

Financial Markets Daily

March 15, 2023

Main drivers for the financial markets today...



- **Negative stock markets, government bond yields down and USD up. Concerns about spillover risks in the banking sector continue. Credit Suisse's main shareholder ruled out further investment in the bank, triggering a negative reaction and the trading halt of 7 European banks**
- **Economic activity figures released yesterday afternoon in China showed a rebound, but some risks remain. Retail sales, industrial production and investment rose after the economy's rapid reopening, but employment and investment in real estate continue to fall**
- **Regarding economic figures in the US, retail sales for February were published posting a 0.4% m/m decline, in line with estimates, after an upwardly revised advance of 3.2% the previous month. The control group that excludes autos, gasoline, food services and construction materials advanced 0.5% m/m above the contraction estimated by the consensus of 0.3%, and with an upward revision in the figure for the previous month. The *Empire Manufacturing* regional manufacturing indicator for March was also released posting a sharp decline to -24.6pts from -5.8pts along with other signals in the sector that show less resilience**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
6:00	Industrial production* - Jan	% m/m	--	0.4	-1.1
<i>United States</i>					
8:30	Producer prices* - Feb	% m/m	--	0.3	0.7
8:30	Ex. food & energy* - Feb	% m/m	--	0.4	0.5
8:30	Empire manufacturing* - Mar	index	-8.5	-8.0	-5.8
8:30	Advance retail sales*-Feb	% m/m	0.2	-0.4	3.0
8:30	Ex autos & gas* - Feb	% m/m	--	-0.3	2.6
8:30	Control group* - Feb	% m/m	0.3	-0.3	1.7

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	3,875.50	-2.0%
Euro Stoxx 50	4,050.10	-3.1%
Nikkei 225	27,229.48	0.0%
Shanghai Composite	3,263.32	0.6%
<i>Currencies</i>		
USD/MXN	18.95	1.9%
EUR/USD	1.06	-1.5%
DXY	104.60	1.0%
<i>Commodities</i>		
WTI	69.74	-2.2%
Brent	76.01	-1.9%
Gold	1,924.73	1.1%
Copper	387.90	-3.3%
<i>Sovereign bonds</i>		
10-year Treasury	3.48	-21pb

Source: Bloomberg

Equities

- **Equity markets with negative bias, reflecting investors' concerns about the risks derived from an unstable situation in some regional banks in the US, while caution increases in Europe, where 7 banks were halted**
- **US futures anticipate a negative opening with the S&P500 trading 2.0% below its theoretical value. The adjustments of Citizens Financial and US Bancorp stand out with contractions of more than 2.5% on pre-market, continuing with caution. In that sense, Europe operates lower, the Eurostoxx decreases 3.2%, dragged down by the financial sector. In particular, Credit Suisse falls more than 19% in the Swiss stock market, after the limited possibilities of new liquidity injections due to regulatory issues. Asia closed with gains, highlighting the Hang Seng with 1.5%**
- **In Mexico, the Mexbol Index could fall below 52,200pts, following its international peers**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds due to demand for safe-haven assets. European assets trade with gains of 11bps, while the Treasuries yield curve record gains of 18bps, on average. Yesterday, the Mbonos' curve posted gains on the short- and long-end, while the belly closed with losses. The 10-year benchmark gained 3bp to 9.11%**
- **The dollar strengthens (DXY +0.9%) while most developed and emerging currencies trade with losses. In the first group, NOK (-1.7%) leads losses while JPY (+0.6%) is the only positive. In the second, HUF (-3.0%) is the weakest. The Mexican peso is the third weakest among its peers, depreciating 2.0% to 18.95 per dollar**
- **Crude oil futures are down 2.0% on a risk-off mood. In metals, gold and silver rise while industrials trade with losses**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,155.40	1.1%
S&P 500	3,919.29	1.6%
Nasdaq	11,428.15	2.1%
IPC	52,691.66	-0.6%
Ibovespa	102,932.38	-0.2%
Euro Stoxx 50	4,179.47	2.0%
FTSE 100	7,637.11	1.2%
CAC 40	7,141.57	1.9%
DAX	15,232.83	1.8%
Nikkei 225	27,222.04	-2.2%
Hang Seng	19,247.96	-2.3%
Shanghai Composite	3,245.31	-0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	4.25	27pb
10-year Treasuries	3.69	12pb
28-day Cetes	11.22	0pb
28-day TIIE	11.32	1pb
2-year Mbono	10.77	5pb
10-year Mbono	9.11	-4pb
<i>Currencies</i>		
USD/MXN	18.60	-1.7%
EUR/USD	1.07	0.0%
GBP/USD	1.22	-0.2%
DXY	103.60	0.0%
<i>Commodities</i>		
WTI	71.33	-4.6%
Brent	77.45	-4.1%
Mexican mix	61.64	-5.3%
Gold	1,904.01	-0.5%
Copper	400.30	-1.2%

Source: Bloomberg

Corporate Debt

- **HR Ratings assigned a rating of 'HR AAA (E)' with a stable outlook for the issuance FMCARCB 23 (ABS from Firma Car). According to the agency, the assignment of the rating is based on the Maximum Default that the issuance supports in a stress scenario of 26.5%, compared to a Historical Default Rate of the portfolio originated by Firma Car of 3.1%, resulting in a Times Default Rate ratio of 8.6x. Additionally, the rating considers the Eligibility Criteria that limit the residual value of the leased goods, the concentration of main customers and by industry, and the type of leased assets**
- **The FMCARCB 23 issuance is intended to be carried out for an amount of up to MXN 800 million, for a 60 month term, of which 24 will be the Revolving Period, where portfolio assignments may be made to the Trust**

Certification of Analysts.

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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