

# **Fixed-Income & FX Strategy**

**W e e k l y**

## Fixed-Income and FX Weekly

- We remain neutral on rates, though we see value in 2- and 3-year Mbonos.** Market sentiment improved following the announcement of a temporary 90-day suspension of tariffs between China and the US, a move that paves the way for negotiations toward a broader trade agreement. However, caution prevails as the tariff impact continues to pose upside risks, even if recent US inflation prints have yet to reflect them. Against this backdrop, markets have consolidated the view that the Fed will cut rates at least twice this year. Current pricing factors a -25bps cut in September and another of the same magnitude in December, in line with our expectations. The UST curve ended the week under moderate pressure, rising by an average of 10bps after choppy intraday moves ranging from +13bps to -10bps. Local bonds outperformed with a more defensive tone. Banxico's dovish bias triggered a rally in Mbonos, with yields falling as much as 16bps on the front-end following the decision. While [Banxico cut rates by 50bps to 8.50%](#), as widely expected, it left the door open for further cuts of similar size going forward. As such, we anticipate another 50bps cut at the June 26<sup>th</sup> meeting and reiterate our year-end estimate of a reference at 7.75%. Markets, however, are pricing in a more aggressive easing cycle, with a year-end implied rate of 7.29%, fully discounting the June move. This has left the front-end screening expensive. Nonetheless, we see value in 2- and 3-year Mbonos as we forecast a lower terminal rate of 7.00% by end-2026, vis-à-vis the market's 7.31%. Additionally, Mbonos Nov'42 screens overvalued based on our duration-adjusted yield analysis. That said, we refrain from directional positioning given elevated uncertainty and tight spreads across the curve relative to USTs. Notably, the 2-year spread has compressed to 423bps, levels last seen in early 2021. For now, we remain on the sidelines, waiting for better entry points to initiate relative value strategies that benefit from a steeper curve. In this context, 2s30s in Mbonos continues to widen, now at 180bps from 100bps at the start of the year, reaching highs not seen in over three years. Going forward, the tone embedded in Banxico's minutes, due May 29<sup>th</sup> will be key
- MXN consolidates around the 19.50 psychological level per dollar.** The peso traded within a narrow 36-cent range for the second consecutive week, reaching its best intraday level in the last seven months of 19.30 on Wednesday. This comes amid continued compression in realized volatility, which is exerting downward pressure on implied vols. The entire peso options volatility curve has shifted lower, maintaining a positive slope, with all tenors now trading near their lowest levels since June of last year. We maintain a cautious stance on MXN, favoring tactical USD purchases only. Despite a global macro backdrop that still points to structural downside for the USD over the medium term, the setup is increasingly challenging for the peso, given (1) Stretched valuations; (2) heightened global uncertainty; and (3) potential spot vulnerability from carry erosion as Banxico continues to ease
- Weekly ranges.** We expect the 10-year Mbono (Nov'34) to trade between 9.30% and 9.55%, and MXN between 19.35 and 19.65 per dollar



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# Fixed-Income Dynamics

## Fixed-income securities performance

Security	YTM (%)	Weekly change (bps)	Δ last 4 weeks (bps)	YTD (bps)	12m Max (%)	12m Min (%)	12m Average (%)
<b>Overnight TIIE funding rate</b>							
1-day	9.00	-1	0	-120	11.09	8.98	10.26
28-days <sup>1</sup>	9.05	0	-14	-122	11.06	9.03	10.37
91-days <sup>1</sup>	9.12	0	-14	-124	11.17	9.10	10.47
182-days <sup>1</sup>	9.23	0	-15	-127	11.33	9.21	10.60
<b>Cetes<sup>2</sup></b>							
28-days	8.38	-2	-59	-163	11.09	8.30	10.08
91-days	8.31	-14	-34	-169	11.18	8.25	10.10
182-days	8.23	-6	-24	-172	11.29	8.21	10.07
364-days	8.33	-5	-20	-174	11.42	8.32	10.07
<b>Mbonos</b>							
Mar'26	8.19	-2	-11	-162	11.03	8.16	9.69
Sep'26	8.14	10	-2	-164	11.03	8.04	9.59
Mar'27	8.23	3	4	-155	10.74	8.17	9.44
Jun'27	8.28	8	3	-154	10.68	8.18	9.45
Mar'28 <sup>3</sup>	8.52	1	3	-141	9.99	8.42	9.17
Mar'29	8.73	6	1	-124	10.55	8.52	9.57
May'29	8.77	7	4	-121	10.47	8.52	9.55
Feb'30 <sup>4</sup>	8.88	8	0	-81	9.69	8.59	9.13
May'31	9.00	3	-1	-105	10.42	8.66	9.59
May'33	9.30	3	-3	-93	10.40	8.90	9.71
Nov'34	9.42	2	-5	-100	10.45	9.01	9.76
Nov'36	9.43	2	-10	-98	10.45	9.03	9.77
Nov'38	9.76	4	-8	-79	10.60	9.26	9.93
Nov'42	9.97	-1	-13	-73	10.76	9.44	10.11
Nov'47	10.02	1	-13	-73	10.79	9.43	10.12
Jul'53	10.02	0	-13	-77	10.81	9.44	10.13
<b>TIIE-F IRS<sup>5</sup></b>							
3-month (3x1)	8.29	-8	-32	-165	10.62	8.29	9.61
6-month (6x1)	8.02	-8	-25	-170	10.40	8.02	9.33
9-month (9x1)	7.85	-7	-18	-174	10.17	7.85	9.13
1-year (13x1)	7.71	-4	-10	-171	9.95	7.70	8.93
2-year (26x1)	7.59	0	2	-156	9.66	7.49	8.60
3-year (39x1)	7.66	6	8	-146	9.52	7.50	8.52
4-year (52x1)	7.75	8	9	-140	9.46	7.58	8.53
5-year (65x1)	7.85	9	8	-134	9.43	7.67	8.55
7-year (91x1)	8.04	9	4	-122	9.42	7.87	8.64
10-year (130x1)	8.29	9	1	-109	9.46	8.09	8.77
20-year (3x1)	8.53	8	1	-96	9.59	8.28	8.93
30-year (390x1)	8.45	9	4	-102	9.50	8.19	8.86
<b>Udibonos</b>							
Dec'25	5.11	-44	-89	-106	7.39	5.11	6.32
Dec'26	4.77	-14	-56	-133	7.08	4.77	5.95
Nov'28	4.87	5	-21	-60	5.96	4.69	5.25
Aug'29 <sup>6</sup>	5.05	4	-11	4	5.17	4.77	5.04
Nov'31	5.11	15	-7	-38	5.80	4.70	5.19
Aug'34	5.05	14	-6	-44	5.76	4.70	5.24
Nov'35	5.06	14	-10	-42	5.62	4.71	5.19
Nov'40	5.03	10	-12	-48	5.72	4.75	5.20
Nov'43	5.08	8	-11	-43	5.73	4.81	5.23
Nov'46	5.00	9	-14	-51	5.70	4.75	5.18
Nov'50	5.00	9	-15	-51	5.71	4.76	5.18
Oct'54	4.95	8	-13	-62	5.71	4.70	5.17

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

## 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	4.68	+8	-47	4.00	+11	-24	68	-3	74	63
3Y	Feb'28	4.76	-1	-92	3.98	+10	-29	78	-11	93	79
5Y	May'30	5.35	-2	-53	4.09	+9	-29	126	-11	134	121
7Y	Apr'32	5.95	+5	-38	4.28	+10	-20	167	-5	152	158
10Y	Feb'35	6.40	-5	-24	4.48	+10	-9	193	-15	183	198
20Y	Jan'45	6.79	-8	+4	4.97	+10	+11	183	-19	194	--
30Y	May'55	7.42	-10	+19	4.94	+11	+16	247	-21	239	--

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 5-year Mbono (Feb'30), the 30-year Udibono (Oct'54), as well as 1- and 3-year Bonos F
- **Banxico's dovish tone remains, pointing to a -50bps in June.** As widely expected, [Banxico cut the benchmark rate by 50bps to 8.50%](#). In addition, it indicated that it could adjust by the same magnitude going forward. In this regard, we expect a rate cut of 50bps in June and reiterate our forecast for a year-end rate of 7.75%. The appetite for Cetes remains high, especially for the 1-, 3-, and 6-month terms, despite real rates have decreased to ~4.40% from 6.00% at the beginning of the year. Mutual funds, which are the main holders of Cetes, have increased their holdings by 2.2% in the last four weeks and 27.5% YTD. Meanwhile, Foreign investors have maintained a more stable holding with a 3.0% increase YTD, while Pension funds have reduced theirs by 18.6%. Holdings of main investors are 21.2%, 10.4%, and 15.6%, in the same order. For the 5-year benchmark on the Mbonos' curve, we anticipate moderate appetite considering its performance could be limited by a relatively fair valuation and a tight spread vs UST. In their last issuance, demand was 2.2x, close to the 2-year average. Regarding real rates, appetite for the longest-term Udibono (Oct'54) could be limited around 1.8x as in its previous auction given an unattractive valuation

### Auction specifics (May 20<sup>th</sup>, 2025)

Security	Maturity	Coupon rate, %	To be auctioned <sup>1</sup>	Previous yield <sup>2</sup>
<b>Cetes</b>				
1m	Jun-19-25	--	7,000	8.40
3m	Aug-21-25	--	7,000	8.35
6m	Nov-13-25	--	10,000	8.25
24m	May-13-27	--	17,000	8.60
<b>Bonos F</b>				
1Y	Mar-26-26	--	8,100	0.08
3Y	Apr-20-28	--	4,800	0.17
<b>Bono M</b>				
5Y	Feb-28-30	8.50	16,500	8.90
<b>Udibono</b>				
30Y	Oct-29-54	4.00	UDIS 1,050	5.07

Source: Banxico, Banorte

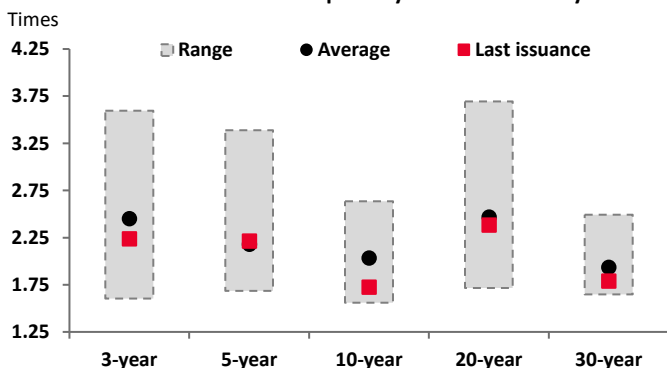
1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.  
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

### 2Q25 Government Securities Auction Calendar\*

Date	Cetes	Bonos M	Udibonos	Bonos 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)	2 and 5Y
20-May	1, 3, 6, and 24M	5Y (Feb'30)	30Y (Oct'54)	1 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)	2 and 5Y
17-Jun	1, 3, 6, and 24M	5Y (Feb'30)	30Y (Oct'54)	1 and 3Y
24-Jun	1, 3, 6, and 12M	10Y (Nov'34)	10Y (Aug'34)	2, 5 and 10Y

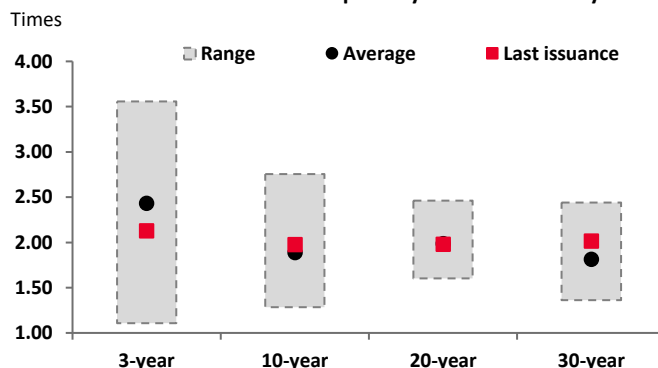
Source: SHCP \*Ministry of Finance \*In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance  
For more information, refer to [2Q25 Auction Calendar](#)

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



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

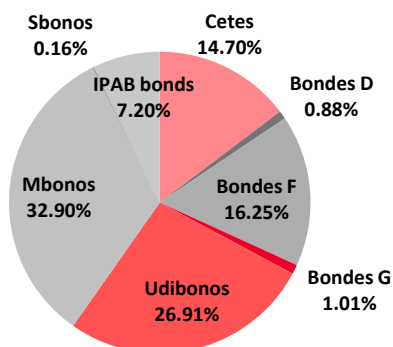
US\$ billion, \*UDIS billion, data as of May/6/2025

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	110.82	11.55	17.25	23.50	5.27	13.21	3.22	0.56	-	36.28
Bondes D	6.66	-	0.38	3.40	0.19	1.29	-	-	-	1.39
Bondes F	122.50	0.05	3.62	74.09	3.00	11.24	2.30	0.00	-	28.20
Bondes G	7.60	0.00	0.07	2.59	0.54	1.04	1.21	-	-	2.15
Udibonos	202.94	7.17	111.75	9.21	35.13	3.99	1.89	0.03	-	33.77
Mbonos	248.07	72.92	63.22	11.37	9.45	28.75	13.11	0.58	0.76	47.92
Sbonos	1.17	0.52	0.32	0.01	0.06	0.03	-	-	-	0.23
<b>Total</b>	<b>699.76</b>	<b>92.21</b>	<b>196.61</b>	<b>124.17</b>	<b>53.63</b>	<b>59.56</b>	<b>21.72</b>	<b>1.17</b>	<b>0.76</b>	<b>149.94</b>
Udibonos*	472.10	16.68	259.97	21.43	81.73	9.28	4.39	0.07	-	78.55
IPAB bonds	54.32	0.02	0.80	17.38	0.42	7.78	4.79	2.02	-	21.12

Source: Banxico, Banorte

## Government issuance by type of instrument

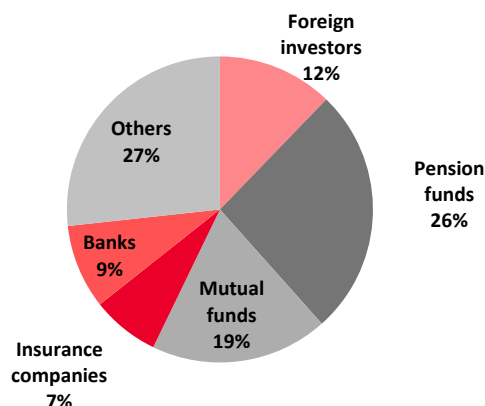
Total amount of US\$ 754 billion (including IPAB bonds), % of total



Source: Banxico, Banorte

## Government issuance by type of investor

Total amount of US\$ 754 billion (including IPAB bonds), % of total

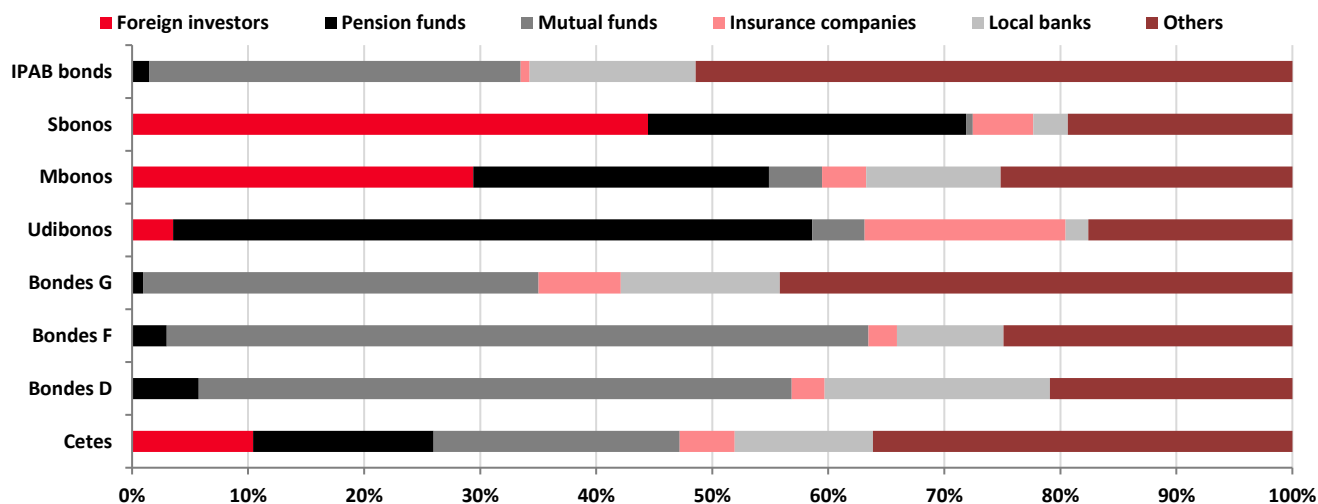


Source: Banxico, Banorte

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\$ 754 billion (including IPAB bonds), % of total



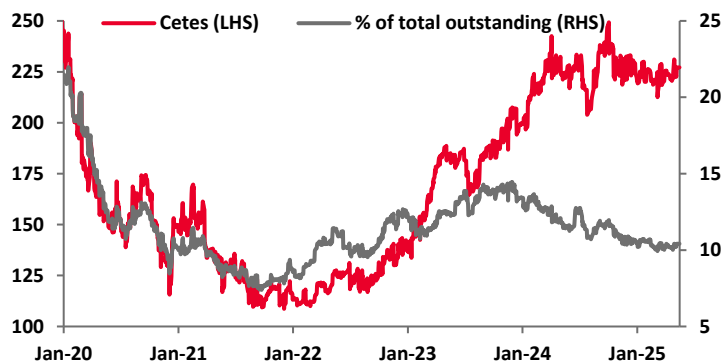
Source: Banxico, Banorte

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

## Fixed-Income Demand (continued)

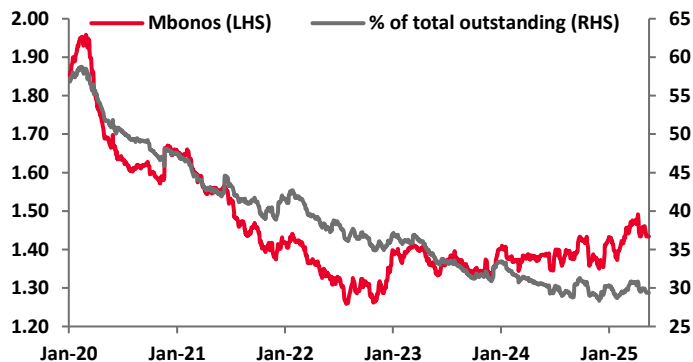
### Cetes held by foreigners

MXN billion, %



### Mbonos held by foreigners

MXN trillion, %



### Holdings of main investors by type of security

Data as of May/6/2025

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	4.00	3.00	0.85	-18.59	2.18	27.53
Bondes F	73.53	103.17	-4.10	-39.92	2.63	8.22
Udibonos	-5.46	-16.11	1.18	4.85	8.58	24.20
Mbonos	-3.83	0.13	2.04	7.20	17.38	18.69

Source: Banxico, Banorte

### Mbonos holdings by type of investor

US\$ billions and %, data as Apr/30/2025

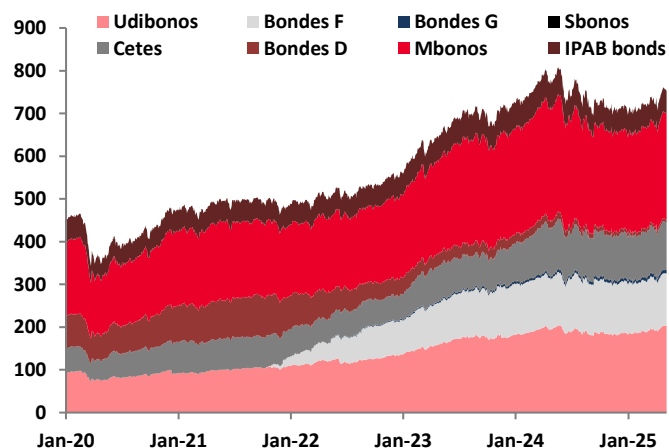
Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Mar'26	16.5	20%	16%	10%	53%
Sep'26	12.3	12%	27%	15%	45%
Mar'27	17.3	32%	17%	9%	42%
Jun'27	18.2	30%	23%	13%	34%
Mar'28	8.4	23%	16%	20%	41%
Mar'29	20.0	15%	33%	26%	26%
May'29	19.2	8%	36%	25%	30%
Feb'30	8.3	3%	28%	37%	32%
May'31	20.6	3%	41%	31%	25%
May'33	16.1	6%	35%	29%	30%
Nov'34	18.4	2%	46%	34%	18%
Nov'36	5.0	3%	15%	54%	28%
Nov'38	10.9	2%	31%	49%	18%
Nov'42	20.9	3%	32%	47%	19%
Nov'47	13.4	1%	32%	47%	20%
Jul'53	19.4	0%	35%	49%	16%
Total	244.8	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

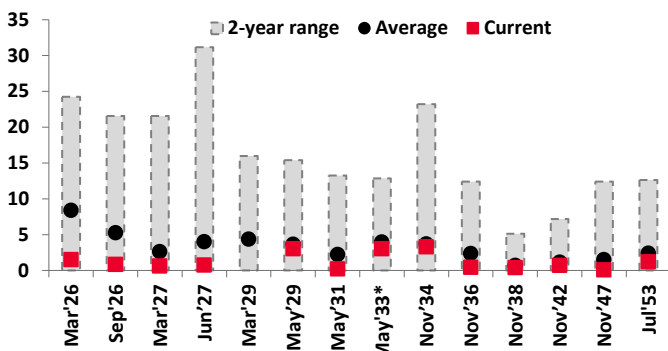




## Fixed-Income Demand – Primary dealers

Market makers' short positions on Mbonos

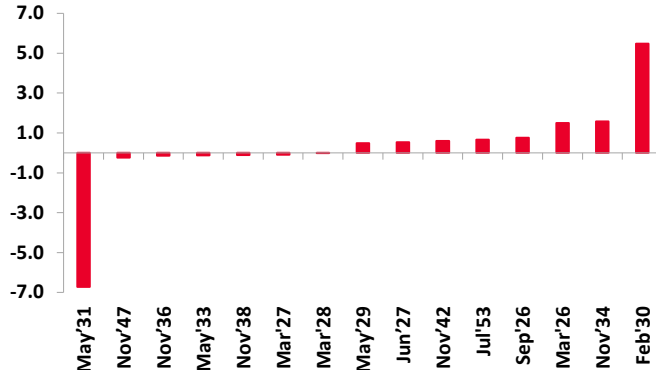
MXN billion



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

Weekly change in market makers' short positions on Mbonos

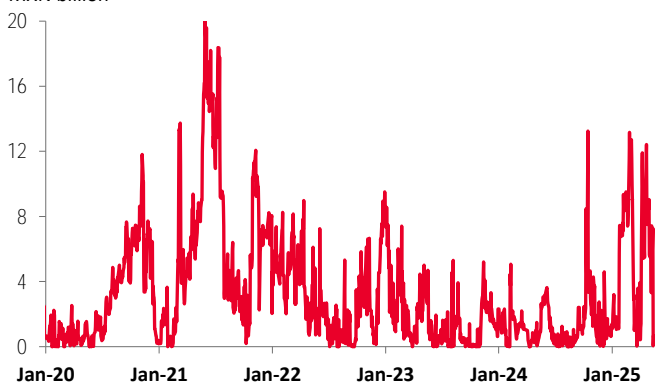
MXN billion



Source: Banxico, Banorte

Market makers' short positions on Mbono May'31

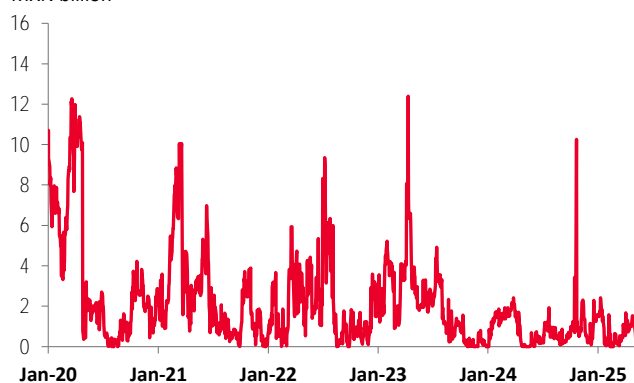
MXN billion



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/15/2025	May/15/2025	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Mar'26	15,674	77	0	0	219	981	0
Sep'26	10,907	42	4	107	401	398	0
Mar'27	16,406	31	36	62	9	274	0
Jun'27	17,707	38	11	78	110	1,421	10
Mar'28*	10,041	0	0	53	--	349	0
Mar'29	19,631	0	4	2	477	540	0
May'29	20,356	155	130	0	83	596	0
May'31	23,084	12	356	281	130	675	0
May'33	16,145	154	160	25	22	501	0
Nov'34	21,796	168	87	114	783	1,113	0
Nov'36	5,141	22	30	77	235	489	0
Nov'38	11,273	19	24	24	53	201	0
Nov'42	21,207	35	4	7	66	283	0
Nov'47	13,435	5	17	48	2	124	0
Jul'53	19,587	61	27	207	130	409	0
<b>Total</b>	<b>242,392</b>	<b>758</b>	<b>863</b>	<b>877</b>	<b>2,591</b>		

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



# Fixed-Income Technicals

## Spread between Cetes and Implied Forward Rates

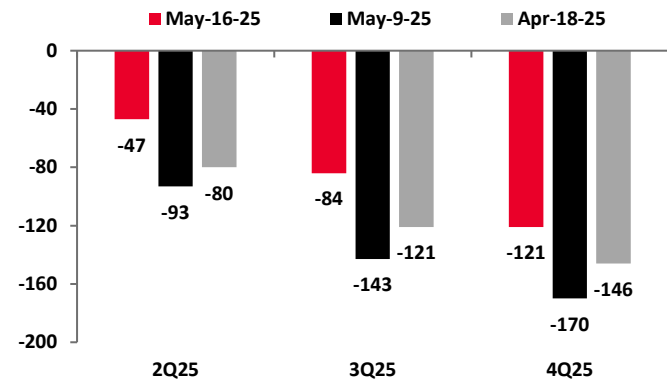
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	14	13	24	57	154	1
3 months	-25	-26	-25	-5	52	-46
6 months	-24	-31	-34	-9	30	-45
12 months	-1	1	5	14	47	-12

Source: PIP, Bloomberg, Banorte

## Cumulative implied moves in Banxico's repo rate

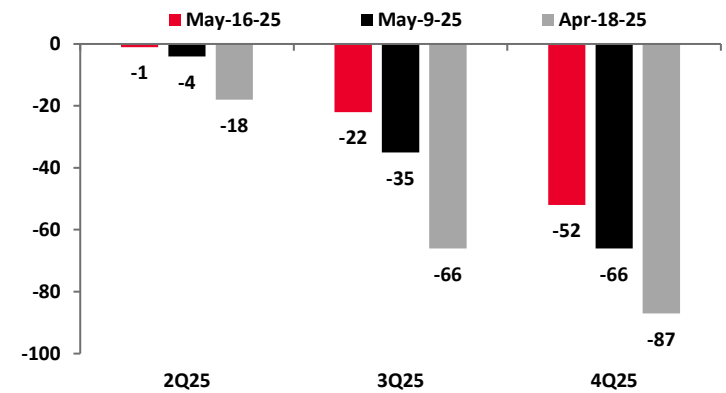
Basis points



Source: Bloomberg, Banorte

## Cumulative implied moves in Fed funds

Basis points



Source: Bloomberg, Banorte

## Spreads between Mbonos and UST

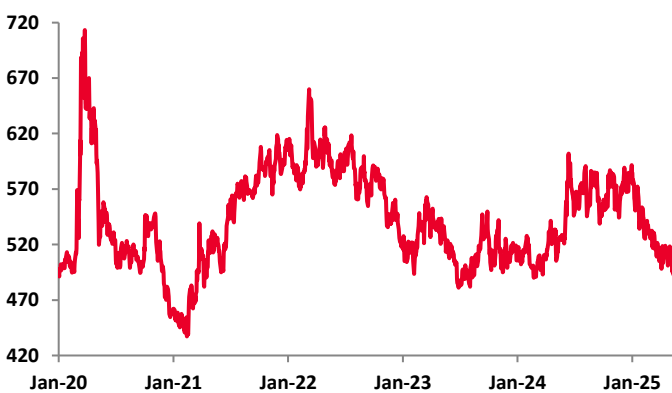
Basis points

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	423	-8	-16	-130	644	424	550
5 year	479	-2	-15	-80	623	473	552
10 year	494	-8	-20	-91	602	492	551
20 year	500	-12	-26	-84	593	501	552
30 year	508	-11	-28	-93	605	507	562

Source: Bloomberg, Banorte

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

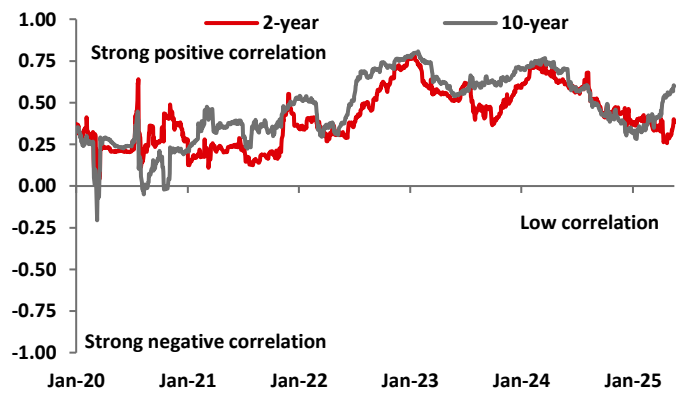
Basis points



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
<b>Mbonos*</b>							
2/5	66	5	-5	46	79	-79	-7
2/10	119	-1	-10	55	136	-94	9
2/30	180	-3	-18	78	207	-86	46
5/10	53	-6	-5	9	61	-28	16
10/30	61	-2	-8	23	71	5	37
<b>TIIE-F*</b>							
3m/2Y	-70	8	34	9	-63	-191	-100
2/5	26	9	6	22	26	-51	-6
2/10	70	8	-1	47	75	-46	17
2/30	86	9	2	54	90	-41	26
5/10	44	0	-6	25	51	2	23
10/30	16	0	2	7	20	-4	9
<b>TIIE-F – Mbonos*</b>							
2 year	-64	-2	-3	-28	-26	-107	-65
5 year	-104	1	8	-40	-60	-125	-91
10 year	-113	7	6	-46	-64	-130	-95
20 year	-144	10	14	-58	-78	-165	-121
30 year	-157	9	17	-66	-83	-180	-131
<b>TIIE-F – SOFR*</b>							
2 year	380	-11	-23	-127	573	380	475
5 year	411	-1	-10	-104	559	405	480
10 year	434	-1	-14	-97	559	427	495
20 year	435	-3	-16	-103	567	430	503
30 year	437	-1	-13	-117	580	431	510

Source: Bloomberg, Banorte

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

### Breakeven inflation using Mbonos & Udibonos

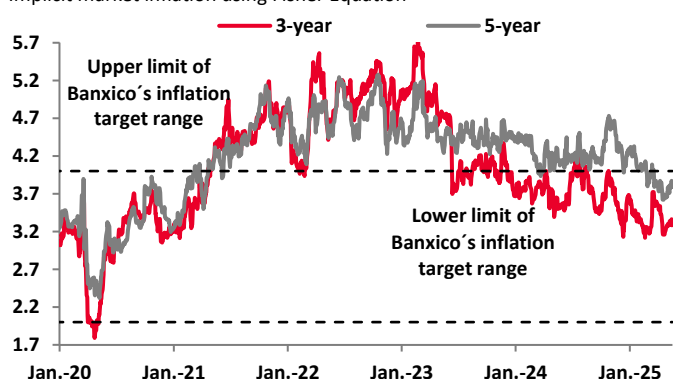
%, Implicit market inflation using Fisher Equation

Date	05/16/2025	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.30	3.34 (-4bps)	3.16 (+14bps)	3.51 (-21bps)	4.21	3.12	3.58
5Y	3.82	3.8 (+2bps)	3.62 (+20bps)	4.14 (-32bps)	4.73	3.62	4.14
10Y	4.16	4.27 (-11bps)	4.15 (+1bp)	4.32 (-16bps)	4.75	3.92	4.32
20Y	4.65	4.74 (-9bps)	4.66 (-1bp)	4.52 (+13bps)	5.01	4.25	4.63
30Y	4.83	4.91 (-8bps)	4.82 (+1bp)	4.51 (+32bps)	5.01	4.37	4.72

Source: Bloomberg, Banorte

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

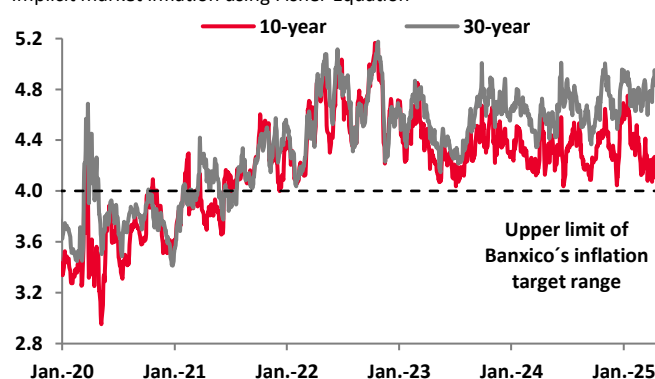
Implicit market inflation using Fisher Equation



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

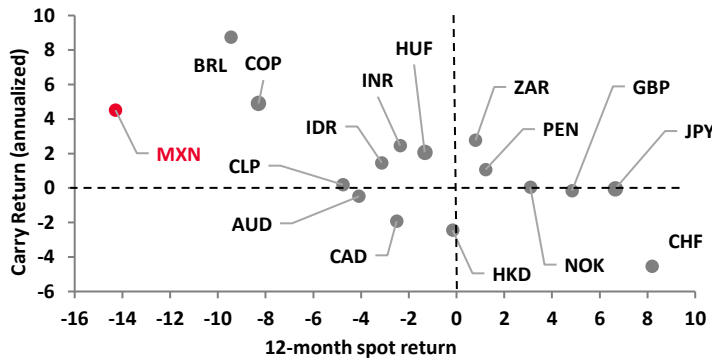
		Current	Daily change (%) <sup>1</sup>	Weekly change (%) <sup>1</sup>	Monthly change (%) <sup>1</sup>	YTD (%) <sup>1</sup>
<b>Emerging Markets</b>						
Brazil	USD/BRL	5.67	0.3	-0.2	3.6	9.0
Chile	USD/CLP	942.78	-0.4	-0.6	2.8	5.5
Colombia	USD/COP	4,176.25	0.6	1.2	3.1	5.5
Peru	USD/PEN	3.69	0.0	-0.9	1.1	1.4
Hungary	USD/HUF	360.82	-0.3	-0.4	-0.9	10.2
Malaysia	USD/MYR	4.29	-0.3	0.2	2.7	4.2
<b>Mexico</b>	<b>USD/MXN</b>	<b>19.47</b>	<b>0.1</b>	<b>-0.1</b>	<b>2.3</b>	<b>7.0</b>
Poland	USD/PLN	3.82	-0.7	-1.6	-1.8	8.0
South Africa	USD/ZAR	18.04	-0.1	0.9	4.5	4.4
<b>Developed Markets</b>						
Canada	USD/CAD	1.40	-0.1	-0.2	-0.8	3.0
Great Britain	GBP/USD	1.33	-0.2	-0.2	0.3	6.1
Japan	USD/JPY	145.70	0.0	-0.2	-2.6	7.9
Eurozone	EUR/USD	1.1163	-0.2	-0.8	-2.1	7.8
Norway	USD/NOK	10.38	0.3	0.0	1.7	9.7
Denmark	USD/DKK	6.68	-0.2	-0.8	-2.0	7.8
Switzerland	USD/CHF	0.84	-0.2	-0.8	-2.9	8.3
New Zealand	NZD/USD	0.59	0.1	-0.5	-0.9	5.1
Sweden	USD/SEK	9.78	-0.5	-0.6	-0.2	13.2
Australia	AUD/USD	0.64	0.0	-0.1	0.5	3.5

Source: Bloomberg, Banorte

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

## Performance of selected currencies

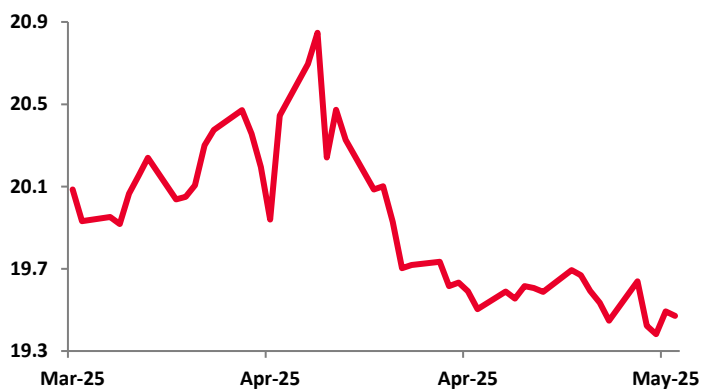
%, annualized rate based in 3M forwards



Source: Bloomberg, Banorte

## USD/MXN

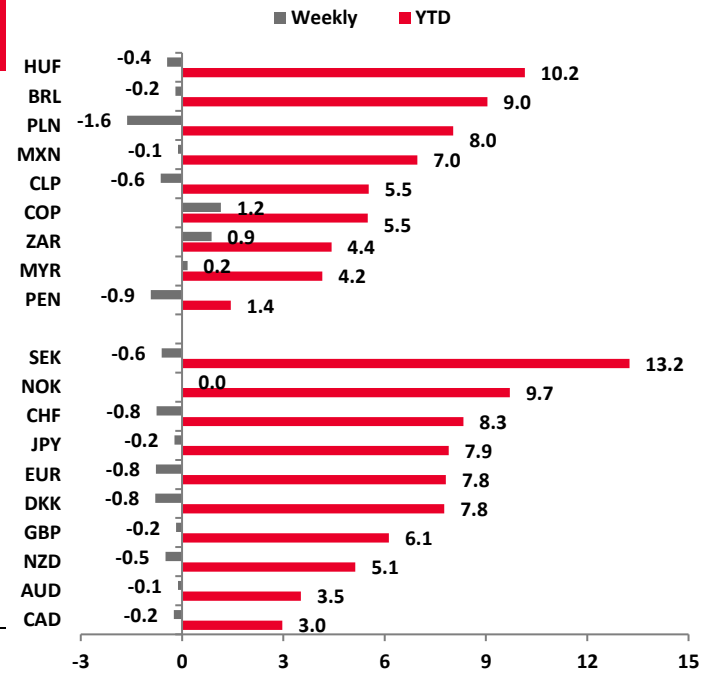
Last 60 days



Source: Bloomberg, Banorte

## FX performance

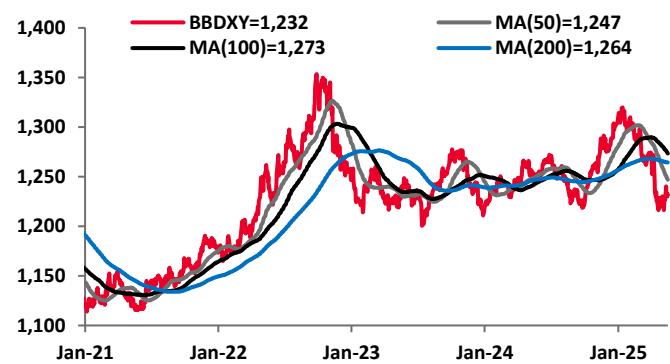
Against USD, %



Source: Bloomberg, Banorte

## BBDXY

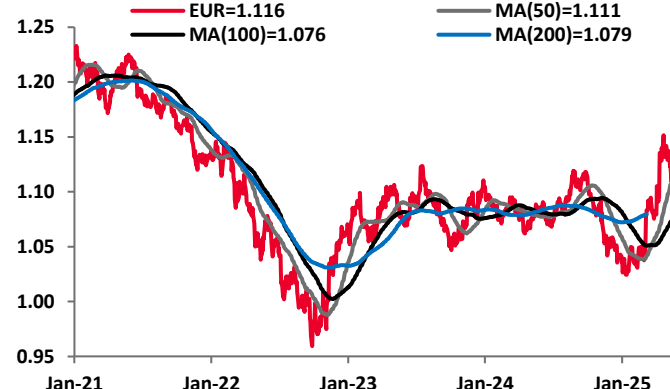
Points



Source: Bloomberg, Banorte

## Euro

Dollar per euro

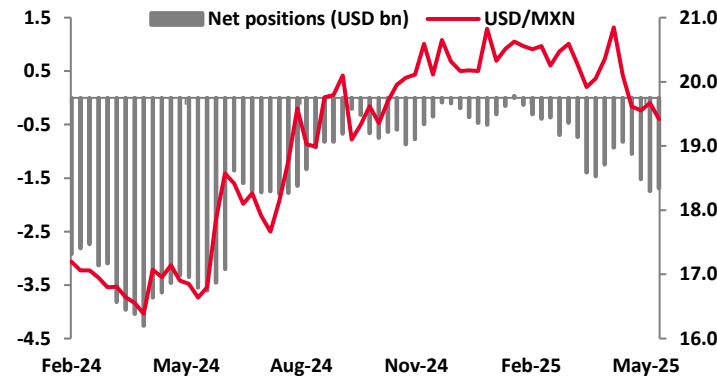


Source: Bloomberg, Banorte

# FX positioning and flows

## IMM positioning in USD/MXN futures

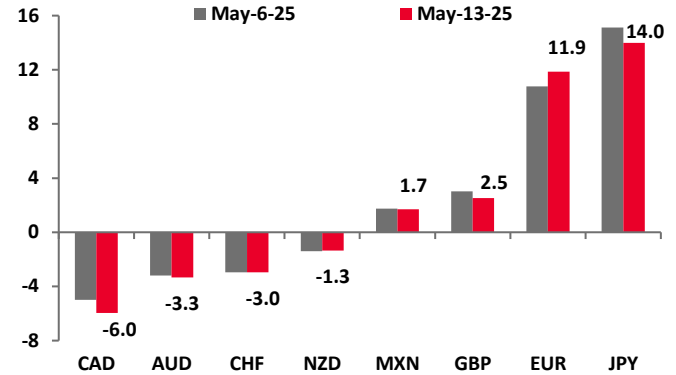
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

## IMM positioning by currency\*

Billion dollars

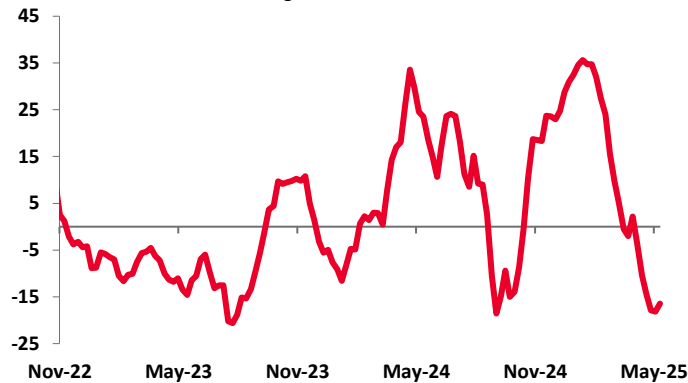


\* Positive: Net long in the corresponding currency

Source: CME, Banorte

## IMM positioning in USD futures\*

Billion dollars, Positive = net long in USD

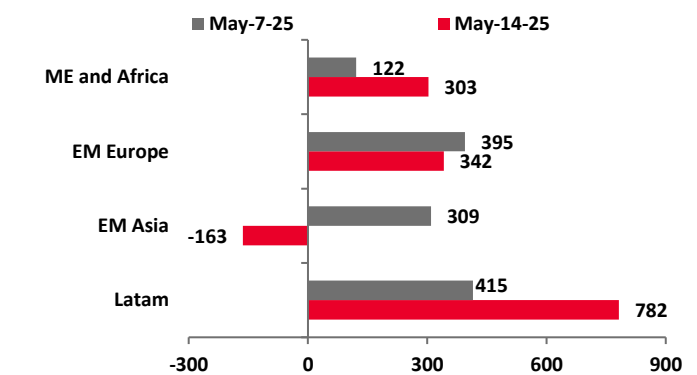


\*Respect to EUR, AUD, GBP, NZD, MXN, CAD, JPY, and CHF

Source: CME, Banorte

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

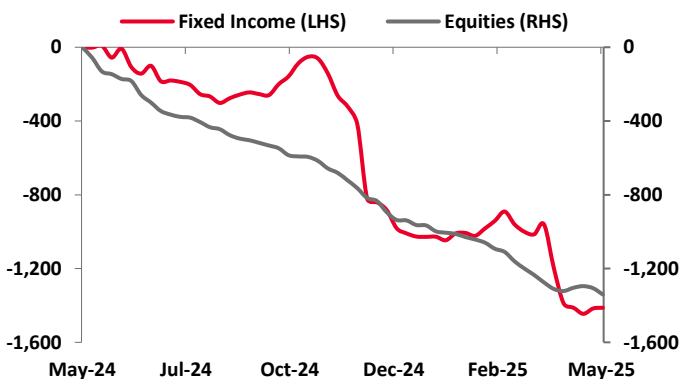
Billion dollars



Source: EPFR Global, Banorte

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

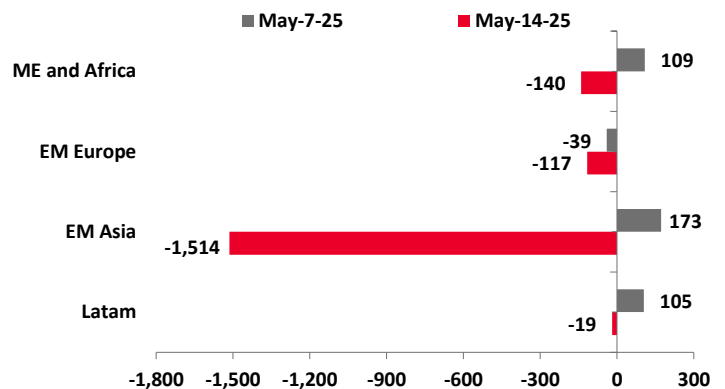
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

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

Weekly, million dollars



Source: EPFR Global, Banorte

## FX technicals

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

Last 12 months



Source: Bloomberg, Banorte

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

Based on daily percentage changes

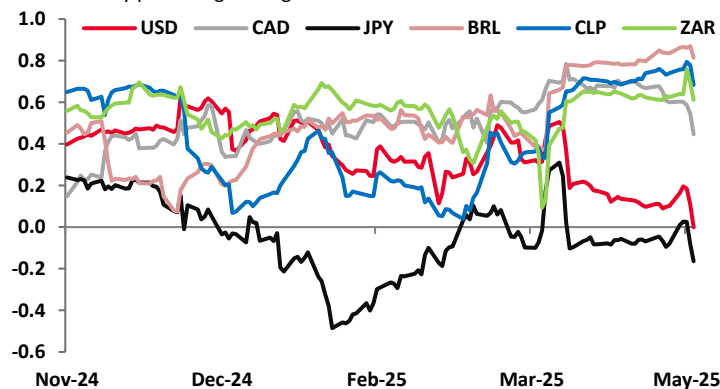
	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	0	16	0	62	36
CAD	45	60	15	78	51
JPY	-16	1	-49	31	-4
BRL	81	86	7	87	50
CLP	68	76	4	79	42
ZAR	61	64	9	76	56
VIX	65	65	-6	76	33
SPX	61	64	-15	70	31
GSCI	69	58	-21	78	27
Gold	20	24	-15	55	15

\* 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

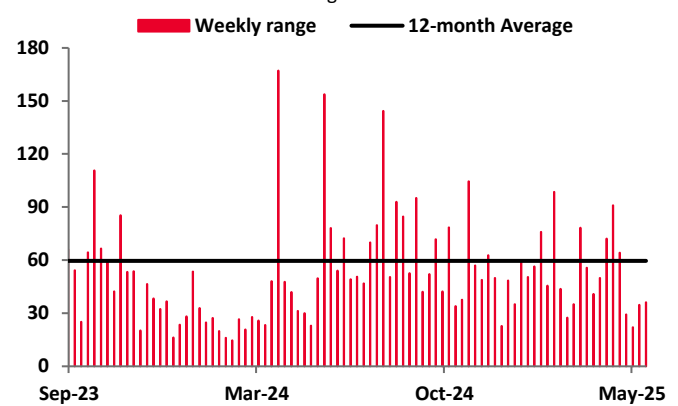


\* Positive: appreciation of MXN and corresponding currency

Source: Bloomberg, Banorte

### USD/MXN – Weekly trading range

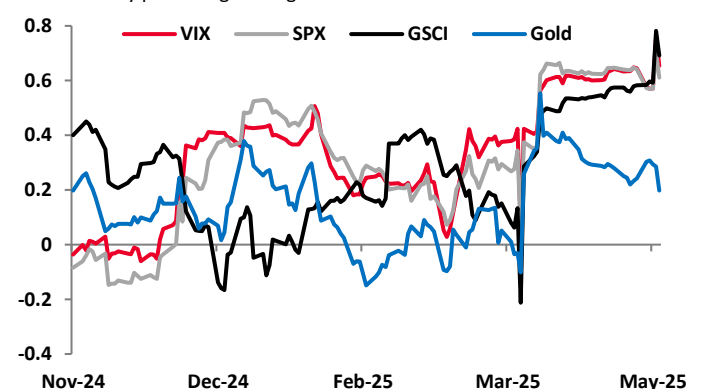
MXN cents with last 12 month average



Source: Bloomberg, Banorte

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

Based on daily percentage changes

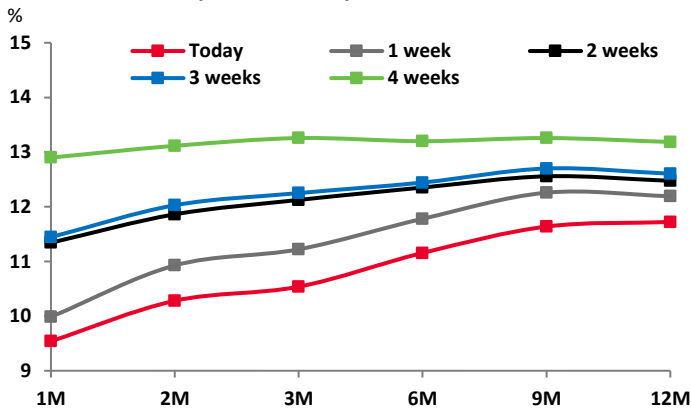


\* Positive: appreciation of MXN and corresponding asset except VIX

Source: Bloomberg, Banorte

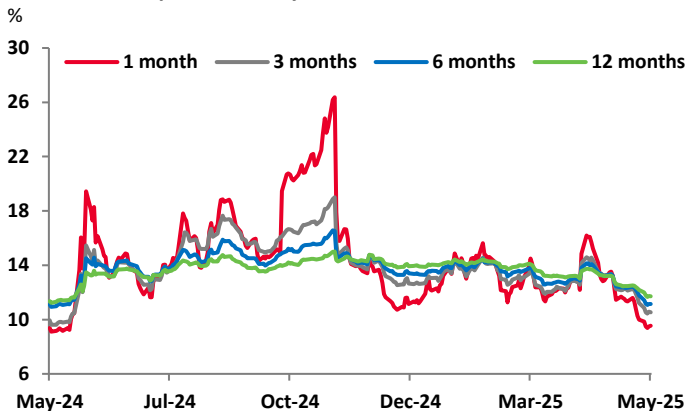
## FX technicals (continued)

USD/MXN – ATM options volatility curve



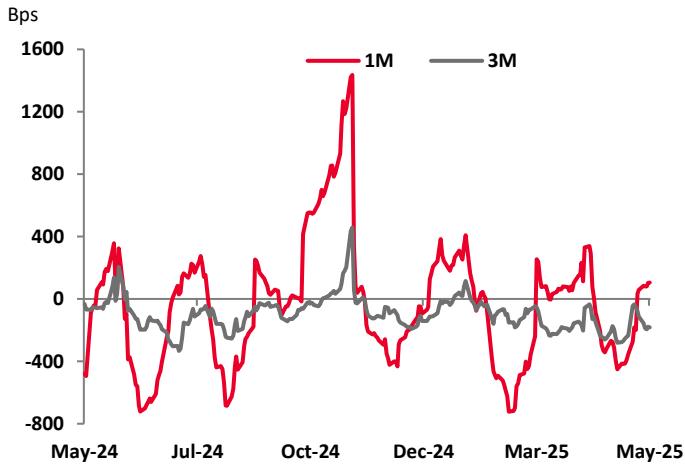
Source: Bloomberg, Banorte

USD/MXN – Implied volatility



Source: Bloomberg, Banorte

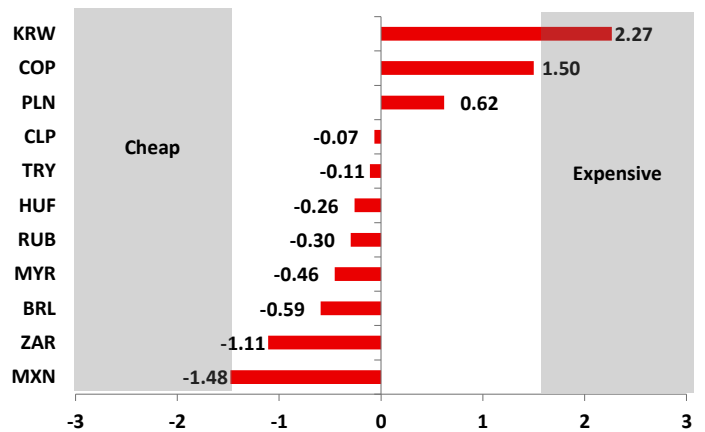
USD/MXN – Spread between implicit and historical volatility



Source: Bloomberg, Banorte

Emerging markets 1-month ATM options volatility

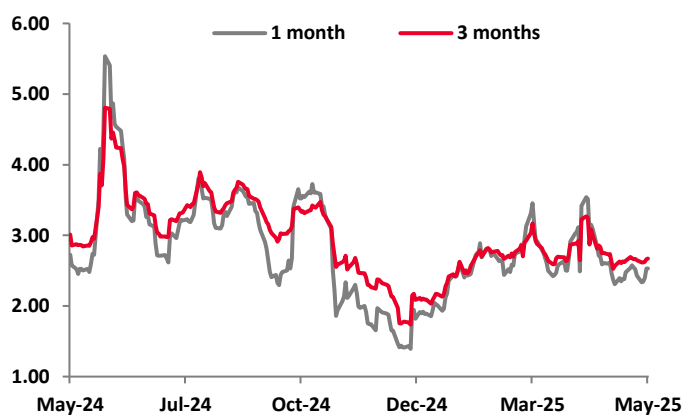
Against USD, in  $\sigma$  relative to last year's average



Source: Bloomberg, Banorte

USD/MXN – 25D risk reversals

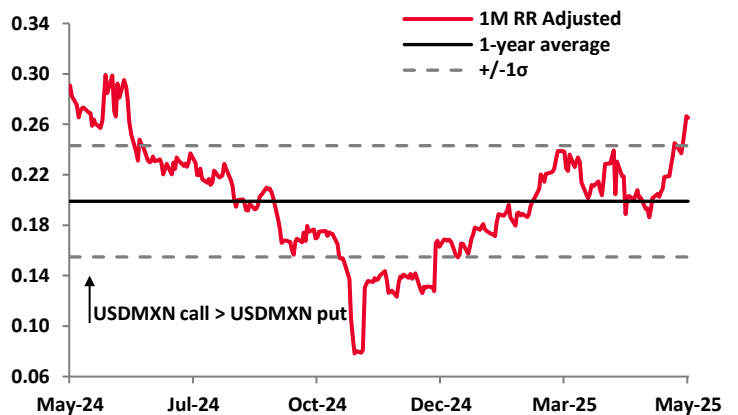
Last 12 months, difference between USD calls and puts, in vols



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 23<sup>rd</sup>, 2025

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 19	05:00	EZ	Consumer prices	Apr (F)	% y/y	--	2.2	2.2
	05:00	EZ	Core	Apr (F)	% y/y	--	2.7	2.7
	08:00	MX	Timely Indicator of Economic Activity*	Apr	% y/y	--	--	-0.2
	08:00	BZ	Economic activity	Mar	% y/y	--	2.9	4.1
	08:00	BZ	Economic activity*	Mar	% m/m	--	0.4	0.4
	08:30	US	Fed's Bostic Gives Opening Remarks					
	08:45	US	Fed's Jefferson Gives Keynote, Bostic Moderates					
	08:45	US	Fed's Williams Speaks in Moderated Discussion					
	13:15	US	Fed's Logan Moderates Panel at Atlanta Fed Conference					
	13:30	US	Fed's Kashkari Participates in Q&A					
Tue 20	14:45	US	Fed's Bostic on Bloomberg TV					
	21:00	CHI	Rate decision 1-year Loan Prime Rate	May 20	%	--	3.00	3.10
	21:00	CHI	Rate decision 5-year Loan Prime Rate	May 20	%	--	3.50	3.60
	04:00	EZ	Current account*	Mar	EURbn	--	--	34.3
	09:00	US	Fed's Bostic Gives Opening Remarks					
	09:00	US	Fed's Barkin Gives Speech at Richmond Fed Conference					
	09:30	US	Fed's Collins Hosts Fed Listens Event in New Hampshire					
	10:00	EZ	Consumer confidence*	May (P)	index	--	-16.0	-16.7
	11:00	MX	International reserves	May 16	US\$bn	--	--	239.6
	13:00	US	Fed's Musalem Speaks on Economy, Policy					
Wed 21	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Feb'30), 30-year Udibono (Oct'54) and 1- and 3-year Bondes F					
	16:30	MX	Citi Survey of Economists					
	17:00	US	Fed's Kugler Gives Commencement Address					
	19:00	US	Fed's Hammack, Daly Give Keynote, Bostic Moderates					
	02:00	UK	Consumer prices	Apr	% y/y	--	3.3	2.6
	02:00	UK	Core	Apr	% y/y	--	3.6	3.4
	08:00	MX	Retail sales	Mar	% y/y	3.4	2.1	-1.1
	08:00	MX	Retail sales*	Mar	% m/m	0.1	--	0.2
	12:15	US	Fed's Barkin, Bowman Participate in Fed Listens					
	03:30	GER	Manufacturing PMI*	May (P)	index	--	49.0	48.4
Thu 22	03:30	GER	Services PMI*	May (P)	index	--	49.6	49.0
	03:30	GER	Composite PMI*	May (P)	index	--	50.4	50.1
	04:00	GER	IFO Survey (business climate)*	May	index	--	87.4	86.9
	04:00	EZ	Manufacturing PMI*	May (P)	index	--	49.3	49.0
	04:00	EZ	Services PMI*	May (P)	index	--	50.5	50.1
	04:00	EZ	Composite PMI*	May (P)	index	--	50.8	50.4
	04:30	UK	Manufacturing PMI*	May (P)	index	--	46.0	45.4
	04:30	UK	Services PMI*	May (P)	index	--	50.0	49.0
	08:00	MX	Gross domestic product	1Q25 (F)	% y/y	0.9	0.8	0.8
	08:00	MX	Gross domestic product*	1Q25 (F)	% q/q	0.2	0.2	0.2
Fri 23	08:00	MX	Economic activity indicator (IGAE)	Mar	% y/y	3.2	3.0	-0.7
	08:00	MX	Economic activity indicator (IGAE)*	Mar	% m/m	0.0	0.0	1.0
	08:00	MX	Consumer prices	May 15	% 2w/2w	-0.04	-0.14	0.20
	08:00	MX	Core	May 15	% 2w/2w	0.19	0.16	0.13
	08:00	MX	Consumer prices	May 15	% y/y	4.09	3.98	3.90
	08:00	MX	Core	May 15	% y/y	4.00	3.97	3.96
	08:30	US	Initial jobless claims*	May 17	thousands	226	230	229
	09:45	US	Manufacturing PMI*	May (P)	index	49.4	49.8	45.5
	09:45	US	Services PMI*	May (P)	index	50.7	51.0	50.8
	09:45	US	Composite PMI*	May (P)	index	--	--	50.6
	10:00	US	Existing home sales**	Apr	millions	--	4.1	4.0
	14:00	US	Fed's Williams Gives Keynote Remarks					
	02:00	GER	Gross domestic product*	1Q25 (F)	% q/q	--	0.2	0.2
	08:00	MX	Trade balance	Apr	US\$mn	-829.3	416.5	3,442.0
	10:00	US	New home sales**	Apr	thousands	--	690	724
	11:00	MX	Current account	1Q25	US\$bn	-17.9	-14.6	12.6
	12:00	US	Fed's Cook Gives Speech on Financial Stability					

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 <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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