Fixed-Income and FX Weekly

- **Mbonos rallied but MXN weakened**. The Mbonos' curve flattened with gains of up to 45bps at the long-end and the 10-year reference breached the 9.30% figure for the first time in three months. On the contrary, the USD/MXN depreciated 0.4% w/w to 17.19

- **Investors will be attentive to employment figures in the US, 3Q23 GDP in the Eurozone, activity indicators in China and inflation in Mexico.** During the week, markets reflected a risk-on bias with investors more convinced that the Federal Reserve has already reached the terminal rate. This was supported by economic figures that indicate a resilient economy, but with a downward trend in inflation. Although Fed members show divergence on the monetary stance, several see interest rates as sufficiently restrictive to bring inflation to the 2% target. Thus, the less hawkish tone generated optimism about a pivot in monetary policy and reinforced bets of cuts through 2024. The market even brought forward its expectation for the first 25bps cut to May (vs June the previous week) and is pricing-in cumulative implied cuts of -133bps by December 2024 vs -131bps the previous Friday. Other catalysts for financial assets were: (1) OPEC+ production cut; (2) the truce in the Middle East; and (3) the willingness of Banxico's members to discuss cuts in 1Q24. As a result, Treasuries registered gains of 24bps on average and the dollar weakened with the DXY and BBDXY adjusting -0.2% and -0.4%, respectively. Locally, Mbonos flattened, with an appreciation of up to 45bps at the long-end. Meanwhile, the Mexican peso weakened 0.4% w/w to 17.19 per dollar. Next week, markets will digest a plethora of economic data, the most relevant being US employment figures, 3Q23 GDP in the Eurozone, and November inflation in Mexico (Banorte: 0.66% m/m). November non-farm payrolls could influence the debate on how long interest rates will remain high and the timing of rate cuts. Also, Eurozone growth figures could give investors more clarity on recession risks and the ECB's next actions. In China, markets will continue monitoring economic indicators, as well as the government's actions to shore up the residential sector. In Mexico, in addition to inflation, the agenda also includes gross fixed investment, private consumption, consumer confidence and banking sector survey

Fixed-Income

- **Supply** – On Tuesday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 3-year Mbono (Sep'26), the 20-year Udibono (Nov'43), as well as 1- and 3-year Bondes F

- **Demand** – Foreigners' holdings in Mbonos totaled MXN 1.337 trillion (US$ 77.7 billion), a market share equal to 31.2%, as of November 21st. Short positions in Mbono May'33 ended at MXN 1.4 billion from MXN 319 million last week

- **Technicals** – The spread between 10-year Mbonos and Treasuries moved to 507bps from 525bps the previous week, with the 12-month mean at 519bps

Foreign Exchange

- **Market positioning and flows** – The IMM USD net long position decreased 87% to US$ 1.4 billion in the last two weeks due to the strong market conviction that the Federal Reserve has already ended its restrictive cycle. Mutual funds' flows to EM remain broadly unchanged with sales of US$ 2.2 billion from US$ 2.3 billion a week ago due to a decrease in equity sales practically diluted by an increase in bond outflows

- **Technicals** – In November, the spot trades between 17.03 and 18.08 per dollar, while the 1-month implied volatility fell from 13.63% to 11.77% which has allowed traders to reduce the cost of using options to hedge

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com

Manuel Jiménez Zaldívar
Director of Market Strategy
manuel.jimenez@banorte.com

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com

Isaías Rodríguez Sobrino
Strategist, Fixed Income, FX, and Commodities
isaias.rodriguez.sobrino@banorte.com

Recommendations
Fixed-Income
- Despite the recent rally, the short-term Mbonos Sep'24 and Dec'24, as well as the 10- and 15-year benchmarks, show a valuation with room for additional gains. However, the spreads between Mbonos and Treasuries reflect a greater opportunity in short-term securities since the spreads for long-term assets are very close to 12-month lows
- We expect, the 10-year Mbono to trade between 9.15% and 9.45% next week

FX
- Economic data will drive the direction of the FX markets, especially employment data will influence the USD's performance. Locally, November inflation could be a catalyst for the Mexican peso
- We estimate a weekly trading range between USD/MXN 17.00 and 17.50

BANORTE

Fixed–Income Dynamics

Mbonos performance

Maturity date	YTM Dec/01/2023	Weekly change (bps)	YTD (bps)
Dec'23	11.39	+19	+57
Sep'24	10.98	-31	+89
Dec'24	10.85	-15	+98
Mar'25	10.09	-29	+16
Mar'26	9.88	-30	+64
Sep'26	9.69	-34	+29
Mar'27	9.49	-39	+30
Jun'27	9.46	-39	+38
Mar'29	9.24	-39	-13
May'29	9.19	-38	+12
May'31	9.26	-36	+24
May'33	9.27	-37	+25
Nov'34	9.25	-33	+20
Nov'36	9.26	-36	+21
Nov'38	9.34	-41	+25
Nov'42	9.35	-42	+24
Nov'47	9.34	-42	+27
Jul'53	9.33	-45	+28

Source: PiP, Banorte

IRS (28-day TIIE) performance

Maturity date	YTM Dec/01/2023	Weekly change (bps)	YTD (bps)
3-month (3x1)	11.51	-1	+60
6-month (6x1)	11.35	-6	+31
9-month (9x1)	11.18	-8	+11
1-year (13x1)	10.89	-14	-2
2-year (26x1)	9.85	-29	-2
3-year (39x1)	9.27	-31	+9
4-year (52x1)	8.95	-35	+4
5-year (65x1)	8.78	-35	-4
7-year (91x1)	8.70	-36	-4
10-year (130x1)	8.75	-36	+2
20-year (260x1)	8.84	-31	-2

Source: PiP, Banorte

CPI-Linked bonds (Udibonos) performance

Maturity date	YTM Dec/01/2023	Weekly change (bps)	YTD (bps)
Dec'25	5.95	0	+119
Dic'26	5.41	-4	+74
Nov'28	4.63	-12	+32
Nov'31	4.72	-15	+55
Nov'35	4.58	-25	+37
Nov'40	4.59	-21	+40
Nov'43	4.58	-23	+8
Nov'46	4.48	-27	+29
Nov'50	4.52	-26	+28

Source: PiP, Banorte

Cetes performance

Maturity date	YTM Dec/01/2023	Weekly change (bps)	YTD (bps)
Cetes 28	10.85	+3	+76
Cetes 91	11.21	-10	+54
Cetes 182	11.38	-10	+51
Cetes 364	11.28	-11	+31
Cetes 728	10.88	-24	+6

Source: PiP, Banorte

Mbonos curve at different closing dates

%
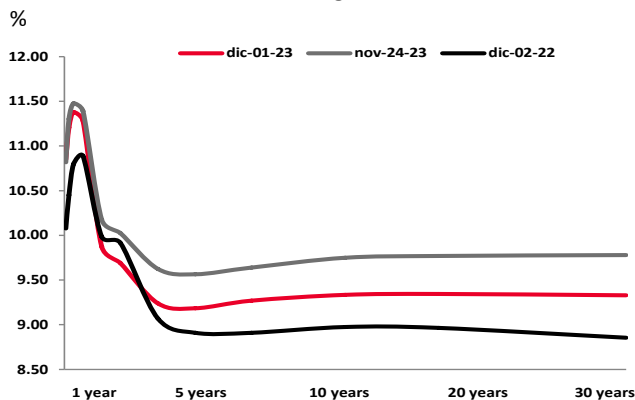
Source: PiP, Banorte

10-year Mbono benchmark

%

Source: PiP, Banorte

BANORTE

Fixed–Income Dynamics (continued)

USD UMS and US Treasuries performance

		UMS				UST			Spreads			CDS
Term	Maturity date	YTM Dec/01/2023	Weekly change (bps)	YTD (bps)	YTM Dec/01/2023	Weekly change (bps)	YTD (bps)	Actual (bps)	Weekly change (bps)	12m Average (bps)	bps
2Y	Jan'26	4.86	-9	+38	4.55	-39	+13	30	+31	15	32
3Y	Mar'27	4.95	-14	+15	4.32	-35	+9	63	+20	34	50
5Y	Feb'28	5.05	-26	+26	4.15	-34	+14	90	+8	100	97
7Y	Apr'30	5.37	-31	+3	4.22	-28	+26	114	-3	130	139
10Y	May'33	5.74	-23	+18	4.22	-25	+35	152	+2	167	173
20Y	Mar'44	6.34	-22	-4	4.58	-21	+44	176	-1	199	--
30Y	May'53	6.60	-19	+21	4.41	-18	+45	219	-1	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

BANORTE

Fixed–Income Supply

- **Mexico's weekly auction.** On Tuesday, the MoF will auction 1-, 3-, 6-, and 24-month Cetes, the 3-year Mbono (Sep'26), the 20-year CPI-linked bond (Nov'43) –known as Udibono–, as well as 1- and 3-year Bondes F

- **The early start of interest rate cuts by Banxico continues to trigger greater appetite for Cetes.** Banxico's Quarterly Report reaffirmed that the first rate cut could happen as soon as 1Q24, with the market increasing bets of a first adjustment of -25bps in February. In this sense, we expect that the strong appetite for Cetes will remain, mainly in terms of 1 and 2 years, given their attractive real rates. In our opinion, Banxico will make the first rate cut in March to 11.00% (-25bps), with a level of 9.25% (-200bps) by the end of 2024. In the nominal yield curve, we expect moderate demand for the Mbono Sep'26 but below its last placement of 3.1x. This after the recent rally f 85bps in November and a fair valuation according to the duration-adjusted yield analysis. We see greater value in shorter-term Mbonos, highlighting Sep'24 and Dec'24. Regarding real rates, we anticipate a weak appetite for the 20-year reference (Nov'43) in similar fashion to the average of its last three auctions of 1.7x given a less attractive relative valuation. The 20-year breakeven is at 4.56%, that is, in its 12-month average, while shorter-term breakevens are located below said average

Auction specifics (December 5, 2023)

Security	Maturity	Coupon rate, %	To be auctioned[1]	Previous yield[2]
Cetes				
1m	Jan-04-24	--	8,500	10.78
3m	Mar-07-24	--	12,500	11.30
6m	May-30-24	--	14,500	11.43
24m	Oct-30-25	--	11,000	11.05
Bondes F				
1Y	Nov-07-24	--	6,000	0.11
3Y	Jun-04-26	--	2,200	0.19
Bono M				
3Y	Sep-03-26	7.00	12,000	10.25
Udibono				
20Y	Nov-12-43	3.25	700	4.93

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
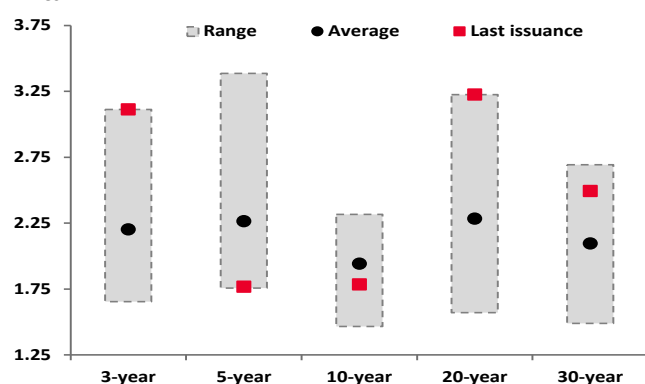
4Q23 Government Securities Auction Calendar*

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

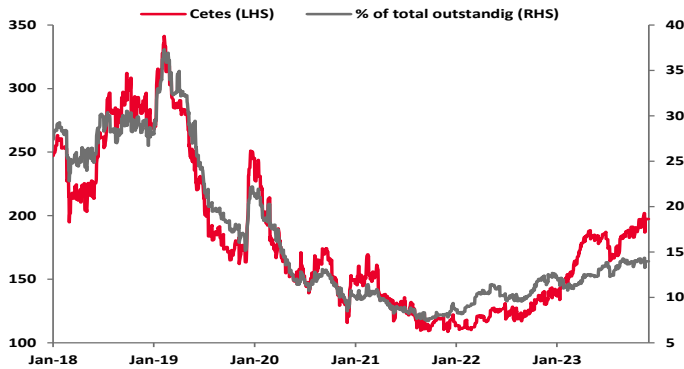## Mbonos' bid-to-cover ratios for primary auction in last 2 years
Times

Source: Bloomberg, Banorte

Udibonos' bid-to-cover ratios for primary auction in last 2 years
Times
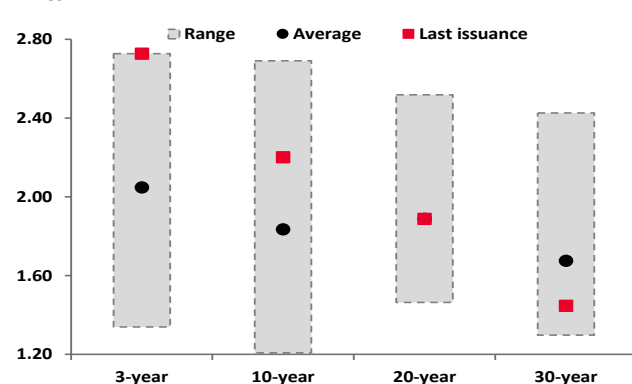
Source: Bloomberg, Banorte

BANORTE

Fixed–Income Demand

Cetes held by foreigners
MXN billion, %

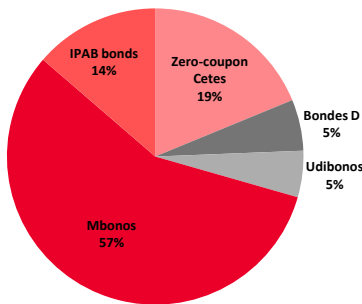Source: Banxico, Banorte

Mbonos held by foreigners
MXN trillion, %

Source: Banxico, Banorte

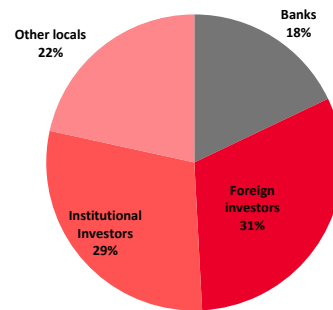## Government issuance by type of instrument
Total amount of US$ 428 billion, % of total
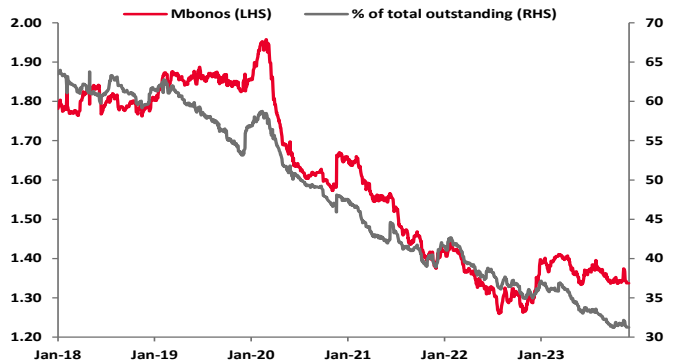
Source: Banxico, Banorte

Mbonos holdings by type of investor
Total amount of US$ 243 billion, % of total

Source: Banxico, Banorte

## Government bond holdings by type of investor
US$ billion and %, data as of Nov/21/2023

	Cetes	Bondes D	Udibonos*	Bonos M
Total amount outstanding	82	24	175	249
Foreign investors	14%	5%	5%	31%
Pension funds	11%	5%	55%	24%
Mutual funds	16%	41%	4%	3%
Insurance companies	5%	1%	19%	3%
Banks	15%	16%	1%	18%
Others	40%	31%	16%	22%

Source: Banxico, Banorte

Foreign investors holdings of government bonds
US$ billion, data as of Nov/21/2023

	Cetes	Bondes D	Udibonos*	Bonos M
Actual	11.5	1.2	8.3	77.7
Previous Week	11.7	1.1	1.1	79.5
Difference	-0.3	0.1	7.3	-1.8
Dec/30/2023	8.2	2.0	1.0	81.3
Difference	3.3	-0.8	7.3	-3.6

Source: Banxico, Banorte

Mbonos holdings by typ of investor
US$ billions and %, data as Nov/16/2023

Maturity	Amount Outstanding	Local Banks	Foreign investors	Pensión and Mutual	Others
Dec'23	9.7	37%	7%	15%	41%
Sep'24	15.8	21%	14%	12%	53%
Dec'24	13.0	32%	25%	9%	34%
Mar'25	8.0	40%	18%	19%	23%
Mar'26	26.1	36%	26%	13%	25%
Sep'26	6.9	31%	22%	13%	34%
Mar'27	21.0	30%	17%	13%	39%
Jun'27	20.5	23%	34%	30%	13%
Mar'29	3.1	29%	21%	24%	27%
May'29	15.9	3%	51%	23%	22%
May'31	24.8	4%	46%	33%	16%
May'33	14.8	7%	38%	30%	24%
Nov'34	5.6	1%	52%	35%	12%
Nov'36	4.3	0%	29%	41%	29%
Nov'38	12.4	1%	40%	42%	17%
Nov'42	18.5	1%	40%	44%	14%
Nov'47	15.1	0%	37%	44%	19%
Jul'53	10.8	1%	37%	44%	19%
Total	235.4	17%	32%	26%	25%

Source: Banxico, Banorte

BANORTE

Fixed–Income Demand – Primary dealers

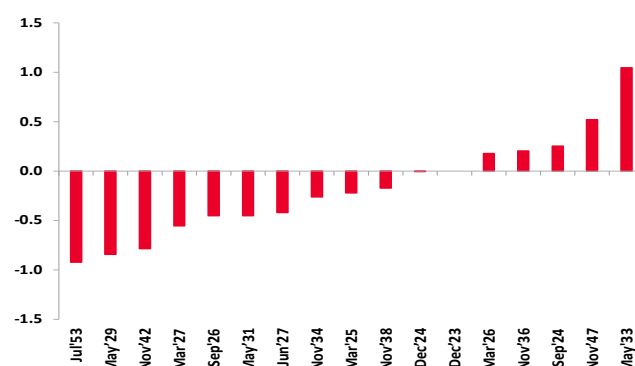**Market makers' short positions on Mbonos**
MXN billion
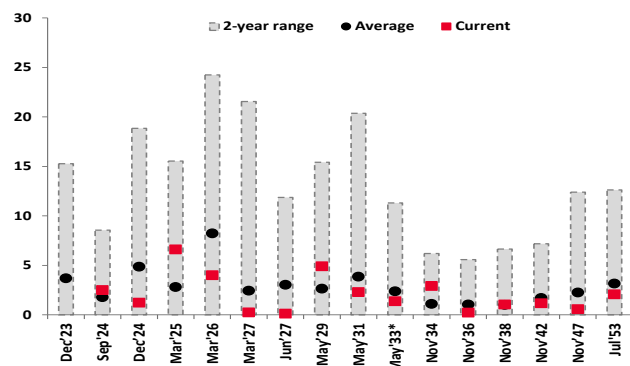
Source: Banxico, Banorte *May'33 issued in December 2022

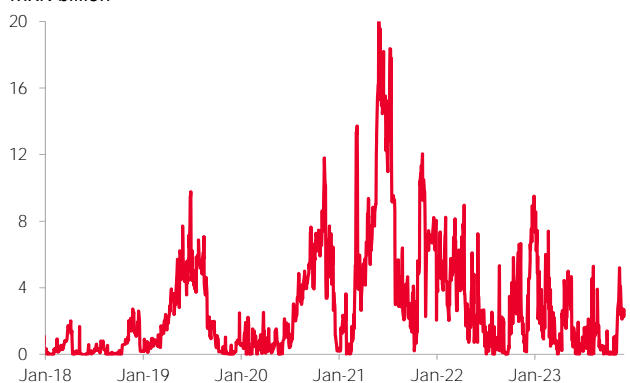**Weekly change in market makers' short positions on Mbonos**
MXN billion

Source: Banxico, Banorte

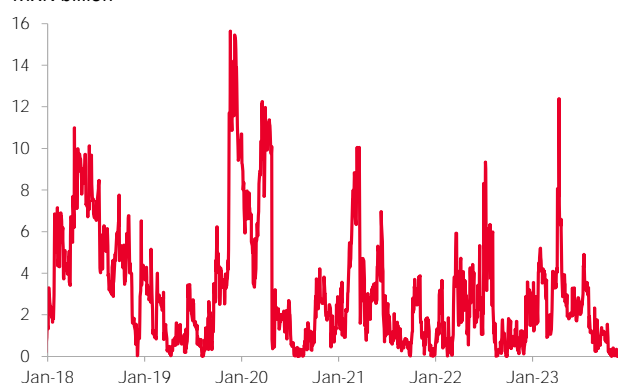**Market makers' short positions on Mbono May'31**
MXN billion

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/30/2023	Nov/30/2023	Previous Week	Previous Month	Previous Year	6-month MAX	6-month MIN
Dec'23	9,617	0	0	143	0	375	0
Sep'24	15,654	143	129	200	53	243	0
Dec'24	13,066	70	70	198	46	342	1
Mar'25	8,796	380	393	395	107	895	33
Mar'26	25,658	230	219	628	367	1,395	104
Sep'26	6,836	247	273	408	0	1,242	0
Mar'27	20,894	13	45	30	73	1,240	0
Jun'27	20,253	7	31	105	273	626	0
Mar'29	3,643	12	130	0	0	415	0
May'29	16,573	281	330	292	96	887	63
May'31	24,507	131	157	66	203	305	0
May'33	14,703	79	18	60	0	650	1
Nov'34	5,628	167	182	28	53	355	0
Nov'36	4,224	12	1	30	37	320	0
Nov'38	12,333	60	70	3	32	158	0
Nov'42	18,213	66	112	130	15	332	0
Nov'47	14,985	32	2	24	58	283	0
Jul'53	11,422	119	172	42	685	616	0
Total	**247,003**	**1,931**	**2,163**	**2,740**	**1,412**		

Source: Banxico, Banorte

Fixed–Income Technicals

- **The carry at the short-end rose.** Spreads between Cetes and implied forward rates stood at: 1-month at +73bps from +26bps, 3-month at +20bps from +10bps, 6-month at +11bps from -4bps, and 1-year at +4bps from -15bps

- **Banxico's Quarterly Report reaffirmed that the first rate cut could happen as early as 1Q24.** After a less hawkish tone from Banxico, the market has increased its bets on a 25bps rate cut in February, with a probability of 75% vs 50% a week ago. In addition, the curve is pricing-in more cuts for 2024 of almost 200bps from 175bps the previous week. The Board members reiterated that cuts will be gradual and discontinuous. On the contrary, the president of the Federal Reserve, Jerome Powell, maintained a restrictive stance in his last intervention, pointing out that it is too early to evaluate when they will reduce interest rates since it is premature to conclude with confidence that a sufficiently restrictive monetary policy stance has already been reached. However, the market is optimistic about this last point, which is why it completely rules out another hike and even brought forward the first 25bps cut to May 2024; that is, two meetings earlier than expected in late October

Spread between Cetes and Implied Forward Rates
Basis points

Tenor	Actual Dec/01/2023	Previous Week	Previous month	Average 6m	Max 6m	Min 6m
1 month	73	26	80	37	489	-70
3 months	20	10	26	-28	32	-96
6 months	11	-4	7	-45	14	-103
12 months	4	-15	-1	-50	11	-96

Source: PiP, Bloomberg, Banorte

Cumulative implied moves in Banxico's repo rate
Basis points
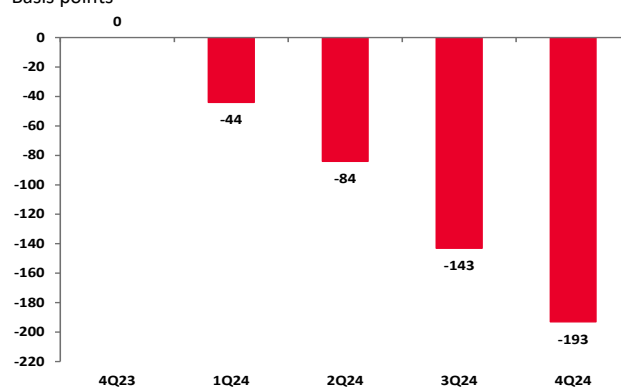
Source: Bloomberg, Banorte

- **Rally in Mbonos led to a reduction in the local risk premium.** Investors are more convinced that the Fed's tightening cycle is over and preferred riskier assets, including Mexican bonds. The 10-year spread between Mbonos and Treasuries closed Friday at 507bps vs 525bps in the previous week, remaining below the 12-month average (519bps) for the fourth consecutive week

- **The 3-month correlation between Mexican and US 10-year bonds remains elevated.** The reading increased on Friday to +66% from +64% the previous week
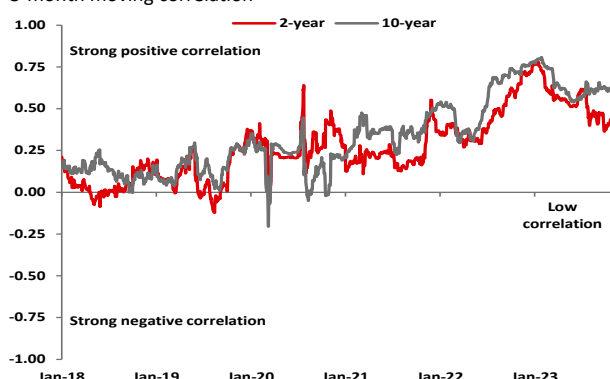
10-year Mbono and 10-year UST spread
Basis points

Source: PiP, Banorte

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

Source: Bloomberg, Banorte

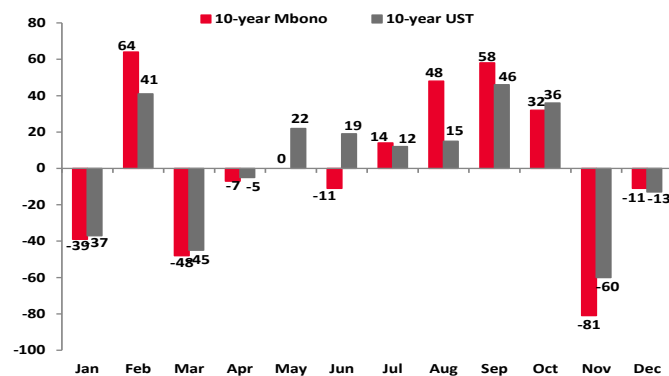BANORTE

Fixed–Income Technicals (continued)

Selected Spreads
Basis points

Tenor	Dec/01/2023	Previous Week	Previous Month	Previous Year	12m Max	12m Min	12m Average
Mbono 2s10s	-61	-54 (-7bps)	-58 (-3bps)	-126 (+65bps)	-40	-199	-139
Mbono 10s30s	6	14 (-8bps)	-8 (+14bps)	-5 (+11bps)	35	-15	10
TIIE-Mbono 2-year	-3	-4 (+1bp)	-15 (+12bps)	-38 (+35bps)	25	-57	-24
TIIE-Mbono 10-year	-52	-54 (+2bps)	-57 (+5bps)	-59 (+7bps)	-17	-68	-47

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
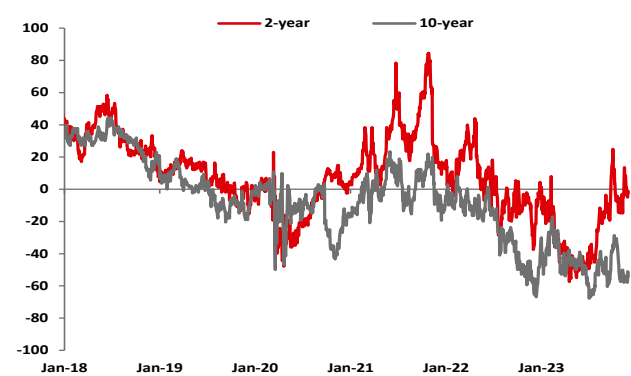
Source: PiP, Bloomberg, Banorte

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

Date	Dec/01/2023	Previous week	Previous month	Previous year	12m Max	12m Min	12m Average
3Y	4.07	4.34 (-27bps)	3.89 (+18bps)	5.21 (-114bps)	5.74	3.70	4.53
5Y	4.41	4.66 (-25bps)	4.28 (+13bps)	4.75 (-34bps)	5.19	4.22	4.53
10Y	4.34	4.55 (-21bps)	4.38 (-4bps)	4.63 (-29bps)	4.85	4.04	4.38
20Y	4.56	4.73 (-17bps)	4.69 (-13bps)	4.68 (-12bps)	5.08	4.15	4.56
30Y	4.61	4.78 (-17bps)	4.66 (-5bps)	4.54 (+7bps)	5.01	4.15	4.54

Source: PiP, Banorte

3- and 5-year breakeven inflation using Mbonos & Udibonos
Implicit market inflation using Fisher Equation
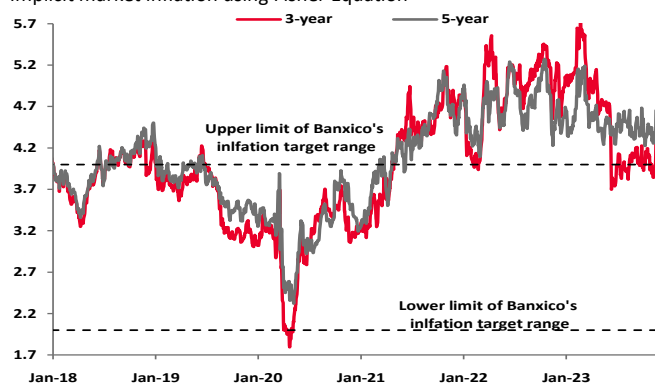
Source: PiP, Banorte

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

Source: PiP, Banorte

Fixed – Income trade recommendations

- **November was the best month for long-term sovereign bonds since 2008.** The Treasuries' curve closed the month with bull flattening bias because of a greater rally at the long-end. The 2-year note rallied 40bps with a yield very close to 4-month lows at 4.68%, while the 10-year benchmark advanced 60bps to 4.33%. Gains intensified after less restrictive comments from Fed officials, solid economic growth, and a further slowdown in inflation. With this, the market expects the first interest rate cut in May 2024, that is, two meetings earlier compared to the vision of the previous month when the first adjustment of -25bps was expected in July. Consequently, long-term sovereign bonds recorded their best month since the end of 2008, when the 10-year Treasury rallied 103bps in November and 71bps in December, as seen in the left chart below

Monthly performance of 10-year *Treasury*
Basis points (negative = gains)
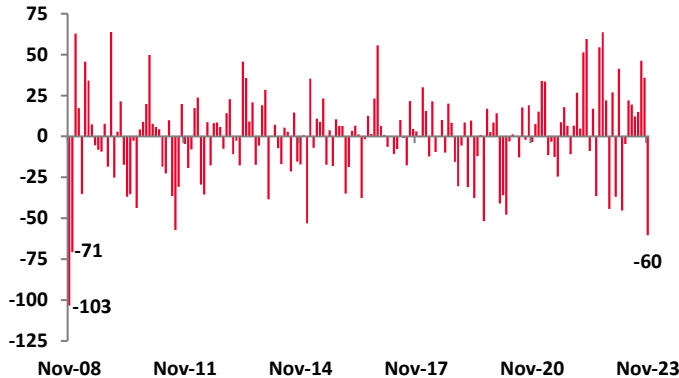
Source: Bloomberg, Banorte

Correlation between 10-year interest rates in Mexico and the US
Correlation with a 5-year rolling window
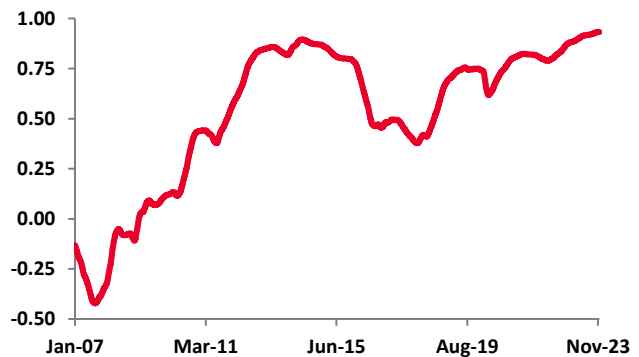
Source: PiP, Bloomberg, Banorte

- Locally, Mbonos rallied 72bps, on average, given their high correlation with Treasuires. In particular, the correlation between 10-year interest rates in Mexico and the US shows an increasing trend, which is consistent with greater financial integration of both economies over time. This metric is at an all-time high of 93%, using a 5-year rolling window, as seen in the right chart above. In this sense, local assets will remain highly sensitive to US financial and monetary conditions

- Despite the recent rally, the short-term Mbonos Sep'24 (-57bps m/m) and Dec'24 (-35bps m/m), as well as the 10-year references May'33 (-81bps m/m) /m) and 15-year benchmark Nov'38 (-70bps m/m), show a valuation with room for additional gains according to the duration-adjusted yield analysis. However, the spreads between Mbonos and Treasuries reflect a greater opportunity in short-term securities since the spreads for long-term assets are very close to 12-month lows

- Next week there will be no speeches by Fed members due to the blackout period ahead of the monetary policy decision on December 13th. Meanwhile, the drivers for rates will be economic data, highlighting the US employment report and inflation in Mexico. Regarding the first, the market expects the creation of 180K places above the previous figure (150K), which could recalibrate expectations about the start of interest rate cuts. Regarding the second, the Udibonos will incorporate the information after averaging gains of 55bps in the month. The 3-year Udibonos continues to show an attractive relative valuation that materialized in a bid-to-cover ratio of 2.73x in its last primary auction, being the largest in the last three years. Finally, we expect the 10-year Mbono, May'33, to trade between 9.15% and 9.45%

FX dynamics

- **Currencies echoed the monetary policy signals.** The FX market absorbed less hawkish comments from some Fed members and mixed economic figures. The Mexican peso weakened after incorporating comments from Banxico's members regarding the possibility of evaluating rate cuts in 1Q24. The MXN reached its weakest intraday level at 17.50 per dollar and closed Friday at 17.19, equivalent to a 0.4% w/w depreciation

- **The dollar weakened for third week in a row.** The DXY and BBDXY indices closed with losses of 0.2% and 0.4% s/s, respectively. In the G10 currencies, NZD (+2.2%) was the strongest and DKK (-0.5%) was at the opposite end. In EM, trading was capped by COP (+1.8%) and RUB (-2.1%)

Foreign Exchange market levels and historical return

		Close at Dec/01/2023	Daily Change (%)[1]	Weekly change (%)[1]	Monthly change (%)[1]	YTD[1] (%)
Emerging Markets						
Brazil	USD/BRL	4.88	0.8	0.4	1.5	8.1
Chile	USD/CLP	855.50	1.7	1.6	4.6	-0.5
Colombia	USD/COP	3,967.85	1.7	1.8	3.5	22.3
Peru	USD/PEN	3.73	0.1	0.0	2.8	2.0
Hungary	USD/HUF	348.04	0.3	-0.1	4.2	7.3
Malaysia	USD/MYR	4.67	-0.2	0.3	2.1	-5.8
Mexico	**USD/MXN**	**17.19**	**1.1**	**-0.4**	**3.4**	**13.5**
Poland	USD/PLN	3.98	0.6	0.6	6.4	10.0
Russia	USD/RUB	91.03	-1.2	-2.1	1.7	-18.5
South Africa	USD/ZAR	18.65	1.1	0.7	-0.7	-8.7
Developed Markets						
Canada	USD/CAD	1.35	0.5	1.0	2.7	0.4
Great Britain	GBP/USD	1.27	0.7	0.8	4.6	5.2
Japan	USD/JPY	146.82	0.9	1.8	2.8	-10.7
Eurozone	EUR/USD	1.0884	0.0	-0.5	3.0	1.7
Norway	USD/NOK	10.67	1.3	0.6	4.6	-8.1
Denmark	USD/DKK	6.85	-0.1	-0.5	3.1	1.4
Switzerland	USD/CHF	0.87	0.7	1.6	4.4	6.4
New Zealand	NZD/USD	0.62	0.9	2.2	6.2	-2.2
Sweden	USD/SEK	10.37	1.2	0.8	7.8	0.5
Australia	AUD/USD	0.67	1.1	1.4	4.4	-2.0

Source: Bloomberg, Banorte
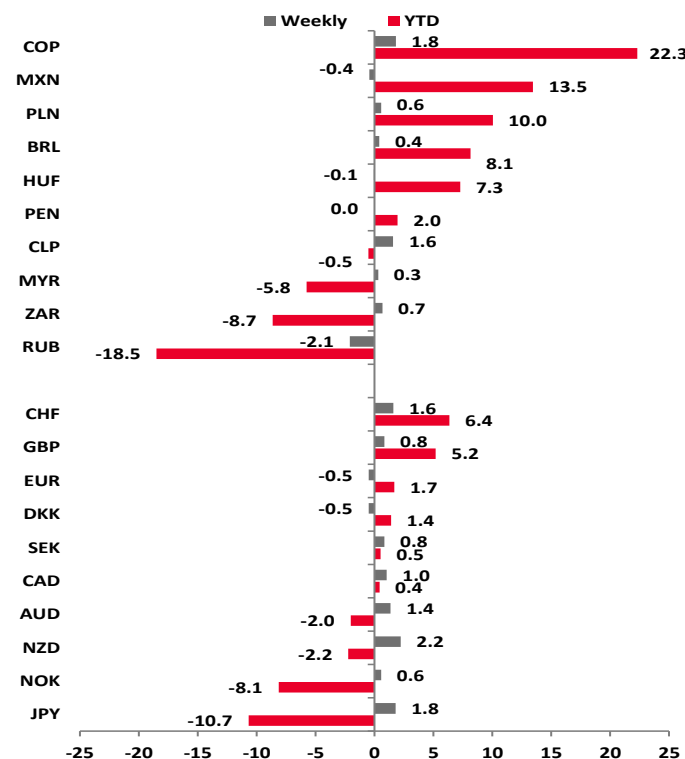1. Positive (negative) changes mean appreciation (depreciation) of the corresponding currency against the USD.

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 rose during November.** As of November 28th, the MXN position registered a higher net long of US$ 1.9 billion from US$ 1.7 billion the previous week, scoring four weeks with a growing trend in a row and increasing 117% from its lowest point in the year at the end of October. Hence, MXN sales triggered by the war in the Middle East were almost offset, and the bets on a further appreciation of the Mexican peso have strengthened, even approaching the levels seen during the May-August period when the net long positioning was US$ 2.5 billion on average

- **Expectations of a stronger dollar collapsed.** The IMM USD net long position decreased 87% to US$ 1.4 billion in the last two weeks due to the strong market conviction that the Federal Reserve has already ended its restrictive cycle and is expected to cut interest rates as soon as in May 2024. This week, the drop was 71% because of purchases in most currencies. The EUR (+1.9 billion) and GBP (+1.6 billion) were the most bought followed by AUD, CAD, and MXN. However, the JPY was the most sold (-435 million), recording a larger net short position of US$ 9.2 billion

- **Sales remain practically unchanged in EM, while Mexico recorded 18 consecutive weeks with outflows.** Our EPFR aggregate recorded negative flows of US$ 2.2 billion from US$ 2.3 billion the previous week. Bond market sales increased to US$ 829 to US$ 435 million. Meanwhile, equities outflows decreased 23% to US$ 1.4 billion, because of lower sales in Asia. In Mexico, a negative flow of US$ 87 million was recorded because of sales in both bonds and equities of US$ 47 million and US$ 40 million, respectively

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

Source: CME, Banorte

IMM positioning by currency*
Billion dollars
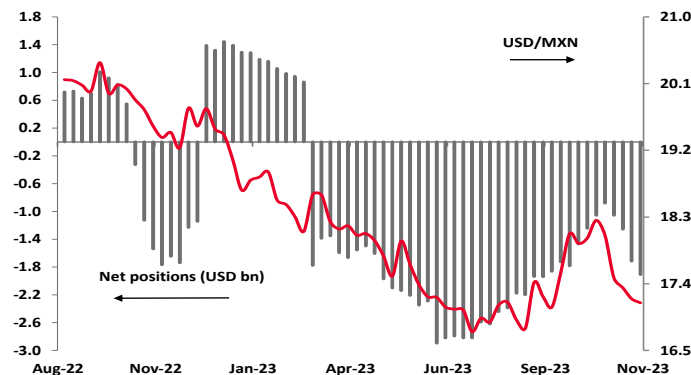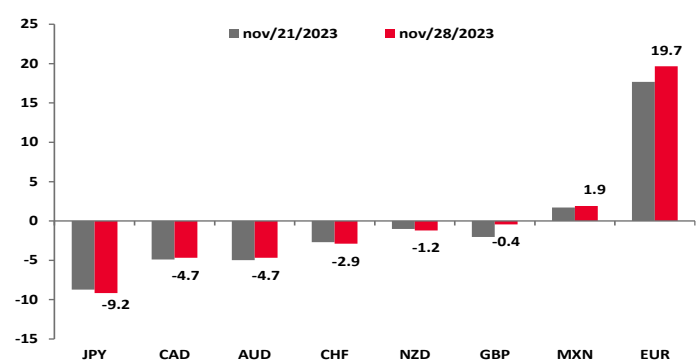
* Positive: Net long in the corresponding currency
Source: CME, Banorte

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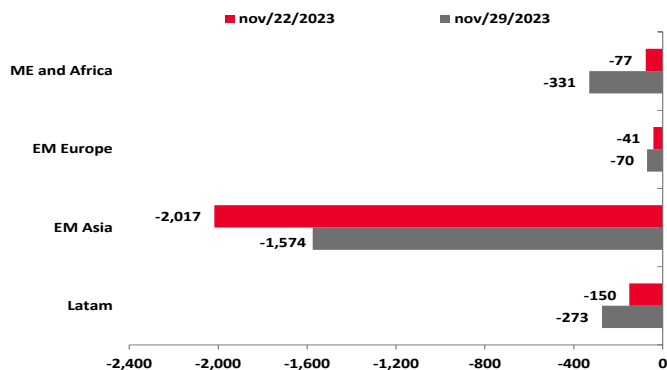
Source: EPFR Global, Banorte * Including only mutual funds' investments

FX technicals

▪ **The Mexican peso is still trading within the primary appreciation channel despite higher volatility.** Central banks' stance continues to be the main catalyst in the currency universe. The appreciation trend we observed last week in the Mexican peso reversed with the comments from Banxico's Board. The MXN weakened on the expectation of an initial rate cut in 1Q24, temporarily breached the 100-day MA (17.37) and a Fibonacci level (17.40) and marked its weakest level at 17.50 per dollar. The weekly trading range widened to 46 cents vs. 20 cents the previous week. The main short-term resistances are located at 17.12, 17.07 and 17.00 with supports at 17.36, 17.45 and 17.56 per dollar. In addition, the MXN 1-month correlation with EUR, HUF and ZAR strengthened. The correlation with HUF is near 6-month highs

USD/MXN – Moving averages
Last 120 trading days
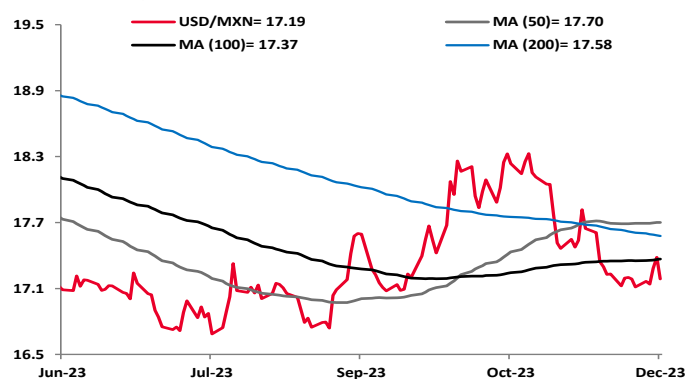
Source: Bloomberg, Banorte

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	59	48	1	65	38
CAD	49	39	12	63	36
ZAR	63	56	9	87	56
BRL	60	60	27	82	63
HUF	65	52	4	70	52
RUB	12	12	-23	53	14

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

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

	Actual (%)	Previous week	6m Min	6m Max	6m Average
VIX	48	59	14	65	40
SPX	53	60	5	63	37
GSCI	4	-9	-27	44	11
Oro	4	-21	-28	51	16

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

USD/MXN – 1-month correlation with other currencies*
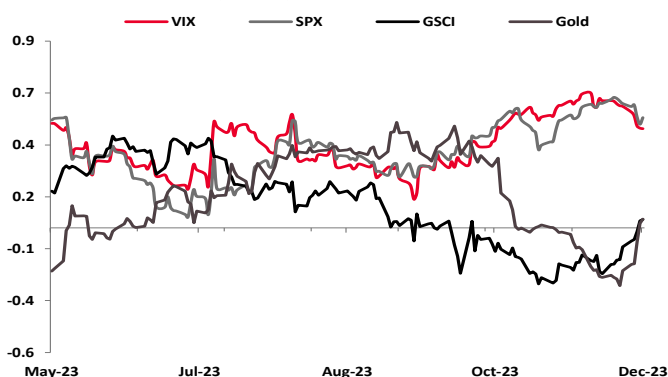Based on daily percentage changes
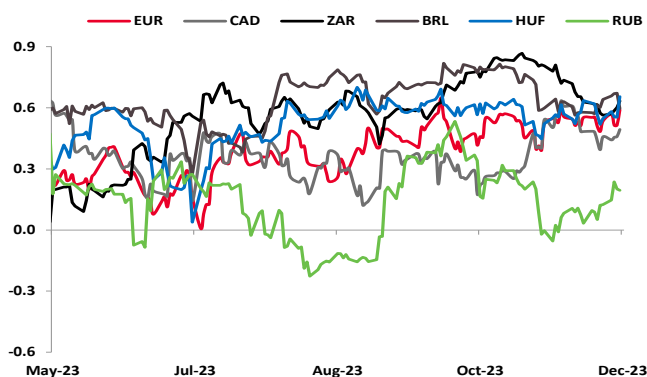
* Positive: appreciation of MXN and corresponding currency
Source: Bloomberg, Banorte

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 entire MXN ATM implied volatility curve is at more stressed levels.** The 1-month volatility increased to 11.84% from a 2-month low of 10.63% last Friday. Similarly, the 3-year reading rose 0.8 vegas to 12.19%, while the 1-year reading was the one that registered the smallest advance of 0.2 vegas to 12.86%. However, on a monthly basis, volatility has reduced significantly with the 1-month figure falling from 13.63% to 11.77% which has allowed traders to reduce the cost of using options to hedge. The 1- and 3-month risk reversals increased marginally to 2.50 vols and 2.98 vols, respectively, from 2.46 vols and 2.90 vols, in the same order, last week

USD/MXN – ATM options volatility curve

%

Source: Bloomberg, Banorte
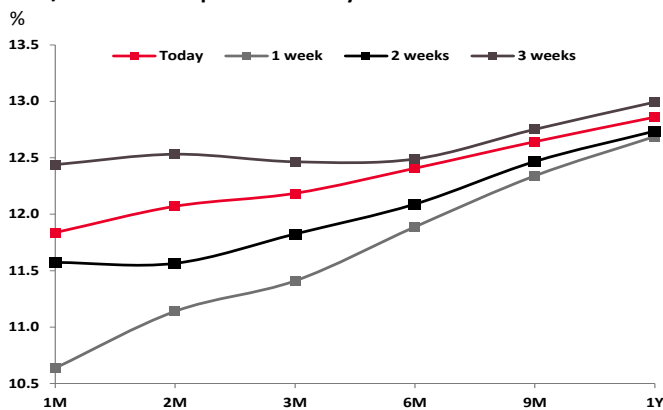
USD/MXN – 1M implied and historical volatility

%

Source: Bloomberg, Banorte
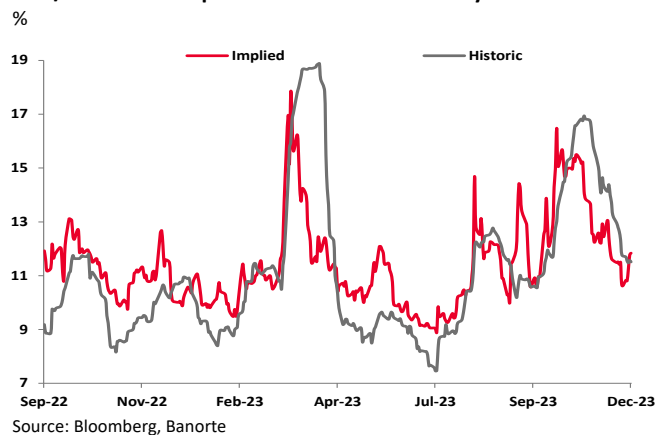
USD/MXN – Spread between implicit and historical volatility

Bps

Source: Bloomberg, Banorte
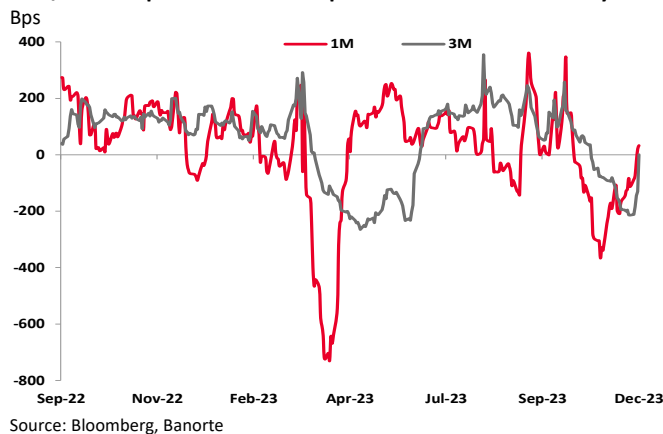
Emerging markets one-month ATM options volatility

Against USD, in standard deviations relative to last year's average

Source: Bloomberg, Banorte
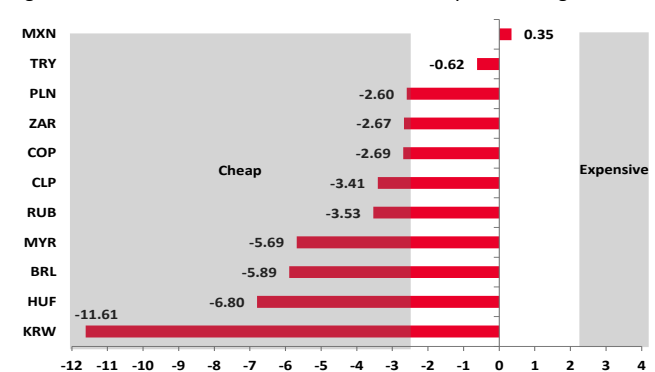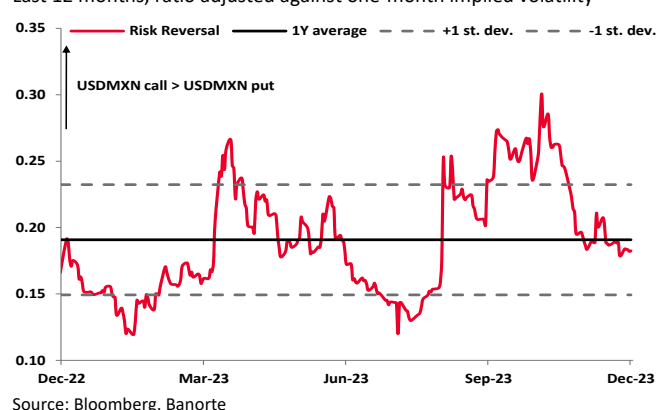
USD/MXN – 1-month and 3-month 25D risk reversals

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 weaken if the market widens its bets on Fed funds cuts.** The FX market performance during the week was shaped by the tone in Fed members' speeches, the balance of economic data and the dynamics in sovereign bonds, including the results of Treasury auctions. Some currencies also incorporated remarks from other central bankers, and, to a lesser extent, the growth outlook published by the OECD. In this context, the USD started the week with losses due to the migration of flows towards risk assets. However, these were almost reversed with investors taking profits after the strong rally in different assets during November. However, the DXY and BBDXY indices ended the week with losses of 0.2% and 0.4% w/w, in the same order. If the US labor market shows a further slowdown and the market continues to adjust its expectations for Fed funds rate cuts, the USD could weaken and seek levels not seen since early August

- Performance across the currency universe was mixed. In the G10, trading was capped by NZD (+2.2%) and DKK (-0.5%). The Japanese yen (+1.8% w/w) was the second strongest among its peers, despite mixed signals among BoJ members and uncertainty about when the institution will abandon the ultra-loose monetary stance. In emerging markets, the balance was also mixed, with COP (+1.8%) as the strongest and RUB (-2.1%) at the opposite end of the spectrum

- The Mexican peso weakened after incorporating comments from Banxico's Board of Governors at the 3Q23 Quarterly Report press conference on the path and strategy for monetary policy. The less hawkish tone observed in the statement and minutes was endorsed. With this, the peso initiated a depreciation motion, breached the 100-day MA (17.37 per dollar) along with other technical supports and reached its weakest intraday level at 17.50. On Friday, the MXN recovered part of the losses and closed at 17.19 per dollar (-0.4% w/w) with a weekly trading range of 46 cents, lower than the 4-week average by 53 cents. Additionally, the current balance of the FX NDFs program is US$ 1.43 billion from US$ 7.49 billion before the [Exchange Commission's announcement](). It is worth mentioning that on Monday, November 27th was the last renewal with an amount of US$ 50 million maturing on February 26th, 2024, being this the date on which the hedging program will end. Next week, the MXN could follow the dynamics of the rest of the currencies by incorporating several economic figures, including the inflation reading in Mexico. In the latter, a lower-than-expected value could weaken the peso and bring it closer to our year-end estimate (17.90 per dollar). We expect a trading range between USD/MXN 17.00 and 17.50

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

Source: Bloomberg, Banorte
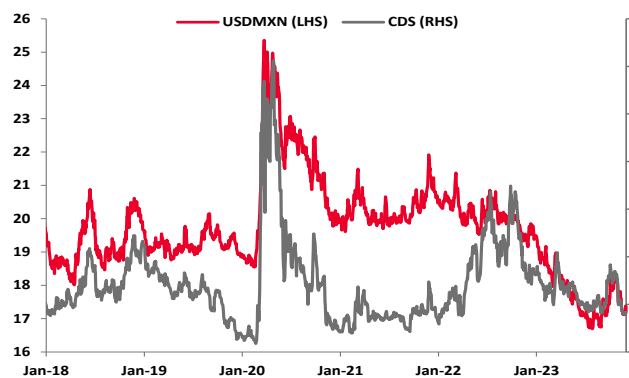
USD/MXN Forecast for 2023 and 2024
Pesos per dollar

Source: Banorte

BANORTE

Weekly economic calendar

For the week ending December 8, 2023

	Time		Event	Period	Unit	Banorte	Survey	Previous
Mon 4	02:00	GER	Trade balance	Oct	EURbn	--	17.2	16.7
	07:00	MX	Gross fixed investment	Sep	% y/y	22.1	25.0	32.0
	07:00	MX	Gross fixed investment*	Sep	% m/m	-2.2	-1.2	3.1
	07:00	MX	Private consumption	Sep	% y/y	4.0	4.0	4.1
	07:00	MX	Private consumption*	Sep	% m/m	0.7	--	0.5
	10:00	US	Factory orders*	Oct	% m/m	--	-2.8	2.8
	10:00	US	Ex transportation*	Oct	% m/m	--	--	0.8
	10:00	US	Durable goods orders*	Oct (F)	% m/m	--	-5.4	-5.4
	10:00	US	Ex transportation*	Oct (F)	% m/m	--	--	0.0
	20:45	CHI	Services PMI (Caixin)*	Nov	index	--	50.7	50.4
	20:45	CHI	Composite PMI (Caixin)*	Nov	index	--	--	50.0
Tue 5	03:55	GER	Services PMI*	Nov (F)	index	--	48.7	48.7
	03:55	GER	Composite PMI*	Nov (F)	index	--	47.1	47.1
	04:00	EZ	Services PMI*	Nov (F)	index	--	48.2	48.2
	04:00	EZ	Composite PMI*	Nov (F)	index	--	47.1	47.1
	04:30	UK	Services PMI*	Nov (F)	index	--	50.5	50.5
	07:00	BZ	Gross domestic product	3Q23	% y/y	--	1.7	3.4
	07:00	BZ	Gross domestic product*	3Q23	% q/q	--	-0.2	0.9
	09:45	US	Services PMI*	Nov (F)	index	50.8	50.8	50.8
	09:45	US	Composite PMI*	Nov (F)	index	50.7	--	50.7
	10:00	US	ISM services*	Nov	index	52.0	52.5	51.8
	10:00	MX	International reserves	Dec 1	US$bn	--	--	206.3
	12:30	MX	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43) and 1-, and 3-year Bondes F					
	15:30	MX	Survey of expectations (Citibanamex)					
Wed 6	05:00	EZ	Retail sales*	Oct	% m/m	--	0.2	-0.3
	07:00	MX	Consumer confidence*	Nov	index	46.4	--	46.0
	08:15	US	ADP employment*	Nov	thousands	120	120	113
	08:30	US	Trade balance*	Oct	US$bn	--	-59.5	-61.5
	22:00	CHI	Trade balance	Nov	USDbn	--	48.7	56.5
	22:00	CHI	Exports	Nov	% y/y	--	-1.5	-6.4
	22:00	CHI	Imports	Nov	% y/y	--	4.0	3.0
Thu 7	02:00	GER	Industrial production*	Oct	% m/m	--	0.0	-1.4
	05:00	EZ	Gross domestic product	3Q23 (F)	% y/y	--	0.1	0.1
	05:00	EZ	Gross domestic product*	3Q23 (F)	% q/q	--	-0.1	-0.1
	07:00	MX	Consumer prices	Nov	% m/m	0.66	0.71	0.38
	07:00	MX	Core	Nov	% m/m	0.30	0.29	0.39
	07:00	MX	Consumer prices	Nov	% y/y	4.34	4.40	4.26
	07:00	MX	Core	Nov	% y/y	5.34	5.33	5.50
	08:30	US	Initial jobless claims*	Dec 2	thousands	220	222	218
	15:00	US	Consumer credit*	Oct	US$bn	--	8.5	9.1
	18:50	JN	Gross domestic product*	3Q23 (F)	% q/q	--	-0.5	-0.5
Fri 8	02:00	GER	Consumer prices	Nov (F)	% y/y	--	3.2	3.2
	08:30	US	Nonfarm payrolls*	Nov	thousands	180	190	150
	08:30	US	Unemployment rate*	Nov	%	3.9	3.9	3.9
	10:00	US	U. of Michigan confidence*	Dec (P)	index	62.5	62.0	61.3
	20:30	CHI	Consumer Prices	Nov	% y/y	--	-0.2	-0.2

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

For the week ending December 1, 2023

	Time		Event	Period	Unit	Banorte	Actual	Previous
Mon 27	07:00	MX	Trade balance	Oct	US$mn	-1,699.3	**-252.5**	-1,481.4
	09:00	EZ	ECB's Lagarde Speaks in EU Parliament					
	10:00	US	New home sales**	Oct	thousands	--	**679**	719 (R)
Tue 28	04:00	EZ	Monetary aggregates (M3)*	Oct	EURbn	--	**-1.0**	-1.2
	07:00	BZ	Consumer prices 2w/2w	Nov	% m/m	--	**0.33**	0.21
	07:00	BZ	Consumer prices 2w/2w	Nov	% y/y	--	**4.84**	5.05
	09:00	US	S&P/CoreLogic housing prices	Sep	% y/y	--	**3.9**	2.1 (R)
	10:00	US	Consumer confidence*	Nov	index	103.0	**102.0**	99.1 (R)
	10:00	US	Fed's Goolsbee Delivers Opening Remarks					
	10:00	US	Fed's Waller Speaks on the Economic Outlook					
	10:00	MX	International reserves	Nov 23	US$bn	--	**206.3**	205.6
	12:30	MX	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 30-year Mbono (Jul'53), 3-year Udibono (Dec'26) and 2-, 5-, and 10-year Bondes F					
Wed 29	05:00	EZ	OECD Publishes biannual Economic Outlook					
	05:00	EZ	Consumer confidence*	Nov (F)	index	--	**-16.9**	-16.9
	05:00	EZ	Economic confidence*	Nov	index	--	**93.8**	93.5
	08:00	GER	Consumer prices	Nov (P)	% y/y	--	**3.2**	3.8
	08:30	US	Trade balance*	Oct	US$bn	--	**-89.8**	-86.8
	08:30	US	Gross domestic product**	3Q23 (F)	% q/q	5.0	**5.2**	4.9
	08:30	US	Personal consumption**	3Q23 (F)	% q/q	4.0	**3.6**	4.0
	13:30	MX	Banxico's Quarterly Report					
	13:45	US	Fed's Mester Speaks on Financial Stability					
	14:00	US	Beige Book					
	20:30	CHI	Manufacturing PMI*	Nov	index	--	**49.4**	49.5
	20:30	CHI	Non-manufacturing PMI*	Nov	index	--	**50.2**	50.6
	20:30	CHI	Composite PMI*	Nov	index	--	**50.4**	50.7
Thu 30			OPEC+ Ministerial Meeting and Joint Ministerial Monitoring Committee					
	05:00	EZ	Consumer prices	Nov (P)	% y/y	--	**2.4**	2.9
	05:00	EZ	Core	Nov (P)	% y/y	--	**3.6**	4.2
	05:00	EZ	Unemployment rate*	Oct	%	--	**6.5**	6.5
	07:00	MX	Unemployment rate	Oct	%	2.86	**2.75**	2.88
	07:00	BZ	Unemployment rate	Oct	%	--	**7.6**	7.7
	08:30	US	Personal income*	Oct	% m/m	--	**0.2**	0.4 (R)
	08:30	US	Personal spending*	Oct	% m/m	--	**0.2**	0.7
	08:30	US	Real personal spending*	Oct	% m/m	0.2	**0.2**	0.3 (R)
	08:30	US	PCE Deflator*	Oct	% m/m	0.1	**0.0**	0.4
	08:30	US	Core*	Oct	% m/m	0.2	**0.2**	0.3
	08:30	US	PCE Deflator	Oct	% y/y	3.1	**3.0**	3.4
	08:30	US	Core	Oct	% y/y	3.5	**3.5**	3.7
	08:30	US	Initial jobless claims*	Nov 25	thousands	213	**218**	211 (R)
	10:00	MX	Banking credit	Oct	% y/y	6.0	**6.2**	6.2 (R)
	15:30	MX	Public finances (PSBR, year-to-date)	Oct	MXNbn	--	**-699.7**	-665.2
	20:45	CHI	Manufacturing PMI (Caixin)*	Nov	index	--	**50.7**	49.5
Fri 1	03:55	GER	Manufacturing PMI*	Nov (F)	index	--	**42.6**	42.3
	04:00	EZ	Manufacturing PMI*	Nov (F)	index	--	**44.2**	43.8
	04:30	UK	Manufacturing PMI*	Nov (F)	index	--	**47.2**	46.7
	07:00	BZ	Industrial production	Oct	% y/y	--	**1.2**	0.6
	07:00	BZ	Industrial production*	Oct	% m/m	--	**0.1**	0.0 (R)
	08:00	BZ	Manufacturing PMI*	Nov	index	--	**49.4**	48.6
	09:45	US	Manufacturing PMI*	Nov (F)	index	49.4	**49.4**	49.4
	10:00	MX	Family remittances	Oct	US$bn	5,781.2	**5,811.5**	5,612.6
	10:00	MX	Survey of expectations (Banxico)					
	10:00	US	ISM manufacturing*	Nov	index	47.2	**46.7**	46.7
	10:00	US	Fed's Goolsbee Participates in Moderated Discussion					
	11:00	US	Fed's Powell Speaks in Fireside Chat					
	13:00	MX	PMI manufacturing (IMEF)*	Nov	index	50.9	**50.2**	51.2 (R)
	13:00	MX	PMI non-manufacturing (IMEF)*	Nov	index	52.6	**52.7**	52.9 (R)
	14:00	US	Fed's Powell, Cook Take Part in Discussion on Tech Innovation					
		US	Total vehicle sales**	Nov	thousands	--	**15.3**	15.5

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

BANORTE

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

Directory

Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
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

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market 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
Economist, Global Internacional
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Manuel Jiménez Zaldívar
Director of Market Strategy
manuel.jimenez@banorte.com
(55) 5268 - 1671

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

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

Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Isaías Rodríguez Sobrino
Analyst, Fixed Income, FX and Commodities
isaias.rodriguez.sobrino@banorte.com
(55) 1670 - 2144

Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000

Quantitative Analysis

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 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000

Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000

BANORTE