Fixed-Income & FX Strategy

Weekly

May 9, 2025

Fixed-Income and FX Weekly

- **Fed cuts priced out.** As widely expected, the Federal Reserve kept the federal funds rate unchanged within the 4.25%–4.50% target range. During the press conference, Chair Powell delivered a clear message of caution, underscoring the Fed is in no rush to act and will proceed with caution. In this environment, markets reaffirmed their conviction that rates will remain on hold through June. However, expectations for a 25bps cut in July were recalibrated, with the implied probability falling to 70% from near-certainty just weeks ago. Similarly, the curve now prices in fewer total cuts for 2025, with cumulative easing down to 69bps from 100bps at the end of April. This repricing triggered a broad sell-off across the Treasury curve, with the short-end adjusting as much as +10bps on the day of the Fed decision. Notably, the move was driven more by a repricing of the real rate component than inflation expectations. The 2-year breakeven remains steady near 2.78% after reaching a two-year high of 3.37% in early April. While the March CPI report showed no discernible impact from tariffs on Chinese goods, trade tensions remain a key forward-looking risk. April's inflation print (Banorte: 2.4% y/y) will thus be key. In this context, we expect the Fed to postpone rate cuts until 3Q25, with a 25bps cut in September and another 25bps cut in December, bringing the year-end target range to 3.75%–4.00%
- **Banxico to cut 50bps to 8.50%.** Mexican sovereign bonds outperformed on the week, with Mbonos averaging gains of 3bps vis-à-vis a 7bps loss in US Treasuries. As a result, spreads continued to compress, with the 10-year spread closing near to 12-month low at 502bps. From a strategy standpoint, we continue to find relative value in medium- and long-term Mbonos. However, we refrain from recommending outright directional exposure due to elevated volatility. We also flag that the short-end of the curve appears somewhat rich, with current pricing implying -170bps of cuts for the remainder of the year, above our call of total -125bps. That said, market expectations are aligned with the upcoming Banxico decision on May 15th. We forecast a 50bps cut, which would bring the policy rate to 8.50%, in line with market pricing and consensus forecasts
- **MXN trading in a narrow range.** The peso remained in the sideways pattern observed since mid-April, closing the week at 19.45 per dollar (+0.7%). Since April 18th, MXN has held within a range of 19.43 to 19.78, amid a backdrop where realized volatility compression continues to weigh on implied vols. In the latter, the 3-month ATM tenor has reached its lowest level since June of last year. The decline in these metrics has progressed gradually, supported by improved risk appetite, despite the rebound in the USD over the past two weeks. We maintain a cautious stance on the FX front, favoring USD purchases strictly for tactical purposes. We continue to see a global macro environment that supports further structural USD weakness going forward. However, for the peso, this setup becomes more challenging due to (1) Valuations that have become expensive; (2) elevated uncertainty stemming from the global backdrop; and (3) potential spot pressures derived from carry erosion as Banxico's easing cycle evolves. It is also worth noting that BRL's relative carry profile continues to improve, with COPOM raising its policy rate this week to 14.75%, the highest level since 2006
- **Weekly ranges**. We expect the 10-year Mbono (Nov'34) to trade between 9.30% and 9.55%, and MXN between 19.35 and 19.75 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	9.01	-7	1	-119	11.09	8.98	10.30
28-days[1]	9.05	1	-23	-122	11.06	9.03	10.41
91-days[1]	9.12	1	-24	-124	11.17	9.10	10.51
182-days[1]	9.22	1	-24	-127	11.33	9.21	10.65
Cetes[2]							
28-days	8.40	-40	-50	-161	11.09	8.40	10.13
91-days	8.45	-6	-27	-155	11.18	8.45	10.15
182-days	8.28	-11	-25	-166	11.29	8.28	10.13
364-days	8.38	-6	-21	-169	11.42	8.35	10.12
Mbonos							
Mar'26	8.21	-13	-20	-160	11.03	8.21	9.73
Sep'26	8.04	-11	-24	-174	11.03	8.04	9.64
Mar'27	8.20	-3	-12	-157	10.74	8.17	9.48
Jun'27	8.20	-6	-20	-162	10.68	8.18	9.49
Mar'28[3]	8.51	3	-16	-142	9.99	8.42	9.20
Mar'29	8.67	-4	-20	-130	10.55	8.52	9.59
May'29	8.70	-2	-17	-127	10.47	8.52	9.57
Feb'30[4]	8.81	-5	-23	-89	9.69	8.59	9.14
May'31	8.96	-4	-18	-108	10.42	8.66	9.61
May'33	9.27	0	-15	-95	10.40	8.90	9.72
Nov'34	9.40	0	-18	-102	10.45	9.01	9.77
Nov'36	9.41	-2	-22	-100	10.45	9.03	9.78
Nov'38	9.72	-4	-15	-82	10.60	9.26	9.93
Nov'42	9.99	2	-18	-72	10.76	9.44	10.11
Nov'47	10.01	0	-23	-73	10.79	9.43	10.12
Jul'53	10.02	-1	-23	-77	10.81	9.44	10.13
TIIE-F IRS[5]							
3-month (3x1)	8.37	-10	-33	-158	10.62	8.37	9.64
6-month (6x1)	8.10	-4	-24	-162	10.40	8.10	9.37
9-month (9x1)	7.91	-2	-18	-168	10.17	7.89	9.17
1-year (13x1)	7.75	0	-14	-168	9.95	7.70	8.96
2-year (26x1)	7.58	4	-10	-157	9.66	7.49	8.63
3-year (39x1)	7.60	4	-13	-152	9.52	7.50	8.55
4-year (52x1)	7.67	3	-15	-148	9.46	7.58	8.55
5-year (65x1)	7.76	2	-18	-143	9.43	7.67	8.57
7-year (91x1)	7.95	0	-20	-131	9.42	7.87	8.66
10-year (130x1)	8.20	-1	-23	-118	9.46	8.09	8.79
20-year (3x1)	8.45	-1	-18	-104	9.59	8.28	8.94
30-year (390x1)	8.36	-1	-17	-112	9.50	8.19	8.87
Udibonos							
Dec'25	5.55	-30	-43	-62	7.39	5.55	6.35
Dec'26	4.90	-14	-49	-119	7.08	4.88	5.99
Nov'28	4.82	-7	-17	-65	5.96	4.69	5.26
Aug'29[6]	5.01	-1	-8	-1	5.17	4.77	5.04
Nov'31	4.96	-12	-13	-53	5.80	4.70	5.19
Aug'34	4.92	-13	-17	-58	5.76	4.70	5.24
Nov'35	4.92	-14	-19	-56	5.62	4.71	5.19
Nov'40	4.93	-9	-18	-58	5.72	4.75	5.20
Nov'43	5.01	-12	-19	-51	5.73	4.81	5.23
Nov'46	4.91	-11	-22	-60	5.70	4.75	5.18
Nov'50	4.92	-9	-21	-60	5.71	4.76	5.18
Oct'54[7]	4.87	-9	-18	-70	5.71	4.70	5.18

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'29 issued on March 13th, 2025

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

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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	4.60	-4	-55	3.89	+7	-35	71	-10	74	74
3Y	Feb'28	4.77	+2	-91	3.88	+7	-39	89	-5	93	93
5Y	May'30	5.37	-2	-51	4.00	+8	-38	137	-10	134	136
7Y	Apr'32	5.90	-3	-43	4.18	+8	-30	172	-11	151	174
10Y	Feb'35	6.46	-3	-18	4.38	+7	-19	208	-10	182	215
20Y	Jan'45	6.88	+2	+12	4.86	+6	+0	202	-4	194	--
30Y	May'55	7.52	+1	+29	4.83	+5	+5	269	-4	238	--

Source: Bloomberg, Banorte

5Y USD UMS
%

Source: Bloomberg, Banorte

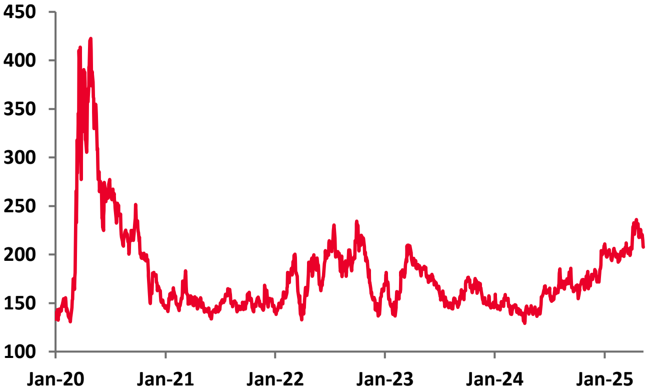
10Y USD UMS
%

Source: Bloomberg, Banorte

5Y UMS-UST Spread
Basis points

Source: Bloomberg, Banorte

10Y UMS-UST Spread
Basis points



Source: Bloomberg, Banorte

Fixed–Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 10-year Mbono (Nov'34), the 3-year Udibono (Aug'29), as well as 3- and 5-year Bondes F
- **Attention to Banxico's decision.** Investors are waiting for Banxico's decision after a somewhat restrictive tone from the Federal Reserve. It is widely expected by both the market and the consensus of analysts that Banxico will cut the benchmark rate by 50bps to 8.50%. However, the market is discounting further cuts for the rest of the year, anticipating a year-end rate of 7.30% vs our expectation of 7.75%. Therefore, the tone of the communiqué will be relevant, as well as the information embedded in the following minutes to be published on May 29th. We believe demand for Cetes will remain solid for all terms. The previous auction highlighted the strong appetite for the 3-month term of 5.97x, reaching a 2-year high. Along the Mbonos' curve we see value at the mid- and long-end; however, high volatility dilutes the attractiveness of directional positions. In this regard, we expect a moderate appetite for the 10-year Mbono (Nov'34). In its last placement, the demand was 2.6x. Regarding real rates, Udibonos reflect an unattractive relative valuation. In this sense, we expect limited appetite for the 3-year benchmark (Aug'29), in line with its last auction, which demand was very low (1.43x)

Auction specifics (May 13th, 2025)

Security	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	Jun-12-25	--	7,000	8.55
3m	Aug-14-25	--	7,000	8.48
6m	Nov-13-25	--	10,000	8.31
12m	Apr-30-26	--	15,400	8.49
Bondes F				
3Y	Apr-01-27	--	9,600	0.17
5Y	Jan-24-30	--	2,200	0.18
Bono M				
10Y	Nov-23-34	7.75	15,000	9.26
Udibono				
3Y	Aug-30-29	4.00	UDIS 800	5.22

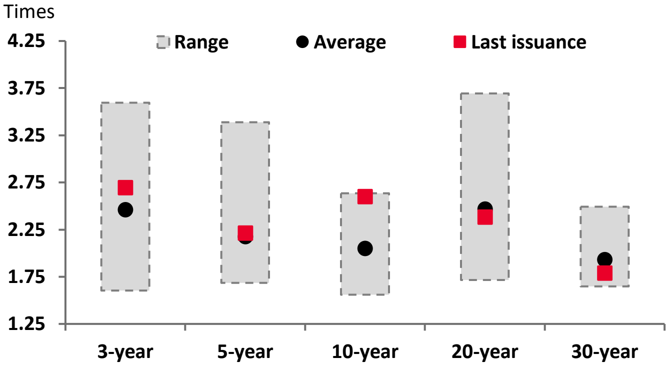
Source: Banxico, Banorte
1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

2Q25 Government Securities Auction Calendar*

Date	Cetes	Bonos M	Udibonos	Bondes F
1-Apr	1, 3, 6, and 12M	10Y (Nov'34)	10Y (Aug'34)	2, 5 and 10Y
8-Apr	1, 3, 6, and 24M	3Y (Mar'28)	20Y (Nov'43)	1, 3 and 7Y
14-Apr	1, 3, 6, and 12M	30Y (Jul'53)	3Y (Aug'29)	2 and 5Y
22-Apr	1, 3, 6, and 24M	5Y (Feb'30)	30Y (Oct'54)	1 and 3Y
28-Apr	1, 3, 6, and 12M	20Y (Nov'42)	10Y (Aug'34)	2, 5 and 10Y
6-May	1, 3, 6, and 24M	3Y (Mar'28)	20Y (Nov'43)	1, 3 and 7Y
13-May	1, 3, 6, and 12M	10Y (Nov'34)	3Y (Aug'29)	3 and 5Y
20-May	1, 3, 6, and 24M	5Y (Feb'30)	30Y (Oct'54)	2 and 3Y
27-May	1, 3, 6, and 12M	30Y (Jul'53)	10Y (Aug'34)	2, 5 and 10Y
3-Jun	1, 3, 6, and 24M	20Y (Nov'42)	20Y (Nov'43)	1, 3 and 7Y
10-Jun	1, 3, 6, and 12M	3Y (Mar'28)	3Y (Aug'29)	4 and 5Y
17-Jun	1, 3, 6, and 24M	5Y (Feb'30)	30Y (Oct'54)	3 and 3Y
24-Jun	1, 3, 6, and 12M	10Y (Nov'34)	10Y (Aug'34)	2, 5 and 10Y

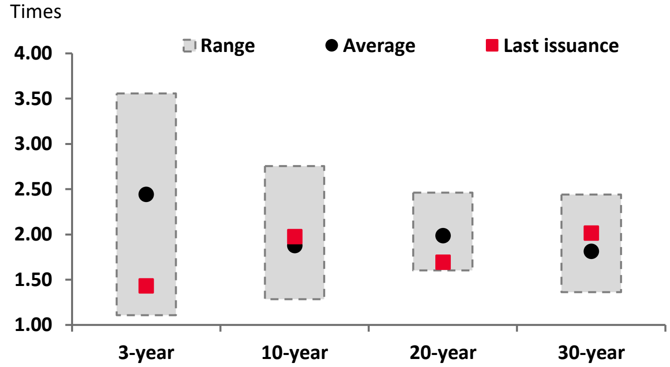
Source: SHCP *Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance
For more information, refer to 2Q25 Auction Calendar

Mbonos' bid-to-cover ratios for primary auction in last 2 years
Times



Source: Bloomberg, Banorte

Udibonos' bid-to-cover ratios for primary auction in last 2 years
Times



Source: Bloomberg, Banorte

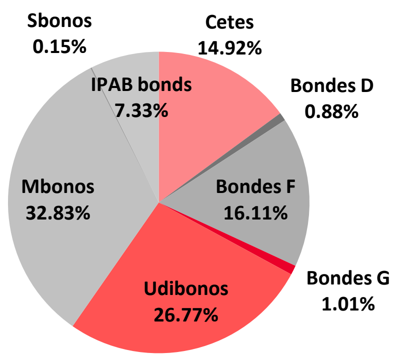
Fixed–Income Demand

Government and IPAB securities holdings by type of investor
US$ billion, *UDIS billion, data as of Apr/28/2025

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	113.15	11.79	17.21	23.57	5.34	12.65	4.39	0.89	-	37.30
Bondes D	6.69	-	0.13	3.82	0.05	1.25	-	-	-	1.44
Bondes F	122.13	0.04	3.18	73.75	3.08	14.25	3.03	0.00	-	24.80
Bondes G	7.63	0.00	0.16	3.03	0.54	1.00	1.23	-	-	1.67
Udibonos	203.00	7.22	111.98	8.52	35.24	4.16	1.46	0.06	-	34.36
Mbonos	248.95	74.40	63.14	10.22	9.54	26.10	17.30	0.74	0.76	46.75
Sbonos	1.17	0.53	0.32	0.01	0.06	0.03	-	-	-	0.23
Total	**702.72**	**93.98**	**196.12**	**122.91**	**53.85**	**59.44**	**27.41**	**1.70**	**0.76**	**146.55**
Udibonos*	470.64	16.74	259.63	19.75	81.69	9.63	3.39	0.15	-	79.65
IPAB bonds	**55.61**	**0.01**	**0.45**	**17.34**	**0.44**	**8.38**	**4.49**	**1.69**	**-**	**22.79**

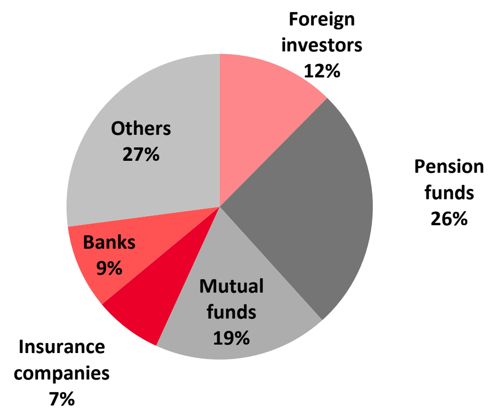
Source: Banxico, Banorte

Government issuance by type of instrument
Total amount of US$ 758 billion (including IPAB bonds), % of total



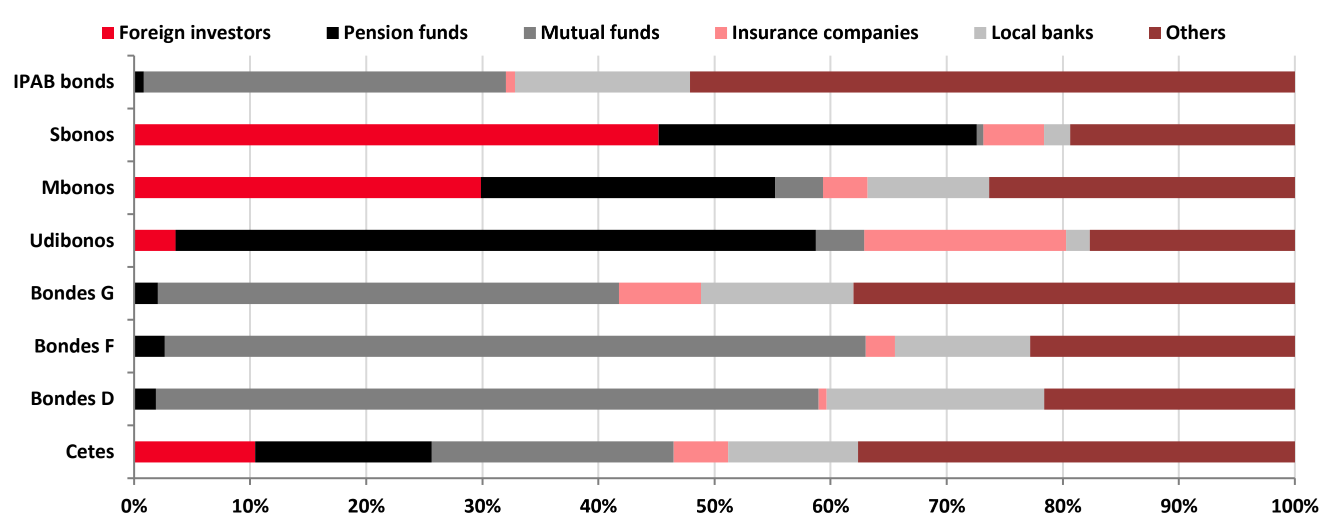
Source: Banxico, Banorte

Government issuance by type of investor
Total amount of US$ 758 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

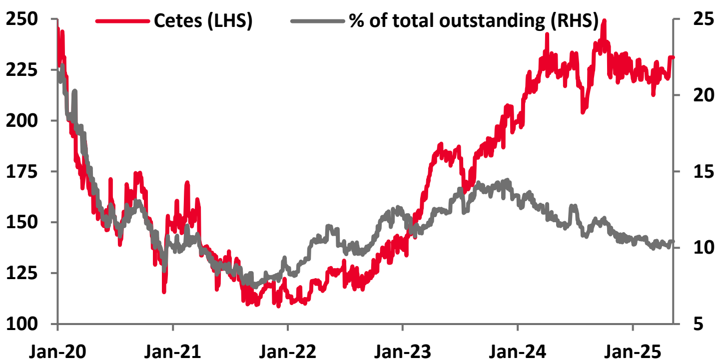
Government securities holdings by type of investor
Total amount of US$ 758 billion (including IPAB bonds), % of total



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

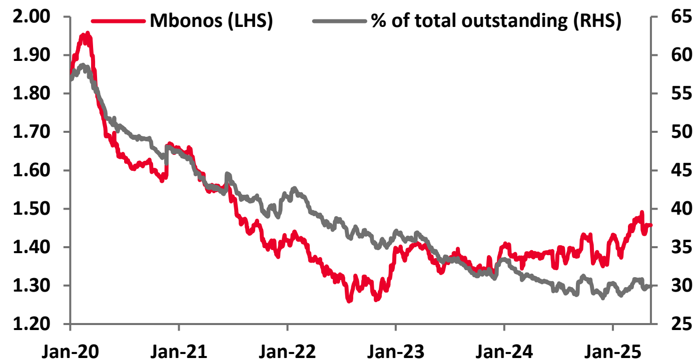
Fixed–Income Demand (continued)

Cetes held by foreigners
MXN billion, %



Source: Banxico, Banorte

Mbonos held by foreigners
MXN trillion, %



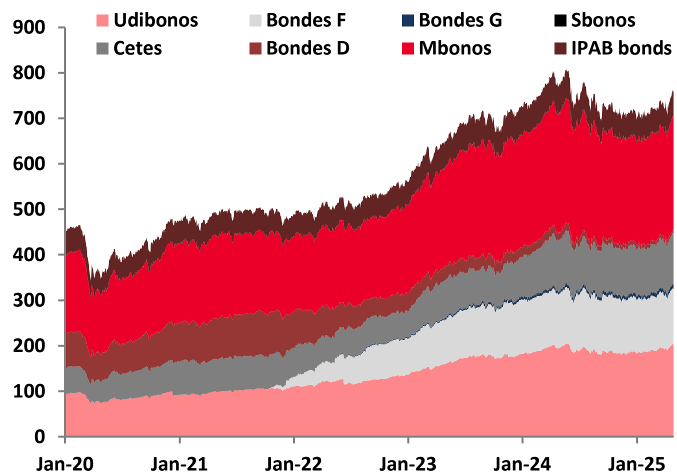
Source: Banxico, Banorte

Holdings of main investors by type of security
Data as of Apr/28/2025

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	4.00	4.73	-8.95	-19.07	11.70	27.41
Bondes F	29.19	57.65	-18.23	-47.37	3.09	7.30
Udibonos	-8.62	-15.82	1.64	4.64	1.10	14.38
Mbonos	-1.35	1.76	-2.21	6.62	-0.43	6.28

Source: Banxico, Banorte

Government securities issuance
USD Billions



Fuente: Banxico, Banorte

Mbonos holdings by type of investor
US$ billions and %, data as Apr/24/2025

Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Mar'26	16.2	26%	17%	9%	49%
Sep'26	12.0	14%	28%	21%	37%
Mar'27	17.0	23%	17%	9%	52%
Jun'27	18.0	27%	24%	12%	37%
Mar'28	8.1	21%	16%	21%	42%
Mar'29	19.7	14%	34%	22%	29%
May'29	18.9	10%	36%	22%	32%
Feb'30	8.2	4%	26%	34%	36%
May'31	20.4	4%	41%	32%	23%
May'33	15.7	6%	35%	29%	30%
Nov'34	18.2	3%	44%	36%	18%
Nov'36	4.9	2%	15%	55%	28%
Nov'38	10.7	3%	29%	50%	18%
Nov'42	20.3	2%	32%	46%	20%
Nov'47	13.2	1%	31%	47%	21%
Jul'53	19.2	0%	35%	48%	16%
Total	**240.8**	**10%**	**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

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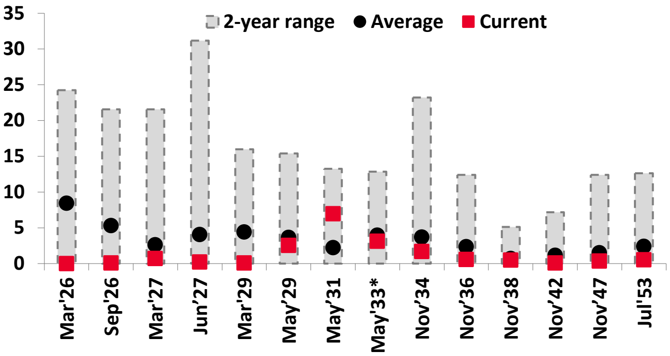
Fixed–Income Demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion

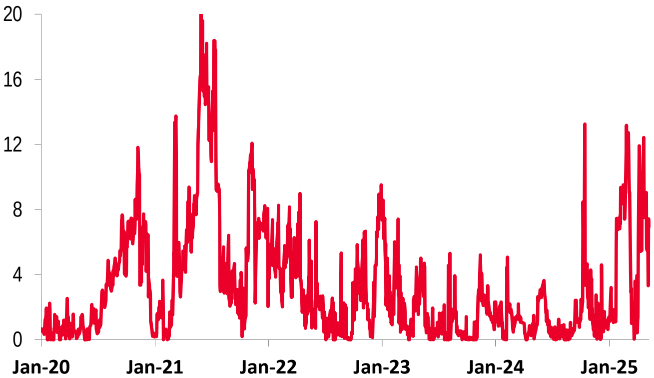


Source: Banxico, Banorte *May'33 issued in December 2022

Weekly change in market makers' short positions on Mbonos
MXN billion

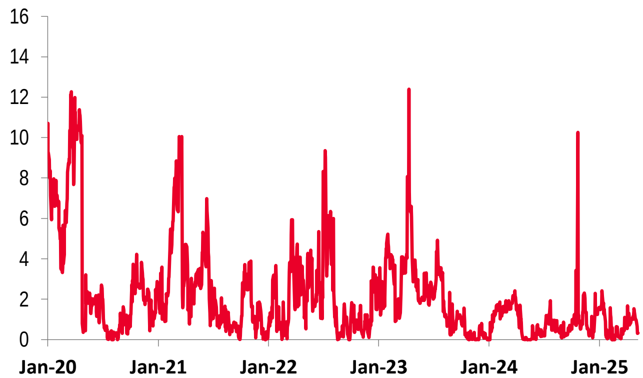
Source: Banxico, Banorte

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 May/8/2025	May/1/2025	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Mar'26	16,503	0	0	0	122	975	0
Sep'26	12,254	3	67	48	626	396	0
Mar'27	17,478	36	16	22	0	272	0
Jun'27	18,288	11	34	86	26	1,413	10
Mar'28*	9,208	0	174	182	--	347	0
Mar'29	20,002	4	0	0	434	537	0
May'29	20,163	129	37	0	4	593	0
May'31	20,955	354	287	564	49	671	0
May'33	16,058	160	220	33	0	498	0
Nov'34	20,819	86	148	125	864	1,106	0
Nov'36	4,997	29	19	4	195	486	0
Nov'38	10,963	24	24	37	42	200	0
Nov'42	21,054	4	0	73	15	281	0
Nov'47	13,369	17	51	67	0	123	0
Jul'53	19,440	27	44	87	51	406	0
Total	**241,549**	**858**	**1,077**	**1,241**	**2,378**		

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

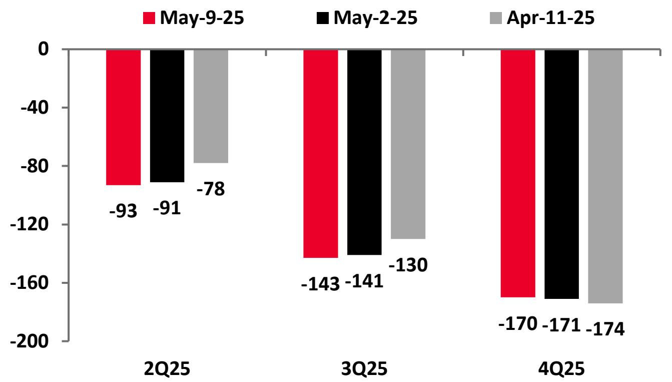
Fixed–Income Technicals

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	13	43	21	57	154	-12
3 months	-26	-30	-16	-5	52	-46
6 months	-31	-28	-20	-8	30	-45
12 months	1	-1	14	15	47	-12

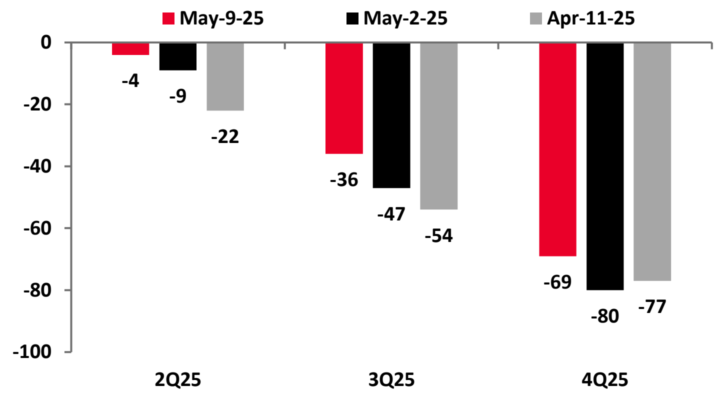
Source: PiP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate
Basis points



Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds
Basis points



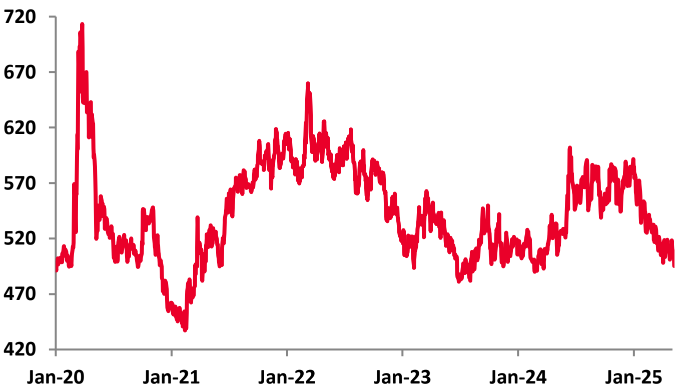
Source: Bloomberg, Banorte

Spreads between Mbonos and UST
Basis ponts

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	431	-10	-5	-122	644	431	553
5 year	480	-13	-7	-78	623	478	553
10 year	502	-7	-6	-83	602	495	551
20 year	512	-4	-11	-72	593	500	552
30 year	519	-5	-19	-82	605	505	562

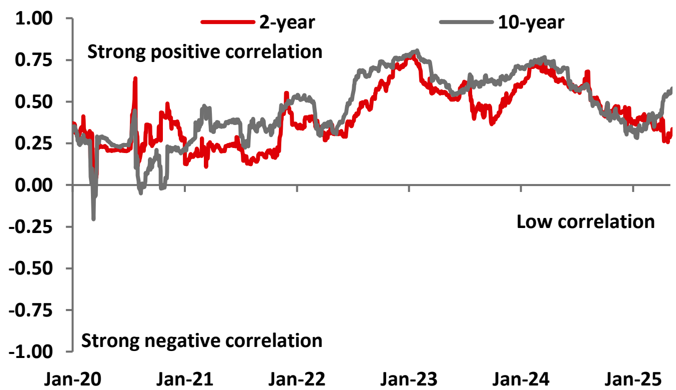
Source: Bloomberg, Banorte

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	61	-2	-10	40	79	-79	-9
2/10	120	3	-5	55	136	-94	5
2/30	182	3	-11	80	207	-86	41
5/10	59	5	5	15	61	-28	15
10/30	63	-1	-5	25	71	4	36
TIIE-F*							
3m/2Y	-79	14	23	1	-67	-191	-101
2/5	18	-2	-8	13	26	-51	-6
2/10	62	-5	-13	38	75	-46	16
2/30	78	-5	-7	45	90	-41	24
5/10	44	-3	-5	25	51	2	22
10/30	16	0	5	7	20	-4	8
TIIE-F – Mbonos*							
2 year	-62	7	11	-26	-26	-107	-65
5 year	-105	7	4	-41	-60	-125	-90
10 year	-120	-1	-5	-53	-64	-130	-94
20 year	-154	-3	0	-67	-78	-165	-120
30 year	-167	0	6	-75	-83	-180	-130
TIIE-F – SOFR*							
2 year	391	-5	-6	-116	573	391	478
5 year	412	-7	-6	-103	559	412	482
10 year	435	-9	-14	-96	559	434	497
20 year	438	-9	-15	-100	567	437	504
30 year	438	-8	-17	-116	580	437	512

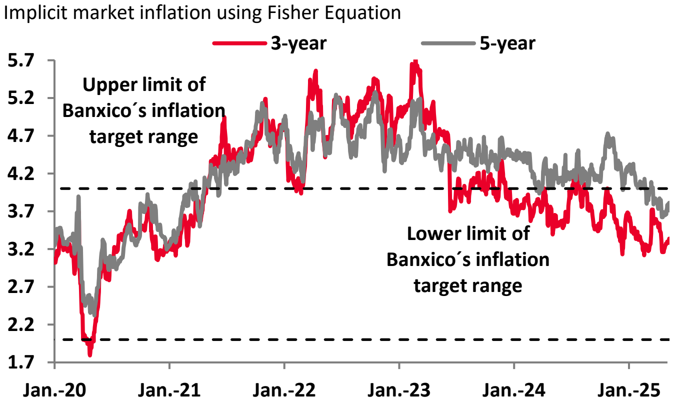
Source: Bloomberg, Banorte
Note: TIIE-F IRS history since September 5th, 2024

Breakeven inflation using Mbonos & Udibonos
%, Implicit market inflation using Fisher Equation

Date	05/09/2025	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.34	3.3 (+4bps)	3.42 (-8bps)	3.65 (-31bps)	4.21	3.12	3.58
5Y	3.80	3.78 (+2bps)	3.85 (-5bps)	4.31 (-51bps)	4.73	3.62	4.15
10Y	4.27	4.15 (+12bps)	4.27 (0bps)	4.44 (-17bps)	4.75	3.92	4.32
20Y	4.74	4.61 (+13bps)	4.73 (+1bp)	4.56 (+18bps)	5.01	4.25	4.63
30Y	4.91	4.83 (+8bps)	4.95 (-4bps)	4.59 (+32bps)	5.01	4.37	4.71

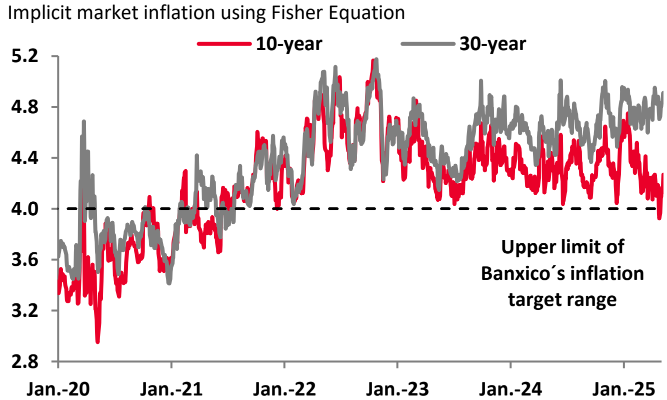
Source: Bloomberg, Banorte

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

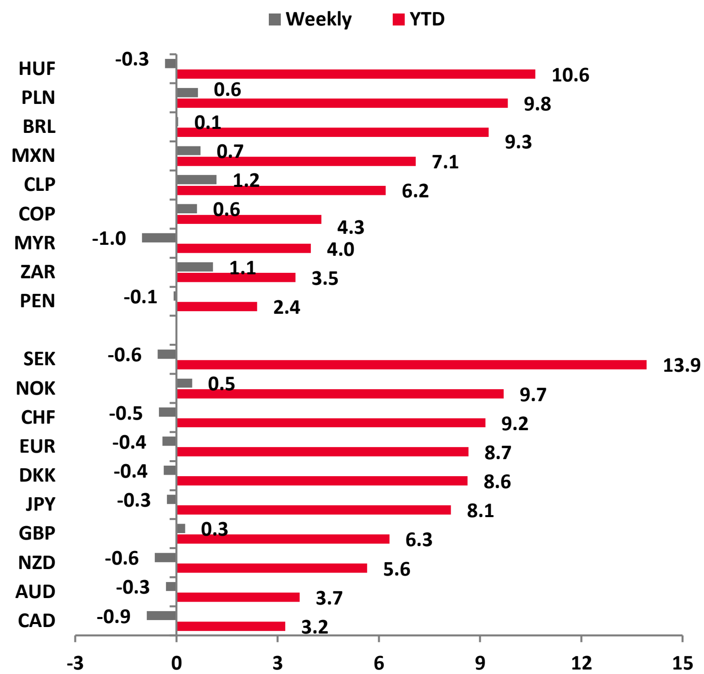
Foreign Exchange market levels and historical return

		Current	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD (%)[1]
Emerging Markets						
Brazil	USD/BRL	5.65	0.2	0.1	3.0	9.3
Chile	USD/CLP	936.81	-0.1	1.2	4.6	6.2
Colombia	USD/COP	4,224.45	0.6	0.6	2.2	4.3
Peru	USD/PEN	3.65	-0.5	-0.1	1.2	2.4
Hungary	USD/HUF	359.24	0.5	-0.3	2.7	10.6
Malaysia	USD/MYR	4.30	-0.4	-1.0	4.5	4.0
Mexico	**USD/MXN**	**19.45**	**0.4**	**0.7**	**4.1**	**7.1**
Poland	USD/PLN	3.76	0.6	0.6	2.9	9.8
South Africa	USD/ZAR	82.50	0.0	0.4	4.2	37.6
Developed Markets				18.20	0.0	1.1
Canada	USD/CAD					
Great Britain	GBP/USD	1.39	-0.1	-0.9	1.1	3.2
Japan	USD/JPY	1.33	0.5	0.3	3.8	6.3
Eurozone	EUR/USD	145.37	0.4	-0.3	1.6	8.1
Norway	USD/NOK	1.1250	0.2	-0.4	2.7	8.7
Denmark	USD/DKK	10.38	0.5	0.5	3.9	9.7
Switzerland	USD/CHF	6.63	0.2	-0.4	2.8	8.6
New Zealand	NZD/USD	0.83	0.0	-0.5	3.1	9.2
Sweden	USD/SEK	0.59	0.1	-0.6	4.7	5.6
Australia	AUD/USD	9.72	0.2	-0.6	2.6	13.9

Source: Bloomberg, Banorte
1. Positive (negative) changes mean appreciation (depreciation) of the corresponding currency against the USD.

FX performance

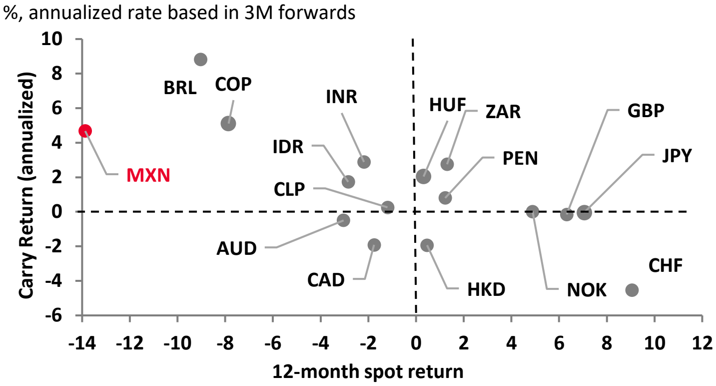
Against USD, %



Source: Bloomberg, Banorte

Performance of selected currencies

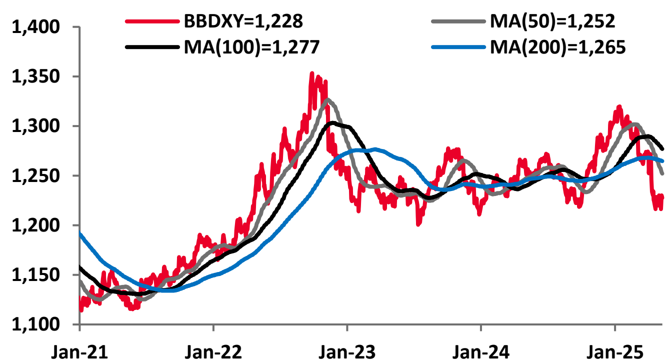
%, annualized rate based in 3M forwards



Source: Bloomberg, Banorte

BBDXY

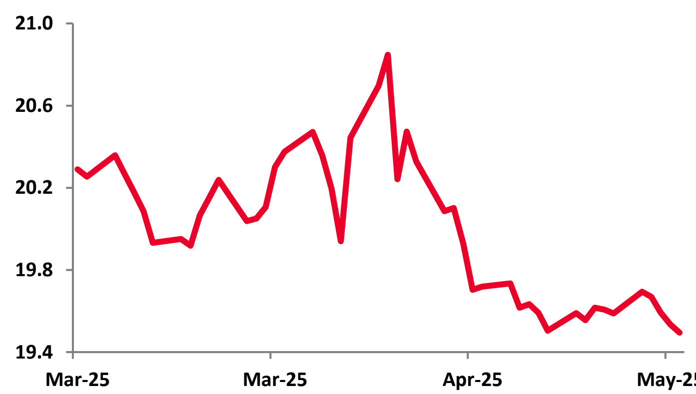
Points



Source: Bloomberg, Banorte

USD/MXN

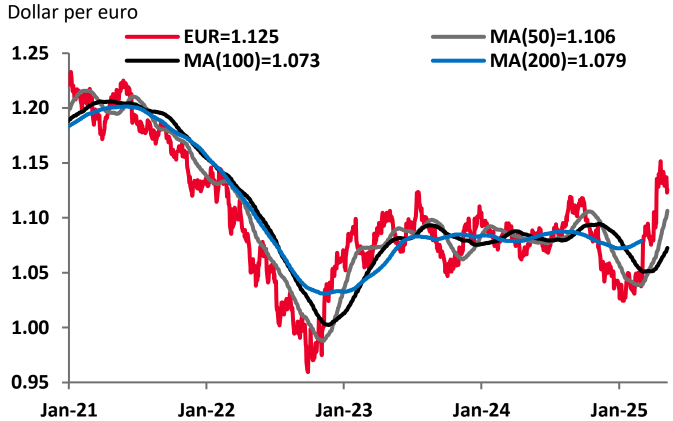
Last 60 days



Source: Bloomberg, Banorte

Euro

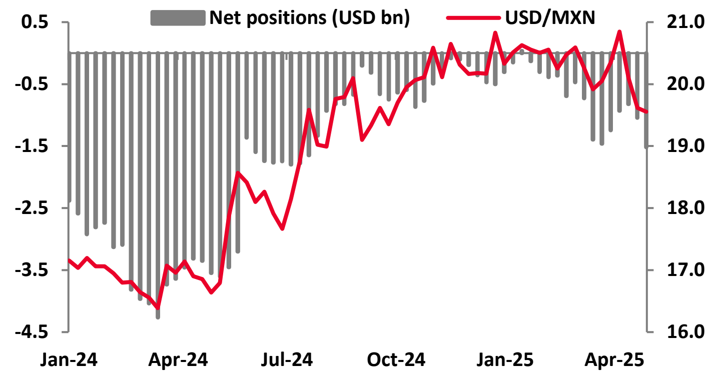
Dollar per euro



Source: Bloomberg, Banorte

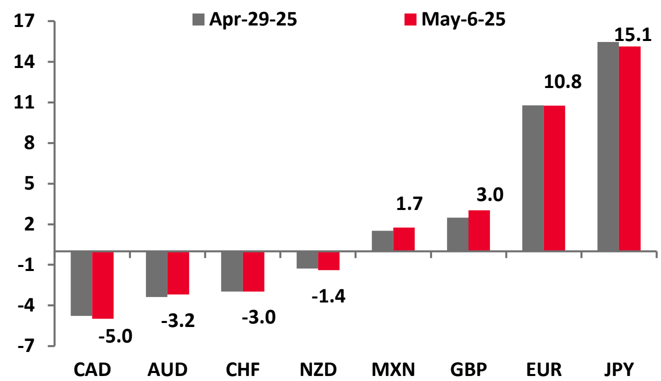
FX positioning and flows

IMM positioning in USD/MXN futures
Billion dollars, Negative = net long in MXN



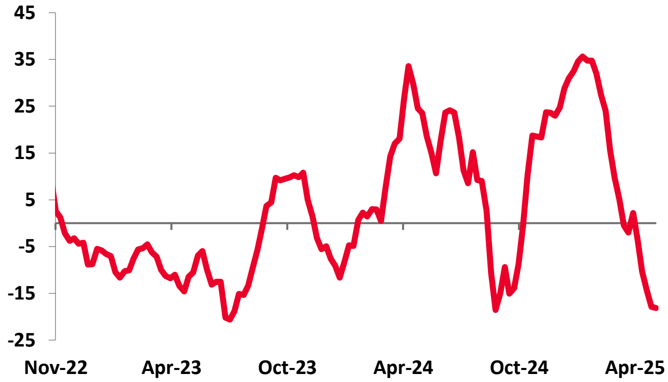
Source: CME, Banorte

IMM positioning by currency*
Billion dollars



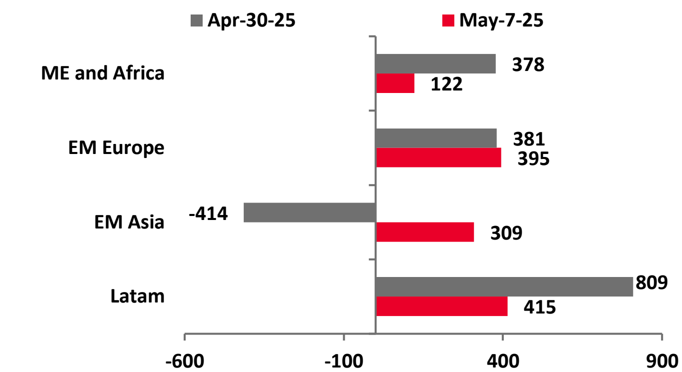
* Positive: Net long in the corresponding currency
Source: CME, Banorte

IMM positioning in USD futures*
Billion dollars, Positive = net long in USD



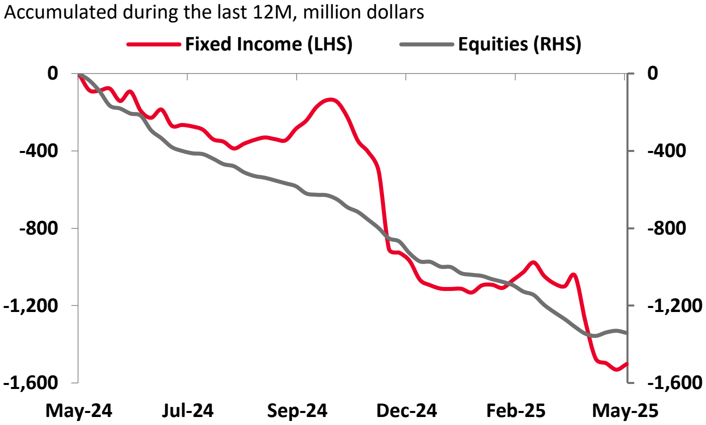
*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF
Source: CME, Banorte

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



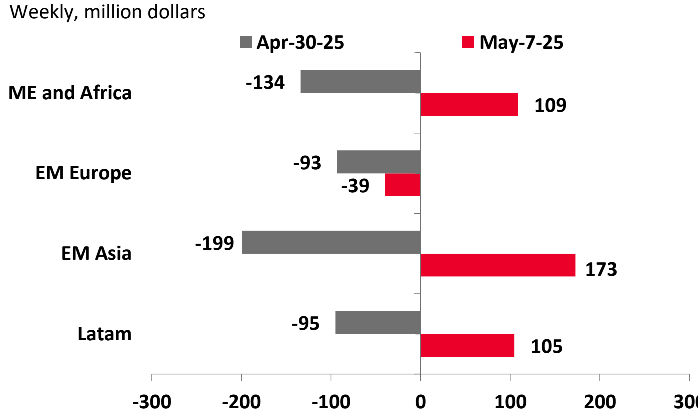
Source: EPFR Global, Banorte

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

BANORTE

FX technicals

USD/MXN – Moving averages and Fibonacci retracement
Last 12 months

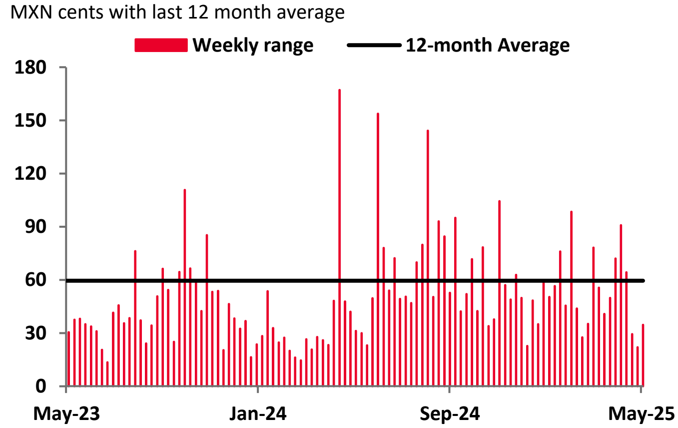
Source: Bloomberg, Banorte

USD/MXN – 1-month correlation with other currencies and assets
Based on daily percentages changes

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	10	11	9	62	36
CAD	61	68	15	78	49
JPY	-8	-5	-49	31	-4
BRL	84	83	7	85	48
CLP	74	75	4	76	42
ZAR	62	61	9	69	55
VIX	64	64	-6	65	30
SPX	64	65	-15	66	28
GSCI	58	57	-21	58	26
Gold	24	28	-15	55	14

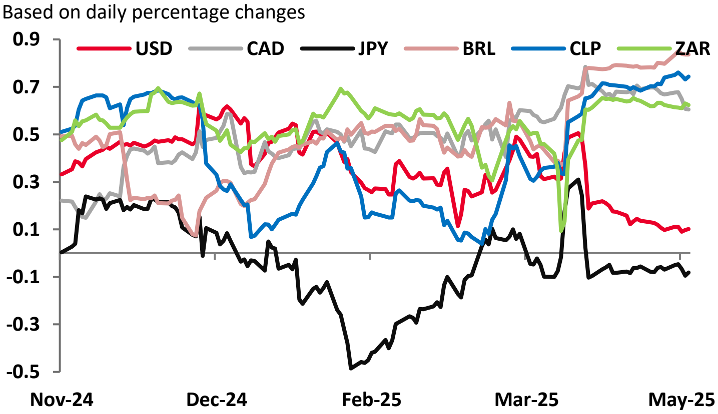
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

USD/MXN – Weekly trading range
MXN cents with last 12 month average



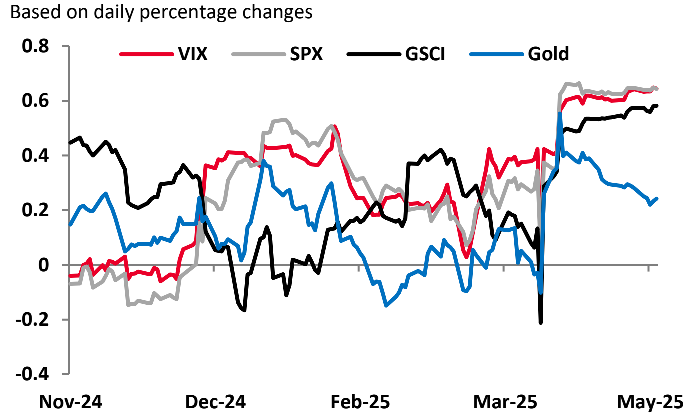
Source: Bloomberg, Banorte

USD/MXN – 1-month correlation with other currencies*
Based on daily percentage changes



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

USD/MXN – 1-month correlation with other assets*
Based on daily percentage changes

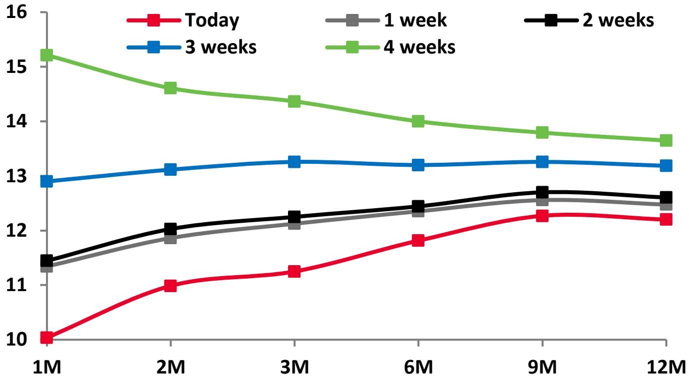


* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

FX technicals (continued)

USD/MXN – ATM options volatility curve

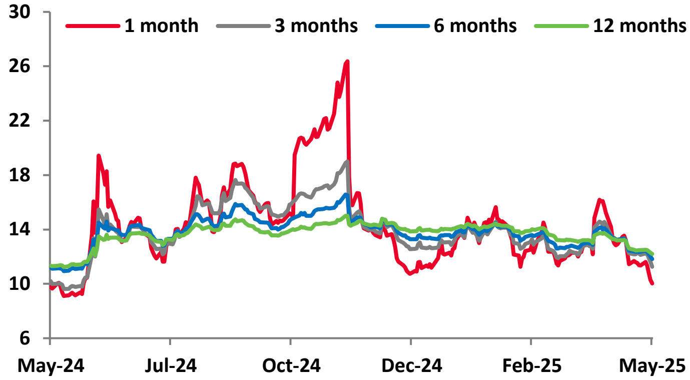
%



Source: Bloomberg, Banorte

USD/MXN – Implied volatility

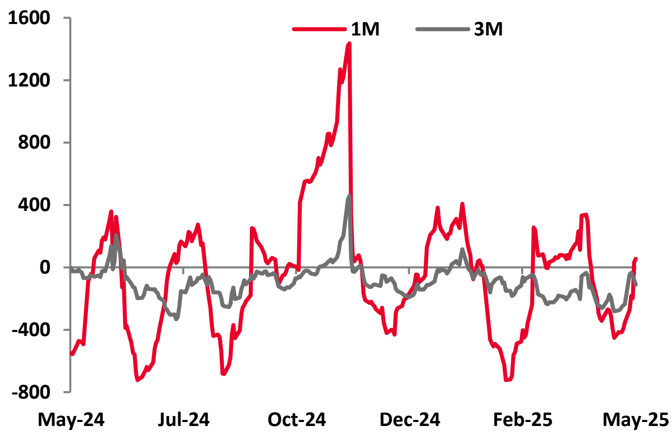
%



Source: Bloomberg, Banorte

USD/MXN – Spread between implicit and historical volatility

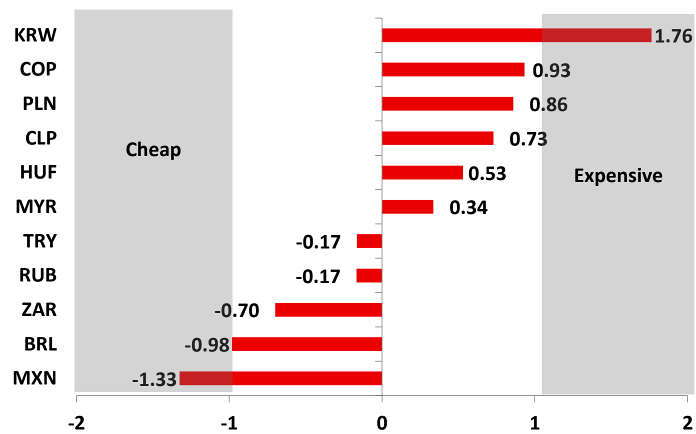
Bps



Source: Bloomberg, Banorte

Emerging markets 1-month ATM options volatility

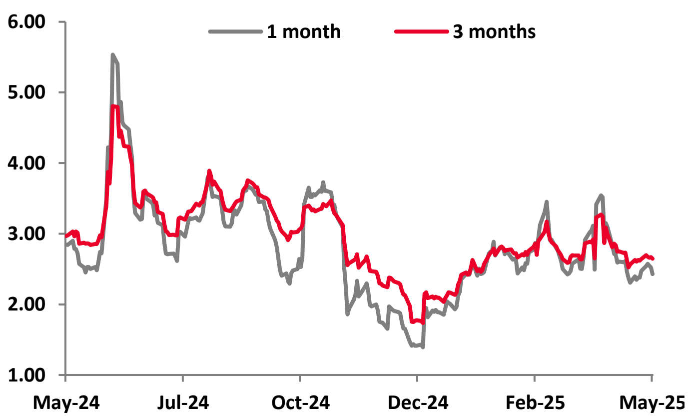
Against USD, in σ relative to last year's average



Source: Bloomberg, Banorte

USD/MXN – 25D risk reversals

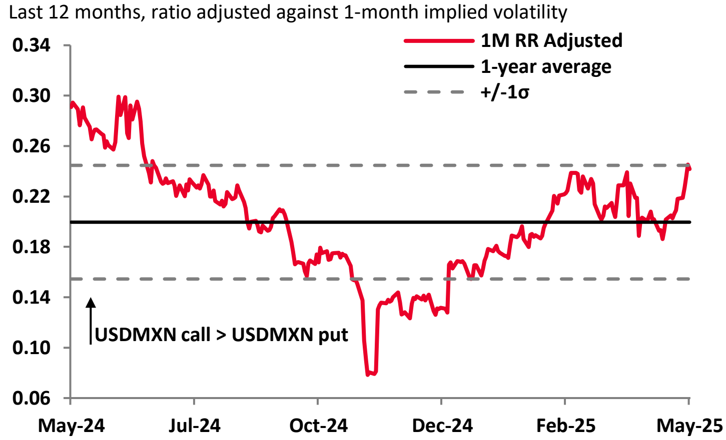
Last 12 months, difference between USD calls and puts, in vols



Source: Bloomberg, Banorte

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

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



Source: Bloomberg, Banorte

Weekly economic calendar

For the week ending May 18th, 2025

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 12	08:00	MX	Industrial production	Mar	% y/y	1.5	1.4	-1.3
	08:00	MX	Industrial production*	Mar	% m/m	-1.4	-1.4	2.5
	08:00	MX	Manufacturing output	Mar	% y/y	2.9	--	-0.3
	10:25	US	Fed's Kugler Speaks in Dublin					
Tue 13	02:00	UK	Unemployment rate*	Mar	%	--	4.5	4.4
	05:00	GER	ZEW Survey (Expectations)	May	index	--	10.0	-14.0
	07:00	BZ	COPOM minutes					
	08:30	US	Consumer prices*	Apr	% m/m	0.3	0.3	-0.1
	08:30	US	Ex. food & energy*	Apr	% m/m	0.3	0.3	0.1
	08:30	US	Consumer prices	Apr	% y/y	2.4	2.4	2.4
	08:30	US	Ex. food & energy	Apr	% y/y	2.8	2.8	2.8
	11:00	MX	International reserves	My 9	US$bn	--	--	239.3
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 10-year Mbono (Nov'34), 3-year Udibono (Aug'29) and 2- and 5-year Bondes F					
Wed 14	02:00	GER	Consumer prices	Apr (F)	% y/y	--	2.1	2.1
	05:15	US	Fed's Waller Speaks on Central Bank Research in Morocco					
	09:10	US	Fed's Jefferson Speaks on Economic Outlook at a virtual event					
	11:00	MX	Banorte's Housing Price Index (INBAPREVI)	Apr				
	17:40	US	Fed's Daly Speaks in Fireside Chat					
Thu 15	02:00	UK	Gross domestic product	1Q25 (P)	% y/y	--	1.2	1.5
	02:00	UK	Gross domestic product*	1Q25 (P)	% q/q	--	0.6	0.1
	02:00	UK	Industrial production*	Mar	% m/m	--	-0.7	1.5
	05:00	EZ	Gross domestic product	1Q25	% y/y	--	1.2	1.2
	05:00	EZ	Gross domestic product*	1Q25	% q/q	--	0.4	0.4
	05:00	EZ	Industrial production*	Mar	% m/m	--	1.8	1.1
	08:00	BZ	Retail sales	Mar	% y/y	--	-0.6	1.5
	08:00	BZ	Retail sales*	Mar	% m/m	--	1.0	0.5
	08:30	US	Producer prices*	Apr	% m/m	--	0.2	-0.4
	08:30	US	Ex. food & energy*	Apr	% m/m	--	0.3	-0.1
	08:30	US	Empire manufacturing*	May	index	-9.0	-8.0	-8.1
	08:30	US	Philadelphia Fed*	May	index	-11.0	-11.0	-26.4
	08:30	US	Advance retail sales*	Apr	% m/m	0.1	0.0	1.5
	08:30	US	Ex autos & gas*	Apr	% m/m	--	0.3	0.9
	08:30	US	Control group*	Apr	% m/m	0.2	0.3	0.4
	08:30	US	Initial jobless claims*	May 10	thousands	231	230	228
	08:40	US	Fed's Powell Speaks on Framework Review at the Thomas Laubach Research Conference					
	09:15	US	Industrial production*	Apr	% m/m	0.2	0.2	-0.3
	09:15	US	Manufacturing production*	Apr	% m/m	0.0	-0.3	0.3
	14:05	US	Fed's Barr Gives Opening Remarks at the 2025 Northeast/Mid-Atlantic Small Business Credit Symposium					
	15:00	MX	Monetary policy decision (Banxico)	May 15	%	8.50	8.50	9.00
	19:50	JN	Gross domestic product*	1Q25 (P)	% q/q	--	-0.1	0.6
Fri 16	--	US	Fed's Barkin Gives Commencement Speech					
	05:00	EZ	Trade balance*	Mar	EURbn	--	--	21.0
	08:30	US	Housing starts**	Apr	thousands	--	1,367	1,324
	08:30	US	Building permits**	Apr	thousands	--	1,450	1,467
	10:00	US	U. of Michigan Confidence*	May (P)	index	51.0	53.3	52.2
	21:40	US	Fed's Daly Gives Commencement Address at Vance-Granville Community College in Henderson, North Carolina					
Sun 18	17:20	US	Fed's Williams Gives Commencement Address					
	22:00	CHI	Industrial production	Apr	% y/y	--	5.8	7.7
	22:00	CHI	Retail sales	Apr	% y/y	--	6.0	5.9
	22:00	CHI	Gross fixed investment (YTD)	Apr	% y/y	--	4.3	4.2

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

1. Carry + roll-down gains of 17bps
2. Closed below target and before the proposed horizon date due to changes in market conditions that have differed from our expectations.
P = Profit, L = Loss

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

* Total return does not consider carry gain/losses
** Low strike (long call) at 13.00, high strike (short call) at 13.30 for a premium of 0.718% of notional amount
P = Profit, L = Loss

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Ana Laura Zaragoza Félix, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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Guide for investment recommendations.

	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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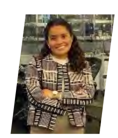

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