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Strategy - Argentina

January 30, 2023

Weekly Strategy Brief

Trade Book

New Trades

Trade	Trade Details		Rationale
EXD			
Buy 37As, Sell GD30	Open Spread: 3.9c Target Spread: 7.5c	Opening Date: 30/01/23	Despite the credit risk, we believe that following the repurchase announcement, the GD30 currently trades rich compared to the Buenos 37 As.

Open Trades

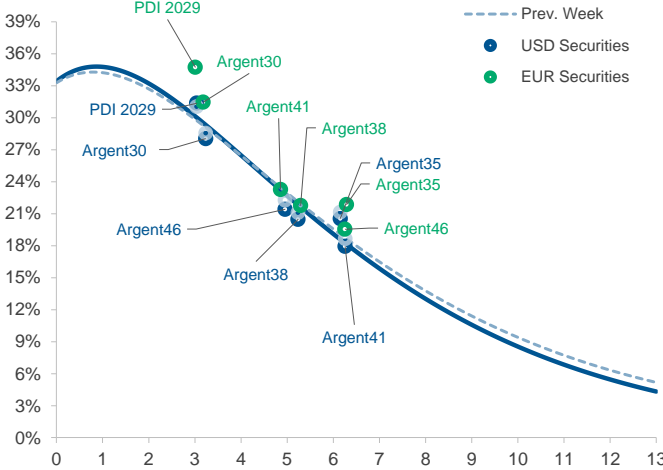
Trade	Trade Details		Rationale
EXD			
Buy GD35, Sell GD30	Open Spread: 5c Current Spread: 4.55c Target Spread: 3c	Opening Date: 23/01/23 TR: -86bps +202bps	We believe that following the repurchase announcement the GD30 currently trades rich compared to the GD35.
LCD			
Buy TV24	Open PX: 15,350 Current PX: 16,050 Target PX: 16,243	Opening Date: 02/01/23 TR: +456bps	We maintain 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.
Buy X17F3	Open PX: 179.6 Current PX: 184.9 Target PX: 186.1	Opening Date: 16/01/23 TR: +244bps	We are betting on holding to maturity or on the government offering something superior to what it has offered in the exchange.

Global-Law Securities Curve

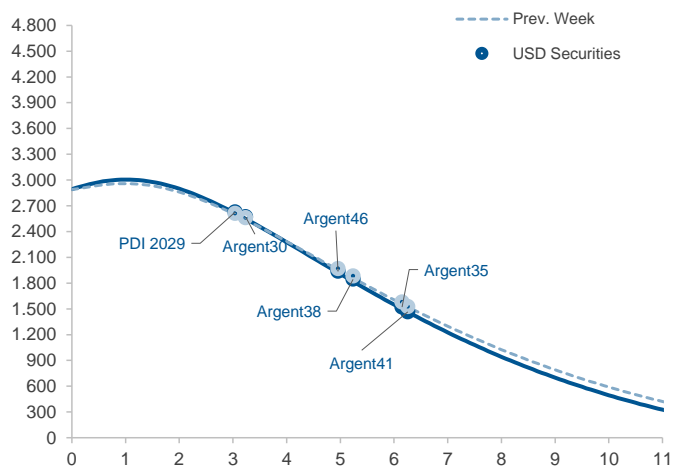
The global-law curve had a positive week with total returns ranging between -52 and +482bps. The old indenture reported total returns of +361bps for Argent38 and +482bps for Argent41. In the belly, Argent46 clocked in with a total return of +459bps. In the back-end, Argent35 accumulated +402bps of total return. Finally, in the front-end, Argent30 ended the week with a performance of +211bps. In this context, the front-end is trading near 35.6c (+0.73c compared to last week), while the back-end is trading near 31.05c (+1.18c). The Argent30 vs. Argent35 spread decreased to 4.55c (-0.45c), now above 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 3.6c (+0.08c) for Argent38—below its historical average of 4.92c—and increased to -0.4c for Argent41 (+0.64c)—below its historical average of 1.74c.

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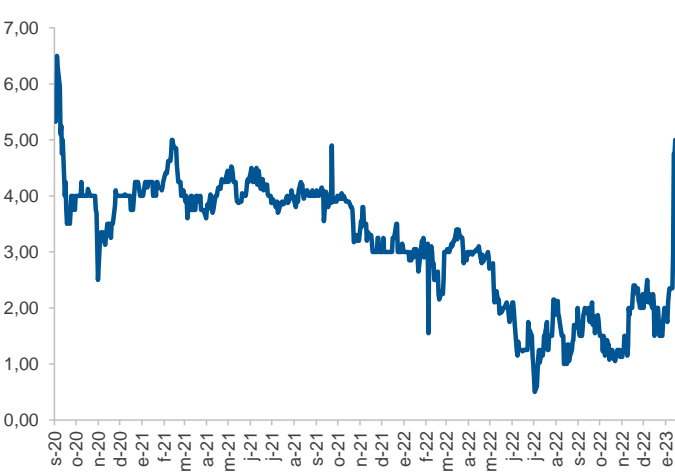
Globals Yield Curve | YTM



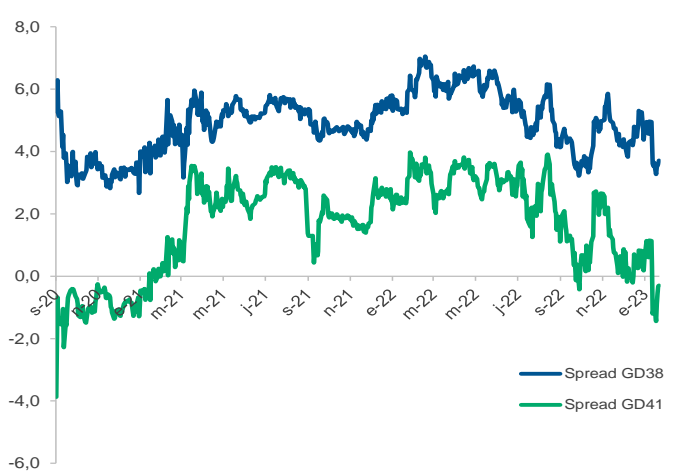
Spread Curve vs. UST | Spreads



GD30 vs. GD35 | Spreads



Indenture Spread GD38 & GD41 | Spreads



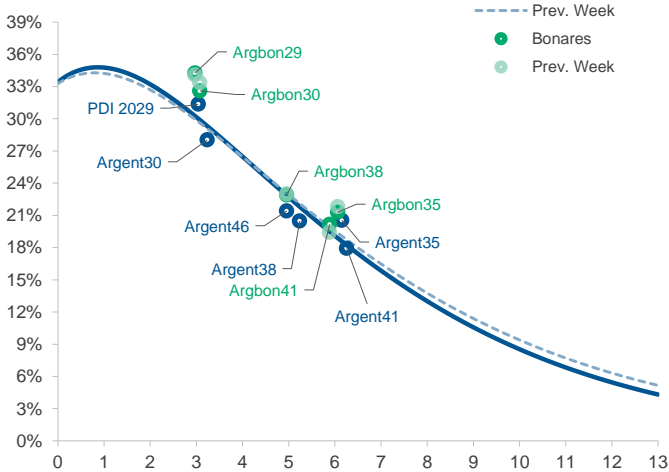
	27-ene.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029	3,0	31,4	34,30	6	-58	-52	-	-	-	28	2.822	2.850
Argent30	3,2	28,0	35,60	3	208	211	-	-	-	14	3.064	3.078
Argent38	5,2	20,5	37,10	21	340	361	-	-	-	76	1.504	1.579
Argent46	5,0	21,4	31,35	10	449	459	-	-	-	40	2.058	2.097
Argent41	6,3	17,9	34,40	21	461	482	-	-	-	83	1.965	2.048
Argent35	6,2	20,5	31,05	10	392	402	-	-	-	40	2.058	2.098

Local-Law Hard Currency Securities Curve

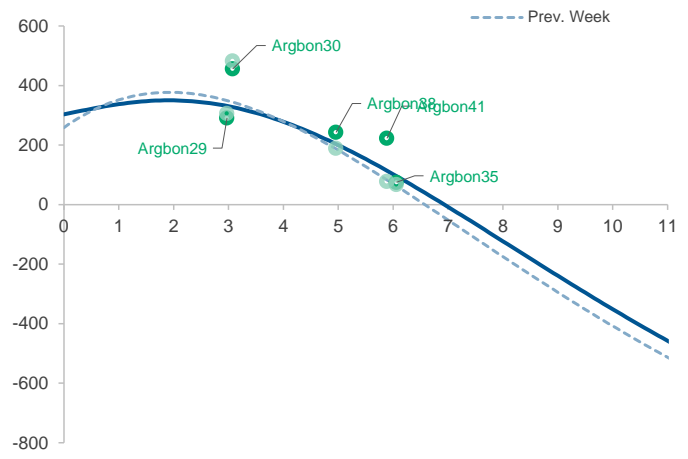
This week, total returns in the local-law curve were mainly positive ranging between -396 and +347bps.

This week, total returns in the local-law curve were mainly positive ranging between -396 and +347bps. Bonar38 and Bonar41 showed a total return of +76bps and -396bps, respectively. In the back-end, Bonar35 showed a total return of +347bps. Finally, in the front-end, the performance of the Bonar30 presented a total return of +292bps. In this context, the front-end is trading near 30.88c (+0.88c compared to the previous week), and the back-end is trading near 29.75c (+1c). The Bonar30 vs. Bonar35 spread closed at +1.125c (-0.125c) and is still below its historical average at 1.42c. Lastly, the legislation spread (Argent30 vs. Bonar30) decreased to 4.73c (-0.15c) and is above its historical average of 2.63c.

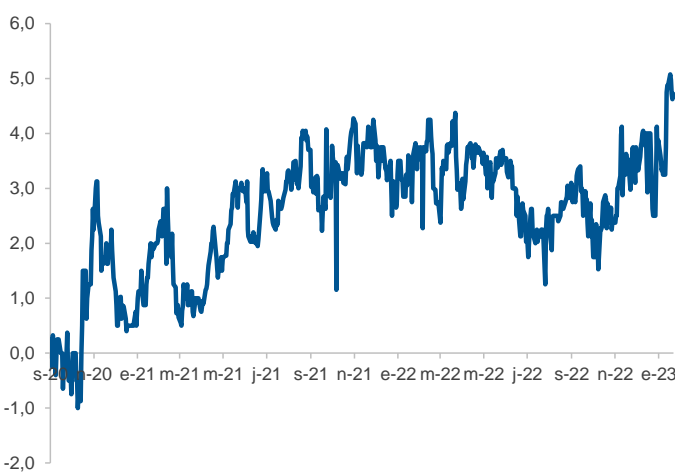
Globals Yield Curve | YTM



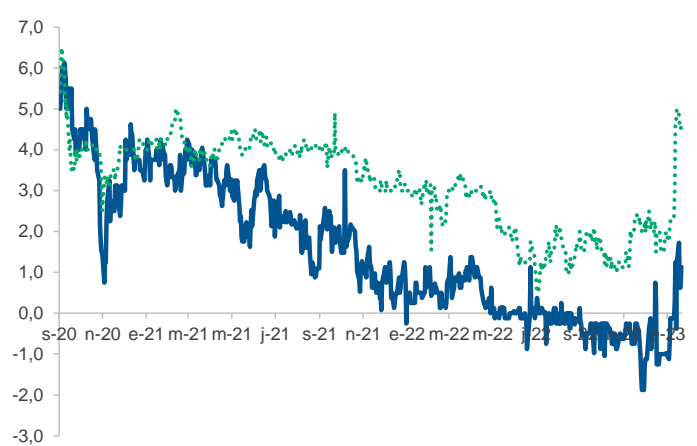
Legislation Spread | Spreads



GD30 vs. AL30 | Spreads



AL30 vs. AL35 | Spreads



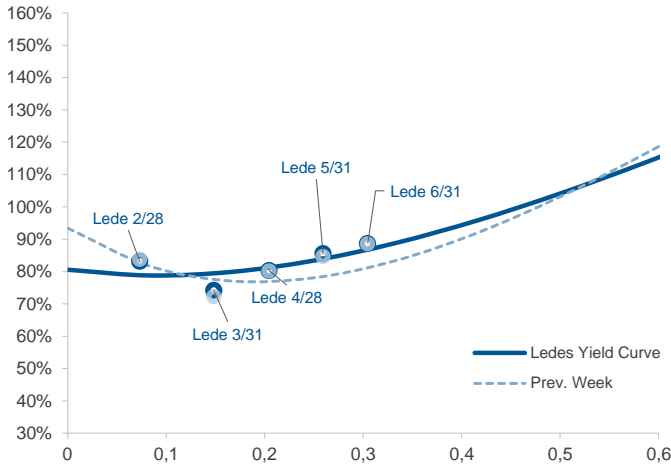
	27-ene.-23			Última Semana			Último Mes			Acumulado del Año		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029 AL	3,0	34,3	31,50	6	-6	0	-	-	-	31	2.824	2.854
Argent30 AL	3,1	32,6	30,88	3	288	292	-	-	-	15	2.585	2.601
Argent38 AL	5,0	22,9	33,00	23	53	76	-	-	-	76	236	312
Argent41 AL	5,9	20,2	30,25	22	-418	-396	-	-	-	86	862	948
Argent35 AL	6,1	21,3	29,75	10	337	347	-	-	-	41	1.768	1.809

ARS Fixed-Rate Securities Curve

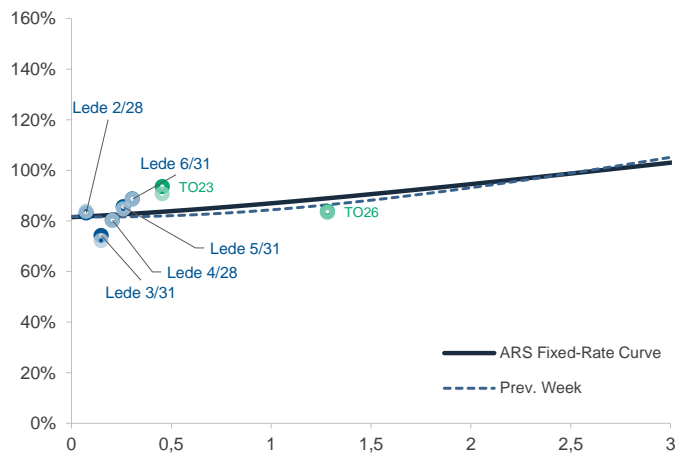
The performance on the Ledes was positive, reporting an average total return of 109bps. For the Botes, the total return was zero. In the case of Bote23, the total return was 0bps, given -47bps of clean price variation and +47bps of carry. Bote26's total return was 0bps given a change in the clean price of -119bps and a carry of +119bps. The Lede of March was the one reporting the highest total return at +136bps. 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 +160bps.

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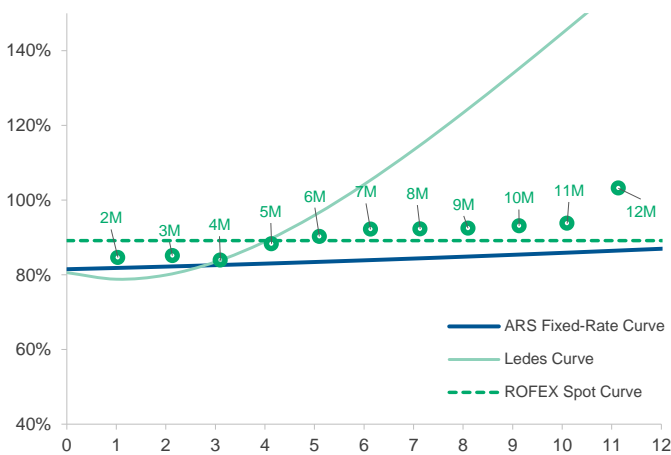
Ledes Yield Curve | YTM



ARS Fixed-Rate Curve | YTM



ROFEX vs. ARS Fixed-Rate Curve | YTM



	Total Return		
	Last Week	Last Month	YTD
S28A3	109	-	549
TV23	160	-	444
BADLAR	134	555	517

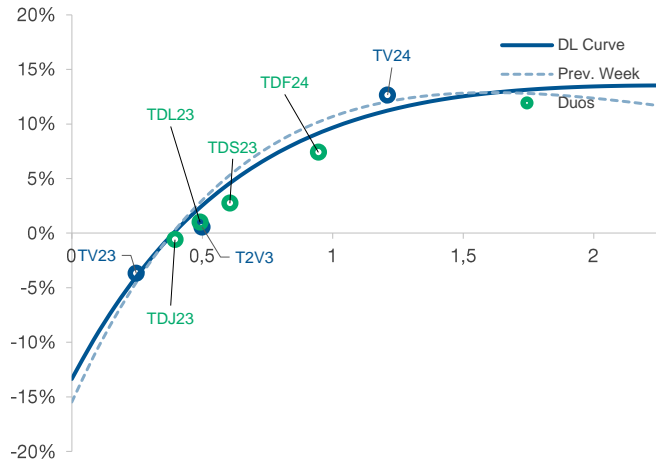
	27-ene.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
S28F3 - LEDE 02/28/23	0,1	83,1	93,9	-	136	136	-	-	-	-	656	656
S31M3 - LEDE 03/31/23	0,1	74,2	89,0	-	100	100	-	-	-	-	624	624
S28A3 - LEDE 04/28/23	0,2	80,3	83,6	-	109	109	-	-	-	-	549	549
S31Y3 - LEDE 05/31/23	0,3	85,6	77,8	-	86	86	-	-	-	-	360	360
S30J3 - LEDE 06/30/23	0,3	88,6	73,1	-	115	115	-	-	-	-	382	382
TO23	0,5	93,5	69,3	47	-47	0	-	-	-	188	165	353
TO26	1,3	84,2	28,5	119	-119	0	-	-	-	477	-67	411

Dollar-Linked Securities Curve

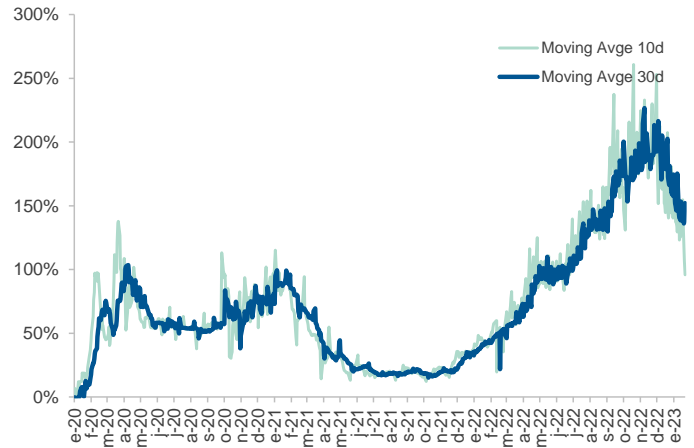
Bolis had a positive week, with an average total return of 125bps.

Bolis had a positive week, with an average total return of 125bps. The annualized official FX devaluation rate (10-day moving average) was 95.9%. In this context, Bolis accumulated +120bps of FX effect on average. The Boli23 due in April accumulated a clean price variation of +40bps, the Boli23 due in July -51bps, and the Boli24 +25bps. In this context, the total return was, for the Boli23 due in April +160bps, for the Boli23 due in July +68bps, and for the Boli24 +145bps.

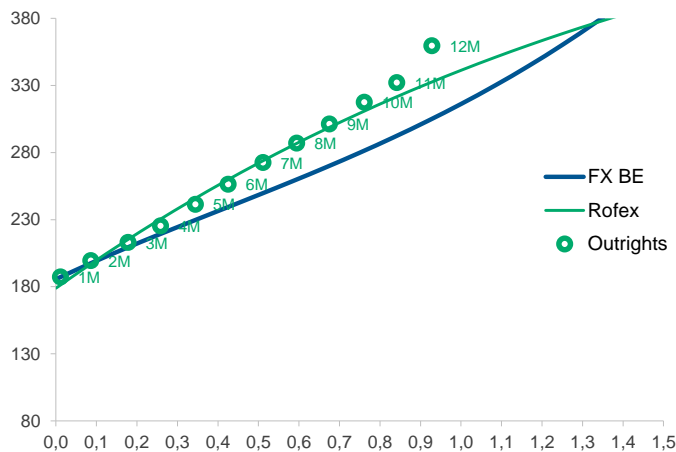
Dollar-Linked Curve | YTM



Official FX Dev. Rate Annualized | Moving Avc



Official FX & Rofex | Break-Evens & Outrights



	27-ene.-23			Pure CER Valuation		Implied Option Value	
	MD	YTM	PX (Conv.)	PX	YTM	BPS	USD (Official fixing)
TDJ23	0,4	4,6	18610,0	18503,6	5,9	129,8	0,8
TDL23	0,5	5,8	18470,0	18356,9	6,9	111,1	0,8
TDS23	0,6	7,3	18230,0	18079,2	8,5	114,4	1,1
TDF24	0,9	11,1	17175,0	17187,2	10,7	-34,4	-0,1

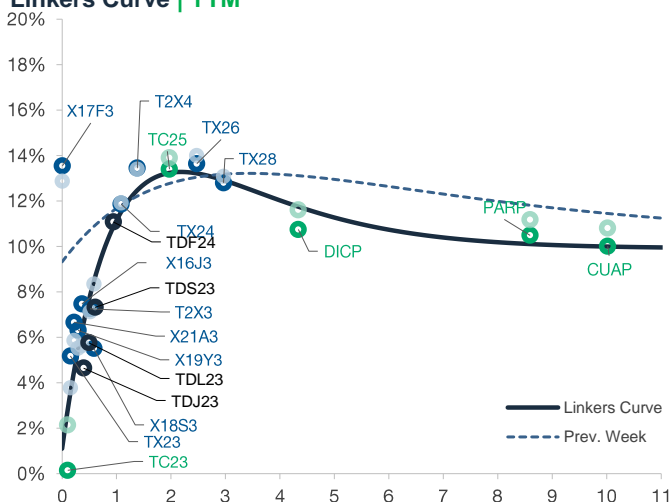
	27-ene.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)
TV23	0,2	-3,7	18.695,0	1	40	120	160	-	-	-	-	2	-36	478	444
T2V3	0,5	0,6	18.450,0	0	-51	119	68	-	-	-	-	0	3	480	483
TV24	1,21	12,6	16.050,0	1	25	120	145	-	-	-	-	3	-59	477	422

Inflation-Linked Securities Curve

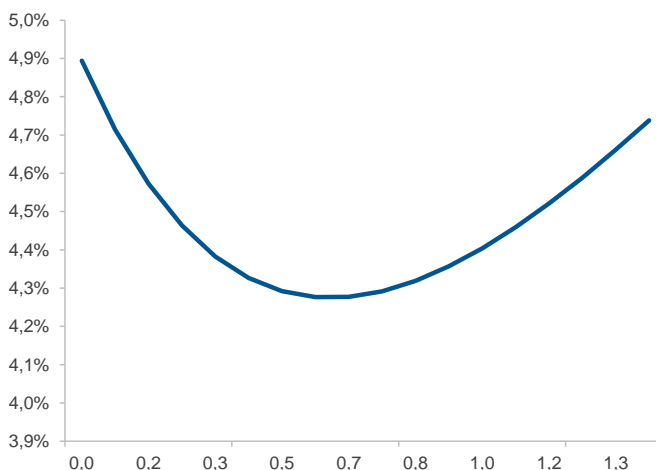
Linkers' total return was around +116bps on average, driven by +109bps of inflation effect and a mixed clean price variation.

Linkers' total return was around +196bps on average, driven by +110bps of inflation effect and a mixed clean price variation. Total returns in the front-end averaged +108bps, resulting from -2bps of clean price variation, +2bps of carry, and +109bps of inflation effect. The belly accumulated nearly +187bps of total return, on the back of +4bps of weekly carry, +74bps of clean price variation, and +109bps of inflation effect. Lastly, in the back-end, the total return was +599bps, resulting from +13bps of weekly carry, +114bps of inflation effect, and clean price variations of +473bps. In terms of the Duos, the total return closed at +19bps. In this context, the top-performers in the linkers space were (i) X17F3 in the front-end, with +126bps total return; (ii) TC25 in the belly, with +297bps total return; and (iii) CUAP in the back-end, with +777bps. Finally, the monthly inflation break-evens stand near 4.7% for the shortest tenors and converge towards 4.4% by end-2023.

Linkers Curve | YTM



Inflation Break-Even | Break-Evens



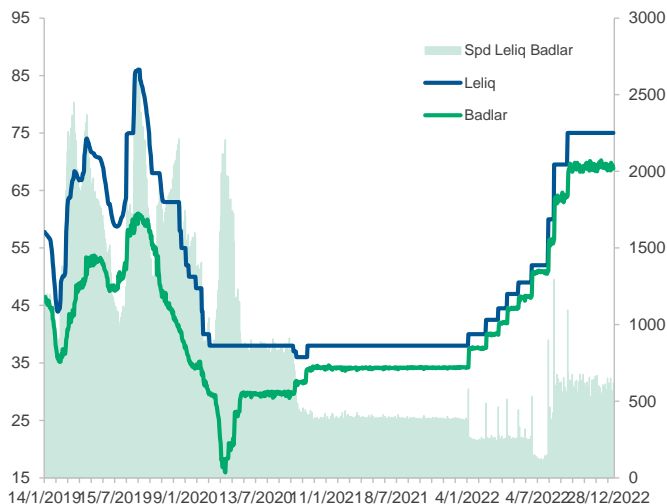
	27-ene.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)
X17F3	0,0	14,0	184,9	0	17	109	126	-	-	-	-	0	107	446	554
X21A3	0,2	6,8	176,0	0	-9	109	99	-	-	-	-	0	-144	435	291
X19Y3	0,3	6,4	168,5	0	5	109	114	-	-	-	-	0	-36	440	404
X16J3	0,4	7,6	132,0	0	-70	108	38	-	-	-	-	0	9	442	451
X18S3	0,6	5,6	121,5	0	100	110	210	-	-	-	-	0	5	442	447
TC23	0,1	0,1	866,0	8	-7	109	110	-	-	-	-	30	-134	437	333
TX23	0,2	5,2	372,3	3	-19	108	92	-	-	-	-	11	46	444	501
T2X3	0,5	7,3	331,0	3	45	109	157	-	-	-	-	11	-17	441	435
TX24	1,1	11,9	334,0	3	26	109	138	-	-	-	-	13	-49	440	403
TC25	2,0	13,4	689,8	10	177	111	297	-	-	-	-	35	-394	426	67
T2X4	1,4	13,4	238,8	4	129	110	242	-	-	-	-	14	-107	437	344
TX26	2,5	13,6	249,5	5	107	110	222	-	-	-	-	20	-105	438	352
TX28	3,0	12,8	241,0	6	79	110	195	-	-	-	-	23	-160	436	299
DICP	4,5	10,7	5300,0	15	478	114	606	-	-	-	-	56	282	456	794
PARP	8,7	10,5	2301,0	8	295	112	415	-	-	-	-	30	-11	442	462
CUAP	10,4	10,0	3190,0	15	646	116	777	-	-	-	-	63	1.294	501	1.859
TDJ23	0,4	10,2	18610,0	0	-49	108	59	-	-	-	-	1	-38	440	403
TDL23	0,5	10,0	18470,0	0	-43	108	65	-	-	-	-	1	-90	438	348
TDS23	0,7	10,7	18230,0	0	-86	108	22	-	-	-	-	1	-35	440	406
TDF24	1,0	12,5	17175,0	0	-179	107	-72	-	-	-	-	1	122	447	570

Sub-Sovereign FRNs

This week, the provincial floating rate curve had a total return performance between -66 and +318bps.

This week, the provincial floating rate curve had a total return performance between -66 and +318bps. BDC28 with a total return of 318bps, with a change in clean price close to +190bps and a carry around +128bps. BDC24's total return was +161bps, where +29bps was in terms of clean price change and +132bps of carry. On the BUENOS side, the performance of the Buenos 25 had a total return of -66bps, given a change of the clean price of around -210bps and a carry of +144bps.

Leliq & Badlar Rates | Rates



	27-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	92,5	104,6	132	29	161	-	-	-	537	-201	337
BDC28 - BDC 2/22/28	1,1	96,3	107,5	128	190	318	-	-	-	530	177	708
PBA25 - BUENOS 4/12/25	0,9	86,2	90,3	144	-210	-66	-	-	-	530	-1.393	-863

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