

Fixed-Income & FX Strategy

W e e k l y

Fixed-Income and FX Weekly

- All eyes on the trade front.** January concludes on a constructive note for risk appetite despite lingering uncertainty surrounding the US tariff agenda. President Trump reiterated this week that he will impose tariffs of 25% on imports from Mexico and Canada, as well as 10% on Chinese goods. The leaders of the first two countries have stated that if these tariffs move forward, they will implement reciprocal measures. According to the White House, the tariff announcement is expected tomorrow, February 1st. Global attention remains focused on this front following a week of heightened volatility, driven by weakness in the technology sector that triggered temporary losses in equities. Next week in Mexico, markets will be closed on Monday due to a holiday, and the spotlight will be on Banxico's first monetary policy decision of 2025. [We anticipate a 50bps rate cut](#), where the magnitude of the adjustment will likely be conditional on trade policy developments. The upcoming week's agenda also features the US January labor market reports
- Defensive on rates, holding a 2s10s steepener in TIIE-F.** Local rates have rallied by approximately 30bps in Mbonos throughout January, averaging over 40bps in TIIE-F, with some short-term tenors firming by 50bps m/m. This move has already aligned the front-end with our expected Banxico rate cuts for the year, with markets pricing in a total of 152bps in easing for 2025 and 47bps for next Thursday's meeting. Our base case remains that a dovish Banxico stance, combined with increased pressure on the long-end due to a higher term premia in Treasuries, will sustain the steepening bias in the local curve. As such, we continue to favor a [2s10s steepener in TIIE-F](#). Additionally, we see greater relative value in nominal rates vis-à-vis real rates, with the latter becoming more expensive at longer maturities
- Cautious on FX, favoring USD purchases on dips.** Realized MXN volatility has picked up, reflecting the higher headline risk tied to tariffs. On Friday, MXN initially strengthened by up to 1.3% intraday after a Reuters report suggested potential delay in tariff implementation. However, subsequent White House comments denying the report and reaffirming that tariffs would take effect tomorrow fully reversed the gains, leaving the MXN to close at 20.68 per dollar. This translated into a 2.0% w/w depreciation, where MXN underperformed other major crosses. As we have previously noted, assessing the full impact of tariffs is highly complex. [One of the clearer signals from the 2016–2018](#) experience is that each major trade-related event at the time led to an approximately 2% MXN sell-off over the course of a week. However, these moves did not always persist, as various agreements were eventually reached, including those on the migration front. Given the prevailing uncertainty, we remain cautious on MXN and continue to favor USD buying on dips. Beyond trade risks, we also expect rising volatility and Banxico rate cuts to erode the currency's carry appeal, at the time as we also see USD structurally supported in the coming months. We forecast the MXN to close 2025 at 21.40 per dollar, with a trading range of 20.10–21.80 in the interim
- Weekly ranges.** We expect the 10-year Mbono (Nov'34) to trade between 9.90% and 10.20%, and MXN between 20.40 and 21.10 per dollar

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Alejandro Padilla Santana
Chief Economist and Head of
Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic
Research and Market Strategy
juan.alderete.macal@banorte.com



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and
FX
leslie.orozco.velez@banorte.com



Marcos Saúl García Hernández
Strategist, Fixed Income, FX and
Commodities
marcos.garcia.hernandez@banorte.com

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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	10.03	3	3	-17	11.27	9.96	10.77
28-days ¹	10.03	-1	-18	-23	11.30	10.03	10.85
91-days ¹	10.12	-1	-19	-24	11.41	10.12	10.96
182-days ¹	10.25	-1	-19	-25	11.58	10.25	11.11
Cetes²							
28-days	9.92	18	-12	-9	11.26	9.73	10.65
91-days	9.62	-11	-33	-38	11.36	9.62	10.75
182-days	9.59	-7	-36	-36	11.36	9.58	10.77
364-days	9.56	-12	-50	-50	11.44	9.56	10.70
Mbonos							
Mar'25	9.68	-2	-27	-27	11.15	9.65	10.37
Mar'26	9.30	-13	-51	-51	11.03	9.31	10.15
Sep'26	9.20	-21	-58	-58	11.03	9.31	10.03
Mar'27	9.33	-11	-48	-44	10.74	9.01	9.77
Jun'27	9.44	-5	-43	-38	10.68	9.00	9.76
Mar'28 ³	9.56	-3	-43	-37	9.99	9.50	9.76
Mar'29	9.68	3	-33	-30	10.55	9.08	9.72
May'29	9.70	3	-31	-28	10.47	9.03	9.68
Feb'30 ⁴	9.69	0	0	0	9.69	9.69	9.69
May'31	9.79	8	-29	-25	10.42	9.02	9.66
May'33	9.97	7	-26	-26	10.40	9.07	9.72
Nov'34	10.08	7	-31	-34	10.45	9.07	9.75
Nov'36	10.05	7	-32	-37	10.45	9.06	9.75
Nov'38	10.25	7	-22	-30	10.60	9.15	9.85
Nov'42	10.51	13	-11	-19	10.76	9.20	9.98
Nov'47	10.53	12	-14	-22	10.79	9.17	9.97
Jul'53	10.58	15	-13	-21	10.81	9.19	9.98
TIIE-F IRS⁵							
3-month (3x1)	9.50	-12	-40	-44	10.62	9.50	10.12
6-month (6x1)	9.24	-14	-46	-48	10.40	9.24	9.88
9-month (9x1)	9.05	-13	-48	-54	10.17	9.05	9.69
1-year (13x1)	8.88	-15	-50	-55	9.95	8.88	9.46
2-year (26x1)	8.69	-9	-47	-46	9.66	8.57	9.06
3-year (39x1)	8.71	-5	-42	-40	9.52	8.33	8.92
4-year (52x1)	8.76	-3	-39	-39	9.46	8.24	8.88
5-year (65x1)	8.81	-2	-38	-38	9.43	8.16	8.87
7-year (91x1)	8.92	0	-35	-34	9.42	8.17	8.91
10-year (130x1)	9.10	7	-27	-28	9.46	8.25	8.99
20-year (3x1)	9.24	1	-24	-24	9.59	8.35	9.11
30-year (390x1)	9.18	1	-25	-30	9.50	8.32	9.05
Udibonos							
Dec'25	6.15	0	-5	-1	7.90	5.95	6.57
Dec'26	5.99	-1	-15	-11	7.08	5.62	6.14
Nov'28	5.42	4	-4	-4	5.96	4.53	5.26
Nov'31	5.39	1	-6	-9	5.80	4.57	5.15
Aug'34 ⁶	5.39	0	-12	-11	5.76	4.70	5.18
Nov'35	5.36	-1	-14	-11	5.62	4.35	5.13
Nov'40	5.35	-3	-14	-16	5.72	4.42	5.13
Nov'43	5.42	-3	-9	-9	5.73	4.44	5.15
Nov'46	5.41	-2	-9	-11	5.70	4.37	5.08
Nov'50	5.45	-1	-7	-6	5.71	4.40	5.09
Oct'54 ⁷	5.52	2	-3	-5	5.71	4.79	5.21

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: Mbono Feb'30 issued on January 30th, 2025

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

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

7: Udibono Oct'54 issued on May 17th, 2024

Fixed-Income Dynamics (continued)

USD UMS and US Treasuries performance

		UMS			UST			Spreads		CDS	
Term	Maturity date	YTM (%)	Weekly change (bps)	YTD (bps)	YTM (%)	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Mar'27	5.11	+4	-4	4.20	-6	-4	90	+10	65	66
3Y	Feb'28	5.50	+2	-18	4.24	-8	-3	126	+10	80	87
5Y	May'30	5.85	+2	-3	4.33	-9	-5	152	+11	122	132
7Y	Apr'32	6.25	+2	-8	4.44	-9	-4	181	+10	134	171
10Y	Feb'35	6.60	+4	-4	4.54	-8	-3	206	+12	164	211
20Y	Jan'45	6.80	+5	+5	4.84	-7	-1	196	+12	188	--
30Y	May'55	7.32	+4	+9	4.79	-5	+1	253	+10	224	--

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 30-year Mbono (Jul'53), the 3-year Udibono (Dec'26), as well as 2-, 5- and 10-year Bondes F
- **Stable demand for Cetes, with caution on the long-end of the nominal curve.** With Banxico likely to widen the magnitude of its rate cuts, we expect attractive Cetes yields to keep demand ratios stable, in line with recent trends. For the 30-year Mbono (Jul'53), investor reception will likely hinge on trade developments, as spreads against Treasuries appear relatively tight. The entire Mbono curve has compressed by roughly 30bps on average relative to US rates, while other risk premia have widened, as seen in the 5-year CDS and heightened FX volatility. The most recent auction of this bond printed a bid-to-cover ratio of 1.96x, close to the two-year average of 1.91x. Meanwhile, the 3-year Udibono may find tailwinds from its low inflation breakeven, though the current local inflation backdrop still favors nominal rates over real ones. This security marked a demand ratio of 3.27x in its latest auction, compared to the two-year average of 2.39x

Auction specifics (February 4th, 2025)

Security	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	Mar-06-25	--	9,000	9.87
3m	May-08-25	--	10,000	9.64
6m	Aug-07-25	--	10,500	9.61
12m	Feb-05-26	--	19,000	9.78
Bondef F				
2Y	Dec-17-26	--	9,500	0.16
5Y	Jan-24-30	--	2,200	0.22
10Y	Mar-23-34	--	650	0.26
Bono M				
30Y	Jul-31-53	8.00	11,500	10.26
Udibono				
3Y	Dec-03-26	3.00	UDIS 900	6.17

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

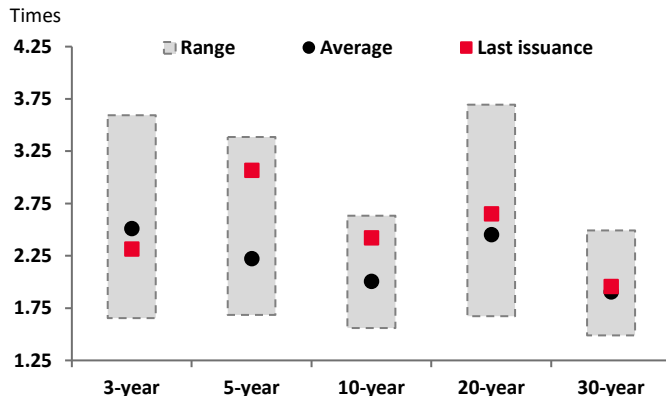
1Q25 Government Securities Auction Calendar*

Date	Cetes	Bonos M	Udibonos	Bondef 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 (Feb'30)	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 (Feb'30)	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

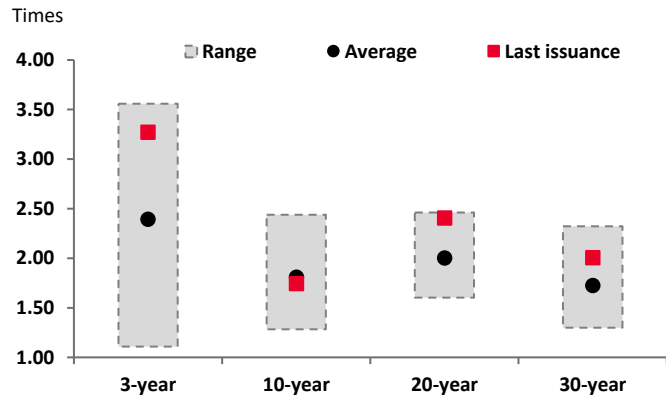
For more information, refer to [1Q25 Auction Calendar](#)

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

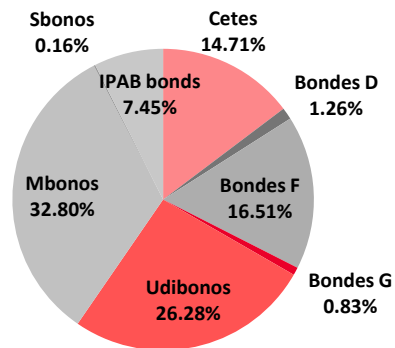
US\$ billion, *UDIS billion, data as of Jan/22/2025

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	104.52	11.13	20.38	18.73	5.45	10.18	2.64	3.53	-	32.49
Bondef D	8.96	0.00	0.18	4.94	0.02	1.68	-	0.10	-	2.05
Bondef F	117.27	0.02	5.10	65.37	2.63	10.00	4.33	0.62	-	29.20
Bondef G	5.92	0.00	0.10	2.35	0.35	0.42	1.16	-	-	1.55
Udibonos	186.66	8.39	103.84	7.25	32.61	3.07	1.88	0.11	-	29.52
Mbonos	233.00	67.28	58.01	9.35	8.18	25.17	16.31	0.90	0.73	47.07
Sbonos	1.12	0.51	0.31	0.01	0.05	0.02	-	-	-	0.22
Total	657.46	87.33	187.92	107.99	49.28	50.54	26.31	5.26	0.73	142.09
Udibonos*	457.34	20.55	254.42	17.75	79.89	7.52	4.60	0.28	-	72.34
IPAB bonds	52.90	0.16	0.77	17.29	0.32	8.57	6.25	1.25	-	18.29

Source: Banxico, Banorte

Government issuance by type of instrument

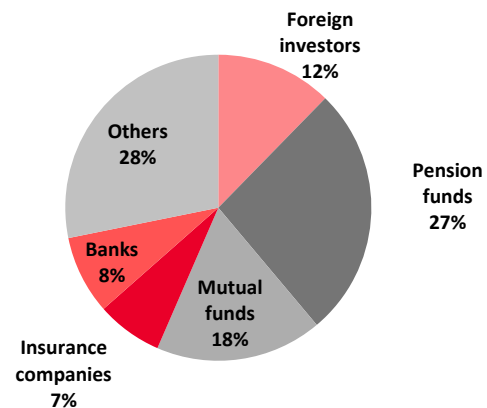
Total amount of US\$ 710 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

Government issuance by type of investor

Total amount of US\$ 710 billion (including IPAB bonds), % of total

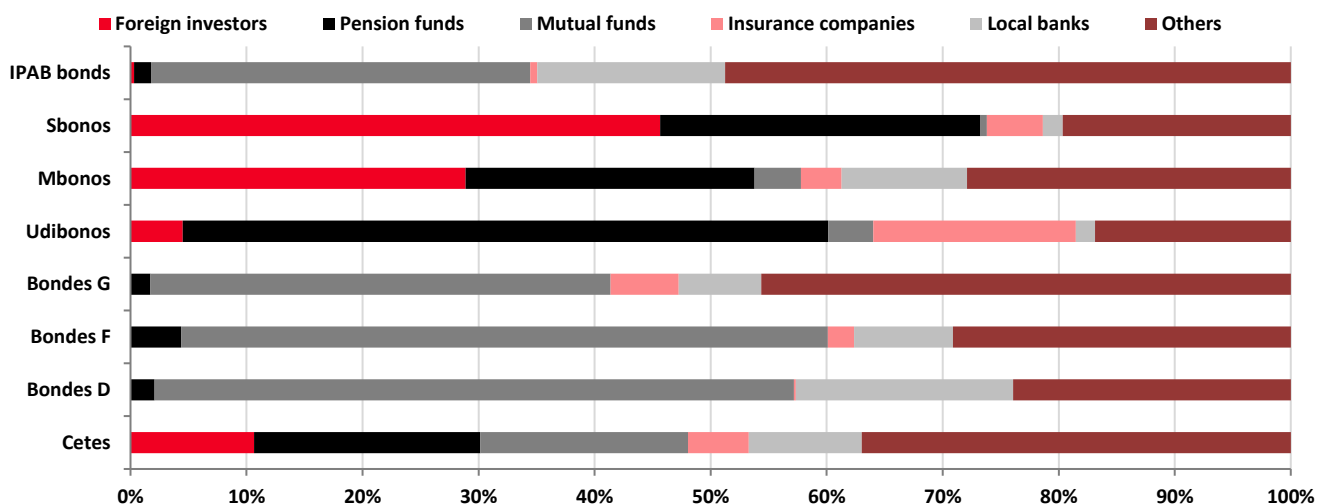


Source: Banxico, Banorte

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\$ 710 billion (including IPAB bonds), % of total



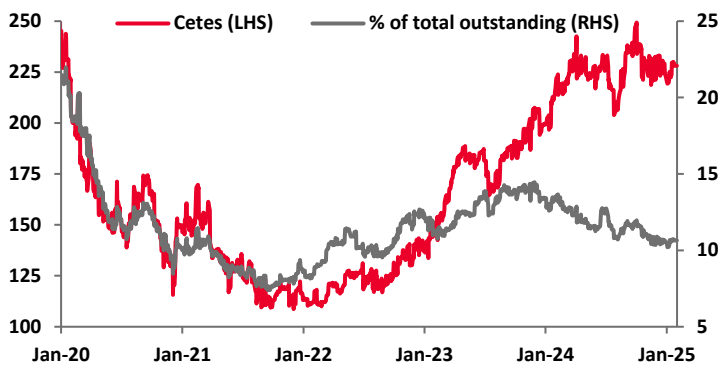
Source: Banxico, Banorte

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

Fixed-Income Demand (continued)

Cetes held by foreigners

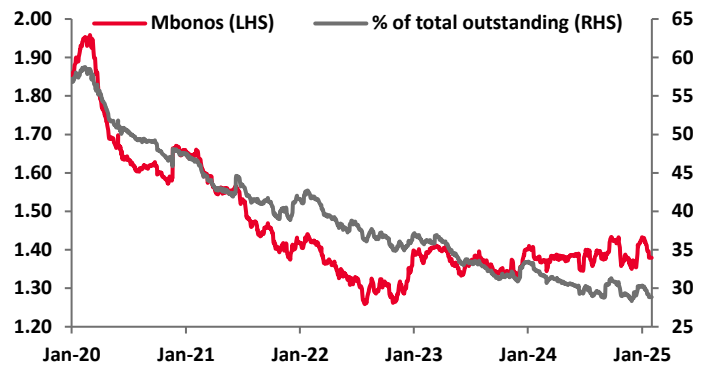
MXN billion, %



Source: Banxico, Banorte

Mbonos held by foreigners

MXN trillion, %



Source: Banxico, Banorte

Holdings of main investors by type of security

Data as of Jan/22/2025

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	1.38	3.39	-0.99	0.23	4.22	5.94
Bondes F	41.12	-16.09	-6.81	-11.71	-0.65	-0.49
Udibonos	2.27	2.31	1.94	1.53	6.82	1.79
Mbonos	-2.90	-3.72	2.79	2.50	17.16	1.79

Source: Banxico, Banorte

Mbonos holdings by type of investor

US\$ billions and %, data as Jan/16/2025

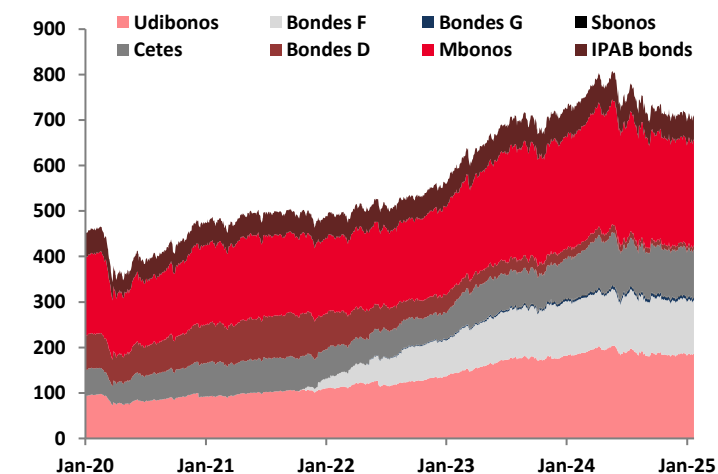
Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Mar'25	4.6	29%	7%	15%	49%
Mar'26	17.1	19%	26%	8%	48%
Sep'26	14.5	17%	28%	22%	34%
Mar'27	19.6	32%	17%	7%	44%
Jun'27	18.7	42%	23%	14%	21%
Mar'28	4.0	37%	16%	24%	24%
Mar'29	18.1	14%	34%	22%	30%
May'29	16.9	8%	35%	26%	31%
May'31	18.4	6%	43%	30%	22%
May'33	15.2	5%	35%	32%	29%
Nov'34	16.1	8%	43%	30%	19%
Nov'36	4.6	2%	19%	52%	27%
Nov'38	10.2	2%	30%	46%	22%
Nov'42	18.7	2%	34%	46%	18%
Nov'47	12.6	1%	27%	50%	22%
Jul'53	16.5	2%	28%	49%	21%
Total	209.4	14%	30%	28%	28%

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

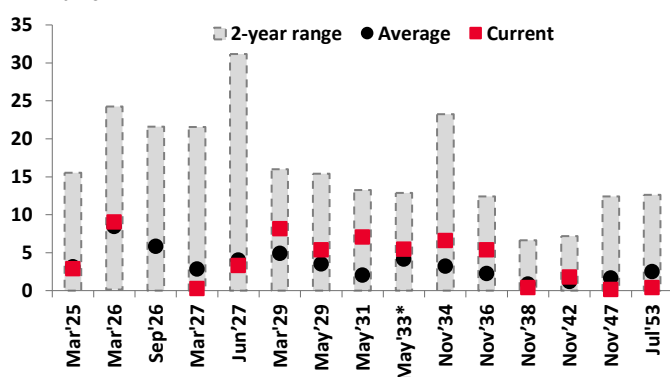


Fuente: Banxico, Banorte

Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

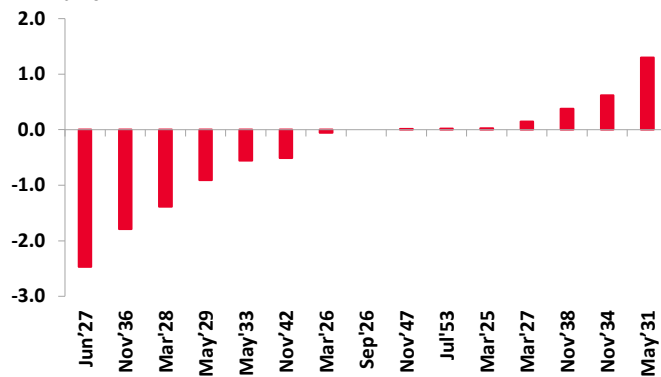
MXN billion



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

Weekly change in market makers' short positions on Mbonos

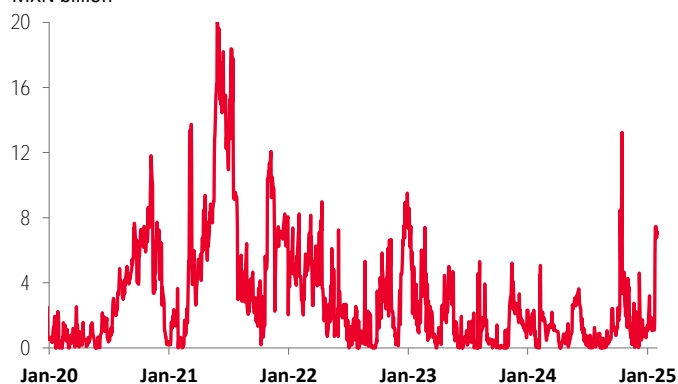
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

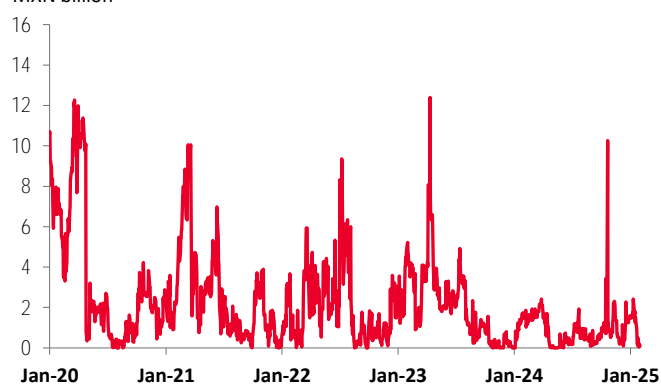
MXN billion



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/30/2025	Jan/30/2025	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Mar'25	4,608	139	138	221	292	283	39
Mar'26	17,167	437	439	594	272	817	141
Sep'26	14,638	0	0	0	398	647	0
Mar'27	19,802	14	7	21	137	430	0
Jun'27	18,748	158	277	349	19	1,502	33
Mar'28*	4,715	183	250	170	--	328	0
Mar'29	18,202	394	384	428	37	651	93
May'29	17,940	258	302	517	213	532	6
May'31	18,893	340	277	53	0	639	0
May'33	15,296	263	289	399	280	620	0
Nov'34	18,085	318	288	330	193	1,121	0
Nov'36	4,632	259	345	460	28	599	0
Nov'38	10,363	18	0	5	61	101	0
Nov'42	19,290	86	110	52	44	266	0
Nov'47	12,632	6	5	76	73	495	2
Jul'53	16,571	18	17	8	89	384	0
Total	231,583	2,872	3,112	3,675	2,048		

Source: Banxico, Banorte *Mar'28 issued in December 2024

Fixed-Income Technicals

Spread between Cetes and Implied Forward Rates

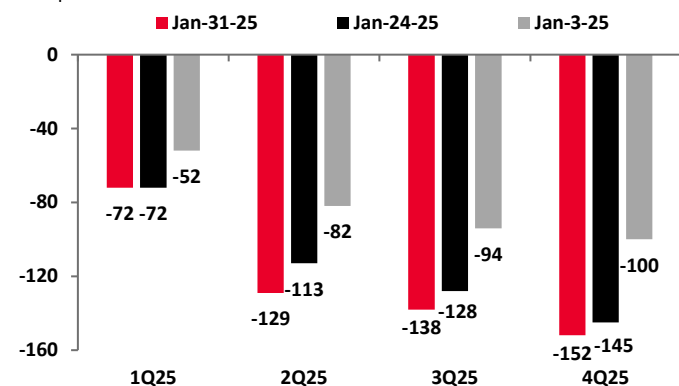
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	71	15	9	63	154	-12
3 months	-10	-23	-39	19	76	-46
6 months	-5	-23	-25	19	70	-45
12 months	11	0	7	39	94	-12

Source: PIP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate

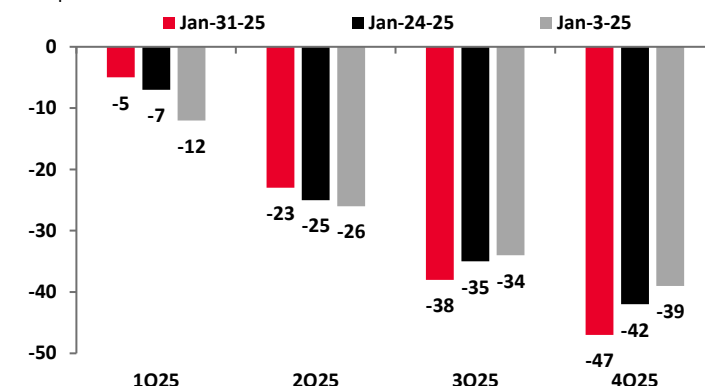
Basis points



Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

Spreads between Mbonos and UST

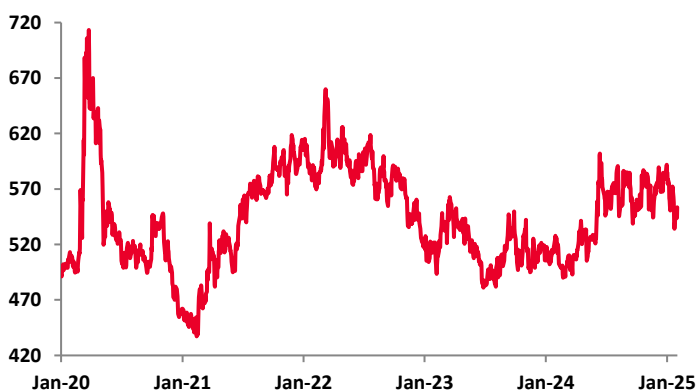
Basis points

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	510	-6	-43	-47	644	510	577
5 year	536	14	-24	-23	623	495	556
10 year	554	15	-25	-31	602	490	549
20 year	567	20	-7	-17	593	477	543
30 year	579	21	-11	-22	605	493	553

Source: Bloomberg, Banorte

10-year Mbono and 10-year UST spread

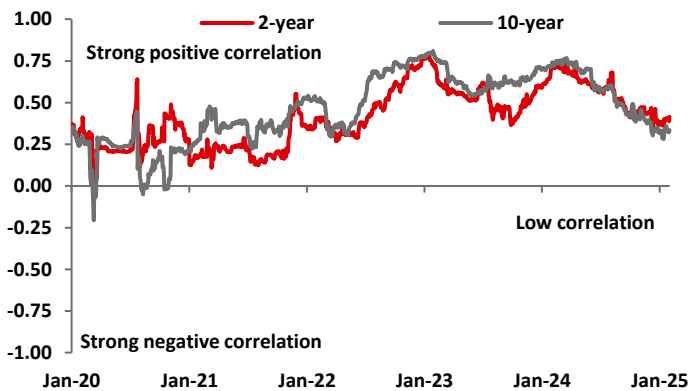
Basis points



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	39	17	19	23	38	-79	-42
2/10	77	20	20	17	76	-94	-40
2/30	128	28	38	30	115	-86	-16
5/10	39	2	1	-6	46	-28	2
10/30	51	9	18	13	51	4	24
TIIE-F*							
3m/2Y	-81	3	-7	-2	-67	-191	-106
2/5	12	7	10	7	12	-51	-19
2/10	41	16	20	17	41	-46	-6
2/30	49	10	22	16	50	-41	-1
5/10	30	9	11	10	30	2	13
10/30	8	-6	2	-1	20	-4	6
TIIE-F – Mbonos*							
2 year	-61	4	-27	-25	-26	-107	-68
5 year	-89	-6	-24	-25	-60	-125	-83
10 year	-98	0	-30	-31	-64	-130	-88
20 year	-127	-12	-40	-40	-78	-148	-109
30 year	-141	-14	-45	-49	-83	-159	-116
TIIE-F – SOFR*							
2 year	464	-3	-40	-43	573	464	516
5 year	477	7	-33	-38	559	467	511
10 year	502	14	-26	-29	559	483	521
20 year	511	7	-25	-28	567	498	528
30 year	520	6	-26	-34	580	507	538

Source: Bloomberg, Banorte

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

Breakeven inflation using Mbonos & Udibonos

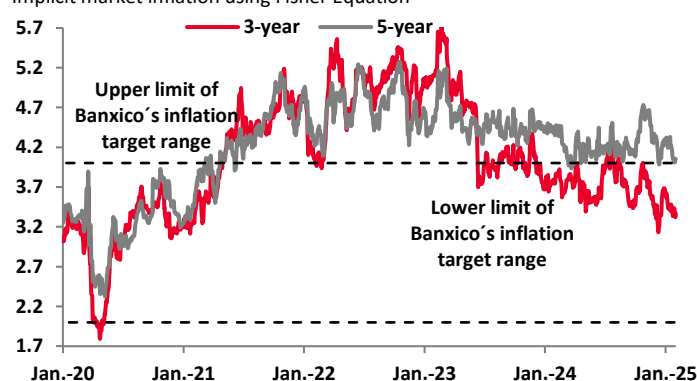
%, Implicit market inflation using Fisher Equation

Date	01/24/2025	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.37	3.39 (-2bps)	3.62 (-25bps)	3.86 (-49bps)	4.21	3.13	3.69
5Y	4.05	4.05 (0bps)	4.32 (-27bps)	4.47 (-42bps)	4.73	3.94	4.23
10Y	4.45	4.38 (+7bps)	4.62 (-17bps)	4.39 (+6bps)	4.75	4.04	4.34
20Y	4.83	4.68 (+15bps)	4.84 (-1bp)	4.65 (+18bps)	5.01	4.25	4.59
30Y	4.80	4.67 (+13bps)	4.89 (-9bps)	4.69 (+11bps)	5.01	4.34	4.66

Source: Bloomberg, Banorte

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

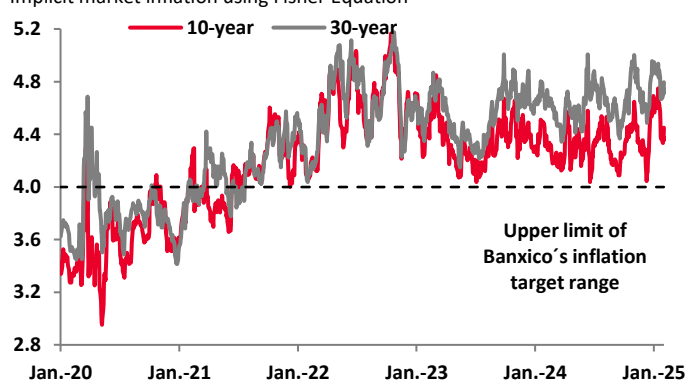
Implicit market inflation using Fisher Equation



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

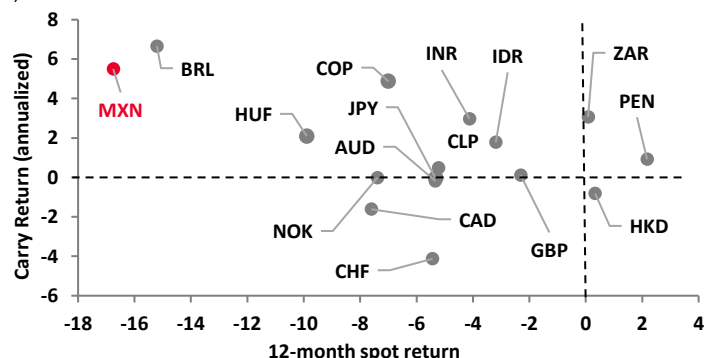
		Current	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD (%) ¹
Emerging Markets						
Brazil	USD/BRL	5.84	0.5	1.2	5.7	5.7
Chile	USD/CLP	980.25	0.4	0.2	1.5	1.5
Colombia	USD/COP	4,209.33	-1.3	-0.7	4.7	4.7
Peru	USD/PEN	3.73	-0.2	-0.2	0.3	0.3
Hungary	USD/HUF	393.55	-0.5	-1.2	1.0	1.0
Malaysia	USD/MYR	4.46	-1.5	-1.9	0.3	0.3
Mexico	USD/MXN	20.68	0.3	-2.0	0.7	0.7
Poland	USD/PLN	4.06	-0.5	-1.3	1.5	1.6
South Africa	USD/ZAR	18.67	-0.4	-1.4	0.7	0.9
Developed Markets						
Canada	USD/CAD	1.45	-0.4	-1.4	-1.1	-1.1
Great Britain	GBP/USD	1.24	-0.2	-0.7	-1.0	-1.0
Japan	USD/JPY	155.19	-0.6	0.5	1.3	1.3
Eurozone	EUR/USD	1.0362	-0.3	-1.3	0.1	0.1
Norway	USD/NOK	11.34	-0.1	-1.3	0.3	0.4
Denmark	USD/DKK	7.20	-0.3	-1.3	0.0	0.0
Switzerland	USD/CHF	0.91	-0.1	-0.5	-0.5	-0.4
New Zealand	NZD/USD	0.56	0.0	-1.3	0.7	0.7
Sweden	USD/SEK	11.10	-0.4	-1.5	-0.3	-0.2
Australia	AUD/USD	0.62	0.1	-1.5	0.5	0.5

Source: Bloomberg, Banorte

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

Performance of selected currencies

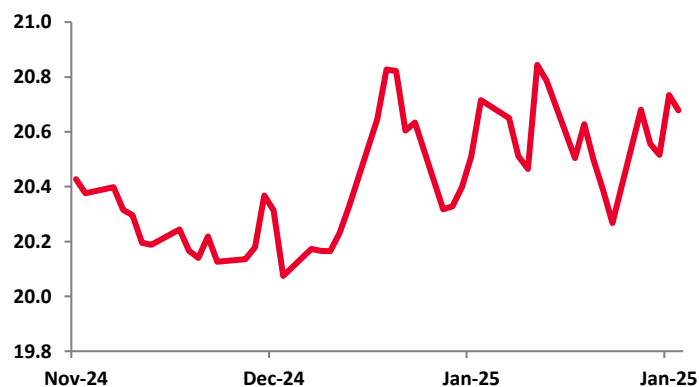
% annualized rate based in 3M forwards



4Source: Bloomberg, Banorte

USD/MXN

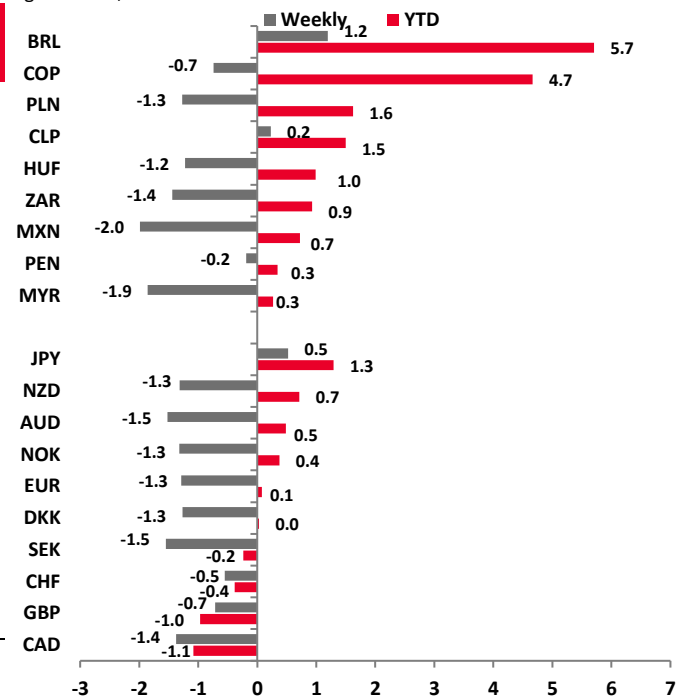
Last 60 days



Source: Bloomberg, Banorte

FX performance

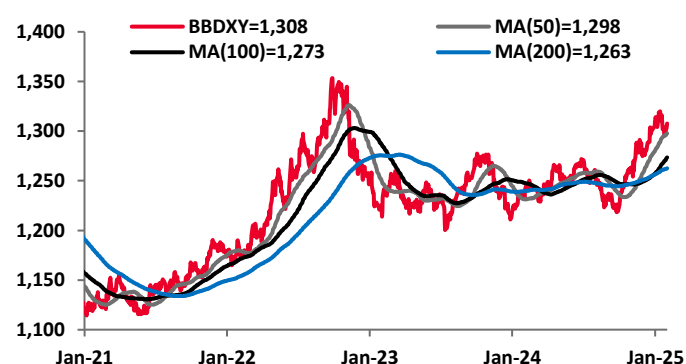
Against USD, %



Source: Bloomberg, Banorte

BBDXY

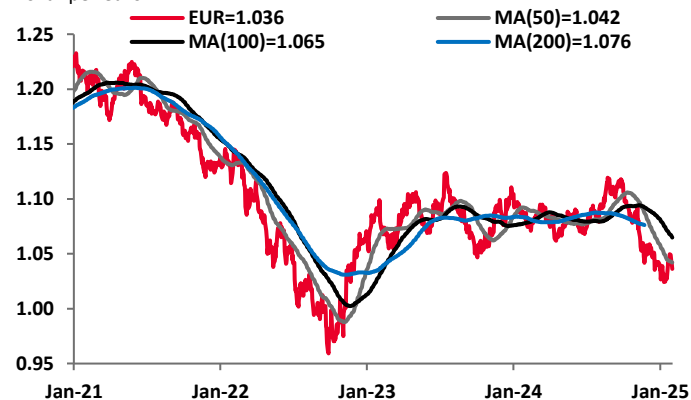
Points



Source: Bloomberg, Banorte

Euro

Dollar per euro

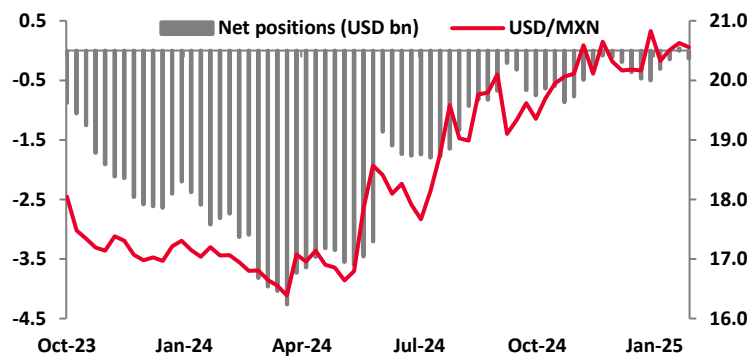


Source: Bloomberg, Banorte

FX positioning and flows

IMM positioning in USD/MXN futures

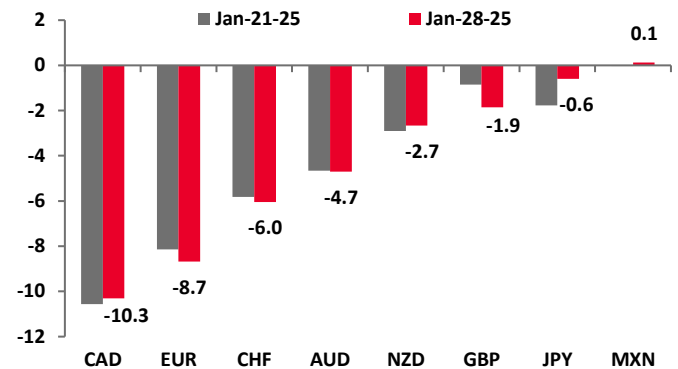
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

IMM positioning by currency*

Billion dollars

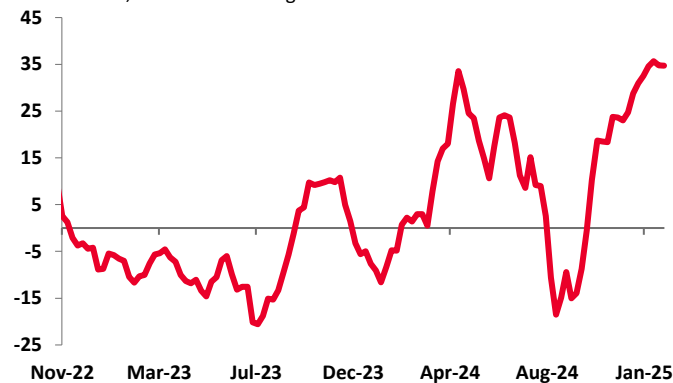


* Positive: Net long in the corresponding currency

Source: CME, Banorte

IMM positioning in USD futures*

Billion dollars, Positive = net long in USD

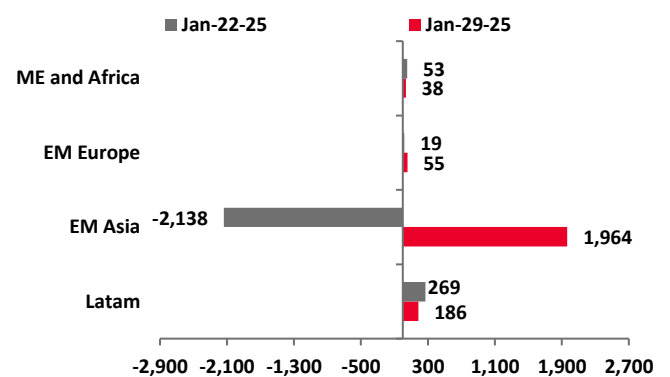


*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF

Source: CME, Banorte

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

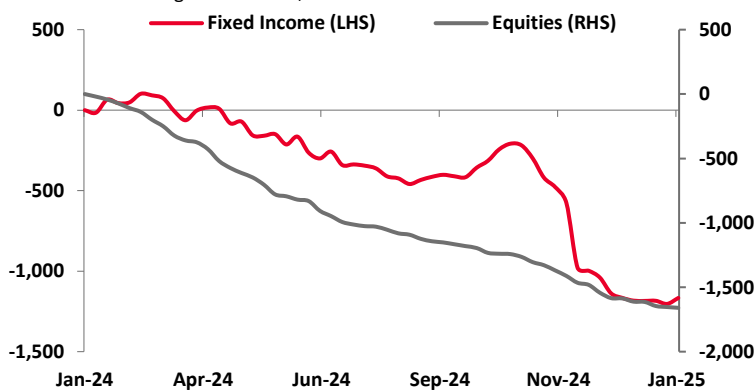
Billion dollars



Source: EPFR Global, Banorte

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

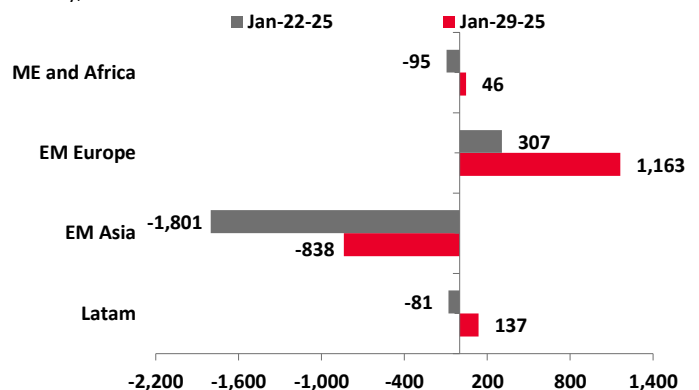
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

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

Weekly, million dollars

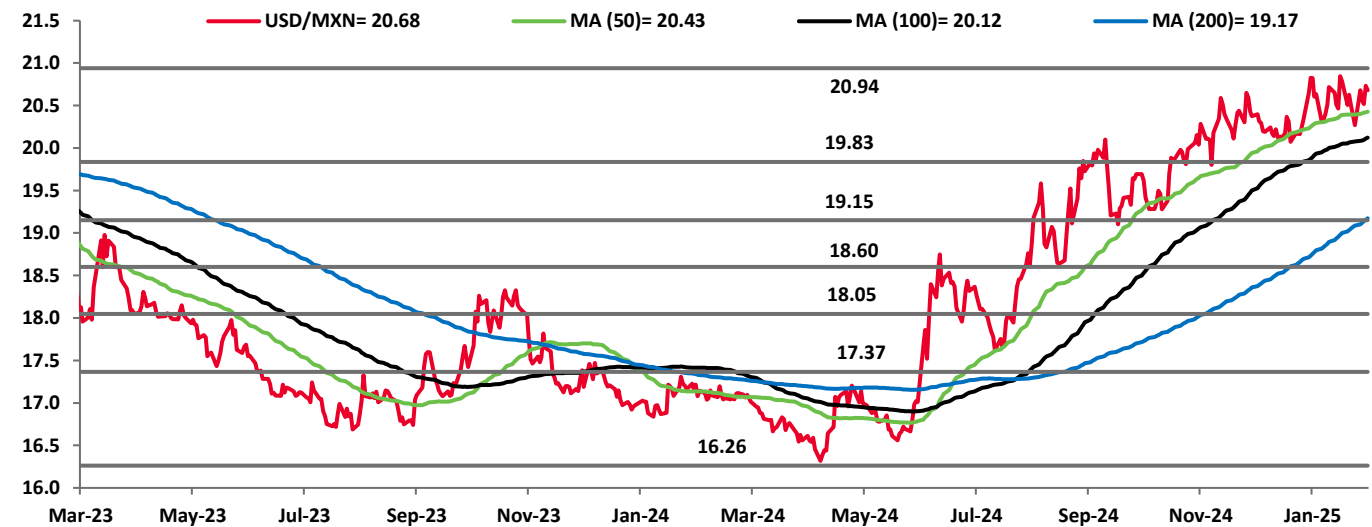


Source: EPFR Global, Banorte

FX technicals

USD/MXN – Moving averages and Fibonacci retracement

Last 12 months



Source: Bloomberg, Banorte

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

Based on daily percentages changes

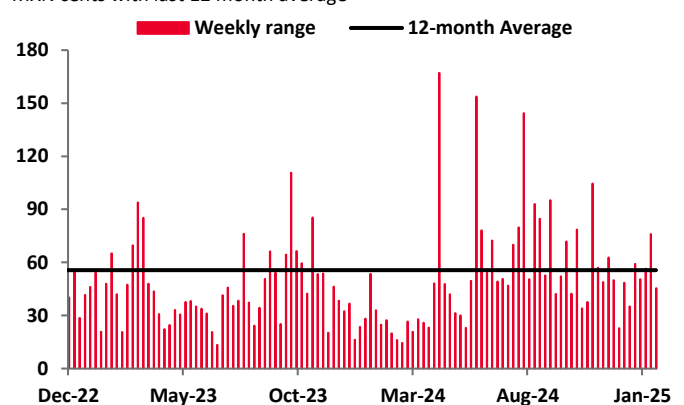
	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	35	47	-7	62	29
CAD	46	51	1	62	32
JPY	-48	-24	-48	24	-5
BRL	50	48	7	62	41
CLP	36	46	7	69	39
ZAR	66	66	3	69	44
VIX	41	37	-13	58	23
SPX	41	44	-15	60	27
GSCI	13	-3	-17	60	27
Gold	9	19	-5	39	19

* Positive: appreciation of MXN and corresponding asset except VIX

Source: Bloomberg, Banorte

USD/MXN – Weekly trading range

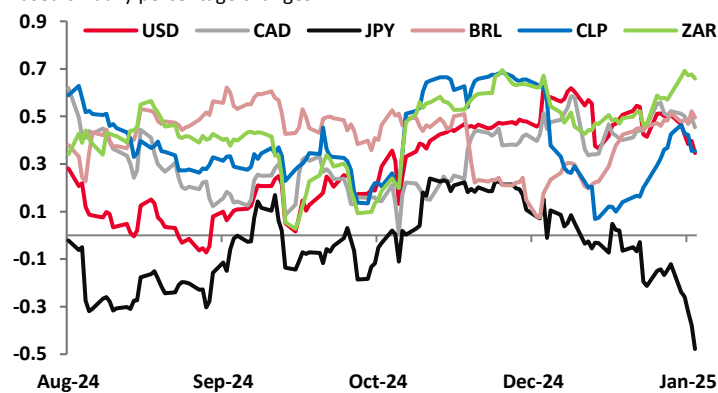
MXN cents with last 12 month average



Source: Bloomberg, Banorte

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

Based on daily percentage changes

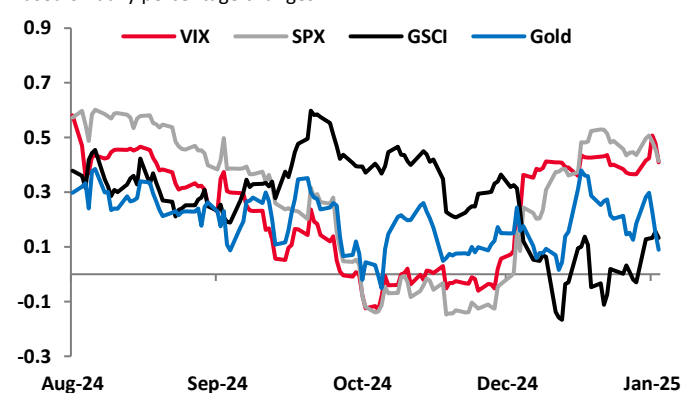


* Positive: appreciation of MXN and corresponding currency

Source: Bloomberg, Banorte

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

Based on daily percentage changes

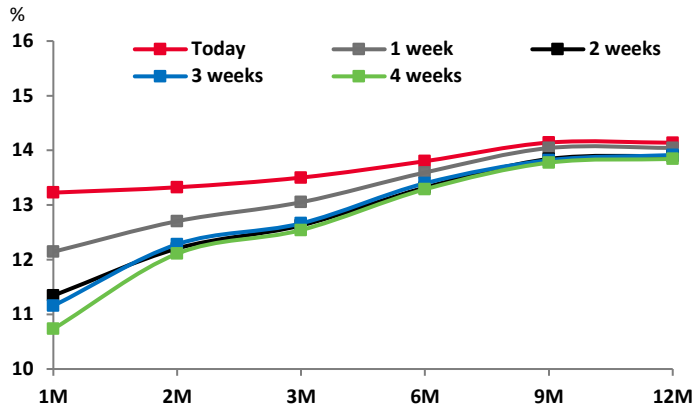


* Positive: appreciation of MXN and corresponding asset except VIX

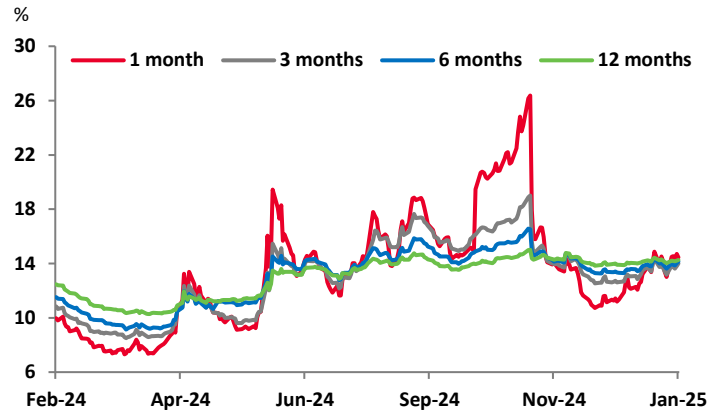
Source: Bloomberg, Banorte

FX technicals (continued)

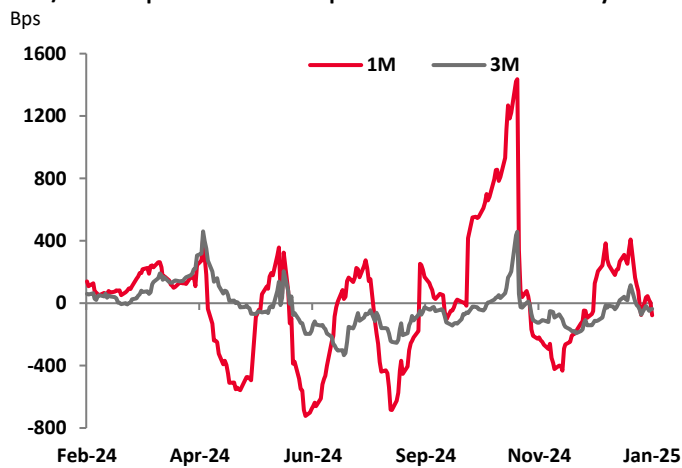
USD/MXN – ATM options volatility curve



USD/MXN – Implied volatility

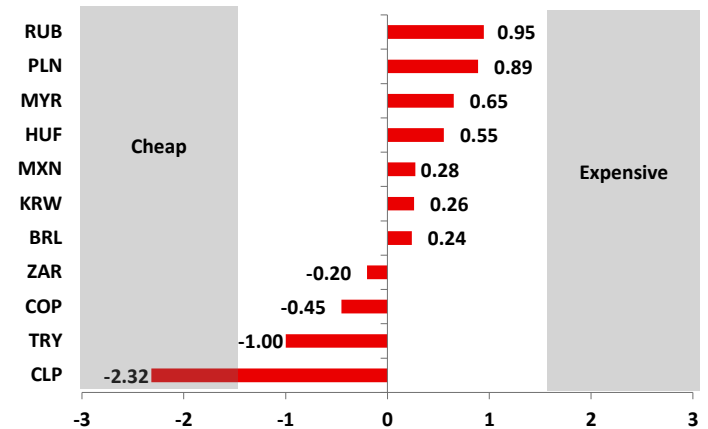


USD/MXN – Spread between implicit and historical volatility



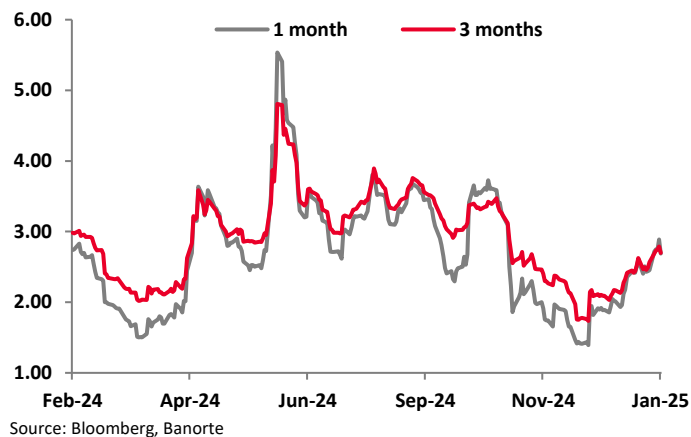
Emerging markets 1-month ATM options volatility

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



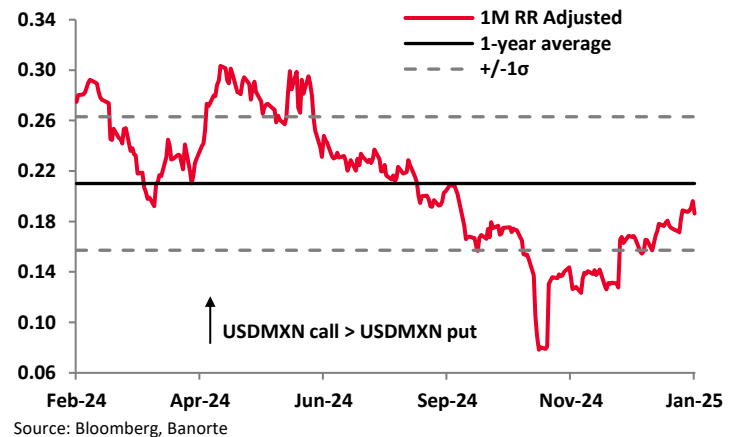
USD/MXN – 25D risk reversals

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 February 8th, 2025

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 3		MX	Markets closed in celebration of the Day of the Constitution					
		US	Total vehicle sales**	Jan	thousands	--	16.0	16.8
	03:55	GER	Manufacturing PMI*	Jan (F)	index	--	44.1	44.1
	04:00	EZ	Manufacturing PMI*	Jan (F)	index	--	46.1	46.1
	04:00	UK	Manufacturing PMI*	Jan (F)	index	--	48.2	48.2
	05:00	EZ	Consumer prices	Jan (P)	% y/y	--	2.4	2.4
	05:00	EZ	Core	Jan (P)	% y/y	--	2.6	2.7
	08:00	BZ	Manufacturing PMI*	Jan	index	--	--	50.4
	09:45	US	Manufacturing PMI*	Jan (F)	index	50.1	50.1	50.1
	10:00	US	ISM manufacturing*	Jan	index	49.8	49.9	49.2
Tue 4	12:30	US	Fed's Bostic Speaks on Economic Outlook					
	18:30	US	Fed's Musalem Gives Welcoming Remarks					
	06:00	BZ	COPOM minutes					
	10:00	US	JOLTS Job Openings	Dec	thousands	--	8,000	8,098
	10:00	US	Factory orders*	Dec	% m/m	--	-0.7	-0.4
	10:00	US	Ex transportation*	Dec	% m/m	--	--	0.2
	10:00	US	Durable goods orders*	Dec (F)	% m/m	--	-2.2	-2.2
	10:00	US	Ex transportation*	Dec (F)	% m/m	--	0.3	0.3
	10:00	MX	Family remittances	Dec	US\$bn	5,731.7	--	5,435.2
	11:00	US	Fed's Bostic Speaks in Moderated Conversation on Housing					
Wed 5	12:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 30-year Mbono (Jul'53), 3-year Udobono (Dec'26) and 2-, 5- and 10-year Bondes F					
	13:00	MX	Manufacturing PMI (IMEF)*	Jan	index	46.8	--	47.7
	13:00	MX	Non-manufacturing PMI (IMEF)*	Jan	index	49.4	--	49.6
	14:00	US	Fed's Daly Speaks in Moderated Panel					
	19:30	US	Fed's Jefferson Speaks on Economic Outlook and Monetary Policy					
	20:45	CHI	Services PMI (Caixin)*	Jan	index	--	52.4	52.2
	20:45	CHI	Composite PMI (Caixin)*	Jan	index	--	--	51.4
	03:55	GER	Services PMI*	Jan (F)	index	--	52.5	52.5
	03:55	GER	Composite PMI*	Jan (F)	index	--	50.1	50.1
	04:00	EZ	Services PMI*	Jan (F)	index	--	51.4	51.4
Thu 6	04:00	EZ	Composite PMI*	Jan (F)	index	--	50.2	50.2
	04:30	UK	Services PMI*	Jan (F)	index	--	51.2	51.2
	07:00	BZ	Industrial production	Dec	% y/y	--	--	1.7
	07:00	BZ	Industrial production*	Dec	% m/m	--	-1.1	-0.6
	07:00	MX	Gross fixed investment	Nov	% y/y	-0.2	-1.5	-2.6
	07:00	MX	Gross fixed investment*	Nov	% m/m	0.3	--	0.1
	07:00	MX	Private consumption	Nov	% y/y	1.1	--	1.4
	07:00	MX	Private consumption*	Nov	% m/m	0.9	--	-0.7
	08:15	US	ADP employment*	Jan	thousands	130	150	122
	08:30	US	Trade balance*	Dec	US\$bn	--	-96.8	-78.2
Fri 7	09:00	US	Fed's Barkin Speaks in a Fireside Chat					
	09:45	US	Services PMI*	Jan (F)	index	52.8	52.8	52.8
	09:45	US	Composite PMI*	Jan (F)	index	52.4	--	52.4
	10:00	MX	International reserves	ene-31	US\$bn	--	--	230.3
	10:00	US	ISM services*	Jan	index	53.5	54.1	54.0
	13:00	US	Fed's Goolsbee Gives Remarks at Auto Conference					
	15:00	US	Fed's Bowman Gives Update on Economy, Bank Regulation					
	15:30	MX	Citi Survey of Economists					
	19:30	US	Fed's Jefferson Gives Lecture					
	05:00	EZ	Retail sales*	Dec	% m/m	--	-0.1	0.1
Sat 8	07:00	UK	Monetary policy decision (BoE)	feb-06	%	--	4.50	4.75
	07:00	MX	Consumer confidence*	Jan	index	46.7	--	47.1
	08:30	US	Initial jobless claims*	feb-01	thousands	210	213	207
	14:30	US	Fed's Waller Speaks on Future of Payments					
	14:00	MX	Monetary policy decision (Banxico)	feb-06	%	9.50	9.50	10.00
	17:10	US	Fed's Logan Speaks on Future Challenges for Monetary Policy					
	02:00	GER	Industrial production*	Dec	% m/m	--	-0.7	1.5
	02:00	GER	Trade balance	Dec		--	17.0	19.7
	07:00	MX	Consumer prices	Jan	% m/m	0.33	0.30	0.38
	07:00	MX	Core	Jan	% m/m	0.45	0.44	0.51
Sun 9	07:00	MX	Consumer prices	Jan	% y/y	3.63	3.63	4.21
	07:00	MX	Core	Jan	% y/y	3.70	3.70	3.65
	08:30	US	Annual Revisions: Establishment Survey Data					
	08:30	US	Nonfarm payrolls*	Jan	thousands	170	170	256
	08:30	US	Unemployment rate*	Jan	%	4.1	4.1	4.1
	09:25	US	Fed's Bowman Gives Update on Economy, Bank Regulation					
	10:00	US	U. of Michigan confidence*	Feb (P)	index	70.0	72.0	71.1
	12:00	US	Fed's Kugler Speaks on Entrepreneurship and Aggregate Productivity					
	15:00	US	Consumer credit*	Dec	USDbn	--	14.5	-7.5
	20:30	CHI	Consumer Prices	Jan	% y/y	--	--	0.1

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-F 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 TIE-IRS steepener	28bps	43bps	18bps	31bps	P ²	Feb-15-17	Mar-15-17
5y10y TIE-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 TIE-IRS (13x1)	3.92%	3.67%	4.10%	3.87% ¹	P	Nov-12-15	Feb-8-16
Long spread 10-year TIE-IRS vs US Libor	436bps	410bps	456bps	410bps	P	Sep-30-15	Oct-23-15
Receive 9-month TIE-IRS (9x1)	3.85%	3.65%	4.00%	3.65%	P	Sep-3-15	Sep-18-15
Spread TIE 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 TIE-IRS (3x1)	3.24%	3.32%	3.20%	3.30%	P	Jan-29-15	Jan-29-15
Pay 9-month TIE-IRS (9x1)	3.28%	3.38%	3.20%	3.38%	P	Jan-29-15	Jan-29-15
Pay 5-year TIE-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 TIE-IRS (26x1)	3.75%	3.55%	3.90%	3.90%	L	Jul-11-14	Sep-10-14
Receive 1-year TIE-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 TIE-IRS (6x1)	3.83%	3.65%	4.00%	3.81%	P	Oct-10-13	Oct-25-13
Receive 1-year TIE-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 TIE-IRS (9x1)	4.50%	4.32%	4.65%	4.31%	P	Jun-21-13	Jul-12-13
Spread TIE-Libor (10-year)	390bps	365bps	410bps	412bps	L	Jun-7-13	Jun-11-13
Receive 1-year TIE-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 TIE-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 TIE-IRS (13x1)	4.87%	4.70%	5.00%	4.69%	P	Jan-11-13	Jan-24-13
Receive TIE Pay Mbono (10-year)	46bps	35bps	54bps	54bps	L	Oct-19-12	Mar-8-13
Spread TIE-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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Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernández
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Hugo Armando Gómez Solís
Senior Strategist, Equity
hugo.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Senior Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Ana Laura Zaragoza Félix
Strategist, Corporate Debt
ana.zaragoza.felix@banorte.com
(55) 1103 - 4000



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430