

Financial Markets Daily

March 24, 2021

Main drivers for the financial markets today...

- **Mixed stock markets and government bond yields, while the USD and oil post gains with cautious investors about rising contagions, containment measures in Europe, the shadow of inflation and now the disruption to international trade caused by the grounding of the Ever Given ship in the Suez Canal**
- **Markets will focus on Powell and Yellen testimony before the Senate Banking Committee, as well as speeches from Williams, Daly, Evans and Barkin**
- **Regarding economic figures, in the US February durable goods orders were released, posting a surprise drop of 1.1% m/m, with capital orders excluding defense and aircraft contracting 0.8% m/m. Later, the March PMI indices will be published, where we expect manufacturing and services standing at 59.5pts and 61.0pts respectively. In the Eurozone, the composite PMI rose for the first time in six months**
- **In Mexico, INEGI published 1H-March's inflation, advancing 0.53% 2w/2w. The core came in at 0.35% 2w/2w. With these results, annual inflation increased to 4.12%, from 3.58% in the previous fortnight, with the core at 4.09% (previous 3.89%). February's employment report was also released, with the unemployment rate declining to 4.37%**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
8:00	Consumer prices - Mar 15	% 2w/2w	0.35	0.30	0.31
8:00	Core - Mar 15	% 2w/2w	0.21	0.21	0.18
8:00	Consumer prices - Mar 15	% y/y	3.93	3.88	3.68
8:00	Unemployment rate - Feb	%	4.27	4.41	4.73
<i>United States</i>					
9:45	Manufacturing PMI (Markit)* - Mar (P)	index	59.5	59.5	58.6
9:45	Services PMI (Markit)* - Mar (P)	index	61.0	60.1	59.8
10:00	Powell and Yellen Appear Before Senate Banking Panel				
13:35	Fed's Williams Takes Part in Moderated Discussion				
<i>Eurozone</i>					
11:00	Consumer confidence* - Mar (P)	index	--	-14.5	-14.8

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	3,917.00	0.4%
Euro Stoxx 50	3,823.12	-0.1%
Nikkei 225	28,405.52	-2.0%
Shanghai Composite	3,367.06	-1.3%
<i>Currencies</i>		
USD/MXN	20.69	-0.7%
EUR/USD	1.18	-0.1%
DX	92.46	0.1%
<i>Commodities</i>		
WTI	59.08	2.3%
Brent	62.12	2.2%
Gold	1,730.40	0.2%
Copper	410.90	0.5%
<i>Sovereign bonds</i>		
10-year Treasury	1.62	0pb

Source: Bloomberg

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Equities

- **Stock markets mixed, in a context where rising infection rates and the reinforcement of sanitary measures worldwide weigh on investors' expectations regarding economic recovery. In contrast, an accelerated vaccination pace in the US and positive preliminary business activity indicators in the euro zone ease these concerns**
- **In the US, futures anticipate a positive opening, with the S&P500 trading at +0.4%. Intel rises 3.7% in the pre-market after revealing the opening of two factories for chips manufacturing**
- **In Europe, the Stoxx 600 drops 0.2%, with the utilities and real estate sectors showing the largest losses. In Asia, markets closed negative, with the Hang Seng and the Nikkei registering declines of 2.0%**

Sovereign fixed income, currencies and commodities

- **Positive balance in global rates with European bonds adjusting -2bps, while US Treasuries print gains of 2bps in the longest-end of the yield curve. In Mexico, the Mbonos' curve closed yesterday with a 9bps sell-off, on average, with the 10-year benchmark closing at 6.74% (+10bps)**
- **USD trades unchanged amid a mixed balance in both G10 and EM currencies. In the latter, ZAR leads gains (+0.9%) followed by MXN trading at 20.69 per dollar (+0.8%), while losses are limited to 0.4%**
- **Crude-oil increased 1.6% after a ship ran aground in the Suez Canal raising supply concerns, although fears of a slow recovery in demand limited gains. In metals, precious trade positive with silver rallying 0.9% and industrials register a mixed balance**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,423.15	-0.9%
S&P 500	3,910.52	-0.8%
Nasdaq	13,227.70	-1.1%
IPC	46,659.18	-1.2%
Ibovespa	113,261.80	-1.5%
Euro Stoxx 50	3,827.02	-0.2%
FTSE 100	6,699.19	-0.4%
CAC 40	5,945.30	-0.4%
DAX	14,662.02	0.0%
Nikkei 225	28,995.92	-0.6%
Hang Seng	28,497.38	-1.3%
Shanghai Composite	3,411.51	-0.9%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.62	-7pb
28-day Cetes	4.03	-4pb
28-day TIE	4.28	0pb
2-year Mbono	4.71	6pb
10-year Mbono	6.79	12pb
<i>Currencies</i>		
USD/MXN	20.85	1.3%
EUR/USD	1.18	-0.7%
GBP/USD	1.38	-0.8%
DXY	92.34	0.6%
<i>Commodities</i>		
WTI	57.76	-6.2%
Brent	60.79	-5.9%
Mexican mix	56.23	-5.8%
Gold	1,727.07	-0.7%
Copper	407.95	-1.4%

Source: Bloomberg

Corporate Debt

- **CEMEX announced that it issued a notice of full redemption of its 5.700% Senior Secured Notes due 2025 with a principal amount of US\$320 million on April 21st**
- **PCR Verum increased the long-term ratings of MAC Health and its unsecured note SALUD 20 to 'AA-/M' from 'A+/M' with a Stable outlook. The modification follows the relevant increase in its business volume and revenue generation, including an improvement in its main profitability margins**
- **HR Ratings affirmed the rating of issuances CAMSCB 13U / 19U at 'HR AAA (E)' with a Stable outlook based on the level of stress that the payment source is able to withstand**

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 Thalía 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	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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