Fixed-Income and FX Weekly

Market outlook

- **Positive performance in local assets.** Last week, short- and long-term Mbonos advanced 6bps with the 10-year benchmark closing at 8.86% (-7bps w/w). In addition, the USD/MXN ended at 17.56 (+0.4% w/w), scoring two positive weeks

- **Attention on inflation readings in different latitudes and other economic indicators.** Last week, market dynamics were driven by: (1) the approval of the suspension of the US debt ceiling, thus avoiding a default; (2) figures showing a resilient economy; and (3) a hawkish tone from several Fed members. Investors incorporated the latest labor market figures and cemented their expectation of a Fed pause in June and a 25bps hike in July, if the economy does not slow more strongly. Against this backdrop, Treasuries posted gains of 9bps on average and Mbonos ended with modest appreciation. Yesterday, at the OPEC+ ministerial meeting, Saudi Arabia pledged to cut crude-oil production by 1 Mbpd in July to stabilize the market. This week, the focus will be on inflation figures in Brazil, Mexico, and China. In addition, the trade balance will be published in the latter, being important in a backdrop of growing fears of a slowdown in the country. In terms of monetary policy, the central banks of Australia, Poland, Canada, India, Peru, and Russia will publish their decisions, while in the US, the period of silence prior to the FOMC meeting will begin. We expect rates and liquidity to be pressured by the supply of Treasury assets following the suspension of the debt limit. In relevant topics, the OECD will release its Economic Outlook report, NATO will meet in Bratislava, and UK Prime Minister Rishi Sunak will visit President Biden in Washington. In Mexico, gross fixed investment (+0.5% m/m) and private consumption (+3.4% y/y) were published; the economic agenda also includes industrial activity, wage negotiations and Banking sector expectations survey

Fixed-Income

- **Supply** –The MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 5-year Mbono (Mar'27), the 10-year Udibono (Nov'31), as well as 1-, 3-, and 7-year Bondes F

- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.352 trillion (US$ 75.6 billion), a market share equal to 33.9%, as of May 24th. Short positions in Mbono May'33 ended at MXN 6.1 billion from previous MXN 4.3 million

- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 517bps from 513bps the previous week, with the 12M mean at 554bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of May 30th) printed a higher net long of US$ 2.21 billion from US$ 2.14 billion a week ago. Mutual funds' flows to EM marked lower sales of US$ 1.9 billion from of US$ 2.3 billion

- **Technicals** – The spot hovered between its best level since May 2016 of 17.42 and 17.77 per dollar, steadying around 17.55 zone. Moreover, the 3-month implied volatility fell 0.6 vegas to 11.1%

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com

Manuel Jiménez Zaldívar
Director of Market Strategy
manuel.jimenez@banorte.com

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com

Isaías Rodríguez Sobrino
Strategist, Fixed Income and FX
isaias.rodriguez.sobrino@banorte.com

Recommendations

Fixed-Income
- This week, sovereign bonds will be sensitive to inflation readings. Also, government actions to increase the Treasury account and meet its obligations will be very relevant. As a result, we could see a large supply of Treasury securities, which could push short-term rates higher again
- We expect the 10-year Mbono to trade between 8.75% and 9.05%

FX
- The FX market will also reflect inflation dynamics and the increase in the supply of Treasury securities following the resolution of the legislative impasse. We see lower volatility due to the quiet period ahead of the FOMC meeting
- The Mexican peso could extend gains as it continues to be supported by an attractive carry. We estimate a trading range for this week between USD/MXN 17.30 & 17.85

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Fixed-Income dynamics

Mbonos performance

Maturity date	YTM 06/02/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.34	+3	+52
Sep'24	10.97	0	+88
Dec'24	10.69	-4	+82
Mar'25	10.42	+2	+49
Mar'26	9.75	+3	+52
Mar'27	9.38	+4	+19
Jun'27	9.28	+2	+20
May'29	8.91	-3	-16
May'31	8.87	-6	-15
May'33	8.86	-7	-16
Nov'34	8.86	-4	-19
Nov'36	8.85	-6	-20
Nov'38	9.06	-1	-3
Nov'42	9.10	-6	-1
Nov'47	9.06	-7	-1
Jul'53	9.08	-5	+3

Source: PiP

IRS (28-day TIIE) performance

Maturity date	YTM 06/02/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.54	+2	+63
6-month (6x1)	11.53	+1	+49
9-month (9x1)	11.40	-1	+33
1-year (13x1)	11.14	+3	+23
2-year (26x1)	9.96	+6	+10
3-year (39x1)	9.23	+4	+4
4-year (52x1)	8.85	0	-6
5-year (65x1)	8.64	-2	-17
7-year (91x1)	8.48	-3	-26
10-year (130x1)	8.45	-4	-28
20-year (260x1)	8.57	-4	-29

Source: Bloomberg

Udibonos performance

Maturity date	YTM 06/02/2023	Weekly change (bps)	YTD (bps)
Nov'23	7.83	-38	+175
Dec'25	5.59	-3	+83
Dec'26	5.42	-8	+76
Nov'28	4.61	+2	+30
Nov'31	4.41	+4	+24
Nov'35	4.37	0	+16
Nov'40	4.53	+1	+34
Nov'43	4.57	+2	+7
Nov'46	4.51	+2	+33
Nov'50	4.52	+1	+29

Source: PiP

Cetes performance

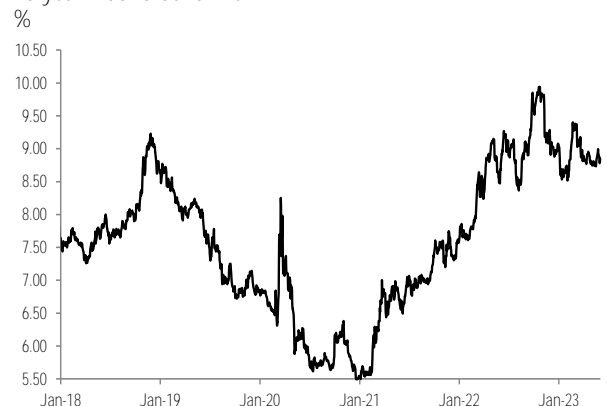| Maturity date	YTM 06/02/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.22	-5	+113
Cetes 91	11.42	-3	+76
Cetes 182	11.46	-5	+59
Cetes 364	11.44	-5	+47
Cetes 728	10.97	-7	+15

Source: PiP

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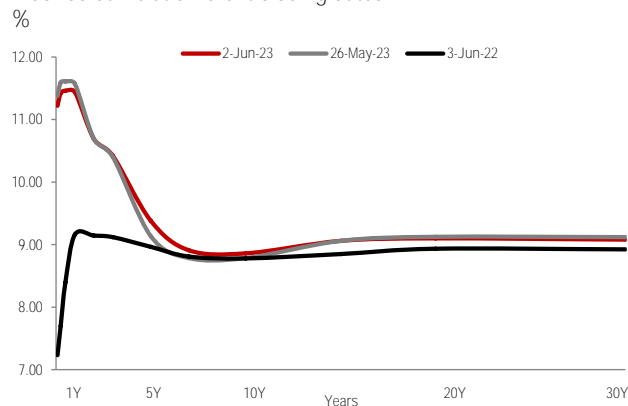
Source: PiP, Banorte

10-year Mbono benchmark
%

Source: PiP

Fixed-Income dynamics (continued)

USD UMS and US Treasuries performance

| Term	UMS				UST			Spreads			CDS
	Maturity date	YTM 06/02/2023	Weekly change (bps)	YTD (bps)	YTM 06/02/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	4.62	-7	+15	4.50	-6	+7	12	-1	29	37
3Y	May'26	4.47	-3	-33	4.14	-9	-8	32	+6	72	57
5Y	Feb'28	4.85	-5	+6	3.85	-8	-16	100	+3	105	108
7Y	Apr'30	5.10	-11	-24	3.78	-8	-18	132	-3	150	154
10Y	May'33	5.42	-9	-14	3.69	-10	-18	173	+1	184	189
20Y	Mar'44	6.04	-11	-33	4.04	-10	-10	200	-1	230	--
30Y	May'53	6.28	-10	-11	3.89	-7	-8	240	-2	259	--

Source: Bloomberg

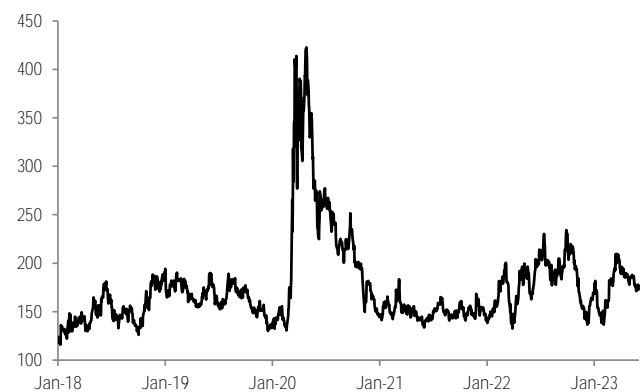5Y USD UMS
%
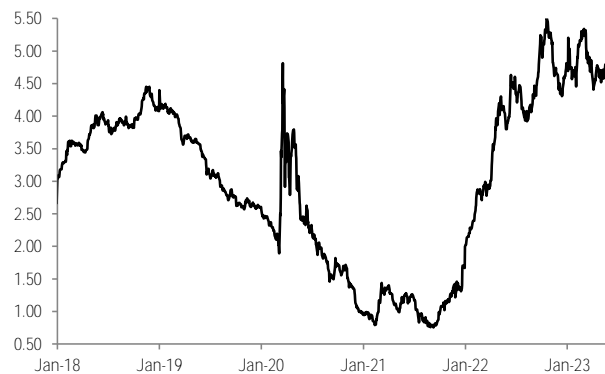
Source: Bloomberg

10Y USD UMS
%

Source: Bloomberg

5Y UMS-UST Spread
Basis points
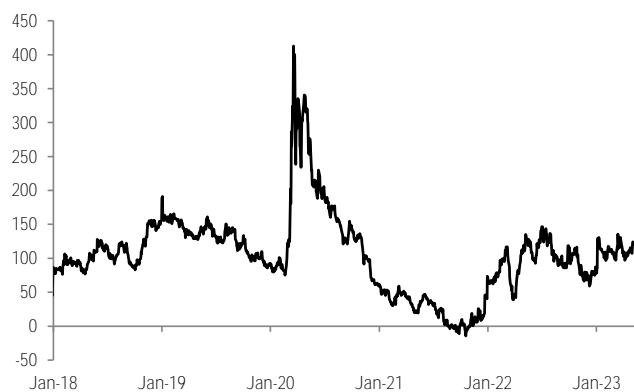
Source: Bloomberg

10Y UMS-UST Spread
Basis points

Source: Bloomberg

Fixed-Income supply

- **Mexico's weekly auction.** Tomorrow, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 5-year Mbono (Mar'27), the 10-year Udibono (Nov'31), as well as 1-, 3-, and 7-year Bondes F

- **Strong appetite for Cetes amid attractive real rates.** Considering our expectation that Banxico will keep the benchmark rate unchanged at 11.25% and inflation on a downward trend, we expect the robust appetite for Cetes to persist for the remainder of the year. Investors have reflected a greater appetite for 1-, 2- and 3-month Cetes. However, in the last auction, solid demand for 3-month Cetes stood out at 5.1x, very close to 12-month highs. For the 5-year Mbono, we expect demand to be in line with the average of the last four auctions at 2.3x. It is worth noting that the belly of the curve was the most sensitive segment in light of the elevated uncertainty of a US default, following the 30bps loss in Treasuries during May. Thus, the Mar'27 Mbonos lost 13bps, while short- and long-term securities registered a more defensive performance, advancing 6bps. For the 10-year Udibono, we anticipate moderate demand around 2.0x. The 10-year inflation breakeven is 31bps below the 12-month average at 4.26%. We reiterate our preference for nominal vs. real rates despite a moderation in inflation breakevens

Auction specifics (June 6, 2023)

	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	06-Jul-23	--	8,000	11.20
3m	07-Sep-23	--	7,500	11.37
6m	30-Nov-23	--	10,500	11.46
24m	15-May-25	--	8,500	11.14
Bondes F				
1y	23-May-24	--	5,500	0.13
3y	04-Jun-26	--	1,500	0.21
7y	04-Oct-29	--	800	0.28
Mbono				
5y	04-Mar-27	5.50	13,000	9.10
Udibono				
10y	27-Nov-31	2.75	UDIS 1,500	4.50

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
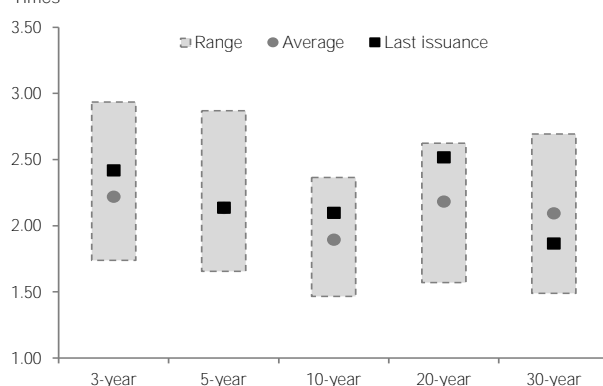
Source: Banxico, Banorte

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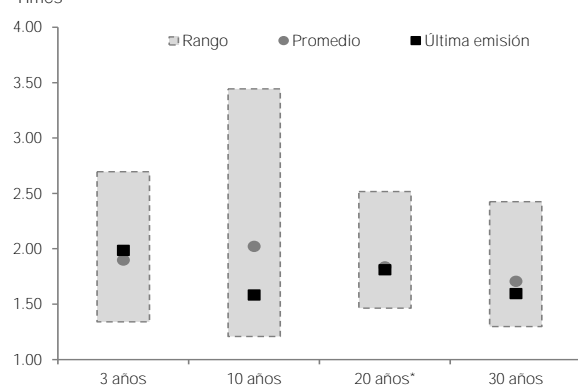
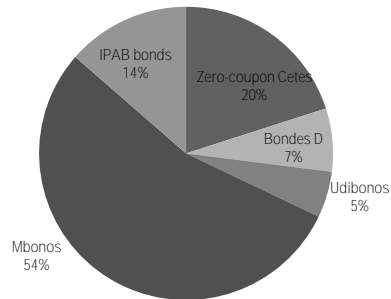Source: Banxico, Banorte *The 20-year maturity was reopened in April 2021

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$ 406 billion, % of total

Source: Banxico

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

Source: Banxico

Government bond holdings by type of investor
US$ billion and %, data as of 05/24/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	82	12%	11%	21%	4%	8%	43%
Floating-rate Bondes D	28	0%	4%	39%	1%	20%	36%
Real-rate Udibonos	162	4%	53%	4%	19%	1%	18%
Fixed-rate Mbonos	222	34%	23%	3%	3%	10%	27%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
US$ billion

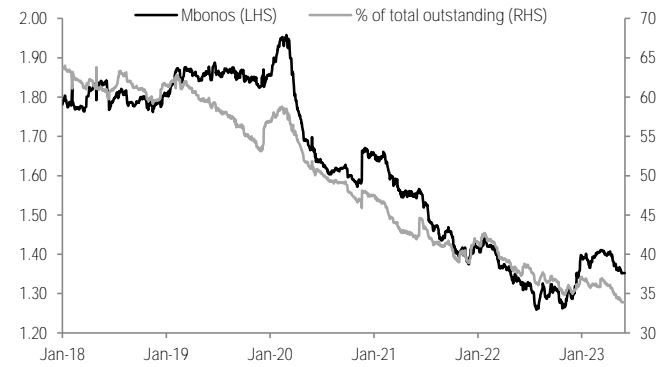|	05/24/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	10.1	10.3	-0.2	7.8	2.3
Floating-rate Bondes D	0.1	0.1	0.0	1.9	-1.8
Real-rate Udibonos	6.5	0.8	5.6	1.0	5.5
Fixed-rate Mbonos	75.2	75.6	-0.4	77.8	-2.6

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
Percentage of total amount outstanding

	05/24/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	12.3%	12.4%	-0.1%	12.4%	-0.1%
Floating-rate Bondes D	0.4%	0.2%	0.2%	4.4%	-4.0%
Real-rate Udibonos	4.0%	4.0%	0.0%	5.0%	-1.0%
Fixed-rate Mbonos	33.9%	34.3%	-0.4%	37.1%	-3.2%

Source: Banorte with data from Banxico

Mbonos holdings by type of investor
US$ billion and %, data as of 05/18/2023

| DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Dec'23	11.8	23%	11%	17%	49%
Sep'24	17.8	37%	19%	12%	31%
Dec'24	13.6	25%	27%	9%	39%
Mar'25	12.8	20%	21%	19%	41%
Mar'26	25.8	23%	25%	17%	35%
Mar'27	14.6	14%	22%	16%	47%
Jun'27	20.1	14%	43%	27%	16%
May'29	15.4	6%	52%	21%	22%
May'31	24.7	5%	49%	31%	15%
May'33	8.7	6%	35%	38%	21%
Nov'34	5.1	3%	49%	36%	13%
Nov'36	4.0	0%	30%	40%	30%
Nov'38	12.3	2%	44%	39%	16%
Nov'42	16.0	1%	47%	38%	14%
Nov'47	14.6	2%	34%	43%	21%
Jul'53	7.2	2%	34%	46%	18%
Total	217.4	13%	34%	26%	27%

Source: Banxico

Fixed-Income demand – Primary dealers

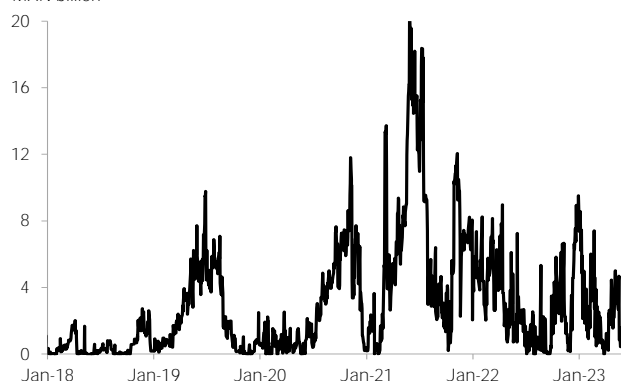Market makers' short positions on Mbonos
MXN billion
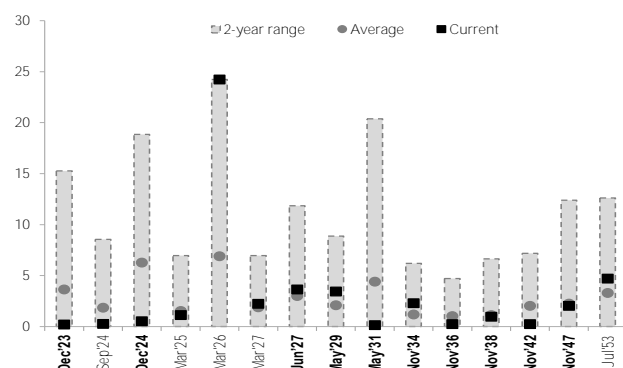
Source: Banxico *Mar'25 issued in Dec'21

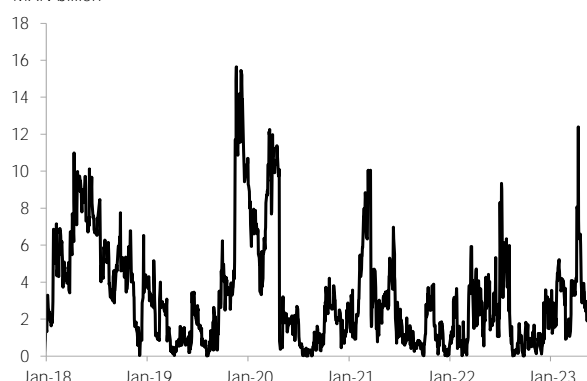Weekly change in market makers' short positions on Mbonos
MXN billion
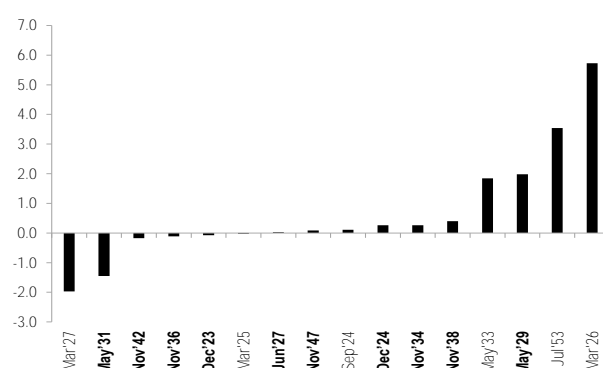
Source: Banxico

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 06/02/2023	06/02/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	11,844	12	16	29	12	409	0
Sep'24	17,948	15	9	0	79	313	0
Dec'24	13,856	30	15	19	89	445	0
Mar'25	13,862	65	66	50	54	336	0
Mar'26	26,683	1,378	1,053	1,042	217	1,378	137
Mar'27	14,870	127	239	136	27	396	0
Jun'27	20,211	207	205	189	53	674	22
May'29	15,627	196	83	109	30	354	14
May'31	24,675	9	91	205	154	541	0
May-33	8,960	347	243	124	0	403	0
Nov'34	5,143	131	116	76	203	166	24
Nov'36	4,007	14	21	82	77	223	8
Nov'38	12,406	56	33	65	35	139	0
Nov'42	16,462	14	24	0	17	159	0
Nov'47	14,716	115	110	198	128	705	31
Jul'53	7,443	268	67	96	0	718	0
Total	228,711	2,715	2,323	2,326	1,176		

Source: Banxico

Fixed-Income technicals

- **The carry at the shortest-end rose**. Spreads between Cetes and imp. forward rates stood at: 1-month at -46bps from -72bps, 3-month at -101bps from -117bps, 6-month at -118bps from -125bps, and 1-year at -103bps from -108bps

- **Attention to inflation after Banxico's minutes with a less hawkish tone.** The market will be watching May's inflation (Banorte: -0.20% m/m) as it is key to assess the next actions of the central bank. In this sense, the curve continues pricing-in two 25bps cuts in the last quarter of the year; however, the minutes stated that "…markets, which continue discounting cuts in the reference rate in the near future, an expectation that he/she considered is not compatible with the convergence of inflation to its target…". In this context, we reaffirm that the reference rate will remain at 11.25% during 2023

Spread between Cetes and Implied Forward Rates
Basis Points

Tenor	Actual 06/02/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	-46	-72	27	-3	142	-234
3 months	-101	-117	-89	-61	27	-181
6 months	-118	-125	-104	-85	-10	-163
12 months	-103	-108	-92	-91	-48	-137

Source: Banorte with data from PiP and Bloomberg

Cumulative implied moves in Banxico's repo rate
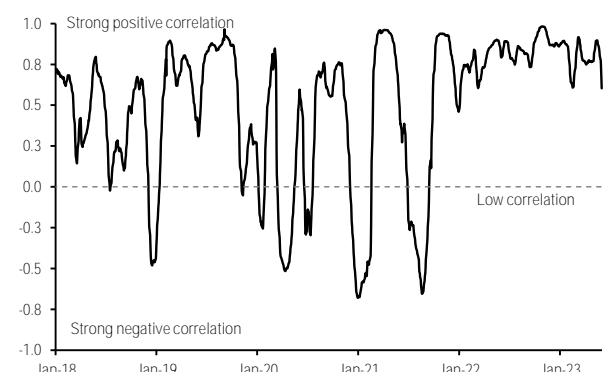Basis points

Source: Banorte with data from Bloomberg
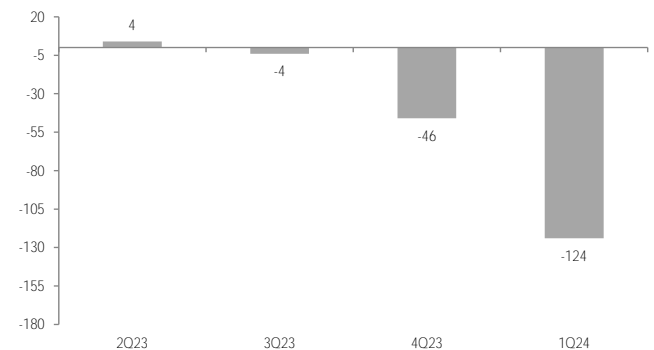
- **The local risk premium increased slightly.** After a US default was avoided, attention returned to economic activity amid a more hawkish tone and inflationary pressures. In this context, the 10-year spread between Mbonos and Treasuries closed Friday at 517bps vs. 513bps the previous week, while the average of the last twelve months stands at 554bps

- **Sharp adjustment in the 3-month correlation between Mexican and American 10-year bonds.** The reading closed Friday at +60% vs. +80% 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	06/02/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-183	-181 (-2bps)	-196 (+13bps)	-37 (-146bps)	-26	-199	-108
Mbono 10s30s	22	21 (+1bp)	35 (-13bps)	15 (+7bps)	35	-15	9
TIIE-Mbono 2-year	-73	-83 (+10bps)	-81 (+8bps)	10 (-83bps)	18	-85	-29
TIIE-Mbono 10-year	-41	-44 (+3bps)	-46 (+5bps)	-4 (-37bps)	1	-67	-38

Source: Bloomberg and PiP

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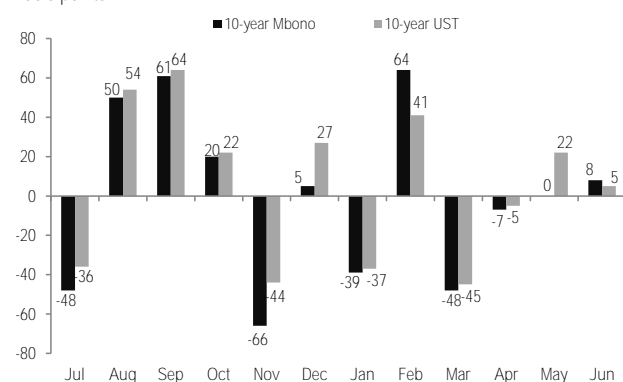
Source: PiP and Bloomberg

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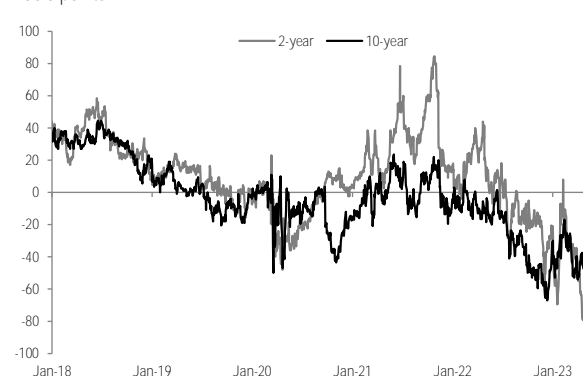
Source: Bloomberg

Breakeven inflation using Mbonos & Udibonos

Implicit market inflation using Fisher Equation (%)

Date	06/02/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	4.74	4.65 (+9bps)	4.75 (-1bp)	4.82 (-8bps)	5.74	4.55	5.05
5Y	4.56	4.53 (+3bps)	4.44 (+12bps)	4.8 (-24bps)	5.28	4.23	4.72
10Y	4.26	4.37 (-11bps)	4.14 (+12bps)	4.63 (-37bps)	5.16	4.07	4.57
20y	4.33	4.41 (-8bps)	4.35 (-2bps)	4.77 (-44bps)	5.15	4.15	4.67
30Y	4.36	4.43 (-7bps)	4.34 (+2bps)	4.76 (-40bps)	5.18	4.15	4.64

Source: PiP

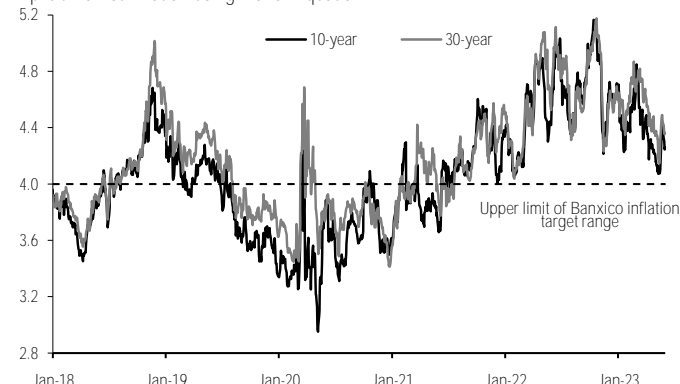### 3- and 5-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation
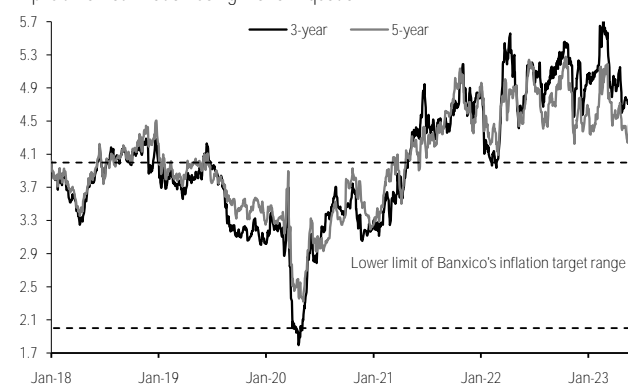
Source: Banorte with data from PiP

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

- **Positive performance in sovereign bonds despite bets on higher US interest rates.** The fixed-income market ended last week with a positive balance despite Friday's sharp losses triggered by the US employment report. During the week, optimism prevailed due to the progress in the negotiations between the White House and the Republicans, which concluded with the Senate's approval to suspend the debt ceiling until 2025, avoiding a default just a few days before the X date (June 5). As a result, the US 1-year CDS –a metric that measures the risk of default– collapsed to 12 points, its lowest level in the year, after trading at an all-time high of 177 points at the beginning of the month. It is now back below the CDS of the same term in emerging economies. On Friday, eyes turned to the monetary policy front as a strong jobs report strengthened bets for higher US interest rates. Swaps linked to Fed meetings reflect the possibility of a pause in June and a 25bps hike in July, which would bring the Fed funds range to 5.25%-5.50%. Under this backdrop, Treasuries diluted the week's accumulated gains of 20bps to 9bps, on average. The 2-year Treasury note was the most sensitive as it lost 16bps on the session, returning to trade at the 4.50% figure. Following these moves, the 2s10s spread widened to -81bps from -76bps the previous week

- Locally, Mbonos ended with modest gains, following the dynamics of their US peers as they did not register any reaction to the release of the Quarterly Report nor to Banxico's minutes. It is worth mentioning that, during May, Mbonos outperformed Treasuries amid the heightened uncertainty of a US default. Local long- and short-term assets advanced 6bps, while Treasuries lost 30bps, on average. As a result, the local risk premium, calculated as the 10-year bond spread between Mexico and the US, remained at low levels of 517bps from 535bps at the beginning of the month

- This week, sovereign bonds will be sensitive to inflation readings in different latitudes including Mexico, Brazil, and China. In addition, in the US, there will be no speeches from Fed members due to the quiet period before the meeting on June 14th. Also, the government's actions to increase the Treasury account in order to meet its obligations will be very relevant. As of June 1st, the account has only US$ 23 billion available from US$ 316 billion at the end of April and US$ 386 billion at the beginning of the year. Therefore, we could see an ample supply of Treasury assets, which would again raise short-term rates with implications for liquidity levels. In parallel, Mexican bonds could also succumb due to the high correlation with their US peers. Finally, we expect the 10-year Mbono, May'33, to trade between 8.75% and 9.05%

FX dynamics

- **Risk appetite was reflected in a stronger Mexican peso.** At the close of the week, the MXN was boosted by a strong US jobs report and the perception of lower recession risk, marking its strongest level at 17.42 per dollar, a level not seen since May 2016. With this, the peso diluted the losses of previous days and closed Friday at 17.56 per dollar (+0.4% w/w)

- **The dollar closed the week with a slight decline.** The USD dollar indices reversed part of the previous gains. Meanwhile, G-10 currencies showed a positive bias and emerging currencies ended with mixed variations. In the first group, AUD (+1.4%) was the strongest and in the second, COP (+2.2%) led the gains

Foreign Exchange market levels and historical return

		Close at 06/02/2023	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD[1] (%)
Emerging Markets						
Brazil	USD/BRL	4.96	1.1	0.7	0.7	6.5
Chile	USD/CLP	799.25	0.5	0.0	0.6	6.5
Colombia	USD/COP	4,349.60	1.1	2.2	7.2	11.6
Peru	USD/PEN	3.69	0.2	-0.3	0.6	3.2
Hungary	USD/HUF	345.52	-0.3	0.2	-1.7	8.1
Malaysia	USD/MYR	4.58	0.8	0.5	-2.7	-3.8
Mexico	USD/MXN	17.56	0.0	0.4	2.1	11.1
Poland	USD/PLN	4.19	0.2	0.8	-1.0	4.4
Russia	USD/RUB	81.05	-0.1	-2.1	-3.4	-8.5
South Africa	USD/ZAR	19.53	0.5	0.6	-6.3	-12.8
Developed Markets						
Canada	USD/CAD	1.34	0.2	1.4	1.4	1.0
Great Britain	GBP/USD	1.25	-0.6	0.9	-0.9	3.1
Japan	USD/JPY	139.92	-0.8	0.5	-3.7	-6.3
Eurozone	EUR/USD	1.0708	-0.5	-0.1	-3.2	0.0
Norway	USD/NOK	11.01	0.4	0.6	-2.3	-11.0
Denmark	USD/DKK	6.96	-0.5	-0.1	-3.2	-0.1
Switzerland	USD/CHF	0.91	-0.4	-0.4	-2.8	1.7
New Zealand	NZD/USD	0.61	-0.1	0.3	-2.6	-4.5
Sweden	USD/SEK	10.77	0.4	0.4	-4.7	-3.2
Australia	AUD/USD	0.66	0.6	1.4	-0.9	-3.0

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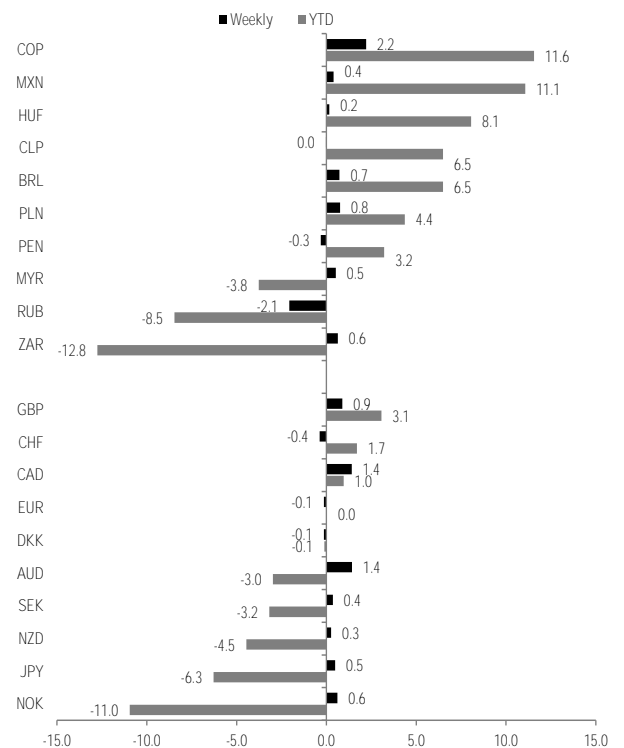Source: Bloomberg

FX performance
Against USD, %

Source: Bloomberg

USD/MXN
Last 12 months

Source: Bloomberg

DXY
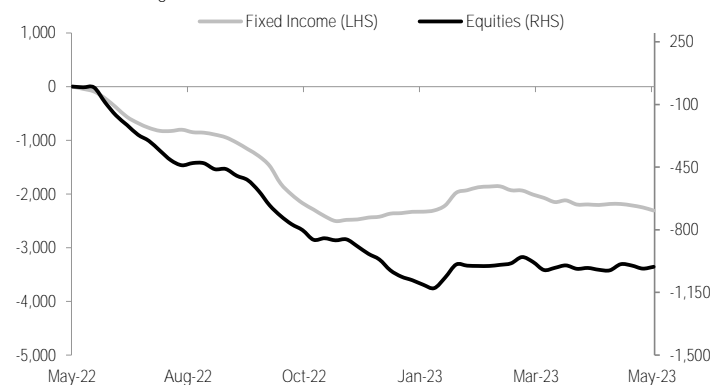Points

Source: Bloomberg, Banorte

FX positioning and flows

- **Net long positioning in MXN remains stable.** As of May 30th, the MXN position recorded a higher net long of US$ 2.21 billion from US$ 2.14 billion, reaching a new high since March 2020. This marks three months of bets in favor of peso appreciation with room for higher volume considering the US$ 4.5 billion levels seen in 2019. The currency maintains a resilient performance, accumulating gains for the year of 11.1%

- **Net short USD positions moderated.** The USD IMM position posted a lower net short position of US$ 10.52 billion from US$ 11.46 billion the previous week on expectations of higher US interest rates with a possible pause in June. The move was the result of selling in JPY (-1.441 billion) and EUR (-1.151 billion) with the former posting the largest net short position since June 2022 of US$ 9.451 billion

- **Selling continued in both EM and Mexico, mainly in bonds.** Our EPFR aggregate recorded negative flows of US$ 1.9 billion from US$ 2.3 billion the previous week, making it three negative weeks. Bond market sales increase 75% to US$ 1.2 billion, concentrated in Latam and Europe. However, outflows in equities decreased 55% to US$ 701 million. In Mexico, bond sales of US$ 59 million and equity purchases of US$ 10 million were recorded, resulting in outflows of US$ 49 million

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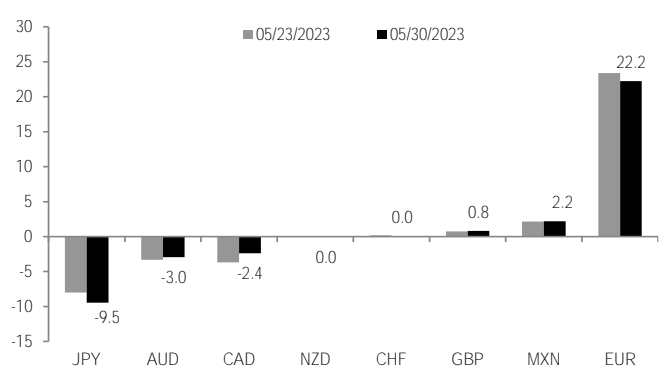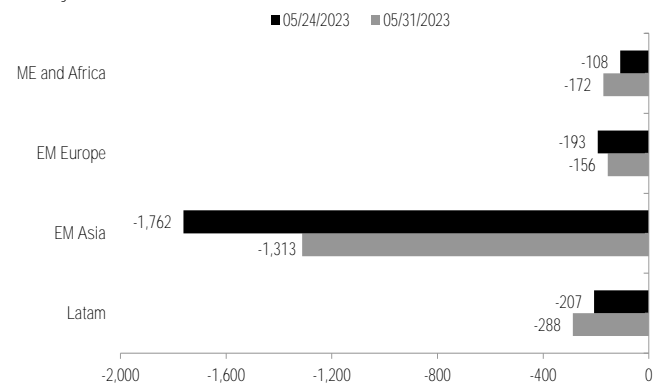Billion dollars, Negative = net long in MXN

Source: CME, Banorte

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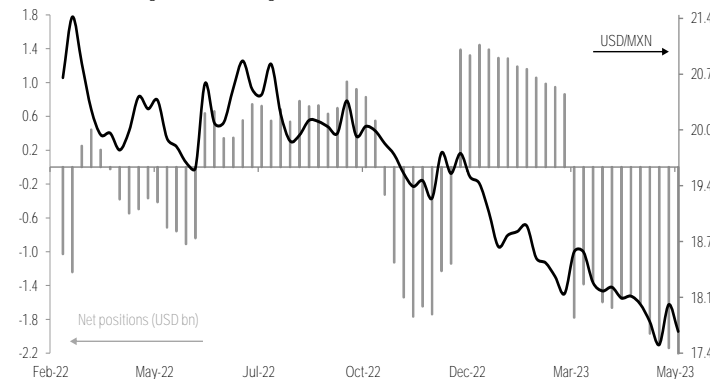
* Positive: Net long in the corresponding currency
Source: CME, Banorte

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 could extend gains.** The market assimilated figures showing a resilient economy, which generated a move to riskier assets. Carry continues to be the main catalyst for the Mexican currency, so the focus will be on inflation figures. The main short-term resistances stand at 17.40, 17.30, and 17.24, with supports at 17.70, 17.80, and 17.90. Meanwhile, the weekly trading range marked 35 cents, similar than the average of the last 4 weeks. 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	39	26	-7	72	29
CAD	39	38	1	63	36
ZAR	19	19	4	85	34
BRL	61	61	-48	63	31
HUF	59	56	-5	70	40
RUB	19	20	-34	54	12

* 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	39	32	8	89	48
SPX	38	34	23	71	47
GSCI	44	34	2	49	30
Gold	-2	-2	-57	64	12

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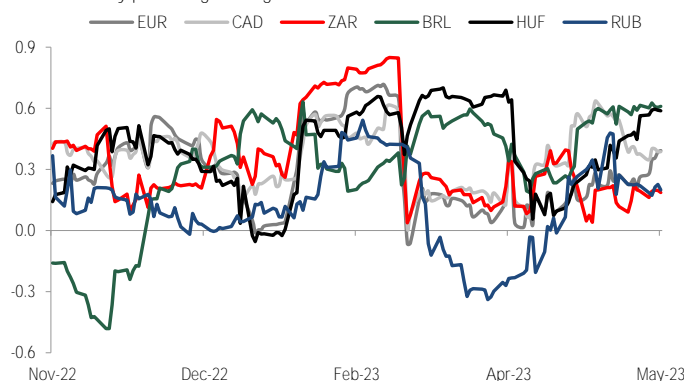Source: Bloomberg, Banorte

USD/MXN **–** Moving averages
Last 120 trading days

Source: Bloomberg

USD/MXN **–** Fibonacci retracement
Last 12 months

Source: Bloomberg
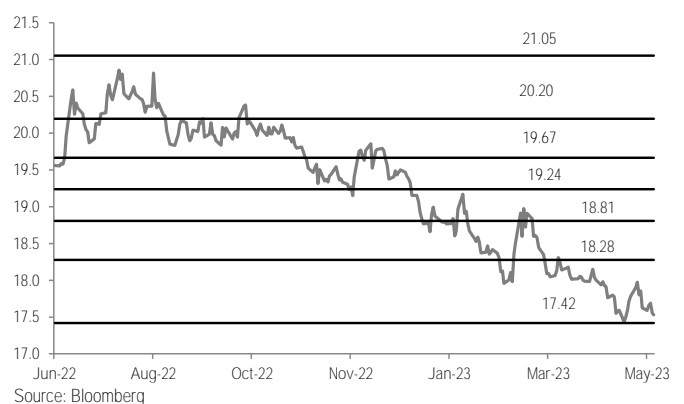
USD/MXN **–** 1-month correlation with other currencies*
Based on daily percentage changes

* 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
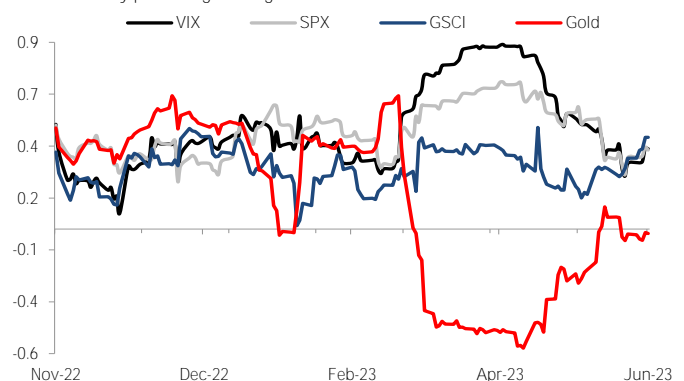
FX technicals (continued)

- **The MXN ATM implied volatility curve recorded a further steepening.** The 1-month implied vol decreased 1.5 vegas to 9.9%, reaching its lowest level since January. This reflects lower near-term uncertainty driven by the conclusion of the US debt ceiling impasse. Meanwhile, the 1-year reading declined 0.3 vegas to 11.80%, resulting in a steeper slope. The 1-month risk reversal fell to 2.38% from 2.65% the previous week, and the 3-month reading moved to 2.78% from 2.95%

USD/MXN – ATM options volatility curve
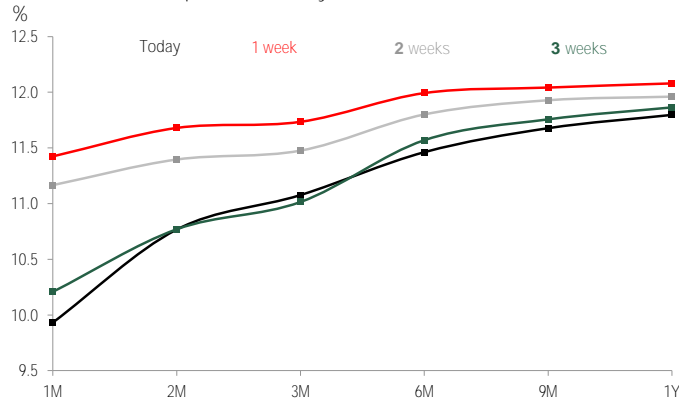
Source: Bloomberg

USD/MXN – 1M implied and historical volatility

Source: Bloomberg

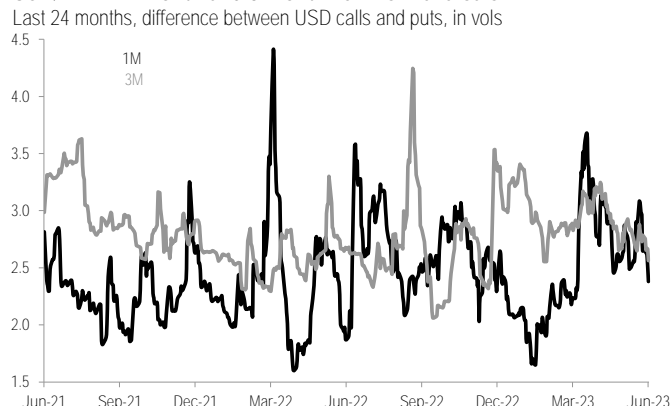USD/MXN – Spread between implicit and historical volatility
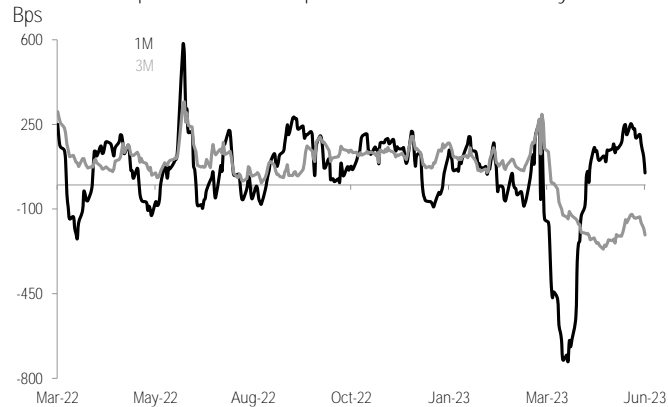
Source: Bloomberg

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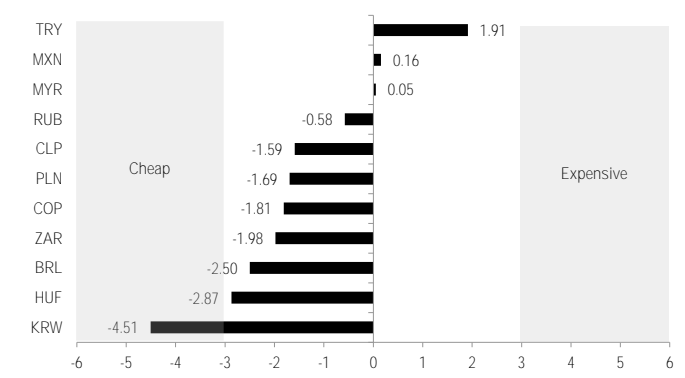
Source: Bloomberg, Banorte

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

- **Following the BLS report, the Mexican peso marked its strongest level since May 2016.** The FX market was volatile last week, with the dollar fluctuating between gains and losses. The main catalyst for the US currency was: (1) Negotiations to raise the debt ceiling and avoid a US default; (2) hawkish comments from Fed members; and (3) employment figures showing a solid labor market. Against this backdrop, the DXY and BBDXY indices ended with -0.2% and -0.4% w/w adjustments, respectively. In our view, the correction in the DXY represents healthy profit-taking after the 3.0% upside since early May. Meanwhile, developed, and emerging currencies ended with a mixed performance. In the former group, trading was capped by AUD (+1.4%) and CHF (-0.4%). The Australian currency strengthened on fears that the 5.75% hike in the minimum wage will cause inflationary pressures, which opened the possibility of another increase in the benchmark rate. In emerging currencies, COP (+2.2%) led the gains and TYR (-4.6%) was the weakest. The Turkish lira fell sharply following the re-election of President Erdogan and the emphasis on his economic policies. As for the Mexican peso, it was the fourth best performing currency among emerging currencies, reaching its strongest level at 17.42 per dollar, a level not seen since May 2016. The MXN closed Friday at 17.56, equivalent to an appreciation of 0.4% w/w with a trading range of 35 cents and 3-month implied volatility of 11.1% vs. 11.8% of the previous week

- During June, we see the possibility of some distortions in the FX market due to an increased supply of Treasury securities to replenish the liquidity lost during the legislative impasse. This week begins the quiet period prior to the FOMC meeting, which could limit FX volatility. Locally, the focus will be on the May inflation reading. In our view, the MXN will remain strong as our inflation expectations materialize and the market's priced-in cuts in 2H23 are diluted. Under this backdrop, we estimate a weekly trading range between USD/MXN 17.30 and 17.85

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
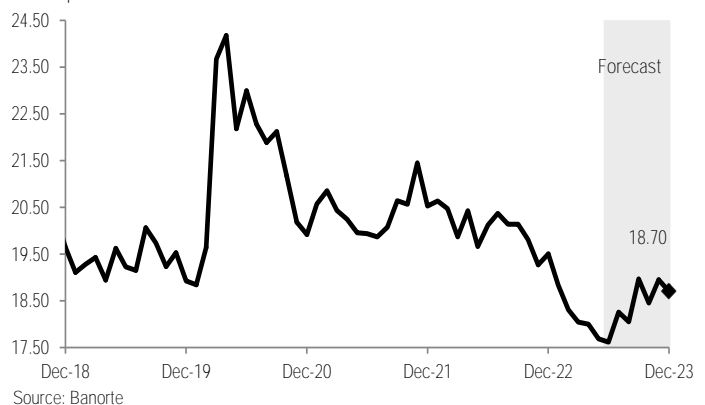
Weekly economic calendar

For the week ending June 9, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Sun 4	21:45	CHI	Services PMI (Caixin)*	May	index	--	55.2	56.4
	21:45	CHI	Composite PMI (Caixin)*	May	index	--	--	53.6
Mon 5	02:00	GER	Trade balance	Apr	EURbn	--	16.0	14.9
	03:55	GER	Services PMI*	May (F)	index	--	57.8	57.8
	03:55	GER	Composite PMI*	May (F)	index	--	54.3	54.3
	04:00	EZ	Services PMI*	May (F)	index	--	55.9	55.9
	04:00	EZ	Composite PMI*	May (F)	index	--	53.3	53.3
	04:30	UK	Services PMI*	May (F)	index	--	55.1	55.1
	08:00	MX	Consumer confidence*	May	index	44.5	--	44.1
	08:00	MX	Gross fixed investment	Mar	% y/y	9.5	--	12.7
	08:00	MX	Gross fixed investment*	Mar	% m/m	0.4	--	1.9
	08:00	MX	Private consumption	Mar	% y/y	2.2	--	3.6
	08:00	MX	Private consumption*	Mar	% m/m	-0.4	--	-0.4
	09:45	US	Services PMI*	May (F)	index	55.1	55.1	55.1
	09:45	US	Composite PMI*	May (F)	index	54.5	54.5	54.5
	10:00	US	ISM services*	May	index	52.2	52.4	51.9
	10:00	US	Factory orders*	Apr	% m/m	--	0.8	0.4
	10:00	US	Ex transportation*	Apr	% m/m	--	0.2	-1.0
	10:00	US	Durable goods orders*	Apr (F)	% m/m	--	1.1	1.1
	10:00	US	Ex transportation*	Apr (F)	% m/m	--	-0.2	-0.2
Tue 6	05:00	EZ	Retail sales*	Apr	% m/m	--	0.2	-1.2
	11:00	MX	International reserves	Jun 2	US$bn	--	--	202.5
	13:30	MX	Government weekly auction: 1-, 3-, 6-, 24- month CETES; 5-year Mbono (Mar'27); 10-year Udibono (Nov'31) and 1-, 3-, and 7-year Bondes F					
	16:30	MX	Survey of expectations (Citibanamex)					
	23:00	CHI	Trade balance	May	USDbn	--	94.2	90.2
	23:00	CHI	Exports	May	% y/y	--	-2.0	8.5
	23:00	CHI	Imports	May	% y/y	--	-8.0	-7.9
Wed 7		EZ	OECD Publishes Interim Economic Outlook					
	02:00	GER	Industrial production*	Apr	% m/m	--	0.6	-3.4
	08:00	BZ	Consumer prices	May	% m/m	--	0.35	0.61
	08:00	BZ	Consumer prices	May	% y/y	--	4.06	4.18
	08:30	US	Trade balance*	Apr	US$bn	--	-75.4	-64.2
	15:00	US	Consumer credit*	Apr	USDbn	--	22.0	26.5
	19:50	JN	Gross domestic product*	1Q23 (F)	% q/q	--	0.5	0.4
Thu 8	05:00	EZ	Gross domestic product	1Q23 (F)	% y/y	--	1.3	1.3
	05:00	EZ	Gross domestic product*	1Q23 (F)	% q/q	--	0.0	0.1
	08:00	MX	Consumer prices	May	% m/m	-0.20	--	-0.02
	08:00	MX	Core	May	% m/m	0.33	--	0.39
	08:00	MX	Consumer prices	May	% y/y	5.86	--	6.25
	08:00	MX	Core	May	% y/y	7.39	--	7.67
	08:30	US	Initial jobless claims*	Jun 3	thousands	230	238	232
	19:00	PER	Monetary policy decision (BCRP)	Jun 8	%	--	7.75	7.75
	21:30	CHI	Consumer prices	May	% y/y	--	0.2	0.1
Fri 9	08:00	MX	Industrial production	Apr	% y/y	1.0	--	1.6
	08:00	MX	Industrial production*	Apr	% m/m	0.6	--	-0.9
	08:00	MX	Manufacturing output	Apr	% y/y	-0.6	--	1.1
	08:00	MX	Wage negotiations	May	% y/y	--	--	9.3

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

	Time		Event	Period	Unit	Banorte	Actual	Previous
Mon 29		US	Markets closed in remembrance of Memorial Day					
Tue 30	04:00	EZ	Monetary aggregates (M3)*	Apr	EURbn	--	1.9	2.5
	05:00	EZ	Consumer confidence*	May (F)	index	--	-17.4	-17.4
	05:00	EZ	Economic confidence*	May	index	--	96.5	99.0 (R)
	09:00	US	S&P/CoreLogic housing prices	Mar	% y/y	--	-1.2	0.4
	10:00	US	Consumer confidence*	May	index	98.0	102.3	103.7 (R)
	11:00	MX	International reserves	May 26	US$bn	--	202.5	202.8
	13:00	US	Fed's Barkin Speaks on Monetary Policy					
	13:30	MX	Government weekly auction: 1-, 3-, 6-, 12- month CETES; 20-year Mbono (Nov'42); 20-year Udibono (Nov'43) and 2-, and 5-year Bondes F					
	21:30	CHI	Manufacturing PMI*	May	index	--	48.8	49.2
	21:30	CHI	Non-manufacturing PMI*	May	index	--	54.5	56.4
	21:30	CHI	Composite PMI*	May	index	--	52.9	54.4
	14:30	MX	Public finances (PSBR, year-to-date)	Apr	MXNmn	--	-64.4	-125.2
Wed 31	08:00	GER	Consumer prices	May (P)	% y/y	--	6.1	7.2
	08:00	BZ	Unemployment rate	Apr	%	--	8.5	8.8
	08:50	US	Collins, Bowman Give Opening Remarks at Fed Listens Event					
	11:00	MX	Banking credit	Apr	% y/y	5.5	5.5	5.6
	12:20	US	Fed's Collins Gives Closing Remarks at Fed Listens Event					
	12:30	US	Fed's Harker Speaks on Macroeconomic, Monetary Conditions					
	13:30	US	Fed's Jefferson Speaks on Financial Stability and US Economy					
	14:00	US	Beige Book					
	14:30	MX	Bannxico's Quarterly Report					
	21:45	CHI	Manufacturing PMI (Caixin)*	May	index	--	50.9	49.5
Thu 1	03:55	GER	Manufacturing PMI*	May (F)	index	--	43.2	42.9
	04:00	EZ	Manufacturing PMI*	May (F)	index	--	44.8	44.6
	04:30	UK	Manufacturing PMI*	May (F)	index	--	47.1	46.9
	05:00	EZ	Unemployment rate*	Apr	%	--	6.5	6.6 (R)
	05:00	EZ	Consumer prices	May (P)	% y/y	--	6.1	7.0
	05:00	EZ	Core	May (P)	% y/y	--	5.3	5.6
	07:30	EZ	ECB´s minutes					
	08:00	BZ	Gross domestic product	1Q23	% y/y	--	4.0	1.9
	08:00	BZ	Gross domestic product*	1Q23	% q/q	--	1.9	-0.1 (R)
	08:15	US	ADP employment*	May	thousands	195	278	291 (R)
	08:30	US	Initial jobless claims*	May 27	thousands	225	232	230 (R)
	09:00	BZ	Manufacturing PMI*	May	index	--	47.1	44.3
	09:45	US	Manufacturing PMI*	May (F)	index	48.5	48.4	48.5
	10:00	US	ISM manufacturing*	May	index	47.2	46.9	47.1
	11:00	MX	Family remittances	Apr	US$bn	5,114.3	5,003.3	5,193.8
	11:00	MX	Banxico's minutes					
	11:00	MX	Survey of expectations (Banxico)					
	13:00	US	Fed's Harker Speaks on Economic Outlook					
	14:00	MX	PMI manufacturing (IMEF)*	May	index	50.1	50.6	49.9 (R)
	14:00	MX	PMI non-manufacturing (IMEF)*	May	index	51.5	52.2	52.2
		US	Total vehicle sales**	May	millions	--	15.1	15.9
Fri 2	08:00	MX	Unemployment rate	Apr	%	2.79	2.82	2.39
	08:00	BZ	Industrial production	Apr	% y/y	--	-2.7	0.9
	08:00	BZ	Industrial production*	Apr	% m/m	--	-0.6	1.0
	08:30	US	Nonfarm payrolls*	May	thousands	175	339	294 (R)
	08:30	US	Unemployment rate*	May	%	3.5	3.7	3.4

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

Research and Strategy

Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godinez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000

Economic Research

Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707

Market Strategy

Manuel Jiménez Zaldívar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671

Fixed income and FX Strategy

Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 5268 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortes Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Strategist, Equity	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746

Corporate Debt

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Quantitative Analysis

Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Senior Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Andrea Muñoz Sánchez	Analyst, Quantitative Analysis	andrea.munoz.sanchez@banorte.com	(55) 1103 - 4000

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.ceballos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roldan.ferrer@banorte.com	(55) 1670 - 1899