

# Fixed-Income and FX Weekly

## Market outlook

- **Negative performance in fixed-income assets.** Last week, Mbonos' curve recorded losses of 23bps, on average. The 10-year benchmark ended at 9.35% (+28bps w/w). In addition, the USD/MXN depreciated 0.3% w/w to 17.06
- **Attention to Powell at the Jackson Hole symposium, Banxico's minutes and inflation in Mexico.** Last week, investors digested the content of the minutes of the last Fed meeting along with additional pressures on Treasuries as well as economic and financial risks coming from China. The latter generated by a relevant weakening in the real estate sector that has already been reflected in some defaults despite the government's stimulus measures. In this context, the Treasuries yield curve extended the previous week's losses, reaching levels not seen in more than 16 years, while the dollar strengthened for the fifth consecutive week. This week, investors will be watching Jerome Powell's speech at the Jackson Hole symposium for further clarity on the central bank's next actions as uncertainty over the terminal rate prevails. In addition, markets will digest PMI indicators in various regions, including the US and the Eurozone, to try to elucidate how resilient or not the global economy remains in a restrictive backdrop. Locally, the most relevant will be the minutes of Banxico's last monetary policy meeting and the inflation report for the first half of August. We believe that Banxico's minutes could reinforce our call of cuts starting in February 2024 and further dilute the market's view. The US economic agenda also includes durable goods orders, new and existing home sales, U. of Michigan sentiment, as well as initial jobless claims. In Germany, the IFO business confidence and the final reading of 2Q23 GDP will be released. In Mexico, we will also be attentive to the 2Q23 current account and the banking sector expectations survey

## Fixed-Income

- **Supply** –The MoF will auction 1-, 3-, 6-, and 12M Cetes, the 20Y Mbono, the 20Y Udibono, and Bondes F. Moreover, extraordinary Cetes and Bondes F auction
- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.370 trillion (US\$ 80.2 billion), a market share equal to 32.9%, as of August 8<sup>th</sup>. Short positions in Mbono May'33 ended at MXN 4.8 billion from MXN 1.5 billion last week
- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 509bps from 491bps the previous week, with the 12-month mean at 534bps

## Foreign exchange

- **Market positioning and flows** – MXN position (as of August 15<sup>th</sup>) recorded a lower net long of US\$ 2.39 billion from US\$ 2.44 billion a week ago. Mutual funds' flows to EM marked bigger sales of US\$ 2.6 billion from US\$ 1.7 billion
- **Technicals** –The spot closed for the third week in a row near to the psychological level of 17.00 per dollar and its 50-day moving average (17.03). The next technical levels are: 17.00 (resistance) and 17.20 (support)

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Alejandro Padilla Santana  
Chief Economist and Head of Research  
[alejandro.padilla@banorte.com](mailto:alejandro.padilla@banorte.com)

Manuel Jiménez Zaldívar  
Director of Market Strategy  
[manuel.jimenez@banorte.com](mailto:manuel.jimenez@banorte.com)

Leslie Thalía Orozco Vélez  
Senior Strategist, Fixed Income and FX  
[leslie.orozco.velez@banorte.com](mailto:leslie.orozco.velez@banorte.com)

Isaías Rodríguez Sobrino  
Strategist, Fixed Income and FX  
[isaias.rodriguez.sobrino@banorte.com](mailto:isaias.rodriguez.sobrino@banorte.com)

## Fixed-Income

Market dynamics.....	pg. 2
Supply.....	pg. 4
Demand.....	pg. 5
Technicals.....	pg. 7
Recommendations.....	pg. 9

## Foreign exchange

Market dynamics.....	pg. 10
Market positioning and flows.....	pg. 11
Technicals.....	pg. 12
Recommendations.....	pg. 14

## Recommendations

### Fixed-Income

- Considering our monetary policy paths that differ with the market's less restrictive expectations, we maintain our preference on TIE-IRS payers at the front-end. In addition, we see greater attractiveness in long-term Mbonos. However, we do not have directional recommendations due to the high correlation with Treasuries and the higher supply of US debt
- We expect the 10-year Mbono to trade between 9.10% and 9.45%

### FX

- The FX market will be attentive to Jerome Powell's comments at the Jackson Hole symposium. A hawkish tone would strengthen the dollar in the absence of forward guidance. For the MXN we see a resilient performance, around the psychological 17.00 per dollar and estimate a weekly trading range between USD/MXN 16.85 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 08/18/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.51	+6	+68
<b>Sep'24</b>	11.05	+5	+96
Dec'24	10.82	+19	+95
<b>Mar'25</b>	10.32	+21	+39
<b>Mar'26</b>	9.90	+26	+67
<b>Sep'26</b>	9.96	+29	+56
<b>Mar'27</b>	9.78	+30	+59
Jun'27	9.75	+34	+67
<b>Mar'29</b>	9.46	+9	+9
May'29	9.40	+31	+33
May'31	9.38	+30	+36
<b>May'33</b>	9.35	+28	+33
<b>Nov'34</b>	9.32	+27	+27
Nov'36	9.31	+24	+26
Nov'38	9.41	+23	+32
Nov'42	9.42	+22	+32
Nov'47	9.30	+16	+23
<b>Jul'53</b>	9.31	+16	+25

Source: PiP

Udibonos performance

Maturity date	YTM 08/18/2023	Weekly change (bps)	YTD (bps)
Nov'23	6.13	-20	+4
Dec'25	5.70	-4	+93
Dec'26	5.62	+7	+95
Nov'28	4.82	+8	+51
Nov'31	4.64	+6	+47
Nov'35	4.43	+2	+22
Nov'40	4.43	+5	+24
Nov'43	4.55	+8	+5
Nov'46	4.53	+6	+35
Nov'50	4.53	+5	+30

Source: PiP

IRS (28-day TIE) performance

Maturity date	YTM 08/18/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.51	-1	+61
6-month (6x1)	11.47	+1	+43
9-month (9x1)	11.37	+5	+30
1-year (13x1)	11.15	+12	+23
2-year (26x1)	10.13	+20	+26
3-year (39x1)	9.53	+24	+35
4-year (52x1)	9.21	+26	+31
5-year (65x1)	9.05	+28	+23
7-year (91x1)	8.93	+28	+19
10-year (130x1)	8.92	+29	+19
20-year (260x1)	9.00	+30	+14

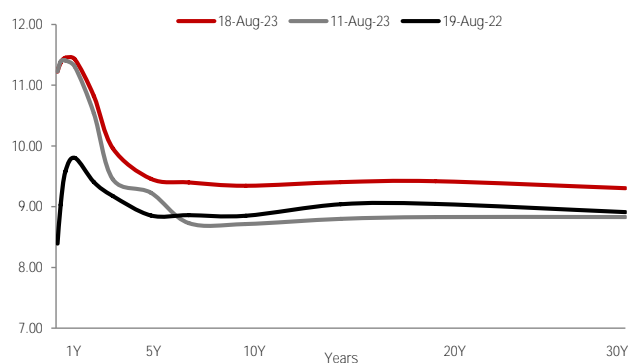
Source: Bloomberg

Cetes performance

Maturity date	YTM 08/18/2023	Weekly change (bps)	YTD (bps)
Cetes 28	11.22	-3	+113
Cetes 91	11.37	+1	+71
Cetes 182	11.45	+7	+58
Cetes 364	11.43	+3	+45
Cetes 728	11.17	+29	+36

Source: PiP

Mbonos curve at different closing dates  
%



Source: PiP, Banorte

10-year Mbono benchmark  
%



Source: PiP

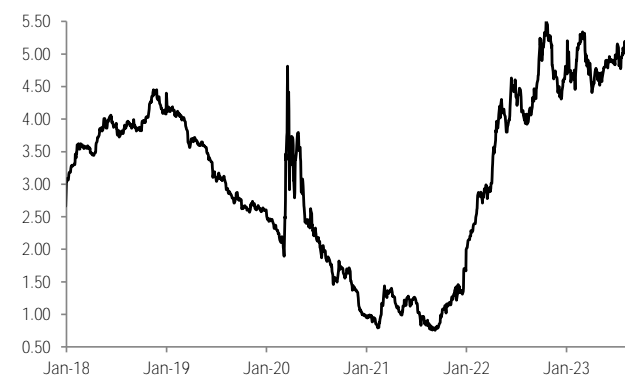
# Fixed-Income dynamics (continued)

USD UMS and US Treasuries performance

Term	Maturity date	UMS			UST			Spreads			CDS
		YTM 08/18/2023	Weekly change (bps)	YTD (bps)	YTM 08/18/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Abr'25	5.10	+17	+62	4.94	+5	+52	16	+12	16	41
3Y	May'26	4.46	+0	-34	4.65	+7	+42	-19	-7	53	61
5Y	Feb'28	5.37	+21	+59	4.39	+8	+38	99	+13	98	113
7Y	Apr'30	5.58	+24	+24	4.34	+10	+38	124	+14	139	157
10Y	May'33	5.81	+21	+25	4.25	+10	+38	155	+11	176	193
20Y	Mar'44	6.43	+22	+6	4.56	+11	+42	187	+11	215	--
30Y	May'53	6.61	+20	+22	4.38	+11	+41	224	+9	245	--

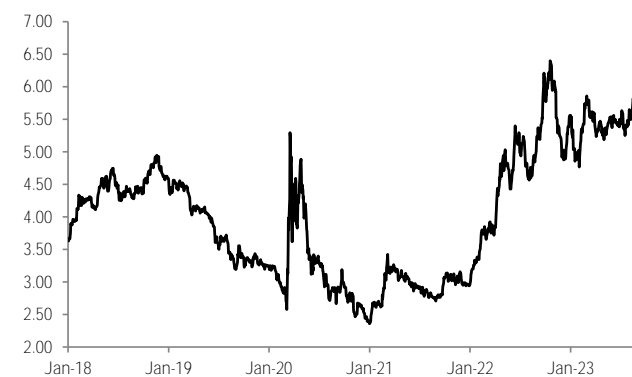
Source: Bloomberg

5Y USD UMS  
%



Source: Bloomberg

10Y USD UMS  
%



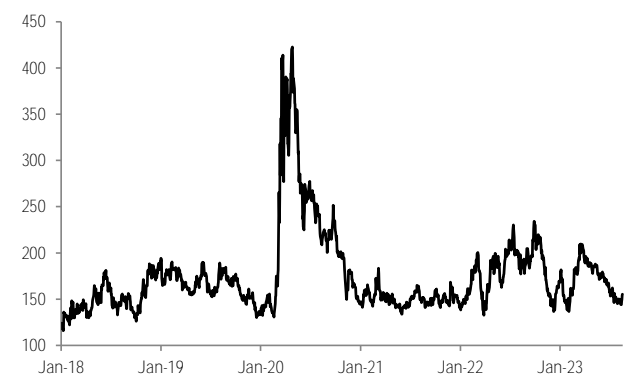
Source: Bloomberg

5Y UMS-UST Spread  
Basis points



Source: Bloomberg

10Y UMS-UST Spread  
Basis points



Source: Bloomberg

# Fixed-Income supply

- Mexico's weekly auction.** Tomorrow, the MoF will auction 1-, 3-, 6-, and 12-month Cetes, the 20-year Mbono (Nov'42), the 20-year Udibono (Nov'43), as well as 2- and 5-year Bondes F. Additionally, an extraordinary Cetes and Bondes F auction will take place on Wednesday, considering Cetes of 154-, 280-, 364-, and 686-days, as well as Bondes F of 357-, 1,015- and 1,757-days for a total amount of up to MXN 20 billion
- High demand for Cetes and greater appetite for long-term Mbonos vs Udibonos.** We expect good demand for Cetes given the attractive real rates, although it could be limited by the effect of higher supply, considering the extraordinary auction on Wednesday. This week, the inflation report for the first half of August, Banxico's minutes and Jerome Powell's comments at the Jackson Hole symposium will be key to obtaining more information on the next moves by central banks. The yield of the 20-year Mbonos (Nov'42) trades above 9.40%, reaching 9-month highs and accumulating losses of 53bps so far this month. This security has increased its value for long-term portfolios, so we expect a high demand of around 2.75x, although there are risks of higher rates induced by long-term Treasuries. For the Udibono Nov'43 we anticipate a lower appetite compared to the Mbono of the same term given a less attractive relative valuation after the inflation breakeven increased 42bps in the last 30 days to 4.66%

Auction specifics (August 22, 2023)

	Maturity	Coupon rate, %	To be auctioned <sup>1</sup>	Previous yield <sup>2</sup>
Cetes				
1m	21-Sep-23	--	8,500	11.26
3m	23-Nov-23	--	7,500	11.35
6m	22-Feb-24	--	12,700	11.41
12m	22-Aug-24	--	9,500	11.45
Bondes F				
2y	22-May-25	--	5,000	0.17
5y	27-Jan-28	--	1,000	0.23
Mbono				
20y	13-Nov-42	7.75	4,500	9.02
Udibono				
20y	12-Nov-43	3.25	UDIS 600	4.46

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.

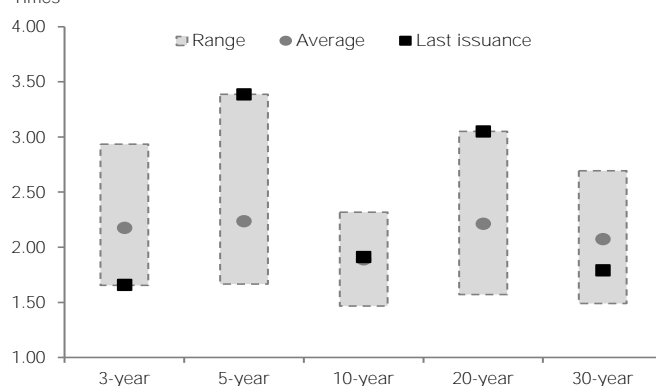
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

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'29)	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'29)	10-year (Nov'31)	1-, 3-, and 7-year

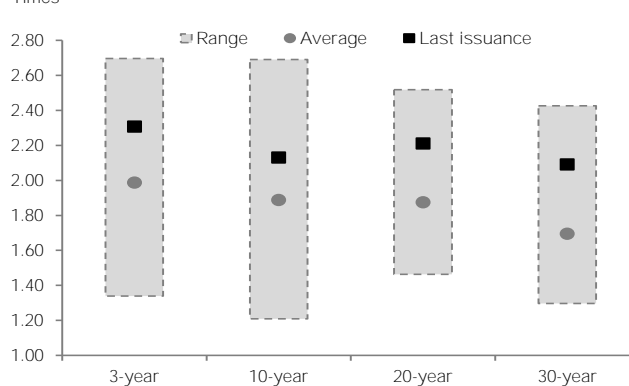
Source: Ministry of Finance \*In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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

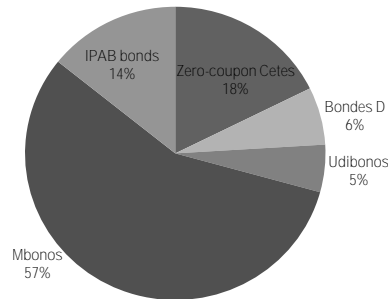
# Fixed-Income demand

Cetes held by foreigners  
MXN billion, %



Source: Banxico

Government issuance by type of instrument  
Total amount of US\$ 432 billion, % of total



Source: Banxico

Government bond holdings by type of investor  
US\$ billion and %, data as of 08/09/2023

	Total amount outstanding	% of total amount outstanding					
		Foreign investors	Pension funds	Mutual funds	Insurance companies	Banks	Other
Zero-coupon Cetes	76	14%	13%	14%	5%	11%	43%
Floating-rate Bonds D	27	0%	6%	41%	1%	18%	34%
Real-rate Udibonos	176	4%	54%	5%	19%	2%	16%
Fixed-rate Mbonos	244	33%	23%	3%	3%	15%	23%

Source: Banorte with data from Banxico

Foreign investors holdings of government bonds  
US\$ billion

	08/09/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	10.3	9.9	0.5	8.2	2.1
Floating-rate Bonds D	0.0	0.1	0.0	2.0	-2.0
Real-rate Udibonos	6.3	0.8	5.5	1.0	5.2
Fixed-rate Mbonos	80.2	80.5	-0.3	81.8	-1.6

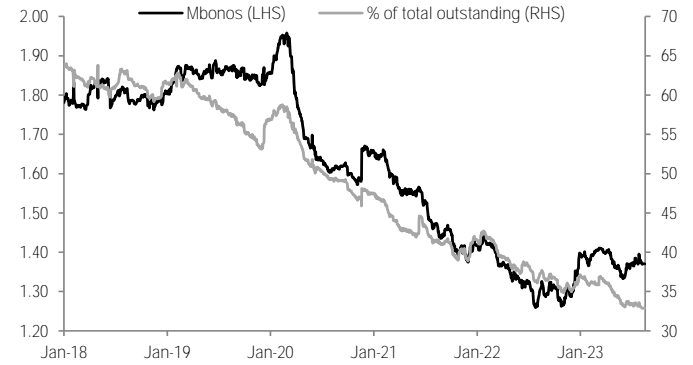
Source: Banorte with data from Banxico

Foreign investors holdings of government bonds  
Percentage of total amount outstanding

	08/09/2023	Previous Week	Difference	12/30/2022	Difference
Zero-coupon Cetes	13.5%	13.0%	0.5%	12.4%	1.1%
Floating-rate Bonds D	0.2%	0.2%	0.0%	4.4%	-4.3%
Real-rate Udibonos	3.6%	3.6%	0.0%	5.0%	-1.5%
Fixed-rate Mbonos	32.9%	33.1%	-0.2%	37.1%	-4.2%

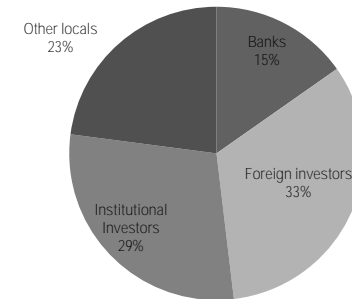
Source: Banorte with data from Banxico

Mbonos held by foreigners  
MXN trillion, %



Source: Banxico

Mbonos holdings by type of investor  
Total amount of US\$ 244 billion, % of total



Source: Banxico

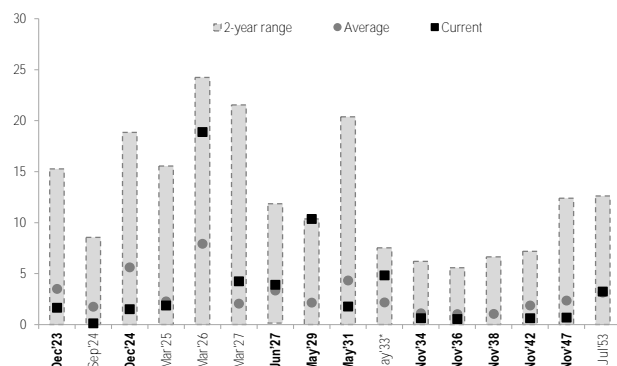
Mbonos holdings by type of investor  
US\$ billion and %, data as of 08/03/2023

DTM	Total amount	Local Banks	Foreign investors	Pension and Mutual	Other
Dec'23	9.7	31%	9%	21%	39%
Sep'24	16.7	19%	19%	14%	48%
Dec'24	13.5	36%	27%	8%	29%
Mar'25	10.3	33%	23%	21%	23%
Mar'26	26.8	23%	24%	18%	35%
Sep'26	3.2	13%	24%	8%	55%
Mar'27	21.2	22%	18%	17%	44%
Jun'27	20.6	7%	41%	28%	25%
May'29	16.0	4%	51%	23%	23%
May'31	25.0	4%	46%	32%	17%
May'33	11.4	2%	40%	32%	25%
Nov'34	5.5	1%	49%	36%	14%
Nov'36	4.3	2%	27%	39%	31%
Nov'38	12.6	1%	44%	38%	17%
Nov'42	17.1	2%	45%	39%	14%
Nov'47	15.1	2%	35%	43%	20%
Jul'53	9.0	1%	37%	44%	17%
Total	229.1	13%	33%	26%	28%

Source: Banxico

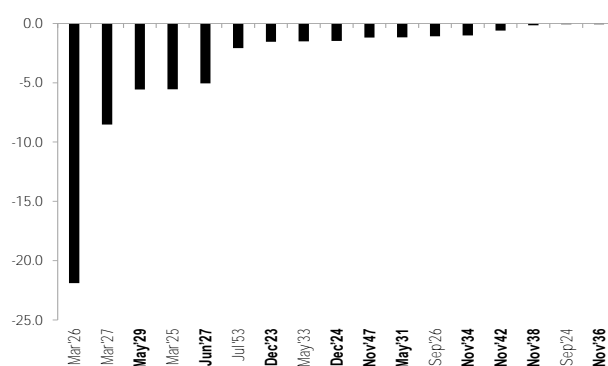
# Fixed-Income demand – Primary dealers

Market makers' short positions on Mbonos  
MXN billion



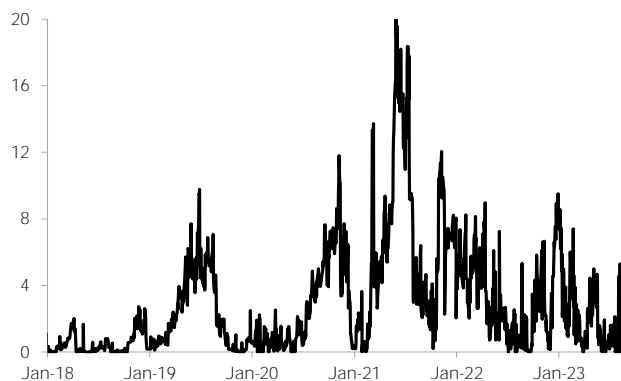
Source: Banxico \*May'33 issued in December 2022

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



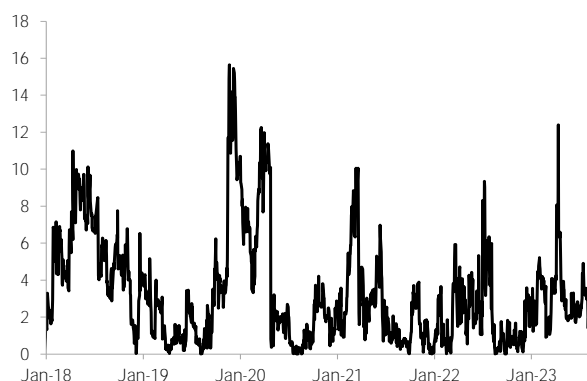
Source: Banxico

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 08/18/2023	08/18/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	9,894	97	91	1	97	336	0
Sep'24	16,948	7	4	36	13	323	0
Dec'24	13,907	89	87	79	31	459	0
Mar'25	11,539	110	325	562	66	911	0
Mar'26	27,069	1,108	1,284	1,215	301	1,421	106
Sep'26	4,048	60	63	59	0	1,265	0
Mar'27	21,522	250	500	273	182	1,263	0
Jun'27	20,855	229	296	295	118	638	38
May'29	16,846	607	326	276	79	607	46
May'31	25,537	104	68	125	70	434	0
May'33	12,698	283	88	100	0	442	3
Nov'34	5,599	37	59	36	59	361	0
Nov'36	4,323	32	4	4	139	326	0
Nov'38	12,734	0	9	83	0	161	0
Nov'42	17,357	37	35	41	146	338	0
Nov'47	15,274	41	69	196	8	727	39
Jul'53	9,188	190	122	173	372	401	0
<b>Total</b>	<b>245,338</b>	<b>3,092</b>	<b>3,308</b>	<b>3,382</b>	<b>1,310</b>		

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 +61bps from +71bps, 3-month at -43bps from -51bps, 6-month at -72bps from -79bps, and 1-year at -81bps from -75bps
- **Focus on Banxico's minutes.** After [central bank kept the reference rate unchanged](#) for the third consecutive meeting, [we expect the minutes](#) to provide more details about the bias and overall assessment of economic conditions of each member amid heightened uncertainty about the US terminal rate. Based on currently available information and our views, we reiterate the call that the first-rate cut will be until February 2024. This contrasts with both consensus (-25bps) and market's expectations (-20bps), which anticipates the beginning of the easing cycle in December

Spread between Cetes and Implied Forward Rates

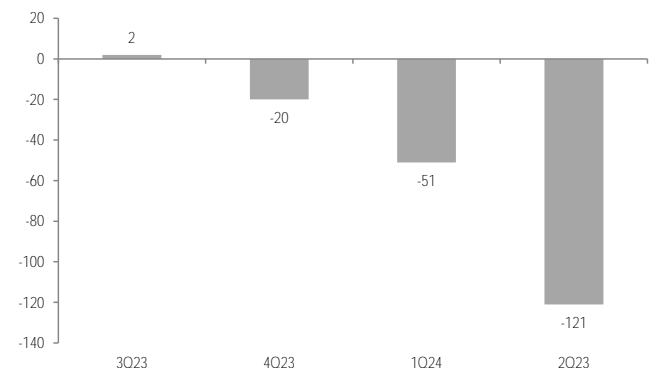
Basis Points

Tenor	Actual 08/18/2023	Previous Week	Previous Month	6-month Avg	6-month Max	6-month Min
1-month	61	71	33	1	489	-222
3 months	-43	-51	-59	-60	20	-150
6 months	-72	-79	-78	-73	2	-125
12 months	-81	-75	-80	-68	-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 returned to mid-June levels.** Uncertainty over the US terminal rate hit sovereign bonds hard. As a result, the 10-year spread between Mbono and Treasuries closed on Friday at 509bps vs 491bps the previous week, while the average of the last twelve months stands at 534bps
- **The 3-month correlation between Mexican and US 10-year bonds decreased.** The reading closed Friday at +59% vs +61% the previous week

10-year Mbono and 10-year UST spread

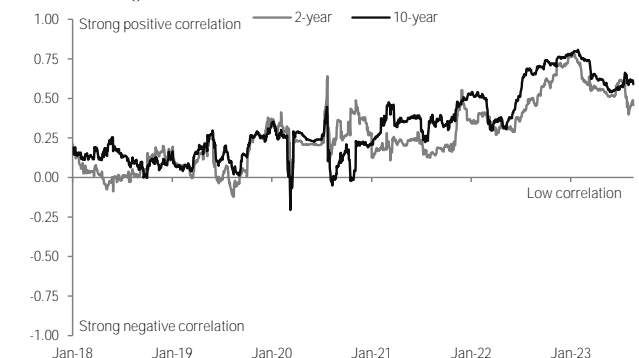
Basis points



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

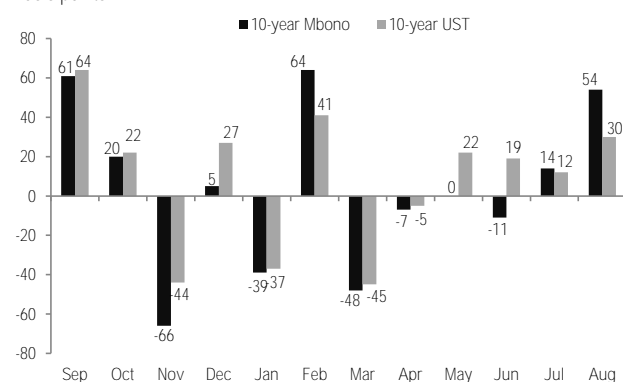
Basis points

Tenor	08/18/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-148	-157 (+9bps)	-183 (+35bps)	-56 (-92bps)	-47	-199	-134
Mbono 10s30s	-4	8 (-12bps)	10 (-14bps)	6 (-10bps)	35	-15	9
TIIE-Mbono 2-year	-70	-70 (0bps)	-90 (+20bps)	-4 (-66bps)	8	-91	-45
TIIE-Mbono 10-year	-43	-43 (0bps)	-63 (+20bps)	-32 (-11bps)	-17	-68	-45

Source: Bloomberg and PIP

## Mexican and US rates performance, last 12 months

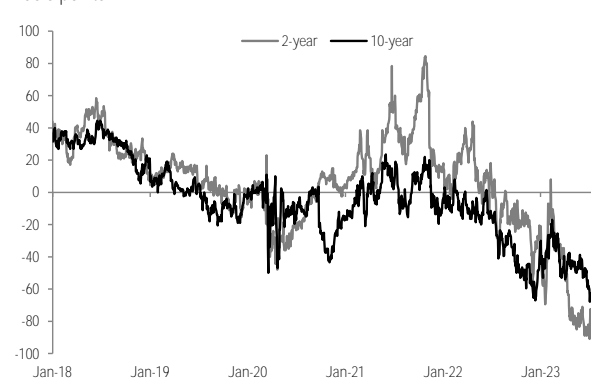
Basis points



Source: PIP and Bloomberg

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

Basis points



Source: Bloomberg

## Breakeven inflation using Mbonos & Udibonos

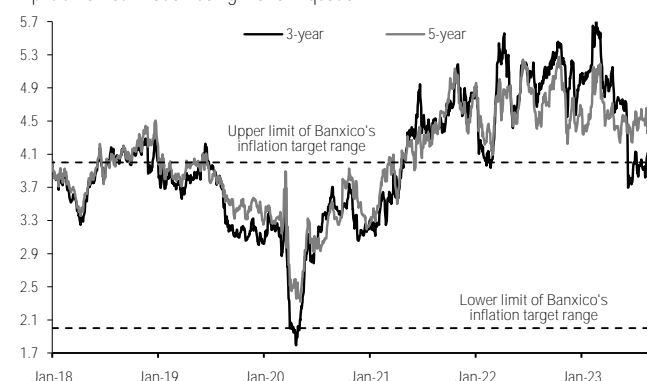
Implicit market inflation using Fisher Equation (%)

Date	08/18/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	4.11	3.9 (+21bps)	3.96 (+15bps)	4.99 (-88bps)	5.74	3.70	4.84
5Y	4.43	4.53 (-10bps)	4.51 (-8bps)	4.7 (-27bps)	5.28	4.23	4.64
10Y	4.50	4.29 (+21bps)	4.16 (+34bps)	4.69 (-19bps)	5.16	4.04	4.48
20y	4.66	4.53 (+13bps)	4.24 (+42bps)	4.84 (-18bps)	5.15	4.15	4.59
30Y	4.57	4.46 (+11bps)	4.23 (+34bps)	4.66 (-9bps)	5.18	4.15	4.56

Source: PIP

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

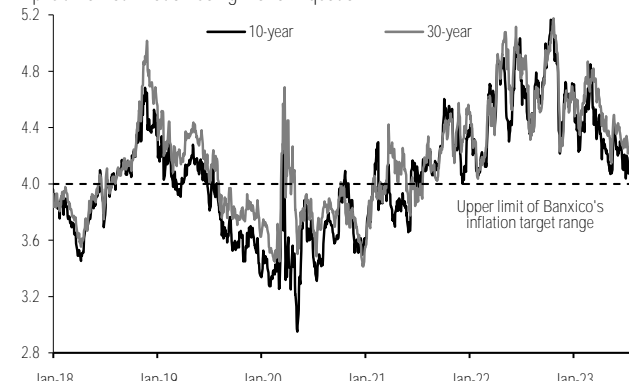
Implicit market inflation using Fisher Equation



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

- **Powell's comments, Mexican inflation and Banxico's minutes will set the tone for rates this week.** A week of heightened volatility in financial markets concluded, with the abrupt spike in US long-term sovereign bond yields once again capturing investors' attention. The 10-year and 30-year rates reached highs since 2007 and 2011, in the same order. The fixed-income market also digested the Fed minutes with most members seeing elevated upside risks to inflation so the door remains open for further monetary tightening; however, it was reiterated that upcoming decisions will depend on economic data. At Banorte, we expect an additional 25bps hike, which could be delayed until November. In the US, the Treasuries yield curve registered a bear steepening as longer-term rates (+11bps) increased at a faster pace vs. short-term rates (+4bps). With this, the 2s10s spread closed at -69bps, returning to its least inverted point since May. In particular, the 10-year Treasury yield reached a 16-year high of 4.33% intraday, closing Friday at 4.26% (+11bps). It is worth noting that during 2007, this benchmark traded most of the time above 4.50%, reaching levels of up to 5.30%. On the other hand, the longer-term yield traded very close to 4.40% at 12-year highs, ending at 4.38% (+11bps)
- Locally, the Mbonos' curve marked losses of 23bps, on average, concentrated in the 3- to 10-year maturities with adjustments of up to +34bps. Additionally, the MoF placed the [new 5-year benchmark \(Mar'29\)](#) at a rate of 9.37% for an amount of MXN 13 billion. The swap curve also registered a bear steepening with pressures of 12bps at the 13x1 node and 30bps at the long-end. Expectations taken from these securities show that the market has lowered bets that Banxico will cut rates this year. Currently, the curve is pricing-in -20bps by December from -30bps last week and -50bps in early July, slowly aligning with our view that rules out cuts this year. In this sense, Banxico's minutes and inflation to be released this week will be key to assess how long rates will remain elevated. Similarly, the focus will be on the Fed Chairman's comments at the Jackson Hole symposium in light of the uncertainty over the terminal rate. Considering our monetary policy paths that differ with the market's less restrictive expectations, we maintain our preference on TIE-IRS payers at the front-end. In addition, we see greater attractiveness in long-term Mbonos for long-term portfolios, highlighting May'33 (9.35%), Nov'38 (9.41%) and Nov'42 (9.42%). However, we do not have directional recommendations due to the high correlation with Treasuries and the higher supply of US debt that could continue to induce losses in the long-end of the curve. Finally, we believe that the 10-year Mbono, May'33, will trade between 9.10% and 9.45%

# FX dynamics

- **The Mexican peso showed lower volatility and remained close to the psychological 17.00 per dollar.** The FX market performance reflected pressures on Treasuries and uncertainty over the US terminal rate. Likewise, economic and financial risks in China caused caution. In this sense, the MXN closed Friday at 17.06 per dollar (-0.3% w/w) being the fourth strongest among its peers
- **The dollar strengthened for the fifth consecutive week.** The DXY and BBDXY indices extended gains while G10 and most emerging currencies posted losses. In the former group, NOK (-2.1%) was the weakest and in the latter, RUB (+5.2%) and ARS (-17.9%) were at the ends of the spectrum

Foreign Exchange market levels and historical return

		Close at 08/18/2023	Daily Change (%) <sup>1</sup>	Weekly change (%) <sup>1</sup>	Monthly change (%) <sup>1</sup>	YTD <sup>1</sup> (%)
<b>Emerging Markets</b>						
Brazil	USD/BRL	4.97	0.1	-1.3	-3.6	6.2
Chile	USD/CLP	868.90	-0.1	-1.1	-7.1	-2.0
Colombia	USD/COP	4,130.84	-0.7	-3.9	-3.7	17.5
Peru	USD/PEN	3.71	0.2	-0.7	-3.5	2.6
Hungary	USD/HUF	351.67	0.6	-0.5	-4.1	6.2
Malaysia	USD/MYR	4.65	0.1	-1.3	-2.3	-5.3
Mexico	USD/MXN	17.06	0.3	-0.3	-2.0	14.3
Poland	USD/PLN	4.10	0.2	-1.3	-3.1	6.6
Russia	USD/RUB	94.01	0.3	5.2	-3.2	-21.1
South Africa	USD/ZAR	19.00	0.4	-0.2	-5.9	-10.3
<b>Developed Markets</b>						
Canada	USD/CAD	1.36	-0.1	-0.8	-2.9	0.0
Great Britain	GBP/USD	1.27	-0.1	0.3	-1.6	5.4
Japan	USD/JPY	145.39	0.3	-0.3	-3.9	-9.8
Eurozone	EUR/USD	1.0873	0.0	-0.7	-2.9	1.6
Norway	USD/NOK	10.64	-0.6	-2.1	-5.6	-7.9
Denmark	USD/DKK	6.85	0.0	-0.7	-2.9	1.4
Switzerland	USD/CHF	0.88	-0.4	-0.6	-2.6	4.8
New Zealand	NZD/USD	0.59	0.0	-1.0	-5.4	-6.7
Sweden	USD/SEK	10.98	-0.5	-2.0	-6.5	-5.1
Australia	AUD/USD	0.64	0.0	-1.4	-5.4	-6.0

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

Source: Bloomberg

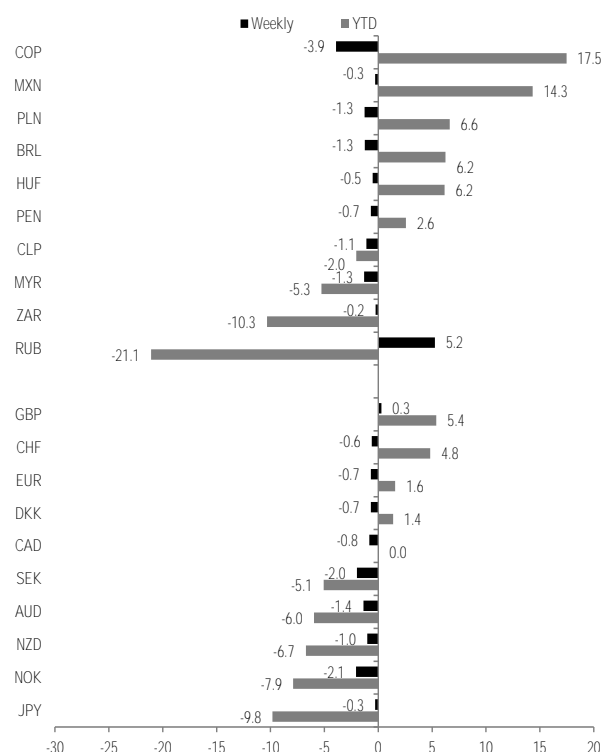
USD/MXN

Last 12 months



Source: Bloomberg

FX performance  
Against USD, %



Source: Bloomberg

DXY

Points

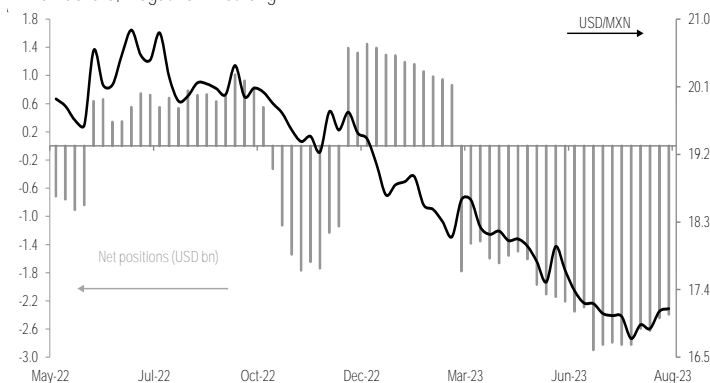


Source: Bloomberg, Banorte

# FX positioning and flows

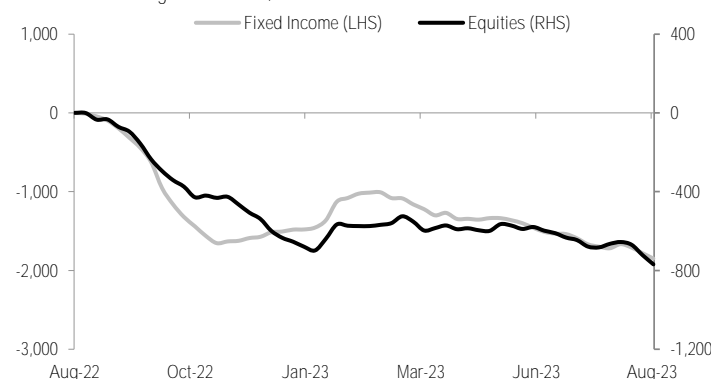
- **Net long positioning in MXN decreased slightly.** As of August 15<sup>th</sup>, the MXN position registered a net long US\$ 2.39 billion from US\$ 2.44 billion last week. Despite this adjustment, speculators maintain their bets on a resilient Mexican peso. The currency trades around the psychological 17.00 level, remaining the strongest in the emerging currencies group with a gain of 18.4% in the last 12 months
- **This week, net short USD positions registered very little change (+1% w/w).** The USD IMM position stood net short US\$15.32 billion, equivalent to a 26% reduction over the last three weeks amid heightened risk aversion. The move was the result of sales in CAD (-844 million) and AUD (-646 million) that were practically offset by purchases of EUR (+1.28 billion)
- **Sales increased in EM while Mexico recorded 3 consecutive weeks with negative flows.** Our EPFR aggregate recorded bigger negative flows of US\$ 2.6 billion from US\$ 1.7 billion the previous week. Bond market sales rose 75% to US\$ 1.1 billion. Meanwhile, equities outflows increased 45% to US\$ 1.5 billion. In Mexico, a negative flow of US\$ 115 million was recorded because of sales in both bonds and equities of US\$ 68 million and US\$ 47 million, respectively

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



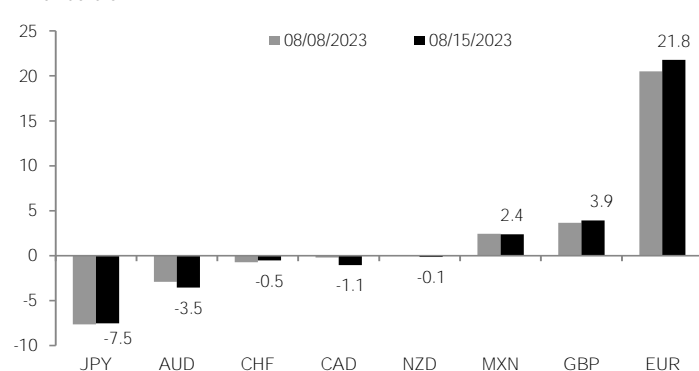
xSource: CME, Banorte

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



Source: EPFR Global, Banorte

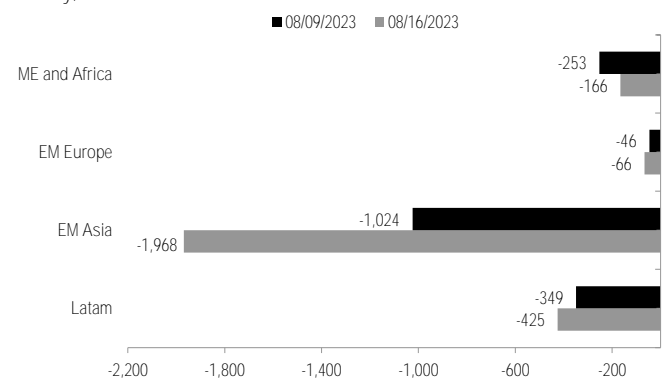
IMM positioning by currency\*  
Billion dollars



\* 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 respected the resistance located at the 50-day MA (17.03).** Last week, the Mexican peso showed a resilient performance as it continued to be supported by an attractive carry and solid fundamentals. The weekly trading range was 24 cents, significantly lower than two weeks ago. 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, 16.88, and 16.75, with supports at 17.20, 17.30, and 17.42. This week, the performance in the FX market will be mainly determined by Jerome Powell's comments at the Jackson Hole symposium and the MXN will also be influenced by Banxico's minutes and the inflation report

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	33	34	-7	72	29
CAD	32	22	1	63	35
ZAR	57	51	4	85	42
BRL	71	71	19	77	48
HUF	62	54	-3	70	45
RUB	-15	-23	-34	54	12

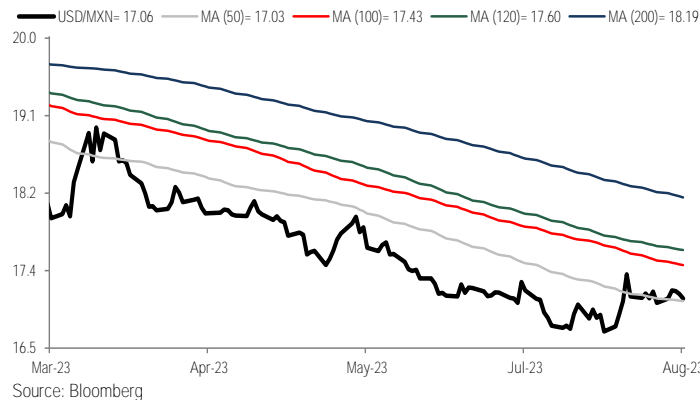
\* Positive: appreciation of MXN and corresponding currency  
Source: Bloomberg, Banorte

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

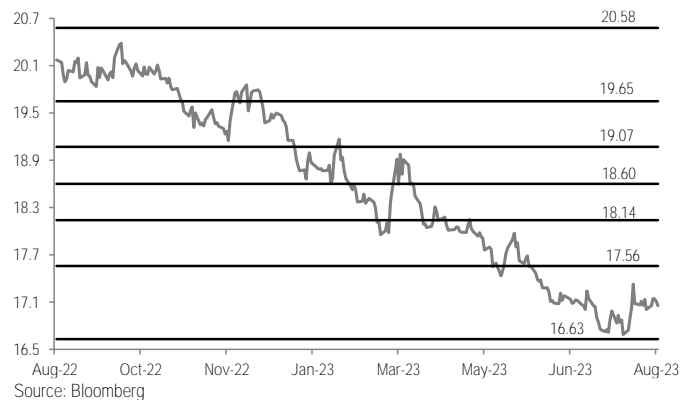
	Actual (%)	Previous week	6m Min	6m Max	6m Average
VIX	29	35	19	89	48
SPX	35	41	5	71	42
GSCI	16	16	2	49	28
Gold	37	37	-57	64	4

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

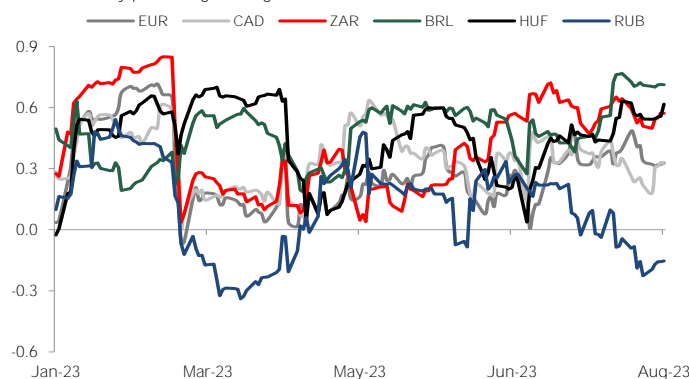
USD/MXN – Moving averages  
Last 120 trading days



USD/MXN – Fibonacci retracement  
Last 12 months

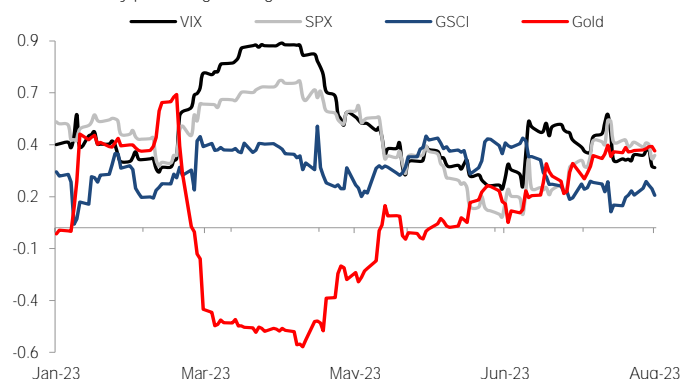


USD/MXN – 1-month correlation with other currencies\*  
Based on daily percentage changes



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

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

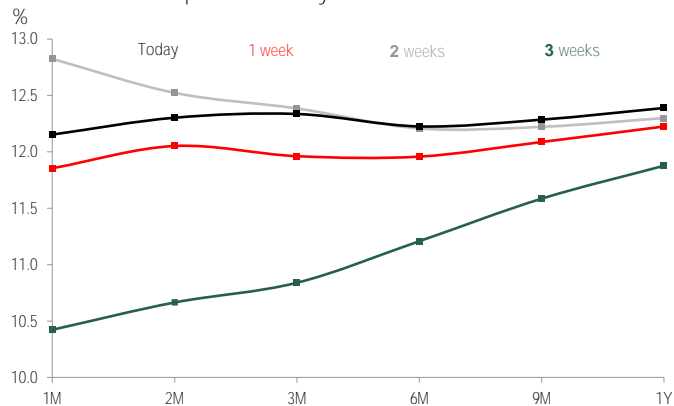


\* Positive: appreciation of MXN and corresponding asset except VIX  
Source: Bloomberg, Banorte

## FX technicals (continued)

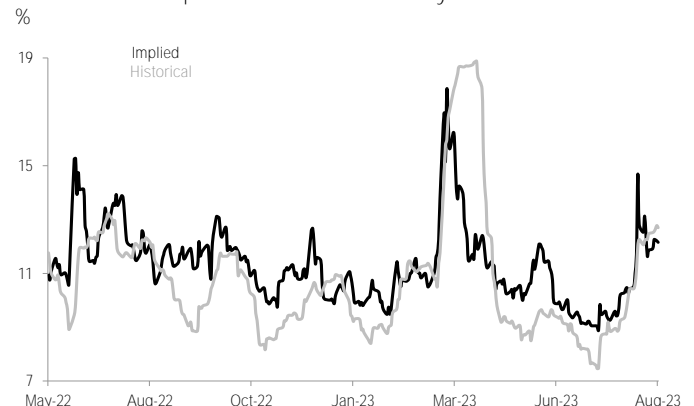
- The MXN ATM implied volatility curve remains flat, but at higher levels.** The 1-month implied vol rose to 12.2% from 11.9% last week. Meanwhile, the 3-month and 1-year readings increased 0.2 vegas, trading at the same level of 12.4%. During August, both metrics have remained above 12% after trading the previous two months around 10.50% and 10.80%, respectively. Meanwhile, 1-month risk reversals remained virtually unchanged at 3.07%, while the 3-month reading rose to 3.23% from 3.19% last week

USD/MXN – ATM options volatility curve



Source: Bloomberg

USD/MXN – 1M implied and historical volatility



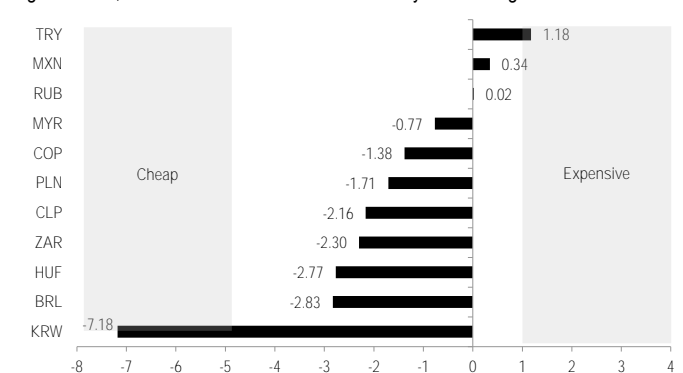
Source: Bloomberg

USD/MXN – Spread between implicit and historical volatility



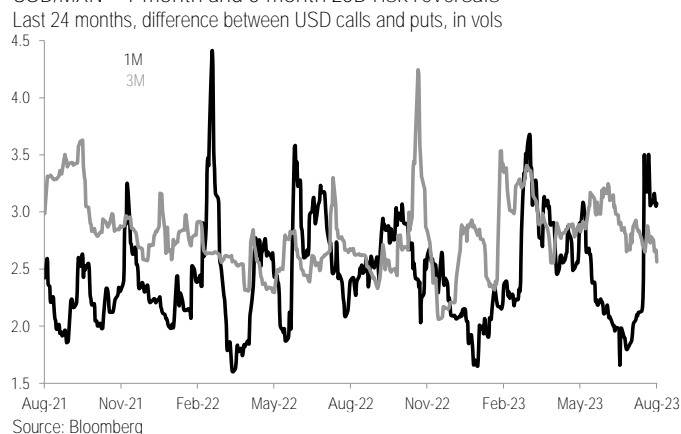
Source: Bloomberg

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



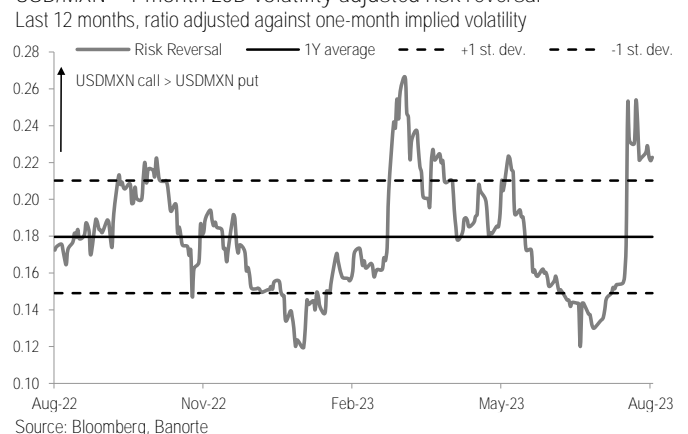
Source: Bloomberg, Banorte

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



Source: Bloomberg

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

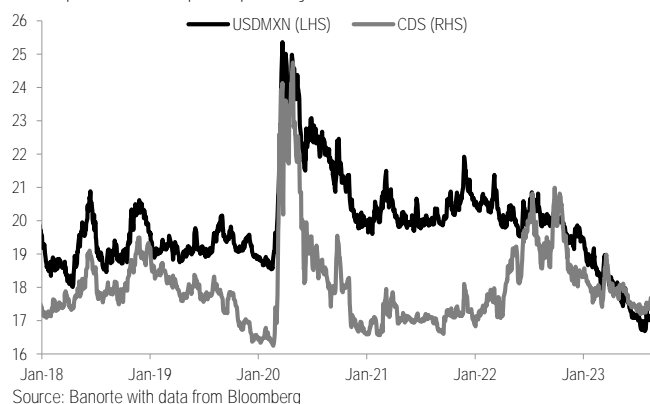


Source: Bloomberg, Banorte

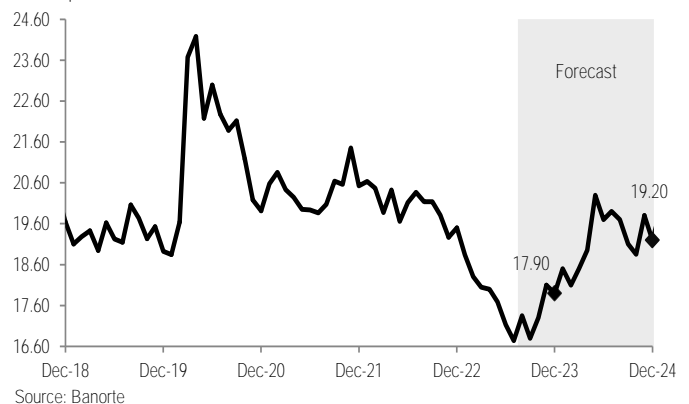
## FX trade recommendations

- Dollar strength in the face of Treasury pressures and upside economic and financial risks in China.** The FX market performed negatively due to a migration of flows towards assets considered as safe-haven. Investors' mood was mainly determined by the uncertainty surrounding the terminal rate in the US, as well as additional losses in the Treasuries yield curve. This was compounded by upside economic and financial risks in China. Against this backdrop, the dollar strengthened for the fifth consecutive week and the DXY and BBDXY indices posted gains of 0.6% and 0.5% w/w, respectively. In the G10 currencies, losses predominated with NOK (-2.1%) as the weakest. Meanwhile, GBP (+0.3%) was the exception reflecting a higher-than-expected July inflation report. Additionally, markets speculated that the Japanese government may intervene in the market to defend its currency as it hit a nine-month low of 146.56 yen to the dollar. If this were to materialize, it could have a negative effect on carry trades as the JPY is one of the main funding currencies. In emerging markets, ARS (-17.9%) led the declines due to the government's decision to devalue the official exchange rate after the results of the first round of elections, which favored candidate Javier Milei. Conversely, RUB (+5.2%) diverged from its peers driven by the emergency hike in the benchmark rate (from 8.50% to 12.00%) at an unscheduled central bank meeting. The Mexican peso showed a defensive performance in relative terms. In doing so, it once again confirms our view that it behaves as a dollar proxy rather than an emerging market hedge. The MXN closed Friday at 17.06 per dollar (-0.3% w/w) with a trading range of 24 cents and a 3-month implied volatility of 12.4%
- This week, the performance of the USD and the rest of the currencies will be determined by the tone of Jerome Powell's comments at the Jackson Hole symposium. For its part, the peso could remain defensive and continue to be immersed in a consolidation pattern near the psychological 17.00 per dollar. In addition, we believe that Banxico's minutes could reinforce our expectation of a benchmark rate at 11.25% for the remainder of the year and further dilute the market's expectation of cuts being favorable for the MXN. We estimate a trading range between USD/MXN 16.85 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 August 25, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Sun 20	21:15	CHI	Rate decision 1-year Loan Prime Rate	Aug 21	%	--	3.40	3.55
	21:15	CHI	Rate decision 5-year Loan Prime Rate	Aug 21	%	--	4.05	4.20
Mon 21			Without relevant economic data					
Tue 22	04:00	EZ	Current account*	Jun	EURbn	--	--	9.1
	10:00	US	Existing home sales**	Jul	millions	--	4.15	4.16
	11:00	MX	International reserves	Aug 18	US\$bn			
	13:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes; 20-year Mbono (Nov'42); 20-year Udibono (Nov'43) and 2-, and 5-year Bondes F					
	14:30	US	<b>Fed's Goolsbee Gives Welcome Remarks in 'Fed Listens' event</b>					
	16:00	MX	Survey of expectations (Citibanamex)					
Wed 23	03:30	GER	Manufacturing PMI*	Aug (P)	index	--	38.5	38.8
	03:30	GER	Services PMI*	Aug (P)	index	--	51.5	52.3
	03:30	GER	Composite PMI*	Aug (P)	index	--	48.0	48.5
	04:00	EZ	Manufacturing PMI*	Aug (P)	index	--	42.6	42.7
	04:00	EZ	Services PMI*	Aug (P)	index	--	50.5	50.9
	04:00	EZ	Composite PMI*	Aug (P)	index	--	48.5	48.6
	04:30	UK	Manufacturing PMI*	Aug (P)	index	--	45.0	45.3
	04:30	UK	Services PMI*	Aug (P)	index	--	50.8	51.5
	09:45	US	Manufacturing PMI*	Aug (P)	index	48.8	49.0	49.0
	09:45	US	Services PMI*	Aug (P)	index	--	52.0	52.3
	09:45	US	Composite PMI*	Aug (P)	index	--	51.5	52.0
	10:00	US	Preliminary benchmark Revision to Establishment Survey Data					
	10:00	US	New home sales**	Jul	thousands	--	704	697
	10:00	EZ	Consumer confidence*	Aug (P)	index	--	-14.5	-15.1
		SK	Monetary policy decision (Central bank of South Korea)	Aug 24	%	--	3.50	3.50
Thu 24	07:00	TUR	Monetary policy decision (Central Bank of Turkey)	Aug 24	%	--	20.00	17.50
	08:00	MX	Consumer prices	Aug 15	% m/m	0.31	0.30	0.21
	08:00	MX	Core	Aug 15	% m/m	0.19	0.20	0.09
	08:00	MX	Consumer prices	Aug 15	% y/y	4.67	4.65	4.78
	08:00	MX	Core	Aug 15	% y/y	6.21	6.22	6.52
	08:30	US	Durable goods orders*	Jul (P)	% m/m	--	-4.0	4.6
	08:30	US	Ex transportation*	Jul (P)	% m/m	--	0.3	0.5
	08:30	US	Initial jobless claims*	Aug 19	thousands	236	240	239
	11:00	MX	Banxico's minutes					
	12:00	US	<b>Fed's Harker interview with CNBC</b>					
Fri 25	02:00	GER	Gross domestic product*	2Q23 (F)	% q/q	--	0.0	0.0
	04:00	GER	IFO Survey (business climate)*	Aug	index	--	86.8	87.3
	08:00	BZ	Consumer prices	Aug	% m/m	--	0.17	-0.07
	08:00	BZ	Consumer prices	Aug	% y/y	--	4.12	3.19
	09:00	US	<b>Fed's Harker interview with Bloomberg</b>					
	10:00	US	U. of Michigan Confidence*	Aug (F)	index	71.2	71.2	71.2
	10:05	US	<b>Fed's Powell speaks at Jackson Hole Symposium</b>					
	11:00	MX	Current account	2Q23	US\$bn	4.3	3.4	-14.3

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

For the week ending August 18, 2023

	Time		Event	Period	Unit	Banorte	Actual	Previous
Mon 14	19:50	JP	Gross domestic product*	2Q23 (P)	% q/q	--	1.5	0.9 (R)
	22:00	CHI	Industrial production	Jul	% y/y	--	3.7	4.4
	22:00	CHI	Retail sales	Jul	% y/y	--	2.5	3.1
	22:00	CHI	Gross fixed investment (YTD)	Jul	% y/y	--	3.8	3.8
Tue 15	02:00	UK	Unemployment rate*	Jun	%	--	4.0	3.9 (R)
	05:00	GER	ZEW Survey (Expectations)	Aug	index	--	-12.3	-14.7
	08:30	US	Retail sales*	Jul	% m/m	0.4	0.7	0.3 (R)
	08:30	US	Ex autos & gas*	Jul	% m/m	--	1.0	0.4 (R)
	08:30	US	Control group*	Jul	% m/m	0.4	1.0	0.5 (R)
	08:30	US	Empire manufacturing*	Aug	index	2.5	-19.0	1.1
	11:00	US	Fed's Kashkari speaks at API conference					
	11:00	MX	International reserves	Aug 11	US\$bn	--	203.8	203.9
	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					
	02:00	UK	Consumer prices	Jul	% y/y	--	6.8	7.9
Wed 16	02:00	UK	Core	Jul	% y/y	--	6.9	6.9
	05:00	EZ	Gross domestic product	2Q23	% y/y	--	0.6	0.6
	05:00	EZ	Gross domestic product*	2Q23	% q/q	--	0.3	0.3
	05:00	EZ	Industrial production*	Jun	% m/m	--	0.0	0.2
	08:30	US	Housing starts**	Jul	thousands	--	1,452	1,398 (R)
	08:30	US	Building permits**	Jul	thousands	--	1,442	1,441
	09:15	US	Industrial production*	Jul	% m/m	0.4	1.0	-0.8 (R)
	09:15	US	Manufacturing production*	Jul	% m/m	0.1	0.5	-0.5 (R)
	14:00	US	FOMC Meeting Minutes					
Thu 17	05:00	EZ	Trade balance*	Jun	EURbn	--	12.5	0.2 (R)
	08:30	US	Initial jobless claims*	Aug 12	thousands	235	239	250 (R)
	08:30	US	Philadelphia Fed*	Aug	index	-12.0	12.0	-13.5
Fri 18	05:00	EZ	Consumer prices	Jul (F)	% y/y	--	5.3	5.3
	05:00	EZ	Core	Jul (F)	% y/y	--	5.5	5.5
	08:00	MX	Retail sales	Jun	% y/y	4.9	5.9	2.6
	08:00	MX	Retail sales*	Jun	% m/m	1.7	2.3	-0.5
	08:00	MX	Timely Indicator of Economic Activity*	Jul	% y/y	--	3.4	4.0

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 <sup>2</sup>	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% <sup>1</sup>	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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	Reference
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<b>HOLD</b>	When the share expected performance is similar to the MEXBOL estimated performance.
<b>SELL</b>	When the share expected performance is lower than the MEXBOL estimated performance.

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**GRUPO FINANCIERO BANORTE S.A.B. de C.V.**

<b>Research and Strategy</b>			
Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
Maria Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000
<b>Economic Research</b>			
Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707
<b>Market Strategy</b>			
Manuel Jiménez Zaldívar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
<b>Fixed income and FX Strategy</b>			
Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 5268 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144
<b>Equity Strategy</b>			
Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortes Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Juan Carlos Mercado Garduño	Strategist, Equity	juan.mercado.garduno@banorte.com	(55) 1103 - 4000 x 1746
<b>Corporate Debt</b>			
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248
<b>Quantitative Analysis</b>			
Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Senior Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Jazmín Daniela Cuautencos Mora	Strategist, Quantitative Analysis	jazmin.cuautencos.mora@banorte.com	(55) 1103 - 4000
Andrea Muñoz Sánchez	Analyst, Quantitative Analysis	andrea.munoz.sanchez@banorte.com	(55) 1103 - 4000
<b>Wholesale Banking</b>			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebaltos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roltan.ferrer@banorte.com	(55) 1670 - 1899