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Strategy - Argentina

January 9, 2023

Weekly Strategy Brief

Trade Book

New Trades

Trade	Trade Details	Rationale
EXD		
Buy GD41, Sell GD38	Entry Spread: GD38vsGD41 3c Target Spread: GD38vsGD41 2.25c	Opening Date: 09/01/23
		Although we believe that the ARGENT curve is currently expensive in absolute terms, we open this trade as we believe that between the old indenture bonds, the 41 is cheaper relative to the 38.

Open Trades

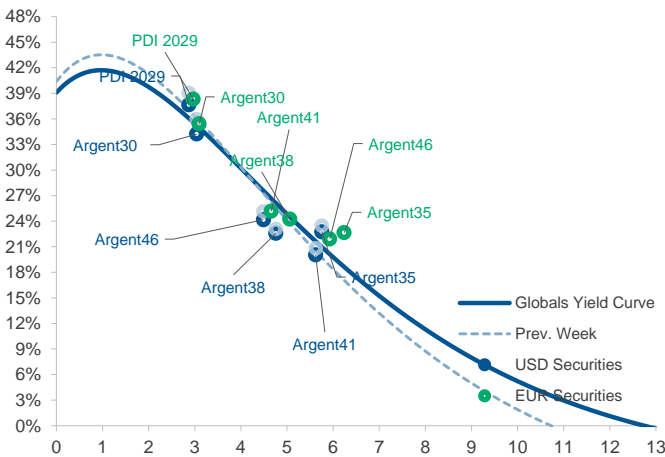
Trade	Trade Details	Rationale
LCD		
Buy TX26	Open PX: CER + 16.7% Current PX: CER + 12.9% Target PX: CER + 12%	Opening Date: 22/11/22 TR: +2,279bps
		We like this trade as the CB is intervening in the curve until TX24. Therefore, the spread between 24 and 26 reflects the CB's intervention. At CER + 16.7 and 67% parity we believe the recovery is attractive even in the case there is a credit event.
Buy TV24	Current PX: 15,350 Current PX: 15,225 Target PX: 15,600	Opening Date: 02/01/23 TR: -82bps
		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.

Global-Law Securities Curve

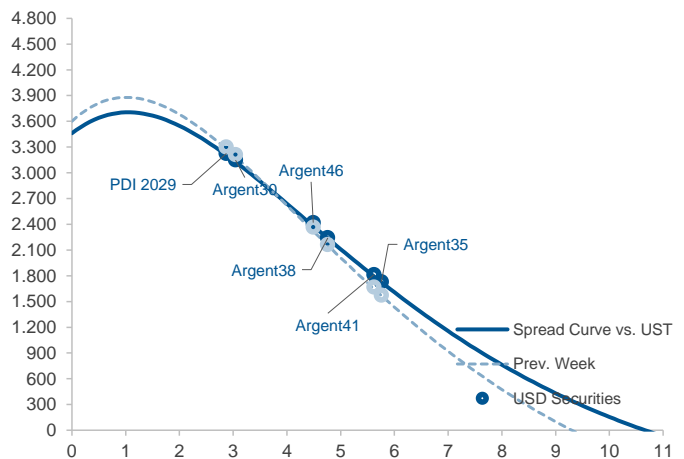
The global-law curve had a positive week with total returns ranging between +474 and +599bps. The old indenture reported total returns of +282bps for Argent38 and +493bps for Argent41. In the belly, Argent46 clocked in with a total return of +488bps. Finally, in the front-end, Argent30 ended the week with a performance of +599bps. In this context, the front-end is trading near 28.88c (+1.63c compared to last week), while the back-end is trading near 26.98c (+1.23c). The Argent30 vs. Argent35 spread increased to 1.9c (+0.4c), still below its historical average of 3.09c. 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—decreased to 4.6c (-0.63c) for Argent38—below its historical average of 4.94c—and dropped to 0.5c for Argent41 (-0.3c)—below its historical average of 1.78c.

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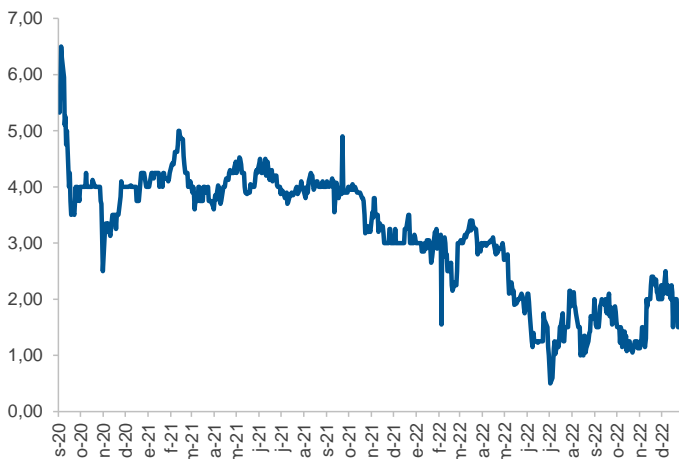
Globals Yield Curve | YTM



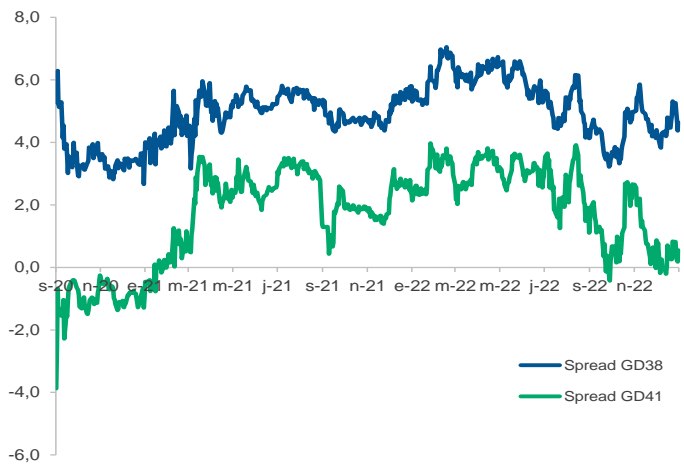
Spread Curve vs. UST | Spreads



GD30 vs. GD35 | Spreads



Indenture Spread GD38 & GD41 | Spreads



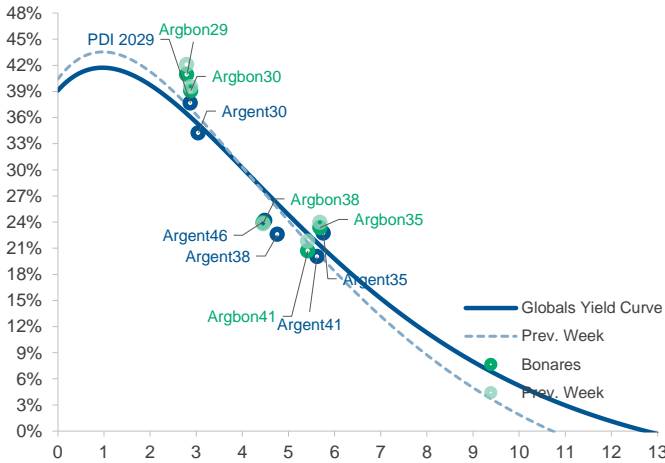
	6-ene.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029	2,9	37,7	28,00	6	467	474	-	-	-	6	467	474
Argent30	3,0	34,2	28,88	3	596	599	-	-	-	3	596	599
Argent38	4,8	22,6	33,13	10	271	282	-	-	-	10	271	282
Argent46	4,5	24,2	27,25	7	481	488	-	-	-	7	481	488
Argent41	5,6	20,0	30,13	14	478	493	-	-	-	14	478	493
Argent35	5,8	22,7	26,98	7	476	483	-	-	-	7	476	483

Local-Law Hard Currency Securities Curve

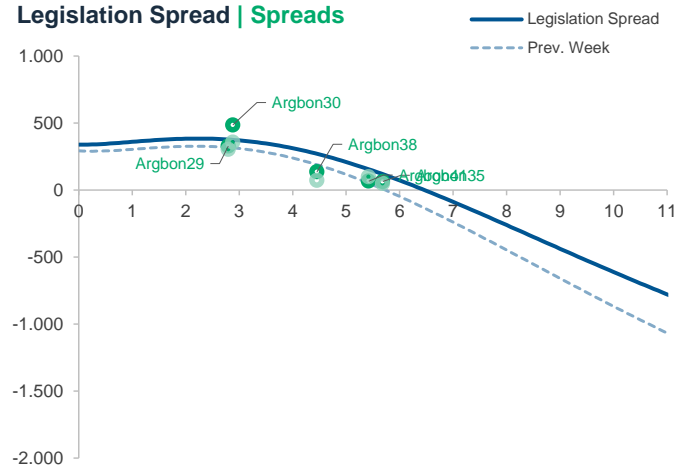
This week, total returns in the local-law curve were mainly positive ranging between -624 and +204bps.

This week, total returns in the local-law curve were mainly positive ranging between -624 and +204bps. Bonar38 and Bonar41 showed a total return of -624bps and +45bps, respectively. In the back-end, Bonar35 showed a total return of +99bps. Finally, in the front-end, the performance of the Bonar30 presented a total return of +102bps. In this context, the front-end is trading near 25c (+0.25c compared to the previous week), and the back-end is trading near 26c (+0.25c). The Bonar30 vs. Bonar35 spread closed at -1c (unchanged from last week) and is still below its historical average at 1.45c. Lastly, the legislation spread (Argent30 vs. Bonar30) increased to 3.88c (+1.38c) and is above its historical average of 2.88c.

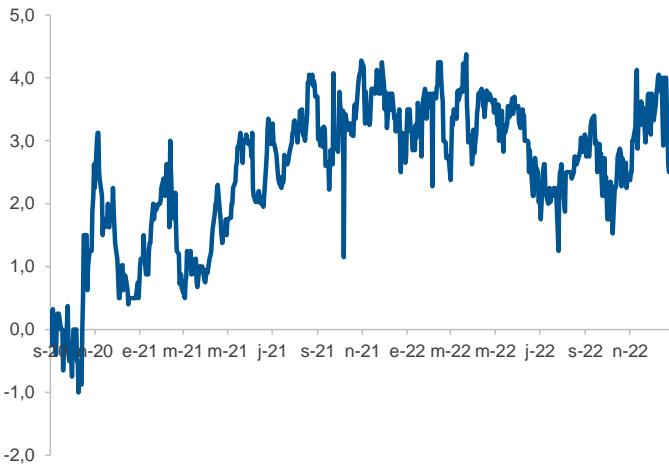
Globals Yield Curve | YTM



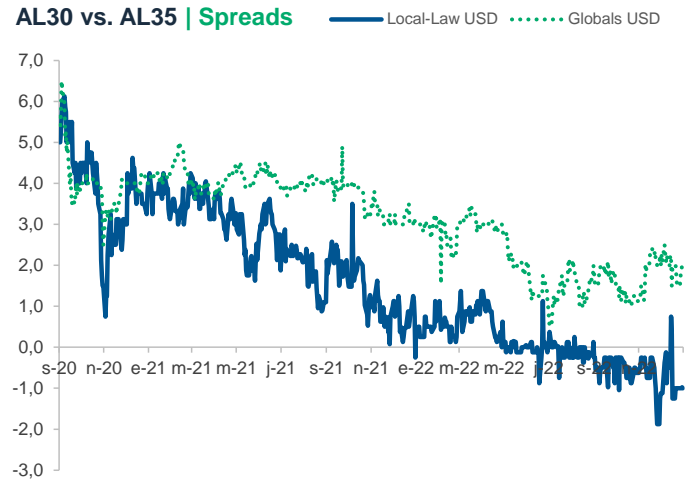
Legislation Spread | Spreads



GD30 vs. AL30 | Spreads



AL30 vs. AL35 | Spreads



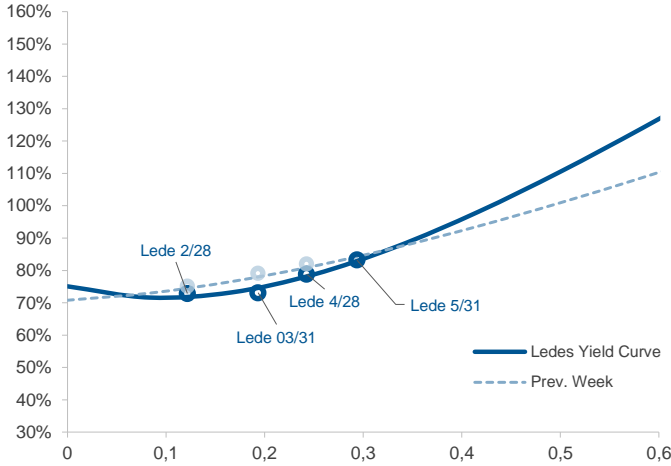
	6-ene.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029 AL	2,7	40,9	25,50	7	197	204	-	-	-	7	197	204
Argent30 AL	2,9	39,1	25,00	3	99	102	-	-	-	3	99	102
Argent38 AL	4,6	23,9	31,00	10	-634	-624	-	-	-	10	-634	-624
Argent41 AL	5,3	20,7	29,00	15	30	45	-	-	-	15	30	45
Argent35 AL	5,6	23,4	26,00	7	92	99	-	-	-	7	92	99

ARS Fixed-Rate Securities Curve

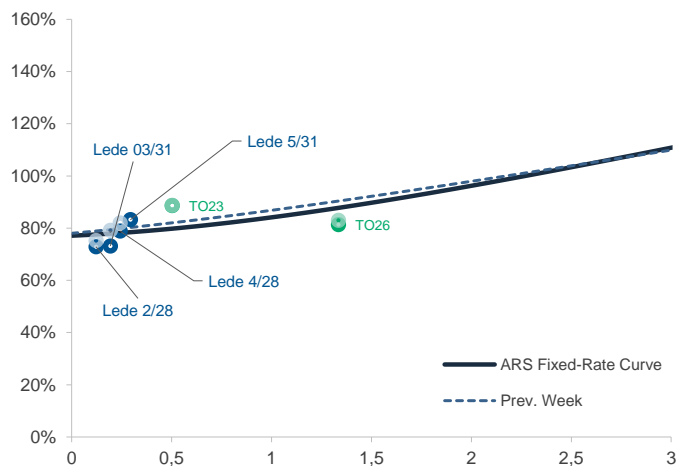
Total returns on Ledes were positive. On the Botes side, the total returns were mainly positive.

Total returns on Ledes were positive. On the Botes side, the total returns were mainly positive. In the case of Bote23, the total return was +157bps, given +115bps of clean price variation and +42bps of carry. Bote26's total return was 0bps given a change in the clean price of -106bps and a carry of +106bps. The Lede of March was the one reporting the highest total return at +239bps. If we look at the entire ARS space—including fixed-rate, dollar-linked, inflation-linked, and FRNs—we find that the Ledes reported the best performance on a weekly basis, with a total turn of +202bps.

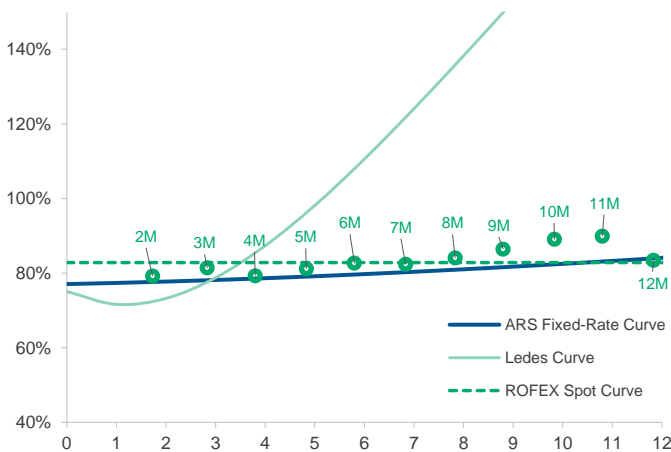
Ledes Yield Curve | YTM



ARS Fixed-Rate Curve | YTM



ROFEX vs. ARS Fixed-Rate Curve | YTM



	Retorno Total		
	Last Week	Last Month	YTD
S28A3	202	-	202
TV23	-98	-	-98
BADLAR	115	555	115

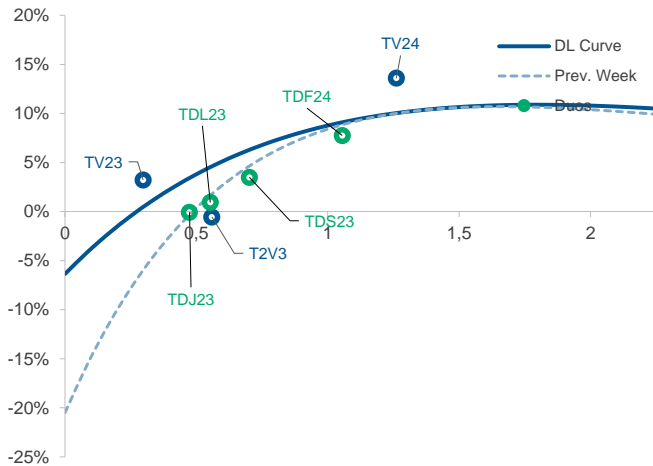
	6-ene.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
S28F3 - LEDE 02/28/23	0,1	72,9	91,0	-	145	145	-	-	-	-	145	145
S31M3 - LEDE 03/31/23	0,2	73,1	85,8	-	239	239	-	-	-	-	239	239
S28A3 - LEDE 04/28/23	0,2	78,8	80,9	-	202	202	-	-	-	-	202	202
S31Y3 - LEDE 05/31/23	0,3	83,2	75,6	-	-	-	-	-	-	-	-	-
TO23	0,5	88,6	68,0	42	115	157	-	-	-	42	115	157
TO26	1,4	84,0	27,5	106	-106	0	-	-	-	106	-106	0

Dollar-Linked Securities Curve

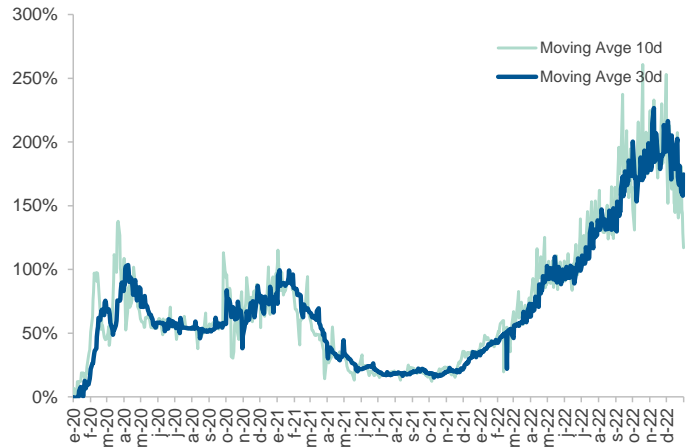
Bolis had a negative week, with total returns ranging between -98bps and +182bps.

Bolis had a negative week, with total returns ranging between -98bps and +182bps. The annualized official FX devaluation rate (10-day moving average) was 117%. In this context, Bolis accumulated +118bps of FX effect on average. The Boli23 due in April accumulated a clean price variation of -215bps, the Boli23 due in July +62bps, and finally, the Boli24 -199bps. In this context, the total return was, for the Boli23 due in April -98bps, for the Boli23 due in July +182bps, and for the Boli24 -82bps.

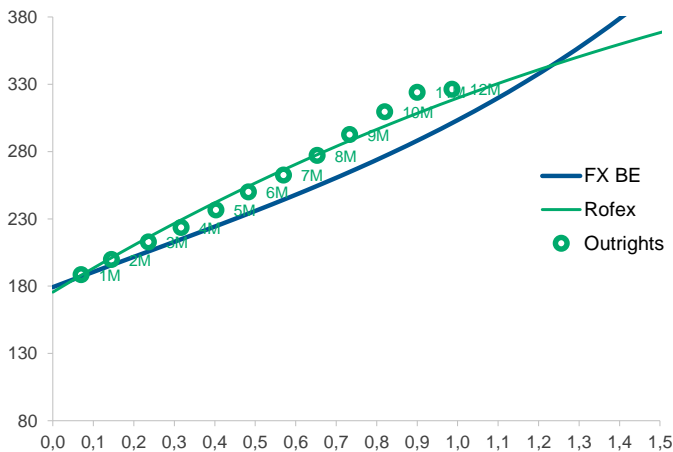
Dollar-Linked Curve | YTM



Official FX Dev. Rate Annualized | Moving Avc



Official FX & Rofex | Break-Evens & Outrights



	6-ene.-23			Pure CER Valuation		Implied Option Value	
	MD	YTM	PX (Conv.)	PX	YTM	BPS	USD (Official fixing)
TDJ23	0,5	5,1	17900,0	17754,8	6,7	161,9	1,1
TDL23	0,6	5,7	17800,0	17649,7	7,1	139,9	1,1
TDS23	0,7	8,1	17450,0	17442,5	8,0	-11,8	0,1
TDF24	1,1	11,5	16425,0	16655,3	9,9	-158,4	-1,6

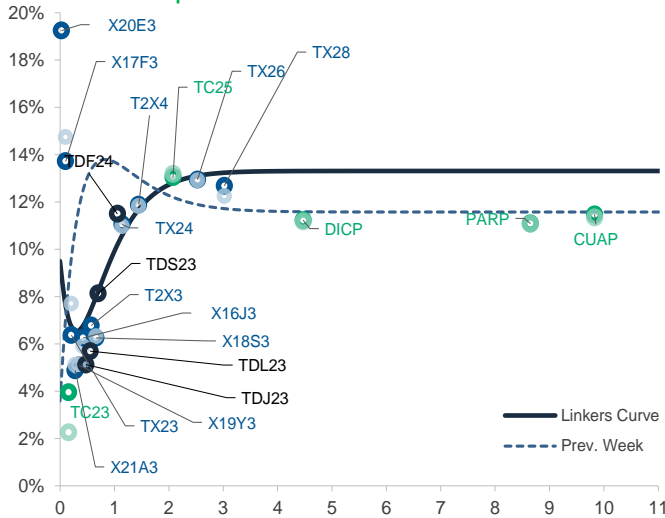
	6-ene.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)
TV23	0,3	3,2	17.675,0	0	-215	117	-98	-	-	-	-	0	-215	117	-98
T2V3	0,6	-0,6	17.920,0	0	62	120	182	-	-	-	-	0	62	120	182
TV24	1,26	13,6	15.225,0	1	-199	117	-82	-	-	-	-	1	-199	117	-82

Inflation-Linked Securities Curve

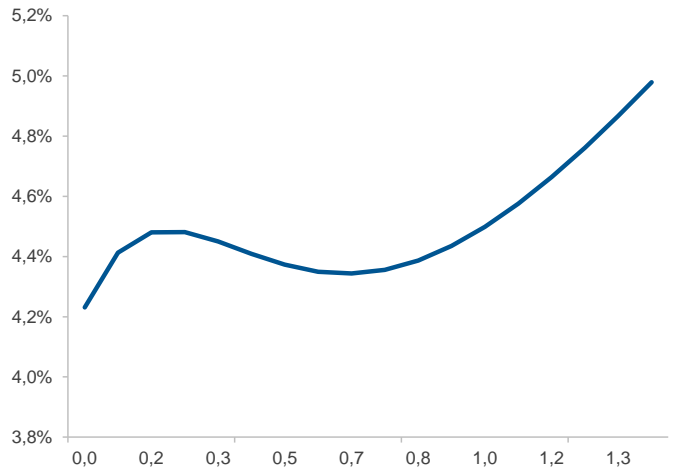
Linkers' total return was around +183bps on average, driven by +109bps of inflation effect and a mixed clean price variation.

Linkers' total return was around +183bps on average, driven by +109bps of inflation effect and a mixed clean price variation. Total returns in the front-end averaged +137bps, resulting from +27bps of clean price variation, +2bps of carry, and +109bps of inflation effect. The belly accumulated nearly +333bps of total return, on the back of +4bps of weekly carry, +219bps of clean price variation, and +111bps of inflation effect. Lastly, in the back-end, the total return was +34bps, resulting from +11bps of weekly carry, +108bps of inflation effect, and clean price variations of -86bps. In terms of the Duos, the total return closed at +64bps. In this context, the top-performers in the linkers space were (i) X20E3 in the front-end, with +167bps total return; (ii) T2X3 in the belly, with +1,933bps total return; and (iii) DICP in the back-end, with +102bps. Finally, the monthly inflation break-evens stand near 4.2% for the shortest tenors and converge towards 4.4% by end-2023.

Linkers Curve | YTM



Inflation Break-Even | Break-Evens



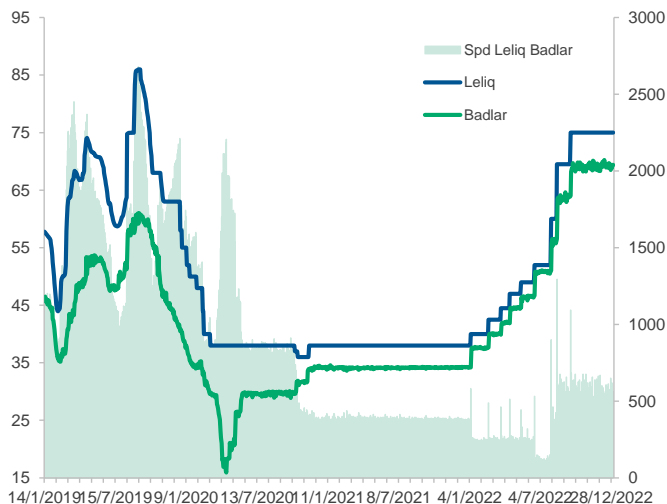
	6-ene.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)
X20E3	0,0	20,2	185,3	0	102	110	212	-	-	-	-	0	102	110	212
X17F3	0,1	14,2	177,6	0	34	109	143	-	-	-	-	0	34	109	143
X21A3	0,3	4,9	170,6	0	14	109	123	-	-	-	-	0	14	109	123
X19Y3	0,4	5,2	162,9	0	9	109	118	-	-	-	-	0	9	109	118
X16J3	0,4	6,4	128,0	0	-8	109	101	-	-	-	-	0	-8	109	101
X18S3	0,7	6,4	117,6	0	10	109	118	-	-	-	-	0	10	109	118
TC23	0,2	4,0	836,5	7	-37	108	78	-	-	-	-	7	-37	108	78
TX23	0,2	6,4	358,8	2	37	109	149	-	-	-	-	2	37	109	149
T2X3	0,6	6,8	318,9	3	1.802	128	1.933	-	-	-	-	3	1.802	128	1.933
TX24	1,1	11,1	324,3	3	5	109	117	-	-	-	-	3	5	109	117
TC25	2,1	13,1	665,0	8	36	109	153	-	-	-	-	8	36	109	153
T2X4	1,4	11,9	234,3	3	7	109	119	-	-	-	-	3	7	109	119
TX26	2,5	12,9	244,0	5	11	109	125	-	-	-	-	5	11	109	125
TX28	3,0	12,7	233,0	5	-113	107	0	-	-	-	-	5	-113	107	0
DICP	4,5	11,2	4950,0	13	-19	109	102	-	-	-	-	13	-19	109	102
PARP	8,7	11,1	2150,0	7	-116	107	-1	-	-	-	-	7	-116	107	-1
CUAP	9,8	11,5	2700,0	14	-122	107	0	-	-	-	-	14	-122	107	0
TDJ23	0,5	5,1	17900,0	0	-80	108	28	-	-	-	-	1	-80	108	29
TDL23	0,6	5,7	17800,0	0	-23	108	85	-	-	-	-	1	-23	108	86
TDS23	0,7	8,1	17450,0	0	-136	107	-29	-	-	-	-	1	-136	107	-28
TDF24	1,1	11,5	16425,0	0	61	109	170	-	-	-	-	1	61	109	171

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 +120bps, with a change in clean price close to -15bps and a carry around +135bps. BDC24's total return was +123bps, where -14bps was in terms of clean price change and +136bps of carry. On the BUENOS side, the performance of the Buenos 25 had a total return of +95bps, given a change of the clean price of around -38bps and a carry of +133bps.

Leliq & Badlar Rates | Rates



	6-ene.-23			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)
BDC24 - BDC 3/29/24	0,8	89,8	103,3	136	-14	123	-	-	-	136	-14	123
BDC28 - BDC 2/22/28	1,2	100,5	105,0	135	-15	120	-	-	-	135	-15	120
PBA25 - BUENOS 4/12/25	0,8	84,8	106,5	133	-38	95	-	-	-	133	-38	95

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