

# **Fixed-Income & FX Strategy**

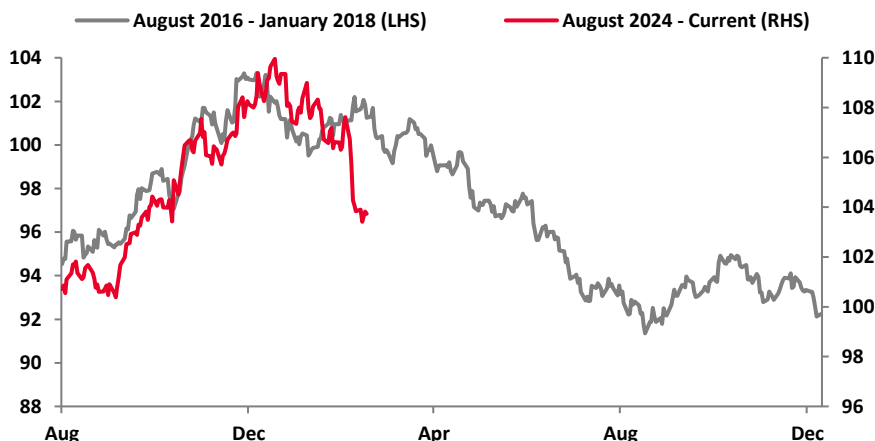
**W e e k l y**

March 14, 2025

## Fixed-Income and FX Weekly

- **Busy central bank agenda amid tariff jitters.** Uncertainty over the impact of the tariff approach has fueled growing concerns about an economic slowdown, particularly in the US. The front end of the curve has rallied by approximately 50bps since mid-February and, in recent days, pricing for upcoming Fed moves has reflected cumulative cuts of up to 80bps by year-end. This has now moderated to 65bps, though it remains stronger than the 50bps implied in the latest dot plot. Meanwhile, the curve steepening holds despite the administration's efforts to compress term premium. Amid heightened volatility and geopolitical disruptions, US equity markets have seen a notable correction, while the dollar has weakened sharply. For the latter, a shift in typical correlations has been observed, as it has not benefited from the risk-off sentiment as it historically does, while gold has surged 14% YTD, reaching new all-time highs. Next week, the Fed's decision is due, with no policy changes expected. The central bank is likely to maintain a data-dependent stance with no urgency to cut rates. Favorable inflation data this week should provide some flexibility to fine-tune its messaging such that it can acknowledge economic fragility. A busy week for monetary policy will also see decisions from central banks in the UK, Brazil, Japan, Chile, South Africa, Sweden, Switzerland, Indonesia, Russia, and Taiwan. At the same time, progress on Germany's fiscal changes will remain under global scrutiny
- **Preference for relative-value rate strategies.** Given the current high volatility environment, we find the risk-reward of directional strategies unattractive. As such, we maintain our [recommendation of paying 10-year TIE-F \(130x1\) and simultaneously receive the SOFR swap for the same term](#). Additionally, we [maintain our recommendation of a 2s10s steepener in TIE-F swaps](#)
- **MXN below 20.00.** USD weakness has been most evident in gains for European currencies (SEK +9%, HUF +8%, EUR +5% YTD) amid an improving outlook outside the US and while recession fears linked to Trump's permeate. Notably, higher infrastructure and defense investment in Germany, coupled with the absence of a fiscal spending roadmap in the US and DOGE spending cuts, have supported this trend. The Mexican peso has benefited from the backdrop, closing the week at 19.93 (+1.6% w/w), its strongest level since November
- **Weekly ranges.** We expect the 10-year Mbono (Nov'34) to trade between 9.35% and 9.60%, and MXN between 19.65 and 20.30 per dollar

DXY  
Index



Source: Bloomberg, Banorte



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# Fixed-Income Dynamics

## Fixed-income securities performance

Security	YTM (%)	Weekly change (bps)	Δ last 4 weeks (bps)	YTD (bps)	12m Max (%)	12m Min (%)	12m Average (%)
<b>Overnight TIIE funding rate</b>							
1-day	9.50	5	1	-70	11.26	9.45	10.58
28-days <sup>1</sup>	9.52	-1	-40	-75	11.29	9.52	10.68
91-days <sup>1</sup>	9.60	-1	-40	-76	11.41	9.60	10.78
182-days <sup>1</sup>	9.72	-1	-41	-78	11.57	9.72	10.93
<b>Cetes<sup>2</sup></b>							
28-days	9.23	-3	-23	-78	11.24	9.14	10.45
91-days	9.02	-9	-31	-98	11.23	9.00	10.52
182-days	8.93	-10	-37	-101	11.29	8.91	10.53
364-days	8.98	-9	-36	-109	11.44	8.98	10.49
<b>Mbonos</b>							
Mar'26	8.63	-16	-43	-119	11.03	8.64	10.03
Sep'26	8.61	-12	-43	-117	11.03	8.61	9.93
Mar'27	8.68	-14	-43	-110	10.74	8.69	9.71
Jun'27	8.73	-13	-44	-110	10.68	8.72	9.71
Mar'28 <sup>3</sup>	8.92	-6	-40	-101	9.99	8.91	9.53
Mar'29	9.05	-3	-44	-92	10.55	9.06	9.73
May'29	9.10	0	-41	-88	10.47	9.03	9.69
Feb'30 <sup>4</sup>	9.16	-54	-44	-10	9.69	9.19	9.45
May'31	9.21	-2	-42	-83	10.42	9.02	9.70
May'33	9.39	1	-39	-83	10.40	9.08	9.77
Nov'34	9.47	0	-38	-94	10.45	9.10	9.80
Nov'36	9.45	-1	-37	-97	10.45	9.13	9.80
Nov'38	9.67	-10	-37	-88	10.60	9.24	9.92
Nov'42	9.94	-12	-34	-76	10.76	9.32	10.07
Nov'47	9.98	-13	-36	-76	10.79	9.30	10.07
Jul'53	10.00	-15	-35	-80	10.81	9.33	10.08
<b>TIIE-F IRS<sup>5</sup></b>							
3-month (3x1)	8.98	-13	-33	-97	10.62	8.98	9.92
6-month (6x1)	8.67	-14	-32	-106	10.40	8.67	9.67
9-month (9x1)	8.49	-10	-30	-110	10.17	8.48	9.47
1-year (13x1)	8.29	-12	-35	-114	9.95	8.29	9.26
2-year (26x1)	8.04	-11	-42	-111	9.66	8.04	8.90
3-year (39x1)	8.04	-9	-42	-107	9.52	8.04	8.79
4-year (52x1)	8.12	-6	-39	-103	9.46	8.12	8.77
5-year (65x1)	8.18	-5	-36	-101	9.43	8.16	8.77
7-year (91x1)	8.31	-4	-34	-95	9.42	8.17	8.83
10-year (130x1)	8.51	-1	-28	-87	9.46	8.25	8.93
20-year (3x1)	8.71	-1	-27	-77	9.59	8.35	9.06
30-year (390x1)	8.64	-1	-28	-84	9.50	8.32	9.00
<b>Udibonos</b>							
Dec'25	5.91	-25	-34	-26	7.90	5.95	6.53
Dec'26	5.32	-25	-64	-77	7.08	5.37	6.14
Nov'28	4.94	-9	-39	-52	5.96	4.73	5.32
Aug'29 <sup>6</sup>	5.01	0	501	0	5.02	5.02	5.02
Nov'31	5.03	0	-27	-46	5.80	4.70	5.20
Aug'34	4.98	-4	-26	-52	5.76	4.70	5.23
Nov'35	4.97	-6	-20	-51	5.62	4.65	5.19
Nov'40	4.98	-6	-22	-53	5.72	4.66	5.19
Nov'43	5.06	-2	-19	-46	5.73	4.70	5.22
Nov'46	5.01	-4	-23	-51	5.70	4.60	5.16
Nov'50	5.00	-4	-29	-51	5.71	4.65	5.17
Oct'54 <sup>7</sup>	4.99	-7	-34	-58	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 4<sup>th</sup>, 2024

4: Mbono Feb'30 issued on January 30<sup>th</sup>, 2025

5: TIIE-F IRS history since September 5<sup>th</sup>, 2024

6: Udibono Aug'29 issued on March 13<sup>th</sup>, 2025

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

## Fixed-Income Dynamics (continued)

USD UMS and US Treasuries performance

05B-01WS and 05T measures performance											
UMS					UST				Spreads		CDS
Term	Maturity date	YTM (%)	Weekly change (bps)	YTD (bps)	YTM (%)	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Mar'27	4.87	-1	-28	4.02	+2	-22	85	-3	70	65
3Y	Feb'28	5.15	-1	-53	4.01	+0	-26	114	-1	87	85
5Y	May'30	5.66	+6	-22	4.09	+1	-29	157	+5	126	127
7Y	Apr'32	6.04	+8	-29	4.21	+1	-27	183	+7	141	167
10Y	Feb'35	6.38	+7	-26	4.32	+1	-25	207	+6	170	208
20Y	Jan'45	6.62	+6	-13	4.66	+1	-20	197	+5	189	--
30Y	May'55	7.20	+7	-3	4.62	+3	-16	258	+5	228	--

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 3-year Mbono (Mar'28), the 20-year Udibono (Nov'43), as well as 2- and 5-year Bondes F
- **Real rates and rate cut expectations supporting the short-end.** Demand in recent CETES' auctions has remained robust, a trend we expect to persist. Real rates on these securities remain attractive, averaging just under 5% across all tenors, taking into account a 12-month inflation expectation of 3.9% from the latest central bank survey. Meanwhile, inflation trends and external conditions still leave room for a 50bps rate cut from Banxico at its upcoming decision on March 27<sup>th</sup>. With the short-end of the Mexican curve pricing in nearly 170bps of easing by year-end, valuations appear tight. However, we expect solid demand for the 3-year Mbono (Mar'28), which marked a 1.61x bid-to-cover ratio in its latest auction, below the 2-year average of 2.48x. As for the 20-year Udibono (Nov'43), demand should remain stable, with the 2-year average at 2.01x, though we see limited additional support given inflation dynamics and elevated breakevens at these maturities

### Auction specifics (March 18<sup>th</sup>, 2025)

Security	Maturity	Coupon rate, %	To be auctioned <sup>1</sup>	Previous yield <sup>2</sup>
<b>Cetes</b>				
1m	Apr-16-25	--	9,000	9.14
3m	Jun-19-25	--	7,000	9.02
6m	Sep-18-25	--	7,000	8.94
12m	Mar-05-26	--	15,500	9.11
<b>Bondes F</b>				
2Y	Feb-11-27	--	9,500	0.16
5Y	Jan-24-30	--	2,200	0.20
<b>Bono M</b>				
3Y	Mar-02-28	8.50	17,000	9.10
<b>Udibono</b>				
20Y	Nov-12-43	3.25	UDIS 800	5.19

Source: Banxico, Banorte

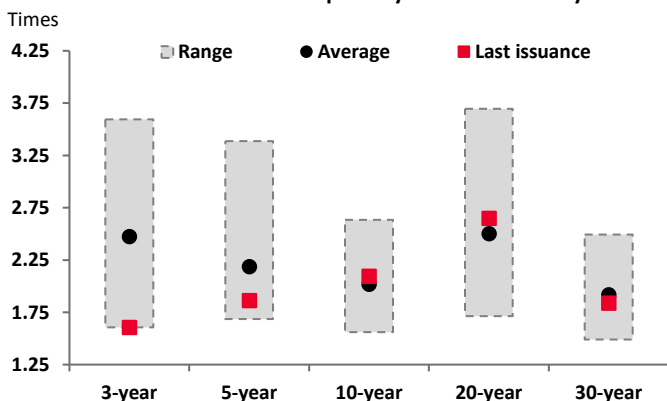
1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.  
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

### 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 (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

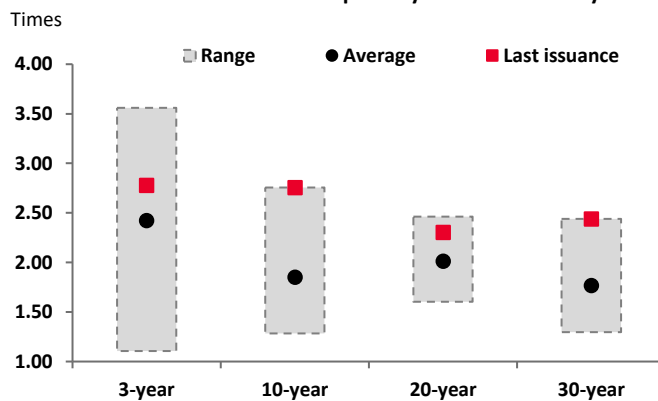
Source: SHCP \*Ministry of Finance \*In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance  
For more information, refer to [1Q25 Auction Calendar](#)

### 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

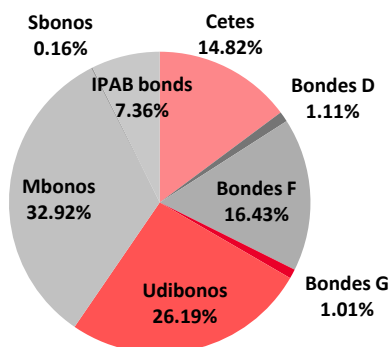
US\$ billion, \*UDIS billion, data as of Mar/3/2025

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	106.09	10.72	18.84	18.67	5.10	11.70	2.79	2.51	-	35.76
Bondes D	7.95	0.00	0.13	4.05	0.00	1.30	-	-	-	2.46
Bondes F	117.65	0.02	3.69	68.74	2.55	10.96	3.97	0.01	-	27.71
Bondes G	7.22	0.00	0.04	3.02	0.50	1.25	0.74	0.00	-	1.68
Udibonos	187.54	8.31	103.05	7.71	32.78	4.80	0.59	0.08	-	30.22
Mbonos	235.74	70.45	60.77	8.55	8.27	27.30	12.77	1.28	0.72	45.62
Sbonos	1.11	0.52	0.31	0.01	0.05	0.01	-	-	-	0.22
<b>Total</b>	<b>663.31</b>	<b>90.03</b>	<b>186.82</b>	<b>110.75</b>	<b>49.26</b>	<b>57.31</b>	<b>20.86</b>	<b>3.88</b>	<b>0.72</b>	<b>143.67</b>
Udibonos*	461.87	20.46	253.79	18.98	80.73	11.82	1.46	0.21	-	74.43
IPAB bonds	52.73	0.01	0.53	17.33	0.72	9.08	5.19	2.44	-	17.42

Source: Banxico, Banorte

## Government issuance by type of instrument

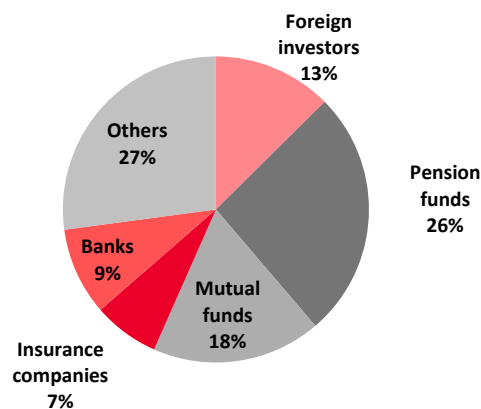
Total amount of US\$ 716 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

## Government issuance by type of investor

Total amount of US\$ 716 billion (including IPAB bonds), % of total

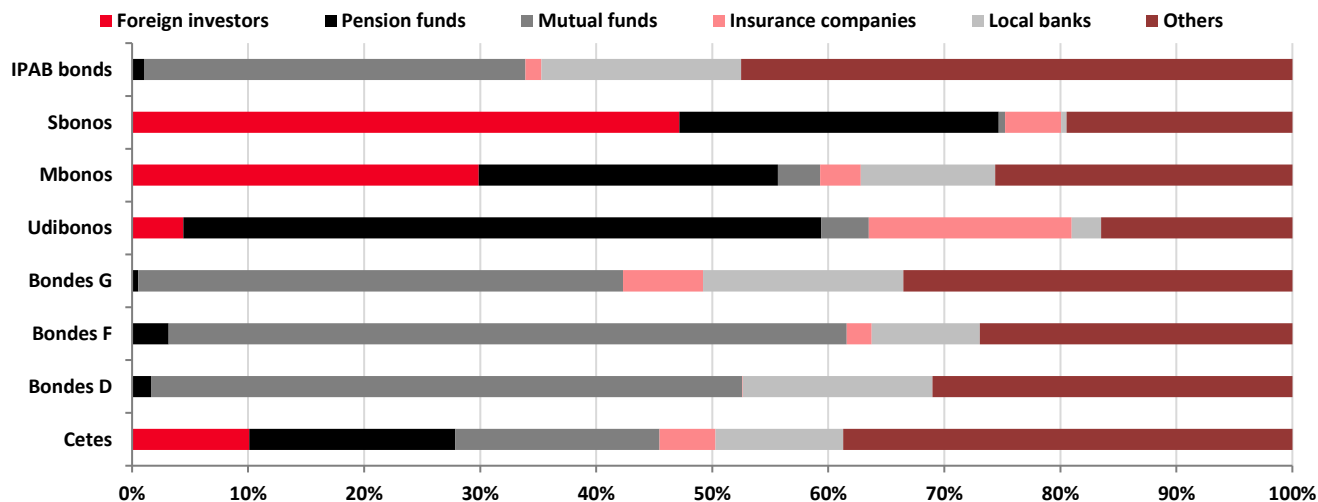


Source: Banxico, Banorte

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\$ 716 billion (including IPAB bonds), % of total



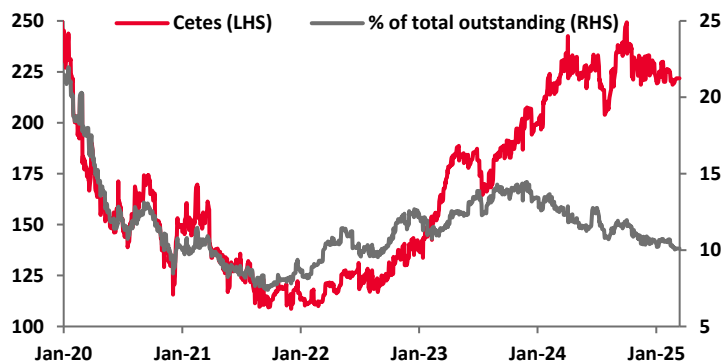
Source: Banxico, Banorte

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

## Fixed-Income Demand (continued)

### Cetes held by foreigners

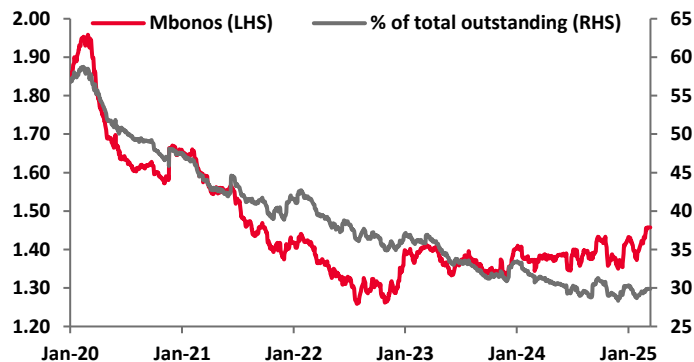
MXN billion, %



Source: Banxico, Banorte

### Mbonos held by foreigners

MXN trillion, %



Source: Banxico, Banorte

### Holdings of main investors by type of security

Data as of Mar/3/2025

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	4.00	0.56	-6.14	-6.48	7.44	6.58
Bondef F	3.48	-26.06	-17.59	-35.46	5.40	5.60
Udibonos	0.24	2.26	0.18	1.68	1.52	9.29
Mbonos	4.06	1.75	1.18	8.36	1.13	-6.04

Source: Banxico, Banorte

### Mbonos holdings by type of investor

US\$ billions and %, data as Feb/27/2025

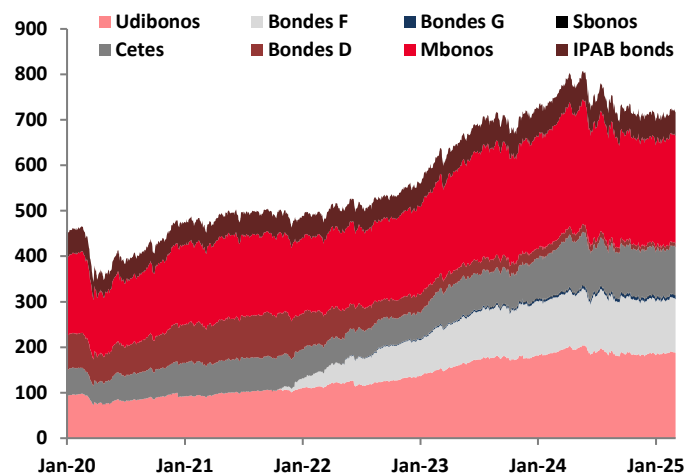
Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Mar'25	4.3	37%	8%	14%	42%
Mar'26	16.0	24%	23%	6%	48%
Sep'26	11.8	6%	33%	19%	42%
Mar'27	16.7	25%	20%	6%	49%
Jun'27	17.6	32%	24%	12%	32%
Mar'28	5.7	26%	16%	27%	32%
Mar'29	19.1	15%	32%	23%	29%
May'29	18.6	7%	34%	27%	32%
Feb'30	6.0	12%	10%	41%	37%
May'31	20.1	5%	41%	31%	23%
May'33	15.3	5%	36%	31%	29%
Nov'34	17.5	4%	46%	33%	16%
Nov'36	4.8	2%	17%	55%	26%
Nov'38	10.5	1%	31%	51%	18%
Nov'42	19.4	2%	33%	47%	18%
Nov'47	12.8	0%	29%	49%	22%
Jul'53	17.4	1%	34%	48%	17%
Total	233.7	11%	30%	30%	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



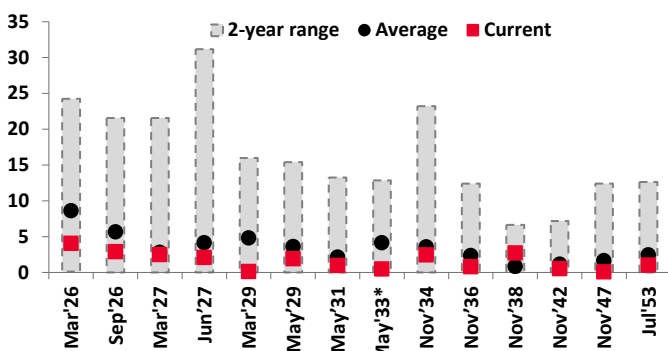
Fuente: Banxico, Banorte



## Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

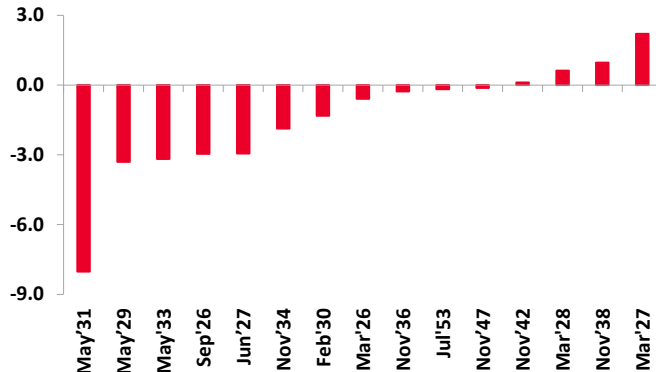
MXN billion



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

Weekly change in market makers' short positions on Mbonos

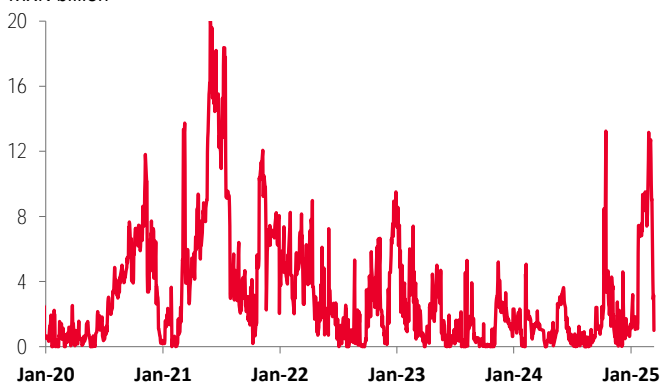
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

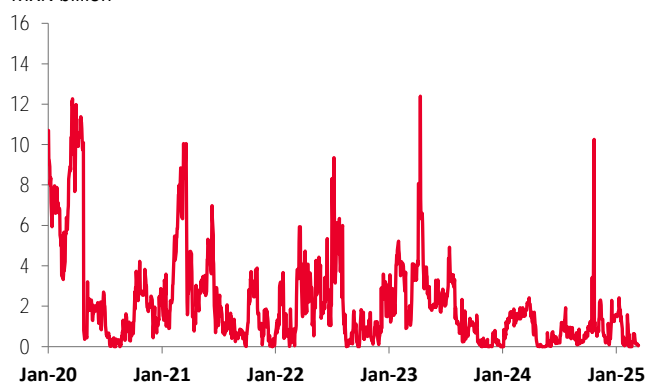
MXN billion



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 Mar/13/2025	Mar/13/2025	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Mar'26	16,310	201	231	555	273	952	165
Sep'26	12,101	144	291	100	257	668	0
Mar'27	17,149	123	14	52	213	355	0
Jun'27	17,944	104	250	300	6	1,551	35
Mar'28*	5,927	103	72	103	--	339	0
Mar'29	19,525	5	0	370	384	672	0
May'29	19,650	95	260	373	197	579	63
May'31	20,157	49	449	460	72	660	0
May'33	15,542	24	182	259	368	640	0
Nov'34	19,347	121	214	418	0	1,157	0
Nov'36	4,888	40	54	349	23	474	0
Nov'38	10,813	135	87	38	75	195	0
Nov'42	19,851	27	21	100	34	275	0
Nov'47	13,036	3	9	29	90	511	0
Jul'53	18,505	51	60	14	30	396	0
<b>Total</b>	<b>230,745</b>	<b>1,175</b>	<b>2,133</b>	<b>3,504</b>	<b>1,991</b>		

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



# Fixed-Income Technicals

## Spread between Cetes and Implied Forward Rates

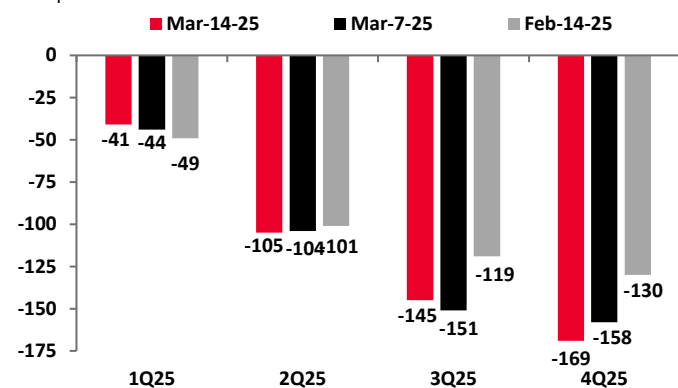
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	52	81	41	63	154	-12
3 months	3	14	-6	10	76	-46
6 months	3	11	6	8	67	-45
12 months	22	33	27	28	70	-12

Source: PIP, Bloomberg, Banorte

## Cumulative implied moves in Banxico's repo rate

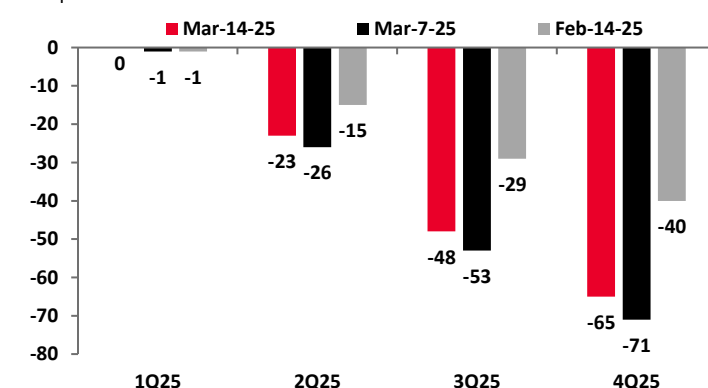
Basis points



Source: Bloomberg, Banorte

## Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

## Spreads between Mbonos and UST

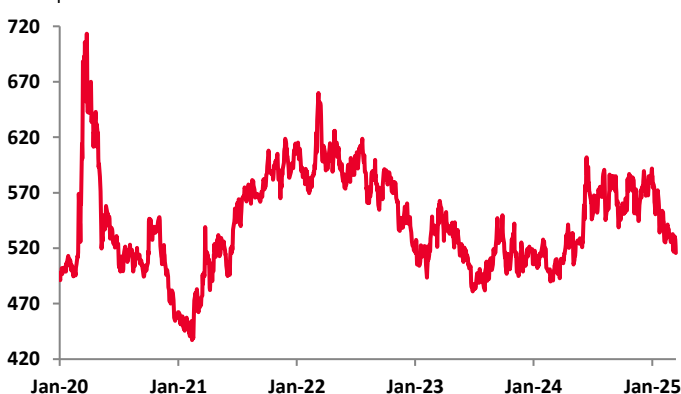
Basis points

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	461	-18	-19	-96	644	463	570
5 year	507	-5	-20	-52	623	495	557
10 year	516	-1	-22	-69	602	493	552
20 year	528	-12	-24	-56	593	485	550
30 year	537	-17	-27	-64	605	498	559

Source: Bloomberg, Banorte

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

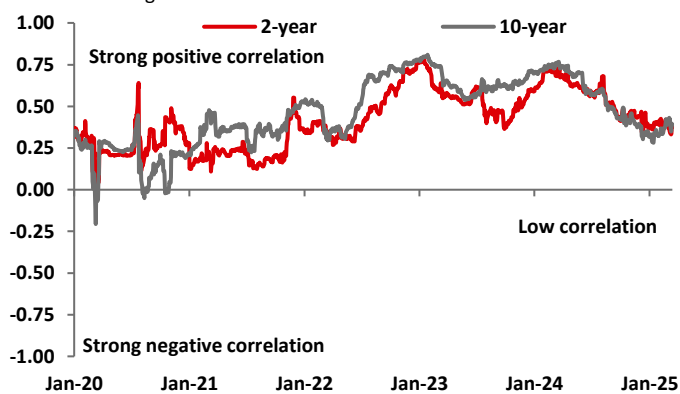
Basis points



Source: PIP, Banorte

## Mexico and US 2- and 10-year bonds correlation

3-month moving correlation



Source: Bloomberg, Banorte

## Fixed-Income Technicals (continued)

### Selected spreads

Basis points

Security	Spread	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
<b>Mbonos*</b>							
2/5	53	12	-1	37	69	-79	-29
2/10	85	16	5	24	99	-94	-23
2/30	137	2	8	39	157	-86	6
5/10	32	4	6	-13	46	-28	6
10/30	52	-15	3	15	67	4	28
<b>TIIE-F*</b>							
3m/2Y	-94	2	-9	-14	-67	-191	-103
2/5	14	5	5	10	15	-51	-13
2/10	47	10	14	23	48	-46	3
2/30	60	10	14	27	60	-41	10
5/10	33	4	8	14	33	2	16
10/30	13	0	0	4	20	-4	7
<b>TIIE-F – Mbonos*</b>							
2 year	-59	6	1	-23	-26	-107	-66
5 year	-98	-1	7	-34	-60	-125	-87
10 year	-96	-1	10	-30	-64	-130	-90
20 year	-123	11	7	-36	-78	-148	-113
30 year	-136	14	7	-45	-83	-159	-122
<b>TIIE-F – SOFR*</b>							
2 year	419	-13	-16	-88	573	419	498
5 year	437	-7	-13	-78	559	437	497
10 year	461	-4	-10	-70	559	461	511
20 year	471	-6	-14	-68	567	471	519
30 year	476	-6	-17	-78	580	476	528

Source: Bloomberg, Banorte

Note: TIIE-F IRS history since September 5<sup>th</sup>, 2024

### Breakeven inflation using Mbonos & Udibonos

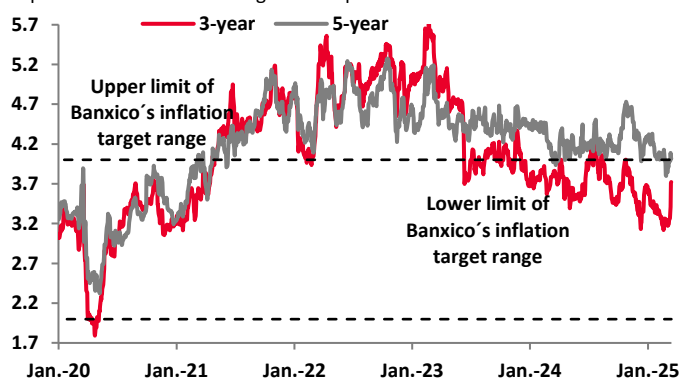
%, Implicit market inflation using Fisher Equation

Date	03/14/2025	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.72	3.24 (+48bps)	3.18 (+54bps)	3.86 (-14bps)	4.21	3.12	3.63
5Y	4.02	3.97 (+5bps)	4.05 (-3bps)	4.06 (-4bps)	4.73	3.80	4.20
10Y	4.28	4.24 (+4bps)	4.39 (-11bps)	4.22 (+6bps)	4.75	4.04	4.34
20Y	4.65	4.73 (-8bps)	4.78 (-13bps)	4.41 (+24bps)	5.01	4.25	4.61
30Y	4.77	4.84 (-7bps)	4.76 (+1bp)	4.48 (+29bps)	5.01	4.34	4.67

Source: Bloomberg, Banorte

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

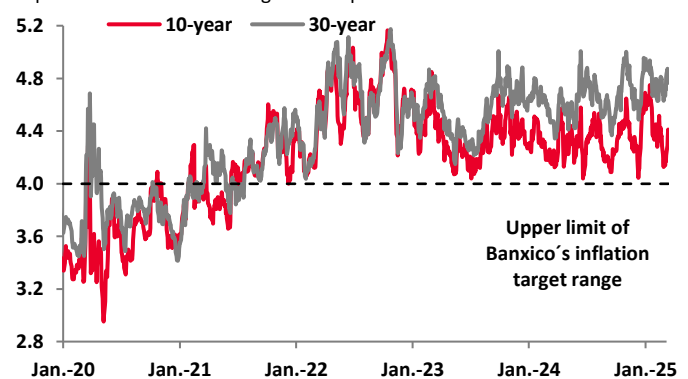
Implicit market inflation using Fisher Equation



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

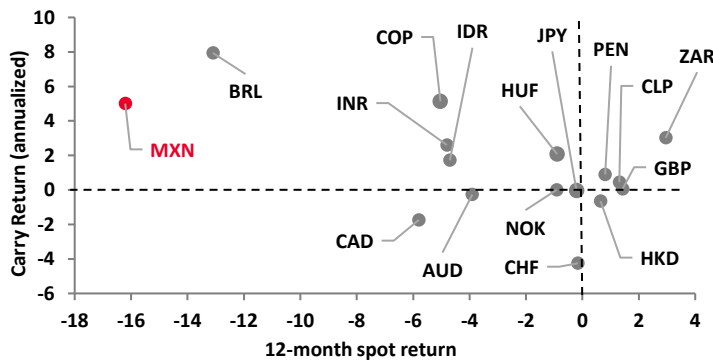
		Current	Daily Change (%) <sup>1</sup>	Weekly change (%) <sup>1</sup>	Monthly change (%) <sup>1</sup>	YTD (%) <sup>1</sup>
<b>Emerging Markets</b>						
Brazil	USD/BRL	5.74	1.0	0.8	0.3	7.6
Chile	USD/CLP	928.48	0.8	0.0	2.6	7.2
Colombia	USD/COP	4,100.22	0.6	0.7	1.6	7.5
Peru	USD/PEN	3.66	0.3	0.0	1.6	2.3
Hungary	USD/HUF	366.87	0.4	0.1	5.6	8.3
Malaysia	USD/MYR	4.45	-0.2	-0.8	0.5	0.6
<b>Mexico</b>	<b>USD/MXN</b>	<b>19.93</b>	<b>0.8</b>	<b>1.6</b>	<b>3.0</b>	<b>4.5</b>
Poland	USD/PLN	3.84	0.4	0.2	4.4	7.5
South Africa	USD/ZAR	18.20	0.7	0.3	1.8	3.6
<b>Developed Markets</b>						
Canada	USD/CAD	1.44	0.5	0.0	-0.4	0.1
Great Britain	GBP/USD	1.29	-0.1	0.1	3.9	3.3
Japan	USD/JPY	148.64	-0.6	-0.4	3.9	5.8
Eurozone	EUR/USD	1.0879	0.2	0.4	4.8	5.1
Norway	USD/NOK	10.65	0.2	1.9	5.8	6.9
Denmark	USD/DKK	6.86	0.2	0.4	4.7	5.0
Switzerland	USD/CHF	0.89	-0.3	-0.6	3.2	2.5
New Zealand	NZD/USD	0.57	0.9	0.7	1.9	2.8
Sweden	USD/SEK	10.14	0.6	-0.4	7.4	9.2
Australia	AUD/USD	0.63	0.6	0.3	0.7	2.2

Source: Bloomberg, Banorte

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

## Performance of selected currencies

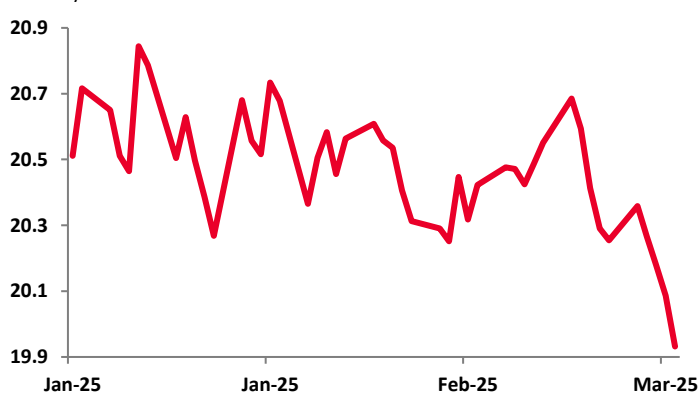
%, annualized rate based in 3M forwards



4Source: Bloomberg, Banorte

## USD/MXN

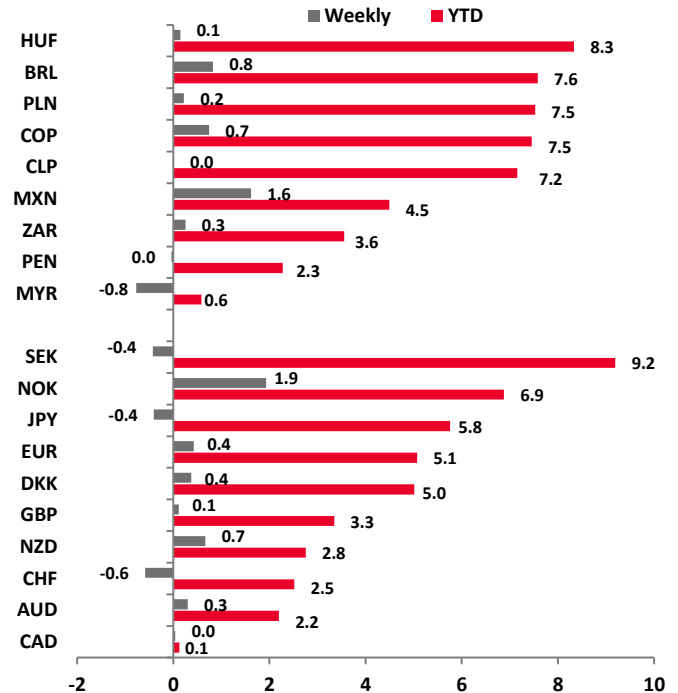
Last 60 days



Source: Bloomberg, Banorte

## FX performance

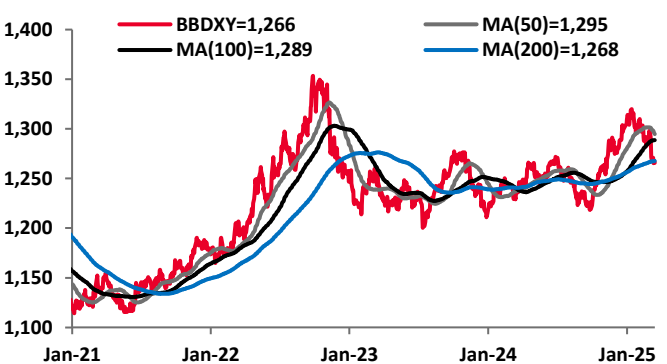
Against USD, %



Source: Bloomberg, Banorte

## BBDXY

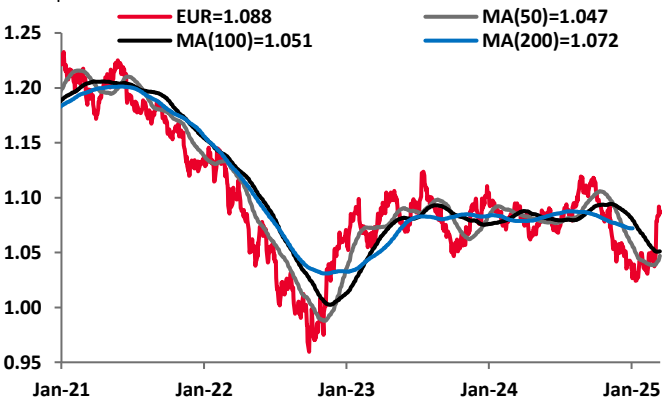
Points



Source: Bloomberg, Banorte

## Euro

Dollar per euro

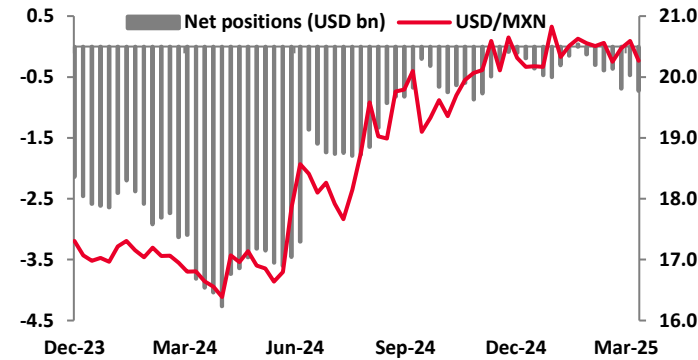


Source: Bloomberg, Banorte

# FX positioning and flows

## IMM positioning in USD/MXN futures

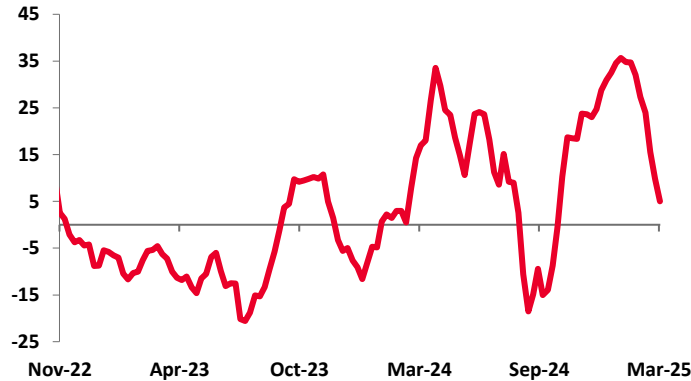
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

## IMM positioning in USD futures\*

Billion dollars, Positive = net long in USD

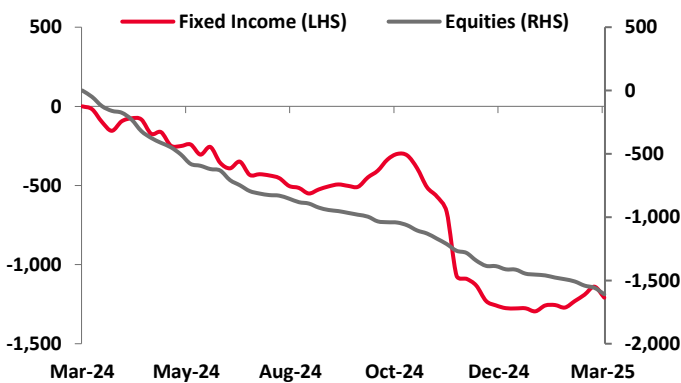


\*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF

Source: CME, Banorte

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

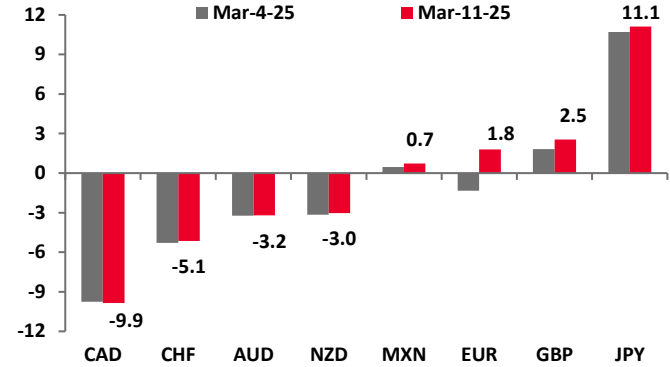
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

## IMM positioning by currency\*

Billion dollars

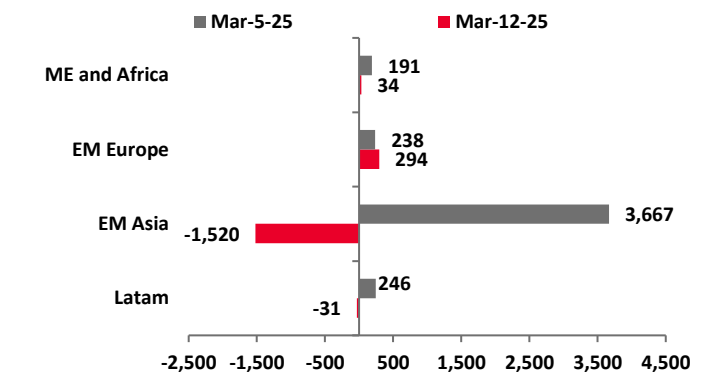


\* Positive: Net long in the corresponding currency

Source: CME, Banorte

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

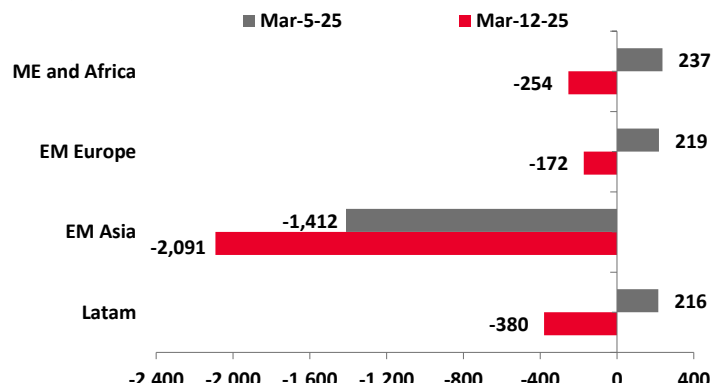
Billion dollars



Source: EPFR Global, Banorte

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

Weekly, million dollars

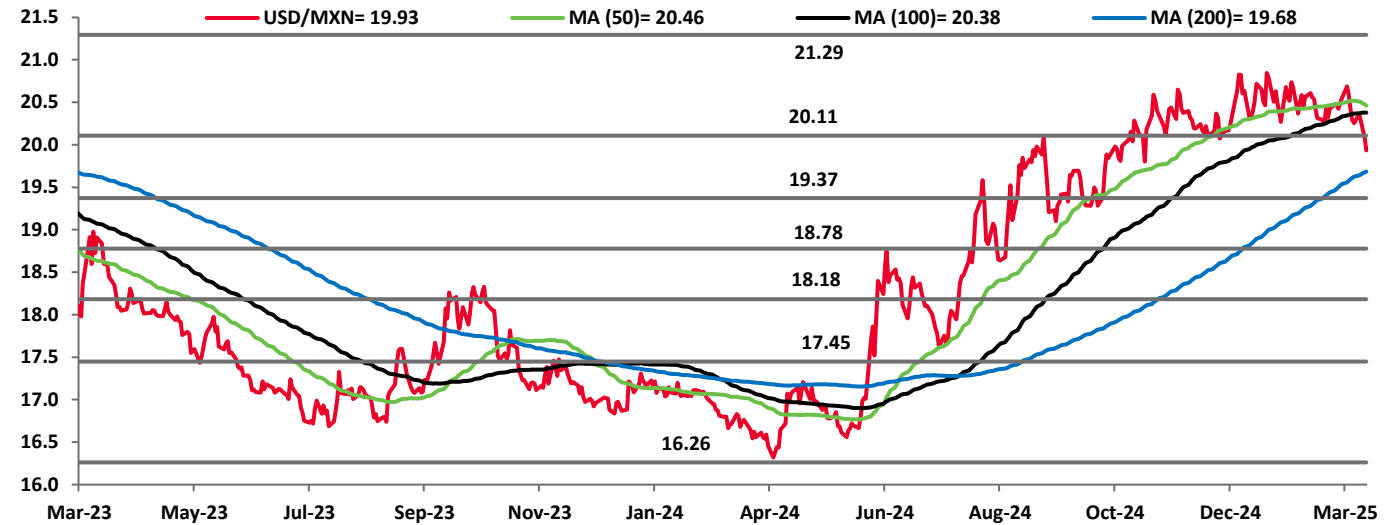


Source: EPFR Global, Banorte

## FX technicals

### USD/MXN – Moving averages and Fibonacci retracement

Last 12 months



Source: Bloomberg, Banorte

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

Based on daily percentage changes

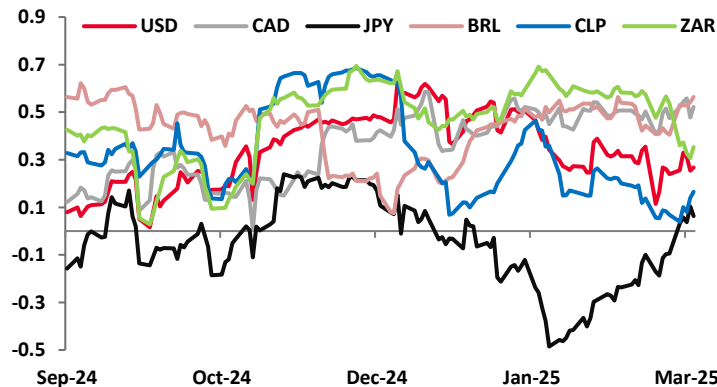
	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	27	26	2	62	34
CAD	52	52	1	59	36
JPY	6	3	-49	24	-5
BRL	56	53	7	62	43
CLP	17	4	4	69	33
ZAR	35	36	3	69	47
VIX	18	23	-13	51	18
SPX	20	18	-15	53	20
GSCI	28	38	-17	60	26
Gold	4	5	-15	38	13

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

Source: Bloomberg, Banorte

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

Based on daily percentage changes

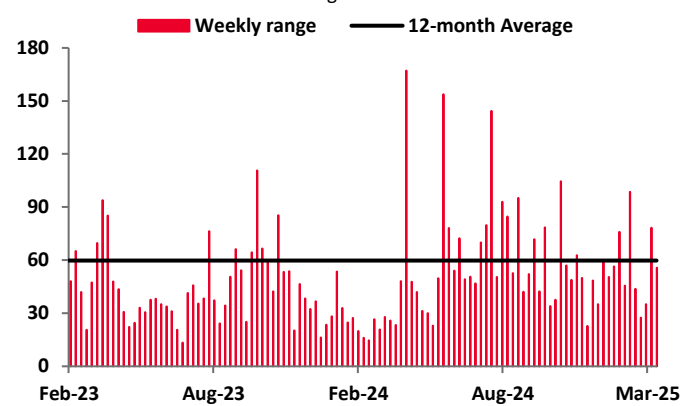


\* Positive: appreciation of MXN and corresponding currency

Source: Bloomberg, Banorte

### USD/MXN – Weekly trading range

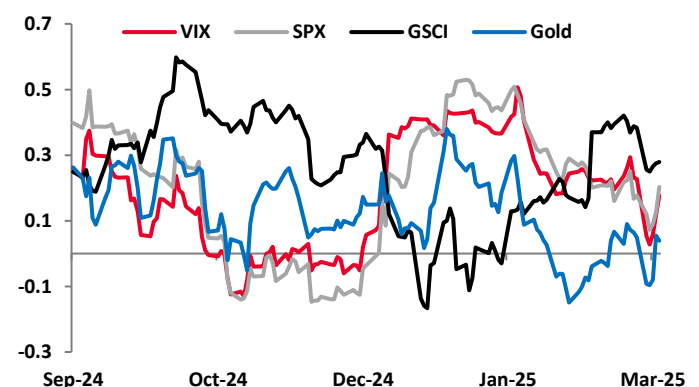
MXN cents with last 12 month average



Source: Bloomberg, Banorte

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

Based on daily percentage changes

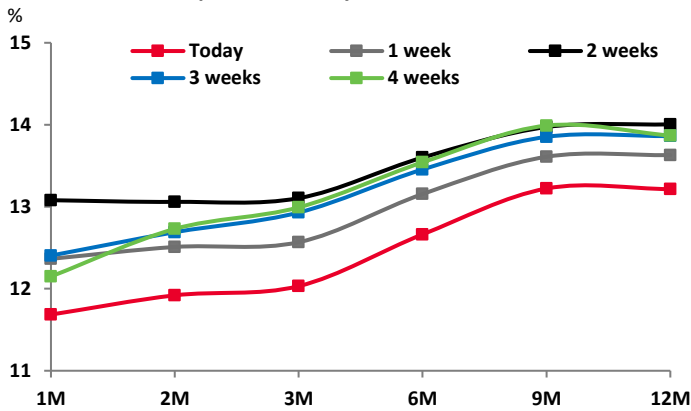


\* Positive: appreciation of MXN and corresponding asset except VIX

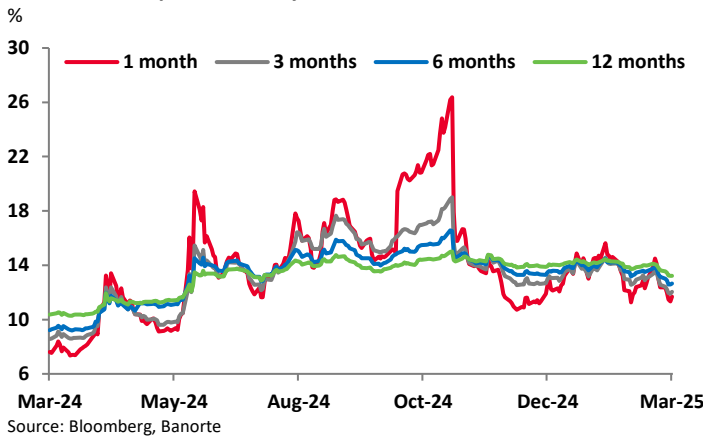
Source: Bloomberg, Banorte

## FX technicals (continued)

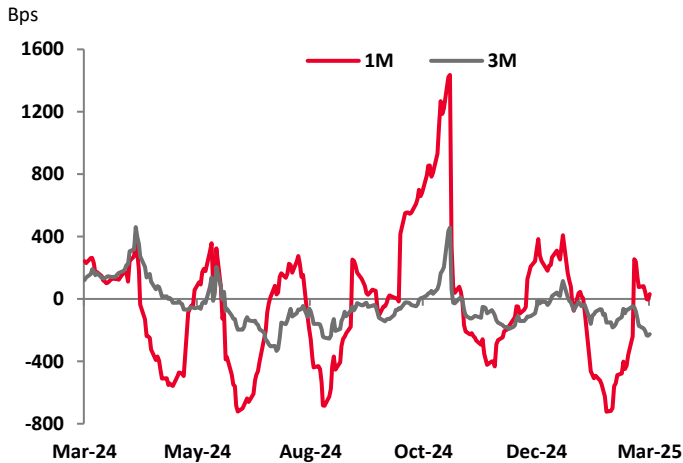
USD/MXN – ATM options volatility curve



USD/MXN – Implied volatility

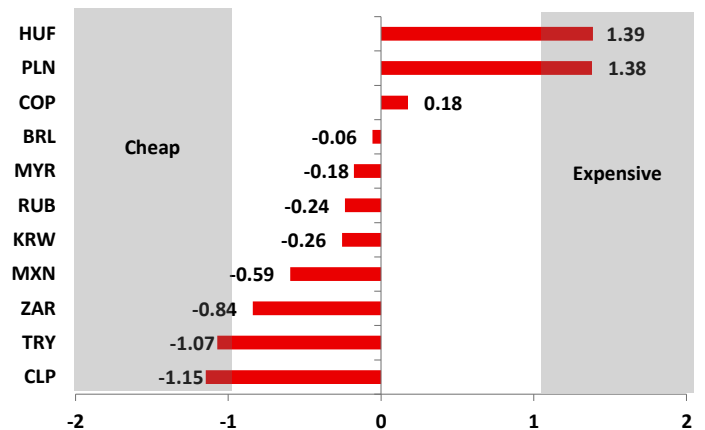


USD/MXN – Spread between implicit and historical volatility



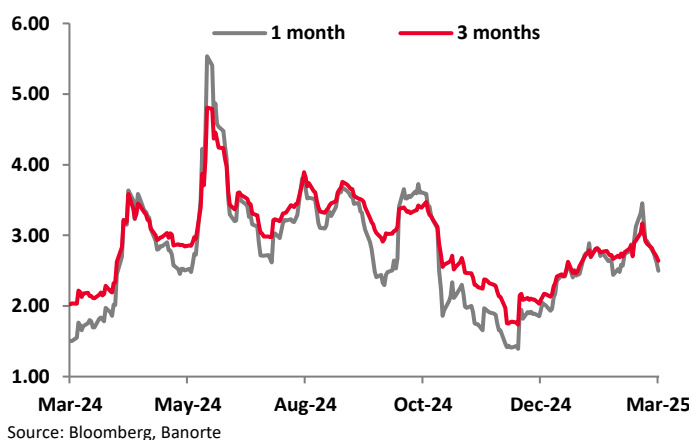
Emerging markets 1-month ATM options volatility

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



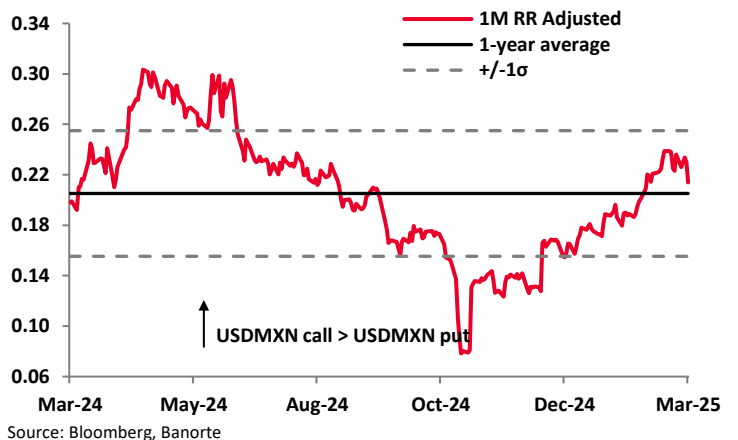
USD/MXN – 25D risk reversals

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



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

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



# Weekly economic calendar

For the week ending March 21<sup>st</sup>, 2025

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 17		MX	Market closed in remembrance of Benito Juarez Birthday					
	08:00	BZ	Economic activity	Jan	% y/y	--	2.3	2.4
	08:00	BZ	Economic activity*	Jan	% m/m	--	0.3	-0.7
	08:30	US	Advance retail sales*	Feb	% m/m	0.5	0.6	-0.9
	08:30	US	Ex autos & gas*	Feb	% m/m	--	0.4	-0.5
	08:30	US	Control group*	Feb	% m/m	0.2	0.3	-0.8
	08:30	US	Empire manufacturing*	Mar	Index	1.0	-2.0	5.7
Tue 18	06:00	GER	ZEW Survey (Expectations)	Mar	Index	--	50.3	26.0
	06:00	EZ	Trade balance*	Jan	EURbn	--	14.0	14.6
	08:30	US	Housing starts**	Feb	thousands	--	1,380	1,366
	08:30	US	Building permits**	Feb	thousands	--	1,450	1,473
	09:15	US	Industrial production*	Feb	% m/m	0.2	0.2	0.5
	09:15	US	Manufacturing production *	Feb	% m/m	0.0	0.3	-0.1
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 3-year Mbono (Mar'28), 20-year Udibono (Nov'43) and 2- and 5-year Bondes F					
		JN	Monetary policy decision (BoJ)	Mar 19	%	--	0.50	0.50
Wed 19	06:00	EZ	Consumer prices	Feb (F)	% y/y	--	2.4	2.4
	06:00	EZ	Core	Feb (F)	% y/y	--	2.6	2.6
	11:00	MX	International reserves	Mar 14	US\$bn	--	--	235.9
	14:00	US	FOMC Rate Decision (Upper Bound)	Mar 19	%	4.50	4.50	4.50
	14:00	US	FOMC Rate Decision (Lower Bound)	Mar 19	%	4.25	4.25	4.25
	14:00	US	Interest Rate on Excess Reserves (IOER)	Mar 20	%	--	--	4.40
	14:30	US	Fed Chair Powell Holds Post-Meeting Press Conference					
	17:30	BZ	Monetary policy decision (Central bank of Brazil)	Mar 19	%	14.25	14.25	13.25
	21:00	CHI	Rate decision 1-year Loan Prime Rate	Mar 20	%	--	3.10	3.10
	21:00	CHI	Rate decision 5-year Loan Prime Rate	Mar 20	%	--	3.60	3.60
Thu 20	03:00	UK	Unemployment rate*	Jan	%	--	4.4	4.4
	08:00	UK	Monetary policy decision (BoE)	Mar 20	%	--	4.50	4.50
	08:00	MX	Aggregate supply and demand	4Q24	% y/y	2.2	--	2.3
	08:00	MX	Timely Indicator of Economic Activity*	Feb	% y/y	--	--	1.8
	08:30	US	Philadelphia Fed*	Mar	index	8.0	10.3	18.1
	08:30	US	Initial jobless claims*	Mar 15	thousands	225	223	220
	10:00	US	Existing home sales**	Feb	millions	--	3.9	4.1
	16:30	MX	Citi Survey of Economists					
		SA	Monetary policy decision (South African Reserve Bank)	Mar 20	%	--	7.25	7.50
Fri 21	05:00	EZ	Current account*	Jan	EURbn	--	--	38.4
	09:05	US	Fed's Williams Speaks in Bahamas					
	11:00	EZ	Consumer confidence*	Mar (P)	index	--	-13.0	-13.6
	17:00	CL	Monetary policy decision (BCCh)	Mar 21	%	--	5.00	5.00

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	
Pay TIIE-IRS (130x1), receive 10-year SOFR		Feb-28-25		
2y10y TIIE-F steepener		Jan-17-25		
3y10y TIIE-IRS steepener	L	Sep-27-24	Oct-7-24	
Tactical longs in Udibono Dec'26	L	Sep-27-24	Oct-24-24	
2y10y TIIE-IRS steepener	P	Jul-11-24	Sep-17-24	
Tactical longs in Udibono Nov'35	P	Jul-5-24	Aug-02-24	
Tactical longs in Udibono Dec'26	P	Feb-16-24	Mar-08-24	
Pay 1-year TIIE-IRS (13x1)	P	Jan-12-24	Jan-19-24	
2y10y TIIE-IRS steepener	L	Oct-13-23	Feb-23-24	
Long positions in Mbono Dec'24	P	Jun-16-23	Jun-22-23	
Pay TIIE-IRS (26x1), receive 2-year SOFR	L	Aug-18-22	Oct-28-22	
Pay 2-year TIIE-IRS (26x1)	P	Feb-4-22	Mar-4-22	
Tactical longs in Mbono Mar'26	P	May-14-21	Jun-7-21	
Receive 6-month TIIE-IRS (6x1)	P	Dec-17-20	Mar-3-21	
Long positions in Udibono Nov'23	L	Feb-11-21	Feb-26-21	
Long positions in Mbono May'29 & Nov'38	P	Sep-7-20	Sep-18-20	
Long positions in Udibono Dec'25	P	Jul-23-20	Aug-10-20	
Long positions in Udibono Nov'35	P	May-22-20	Jun-12-20	
Long positions in Mbono May'29	P	May-5-20	May-22-20	
Tactical longs in 1- & 2-year TIIE-28 IRS	P	Mar-20-20	Apr-24-20	
Long positions in Udibono Nov'28	P	Jan-31-20	Feb-12-20	
Long positions in Udibono Jun'22	P	Jan-9-20	Jan-22-20	
Long positions in Mbono Nov'47	L	Oct-25-19	Nov-20-19	
Long positions in Mbonos Nov'36 & Nov'42	P	Aug-16-19	Sep-24-19	
Long positions in the short-end of Mbonos curve	P	Jul-19-19	Aug-2-19	
Long positions in Mbonos Nov'42	L	Jul-5-19	Jul-12-19	
Long positions in Mbonos Nov'36 & Nov'38	P	Jun-10-19	Jun-14-19	
Long positions in Mbonos Jun'22 & Dec'23	P	Jan-9-19	Feb-12-19	
Long floating-rate Bondes D	P	Oct-31-18	Jan-3-19	
Long CPI-linkded Udibono Jun'22	L	Aug-7-18	Oct-31-18	
Long floating-rate Bondes D	P	Apr-30-18	Aug-3-18	
Long 20- to 30-year Mbonos	P	Jun-25-18	Jul-9-18	
Short Mbonos	P	Jun-11-18	Jun-25-18	
Long CPI-linkded Udibono Jun'19	P	May-7-18	May-14-18	
Long 7- to 10-year Mbonos	L	Mar-26-18	Apr-23-18	
Long CPI-linkded Udibono Jun'19	P	Mar-20-18	Mar-26-18	
Long 5- to 10-year Mbonos	P	Mar-5-18	Mar-20-18	
Long floating-rate Bondes D	P	Jan-15-18	Mar-12-18	
Long 10-year UMS Nov'28 (USD)	L	Jan-15-18	Feb-2-18	

P = Profit, L = Loss

Short-term tactical trades						
Trade Idea	P/L*	Entry	Exit	Initial Date	End date	
USD/MXN call spread (European options: long call with K=20.65 & short call with K=21.00)	L	20.55	20.25	Feb-28-25	Mar-7-25	
USD/MXN call spread (American options: long call with K=20.65 & short call with K=21.00)	P	20.55	21.00	Feb-28-25	Mar-4-25	
Long USD/MXN	P	19.30	19.50	Oct-11-19	Nov-20-19	
Long USD/MXN	P	18.89	19.35	Mar-20-19	Mar-27-19	
Long USD/MXN	P	18.99	19.28	Jan-15-19	Feb-11-19	
Long USD/MXN	P	18.70	19.63	Oct-16-18	Jan-3-19	
Short USD/MXN	P	20.00	18.85	Jul-2-18	Jul-24-18	
Long USD/MXN	P	19.55	19.95	May-28-18	Jun-4-18	
Long USD/MXN	P	18.70	19.40	Apr-23-18	May-14-18	
Long USD/MXN	P	18.56	19.20	Nov-27-17	Dec-13-17	
Long USD/MXN	L	19.20	18.91	Nov-6-17	Nov-17-17	
Long USD/MXN	P	18.58	19.00	Oct-9-17	Oct-23-17	
Short USD/MXN	L	17.80	18.24	Sep-4-17	Sep-25-17	
Long USD/MXN	P	14.40	14.85	Dec-15-14	Jan-5-15	
Long USD/MXN	P	13.62	14.11	Nov-21-14	Dec-3-14	
Short EUR/MXN	P	17.20	17.03	Aug-27-14	Sep-4-14	

\* Total return does not consider carry gain/losses

P = Profit, L = Loss

Track of directional fixed-income trade recommendations								
Trade idea	Entry	Target	Stop-loss	Closed	P/L	Initial date	End date	
Long Udibono Dec'20	3.05%	2.90%	3.15%	3.15%	L	Aug-9-17	Oct-6-17	
5y10y TIIE-IRS steepener	28bps	43bps	18bps	31bps	P <sup>2</sup>	Feb-15-17	Mar-15-17	
5y10y TIIE-IRS steepener	35bps	50bps	25bps	47bps	P	Oct-5-16	Oct-19-16	
Long Mbono Jun'21	5.60%	5.35%	5.80%	5.43%	P	Jul-13-16	Aug-16-16	
Long Udibono Jun'19	1.95%	1.65%	2.10%	2.10%	L	Jul-13-16	Aug-16-16	
Receive 1-year TIIE-IRS (13x1)	3.92%	3.67%	4.10%	3.87% <sup>1</sup>	P	Nov-12-15	Feb-8-16	
Long spread 10-year TIIE-IRS vs US Libor	436bps	410bps	456bps	410bps	P	Sep-30-15	Oct-23-15	
Receive 9-month TIIE-IRS (9x1)	3.85%	3.65%	4.00%	3.65%	P	Sep-3-15	Sep-18-15	
Spread TIIE 2/10 yrs (flattening)	230bps	200bps	250bps	200bps	P	Jun-26-15	Jul-29-15	
Long Mbono Dec'24	6.12%	5.89%	6.27%	5.83%	P	Mar-13-15	Mar-19-15	
Relative-value trade, long 10-year Mbono (Dec'24) / flattening of the curve					P	Dec-22-14	Feb-6-15	
Pay 3-month TIIE-IRS (3x1)	3.24%	3.32%	3.20%	3.30%	P	Jan-29-15	Jan-29-15	
Pay 9-month TIIE-IRS (9x1)	3.28%	3.38%	3.20%	3.38%	P	Jan-29-15	Jan-29-15	
Pay 5-year TIIE-IRS (65x1)	5.25%	5.39%	5.14%	5.14%	L	Nov-4-14	Nov-14-14	
Long Udibono Dec'17	0.66%	0.45%	0.82%	0.82%	L	Jul-4-14	Sep-26-14	
Relative-value trade, long Mbonos 5-to-10-year					P	May-5-14	Sep-26-14	
Receive 2-year TIIE-IRS (26x1)	3.75%	3.55%	3.90%	3.90%	L	Jul-11-14	Sep-10-14	
Receive 1-year TIIE-IRS (13x1)	4.04%	3.85%	4.20%	3.85%	P	Feb-6-14	Apr-10-14	
Long Udibono Jun'16	0.70%	0.45%	0.90%	0.90%	L	Jan-6-14	Feb-4-14	
Long Mbono Jun'16	4.47%	3.90%	4.67%	4.06%	P	Jun-7-13	Nov-21-13	
Receive 6-month TIIE-IRS (6x1)	3.83%	3.65%	4.00%	3.81%	P	Oct-10-13	Oct-25-13	
Receive 1-year TIIE-IRS (13x1)	3.85%	3.55%	4.00%	3.85%	--	Oct-10-13	Oct-25-13	
Long Udibono Dec'17	1.13%	0.95%	1.28%	1.35%	L	Aug-9-13	Sep-10-13	
Receive 9-month TIIE-IRS (9x1)	4.50%	4.32%	4.65%	4.31%	P	Jun-21-13	Jul-12-13	
Spread TIIE-Libor (10-year)	390bps	365bps	410bps	412bps	L	Jun-7-13	Jun-11-13	
Receive 1-year TIIE-IRS (13x1)	4.22%	4.00%	4.30%	4.30%	L	Apr-19-13	May-31-13	
Long Udibono Jun'22	1.40%	1.20%	1.55%	0.97%	P	Mar-15-13	May-3-13	
Receive 1-year TIIE-IRS (13x1)	4.60%	4.45%	4.70%	4.45%	P	Feb-1-13	Mar-7-13	
Long Mbono Nov'42	6.22%	5.97%	6.40%	5.89%	P	Feb-1-13	Mar-7-13	
Long Udibono Dec'13	1.21%	0.80%	1.40%	1.40%	L	Feb-1-13	Apr-15-13	
Receive 1-year TIIE-IRS (13x1)	4.87%	4.70%	5.00%	4.69%	P	Jan-11-13	Jan-24-13	
Receive TIIE Pay Mbono (10-year)	46bps	35bps	54bps	54bps	L	Oct-19-12	Mar-8-13	
Spread TIIE-Libor (10-year)	410bps	385bps	430bps	342bps	P	Sep-21-13	Mar-8-13	
Long Udibono Dec'12	+0.97%	-1.50%	+1.20%	-6.50%	P	May-1-12	Nov-27-12	
Long Udibono Dec'13	+1.06%	0.90%	+1.35%	0.90%	P	May-1-12	Dec-14-12	

1. Carry + roll-down gains of 17bps

2. Closed below target and before the proposed horizon date due to changes in market conditions that have differed from our expectations.

P = Profit, L = Loss

Track of the directional FX trade recommendations								
Trade Idea	Entry	Target	Stop-loss	Closed	P/L*	Initial Date	End date	
Long USD/MXN	18.57	19.50	18.20	18.20	L	Jan-19-18	Apr-2-18	
Long USD/MXN	14.98	15.50	14.60	15.43	P	Mar-20-15	Apr-20-15	
Short EUR/MXN	17.70	n.a.	n.a.	16.90	P	Jan-5-15	Jan-15-15	
Short USD/MXN	13.21	n.a.	n.a.	13.64	L	Sep-10-14	Sep-26-14	
USD/MXN call spread**	12.99	13.30	n.a.	13.02	L	May-6-14	Jun-13-14	
Directional short USD/MXN	13.00	12.70	13.25	13.28	L	Oct-31-13	Nov-8-13	
Limit short USD/MXN	13.25	12.90	13.46	--	--	Oct-11-13	Oct-17-13	
Short EUR/MXN	16.05	15.70	16.40	15.69	P	Apr-29-13	May-9-13	
Long USD/MXN	12.60	12.90	12.40	12.40	L	Mar-11-13	Mar-13-13	
Long USD/MXN	12.60	12.90	12.40	12.85	P	Jan-11-13	Feb-27-13	
Tactical limit short USD/MXN	12.90	12.75	13.05	--	--	Dec-10-12	Dec-17-12	
Short EUR/MXN	16.64	16.10	16.90	16.94	L	Oct-3-12	Oct-30-12	

\* Total return does not consider carry gain/losses

\*\* Low strike (long call) at 13.00, high strike (short call) at 13.30 for a premium of 0.718% of notional amount

P = Profit, L = Loss

## Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie 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
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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