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Strategy - Argentina

January 16, 2023

Weekly Strategy Brief

Trade Book

New Trades

Trade	Trade Details	Rationale
LCD		
Buy X17F3	Open PX: 179.6 Target PX: 182.2	Opening Date: 16/01/23
		We open this trade betting on holding to maturity or on the government offering something superior to what it has offered in the exchange.

Closed Trades

Trade	Trade Details	Rationale
LCD		
Buy TX26	Open PX: CER + 16.7% Current PX: CER + 13.4%	Opening Date: 22/11/22 TR: +2,305bps
		We close this trade as we consider that the proposed target has been reached.

Open Trades

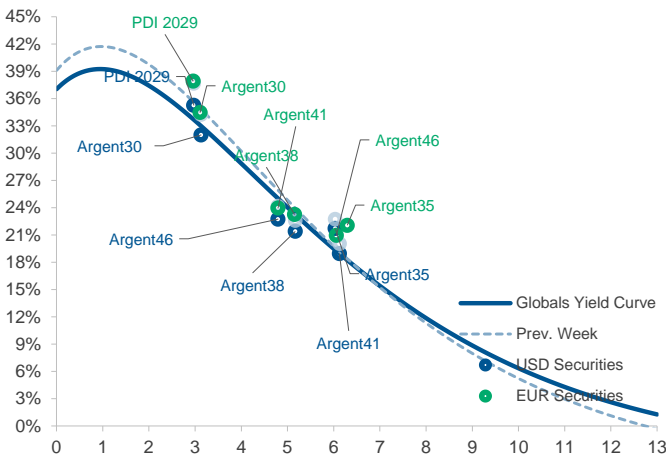
Trade	Trade Details	Rationale
EXD		
Buy GD41, Sell GD38	Entry Spread: 3c Current Spread: 3c Target Spread: 2.25c	Opening Date: 09/01/23 TR: -433bps +487bps
		Although we believe that the ARGENT curve is currently expensive in absolute terms, we open this trade as we believe that between the old indenture bonds, the 41 is cheaper relative to the 38.
LCD		
Buy TV24	Current PX: 15,350 Current PX: 15,400 Target PX: 16,280	Opening Date: 02/01/23 TR: +32bps
		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. We updated the target to 16,280 from 15,600.

Global-Law Securities Curve

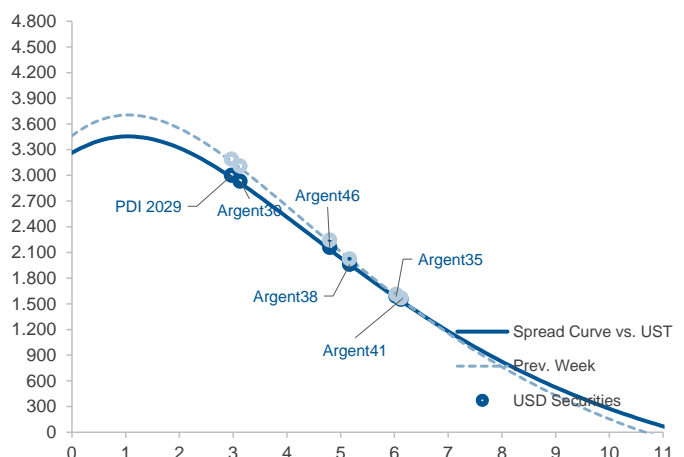
The global-law curve had a positive week with total returns ranging between +659 and +810bps. The old indenture reported total returns of +659bps for Argent38 and +724bps for Argent41. In the belly, Argent46 clocked in with a total return of +743bps. In the back-end, Argent35 accumulated +676bps of total return. Finally, in the front-end, Argent30 ended the week with a performance of +782bps. In this context, the front-end is trading near 31.13c (+2.26c compared to last week), while the back-end is trading near 28.78c (+1.81c). The Argent30 vs. Argent35 spread increased to 2.35c (+0.45c), still below its historical average of 3.08c. 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 5c (+0.32c) for Argent38—above its historical average of 4.94c—and increased to 1.1c for Argent41 (+0.62c)—below its historical average of 1.78c.

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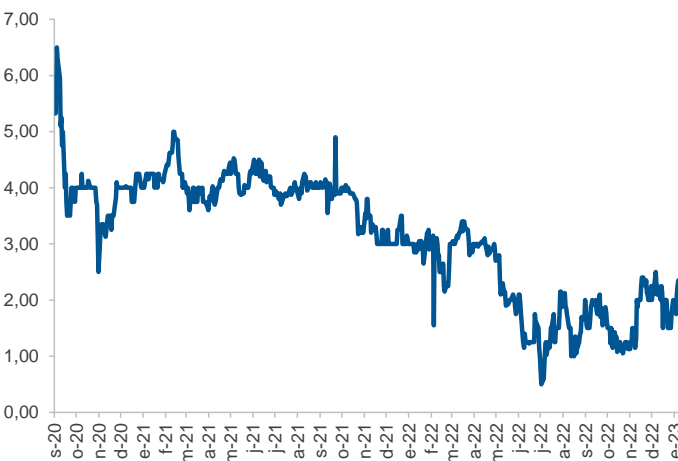
Globals Yield Curve | YTM



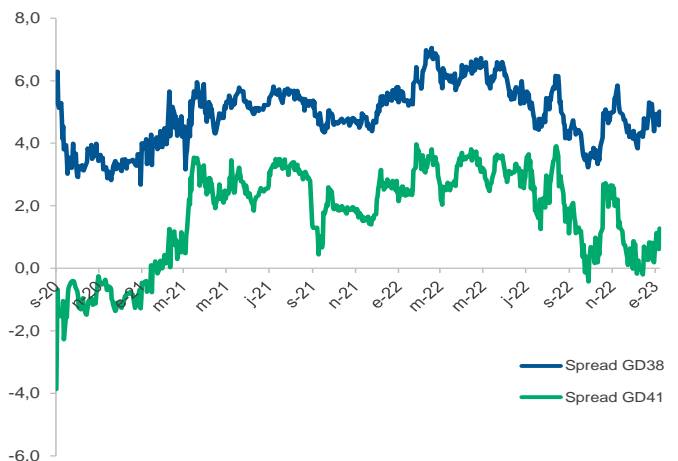
Spread Curve vs. UST | Spreads



GD30 vs. GD35 | Spreads



Indenture Spread GD38 & GD41 | Spreads



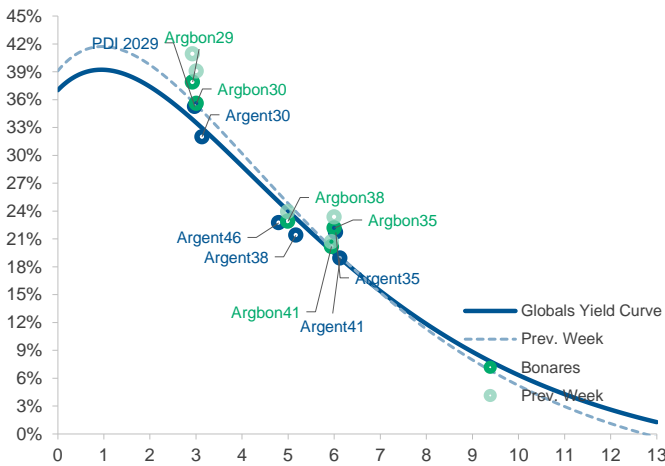
	13-ene.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029	3,0	35,3	30,25	7	803	810	-	-	-	13	1.308	1.322
Argent30	3,1	32,0	31,13	3	779	782	-	-	-	7	1.422	1.429
Argent38	5,2	21,4	35,25	18	641	659	-	-	-	29	930	959
Argent46	4,8	22,7	29,25	10	733	743	-	-	-	17	1.250	1.267
Argent41	6,1	18,9	32,25	20	704	724	-	-	-	35	1.217	1.253
Argent35	6,0	21,7	28,78	10	667	676	-	-	-	17	1.175	1.192

Local-Law Hard Currency Securities Curve

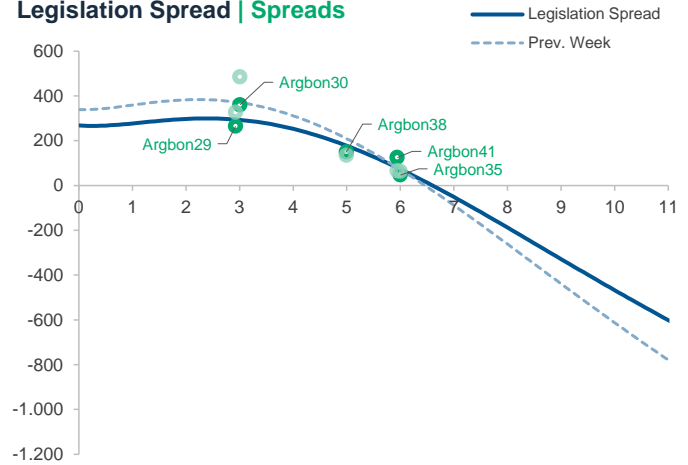
This week, total returns in the local-law curve were positive ranging between +809 and +1,262bps.

This week, total returns in the local-law curve were positive ranging between +809 and +1,262bps. Bonar38 and Bonar41 showed a total return of +915bps and +809bps, respectively. In the back-end, Bonar35 showed a total return of +1,006bps. Finally, in the front-end, the performance of the Bonar30 presented a total return of +1,262bps. In this context, the front-end is trading near 27.88c (+2.88c compared to the previous week), and the back-end is trading near 28c (+2c). The Bonar30 vs. Bonar35 spread closed at -0.125c (+0.875c) and is still below its historical average at 1.43c. Lastly, the legislation spread (Argent30 vs. Bonar30) decreased to 3.25c (-0.63c) and is above its historical average of 2.6c.

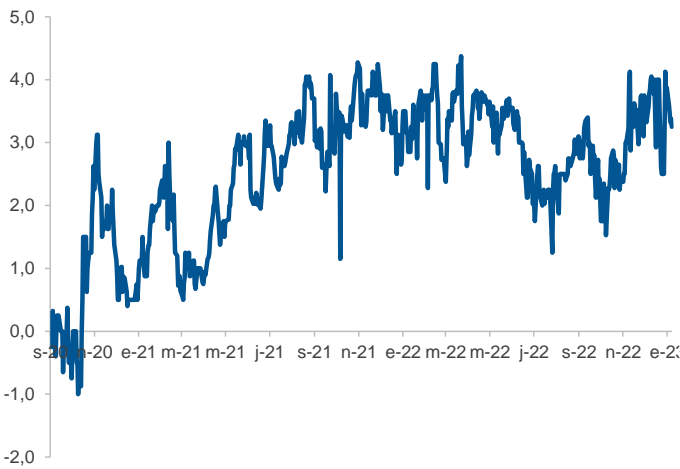
Globals Yield Curve | YTM



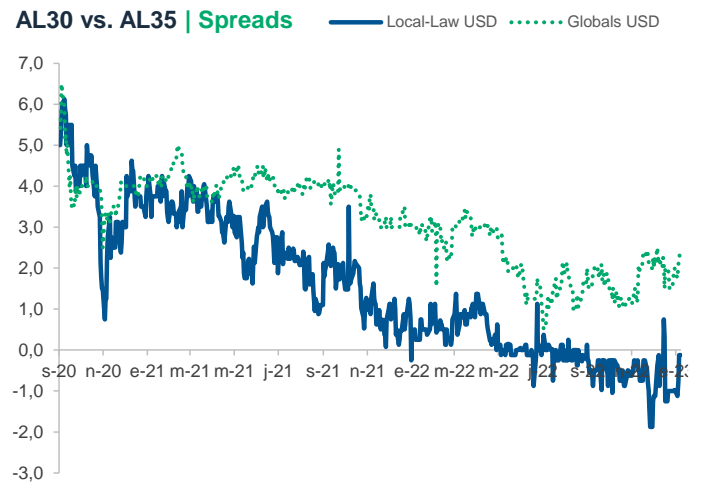
Legislation Spread | Spreads



GD30 vs. AL30 | Spreads



AL30 vs. AL35 | Spreads



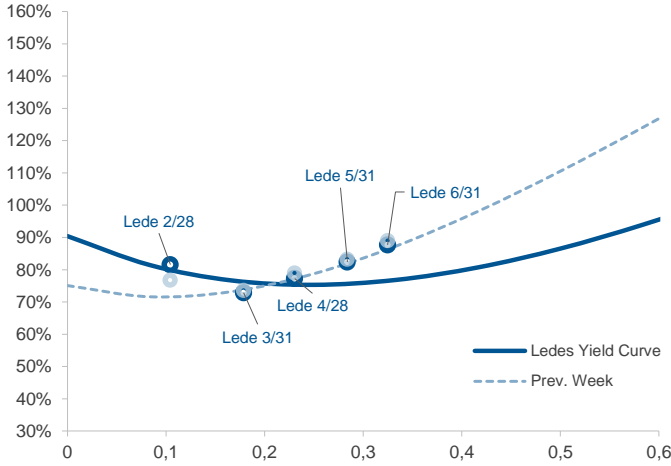
	13-ene.-23			Última Semana			Último Mes			Acumulado del Año		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029 AL	2,9	37,9	28,00	8	1.191	1.199	-	-	-	15	1.412	1.427
Argent30 AL	3,0	35,6	27,88	4	1.258	1.262	-	-	-	7	1.369	1.377
Argent38 AL	5,0	22,9	32,75	20	895	915	-	-	-	29	205	234
Argent41 AL	5,9	20,2	30,00	21	788	809	-	-	-	37	821	858
Argent35 AL	6,0	22,2	28,00	10	996	1.006	-	-	-	18	1.098	1.115

ARS Fixed-Rate Securities Curve

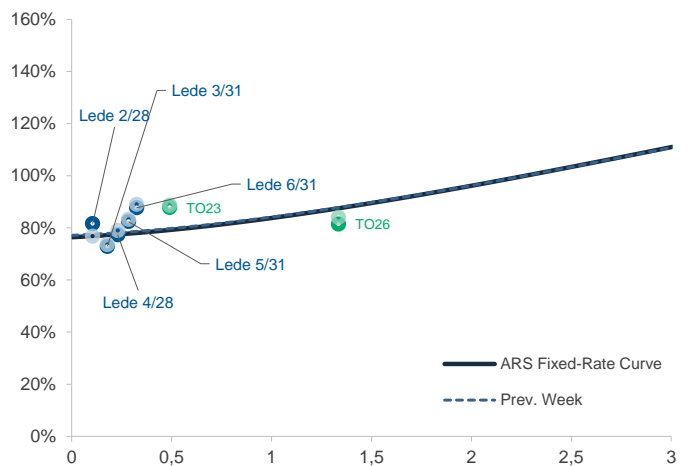
Both in the Ledes and Botes space, total return was positive.

Both in the Ledes and Botes space, total return was positive. In the case of Bote23, the total return was +193bps, given +145bps of clean price variation and +48bps of carry. Bote26's total return was 411bps given a change in the clean price of +287bps and a carry of +124bps. The Lede of May was the one reporting the highest total return at +171bps. 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 +269bps.

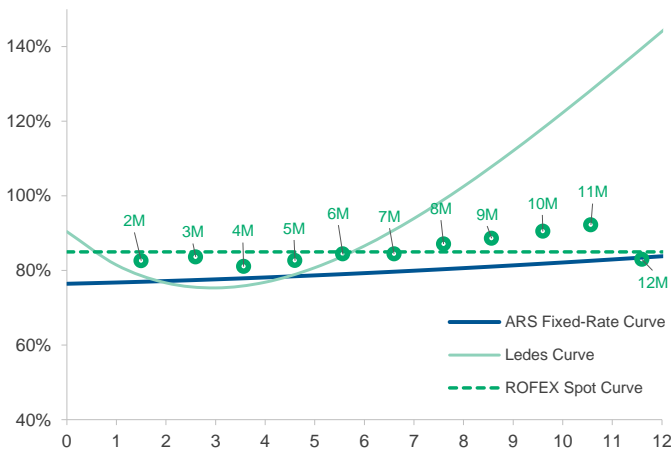
Ledes Yield Curve | YTM



ARS Fixed-Rate Curve | YTM



ROFEX vs. ARS Fixed-Rate Curve | YTM



	Total Return		
	Last Week	Last Month	YTD
S28A3	163	-	368
TV23	269	-	168
BADLAR	134	555	249

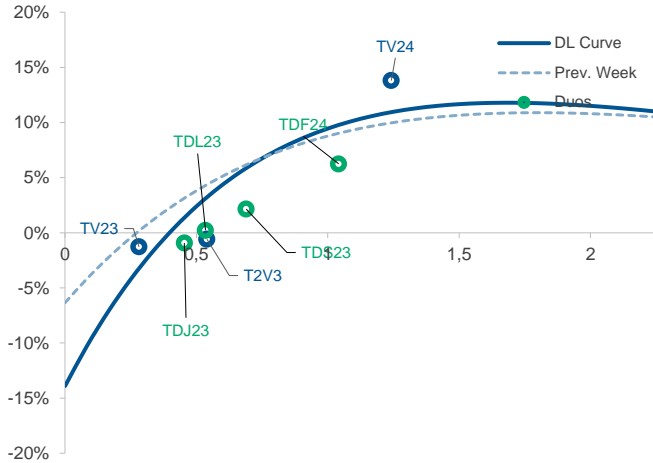
	13-ene.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
S28F3 - LEDE 02/28/23	0,1	81,6	91,5	-	86	86	-	-	-	-	381	381
S31M3 - LEDE 03/31/23	0,2	72,9	87,0	-	134	134	-	-	-	-	376	376
S28A3 - LEDE 04/28/23	0,2	77,3	82,2	-	163	163	-	-	-	-	368	368
S31Y3 - LEDE 05/31/23	0,3	82,4	76,8	-	171	171	-	-	-	-	232	232
S30J3 - LEDE 06/30/23	0,3	87,7	71,6	-	169	169	-	-	-	-	169	169
TO23	0,5	87,8	69,3	48	145	193	-	-	-	91	262	353
TO26	1,3	82,3	28,5	124	287	411	-	-	-	230	181	411

Dollar-Linked Securities Curve

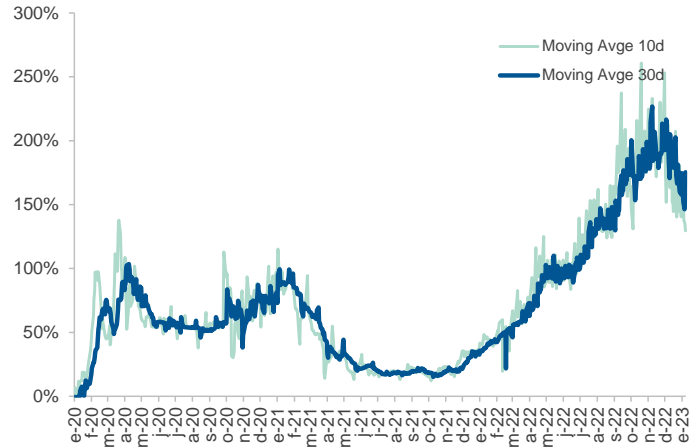
Bolis had a positive week, with total returns ranging between +114bps and +269bps.

Bolis had a positive week, with total returns ranging between +114bps and +269bps. The annualized official FX devaluation rate (10-day moving average) was 129.5%. In this context, Bolis accumulated +114bps of FX effect on average. The Boli23 due in April accumulated a clean price variation of +153bps, the Boli23 due in July +1bps, and finally, the Boli24 0bps. In this context, the total return was, for the Boli23 due in April +269bps, for the Boli23 due in July +114bps, and for the Boli24 +115bps.

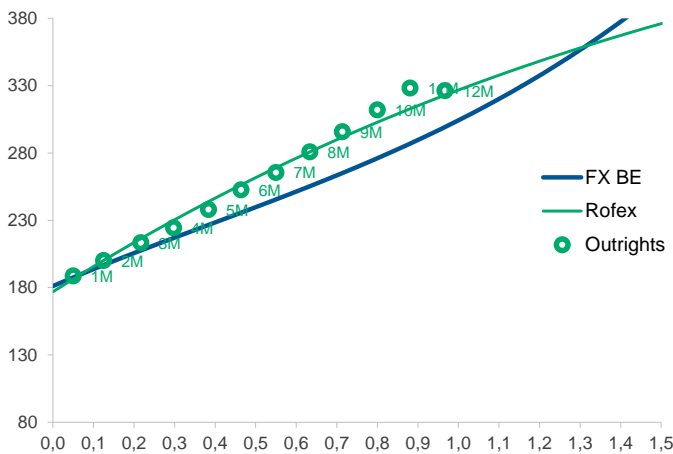
Dollar-Linked Curve | YTM



Official FX Dev. Rate Annualized | Moving Ave



Official FX & Rofex | Break-Evens & Outrights



	13-ene.-23			Pure CER Valuation		Implied Option Value	
	MD	YTM	PX (Conv.)	PX	YTM	BPS	USD (Official fixing)
TDJ23	0,5	4,3	18175,0	18024,0	6,1	175,4	1,1
TDL23	0,5	5,0	18075,0	17890,7	6,8	180,3	1,4
TDS23	0,7	6,8	17825,0	17646,4	8,1	133,7	1,3
TDF24	1,0	10,0	16900,0	16842,8	10,1	8,8	0,4

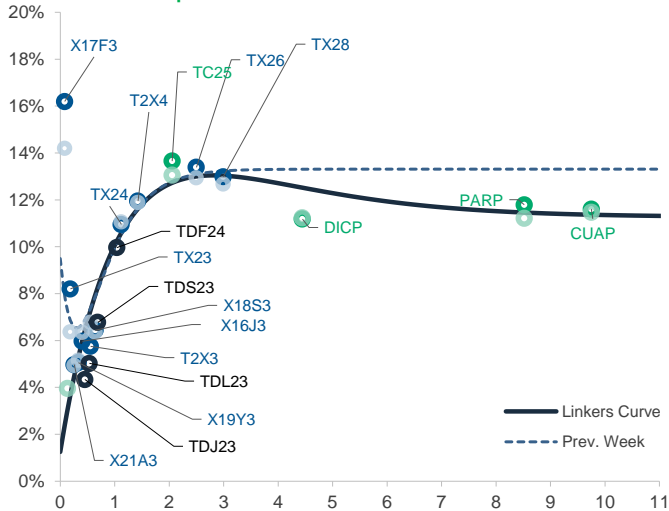
	13-ene.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)
TV23	0,3	-1,3	18.150,0	1	153	115	269	-	-	-	-	1	-66	233	168
T2V3	0,5	-0,6	18.125,0	0	1	114	114	-	-	-	-	0	62	236	298
TV24	1,24	13,8	15.400,0	1	0	114	115	-	-	-	-	2	-199	230	32

Inflation-Linked Securities Curve

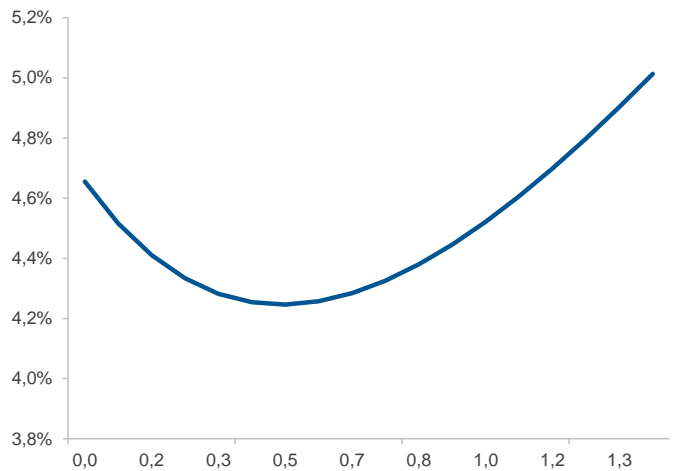
Linkers' total return was around +93bps on average, driven by +108bps of inflation effect and a mixed clean price variation.

Linkers' total return was around +93bps on average, driven by +108bps of inflation effect and a mixed clean price variation. Total returns in the front-end averaged +119bps, resulting from +9bps of clean price variation, +2bps of carry, and +109bps of inflation effect. The belly accumulated nearly +93bps of total return, on the back of +4bps of weekly carry, -20bps of clean price variation, and +108bps of inflation effect. Lastly, in the back-end, the total return was -104bps, resulting from +13bps of weekly carry, +106bps of inflation effect, and clean price variations of -226bps. In terms of the Duos, the total return closed at +203bps. In this context, the top-performers in the linkers space were (i) TC23 in the front-end, with +168bps total return; (ii) T2X3 in the belly, with +177bps total return; and (iii) DICP in the back-end, with +152bps. Finally, the monthly inflation break-evens stand near 4.6% for the shortest tenors and converge towards 4.4% by end-2023.

Linkers Curve | YTM



Inflation Break-Even | Break-Evens



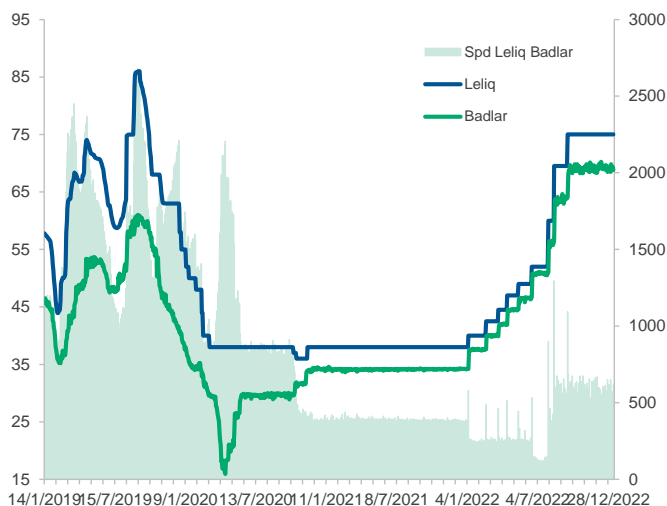
	13-ene.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)
X20E3	0,0	61,7	187,4	0	5	109	113	-	-	-	-	0	107	221	328
X17F3	0,1	16,9	179,6	0	5	109	114	-	-	-	-	0	39	219	258
X21A3	0,3	5,0	172,6	0	7	109	116	-	-	-	-	0	21	219	240
X19Y3	0,3	5,1	164,9	0	11	109	120	-	-	-	-	0	20	219	239
X16J3	0,4	6,1	129,7	0	24	109	133	-	-	-	-	0	16	219	235
X18S3	0,6	6,5	118,9	0	0	109	108	-	-	-	-	0	9	219	228
TC23	0,1	-0,3	850,5	8	51	109	168	-	-	-	-	14	14	219	247
TX23	0,2	8,2	361,8	3	-28	108	84	-	-	-	-	5	10	219	233
T2X3	0,6	5,8	324,5	3	65	109	177	-	-	-	-	6	1.878	260	2.144
TX24	1,1	11,0	328,8	3	27	109	139	-	-	-	-	6	32	219	258
TC25	2,1	13,7	665,0	9	-118	107	-1	-	-	-	-	18	-82	217	152
T2X4	1,4	11,9	237,1	4	11	109	123	-	-	-	-	7	18	219	243
TX26	2,5	13,4	244,5	5	-93	108	20	-	-	-	-	10	-81	217	145
TX28	3,0	13,0	234,0	6	-71	108	43	-	-	-	-	11	-184	215	42
DICP	4,4	11,2	5025,0	15	28	109	152	-	-	-	-	27	9	219	255
PARP	8,5	11,8	2050,0	8	-582	102	-471	-	-	-	-	15	-691	204	-472
CUAP	9,8	11,6	2700,0	17	-124	107	0	-	-	-	-	30	-244	214	0
TDJ23	0,5	4,3	18175,0	0	45	109	154	-	-	-	-	1	-36	218	183
TDL23	0,5	5,0	18075,0	0	45	109	154	-	-	-	-	1	22	219	241
TDS23	0,7	6,8	17825,0	0	105	110	215	-	-	-	-	1	-32	218	186
TDF24	1,0	10,0	16900,0	0	179	111	289	-	-	-	-	1	241	224	465

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 +238bps, with a change in clean price close to +104bps and a carry around +134bps. BDC24's total return was +133bps, where -2bps was in terms of clean price change and +135bps of carry. On the BUENOS side, the performance of the Buenos 25 had a total return of -1,281bps, given a change of the clean price of around -1,413bps and a carry of +132bps.

Leliq & Badlar Rates | Rates



	13-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	0,7	91,7	104,6	135	-2	133	-	-	-	274	-16	257
BDC28 - BDC 2/22/28	1,2	99,7	107,5	134	104	238	-	-	-	271	91	361
PBA25 - BUENOS 4/12/25	1,0	88,2	90,3	132	-1.413	-1.281	-	-	-	266	-1.465	-1.199

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