

# **Fixed-Income & FX Strategy**

**W e e k l y**

## Fixed-Income and FX Weekly

- Focus on the US PCE deflator and Banxico's tone.** Fears about US tariff policy have not only impacted growth expectations, but also inflation expectations. US breakeven inflation rates for short-term maturities remain at high levels. The 2-year metric reached highs not seen since March 2023, standing above the 3.00% figure. Similarly, 1-year inflation expectations from the New York Fed and those corresponding to the University of Michigan consumer confidence survey have increased. In this context, the Federal Reserve revised its 2025 estimates for both inflation (from 2.5% to 2.7%) and growth from (2.1% to 1.7%). In this sense, the release of the PCE deflator on March 28<sup>th</sup> will be key assess if the disinflationary process has stalled or if it is beginning to incorporate upward pressures. Amid growing concerns about a slowdown in the US, investors are betting on further cuts from the Fed this year. The front-end of the curve prices-in a greater than 90% probability of three 25bps rate cuts. This scenario is more aggressive than the two 25bps rate cuts that Fed members continue to expect, according to the latest published dot plot (Banorte -50bps). Thus, Treasuries appreciated 6bps this week, extending the rally so far this year. This dynamic has spilled over to local rates. Mbonos appreciated 3bps on average, with the curve maintaining a steepening bias. Next week, [Banxico will announce its monetary policy decision](#), and although a 50bps rate cut is widely expected, the tone of the statement will be relevant in seeking clues about the magnitude and speed of the central bank's next moves. The market is currently pricing-in around 170bps of cuts for the remainder of the year, including March's decision, virtually unchanged vs the last week. This scenario is significantly higher than our expectation of -100bps to close the year with a reference rate at 8.50%
- We reiterate our 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 TIIE-F \(130x1\) and simultaneously receive the SOFR swap for the same term](#). Additionally, we maintain our [recommendation of a 2s10s steepener in TIIE-F swaps](#)
- Still cautious on FX.** The USD rebounded this week from its November lows, posting its first weekly gain in March after consecutive losses in January and February. Consequently, the MXN depreciated 1.5% w/w to 20.24, after briefly approaching 19.90 last week, its strongest level YTD. We maintain a cautious stance, favoring USD buying on dips given persistent uncertainty and volatility. Market's focus is on April 2<sup>nd</sup>, when the US would implement reciprocal tariffs on its trading partners. Structural shifts, particularly fiscal stimulus in Europe, point to a more contained USD relative to early 2025. However, the aggressive easing priced in for the Fed could trigger short-term consolidation as markets recalibrate their rate cut expectations. Against this backdrop, MXN vulnerability remains elevated amid external risks, with net longs reaching their highest levels since August
- Weekly ranges.** We expect the 10-year Mbono (Nov'34) to trade between 9.35% and 9.60%, and MXN between 20.00 and 20.60 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 (%)
<b>Overnight TIIE funding rate</b>							
1-day	9.50	0	2	-70	11.26	9.45	10.55
28-days <sup>1</sup>	9.52	0	-27	-75	11.29	9.52	10.65
91-days <sup>1</sup>	9.60	0	-27	-76	11.41	9.60	10.75
182-days <sup>1</sup>	9.72	0	-28	-78	11.57	9.72	10.90
<b>Cetes<sup>2</sup></b>							
28-days	9.13	-10	-32	-88	11.11	9.09	10.41
91-days	9.00	-2	-23	-100	11.19	8.97	10.48
182-days	8.89	-4	-31	-105	11.29	8.89	10.49
364-days	8.90	-7	-27	-116	11.44	8.91	10.45
<b>Mbonos</b>							
Mar'26	8.54	-9	-32	-128	11.03	8.52	10.00
Sep'26	8.54	-7	-30	-124	11.03	8.50	9.90
Mar'27	8.61	-7	-32	-116	10.74	8.58	9.70
Jun'27	8.67	-5	-34	-115	10.68	8.62	9.70
Mar'28 <sup>3</sup>	8.85	-7	-35	-108	9.99	8.83	9.48
Mar'29	8.98	-7	-37	-99	10.55	8.92	9.72
May'29	9.00	-10	-38	-97	10.47	8.94	9.69
Feb'30 <sup>4</sup>	9.10	-6	-40	-59	9.69	9.01	9.41
May'31	9.20	-2	-36	-84	10.42	9.02	9.69
May'33	9.35	-4	-36	-87	10.40	9.08	9.77
Nov'34	9.46	-1	-31	-95	10.45	9.10	9.81
Nov'36	9.45	0	-31	-96	10.45	9.13	9.81
Nov'38	9.69	2	-31	-86	10.60	9.26	9.93
Nov'42	9.97	3	-30	-73	10.76	9.38	10.08
Nov'47	10.01	3	-31	-74	10.79	9.40	10.08
Jul'53	10.03	3	-31	-76	10.81	9.42	10.09
<b>TIIE-F IRS<sup>5</sup></b>							
3-month (3x1)	8.93	-5	-30	-102	10.62	8.93	9.89
6-month (6x1)	8.63	-3	-23	-109	10.40	8.63	9.63
9-month (9x1)	8.44	-5	-20	-115	10.17	8.43	9.43
1-year (13x1)	8.25	-4	-23	-118	9.95	8.25	9.22
2-year (26x1)	8.02	-2	-28	-113	9.66	7.96	8.87
3-year (39x1)	8.02	-3	-30	-110	9.52	7.95	8.76
4-year (52x1)	8.07	-5	-32	-108	9.46	8.00	8.74
5-year (65x1)	8.14	-4	-31	-105	9.43	8.06	8.75
7-year (91x1)	8.28	-3	-29	-98	9.42	8.17	8.81
10-year (130x1)	8.46	-5	-28	-93	9.46	8.25	8.91
20-year (3x1)	8.65	-7	-28	-84	9.59	8.35	9.05
30-year (390x1)	8.56	-7	-29	-91	9.50	8.32	8.98
<b>Udibonos</b>							
Dec'25	6.04	13	-5	-13	7.90	5.91	6.52
Dec'26	5.45	13	-30	-65	7.08	5.32	6.13
Nov'28	5.07	13	-19	-40	5.96	4.73	5.31
Aug'29 <sup>6</sup>	5.13	12	12	12	5.09	5.01	5.04
Nov'31	5.13	11	-13	-35	5.80	4.70	5.20
Aug'34	5.04	6	-23	-46	5.76	4.70	5.23
Nov'35	5.03	6	-21	-44	5.62	4.71	5.20
Nov'40	5.03	6	-22	-48	5.72	4.74	5.20
Nov'43	5.09	3	-23	-43	5.73	4.76	5.22
Nov'46	5.03	2	-25	-48	5.70	4.72	5.17
Nov'50	5.03	3	-30	-48	5.71	4.75	5.18
Oct'54 <sup>7</sup>	5.04	4	-31	-53	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

USG 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	4.81	-6	-34	3.95	-7	-29	86	+1	70	70
3Y	Feb'28	5.05	-11	-64	3.92	-8	-35	113	-2	87	91
5Y	May'30	5.55	-11	-33	4.00	-9	-38	154	-2	126	137
7Y	Apr'32	5.92	-12	-41	4.12	-8	-36	180	-4	142	173
10Y	Feb'35	6.31	-7	-33	4.25	-7	-32	206	-1	171	213
20Y	Jan'45	6.56	-6	-20	4.61	-4	-25	195	-2	190	--
30Y	May'55	7.15	-5	-8	4.59	-3	-19	256	-1	229	--

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 20-year Mbono (Nov'42), the 30-year Udibono (Oct'54), as well as 1- and 3-year Bondes F
- **All eyes on Banxico's monetary policy decision.** Both the market and the consensus expect a 50bps rate cut by Banxico at the March 27<sup>th</sup> meeting, [in line with our view](#). This would result in a benchmark rate at 9.00%, representing a total 175bps of rate cuts since the monetary easing cycle began a year ago. We also expect the benchmark rate to close the year at 8.50%. Despite these adjustments, real rates remain attractive compared to other emerging countries such as Colombia, Peru, and Chile. In this regard, we expect the strong appetite for Cetes to continue, given that these securities do not yet fully incorporate our monetary policy path. For the 20-year Mbono (Nov'42), we anticipate stable appetite, in line with the 2-year average of 2.5x, after an 70bps rally so far this year. In the case of the longer-term Udibono (Oct'54), appetite could moderate relative to what was observed in its last issuance, when demand registered its highest level since the end of 2020 at 2.44x. It is worth noting that this will be the last primary auction of the 1Q25, so we expect the MoF to release the new government securities auction calendar for 2Q25 next week

### Auction specifics (March 25<sup>th</sup>, 2025)

Security	Maturity	Coupon rate, %	To be auctioned <sup>1</sup>	Previous yield <sup>2</sup>
<b>Cetes</b>				
1m	Apr-24-25	--	9,000	9.10
3m	Jun-26-25	--	7,000	9.00
6m	Sep-18-25	--	7,000	8.99
24m	Mar-18-27	--	15,600	9.28
<b>Bondes F</b>				
1Y	Feb-12-26	--	8,700	0.08
3Y	Feb-24-28	--	4,700	0.17
<b>Bono M</b>				
20Y	Nov-13-42	7.75	7,000	10.56
<b>Udibono</b>				
30Y	Oct-29-54	4.00	UDIS 1,050	5.21

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

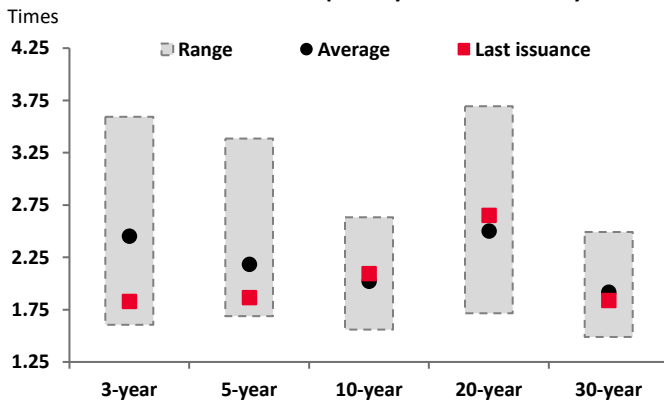
### 1Q25 Government Securities Auction Calendar\*

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

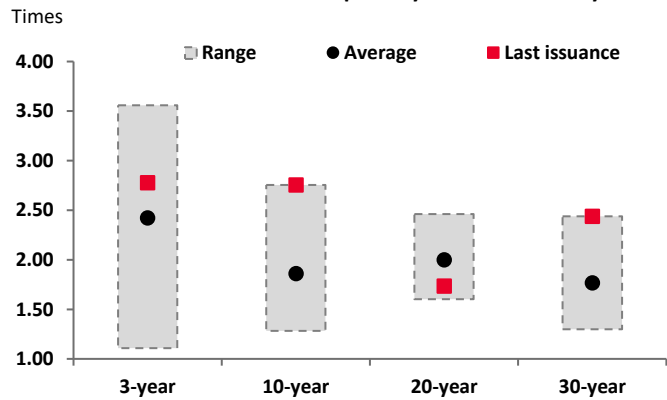
For more information, refer to [1Q25 Auction Calendar](#)

### 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

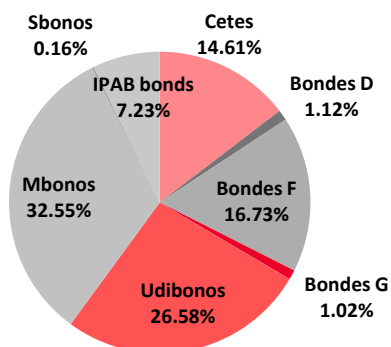
US\$ billion, \*UDIS billion, data as of Mar/10/2025

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	105.08	10.71	18.61	18.33	5.42	12.40	0.93	1.03	-	37.64
Bondes D	8.07	0.00	0.16	4.38	0.01	1.36	-	-	-	2.16
Bondes F	120.29	0.03	3.63	71.26	2.63	12.87	1.92	-	-	27.95
Bondes G	7.34	0.00	0.24	2.62	0.54	1.11	1.06	-	-	1.77
Udibonos	191.18	8.39	104.76	8.12	33.31	3.47	1.27	0.16	-	31.69
Mbonos	234.13	71.14	61.91	8.60	8.29	29.21	7.68	1.07	0.74	45.50
Sbonos	1.13	0.53	0.31	0.01	0.05	0.00	-	-	-	0.23
<b>Total</b>	<b>667.23</b>	<b>90.81</b>	<b>189.62</b>	<b>113.33</b>	<b>50.25</b>	<b>60.42</b>	<b>12.86</b>	<b>2.26</b>	<b>0.74</b>	<b>146.94</b>
Udibonos*	463.02	20.32	253.73	19.66	80.68	8.40	3.07	0.40	-	76.76
IPAB bonds	52.02	0.11	0.36	18.31	0.41	8.39	4.57	2.11	-	17.76

Source: Banxico, Banorte

## Government issuance by type of instrument

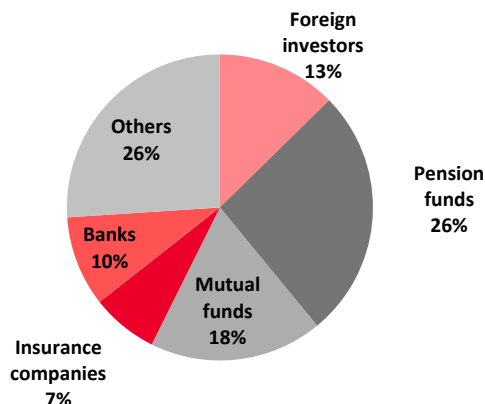
Total amount of US\$ 719 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

## Government issuance by type of investor

Total amount of US\$ 719 billion (including IPAB bonds), % of total

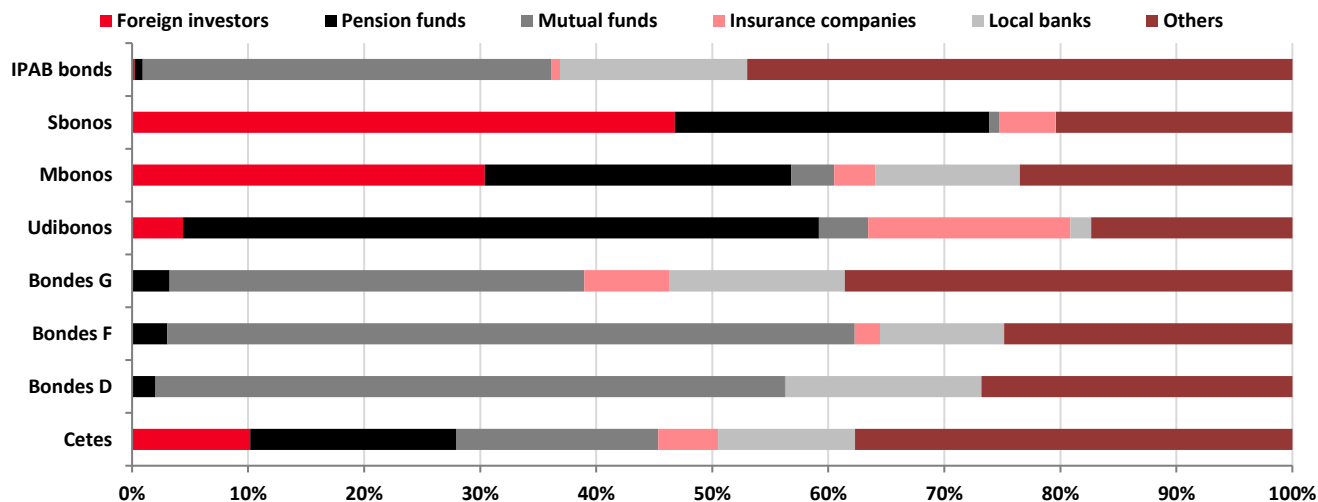


Source: Banxico, Banorte

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\$ 719 billion (including IPAB bonds), % of total



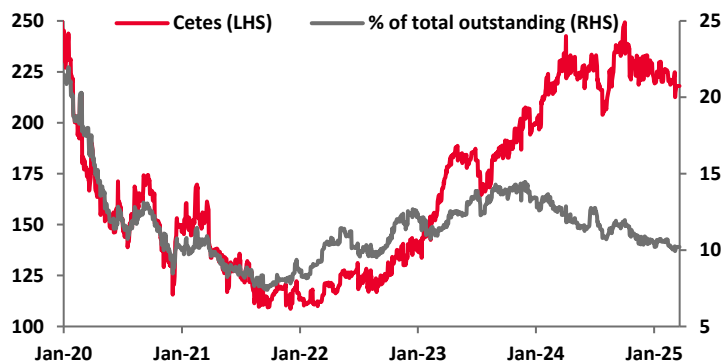
Source: Banxico, Banorte

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

## Fixed-Income Demand (continued)

### Cetes held by foreigners

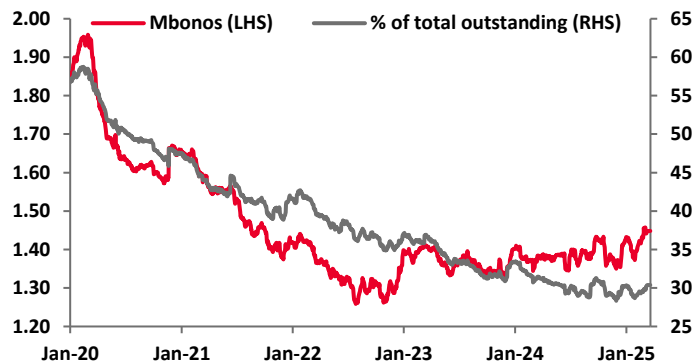
MXN billion, %



Source: Banxico, Banorte

### Mbonos held by foreigners

MXN trillion, %



Source: Banxico, Banorte

### Holdings of main investors by type of security

Data as of Mar/10/2025

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	4.00	-1.12	-7.56	-9.06	7.84	3.00
Bondes F	67.43	10.75	-18.69	-37.58	3.05	7.74
Udibonos	0.69	1.65	-0.53	1.74	2.27	13.27
Mbonos	2.16	1.13	1.43	8.66	10.06	-7.00

Source: Banxico, Banorte

### Mbonos holdings by type of investor

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

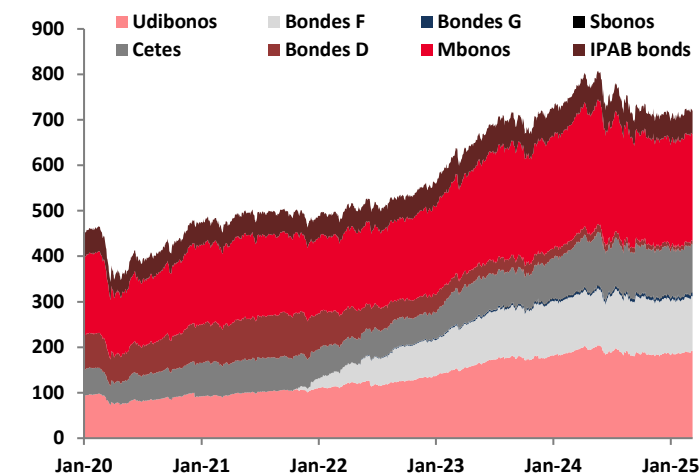
Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Mar'26	16.2	23%	22%	7%	48%
Sep'26	12.1	12%	31%	23%	33%
Mar'27	16.7	17%	19%	6%	58%
Jun'27	17.8	41%	24%	11%	24%
Mar'28	5.8	36%	13%	25%	26%
Mar'29	19.3	19%	33%	25%	23%
May'29	18.7	9%	34%	26%	31%
Feb'30	6.1	22%	19%	38%	21%
May'31	20.1	6%	39%	33%	22%
May'33	15.5	4%	37%	31%	28%
Nov'34	17.1	2%	46%	37%	15%
Nov'36	4.8	3%	17%	54%	26%
Nov'38	10.6	1%	30%	50%	19%
Nov'42	19.6	1%	33%	47%	19%
Nov'47	12.9	0%	29%	48%	22%
Jul'53	18.3	1%	33%	49%	17%
Total	231.7	12%	31%	30%	27%

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



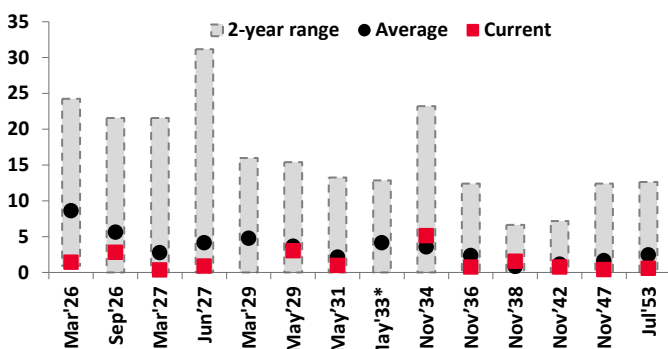
Fuente: Banxico, Banorte



## Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

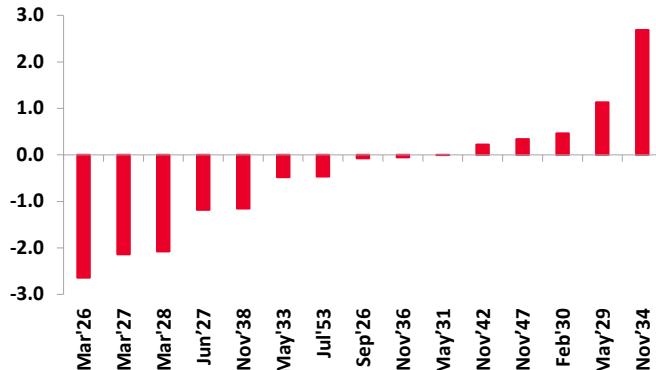
MXN billion



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

Weekly change in market makers' short positions on Mbonos

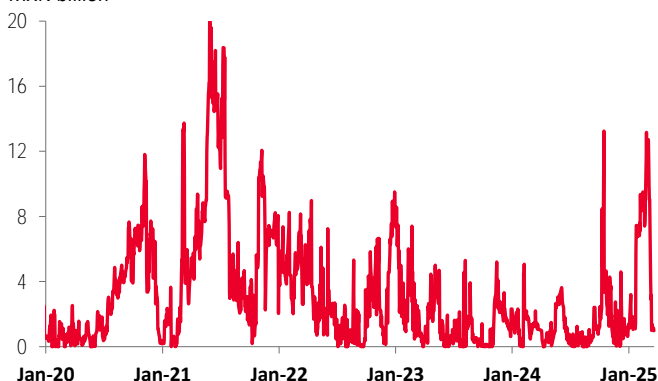
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

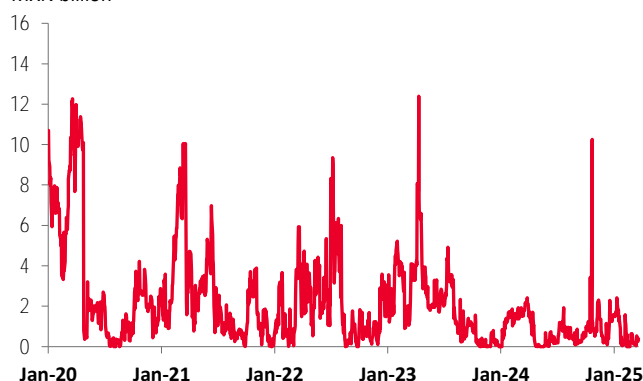
MXN billion



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/20/2025	Mar/20/2025	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Mar'26	16,124	69	201	403	299	949	69
Sep'26	12,058	140	143	0	368	665	0
Mar'27	16,986	17	123	5	400	354	0
Jun'27	17,826	45	103	227	42	1,546	44
Mar'28*	6,946	0	103	133	--	338	0
Mar'29	19,455	0	5	250	244	670	0
May'29	19,641	151	95	353	109	577	55
May'31	20,090	49	49	466	53	657	0
May'33	15,467	0	24	261	375	638	0
Nov'34	19,417	254	121	932	148	1,153	0
Nov'36	4,870	37	40	315	45	473	0
Nov'38	10,720	78	135	10	48	194	0
Nov'42	19,796	38	26	36	4	274	0
Nov'47	13,009	19	3	0	109	509	0
Jul'53	18,420	28	51	24	38	395	0
<b>Total</b>	<b>230,825</b>	<b>896</b>	<b>1,171</b>	<b>3,391</b>	<b>2,244</b>		

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



# Fixed-Income Technicals

## Spread between Cetes and Implied Forward Rates

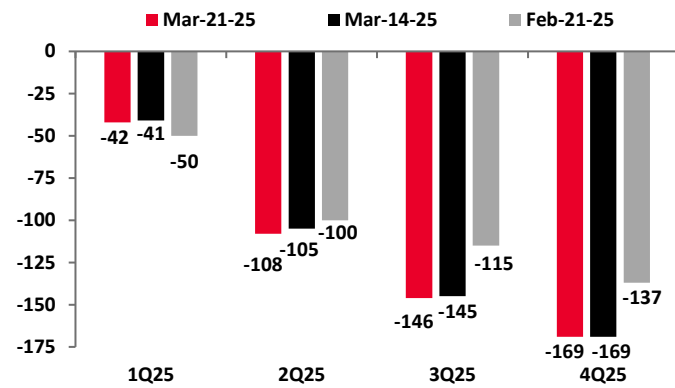
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	68	52	59	61	154	-12
3 months	-1	3	4	8	68	-46
6 months	-5	3	18	5	52	-45
12 months	20	22	34	27	63	-12

Source: PIP, Bloomberg, Banorte

## Cumulative implied moves in Banxico's repo rate

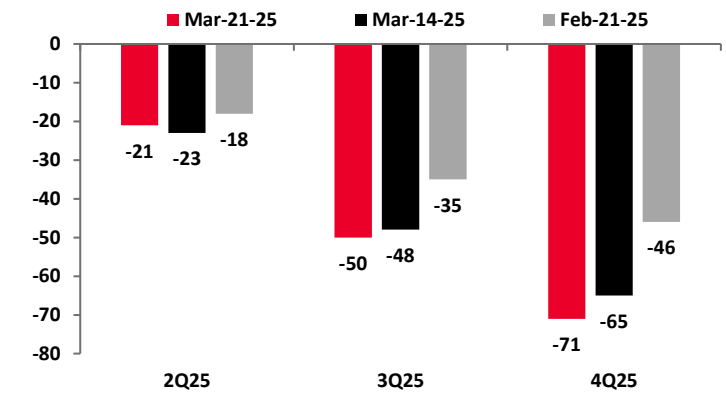
Basis points



Source: Bloomberg, Banorte

## Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

## Spreads between Mbonos and UST

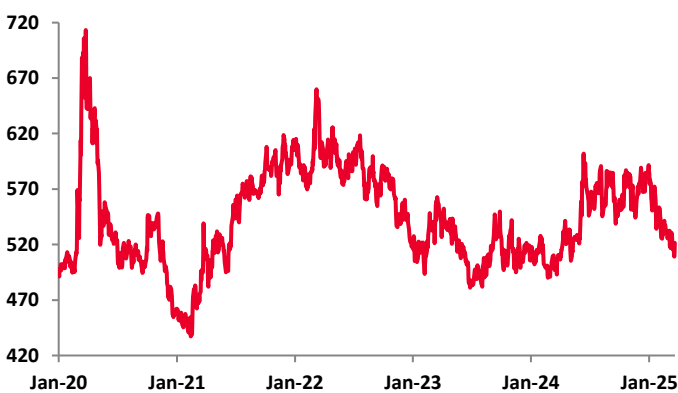
Basis points

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	459	-2	-7	-98	644	452	568
5 year	509	3	-14	-50	623	495	557
10 year	521	6	-12	-63	602	493	553
20 year	535	7	-19	-49	593	485	550
30 year	544	6	-22	-57	605	498	560

Source: Bloomberg, Banorte

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

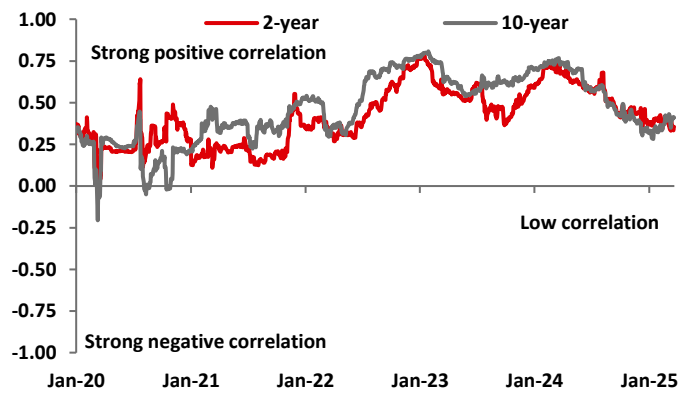
Basis points



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	56	3	-8	40	69	-79	-26
2/10	93	8	1	32	99	-94	-19
2/30	149	12	1	51	157	-86	9
5/10	37	5	10	-8	46	-28	7
10/30	57	4	0	19	67	4	29
<b>TIIE-F*</b>							
3m/2Y	-91	3	2	-11	-67	-191	-102
2/5	12	-2	-3	7	15	-51	-12
2/10	44	-4	0	20	48	-46	5
2/30	54	-5	-1	22	60	-41	12
5/10	32	-1	3	13	33	2	17
10/30	11	-2	-1	2	20	-4	7
<b>TIIE-F – Mbonos*</b>							
2 year	-52	7	4	-15	-26	-107	-66
5 year	-96	2	10	-32	-60	-125	-87
10 year	-101	-5	3	-34	-64	-130	-91
20 year	-132	-10	2	-46	-78	-148	-113
30 year	-147	-11	2	-56	-83	-159	-122
<b>TIIE-F – SOFR*</b>							
2 year	425	6	-1	-82	573	413	495
5 year	443	5	-2	-72	559	432	495
10 year	464	3	-5	-67	559	455	509
20 year	471	0	-12	-68	567	464	517
30 year	474	-2	-16	-80	580	469	526

Source: Bloomberg, Banorte

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

### Breakeven inflation using Mbonos & Udibonos

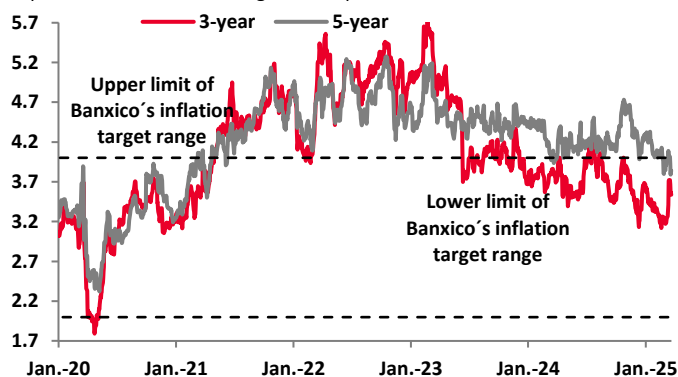
%, Implicit market inflation using Fisher Equation

Date	03/21/2025	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.54	3.72 (-18bps)	3.26 (+28bps)	3.79 (-25bps)	4.21	3.12	3.63
5Y	3.84	4.02 (-18bps)	4.03 (-19bps)	3.95 (-11bps)	4.73	3.79	4.20
10Y	4.21	4.28 (-7bps)	4.28 (-7bps)	4.13 (+8bps)	4.75	4.04	4.34
20Y	4.64	4.65 (-1bp)	4.7 (-6bps)	4.27 (+37bps)	5.01	4.25	4.62
30Y	4.75	4.77 (-2bps)	4.74 (+1bp)	4.34 (+41bps)	5.01	4.34	4.68

Source: Bloomberg, Banorte

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

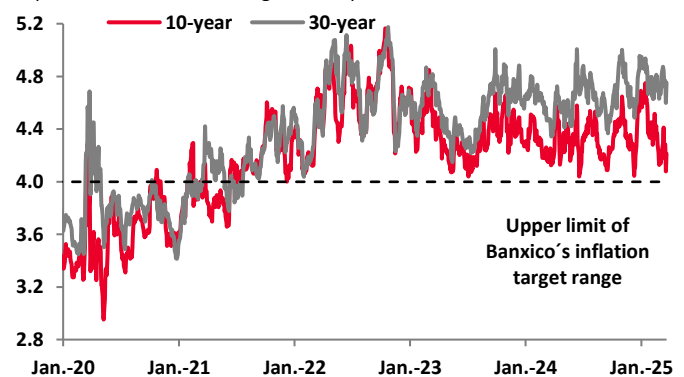
Implicit market inflation using Fisher Equation



Source: PIP, Banorte

### 10- and 30-year breakeven inflation using Mbonos & Udibonos

Implicit market inflation using Fisher Equation



Source: PIP, Banorte

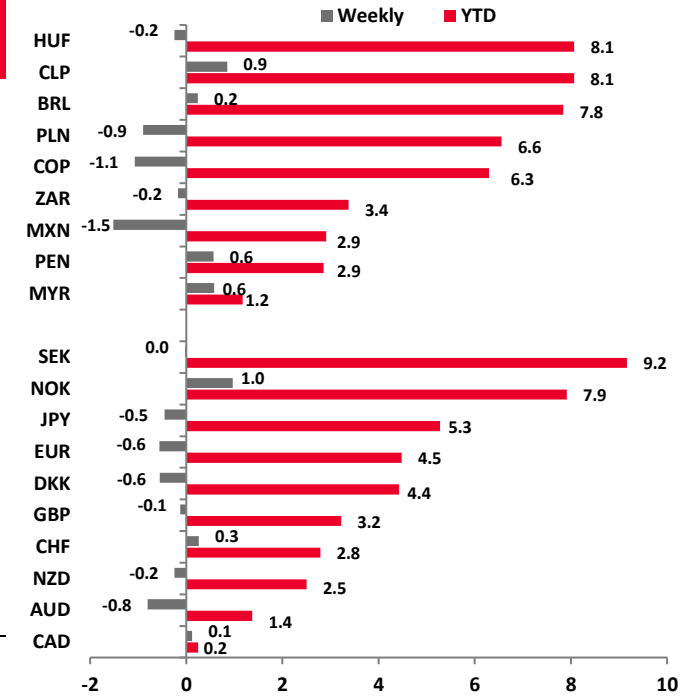
# FX dynamics

## 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	5.73	-0.8	0.2	-0.1	7.8
Chile	USD/CLP	920.65	0.8	0.9	3.2	8.1
Colombia	USD/COP	4,144.75	0.6	-1.1	-1.0	6.3
Peru	USD/PEN	3.64	-0.3	0.6	1.5	2.9
Hungary	USD/HUF	367.77	-0.1	-0.2	5.0	8.1
Malaysia	USD/MYR	4.42	0.1	0.6	0.5	1.2
<b>Mexico</b>	<b>USD/MXN</b>	<b>20.24</b>	<b>-0.4</b>	<b>-1.5</b>	<b>1.0</b>	<b>2.9</b>
Poland	USD/PLN	3.88	-0.3	-0.9	3.4	6.6
South Africa	USD/ZAR	18.23	-0.4	-0.2	1.6	3.4
<b>Developed Markets</b>						
Canada	USD/CAD	1.43	-0.2	0.1	-0.8	0.2
Great Britain	GBP/USD	1.29	-0.4	-0.1	2.6	3.2
Japan	USD/JPY	149.32	-0.4	-0.5	1.4	5.3
Eurozone	EUR/USD	1.0818	-0.3	-0.6	3.8	4.5
Norway	USD/NOK	10.55	0.1	1.0	5.5	7.9
Denmark	USD/DKK	6.90	-0.3	-0.6	3.7	4.4
Switzerland	USD/CHF	0.88	-0.1	0.3	2.5	2.8
New Zealand	NZD/USD	0.57	-0.4	-0.2	0.5	2.5
Sweden	USD/SEK	10.14	-0.1	0.0	5.8	9.2
Australia	AUD/USD	0.63	-0.5	-0.8	-1.1	1.4

## FX performance

Against USD, %

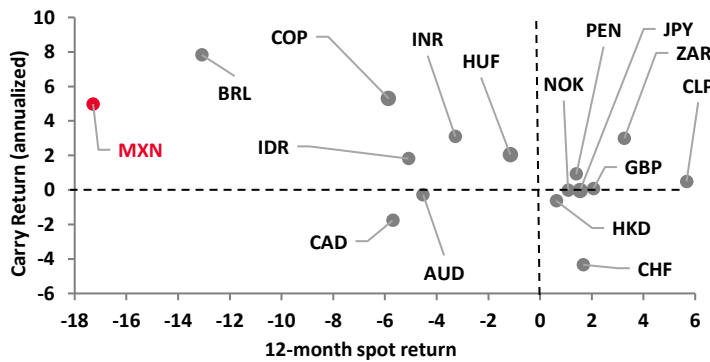


Source: Bloomberg, Banorte

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

## Performance of selected currencies

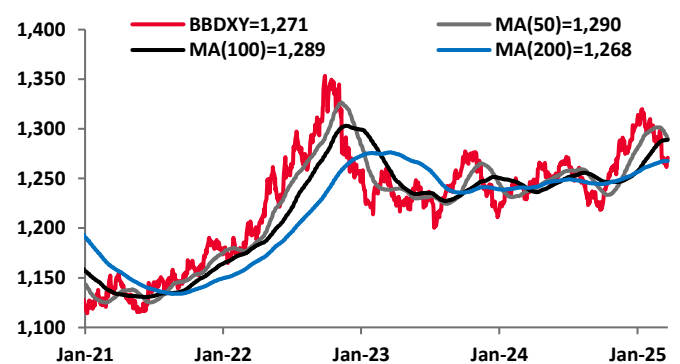
%, annualized rate based in 3M forwards



4Source: Bloomberg, Banorte

## BBDXY

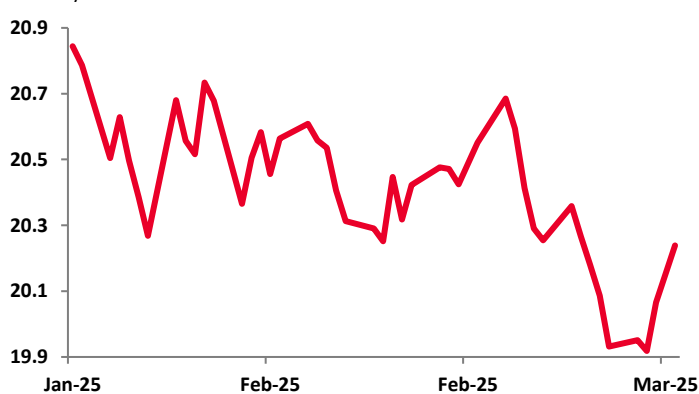
Points



Source: Bloomberg, Banorte

## USD/MXN

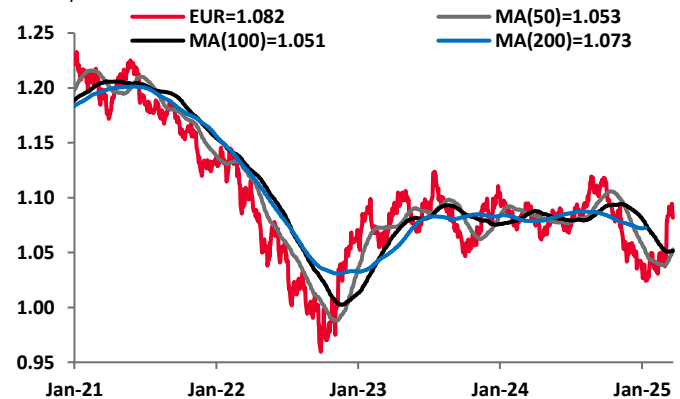
Last 60 days



Source: Bloomberg, Banorte

## Euro

Dollar per euro

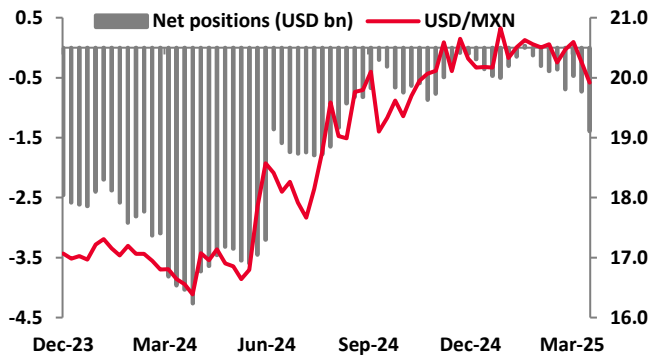


Source: Bloomberg, Banorte

# FX positioning and flows

## IMM positioning in USD/MXN futures

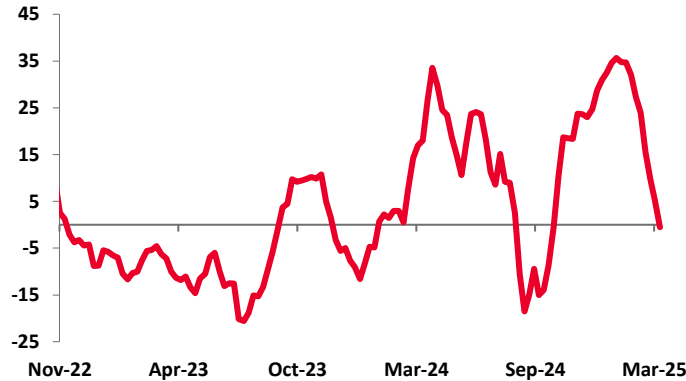
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

## IMM positioning in USD futures\*

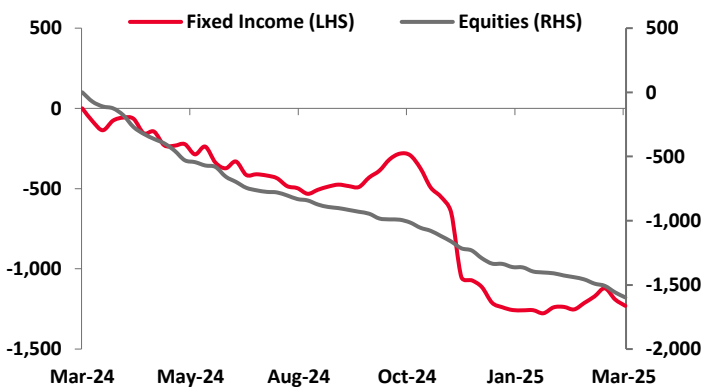
Billion dollars, Positive = net long in USD



\*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF  
Source: CME, Banorte

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

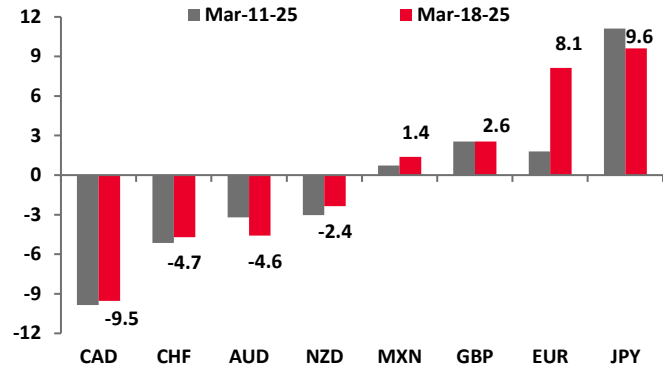
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

## IMM positioning by currency\*

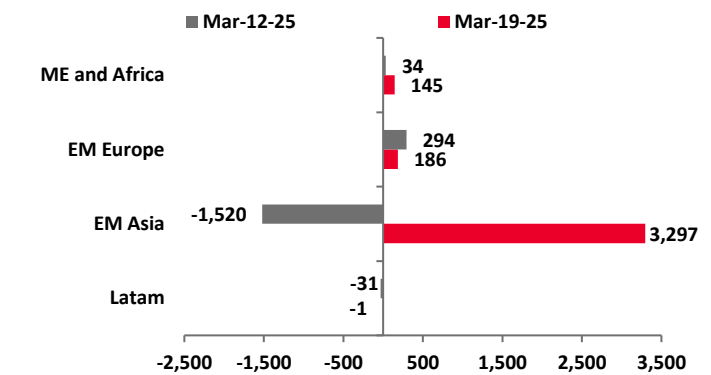
Billion dollars



\* Positive: Net long in the corresponding currency  
Source: CME, Banorte

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

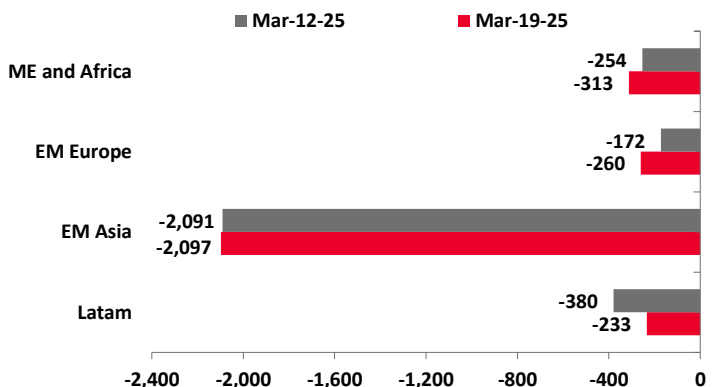
Billion dollars



Source: EPFR Global, Banorte

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

Weekly, million dollars

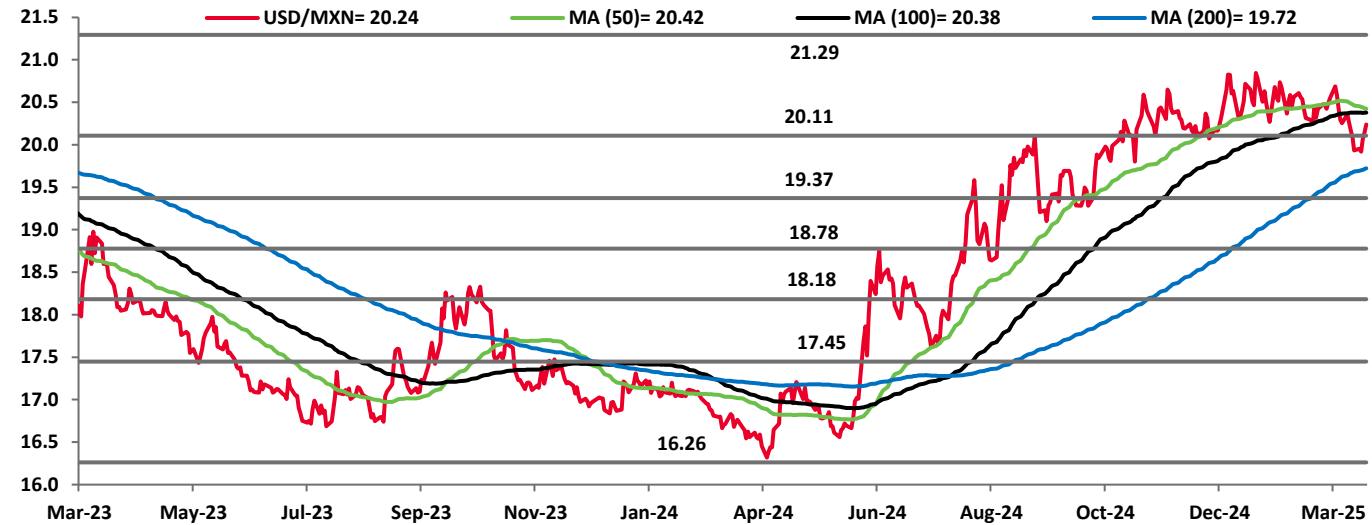


Source: EPFR Global, Banorte

## 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

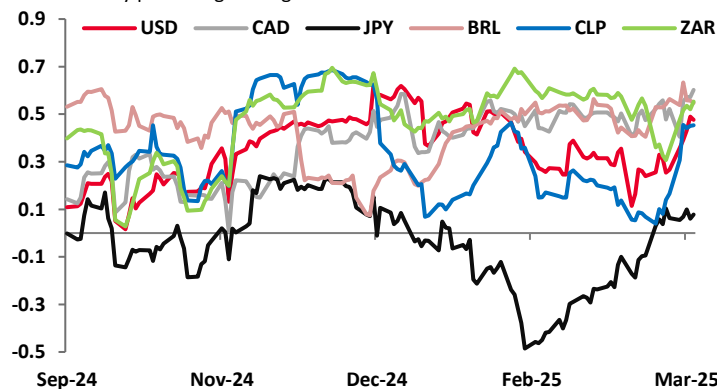
	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	48	36	2	62	35
CAD	60	40	1	60	37
JPY	8	5	-49	24	-4
BRL	55	54	7	63	43
CLP	45	31	4	69	33
ZAR	55	48	3	69	47
VIX	33	18	-13	51	19
SPX	22	20	-15	53	20
GSCI	10	29	-17	60	26
Gold	13	4	-15	38	12

\* 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

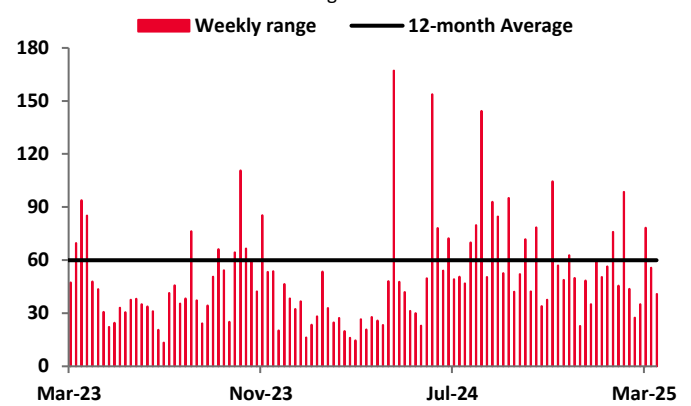


\* Positive: appreciation of MXN and corresponding currency

Source: Bloomberg, Banorte

### USD/MXN – Weekly trading range

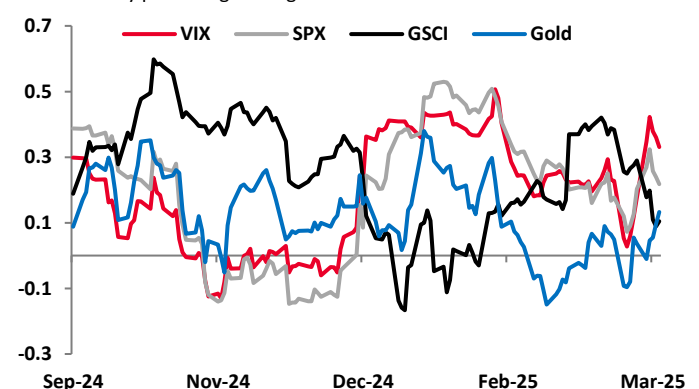
MXN cents with last 12 month average



Source: Bloomberg, Banorte

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

Based on daily percentage changes

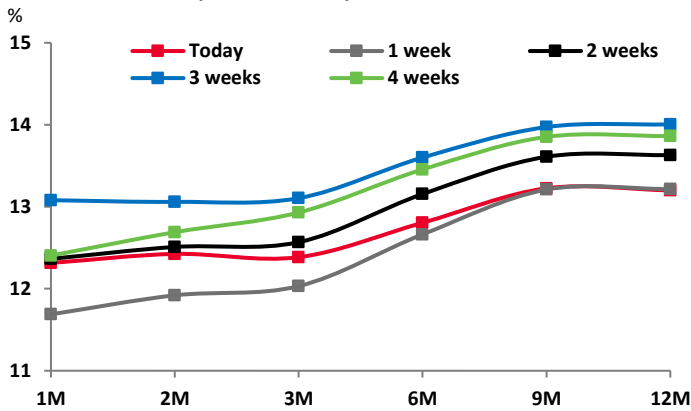


\* Positive: appreciation of MXN and corresponding asset except VIX

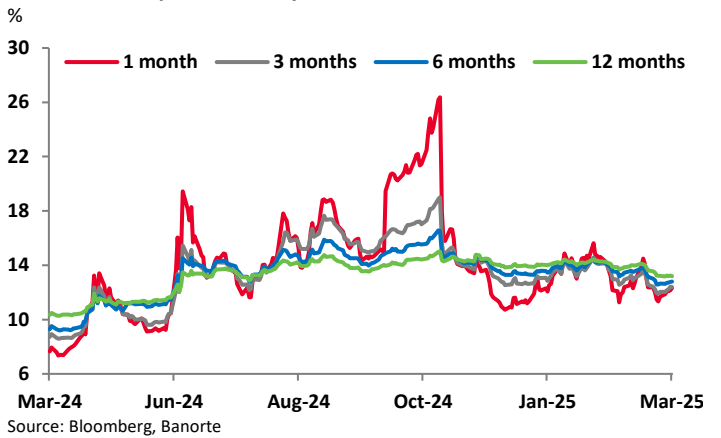
Source: Bloomberg, Banorte

## FX technicals (continued)

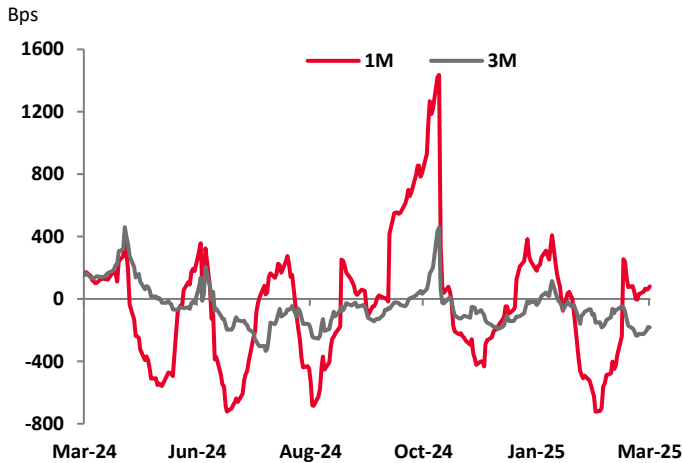
USD/MXN – ATM options volatility curve



USD/MXN – Implied volatility

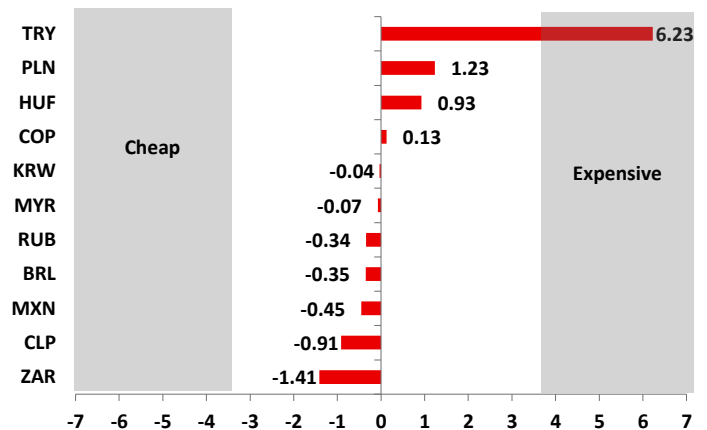


USD/MXN – Spread between implicit and historical volatility



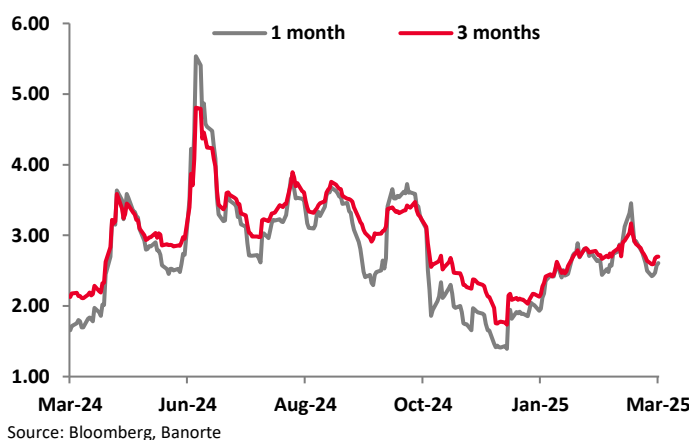
Emerging markets 1-month ATM options volatility

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



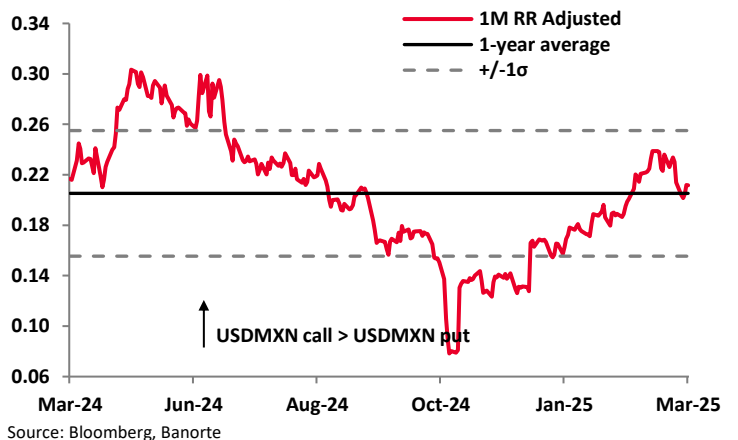
USD/MXN – 25D risk reversals

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 30<sup>th</sup>, 2025

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 24	04:30	GER	Manufacturing PMI*	Mar (P)	index	--	47.0	46.5
	04:30	GER	Services PMI*	Mar (P)	index	--	52.0	51.1
	04:30	GER	Composite PMI*	Mar (P)	index	--	51.1	50.4
	05:00	EZ	Manufacturing PMI*	Mar (P)	index	--	48.2	47.6
	05:00	EZ	Services PMI*	Mar (P)	index	--	51.1	50.6
	05:00	EZ	Composite PMI*	Mar (P)	index	--	50.7	50.2
	05:30	UK	Manufacturing PMI*	Mar (P)	index	--	47.2	46.9
	05:30	UK	Services PMI*	Mar (P)	index	--	51.0	51.0
	08:00	MX	Consumer prices	Mar 15	% 2w/2w	0.18	0.16	0.14
	08:00	MX	Core	Mar 15	% 2w/2w	0.26	0.25	0.21
	08:00	MX	Consumer prices	Mar 15	% y/y	3.71	3.70	3.81
	08:00	MX	Core	Mar 15	% y/y	3.59	3.57	3.66
	08:00	MX	Economic activity indicator (IGAE)	Jan	% y/y	-0.2	-0.1	-0.4
	08:00	MX	Economic activity indicator (IGAE)*	Jan	% m/m	-0.2	-0.2	-1.0
	09:45	US	Manufacturing PMI*	Mar (P)	index	52.5	51.5	52.7
	09:45	US	Services PMI*	Mar (P)	index	51.5	51.0	51.0
	09:45	US	Composite PMI*	Mar (P)	index	--	--	51.6
Tue 25	13:45	US	Fed's Bostic on Bloomberg TV					
	15:10	US	Fed's Barr Speaks in Moderated Discussion					
	19:50	JP	BOJ minutes					
	05:00	GER	IFO Survey (business climate)*	Mar	index	--	86.8	85.2
	07:00	BZ	COPOM minutes					
	08:00	MX	Retail sales	Jan	% y/y	-0.3	0.2	-0.2
	08:00	MX	Retail sales*	Jan	% m/m	-0.3	--	0.1
	08:00	US	S&P/CoreLogic housing prices	Jan	% y/y	--	4.7	4.5
	09:05	US	Fed's Williams Gives Opening Remarks					
	10:00	US	New home sales**	Feb	millions	--	680	657
	10:00	US	Consumer confidence*	Mar	index	95.5	94.0	98.3
	11:00	MX	International reserves	Mar 21	US\$bn	--	--	236.3
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 20-year Mbono (Nov'42), 30-year Udibono (Oct'54) and 1- and 3-year Bondes F					
	03:00	UK	Consumer prices	Feb	% y/y	--	2.9	3.0
	03:00	UK	Core	Feb	% y/y	--	3.6	3.7
	08:30	US	Durable goods orders*	Feb (P)	% m/m	--	-1.0	3.2
Wed 26	08:30	US	Ex transportation*	Feb (P)	% m/m	--	0.2	0.0
	10:00	US	Fed's Kashkari Hosts Fed Listens, conversation					
	13:10	US	Fed's Musalem Speaks on Economy, Monetary Policy					
	05:00	EZ	Monetary aggregates (M3)*	Feb	% y/y	--	3.8	3.6
	07:00	BZ	Central Bank Quarterly Monetary Policy Report					
	08:00	BZ	Consumer prices	Mar	% y/y	--	0.73	1.23
	08:00	BZ	Consumer prices	Mar	% m/m	--	5.33	4.96
	08:00	MX	Trade balance	Feb	US\$mn	-1,121.2	668.1	-4,558.0
	08:30	US	Gross domestic product**	4Q24 (F)	% q/q	2.5	2.3	2.3
	08:30	US	Personal consumption**	4Q24 (F)	% q/q	--	4.2	4.2
	08:30	US	Trade balance*	Feb	US\$bn	--	-135.0	-155.6
	08:30	US	Initial jobless claims*	Mar 22	thousands	225	225	223
	15:00	MX	Monetary policy decision (Banxico)	Mar 27	%	9.00	9.00	9.50
	16:30	US	Fed's Barkin Gives Speech, Q&A					
	03:00	UK	Gross domestic product	4Q24 (F)	% y/y	--	1.4	1.4
	03:00	UK	Gross domestic product*	4Q24 (F)	% q/q	--	0.1	0.1
Thu 27	06:00	EZ	Consumer confidence*	Mar (F)	index	--	--	-14.5
	06:00	EZ	Economic confidence*	Mar	index	--	96.9	96.3
	08:00	BZ	Unemployment rate	Feb	%	--	--	6.5
	08:00	MX	Unemployment rate	Feb	%	2.58	2.58	2.70
	08:30	US	Personal income*	Feb	% m/m	--	0.4	0.9
	08:30	US	Personal spending*	Feb	% m/m	0.6	0.5	-0.2
	08:30	US	Real personal spending*	Feb	% m/m	0.3	0.3	-0.5
	08:30	US	PCE Deflator*	Feb	% m/m	0.3	0.3	0.3
	08:30	US	Core*	Feb	% m/m	0.3	0.3	0.3
	08:30	US	PCE Deflator	Feb	%	2.5	2.5	2.5
	08:30	US	Core	Feb	%	2.7	2.7	2.6
	10:00	US	U. of Michigan confidence*	Mar (F)	index	57.9	57.9	57.9
	15:30	US	Fed's Bostic Moderates Panel on Housing Finance					
	16:30	MX	Public finances (PSBR, year-to-date)	Feb	MXNbn	--	--	-23.0
	21:30	CHI	Manufacturing PMI*	Mar	index	--	--	50.2
	21:30	CHI	Non-manufacturing PMI*	Mar	index	--	--	50.4
Sun 30	21:30	CHI	Composite PMI*	Mar	index	--	--	51.1

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	
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
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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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