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Strategy - Argentina

February 13, 2023

## Weekly Strategy Brief

### Trade Book

#### New Trades

Trade	Trade Details	Rationale
<b>LCD</b>		
Buy T2X4	Open PX: <b>243.5</b> Target PX: <b>250</b>	Opening Date: <b>13/02/23</b>
We open this trade as we believe the T2X4 is trading substantially wider to the Linkers curve.		

#### Open Trades

Trade	Trade Details	Rationale
<b>EXD</b>		
Buy GD35, Sell GD30	Open Spread: <b>5c</b> Current Spread: <b>3.9c</b> Target Spread: <b>3c</b>	Opening Date: <b>23/01/23</b> TR: <b>-468bps</b> <b>+687bps</b>
We believe that following the repurchase announcement the GD30 currently trades rich compared to the GD35.		
Buy 37As, Sell GD30	Open Spread: <b>3.9c</b> Current Spread: <b>5.65c</b> Target Spread: <b>7.5c</b>	Opening Date: <b>30/01/23</b> TR: <b>-311bps</b> <b>+845bps</b>
Despite the credit risk, we believe that following the repurchase announcement, the GD30 currently trades rich compared to the Buenos 37 As.		

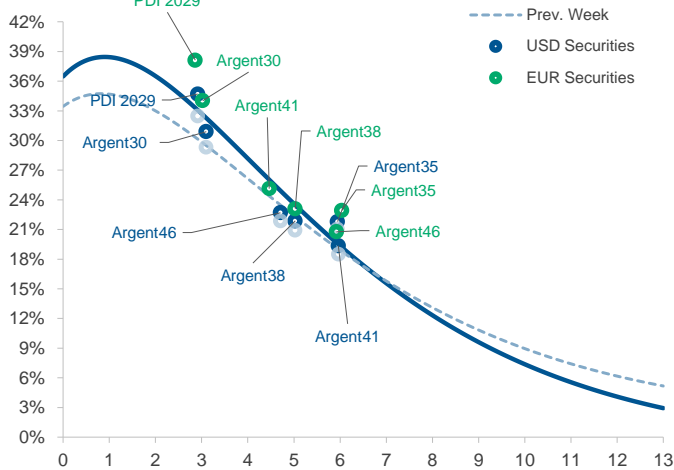
<b>LCD</b>		
Buy X17F3	Open PX: <b>179.6</b> Current PX: <b>185.1</b> Target PX: <b>190.4</b>	Opening Date: <b>16/01/23</b> TR: <b>+305bps</b>
We are betting on holding to maturity or on the government offering something superior to what it has offered in the exchange.		

## Global-Law Securities Curve

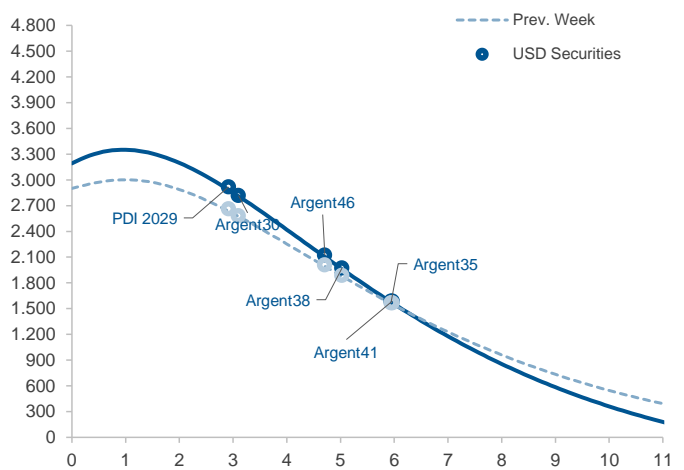
The global-law curve had a negative week with total returns ranging between -347 and -577bps. The old indenture reported total returns of -430bps for Argent38 and -472bps for Argent41. In the belly, Argent46 clocked in with a total return of -347bps. In the back-end, Argent35 accumulated -403bps of total return. Finally, in the front-end, Argent30 ended the week with a performance of -433bps. In this context, the front-end is trading near 32.85c (-1.5c compared to last week), while the back-end is trading near 28.95c (-1.25c). The Argent30 vs. Argent35 spread decreased to 3.9c (-0.25c) and remains below 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—decreased to 3.1c (-0.64c) for Argent38—below its historical average of 4.89c—and decreased to -1.3c for Argent41 (-0.95c)—below its historical average of 1.69c.

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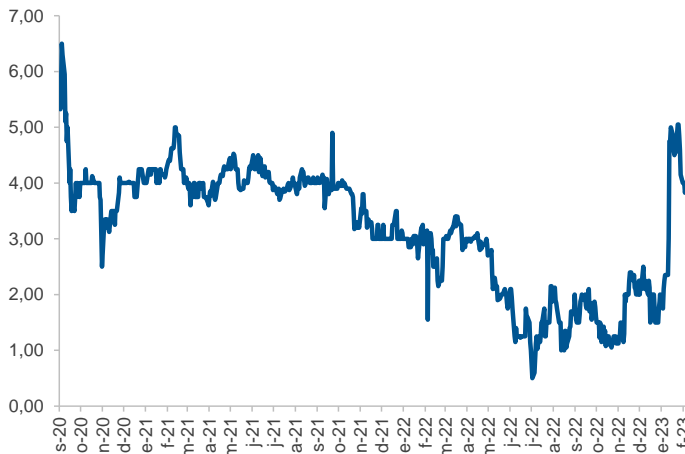
Globals Yield Curve | YTM



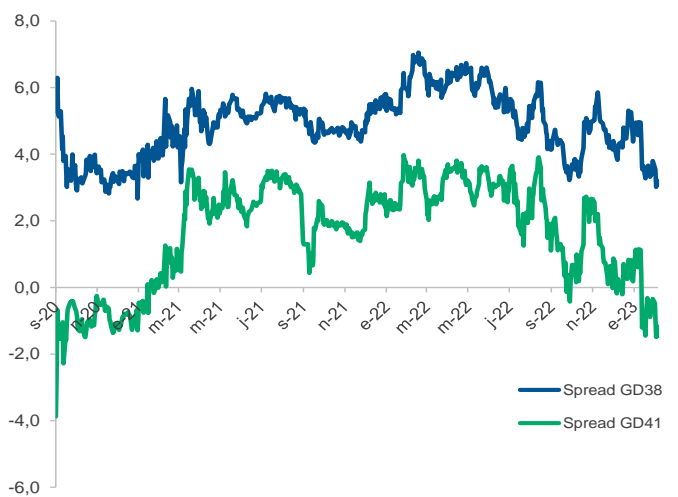
Spread Curve vs. UST | Spreads



GD30 vs. GD35 | Spreads



Indenture Spread GD38 & GD41 | Spreads



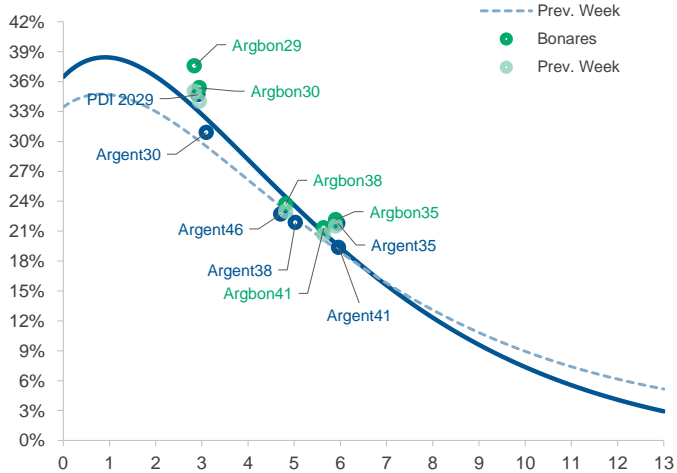
	10-feb.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029	2,9	34,7	31,40	6	-583	-577	27	554	581	42	1.738	1.780
Argent30	3,1	30,9	32,85	3	-436	-433	13	700	713	20	2.055	2.075
Argent38	5,1	21,9	34,65	21	-451	-430	90	7	97	119	744	863
Argent46	4,8	22,7	29,65	9	-356	-347	42	224	265	60	1.404	1.464
Argent41	6,0	19,4	31,60	20	-492	-472	89	-8	81	127	991	1.118
Argent35	6,0	21,8	28,95	10	-412	-403	42	176	218	61	1.243	1.304

## Local-Law Hard Currency Securities Curve

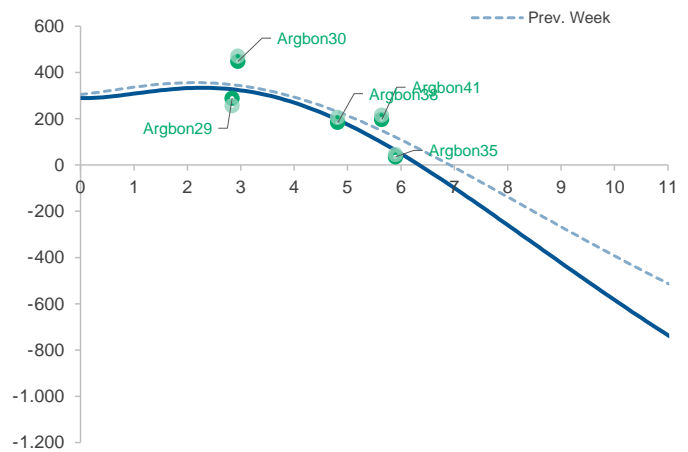
**This week, total returns in the local-law curve were negative ranging between -303 and -645bps.**

This week, total returns in the local-law curve were negative ranging between -303 and -645bps. Bonar38 and Bonar41 showed a total return of -303bps and -338bps, respectively. In the back-end, Bonar35 showed a total return of -339bps. Finally, in the front-end, the performance of the Bonar30 presented a total return of -336bps. In this context, the front-end is trading near 28.75c (-1.00c compared to the previous week), and the back-end is trading near 28.50c (-1.00c). The Bonar30 vs. Bonar35 spread closed at +0.25c (without changes) and is still below its historical average at 1.40c. Lastly, the legislation spread (Argent30 vs. Bonar30) decreased to 4.1c (-0.5c) and is above its historical average of 2.66c.

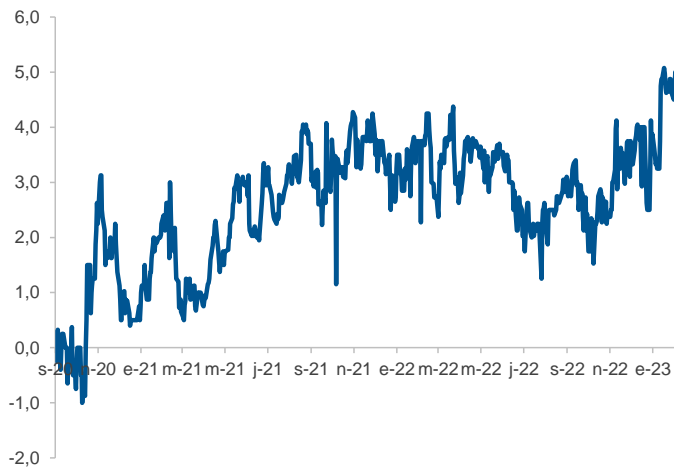
**Globals Yield Curve | YTM**



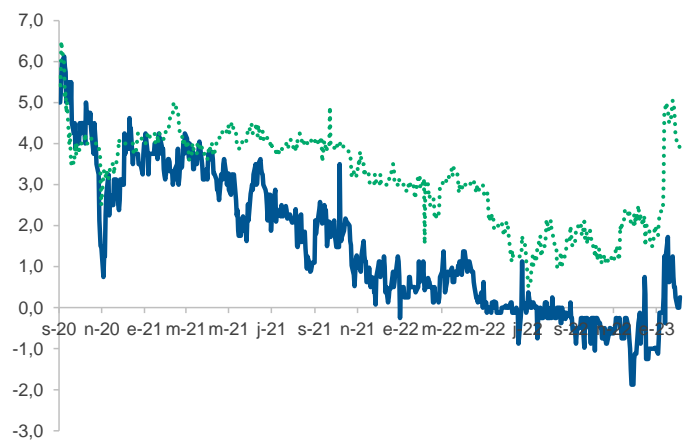
**Legislation Spread | Spreads**



**GD30 vs. AL30 | Spreads**



**AL30 vs. AL35 | Spreads**



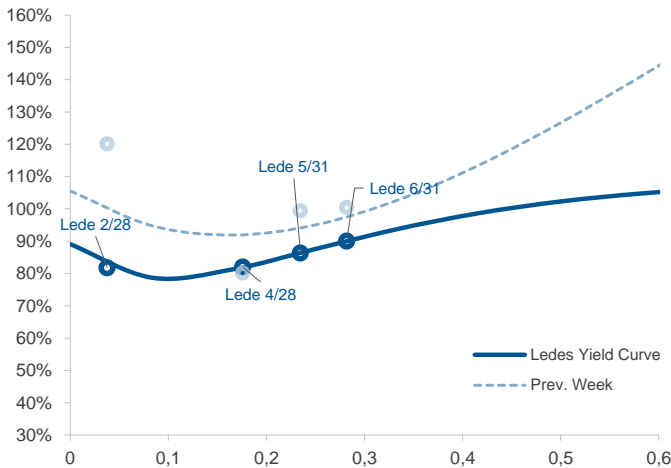
	10-feb.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029 AL	2,9	37,6	29,00	6	-651	-645	29	328	357	45	1.790	1.835
Argent30 AL	2,9	35,4	28,75	3	-339	-336	15	487	502	23	1.711	1.734
Argent38 AL	4,8	23,7	32,00	23	-325	-303	97	-174	-77	120	-120	0
Argent41 AL	5,7	21,3	28,50	23	-361	-338	95	-434	-338	131	185	316
Argent35 AL	5,9	22,1	28,50	10	-349	-339	44	319	363	62	1.251	1.314

## ARS Fixed-Rate Securities Curve

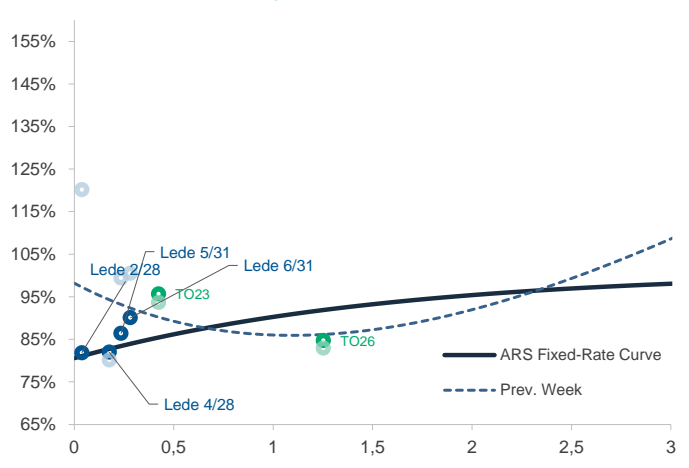
The performance on the Ledes was positive, with an average total return of +385bps. For the Botes, the total return was mixed. The Lede of March was the one reporting the highest total return at 553bps. In the case of Bote23, the total return was 7bps, given -37bps of clean price variation and +46bps of carry. Bote26's total return was -95bps given a change in the clean price of +209bps and a carry of +114bps. 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 +134bps.

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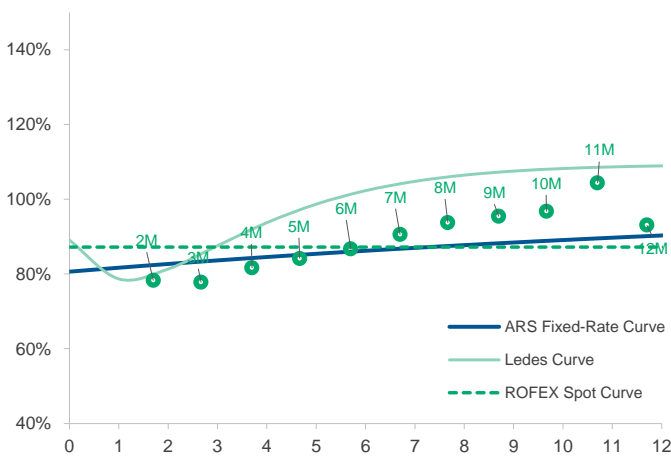
Ledes Yield Curve | YTM



ARS Fixed-Rate Curve | YTM



ROFEX vs. ARS Fixed-Rate Curve | YTM



	Total Return		
	Last Week	Last Month	YTD
<b>S28A3</b>	101	101	816
<b>TV23</b>	37	464	511
<b>BADLAR</b>	134	555	766

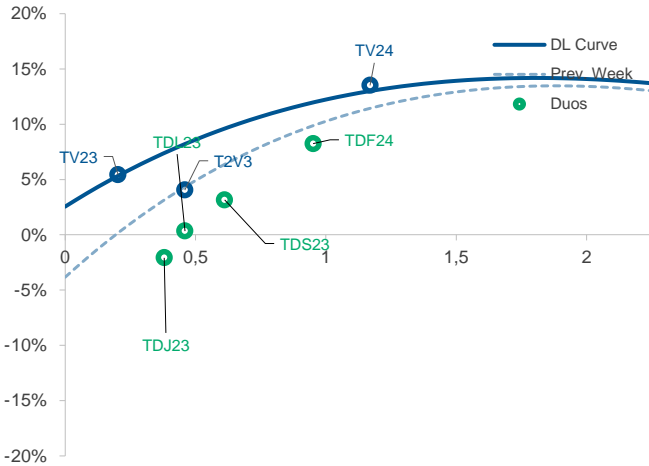
	10-feb.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
<b>S28F3 - LEDE 02/28/23</b>	0,0	81,8	96,9	-	371	371	-	619	619	-	996	996
<b>S31M3 - LEDE 03/31/23</b>	0,1	73,9	91,2	-	553	553	-	553	553	-	857	857
<b>S28A3 - LEDE 04/28/23</b>	0,2	82,0	85,6	-	101	101	-	101	101	-	816	816
<b>S31Y3 - LEDE 05/31/23</b>	0,2	86,4	79,7	-	459	459	-	459	459	-	623	623
<b>S30J3 - LEDE 06/30/23</b>	0,3	90,1	74,6	-	439	439	-	439	439	-	659	659
<b>TO23</b>	0,4	96,6	70,5	46	-39	7	195	-23	173	277	182	459
<b>TO26</b>	1,2	84,7	29,3	114	-209	-95	495	-138	357	747	576	1.323

## Dollar-Linked Securities Curve

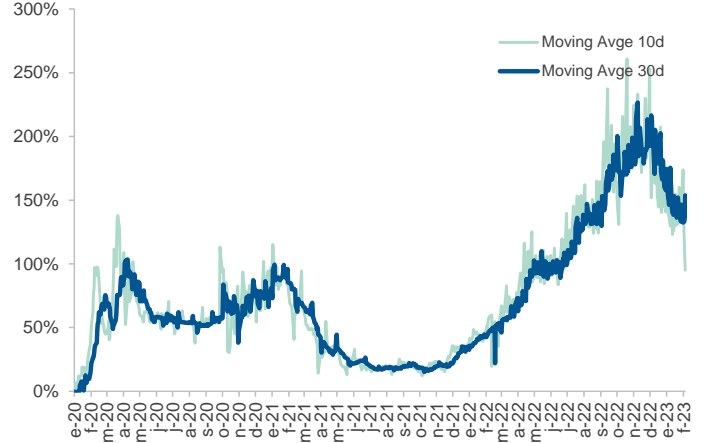
**Bolis had a positive week, with an average total return of 75bps.**

Bolis had a positive week, with an average total return of 75bps. The annualized official FX devaluation rate (10-day moving average) was 95.2%. In this context, Bolis accumulated +136bps of FX effect on average. The Boli23 due in April accumulated a clean price variation of -99bps, the Boli23 due in July -58bps, and the Boli24 -30bps. In this context, the total return was, for the Boli23 due in April +37bps, for the Boli23 due in July +78bps, and for the Boli24 +108bps.

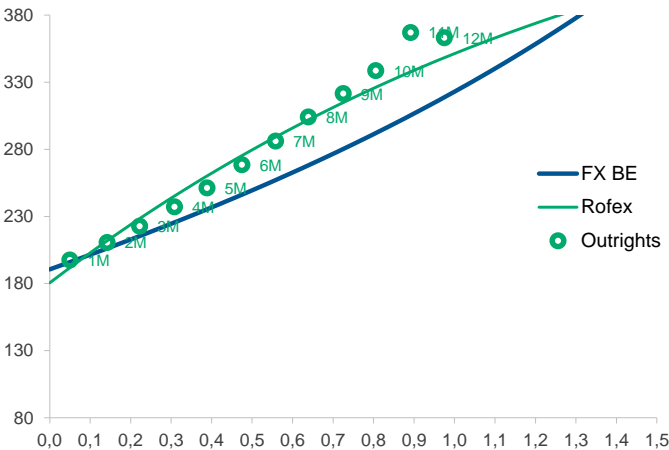
Dollar-Linked Curve | YTM



Official FX Dev. Rate Annualized | Moving Avg



Official FX & Rofex | Break-Evens & Outrights



	10-feb.-23			Pure CER Valuation		Implied Option Value	
	MD	YTM	PX (Conv.)	PX	YTM	BPS	USD (Official fixing)
TDJ23	0,4	2,6	19175,0	18903,7	6,3	366,5	2,0
TDL23	0,5	4,6	18990,0	18764,1	7,1	246,1	1,7
TDS23	0,6	7,4	18649,0	18504,0	8,5	110,0	1,1
TDF24	1,0	11,7	17500,0	17640,3	10,6	-113,1	-1,0

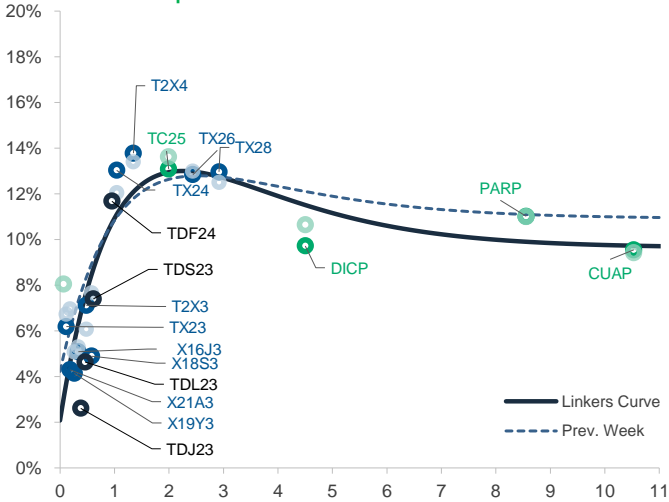
	10-feb.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)
TV23	0,2	5,4	18.815,0	1	-99	136	37	2	-79	540	464	3	-232	739	511
T2V3	0,5	4,0	18.645,0	0	-58	136	78	0	-97	539	442	0	-151	745	594
TV24	1,17	13,5	16.395,0	1	-30	137	108	4	73	549	625	5	-108	749	646

## Inflation-Linked Securities Curve

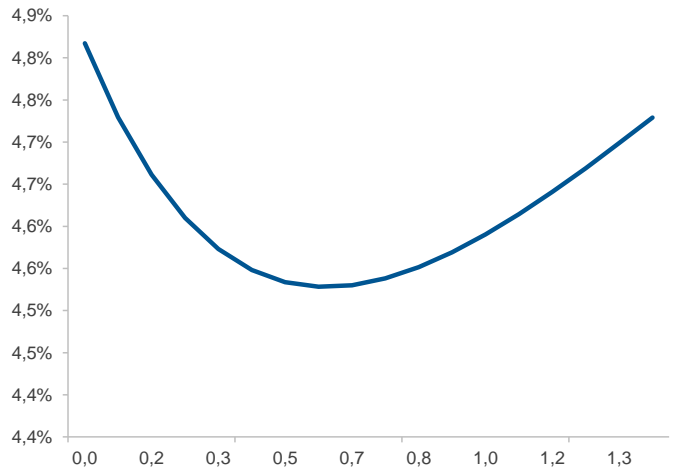
**Linkers' total return was around +136bps on average, driven by +113bps of inflation effect and a positive clean price variation.**

Linkers' total return was around +136bps on average, driven by +113bps of inflation effect and a positive clean price variation. Total returns in the front-end averaged +132bps, resulting from +17bps of clean price variation, +2bps of carry, and +113bps of inflation effect. The belly accumulated nearly +126bps of total return, on the back of +4bps of weekly carry, +9bps of clean price variation, and +113bps of inflation effect. Lastly, in the back-end, the total return was +187bps, resulting from +12bps of weekly carry, +114bps of inflation effect, and clean price variations of +61bps. In terms of the Duos, the total return closed at +124bps. In this context, the top-performers in the linkers space were (i) TC23 in the front-end, with +208bps total return; (ii) X18S3 in the belly, with +286bps total return; and (iii) DICP in the back-end, with +561bps. Finally, the monthly inflation break-evens stand near 4.8% for the shortest tenors and converge towards 4.6% by end-2023.

**Linkers Curve | YTM**



**Inflation Break-Even | Break-Evens**



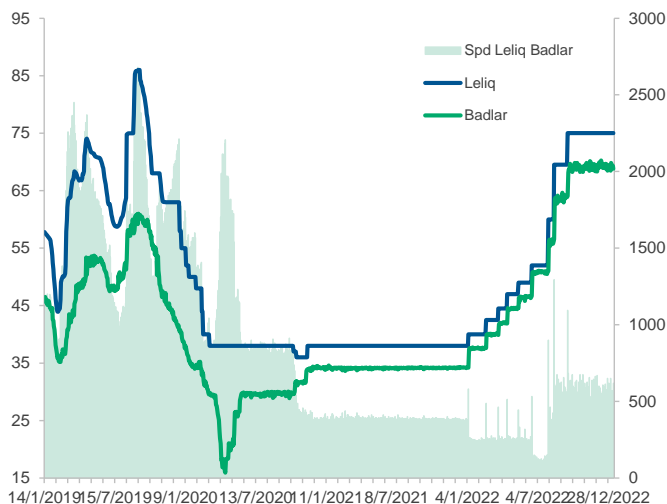
	10-feb.-23		Last Week					Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)
X17F3	0,0	342,1	185,1	0	-112	112	0	0	-112	476	364	0	-100	671	571
X21A3	0,2	4,3	181,3	0	62	114	175	0	98	486	584	0	74	682	757
X19Y3	0,3	4,2	173,4	0	33	113	146	0	115	487	602	0	85	683	769
X16J3	0,3	5,2	136,6	0	15	113	128	0	138	488	626	0	93	684	777
X18S3	0,6	5,0	126,0	0	171	115	286	0	159	489	649	0	151	688	839
TC23	0,1	-5,5	889,0	8	86	114	208	32	36	485	553	45	-13	680	711
TX23	0,1	6,2	380,9	3	14	113	130	11	91	486	589	16	75	684	775
T2X3	0,5	7,1	338,0	3	-45	112	71	12	-7	482	486	20	1.827	803	2.649
TX24	1,0	13,0	338,5	3	-86	112	29	14	-95	478	397	19	-128	670	561
TC25	2,0	13,1	707,5	9	116	114	240	39	112	489	640	54	63	685	803
T2X4	1,3	13,8	243,5	4	-33	113	83	15	-12	482	484	20	-80	673	614
TX26	2,4	12,8	261,5	5	57	114	175	22	310	498	829	29	133	688	851
TX28	2,9	13,0	247,0	6	-118	112	0	25	46	485	556	34	-106	673	601
DICP	4,5	9,7	5650,0	14	429	118	561	61	829	524	1.414	83	716	732	1.531
PARP	8,6	11,0	2300,0	8	-121	112	-1	35	676	516	1.228	46	-26	679	698
CUAP	10,5	9,5	3500,0	13	-125	112	0	69	2.298	596	2.963	93	2.047	822	2.963
TDJ23	0,4	2,6	19175,0	0	24	113	137	0	135	488	623	1	38	680	719
TDL23	0,5	4,6	18990,0	0	-12	113	101	1	107	487	595	1	-37	675	639
TDS23	0,6	7,4	18649,0	0	14	113	127	1	98	486	585	1	-31	675	645
TDF24	1,0	11,7	17500,0	0	17	113	130	1	-3	481	480	1	86	683	770

## Sub-Sovereign FRNs

**This week, the provincial floating rate curve had a total return performance between +214 and +504bps.**

This week, the provincial floating rate curve had a total return performance between +214 and +504bps. BDC28 with a total return of +504bps, with a change in clean price close to +380bps and a carry around +124bps. BDC24's total return was +214bps, where +84bps was in terms of clean price change and +130bps of carry. On the BUENOS side, the performance of the Buenos 25 had a total return of +412bps, given a change of the clean price of around +267bps and a carry of +145bps.

### Leliq & Badlar Rates | Rates



	10-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	93,9	109,6	130	84	214	578	7	585	821	-81	740
BDC28 - BDC 2/22/28	1,2	93,6	118,7	124	380	504	560	482	1.042	812	629	1.441
PBA25 - BUENOS 4/12/25	0,9	83,5	98,5	145	267	412	667	536	1.203	799	-1.215	-417

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