Fixed-Income and FX Weekly

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Market outlook

- **High volatility in financial markets.** Last week, the Mbonos' curve steepened with a 43bps rally at the short-end. The 10-year benchmark closed at 9.06% (+3bps w/w). The USD/MXN ended at 18.91, printing a depreciation of 2.1% w/w

- **Focus on the Fed's monetary policy decision and the US banking sector crisis.** Last week, markets showed strong volatility in light of the crisis triggered by the collapse of Silicon Valley Bank (SVB) in the US banking sector. Meanwhile, the authorities (Fed, FDIC and Treasury) intervened promptly by establishing extraordinary measures to avoid a massive run-on regional banks and systemic risk. In addition, the crisis of confidence in Credit Suisse forced the intervention of the Swiss central bank and the attention of the US Treasury to identify additional risks. This scenario led to a sharp adjustment in market expectations about monetary policy and a rally concentrated in short-term sovereign bonds. This week, investors will be attentive to the Fed's monetary policy decision in which we anticipate a 25bps increase in the *Fed funds* to a range between 4.75% - 5.00%. The Fed will also update the macroeconomic framework and the dot plot amid a very uncertain scenario. The central banks of Brazil, Philippines, Norway, United Kingdom, Switzerland, Taiwan and Turkey will publish their monetary policy decision. Markets will continue to watch the evolution of the crisis in the US banking sector with JP Morgan advising First Republic Bank and the UBS merger with Credit Suisse backed by the Swiss authorities. On the economic front, we will be attentive to March PMI indicators in the US, Eurozone and UK, as well as inflation in the UK and Brazil. In Mexico, we will be looking at inflation, retail sales, IGAE, aggregate demand and supply, and the banking sector expectations survey

Fixed-Income

- **Supply** – Today, the MoF auctioned 1-, 3-, 6-, and 12-month Cetes, the 30-year Mbono (Jul'53), the 30-year Udibono (Nov'50), as well as 2-, 5-, and 10-year Bondes F

- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.407 trillion (US$ 78.3 billion), a market share equal to 35.8%, as of March 8th. Short positions in Mbono May'33 ended at MXN 1.2 billion from previous MXN 1.1 billion

- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 563bps from 533bps from the previous week, with the 12M mean at 568bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of March 7th) printed a net short of US$ 863 million from -US$ 946 million the previous week. Mutual funds' flows to EM marked outflows of US$ 3.1 billion from inflows of US$ 910 million

- **Technicals** – The spot hovered between 18.24 and 19.18 per dollar (94 cents) and the MXN 1-month volatility reached highs not seen since the beginning of 2021, showing high uncertainty triggered by concerns about the banking sector

Recommendations

Fixed-Income

- In terms of strategy, we remain cautious and without directional positions. We do not rule out additional pressures, especially on the short-end of the curve, as we favor the Fed to continue hiking. However, we recognize that the risks of a lower terminal rate have increased
- We also believe that the attractiveness of short-term Mbonos and long/receiver positions in short-end TIIE-IRS swaps has diminished given the elevated uncertainty on the monetary front
- Finally, we expect that the 10-year Mbono to trade between 8.90% and 9.25% this week

FX

- Investors will be attentive to the Fed's monetary policy decision, Jerome Powell's comments on the health of the banking sector, the update on the macroeconomic framework and the dot plot. We do not rule out further weakness in the USD as market expectations adjust
- The performance of the Mexican currency will depend on the evolution of the banking sector crisis and expectations on Banxico's next moves. We estimate a weekly trading range between USD/MXN 18.55 and 19.40

Fixed-Income dynamics

Mbonos performance

Maturity date	YTM 03/17/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.28	-36	+45
Sep'24	10.88	-34	+79
Dec'24	10.33	-49	+46
Mar'25	10.32	-53	+39
Mar'26	9.65	-35	+42
Mar'27	9.43	-15	+24
Jun'27	9.30	-12	+22
May'29	9.09	-3	+2
May'31	9.05	+2	+4
May'33	9.06	+3	+4
Nov'34	9.00	-2	-5
Nov'36	9.00	+1	-4
Nov'38	9.20	+2	+11
Nov'42	9.24	+6	+14
Nov'47	9.22	+4	+15
Jul'53	9.22	+4	+17

Source: PiP

IRS (28-day TIIE) performance

Maturity date	YTM 03/17/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.46	-5	+56
6-month (6x1)	11.50	-19	+46
9-month (9x1)	11.43	-31	+36
1-year (13x1)	11.14	-49	+23
2-year (26x1)	9.92	-57	+5
3-year (39x1)	9.18	-44	0
4-year (52x1)	8.88	-31	-2
5-year (65x1)	8.74	-21	-7
7-year (91x1)	8.62	-15	-13
10-year (130x1)	8.57	-12	-16
20-year (260x1)	8.67	-11	-19

Source: Bloomberg

Udibonos performance

Maturity date	YTM 03/17/2023	Weekly change (bps)	YTD (bps)
Nov'23	7.59	-3	+150
Dec'25	5.48	-18	+71
Dec'26	5.17	-12	+50
Nov'28	4.49	-9	+18
Nov'31	4.35	+5	+18
Nov'35	4.36	+6	+15
Nov'40	4.36	+7	+17
Nov'46	4.26	+8	+8
Nov'50	4.27	+5	+4

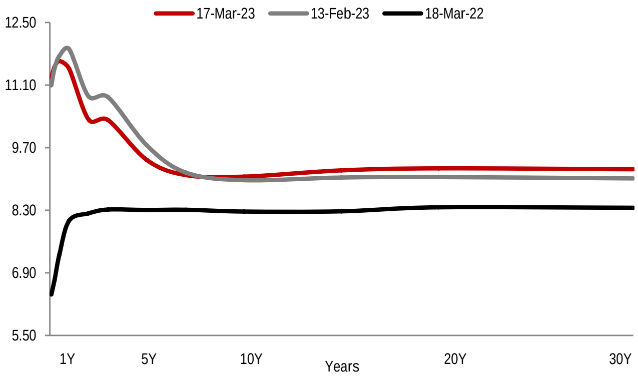
Source: PiP

Cetes performance

Maturity date	YTM 03/17/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.26	+7	+117
Cetes 91	11.51	-6	+85
Cetes 182	11.64	-16	+77
Cetes 364	11.46	-38	+49
Cetes 728	11.23	-55	+42

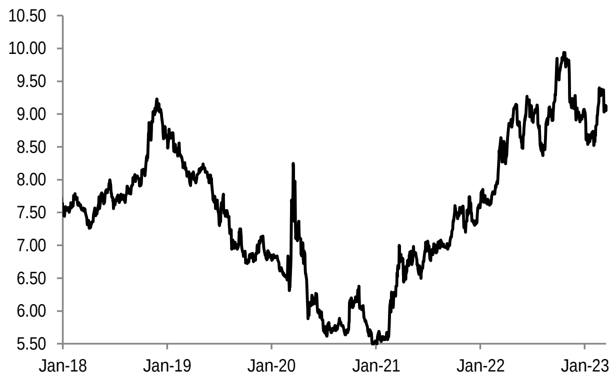
Source: PiP

Mbonos curve at different closing dates
%



Source: PiP, Banorte

10-year Mbono benchmark
%



Source: PiP

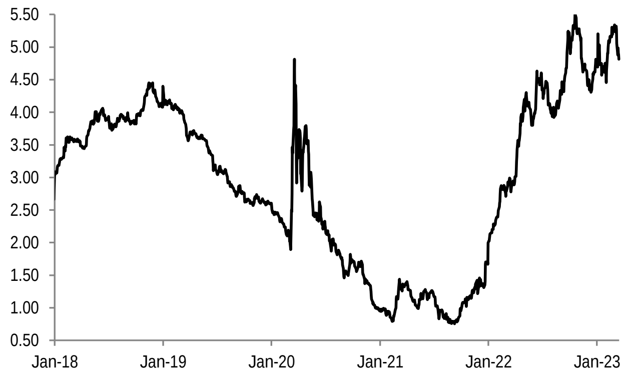
Fixed-Income dynamics (continued)

USD UMS and US Treasuries performance

	UMS				UST			Spreads			CDS
Term	Maturity date	YTM 03/17/2023	Weekly change (bps)	YTD (bps)	YTM 03/17/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	4.44	-29	-4	3.84	-75	-59	60	+46	38	58
3Y	May'26	4.68	-6	-12	3.71	-60	-51	97	+54	68	78
5Y	Feb'28	4.81	-25	+3	3.50	-46	-50	131	+22	101	138
7Y	Apr'30	5.10	-13	-23	3.49	-37	-47	161	+24	150	182
10Y	May'33	5.53	-9	-3	3.43	-27	-45	210	+18	180	217
20Y	Mar'44	6.09	-2	-29	3.78	-12	-36	230	+10	235	--
30Y	Feb'52	6.11	+3	-28	3.62	-9	-34	249	+12	264	--

Source: Bloomberg

5Y USD UMS
%

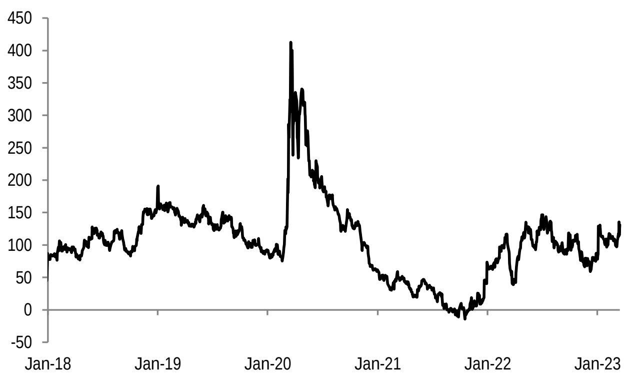


Source: Bloomberg

10Y USD UMS
%

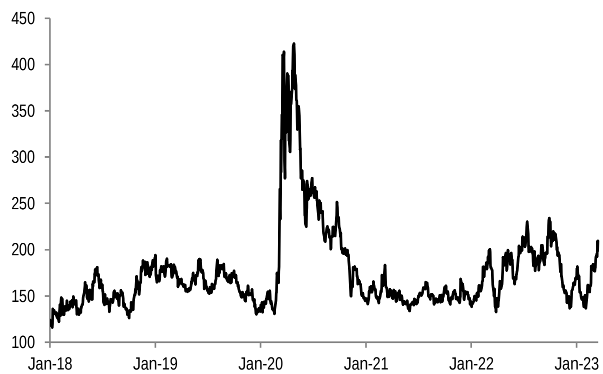
Source: Bloomberg

5Y UMS-UST Spread
Basis points



Source: Bloomberg

10Y UMS-UST Spread
Basis points



Source: Bloomberg

Fixed-Income supply

- **Mexico's weekly auction.** Today, the MoF auctioned 1-, 3-, 6-, and 12-month Cetes, the 30-year Mbono (Jul'53), the 30-year Udibono (Nov'50), as well as 2-, 5-, and 10-year Bondes F
- **Government auction results.** For details on today's transaction, please refer to: "*Weekly government auction results*", published earlier

Auction specifics (March 21, 2023)

	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	13-Abr-23	--	17,500	11.30
3m	22-Jun-23	--	17,500	11.63
6m	21-Sep-23	--	7,500	11.79
12m	7-Mar-24	--	7,500	12.07
Bondes F				
2y	13-Mar-25	--	2,000	0.17
5y	14-Oct-27	--	1,000	0.26
10y	21-Oct-32	--	750	0.32
Mbono				
30y	31-Jul-53	8.00	8,500	8.85
Udibono				
30y	3-Nov-50	4.00	UDIS 1,200	4.35

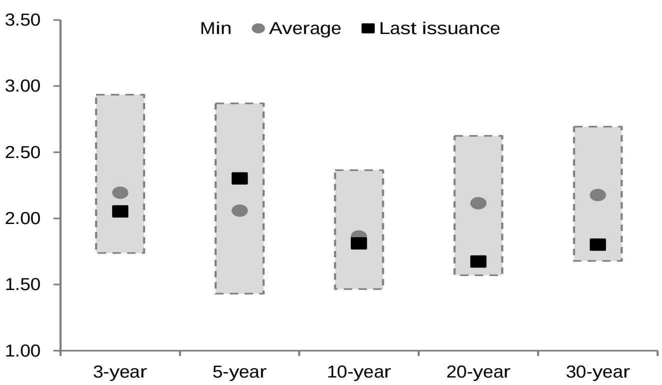
Source: Banorte with data from Banco de Mexico
1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

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

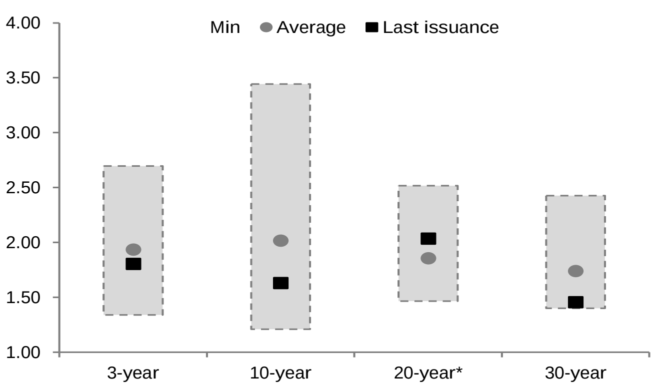
Source: Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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



Source: Banxico, Banorte

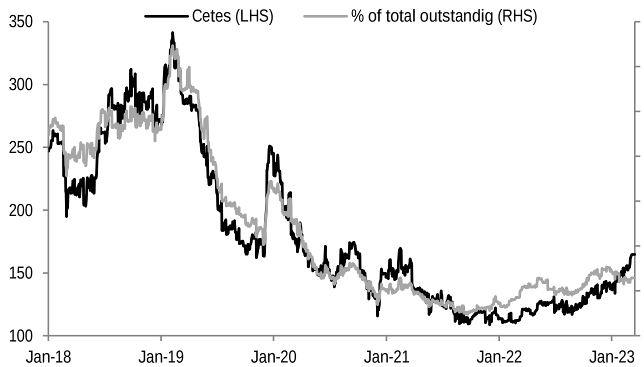
Udibonos' bid-to-cover ratios for primary auction in last 2 years
Times



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

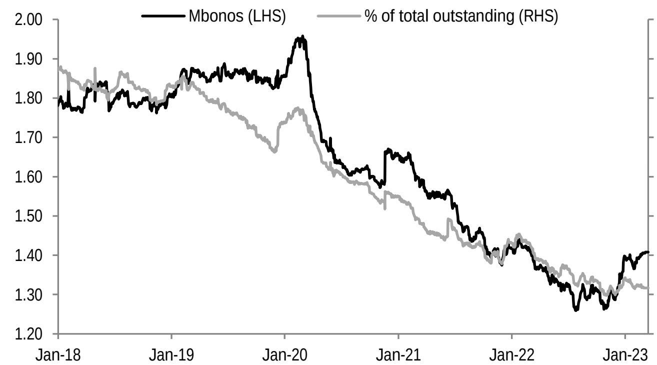
Fixed-Income demand

Cetes held by foreigners
MXN billion, %



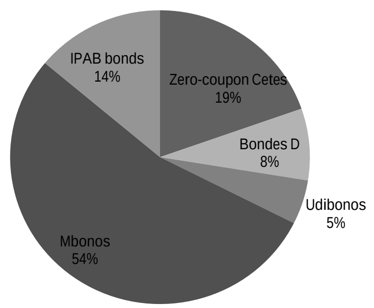
Source: Banxico

Mbonos held by foreigners
MXN trillion, %



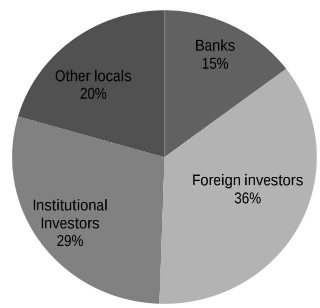
Source: Banxico

Government issuance by type of instrument
Total amount of US$ 407 billion, % of total



Source: Banxico

Mbonos holdings by type of investor
Total amount of US$ 219 billion, % of total



Source: Banxico

Government bond holdings by type of investor
US$ billion and %, data as of 03/08/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	80	11%	14%	17%	4%	11%	41%
Floating-rate Bondes D	32	0%	3%	40%	2%	19%	35%
Real-rate Udibonos	154	5%	53%	3%	20%	1%	18%
Fixed-rate Mbonos	219	36%	23%	3%	3%	15%	21%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
US$ billion

	03/08/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	9.2	8.7	0.5	7.8	1.3
Floating-rate Bondes D	0.1	0.1	0.0	1.9	-1.8
Real-rate Udibonos	7.2	0.9	6.2	1.0	6.2
Fixed-rate Mbonos	78.3	78.1	0.2	77.8	0.5

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
Percentage of total amount outstanding

	03/08/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	11.4%	11.3%	0.2%	12.4%	-1.0%
Floating-rate Bondes D	0.4%	0.4%	0.0%	4.4%	-4.0%
Real-rate Udibonos	4.7%	4.8%	-0.1%	5.0%	-0.4%
Fixed-rate Mbonos	35.8%	36.0%	-0.1%	37.1%	-1.2%

Source: Banorte with data from Banxico

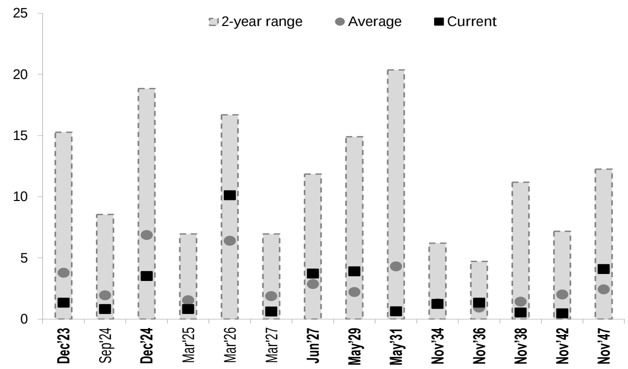
Mbonos holdings by type of investor
US$ billion and %, data as of 03/02/2023

DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Mar'23	6.1	13%	2%	31%	54%
Dec'23	11.7	16%	14%	16%	54%
Sep'24	17.5	31%	22%	11%	35%
Dec'24	13.6	35%	29%	8%	27%
Mar'25	10.4	26%	26%	19%	29%
Mar'26	24.8	25%	30%	16%	30%
Mar'27	11.5	25%	31%	15%	29%
Jun'27	19.5	15%	46%	26%	13%
May'29	15.1	4%	54%	21%	21%
May'31	24.0	4%	52%	30%	14%
May'33	6.0	5%	26%	46%	23%
Nov'34	4.9	1%	49%	38%	13%
Nov'36	4.0	0%	32%	39%	29%
Nov'38	12.1	1%	45%	39%	15%
Nov'42	14.9	1%	48%	38%	14%
Nov'47	14.3	0%	36%	44%	19%
Jul'53	5.8	1%	31%	53%	14%
Total	210.4	14%	36%	26%	24%

Source: Banxico

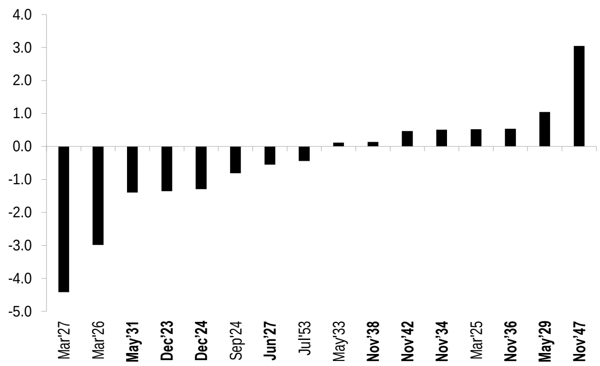
Fixed-Income demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion



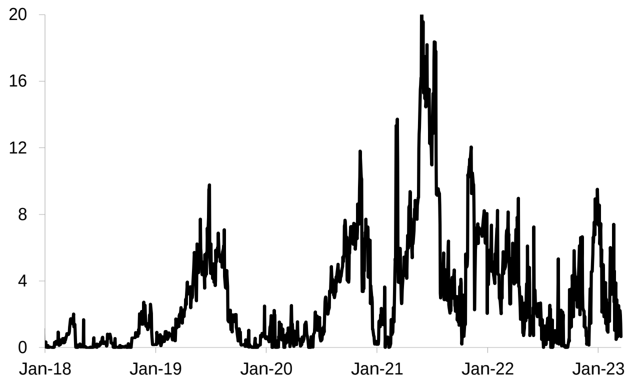
Source: Banxico *Mar'25 issued in Dec'21

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



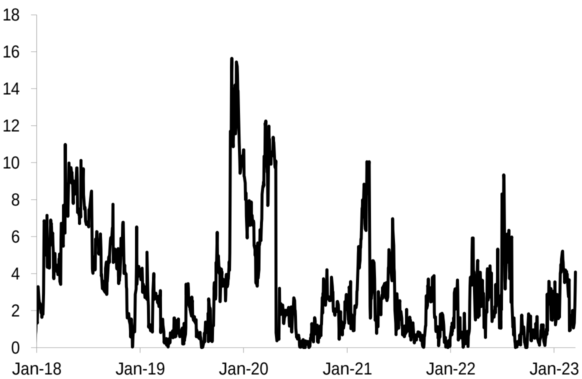
Source: Banxico

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 03/17/2023	03/17/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	11,078	71	143	233	71	380	0
Sep'24	16,726	44	87	102	208	262	2
Dec'24	13,048	187	255	158	210	476	36
Mar'25	10,007	44	16	99	267	312	0
Mar'26	24,074	536	694	280	72	809	127
Mar'27	11,884	33	266	27	213	368	0
Jun'27	18,805	197	226	217	107	627	15
May'29	14,560	207	151	216	31	329	0
May'31	22,978	34	108	228	285	503	0
May-33	5,786	64	58	132	0	244	0
Nov'34	4,728	66	39	102	11	154	23
Nov'36	3,785	71	43	35	24	207	0
Nov'38	11,517	29	22	0	348	129	0
Nov'42	14,722	25	0	29	16	309	0
Nov'47	13,798	217	56	201	183	276	0
Jul'53	5,562	160	183	10	0	668	0
Total	203,060	1,824	2,164	2,059	2,046		

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 -23bps from +78bps, 3-month at -38bps from -23bps, 6-month at -63bps from -55bps, and 1-year at -53bps from -83bps

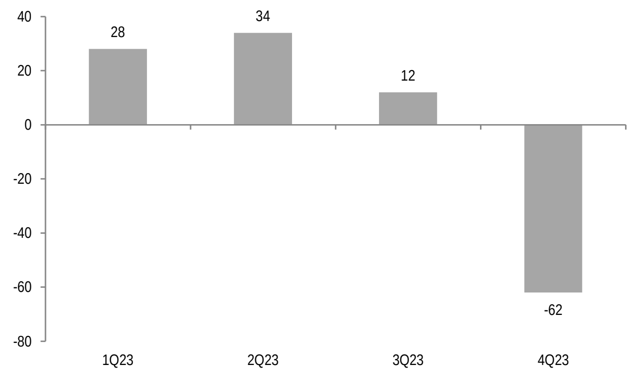
- **All eyes will be on Fed' monetary policy decision as well as on Powell's speech.** The market has many doubts about Fed's next actions in a backdrop where inflation is well above the 2.0% target and global recession fears are increasing due to the banking sector crisis. The curve shows a probability of 60% for a 25bps hike in March, taking the Fed funds range to 4.75%-5.00% vs a pause in the restrictive cycle. The market also expects a lower terminal rate in Mexico around 11.25%, equivalent to a 25bps increase vs the previous scenario of three hikes of 25bps (+75bps)

Spread between Cetes and Implied Forward Rates
Basis Points

Tenor	Actual 03/17/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	-23	78	37	13	142	-134
3 months	-38	-23	-2	-49	27	-109
6 months	-63	-55	-37	-81	-10	-121
12 months	-53	-83	-65	-105	-48	-150

Source: Banorte with data from PiP and Bloomberg

Cumulative implied moves in Banxico's repo rate
Basis points

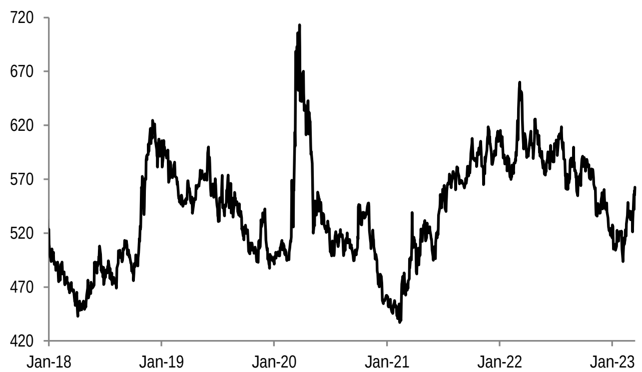


Source: Banorte with data from Bloomberg

- **Local risk premium increased to a four-month high.** Strong volatility in sovereign bonds triggered by uncertainty in the banking sector was reflected in a higher local risk premium. In this context, the 10-year spread between Mbonos and Treasuries closed on Friday at 563bps vs 533bps the previous week, while the average of the last twelve months remains at 568bps

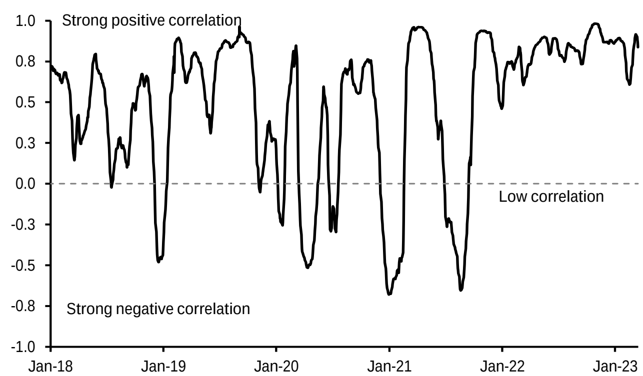
- **The 3-month correlation between benchmark Mexican and American bonds decreased.** The reading closed Friday at +84% from +92% the previous week

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

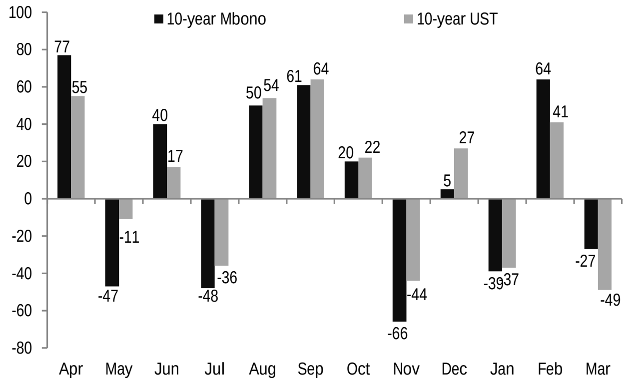
Basis points

Tenor	03/17/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-128	-179 (+51bps)	-171 (+43bps)	4 (-132bps)	37	-197	-70
Mbono 10s30s	17	15 (+2bps)	2 (+15bps)	9 (+8bps)	32	-15	7
TIIE-Mbono 2-year	-41	-33 (-8bps)	-14 (-27bps)	30 (-71bps)	44	-70	-11
TIIE-Mbono 10-year	-48	-34 (-14bps)	-22 (-26bps)	-4 (-44bps)	1	-67	-30

Source: Bloomberg and PiP

Mexican and US rates performance, last 12 months

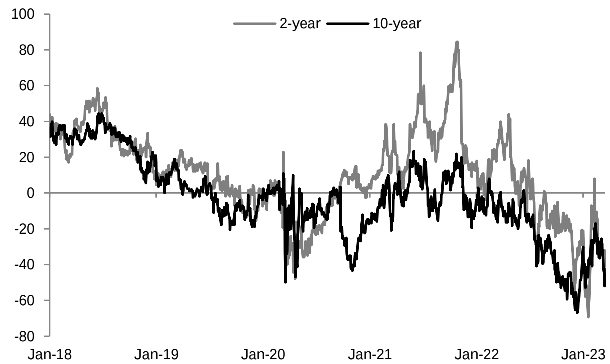
Basis points



Source: PiP and Bloomberg

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

Basis points



Source: Bloomberg

Breakeven inflation using Mbonos & Udibonos

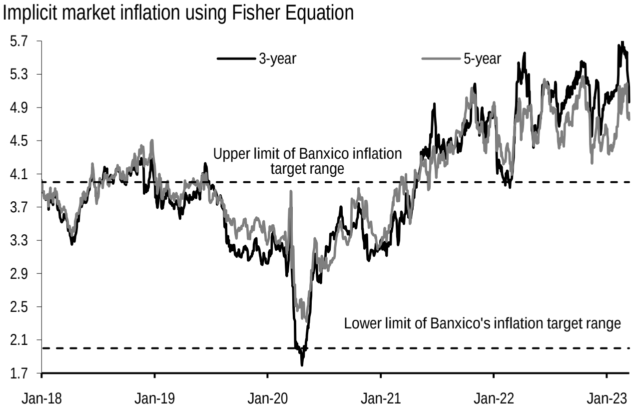
Implicit market inflation using Fisher Equation (%)

Date	03/17/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	4.90	5.29 (-39bps)	5.54 (-64bps)	5.21 (-31bps)	5.74	4.41	5.09
5Y	4.72	4.77 (-5bps)	4.82 (-10bps)	4.73 (-1bp)	5.28	4.23	4.77
10Y	4.51	4.54 (-3bps)	4.54 (-3bps)	4.58 (-7bps)	5.16	4.22	4.65
20y	4.68	4.68 (0bps)	4.66 (+2bps)	4.49 (+19bps)	5.15	4.32	4.73
30Y	4.75	4.76 (-1bp)	4.71 (+4bps)	4.41 (+34bps)	5.18	4.23	4.71

Source: PiP

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

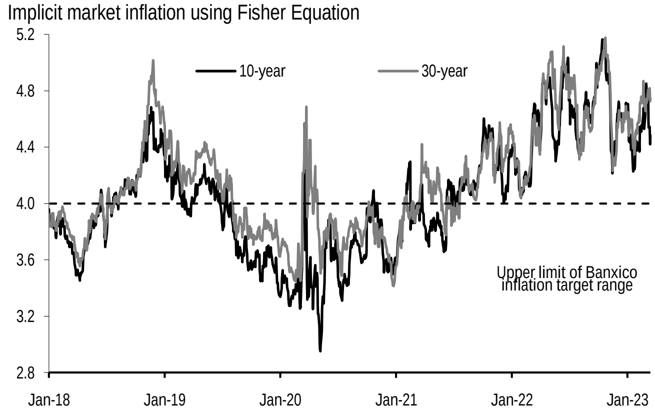
Implicit market inflation using Fisher Equation



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

- **Volatility in the fixed-income market returned to levels not seen since the 2008 crisis.** Globally, sovereign bonds were highly volatile throughout last week amid concerns about the financial sector. The MOVE index –a metric used to measure implied volatility in 1-month Treasury options– rebounded to 200bps on Wednesday, reaching levels not seen since the 2008 crisis (265bps) and surpassing the pandemic-triggered stress episode (164bps). In this backdrop, expectations drawn from Fed swaps reflected high uncertainty about future central bank actions. At the beginning of last week, investors were betting on a 50bps hike in March; however, instability on the banking front led them to assess a pause in the tightening cycle and even 100bps cuts in 2H23. The ECB's firm decision (+50bps) helped to clarify that the main objective is to curb inflation. With this, the market now expects the Fed to raise its rate by 25bps with a 60% probability. Amid a greater preference for securities considered as safe-haven, Treasuries ended the week with a broadly positive balance. In addition, the curve significantly reduced its inversion as a result of a 70bps rally at the short-end and an advance of only 10bps at the long-end. The strong volatility of the last two weeks has been reflected in the trading of the 2-year Treasury, oscillating between 6-month lows (3.71%) and highs since 2006 (5.08%). This securities advanced 109bps between March 9 and 13, its largest rally for a similar period since 1987. In Mexico, rates remained highly sensitive to the global environment. Short-term Mbonos averaged gains of 43bps, while those of longer duration closed with slight losses. The risk premium rebounded to 4-month highs of 563bps (+30bps w/w) and the 5-year CDS advanced to 139bps from 115bps at the beginning of the month. In light of the elevated uncertainty, investors recalibrated their portfolios and according to EPFR withdrew US$ 76 million from the local debt market, accumulating outflows of US$ 150 million in the last 3 weeks and halting almost 4 months of inflows. Although, these movements are modest relative to the weekly average of outflows recorded in March 2020 of US$ 700 million

- This week, the focus will be on the Fed's decision and the signal it may give on the next moves. Previously, the market expected the hiking cycle to extend into June and for rates to remain elevated for an extended period of time, but that scenario has now lost a lot of steam. In terms of strategy, we remain cautious and without directional positions. We do not rule out additional pressures, especially on the short-end of the curve, as we favor the Fed to continue hiking. However, we recognize that the risks of a lower terminal rate have increased. For Banxico, expectations point to only a 25bps hike in March (11.25%), after incorporating a terminal rate above 11.75% earlier in the month. Finally, we expect the 10-year Mbono, May'33, to trade between 8.90% and 9.25%. We also believe that the attractiveness of short-term Mbonos and long/receiver positions in short-end TIIE-IRS swaps has diminished given the elevated uncertainty on the monetary front

FX dynamics

- **The Mexican peso extended its decline in the face of risk-off mood.** The Mexican peso was the fourth weakest emerging market currency, higher volatility made carry trade less attractive and triggered profit taking. The local currency closed Friday at 18.91 per dollar with a 2.1% w/w depreciation

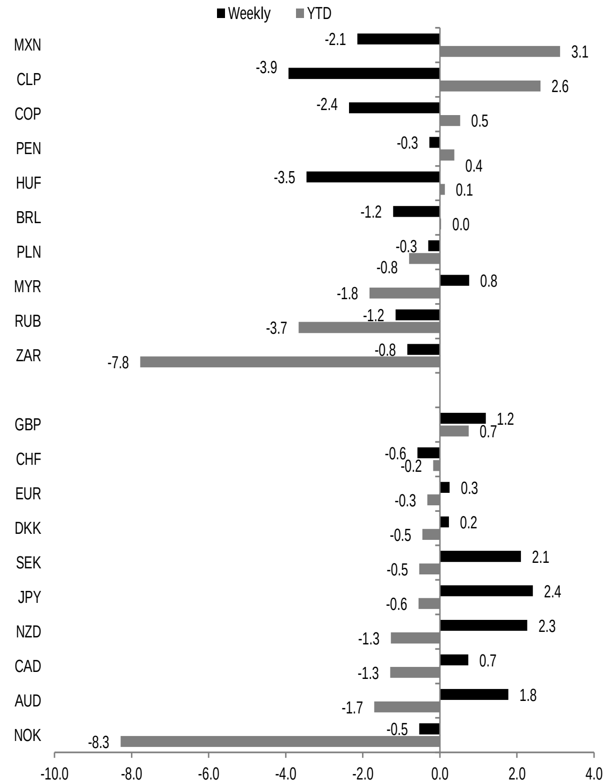
- **The USD weakened on expectations of a lower terminal rate.** The USD lost ground with the readjustment in market expectations derived from the crisis in the banking sector. G-10 currencies ended with a positive bias and EM currencies with mixed changes. In the first group, JPY (+2.4%) was the strongest and CHF (-0.6%) the weakest. In the second, THB (+2.5%) and CLP (-3.9%) were at the extremes

Foreign Exchange market levels and historical return

		Close at 03/17/2023	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD[1] (%)
Emerging Markets						
Brazil	USD/BRL	5.28	-0.9	-1.2	-1.2	0.03
Chile	USD/CLP	829.50	-0.5	-3.9	-4.3	2.61
Colombia	USD/COP	4,827.25	1.0	-2.4	2.0	0.52
Peru	USD/PEN	3.79	-0.1	-0.3	2.0	0.37
Hungary	USD/HUF	372.87	-0.3	-3.5	-4.6	0.13
Malaysia	USD/MYR	4.49	0.4	0.8	-2.1	-1.83
Mexico	USD/MXN	18.91	-1.0	-2.1	-1.7	3.12
Poland	USD/PLN	4.41	0.4	-0.3	1.0	-0.80
Russia	USD/RUB	77.01	0.7	-1.2	-3.2	-3.67
South Africa	USD/ZAR	18.47	-0.4	-0.8	-2.4	-7.78
Developed Markets						
Canada	USD/CAD	1.37	-0.1	0.7	-2.5	-1.3
Great Britain	GBP/USD	1.22	0.5	1.2	1.2	0.7
Japan	USD/JPY	131.85	1.4	2.4	1.8	-0.6
Eurozone	EUR/USD	1.0670	0.6	0.3	-0.2	-0.3
Norway	USD/NOK	10.69	0.7	-0.5	-4.5	-8.3
Denmark	USD/DKK	6.98	0.6	0.2	-0.1	-0.5
Switzerland	USD/CHF	0.93	0.3	-0.6	-0.2	-0.2
New Zealand	NZD/USD	0.63	1.2	2.3	-0.2	-1.3
Sweden	USD/SEK	10.48	0.3	2.1	-0.6	-0.5
Australia	AUD/USD	0.67	0.6	1.8	-3.0	-1.7

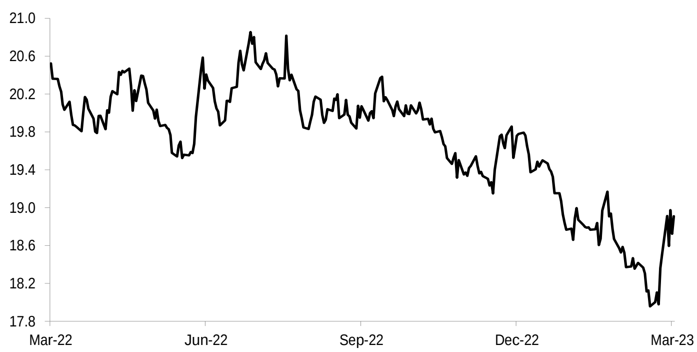
Positive (negative) changes mean appreciation (depreciation) of the corresponding currency against the USD.
Source: Bloomberg

FX performance
Against USD, %



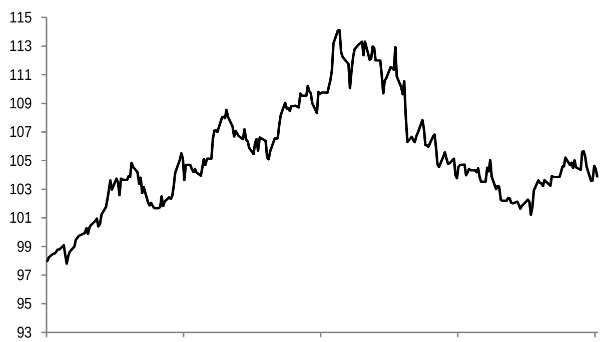
Source: Bloomberg

USD/MXN
Last 12 months



Source: Bloomberg

DXY
Points



Source: Bloomberg, Banorte

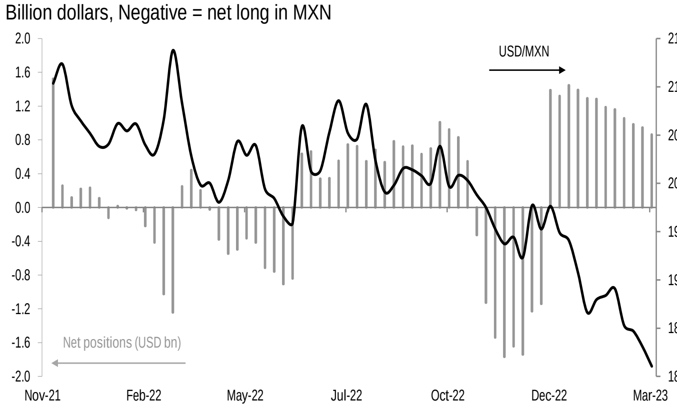
FX positioning and flows

- **Net short positions in the MXN decreased for two consecutive months.** The MXN position as of March 7th marked a net short of US$ 863 million, down 40% from its highest level of the year. It is worth noting that the US Commodity Futures Trading Commission (US CFTC) maintains a one-week lag in reporting technical positions following the cyber-attack. We believe that speculative short positions in the MXN could consolidate, given a greater appetite for safe-haven assets triggered by the high uncertainty on the monetary front

- **Investors significantly reduced short USD positions.** The USD IMM position posted a lower net short position of US$ 5.62 billion from US$ 7.57 billion the previous week after reaching its highest level in early February of US$11.67 billion. The adjustment was the result of heavy selling in EUR, JPY and NZD which completely diluted light buying in GBP and CAD

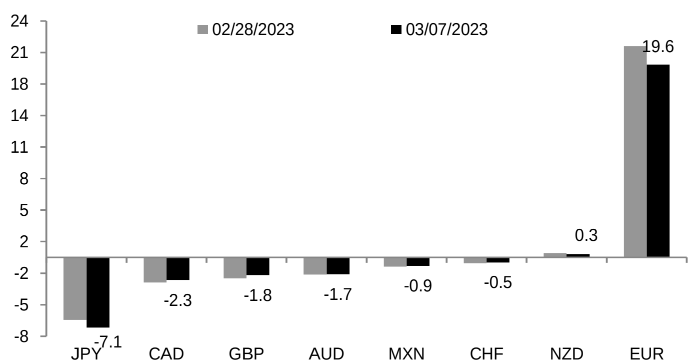
- **Flows in EM and Mexico turn negative due to risk aversion.** Our EPFR aggregate recorded negative flows of US$ 3.1 billion from positive flows of US$ 910 million the previous week. Bonds sales increased to US$ 2.6 billion from US$ 357 million. While equities recorded outflows of US$ 493 million from inflows of US$ 1.3 billion. In Mexico, negative flows of US$ 103 million were recorded because of sales in both bonds and equities of US$ 76 million and US$ 27 million, respectively

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



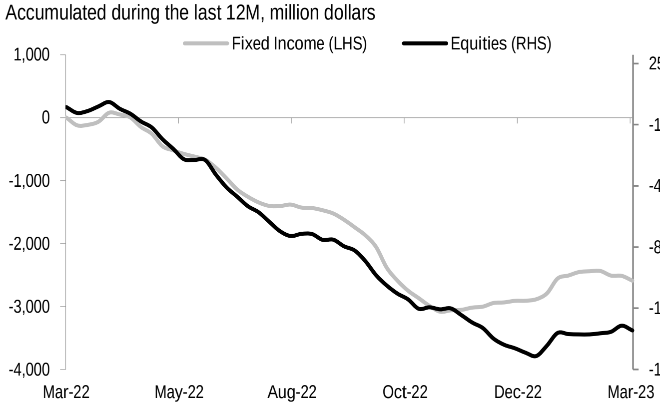
Source: CME, Banorte

IMM positioning by currency*
Billion dollars



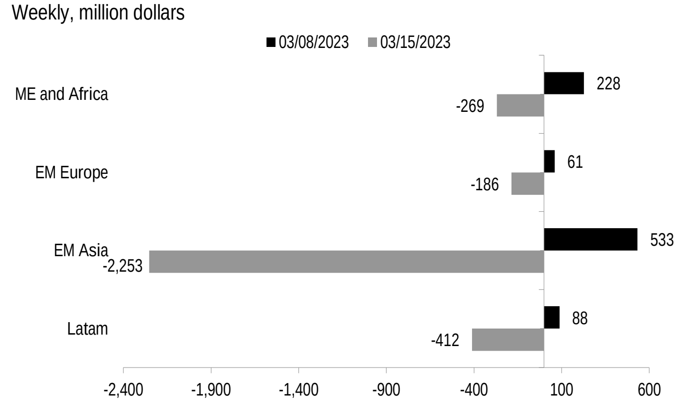
* Positive: Net long in the corresponding currency
Source: CME, Banorte

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



Source: EPFR Global, Banorte

Net foreign portfolio flows by region*
Weekly, million dollars



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

FX technicals

- **The Mexican peso trades between its moving averages.** The adjustment in Banxico's terminal rate expectations and higher implied volatility led to profit-taking in the local currency. Last week, the Mexican peso temporarily breached the 100-day MA marking its weakest level at 19.18 per dollar. We see main short-term resistances at 18.55, 18.38 and 18.20, with supports at 19.00, 19.23 and 19.45. Meanwhile, the weekly trading range marked 94 cents while the average of the last 4 weeks is at 45 cents. So far this year, the weekly range registers a maximum of 94 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	14	-6	-7	75	42
CAD	17	8	1	80	47
ZAR	27	8	4	85	49
BRL	58	37	-48	80	36
HUF	66	52	-5	66	37
RUB	-15	-12	-72	54	2

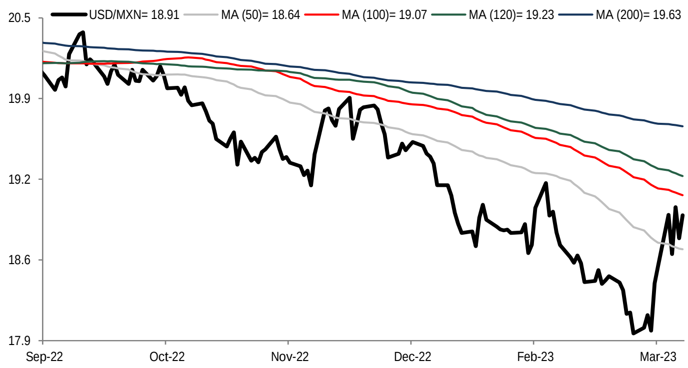
* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
VIX	74	56	8	77	45
SPX	59	49	23	63	44
GSCI	37	25	2	65	33
Gold	-40	26	-40	81	47

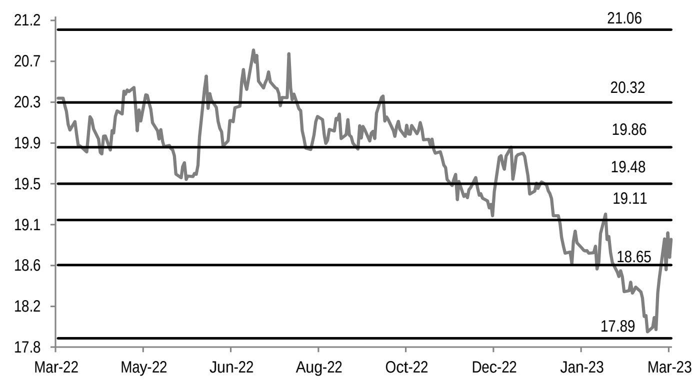
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

USD/MXN – Moving averages
Last 120 trading days



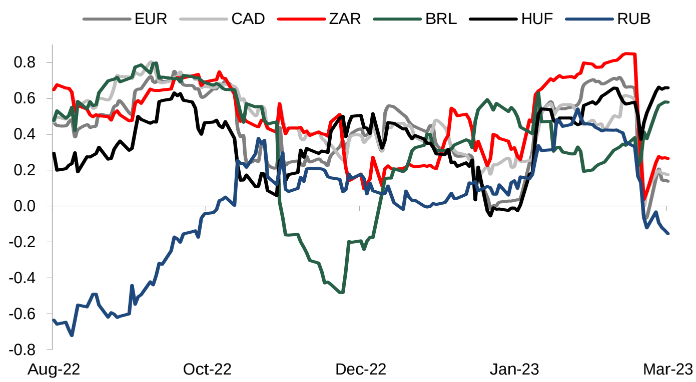
Source: Bloomberg

USD/MXN – Fibonacci retracement
Last 12 months



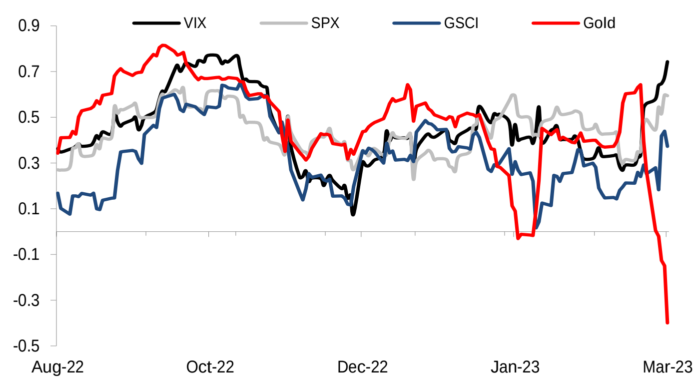
Source: Bloomberg

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

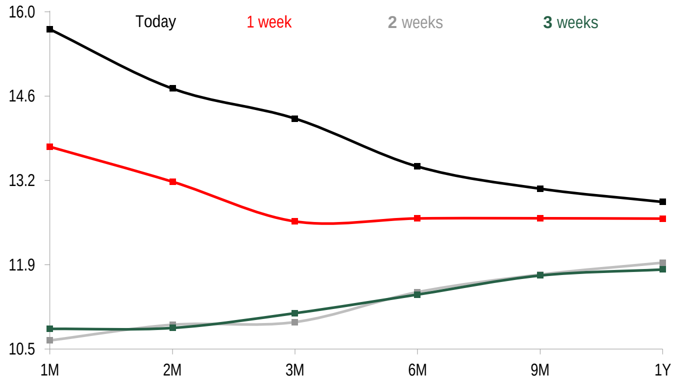


* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

FX technicals (continued)

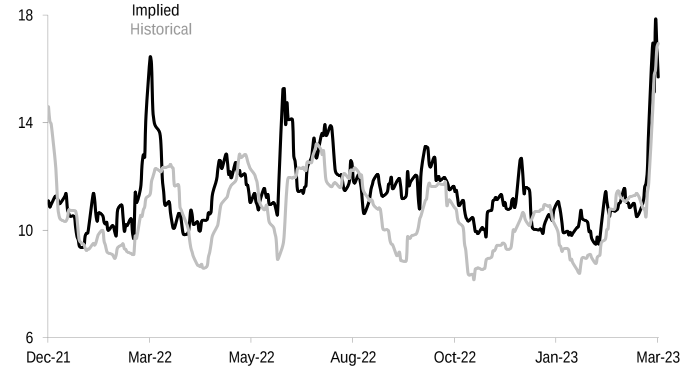
- **Highly volatile backdrop on financial stability concerns.** The MXN ATM implied volatility curve sharpened its flattening for the second consecutive week as a result of a further rally at the short-end. The 1-month reading reached highs not seen since early 2021 of up to 17.82%, closing at 15.70% from 13.80% last week. Similarly, the 1-month and 3-month risk reversals rebounded to 3.56% and 3.44%, respectively, after starting the month at 2.18% and 2.57% in the same order

USD/MXN – ATM options volatility curve
%



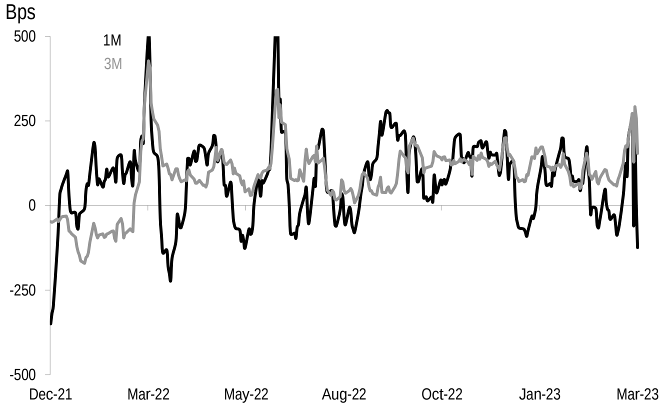
Source: Bloomberg

USD/MXN – 1M implied and historical volatility
%



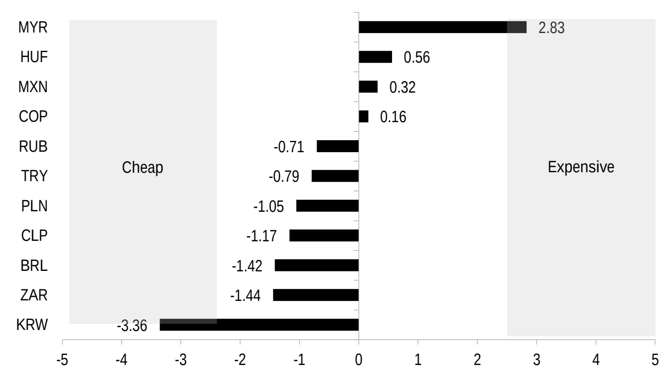
Source: Bloomberg

USD/MXN – Spread between implicit and historical volatility
Bps



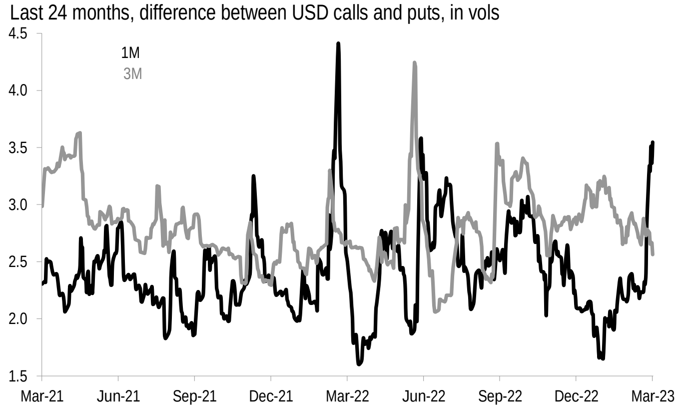
Source: Bloomberg

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



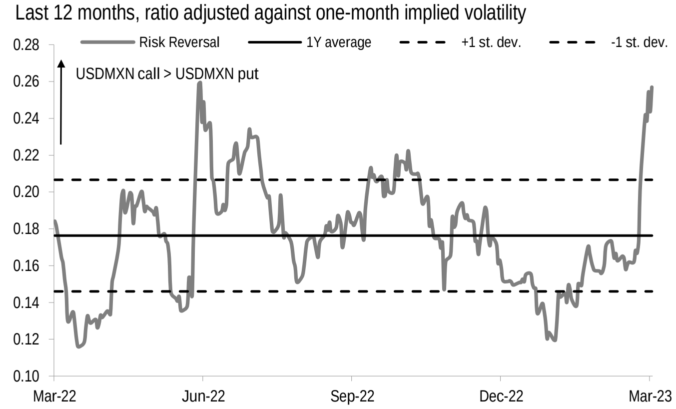
Source: Bloomberg, Banorte

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



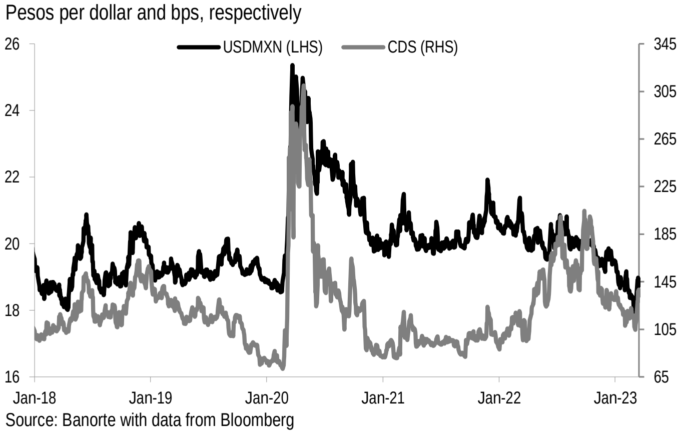
Source: Bloomberg, Banorte

FX trade recommendations

- **MXN accumulates two weeks down with profit taking and higher implied volatility.** In a backdrop of high uncertainty triggered by the US banking sector crisis, currencies experienced wide volatility. In addition, the Chinese central bank's decision to cut reserve requirements also played a role. In particular, sharp fluctuations in short-term Treasury rates, as they are more sensitive to monetary policy expectations, and the search for assets considered as safe-haven determined the direction of the FX market. In this context, the dollar weakened and the DXY and BBDXY indices closed Friday with losses of 0.7% and 0.6% w/w, respectively. In technical terms, the DXY continues to be immersed in a consolidation process with a range bounded by the 50- and 100-day MA. In addition, the index traded with lower volatility compared to other currencies in similar circumstances. In the G-10 currencies, the weekly performance was positive with JPY (+2.4%) and NZD (+2.3%) as the strongest. Meanwhile, emerging currencies posted mixed performances with THB (+2.5%) leading the gains and CLP (-3.9%) the weakest. The Mexican peso was the fourth weakest among its peers and on the week, it temporarily breached the 100-day MA (19.07) marking its weakest level at 19.18 per dollar. The MXN closed Friday at 18.91 representing a 2.1% w/w depreciation. With a perception of higher risk in the backdrop, the trading range widened to 94 cents vs. 70 cents of the previous week and 45 of the 4-week average

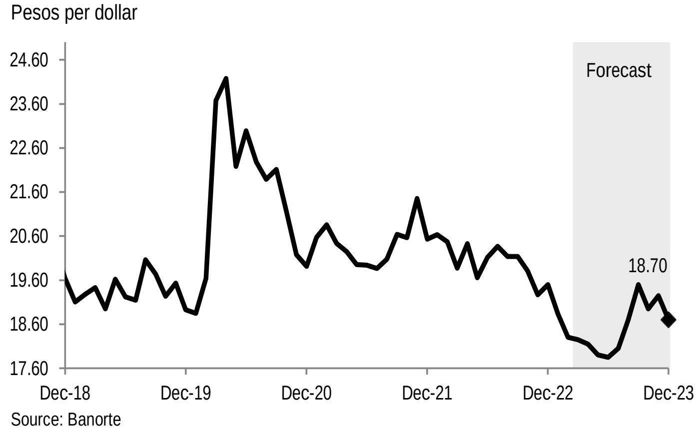
- Over the past two weeks we have seen profit taking in MXN with volatility subtracting from carry attractiveness. On Wednesday, 1-month and 3-month implied volatility marked highs of 17.8% and 15.2% in the same order, levels not seen since early 2021. Although markets recalibrated downwards their expectation of Banxico's terminal rate to 11.25%, we believe that the Mexican peso will continue to stand out in the currency universe due to solid macroeconomic fundamentals and a positive outlook with inflows from exports, remittances, tourism and nearshoring. For this week, we estimate a trading range between USD/MXN 18.55 and 19.40

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 24, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Sun 19	21:15	CHI	Rate decision 1-year Loan Prime Rate	Mar 20	%	--	3.65	3.65
	21:15	CHI	Rate decision 5-year Loan Prime Rate	Mar 20	%	--	4.30	4.30
Mon 20		MX	Market closed in remembrance of Benito Juarez Birthday					
	06:00	EZ	Trade balance*	Jan	EURbn	--	--	-18.1
Tue 21	06:00	GER	ZEW Survey (Expectations)	Mar	index	--	15.0	28.1
	10:00	US	Existing home sales**	Feb	millions	--	4.2	4.0
	13:30	MX	Government weekly auction: 1-, 3-, 6-, 12- month CETES; 30-year Mbono (Jul'53); 30-year Udibono (Nov'50) and 2-, 5-, and 10-year Bondes F					
	16:30	MX	Survey of expectations (Citibanamex)					
Wed 22	03:00	UK	Consumer prices	Feb	% y/y	--	9.9	10.1
	03:00	UK	Core	Feb	% y/y	--	5.7	5.8
	04:00	EZ	Current account*	Jan		--	--	15.9
	08:00	MX	Aggregate supply and demand	4Q22	% y/y	4.5	--	6.4
	11:00	MX	International reserves	Mar 17	US$bn	--	--	200.6
	14:00	US	FOMC Rate Decision (Upper Bound)	Mar 22	%	5.00	5.00	4.75
	14:00	US	FOMC Rate Decision (Lower Bound)	Mar 22	%	4.75	4.75	4.50
	14:00	US	Interest Rate on Excess Reserves (IOER)	Mar 22	%	4.90	4.90	4.65
	14:30	US	Fed Chair Powell Holds Press Conference Following FOMC Meeting					
	17:00	BZ	Monetary policy decision (Central bank of Brazil)	Mar 22	%	13.75	13.75	13.75
Thu 23	07:00	TUR	Monetary policy decision (Central bank of Turkey)	Mar 23	%	--	8.50	8.50
	08:00	UK	Monetary policy decision (BoE)	Mar 23	%	--	4.25	4.00
	08:00	MX	Retail sales	Jan	% y/y	4.4	--	2.5
	08:00	MX	Retail sales*	Jan	% m/m	1.2	--	0.1
	08:00	MX	Consumer prices	Mar 15	% m/m	0.18	0.28	0.16
	08:00	MX	Core	Mar 15	% m/m	0.25	0.29	0.16
	08:00	MX	Consumer prices	Mar 15	% y/y	7.16	7.26	7.48
	08:00	MX	Core	Mar 15	% y/y	8.09	8.14	8.21
	08:30	US	Initial jobless claims*	Mar 18	thousands	195	200	192
	10:00	US	New home sales**	Feb	thousands	--	650	670
	11:00	EZ	Consumer confidence*	Mar (P)	index	--	-18.2	-19.0
Fri 24	04:30	GER	Manufacturing PMI*	Mar (P)	index	--	47.0	46.3
	04:30	GER	Services PMI*	Mar (P)	index	--	51.1	50.9
	04:30	GER	Composite PMI*	Mar (P)	index	--	51.0	50.7
	05:00	EZ	Manufacturing PMI*	Mar (P)	index	--	49.0	48.5
	05:00	EZ	Services PMI*	Mar (P)	index	--	52.5	52.7
	05:00	EZ	Composite PMI*	Mar (P)	index	--	52.0	52.0
	05:30	UK	Manufacturing PMI*	Mar (P)	index	--	50.0	49.3
	05:30	UK	Services PMI*	Mar (P)	index	--	53.0	53.5
	08:00	MX	Economic activity indicator (IGAE)	Jan	% y/y	3.8	--	2.6
	08:00	MX	Economic activity indicator (IGAE)*	Jan	% m/m	0.2	--	0.3
	08:00	BZ	Consumer prices	Mar	% m/m	--	0.60	0.76
	08:00	BZ	Consumer prices	Mar	% y/y	--	5.26	5.63
	08:30	US	Durable goods orders*	Feb (P)	% m/m	--	1.5	-4.5
	08:30	US	Ex transportation*	Feb (P)	% m/m	--	0.3	0.8
	09:45	US	Manufacturing PMI*	Mar (P)	index	47.1	47.3	47.3
	09:45	US	Services PMI*	Mar (P)	index	--	50.3	50.6
	09:45	US	Composite PMI*	Mar (P)	index	--	--	50.1

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

For the week ending March 17, 2023

	Time		Event	Period	Unit	Banorte	Actual	Previous
Mon 13		US	Daylight Saving Time starts in the US					
	08:00	MX	Industrial production	Jan	% y/y	5.2	2.8	3.0
	08:00	MX	Industrial production*	Jan	% m/m	1.2	0.0	0.7
	08:00	MX	Manufacturing output	Jan	% y/y	7.7	4.8	2.7
		MX	ANTAD same-store sales	Feb	% y/y	--	6.5	10.3
Tue 14	03:00	UK	Unemployment rate*	Jan	%	--	3.7	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	0.5	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	--	200.6	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	--	2.4	3.6
	22:00	CHI	Retail sales	Feb	% y/y	--	3.5	-0.2
	22:00	CHI	Gross fixed investment (YTD)	Feb	% y/y	--	5.5	5.1
Wed 15	06:00	EZ	Industrial production*	Jan	% m/m	--	0.7	-1.3 (R)
	08:30	US	Producer prices*	Feb	% m/m	--	-0.1	0.3 (R)
	08:30	US	Ex. food & energy*	Feb	% m/m	--	0.0	0.1 (R)
	08:30	US	Empire Manufacturing*	Mar	index	-8.5	-24.6	-5.8
	08:30	US	Advance retail sales*	Feb	% m/m	0.2	-0.4	3.2 (R)
	08:30	US	Ex autos & gas*	Feb	% m/m	--	0.0	2.8 (R)
	08:30	US	Control group*	Feb	% m/m	0.3	0.5	2.3 (R)
Thu 16	08:30	US	Housing starts**	Feb	thousands	--	1,450	1,321 (R)
	08:30	US	Building permits**	Feb	thousands	--	1,524	1,339
	08:30	US	Initial jobless claims*	Mar 10	thousands	208	192	212
	08:30	US	Philadelphia Fed*	Mar	index	-15.0	-23.2	-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	%	--	8.4	7.9
	09:15	US	Industrial production*	Feb	% m/m	0.4	0.0	0.3 (R)
	09:15	US	Manufacturing production*	Feb	% m/m	0.2	0.1	1.3
	10:00	US	U. of Michigan confidence*	Mar (P)	index	66.0	63.4	67.0

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*

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, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, 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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	Reference
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HOLD	*When the share expected performance is similar to the MEXBOL estimated performance.*
SELL	*When the share expected performance is lower than the MEXBOL estimated performance.*

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