

# Financial Markets Daily

## Main drivers for the financial markets today...

- **Stock markets higher, following the move lower in government bond yields which have been pressured on fears of higher inflation. The USD trades with a negative bias, albeit highlighting the strong decline in TRY. Investors remain cautious, waiting for Treasury auctions and central banker’s speeches this week, as well as the upcoming expiration of regulatory exemptions to US banks established due to COVID-19**
- **Market focus this week will be on central banker’s comments, with a plethora of Fed speakers highlighting Powell, along Lagarde of the ECB and the BoE’s Bailey. Also watching Treasury Secretary Yellen hearing before legislators and an EU leaders’ meeting to discuss the pandemic**
- **Moreover, there will be several central bank meetings, including in Thailand, Switzerland, Colombia and Mexico, among others. In the case of Banxico, we expect a 25bps cut to 3.75%, in a very difficult decision. Also, inflation figures in the UK, Mexico and Brazil**
- **Going to the data agenda, we highlight March PMI indicators in Germany, UK, Eurozone, and the US. In the latter case we will also know housing sales, durable goods orders, final 4Q20 GDP, trade balance, personal income and spending, PCE deflator and University of Michigan consumer confidence**
- **Lastly, in Mexico, we estimate January’s monthly GDP proxy at -5.6% y/y (0.0% m/m), stalling due to worsening COVID-19 dynamics in the month. Also, the unemployment rate and trade balance (Feb), retail sales (Jan) and the banking sector’s expectations survey. Markets will also heed the evolution of the Electric Industry Act**

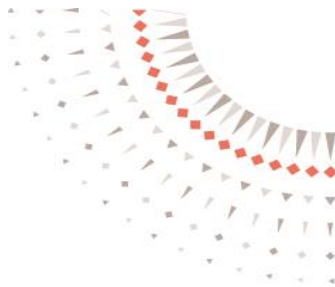
## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	Current account* - Jan	EURbn	--	--	36.7
<b>United States</b>					
9:00	Powell Takes Part in BIS Panel on Central Bank Innovation				
10:00	Fed's Barkin Speaks With Maryland Bankers Association				
10:00	Existing home sales** - Feb	millions	--	6.5	6.7
13:00	Fed's Daly Discusses the Future of Education				
13:00	Fed's Quarles Gives Speech on Labor Transition				
19:15	Fed's Bowman Gives Speech on Economic Outlook				
<b>Mexico</b>					
16:30	Survey of expectations (Citibanamex)				

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

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Document for distribution among public



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## A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	3,908.25	0.2%
Euro Stoxx 50	3,839.66	0.1%
Nikkei 225	29,174.15	-2.1%
Shanghai Composite	3,443.44	1.1%
<b>Currencies</b>		
USD/MXN	20.68	0.9%
EUR/USD	1.19	0.2%
DX	91.77	-0.2%
<b>Commodities</b>		
WTI	61.55	0.2%
Brent	64.56	0.0%
Gold	1,734.20	-0.6%
Copper	413.75	0.3%
<b>Sovereign bonds</b>		
10-year Treasury	1.70	-2pb

Source: Bloomberg

## Equities

- Stock markets kicked-off the week with little changes, though positively biased as lower government bonds' yields and news regarding M&A drive risk appetite among investors
- That said, US futures are set for a mixed opening with those of the S&P500 trading +0.2% above fair value, yet tech-heavily-exposed Nasdaq stands out by gaining +0.7% (DJ -0.1%). Meanwhile, Kansas City Southern surges 16.9% in pre-market trading, following its acquisition by Canadian Pacific Railway for \$25 billion to create the first railway company connecting Canada-US-Mexico. In Europe the Stoxx is down 0.1%, as travel and banking (with exposition towards Turkey) shares weigh on the benchmark
- In Asia the session ended mixed. The Nikkei dropped 2.1% vs a 1.1% gain in the Shanghai Composite

## Sovereign fixed income, currencies and commodities

- Positive balance in global rates with European bonds adjusting -1bp, while US Treasuries print gains of 3bps in the longest-end of the yield curve. In Mexico, the Mbonos' curve closed last week with a 24bps sell-off, on average, with the 10-year benchmark closing at 6.70% (+32bps)
- USD trades unchanged amid a favorable balance in most G10 currencies with gains of up to 0.4%. In EM, bias is mixed with TRY underperforming (-8.8%) impacting the group, while MXN trades at 20.68 per dollar (-0.9%), after a 0.9% weekly appreciation
- Crude-oil down 0.3% due to concerns that renewed lockdowns in Europe could affect the recovery in demand. In metals, precious trade negative and industrials register a positive balance with nickel and zinc printing gains of +1.3%

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	32,627.97	-0.7%
S&P 500	3,913.10	-0.1%
Nasdaq	13,215.24	0.8%
IPC	47,028.04	-1.1%
Ibovespa	116,221.60	1.2%
Euro Stoxx 50	3,837.02	-0.8%
FTSE 100	6,708.71	-1.0%
CAC 40	5,997.96	-1.1%
DAX	14,621.00	-1.0%
Nikkei 225	29,792.05	-1.4%
Hang Seng	28,990.94	-1.4%
Shanghai Composite	3,404.66	-1.7%
<b>Sovereign bonds</b>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.72	1pb
28-day Cetes	4.07	0pb
28-day TIE	4.29	0pb
2-year Mbono	4.61	5pb
10-year Mbono	6.71	5pb
<b>Currencies</b>		
USD/MXN	20.51	0.1%
EUR/USD	1.19	-0.1%
GBP/USD	1.39	-0.4%
DX	91.92	0.1%
<b>Commodities</b>		
WTI	61.42	2.4%
Brent	64.53	2.0%
Mexican mix	59.55	1.3%
Gold	1,745.23	0.5%
Copper	411.30	0.1%

Source: Bloomberg

## Corporate Debt

- Placement activity is expected for the last week of March with the participation of INVEX Controladora, Naturgy México and Fimubac for up to MXN 8.2 billion
- S&P Global Ratings ratified Alpha Credit's ALPHACB 18 (ABS) issuance rating at 'mxAAA'. According to the agency, the rating reflects their opinion on the level of credit protection that the transaction has. Currently, the transaction's capacity level is equivalent to 1.47x and is above the minimum of 1.10x
- S&P upgraded GCC's global scale ratings to 'BBB-' from 'BB +' for stable performance and stronger indicators; the outlook is Stable

## Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldivar, 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>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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