

# **Fixed-Income & FX Strategy**

**W e e k l y**

## Fixed-Income and FX Weekly

- **Extension of the “Trump trade.”** Treasuries have continued to face upward pressures, with the ‘Red Wave’ confirmed amid cabinet appointments by Trump backing hawkish stances on the trade front, especially against China. The yield curve has climbed to new highs since July, with the 10-year note reaching levels of up to 4.44% (+14bps) for the week. Meanwhile, the short-end is tempering expectations of Fed rate cuts as Powell signals no rush to lower rates. Consequently, a 25bps cut in December is currently priced with only a 60% probability, with cumulative cuts adding -75bps by year-end 2025, down from -120bps at the end of October. Uncertainty on the potential impact of tariffs continues to dominate the narrative, while the USD benefits from rate-driven momentum, completing seven consecutive weeks of gains. This has broadly weakened commodities, temporarily removing an additional inflationary risk
- **Neutral stance on local rates.** As expected, Banxico cut its benchmark rate by 25bps to 10.25%, with the unanimous decision providing a breather for rates. The week ended with the Mbonos’ curve steepening slightly as the short-end outperformed (-9bps) against pressure on the long-end (+3bps), while swaps averaged gains of 10bps. With only 11bps of cuts priced in for December, we see a valuation with further room for gains in the shorter-end of the curve. Banxico’s tone could open tactical opportunities for receivers, capitalizing on the implied 111bps of rate cuts by next year (Banorte: -200bps). Nonetheless, we maintain a cautious stance on these maturities and longer durations given the challenging external backdrop amplifying asymmetric price action. Mbono-Treasury spreads tightened by an average of 15bps over the week, with the 10-year spread narrowing to 551bps from 568bps the previous Friday. Meanwhile, the terminal rate spread towards 2026 between Banxico and the Fed stands at 500bps from 510bps a week before, reflecting implied levels of 9.00% and 4.00%, respectively (a month ago: 8.65% and 3.50%). We continue to find short-term Udibonos attractive due to their positive carry, with Mexico’s first biweekly inflation for November (Banorte: 0.42% w/w) as a key data point for next week
- **Room for further USD strength.** Despite recent gains, the impact observed in 2024 has been more contained compared to the effect following Trump’s 2016 victory. This is partly due to tighter polling but also reflects the challenge of fully pricing in the implications of the more aggressive US trade stance, alongside fiscal and immigration policies, which we see as net positives for the USD in the short-term. In this context, since the election, notable pressures include the sell-off in EUR (-3.6%) and JPY (-1.7%), with the ZAR (-4.3%) leading the adjustments among EM FX. The MXN ended the week at 20.35 per dollar, posting a 1.2% depreciation since the election and 0.8% for the week, marking the second weakest performance in LatAm since the US election. We expect volatility to prevail for the peso, despite the recent compression and flattening in the ATM vol curve from four-year highest levels. Speculative positioning has decreased, maintaining a modest net long of \$492 million (4-week average: 681 million), against a notable extension in USD positions, which remain above \$18 billion
- **Weekly ranges.** We expect the 10-year Mbono (Nov’34) to trade between 9.85% and 10.10%, and MXN between 20.00 and 20.70 per dollar



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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 (%)
<b>Overnight TIIE funding rate</b>							
1-day	10.52	1	3	-93	11.45	10.47	10.99
28-days <sup>1</sup>	10.57	1	-5	-74	11.33	10.55	11.07
91-days <sup>1</sup>	10.67	1	-5	-76	11.45	10.64	11.18
182-days <sup>1</sup>	10.81	1	-5	-78	11.61	10.79	11.33
<b>Cetes<sup>2</sup></b>							
28-days	10.00	-6	-36	-125	11.40	10.00	10.89
91-days	10.30	-18	-18	-93	11.38	10.30	11.03
182-days	10.30	-4	-12	-103	11.48	10.30	11.06
364-days	10.31	-15	-9	-83	11.44	10.05	10.98
<b>Mbonos</b>							
Dec'24	10.41	-5	-23	-18	11.41	10.41	10.93
Mar'25	10.42	-18	-20	52	11.03	9.79	10.40
Mar'26	9.95	-2	-14	23	11.01	9.46	10.20
Sep'26	9.91	-6	-13	38	10.97	9.32	10.04
Mar'27	9.75	-7	-5	41	10.75	9.01	9.75
Jun'27	9.72	-7	-4	45	10.68	9.01	9.72
Mar'29	9.85	-3	3	78	10.54	9.02	9.61
May'29	9.77	-9	-1	83	10.51	8.90	9.54
May'31	9.78	-3	0	83	10.40	8.94	9.53
May'33	9.90	-3	4	97	10.37	8.94	9.55
Nov'34	9.95	-2	6	101	10.34	8.94	9.55
Nov'36	9.96	-3	7	101	10.43	8.95	9.55
Nov'38	10.04	-3	2	101	10.44	9.03	9.65
Nov'42	10.26	3	8	119	10.49	9.06	9.73
Nov'47	10.26	2	5	119	10.50	9.05	9.72
Jul'53	10.26	2	5	120	10.52	9.05	9.73
<b>TIIE-IRS</b>							
3-month (3x1)	10.44	-8	-20	-102	11.52	10.44	11.15
6-month (6x1)	10.22	-9	-21	-106	11.42	10.22	11.00
9-month (9x1)	10.08	-5	-20	-101	11.28	9.99	10.83
1-year (13x1)	9.90	-7	-17	-88	11.20	9.59	10.59
2-year (26x1)	9.52	-12	-8	-18	10.86	8.88	9.86
3-year (39x1)	9.35	-11	-4	27	10.48	8.62	9.43
4-year (52x1)	9.31	-11	1	58	10.24	8.49	9.20
5-year (65x1)	9.27	-12	1	71	10.09	8.43	9.08
7-year (91x1)	9.29	-11	4	84	9.98	8.37	9.01
10-year (130x1)	9.34	-10	5	89	9.96	8.40	9.02
20-year (3x1)	9.43	-9	3	93	10.04	8.45	9.08
30-year (390x1)	9.38	-9	4	93	9.98	8.44	9.05
<b>Udibonos</b>							
Dec'25	6.05	-3	-27	3	7.84	5.84	6.52
Dec'26	6.09	7	20	47	7.07	5.33	6.04
Nov'28	5.09	9	9	59	5.97	4.43	5.11
Nov'31	5.12	9	7	63	5.79	4.45	5.00
Aug'34 <sup>3</sup>	5.39	10	17	53	5.75	4.71	5.17
Nov'35	5.28	9	12	90	5.59	4.33	4.93
Nov'40	5.39	17	20	106	5.51	4.27	4.92
Nov'43	5.34	14	13	100	5.50	4.27	4.93
Nov'46	5.31	10	11	116	5.31	4.15	4.86
Nov'50	5.30	15	10	107	5.31	4.23	4.87
Oct'54 <sup>4</sup>	5.26	25	25	25	5.31	4.78	5.08

Source: Bloomberg, Banxico, Banorte

1: Compounded in advance Overnight TIIE Funding rate for "n" days

2: 1-day lag

3: Udibono Aug'34 issued on March 14<sup>th</sup>, 2024

4: Udibono Oct'54 issued on May 17<sup>th</sup>, 2024

## Fixed-Income Dynamics (continued)

USD UMS and US Treasuries performance

95B-UMS and 95-UST measures 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	4.79	+10	+33	4.31	+5	-12	49	+5	54	62
3Y	Mar'27	4.99	+13	+82	4.28	+8	+5	72	+6	68	82
5Y	May'29	5.59	+18	+81	4.31	+12	+31	128	+6	111	126
7Y	Apr'30	5.76	+17	+42	4.38	+14	+41	138	+4	124	164
10Y	May'33	6.18	+16	+62	4.44	+14	+57	173	+2	155	204
20Y	Mar'44	6.72	+12	+34	4.72	+14	+58	199	-2	184	--
30Y	May'54	6.96	+12	+57	4.62	+15	+66	234	-4	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 24-month Cetes, the 20-year Mbono (Nov'42), the 3-year Udibono (Dec'26), as well as 1- and 3-year Bondes F
- **Good demand for Cetes.** Given the attractive Cetes' real rates, we expect that the appetite for these securities will remain robust, especially for shorter terms. In the previous auction, the 3-month Cetes registered the highest demand since 2020 of 5.48x. Going forward, we expect an additional rate cut by Banxico at the December meeting, taking the benchmark rate to 10.00% and an adjustment of -200bps in 2025 to end at 8.00%. According to our estimates, Cetes reflect a positive premium. At nominal rates, Mbonos are trading at attractive levels for investors with long-term portfolios. However, we consider that the risk reward is not sufficiently attractive in the face of the risks of additional upward pressures, especially over longer durations. We therefore retain a cautious stance. In this sense, we expect moderate demand for the 20-year Mbono (Nov'42), remaining below the 2-year average of 2.39x. Regarding real rates, short-term Udibonos have reflected a more defensive performance relative to longer-term ones. This week, the curve shifted upwards with a steeper slope following adjustments of +7bps vs +12bps at the extremes. In this sense, we consider that the 3-year Udibono shows a more attractive relative valuation with an inflation breakeven that has compressed to 3.62% from 3.90% at the beginning of the month

### Auction specifics (November 19<sup>th</sup>, 2024)

Security	Maturity	Coupon rate, %	To be auctioned <sup>1</sup>	Previous yield <sup>2</sup>
<b>Cetes</b>				
1m	Dec-19-24	--	6,500	10.10
3m	Feb-20-25	--	6,500	10.34
6m	May-15-25	--	17,000	10.36
24m	Oct-01-26	--	16,000	10.77
<b>Bondes F</b>				
1Y	Oct-16-25	--	9,300	0.09
3Y	Sep-23-27	--	5,300	0.21
<b>Bono M</b>				
20Y	Nov-13-42	7.75	7,000	9.70
<b>Udibono</b>				
3Y	Sep-03-26	3.00	UDIS 800	6.10

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.

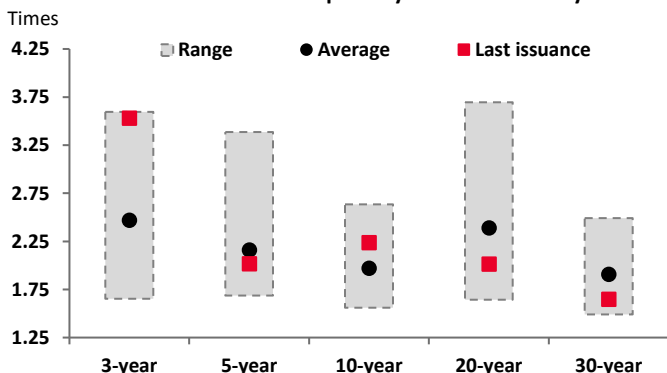
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

### 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

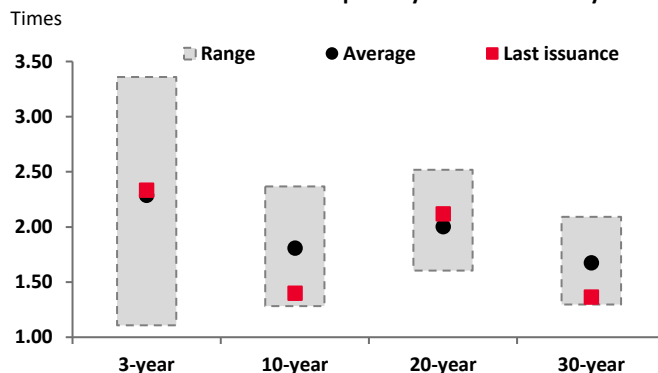
Source: SHCP \*Ministry of Finance \*In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

### 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

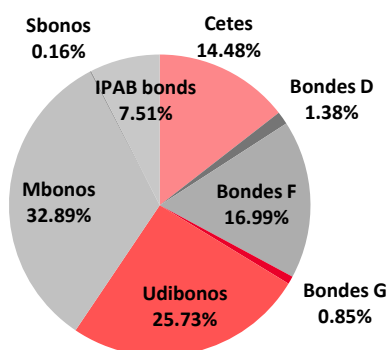
US\$ billion, \*UDIS billion, data as of Nov/5/2024

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	103.15	11.09	15.52	18.18	5.03	10.07	3.81	3.48	-	35.97
Bondes D	9.85	0.00	0.30	4.72	0.08	1.70	-	0.11	-	2.94
Bondes F	120.99	0.02	3.87	67.57	2.49	12.62	4.36	0.99	-	29.07
Bondes G	6.04	0.00	0.16	2.42	0.36	0.30	1.06	-	-	1.74
Udibonos	183.24	7.65	103.01	6.55	32.13	3.43	2.31	0.22	-	27.93
Mbonos	234.24	68.20	57.18	9.77	8.58	28.39	10.84	1.28	0.74	49.25
Sbonos	1.14	0.57	0.30	0.01	0.03	0.00	-	-	-	0.24
<b>Total</b>	<b>658.66</b>	<b>87.53</b>	<b>180.35</b>	<b>109.22</b>	<b>48.71</b>	<b>56.52</b>	<b>22.37</b>	<b>6.08</b>	<b>0.74</b>	<b>147.14</b>
Udibonos*	445.36	18.59	250.37	15.92	78.10	8.34	5.61	0.54	-	67.89
IPAB bonds	53.51	0.01	0.63	15.89	0.17	8.39	6.86	1.61	-	19.94

Source: Banxico, Banorte

## Government issuance by type of instrument

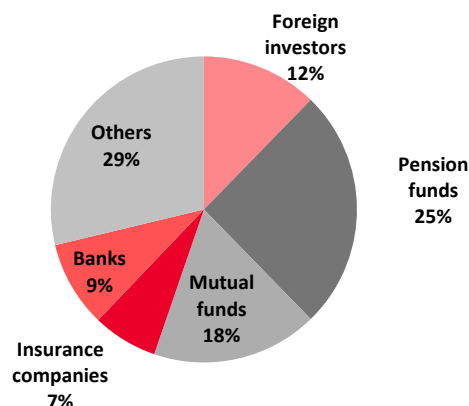
Total amount of US\$ 712 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

## Government issuance by type of investor

Total amount of US\$ 712 billion (including IPAB bonds), % of total

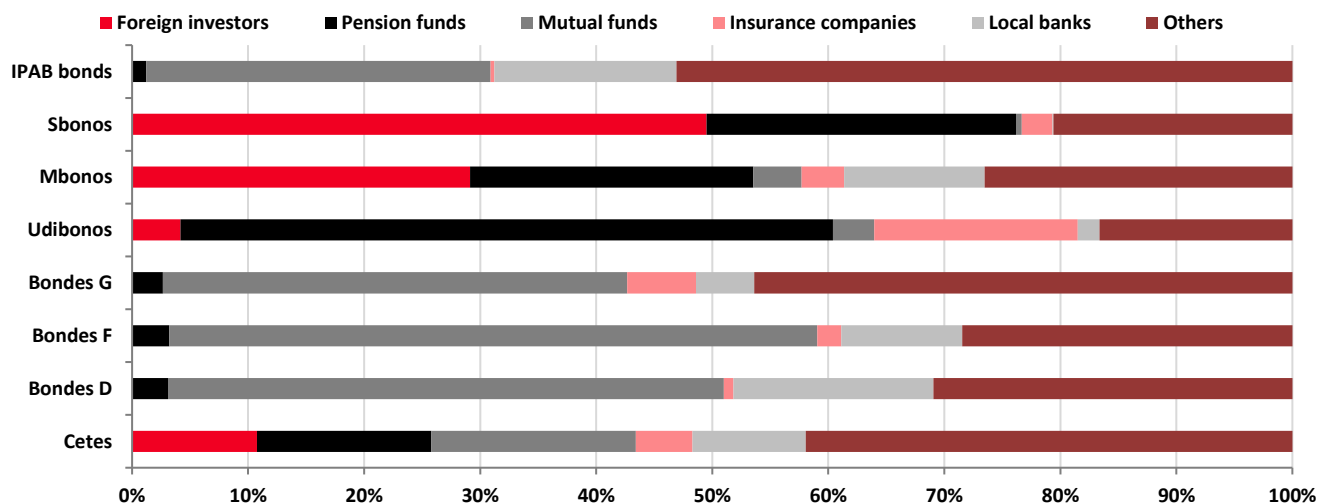


Source: Banxico, Banorte

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\$ 712 billion (including IPAB bonds), % of total



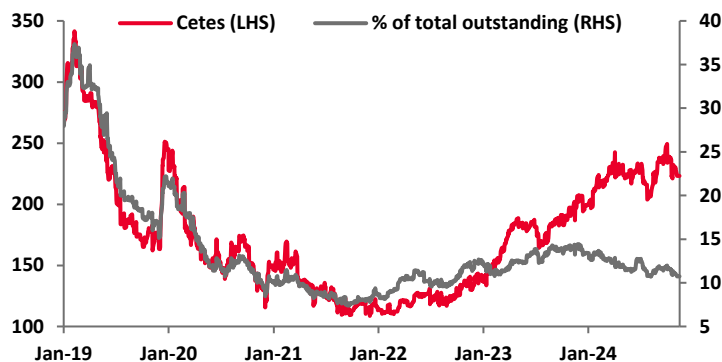
Source: Banxico, Banorte

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

## Fixed-Income Demand (continued)

### Cetes held by foreigners

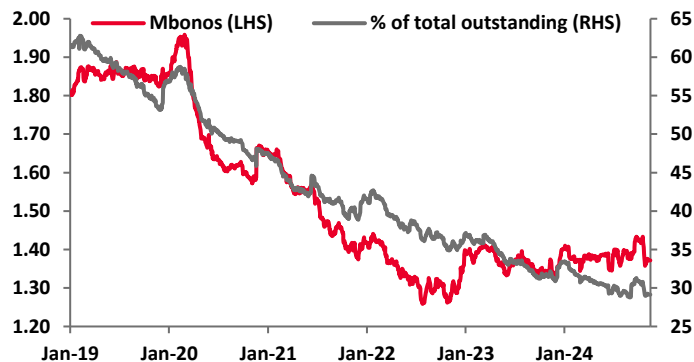
MXN billion, %



Source: Banxico, Banorte

### Mbonos held by foreigners

MXN trillion, %



Source: Banxico, Banorte

### Holdings of main investors by type of security

Data as of Nov/5/2024

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	-5.15	11.76	-0.12	40.35	-7.68	73.84
Bondef F	-16.11	259.23	-17.77	-36.75	3.78	24.71
Udibonos	-3.13	2.46	1.68	21.57	0.32	6.32
Mbonos	-3.56	-2.12	3.18	14.00	25.37	74.73

Source: Banxico, Banorte

### Mbonos holdings by type of investor

US\$ billions and %, data as Oct/31/2024

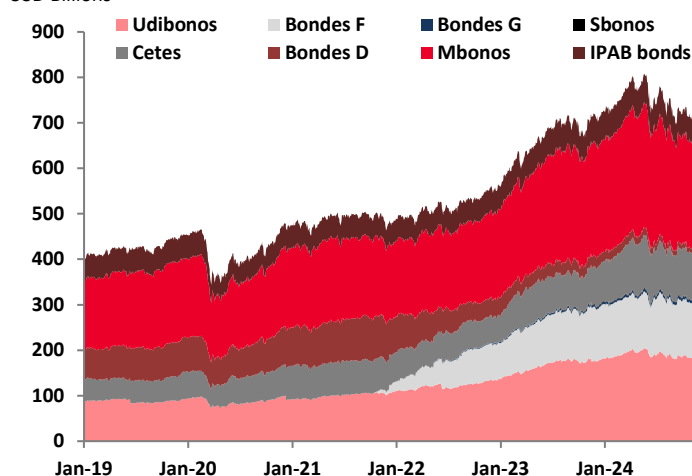
Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Dec'24	9.0	24%	11%	22%	43%
Mar'25	5.5	34%	10%	14%	41%
Mar'26	20.1	26%	24%	13%	36%
Sep'26	16.4	18%	28%	17%	36%
Mar'27	20.2	35%	17%	7%	42%
Jun'27	17.9	29%	27%	18%	26%
Mar'29	15.0	15%	36%	19%	29%
May'29	15.4	4%	40%	27%	29%
May'31	19.7	5%	42%	31%	21%
May'33	16.1	5%	35%	30%	29%
Nov'34	11.2	5%	40%	32%	23%
Nov'36	4.0	3%	20%	48%	29%
Nov'38	10.6	1%	31%	48%	21%
Nov'42	19.0	1%	34%	47%	18%
Nov'47	13.1	0%	29%	50%	21%
Jul'53	16.7	2%	27%	53%	19%
<b>Total</b>	<b>213.3</b>	<b>13%</b>	<b>30%</b>	<b>29%</b>	<b>28%</b>

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



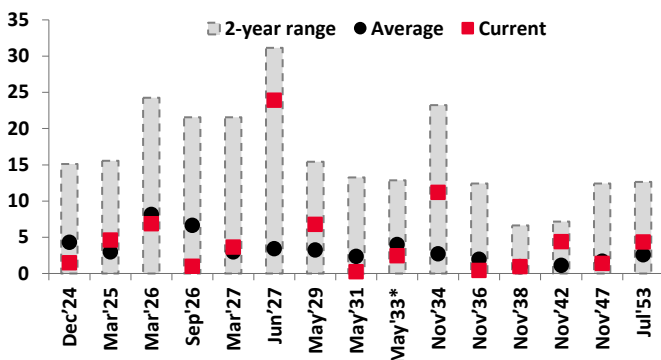
Fuente: Banxico, Banorte



## Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

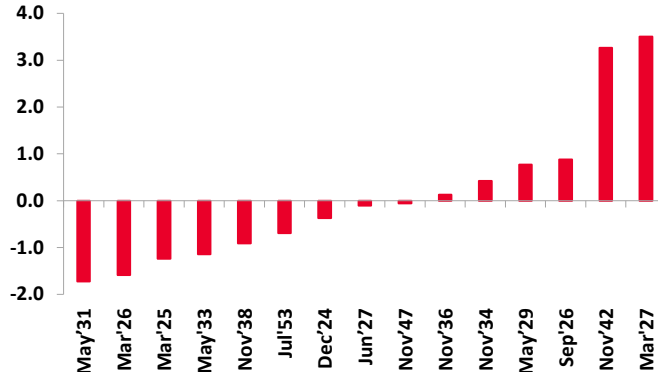
MXN billion



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

Weekly change in market makers' short positions on Mbonos

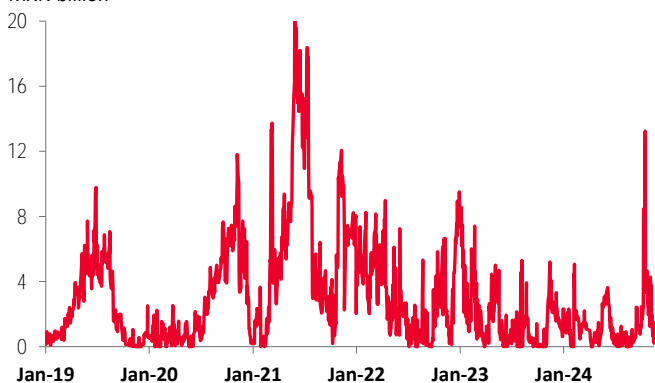
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

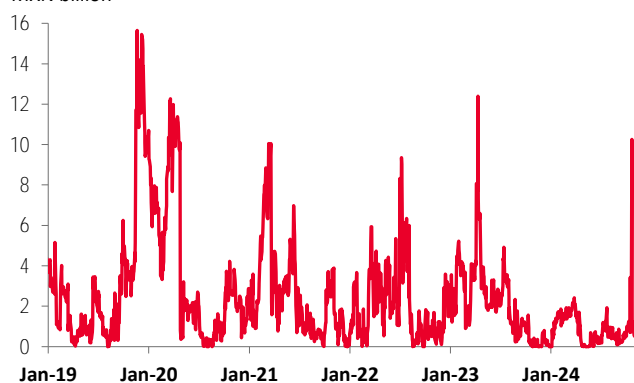
MXN billion



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 Nov/14/2024	Nov/14/2024	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Dec'24	8,973	72	90	358	63	740	72
Mar'25	5,093	226	287	45	332	287	28
Mar'26	18,553	337	415	358	492	782	144
Sep'26	16,964	49	6	656	300	657	6
Mar'27	20,287	179	7	17	40	437	0
Jun'27	18,092	1,171	1,176	929	9	1,527	0
Mar'29	15,954	298	340	604	148	661	95
May'29	16,945	332	294	281	294	511	0
May'31	19,967	10	95	204	113	649	0
May'33	15,734	120	176	30	0	630	0
Nov'34	12,883	548	527	642	137	1,139	10
Nov'36	4,464	20	14	299	15	609	13
Nov'38	10,558	46	91	27	84	91	0
Nov'42	18,917	215	55	23	75	215	0
Nov'47	12,898	68	71	168	0	503	0
Jul'53	16,368	212	246	247	164	338	0
<b>Total</b>	<b>232,649</b>	<b>3,692</b>	<b>3,644</b>	<b>4,640</b>	<b>2,103</b>		

Source: Banxico, Banorte



# Fixed-Income Technicals

## Spread between Cetes and Implied Forward Rates

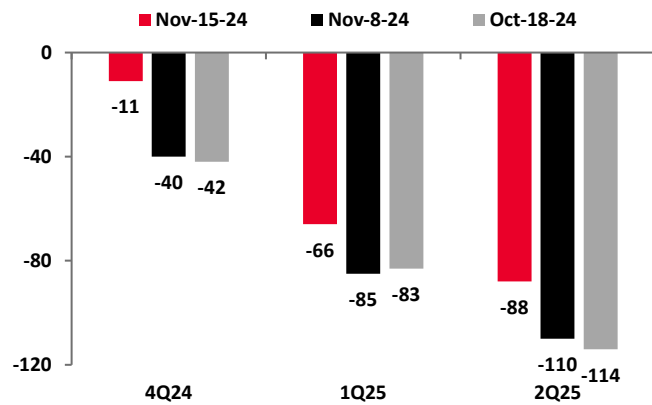
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	33	18	53	73	154	-7
3 months	3	33	20	38	76	-8
6 months	19	32	31	39	89	-7
12 months	35	50	50	52	94	-12

Source: PIP, Bloomberg, Banorte

## Cumulative implied moves in Banxico's repo rate

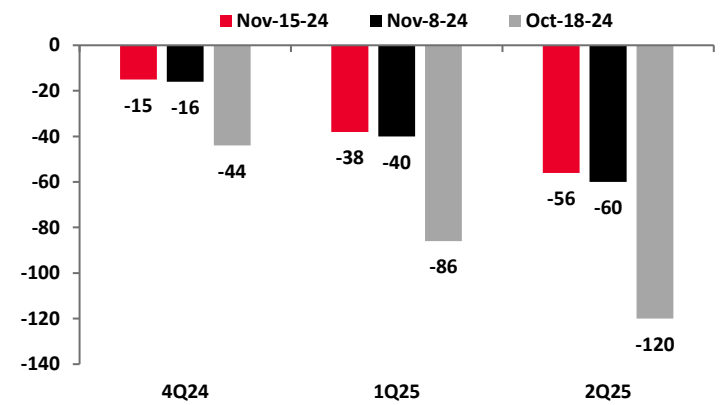
Basis points



Source: Bloomberg, Banorte

## Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

## Spreads between Mbonos and UST

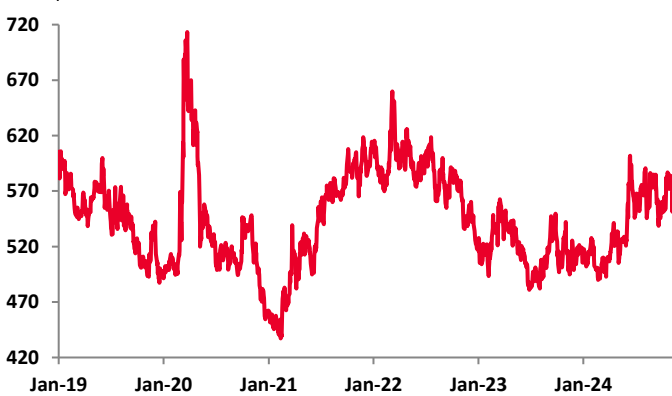
Basis points

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	564	-34	-50	0	646	529	583
5 year	553	-24	-40	32	623	495	550
10 year	550	-21	-30	44	602	490	538
20 year	554	-12	-19	65	590	471	526
30 year	564	-14	-18	61	598	487	536

Source: Bloomberg, Banorte

## 10-year Mbono and 10-year UST spread

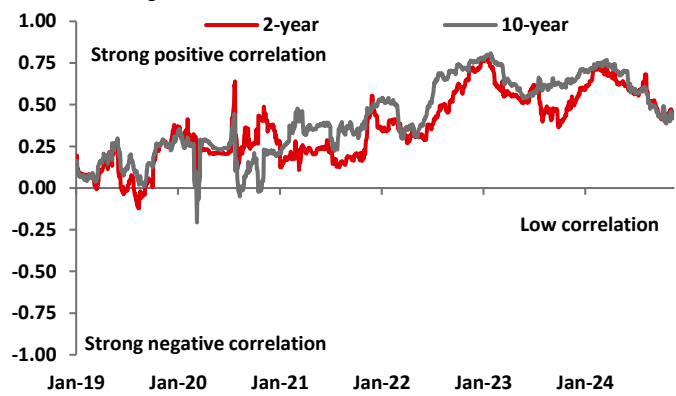
Basis points



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
<b>Mbonos</b>							
2/5	-10	-1	18	73	-7	-95	-64
2/10	0	1	20	96	4	-101	-69
2/30	31	5	19	115	34	-98	-51
5/10	10	1	3	3	16	-37	-5
10/30	31	4	-1	19	45	-1	18
<b>TIIE IRS</b>							
3m/2Y	-92	-2	12	84	-41	-189	-128
2/5	-25	1	9	89	-22	-126	-79
2/10	-18	-3	13	107	-13	-137	-84
2/30	-15	-2	13	111	-12	-135	-81
5/10	7	-4	4	18	15	-21	-6
10/30	4	1	-1	4	23	-6	3
<b>TIIE IRS – Mbonos</b>							
2 year	-43	-10	6	-23	-10	-76	-38
5 year	-58	-8	-2	-2	-11	-70	-53
10 year	-61	-13	-1	-12	-5	-70	-53
20 year	-84	-13	-6	-26	-12	-96	-65
30 year	-88	-17	0	-27	-14	-99	-68
<b>TIIE IRS – SOFR</b>							
2 year	542	-17	-43	-21	624	516	560
5 year	532	-20	-37	29	602	465	525
10 year	541	-25	-26	43	602	472	526
20 year	547	-20	-22	46	609	479	531
30 year	559	-25	-16	46	625	494	544

Source: Bloomberg, Banorte

### Breakeven inflation using Mbonos & Udibonos

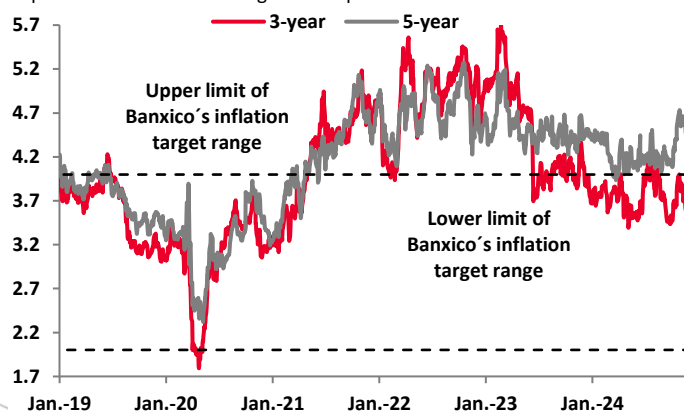
%, Implicit market inflation using Fisher Equation

Date	Breakevens (%)	Weekly change (bps)	Δ last 4 weeks (bps)	YTD (bps)	12m Max (%)	12m Min (%)	12m Average (%)
3Y	3.60	-24	-32	-10	4.37	3.24	3.77
5Y	4.53	-5	-6	16	4.72	3.91	4.28
10Y	4.33	-10	-11	7	4.64	4.03	4.32
20Y	4.68	-6	-5	13	4.99	4.23	4.57
30Y	4.75	-5	0	11	5.04	4.35	4.64

Source: Bloomberg, Banorte

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

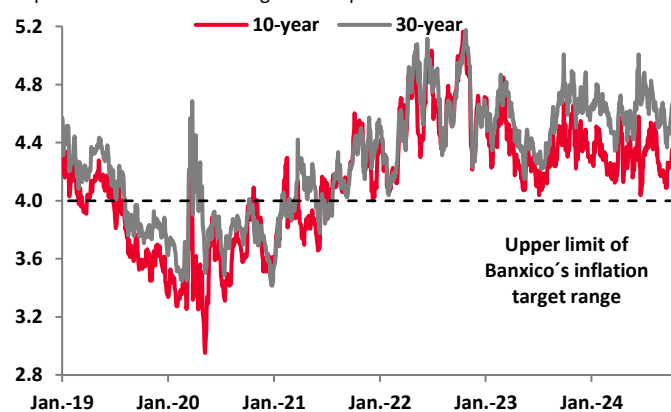
Implicit market inflation using Fisher Equation



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

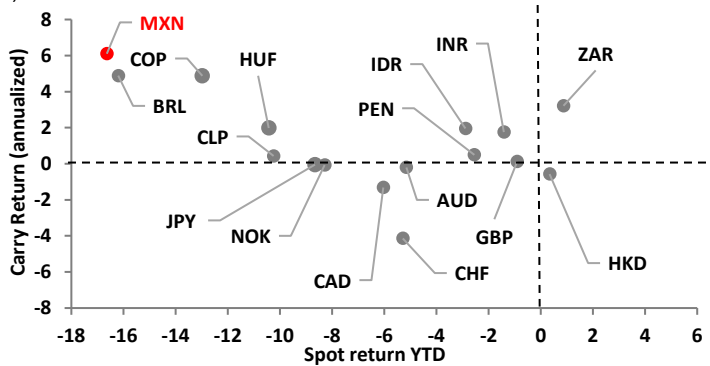
		Close at Nov/15/24	Daily Change (%) <sup>1</sup>	Weekly change (%) <sup>1</sup>	Monthly change (%) <sup>1</sup>	YTD (%) <sup>1</sup>
<b>Emerging Markets</b>						
Brazil	USD/BRL	5.80	0.0	-1.1	-2.3	-16.2
Chile	USD/CLP	979.33	-0.4	-0.8	-4.5	-10.2
Colombia	USD/COP	4,429.77	1.3	-1.5	-3.7	-13.0
Peru	USD/PEN	3.80	-0.1	-0.9	-0.9	-2.5
Hungary	USD/HUF	387.11	-0.3	-1.9	-4.6	-10.3
Malaysia	USD/MYR	4.47	0.2	-2.1	-4.0	2.7
<b>Mexico</b>	<b>USD/MXN</b>	<b>20.35</b>	<b>0.3</b>	<b>-0.8</b>	<b>-2.3</b>	<b>-16.6</b>
Poland	USD/PLN	4.10	0.2	-1.5	-3.4	-3.9
Russia	USD/RUB	100.00	-1.1	-2.4	-2.5	-10.5
South Africa	USD/ZAR	18.19	0.5	-3.2	-3.1	1.0
<b>Developed Markets</b>						
Canada	USD/CAD	1.41	-0.2	-1.3	-2.4	-6.0
Great Britain	GBP/USD	1.26	-0.4	-2.3	-2.9	-0.9
Japan	USD/JPY	154.30	1.3	-1.1	-3.0	-8.6
Eurozone	EUR/USD	1.0540	0.1	-1.7	-3.0	-4.5
Norway	USD/NOK	11.08	0.6	-0.7	-1.5	-8.2
Denmark	USD/DKK	7.08	0.1	-1.7	-2.9	-4.5
Switzerland	USD/CHF	0.89	0.3	-1.4	-2.5	-5.2
New Zealand	NZD/USD	0.59	0.3	-1.7	-3.2	-7.2
Sweden	USD/SEK	10.98	0.2	-1.4	-4.3	-8.2
Australia	AUD/USD	0.65	0.1	-1.8	-3.1	-5.1

Source: Bloomberg, Banorte

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

## Performance of selected currencies

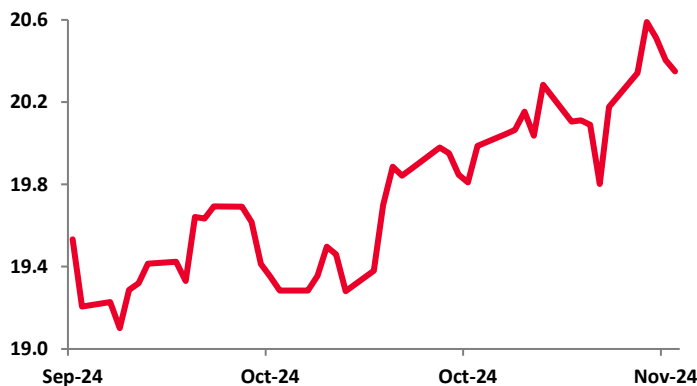
%, annualized rate based in 3M forwards



4Source: Bloomberg, Banorte

## USD/MXN

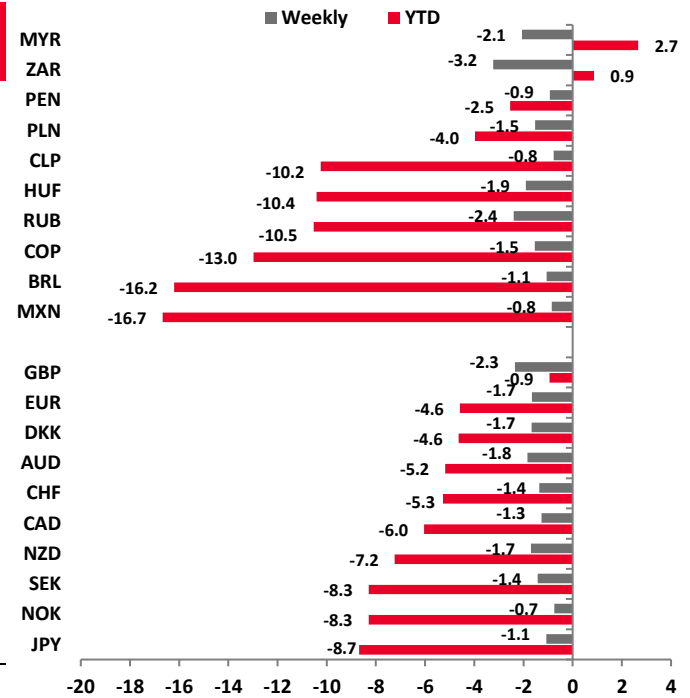
Last 60 days



Source: Bloomberg, Banorte

## FX performance

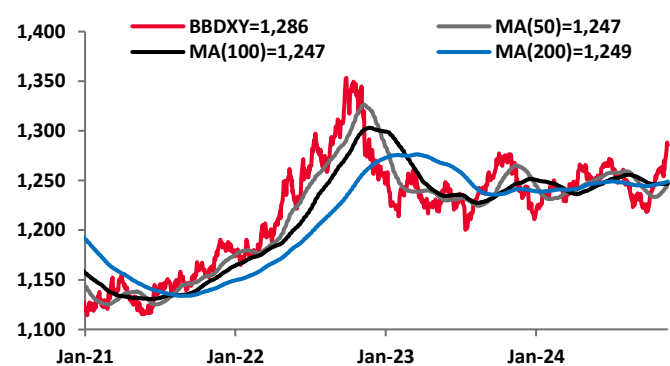
Against USD, %



Source: Bloomberg, Banorte

## BBDXY

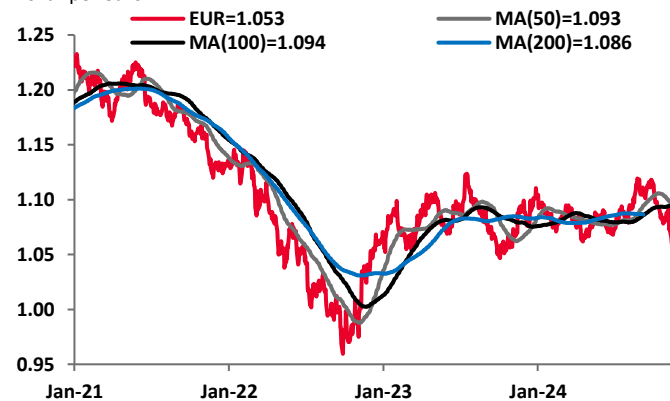
Points



Source: Bloomberg, Banorte

## Euro

Dollar per euro

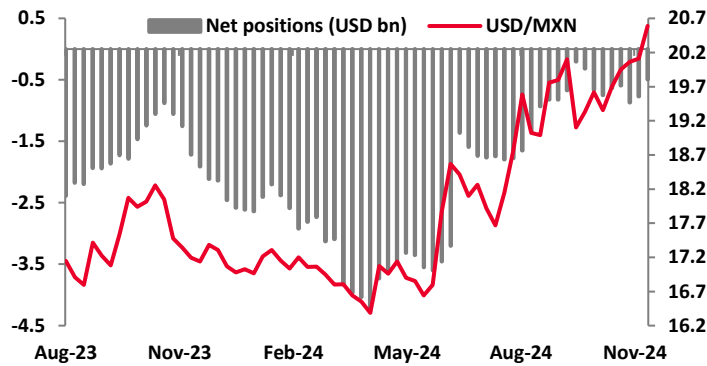


Source: Bloomberg, Banorte

## FX positioning and flows

### IMM positioning in USD/MXN futures

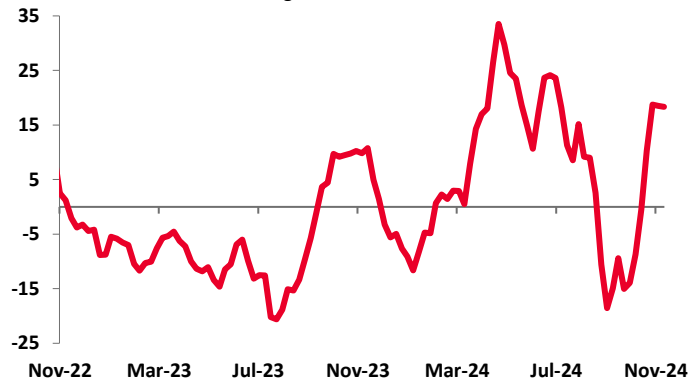
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

### IMM positioning in USD futures\*

Billion dollars, Positive = net long in USD

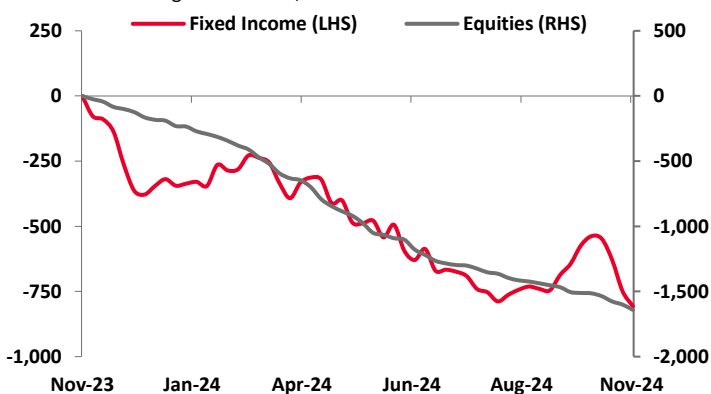


\*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF

Source: CME, Banorte

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

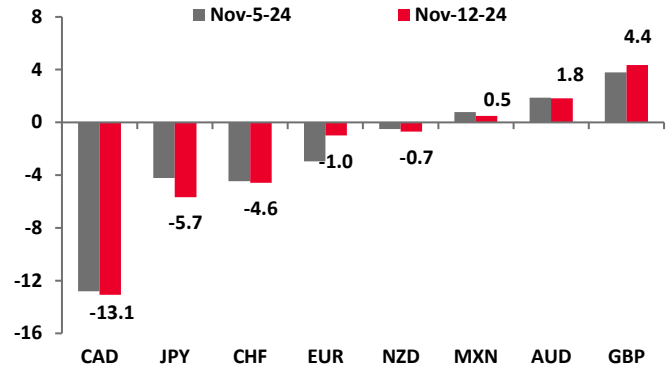
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

### IMM positioning by currency\*

Billion dollars

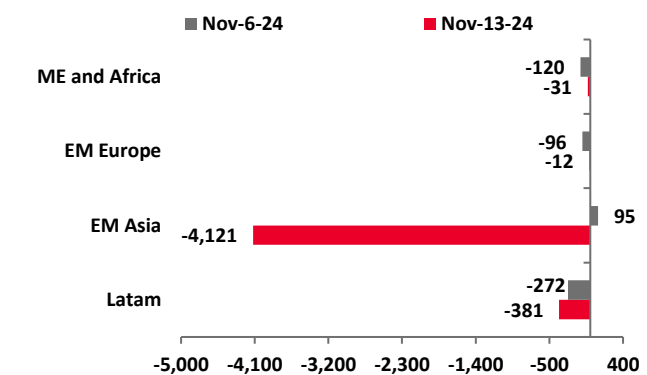


\* Positive: Net long in the corresponding currency

Source: CME, Banorte

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

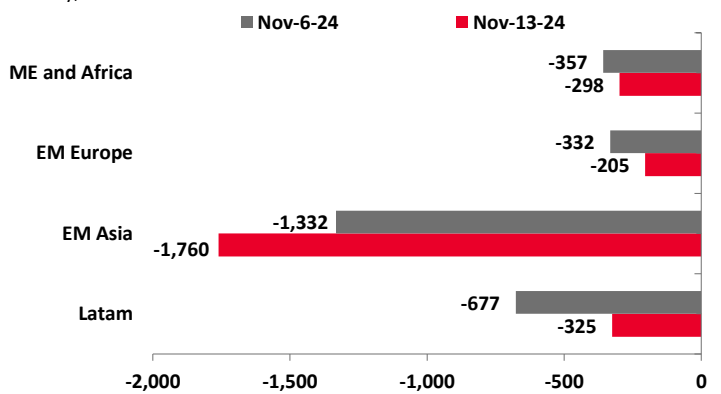
Billion dollars



Source: EPFR Global, Banorte

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

Weekly, million dollars

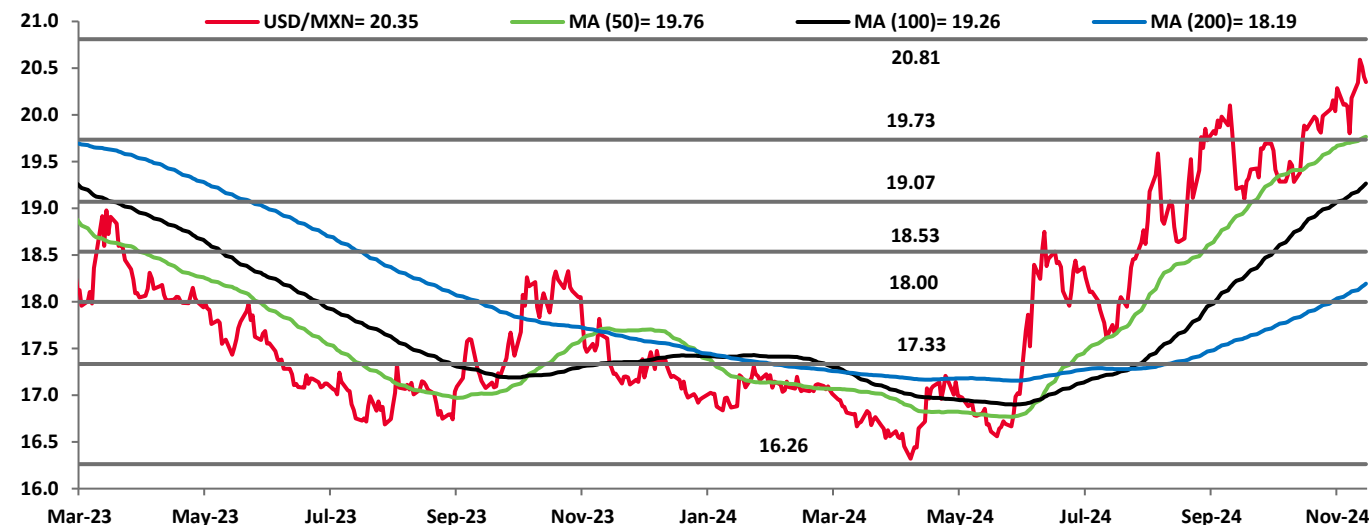


Source: EPFR Global, Banorte

## 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

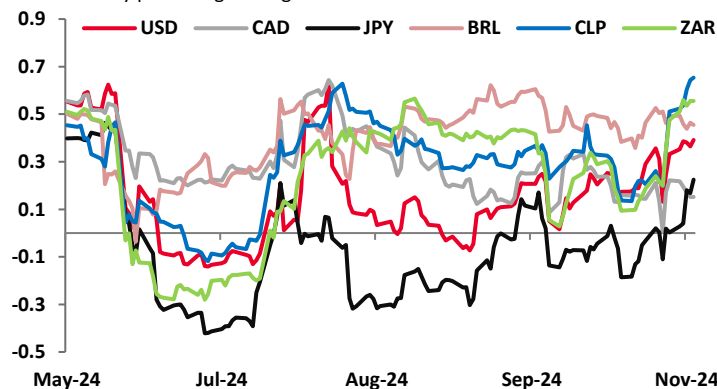
	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	39	35	-14	63	15
CAD	15	22	1	64	30
JPY	22	3	-42	46	-8
BRL	45	49	-4	62	40
CLP	65	52	-12	65	28
ZAR	56	51	-28	57	22
VIX	-2	-4	-13	58	22
SPX	-7	-7	-14	60	31
GSCI	41	45	-16	60	27
Gold	20	15	-5	48	20

\* 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

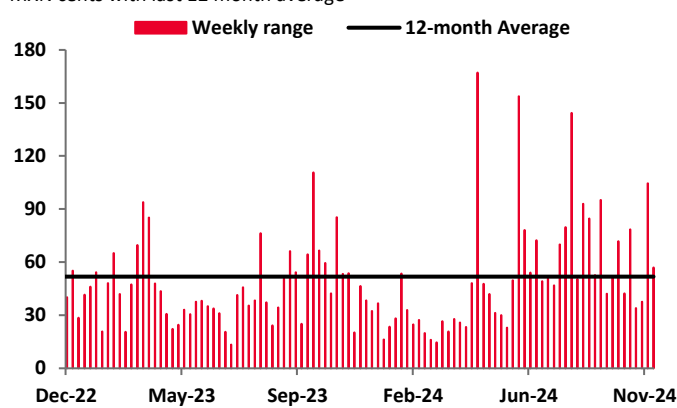


\* Positive: appreciation of MXN and corresponding currency

Source: Bloomberg, Banorte

### USD/MXN – Weekly trading range

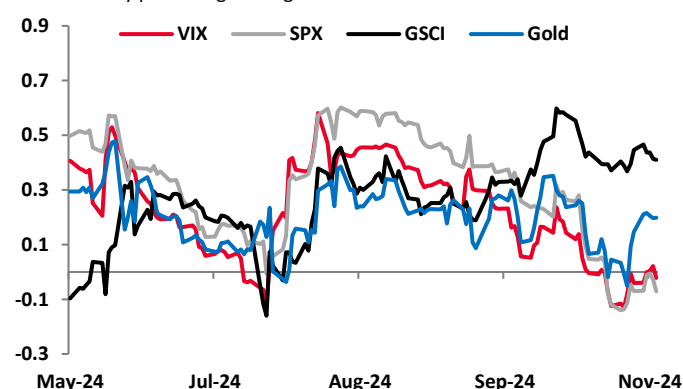
MXN cents with last 12 month average



Source: Bloomberg, Banorte

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

Based on daily percentage changes

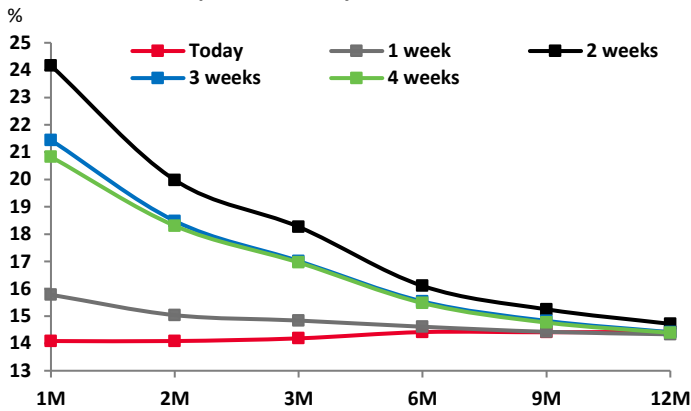


\* Positive: appreciation of MXN and corresponding asset except VIX

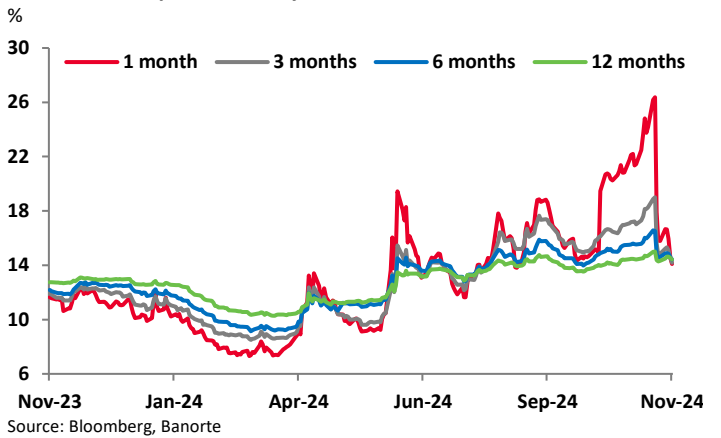
Source: Bloomberg, Banorte

## FX technicals (continued)

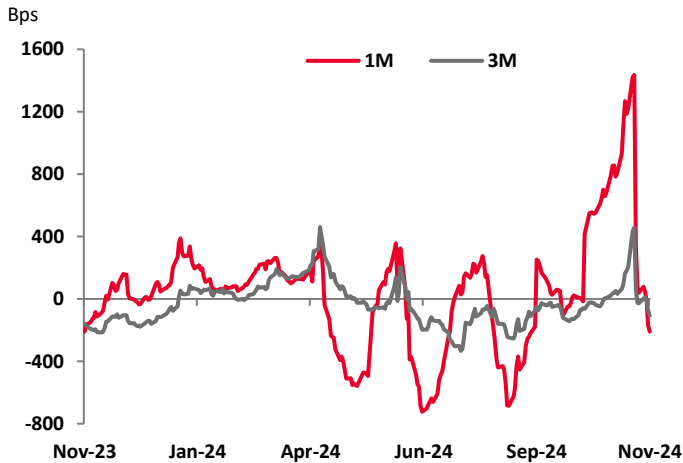
USD/MXN – ATM options volatility curve



USD/MXN – Implied volatility

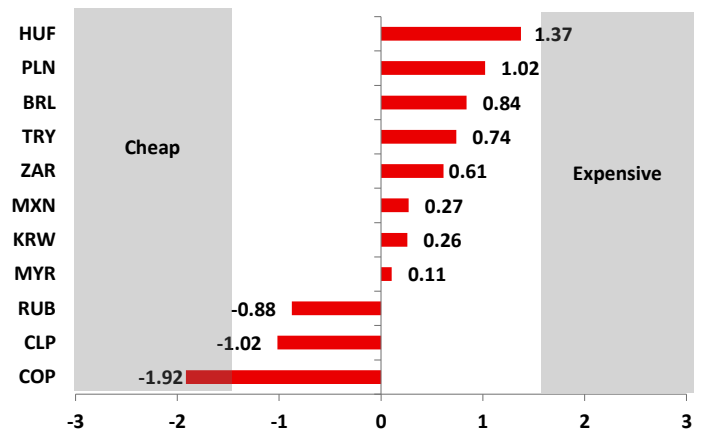


USD/MXN – Spread between implicit and historical volatility



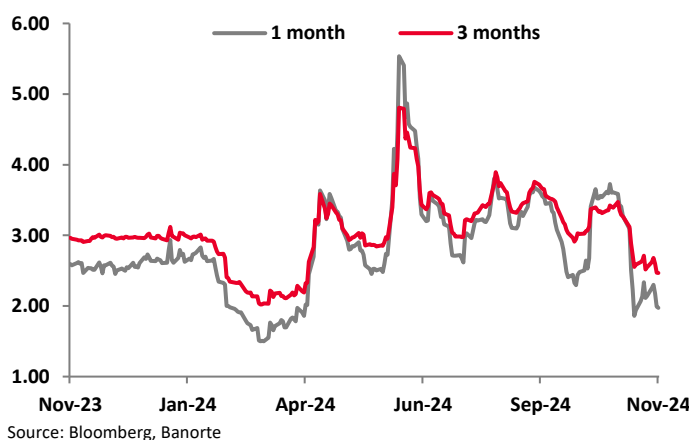
Emerging markets 1-month ATM options volatility

Against USD, in  $\sigma$  relative to last year's average



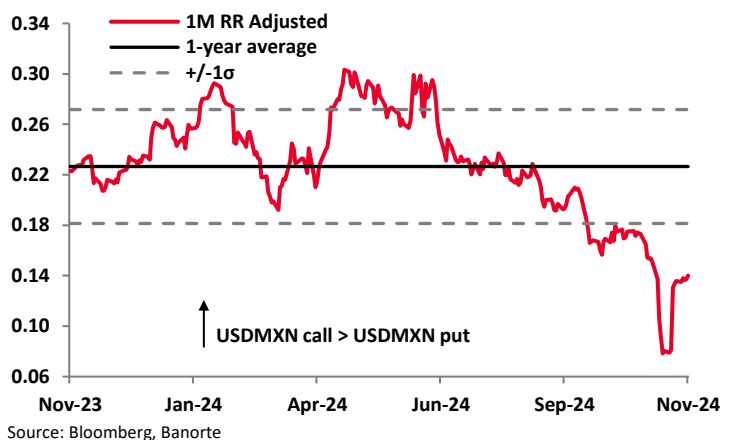
USD/MXN – 25D risk reversals

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 November 24<sup>th</sup>, 2024

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 18		MX	Market closed due to the Anniversary of the Mexican Revolution					
	05:00	EZ	Trade Balance*	Sep	EURbn	--	7.7	11.0
	10:00	US	Fed's Goolsbee Gives Welcome Remarks					
Tue 19	04:00	EZ	Current account*	Sep	EURbn	--	--	31.5
	05:00	EZ	Consumer prices	Oct (F)	% y/y	--	2.0	2.0
	05:00	EZ	Core	Oct (F)	% y/y	--	2.7	2.7
	07:00	MX	Timely Indicator of Economic Activity*	Oct	% y/y	--	--	0.5
	08:30	US	Housing starts**	Oct	thousands	--	1,337	1,354
	08:30	US	Building permits**	Oct	thousands	--	1,438	1,425
	12:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 20-year Mbono (Nov'42), 3-year Udibono (Dec'26), and 1- and 3-year Bondes F					
	13:10	US	Fed's Schmid gives speech on economic outlook and monetary policy					
	20:00	CHI	Rate decision 1-year Loan Prime Rate	Nov 20	%	--	3.10	3.10
	20:00	CHI	Rate decision 5-year Loan Prime Rate	Nov 20	%	--	3.60	3.60
Wed 20	02:00	UK	Consumer prices	Oct	% y/y	--	2.2	1.7
	02:00	UK	Core	Oct	% y/y	--	3.1	3.2
	10:00	MX	International reserves	Nov 15	US\$bn	--	--	226.1
	15:30	MX	Citibanamex Survey of Economists					
	06:00	TUR	Monetary policy decision (Central Bank of Turkey)	Nov 21	%	--	50.0	50.00
Thu 21	07:00	MX	Retail sales	Sep	% y/y	-1.5	-1.2	-0.8
	07:00	MX	Retail sales*	Sep	% m/m	0.1	--	0.1
	08:30	US	Philadelphia Fed*	Nov	index	7.0	6.8	10.3
	08:30	US	Initial jobless claims*	Nov 16	thousands	218	220	217
	08:45	US	Fed's Hammack Gives Welcome Remarks					
	10:00	EZ	Consumer confidence*	Nov (P)	index	--	-12.4	-12.5
	10:00	US	Existing home sales**	Oct	millions	--	3.9	3.8
	12:25	US	Fed's Goolsbee Participates in Moderated Q&A					
	12:30	US	Fed's Hammack Moderates Conversation					
		SA	Monetary policy decision (South African Reserve Bank)	Nov 21	%	--	7.75	8.00
Fri 22	02:00	GER	Gross domestic product*	3Q24 (F)	% q/q	--	0.2	0.2
	03:30	GER	Manufacturing PMI*	Nov (P)	index	--	43.0	43.0
	03:30	GER	Services PMI*	Nov (P)	index	--	51.8	51.6
	03:30	GER	Composite PMI*	Nov (P)	index	--	48.7	48.6
	04:00	EZ	Manufacturing PMI*	Nov (P)	index	--	46.0	46.0
	04:00	EZ	Services PMI*	Nov (P)	index	--	51.6	51.6
	04:00	EZ	Composite PMI*	Nov (P)	index	--	50.0	50.0
	04:30	UK	Manufacturing PMI*	Nov (P)	index	--	50.0	49.9
	04:30	UK	Services PMI*	Nov (P)	index	--	52.0	52.0
	08:00	MX	Gross domestic product	3Q24 (F)	% y/y	1.5	1.5	1.5
	08:00	MX	Gross domestic product*	3Q24 (F)	% q/q	1.0	1.0	1.0
	08:00	MX	Economic activity indicator (IGAE)	Sep	% y/y	-0.1	0.2	0.4
	08:00	MX	Economic activity indicator (IGAE)*	Sep	% m/m	0.1	--	-0.3
	08:00	MX	Consumer prices	Nov 15	% 2w/2w	0.42	0.39	0.26
	08:00	MX	Core	Nov 15	% 2w/2w	0.16	--	0.05
	08:00	MX	Consumer prices	Nov 15	% y/y	4.62	4.64	4.83
	08:00	MX	Core	Nov 15	% y/y	3.70	--	3.74
	09:45	US	Manufacturing PMI*	Nov (P)	index	49.0	48.8	48.5
	09:45	US	Services PMI*	Nov (P)	index	--	55.3	55.0
	09:45	US	Composite PMI*	Nov (P)	index	--	--	54.1
	10:00	US	U. of Michigan confidence*	Nov (F)	index	74.0	73.5	73.0

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) 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	L	Sep-27-24	Oct-24-24	
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 <sup>2</sup>	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% <sup>1</sup>	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
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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