

# Financial Markets Daily

March 21, 2023

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



- **Stock markets and government yields positive, with the USD weakening, with calm returning to markets after the purchase of Credit Suisse by its Swiss rival, UBS during the weekend and with expectations of further actions by US regulators**
- **Today, investors will remain focused on the evolution of the situation in the banking sector, staying as a potential catalyst in coming days. In this context, authorities in the US are exploring a temporal expansion of FDIC protections to all deposits, not those just limited to US\$250k. In data, watching February's existing home sales in the US. In Germany, expectations in the ZEW survey fell more than expected to 13.0pts**
- **This week's key event will be the Fed decision. We anticipate a 25bps rate hike. It will also be important to see the possible update of the macro framework and dot plot. We will also know the monetary policy decisions of Brazil, Switzerland, Norway, Taiwan, Turkey, and the United Kingdom. Moreover, PMIs in the US, the Eurozone, and United Kingdom (Mar)**
- **We note several important events such as XI Jinping's visit to Russia today, the hearing of Secretary Yellen in Congress to talk about the 2024 budget proposal—where it is also expected that she will talk about the banking sector—, the visit of President Joe Biden to Canada, and a two-day European Leaders Summit in Brussels**
- **The US agenda also includes new home sales and durable goods orders (Feb). In other regions, we note inflation in the UK and Brazil, along with consumer confidence in the Eurozone (Mar). In Mexico, figures include aggregate supply and demand (4Q22), retail sales, GDP-proxy IGAE (Jan), and inflation (1H-Mar)**

Alejandro Padilla Santana  
Chief Economist and  
Head of Research  
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA  
Executive Director of Economic Research  
and Financial Markets Strategy  
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas  
Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com

Manuel Jiménez Zaldivar  
Director of Market Strategy  
manuel.jimenez@banorte.com

 [www.banorte.com](http://www.banorte.com)  
 [@analisis\\_fundam](https://twitter.com/analisis_fundam)

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Germany</i>					
6:00	ZEW Survey (Expectations) - Mar	index	0.0	15.0	28.1
<i>United States</i>					
10:00	Existing home sales** - Feb	millions	0.0	4.2	4.0
<i>Mexico</i>					
13:30	Government weekly auction: 1-, 3-, 6-, and 12- month CETES; 30-year Mbono (Jul'53); 30-year Udibono (Nov'50) and 2-, 5-, and 10-year Bondes F				
16:30	Survey of expectations (Citibanamex)				

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	4,024.75	1.0%
Euro Stoxx 50	4,200.13	2.0%
Nikkei 225	26,945.67	0.0%
Shanghai Composite	3,255.65	0.6%
<i>Currencies</i>		
USD/MXN	18.70	-0.7%
EUR/USD	1.08	0.5%
DX	103.04	-0.2%
<i>Commodities</i>		
WTI	69.20	2.3%
Brent	75.03	1.7%
Gold	1,956.01	-1.2%
Copper	404.10	1.6%
<i>Sovereign bonds</i>		
10-year Treasury	3.59	11pb

Source: Bloomberg

## Equities

- **Positive movements in equity markets due to some easing of concerns related to the banking crisis, following the \$3.2 billion takeover of Credit Suisse by UBS last weekend. In addition, hopes that the turbulence in the financial sector can be contained are higher, after comments by Janet Yellen, US Treasury Secretary, that the government is ready to provide further guarantees of deposits if needed**
- **In Asia the markets closed positive. There were no operations in Japan for a holiday. In Europe stocks advance, the Eurostoxx adds 2.0%. In turn, in the US the futures of main indices point to a positive open by rising 0.8% on average**
- **In Mexico, operations will resume after yesterday's holiday. After the Mexbol Index closed last Friday at 51,926 points, we expect this week a trading range between 50,600 - 53,000pts**

## Sovereign fixed income, currencies and commodities

- **Widespread losses in sovereign bonds. European rates increase 12bps, on average, and the Treasuries's curve register a flattening bias with a sell-off of up to 17bps at the short-end. Last week, short-term Mbonos rallied 41bps, on average, and the 10-year benchmark closed at 9.06% (+3bps)**
- **USD with slight losses amid a mixed performance in G10 currencies, with SEK (+1.5%) and NZD (-0.8%) at the extremes. In EM, the bias is positive, with HUF (+1.4%) as the strongest. The MXN trades at 18.70 per dollar, equivalent to a 0.7% appreciation, after gaining 0.4% yesterday**
- **Crude-oil futures advances for a second day driven by risk appetite. Brent trades at 75 \$/bbl after reached lows not seen since the end of 2021. In metals, industrials overperform precious. Copper gains 1.6% and gold falls 1.2%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,244.58	1.2%
S&P 500	3,951.57	0.9%
Nasdaq	11,675.54	0.4%
IPC	51,925.61	0.0%
Ibovespa	100,922.89	-1.0%
Euro Stoxx 50	4,119.42	1.3%
FTSE 100	7,403.85	0.9%
CAC 40	7,013.14	1.3%
DAX	14,933.38	1.1%
Nikkei 225	26,945.67	-1.4%
Hang Seng	19,000.71	-2.7%
Shanghai Composite	3,234.91	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	3.98	14pb
10-year Treasuries	3.48	6pb
28-day Cetes	11.22	0pb
28-day TIIE	11.35	0pb
2-year Mbono	10.33	0pb
10-year Mbono	9.05	0pb
<i>Currencies</i>		
USD/MXN	18.84	-0.4%
EUR/USD	1.07	0.5%
GBP/USD	1.23	0.9%
DX	103.28	-0.4%
<i>Commodities</i>		
WTI	67.64	1.3%
Brent	73.79	1.1%
Mexican mix	57.12	0.0%
Gold	1,978.84	-0.5%
Copper	395.15	1.5%

Source: Bloomberg

## Corporate Debt

- **For this week we expect dynamism in the market, with the placement of MXN 12.8 billion in the corporate market with the participation of GAP, América Móvil and Firma Car. It is important to note that all issuances will have the highest credit rating. Likewise, we will be attentive to the appetite of investors by type of rate given the current macroeconomic situation**
- **S&P Global Ratings ratified FUTILCB 21 (Fin Útil's ABS) rating at 'mxAAA (sf)' and removed it from the list of CreditWatch with negative implications. According to the agency, the confirmation reflects its opinion on the updated levels of credit protection that the transaction has, which it considers are sufficient to withstand the updated stress scenario consistent with its rating level**

## 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, 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
<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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GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy			
Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000
Economic Research			
Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707
Market Strategy			
Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
Fixed income and FX Strategy			
Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144
Equity Strategy			
Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Strategist, Equity	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746
Corporate Debt			
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248
Quantitative Analysis			
Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Andrea Muñoz Sánchez	Analyst, Quantitative Analysis	andrea.munoz.sanchez@banorte.com	(55) 1103 - 4000
Wholesale Banking			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebaldos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899