

Financial Markets Daily

March 10, 2023

Main drivers for the financial markets today...



- **Stock markets to the downside, government bond yields with losses and USD with small changes, with uncertainty surrounding the US banking system's health on SVB's crisis, while caution prevails ahead of the US labor market report, looking for clues about next steps from Fed on rates increases**
- **The market is focused on the US labor market figures. Consensus expects 215,000 new jobs in February (we anticipate 250,000 position). The unemployment rate is expected unchanged at 3.4%. These data have been the most anticipated of the week due to their implications for the Fed's monetary policy**
- **On the monetary front, the Bank of Japan kept its monetary stance unchanged, triggering a further depreciation of the Yen. Meanwhile, expectations of a 50bps hike at next week's ECB decision are consolidating**
- **Tensions between the US and China keep rising. The US continues to sanction Chinese companies, while Xi Jinping has warned about the US effort to curb the rise of China, while being confirmed today by the National People's Congress for a third five-year presidential term, unprecedented among his predecessors. Thus, US National Intelligence has declared the China's Communist Party to be the primary threat to national security**
- **Attention to the meeting between French President, Emmanuel Macron, and UK Prime Minister, Rishi Sunak, expecting that relations between the two countries will be relaunched after some turbulence in years**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>UK and Germany</i>					
2:00	UK Industrial production* - Jan	% m/m	--	0.0	0.3
2:00	GER Consumer prices - Feb (F)	% y/y	--	8.7	8.7
<i>Brazil</i>					
7:00	Consumer prices - Feb	% m/m	--	0.78	0.53
7:00	Consumer prices - Feb	% y/y	--	0.53	5.77
<i>United States</i>					
8:30	Nonfarm payrolls* - Feb	thousands	250	215	517
8:30	Unemployment rate* - Feb	%	3.5	3.4	3.4
<i>Mexico</i>					
	Wage negotiations - Feb	% y/y	--	--	10.9

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	3,915.50	-0.1%
Euro Stoxx 50	4,231.64	-1.3%
Nikkei 225	28,143.97	-1.7%
Shanghai Composite	3,230.08	-1.4%
<i>Currencies</i>		
USD/MXN	18.38	0.1%
EUR/USD	1.06	0.1%
DXY	105.26	0.0%
<i>Commodities</i>		
WTI	75.11	-0.8%
Brent	81.08	-0.6%
Gold	1,834.80	0.2%
Copper	401.40	-1.0%
<i>Sovereign bonds</i>		
10-year Treasury	3.85	-6pb

Source: Bloomberg

Equities

- **Widespread losses in main stock indices, with the banking sector that continues to lead the adjustments, after *Silicon Valley Bank* announced a capital increase to strengthen its situation in the face of a very important loss in its investment portfolio, causing a massive outflow of customers and thereby increasing doubts about the impact that the scenario of high rates may have. Meanwhile, investors are cautiously awaiting the U.S. nonfarm payroll figures. Else, Apple will hold its annual shareholders meeting**
- **Futures anticipate a negative opening with the S&P500 trading 0.1% below its theoretical value. In Europe the adjustments surpass the 1% and in Asia the fall of 3.0% in the Hang Seng stands out**
- **From next Monday, March 13th until November 3rd, the Mexbol's trading hours will be from 7:30am to 2:00pm in order to homologate it with operations in New York**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. European assets trade with gains of 9bps on average while Treasuries post 4bps gains across the curve. Yesterday, Mbonos ended the session with gains of 23bps on average and the 10-year benchmark closed at 9.12% (-25bps)**
- **The dollar trades with a slight loss (DXY -0.1%) while G-10 and emerging currencies post mixed movements. In developed currencies, GBP (+0.4%) and JPY (-0.5%) are at the extremes and in emerging currencies, ZAR (+1.4%) is the strongest and TRY (-0.8%) the weakest. The Mexican peso trades with little change at 18.34 per dollar**
- **Crude oil futures fall 0.8% on risks of a recession triggered by tight monetary policy. Industrial metals fall and nickel stands out with a loss of 2.0%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,254.86	-1.7%
S&P 500	3,918.32	-1.8%
Nasdaq	11,338.35	-2.1%
IPC	53,426.77	0.1%
Ibovespa	105,071.19	-1.4%
Euro Stoxx 50	4,286.12	-0.1%
FTSE 100	7,879.98	-0.6%
CAC 40	7,315.88	-0.1%
DAX	15,633.21	0.0%
Nikkei 225	28,623.15	0.6%
Hang Seng	19,925.74	-0.6%
Shanghai Composite	3,276.09	-0.2%
<i>Sovereign bonds</i>		
2-year Treasuries	4.87	-20pb
10-year Treasuries	3.90	-9pb
28-day Cetes	11.09	0pb
28-day TIE	11.31	1pb
2-year Mbono	11.01	-24pb
10-year Mbono	9.16	-20pb
<i>Currencies</i>		
USD/MXN	18.36	2.1%
EUR/USD	1.06	0.3%
GBP/USD	1.19	0.7%
DXY	105.31	-0.3%
<i>Commodities</i>		
WTI	75.72	-1.2%
Brent	81.59	-1.3%
Mexican mix	65.95	-1.3%
Gold	1,831.03	0.9%
Copper	403.90	0.3%

Source: Bloomberg

Corporate Debt

- **An early partial prepayment of Grupo Gicsa's unsecured issuance, GICSA 18, will take place on March 17, 2023, for a total principal amount of MXN 10.0 million**
- **HR Ratings assigned a 'HR AA+' rating to Grupo Elektra's proposed unsecured bond, ELEKTRA 23, with Stable outlook. The rating was based on the observed net debt that, despite reaching positive levels in the last two years, reflected years of payment close to 1.0 years until 2021**
- **Throughout 2022, Grupo Elektra showed a decline in EBITDA generation, due to the increase on financing costs**

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Andrea Muñoz Sánchez, 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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