

Fixed-Income and FX Weekly

Market outlook

- **Negative performance in local assets.** Last week, Mbonos' curve averaged losses of 15bps at the long-end. The 10-year benchmark ended at 9.02% (+16bps w/w). In addition, the USD/MXN depreciated 2.3% w/w to 17.08
- **Focus on the US July inflation report and Banxico's monetary policy decision.** Last week, financial market dynamics were defined by the US Treasury's announcement of an increase in debt issuance for 3Q23, Fitch Ratings' downgrade of US sovereign debt from 'AAA' to 'AA+' and to a lesser extent the July non-farm payroll report. In addition, investors digested an aggressive start to the accommodative cycle in Chile and Brazil combined with mixed corporate results in the US and [Saudi Arabia's decision to extend the oil production cut](#). In this sense, yield curves steepened. This week, the spotlight will be on the US July inflation report, a key data for the Fed's upcoming actions. This indicator will also be released in Brazil, China and Mexico (Banorte: 0.50% m/m). Markets will also be attentive to 2Q23 GDP in the UK. In the local market, the focus will be on Banxico's monetary policy decision, in which we expect the reference rate to remain unchanged at 11.25%. The tone of the statement will be relevant for the market to correct its expectation of cuts, being contrary to our view of an unchanged rate for the remainder of 2023. Additionally, the central banks of India, Peru and Romania will publish their decision. The US economic agenda also includes trade balance, consumer credit and U. of Michigan consumer sentiment. In China, the trade balance will be released, and in Brazil, the COPOM minutes will be published. In Mexico, we will pay attention to consumer confidence, wage negotiations, ANTAD figures and industrial production

Fixed-Income

- **Supply** –The MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 10-year Mbono (May'33), the 30-year Udibono (Nov'50), as well as 2-, 5-, and 10-year Bondes F
- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.374 trillion (US\$ 81.6 billion), a market share equal to 33.3%, as of July 26th. Short positions in Mbono May'33 ended at MXN 5.3 billion from MXN 5.4 billion last week
- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 499bps from 491bps the previous week, with the 12-month mean at 537bps

Foreign exchange

- **Market positioning and flows** – MXN position (as of August 1st) recorded a higher net long of US\$ 2.62 billion from US\$ 2.59 billion a week ago. Mutual funds' flows to EM marked bigger sales of US\$ 2.0 billion from US\$ 92 million
- **Technicals** – The spot recorded its biggest weekly trading range since March of 76 cents and the 1-month implied volatility rebounded to 14.7%, hitting its highest level since the financial turmoil (17.8%), closing at 13.0%

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[@analisis_fundam](http://www.banorte.com/analiseeconomico)

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Fixed-Income

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Foreign exchange

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Recommendations

Fixed-Income

- We expect Banxico's decision to consolidate our expectation of an unchanged rate for the remainder of the year, favoring our view of paying very short-term TIIE-IRS
- On a relative basis, we continue to see more value in shorter-term Udibonos with breakevens below 4.00% and long-term Mbonos with yields above 9.00% look attractive
- We expect the 10-year Mbono to trade between 8.80% and 9.10%

FX

- July US inflation and the performance of the yield curve -especially the long-end- will define the USD trend. Locally, MXN performance will be mainly defined by the tone of Banxico's statement and inflation
- 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 08/04/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.48	+6	+66
Sep'24	10.93	+3	+84
Dec'24	10.53	0	+66
Mar'25	10.13	-4	+20
Mar'26	9.62	-4	+39
Sep'26	9.63	+1	+23
Mar'27	9.42	+1	+23
Jun'27	9.33	+2	+24
May'29	9.00	+12	-7
May'31	9.02	+15	0
May'33	9.02	+16	0
Nov'34	8.99	+16	-6
Nov'36	8.98	+17	-6
Nov'38	9.09	+18	0
Nov'42	9.12	+17	+1
Nov'47	9.04	+11	-3
Jul'53	9.06	+12	+1

Source: PiP

Udibonos performance

Maturity date	YTM 08/04/2023	Weekly change (bps)	YTD (bps)
Nov'23	6.19	+4	+11
Dec'25	5.76	+11	+100
Dec'26	5.49	+6	+83
Nov'28	4.70	+8	+39
Nov'31	4.59	+5	+41
Nov'35	4.41	+13	+20
Nov'40	4.41	+13	+22
Nov'43	4.50	+14	0
Nov'46	4.52	+16	+34
Nov'50	4.53	+17	+30

Source: PiP

IRS (28-day TIIE) performance

Maturity date	YTM 08/04/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.52	+0	+62
6-month (6x1)	11.44	+2	+40
9-month (9x1)	11.29	+3	+22
1-year (13x1)	10.98	+7	+7
2-year (26x1)	9.86	+12	-1
3-year (39x1)	9.21	+12	+3
4-year (52x1)	8.84	+12	-6
5-year (65x1)	8.61	+10	-20
7-year (91x1)	8.48	+10	-26
10-year (130x1)	8.55	+21	-18
20-year (260x1)	8.62	+21	-24

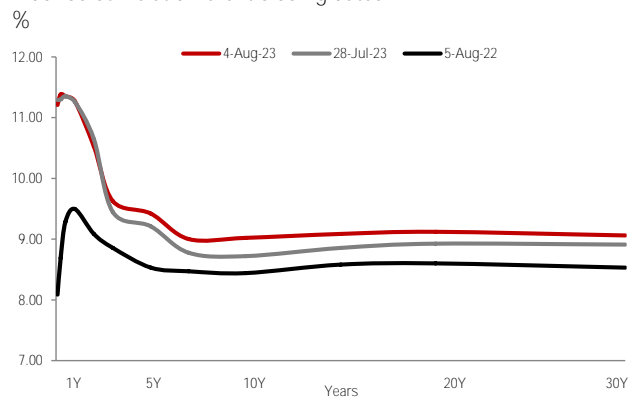
Source: Bloomberg

Cetes performance

Maturity date	YTM 08/04/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.21	+8	+112
Cetes 91	11.38	+9	+72
Cetes 182	11.36	-1	+49
Cetes 364	11.27	+3	+30
Cetes 728	10.83	+4	+1

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 08/04/2023	Weekly change (bps)	YTD (bps)	YTM 08/04/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	4.85	-1	+37	4.76	-11	+34	9	+10	17	35
3Y	May'26	4.36	+1	-44	4.45	-7	+22	-9	+8	57	55
5Y	Feb'28	5.10	+5	+32	4.13	-4	+13	97	+9	99	106
7Y	Apr'30	5.33	+11	-1	4.09	+1	+12	124	+10	140	150
10Y	May'33	5.54	+10	-2	4.03	+8	+16	150	+2	177	187
20Y	Mar'44	6.14	+20	-24	4.37	+15	+22	177	+5	217	--
30Y	May'53	6.35	+16	-4	4.20	+19	+24	215	-3	248	--

Source: Bloomberg

5Y USD UMS
%



Source: Bloomberg

10Y USD UMS
%



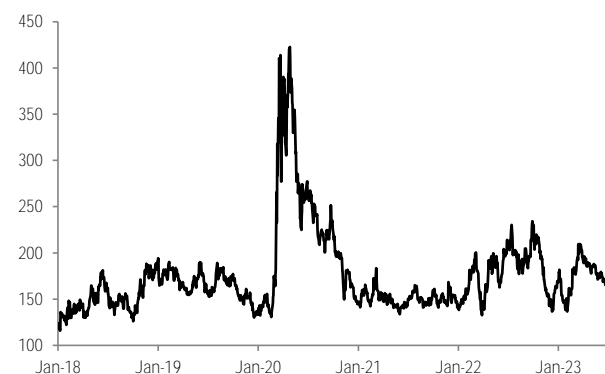
Source: Bloomberg

5Y UMS-UST Spread
Basis points



Source: Bloomberg

10Y UMS-UST Spread
Basis points



Source: Bloomberg

Fixed-Income supply

- Mexico's weekly auction.** Tomorrow, the MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 10-year Mbono (May'33), the 30-year Udibono (Nov'50), as well as 2-, 5-, and 10-year Bondes F
- More appetite for Cetes given the beginning of rate cuts in other emerging central banks.** We expect the high demand for Cetes to consolidate ahead of the decision by Banco de México where it is widely expected that the reference rate will remain unchanged at 11.25%. On the contrary, other emerging countries such as Chile and Brazil began their accommodative cycles with cuts of 100bps and 50bps, respectively, to 10.25% and 13.25%. In this sense, all attention will be on the tone of Banxico's statement to find out how long the rate will remain high. In our opinion, the first cut will be until February of the following year. For the 10-year Mbono we expect moderate demand around 2.0x. As a result of the strong steepening bias in the yield curve during last week, the long-term Mbonos gained attractiveness trading above 9.00%. However, we do not favor directional positions, considering the positive correlation with Treasuries and the increase in the supply of the latter securities. For the 30-year Udibono we anticipate a weak appetite, in line with its last auction of 1.4x. The breakeven for this term stands at 4.33%, that is, 18bps above the 12-month minimum

Auction specifics (August 8, 2023)

	Maturity	Coupon rate, %	To be auctioned ¹	Previous yield ²
Cetes				
1m	7-Sep-23	--	8,500	11.28
3m	9-Nov-23	--	7,500	11.34
6m	8-Feb-24	--	11,700	11.35
12m	25-Jul-24	--	9,500	11.30
Bondes F				
2y	22-May-25	--	5,000	0.17
5y	27-Jan-28	--	1,000	0.23
10y	21-Oct-32	--	750	0.31
Mbono				
10y	26-May-33	7.50	14,500	8.57
Udibono				
30y	3-Nov-50	4.00	UDIS 900	4.57

Source: Banorte with data from Banco de México

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.

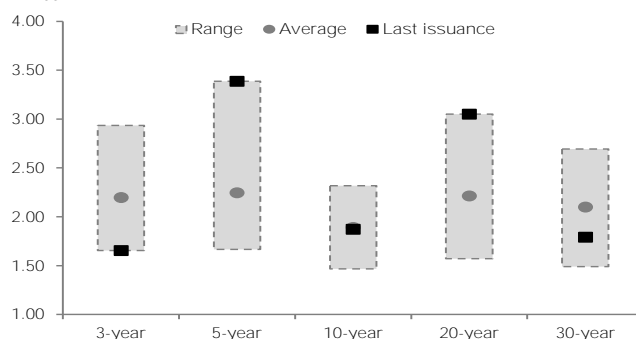
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

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

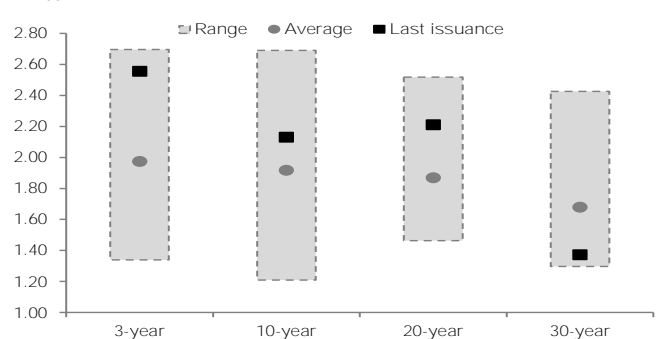
Source: Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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



Source: Banxico, Banorte

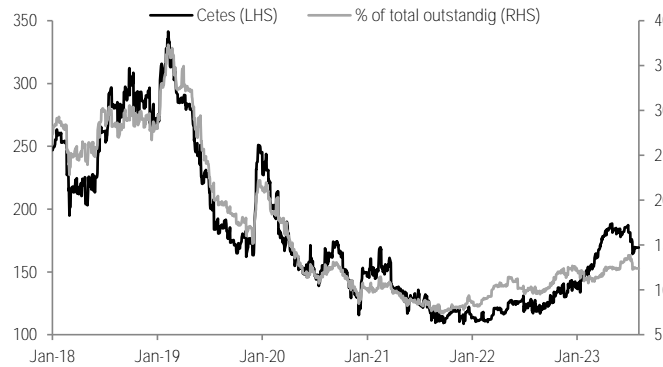
Udibonos' bid-to-cover ratios for primary auction in last 2 years



Source: Banxico, Banorte

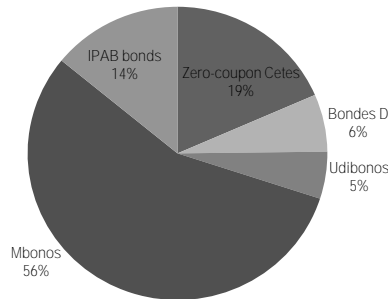
Fixed-Income demand

Cetes held by foreigners
MXN billion, %



Source: Banxico

Government issuance by type of instrument
Total amount of US\$ 439 billion, % of total



Source: Banxico

Government bond holdings by type of investor
US\$ billion and %, data as of 07/26/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	81	12%	13%	15%	4%	11%	44%
Floating-rate Bondes D	28	0%	8%	37%	1%	16%	37%
Real-rate Udibonos	177	4%	54%	5%	19%	2%	17%
Fixed-rate Mbonos	245	33%	23%	3%	3%	13%	25%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
US\$ billion

	07/26/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	10.1	9.9	0.2	8.3	1.7
Floating-rate Bondes D	0.1	0.2	-0.1	2.0	-2.0
Real-rate Udibonos	6.4	0.8	5.5	1.0	5.3
Fixed-rate Mbonos	81.6	81.5	0.1	83.0	-1.4

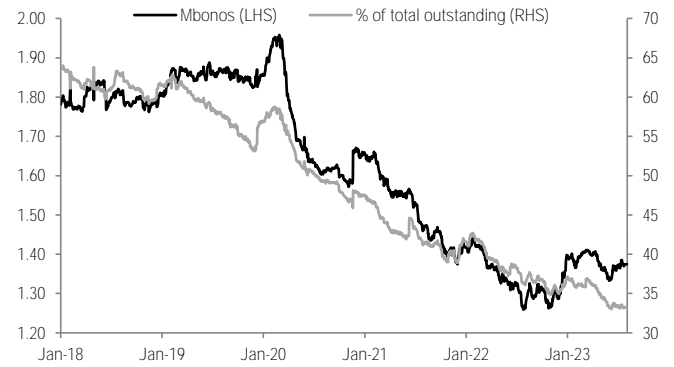
Source: Banorte with data from Banxico

Foreign investors holdings of government bonds
Percentage of total amount outstanding

	07/26/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	12.4%	12.4%	0.0%	12.4%	0.0%
Floating-rate Bondes D	0.2%	0.6%	-0.4%	4.4%	-4.2%
Real-rate Udibonos	3.6%	3.7%	-0.1%	5.0%	-1.4%
Fixed-rate Mbonos	33.3%	33.3%	-0.1%	37.1%	-3.8%

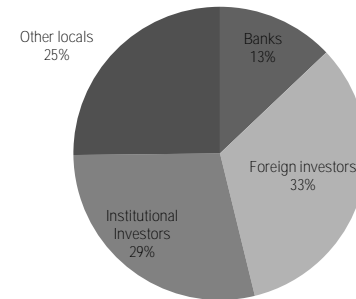
Source: Banorte with data from Banxico

Mbonos held by foreigners
MXN trillion, %



Source: Banxico

Mbonos holdings by type of investor
Total amount of US\$ 245 billion, % of total



Source: Banxico

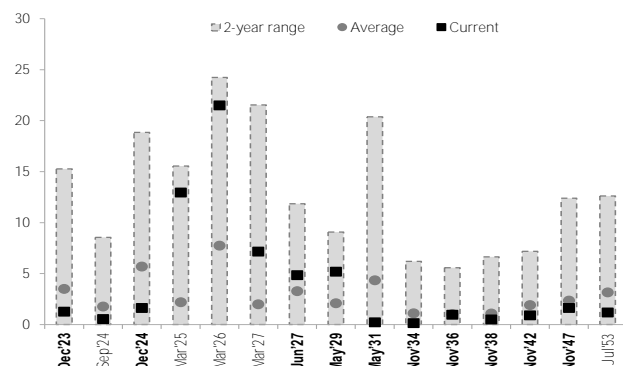
Mbonos holdings by type of investor
US\$ billion and %, data as of 07/20/2023

DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Dec'23	9.7	30%	9%	21%	40%
Sep'24	16.8	21%	20%	12%	47%
Dec'24	13.5	27%	28%	12%	32%
Mar'25	10.4	33%	25%	17%	25%
Mar'26	26.5	19%	25%	16%	40%
Sep'26	3.2	23%	12%	15%	49%
Mar'27	20.4	25%	17%	16%	42%
Jun'27	20.7	15%	41%	27%	16%
May'29	15.9	3%	51%	23%	23%
May'31	25.3	6%	48%	31%	15%
May'33	11.2	3%	40%	34%	23%
Nov'34	5.5	3%	49%	36%	12%
Nov'36	4.3	2%	27%	39%	32%
Nov'38	12.7	2%	43%	38%	16%
Nov'42	17.2	1%	45%	39%	15%
Nov'47	15.3	2%	35%	43%	20%
Jul'53	8.4	2%	36%	44%	18%
Total	228.6	13%	34%	26%	27%

Source: Banxico

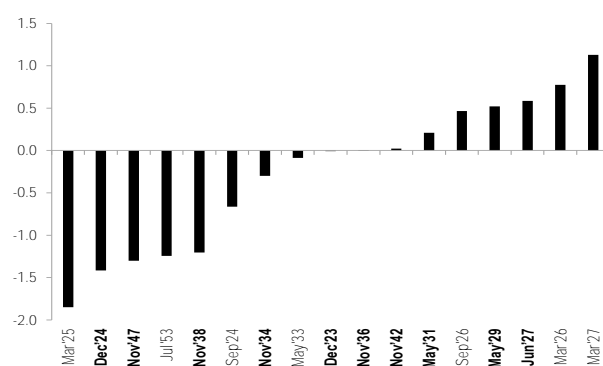
Fixed-Income demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion



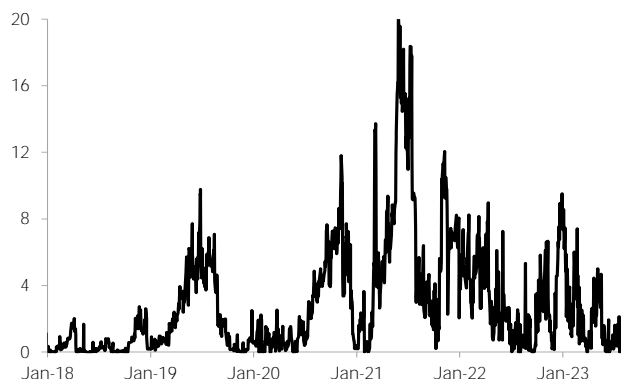
Source: Banxico

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



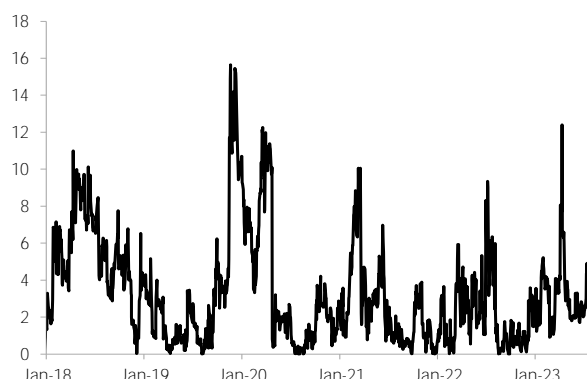
Source: Banxico

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 08/04/2023	08/04/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	9,860	74	75	7	74	336	0
Sep'24	16,952	32	71	47	127	323	0
Dec'24	13,899	96	179	41	146	458	0
Mar'25	12,174	759	867	463	170	910	0
Mar'26	27,191	1,259	1,214	1,267	450	1,419	106
Sep'26	3,218	27	0	53	0	867	0
Mar'27	21,667	420	354	93	51	1,262	0
Jun'27	20,886	285	250	289	42	409	38
May'29	16,524	304	274	311	66	532	46
May'31	25,416	13	1	74	36	434	0
May'33	11,564	313	319	95	0	415	3
Nov'34	5,565	8	26	29	80	255	0
Nov'36	4,343	57	57	29	201	326	0
Nov'38	12,748	29	100	57	34	161	0
Nov'42	17,352	53	52	83	218	338	0
Nov'47	15,312	96	172	140	85	726	53
Jul'53	9,058	70	143	79	135	400	0
Total	243,727	3,827	4,009	3,080	1,780		

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 +49bps from +61bps, 3-month at -52bps from -57bps, 6-month at -84bps from -83bps, and 1-year at -86bps from -91bps
- **Focus on Banxico's decision without expected changes.** On Thursday, both the market and the consensus of analyst expect Banxico to maintain the rate unchanged at 11.25%. However, attention will be on the information that can clarify how long rates will remain high, considering the beginning of cuts by other emerging central banks that have surprised with higher-than-expected adjustments (e.g., Chile: -100bps vs -75bps and Brazil: -50bps vs -25bps). In our opinion, Banxico will keep rates unchanged for the remainder of the year, contrasting with the market view that anticipates a total reduction of 36bps

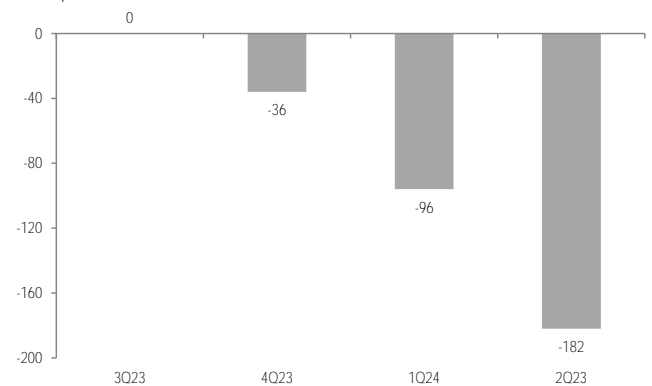
Spread between Cetes and Implied Forward Rates

Basis Points

Tenor	Actual 08/04/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	49	61	56	2	489	-222
3 months	-52	-57	-67	-56	25	-150
6 months	-84	-83	-92	-68	2	-125
12 months	-86	-91	-92	-65	-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

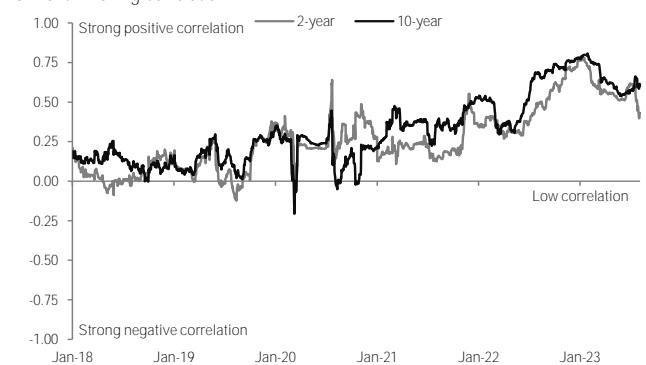
- **Local risk premium increased amid strong volatility in sovereign bonds.** Markets registered higher risk aversion after the US sovereign debt rating cut. As a result, the 10-year spread between Mbono and Treasuries closed on Friday at 499bps vs 491bps the previous week, while the average of the last twelve months stands at 537bps
- **The 3-month correlation between Mexican and US 10-year bonds remained unchanged vs. the previous week.** The reading closed Friday at +61%

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



Source: PIP and Bloomberg

Mexico and US 2- and 10-year bonds correlation
3-month moving correlation



Source: Banorte with data from Bloomberg

Fixed-Income technical (continued)

Selected Spreads

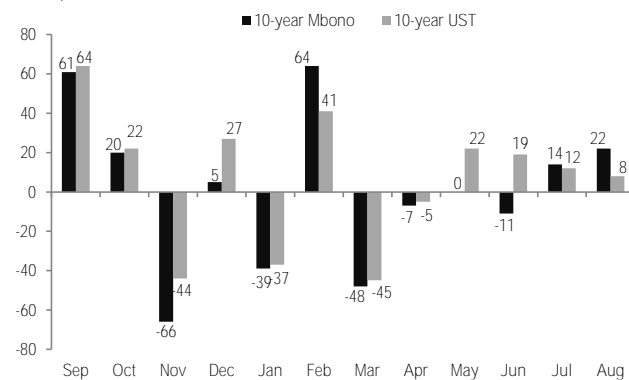
Basis points

Tenor	08/04/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-151	-167 (+16bps)	-180 (+29bps)	-65 (-86bps)	-47	-199	-130
Mbono 10s30s	4	9 (-5bps)	17 (-13bps)	9 (-5bps)	35	-15	10
TIIE-Mbono 2-year	-67	-79 (+12bps)	-83 (+16bps)	-13 (-54bps)	8	-91	-43
TIIE-Mbono 10-year	-47	-52 (+5bps)	-68 (+21bps)	-27 (-20bps)	-17	-68	-45

Source: Bloomberg and PiP

Mexican and US rates performance, last 12 months

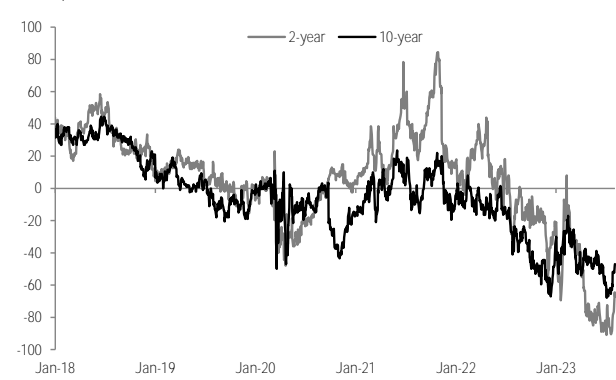
Basis points



Source: PiP and Bloomberg

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

Basis points



Source: Bloomberg

Breakeven inflation using Mbonos & Udibonos

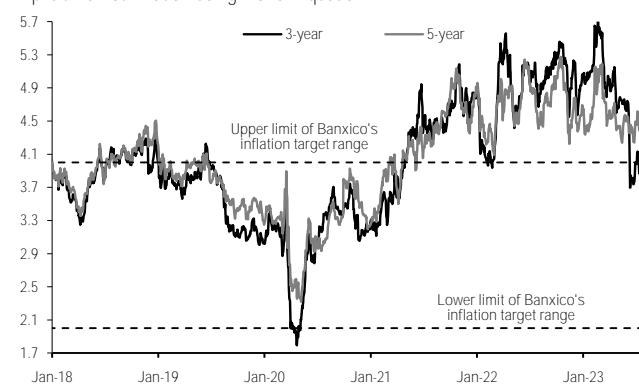
Implicit market inflation using Fisher Equation (%)

Date	08/04/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	3.92	3.97 (-5bps)	4.13 (-21bps)	4.83 (-91bps)	5.74	3.70	4.87
5Y	4.51	4.58 (-7bps)	4.62 (-11bps)	4.53 (-2bps)	5.28	4.23	4.64
10Y	4.24	4.14 (+10bps)	4.20 (+4bps)	4.43 (-19bps)	5.16	4.04	4.48
20y	4.42	4.40 (+2bps)	4.37 (+5bps)	4.54 (-12bps)	5.15	4.15	4.59
30Y	4.33	4.39 (-6bps)	4.34 (-1bp)	4.41 (-8bps)	5.18	4.15	4.56

Source: PiP

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

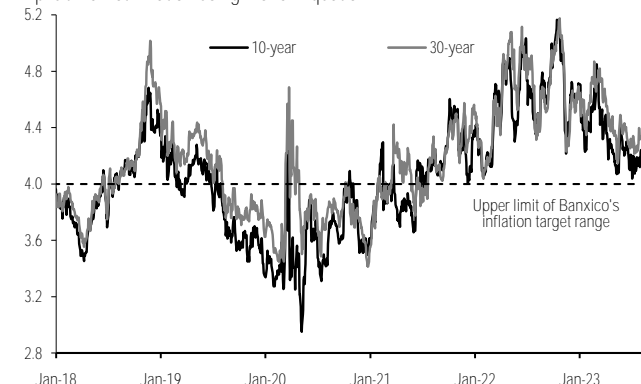
Implicit market inflation using Fisher Equation



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

- **Negative balance in sovereign bonds amid higher Treasury supply and risk-off mood.** Sovereign bonds started August with large losses, led by Treasuries, amid a wave of risk aversion triggered by the downgrade of US credit ratings by Fitch Ratings. Among the factors the rating agency highlighted was a high and growing debt burden. However, bonds took a broad-based breather on Friday following favorable US employment figures. Against this backdrop, the Treasuries yield curve marked a sharp steepening following gains of 7bps at the short-end and losses of up to 19bps at the long-end. In this regard, the 30-year Treasury yield rebounded to highs not seen since November of 4.30% and outperformed the yield on the 5-year tenor for the first time since June. Additionally, the 10-year security surpassed the 4.00% resistance, reaching its highest point at 4.18% since the 15-year high seen in November (4.24%), ending at 4.03% (+8bps). With this, the curve inversion moderated, with the 2s10s spread closing at -74bps from -93bps the previous week. It is worth noting that these adjustments followed expectations of an increase in the supply of Treasuries. The US Treasury increased its estimate of debt issuance for the August-October quarter to US\$1 trillion from US\$733 billion, higher than expected, to address projected mid- to long-term borrowing needs. In addition, it noted that further gradual increases are likely to be required in subsequent quarters. Currently, the outstanding amount of Treasuries is US\$17.93 trillion, concentrated in 1- to 10-year maturities
- Locally, the Mbonos' curve also steepened due to pressures on the long-end of 15bps. As a result, long-term securities returned to trade above 9.00%. Moreover, spreads between Mbonos and Treasuries widened, except for the 20- and 30-years which even reached 18-month lows on Thursday of 464bps and 477bps, respectively. Short-term Udibonos lost 7bps and long-term ones lost 14bps. As a result, 3-year and 5-year breakevens fell to 3.92% (-5bps) and 4.51% (-7bps), respectively, and 10-year and 20-year breakevens rose to 4.24% (+10bps) and 4.42% (+2bps), in the same order
- This week, the US inflation report will be key for the market to evaluate whether the Fed has already reached its terminal rate or whether another hike will be necessary. Locally, no changes are expected in Banxico's benchmark rate; however, the focus will be on the tone of the statement as the market anticipates cuts in November (-25bps). We expect the decision to consolidate our expectation of an unchanged rate for the remainder of the year, favoring our view of paying very short-term TIEE-28 swaps. Longer-term Mbonos with yields above 9.00% look attractive, especially the Nov'42 node; however, the uncertainty of the US terminal rate, the low spreads vs. Treasuries and the higher supply of the latter make it difficult to open directional positions. On a relative basis, we continue to see more value in shorter-term Udibonos with breakevens below 4.00%. Finally, we believe that the 10-year Mbono, May'33, will trade between 8.80% and 9.10%

FX dynamics

- **The Mexican peso showed volatility not seen since the banking crisis.** The migration towards safer assets –after the Fitch Ratings cut–, caused a sharp depreciation in most currencies, particularly those with profits associated with carry trades in 2023. The peso closed Friday at 17.08 per dollar (-2.3% w/w), after reaching its weakest level of 17.43
- **The dollar extended the previous week's gains.** The DXY and BBDXY indices appreciated while most G10 and EM currencies posted losses. In the former group, AUD (-1.2%) traded as the weakest and in the latter, ZAR (-4.5%) led the declines

Foreign Exchange market levels and historical return

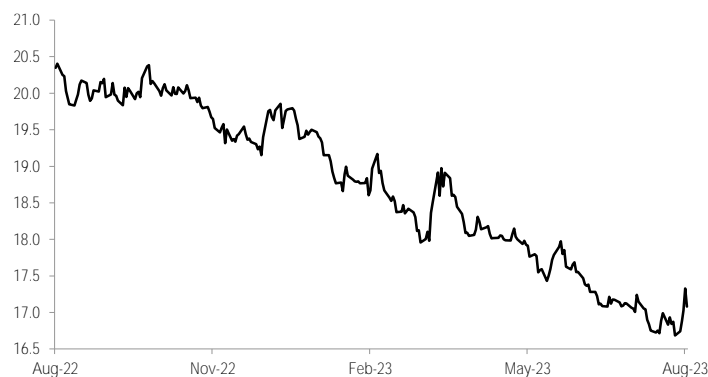
		Close at 08/04/2023	Daily Change (%) ¹	Weekly change (%) ¹	Monthly change (%) ¹	YTD ¹ (%)
Emerging Markets						
Brazil	USD/BRL	4.88	0.8	-2.9	-0.5	8.3
Chile	USD/CLP	852.17	0.0	-2.7	-6.5	-0.1
Colombia	USD/COP	4,065.52	2.2	-3.7	1.8	19.4
Peru	USD/PEN	3.68	0.4	-2.4	-1.4	3.3
Hungary	USD/HUF	354.03	1.5	-1.5	-0.7	5.5
Malaysia	USD/MYR	4.55	0.0	0.0	2.2	-3.3
Mexico	USD/MXN	17.08	1.5	-2.3	-0.4	14.2
Poland	USD/PLN	4.03	1.2	-0.6	2.1	8.6
Russia	USD/RUB	95.61	-1.5	-3.9	-5.4	-22.4
South Africa	USD/ZAR	18.46	1.4	-4.5	1.7	-7.7
Developed Markets						
Canada	USD/CAD	1.34	-0.2	-1.1	-0.7	1.3
Great Britain	GBP/USD	1.27	0.3	-0.8	0.4	5.5
Japan	USD/JPY	141.76	0.6	-0.4	2.0	-7.5
Eurozone	EUR/USD	1.1006	0.5	-0.1	1.4	2.8
Norway	USD/NOK	10.14	1.0	0.6	5.3	-3.3
Denmark	USD/DKK	6.77	0.5	-0.1	1.4	2.6
Switzerland	USD/CHF	0.87	0.2	-0.3	3.0	6.0
New Zealand	NZD/USD	0.61	0.3	-1.1	-1.4	-4.0
Sweden	USD/SEK	10.58	1.0	-0.2	3.4	-1.4
Australia	AUD/USD	0.66	0.3	-1.2	-1.3	-3.6

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

Source: Bloomberg

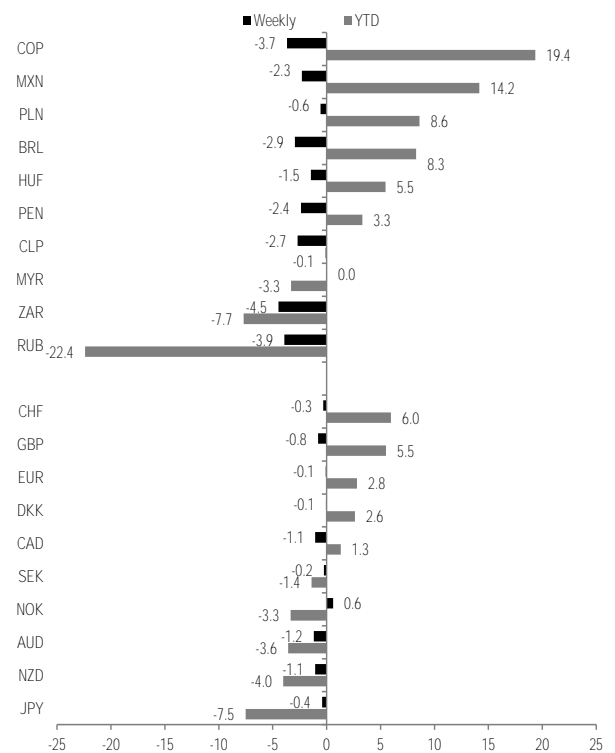
USD/MXN

Last 12 months



Source: Bloomberg

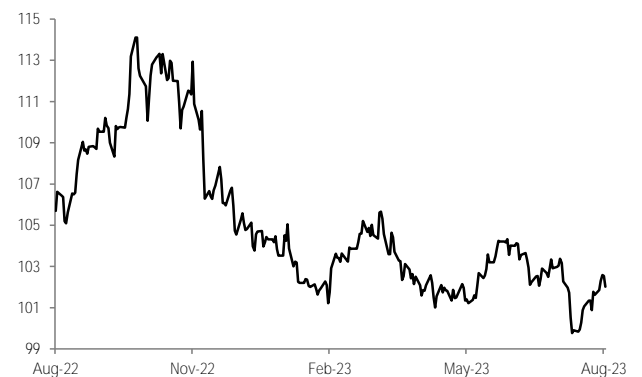
FX performance
Against USD, %



Source: Bloomberg

DXY

Points



Source: Bloomberg, Banorte

FX positioning and flows

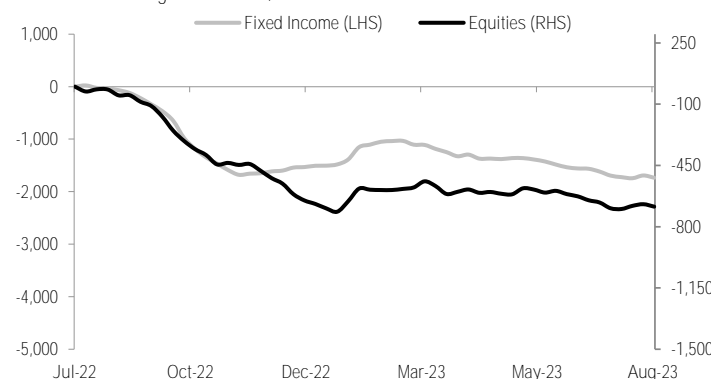
- **Net long positioning in MXN has remained stable over the last 3 months.** As of August 1st, the MXN position was net long US\$ 2.62 billion, up 1% from last week. Speculators maintain their bets on a resilient Mexican peso backed by attractive carry. This was reflected in the currency's rapid recovery from its weakest level of the week of 17.43 to the psychological level of 17.00, although it failed to breach it
- **Net short USD positions moderated on heightened risk aversion.** The USD IMM position was a lower net short of US\$ 18.82 billion from US\$ 20.60 billion the previous week. The shift was mainly the result of sales in GBP (-960 million) and EUR (-867 million). In particular, GBP net long positioning declined 20% w/w, following the slowdown in the pace of BoE hikes to +25bps from +50bps previously
- **Sales increased in EM while Mexico resumed negative flows.** Our EPFR aggregate recorded bigger negative flows of US\$ 2.0 billion from US\$ 92 million the previous week. Bond market sales increase to US\$ 971 million from US\$ 32 million. Meanwhile, equities outflows jump to US\$ 1.0 billion from US\$ 60 million. In Mexico, a negative flow of US\$ 58 million was recorded because of sales in both bonds and equities of US\$ 44 million and US\$ 14 million, respectively

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



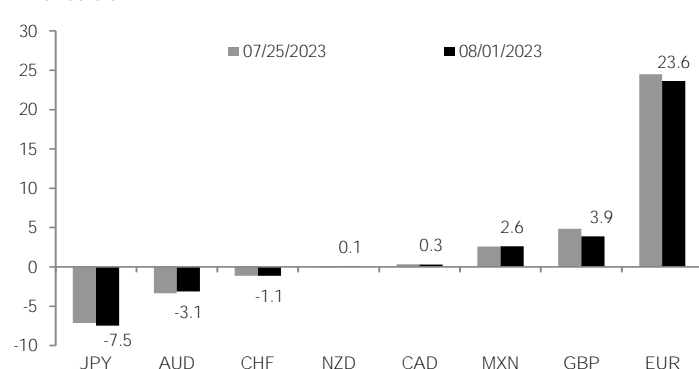
xSource: CME, Banorte

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



Source: EPFR Global, Banorte

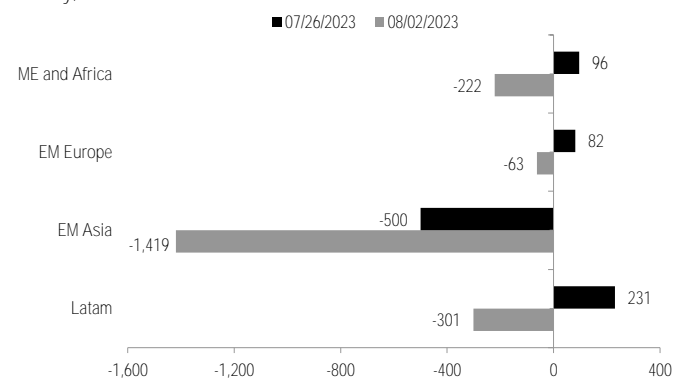
IMM positioning by currency*
Billion dollars



* Positive: Net long in the corresponding currency

Source: CME, Banorte

Net foreign portfolio flows by region*
Weekly, million dollars



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

FX technicals

- The Mexican peso easily breached several technical supports.** The sharp increase in volatility triggered a broad profit taking in the MXN, which breached the psychological 17.00 and the 50-day MA at 17.11. The weekly trading range was 76 cents, a level not seen since last March. The weekly trading range was 76 cents, a level not seen since last March. 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 17.00, 16.93, and 16.83, with supports at 17.18, 17.30, and 17.37. This week, the dynamics in currencies will be determined by the US July inflation report as well as the UK 2Q23 GDP. Locally, the tone of Banxico's statement will be relevant for the market to correct its expectations

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	40	36	-7	72	27
CAD	34	38	1	63	34
ZAR	67	59	4	85	41
BRL	79	55	19	79	47
HUF	63	44	-5	70	41
RUB	-7	-4	-34	54	13

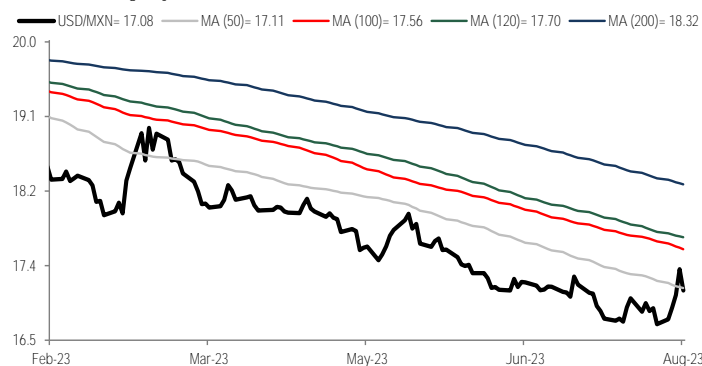
* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
VIX	35	44	19	89	49
SPX	43	42	5	71	43
GSCI	6	22	2	49	29
Gold	36	35	-57	64	4

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

USD/MXN – Moving averages
Last 120 trading days



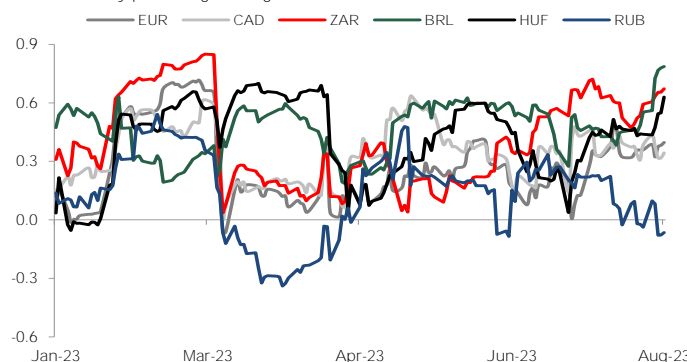
Source: Bloomberg

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

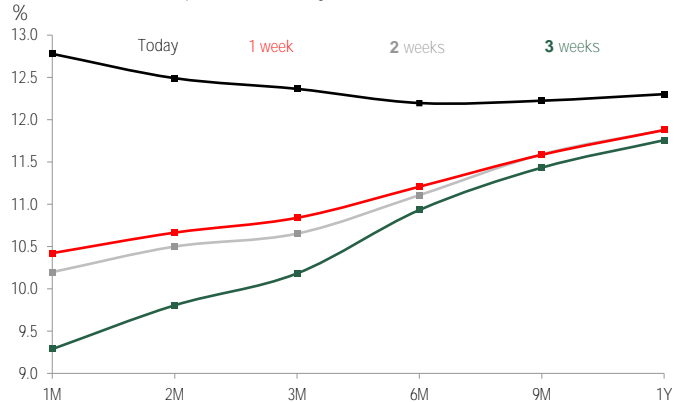


* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

FX technicals (continued)

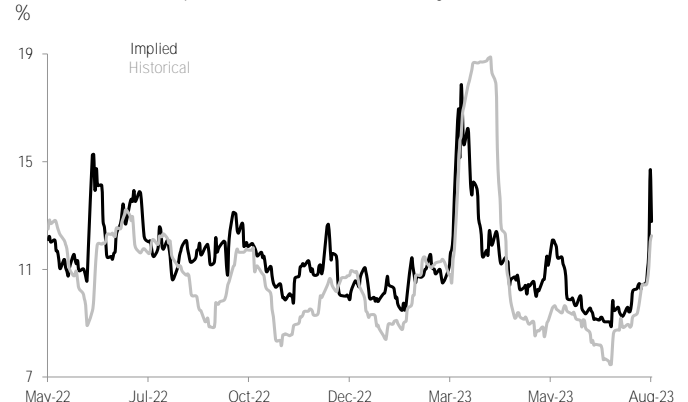
- The MXN ATM implied volatility curve reflected the risk-off mood, completely changing its structure.** The 1-month implied vol rebounded to 14.7%, its highest level since the banking crisis (17.8%), closing at 13.0% from 10.4% last week. The 3-month and 1-year readings increased to a lesser extent to 12.4% (+1.5 vegas) and 12.4% (+0.5 vegas). As a result of these changes, the curve flattened after maintaining a solid steepening structure. Similarly, the 1-month and 3-month risk reversal rebounded to their highest level since March of 3.5% and 3.3%, respectively

USD/MXN – ATM options volatility curve



Source: Bloomberg

USD/MXN – 1M implied and historical volatility



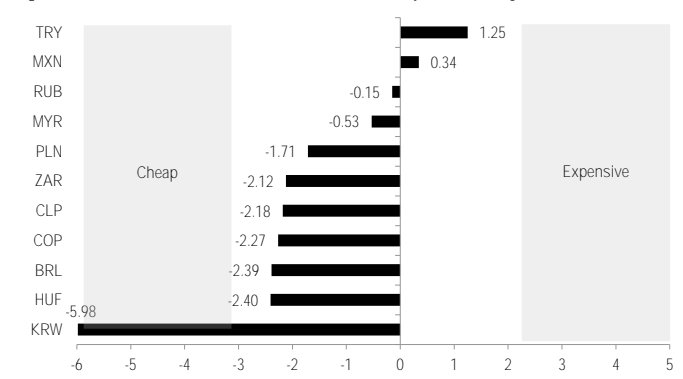
Source: Bloomberg

USD/MXN – Spread between implicit and historical volatility



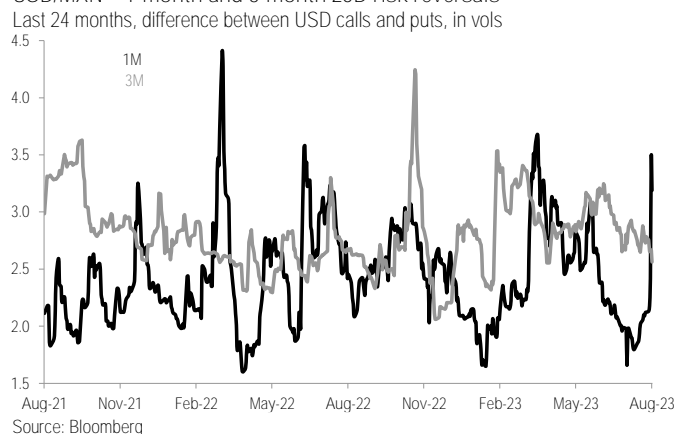
Source: Bloomberg

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



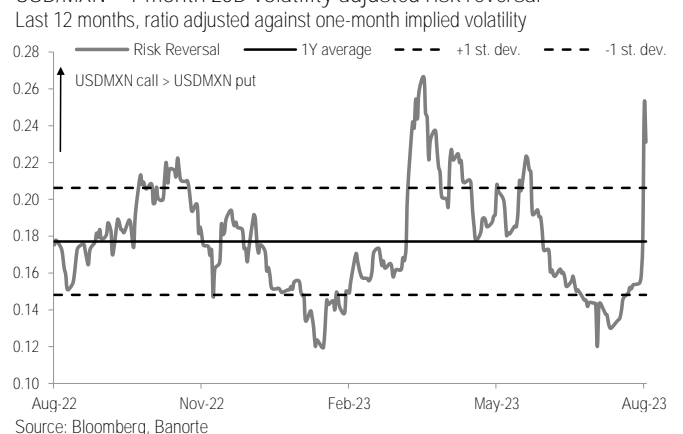
Source: Bloomberg, Banorte

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

- **Uncertainty and increased volatility caused profit taking in carry trades.** The FX market performance was determined by: (1) Fitch Ratings action; (2) Treasury bond supply; (3) the beginning of the accommodative cycle in emerging countries; and (4) the non-farm payroll report. In addition, market participants continue to debate the Fed's next actions and a possible 'soft landing' for the economy. Pressures on the Treasuries yield curve generated a migration of flows towards assets considered as safe-haven, however, the relief after the non-farm payroll partially reversed this situation. In this context, the dollar strengthened with the DXY and BBDXY indices advancing 0.4% and 0.8% w/w, respectively. Meanwhile, most G-10 and emerging market currencies traded in negative territory. In the former group, AUD (-1.2%) was the weakest followed by NZD (-1.1%). Australia's central bank surprised markets by leaving its benchmark rate unchanged at 4.10% for the second consecutive month, causing investors to recalibrate their expectations, which was reflected in the currency. In emerging markets, we observed large losses, reflecting risk aversion and the aggressive start of the easing cycle in both Chile and Brazil. Last week was characterized by profit taking in Latin American carry trades. ZAR (-4.5%) led the declines and highlighted the weakness of COP (-3.7%) and BRL (-2.9%). The Mexican peso was also impacted by risk aversion, easily breaching several technical supports such as the psychological 17.00 per dollar and the 50-day MA of 17.11 to reach its weakest level at 17.43. On Friday, the MXN reversed part of the losses closing at 17.08 per dollar (-2.3% w/w). It also recorded the widest trading range since late March of 76 cents, while 3-month implied volatility rebounded on Thursday to a 4-month high of 13.3%, closing at 12.4% from 10.8% the previous week
- This week, currency trends will be defined by the July inflation report in the US and 2Q23 GDP in the UK. A below expectations reading in consumer prices would represent a relief for the markets given their importance for the Fed's next actions. In Mexico, the main catalysts will be the July inflation report in combination with the tone of Banxico's statement. We do not rule out further volatility with investors adjusting positions following the latest developments in the US. In this sense, we expect a trading range between USD/MXN 16.75 and 17.30

Weekly economic calendar

For the week ending August 11, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 7	02:00	GER	Industrial Production*	Jun	% m/m	--	-0.5	-0.2
	08:00	MX	Consumer confidence*	Jul	index	45.0	--	45.2
	08:30	US	Fed's Bostic Speaks at Fed Listens Event					
	08:30	US	Fed's Bowman Speaks at Fed Listens Event					
	15:00	US	Consumer credit*	Jun	USDbn	--	13.5	7.2
	16:30	MX	Survey of expectations (Citibanamex)					
	23:00	CHI	Trade balance	Jul	USDbn	--	68.0	70.6
	23:00	CHI	Exports	Jul	% y/y	--	-12.6	-12.4
	23:00	CHI	Imports	Jul	% y/y	--	-5.5	-6.8
		MX	Wage negotiations	Jul	% y/y	--	--	7.3
Tue 8	02:00	GER	Consumer prices	Jul (F)	% y/y	--	6.2	6.2
	07:00	BZ	COPOM minutes					
	08:15	US	Fed's Harker Speaks on Economic Outlook in Philadelphia					
	08:30	US	Trade balance*	Jun	US\$bn	--	-67.0	-69.0
	11:00	MX	International reserves	Aug 4	US\$bn	--	--	204.2
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 10-year Mbono (May'33); 30-year Udibono (Nov'50) and 2-, 5-, and 10-year Bondes F					
	21:30	CHI	Consumer Prices	Jul	% y/y	--	-0.5	0.0
Wed 9	08:00	BZ	Retail sales	Jun	% m/m	--	-0.2	-1.0
	08:00	BZ	Retail sales*	Jun	% m/m	--	0.6	-1.0
	08:00	MX	Consumer prices	Jul	% m/m	0.50	0.48	0.10
	08:00	MX	Core	Jul	% y/y	0.43	0.41	0.30
	08:00	MX	Consumer prices	Jul	% y/y	4.81	4.78	5.06
	08:00	MX	Core	Jul	% y/y	6.68	6.66	6.89
Thu 10	08:30	US	Consumer prices*	Jul	% m/m	0.2	0.2	0.2
	08:30	US	Ex. food & energy*	Jul	% m/m	0.2	0.2	0.2
	08:30	US	Consumer prices	Jul	% y/y	3.2	3.3	3.0
	08:30	US	Ex. food & energy	Jul	% y/y	4.8	4.8	4.8
	08:30	US	Initial jobless claims*	Aug 5	thousands	227	230	227
	15:00	MX	Monetary policy decision (Banxico)	Aug 10	%	11.25	11.25	11.25
	15:00	US	Fed's Bostic Gives Remarks at Event About Employment					
	16:15	US	Fed's Harker Speaks on Employment					
	19:00	PE	Monetary policy decision (BCRP)	Aug 10	%	--	7.75	7.75
		MX	ANTAD same-store sales	Jul	% y/y	--	--	9.3
Fri 11	02:00	UK	Industrial production*	Jun	% m/m	--	0.2	-0.6
	02:00	UK	Gross domestic product	2Q23 (P)	% y/y	--	0.2	0.2
	02:00	UK	Gross domestic product*	2Q23 (P)	% q/q	--	0.0	0.1
	08:00	BZ	Consumer prices	Jul	% m/m	--	0.08	-0.08
	08:00	BZ	Consumer prices	Jul	% y/y	--	3.95	3.16
	08:00	BZ	Economic activity	Jun	% y/y	--	1.8	2.2
	08:00	BZ	Economic activity*	Jun	% m/m	--	0.5	-2.0
	08:00	MX	Industrial production	Jun	% y/y	2.9	2.8	3.9
	08:00	MX	Industrial production*	Jun	% m/m	0.1	0.1	1.0
	08:00	MX	Manufacturing output	Jun	% y/y	1.7	--	1.9
	08:30	US	Producer prices*	Jul	% m/m	--	0.2	0.1
	08:30	US	Ex. food & energy*	Jul	% m/m	--	0.2	0.1
	10:00	US	U. of Michigan confidence*	Aug (P)	index	70.0	71.5	71.6

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

For the week ending August 4, 2023

	Time		Event	Period	Unit	Banorte	Actual	Previous
Sun 30	21:30	CHI	Manufacturing PMI*	Jul	index	--	49.3	49.0
	21:30	CHI	Non-manufacturing PMI*	Jul	index	--	51.5	53.2
	21:30	CHI	Composite PMI*	Jul	index	--	51.5	52.3
Mon 31	05:00	EZ	Gross domestic product	2Q23 (P)	% y/y	--	0.6	1.1
	05:00	EZ	Gross domestic product*	2Q23 (P)	% q/q	--	0.3	0.0
	05:00	EZ	Consumer prices	Jul (P)	% y/y	--	5.3	5.5
	05:00	EZ	Core	Jul (P)	% y/y	--	5.5	5.5
	08:00	MX	Gross domestic product	2Q23 (P)	% y/y	3.6	3.7	3.7
	08:00	MX	Gross domestic product*	2Q23 (P)	% q/q	0.9	0.9	1.0
	09:20	US	Fed's Goolsbee speaks on Yahoo Finance Live					
	11:00	MX	Banking credit	Jun	% y/y	5.0	5.0	5.1
	14:00	US	Senior Loan Officer Opinion Survey on Bank Lending Practices					
	14:00	COL	Monetary policy decision (BanRep)	Jul 31	%	--	13.25	13.25
	21:45	CHI	Manufacturing PMI (Caixin)*	Jul	index	--	49.2	50.5
Tue 1	03:55	GER	Manufacturing PMI*	Jul (F)	index	--	38.8	38.8
	04:00	EZ	Manufacturing PMI*	Jul (F)	index	--	42.7	42.7
	04:30	UK	Manufacturing PMI*	Jul (F)	index	--	45.3	45.0
	05:00	EZ	Unemployment rate*	Jun	%	--	6.4	6.4 (R)
	08:00	BZ	Industrial production	Jun	% y/y	--	0.3	1.9
	08:00	BZ	Industrial production*	Jun	% m/m	--	0.1	0.3
	09:00	BZ	Manufacturing PMI*	Jul	index	--	47.8	46.6
	09:45	US	Manufacturing PMI*	Jul	index	49.0	49.0	49.0
	10:00	US	Fed's Goolsbee gives welcoming remarks					
	10:00	US	ISM manufacturing*	Jul (F)	index	46.0	46.4	46.0
	11:00	MX	International reserves	Jul 28	US\$bn	--	204.1	204.1
	11:00	MX	Family remittances	Jun	US\$bn	5,532.7	5,571.5	5,693.1
	11:00	MX	Survey of expectations (Banxico)					
	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					
	14:00	MX	PMI manufacturing (IMEF)*	Jul	index	51.3	51.8	51.0 (R)
	14:00	MX	PMI non-manufacturing (IMEF)*	Jul	index	51.9	51.7	51.5
		US	Total vehicle sales**	Jul	thousands	--	15.7	15.7
Wed 2	08:15	US	ADP employment*	Jul	thousands	270	324	455 (R)
	17:30	BZ	Monetary policy decision (Central bank of Brazil)	Aug 2	%	13.50	13.25	13.75
	21:45	CHI	Services PMI (Caixin)*	Jul	index	--	54.1	53.9
	21:45	CHI	Composite PMI (Caixin)*	Jul	index	--	51.9	52.5
Thu 3	02:00	GER	Trade balance	Jun	EURbn	--	18.7	14.6
	03:55	GER	Services PMI*	Jul (F)	index	--	52.3	52.0
	03:55	GER	Composite PMI*	Jul (F)	index	--	48.5	48.3
	04:00	EZ	Services PMI*	Jul (F)	index	--	50.9	51.1
	04:00	EZ	Composite PMI*	Jul (F)	index	--	48.6	48.9
	04:30	UK	Services PMI*	Jul (F)	index	--	51.5	51.5
	07:00	UK	Monetary policy decision (BoE)	Aug 3	%	--	5.25	5.00
	08:30	US	Fed's Barkin Speaks on Economy					
	08:30	US	Initial jobless claims*	Jul 29	thousands	230	227	221
	09:45	US	Services PMI*	Jul (F)	index	52.4	52.3	52.4
	09:45	US	Composite PMI*	Jul (F)	index	52.0	52.0	52.0
	10:00	US	Factory orders*	Jun	% m/m	--	2.3	0.4 (R)
	10:00	US	Ex transportation*	Jun	% m/m	--	0.2	-0.4 (R)
	10:00	US	Durable goods orders*	Jul (F)	% m/m	--	4.6	4.7
	10:00	US	Ex transportation*	Jul (F)	% m/m	--	0.5	0.6
	10:00	US	ISM services*	Jul	index	54.0	52.7	53.9
Fri 4	05:00	EZ	Retail sales*	Jun	% m/m	--	-0.3	0.6 (R)
	08:00	MX	Gross fixed investment	May	% y/y	14.8	17.4	6.2 (R)
	08:00	MX	Gross fixed investment*	May	% m/m	2.6	4.5	0.3 (R)
	08:00	MX	Private consumption	May	% y/y	5.1	3.9	2.4
	08:00	MX	Private consumption*	May	% m/m	0.2	-0.3	0.4 (R)
	08:30	US	Nonfarm payrolls*	Jul	thousands	225	187	185 (R)
	08:30	US	Unemployment Rate*	Jul	%	3.6	3.5	3.6

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