

Fixed-Income and FX Weekly

Market outlook

- **Negative performance on local assets.** Last week, Mbonos' curve lost 24bps at the mid- and long-end. The 10-year benchmark closed at 8.93% (+26bps w/w). In addition, the USD/MXN depreciated 0.1% w/w to 17.15
- **All eyes will be on US CPI report and comments from Fed speakers.** 2H23 began with high volatility in financial assets and investors worried about a more restrictive monetary policy in developed economies. The focus was on the Fed's minutes and the employment reports (ADP and BLS) that pointed to an economy with good dynamism, strengthening the bets of two 25bps hikes. Similarly, investors assimilated a more hawkish tone in [Banxico's minutes](#), reiterating that the reference rate will remain high for a long enough period. This week, all eyes will be on the June's inflation report in the United States, as well as the interventions of members of the Federal Reserve to have more information on the path of the Fed funds. The global economic agenda also includes monetary policy decisions in Israel, New Zealand, Canada, South Korea, and Peru. In events, we highlight the G20 meeting among finance ministers and central bankers in India. Moreover, President Joe Biden will be in Europe ahead the NATO meeting. In the US, in addition to consumer prices, producer prices, consumer confidence of the University of Michigan, and the Beige Book will be published. Moreover, the 2Q23 earnings season will begin. Economic data in other regions includes the trade balance in China after a low inflation; industrial production and unemployment rate in UK; inflation, industrial production, and the ZEW survey in Germany; and retail sales in Brazil. Locally, industrial production and ANTAD same-stores-sales will be realized

Fixed-Income

- **Supply** –The MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 20-year Mbono, the 30-year Udibono, as well as 2-, 5-, and 10-year Bondes F. Moreover, extraordinary Cetes and Bondes F auction will take place on Wednesday
- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.367 trillion (US\$ 79.8 billion), a market share equal to 33.4%, as of June 28th. Short positions in Mbono May'33 ended at MXN 4.0 billion from MXN 876 million last week
- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 487bps from 483bps the previous week, with the 12M mean at 545bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of July 4th) printed a lower net long of US\$ 2.79 billion from US\$ 2.82 billion a week ago. Mutual funds' flows to EM marked bigger sales of US\$ 1.1 billion from US\$ 915 million
- **Technicals** – The spot traded in wider weekly range of 42 cents between 16.98 and 17.40 per dollar, following a spike in the 1-month implied volatility of 95bps to 9.8% on Thursday, to closed at 9.5% from 9.0% the previous week

July 10, 2023

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Fixed-Income

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Foreign exchange

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Recommendations

Fixed-Income

- In terms of strategy and considering our call for monetary policy vs. the market, as well as the high correlation of local rates with their US peers we see attractive to pay very short-term TIEE-28 swaps only for tactical and trading purposes as gains could be limited by downside surprises in Mexican inflation data
- We expect the 10-year Mbono to trade between 8.80% and 9.05%

FX

- In our view, the MXN will remain resilient supported by solid macroeconomic fundamentals and a high real rate outlook, as well as a carry that remains attractive despite higher interest rates in the US
- We estimate a weekly trading range between USD/MXN 16.85 and 17.40



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

Document for distribution among the general public

Fixed-Income dynamics

Mbonos performance

Maturity date	YTM 07/07/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.24	-7	+42
Sep'24	10.85	-3	+76
Dec'24	10.55	-3	+68
Mar'25	10.18	+4	+25
Mar'26	9.76	+20	+52
Sep'26	9.61	+21	+21
Mar'27	9.45	+33	+26
Jun'27	9.34	+30	+26
May'29	8.98	+26	-9
May'31	8.94	+26	-8
May'33	8.93	+26	-9
Nov'34	8.91	+26	-14
Nov'36	8.91	+28	-14
Nov'38	9.00	+22	-9
Nov'42	9.07	+21	-4
Nov'47	9.03	+18	-4
Jul'53	9.05	+18	-1

Source: PiP

Udibonos performance

Maturity date	YTM 07/07/2023	Weekly change (bps)	YTD (bps)
Nov'23	7.10	-16	+102
Dec'25	5.56	0	+80
Dec'26	5.26	+6	+60
Nov'28	4.62	+20	+31
Nov'31	4.54	+22	+37
Nov'35	4.38	+20	+17
Nov'40	4.48	+15	+29
Nov'43	4.50	+14	0
Nov'46	4.49	+13	+31
Nov'50	4.51	+15	+28

Source: PiP

IRS (28-day TIIE) performance

Maturity date	YTM 07/07/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.52	+1	+62
6-month (6x1)	11.47	+2	+43
9-month (9x1)	11.32	+3	+24
1-year (13x1)	11.04	+6	+13
2-year (26x1)	9.83	+8	-4
3-year (39x1)	9.13	+15	-5
4-year (52x1)	8.75	+20	-15
5-year (65x1)	8.54	+21	-28
7-year (91x1)	8.35	+21	-39
10-year (130x1)	8.30	+21	-43
20-year (260x1)	8.39	+20	-47

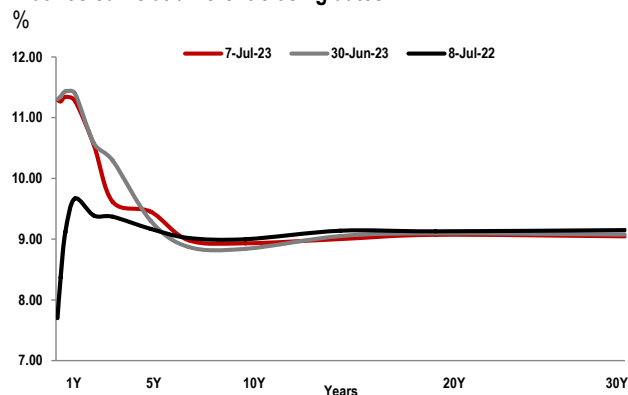
Source: Bloomberg

Cetes performance

Maturity date	YTM 07/07/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.29	+2	+120
Cetes 91	11.27	-7	+60
Cetes 182	11.34	+2	+47
Cetes 364	11.28	+5	+31
Cetes 728	11.04	+22	+23

Source: PiP

Mbonos curve at different closing dates



Source: PiP, Banorte

10-year Mbono benchmark



Source: PiP

Fixed-Income dynamics (continued)

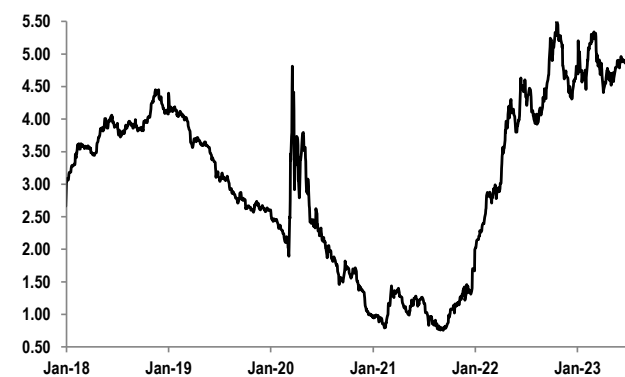
USD UMS and US Treasuries performance

Term	Maturity date	UMS			UST			Spreads			CDS
		YTM 07/07/2023	Weekly change (bps)	YTD (bps)	YTM 07/07/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	5.02	+17	+54	4.95	+5	+52	7	+12	23	36
3Y	May'26	4.59	+18	-21	4.66	+14	+44	-8	+4	64	56
5Y	Feb'28	5.16	+19	+37	4.36	+20	+36	80	-2	102	106
7Y	Apr'30	5.35	+19	+1	4.22	+23	+26	112	-5	146	151
10Y	May'33	5.63	+18	+7	4.06	+22	+19	157	-5	181	188
20Y	Mar'44	6.08	+15	-30	4.27	+20	+13	181	-5	224	--
30Y	May'53	6.31	+12	-9	4.05	+18	+8	226	-6	253	--

Source: Bloomberg

5Y USD UMS

%



Source: Bloomberg

10Y USD UMS

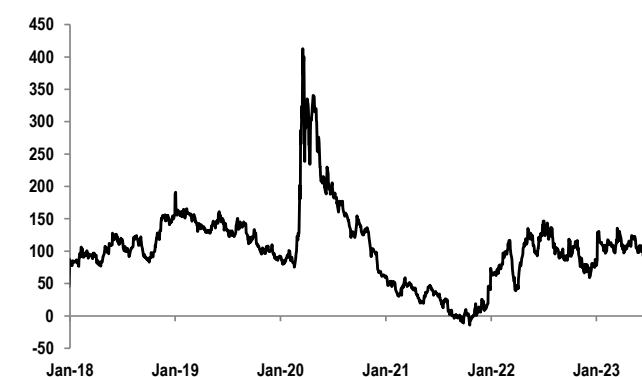
%



Source: Bloomberg

5Y UMS-UST Spread

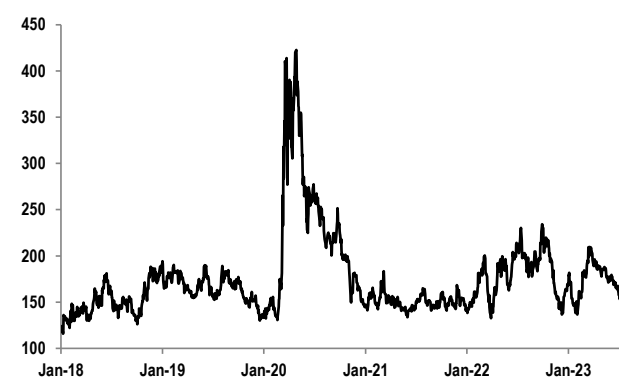
Basis points



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 20-year Mbono (Nov'42), the 30-year Udibono (Nov'50), as well as 2-, 5-, and 10-year Bondes F. Additionally, an extraordinary Cetes and Bondes F auction will take place on Wednesday, considering Cetes of 168-, 266-, 350-, and 672-days, as well as Bondes F of 315-, 1,057-, and 1,659-days for a total amount of up to MXN 25 billion
- Strong appetite for Cetes due to attractive real rates.** We continue to expect strong demand for Cetes, as we anticipate Banxico's reference rate to remain unchanged at 11.25% in 2H23 and the downward trend in inflation to persist. In this sense, the annual reading went to 5.06% from 5.84%, reaching lows since March 2021. In addition, [we revised our inflation forecast for the end of the year to 4.5%](#) (previous: 4.8%). For the 20-year Mbono, we expect a slightly lower demand than the average of its last two placements of 2.5x. This security rallied 23bps in the first half of the year; however, these gains were diluted last week on expectations of higher US interest rates. For the 30-year Udibono we anticipate moderate demand around 1.6x. In relative terms, we see greater appeal in shorter-term Udibonos as breakevens are below 4.00%. In this sense, the 3-year reading stands at 4.13%, while the 30-year metric stands at 4.34%

Auction specifics (July 11, 2023)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	10-Aug-23	--	8,500	11.30
3m	12-Oct-23	--	7,500	11.29
6m	11-Jan-24	--	11,700	11.35
12m	27-Jun-24	--	8,500	11.12
Bondes F				
2y	22-May-25	--	5,000	0.17
5y	27-Jan-28	--	1,000	0.24
10y	21-Oct-32	--	750	0.31
Mbono				
20y	13-Nov-42	7.75	4,500	9.07
Udibono				
30y	3-Nov-50	4.00	UDIS 900	4.48

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.

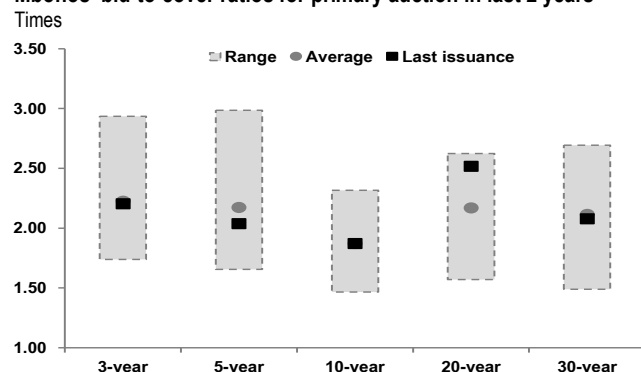
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

3Q23 Auction Calendar*

Date	Cetes	Mbonos	Udibonos	Bondes F
4-Jul	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year
11-Jul	1, 3, 6, and 12M	20-year (Nov'42)	30-year (Nov'50)	2-, 5-, and 10-year
18-Jul	1, 3, 6, and 24M	3-year (Sep'26)	3-year (Dec'26)	1-, and 3-year
25-Jul	1, 3, 6, and 12M	30-year (Jul'53)	20-year (Nov'42)	2-, and 5-year
1-Aug	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year
8-Aug	1, 3, 6, and 12M	10-year (May'33)	30-year (Nov'50)	2-, 5-, and 10-year
15-Aug	1, 3, 6, and 24M	3-year (Sep'26)	3-year (Dec'26)	1-, and 3-year
22-Aug	1, 3, 6, and 12M	20-year (Nov'42)	20-year (Nov'42)	2-, and 5-year
29-Aug	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year
5-Sep	1, 3, 6, and 12M	30-year (Jul'53)	30-year (Nov'50)	2-, 5-, and 10-year
12-Sep	1, 3, 6, and 24M	3-year (Sep'26)	3-year (Dec'26)	1-, and 3-year
19-Sep	1, 3, 6, and 12M	10-year (May'33)	20-year (Nov'42)	2-, and 5-year
26-Sep	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year

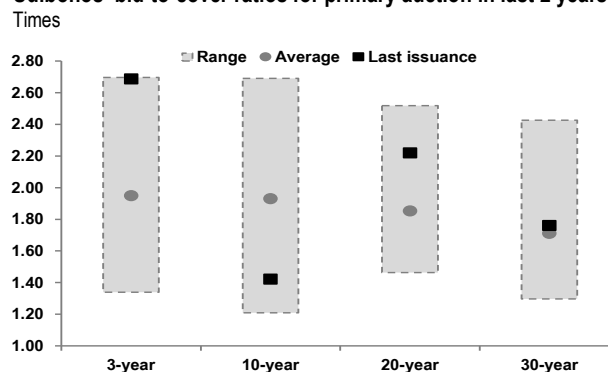
Source: Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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

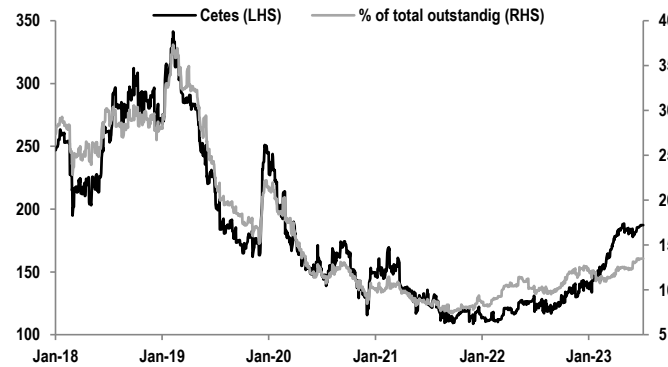


Source: Banxico, Banorte

Fixed-Income demand

Cetes held by foreigners

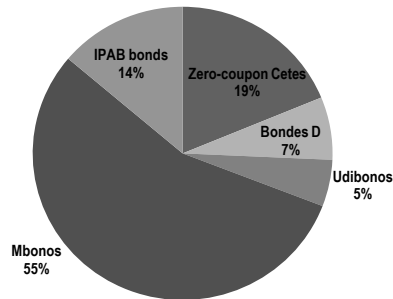
MXN billion, %



Source: Banxico

Government issuance by type of instrument

Total amount of US\$ 431 billion, % of total



Source: Banxico

Government bond holdings by type of investor

US\$ billion and %, data as of 06/28/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	81	13%	13%	17%	4%	10%	42%
Floating-rate Bondes D	30	0%	5%	38%	1%	20%	36%
Real-rate Udibonos	172	4%	53%	4%	19%	1%	18%
Fixed-rate Mbonos	239	33%	23%	3%	3%	13%	24%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds

US\$ billion

	06/28/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	10.9	10.8	0.1	8.2	2.7
Floating-rate Bondes D	0.1	0.1	-0.1	2.0	-1.9
Real-rate Udibonos	6.1	0.8	5.3	1.0	5.1
Fixed-rate Mbonos	79.8	79.9	-0.2	81.6	-1.8

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds

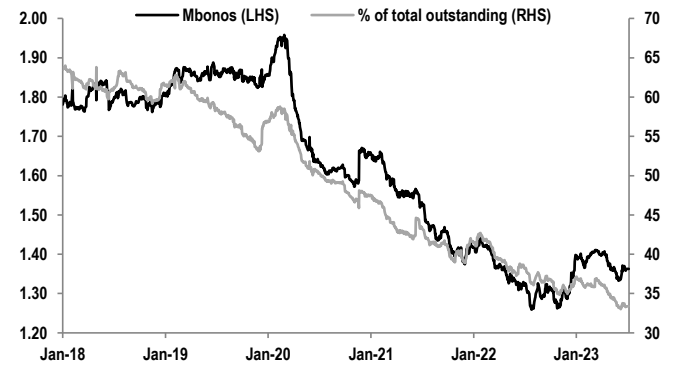
Percentage of total amount outstanding

	06/28/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	13.5%	13.5%	0.0%	12.4%	1.1%
Floating-rate Bondes D	0.2%	0.4%	-0.2%	4.4%	-4.2%
Real-rate Udibonos	3.6%	3.7%	-0.1%	5.0%	-1.5%
Fixed-rate Mbonos	33.4%	33.8%	-0.3%	37.1%	-3.6%

Source: Banorte with data from Banxico

Mbonos held by foreigners

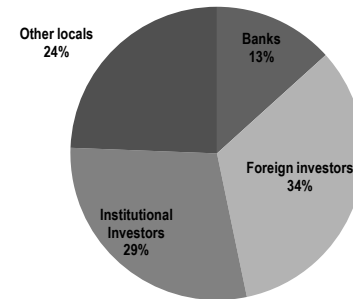
MXN trillion, %



Source: Banxico

Mbonos holdings by type of investor

Total amount of US\$ 239 billion, % of total



Source: Banxico

Mbonos holdings by type of investor

US\$ billion and %, data as of 06/22/2023

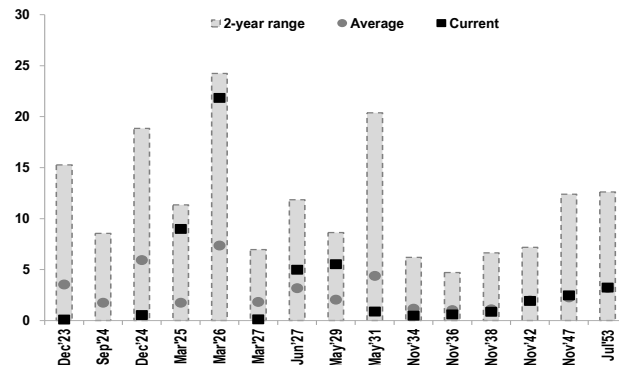
DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Dec'23	11.7	26%	9%	17%	48%
Sep'24	18.3	18%	19%	14%	50%
Dec'24	14.0	21%	28%	9%	42%
Mar'25	13.9	26%	20%	18%	36%
Mar'26	26.8	27%	24%	20%	29%
Sep'26	2.2	35%	5%	16%	44%
Mar'27	16.3	25%	21%	16%	38%
Jun'27	20.8	16%	43%	27%	15%
May'29	15.6	2%	52%	23%	23%
May'31	25.3	5%	48%	32%	15%
May'33	9.7	3%	39%	38%	20%
Nov'34	5.5	1%	49%	35%	14%
Nov'36	4.1	1%	29%	40%	31%
Nov'38	12.7	1%	44%	38%	16%
Nov'42	16.9	1%	45%	38%	16%
Nov'47	15.1	1%	35%	43%	21%
Jul'53	8.1	1%	36%	45%	17%
Total	228.8	13%	34%	26%	27%

Source: Banxico

Fixed-Income demand – Primary dealers

Market makers' short positions on Mbonos

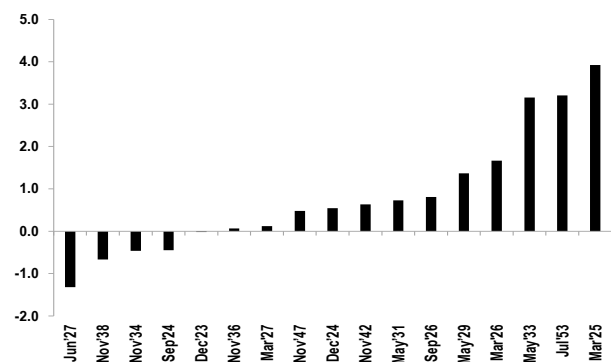
MXN billion



Source: Banxico

Weekly change in market makers' short positions on Mbonos

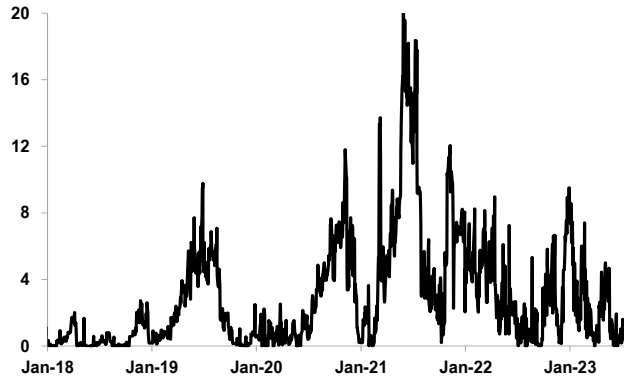
MXN billion



Source: Banxico

Market makers' short positions on Mbono May'31

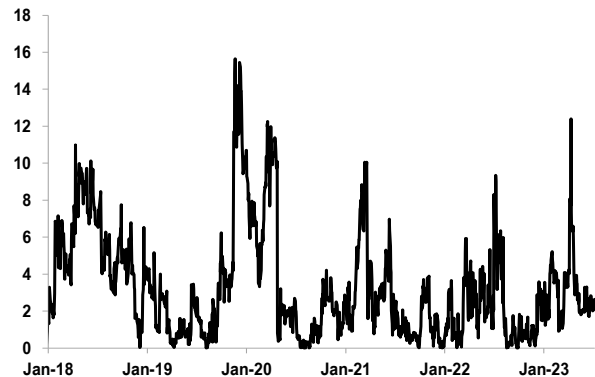
MXN billion



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 07/07/2023	07/07/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	11,694	6	7	0	6	419	0
Sep'24	18,330	0	26	61	35	321	0
Dec'24	14,187	32	1	163	92	457	0
Mar'25	14,082	525	296	144	45	662	0
Mar'26	27,099	1,274	1,177	1,275	558	1,414	140
Sep'26	2,202	47	0	0	0	69	0
Mar'27	16,915	7	0	234	21	406	0
Jun'27	20,808	291	368	375	95	691	23
May'29	16,149	322	243	503	51	503	46
May'31	25,351	52	10	8	10	435	0
May'33	10,651	235	51	325	0	414	0
Nov'34	5,543	28	55	239	53	254	21
Nov'36	4,131	36	32	39	99	157	0
Nov'38	12,718	51	90	141	0	160	0
Nov'42	16,983	113	76	13	173	163	0
Nov'47	15,120	145	117	193	184	723	53
Jul'53	8,280	190	3	297	0	343	0
Total	240,244	3,165	2,549	3,713	1,421		

Source: Banxico

Fixed-Income technicals

- **The carry at the short-end increased.** Spreads between Cetes and imp. forward rates stood at: 1-month at +44bps from -3bps, 3-month at -103bps from -85bps, 6-month at -121bps from -101bps, and 1-year at -121bps from -101bps
- **Attention to the US inflation report and speeches by Fed members.** On Wednesday, the US inflation report will be released with the market expecting a slight upward adjustment in the monthly metric at 0.3% m/m with respect to the previous figure. We will also expect a plethora of speeches from Fed members, which will provide more information on the Fed funds future hikes. These will be key for investors to consolidate or recalibrate their bets. Currently, swaps are pricing-in +36bps cumulative to the November meeting from +26bps two weeks ago

Spread between Cetes and Implied Forward Rates

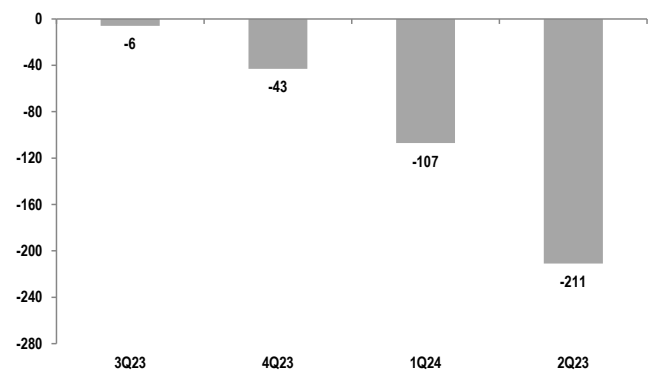
Basis Points

Tenor	Actual 07/07/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	44	-3	-25	-13	142	-234
3 months	-103	-85	-112	-74	27	-181
6 months	-121	-101	-138	-92	-10	-163
12 months	-121	-101	-130	-92	-48	-130

Source: Banorte with data from PiP and Bloomberg

Cumulative implied moves in Banxico's repo rate

Basis points

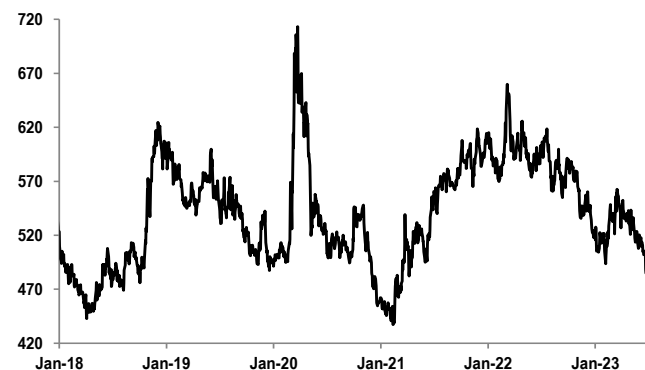


Source: Banorte with data from Bloomberg

- **Local risk premium increased moderately.** Mbonos registered losses by assimilating a restrictive tone in the Fed minutes. In this context, the 10-year spread between Mbonos and Treasuries closed on Friday at 487bps vs 483bps the previous week, while the average of the last twelve months stands at 545bps
- **The 3-month correlation between Mexican and American 10-year bonds returned to positive.** The reading closed Friday at +4% vs -1% the previous week

10-year Mbono and 10-year UST spread

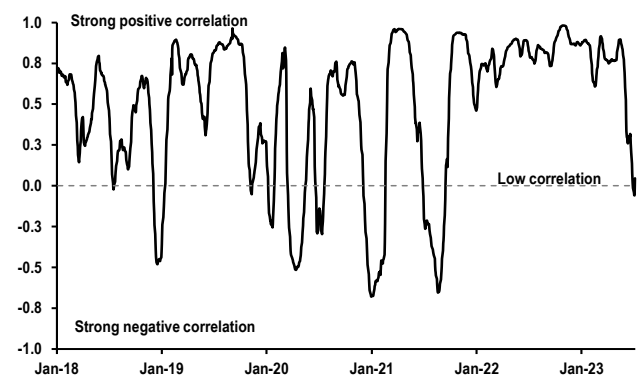
Basis points



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

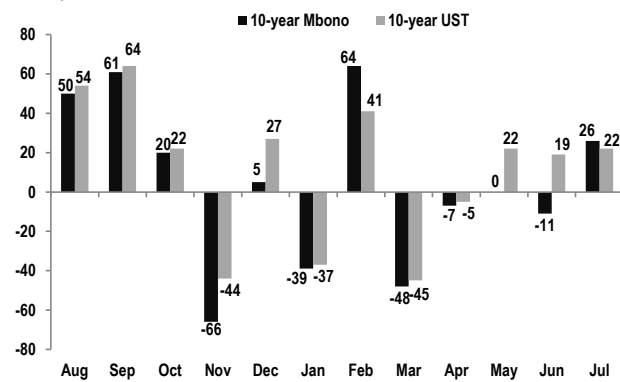
Basis points

Tenor	07/07/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-162	-191 (+29bps)	-168 (+6bps)	-39 (-123bps)	-35	-199	-121
Mbono 10s30s	12	20 (-8bps)	23 (-11bps)	15 (-3bps)	35	-15	10
TIIE-Mbono 2-year	-73	-84 (+11bps)	-71 (-2bps)	2 (-75bps)	8	-91	-38
TIIE-Mbono 10-year	-63	-58 (-5bps)	-47 (-16bps)	-19 (-44bps)	-12	-68	-42

Source: Bloomberg and PiP

Mexican and US rates performance, last 12 months

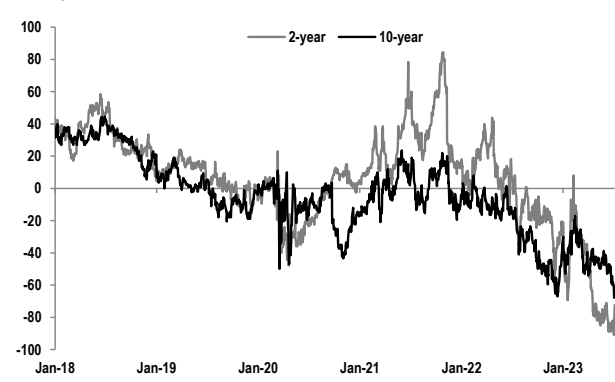
Basis points



Source: PiP and Bloomberg

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

Basis points



Source: Bloomberg

Breakeven inflation using Mbonos & Udibonos

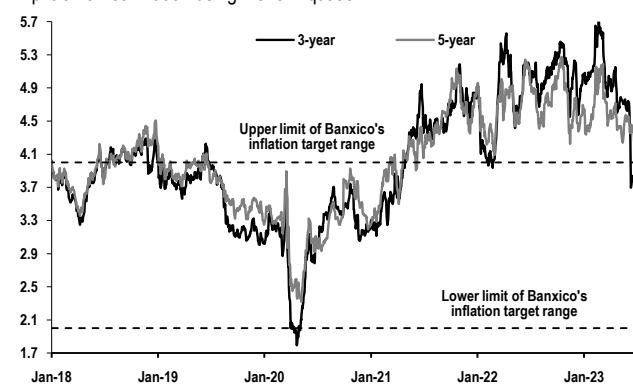
Implicit market inflation using Fisher Equation (%)

Date	07/07/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	4.13	3.99 (+14bps)	4.45 (-32bps)	5.08 (-95bps)	5.74	3.70	4.95
5Y	4.62	4.49 (+13bps)	4.37 (+25bps)	4.87 (-25bps)	5.28	4.23	4.66
10Y	4.20	4.17 (+3bps)	4.24 (-4bps)	4.7 (-50bps)	5.16	4.04	4.51
20y	4.37	4.31 (+6bps)	4.35 (+2bps)	4.84 (-47bps)	5.15	4.15	4.62
30Y	4.34	4.31 (+3bps)	4.39 (-5bps)	4.89 (-55bps)	5.18	4.15	4.59

Source: PiP

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

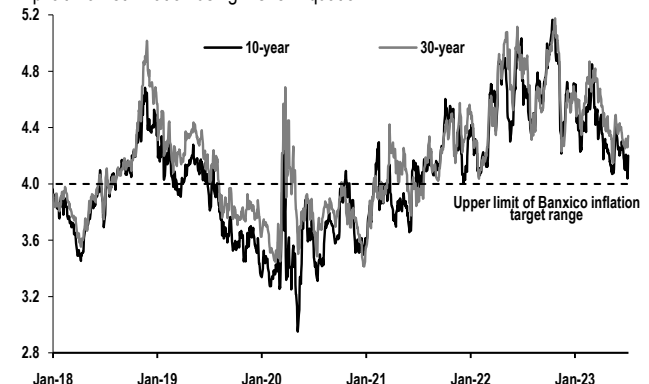
Implicit market inflation using Fisher Equation



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

- **Sovereign bonds closed last week with a negative balance, led by Treasuries.** Fixed-income securities started July with high volatility and significant losses. The MOVE index -a metric that reflects volatility in one-month US bond options- rebounded to 135 points after remaining relatively stable at 113 points during June. The momentum was led by Treasuries as they absorbed a more restrictive tone in the Federal Reserve minutes and economic data supporting higher rates. As a result, investors consolidated their bets for a second hike. Currently, swaps are pricing-in +36bps cumulatively heading into the November meeting from +26bps two weeks ago. This is consistent with at least a 25bps hike in July and some probability of another hike of the same magnitude in either September or the same month. In this context, Treasuries closed the week with pressures of 15bps, concentrated in the belly (+23bps). The 2-year security temporarily breached the 5.00% figure, approaching multi-year highs, and the 10-year tenor closed at 4.06% (+22bps), reaching 4-month highs. Similarly, Mbonos as of the Mar'26 node registered losses of 24bps, on average. Consequently, spreads between these securities widened, albeit at the margin. In particular, the risk premium (calculated as the spread between 10-year bonds between Mexico and the US) moved to 487bps after reaching lows since April 2021 of 481bps the previous week. In addition, the market further reduced bets on rate cuts by Banxico for this year given the need expressed in the minutes to maintain a prolonged pause and a higher rate outlook in the US. Swaps discount -43bps from -46bps the previous week and -81bps at the last meeting (June 22nd)
- In terms of strategy and considering our call for monetary policy vs. the market, as well as the high correlation of local rates with their US peers we see attractive to pay very short-term TIE-28 swaps only for tactical and trading purposes as gains could be limited by downside surprises in Mexican inflation data. These strategies could gain next week in case June US inflation disappoints the market (consensus: 0.03% m/m). In particular, the 1-year swap is trading at 11.02% from its June low of 10.81%. In terms of real rates, Mbonos outperformed Udibonos during June, resulting in lower inflation breakevens for all maturities. In our opinion, shorter maturity Udibonos have become more attractive, especially in case breakevens are below 4.00%. We highlight the 3-year Udibono (on-the-run) which traded at historical highs of 5.55% at the beginning of 2Q23 and currently at 5.26%, implying a breakeven of 4.13%; that is, only 43bps above the 12-month low. Finally, we believe that the 10-year Mbono, May'33, will trade between 8.80% and 9.05%

FX dynamics

- **MXN will continue to stand out among its peers.** The Mexican peso will continue to be supported by an attractive volatility-adjusted carry against its emerging peers and solid macroeconomic fundamentals despite higher rates in the US. The local currency closed on Friday at 17.15 per dollar with a depreciation of 0.1% w/w
- **The dollar closed in negative territory.** The FX universe assimilated an outlook of higher rates for longer in developed economies. In advanced economies, there was a positive bias with JPY (+1.5%) leading the gains and in EM, it was mixed with KRW (+1.0%) and HUF (-2.6%) on the extremes

Foreign Exchange market levels and historical return

		Close at 07/07/2023	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD ¹ (%)
Emerging Markets						
Brazil	USD/BRL	4.87	0.9	-1.8	1.1	8.4
Chile	USD/CLP	808.38	-0.7	-0.8	-2.1	5.3
Colombia	USD/COP	4,155.00	0.8	0.4	1.3	16.8
Peru	USD/PEN	3.64	0.2	-0.5	0.6	4.5
Hungary	USD/HUF	350.82	1.0	-2.6	-1.8	6.4
Malaysia	USD/MYR	4.67	-0.1	0.0	-1.5	-5.6
Mexico	USD/MXN	17.15	0.6	-0.1	1.3	13.7
Poland	USD/PLN	4.06	1.4	0.1	3.3	7.8
Russia	USD/RUB	91.37	-0.3	-2.3	-10.4	-18.8
South Africa	USD/ZAR	18.87	1.3	-0.1	1.2	-9.7
Developed Markets						
Canada	USD/CAD	1.33	0.7	-0.2	0.7	2.1
Great Britain	GBP/USD	1.28	0.8	1.1	3.2	6.3
Japan	USD/JPY	142.21	1.3	1.5	-1.5	-7.8
Eurozone	EUR/USD	1.0967	0.7	0.5	2.5	2.4
Norway	USD/NOK	10.62	1.4	1.1	3.9	-7.7
Denmark	USD/DKK	6.79	0.7	0.5	2.5	2.3
Switzerland	USD/CHF	0.89	0.7	0.8	2.4	4.0
New Zealand	NZD/USD	0.62	0.9	1.4	2.9	-2.2
Sweden	USD/SEK	10.82	1.1	-0.2	0.7	-3.6
Australia	AUD/USD	0.67	1.0	0.4	0.6	-1.8

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

Source: Bloomberg

USD/MXN

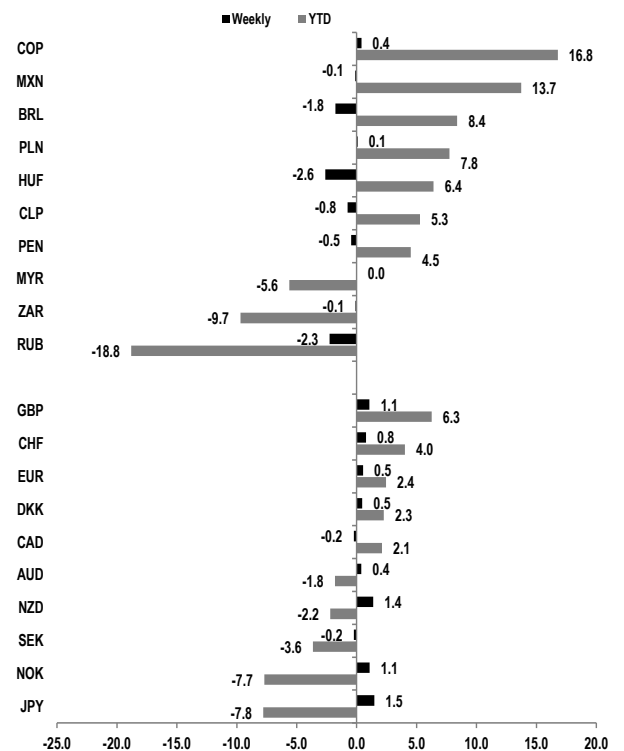
Last 12 months



Source: Bloomberg

FX performance

Against USD, %



Source: Bloomberg

DXY

Points



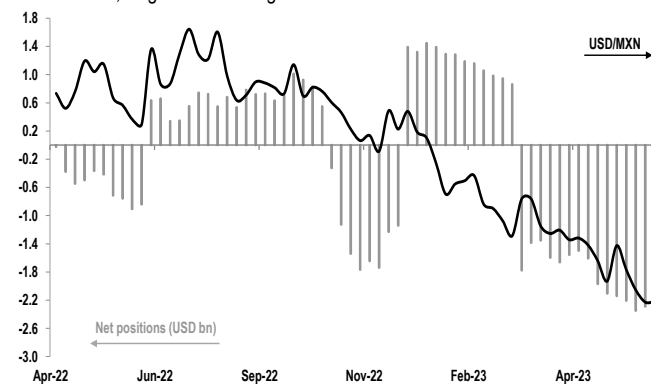
Source: Bloomberg, Banorte

FX positioning and flows

- **Net long positioning in MXN moderated marginally.** As of July 4th, the MXN position recorded a lower net long of US\$ 2.79 billion from US\$ 2.82 billion. Speculators consolidated an expectation of a more defensive dynamic for the peso since mid-March, driven by the rapid recovery after the banking turmoil. Since then, the currency has gained 9.3%, positioning itself as the second strongest in EM (+13.7% YTD)
- **Net short USD positions remained high.** The USD IMM position posted a lower net short of US\$ 12.54 billion from US\$ 13.15 billion the previous week. The shift was the result of sales in most currencies, mainly EUR (-447 million) followed by JPY (-419 million) and AUD (-323 million), while those bought were CAD (+516 million) and CHF (+200 million)
- **Selling continued in both EM and Mexico, recording eight negative weeks in a row.** Our EPFR aggregate recorded negative flows of US\$ 1.1 billion from US\$ 915 million the previous week. Bond market sales decrease 70% to US\$ 455 million. However, Equities flows turn negative to US\$ 662 million from +US\$ 609 million. In Mexico, a negative flow of US\$ 109 million was recorded because of sales in both bonds and equities of US\$ 76 million and US\$ 33 million, respectively

IMM positioning in USD/MXN futures

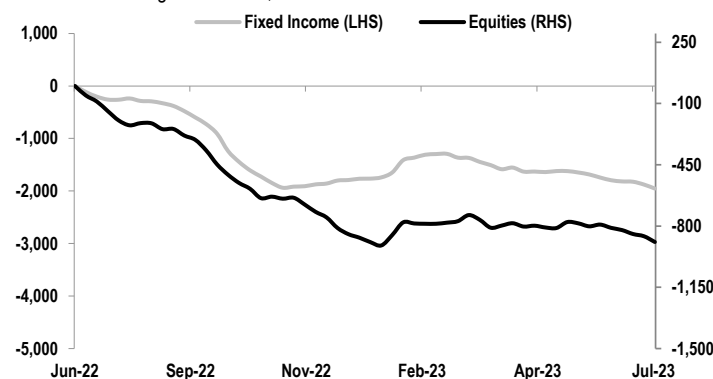
Billion dollars, Negative = net long in MXN



Source: CME, Banorte

Foreign portfolio flows into Mexico

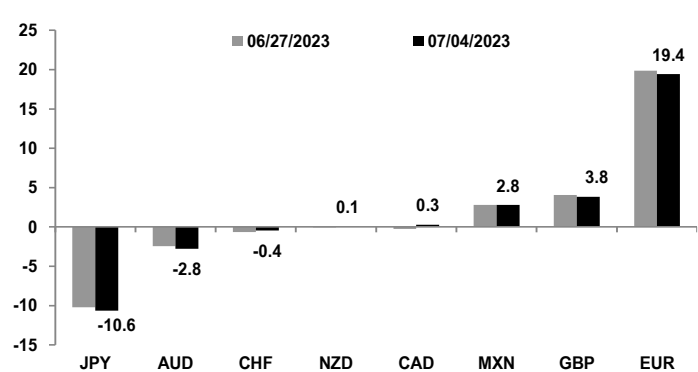
Accumulated during the last 12M, million dollars



Source: EPFR Global, Banorte

IMM positioning by currency*

Billion dollars

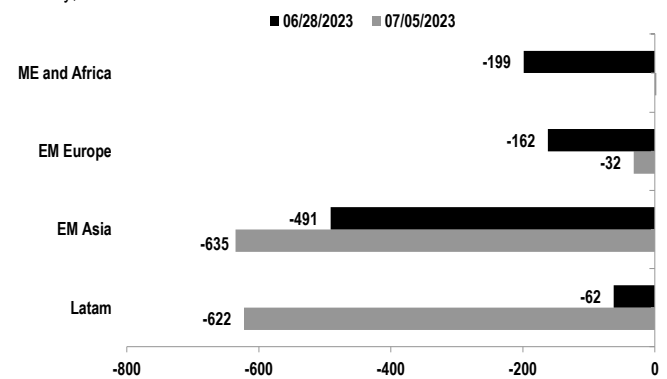


* Positive: Net long in the corresponding currency

Source: CME, Banorte

Net foreign portfolio flows by region*

Weekly, million dollars



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

FX technicals

- Mexican peso performance was driven by positive data in the US.** The currency temporarily breached the psychological level of 17.00 and then weakened momentarily to reach 17.40 per dollar due to a general strengthening of the dollar following the expectation of further rises in the US. The main short-term resistances stand at 16.95, 16.88, and 16.80, with supports at 17.37, 17.45, and 17.50. The weekly trading range marked 42 cents, which has not been seen since the banking crisis in March. Meanwhile, the weekly range registered a low of 13 cents and a high of 94 cents so far this year

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	11	27	-7	72	27
CAD	47	35	1	63	34
ZAR	67	56	4	85	37
BRL	54	34	16	63	44
HUF	24	24	-5	70	39
RUB	19	27	-34	54	13

* 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	49	28	19	89	49
SPX	19	15	5	71	43
GSCI	31	39	2	49	32
Gold	16	8	-57	64	7

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

USD/MXN – Moving averages

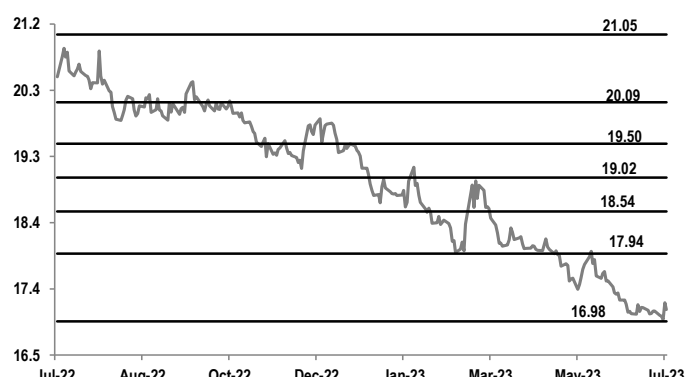
Last 120 trading days



Source: Bloomberg

USD/MXN – Fibonacci retracement

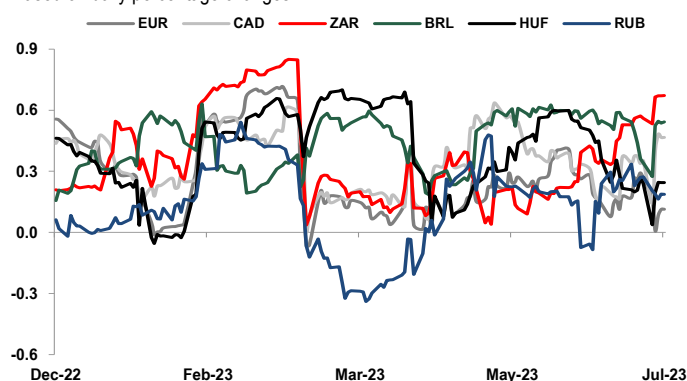
Last 12 months



Source: Bloomberg

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

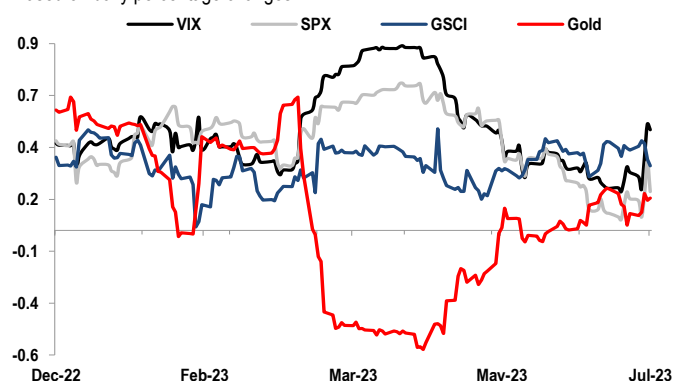
Based on daily percentage changes



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

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

Based on daily percentage changes

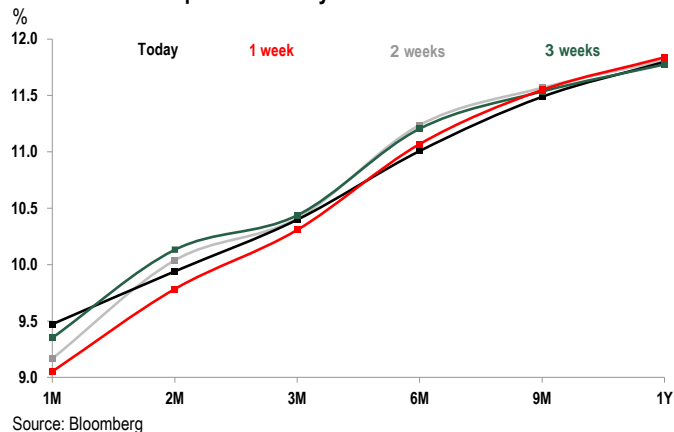


* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

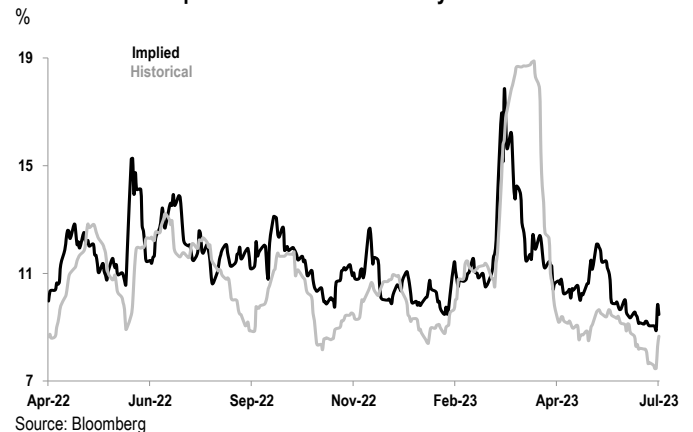
FX technicals (continued)

- The MXN ATM implied volatility curve increased at the short-end.** The 1-month implied vol rose to 9.5% from 9.1% last week, after 3 weeks of stability. This move was driven by a higher rate outlook in the US. Despite this, the 3-month reading adjusted more moderately to 10.4% (+0.1 vegas), while the 1-year remained stable at 11.8%. On the other hand, the 1-month risk reversal closed the week practically unchanged at 1.95%, although it reached its lowest level since April 2022 (1.66%) after the MXN broke 17.00 per dollar in intraday trading

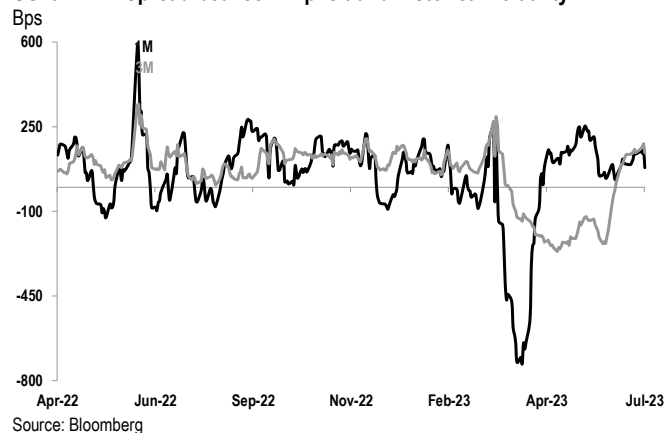
USD/MXN – ATM options volatility curve



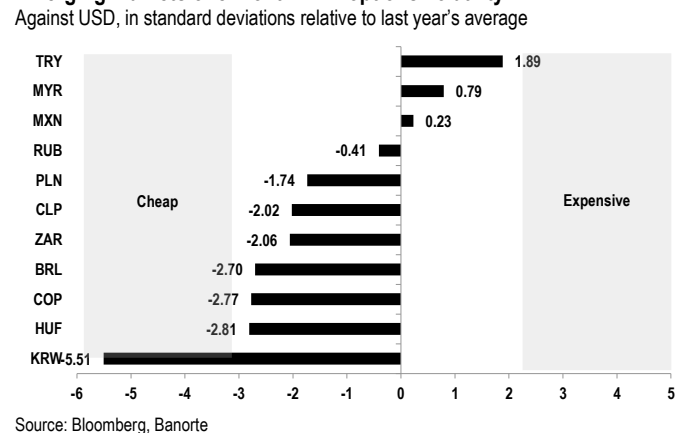
USD/MXN – 1M implied and historical volatility



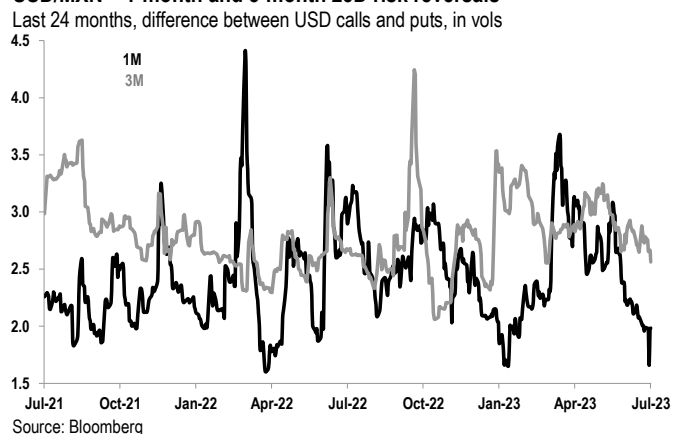
USD/MXN – Spread between implicit and historical volatility



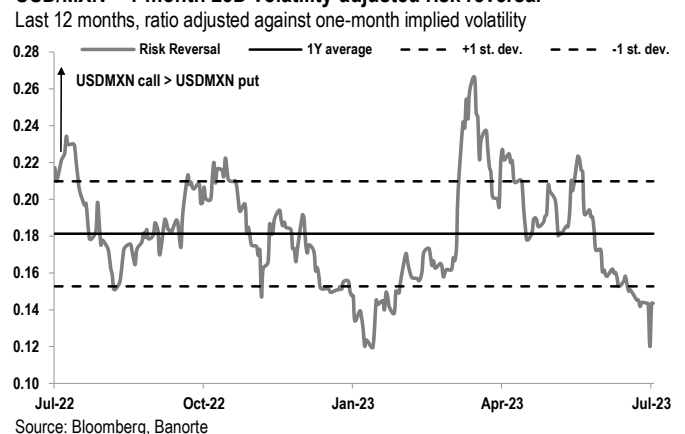
Emerging markets one-month ATM options volatility



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



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

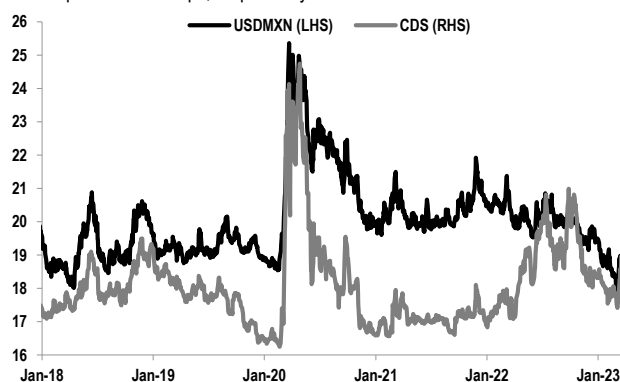


FX trade recommendations

- Mexican peso momentarily breached the psychological level of 17.00 per dollar.**
 The first week of July ended with a volatile FX market reflecting caution over the prospect of higher rates for longer in developed economies to curb inflation. Also, surprises in the employment and services sectors caused a greater movement of portfolio flows, concluding with a weakening of the dollar. The DXY and BBDXY lost 0.6% and 0.5% w/w, respectively. In the developed currencies space, we observed a favorable balance except for SEK (-0.2%) and CAD (-0.2%), while JPY (+1.5%) was the strongest. In emerging markets, the bias was mixed with HUF (-2.6%) leading the declines and KRW (+1.0%) at the opposite side. The Hungarian forint recorded one of its worst declines in three years on signs of a hard landing in the economy due to the impact that interest rates will have on the consumer. The Mexican peso on Wednesday's session breached the psychological 17.00 per dollar, marking its strongest level at 16.98, not seen in almost 8 years. The ADP private employment surprise triggered a rapid profit taking in the MXN pushing it down to 17.40 and a sharp spike in 1-month options implied volatility to 9.84% (+95bps vs. previous day). Nonetheless, the market breathed with the non-farm payroll and the previous losses were diluted. The local currency closed Friday at 17.15, equivalent to a weekly depreciation of 0.1% and a trading range of 42 cents.
- This week, the dynamics of the FX universe will be defined by June inflation in the US, Brazil and China, comments from Fed members and the release of economic data in other regions. A higher-than-expected reading and a hawkish tone from central bankers would reinforce expectations of two Fed funds rate hikes and boost the USD. In our view, the MXN will remain resilient supported by solid macroeconomic fundamentals and a high real rate outlook, as well as a carry that remains attractive despite the recent bout of volatility. We estimate a trading range between USD/MXN 16.85 and 17.40

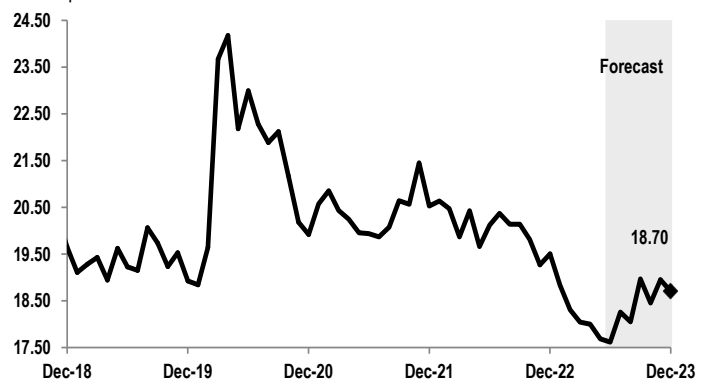
USD/MXN and Mexico 5Y CDS

Pesos per dollar and bps, respectively



USD/MXN Forecast for 2023

Pesos per dollar



Weekly economic calendar

For the week ending July 14, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Sun 9	21:30	CHI	Consumer prices	Jun	% y/y	--	0.2	0.2
Mon 10	10:00	US	Fed's Barr Speaks on Bank Supervision and Capital Rules					
	11:00	US	Fed's Daly to Discuss Inflation and Banking					
	11:00	US	Fed's Mester Speaks on Economic and Policy Outlook					
	12:00	US	Fed's Bostic Speaks on US, Atlanta Economies					
	15:00	US	Consumer credit*	May	USDbn	--	20.0	23.0
Tue 11		MX	Wage negotiations	Jun	%	--	--	9.3
	02:00	UK	Unemployment rate*	May	%	--	3.8	3.8
	02:00	GER	Consumer prices	Jun (F)	% y/y	--	6.4	6.4
	05:00	GER	ZEW Survey (Expectations)	Jul	index	--	-10.5	-8.5
	08:00	BZ	Consumer prices	Jun	% m/m	--	-0.10	0.23
	08:00	BZ	Consumer prices	Jun	% y/y	--	3.15	3.94
	11:00	MX	International reserves	Jul 7	US\$bn	--	--	203.2
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 20-year Mbono (Nov'42); 30-year Udibono (Nov'50) and 2-, 5-, and 10-year Bondes F					
		MX	ANTAD same-store sales	Jun	% y/y	--	--	1.3
	08:00	MX	Industrial production	May	% y/y	2.2	1.7	0.7
Wed 12	08:00	MX	Industrial production*	May	% m/m	-0.1	--	0.4
	08:00	MX	Manufacturing output	May	% y/y	3.0	--	1.4
	08:30	US	Fed's Barkin Speaks on Inflation					
	08:30	US	Consumer prices*	Jun	% m/m	0.2	0.3	0.1
	08:30	US	Ex. food & energy*	Jun	% m/m	0.3	0.3	0.4
	08:30	US	Consumer prices	Jun	% y/y	3.0	3.1	4.0
	08:30	US	Ex. food & energy	Jun	% y/y	5.0	5.0	5.3
	09:45	US	Fed's Kashkari Discusses Monetary Policy, Banking Solvency					
	13:00	US	Fed's Bostic Speaks at Atlanta Fed Payments Forum					
	14:00	US	Beige Book					
Thu 13	16:00	US	Fed's Mester Speaks on FedNow					
	23:00	CHI	Trade balance	Jun		--	74.0	65.8
	23:00	CHI	Exports	Jun	% y/y	--	-10.0	-7.5
	23:00	CHI	Imports	Jun	% y/y	--	-4.4	-4.5
		SK	Monetary policy decision (Central bank of South Korea)	Jul 13	%	--	3.50	3.50
	02:00	UK	Industrial production*	May	% m/m	--	-0.4	-0.3
	05:00	EZ	Industrial production*	May	% m/m	--	0.3	1.0
	08:30	US	Producer prices*	Jun	% m/m	--	0.2	-0.3
	08:30	US	Ex. food & energy*	Jun	% m/m	--	0.2	0.2
	08:30	US	Initial jobless claims*	Jul 8	thousands	245	250	248
Fri 14	18:45	US	Fed's Waller Speaks on Economic Outlook					
	19:00	PER	Monetary policy decision (BCRP)	Jul 13	%	--	7.75	7.75
	05:00	EZ	Trade balance*	May	EURbn	--	--	-7.1
	08:00	BZ	Retail sales	May	% y/y	--	1.3	0.5
	08:00	BZ	Retail sales*	May	% m/m	--	-0.3	0.1
	10:00	US	U. of Michigan Confidence*	Jul (P)	index	66.0	65.5	64.4

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

For the week ending July 7, 2023

	Time		Event	Period	Unit	Banorte	Actual	Previous
Sun 2	21:45	CHI	Manufacturing PMI (Caixin)*	Jun	index	--	50.5	50.9
Mon 3		EZ	European Commission economic growth forecasts					
	03:55	GER	Manufacturing PMI*	Jun (F)	index	--	40.6	41.0
	04:00	EZ	Manufacturing PMI*	Jun (F)	index	--	43.4	43.6
	04:30	UK	Manufacturing PMI*	Jun (F)	index	--	46.5	46.2
	09:00	BZ	Manufacturing PMI*	Jun	index	--	46.6	47.1
	09:45	US	Manufacturing PMI*	Jun (F)	index	46.3	46.3	46.3
	10:00	US	ISM manufacturing*	Jun	index	47.5	46.0	46.9
	11:00	MX	Family remittances	May	US\$bn	5,583.4	5,693.1	5,003.3
	11:00	MX	Survey of expectations (Banxico)					
	14:00	MX	PMI manufacturing (IMEF)*	Jun	index	50.3	50.9	49.7 (R)
	14:00	MX	PMI non-manufacturing (IMEF)*	Jun	index	51.6	51.5	51.1
Tue 4		US	Total vehicle sales**	Jun	millions	--	15.7	15.1
	02:00	GER	Trade balance	May	EURbn	--	14.4	16.5 (R)
	08:00	BZ	Industrial production	May	% y/y	--	1.9	-2.7
	08:00	BZ	Industrial production*	May	% m/m	--	0.3	-0.6
	11:00	MX	International reserves	Jun 30	US\$bn	--	203.2	203.3
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes; 5-year Mbono (Mar'27); 10-year Udibono (Nov'31) and 1-, 3-, and 7-year Bondes F					
	21:45	CHI	Services PMI (Caixin)*	Jun	index	--	53.9	57.1
Wed 5	21:45	CHI	Composite PMI (Caixin)*	Jun	index	--	52.5	55.6
	03:55	GER	Services PMI*	Jun (F)	index	--	54.1	54.1
	03:55	GER	Composite PMI*	Jun (F)	index	--	50.6	50.8
	04:00	EZ	Services PMI*	Jun (F)	index	--	52.0	52.4
	04:00	EZ	Composite PMI*	Jun (F)	index	--	49.9	50.3
	04:30	UK	Services PMI*	Jun (F)	index	--	53.7	53.7
	08:00	MX	Consumer confidence*	Jun	index	44.8	45.2	44.5 (R)
	08:00	MX	Gross fixed investment	Apr	% y/y	4.4	6.1	9.0 (R)
	08:00	MX	Gross fixed investment*	Apr	% m/m	-1.2	-0.3	0.5
	08:00	MX	Private consumption	Apr	% y/y	4.1	2.5	3.3 (R)
	08:00	MX	Private consumption*	Apr	% m/m	1.4	0.5	0.3
	10:00	US	Factory orders*	May	% m/m	--	0.3	0.3 (R)
	10:00	US	Ex transportation*	May	% m/m	--	-0.5	-0.6 (R)
	10:00	US	Durable goods orders*	May (F)	% m/m	--	1.8	1.7
	10:00	US	Ex transportation*	May (F)	% m/m	--	0.7	0.6
	14:00	US	FOMC Meeting Minutes					
	16:00	US	Fed's Williams Speaks at Central Bank Research Association Mtg					
	16:30	MX	Survey of expectations (Citibanamex)					
Thu 6	05:00	EZ	Retail sales*	May	% m/m	--	0.0	0.0
	08:15	US	ADP employment*	Jun	thousands	225	497	267 (R)
	08:30	US	Trade balance*	May	US\$bn	--	-69.0	-74.4 (R)
	08:30	US	Initial jobless claims*	Jul 1	thousands	250	248	236 (R)
	08:45	US	Fed's Logan Speaks on Policy Challenges for Central Banks					
	09:45	US	Services PMI*	Jun (F)	index	54.1	54.4	54.1
	09:45	US	Composite PMI*	Jun (F)	index	53.0	53.2	53.0
	10:00	US	ISM services*	Jun	index	50.0	53.9	50.3
	11:00	MX	Banxico's minutes					
Fri 7	02:00	GER	Industrial Production*	May	% m/m	--	-0.2	0.3
	08:00	MX	Consumer prices	Jun	% m/m	0.07	0.10	-0.22
	08:00	MX	Core	Jun	% m/m	0.29	0.30	0.32
	08:00	MX	Consumer prices	Jun	% y/y	5.02	5.06	5.84
	08:00	MX	Core	Jun	% y/y	6.87	6.89	7.39
	08:30	US	Nonfarm payrolls*	Jun	thousands	200	209	306
	08:30	US	Unemployment Rate*	Jun	%	3.7	3.6	3.7

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 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 TIE-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 CPH-linked 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 CPH-linked Udibono Jun'19	P	7-May-18	14-May-18
Long 7- to 10-year Mbonos	L	26-Mar-18	23-Apr-18
Long CPH-linked 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 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 Udibono 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 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 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 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 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 Udibono 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 Udibono 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 Udibono 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 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

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, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cuatencos Mora 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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