

## Financial Markets Daily

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

- Stock markets mixed, government bond yields lower, and USD stronger. Investors are assimilating a raft of central bank decisions, including from the Fed which is on track to start cutting rates this year amid resilient economic data that suggests a 'soft landing'
- The US economic agenda is scarce, with investors focused on speeches by Fed members including Powell, Barr, and Bostic. Later, Colombia will announce its monetary policy decision
- According to a Bloomberg survey, the BoJ could raise its interest rate again by October, even at a faster pace due to yen weakness
- China's central government has accelerated spending since the beginning of the year, a signal that it is redoubling efforts to boost the economy directly instead of relying in state and local governments which are limited by high debt levels
- Joachim Nagel, ECB Council member and president of the Bundesbank, stated that interest rate cuts will not necessarily be consecutive once they start easing monetary policy
- Germany's IFO expectations indicator in March rebounded more than anticipated as it stood at 87.5pts. Despite of the latter, the central bank has warned that the economy is likely to have contracted in 1Q24 because of manufacturing sector weakness

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Germany</b>					
5:00	IFO Survey (business climate)* - Mar	index	--	85.9	85.5
<b>Mexico</b>					
8:00	Economic activity indicator (IGAE) - Jan	% y/y	3.2	2.5	1.1
8:00	Economic activity indicator (IGAE)* - Jan	% m/m	0.1	0.2	0.0
8:00	Consumer prices - Mar 15	% 2w/2w	0.34	0.28	0.06
8:00	Core - Mar 15	% 2w/2w	0.28	0.27	0.19
8:00	Consumer prices - Mar 15	% y/y	4.54	4.48	4.35
8:00	Core - Mar 15	% y/y	4.64	4.63	4.66
<b>Colombia</b>					
14:00	Monetary policy decision (BanRep)	%	--	12.25	12.75
<b>United States</b>					
16:00	Fed's Bostic Participates in Moderated Conversation				

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.
<b>Equity indices</b>		
S&P 500 Futures	5,295.50	-0.1%
Euro Stoxx 50	5,009.90	-0.8%
Nikkei 225	40,888.43	0.2%
Shanghai Composite	3,048.03	-0.9%
<b>Currencies</b>		
USD/MXN	16.79	0.3%
EUR/USD	1.08	-0.3%
DX	104.35	0.3%
<b>Commodities</b>		
WTI	81.28	0.3%
Brent	85.95	0.2%
Gold	2,172.09	-0.4%
Copper	399.00	-1.4%
<b>Sovereign bonds</b>		
10-year Treasury	4.22	-5pb

Source: Bloomberg

## Equities

- Stock markets mixed, although the week is shaping up to be the best performing of the year. Investors are buoyed by the expectation that the eventual start of interest rate cuts will continue to boost corporate earnings
- In this context, in the US the three indices, the Dow, the S&P500 and the Nasdaq, closed yesterday at new highs, thus futures anticipate a slight profit-taking. Europe is mixed, while in Asia stands aout the 2.2% drop in the Hang Seng
- On the corporate front, there are rumors that Tesla will cut its production of electric cars in China. Lululemon shares fall ~12% after the company announced a slowdown in visitors to its stores. Nike anticipated lower sales, dragging down other stocks in the sector such as Adidas and Puma

## Sovereign fixed income, currencies and commodities

- Sovereign bonds rally with European rates outperforming and strengthening by ~3pbs, on average, while UK and Germany strengthen up to 6bps. Bias benefits US Treasuries stronger by 3-4bps and with the long-end outperforming. Mbonos rallied ~6bps yesterday in the aftermath of Banxico's cut, with the short-end adjusting up to -10bp
- The USD strengthens with all the G10 downwards except for modest gains in JPY, while in EM balance is also mostly negative. MXN depreciates 0.4% to 16.80 per dollar, adding a second negative session and heading for a 0.5% weekly depreciation
- Crude oil stabilizes after 2 days falling yet is remains close to year highs amid deficit expectations. Metals trade mixed with gold and silver slightly negative

## Corporate Debt

- The Megacable Hodings bonds, MEGA 24X / 24-2Xz, are expected to be issued today and will be placed for an aggregate amount of MXN 8 billion through communicating vessels. The series 24X will have a 3-year term and will pay a floating rate pegged to TIIE-28 plus a spread, while the series 24-2X will have a 7-year term and will pay a fixed rate. The ratings assigned were 'AAA(mex)' and 'HR AAA' by Fitch Ratings and HR Ratings, respectively
- Also, the ABS issuance of Dalton Efectivo Seguro, DAFCB 24, is expected, for an amount of up to MXN 500 million and will have a term of 5 years, with a 24-month revolving period and an amortization period starting on the 25th month and until the legal maturity. The ratings assigned were 'AAA.mx' by Moody's Local Mexico and 'HR AAA' by HR Ratings

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	39,781.37	0.7%
S&P 500	5,241.53	0.3%
Nasdaq	16,401.84	0.2%
IPC	56,657.44	0.1%
Ibovespa	128,158.57	-0.7%
Euro Stoxx 50	5,052.31	1.0%
FTSE 100	7,882.55	1.9%
CAC 40	8,179.72	0.2%
DAX	18,179.25	0.9%
Nikkei 225	40,815.66	2.0%
Hang Seng	16,863.10	1.9%
Shanghai Composite	3,077.11	-0.1%
<b>Sovereign bonds</b>		
2-year Treasuries	4.64	3pb
10-year Treasuries	4.27	-1pb
28-day Cetes	11.02	0pb
28-day TIIE	11.48	0pb
2-year Mbono	9.98	-7pb
10-year Mbono	9.25	-5pb
<b>Currencies</b>		
USD/MXN	16.74	0.4%
EUR/USD	1.09	-0.6%
GBP/USD	1.27	-1.0%
DXY	104.01	0.6%
<b>Commodities</b>		
WTI	81.07	-0.7%
Brent	85.78	-0.2%
Mexican mix	76.18	-0.2%
Gold	2,181.33	-0.2%
Copper	405.85	0.2%

Source: Bloomberg

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