

Fixed-Income and FX Weekly

Market outlook

- **Positive performance on local fixed-income assets.** Last week, Mbonos gained 20bps, on average. The 10-year benchmark closed at 8.59% (-19bps w/w). In addition, the USD/MXN depreciated 0.5% w/w to 17.17
- **Focus on inflation figures in several regions and the ECB's Annual Central Banking Forum.** Last week, financial markets assimilated more information from central banks highlighting a surprising acceleration in the rate hike by the BoE and in Norway in the face of persistent inflation that could extend monetary tightening. In addition, Jerome Powell reiterated before policymakers the possibility of two more 25bps hikes, although the decision will be made on a meeting-by-meeting basis. On the other hand, some emerging countries may have ended the tightening cycle. In Mexico, the central bank kept the benchmark rate unchanged at 11.25% and financial assets showed a null reaction as it was fully priced-in. However, the debate remains on the interpretation of "an extended time" in the forward guidance. This week, investors will be attentive to inflation figures in Germany, Brazil and the Eurozone, along with the PCE deflator in the US. Also relevant will be the ECB's Annual Central Banking Forum and monetary policy decisions in Sweden and Colombia. The economic agenda in the US includes the third estimate of 1Q23 GDP, trade balance, durable goods orders, personal income and spending, residential sector figures and consumer confidence. In the UK, 1Q23 GDP will also be published, while in China, PMI indicators will be released. In Mexico, the IGAE for April advanced 0.8% m/m above consensus, and during the week the trade balance, unemployment rate, bank credit and the public finances report will be published

Fixed-Income

- **Supply** – The MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 10-year Mbono (May'33), the 20-year Udibono (Nov'43), as well as 2- and 5-year Bondes F
- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.355 trillion (US\$ 77.6 billion), a market share equal to 33.4%, as of June 14th. Short positions in Mbono May'33 ended at MXN 2.7 billion from MXN 1.4 billion last week
- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 485bps from 502bps the previous week, with the 12M mean at 550bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of June 20th) printed a higher net long of US\$ 2.89 billion from US\$ 2.29 billion a week ago. Mutual funds' flows to EM marked bigger sales of US\$ 1.5 billion from US\$ 1.4 billion
- **Technicals** – The spot recorded a weekly trading range of 21 cents, hovered between 17.06 and 17.26 per dollar. Moreover, 1-month implied volatility registered new lows since September 2021 of 9.2%

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Recommendations

- Fixed-Income
- We took profit on [our short-term recommendation for long positions in the 2-year Mbono \(Dec'24\)](#), with an entry level of 10.64%, resulting in a capital gain of 13bps
 - We expect very short-term securities to adjust as the market view of at least three 25bps cuts in the last few meetings of the year is very aggressive relative to [our call for monetary policy](#)
 - We expect the 10-year Mbono to trade between 8.50% and 8.78%

- FX
- The USD could remain sideways in a higher rate backdrop for longer, however, positions point to a weakening on the expectation of rate cuts
 - MXN will remain resilient as it is supported by attractive carry and solid macroeconomic fundamentals. We estimate a weekly trading range between USD/MXN 17.00 and 17.45



Winners of the 2023 award for best Mexico economic forecasters, granted by Focus Economics

Fixed-Income dynamics

Mbonos performance

Maturity date	YTM 06/23/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.32	0	+50
Sep'24	10.76	-16	+67
Dec'24	10.43	-22	+56
Mar'25	10.01	-28	+8
Mar'26	9.43	-24	+19
Sep'26	9.26	-19	-15
Mar'27	8.95	-27	-24
Jun'27	8.87	-26	-22
May'29	8.57	-23	-50
May'31	8.58	-21	-44
May'33	8.59	-19	-43
Nov'34	8.59	-17	-46
Nov'36	8.60	-17	-45
Nov'38	8.81	-16	-28
Nov'42	8.86	-15	-25
Nov'47	8.85	-12	-23
Jul'53	8.88	-12	-18

Source: PiP

Udibonos performance

Maturity date	YTM 06/23/2023	Weekly change (bps)	YTD (bps)
Nov'23	7.13	+13	+104
Dec'25	5.62	+2	+86
Dec'26	5.32	-11	+66
Nov'28	4.51	-7	+20
Nov'31	4.30	-2	+13
Nov'35	4.21	-4	0
Nov'40	4.36	+2	+17
Nov'43	4.41	-2	-9
Nov'46	4.41	-5	+23
Nov'50	4.42	-6	+19

Source: PiP

IRS (28-day TIIE) performance

Maturity date	YTM 06/23/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.51	0	+60
6-month (6x1)	11.41	-8	+37
9-month (9x1)	11.21	-10	+14
1-year (13x1)	10.82	-14	-9
2-year (26x1)	9.54	-27	-33
3-year (39x1)	8.79	-28	-40
4-year (52x1)	8.39	-30	-51
5-year (65x1)	8.20	-29	-62
7-year (91x1)	8.06	-27	-68
10-year (130x1)	8.05	-26	-68
20-year (260x1)	8.15	-26	-71

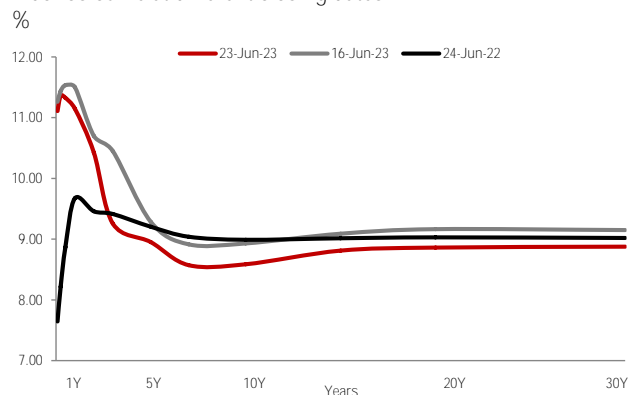
Source: Bloomberg

Cetes performance

Maturity date	YTM 06/23/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.11	-16	+102
Cetes 91	11.36	+8	+70
Cetes 182	11.33	-6	+46
Cetes 364	11.15	-14	+18
Cetes 728	10.67	-21	-14

Source: PiP

Mbonos curve at different closing dates



Source: PiP, Banorte

10-year Mbono benchmark



Source: PiP

Fixed-Income dynamics (continued)

USD UMS and US Treasuries performance

Term	Maturity date	UMS			UST			Spreads			CDS
		YTM 06/23/2023	Weekly change (bps)	YTD (bps)	YTM 06/23/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	4.77	+0	+29	4.74	+3	+32	3	-3	26	34
3Y	May'26	4.36	-14	-44	4.33	+1	+10	3	-16	68	53
5Y	Feb'28	4.86	-3	+7	3.99	+1	-1	87	-4	104	105
7Y	Apr'30	5.11	-4	-23	3.87	-1	-10	124	-3	148	150
10Y	May'33	5.41	-5	-15	3.73	-3	-14	167	-2	183	185
20Y	Mar'44	5.93	-8	-45	4.01	-3	-13	192	-4	227	--
30Y	May'53	6.18	-7	-22	3.81	-4	-15	236	-3	256	--

Source: Bloomberg

5Y USD UMS
%



Source: Bloomberg

10Y USD UMS
%



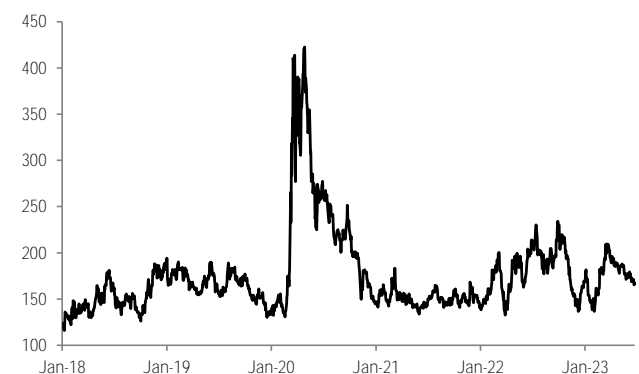
Source: Bloomberg

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 12-month Cetes, the 10-year Mbono (May'33), the 20-year Udibono (Nov'43), as well as 2- and 5-year Bondes F
- In our opinion, the appetite for Cetes will remain strong.** Given our expectation that headline inflation will keep moderating and the latest positive surprises, as well as our view that Banxico will cut rates until February 2024, we continue to believe that appetite for Cetes will remain strong in the face of attractive real rates. Meanwhile, the market adjusted its expectations towards greater cuts in 2H23 of -88bps, equivalent to at least three adjustments of -25bps starting in September. In this context, Banxico's minutes to be published on July 6th will be key to knowing how long interest rates will remain high. For the 10-year Mbono, we expect stable demand around 2.0x, in line with its last four placements. This security has gained 19bps so far this month, trading below the 8.60% figure for the first time since early February. For the 20-year Udibono, we anticipate moderate appetite despite a compression in breakevens. The 20-year reading stands at 4.26%, just 11bps above the 12-month low

Auction specifics (June 27, 2023)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	27-Jul-23	--	8,000	11.09
3m	28-Sep-23	--	7,500	11.40
6m	28-Dec-23	--	10,500	11.38
12m	27-Jun-24	--	8,000	11.31
Bondes F				
2y	13-Mar-25	--	4,500	0.18
5y	14-Oct-27	--	1,000	0.24
Mbono				
10y	26-May-33	7.50	16,000	8.76
Udibono				
20y	12-Nov-43	3.25	UDIS 600	4.55

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.

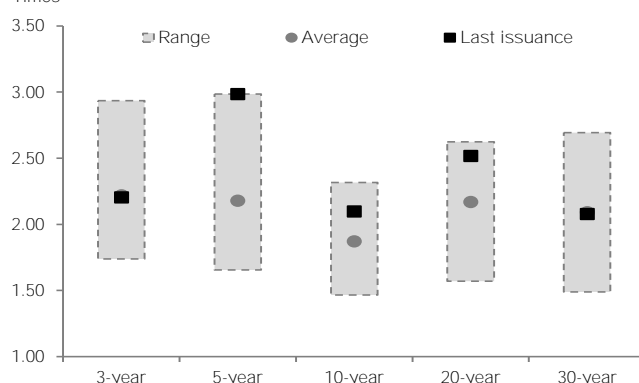
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

2023 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 (Sep'26)	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

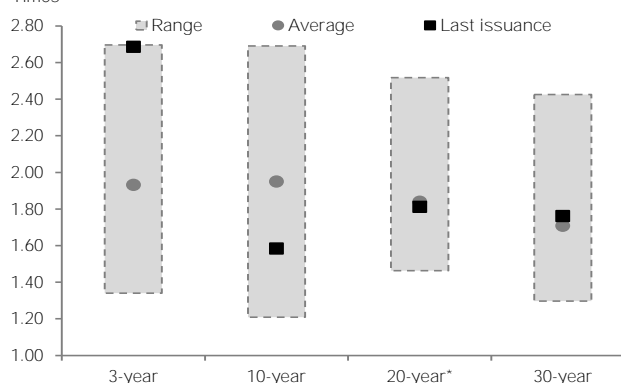
Source: Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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



Source: Banxico, Banorte

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



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

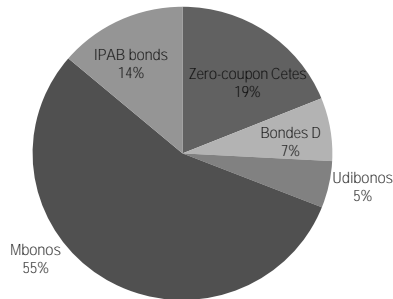
Fixed-Income demand

Cetes held by foreigners
MXN billion, %



Source: Banxico

Government issuance by type of instrument
Total amount of US\$ 420 billion, % of total



Source: Banxico

Government bond holdings by type of investor
US\$ billion and %, data as of 06/14/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	79	13%	13%	19%	4%	10%	40%
Floating-rate Bondes D	29	0%	6%	41%	1%	22%	30%
Real-rate Udbonos	168	4%	53%	4%	19%	2%	18%
Fixed-rate Mbonos	232	33%	23%	3%	3%	16%	21%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds

US\$ billion					
	06/14/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	10.5	10.3	0.2	8.0	2.4
Floating-rate Bondes D	0.1	0.1	0.0	2.0	-1.9
Real-rate Udbonos	6.2	0.8	5.4	1.0	5.2
Fixed-rate Mbonos	77.6	76.5	1.1	80.0	-2.4

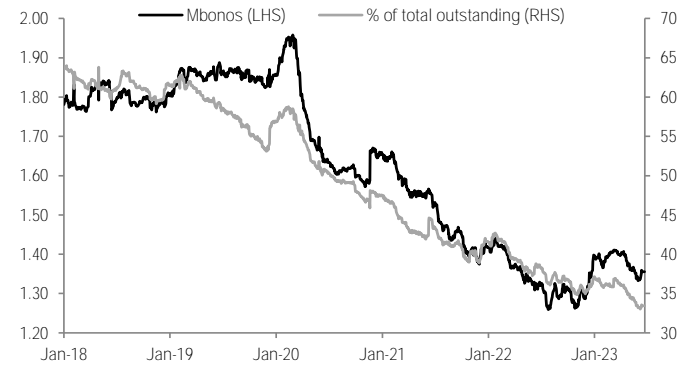
Source: Banorte with data from Banxico

Foreign investors holdings of government bonds

Percentage of total amount outstanding					
	06/14/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	13.2%	13.1%	0.1%	12.4%	0.8%
Floating-rate Bondes D	0.2%	0.2%	0.0%	4.4%	-4.2%
Real-rate Udbonos	3.7%	3.7%	0.0%	5.0%	-1.4%
Fixed-rate Mbonos	33.4%	33.1%	0.3%	37.1%	-3.6%

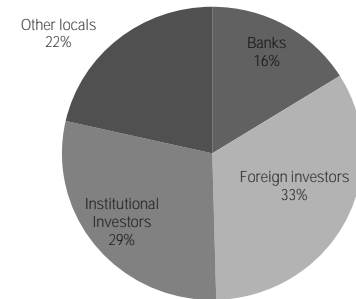
Source: Banorte with data from Banxico

Mbonos held by foreigners
MXN trillion, %



Source: Banxico

Mbonos holdings by type of investor
Total amount of US\$ 232 billion, % of total



Source: Banxico

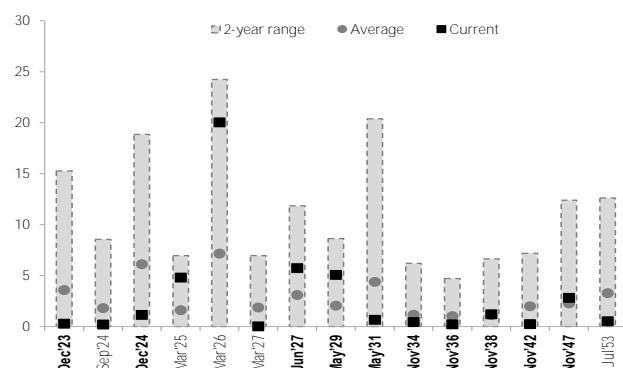
Mbonos holdings by type of investor

DTM	US\$ billion and %, data as of 06/08/2023				
	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Dec'23	11.7	32%	9%	19%	40%
Sep'24	17.7	18%	19%	14%	49%
Dec'24	13.6	37%	27%	9%	28%
Mar'25	13.7	23%	19%	20%	37%
Mar'26	26.1	20%	24%	17%	39%
Mar'27	15.6	16%	20%	17%	47%
Jun'27	20.0	13%	43%	27%	17%
May'29	15.3	4%	51%	22%	23%
May'31	24.3	4%	48%	32%	16%
May'33	8.8	3%	38%	38%	21%
Nov'34	5.2	0%	48%	36%	15%
Nov'36	4.0	0%	28%	40%	32%
Nov'38	12.3	1%	44%	39%	16%
Nov'42	16.2	0%	43%	39%	17%
Nov'47	14.5	0%	34%	43%	23%
Jul'53	7.3	1%	33%	48%	18%
Total	219.2	12%	33%	26%	28%

Source: Banxico

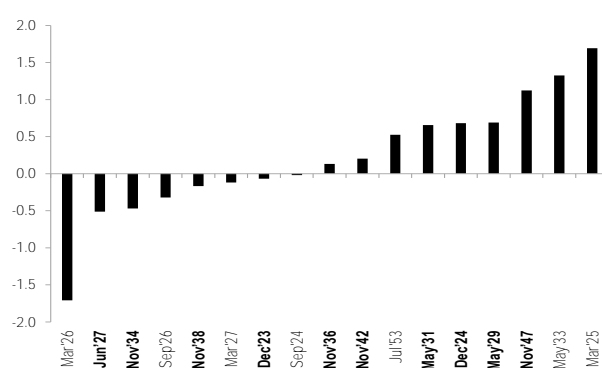
Fixed-Income demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion



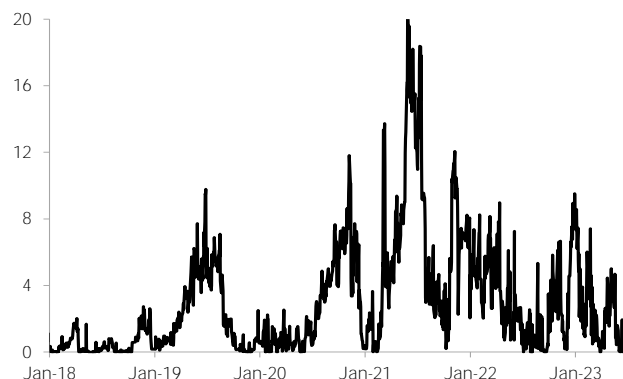
Source: Banxico *Mar'25 issued in Dec'21

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



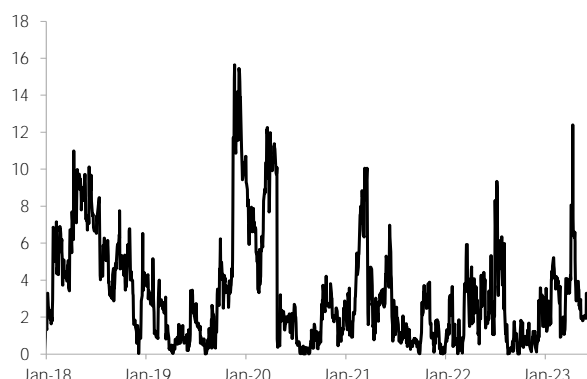
Source: Banxico

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 06/23/2023	06/23/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	11,746	17	21	17	17	421	0
Sep'24	18,406	12	13	37	114	322	0
Dec'24	14,271	67	27	26	121	458	0
Mar'25	13,887	282	183	103	113	370	0
Mar'26	27,088	1,172	1,272	1,055	546	1,418	141
Sep'26	2,162	0	19	0	0	69	0
Mar'27	16,206	1	8	169	30	408	0
Jun'27	20,926	336	366	297	86	694	23
May'29	16,179	296	256	230	78	505	14
May'31	25,427	39	0	31	28	557	0
May'33	9,673	158	80	10	0	415	0
Nov'34	5,561	27	54	171	78	255	25
Nov'36	4,123	13	6	34	200	229	0
Nov'38	12,783	71	81	65	0	161	0
Nov'42	16,944	15	3	8	212	164	0
Nov'47	15,193	165	99	123	167	725	53
Jul'53	8,149	31	0	64	0	344	0
Total	238,723	2,672	2,490	2,376	1,789		

Source: Banxico

Fixed-Income technicals

- **The carry at the shortest-end decreased.** Spreads between Cetes and imp. forward rates stood at: 1-month at -46bps from -41bps, 3-month at -115bps from -110bps, 6-month at -134bps from -128bps, and 1-year at -125bps from -117bps
- **Market anticipates more cuts by Banxico in 2H23, after an improvement in the inflation reading.** Last week, the CPI report beat consensus expectations, providing some breath for local rates. With this, the swaps priced-in more cuts in the reference rate towards the end of the year of -88bps, starting in September, from -65bps last week. On the contrary, the market expects the Federal Reserve to raise rates at least one more time (+25bps) at the next monetary policy meeting

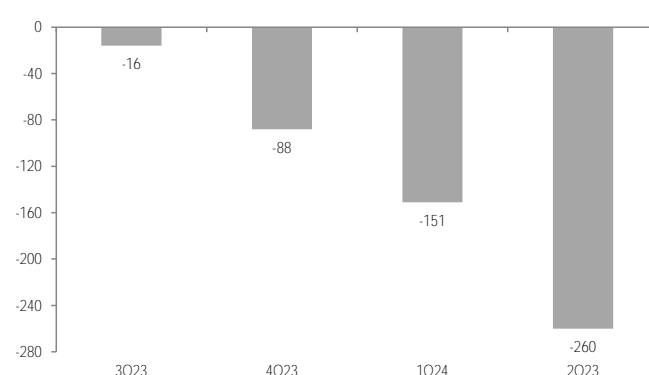
Spread between Cetes and Implied Forward Rates

Basis Points

Tenor	Actual 06/23/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	-46	-41	-72	-11	142	-234
3 months	-115	-110	-117	-70	27	-181
6 months	-134	-128	-125	-90	-10	-163
12 months	-125	-117	-108	-91	-48	-130

Source: Banorte with data from PIP and Bloomberg

Cumulative implied moves in Banxico's repo rate
Basis points



Source: Banorte with data from Bloomberg

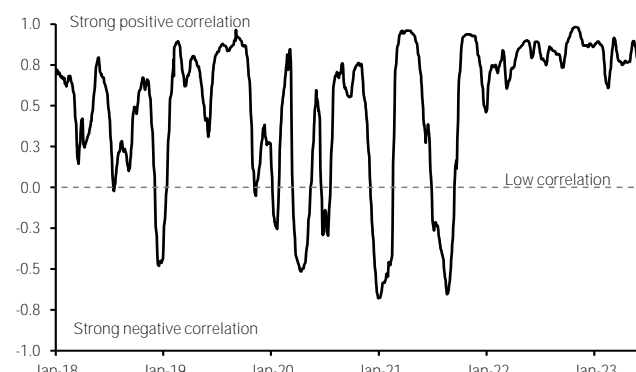
- **The local risk premium reached a new low since April 2021.** Investors continue to digest a scenario with higher rates in developed countries. In this context, the 10-year spread between Mbonos and Treasuries closed Friday at 485bps vs. 502bps the previous week, while the average of the last twelve months stands at 550bps
- **The 3-month correlation between Mexican and American 10-year bonds decreased.** The reading closed Friday at +20% vs +30% 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

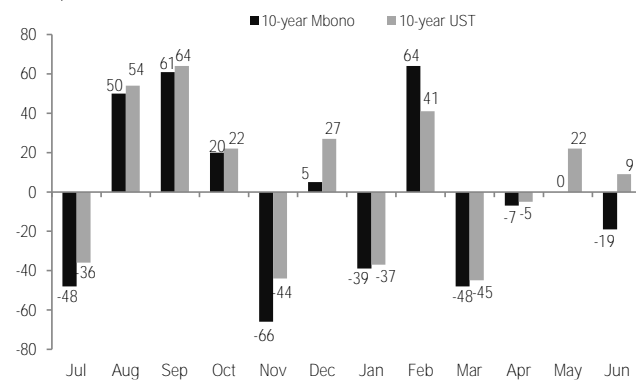
Basis points

Tenor	06/23/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-184	-186 (+2bps)	-175 (-9bps)	-47 (-137bps)	-26	-199	-116
Mbono 10s30s	29	22 (+7bps)	23 (+6bps)	3 (+26bps)	35	-15	10
TIIE-Mbono 2-year	-89	-84 (-5bps)	-78 (-11bps)	1 (-90bps)	18	-89	-34
TIIE-Mbono 10-year	-54	-47 (-7bps)	-43 (-11bps)	-15 (-39bps)	-11	-67	-40

Source: Bloomberg and PiP

Mexican and US rates performance, last 12 months

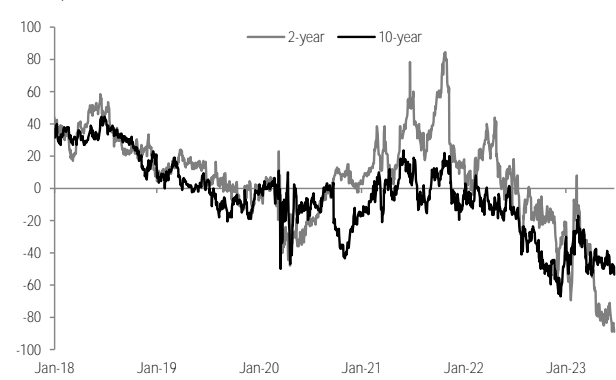
Basis points



Source: PiP and Bloomberg

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

Basis points



Source: Bloomberg

Breakeven inflation using Mbonos & Udibonos

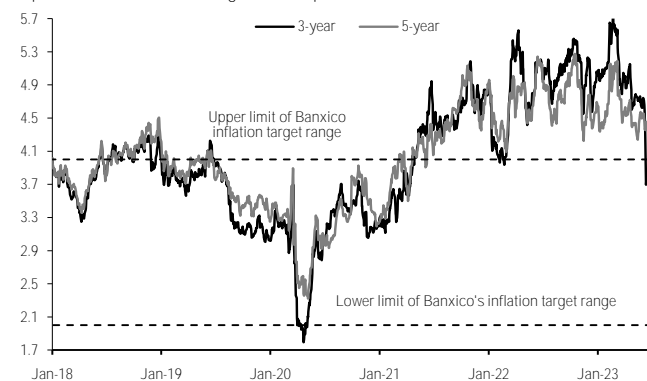
Implicit market inflation using Fisher Equation (%)

Date	06/23/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.74	3.81 (-7bps)	4.65 (-91bps)	5.21 (-147bps)	5.74	3.70	4.99
5Y	4.25	4.43 (-18bps)	4.53 (-28bps)	5.17 (-92bps)	5.28	4.23	4.68
10Y	4.11	4.27 (-16bps)	4.37 (-26bps)	4.96 (-85bps)	5.16	4.07	4.54
20y	4.26	4.38 (-12bps)	4.41 (-15bps)	4.94 (-68bps)	5.15	4.15	4.64
30Y	4.27	4.32 (-5bps)	4.43 (-16bps)	4.90 (-63bps)	5.18	4.15	4.61

Source: PiP

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

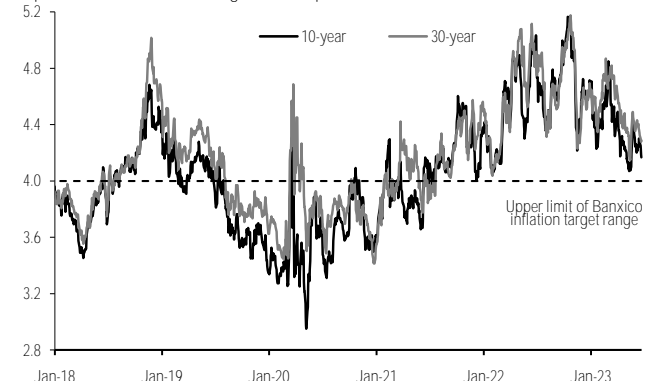
Implicit market inflation using Fisher Equation



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

- **Better performance of Mbonos vs. peers in developed economies.** Last week, the fixed-income market assimilated more hawkish rhetoric from developed country central banks to curb inflation. In this regard, Powell during his semi-annual report to Congress indicated that two more 25bps hikes in the year would be a good estimate; however, he reiterated that the Fed's decisions will be reviewed on a meeting-by-meeting basis. As a result, the 2-year Treasury returned to trade very close to 4.80%, the highest since March. In other latitudes, the UK and Norway surprised with a higher-than-expected 50bps (vs. 25bps) hike. In particular, 2-year GILTS rebounded to highs since 2008 of 5.18% (+23bps w/w) and the spread between this security and the 10-year benchmark closed at levels not seen in the last 23 years of -86bps from -18bps at the beginning of the month. However, on Friday, sovereign bonds rallied, led by Europe, following signs of an economic slowdown
- Against this backdrop, the Treasuries yield curve flattened slightly as a result of modest losses at the short-end and gains at the long-end of 3bps. With this, the curve remains inverted for almost a year, with the 2s10s spread at -102bps, approaching the four-decade lows we saw before the banking crisis (-108bps). In Mexico, fixed-income securities outperformed vs. developed peers driven by a favorable [inflation](#) report, in line with our expectations. Mbonos rallied by 20bps on average, with shorter maturities benefiting the most (-28bps). With this, spreads between these securities and Treasuries compressed, with the 10-year returning to April 2021 lows of 485bps from 502bps last week. Meanwhile, the swap curve registered little change at the short-end and gains of 10bps at the other end. It is worth mentioning that these securities did not register significant changes after Banxico's decision as the market was convinced that the rate would remain unchanged. In this sense, investors' bets are still anchored on Banxico keeping the rate at 11.25% in August. However, given the positive surprise in inflation, they have leaned toward further cuts by the end of 2023. Swaps are now pricing-in -88bps from -65bps last week. Following the inflation report, we took profit on [our short-term recommendation for long positions in the 2-year Mbono \(Dec'24\)](#) initiated on June 16th with an entry level of 10.64%, resulting in a capital gain of 13bps. We close this tactical recommendation due to the risks of the Fed's hawkish tone, especially given the high correlation of Mbonos with Treasuries (~60% for the 2-year term)
- Going forward we expect very short-term securities to adjust as the market view of at least three 25bps cuts in the last few meetings of the year is very aggressive relative to [our call for monetary policy](#). Even before the possibility of a first cut in November or December according to the comments of the members of Banxico's Board of Governors. Finally, we expect the 10-year Mbono, May'33, to trade between 8.50% and 8.78% this week

FX dynamics

- **The Mexican peso outperformed most Latam currencies.** The Mexican peso traded with low volatility and a narrow range despite the hawkish tone of central banks in developed countries and expectations of an early start of cuts in Chile. The local currency closed Friday at 17.17 per dollar, representing a 0.5% w/w depreciation
- **The dollar strengthened after 3 weeks of declines.** USD indices reversed some of the losses of previous weeks while, most G-10 and emerging currencies showed a negative bias. In the former group, AUD (-2.8%) was the weakest and in the latter, TRY (-6.4%) led the declines.

Foreign Exchange market levels and historical return

		Close at 06/23/2023	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD ¹ (%)
Emerging Markets						
Brazil	USD/BRL	4.78	-0.3	0.8	3.7	10.4
Chile	USD/CLP	806.60	-0.3	-1.5	0.1	5.5
Colombia	USD/COP	4,187.48	-2.1	-0.6	6.2	15.9
Peru	USD/PEN	3.64	-0.2	-0.2	1.5	4.7
Hungary	USD/HUF	339.90	-0.8	0.5	1.9	9.8
Malaysia	USD/MYR	4.68	-0.5	-1.4	-1.8	-5.9
Mexico	USD/MXN	17.17	0.0	-0.5	3.7	13.5
Poland	USD/PLN	4.07	-0.9	0.2	2.8	7.4
Russia	USD/RUB	84.45	-1.5	-0.6	-4.7	-12.2
South Africa	USD/ZAR	18.75	-1.2	-3.0	2.6	-9.2
Developed Markets						
Canada	USD/CAD	1.32	-0.2	0.1	3.1	2.8
Great Britain	GBP/USD	1.27	-0.3	-0.8	2.8	5.2
Japan	USD/JPY	143.70	-0.4	-1.3	-2.9	-8.8
Eurozone	EUR/USD	1.0894	-0.6	-0.4	1.3	1.8
Norway	USD/NOK	10.83	-1.6	-2.4	1.2	-9.4
Denmark	USD/DKK	6.84	-0.5	-0.4	1.4	1.6
Switzerland	USD/CHF	0.90	-0.2	-0.4	0.9	3.1
New Zealand	NZD/USD	0.61	-0.6	-1.5	0.5	-3.3
Sweden	USD/SEK	10.71	-0.1	-0.5	0.1	-2.6
Australia	AUD/USD	0.67	-1.1	-2.8	2.1	-2.0

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

Source: Bloomberg

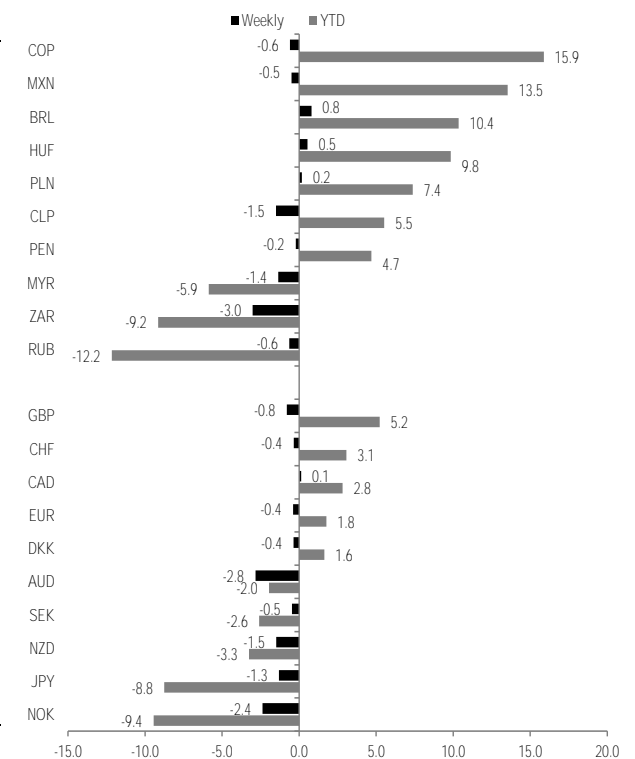
USD/MXN

Last 12 months



Source: Bloomberg

FX performance
Against USD, %



Source: Bloomberg

DXI

Points

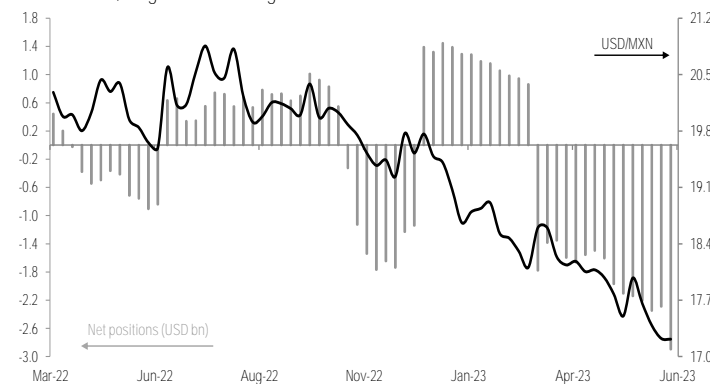


Source: Bloomberg, Banorte

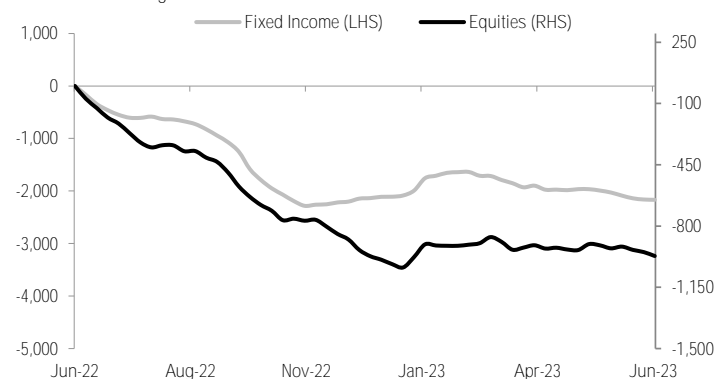
FX positioning and flows

- **Net long MXN positioning increased 27% vs. the previous week.** As of June 20th, the MXN position recorded a higher net long of US\$ 2.90 billion from US\$ 2.29 billion. Speculators continue to bet on further appreciation of the currency, looking for it to breach the psychological 17.00 level and with room for further net long positioning compared to the levels seen in 2020 of up to US\$ 4.5 billion
- **Net short USD positions increased 66% after two weeks of moderation.** The USD IMM position posted a higher net short of US\$ 9.90 billion from US\$ 5.98 billion the previous week. The shift was mainly the result of strong GBP buying (+3.31 billion), triggered by more hawkish rhetoric from the BoE accelerating its hiking cycle to +50bps unexpectedly. This saw the largest net long GBP position since April 2018 of US\$3.84 billion from US\$536 million the previous week
- **Selling continued in both EM and Mexico, recording six negative weeks in a row.** Our EPFR aggregate recorded negative flows of US\$ 1.5 billion from US\$ 1.4 billion the previous week. Bond market sales increase to US\$ 931 million from US\$ 260 million, concentrated in Asia. However, outflows in equities decreased 50% to US\$ 585 million. In Mexico, a negative flow of US\$ 28 million was recorded because of sales in both bonds and equities of US\$ 6 million and US\$ 22 million, respectively

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

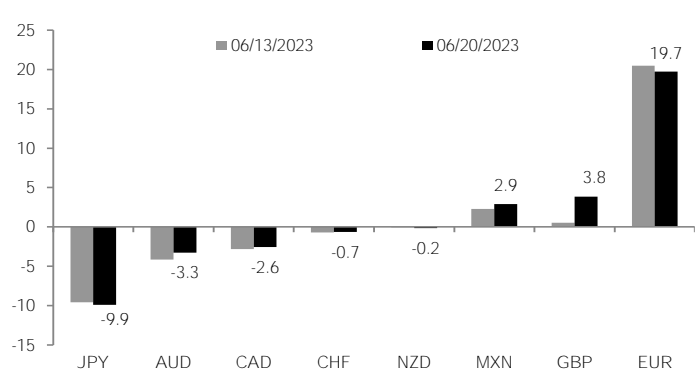


Source: CME, Banorte
Foreign portfolio flows into Mexico
Accumulated during the last 12M, million dollars

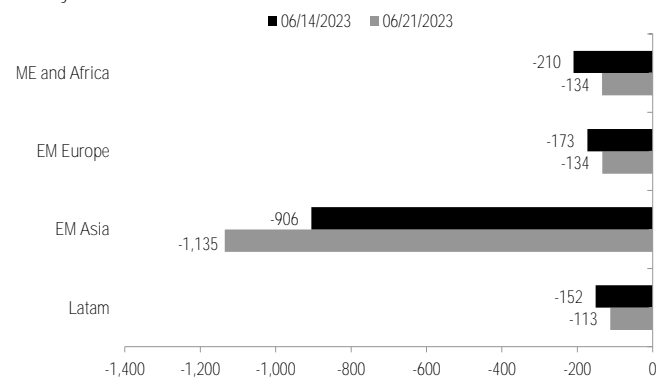


Source: EPFR Global, Banorte

IMM positioning by currency*
Billion dollars



* Positive: Net long in the corresponding currency
Source: CME, Banorte
Net foreign portfolio flows by region*
Weekly, million dollars



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

FX technicals

- The Mexican peso consolidated in the lower part of the primary appreciation channel.** Markets continue to assimilate a scenario of higher rates in developed countries and a hawkish tone in the face of persistent inflation. The Mexican peso showed low volatility and consolidated while waiting for more information. The main short-term resistances stand at 17.00, 16.90, and 16.80, with supports at 17.30, 17.44, and 17.50. The weekly trading range marked 21 cents being lower than the average of the last 4 weeks of 35 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	16	14	-7	72	29
CAD	40	23	1	63	35
ZAR	52	36	4	85	34
BRL	62	55	-24	63	40
HUF	20	36	-5	70	41
RUB	26	24	-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	20	25	8	89	49
SPX	8	10	8	71	45
GSCI	43	26	2	49	31
Gold	20	12	-57	64	9

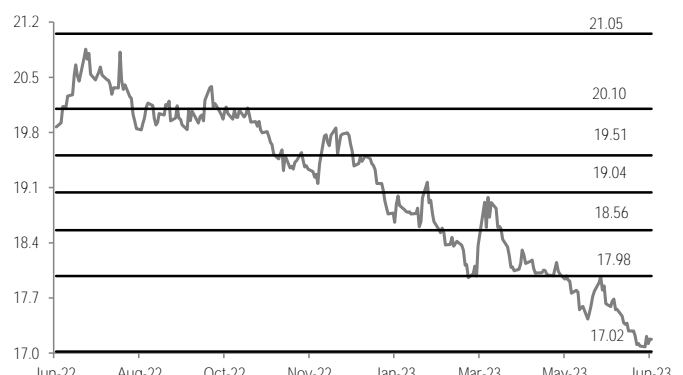
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

USD/MXN – Moving averages
Last 120 trading days



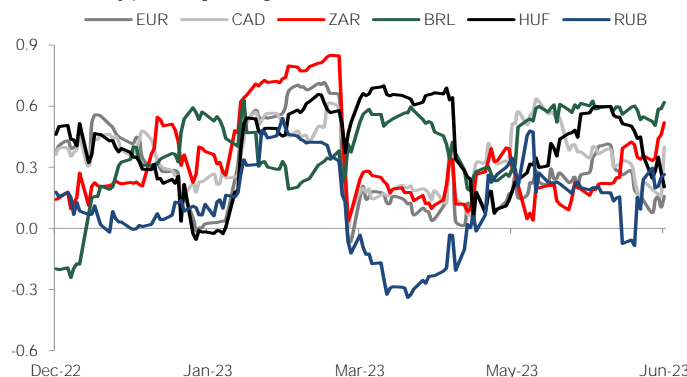
Source: Bloomberg

USD/MXN – Fibonacci retracement
Last 12 months



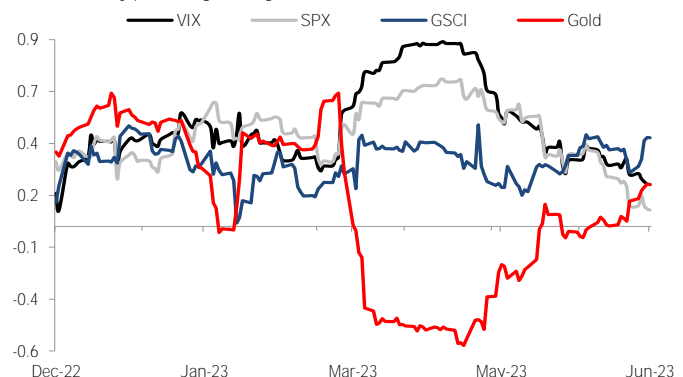
Source: Bloomberg

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

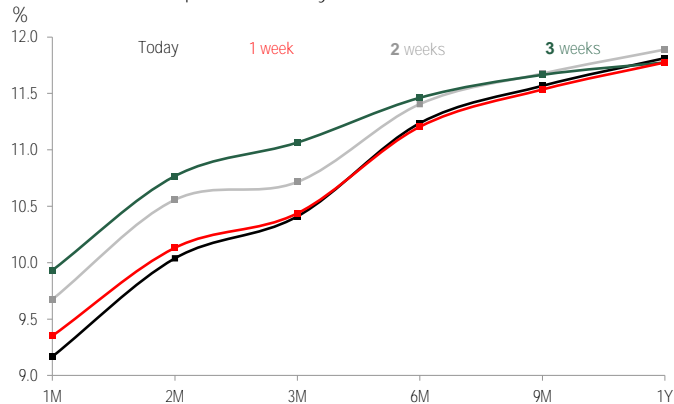


* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

FX technicals (continued)

- The MXN ATM implied volatility curve recorded little changes.** The 1-month implied vol declined for the fourth consecutive week to 9.2% from 9.4% last week, reaching new lows since September 2021. While the 3-month and 1-year readings remained unchanged at 10.4% and 11.8%, respectively. The peso remains more stable in volatility relative to its emerging peers, supported by solid macroeconomic fundamentals. Also, the 1-month risk reversal decreased to 2.08% from 2.11% the previous week and the 3-month reading moved to 2.62% from 2.63%

USD/MXN – ATM options volatility curve



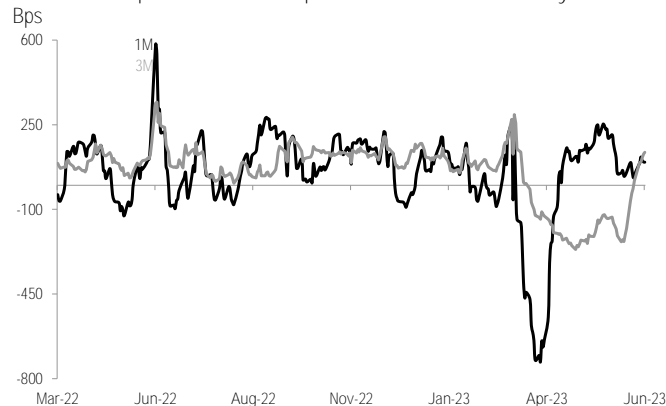
Source: Bloomberg

USD/MXN – 1M implied and historical volatility



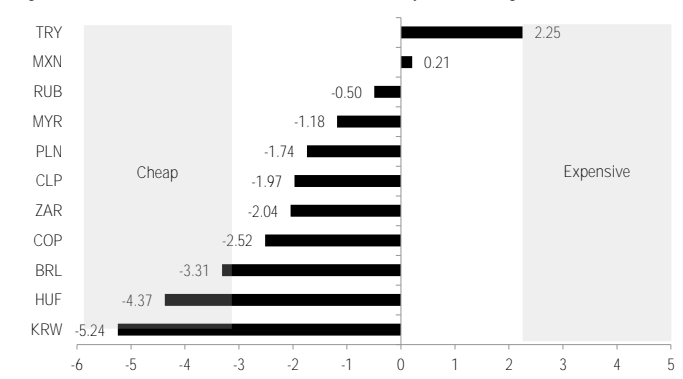
Source: Bloomberg

USD/MXN – Spread between implicit and historical volatility



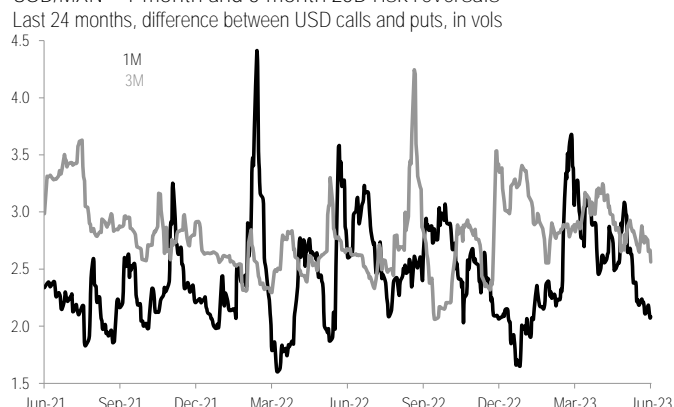
Source: Bloomberg

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



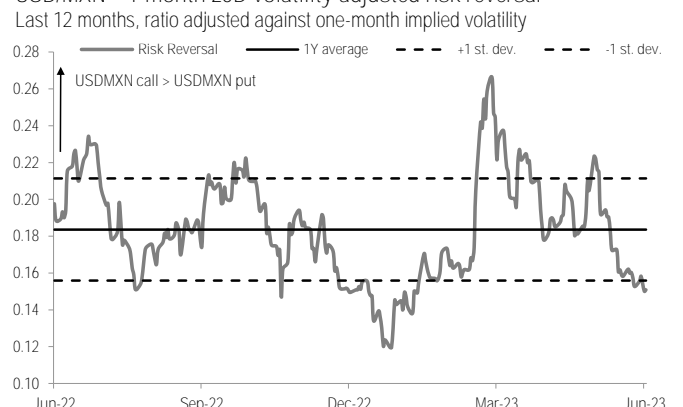
Source: Bloomberg, Banorte

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



Source: Bloomberg

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

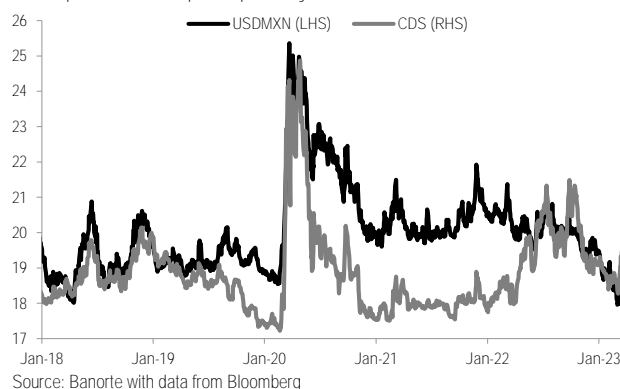


Source: Bloomberg, Banorte

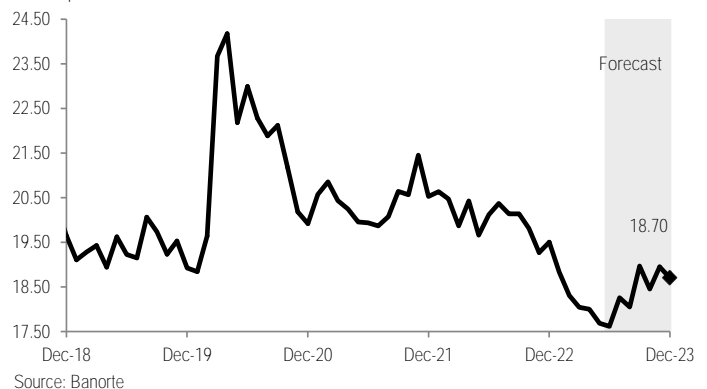
FX trade recommendations

- The Mexican peso maintained a narrow range in weekly trading.** The FX market performance was mainly determined by the hawkish tone of Fed members and other central bankers. In addition, recession risks influenced investors' mood. Against this backdrop, the dollar strengthened with the DXY and BBDXY indices rising 0.6% and 0.8% w/w, respectively. With the market's outlook for an additional Fed funds rate hike, both indices entered the zone delimited by the 50- and 100-day MA slowing the depreciation of previous weeks
- In developed countries' currencies, the performance was negative, and the weakest was AUD (-2.8%), affected by recession risks. Likewise, GBP (-0.8%) assimilated a higher-than-expected inflation reading and the BoE's surprise. In EM, there were mixed movements, with BRL (+0.8%) and TRY (-6.4%). The Turkish lira reacted negatively to a lower-than-expected hike in the benchmark rate (15% vs. 20% of consensus) and the absence of market interventions by government institutions. Meanwhile, CLP (-1.5%) was the weakest in Latam due to the prospect of an early start of cuts in the reference rate
- The Mexican peso showed low volatility in this backdrop and almost no reaction to Banxico's decision. The local currency closed Friday at 17.17 per dollar, equivalent to a 0.5% w/w depreciation. In addition, the trading range was 21 cents, matching the lowest so far this year, and 3-month implied volatility remained unchanged at 10.4% vs. the previous week. In technical terms, the MXN is consolidating at the base of the primary appreciation channel. We believe that the MXN will continue to be supported as the market dilutes the expectation of cuts in 2H23 by incorporating Banxico's forward guidance. In the same sense, speculators continue to anticipate further strengthening of the peso. As of June 20th, the MXN position recorded a net long of US\$ 2.90 billion (+27% vs. the previous week). The carry (calculated based on 3-month forwards) at levels of 7.10% has been reflected in net long positions that have fluctuated around US\$ 1.9 billion in the last 14 weeks. Despite an accelerated cycle and a higher level of carry (vs. the previous tightening cycle), net long positions have not been as deep as in 2019 and early 2020, where they exceeded levels of US\$3 billion. As we mentioned the previous week, the main risk to MXN would be an event originating in the US. However, our base case is for the US to remain resilient. This week, we estimate a trading range between USD/MXN 17.00 and 17.45

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



USD/MXN Forecast for 2023
Pesos per dollar



Weekly economic calendar

For the week ending June 30, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Sun 25	09:15	US	Fed's Williams Speaks at Bank for International Settlements					
Mon 26		EZ	ECB Forum on Central Banking in Sintra, Portugal begins					
	04:00	GER	IFO Survey (business climate)*	Jun	index	--	90.6	91.7
	08:00	MX	Economic activity indicator (IGAE)	Apr	% y/y	1.9	--	2.7
	08:00	MX	Economic activity indicator (IGAE)*	Apr	% m/m	0.5	--	-0.3
Tue 27	07:00	BZ	COPOM minutes					
	08:00	MX	Trade balance	May	US\$m	-1,028.4	--	-1,508.5
	08:00	BZ	Consumer prices	Jun	% m/m	--	--	0.51
	08:00	BZ	Consumer prices	Jun	% y/y	--	--	4.07
	08:30	US	Durable goods orders*	May (P)	% m/m	--	-0.9	1.1
	08:30	US	Ex transportation*	May (P)	% m/m	--	0.0	-0.3
	09:00	US	S&P/CoreLogic housing prices	Apr	% y/y	--	-2.6	-1.2
	10:00	US	New home sales**	May	thousands	--	675	683
	10:00	US	Consumer confidence*	Jun	index	103.4	104.0	102.3
	11:00	MX	International reserves	Jun 23	US\$bn	--	--	203.3
	13:30	MX	Government weekly auction: 1-, 3-, 6-, 12- month CETES; 10-year Mbono (May'33); 20-year Udibono (Nov'43) and 2-, and 5-year Bondes F					
Wed 28	04:00	EZ	Monetary aggregates (M3)*	May	EURbn	--	1.5	1.9
	08:30	US	Trade balance*	May	US\$bn	--	-93.4	-96.8
	09:30		Fed's Powell, ECB's Lagarde, BOJ's Ueda, BOE's Bailey: Sintra					
	02:30	US	Fed's Powell Takes Part in a Discussion at the Bank of Spain					
	05:00	EZ	Consumer confidence*	Jun (F)	index	--	--	-16.1
	05:00	EZ	Economic confidence*	Jun	index	--	96.0	96.5
	06:00	US	Fed's Bostic Speaks on US Economic Outlook					
	07:00	BZ	Central Bank Quarterly Inflation Report					
Thu 29	08:00	GER	Consumer prices	Jun (P)	% y/y	--	6.3	6.1
	08:30	US	Gross domestic product**	1Q23	% q/q	1.3	1.4	1.3
	08:30	US	Personal consumption**	1Q23	% q/q	--	3.8	3.8
	08:30	US	Initial jobless claims*	Jun 24	thousands	263	265	264
	21:30	CHI	Manufacturing PMI*	Jun	index	--	49.0	48.8
	21:30	CHI	Non-manufacturing PMI*	Jun	index	--	53.7	54.5
	21:30	CHI	Composite PMI*	Jun	index	--	--	52.9
	02:00	UK	Gross domestic product	1Q23 (F)	% y/y	--	0.2	0.2
	02:00	UK	Gross domestic product*	1Q23 (F)	% q/q	--	0.1	0.1
	05:00	EZ	Consumer prices	Jun (P)	% y/y	--	5.6	6.1
	05:00	EZ	Core	Jun (P)	% y/y	--	5.5	5.3
	05:00	EZ	Unemployment rate*	may	%	--	6.5	6.5
	08:00	MX	Unemployment rate	May	%	2.88	--	2.82
	08:00	BZ	Unemployment rate	May	%	--	--	8.5
	08:30	US	Personal income*	May	% m/m	--	0.4	0.4
	08:30	US	Personal spending*	May	% m/m	0.3	0.2	0.8
	08:30	US	Real personal spending*	May	% m/m	0.2	0.1	0.5
	08:30	US	PCE Deflator*	May	% m/m	0.1	0.1	0.4
	08:30	US	Core*	May	% m/m	0.4	0.4	0.4
	08:30	US	PCE Deflator	May	% y/y	3.8	3.8	4.4
	08:30	US	Core	May	% y/y	4.7	4.7	4.7
	10:00	US	U. of Michigan confidence*	Jun (F)	index	63.9	63.9	63.9
	11:00	MX	Banking credit	May	% y/y	5.4	--	5.5
	14:00	COL	Monetary policy decision (Banco de la República)	Jun 30	%	--	13.25	13.25
	16:30	MX	Public finances (PSBR, year-to-date)	May	MXNmn	--	--	-115.9

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

For the week ending June 23, 2023

	Hora	Evento	Periodo	Unidad	Banorte	Actual	Previo
Mon 19	08:00	MX Timely Indicator of Economic Activity*	May	% y/y	--	2.5	2.6
	18:00	CHL Monetary policy decision (BCCCh)	Jun 19	%	--	11.25	11.25
	21:15	CHI Rate decision 1-year Loan Prime Rate	Jun 20	%	--	3.55	3.65
	21:15	CHI Rate decision 5-year Loan Prime Rate	Jun 20	%	--	4.20	4.30
Tue 20	04:00	EZ Current account*	Apr	EURbn	--	3.6	31.2
	06:30	US Fed's Bullard Speaks at Barcelona School of Economics					
	08:00	MX Retail sales	Apr	% y/y	1.8	3.8	2.5
	08:00	MX Retail sales*	Apr	% m/m	0.2	1.5	-1.2
	08:30	US Housing starts**	May	thousands	--	1,631	1,340 (R)
	08:30	US Building permits**	May	thousands	--	1,491	1,417
	11:00	MX International reserves	Jun 16	US\$bn	--	203.3	203.0
	11:45	US Fed's Williams Speaks on Leadership at NY Fed Event					
	13:00	MX Government weekly auction: 1-, 3-, 6-, 24- month CETES; 3-year Mbono (Sep'26); 30-year Udibono (Nov'50) and 1-, and 3-year Bondes F					
	16:30	MX Survey of expectations (Citibanamex)					
Wed 21	02:00	UK Consumer prices	May	% y/y	--	8.7	8.7
	02:00	UK Core	May	% y/y	--	7.1	6.8
	08:00	MX Aggregate supply and demand	1Q23	% y/y	4.6	5.4	4.1
	10:00	US Fed's Powell Appears Before House Financial Services Panel					
	12:25	US Fed's Goolsbee Speaks at Global Food Forum					
	17:30	BZ Monetary policy decision (Central bank of Brazil)	Jun 21	%	13.75	13.75	13.75
Thu 22	04:00	UK Fed's Waller Speaks at Central Bank of Ireland Conference					
	07:00	UK Monetary policy decision (BoE)	Jun 22	%	--	5.00	4.50
	07:00	TUR Monetary policy decision (Central Bank of Turkey)	Jun 22	%	--	15.0	8.50
	08:00	MX Consumer prices	Jun 15	% 2w/2w	0.02	0.02	-0.01
	08:00	MX Core	Jun 15	% 2w/2w	0.19	0.11	0.17
	08:00	MX Consumer price	Jun 15	% y/y	5.17	5.18	5.67
	08:00	MX Core	Jun 15	% y/y	6.99	6.91	7.32
	08:30	US Initial jobless claims*	Jun 17	thousands	261	264	264 (R)
	09:55	US Fed's Bowman Speaks at Fed Listens Event in Cleveland					
	10:00	US Fed Chair Powell Appears Before Senate Banking Panel					
	10:00	US Fed's Mester Speaks on the Economic Outlook in Cleveland					
	10:00	US Existing home sales**	May	millions	--	4.3	4.3
	10:00	EZ Consumer Confidence*	Jun (P)	index	--	-16.1	-17.4
	15:00	MX Monetary policy decision (Banxico)	Jun 22	%	11.25	11.25	11.25
	16:30	US Fed's Barkin Speaks at Risk Management Association					
Fri 23	03:30	GE Manufacturing PMI*	Jun (P)	index	--	41.0	43.2
	03:30	GE Services PMI*	Jun (P)	index	--	54.1	57.2
	03:30	GE Composite PMI*	Jun (P)	index	--	50.8	53.9
	04:00	EZ Manufacturing PMI*	Jun (P)	index	--	43.6	44.8
	04:00	EZ Services PMI*	Jun (P)	index	--	52.4	55.1
	04:00	EZ Composite PMI*	Jun (P)	index	--	50.3	52.8
	04:30	UK Manufacturing PMI*	Jun (P)	index	--	46.2	47.1
	04:30	UK Services PMI*	Jun (P)	index	--	53.7	55.2
	05:15	US Fed's Bullard Speaks at Central Bank of Ireland Conference					
	09:45	US Manufacturing PMI*	Jun (P)	index	48.9	46.3	48.4
	09:45	US Services PMI*	Jun (P)	index	54.2	54.1	54.9
	09:45	US Composite PMI*	Jun (P)	index	--	53.0	54.3
	13:40	US Fed's Mester Delivers Closing Remarks at Policy Summit					

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

P = Profit, L = Loss

Track of directional fixed-income trade recommendations

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

1. Carry + roll-down gains of 17bps

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

Short-term tactical trades

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

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

Source: Banorte

Analyst Certification

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalia Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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