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Strategy - Argentina

February 6, 2023

Weekly Strategy Brief

Trade Book

Closed Trades

Trade	Trade Details	Rationale
LCD		
Buy TV24	Open PX: 15,350 Current PX: 16,222	Opening Date: 02/01/23 TR: +567bps
		We are closing this trade as the proposed target has been reached.

Open Trades

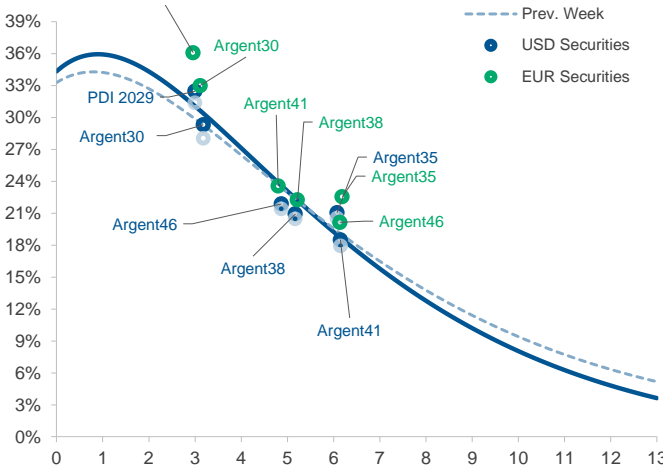
Trade	Trade Details	Rationale
EXD		
Buy GD35, Sell GD30	Open Spread: 5c Current Spread: 4.15c Target Spread: 3c	Opening Date: 23/01/23 TR: -68bps +265bps
		We believe that following the repurchase announcement the GD30 currently trades rich compared to the GD35.
Buy 37As, Sell GD30	Open Spread: 3.9c Current Spread: 5.15c Target Spread: 7.5c	Opening Date: 30/01/23 TR: +22bps +265bps
		Despite the credit risk, we believe that following the repurchase announcement, the GD30 currently trades rich compared to the Buenos 37 As.
LCD		
Buy X17F3	Open PX: 179.6 Current PX: 185.1 Target PX: 188.2	Opening Date: 16/01/23 TR: +305bps
		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

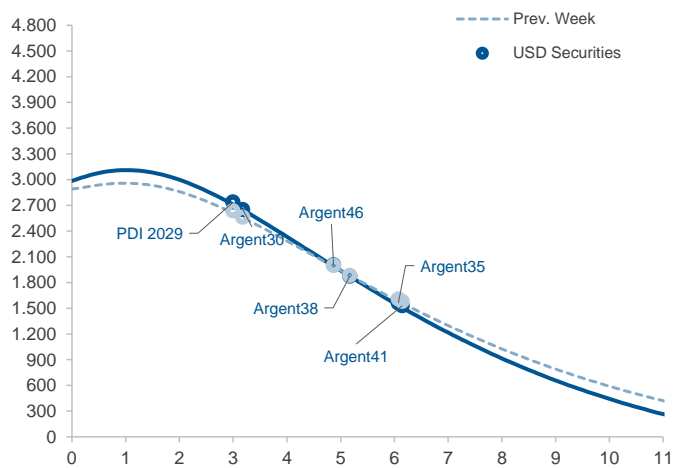
The global-law curve had a negative week with total returns ranging between -325 and +14bps. The old indenture reported total returns of -18bps for Argent38 and -82bps for Argent41. In the belly, Argent46 clocked in with a total return of +14bps. In the back-end, Argent35 accumulated -68bps of total return. Finally, in the front-end, Argent30 ended the week with a performance of -265bps. In this context, the front-end is trading near 34.35c (-1.25c compared to last week), while the back-end is trading near 30.20c (-0.85c). The Argent30 vs. Argent35 spread decreased to 4.15c (-0.40c), now above its historical average of 3.12c. 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 3.8c (+0.15c) for Argent38—below its historical average of 4.91c—and increased to -0.4c for Argent41 (+0.06c)—below its historical average of 1.72c.

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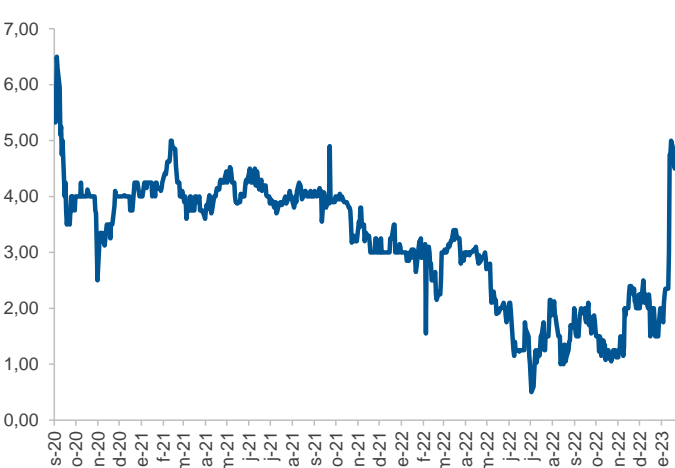
Globals Yield Curve | YTM



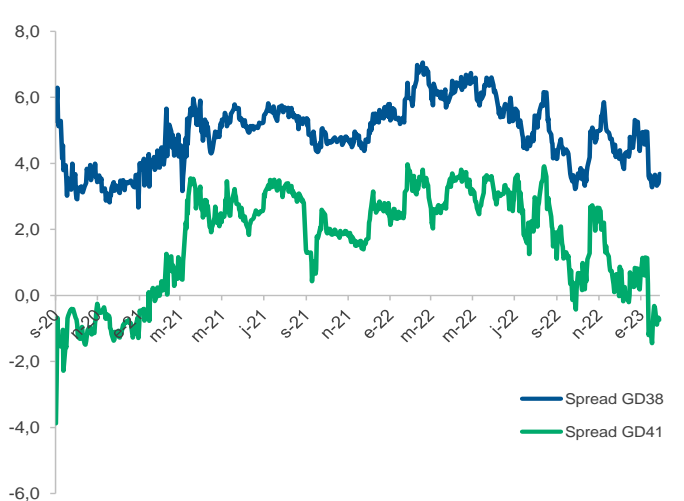
Spread Curve vs. UST | Spreads



GD30 vs. GD35 | Spreads



Indenture Spread GD38 & GD41 | Spreads



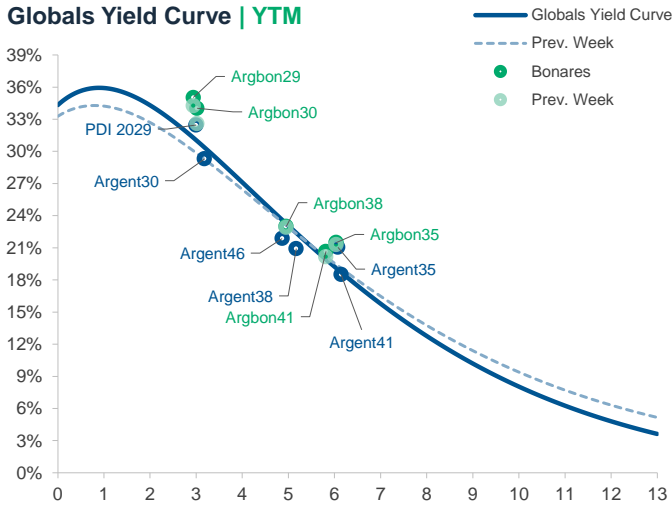
	3-feb.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029	3,0	32,5	33,35	5	-276	-272	29	1.805	1.833	34	2.467	2.502
Argent30	3,2	29,3	34,35	2	-351	-348	14	1.896	1.910	17	2.606	2.622
Argent38	5,2	20,9	36,30	17	-214	-197	86	917	1.003	96	1.256	1.351
Argent46	4,9	21,9	30,75	8	-191	-183	42	1.284	1.326	49	1.827	1.876
Argent41	6,1	18,5	33,25	17	-332	-315	89	1.082	1.172	103	1.565	1.668
Argent35	6,1	21,0	30,20	8	-273	-265	43	1.185	1.227	50	1.728	1.778

Local-Law Hard Currency Securities Curve

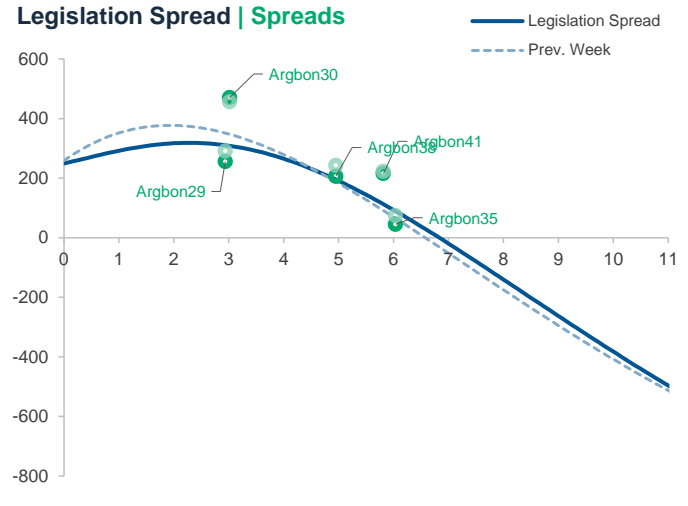
This week, total returns in the local-law curve were negative ranging between -327 and +351bps.

This week, total returns in the local-law curve were negative ranging between -327 and +351bps. Bonar38 and Bonar41 showed a total return of -75bps and -327bps, respectively. In the back-end, Bonar35 showed a total return of +351bps. Finally, in the front-end, the performance of the Bonar30 presented a total return of -157bps. In this context, the front-end is trading near 29.75c (-1.13c compared to the previous week), and the back-end is trading near 29.50c (-0.25c). The Bonar30 vs. Bonar35 spread closed at +0.25c (-0.875c) and is still below its historical average at 1.41c. Lastly, the legislation spread (Argent30 vs. Bonar30) decreased to 4.6c (-0.13c) and is above its historical average of 2.65c.

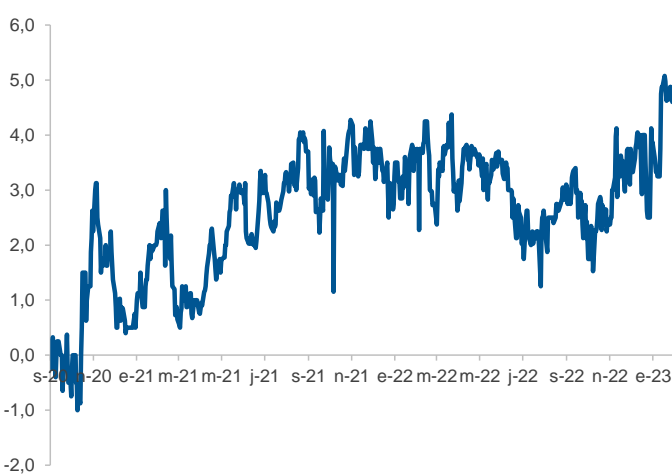
Globals Yield Curve | YTM



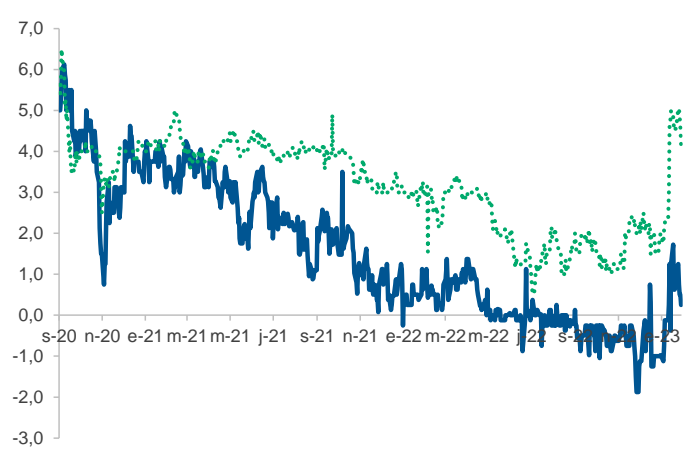
Legislation Spread | Spreads



GD30 vs. AL30 | Spreads



AL30 vs. AL35 | Spreads



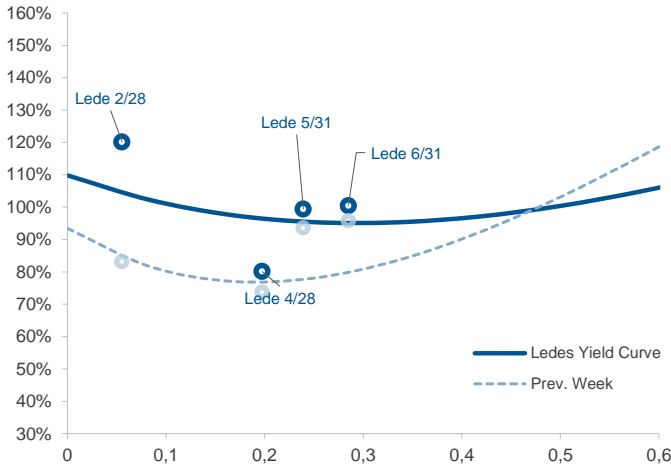
	3-feb.-23			Última Semana			Último Mes			Acumulado del Año		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029 AL	2,9	35,0	31,00	5	-164	-159	33	2.618	2.650	37	2.613	2.650
Argent30 AL	3,0	34,0	29,75	3	-367	-364	16	2.125	2.142	19	2.123	2.142
Argent38 AL	5,0	23,0	33,00	20	-20	0	89	144	232	96	216	312
Argent41 AL	5,8	20,7	29,50	19	-267	-247	97	580	677	107	570	677
Argent35 AL	6,0	21,5	29,50	8	-92	-84	46	1.664	1.710	51	1.659	1.710

ARS Fixed-Rate Securities Curve

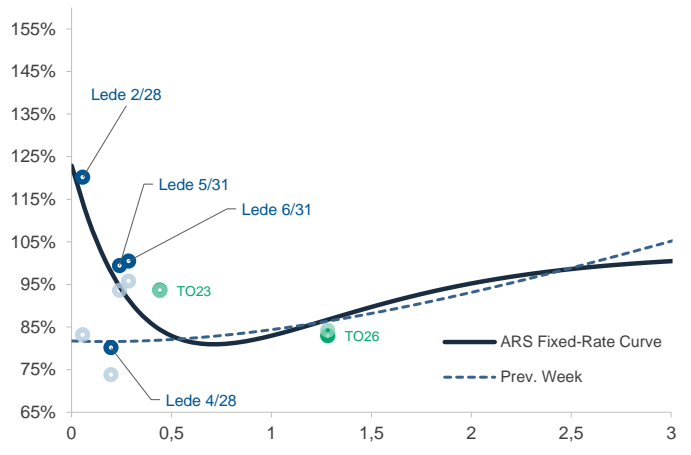
The performance on the Ledes was negative, with an average total return of -51bps given that most Ledes reported a total return of zero. For the Botes, the total return was positive. In the case of Bote23, the total return was 213bps, given +172bps of clean price variation and +41bps of carry. Bote26's total return was +313bps given a change in the clean price of +212bps and a carry of +101bps. If we look at the entire ARS space—including fixed-rate, dollar-linked, inflation-linked, and FRNs—we find that the BADLAR reported the best performance on a weekly basis, with a total turn of +115bps.

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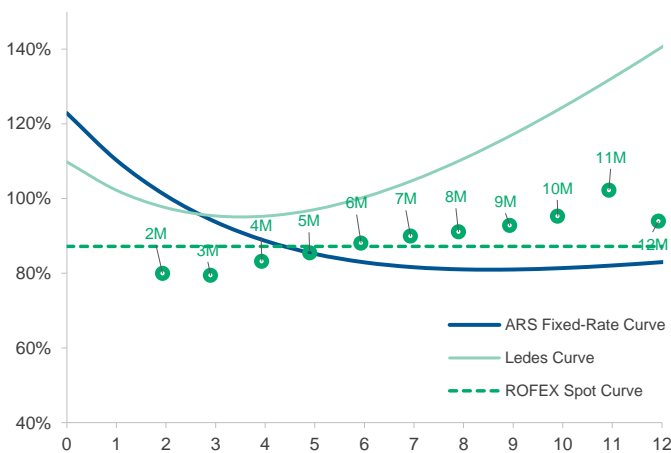
Ledes Yield Curve | YTM



ARS Fixed-Rate Curve | YTM



ROFEX vs. ARS Fixed-Rate Curve | YTM



	Total Return		
	Last Week	Last Month	YTD
S28A3	0	558	708
TV23	27	567	472
BADLAR	115	555	632

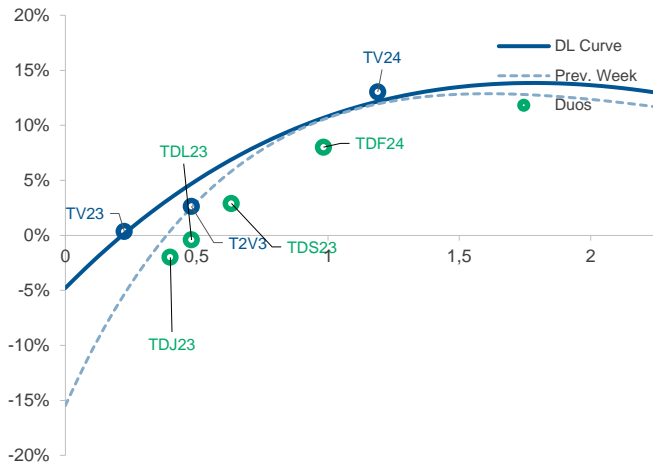
	3-feb.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
S28F3 - LEDE 02/28/23	0,1	120,1	93,5	-	-51	-51	-	323	323	-	602	602
S31M3 - LEDE 03/31/23	0,1	104,7	86,4	-	0	0	-	135	135	-	289	289
S28A3 - LEDE 04/28/23	0,2	80,1	84,7	-	0	0	-	558	558	-	708	708
S31Y3 - LEDE 05/31/23	0,2	99,4	76,2	-	0	0	-	157	157	-	157	157
S30J3 - LEDE 06/30/23	0,3	100,5	71,5	-	0	0	-	-	-	-	211	211
TO23	0,4	92,7	70,4	41	172	213	200	195	395	228	223	451
TO26	1,3	82,9	29,5	101	212	313	516	372	888	616	815	1.431

Dollar-Linked Securities Curve

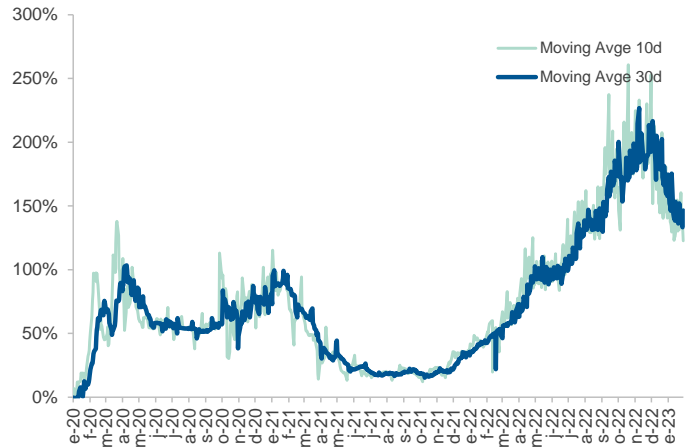
Bolis had a positive week, with an average total return of 53bps.

Bolis had a positive week, with an average total return of 53bps. The annualized official FX devaluation rate (10-day moving average) was 122.6%. In this context, Bolis accumulated +124bps of FX effect on average. The Boli23 due in April accumulated a clean price variation of -98bps, the Boli23 due in July -97bps, and the Boli24 -20bps. In this context, the total return was, for the Boli23 due in April +27bps, for the Boli23 due in July +27bps, and for the Boli24 +106bps.

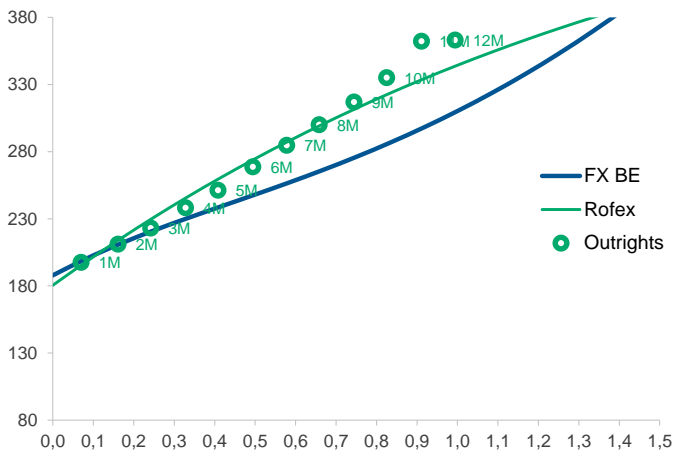
Dollar-Linked Curve | YTM



Official FX Dev. Rate Annualized | Moving Avg



Official FX & Rofex | Break-Evens & Outrights



	3-feb.-23			Pure CER Valuation		Implied Option Value	
	MD	YTM	PX (Conv.)	PX	YTM	BPS	USD (Official fixing)
TDJ23	0,4	3,1	18915,0	18595,1	7,3	418,9	2,4
TDL23	0,5	4,2	18800,0	18458,2	7,9	369,9	2,6
TDS23	0,6	7,4	18415,0	18215,4	9,0	155,0	1,5
TDF24	1,0	11,6	17275,0	17410,8	10,5	-110,1	-0,9

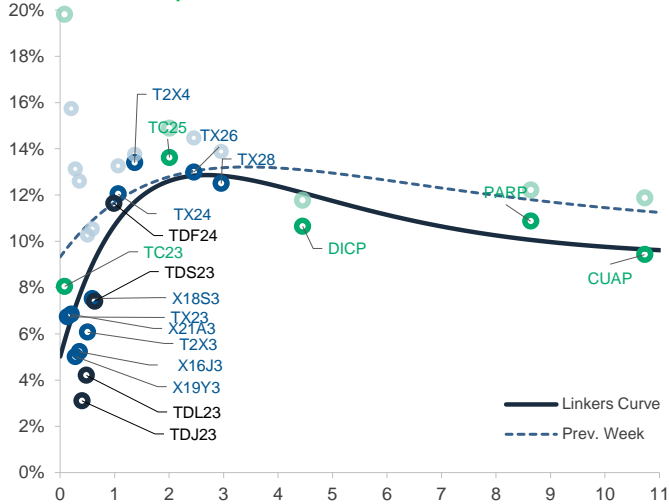
	3-feb.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)
TV23	0,2	0,3	18.745,0	0	-98	124	27	2	41	523	567	3	-134	603	472
T2V3	0,5	2,6	18.500,0	0	-97	124	27	0	-176	511	335	0	-94	605	511
TV24	1,19	13,0	16.220,0	1	-20	125	106	4	73	524	601	4	-78	606	532

Inflation-Linked Securities Curve

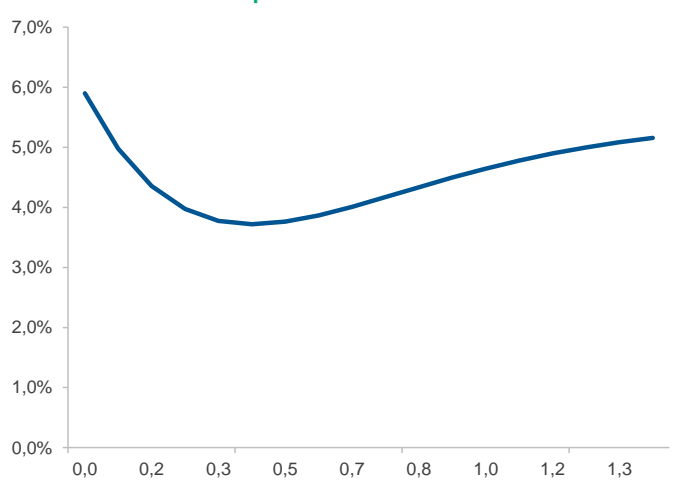
Linkers' total return was around +497bps on average, driven by +116bps of inflation effect and a positive clean price variation.

Linkers' total return was around +497bps on average, driven by +116bps of inflation effect and a positive clean price variation. Total returns in the front-end averaged +326bps, resulting from +210bps of clean price variation, +2bps of carry, and +114bps of inflation effect. The belly accumulated nearly +370bps of total return, on the back of +3bps of weekly carry, +252bps of clean price variation, and +115bps of inflation effect. Lastly, in the back-end, the total return was +1,614bps, resulting from +12bps of weekly carry, +128bps of inflation effect, and clean price variations of +1,474bps. In terms of the Duos, the total return closed at +126bps. In this context, the top-performers in the linkers space were (i) TX23 in the front-end, with +395bps total return; (ii) TX28 in the belly, with +558bps total return; and (iii) CUAP in the back-end, with +2,963bps. Finally, the monthly inflation break-evens stand near 5% for the shortest tenors and converge towards 4.5% by end-2023.

Linkers Curve | YTM



Inflation Break-Even | Break-Evens



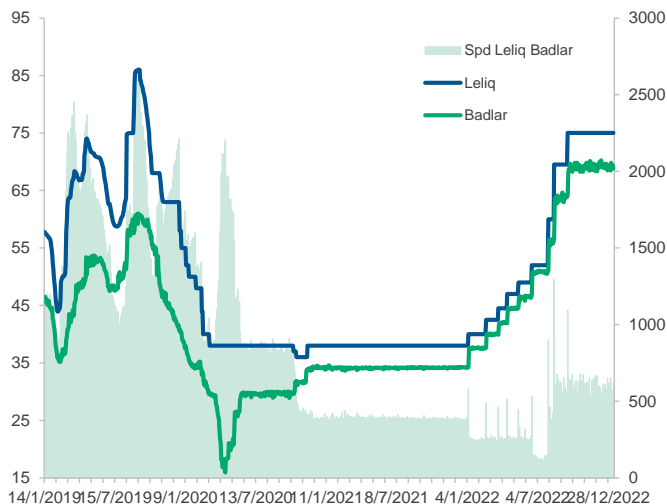
	3-feb.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)
X17F3	0,0	61,3	185,1	0	191	114	305	0	-6	477	471	0	12	559	571
X21A3	0,2	7,0	178,1	0	209	114	323	0	47	479	526	0	12	559	571
X19Y3	0,3	5,1	170,9	0	251	115	365	0	91	481	572	0	52	561	613
X16J3	0,4	5,3	134,9	0	282	115	397	0	117	483	599	0	78	563	641
X18S3	0,6	7,7	122,5	0	189	114	303	0	4	477	481	0	-19	557	538
TC23	0,1	8,0	871,0	7	123	113	243	32	-95	474	412	37	-98	555	493
TX23	0,1	6,7	376,0	2	278	115	395	11	27	479	518	13	61	562	637
T2X3	0,5	6,1	335,6	3	227	114	344	12	34	479	526	16	1.880	664	2.560
TX24	1,1	12,0	337,5	3	151	113	267	14	-20	477	470	15	-42	557	530
TC25	2,0	13,6	691,0	8	270	115	393	40	30	480	550	45	-53	558	550
T2X4	1,4	13,4	241,5	3	69	113	184	15	11	478	504	17	-47	557	527
TX26	2,5	13,0	257,0	5	392	116	513	22	157	486	665	24	76	564	664
TX28	3,0	12,5	247,0	5	436	117	558	25	94	483	601	28	12	560	601
DICP	4,5	10,7	5350,0	13	516	118	647	53	-894	437	-404	68	273	577	918
PARP	8,6	10,9	2300,0	7	1.100	124	1.232	33	179	487	700	38	96	566	699
CUAP	10,7	9,4	3500,0	15	2.805	143	2.963	68	2.305	590	2.963	77	2.201	685	2.963
TDJ23	0,4	3,1	18915,0	0	52	112	164	0	91	481	573	1	14	559	574
TDL23	0,5	4,2	18800,0	0	66	112	179	1	81	481	563	1	-25	557	533
TDS23	0,6	7,4	18415,0	0	-10	112	101	1	1	477	479	1	-45	556	512
TDF24	1,0	11,6	17275,0	0	-53	111	58	1	115	483	599	1	69	562	631

Sub-Sovereign FRNs

This week, the provincial floating rate curve had a total return performance between +251 and +512bps.

This week, the provincial floating rate curve had a total return performance between +251 and +512bps. BDC28 with a total return of +512bps, with a change in clean price close to +381bps and a carry around +131bps. BDC24's total return was +251bps, where +118bps was in terms of clean price change and +133bps of carry. On the BUENOS side, the performance of the Buenos 25 had a total return of +458bps, given a change of the clean price of around +307bps and a carry of +151bps.

Leliq & Badlar Rates | Rates



	3-feb.-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	94,8	107,3	133	118	251	579	-191	387	683	-169	515
BDC28 - BDC 2/22/28	1,1	97,0	113,0	131	381	512	581	324	905	676	215	892
PBA25 - BUENOS 4/12/25	0,9	86,3	94,5	151	307	458	565	-1.447	-882	665	-1.461	-796

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