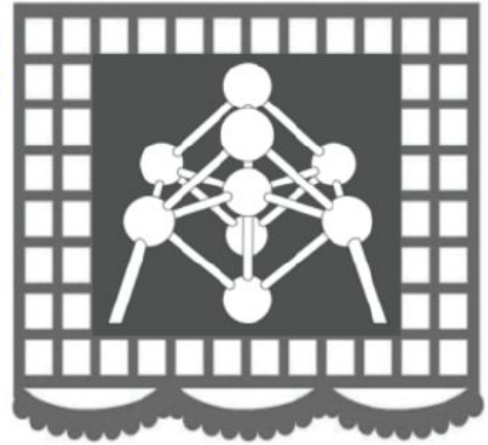




BMBC

**BELGIAN
MEXICAN
BUSINESS
CHAMBER**

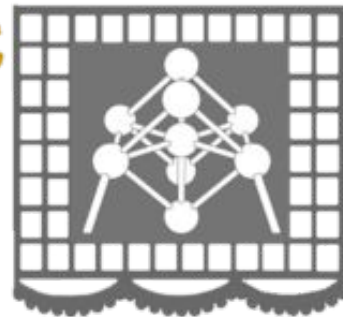


- BMBC
 - New membership applications will be sent next week and will run from 1 March 2023 until 29 February 2024.
 - Following Event 14 March 2023 International Women's day event together with HHM
- TODAY: Seminar EBURY
 - A financial services company specialising in international payments and finance
 - The largest global currency transaction platform for internationally operating companies
 - Unique combination of financing, currency and payment solutions
 - Seminar: Focus on Mexico, the MXN - EUR currency and its projections and how to protect your investment against those unforeseeable changes.



BMBC

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BUSINESS
CHAMBER**



Webinar



Overview

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|-----------|----------------------------|
| 01 | Introduction Ebury Partner |
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| 02 | Different costs with Cross Border payments |
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| 03 | Group travel to Mexico |
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| 04 | Advantages of local currency - importer |
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| 05 | Advantages of local currency - exporter |
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| 06 | Market expectations 2023 |
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01 | Introduction Ebury Partners

Ebury at a glance

Ebury is a financial institution, providing international payment solutions, FX liquidity and volatility risk management to corporates around the globe.



Working with
60,000+
businesses &
organisations



21 Countries, **25**
Offices
and over 1200
staff.
Licensed and
supervised by
National Bank of
Belgium



Access to the largest
in-country payment
processing network →
Payment capability
in **140+ currencies** to
200 Countries



Backed by
Banco
Santander
which is a
majority
shareholder.



Direct “SUPE”
SWIFT member
and SWIFT gpi
member.
→ 99.97% on-time
payment success
rate.

Our offices



02 | Different costs with CB payments

Challenges with Cross Border payments

- 01 Conversion fees
- 02 Transaction fees
- 03 Exchange risk

Depending on the company's business model, some challenges will have a greater impact than others.

Where is the cost in a conversion?



- Difference between interbank rate and actual rate
- Exchange rates in Mexican banks can be less favourable than specialised brokers or Belgian banks



Transaction Costs and Delays

How much will it cost to send MXN to the Mexico?

How much will it cost to receive USD/EUR from Mexico ?

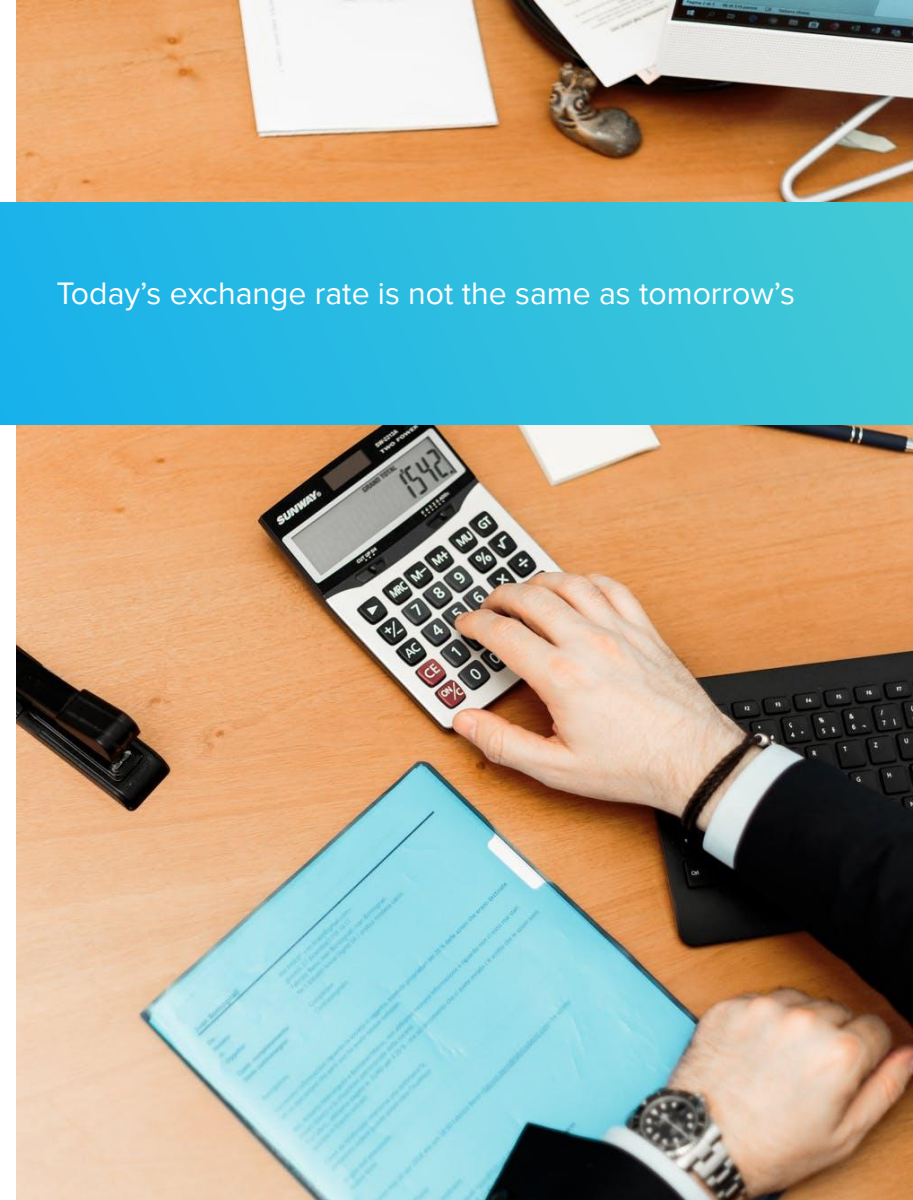
How long will it take until my supplier/entity receives their EUR/USD/MXN ?

Digital brokers often don't work with transaction fees or lower fees than traditional banks due to **local payouts** enhancing the **speed** of the payment as well

Exchange risk

- In which currency should I make my budgeting?
- Which exchange rate should I use to calculate my prices for the coming year?
- What is the impact of exchange rate fluctuations on my profit margins?

Today's exchange rate is not the same as tomorrow's



03 | Group travel to Mexico

Case Study



Up-and-coming travel agency 'Dollar Trip' just organized their first trip to Mexico.



Dollar Trip

- 'Dollar Trip' organizes a group travel for 20 people to Mexico in March 2022.
- Total cost is budgeted at **2,000,000 MXN**.
 - Exchange rate Jan 2022: **EURMXN 23**
 - **€1 = 23 MXN or 1 MXN = €0.043**
 - **2,000,000 MXN = €87,000.00**
- 'Dollar Trip' sells this package for **€100,000.00**.
 - Budgeted profit margin = **€13,000.00**
- The trip will take place in May 2023, one year later
- Payments are due in **February 2023**.

One year later...





About one year later, 'Dollar Trip' needs to start paying their invoices.



‘Dollar Trip’ to ‘Dollar Dip’

- As the deadline for the trip approaches, ‘Dollar Trip’ needs to start paying their invoices (hotels, guides, etc.)

- Exchange rate February 2023: **EURMXN 20**
 - **€1 = 20 MXN** or **1 MXN = €0.05**
 - **2,000,000.00 MXN = €100,000.00**

- **Budgeted profit margin = €13,000.00**
 - €100,000.00 - €87,000.00

- **Actual profit margin = €0.00**
 - €100,000.00 - €100,000.00



17

What were Dollar Trip's options to mitigate this risk?

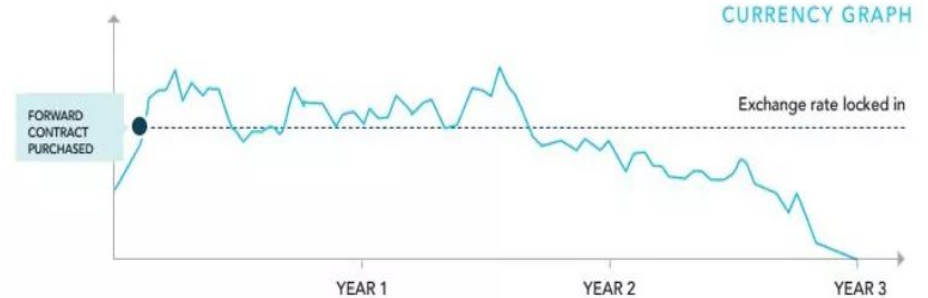


Mitigating exchange risk

- Budget is a snapshot ↔ Exchange rate fluctuates
 - → 3 Scenarios for purchase:
- **Scenario 1: 'Spot' purchase MXN** at time of payment
 - → Exchange rate risk 100%
- **Scenario 2.1: 2,000,000.00 MXN** purchases at beginning of year
 - → Exchange rate risk 0% | Great pressure on liquidity
- **Scenario 2.2: Purchase MXN** using a 'Forward contract'
 - → Exchange rate risk 0% | No pressure on liquidity

Hedging and forward contracts

- 'Hedging' is a way for a company to manage its foreign exchange risk over a period of time
- A forward contract (or forward contract) sets an exchange rate at which a conversion or purchase of another currency will happen in the future
- You can buy a currency (e.g. MXN) at a predetermined exchange rate, regardless of the current exchange rate



04 | Advantages of local currency - Importer

Importing from Mexico

Why consider local currency ?

- Foreign exchange risk **always exists** in the relationship even with the euro
- **Avoiding a double conversion** if you are used to use the dollar (EUR/USD & USD/MXN)
- Price will be **adjusted to market fluctuations**
- **Supplier** often does **not** have the possibility to **hedge**
- It can be up to **5% more expensive** to convert locally
- Win-win situation



Advantages of local currency for the supplier

- Ease of use
- Price stability
- No need to continue working with buffers in their pricing

Advantages of local currency for the importer

- Price stability
- Lower prices as buffer is removed
- Hedging of entire exposure

05 | Advantages of local currency - Exporter



Advantages of local currency

- Easier to find new partners
- Leverage in negotiations
- Can allow you to increase your margin



Advantages of local currency

- Flemish service provider offers services directly in Mexico via EUR billing
- After comparison, the cost for the Mexican client was found to be quite high (4%).
- Flemish service provider starts invoicing in MXN, at higher margin (+3%)
 - Mexican customer pays 1% less, and can work in own currency: satisfied
 - Only 1% cost in Belgium
 - Flemish service provider receives 2% extra: very satisfied;

06 | Market expectations 2023

EUR/MXN and USD/MXN

Mexican Peso in 2022

- Latam currencies bounced back in '22
- Mexican Peso has been a top performer

USDMXN rate start of '22	Vs	USDMXN today
20.36		18.50

EURMXN rate start of '22	Vs	EURMXN today
23.17		19.70



Mexican Peso in 2022

What was the reason for the Peso's success?

- The peso is attractive from a carry trade perspective, meaning that it rises sharply during 'risk on' periods.
- Banxico has been one of the most active emerging market central banks, raising interest rates dramatically since the summer.
- A strong recovery in the services sector after the pandemic.
- A solid performance in industrial production, driven by strong US demand.



Mexican Peso in 2023

MXN Strengths

- Real interest rates are positive
- Low debt-to-GDP ratio (approx. 50%)
- Latest data show headline inflation increased (7.91%) and core inflation surprised to the upside (8.45%)
- Hawkish stance at Feb. Banxico meeting

MXN Risks

- Q4 2022 economic growth while positive, lost momentum compared to previous quarters
- Hiking cycle is likely to end this year
- Low exposure to China
- Decline of geopolitical turmoil
- Slowdown of US economy

EUR and USD in 2023

USD

Weaknesses

- Disinflationary process has begun
- Hiking cycle likely to end by the summer
- Rate cuts possible before EOY

Strengths

- Recent NFP reports and CPI data have surprised to the upside
- More hawkish Fed after Brainard's departure

EUR

Weaknesses

- Escalation of geopolitical conflict
- Mixed messages from ECB




Strengths

- Easing of supply bottlenecks and improving market confidence
- Room for additional rate hikes
- Rate cuts unlikely before 2024



Ebury MXN Forecasts

	USD/MXN	EUR/MXN	GBP/MXN
Q1-2023	19.50	20.65	23.40
Q2-2023	19.50	21.05	23.80
Q3-2023	19.50	21.45	24.20
E-2023	19.50	21.85	24.55
E-2024	19.50	22.45	25.35

31 | Bloomberg Forecasts: EUR/MXN

Region	Custom		Currency	EURMXN		As of	02/17/23				
	EURMXN			Q1 23	Q2 23	Q3 23	Q4 23	2024	2025	2026	2027
Spot	19.81	Median		20.74	21.14	21.39	21.55	22.23	21.62		
Q4 22	Actual	Mean		20.82	21.26	21.48	21.64	22.13	22.21		
	20.87	High		22.62	23.10	23.35	23.46	24.36	24.66		
Q4 22	Forecast	Low		19.85	20.06	19.95	19.06	20.07	20.92		
	20.00	Forward		19.99	20.45	20.91	21.37	22.89	24.14	25.64	27.07
Contributors (35)			As of↓	Q1 23	Q2 23	Q3 23	Q4 23	2024	2025	2026	2027
1) BNP Paribas		02/14/23	20.20	20.35	20.50	20.52	20.65				
2) Rabobank		02/13/23	20.33	20.38	20.87	21.42	26.01	27.05			
3) Capital Economics		02/10/23	22.62	21.00	21.32	21.60	21.28				
4) JPMorgan Chase		02/10/23	21.07	21.12	20.79	20.84					
5) MUFG		02/07/23	19.85	20.52	21.01	21.50					
6) Banco Bilbao Vizc...		02/07/23	20.35	20.06	20.44	21.34	23.07				
7) ING Financial Mar...		02/06/23	20.25	21.02	21.28	20.72	21.85	21.85			
8) X-Trade Brokers D...		02/06/23	20.69	21.12	21.14	20.43	20.07	20.92	18.04		
9) Mizuho Bank		02/02/23	20.90	21.53	22.06	22.29					
10) RBC Capital Marke...		02/02/23	20.35	20.87	19.95	19.06	20.70				
11) Monex USA Corp		02/02/23	21.06	21.06	21.26	21.45	22.23				
12) Prestige Economic...		01/31/23	20.35	20.42	20.50	20.75					

Bloomberg Forecasts: USD/MXN

Region	Latin America		Currency	Mexican Peso					As of 02/17/23			
	USDMXN			Q1 23	Q2 23	Q3 23	Q4 23	2024	2025	2026	2027	
Spot		18.56	Median	19.28	19.50	19.60	19.50	19.20	19.23			
Q4 22	Actual		Mean	19.36	19.55	19.61	19.53	19.40	19.39			
		19.50	High	21.75	21.00	21.00	20.91	21.00	20.90			
Q4 22	Forecast		Low	18.50	18.25	18.00	17.75	17.50	18.19			
		20.00	Forward	18.69	19.02	19.36	19.69	20.81	21.75	22.90	23.98	
Contributors (36)			As of↓	Q1 23	Q2 23	Q3 23	Q4 23	2024	2025	2026	2027	
1) BNP Paribas			02/14/23	20.00	18.50	18.30	18.00	17.50	20.20	20.40		
2) Rabobank			02/13/23	19.00	19.60	20.07	20.40	22.04	22.54			
3) Capital Economics			02/10/23	21.75	21.00	20.50	20.00	19.00				
4) JPMorgan Chase			02/10/23	19.15	19.20	19.25	19.30					
5) MUFG			02/07/23	18.90	19.00	19.10	19.20					
6) Banco Bilbao Vizc...			02/07/23	19.02	19.10	19.10	19.40	19.55				
7) ING Financial Mar...			02/06/23	18.75	18.60	18.50	18.50	19.00	19.00			
8) X-Trade Brokers D...			02/06/23	19.34	19.74	19.76	19.27	18.41	18.19	16.11		
9) Mizuho Bank			02/02/23	19.00	19.40	19.70	19.90					
10) RBC Capital Marke...			02/02/23	18.50	19.50	19.00	18.50	18.00				
11) Monex USA Corp			02/02/23	19.50	19.50	19.50	19.50	19.50				
12) Prestige Economic...			01/31/23	18.50	18.40	18.30	18.20					

Any questions?



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Ebury What borders?

Volg ons op:

