

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets biased positive excluding Asia, government bond yields up, and USD down. Markets take a pause after main US stock indices reached new record highs yesterday, as February's CPI report in the US did not modify expectations that the Federal Reserve will cut rates this year
- In the political front, Biden and Trump reached the needed delegates to become presidential candidates. Despite the above, neither will be officially nominated until their party's National Convention this summer
- The House of Representatives today will consider legislation that would require the Chinese company that owns TikTok to sell it within 180 days or risk the app being banned from stores and web services in the US. Even though it can be approved, it would still have to be supported by the Senate
- In the Eurozone, industrial production for January was published posting a 3.2% m/m decline, with a downward revision to the previous month. The figure makes clear that there are risks to growth in the region, highlighting weakness in Germany
- In the US, the agenda does not have relevant economic data for the markets

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
3:00	UK Industrial production* - Jan	% m/m	--	0.0	0.6
6:00	EZ Industrial production* - Jan	% m/m	--	-1.5	2.6

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

March 13, 2024



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



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



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



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



[@analisis_fundam](http://www.banorte.com/analisiseconomico)

Winners of the awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023



Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,239.00	0.0%
Euro Stoxx 50	5,000.27	0.3%
Nikkei 225	38,695.97	-0.3%
Shanghai Composite	3,043.84	-0.4%
Currencies		
USD/MXN	16.78	-0.1%
EUR/USD	1.09	0.1%
DXY	102.88	-0.1%
Commodities		
WTI	79.08	2.0%
Brent	83.38	1.8%
Gold	2,163.52	0.2%
Copper	401.60	2.1%
Sovereign bonds		
10-year Treasury	4.18	3pb

Source: Bloomberg

Equities

- Positive bias in equity markets, although US futures show little changes, after the S&P500 reached a new all-time high supported by gains in the technology sector
- Europe trades with almost widespread gains. The Eurostoxx is trading at its highest level in 24 years and approaching record levels. Shares of companies in the utilities and energy sectors lead gains, while those in communications are the only ones to fall. On the other hand, in Asia, most indices closed in negative territory
- In corporate news, Dollar Tree's share price falls ~5.2% on pre-market after reporting lower-than-expected results and announcing plans to close more than 600 stores in 1H24. In Mexico, the attention will be on Alsea's investor day today

Sovereign fixed income, currencies and commodities

- Slight pressures on sovereign bonds with European rates adjusting ~1bps and up to +5bps in the UK. USTs extend yesterday's pressures, with average losses of +2bps. Yesterday, Mbonos experienced a sell-off of 3bps except for the belly, which appreciated by 2bps
- The USD is modestly weaker, albeit within narrow ranges, and only advancing against the JPY (-0.2%) in the G10. Mixed balance in EM currencies with HUF leading gains (+0.6%). In LatAm, bias is also positive with CLP as the strongest (+0.6%). The MXN appreciates by 0.1% to 16.78
- Positive energy sector commodities led by oil, with the market awaiting DOE inventories after API estimated yesterday the first decline in 7 weeks. In metals, bias is also upwards, with Nickel (+1%) outperforming

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,005.49	0.6%
S&P 500	5,175.27	1.1%
Nasdaq	16,265.64	1.5%
IPC	54,898.95	-0.3%
Ibovespa	127,667.84	1.2%
Euro Stoxx 50	4,983.20	1.1%
FTSE 100	7,747.81	1.0%
CAC 40	8,087.48	0.8%
DAX	17,965.11	1.2%
Nikkei 225	38,797.51	-0.1%
Hang Seng	17,093.50	3.1%
Shanghai Composite	3,055.94	-0.4%
Sovereign bonds		
2-year Treasuries	4.59	5pb
10-year Treasuries	4.15	5pb
28-day Cetes	11.18	-4pb
28-day TIIE	11.47	0pb
2-year Mbono	10.00	1pb
10-year Mbono	9.22	0pb
Currencies		
USD/MXN	16.80	0.0%
EUR/USD	1.09	0.0%
GBP/USD	1.28	-0.2%
DXY	102.96	0.1%
Commodities		
WTI	77.56	-0.5%
Brent	81.92	-0.4%
Mexican mix	72.42	-0.4%
Gold	2,158.34	-1.1%
Copper	393.20	0.1%

Source: Bloomberg

Corporate Debt

- Fitch Ratings downgraded Grupo Elektra's long-term and short-term national ratings to 'A(mex)' and 'F1(mex)' from 'A+(mex)' and 'F1+(mex)', respectively. Also, the agency lowered its international ratings (IDR) to 'BB-' from 'BB'. The downgrade reflects Fitch's concerns about Grupo Salinas' corporate governance practices
- HR Ratings affirmed Total Play's rating at 'HR A' and changed its Negative Outlook to Negative Watch based on the swap agreement with a group of holders of its Senior Notes. The agency expects that the lack of agreement with the remaining bondholders could limit the Company's ability to refinance and pressure its current rating metrics

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Juan Carlos Mercado Garduño, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, 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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.



Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and
Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000



Alejandro Padilla Santana
Chief Economist and Head of
Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research,
Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000