

Fixed-Income & FX Strategy

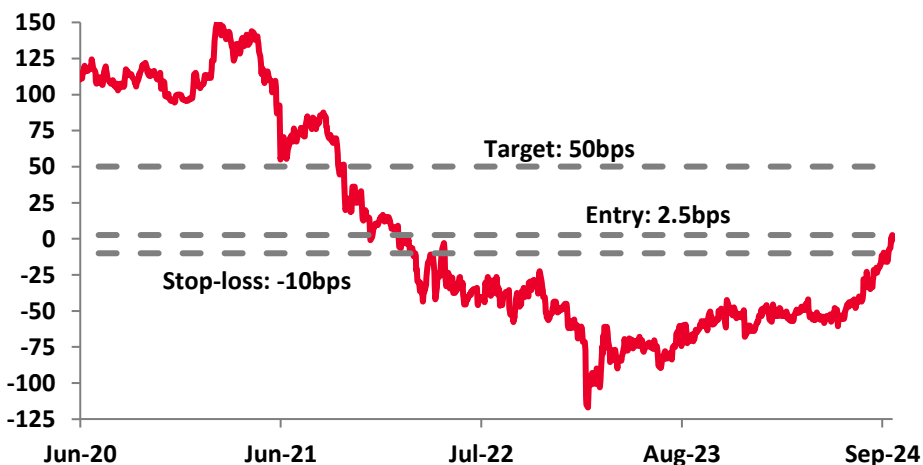
W e e k l y

Fixed-Income and FX Weekly

- **Focus on US employment.** If there's one factor that could make the case for stronger rate cuts in the US, that's the labor market. Next week, watch out for September's NFP, where we expect 150k new jobs and an unemployment rate of 4.2%. Agenda also includes ADP's private report and job vacancies data. Additionally, abundant Fed speakers, including Powell. Steepening in the US extended this week, with modest gains in short-term USTs while the long-end was pressured by 3bps. [Banxico cut its benchmark rate by 25bps, as we anticipated.](#) We expect two more 25bps cuts this year and a total of -200bps by 2025. The Mbonos' curve also steepened driven by a 17bps sell-off at the long-end
- **Entering 3s10s steepener in TIEs and Udibono Dec'26 longs.** We reiterate our view that the curve will continue to steepen. We believe the market still has room to price in a deeper easing cycle from Banxico relative to current valuations, which imply a terminal rate of 7.60%. In our view, terminal levels will range around 7.25%-7.50%. Furthermore, we see risks for the long-end to underperform as a higher term premium in the US adds to the uncertainty regarding November's elections and the potential policy impacts from the next US administration. As such, we recommend a 3s10s steepener in TIE IRS. Although the strategy has a negative carry and roll of -6bps per month, we see room for the spread to move towards 50bps from current 2.5bps (stop-loss: -10bps). This spread is positive for the first time since 2021. For real rates, we maintain a favorable outlook for short-term maturities and see value in starting long positions in the 3-year Udibono (Dec'26), given an attractive relative valuation and good for carry in the next quarter (around 5% annualized, according to our inflation estimates). In this regard, the breakevens for this maturity at 3.47% trade well below their 12-month mean (3.82%). We set an entry level at 5.80%, target of 5.50%, and a stop-loss at 6.00%
- **USD remains weak.** The DXY fell 0.3% w/w, with all G10 FX stronger, while EM held good balance. The MXN lost 1.4% to 19.69. We suggest buying USD on dips for tactical purposes, should USD/MXN reach levels between 18.90 and 19.15
- **Weekly ranges.** We expect the 10-year Mbono (Nov'34) to trade between 9.20% and 9.45%, and MXN between 19.40 and 20.00 per dollar

3s10s spread in TIE-28 IRS

Basis points



Source: Bloomberg, Banorte



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Fixed-Income Dynamics

Fixed-income securities performance

| Security | YTM (%) | Weekly change (bps) | Δ last 4 weeks (bps) | YTD (bps) | 12m Max (%) | 12m Min (%) | 12m Average (%) |
|------------------------------------|---------|---------------------|----------------------|-----------|-------------|-------------|-----------------|
| Overnight TIIE funding rate | | | | | | | |
| 1-day | 10.77 | 1 | -1 | -68 | 11.45 | 10.65 | 11.09 |
| 28-days ¹ | 10.81 | 0 | -5 | -49 | 11.33 | 10.81 | 11.16 |
| 91-days ¹ | 10.92 | 0 | -5 | -50 | 11.45 | 10.91 | 11.27 |
| 182-days ¹ | 11.07 | 0 | -5 | -52 | 11.61 | 11.06 | 11.43 |
| Cetes² | | | | | | | |
| 28-days | 10.43 | -4 | -17 | -81 | 11.38 | 10.32 | 11.01 |
| 91-days | 10.50 | 5 | -30 | -75 | 11.45 | 10.37 | 11.16 |
| 182-days | 10.38 | 2 | -41 | -95 | 11.66 | 10.33 | 11.23 |
| 364-days | 10.11 | -4 | -57 | -103 | 11.86 | 10.03 | 11.12 |
| Mbonos | | | | | | | |
| Dec'24 | 10.56 | 0 | -28 | -10 | 11.40 | 10.51 | 11.00 |
| Mar'25 | 10.29 | 10 | -2 | 39 | 11.15 | 9.80 | 10.40 |
| Mar'26 | 9.56 | -10 | -56 | -20 | 11.03 | 9.45 | 10.26 |
| Sep'26 | 9.47 | 1 | -51 | -2 | 11.03 | 9.32 | 10.11 |
| Mar'27 | 9.11 | 2 | -57 | -28 | 10.74 | 9.01 | 9.82 |
| Jun'27 | 9.10 | 4 | -59 | -16 | 10.68 | 9.00 | 9.79 |
| Mar'29 | 9.20 | 9 | -50 | 13 | 10.55 | 9.01 | 9.64 |
| May'29 | 9.15 | 8 | -50 | 21 | 10.47 | 8.90 | 9.57 |
| May'31 | 9.17 | 11 | -42 | 23 | 10.42 | 8.94 | 9.56 |
| May'33 | 9.26 | 10 | -38 | 32 | 10.40 | 8.94 | 9.56 |
| Nov'34 | 9.32 | 13 | -33 | 37 | 10.41 | 8.95 | 9.56 |
| Nov'36 | 9.34 | 15 | -33 | 42 | 10.41 | 8.92 | 9.56 |
| Nov'38 | 9.48 | 15 | -36 | 44 | 10.46 | 9.04 | 9.64 |
| Nov'42 | 9.66 | 17 | -34 | 59 | 10.51 | 9.06 | 9.70 |
| Nov'47 | 9.65 | 15 | -36 | 58 | 10.49 | 9.04 | 9.68 |
| Jul'53 | 9.65 | 15 | -37 | 57 | 10.50 | 9.04 | 9.69 |
| TIIE-IRS | | | | | | | |
| 3-month (3x1) | 10.64 | -4 | -27 | -82 | 11.54 | 10.63 | 11.28 |
| 6-month (6x1) | 10.31 | -5 | -39 | -97 | 11.55 | 10.28 | 11.15 |
| 9-month (9x1) | 10.00 | -7 | -49 | -109 | 11.54 | 9.99 | 11.00 |
| 1-year (13x1) | 9.66 | -5 | -57 | -112 | 11.44 | 9.59 | 10.77 |
| 2-year (26x1) | 8.93 | -2 | -68 | -77 | 10.86 | 8.88 | 9.99 |
| 3-year (39x1) | 8.63 | -1 | -68 | -45 | 10.48 | 8.62 | 9.51 |
| 4-year (52x1) | 8.55 | 1 | -61 | -17 | 10.24 | 8.49 | 9.25 |
| 5-year (65x1) | 8.53 | 4 | -57 | -3 | 10.09 | 8.43 | 9.11 |
| 7-year (91x1) | 8.55 | 6 | -51 | 10 | 9.98 | 8.37 | 9.03 |
| 10-year (130x1) | 8.66 | 8 | -45 | 20 | 9.96 | 8.40 | 9.04 |
| 20-year (3x1) | 8.75 | 7 | -43 | 24 | 10.04 | 8.45 | 9.10 |
| 30-year (390x1) | 8.70 | 9 | -44 | 25 | 9.98 | 8.44 | 9.07 |
| Udibonos | | | | | | | |
| Dec'25 | 6.22 | -18 | -26 | 23 | 7.90 | 5.83 | 6.53 |
| Dec'26 | 5.80 | 1 | -21 | 18 | 7.08 | 5.26 | 6.06 |
| Nov'28 | 4.86 | 10 | -38 | 39 | 5.96 | 4.42 | 5.15 |
| Nov'31 | 4.83 | 12 | -38 | 36 | 5.80 | 4.44 | 5.02 |
| Aug'34 ³ | 4.87 | 14 | -39 | 0 | 5.76 | 4.82 | 5.23 |
| Nov'35 | 4.87 | 13 | -34 | 49 | 5.60 | 4.31 | 4.89 |
| Nov'40 | 4.93 | 13 | -29 | 61 | 5.50 | 4.26 | 4.88 |
| Nov'43 | 4.96 | 16 | -28 | 63 | 5.51 | 4.25 | 4.90 |
| Nov'46 | 4.91 | 11 | -27 | 76 | 5.30 | 4.15 | 4.82 |
| Nov'50 | 4.93 | 13 | -26 | 70 | 5.32 | 4.23 | 4.84 |
| Oct'54 ⁴ | 4.92 | 14 | -24 | -9 | 5.31 | 4.79 | 5.07 |

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

| Term | Maturity date | UMS | | | UST | | | Spreads | | CDS |
|------|---------------|---------|---------------------|-----------|---------|---------------------|-----------|--------------|---------------------|-----|
| | | YTM (%) | Weekly change (bps) | YTD (bps) | YTM (%) | Weekly change (bps) | YTD (bps) | Actual (bps) | Weekly change (bps) | |
| 2Y | Jan'26 | 4.37 | -1 | -9 | 3.56 | -3 | -86 | 81 | +2 | 56 |
| 3Y | Mar'27 | 4.36 | +3 | +19 | 3.48 | +0 | -74 | 88 | +3 | 76 |
| 5Y | May'29 | 4.77 | +3 | -2 | 3.51 | +1 | -50 | 126 | +2 | 121 |
| 7Y | Apr'30 | 4.90 | +4 | -43 | 3.61 | 0 | -36 | 129 | +4 | 159 |
| 10Y | May'33 | 5.43 | +5 | -13 | 3.75 | +1 | -12 | 167 | +4 | 198 |
| 20Y | Mar'44 | 6.06 | +7 | -31 | 4.15 | +3 | +1 | 191 | +4 | -- |
| 30Y | May'54 | 6.34 | +5 | -5 | 4.10 | +2 | +14 | 224 | +3 | -- |

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 Monday, the MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 20-year Mbono (Nov'42), the 3-year Udibono (Dec'26), as well as 2- and 5-year Bonos F
- **We recommend long positions in the 3-year Udibono and expect solid demand for Cetes.** The Ministry of Finance (MoF) published today the [4Q24 government securities auction calendar](#). On this occasion, there will be higher debt issuance at fixed vs floating rates, contrary to previous quarters. It is worth noting that the first auction of the period will take place on Monday for a holiday. We expect investors will increase their appetite for Cetes in the face of the cutting cycle by Banxico. In our opinion, the reference rate will be at 10.00% by the end of this year and at 8.00% in December 2025. This vision has not been fully priced by these securities, which also maintain attractive real rates. The average amount to be auctioned of the 20-year Mbono remained unchanged at MXN 7 billion. We believe appetite for this tenor will improve relative to its last issuance where demand was very close to 2-year lows (1.7x) as it has a valuation with room for modest gains. We see value in the 3-year Udibono given how its breakeven has fallen and good UDIS's carry in the quarter, factors behind why we recommend long positions. We anticipate a robust appetite between 2.7x and 3.0

Auction specifics (September 30th, 2024)

| Security | Maturity | Coupon rate, % | To be auctioned ¹ | Previous yield ² |
|----------------|-----------|----------------|------------------------------|-----------------------------|
| Cetes | | | | |
| 1m | Oct-31-24 | -- | 10,000 | 10.35 |
| 3m | Jan-02-25 | -- | 15,000 | 10.47 |
| 6m | Apr-03-25 | -- | 16,900 | 10.36 |
| 12m | Sep-18-25 | -- | 17,300 | 10.38 |
| Bonos F | | | | |
| 2Y | Jul-23-26 | -- | 10,200 | 0.14 |
| 5Y | Jul-19-29 | -- | 5,300 | 0.23 |
| Bono M | | | | |
| 20Y | Nov-13-42 | 7.75 | 18,000 | 10.04 |
| Udibono | | | | |
| 3Y | Dec-03-26 | 3.00 | UDIS 1,150 | 5.88 |

Source: Banxico, Banorte

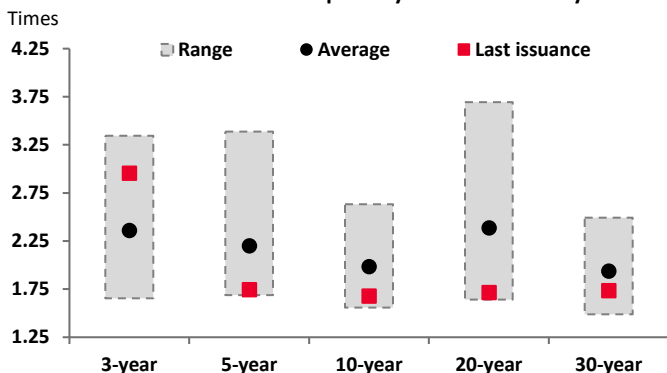
1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

4Q24 Government Securities Auction Calendar*

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

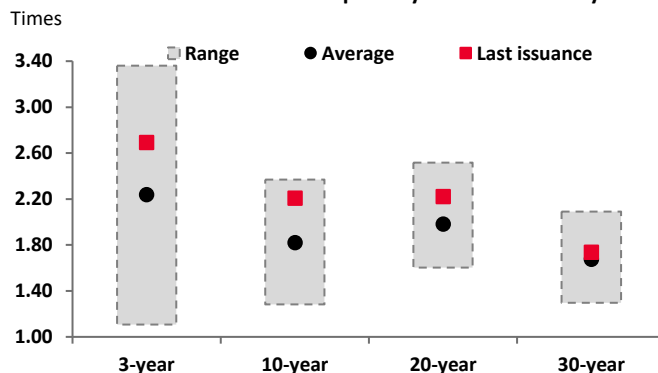
Source: SHCP *Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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

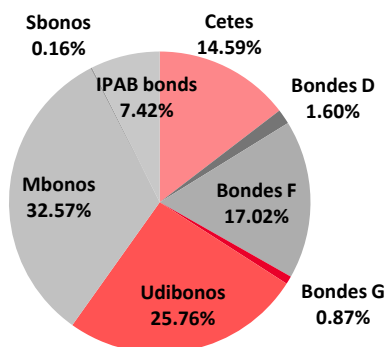
US\$ billion, *UDIS billion, data as of Sep/17/2024

| 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 | 107.21 | 12.41 | 15.28 | 19.17 | 5.77 | 11.55 | 3.17 | 3.18 | - | 36.69 |
| Bondes D | 11.73 | - | 0.49 | 5.64 | 0.32 | 1.92 | 0.07 | 0.11 | - | 3.19 |
| Bondes F | 125.05 | 0.01 | 4.57 | 69.56 | 2.35 | 13.11 | 5.07 | 1.13 | - | 29.25 |
| Bondes G | 6.36 | 0.00 | 0.34 | 2.86 | 0.40 | 0.53 | 0.85 | 0.15 | - | 1.22 |
| Udibonos | 189.26 | 8.68 | 105.28 | 6.41 | 33.67 | 5.79 | 0.50 | 0.14 | - | 28.79 |
| Mbonos | 239.26 | 73.58 | 57.12 | 6.79 | 7.46 | 35.30 | 7.60 | 1.37 | 0.78 | 49.25 |
| Sbonos | 1.20 | 0.59 | 0.32 | 0.01 | 0.03 | 0.00 | - | - | - | 0.25 |
| Total | 680.06 | 95.26 | 183.40 | 110.43 | 50.00 | 68.19 | 17.25 | 6.07 | 0.78 | 148.66 |
| Udibonos* | 438.32 | 20.10 | 243.82 | 14.85 | 77.97 | 13.41 | 1.15 | 0.32 | - | 66.69 |
| IPAB bonds | 54.54 | 0.02 | 0.38 | 16.75 | 0.20 | 10.99 | 5.28 | 1.03 | - | 19.89 |

Source: Banxico, Banorte

Government issuance by type of instrument

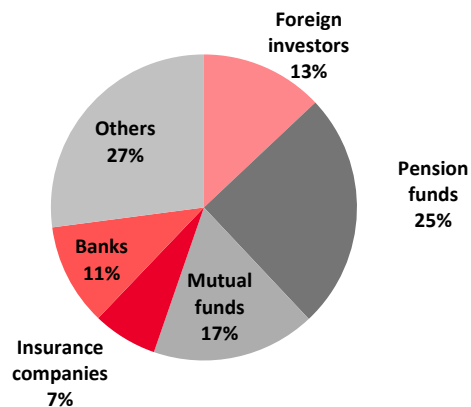
Total amount of US\$ 735 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

Government issuance by type of investor

Total amount of US\$ 735 billion (including IPAB bonds), % of total

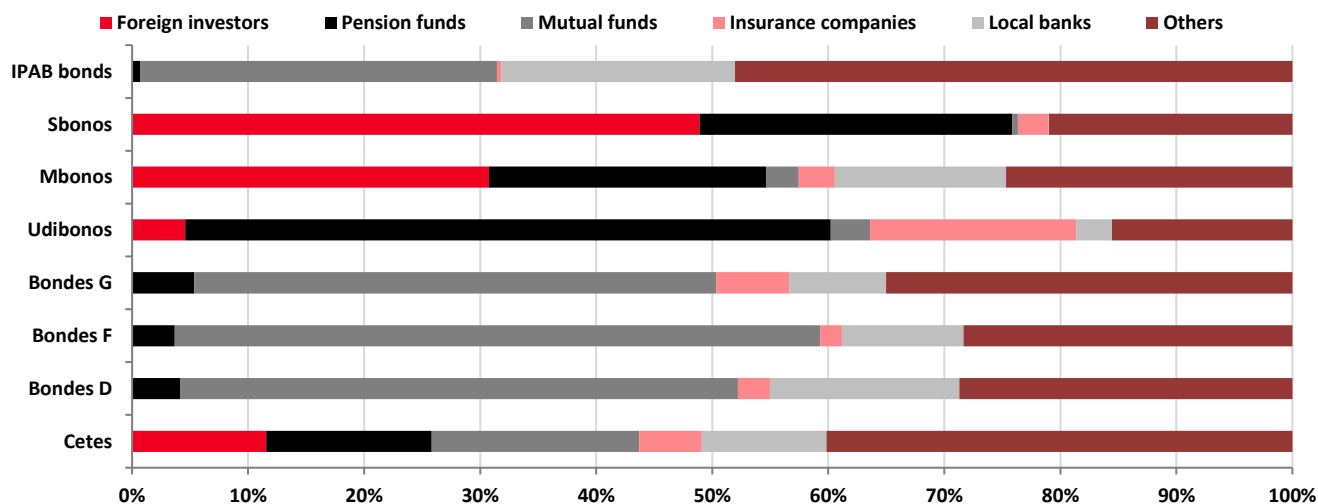


Source: Banxico, Banorte

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\$ 735 billion (including IPAB bonds), % of total



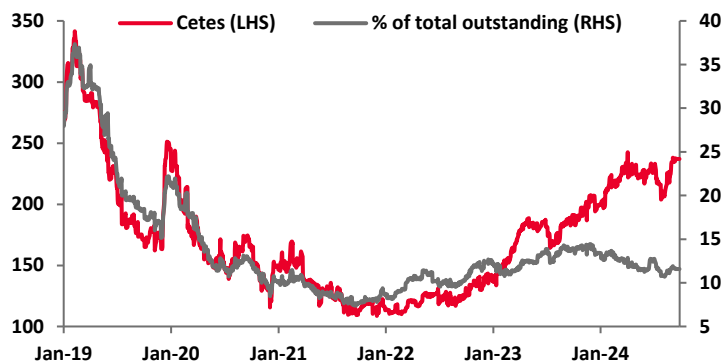
Source: Banxico, Banorte

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

Fixed-Income Demand (continued)

Cetes held by foreigners

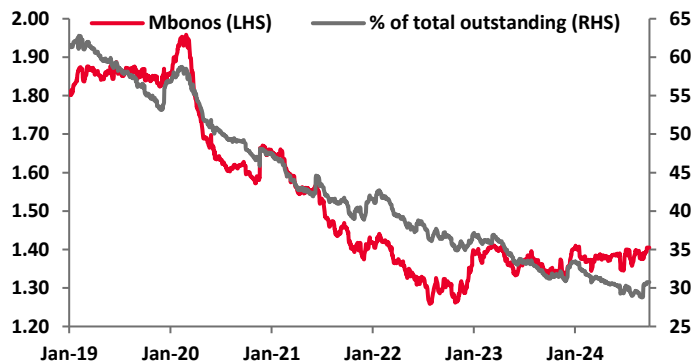
MXN billion, %



Source: Banxico, Banorte

Mbonos held by foreigners

MXN trillion, %



Source: Banxico, Banorte

Holdings of main investors by type of security

Data as of Sep/17/2024

| | Foreign investors | | Pension funds | | Mutual funds | |
|----------|--------------------|---------|--------------------|---------|--------------------|---------|
| | Δ last 4 weeks (%) | YTD (%) | Δ last 4 weeks (%) | YTD (%) | Δ last 4 weeks (%) | YTD (%) |
| Cetes | 4.59 | 18.70 | 9.44 | 31.23 | 5.73 | 74.10 |
| Bondes F | -51.25 | 47.72 | 27.82 | -28.95 | 5.80 | 21.93 |
| Udibonos | 0.17 | 10.41 | 1.43 | 18.00 | 3.32 | -1.19 |
| Mbonos | 1.25 | 0.29 | -1.11 | 8.14 | -37.52 | 15.24 |

Source: Banxico, Banorte

Mbonos holdings by type of investor

US\$ billions and %, data as Sep/12/2024

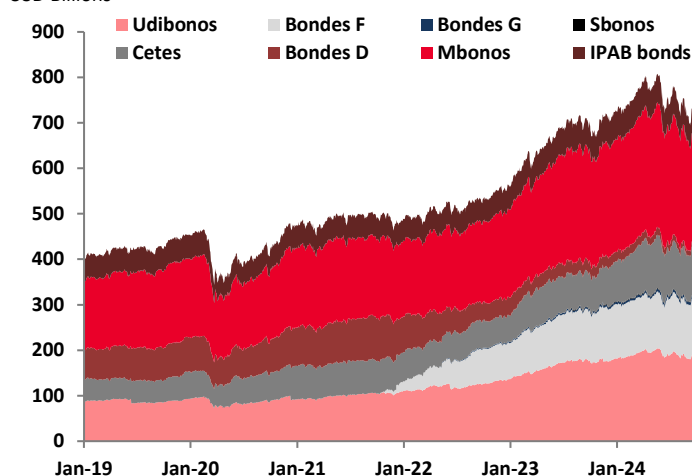
| Maturity | Amount Outstanding | Local Banks | Foreign investors | Pension and Mutual funds | Others |
|----------|--------------------|-------------|-------------------|--------------------------|--------|
| Dec'24 | 9.6 | 23% | 10% | 22% | 44% |
| Mar'25 | 5.6 | 34% | 10% | 17% | 39% |
| Mar'26 | 20.7 | 30% | 26% | 10% | 34% |
| Sep'26 | 15.5 | 20% | 30% | 12% | 38% |
| Mar'27 | 20.0 | 38% | 18% | 8% | 37% |
| Jun'27 | 17.2 | 33% | 30% | 18% | 19% |
| Mar'29 | 14.5 | 18% | 35% | 15% | 32% |
| May'29 | 15.7 | 9% | 41% | 24% | 27% |
| May'31 | 20.7 | 5% | 44% | 32% | 19% |
| May'33 | 16.3 | 6% | 37% | 30% | 27% |
| Nov'34 | 9.8 | 6% | 46% | 29% | 20% |
| Nov'36 | 4.1 | 2% | 23% | 47% | 28% |
| Nov'38 | 10.9 | 2% | 33% | 47% | 18% |
| Nov'42 | 19.2 | 2% | 36% | 46% | 16% |
| Nov'47 | 13.4 | 2% | 30% | 48% | 20% |
| Jul'53 | 16.0 | 3% | 28% | 52% | 17% |
| Total | 213.2 | 15% | 31% | 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

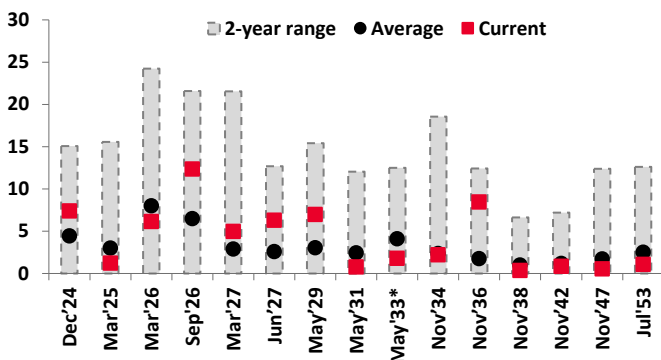


Fuente: Banxico, Banorte

Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

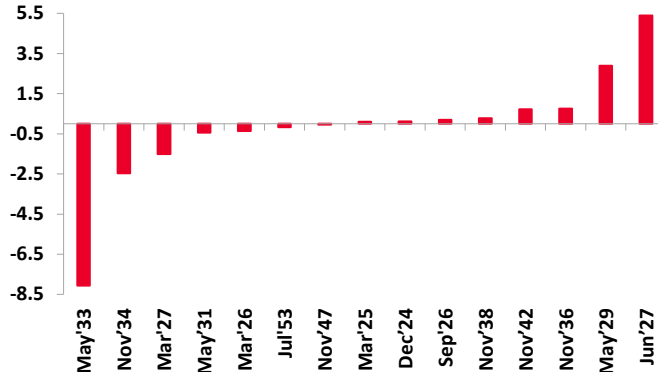
MXN billion



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

Weekly change in market makers' short positions on Mbonos

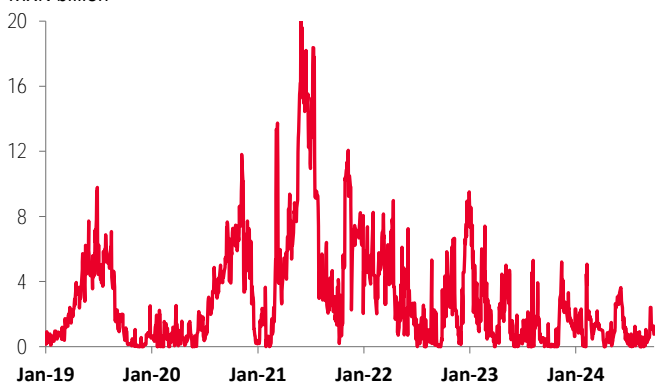
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

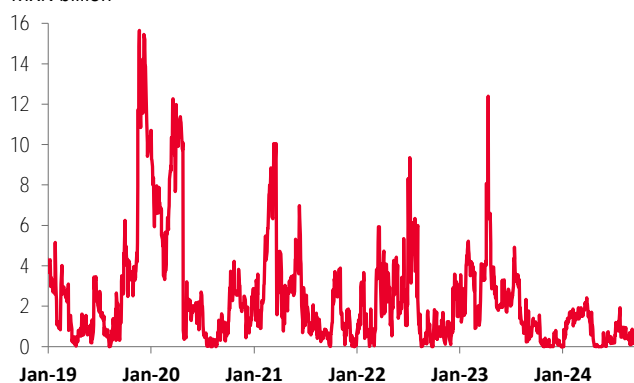
MXN billion



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 Sep/27/2024 | Sep/27/2024 | Previous Week | Previous Month | Previous Year | 6m Max | 6m Min |
|---------------|--|--------------|---------------|----------------|---------------|--------|--------|
| Dec'24 | 9,626 | 376 | 370 | 370 | 51 | 769 | 370 |
| Mar'25 | 5,631 | 62 | 57 | 78 | 248 | 374 | 15 |
| Mar'26 | 20,624 | 313 | 331 | 301 | 804 | 377 | 46 |
| Sep'26 | 16,350 | 629 | 619 | 592 | 198 | 696 | 352 |
| Mar'27 | 21,010 | 254 | 331 | 15 | 522 | 759 | 0 |
| Jun'27 | 17,547 | 320 | 45 | 311 | 36 | 647 | 0 |
| Mar'29 | 14,430 | 200 | 174 | 146 | 130 | 814 | 99 |
| May'29 | 16,768 | 356 | 208 | 71 | 612 | 531 | 0 |
| May'31 | 20,599 | 39 | 62 | 3 | 1 | 185 | 0 |
| May'33 | 16,318 | 92 | 502 | 588 | 109 | 625 | 0 |
| Nov'34 | 11,954 | 113 | 239 | 61 | 36 | 945 | 26 |
| Nov'36 | 4,213 | 430 | 391 | 542 | 7 | 632 | 46 |
| Nov'38 | 10,942 | 18 | 4 | 0 | 32 | 99 | 0 |
| Nov'42 | 19,120 | 43 | 7 | 84 | 183 | 169 | 0 |
| Nov'47 | 13,360 | 27 | 30 | 6 | 38 | 107 | 0 |
| Jul'53 | 15,928 | 55 | 64 | 44 | 251 | 344 | 0 |
| Total | 234,420 | 3,270 | 3,370 | 3,168 | 3,006 | | |

Source: Banxico, Banorte

Fixed-Income Technicals

Spread between Cetes and Implied Forward Rates

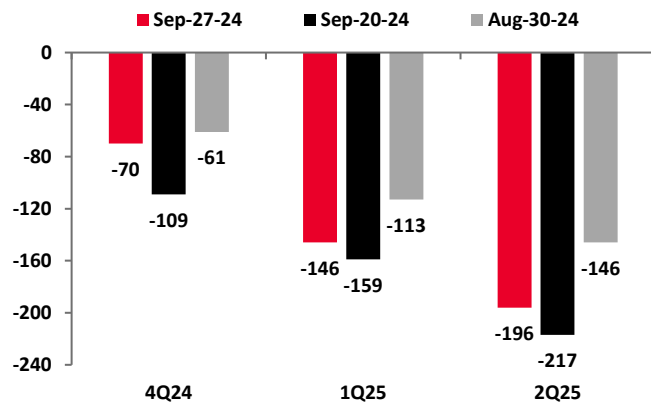
Basis points

| Tenor | Actual | Weekly change | Δ last 4 weeks | 6m average | 6m Max | 6m Min |
|-----------|--------|---------------|----------------|------------|--------|--------|
| 1 month | 74 | 67 | 60 | 71 | 154 | -7 |
| 3 months | 63 | 44 | 46 | 33 | 71 | -8 |
| 6 months | 60 | 48 | 55 | 34 | 89 | -7 |
| 12 months | 74 | 67 | 65 | 34 | 94 | -40 |

Source: PIP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate

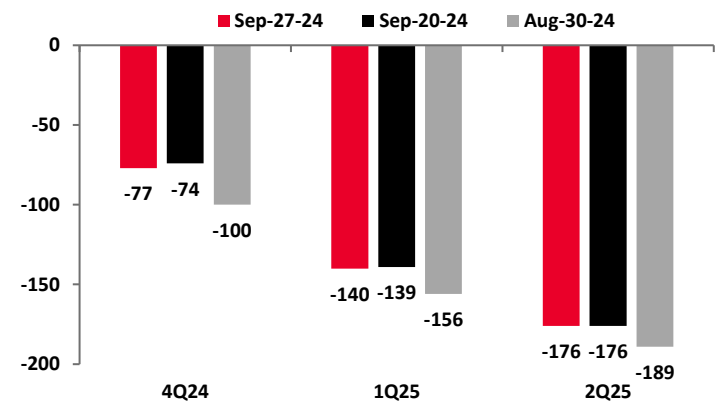
Basis points



Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

Spreads between Mbonos and UST

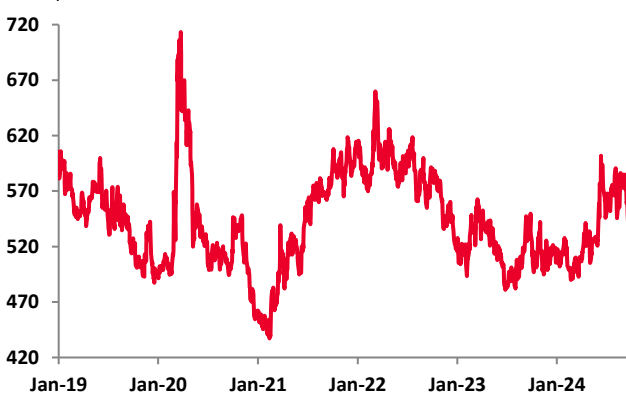
Basis points

| Spread | Actual | Weekly change | Δ last 4 weeks | YTD | 12m Max | 12m Min | 12m Average |
|---------|--------|---------------|----------------|-----|---------|---------|-------------|
| 2 year | 600 | -7 | -20 | 49 | 644 | 497 | 570 |
| 5 year | 569 | 8 | -31 | 47 | 623 | 489 | 543 |
| 10 year | 556 | 12 | -18 | 51 | 602 | 490 | 531 |
| 20 year | 551 | 14 | -21 | 63 | 590 | 464 | 515 |
| 30 year | 554 | 12 | -28 | 50 | 597 | 479 | 526 |

Source: Bloomberg, Banorte

10-year Mbono and 10-year UST spread

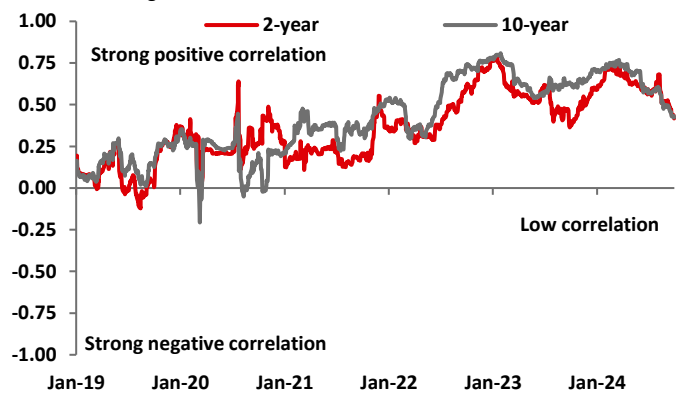
Basis points



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 | -36 | 19 | 6 | 33 | -31 | -79 | -62 |
| 2/10 | -24 | 23 | 23 | 58 | -20 | -94 | -70 |
| 2/30 | 9 | 24 | 19 | 78 | 14 | -97 | -57 |
| 5/10 | 12 | 4 | 17 | 25 | 14 | -28 | -8 |
| 10/30 | 33 | 2 | -4 | 20 | 45 | -11 | 13 |
| TIIE IRS | | | | | | | |
| 3m/2Y | -170 | 2 | -41 | 5 | -41 | -189 | -128 |
| 2/5 | -40 | 6 | 11 | 74 | -40 | -126 | -88 |
| 2/10 | -28 | 11 | 23 | 97 | -26 | -137 | -95 |
| 2/30 | -23 | 12 | 24 | 102 | -22 | -135 | -92 |
| 5/10 | 13 | 4 | 12 | 23 | 14 | -21 | -7 |
| 10/30 | 4 | 1 | 1 | 5 | 23 | -6 | 3 |
| TIIE IRS – Mbonos | | | | | | | |
| 2 year | -62 | 8 | -12 | -57 | 25 | -75 | -25 |
| 5 year | -67 | -5 | -6 | -16 | -5 | -69 | -51 |
| 10 year | -66 | -4 | -12 | -18 | -7 | -70 | -51 |
| 20 year | -92 | -9 | -9 | -34 | -10 | -95 | -59 |
| 30 year | -95 | -5 | -7 | -32 | -14 | -99 | -61 |
| TIIE IRS – SOFR | | | | | | | |
| 2 year | 558 | 1 | -32 | -6 | 624 | 516 | 558 |
| 5 year | 533 | 5 | -36 | 30 | 602 | 465 | 518 |
| 10 year | 536 | 8 | -30 | 38 | 602 | 472 | 518 |
| 20 year | 533 | 6 | -32 | 32 | 609 | 476 | 523 |
| 30 year | 541 | 8 | -35 | 28 | 625 | 490 | 538 |

Source: Bloomberg, Banorte

Breakeven inflation using Mbonos & Udibonos

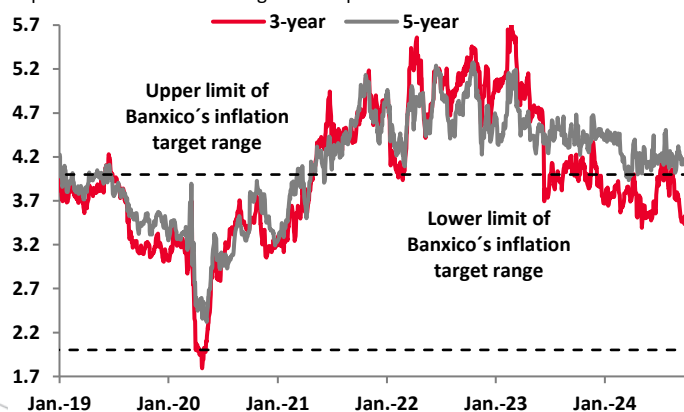
%, Implicit market inflation using Fisher Equation

| Date | Breakevens (%) | Weekly change (bps) | Δ last 4 weeks (bps) | YTD (bps) | 12m Max (%) | 12m Min (%) | 12m Average (%) |
|------|----------------|---------------------|----------------------|-----------|-------------|-------------|-----------------|
| 3Y | 3.47 | 0 | -27 | -50 | 4.37 | 3.39 | 3.82 |
| 5Y | 4.13 | -1 | -11 | -39 | 4.68 | 3.94 | 4.27 |
| 10Y | 4.24 | -2 | 7 | -24 | 4.66 | 4.04 | 4.33 |
| 20Y | 4.48 | 1 | -4 | -37 | 4.98 | 4.25 | 4.58 |
| 30Y | 4.50 | 0 | -12 | -24 | 5.01 | 4.34 | 4.64 |

Source: Bloomberg, Banorte

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

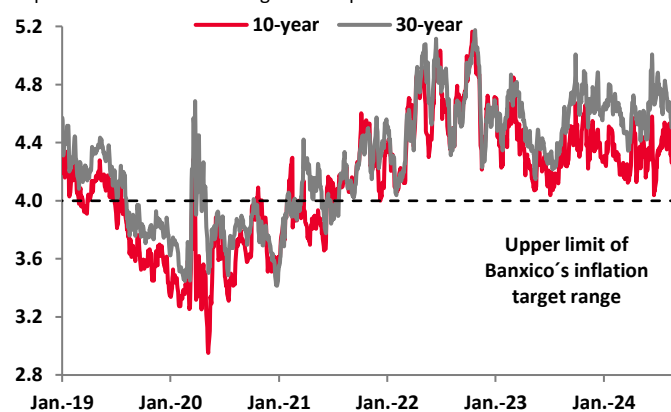
Implicit market inflation using Fisher Equation



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

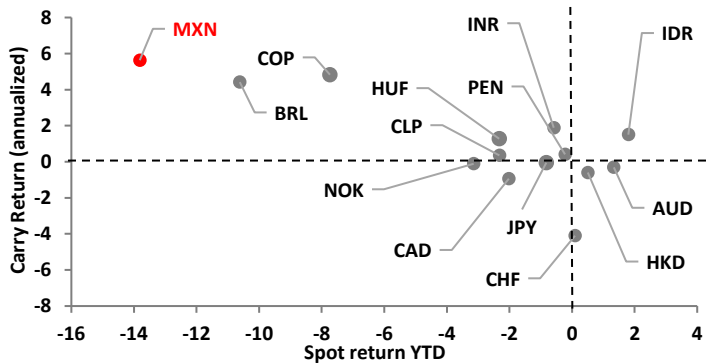
| | | Close at Sep/27/24 | Daily Change (%) ¹ | Weekly change (%) ¹ | Monthly change (%) ¹ | YTD (%) ¹ |
|--------------------------|----------------|-----------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------|
| Emerging Markets | | | | | | |
| Brazil | USD/BRL | 5.43 | 0.1 | 1.4 | 2.5 | -10.6 |
| Chile | USD/CLP | 899.90 | 0.1 | 3.6 | 1.3 | -2.3 |
| Colombia | USD/COP | 4,178.15 | -0.5 | -0.6 | -2.0 | -7.7 |
| Peru | USD/PEN | 3.71 | 0.3 | 1.3 | 0.7 | -0.2 |
| Hungary | USD/HUF | 355.50 | -0.3 | -0.9 | -0.5 | -2.3 |
| Malaysia | USD/MYR | 4.13 | 0.5 | 1.9 | 5.3 | 11.4 |
| Mexico | USD/MXN | 19.69 | -0.3 | -1.4 | -0.2 | -13.8 |
| Poland | USD/PLN | 3.83 | -0.2 | -0.2 | 0.8 | 2.7 |
| Russia | USD/RUB | 93.33 | -0.8 | -1.0 | -1.9 | -4.1 |
| South Africa | USD/ZAR | 17.12 | 0.3 | 1.8 | 4.1 | 7.3 |
| Developed Markets | | | | | | |
| Canada | USD/CAD | 1.35 | -0.4 | 0.4 | -0.3 | -2.0 |
| Great Britain | GBP/USD | 1.34 | -0.3 | 0.4 | 1.4 | 5.1 |
| Japan | USD/JPY | 142.21 | 1.8 | 1.2 | 1.7 | -0.8 |
| Eurozone | EUR/USD | 1.1162 | -0.1 | 0.0 | 0.4 | 1.1 |
| Norway | USD/NOK | 10.50 | 0.3 | -0.2 | 0.0 | -3.1 |
| Denmark | USD/DKK | 6.68 | -0.1 | 0.0 | 0.4 | 1.1 |
| Switzerland | USD/CHF | 0.84 | 0.7 | 1.1 | 0.2 | 0.1 |
| New Zealand | NZD/USD | 0.63 | 0.2 | 1.7 | 1.6 | 0.4 |
| Sweden | USD/SEK | 10.09 | 0.2 | 0.8 | 1.1 | -0.2 |
| Australia | AUD/USD | 0.69 | 0.1 | 1.4 | 1.7 | 1.3 |

Source: Bloomberg, Banorte

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

Performance of selected currencies

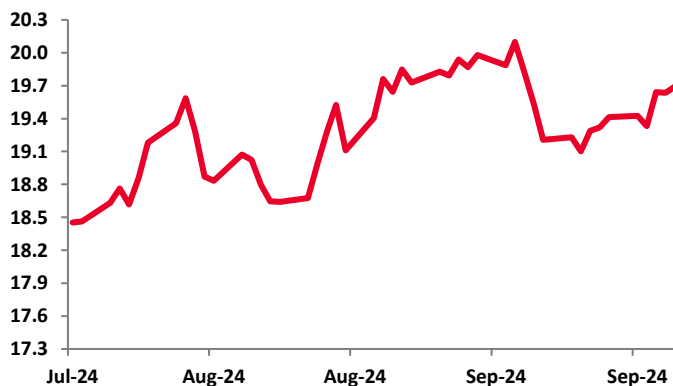
%, annualized rate based in 3M forwards



4Source: Bloomberg, Banorte

USD/MXN

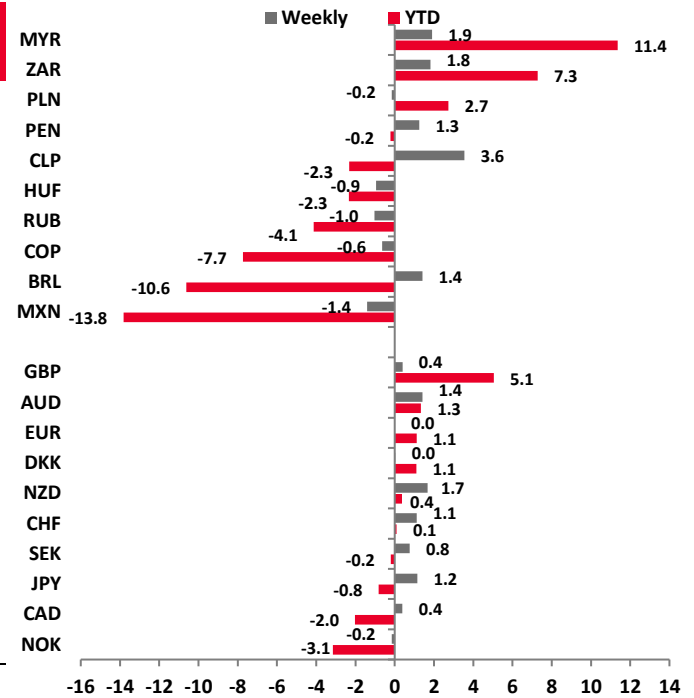
Last 60 days



Source: Bloomberg, Banorte

FX performance

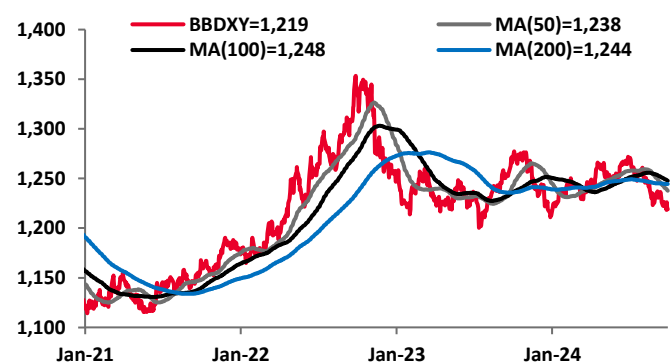
Against USD, %



Source: Bloomberg, Banorte

BBDXY

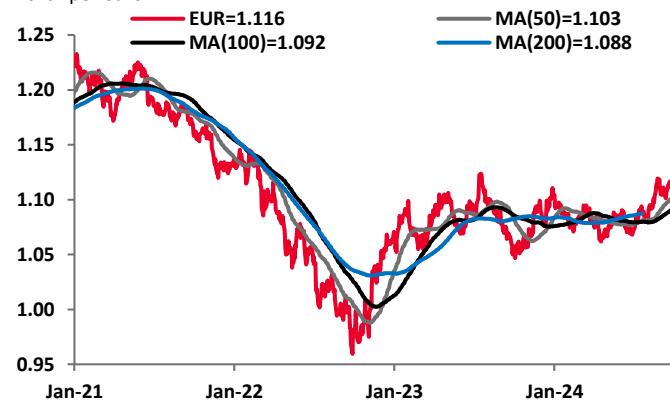
Points



Source: Bloomberg, Banorte

Euro

Dollar per euro

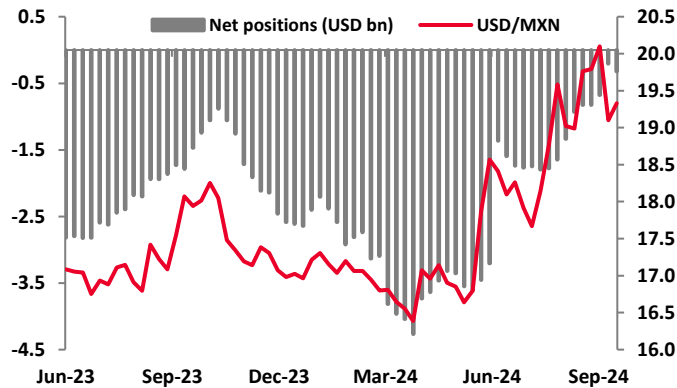


Source: Bloomberg, Banorte

FX positioning and flows

IMM positioning in USD/MXN futures

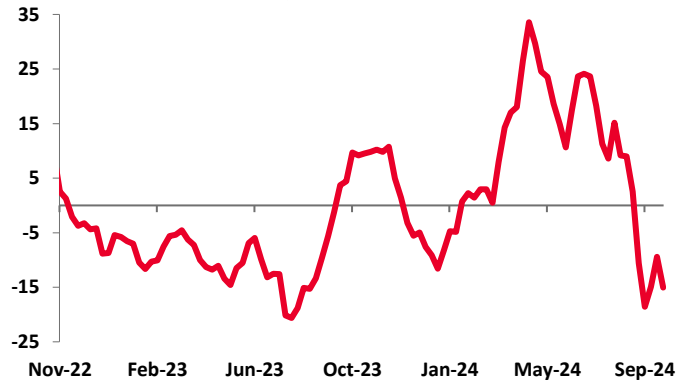
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

IMM positioning in USD futures*

Billion dollars, Positive = net long in USD

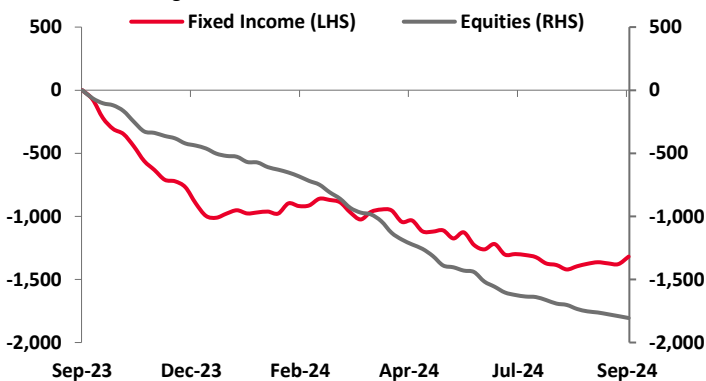


*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF

Source: CME, Banorte

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

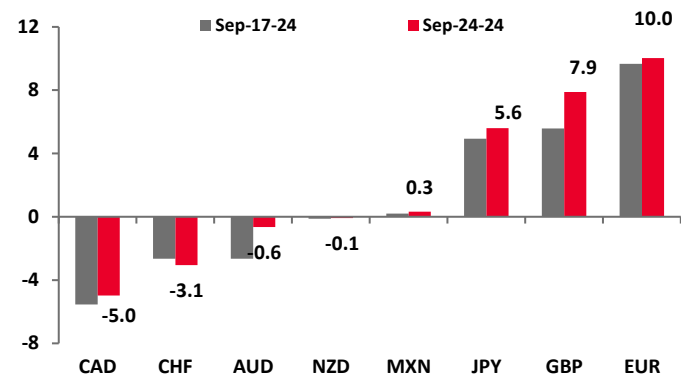
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

IMM positioning by currency*

Billion dollars

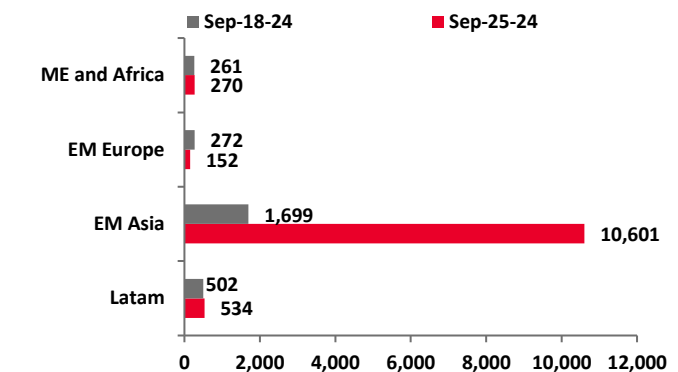


* Positive: Net long in the corresponding currency

Source: CME, Banorte

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

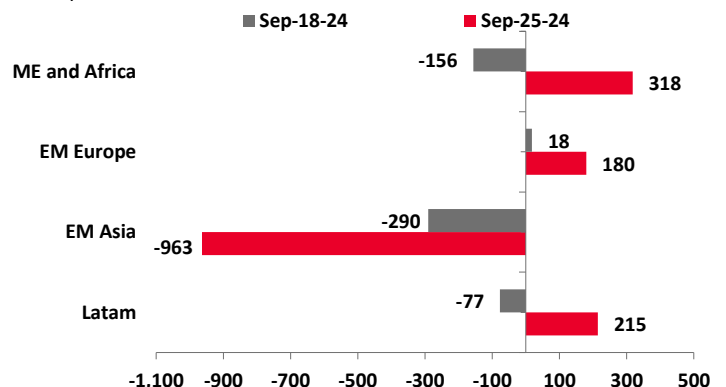
Billion dollars



Source: EPFR Global, Banorte

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

Weekly, million dollars

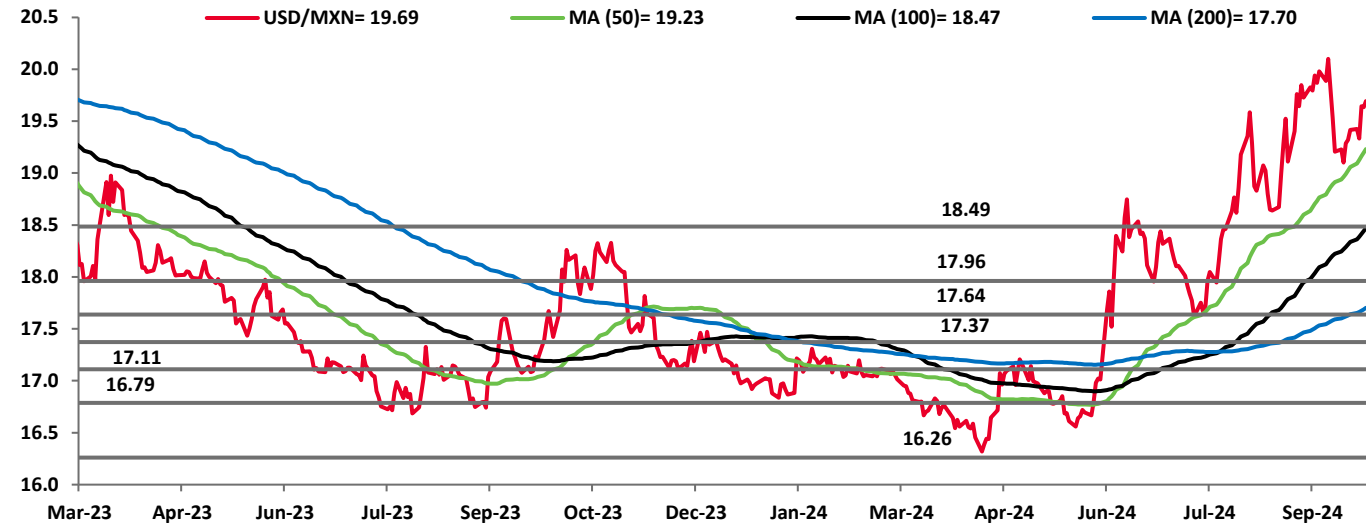


Source: EPFR Global, Banorte

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

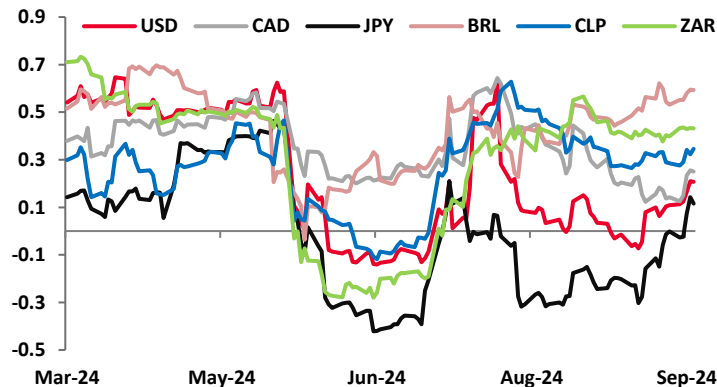
| | Actual (%) | Previous week | 6m Min | 6m Max | 6m Average |
|------|------------|---------------|--------|--------|------------|
| EUR | 21 | 11 | -14 | 65 | 23 |
| CAD | 25 | 13 | 12 | 64 | 36 |
| JPY | 12 | -3 | -42 | 46 | -2 |
| BRL | 59 | 55 | -4 | 70 | 43 |
| CLP | 35 | 28 | -12 | 63 | 26 |
| ZAR | 43 | 43 | -28 | 73 | 30 |
| VIX | 23 | 30 | -12 | 58 | 30 |
| SPX | 37 | 39 | -12 | 60 | 37 |
| GSCI | 33 | 19 | -21 | 45 | 11 |
| Gold | 28 | 9 | -4 | 49 | 23 |

* Positive: appreciation of MXN and corresponding asset except VIX

Source: Bloomberg, Banorte

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

Based on daily percentage changes

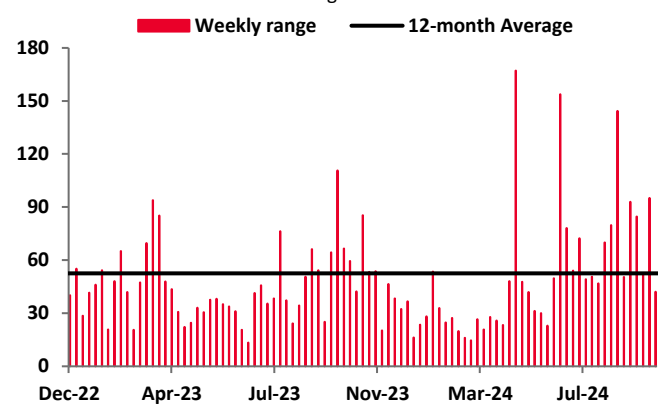


* Positive: appreciation of MXN and corresponding currency

Source: Bloomberg, Banorte

USD/MXN – Weekly trading range

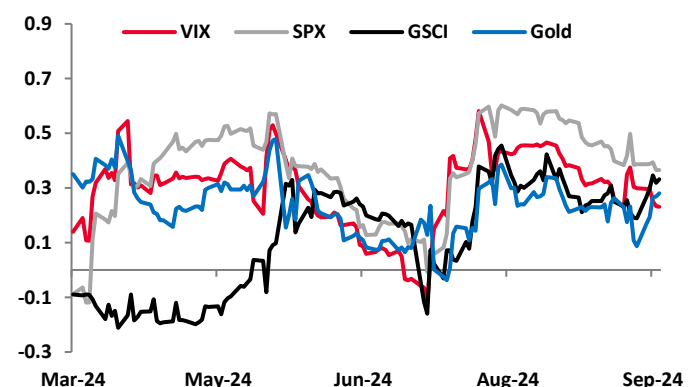
MXN cents with last 12 month average



Source: Bloomberg, Banorte

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

Based on daily percentage changes

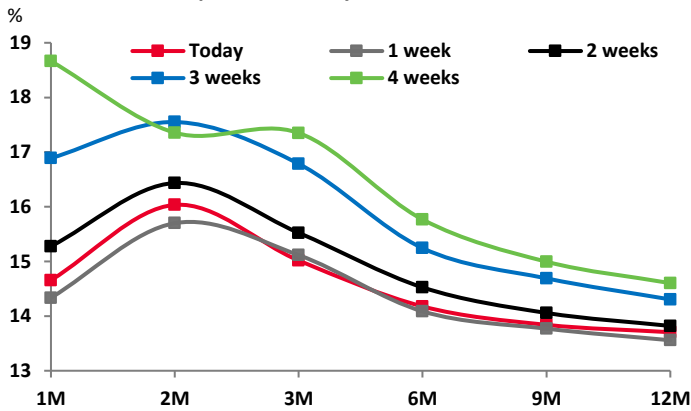


* Positive: appreciation of MXN and corresponding asset except VIX

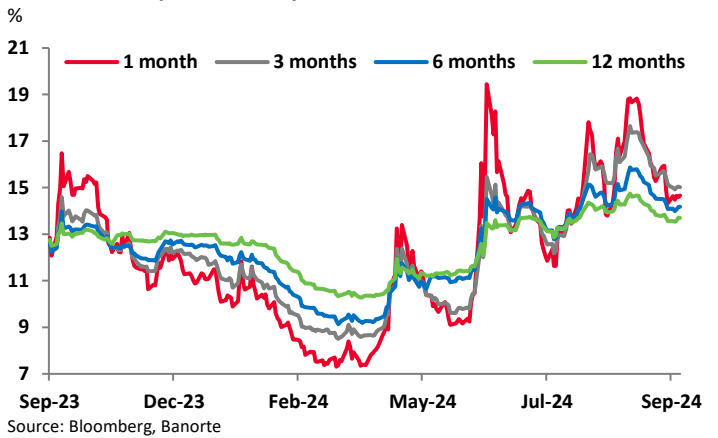
Source: Bloomberg, Banorte

FX technicals (continued)

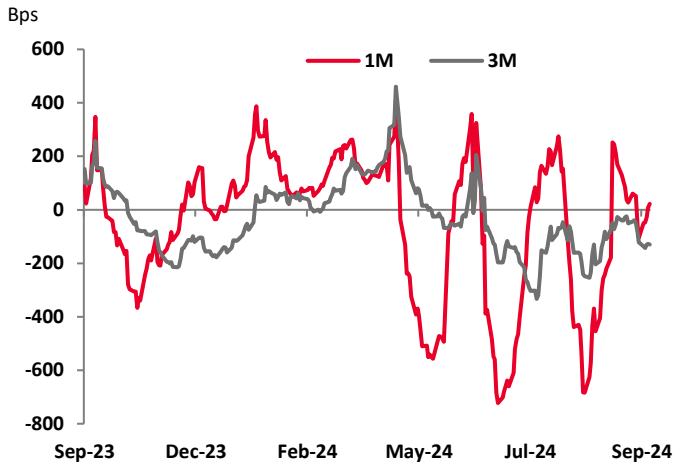
USD/MXN – ATM options volatility curve



USD/MXN – Implied volatility

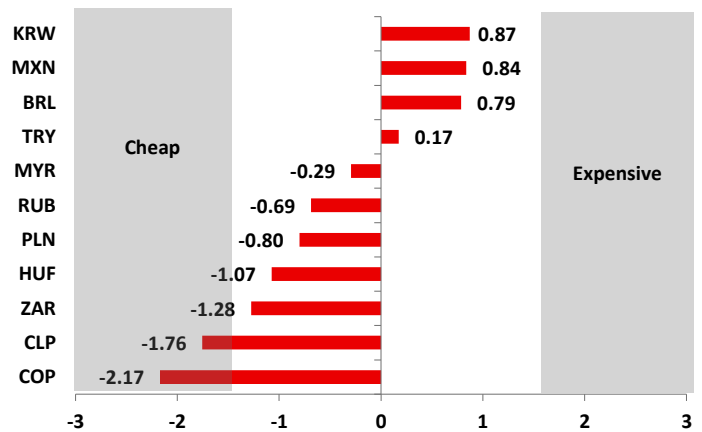


USD/MXN – Spread between implicit and historical volatility



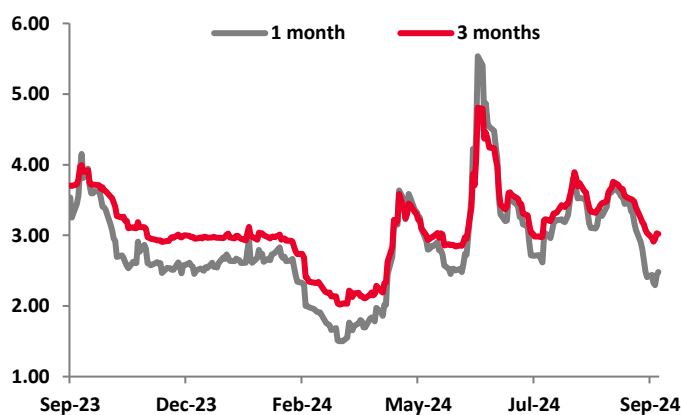
Emerging markets 1-month ATM options volatility

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



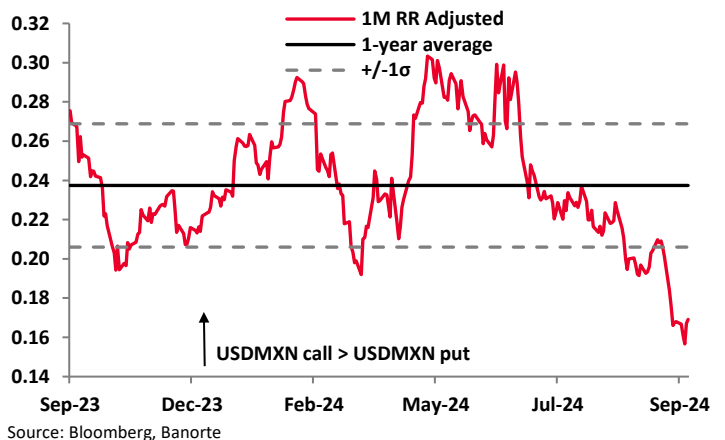
USD/MXN – 25D risk reversals

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 October 4th, 2024

| | Time | | Event | Period | Unit | Banorte | Survey | Previous |
|--------|-------|-----|---|----------|-----------|---------|--------|----------|
| Mon 30 | 02:00 | UK | Gross domestic product | 2Q24 (F) | % y/y | -- | 0.9 | 0.9 |
| | 02:00 | UK | Gross domestic product* | 2Q24 (F) | % q/q | -- | 0.6 | 0.6 |
| | 08:00 | GER | Consumer prices | Sep (P) | % y/y | -- | 1.7 | 1.9 |
| | 11:00 | MX | Banking credit | Aug | % y/y | 6.7 | | 6.4 |
| | 13:00 | US | Fed's Powell Speaks at NABE | | | | | |
| | 13:30 | MX | Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 20-year Mbono (Nov'42), 3-year Udibono (Dec'26) and 2-, and 5-year Bonds F | | | | | |
| | 14:00 | COL | Monetary policy decision (BanRep) | Sep 30 | % | -- | 10.25 | 10.75 |
| | 16:30 | MX | Public finances (PSBR, year-to-date) | Aug | MXNbn | | | -1,044.0 |
| | | MX | Markets closed due to the inauguration of Claudia Sheinbaum | | | | | |
| Tue 1 | 03:55 | GER | Manufacturing PMI* | Sep (F) | index | -- | 40.3 | 40.3 |
| | 04:00 | EZ | Manufacturing PMI* | Sep (F) | index | -- | 44.8 | 44.8 |
| | 04:30 | UK | Manufacturing PMI* | Sep (F) | index | -- | 51.5 | 51.5 |
| | 05:00 | EZ | Consumer prices | Sep | % y/y | -- | 1.9 | 2.2 |
| | 05:00 | EZ | Core | Sep (P) | % y/y | -- | 2.7 | 2.8 |
| | 09:00 | BZ | Manufacturing PMI* | Sep | index | -- | -- | 50.4 |
| | 09:45 | US | Manufacturing PMI* | Sep (F) | index | 47.0 | 47.0 | 47.0 |
| | 10:00 | US | JOLTS Job Openings | Aug | thousands | -- | 7,660 | 7,673 |
| | 10:00 | US | ISM manufacturing* | Sep | index | 47.0 | 47.6 | 47.2 |
| | 11:00 | US | Fed's Bostic Gives Opening Remarks | | | | | |
| | 11:10 | US | Fed's Bostic Moderates Conversation with Lisa Cook | | | | | |
| | 18:15 | US | Fed's Bostic, Barkin, Collins on Moderated Panel | | | | | |
| | | US | Total vehicle sales** | Sep | millions | -- | 15.6 | 15.1 |
| Wed 2 | 05:00 | EZ | Unemployment rate* | Aug | % | -- | 6.4 | 6.4 |
| | 08:00 | BZ | Industrial production | Aug | % y/y | -- | 2.1 | 6.1 |
| | 08:00 | BZ | Industrial production* | Aug | % m/m | -- | 0.1 | -1.4 |
| | 08:00 | MX | Gross fixed investment | Jul | % y/y | 5.5 | | -1.3 |
| | 08:00 | MX | Gross fixed investment* | Jul | % m/m | 1.4 | | -1.0 |
| | 08:00 | MX | Private consumption | Jul | % y/y | 4.8 | | 0.4 |
| | 08:00 | MX | Private consumption* | Jul | % m/m | 0.6 | | 0.1 |
| | 08:15 | US | ADP employment* | Sep | thousands | 115 | 125 | 99.0 |
| | 09:00 | US | Fed's Hammack Gives Welcome Remarks | | | | | |
| | 10:05 | US | Fed's Musalem Gives Welcoming Remarks | | | | | |
| | 11:00 | MX | Family remittances | Aug | US\$bn | 5,712.9 | | 5,613.6 |
| | 11:00 | MX | Survey of economic expectations (Banxico) | | | | | |
| | 11:00 | MX | International reserves | Sep 27 | US\$bn | | | 226.5 |
| | 11:00 | US | Fed's Bowman Gives Keynote Speech | | | | | |
| | 14:00 | MX | Manufacturing PMI (IMEF)* | Sep | index | 49.1 | | 48.3 |
| | 14:00 | MX | Non-manufacturing PMI (IMEF)* | Sep | index | 50.1 | | 50.7 |
| Thu 3 | 03:55 | GER | Services PMI* | Sep (F) | index | -- | 50.6 | 50.6 |
| | 03:55 | GER | Composite PMI* | Sep (F) | index | -- | 47.2 | 47.2 |
| | 04:00 | EZ | Services PMI* | Sep (F) | index | -- | 50.5 | 50.5 |
| | 04:00 | EZ | Composite PMI* | Sep (F) | index | -- | 48.9 | 48.9 |
| | 04:30 | UK | Services PMI* | Sep (F) | index | -- | 52.8 | 52.8 |
| | 04:30 | US | Initial jobless claims* | sep-28 | thousands | 222 | 221 | 218 |
| | 09:45 | US | Services PMI* | Sep (F) | index | -- | 55.4 | 55.4 |
| | 09:45 | US | Composite PMI* | Sep (F) | index | -- | -- | 54.4 |
| | 10:00 | US | Factory orders* | Aug | % m/m | -- | 0.1 | 5.0 |
| | 10:00 | US | Ex transportation* | Aug | % m/m | -- | -- | 0.4 |
| | 10:00 | US | Durable goods orders* | Aug (F) | % m/m | -- | 0.0 | 0.0 |
| | 10:00 | US | Ex transportation* | Aug (F) | % m/m | -- | -- | 0.5 |
| | 10:00 | US | Services PMI* | Sep | index | 51.3 | 51.6 | 51.5 |
| | 10:40 | US | Fed's Kashkari Moderates Chat w/ Bostic on Inclusive Economy | | | | | |
| Fri 4 | 08:00 | MX | Unemployment rate | Aug | % | 2.88 | | 2.93 |
| | 08:30 | US | Nonfarm payrolls* | Sep | thousands | 150 | 146 | 142 |
| | 08:30 | US | Unemployment rate* | Sep | % | 4.2 | 4.2 | 4.2 |

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 | |
| 3y10y TIE-IRS steepener | | Sep-27-24 | | |
| Tactical longs in Udibono Dec'26 | | Sep-27-24 | | |
| 2y10y TIE-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 TIE-IRS (13x1) | P | Jan-12-24 | Jan-19-24 | |
| 2y10y TIE-IRS steepener | L | Oct-13-23 | Feb-23-24 | |
| Long positions in Mbono Dec'24 | P | Jun-16-23 | Jun-22-23 | |
| Pay TIE-IRS (26x1), receive 2-year SOFR | L | Aug-18-22 | Oct-28-22 | |
| Pay 2-year TIE-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 TIE-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 TIE-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-linked 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-linked 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-linked 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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