Fixed-Income & FX Strategy

Weekly

Fixed-Income and FX Weekly

▪ **Focus on US labor market.** August ends with a positive performance for local assets. Mbonos rallied ~38bps, supported by ~25bps gains in USTs, excluding the long-end. MXN appreciated 1.2%, while Mexbol advanced 2.3%. US equity indices have reached fresh highs. Seasonality over the last four months of the year tends to be more challenging, historically including the weakest average monthly return for the S&P 500 over the past 29 years. With broad expectations for a Fed rate cut on September 17th, next week's US labor reports could still trigger volatility, prompting us to wait for more attractive entry levels before initiating new receiver positions. As liquidity continues to normalize post-summer, we expect trade-related issues between Mexico and the US to gradually reenter the narrative, within a current context of broadly stable implied volatilities and range-bound FX performance

▪ **Constructive in local nominal rates, waiting for better entry levels.** Under the current backdrop, we maintain our view that Banxico will end the year with its policy rate at 7.00%. However, we believe there is room for additional easing in 2026, and we now project a terminal rate of 6.50%, from our previous estimate of 7.00%. We expect this level to be sustained throughout 2027. Following the Fed's dovish pivot, the curve is now pricing-in a policy rate of ~7.30% by end-2025 and a terminal rate of ~7.12% in 2026, compared to 7.60% and 7.50%, respectively, at the end of July. While the market has been gradually adjusting its expectations toward lower rates, pricing remains meaningfully above our base case. As such, we see value in the short and belly segments of the local yield curve, with meaningful potential capital gains as market pricing for Banxico aligns with our forecast. Mbonos Mar'29 and Feb'30 stand out, offering attractive carry and further potential gains based on our duration-adjusted yield analysis. Additionally, spreads versus Treasuries in the short and intermediate tenors still have room to compress further, while long-end ones already trade at 12-month lows. However, we remain patient in seeking better entry levels, given the high sensitivity of local rates to shifts in Fed policy. We believe current market pricing, implying cumulative cuts of 140-150bps through early 2027, is broadly appropriate. For this range to widen, a significant negative surprise in US labor market data would likely be required. In this context, all eyes will be on the US nonfarm payrolls report for August, scheduled for release next Friday 5th, as well as the annual revision on September 9th. It's worth recalling that the sharp downward revision of 818k jobs for the period April 2023-March 2024 played a key role in the Fed's decision to cut rates by 50bps in September of the previous year

▪ **Range-bound MXN.** The peso posted a mild 0.4% w/w depreciation to 18.66, marking August as the second consecutive month trading within the range of 18.50-19.00 per dollar. The USD has resumed its weakening bias, albeit at a more gradual pace, as we anticipated. We expect this trend to persist, now driven by the Fed's dovish stance, which should continue compressing rate spreads in favor of other DMs. The resistance of the MXN extending gains below 18.50 reinforces our view of stretched valuations below 19.00 and as such, we do not recommend long MXN positions at current levels also given the asymmetric risk backdrop

▪ **Weekly ranges.** We expect the 10-year Mbono (Feb'36) to trade between 8.90% and 9.10%, and MXN between 18.50 and 18.85 per dollar

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com

Marcos Saúl García Hernandez
Strategist, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com

www.banorte.com/analisiseconomico
@analisis_fundam

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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	7.78	2	-27	-242	11.00	7.74	9.42
28-days[1]	7.84	-6	-17	-243	10.88	7.84	9.56
91-days[1]	7.89	-6	-17	-247	10.98	7.89	9.64
182-days[1]	7.97	-6	-17	-253	11.14	7.97	9.76
Cetes[2]							
28-days	7.66	3	-21	-235	10.70	7.35	9.22
91-days	7.72	7	-19	-228	10.81	7.65	9.21
182-days	7.75	0	-20	-220	10.82	7.74	9.18
364-days	7.82	-1	-31	-224	10.72	7.82	9.24
Mbonos							
Mar'26	7.75	-2	-25	-207	10.29	7.75	8.97
Sep'26	7.69	-1	-22	-209	10.31	7.68	8.90
Mar'27	7.76	-3	-27	-201	10.04	7.76	8.86
Jun'27	7.77	-2	-24	-206	10.01	7.77	8.89
Mar'28[3]	8.04	1	-23	-189	9.99	8.03	8.84
Mar'29	8.21	-5	-26	-176	10.09	8.21	9.17
May'29	8.23	-5	-26	-174	10.07	8.21	9.18
Feb'30[4]	8.35	-6	-26	-135	9.69	8.35	8.90
May'31	8.42	-9	-31	-162	10.08	8.42	9.29
May'33	8.69	-8	-33	-153	10.34	8.69	9.50
Nov'34	8.79	-9	-33	-163	10.45	8.79	9.58
Feb'36[5]	8.97	-5	-32	-34	9.50	8.97	9.30
Nov'36	8.92	-6	-29	-149	10.45	8.92	9.61
Nov'38	9.22	-6	-31	-133	10.60	9.22	9.83
Nov'42	9.50	-5	-28	-120	10.76	9.44	10.06
Nov'47	9.57	-3	-27	-118	10.79	9.43	10.09
Jul'53	9.59	-2	-26	-121	10.81	9.44	10.10
TIIE-F IRS[6]							
3-month (3x1)	7.57	-4	-15	-237	10.62	7.57	9.10
6-month (6x1)	7.43	-4	-19	-229	10.40	7.43	8.87
9-month (9x1)	7.35	-2	-19	-224	10.17	7.35	8.70
1-year (13x1)	7.29	-1	-21	-214	9.95	7.29	8.53
2-year (26x1)	7.21	0	-18	-194	9.66	7.21	8.27
3-year (39x1)	7.28	0	-19	-184	9.52	7.27	8.23
4-year (52x1)	7.37	-2	-20	-178	9.46	7.37	8.27
5-year (65x1)	7.46	-2	-19	-173	9.43	7.46	8.31
7-year (91x1)	7.66	-4	-20	-160	9.42	7.66	8.43
10-year (130x1)	7.91	-5	-19	-148	9.46	7.91	8.59
20-year (3x1)	8.26	-1	-9	-123	9.59	8.22	8.78
30-year (390x1)	8.20	0	-8	-128	9.50	8.13	8.71
Udibonos							
Dec'25	3.94	-39	-20	-223	6.62	3.94	5.66
Dec'26	4.26	-4	11	-183	6.23	4.16	5.40
Nov'28	4.61	2	5	-86	5.54	4.48	4.99
Aug'29[7]	4.61	0	5	-40	5.17	4.53	4.83
Nov'31	4.78	1	-3	-71	5.53	4.71	5.08
Aug'34	4.89	2	0	-60	5.72	4.70	5.18
Nov'35	4.85	0	1	-63	5.62	4.71	5.12
Nov'40	4.82	-2	-2	-69	5.72	4.76	5.13
Nov'43	4.86	0	-3	-65	5.73	4.81	5.17
Nov'46	4.79	1	3	-72	5.70	4.73	5.11
Nov'50	4.81	1	4	-71	5.71	4.74	5.12
Oct'54	4.81	2	3	-76	5.71	4.70	5.11

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: Mbono Feb'36 issued on June 12th, 2025
6: TIIE-F IRS history since September 5th, 2024
7: Udibono Aug'29 issued on March 13th, 2025

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Fixed–Income Dynamics (continued)

USD UMS and US Treasuries performance

Term	Maturity date	UMS			UST			Spreads			CDS
		YTM (%)	Weekly change (bps)	YTD (bps)	YTM (%)	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Mar'27	4.33	+1	-63	3.62	-8	-62	71	+8	68	46
3Y	Feb'28	4.41	-4	-131	3.58	-6	-69	83	+2	93	58
5Y	May'30	4.86	-1	-102	3.70	-6	-69	116	+5	137	96
7Y	Jul'32	5.46	+1	-65	3.93	-4	-55	153	+6	156	133
10Y	Feb'35	5.85	0	-63	4.23	-3	-34	162	+2	185	174
20Y	Jan'45	6.50	+6	-53	4.87	+3	+1	163	+3	192	--
30Y	May'55	6.99	+5	-24	4.93	+5	+15	206	0	242	--

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 30-year Mbono (Jul'53), the 10-year Udibono (Aug'34), as well as 2- and 5-year Bondes F

- **Healthy demand for Cetes and limited appeal in long-duration securities.** Investor appetite for Cetes has moderated across tenors amid a more dovish tone from the Federal Reserve and its spillover effects on local rates. Nonetheless, bid-to-cover ratios remain robust, hovering around 3.0x for 28-day Cetes and 2.0x for longer maturities. We expect demand to remain supported at these levels, underpinned by foreign investors and mutual funds interest, which have increased their holdings by 4.0% and 13%, respectively, over the past four weeks. We maintain a constructive view on short- and mid-term Mbonos, given the divergence between our forecast for Banxico's terminal rate in 2026 at 6.50% versus market pricing at ~7.12%. Conversely, we see limited value at the long-end of the curve, given its elevated sensitivity to US Treasuries of similar duration. The latter have come under pressure due to rising government funding needs, uncertainty around long-term inflation expectations, and waning demand from institutional investors. As a result, we expect demand for the 30-year Mbono (Jul'53) to normalize toward its 2-year average bid-to-cover ratio of 1.96x, down from 2.31x in its last auction. Similarly, for the 10-year Udibono, we anticipate moderate demand in line with its 2-year average of 1.80x

Auction specifics (September 2nd, 2025)

| Security	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	Oct-02-25	--	7,000	7.27
3m	Dec-04-25	--	7,000	7.68
6m	Mar-05-26	--	14,200	7.73
12m	Aug-20-26	--	15,500	7.91
Bondes F*				
2Y	Aug-05-27	--	11,600	0.16
5Y	Jul-25-30	--	11,600	0.22
Bono M				
30Y	Jul-31-53	8.00	10,000	9.77
Udibono				
10Y	Aug-24-34	4.00	UDIS 1,050	4.94

Source: Banxico, Banorte *Maximum amount to be auctioned among Bondes F together
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

3Q25 Government Securities Auction Calendar*

| Date	Cetes	Bonos M	Udibonos	Bondes F
1-Jul	1, 3, 6 and 24M	30Y (Jul'53)	3Y (Aug'29)	1, 3 and 7Y
8-Jul	1, 3, 6 and 12M	3Y (Mar'28)	20Y (Nov'43)	2 and 5Y
15-Jul	1, 3, 6 and 24M	5Y (Feb'30)	10Y (Aug'34)	1 and 3Y
22-Jul	1, 3, 6 and 12M	10Y (Feb'36)	3Y (Aug'29)	2, 5 and 10Y
29-Jul	1, 3, 6 and 24M	3Y (Mar'28)	30Y (Oct'54)	1, 3 and 7Y
5-Aug	1, 3, 6 and 12M	20Y (Nov'42)	10Y (Aug'34)	2 and 5Y
12-Aug	1, 3, 6 and 24M	5Y (Feb'30)	20Y (Nov'43)	1 and 3Y
19-Aug	1, 3, 6 and 12M	10Y (Feb'36)	3Y (Aug'29)	2, 5 and 10Y
26-Aug	1, 3, 6 and 24M	3Y (Mar'28)	30Y (Oct'54)	1, 3 and 7Y
2-Sep	1, 3, 6 and 12M	30Y (Jul'53)	10Y (Aug'34)	2 and 5Y
9-Sep	1, 3, 6 and 24M	5Y (Feb'30)	20Y (Nov'43)	1 and 3Y
15-Sep	1, 3, 6 and 12M	10Y (Feb'36)	3Y (Aug'29)	2, 5 and 10Y
23-Sep	1, 3, 6 and 24M	20Y (Nov'42)	30Y (Oct'54)	1, 3 and 7Y

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 3Q25 Auction Calendar

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

Times
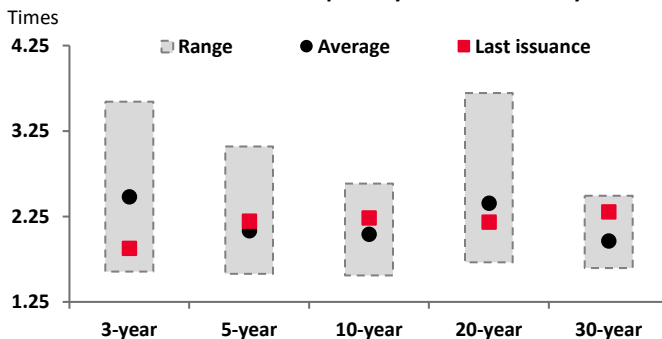
Source: Bloomberg, Banorte

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

Times
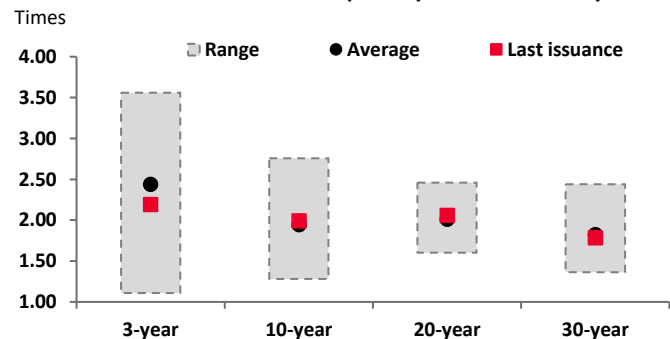
Source: Bloomberg, Banorte

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Fixed-Income Demand

**Government and IPAB securities holdings by type of investor**
US$ billion, *UDIS billion, data as of Aug/19/2025

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	124.76	10.97	18.90	28.83	6.83	14.96	3.70	0.78	-	39.78
Bondes D	4.35	0.00	0.11	2.05	0.00	1.20	-	-	-	0.97
Bondes F	136.24	0.02	5.20	78.53	3.39	13.35	7.66	0.01	-	28.09
Bondes G	8.38	0.00	0.01	3.03	0.43	0.83	2.46	-	-	1.62
Udibonos	221.89	6.49	124.33	9.82	38.00	4.42	1.80	0.22	-	36.80
Mbonos	272.46	76.02	72.03	11.90	10.52	32.71	14.17	0.76	0.80	53.57
Sbonos	1.22	0.58	0.29	0.01	0.07	0.02	-	-	-	0.24
Total	769.30	94.09	220.89	134.17	59.25	67.49	29.79	1.76	0.80	161.06
Udibonos*	489.08	14.31	274.05	21.64	83.77	9.74	3.97	0.48	-	81.11
IPAB bonds	57.94	0.03	0.72	19.01	0.41	6.10	6.18	2.51	-	22.96

Source: Banxico, Banorte
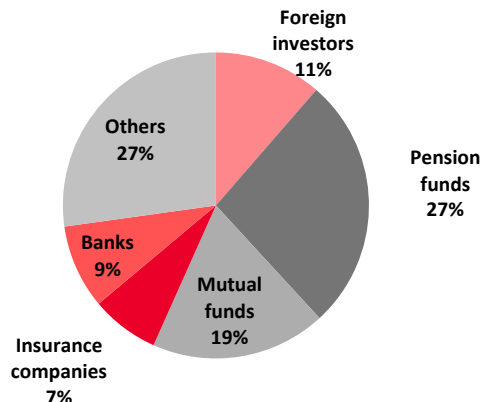
Government issuance by type of instrument
Total amount of US$ 827 billion (including IPAB bonds), % of total
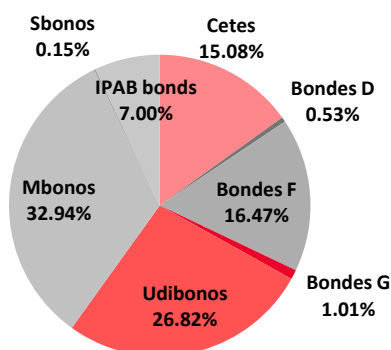
Source: Banxico, Banorte

Government issuance by type of investor
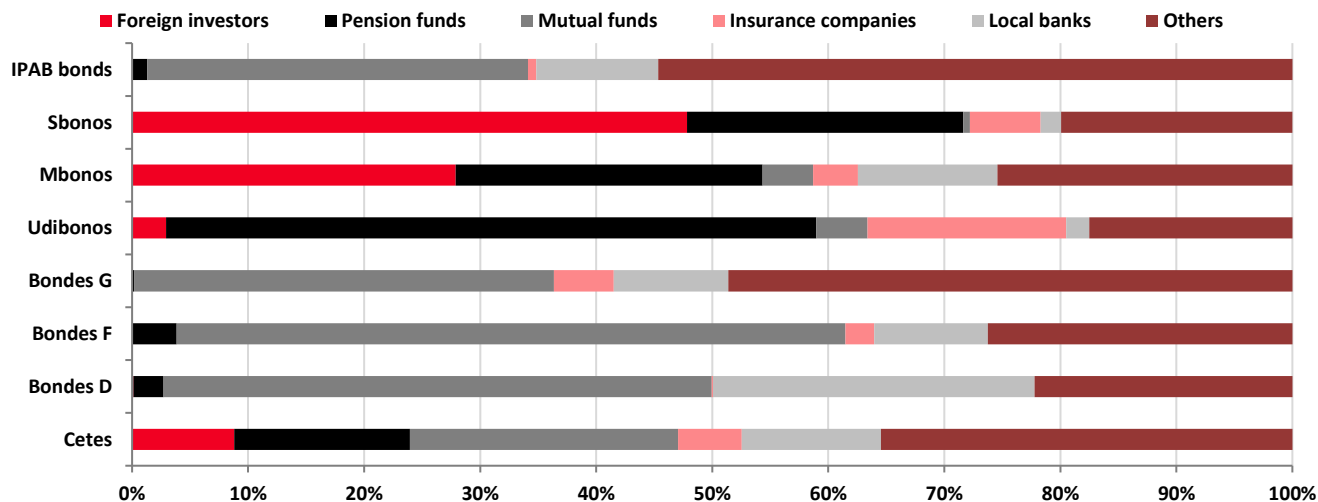Total amount of US$ 827 billion (including IPAB bonds), % of total

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
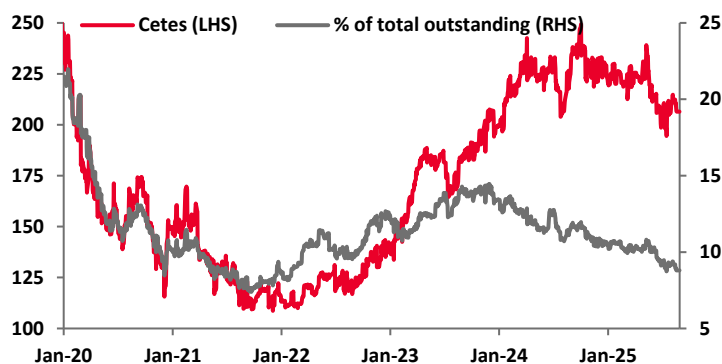Total amount of US$ 827 billion (including IPAB bonds), % of total

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

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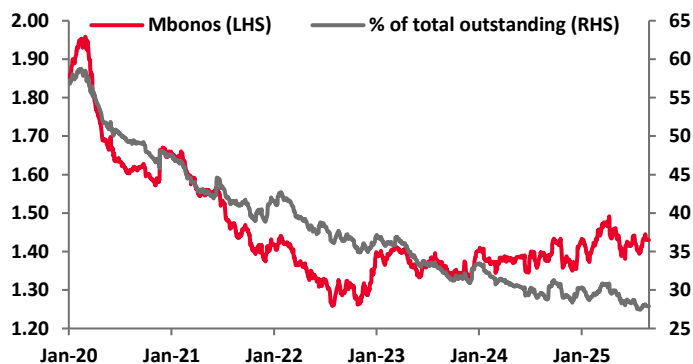# Fixed–Income Demand (continued)

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 Aug/19/2025

	Foreign investors		Pension funds		Mutual funds	
	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)	Δ last 4 weeks (%)	YTD (%)
Cetes	4.00	-6.39	2.10	-14.63	12.91	49.70
Bondes F	-42.74	-19.59	13.43	-17.28	-1.54	9.74
Udibonos	-15.41	-27.30	1.97	11.60	4.45	26.62
Mbonos	2.26	-0.13	2.01	16.84	3.84	18.89

Source: Banxico, Banorte

Government securities issuance
USD Billions

Fuente: Banxico, Banorte

Mbonos holdings by type of investor
US$ billions and %, data as Aug/14/2025

| Maturity	Amount Outstanding	Local Banks	Foreign investors	Pension and Mutual funds	Others
Mar'26	14.8	27%	15%	12%	46%
Sep'26	7.4	10%	29%	9%	51%
Mar'27	15.2	27%	17%	8%	48%
Jun'27	17.7	36%	18%	11%	36%
Mar'28	13.6	18%	19%	19%	44%
Mar'29	24.2	17%	29%	28%	26%
May'29	20.8	12%	30%	31%	27%
Feb'30	13.1	14%	23%	37%	26%
May'31	25.1	9%	35%	29%	27%
May'33	17.4	10%	33%	27%	30%
Nov'34	20.6	5%	46%	32%	17%
Feb'36	2.9	14%	37%	25%	24%
Nov'36	5.4	2%	17%	53%	28%
Nov'38	11.6	3%	29%	48%	20%
Nov'42	22.9	3%	32%	47%	18%
Nov'47	13.9	3%	31%	44%	22%
Jul'53	21.7	2%	31%	51%	16%
Total	268.1	12%	29%	31%	28%

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

Fixed–Income Demand – Primary dealers
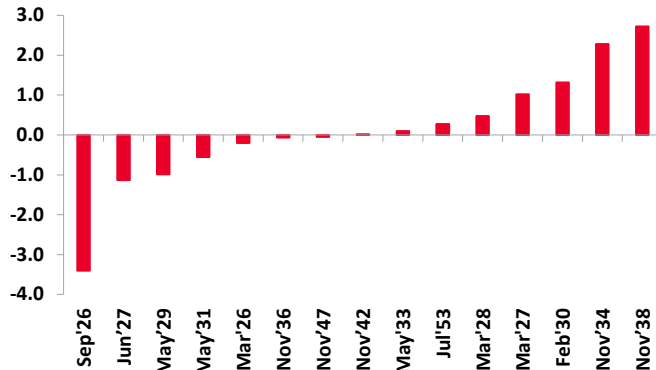
Market makers' short positions on Mbonos
MXN billion
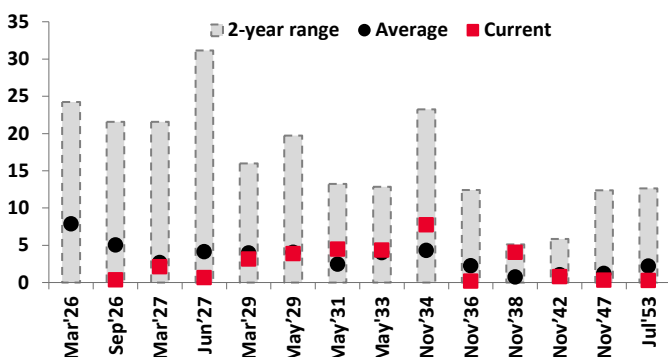
Source: Banxico, Banorte *May'33 issued in December 2022

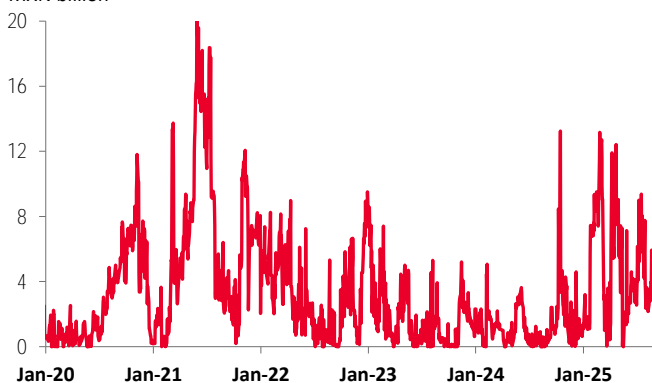**Weekly change in market makers' short positions on Mbonos**
MXN billion

Source: Banxico, Banorte

Market makers' short positions on Mbono May'31
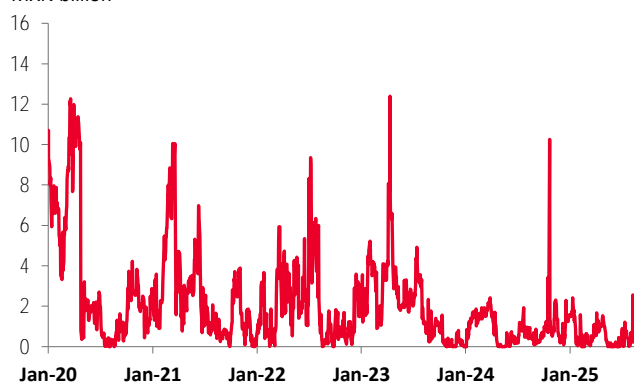MXN billion

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 Aug/28/2025	Aug/28/2025	Previous Week	Previous Month	Previous Year	6m Max	6m Min
Mar'26	14,911	0	11	100	316	469	0
Sep'26	7,328	20	203	682	623	682	0
Mar'27	15,206	114	60	331	93	445	3
Jun'27	17,917	36	96	14	117	593	6
Mar'28*	14,641	25	0	125	--	280	0
Mar'29	24,479	168	67	81	165	339	0
May'29	21,874	208	261	88	125	1,057	0
May'31	25,786	240	270	207	14	682	0
May'33	17,656	232	227	293	546	445	0
Nov'34	23,700	415	293	366	394	1,163	64
Nov'36	5,360	9	13	65	580	187	5
Nov'38	11,981	218	72	60	6	218	0
Nov'42	23,206	43	42	20	96	198	0
Nov'47	14,054	17	19	2	8	137	0
Jul'53	21,893	15	0	28	121	231	0
Total	**259,991**	**1,745**	**1,633**	**2,435**	**3,082**		

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

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Fixed–Income Technicals
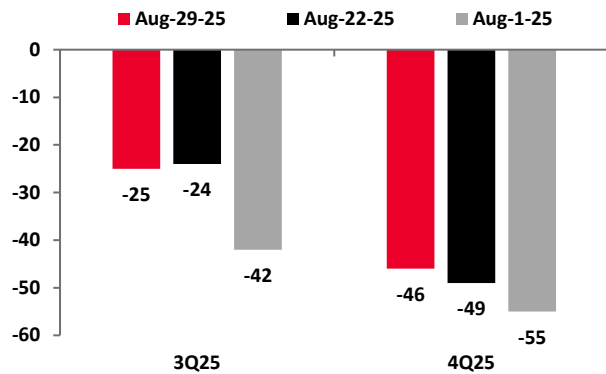
Spread between Cetes and Implied Forward Rates
Basis points

Tenor	Actual	Weekly change	Δ last 4 weeks	6m average	6m Max	6m Min
1 month	12	10	36	34	95	-31
3 months	-7	-18	-5	-9	27	-31
6 months	-4	-11	2	-11	14	-35
12 months	8	4	17	10	27	-7

Source: PiP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate
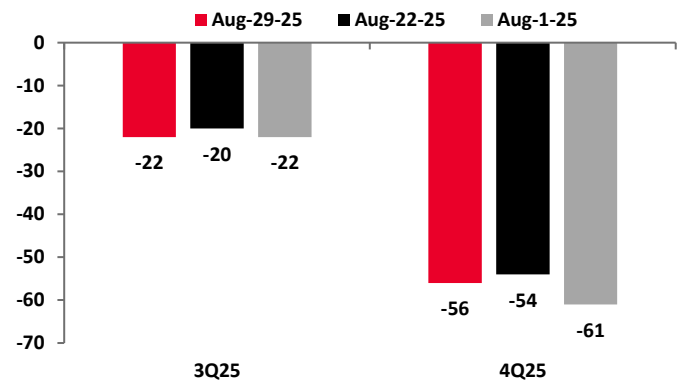Basis points

Source: Bloomberg, Banorte

Cumulative implied moves in Fed funds
Basis points

Source: Bloomberg, Banorte
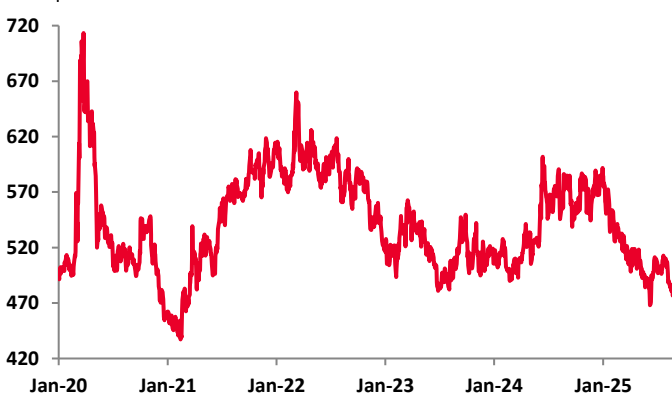
Spreads between Mbonos and UST
Basis ponts

Spread	Actual	Weekly change	Δ last 4 weeks	YTD	12m Max	12m Min	12m Average
2 year	414	5	-20	-139	636	404	497
5 year	465	0	-20	-94	610	452	522
10 year	474	-2	-34	-110	592	468	532
20 year	463	-9	-35	-121	593	467	536
30 year	466	-8	-37	-135	605	469	544

Source: Bloomberg, Banorte

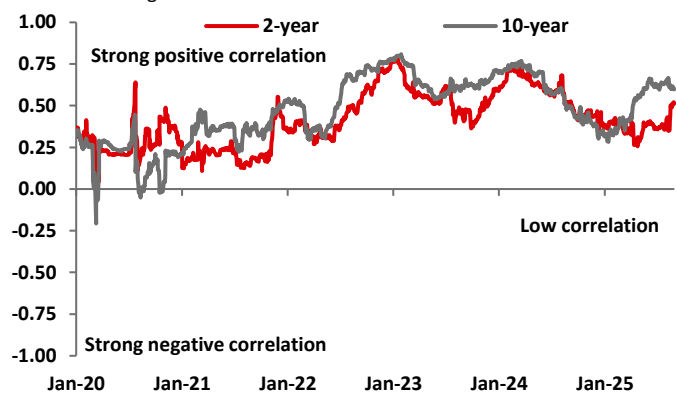**10-year Mbono and 10-year UST spread**
Basis points

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	59	-3	0	39	79	-62	29
2/10	121	-2	-6	57	142	-64	67
2/30	183	1	1	81	207	-34	115
5/10	63	2	-6	18	74	-6	38
10/30	62	3	6	24	74	23	48
TIIE-F*							
3m/2Y	-36	4	-3	44	-22	-191	-83
2/5	25	-2	-1	21	31	-51	3
2/10	70	-5	-1	46	76	-46	32
2/30	99	0	10	66	101	-41	43
5/10	45	-3	0	25	51	2	29
10/30	29	5	11	20	29	-4	11
TIIE-F − Mbonos*							
2 year	-55	3	9	-19	-26	-107	-63
5 year	-89	4	7	-25	-60	-125	-92
10 year	-107	0	13	-40	-64	-130	-100
20 year	-124	4	19	-38	-78	-165	-126
30 year	-139	2	18	-48	-83	-180	-137
TIIE-F − SOFR*							
2 year	382	5	-11	-125	573	370	449
5 year	413	5	-12	-102	559	397	462
10 year	421	-1	-17	-110	559	418	478
20 year	418	-2	-15	-121	567	412	482
30 year	411	-3	-18	-143	580	407	486

Source: Bloomberg, Banorte
Note: TIIE-F IRS history since September 5th, 2024
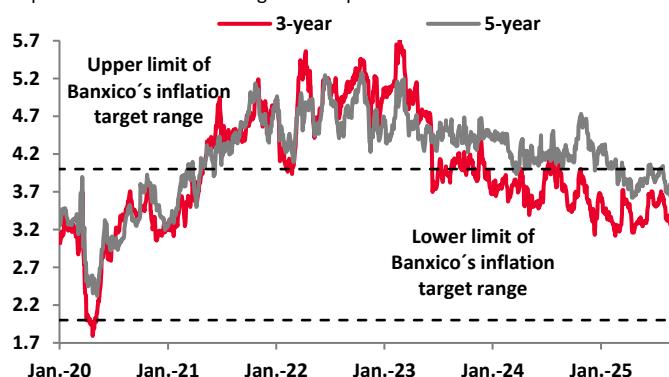
Breakeven inflation using Mbonos & Udibonos
%, Implicit market inflation using Fisher Equation

Date	08/29/2025	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.28	3.26 (+2bps)	3.54 (-26bps)	3.74 (-46bps)	4.00	3.12	3.48
5Y	3.57	3.65 (-8bps)	3.87 (-30bps)	4.24 (-67bps)	4.73	3.56	4.05
10Y	3.89	3.96 (-7bps)	4.2 (-31bps)	4.17 (-28bps)	4.75	3.89	4.26
20Y	4.43	4.48 (-5bps)	4.66 (-23bps)	4.52 (-9bps)	5.01	4.25	4.65
30Y	4.56	4.6 (-4bps)	4.84 (-28bps)	4.62 (-6bps)	5.00	4.37	4.75

Source: Bloomberg, Banorte

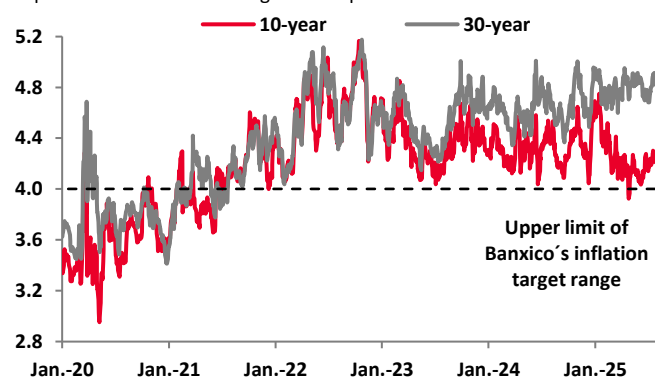**3- and 5-year breakeven inflation using Mbonos & Udibonos**
Implicit market inflation using Fisher Equation

Source: PiP, Banorte

10- and 30-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation

Source: PiP, Banorte

FX dynamics

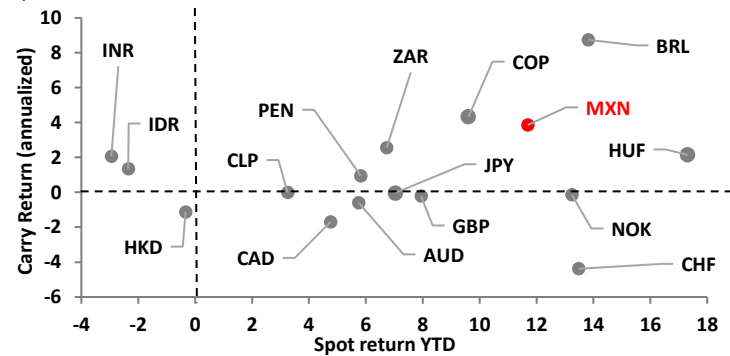**Foreign Exchange market levels and historical return**

		Current	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD (%)[1]
Emerging Markets						
Brazil	USD/BRL	5.43	-0.3	-0.1	2.6	13.8
Chile	USD/CLP	966.88	0.1	-0.8	1.5	2.9
Colombia	USD/COP	4,017.05	0.2	-0.2	4.1	9.7
Peru	USD/PEN	3.53	0.2	-0.4	1.0	5.9
Hungary	USD/HUF	339.41	0.1	-0.2	3.4	17.1
Malaysia	USD/MYR	4.22	-0.2	0.0	0.4	5.9
Mexico	**USD/MXN**	**18.66**	**0.0**	**-0.4**	**1.2**	**11.6**
Poland	USD/PLN	3.65	0.1	-0.2	2.7	13.2
South Africa	USD/ZAR	17.66	0.2	-1.2	1.9	6.7
Developed Markets						
Canada	USD/CAD	1.37	0.1	0.6	0.6	4.7
Great Britain	GBP/USD	1.35	-0.1	-0.2	2.0	7.9
Japan	USD/JPY	147.05	-0.1	-0.1	1.7	6.9
Eurozone	EUR/USD	1.1686	0.0	-0.3	2.5	12.9
Norway	USD/NOK	10.06	0.1	0.0	2.7	13.2
Denmark	USD/DKK	6.39	0.0	-0.3	2.5	12.8
Switzerland	USD/CHF	0.80	0.1	0.1	1.8	13.4
New Zealand	NZD/USD	0.59	0.2	0.5	0.0	5.3
Sweden	USD/SEK	9.46	0.2	0.4	3.6	17.1
Australia	AUD/USD	0.65	0.1	0.8	1.6	5.7

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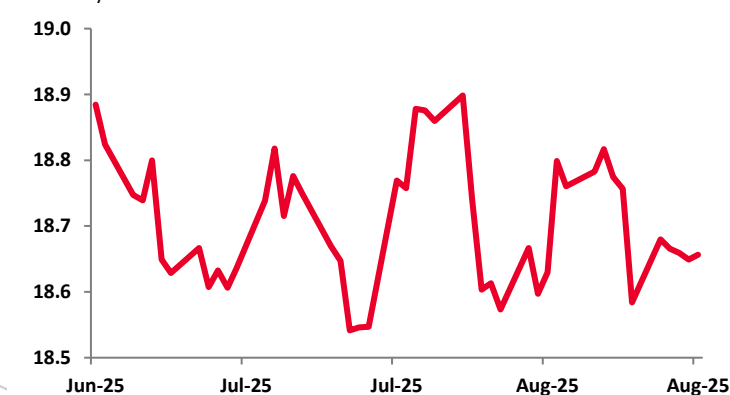
FX performance
Against USD, %

Source: Bloomberg, Banorte

Performance of selected currencies
%, annualized rate based in 3M forwards
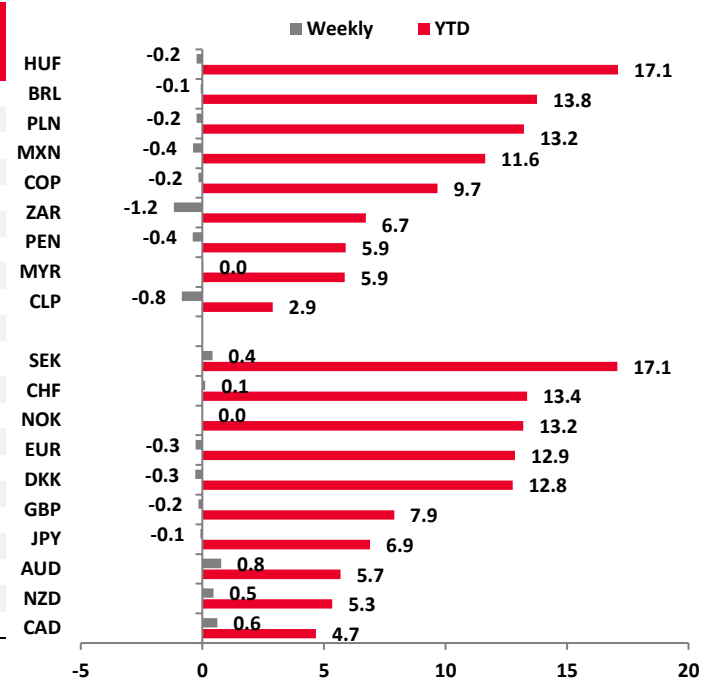
Source: Bloomberg, Banorte

BBDXY
Points

Source: Bloomberg, Banorte
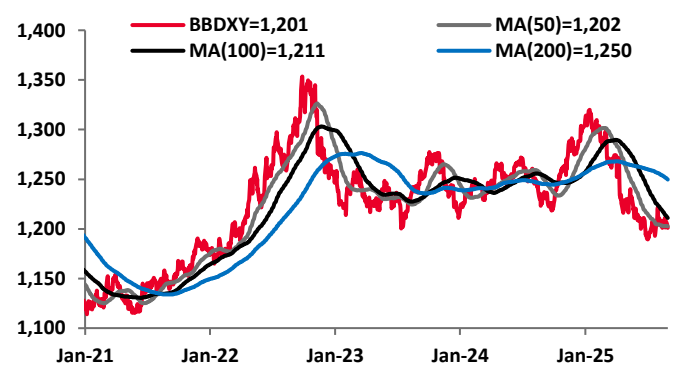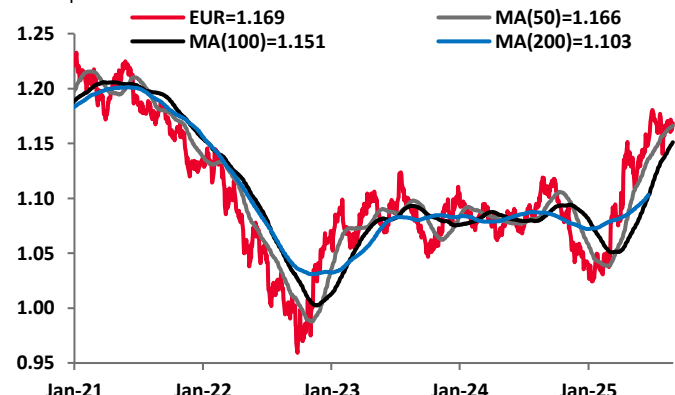
USD/MXN
Last 60 days

Source: Bloomberg, Banorte

Euro
Dollar per euro

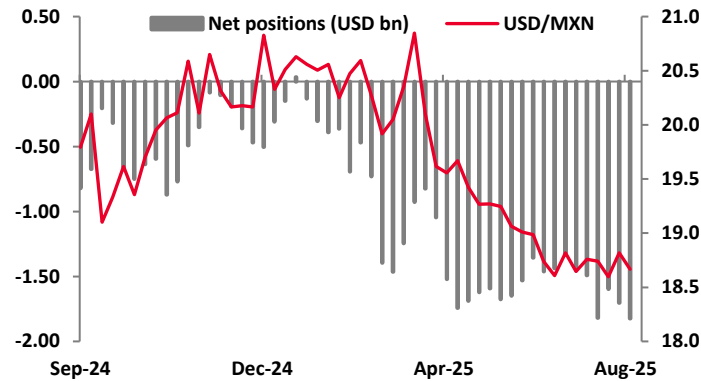

Source: Bloomberg, Banorte

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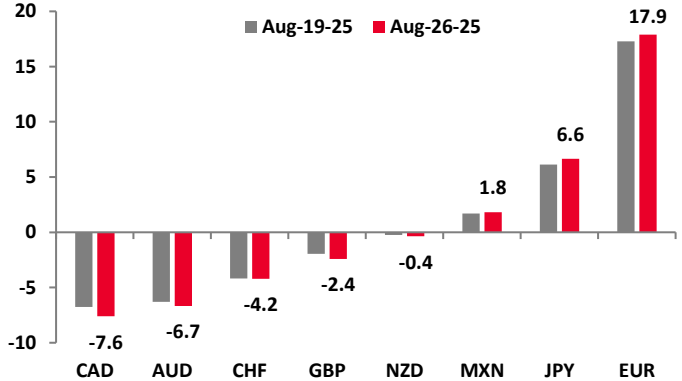
IMM positioning in USD/MXN futures
Billion dollars, Negative = net long in MXN

Legend: Net positions (USD bn), USD/MXN

Source: CME, Banorte

IMM positioning by currency*
Billion dollars

Legend: Aug-19-25, Aug-26-25

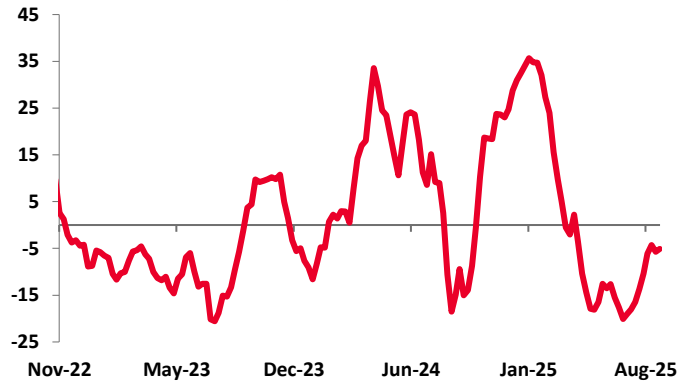CAD -7.6, AUD -6.7, CHF -4.2, GBP -2.4, NZD -0.4, MXN 1.8, JPY 6.6, EUR 17.9

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

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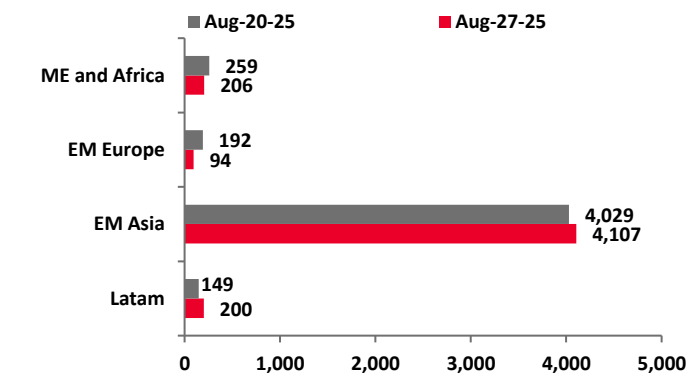Billion dollars, Positive = net long in USD

*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

Legend: Aug-20-25, Aug-27-25

ME and Africa 259 / 206, EM Europe 192 / 94, EM Asia 4,029 / 4,107, Latam 149 / 200

Source: EPFR Global, Banorte

Foreign portfolio flows into Mexico (excluding ETF's investments)
Accumulated during the last 12M, million dollars

Legend: Fixed Income (LHS), Equities (RHS)
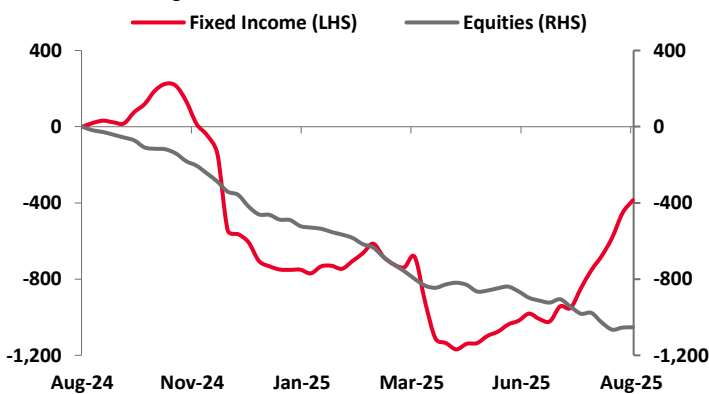
Source: EPFR Global, Banorte

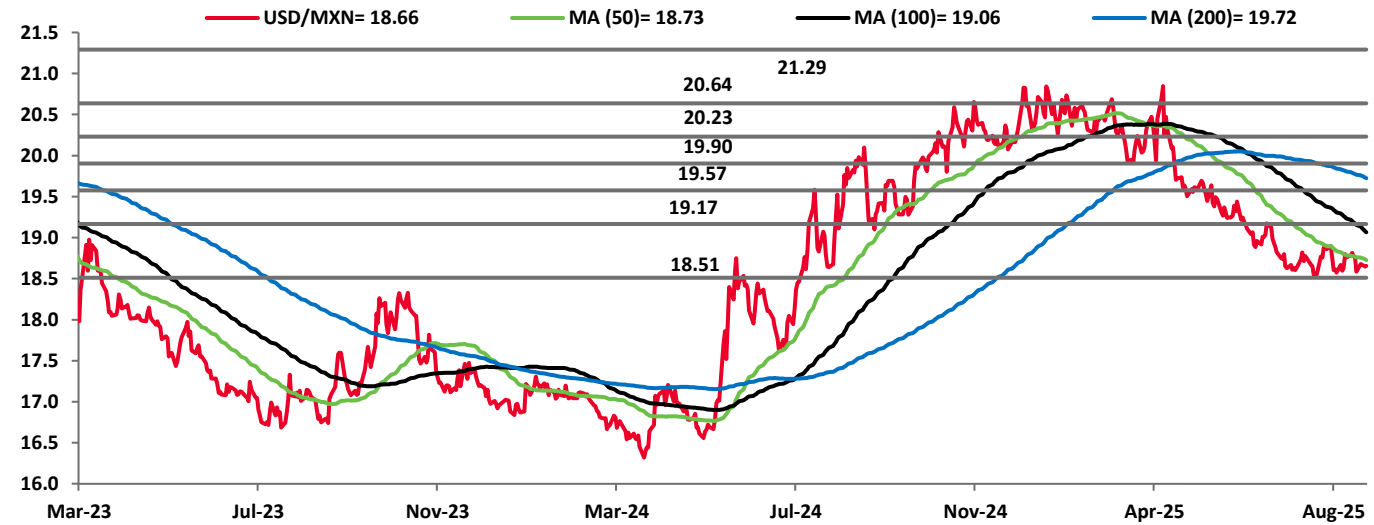## Net foreign portfolio flows by region (excluding ETF's investments)
Weekly, million dollars

Legend: Aug-20-25, Aug-27-25

ME and Africa 322 / 227, EM Europe 392 / 203, EM Asia -108 / -377, Latam 565 / 268
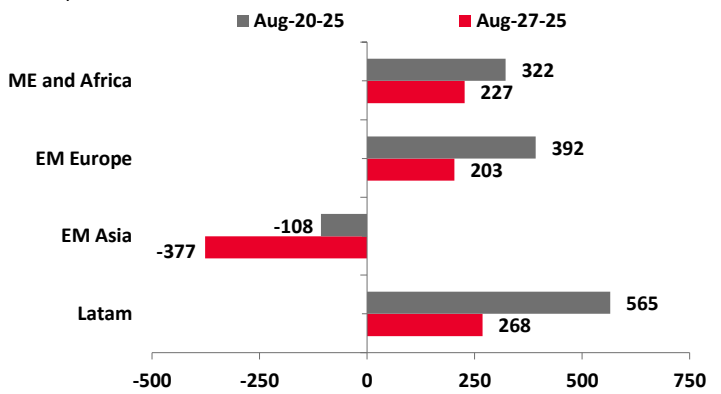
Source: EPFR Global, Banorte

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FX technicals

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

Legend: USD/MXN= 18.66 | MA (50)= 18.73 | MA (100)= 19.06 | MA (200)= 19.72

Fibonacci levels: 21.29, 20.64, 20.23, 19.90, 19.57, 19.17, 18.51

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	71	72	-2	73	42
CAD	56	60	6	78	45
JPY	39	43	-20	53	19
BRL	43	38	20	87	51
CLP	46	43	4	79	48
ZAR	56	54	-9	76	44
VIX	27	26	-17	76	29
SPX	28	26	-13	70	32
GSCI	-20	-10	-46	78	15
Gold	40	45	-25	55	17

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

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

Legend: Weekly range | 12-month Average

Source: Bloomberg, Banorte

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

Legend: USD | CAD | JPY | BRL | CLP | ZAR
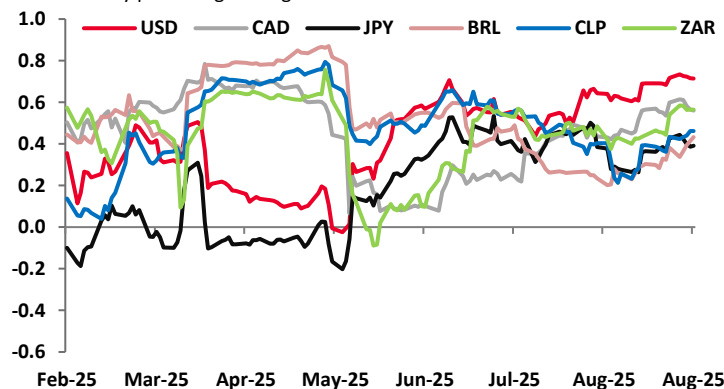
* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte

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

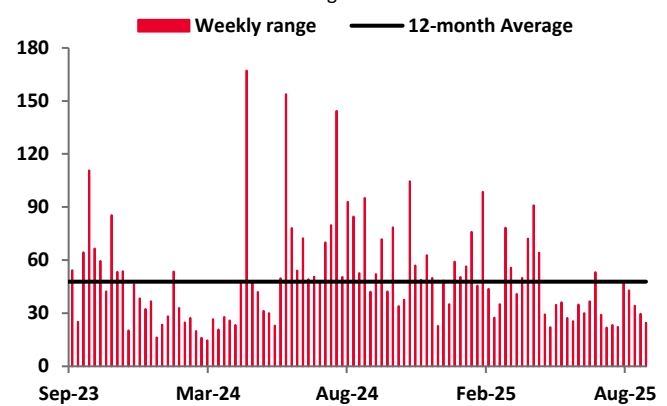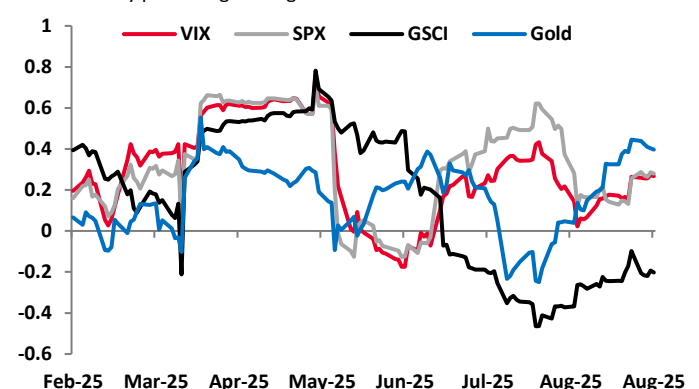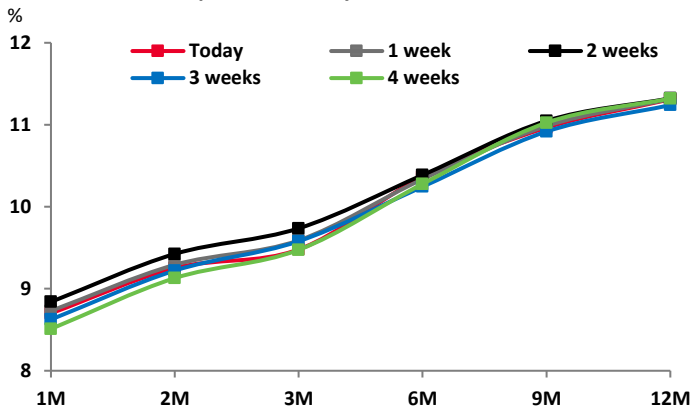Legend: VIX | SPX | GSCI | Gold

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

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FX technicals (continued)

USD/MXN – ATM options volatility curve
%

Source: Bloomberg, Banorte

USD/MXN – Implied volatility
%
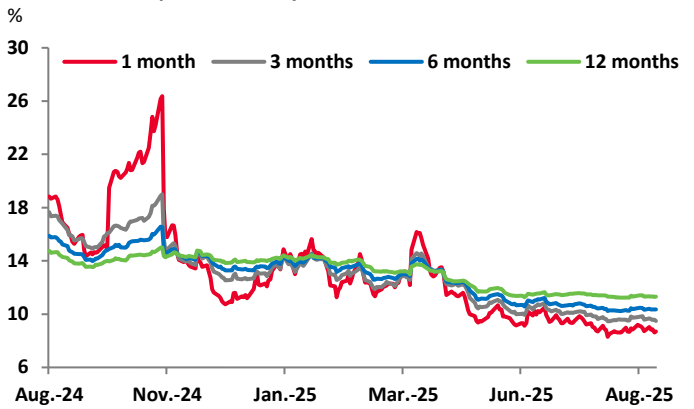
Source: Bloomberg, Banorte

USD/MXN – Spread between implicit and historical volatility
Bps
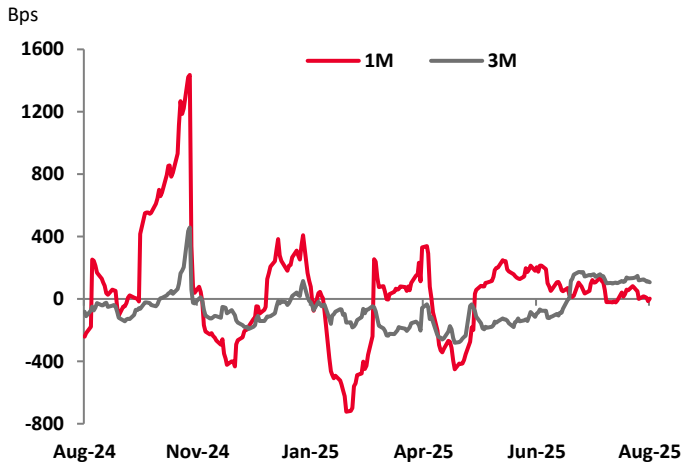
Source: Bloomberg, Banorte

Emerging markets 1-month ATM options volatility
Against USD, in σ relative to last year's average

COP	0.85
RUB	-0.23
MYR	-0.28
CLP	-0.70
TRY	-0.80
HUF	-0.93
PLN	-0.96
MXN	-1.16
KRW	-1.23
ZAR	-1.57
BRL	-1.73
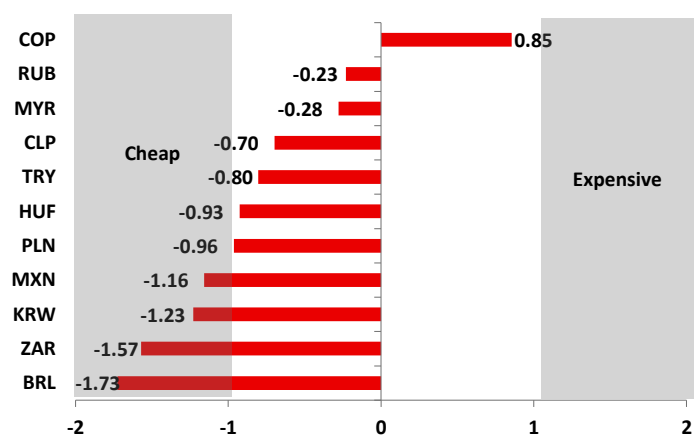
Source: Bloomberg, Banorte

USD/MXN – 25D risk reversals
Last 12 months, difference between USD calls and puts, in vols
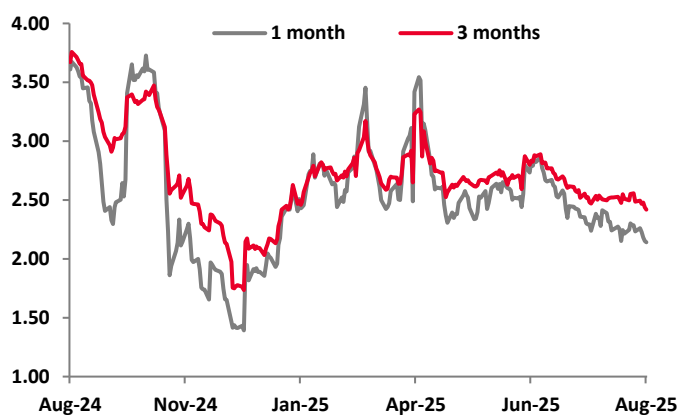
Source: Bloomberg, Banorte

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 September 7th, 2025

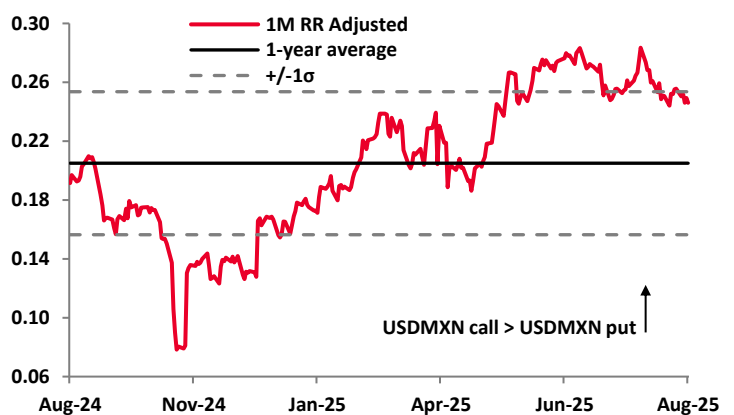|	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 1		US	Markets closed for Labor Day					
		MX	Congress' summer break ends					
	03:55	GER	Manufacturing PMI*	Aug (F)	index	--	49.9	49.9
	04:00	EZ	Manufacturing PMI*	Aug (F)	index	--	50.5	50.5
	04:30	UK	Manufacturing PMI*	Aug (F)	index	--	47.3	47.3
	05:00	EZ	Unemployment rate*	Jul	%	--	6.2	6.2
	09:00	BZ	Manufacturing PMI*	Aug	index	--	--	48.2
	11:00	MX	Family remittances	Jul	US$bn	5,117.1	5,250.0	5,201.0
	11:00	MX	Survey of expectations (Banxico)					
	14:00	MX	Manufacturing PMI (IMEF)*	Aug	index	46.0	--	45.5
	14:00	MX	Non-manufacturing PMI (IMEF)*	Aug	index	49.9	--	49.1
Tue 2	05:00	EZ	Consumer prices	Aug (P)	% y/y	--	2.0	2.0
	05:00	EZ	Core cpi	Aug (P)	% y/y	--	2.2	2.3
	08:00	BZ	Gross domestic product	2Q25	% y/y	--	2.2	2.9
	08:00	BZ	Gross domestic product*	2Q25	% q/q	--	0.3	1.4
	09:45	US	Manufacturing PMI*	Aug (F)	index	53.3	--	53.3
	10:00	US	ISM manufacturing*	Aug	index	48.5	48.0	48.0
	11:00	MX	International reserves	Aug 29	US$bn	--	--	243.4
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 30-year Mbono (Jul'53), 10-year Udibono (Aug'34) and 2- and 5-year Bondes F					
	21:45	CHI	Services PMI (Caixin)*	Aug	index	--	--	52.6
	21:45	CHI	Composite PMI (Caixin)*	Aug	index	--	--	50.8
Wed 3	03:55	GER	Services PMI*	Aug (F)	index	--	50.1	50.1
	03:55	GER	Composite PMI*	Aug (F)	index	--	50.9	50.9
	04:00	EZ	Services PMI*	Aug (F)	index	--	50.7	50.7
	04:00	EZ	Composite PMI*	Aug (F)	index	--	51.1	51.1
	04:30	UK	Services PMI*	Aug (F)	index	--	53.6	53.6
	08:00	BZ	Industrial production	Jul	% y/y	--	-0.2	-1.3
	08:00	BZ	Industrial production*	Jul	% m/m	--	-0.3	0.1
	08:00	MX	Consumer confidence*	Aug	index	46.1		45.9
	09:00	US	Fed's Musalem Speaks on Economy and Policy at Peterson					
	10:00	US	JOLTS Job Openings	Jul	thousands	--	7,225	7,437
	10:00	US	Factory orders*	Jul	% m/m	--	--	-4.8
	10:00	US	Ex transportation*	Jul	% m/m	--	--	0.4
	10:00	US	Durable goods orders*	Jul (F)	% m/m	--	--	-2.8
	10:00	US	Ex transportation*	Jul (F)	% m/m	--	--	1.1
	14:00	US	Beige Book					
		US	Total vehicle sales**	Aug	millions	--	16.1	16.4
Thu 4	05:00	EZ	Retail sales*	Jul	% m/m	--	-0.2	0.3
	08:00	MX	Gross fixed investment	Jun	% y/y	-5.1	-4.3	-7.1
	08:00	MX	Gross fixed investment*	Jun	% m/m	-0.2	-0.2	0.9
	08:00	MX	Private consumption	Jun	% y/y	0.8	--	-1.6
	08:00	MX	Private consumption*	Jun	% m/m	0.6	--	-1.0
	08:15	US	ADP employment*	Aug	thousands	85	70	104
	08:30	US	Initial jobless claims*	Aug 30	thousands	230	--	229
	08:30	US	Trade balance*	Jul	US$bn	--	-64.5	-60.2
	09:45	US	Services PMI*	Aug (F)	index	55.4	--	55.4
	09:45	US	Composite PMI*	Aug (F)	index	55.4	--	55.4
	10:00	US	ISM services*	Aug	index	50.0	50.8	50.1
	12:05	US	Fed's Williams Speaks on Economic Outlook and Monetary Policy					
	19:00	US	Fed's Goolsbee Appears in a Moderated Q&A					
Fri 5	05:00	EZ	Gross domestic product	2Q25	% y/y	--	1.4	1.4
	05:00	EZ	Gross domestic product*	2Q25	% q/q	--	0.1	0.1
	08:30	US	Nonfarm payrolls*	Aug	thousands	80	75	73
	08:30	US	Unemployment rate*	Aug	%	4.3	4.2	4.2
	16:30	MX	Citi Survey of Economists					
Sun 7	19:50	JN	Gross domestic product*	2Q25 (F)	% q/q	--	--	0.3
	22:30	CHI	Trade balance	Aug	USDbn	--	--	98.2
	22:30	CHI	Exports	Aug	% y/y	--	--	8.0
	22:30	CHI	Imports	Aug	% y/y	--	--	4.8

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

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Recent trade ideas

Trade idea	P/L	Initial date	End date
Receive 2-year TIIE-F swaps (26x1)	P	May-30-25	Aug-12-25
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

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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

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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, 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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Directory

Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251

Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957

Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438

Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 – 2250

Hugo Armando Gómez Solís
Senior Strategist, Equity
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Marcos Saúl García Hernandez
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296

Gerardo Daniel Valle Trujillo
Senior Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060

Quantitative Analysis

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608

José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000

Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904

Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430

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