

Financial Markets Daily

March 23, 2023

Main drivers for the financial markets today...



- **Stock markets negative, S&P Futures up, USD with small changes and government bond yields mixed with investors digesting the Federal Reserve's rate hike and Powell's comments, as well as rate moves by key European central banks amid concerns about inflation and the banking system**
- **Markets attentive to Yellen's testimony before the House Appropriations subcommittee**
- **Regarding monetary policy, the BoE increased its reference rate by 25bp to place it at 4.25%, while Switzerland and Norway posted increases of +50bp and 25bp, respectively**
- **In economic figures, jobless claims for the week ending March 18 were released in the US, standing at 191k from 192k the previous week, confirming that the labor market's strength remains. Later, the new home sales report for February will be published**
- **In Mexico, INEGI released inflation for 1H-March, up 0.15% 2w/2w, with the core at 0.30%, with the former below expectations. As such, the annual print moderated to 7.12% from 7.48%, with a more favorable base effect**
- **INEGI also published January's retail sales, climbing 1.6% m/m (5.3% y/y), noting strength in clothing & shoes and vehicles & fuel**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
8:00	Monetary policy decision (BoE)	%	--	4.25	4.00
11:00	Consumer confidence* - Mar (P)	index	--	-18.2	-19.0
<i>Mexico</i>					
8:00	Retail sales - Jan	% y/y	4.4	3.1	2.5
8:00	Retail sales* - Jan	% m/m	1.2	0.8	0.1
8:00	Consumer prices - Mar 15	% m/m	0.18	0.26	0.16
8:00	Core - Mar 15	% m/m	0.25	0.30	0.16
8:00	Consumer prices - Mar 15	% y/y	7.16	7.24	7.48
8:00	Core - Mar 15	% y/y	8.09	8.15	8.21
<i>United States</i>					
8:30	Initial jobless claims* - Mar 18	thousands	195	200	192
10:00	New home sales** - Feb	thousands	--	650	670

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	3,995.75	0.6%
Euro Stoxx 50	4,192.16	-0.1%
Nikkei 225	27,419.61	-0.2%
Shanghai Composite	3,286.65	0.6%
<i>Currencies</i>		
USD/MXN	18.55	-0.3%
EUR/USD	1.09	0.2%
DX	102.41	0.1%
<i>Commodities</i>		
WTI	70.64	-0.4%
Brent	76.51	-0.2%
Gold	1,972.72	0.1%
Copper	410.10	0.8%
<i>Sovereign bonds</i>		
10-year Treasury	3.49	6pb

Source: Bloomberg

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Equities

- **Equity markets mixed, following yesterday's 25bp rise in the US benchmark rate, as investors continue to assess the impact of the crisis in some regional banks**
- **US futures anticipate an upward opening with the S&P 500 trading 0.6% above its theoretical value and the Nasdaq 1.0%, following yesterday's losses on Powell's comments and incorporating another 25bp hike in May. Meanwhile, European markets trade with generalized losses, with the Eurostoxx decreasing 0.1% as it assimilates the Bank of England's monetary policy decision. Finally, Asia closed mixed, with the Hang Seng advancing 2.3%**
- **In Mexico, the Mexbol Index could hover around 52,800pts**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets gain up to 6bps. The Treasuries' curve print losses of 3bps, on average. Yesterday, the Mbonos' curve closed with a flattening bias because of 9bps gains at the short-end, while the rest of the curve adjusted -16bps**
- **The dollar retreats, allowing most G10 currencies to trade in positive territory with NOK (+1.0%) leading the gains. In EM, the bias is also positive with KRW (+2.3%) as the strongest. Meanwhile, MXN appreciates 0.3% at 18.55 per dollar, after losing 0.1% yesterday**
- **Crude-oil futures fall 0.5%, digesting yesterday's Fed decision and a rise in US crude inventories reaching their highest level since May 2021. Metals trade with positive bias with copper and gold advancing 0.5% and 0.4%, respectively**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,030.11	-1.6%
S&P 500	3,936.97	-1.6%
Nasdaq	11,669.96	-1.6%
IPC	52,550.40	-0.2%
Ibovespa	100,220.63	-0.8%
Euro Stoxx 50	4,195.70	0.3%
FTSE 100	7,566.84	0.4%
CAC 40	7,131.12	0.3%
DAX	15,216.19	0.1%
Nikkei 225	27,466.61	1.9%
Hang Seng	19,591.43	1.7%
Shanghai Composite	3,265.75	0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	3.94	-23pb
10-year Treasuries	3.43	-18pb
28-day Cetes	11.22	0pb
28-day TIIE	11.37	1pb
2-year Mbono	10.30	-12pb
10-year Mbono	9.00	-18pb
<i>Currencies</i>		
USD/MXN	18.61	0.1%
EUR/USD	1.09	0.8%
GBP/USD	1.23	0.4%
DXY	102.35	-0.9%
<i>Commodities</i>		
WTI	70.90	2.3%
Brent	76.69	1.8%
Mexican mix	60.67	2.4%
Gold	1,970.11	1.5%
Copper	404.45	1.3%

Source: Bloomberg

Corporate Debt

- **Today we expect the auction of two unsecured notes from Grupo Aeroportuario del Pacífico, GAP 23L / 23-2L, for up to MXN 4.5 billion (with an option of an additional 20%). The series 23L will have a 3-year term and will pay a floating rate pegged to the 28-day TIIE, and series 23-2L will have a 7-year term paying a fixed rate**
- **The proposed notes GAP 23L / 23-2L have the Sustainability-Linked Bonds (L) tag with the target to reduce by 25% the greenhouse gas emissions of its 14 airports by 2025**
- **Also, we expect the auction of three bonds from América Móvil, AMX 23 / 23-2 / 22-2 (tap issue), for a base amount of MXN 7.5 billion (max. MXN 15.0 billion), with 1.1, 5 and 2.6-year terms, respectively. The issuances local scale ratings are 'AAA' by Moody's Local MX, S&P Global Ratings and Fitch Ratings**

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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, 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>
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