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Strategy - Argentina

March 6, 2023

Weekly Strategy Brief

Trade Book

Closed Trades

Trade	Trade Details	Rationale
LCD		
Buy X17F3	Open PX: 179.6 Closet PX: 190.6	Opening Date: 16/01/23 TR: +613bps This trade was closed, as the bond matured.
Buy T2X4	Open PX: 243.5 Current PX: 266.5	Opening Date: 13/02/23 TR: +943bps We are closing this trade, as the proposed target has been reached.
EXD		
Buy 37As, Sell GD30	Open Spread: 3.9c Current Spread: 7.05c	Opening Date: 30/01/23 TR: -452bps +1,490bps We are closing this trade, as the proposed target has been reached.

New Trades

Trade	Trade Details	Rationale
LCD		
Buy TDF24	Open PX: 19,210 Target PX: 21,344	Opening Date: 06/03/23 We open this trade given that i) the dual bonds that the government will issue in the exchange fall in 2H24, making us believe that TDF24 will have lower supply risk, and ii) it is the only dual bond trading outside the USD-L curve, and thus the CER option is worth little.

Open Trades

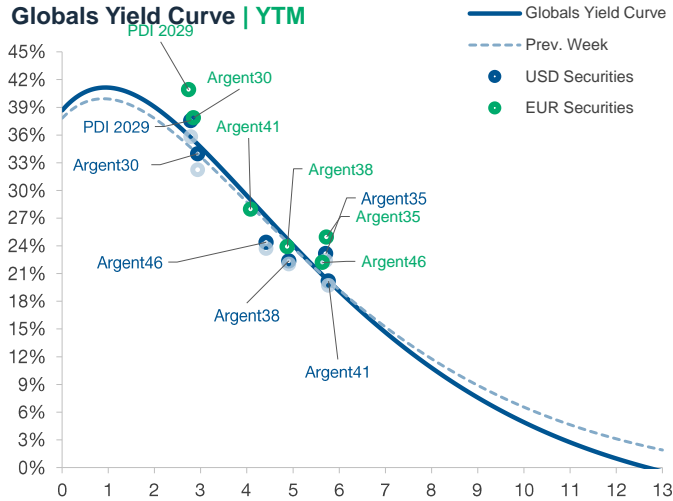
Trade	Trade Details	Rationale
EXD		
Buy GD35, Sell GD30	Open Spread: 5c Current Spread: 3.5c Target Spread: 3c	Opening Date: 23/01/23 TR: -1,075bps +1,343bps We believe that following the repurchase announcement the GD30 currently trades rich compared to the GD35.

Global-Law Securities Curve

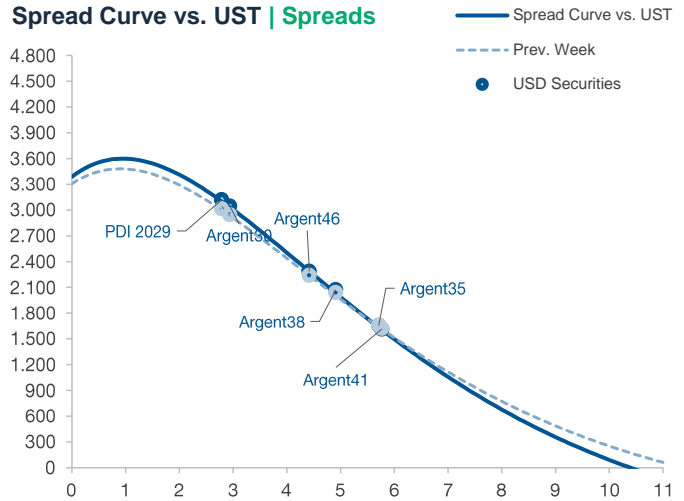
The global-law curve had a negative week with total returns ranging between -115 and -396bps. The old indenture reported total returns of -115bps for Argent38 and -210bps for Argent41. In the belly, Argent46 clocked in with a total return of -248bps. In the back-end, Argent35 accumulated -384bps of total return. Finally, in the front-end, Argent30 ended the week with a performance of -426bps. In this context, the front-end is trading near 30.50c (-1.38c compared to last week), while the back-end is trading near 27.00c (-1.13c). The Argent30 vs. Argent35 spread dropped -0.25c to 3.5c, and remains above its historical average of 3.14c. 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 4.4c (+0.74c) for Argent38—below its historical average of 4.86c—and increased to -1.00c for Argent41 (+0.82c)—below its historical average of 1.61c.

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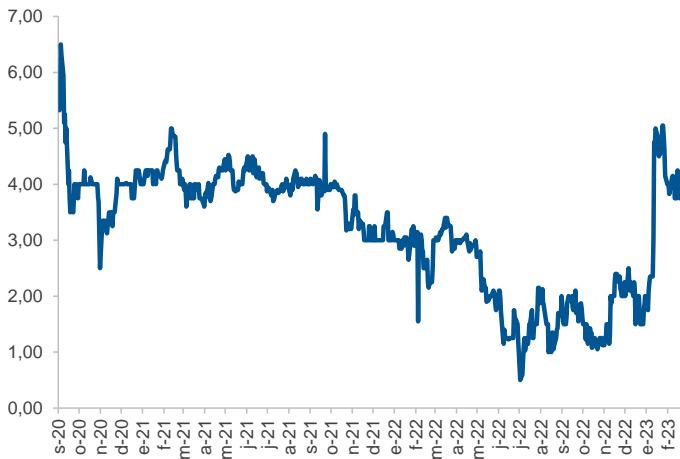
Globals Yield Curve | YTM



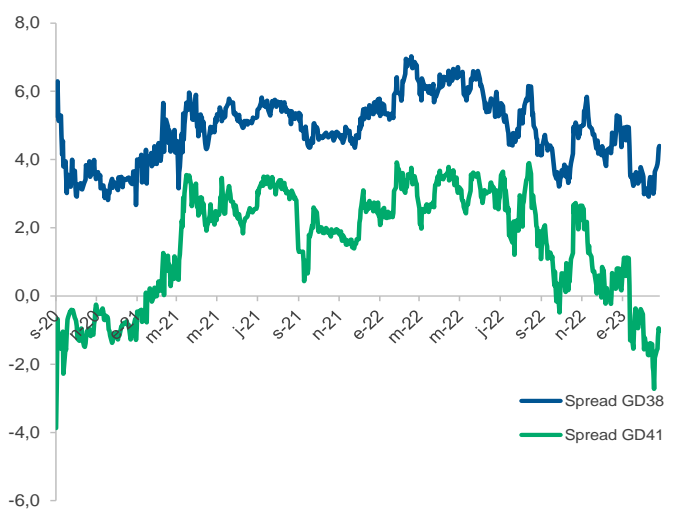
Spread Curve vs. UST | Spreads



GD30 vs. GD35 | Spreads



Indenture Spread GD38 & GD41 | Spreads



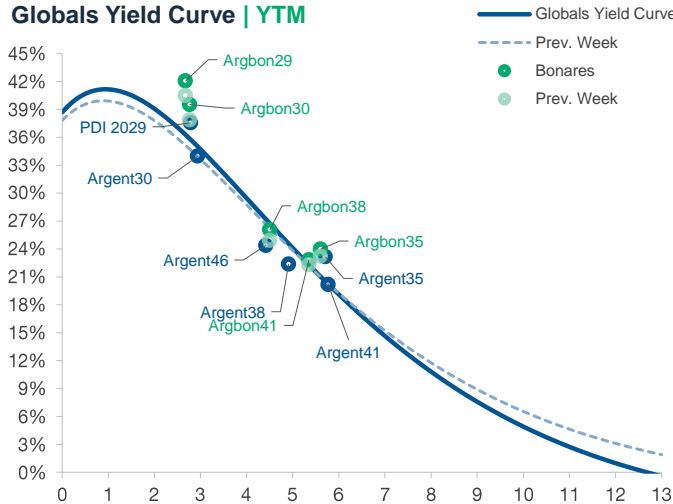
	3-mar.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029	2,8	37,6	29,50	8	-405	-396	26	-1.458	-1.432	65	1.028	1.093
Argent30	2,9	34,0	30,50	4	-430	-426	12	-1.555	-1.543	32	1.193	1.225
Argent38	4,9	22,4	34,00	28	-143	-115	92	-860	-768	196	543	738
Argent46	4,4	24,4	27,75	13	-261	-248	42	-1.214	-1.172	97	673	770
Argent41	5,8	20,2	30,25	28	-238	-210	89	-1.254	-1.164	204	522	726
Argent35	5,7	23,2	27,00	13	-397	-384	42	-1.362	-1.319	98	485	584

Local-Law Hard Currency Securities Curve

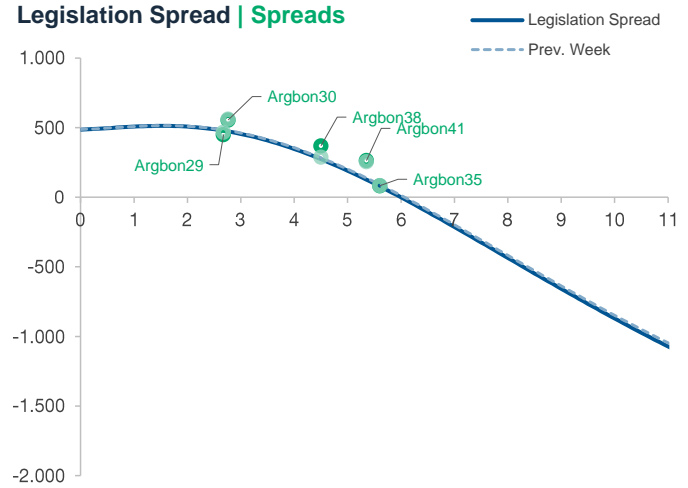
This week, total returns in the local-law curve were negative ranging between -229 and -450bps.

This week, total returns in the local-law curve were negative ranging between -229 and -450bps. Bonar38 and Bonar41 showed a total return of -450bps and -229bps, respectively. In the back-end, Bonar35 showed a total return of -370bps. Finally, in the front-end, the performance of the Bonar30 presented a total return of -368bps. In this context, the front-end is trading near 26.13c (-1.00c compared to the previous week), and the back-end is trading near 26.00c (-1.00c). The Bonar30 vs. Bonar35 spread closed at +0.125c (without changes) and is still below its historical average at 1.37c. Lastly, the legislation spread (Argent30 vs. Bonar30) decreased to 4.38c (-0.38c) and is above its historical average of 2.71c.

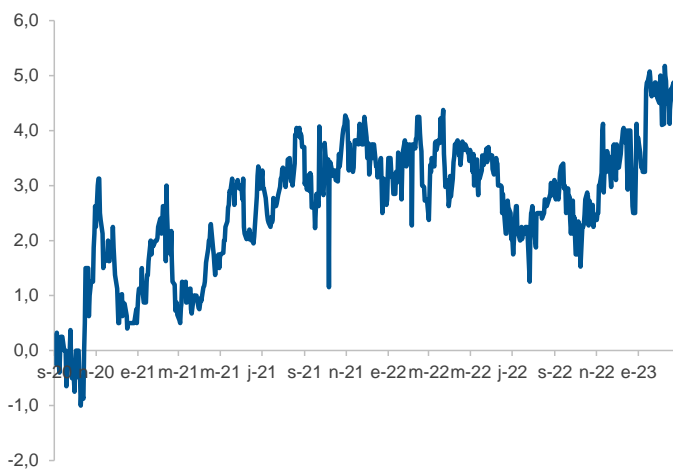
Globals Yield Curve | YTM



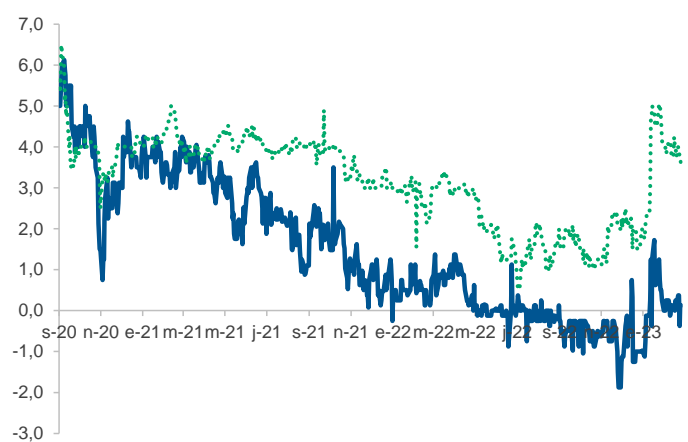
Legislation Spread | Spreads



GD30 vs. AL30 | Spreads



AL30 vs. AL35 | Spreads



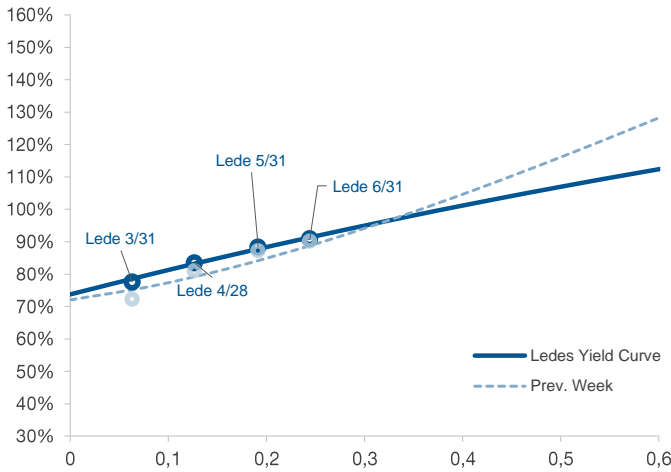
	3-mar.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029 AL	2,7	42,1	26,25	9	-331	-322	28	-1.759	-1.731	71	642	714
Argent30 AL	2,8	39,5	26,13	5	-373	-368	14	-1.654	-1.639	36	627	663
Argent38 AL	4,5	26,1	29,13	32	-482	-450	102	-1.470	-1.368	197	-1.094	-897
Argent41 AL	5,4	22,8	26,63	32	-261	-229	102	-1.370	-1.268	212	-573	-361
Argent35 AL	5,6	24,0	26,00	14	-384	-370	43	-1.587	-1.543	100	222	322

ARS Fixed-Rate Securities Curve

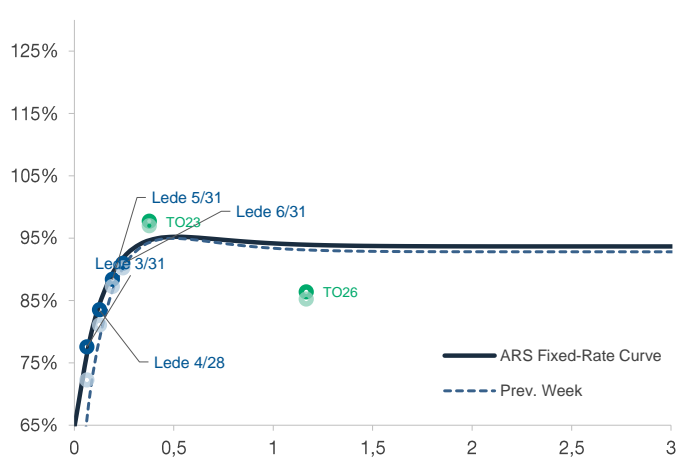
The performance on the Ledes was positive, with an average total return of +151bps. For the Botes, the total return was mixed. The Lede of May was the one reporting the highest total return at 159bps. In the case of Bote23, the total return was +143bps, given +86bps of clean price variation and +57bps of carry. Bote26's total return was -56bps given a change in the clean price of -201bps and a carry of +145bps. 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 +172bps.

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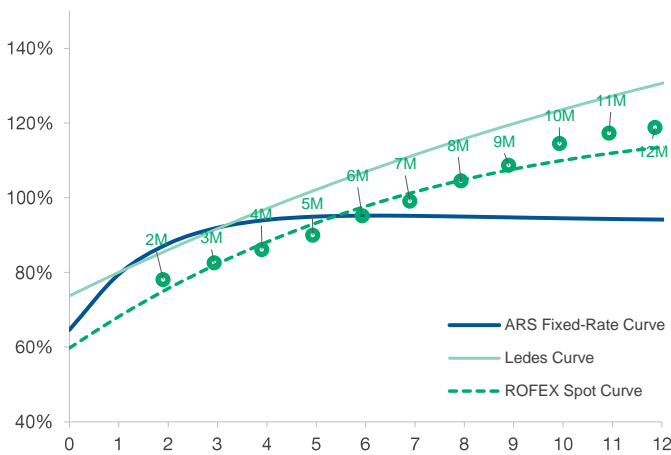
Ledes Yield Curve | YTM



ARS Fixed-Rate Curve | YTM



ROFEX vs. ARS Fixed-Rate Curve | YTM



	Total Return		
	Last Week	Last Month	YTD
S28A3	150	555	1.302
TV23	71	518	985
BADLAR	172	613	1.206

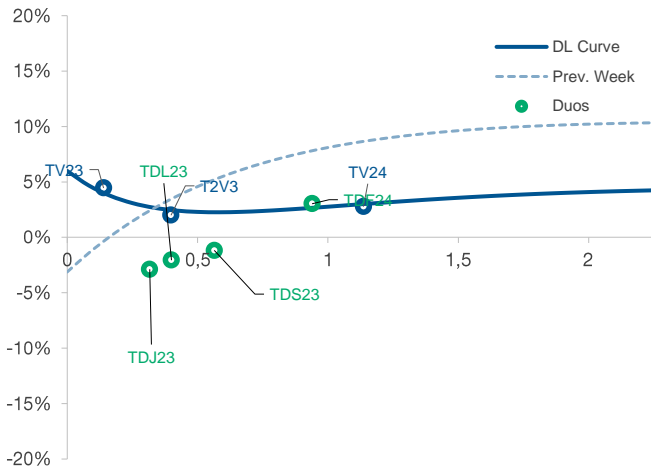
	3-mar.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
S31M3 - LEDE 03/31/23	0,1	77,5	95,1	-	138	138	-	1.002	1.002	-	1.320	1.320
S28A3 - LEDE 04/28/23	0,1	83,5	89,4	-	150	150	-	555	555	-	1.302	1.302
S31Y3 - LEDE 05/31/23	0,2	88,4	83,1	-	159	159	-	899	899	-	1.069	1.069
S30J3 - LEDE 06/30/23	0,2	90,9	77,8	-	158	158	-	885	885	-	1.114	1.114
TO23	0,4	95,4	74,4	57	86	143	214	493	707	436	638	1.074
TO26	1,2	86,3	29,7	145	-201	-56	533	-262	271	1.176	342	1.518

Dollar-Linked Securities Curve

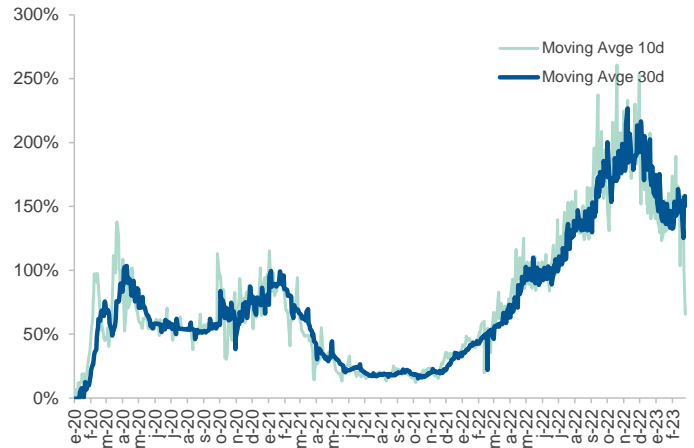
Bolis had a positive week, with an average total return of 371bps.

Bolis had a positive week, with an average total return of 371bps. The annualized official FX devaluation rate (10-day moving average) was 155.9%. In this context, Bolis accumulated +132bps of FX effect on average. The Boli23 due in April accumulated a clean price variation of -58bps, the Boli23 due in July +13bps, and the Boli24 +762bps. In this context, the total return was, for the Boli23 due in April +71bps, for the Boli23 due in July +142bps, and for the Boli24 +901bps.

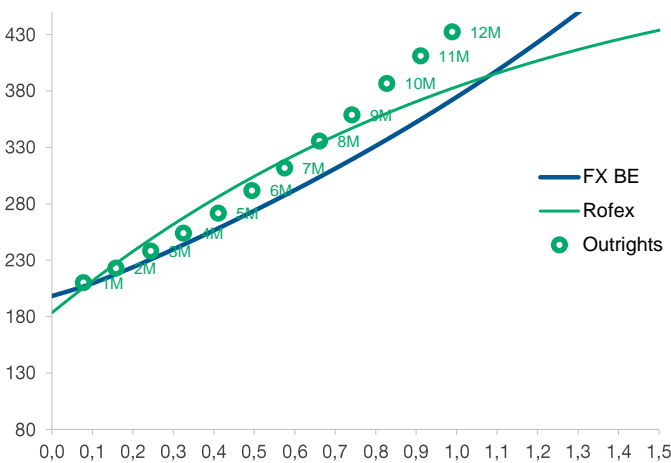
Dollar-Linked Curve | YTM



Official FX Dev. Rate Annualized | Moving Ave



Official FX & Rofex | Break-Evens & Outrights



	3-mar.-23		Pure CER Valuation		Implied Option Value		
	MD	YTM	PX (Conv.)	PX	YTM	BPS	USD (Official fixing)
TDJ23	0,3	0,9	19980,0	19997,3	0,7	-26,5	-0,1
TDL23	0,4	1,4	19960,0	20008,5	0,8	-59,5	-0,4
TDS23	0,6	2,3	19925,0	19913,7	2,4	9,9	0,1
TDF24	0,9	5,9	19210,0	19003,6	7,0	107,6	1,4

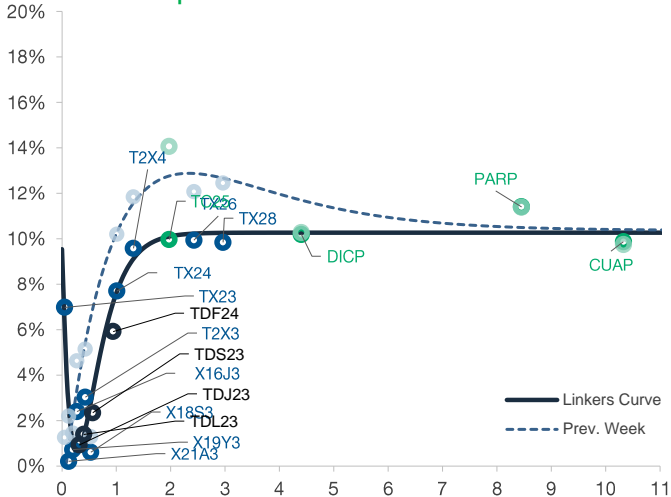
	3-mar.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)
TV23	0,1	4,5	19.663,0	1	-58	128	71	3	-66	581	518	5	-191	1.171	985
T2V3	0,4	2,0	19.600,0	0	13	129	142	0	119	592	710	0	-51	1.187	1.136
TV24	1,14	2,8	19.260,0	1	762	139	901	4	1.370	665	2.039	8	1.166	1.333	2.508

Inflation-Linked Securities Curve

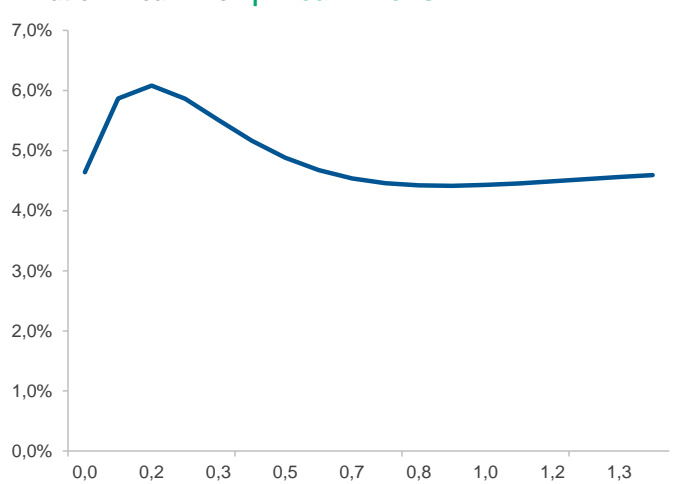
Linkers' total return was around +327bps on average, driven by +125bps of inflation effect and a positive clean price variation.

Linkers' total return was around +327bps on average, driven by +125bps of inflation effect and a positive clean price variation. Total returns in the front-end averaged +161bps, resulting from +37bps of clean price variation, +1bps of carry, and +123bps of inflation effect. The belly accumulated nearly +700bps of total return, on the back of +7bps of weekly carry, +564bps of clean price variation, and +130bps of inflation effect. Lastly, in the back-end, the total return was +59bps, resulting from +15bps of weekly carry, +122bps of inflation effect, and clean price variations of -78bps. In terms of the Duos, the total return closed at +310bps. In this context, the top-performers in the linkers space were (i) X21A3 in the front-end, with +153bps total return; (ii) TC25 in the belly, with +997bps total return; and (iii) DICP in the back-end, with +178bps. Finally, the monthly inflation break-evens stand near 5.9% for the shortest tenors and converge towards 4.4% by end-2023.

Linkers Curve | YTM



Inflation Break-Even | Break-Evens



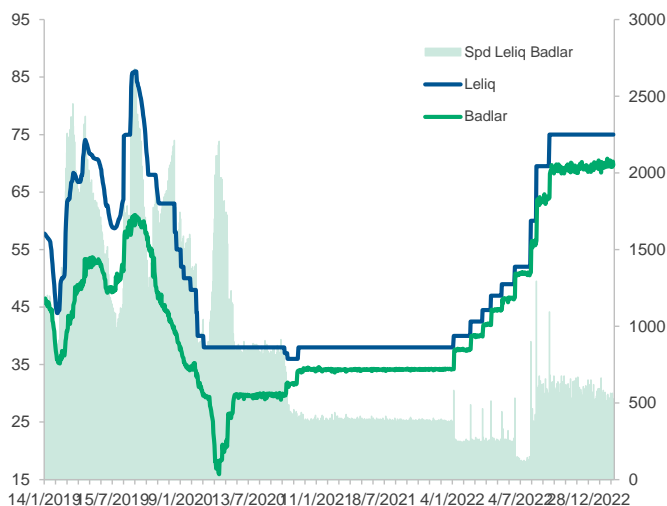
	3-mar.-23		Last Week				Last Month				YTD				
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)
X21A3	0,1	0,2	187,9	0	30	123	153	0	114	509	623	0	88	1.063	1.151
X19Y3	0,2	0,7	180,1	0	18	123	141	0	157	511	668	0	117	1.066	1.183
X16J3	0,3	2,4	142,0	0	72	123	196	0	190	513	703	0	137	1.068	1.205
X18S3	0,5	0,6	133,0	0	39	123	162	0	452	526	978	0	350	1.091	1.441
TX23	0,1	7,0	392,8	4	-33	122	93	13	-12	503	503	25	28	1.060	1.113
T2X3	0,4	3,0	355,0	4	96	124	223	13	228	515	756	31	2.077	1.276	3.383
TX24	1,0	7,7	369,8	4	272	126	402	15	418	525	958	29	409	1.100	1.539
TC25	2,0	10,0	777,5	12	851	133	997	43	676	539	1.258	85	659	1.132	1.877
T2X4	1,3	9,6	266,5	4	320	127	451	16	490	529	1.035	32	476	1.107	1.616
TX26	2,4	9,9	290,8	6	555	129	691	23	730	541	1.294	46	871	1.151	2.068
TX28	3,0	9,8	280,5	8	820	133	961	27	789	544	1.360	54	841	1.148	2.043
DICP	4,4	10,2	5725,0	18	37	123	178	64	172	515	751	131	439	1.114	1.684
PARP	8,5	11,4	2300,0	10	-133	121	-1	36	-520	479	-5	72	-397	1.020	694
CUAP	10,3	9,9	3500,0	18	-139	121	0	79	2.263	621	2.963	147	1.580	1.236	2.963
TDJ23	0,3	0,9	19980,0	0	86	124	210	0	145	510	656	1	103	1.065	1.169
TDL23	0,4	1,4	19960,0	0	73	123	197	1	198	513	712	1	116	1.066	1.183
TDS23	0,6	2,3	19925,0	0	188	125	313	1	321	519	841	1	288	1.084	1.373
TDF24	0,9	5,9	19210,0	0	392	127	520	1	755	541	1.297	1	694	1.127	1.822

Sub-Sovereign FRNs

This week, the provincial floating rate curve had a total return performance between -55 and +350bps.

This week, the provincial floating rate curve had a total return performance between -55 and +350bps. BDC28 with a total return of 0bps, with a change in clean price close to -125bps and a carry around +125bps. BDC24's total return was -55bps, where -177bps was in terms of clean price change and +123bps of carry. On the BUENOS side, the performance of the Buenos 25 had a total return of +350bps, given a change of the clean price of around +209bps and a carry of +141bps.

Leliq & Badlar Rates | Rates



	3-mar.-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	0,6	95,4	113,4	123	-177	-55	559	12	571	1.234	-119	1.115
BDC28 - BDC 2/22/28	1,3	97,8	101,5	125	-125	0	536	-588	-52	1.226	-392	835
PBA25 - BUENOS 4/12/25	0,9	85,4	101,0	141	209	350	622	47	669	1.201	-1.381	-180

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