Economic and Financial Markets Research
Fixed-Income, FX, and *Commodities*

November 17, 2023

Fixed-Income and FX Weekly

- **Sovereign bonds rallied sharply, and MXN strengthened**. This week, Mbonos advanced 17bps, on average, with the 10-year benchmark reaching the 9.40% zone for the first time in almost 3 months. In FX, the MXN closed at 17.23 per dollar (+2.4% w/w)
- **Markets will digest the Fed and Banxico's minutes in a short week due to holidays in Mexico and the US.** This week, the performance of financial assets was mainly driven by the October CPI report in the US. In addition, investors assimilated several comments from Fed members, economic data with a mixed balance and the final stage of the 3Q23 corporate earnings season. The positive surprise in the inflation reading (0.0% m/m) triggered a migration of flows seeking better returns in risk assets. With this reading, investors are convinced that the Fed's tightening cycle is over, completely diluting the possibility of an additional 25bps hike in December. Furthermore, the market brought forward the start of the easing cycle to May, pricing-in a first rate cut of 25bps with a probability of 76%. Meanwhile, markets anticipate cumulative implied cuts of almost 100bps to December 2024. Treasuries ended the week with gains of 20bps, on average, and the largest adjustments in the belly (-24bps). Flow migration led to a weakening in the dollar with the BBDXY index adjusting -1.7% w/w. Locally, Mbonos averaged gains of 17bps, and the Mexican peso appreciated 2.4% w/w to close at 17.23 per dollar. Next week, market activity will be lower in both Mexico and the US due to the Mexican Revolution Anniversary holiday (Monday 20th) and Thanksgiving Day in the US (Thursday 23rd). Investors will be attentive to the minutes of the latest FOMC meeting for additional information on how long interest rates could remain elevated. Additionally, the central banks of Hungary, Indonesia, South Africa, Sweden, and Turkey will be delivering their monetary policy decisions. Another element that will drive market performance will be the 10- and 20-year Treasury auctions. In addition, the OECD will publish its Economic Outlook report. The US economic agenda includes PMIs, durable goods orders, housing market figures, U. of Michigan sentiment and jobless claims. In Mexico, we will be following the release of Banxico's minutes, CPI report (Banorte: 0.62% 2w/2w), IGAE, IOAE, retail sales, and the final reading of 3Q23 GDP

Fixed-Income

- **Supply** – On Tuesday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 5-year Mbono (Mar'29), the 30-year Udibono (Nov'50), and 1-, 3-, and 7-year Bondes F
- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.352 trillion (US$ 77.1 billion), a market share equal to 31.7%, as of November 8th. Short positions in Mbono May'33 ended at MXN 78 million from MXN 103 million last week
- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 501bps from 498bps the previous week, with the 12-month mean at 520bps

Foreign Exchange

- **Market positioning and flows** – Net long MXN positions rose 43% to US$ 1.3 billion from its lowest level during the year at the end of October. Mutual funds' flows to EM marked bigger sales of US$ 2.1 billion from US$ 1.9 billion a week ago due to an increase in bonds sales concentrated in Latam
- **Technicals** – The spot breached key resistances at 17.60 and 17.40; as well as the 100-day moving average of 17.35, keeping a trading range like the previous week of 54 cents that on this occasion hovered between 17.19 and 17.73 per dollar

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Recommendations

Fixed-Income

- Next week, the information that the minutes of both the Fed (November 21st) and Banxico (November 23rd) may provide will be the main drivers for the fixed-income market, as well as the auctions of 10- and 20-year Treasuries. Locally, Udibonos will assimilate the CPI report. The 3-year Udibono (Dec'26) shows a fair valuation after rallying 112bps so far this month
- We expect the 10-year Mbono to trade between 9.20% and 9.65%

FX

- The USD could extend its negative bias if the market shows more conviction that the Fed's tightening cycle is over. The MXN will incorporate Banxico's minutes and could head towards the psychological level of 17.00 per dollar. We estimate a trading range between USD/MXN 16.90 and 17.55

BANORTE

Fixed–Income Dynamics

Mbonos performance

Maturity date	YTM Nov/17/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.39	-14	+57
Sep'24	11.08	-3	+98
Dec'24	10.83	+2	+96
Mar'25	10.23	-18	+30
Mar'26	9.93	-23	+70
Sep'26	9.83	-16	+42
Mar'27	9.67	-8	+48
Jun'27	9.63	-9	+55
Mar'29	9.42	-19	+5
May'29	9.38	-22	+31
May'31	9.44	-18	+42
May'33	9.45	-19	+43
Nov'34	9.42	-24	+36
Nov'36	9.45	-21	+40
Nov'38	9.53	-22	+44
Nov'42	9.54	-24	+43
Nov'47	9.51	-23	+44
Jul'53	9.52	-23	+47

Source: PiP, Banorte

IRS (28-day TIIE) performance

Maturity date	YTM Nov/17/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.51	0	+61
6-month (6x1)	11.40	-4	+36
9-month (9x1)	11.26	-8	+19
1-year (13x1)	11.00	-7	+9
2-year (26x1)	10.02	-8	+15
3-year (39x1)	9.41	-15	+23
4-year (52x1)	9.07	-20	+17
5-year (65x1)	8.93	-21	+11
7-year (91x1)	8.85	-23	+11
10-year (130x1)	8.90	-23	+16
20-year (260x1)	8.94	-24	+8

Source: PiP, Banorte

CPI-Linked bonds (Udibonos) performance

Maturity date	YTM Nov/17/2023	Weekly change (bps)	YTD (bps)
Dec'25	5.83	-48	+106
Dic'26	5.26	-65	+60
Nov'28	4.56	-51	+25
Nov'31	4.72	-37	+54
Nov'35	4.67	-17	+46
Nov'40	4.67	-19	+48
Nov'43	4.67	-21	+17
Nov'46	4.60	-26	+41
Nov'50	4.65	-22	+42

Source: PiP, Banorte

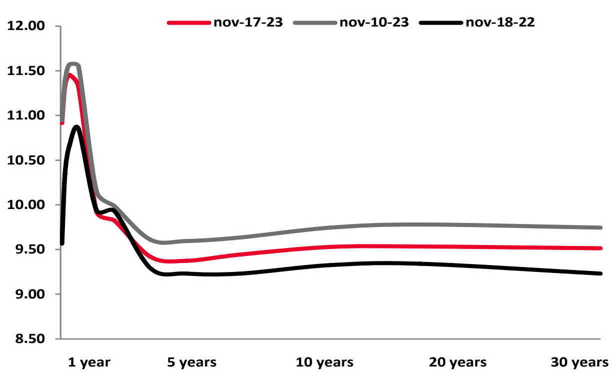
Cetes performance

Maturity date	YTM Nov/17/2023	Weekly change (bps)	YTD (bps)
Cetes 28	10.92	-3	+83
Cetes 91	11.34	-5	+67
Cetes 182	11.45	-12	+58
Cetes 364	11.33	-22	+36
Cetes 728	10.96	-24	+15

Source: PiP, Banorte

Mbonos curve at different closing dates

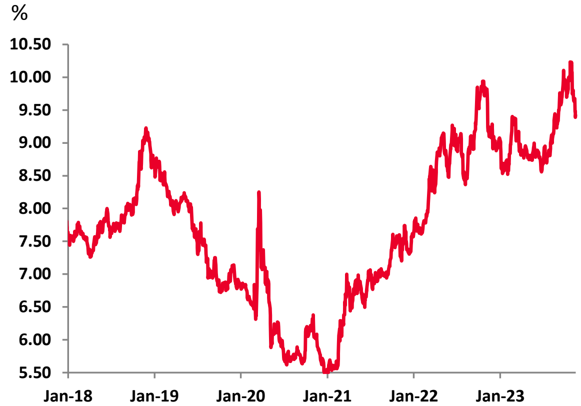
%



Source: PiP, Banorte

10-year Mbono benchmark

%



Source: PiP, Banorte

Fixed–Income Dynamics (continued)

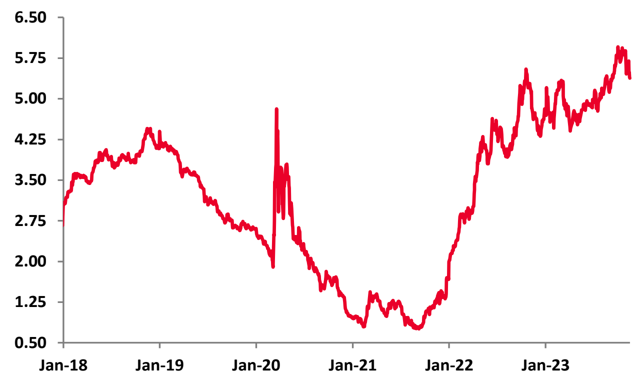
USD UMS and US Treasuries performance

	UMS				UST			Spreads			CDS
Term	Maturity date	YTM Nov/17/2023	Weekly change (bps)	YTD (bps)	YTM Nov/17/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Jan'26	4.97	-23	+50	4.89	-17	+47	8	-6	14	37
3Y	Mar'27	5.08	-17	+29	4.62	-22	+40	46	+4	35	52
5Y	Feb'28	5.38	-29	+59	4.44	-24	+44	94	-4	99	100
7Y	Apr'30	5.74	-26	+41	4.46	-25	+49	129	-1	131	141
10Y	May'33	6.06	-24	+50	4.42	-23	+55	163	-1	167	175
20Y	Mar'44	6.67	-22	+29	4.78	-19	+64	189	-3	200	--
30Y	May'53	6.90	-25	+50	4.57	-19	+61	232	-7	232	--

Source: Bloomberg, Banorte

5Y USD UMS

%



Source: Bloomberg, Banorte

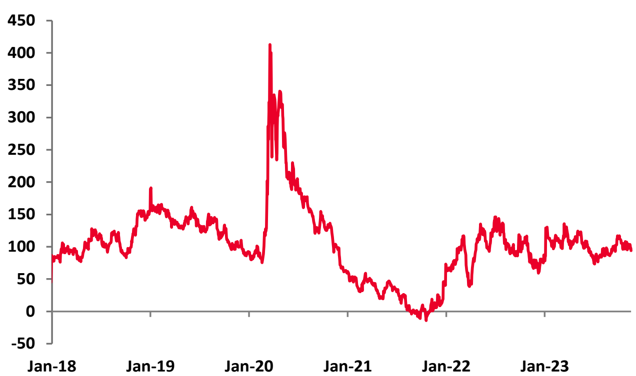
10Y USD UMS

%

Source: Bloomberg, Banorte

5Y UMS-UST Spread

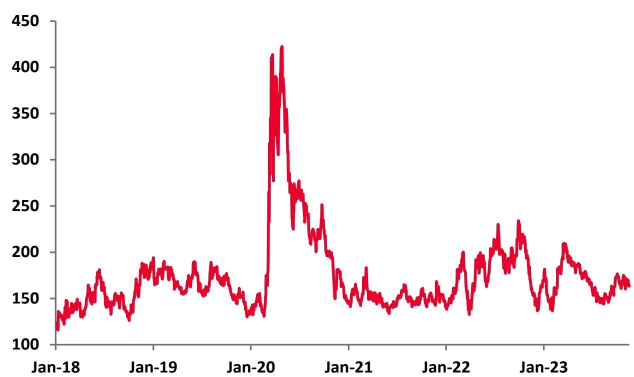
Basis points



Source: Bloomberg, Banorte

10Y UMS-UST Spread

Basis points



Source: Bloomberg, Banorte

Fixed–Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 5-year Mbono (Mar'29), the 30-year CPI-linked bond (Nov'50) –known as Udibono–, and 1-, 3-, and 7-year Bondes F
- **Robust demand for Cetes.** As we said in the previous edition, we expect investors to continue increasing their position in Cetes during the remainder of the year, mainly in the 1- and 2- year terms to ensure high returns around 11.00% in the face of the start of rate cuts by Banxico that could take rates to 9.25% by the end of 2024 and to much lower levels in 2025. In fact, the 364-day and 448-day Cetes registered historically high demand of 6.3x and 5.9x, respectively, in their latest placements (primary auction and extraordinary auction). In terms of holdings, foreign investors and insurance companies have increased their positions 40% and 57%, respectively, so far this year. It is worth noting that the banking sector increased its exposure by 27% in October. For the 5-year benchmark in the nominal yield curve, we anticipate stable demand around 2.2x as the recent rally appears to have been exaggerated. In this sense, the bond is perceived as overvalued according to the duration-adjusted yield analysis after accumulating a gain of 82bps so far this month, trading very close to the lowest level since its issuance (9.37%). In real rates, we anticipate weak demand for the 30-year Udibono given an unattractive relative valuation. Although the breakeven of this term has decreased 17bps so far this month to 4.65%, it remains at high levels above the 3-year average

Auction specifics (November 21, 2023)

Security	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	Dec-21-23	--	8,500	10.87
3m	Feb-22-24	--	7,500	11.39
6m	May-16-24	--	12,700	11.50
24m	Oct-30-25	--	7,800	11.52
Bondes F				
1Y	Nov-07-24	--	6,000	0.12
3Y	Jun-04-26	--	2,200	0.18
7Y	Oct-04-29	--	850	0.24
Bono M				
5Y	Mar-01-29	8.50	12,000	10.16
Udibono				
30Y	Nov-03-50	4.00	UDIS 900	9.80

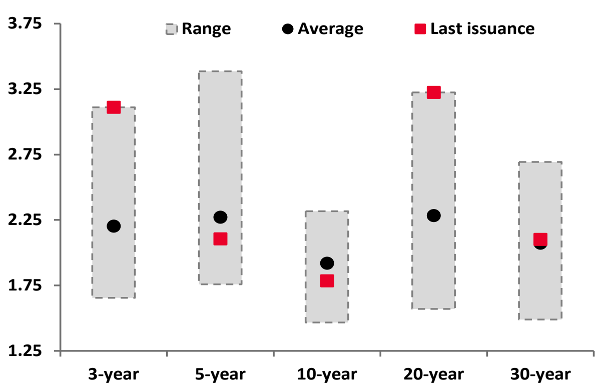
Source: Banxico, Banorte
1. Except for Udibonos, which are expressed in UDI million, everything else is expressed in MXN million. The amount of Cetes is announced a week prior to the day of the auction.
2. Yield-to-maturity reported for Cetes, Mbonos and Udibonos

4Q23 Government Securities Auction Calendar*

Date	Cetes	Bonos M	Udibonos	Bondes F
Oct-03	1, 3, 6, and 12M	20Y (Nov'42)	3Y (Dec'26)	2, 5, and 10Y
Oct-10	1, 3, 6, and 24M	3Y (Sep'26)	20Y (Nov'43)	1, and 3Y
Oct-17	1, 3, 6, and 12M	30Y (Jul'53)	10Y (Nov'31)	2, and 5Y
Oct-24	1, 3, 6, and 24M	5Y (Mar'29)	30Y (Nov'50)	1, 3, and 7Y
Oct-30	1, 3, 6, and 12M	10Y (May'33)	3Y (Dec'26)	2, 5, and 10Y
Nov-07	1, 3, 6, and 24M	3Y (Sep'26)	20Y (Nov'43)	1, and 3Y
Nov-14	1, 3, 6, and 12M	20Y (Nov'42)	10Y (Nov'31)	2, and 5Y
Nov-21	1, 3, 6, and 24M	5Y (Mar'29)	30Y (Nov'50)	1, 3, and 7Y
Nov-28	1, 3, 6, and 12M	30Y (Jul'53)	3Y (Dec'26)	2, 5, and 10Y
Dec-05	1, 3, 6, and 24M	3Y (Sep'26)	20Y (Nov'43)	1, and 3Y
Dec-11	1, 3, 6, and 12M	10Y (May'33)	10Y (Nov'31)	2, and 5Y
Dec-19	1, 3, 6, and 24M	5Y (Mar'29)	30Y (Nov'50)	1, 3, and 7Y
Dec-26	1, 3, 6, and 12M	20Y (Nov'42)	3Y (Dec'26)	2, 5, and 10Y

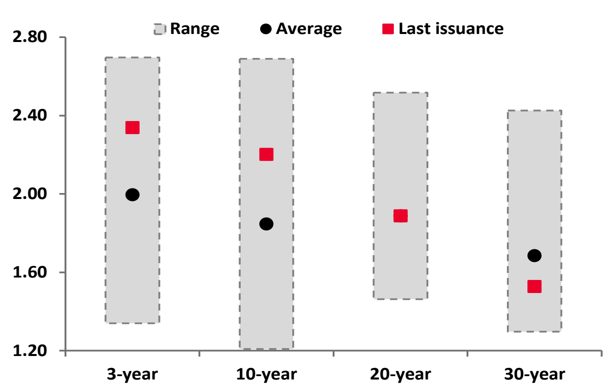
Source: SHCP *Ministry of Finance *In case an instrument is auctioned by the syndicated method, the current instrument will be replaced by the new issuance

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



Source: Bloomberg, Banorte

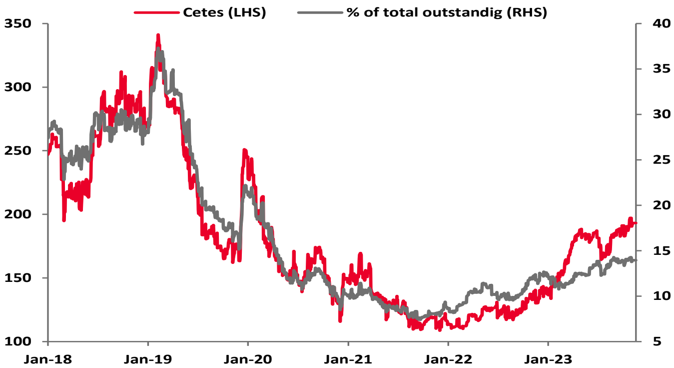
Udibonos' bid-to-cover ratios for primary auction in last 2 years
Times



Source: Bloomberg, Banorte

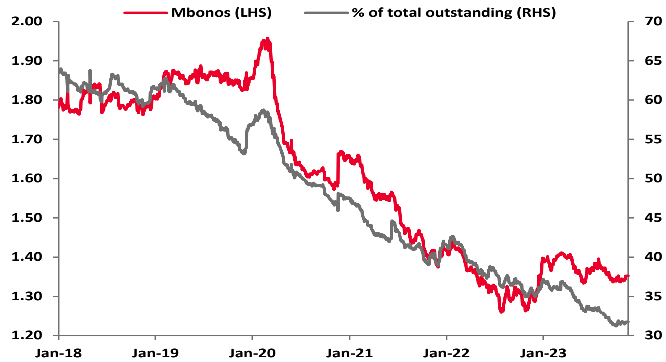
Fixed–Income Demand

Cetes held by foreigners
MXN billion, %



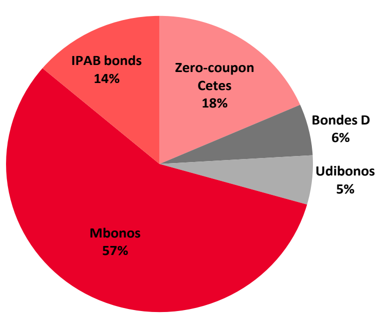
Source: Banxico, Banorte

Mbonos held by foreigners
MXN trillion, %



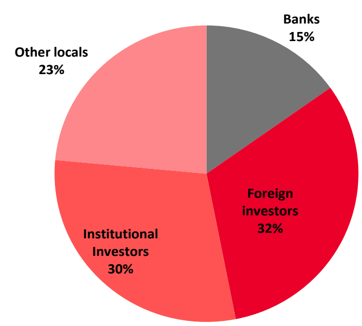
Source: Banxico, Banorte

Government issuance by type of instrument
Total amount of US$ 427 billion, % of total



Source: Banxico, Banorte

Mbonos holdings by type of investor
Total amount of US$ 241 billion, % of total



Source: Banxico, Banorte

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

	Cetes	Bondes D	Udibonos*	Bonos M
Total amount outstanding	79	24	181	243
Foreign investors	14%	2%	5%	32%
Pension funds	11%	3%	53%	23%
Mutual funds	15%	39%	5%	3%
Insurance companies	5%	1%	18%	3%
Banks	13%	18%	3%	15%
Others	41%	36%	17%	24%

Source: Banxico, Banorte

Foreign investors holdings of government bonds
US$ billion, data as of Nov/08/2023

	Cetes	Bondes D	Udibonos*	Bonos M
Actual	11.0	0.5	8.5	77.1
Previous Week	10.9	0.4	1.0	76.5
Difference	0.2	0.1	7.4	0.6
Dec/30/2023	8.0	1.9	1.0	79.7
Difference	3.0	-1.5	7.5	-2.6

Source: Banxico, Banorte

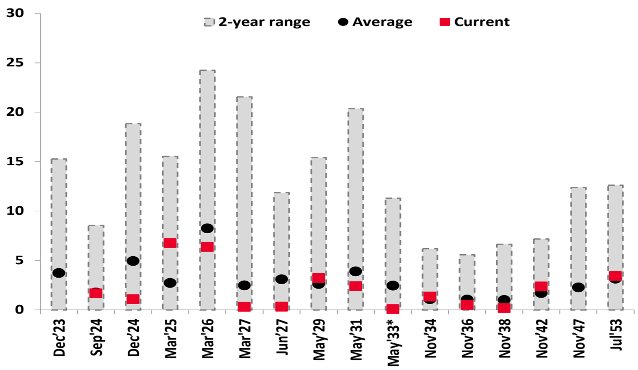
Mbonos holdings by typ of investor
US$ billions and %, data as Nov/01/2023

Maturity	Amount Outstanding	Local Banks	Foreign investors	Pensión and Mutual	Others
Dec'23	9.3	32%	7%	16%	45%
Sep'24	15.0	25%	14%	11%	51%
Dec'24	12.4	35%	26%	9%	30%
Mar'25	7.5	34%	18%	19%	29%
Mar'26	24.9	28%	27%	12%	34%
Sep'26	5.8	29%	21%	13%	37%
Mar'27	19.9	27%	17%	13%	43%
Jun'27	19.4	6%	36%	27%	30%
Mar'29	2.8	29%	16%	23%	32%
May'29	15.2	3%	54%	21%	22%
May'31	23.3	4%	44%	33%	18%
May'33	14.0	7%	36%	31%	27%
Nov'34	5.2	1%	50%	36%	13%
Nov'36	4.1	0%	30%	41%	30%
Nov'38	11.8	1%	41%	42%	16%
Nov'42	17.2	1%	41%	44%	14%
Nov'47	14.3	0%	37%	44%	19%
Jul'53	10.1	1%	33%	47%	20%
Total	**222.3**	**14%**	**32%**	**26%**	**28%**

Source: Banxico, Banorte

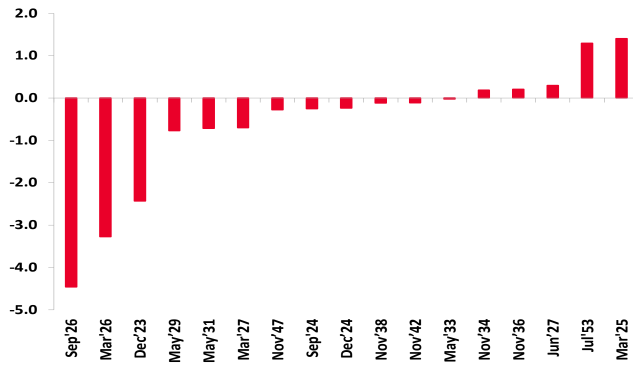
Fixed–Income Demand – Primary dealers

Market makers' short positions on Mbonos
MXN billion



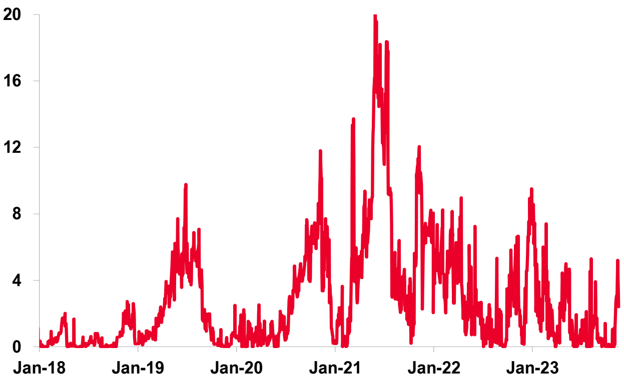
Source: Banxico, Banorte *May'33 issued in December 2022

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



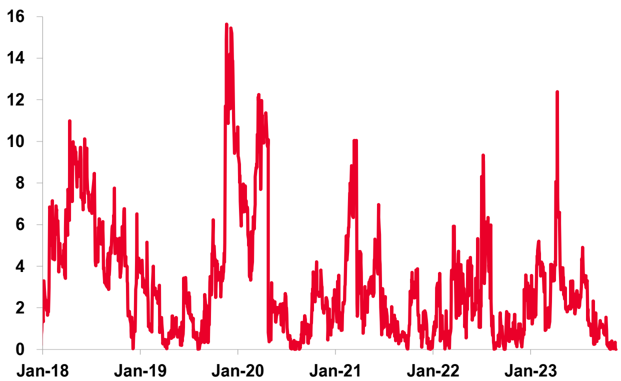
Source: Banxico, Banorte

Market makers’ short positions on Mbono May’31
MXN billion



Source: Banxico, Banorte

Market makers’ short positions on Mbono Nov’47
MXN billion



Source: Banxico, Banorte

Market makers’ position on Mbonos
US$ million

Maturity date	Total amount outstanding as of Nov/16/2023	Nov/16/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec’23	9,475	0	138	306	0	370	0
Sep'24	15,378	96	110	0	144	239	0
Dec’24	12,866	61	75	256	179	337	1
Mar'25	8,674	382	303	389	0	881	33
Mar'26	25,414	360	545	479	351	1,374	103
Sep'26	6,726	234	487	318	0	1,223	0
Mar'27	20,590	17	57	534	60	1,222	0
Jun’27	19,966	19	2	0	182	617	0
Mar'29	3,011	115	60	180	0	409	0
May’29	16,233	182	226	702	107	874	62
May’31	24,152	136	177	7	69	301	0
May'33	14,413	4	6	236	0	640	1
Nov’34	5,456	76	65	38	59	349	0
Nov’36	4,178	28	16	42	4	316	0
Nov’38	12,102	10	16	0	3	156	0
Nov’42	18,014	135	141	62	145	327	0
Nov’47	14,732	0	16	8	69	279	0
Jul'53	10,560	194	120	502	483	607	0
Total	**241,939**	**1,855**	**2,439**	**3,558**	**1,371**		

Source: Banxico, Banorte

Fixed–Income Technicals

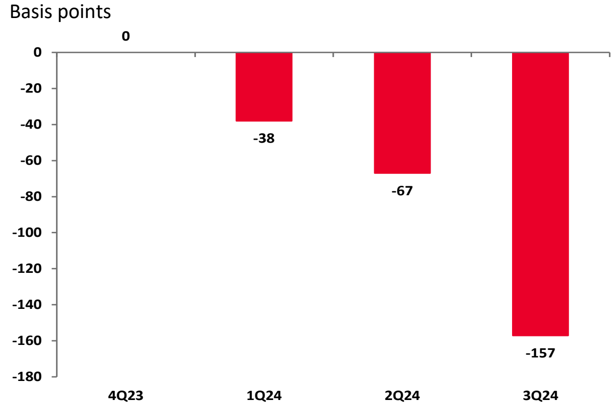
- **The carry at the short-end slightly increased.** Spreads between Cetes and implied forward rates stood at: 1-month unchanged at +48bps, 3-month at +19bps from +18bps, 6-month at +1bp from -2bps, and 1-year at -10bps from -13bps
- **Focus on Banxico's minutes, while the market increases bets on rate cuts in the first meeting of 2024.** The Governor of Banxico explained the connotation of "a certain time" ruling out cuts this year. In addition, she noted that the eventual rate reduction will be gradual and discontinuous. In this sense, the market will look for more clues about the rate path in the statement to be released on November 23rd. Currently, the curve is pricing-in the first rate cut of 25bps in February with a probability of 50% and reflects a rate at the end of 2024 of 9.21%, equivalent to a cumulative cut of 204bps vs 188bps last week. With this, the market corrected its view as we expected, aligning to our estimate of 9.25% (-200bps). Likewise, futures linked to the Fed's decisions mark strong bets on a 25bps cut as soon as May and even a 50bps cut in July, with a cumulative adjustment of almost -100bps in 2024

Spread between Cetes and Implied Forward Rates
Basis points

Tenor	Actual Nov/17/2023	Previous Week	Previous month	Average 6m	Max 6m	Min 6m
1 month	48	48	81	33	489	-70
3 months	19	18	-1	-35	32	-96
6 months	1	-2	-11	-52	10	-103
12 months	-10	-13	-19	-57	5	-98

Source: PiP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate
Basis points



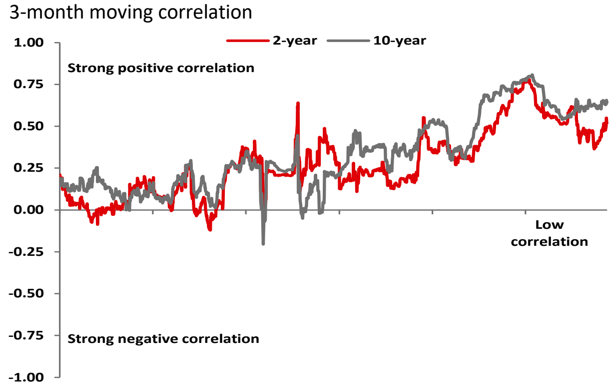
Source: Bloomberg, Banorte

- **Better performance in both Mbonos and Treasuries.** Sovereign bonds reacted with a strong rally to the US October CPI inflation report with investors anticipating the end of the Fed's tightening cycle. As a result, the 10-year spread between Mbonos and Treasuries closed with few changes vs the previous week at 501bps, remaining below the 12-month average of 520bps for two weeks in a row
- **The 3-month correlation between Mexican and US 10-year bonds increased at the margin.** The reading closed Friday at +64% vs +63% the previous week

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

Source: PiP, Banorte

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



Source: Bloomberg, Banorte

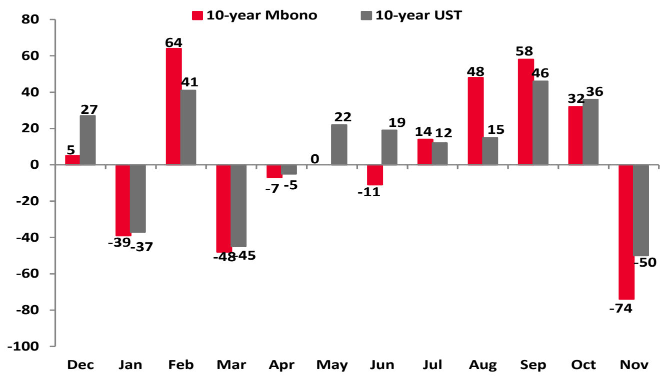
Fixed–Income Technicals (continued)

Selected Spreads
Basis points

Tenor	Nov/17/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-48	-52 (+4bps)	-82 (+34bps)	-80 (+32bps)	-40	-199	-141
Mbono 10s30s	7	11 (-4bps)	-9 (+16bps)	0 (+7bps)	35	-15	9
TIIE-Mbono 2-year	9	-6 (+15bps)	-7 (+16bps)	-8 (+17bps)	25	-57	-25
TIIE-Mbono 10-year	-55	-51 (-4bps)	-33 (-22bps)	-45 (-10bps)	-17	-68	-46

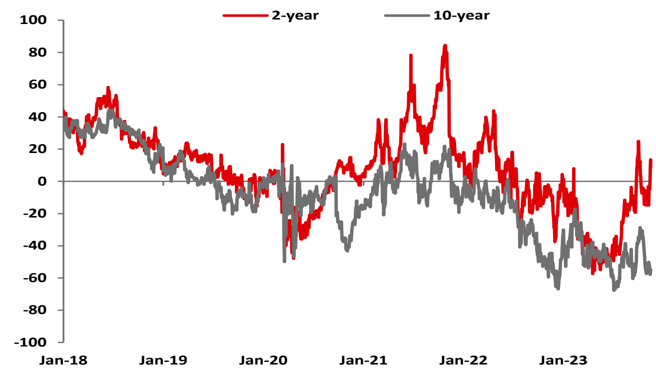
Source: Bloomberg, PiP, Banorte

Mexican and US rates performance, last 12 months
Basis points



Source: PiP, Bloomberg, Banorte

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



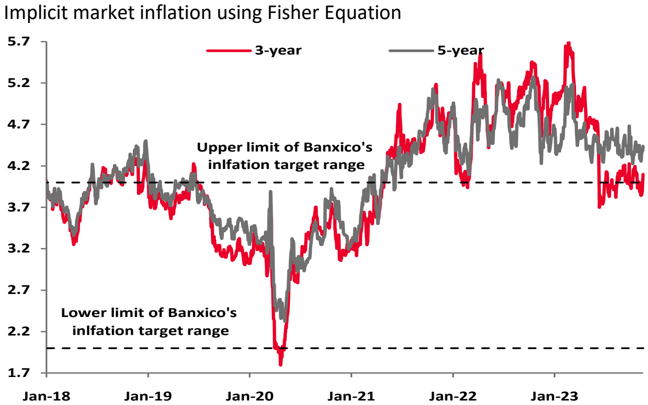
Source: PiP, Bloomberg, Banorte

Breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation (%)

Date	Nov/17/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	4.34	3.85 (+49bps)	4.09 (+25bps)	4.9 (-56bps)	5.74	3.70	4.56
5Y	4.65	4.33 (+32bps)	4.49 (+16bps)	4.45 (+20bps)	5.19	4.22	4.53
10Y	4.52	4.33 (+19bps)	4.51 (+1bp)	4.36 (+16bps)	4.85	4.04	4.38
20Y	4.65	4.68 (-3bps)	4.83 (-18bps)	4.37 (+28bps)	5.08	4.15	4.55
30Y	4.65	4.65 (0bps)	4.77 (-12bps)	4.32 (+33bps)	5.01	4.15	4.53

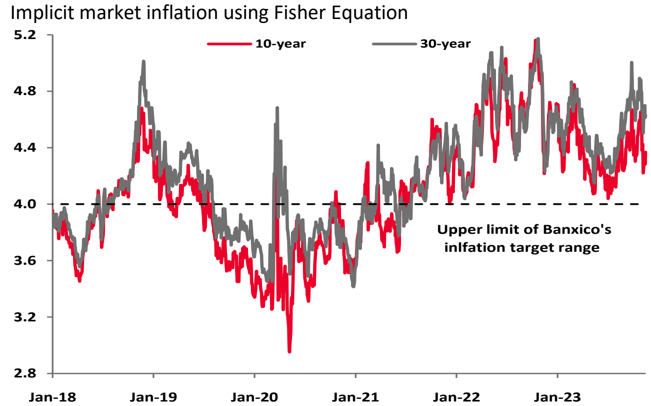
Source: PiP, Banorte

3- and 5-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation



Source: PiP, Banorte

10- and 30-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation

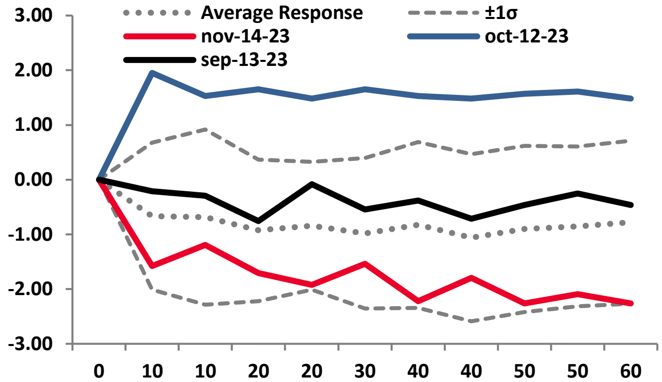


Source: PiP, Banorte

Fixed – Income trade recommendations

- **Positive surprise in US CPI report triggers rally in sovereign bonds.** US October inflation surprised the market with a larger-than-expected slowdown after the last two reports were disappointing. In this way, optimism returned to the markets that completely ruled out the possibility of the Federal Reserve making an additional hike and even hastened the start of cuts to May with a probability of 50%. Under this situation, Treasuries averaged a 19bps rally that spread to other regions. In particular, the 2-year rate – which is the most sensitive to changes in monetary policy – decreased 22bps to its lowest point in 3 months of 4.84% in the 60 minutes after the publication of the CPI report, equivalent to practically a setting of -1σ (see chart). The rally was subsequently reinforced by inflation in the UK also below expectations, taking 2-year Gilts to 5-month lows at 4.54%. Local rates were also pushed down with the 10-year reference, Mbono May'33, breaching key resistances until reaching the 9.40% zone from 9.62% last Friday and 10.25% at the end of October

2-year UST reaction to CPI report
Change %, minutes from CPI release



Source: Bloomberg, Banorte

- Although the latest data favor a downward trend in inflation, monetary policy makers remained cautious, pointing out that there is still a long way to achieve the target levels. In this sense, the information that the minutes of both the Fed (November 21st) and Banxico (November 23rd) may provide will be the main drivers for the fixed-income market next week. Likewise, the auctions of 10- and 20-year Treasuries will be highly monitored due to the uncertainty that the market can absorb the new debt, remembering that the last auction of the 30-year term was poorly received, triggering significant losses. Locally, Udibonos will assimilate the inflation of the 1st half of November. Short-term securities rallied 54bps, on average, this week. The 3-year Udibono (Dec'26) has accumulated gains of 112bps so far this month with a yield of 5.26% and a breakeven of 4.34%. After this adjustment, the security shows a fair valuation according with the duration-adjusted yield analysis so there is no room for additional gains. Finally, we expect the Mbono May'33 to trade between 9.20% and 9.65%

FX dynamics

- **The Mexican peso completely reversed the weakness observed during October.** The migration of flows towards riskier assets after the positive surprise in US inflation in October caused a repositioning of portfolios and a strengthening of most currencies. The Mexican peso was no exception and ranked as the fourth strongest among its peers, which we attribute to a very attractive carry and strong fundamentals. During the week, the MXN reached its strongest level at 17.19 and closed Friday at 17.23 per dollar, representing an appreciation of 2.4% w/w and a lower level vs. the beginning of October
- **The dollar posted its sharpest drop since July.** The DXY and BBDXY indices lost 1.9% and 1.7% w/w, respectively. With this adjustment both indices pressured the 100-day MA. In G10 currencies, SEK (3.6%) led the gains. In EM, trading was capped by CLP (+3.2%) and COP (-1.4%)

Foreign Exchange market levels and historical return

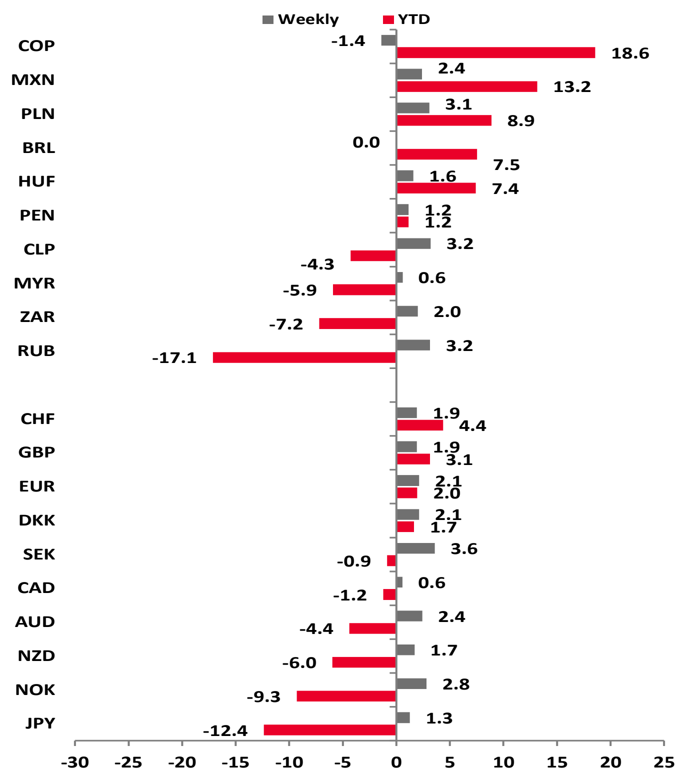
		Close at Nov/17/2023	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD[1] (%)
Emerging Markets						
Brazil	USD/BRL	4.91	-0.8	0.0	3.0	7.5
Chile	USD/CLP	885.00	-0.4	3.2	6.5	-3.8
Colombia	USD/COP	4,092.48	0.0	-1.4	3.5	18.6
Peru	USD/PEN	3.76	0.3	1.2	2.8	1.2
Hungary	USD/HUF	347.54	-0.1	1.6	4.9	7.4
Malaysia	USD/MYR	4.68	0.1	0.6	1.4	-5.9
Mexico	**USD/MXN**	**17.23**	**0.0**	**2.4**	**5.9**	**13.2**
Poland	USD/PLN	4.02	0.3	3.1	5.2	8.9
Russia	USD/RUB	89.51	-0.3	3.2	9.5	-17.1
South Africa	USD/ZAR	18.36	0.1	2.0	3.4	-7.2
Developed Markets						
Canada	USD/CAD	1.37	0.2	0.6	-0.1	-1.2
Great Britain	GBP/USD	1.25	0.4	1.9	2.7	3.1
Japan	USD/JPY	149.63	0.7	1.3	0.2	-12.4
Eurozone	EUR/USD	1.0915	0.6	2.1	3.6	2.0
Norway	USD/NOK	10.81	1.2	2.8	2.2	-9.3
Denmark	USD/DKK	6.83	0.6	2.1	3.6	1.7
Switzerland	USD/CHF	0.89	0.3	1.9	1.5	4.4
New Zealand	NZD/USD	0.60	0.3	1.7	2.3	-5.7
Sweden	USD/SEK	10.52	0.7	3.6	4.8	-0.9
Australia	AUD/USD	0.65	0.7	2.4	2.8	-4.4

Source: Bloomberg, Banorte

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

FX performance

Against USD, %



Source: Bloomberg, Banorte

USD/MXN

Last 12 months

Source: Bloomberg, Banorte

DXY

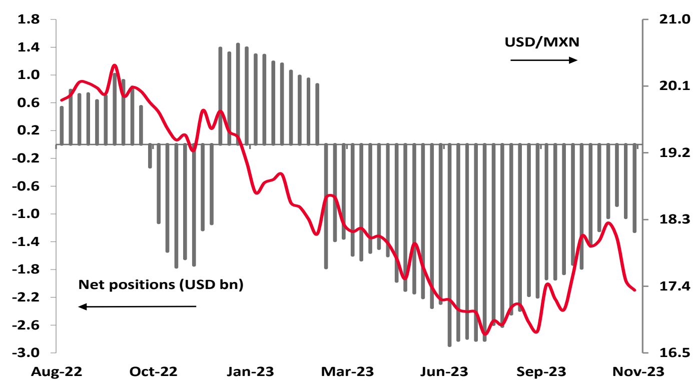
Points

Source: Bloomberg, Banorte

FX positioning and flows

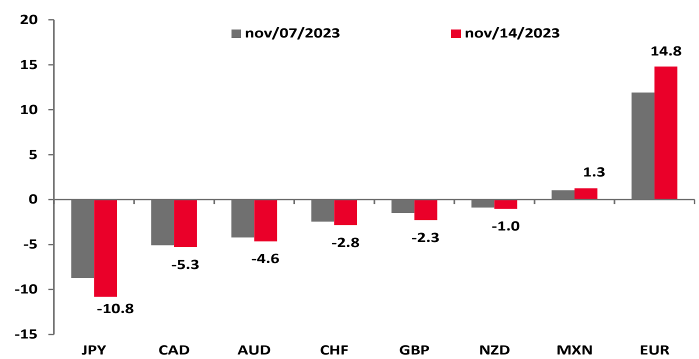
- **Net long positions in MXN increased in the last two weeks.** As of November 14th, the MXN position registered a higher net long of US$ 1.3 billion, rising 43% from its lowest level during the year at the end of October. Hence, MXN sales triggered by the war in the Middle East during October were almost offset. Given less uncertainty on the geopolitical front and the strong conviction that the Federal Reserve has already ended its tightening cycle, we expect speculators to rise their positioning as considering the attractive carry embedded in the currency
- **Fears of a shutdown in the US triggered higher USD demand.** The IMM USD net long position increased to fresh highs since the end of 2022 of US$ 10.8 billion from US$ 9.8 billion a week ago. The adjustment was the result of strong sales in most of the currencies, excluding the Mexican peso and Euro. Again, the Japanese yen printed the highest sales (-2.1 billion), recording its largest net short position since April 2022 of US$ 10.8 billion. Similarly, bets in favor of a further weakening of the GBP (-787 million) increased to levels not seen since the beginning of the year of US$ 2.3 billion
- **Sales increased slightly in EM while Mexico recorded 4 consecutive months with outflows.** Our EPFR aggregate recorded bigger negative flows of US$ 2.1 billion from US$ 1.9 billion the previous week. Bond market sales decreased 27% to US$ 983 million, because of greater sales in Latam. Meanwhile, equities outflows fell 3% to US$ 1.1 billion. In Mexico, a negative flow of US$ 102 million was recorded because of sales in both bonds and equities of US$ 77 million and US$ 25 million, respectively

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



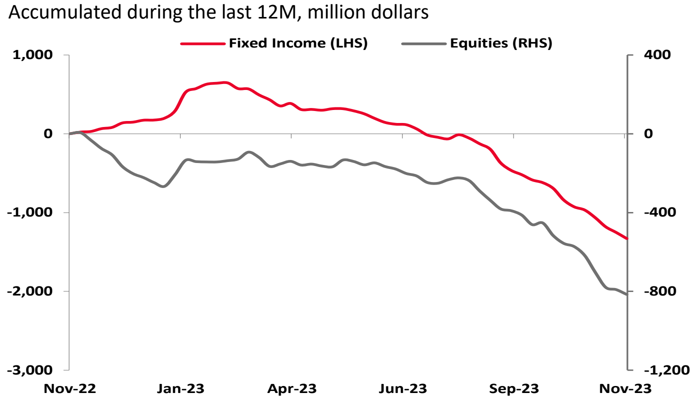
Source: CME, Banorte

IMM positioning by currency*
Billion dollars



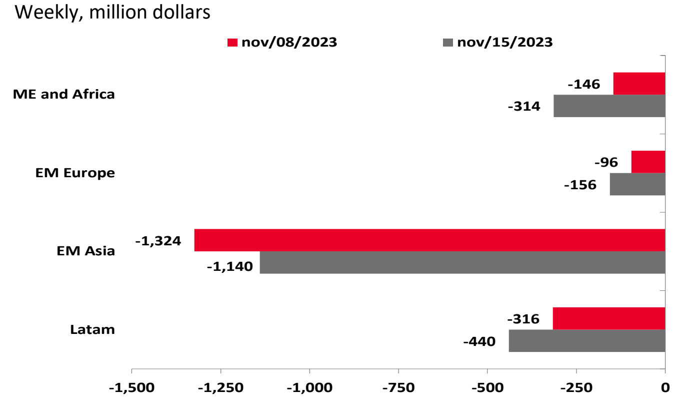
* Positive: Net long in the corresponding currency
Source: CME, Banorte

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



Source: EPFR Global, Banorte

Net foreign portfolio flows by region*
Weekly, million dollars

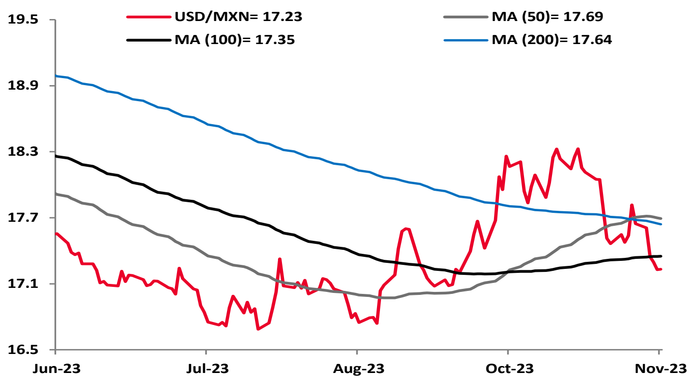


Source: EPFR Global, Banorte * Including only mutual funds' investments

FX technicals

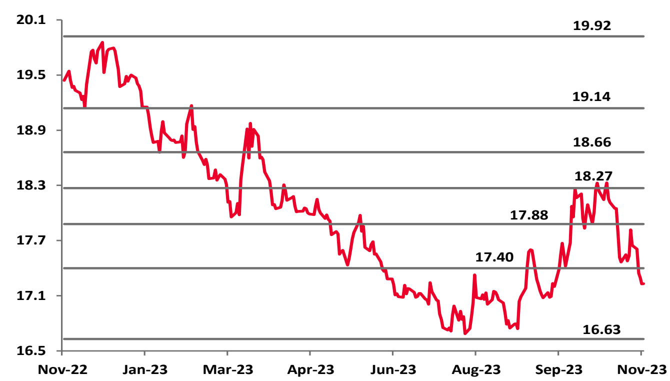
- **The Mexican peso strengthened and breached the 100-day MA.** The FX market reflected investors' optimism about a possible end of the tightening cycle in the US. The migration of flows to currencies with better carry caused a break of technical parameters in both the dollar and emerging currencies. The Mexican peso easily breached the 100-day MA at 17.35 per dollar, a level that had previously acted as resistance. Should the appreciation trend continue, the MXN could seek the psychological level of 17.00 per dollar. On this occasion, the weekly trading range was 54 cents, lower than the four-week average of 60 cents. The main short-term resistances are located at 17.07, 17.00 and 16.88 with supports at 17.34, 17.45 and 17.56 per dollar. Additionally, MXN correlation with ZAR, VIX, and SPX remains above 60%

USD/MXN – Moving averages
Last 120 trading days



Source: Bloomberg, Banorte

USD/MXN – Fibonacci retracement
Last 12 months



Source: Bloomberg, Banorte

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
EUR	51	60	1	65	36
CAD	53	63	12	63	36
ZAR	62	74	4	87	54
BRL	56	63	23	82	62
HUF	57	62	4	70	49
RUB	0	8	-23	53	15

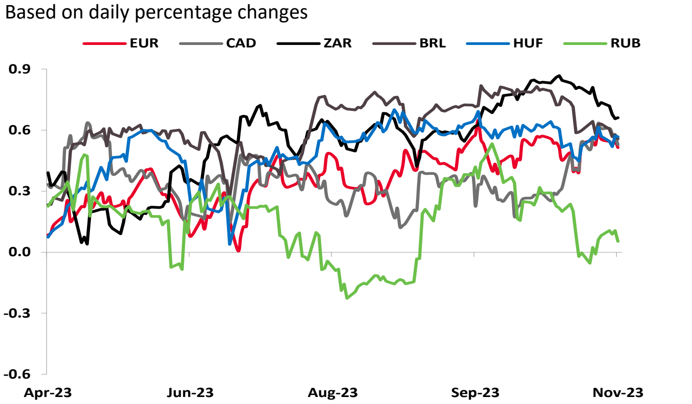
* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
VIX	62	64	14	74	40
SPX	60	58	5	61	36
GSCI	-22	-13	-27	44	13
Oro	-24	-10	-50	51	15

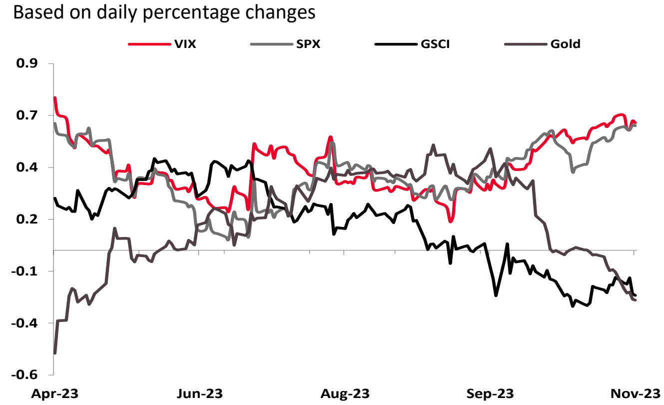
* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

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

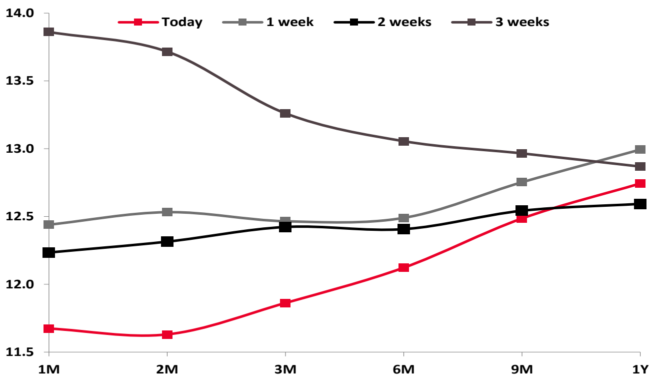


* Positive: appreciation of MXN and corresponding asset except VIX
Source: Bloomberg, Banorte

FX technicals (continued)

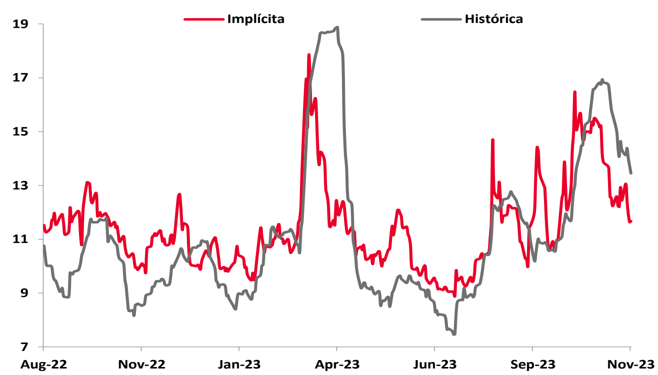
- **The MXN ATM implied volatility curve marked a steeper slope, although at lower levels.** 1-month volatility decreased 0.8 vegas to 11.67% very close to two-month lows. Similarly, the 3-month reading dropped 0.6 vegas to 11.86% and the 1-year reading recorded the smallest adjustment of -0.3 vegas to 12.74%. With this, the spread between the extremes of the curve is at its highest point of 1.07 vegas since the end of September. This implies less uncertainty in the short term regarding the near future, contrary to the dynamics observed during October when the curve recorded a pattern known as backwardation. The 1- and 3-month risk reversals fell to 2.60 and 2.95 vols, respectively, from 2.77 and 3.12 vols, in the same order, last week

USD/MXN – ATM options volatility curve
%



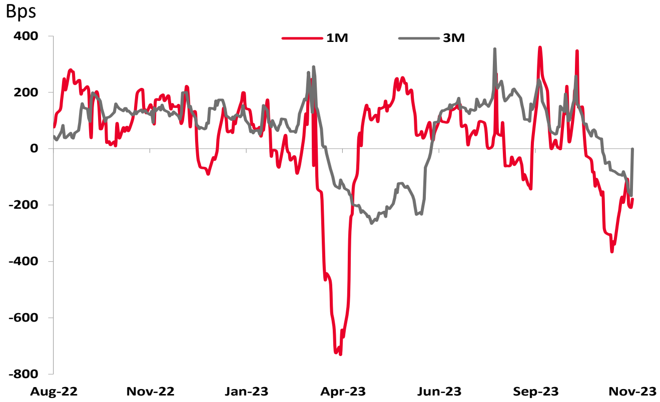
Source: Bloomberg, Banorte

USD/MXN – 1M implied and historical volatility
%



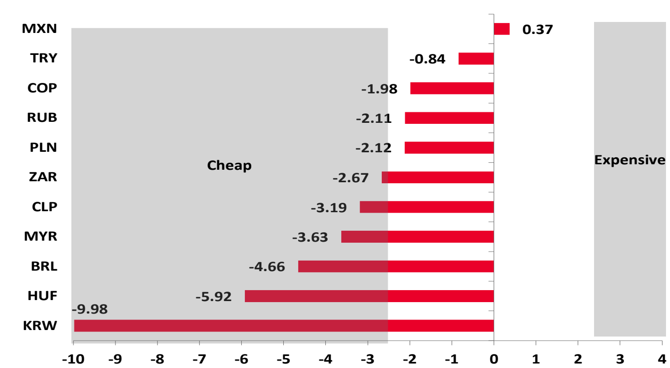
Source: Bloomberg, Banorte

USD/MXN – Spread between implicit and historical volatility
Bps



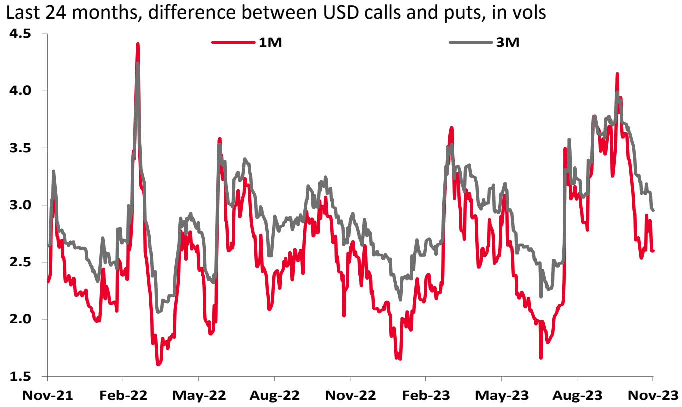
Source: Bloomberg, Banorte

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



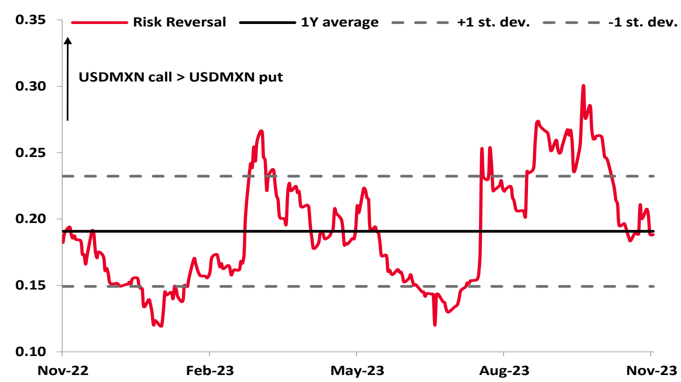
Source: Bloomberg, Banorte

USD/MXN – 1-month and 3-month 25D risk reversals
Last 24 months, difference between USD calls and puts, in vols



Source: Bloomberg, Banorte

USD/MXN – 1-month 25D volatility-adjusted risk reversal
Last 12 months, ratio adjusted against one-month implied volatility



Source: Bloomberg, Banorte

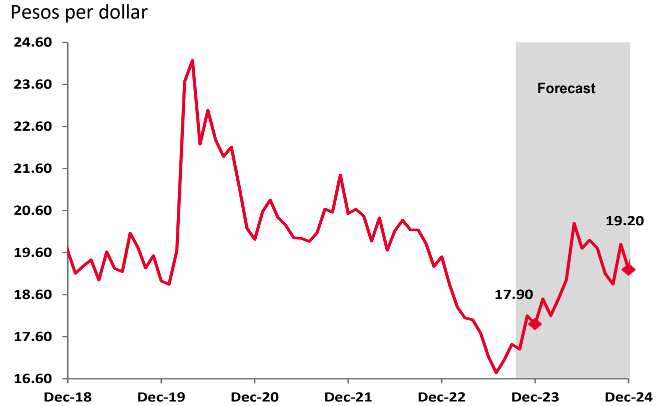
FX trade recommendations

- **The dollar could extend losses if the Fed's minutes confirm that the tightening cycle is over.** The FX market performance during the week was mainly shaped by the positive surprise in the October inflation report in the US, as investors digested different comments from Fed officials. With the moderation in the pace of inflation, the market completely diluted the expectation of an additional Fed funds rate hike and assumed that the tightening cycle is over. Other economic figures showed a gradual slowdown, albeit with some risks, so markets continue to price-in a soft landing. In this sense, the USD weakened with the DXY and BBDXY indices retreating 1.9% and 1.7% w/w, in the same order. The migration of flows into risk assets pushed the BBDXY index down to its 100-day MA, a metric it had not traded at since early August. If the dollar weakness continues, the next support for BBDXY is the Fibonacci level at 1,230pts, which would represent an additional -1.2% adjustment
- Advanced economy currencies ended with positive returns. SEK (+3.6%) was the strongest with its biggest weekly gain since July. In emerging markets, gains predominated, and trading was capped by CLP (+3.2%) and COP (-1.4%). The Chilean peso was boosted by the recovery in commodity prices, particularly copper as it is one of the raw materials that most influences its trade balance. In contrast, the Colombian peso reacted weakly to President Petro's request to revoke Colombia's balanced budget law, citing the need for higher public spending after disappointing 3Q23 GDP figures
- Appetite for risk assets also boosted the Mexican peso, reversing the previous week's losses. In addition, the IMF and the Foreign Exchange Commission announced that the renewal of the Flexible Credit Line was completed. The agreed amount is around US$ 35 billion, continuing with the strategy of gradually reducing the facility given the adequate levels of international reserves. The peso closed Friday at 17.23 per dollar, printing an appreciation of 2.4% w/w, ranking as the fourth strongest among its peers and below its 100-day MA (17.35 per dollar). The trading range was 54 cents and 1-month implied volatility decreased to 11.67% from 12.44% the previous week. In our view, the MXN continues to be a good alternative due to its attractive carry, solid macroeconomic fundamentals, and lower political risks vs. other currencies in the region. Next week, the FX market performance will be driven by the Fed and Banxico's minutes. We see potential for further flow migration given the possibility that the Fed's tightening cycle is over. We expect a lower trading volume due to the holidays in the US as well as in Mexico and we estimate a weekly trading range between USD/MXN of 16.90 and 17.55

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

Source: Bloomberg, Banorte

USD/MXN Forecast for 2023 and 2024
Pesos per dollar



Source: Banorte

Weekly economic calendar

For the week ending November 24, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Sun 19	20:15	CHI	Rate decision 1-year Loan Prime Rate	Nov 20	%	--	3.45	3.45
	20:15	CHI	Rate decision 5-year Loan Prime Rate	Nov 20	%	--	4.20	4.20
Mon 20		MX	Market closed for Revolution Day					
Tue 21	07:00	MX	Timely Indicator of Economic Activity*	Oct	% y/y	--	--	3.0
	10:00	US	Existing Home Sales**	Oct	thousands	--	3.9	4.0
	12:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Nov'50) and 1-, 3-, and 7-year Bondes F					
	14:00	US	FOMC Meeting Minutes					
	15:30	MX	Banamex Survey of Economists					
Wed 22	07:00	MX	Retail sales	Sep	% y/y	3.6	3.8	3.2
	07:00	MX	Retail sales*	Sep	% m/m	0.5	0.6	-0.4
	08:30	US	Durable goods orders*	Oct (P)	% m/m	--	-3.2	4.6
	08:30	US	Ex transportation*	Oct (P)	% m/m	--	0.2	0.4
	08:30	US	Initial jobless claims*	Nov 18	thousands	225	226	231
	10:00	MX	International reserves	Nov 17	US$bn	--	--	205.3
	10:00	US	U. of Michigan Confidence*	Nov (F)	index	60.4	61.0	60.4
	10:00	EZ	Consumer Confidence*	Nov (P)	index	--	-17.7	-17.9
Thu 23		US	Markets closed due to the Thanksgiving holiday					
	03:30	GER	Manufacturing PMI*	Nov (P)	index	--	41.1	40.8
	03:30	GER	Services PMI*	Nov (P)	index	--	48.4	48.2
	03:30	GER	Composite PMI*	Nov (P)	index	--	46.3	45.9
	04:00	EZ	Manufacturing PMI*	Nov (P)	index	--	43.3	43.1
	04:00	EZ	Services PMI*	Nov (P)	index	--	48.0	47.8
	04:00	EZ	Composite PMI*	Nov (P)	index	--	46.9	46.5
	04:30	UK	Manufacturing PMI*	Nov (P)	index	--	45.0	44.8
	04:30	UK	Services PMI*	Nov (P)	index	--	49.5	49.5
	06:00	TUR	Monetary policy decision (Central Bank of Turkey)	Nov 23	%	--	37.50	35.00
	07:00	MX	Consumer prices	Nov 15	% 2w/2w	0.62	0.61	0.13
	07:00	MX	Core	Nov 15	% 2w/2w	0.23	0.22	0.18
	07:00	MX	Consumer prices	Nov 15	% y/y	4.32	4.31	4.25
	07:00	MX	Core	Nov 15	% y/y	5.34	5.33	5.46
	07:30	EZ	ECB´s minutes					
	10:00	MX	Banxico's minutes					
		SA	Monetary policy decision (South African Reserve Bank)	Nov 23	%	--	8.5	8.25
Fri 24	02:00	GER	Gross domestic product*	3Q23 (F)	% q/q	--	-0.1	-0.1
	04:00	GER	IFO Survey (business climate)*	Nov	index	--	87.5	86.9
	07:00	MX	Economic activity indicator (IGAE)	Sep	% y/y	3.1	3.0	3.7
	07:00	MX	Economic activity indicator (IGAE)*	Sep	% m/m	0.5	0.2	0.4
	07:00	MX	Gross domestic product	3Q23 (F)	% y/y	3.2	3.2	3.3
	07:00	MX	Gross domestic product*	3Q23 (F)	% q/q	0.9	0.8	0.9
	09:45	US	Manufacturing PMI*	Nov (P)	index	49.8	49.9	50.0
	09:45	US	Services PMI*	Nov (P)	index	--	50.3	50.6
	09:45	US	Composite PMI*	Nov (P)	index	--	50.2	50.7
	10:00	MX	Current account	3Q23	US$bn	3.4	3.0	6.2

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

For the week ending November 17, 2023

	Time		Event	Period	Unit	Banorte	Actual	Previous
Mon 13		MX	ANTAD same-store sales	Oct	% y/y		**2.9**	4.8
Tue 14	05:00	GER	ZEW Survey (Expectations)	Nov	index	--	**9.8**	-1.1
	05:00	EZ	Gross domestic product	3Q23 (P)	% y/y	--	**0.1**	0.1
	05:00	EZ	Gross domestic product*	3Q23 (P)	% q/q	--	**-0.1**	-0.1
	08:30	US	Consumer prices*	Oct	% m/m	0.1	**0.0**	0.4
	08:30	US	Ex. food & energy*	Oct	% m/m	0.3	**0.2**	0.3
	08:30	US	Consumer prices	Oct	% y/y	3.5	**3.2**	3.7
	08:30	US	Ex. food & energy	Oct	% y/y	4.1	**4.0**	4.1
	10:00	MX	International reserves	Nov 10	US$bn	--	**205.3**	205.0
	12:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 20-year Mbono (Nov'42), 10-year Udibono (Nov'31) and 2-, and 5-year Bondes F					
	12:45	US	Fed's Goolsbee Speaks on Economy and Monetary Policy					
	18:45	JN	Gross domestic product*	3Q23 (P)	% q/q	--	**-0.5**	1.2
	21:00	CHI	Industrial production	Oct	% y/y	--	**4.6**	4.5
	21:00	CHI	Retail sales	Oct	% y/y	--	**7.6**	5.5
	21:00	CHI	Gross fixed investment (YTD)	Oct	% y/y	--	**2.9**	3.1
	01:00	US	Fed's Philip Jefferson and SNB's Thomas Jordan Speak in Zurich					
Wed 15	02:00	UK	Consumer prices	Oct	% y/y	--	**4.6**	6.7
	02:00	UK	Core	Oct	% y/y	--	**5.7**	6.1
	05:00	EZ	Industrial production*	Sep	% m/m	--	**-1.1**	0.6
	05:00	EZ	Trade balance*	Sep	EURbn	--	**9.2**	11.9
	05:00	EZ	European Commission economic growth forecasts					
	08:30	US	Advance retail sales*	Oct	% m/m	-0.2	**-0.1**	0.7
	08:30	US	Ex autos & gas*	Oct	% m/m	--	**0.1**	0.6
	08:30	US	Control group*	Oct	% m/m	0.1	**0.2**	0.6
	08:30	US	Producer prices*	Oct	% m/m	--	**-0.5**	0.5
	08:30	US	Ex. food & energy*	Oct	% m/m	--	**0.0**	0.3
	08:30	US	Empire manufacturing*	Nov	index	-3.5	**9.1**	-4.6
Thu 16	06:30	EZ	ECB's Lagarde speaks at ESRB conference					
	07:00	BZ	Economic activity	Sep	% y/y	--	**0.3**	1.3
	07:00	BZ	Economic activity*	Sep	% m/m	--	**-0.1**	-0.8
	07:30	US	Fed's Mester Delivers Opening Remarks in Financial Stability Conference					
	08:30	US	Fed's Mester Delivers Opening Remarks					
	08:30	US	Initial jobless claims*	Nov 11	thousands	220	**231**	217
	08:30	US	Philadelphia Fed*	Nov	index	-12.0	**-5.9**	-9.0
	09:15	US	Industrial production*	Oct	% m/m	--	**-0.6**	0.1 (R)
	09:15	US	Manufacturing production*	Oct	% m/m	-0.3	**-0.7**	0.4
	09:25	US	Fed's Williams Speaks at US Treasury Market Conference					
	09:35	US	Fed's Barr Speaks at US Treasury Market Conference					
Fri 17	03:00	EZ	ECB's Lagarde speaks in Frankfurt					
	04:00	EZ	Current account*	Sep	EURbn	--	**31.2**	27.7
	05:00	EZ	Consumer prices	Oct (F)	% y/y	--	**2.9**	4.3
	05:00	EZ	Core	Oct (F)	% y/y	--	**4.2**	4.2
	08:30	US	Housing starts**	Oct	thousands	--	**1,372**	1,346 (R)
	08:30	US	Building permits**	Oct	thousands	--	**1,487**	1,473 (R)
	08:45	US	Fed's Collins Delivers Welcoming Remarks in labor market conference					
	09:45	US	Fed's Goolsbee Speaks on Economy					
	10:00	US	Fed's Daly Speaks in Frankfurt					

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
2y10y TIIE-IRS steepener		Oct-13-23	
Long positions in Mbono Dec'24	P	Jun-16-23	Jun-22-23
Pay TIIE-IRS (26x1), receive 2-year SOFR	L	Aug-18-22	Oct-28-22
Pay 2-year TIIE-IRS (26x1)	P	Feb-4-22	Mar-4-22
Tactical longs in Mbono Mar'26	P	May-14-21	Jun-7-21
Receive 6-month TIIE-IRS (6x1)	P	Dec-17-20	Mar-3-21
Long positions in Udibono Nov'23	L	Feb-11-21	Feb-26-21
Long positions in Mbono May'29 & Nov'38	P	Sep-7-20	Sep-18-20
Long positions in Udibono Dec'25	P	Jul-23-20	Aug-10-20
Long positions in Udibono Nov'35	P	May-22-20	Jun-12-20
Long positions in Mbono May'29	P	May-5-20	May-22-20
Tactical longs in 1- & 2-year TIIE-28 IRS	P	Mar-20-20	Apr-24-20
Long positions in Udibono Nov'28	P	Jan-31-20	Feb-12-20
Long positions in Udibono Jun'22	P	Jan-9-20	Jan-22-20
Long positions in Mbono Nov'47	L	Oct-25-19	Nov-20-19
Long positions in Mbonos Nov'36 & Nov'42	P	Aug-16-19	Sep-24-19
Long positions in the short-end of Mbonos curve	P	Jul-19-19	Aug-2-19
Long positions in Mbonos Nov'42	L	Jul-5-19	Jul-12-19
Long positions in Mbonos Nov'36 & Nov'38	P	Jun-10-19	Jun-14-19
Long positions in Mbonos Jun'22 & Dec'23	P	Jan-9-19	Feb-12-19
Long floating-rate Bondes D	P	Oct-31-18	Jan-3-19
Long CPI-linkded Udibono Jun'22	L	Aug-7-18	Oct-31-18
Long floating-rate Bondes D	P	Apr-30-18	Aug-3-18
Long 20- to 30-year Mbonos	P	Jun-25-18	Jul-9-18
Short Mbonos	P	Jun-11-18	Jun-25-18
Long CPI-linkded Udibono Jun'19	P	May-7-18	May-14-18
Long 7- to 10-year Mbonos	L	Mar-26-18	Apr-23-18
Long CPI-linkded Udibono Jun'19	P	Mar-20-18	Mar-26-18
Long 5- to 10-year Mbonos	P	Mar-5-18	Mar-20-18
Long floating-rate Bondes D	P	Jan-15-18	Mar-12-18
Long 10-year UMS Nov'28 (USD)	L	Jan-15-18	Feb-2-18

P = Profit, L = Loss

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

* Total return does not consider carry gain/losses
P = Profit, L = Loss

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

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.

P = Profit, L = Loss

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	Jan-19-18	Apr-2-18
Long USD/MXN	14.98	15.50	14.60	15.43	P	Mar-20-15	Apr-20-15
Short EUR/MXN	17.70	n.a.	n.a.	16.90	P	Jan-5-15	Jan-15-15
Short USD/MXN	13.21	n.a.	n.a.	13.64	L	Sep-10-14	Sep-26-14
USD/MXN call spread**	12.99	13.30	n.a.	13.02	L	May-6-14	Jun-13-14
Directional short USD/MXN	13.00	12.70	13.25	13.28	L	Oct-31-13	Nov-8-13
Limit short USD/MXN	13.25	12.90	13.46	--	--	Oct-11-13	Oct-17-13
Short EUR/MXN	16.05	15.70	16.40	15.69	P	Apr-29-13	May-9-13
Long USD/MXN	12.60	12.90	12.40	12.40	L	Mar-11-13	Mar-13-13
Long USD/MXN	12.60	12.90	12.40	12.85	P	Jan-11-13	Feb-27-13
Tactical limit short USD/MXN	12.90	12.75	13.05	--	--	Dec-10-12	Dec-17-12
Short EUR/MXN	16.64	16.10	16.90	16.94	L	Oct-3-12	Oct-30-12

* 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
P = Profit, L = Loss

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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 Thalía 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, Paula Lozoya Valadez, 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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	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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