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Strategy - Argentina

April 25, 2023

Weekly Strategy Brief

Trade Book

New Trades

Trade	Trade Details	Rationale
LCD		
Buy TX26	Open PX: 303.4 Target PX: 311	Opening Date: 25/04/23
		We open this trade as it is the highest yielding point in the linkers curve, which inverts after 2026.

Closed Trades

Trade	Trade Details	Rationale
LCD		
Buy DICP	Open PX: 5,539 Current PX: 6,000	Opening Date: 03/04/23 TR: +840bps
		We are closing this trade as we have reached the proposed target.

Open Trades

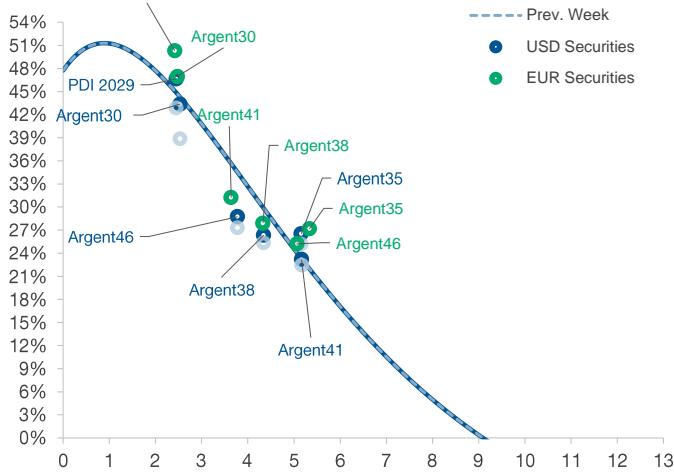
Trade	Trade Details	Rationale
LCD		
Buy TDF24	Open PX: 19,210 Current PX: 22,050 Target PX: 22,671	Opening Date: 06/03/23 TR: +1,508bps
		We maintain this trade as we observe that the market is pricing an event of FX correction between TDS23 and TDF24, while under our base scenario, we are not assuming such an event at the beginning of the next administration. This results in the TDF24 trading as a pure USD-L, rather than a CER.
Buy TX28	Open PX: 273.7 Current PX: 286 Target PX: 295	Opening Date: 03/04/23 TR: +455bps
		We maintain this trades as we like the high carry they offer, and we consider they should be shielded from the credit risks weighing down on the ARS curve.

Global-Law Securities Curve

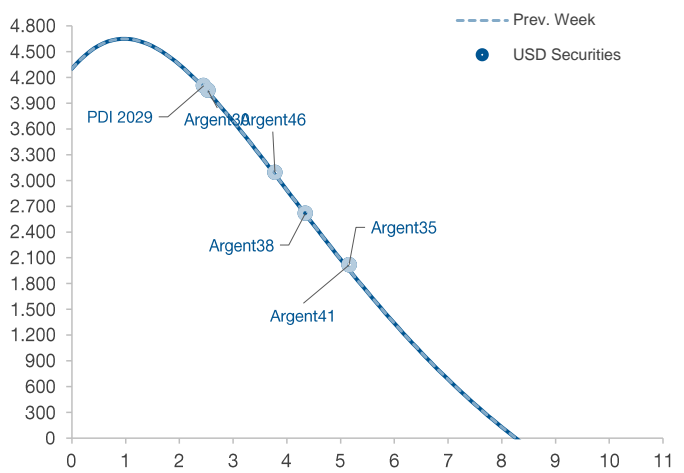
The global-law curve had a negative week with total returns ranging between -334 and -1.042bps. The old indenture reported total returns of -379bps for Argent38 and -334bps for Argent41. In the belly, Argent46 clocked in with a total return of -498bps. In the back-end, Argent35 accumulated -627bps of total return. Finally, in the front-end, Argent30 ended the week with a performance of -1.042bps. In this context, the front-end is trading near 24.70c (-2.90c compared to last week), while the back-end is trading near 23.00c (-1.60c). The Argent30 vs. Argent35 spread closed at 1.7c, below its historical average of 3.14c. We calculate the indenture spread by creating two synthetic portfolios combining the Argent30 and Argent35 so that their duration matches that of the Argent38 and Argent41. Once we have those weights, we use them to weigh the prices of the Argent bonds and create synthetic duration-adjusted bonds. We then calculate the spread of the synthetic versus the 38s and 41s, which should reflect the indenture spread. For Argent38 it increased to 5.1c (+0.79c)—below its historical average of 4.81c—and grew to 2.8c for Argent41 (+0.63c)—below its historical average of 3.27c.

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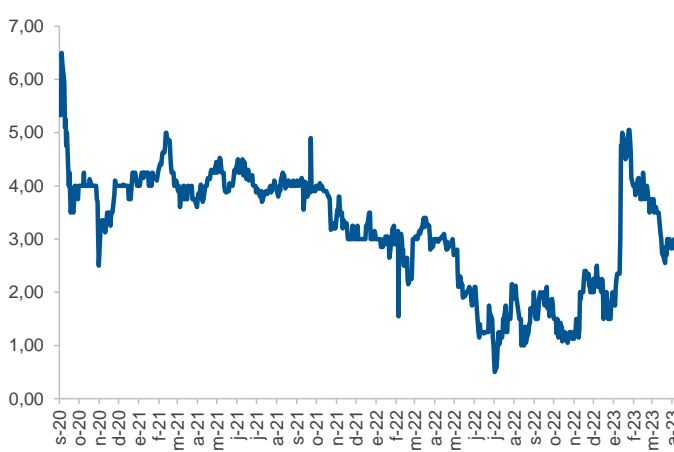
Globals Yield Curve | YTM



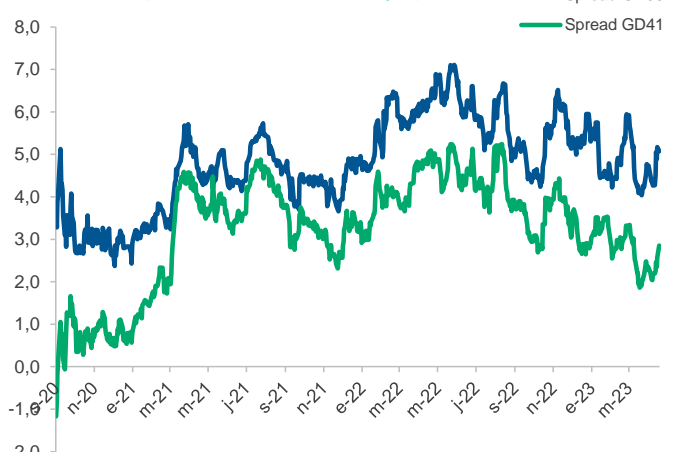
Spread Curve vs. UST | Spreads



GD30 vs. GD35 | Spreads



Indenture Spread GD38 & GD41 | Spreads



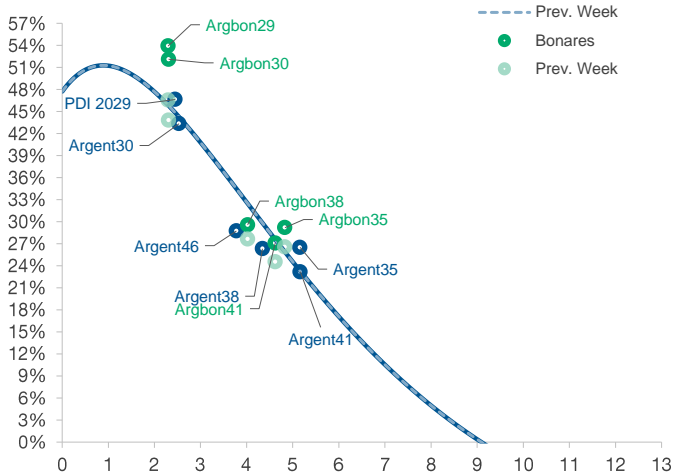
	24-abr.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029	2,5	46,7	24,35	7	-837	-829	33	-611	-578	118	-897	-779
Argent30	2,5	43,4	24,70	4	-1.045	-1.042	16	-729	-712	58	-936	-878
Argent38	4,3	26,3	28,60	24	-404	-379	112	-117	-5	366	-1.132	-766
Argent46	3,8	28,7	23,80	11	-509	-498	52	-243	-190	179	-846	-667
Argent41	5,2	23,2	25,85	24	-359	-334	113	-56	57	377	-1.009	-632
Argent35	5,2	26,5	23,00	12	-639	-627	53	-391	-338	181	-1.068	-887

Local-Law Hard Currency Securities Curve

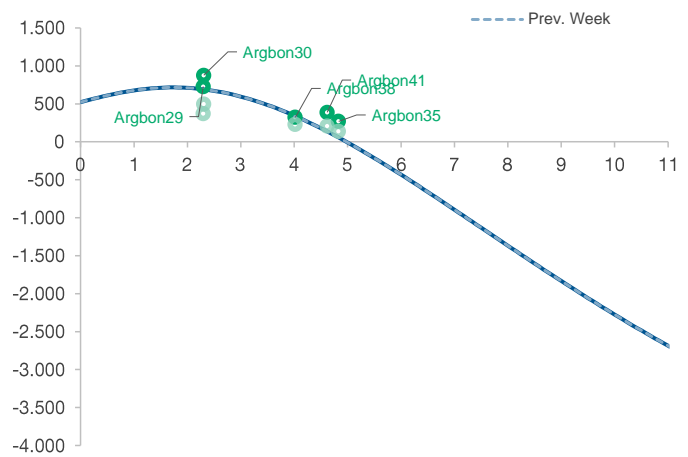
This week, total returns in the local-law curve were negative ranging between -713 and -1,529bps.

This week, total returns in the local-law curve were negative ranging between -713 and -1,529bps. Bonar38 and Bonar41 showed a total return of -713bps and -1,097bps, respectively. In the back-end, Bonar35 showed a total return of -1.181bps. Finally, in the front-end, the performance of the Bonar30 presented a total return of -1,743bps. In this context, the front-end is trading near 20.13c (-4.25c compared to the previous week), and the back-end is trading near 20.50c (-2.75c). The Bonar30 vs. Bonar35 spread closed at -0.375c (-1.50) and is still below its historical average at 1.32c. Lastly, the legislation spread (Argent30 vs. Bonar30) grew to 4.58c (+1.35c), above its historical average of 2.77c.

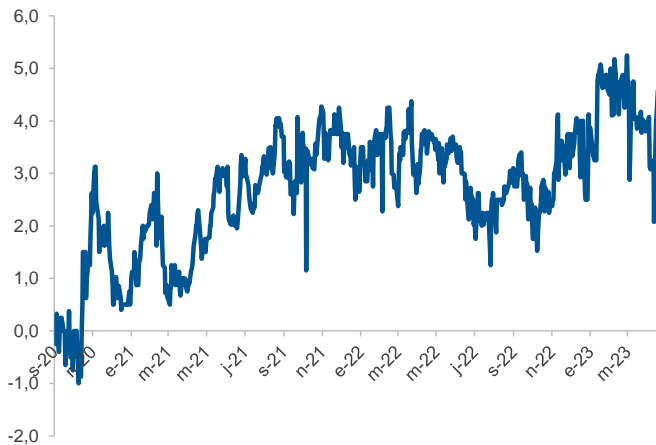
Globals Yield Curve | YTM



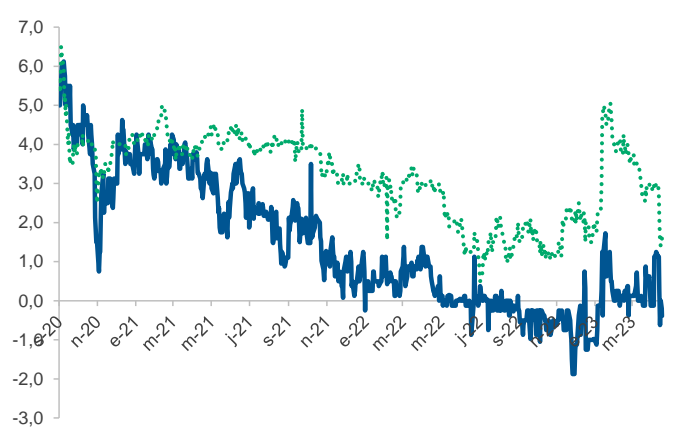
Legislation Spread | Spreads



GD30 vs. AL30 | Spreads



AL30 vs. AL35 | Spreads



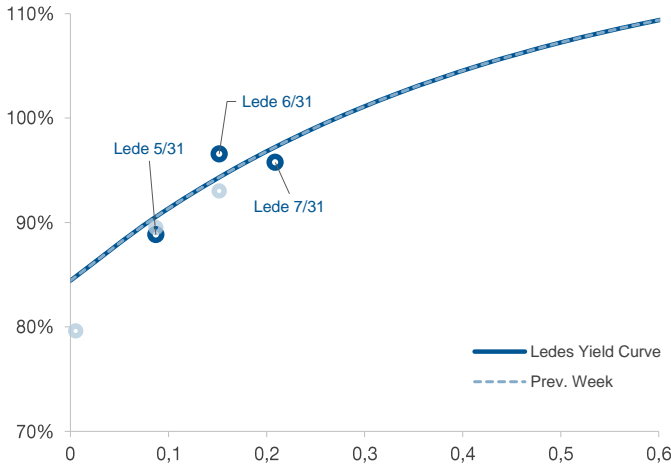
	24-abr.-23			Última Semana			Último Mes			Acumulado del Año		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
PDI 2029 AL	2,3	53,9	20,75	8	-1.537	-1.529	37	-1.015	-977	129	-1.658	-1.529
Argent30 AL	2,3	52,1	20,13	4	-1.747	-1.743	19	-1.162	-1.143	65	-1.849	-1.785
Argent38 AL	4,0	29,6	26,00	27	-740	-713	127	-222	-95	368	-2.240	-1.872
Argent41 AL	4,6	27,1	22,25	27	-1.124	-1.097	131	-456	-325	391	-2.333	-1.941
Argent35 AL	4,8	29,2	20,50	13	-1.194	-1.181	57	-1.044	-988	185	-2.044	-1.859

ARS Fixed-Rate Securities Curve

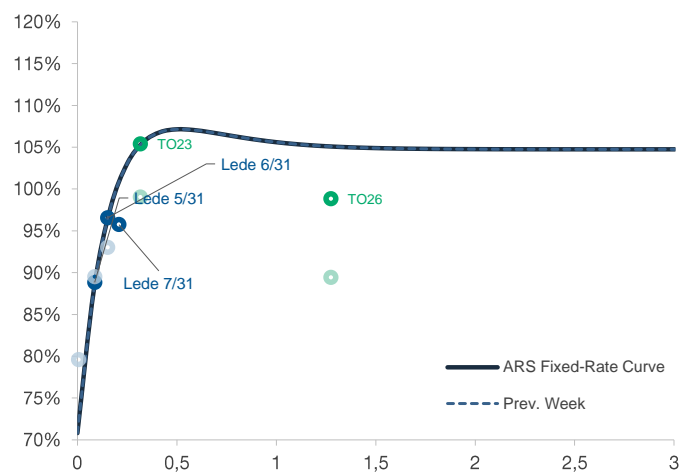
The performance on the Ledes was positive, with an average total return of +70bps. For the Botes, the total return was negative. The Lede of May was the one reporting the highest total return at +165bps. In the case of Bote23, the total return was -129bps, given -170bps of clean price variation and +40bps of carry. Bote26's total return was -885bps given a change in the clean price of -991bps and a carry of +107bps. 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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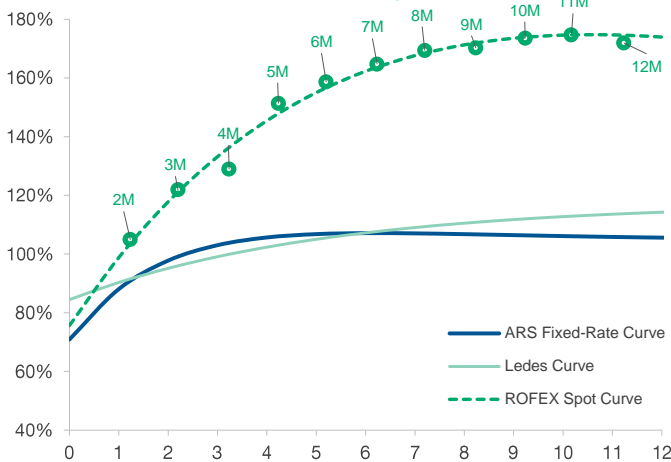
Ledes Yield Curve | YTM



ARS Fixed-Rate Curve | YTM



ROFEX vs. ARS Fixed-Rate Curve | YTM



	Total Return		
	Last Week	Last Month	YTD
S28A3	124	650	2.525
TV23	132	552	2.179
BADLAR	134	594	2.183

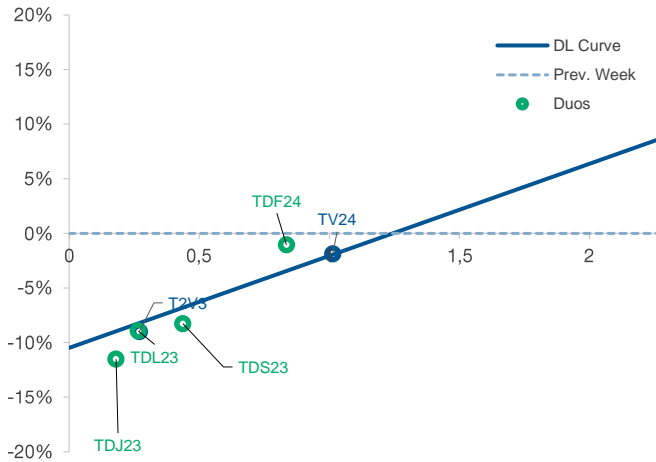
	24-abr.-23			Last Week			Last Month			YTD		
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Total Return (bps)
S28A3 - LEDE 04/28/23	0,0	134,2	99,3	-	124	124	-	650	650	-	2.525	2.525
S31Y3 - LEDE 05/31/23	0,1	88,8	92,3	-	165	165	-	652	652	-	2.284	2.284
S30J3 - LEDE 06/30/23	0,2	96,6	85,4	-	101	101	-	537	537	-	2.021	2.021
S31L3 - LEDE 07/31/23	0,2	95,7	80,0	-	-110	-110	-	-	-	-	-244	-244
TO23	0,3	105,4	71,5	40	-170	-129	186	132	318	789	1.079	1.868
TO26	1,3	98,8	21,2	107	-991	-885	512	-627	-115	2.129	-958	1.171

Dollar-Linked Securities Curve

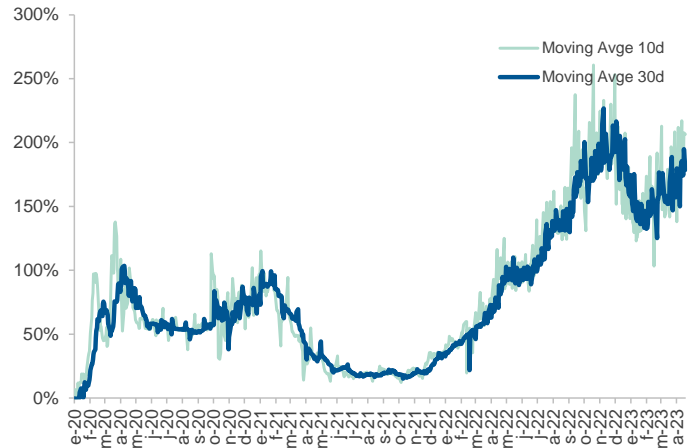
Bolis had a positive week, with an average total return of +351bps.

Bolis had a positive week, with an average total return of +351bps. The annualized official FX devaluation rate (10-day moving average) was 299%. In this context, Bolis accumulated +182bps of FX effect on average. The Boli23 due in April accumulated a clean price variation of -47bps, the Boli23 due in July +179bps, and the Boli24 +373bps. In this context, the total return was, for the Boli23 due in April +132bps, for the Boli23 due in July +362bps, and for the Boli24 +559bps.

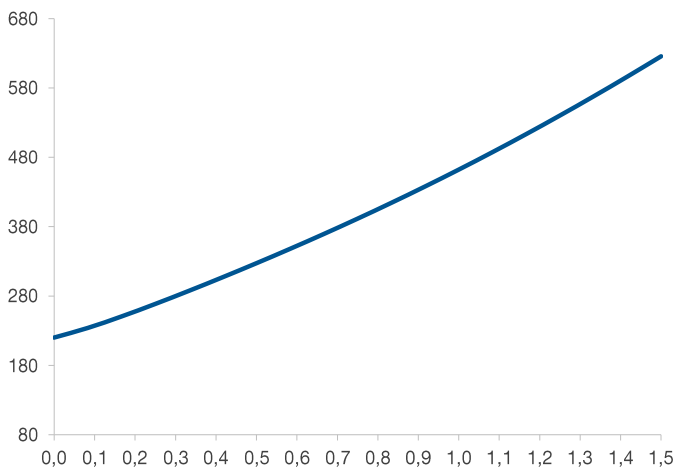
Dollar-Linked Curve | YTM



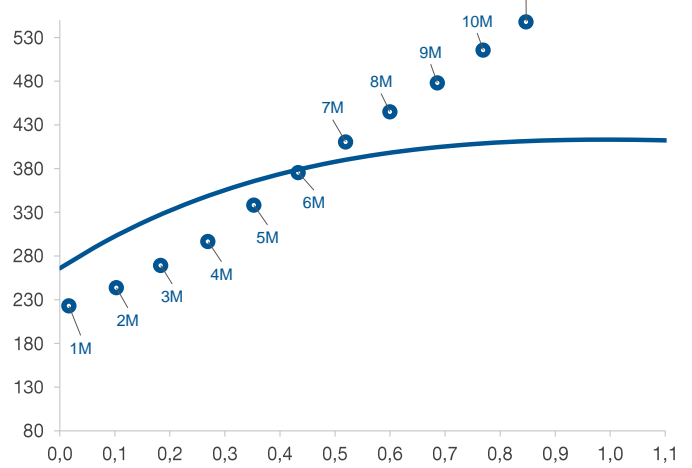
Official FX Dev. Rate Annualized | Moving Ave



Official FX Break-Even | Break-Evens



ROFEX Outrights | Outrights



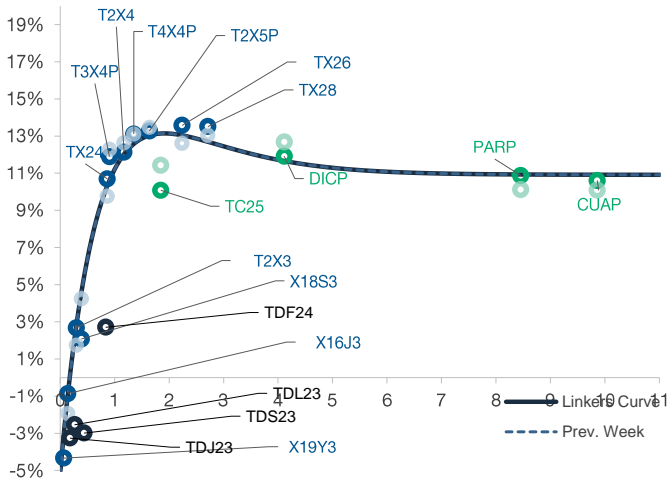
	24-abr.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	FX (bps)	Total Return (bps)
TV23	0,0	34,2	21.800,0	1	-47	178	132	3	-143	692	552	9	-214	2.384	2.179
T2V3	0,3	-9,0	22.350,0	0	179	182	362	0	138	712	850	0	213	2.486	2.699
TV24	1,01	-1,9	22.359,0	1	373	186	559	4	562	742	1.307	15	1.664	2.842	4.520

Inflation-Linked Securities Curve

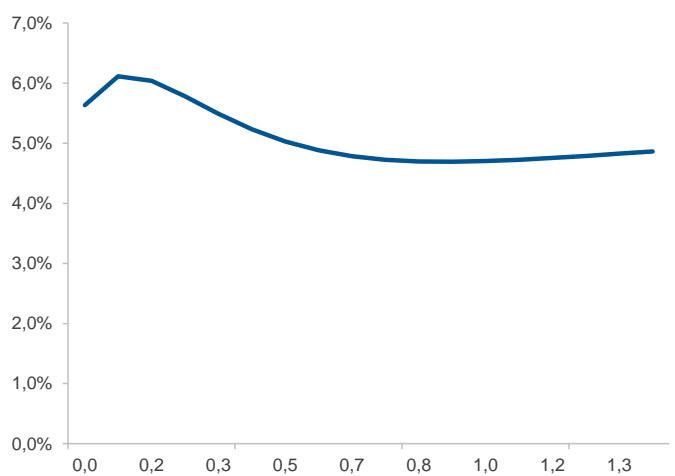
Linkers' total return was around +123bps on average, driven by +145bps of inflation effect and a mixed clean price variation.

Linkers' total return was around +123bps on average, driven by +145bps of inflation effect and a mixed clean price variation. Total returns in the front-end averaged +178bps, resulting from +31bps of clean price variation, +1bps of carry, and +146bps of inflation effect. The belly accumulated nearly +166bps of total return, on the back of +7bps of weekly carry, +13bps of clean price variation, and +146bps of inflation effect. Lastly, in the back-end, the total return was -160bps, resulting from +12bps of weekly carry, +141bps of inflation effect, and clean price variations of -313bps. In terms of the Duos, the total return closed at +193bps. In this context, the top-performers in the linkers space were (i) X18S3 in the front-end, with +281bps total return; (ii) T3X4P in the belly, with +252bps total return; and (iii) DICP in the back-end, with +471bps. Finally, the monthly inflation break-evens stand near 6% for the shortest tenors and converge towards 4.4% by end-2023.

Linkers Curve | YTM



Inflation Break-Even | Break-Evens



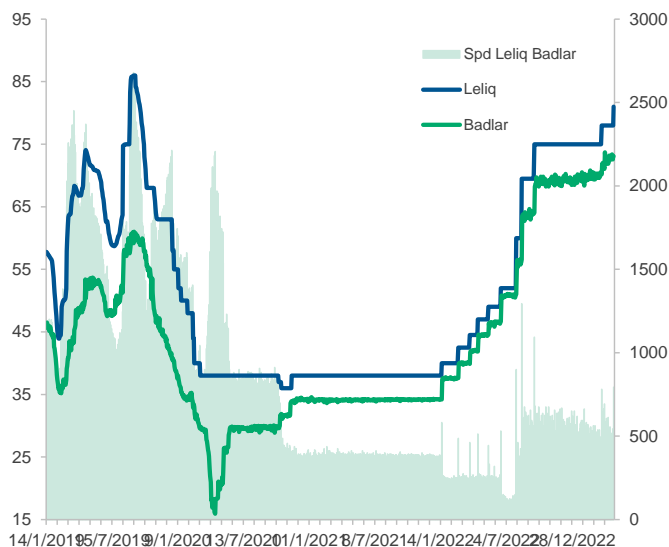
	24-abr.-23			Last Week				Last Month				YTD			
	MD	YTM	PX (Conv.)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)	Carry (bps)	Δ Clean PX (bps)	Cer (bps)	Total Return (bps)
X19Y3	0,1	-4,3	202,2	0	25	146	171	0	6	684	690	0	142	2.344	2.485
X16J3	0,1	-0,9	160,0	0	18	146	164	0	31	685	717	0	290	2.378	2.668
X18S3	0,4	2,1	148,0	0	134	147	281	0	-244	667	423	0	337	2.389	2.726
T2X3	0,3	2,7	398,5	3	17	146	166	12	13	685	711	47	233	2.376	2.656
TX24	0,9	10,7	405,6	3	-41	145	107	14	70	689	773	53	295	2.392	2.740
TC25	1,8	10,1	851,0	9	25	146	180	40	40	689	769	148	-56	2.332	2.424
T2X4	1,2	12,1	291,6	3	96	147	246	15	-89	678	604	57	204	2.371	2.633
T3X4P	0,9	11,9	101,5	8	97	147	252	35	133	695	863	-	-	-	-
T4X4P	1,4	13,1	96,5	9	62	146	217	39	58	690	787	-	-	-	-
T2X5P	1,6	13,3	93,9	10	73	147	229	43	26	688	756	-	-	-	-
TX26	2,2	13,6	303,4	5	-155	143	-7	22	-86	679	616	84	143	2.363	2.590
TX28	2,7	13,5	286,0	6	-106	144	43	26	-345	661	342	97	-170	2.294	2.222
DICP	4,1	11,9	6000,0	15	306	150	471	65	-18	686	733	236	-310	2.294	2.220
PARP	8,5	10,9	2715,0	7	-753	135	-612	31	-782	632	-119	127	100	2.364	2.591
CUAP	9,9	10,6	3670,0	14	-492	138	-340	64	-311	666	419	267	815	2.561	3.643
TDJ23	0,2	-3,3	22370,0	0	-34	145	111	0	12	684	696	1	156	2.347	2.505
TDL23	0,3	-2,5	22425,0	0	8	145	154	1	43	686	730	1	204	2.358	2.564
TDS23	0,4	-3,0	22700,0	0	90	147	237	1	206	697	904	1	524	2.432	2.957
TDF24	0,8	2,7	22050,0	0	123	147	270	1	274	702	976	1	1.021	2.547	3.570

Sub-Sovereign FRNs

This week, the provincial floating rate curve had a total return performance between -349 and +67bps.

This week, the provincial floating rate curve had a total return performance between -349 and +67bps. BDC28 with a total return of +67bps, with a change in clean price close to -55bps and a carry around +122bps. BDC24's total return was -181bps, where -299bps was in terms of clean price change and +118bps of carry. On the BUENOS side, the performance of the Buenos 25 had a total return of -349bps, given a change of the clean price of around -478bps and a carry of +129bps.

Leliq & Badlar Rates | Rates



	24-abr.-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	104,0	103,5	118	-299	-181	566	-223	344	2.288	-566	1.722
BDC28 - BDC 2/22/28	1,1	106,3	109,3	122	-55	67	572	-223	349	2.224	-883	1.341
PBA25 - BUENOS 4/12/25	0,9	96,8	89,0	129	-478	-349	648	18	666	2.257	-1.842	415

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