

# Financial Markets Daily

March 25, 2021

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

- **Negative stock markets, mixed USD and government bond yields down, amid an uncertain balance of risks in the world, between new lockdowns -mainly in Europe- and expectations about higher growth in the US that could result in inflationary pressures**
- **Markets will focus on the Fed speakers agenda, with the intervention of Williams, Bostic, Evans, Clarida and Daly. Regarding economic figures, in the US, the latest revision of 4Q20 GDP was published with a 4.3% annualized quarterly change, from 4.1% previously, with a downward revision in private consumption from 2.4% to 2.3%. Jobless claims for the week ending on March 20 were also released, reaching 684k below the 781k of the previous week and the consensus estimate of 730k**
- **In Mexico, we expect Banxico to cut the rate one last time in this easing cycle, down 25bps to 3.75%. Nevertheless, the decision has become even more difficult after March 1H inflation data, which among other adverse factors, could imply changes to the longer-term outlook of the central bank. INEGI published January's GDP-proxy IGAE falling 5.4% y/y. In monthly terms this represents a 0.1% increase**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Retail sales - Jan	% m/m	-8.5	-7.7	-5.9
8:00	Retail sales* - Jan	% y/y	-1.1	-1.8	-2.4
8:00	Global economic activity indicator (IGAE) - Jan	% y/y	-5.6	-5.4	-2.7
8:00	Global economic activity indicator (IGAE* - Jan	% m/m	0.0	0.0	0.1
15:00	Monetary policy decision (Banxico)	%	3.75	4.00	4.00
Brazil					
8:00	Consumer prices - Mar	% 2w/2w	--	0.82	0.48
8:00	Consumer prices - Mar	% y/y	--	5.41	4.57
United States					
5:30	Fed's Williams Makes Brief Remarks at BIS Conference				
8:30	Initial jobless claims* - Mar 20	thousands	--	730	770
8:30	Gross domestic product** - 4Q20	% q/q	4.1	4.1	4.1
8:30	Personal consumption** - 4Q20	% q/q	2.4	2.4	2.4
10:30	Fed's Williams Takes Part in Virtual Discussion				
12:00	Fed's Bostic Gives Speech to Economic Club of New York				
13:00	Fed's Evans Discusses the Economic Outlook				
15:45	Fed's Clarida Speaks on Outlook for Economy and Monetary...				
19:00	Fed's Daly Discusses Monetary Policy				
South African					
	Monetary policy decision (S. African Reserve Bank)	%	--	3.50	3.50

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	3,912.62	0.0%
Euro Stoxx 50	3,795.97	-1.0%
Nikkei 225	28,729.88	1.1%
Shanghai Composite	3,363.59	-0.1%
<i>Currencies</i>		
USD/MXN	20.86	-0.4%
EUR/USD	1.18	-0.1%
DX	92.66	0.1%
<i>Commodities</i>		
WTI	59.18	-3.3%
Brent	62.56	-2.9%
Gold	1,730.06	-0.3%
Copper	396.15	-2.7%
<i>Sovereign bonds</i>		
10-year Treasury	1.59	-1pb

Source: Bloomberg

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## Equities

- **Stock markets are trading with negative bias, as investors continue assimilating Powell's comments, and are cautious respect higher restrictions in Europe and a vaccination process still facing challenges**
- **Futures in the US anticipate a negative opening with the S&P500 trading 0.4% below its theoretical value, as rotation toward sectors that could benefit from an end to pandemic lockdowns continues. Asia closed mixed, while Europe trades with widespread losses**
- **In corporate news, Televisa confirmed it is in advanced conversations with Univision about the possibility of merging certain Content assets of both companies, but disregarding speculations about a full merger. This could be positive for Televisa, obviously pending on the confirmation of a deal and the conditions agreed**

## Sovereign fixed income, currencies and commodities

- **Global rates with moderate gains, European assets gain 1-3bps while the Treasury curve adjusts -1bp on the long-term maturities. Yesterday, the Mbonos yield curve closed with a sharp steepening and losses of 22bps on average, the 10-year benchmark ended at 7.00% (+26bps)**
- **Dollar slightly positive (DXY +0.1%) with a mixed performance among G10 currencies JPY stands out as it depreciated 0.3%. In the EM group, negative bias prevails, CLP leads losses (-0.7%) while MXN appreciates 0.4% to 20.86 per dollar**
- **Crude oil prices fall 2.7% reflecting fears that mobility restriction measures will impact the recovery of demand despite the disruption caused by the blockade in the Suez Canal. In metals, gold falls 0.5% to 1,726 \$/oz t and industrials remain negative**

## Corporate Debt

- **S&P Global Ratings affirmed PLANRIO 05-2U's rating at 'mxB+' and revised the outlook to Stable from Negative following the decrease in the cost of the senior debt financing and the gradual recovery of traffic in 2H21**
- **Grupo Posadas announced that it has contracted and drawn down a MXN 450 million loan and a guaranty trust over its Fiesta Americana Reforma and Fiesta Americana Guadalajara hotels**
- **A notice of partial mandatory early redemption of the PAMMCB 14U issuance was published for March 31 for MXN 154.61 million**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,420.06	0.0%
S&P 500	3,889.14	-0.5%
Nasdaq	12,961.89	-2.0%
IPC	46,703.14	0.1%
Ibovespa	112,064.20	-1.1%
Euro Stoxx 50	3,832.55	0.1%
FTSE 100	6,712.89	0.2%
CAC 40	5,947.29	0.0%
DAX	14,610.39	-0.4%
Nikkei 225	28,405.52	-2.0%
Hang Seng	27,918.14	-2.0%
Shanghai Composite	3,367.06	-1.3%
<i>Sovereign bonds</i>		
2-year Treasuries	0.15	0pb
10-year Treasuries	1.61	-1pb
28-day Cetes	4.04	1pb
28-day TIIE	4.28	0pb
2-year Mbono	4.93	22pb
10-year Mbono	7.02	23pb
<i>Currencies</i>		
USD/MXN	20.94	0.5%
EUR/USD	1.18	-0.3%
GBP/USD	1.37	-0.5%
DXY	92.53	0.2%
<i>Commodities</i>		
WTI	61.18	5.9%
Brent	64.41	6.0%
Mexican mix	59.09	5.1%
Gold	1,734.69	0.4%
Copper	406.40	-0.4%

Source: Bloomberg

## Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia Maria 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, Eridani Ruibal Ortega, and Juan Barbier Arizmendi 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
<b>BUY</b>	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
<b>HOLD</b>	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
<b>SELL</b>	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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