

Financial Markets Daily

March 17, 2021

Main drivers for the financial markets today...

- **Stock markets with little changes and negative bias, while government bond yields are up and the USD posts small gains, awaiting the FOMC's monetary policy decision today at 2:00 pm (ET), in which just a few expect a change in QE, such as an operation twist**
- **In this context, we do not expect changes in the FOMC's monetary stance, and we will be attentive to Powell's conference. This meeting is accompanied by an update of the macroeconomic framework and the *dot plot*, with special attention in the latter, waiting to see if Fed members estimate a rise in the reference rate earlier than previously expected**
- **Later, there will also be monetary policy decision in Brazil, where we expect a 50bp hike, with the Selic standing at 2.50%. Although risks to economic growth remain, inflation in February reached a maximum of four years and the exchange rate has had a strong depreciation due to fears about the country's fiscal situation**
- **In terms of economic figures, today is a day with little information, highlighting residential sector figures in the US, with the release of housing starts and building permits**
- **In the Eurozone, the final February's inflation figure was published, unchanged from the preliminary report, standing at 0.9% y/y**

Gabriel Casillas
 Chief Economist, Head of Research
 and IRO
gabriel.casillas@banorte.com

Alejandro Padilla
 Executive Director of Economic
 Research and Financial Markets Strategy
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA
 Director of Economic Research
juan.alderete.mactal@banorte.com

Manuel Jiménez
 Director of Market Strategy
manuel.jimenez@banorte.com


www.banorte.com

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	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
6:00	Consumer prices - Feb (F)	% y/y	--	0.9	0.9
6:00	Core - Feb (F)	% y/y	--	1.1	1.1
<i>United States</i>					
8:30	Housing starts** - Feb	thousands	--	1,560	1,580
8:30	Building permits** - Feb	thousands	--	1,750	1,886
14:00	FOMC Rate Decision (Lower Bound)	%	0.00	0.00	0.00
14:00	FOMC Rate Decision (Upper Bound)	%	0.25	0.25	0.25
14:00	Interest Rate on Excess Reserves (IOER)	%	0.10	0.10	0.10
14:30	Powell Holds Press Conference Following FOMC Meeting				
<i>Mexico</i>					
11:00	International reserves - Mar 12	US\$bn	--	--	195.1
<i>Brazil</i>					
17:00	Monetary policy decision (Central bank of Brazil)	%	2.50	2.50	2.00

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,940.00	-0.3%
Euro Stoxx 50	3,842.22	-0.2%
Nikkei 225	29,914.33	0.0%
Shanghai Composite	3,445.55	0.0%
<i>Currencies</i>		
USD/MXN	20.76	0.7%
EUR/USD	1.19	0.0%
DX	91.95	0.1%
<i>Commodities</i>		
WTI	64.07	-1.1%
Brent	67.54	-1.2%
Gold	1,730.84	0.0%
Copper	410.40	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	1.67	5pb

Source: Bloomberg

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Equities

- **Stock markets with mostly negative movements, as investors remain attentive to the update of the Fed's monetary policy and economic outlook, in a context of an incipient recovery that fuels inflationary pressures and boosts Treasury yields**
- **In the US, futures anticipate a negative opening, with contracts on the S&P500 trading at -0.3%, while those on the Nasdaq fall 1.1%, with technology stocks affected by rotation towards value assets. In Europe, the Stoxx 600 declines 0.5%, with utilities and energy sectors posting the largest losses**
- **In Asia, markets were little changed, with the Hang Seng, the Nikkei, and the Shanghai Comp remaining virtually flat**

Sovereign fixed income, currencies and commodities

- **Negative balance in global rates with European bonds adjusting +4bps, while US Treasuries print a 5bps sell-off in the longest-end of the yield curve. In Mexico, the Mbonos' curve closed yesterday with an adjustment of +12bps, on average, with the 10-year benchmark closing at 6.58% (+20bps)**
- **USD trades slightly positive (BBDXY +0.2%) against all G10 currencies with CHF as the weakest (-0.5%). In EM, bias is negative with RUB leading losses (-1.3%), while MXN trades at 20.80 per dollar (-0.9%), pairing two negative sessions in a row**
- **Crude-oil registers losses of 1.3% assimilating the monthly EIA report reflecting less concern about a possible deficit. Attention today to EIA report on US oil inventories at 10:30am after API reported a decline in inventories yesterday. Precious metals trade stable and industrials register gains**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,825.95	-0.4%
S&P 500	3,962.71	-0.2%
Nasdaq	13,471.57	0.1%
IPC	48,203.95	0.9%
Ibovespa	114,018.80	-0.7%
Euro Stoxx 50	3,850.96	0.6%
FTSE 100	6,803.61	0.8%
CAC 40	6,055.43	0.3%
DAX	14,557.58	0.7%
Nikkei 225	29,921.09	0.5%
Hang Seng	29,027.69	0.7%
Shanghai Composite	3,446.73	0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.62	1pb
28-day Cetes	4.05	1pb
28-day TIE	4.28	0pb
2-year Mbono	4.53	6pb
10-year Mbono	6.61	22pb
<i>Currencies</i>		
USD/MXN	20.61	-0.2%
EUR/USD	1.19	-0.2%
GBP/USD	1.39	-0.1%
DXY	91.87	0.0%
<i>Commodities</i>		
WTI	64.80	-0.9%
Brent	68.39	-0.7%
Mexican mix	63.29	-1.1%
Gold	1,731.40	0.0%
Copper	407.15	-1.7%

Source: Bloomberg

Corporate Debt

- **Today, the auction of four sustainable Banobras issuances, BANO 21X / 21-2X / 21-3X / 21UX, is expected for a target amount of MXN 7.5 billion (maximum MXN 10 billion)**
- **Grupo Radio Centro will carry out an early partial amortization of its bonds on March 24, 2021. The amount of the early partial amortization in RCENTRO 16 issuance is MXN 2.42 million; in RCENTRO 17 of MXN 3.58 million; and in RCENTRO 17-2 of MXN 2.0 million, with a total amount as a whole of MXN 8.0 million**
- **Notice of early partial amortization in ABCCB 18 (ABS of AB&C Leasing) for next March 17 for MXN 51.75 million**

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Valentín III Mendoza Balderas, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalia Orozco Vélez, Gerardo Daniel Valle Trujillo, Juan Barbier Arizmendi, and Eridani Ruibal Ortega, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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Research and Strategy

Gabriel Casillas Olvera	Chief Economist, Head of Research and IRO	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Economic Research and Financial Market Strategy

Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Economic Research

Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1670 - 2707

Market Strategy

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
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Fixed income and FX Strategy

Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalía Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698

Equity Strategy

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Senior Strategist, Equity	valentin.mendoza@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x 2755
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746

Corporate Debt

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Economic Studies

Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roltan.ferrer@banorte.com	(55) 5004 - 1454