

Fixed-Income and FX Weekly

Market outlook

- **Mixed performance in local assets.** Last week, the Mbonos' curve flattened with losses of 25bps at the short-end, while the 10-year benchmark closed at 8.87% (+4bps w/w). The USD/MXN ended at 18.02, printing an appreciation of 0.7% w/w
- **Focus on speeches by Fed members, economic figures and corporate results.** Last week, markets reacted favorably to a sharp slowdown in March inflation in the US. However, optimism was partially diluted after an increase in short-term inflation expectations to almost 2-year highs, with the market incorporating a 25bps hike at the June meeting with a 17% probability. Investors were also attentive to the start of the 1Q23 corporate earnings season with a forecast of -8.0% y/y in S&P500 earnings. This week, markets will be attentive to the release of indicators related to economic activity, highlighting the 1Q23 GDP and preliminary PMIs for April in the US; the latter will also be released in the Eurozone, the UK and several other countries. In addition, the European Commission will release its economic growth forecasts for the region. Also, markets will be closely watching the speeches of Fed and ECB members as well as the G-7 energy ministers' meeting in Japan. Geopolitical tensions continue, China plans to impose a no-fly zone in Taiwan, which will surely provoke a reaction from the US. In economic data, the US will also publish figures from the residential sector and manufacturing indicators. In the Eurozone, we will be watching trade balance and consumer confidence, while in Germany we will know the ZEW surveys and in Brazil industrial production. In Mexico, retail sales, INEGI's Timely Economic Activity Indicator and the banking sector expectations survey will be released

Fixed-Income

- **Supply** – Tomorrow, the MoF auctioned 1-, 3-, 6-, and 12-month Cetes, the 20-year Mbono (Nov'42), the 30-year Udibono (Nov'50), as well as Bondes F
- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.399 trillion (US\$ 73.9 billion), a market share equal to 36.1%, as of April 3rd. Short positions in Mbono May'33 ended at MXN 635 million from previous MXN 1.7 billion
- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 535bps from 544bps from the previous week, with the 12M mean at 564bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of April 14th) printed a higher net long of US\$ 1.66 billion from US\$ 1.59 billion a week ago. Mutual funds' flows to EM marked outflows of US\$ 1.6 billion from inflows of US\$ 427 million
- **Technicals** – The spot temporarily breached the technical floor of 18.00 per dollar, hovering between 17.98 and 18.28. The MXN 1-month volatility returned to levels pre-SVB collapse at 11.2% after hitting 2020 highs of 17.8%

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Fixed-Income

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Foreign exchange

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Recommendations

Fixed-Income

- Going forward, we believe that short-term rates will continue to correct the aggressive cuts built in during the financial turmoil, both for the Fed and Banxico, until they are fully diluted. For the former, the market anticipates cumulative cuts of 62bps for the remainder of the year; while for the latter, they are 64bps. In this sense, we expect yield curves in both the US and Mexico to return to being more inverted
- Finally, we expect that the 10-year Mbono to trade between 8.75% and 9.00% this week

FX

- The FX market will be attentive to the speeches of Fed members and the release of economic data in several regions. The market will continue to debate the Fed's next moves, which will influence the USD's performance
- We see the MXN likely to breach the psychological level of 18.00 per USD as the market dilutes the cuts expected from Banxico for 2H23 and higher rates continue to be a driving factor. We estimate a trading range for this week between USD/MXN 17.85 and 18.25

Fixed-Income dynamics

Mbonos performance

Maturity date	YTM 04/14/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.55	+4	+73
Sep'24	11.10	+30	+101
Dec'24	10.75	+27	+88
Mar'25	10.59	+25	+66
Mar'26	9.74	+18	+50
Mar'27	9.27	+17	+8
Jun'27	9.17	+19	+8
May'29	8.91	+8	-17
May'31	8.86	+2	-16
May'33	8.87	+4	-15
Nov'34	8.83	+7	-23
Nov'36	8.83	+10	-22
Nov'38	9.06	+13	-3
Nov'42	9.10	+13	-1
Nov'47	9.02	+6	-5
Jul'53	9.01	+5	-4

Source: PiP

Udibonos performance

Maturity date	YTM 04/14/2023	Weekly change (bps)	YTD (bps)
Nov'23	8.39	+43	+230
Dec'25	5.76	+10	+100
Dec'26	5.25	+3	+59
Nov'28	4.42	+5	+11
Nov'31	4.38	+10	+21
Nov'35	4.34	+8	+13
Nov'40	4.36	+8	+17
Nov'46	4.30	+9	+12
Nov'50	4.34	+13	+11

Source: PiP

IRS (28-day TIE) performance

Maturity date	YTM 04/14/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.59	+0	+69
6-month (6x1)	11.62	+2	+58
9-month (9x1)	11.58	+4	+51
1-year (13x1)	11.36	+5	+44
2-year (26x1)	10.11	+19	+24
3-year (39x1)	9.30	+23	+12
4-year (52x1)	8.89	+24	-1
5-year (65x1)	8.68	+21	-14
7-year (91x1)	8.52	+20	-22
10-year (130x1)	8.48	+17	-26
20-year (260x1)	8.57	+16	-29

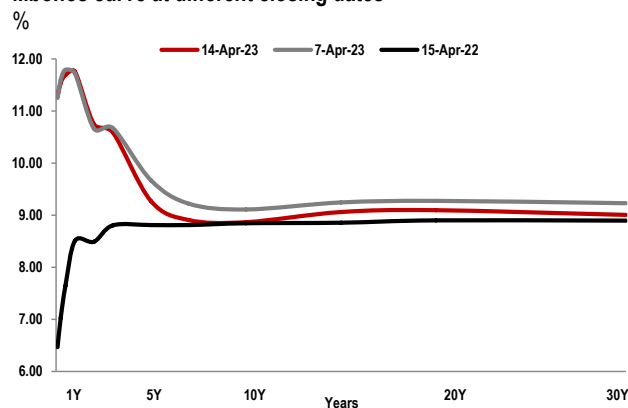
Source: Bloomberg

Cetes performance

Maturity date	YTM 04/14/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.27	+1	+118
Cetes 91	11.54	+11	+88
Cetes 182	11.69	-5	+82
Cetes 364	11.76	+5	+78
Cetes 728	11.27	+37	+46

Source: PiP

Mbonos curve at different closing dates



Source: PiP, Banorte

10-year Mbono benchmark



Source: PiP

Fixed-Income dynamics (continued)

USD UMS and US Treasuries performance

Term	Maturity date	UMS			UST			Spreads			CDS
		YTM 04/14/2023	Weekly change (bps)	YTD (bps)	YTM 04/14/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	4.43	+8	-5	4.10	+12	-33	33	-4	38	41
3Y	May'26	4.61	-2	-19	3.83	+9	-39	78	-10	74	65
5Y	Feb'28	4.63	+16	-15	3.61	+11	-40	103	+6	105	114
7Y	Apr'30	4.96	+13	-38	3.55	+11	-41	141	+2	153	158
10Y	May'33	5.37	+9	-19	3.51	+12	-36	186	-3	184	194
20Y	Mar'44	5.96	+5	-41	3.85	+12	-30	211	-7	235	--
30Y	Feb'52	5.97	+6	-42	3.73	+13	-23	224	-7	263	--

Source: Bloomberg

5Y USD UMS

%



Source: Bloomberg

10Y USD UMS

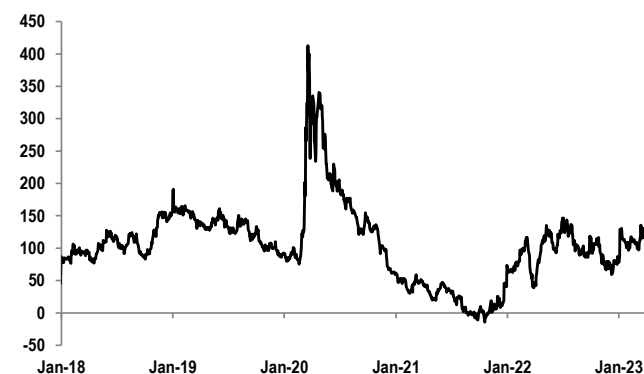
%



Source: Bloomberg

5Y UMS-UST Spread

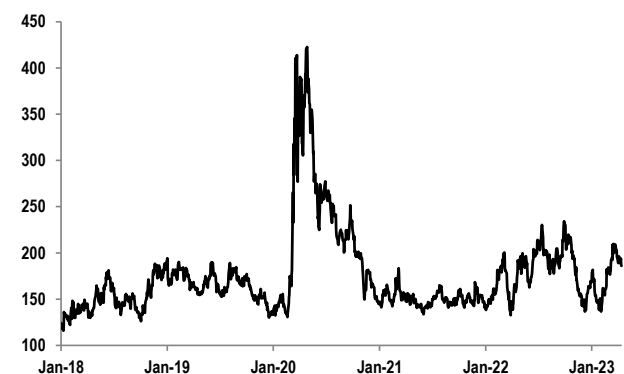
Basis points



Source: Bloomberg

10Y UMS-UST Spread

Basis points



Source: Bloomberg

Fixed-Income supply

- **Mexico's weekly auction.** Tomorrow, the MoF auctioned 1-, 3-, 6-, and 12-month Cetes, the 20-year Mbono (Nov'42), the 30-year Udibono (Nov'50), as well as 2-, 5-, and 10-year Bondes F
- **Strong demand for short-term rates vs long-term securities.** Given an improvement in the inflation outlook and the attractive rates of Cetes, we expect the demand for these securities to remain robust. We believe that the short-end of the yield curve will fully price-in market's expectation of a final 25bps hike by Banxico in May to reach a terminal rate of 11.50%. In this sense, the 28-day Cetes has traded between 11.25% and 11.34% during April. For the 20-year Mbono, we anticipate a better bid-to-cover compared with the last auction of 1.7x. We believe that the decrease in inflation expectations given the accumulated tightening by the central bank will provide support for long-term securities with a more attractive relative valuation compared to other segments of the curve. Regarding the real interest rate curve, we foresee a weak appetite for the longest-term Udibono, in line with the average of its last three auctions of 1.5x. This CPI-linked bond records a pricey relative valuation despite a drop in the 30-year breakeven to 4.47% from 4.75% the previous month

Auction specifics (April 18, 2023)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	18-May-23	--	13,000	11.30
3m	20-Jul-23	--	12,500	11.57
6m	19-Oct-23	--	13,000	11.69
12m	4-Apr-24	--	8,000	11.74
Bondes F				
2y	13-Mar-25	--	4,500	0.19
5y	14-Oct-27	--	1,000	0.26
10y	21-Oct-32	--	750	0.32
Mbono				
20y	13-Nov-42	7.75	4,500	9.36
Udibono				
30y	3-Nov-50	4.00	UDIS 1,000	4.40

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.

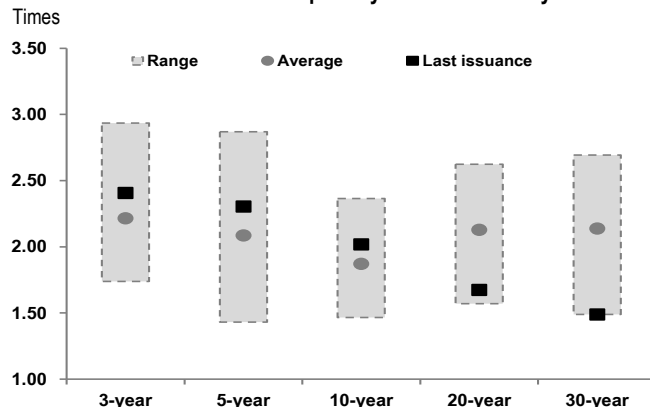
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

2Q23 Auction Calendar*

Date	Cetes	Mbonos	Udibonos	Bondes F
3-Apr	1, 3, 6, and 12M	10-year (May'33)	20-year (Nov'35)	2-, and 5-year
11-Apr	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year
18-Apr	1, 3, 6, and 12M	20-year (Nov'42)	30-year (Nov'50)	2-, 5-, and 10-year
25-Apr	1, 3, 6, and 24M	3-year (Mar'25)	3-year (Dec'26)	1-, and 3-year
2-May	1, 3, 6, and 12M	30-year (Jul'53)	20-year (Nov'35)	2-, and 5-year
9-May	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year
16-May	1, 3, 6, and 12M	10-year (May'33)	30-year (Nov'50)	2-, 5-, and 10-year
23-May	1, 3, 6, and 24M	3-year (Mar'25)	3-year (Dec'26)	1-, and 3-year
30-May	1, 3, 6, and 12M	20-year (Nov'42)	20-year (Nov'35)	2-, and 5-year
6-Jun	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year
13-Jun	1, 3, 6, and 12M	30-year (Jul'53)	3-year (Dec'26)	2-, 5-, and 10-year
20-Jun	1, 3, 6, and 24M	3-year (Mar'25)	30-year (Nov'50)	1-, and 3-year
27-Jun	1, 3, 6, and 12M	10-year (May'33)	20-year (Nov'35)	2-, and 5-year

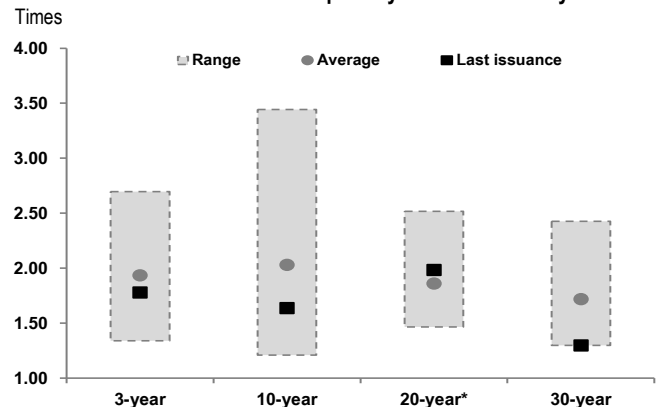
Source: Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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

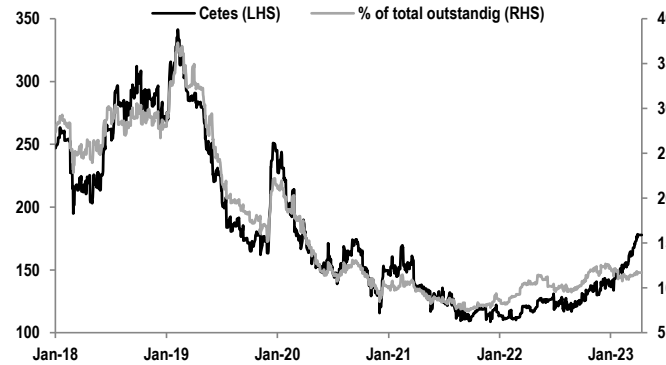


Source: Banxico, Banorte *The 20-year maturity was reopened in April 2021

Fixed-Income demand

Cetes held by foreigners

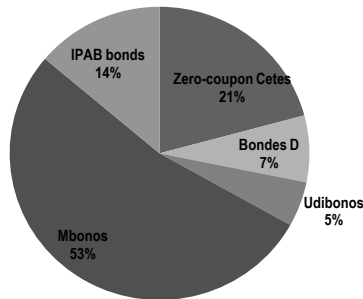
MXN billion, %



Source: Banxico

Government issuance by type of instrument

Total amount of US\$ 381 billion, % of total



Source: Banxico

Government bond holdings by type of investor

US\$ billion and %, data as of 04/03/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	80	12%	13%	21%	4%	10%	41%
Floating-rate Bondes D	28	0%	5%	34%	1%	18%	41%
Real-rate Udibonos	149	4%	53%	3%	20%	2%	18%
Fixed-rate Mbonos	205	36%	23%	3%	3%	12%	23%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds

US\$ billion

	04/03/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	9.4	9.1	0.3	7.4	2.0
Floating-rate Bondes D	0.1	0.2	-0.1	1.8	-1.7
Real-rate Udibonos	6.6	0.9	5.7	0.9	5.7
Fixed-rate Mbonos	73.9	73.9	0.0	73.9	0.1

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds

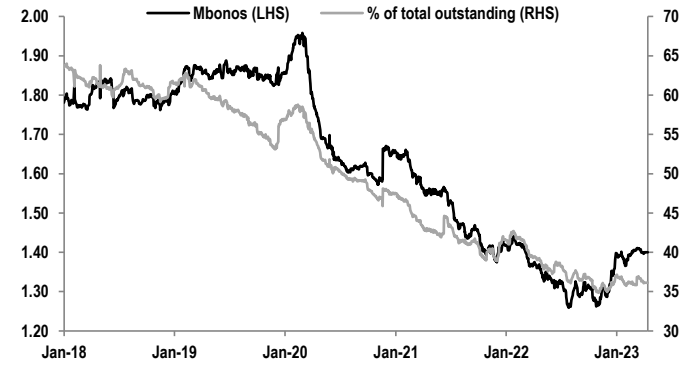
Percentage of total amount outstanding

	04/03/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	11.7%	11.6%	0.1%	12.4%	-0.7%
Floating-rate Bondes D	0.2%	0.6%	-0.4%	4.4%	-4.2%
Real-rate Udibonos	4.4%	4.5%	0.0%	5.0%	-0.6%
Fixed-rate Mbonos	36.1%	36.4%	-0.2%	37.1%	-0.9%

Source: Banorte with data from Banxico

Mbonos held by foreigners

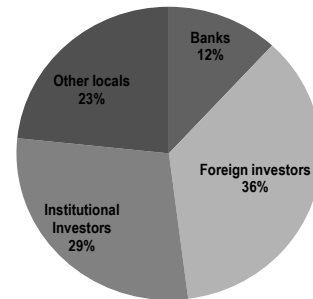
MXN trillion, %



Source: Banxico

Mbonos holdings by type of investor

Total amount of US\$ 203 billion, % of total



Source: Banxico

Mbonos holdings by type of investor

US\$ billion and %, data as of 03/30/2023

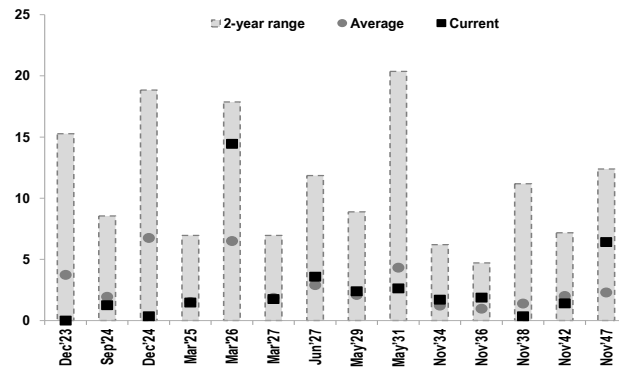
DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Dec'23	11.2	23%	13%	17%	47%
Sep'24	17.2	26%	24%	10%	40%
Dec'24	12.9	33%	29%	8%	30%
Mar'25	11.2	31%	24%	17%	28%
Mar'26	24.5	31%	27%	16%	26%
Mar'27	12.1	25%	27%	17%	30%
Jun'27	19.1	16%	46%	26%	12%
May'29	14.8	3%	54%	20%	22%
May'31	23.4	5%	51%	30%	14%
May'33	6.0	3%	36%	43%	19%
Nov'34	4.8	1%	49%	38%	13%
Nov'36	3.9	0%	31%	38%	30%
Nov'38	11.7	2%	44%	40%	14%
Nov'42	15.0	1%	47%	39%	14%
Nov'47	14.0	1%	36%	44%	19%
Jul'53	6.1	1%	29%	51%	18%
Total	201.6	15%	36%	26%	23%

Source: Banxico

Fixed-Income demand – Primary dealers

Market makers' short positions on Mbonos

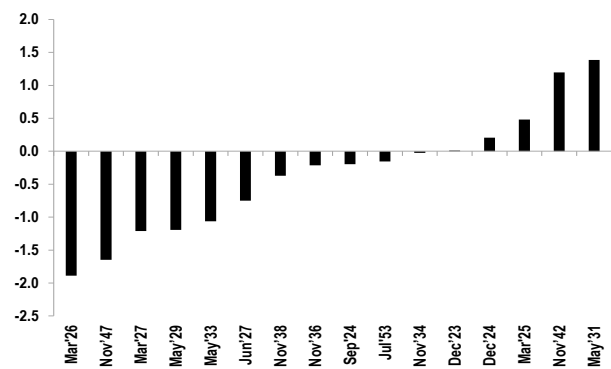
MXN billion



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

Weekly change in market makers' short positions on Mbonos

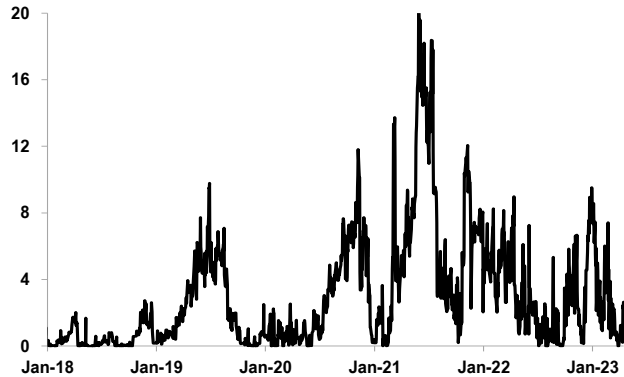
MXN billion



Source: Banxico

Market makers' short positions on Mbono May'31

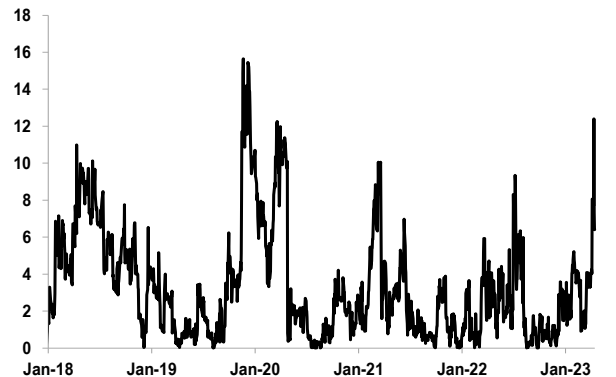
MXN billion



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 04/14/2023	04/14/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	11,551	0	0	143	0	399	0
Sep'24	17,576	70	81	16	80	306	2
Dec'24	13,516	20	8	190	125	439	0
Mar'25	11,593	82	55	27	25	328	0
Mar'26	25,502	802	906	419	430	991	134
Mar'27	13,512	98	165	284	230	387	0
Jun'27	19,726	199	241	237	108	658	16
May'29	15,197	134	200	43	33	346	0
May'31	24,224	147	70	108	93	528	0
May-33	7,240	35	94	52	0	323	0
Nov'34	4,988	95	97	55	3	161	23
Nov'36	4,001	104	116	50	119	217	0
Nov'38	12,076	20	41	30	103	136	0
Nov'42	15,501	78	12	3	15	155	0
Nov'47	14,608	357	448	126	203	688	6
Jul'53	6,415	106	115	161	0	701	0
Total	217,226	2,241	2,534	1,784	1,568		

Source: Banxico

Fixed-Income technicals

- **The carry at the shortest-end decreased.** Spreads between Cetes and imp. forward rates stood at: 1-month at -28bps from -10bps, 3-month at -91bps from -86bps, 6-month at -105bps from -92bps, and 1-year at -87bps from -98bps
- **The market maintains its expectations anchored to the fact that Banxico will end the hiking cycle in May.** In our opinion, Banxico's minutes reaffirmed a less hawkish tone given an improvement in the outlook for headline inflation. In this sense, the market continues to expect an additional 25bps hike in May, taking the reference rate to 11.50%, in line with our call. Additionally, the curve continues to price-in cuts for the second half of the year of 64bps; however, they have moderated after greater stability in the US and European banking sector

Spread between Cetes and Implied Forward Rates

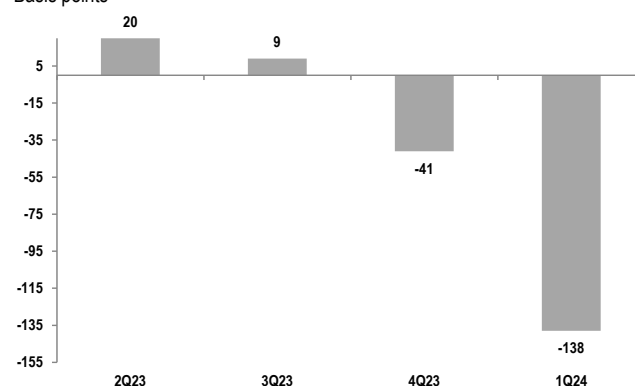
Basis Points

Tenor	Actual 04/14/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	-28	-10	-23	16	142	-97
3 months	-91	-86	-38	-49	27	-103
6 months	-105	-92	-63	-79	-10	-121
12 months	-87	-98	-53	-99	-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

- **Preference for risk assets, although expectations continue to adjust.** Investors assimilated lower inflation in the US, which encouraged a migration of flows towards riskier assets. In this context, the 10-year spread between Mbonos and Treasuries closed on Friday at 535bps vs 544bps the previous week, while the average of the last twelve months remains at 564bps
- **The 3-month correlation between benchmark Mexican and American bonds increased.** The reading closed Friday at +77% from +75% the previous week

10-year Mbono and 10-year UST spread

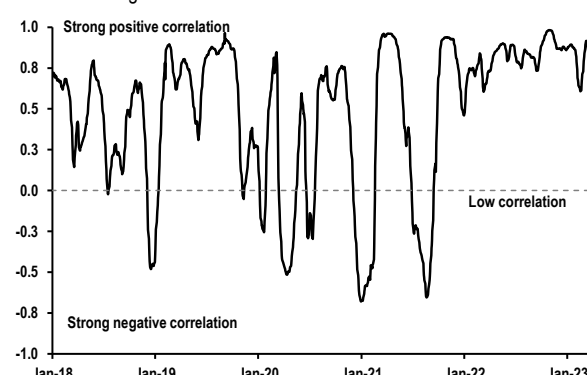
Basis points



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

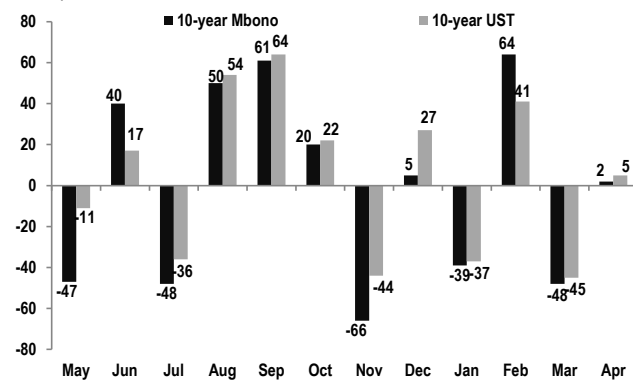
Basis points

Tenor	04/14/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-188	-164 (-24bps)	-135 (-53bps)	36 (-224bps)	37	-197	-83
Mbono 10s30s	14	13 (+1bp)	15 (-1bp)	5 (+9bps)	32	-15	8
TIE-Mbono 2-year	-64	-55 (-9bps)	-34 (-30bps)	27 (-91bps)	44	-70	-17
TIE-Mbono 10-year	-39	-53 (+14bps)	-42 (+3bps)	-17 (-22bps)	1	-67	-33

Source: Bloomberg and PiP

Mexican and US rates performance, last 12 months

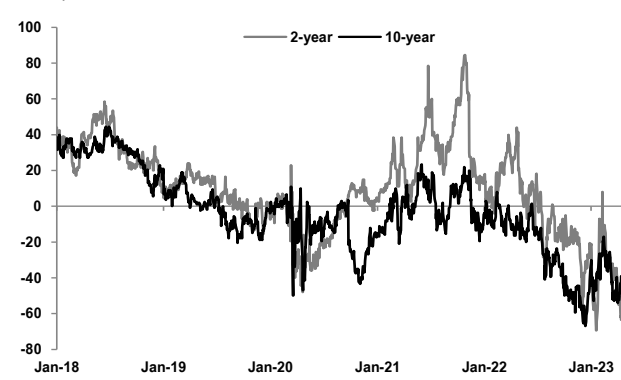
Basis points



Source: PiP and Bloomberg

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

Basis points



Source: Bloomberg

Breakeven inflation using Mbonos & Udibonos

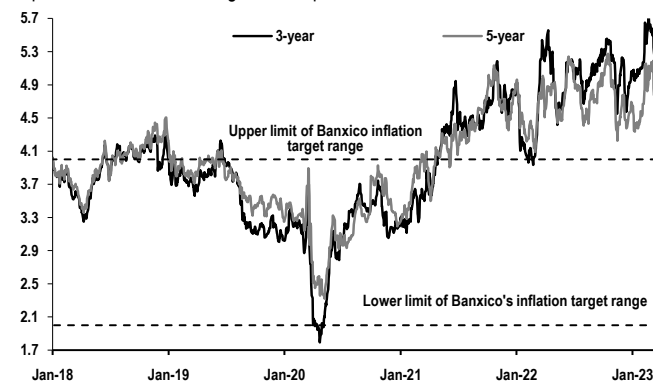
Implicit market inflation using Fisher Equation (%)

Date	04/14/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	5.07	4.86 (+21bps)	4.90 (+17bps)	5.35 (-28bps)	5.74	4.41	5.06
5Y	4.64	4.53 (+11bps)	4.72 (-8bps)	4.87 (-23bps)	5.28	4.23	4.75
10Y	4.30	4.36 (-6bps)	4.51 (-21bps)	4.87 (-57bps)	5.16	4.17	4.63
20y	4.56	4.51 (+5bps)	4.68 (-12bps)	4.91 (-35bps)	5.15	4.32	4.73
30Y	4.47	4.55 (-8bps)	4.75 (-28bps)	4.87 (-40bps)	5.18	4.23	4.71

Source: PiP

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

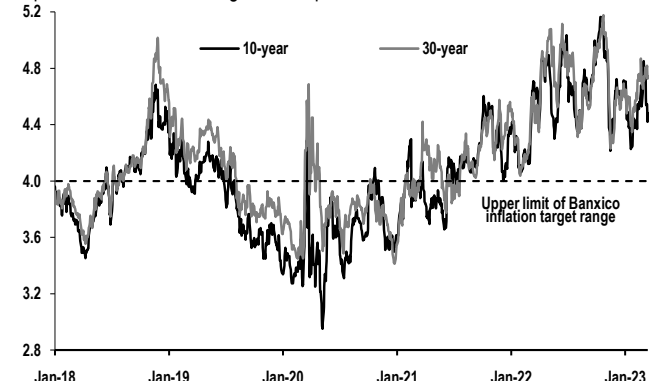
Implicit market inflation using Fisher Equation



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

- **Expectations drawn from fixed-income securities indicate that the tightening cycles in both the US and Mexico will conclude in May with a final 25bps hike.** Last week, sovereign bonds swung between losses and gains, digesting a moderation in US inflation data. As such, the market continues to favor a final 25bps hike by the Federal Reserve in May before concluding the tightening cycle that began in March of last year. This scenario strengthened significantly after the latest employment report, moving to a probability of 80% from 52% prior to its release on April 7th. Thus, the Fed funds' terminal range would be 5.00%-5.25%, in line with our call. However, the increase in short-term inflation expectations in the US to almost 2-year highs, triggered the possibility of another hike in June. The Treasuries yield curve registered a steepening bias as a result of a breather at the short-end following the Fed minutes and better consumer and producer price data. However, the gains were diluted, and the entire curve ended with losses of 12bps following a less favorable outlook on prices. The 2-year and 10-year benchmarks ended at 4.10% (+12bps) and 3.51% (+12bps). As a result, the 2s10s spread remained at -59bps. At the opposite, the Mbonos' curve flattened after higher pressures on the short-end (+25bps) vs. the long-end (+9bps). In recent weeks, the nominal curve has virtually diluted the steepening seen during the banking crisis, with the 2s10s spread returning to previous levels of -188bps after reaching -124bps in mid-March. As a result, short-term spreads between Mbonos and Treasuries widened, but longer-term spreads remained stable. In this sense, the local risk premium stood at 535bps below its 12-month average of 564bps. Meanwhile, TIIE-IRS ended with losses of 20bps from the 2-year node (26x1), while the short-end registered very few changes. In addition, the market did not recognize additional information in Banxico's minutes, so the reaction of local rates was practically nil. In this sense, expectations remain anchored that the Bank of Mexico will end the monetary tightening cycle with a 25bps hike in May. Based on this, the terminal rate would stand at 11.50%, in line with our call, being the most aggressive tightening cycle in history (+750bps vs +500bps in 2015-2018)
- This week, we will be attentive to speeches from Fed members looking for more information on the terminal rate level and economic data reflecting the impact of the banking crisis. Going forward, we believe that short-term rates will continue to correct the aggressive cuts built in during the financial turmoil, both for the Fed and Banxico, until they are fully diluted. For the former, the market anticipates cumulative cuts of 62bps for the remainder of the year; while for the latter, they are 64bps. In this sense, we expect yield curves in both the US and Mexico to return to being more inverted. Finally, we expect the 10-year Mbono, May'33, to trade between 8.75% and 9.00%

FX dynamics

- **Risk-on mood drove the Mexican peso to 18.00 per dollar.** The MXN reversed the previous week's losses, even temporarily breaching the psychological level of 18.00 per dollar on Thursday. The local currency closed the week at 18.02 per dollar with an appreciation of 0.7% w/w
- **The dollar weakened for the fifth consecutive week.** The USD lost ground following a positive surprise in US inflation, although this effect was partially diluted by expectations of the U. of Michigan. Meanwhile, most G-10 and EM currencies ended with a positive bias. In the former group, SEK (+1.4%) was the strongest. In the second, trading was capped by COP (+3.5%) and ARS (-1.8%)

Foreign Exchange market levels and historical return

		Close at 04/14/2023	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD ¹ (%)
Emerging Markets						
Brazil	USD/BRL	4.91	0.4	3.0	7.7	7.6
Chile	USD/CLP	796.63	-0.2	2.8	3.4	6.8
Colombia	USD/COP	4,414.93	0.1	3.5	9.7	9.9
Peru	USD/PEN	3.77	0.0	-0.1	0.8	0.8
Hungary	USD/HUF	339.82	-0.5	1.2	10.4	9.9
Malaysia	USD/MYR	4.40	0.0	0.0	1.9	0.1
Mexico	USD/MXN	18.02	0.0	0.7	5.3	8.2
Poland	USD/PLN	4.22	-0.6	1.6	5.3	3.6
Russia	USD/RUB	82.28	-0.6	-1.3	-7.0	-9.8
South Africa	USD/ZAR	18.09	-0.2	0.6	1.9	-5.8
Developed Markets						
Canada	USD/CAD	1.34	-0.3	1.0	2.9	1.3
Great Britain	GBP/USD	1.24	-0.9	0.0	3.0	2.7
Japan	USD/JPY	133.79	-0.9	-1.2	-0.3	-2.0
Eurozone	EUR/USD	1.0992	-0.5	0.8	3.9	2.7
Norway	USD/NOK	10.39	-0.8	1.1	3.6	-5.6
Denmark	USD/DKK	6.78	-0.5	0.8	3.9	2.5
Switzerland	USD/CHF	0.89	-0.5	1.3	4.4	3.4
New Zealand	NZD/USD	0.62	-1.4	-0.7	0.3	-2.3
Sweden	USD/SEK	10.33	-0.5	1.4	2.5	1.0
Australia	AUD/USD	0.67	-1.1	0.5	1.3	-1.6

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

Source: Bloomberg

USD/MXN

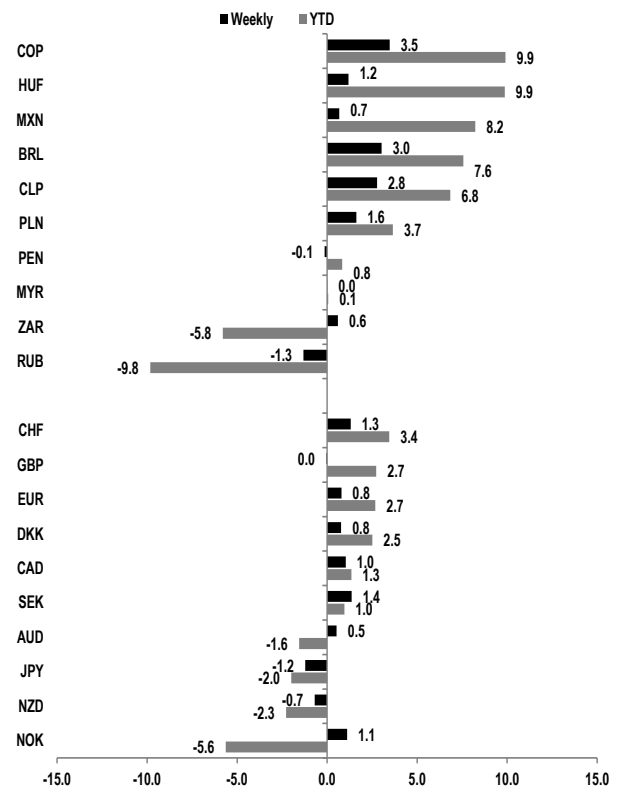
Last 12 months



Source: Bloomberg

FX performance

Against USD, %



Source: Bloomberg

DXI

Points



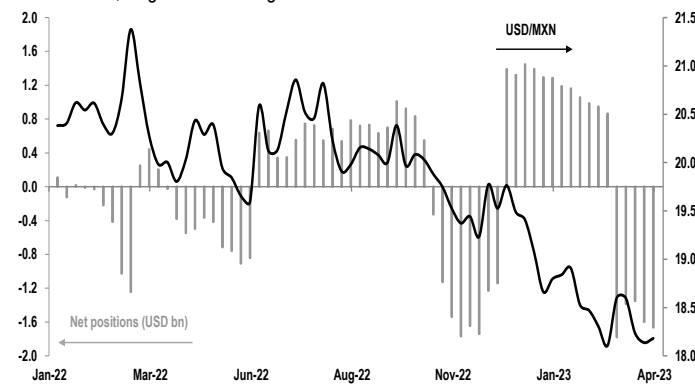
Source: Bloomberg, Banorte

FX positioning and flows

- **Five weeks of net long MXN positions were recorded.** As of April 11th, the MXN position marked a higher net long position of US\$1.66 billion from US\$ 1.60 billion last week. Speculators are pointing to further appreciation of the peso, which has gained 8.2% year-to-date behind only the Colombian peso (+9.9%) and the Hungarian forint (+9.9%). The currency has room for further net long positioning, considering that during 2017 and early 2020, it reached levels of up to US\$4.5 billion
- **Investors increased net short USD positions on increased stability in financial markets.** The USD IMM position placed a higher net short of US\$ 10.01 billion equivalent to an increase of 38.4% from the previous week. The adjustment was mainly the result of EUR purchases, followed by GBP. Investors increased their net long EUR positions by 13% on expectations of higher interest rates
- **Flows in EM and Mexico return to negative domain.** Our EPFR aggregate recorded negative flows of US\$ 1.6 billion from inflows of US\$ 427 million the previous week. Bonds registered outflows of US\$ 1.0 billion from inflows of US\$ 225 million. While equities flows turn negative to US\$ 589 million from inflows of US\$ 202 million. In Mexico, negative flows of US\$ 96 million were recorded because of sales in both bonds and equities of US\$ 77 million and US\$ 19 million, respectively

IMM positioning in USD/MXN futures

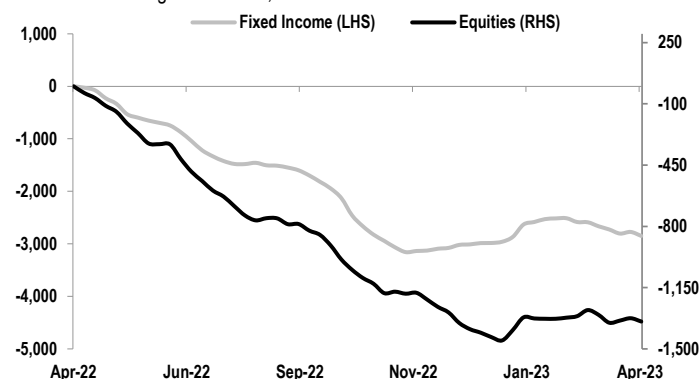
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

Foreign portfolio flows into Mexico

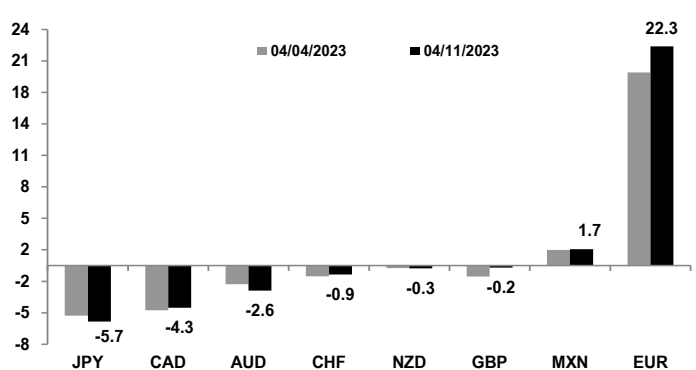
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

IMM positioning by currency*

Billion dollars

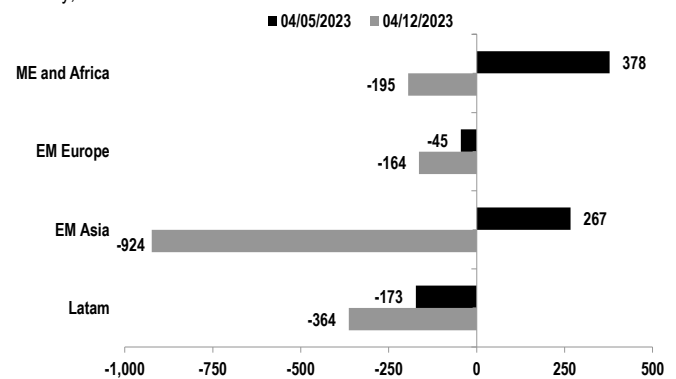


* Positive: Net long in the corresponding currency

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 could breach the psychological level of 18.00 per dollar.** The market continues to adjust its expectations for Banxico, especially for 2H23. We believe that high real rates continue to be a support for the currency, so further appreciation is feasible. We see main short-term resistances at 17.90, 17.80 and 17.60, with supports at 18.20, 18.30 and 18.40. Meanwhile, the weekly trading range marked 31 cents, lower than the average of the last 4 weeks of 68 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	3	5	-7	75	38
CAD	13	18	1	80	41
ZAR	13	12	4	85	44
BRL	34	47	-48	80	35
HUF	34	67	-5	70	41
RUB	-18	-23	-51	54	6

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

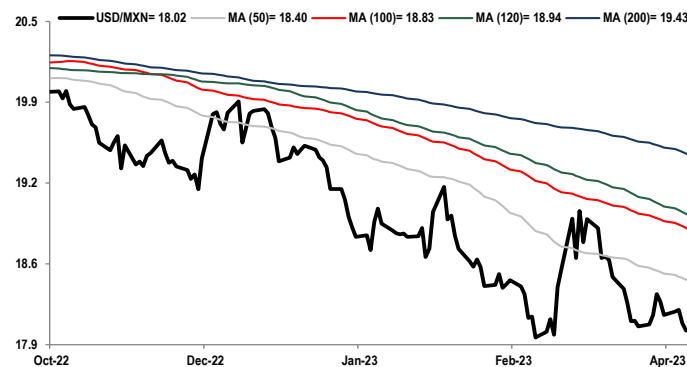
USD/MXN – 1-month correlation with other assets*

	Actual (%)	Previous week	6m Min	6m Max	6m Average
VIX	88	88	8	89	51
SPX	70	68	23	71	47
GSCI	36	40	2	65	36
Gold	-49	-50	-50	81	33

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

USD/MXN – Moving averages

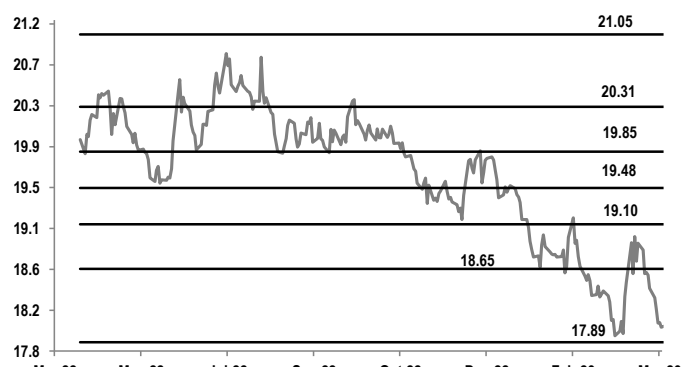
Last 120 trading days



Source: Bloomberg

USD/MXN – Fibonacci retracement

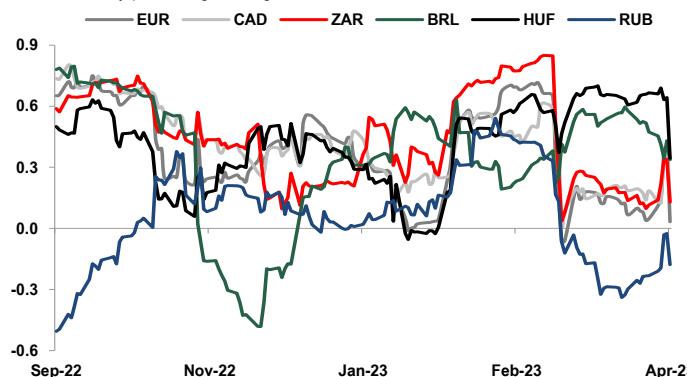
Last 12 months



Source: Bloomberg

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

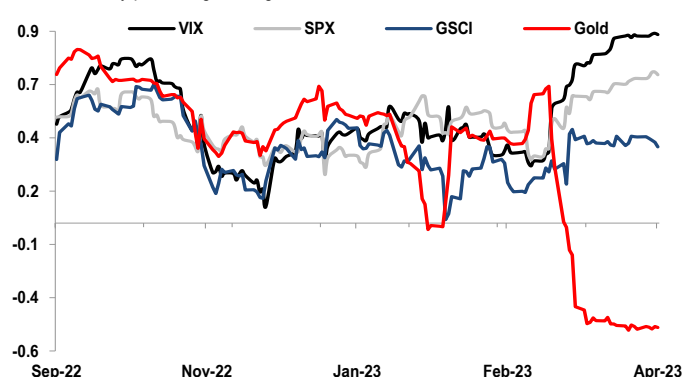
Based on daily percentage changes



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

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

Based on daily percentage changes

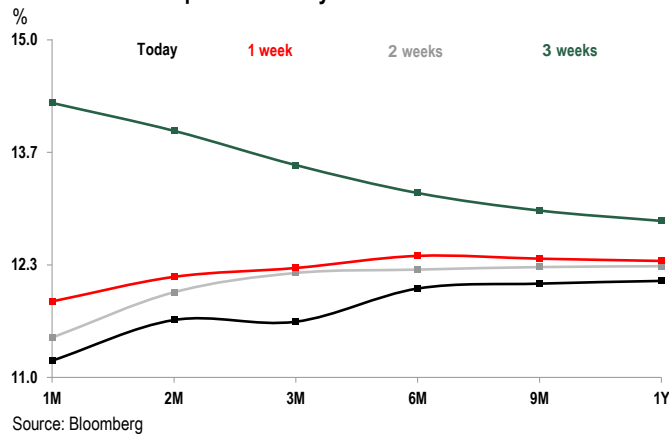


* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

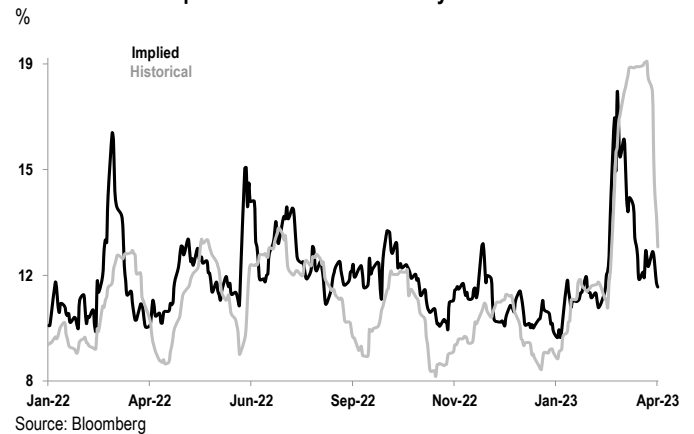
FX technicals (continued)

- **Shorter-term volatility returned to pre-SVB collapse levels.** The MXN ATM implied volatility curve maintained a steepening bias following a larger decline at the short-end. The 1-month reading declined 0.7 vegas to 11.2%, recording four weeks down and returning to pre-SVB collapse levels. Meanwhile, the 1-year metric declined 0.3 vegas to 12.1%. The 1-month and 3-month risk reversals decreased slightly to 2.89% and 3.25%, respectively from 3.06% and 3.34% in the same order last week

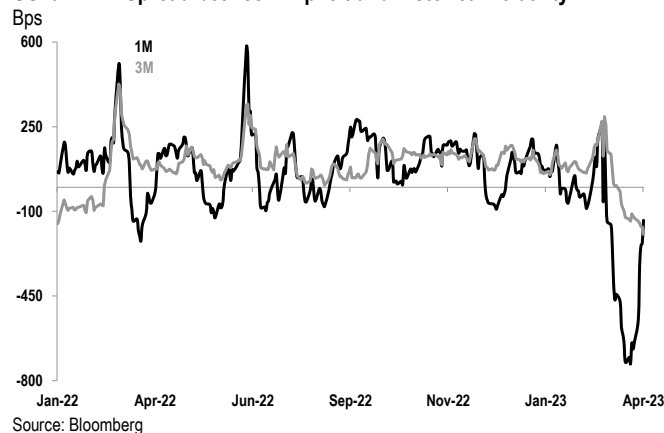
USD/MXN – ATM options volatility curve



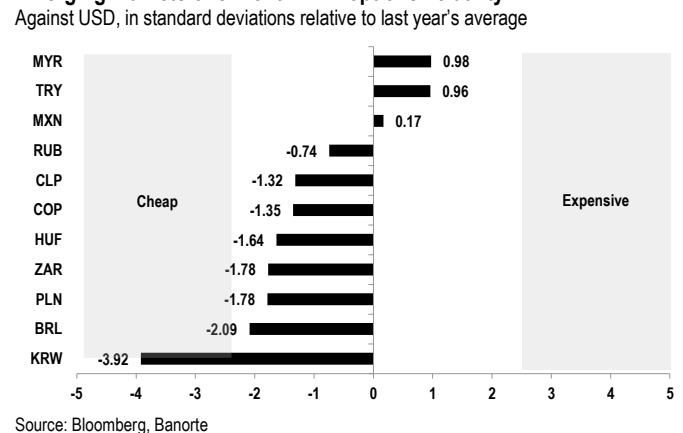
USD/MXN – 1M implied and historical volatility



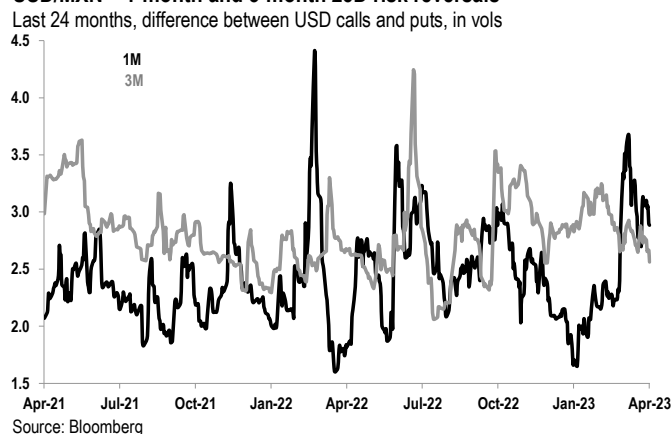
USD/MXN – Spread between implicit and historical volatility



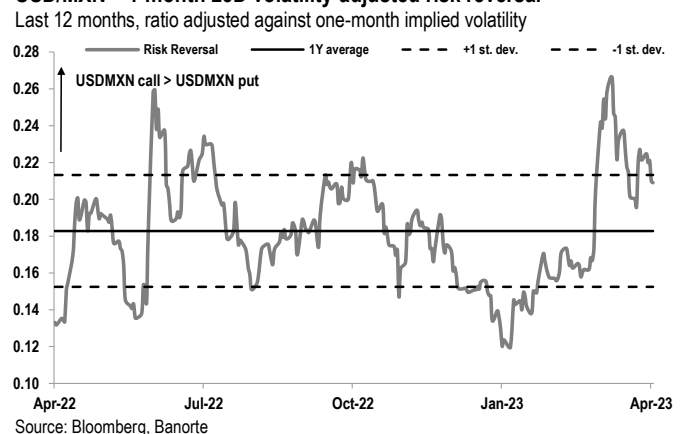
Emerging markets one-month ATM options volatility



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



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

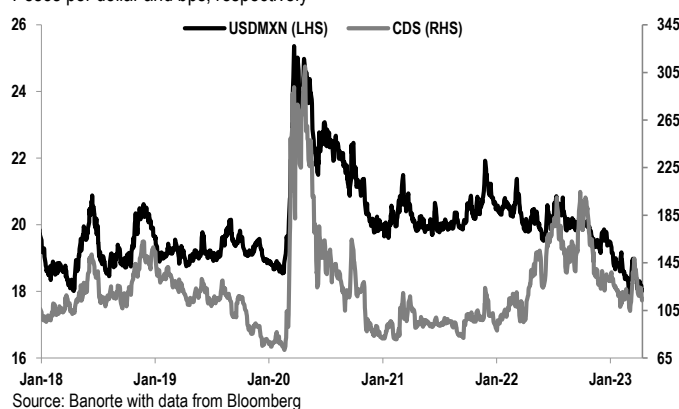


FX trade recommendations

- The MXN breached the 18.00 per dollar figure and remains the third strongest in EM.** The FX market continues to reflect bets on the end of the tightening cycle and Fed funds rate cuts starting in 2H23, the latter is not our base case scenario. In addition, the surprise moderation in US inflation influenced sentiment and encouraged the migration of flows into riskier assets. In this sense, the dollar weakened and the DXY and BBDXY indices retreated 0.5% and 0.4% w/w, respectively. Meanwhile, developed currencies and most emerging currencies ended with positive returns. In the former group, SEK (+1.4%) led the gains, followed by CHF (+1.3%) which marked its strongest level since June 2021 at 0.8860 francs per dollar. On the contrary, JPY (-1.2%) was the only one with losses as central bank Governor Kazuo Ueda reiterated the continuation of accommodative monetary policy. In EM currencies, the positive bias prevailed, and trading was capped by COP (+3.5%) and ARS (-1.8%). The Colombian peso recorded its highest weekly change since November, supported by higher crude oil prices. Meanwhile, the Mexican peso reversed the previous week's losses, appreciating 0.7% to 18.02 per dollar after marking its strongest level at 17.98, with a trading range of 31 cents. Likewise, the 3-month implied volatility at 11.7% practically returned to levels prior to the collapse of SVB and Signature Bank
- Under the current dynamics, the USD could retain a negative bias if the market continues to discount the onset of rate cuts. Particularly, the DXY could breach the February low (100.82pts) which would open room for a further correction. However, the risk is that markets continue to correct the aggressive cuts built in after the US banking crisis. Meanwhile, the MXN will continue to perform resiliently supported by an attractive volatility-adjusted carry relative to peers and inflows. Furthermore, our expectation of a Banxico rate at 11.50% in the second half of the year, which is contrary to the market's view, will be a driving factor for the Mexican currency. For this week, we estimate a trading range between USD/MXN of 17.85 and 18.25

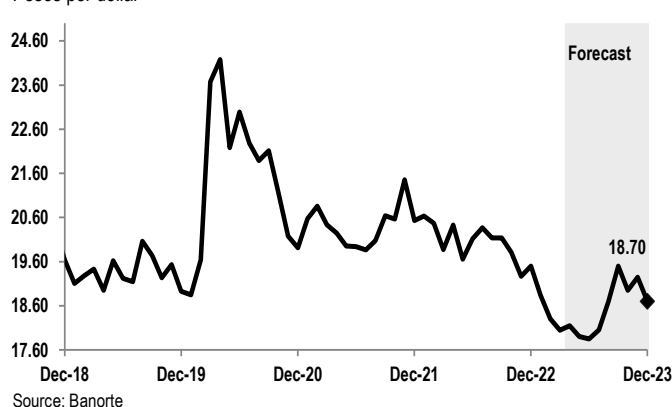
USD/MXN and Mexico 5Y CDS

Pesos per dollar and bps, respectively



USD/MXN Forecast for 2023

Pesos per dollar



Weekly economic calendar

For the week ending April 21, 2023

	Time	Event	Period	Unit	Banorte	Survey	Previous
Mon 17		EZ European Commission economic growth forecasts					
	08:00	BZ Economic activity	Jan	% y/y	--	1.9	1.4
	08:00	BZ Economic activity*	Jan	% m/m	--	0.6	0.3
	08:30	US Empire manufacturing*	Apr	index	-18.0	-18.0	-24.6
	22:00	CHI Gross domestic product	1Q23	% y/y	--	3.9	2.9
	22:00	CHI Industrial production	Mar	% y/y	--	4.7	--
	22:00	CHI Retail sales	Mar	% y/y	--	8.0	--
Tue 18	22:00	CHI Gross fixed investment (YTD)	Mar	% y/y	--	5.8	5.5
	02:00	UK Unemployment rate*	Feb	%	--	3.7	3.7
	05:00	GER ZEW Survey (Expectations)	Apr	index	--	15.6	13.0
	05:00	EZ Trade balance*	Feb	EURbn	--	--	-11.3
	08:00	MX Timely Indicator of Economic Activity*	Mar	% y/y	--	--	3.5
	08:30	US Housing starts**	Mar	thousands	--	1,400	1,450
	08:30	US Building permits**	Mar	thousands	--	1,450	1,550
	11:00	MX International reserves	Apr 14	US\$bn	--	--	203.1
	13:00	US Fed's Bowman Discusses Central Bank Digital Currencies					
	13:30	MX Government weekly auction: 1-, 3-, 6-, 12- month CETES; 20-year Mbono (Nov'42); 30-year Udibono (Nov'50) and 2-, 5-, and 10-year Bondes F					
Wed 19	02:00	UK Consumer prices	Mar	% y/y	--	8.7	9.2
	02:00	UK Core	Mar	% y/y	--	6.0	6.2
	04:00	EZ Current account*	Feb	EURbn	--	--	17.1
	05:00	EZ Consumer prices	Mar (F)	% y/y	--	6.9	6.9
	05:00	EZ Core	Mar (F)	% y/y	--	5.7	5.7
	08:00	BZ Industrial production	Feb	% y/y	--	--	0.3
	08:00	BZ Industrial production*	Feb	% m/m	--	--	-0.3
	14:00	US Beige Book					
	17:30	US Fed's Goolsbee Interviewed on Marketplace					
	19:00	US Fed's Williams Speaks in New York					
	21:15	CHI Rate decision 1-year Loan Prime Rate	Apr 20	%	--	3.65	3.65
Thu 20	21:15	CHI Rate decision 5-year Loan Prime Rate	Apr 20	%	--	4.30	4.30
	08:00	MX Retail sales	Feb	% y/y	3.6	--	5.3
	08:00	MX Retail sales*	Feb	% m/m	-0.1	--	1.6
	08:30	US Initial jobless claims*	Apr 15	thousands	239	240	239
	08:30	US Philadelphia Fed*	Apr	index	-23.0	-19.7	-23.2
	10:00	US Existing home sales**	Mar	millions	--	4.5	4.6
	10:00	EZ Consumer confidence*	Apr (P)	index	--	-18.5	-19.2
	12:00	US Fed's Waller Discusses Financial Innovation					
	12:20	US Fed's Mester Discusses the Economic and Policy Outlook					
	15:00	US Fed's Bowman Takes Part in Fed Listens Event					
	17:00	US Fed's Bostic Discusses Economic Conditions					
	19:45	US Fed's Harker Discusses the Economic Outlook					
		MX Survey of expectations (Citibanamex)					
	03:30	GER Manufacturing PMI*	Apr (P)	index	--	45.6	44.7
Fri 21	03:30	GER Services PMI*	Apr (P)	index	--	53.2	53.7
	03:30	GER Composite PMI*	Apr (P)	index	--	52.7	52.6
	04:00	EZ Manufacturing PMI*	Apr (P)	index	--	48.0	47.3
	04:00	EZ Services PMI*	Apr (P)	index	--	54.5	55.0
	04:00	EZ Composite PMI*	Apr (P)	index	--	53.7	53.7
	04:30	UK Manufacturing PMI*	Apr (P)	index	--	48.5	47.9
	04:30	UK Services PMI*	Apr (P)	index	--	53.0	52.9
	09:45	US Manufacturing PMI*	Apr (P)	index	48.5	49.0	49.2
	09:45	US Services PMI*	Apr (P)	index	--	51.5	52.6
	09:45	US Composite PMI*	Apr (P)	index	--	51.2	52.3
	16:35	US Fed's Cook Discusses Economic Research					

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

For the week ending April 14, 2023

	Time	Event	Period	Unit	Banorte	Actual	Previous
Mon 10	15:00	US Consumer Credit*	Feb	USDbn	--	15.3	19.5 (R)
	21:00	CHI Consumer Prices	Mar	% y/y	--	0.7	1.0
		SK Monetary policy decision (Central bank of South Korea)	Apr 13	%	--	3.50	3.50
Tue 11	05:00	EZ Retail sales*	Feb	% m/m	--	-0.8	0.8 (R)
	08:00	MX Industrial production	Feb	% y/y	--	3.5	2.7 (R)
	08:00	MX Industrial production*	Feb	% m/m	--	0.7	-0.1 (R)
	08:00	MX Manufacturing output	Feb	% y/y	--	2.4	4.7 (R)
	08:00	BZ Consumer prices	Mar	% m/m	--	0.71	0.84
	08:00	BZ Consumer prices	Mar	% y/y	--	4.65	5.60
	11:00	MX International reserves	Apr 5	US\$mn	--	203.1	202.3
	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					
	13:30	US Chicago Fed's Goolsbee Speaks at Economic Club of Chicago					
	17:30	US Fed's Kashkari Speaks in Town-Hall Event					
Wed 12		MX Wage negotiations	Mar	% y/y	--	9.2	8.4
	08:00	BZ Retail sales	Jan	% y/y	--	0.2	0.4
	08:00	BZ Retail sales*	Jan	% m/m	--	3.8	-2.8 (R)
	08:30	US Consumer prices*	Mar	% m/m	0.4	0.1	0.4
	08:30	US Ex. food & energy*	Mar	% m/m	0.4	0.4	0.5
	08:30	US Consumer prices	Mar	% y/y	5.2	5.0	6.0
	08:30	US Ex. food & energy	Mar	% y/y	5.6	5.6	5.5
	14:00	US FOMC Meeting Minutes					
	23:00	CHI Trade balance	Mar	USDbn	--	88.2	16.8 (R)
	23:00	CHI Exports	Mar	% y/y	--	14.8	-1.3 (R)
Thu 13	23:00	CHI Imports	Mar	% y/y	--	-1.4	4.2 (R)
	02:00	UK Industrial production*	Feb	% m/m	--	-0.2	-0.5 (R)
	02:00	GER Consumer prices	Mar (F)	% y/y	--	7.4	7.4
	05:00	EZ Industrial production*	Feb	% m/m	--	1.5	1.0 (R)
	08:30	US Initial jobless claims*	Apr 8	thousands	201	239	228
	08:30	US Producer prices*	Mar	% m/m	--	-0.5	0.0 (R)
	08:30	US Ex. food & energy*	Mar	% m/m	--	-0.1	0.2
	11:00	MX Central Bank Monetary Policy Minutes					
	18:00	PER Monetary policy decision (BCRP)	Apr 13	%	--	7.75	7.75
		MX ANTAD same-store sales	Mar	% y/y	--	4.1	6.5
Fri 14	08:30	US Advance retail sales*	Mar	% m/m	0.1	1.0	-0.2
	08:30	US Ex autos & gas*	Mar	% m/m	--	-0.3	0.0
	08:30	US Control group*	Mar	% m/m	0.0	-0.3	0.5
	09:15	US Industrial production*	Mar	% m/m	--	0.4	0.2 (R)
	09:15	US Manufacturing production*	Mar	% m/m	0.1	-0.5	0.6 (R)
	10:00	US U. of Michigan Confidence*	Apr (P)	index	61.0	63.5	62.0

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 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 Udbono 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 Udbono Dec'25	P	23-Jul-20	10-Aug-20
Long positions in Udbono 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 Udbono Nov'28	P	31-Jan-20	12-Feb-20
Long positions in Udbono 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 Udbono 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 Udbono 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 Udbono 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 Udbono Dec'20	3.05%	2.90%	3.15%	3.15%	L	9-Aug-17	6-Oct-17
5y 10y TIE-IRS steepener	28bps	43bps	18bps	31bps	P ²	15-Feb-17	15-Mar-17
5y 10y 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 Udbono 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 Udbono 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 Udbono 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 Udbono 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 Udbono 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 Udbono 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 Udbono Dec'12	+0.97%	-1.50%	+1.20%	-6.50%	P	1-May-12	27-Nov-12
Long Udbono 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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