	0.2	-3.0
Denmark	USD/DKK	6.68	0.0	0.8	0.2	1.1
Switzerland	USD/CHF	0.85	-0.3	-0.1	0.2	-1.0
New Zealand	NZD/USD	0.62	0.0	1.3	1.3	-1.3
Sweden	USD/SEK	10.17	-0.1	0.6	0.2	-0.9
Australia	AUD/USD	0.68	-0.1	1.5	0.9	-0.1

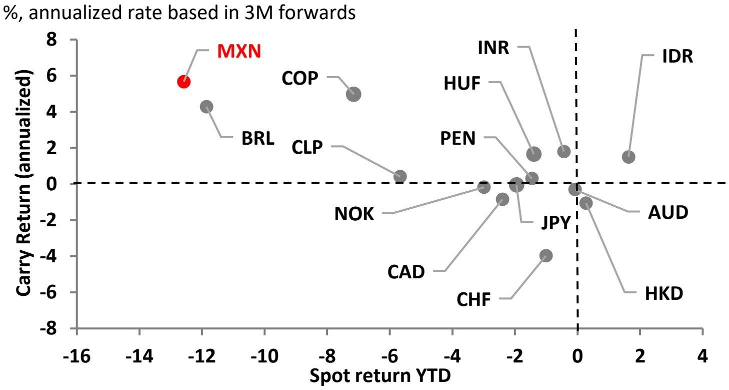
Source: Bloomberg, Banorte
1. Positive (negative) changes mean appreciation (depreciation) of the corresponding currency against the USD.

FX performance
Against USD, %



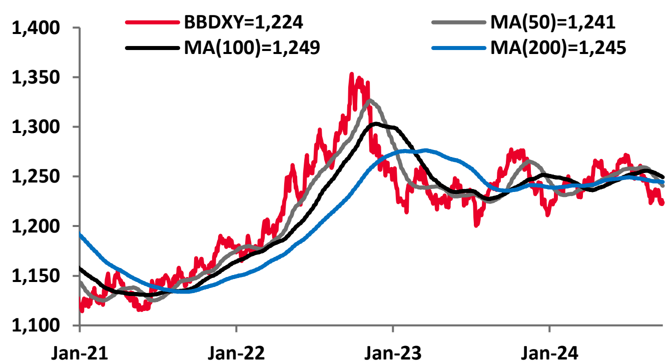
Source: Bloomberg, Banorte

Performance of selected currencies
%, annualized rate based in 3M forwards



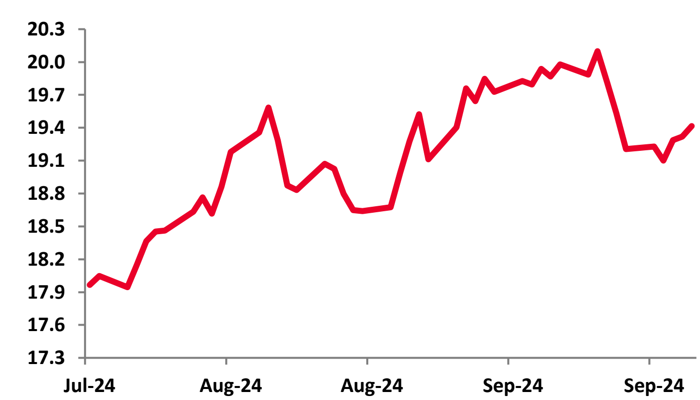
4Source: Bloomberg, Banorte

BBDXY
Points



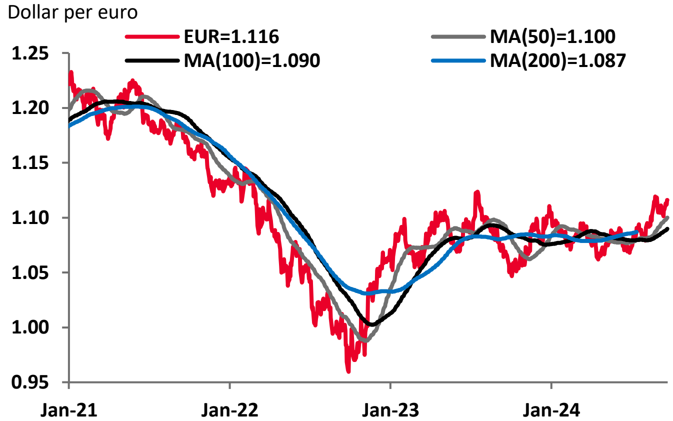
Source: Bloomberg, Banorte

USD/MXN
Last 60 days



Source: Bloomberg, Banorte

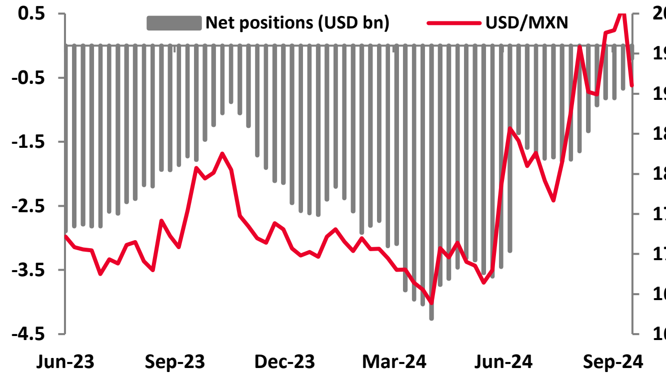
Euro
Dollar per euro



Source: Bloomberg, Banorte

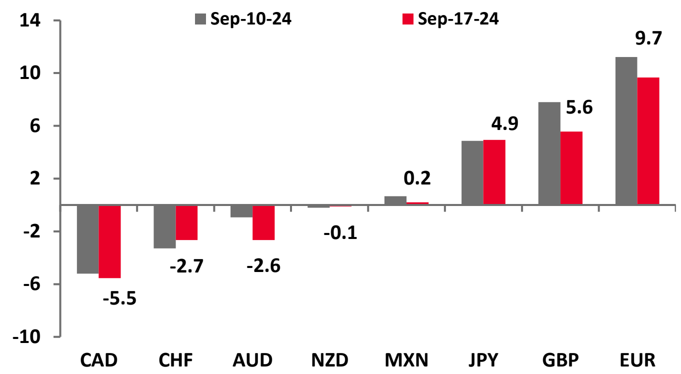
FX positioning and flows

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



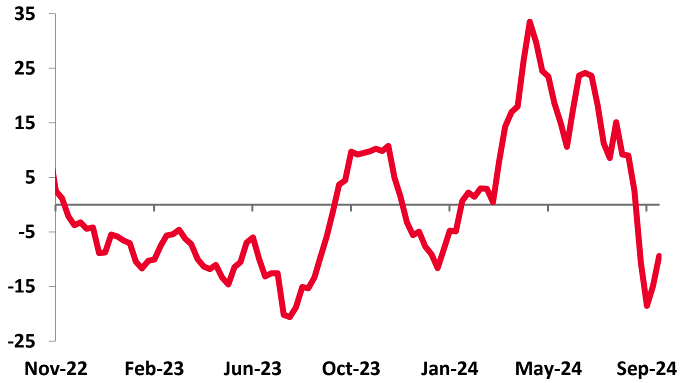
Source: CME, Banorte

IMM positioning by currency*
Billion dollars



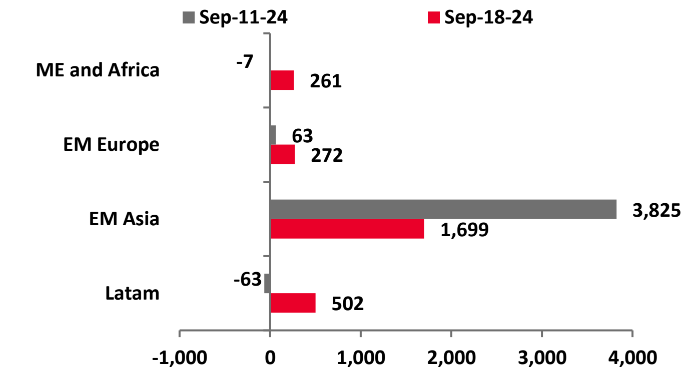
* Positive: Net long in the corresponding currency
Source: CME, Banorte

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



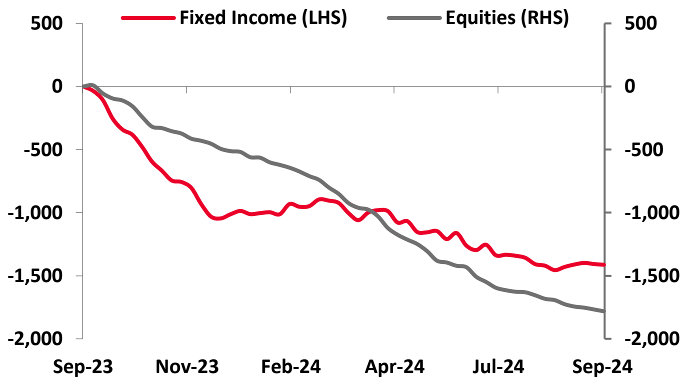
*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF
Source: CME, Banorte

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



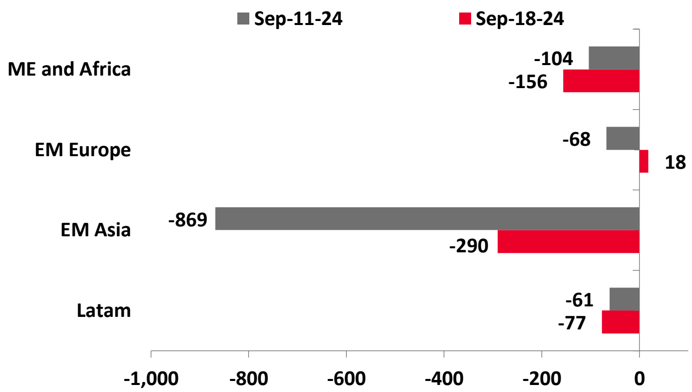
Source: EPFR Global, Banorte

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



Source: EPFR Global, Banorte

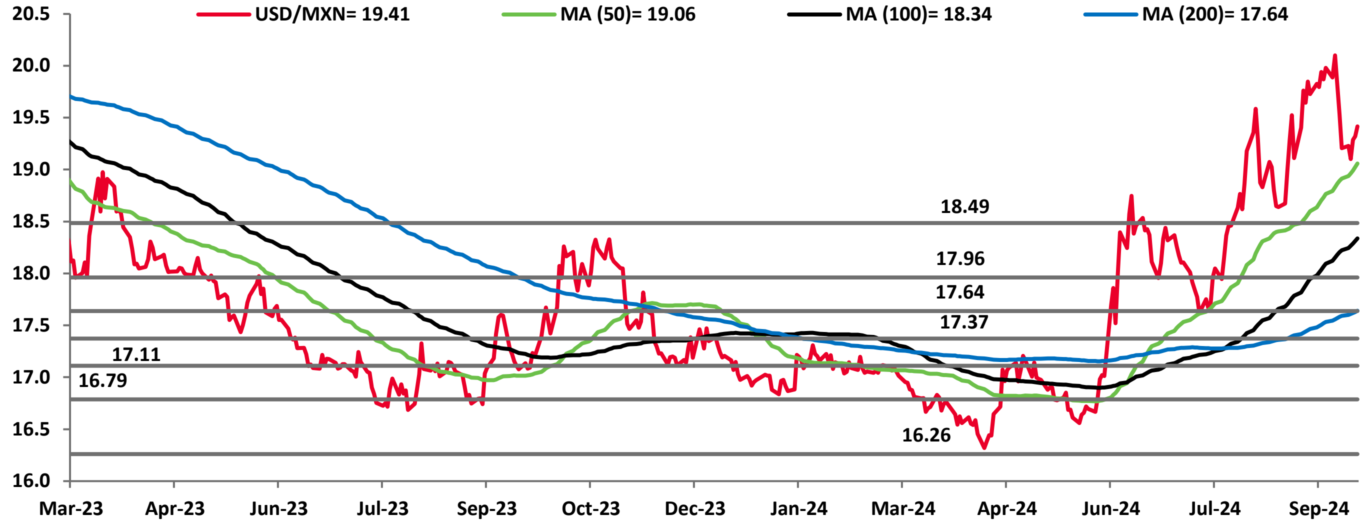
Net foreign portfolio flows by region (excluding ETF's investments)
Weekly, million dollars



Source: EPFR Global, Banorte

FX technicals

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



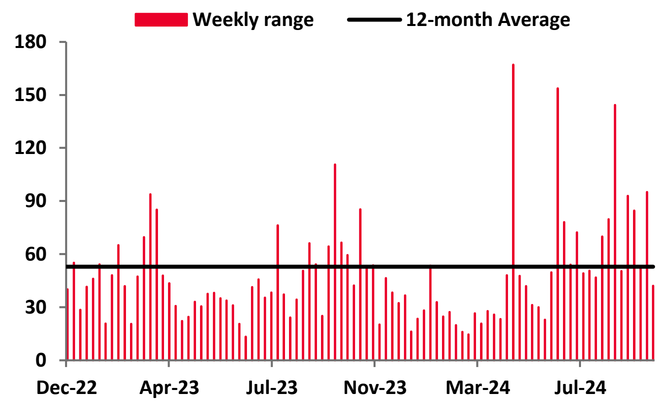
Source: Bloomberg, Banorte

USD/MXN – 1-month correlation with other currencies and assets
Based on daily percentages changes

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	11	10	-14	65	25
CAD	14	16	12	64	37
JPY	0	-11	-42	46	-1
BRL	53	56	-4	70	43
CLP	28	31	-12	63	26
ZAR	40	40	-28	77	31
VIX	30	26	-12	58	30
SPX	39	40	-12	60	35
GSCI	19	25	-21	45	10
Gold	9	26	-4	58	24

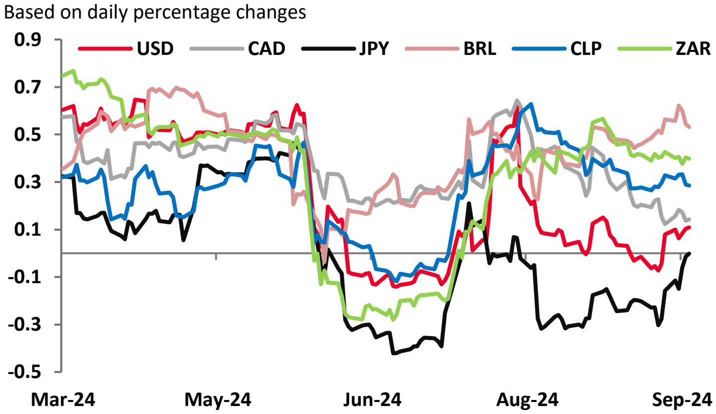
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

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



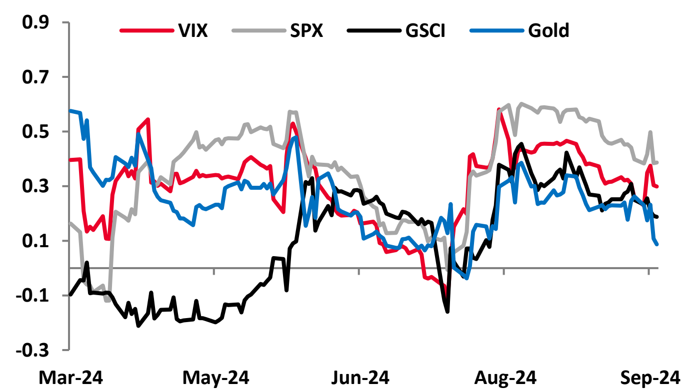
Source: Bloomberg, Banorte

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

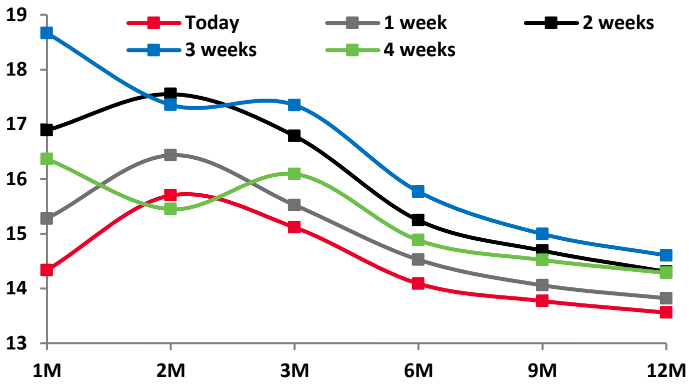


* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

FX technicals (continued)

USD/MXN – ATM options volatility curve

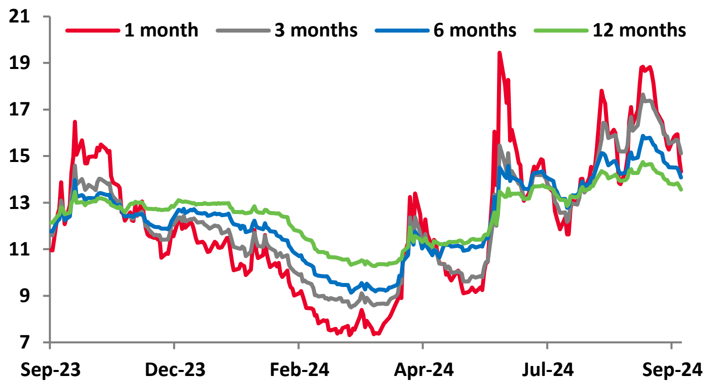
%



Source: Bloomberg, Banorte

USD/MXN – Implied volatility

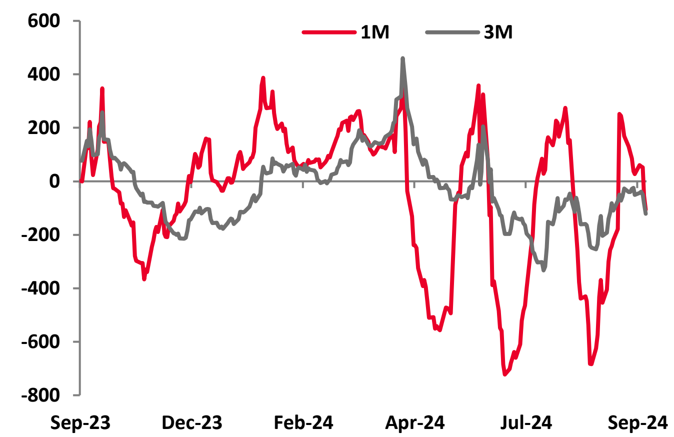
%



Source: Bloomberg, Banorte

USD/MXN – Spread between implicit and historical volatility

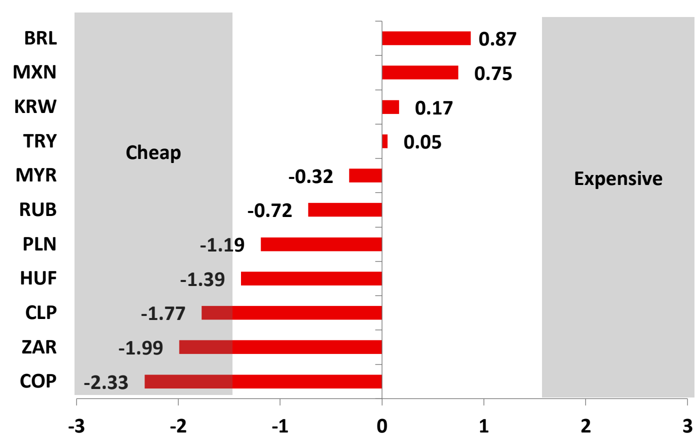
Bps



Source: Bloomberg, Banorte

Emerging markets 1-month ATM options volatility

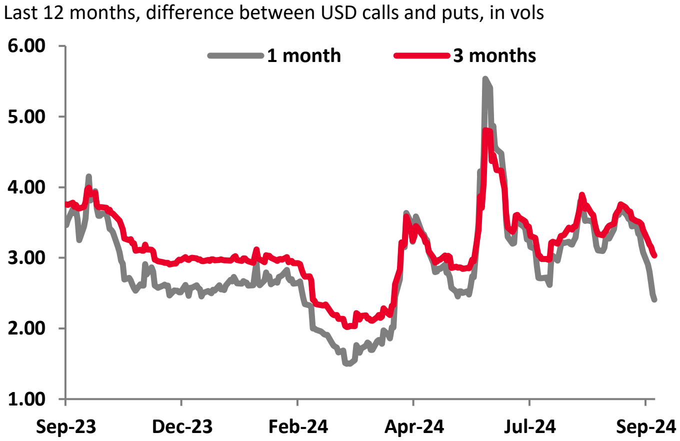
Against USD, in σ relative to last year's average



Source: Bloomberg, Banorte

USD/MXN – 25D risk reversals

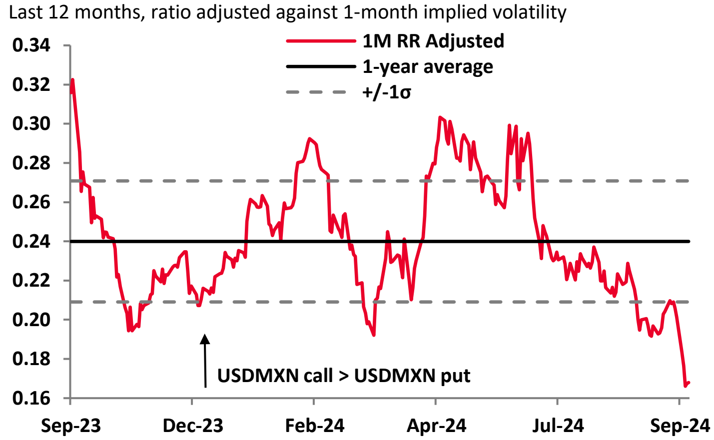
Last 12 months, difference between USD calls and puts, in vols



Source: Bloomberg, Banorte

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

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



Source: Bloomberg, Banorte

Weekly economic calendar

For the week ending September 29th, 2024

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 23	03:30	GER	Manufacturing PMI*	Sep (P)	index	--	42.3	42.4
	03:30	GER	Services PMI*	Sep (P)	index	--	51.0	51.2
	03:30	GER	Composite PMI*	Sep (P)	index	--	48.2	48.4
	04:00	EZ	Manufacturing PMI*	Sep (P)	index	--	45.7	45.8
	04:00	EZ	Services PMI*	Sep (P)	index	--	52.3	52.9
	04:00	EZ	Composite PMI*	Sep (P)	index	--	50.5	51.0
	04:30	UK	Manufacturing PMI*	Sep (P)	index	--	52.2	52.5
	04:30	UK	Services PMI*	Sep (P)	index	--	53.5	53.7
	08:00	MX	Retail sales	Jul	% y/y	-0.4	-0.4	-3.9
	08:00	MX	Retail sales*	Jul	% m/m	0.5	0.3	-0.5
	08:00	MX	Economic activity indicator (IGAE)	Jul	% y/y	2.9	2.2	-0.6
	08:00	MX	Economic activity indicator (IGAE)*	Jul	% m/m	0.2	0.1	0.0
	08:00	US	Fed's Bostic Gives Speech on Economic Outlook					
	09:45	US	Manufacturing PMI*	Sep (P)	index	48.2	48.6	47.9
	09:45	US	Services PMI*	Sep (P)	index	--	55.3	55.7
	09:45	US	Composite PMI*	Sep (P)	index	--	54.7	54.6
	10:15	US	Fed's Goolsbee Speaks in Fireside Chat					
	13:00	US	Fed's Kashkari Participates in Q&A on Childcare					
Tue 24	04:00	GER	IFO Survey (business climate)*	Sep	index	--	86.0	86.6
	07:00	BZ	COPOM minutes					
	08:00	MX	Consumer prices	Sep 15	% 2w/2w	0.16	0.13	-0.06
	08:00	MX	Core	Sep 15	% 2w/2w	0.23	0.20	0.10
	08:00	MX	Consumer prices	Sep 15	% y/y	4.74	4.71	4.83
	08:00	MX	Core	Sep 15	% y/y	3.96	3.94	4.01
	09:00	US	S&P/CoreLogic housing prices	Jul	% y/y	--	6.1	6.5
	10:00	US	Consumer confidence*	Sep	index	102.5	103.0	103.3
	11:00	MX	International reserves	Sep 20	US$bn	--	--	226.1
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 10-year Mbono (Nov'34), 30-year Udibono (Oct'54) and 1-, and 3-year Bondes F					
Wed 25	08:00	BZ	Consumer prices	Sep	% m/m	--	0.28	0.19
	08:00	BZ	Consumer prices	Sep	% y/y	--	4.28	4.35
	10:00	US	New home sales**	Aug	millions	--	695	739
	19:50	JP	BOJ minutes					
Thu 26	04:00	EZ	M3 Money Supply YoY	Aug	% y/y	--	2.6	2.3
	07:00	BZ	Central Bank Quarterly Inflation Report					
	08:30	US	BEA annual revisions to GDP					
	08:30	US	Gross domestic product**	2Q24	% q/q	2.9	2.9	3.0
	08:30	US	Personal consumption**	2Q24	% q/q	2.9	2.9	2.9
	08:30	US	Durable goods orders*	Aug (P)	% m/m	--	-2.7	9.8
	08:30	US	Ex transportation*	Aug (P)	% m/m	--	0.1	-0.2
	08:30	US	Initial jobless claims*	Sep 21	thousands	225	225	219
	09:10	US	Fed´s Collins and Kugler will participate in a fireside chat focusing on the intersections between bank supervision and financial inclusion					
	09:20	US	Fed's Powell Gives Pre-Recorded Opening Remarks					
	09:25	US	Fed's Williams Gives Remarks at Conference					
	10:30	US	Fed's Barr Gives Remarks at Conference					
	13:00	US	Fed's Kashkari Hosts Fireside Chat with Michael Barr					
	15:00	MX	Monetary policy decision (Banxico)	Sep 26	%	10.50	10.50	10.75
Fri 27	05:00	EZ	Consumer confidence*	Sep (F)	index	--	--	-12.9
	05:00	EZ	Economic confidence*	Sep	index	--	--	96.6
	08:00	MX	Trade balance	Aug	US$mn	-552.3	-285.0	-72.0
	08:00	BZ	Unemployment rate	Aug	%	--	6.7	6.8
	08:30	US	Personal income*	Aug	% m/m	--	0.4	0.3
	08:30	US	Personal spending*	Aug	% m/m	--	0.3	0.5
	08:30	US	Real personal spending*	Aug	% m/m	--	0.1	0.4
	08:30	US	PCE Deflator*	Aug	% m/m	0.1	0.1	0.2
	08:30	US	Core*	Aug	% m/m	0.2	0.2	0.2
	08:30	US	PCE Deflator	Aug	% y/y	2.3	2.3	2.5
	08:30	US	Core	Aug	% y/y	2.8	2.7	2.6
	08:30	US	Trade balance*	Aug	US$bn	--	-99.7	-102.8
	09:30	US	Fed´s Collins and Kugler meet with small business and community leaders					
	10:00	US	U. of Michigan confidence*	Sep (F)	index	69.0	69.3	69.0
Sun 29	21:30	CHI	Manufacturing PMI*	Sep	index	--	--	49.1
	21:30	CHI	Non-manufacturing PMI*	Sep	index	--	--	50.3
	21:30	CHI	Composite PMI*	Sep	index	--	--	50.1
	21:45	CHI	Manufacturing PMI (Caixin)*	Sep	index	--	--	50.4
	21:45	CHI	Services PMI (Caixin)*	Sep	index	--	--	51.6
	21:45	CHI	Composite PMI (Caixin)*	Sep	index	--	--	51.2

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	P	Jul-11-24	Sep-17-24
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

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 Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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

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