Foreign Exchange Market: Monthly Balance

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The MXN positioned in 3rd place among the most appreciated currencies in LATAM

In April, the Mexican peso gained ground against the dollar, presenting a monthly appreciation of 2.6%, reversing part of the losses of March. In the first fifteen days of the month, headline inflation increased 4.53% annually, from 4.55% previously, as the core component moderated to 4.27%, from 4.44% previously, but pressures continued the agricultural side (+8.68%). In addition, the preliminary estimate showed a 0.8% quarterly contraction in GDP as of Q1-26, compared to the 0.9% increase recorded at the end of 2025, registering a generalized drop in the three main sectors.

As for the dollar, measured through the DXY Index, it presented a monthly depreciation of 1.9%, affected by the lower nervousness of investors, in the face of the progress of the peace negotiations in the Middle East. The March PCE inflation report showed a 3.5% annual rebound, to a three-year high, from 2.8% previously. Domestically, the core component accelerated to 3.2%, while the price of energy soared 11.6%, underscoring a balance of risks for inflation skewed to the upside. In line with this narrative, the Federal Reserve kept the target range of the federal funds rate unchanged, at 3.50%-3.75%, while Jerome Powell warned that the recent rebound in energy prices could continue to pressure inflation in the near term.

For its part, the euro closed the month with a gain of 1.8% against the dollar, ranking 8th among the G10 currencies with the greatest decline against the US dollar. At its monetary policy meeting, the European Central Bank (ECB) kept its three interest rates unchanged, bringing the deposit facility rate to 2.00%. Subsequently, Christine Lagarde, president of the ECB, emphasized that monetary policy will continue to depend on data, in a context where the balance of risks for inflation remains skewed to the upside.

USD/MXN spot: daily candle chart (2026)



Source: Prepared by the authors with Refinitv.

*Check the economic and exchange rate forecasts report.

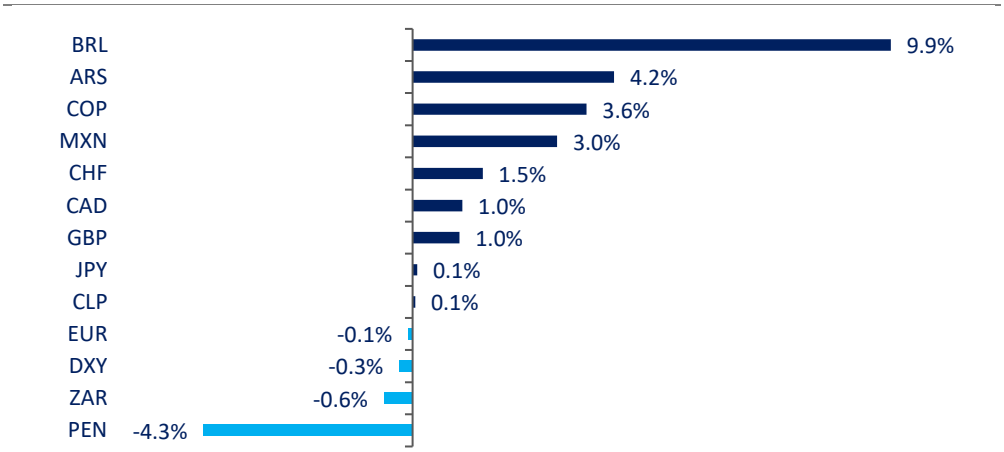
Key factors

The second round of bilateral negotiations for the revision of the USMCA concluded with divergent positions between Mexico and the United States, recognizing the low probability of resuming a tariff-free trade scheme in the short term. This environment has maintained pessimism about regional integration, although it was partially offset by progress in the trade diversification strategy, highlighting the modernisation of the agreement with the EU after more than a decade of negotiations. However, uncertainty about U.S. tariff policy and the protectionist environment remain the main catalysts of volatility for the local currency.

As for the US, market sentiment was influenced by signals from the Treasury Department about a possible reinstatement of tariffs to previous levels in early July, after a legal setback in the Supreme Court. Despite the administration extending the ceasefire with Iran, the persistent blockade in the Strait of Hormuz keeps global risk premiums and logistics costs elevated. Looking ahead to May, the focus is on developments in the peace negotiations, as the absence of a structural solution to ensure energy flow and free navigation continues to fuel inflationary pressures.

For the Eurozone, the modernization of the pact with Mexico represents a significant advance in its foreign policy; however, the bloc faces new internal obstacles following Poland's announcement to challenge the treaty with Mercosur before the EU Court of Justice, aligning itself with the concerns of France and Ireland. This fragmentation, coupled with energy vulnerability stemming from tensions in the Middle East, has intensified concerns about global companies' operating margins. The prolongation of cost overruns in supply chains suggests that the weakness of the European currency could return if a stabilization in the prices of energy goods is not achieved.

Cumulative change in 2026 by currency against the dollar, and DXY index



Source: Own elaboration with Bloomberg data.

Technical Analysis

USD/MXN:

In April, the parity closed with a price of $17.46 spot, which implied a monthly appreciation of the peso of 2.6%. In the month, the price reached a maximum of $17.96 (April 1) and a minimum of $17.12 (April 17) in the interbank market.

USD/MXN trades above $17.35, a level that incorporates two relevant Fibonacci retracements of the last three years, and above its 20-week MA. The 3-month RSI trades above its MA, sitting around 43.0 units; the 2-month ROC remains in positive territory above the neutrality threshold, and the MACD histogram registers its first increase after three consecutive pullbacks, suggesting a change in market psychology.

Medium-term technical levels in the interbank market:
Supports: $17.34 - $17.16 - $17.08
Resistances: $17.64 - $17.77 - $17.94

USD/MXN *spot*: weekly candle chart (2 years)



Source: Prepared by the authors with Refinitv.

DXY Index:

The DXY index closed April with a price of 98.07 points, which implied a monthly depreciation of 1.9%. In the month, the index reached a maximum of 100.28 points (6-Apr) and a minimum of 97.63 (17-Apr) in the interbank market.

Since April 2025, the index has remained sideways, with weekly closes between 96.90 and 101.27, trading between the 50.0% and 78.6% Fibonacci retracements, of the January 2021 – September 2022 movement, oscillating at 98.92 points (61-8% retracement). RSI, ROC and MACD have been trading higher for a year now, suggesting a higher probability of an immediate ceiling break.

Medium-term technical levels in the interbank market:
Support: 98.00 – 97.55 – 96.90
Resistance: 100.10 – 101.27 – 101.95.

Spot DXY Index: Weekly Candlestick Chart (2 years)



Source: Prepared by the authors with Refinitv.

EUR/MXN:

The euro ended April with a spot price of $20.49, which implied a monthly depreciation of 1.1% against the peso. In the month, the price reached a maximum of $20.77 (Apr 1) and a minimum of $20.21 (Apr 13) in the interbank market.

EUR/MXN returned above the downtrend line, formed since April 2025, as technical oscillators confirm bullish *momentum*, reinforcing the expectation of continuation. The RSI 14 is trading above its moving average; the -DI continues to decline, as the +DI is set to cross it higher, and the ADX stands at 33.4 points. Relevant support at the 200-week MA ($20.20 *spot*).

Medium-term technical levels in the interbank market:
Supports: $20.30 - $20.20 - $20.14
Resistances: $20.51 - $20.60 - $20.72

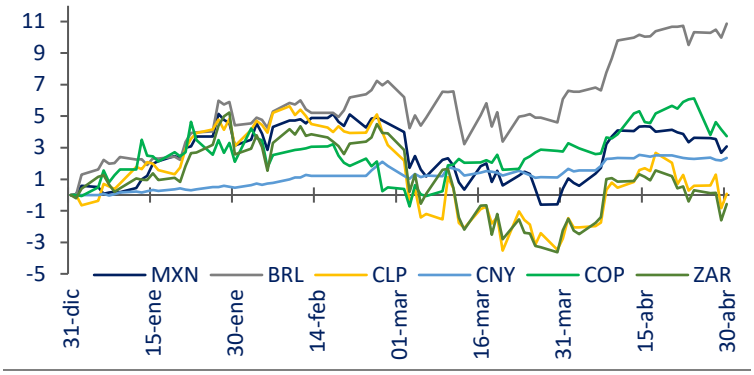
EUR/MXN *spot*: weekly candle chart (1 year)



Source: Prepared by the authors with Refinitv.

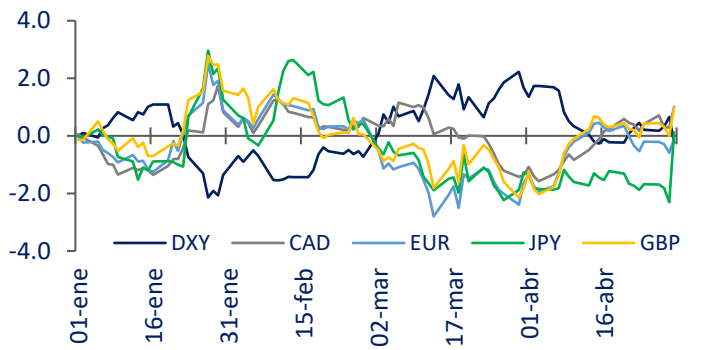
Key Market Indicators

Emerging Economies Currency Index (end of 2025 = 0)



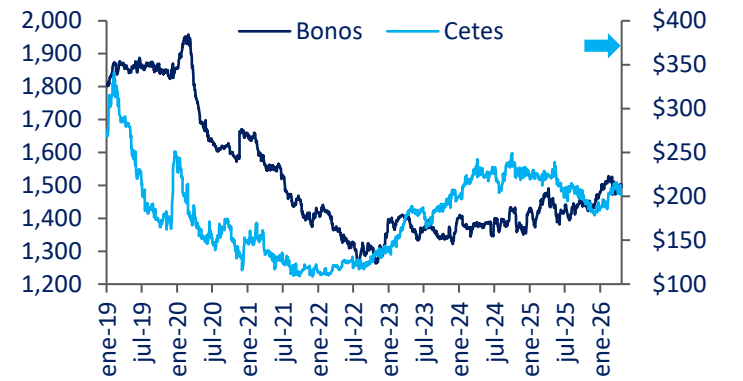
In the month, the Mexican peso was the fifth currency of emerging economies with the highest appreciation against the dollar, while the Russian ruble led the gains with 7.7%.

Developed Economies Currency Index (end of 2025 = 0)



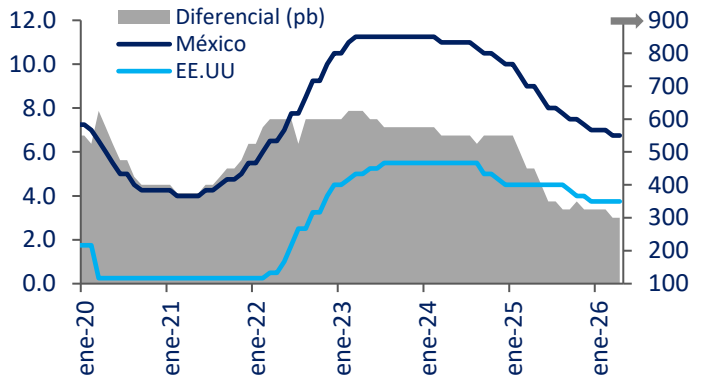
In April, the currencies of the G10 basket advanced against the dollar, highlighting that the Norwegian krone led the gains (4.6%), while the yen was the least favored, with an appreciation of 1.4% against the dollar.

Holding of bonds abroad (mdp)



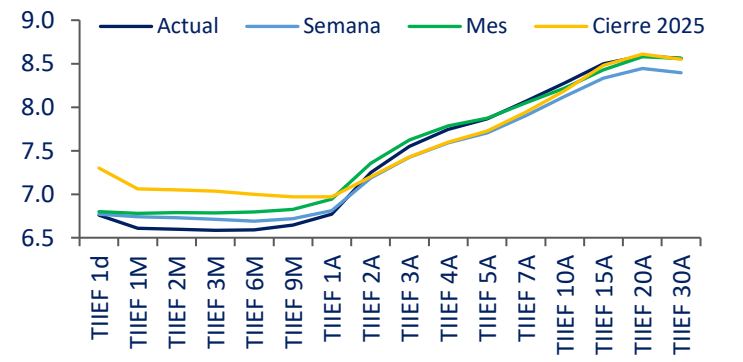
As of April 21, the holding of bonds in the hands of residents abroad increased 1.6% monthly, while that of CETES fell 3.1% compared to the previous month.

Benchmark interest rate differential



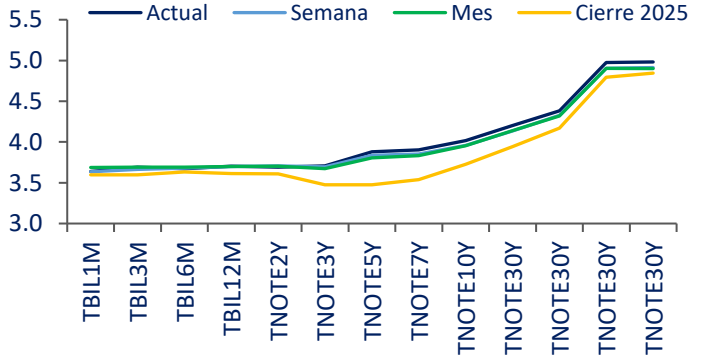
In April, the interest rate differential between Mexico and the US remained at 300 bps, as the Fed did not make adjustments and Banxico did not celebrate a monetary policy decision.

TIIE curve of Mexico (%)



The TIIE curve reflects stability at around 6.50% for the remainder of 2026, with possible increases to Banxico's benchmark interest rate, derived from upside risks to inflation.

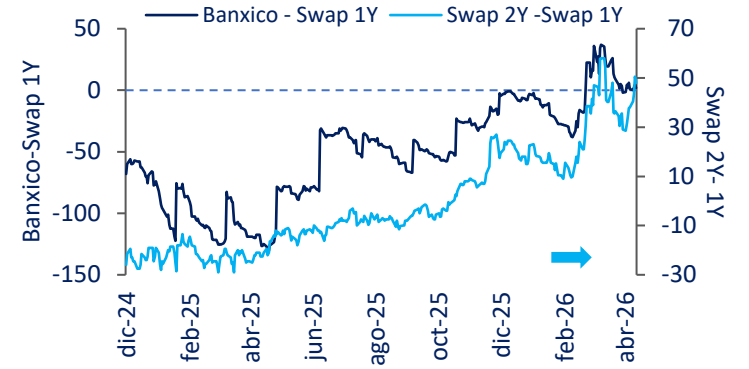
U.S. Treasury Curve (%)



The yield curve of Treasury bonds has increased compared to recent weeks, given higher expectations of high inflation and possible upward adjustments for the Fed's interest rate.

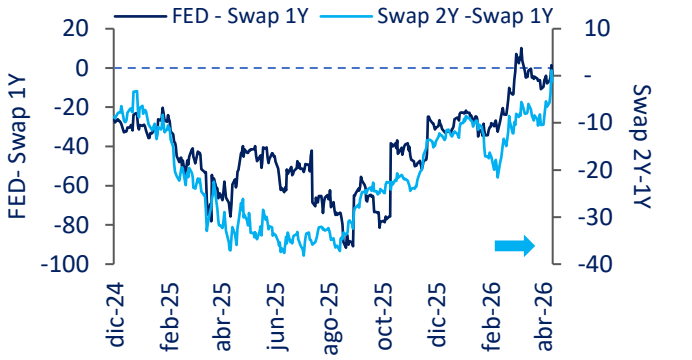
Key Market Indicators

Banxico interest rate vs 1 and 2-year swap curve



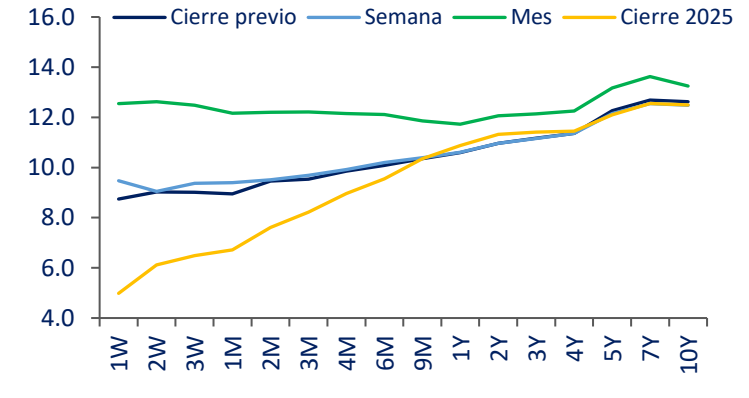
The difference between Banxico's benchmark interest rate and the 1-year swap curve fell to +2 bps, from +27 bps at the end of March, reflecting a moderation in expectations of rate increases over the next 365 days.

Fed interest rate vs 1-year and 2-year swap curve



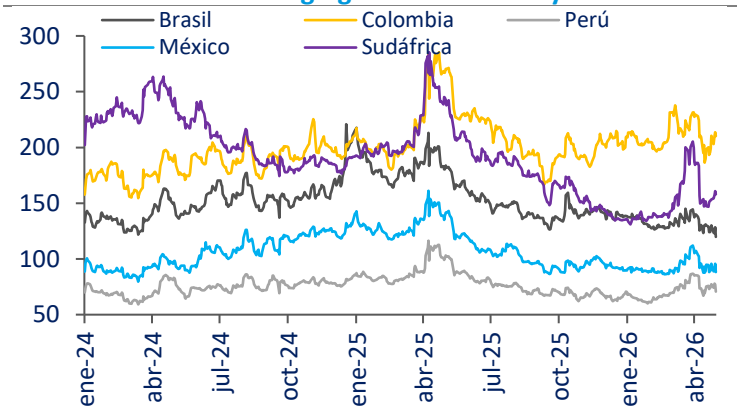
The spread between the upper bound of fed funds and 1-year swaps stood at -3 bps, from -5 bps in March, showing that the market expects stability in monetary policy, with a slight bearish bias.

USD/MXN implied volatility curve (%)



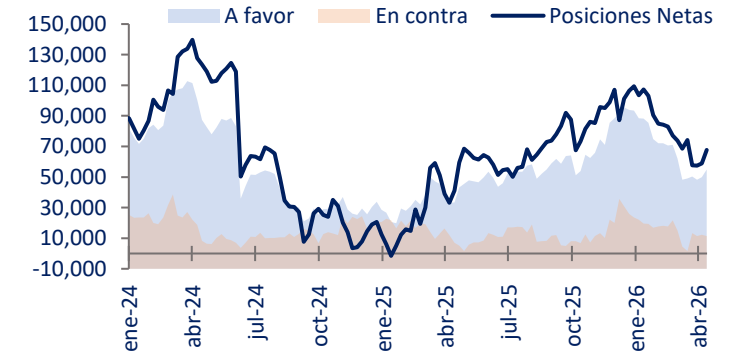
The USD/MXN implied volatility curve has narrowed from the levels recorded at the end of March, showing a steepening bullish and less nervousness in the market.

CDS of Mexico and emerging economies at 5 years



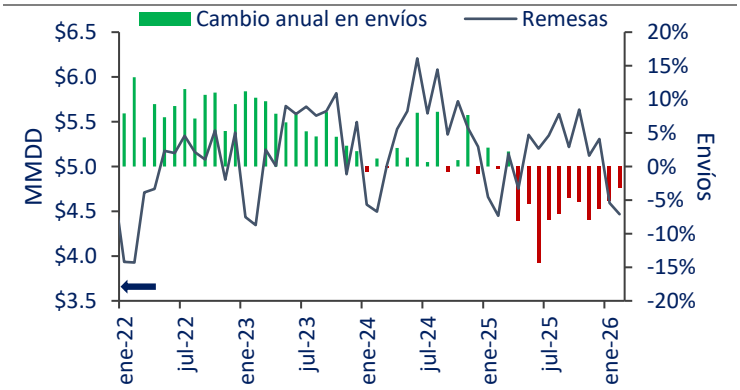
Most emerging economies' perception of sovereign risk declined as Middle East peace negotiations increased, releasing pressures on the cost of energy.

Speculative net CFTC positions for the Mexican peso on the CME



Net speculative positions in the Mexican peso were 67,701 contracts in the week of March 15-21, from 58,954 previously. In line with less geopolitical concern on the part of speculators.

Remittance Revenue and Annual Change in Remittances



In February and with original figures, total income from remittances was $4.46 billion dollars (mmd), which implied an increase of 0.4% annually.

Forex Indicators

Emerging economies

Closing of the period

	Cierre	Variación				Acumulado
	Previo	Diaria	Semanal	Mensual	Trimestral	2026
México	17.47	0.4%	-0.3%	3.7%	-2.0%	19.2%
Argentina	1,391.12	0.0%	0.0%	0.5%	3.8%	-25.9%
Brasil	4.96	0.8%	1.2%	6.0%	4.0%	24.5%
Chile	900.10	0.9%	-0.2%	3.7%	-4.8%	10.7%
China	6.83	0.2%	0.0%	1.2%	1.6%	6.9%
Colombia	3,638.79	-0.4%	-2.2%	0.9%	1.4%	21.1%
Hong Kong	7.83	0.1%	0.0%	0.0%	-0.5%	-0.8%
India	94.92	-0.1%	-0.8%	-0.1%	-3.2%	-9.8%
Perú	3.51	0.4%	-1.1%	-0.2%	-5.0%	7.1%
Rusia	75.06	-0.2%	0.0%	8.3%	2.2%	51.2%
Sudáfrica	16.67	0.9%	-0.3%	3.1%	-6.3%	13.0%

Average of the period

	Datos del mes			Variación		Acumulado
	Promedio	Maximo	Minimo	Mensual	Trimestral	2026
México	17.46	17.90	17.25	-1.8%	-3.0%	-2.2%
Argentina	1,382.81	1,417.02	1,355.54	-0.9%	-3.3%	8.5%
Brasil	5.03	5.16	4.96	-3.8%	-4.3%	1.6%
Chile	898.06	919.51	877.18	-1.6%	-2.0%	-3.1%
China	6.84	6.89	6.82	-0.8%	-2.2%	-1.3%
Colombia	3,617.21	3,679.02	3,556.82	-2.6%	-2.3%	-3.4%
Hong Kong	7.83	7.84	7.82	0.1%	0.5%	-0.3%
India	93.57	94.92	92.58	0.7%	2.8%	1.2%
Perú	3.44	3.52	3.37	-0.2%	1.6%	-3.6%
Rusia	76.68	80.55	74.87	-4.8%	-1.0%	-1.2%
Sudáfrica	16.57	16.98	16.31	-1.0%	-1.9%	-4.2%

5-day correlation

	MXN	ARS	BRL	CLP	CNY	COP	HKD	INR	PEN	RUB	ZAR
México	1.00	-0.73	0.23	0.90	0.50	0.44	-0.09	0.85	0.69	-0.50	0.99
Argentina		1.00	0.14	-0.63	-0.45	0.09	0.51	-0.80	-0.15	-0.20	-0.66
Brasil			1.00	0.39	0.50	-0.19	0.91	-0.25	0.24	-0.36	0.31
Chile				1.00	0.28	0.30	0.02	0.60	0.43	-0.49	0.92
China					1.00	-0.21	0.36	0.42	0.51	0.00	0.49
Colombia						1.00	-0.12	0.47	0.73	-0.84	0.47
Hong Kong							1.00	-0.49	0.23	-0.38	0.00
India								1.00	0.63	-0.25	0.80
Perú									1.00	-0.77	0.72
Rusia										1.00	-0.58
Sudáfrica											1.00

Developed economies

Closing of the period

	Cierre	Variación				Acumulado
	Previo	Diaria	Semanal	Mensual	Trimestral	2026
Dólar Index	98.07	-0.9%	-0.7%	-2.4%	2.6%	-9.6%
Australia	0.72	1.2%	1.0%	5.1%	1.1%	16.4%
Canadá	1.36	0.8%	0.9%	2.5%	-0.9%	5.9%
Dinamarca	6.37	0.5%	0.4%	2.3%	-2.4%	13.1%
Euro	1.17	0.5%	0.4%	2.3%	-2.3%	13.3%
Japón	156.58	2.4%	2.0%	2.0%	-4.4%	0.4%
Noruega	9.26	0.8%	0.9%	5.2%	2.8%	22.9%
Nueva Zelanda	0.59	1.4%	0.9%	3.3%	-3.8%	5.6%
Reino Unido	1.36	1.0%	1.0%	3.2%	-2.4%	8.7%
Suecia	9.24	0.9%	0.3%	3.4%	-5.2%	19.9%
Suiza	0.78	1.3%	0.6%	2.3%	-2.9%	16.1%

Average of the period

	Datos del mes			Variación		Acumulado
	Promedio	Maximo	Minimo	Mensual	Trimestral	2026
Dólar Index	98.80	100.03	98.06	-0.7%	-0.2%	-0.5%
Australia	0.71	0.72	0.69	1.0%	6.1%	0.3%
Canadá	1.38	1.39	1.36	0.3%	-1.1%	-0.6%
Dinamarca	6.39	6.49	6.33	-1.1%	-0.1%	-1.2%
Euro	1.17	1.18	1.15	1.1%	0.1%	1.2%
Japón	159.18	160.41	156.51	0.3%	1.1%	3.5%
Noruega	9.46	9.77	9.28	-2.0%	-5.0%	0.8%
Nueva Zelanda	0.58	0.59	0.57	-0.1%	2.2%	-1.9%
Reino Unido	1.35	1.36	1.32	0.8%	0.7%	0.5%
Suecia	9.27	9.48	9.13	-0.5%	-1.0%	-2.2%
Suiza	0.79	17.34	0.78	0.1%	-1.7%	-1.1%

5-day correlation

	DXY	AUD	CAD	DKK	EUR	JPY	NOK	NZD	GBP	SEK	CHF
Dólar Index	1.00	-0.85	0.90	0.89	-0.91	0.95	0.89	-0.86	-1.00	0.72	0.96
Australia		1.00	-0.72	-0.87	0.87	-0.72	-0.72	0.95	0.82	-0.67	-0.71
Canadá			1.00	0.68	-0.69	0.90	1.00	-0.73	-0.90	0.56	0.88
Dinamarca				1.00	-1.00	0.71	0.69	-0.96	-0.86	0.92	0.88
Euro					1.00	-0.73	-0.70	0.95	0.88	-0.91	-0.89
Japón						1.00	0.88	-0.67	-0.97	0.47	0.88
Noruega							1.00	-0.75	-0.90	0.59	0.89
Nueva Zelanda								1.00	0.83	-0.86	-0.81
Reino Unido									1.00	-0.67	-0.95
Suecia										1.00	0.81
Suiza											1.00

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