Fixed-Income and FX Weekly

Market outlook

- **Mixed balance in local assets.** Last week, the Mbonos' curve registered gains of 6bps, on average. The 10-year benchmark closed at 9.31% (+2bps w/w). The USD/MXN ended at 17.96, printing an appreciation of 2.6% w/w

- **Focus on US employment report and Jerome Powell's appearance before Congress.** Last week, markets digested economic data showing a resilient US economy and PMIs in China supported by the economic reopening, as well as disappointing inflation readings in several latitudes. In addition, markets digested various Fed comments on interest rates, with Atlanta Fed President Raphael Bostic standing out by talking about a possible summer pause. This week, the spotlight will be on Jerome Powell's appearance before Congress and the release of the US labor market figures. The release of the non-farm payrolls will be very relevant for the Fed's next decision; a negative surprise would cause a further adjustment in market expectations and strong volatility in financial assets. In particular, we estimate a 250K job creation and an unemployment rate at 3.5%. In addition to Powell, other Fed members will participate in various forums and there will be a speech by Christine Lagarde, president of the ECB. Also, the central banks of Australia, Canada, Poland, Malaysia, Peru and Japan will publish their monetary policy decision. Additionally, markets will be attentive to the Communist Party's Annual Congress in China and in the US, President Biden will present the budget for fiscal year 2024. In Mexico, attention to the February inflation reading (Banorte: 0.61% m/m) as well as consumer confidence and the banking sector expectations survey. Today, China set a 5% target for GDP in 2023, which suggests lower momentum for the global economy but also less pressure on commodities

Fixed-Income

- **Supply** – Tomorrow, the MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 20-year Mbono, the 20-year Udibono, and Bondes F. Moreover, extraordinary Cetes and Bondes F auction on Wednesday

- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.402 trillion (US$ 76.4 billion), a market share equal to 36.3%, as of February 22nd. Short positions in Mbono May'33 ended at MXN 1.7 billion from previous MXN 93 million

- **Technicals** – The spread between 10-year Mbonos and Treasuries remained unchanged at 535bps from the previous week, with the 12M mean at 572bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of February 7th) printed a net short of US$ 1.16 billion from -US$ 1.19 billion the previous week. Mutual funds' flows to EM marked outflows of US$ 1.1 billion from inflows of US$ 263 million

- **Technicals** – The MXN 1-month volatility moved 10.64% from 10.83% the previous week. The spot reached its best intraday level since April 2018 of 17.95 per dollar, trading beyond the short-term resistance of 18.16

March 6, 2023

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Recommendations

Fixed-Income
- We acknowledge that higher rate risks prevail amid a slow moderation in inflation, so we remain cautious and do not hold directional positions. However, we continue to see attractive valuation in longer-duration Mbonos, particularly for longer-term investment portfolios
- For this week, we do not rule out additional pressures in sovereign bonds if the US employment report consolidates bets of a fourth 25bps hike in July
- Finally, we expect that the 10-year Mbono to trade between 9.25% and 9.50% this week

FX
- FX market dynamics will be defined by **Jerome Powell's speeches before** Congress and the release of US employment figures. For the USD we see some sideways movement ahead of Friday's employment data
- The MXN could fluctuate around the 18.00 figure remaining resilient as it is supported by Banxico's high rates, its spread with the Fed, balanced fiscal accounts and the expectation of additional nearshoring flows. We estimate a weekly trading range between USD/MXN 17.80 and 18.35

Fixed-Income dynamics

Mbonos performance

Maturity date	YTM 03/03/2023	Weekly change (bps)	YTD (bps)
Mar'23	10.65	0	-8
Dec'23	11.75	+5	+92
Sep'24	11.35	-4	+126
Dec'24	11.06	-3	+119
Mar'25	11.10	-7	+117
Mar'26	10.25	-11	+102
Mar'27	9.88	-9	+69
Jun'27	9.75	-6	+67
May'29	9.41	-1	+34
May'31	9.28	-2	+26
May'33	9.31	+2	+29
Nov'34	9.25	-1	+20
Nov'36	9.16	-9	+12
Nov'38	9.24	-6	+15
Nov'42	9.28	-5	+17
Nov'47	9.19	-12	+12
Jul'53	9.18	-13	+13

Source: PiP

IRS (28-day TIIE) performance

Maturity date	YTM 03/03/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.51	+9	+60
6-month (6x1)	11.69	+0	+65
9-month (9x1)	11.78	-3	+71
1-year (13x1)	11.73	-4	+82
2-year (26x1)	10.73	-4	+87
3-year (39x1)	9.93	-3	+75
4-year (52x1)	9.52	0	+61
5-year (65x1)	9.30	+3	+48
7-year (91x1)	9.09	+3	+35
10-year (130x1)	9.03	+5	+30
20-year (260x1)	9.13	+6	+27

Source: Bloomberg

Udibonos performance

Maturity date	YTM 03/03/2023	Weekly change (bps)	YTD (bps)
Nov'23	7.42	+21	+134
Dec'25	5.43	+13	+66
Dec'26	5.27	+1	+61
Nov'28	4.54	-19	+23
Nov'31	4.28	-26	+11
Nov'35	4.29	-16	+8
Nov'40	4.33	-15	+14
Nov'46	4.25	-14	+7
Nov'50	4.27	-15	+3

Source: PiP

Cetes performance

Maturity date	YTM 03/03/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.03	-3	+94
Cetes 91	11.48	-3	+82
Cetes 182	11.93	-8	+106
Cetes 364	12.07	-5	+110
Cetes 728	12.02	0	+121

Source: PiP

Mbonos curve at different closing dates
%
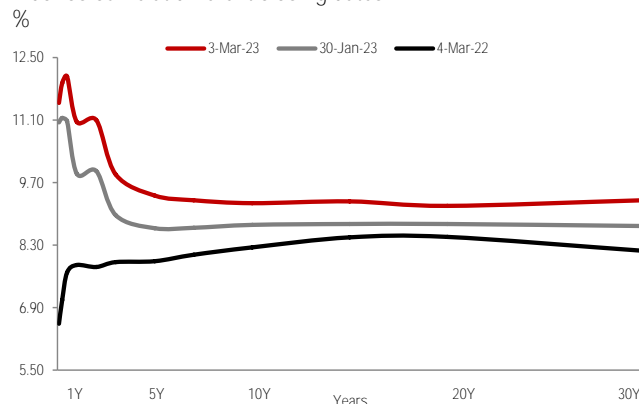
Source: PiP, Banorte

10-year Mbono benchmark
%

Source: PiP

Fixed-Income dynamics (continued)

USD UMS and US Treasuries performance

Term	UMS				UST			Spreads			CDS
	Maturity date	YTM 03/03/2023	Weekly change (bps)	YTD (bps)	YTM 03/03/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	4.84	+7	+37	4.86	+5	+43	-2	+3	40	38
3Y	May'26	4.98	+5	+19	4.60	+6	+37	38	-1	69	58
5Y	Feb'28	5.24	-5	+45	4.25	+3	+24	99	-8	100	107
7Y	Apr'30	5.35	-6	+2	4.14	+3	+18	121	-9	151	151
10Y	May'33	5.73	-1	+17	3.96	+1	+8	177	-2	180	186
20Y	Mar'44	6.18	+4	-20	4.10	-1	-4	207	+5	236	--
30Y	Feb'52	6.15	+0	-24	3.87	-6	-9	227	+6	265	--

Source: Bloomberg

5Y USD UMS
%
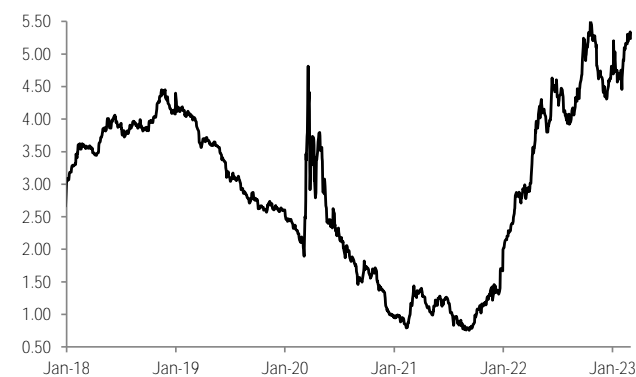
Source: Bloomberg

10Y USD UMS
%

Source: Bloomberg

5Y UMS-UST Spread
Basis points

Source: Bloomberg

10Y UMS-UST Spread
Basis points

Source: Bloomberg

Fixed-Income supply

- **Mexico's weekly auction.** Tomorrow, the MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 20-year Mbono (Nov'42), the 20-year Udibono (Nov'35), and 2- and 5-year Bondes F. Additionally, an extraordinary Cetes and Bondes F auction will take place on Wednesday, considering Cetes of 182-, 280-, 364-, and 700-days, as well as Bondes F of 308-, 665-, and 1,680-days for a total amount of up to MXN 35 billion

- **We continue to see an attractive valuation in long-term Mbonos.** In our view, appetite for Cetes will remain strong as the Banxico's restrictive cycle continues. However, demand could be limited by the effect of higher supply, considering the extraordinary auction of Cetes and Bondes F that will take place on Wednesday. The market recalibrated its expectations towards a terminal rate of 11.75% from 12.00% a couple of week ago. For the 20-year Mbono, we expect a good demand like its two last auctions of 2.4x. Although we remain cautious and without directional positions, we still see an attractive valuation in the long-term Mbonos. The Nov'42 node is trading at 9.28%, equivalent to an undervaluation according to the duration-adjusted yield analysis, making it a long-term investment opportunity. For 20-year Udibono we expect moderate appetite around 2.0x given a less attractive relative valuation. The 20-year breakeven stands at 4.78% from 4.47% at the start of February

Auction specifics (March 7, 2023)

	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	5-Apr-23	--	20,000	11.05
3m	8-Jun-23	--	20,000	11.55
6m	7-Sep-23	--	5,000	11.98
12m	7-Mar-24	--	5,000	12.09
Bondes F				
2y	24-Oct-24	--	2,000	0.17
5y	14-Oct-27	--	1,000	0.26
Mbono				
20y	13-Nov-42	7.75	6,000	8.71
Udibono				
20y	22-Nov-35	4.50	UDIS 700	4.05

Source: Banorte with data from Banco de Mexico
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

1Q23 Auction Calendar*

| Date	Cetes	Mbonos	Udibonos	Bondes F
3-Jan	1, 3, 6, and 24M	3-year (Mar'25)	3-year (Dec'26)	1-, and 3-year
10-Jan	1, 3, 6, and 12M	10-year (May'33)	20-year (Nov'35)	2-, and 5-year
17-Jan	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year
24-Jan	1, 3, 6, and 12M	20-year (Nov'42)	30-year (Nov'50)	2-, 5-, and 10-year
31-Jan	1, 3, 6, and 24M	3-year (Mar'25)	3-year (Dec'26)	1-, and 3-year
7-Feb	1, 3, 6, and 12M	30-year (Jul'53)	20-year (Nov'35)	2-, and 5-year
14-Feb	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year
21-Feb	1, 3, 6, and 12M	10-year (May'33)	30-year (Nov'50)	2-, 5-, and 10-year
28-Feb	1, 3, 6, and 24M	3-year (Mar'25)	3-year (Dec'26)	1-, and 3-year
7-Mar	1, 3, 6, and 12M	20-year (Nov'42)	20-year (Nov'35)	2-, and 5-year
14-Mar	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year
21-Mar	1, 3, 6, and 12M	30-year (Jul'53)	30-year (Nov'50)	2-, 5-, and 10-year
28-Mar	1, 3, 6, and 24M	3-year (Mar'25)	3-year (Dec'26)	1-, and 3-year

Source: Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

Mbonos' bid-to-cover ratios for primary auction in last 2 years
Times
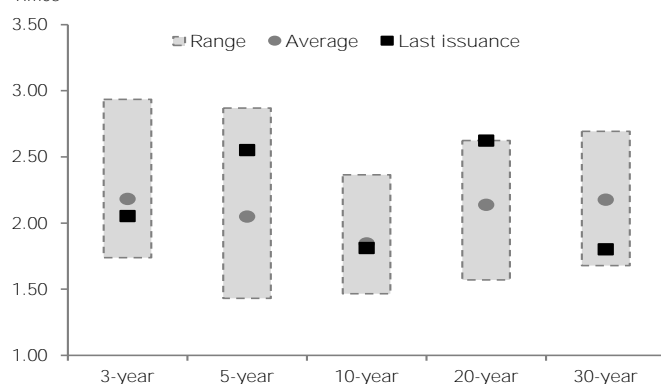
Source: Banxico, Banorte

Udibonos' bid-to-cover ratios for primary auction in last 2 years
Times
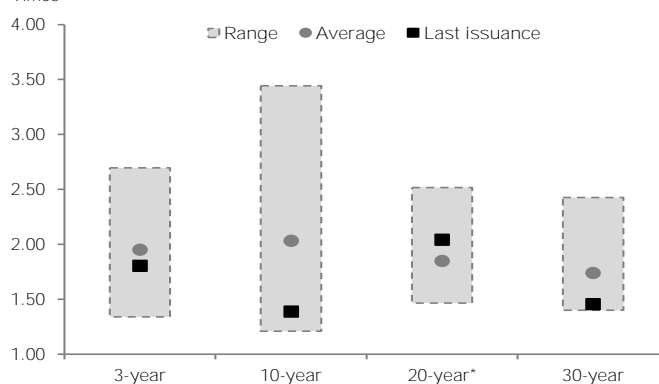
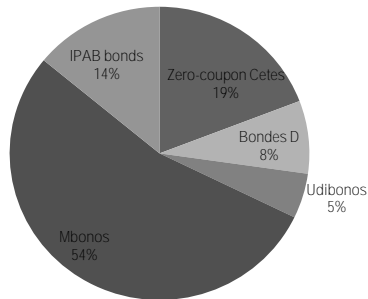Source: Banxico, Banorte *The 20-year maturity was reopened in April 2021

Fixed-Income demand

Cetes held by foreigners
MXN billion, %

Source: Banxico

Mbonos held by foreigners
MXN trillion, %

Source: Banxico

Government issuance by type of instrument
Total amount of US$ 392 billion, % of total
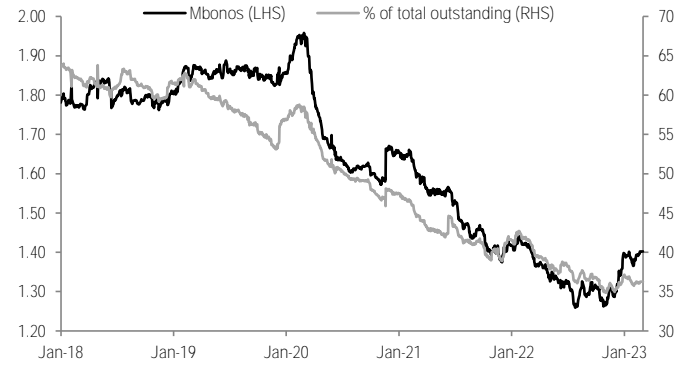
Source: Banxico

Mbonos holdings by type of investor
Total amount of US$ 211 billion, % of total

Source: Banxico

Government bond holdings by type of investor
US$ billion and %, data as of 02/22/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	75	11%	16%	15%	4%	12%	42%
Floating-rate Bondes D	31	1%	3%	36%	2%	22%	36%
Real-rate Udibonos	150	5%	53%	3%	20%	2%	18%
Fixed-rate Mbonos	211	36%	23%	2%	3%	13%	23%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
US$ billion

	02/22/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	8.5	8.3	0.2	7.6	0.8
Floating-rate Bondes D	0.4	0.4	0.0	1.9	-1.5
Real-rate Udibonos	7.5	1.0	6.5	1.0	6.6
Fixed-rate Mbonos	76.4	75.8	0.6	76.2	0.2

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
Percentage of total amount outstanding

	02/22/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	11.3%	11.5%	-0.2%	12.4%	-1.1%
Floating-rate Bondes D	1.2%	1.2%	0.0%	4.4%	-3.2%
Real-rate Udibonos	5.0%	5.1%	-0.1%	5.0%	0.0%
Fixed-rate Mbonos	36.3%	36.1%	0.1%	37.1%	-0.8%

Source: Banorte with data from Banxico

Mbonos holdings by type of investor
US$ billion and %, data as of 02/16/2023

| DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Mar'23	6.0	12%	2%	19%	67%
Dec'23	12.0	17%	14%	15%	55%
Sep'24	17.0	30%	23%	11%	37%
Dec'24	13.0	40%	30%	9%	21%
Mar'25	9.2	28%	26%	18%	28%
Mar'26	24.1	32%	30%	17%	21%
Mar'27	10.8	19%	30%	14%	37%
Jun'27	19.0	14%	46%	27%	14%
May'29	14.3	4%	56%	22%	18%
May'31	23.0	3%	53%	31%	13%
May'33	4.8	5%	24%	51%	20%
Nov'34	4.7	1%	50%	36%	13%
Nov'36	3.9	2%	32%	38%	28%
Nov'38	11.9	2%	44%	40%	15%
Nov'42	14.5	1%	47%	37%	15%
Nov'47	13.7	0%	37%	45%	19%
Jul'53	5.2	1%	31%	54%	15%
Total	201.8	15%	36%	26%	24%

Source: Banxico

Fixed-Income demand – Primary dealers

Market makers' short positions on Mbonos
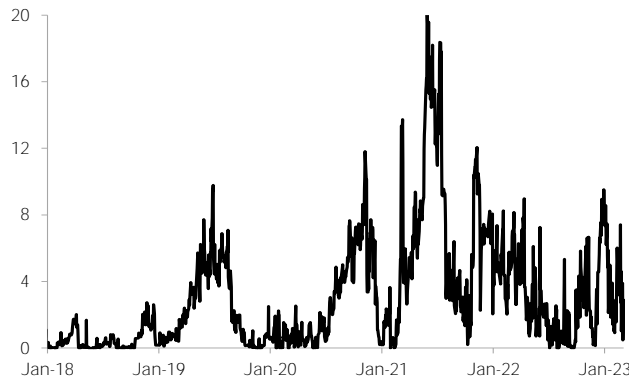MXN billion
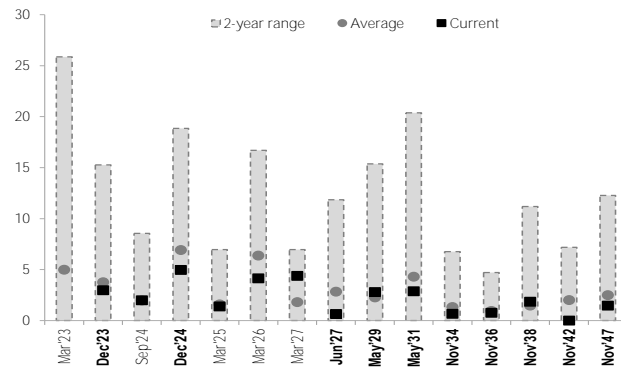
Source: Banxico *Mar'25 issued in Dec'21

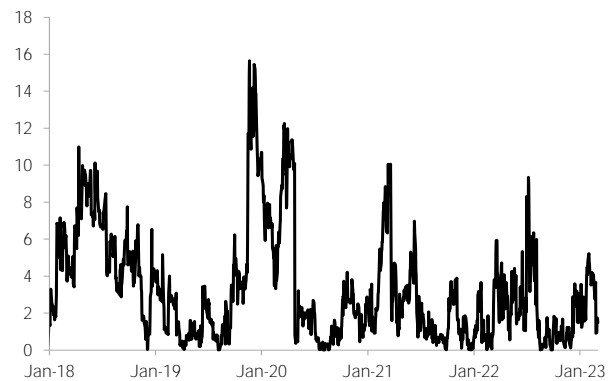Weekly change in market makers' short positions on Mbonos
MXN billion
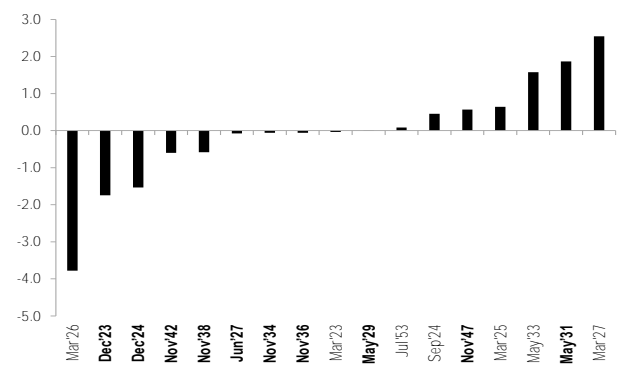
Source: Banxico

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

Source: Banxico

Market makers' short positions on Mbono Nov'47
MXN billion

Source: Banxico

Market makers' short position on Mbonos
US$ million

| Maturity Date	Total amount outstanding as of 03/03/2023	03/03/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Mar'23	6,139	0	2	30	554	281	0
Dec'23	11,754	166	263	263	166	400	0
Sep'24	17,675	111	86	161	111	276	3
Dec'24	13,818	276	362	170	225	502	1
Mar'25	10,569	78	42	123	377	329	0
Mar'26	25,014	231	441	293	33	852	134
Mar'27	11,669	245	103	7	150	388	0
Jun'27	19,629	36	41	72	37	660	16
May'29	15,270	157	157	166	40	347	0
May'31	24,319	161	57	59	403	530	0
May-33	6,117	93	5	109	0	257	0
Nov'34	4,946	37	40	85	25	162	25
Nov'36	3,953	43	46	67	4	241	0
Nov'38	12,200	104	136	46	116	136	0
Nov'42	15,022	0	34	115	125	325	0
Nov'47	14,382	82	50	265	58	291	0
Jul'53	5,849	161	156	45	0	703	0
Total	218,323	1,820	1,865	2,031	2,425		

Source: Banxico

Fixed-Income technicals

- **The carry at the shortest-end decreased.** Spreads between Cetes and imp. forward rates stood at: 1-month at +9bps from +61bps, 3-month at -21bps from 0bp, 6-month at -42bps from -22bps, and 1-year at -72bps from -62bps

- **Board member's point out that the end of the Banxico's restrictive cycle is near.** During the presentation of the Quarterly Report, several members of the Board indicated that the reference rate is close to the terminal rate levels. The reaction of the local fixed-income market was positive, and the market recalibrated its expectations towards a terminal level of 11.75% from 12.00% a couple of weeks ago. This scenario is in line with our call, equivalent to 25bps hikes in the meeting of March, May, and June. In addition, we rule out cuts for the remainder of the year

Spread between Cetes and Implied Forward Rates
Basis Points

Tenor	Actual 03/03/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	9	61	66	12	142	-134
3 months	-21	0	-6	-51	27	-109
6 months	-42	-22	-55	-82	-10	-121
12 months	-72	-62	-92	-107	-61	-150

Source: Banorte with data from PiP and Bloomberg

Cumulative implied moves in Banxico's repo rate
Basis points
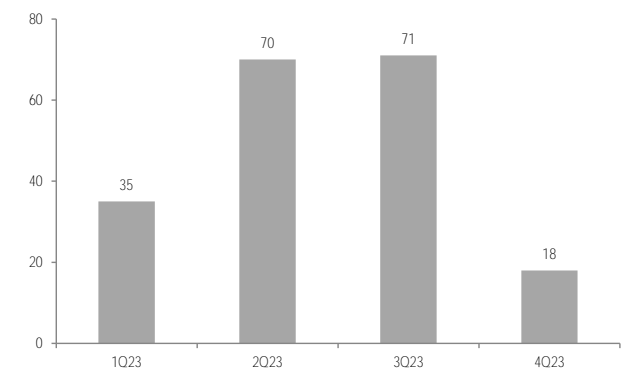
Source: Banorte with data from Bloomberg

- **Risk premium remained stable despite volatility.** Markets digested a hawkish tone from ECB and Fed members as well as disappointing inflation readings in Europe. In this context, the 10-year spread between Mbonos and Treasuries closed on Friday at 535bps, unchanged vs. the previous week, while the average of the last twelve months remains at 572bps

- **The 3-month correlation between benchmark Mexican and American bonds increased.** The reading closed Friday at +84% from +72% the previous week

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

Source: PiP and Bloomberg

Mexico and U.S. 10-year bonds correlation
3-month moving correlation
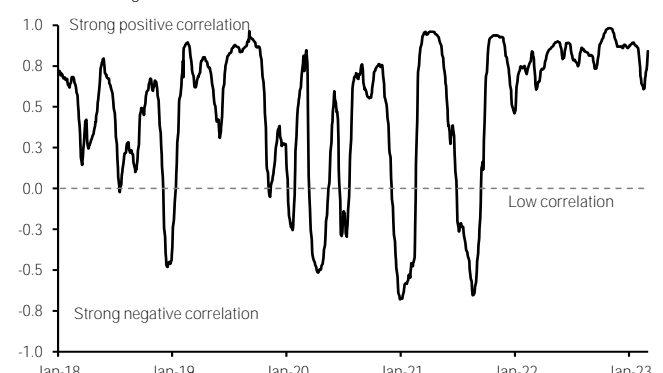
Source: Banorte with data from Bloomberg

# Fixed-Income technical (continued)

Selected Spreads

Basis points

Tenor	03/03/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-176	-180 (+4bps)	-125 (-51bps)	23 (-199bps)	37	-197	-63
Mbono 10s30s	-13	2 (-15bps)	13 (-26bps)	40 (-53bps)	41	-15	8
TIIE-Mbono 2-year	-33	-32 (-1bp)	-20 (-13bps)	23 (-56bps)	44	-70	-9
TIIE-Mbono 10-year	-28	-32 (+4bps)	-41 (+13bps)	-11 (-17bps)	1	-67	-29

Source: Bloomberg and PiP

Mexican and US rates performance, last 12 months
Basis points
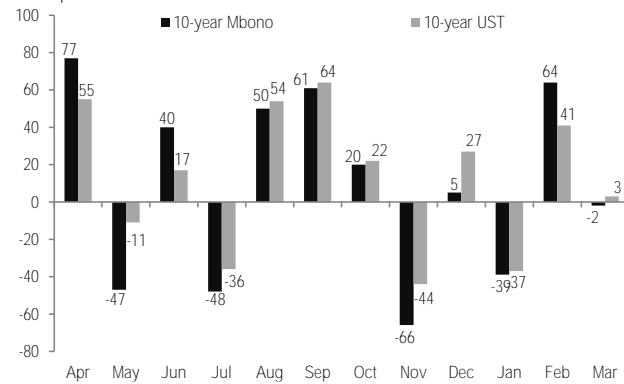
Source: PiP and Bloomberg

2- and 10-year TIIE-IRS and Mbono spreads
Basis points
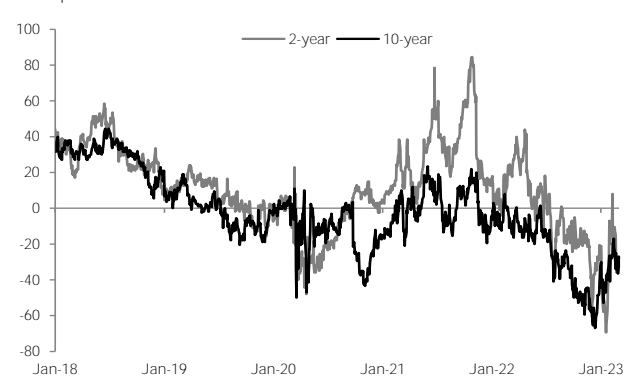
Source: Bloomberg

Breakeven inflation using Mbonos & Udibonos

Implicit market inflation using Fisher Equation (%)

Date	03/03/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	5.54	5.62 (-8bps)	5.17 (+37bps)	4.19 (+135bps)	5.74	4.13	5.06
5Y	5.11	5.02 (+9bps)	4.67 (+44bps)	4.29 (+82bps)	5.28	4.19	4.76
10Y	4.79	4.55 (+24bps)	4.39 (+40bps)	4.27 (+52bps)	5.16	4.19	4.63
20y	4.78	4.67 (+11bps)	4.57 (+21bps)	4.53 (+25bps)	5.15	4.32	4.73
30Y	4.71	4.69 (+2bps)	4.57 (+14bps)	4.40 (+31bps)	5.18	4.23	4.70

Source: PiP

3- and 5-year breakeven inflation using Mbonos & Udibonos
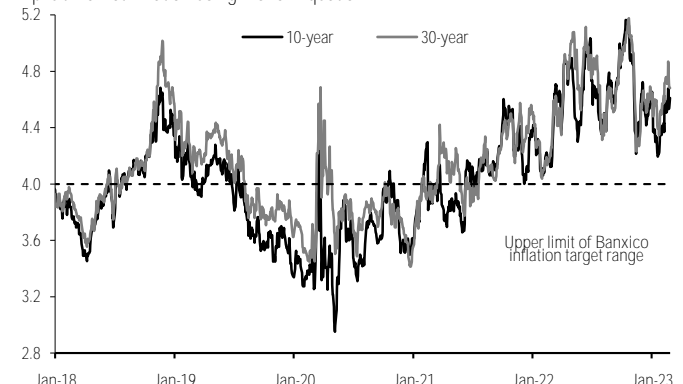Implicit market inflation using Fisher Equation
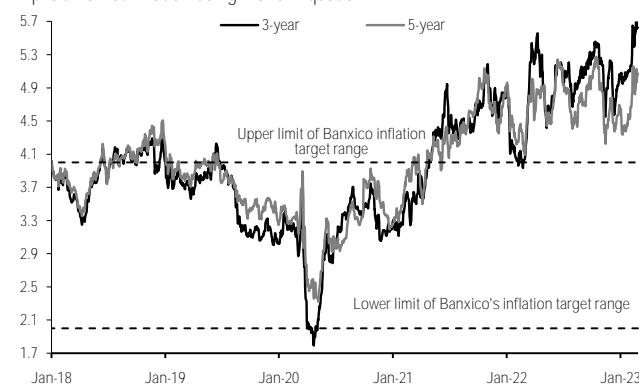
Source: Banorte with data from PiP

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

Source: Banorte with data from PiP

Fixed-Income trade recommendations

- **Short-term sovereign bond yields reached multi-year highs, digesting tighter rhetoric.** Over the past week, investors assimilated more restrictive comments from monetary policymakers in both the US and the Eurozone, reaffirming their commitment to maintain the stability of their currencies' purchasing power. Especially after the latest inflation figures in several latitudes surprised the market negatively. In particular, the annual Eurozone metric decelerated slightly in February to 8.5% from a previous 8.6% but was above consensus expectations of 8.3%. More importantly, the core component reached record levels of 5.6% from 5.3%. In this context, expectations drawn from fixed income securities forecast terminal rates to be higher than anticipated. For the ECB, a terminal rate of 4.00% is expected, up from 3.50% at the beginning of February. While for the Fed they anticipate 25bps increases in March, May and June. Furthermore, a hike of the same magnitude is discussed in July (40% probability), taking Fed funds above 5.25%-5.50% from 4.75%-5.00% a couple of weeks ago. Locally, the market expects Banxico to conclude the tightening cycle with a rate around 11.75% from a previous 11.00%. Following the resetting of expectations, short-term sovereign bond yields reached new multi-year highs. For example, the US 2-year benchmark reached a 15-year high of 4.90%, while the German benchmark traded at levels not seen since 2008 at 3.20%. Locally, the Mbono Dec'24 traded at record highs of 11.12%

- In the weekly balance, the Treasuries yield curve sharpened its inversion as a result of greater losses at the short-end. Thus, the 2s10s spread settled at new lows of -90bps, not seen in the last forty years, since -69bps at the beginning of February. In addition, the 10-year benchmark returned to trade around the 4.00% figure. It is worth mentioning that several of the Governing Board members signaled that the end of the tightening cycle is near. In this sense, Mbonos ended the week with a breather of 6bps, on average, with the largest adjustment in the longer maturities (-12bps). As a result of better performance in Mbonos, most spreads vs Treasuries declined slightly. However, the risk premium remained unchanged at 535bps

- We acknowledge that higher rate risks prevail amid a slow moderation in inflation, so we remain cautious and do not hold directional positions. However, we continue to see attractive valuation in longer-duration Mbonos, particularly for longer-term investment portfolios. In particular, Nov'42, Nov'47 and Jul'53 have gained around 20bps in the last two weeks. For this week, we do not rule out additional pressures if the US employment report consolidates bets of a fourth 25bps hike in July. Finally, we expect the 10-year Mbono, May'33, to trade between 9.25% and 9.50%

FX dynamics

- **The Mexican peso remains the best performing currency this year.** The peso continues to be supported by Banxico's high rates, its spread with the Fed, balanced fiscal accounts and an outlook for higher nearshoring flows. The local currency closed Friday at 17.96 per dollar with a 2.6% w/w appreciation

- **The USD broke a four-week streak of appreciation.** The USD weakened on appetite for risk assets and less concern about the terminal rate level. Meanwhile, G10 and emerging market currencies ended the week with a positive bias. In the former group, NZD (+0.9%) was the strongest and in the latter, CLP (+2.7%) and ARS (-1.7%) were at the ends of the spectrum

Foreign Exchange market levels and historical return

		Close at 03/03/2023	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD[1] (%)
Emerging Markets						
Brazil	USD/BRL	5.20	0.3	0.0	-2.8	1.60
Chile	USD/CLP	803.78	1.1	2.7	-1.5	5.89
Colombia	USD/COP	4,784.42	0.5	1.1	-3.3	1.42
Peru	USD/PEN	3.78	0.1	1.0	1.8	0.61
Hungary	USD/HUF	356.56	-0.4	1.1	-0.6	4.71
Malaysia	USD/MYR	4.48	0.0	-0.9	-4.5	-1.64
Mexico	USD/MXN	17.96	0.9	2.6	3.6	8.59
Poland	USD/PLN	4.43	0.2	1.1	-3.3	-1.14
Russia	USD/RUB	75.65	-0.3	0.3	-7.8	-1.93
South Africa	USD/ZAR	18.14	0.3	1.6	-6.1	-6.09
Developed Markets						
Canada	USD/CAD	1.36	0.0	0.1	-2.3	-0.3
Great Britain	GBP/USD	1.20	0.8	0.8	-2.7	-0.4
Japan	USD/JPY	135.87	0.7	0.4	-5.1	-3.5
Eurozone	EUR/USD	1.0635	0.4	0.8	-3.2	-0.7
Norway	USD/NOK	10.39	0.6	0.0	-4.5	-5.6
Denmark	USD/DKK	7.00	0.4	0.9	-3.3	-0.7
Switzerland	USD/CHF	0.94	0.7	0.4	-3.0	-1.2
New Zealand	NZD/USD	0.62	0.0	0.9	-4.4	-2.0
Sweden	USD/SEK	10.46	0.5	0.5	-1.1	-0.3
Australia	AUD/USD	0.68	0.6	0.7	-5.1	-0.6

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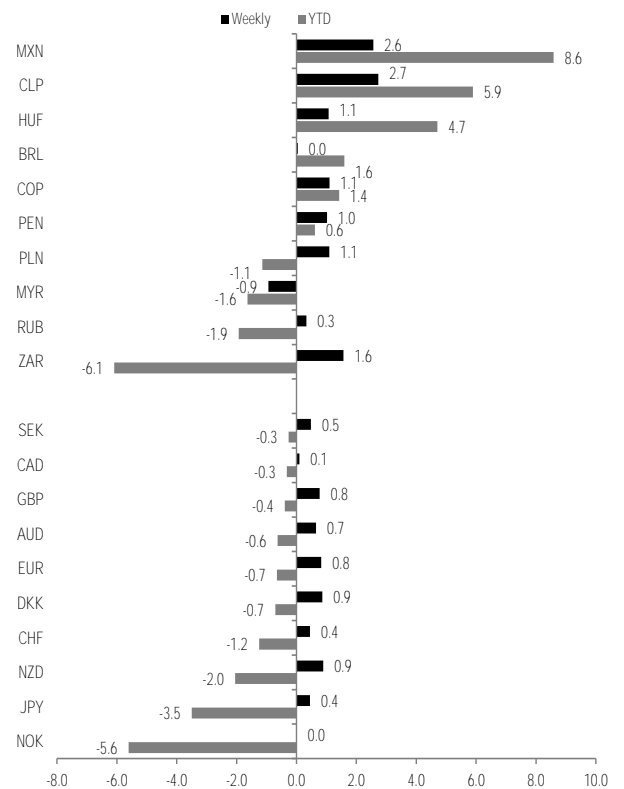Source: Bloomberg

FX performance
Against USD, %

Source: Bloomberg

USD/MXN
Last 12 months

Source: Bloomberg
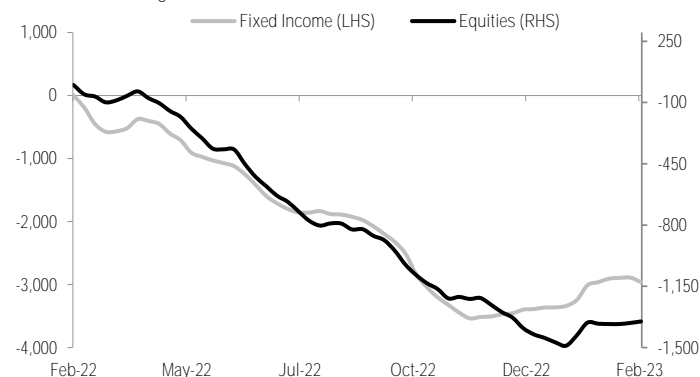
DXY
Points

Source: Bloomberg, Banorte

FX positioning and flows

- **For the fifth consecutive week, net short positions in the MXN decreased.** MXN position as of February 7th marked a net short of US$ 1.16 billion, down 20% from its highest level for the year. It is worth noting that the US Commodity Futures Trading Commission (US CFTC) maintains a three-week technical position reporting lag following the cyber-attack. We believe that the remaining data could point to a further reduction in short positions following the resilient dynamics of the peso (+2.9%) in February, positioning it along with the Peruvian sol (+1.4%) as the only positives

- **USD shorts started February with higher volume.** The USD IMM position posted a net short US$ 11.67 billion, equivalent to an 11.4% increase from the previous week. With this, it registers its highest level since June 2021 and almost two months of higher speculative short positions. The weekly adjustment was the result of widespread buying, led by EUR

- **Both EM and Mexico recorded outflows after seven weeks of inflows.** Our EPFR aggregate recorded negative flows of US$ 1.1 billion from positive flows of US$ 263 million the previous week. Bonds sales increased to US$ 1.1 billion from US$ 355 million. While equities purchases were almost completely diluted to US$ 14 million. In Mexico, negative flows of US$ 64 million were recorded because of sales in bonds of US$ 73 million and purchases in equities of US$ 9 million

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

IMM positioning by currency*
Billion dollars

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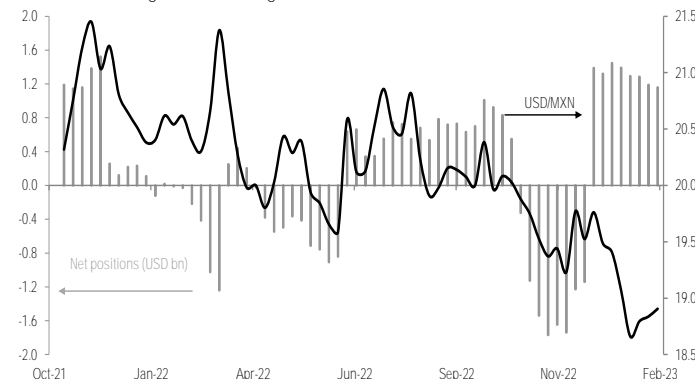
* Positive: Net long in the corresponding currency
Source: CME, Banorte

Foreign portfolio flows into Mexico
Accumulated during the last 12M, million dollars

Net foreign portfolio flows by region*
Weekly, million dollars

Source: EPFR Global, Banorte
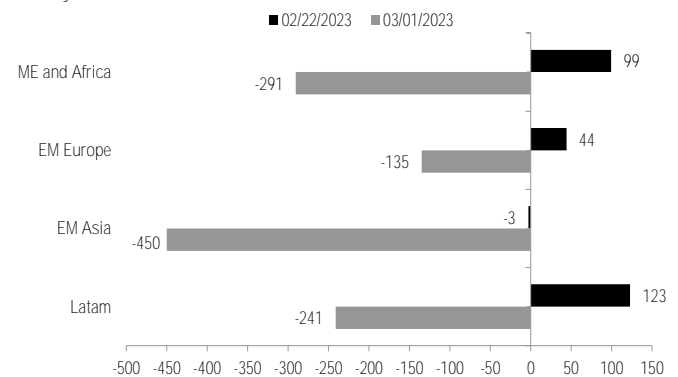
Source: EPFR Global, Banorte * Including only mutual funds' investments

FX technicals

▪ **The Mexican peso easily breached the 18.00 level.** The Mexican peso continues to be one of investors' favorite currencies for long positions given the attractive carry and low risk. In this context, on Friday in intraday trading it reached a level of 17.95 per dollar, being the strongest since April 2018. We see main short-term resistances at 17.90, 17.75 and 17.60, with supports at 18.20, 18.35 and 18.50. Last week, the trading range marked 47 cents while, the average of the last 4 weeks stands at 44 cents. So far this year, the weekly range reached a maximum of 65 cents, while the minimum range was 21 cents

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	71	68	-1	75	44
CAD	61	42	15	80	48
ZAR	84	79	10	84	51
BRL	36	24	-48	80	36
HUF	58	62	-5	66	35
RUB	40	42	-72	54	-1

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

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
VIX	28	33	8	77	45
SPX	30	43	23	63	43
GSCI	17	15	2	65	33
Gold	59	37	-3	81	49

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

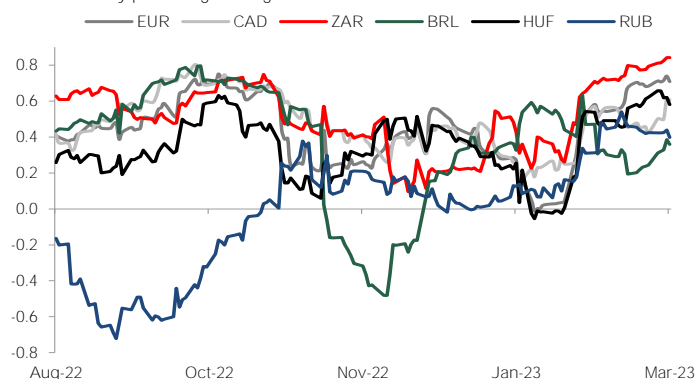USD/MXN **–** Moving averages
Last 120 trading days

Source: Bloomberg

USD/MXN **–** Fibonacci retracement
Last 12 months
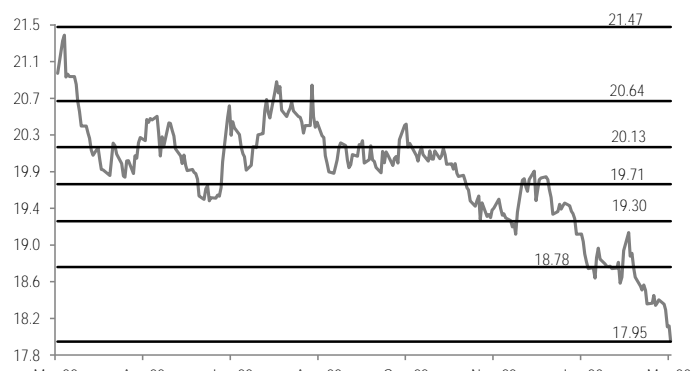
Source: Bloomberg

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)

- **Lower implied volatility in short-term readings.** The MXN ATM implied volatility curve decreased on the short-end and registered a slight increase on the long-end. The 1-month metric declined 0.2 vegas to 10.64%, while the 1-year reading closed at 11.91% from 11.91% the previous week. The 1-month risk reversal moved to 2.24% from 2.25% the previous week and the 3-month risk reversal moved to 2.66% from 2.64% the previous week
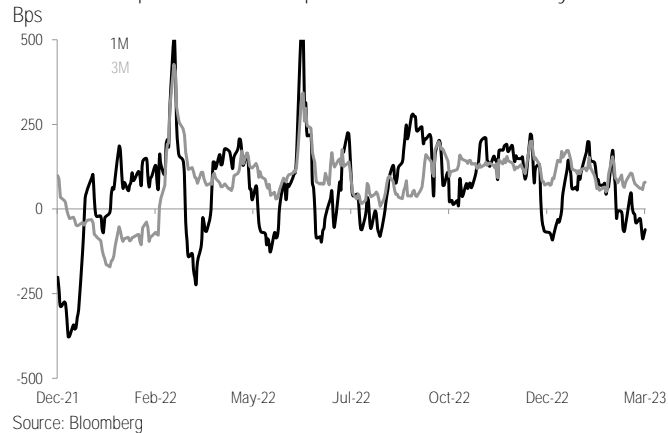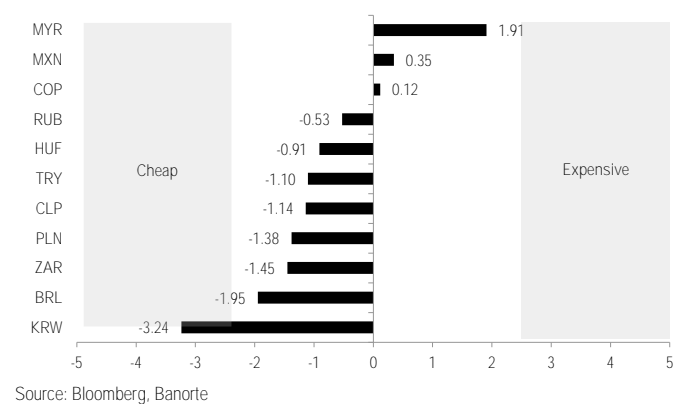
USD/MXN – ATM options volatility curve
%

Source: Bloomberg
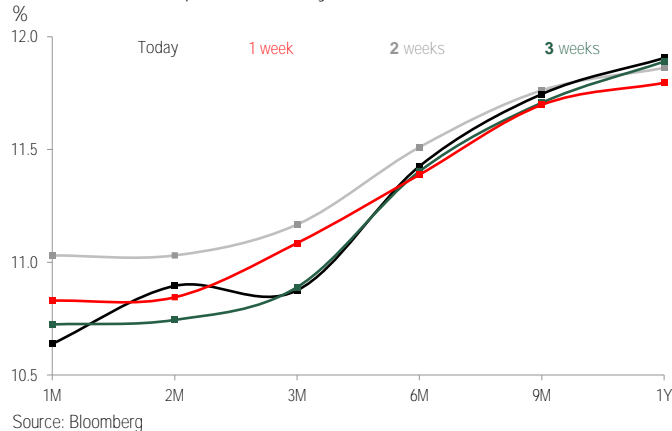
USD/MXN – 1M implied and historical volatility
%

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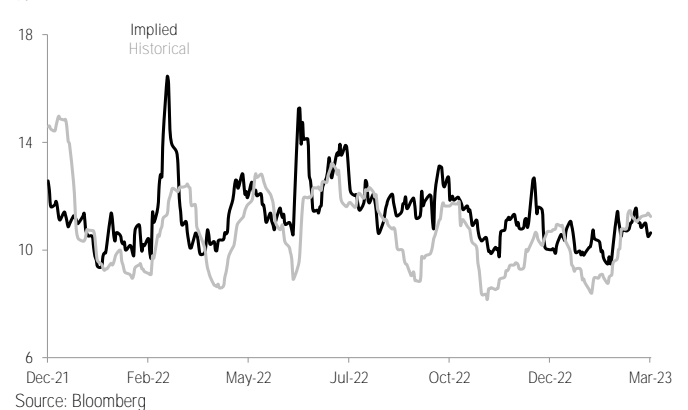
USD/MXN – Spread between implicit and historical volatility
Bps

Source: Bloomberg

Emerging markets one-month ATM options volatility
Against USD, in **standard deviations relative to last year's average**

MYR	1.91
MXN	0.35
COP	0.12
RUB	-0.53
HUF	-0.91
TRY	-1.10
CLP	-1.14
PLN	-1.38
ZAR	-1.45
BRL	-1.95
KRW	-3.24

Source: Bloomberg, Banorte

USD/MXN – 1-month and 3-month 25D risk reversals
Last 24 months, difference between USD calls and puts, in vols

Source: Bloomberg
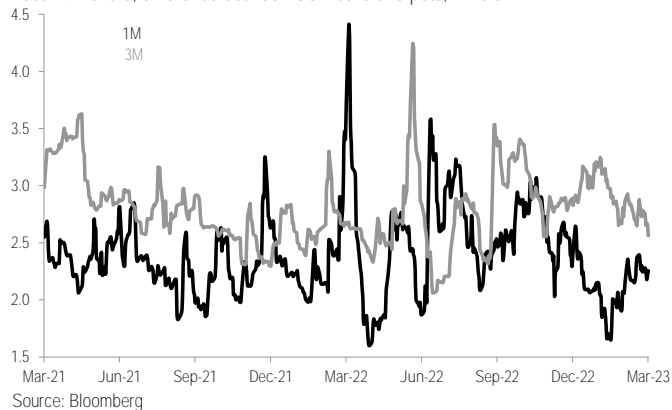
USD/MXN – 1-month 25D volatility-adjusted risk reversal
Last 12 months, ratio adjusted against one-month implied volatility


Source: Bloomberg, Banorte
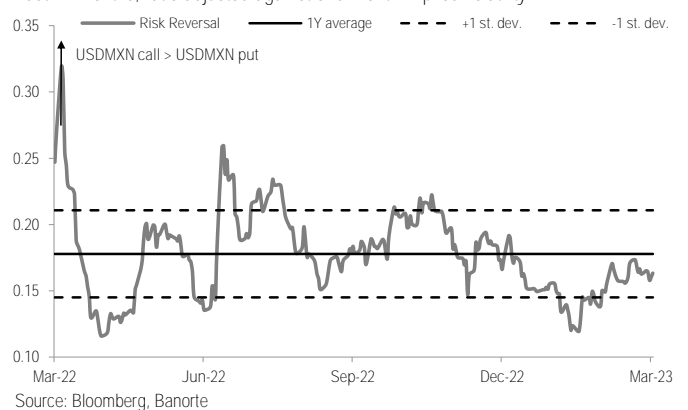
FX trade recommendations

- **The Mexican peso continues to be the strongest currency so far this year.** Last week, the factors that drove the dynamics of the FX market were: (1) inflation readings in several European countries above consensus; (2) hawkish comments from both ECB and Fed members, indicating the possibility of higher rates; (3) US data showing a resilient economy; (4) rebound in China's economic activity; and (5) volatility in sovereign bonds. Despite the above, the dollar weakened amid dip buying in risk assets and the DXY and BBDXY indices lost 0.7% and 0.8% w/w, respectively. Likewise, the BBDXY ended the streak of four consecutive weeks with gains. Most G-10 currencies appreciated with NZD (+0.9%) the strongest and NOK closed unchanged. In the emerging group, trading was capped by CLP (+2.7%) and ARS (-1.3%). The Mexican peso continues to show a solid performance as it is supported by the expectation of additional rate hikes from Banxico, the 625bps spread with the Fed and an outlook of higher inflows from nearshoring related investments. During the week, the MXN appreciated 2.6% to 17.96 per dollar, the second strongest among emerging markets. It also consolidated its position as the best performing currency in the year (+8.6%). In Friday's session, the MXN briefly pierced the 18.00 figure to mark its strongest level at 17.95, a level not seen since April 2018. The trading range was 47 cents similar to the four-week average

- This week's currency performance will be determined by (1) US labor market figures; and (2) Jerome Powell's semi-annual testimony before Congress. If the non-farm payroll reading surprises again, the dollar would strengthen as the Fed would be pressured to raise rates further. Keep in mind that the market incorporates a 23% probability of a 50bps hike in March, although in our view this is an unlikely scenario. Also relevant for the FX market will be Japan's monetary policy decision to maintain an accommodative stance despite an increase in inflationary pressures. Furthermore, the MXN could continue to be resilient among its peers supported by an attractive carry and solid fundamentals. We estimate a trading range between USD/MXN 17.80 and 18.35

USD/MXN and Mexico 5Y CDS
Pesos per dollar and bps, respectively

Source: Banorte with data from Bloomberg

USD/MXN Forecast for 2023
Pesos per dollar

Source: Banorte
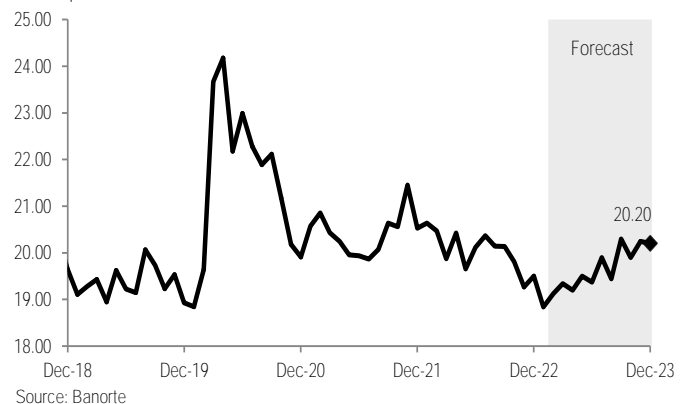
Weekly economic calendar
For the week ending March 10, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 6	05:00	EZ	Retail sales*	Jan	% m/m	--	0.6	-2.7
	07:00	MX	Gross fixed investment	Dec	% y/y	8.3	--	6.6
	07:00	MX	Gross fixed investment*	Dec	% m/m	2.5	--	0.0
	07:00	MX	Private consumption	Dec	% y/y	2.8	--	4.1
	07:00	MX	Private consumption*	Dec	% m/m	0.6	--	-0.6
	10:00	US	Factory orders*	Jan	% m/m	--	-1.8	1.8
	10:00	US	Ex transportation*	Jan	% m/m	--	1.0	-1.2
	10:00	US	Durable goods orders*	Jan (F)	% m/m	--	-4.5	-4.5
	10:00	US	Ex transportation*	Jan (F)	% m/m	--	0.7	0.7
	22:00	CHI	Trade balance	Jan-Feb	USDbn	--	81.8	109.5
	22:00	CHI	Exports	Jan-Feb	% y/y	--	-9.0	16.1
	22:00	CHI	Imports	Jan-Feb	% y/y	--	-5.5	--
Tue 7	07:00	MX	Consumer confidence*	Feb	index	43.8	--	44.2
	10:00	MX	International reserves	Mar 3	US$bn	--	--	200.1
	10:00	US	Senate Banking Panel Hears Semi-Annual Monetary Policy Report presented by Fed Chairman Jerome Powell					
	12:30	MX	Government weekly auction: 1-, 3-, 6-, 12- month CETES; 20-year Mbono (Nov'42); 20-year Udibono (Nov'35) and 2-, and 5-year Bondes F					
	15:00	US	Consumer credit*	Jan	USDbn	--	25.0	11.6
	15:30	MX	Survey of expectations (Citibanamex)					
Wed 8	02:00	GER	Industrial production*	Jan	% m/m	--	1.4	-3.1
	05:00	EZ	Gross domestic product	4Q22 (F)	% y/y	--	1.9	1.9
	05:00	EZ	Gross domestic product*	4Q22 (F)	% q/q	--	0.0	0.1
	08:15	US	ADP employment*	Feb	thousands	200	200	106
	08:30	US	Trade balance*	Jan	US$bn	--	-69.0	-67.4
	10:00	US	House Financial Services Committee Panel Hears Semi-Annual Monetary Policy Report presented by Fed Chairman Jerome Powell					
	18:50	JN	Gross domestic product*	4Q22 (F)	% q/q	--	0.2	0.2
	20:30	CHI	Consumer prices	Feb	% y/y	--	1.9	2.1
Thu 9	07:00	MX	Consumer prices	Feb	% m/m	0.61	--	0.68
	07:00	MX	Core	Feb	% m/m	0.66	--	0.71
	07:00	MX	Consumer prices	Feb	% y/y	7.67	--	7.91
	07:00	MX	Core	Feb	% y/y	8.35	--	8.45
	08:30	US	Initial jobless claims*	Mar 3	thousands	193	195	190
	10:00	US	Fed´s Barr speaks on crypto					
	18:00	PER	Monetary policy decision (BCRP)	Mar 9	%	--	--	7.75
		JN	Monetary policy decision (BoJ)	Mar 10	%	--	-0.10	-0.10
Fri 10	02:00	UK	Industrial production*	Jan	% m/m	--	0.0	0.3
	02:00	GER	Consumer prices	Feb (F)	% y/y	--	8.7	8.7
	07:00	BZ	Consumer prices	Feb	% m/m	--	--	0.53
	07:00	BZ	Consumer prices	Feb	% y/y	--	--	5.77
	08:30	US	Nonfarm payrolls*	Feb	thousands	250	215	517
	08:30	US	Unemployment rate*	Feb	%	3.5	3.4	3.4
		MX	Wage negotiations	Feb	% y/y	--	--	10.9

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

	Time		Event	Period	Unit	Banorte	Actual	Previous
Mon 27	04:00	EZ	Monetary aggregates (M3)*	Jan	% y/y	--	3.5	4.1
	05:00	EZ	Consumer confidence*	Feb (F)	index	--	-19.0	-19.0
	05:00	EZ	Economic confidence*	Feb	index		99.7	99.8 (R)
	07:00	MX	Trade balance	Jan	US$mn	-4,876.7	-4,125.1	984.0
	08:30	US	Durable goods orders*	Jan (P)	% m/m	--	-4.5	5.1 (R)
	08:30	US	Ex transportation*	Jan (P)	% m/m	--	0.7	-0.4
	10:30	US	Fed´s Jefferson discusses inflation and dual mandate					
Tue 28	07:00	BZ	Unemployment rate	Dec	%	--	7.9	8.1
	08:30	US	Trade balance*	Jan	US$bn	--	-91.5	-89.7
	09:00	US	S&P/CoreLogic housing prices	Dec	% y/y	--	4.7	6.8
	10:00	MX	International reserves	Feb 24	US$bn	--	200.0	200.4
	10:00	MX	Banking credit	Jan	% y/y	5.0	4.8	4.9
	10:00	US	Consumer confidence*	Feb	index	107.0	102.9	106.0 (R)
	12:30	MX	Government weekly auction: 1-, 3-, 6-, 24- month CETES; 3-year Mbono (Mar'25); 3-year Udibono (Dec'26) and 1-, and 3-year Bondes F					
	14:30	US	**Fed's Goolsbee speaks at community college**					
	20:00	CHI	Manufacturing PMI*	Feb	index	--	52.6	50.1
	20:00	CHI	Non-manufacturing PMI*	Feb	index	--	56.3	54.4
	20:00	CHI	Composite PMI*	Feb	index	--	55.0	52.9
	20:45	CHI	Manufacturing PMI (Caixin)*	Feb	index	--	51.6	49.2
Wed 1	03:55	GER	Manufacturing PMI*	Feb (F)	index	--	46.5	46.5
	04:00	EZ	Manufacturing PMI*	Feb (F)	index	--	48.5	48.5
	04:30	UK	Manufacturing PMI*	Feb (F)	index	--	49.3	49.2
	08:00	GER	Consumer prices	Feb (P)	% y/y	--	9.3	9.2
	08:00	BZ	Manufacturing PMI*	Feb	index	--	49.2	47.5
	09:45	US	Manufacturing PMI*	Feb (F)	index	47.8	47.3	47.8
	10:00	MX	Family remittances	Jan	US$bn	4,362.2	4,406.1	5,358.8
	10:00	US	ISM manufacturing*	Feb	index	47.9	47.7	47.4
	13:00	MX	PMI manufacturing (IMEF)*	Feb	index	50.8	51.3	50.2 (R)
	13:00	MX	PMI non-manufacturing (IMEF)*	Feb	index	52.5	52.9	52.6 (R)
	13:30	MX	**Bannxico's Quarterly Report**					
		US	Total vehicle sales**	Feb	millions	--	14.9	15.7
Thu 2	05:00	EZ	Unemployment rate*	Jan	%	--	6.7	6.7 (R)
	05:00	EZ	Consumer prices	Feb (P)	% y/y	--	8.5	8.6
	05:00	EZ	Core	Feb (P)	% y/y	--	5.6	5.3
	07:00	BZ	Gross domestic product	4Q22	% y/y	--	1.9	3.6
	07:00	BZ	Gross domestic product*	4Q22	% q/q	--	-0.2	0.3
	07:00	MX	Unemployment rate	Jan	%	3.05	3.00	2.76
	08:30	US	Initial jobless claims*	Feb 24	thousands	193	190	192
	10:00	MX	Survey of expectations (Banxico)					
	14:00	US	Fed´s Waller discusses the economic outlook					
	20:45	CHI	Services PMI (Caixin)*	Feb	index	--	55.0	52.9
	20:45	CHI	Composite PMI (Caixin)*	Feb	index	--	54.2	51.1
	15:30	MX	Public finances (PSBR, year-to-date)	Jan	MXNmn	--	-33.5	-978.9 (R)
Fri 3	02:00	GER	Trade balance	Jan	EURbn	--	16.7	10.0
	03:55	GER	Services PMI*	Feb (F)	index	--	50.9	51.3
	03:55	GER	Composite PMI*	Feb (F)	index	--	50.7	51.1
	04:00	EZ	Services PMI*	Feb (F)	index	--	52.7	53.0
	04:00	EZ	Composite PMI*	Feb (F)	index	--	52.0	52.3
	04:30	UK	Services PMI*	Feb (F)	index	--	53.5	53.3
	09:45	US	Services PMI*	Feb (F)	index	50.5	50.6	50.5
	09:45	US	Composite PMI*	Feb (F)	index	--	50.1	50.2
	10:00	US	ISM Services*	Feb	index	55.0	55.1	55.2
	11:00	US	Fed´s Logan makes opening remarks at event					
	12:00	US	**Fed's Bostic Discusses Racial Inequality Research**					
	15:00	US	**Fed's Bowman chairs panel at conference**					

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

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

Short-term tactical trades

Trade Idea	P/L*	Entry	Exit	Initial Date	End date
Long USD/MXN	P	19.30	19.50	11-Oct-19	20-Nov-19
Long USD/MXN	P	18.89	19.35	20-Mar-19	27-Mar-19
Long USD/MXN	P	18.99	19.28	15-Jan-19	11-Feb-19
Long USD/MXN	P	18.70	19.63	16-Oct-18	3-Jan-19
Short USD/MXN	P	20.00	18.85	2-Jul-18	24-Jul-18
Long USD/MXN	P	19.55	19.95	28-May-18	4-Jun-18
Long USD/MXN	P	18.70	19.40	23-Apr-18	14-May-18
Long USD/MXN	P	18.56	19.20	27-Nov-17	13-Dec-17
Long USD/MXN	L	19.20	18.91	6-Nov-17	17-Nov-17
Long USD/MXN	P	18.58	19.00	9-Oct-17	23-Oct-17
Short USD/MXN	L	17.80	18.24	4-Sep-17	25-Sep-17
Long USD/MXN	P	14.40	14.85	15-Dec-14	5-Jan-15
Long USD/MXN	P	13.62	14.11	21-Nov-14	3-Dec-14
Short EUR/MXN	P	17.20	17.03	27-Aug-14	4-Sep-14
Short USD/MXN	L	12.70	13.00	26-Jul-13	21-Aug-13

Source: Banorte

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	19-Jan-18	2-Apr-18
Long USD/MXN	14.98	15.50	14.60	15.43	P	20-Mar-15	20-Apr-15
Short EUR/MXN	17.70	n.a.	n.a.	16.90	P	5-Jan-15	15-Jan-15
Short USD/MXN	13.21	n.a.	n.a.	13.64	L	10-Sep-14	26-Sep-14
USD/MXN call spread**	12.99	13.30	n.a.	13.02	L	6-May-14	13-Jun-14
Directional short USD/MXN	13.00	12.70	13.25	13.28	L	31-Oct-13	8-Nov-13
Limit short USD/MXN	13.25	12.90	13.46	--	--	11-Oct-13	17-Oct-13
Short EUR/MXN	16.05	15.70	16.40	15.69	P	29-Apr-13	9-May-13
Long USD/MXN	12.60	12.90	12.40	12.40	L	11-Mar-13	13-Mar-13
Long USD/MXN	12.60	12.90	12.40	12.85	P	11-Jan-13	27-Feb-13
Tactical limit short USD/MXN	12.90	12.75	13.05	--	--	10-Dec-12	17-Dec-12
Short EUR/MXN	16.64	16.10	16.90	16.94	L	03-Oct-12	30-Oct-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

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