

Financial Markets Daily

March 31, 2023

Main drivers for the financial markets today...



- **Positive stock markets, government bond yields with small changes and USD up, as the Federal Reserve members remain committed on containing price pressures, with investors cautious on next steps on policy tightening in the midst of a stressed banking system, while assimilating related inflation figures in the US**
- **Regarding economic data, in the US the personal income and spending report for February was released. Real personal spending posted a contraction after the strong advance of the previous month. Meanwhile, the core PCE price deflator advanced less than estimated, with the annual variation standing at 4.6% from the previous 4.7%. Later, the University of Michigan final consumer sentiment indicator for March will be published. Interventions by Fed members will continue. Today there will be comments by Williams, Cook and Waller**
- **Donald Trump became the first former US president to be indicted. This could reshape the political landscape in the US ahead of the 2024 presidential elections**
- **In Mexico, INEGI released February's employment report. The unemployment rate fell to 2.72% (-28bps), with a loss of 10.0 thousand jobs. With seasonally adjusted figures we saw a decline to 2.79% (-11bps), a new historical low. Later February's banking credit figures will be released**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
8:00	Unemployment rate - Feb	%	3.02	3.07	3.00
11:00	Banking credit - Feb	% y/y	4.7	--	4.8
<i>United States</i>					
8:30	Personal income* - Feb	% m/m	--	0.2	0.6
8:30	Personal spending* - Feb	% m/m	--	0.3	1.8
8:30	Real personal spending* - Feb	% m/m	-0.2	-0.2	1.1
8:30	PCE Deflator* - Feb	% m/m	--	0.3	0.6
8:30	Core* - Feb	% m/m	--	0.4	0.6
8:30	PCE Deflator - Feb	% y/y	--	5.1	5.4
8:30	Core - Feb	% y/y	--	4.7	4.7
10:00	U. of Michigan Confidence* - Mar (F)	index	62.8	63.4	63.4
15:00	Fed's Williams speaks about monetary policy and the economic outlook				
16:00	Fed's Waller discusses the Phillips curve				
17:45	Fed's Cook discusses US economy and monet				

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	4,087.00	0.2%
Euro Stoxx 50	4,301.14	0.4%
Nikkei 225	28,041.48	0.9%
Shanghai Composite	3,272.86	0.4%
<i>Currencies</i>		
USD/MXN	18.07	-0.1%
EUR/USD	1.09	-0.3%
DXY	102.43	0.3%
<i>Commodities</i>		
WTI	74.85	0.6%
Brent	79.45	0.2%
Gold	1,976.67	-0.2%
Copper	404.15	-1.2%
<i>Sovereign bonds</i>		
10-year Treasury	3.56	1pb

Source: Bloomberg

Equities

- On the last trading day of 1Q23, we saw broad-based, albeit modest, gains in major stock indexes, as caution remains among investors who continue to weigh recession risks.
- In the US, futures anticipate a positive opening, with the S&P500 trading 0.2% above its theoretical value, while the technology sector continues to lead the advance in the week. In Europe, the indices average increases close to 0.5%, with consumer-related stocks contributing the most to the advance. In Asia, the closures were also positive, highlighting this time the performance in Japan, with the Nikkei up 0.9%.
- In Mexico the Mexbol Index could continue to consolidate above 54,000pts after the previous close at 54,199pts

Sovereign fixed income, currencies and commodities

- Sovereign bonds with mixed performance. European assets trade with gains of up to 6bps, except for GILTS which lose 3bps. The Treasuries yield curve shows a flattening with 2bps pressures on the short-end and 1bps gains on the long-end. Yesterday, the Mbonos' curve closed with gains of 9bps on average and the 10-year benchmark at 8.82% (-12bps)
- The dollar strengthens (DXY +0.3%) while G-10 currencies trade with losses and emerging currencies with mixed movements. In the former group, NOK (-0.7%) is the weakest and in the latter, trading is capped by IDR (+0.4%) and RUB (-0.4%). The Mexican peso extends yesterday's gains by appreciating 0.1% to 18.07 per dollar
- Crude-oil futures are up 0.4% on average as Iraqi production disruptions persist. In metals, the positive bias prevails, except for copper which falls 1.0% due to lower demand in China

Corporate Debt

- S&P Global Ratings upgraded Grupo Bimbo's ratings on the global scale to 'BBB+' from 'BBB' and on the national scale to 'mxAAA' from 'mxAA+'. According to the agency, it revised its assessment of Grupo Bimbo's business risk profile to a stronger category after several years in which the company successfully increased its scale of operations through its sustained organic growth and through acquisitions, thereby maintaining its leadership position in the market
- HR Ratings upgraded Be Grand's rating to 'HR BBB+' from 'HR BBB-' and of its BEGRAND 18 issuance to 'HR A+' from 'HR A-' and modified the Review in Progress to Stable outlook. According to the agency, the upgrade revision is based on the consolidation of the projects within the investment vehicle

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,859.03	0.4%
S&P 500	4,050.83	0.6%
Nasdaq	12,013.47	0.7%
IPC	54,198.94	0.6%
Ibovespa	103,713.45	1.9%
Euro Stoxx 50	4,285.42	1.3%
FTSE 100	7,620.43	0.7%
CAC 40	7,263.37	1.1%
DAX	15,522.40	1.3%
Nikkei 225	27,782.93	-0.4%
Hang Seng	20,309.13	0.6%
Shanghai Composite	3,261.25	0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	4.12	2pb
10-year Treasuries	3.55	-2pb
28-day Cetes	11.22	0pb
28-day TIIE	11.43	1pb
2-year Mbono	10.43	-11pb
10-year Mbono	8.87	-9pb
<i>Currencies</i>		
USD/MXN	18.09	0.0%
EUR/USD	1.09	0.6%
GBP/USD	1.24	0.6%
DXY	102.14	-0.5%
<i>Commodities</i>		
WTI	74.37	1.9%
Brent	79.27	1.3%
Mexican mix	63.47	1.7%
Gold	1,980.37	0.8%
Copper	409.15	0.1%

Source: Bloomberg

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>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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