

# Financial Markets Daily

March 16, 2023

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



- **Mixed stock markets with Europe up while Asia, S&P Futures and the USD are down and government bond yields mixed, given investor relief from Swiss National Bank support for Credit Suisse, though signs of banking sector concern remain, and waiting for the ECB's decision**
- **Focus on the ECB's monetary policy decision and Lagarde's comments. Just a few days ago the expectation was for a 50bp rise in the face of persistent inflationary pressures, but the scenario now is not so clear after the collapse of SVB and the volatility in the markets due to fears about Credit Suisse**
- **In the US, Treasury Secretary Janet Yellen will appear before the Senate Finance Committee, where she is expected to say that the banking system remains sound**
- **Regarding economic figures, the Philadelphia regional manufacturing indicator was published in the US, standing at -23.2pts in March from -24.3pts previously, well below the consensus estimate. The report adds to the signs of other indicators that show less resilience in the sector. On the other hand, jobless claims for the week ending March 11 fell to 192k from 212k the previous week, confirming the strength of the labor market. Meanwhile, import prices remained in contraction in February, but fell less than estimated (-0.1% m/m, consensus -0.2% m/m)**
- **In Mexico, today is the first day of Mexico's 86th Banking Convention organized by the Asociación de Bancos de México: "Challenges and opportunities: inclusion, sustainability and nearshoring"**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
8:30	Housing starts** - Feb	thousands	--	1,312	1,309
8:30	Building permits** - Feb	thousands	--	1,346	1,339
8:30	Initial jobless claims* - Mar 10	thousands	208	205	211
8:30	Philadelphia Fed* - Mar	index	-15.0	-15.0	-24.3
<i>Eurozone</i>					
9:15	Monetary policy decision (ECB)	%	--	3.00	2.50
9:45	ECB President Christine Lagarde Holds Press Conference				

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	3,908.50	-0.4%
Euro Stoxx 50	4,064.97	0.7%
Nikkei 225	27,010.61	-0.8%
Shanghai Composite	3,226.89	-1.1%
<i>Currencies</i>		
USD/MXN	19.09	0.6%
EUR/USD	1.06	0.2%
DX	104.52	-0.1%
<i>Commodities</i>		
WTI	67.50	-0.2%
Brent	73.62	-0.1%
Gold	1,930.97	0.6%
Copper	388.15	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	3.42	-3pb

Source: Bloomberg

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## Equities

- Stock markets mixed although with a negative bias, while Europe registers dip buying's, weighing the various measures to support Credit Suisse and awaiting the ECB monetary policy decision
- US futures anticipate a mixed opening, with the S&P500 trading 0.4% lower, while the Nasdaq trades 0.1% higher. Meanwhile, markets in Europe are positive, following the announcement that Credit Suisse will borrow \$54 billion dollars from the Swiss National Bank to secure short-term liquidity, the issuer's shares rise more than 20%. Meanwhile, in Asia we observed mixed closings, highlighting the falls in China and the Hang Seng adjustment of -1.7%
- In Mexico, the Mexbol Index could hover around 52,200pts

## Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds. European assets lose 9bps, on average. The Treasuries' curve adjusts +8bps at the short-end, while the long-end registers gains of 2bps. Yesterday, the Mbonos' curve close with a steepening bias with 23bps gains at the short-end, while the rest of the curve adjusted only -7bps
- The dollar retreats, DXY (-0.2%), allowing most G10 currencies to trade in positive territory with JPY (+0.7%) leading the gains. In EM, the bias is also positive with THB (+0.6%) as the strongest. Meanwhile, MXN depreciates 0.1% at 18.98 per dollar, after losing 2.0% yesterday
- Crude-oil futures halt the losses of the last sessions, as the market assesses the effectiveness of the authorities to contain risks in the financial sector. Metals trade with positive bias with copper advancing 0.7%

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,874.57	-0.9%
S&P 500	3,891.93	-0.7%
Nasdaq	11,434.05	0.1%
IPC	52,085.59	-1.2%
Ibovespa	102,675.45	-0.2%
Euro Stoxx 50	4,034.92	-3.5%
FTSE 100	7,344.45	-3.8%
CAC 40	6,885.71	-3.6%
DAX	14,735.26	-3.3%
Nikkei 225	27,229.48	0.0%
Hang Seng	19,539.87	1.5%
Shanghai Composite	3,263.32	0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	3.89	-36pb
10-year Treasuries	3.45	-23pb
28-day Cetes	11.22	0pb
28-day TIIE	11.34	1pb
2-year Mbono	10.49	-28pb
10-year Mbono	9.08	-2pb
<i>Currencies</i>		
USD/MXN	18.98	2.0%
EUR/USD	1.06	-1.5%
GBP/USD	1.21	-0.8%
DXY	104.65	1.0%
<i>Commodities</i>		
WTI	67.61	-5.2%
Brent	73.69	-4.9%
Mexican mix	58.11	-5.7%
Gold	1,918.58	0.8%
Copper	384.30	-4.0%

Source: Bloomberg

## Corporate Debt

- CEMEX reported that it closed the issuance, previously announced, of its subordinated notes with no fixed maturity date for US\$ 1.0 billion. According to the statement, CEMEX intends to allocate an amount equal to the net proceeds obtained from the issuance to finance, or refinance, totally or partially, one or more new or existing eligible projects related to Eligible Green Projects
- Eligible Green Projects include capital, operating, and research and development expenditures related to pollution prevention and control, renewable energy, energy efficiency, clean transportation, sustainable water and wastewater management, and products, production technologies, and processes. eco-efficient and/or adapted to the circular economy

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We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, 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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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