

Fixed-Income and FX Weekly

March 13, 2023

Market outlook

- **High volatility in financial markets.** Last week, the Mbonos' curve registered a 19bps rally. The USD/MXN returned to the psychological of 18.50 (-3.0% w/w), equivalent to the biggest weekly depreciation since November 2021
- **Attention to US inflation and actions to contain spillover risks in the banking sector.** Last week, market performance was shaped by: (1) the Fed Chairman's hawkish comments to Congress; (2) the US labor market report; and (3) SVB Financial's suspension of operations triggering fears of systemic risk in the banking sector. In addition, on Sunday, the FDIC suspended the operations of Signature Bank in NY. In this context, the Federal Reserve, the FDIC and the Treasury announced extraordinary measures to protect bank deposits due to the failure of SVB Financial and Signature Bank. Among the measures available to contain the risk of contagion, the Fed plans to improve the conditions it offers banks to access the discount window, a facility that would give them the opportunity to obtain liquidity in the event of being pressured by deposit withdrawals without having to sell their securities. This week, markets will be attentive to inflation in the US and the Eurozone. However, under the recent events, investors are betting on the possibility that the Fed will not raise the interest rate next week given the financial stability issues. Additionally, markets will be watching the ECB's monetary policy decision and Christine Lagarde's comments on the financial sector in light of the complex outlook. In economic data, in the US, in addition to inflation, producer prices and regional manufacturing surveys (Empire and Philly Fed), industrial production, retail sales and U. of Michigan confidence sentiment will be released. In Mexico, industrial production and ANTAD sales figures will be published

Fixed-Income

- **Supply** – Tomorrow, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 5-year Mbono (Mar'27), the 10-year Udibono (Nov'31), as well as 1-, 3-, and 7-year Bondes F
- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.404 trillion (US\$ 77.5 billion), a market share equal to 36.0%, as of March 1st. Short positions in Mbono May'33 ended at MXN 1.1 billion from previous MXN 1.7 billion
- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 533bps from 535bps from the previous week, with the 12M mean at 570bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of February 21st) printed a net short of US\$ 985 million from -US\$ 1.06 billion the previous week. Mutual funds' flows to EM marked inflows of US\$ 910 million from outflows of US\$ 1.1 billion
- **Technicals** – The MXN 1-month volatility reached highs not seen since July 2022 of 12.53% from 10.64% last week. The spot registered a bigger weekly trading range of 70 cents, hovering between 17.90 and 18.60

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Fixed-Income

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Foreign exchange

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Recommendations

Fixed-Income

- This week, all eyes will be on financial sector after the collapse of Silicon Valley Bank –the worst since the 2008 financial crisis–, as well as on the US CPI report
- In terms of strategy, we remain cautious and do not hold directional positions given the high volatility in the fixed-income market. In addition, we consider that the attractiveness we saw in long-term Mbonos has been decreased significantly after today's rally
- Finally, we expect that the 10-year Mbono to trade between 8.65% and 9.00% this week

FX

- The performance of the FX market will be mainly determined by regulators' actions to curb the risk of contagion in the U.S. banking sector. The dynamics in the dollar will depend on the market's view of the Fed's next moves and the demand for safe-haven assets
- We anticipate high volatility in the Mexican peso in light of the uncertainty in the US financial sector. We estimate a weekly trading range between USD/MXN 18.30 and 19.50

Fixed-Income dynamics

Mbonos performance

Maturity date	YTM 03/10/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.63	-11	+81
Sep'24	11.22	-14	+113
Dec'24	10.82	-24	+95
Mar'25	10.85	-25	+92
Mar'26	10.00	-25	+77
Mar'27	9.57	-31	+38
Jun'27	9.42	-33	+34
May'29	9.12	-30	+4
May'31	9.03	-25	+1
May'33	9.03	-28	+1
Nov'34	9.02	-23	-4
Nov'36	8.99	-17	-5
Nov'38	9.18	-6	+9
Nov'42	9.18	-10	+7
Nov'47	9.19	0	+12
Jul'53	9.18	0	+13

Source: PiP

Udibonos performance

Maturity date	YTM 03/10/2023	Weekly change (bps)	YTD (bps)
Nov'23	7.61	+19	+153
Dec'25	5.66	+23	+89
Dec'26	5.28	+1	+62
Nov'28	4.58	+4	+27
Nov'31	4.30	+2	+12
Nov'35	4.30	+1	+9
Nov'40	4.30	-4	+11
Nov'46	4.19	-7	0
Nov'50	4.22	-5	-2

Source: PiP

IRS (28-day TIE) performance

Maturity date	YTM 03/10/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.51	+0	+61
6-month (6x1)	11.68	-1	+64
9-month (9x1)	11.74	-4	+67
1-year (13x1)	11.63	-10	+72
2-year (26x1)	10.49	-24	+63
3-year (39x1)	9.62	-31	+44
4-year (52x1)	9.19	-33	+29
5-year (65x1)	8.95	-35	+14
7-year (91x1)	8.77	-32	+3
10-year (130x1)	8.69	-34	-4
20-year (260x1)	8.77	-36	-9

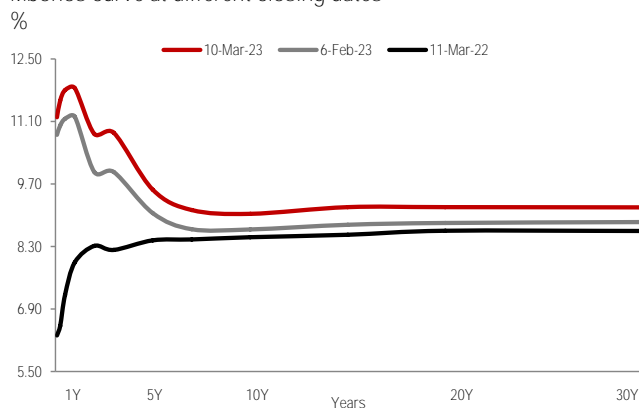
Source: Bloomberg

Cetes performance

Maturity date	YTM 03/10/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.19	+16	+110
Cetes 91	11.57	+8	+90
Cetes 182	11.80	-13	+93
Cetes 364	11.85	-23	+87
Cetes 728	11.78	-24	+97

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	Maturity date	UMS			UST			Spreads			CDS
		YTM 03/10/2023	Weekly change (bps)	YTD (bps)	YTM 03/10/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	4.73	-12	+25	4.59	-27	+16	14	+15	38	40
3Y	May'26	4.74	-24	-5	4.32	-28	+9	43	+4	68	60
5Y	Feb'28	5.06	-18	+27	3.96	-28	-4	109	+10	100	117
7Y	Apr'30	5.23	-12	-11	3.86	-28	-10	137	+16	150	160
10Y	May'33	5.62	-11	+6	3.70	-25	-18	192	+14	180	196
20Y	Mar'44	6.11	-7	-27	3.90	-20	-24	220	+14	235	--
30Y	Feb'52	6.08	-7	-31	3.71	-17	-26	237	+10	264	--

Source: Bloomberg

5Y USD UMS
%



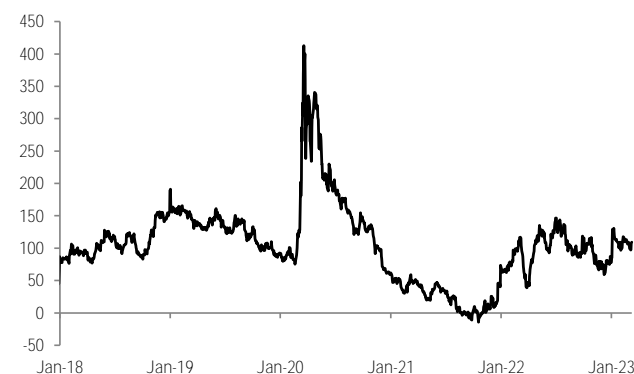
Source: Bloomberg

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 24-month Cetes, the 5-year Mbono (Mar'27), the 10-year Udibono (Nov'31), as well as 1-, 3-, and 7-year Bondes F
- **Strong demand for safe-haven assets given the high volatility in financial markets.** In our view, appetite for local fixed-income securities could deteriorate due to elevated uncertainty in financial markets. We believe that investors will reconfigure their portfolios opting for safe-haven assets after the bankruptcy of Silicon Valley Bank. For example, gold rallied to 1,900 \$/oz t from 1,810 \$/oz t three days ago, driven by fears of global recession and strong bets that Federal Reserve's tightening cycle has come to an end vs previous expectation of 25bps hikes in the next three meetings and even bets for +50bps in March. In this context, we expect the demand for Cetes to be around 2.0x given a decrease in the attractiveness of real rates. For the 5-year Mbono, we expect a moderated demand like its first auction in the year of 1.8x. In terms of strategy, we remain cautious and without directional positions given the complex outlook. For 10-year Udibono we foresee a weak appetite in line with its last two auctions of 1.4x

Auction specifics (March 14, 2023)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	13-Apr-23	--	20,000	11.19
3m	15-Jun-23	--	20,000	11.63
6m	7-Sep-23	--	5,000	11.91
24m	23-Ene-25	--	5,000	12.03
Bondes F				
1y	14-Oct-24	--	3,000	0.11
3y	23-Oct-25	--	1,000	0.22
7y	4-Oct-29	--	750	0.29
Mbono				
5y	4-Mar-27	5.50	14,000	9.75
Udibono				
10y	27-Nov-31	2.75	UDIS 1,200	4.27

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.

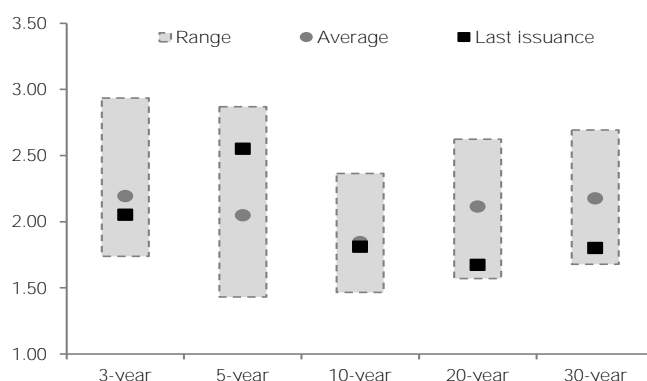
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

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

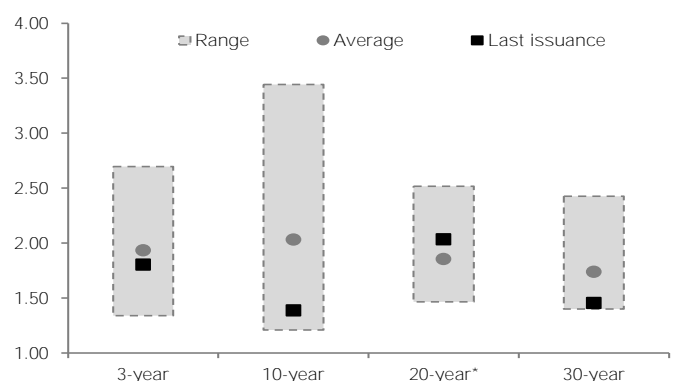
Source: Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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



Source: Banxico, Banorte

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



Source: Banxico, Banorte *The 20-year maturity was reopened in April 2021

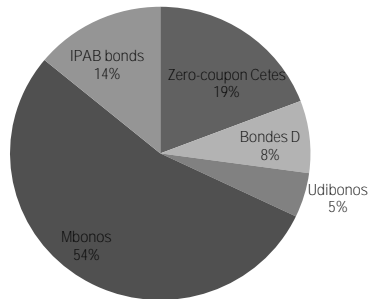
Fixed-Income demand

Cetes held by foreigners
MXN billion, %



Source: Banxico

Government issuance by type of instrument
Total amount of US\$ 400 billion, % of total



Source: Banxico

Government bond holdings by type of investor
US\$ billion and %, data as of 03/01/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	77	11%	15%	16%	4%	11%	42%
Floating-rate Bondes D	32	0%	3%	37%	1%	21%	37%
Real-rate Udibonos	152	5%	53%	3%	20%	1%	19%
Fixed-rate Mbonos	216	36%	23%	3%	3%	14%	21%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
US\$ billion

	03/01/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	8.6	8.6	0.0	7.8	0.9
Floating-rate Bondes D	0.1	0.4	-0.2	1.9	-1.7
Real-rate Udibonos	7.2	1.0	6.2	1.0	6.3
Fixed-rate Mbonos	77.5	77.4	0.1	77.2	0.3

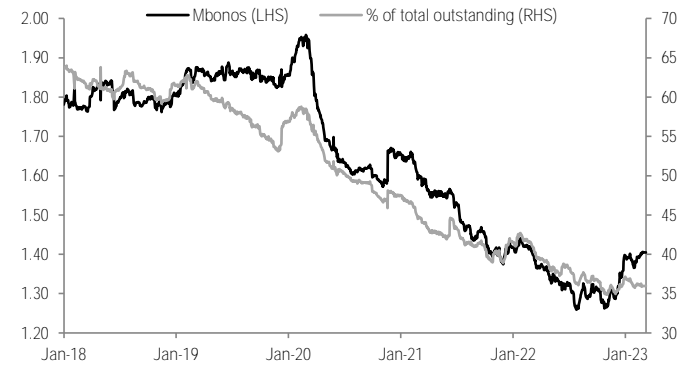
Source: Banorte with data from Banxico

Foreign investors holdings of government bonds

Percentage of total amount outstanding					
	03/01/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	11.3%	11.3%	0.0%	12.4%	-1.2%
Floating-rate Bondes D	0.4%	1.2%	-0.8%	4.4%	-4.0%
Real-rate Udibonos	4.8%	5.0%	-0.3%	5.0%	-0.3%
Fixed-rate Mbonos	36.0%	36.3%	-0.3%	37.1%	-1.1%

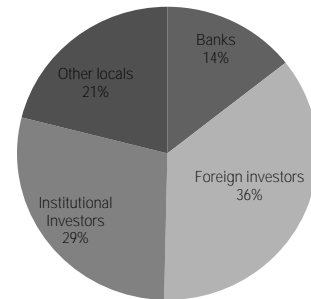
Source: Banorte with data from Banxico

Mbonos held by foreigners
MXN trillion, %



Source: Banxico

Mbonos holdings by type of investor
Total amount of US\$ 216 billion, % of total



Source: Banxico

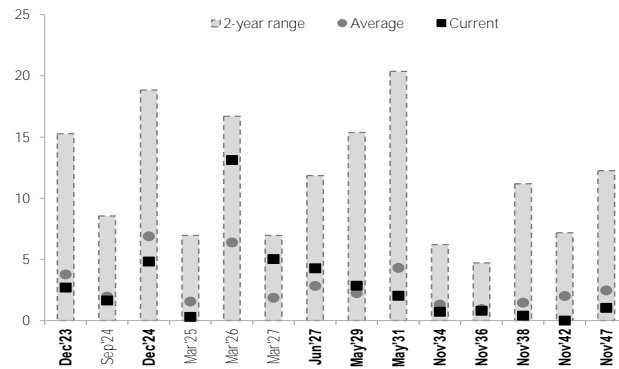
Mbonos holdings by type of investor
US\$ billion and %, data as of 02/23/2023

DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Mar'23	6.1	8%	2%	24%	65%
Dec'23	12.2	17%	13%	15%	55%
Sep'24	17.2	23%	23%	11%	43%
Dec'24	13.3	36%	30%	8%	25%
Mar'25	9.3	25%	25%	18%	33%
Mar'26	24.6	23%	30%	17%	31%
Mar'27	11.0	14%	32%	13%	41%
Jun'27	19.2	12%	46%	26%	15%
May'29	14.5	4%	57%	22%	18%
May'31	23.4	4%	52%	30%	13%
May'33	5.9	9%	22%	46%	23%
Nov'34	4.8	0%	50%	37%	13%
Nov'36	3.9	1%	33%	37%	29%
Nov'38	12.0	1%	45%	40%	14%
Nov'42	14.8	0%	48%	37%	14%
Nov'47	13.9	0%	37%	45%	19%
Jul'53	5.6	0%	30%	56%	14%
Total	206.2	12%	36%	26%	26%

Source: Banxico

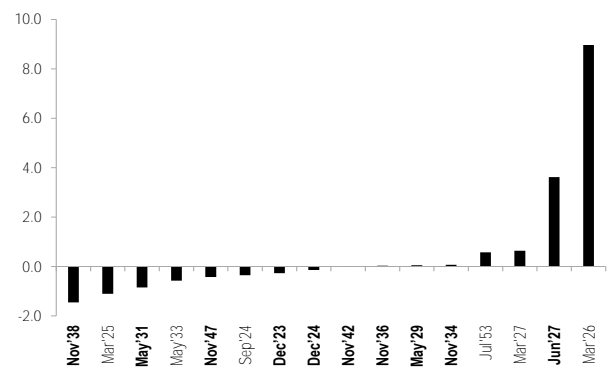
Fixed-Income demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion



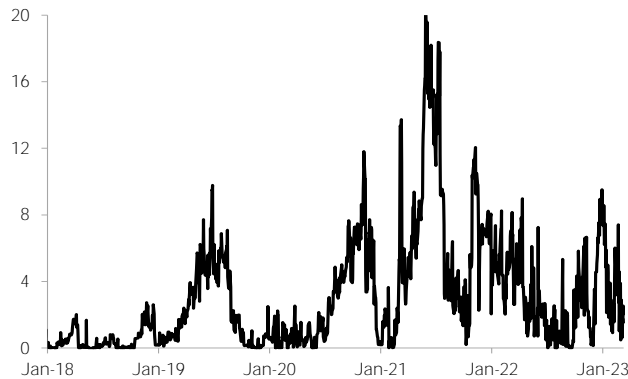
Source: Banxico *Mar'25 issued in Dec'21

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



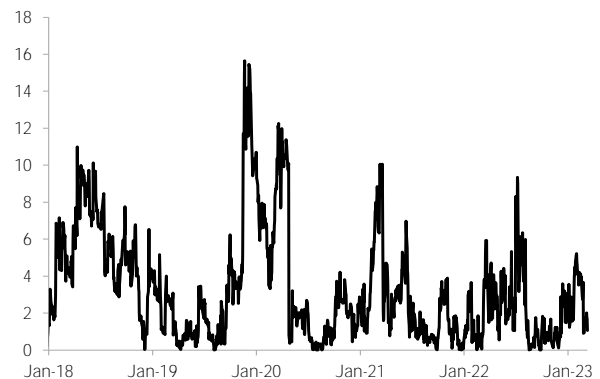
Source: Banxico

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 03/10/2023	03/10/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	11,397	146	161	241	146	389	0
Sep'24	17,140	89	108	94	165	268	2
Dec'24	13,407	261	268	87	262	487	37
Mar'25	10,201	16	76	63	339	319	0
Mar'26	24,769	709	224	230	73	827	130
Mar'27	11,363	272	238	4	277	377	0
Jun'27	19,251	231	35	86	45	641	16
May'29	14,827	155	152	155	18	337	0
May'31	23,563	110	156	173	141	514	0
May-33	5,908	59	90	224	0	250	0
Nov'34	4,805	40	36	92	0	157	24
Nov'36	3,840	44	42	73	3	212	0
Nov'38	11,765	22	101	11	319	132	0
Nov'42	15,023	0	0	29	52	316	0
Nov'47	13,939	57	80	193	188	282	0
Jul'53	5,709	187	156	114	0	682	0
Total	206,908	2,212	1,767	1,754	2,029		

Source: Banxico

Fixed-Income technicals

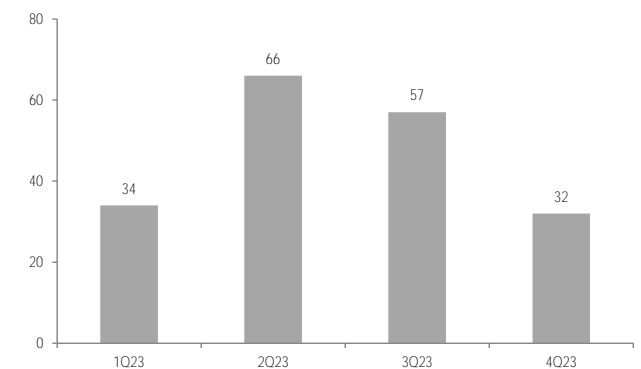
- **The carry at the shortest-end posted a mixed balance.** Spreads between Cetes and imp. forward rates stood at: 1-month at +78bps from +9bps, 3-month at -23bps from -21bps, 6-month at -55bps from -42bps, and 1-year at -83bps from -72bps
- **The market recalibrated its expectations after the collapse of Silicon Valley Bank.** The fixed-income market started the week with a rally, led by Treasuries. The 2-year reference advanced more than 50bps amid heightened global recession fears after the failure of SVB –the worst since the 2008 financial crisis–. Fed swaps now show no more hikes this year as most likely scenario vs hikes of 25bps in the next three meeting even strong bets for +50bps in March. In a similar fashion, the market expects a lower terminal rate in Mexico

Spread between Cetes and Implied Forward Rates
Basis Points

Tenor	Actual 03/10/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	78	9	59	15	142	-134
3 months	-23	-21	-44	-49	27	-109
6 months	-55	-42	-70	-81	-10	-121
12 months	-83	-72	-100	-106	-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

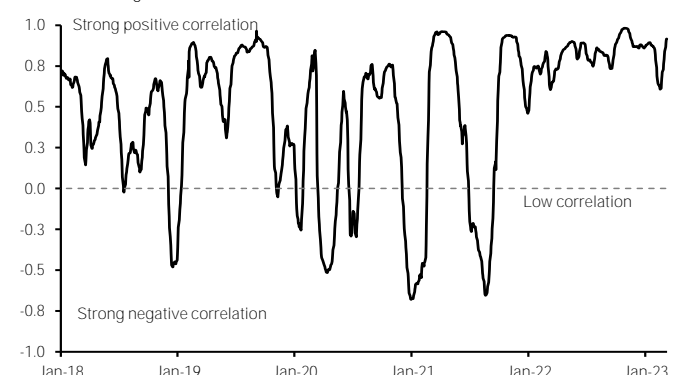
- **Again, the risk premium remained stable despite volatility.** Markets digested a hawkish tone from Powell, a mixed labor report and fears of systemic risk in the banking sector. In this context, the 10-year spread between Mbonos and Treasuries closed on Friday at 533bps vs 535bps the previous week, unchanged vs. the previous week, while the average of the last twelve months remains at 570bps
- **The 3-month correlation between benchmark Mexican and American bonds increased.** The reading closed Friday at +92% from +84% 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

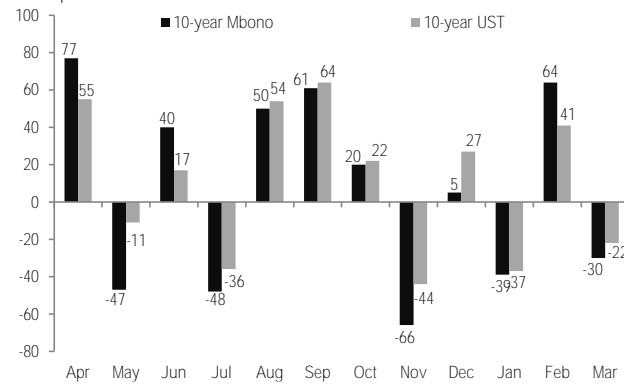
Basis points

Tenor	03/10/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-179	-176 (-3bps)	-139 (-40bps)	20 (-199bps)	37	-197	-67
Mbono 10s30s	15	-13 (+28bps)	15 (0bps)	14 (+1bp)	32	-15	7
TIIE-Mbono 2-year	-33	-33 (0bps)	-10 (-23bps)	22 (-55bps)	44	-70	-10
TIIE-Mbono 10-year	-34	-28 (-6bps)	-28 (-6bps)	-10 (-24bps)	1	-67	-30

Source: Bloomberg and PiP

Mexican and US rates performance, last 12 months

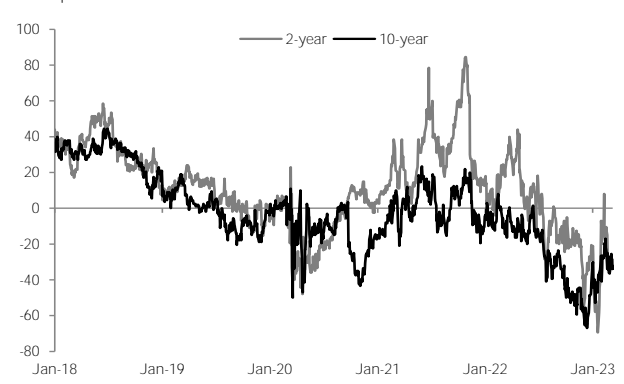
Basis points



Source: PiP and Bloomberg

2- and 10-year TIIE-IRS and Mbono spreads

Basis points



Source: Bloomberg

Breakeven inflation using Mbonos & Udibonos

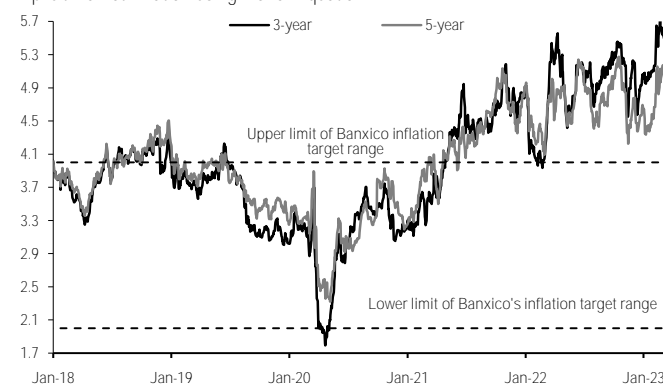
Implicit market inflation using Fisher Equation (%)

Date	03/10/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	5.29	5.54 (-25bps)	5.65 (-36bps)	4.7 (+59bps)	5.74	4.41	5.09
5Y	4.77	5.11 (-34bps)	5.11 (-34bps)	4.68 (+9bps)	5.28	4.23	4.77
10Y	4.54	4.79 (-25bps)	4.57 (-3bps)	4.62 (-8bps)	5.16	4.19	4.64
20y	4.68	4.78 (-10bps)	4.7 (-2bps)	4.65 (+3bps)	5.15	4.32	4.73
30Y	4.76	4.71 (+5bps)	4.72 (+4bps)	4.55 (+21bps)	5.18	4.23	4.70

Source: PiP

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

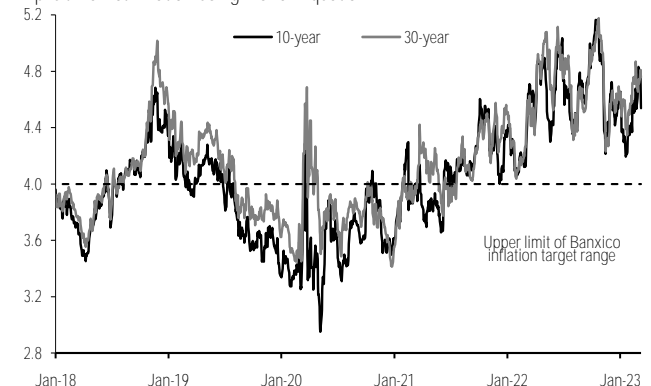
Implicit market inflation using Fisher Equation



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

- **High volatility in the fixed-income market.** Last week, the dynamics in the fixed-income market were highly volatile. The Fed Chairman's comments signaled the possibility of an increase in the pace of hikes. With this, investors increased their bets for a 50bps vs. 25bps increase at the March meeting. In addition, the curve began to discount cumulative implied hikes of more than 100bps to June, pushing the Fed funds range above 5.50%-5.75%. However, mixed results in the jobs report and Powell's remarks that the magnitude of the next hike would be a function of economic data lowered the probability of such a scenario to 36% from 70% the previous day. Similarly, cumulative hikes to June decreased to 72bps, equivalent to 25bps increases in the next three decisions. In this context, the MOVE index –a metric used to measure implied volatility in 1-month Treasury options– reached a 3-month high of 140bps in Friday's session from a one-year low of 98bps in early February. During the pandemic, the highest reading was 164bps
- In the early days of last week, yields on short-term sovereign bonds in several regions reached multi-year highs. While on Thursday and Friday, they posted a strong rally. For example, in Wednesday's session, the 2-year Treasury reached levels not seen since 2006 of 5.07% and closed Friday at 4.59% (-27bps w/w). Meanwhile, the 10-year benchmark moved away from the 4.00% figure, concluding at 3.70% (-25bps w/w). Local rates remained highly sensitive to the movements of their US peers. The Mbonos' curve posted gains of 19bps, on average. The 2-year Mbonos traded at record highs of 11.24% and closed at 10.82% (-24bps w/w), while the 10-year benchmark ended at 9.03% (-28bps w/w). Meanwhile, TIE-28 derivatives registered a rally, especially those with longer maturities with gains of up to 36bps. Meanwhile, market expectations also recalibrated to a terminal rate of 11.66% from 11.75%, moving to fully discount only two 25bps hikes instead of three as in previous weeks
- This week, all eyes will be on financial sector after the collapse of Silicon Valley Bank –the worst since the 2008 financial crisis–, as well as on the US CPI report. In terms of strategy, we remain cautious and do not hold directional positions given the high volatility in the fixed-income market. In addition, we consider that the attractiveness we saw in long-term Mbonos has been decreased significantly after the rally of the last days. Finally, we expect the 10-year Mbono, May'33, to trade between 8.65% and 9.00%

FX dynamics

- **The Mexican peso was the weakest among emerging markets.** Investors reacted cautiously to Jerome Powell's comments, the mixed labor market report and fears of contagion from SVB Financial's collapse. The local currency closed Friday at 18.50 per dollar with a 3.0% w/w depreciation
- **Demand for safe-haven assets boosted the dollar.** The USD gained ground on fears of systemic risk in the US banking sector. Meanwhile, G10 and emerging market currencies ended the week with mixed changes. In the former group, AUD (-2.8%) was the weakest and in the latter, COP (+1.5%) and MXN (-3.0%) were at the ends of the spectrum

Foreign Exchange market levels and historical return

		Close at 03/10/2023	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD ¹ (%)
Emerging Markets						
Brazil	USD/BRL	5.21	-0.9	-0.3	-0.3	1.26
Chile	USD/CLP	796.90	-0.2	0.9	0.4	6.81
Colombia	USD/COP	4,713.45	1.4	1.5	1.0	2.95
Peru	USD/PEN	3.78	0.0	0.0	2.3	0.65
Hungary	USD/HUF	359.96	0.7	-0.9	0.2	3.72
Malaysia	USD/MYR	4.52	0.0	-0.9	-4.9	-2.57
Mexico	USD/MXN	18.50	-0.8	-3.0	2.3	5.38
Poland	USD/PLN	4.40	0.8	0.6	0.6	-0.50
Russia	USD/RUB	76.13	-0.3	-0.6	-3.8	-2.55
South Africa	USD/ZAR	18.32	1.4	-1.0	-3.0	-6.99
Developed Markets						
Canada	USD/CAD	1.38	0.0	-1.7	-2.8	-2.0
Great Britain	GBP/USD	1.20	0.9	0.0	-0.3	-0.4
Japan	USD/JPY	135.03	0.8	0.6	-2.7	-2.9
Eurozone	EUR/USD	1.0643	0.6	0.1	-0.6	-0.6
Norway	USD/NOK	10.63	0.3	-2.3	-2.9	-7.8
Denmark	USD/DKK	7.00	0.5	0.0	-0.7	-0.7
Switzerland	USD/CHF	0.92	1.3	1.7	0.0	0.4
New Zealand	NZD/USD	0.61	0.5	-1.4	-2.8	-3.5
Sweden	USD/SEK	10.70	0.4	-2.3	-1.0	-2.6
Australia	AUD/USD	0.66	-0.2	-2.8	-5.0	-3.4

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

Source: Bloomberg

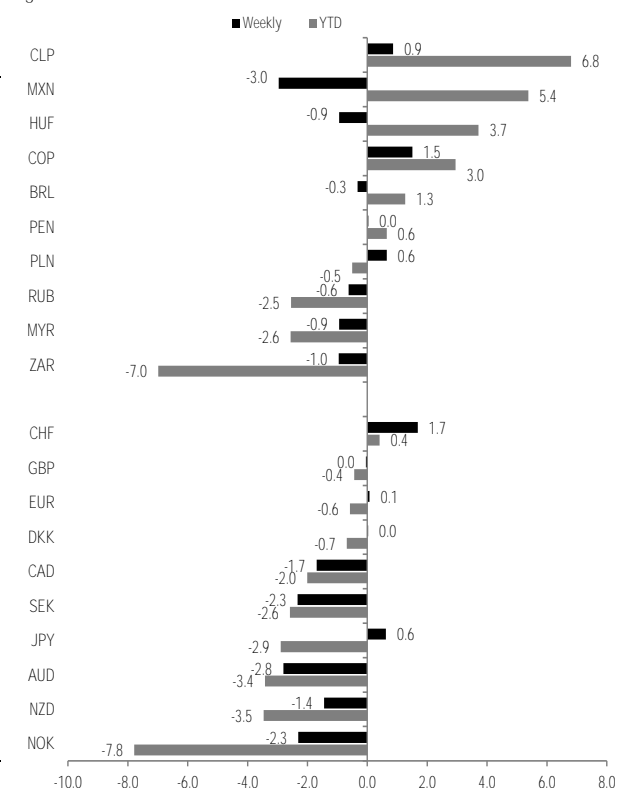
USD/MXN

Last 12 months



Source: Bloomberg

FX performance
Against USD, %



Source: Bloomberg

DXI

Points

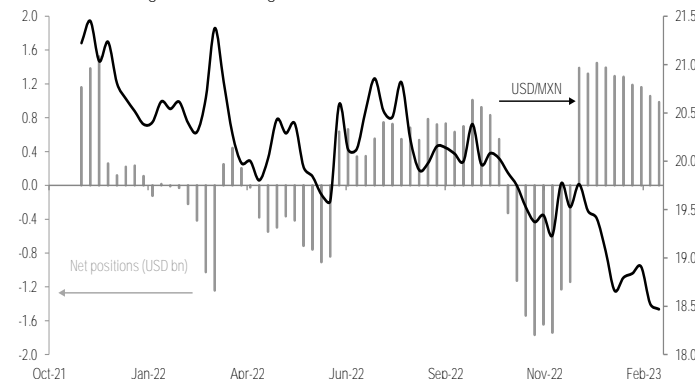


Source: Bloomberg, Banorte

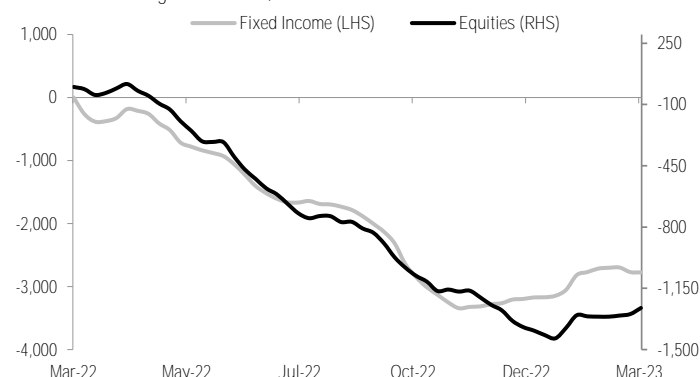
FX positioning and flows

- **Net short positions in the MXN decreased for the seventh consecutive week.** The MXN position as of February 21 marked a net short of US\$ 985 million, down 32% from its highest level of the year and marking a seven-week decline. This dynamic was the result of the peso's strong appreciation during February of 2.9%. It is worth noting that the US Commodity Futures Trading Commission (US CFTC) maintains a two-week lag in reporting technical positions following the cyber-attack. Remaining data could signal a change in the trend of positions on the rebound towards 18.50 after trading at 17.90
- **Over the last four weeks, USD shorts averaged US\$ 10.62 billion.** The USD IMM position posted a lower net short position of US\$ 10.05 billion from US\$ 10.29 billion the previous week. The decrease was the result of increased selling in JPY, GBP and EUR. JPY short positions increased after the BoJ kept its monetary policy unchanged
- **Both EM and Mexico resume inflows.** Our EPFR aggregate recorded positive flows of US\$ 910 million from negative flows of US\$ 1.1 billion the previous week. Bonds sales decreased to US\$ 357 million from US\$ 1.1 billion. While equities purchases jump to US\$ 1.3 billion from US\$ 14 million. In Mexico, negative flows of US\$ 30 million were recorded because of sales in bonds of US\$ 5 million and purchases in equities of US\$ 35 million

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

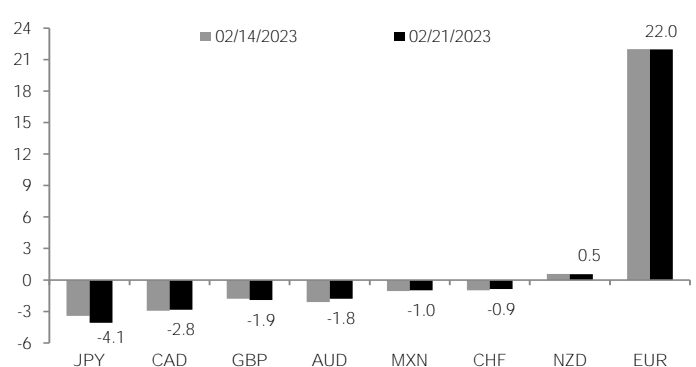


Source: CME, Banorte
Foreign portfolio flows into Mexico
Accumulated during the last 12M, million dollars

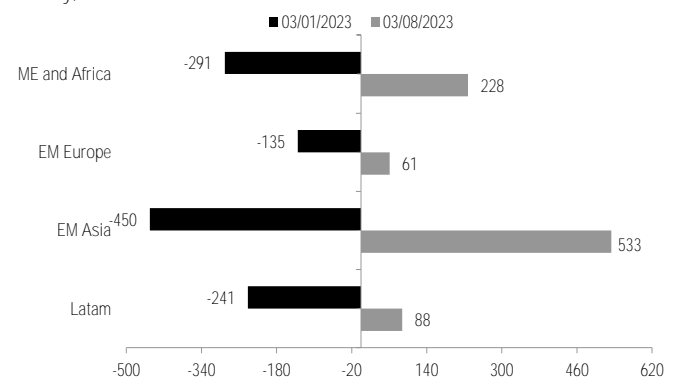


Source: EPFR Global, Banorte

IMM positioning by currency*
Billion dollars



* Positive: Net long in the corresponding currency
Source: CME, Banorte
Net foreign portfolio flows by region*
Weekly, million dollars



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

FX technicals

- **Risk-off mood strongly impacted the Mexican peso.** Investors reacted with risk-off mood on fears of systemic risk in the US banking sector due to the collapse of SVB Financial. The Mexican peso posted its worst weekly depreciation since November 2021 being the weakest among its emerging peers. We see main short-term resistances at 18.67, 18.50 and 18.38, with supports at 19.00, 19.10 and 19.30. Last week, the trading range marked 70 cents while, the average of the last 4 weeks stands at 44 cents. So far this year, the weekly range registers a maximum of 70 cents, while the minimum range is 21 cents

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	17	66	-1	75	44
CAD	33	62	15	80	48
ZAR	21	85	10	85	50
BRL	39	34	-48	80	36
HUF	38	57	-5	66	35
RUB	7	36	-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	55	29	8	77	44
SPX	49	32	23	63	43
GSCI	29	21	2	65	33
Gold	28	60	-3	81	49

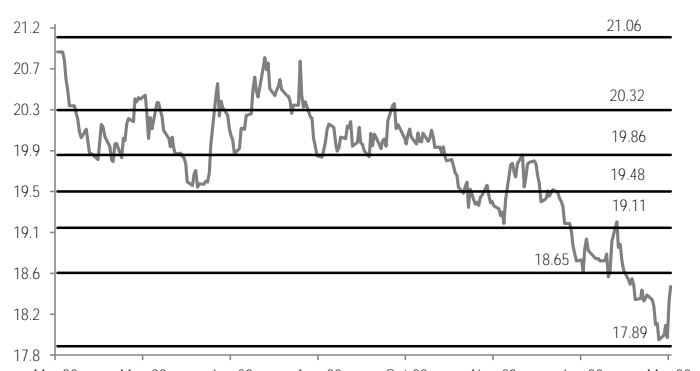
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

USD/MXN – Moving averages
Last 120 trading days



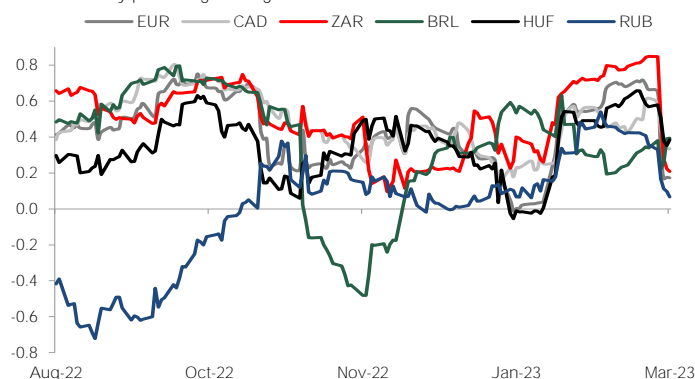
Source: Bloomberg

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

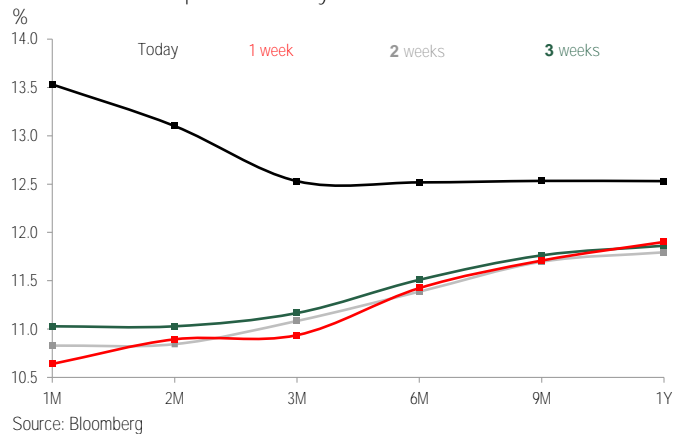


* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

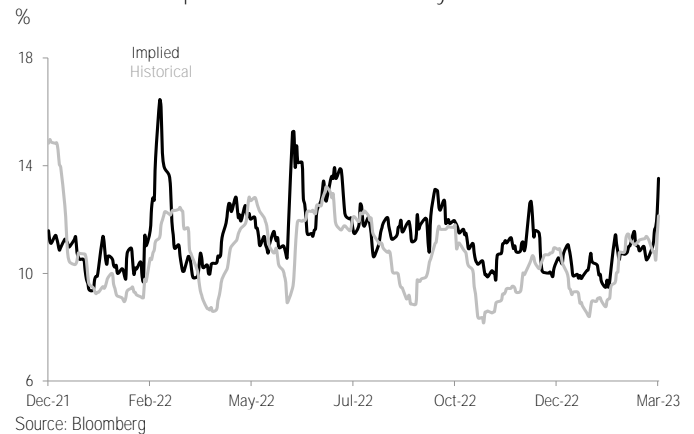
FX technicals (continued)

- Greater uncertainty in the short term.** The MXN ATM implied volatility curve shifted its structure towards flattening, the result of a spike in the short-end. The 1-month reading reached highs not seen since July 2022 of 13.53% from 10.64% last week. Meanwhile, 1-year volatility rose 0.6 vegas to 12.53%. Similarly, the 1-month and 3-month risk reversals rebounded to the highest since October last year. The former rose to 2.83% from 2.24% the previous week and the latter to 2.97% from 2.66%.

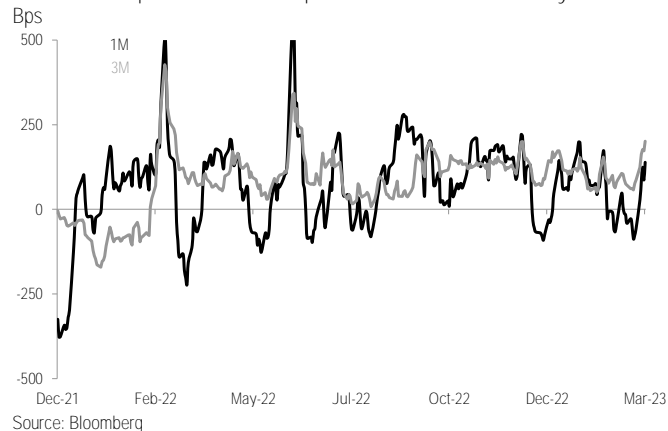
USD/MXN – ATM options volatility curve



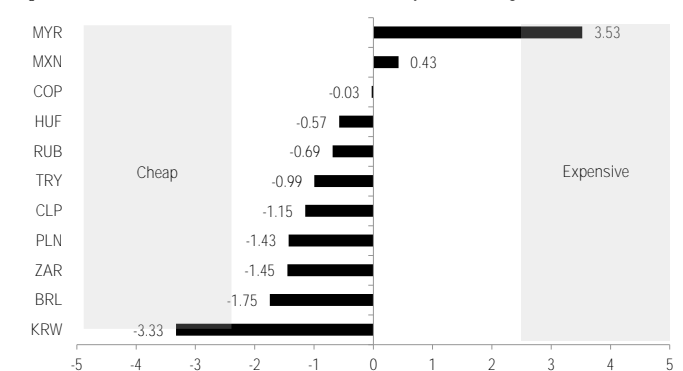
USD/MXN – 1M implied and historical volatility



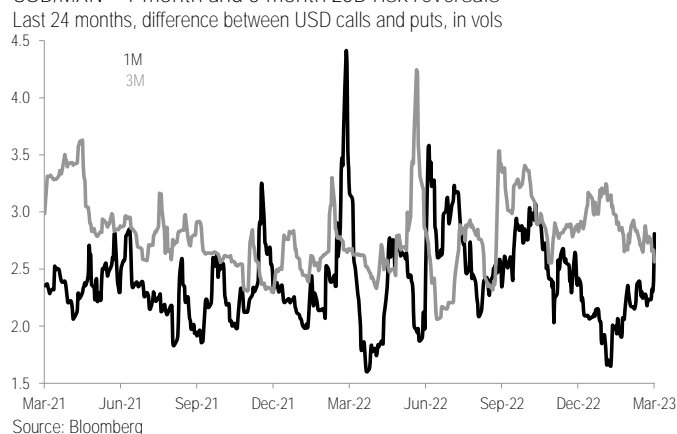
USD/MXN – Spread between implicit and historical volatility



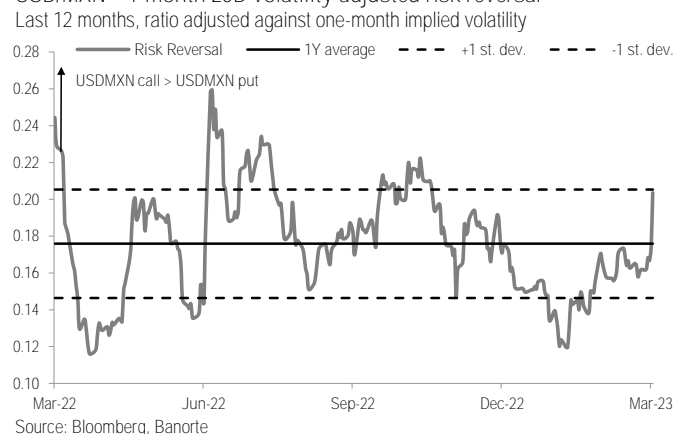
Emerging markets one-month ATM options volatility
Against USD, in standard deviations relative to last year's average



USD/MXN – 1-month and 3-month 25D risk reversals



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

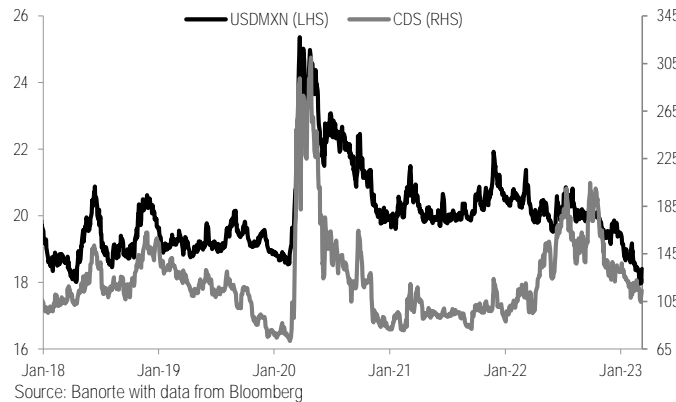


FX trade recommendations

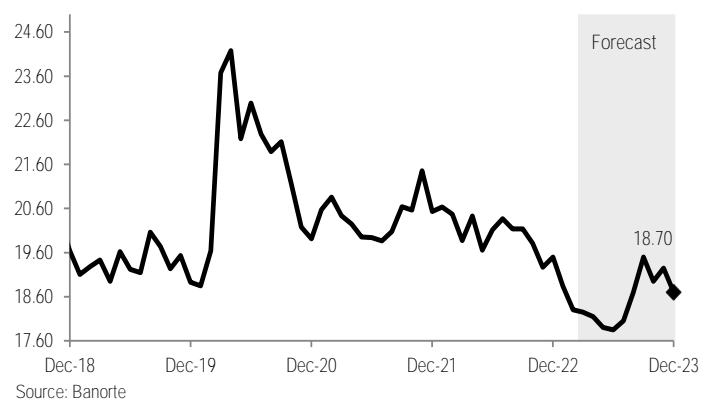
- **We revise our trajectory for the MXN as it is supported by high real rates and solid macroeconomic fundamentals.** During the past week, market trends were driven by: (1) Jerome Powell's hawkish comments before Congress; (2) the US labor market report; and (3) SVB Financial's suspension of operations due to liquidity problems and after a failed attempt to raise capital
- Against this backdrop, the dollar registered wide volatility and the DXY and BBDXY indices advanced 0.1% and 0.5% w/w, respectively. Meanwhile, most of the G-10 currencies closed with a negative bias, trading was capped by CHF (+1.7%) and AUD (-2.8%). It is worth mentioning that JPY (+0.6%) incorporated the Bank of Japan's latest policy decision (Thursday) in which there was no change. In his last session as central bank governor, Kuroda kept control of the yield curve which temporarily weakened the currency. Emerging currencies were dominated by losses, with few managing to break away from the international trend, among which COP (+1.5%) and CLP (+0.9%) were the strongest. The Mexican peso was the weakest among its peers as it accumulated a 3.0% w/w depreciation to close at the psychological 18.50 per dollar. The MXN fluctuated between 17.90 and 18.60 ending with a weekly trading range of 70 cents, its highest level since mid-June
- Since last year, the MXN has been surprisingly strong both absolutely and relative to its peers. In our opinion, the correction observed this week is mainly due to technical factors and the closing of speculative positions without being a trend reversal. For the year, the MXN has accumulated an appreciation of +5.4%, behind only CLP (+6.8%). For the year, the MXN accumulates an appreciation of +5.4% only behind CLP (+6.8%). We believe that the main driver for the Mexican currency has been a very attractive carry vs. other emerging currencies. Likewise, the market has incorporated an outlook with higher rates and a wider spread vs. the Fed. It is worth remembering that markets recently eliminated part of the significant cuts they expected towards the end of the year for Banxico's benchmark rate considering a more complex inflation outlook
- We recognize that the USD/MXN will remain resilient to a higher interest rate scenario, so we revise our estimated trajectory. For 2023, we estimate a closing level of 18.70 (vs. 20.20 previously), which would imply an appreciation of +4.1% vs. 2022. We also anticipate an annual trading range between USD/MXN 17.50 and 19.50. Our forecast change is supported by: (1) The expectation of a higher terminal rate at 11.75% vs. the original estimate (11.00%), as well as the view that this rate will remain unchanged at least throughout 2023 (i.e. we foresee the beginning of rate cuts in 2024); (2) a stable macroeconomic framework that suggests a more attractive volatility-adjusted carry vs. other flow competitors (e.g. Brazil); and (3) higher investment flows derived from nearshoring that would add to significant foreign exchange inflows from exports and remittances, among others

- Next week, the trend in the FX market will be determined by inflation readings in both the US and the Eurozone. As well as the ECB monetary policy decision. In our view, a lower-than-expected slowdown would lead to a strengthening of the USD and volatility in the rest of the currencies. We estimate a trading range between USD/MXN 18.30 and 19.50

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



USD/MXN Forecast for 2023
Pesos per dollar



Weekly economic calendar

For the week ending March 17, 2023

	Time	Event	Period	Unit	Banorte	Survey	Previous
Mon 13		US Daylight Saving Time starts in the US					
	08:00	MX Industrial production	Jan	% y/y	5.2	--	3.0
	08:00	MX Industrial production*	Jan	% m/m	1.2	--	0.7
	08:00	MX Manufacturing output	Jan	% y/y	7.7	--	2.7
		MX ANTAD same-store sales	Feb	% y/y	--	--	10.3
Tue 14	03:00	UK Unemployment rate*	Jan	%	--	3.8	3.7
	08:30	US Consumer prices*	Feb	% m/m	0.4	0.4	0.5
	08:30	US Ex. food & energy*	Feb	% m/m	0.4	0.4	0.4
	08:30	US Consumer prices	Feb	% y/y	6.0	6.0	6.4
	08:30	US Ex. food & energy	Feb	% y/y	5.5	5.5	5.6
	11:00	MX International reserves	Mar 10	US\$bn	--	--	200.3
	13:30	MX Government weekly auction: 1-, 3-, 6-, 24- month CETES; 5-year Mbono (Mar'27); 10-year Udibono (Nov'31) and 1-, 3-, and 7-year Bondes F					
	17:20	US Fed's Bowman discusses innovation at community bankers event in Hawaii					
	22:00	CHI Industrial production	Feb	% y/y	--	2.6	3.6
	22:00	CHI Retail sales	Feb	% y/y	--	3.5	-0.2
	22:00	CHI Gross fixed investment (YTD)	Feb	% y/y	--	4.5	5.1
Wed 15	06:00	EZ Industrial production*	Jan	% m/m	--	0.4	-1.1
	08:30	US Producer prices*	Feb	% m/m	--	0.3	0.7
	08:30	US Ex. food & energy*	Feb	% m/m	--	0.4	0.5
	08:30	US Empire Manufacturing*	Mar	index	-8.5	-8.0	-5.8
	08:30	US Advance retail sales*	Feb	% m/m	0.2	-0.4	3.0
	08:30	US Ex autos & gas*	Feb	% m/m	--	-0.3	2.6
	08:30	US Control group*	Feb	% m/m	0.3	-0.3	1.7
	08:30	US Housing starts**	Feb	thousands	--	1,312	1,309
Thu 16	08:30	US Building permits**	Feb	thousands	--	1,346	1,339
	08:30	US Initial jobless claims*	Mar 10	thousands	208	205	211
	08:30	US Philadelphia Fed*	Mar	index	-15.0	-15.0	-24.3
	09:15	EZ Monetary policy decision (ECB)	Mar 16	%	--	3.00	2.50
	09:45	EZ President Christine Lagarde Holds Press Conference					
Fri 17	06:00	EZ Consumer prices	Feb (F)	% y/y	--	8.5	8.6
	06:00	EZ Core	Feb (F)	% y/y	--	5.6	5.6
	07:00	OECD presents its Interim Economic Outlook					
	07:00	BZ Unemployment rate	Jan	%	--	8.2	7.9
	09:15	US Industrial production*	Feb	% m/m	0.4	0.2	0.0
	09:15	US Manufacturing production*	Feb	% m/m	0.2	-0.2	1.0
	10:00	US U. of Michigan confidence*	Mar (P)	index	66.0	67.0	67.0

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

For the week ending March 10, 2023

	Time	Event	Period	Unit	Banorte	Actual	Previous
Mon 6	05:00	EZ Retail sales*	Jan	% m/m	--	0.3	-1.6 (R)
	07:00	MX Gross fixed investment	Dec	% y/y	8.3	9.4	7.4 (R)
	07:00	MX Gross fixed investment*	Dec	% m/m	2.5	2.7	0.7 (R)
	07:00	MX Private consumption	Dec	% y/y	2.8	3.8	4.1
	07:00	MX Private consumption*	Dec	% m/m	0.6	1.0	-0.6
	10:00	US Factory orders*	Jan	% m/m	--	-1.6	1.7 (R)
	10:00	US Ex transportation*	Jan	% m/m	--	1.2	-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	--	0.8	0.7
	22:00	CHI Trade balance	Jan-Feb	USDbn	--	116.9	109.5
	22:00	CHI Exports	Jan-Feb	% y/y	--	-6.8	16.1
	22:00	CHI Imports	Jan-Feb	% y/y	--	-10.2	--
Tue 7	07:00	MX Consumer confidence*	Feb	index	43.8	44.8	44.3 (R)
	10:00	MX International reserves	Mar 3	US\$bn	--	200.3	200.1
	10:00	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	--	14.8	10.7 (R)
	15:30	MX Survey of expectations (Citibanamex)					
Wed 8	02:00	GER Industrial production*	Jan	% m/m	--	3.5	-2.4
	05:00	EZ Gross domestic product	4Q22 (F)	% y/y	--	1.8	1.9
	05:00	EZ Gross domestic product*	4Q22 (F)	% q/q	--	0.0	0.1
	08:15	US ADP employment*	Feb	thousands	200	242	119
	08:30	US Trade balance*	Jan	US\$bn	--	-68.3	-67.2 (R)
	10:00	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	--	0.1	0.6 (R)
	20:30	CHI Consumer prices	Feb	% y/y	--	1.0	2.1
Thu 9	07:00	MX Consumer prices	Feb	% m/m	0.61	0.56	0.68
	07:00	MX Core	Feb	% m/m	0.66	0.61	0.71
	07:00	MX Consumer prices	Feb	% y/y	7.67	7.62	7.91
	07:00	MX Core	Feb	% y/y	8.35	8.29	8.45
	08:30	US Initial jobless claims*	Mar 3	thousands	193	211	190
	10:00	US Fed's Barr speaks on crypto					
	18:00	PER Monetary policy decision (BCRP)	Mar 9	%	--	7.75	7.75
		JN Monetary policy decision (BoJ)	Mar 10	%	--	-0.10	-0.10
Fri 10	02:00	UK Industrial production*	Jan	% m/m	--	-0.3	0.3
	02:00	GER Consumer prices	Feb (F)	% y/y	--	8.7	8.7
	07:00	BZ Consumer prices	Feb	% m/m	--	0.84	0.53
	07:00	BZ Consumer prices	Feb	% y/y	--	5.60	5.77
	08:30	US Nonfarm payrolls*	Feb	thousands	250	311	517
	08:30	US Unemployment rate*	Feb	%	3.5	3.6	3.4
		MX Wage negotiations	Feb	% y/y	--	8.4	10.9

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 TIE-IRS (26x1), receive 2-year SOFR	L	18-Aug-22	28-Oct-22
Pay 2-year TIE-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 TIE-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 TIE-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-linked 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-linked 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-linked 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 TIE-IRS steepener	28bps	43bps	18bps	31bps	P ²	15-Feb-17	15-Mar-17
5y10y TIE-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 TIE-IRS (13x1)	3.92%	3.67%	4.10%	3.87% ¹	P	12-Nov-15	8-Feb-16
Long spread 10-year TIE-IRS vs US Libor	436bps	410bps	456bps	410bps	P	30-Sep-15	23-Oct-15
Receive 9-month TIE-IRS (9x1)	3.85%	3.65%	4.00%	3.65%	P	3-Sep-15	18-Sep-15
Spread TIE 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 TIE-IRS (3x1)	3.24%	3.32%	3.20%	3.30%	P	29-Jan-15	29-Jan-15
Pay 9-month TIE-IRS (9x1)	3.28%	3.38%	3.20%	3.38%	P	29-Jan-15	29-Jan-15
Pay 5-year TIE-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 TIE-IRS (26x1)	3.75%	3.55%	3.90%	3.90%	L	11-Jul-14	10-Sep-14
Receive 1-year TIE-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 TIE-IRS (6x1)	3.83%	3.65%	4.00%	3.81%	P	10-Oct-13	25-Oct-13
Receive 1-year TIE-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 TIE-IRS (9x1)	4.50%	4.32%	4.65%	4.31%	P	21-Jun-13	12-Jul-13
Spread TIE-Libor (10-year)	390bps	365bps	410bps	412bps	L	7-Jun-13	11-Jun-13
Receive 1-year TIE-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 TIE-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 TIE-IRS (13x1)	4.87%	4.70%	5.00%	4.69%	P	11-Jan-13	24-Jan-13
Receive TIE Pay Mbono (10-year)	46bps	35bps	54bps	54bps	L	19-Oct-12	8-Mar-13
Spread TIE-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

Analyst Certification

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmin Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Andrea Muñoz Sánchez, 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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