Fixed-Income and FX Weekly

Market outlook

- **Mixed performance in local assets.** Last week, the Mbonos' curve registered a steepening bias with a 20bps rally at the short-end, while the long-end gained 3bps. The USD/MXN ended at 18.00, printing a depreciation of 0.1% w/w

- **Focus on the Fed and ECB monetary policy decision.** Last week, markets calibrated their expectations for the terminal rate by digesting economic data with signs of a slowdown and better-than-expected corporate reports in general. However, investors were cautious due to uncertainty surrounding First Republic Bank and the impasse in the US Congress over the debt ceiling. In Mexico, comments from Victoria Rodriguez and Jonathan Heath, members of Banxico's Board on the possibility of having reached the terminal rate influenced market bets. During the week, investors will be paying close attention to the Fed and ECB's monetary policy decision. The market is betting on a 25bps hike this Wednesday in the Fed funds rate, ruling out a move of equal magnitude in June. Attention will be focused on the tone of the statement and on Jerome Powell's message, in case it remains in the same direction as the previous one, we would expect a correction of the cuts incorporated by the market in 2H23. In addition, the central banks of Brazil, Malaysia, Norway, and the Czech Republic will announce their monetary policy decisions, while Australia surprised with a 25bps hike yesterday. Investors will also be watching economic data and corporate results to continue evaluating the impact of monetary policy on the consumer. The US economic agenda includes factory orders, ADP private employment, trade balance and consumer credit. In Mexico, the IMEF indicators, fixed investment, family remittances, private consumption, unemployment rate, Banxico's and the banking sector survey will be published

Fixed-Income

- **Supply** – Today, the MoF auctioned 1-, 3-, 6-, and 12-month Cetes, the 30-year Mbono (Jul'53), the 20-year Udibono (Nov'43), as well as 2- and 5-year Bondes F. Moreover, extraordinary Cetes and Bondes F auction on Wednesday

- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.392 trillion (US$ 77.1 billion), a market share equal to 35.6%, as of April 19th. Short positions in Mbono May'33 ended at MXN 2.4 billion from previous MXN 4.1 billion

- **Technicals** – The spread between 10-year Mbonos and Treasuries remained unchanged at 535bps from the previous week, with the 12M mean at 561bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of April 25th) printed a lower net long of US$ 1.50 billion from US$ 1.56 billion a week ago. Mutual funds' flows to EM marked greater outflows of US$ 1.5 billion from US$ 308 million

- **Technicals** – The 1-month implied volatility on the MXN droop for the third week in a row to 10.3%. With this, the Mexican peso registered a weekly trading range of 25 cents between 17.95 and 18.20 per dollar

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Recommendations

Fixed-Income
- This week's focus will be on the monetary front as we await the Fed's decision and the tone of the statement to get more information on the terminal rate level. Previously, Powell had mentioned that the base scenario did not incorporate cuts at least for the remainder of the year; if this view is consolidated, we expect the market to recalibrate its expectations and short-term Treasuries yields to correct upwards, extending this dynamic to local rates
- Finally, we expect that the 10-year Mbono to trade between 8.65% and 8.90% this week

FX
- The FX market will also trade around the Fed's decision and Jerome Powell's remarks. We do not rule out a strengthening in the USD in case expectations about the cuts are corrected
- For the MXN we see strength as it continues to be supported by high real rates, solid fundamentals compared to other currencies in the region and the expectation of better performance in economic activity. We estimate a trading range for this week between USD/MXN 17.85 and 18.35

Fixed-Income dynamics

Mbonos performance

Maturity date	YTM 04/28/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.30	-15	+48
Sep'24	11.02	-13	+93
Dec'24	10.69	-20	+82
Mar'25	10.39	-26	+46
Mar'26	9.56	-23	+33
Mar'27	9.11	-21	-8
Jun'27	9.02	-20	-6
May'29	8.76	-25	-31
May'31	8.77	-15	-25
May'33	8.78	-15	-24
Nov'34	8.82	-7	-24
Nov'36	8.79	-8	-26
Nov'38	9.02	-8	-7
Nov'42	9.08	-4	-3
Nov'47	9.05	-4	-3
Jul'53	9.10	+0	+5

Source: PiP

IRS (28-day TIIE) performance

Maturity date	YTM 04/28/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.61	0	+70
6-month (6x1)	11.59	-4	+55
9-month (9x1)	11.52	-6	+45
1-year (13x1)	11.24	-9	+33
2-year (26x1)	9.98	-13	+11
3-year (39x1)	9.13	-15	-5
4-year (52x1)	8.70	-18	-21
5-year (65x1)	8.49	-16	-32
7-year (91x1)	8.37	-14	-37
10-year (130x1)	8.35	-12	-38
20-year (260x1)	8.45	-12	-41

Source: Bloomberg

Udibonos performance

Maturity date	YTM 04/28/2023	Weekly change (bps)	YTD (bps)
Nov'23	8.57	+7	+249
Dec'25	5.77	+2	+101
Dec'26	5.48	+10	+82
Nov'28	4.48	-4	+17
Nov'31	4.38	-7	+20
Nov'35	4.40	-4	+19
Nov'40	4.53	+4	+34
Nov'43	4.55	+5	--
Nov'46	4.54	+8	+36
Nov'50	4.54	+5	+31

Source: PiP

Cetes performance

Maturity date	YTM 04/28/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.30	-3	+121
Cetes 91	11.57	-3	+91
Cetes 182	11.61	-8	+74
Cetes 364	11.58	-15	+61
Cetes 728	11.25	-14	+43

Source: PiP

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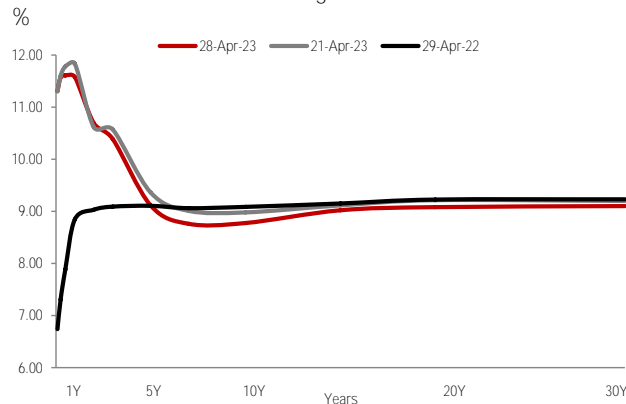
Source: PiP, Banorte

10-year Mbono benchmark
%

Source: PiP

Fixed-Income dynamics (continued)

USD UMS and US Treasuries performance

Term	UMS				UST			Spreads			CDS
	Maturity date	YTM 04/28/2023	Weekly change (bps)	YTD (bps)	YTM 04/28/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	4.44	-14	-4	4.01	-18	-42	43	+4	36	43
3Y	May'26	4.40	-22	-40	3.72	-17	-51	68	-5	77	65
5Y	Feb'28	4.59	-16	-20	3.48	-18	-52	111	+2	105	114
7Y	Apr'30	4.86	-19	-48	3.46	-16	-51	140	-2	152	157
10Y	May'33	5.25	-19	-31	3.42	-15	-45	183	-4	184	195
20Y	Mar'44	5.81	-18	-56	3.80	-11	-34	201	-7	233	--
30Y	May'53	6.11	+10	-28	3.67	-10	-29	243	+20	261	--

Source: Bloomberg

5Y USD UMS
%
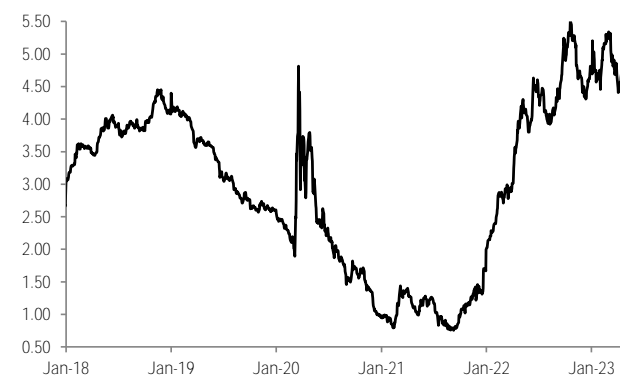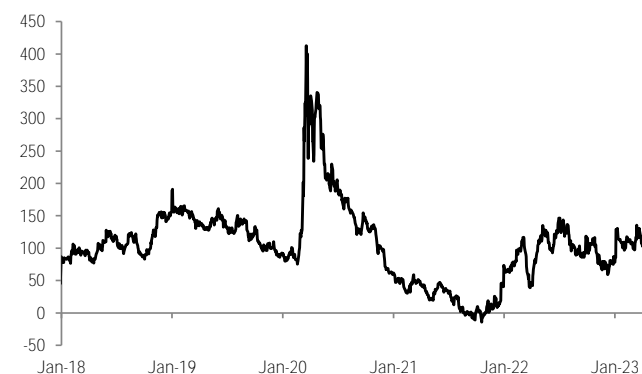

Source: Bloomberg

10Y USD UMS
%

Source: Bloomberg

5Y UMS-UST Spread
Basis points

Source: Bloomberg

10Y UMS-UST Spread
Basis points

Source: Bloomberg

Fixed-Income supply

- **Mexico's weekly auction.** Today, the MoF auctioned 1-, 3-, 6-, and 12-month Cetes, the 30-year Mbono (Jul'53), the 20-year Udibono (Nov'43), as well as 2- and 5-year Bondes F. Additionally, an extraordinary Cetes and Bondes F auction will take place on Wednesday, considering Cetes of 181-, 336-, and 644-days, as well as Bondes F of 315-, 1,785-, and 3,458-days for a total amount of up to MXN 30 billion

- **Government auction results.** For details on today's transaction, please refer to: *"Weekly government auction results"*, published earlier

Auction specifics (May 2, 2023)

	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	1-Jun-23	--	17,500	11.27
3m	3-Aug-23	--	17,000	11.57
6m	23-Nov-23	--	13,000	11.65
12m	2-May-24	--	8,000	11.77
Bondes F				
2y	12-Mar-25	--	4,500	0.19
5y	14-Oct-27	--	1,000	0.26
Mbono				
30y	31-Jul-53	8.00	9,200	9.35
Udibono				
20y	12-Nov-43	3.25	UDIS 600	4.27

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

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'43)	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'43)	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'43)	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
Times
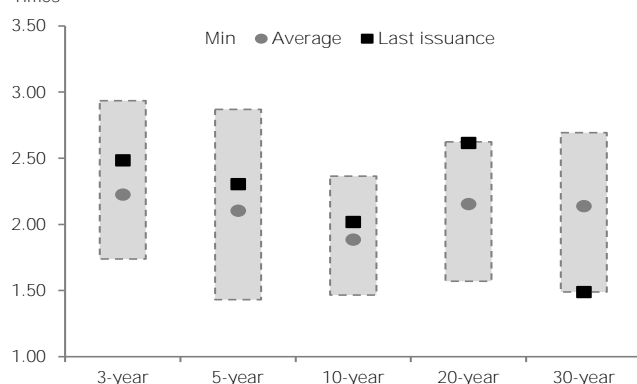
Source: Banxico, Banorte

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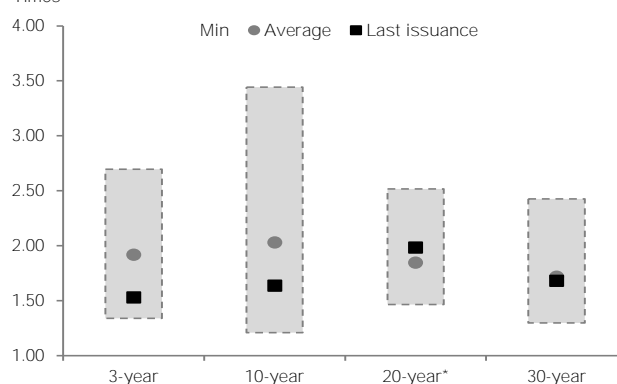
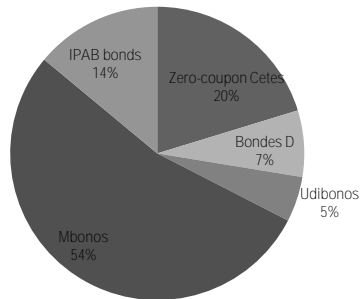Source: Banxico, Banorte *The 20-year maturity was reopened in April 2021

Fixed-Income demand

Cetes held by foreigners
MXN billion, %

Source: Banxico

Mbonos held by foreigners
MXN trillion, %

Source: Banxico

Government issuance by type of instrument
Total amount of US$ 405 billion, % of total

Source: Banxico

Mbonos holdings by type of investor
Total amount of US$ 217 billion, % of total

Source: Banxico

Government bond holdings by type of investor
US$ billion and %, data as of 04/19/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	82	12%	13%	20%	4%	9%	41%
Floating-rate Bondes D	30	0%	3%	39%	2%	19%	37%
Real-rate Udibonos	157	4%	53%	3%	19%	1%	18%
Fixed-rate Mbonos	217	36%	23%	3%	3%	11%	24%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
US$ billion

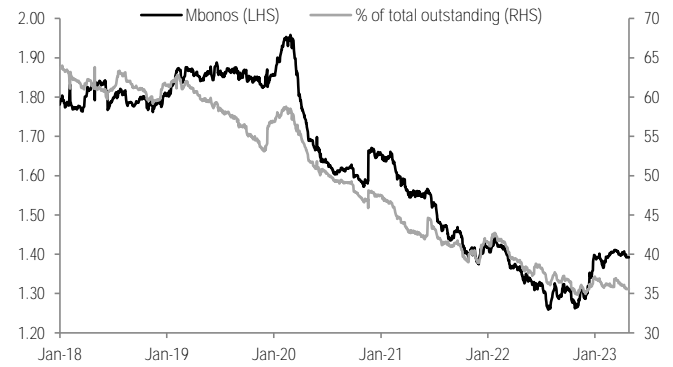|	04/19/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	10.2	10.1	0.1	7.8	2.4
Floating-rate Bondes D	0.1	0.9	-0.9	1.9	-1.8
Real-rate Udibonos	6.9	0.9	6.0	1.0	5.9
Fixed-rate Mbonos	77.1	77.9	-0.8	77.5	-0.3

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
Percentage of total amount outstanding

	04/19/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	12.4%	12.6%	-0.1%	12.4%	0.0%
Floating-rate Bondes D	0.2%	3.2%	-3.0%	4.4%	-4.2%
Real-rate Udibonos	4.4%	4.5%	-0.1%	5.0%	-0.6%
Fixed-rate Mbonos	35.6%	36.1%	-0.5%	37.1%	-1.5%

Source: Banorte with data from Banxico

Mbonos holdings by type of investor
US$ billion and %, data as of 04/13/2023

| DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Dec'23	11.5	24%	12%	19%	46%
Sep'24	17.6	20%	23%	13%	44%
Dec'24	13.3	28%	29%	7%	36%
Mar'25	11.6	32%	23%	16%	30%
Mar'26	25.5	28%	27%	17%	29%
Mar'27	13.5	19%	26%	16%	39%
Jun'27	19.7	12%	45%	27%	15%
May'29	15.2	3%	53%	21%	22%
May'31	24.2	6%	50%	30%	14%
May'33	7.3	7%	36%	39%	17%
Nov'34	5.0	1%	49%	37%	14%
Nov'36	4.0	0%	31%	39%	30%
Nov'38	12.1	1%	44%	39%	15%
Nov'42	15.4	1%	47%	38%	15%
Nov'47	14.6	1%	37%	43%	19%
Jul'53	6.5	2%	33%	50%	15%
Total	210.6	13%	36%	26%	25%

Source: Banxico

Fixed-Income demand – Primary dealers

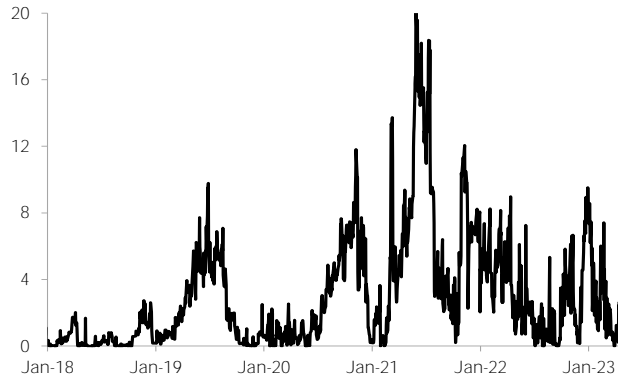Market makers' short positions on Mbonos
MXN billion
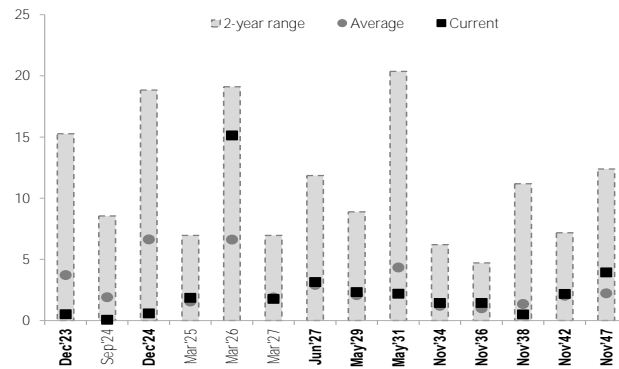
Source: Banxico *Mar'25 issued in Dec'21

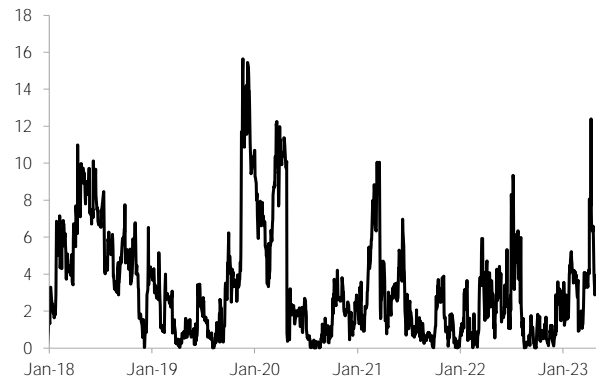Weekly change in market makers' short positions on Mbonos
MXN billion
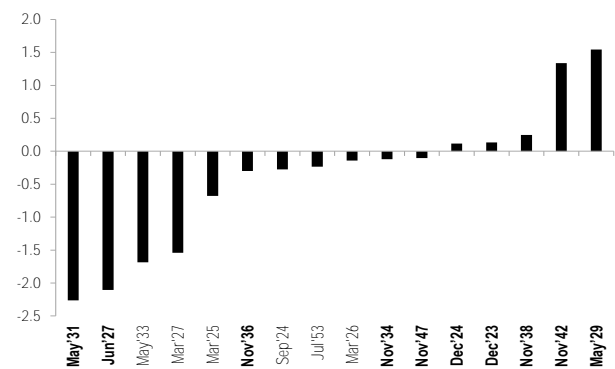
Source: Banxico

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 04/28/2023	04/28/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	11,593	29	22	33	29	399	0
Sep'24	17,525	4	19	184	89	306	0
Dec'24	13,566	33	27	27	149	440	0
Mar'25	12,605	104	142	238	5	328	0
Mar'26	25,768	841	848	509	327	1,061	134
Mar'27	13,646	99	185	68	219	387	0
Jun'27	19,719	175	292	120	294	659	22
May'29	15,154	129	44	126	53	346	0
May'31	24,190	122	248	0	149	529	0
May-33	7,367	133	227	143	0	323	0
Nov'34	4,981	80	87	39	24	161	23
Nov'36	3,973	81	97	84	34	218	0
Nov'38	12,095	28	15	52	90	136	0
Nov'42	15,733	122	47	0	6	155	0
Nov'47	14,458	219	225	195	70	689	6
Jul'53	6,393	81	94	81	0	701	0
Total	218,766	2,199	2,523	1,818	1,539		

Source: Banxico

Fixed-Income technicals

- **The carry at the shortest-end recorded a mixed balance**. Spreads between Cetes and imp. forward rates stood at: 1-month at -50bps from -58bps, 3-month at -90bps from -89bps, 6-month at -105bps from -98bps, and 1-year at -83bps from -89bps

- **Attention to the decision of the Federal Reserve on Wednesday.** The market is convinced that the Fed will raise interest rates by 25bps for last time; although, the tone of the communiqué and Powell's speech will be very relevant to confirm the expectations that the restrictive phase ended in the face of a sustained fall in prices. With this, the terminal range of the Fed funds will be 5.00%-5.25%, equivalent to the largest hiking cycle in decades with a cumulative increase of +500bps since March 2022. Locally, the market no longer expects hikes in the reference rate that stands at 11.25%, so the spread vs the Fed will go to 600bps from 625bps

Spread between Cetes and Implied Forward Rates

Basis Points

Tenor	Actual 04/28/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	-50	-58	24	11	142	-106
3 months	-90	-89	-55	-51	27	-120
6 months	-105	-98	-64	-80	-10	-121
12 months	-83	-89	-63	-95	-48	-150

Source: Banorte with data from PiP and Bloomberg

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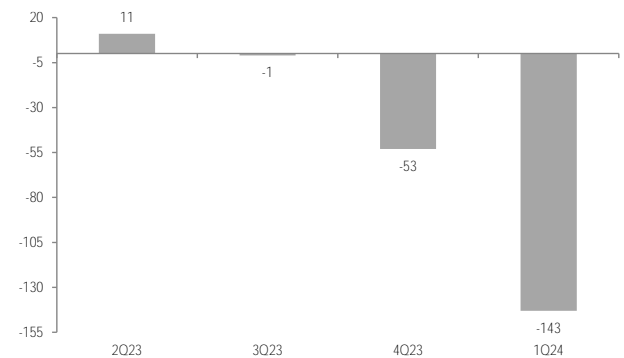
Source: Banorte with data from Bloomberg

- **After the rally in rates, the risk premium remained stable.** Once again, market participants adjusted their expectations for the Fed and Banxico's terminal rate. In this context, the 10-year spread between Mbonos and Treasuries closed Friday at 535bps unchanged vs. the previous two weeks, while the average of the last twelve months stands at 561bps

- **The 3-month correlation between benchmark Mexican and American bonds remained stable.** The reading closed Friday at +77% unchanged vs. previous week

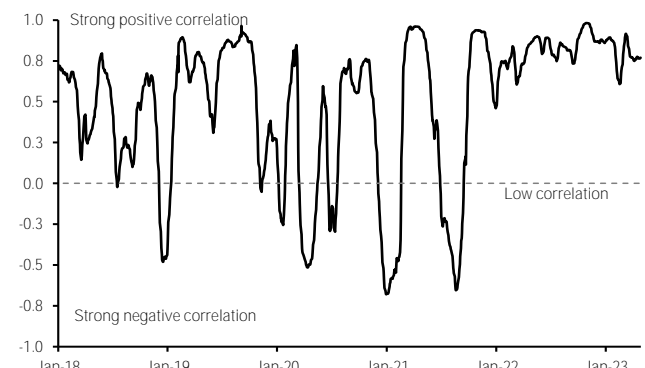10-year Mbono and 10-year UST spread
Basis points

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	04/28/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-192	-197 (+5bps)	-160 (-32bps)	6 (-198bps)	21	-199	-91
Mbono 10s30s	32	17 (+15bps)	24 (+8bps)	15 (+17bps)	34	-15	8
TIIE-Mbono 2-year	-72	-79 (+7bps)	-35 (-37bps)	22 (-94bps)	22	-80	-21
TIIE-Mbono 10-year	-43	-46 (+3bps)	-42 (-1bp)	-12 (-31bps)	1	-67	-35

Source: Bloomberg and PiP

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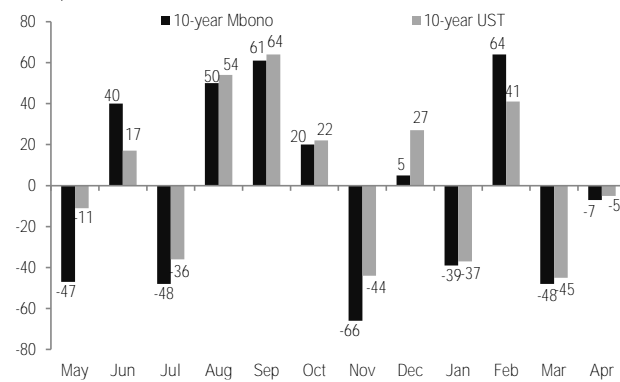
Source: PiP and Bloomberg

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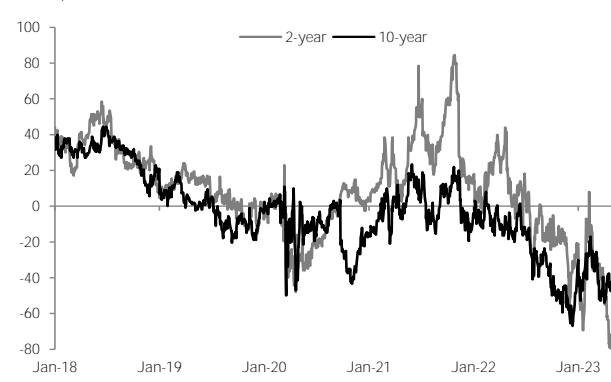
Source: Bloomberg

Breakeven inflation using Mbonos & Udibonos

Implicit market inflation using Fisher Equation (%)

Date	04/28/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	4.65	4.99 (-34bps)	4.94 (-29bps)	4.92 (-27bps)	5.74	4.41	5.05
5Y	4.44	4.59 (-15bps)	4.56 (-12bps)	4.91 (-47bps)	5.28	4.23	4.74
10Y	4.21	4.28 (-7bps)	4.47 (-26bps)	4.88 (-67bps)	5.16	4.17	4.61
20y	4.33	4.43 (-10bps)	4.63 (-30bps)	5.02 (-69bps)	5.15	4.32	4.71
30Y	4.36	4.41 (-5bps)	4.63 (-27bps)	4.99 (-63bps)	5.18	4.23	4.69

Source: PiP

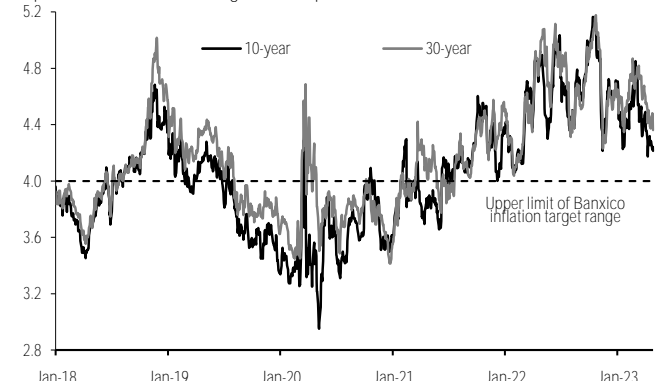3- and 5-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation
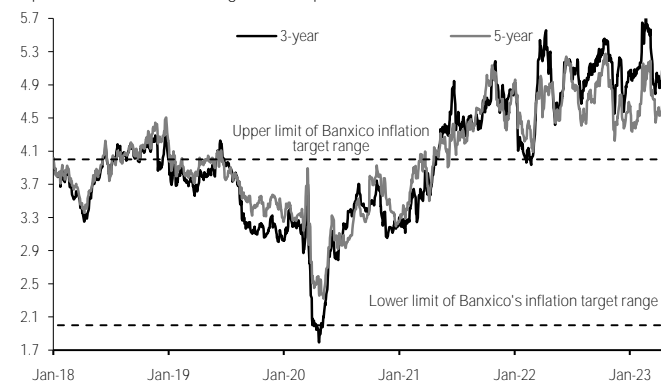
Source: Banorte with data from PiP

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

- **Rally in short-term rates on expectations that the end of the tightening cycle in the US and Mexico is very close.** Investors remained cautious last week following economic figures that reflected a slowdown in the US economy. This influenced investors' expectations that the Fed will only hike rates by 25bps in May, ruling out a hike of the same magnitude in June. With this, the tightening cycle would end with a range for Fed funds of 5.00%-5.25%. In Mexico, bets for a 25bps hike in May were significantly reduced after a better-than-expected inflation reading. Comments from Governor Victoria Rodriguez and Deputy Governor Jonathan Heath also helped to consolidate this scenario. In this regard, the terminal rate would have reached 11.25% in March. This adjustment in expectations triggered a rally in short-term sovereign bonds; although, by the end of the week it moderated, especially in US bonds. The Treasuries yield curve registered a bull steepener with gains of 18bps and 10bps w/w at the ends. The 2s10s spread remained stable vs. the previous week at around -60bps. Locally, shorter maturity Mbonos appreciated 20bps, on average, while long-term tenors advanced 3bps. In real rates, the Udibonos curve flattened with the short-end accumulating losses of 15bps following a good CPI figure, although they moderated to 6bps

- As part of Mexico's Sustainable Financing Strategy, the Mexican government issued a new ESG (Environmental, Social and Corporate Governance) bond denominated in US dollars maturing in May 2053 (30-years). The bond was issued for a total amount of US$ 2.94 billion with a coupon rate of 6.338%, representing the largest issuance of a sustainable bond. Demand was US$ 12.04 billion, equivalent to 4.1x the amount placed, with the participation of 300 investors. In addition, the MoF carried out a liability management operation through an exchange of bonds maturing between 2041 and 2052 for the new 30-year bond in the amount of US$ 1.59 billion. This transaction resulted in a reduction of external debt by US$ 368 million. Subsequently, 2-, 3- and 5-year Bondes G were also placed with a premium rate of 0.15%, 0.1872% and 0.2395%, respectively, for a total amount of US$ 15 billion. Demand for the operation was 6.1x and 32 investors participated

- This week's focus will be on the monetary front as we await the Fed's decision and the tone of the statement to get more information on the terminal rate level. Previously, Powell had mentioned that the base scenario did not incorporate cuts at least for the remainder of the year; if this view is consolidated, we expect the market to recalibrate its expectations and short-term Treasuries yields to correct upwards, extending this dynamic to local rates. With this, we would see a further inversion in yield curves. In particular, the spread between 2- and 30-year Treasuries stands at -33bps; however, it reached levels not seen since the early 2000s of -118bps before the banking crisis. Finally, we expect the 10-year Mbono, May'33, to trade between 8.65% and 8.90%

FX dynamics

- **The Mexican peso ended April with a 0.3% m/m appreciation.** The MXN continues to be one of the best performing currencies in the year, supported by solid fundamentals and an attractive carry. The local currency closed the week at 18.00 per dollar with a depreciation of 0.1% w/w

- **The dollar ended the week with a mixed performance.** In the absence of Fed comments, the dollar traded with few changes on the DXY and BBDXY. Meanwhile, G10 and emerging market currencies ended with mixed changes. In the former group, GBP (+1.1%) and JPY (-1.6%) were at the extremes. In the second, trading was capped by RUB (+2.1%) and COP (-3.9%)

Foreign Exchange market levels and historical return

		Close at 04/28/2023	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD[1] (%)
Emerging Markets						
Brazil	USD/BRL	4.99	-0.1	1.2	3.0	5.9
Chile	USD/CLP	807.25	-0.6	-0.6	-1.7	5.4
Colombia	USD/COP	4,695.27	-0.9	-3.9	-1.7	3.4
Peru	USD/PEN	3.71	0.4	1.4	1.2	2.7
Hungary	USD/HUF	338.62	-0.1	1.1	3.6	10.3
Malaysia	USD/MYR	4.46	0.0	-0.6	-0.9	-1.3
Mexico	USD/MXN	18.00	0.2	-0.1	0.5	8.3
Poland	USD/PLN	4.16	-0.3	0.9	3.9	5.2
Russia	USD/RUB	79.88	2.1	2.1	-3.3	-7.1
South Africa	USD/ZAR	18.29	0.1	-1.0	-1.0	-6.9
Developed Markets						
Canada	USD/CAD	1.36	0.3	-0.1	0.1	0.0
Great Britain	GBP/USD	1.26	0.6	1.1	2.1	4.0
Japan	USD/JPY	136.30	-1.7	-1.6	-2.5	-3.8
Eurozone	EUR/USD	1.1019	-0.1	0.3	1.6	2.9
Norway	USD/NOK	10.65	-0.3	-0.6	-2.3	-8.0
Denmark	USD/DKK	6.77	-0.1	0.3	1.5	2.7
Switzerland	USD/CHF	0.89	0.0	-0.3	2.7	3.3
New Zealand	NZD/USD	0.62	0.6	0.7	-0.7	-2.6
Sweden	USD/SEK	10.26	0.3	0.3	1.3	1.6
Australia	AUD/USD	0.66	-0.2	-1.2	-1.0	-2.9

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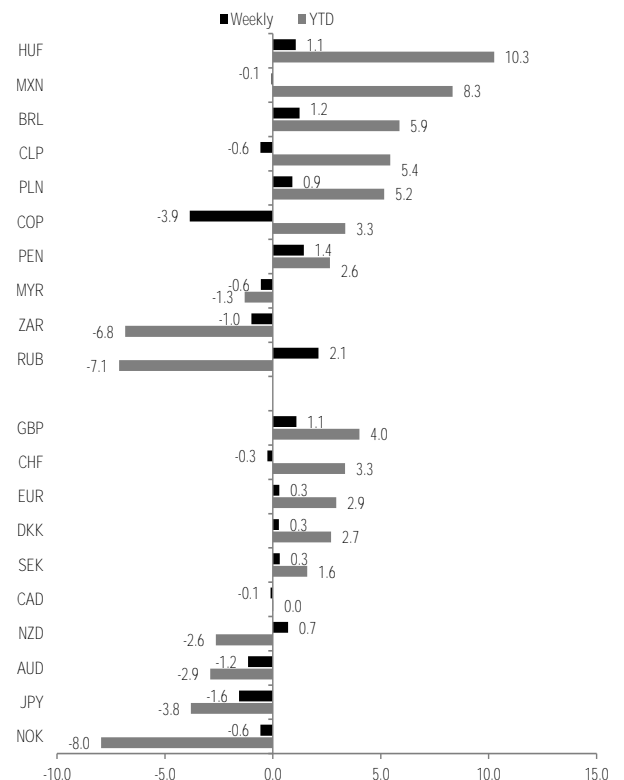Source: Bloomberg

FX performance
Against USD, %

Source: Bloomberg

USD/MXN
Last 12 months
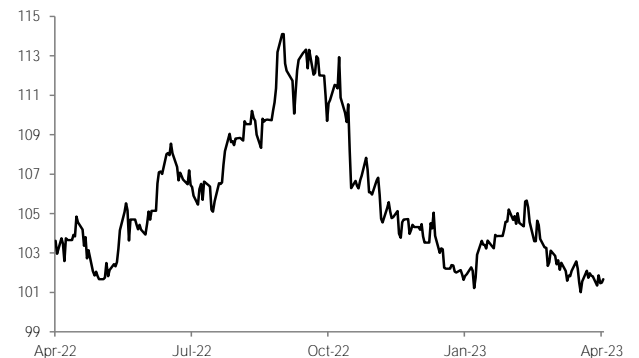

Source: Bloomberg

DXY
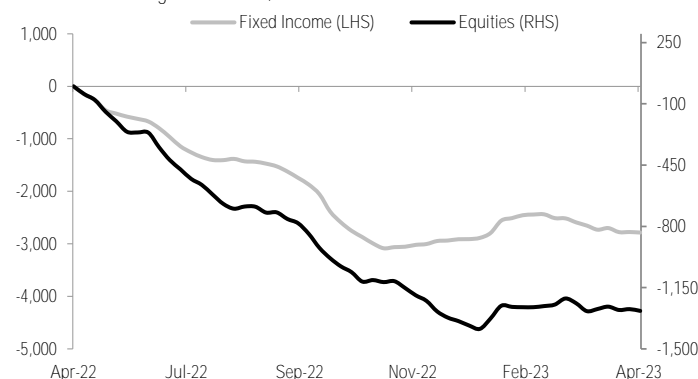Points

Source: Bloomberg, Banorte

FX positioning and flows

- **Net long positioning in MXN remains stable.** As of April 25th, the MXN position is a net long of US$ 1.50 billion from US$ 1.57 billion. The volume of positions has remained stable at around US$ 1.55 billion in the last 7 weeks; however, the view that Banxico would have already reached its terminal rate of 11.25% by decoupling from the Fed in the May decision could generate speculators to reduce their positions. The MXN is positioned as the 2nd strongest in EM with a year-to-date gain of 8.3%

- **Investors continue to increase net short USD positions, albeit at a slower pace.** The USD IMM position placed a larger net short of US$11.79 billion, up from the previous week by 4.1%, but lower than previous adjustments of up to 39% w/w. This was the result of purchases in most currencies, highlighting EUR (+693 million) and GBP (+325 million). The only sellers were JPY (-990 million) and MXN (-58 million)

- **Sales in EM increased, while Mexico resumed outflows.** Our EPFR aggregate recorded greater negative flows of US$ 1.5 billion from US$ 308 million the previous week. Bond market sales jump to US$ 762 million from US$ 49 million. While equities outflows increase to US$ 763 million from US$ 259 million. In Mexico, negative flows of US$ 20 million were recorded because of sales of the same magnitude in both bonds and equities of US$ 10 million each

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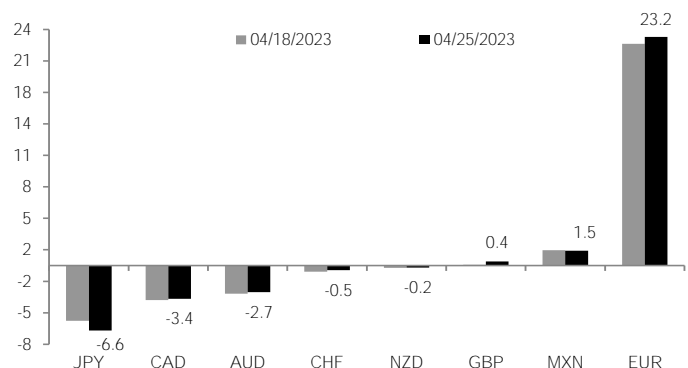Billion dollars, Negative = net long in MXN

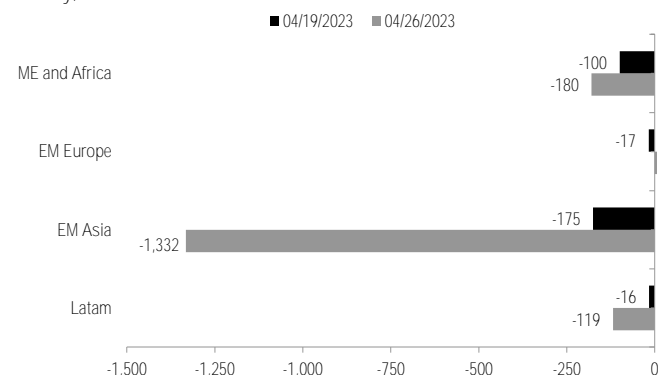Source: CME, Banorte

IMM positioning by currency*
Billion dollars
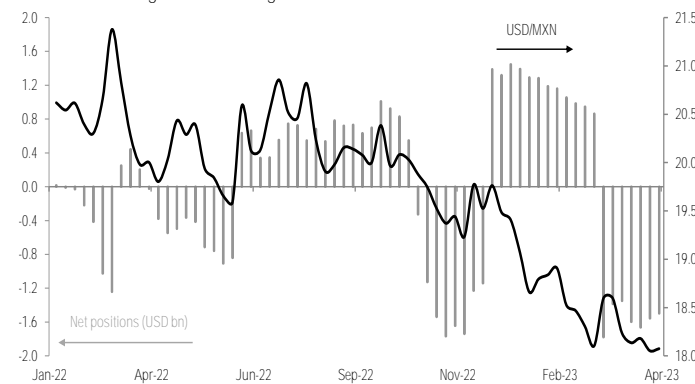
* Positive: Net long in the corresponding currency
Source: CME, Banorte

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

Source: EPFR Global, Banorte

Net foreign portfolio flows by region*
Weekly, million dollars

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

FX technicals

- **The Mexican peso continues to pressure the psychological level of 18.00 per dollar.** The MXN showed contained trading as it continues to be supported by an attractive carry trade, countering pressures in other Latin American currencies. We do not rule out further volatility in the foreign exchange market following the Fed's decision this week. The main short-term resistances stand at 17.90, 17.75 and 17.60, with supports at 18.25, 18.40 and 18.50. Meanwhile, the weekly trading range marked 25 cents, lower than the average of the last 4 weeks of 36 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	15	16	-7	72	34
CAD	29	32	1	75	38
ZAR	36	27	4	85	41
BRL	21	28	-48	73	31
HUF	10	18	-5	70	39
RUB	27	-1	-34	54	9

* 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	67	83	8	89	52
SPX	57	61	23	71	48
GSCI	22	31	2	65	35
Gold	-34	-54	-57	78	25

* 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
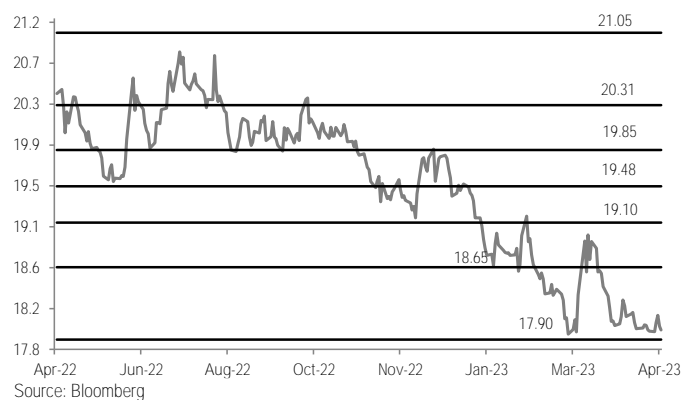
USD/MXN **–** 1-month correlation with other assets*
Based on daily percentage changes
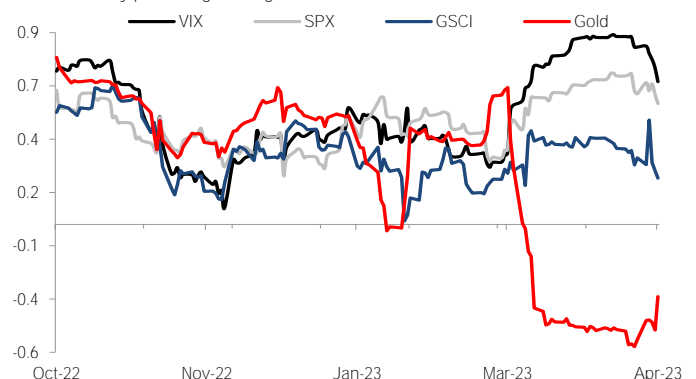
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

FX technicals (continued)

- **For the third consecutive week, the MXN implied volatility curve compressed.** The slope of the curve recorded a steeper steepening bias following the sustained reduction in shorter-term readings driven by lower concerns about the banking sector. The 1-month implied volatility closed April at 10.24% from 11.47% the previous month, while the 1-year metric moved to 11.9% from 12.3%. The 1-month risk reversal moved to 2.56% from 2.46% the previous week and the 3-month reading remained at 3.00%

USD/MXN – ATM options volatility curve
%
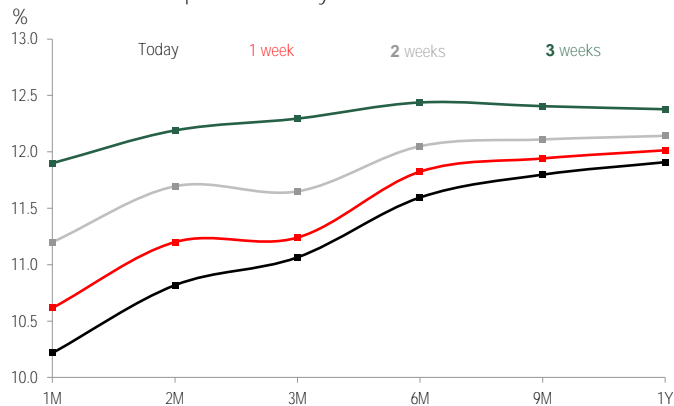
Source: Bloomberg

USD/MXN – 1M implied and historical volatility
%

Source: Bloomberg

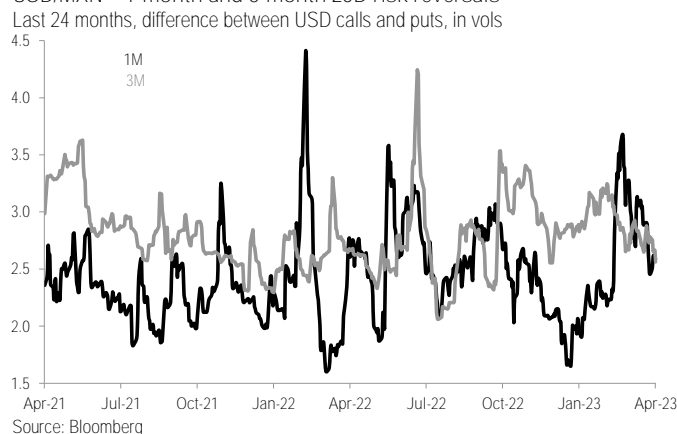USD/MXN – Spread between implicit and historical volatility
Bps
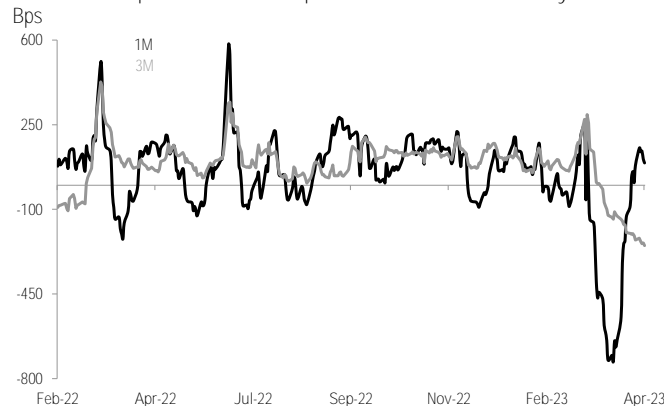
Source: Bloomberg

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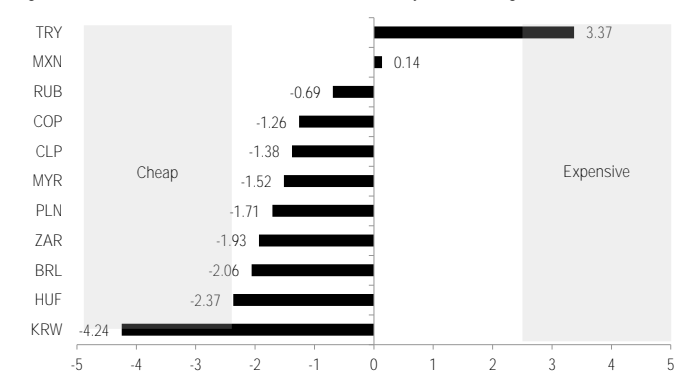
Source: Bloomberg, Banorte

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

Source: Bloomberg

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


Source: Bloomberg, Banorte

FX trade recommendations

- **The Mexican peso remains the second strongest emerging market currency this year.** The FX market performance last week was mainly defined by the release of economic data with signs of slowdown in the US. In addition, comments and guidance from some companies in a complex backdrop added volatility to currencies. In this context, the dollar ended with a mixed performance and the DXY and BBDXY indices ended with variations of -0.2% and +0.1% w/w, respectively. Meanwhile, developed and emerging currencies ended with mixed variations. In the first group, trading was capped by GBP (+1.1%) and JPY (-1.6%), while, in the second, RUB (+2.1%) and COP (-3.9%) were at the ends of the spectrum. On this occasion, the Japanese yen weakened following the BoJ's decision to keep monetary stimulus measures unchanged and without a clear signal of a shift towards a more hawkish stance. At the same time, the Colombian peso was impacted by the political crisis following the dismissal of the finance minister, José Antonio Ocampo, who had a pro-market bias. The Mexican peso continues to perform resiliently compared to its peers, closing Friday with a 0.1% w/w depreciation at 18.00 per dollar after reaching its weakest level of 18.20 on Thursday. Moreover, trading remains contained in a range of 25 cents, slightly higher than 22 cents in the previous week. So far this year, the MXN accumulated an appreciation of 8.3%, the second strongest among EMs behind the HUF

- In May, we will be closely watching the Mexican peso's reaction to the Fed and Banxico's monetary policy decisions. If our call materializes, the compression in the spread between the reference rates would be slight (from 625bps to 600bps) so we would expect a moderate reaction in the currency. In our view and based on our sensitivity model, the risk of a lower carry would tend to be offset by the expectation of higher economic growth in Mexico, which would be reflected in inflows. The MXN stands out as it has a more attractive carry relative to its LATAM peers. For this week, we anticipate a trading range between USD/MXN 17.85 and 18.35

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

Source: Banorte with data from Bloomberg
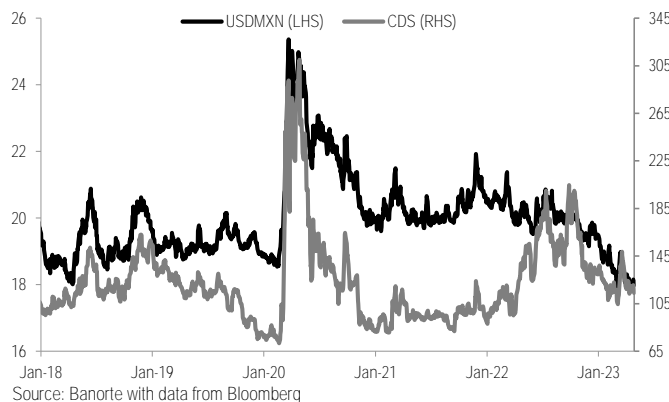
USD/MXN Forecast for 2023
Pesos per dollar

Source: Banorte
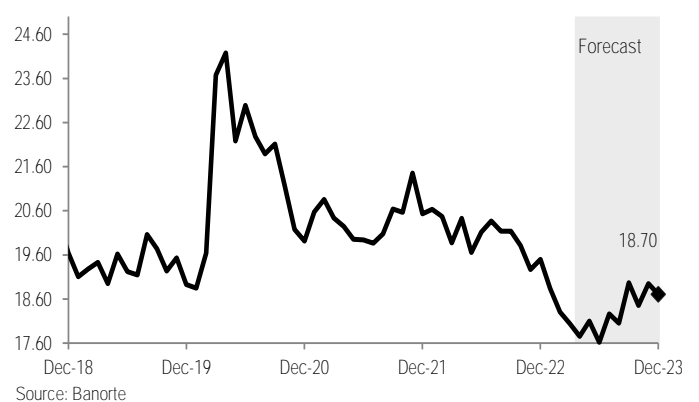
Weekly economic calendar

For the week ending May 5, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Sat 29	21:30	CHI	Manufacturing PMI*	Apr	index	--	51.4	51.9
	21:30	CHI	Non-manufacturing PMI*	Apr	index	--	57.0	58.2
	21:30	CHI	Composite PMI*	Apr	index	--	--	57.0
Mon 1		MX	Markets closed for Labor Day					
	09:45	US	Manufacturing PMI*	Apr (F)	index	50.4	50.4	50.4
	10:00	US	ISM manufacturing*	Apr	index	46.5	46.8	46.3
Tue 2	03:55	GER	Manufacturing PMI*	Apr (F)	index	--	44.0	44.0
	03:00	EZ	Manufacturing PMI*	Apr (F)	index	--	45.5	44.5
	04:00	EZ	Monetary aggregates (M3)*	Mar	% y/y	--	2.4	2.9
	04:30	UK	Manufacturing PMI*	Apr (F)	index	--	46.6	46.6
	05:00	EZ	Consumer prices	Apr (P)	% y/y	--	7.0	6.9
	05:00	EZ	Core	Apr (P)	% y/y	--	5.6	5.7
	09:00	BZ	Manufacturing PMI*	Apr	index	--	--	47.0
	10:00	US	Factory orders*	Mar	% m/m	--	1.3	-0.7
	10:00	US	Ex transportation*	Mar	% m/m	--	--	-0.3
	10:00	US	Durable goods orders*	Mar (F)	% m/m	--	--	3.2
	10:00	US	Ex transportation*	Mar (F)	% m/m		--	0.3
	11:00	MX	Family remittances	Mar	US$bn	5,261.3	--	4,348.4
	11:00	MX	Survey of expectations (Banxico)					
	13:30	MX	Government weekly auction: 1-, 3-, 6-, 12- month CETES; 30-year Mbono (Jul'53); 20-year Udibono (Nov'35) and 2-, and 5-year Bondes F					
	14:00	MX	PMI manufacturing (IMEF)*	Apr	index	50.5	--	49.2
	14:00	MX	PMI non-manufacturing (IMEF)*	Apr	index	53.2	--	54.0
		US	Total vehicle sales**	Apr	millions	--	15.0	14.8
Wed 3	05:00	EZ	Unemployment rate*	Mar	%	--	6.6	6.6
	08:15	US	ADP employment*	Apr	thousands	140	150	145
	09:45	US	Services PMI*	Apr (F)	index	53.7	53.7	53.7
	09:45	US	Composite PMI*	Apr (F)	index	53.5	53.5	53.5
	10:00	US	ISM services*	Apr	index	51.5	51.8	51.2
	11:00	MX	International reserves	Apr 28	US$bn	--	--	202.7
	14:00	US	FOMC Rate Decision (Upper Bound)	May 3	%	5.25	5.25	5.00
	14:00	US	FOMC Rate Decision (Lower Bound)	May 3	%	5.00	5.00	4.75
	14:00	US	Interest Rate on Excess Reserves IOER)	May 3	%	--	5.15	4.90
	14:30	US	Fed Chair Holds Press Conference Following FOMC Meeting					
	17:30	BZ	Monetary policy decision (Central bank of Brazil)	May 3	%	13.75	13.75	13.75
	21:45	CHI	Manufacturing PMI (Caixin)*	Apr	index	--	50.3	50.0
Thu 4	02:00	GER	Trade balance	Mar	EURbn	--	16.0	16.1
	03:55	GER	Services PMI*	Apr (F)	index	--	55.7	55.7
	03:55	GER	Composite PMI*	Apr (F)	index	--	53.9	53.9
	04:00	EZ	Services PMI*	Apr (F)	index	--	56.6	56.6
	04:00	EZ	Composite PMI*	Apr (F)	index	--	54.4	54.4
	04:30	UK	Services PMI*	Apr (F)	index	--	54.9	54.9
	08:00	MX	Unemployment rate	Mar	%	2.53	2.63	2.72
	08:00	MX	Gross fixed investment	Feb	% y/y	10.8	9.1	7.9
	08:00	MX	Gross fixed investment*	Feb	% m/m	1.5	0.9	-0.5
	08:00	MX	Private consumption	Feb	% y/y	4.5	--	7.1
	08:00	MX	Private consumption*	Feb	% m/m	0.1	--	1.6
	08:00	MX	Consumer confidence	Apr	index	44.7	45.0	44.5
	08:15	EZ	Monetary policy decision (ECB)	May 4	%	3.25	3.25	3.00
	08:30	US	Trade balance*	Mar	US$bn	--	-63.5	-70.5
	08:30	US	Initial jobless claims*	Apr 29	thousands	238	240	230
	08:45	EZ	ECB President Christine Lagarde Holds Press Conference					
	21:45	CHI	Services PMI (Caixin)*	Apr	index	--	57.3	57.8
	21:45	CHI	Composite PMI (Caixin)*	Apr	index	--	--	54.5
Fri 5	05:00	EZ	Retail sales*	Mar	% m/m	--	-0.2	-0.8
	08:30	US	Nonfarm payrolls*	Apr	thousands	195	178	236
	08:30	US	Unemployment rate*	Apr	%	3.6	3.6	3.5
	13:00	US	**Fed's Bullard Discusses the Economic Outlook**					
	13:00	US	**Fed's Cook Gives Commencement Address**					
	15:00	US	Consumer credit*	Mar	US$bn	--	17.0	15.3
	16:30	MX	Survey of expectations (Citibanamex)					

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

BANORTE

	Time		Event	Period	Unit	Banorte	Actual	Previous
Mon 24	04:00	GER	IFO Survey (business climate)*	Apr	index	--	93.5	93.2 (R)
	08:00	MX	Consumer prices	Apr 15	% m/m	-0.09	-0.16	0.07
	08:00	MX	Core	Apr 15	% m/m	0.24	0.18	0.29
	08:00	MX	Consumer prices	Apr 15	% y/y	6.31	6.24	6.58
	08:00	MX	Core	Apr 15	% y/y	7.80	7.75	8.03
Tue 25	08:00	MX	Economic activity indicator (IGAE)	Feb	% y/y	3.7	3.8	4.5 (R)
	08:00	MX	Economic activity indicator (IGAE)*	Feb	% m/m	0.1	0.1	0.6
	08:00	BZ	Retail sales	Feb	% y/y	--	1.0	2.6
	08:00	BZ	Retail sales*	Feb	% m/m	--	-0.1	3.8
	09:00	US	S&P/CoreLogic housing prices	Feb	% y/y	--	0.4	2.6
	10:00	US	New home sales**	Mar	thousands	--	683	623 (R)
	10:00	US	Consumer confidence*	Apr	index	105.0	101.3	104.0 (R)
	11:00	MX	International reserves	Apr 21	US$bn	--	202.7	203.0
	13:30	MX	Government weekly auction: 1-, 3-, 6-, 24- month CETES; 3-year Mbono (Mar'25); 3-year Udibono (Dec'26) and 1-, and 3-year Bondes F					
Wed 26	08:00	BZ	Consumer prices	Apr	% m/m	--	0.57	0.69
	08:00	BZ	Consumer prices	Apr	% y/y	--	4.16	5.36
	08:30	US	Trade balance*	Mar	US$bn	--	-84.6	-92.0 (R)
	08:30	US	Durable goods orders*	Mar (P)	% m/m	--	3.2	-1.2 (R)
	08:30	US	Ex transportation*	Mar (P)	% m/m	--	0.3	-0.3 (R)
Thu 27	05:00	EZ	Consumer confidence*	Apr (F)	index	--	-17.5	-17.5
	05:00	EZ	Economic confidence*	Apr	index	--	99.3	99.2 (R)
	07:00	TUR	Monetary policy decision (Central Bank of Turkey)	Apr 27	%	--	8.50	8.50
	08:00	MX	Trade balance	Mar	US$mn	-1,330.7	1,168.7	-1,844.4
	08:30	US	Initial jobless claims*	Apr 22	thousands	250	230	246 (R)
	08:30	US	Gross domestic product**	1Q23 (F)	% q/q	2.2	1.1	2.6
	08:30	US	Personal consumption**	1Q23 (F)	% q/q	4.1	3.7	1.0
		JN	Monetary policy decision (BoJ)	Apr 28	%	--	-0.10	-0.10
Fri 28	04:00	GER	Gross domestic product*	1Q23 (P)	% q/q	--	0.0	-0.5 (R)
	05:00	EZ	Gross domestic product	1Q23 (P)	% y/y	--	1.3	1.8
	05:00	EZ	Gross domestic product*	1Q23 (P)	% q/q	--	0.1	-0.1 (R)
	08:00	MX	Gross domestic product	1Q23 (P)	% y/y	3.7	3.9	3.6
	08:00	MX	Gross domestic product*	1Q23 (P)	% q/q	1.0	1.1	0.5
	08:00	BZ	Unemployment rate	Mar	%	--	8.8	8.6
	08:00	BZ	Economic activity	Feb	% y/y	--	2.8	3.0
	08:00	BZ	Economic activity*	Feb	% m/m	--	3.32	-0.1 (R)
	08:00	GER	Consumer prices	Apr (P)	% y/y	--	7.2	7.4
	08:30	US	Personal income*	Mar	% m/m	--	0.3	0.3
	08:30	US	Personal spending*	Mar	% m/m	--	0.0	0.1 (R)
	08:30	US	Real personal spending*	Mar	% m/m	-0.3	0.0	-0.2 (R)
	08:30	US	PCE Deflator*	Mar	% m/m	--	0.1	0.3
	08:30	US	Core*	Mar	% m/m	--	0.3	0.3
	08:30	US	PCE Deflator	Mar	% y/y	--	4.2	5.1 (R)
	08:30	US	Core	Mar	% y/y	--	4.6	4.7 (R)
	10:00	US	U. of Michigan confidence*	Apr (F)	index	63.5	63.5	63.5
	11:00	MX	Banking credit	Mar	% y/y	5.4	5.6	5.2
	14:00	COL	Monetary policy decision (BanRep)	Apr 28	%	--	13.25	13.00
	16:30	MX	Public finances (PSBR, year-to-date)	Mar	MXNmn	--	-125.2	-101.3 (R)
Sat 29	21:30	CHI	Manufacturing PMI*	Apr	Index	--	49.2	51.9
	21:30	CHI	Non-manufacturing PMI*	Apr	Index	--	56.4	58.2
	21:30	CHI	Composite PMI*	Apr	index	--	54.4	57.0

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

Recent trade ideas

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

P = Profit, L = Loss

Track of directional fixed-income trade recommendations

Trade idea	Entry	Target	Stop-loss	Closed	P/L	Initial date	End date
Long Udibono Dec'20	3.05%	2.90%	3.15%	3.15%	L	9-Aug-17	6-Oct-17
5y10y TIIE-IRS steepener	28bps	43bps	18bps	31bps	P[2]	15-Feb-17	15-Mar-17
5y10y TIIE-IRS steepener	35bps	50bps	25bps	47bps	P	5-Oct-16	19-Oct-16
Long Mbono Jun'21	5.60%	5.35%	5.80%	5.43%	P	13-Jul-16	16-Aug-16
Long Udibono Jun'19	1.95%	1.65%	2.10%	2.10%	L	13-Jul-16	16-Aug-16
Receive 1-year TIIE-IRS (13x1)	3.92%	3.67%	4.10%	3.87%[1]	P	12-Nov-15	8-Feb-16
Long spread 10-year TIIE-IRS vs US Libor	436bps	410bps	456bps	410bps	P	30-Sep-15	23-Oct-15
Receive 9-month TIIE-IRS (9x1)	3.85%	3.65%	4.00%	3.65%	P	3-Sep-15	18-Sep-15
Spread TIIE 2/10 yrs (flattening)	230bps	200bps	250bps	200bps	P	26-Jun-15	29-Jul-15
Long Mbono Dec'24	6.12%	5.89%	6.27%	5.83%	P	13-Mar-15	19-Mar-15
Relative-value trade, long 10-year Mbono (Dec'24) / flattening of the curve					P	22-Dec-14	6-Feb-15
Pay 3-month TIIE-IRS (3x1)	3.24%	3.32%	3.20%	3.30%	P	29-Jan-15	29-Jan-15
Pay 9-month TIIE-IRS (9x1)	3.28%	3.38%	3.20%	3.38%	P	29-Jan-15	29-Jan-15
Pay 5-year TIIE-IRS (65x1)	5.25%	5.39%	5.14%	5.14%	L	4-Nov-14	14-Nov-14
Long Udibono Dec'17	0.66%	0.45%	0.82%	0.82%	L	4-Jul-14	26-Sep-14
Relative-value trade, long Mbonos 5-to-10-year					P	5-May-14	26-Sep-14
Receive 2-year TIIE-IRS (26x1)	3.75%	3.55%	3.90%	3.90%	L	11-Jul-14	10-Sep-14
Receive 1-year TIIE-IRS (13x1)	4.04%	3.85%	4.20%	3.85%	P	6-Feb-14	10-Apr-14
Long Udibono Jun'16	0.70%	0.45%	0.90%	0.90%	L	6-Jan-14	4-Feb-14
Long Mbono Jun'16	4.47%	3.90%	4.67%	4.06%	P	7-Jun-13	21-Nov-13
Receive 6-month TIIE-IRS (6x1)	3.83%	3.65%	4.00%	3.81%	P	10-Oct-13	25-Oct-13
Receive 1-year TIIE-IRS (13x1)	3.85%	3.55%	4.00%	3.85%	--	10-Oct-13	25-Oct-13
Long Udibono Dec'17	1.13%	0.95%	1.28%	1.35%	L	9-Aug-13	10-Sep-13
Receive 9-month TIIE-IRS (9x1)	4.50%	4.32%	4.65%	4.31%	P	21-Jun-13	12-Jul-13
Spread TIIE-Libor (10-year)	390bps	365bps	410bps	412bps	L	7-Jun-13	11-Jun-13
Receive 1-year TIIE-IRS (13x1)	4.22%	4.00%	4.30%	4.30%	L	19-Apr-13	31-May-13
Long Udibono Jun'22	1.40%	1.20%	1.55%	0.97%	P	15-Mar-13	3-May-13
Receive 1-year TIIE-IRS (13x1)	4.60%	4.45%	4.70%	4.45%	P	1-Feb-13	7-Mar-13
Long Mbono Nov'42	6.22%	5.97%	6.40%	5.89%	P	1-Feb-13	7-Mar-13
Long Udibono Dec'13	1.21%	0.80%	1.40%	1.40%	L	1-Feb-13	15-Apr-13
Receive 1-year TIIE-IRS (13x1)	4.87%	4.70%	5.00%	4.69%	P	11-Jan-13	24-Jan-13
Receive TIIE Pay Mbono (10-year)	46bps	35bps	54bps	54bps	L	19-Oct-12	8-Mar-13
Spread TIIE-Libor (10-year)	410bps	385bps	430bps	342bps	P	21-Sep-13	8-Mar-13
Long Udibono Dec'12	+0.97%	-1.50%	+1.20%	-6.50%	P	1-May-12	27-Nov-12
Long Udibono Dec'13	+1.06%	0.90%	+1.35%	0.90%	P	1-May-12	14-Dec-12

1. Carry + roll-down gains of 17bps

2. Closed below target and before the proposed horizon date due to changes in market conditions that have differed from our expectations.

Short-term tactical trades

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

Source: Banorte

Track of the directional FX trade recommendations*

Trade Idea	Entry	Target	Stop-loss	Closed	P/L*	Initial Date	End date
Long USD/MXN	18.57	19.50	18.20	18.20	L	19-Jan-18	2-Apr-18
Long USD/MXN	14.98	15.50	14.60	15.43	P	20-Mar-15	20-Apr-15
Short EUR/MXN	17.70	n.a.	n.a.	16.90	P	5-Jan-15	15-Jan-15
Short USD/MXN	13.21	n.a.	n.a.	13.64	L	10-Sep-14	26-Sep-14
USD/MXN call spread**	12.99	13.30	n.a.	13.02	L	6-May-14	13-Jun-14
Directional short USD/MXN	13.00	12.70	13.25	13.28	L	31-Oct-13	8-Nov-13
Limit short USD/MXN	13.25	12.90	13.46	--	--	11-Oct-13	17-Oct-13
Short EUR/MXN	16.05	15.70	16.40	15.69	P	29-Apr-13	9-May-13
Long USD/MXN	12.60	12.90	12.40	12.40	L	11-Mar-13	13-Mar-13
Long USD/MXN	12.60	12.90	12.40	12.85	P	11-Jan-13	27-Feb-13
Tactical limit short USD/MXN	12.90	12.75	13.05	--	--	10-Dec-12	17-Dec-12
Short EUR/MXN	16.64	16.10	16.90	16.94	L	03-Oct-12	30-Oct-12

* Total return does not consider carry gain/losses

** Low strike (long call) at 13.00, high strike (short call) at 13.30 for a premium of 0.718% of notional amount

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