Fixed-Income & FX Strategy

Weekly

Fixed-Income and FX Weekly

- **Anticipating new US policies.** Markets are navigating through elevated uncertainty as the implications of a new US administration under Trump take center stage. Speculation remains focused on the impact of potential tariffs and more aggressive immigration adjustments, combined with fiscal leverage that could constrain the Fed's easing. Over the week, additional cabinet appointments have bolstered the platform, while globally, heightened tensions in the Russia-Ukraine conflict have come into sharper focus. Domestically, inflation delivered a positive surprise alongside a slight upward revision to 3Q24 GDP. Additionally, dovish remarks from Victoria Rodriguez, Banxico's Governor also transcended. This week, the Mbonos' curve steepened with adjustments of -15bps and +5bps at the extremes, TIIE swaps gained 8bps, and the MXN depreciated by 0.4% w/w to 20.44 per dollar. For the coming week, watch for minutes from Fed and Banxico, as well as the latter's Quarterly Report and the US PCE

- **Neutral on local rates.** Since the US elections, the Mbonos' curve has steepened significantly, driven by strong gains of up to 45bps on the short-end, while the long-end has sold-off 7bps. TIIE-28 swaps have strengthened more evenly, advancing approximately 35bps across tenors. Conversely, US Treasuries have posted losses of 15bps, with divergent movements along the curve. On the short-end, pressure has been fueled by a rebound in breakevens, with the 2-year hitting six-month highs. In contrast, real yields have driven most of the weakness on the long-end. A recalibration of Fed expectations has led the market to price a 60% probability of a 25bps cut in December, alongside cumulative pricing of -66bps for 2025 (vs 65% and -80bps two weeks ago). For Banxico, the market is fully pricing a 25bps cut in December, consistent with our estimates, alongside cumulative easing of -140bps for 2025. Implied terminal rates for Banxico and the Fed by 2026 stand at 8.58% and 3.86%, respectively, with the implied spread narrowing to 472bps from 500bps last week, compared to the current nominal spread of 550bps. Despite this compression, our expectation for cumulative rate cuts in Mexico next year (-200bps) suggests room for receiving strategies on the short-end of the curve, alongside recent comments from Governor Victoria Rodriguez, who has even opened the door to evaluating larger rate cuts. However, we remain cautious, noting upside risks to rates and potential asymmetry for price action amid the narrative surrounding Trump's second term. In this context, Mbono-UST spreads have tightened, though most tenors remain above their 12-month averages, screening space to capture a higher external premia

- **Structural USD strength.** Despite limited details on policy implementation for the upcoming year, we believe the most likely scenario supports a stronger dollar cycle. This week, both the DXY and BBDXY extended their rallies to eight consecutive weeks. The euro showed further weakness, impacted by the divergence between the ECB and the Fed, with markets even pricing a strong probability of a 50bps cut from the ECB in December. As for the MXN, we expect some relief by year-end, with levels below 20.00 per dollar, and we project the currency to end 2025 at 20.90

- **Weekly ranges**. We expect the 10-year Mbono (Nov'34) to trade between 9.85% and 10.10%, and MXN between 20.00 and 20.80 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 (%)
Overnight TIIE funding rate							
1-day	10.26	-26	-27	-119	11.45	10.25	10.97
28-days[1]	10.51	-6	-4	-80	11.33	10.51	11.05
91-days[1]	10.60	-6	-4	-82	11.45	10.60	11.16
182-days[1]	10.75	-6	-5	-84	11.61	10.75	11.32
Cetes[2]							
28-days	10.03	-26	-44	-122	11.40	10.00	10.88
91-days	10.25	-4	-25	-98	11.38	10.19	11.01
182-days	10.25	-5	-19	-108	11.43	10.21	11.04
364-days	10.24	-7	-37	-90	11.44	10.05	10.96
Mbonos							
Dec'24	10.20	-21	-50	-39	11.41	10.20	10.92
Mar'25	10.25	-16	-42	36	11.03	9.79	10.40
Mar'26	9.82	-13	-41	10	11.01	9.46	10.19
Sep'26	9.82	-9	-38	29	10.97	9.32	10.04
Mar'27	9.66	-9	-26	32	10.75	9.01	9.74
Jun'27	9.66	-6	-24	39	10.68	9.01	9.72
Mar'29	9.78	-6	-23	72	10.54	9.02	9.61
May'29	9.77	1	-20	84	10.51	8.90	9.55
May'31	9.79	2	-16	85	10.40	8.94	9.54
May'33	9.95	5	-12	101	10.37	8.94	9.55
Nov'34	9.99	4	-10	104	10.34	8.94	9.56
Nov'36	10.01	5	-9	106	10.43	8.95	9.56
Nov'38	10.10	6	-10	107	10.44	9.03	9.65
Nov'42	10.27	1	-12	120	10.49	9.06	9.74
Nov'47	10.30	4	-9	123	10.50	9.05	9.73
Jul'53	10.32	6	-8	126	10.52	9.05	9.74
TIIE-IRS							
3-month (3x1)	10.33	-12	-24	-113	11.51	10.33	11.13
6-month (6x1)	10.12	-10	-30	-116	11.40	10.12	10.97
9-month (9x1)	9.97	-12	-32	-112	11.26	9.97	10.81
1-year (13x1)	9.78	-12	-34	-100	11.20	9.59	10.57
2-year (26x1)	9.45	-8	-36	-25	10.86	8.88	9.85
3-year (39x1)	9.29	-6	-34	21	10.48	8.62	9.43
4-year (52x1)	9.23	-8	-32	51	10.24	8.49	9.20
5-year (65x1)	9.21	-7	-30	65	10.09	8.43	9.08
7-year (91x1)	9.23	-6	-28	78	9.98	8.37	9.01
10-year (130x1)	9.33	-1	-21	88	9.96	8.40	9.03
20-year (3x1)	9.41	-2	-28	90	10.04	8.45	9.09
30-year (390x1)	9.35	-3	-24	90	9.98	8.44	9.05
Udibonos							
Dec'25	5.96	-9	-22	-6	7.84	5.88	6.52
Dec'26	6.05	-5	6	42	7.07	5.37	6.06
Nov'28	5.19	11	14	70	5.97	4.43	5.11
Nov'31	5.21	9	8	72	5.79	4.45	5.01
Aug'34[3]	5.43	4	3	57	5.75	4.71	5.18
Nov'35	5.35	7	10	96	5.59	4.33	4.94
Nov'40	5.48	9	26	115	5.51	4.27	4.93
Nov'43	5.47	13	25	113	5.50	4.27	4.95
Nov'46	5.39	8	18	124	5.39	4.15	4.87
Nov'50	5.41	11	22	118	5.41	4.23	4.88
Oct'54[4]	5.40	39	39	39	5.40	4.78	5.09

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

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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	4.81	+2	+36	4.38	+7	-5	44	-5	54	60
3Y	Mar'27	5.00	+0	+20	4.32	+5	+10	68	-4	68	80
5Y	May'29	5.59	0	+81	4.31	+0	+30	129	0	112	126
7Y	Apr'30	5.75	0	+42	4.35	-3	+38	140	+2	124	163
10Y	May'33	6.17	-1	+61	4.42	-2	+54	176	+2	156	202
20Y	Mar'44	6.74	+3	+37	4.68	-4	+54	206	+6	184	--
30Y	May'54	6.97	+0	+58	4.60	-2	+64	237	+2	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 30-year Udibono (Oct'54), as well as 2- and 5-year Bondes F

- **Focus on Fed and Banxico's minutes.** Next week, investors will be attentive to the release of the Fed's (Tuesday) and Banxico's (Thursday) minutes, with the latter also offering its Quarterly Report. Locally, we will be closely monitoring the tone of the statement and further details amid recent comments from Governor Rodríguez on potential broader rate cuts. In our opinion, the rate will be adjusted by -25bps on December 19th to 10.00% and subsequently by -200bps in 2025 to close at 8.00%. In this sense, Cetes continue to reflect a positive premium, encouraging demand. Once again, the bidding amounts for the 3-month Cetes reflected the strong appetite of investors, keeping the bid-to-cover ratio very close to its highest since 2020 of 5.48x. For the 10-year Mbono (Nov'34), we expect modest demand and even slightly lower than its last issuance of 2.24x given the risks of additional upward pressures on rates, especially in longer-term securities, given the protectionist policies that will characterize Trump's second term. Since the US election, inflation breakevens have compressed more strongly at the short-end, while all other maturities are close to the 12-month average. Given a more attractive valuation, we could see demand improving for the longest-term Udibono relative to its last auction that was 1.36x oversubscribed

Auction specifics (November 26th, 2024)

Security	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	Dec-26-24	--	6,500	10.05
3m	Feb-27-25	--	6,500	10.10
6m	May-29-25	--	16,000	10.21
12m	Nov-13-25	--	16,000	10.49
Bondes F				
2Y	Oct-08-26	--	10,000	0.16
5Y	Nov-01-29	--	2,400	0.23
Bono M				
10Y	Nov-23-34	7.75	19,000	10.06
Udibono				
30Y	Oct-29-54	4.00	UDIS 1,150	5.20

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
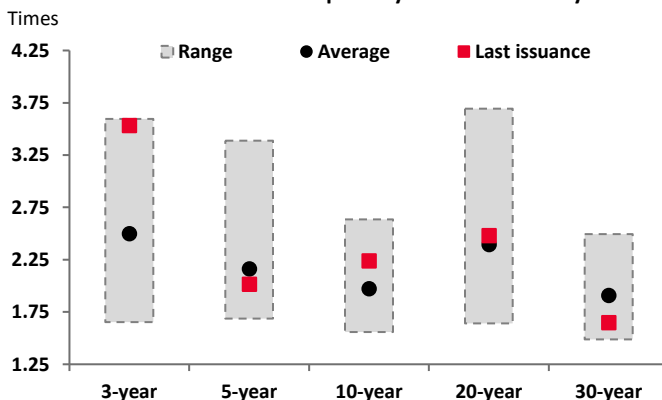
Source: Bloomberg, Banorte

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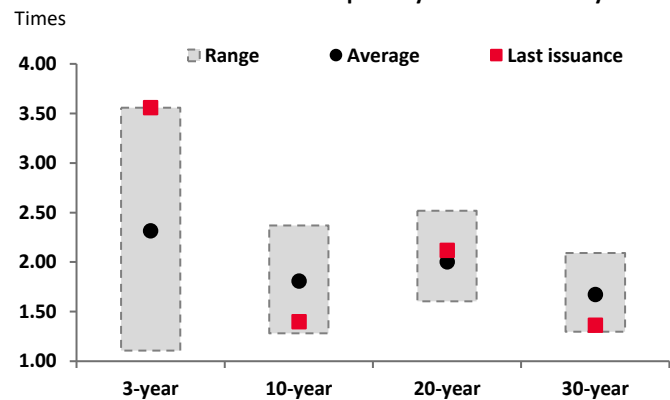
Source: Bloomberg, Banorte

Fixed−Income Demand

**Government and IPAB securities holdings by type of investor**
US$ billion, *UDIS billion, data as of Nov/11/2024

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	104.27	11.40	15.28	18.59	5.04	11.40	3.53	3.75	-	35.28
Bondes D	9.74	0.00	0.54	4.68	0.02	1.53	-	0.11	-	2.86
Bondes F	118.12	0.02	4.15	65.80	2.31	13.08	2.47	0.45	-	29.84
Bondes G	5.97	0.00	0.16	2.38	0.35	0.61	1.05	-	-	1.41
Udibonos	181.90	7.72	102.22	7.37	31.90	2.26	2.81	0.12	-	27.50
Mbonos	232.08	67.86	56.83	9.34	8.69	27.35	11.86	1.98	0.74	47.45
Sbonos	1.13	0.56	0.31	0.01	0.03	0.00	-	-	-	0.23
Total	653.22	87.56	179.49	108.16	48.34	56.23	21.72	6.42	0.74	144.57
Udibonos*	446.51	18.96	250.92	18.08	78.30	5.55	6.90	0.30	-	67.50
IPAB bonds	52.19	0.01	0.21	15.93	0.17	9.14	6.70	0.89	-	19.13

Source: Banxico, Banorte

Government issuance by type of instrument
Total amount of US$ 705 billion (including IPAB bonds), % of total
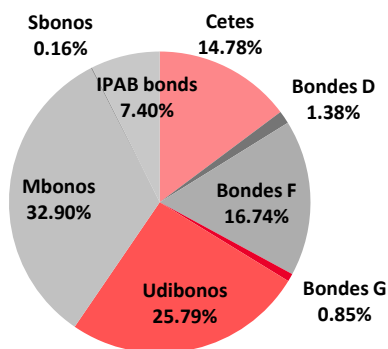
Source: Banxico, Banorte

Government issuance by type of investor
Total amount of US$ 705 billion (including IPAB bonds), % of total
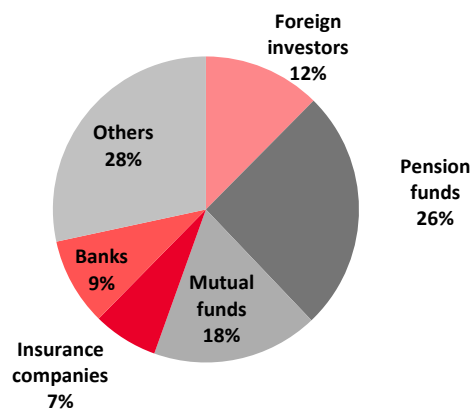
Source: Banxico, Banorte
Note: "Others" includes repos, guarantee and securities held by Banxico, as well as other domestic residents

Government securities holdings by type of investor
Total amount of US$ 705 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, %
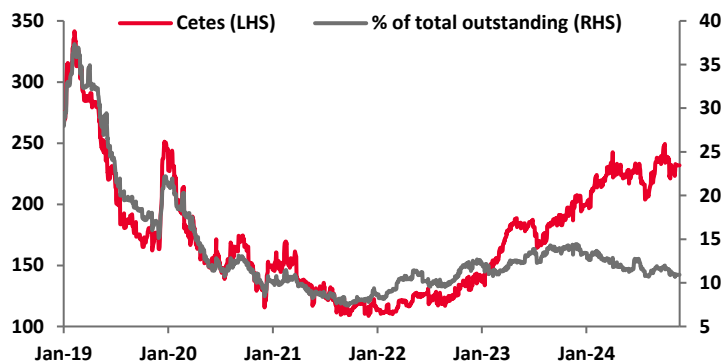
Source: Banxico, Banorte

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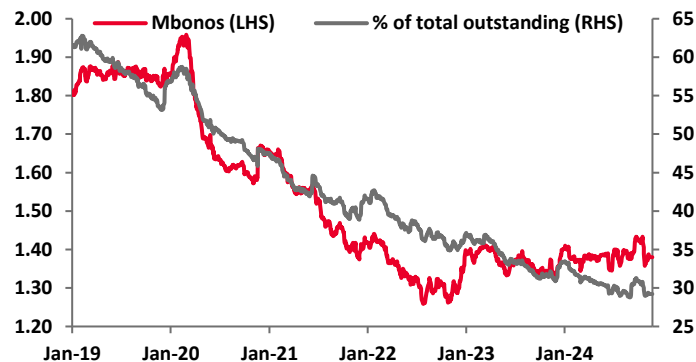
Source: Banxico, Banorte

Holdings of main investors by type of security
Data as of Nov/11/2024

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	-1.78	16.17	-0.88	39.74	-1.13	79.80
Bondes F	42.39	319.31	-10.48	-31.35	0.98	22.82
Udibonos	-0.90	4.64	1.78	22.03	2.12	20.92
Mbonos	-3.10	-1.50	3.93	14.60	29.98	68.85

Source: Banxico, Banorte

Government securities issuance
USD Billions

Fuente: Banxico, Banorte

Mbonos holdings by type of investor
US$ billions and %, data as Nov/7/2024

Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Dec'24	9.1	24%	12%	22%	43%
Mar'25	5.3	39%	9%	16%	36%
Mar'26	19.2	26%	26%	11%	37%
Sep'26	17.4	18%	28%	15%	39%
Mar'27	20.6	24%	17%	8%	52%
Jun'27	18.1	34%	27%	17%	21%
Mar'29	15.3	14%	37%	20%	29%
May'29	16.4	6%	38%	28%	28%
May'31	20.1	5%	41%	32%	21%
May'33	16.2	5%	35%	30%	30%
Nov'34	11.3	5%	40%	33%	23%
Nov'36	4.6	2%	19%	52%	26%
Nov'38	10.8	5%	32%	46%	17%
Nov'42	19.3	1%	34%	47%	18%
Nov'47	13.3	0%	30%	49%	21%
Jul'53	16.9	2%	29%	51%	18%
Total	217.0	13%	30%	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

Fixed–Income Demand – Primary dealers

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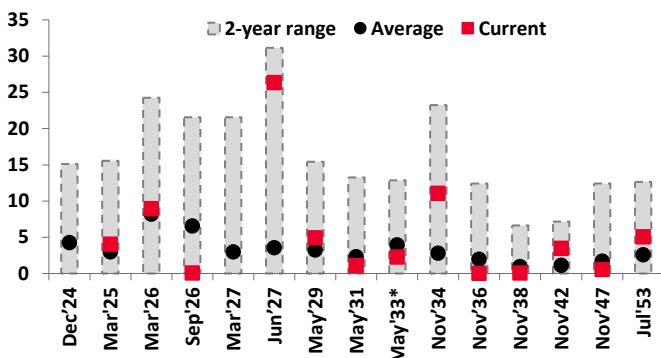
Source: Banxico, Banorte *May'33 issued in December 2022

Weekly change in market makers' short positions on Mbonos
MXN billion
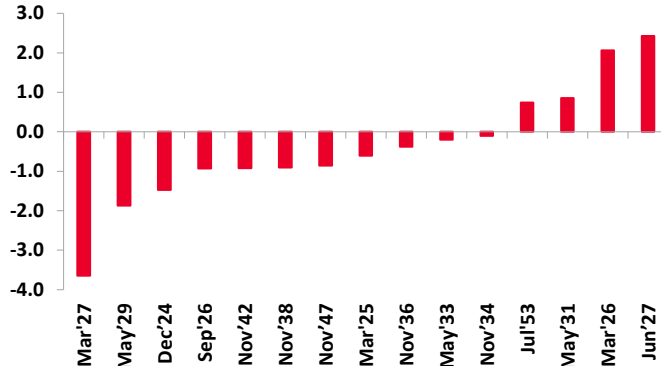
Source: Banxico, Banorte

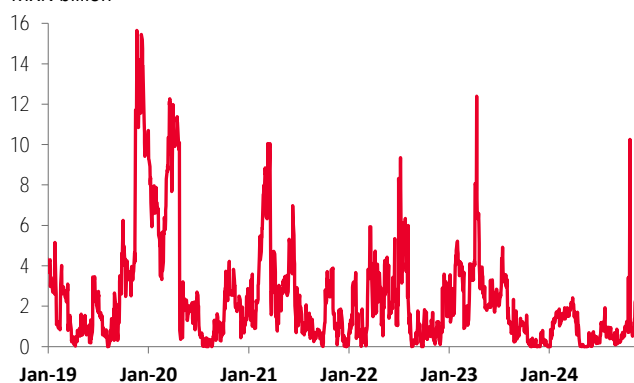**Market makers' short positions on Mbono May'31**
MXN billion
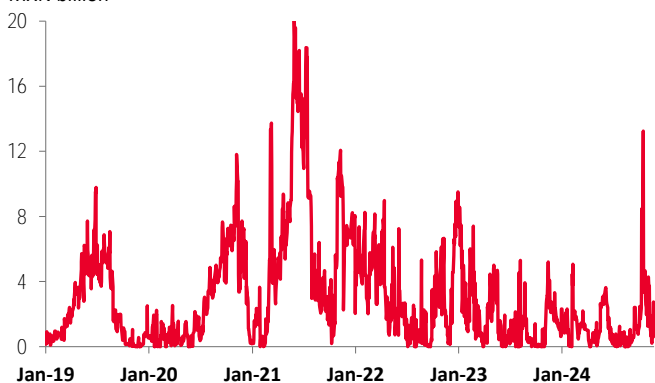
Source: Banxico, Banorte

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/21/2024	Nov/21/2024	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Dec'24	8,895	0	72	204	63	739	0
Mar'25	5,060	197	226	44	296	287	39
Mar'26	18,642	437	337	228	177	781	144
Sep'26	16,907	3	49	395	215	657	0
Mar'27	20,095	0	179	69	11	437	0
Jun'27	18,199	1,289	1,171	1,244	28	1,526	0
Mar'29	15,856	210	298	180	2	661	95
May'29	16,842	240	332	291	139	511	0
May'31	19,995	52	10	149	110	649	0
May'33	15,715	111	120	62	17	629	0
Nov'34	12,869	542	547	656	169	1,138	10
Nov'36	4,443	1	20	345	4	608	1
Nov'38	10,507	2	46	38	56	91	0
Nov'42	19,204	170	215	29	81	270	0
Nov'47	12,848	26	68	49	0	502	0
Jul'53	16,393	248	212	263	185	338	0
Total	**232,470**	**3,281**	**3,690**	**3,984**	**1,366**		

Source: Banxico, Banorte

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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	2	33	127	71	154	-7
3 months	-12	3	54	37	76	-12
6 months	4	19	31	39	89	-7
12 months	34	35	57	53	94	-12

Source: PiP, Bloomberg, Banorte

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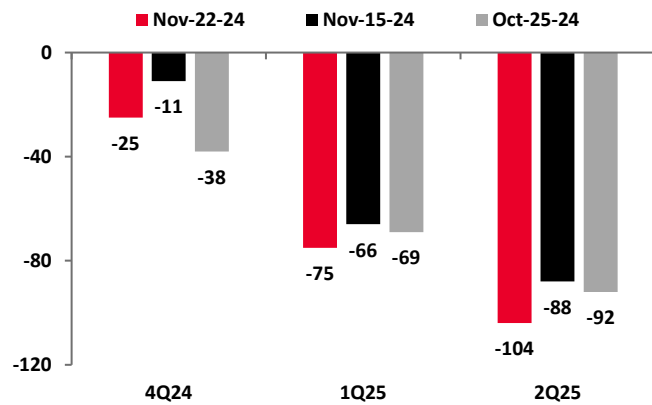
Source: Bloomberg, Banorte

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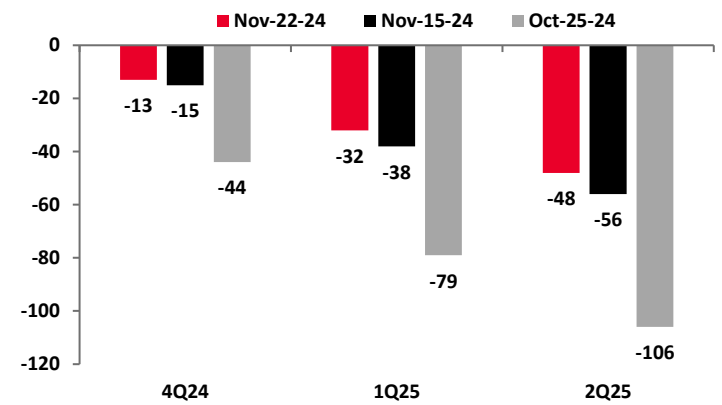
Source: Bloomberg, Banorte

Spreads between Mbonos and UST
Basis ponts

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	545	-25	-68	-20	646	529	583
5 year	549	-17	-46	27	623	495	550
10 year	558	-5	-26	53	602	490	539
20 year	560	-3	-21	72	590	471	527
30 year	573	-2	-17	70	598	487	537

Source: Bloomberg, Banorte

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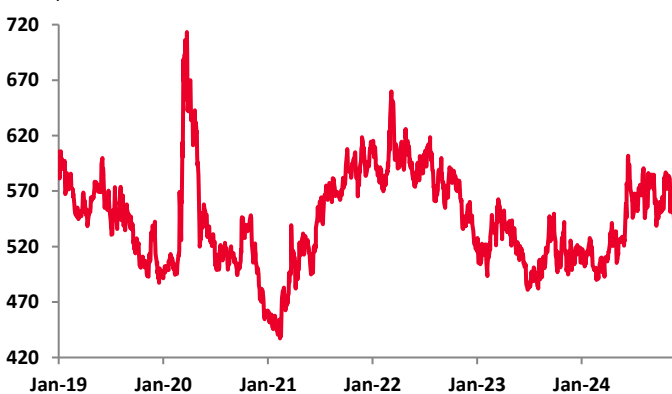
Source: PiP, Banorte

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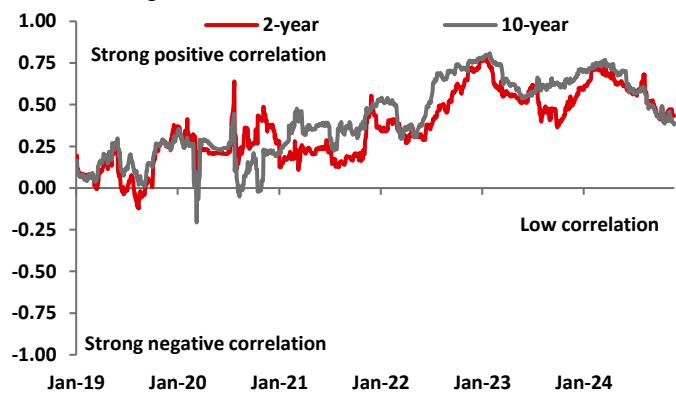
Source: Bloomberg, Banorte

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	-4	6	18	79	-2	-95	-62
2/10	16	16	30	112	16	-101	-67
2/30	49	18	33	133	49	-98	-49
5/10	20	10	13	13	20	-37	-5
10/30	33	2	3	21	45	-1	18
TIIE IRS							
3m/2Y	-88	3	-12	88	-41	-189	-128
2/5	-23	3	6	90	-22	-126	-77
2/10	-12	7	15	113	-12	-137	-83
2/30	-10	5	12	116	-10	-135	-80
5/10	12	5	9	23	15	-21	-5
10/30	2	-2	-4	3	23	-6	3
TIIE IRS – Mbonos							
2 year	-38	4	5	-18	-10	-76	-38
5 year	-57	0	-7	-7	-11	-70	-53
10 year	-65	-5	-10	-17	-5	-70	-53
20 year	-87	-3	-15	-29	-12	-96	-65
30 year	-97	-9	-16	-35	-14	-99	-69
TIIE IRS – SOFR							
2 year	529	-16	-63	-35	624	516	560
5 year	527	-8	-51	24	602	465	525
10 year	543	0	-34	45	602	472	526
20 year	549	0	-37	48	609	479	532
30 year	560	0	-31	47	625	494	545

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	3.56	-20	-42	-13	4.22	3.24	3.76
5Y	4.36	-28	-36	-1	4.72	3.91	4.28
10Y	4.33	-3	-13	7	4.64	4.03	4.32
20Y	4.56	-18	-36	1	4.99	4.23	4.57
30Y	4.67	-14	-30	3	5.04	4.35	4.64

Source: Bloomberg, Banorte

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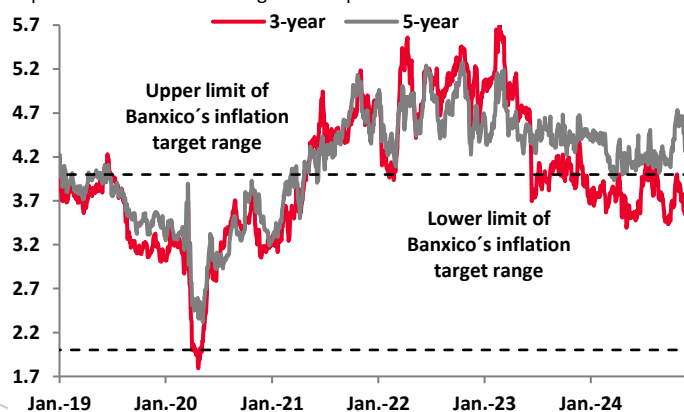
10- and 30-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation

Source: PiP, Banorte
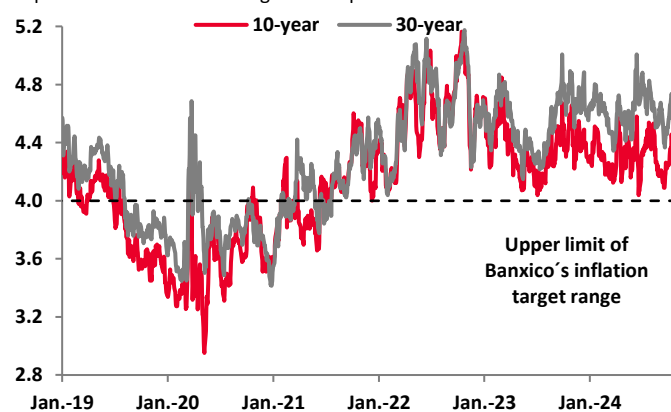
Source: PiP, Banorte

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FX dynamics

Foreign Exchange market levels and historical return

		Close at Nov/22/24	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD (%)[1]
Emerging Markets						
Brazil	USD/BRL	5.81	0.1	-0.2	-2.0	-16.4
Chile	USD/CLP	986.01	-1.2	-0.7	-4.0	-10.9
Colombia	USD/COP	4,416.49	-0.5	0.3	-2.3	-12.7
Peru	USD/PEN	3.79	0.1	0.4	-0.9	-2.2
Hungary	USD/HUF	395.11	-0.6	-2.0	-5.4	-12.1
Malaysia	USD/MYR	4.47	-0.1	0.1	-2.7	2.8
Mexico	**USD/MXN**	**20.44**	**-0.1**	**-0.4**	**-2.9**	**-17.0**
Poland	USD/PLN	4.16	-0.3	-1.5	-3.2	-5.4
Russia	USD/RUB	104.36	-2.9	-4.2	-8.0	-14.3
South Africa	USD/ZAR	18.11	0.0	0.4	-1.8	1.4
Developed Markets						
Canada	USD/CAD	1.40	0.0	0.8	-1.0	-5.3
Great Britain	GBP/USD	1.25	-0.5	-0.7	-3.0	-1.6
Japan	USD/JPY	154.78	-0.2	-0.3	-1.3	-8.9
Eurozone	EUR/USD	1.0418	-0.5	-1.2	-3.4	-5.6
Norway	USD/NOK	11.07	0.0	0.1	-0.7	-8.1
Denmark	USD/DKK	7.16	-0.5	-1.2	-3.4	-5.7
Switzerland	USD/CHF	0.89	-0.8	-0.7	-3.1	-5.9
New Zealand	NZD/USD	0.58	-0.5	-0.6	-2.9	-7.7
Sweden	USD/SEK	11.04	0.2	-0.6	-4.0	-8.7
Australia	AUD/USD	0.65	-0.2	0.6	-2.0	-4.6

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
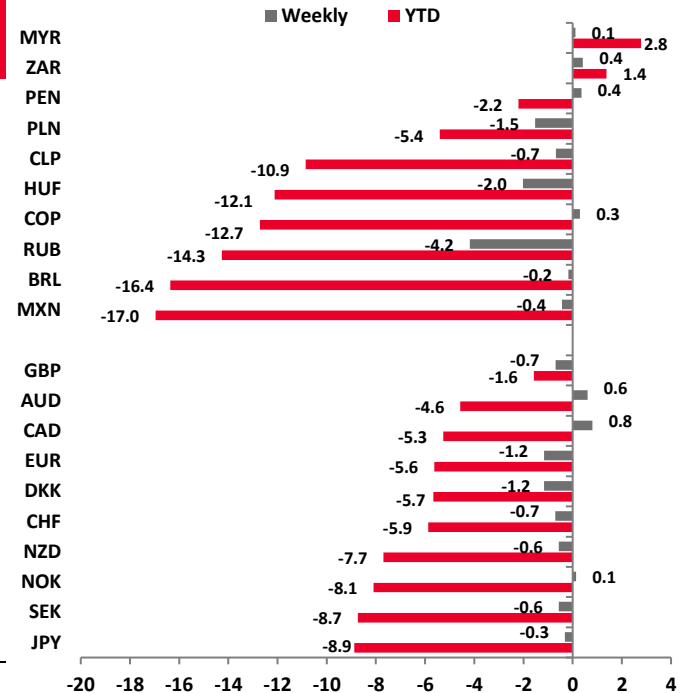
4Source: Bloomberg, Banorte

BBDXY
Points

Source: Bloomberg, Banorte
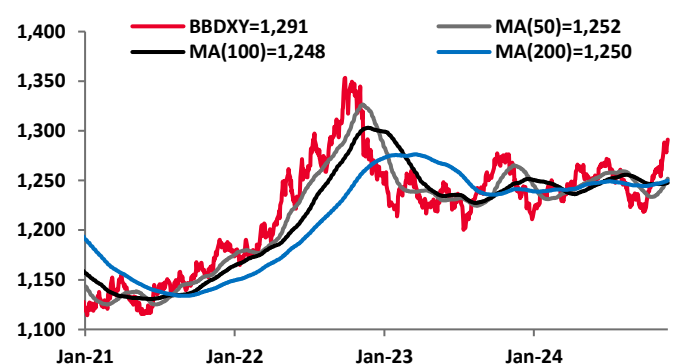
USD/MXN
Last 60 days

Source: Bloomberg, Banorte

Euro
Dollar per euro
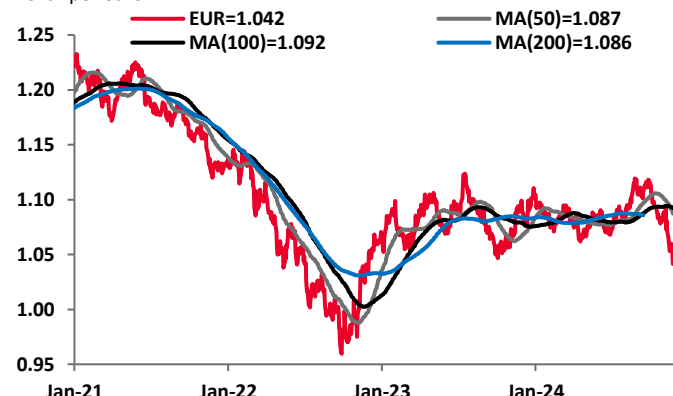
Source: Bloomberg, Banorte

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FX positioning and flows

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

Net positions (USD bn)   USD/MXN

Source: CME, Banorte

IMM positioning by currency*
Billion dollars

Nov-12-24   Nov-19-24

CAD: -13.2, EUR: -5.6, CHF: -5.2, JPY: -4.0, NZD: -1.1, MXN: 0.4, AUD: 2.0, GBP: 3.0
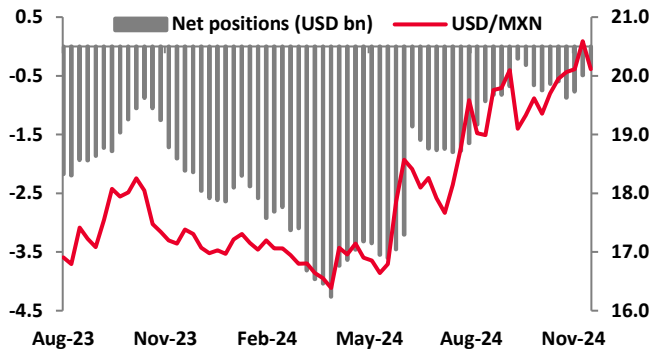
* Positive: Net long in the corresponding currency
Source: CME, Banorte

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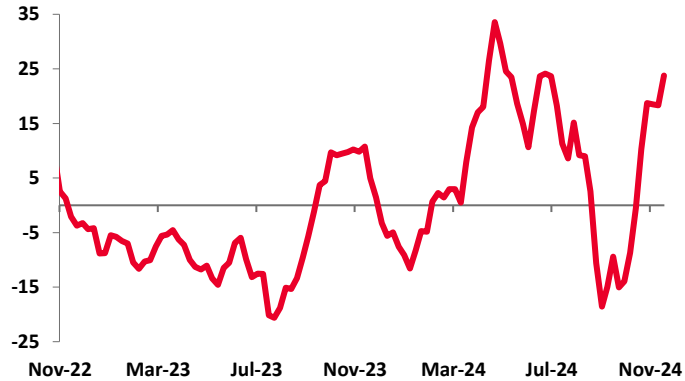
*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF
Source: CME, Banorte

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

Nov-13-24   Nov-20-24

Region	Nov-13-24	Nov-20-24
ME and Africa	-160	-31
EM Europe	-173	-12
EM Asia	-4,121	668
Latam	-381	-174

Source: EPFR Global, Banorte

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

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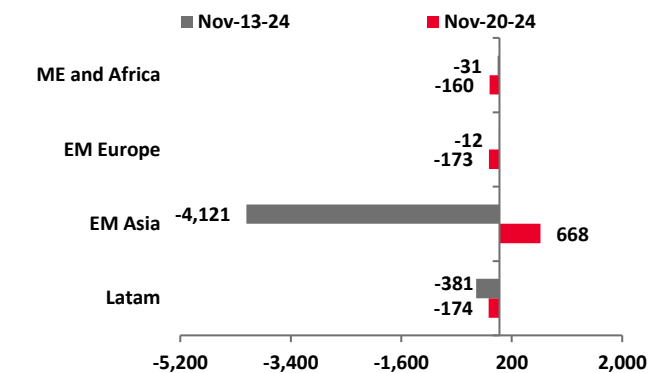
Source: EPFR Global, Banorte

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

Nov-13-24   Nov-20-24

Region	Nov-13-24	Nov-20-24
ME and Africa	-298	-361
EM Europe	-205	-236
EM Asia	-1,760	-2,765
Latam	-325	-499
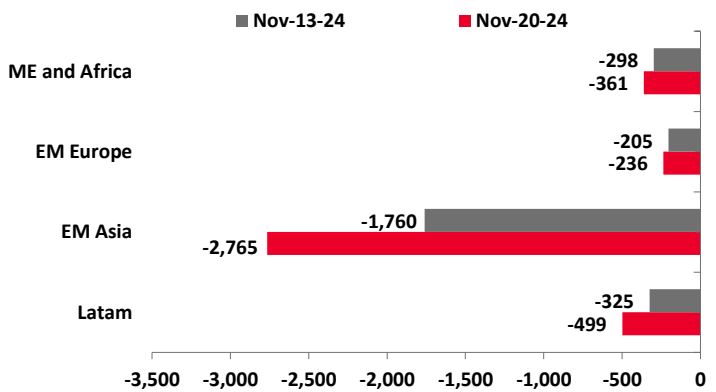
Source: EPFR Global, Banorte

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FX technicals

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

Legend: USD/MXN= 20.44 | MA (50)= 19.82 | MA (100)= 19.37 | MA (200)= 18.27

Fibonacci levels: 20.81, 19.73, 19.07, 18.53, 18.00, 17.33, 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	44	42	-14	63	14
CAD	25	22	1	64	28
JPY	21	23	-42	46	-9
BRL	50	49	-4	62	40
CLP	62	66	-12	66	29
ZAR	53	58	-28	58	23
VIX	-1	-4	-13	58	21
SPX	-6	-8	-14	60	29
GSCI	42	40	-16	60	29
Gold	16	20	-5	48	20

* 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
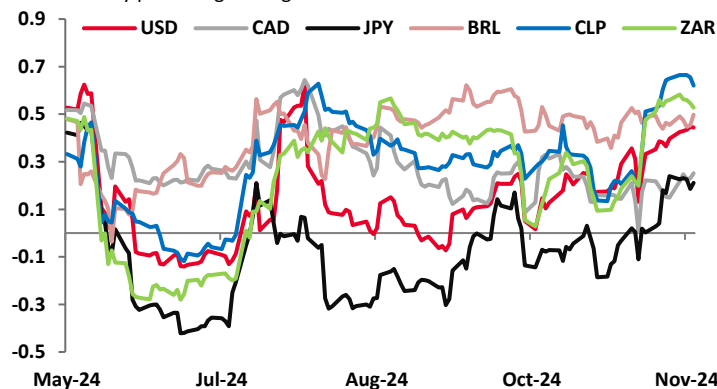
* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte
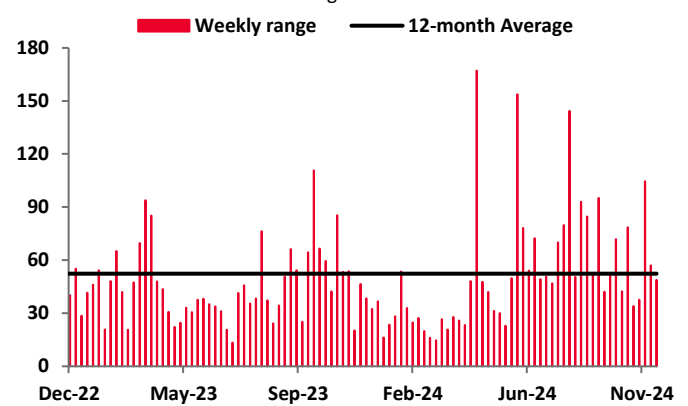
USD/MXN – 1-month correlation with other assets*
Based on daily percentage changes
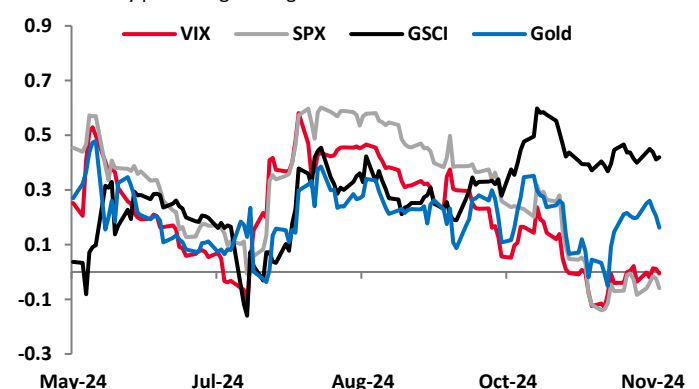
Legend: VIX | SPX | GSCI | Gold

* 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
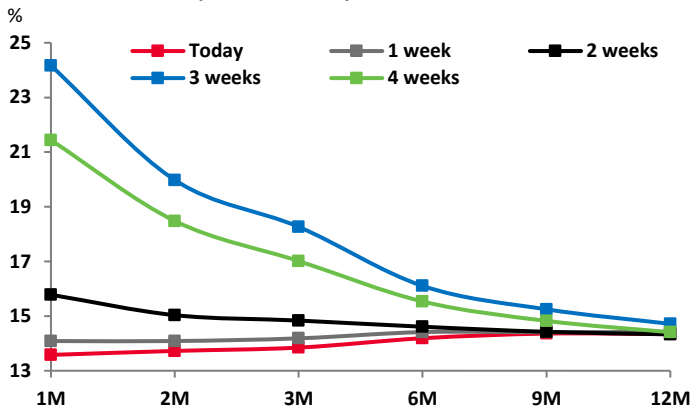
USD/MXN – Implied volatility
%

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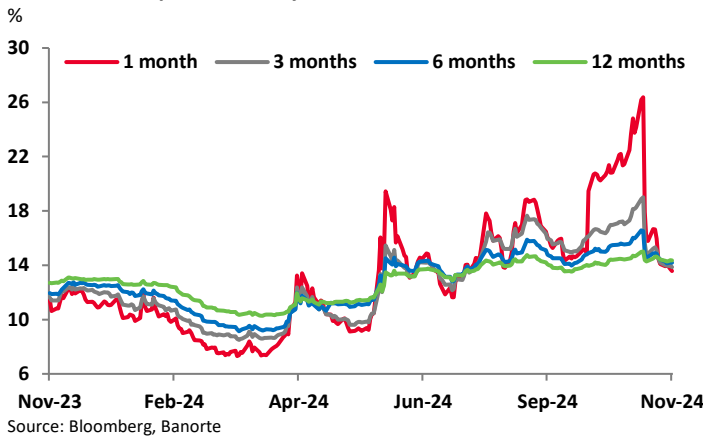
USD/MXN – Spread between implicit and historical volatility
Bps

Source: Bloomberg, Banorte
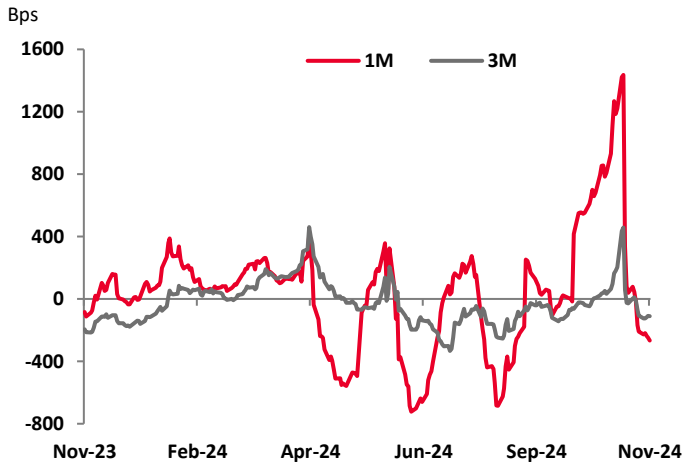
Emerging markets 1-month ATM options volatility
Against USD, in σ relative to last year's average

HUF	2.39
PLN	2.15
TRY	0.74
BRL	0.61
KRW	0.19
MXN	0.14
MYR	-0.10
ZAR	-0.17
RUB	-0.80
CLP	-0.82
COP	-2.03

Source: Bloomberg, Banorte
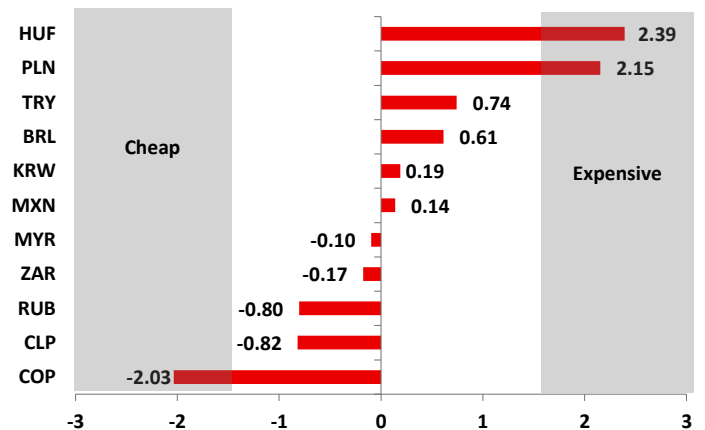
USD/MXN – 25D risk reversals
Last 12 months, difference between USD calls and puts, in vols

Source: Bloomberg, Banorte
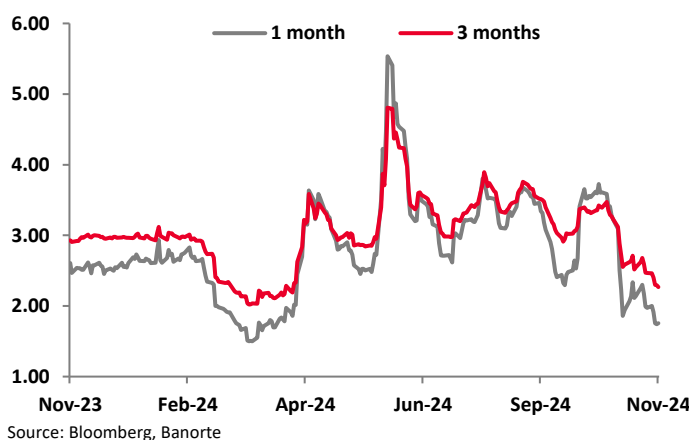
USD/MXN – 1-month 25D volatility-adjusted risk reversal
Last 12 months, ratio adjusted against 1-month implied volatility

USDMXN call > USDMXN put

Source: Bloomberg, Banorte
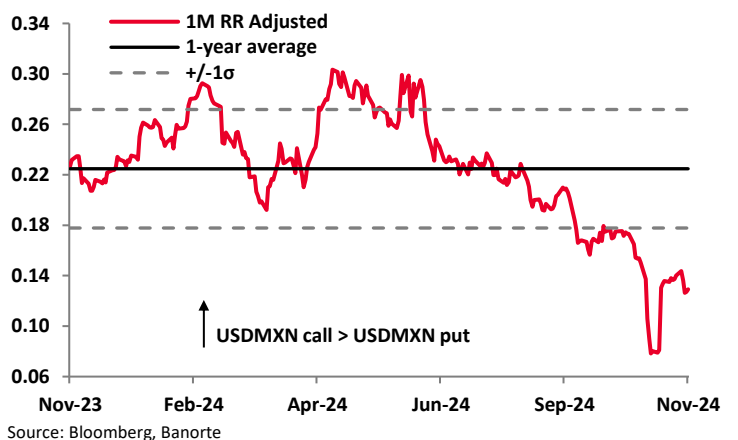
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Weekly economic calendar

For the week ending December 1st, 2024

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 25	04:00	GER	IFO Survey (business climate)*	Nov	index	--	86.0	86.5
	10:00	MX	Current account	3Q24	US$bn	1.2	1.5	3.6
Tue 26	07:00	BZ	Consumer prices	Nov	% m/m	--	0.49	0.54
	07:00	BZ	Consumer prices	Nov	% y/y	--	4.63	4.47
	09:00	US	S&P/CoreLogic housing prices	Sep	% y/y	--	--	5.2
	10:00	MX	International reserves	Nov 22	US$bn	--	--	225.4
	10:00	US	New home sales**	Oct	thousands	--	720	738
	10:00	US	Consumer confidence*	Nov	index	112.5	113.0	108.7
	12:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 10-year Mbono (Nov'34), 30-year Udibono (Oct'54), and 2- and 5-year Bondes F					
	14:00	US	FOMC Meeting Minutes	Nov 7				
Wed 27	07:00	MX	Trade balance	Oct	US$mn	-748.4	-1,502.2	-578.9
	08:30	US	Gross domestic product**	3Q24	% q/q	2.8	2.8	2.8
	08:30	US	Personal consumption**	3Q24	% q/q	--	--	3.7
	08:30	US	Trade Balance*	Oct	US$bn	--	-102.4	-108.7
	08:30	US	Durable goods orders*	Oct (P)	% m/m	--	0.4	-0.7
	08:30	US	Ex transportation*	Oct (P)	% m/m	--	0.2	0.5
	08:30	US	Initial jobless claims*	Nov 23	thousands	217	217	213
	10:00	US	Personal income*	Oct	% m/m	--	0.3	0.3
	10:00	US	Personal spending*	Oct	% m/m	--	0.3	0.5
	10:00	US	Real personal spending*	Oct	% m/m	--	--	0.4
	10:00	US	PCE Deflator*	Oct	% m/m	0.2	0.2	0.2
	10:00	US	Core*	Oct	% m/m	0.3	0.3	0.3
	10:00	US	PCE Deflator	Oct	% y/y	2.3	2.3	2.1
	10:00	US	Core	Oct	% y/y	2.8	2.8	2.7
	13:30	MX	Banxico's Quarterly Report	3Q24				
		SK	Monetary policy decision (Central bank of South Korea)	Nov 28	%	--	3.25	3.25
Thu 28		US	Markets closed due to the Thanksgiving holiday					
	04:00	EZ	Monetary aggregates (M3)*	Oct	% y/y	--	3.4	3.2
	05:00	EZ	Consumer confidence*	Nov (F)	index	--	--	-13.7
	05:00	EZ	Economic confidence*	Nov	index	--	95.1	95.6
	08:00	GER	Consumer prices	Nov (P)	% y/y	--	2.3	2.0
	10:00	MX	Banxico's minutes	Nov 14				
Fri 29	05:00	EZ	Consumer prices	Nov (P)	% y/y	--	2.3	2.0
	05:00	EZ	Core	Nov (P)	% y/y	--	2.8	2.7
	07:00	BZ	Unemployment rate	Oct	%	--	6.3	6.4
	10:00	MX	Banking credit	Oct	% y/y	7.0	--	7.1
	15:30	MX	Public finances (PSBR, year-to-date)	Oct	MXNbn	--	--	-1,271.8
	20:30	CHI	Manufacturing PMI*	Nov	index	--	50.3	50.1
	20:30	CHI	Non-manufacturing PMI*	Nov	index	--	--	50.2
	20:30	CHI	Composite PMI Output*	Nov	index	--	--	50.8
Sun 1	20:45	CHI	Manufacturing PMI (Caixin)*	Nov	index	--	--	50.3

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) 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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