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Strategy - Argentina

January 2, 2023

# Weekly Strategy Brief

## Trade Book

### New Trades

Trade	Trade Details		Rationale
<b>LCD</b>			
Buy TV24	Current PX: <b>15,350</b> Target PX: <b>15,570</b>	Opening Date: <b>02/01/23</b>	We open this trade given that the TV24 trades cheaper relative to the rest of the USD-L curve, and additionally, there are increased risks of an FX correction generated by the drought.

### Open Trades

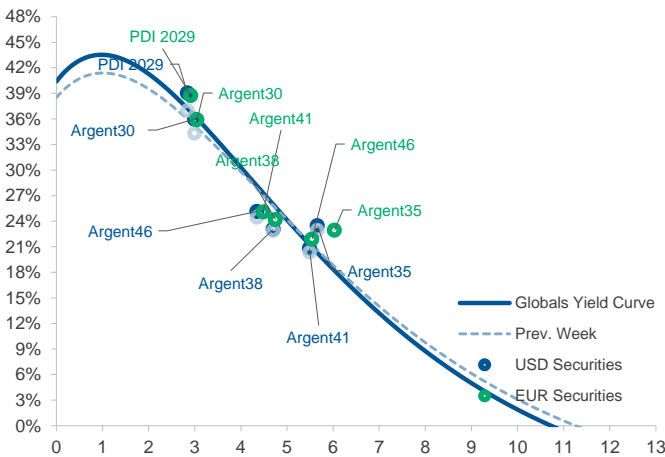
Trade	Trade Details		Rationale
<b>LCD</b>			
Buy TX26	Open PX: <b>CER + 16.7%</b> Current PX: <b>CER + 12.9%</b> Target PX: <b>CER + 12%</b>	Opening Date: <b>22/11/22</b> TR: <b>+2,147bps</b>	We like this trade as the CB is intervening in the curve until TX24. Therefore, the spread between 24 and 26 reflects the CB's intervention. At CER + 16.7 and 67% parity we believe the recovery is attractive even in the case there is a credit event.

## Global-Law Securities Curve

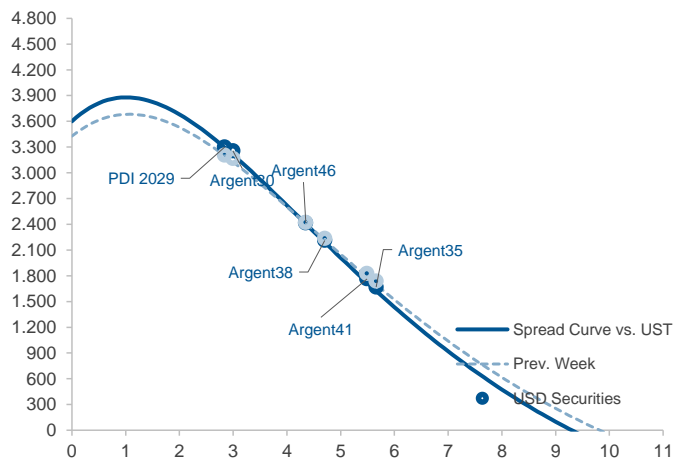
The global-law curve had a negative week with total returns ranging between -49 and -507bps. The old indenture reported total returns of -49bps for Argent38 and -211bps for Argent41. In the belly, Argent46 clocked in with a total return of -257bps. In the back-end, Argent35 accumulated -260bps of total return. Finally, in the front-end, Argent30 ended the week with a performance of -428bps. In this context, the front-end is trading near 27.25c (-1.25c compared to last week), while the back-end is trading near 25.75c (-0.75c). The Argent30 vs. Argent35 spread decreased to 1.5c (-0.5c), still below its historical average of 3.10c. The indenture spread (duration-adjusted)—calculated as the spread between the indenture-2005 bond and a synthetic indenture-2016 bond comprising Argent30, Argent46, and Argent35—increased to 5.3c (+0.8c) for Argent38—below its historical average of 4.94c—and increased to 0.8c for Argent41 (+0.49c)—below its historical average of 1.80c.

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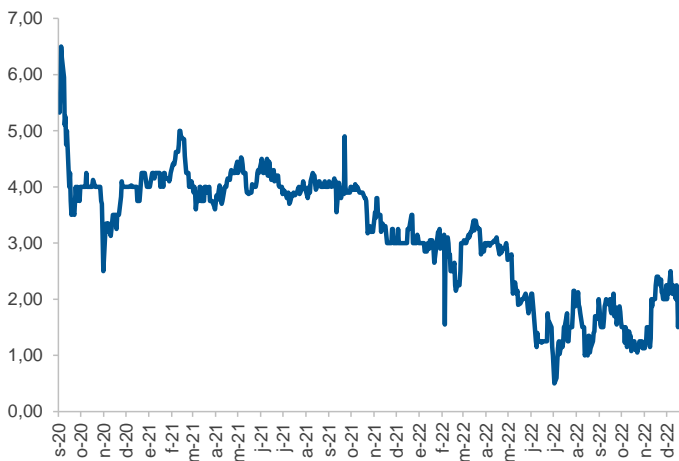
Globals Yield Curve | YTM



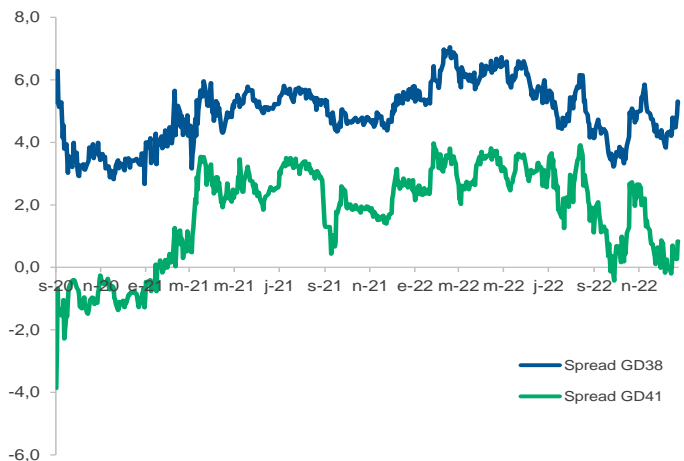
Spread Curve vs. UST | Spreads



GD30 vs. GD35 | Spreads



Indenture Spread GD38 & GD41 | Spreads



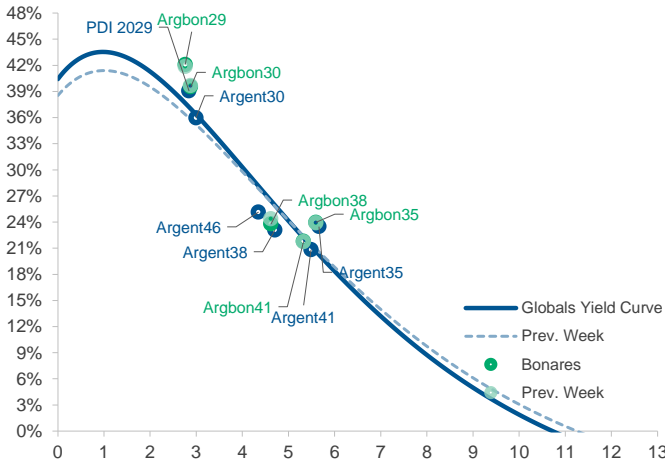
	30-dic.-22			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
<b>PDI 2029</b>	2,9	39,1	26,75	7	-513	-507	31	279	310	274	-2.671	-2.397
<b>Argent30</b>	3,0	36,0	27,25	3	-431	-428	16	326	342	141	-2.214	-2.073
<b>Argent38</b>	4,7	23,1	32,25	21	-71	-49	97	451	548	752	-1.513	-761
<b>Argent46</b>	4,4	25,1	26,00	10	-268	-257	48	482	531	399	-1.938	-1.539
<b>Argent41</b>	5,5	20,8	28,75	21	-232	-211	95	245	340	827	-1.901	-1.075
<b>Argent35</b>	5,7	23,5	25,75	11	-270	-260	49	590	639	402	-1.953	-1.551

## Local-Law Hard Currency Securities Curve

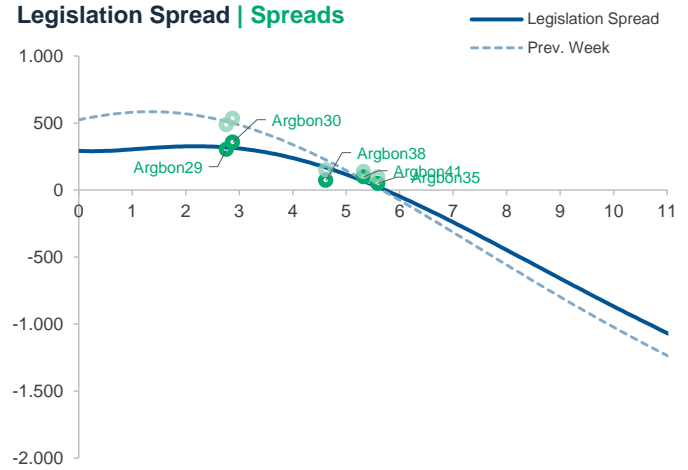
**This week, total returns in the local-law curve were positive ranging between +0 and +387bps.**

This week, total returns in the local-law curve were positive ranging between +0 and +387bps. Bonar38 and Bonar41 showed a total return of +303bps and 0bps, respectively. In the back-end, Bonar35 showed a total return of +387bps. Finally, in the front-end, the performance of the Bonar30 presented a total return of +101bps. In this context, the front-end is trading near 24.75c (+0.25c compared to the previous week), and the back-end is trading near 25.75c (+0.98c). The Bonar30 vs. Bonar35 spread closed at -1c (+0.25c) and is still below its historical average at 1.47c. Lastly, the legislation spread (Argent30 vs. Bonar30) dropped to 2.5c (-1.5c) and is below its historical average of 2.88c.

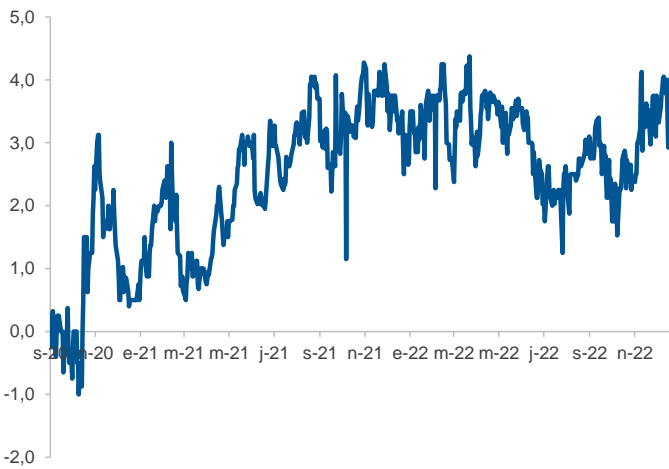
**Globals Yield Curve | YTM**



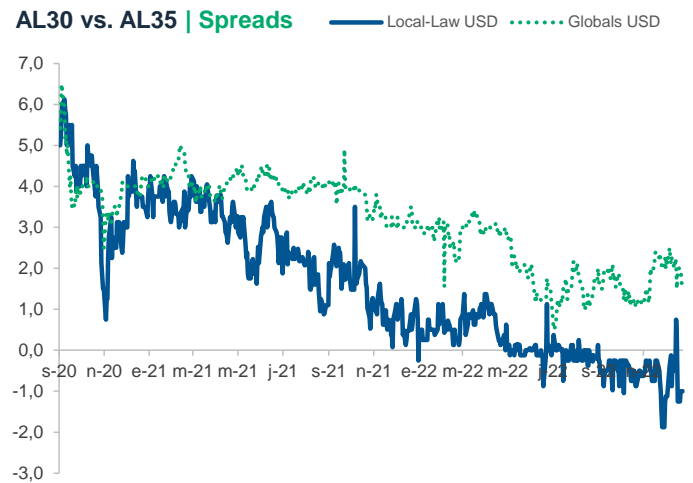
**Legislation Spread | Spreads**



**GD30 vs. AL30 | Spreads**



**AL30 vs. AL35 | Spreads**



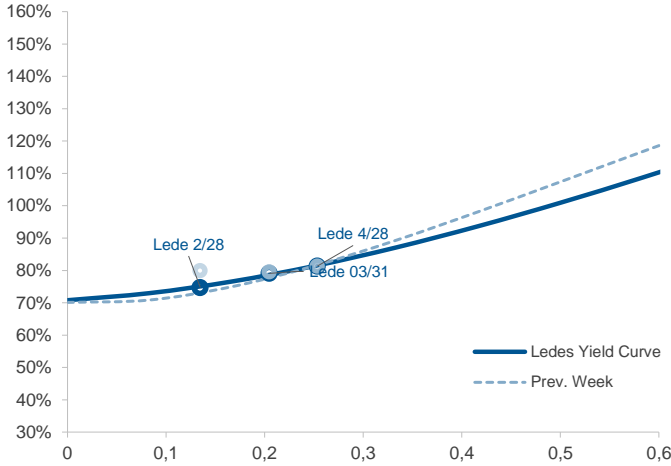
	30-dic.-22			Última Semana			Último Mes			Acumulado del Año		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029 AL	2,8	42,1	25,00	8	-8	0	36	931	967	298	-2.685	-2.386
Argent30 AL	2,9	39,5	24,75	4	97	101	18	735	752	155	-2.295	-2.140
Argent38 AL	4,7	23,8	33,00	23	280	303	106	1.041	1.147	796	-1.330	-535
Argent41 AL	5,4	21,8	28,88	23	-23	0	107	947	1.054	840	-2.212	-1.372
Argent35 AL	5,6	24,0	25,75	12	375	387	51	661	712	416	-1.908	-1.492

## ARS Fixed-Rate Securities Curve

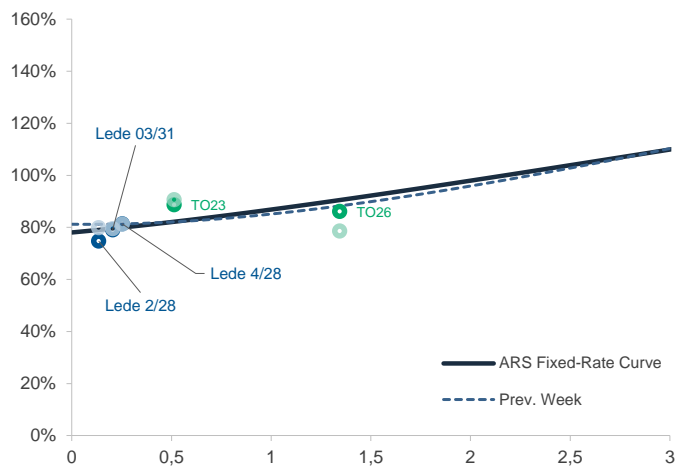
**Total returns on Ledes were mixed. On the Botes side, the total returns were also mixed.**

Total returns on Ledes were mixed. On the Botes side, the total returns were also mixed. In the case of Bote23, the total return was +192bps, given +152bps of clean price variation and +40bps of carry. Bote26's total return was -333bps given a change in the clean price of -407bps and a carry of +73bps. The Lede of April was the one reporting the highest total return at +103bps. If we look at the entire ARS space—including fixed-rate, dollar-linked, inflation-linked, and FRNs—we find that the dollar-linked reported the best performance on a weekly basis, with a total turn of +280bps.

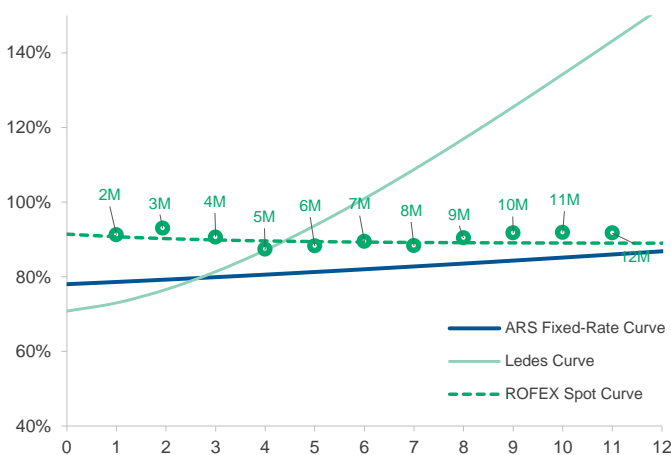
Ledes Yield Curve | YTM



ARS Fixed-Rate Curve | YTM



ROFEX vs. ARS Fixed-Rate Curve | YTM



	Total Return		
	Last Week	Last Month	YTD
S28F3	7	638	-
TV23	280	785	6.621
BADLAR	134	574	6.894

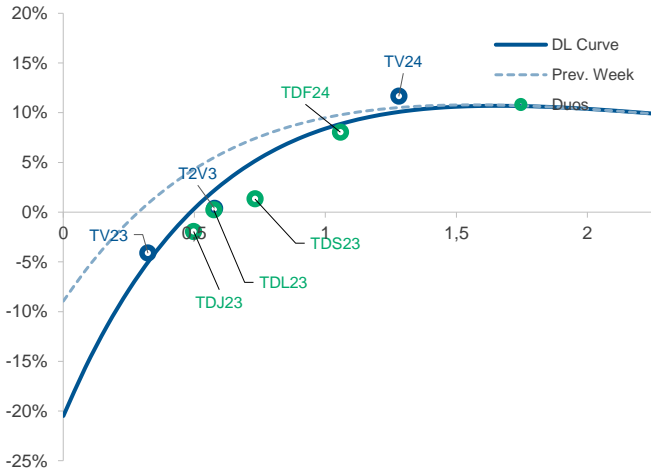
	30-dic.-22			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
S28F3 - LEDE 02/28/23	0,1	88,1	88,1	0	7	7	0	638	638	-	-	-
S31M3 - LEDE 03/31/23	0,2	85,0	82,8	0	0	0	0	653	653	0	859	859
S28A3 - LEDE 04/28/23	0,3	81,5	79,3	0	103	103	0	-85	-85	-	-	-
TO23	0,5	88,7	67,0	40	152	192	195	1.490	1.685	2.541	126	2.667
TO26	1,3	83,0	27,5	73	-407	-333	373	1.144	1.517	5.185	-1.852	3.333

## Dollar-Linked Securities Curve

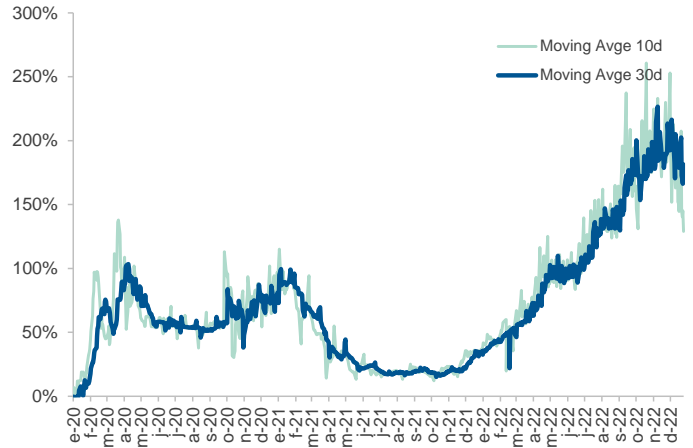
**Bolis had a positive week, with total returns ranging between +280bps and +341bps.**

Bolis had a positive week, with total returns ranging between +280bps and +341bps. The annualized official FX devaluation rate (10-day moving average) was 129%. In this context, Bolis accumulated +133bps of FX effect on average. The Boli23 due in April accumulated a clean price variation of +147bps, the Boli23 due in July +208bps, and finally, the Boli24 +202bps. In this context, the total return was, for the Boli23 due in April +280bps, for the Boli23 due in July +341bps, and for the Boli24 +336bps.

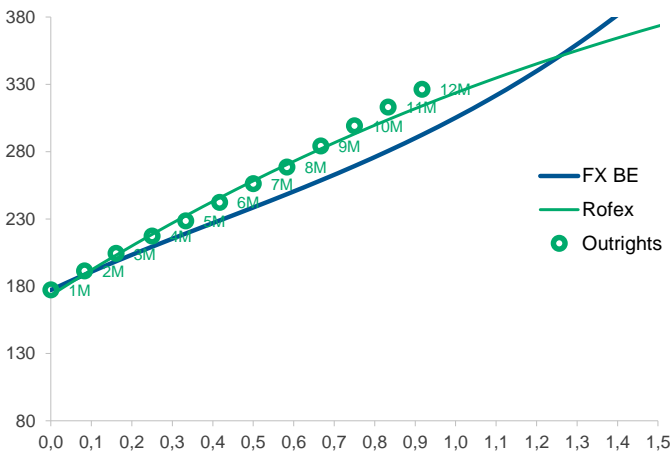
### Dollar-Linked Curve | YTM



### Official FX Dev. Rate Annualized | Moving Ave



### Official FX & Rofex | Break-Evens & Outrights



	30-dic.-22		Pure CER Valuation		Implied Option Value		
	MD	YTM	PX (Conv.)	PX	YTM	BPS	USD (Official fixing)
<b>TDJ23</b>	0,5	3,3	17850,0	17072,1	12,4	917,3	5,8
<b>TDL23</b>	0,6	5,1	17650,0	16868,7	13,0	794,8	5,8
<b>TDS23</b>	0,7	6,0	17500,0	16554,7	13,7	768,4	7,1
<b>TDF24</b>	1,1	11,9	16150,0	15781,2	13,7	181,0	2,5

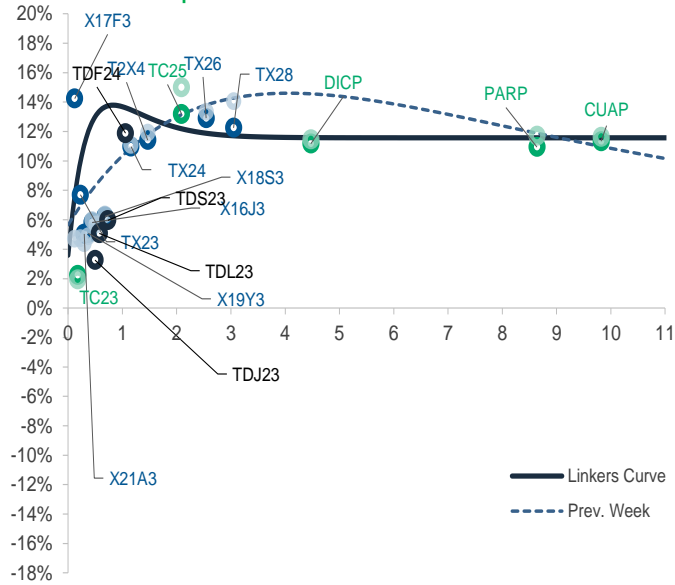
	30-dic.-22			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)
<b>TV23</b>	0,3	-4,1	17.850,0	1	147	132	280	3	181	601	785	29	-387	6.979	6.621
<b>T2V3</b>	0,6	0,4	17.600,0	0	208	133	341	0	103	596	699	-	-	-	-
<b>TV24</b>	1,28	11,7	15.350,0	1	202	133	336	4	239	605	847	-	-	-	-

## Inflation-Linked Securities Curve

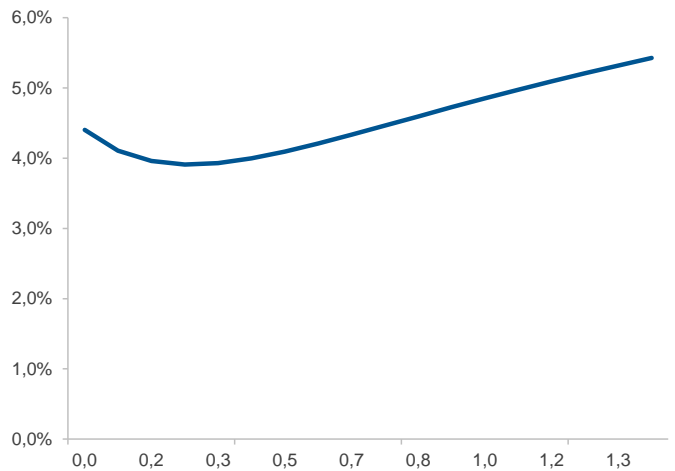
**Linkers' total return was around +119bps on average, driven by +119bps of inflation effect and a mixed clean price variation.**

Linkers' total return was around +119bps on average, driven by +119bps of inflation effect and a mixed clean price variation. Total returns in the front-end averaged +93bps, resulting from -27bps of clean price variation, +2bps of carry, and +118bps of inflation effect. The belly accumulated nearly +70bps of total return, on the back of +4bps of weekly carry, -52bps of clean price variation, and +118bps of inflation effect. Lastly, in the back-end, the total return was +192bps, resulting from +13bps of weekly carry, +119bps of inflation effect, and clean price variations of +60bps. In terms of the Duos, the total return closed at +202bps. In this context, the top-performers in the linkers space were (i) X20E3 in the front-end, with +167bps total return; (ii) TX28 in the belly, with +696bps total return; and (iii) PARP in the back-end, with +666bps. YTD, the inflation-linked space showed an overall positive return, being the inflation effect the main contributor. In that sense, MTD the inflation effect was around +652bps. Finally, the monthly inflation break-evens stand near 4.1% for the shortest tenors and converge towards 4.7% by end-2023.

Linkers Curve | YTM



Inflation Break-Even | Break-Evens



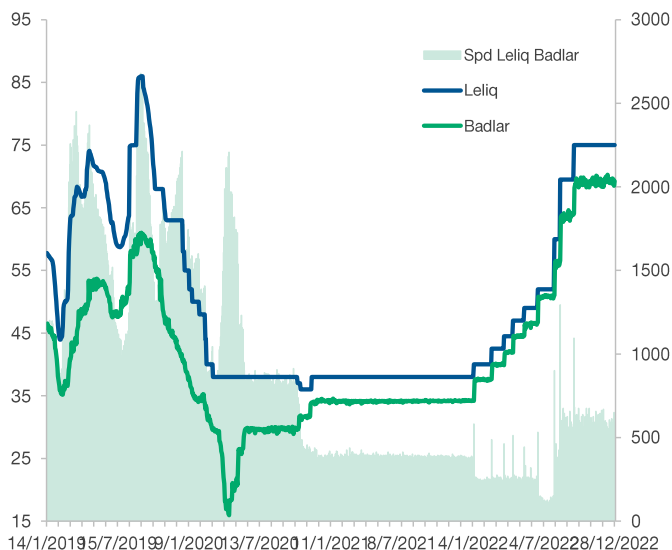
	30-dic.-22			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)
X20E3	0,0	33,7	181,5	0	48	119	167	0	-128	639	511	0	-147	8.310	8.163
X17F3	0,1	14,7	175,1	0	-113	117	4	0	-117	640	523	0	-172	7.688	7.516
X21A3	0,3	5,1	168,5	0	-13	118	105	0	1	647	648	0	-125	7.019	6.895
X19Y3	0,4	5,1	161,0	0	-2	119	116	0	48	650	698	0	-2.269	4.958	2.689
X16J3	0,4	5,9	126,8	0	13	119	132	0	82	652	735	0	-221	2.947	2.726
X18S3	0,7	6,3	116,3	0	12	119	131	0	86	653	739	0	-174	2.108	1.934
TC23	0,2	2,3	830,0	8	-16	118	110	33	40	652	725	393	-280	8.799	8.912
TX23	0,2	7,7	353,5	3	-63	118	58	12	-103	641	549	141	-90	8.745	8.796
T2X3	0,4	36,4	267,5	3	-1.549	100	-1.446	12	-1.500	551	-937	148	-1.656	7.388	5.881
TX24	1,2	11,0	320,5	3	24	119	146	14	116	655	785	155	-788	8.149	7.516
TC25	2,1	13,2	655,0	9	373	123	506	40	122	658	819	416	-1.539	7.722	6.598
T2X4	1,5	11,8	231,5	3	25	119	148	15	126	656	797	-	-	-	-
TX26	2,5	12,9	241,0	5	122	120	247	24	876	705	1.605	223	-1.657	7.453	6.019
TX28	3,1	12,2	233,0	6	565	125	696	28	968	712	1.707	262	-1.575	7.558	6.244
DICP	4,5	11,2	4900,0	14	-223	116	-93	65	731	699	1.495	598	-2.329	7.195	5.464
PARP	8,7	10,9	2150,0	8	532	125	666	35	573	686	1.295	348	-1.575	7.632	6.405
CUAP	9,9	11,3	2700,0	16	-128	117	5	64	-649	609	24	957	830	10.255	12.042
TDJ23	0,5	3,3	17850,0	0	80	120	200	0	-95	641	547	1	-21	3.442	3.422
TDL23	0,6	5,1	17650,0	0	39	119	158	0	-103	640	537	1	-568	3.253	2.686
TDS23	0,7	6,0	17500,0	0	264	122	386	0	-8	647	638	1	-933	3.127	2.195
TDF24	1,1	11,9	16150,0	0	-56	118	62	0	79	652	731	0	-2.577	1.593	-984

## Sub-Sovereign FRNs

**This week, the provincial floating rate curve had a mainly positive performance.**

This week, the provincial floating rate curve had a mainly positive performance. BDC28 with a total return of +175bps, with a change in clean price close to +86bps and a carry around +89bps. BDC24's total return was +143bps, where +56bps was in terms of clean price change and +86bps of carry. On the BUENOS side, the performance of the Buenos 25 had a total return of -47bps, given a change of the clean price of around -136bps and a carry of +89bps.

### Leliq & Badlar Rates | Rates



	30-dic.-22			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
BDC24 - BDC 3/29/24	0,8	91,3	102,0	86	56	143	385	143	528	6.460	841	7.301
BDC28 - BDC 2/22/28	1,2	100,4	103,8	89	86	175	395	149	544	-9.967	2	-9.964
PBA25 - BUENOS 4/12/25	0,9	84,6	105,5	89	-136	-47	411	360	771	6.157	-49	6.108

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