

Fixed-Income & FX Strategy

W e e k l y

Fixed-Income and FX Weekly

- Steeper yield curve in the face of more dovish rhetoric from Banxico and uncertainty on the commercial and geopolitical front.** Market dynamics have been sensitive to headlines on US tariff policy, geopolitical tensions, and additional information on the monetary front. On this occasion, Trump ordered 25% tariffs on imports of cars, chips, and medicines, which could come into effect on April 2nd. Additionally, tensions between the US and Ukraine escalated, with President Trump blaming Ukraine for Russia's invasion. For their part, Fed's minutes reinforced the expectation of a long pause in the rate cutting cycle, while [Banxico's minutes](#) suggested that there will be a 50bps rate cut at the next meeting. This situation has resulted in a greater steepening of the local yield curve. The front-end prices in a total of 137bps in rate cuts for this year from 130bps last week, above our forecast of 100bps in additional easing. Meanwhile, short-term Mbonos registered a rally of 17bps w/w, while those of longer duration marked an adjustment of only -3bps w/w. Given modest gains in Treasuries, we see further compression in short-term spreads, even with 2- and 3-year terms at 12-month lows. While longer-term spreads increased. Given the persistent volatility in the markets, we favor relative value strategies and [maintain our recommendation of a 2s10s steepener in TIEE-F derivatives](#). Currently, the strategy accumulates a profit of 13bps and a negative carry and roll-down of 5bps during the 35 days it has been open, resulting in a net profit of 8bps. Going forward, we expect the short-end of the curve to remain supported by Banxico's more dovish rhetoric, although we recognize that this segment of the curve has become more expensive. Furthermore, we do not rule out risks of upward pressure in the mid- and long-end of the curve due to uncertainty on the commercial and geopolitical front in such a way that the spreads vs Treasuries widen at least until they are above the 12-month average. In particular, the local risk premium, calculated as the spread between the 10-year Mbono and Treasury of the same term, is located at 534bps, while the 12-month average and median stand at 551bps and 555bps, respectively
- MXN traded between the 50-day MA (20.47) and 100-day MA (20.28).** The USD recorded its third week of losses amid a mixed balance in developed and emerging currencies. Meanwhile, MXN weakened after data showed the [economy](#) experienced its biggest quarterly contraction since 2021 coupled with Banxico's more dovish tone, which moderated its carry appeal. In greater detail, the annualized carry based on 3-month forwards decreased to 5.05% from 5.18% the previous week, 5.50% in January, and 6.05% at the end of 2024, reaching its lowest level since September 2021. At this juncture, the MXN halted two positive weeks, ending at 20.42 per dollar (-0.5% w/w), although it maintained a weekly trading range between the 50-day moving average (20.47) and 100-day moving average (20.28). This last metric has served as a key resistance and if it is broken sustainably we see opportunities to buy USD on dips particularly around the USD/MXN 20.20 zone. Markets will focus next week on the Fed's favorite inflation metric, the PCE deflator
- Weekly ranges.** We expect the 10-year Mbono (Nov'34) to trade between 9.75% and 9.90%, and MXN between 20.20 and 20.65 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	9.51	2	-50	-69	11.27	9.48	10.67
28-days ¹	9.74	-13	-32	-53	11.29	9.74	10.78
91-days ¹	9.82	-13	-32	-54	11.41	9.82	10.88
182-days ¹	9.94	-13	-33	-56	11.57	9.94	11.03
Cetes²							
28-days	9.45	-2	-29	-56	11.26	9.35	10.55
91-days	9.23	-10	-49	-77	11.34	9.25	10.64
182-days	9.20	-10	-46	-75	11.31	9.22	10.66
364-days	9.17	-17	-51	-89	11.44	9.29	10.60
Mbonos							
Mar'25	9.50	2	-20	-45	11.15	9.43	10.33
Mar'26	8.86	-20	-57	-96	11.03	8.90	10.10
Sep'26	8.83	-21	-58	-95	11.03	8.86	9.99
Mar'27	8.93	-18	-51	-84	10.74	8.95	9.75
Jun'27	9.01	-16	-48	-81	10.68	9.00	9.75
Mar'28 ³	9.20	-13	-39	-73	9.99	9.28	9.66
Mar'29	9.35	-15	-30	-63	10.55	9.08	9.73
May'29	9.38	-13	-28	-59	10.47	9.03	9.69
Feb'30 ⁴	9.50	-19	-19	-19	9.69	9.51	9.61
May'31	9.55	-8	-16	-49	10.42	9.02	9.69
May'33	9.71	-7	-19	-52	10.40	9.08	9.75
Nov'34	9.77	-8	-24	-65	10.45	9.10	9.78
Nov'36	9.76	-5	-21	-65	10.45	9.10	9.79
Nov'38	10.00	-4	-18	-55	10.60	9.15	9.89
Nov'42	10.26	-2	-13	-44	10.76	9.21	10.03
Nov'47	10.31	-3	-10	-43	10.79	9.21	10.03
Jul'53	10.34	0	-9	-45	10.81	9.23	10.04
TIIE-F IRS⁵							
3-month (3x1)	9.23	-8	-40	-72	10.62	9.23	10.02
6-month (6x1)	8.87	-12	-51	-86	10.40	8.87	9.77
9-month (9x1)	8.63	-15	-55	-96	10.17	8.63	9.58
1-year (13x1)	8.48	-16	-56	-95	9.95	8.48	9.37
2-year (26x1)	8.30	-16	-48	-85	9.66	8.30	8.99
3-year (39x1)	8.31	-15	-45	-80	9.52	8.31	8.87
4-year (52x1)	8.39	-12	-40	-75	9.46	8.24	8.84
5-year (65x1)	8.44	-10	-38	-75	9.43	8.16	8.83
7-year (91x1)	8.57	-8	-35	-69	9.42	8.17	8.88
10-year (130x1)	8.73	-6	-30	-65	9.46	8.25	8.98
20-year (3x1)	8.92	-6	-32	-57	9.59	8.35	9.10
30-year (390x1)	8.85	-6	-32	-62	9.50	8.32	9.04
Udibonos							
Dec'25	6.09	-17	-7	-8	7.90	5.95	6.57
Dec'26	5.75	-21	-25	-35	7.08	5.62	6.15
Nov'28	5.26	-7	-12	-21	5.96	4.73	5.30
Nov'31	5.26	-4	-12	-22	5.80	4.68	5.18
Aug'34 ⁶	5.26	2	-13	-23	5.76	4.70	5.21
Nov'35	5.24	8	-14	-23	5.62	4.52	5.17
Nov'40	5.25	5	-14	-26	5.72	4.52	5.16
Nov'43	5.31	6	-14	-20	5.73	4.58	5.19
Nov'46	5.28	4	-15	-23	5.70	4.47	5.13
Nov'50	5.33	4	-13	-18	5.71	4.52	5.14
Oct'54 ⁷	5.34	1	-16	-23	5.71	4.79	5.22

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	5.05	0	-10	4.20	-6	-4	85	+6	67	58
3Y	Feb'28	5.31	0	-37	4.21	-6	-7	111	+6	83	77
5Y	May'30	5.69	+4	-19	4.27	-6	-11	142	+10	123	121
7Y	Apr'32	6.13	+2	-20	4.35	-5	-13	178	+7	137	156
10Y	Feb'35	6.43	+3	-21	4.43	-5	-14	200	+8	167	196
20Y	Jan'45	6.69	+5	-6	4.71	-4	-15	198	+10	188	--
30Y	May'55	7.22	+8	-1	4.67	-2	-11	255	+10	226	--

Source: Bloomberg, Banorte

5Y USD UMS



Source: Bloomberg, Banorte

10Y USD UMS



Source: Bloomberg, Banorte

5Y UMS-UST Spread



Source: Bloomberg, Banorte

10Y UMS-UST Spread



Source: Bloomberg, Banorte

Fixed-Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 3-year Mbono (Mar'28), the 30-year Udibono (Oct'54), as well as 1- and 3-year Bondes F
- **Strong appetite for Cetes.** Banxico's minutes endorsed the central bank's dovish rhetoric, even pointing out that in the next meeting a rate cut like that of the last monetary policy decision (-50bps) could be contemplated. With this, we reaffirm our estimate of -50bps in March and a benchmark rate of 8.50% at the end of the year. Despite recent adjustments, real rates remain attractive compared to other emerging economies such as Colombia and Peru. In this sense, we expect a solid appetite for Cetes, very similar to what was observed at the latest auctions. It is worth noting that the foreign holdings of these securities have increased to 10.7% of the total amount outstanding from the lows observed at the beginning of the year of 10.2% but remain below pre-pandemic levels around 20.0%. For the 3-year Mbono (Mar'28), we anticipate relatively stable demand close to its 2-year average of 2.5x given a relatively fair valuation after incorporating a rally of 70bps so far this year. With respect to real rates, we expect that the appetite for the long-term Udibono (Oct'54) will be limited considering its expensive valuation. In more detail, the 30-year breakeven increased significantly in the last two weeks to 4.74% from 4.66%. In the last four auctions, the bid-to-cover ratio has ranged between 1.4x and 2.3x, with an average of 1.9x

Auction specifics (February 25th, 2025)

Security	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	Mar-27-25	--	9,000	9.37
3m	May-29-25	--	10,000	9.25
6m	Aug-21-25	--	8,000	9.26
24m	Jan-21-27	--	15,000	9.65
Bondef F				
1Y	Feb-12-26	--	8,700	0.10
3Y	Feb-24-28	--	4,700	0.18
Bono M				
3Y	Mar-02-28	8.50	17,000	9.53
Udibono				
30Y	Oct-29-54	4.00	UDIS 1,050	5.54

Source: Banxico, Banorte

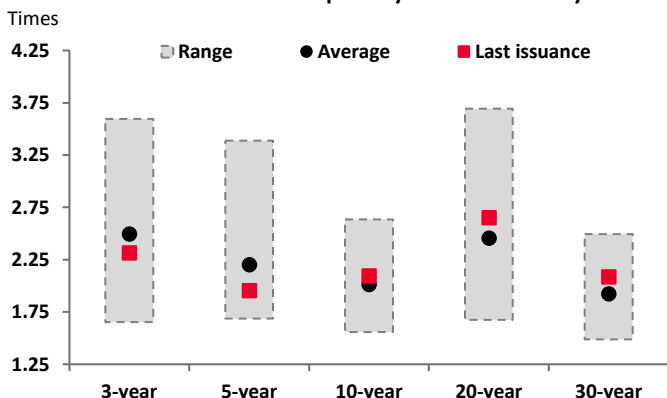
1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

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

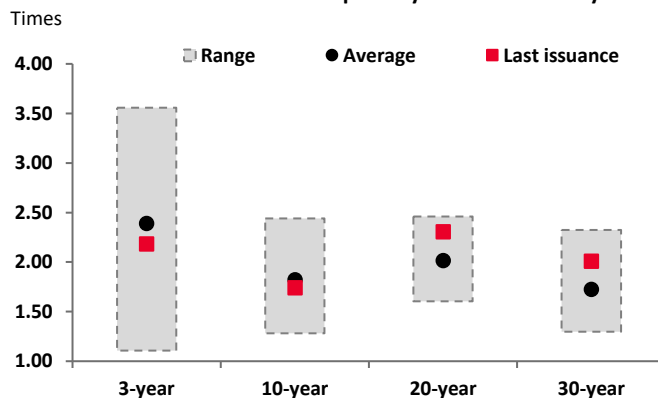
Source: SHCP *Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance
For more information, refer to [1Q25 Auction Calendar](#)

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

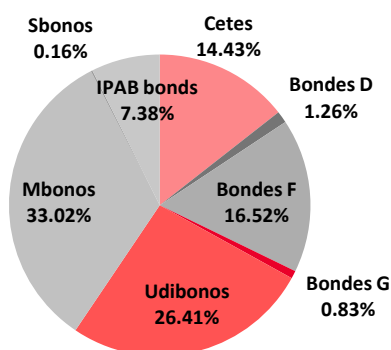
US\$ billion, *UDIS billion, data as of Feb/10/2025

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	102.23	10.95	20.01	16.29	4.88	8.67	2.69	3.15	-	35.58
Bondes D	8.91	0.01	0.27	4.73	0.07	1.86	-	-	-	1.98
Bondes F	117.05	0.02	4.70	68.52	2.74	10.21	2.10	0.44	-	28.32
Bondes G	5.89	0.00	0.04	2.53	0.41	0.24	1.08	-	-	1.60
Udibonos	187.13	8.27	103.80	7.54	32.64	2.23	2.89	0.10	-	29.65
Mbonos	233.96	68.66	59.94	7.51	8.00	27.91	12.36	1.24	0.73	47.62
Sbonos	1.12	0.52	0.31	0.01	0.05	0.00	-	-	-	0.23
Total	656.29	88.41	189.06	107.12	48.80	51.13	21.12	4.93	0.73	144.98
Udibonos*	460.01	20.32	255.17	18.54	80.25	5.48	7.11	0.25	-	72.88
IPAB bonds	52.29	0.01	0.68	18.35	0.46	7.67	5.56	2.03	-	17.55

Source: Banxico, Banorte

Government issuance by type of instrument

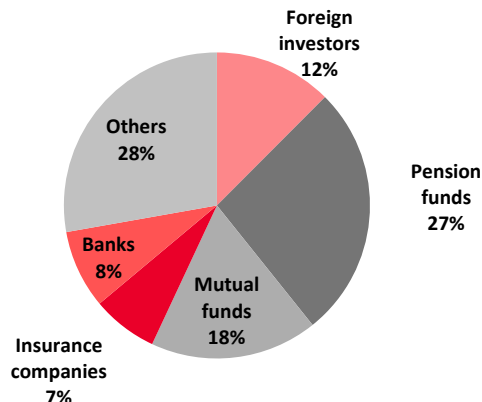
Total amount of US\$ 709 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

Government issuance by type of investor

Total amount of US\$ 709 billion (including IPAB bonds), % of total

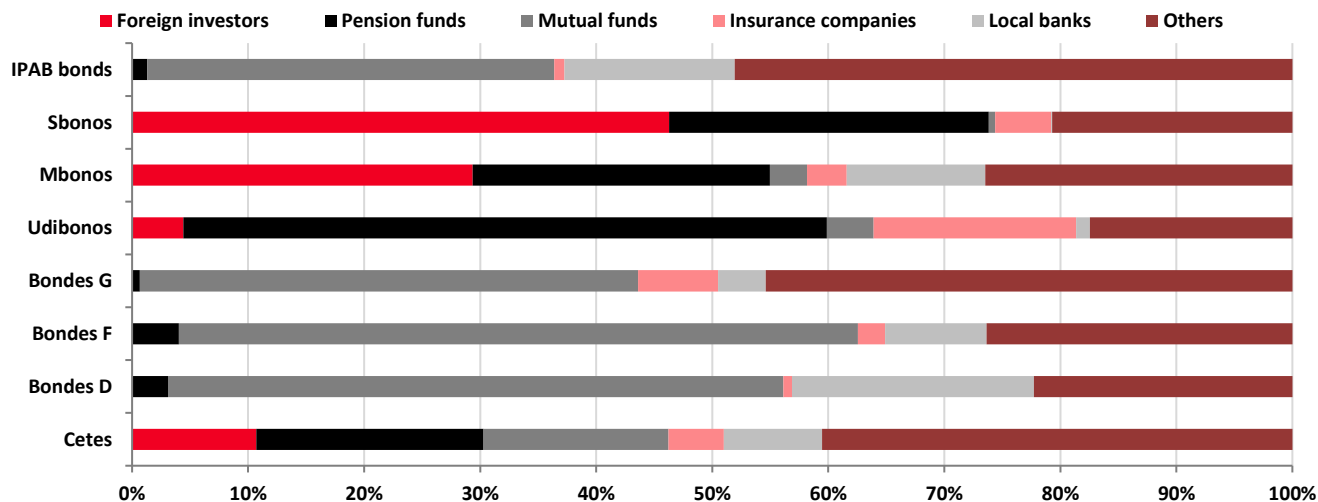


Source: Banxico, Banorte

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\$ 709 billion (including IPAB bonds), % of total



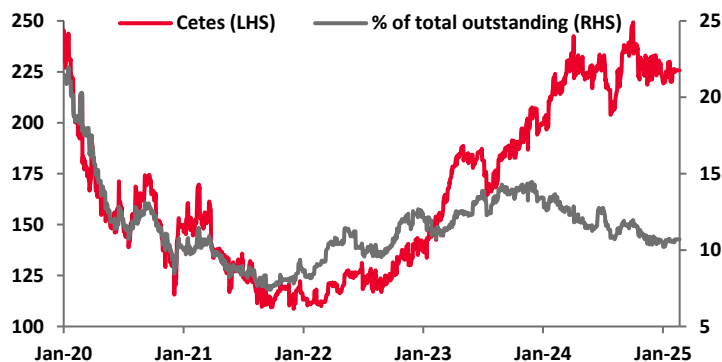
Source: Banxico, Banorte

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

Fixed-Income Demand (continued)

Cetes held by foreigners

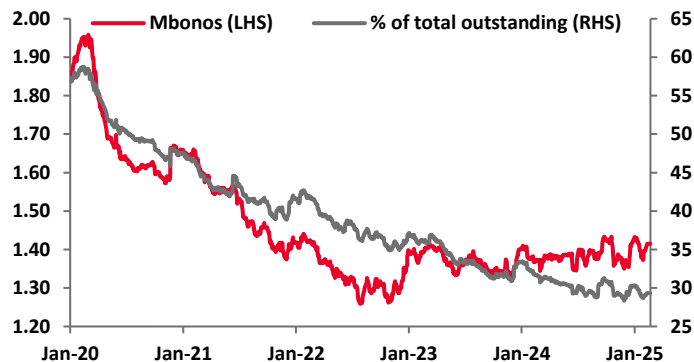
MXN billion, %



Source: Banxico, Banorte

Mbonos held by foreigners

MXN trillion, %



Source: Banxico, Banorte

Holdings of main investors by type of security

Data as of Feb/10/2025

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	1.45	2.33	2.30	-1.05	-11.91	-7.34
Bondes F	-31.65	-32.10	-14.71	-18.23	0.45	4.86
Udibonos	-1.89	1.36	1.18	2.04	3.96	6.50
Mbonos	0.09	-1.21	5.47	6.48	-12.65	-17.87

Source: Banxico, Banorte

Mbonos holdings by type of investor

US\$ billions and %, data as Feb/6/2025

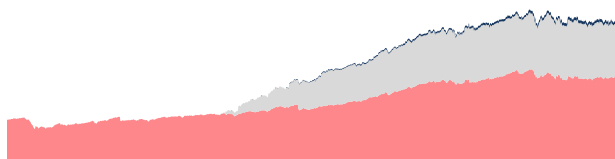
Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Mar'25	4.6	29%	8%	17%	46%
Mar'26	16.8	19%	24%	6%	50%
Sep'26	13.9	11%	29%	18%	42%
Mar'27	17.4	20%	19%	7%	54%
Jun'27	18.7	27%	24%	13%	36%
Mar'28	4.7	33%	13%	27%	27%
Mar'29	18.2	15%	32%	23%	30%
May'29	17.3	7%	35%	28%	30%
Feb'30	5.0	31%	2%	54%	13%
May'31	19.0	5%	42%	31%	22%
May'33	15.5	4%	35%	32%	29%
Nov'34	16.1	5%	44%	35%	16%
Nov'36	4.8	4%	18%	53%	26%
Nov'38	10.4	3%	31%	47%	19%
Nov'42	19.6	2%	33%	47%	18%
Nov'47	12.9	1%	28%	49%	22%
Jul'53	17.4	1%	30%	48%	20%
Total	232.2	11%	30%	30%	30%

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

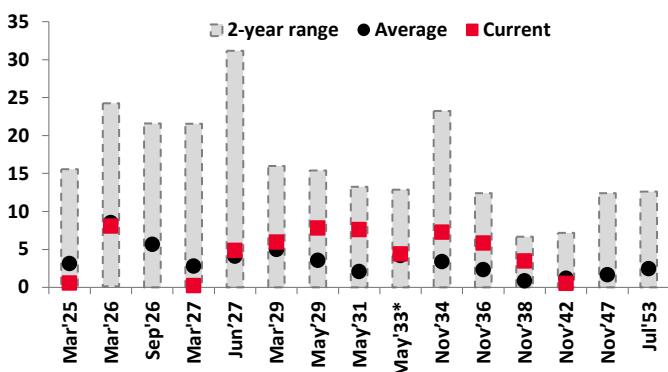


Fuente: Banxico, Banorte

Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

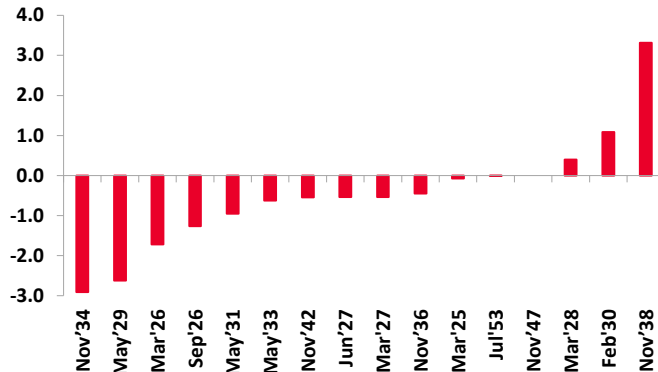
MXN billion



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

Weekly change in market makers' short positions on Mbonos

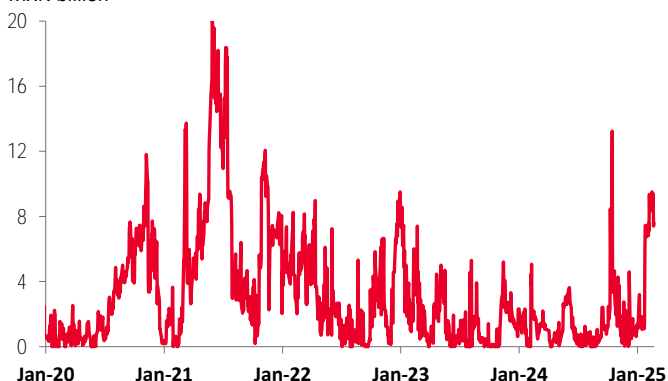
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

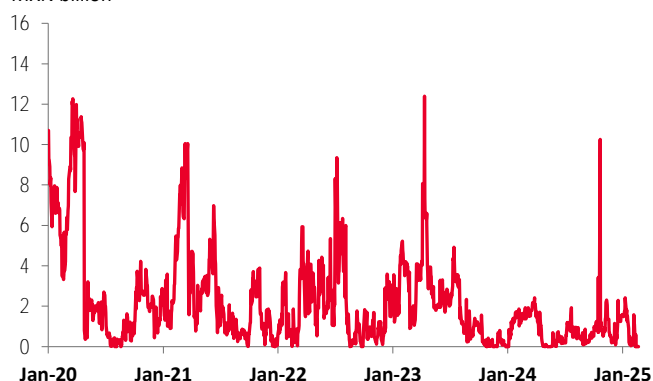
MXN billion



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 Feb/20/2025	Feb/20/2025	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Mar'25	4,500	27	31	139	247	288	27
Mar'26	16,516	397	481	438	481	941	210
Sep'26	13,705	0	62	0	406	660	0
Mar'27	17,688	10	37	50	530	439	0
Jun'27	18,879	239	265	334	16	1,533	34
Mar'28*	4,787	162	143	286	--	335	0
Mar'29	18,264	294	313	359	173	664	131
May'29	18,428	384	513	273	65	543	68
May'31	19,308	375	422	54	29	652	0
May'33	15,558	217	247	317	416	633	0
Nov'34	19,365	358	501	426	197	1,144	0
Nov'36	4,749	286	308	277	54	611	0
Nov'38	10,728	171	8	1	86	171	0
Nov'42	19,624	26	53	120	20	272	0
Nov'47	12,884	0	0	10	95	505	0
Jul'53	17,471	0	0	39	0	392	0
Total	232,452	2,945	3,383	3,084	2,814		

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

Fixed-Income Technicals

Spread between Cetes and Implied Forward Rates

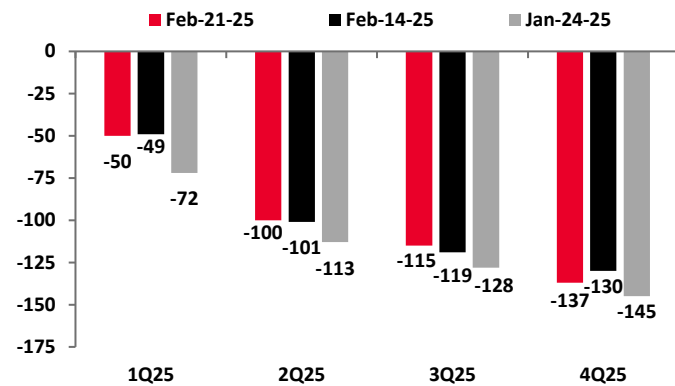
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	59	41	15	64	154	-12
3 months	4	-6	-23	15	76	-46
6 months	18	6	-23	14	69	-45
12 months	34	27	0	34	94	-12

Source: PIP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate

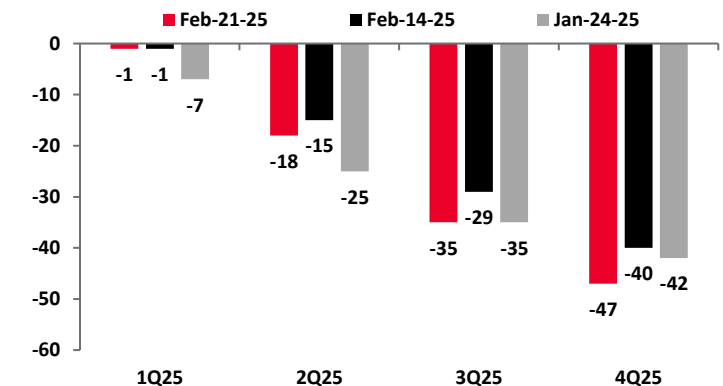
Basis points



Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

Spreads between Mbonos and UST

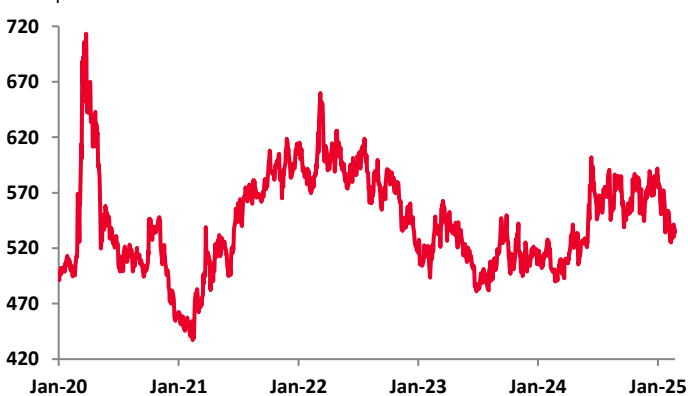
Basis points

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	466	-14	-51	-91	644	463	573
5 year	523	-4	1	-36	623	495	556
10 year	534	-4	-4	-51	602	490	551
20 year	555	2	8	-29	593	477	546
30 year	566	1	8	-35	605	493	556

Source: Bloomberg, Banorte

10-year Mbono and 10-year UST spread

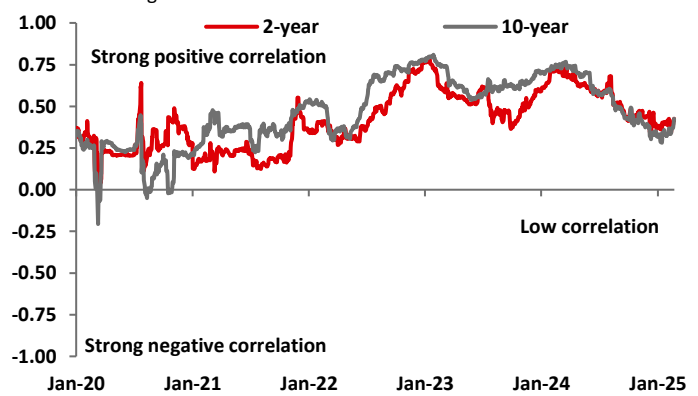
Basis points



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	65	11	43	48	69	-79	-35
2/10	91	12	34	31	99	-94	-31
2/30	148	20	49	50	157	-86	-6
5/10	27	1	-9	-17	46	-28	4
10/30	57	8	15	19	59	4	26
TIIE-F*							
3m/2Y	-93	-8	-9	-14	-67	-191	-104
2/5	15	6	10	10	15	-51	-16
2/10	44	10	18	20	44	-46	-1
2/30	56	10	17	23	56	-41	5
5/10	29	4	8	10	30	2	14
10/30	12	0	-2	3	20	-4	6
TIIE-F – Mbonos*							
2 year	-56	4	9	-20	-26	-107	-67
5 year	-106	-1	-24	-42	-60	-125	-85
10 year	-104	2	-6	-38	-64	-130	-89
20 year	-134	-4	-19	-48	-78	-148	-111
30 year	-149	-6	-23	-58	-83	-159	-119
TIIE-F – SOFR*							
2 year	425	-9	-42	-81	573	425	506
5 year	445	-5	-26	-70	559	445	503
10 year	469	-1	-18	-61	559	469	516
20 year	482	-2	-22	-56	567	482	523
30 year	490	-3	-24	-64	580	490	533

Source: Bloomberg, Banorte

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

Breakeven inflation using Mbonos & Udibonos

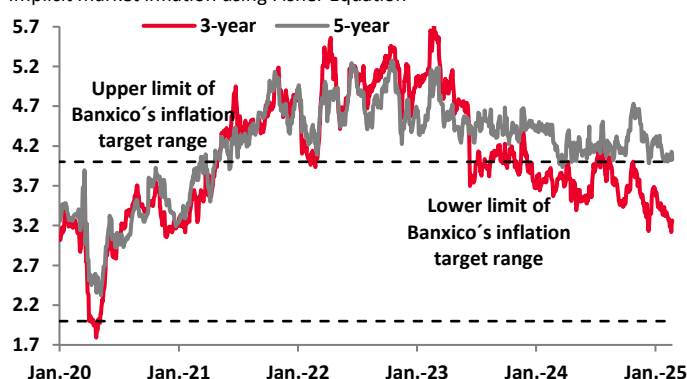
%, Implicit market inflation using Fisher Equation

Date	02/21/2025	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.26	3.18 (+8bps)	3.39 (-13bps)	3.59 (-33bps)	4.21	3.12	3.65
5Y	4.03	4.05 (-2bps)	4.05 (-2bps)	4.24 (-21bps)	4.73	3.94	4.21
10Y	4.28	4.39 (-11bps)	4.38 (-10bps)	4.18 (+10bps)	4.75	4.04	4.34
20Y	4.70	4.78 (-8bps)	4.68 (+2bps)	4.52 (+18bps)	5.01	4.25	4.60
30Y	4.74	4.76 (-2bps)	4.67 (+7bps)	4.6 (+14bps)	5.01	4.34	4.66

Source: Bloomberg, Banorte

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

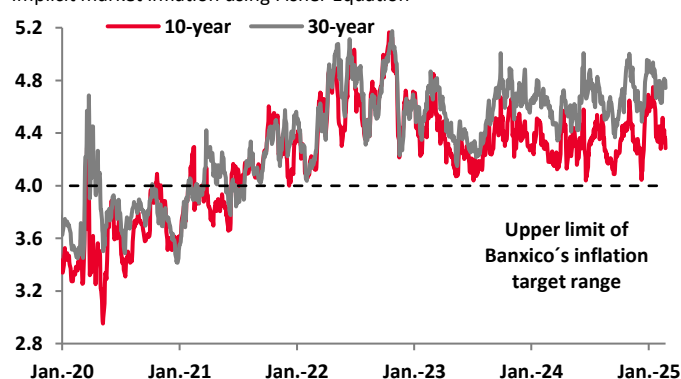
Implicit market inflation using Fisher Equation



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

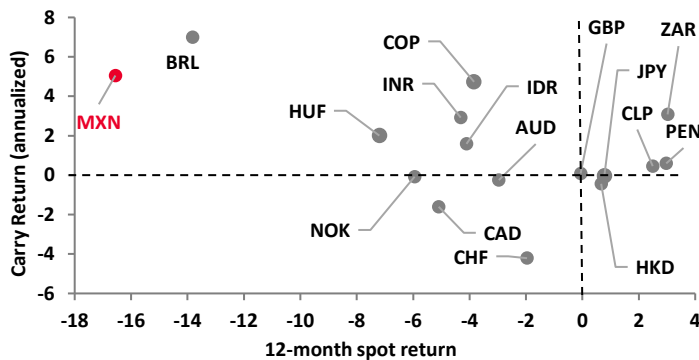
		Current	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD (%) ¹
Emerging Markets						
Brazil	USD/BRL	5.73	-0.5	-0.6	3.7	7.8
Chile	USD/CLP	947.17	-0.4	-0.6	4.6	5.0
Colombia	USD/COP	4,082.25	-0.1	1.1	4.5	7.9
Peru	USD/PEN	3.69	-0.4	0.4	0.9	1.5
Hungary	USD/HUF	385.48	-0.6	-0.5	2.4	3.1
Malaysia	USD/MYR	4.42	0.3	0.4	0.4	1.2
Mexico	USD/MXN	20.42	-0.5	-0.5	0.4	2.0
Poland	USD/PLN	3.98	-0.4	-0.2	1.9	3.8
South Africa	USD/ZAR	18.38	-0.2	0.0	0.6	2.5
Developed Markets						
Canada	USD/CAD	1.42	-0.3	-0.3	1.1	1.1
Great Britain	GBP/USD	1.26	-0.3	0.4	2.6	0.9
Japan	USD/JPY	149.27	0.2	2.0	4.9	5.3
Eurozone	EUR/USD	1.0458	-0.4	-0.3	0.5	1.0
Norway	USD/NOK	11.15	-0.5	-0.2	1.2	2.1
Denmark	USD/DKK	7.13	-0.4	-0.3	0.5	1.0
Switzerland	USD/CHF	0.90	0.0	0.2	1.0	1.0
New Zealand	NZD/USD	0.57	-0.4	0.3	1.4	2.6
Sweden	USD/SEK	10.65	-0.2	0.4	3.3	3.9
Australia	AUD/USD	0.64	-0.7	0.1	1.3	2.7

Source: Bloomberg, Banorte

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

Performance of selected currencies

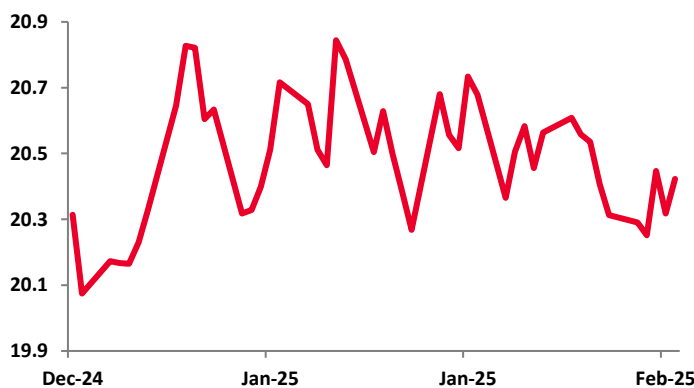
%, annualized rate based in 3M forwards



4Source: Bloomberg, Banorte

USD/MXN

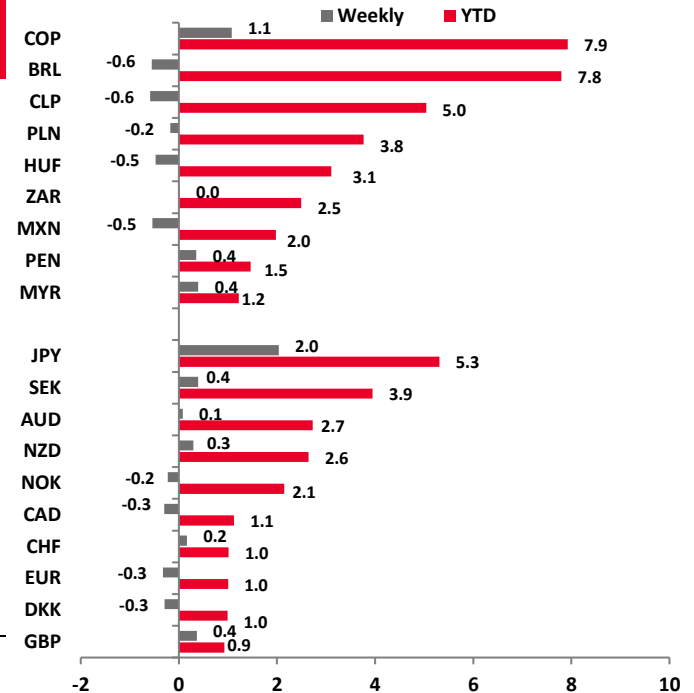
Last 60 days



Source: Bloomberg, Banorte

FX performance

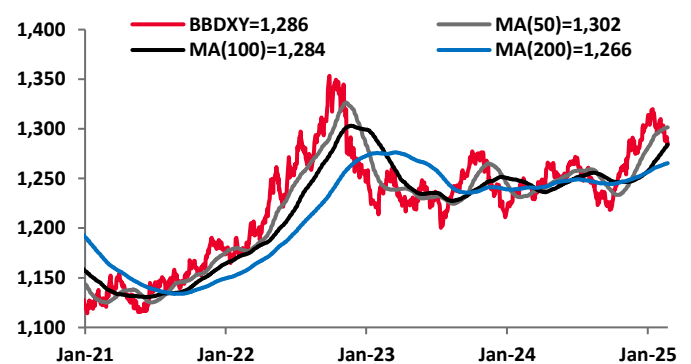
Against USD, %



Source: Bloomberg, Banorte

BBDXY

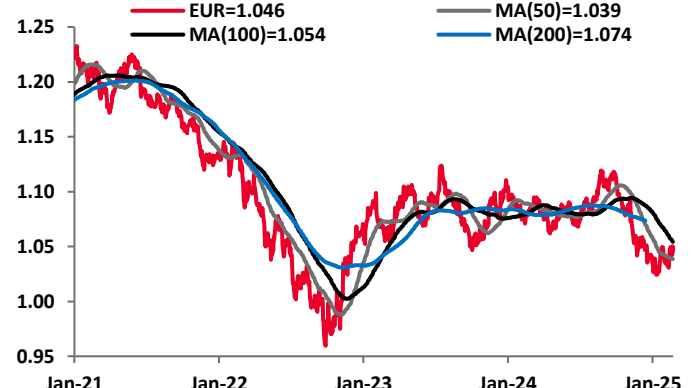
Points



Source: Bloomberg, Banorte

Euro

Dollar per euro

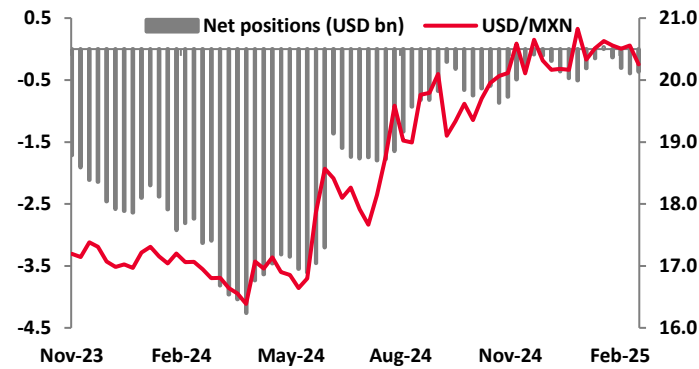


Source: Bloomberg, Banorte

FX positioning and flows

IMM positioning in USD/MXN futures

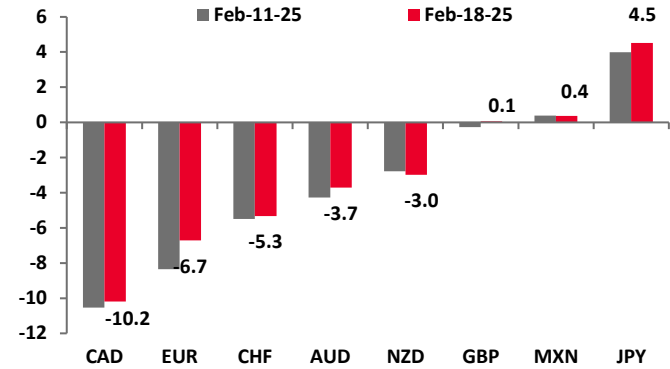
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

IMM positioning by currency*

Billion dollars

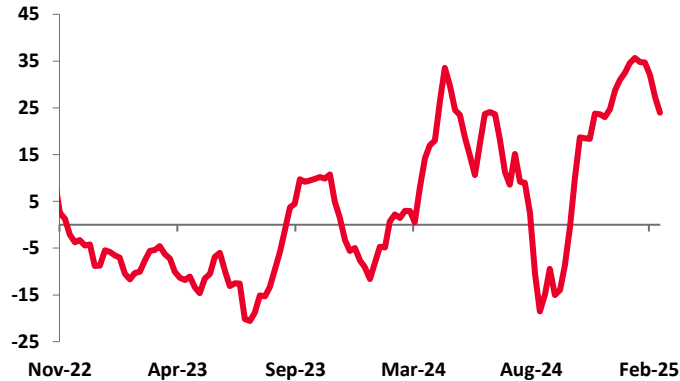


* Positive: Net long in the corresponding currency

Source: CME, Banorte

IMM positioning in USD futures*

Billion dollars, Positive = net long in USD

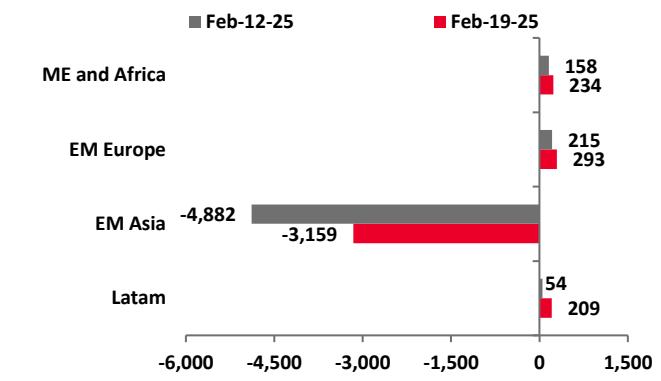


*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF

Source: CME, Banorte

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

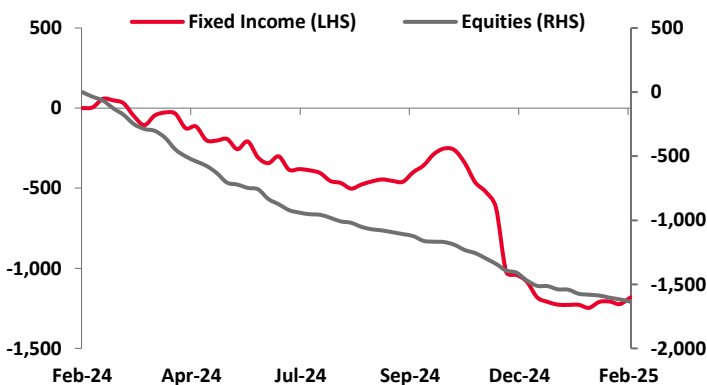
Billion dollars



Source: EPFR Global, Banorte

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

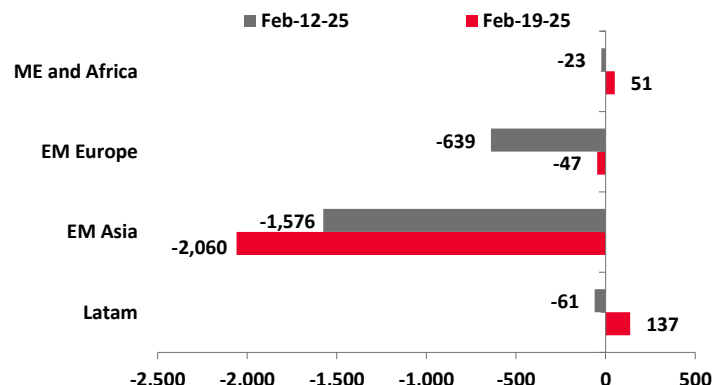
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

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

Weekly, million dollars

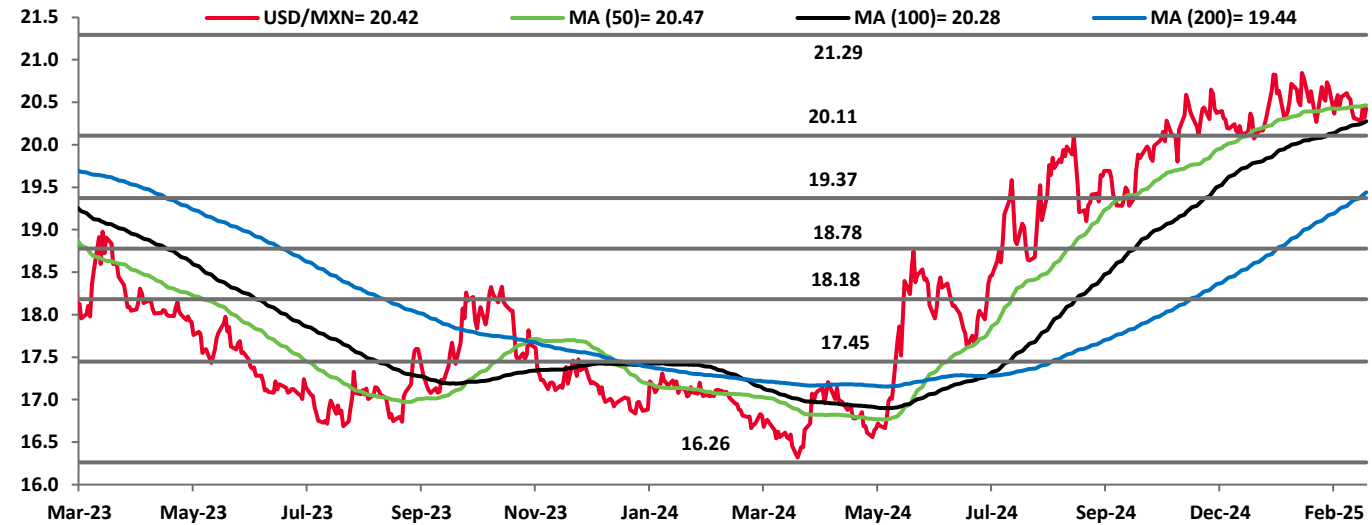


Source: EPFR Global, Banorte

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 percentage changes

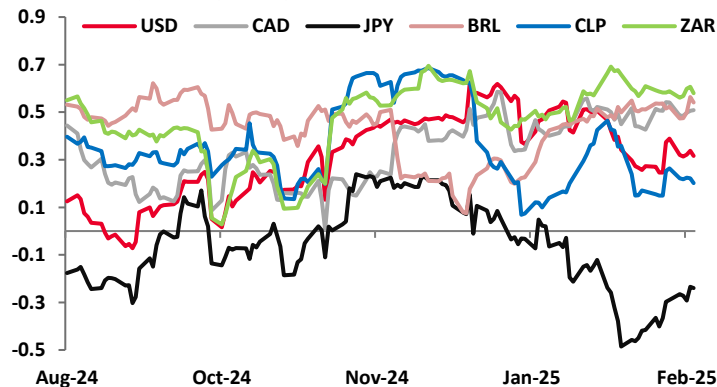
	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	32	32	-7	62	31
CAD	51	48	1	59	33
JPY	-24	-27	-49	24	-6
BRL	54	47	7	62	43
CLP	20	22	7	69	35
ZAR	58	56	3	69	46
VIX	23	24	-13	51	21
SPX	21	29	-15	58	24
GSCI	35	17	-17	60	25
Gold	-4	-15	-15	38	16

* Positive: appreciation of MXN and corresponding asset except VIX

Source: Bloomberg, Banorte

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

Based on daily percentage changes

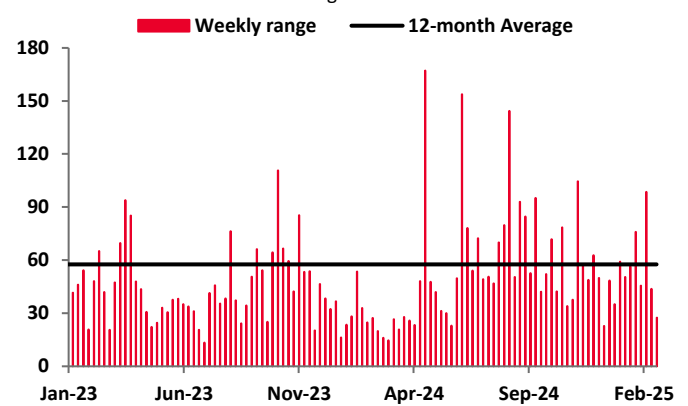


* Positive: appreciation of MXN and corresponding currency

Source: Bloomberg, Banorte

USD/MXN – Weekly trading range

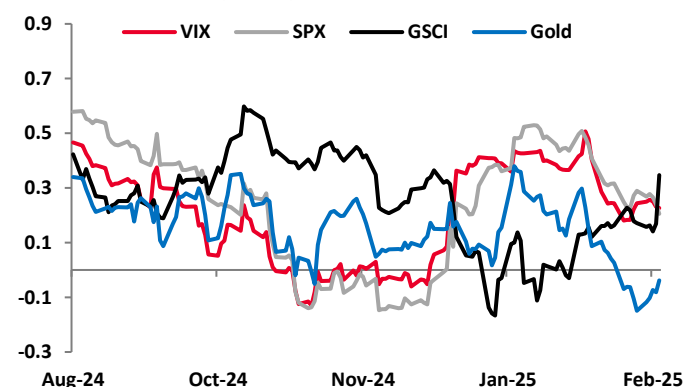
MXN cents with last 12 month average



Source: Bloomberg, Banorte

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

Based on daily percentage changes

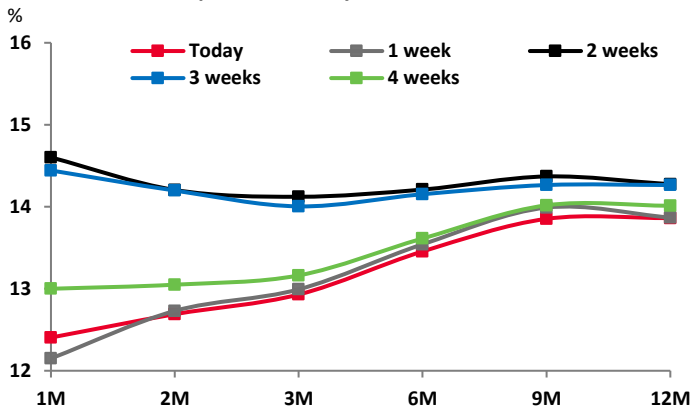


* Positive: appreciation of MXN and corresponding asset except VIX

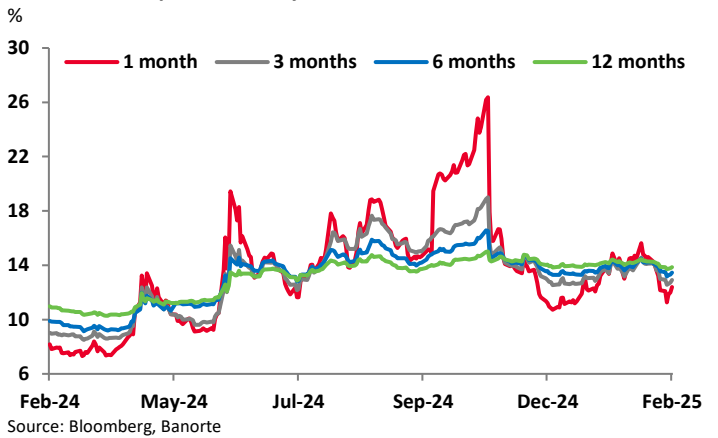
Source: Bloomberg, Banorte

FX technicals (continued)

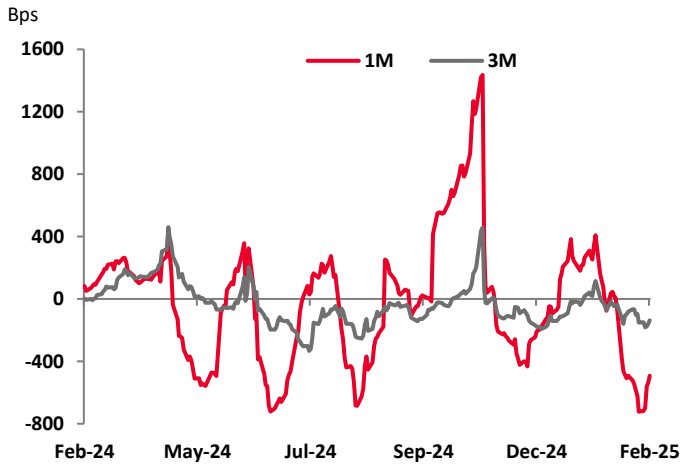
USD/MXN – ATM options volatility curve



USD/MXN – Implied volatility

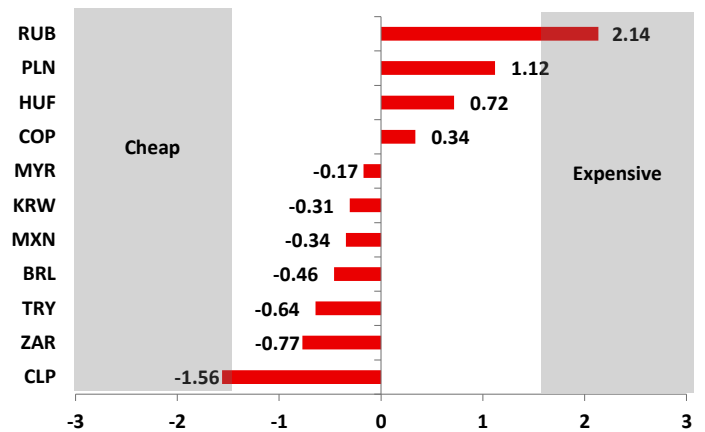


USD/MXN – Spread between implicit and historical volatility



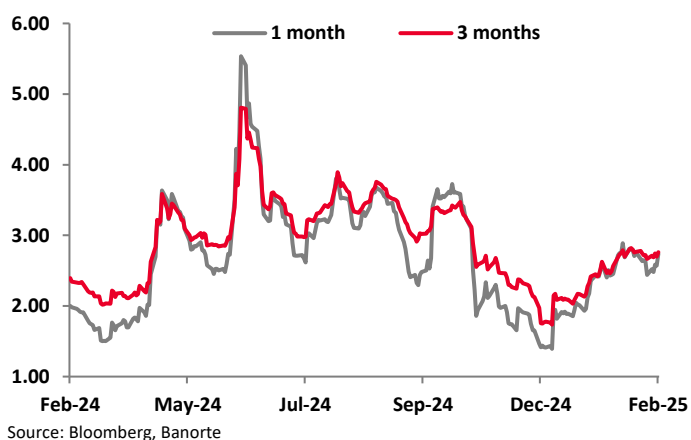
Emerging markets 1-month ATM options volatility

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



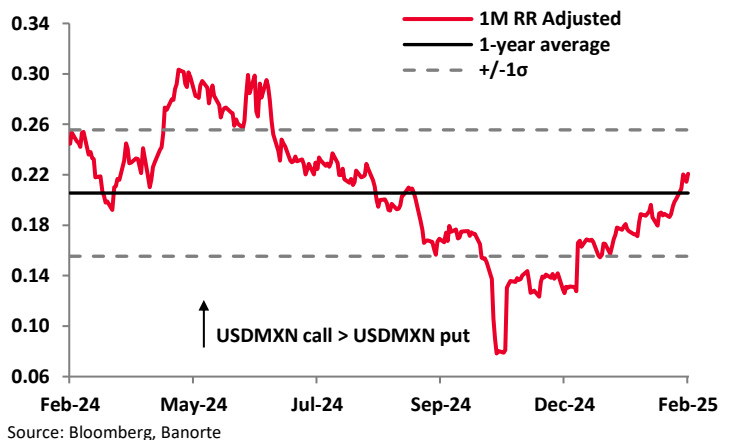
USD/MXN – 25D risk reversals

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 March 2nd, 2025

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 24	04:00	GER	IFO Survey (business climate)*	Feb	index	--	85.8	85.1
	05:00	EZ	Consumer prices	Jan (F)	% y/y	--	2.5	2.5
	05:00	EZ	Core	Jan (F)	% y/y	--	2.7	2.7
	07:00	MX	Consumer prices	Feb 15	% 2w/2w	0.01	0.18	0.12
	07:00	MX	Core	Feb 15	% 2w/2w	0.23	0.25	0.22
	07:00	MX	Consumer prices	Feb 15	% y/y	3.59	3.77	3.48
	07:00	MX	Core	Feb 15	% y/y	3.60	3.61	3.61
		SK	Monetary policy decision (Central bank of South Korea)	Feb 25	%	--	2.75	3.00
Tue 25	02:00	GER	Gross domestic product*	4Q24 (F)	% q/q	--	-0.2	-0.2
	04:20	US	Fed's Logan Speaks at Balance Sheet Conference					
	07:00	BZ	Consumer prices	Feb	% m/m	--	1.36	0.11
	07:00	BZ	Consumer prices	Feb	% y/y	--	5.10	4.50
	09:00	US	S&P/CoreLogic housing prices	Dec	% y/y	--	--	4.3
	10:00	MX	Current account	4Q24	US\$bn	10.1	--	0.7
	10:00	US	Consumer confidence*	Feb	index	102.5	103.2	104.1
	10:00	MX	International reserves	Feb 7	US\$bn	--	--	232.7
	12:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Mar'28), 30-year Udibono (Oct'54) and 1- and 3-year Bondes F					
	13:00	US	Fed's Barkin Speaks on Inflation					
Wed 26	10:00	US	New home sales**	Jan	thousands	--	678	698
	12:00	US	Fed's Bostic Speaks on Economic Outlook, Housing					
Thu 27	04:00	EZ	Monetary aggregates (M3)*	Jan	% y/y	--	3.8	3.5
	05:00	EZ	Consumer confidence*	Feb (F)	index	--	--	-13.6
	05:00	EZ	Economic confidence*	Feb	index	--	96.0	95.2
	07:00	BZ	Unemployment rate	Jan	%	--	6.6	6.2
	07:00	MX	Trade balance	Jan	US\$mn	-4,773.2	-3,746.0	2,566.8
	07:00	MX	Unemployment rate	Jan	%	2.70	2.70	2.43
	07:30	EZ	ECB Minutes					
	08:30	US	Gross domestic product**	4Q24 (F)	% q/q	2.3	2.3	2.3
	08:30	US	Personal consumption**	4Q24 (F)	% q/q	--	4.1	4.2
	08:30	US	Durable goods orders*	Jan (P)	% m/m	--	2.2	-2.2
	08:30	US	Ex transportation*	Jan (P)	% m/m	--	0.4	0.3
	08:30	US	Initial jobless claims*	Feb 22	thousands	216	--	219
	13:15	US	Fed's Hammack Gives Keynote Speech at Conference					
	15:15	US	Fed's Harker Gives Speech on Economic Outlook					
Fri 28	08:00	GER	Consumer prices	Feb (P)	% y/y	--	2.3	2.3
	08:30	US	Trade balance*	Jan	US\$bn	--	-114.8	-122.0
	08:30	US	Personal income*	Jan	% m/m	--	0.3	0.4
	08:30	US	Personal spending*	Jan	% m/m	--	0.2	0.7
	08:30	US	Real personal spending*	Jan	% m/m	--	-0.1	0.4
	08:30	US	PCE Deflator*	Jan	% m/m	0.3	0.3	0.3
	08:30	US	Core*	Jan	% m/m	0.3	0.3	0.2
	08:30	US	PCE Deflator	Jan	% y/y	2.5	2.5	2.6
	08:30	US	Core	Jan	% y/y	2.6	2.6	2.8
	10:00	MX	Banking credit	Jan	% y/y	8.7	--	8.8
	15:30	MX	Public finances (PSBR, year-to-date)	Jan	MXNbn	--	--	-1,940.3
	20:30	CHI	Manufacturing PMI*	Feb	index	--	50.0	49.1
	20:30	CHI	Non-manufacturing PMI*	Feb	index	--	50.3	50.2
	20:30	CHI	Composite PMI*	Feb	index	--	--	50.1
	22:15	US	Fed's Goolsbee Speaks in Moderated Q&A					
Sun 2	20:45	CHI	Manufacturing PMI (Caixin)*	Feb	index	--	--	50.1

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

Recent trade ideas				
Trade idea	P/L	Initial date	End date	
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 Thalia 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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