

Fixed-Income and FX Weekly

Market outlook

- **Negative performance in local assets.** Last week, Mbonos' curve lost 5bps, excluding the long-end. The 10-year benchmark closing at 8.79% (+5bps w/w). In addition, the USD/MXN depreciated 1.4% w/w to 16.99
- **Market attentive to Fed and ECB decisions, as well as to comments from Powell and Lagarde.** Last week, quarterly results strengthened the idea of a "soft landing" in the US, offsetting fears of a further slowdown in China and the uncertainty of higher interest rates in developed countries. However, geopolitical tensions between Russia and Ukraine escalated after the Black Sea grain deal collapsed. Subsequently, Russia shelled Ukrainian ports on the Danube River. This increased uncertainty about global food supplies. As a result, wheat has rallied 21.9% since July 12th, reaching five-month highs. This week, the focus will be on the decisions of the Federal Reserve and the European Central Bank. We anticipate a 25bps increase in interest rates for both, a scenario already priced-in by yield curves. However, Powell's and Lagarde's comments will be key to know the next actions of the central banks. Similarly, Japan, Hungary, Indonesia, and Chile will make their own announcements. On the other hand, the International Monetary Fund will release its forecast update in its World Economic Outlook document. In the US, there will be a plethora of economic figures, highlighting 2Q23 GDP, PCE deflator, consumer confidence and trade balance. Locally, [inflation for the first fortnight of July was published at 0.29%](#), slightly above consensus (0.26%). In biweekly terms, annual inflation fell to 4.79% from 4.93%, although core keeps showing more reluctance to the upside. In the following days, the IGAE, unemployment rate, trade balance and public finances figures will be published

Fixed-Income

- **Supply** –The MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 30-year Mbono (Jul'53), the 20-year Udibono (Nov'43), as well as 2-, and 5-year Bondes F
- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.371 trillion (US\$ 80.0 billion), a market share equal to 33.3%, as of July 12th. Short positions in Mbono May'33 ended at MXN 1.7 billion from MXN 2.1 billion last week
- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 496bps from 490bps the previous week, with the 12-month mean at 541bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of July 18th) remained virtually unchanged at net long of US\$ 2.82 billion. Mutual funds' flows to EM marked bigger sales of US\$ 923 million from US\$ 823 million the previous week
- **Technicals** – The spot breached the 16.70 zone and the psychological level of 17.00. In addition, the Mexican peso recorded a weekly trading range of 36 cents and reached a new best intraday level since 2015 of 16.69 per dollar

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Recommendations

- Fixed-Income
- The market is still analyzing whether the Federal Reserve would raise interest rates again after this week's decision, where a 25bps hike is highly expected, taking Fed Funds to 5.25%-5.50%. Conferences by Powell and Lagarde will be key to obtaining more information on the future actions of central banks. We expect a hawkish tone and with-it losses in sovereign bonds, mainly in shorter-term ones
 - We expect the 10-year Mbono to trade between 8.65% and 9.00%

- FX
- This week, the focus will be on the money front. We believe there is room for the dollar to advance if the Fed's tone is more hawkish
 - We estimate a weekly trading range between USD/MXN 16.75 and 17.30



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

Fixed-Income dynamics

Mbonos performance

Maturity date	YTM 07/21/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.49	+19	+67
Sep'24	10.92	-1	+83
Dec'24	10.55	+4	+68
Mar'25	10.07	+4	+14
Mar'26	9.53	+3	+30
Sep'26	9.54	+7	+14
Mar'27	9.30	+8	+11
Jun'27	9.19	+7	+11
May'29	8.82	+8	-25
May'31	8.79	+5	-23
May'33	8.79	+5	-23
Nov'34	8.77	+4	-28
Nov'36	8.76	+4	-29
Nov'38	8.84	+0	-25
Nov'42	8.87	+0	-24
Nov'47	8.83	-1	-24
Jul'53	8.86	-2	-19

Source: PiP

Udibonos performance

Maturity date	YTM 07/21/2023	Weekly change (bps)	YTD (bps)
Nov'23	6.34	-50	+26
Dec'25	5.56	-4	+80
Dec'26	5.37	0	+71
Nov'28	4.58	0	+27
Nov'31	4.45	+2	+28
Nov'35	4.28	+4	+7
Nov'40	4.34	-2	+15
Nov'43	4.44	+5	-6
Nov'46	4.42	+1	+24
Nov'50	4.44	+1	+21

Source: PiP

IRS (28-day TIIE) performance

Maturity date	YTM 07/21/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.50	0	+60
6-month (6x1)	11.42	-3	+38
9-month (9x1)	11.25	-3	+17
1-year (13x1)	10.89	-4	-3
2-year (26x1)	9.65	0	-22
3-year (39x1)	8.96	+5	-23
4-year (52x1)	8.52	+3	-39
5-year (65x1)	8.33	+4	-48
7-year (91x1)	8.22	+12	-52
10-year (130x1)	8.16	+7	-57
20-year (260x1)	8.27	+9	-59

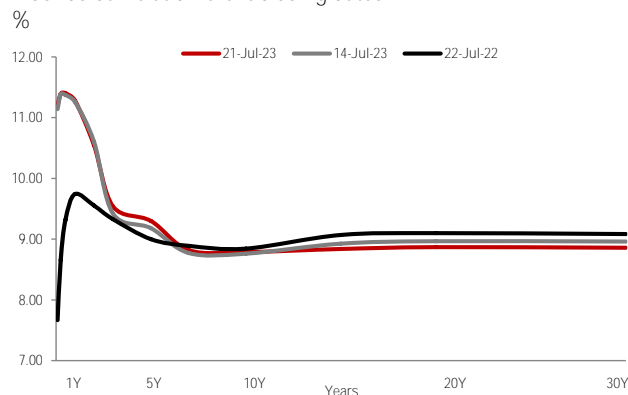
Source: Bloomberg

Cetes performance

Maturity date	YTM 07/21/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.19	-14	+110
Cetes 91	11.39	+2	+73
Cetes 182	11.40	+3	+53
Cetes 364	11.28	-1	+31
Cetes 728	10.83	-13	+2

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 07/21/2023	Weekly change (bps)	YTD (bps)	YTM 07/21/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	4.85	+9	+37	4.84	+7	+41	1	+2	20	32
3Y	May'26	4.26	-6	-54	4.44	+7	+22	-18	-13	61	52
5Y	Feb'28	4.94	+11	+16	4.09	+5	+9	85	+6	100	101
7Y	Apr'30	5.10	+8	-24	3.97	+3	+0	113	+5	143	146
10Y	May'33	5.37	+1	-19	3.83	+0	-4	154	+1	179	182
20Y	Mar'44	5.87	-1	-51	4.10	-2	-5	177	+1	220	--
30Y	May'53	6.15	0	-24	3.90	-3	-7	225	+3	250	--

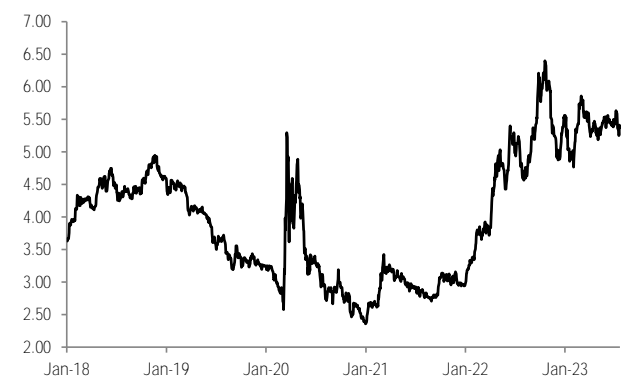
Source: Bloomberg

5Y USD UMS
%



Source: Bloomberg

10Y USD UMS
%



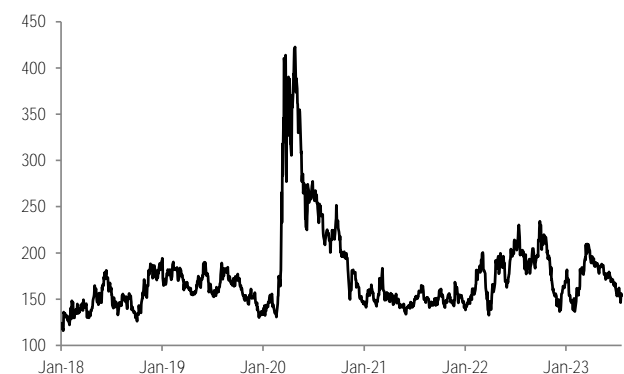
Source: Bloomberg

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 30-year Mbono (Jul'53), the 20-year Udibono (Nov'43), as well as 2-, and 5-year Bondes F
- Strong appetite for Cetes.** This week, we will have more information about the following actions by central banks in developed economies. The Fed and ECB will announce their decisions with the market widely expecting both to raise benchmark rates by 25bps; however, the tone of the communiqué, as well as the conferences by Powell and Lagarde will be key. Locally, we believe that the appetite for Cetes will remain strong due to the attractive real rates. For the longer-term Mbono, we expect demand slightly below 2.0x, considering that it currently has little room for further gains. In this sense, the security is trading very close to -2σ from its 90-day moving average at 8.86%, rallying 19bps so far this year. In addition, it holds a low spread vs the 30-year Treasury at almost 30-month lows at 496bps. For the 20-year CPI-linked bonds (Udibonos), we anticipate a similar appetite to its last auction of 2.2x. The security will benefit from the consistent decrease in the breakevens, which stands at 4.24%, close to its 12-month low of 4.15%. It is worth noting that in relative terms we see greater attractive in the 3-year Udibonos that have a breakeven below 4.00%, a level that has previously triggered strong buying interest

Auction specifics (July 25, 2023)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	24-Aug-23	--	8,500	11.18
3m	26-Oct-23	--	7,500	11.39
6m	25-Jan-24	--	11,700	11.42
12m	25-Jul-24	--	8,500	11.40
Bondes F				
2y	22-May-25	--	5,000	0.18
5y	27-Jan-28	--	1,000	0.24
Mbono				
30y	31-Jul-53	8.00	9,500	9.06
Udibono				
20y	12-Nov-43	3.25	UDIS 600	4.41

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.

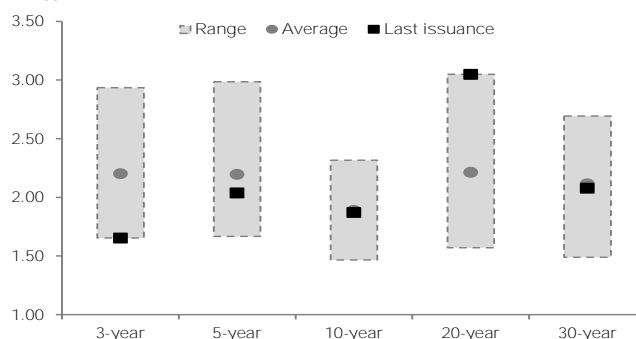
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

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'43)	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'43)	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'43)	2-, and 5-year
26-Sep	1, 3, 6, and 24M	5-year (Mar'27)	10-year (Nov'31)	1-, 3-, and 7-year

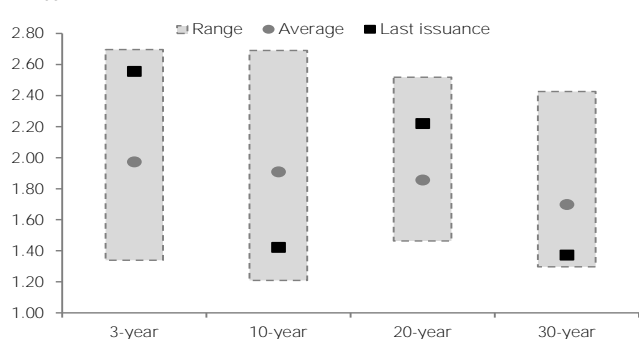
Source: Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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

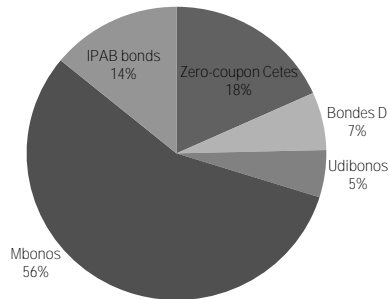
Fixed-Income demand

Cetes held by foreigners
MXN billion, %



Source: Banxico

Government issuance by type of instrument
Total amount of US\$ 428 billion, % of total



Source: Banxico

Government bond holdings by type of investor
US\$ billion and %, data as of 07/12/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	78	13%	14%	16%	4%	10%	43%
Floating-rate Bondes D	27	0%	6%	37%	1%	20%	36%
Real-rate Udibonos	173	4%	54%	5%	19%	1%	18%
Fixed-rate Mbonos	240	33%	23%	3%	3%	13%	25%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
US\$ billion

	07/12/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	10.2	10.6	-0.4	8.2	2.0
Floating-rate Bondes D	0.1	0.1	0.0	2.0	-1.9
Real-rate Udibonos	6.3	0.8	5.5	1.0	5.3
Fixed-rate Mbonos	80.0	80.2	-0.2	81.6	-1.6

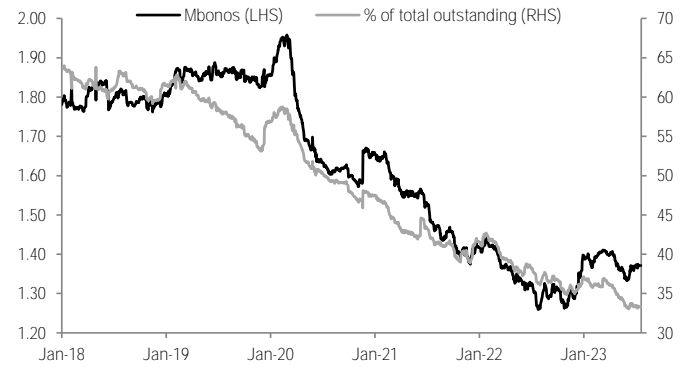
Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
Percentage of total amount outstanding

	07/12/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	13.0%	13.9%	-0.9%	12.4%	0.6%
Floating-rate Bondes D	0.3%	0.3%	0.0%	4.4%	-4.1%
Real-rate Udibonos	3.6%	3.5%	0.1%	5.0%	-1.4%
Fixed-rate Mbonos	33.3%	33.5%	-0.2%	37.1%	-3.7%

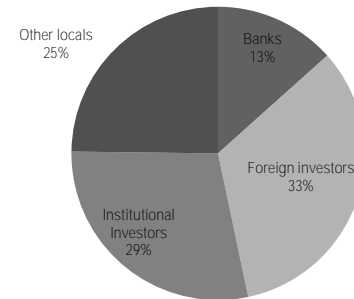
Source: Banorte with data from Banxico

Mbonos held by foreigners
MXN trillion, %



Source: Banxico

Mbonos holdings by type of investor
Total amount of US\$ 240 billion, % of total



Source: Banxico

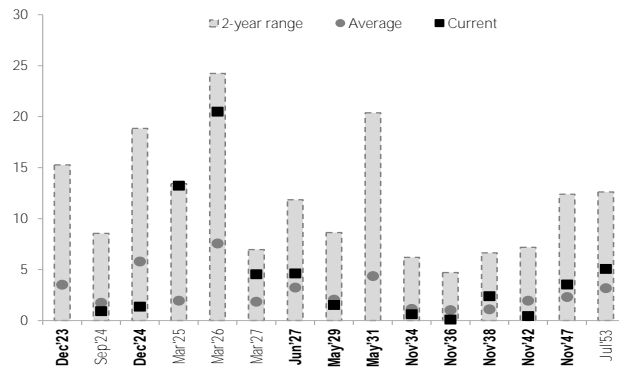
Mbonos holdings by type of investor
US\$ billion and %, data as of 07/06/2023

DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Dec'23	11.6	26%	9%	16%	50%
Sep'24	18.3	25%	19%	11%	45%
Dec'24	13.9	35%	27%	8%	29%
Mar'25	12.2	34%	21%	23%	23%
Mar'26	26.8	39%	24%	18%	19%
Sep'26	2.2	17%	10%	12%	62%
Mar'27	16.7	22%	21%	18%	39%
Jun'27	20.7	15%	42%	28%	15%
May'29	15.8	4%	50%	24%	22%
May'31	25.2	4%	48%	31%	17%
May'33	10.5	6%	40%	34%	20%
Nov'34	5.5	1%	49%	37%	13%
Nov'36	4.1	1%	29%	40%	30%
Nov'38	12.6	1%	44%	39%	16%
Nov'42	16.9	2%	45%	39%	14%
Nov'47	15.0	1%	36%	43%	20%
Jul'53	8.1	2%	36%	45%	17%
Total	227.9	16%	34%	26%	24%

Source: Banxico

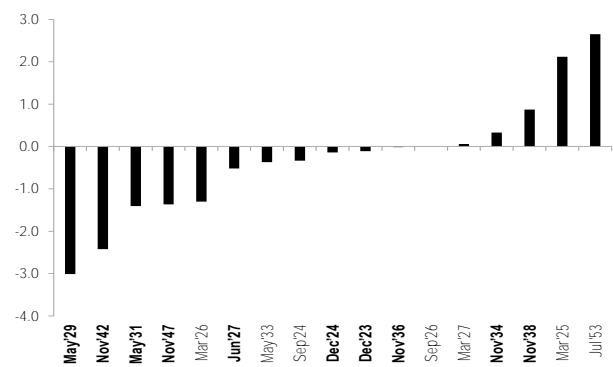
Fixed-Income demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion



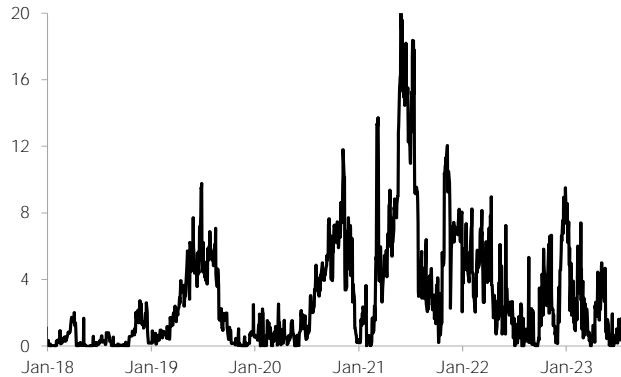
Source: Banxico

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



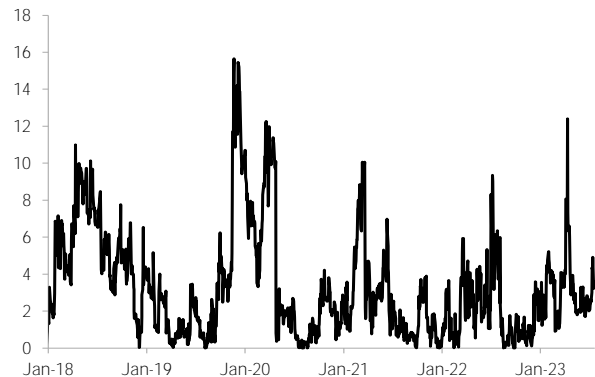
Source: Banxico

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 07/21/2023	07/21/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	10,014	0	6	25	0	390	0
Sep'24	17,371	55	75	15	20	330	0
Dec'24	14,207	82	90	42	5	469	0
Mar'25	12,475	793	666	277	37	805	0
Mar'26	27,765	1,228	1,306	1,069	609	1,452	149
Sep'26	3,280	15	15	0	0	87	0
Mar'27	21,236	273	269	79	26	394	0
Jun'27	21,360	277	308	369	83	419	24
May'29	16,690	92	272	133	13	517	47
May'31	25,996	0	84	40	100	444	0
May'33	11,618	105	127	144	0	425	3
Nov'34	5,723	37	17	60	6	261	17
Nov'36	4,392	6	7	6	79	161	0
Nov'38	13,159	143	91	75	16	165	0
Nov'42	17,730	27	172	6	216	346	0
Nov'47	15,784	213	295	165	290	743	54
Jul'53	8,897	304	145	8	65	352	0
Total	247,699	3,346	3,802	2,506	1,499		

Source: Banxico

Fixed-Income technicals

- **The carry at the short-end registered a mixed balance.** Spreads between Cetes and imp. forward rates stood at: 1-month at +33bps from +52bps, 3-month at -59bps from -67bps, 6-month at -78bps from -90bps, and 1-year at -80bps from -88bps
- **Attention to the Fed's decision on Wednesday.** Both the market and we expect a 25bps hike in the Fed Funds rate range. After a positive surprise in US June inflation, the market remains skeptical about a second 25bps interest rate hike with a probability below 50%. The main source of information for the terminal rate will be provided by the notes inside the release and Powell's press conference

Spread between Cetes and Implied Forward Rates

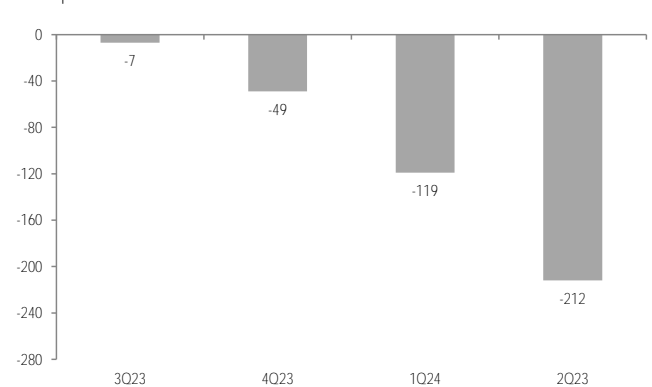
Basis Points

Tenor	Actual 07/21/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	33	52	-20	-1	153	-222
3 months	-59	-67	-71	-52	25	-150
6 months	-78	-90	-95	-65	2	-125
12 months	-80	-88	-91	-64	-8	-98

Source: Banorte with data from PIP and Bloomberg

Cumulative implied moves in Banxico's repo rate

Basis points



Source: Banorte with data from Bloomberg

- **The local risk premium increased.** The 10-year Mbono lost 5bps last week, while the Treasury with the same maturity remained broadly unchanged. As a result, the 10-year spread between Mbono and Treasuries closed on Friday at 496bps vs 490bps the previous week, while the average of the last twelve months stands at 541bps
- **The 3-month correlation between Mexican and American 10-year bonds increased.** The reading closed Friday at +20% vs +13% the previous week

10-year Mbono and 10-year UST spread

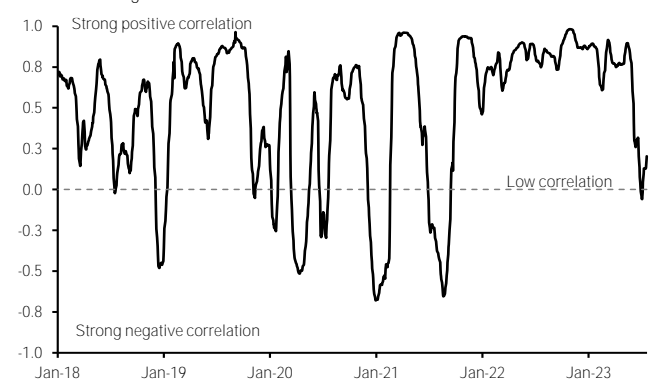
Basis points



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

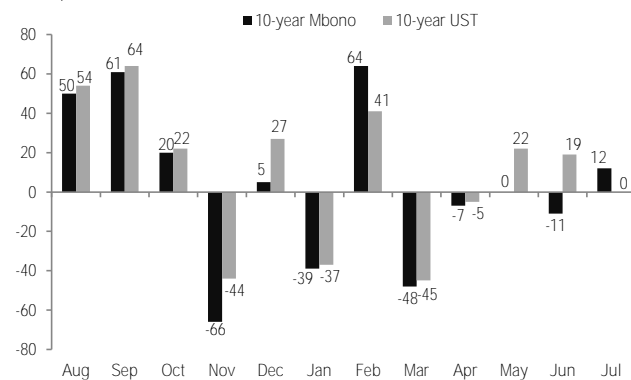
Basis points

Tenor	07/21/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-176	-177 (+1bp)	-184 (+8bps)	-71 (-105bps)	-47	-199	-126
Mbono 10s30s	7	14 (-7bps)	22 (-15bps)	24 (-17bps)	35	-15	10
TIIE-Mbono 2-year	-91	-86 (-5bps)	-85 (-6bps)	-29 (-62bps)	8	-91	-41
TIIE-Mbono 10-year	-63	-65 (+2bps)	-50 (-13bps)	-27 (-36bps)	-17	-68	-44

Source: Bloomberg and PIP

Mexican and US rates performance, last 12 months

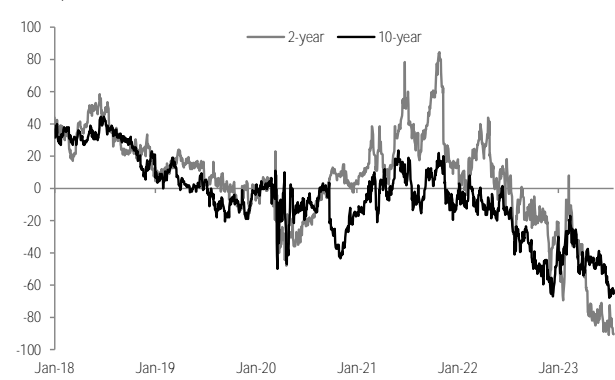
Basis points



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	07/21/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.96	3.89 (+7bps)	3.74 (+22bps)	5.02 (-106bps)	5.74	3.70	4.91
5Y	4.51	4.44 (+7bps)	4.25 (+26bps)	4.68 (-17bps)	5.28	4.23	4.65
10Y	4.16	4.12 (+4bps)	4.11 (+5bps)	4.51 (-35bps)	5.16	4.04	4.49
20y	4.24	4.29 (-5bps)	4.26 (-2bps)	4.73 (-49bps)	5.15	4.15	4.59
30Y	4.23	4.26 (-3bps)	4.27 (-4bps)	4.7 (-47bps)	5.18	4.15	4.56

Source: PIP

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

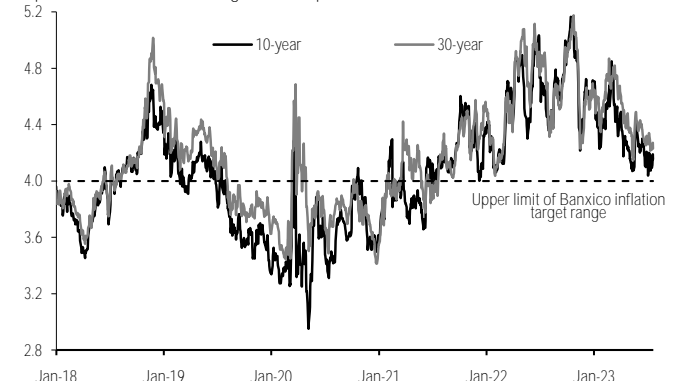
Implicit market inflation using Fisher Equation



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

- **Market awaiting the decisions of the Fed, ECB and BoJ.** The fixed-income market closed last week with a slightly negative bias. Treasuries' curve flattened because of losses at the short-end of up to 7bps and modest gains at the long-end. With this, the 2/10 spread widened to -102bps, approaching a four-decade low (-108bps), from -94bps the previous week. Following the latest economic data, the market is still analyzing whether the Federal Reserve would raise interest rates again after this week's decision, where a 25bps hike is highly expected by both the market and analyst consensus, taking Fed Funds to 5.25%-5.50%. At the local level, Mbonos lost 5bps, excluding the long-end which remained unchanged. Meanwhile, the TIIE-IRS curve steepened after few adjustments in shorter-term nodes and a 10bps sell-off at the long-end. In this sense, market expectations remain anchored to the fact that Banxico will cut rates in the last two meetings of the year, returning to a level of 10.75%. By contrast, we believe the benchmark rate will remain unchanged at 11.25% through 2023. As for real rates, Udibonos were little changed. In terms of strategy, [we reduce our preference for nominal vs. real rates](#) and we continue to see attractiveness in 3-year Udibonos given a decline in their breakevens to levels below 4.00%. This shift was also reflected in the investors' preference in the [last weekly government auction](#). 3-year securities were placed at nominal and real rates, the Mbono Sep'26 and the Udibono Dec'26, respectively. Appetite for the former collapsed to two-year lows at 1.65x, while demand for the latter remained strong at 2.56x. On the other hand, the MoF carried out the inaugural placement of the Sbonos. These financial securities are similar to the Mbonos but are designed to encourage sustainable investments in the country, aligned with Environmental, Social and Corporate Governance (ESG) criteria. The Sbonos issued at a fixed rate in national currency will have a maturity of 12 years, on May 24th, 2035, a coupon rate of 8.00% and a yield of 8.85%. The issuance as an integral part of the Country's Sustainable Financing Strategy raised MXN 23 billion and had a demand of 1.71x with the participation of 55 investors
- This week, the focus will be on the monetary front with the decisions of the Fed, ECB and BoJ. Above all, the tone of the statements and conferences by Powell and Lagarde will be key to obtaining more information on the future actions of central banks. We expect a hawkish tone and with-it losses in sovereign bonds, mainly in shorter-term ones. Also, [as we mentioned in previous editions](#), we expect the bear flattening bias in US Treasuries to reach its peak soon as the market fully prices-in our expectation for another 25bps hike in September. Finally, we believe that the 10-year Mbono, May'33, will trade between 8.65% and 9.00%

FX dynamics

- **Mexican peso closed marginally below the psychological level of 17.00.** The currency weakened ahead of the Fed's decision this Wednesday, where a 25bps hike is widely expected. The peso closed on Friday at 16.99 per dollar (-1.4% w/w); however, it remains as the second strongest in EM with a gain of 14.8% in the year
- **The dollar posted its biggest weekly gain in almost five months.** In this regard, all developed currencies and most emerging currencies recorded negative performances. In the first group, NZD (-3.2%) was the weakest. In EM, TRY (-3.0%) led the losses, while COP (+2.9%) managed to stand out from its peers, reaching a year-to-date advance of 22.7%

Foreign Exchange market levels and historical return

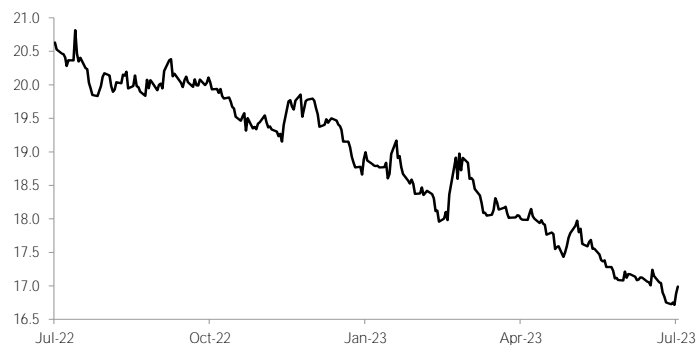
		Close at 07/21/2023	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD ¹ (%)
Emerging Markets						
Brazil	USD/BRL	4.78	0.3	0.1	-0.4	10.4
Chile	USD/CLP	822.80	-0.9	-1.0	-2.3	3.4
Colombia	USD/COP	3,955.20	0.6	2.9	4.8	22.7
Peru	USD/PEN	3.59	-0.2	-0.9	1.3	6.0
Hungary	USD/HUF	340.98	0.5	-2.3	-1.3	9.5
Malaysia	USD/MYR	4.56	-0.4	-0.8	1.8	-3.5
Mexico	USD/MXN	16.99	-0.6	-1.4	0.8	14.8
Poland	USD/PLN	4.01	-0.2	-1.1	0.7	9.1
Russia	USD/RUB	90.67	-0.3	-0.4	-7.1	-18.2
South Africa	USD/ZAR	17.96	-0.2	0.8	2.0	-5.1
Developed Markets						
Canada	USD/CAD	1.32	-0.4	-0.1	-0.5	2.5
Great Britain	GBP/USD	1.29	-0.1	-1.8	0.7	6.4
Japan	USD/JPY	141.73	-1.2	-2.1	0.1	-7.5
Eurozone	EUR/USD	1.1124	-0.1	-0.9	1.3	3.9
Norway	USD/NOK	10.08	-0.1	-0.3	5.9	-2.8
Denmark	USD/DKK	6.70	-0.1	-1.0	1.2	3.7
Switzerland	USD/CHF	0.87	0.1	-0.4	3.2	6.8
New Zealand	NZD/USD	0.62	-1.1	-3.2	-0.5	-2.9
Sweden	USD/SEK	10.38	-0.3	-1.4	2.7	0.4
Australia	AUD/USD	0.67	-0.7	-1.6	-1.0	-1.2

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

Source: Bloomberg

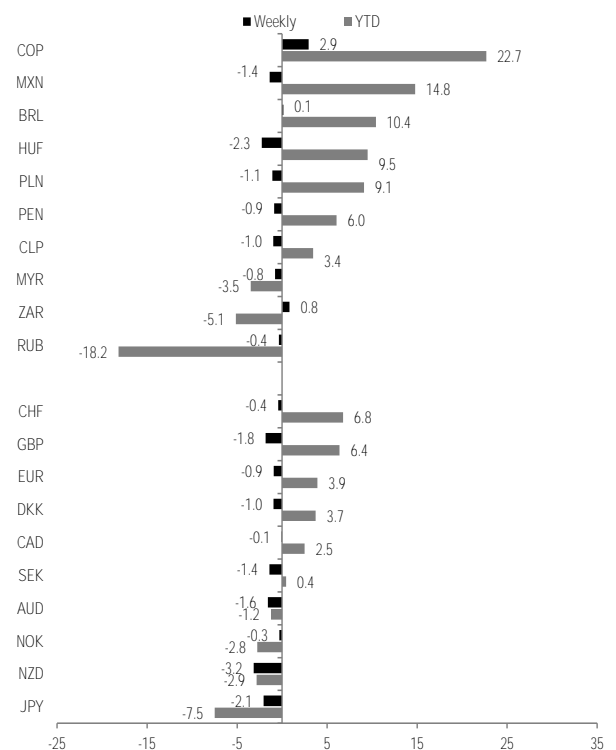
USD/MXN

Last 12 months



Source: Bloomberg

FX performance
Against USD, %



Source: Bloomberg

DXI

Points



Source: Bloomberg, Banorte

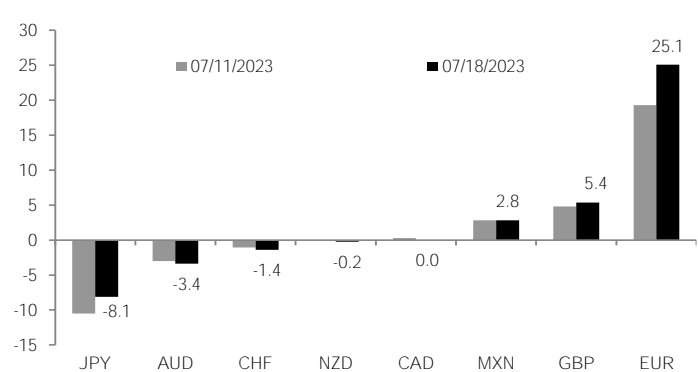
FX positioning and flows

- **Net long positioning in MXN has remained stable in the last five weeks.** As of July 18th, the MXN position remained virtually unchanged at net long of US\$ 2.82 billion vs the previous week. Speculators could reduce their bets on further appreciation if the Fed's tone is hawkish, consolidating the view of an additional hike than expected this Wednesday as is our base case
- **Net short USD positions reached highs since March 2021.** The USD IMM position posted a higher net short of US\$ 20.18 billion; that is, an increase of 61% compared with the previous week. The shift was the result of purchases in EUR (+5.81 billion), and JPY (+2.37 billion). Net long positions for the former are very close to 32-moth highs at US\$ 25.1 billion, while the net short positions for the later decreased 23% to US\$ 8.1 billion ahead of ECB and BoJ decisions
- **Selling continued in both EM and Mexico, recording ten negative weeks in a row.** Our EPFR aggregate recorded negative flows of US\$ 923 million from US\$ 823 million the previous week. Bond market sales decrease 16% to US\$ 331 million. Meanwhile, equities outflows increase 38% to US\$ 592 million. In Mexico, a negative flow of US\$ 3 million was recorded because of sales in bonds of US\$ 21 million and purchases in equities of US\$ 18 million

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



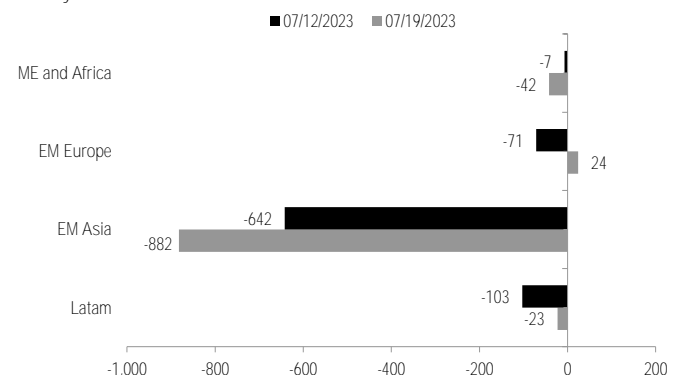
IMM positioning by currency*
Billion dollars



* Positive: Net long in the corresponding currency

Source: CME, Banorte

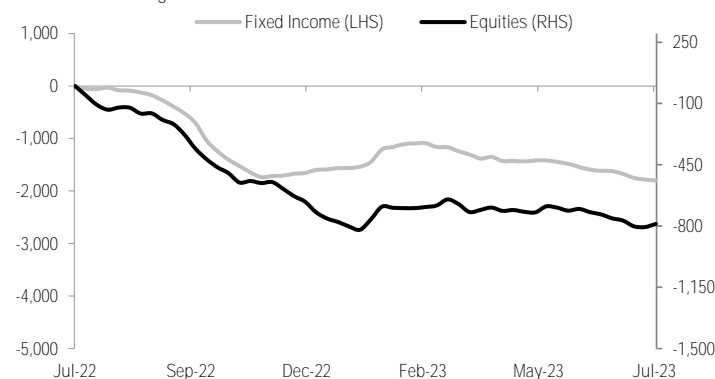
Net foreign portfolio flows by region*
Weekly, million dollars



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

xSource: CME, Banorte

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



Source: EPFR Global, Banorte

FX technicals

- Mexican peso reached a new best intraday level since 2015 of 16.69 per dollar.**
 The MXN traded between the 16.70 resistance and the psychological level of 17.00, breached both levels temporarily and closing near the top of the range. The weekly trading range was 36 cents, lower vs the previous week of 46. Meanwhile, the weekly range registered a low of 13 cents and a high of 94 cents so far this year. Currently, the main short-term resistances stand at 16.65, 16.50, and 16.43, with supports at 17.10, 17.25, and 17.36. This week, the dynamics of the peso will be driven by the tone of the Fed's decision, so we could see an operation above short-term supports, limited by the 50-day moving average at 17.27 per dollar

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	45	33	-7	72	27
CAD	35	33	1	63	34
ZAR	58	62	4	85	39
BRL	35	43	19	63	45
HUF	49	46	-5	70	40
RUB	-2	20	-34	54	14

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

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

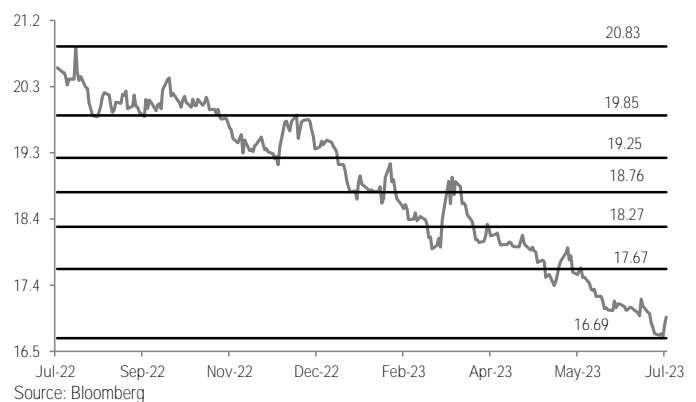
	Actual (%)	Previous week	6m Min	6m Max	6m Average
VIX	44	49	19	89	49
SPX	30	18	5	71	42
GSCI	18	21	2	49	31
Gold	31	25	-57	64	5

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

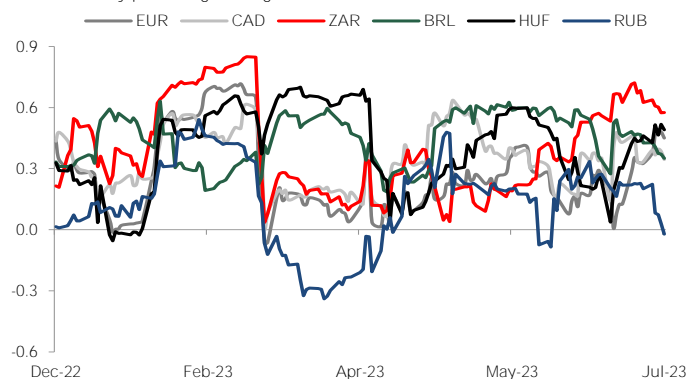
USD/MXN – Moving averages
Last 120 trading days



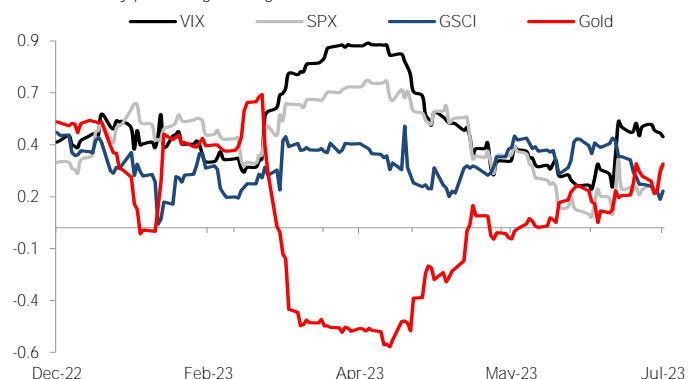
USD/MXN – Fibonacci retracement
Last 12 months



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



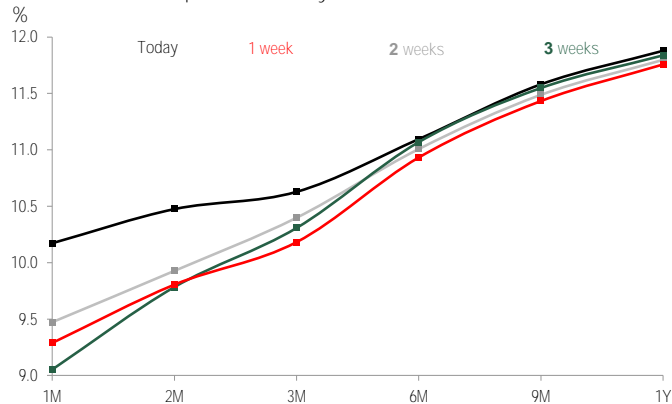
USD/MXN – 1-month correlation with other assets*
Based on daily percentage changes



FX technicals (continued)

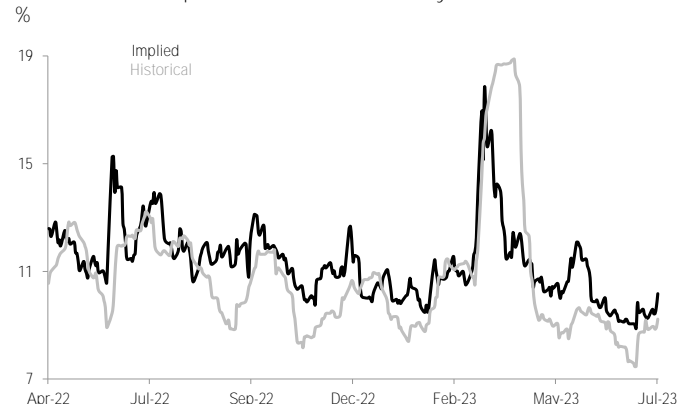
- The MXN ATM implied volatility curve slightly increased at the short-end.** The 1-month implied vol rose to 10.2% from 9.3% last week, reaching levels not seen since late May. This move was driven by the strong recovery in the dollar against most major currencies. Similarly, the 3-month reading adjusted to 10.6% (+0.5 vegas) and the 1-year reading to 11.9% (+0.1 vegas). In this sense, the 1-month risk reversal closed at 2.0% from 1.8% a week earlier. Likewise, the 3-month risk reversal adjusted upwards to 2.5% from 2.3% last week

USD/MXN – ATM options volatility curve



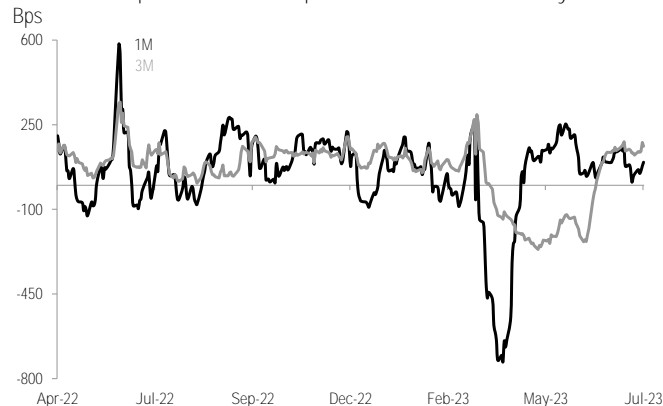
Source: Bloomberg

USD/MXN – 1M implied and historical volatility



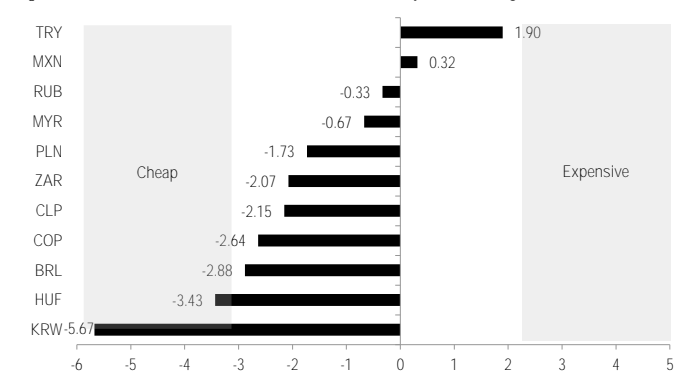
Source: Bloomberg

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



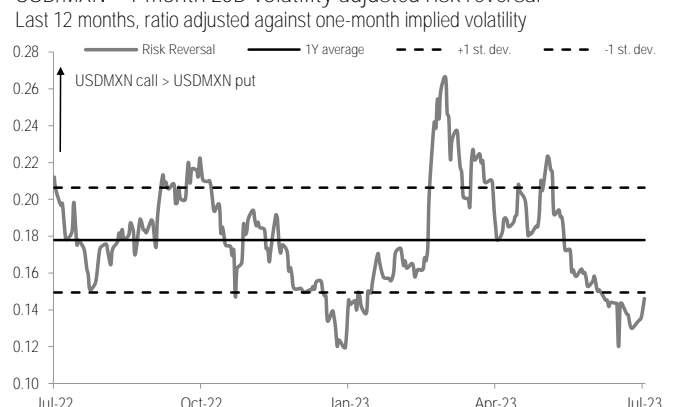
Source: Bloomberg, Banorte

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



Source: Bloomberg

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

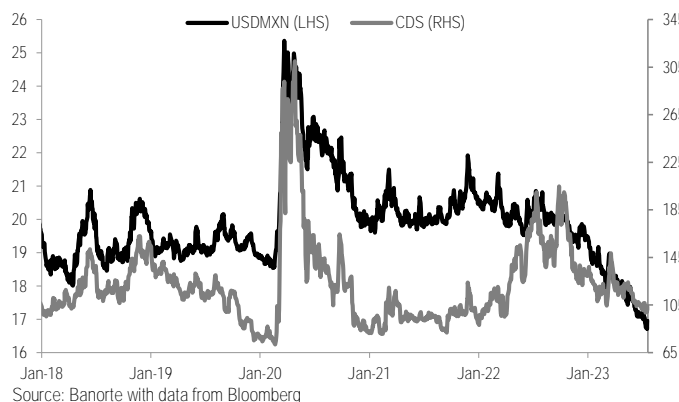


Source: Bloomberg, Banorte

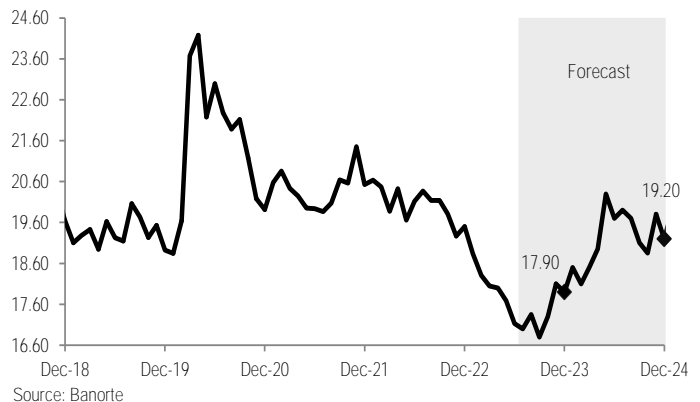
FX trade recommendations

- Dollar advanced ahead of the Federal Reserve's decision this week.** The dollar closed on Friday with the biggest weekly gain in almost five months after trading at its lowest since April 2022 amid great optimism during the previous week. The BBDXY and DXY indices rallied 1.1% and 1.2%, respectively. The dynamics of the dollar have responded to the expectations of investors who oscillate about whether the Federal Reserve will reach its terminal rate this week or if it will make an additional increase of 25bps. Against this backdrop, all G10 currencies posted losses with NZD (-3.2%) as the weakest. Meanwhile, GBP (-1.8%) depreciated after a further slowdown in inflation reduced investor bets for rate hikes for 2H23 to 91bps from more than 115bps before the report. In EM, the bias was also negative; however, COP surpassed its peers with an appreciation of 2.9%. The MXN closed marginally below the psychological level of 17.00 per dollar, equivalent to a 1.4% depreciation. During the week, the Mexican peso hovered between a new best intraday level since 2015 of 16.69 and 17.05 per dollar. Despite the weekly loss, the currency has remained trading very close to the lower $\pm 2\sigma$ range for the longest period since 2015
- This week, the focus will be on the monetary front. We believe there is room for the dollar to advance if the Fed's tone is more hawkish. In this sense, we estimate a trading range between USD/MXN 16.75 and 17.30

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 28, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 24	03:30	GER	Manufacturing PMI*	Jul (P)	index	--	41.0	40.6
	03:30	GER	Services PMI*	Jul (P)	index	--	53.1	54.1
	03:30	GER	Composite PMI*	Jul (P)	index	--	49.8	50.6
	04:00	EZ	Manufacturing PMI*	Jul (P)	index	--	43.5	43.4
	04:00	EZ	Services PMI*	Jul (P)	index	--	51.6	52.0
	04:00	EZ	Composite PMI*	Jul (P)	index	--	49.6	49.9
	04:30	UK	Manufacturing PMI*	Jul (P)	index	--	46.0	46.5
	04:30	UK	Services PMI*	Jul (P)	index	--	53.0	53.7
	08:00	MX	Consumer prices	Jul 15	% 2w/2w	0.28	0.26	0.16
	08:00	MX	Core	Jul 15	% 2w/2w	0.26	0.22	0.21
	08:00	MX	Consumer prices	Jul 15	% y/y	4.78	4.77	4.93
	08:00	MX	Core	Jul 15	% y/y	6.77	6.73	6.86
	09:45	US	Manufacturing PMI*	Jul (P)	index	46.0	46.2	46.3
	09:45	US	Services PMI*	Jul (P)	index	53.8	54.0	54.4
	09:45	US	Composite PMI*	Jul (P)	index	--	53.0	53.2
Tue 25	04:00	GER	IFO Survey (business climate)*	Jul	index	--	88.0	88.5
	08:00	BZ	Consumer prices	Jul	% m/m	--	-0.02	0.04
	08:00	BZ	Consumer prices	Jul	% y/y	--	3.26	3.40
	08:00	MX	Economic activity indicator (IGAE)	May	% y/y	3.8	3.5	2.5
	08:00	MX	Economic activity indicator (IGAE)*	May	% m/m	-0.2	0.3	0.8
	09:00		The IMF publishes its World Economic Outlook document					
	09:00	US	S&P/CoreLogic housing prices	May	% y/y	--	-2.1	-1.7
	10:00	US	Consumer confidence*	Jul	index	111.5	112.0	109.7
Wed 26	11:00	MX	International reserves	Jul 21	US\$bn	--	--	204.1
	07:12	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 30-year Mbono (Jul'53); 20-year Udibono (Nov'43) and 2-, and 5-year Bondes F					
	04:00	EZ	Monetary aggregates (M3)*	Jun	EURbn	--	0.8	1.4
	10:00	US	New home sales**	Jun	thousands	--	725	763
	14:00	US	FOMC Rate Decision (Upper Bound)	Jul 26	%	5.50	5.50	5.25
	14:00	US	FOMC Rate Decision (Lower Bound)	Jul 26	%	5.25	5.25	5.00
	14:00	US	Interest Rate on Excess Reserves (IOER)	Jul 26	%	5.40	5.40	5.15
Thu 27	14:30	US	Fed Chair Holds Press Conference Following FOMC Meeting					
	08:00	MX	Unemployment rate	Jun	%	3.03	3.00	2.93
	08:00	MX	Trade balance	Jun	US\$mn	220.6	-1,071.0	-74.1
	08:15	EZ	Monetary policy decision (ECB)	Jul 27	%	3.75	3.75	3.50
	08:30	US	Durable goods orders*	Jun (P)	% m/m	--	1.0	1.8
	08:30	US	Ex transportation*	Jun (P)	% m/m	--	0.1	0.7
	08:30	US	Gross domestic product**	2Q23	% q/q	1.7	1.8	2.0
	08:30	US	Personal consumption**	2Q23	% q/q	--	1.2	4.2
	08:30	US	Initial jobless claims*	Jul 22	thousands	226	235	228
	08:30	US	Trade balance*	Jun	US\$bn	--	-91.9	-91.1
	08:45	EZ	ECB President Christine Lagarde Holds Press Conference					
		JN	Monetary policy decision (BoJ)	Jul 28	%	--	-0.10	-0.10
Fri 28	05:00	EZ	Consumer confidence*	Jul (F)	index	--	--	-15.1
	05:00	EZ	Economic confidence*	Jul	index	--	95.0	95.3
	08:00	BZ	Unemployment rate	Jun	%	--	8.1	8.3
	08:00	GER	Consumer prices	Jul (P)	% y/y	--	6.2	6.4
	08:30	US	Personal income*	Jun	% m/m	--	0.5	0.4
	08:30	US	Personal spending*	Jun	% m/m	--	0.4	0.1
	08:30	US	Real personal spending*	Jun	% m/m	--	0.3	0.0
	08:30	US	PCE Deflator*	Jun	% m/m	--	0.2	0.1
	08:30	US	Core*	Jun	% m/m	--	0.2	0.3
	08:30	US	PCE Deflator	Jun	% y/y	--	3.0	3.8
	08:30	US	Core	Jun	% y/y	--	4.2	4.6
	10:00	US	U. of Michigan confidence*	Jul (F)	index	72.6	72.6	72.6
	16:30	MX	Public finances (PSBR, year-to-date)	Jun	MXNmn	--	--	-228.0
	18:00	CHL	Monetary policy decision (BCCCh)	Jul 28	%	--	10.50	11.25

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

For the week ending July 21, 2023

	Time		Event	Period	Unit	Banorte	Actual	Previous
Sun 16	22:00	CHI	Gross domestic product	2Q23	% y/y	--	6.3	4.5
	22:00	CHI	Industrial production	Jun	% y/y	--	4.4	3.5
	22:00	CHI	Retail sales	Jun	% y/y	--	3.1	12.7
	22:00	CHI	Gross fixed investment (YTD)	Jun	% y/y	--	3.8	4.0
Mon 17	08:00	BZ	Economic activity	May	% y/y	--	2.2	3.4 (R)
	08:00	BZ	Economic activity*	May	% m/m	--	-2.0	0.8 (R)
	08:30	US	Empire manufacturing*	Jul	index	4.0	1.1	6.6
Tue 18	08:30	US	Advance retail sales*	Jun	% m/m	0.5	0.2	0.5 (R)
	08:30	US	Ex autos & gas*	Jun	% m/m	--	0.3	0.5 (R)
	08:30	US	Control group*	Jun	% m/m	0.4	0.6	0.3 (R)
	09:15	US	Industrial production*	Jun	% m/m	0.0	-0.5	-0.5 (R)
	09:15	US	Manufacturing production*	Jun	% m/m	0.0	-0.3	-0.2 (R)
	11:00	MX	International reserves	Jul 14	US\$bn	--	204.1	203.1
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes; 3-year Mbono (Sep'26); 3-year Udibono (Dec'26) and 1-, and 3-year Bondes F					
Wed 19	02:00	UK	Consumer prices	Jun	% y/y	--	7.9	8.7
	02:00	UK	Core	Jun	% y/y	--	6.9	7.1
	05:00	EZ	Consumer prices	Jun (F)	% y/y	--	5.5	6.1
	05:00	EZ	Core	Jun (F)	% y/y	--	5.5	5.4
	08:30	US	Housing starts**	Jun	thousands	--	1,434	1,559 (R)
	08:30	US	Building permits**	Jun	thousands	--	1,440	1,496
	21:15	CHI	Rate decision 1-year Loan Prime Rate	Jul 20	%	--	3.55	3.55
	21:15	CHI	Rate decision 5-year Loan Prime Rate	Jul 20	%	--	4.20	4.20
Thu 20	04:00	EZ	Current account*	May	EURbn	--	9.1	3.8 (R)
	07:00	TUR	Monetary policy decision (Central Bank of Turkey)	Jul 20	%	--	17.50	15.00
	08:00	MX	Timely Indicator of Economic Activity*	Jun	% y/y	--	4.0	2.5
	08:00	MX	Retail sales	May	% y/y	3.1	2.6	3.8
	08:00	MX	Retail sales*	May	% m/m	-0.3	-0.5	1.3 (R)
	08:30	US	Initial jobless claims*	Jul 15	thousands	238	228	237
	08:30	US	Philadelphia Fed*	Jul	index	-10.0	-13.5	-13.7
	10:00	US	Existing home sales**	Jun	thousands	--	4.2	4.3
	10:00	EZ	Consumer confidence*	Jul (P)	index	--	-15.1	-16.1
	16:30	MX	Survey of expectations (Citibanamex)					
		SA	Monetary policy decision (South African Reserve Bank)	Jul 20	%	--	8.25	8.25
Fri 21			Without relevant economic data					

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, 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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