Fixed-Income & FX Strategy

Weekly

Fixed-Income and FX Weekly

▪ **In the lead-up to the election, eyes on October's NFP.** With no clear advantage for any candidate in polls so far, the US presidential race keeps markets on edge. The US term premia continued rising, hinting shifts in the fiscal outlook and potentially inflationary expectations for the coming years, a scenario markets increasingly associate with a Republican sweep. We anticipate the USD still supported by rising yields, themselves lifted by the election uncertainty. A downside surprise in Friday's non-farm payrolls (Banorte: +100K; 4.2%) could trigger a significant reversal in this path. This report will kick off a cycle of pivotal events, followed by the election on Tuesday 5th and the Fed decision on Thursday 7th, where we expect a 25bps cut

▪ **Space for further pressures in bond yields.** Treasuries have been under pressure throughout October, driven by: (1) Expectations of fewer rate cuts from the Fed after economic figures that reflected a resilient US economy; (2) speculation of new policies in this country, mainly around the fiscal and commercial front; and (3) a recovery in crude-oil prices. Yields on Treasuries have picked up around 45bps, hitting 3-month highs. Although inflation breakevens have increased, with the 2-year rate once again above 2.0%, the real component has contributed mostly to the sell-off along the curve. Notably, the 10-year benchmark surpassed the 4.20% support from 3.78% in September and is 0.9σ above its 90-day average. This security moved +2.5σ few days before the 2016 elections and up to +4σ after Trump's victory. Currently, one standard deviation is equivalent to 23bps. As such, we could still see additional upward pressures in the coming days. Locally, TIIE-IRS and Mbonos have maintained a high correlation with their US peers and FX pressures. During October, these bonds have incurred in broader losses of up to 83bps at the belly of the curve. With this, they already trade 2σ above their 90-day average. The 10-year Mbono is trading around 10.10%; however, it remains below the 12-month high of 10.41% reached in June. In terms of strategy, [we maintain our vision of a steepening bias in the nominal yield curves](#) as we see room for the short-end to price in a deeper easing cycle from both Banxico and Fed. However, the uncertainty ahead of the US elections limits initiating receiver and/or steepener positions, so we remain cautious. Additionally, we closed [Udibono Dec'26 longs](#) after the indicative stop-loss level was reached. Although we were accurate on carry gains, the backdrop of bond pressures in practically all regions also affected Udibonos. The strategy resulted in a net loss of 14bps, including carry gains of 6bps. We still see value in short-term Udibonos towards the end of the year

▪ **USD rally consolidating.** The DXY advanced for the fourth consecutive week as divergence between heightened rate-cut expectations for the ECB and more restrained expectations for the Fed provided momentum, which we expect to persist in the coming months. Next week, the BoJ's decision will arrive with JPY (-5.7%) leading monthly G10 losses amid renewed speculation about possible intervention. We anticipate MXN volatility will remain high, with potential moves up to USD/MXN 20.60 in this environment, underscoring the influence of hedging flows ahead of the US election

▪ **Weekly ranges**. We expect the 10-year Mbono (Nov'34) to trade between 9.95% and 10.25%, and MXN between 19.75 and 20.60 per dollar

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

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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	10.53	4	-24	-92	11.45	10.47	11.04
28-days[1]	10.55	-7	-26	-76	11.33	10.55	11.11
91-days[1]	10.65	-7	-27	-77	11.45	10.65	11.22
182-days[1]	10.79	-7	-28	-79	11.61	10.79	11.38
Cetes[2]							
28-days	10.20	-16	-28	-105	11.40	10.18	10.94
91-days	10.50	2	0	-73	11.40	10.35	11.08
182-days	10.42	0	5	-91	11.66	10.35	11.13
364-days	10.57	17	43	-57	11.86	10.05	11.04
Mbonos							
Dec'24	10.70	6	11	11	11.41	10.51	10.96
Mar'25	10.67	5	43	78	11.03	9.79	10.40
Mar'26	10.23	14	68	51	11.01	9.46	10.21
Sep'26	10.20	16	77	67	10.97	9.32	10.04
Mar'27	9.92	12	83	58	10.75	9.01	9.75
Jun'27	9.90	14	81	63	10.68	9.01	9.72
Mar'29	10.01	20	86	95	10.54	9.02	9.59
May'29	9.97	19	82	103	10.51	8.90	9.53
May'31	9.95	18	78	101	10.40	8.94	9.52
May'33	10.07	22	82	114	10.37	8.94	9.53
Nov'34	10.09	21	77	115	10.34	8.94	9.54
Nov'36	10.10	21	75	115	10.43	8.95	9.53
Nov'38	10.20	18	73	117	10.44	9.03	9.63
Nov'42	10.39	21	78	132	10.49	9.06	9.70
Nov'47	10.39	18	74	133	10.50	9.05	9.69
Jul'53	10.39	19	75	133	10.52	9.05	9.70
TIIE-IRS							
3-month (3x1)	10.57	-7	-7	-89	11.54	10.57	11.21
6-month (6x1)	10.42	-2	10	-86	11.55	10.28	11.06
9-month (9x1)	10.29	1	29	-80	11.52	9.99	10.90
1-year (13x1)	10.12	5	46	-66	11.39	9.59	10.65
2-year (26x1)	9.81	21	87	11	10.86	8.88	9.90
3-year (39x1)	9.63	25	100	55	10.48	8.62	9.44
4-year (52x1)	9.56	26	100	83	10.24	8.49	9.19
5-year (65x1)	9.51	25	98	95	10.09	8.43	9.06
7-year (91x1)	9.51	27	96	106	9.98	8.37	8.99
10-year (130x1)	9.54	25	88	108	9.96	8.40	9.00
20-year (3x1)	9.68	28	94	118	10.04	8.45	9.06
30-year (390x1)	9.59	26	89	114	9.98	8.44	9.03
Udibonos							
Dec'25	6.18	-14	0	16	7.84	5.84	6.53
Dec'26	5.98	8	21	35	7.07	5.31	6.03
Nov'28	5.05	6	19	55	5.97	4.43	5.11
Nov'31	5.13	8	29	64	5.79	4.45	5.00
Aug'34[3]	5.39	17	53	53	5.75	4.71	5.16
Nov'35	5.25	9	39	87	5.59	4.33	4.91
Nov'40	5.22	3	29	89	5.51	4.27	4.90
Nov'43	5.22	1	27	89	5.50	4.27	4.91
Nov'46	5.22	2	30	106	5.30	4.15	4.83
Nov'50	5.19	-1	27	96	5.31	4.23	4.85
Oct'54[4]	5.18	17	17	17	5.31	4.78	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)	12m Average (bps)	bps
2Y	Jan'26	4.60	+7	+14	4.10	+16	-32	49	-9	52	56
3Y	Mar'27	4.75	+7	-5	4.05	+19	-17	70	-12	67	75
5Y	May'29	5.27	+5	+49	4.06	+19	+6	121	-14	110	121
7Y	Apr'30	5.40	+8	+6	4.15	+18	+18	125	-10	124	158
10Y	May'33	5.88	+6	+32	4.24	+16	+36	164	-10	155	199
20Y	Mar'44	6.49	+9	+11	4.59	+14	+44	190	-5	184	--
30Y	May'54	6.74	+10	+35	4.50	+11	+54	224	-1	219	--

Source: Bloomberg, Banorte

5Y USD UMS
%

Source: Bloomberg, Banorte

10Y USD UMS
%

Source: Bloomberg, Banorte

5Y UMS-UST Spread
Basis points

Source: Bloomberg, Banorte

10Y UMS-UST Spread
Basis points

Source: Bloomberg, Banorte

Fixed–Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 10-year Mbono (Nov'34), the 3-year Udibono (Dec'26), as well as 2- and 5-year Bondes F

- **We see value in short-term Udibonos.** Cetes remain an attractive investment option given the high real rates. With this, we expect demand to remain above the average of the last two years, with the 3-month term printing the greatest appetite. Meanwhile, the sell-off led by Treasuries in recent weeks has impacted local securities to a greater extent. The yield on 10-year Mbono once again exceeded the figure of 10.00%, moving 2σ from the 90-day average. Despite the large losses, we do not rule out additional upward pressures given the high correlation with its US pair considering, among other factors, the growing uncertainty about the result of the US presidential election. It is worth noting that the 10-year Treasury is trading 0.9σ above its 90-day average and that this note moved 2.5σ a few days before the 2016 elections and up to 4σ after Trump's victory. Currently, one standard deviation is equivalent to 23bps. Under this backdrop, we anticipate that greater caution will be reflected in the primary auction, as well as a contained appetite for the 10-year Mbono in a similar fashion to its last placement of 1.68x. In real rates, we still see value in short-term Udibonos, with a carry of 6.56% annualized for the remainder of the year. However, given the current backdrop, we could see demand moderating for the 3-year Udibono relative to the strong appetite of the previous auction of 3.59x

Auction specifics (October 29th, 2024)

Security	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	Nov-28-24	--	10,000	10.20
3m	Jan-30-25	--	11,400	10.48
6m	Apr-30-25	--	14,500	10.47
12m	Oct-16-25	--	15,000	10.25
Bondes F				
2Y	Oct-08-26	--	10,000	0.15
5Y	Jul-19-29	--	2,400	0.23
Bono M				
10Y	Nov-23-34	7.75	19,000	9.21
Udibono				
3Y	Dec-03-26	3.00	UDIS 800	5.79

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
Times
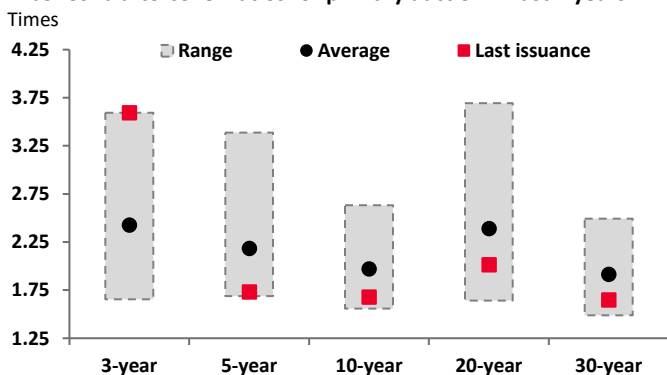
Source: Bloomberg, Banorte

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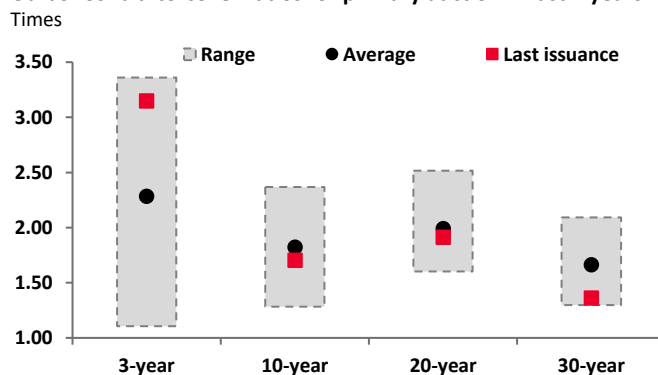
Source: Bloomberg, Banorte

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Fixed–Income Demand

**Government and IPAB securities holdings by type of investor**
US$ billion, *UDIS billion, data as of Oct/16/2024

Securities	Total amount outstanding	Foreign investors	Pension funds	Mutual funds	Insurance companies	Local banks	Repos with Banxico	Guarantees received by Banxico	Securities held by Banxico	Other domestic residents
Cetes	103.48	11.90	16.09	18.85	5.44	10.17	2.03	3.45	-	35.55
Bondes D	11.27	0.00	0.80	5.26	0.12	1.64	0.01	-	-	3.43
Bondes F	120.88	0.02	4.47	67.05	2.30	13.12	4.24	0.77	-	28.91
Bondes G	6.10	0.00	0.55	2.57	0.36	0.36	0.56	-	-	1.70
Udibonos	183.62	8.03	102.75	7.13	32.36	3.82	1.32	0.22	-	28.00
Mbonos	233.54	71.71	56.20	6.85	7.85	31.02	10.22	1.63	0.75	47.30
Sbonos	1.16	0.58	0.31	0.01	0.03	0.01	-	-	-	0.22
Total	660.05	92.23	181.17	107.72	48.47	60.14	18.39	6.07	0.75	145.10
Udibonos*	442.52	19.34	247.62	17.19	78.00	9.21	3.17	0.52	-	67.47
IPAB bonds	53.38	0.03	0.67	17.60	0.47	9.32	4.48	1.15	-	19.68

Source: Banxico, Banorte

Government issuance by type of instrument
Total amount of US$ 713 billion (including IPAB bonds), % of total
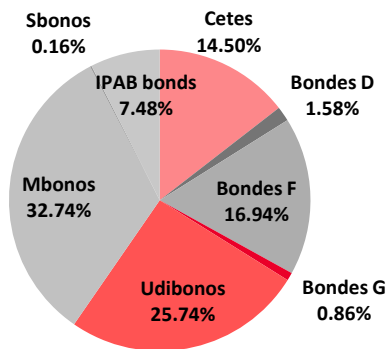
Source: Banxico, Banorte

Government issuance by type of investor
Total amount of US$ 713 billion (including IPAB bonds), % of total
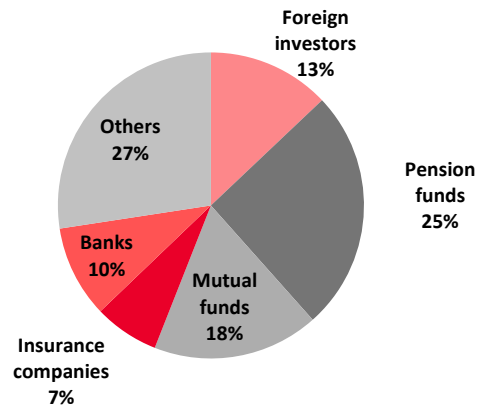
Source: Banxico, Banorte
Note: "Others" includes repos, guarantee and securities held by Banxico, as well as other domestic residents

Government securities holdings by type of investor
Total amount of US$ 713 billion (including IPAB bonds), % of total
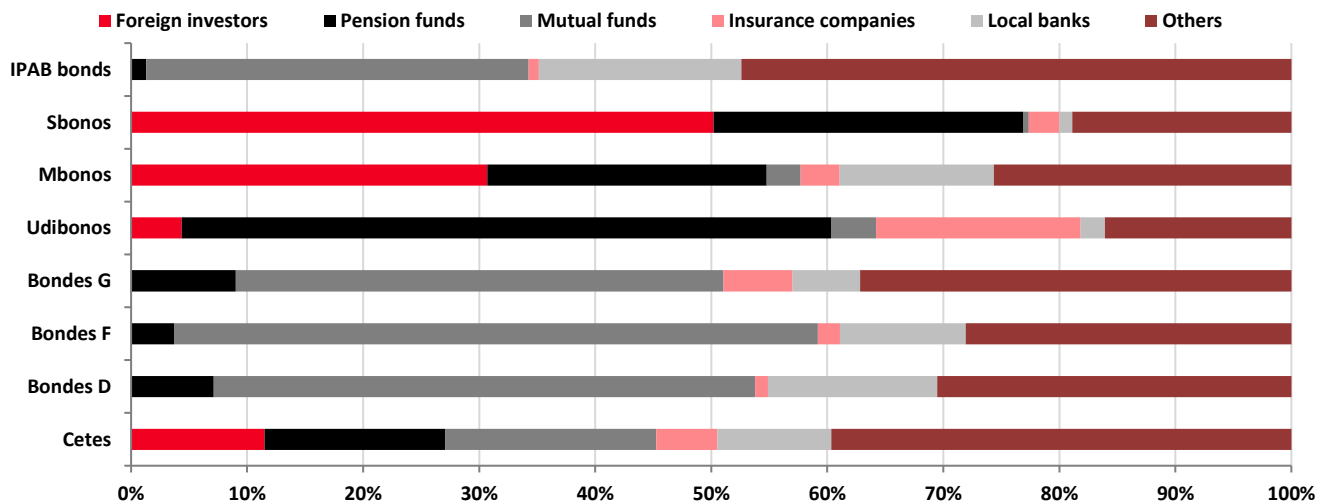
Source: Banxico, Banorte
Note: "Others" includes repos, guarantee and securities held by Banxico, as well as other domestic residents

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Fixed–Income Demand (continued)

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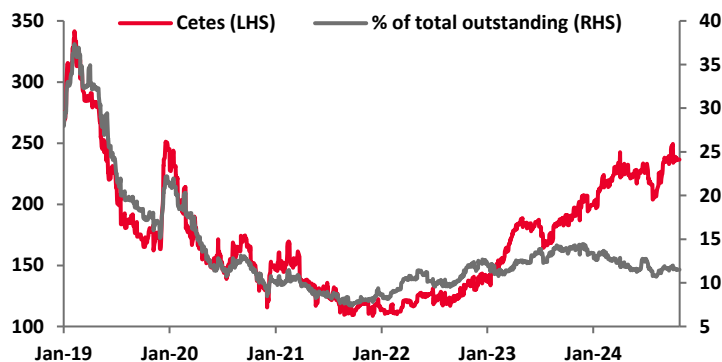
Source: Banxico, Banorte

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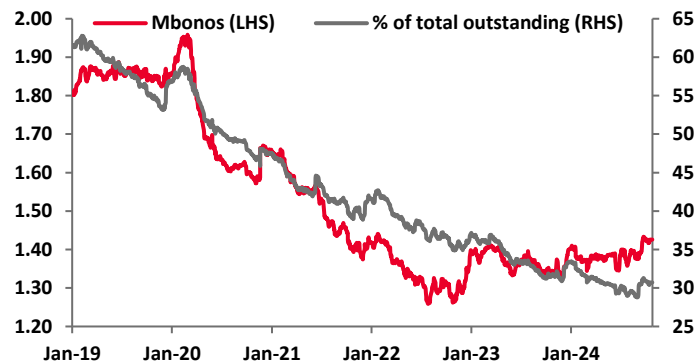
Source: Banxico, Banorte

Holdings of main investors by type of security
Data as of Oct/16/2024

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	1.59	18.50	8.72	43.88	1.35	78.26
Bondes F	-5.66	198.87	14.94	-27.74	-0.07	22.35
Udibonos	-2.70	6.32	1.44	19.90	14.06	14.44
Mbonos	0.31	1.76	4.08	10.78	-8.28	21.10

Source: Banxico, Banorte

Government securities issuance
USD Billions

Fuente: Banxico, Banorte

Mbonos holdings by type of investor
US$ billions and %, data as Oct/10/2024

Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Dec'24	9.5	25%	10%	22%	43%
Mar'25	5.7	29%	10%	13%	48%
Mar'26	20.7	17%	26%	12%	45%
Sep'26	17.3	25%	28%	15%	33%
Mar'27	21.0	31%	16%	7%	46%
Jun'27	17.8	32%	29%	16%	23%
Mar'29	14.5	14%	37%	20%	29%
May'29	15.8	6%	42%	25%	27%
May'31	20.4	4%	44%	31%	20%
May'33	16.3	6%	36%	30%	28%
Nov'34	10.4	3%	45%	31%	21%
Nov'36	4.1	3%	23%	45%	29%
Nov'38	10.9	2%	33%	47%	18%
Nov'42	19.6	0%	36%	46%	17%
Nov'47	13.5	0%	30%	50%	20%
Jul'53	16.1	0%	32%	51%	17%
Total	217.5	13%	31%	28%	29%

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

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Fixed–Income Demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion
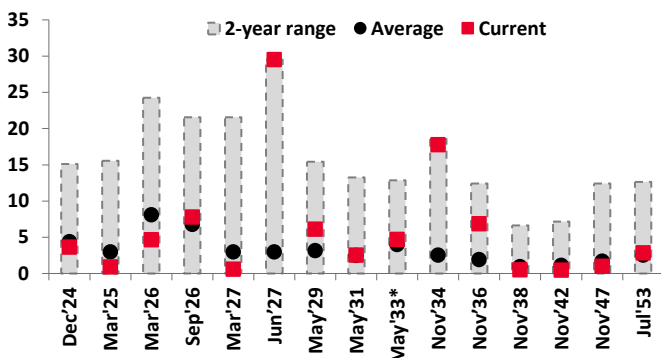
Source: Banxico, Banorte *May'33 issued in December 2022

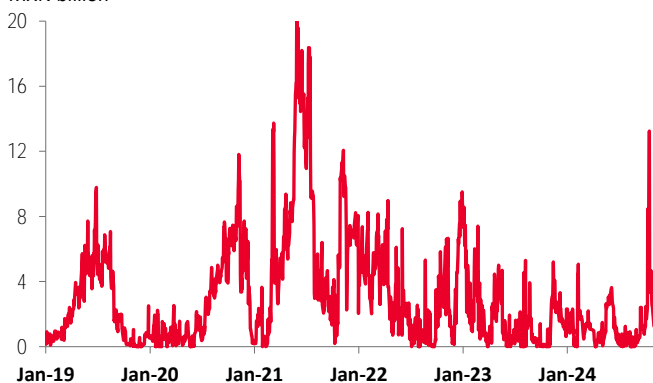**Weekly change in market makers' short positions on Mbonos**
MXN billion
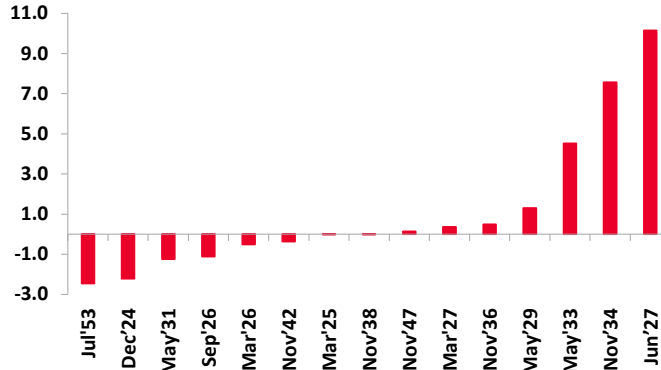
Source: Banxico, Banorte
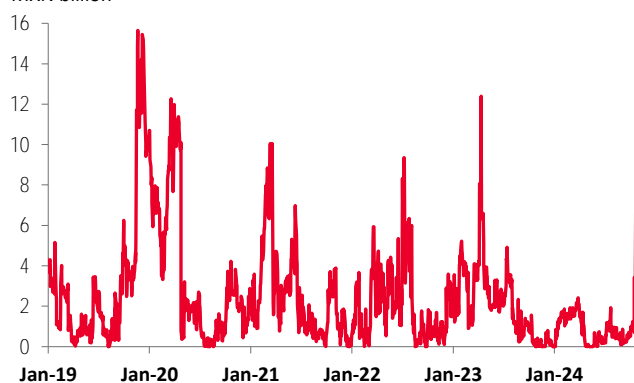
Market makers' short positions on Mbono May'31
MXN billion

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/24/2024	Oct/24/2024	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Dec'24	9,351	182	294	372	125	762	182
Mar'25	5,565	45	46	53	373	371	29
Mar'26	20,366	234	260	312	536	805	71
Sep'26	16,760	394	450	623	243	690	349
Mar'27	20,602	29	11	318	27	680	0
Jun'27	18,565	1,490	978	136	68	1,490	0
Mar'29	15,123	158	182	244	27	807	98
May'29	16,576	309	243	210	230	527	0
May'31	20,507	128	191	64	0	669	0
May'33	16,319	236	7	89	36	649	0
Nov'34	12,634	898	516	247	0	937	10
Nov'36	4,097	347	323	213	37	627	101
Nov'38	10,851	24	24	23	11	83	0
Nov'42	19,287	23	42	43	65	164	0
Nov'47	13,264	49	42	35	3	518	0
Jul'53	16,785	144	267	64	33	348	0
Total	**236,652**	**4,547**	**3,610**	**2,984**	**1,780**		

Source: Banxico, Banorte

BANORTE

Fixed–Income Technicals

Spread between Cetes and Implied Forward Rates
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	36	53	74	71	154	-7
3 months	16	20	63	36	76	-8
6 months	13	31	60	38	89	-7
12 months	46	50	74	43	94	-40

Source: PiP, Bloomberg, Banorte

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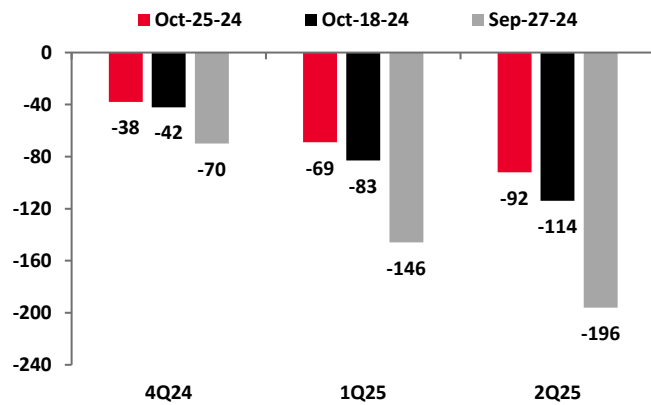
Source: Bloomberg, Banorte

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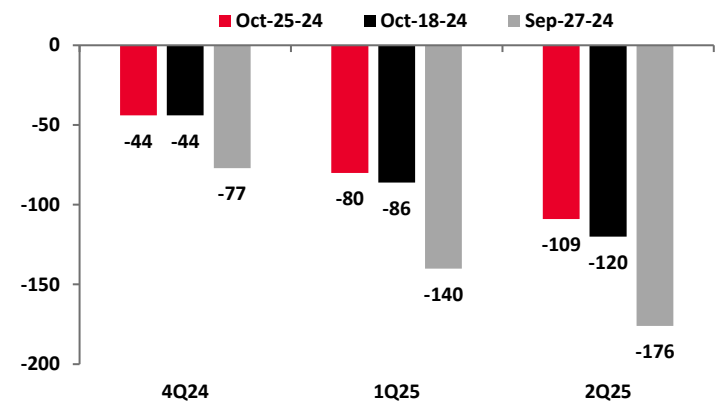
Source: Bloomberg, Banorte

Spreads between Mbonos and UST
Basis ponts

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	613	15	13	48	646	529	581
5 year	595	17	30	73	623	489	547
10 year	585	18	28	79	602	490	535
20 year	581	20	34	92	590	471	521
30 year	589	22	35	86	598	487	532

Source: Bloomberg, Banorte

10-year Mbono and 10-year UST spread
Basis points
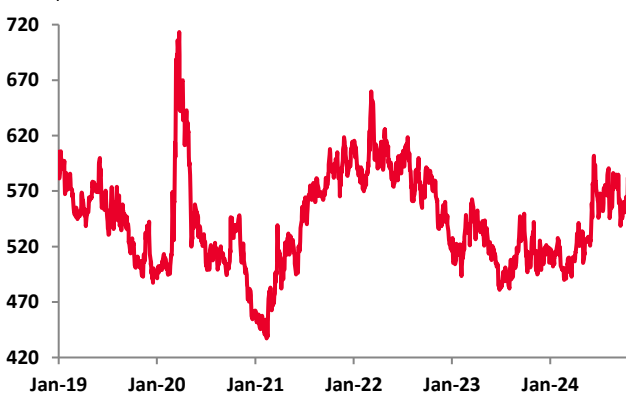
Source: PiP, Banorte

Mexico and US 2- and 10-year bonds correlation
3-month moving correlation
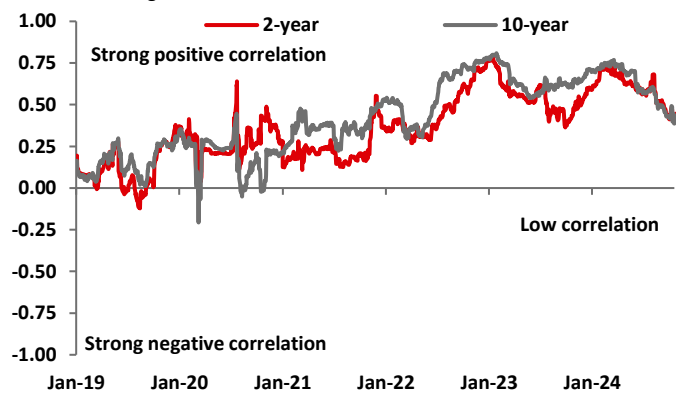
Source: Bloomberg, Banorte

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	-22	2	19	62	-22	-100	-68
2/10	-14	2	10	82	-14	-103	-74
2/30	16	-2	7	100	18	-104	-57
5/10	8	0	-9	-9	16	-37	-6
10/30	31	-4	-3	18	45	-9	16
TIIE IRS							
3m/2Y	-76	10	94	100	-41	-189	-131
2/5	-30	4	11	84	-28	-126	-83
2/10	-27	0	1	98	-26	-137	-89
2/30	-22	4	1	104	-20	-135	-86
5/10	3	-4	-10	13	15	-21	-6
10/30	5	4	1	6	23	-6	3
TIIE IRS – Mbonos							
2 year	-43	2	20	-23	-10	-76	-38
5 year	-50	4	12	12	-11	-70	-53
10 year	-55	-1	11	-7	-5	-70	-53
20 year	-71	7	16	-14	-12	-96	-64
30 year	-81	8	14	-19	-14	-99	-67
TIIE IRS – SOFR							
2 year	591	-2	34	28	624	516	559
5 year	578	1	45	75	602	465	521
10 year	577	-1	41	79	602	472	521
20 year	586	8	53	84	609	476	527
30 year	591	8	50	78	625	490	541

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	3.98	34	53	29	4.37	3.24	3.78
5Y	4.73	30	64	35	4.73	3.91	4.27
10Y	4.46	8	21	20	4.62	4.03	4.32
20Y	4.92	33	47	37	4.92	4.23	4.57
30Y	4.96	39	45	33	5.04	4.35	4.63

Source: Bloomberg, Banorte

3- and 5-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation
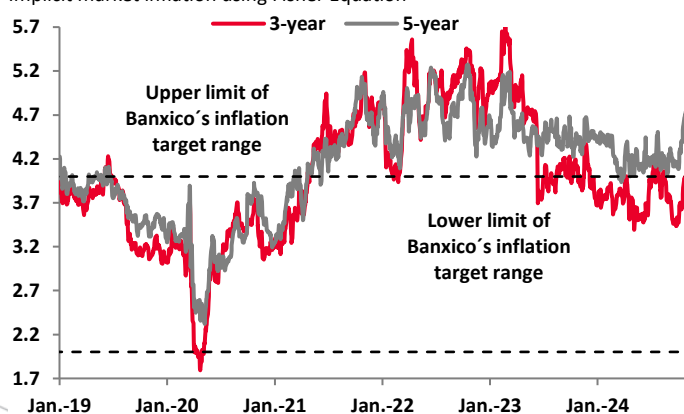
10- and 30-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation

Source: PiP, Banorte
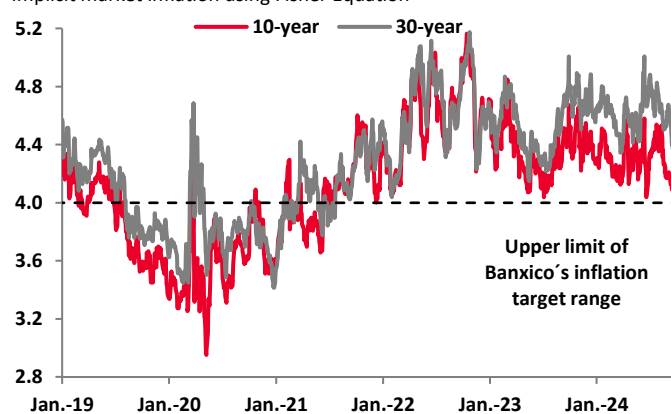
Source: PiP, Banorte

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FX dynamics

Foreign Exchange market levels and historical return

		Close at Oct/25/24	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD (%)[1]
Emerging Markets						
Brazil	USD/BRL	5.71	-0.8	-0.3	-4.1	-14.9
Chile	USD/CLP	948.35	-0.1	0.6	-3.6	-7.3
Colombia	USD/COP	4,327.50	-0.6	-1.3	-3.0	-10.9
Peru	USD/PEN	3.77	-0.4	-0.4	-0.5	-1.7
Hungary	USD/HUF	374.54	-0.7	-1.7	-5.2	-7.3
Malaysia	USD/MYR	4.34	0.1	-0.8	-4.9	5.8
Mexico	**USD/MXN**	**19.99**	**-0.9**	**-0.5**	**-1.7**	**-15.1**
Poland	USD/PLN	4.02	-0.2	-1.6	-4.7	-2.2
Russia	USD/RUB	97.25	-1.1	-2.1	-5.3	-8.0
South Africa	USD/ZAR	17.67	0.0	-0.3	-2.2	3.9
Developed Markets						
Canada	USD/CAD	1.39	-0.3	-0.7	-2.9	-4.7
Great Britain	GBP/USD	1.30	-0.1	-0.7	-2.7	1.8
Japan	USD/JPY	152.31	-0.3	-1.8	-5.0	-7.4
Eurozone	EUR/USD	1.0796	-0.3	-0.7	-3.0	-2.2
Norway	USD/NOK	10.98	-0.4	-0.5	-3.7	-7.3
Denmark	USD/DKK	6.91	-0.3	-0.7	-3.1	-2.3
Switzerland	USD/CHF	0.87	-0.1	-0.2	-1.9	-2.9
New Zealand	NZD/USD	0.60	-0.6	-1.5	-4.6	-5.4
Sweden	USD/SEK	10.62	-0.6	-1.0	-4.2	-5.2
Australia	AUD/USD	0.66	-0.5	-1.5	-3.2	-3.0

Source: Bloomberg, Banorte

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

FX performance
Against USD, %

Source: Bloomberg, Banorte

Performance of selected currencies
%, annualized rate based in 3M forwards
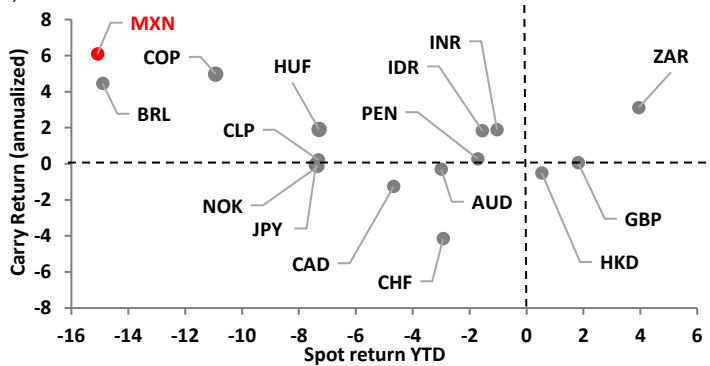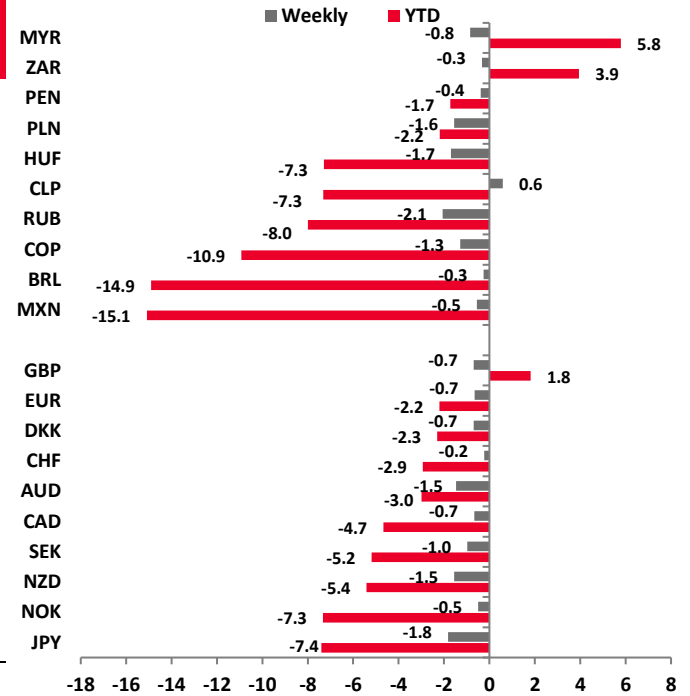
4Source: Bloomberg, Banorte

BBDXY
Points

Source: Bloomberg, Banorte
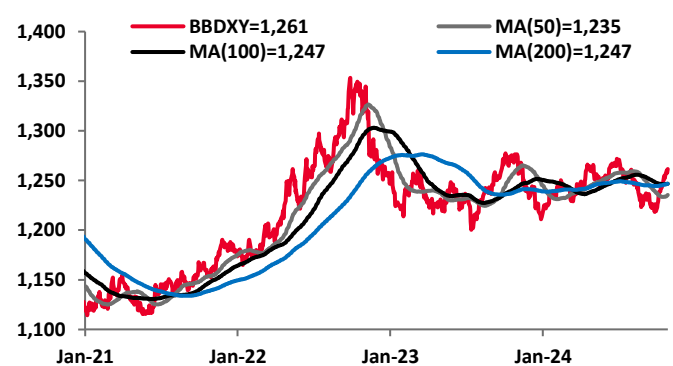
USD/MXN
Last 60 days

Source: Bloomberg, Banorte

Euro
Dollar per euro
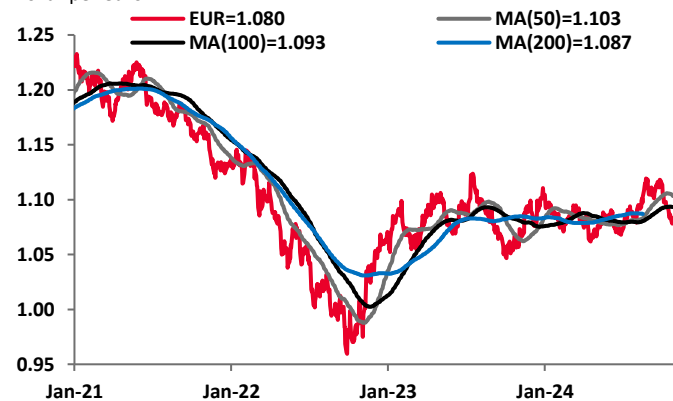
Source: Bloomberg, Banorte

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FX positioning and flows

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

Legend: Net positions (USD bn) | USD/MXN
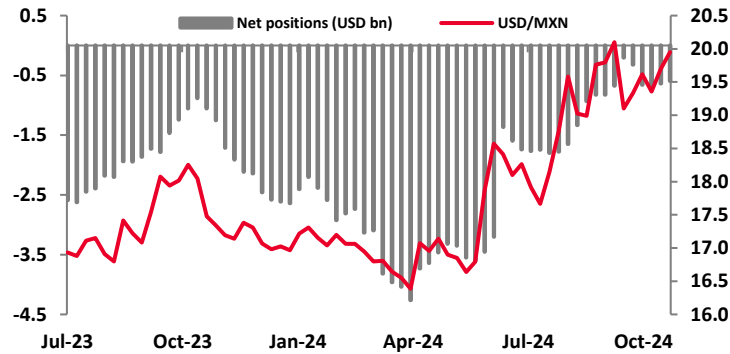
Source: CME, Banorte

IMM positioning by currency*
Billion dollars

Legend: Oct-15-24 | Oct-22-24

Values: CAD -10.3, CHF -4.8, EUR -3.9, NZD 0.0, JPY 0.4, MXN 0.6, AUD 1.7, GBP 6.0
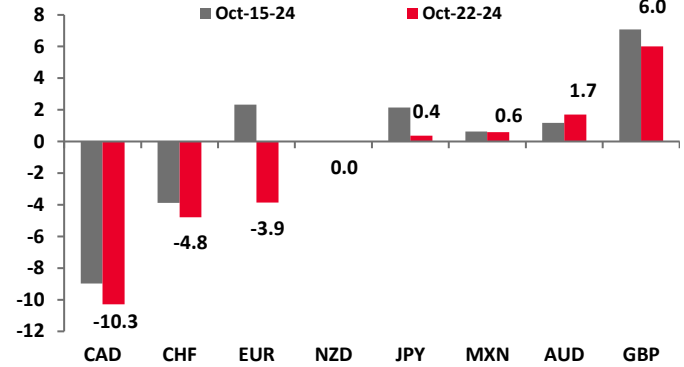
* Positive: Net long in the corresponding currency
Source: CME, Banorte

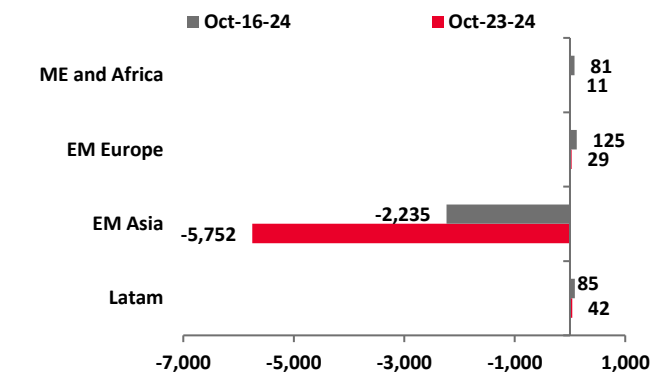## IMM positioning in USD futures*
Billion dollars, Positive = net long in USD
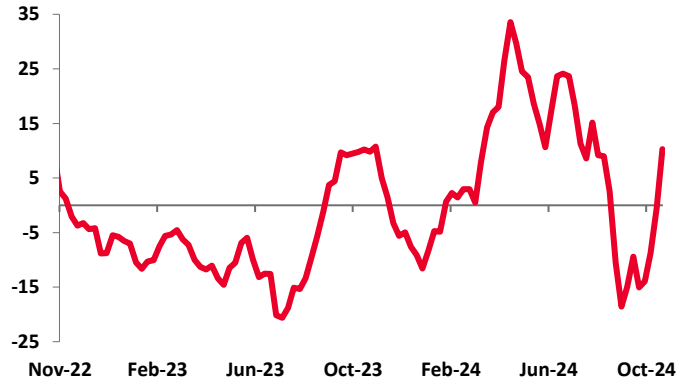
*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF
Source: CME, Banorte

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

Legend: Oct-16-24 | Oct-23-24

Region	Oct-16-24	Oct-23-24
ME and Africa	81	11
EM Europe	125	29
EM Asia	-2,235	-5,752
Latam	85	42

Source: EPFR Global, Banorte

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

Legend: Fixed Income (LHS) | Equities (RHS)
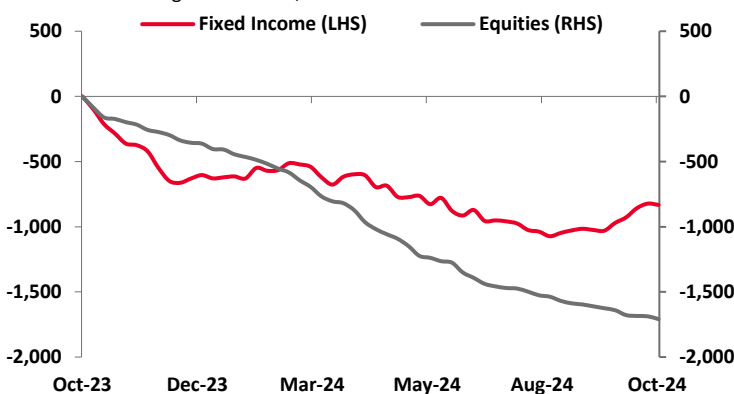
Source: EPFR Global, Banorte

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

Legend: Oct-16-24 | Oct-23-24

Region	Oct-16-24	Oct-23-24
ME and Africa	53	-199
EM Europe	110	150
EM Asia	-758	-1,184
Latam	81	-251
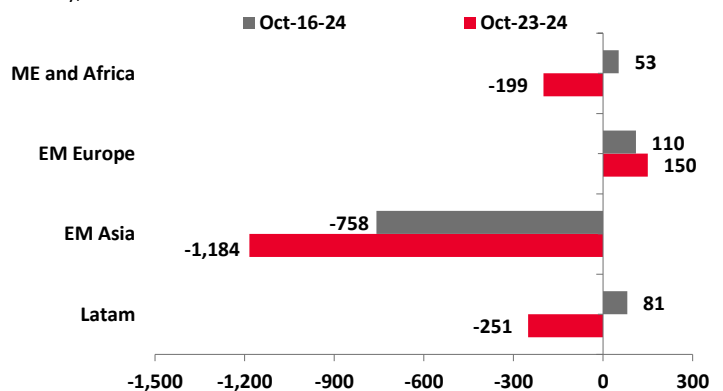
Source: EPFR Global, Banorte

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FX technicals

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

Legend: USD/MXN= 19.99 | MA (50)= 19.57 | MA (100)= 18.99 | MA (200)= 17.96

Levels: 20.22, 19.28, 18.71, 18.24, 17.77, 17.20, 16.26

Source: Bloomberg, Banorte

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	17	25	-14	63	17
CAD	16	24	9	64	33
JPY	-19	-1	-42	46	-5
BRL	38	48	-4	69	41
CLP	14	33	-12	63	27
ZAR	9	30	-28	57	24
VIX	0	14	-12	58	27
SPX	5	26	-1	60	37
GSCI	48	58	-20	60	20
Gold	7	24	-4	48	22

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

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

Legend: Weekly range | 12-month Average

Source: Bloomberg, Banorte

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

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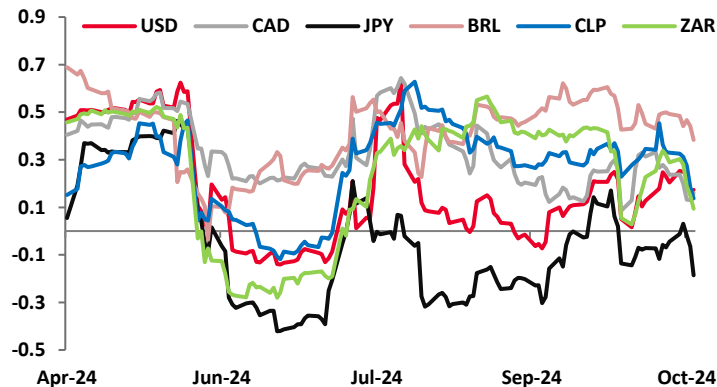
* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte
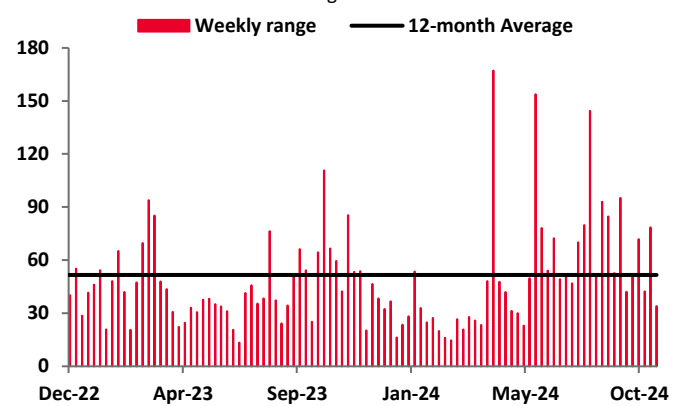
USD/MXN – 1-month correlation with other assets*
Based on daily percentage changes

Legend: VIX | SPX | GSCI | Gold

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

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FX technicals (continued)

USD/MXN – ATM options volatility curve

%

Source: Bloomberg, Banorte
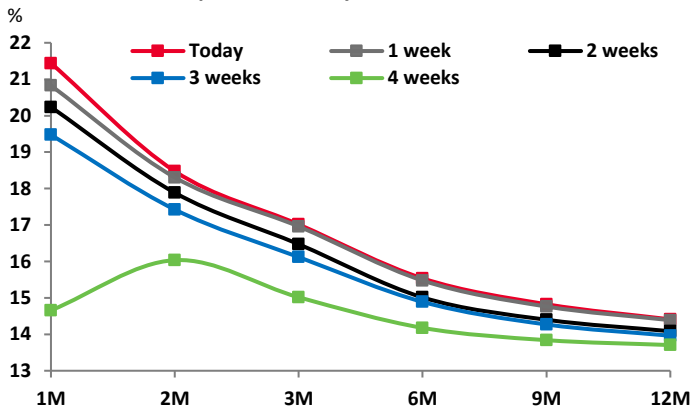
USD/MXN – Implied volatility

%

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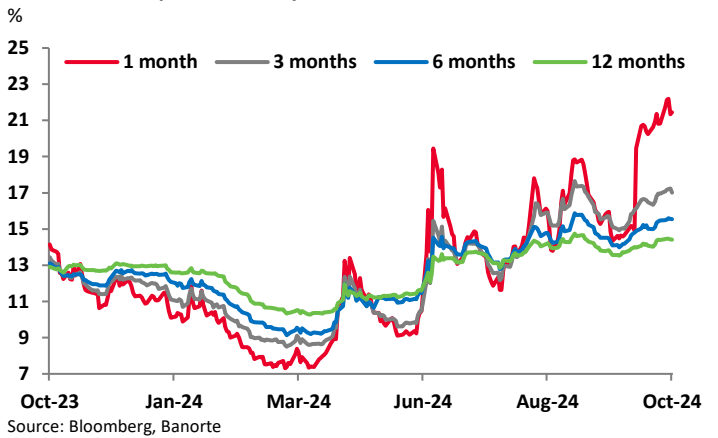
USD/MXN – Spread between implicit and historical volatility

Bps

Source: Bloomberg, Banorte
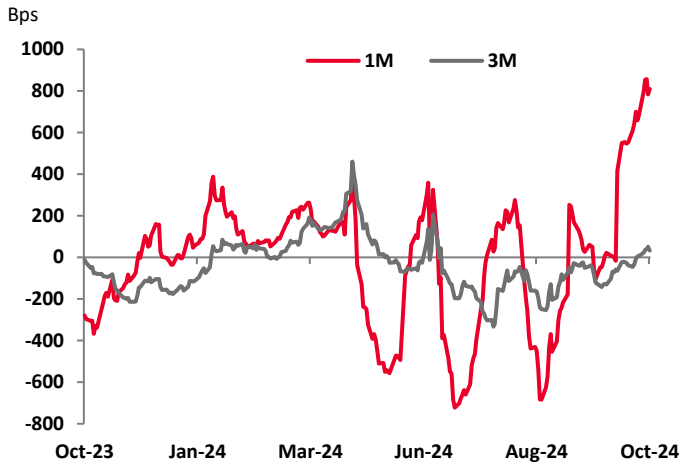
Emerging markets 1-month ATM options volatility

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

Source: Bloomberg, Banorte
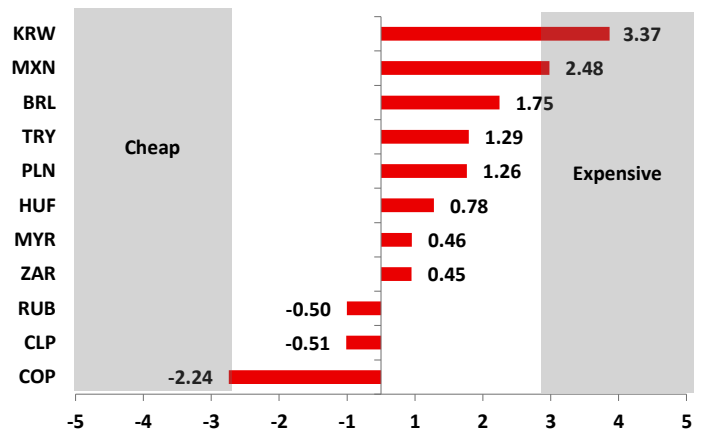
USD/MXN – 25D risk reversals

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

Source: Bloomberg, Banorte
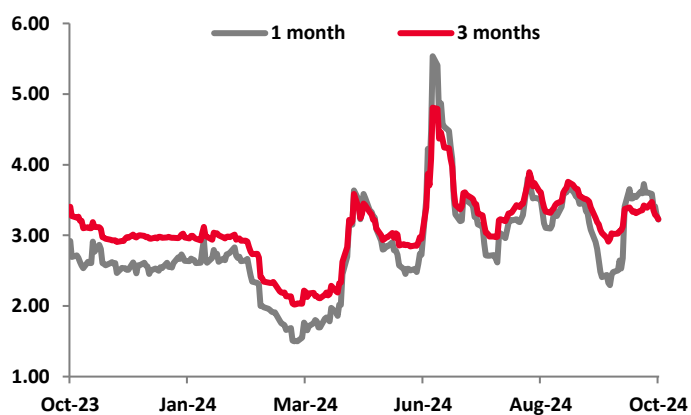
USD/MXN – 1-month 25D volatility-adjusted risk reversal

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

Source: Bloomberg, Banorte
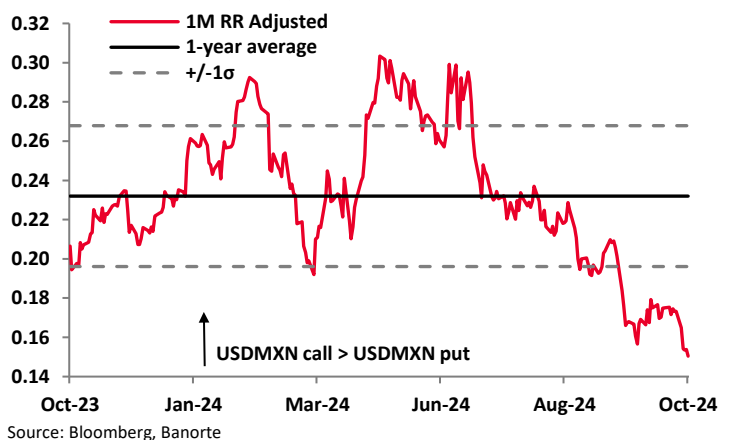
Weekly economic calendar

For the week ending November 3rd, 2024

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 28	08:00	MX	Trade balance	Sep	US$mn	-2,503.1	-1,963.5	-4,868.0
Tue 29	08:30	US	Trade balance*	Sep	US$bn	--	-96.0	-94.3
	09:00	US	S&P/CoreLogic housing prices	Aug	% y/y	--	4.6	5.9
	10:00	US	JOLTS Job Openings	Sep	thousands	--	7,900	8,040
	10:00	US	Consumer Confidence*	Oct	index	--	99.1	98.7
	11:00	MX	International reserves	Oct 25	US$bn	--	--	226.4
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 10-year Mbono (Nov'34), 3-year Udibono (Dec'26) and 2- and 5-year Bondes F					
Wed 30	05:00	GER	GER Gross domestic product*	3Q24 (P)	% q/q	--	-0.1	-0.1
	06:00	EZ	Consumer Confidence*	Oct (F)	index	--	--	-12.5
	06:00	EZ	Economic confidence*	Oct	index	--	96.3	96.2
	06:00	EZ	Gross domestic product	3Q24 (P)	% y/y	--	0.8	0.6
	06:00	EZ	Gross domestic product*	3Q24 (P)	% q/q	--	0.2	0.2
	08:00	MX	Gross domestic product	3Q24 (P)	% y/y	1.2	1.3	2.1
	08:00	MX	Gross domestic product*	3Q24 (P)	% q/q	0.8	0.8	0.2
	08:15	US	ADP employment*	Oct	thousands	90	100	143
	08:30	US	Gross domestic product**	3Q24 (P)	% q/q	3.0	3.0	3.0
	08:30	US	Personal consumption**	3Q24 (P)	% q/q	3.0	3.3	2.8
	09:00	GER	Consumer prices	Oct (P)	% y/y	--	1.8	1.6
	21:30	CHI	Manufacturing PMI*	Oct	index	--	50.0	49.8
	21:30	CHI	Non-manufacturing PMI*	Oct	index	--	50.5	50.0
	21:30	CHI	Composite PMI*	Oct	index	--	--	50.4
	16:30	MX	Public finances (PSBR, year-to-date)	Sep	MXNbn	--	--	-1,109.8
		JP	Monetary policy decision (BoJ)	Oct 31	%	--	0.25	0.25
Thu 31	06:00	EZ	Consumer prices	Oct (P)	% y/y	--	1.9	1.7
	06:00	EZ	Core	Oct (P)	% y/y	--	2.6	2.7
	06:00	EZ	Unemployment rate*	Sep	%	--	6.4	6.4
	08:00	BZ	Unemployment rate	Sep	%	--	6.5	6.6
	08:30	US	Personal income*	Sep	% m/m	--	0.3	0.2
	08:30	US	Personal spending*	Sep	% m/m	--	0.4	0.2
	08:30	US	Real personal spending*	Sep	% m/m	--	0.3	0.1
	08:30	US	Deflator PCE*	Sep	% m/m	--	0.2	0.1
	08:30	US	Core*	Sep	% m/m	--	0.3	0.1
	08:30	US	PCE Deflator	Sep	% y/y	--	2.1	2.2
	08:30	US	Core	Sep	% y/y	--	2.6	2.7
	08:30	US	Initial jobless claims*	Oct 26	thousands	230	230	227
	11:00	MX	Banking credit	Sep	% y/y	7.8	--	7.9
	14:00	COL	Monetary policy decision (BanRep)	Oct 31	%	--	9.75	10.25
	21:45	CHI	Manufacturing PMI (Caixin)*	Oct	index	--	49.7	49.3
Fri 1	05:30	UK	Manufacturing PMI*	Oct (F)	index	--	50.3	50.3
	08:00	BZ	Industrial production	Sep	% y/y	--	3.3	2.2
	08:00	BZ	Industrial production*	Sep	% m/m	--	1.0	0.1
	08:00	MX	Unemployment rate	Sep	%	2.98	3.00	3.04
	08:30	US	Nonfarm payrolls*	Oct	thousands	100	113	254
	08:30	US	Unemployment rate*	Oct	%	4.2	4.1	4.1
	09:00	BZ	Manufacturing PMI*	Oct	index	--	--	53.2
	09:45	US	Manufacturing PMI*	Oct (F)	index	47.8	--	47.8
	10:00	US	ISM manufacturing*	Oct	index	47.4	47.5	47.2
	11:00	MX	Family remittances	Sep	US$bn	5,872.6	6,000.0	6,087.3
	11:00	MX	Survey of expectations (Banxico)					
	14:00	MX	Manufacturing PMI (IMEF)*	Oct	index	49.1	--	49.5
	14:00	MX	Non-manufacturing PMI (IMEF)*	Oct	index	49.8	--	49.4
		US	Total vehicle sales**	Oct	millions	--	15.8	15.8
Sun 3		US	End of summer schedule					

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

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Recent trade ideas

Trade idea	P/L	Initial date	End date
3y10y TIIE-IRS steepener	L	Sep-27-24	Oct-7-24
Tactical longs in Udibono Dec'26	L	Sep-27-24	Oct-24-24
2y10y TIIE-IRS steepener	P	Jul-11-24	Sep-17-24
Tactical longs in Udibono Nov'35	P	Jul-5-24	Aug-02-24
Tactical longs in Udibono Dec'26	P	Feb-16-24	Mar-08-24
Pay 1-year TIIE-IRS (13x1)	P	Jan-12-24	Jan-19-24
2y10y TIIE-IRS steepener	L	Oct-13-23	Feb-23-24
Long positions in Mbono Dec'24	P	Jun-16-23	Jun-22-23
Pay TIIE-IRS (26x1), receive 2-year SOFR	L	Aug-18-22	Oct-28-22
Pay 2-year TIIE-IRS (26x1)	P	Feb-4-22	Mar-4-22
Tactical longs in Mbono Mar'26	P	May-14-21	Jun-7-21
Receive 6-month TIIE-IRS (6x1)	P	Dec-17-20	Mar-3-21
Long positions in Udibono Nov'23	L	Feb-11-21	Feb-26-21
Long positions in Mbono May'29 & Nov'38	P	Sep-7-20	Sep-18-20
Long positions in Udibono Dec'25	P	Jul-23-20	Aug-10-20
Long positions in Udibono Nov'35	P	May-22-20	Jun-12-20
Long positions in Mbono May'29	P	May-5-20	May-22-20
Tactical longs in 1- & 2-year TIIE-28 IRS	P	Mar-20-20	Apr-24-20
Long positions in Udibono Nov'28	P	Jan-31-20	Feb-12-20
Long positions in Udibono Jun'22	P	Jan-9-20	Jan-22-20
Long positions in Mbono Nov'47	L	Oct-25-19	Nov-20-19
Long positions in Mbonos Nov'36 & Nov'42	P	Aug-16-19	Sep-24-19
Long positions in the short-end of Mbonos curve	P	Jul-19-19	Aug-2-19
Long positions in Mbonos Nov'42	L	Jul-5-19	Jul-12-19
Long positions in Mbonos Nov'36 & Nov'38	P	Jun-10-19	Jun-14-19
Long positions in Mbonos Jun'22 & Dec'23	P	Jan-9-19	Feb-12-19
Long floating-rate Bondes D	P	Oct-31-18	Jan-3-19
Long CPI-linkded Udibono Jun'22	L	Aug-7-18	Oct-31-18
Long floating-rate Bondes D	P	Apr-30-18	Aug-3-18
Long 20- to 30-year Mbonos	P	Jun-25-18	Jul-9-18
Short Mbonos	P	Jun-11-18	Jun-25-18
Long CPI-linkded Udibono Jun'19	P	May-7-18	May-14-18
Long 7- to 10-year Mbonos	L	Mar-26-18	Apr-23-18
Long CPI-linkded Udibono Jun'19	P	Mar-20-18	Mar-26-18
Long 5- to 10-year Mbonos	P	Mar-5-18	Mar-20-18
Long floating-rate Bondes D	P	Jan-15-18	Mar-12-18
Long 10-year UMS Nov'28 (USD)	L	Jan-15-18	Feb-2-18

P = Profit, L = Loss

Short-term tactical trades

Trade Idea	P/L*	Entry	Exit	Initial Date	End date
Long USD/MXN	P	19.30	19.50	Oct-11-19	Nov-20-19
Long USD/MXN	P	18.89	19.35	Mar-20-19	Mar-27-19
Long USD/MXN	P	18.99	19.28	Jan-15-19	Feb-11-19
Long USD/MXN	P	18.70	19.63	Oct-16-18	Jan-3-19
Short USD/MXN	P	20.00	18.85	Jul-2-18	Jul-24-18
Long USD/MXN	P	19.55	19.95	May-28-18	Jun-4-18
Long USD/MXN	P	18.70	19.40	Apr-23-18	May-14-18
Long USD/MXN	P	18.56	19.20	Nov-27-17	Dec-13-17
Long USD/MXN	L	19.20	18.91	Nov-6-17	Nov-17-17
Long USD/MXN	P	18.58	19.00	Oct-9-17	Oct-23-17
Short USD/MXN	L	17.80	18.24	Sep-4-17	Sep-25-17
Long USD/MXN	P	14.40	14.85	Dec-15-14	Jan-5-15
Long USD/MXN	P	13.62	14.11	Nov-21-14	Dec-3-14
Short EUR/MXN	P	17.20	17.03	Aug-27-14	Sep-4-14

* Total return does not consider carry gain/losses
P = Profit, L = Loss

Track of directional fixed-income trade recommendations							
Trade idea	Entry	Target	Stop-loss	Closed	P/L	Initial date	End date
Long Udibono Dec'20	3.05%	2.90%	3.15%	3.15%	L	Aug-9-17	Oct-6-17
5y10y TIIE-IRS steepener	28bps	43bps	18bps	31bps	P[2]	Feb-15-17	Mar-15-17
5y10y TIIE-IRS steepener	35bps	50bps	25bps	47bps	P	Oct-5-16	Oct-19-16
Long Mbono Jun'21	5.60%	5.35%	5.80%	5.43%	P	Jul-13-16	Aug-16-16
Long Udibono Jun'19	1.95%	1.65%	2.10%	2.10%	L	Jul-13-16	Aug-16-16
Receive 1-year TIIE-IRS (13x1)	3.92%	3.67%	4.10%	3.87%[1]	P	Nov-12-15	Feb-8-16
Long spread 10-year TIIE-IRS *vs* US Libor	436bps	410bps	456bps	410bps	P	Sep-30-15	Oct-23-15
Receive 9-month TIIE-IRS (9x1)	3.85%	3.65%	4.00%	3.65%	P	Sep-3-15	Sep-18-15
Spread TIIE 2/10 yrs (flattening)	230bps	200bps	250bps	200bps	P	Jun-26-15	Jul-29-15
Long Mbono Dec'24	6.12%	5.89%	6.27%	5.83%	P	Mar-13-15	Mar-19-15
Relative-value trade, long 10-year Mbono (Dec'24) / flattening of the curve					P	Dec-22-14	Feb-6-15
Pay 3-month TIIE-IRS (3x1)	3.24%	3.32%	3.20%	3.30%	P	Jan-29-15	Jan-29-15
Pay 9-month TIIE-IRS (9x1)	3.28%	3.38%	3.20%	3.38%	P	Jan-29-15	Jan-29-15
Pay 5-year TIIE-IRS (65x1)	5.25%	5.39%	5.14%	5.14%	L	Nov-4-14	Nov-14-14
Long Udibono Dec'17	0.66%	0.45%	0.82%	0.82%	L	Jul-4-14	Sep-26-14
Relative-value trade, long Mbonos 5-to-10-year					P	May-5-14	Sep-26-14
Receive 2-year TIIE-IRS (26x1)	3.75%	3.55%	3.90%	3.90%	L	Jul-11-14	Sep-10-14
Receive 1-year TIIE-IRS (13x1)	4.04%	3.85%	4.20%	3.85%	P	Feb-6-14	Apr-10-14
Long Udibono Jun'16	0.70%	0.45%	0.90%	0.90%	L	Jan-6-14	Feb-4-14
Long Mbono Jun'16	4.47%	3.90%	4.67%	4.06%	P	Jun-7-13	Nov-21-13
Receive 6-month TIIE-IRS (6x1)	3.83%	3.65%	4.00%	3.81%	P	Oct-10-13	Oct-25-13
Receive 1-year TIIE-IRS (13x1)	3.85%	3.55%	4.00%	3.85%	--	Oct-10-13	Oct-25-13
Long Udibono Dec'17	1.13%	0.95%	1.28%	1.35%	L	Aug-9-13	Sep-10-13
Receive 9-month TIIE-IRS (9x1)	4.50%	4.32%	4.65%	4.31%	P	Jun-21-13	Jul-12-13
Spread TIIE-Libor (10-year)	390bps	365bps	410bps	412bps	L	Jun-7-13	Jun-11-13
Receive 1-year TIIE-IRS (13x1)	4.22%	4.00%	4.30%	4.30%	L	Apr-19-13	May-31-13
Long Udibono Jun'22	1.40%	1.20%	1.55%	0.97%	P	Mar-15-13	May-3-13
Receive 1-year TIIE-IRS (13x1)	4.60%	4.45%	4.70%	4.45%	P	Feb-1-13	Mar-7-13
Long Mbono Nov'42	6.22%	5.97%	6.40%	5.89%	P	Feb-1-13	Mar-7-13
Long Udibono Dec'13	1.21%	0.80%	1.40%	1.40%	L	Feb-1-13	Apr-15-13
Receive 1-year TIIE-IRS (13x1)	4.87%	4.70%	5.00%	4.69%	P	Jan-11-13	Jan-24-13
Receive TIIE Pay Mbono (10-year)	46bps	35bps	54bps	54bps	L	Oct-19-12	Mar-8-13
Spread TIIE-Libor (10-year)	410bps	385bps	430bps	342bps	P	Sep-21-13	Mar-8-13
Long Udibono Dec'12	+0.97%	-1.50%	+1.20%	-6.50%	P	May-1-12	Nov-27-12
Long Udibono Dec'13	+1.06%	0.90%	+1.35%	0.90%	P	May-1-12	Dec-14-12

1. Carry + roll-down gains of 17bps
2. Closed below target and before the proposed horizon date due to changes in market conditions that have differed from our expectations.
P = Profit, L = Loss

Track of the directional FX trade recommendations							
Trade Idea	Entry	Target	Stop-loss	Closed	P/L*	Initial Date	End date
Long USD/MXN	18.57	19.50	18.20	18.20	L	Jan-19-18	Apr-2-18
Long USD/MXN	14.98	15.50	14.60	15.43	P	Mar-20-15	Apr-20-15
Short EUR/MXN	17.70	n.a.	n.a.	16.90	P	Jan-5-15	Jan-15-15
Short USD/MXN	13.21	n.a.	n.a.	13.64	L	Sep-10-14	Sep-26-14
USD/MXN call spread**	12.99	13.30	n.a.	13.02	L	May-6-14	Jun-13-14
Directional short USD/MXN	13.00	12.70	13.25	13.28	L	Oct-31-13	Nov-8-13
Limit short USD/MXN	13.25	12.90	13.46	--	--	Oct-11-13	Oct-17-13
Short EUR/MXN	16.05	15.70	16.40	15.69	P	Apr-29-13	May-9-13
Long USD/MXN	12.60	12.90	12.40	12.40	L	Mar-11-13	Mar-13-13
Long USD/MXN	12.60	12.90	12.40	12.85	P	Jan-11-13	Feb-27-13
Tactical limit short USD/MXN	12.90	12.75	13.05	--	--	Dec-10-12	Dec-17-12
Short EUR/MXN	16.64	16.10	16.90	16.94	L	Oct-3-12	Oct-30-12

* Total return does not consider carry gain/losses
** Low strike (long call) at 13.00, high strike (short call) at 13.30 for a premium of 0.718% of notional amount
P = Profit, L = Loss

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Analyst Certification.

Relevant statements.

Guide for investment recommendations.

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

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