

Fixed-Income & FX Strategy

W e e k l y

Fixed-Income and FX Weekly

- Trump 47th.** On Monday, Trump will begin his second term as President of the US. Uncertainty remains elevated regarding the initial actions expected to be implemented. Reports indicate that up to 100 executive orders are ready for implementation on day one, covering migration, tariffs, and energy policies. On the trade front, a gradual implementation approach has recently been incorporated to mitigate inflationary pressures, in line with the policy stance reflected by certain key cabinet nominees, including Treasury Secretary Scott Bessent. Our baseline scenario does not account for the most adverse case so far (*i.e.*, 25% tariffs on all trade and mass deportations). For now, we maintain the view that the combination of shifts towards more aggressive policies in trade, migration, and fiscal fronts will yield net positive outcomes for the USD, supporting its strength throughout the year, alongside higher interest rates, particularly at the long end of the curve. Next week's agenda also brings the BoJ's policy decision, with a potential rate hike that could trigger some profit-taking in USD positions amid broadly stretched long specs as per the CFTC. Fed officials will remain silent due to the blackout period ahead of the January 29th decision. In Mexico, we expect the inflation print for the first half of January on Thursday (Banorte: 0.23% 2w/2w)
- We initiate a 2s10s steepener in TIIE-F swaps.** We expect steeper yield curves in 2025, with the front-end outperforming as we anticipate Fed and Banxico rate cuts of 50bps and 150bps, respectively—well above current market expectations (-38bps and -112bps). Longer-duration securities are likely to reflect the following factors through USTs: (1) a higher neutral rate (r^*); (2) uncertainty regarding the magnitude and pace of Fed easing; (3) increased term premium; and (4) the “exceptionalism” of US growth dynamics. Locally, while we acknowledge the relative cheapening of long-term Mbonos, we foresee further upward pressures given their high sensitivity to Treasuries, with room for spread widening. We initiate a 2s10s steepener in TIIE-F IRS, entering at 30bps, targeting 65bps with a stop-loss at 15bps, despite a carry and roll-down of -4bps per month
- No directional positions in FX, anticipating higher volatility.** We expect the USD to sustain last year's gains in the coming months experiencing a consolidation mode, closely monitoring developments in the early days of the new US administration. For MXN, we foresee higher volatility as the US policy changes are factored in headline by headline. The rise in realized volatility would also coincide with less support from Banxico as its more dovish stance is confirmed, as we anticipate and the market is still to fully price. Estimating the tariff impact based on the 2016–2018 experience is not straightforward. Among the main signals from that period, “major trade events” triggered an approximate 2% sell-off for the MXN over a week. These declines often reversed though, as agreements progressed culminating in the USMCA agreement. Overall, we believe the landscape in the coming months will result in additional volatility. Given the high level of uncertainty, we recommend buying USD/MXN on dips
- Weekly ranges.** We expect the 10-year Mbono (Nov'34) to trade between 10.20% and 10.55%, and MXN between 20.20 and 21.40 per dollar

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Index

| | |
|-----------------------------------|--------|
| Markets summary..... | pg. 3 |
| Fixed-Income | |
| Market dynamics | pg. 4 |
| Supply..... | pg. 6 |
| Demand..... | pg. 7 |
| Technical..... | pg. 10 |
| Foreign exchange | |
| Market dynamics..... | pg. 12 |
| Market positioning and flows..... | pg. 13 |
| Technical..... | pg. 14 |



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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 | 9.99 | 2 | -31 | -21 | 11.30 | 9.96 | 10.82 |
| 28-days ¹ | 10.11 | -7 | -24 | -16 | 11.33 | 10.11 | 10.91 |
| 91-days ¹ | 10.20 | -7 | -24 | -16 | 11.44 | 10.20 | 11.01 |
| 182-days ¹ | 10.33 | -8 | -25 | -16 | 11.61 | 10.33 | 11.17 |
| Cetes² | | | | | | | |
| 28-days | 9.97 | -2 | 4 | -4 | 11.38 | 9.73 | 10.70 |
| 91-days | 9.81 | -5 | -6 | -19 | 11.36 | 9.79 | 10.81 |
| 182-days | 9.72 | -3 | -11 | -23 | 11.36 | 9.75 | 10.83 |
| 364-days | 9.89 | -3 | -7 | -18 | 11.44 | 9.81 | 10.75 |
| Mbonos | | | | | | | |
| Mar'25 | 9.75 | -5 | -20 | -20 | 11.15 | 9.75 | 10.38 |
| Mar'26 | 9.63 | 1 | -17 | -18 | 11.03 | 9.44 | 10.16 |
| Sep'26 | 9.65 | 0 | -11 | -13 | 11.03 | 9.32 | 10.04 |
| Mar'27 | 9.73 | 4 | -3 | -4 | 10.74 | 9.01 | 9.77 |
| Jun'27 | 9.78 | 7 | -8 | -4 | 10.68 | 9.00 | 9.76 |
| Mar'28 ³ | 9.88 | 2 | -4 | -5 | 9.99 | 9.50 | 9.80 |
| Mar'29 | 9.96 | 0 | -1 | -2 | 10.55 | 9.08 | 9.70 |
| May'29 | 9.99 | 4 | 2 | 1 | 10.47 | 9.03 | 9.65 |
| May'31 | 10.04 | 6 | 5 | 0 | 10.42 | 9.02 | 9.64 |
| May'33 | 10.24 | 7 | -6 | 1 | 10.40 | 9.07 | 9.70 |
| Nov'34 | 10.35 | 8 | -2 | -6 | 10.45 | 9.07 | 9.72 |
| Nov'36 | 10.36 | 10 | -2 | -5 | 10.45 | 9.06 | 9.72 |
| Nov'38 | 10.56 | 17 | 4 | 1 | 10.60 | 9.15 | 9.82 |
| Nov'42 | 10.76 | 16 | 5 | 6 | 10.76 | 9.20 | 9.93 |
| Nov'47 | 10.76 | 14 | 2 | 1 | 10.79 | 9.17 | 9.93 |
| Jul'53 | 10.78 | 12 | 2 | -1 | 10.81 | 9.19 | 9.94 |
| TIIE-F IRS⁴ | | | | | | | |
| 3-month (3x1) | 9.76 | -5 | -18 | -18 | 10.62 | 9.76 | 10.18 |
| 6-month (6x1) | 9.54 | -7 | -17 | -18 | 10.40 | 9.52 | 9.93 |
| 9-month (9x1) | 9.38 | -7 | -16 | -21 | 10.17 | 9.31 | 9.74 |
| 1-year (13x1) | 9.26 | -5 | -14 | -16 | 9.95 | 9.09 | 9.51 |
| 2-year (26x1) | 9.07 | -5 | -12 | -7 | 9.66 | 8.57 | 9.09 |
| 3-year (39x1) | 9.07 | -3 | -3 | -4 | 9.52 | 8.33 | 8.93 |
| 4-year (52x1) | 9.11 | -3 | -2 | -4 | 9.46 | 8.24 | 8.89 |
| 5-year (65x1) | 9.15 | -3 | 1 | -4 | 9.43 | 8.16 | 8.87 |
| 7-year (91x1) | 9.29 | 2 | 8 | 3 | 9.42 | 8.17 | 8.91 |
| 10-year (130x1) | 9.39 | 3 | 9 | 1 | 9.46 | 8.25 | 8.98 |
| 20-year (3x1) | 9.54 | 4 | 11 | 5 | 9.59 | 8.35 | 9.09 |
| 30-year (390x1) | 9.47 | 6 | 12 | 0 | 9.50 | 8.32 | 9.04 |
| Udibonos | | | | | | | |
| Dec'25 | 6.56 | -4 | 23 | 39 | 7.90 | 5.95 | 6.57 |
| Dec'26 | 6.18 | 0 | 5 | 9 | 7.08 | 5.62 | 6.13 |
| Nov'28 | 5.51 | 8 | -4 | 4 | 5.96 | 4.53 | 5.23 |
| Nov'31 | 5.43 | 5 | -10 | -5 | 5.80 | 4.53 | 5.12 |
| Aug'34 ⁵ | 5.47 | 5 | -12 | -3 | 5.76 | 4.70 | 5.17 |
| Nov'35 | 5.47 | 6 | -15 | -1 | 5.62 | 4.35 | 5.09 |
| Nov'40 | 5.46 | 8 | -25 | -5 | 5.72 | 4.33 | 5.09 |
| Nov'43 | 5.55 | 8 | -18 | 4 | 5.73 | 4.34 | 5.11 |
| Nov'46 | 5.56 | 11 | -14 | 4 | 5.70 | 4.27 | 5.04 |
| Nov'50 | 5.59 | 9 | -10 | 8 | 5.71 | 4.31 | 5.05 |
| Oct'54 ⁶ | 5.62 | 8 | -8 | 5 | 5.71 | 4.79 | 5.19 |

Source: Bloomberg, Banxico, Banorte

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

2: 1-day lag

3: Mbono Mar'28 issued on December 4th, 2024

4: TIIE-F IRS history since September 5th, 2024

5: Udibono Aug'34 issued on March 14th, 2024

6: 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 | Mar'27 | 5.09 | -16 | -6 | 4.27 | -11 | +3 | 81 | -5 | 63 | 64 |
| 3Y | Feb'28 | 5.57 | -17 | -12 | 4.33 | -14 | +6 | 124 | -3 | 78 | 85 |
| 5Y | May'30 | 5.92 | -16 | +4 | 4.41 | -16 | +3 | 150 | 0 | 120 | 129 |
| 7Y | Apr'32 | 6.30 | -18 | -3 | 4.51 | -16 | +3 | 179 | -1 | 132 | 169 |
| 10Y | Feb'35 | 6.64 | -13 | 0 | 4.61 | -15 | +4 | 203 | +2 | 162 | 209 |
| 20Y | Jan'45 | 6.80 | -10 | +4 | 4.91 | -11 | +6 | 188 | +1 | 187 | -- |
| 30Y | May'55 | 7.34 | -13 | +11 | 4.84 | -10 | +6 | 250 | -2 | 223 | -- |

Source: Bloomberg, Banorte

5Y USD UMS



Source: Bloomberg, Banorte

10Y USD UMS



Source: Bloomberg, Banorte

5Y UMS-UST Spread



Source: Bloomberg, Banorte

10Y UMS-UST Spread



Source: Bloomberg, Banorte

Fixed-Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 20-year Mbono (Nov'42), the 10-year Udibono (Aug'34), as well as 2- and 5-year Bondes F
- **Volatile backdrop could affect appetite for Mexican debt.** Next week, all attention will be on Donald Trump's inauguration, on January 20th, and actions on the trade and immigration front. In recent days, the environment of uncertainty has heightened, inducing participants to increase their appetite for safe-haven assets such as gold. According to EPFR, sales of EM equity increased significantly to US\$ 1,852 million from US\$ 328 million last week, while the sale of EM bonds was US\$ 111 million from purchases of US\$ 698 million the previous week. At this juncture, we expect that the robust demand for Cetes of around 4.0x will moderate despite the high yields. For the 20-year Mbono we anticipate appetite below its average of the last two years of 2.5x. Although we acknowledge an attractive valuation in long-term Mbonos, we see risks of higher rates going forward given the high correlation with Treasuries. For the 10-year Udibono we anticipate low demand considering an unattractive relative valuation, with an inflation breakeven around 4.60%

Auction specifics (January 21st, 2025)

| Security | Maturity | Coupon rate, % | To be auctioned ¹ | Previous yield ² |
|-----------------|-----------|----------------|------------------------------|-----------------------------|
| Cetes | | | | |
| 1m | Feb-20-25 | -- | 9,000 | 9.78 |
| 3m | Apr-24-25 | -- | 10,000 | 9.85 |
| 6m | Jul-24-25 | -- | 8,000 | 9.76 |
| 12m | Jan-08-26 | -- | 16,500 | 9.99 |
| Bondes F | | | | |
| 2Y | Dec-17-26 | -- | 9,500 | 0.17 |
| 5Y | Jan-24-30 | -- | 2,200 | 0.24 |
| Bono M | | | | |
| 20Y | Nov-13-42 | 7.75 | 7,000 | 10.13 |
| Udibono | | | | |
| 10Y | Aug-24-34 | 4.00 | UDIS 1,000 | 5.50 |

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

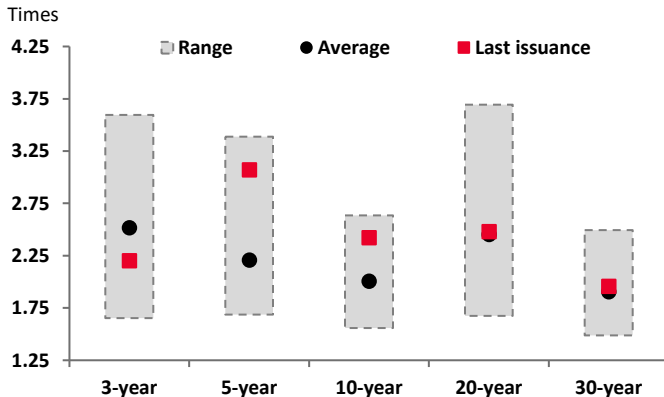
1Q25 Government Securities Auction Calendar*

| Date | Cetes | Bonos M | Udibonos | Bondes F |
|--------|------------------|--------------|--------------|--------------|
| 30-Dec | 1, 3, 6, and 24M | 3Y (Mar'28) | 10Y (Aug'34) | 1 and 3Y |
| 7-Jan | 1, 3, 6, and 12M | 10Y (Nov'34) | 3Y (Dec'26) | 2, 5 and 10Y |
| 14-Jan | 1, 3, 6, and 24M | 5Y (Mar'29) | 20Y (Nov'43) | 1, 3 and 7Y |
| 21-Jan | 1, 3, 6, and 12M | 20Y (Nov'42) | 10Y (Aug'34) | 2 and 5Y |
| 28-Jan | 1, 3, 6, and 24M | 3Y (Mar'28) | 30Y (Oct'54) | 1 and 3Y |
| 4-Feb | 1, 3, 6, and 12M | 30Y (Jul'53) | 3Y (Dec'26) | 2, 5 and 10Y |
| 11-Feb | 1, 3, 6, and 24M | 5Y (Mar'29) | 20Y (Nov'43) | 1, 3 and 7Y |
| 18-Feb | 1, 3, 6, and 12M | 10Y (Nov'34) | 10Y (Aug'34) | 2 and 5Y |
| 25-Feb | 1, 3, 6, and 24M | 3Y (Mar'28) | 30Y (Oct'54) | 1 and 3Y |
| 4-Mar | 1, 3, 6, and 12M | 30Y (Jul'53) | 3Y (Dec'26) | 2, 5 and 10Y |
| 11-Mar | 1, 3, 6, and 24M | 5Y (Mar'29) | 10Y (Aug'34) | 1, 3 and 7Y |
| 18-Mar | 1, 3, 6, and 12M | 3Y (Mar'28) | 20Y (Nov'43) | 2 and 5Y |
| 25-Mar | 1, 3, 6, and 24M | 20Y (Nov'42) | 30Y (Oct'54) | 1 and 3Y |

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

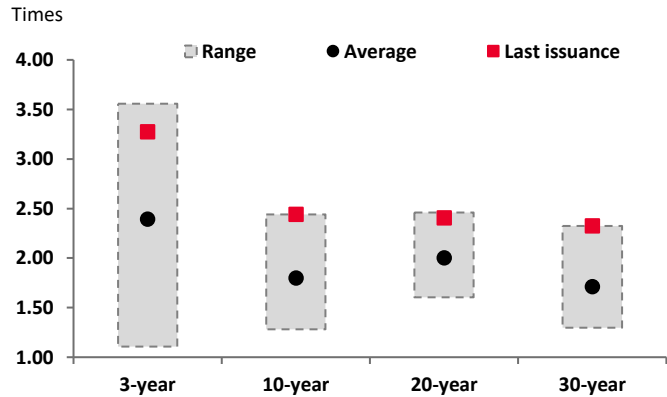
For more information, refer to [1Q25 Auction Calendar](#)

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

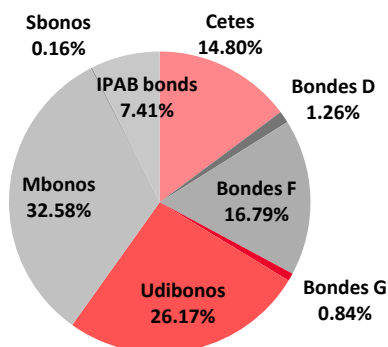
US\$ billion, *UDIS billion, data as of Jan/7/2025

| Securities | Total amount outstanding | Foreign investors | Pension funds | Mutual funds | Insurance companies | Local banks | Repos with Banxico | Guarantees received by Banxico | Securities held by Banxico | Other domestic residents |
|--------------|--------------------------|-------------------|---------------|---------------|---------------------|--------------|--------------------|--------------------------------|----------------------------|--------------------------|
| Cetes | 105.76 | 10.86 | 20.80 | 19.03 | 5.66 | 9.57 | 1.43 | 3.74 | - | 34.67 |
| Bondes D | 9.04 | 0.00 | 0.37 | 4.80 | 0.06 | 1.89 | - | - | - | 1.91 |
| Bondes F | 119.95 | 0.02 | 5.34 | 67.76 | 2.67 | 9.58 | 5.68 | 0.63 | - | 28.29 |
| Bondes G | 5.97 | 0.00 | 0.09 | 2.56 | 0.35 | 0.33 | 1.10 | - | - | 1.53 |
| Udibonos | 186.99 | 8.39 | 103.41 | 7.57 | 32.71 | 3.05 | 2.19 | 0.11 | - | 29.56 |
| Mbonos | 232.75 | 70.34 | 57.82 | 8.85 | 7.83 | 26.51 | 10.62 | 1.51 | 0.74 | 48.54 |
| Sbonos | 1.13 | 0.53 | 0.31 | 0.01 | 0.05 | 0.01 | - | - | - | 0.22 |
| Total | 661.60 | 90.15 | 188.15 | 110.58 | 49.33 | 50.94 | 21.02 | 5.98 | 0.74 | 144.72 |
| Udibonos* | 454.89 | 20.42 | 251.56 | 18.42 | 79.57 | 7.41 | 5.33 | 0.26 | - | 71.90 |
| IPAB bonds | 52.91 | 0.10 | 0.68 | 16.99 | 0.24 | 9.35 | 7.76 | 1.22 | - | 16.57 |

Source: Banxico, Banorte

Government issuance by type of instrument

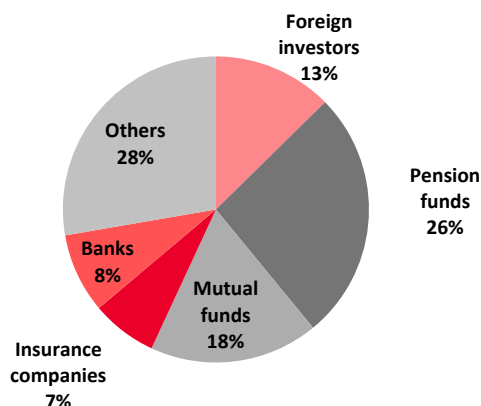
Total amount of US\$ 714 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

Government issuance by type of investor

Total amount of US\$ 714 billion (including IPAB bonds), % of total

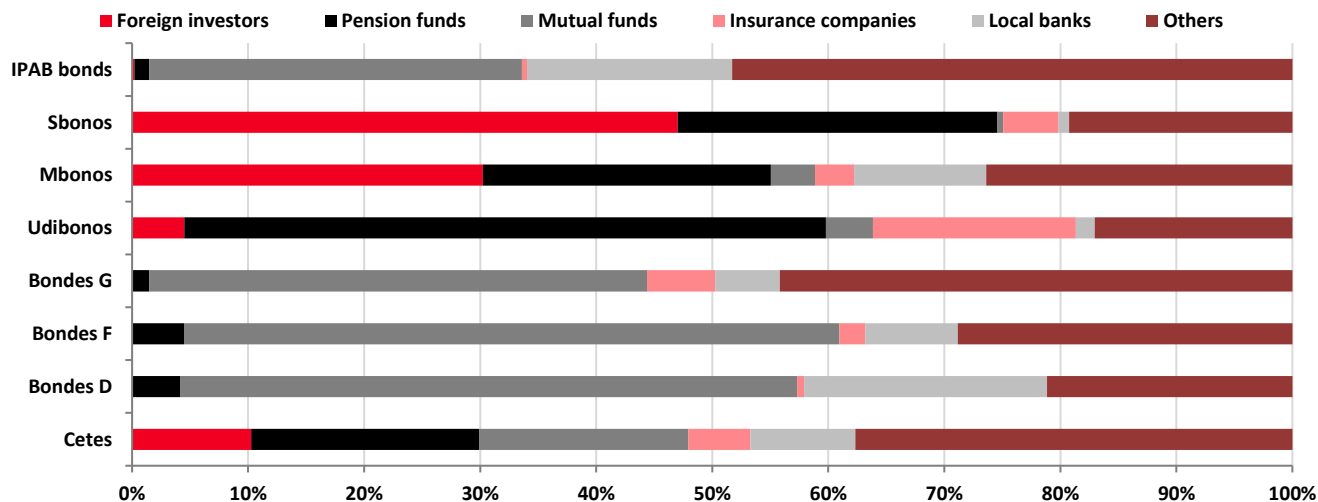


Source: Banxico, Banorte

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\$ 714 billion (including IPAB bonds), % of total



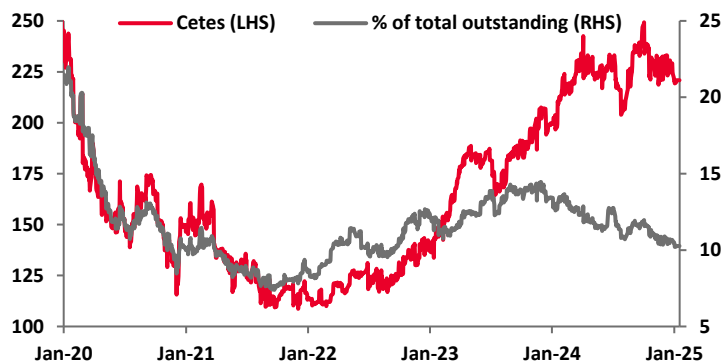
Source: Banxico, Banorte

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

Fixed-Income Demand (continued)

Cetes held by foreigners

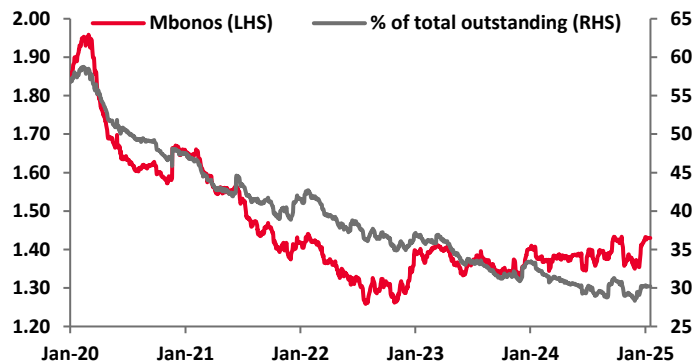
MXN billion, %



Source: Banxico, Banorte

Mbonos held by foreigners

MXN trillion, %



Source: Banxico, Banorte

Holdings of main investors by type of security

Data as of Jan/7/2025

| | Foreign investors | | Pension funds | | Mutual funds | |
|----------|--------------------|---------|--------------------|---------|--------------------|---------|
| | Δ last 4 weeks (%) | YTD (%) | Δ last 4 weeks (%) | YTD (%) | Δ last 4 weeks (%) | YTD (%) |
| Cetes | -1.06 | 0.12 | 0.78 | 1.49 | 3.71 | 6.77 |
| Bondes F | -15.88 | -33.17 | 5.76 | -8.37 | -0.53 | 2.29 |
| Udibonos | 6.11 | 1.52 | 0.51 | 0.27 | 11.62 | 5.50 |
| Mbonos | 5.61 | -0.16 | 0.72 | 1.33 | 16.87 | -4.53 |

Source: Banxico, Banorte

Mbonos holdings by type of investor

US\$ billions and %, data as Jan/2/2025

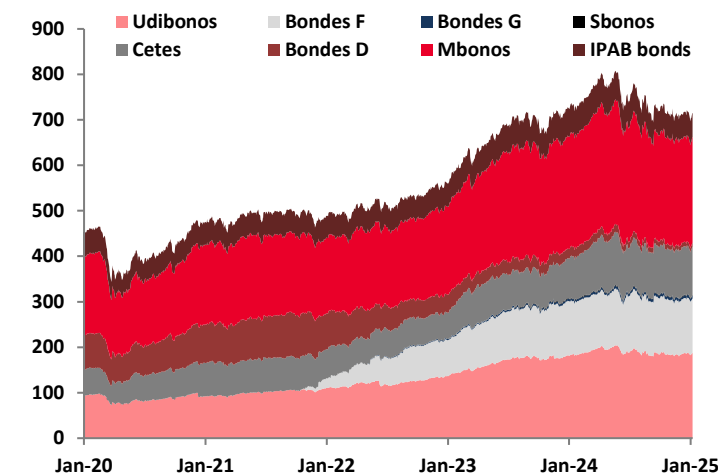
| Maturity | Amount Outstanding | Local Banks | Foreign investors | Pension and Mutual funds | Others |
|----------|--------------------|-------------|-------------------|--------------------------|--------|
| Mar'25 | 4.7 | 32% | 8% | 18% | 42% |
| Mar'26 | 17.4 | 24% | 26% | 8% | 42% |
| Sep'26 | 14.7 | 25% | 29% | 14% | 32% |
| Mar'27 | 19.8 | 18% | 17% | 11% | 54% |
| Jun'27 | 19.0 | 27% | 24% | 17% | 33% |
| Mar'28 | 3.7 | 36% | 15% | 27% | 22% |
| Mar'29 | 17.0 | 13% | 34% | 21% | 31% |
| May'29 | 17.2 | 10% | 36% | 26% | 28% |
| May'31 | 18.6 | 6% | 42% | 30% | 23% |
| May'33 | 15.4 | 5% | 36% | 32% | 28% |
| Nov'34 | 15.2 | 8% | 45% | 29% | 18% |
| Nov'36 | 4.7 | 3% | 18% | 52% | 27% |
| Nov'38 | 10.3 | 2% | 31% | 45% | 22% |
| Nov'42 | 18.9 | 0% | 37% | 45% | 18% |
| Nov'47 | 12.8 | 1% | 28% | 50% | 21% |
| Jul'53 | 16.7 | 1% | 30% | 50% | 19% |
| Total | 209.2 | 12% | 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

Government securities issuance

USD Billions

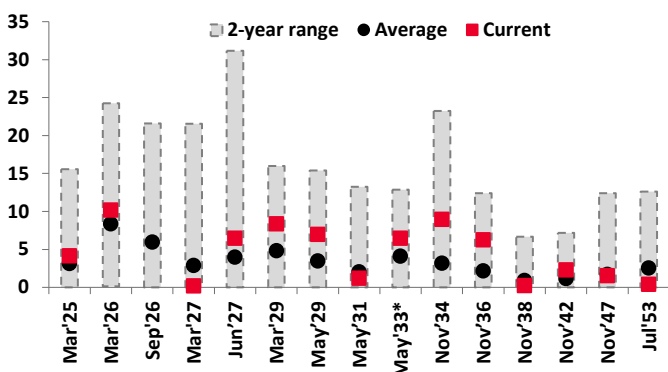


Fuente: Banxico, Banorte

Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

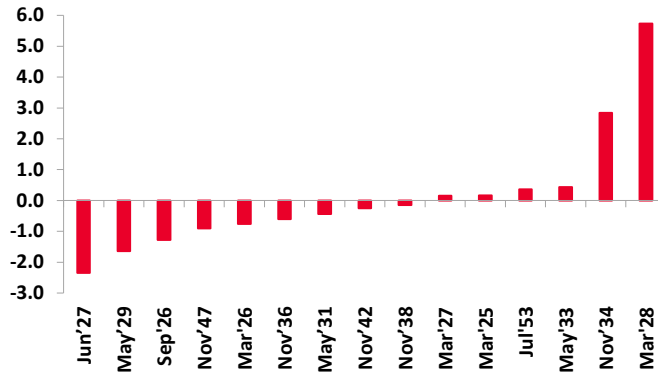
MXN billion



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

Weekly change in market makers' short positions on Mbonos

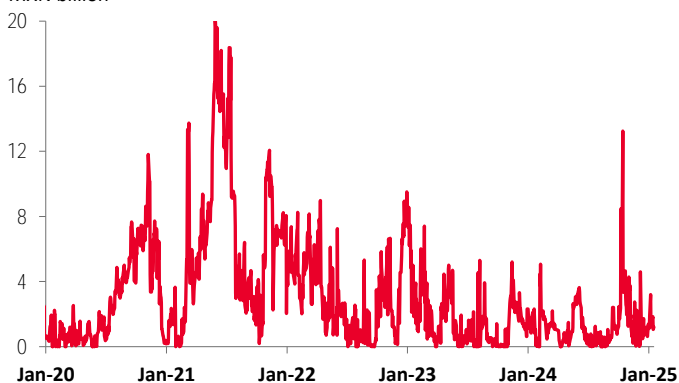
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

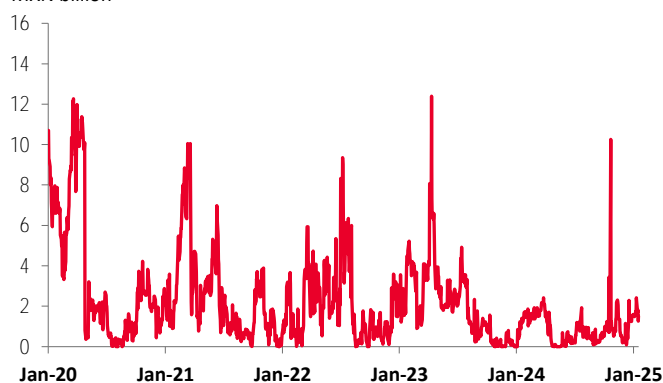
MXN billion



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 Jan/16/2025 | Jan/16/2025 | Previous Week | Previous Month | Previous Year | 6m Max | 6m Min |
|---------------|--------------------------------------------|--------------|---------------|----------------|---------------|--------|--------|
| Mar'25 | 4,644 | 198 | 190 | 186 | 286 | 281 | 38 |
| Mar'26 | 17,130 | 487 | 524 | 533 | 446 | 812 | 141 |
| Sep'26 | 14,561 | 0 | 61 | 26 | 235 | 643 | 0 |
| Mar'27 | 19,692 | 8 | 0 | 5 | 127 | 428 | 0 |
| Jun'27 | 18,801 | 309 | 422 | 322 | 0 | 1,494 | 33 |
| Mar'29 | 18,116 | 402 | 300 | 359 | 125 | 647 | 93 |
| May'29 | 17,923 | 334 | 412 | 385 | 191 | 529 | 2 |
| May'31 | 18,512 | 57 | 78 | 37 | 38 | 636 | 0 |
| May'33 | 15,264 | 310 | 290 | 396 | 255 | 617 | 0 |
| Nov'34 | 18,103 | 430 | 293 | 636 | 274 | 1,115 | 0 |
| Nov'36 | 4,650 | 300 | 329 | 163 | 15 | 596 | 0 |
| Nov'38 | 10,301 | 11 | 18 | 10 | 52 | 100 | 0 |
| Nov'42 | 18,755 | 110 | 122 | 73 | 35 | 265 | 0 |
| Nov'47 | 12,631 | 72 | 116 | 110 | 60 | 492 | 5 |
| Jul'53 | 16,483 | 18 | 0 | 55 | 8 | 382 | 0 |
| Total | 225,565 | 3,028 | 3,155 | 3,240 | 2,138 | | |

Source: Banxico, Banorte

Fixed-Income Technicals

Spread between Cetes and Implied Forward Rates

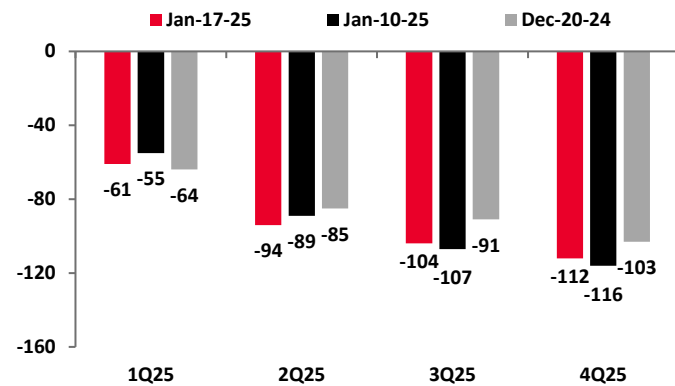
Basis points

| Tenor | Actual | Weekly change | Δ last 4 weeks | 6m average | 6m Max | 6m Min |
|-----------|--------|---------------|----------------|------------|--------|--------|
| 1 month | 16 | 143 | 72 | 64 | 154 | -12 |
| 3 months | -44 | 15 | -9 | 23 | 76 | -46 |
| 6 months | -45 | -14 | -22 | 25 | 89 | -45 |
| 12 months | -12 | 10 | 11 | 45 | 94 | -12 |

Source: PIP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate

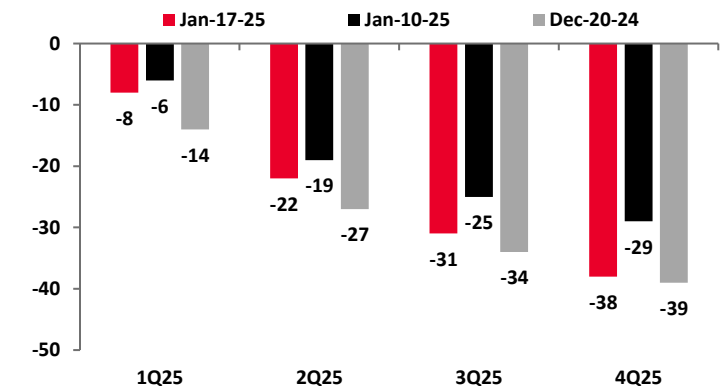
Basis points



Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

Spreads between Mbonos and UST

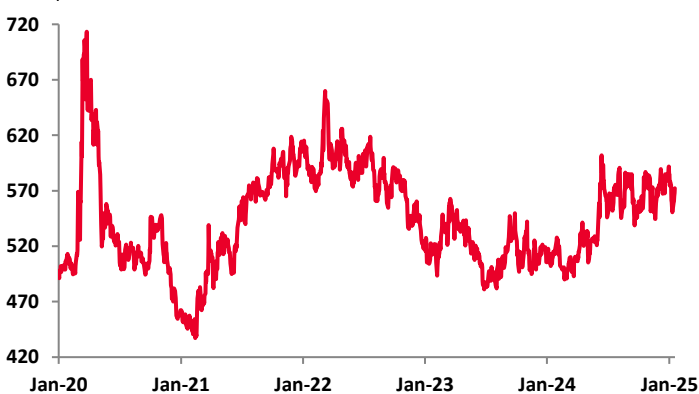
Basis points

| Spread | Actual | Weekly change | Δ last 4 weeks | YTD | 12m Max | 12m Min | 12m Average |
|---------|--------|---------------|----------------|-----|---------|---------|-------------|
| 2 year | 535 | 10 | -14 | -22 | 644 | 517 | 578 |
| 5 year | 552 | 14 | -7 | -6 | 623 | 495 | 555 |
| 10 year | 572 | 22 | -12 | -12 | 602 | 490 | 548 |
| 20 year | 583 | 25 | -7 | -1 | 593 | 477 | 540 |
| 30 year | 592 | 21 | -12 | -9 | 605 | 493 | 550 |

Source: Bloomberg, Banorte

10-year Mbono and 10-year UST spread

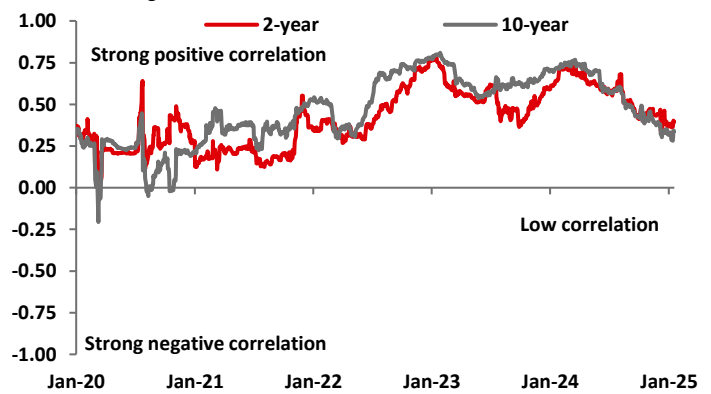
Basis points



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 | 32 | -1 | 16 | 16 | 38 | -79 | -45 |
| 2/10 | 72 | 8 | 15 | 12 | 76 | -94 | -44 |
| 2/30 | 115 | 11 | 19 | 17 | 115 | -86 | -22 |
| 5/10 | 40 | 8 | -1 | -5 | 46 | -28 | 1 |
| 10/30 | 43 | 3 | 4 | 5 | 45 | 4 | 22 |
| TIIE-F* | | | | | | | |
| 3m/2Y | -69 | 0 | 6 | 11 | -67 | -191 | -109 |
| 2/5 | 8 | 2 | 12 | 4 | 9 | -51 | -22 |
| 2/10 | 32 | 7 | 20 | 8 | 32 | -46 | -10 |
| 2/30 | 40 | 11 | 24 | 7 | 40 | -41 | -5 |
| 5/10 | 24 | 5 | 8 | 4 | 24 | 2 | 12 |
| 10/30 | 8 | 4 | 4 | -1 | 17 | -4 | 5 |
| TIIE-F – Mbonos* | | | | | | | |
| 2 year | -56 | -5 | -24 | -20 | -26 | -107 | -69 |
| 5 year | -81 | -3 | -13 | -17 | -60 | -125 | -83 |
| 10 year | -96 | -6 | -22 | -30 | -64 | -130 | -87 |
| 20 year | -122 | -12 | -30 | -36 | -78 | -148 | -108 |
| 30 year | -131 | -5 | -27 | -40 | -83 | -159 | -115 |
| TIIE-F – SOFR* | | | | | | | |
| 2 year | 493 | 4 | -12 | -14 | 573 | 470 | 521 |
| 5 year | 502 | 9 | -8 | -13 | 559 | 472 | 514 |
| 10 year | 522 | 13 | -5 | -9 | 559 | 491 | 524 |
| 20 year | 533 | 11 | -6 | -6 | 567 | 499 | 529 |
| 30 year | 542 | 11 | -6 | -11 | 580 | 507 | 539 |

Source: Bloomberg, Banorte

Note: TIIE-F IRS history since September 5th, 2024

Breakeven inflation using Mbonos & Udibonos

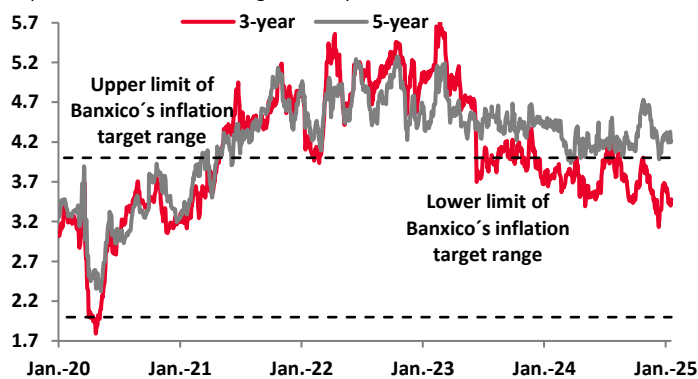
%, Implicit market inflation using Fisher Equation

| Date | 01/17/2025 | Previous week | Previous month | Previous year | 12m Max | 12m Min | 12m Average |
|------|------------|---------------|----------------|---------------|---------|---------|-------------|
| 3Y | 3.48 | 3.47 (+1bp) | 3.56 (-8bps) | 3.75 (-27bps) | 4.21 | 3.13 | 3.70 |
| 5Y | 4.22 | 4.29 (-7bps) | 4.19 (+3bps) | 4.45 (-23bps) | 4.73 | 3.94 | 4.25 |
| 10Y | 4.63 | 4.6 (+3bps) | 4.53 (+10bps) | 4.5 (+13bps) | 4.75 | 4.04 | 4.34 |
| 20Y | 4.94 | 4.86 (+8bps) | 4.71 (+23bps) | 4.78 (+16bps) | 5.01 | 4.25 | 4.59 |
| 30Y | 4.89 | 4.86 (+3bps) | 4.79 (+10bps) | 4.8 (+9bps) | 5.01 | 4.34 | 4.66 |

Source: Bloomberg, Banorte

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

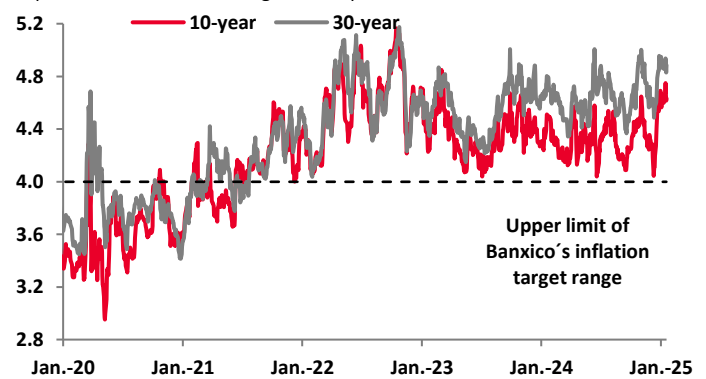
Implicit market inflation using Fisher Equation



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

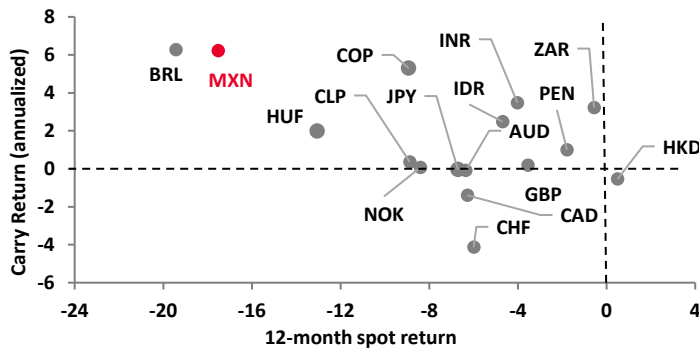
| | | Current | Daily Change (%) ¹ | Weekly change (%) ¹ | Monthly change (%) ¹ | YTD (%) ¹ |
|--------------------------|----------------|--------------|-------------------------------|--------------------------------|---------------------------------|----------------------|
| Emerging Markets | | | | | | |
| Brazil | USD/BRL | 6.08 | -0.4 | 0.5 | 3.5 | 1.6 |
| Chile | USD/CLP | 1,006.10 | 0.6 | 0.7 | -1.5 | -1.1 |
| Colombia | USD/COP | 4,335.35 | 0.2 | 0.2 | 0.9 | 1.6 |
| Peru | USD/PEN | 3.74 | 0.4 | 0.8 | -0.2 | -0.1 |
| Hungary | USD/HUF | 402.12 | -0.4 | 0.3 | -0.7 | -1.2 |
| Malaysia | USD/MYR | 4.51 | -0.1 | -0.2 | -0.8 | -0.8 |
| Mexico | USD/MXN | 20.79 | 0.3 | -0.3 | -2.0 | 0.2 |
| Poland | USD/PLN | 4.15 | -0.2 | 0.4 | -0.7 | -0.4 |
| Russia | USD/RUB | 102.49 | 1.2 | -0.6 | 2.1 | 10.8 |
| South Africa | USD/ZAR | 18.75 | 0.4 | 1.9 | -2.2 | 0.5 |
| Developed Markets | | | | | | |
| Canada | USD/CAD | 1.45 | -0.6 | -0.4 | -0.2 | -0.6 |
| Great Britain | GBP/USD | 1.22 | -0.6 | -0.3 | -3.2 | -2.8 |
| Japan | USD/JPY | 156.30 | -0.7 | 0.9 | -1.0 | 0.6 |
| Eurozone | EUR/USD | 1.0273 | -0.3 | 0.3 | -0.8 | -0.8 |
| Norway | USD/NOK | 11.45 | -0.7 | 0.2 | -0.5 | -0.5 |
| Denmark | USD/DKK | 7.26 | -0.3 | 0.3 | -0.8 | -0.8 |
| Switzerland | USD/CHF | 0.92 | -0.4 | 0.2 | -1.5 | -0.8 |
| New Zealand | NZD/USD | 0.56 | -0.4 | 0.5 | -0.7 | -0.2 |
| Sweden | USD/SEK | 11.19 | -0.4 | 0.2 | -0.6 | -1.1 |
| Australia | AUD/USD | 0.62 | -0.3 | 0.7 | -0.4 | 0.1 |

Source: Bloomberg, Banorte

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

Performance of selected currencies

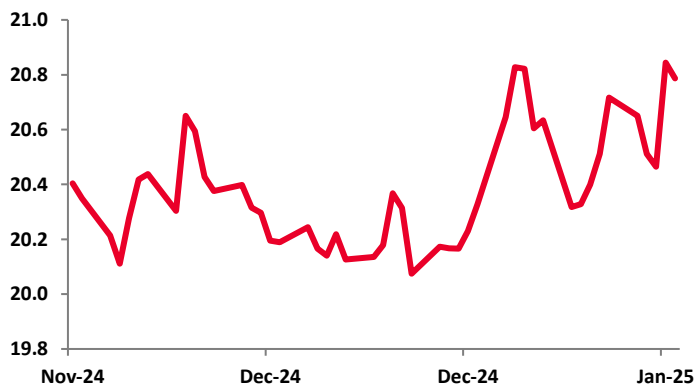
%, annualized rate based in 3M forwards



4Source: Bloomberg, Banorte

USD/MXN

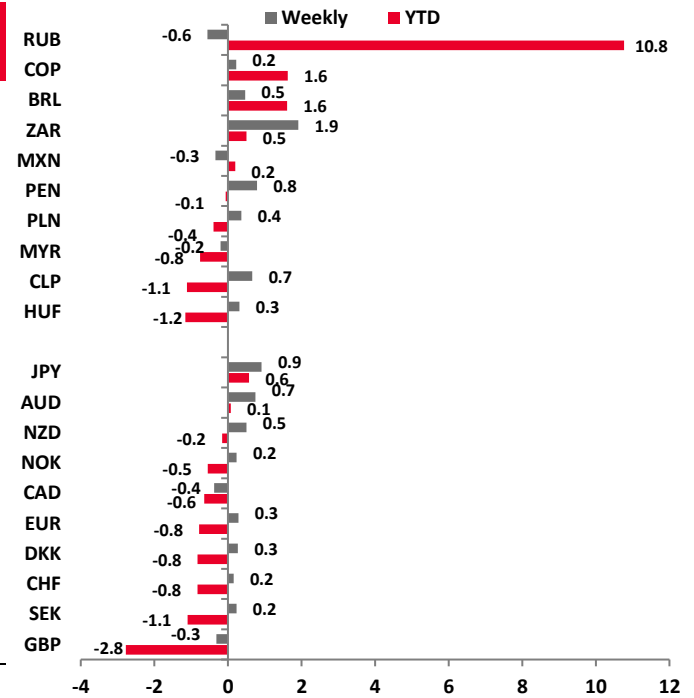
Last 60 days



Source: Bloomberg, Banorte

FX performance

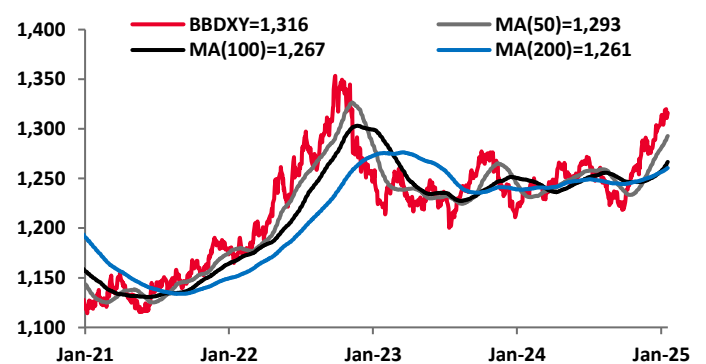
Against USD, %



Source: Bloomberg, Banorte

BBDXY

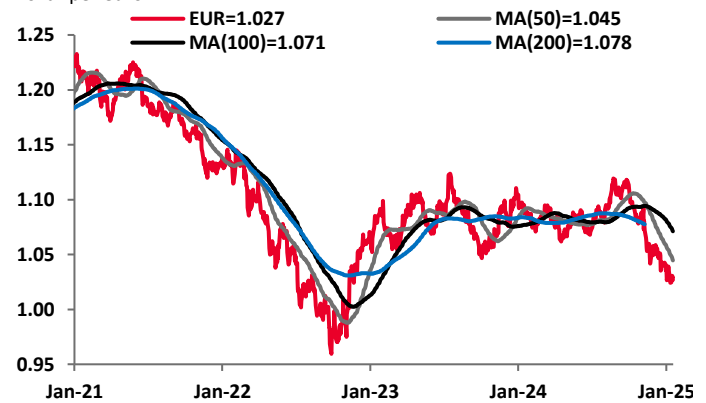
Points



Source: Bloomberg, Banorte

Euro

Dollar per euro

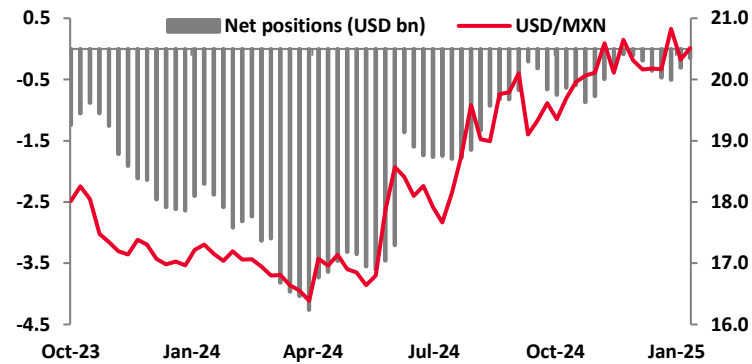


Source: Bloomberg, Banorte

FX positioning and flows

IMM positioning in USD/MXN futures

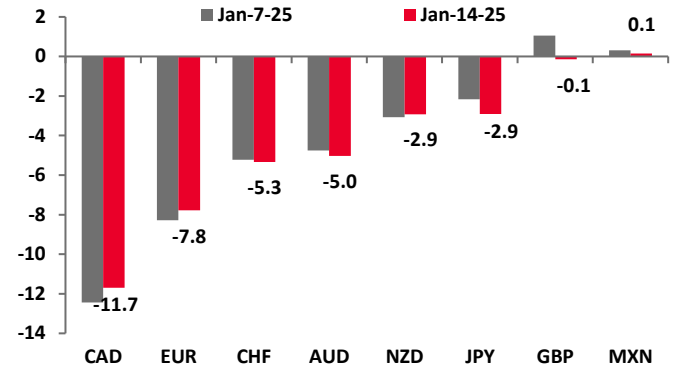
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

IMM positioning by currency*

Billion dollars

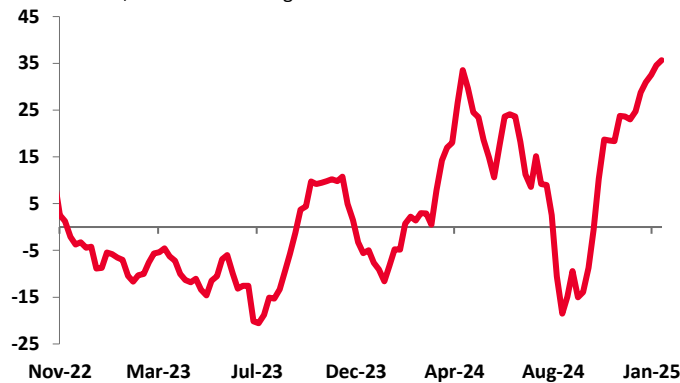


* Positive: Net long in the corresponding currency

Source: CME, Banorte

IMM positioning in USD futures*

Billion dollars, Positive = net long in USD

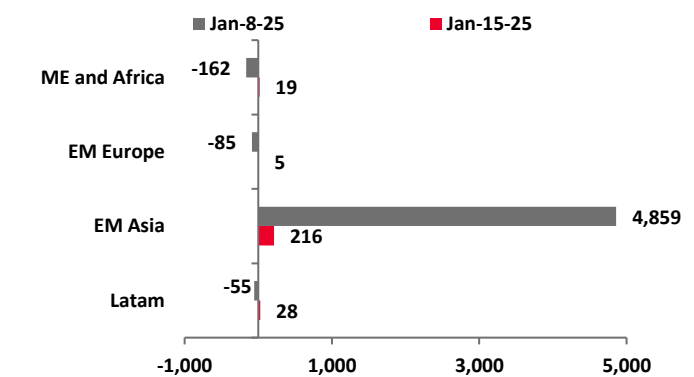


*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF

Source: CME, Banorte

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

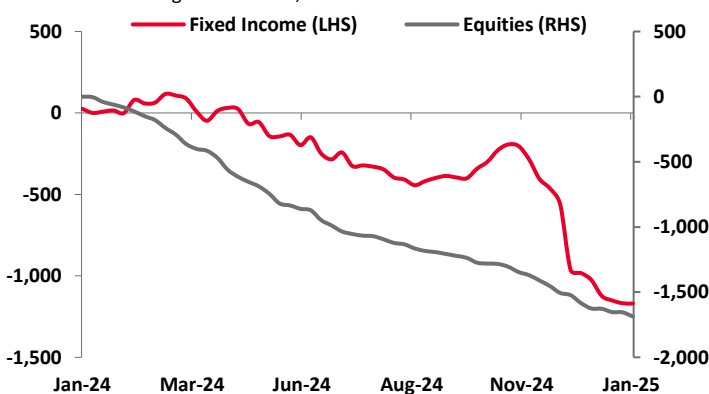
Billion dollars



Source: EPFR Global, Banorte

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

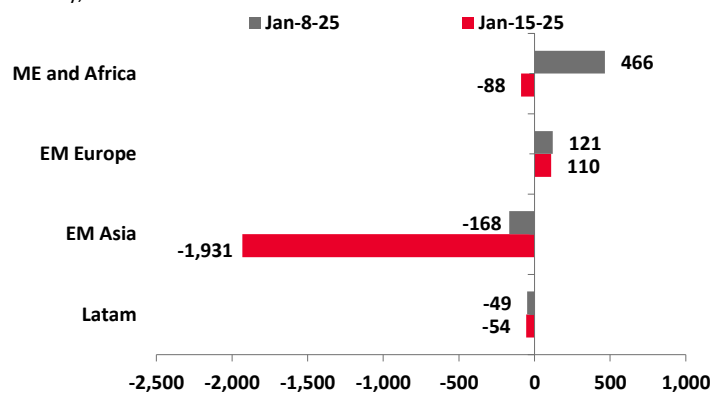
Accumulated during the last 12M, million dollars



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



USD/MXN – 1-month correlation with other currencies and assets

Based on daily percentages changes

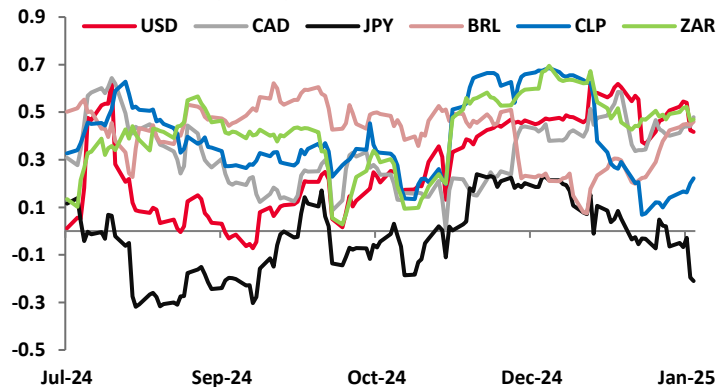
| | Actual (%) | Previous week | 6m Min | 6m Max | 6m Average |
|------|------------|---------------|--------|--------|------------|
| EUR | 42 | 52 | -7 | 63 | 28 |
| CAD | 48 | 41 | 1 | 64 | 32 |
| JPY | -21 | -5 | -32 | 24 | -3 |
| BRL | 46 | 44 | 7 | 62 | 41 |
| CLP | 22 | 16 | 7 | 69 | 39 |
| ZAR | 47 | 50 | 3 | 69 | 42 |
| VIX | 40 | 43 | -13 | 58 | 22 |
| SPX | 49 | 52 | -15 | 60 | 26 |
| GSCI | 2 | -5 | -17 | 60 | 27 |
| Gold | 20 | 29 | -5 | 39 | 19 |

* Positive: appreciation of MXN and corresponding asset except VIX

Source: Bloomberg, Banorte

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

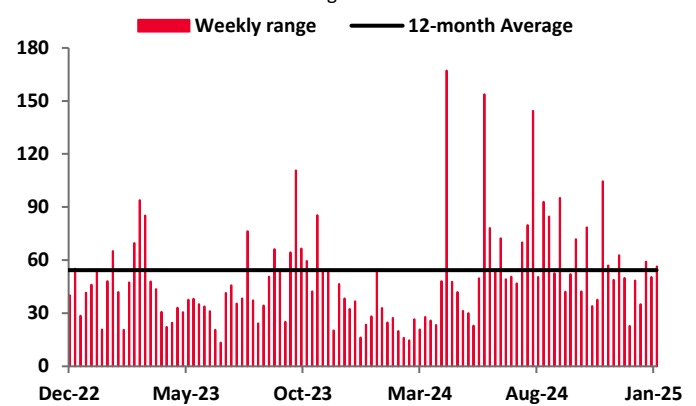
Based on daily percentage changes



* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte

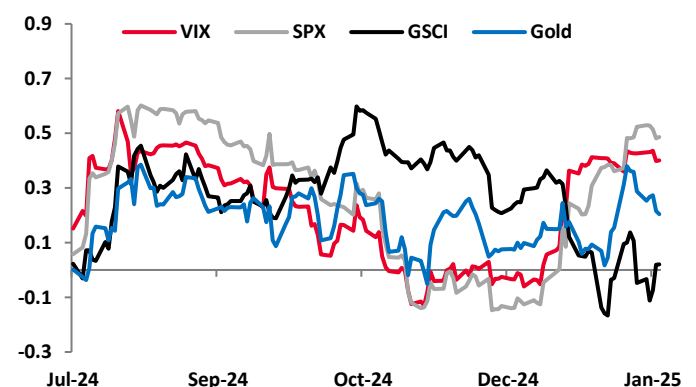
USD/MXN – Weekly trading range

MXN cents with last 12 month average



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

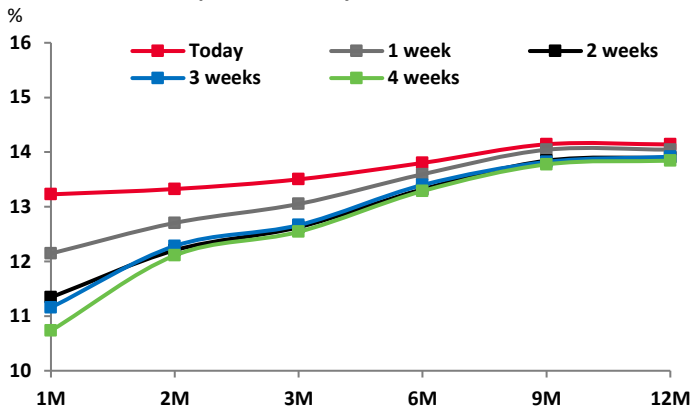
Based on daily percentage changes



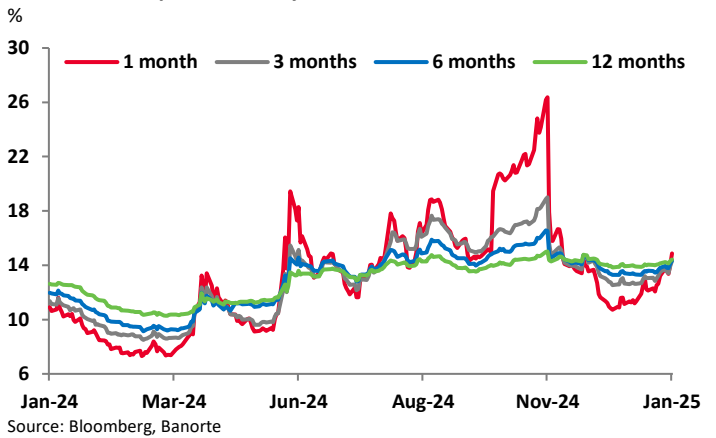
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

FX technicals (continued)

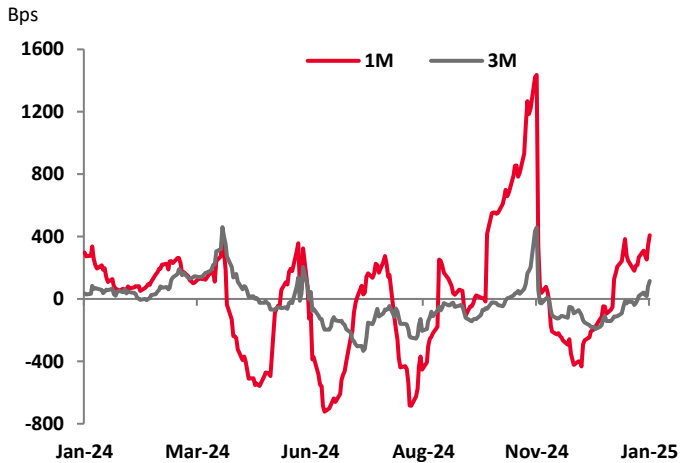
USD/MXN – ATM options volatility curve



USD/MXN – Implied volatility

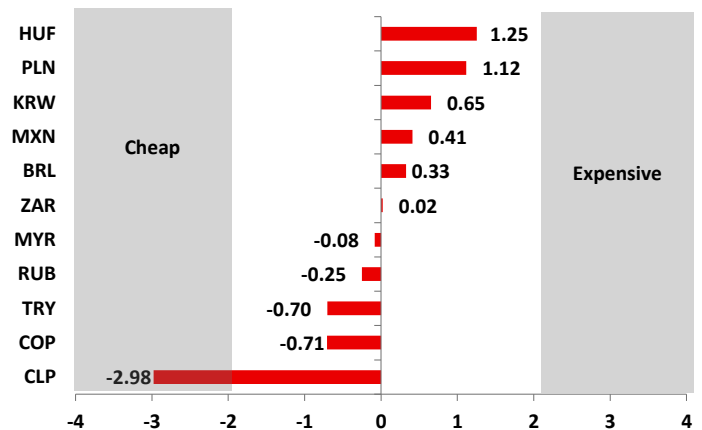


USD/MXN – Spread between implicit and historical volatility



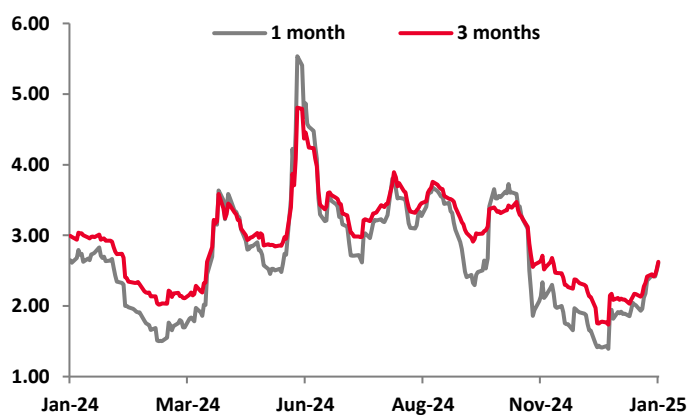
Emerging markets 1-month ATM options volatility

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



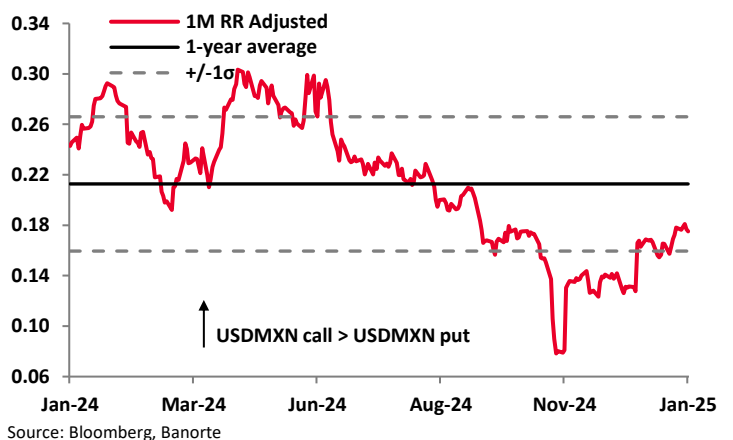
USD/MXN – 25D risk reversals

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



USD/MXN – 1-month 25D volatility-adjusted risk reversal

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



Weekly economic calendar

For the week ending January 26th, 2025

| | Time | | Event | Period | Unit | Banorte | Survey | Previous |
|--------|-------|-----|--------------------------------------------------------------------------------------------------------------------------------------|---------|-----------|---------|--------|----------|
| Mon 20 | | US | Markets closed for Martin Luther King Jr. Day and Donald Trump's inauguration | | | | | |
| | | | World Economic Forum in Davos, Switzerland | | | | | |
| Tue 21 | 02:00 | UK | Unemployment rate* | Nov | % | -- | 4.3 | 4.3 |
| | 05:00 | GER | ZEW Survey (Expectations) | Jan | index | -- | 15.2 | 15.7 |
| | 07:00 | MX | Retail sales | Nov | % y/y | -0.3 | -1.2 | -1.2 |
| | 07:00 | MX | Retail sales* | Nov | % m/m | 0.5 | 0.4 | -0.3 |
| | 07:00 | MX | Timely Indicator of Economic Activity* | Dec | % y/y | -- | -- | 0.4 |
| | 10:00 | MX | International reserves | Jan 17 | US\$bn | -- | -- | 228.9 |
| | 12:30 | MX | Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 20-year Mbono (Nov'42), 10-year Udibono (Aug'34) y 2- and 5-year Bondes F | | | | | |
| | 15:30 | MX | Citi Survey of Economists | | | | | |
| Wed 22 | | | No relevant economic data will be released today | | | | | |
| | | | | | | | | |
| Thu 23 | 06:00 | TUR | Monetary policy decision (Central Bank of Turkey) | Jan 23 | % | -- | 45.00 | 47.50 |
| | 07:00 | MX | Consumer prices | Jan 15 | % 2w/2w | 0.23 | 0.26 | 0.04 |
| | 07:00 | MX | Core | Jan 15 | % 2w/2w | 0.24 | 0.24 | 0.06 |
| | 07:00 | MX | Consumer prices | Jan 15 | % y/y | 3.72 | 3.75 | 3.99 |
| | 07:00 | MX | Core | Jan 15 | % y/y | 3.68 | 3.86 | 3.69 |
| | 07:00 | BZ | Consumer prices | Jan | % m/m | -- | -0.03 | 0.34 |
| | 07:00 | BZ | Consumer prices | Jan | % y/y | -- | 4.34 | 4.71 |
| | 08:30 | US | Initial jobless claims* | Jan 18 | thousands | 220 | 220 | 217 |
| | 10:00 | EZ | Consumer confidence* | Jan (P) | index | -- | -14.0 | -14.5 |
| | | JN | Monetary policy decision (BoJ) | Jan 24 | % | -- | 0.50 | 0.25 |
| Fri 24 | 03:30 | GER | Manufacturing PMI* | Jan (P) | index | -- | 42.8 | 42.5 |
| | 03:30 | GER | Services PMI* | Jan (P) | index | -- | 51.0 | 51.2 |
| | 03:30 | GER | Composite PMI* | Jan (P) | index | -- | 48.3 | 48.0 |
| | 04:00 | EZ | Manufacturing PMI* | Jan (P) | index | -- | 45.5 | 45.1 |
| | 04:00 | EZ | Services PMI* | Jan (P) | index | -- | 51.5 | 51.6 |
| | 04:00 | EZ | Composite PMI* | Jan (P) | index | -- | 49.7 | 49.6 |
| | 04:30 | UK | Manufacturing PMI* | Jan (P) | index | -- | 47.0 | 47.0 |
| | 04:30 | UK | Services PMI* | Jan (P) | index | -- | 50.8 | 51.1 |
| | 07:00 | MX | Economic activity indicator (IGAE) | Nov | % y/y | 0.9 | 0.8 | 0.7 |
| | 07:00 | MX | Economic activity indicator (IGAE)* | Nov | % m/m | 0.6 | 0.3 | -0.7 |
| | 09:45 | US | Manufacturing PMI* | Jan (P) | index | 49.5 | 49.9 | 49.4 |
| | 09:45 | US | Services PMI* | Jan (P) | index | 56.7 | 56.5 | 56.8 |
| | 09:45 | US | Composite PMI* | Jan (P) | index | -- | -- | 55.4 |
| | 10:00 | US | Existing home sales** | Dec | millions | -- | 4.2 | 4.2 |
| | 10:00 | US | U. of Michigan confidence* | Jan (F) | index | 73.2 | 73.2 | 73.2 |
| | | | | | | | | |
| | | | | | | | | |
| Sun 26 | 20:30 | CHI | Manufacturing PMI* | Jan | index | -- | -- | 50.1 |
| | 20:30 | CHI | Non-manufacturing PMI* | Jan | index | -- | -- | 52.2 |
| | 20:30 | CHI | Composite PMI Output SA* | Jan | index | -- | -- | 52.2 |

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

| Recent trade ideas | | | | |
|-------------------------------------------------|-----|--------------|-----------|--|
| Trade idea | P/L | Initial date | End date | |
| 2y10y TIE-IRS steepener | | Jan-17-25 | | |
| 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-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

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, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Ana Laura Zaragoza Félix, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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| | Reference |
|------|---------------------------------------------------------------------------------------|
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| HOLD | When the share expected performance is similar to the MEXBOL estimated performance. |
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