

Fixed-Income and FX Weekly

March 27, 2023

Market outlook

- **Positive performance in local assets.** Last week, the Mbonos' curve gained 12bps, on average. The 10-year benchmark closed at 8.87% (-19bps w/w). The USD/MXN ended at 18.44, printing an appreciation of 2.5% w/w
- **Focus on Banxico's monetary policy decision and the evolution of the US banking crisis.** Last week, the main drivers of financial market trends were: (1) the Fed's monetary policy decision; and (2) uncertainty about the impact of the banking crisis on the US economy. As expected, the Fed raised its benchmark rate by 25bps with a less hawkish tone in the communiqué. Also, Jerome Powell in a press conference was cautious about the effects of the banking crisis as it is too early to quantify them and ruled out rate cuts this year contrary to market expectations. This week, the focus will be on the monetary policy decisions of the central banks of Colombia, Hungary, Mexico, Czech Republic, Thailand, and South Africa. We expect Banxico to raise its benchmark rate by 25bps to 11.25% in a unanimous decision. Also, the communiqué could be less hawkish in light of recent inflation data. Meanwhile, we expect concerns to ease on the US banking sector as authorities are outlining an emergency lending facility to give First Republic Bank time to recover. In addition, First Citizens agreed to purchase deposits and loans from Silicon Valley Bank, which will limit the FDIC's cost of intervention. Markets will be attentive to economic data in several regions. In the US, the PCE deflator (Feb), consumer confidence and the latest revision of 4Q22 GDP will be highlighted. In China, PMIs will be released, while in the Eurozone inflation will be highlighted and, in the UK, 4Q22 GDP will be released. In Mexico, unemployment rate and bank credit (Feb) will be released

Fixed-Income

- **Supply** – Tomorrow, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 3-year Mbono (Mar'25), the 3-year Udibono (Dec'26), as well as 1- and 3-year Bondes F
- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.408 trillion (US\$ 74.4 billion), a market share equal to 36.9%, as of March 14th. Short positions in Mbono May'33 ended at MXN 2.4 billion from previous MXN 1.2 billion
- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 549bps from 563bps from the previous week, with the 12M mean at 567bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of March 21st) printed a net long of US\$ 1.4 billion from +US\$ 1.8 billion the previous week. Mutual funds' flows to EM marked lower outflows of US\$ 1.6 billion from US\$ 3.1 billion
- **Technicals** – The spot once again traded beyond the psychological level of 18.50 per dollar, standing as the second strongest EM currency. The MXN 1-month volatility dropped to 14.3% from 17.8% last week

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Fixed-Income

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Foreign exchange

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Recommendations

Fixed-Income

- **Attention will be on Banxico's decision.** Markets expects a 25bps hike to 11.25%. However, expectations have been skewed towards a lower terminal rate of 11.50% with cumulative cuts for 2H23 of 117bps
- We recognize that volatility in fixed-income market will remain latent, without ruling out renewed pressures on shortest term securities to correct the aggressive cuts that the markets is pricing-in for 2H23, so we remain cautious and without directional positions. Finally, we expect that the 10-year Mbono to trade between 8.70% and 9.05% this week

FX

- The FX market will remain attentive to monetary policy decisions, as well as the evolution of the US banking crisis. We do not rule out short-term adjustments in the USD as uncertainty around banks eases. Market expectations will also have to be considered as they look aggressive
- The Mexican peso will be influenced by **the tone of Banxico's** statement. We see the local currency likely to try to breach the 18.00 technical floor supported by high real rates and inflows

Fixed-Income dynamics

Mbonos performance

Maturity date	YTM 03/24/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.34	+6	+52
Sep'24	10.71	-16	+62
Dec'24	10.31	-2	+44
Mar'25	10.34	+2	+41
Mar'26	9.59	-6	+36
Mar'27	9.19	-24	0
Jun'27	9.03	-28	-5
May'29	8.87	-22	-20
May'31	8.87	-19	-15
May'33	8.87	-19	-15
Nov'34	8.83	-18	-23
Nov'36	8.83	-18	-22
Nov'38	9.07	-13	-2
Nov'42	9.16	-9	+5
Nov'47	9.17	-5	+10
Jul'53	9.18	-4	+13

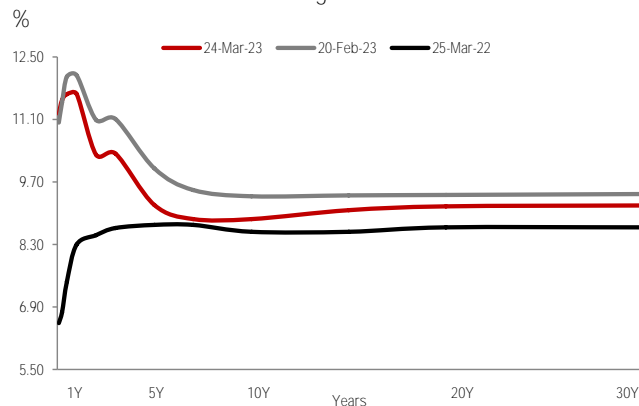
Source: PiP

Udibonos performance

Maturity date	YTM 03/24/2023	Weekly change (bps)	YTD (bps)
Nov'23	7.72	+14	+164
Dec'25	5.49	+2	+73
Dec'26	5.22	+5	+56
Nov'28	4.54	+5	+23
Nov'31	4.36	+1	+19
Nov'35	4.39	+3	+18
Nov'40	4.41	+5	+22
Nov'46	4.37	+11	+19
Nov'50	4.40	+13	+16

Source: PiP

Mbonos curve at different closing dates



Source: PiP, Banorte

IRS (28-day TIE) performance

Maturity date	YTM 03/24/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.53	+7	+63
6-month (6x1)	11.57	+7	+53
9-month (9x1)	11.54	+11	+47
1-year (13x1)	11.26	+12	+35
2-year (26x1)	9.95	+3	+8
3-year (39x1)	9.11	-7	-7
4-year (52x1)	8.72	-17	-19
5-year (65x1)	8.53	-21	-29
7-year (91x1)	8.42	-20	-32
10-year (130x1)	8.40	-18	-34
20-year (260x1)	8.50	-16	-36

Source: Bloomberg

Cetes performance

Maturity date	YTM 03/24/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.23	-3	+114
Cetes 91	11.53	+2	+87
Cetes 182	11.66	+2	+79
Cetes 364	11.67	+20	+70
Cetes 728	11.04	-19	+23

Source: PiP

10-year Mbono benchmark



Source: PiP

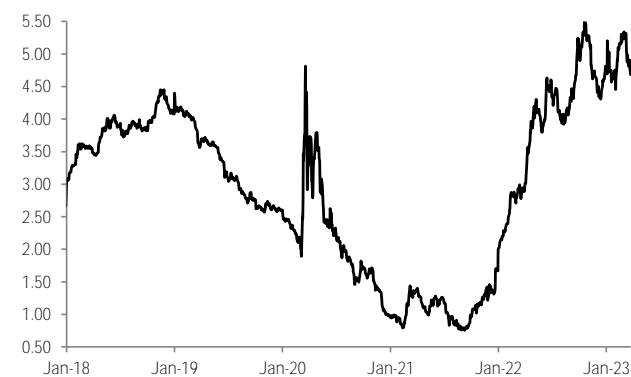
Fixed-Income dynamics (continued)

USD UMS and US Treasuries performance

Term	Maturity date	UMS			UST			Spreads			CDS
		YTM 03/24/2023	Weekly change (bps)	YTD (bps)	YTM 03/24/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	4.36	-8	-11	3.77	-7	-66	60	0	38	60
3Y	May'26	4.49	-19	-30	3.58	-14	-65	92	-5	70	84
5Y	Feb'28	4.69	-13	-10	3.41	-9	-60	128	-3	102	139
7Y	Apr'30	5.04	-6	-29	3.40	-9	-57	164	+3	151	185
10Y	May'33	5.47	-6	-9	3.38	-5	-50	209	-1	181	219
20Y	Mar'44	6.09	+0	-29	3.77	-1	-37	232	+2	235	--
30Y	Feb'52	6.09	-2	-30	3.64	+2	-32	245	-4	264	--

Source: Bloomberg

5Y USD UMS
%



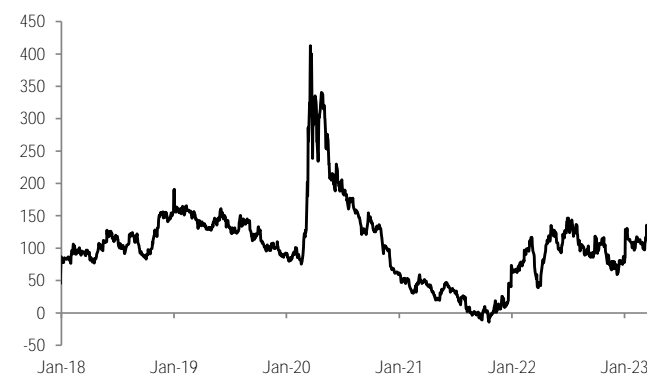
Source: Bloomberg

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 24M Cetes, the 3Y Mbono (Mar'25) and Udibono (Dec'26), as well as 1 and 3Y Bondes F
- Stable demand for Cetes and greater appetite for 3-year Mbono vs Udibono.**
 We expect Cetes rates consistent with the restrictive cycle in Mexico and a stable appetite supported by the attractiveness of real rates amid a moderation in prices. The market is pricing-in that Banxico will raise its reference rate by 25bps to 11.25%, in tandem with last Fed's decision, and reach a lower terminal rate of 11.50% in May (previous: higher than 11.75%). It is worth noting that the curve incorporates cuts of more than 110bps for 2H23 after the financial turmoil. For the 3-year Mbono, we anticipate a moderate demand, considering the recent rally in short-term Mbonos. This security trades at 10.34%, equivalent to an 81bps rally so far this month. We recognize that volatility in fixed-income market will remain latent, without ruling out renewed pressures on shortest term securities to correct the aggressive cuts that the market is pricing-in for 2H23, so we remain cautious and without directional positions. For 3-year Udibono we foresee a weak appetite in line with last auction of 1.8x given a lower relative value. Although the 3-year breakeven fell to 4.86% from 5.62% a month ago, it remains well above Banxico's inflation target

Auction specifics (March 28, 2023)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	27-Apr-23	--	17,500	11.28
3m	29-Jun-23	--	17,500	11.55
6m	21-Sep-23	--	8,500	11.65
24m	20-Mar-25	--	6,500	11.86
Bondes F				
1y	14-Mar-24	--	3,000	0.12
3y	23-Oct-25	--	1,000	0.22
Mbono				
3y	6-Mar-25	5.00	14,000	11.15
Udibono				
3y	3-Dec-26	3.00	UDIS 1,050	5.31

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.

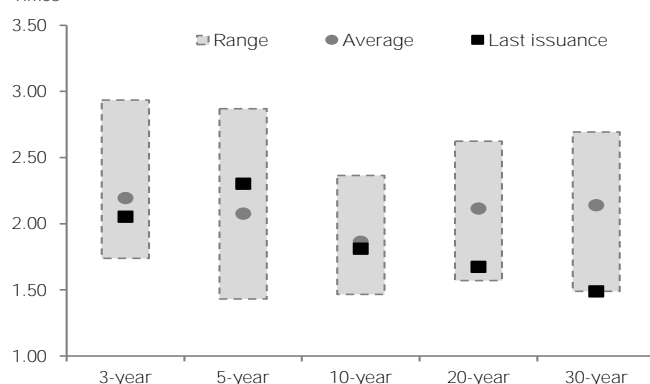
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

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

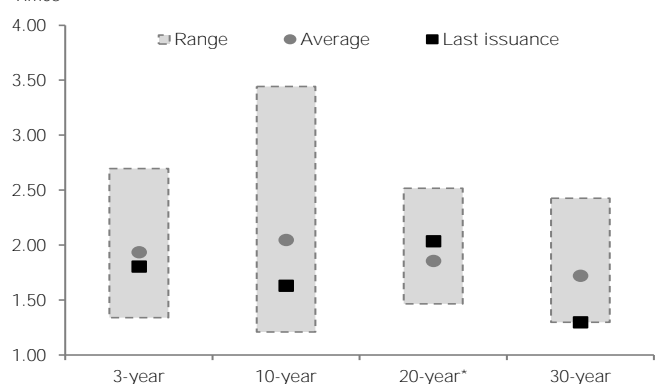
Source: Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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



Source: Banxico, Banorte

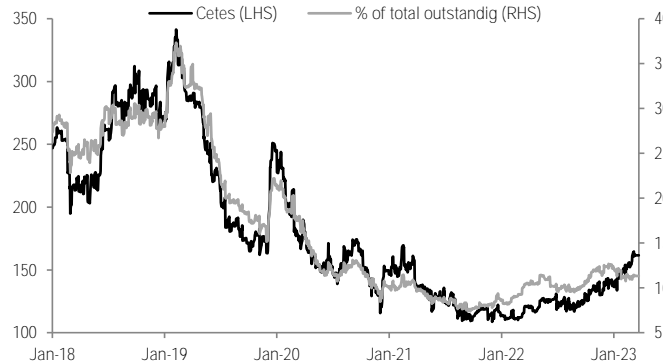
Udibonos' bid-to-cover ratios for primary auction in last 2 years



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

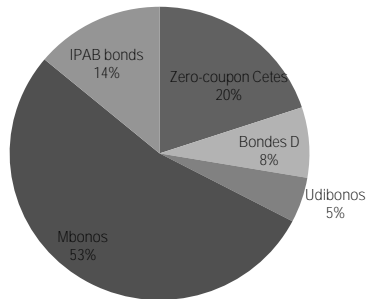
Fixed-Income demand

Cetes held by foreigners
MXN billion, %



Source: Banxico

Government issuance by type of instrument
Total amount of US\$ 378 billion, % of total



Source: Banxico

Government bond holdings by type of investor
US\$ billion and %, data as of 03/14/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	75	11%	15%	17%	5%	13%	39%
Floating-rate Bondes D	29	0%	4%	36%	1%	26%	33%
Real-rate Udibonos	146	5%	53%	3%	20%	2%	18%
Fixed-rate Mbonos	202	37%	23%	3%	3%	15%	19%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
US\$ billion

	03/14/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	8.5	8.7	-0.1	7.4	1.1
Floating-rate Bondes D	0.1	0.1	0.0	1.8	-1.7
Real-rate Udibonos	6.8	0.9	5.9	0.9	5.9
Fixed-rate Mbonos	74.4	74.2	0.2	73.9	0.6

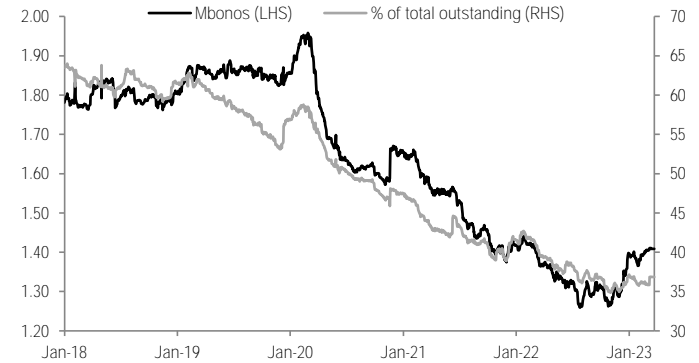
Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
Percentage of total amount outstanding

	03/14/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	11.3%	11.4%	-0.1%	12.4%	-1.1%
Floating-rate Bondes D	0.5%	0.4%	0.0%	4.4%	-3.9%
Real-rate Udibonos	4.6%	4.7%	0.0%	5.0%	-0.4%
Fixed-rate Mbonos	36.9%	35.8%	1.0%	37.1%	-0.2%

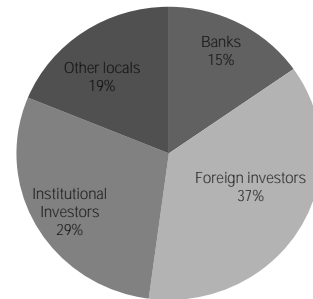
Source: Banorte with data from Banxico

Mbonos held by foreigners
MXN trillion, %



Source: Banxico

Mbonos holdings by type of investor
Total amount of US\$ 202 billion, % of total



Source: Banxico

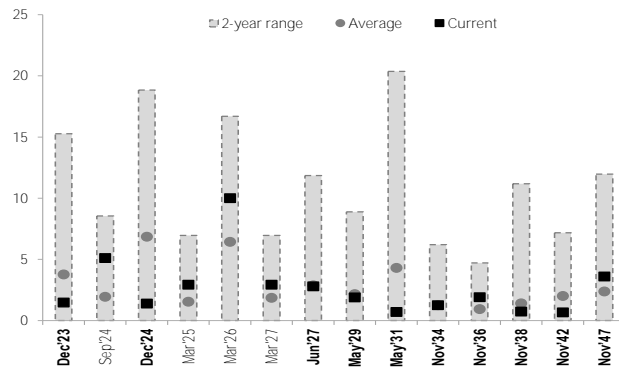
Mbonos holdings by type of investor
US\$ billion and %, data as of 03/09/2023

DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Dec'23	11.6	18%	14%	16%	51%
Sep'24	17.5	21%	23%	11%	46%
Dec'24	13.5	38%	30%	9%	23%
Mar'25	10.4	30%	27%	17%	27%
Mar'26	25.3	36%	29%	15%	20%
Mar'27	11.6	32%	32%	14%	22%
Jun'27	19.6	14%	46%	26%	13%
May'29	15.2	4%	53%	21%	21%
May'31	24.1	4%	52%	30%	14%
May'33	6.0	3%	27%	46%	24%
Nov'34	4.9	1%	49%	37%	13%
Nov'36	3.9	0%	32%	39%	29%
Nov'38	12.0	1%	45%	40%	14%
Nov'42	15.3	1%	46%	37%	16%
Nov'47	14.3	0%	36%	44%	19%
Jul'53	5.8	0%	32%	53%	15%
Total	205.2	15%	37%	25%	23%

Source: Banxico

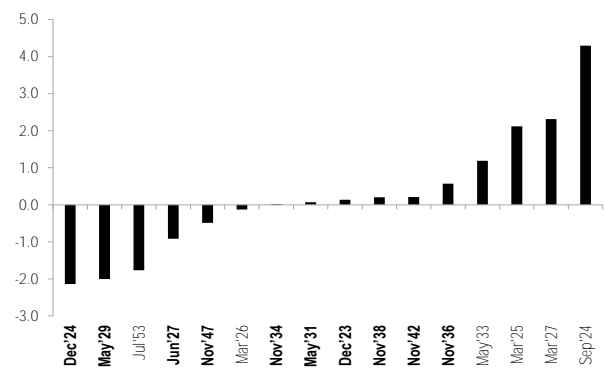
Fixed-Income demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion



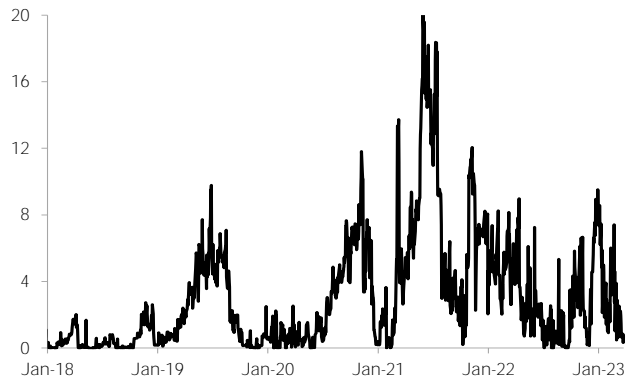
Source: Banxico *Mar'25 issued in Dec'21

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



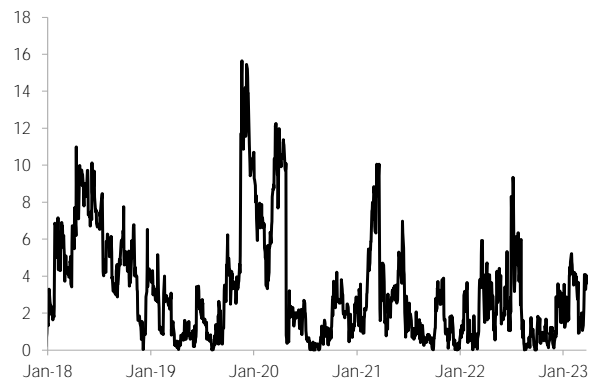
Source: Banxico

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 03/24/2023	03/24/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	11,368	81	73	257	81	390	0
Sep'24	17,385	278	45	97	185	299	2
Dec'24	13,264	75	191	133	305	489	37
Mar'25	10,377	159	45	78	219	320	0
Mar'26	24,681	543	550	206	118	830	131
Mar'27	12,313	159	34	37	243	378	0
Jun'27	19,235	152	202	200	204	643	16
May'29	14,823	103	212	304	65	338	0
May'31	23,568	39	35	148	207	516	7
May-33	5,998	130	66	87	0	251	0
Nov'34	4,849	68	67	103	35	158	23
Nov'36	3,913	104	73	21	36	212	0
Nov'38	11,822	41	30	2	256	133	0
Nov'42	15,109	37	26	8	0	317	0
Nov'47	14,123	196	222	186	81	283	0
Jul'53	6,233	68	164	181	0	685	0
Total	209,060	2,166	1,871	1,868	2,034		

Source: Banxico

Fixed-Income technicals

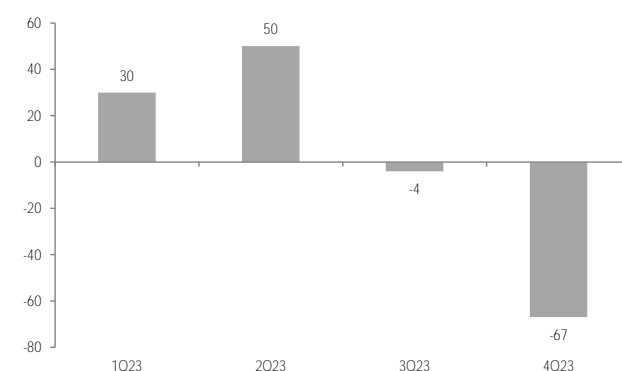
- **The carry at the shortest-end decreased.** Spreads between Cetes and imp. forward rates stood at: 1-month at -24bps from -23bps, 3-month at -54bps from -38bps, 6-month at -84bps from -63bps, and 1-year at -73bps from -53bps
- **The market expects a 25bps hike by Banxico on Thursday.** Locally, all eyes will be on Banxico's decision this week. Bets favor a decrease in the pace of rate hikes to +25bps, in line with our expectations, after the unexpected increase of 50bps in February. The clues it gives about the following adjustments or even the possible end point of the tightening cycle will be very relevant. It is worth noting that market also foresees a lower terminal rate around 11.50% from levels above 11.75% in February and is pricing-in cuts of more than 110bps for 2H23

Spread between Cetes and Implied Forward Rates
Basis Points

Tenor	Actual 03/24/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	-24	-23	61	13	142	-134
3 months	-54	-38	0	-49	27	-109
6 months	-84	-63	-22	-81	-10	-121
12 months	-73	-53	-62	-104	-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

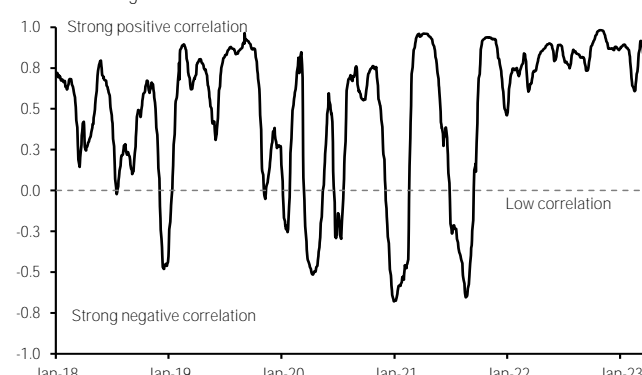
- **Local risk premium moderated along with concerns about the banking sector.** Sovereign bond gains as concerns about the banking sector crisis diminished. In this context, the 10-year spread between Mbonos and Treasuries closed on Friday at 549bps vs 563bps the previous week, while the average of the last twelve months remains at 567bps
- **The 3-month correlation between benchmark Mexican and American bonds decreased.** The reading closed Friday at +77% 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

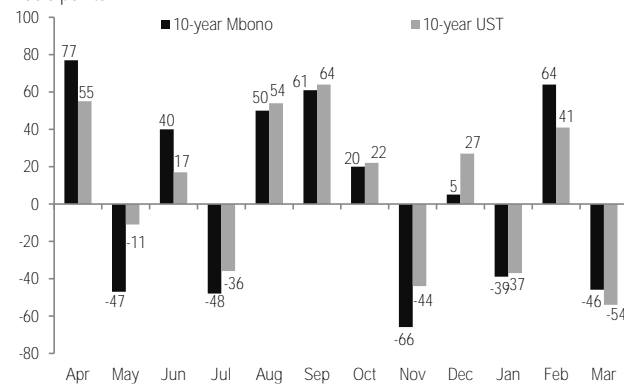
Basis points

Tenor	03/24/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-144	-128 (-16bps)	-172 (+28bps)	8 (-152bps)	37	-197	-73
Mbono 10s30s	31	17 (+14bps)	0 (+31bps)	10 (+21bps)	32	-15	8
TIIE-Mbono 2-year	-37	-41 (+4bps)	-31 (-6bps)	40 (-77bps)	44	-70	-12
TIIE-Mbono 10-year	-48	-48 (0bps)	-33 (-15bps)	0 (-48bps)	1	-67	-31

Source: Bloomberg and PIP

Mexican and US rates performance, last 12 months

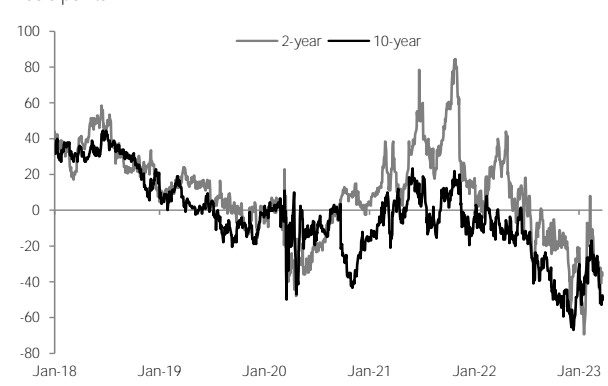
Basis points



Source: PIP and Bloomberg

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

Basis points



Source: Bloomberg

Breakeven inflation using Mbonos & Udibonos

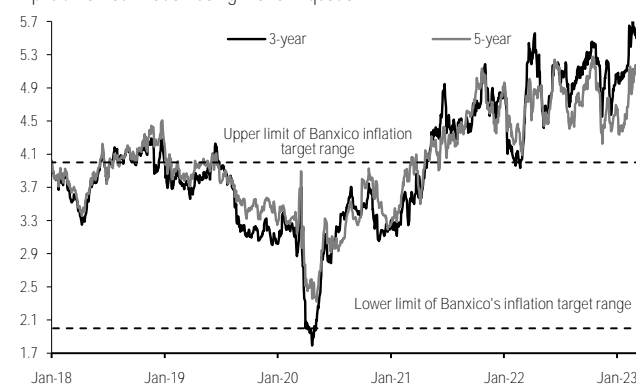
Implicit market inflation using Fisher Equation (%)

Date	03/24/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	4.86	4.90 (-4bps)	5.62 (-76bps)	5.37 (-51bps)	5.74	4.41	5.08
5Y	4.44	4.72 (-28bps)	5.02 (-58bps)	5.01 (-57bps)	5.28	4.23	4.76
10Y	4.32	4.51 (-19bps)	4.54 (-22bps)	4.66 (-34bps)	5.16	4.22	4.64
20y	4.57	4.68 (-11bps)	4.67 (-10bps)	4.59 (-2bps)	5.15	4.32	4.74
30Y	4.58	4.75 (-17bps)	4.69 (-11bps)	4.54 (+4bps)	5.18	4.23	4.71

Source: PIP

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

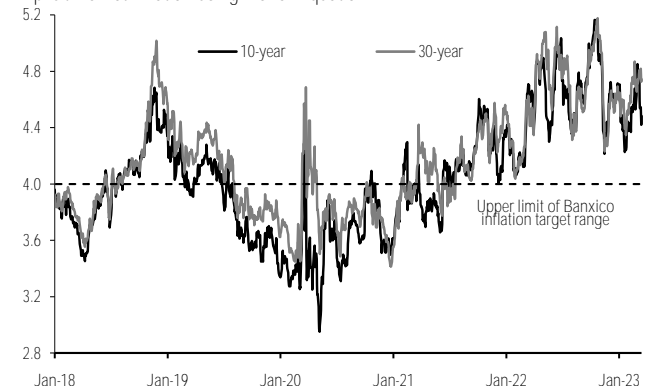
Implicit market inflation using Fisher Equation



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

- **Market expects lower terminal rates in both the US and Mexico after the financial turmoil.** Sovereign bonds ended last week with slight gains as concerns about the banking sector crisis moderated. However, uncertainty remains as to what actions central banks will take to address high inflation without undermining financial stability. In this sense, the market perceived the tone of the Fed's communiqué as less hawkish and continues to assess whether there will be a pause in the tightening cycle or whether they will continue with the pace of hikes in the May decision (+25bps), assigning the latter scenario the lowest probability (24%). In addition, they incorporate a decrease in the benchmark rate of around 100bps for the remainder of the year starting in June, despite Jerome Powell's indication that they do not see cuts in their base case. Short-term Treasuries posted a rally following the Fed's decision, extending the breather into the following days. With this, the yield curve extended the steepening observed in recent weeks, gaining 10bps on the short-end and registering few changes on the long-end. The 2s10s spread stood at -40bps from -108bps before Silicon Valley Bank's failure. In Mexico, Mbonos advanced 12bps, on average, while TIEE-28 swaps gained as much as 21bps on the long-end and Udibonos lost 6bps. As a result of these changes, inflation breakevens have declined, especially for shorter maturities, in a backdrop where price pressures continue to ease. For example, the 3-year reading stands at 4.86%, 76bps below the levels seen in the previous month. However, it remains above Banxico's inflation target of 3.0%. In relative terms, we continue to prefer nominal vs. real rates, especially if inflation continues to moderate
- This week, the focus will be on Banxico's decision on Thursday. The market maintains a strong conviction that the benchmark rate will increase 25bps to 11.25%. However, expectations have been skewed towards a lower terminal rate of 11.50% with cumulative cuts for 2H23 of 117bps vs. the previous scenario of a rate above 11.75% that would remain virtually unchanged throughout the year. In terms of strategy, we remain cautious and do not hold directional positions given the high uncertainty on the monetary front. Furthermore, we believe that short-term trading will continue to be erratic, and we believe that upside risks of rate corrections have been reinserted due to the relatively aggressive rate cuts that markets are incorporating towards 2H23 in a still elevated inflation backdrop. This would reverse part of the correction in the investment grade curves observed in recent weeks. Meanwhile, we believe that the attractiveness of short-term Mbonos and of receiving TIEE-28 swaps on the short-end has diminished due to the adjustments registered this month. Also, we believe that Mbonos as of Nov'38 maturity will benefit from an improvement in long-term inflation expectations following Banco de Mexico's efforts, with attractive levels close to $+2\sigma$ of their 90-day MA, equivalent to 9.45%. Finally, we expect the 10-year Mbono M, May'33, to trade between 8.70% and 9.05%

FX dynamics

- **The Mexican peso rallied as uncertainty in the banking sector eased.** The MXN reversed part of the previous weeks' losses on increased appetite for risk assets and was the second strongest among emerging markets. The local currency closed Friday at 18.44 per dollar with an appreciation of 2.5% w/w
- **The USD weakened again on expectations of a lower terminal rate.** The USD lost ground against the currency universe as the market readjusted its pricing on the Fed's next moves. Meanwhile, G10 and EM currencies ended the week with a positive bias. In the former group, NOK (+2.0%) was the strongest while NZD (-1.1%) was the weakest. In the second, trading was capped by HUF (+4.3%) and ARS (-1.2%)

Foreign Exchange market levels and historical return

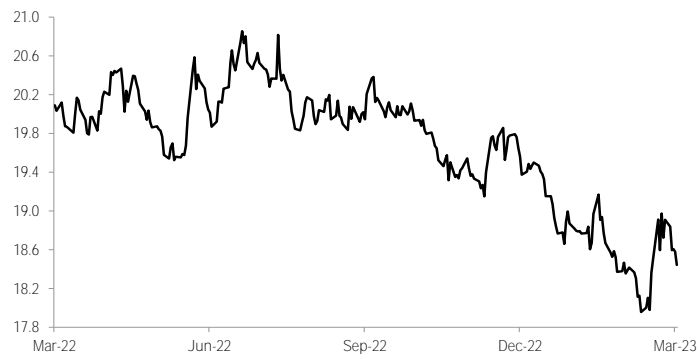
		Close at 03/24/2023	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD ¹ (%)
Emerging Markets						
Brazil	USD/BRL	5.25	1.0	0.6	-1.7	0.64
Chile	USD/CLP	810.28	-0.5	2.4	-1.4	5.04
Colombia	USD/COP	4,735.70	0.2	1.9	3.4	2.47
Peru	USD/PEN	3.77	-0.1	0.5	1.0	0.88
Hungary	USD/HUF	357.57	-1.0	4.3	0.6	4.41
Malaysia	USD/MYR	4.43	-0.3	1.3	0.3	-0.58
Mexico	USD/MXN	18.44	0.7	2.5	-0.5	5.72
Poland	USD/PLN	4.36	-0.8	1.2	2.8	0.41
Russia	USD/RUB	77.28	-1.6	-0.3	-2.4	-4.00
South Africa	USD/ZAR	18.16	-0.3	1.7	0.5	-6.17
Developed Markets						
Canada	USD/CAD	1.37	-0.2	-0.1	-1.4	-1.4
Great Britain	GBP/USD	1.22	-0.4	0.5	1.6	1.2
Japan	USD/JPY	130.73	0.1	0.9	3.1	0.3
Eurozone	EUR/USD	1.0760	-0.7	0.8	1.5	0.5
Norway	USD/NOK	10.48	-0.9	2.0	-1.2	-6.5
Denmark	USD/DKK	6.93	-0.7	0.8	1.4	0.3
Switzerland	USD/CHF	0.92	-0.4	0.7	1.3	0.5
New Zealand	NZD/USD	0.62	-0.8	-1.1	-0.2	-2.3
Sweden	USD/SEK	10.42	-0.9	0.6	0.0	0.0
Australia	AUD/USD	0.66	-0.6	-0.8	-2.3	-2.5

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

Source: Bloomberg

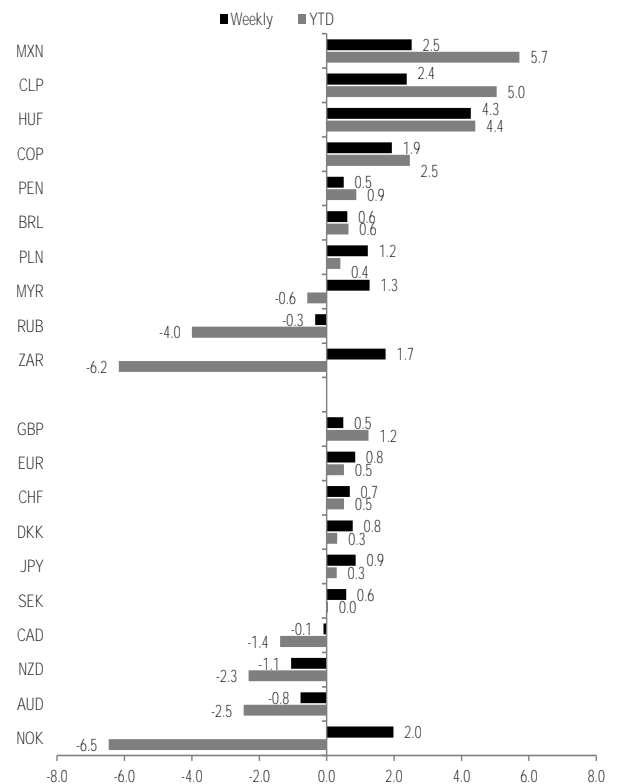
USD/MXN

Last 12 months



Source: Bloomberg

FX performance
Against USD, %



Source: Bloomberg

DXI

Points

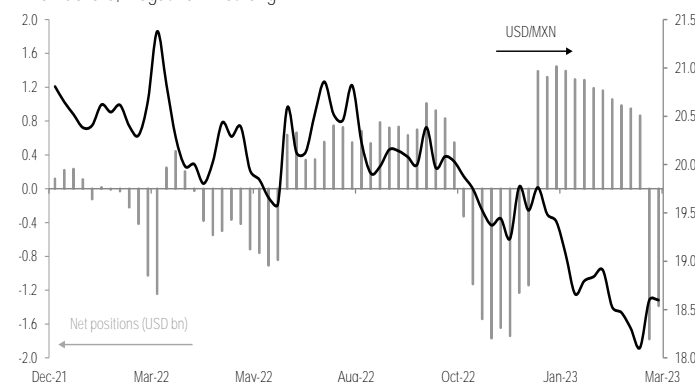


Source: Bloomberg, Banorte

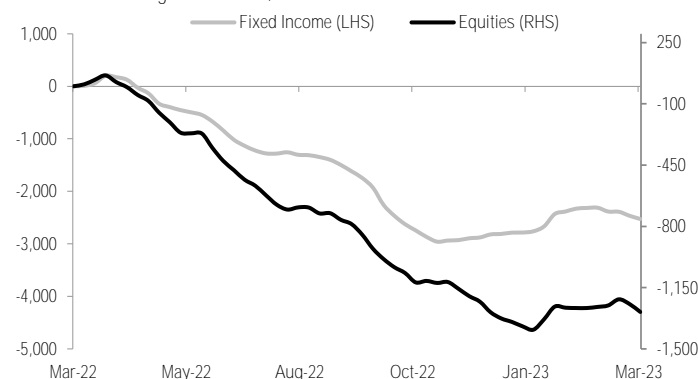
FX positioning and flows

- **Two weeks of net long MXN positions were recorded.** The US Commodity Futures Trading Commission (US CFTC) reinstated the periodicity in the publication of technical positions after trading with a delay caused by a cyber-attack. As of March 14th, the MXN position marked a net long of US\$ 1.78 billion, halting 12 weeks of net short positioning, and subsequently declined to US\$ 1.39 billion. The MXN remains the strongest currency in the EM universe, accumulating a gain of 5.7% during the year and returning to trade below the psychological 18.50 level
- **Investors continue to reduce short USD positions.** The USD IMM position reached a lower net short position of US\$ 4.56 billion after reaching US\$ 11.67 billion at the beginning of February, its highest level in almost two years. The adjustment was the result of heavy selling in CAD, MXN and NZD that completely diluted purchases in EUR and JPY
- **Flows in EM and Mexico registered two consecutive weeks with outflows.** Our EPFR aggregate recorded lower negative flows of US\$ 1.6 billion from US\$ 3.1 billion the previous week. Bonds sales decreased to US\$ 1.0 billion from US\$ 2.6 billion. While equities outflows increased 14% to US\$ 565 million. In Mexico, negative flows of US\$ 106 million were recorded because of sales in both bonds and equities of US\$ 61 million and US\$ 45 million, respectively

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

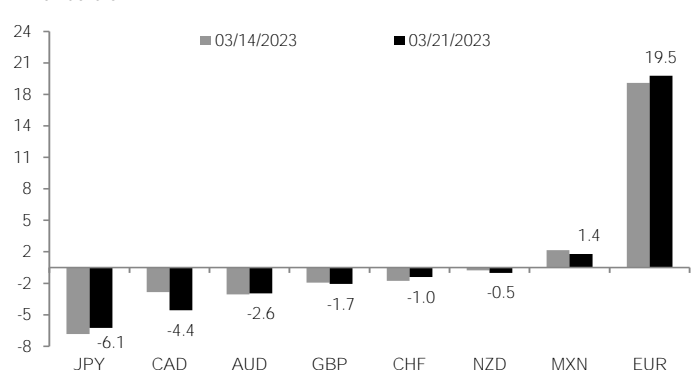


Source: CME, Banorte
Foreign portfolio flows into Mexico
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

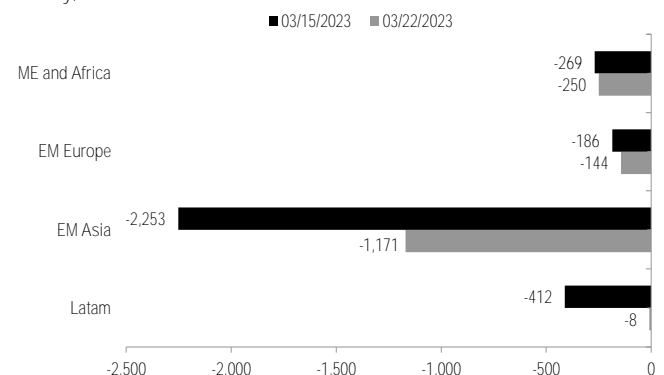
IMM positioning by currency*
Billion dollars



* 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

- The Mexican peso breached the 50-day MA and could seek the 18.00 technical level.** As concerns about the banking sector diminished, appetite for risk assets boosted the Mexican currency. With this dynamic, the local currency breached relevant technical levels and marked its strongest level at 18.38 per dollar. We see main short-term resistances at 18.24, 18.10 and 18.00, with supports at 18.60, 18.80 and 18.90. Meanwhile, the weekly trading range marked 85 cents, higher than the average of the last 4 weeks of 58 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	18	-7	75	41
CAD	14	15	1	80	46
ZAR	20	26	4	85	47
BRL	52	56	-48	80	36
HUF	66	69	-5	70	38
RUB	-30	-17	-63	54	3

* 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	78	74	8	79	46
SPX	61	60	23	63	45
GSCI	38	39	2	65	34
Gold	-45	-39	-47	81	45

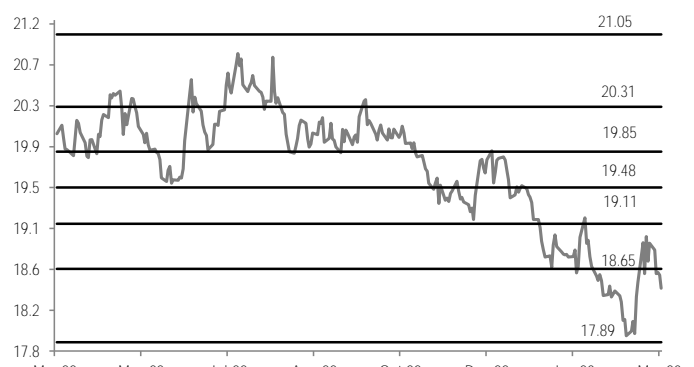
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

USD/MXN – Moving averages
Last 120 trading days



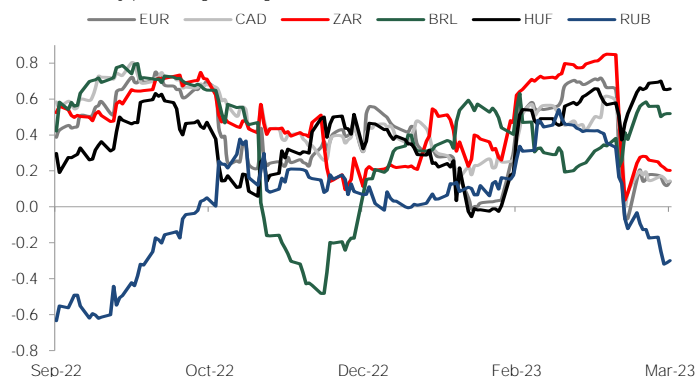
Source: Bloomberg

USD/MXN – Fibonacci retracement
Last 12 months



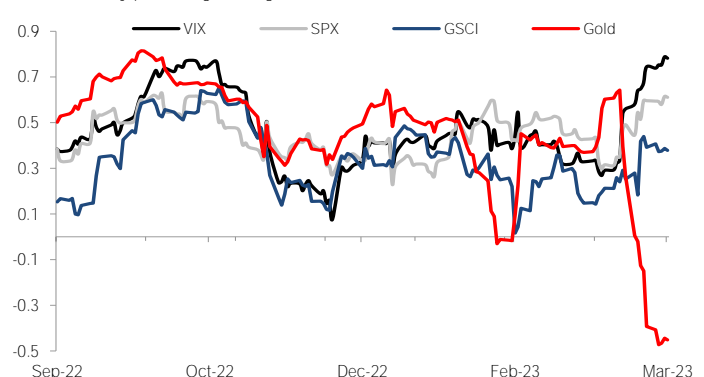
Source: Bloomberg

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

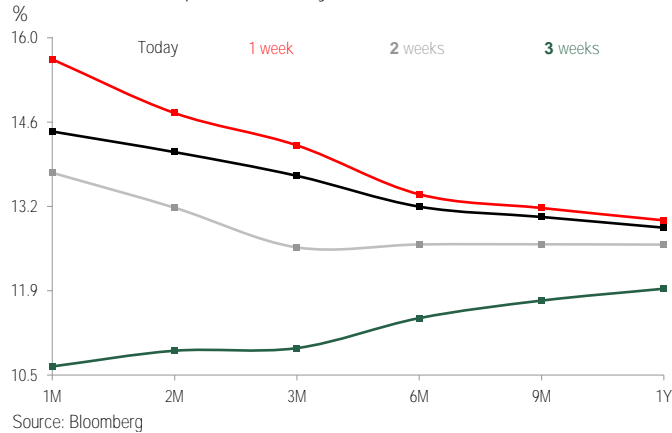


* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

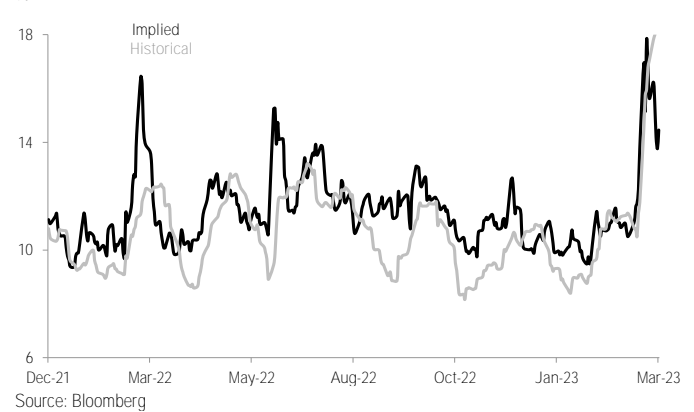
FX technicals (continued)

- **Volatility decreased; however, it remains at elevated levels.** The MXN ATM implied volatility curve maintained a flattening bias, despite a decline at the short-end following actions by financial authorities to curb turmoil in the banking sector. The 1-month reading closed at 14.3% from highs not seen in over two years of 17.8% reached on March 14th. The 1-month and 3-month risk reversals moderated to 3.20% and 3.33%, respectively from 9-month highs of 3.68% and 3.54% last week

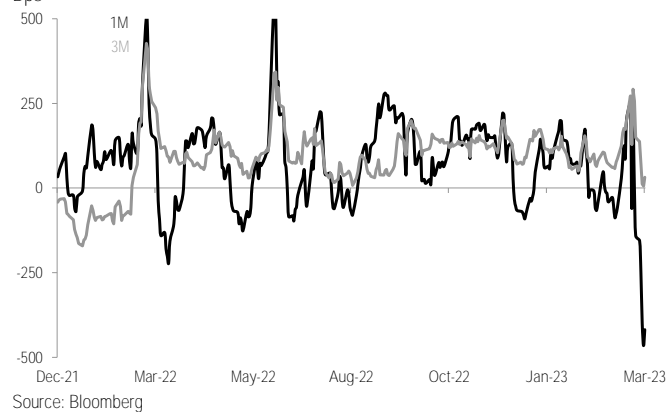
USD/MXN – ATM options volatility curve



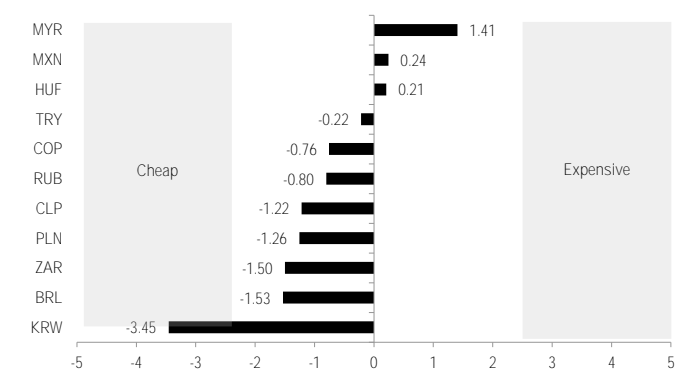
USD/MXN – 1M implied and historical volatility



USD/MXN – Spread between implicit and historical volatility

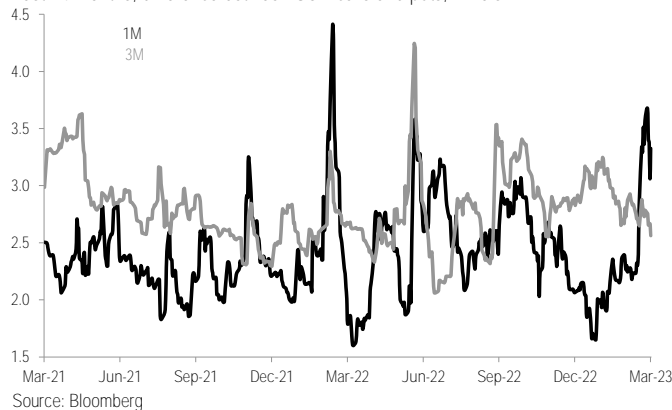


Emerging markets one-month ATM options volatility
Against USD, in standard deviations relative to last year's average

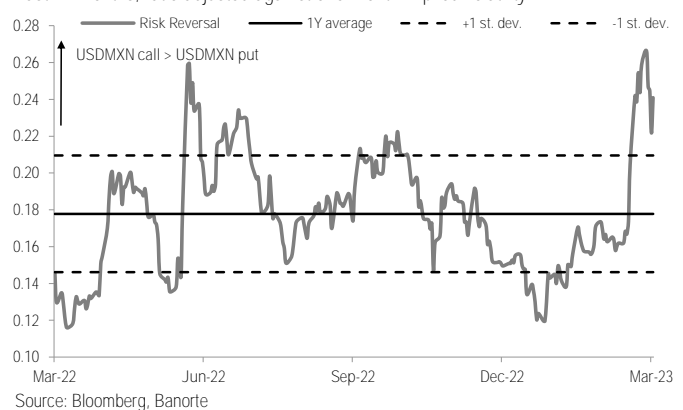


Source: Bloomberg, Banorte

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



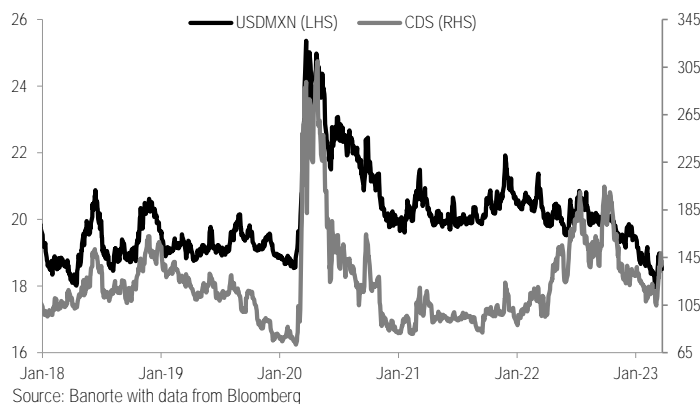
USD/MXN – 1-month 25D volatility-adjusted risk reversal
Last 12 months, ratio adjusted against one-month implied volatility



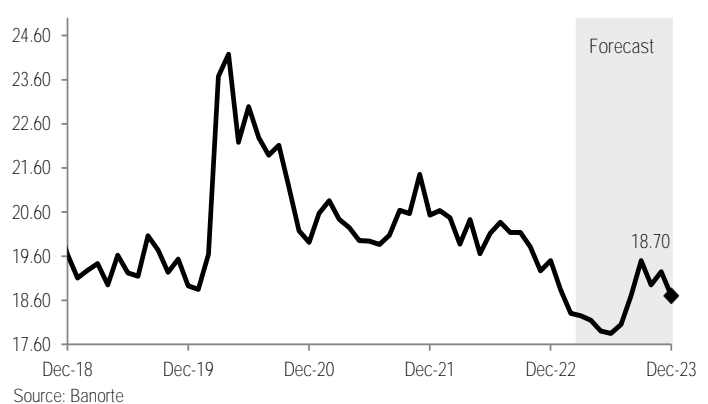
FX trade recommendations

- The dollar weakened as the end of the Fed's tightening cycle approached.** FX market participants digested the Fed's monetary policy decision and the evolution of the US banking crisis. The expectation of a lower terminal rate and the pricing of cuts in the second half of the year was reflected in a preference for risk assets, which weakened the dollar. The DXY and BBDXY indices ended the week with declines of 0.6% and 0.8%, respectively. With this dynamic, the indices breached the 50-day MA leaving the door open for further adjustments. In our view, the indices could seek the intraday lows of February, which would represent an additional potential adjustment of -1.8% in the DXY and -1.9% in the BBDXY. Meanwhile, G-10 and EM currencies traded with a positive bias. In the former group, NOK (+2.0%) led the gains and in the latter, trading was capped by HUF (+4.3%) and ARS (-1.2%). It is worth mentioning that the hawkish tone in the latest ECB decision and market pricing with higher cumulative implied hikes (+30bps to June) than what is expected for the Fed (+6bps to May) have given EUR support. In this sense, the European currency could seek the highs recorded in February (1.0990 at the close)
- The Mexican peso was driven by appetite for risk assets being the second strongest among its peers.** Last week, the MXN breached the 50-day MA (18.60) and the psychological level of 18.50 marking its strongest level at 18.38 to close Friday at 18.44 with a 2.5% w/w appreciation. The trading range was 85 cents lower than the 94 cents of the previous week. In addition, 1-month implied volatility decreased to 14.3% from 17.8% last Tuesday. It is important to mention that in our base scenario, US banking problems remain contained. If we add to this the recent dynamics in the dollar, the solid macroeconomic fundamentals and the positive outlook for inflows from exports, remittances, tourism and nearshoring-related investments, we see a new attempt to break the technical floor of 18.00 pesos per dollar as feasible going forward. We estimate a weekly trading range between USD/MXN of 18.10 to 18.80

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 31, 2023

	Time	Event	Period	Unit	Banorte	Survey	Previous
Mon 27	04:00	GER IFO Survey (business climate)*	Mar	index	--	91.0	91.1
	04:00	EZ Monetary aggregates (M3)*	Feb	% y/y	--	3.2	3.5
	08:00	MX Trade balance	Feb	US\$m	1,520.3	1,099.0	-4,125.1
	17:00	US Fed's Jefferson discusses monetary policy					
Tue 28	07:00	BZ COPOM minutes					
	08:30	US Trade balance*	Feb	US\$bn	--	-90.0	-91.5
	09:00	US S&P/CoreLogic housing prices	Jan	% y/y	--	2.5	4.7
	10:00	US Fed's Barr testifies before the Senate Banking Committee					
	10:00	US Consumer confidence*	Mar	index	99.0	101.0	102.9
	11:00	MX International reserves	Mar 24	US\$bn	--	--	202.0
	13:30	MX Government weekly auction: 1-, 3-, 6-, 24- month CETES; 3-year Mbono (Mar'25); 3-year Udibono (Dec'26) and 1-, and 3-year Bondes F					
Wed 29	10:00	US Fed's Barr testifies before the House Financial Services Committee					
Thu 30	05:00	EZ Consumer confidence*	Mar (F)	index	--	--	-19.2
	05:00	EZ Economic confidence*	Mar	index	--	99.8	99.7
	07:00	BZ Central Bank quarterly inflation report					
	08:00	BZ Industrial production	Jan	% y/y	--	0.6	-1.3
	08:00	BZ Industrial production*	Jan	% m/m	--	-0.1	0.0
	08:00	GER Consumer prices	Mar (P)	% y/y	--	7.3	8.7
	08:30	US Initial jobless claims*	Mar 25	thousands	197	196	191
	08:30	US Gross domestic product**	4Q22	% q/q	2.8	2.7	2.7
	08:30	US Personal consumption**	4Q22	% q/q	1.5	1.4	1.4
	12:45	US Fed's Barkin speaks at Virginia Council of CEOs Event					
	12:45	US Fed's Collins speaks at the annual NABE conference in Washington					
	14:00	COL Monetary policy decision (BanRep)	Mar 30	%	--	13.00	12.75
	15:00	MX Monetary policy decision (Banxico)	Mar 30	%	11.25	11.25	11.00
	21:30	CHI Manufacturing PMI*	Mar	index	--	51.8	52.6
	21:30	CHI Non-manufacturing PMI*	Mar	index	--	54.3	56.3
	21:30	CHI Composite PMI*	Mar	index	--	--	56.4
Fri 31	16:30	MX Public finances (PSBR, year-to-date)	Feb	MXNmn	--	--	-15.9
		SAR Monetary policy decision (South African Reserve Bank)	Mar 30	%	--	7.50	7.25
	02:00	UK Gross domestic product	4Q22 (F)	% y/y	--	0.0	0.0
	05:00	EZ Unemployment rate*	Feb	%	--	6.6	6.6
	05:00	EZ Consumer prices	Mar	% y/y	--	7.1	8.5
	05:00	EZ Core	Mar (P)	% y/y	--	5.7	5.6
	08:00	MX Unemployment rate	Feb	%	3.02	3.07	3.00
	08:00	BZ Unemployment rate	Feb	%	--	8.7	8.4
	08:30	US Personal income*	Feb	% m/m	--	0.2	0.6
	08:30	US Personal spending*	Feb	% m/m	--	0.3	1.8
	08:30	US Real personal spending*	Feb	% m/m	-0.2	-0.2	1.1
	08:30	US PCE Deflator*	Feb	% m/m	--	0.3	0.6
	08:30	US Core*	Feb	% m/m	--	0.4	0.6
	08:30	US PCE Deflator	Feb	% y/y	--	5.1	5.4
	08:30	US Core	Feb	% y/y	--	4.7	4.7
	10:00	US U. of Michigan confidence*	Mar (F)	index	62.8	63.4	63.4
Sat 1	11:00	MX Banking credit	Feb	% y/y	4.7	--	4.8
	15:00	US Fed's Williams speaks about monetary policy and the economic outlook					
	16:00	US Fed's Waller discusses the Phillips curve					
	15:00	US Fed's Cook discusses US economy and monetary policy					
		MX Deadline for the release of the 2024 Preliminary Policy Criteria					

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

For the week ending March 24, 2023

	Time	Event	Period	Unit	Banorte	Actual	Previous
Sun 19	21:15	CHI	Rate decision 1-year Loan Prime Rate	Mar 20	%	--	3.65
	21:15	CHI	Rate decision 5-year Loan Prime Rate	Mar 20	%	--	4.30
Mon 20		MX	Market closed in remembrance of Benito Juarez Birthday				
	06:00	EZ	Trade balance*	Jan	EURbn	--	-11.3
Tue 21	06:00	GER	ZEW Survey (Expectations)	Mar	index	--	13.0
	10:00	US	Existing home sales**	Feb	millions	--	4.6
	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				4.0
	16:30	MX	Survey of expectations (Citibanamex)				
Wed 22.2	03:00	UK	Consumer prices	Feb	% y/y	--	10.4
	03:00	UK	Core	Feb	% y/y	--	6.2
	04:00	EZ	Current account*	Jan		--	17.1
	08:00	MX	Aggregate supply and demand	4Q22	% y/y	4.5	4.1
	11:00	MX	International reserves	Mar 17	US\$bn	--	201.9
	14:00	US	FOMC Rate Decision (Upper Bound)	Mar 22	%	5.00	5.00
	14:00	US	FOMC Rate Decision (Lower Bound)	Mar 22	%	4.75	4.75
	14:00	US	Interest Rate on Excess Reserves (IOER)	Mar 22	%	4.90	4.90
	14:30	US	Fed Chair Powell Holds Press Conference Following FOMC Meeting				4.65
	17:00	BZ	Monetary policy decision (Central bank of Brazil)	Mar 22	%	13.75	13.75
Thu 23	07:00	TUR	Monetary policy decision (Central bank of Turkey)	Mar 23	%	--	8.50
	08:00	UK	Monetary policy decision (BoE)	Mar 23	%	--	4.25
	08:00	MX	Retail sales	Jan	% y/y	4.4	5.3
	08:00	MX	Retail sales*	Jan	% m/m	1.2	1.6
	08:00	MX	Consumer prices	Mar 15	% m/m	0.18	0.15
	08:00	MX	Core	Mar 15	% m/m	0.25	0.30
	08:00	MX	Consumer prices	Mar 15	% y/y	7.16	7.12
	08:00	MX	Core	Mar 15	% y/y	8.09	8.15
	08:30	US	Initial jobless claims*	Mar 18	thousands	195	191
	10:00	US	New home sales**	Feb	thousands	--	640
	11:00	EZ	Consumer confidence*	Mar (P)	index	--	-19.2
Fri 24	04:30	GER	Manufacturing PMI*	Mar (P)	index	--	44.4
	04:30	GER	Services PMI*	Mar (P)	index	--	53.9
	04:30	GER	Composite PMI*	Mar (P)	index	--	52.6
	05:00	EZ	Manufacturing PMI*	Mar (P)	index	--	47.1
	05:00	EZ	Services PMI*	Mar (P)	index	--	55.6
	05:00	EZ	Composite PMI*	Mar (P)	index	--	54.1
	05:30	UK	Manufacturing PMI*	Mar (P)	index	--	48.0
	05:30	UK	Services PMI*	Mar (P)	index	--	52.8
	08:00	MX	Economic activity indicator (IGAE)	Jan	% y/y	3.8	4.4
	08:00	MX	Economic activity indicator (IGAE)*	Jan	% m/m	0.2	0.6
	08:00	BZ	Consumer prices	Mar	% m/m	--	0.69
	08:00	BZ	Consumer prices	Mar	% y/y	--	5.36
	08:30	US	Durable goods orders*	Feb (P)	% m/m	--	1.0
	08:30	US	Ex transportation*	Feb (P)	% m/m	--	0.0
	09:45	US	Manufacturing PMI*	Mar (P)	index	47.1	49.3
	09:45	US	Services PMI*	Mar (P)	index	--	53.8
	09:45	US	Composite PMI*	Mar (P)	index	--	53.3
							50.1

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 Ulibono 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 Ulibono Dec'25	P	23-Jul-20	10-Aug-20
Long positions in Ulibono 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 Ulibono Nov'28	P	31-Jan-20	12-Feb-20
Long positions in Ulibono 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 Ulibono 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 Ulibono 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 Ulibono 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 Ulibono 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 Ulibono 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 Ulibono 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 Ulibono 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 Ulibono 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 Ulibono 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 Ulibono 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 Ulibono Dec'12	+0.97%	-1.50%	+1.20%	-6.50%	P	1-May-12	27-Nov-12
Long Ulibono 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 Thalia 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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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