

Fixed-Income & FX Strategy

W e e k l y

Fixed-Income and FX Weekly

- **Market consolidates vision of lower rate cuts by the Fed.** Sovereign bonds extended the sell-off of the previous week despite gains on Friday. Yield curves in Mexico and the US steepened with losses of up to 17bps w/w at the long-end. During the week, the market assimilated the US inflation report that printed slightly above consensus and information on the monetary front, including the minutes of the Fed and [Banxico](#). In this context, the market continues to consolidate a vision of lower rate cuts by the Fed for the remainder of 2024 pricing -46bps from -55bps the previous week. In a similar fashion, the curve prices in -51bps for Banxico. Both valuations are in line with our estimates of 25bps rate cuts at the November and December meetings
- **We stick to Udibono Dec'26 longs.** Despite recent pressures on rates following the positive surprise in the US employment report for September, we expect yield curves to resume their steepening bias. We consider that valuations at the shortest-end are quite fair in both the US and Mexico. However, it is our take that there is still some room to price in a deeper easing cycle, especially for Banxico towards 2025. For the US long-end, we see risks related to: (1) New trade restrictions, especially in the event of a Trump win; (2) an additional increase in fiscal deficits in the mid-term; and (3) uncertainty about the neutral interest rate, with the Fed signaling that it has risen. In real rates, we reiterate our preference for [long positions in the 3-year Udibono \(Dec'26\)](#) due to its relatively attractive valuation, a less positive view than consensus for inflation towards the end of the year, and positive carry for the quarter. The latter is equivalent to 4.9% annualized based on our inflation estimates. Meanwhile, the inflation breakeven for this term stands at 3.62%, meaningfully below its 12-month average (3.80%)
- **The USD will consolidate after heavy losses in 3Q24, and the MXN will remain affected by volatility.** In our view, [for the remainder of the year](#), the USD will be guided by: (1) The evolution of the Fed's rate-cut cycle which, if it does not accelerate in speed and/or magnitude vis-à-vis other developed markets, will lead to consolidation around current levels; and (2) risk appetite, which will largely depend on the outcome of the US election and other geopolitical factors. Regarding the latter, we believe the USD could benefit, at least initially, from a more protectionist trade stance and widening fiscal deficit due to its potential impact on risk premiums and long-term interest rates. In addition, we expect volatility to remain elevated, with the US election becoming the central theme in the narrative over the coming weeks. This could pressure the peso up to 20.60 per dollar for the rest of the year, noting that its anchor from the carry trade will be weaker relative to recent periods, as it is also affected by: (1) Higher implied volatilities that reduce the attractiveness of these positions, without ruling out additional spikes that are consistent with the hedging activity typically seen around every US election cycle; and (2) increased competition from the BRL, where the monetary cycle has become more restrictive, and positive developments regarding its sovereign rating have emerged. On the other hand, the main risk to our view is likely that the MXN trades with a positive correlation –and high beta– with broad USD indices, reflecting its close ties to the US economy. Considering all these factors, we estimate a USD/MXN year-end close at 19.90 and 20.90 by the end of 2025
- **Weekly ranges.** We expect the 10-year Mbono (Nov'34) to trade between 9.55% and 9.80%, and MXN between 19.10 and 19.65 per dollar

October 11, 2024



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Fixed-Income Dynamics

Fixed-income securities performance

| Security | YTM (%) | Weekly change (bps) | Δ last 4 weeks (bps) | YTD (bps) | 12m Max (%) | 12m Min (%) | 12m Average (%) |
|------------------------------------|---------|---------------------|----------------------|-----------|-------------|-------------|-----------------|
| Overnight TIIE funding rate | | | | | | | |
| 1-day | 10.48 | -5 | -29 | -97 | 11.45 | 10.47 | 11.07 |
| 28-days ¹ | 10.69 | -5 | -13 | -62 | 11.33 | 10.69 | 11.14 |
| 91-days ¹ | 10.79 | -5 | -13 | -64 | 11.45 | 10.79 | 11.25 |
| 182-days ¹ | 10.93 | -5 | -13 | -65 | 11.61 | 10.93 | 11.41 |
| Cetes² | | | | | | | |
| 28-days | 10.24 | -21 | -24 | -101 | 11.40 | 10.24 | 10.97 |
| 91-days | 10.49 | 0 | -11 | -74 | 11.44 | 10.35 | 11.12 |
| 182-days | 10.43 | 0 | -12 | -90 | 11.66 | 10.35 | 11.17 |
| 364-days | 10.31 | 8 | -13 | -83 | 11.87 | 10.05 | 11.09 |
| Mbonos | | | | | | | |
| Dec'24 | 10.62 | 2 | 3 | 3 | 11.41 | 10.51 | 10.98 |
| Mar'25 | 10.46 | 6 | 28 | 56 | 11.08 | 9.79 | 10.41 |
| Mar'26 | 9.91 | 8 | 7 | 19 | 11.01 | 9.46 | 10.23 |
| Sep'26 | 9.78 | 6 | 20 | 25 | 10.97 | 9.32 | 10.07 |
| Mar'27 | 9.52 | 10 | 35 | 18 | 10.75 | 9.01 | 9.77 |
| Jun'27 | 9.52 | 12 | 36 | 25 | 10.68 | 9.01 | 9.74 |
| Mar'29 | 9.58 | 14 | 33 | 51 | 10.54 | 9.02 | 9.61 |
| May'29 | 9.54 | 13 | 32 | 60 | 10.51 | 8.90 | 9.54 |
| May'31 | 9.53 | 13 | 33 | 59 | 10.40 | 8.94 | 9.54 |
| May'33 | 9.62 | 15 | 41 | 68 | 10.37 | 8.94 | 9.54 |
| Nov'34 | 9.64 | 15 | 40 | 70 | 10.34 | 8.94 | 9.54 |
| Nov'36 | 9.65 | 15 | 38 | 70 | 10.43 | 8.95 | 9.54 |
| Nov'38 | 9.77 | 10 | 35 | 74 | 10.44 | 9.03 | 9.63 |
| Nov'42 | 9.94 | 11 | 38 | 86 | 10.49 | 9.06 | 9.70 |
| Nov'47 | 9.95 | 12 | 37 | 88 | 10.50 | 9.05 | 9.68 |
| Jul'53 | 9.95 | 13 | 37 | 89 | 10.52 | 9.05 | 9.69 |
| TIIE-IRS | | | | | | | |
| 3-month (3x1) | 10.66 | 0 | -16 | -80 | 11.54 | 10.63 | 11.24 |
| 6-month (6x1) | 10.39 | 1 | -13 | -89 | 11.55 | 10.28 | 11.10 |
| 9-month (9x1) | 10.18 | 3 | -5 | -91 | 11.54 | 9.99 | 10.94 |
| 1-year (13x1) | 9.91 | 5 | 2 | -88 | 11.44 | 9.59 | 10.71 |
| 2-year (26x1) | 9.32 | 6 | 22 | -38 | 10.86 | 8.88 | 9.94 |
| 3-year (39x1) | 9.11 | 11 | 33 | 3 | 10.48 | 8.62 | 9.47 |
| 4-year (52x1) | 9.04 | 15 | 38 | 31 | 10.24 | 8.49 | 9.21 |
| 5-year (65x1) | 9.00 | 16 | 41 | 44 | 10.09 | 8.43 | 9.08 |
| 7-year (91x1) | 9.01 | 17 | 41 | 56 | 9.98 | 8.37 | 9.00 |
| 10-year (130x1) | 9.06 | 15 | 40 | 60 | 9.96 | 8.40 | 9.01 |
| 20-year (3x1) | 9.15 | 15 | 41 | 65 | 10.04 | 8.45 | 9.07 |
| 30-year (390x1) | 9.10 | 15 | 41 | 65 | 9.98 | 8.44 | 9.04 |
| Udibonos | | | | | | | |
| Dec'25 | 6.37 | 14 | -1 | 35 | 7.84 | 5.84 | 6.53 |
| Dec'26 | 5.95 | 12 | -2 | 32 | 7.07 | 5.31 | 6.05 |
| Nov'28 | 4.97 | 3 | 2 | 48 | 5.97 | 4.43 | 5.13 |
| Nov'31 | 4.96 | 3 | 1 | 47 | 5.79 | 4.45 | 5.01 |
| Aug'34 ³ | 5.01 | 12 | 3 | 15 | 5.75 | 4.71 | 5.15 |
| Nov'35 | 5.00 | 8 | 0 | 62 | 5.59 | 4.33 | 4.90 |
| Nov'40 | 5.04 | 9 | -4 | 71 | 5.51 | 4.27 | 4.89 |
| Nov'43 | 5.05 | 9 | -6 | 72 | 5.50 | 4.27 | 4.90 |
| Nov'46 | 5.03 | 7 | 1 | 87 | 5.30 | 4.15 | 4.82 |
| Nov'50 | 5.03 | 9 | 2 | 80 | 5.30 | 4.23 | 4.84 |
| Oct'54 ⁴ | 5.02 | 1 | 1 | 1 | 5.31 | 4.78 | 5.05 |

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

| 05B-01WS and 05B 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 | 4.52 | +15 | +6 | 3.95 | +3 | -47 | 57 | +12 | 51 | 53 |
| 3Y | Mar'27 | 4.67 | +25 | +50 | 3.87 | +4 | -35 | 80 | +21 | 66 | 72 |
| 5Y | May'29 | 5.16 | +29 | +38 | 3.89 | +9 | -11 | 127 | +20 | 109 | 118 |
| 7Y | Apr'30 | 5.28 | +30 | -5 | 3.99 | +12 | +2 | 130 | +18 | 124 | 155 |
| 10Y | May'33 | 5.78 | +27 | +22 | 4.09 | +12 | +22 | 169 | +15 | 155 | 196 |
| 20Y | Mar'44 | 6.38 | +24 | +1 | 4.45 | +14 | +31 | 193 | +10 | 184 | -- |
| 30Y | May'54 | 6.62 | +22 | +23 | 4.40 | +15 | +44 | 222 | +7 | 219 | -- |

Source: Bloomberg, Banorte

5Y USD UMS



Source: Bloomberg, Banorte

10Y USD UMS



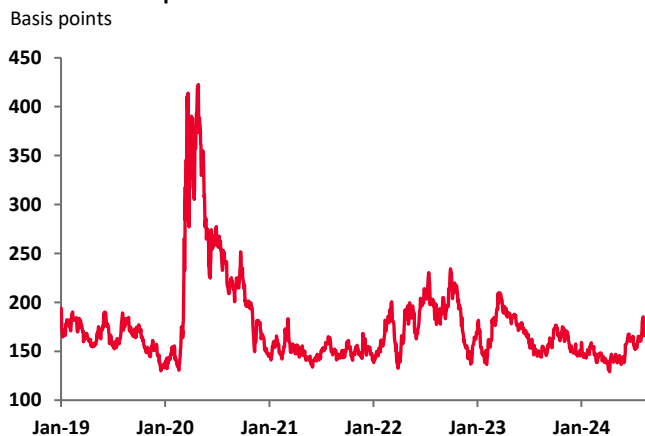
Source: Bloomberg, Banorte

5Y UMS-UST Spread



Source: Bloomberg, Banorte

10Y UMS-UST Spread



Source: Bloomberg, Banorte

Fixed-Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 5-year Mbono (Mar'29), the 30-year Udibono (Oct'54), as well as 2-, 5- and 10-year Bondes F
- **Solid demand for Cetes and greater appetite for the 5-year Mbono.** Cetes rates continue to look attractive. As such, we expect demand to remain robust. All tenors are trading above 10.20%, suggesting they do not yet fully incorporate our vision of a reference rate of 10.00% at the end of the year and 8.00% at the end of 2025. This week, the Mbonos' curve recorded losses of up to 15bps in the mid-end, following the Treasuries' performance. In particular, the 5-year Mbono (Mar'29) ended at 9.58% (+14bps w/w), reflecting a modest undervaluation according to the duration-adjusted yield analysis. In this sense, we anticipate better demand compared to its last two placements since the metrics were very close to 2-year lows (1.69x). In real rates, we reiterate our preference for short-term Udibonos given a more attractive relative valuation. In this sense, we anticipate limited appetite for the 30-year Udibono (Oct'54), although in line with the 2-year average of 1.68x. The breakeven for this term increased for the second consecutive week to 4.70% from 4.57% at the beginning of the quarter, remaining above the 12-month average of 4.63%

Auction specifics (October 15th, 2024)

| Security | Maturity | Coupon rate, % | To be auctioned ¹ | Previous yield ² |
|-----------------|-----------|----------------|------------------------------|-----------------------------|
| Cetes | | | | |
| 1m | Nov-14-24 | -- | 10,000 | 10.30 |
| 3m | Jan-16-25 | -- | 11,400 | 10.47 |
| 6m | Apr-16-25 | -- | 14,500 | 10.43 |
| 12m | Oct-06-25 | -- | 15,000 | 10.14 |
| Bondes F | | | | |
| 2Y | Oct-08-26 | -- | 10,000 | 0.14 |
| 5Y | Jul-19-29 | -- | 2,400 | 0.23 |
| 10Y | Mar-23-34 | -- | 700 | 0.26 |
| Bono M | | | | |
| 5Y | Mar-01-29 | 8.50 | 17,000 | 9.50 |
| Udibono | | | | |
| 30Y | Oct-29-54 | 4.00 | UDIS 1,150 | 4.85 |

Source: Banxico, Banorte

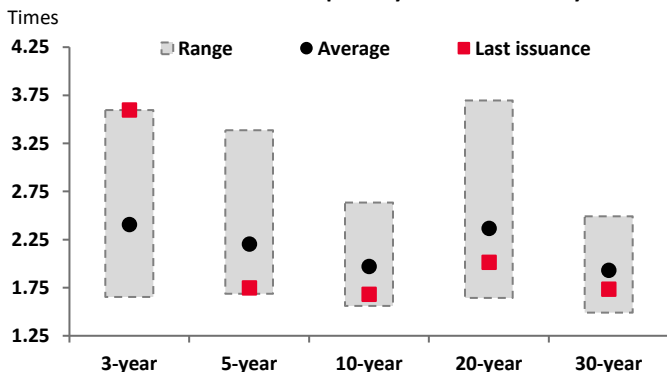
1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

4Q24 Government Securities Auction Calendar*

| Date | Cetes | Bonos M | Udibonos | Bondes F |
|--------|------------------|--------------|--------------|--------------|
| 30-Sep | 1, 3, 6, and 12M | 20Y (Nov'42) | 3Y (Dec'26) | 2 and 5Y |
| 8-Oct | 1, 3, 6, and 24M | 3Y (Sep'26) | 20Y (Nov'43) | 1, 3 and 7Y |
| 15-Oct | 1, 3, 6, and 12M | 5Y (Mar'29) | 30Y (Oct'54) | 2, 5 and 10Y |
| 22-Oct | 1, 3, 6, and 24M | 30Y (Jul'53) | 10Y (Aug'34) | 1 and 3Y |
| 29-Oct | 1, 3, 6, and 12M | 10Y (Nov'34) | 3Y (Dec'26) | 2 and 5Y |
| 5-Nov | 1, 3, 6, and 24M | 3Y (Sep'26) | 20Y (Nov'43) | 1, 3 and 7Y |
| 12-Nov | 1, 3, 6, and 12M | 5Y (Mar'29) | 10Y (Aug'34) | 2, 5 and 10Y |
| 19-Nov | 1, 3, 6, and 24M | 20Y (Nov'42) | 3Y (Dec'26) | 1 and 3Y |
| 26-Nov | 1, 3, 6, and 12M | 10Y (Nov'34) | 30Y (Oct'54) | 2 and 5Y |
| 3-Dec | 1, 3, 6, and 24M | 30Y (Jul'53) | 20Y (Nov'43) | 1, 3 and 7Y |
| 9-Dec | 1, 3, 6, and 12M | 5Y (Mar'29) | 10Y (Aug'34) | 2, 5 and 10Y |
| 17-Dec | 1, 3, 6, and 24M | 3Y (Sep'26) | 30Y (Oct'54) | 1 and 3Y |
| 23-Dec | 1, 3, 6, and 12M | 10Y (Nov'34) | 3Y (Dec'26) | 2 and 5Y |

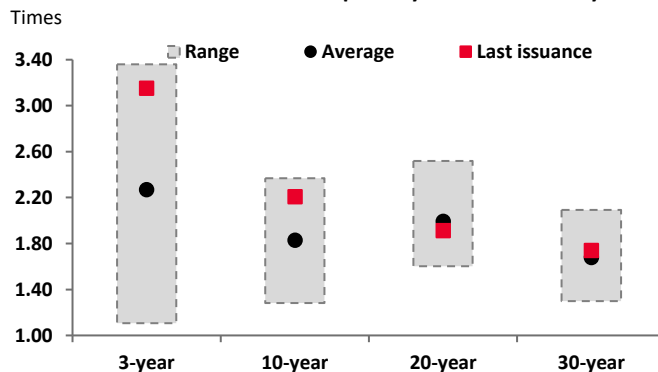
Source: SHCP *Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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

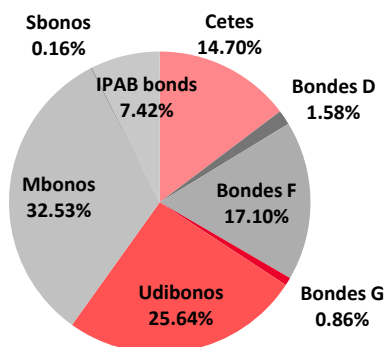
US\$ billion, *UDIS billion, data as of Sep/30/2024

| 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 | 105.81 | 12.60 | 15.04 | 21.30 | 5.49 | 8.89 | 4.18 | 2.10 | - | 36.21 |
| Bondes D | 11.38 | 0.00 | 0.47 | 5.16 | 0.05 | 1.92 | 0.36 | 0.42 | - | 3.01 |
| Bondes F | 123.11 | 0.02 | 5.67 | 69.08 | 2.47 | 10.86 | 5.96 | 1.49 | - | 27.57 |
| Bondes G | 6.16 | 0.00 | 0.51 | 2.25 | 0.37 | 0.19 | 1.15 | - | - | 1.70 |
| Udibonos | 184.55 | 8.17 | 103.03 | 6.60 | 32.61 | 4.07 | 1.51 | 0.25 | - | 28.31 |
| Mbonos | 234.17 | 72.31 | 56.24 | 7.36 | 7.71 | 28.26 | 11.60 | 0.87 | 0.76 | 49.07 |
| Sbonos | 1.17 | 0.58 | 0.31 | 0.01 | 0.03 | 0.00 | - | - | - | 0.24 |
| Total | 666.35 | 93.67 | 181.27 | 111.75 | 48.73 | 54.19 | 24.75 | 5.12 | 0.76 | 146.10 |
| Udibonos* | 440.65 | 19.51 | 246.00 | 15.77 | 77.86 | 9.72 | 3.61 | 0.59 | - | 67.59 |
| IPAB bonds | 53.40 | 0.01 | 0.74 | 14.22 | 0.20 | 7.89 | 8.03 | 1.50 | - | 20.80 |

Source: Banxico, Banorte

Government issuance by type of instrument

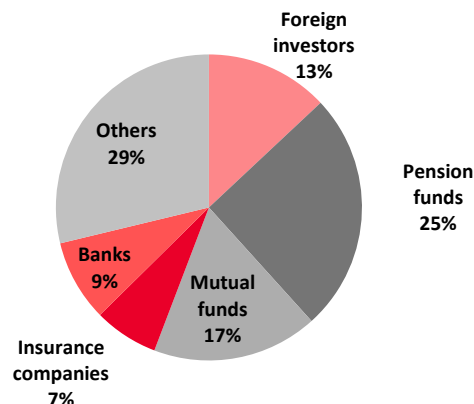
Total amount of US\$ 720 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

Government issuance by type of investor

Total amount of US\$ 720 billion (including IPAB bonds), % of total

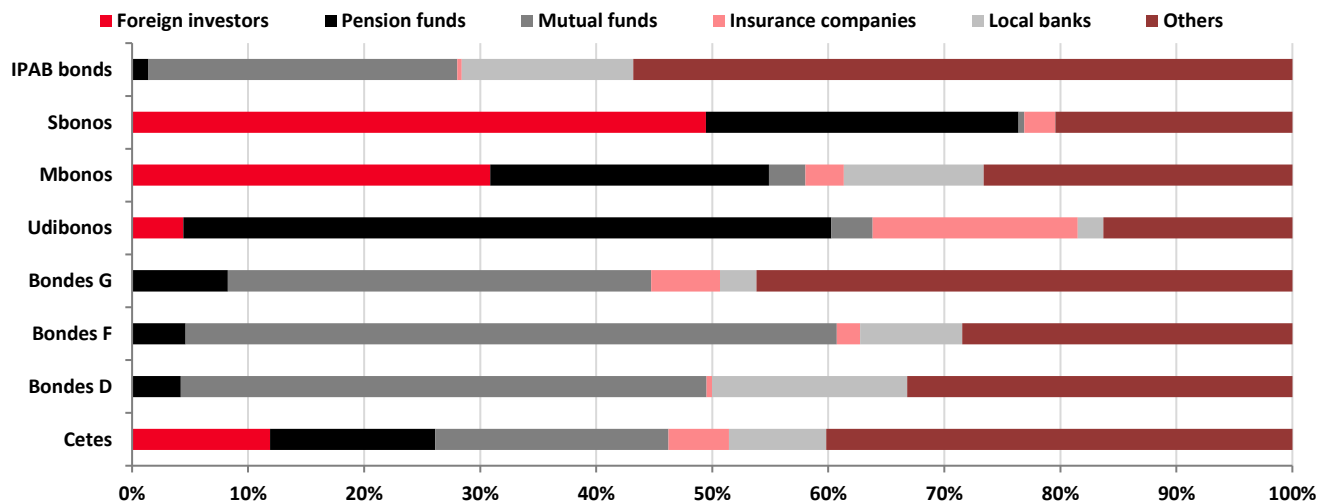


Source: Banxico, Banorte

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\$ 720 billion (including IPAB bonds), % of total



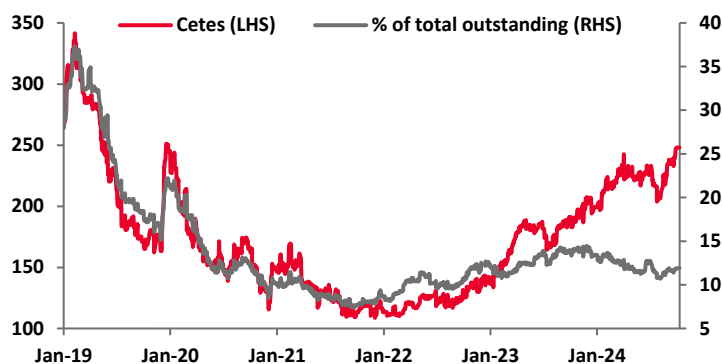
Source: Banxico, Banorte

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

Fixed-Income Demand (continued)

Cetes held by foreigners

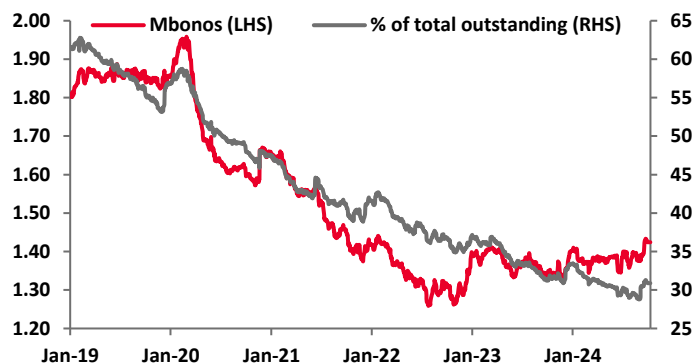
MXN billion, %



Source: Banxico, Banorte

Mbonos held by foreigners

MXN trillion, %



Source: Banxico, Banorte

Holdings of main investors by type of security

Data as of Sep/30/2024

| | Foreign investors | | Pension funds | | Mutual funds | |
|----------|--------------------|---------|--------------------|---------|--------------------|---------|
| | Δ last 4 weeks (%) | YTD (%) | Δ last 4 weeks (%) | YTD (%) | Δ last 4 weeks (%) | YTD (%) |
| Cetes | 5.37 | 24.23 | 8.53 | 33.14 | 17.40 | 99.37 |
| Bondes F | 43.23 | 229.22 | 46.55 | -9.16 | 9.12 | 24.82 |
| Udibonos | -3.55 | 7.17 | 1.39 | 19.05 | -3.08 | 4.94 |
| Mbonos | 3.35 | 1.60 | -0.47 | 9.77 | -25.44 | 28.84 |

Source: Banxico, Banorte

Mbonos holdings by type of investor

US\$ billions and %, data as Sep/26/2024

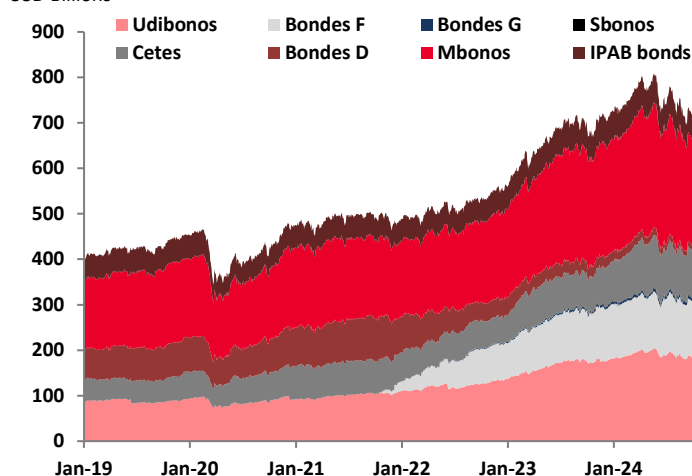
| Maturity | Amount Outstanding | Local Banks | Foreign investors | Pension and Mutual funds | Others |
|--------------|--------------------|-------------|-------------------|--------------------------|------------|
| Dec'24 | 9.4 | 23% | 10% | 23% | 43% |
| Mar'25 | 5.6 | 34% | 10% | 13% | 43% |
| Mar'26 | 20.6 | 14% | 27% | 9% | 50% |
| Sep'26 | 16.3 | 16% | 30% | 18% | 36% |
| Mar'27 | 20.9 | 28% | 17% | 7% | 48% |
| Jun'27 | 17.4 | 26% | 29% | 17% | 28% |
| Mar'29 | 14.4 | 17% | 38% | 16% | 28% |
| May'29 | 15.7 | 8% | 41% | 24% | 27% |
| May'31 | 20.5 | 5% | 44% | 31% | 21% |
| May'33 | 16.3 | 6% | 37% | 30% | 27% |
| Nov'34 | 10.4 | 8% | 45% | 29% | 19% |
| Nov'36 | 4.2 | 2% | 23% | 48% | 27% |
| Nov'38 | 10.8 | 1% | 34% | 47% | 18% |
| Nov'42 | 19.0 | 1% | 36% | 46% | 17% |
| Nov'47 | 13.4 | 0% | 30% | 49% | 20% |
| Jul'53 | 15.9 | 1% | 32% | 50% | 17% |
| Total | 215.2 | 12% | 32% | 27% | 30% |

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

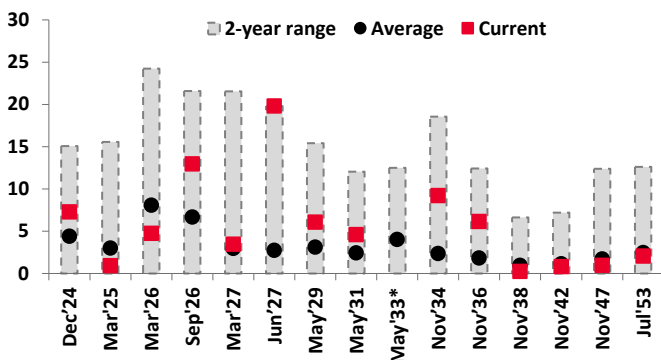


Fuente: Banxico, Banorte

Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

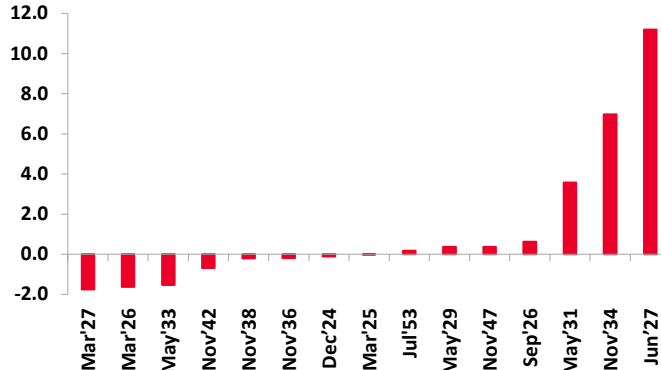
MXN billion



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

Weekly change in market makers' short positions on Mbonos

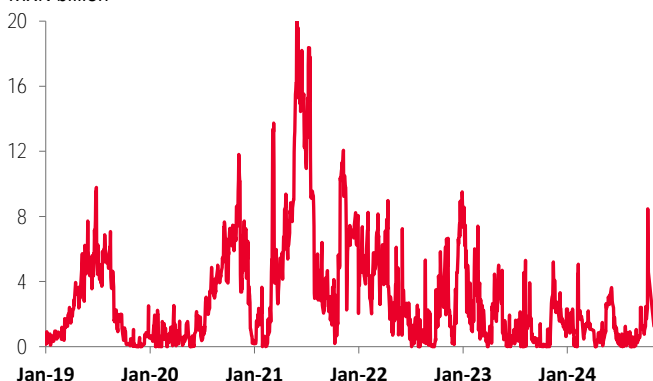
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

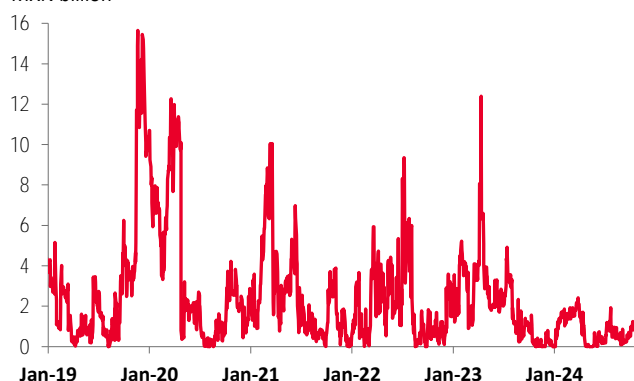
MXN billion



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 Oct/10/2024 | Oct/10/2024 | Previous Week | Previous Month | Previous Year | 6m Max | 6m Min |
|---------------|--|--------------|---------------|----------------|---------------|--------|--------|
| Dec'24 | 9,706 | 373 | 379 | 431 | 306 | 775 | 373 |
| Mar'25 | 5,666 | 48 | 48 | 50 | 360 | 378 | 19 |
| Mar'26 | 20,737 | 244 | 328 | 251 | 324 | 820 | 47 |
| Sep'26 | 17,326 | 666 | 634 | 597 | 271 | 702 | 356 |
| Mar'27 | 21,120 | 178 | 268 | 459 | 490 | 766 | 0 |
| Jun'27 | 18,399 | 1,018 | 443 | 90 | 45 | 1,018 | 0 |
| Mar'29 | 14,522 | 164 | 145 | 231 | 156 | 822 | 100 |
| May'29 | 16,871 | 312 | 294 | 164 | 552 | 536 | 0 |
| May'31 | 20,979 | 235 | 52 | 29 | 1 | 435 | 0 |
| May'33 | 16,372 | 0 | 79 | 502 | 181 | 630 | 0 |
| Nov'34 | 12,420 | 474 | 115 | 203 | 47 | 954 | 10 |
| Nov'36 | 4,133 | 316 | 326 | 474 | 44 | 638 | 77 |
| Nov'38 | 11,033 | 12 | 22 | 12 | 0 | 92 | 0 |
| Nov'42 | 19,650 | 41 | 77 | 48 | 76 | 171 | 0 |
| Nov'47 | 13,501 | 49 | 29 | 16 | 17 | 99 | 0 |
| Jul'53 | 16,119 | 105 | 96 | 13 | 550 | 347 | 0 |
| Total | 238,554 | 4,130 | 3,239 | 3,556 | 2,867 | | |

Source: Banxico, Banorte

Fixed-Income Technicals

Spread between Cetes and Implied Forward Rates

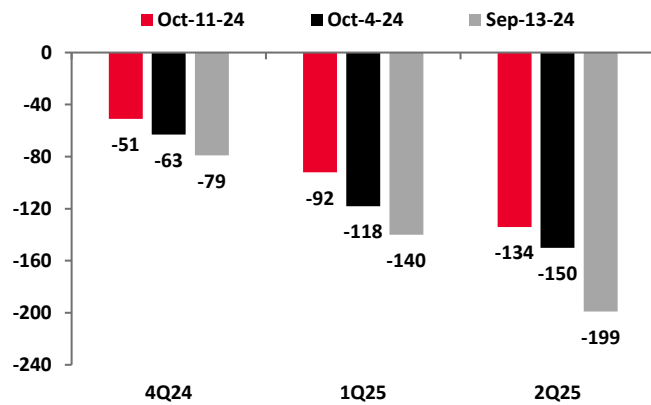
Basis points

| Tenor | Actual | Weekly change | Δ last 4 weeks | 6m average | 6m Max | 6m Min |
|-----------|--------|---------------|----------------|------------|--------|--------|
| 1 month | 37 | 103 | 63 | 74 | 154 | -7 |
| 3 months | 39 | 43 | 33 | 36 | 76 | -8 |
| 6 months | 37 | 43 | 50 | 37 | 89 | -7 |
| 12 months | 54 | 47 | 75 | 40 | 94 | -40 |

Source: PIP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate

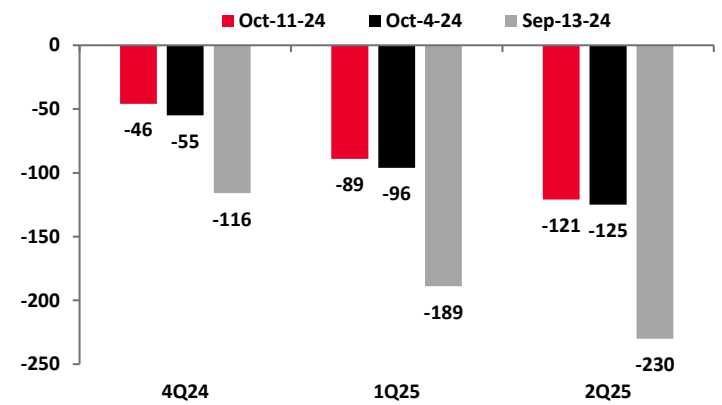
Basis points



Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

Spreads between Mbonos and UST

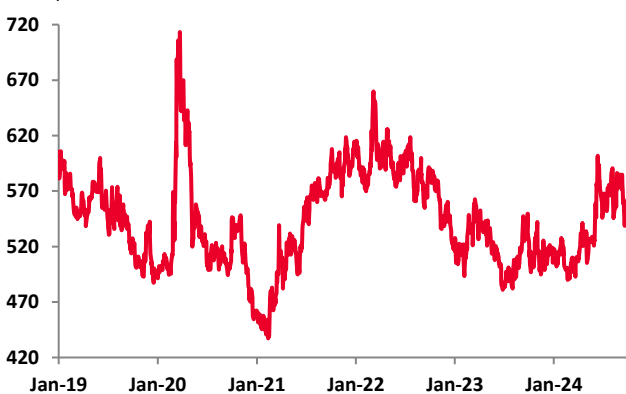
Basis points

| Spread | Actual | Weekly change | Δ last 4 weeks | YTD | 12m Max | 12m Min | 12m Average |
|---------|--------|---------------|----------------|-----|---------|---------|-------------|
| 2 year | 595 | -2 | -30 | 31 | 646 | 529 | 580 |
| 5 year | 568 | 1 | -14 | 46 | 623 | 489 | 544 |
| 10 year | 554 | -7 | -5 | 48 | 602 | 490 | 533 |
| 20 year | 547 | -10 | -3 | 59 | 590 | 466 | 518 |
| 30 year | 554 | -9 | -6 | 51 | 598 | 480 | 529 |

Source: Bloomberg, Banorte

10-year Mbono and 10-year UST spread

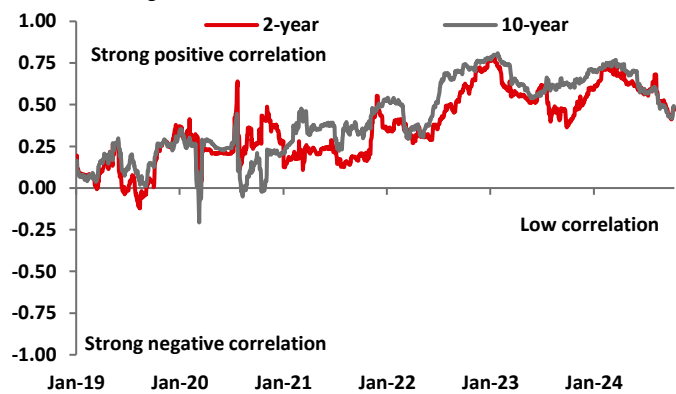
Basis points



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 | -33 | 8 | 26 | 50 | -33 | -100 | -70 |
| 2/10 | -27 | 12 | 33 | 69 | -21 | -112 | -77 |
| 2/30 | 4 | 9 | 30 | 88 | 13 | -118 | -62 |
| 5/10 | 7 | 4 | 7 | 7 | 16 | -37 | -7 |
| 10/30 | 31 | -3 | -3 | 19 | 45 | -9 | 15 |
| TIIE IRS | | | | | | | |
| 3m/2Y | -134 | -4 | 38 | 42 | -41 | -189 | -130 |
| 2/5 | -32 | 11 | 19 | 82 | -32 | -126 | -86 |
| 2/10 | -27 | 10 | 17 | 98 | -26 | -137 | -92 |
| 2/30 | -23 | 11 | 19 | 103 | -22 | -135 | -89 |
| 5/10 | 5 | -1 | -2 | 16 | 15 | -21 | -7 |
| 10/30 | 4 | 0 | 1 | 5 | 23 | -6 | 3 |
| TIIE IRS – Mbonos | | | | | | | |
| 2 year | -59 | -2 | 15 | -39 | -10 | -76 | -37 |
| 5 year | -58 | 1 | 8 | 8 | -11 | -70 | -53 |
| 10 year | -59 | -3 | 0 | -11 | -5 | -70 | -53 |
| 20 year | -79 | 2 | 3 | -21 | -12 | -96 | -63 |
| 30 year | -86 | -1 | 3 | -24 | -14 | -99 | -65 |
| TIIE IRS – SOFR | | | | | | | |
| 2 year | 556 | -1 | -16 | -8 | 624 | 516 | 558 |
| 5 year | 543 | 4 | -3 | 40 | 602 | 465 | 519 |
| 10 year | 543 | -1 | -4 | 45 | 602 | 472 | 519 |
| 20 year | 543 | -3 | -1 | 41 | 609 | 476 | 524 |
| 30 year | 550 | -5 | -2 | 38 | 625 | 490 | 539 |

Source: Bloomberg, Banorte

Breakeven inflation using Mbonos & Udibonos

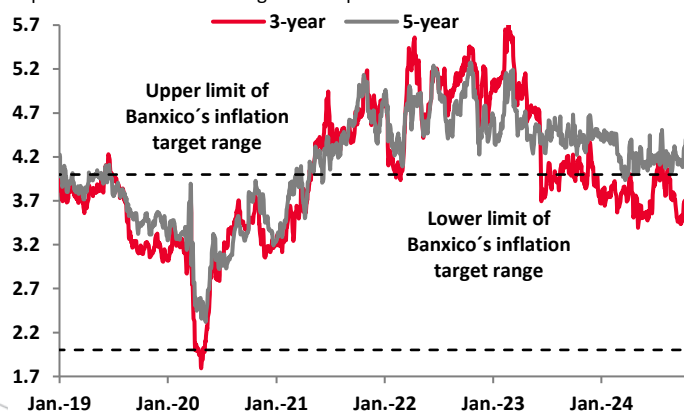
%, Implicit market inflation using Fisher Equation

| Date | Breakevens (%) | Weekly change (bps) | Δ last 4 weeks (bps) | YTD (bps) | 12m Max (%) | 12m Min (%) | 12m Average (%) |
|------|----------------|---------------------|----------------------|-----------|-------------|-------------|-----------------|
| 3Y | 3.62 | 13 | 21 | -8 | 4.37 | 3.24 | 3.79 |
| 5Y | 4.39 | 30 | 30 | 2 | 4.69 | 3.91 | 4.26 |
| 10Y | 4.41 | 16 | 35 | 16 | 4.64 | 4.03 | 4.32 |
| 20Y | 4.65 | 14 | 42 | 10 | 4.97 | 4.23 | 4.57 |
| 30Y | 4.70 | 12 | 33 | 6 | 5.04 | 4.35 | 4.63 |

Source: Bloomberg, Banorte

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

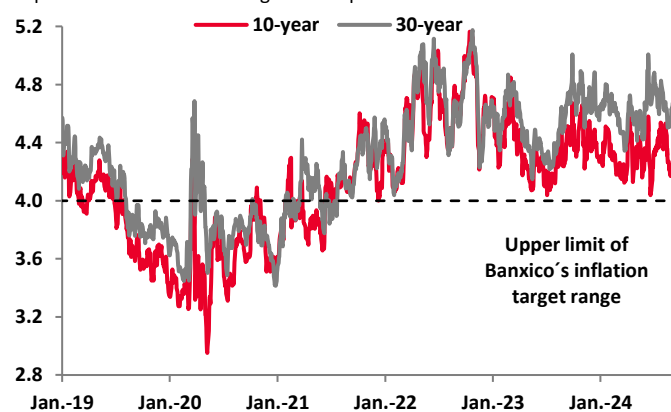
Implicit market inflation using Fisher Equation



Source: PIP, Banorte

10- and 30-year breakeven inflation using Mbonos & Udibonos

Implicit market inflation using Fisher Equation



Source: PIP, Banorte

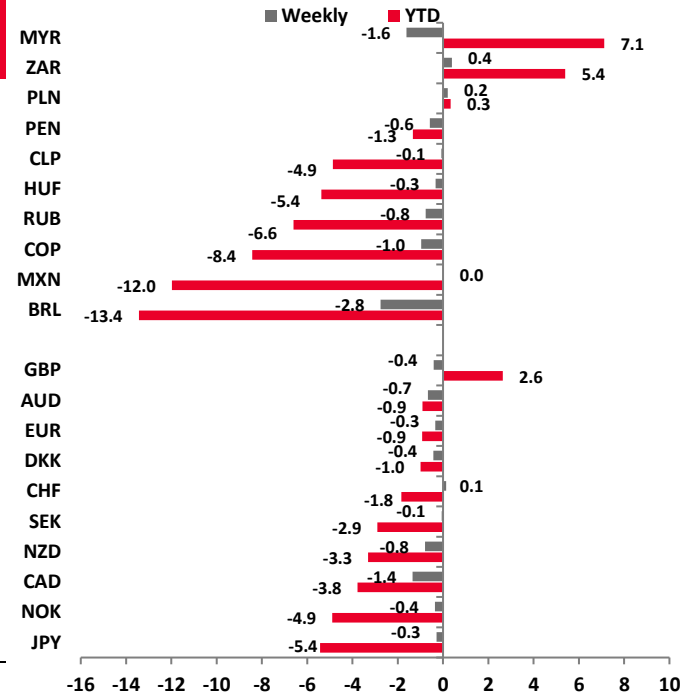
FX dynamics

Foreign Exchange market levels and historical return

| | | Close at Oct/11/24 | Daily Change (%) ¹ | Weekly change (%) ¹ | Monthly change (%) ¹ | YTD (%) ¹ |
|--------------------------|----------------|-----------------------|-------------------------------------|--------------------------------------|---------------------------------------|-------------------------|
| Emerging Markets | | | | | | |
| Brazil | USD/BRL | 5.61 | -0.5 | -2.8 | 0.9 | -13.4 |
| Chile | USD/CLP | 924.00 | 0.7 | -0.1 | 2.0 | -4.9 |
| Colombia | USD/COP | 4,209.42 | -0.2 | -1.0 | 1.4 | -8.4 |
| Peru | USD/PEN | 3.75 | 0.4 | -0.6 | 0.7 | -1.3 |
| Hungary | USD/HUF | 366.92 | -0.1 | -0.3 | -2.0 | -5.4 |
| Malaysia | USD/MYR | 4.29 | 0.1 | -1.6 | 1.0 | 7.1 |
| Mexico | USD/MXN | 19.28 | 0.9 | 0.0 | 2.8 | -12.0 |
| Poland | USD/PLN | 3.92 | 0.3 | 0.2 | -0.7 | 0.3 |
| Russia | USD/RUB | 95.80 | 1.1 | -0.8 | -4.4 | -6.6 |
| South Africa | USD/ZAR | 17.42 | 0.6 | 0.4 | 2.7 | 5.4 |
| Developed Markets | | | | | | |
| Canada | USD/CAD | 1.38 | -0.1 | -1.4 | -1.4 | -3.8 |
| Great Britain | GBP/USD | 1.31 | 0.1 | -0.4 | 0.2 | 2.6 |
| Japan | USD/JPY | 149.13 | -0.4 | -0.3 | -4.5 | -5.4 |
| Eurozone | EUR/USD | 1.0937 | 0.0 | -0.3 | -0.7 | -0.9 |
| Norway | USD/NOK | 10.70 | 0.5 | -0.4 | 1.5 | -4.9 |
| Denmark | USD/DKK | 6.82 | 0.0 | -0.4 | -0.7 | -1.0 |
| Switzerland | USD/CHF | 0.86 | 0.0 | 0.1 | -0.6 | -1.8 |
| New Zealand | NZD/USD | 0.61 | 0.3 | -0.8 | -0.4 | -3.3 |
| Sweden | USD/SEK | 10.37 | 0.1 | -0.1 | 0.1 | -2.9 |
| Australia | AUD/USD | 0.68 | 0.2 | -0.7 | 1.1 | -0.9 |

FX performance

Against USD, %

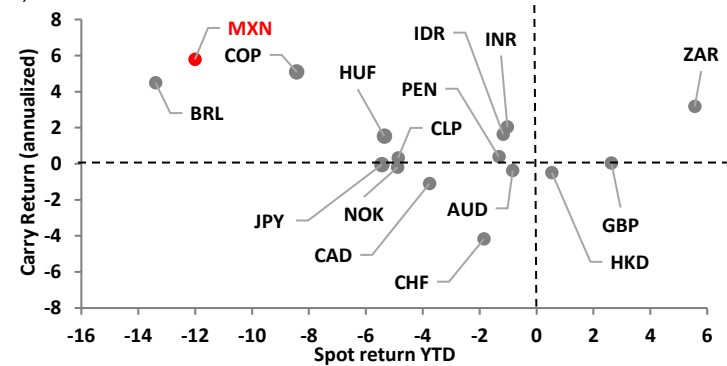


Source: Bloomberg, Banorte

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

Performance of selected currencies

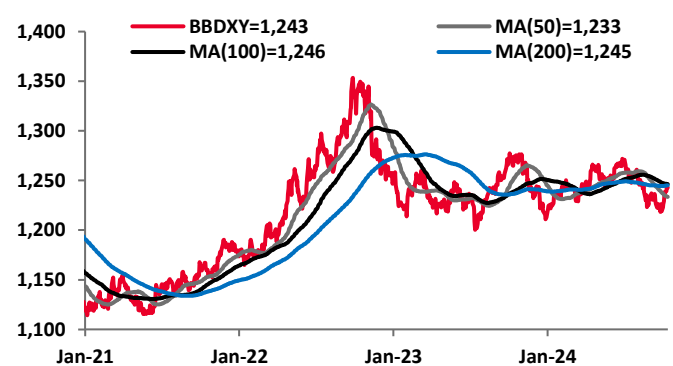
%, annualized rate based in 3M forwards



4Source: Bloomberg, Banorte

BBDXY

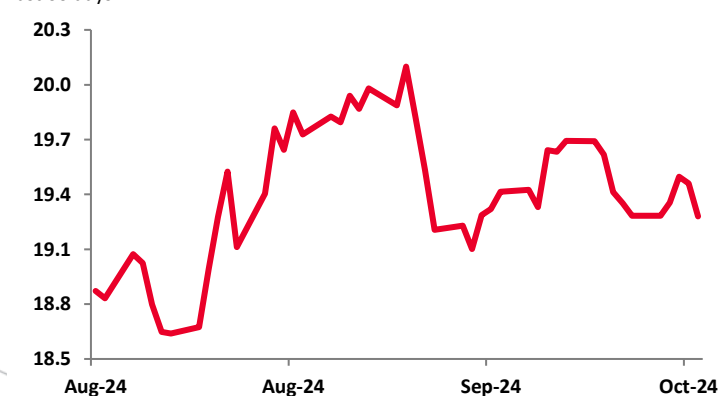
Points



Source: Bloomberg, Banorte

USD/MXN

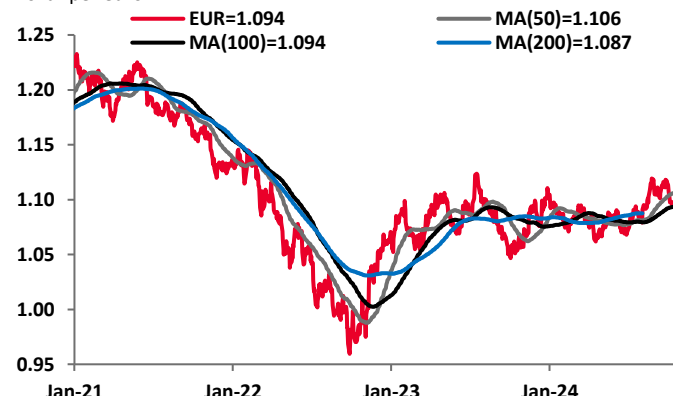
Last 60 days



Source: Bloomberg, Banorte

Euro

Dollar per euro

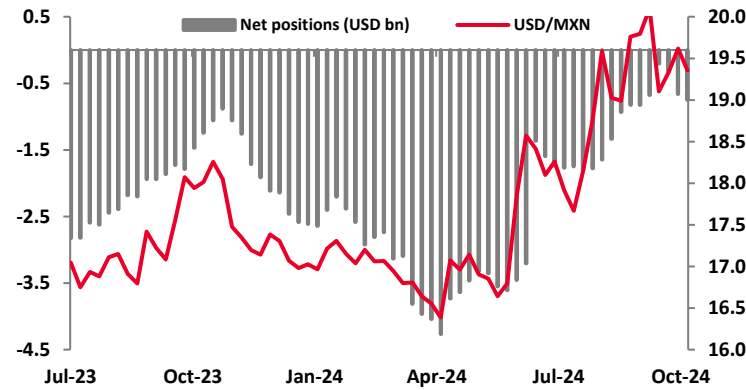


Source: Bloomberg, Banorte

FX positioning and flows

IMM positioning in USD/MXN futures

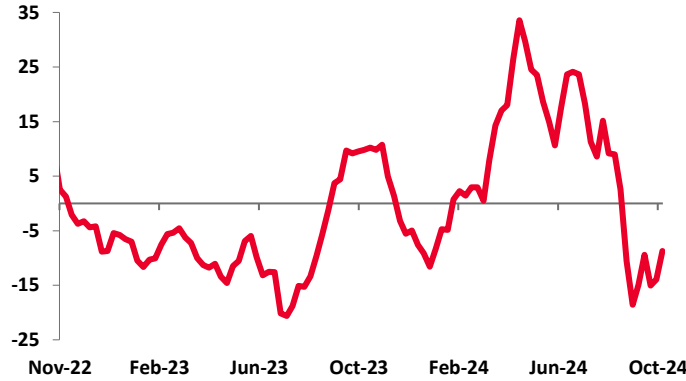
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

IMM positioning in USD futures*

Billion dollars, Positive = net long in USD

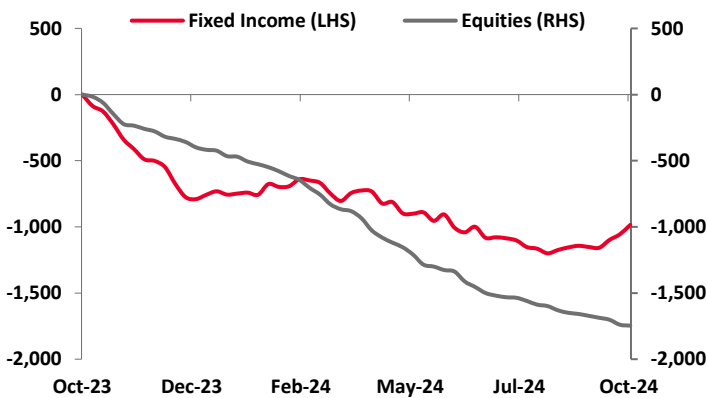


*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF

Source: CME, Banorte

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

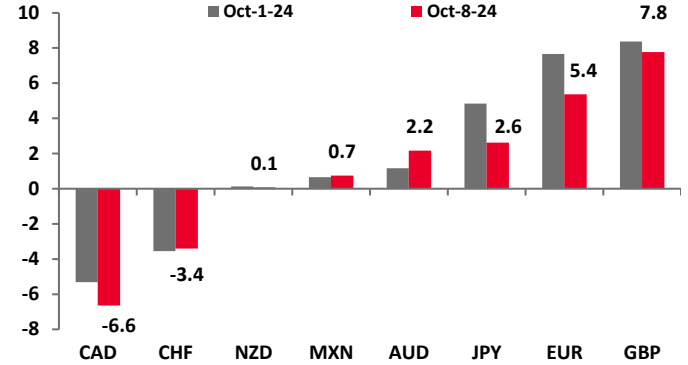
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

IMM positioning by currency*

Billion dollars

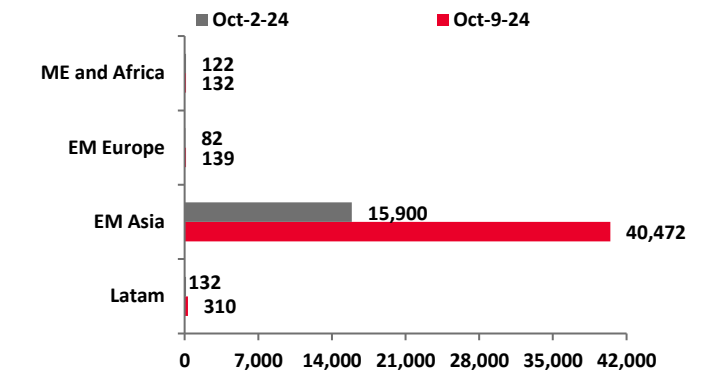


* Positive: Net long in the corresponding currency

Source: CME, Banorte

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

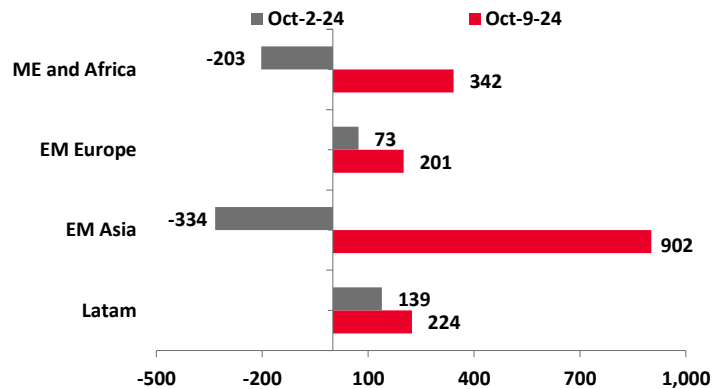
Billion dollars



Source: EPFR Global, Banorte

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

Weekly, million dollars

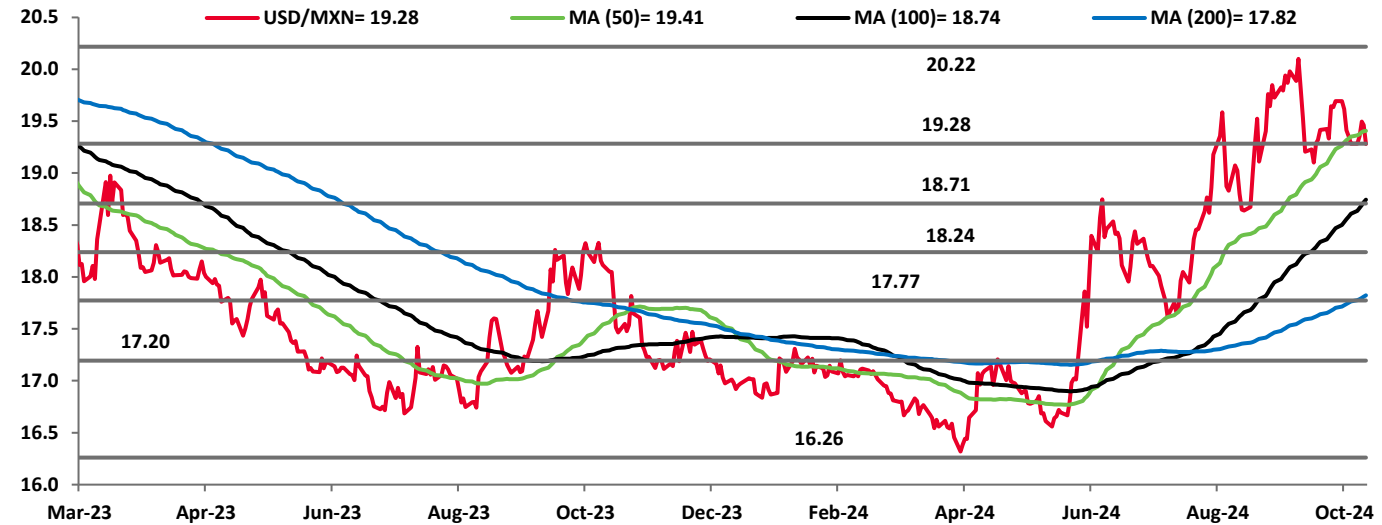


Source: EPFR Global, Banorte

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

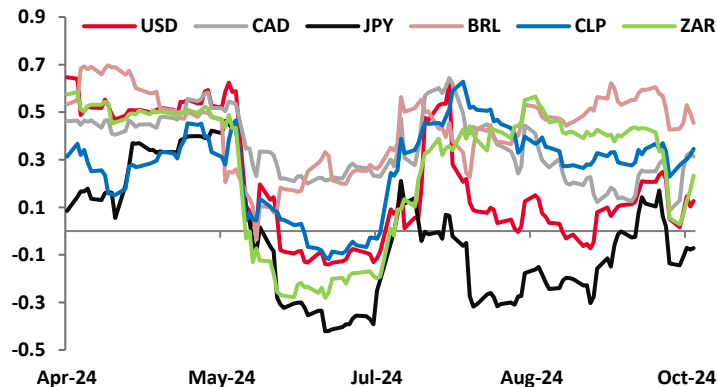
| | Actual (%) | Previous week | 6m Min | 6m Max | 6m Average |
|------|------------|---------------|--------|--------|------------|
| EUR | 13 | 2 | -14 | 65 | 20 |
| CAD | 31 | 13 | 9 | 64 | 35 |
| JPY | -7 | -14 | -42 | 46 | -3 |
| BRL | 46 | 43 | -4 | 70 | 43 |
| CLP | 35 | 28 | -12 | 63 | 27 |
| ZAR | 23 | 3 | -28 | 58 | 27 |
| VIX | 16 | 6 | -12 | 58 | 29 |
| SPX | 23 | 26 | -1 | 60 | 38 |
| GSCI | 47 | 28 | -21 | 47 | 15 |
| Gold | 35 | 11 | -4 | 49 | 22 |

* 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

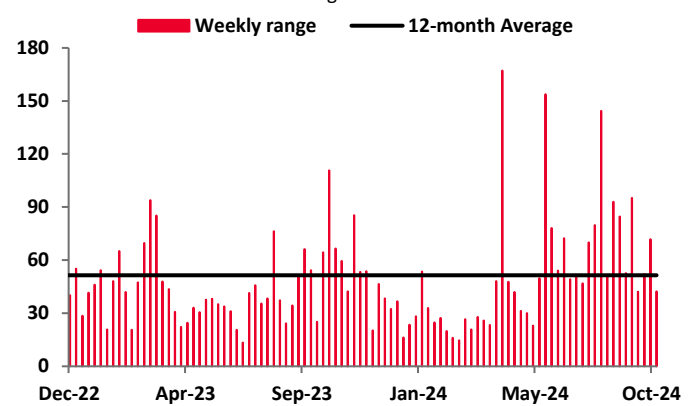


* Positive: appreciation of MXN and corresponding currency

Source: Bloomberg, Banorte

USD/MXN – Weekly trading range

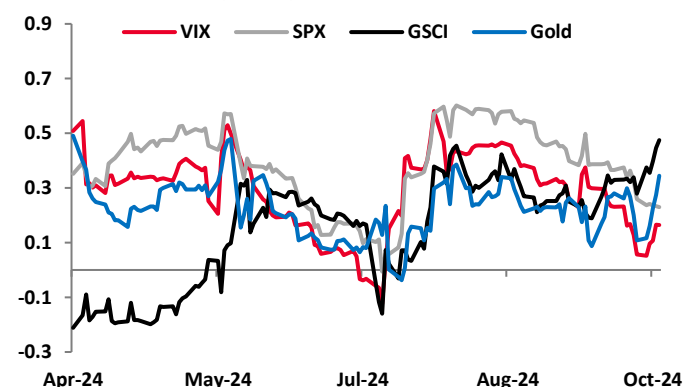
MXN cents with last 12 month average



Source: Bloomberg, Banorte

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

Based on daily percentage changes

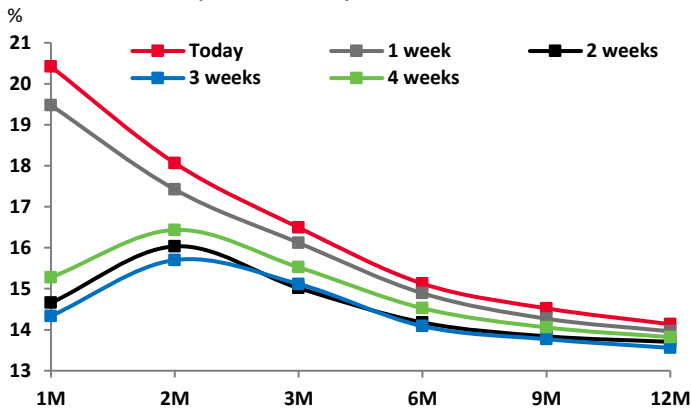


* Positive: appreciation of MXN and corresponding asset except VIX

Source: Bloomberg, Banorte

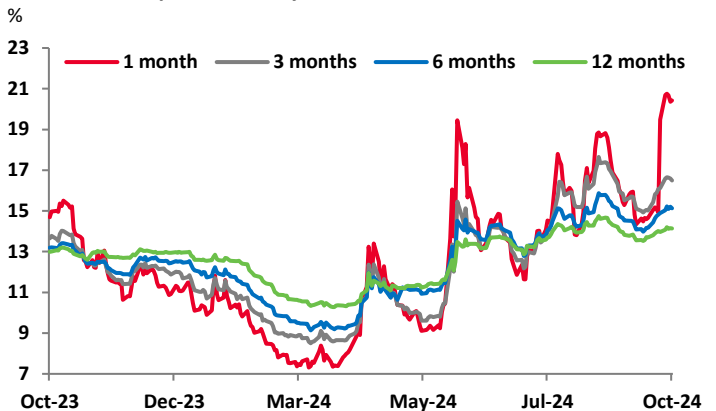
FX technicals (continued)

USD/MXN – ATM options volatility curve



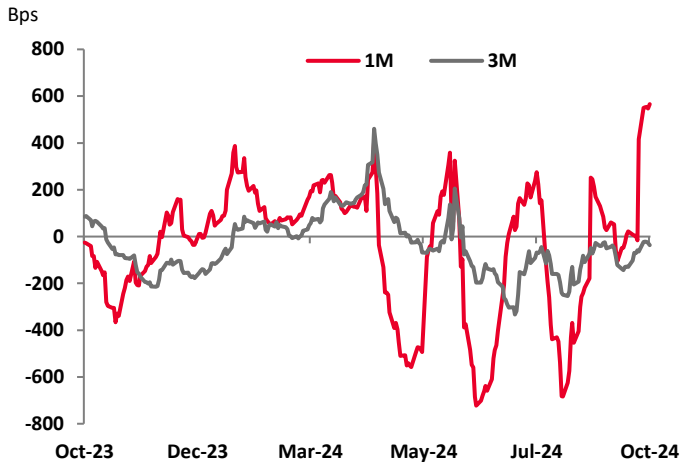
Source: Bloomberg, Banorte

USD/MXN – Implied volatility



Source: Bloomberg, Banorte

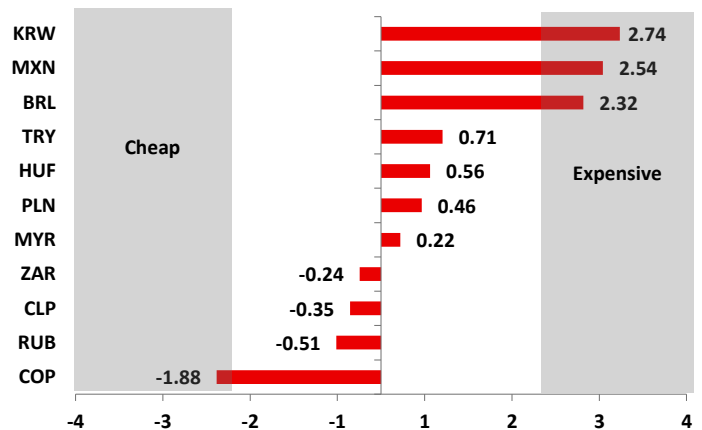
USD/MXN – Spread between implicit and historical volatility



Source: Bloomberg, Banorte

Emerging markets 1-month ATM options volatility

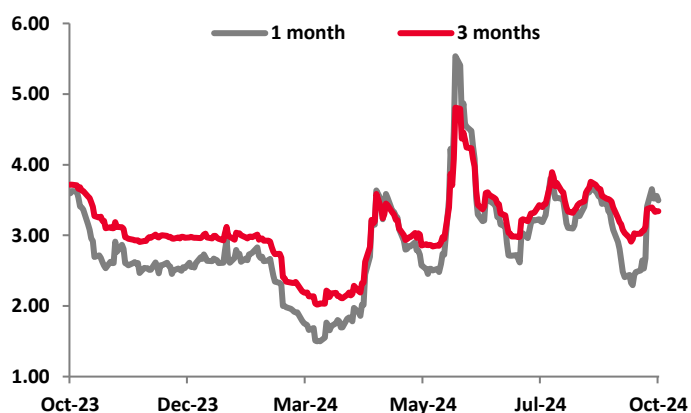
Against USD, in σ relative to last year's average



Source: Bloomberg, Banorte

USD/MXN – 25D risk reversals

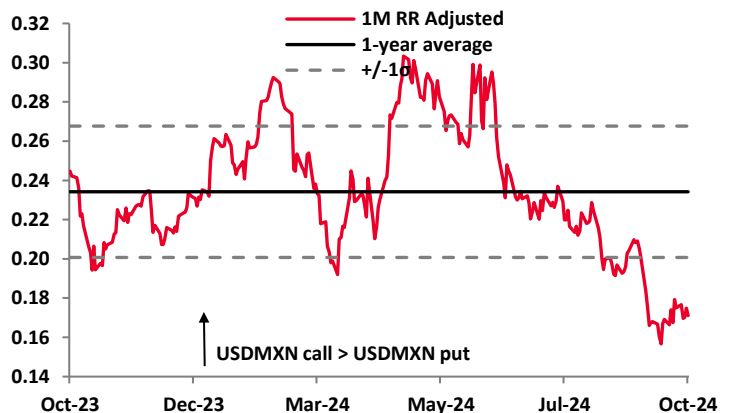
Last 12 months, difference between USD calls and puts, in vols



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 October 20th, 2024

| | Time | | Event | Period | Unit | Banorte | Survey | Previous |
|--------|-------|-----|--|---------|-----------|---------|--------|----------|
| Mon 14 | | US | Bond markets closed for the Columbus Day holiday | | | | | |
| | 08:00 | BZ | Economic activity | Aug | % y/y | -- | -- | 5.3 |
| | 08:00 | BZ | Economic activity* | Aug | % m/m | -- | -- | -0.4 |
| | 08:00 | MX | Consumer confidence* | Sep | index | 48.1 | -- | 47.6 |
| | 15:00 | US | Fed's Waller Speaks on the Economic Outlook | | | | | |
| Tue 15 | 02:00 | UK | Unemployment rate* | Aug | % | -- | 4.1 | 4.1 |
| | 05:00 | GER | ZEW Survey (Expectations) | Oct | % m/m | -- | 10.0 | 3.6 |
| | 05:00 | EZ | Industrial production* | Aug | % m/m | -- | 1.8 | -0.3 |
| | 08:30 | US | Empire Manufacturing* | Oct | index | 3.0 | 3.6 | 11.5 |
| | 11:00 | US | New York Fed 1-yr inflation expectations | Sep | % | -- | -- | 3.00 |
| | 11:00 | MX | International reserves | Oct 11 | US\$b | -- | -- | 226.3 |
| | 11:30 | US | Fed's Daly Gives Keynote Remarks | | | | | |
| | 13:30 | MX | Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Oct'54) and 2-, 5- and 10-year Bondes F | | | | | |
| Wed 16 | 02:00 | UK | Consumer prices | Sep | % y/y | -- | 1.9 | 2.2 |
| | 02:00 | UK | Core | Sep | % y/y | -- | 3.4 | 3.6 |
| Thu 17 | 05:00 | EZ | Trade balance* | Aug | EURbn | -- | 17.7 | 15.5 |
| | 05:00 | EZ | Consumer prices | Sep (F) | % y/y | -- | 1.8 | 1.8 |
| | 05:00 | EZ | Core | Sep (F) | % y/y | -- | 2.7 | 2.7 |
| | 07:00 | TUR | Monetary policy decision (Central Bank of Turkey) | Oct 17 | % | -- | 50.0 | 50.0 |
| | 08:15 | EZ | Monetary policy decision (ECB) | Oct 17 | % | 3.25 | 3.25 | 3.50 |
| | 08:30 | US | Advance retail sales* | Sep | % m/m | 0.3 | 0.3 | 0.1 |
| | 08:30 | US | Ex autos & gas* | Sep | % m/m | -- | 0.2 | 0.2 |
| | 08:30 | US | Control group* | Sep | % m/m | 0.1 | 0.3 | 0.3 |
| | 08:30 | US | Philly Fed* | Oct | index | 2.0 | 3.0 | 1.7 |
| | 08:30 | US | Initial jobless claims* | Oct 12 | thousands | -- | 245 | 258 |
| | 08:45 | EC | ECB President Christine Lagarde Holds Press Conference | | | | | |
| | 09:15 | US | Industrial production* | Sep | % m/m | 0.0 | -0.1 | 0.8 |
| | 09:15 | US | Manufacturing production* | Sep | % m/m | 0.1 | -0.2 | 0.9 |
| | 17:00 | CL | Monetary policy decision (BCCh) | Oct 17 | % | -- | 5.25 | 5.50 |
| | 22:00 | CHI | Gross domestic product | 3Q24 | % y/y | -- | 4.6 | 4.7 |
| | 22:00 | CHI | Industrial production | Sep | % y/y | -- | 4.6 | 4.5 |
| | 22:00 | CHI | Retail sales | Sep | % y/y | -- | 2.5 | 2.1 |
| | 22:00 | CHI | Gross fixed investment (YTD) | Sep | % y/y | -- | 3.3 | 3.4 |
| Fri 18 | 04:00 | EZ | Current account* | Aug | EURbn | -- | -- | 39.6 |
| | 08:30 | US | Housing starts** | Sep | thousands | -- | 1,350 | 1,356 |
| | 08:30 | US | Building permits** | Sep | thousands | -- | 1,446 | 1,470 |
| | 10:00 | US | Fed's Kashkari Moderates Panel | | | | | |
| Sun 20 | 21:00 | CHI | Rate decision 1-year Loan Prime Rate | Oct 21 | % | -- | 3.15 | 3.35 |
| | 21:00 | CHI | Rate decision 5-year Loan Prime Rate | Oct 21 | % | -- | 3.65 | 3.85 |

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 | L | Sep-27-24 | Oct-7-24 | |
| 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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