

# Financial Markets Daily

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

- Stock markets mixed, with Europe higher but losses in S&P500 futures, while government bond yields trade lower and the USD is up, as cautiousness increases after block trades on Friday by Archegos Capital that were forced by the need of this family office to comply with margin calls, a situation that could impact other financial institutions
- Moreover, there were reports that the US is not yet ready to eliminate tariffs to China, although they are willing to open trade negotiations with the Asian country. Investors also watching the situation of the container ship Ever Given, which is still blocking the Suez Canal, apart from other events
- Market focus this week on March's US employment reports, the presentation of the infrastructure plan and 2022 Budget guidelines by the Joe Biden administration. Also, OPEC's ministerial meeting and the Preliminary Policy Criteria for 2022 by Mexico's MoF
- In the monetary policy front, we highlight decisions in Chile and Bulgaria, among others. Speeches by Federal Reserve members will continue. In addition, March inflation in Germany and the Eurozone, with added focus on them given concerns about building global price pressures
- In the data agenda, we highlight March PMI indicators in China and 4Q20 final GDP in the UK. Consumer confidence in the Eurozone and the US, with the ISM manufacturing and vehicle sales also in the latter, as well as industrial production and unemployment rate in Brazil
- Markets will be closed in Mexico on Thursday and Friday due to the Easter holiday. In coming days, releases include the public finance report and banking credit, both for the month of February. Investors will also heed discussions on the proposed reform to the Hydrocarbons Law sent by President López Obrador to legislators at the end of last week

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
11:00	Fed's Waller speak at Peterson Institute				
<i>Mexico</i>					
13:30	Government weekly auction: 1-, 3-, 6- 12- month CETES; 3-year Mbono (Mar'23) and 3-year Udibono (Nov'23)				

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	3,947.25	-0.4%
Euro Stoxx 50	3,885.08	0.5%
Nikkei 225	29,384.52	0.7%
Shanghai Composite	3,435.30	0.5%
<i>Currencies</i>		
USD/MXN	20.75	0.8%
EUR/USD	1.18	-0.1%
DX	92.77	0.0%
<i>Commodities</i>		
WTI	61.51	0.9%
Brent	65.22	1.0%
Gold	1,725.34	-0.4%
Copper	406.90	-0.2%
<i>Sovereign bonds</i>		
10-year Treasury	1.65	-3pb

Source: Bloomberg

## Equities

- **Following Friday's record highs, stock markets kicked-off the week with a mixed performance, though positively biased, as last week's block trades of Chinese tech and US media shares for US\$20 billion related to the family office, Archegos Capital, failed to meet its margin calls. This forced banks to liquidate said positions, raising concerns about the impact of such event on some financial institutions**
- **In this context, US futures are poised for a profit taking. Those of the S&P500 are trading 0.4% below their fair value, with some banking stocks dropping more than 2% in the pre-market (MS -4.7%). Meanwhile, in Europe, the Stoxx advances 0.5%, as Credit Suisse's shares slump 15%. In Asia the session ended green. The Nikkei was up 0.7% as the Shanghai Composite did so by 0.5%**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in global rates, with European assets adjusting from -1 to +1bp while the Treasuries yield curve trades with gains of up to 2bps concentrated in the long end. Last week, the Mbonos curve recorded sharp volatility and closed with an adjustment of +14bps w/w on average, with the 10-year benchmark closing at 6.74% (+4bps)**
- **Dollar trades with small changes (BBDXY +0.1%) with mixed performance in G10 currencies. GBP appreciates 0.4% and SEK falls 0.4%. In EM the negative bias prevails, MXN leads losses as it depreciates 0.8% to 20.75 per dollar**
- **Crude oil prices gain almost 1%, with investors awaiting the OPEC+ meeting this week and following the events in the Suez Canal. In metals, gold falls 0.4% to 1,725 \$/oz t, with the balance in industrials negative**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,072.88	1.4%
S&P 500	3,974.54	1.7%
Nasdaq	13,138.72	1.2%
IPC	47,379.19	0.8%
Ibovespa	114,780.60	0.9%
Euro Stoxx 50	3,866.68	0.9%
FTSE 100	6,740.59	1.0%
CAC 40	5,988.81	0.6%
DAX	14,748.94	0.9%
Nikkei 225	29,176.70	1.6%
Hang Seng	28,336.43	1.6%
Shanghai Composite	3,418.33	1.6%
<i>Sovereign bonds</i>		
2-year Treasuries	0.14	0pb
10-year Treasuries	1.68	4pb
28-day Cetes	4.03	-3pb
28-day TIE	4.29	0pb
2-year Mbono	4.86	-1pb
10-year Mbono	6.79	-14pb
<i>Currencies</i>		
USD/MXN	20.58	-0.5%
EUR/USD	1.18	0.3%
GBP/USD	1.38	0.4%
DXY	92.77	-0.1%
<i>Commodities</i>		
WTI	60.97	4.1%
Brent	64.57	4.2%
Mexican mix	59.35	3.9%
Gold	1,732.52	0.3%
Copper	406.80	2.3%

Source: Bloomberg

## Corporate Debt

- **Grupo Bimbo announced the call of US\$600 million of its unsecured bonds due 2022, using the proceeds of a US\$2.0 billion committed credit facility maturing in 2023**
- **S&P Global downgraded the ratings of six prison-backed securities and placed them on Negative CreditWatch as a result of their expectation of an imminent renegotiation of the economic terms in the Service Delivery Agreements**
- **S&P Global Ratings downgraded Grupo GICSA's long-term credit ratings to 'B+' from 'BB-' on a global scale and to 'mxBBB-' from 'mxBBB+' on a national scale reflecting its view that the pandemic and uncertainty about business conditions will continue to weaken GICSA's operating and financial performance in 2021**

## 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
<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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