



Minutes

May 19, 2026

Twenty-fourth meeting of the Mexican Foreign Exchange Committee

Mexico City, Tuesday, May 19, 2026, 4:00 p.m.
Location: The meeting was held by videoconference.
Host: Bank of Mexico.

Attendees:

Members

Gerardo Israel García López – President, Bank of Mexico.
José Andrés Jiménez Guerra – Secretary, Bank of Mexico.
Diego Rafael Toledo Polis – Assistant Secretary, Bank of Mexico.
Alejandro Faesi Puente, Grupo Financiero Banorte, S.A.B. de C.V.
Antonio Sibaja Luna, Profuturo Afore, S.A. de C.V.
Carlos Alberto Kretschmer Prado, KPTL México Bank, S.A., Institución de Banca Múltiple, Kapital México Grupo Financiero.
César David Vives Flores, Ministry of Finance and Public Credit.
Eduardo Riba Aspe, Enlace Int, S.A. de C.V.
Gilberto Romero Galindo, Banco Ve por Más, S.A., Institución de Banca Múltiple, Grupo Financiero Ve Por Más.
Guillermo Andrés Moreno Arias, Afore Sura, S.A. de C.V.
Juan Carlos Escalera Amigo, LSEG.
Juan Pablo Sánchez Kanter, Grupo Rassini.
Leonardo Franco Villa Reynolds, Afore XXI-Banorte, S.A. de C.V.
Luis Eugenio Alvarado Mejía, Asociación de Bancos de México (ABM).
Luis Manuel Murillo Peñaloza, Valores Mexicanos Casa de Bolsa, S.A. de C.V.
Manuel Alejandro Meza Pizá, BBVA México, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA México.
Mayte Rico Fernández, HSBC Global Asset Management (México), S.A. de C.V., Sociedad Operadora de Fondos de Inversión.
Rafael Buerba Gómez, Santander Asset Management.
Sergio Méndez Centeno, Blackrock México.



Guests

Rodrigo Cano Jauregui Segura Millan, Bank of Mexico.

Dafne Ramos Ruiz, Bank of Mexico.

Pilar María Figueredo Díaz, Bank of Mexico.

Ximena Alfarache Morales, Bank of Mexico.

Carlos Miguel Vélez Martínez, Bank of Mexico.

Luis Murray Arriaga, Bank of Mexico.

Roberto Santiago García Verdú, Bank of Mexico.

Sara Gabriela Castellanos Pascacio, Bank of Mexico.

Laura Odilia Rojas Barrera, Bank of Mexico.

Héctor Kevin Colín Farías, Bank of Mexico.

Izamar Andreina Sistos Juárez, Bank of Mexico.

Mariel Padilla Lujano, Bank of Mexico.

AGENDA

1. Welcome

The President of the Committee welcomed the attendees of the Twenty-Fourth Meeting of the Mexican Foreign Exchange Committee (MFXC). Additionally, he welcomed Juan Pablo Sánchez Kanter, CFO and Board Member of Grupo Rassini, as a new member of the Committee.

In his opening remarks, the President recalled that the MFXC serves as a discussion forum focused on the analysis of current developments and relevant issues affecting the dynamics of the local foreign exchange market. In this context, he highlighted the recent performance of the Mexican peso amid a more complex international environment, characterized by the materialization of geopolitical risks, persistent trade tensions, and increased uncertainty surrounding economic policy in the United States. Despite this backdrop, he noted that the Mexican foreign exchange market has remained orderly and that the peso has shown resilience, recording even accumulative appreciation year-to-date. Finally, the President presented the agenda topics to be discussed during the meeting.

2. Recent developments in global and local FX markets

The Committee discussed recent developments in the global macro-financial environment, highlighting the increase in U.S. interest rates. It was noted that this adjustment has responded not only to higher inflation expectations driven by

geopolitical risks and pressures on commodity prices, but also to an increase in real interest rates, reflecting a higher risk premium and less favorable global financial conditions. Likewise, it was pointed out that geopolitical tensions, particularly in the Middle East, have contributed to higher inflation expectations and limited the scope for global monetary policy easing.

In this context, members highlighted that the interest rate differential between Mexico and the United States stands near to its lowest levels in the last decade, reflecting the divergence in monetary policy cycles and reducing the relative attractiveness of the Mexican peso's carry. Nonetheless, it was noted that, on a volatility-adjusted basis, the peso continues to rank among the most attractive emerging market currencies, maintaining relative advantages compared to other peer markets. On the other hand, it was noted that the U.S. dollar retains its cyclical strength, supported by the resilience of the U.S. economy, although its predominance as a safe-haven asset has shown some structural moderation in recent years.

A key point of discussion was the strength of Mexico's private foreign exchange surplus, driven by elevated remittance inflows, a still-significant tourism surplus, and an improvement in the non-oil trade balance. Moreover, members noted that this dynamic has allowed the peso to better absorb episodes of external volatility and potential foreign capital outflows, constituting one of the main structural anchors for the Mexican currency. However, it was highlighted that a deterioration in trade conditions with the United States or changes to the preferential framework under the USMCA could represent significant risks to this support.

Finally, additional risks for the Mexican peso were identified, particularly those associated with the trajectory of public finances amid spending pressures and lower oil-related revenues. From the perspective of the real sector, members noted that strength of the peso poses challenges for export-oriented industries with revenues in U.S. dollars and costs denominated in pesos, especially in sectors characterized by long-term contracts. Furthermore, factors such as wage increases, potential regulatory changes, legal uncertainty, and the upcoming USMCA review were identified as elements that could affect competitiveness and future investment decisions.

3. Positioning and outlook of institutional investors regarding the Mexican peso

The Committee members analyzed the views of long-term institutional investors regarding the Mexican peso and the broader international financial environment. Members highlighted that geopolitical risks continue to dominate the current

landscape, generating asymmetric effects between energy-importing and energy-exporting economies. It was also noted that measures aimed at cushioning these shocks could increase fiscal vulnerabilities, in a context where various central banks have adopted more cautious stances in response to persistent inflationary risks.

In this regard, it was noted that, while greater international portfolio diversification persists, there is no evidence of a structural shift away from the U.S. dollar, which retains its dominant role within the international monetary system. In this context, members commented that the Mexican peso maintains a net long positioning in futures markets, albeit at levels lower to those observed earlier in the year. Additionally, it was emphasized that institutional investors' foreign exchange exposure decisions respond predominantly to structural diversification strategies rather than to short-term tactical positioning.

Finally, members indicated that, although the relative attractiveness of the peso's carry has moderated compared to other emerging market currencies, real flows and external fundamentals continue to provide support. Within this context, market participants highlighted that the baseline scenario points toward a moderate depreciation by year-end, potentially accompanied by episodes of volatility that could create room for adjustments in hedging strategies.

4. Investment funds landscape in Mexico: challenges and opportunities amid a volatile global FX environment

The Committee members analyzed the recent developments in Mexico's investment fund industry and vehicles with international exposure. It was noted that, while assets under management have recorded sustained growth in recent years, international exposure within portfolios remains relatively constrained. This is attributable, in part to the attractiveness of local interest rates, as well as to operational and commercial considerations. Additionally, members highlighted that a significant proportion of assets remained concentrated in short-term fixed-income funds.

Members noted that demand for FX hedging has not necessarily declined, but rather evolved toward alternative instruments, such as vehicles with embedded FX-hedging and exchange-traded funds (ETFs), favored by considerations of operational efficiency, costs, and liquidity management. In this regard, it was noted that the lower observable demand for hedging Mexican peso exposure does not necessarily imply an underestimation of risk, but rather partially reflects global trends linked to expectations of U.S. dollar weakness.

Finally, the Committee members examined the possible factors that could trigger a more pronounced depreciation of the Mexican peso, including a renewed escalation



of geopolitical tensions, widespread episodes of risk aversion, substantial corrections in equity markets, adverse outcomes in the USMCA review process, or a sharper-than-expected economic slowdown in the United States or Mexico.

5. Global Foreign Exchange Committee (GFXC)

The Committee members received an update on recent work of the Global Foreign Exchange Committee (GFXC) and its working groups. It was reported that the groups continue to focus on issues related to settlement risk, the availability and quality of FX market information, as well as strategies to strengthen adherence to the FX Global Code. Likewise, the recent creation of the *Technology and Innovation Working Group* was recalled, whose objective is to monitor technological trends and their implications for FX markets, highlighting the possible incorporation of a representative from the local committee.

Regarding progress within the working groups, it was reported that the *FX Settlement Risk Working Group* continues to evaluate the preparedness of various jurisdictions for the transition to T+1 settlement, noting that between 10% and 15% of global FX transactions continue to be settled on a gross bilateral basis without risk mitigation. Meanwhile, the *FX Data Working Group* reported limited adoption of the updated Disclosure Cover Sheets (DCS), while the *Motivation for Adherence Working Group* reiterated its focus on asset managers, hedge funds, and corporate participants, as well as intensifying outreach activities with educational institutions.

The Committee members also reviewed topics recently discussed within the GFXC, including: the publication of the final report by the International Organization of Securities Commissions (IOSCO) on pre-hedging; advances in definitions by the International Swaps and Derivatives Association (ISDA); results from the Bank for International Settlements (BIS) Triennial Survey; and discussions on the impact of stablecoins on FX markets. Finally, the agenda for the next GFXC meeting was presented, highlighting that one of the priorities will be the review of the FX Global Code, a process that will be supported by market surveys during 2026. Additionally, members were informed about the transition of the GFXC presidency, with the nomination of Bernard Wee, from the Monetary Authority of Singapore, as the next Chair.

6. Mexican Foreign Exchange Committee (MFXC)

The Committee members received an update regarding the reaffirmation process of the FX Global Code in Mexico. It was highlighted that all local adhering institutions



successfully completed the process within the established timeline, which reaffirms Mexico's position as a reference jurisdiction in the adoption of best practices in the foreign exchange market. Likewise, recognition was expressed to the members of the Committee for their participation and support throughout the process.

On the other hand, members were informed that the public repository of the Mexican Foreign Exchange Committee incorporated two additional entities since the last meeting. Furthermore, it was noted that the number of institutions registered in the global repository increased from 1,339 to 1,549, an increase attributable primarily to the incorporation of the Indonesian local committee's registry. It was highlighted that the expansion and integration of local and global repositories have constituted a central priority in the recent GFXC agenda.

7. Any other business

Finally, it was proposed that the next Committee meeting be held in October 2026. Furthermore, it was announced that this upcoming meeting is planned to take place in person.