

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, government bond yields mixed, and the USD slightly to the upside, with investors assimilating economic data cautiously ahead of the Fed meeting next week, in which the focus will be in the 'dot-plot'**
- **In Japan, annual wage negotiations of the country's largest union concluded with a 5.3% increase (previous: 3.8%). Markets are taking this as another sign that the BoJ may announce a rate hike and adjustments in some of its asset purchase programs as early as in next week's decision**
- **In China, the Ministry of Industry and Information Technology has –quietly– asked EV makers to increase their purchase of chips and other domestic components. The goal is to reduce its reliance on Western imports**
- **On economic figures, in the US, March's Empire manufacturing index came in at -20.9pts, falling more than expected. Later on, February's industrial production will be released, anticipating a modest uptick (0.1%). Lastly, the preliminary print of the consumer sentiment from the U. of Michigan (March) will be published**
- **In other news, Donald Trump lost its bid regarding the mishandling of classified documents, so it seems that this trial will go ahead**
- **In Berlin, Manuel Macron will meet today with leaders of Germany and Poland to discuss the strategy to support Ukraine. The president has acknowledged that the EU could face an 'existential' threat if Russia is not defeated**
- **Hamas once again proposed a comprehensive cease-fire deal. Benjamin Netanyahu said the group is still making unrealistic demands, but his country's war cabinet will discuss the matter**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Empire manufacturing* - Mar	index	-5.0	-8.0	-2.4
9:15	Industrial production* - Feb	% m/m	0.1	0.0	-0.1
9:15	Manufacturing production* - Feb	% m/m	0.3	0.3	-0.5
10:00	U. of Michigan Confidence* - Mar (P)	index	75.0	77.3	76.9

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

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



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,223.50	0.1%
Euro Stoxx 50	5,021.44	0.6%
Nikkei 225	38,707.64	-0.3%
Shanghai Composite	3,054.64	0.5%
Currencies		
USD/MXN	16.67	-0.2%
EUR/USD	1.09	0.1%
DX	103.35	0.0%
Commodities		
WTI	80.64	-0.8%
Brent	84.83	-0.7%
Gold	2,163.72	0.1%
Copper	409.65	1.5%
Sovereign bonds		
10-year Treasury	4.28	-1pb

Source: Bloomberg

Equities

- Positive bias in stock markets, although caution prevails among investors, awaiting for more information that may support the start of interest rate cuts. Futures in the US advance, with the S&P500 trading 0.1% above its theoretical value, on dip-buying after yesterday's declines
- High volatility is expected today as it is the first Triple Witching Day of the year –major expiration of options & futures contracts in US–, and coinciding with the quarterly rebalancing of benchmark indices of S&P Dow Jones Indices, including the Mexbol (Livepol returns and Aguilas and Volar come out)
- Yesterday, the price of the subsequent Fibra Mty offering was set at \$11.50 per CBFI, representing a 5.7% discount on the closing price. The total amount of the offer amounted to \$7,810 million, when considering the over-allotment option

Sovereign fixed income, currencies and commodities

- Mixed sovereign bond performance and within narrow ranges, following strong pressures yesterday leaded by USTs. European bonds are cheaper by ~2bps except for peripherals trading stronger, while Treasuries gain 1-2bps on the short-end, pressure 2bps in the belly, and strengthen by 2bps for long-term tenors
- Mixed balance in G10 and EM currencies, with the latter finding HUF (0.7%) and CLP (+0.4%) as the strongest. The opposite side is constrained by KRW (-0.9%). MXN appreciates by 0.2% to 16.67 per dollar, heading for a 0.9% weekly appreciation
- Oil falls slightly and by less than 1%, with WTI and Brent trading near 4-month highs on the back of deficit expectation for the year, also estimated by the IEA in its monthly report yesterday. Bias in metals is negative with gold more stable

Corporate Debt

- Today, Grupo Aeroportuario del Pacífico will auction two sustainability-linked bonds, GAP 24L / 24-2L, for a combined amount of up to MXN 3.0 billion and terms of 3 and 7 years. The assigned ratings were 'mxAAA' by S&P Global Ratings and 'AAA.mx' by Moody's Local Mexico. GAP plans to use the proceeds from the issuances to pay off financial maturities
- In the banking market, a sustainable bond from BID Invest, BIDINV 1-24X, will be auctioned for a target amount of MXN 2.2 billion (max: MXN 2.5 billion) with a term of approximately 3 years. The bond is rated 'AAA.mx' by Moody's Local and 'AAA(mex)' by Fitch Ratings

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,905.66	-0.4%
S&P 500	5,150.48	-0.3%
Nasdaq	16,128.53	-0.3%
IPC	56,059.26	0.4%
Ibovespa	127,689.97	-0.2%
Euro Stoxx 50	4,993.12	-0.1%
FTSE 100	7,743.15	-0.4%
CAC 40	8,161.42	0.3%
DAX	17,942.04	-0.1%
Nikkei 225	38,807.38	0.3%
Hang Seng	16,961.66	-0.7%
Shanghai Composite	3,038.23	-0.2%
Sovereign bonds		
2-year Treasuries	4.69	6pb
10-year Treasuries	4.29	10pb
28-day Cetes	11.18	1pb
28-day TIIE	11.48	0pb
2-year Mbono	10.06	9pb
10-year Mbono	9.28	7pb
Currencies		
USD/MXN	16.70	0.2%
EUR/USD	1.09	-0.6%
GBP/USD	1.28	-0.3%
DX	103.36	0.6%
Commodities		
WTI	81.26	1.9%
Brent	85.42	1.7%
Mexican mix	75.89	2.0%
Gold	2,162.19	-0.6%
Copper	404.55	-0.4%

Source: Bloomberg

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