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Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today…

- Stock markets down, government bond yields higher, and USD biased lower. Some profit taking in stocks after recent gains and negative news for Big Tech companies about investigations in the European Union, with investors waiting for more information

- On the other hand, geopolitical tensions rise after Friday's terrorist attack in Moscow, which the Islamic State attributed and killed 137 people, an event that is pushing oil prices higher

- Shortened trading week because of local holidays in various regions. Mexico's market will be closed on Thursday and Friday, without operations in the US also on the latter day. Today's agenda includes February's new home sales in the US

- Market attention this week on the PCE deflator for February in the US, preferred inflation measure of the Fed, along with the personal income and spending report for the same month. Moreover, March's PMI indicators in China, which has shown mixed data

- In monetary policy, less information as last week was packed with events in this front. Decisions in Hungary, Sweden, and South Africa. In addition, minutes from the BoE, as well as speeches from its members and some of the ECB

- Other US releases include the final estimate of 4Q23 GDP, housing prices (Jan), durable goods sales, trade balance (Feb), and consumer confidence (Mar)

- In other regions, final 4Q23 GDP in the UK; consumer and economic confidence (Mar) in the Eurozone; and the unemployment rate (Feb), inflation (Mar) and Quarterly Inflation Report in Brazil

- Lastly, Mexico's trade balance, unemployment rate, banking credit and public finance report for February

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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

www.banorte.com/analisiseconomico
@analisis_fundam
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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:25	Fed's Bostic Participates in Moderated Conversation				
10:00	New home sales** - Feb	thousands	--	675	661
Mexico					
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Sep'26),				
	20-year Udibono (Nov'43) and 1-, 3-, and 7-year Bondes F				

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

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,273.75	-0.4%
Euro Stoxx 50	5,018.85	-0.2%
Nikkei 225	40,414.12	-1.2%
Shanghai Composite	3,026.31	-0.7%
Currencies		
USD/MXN	16.74	-0.1%
EUR/USD	1.08	0.2%
DXY	104.26	-0.2%
Commodities		
WTI	80.99	0.4%
Brent	85.88	0.5%
Gold	2,173.73	0.4%
Copper	399.00	-0.2%
Sovereign bonds		
10-year Treasury	4.24	4pb

Source: Bloomberg

Equities

- **Some profit taking in the main indices, reflecting caution after the recent new highs. We expect liquidity in the markets to decline ahead of the Holy Week and Easter period**

- **US futures anticipate a negative opening, with the average of the three major indices declining 0.3% below their theoretical value. In particular, *Intel* and *Advanced Micro Devices* fall due to speculation that China could limit the use of US-made chips in government computers. Europe trades lower, with the Eurostoxx dropping 0.2%, dragged down by consumer staples. Asia closed with a negative bias, highlighting the Nikkei with -1.2% and the Shanghai with -0.7%**

- **For the Mexbol Index, we expect a trading range between 55,200 and 57,500pts**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds as they lose 4bps on average. Last week, the Treasuries yield curve recorded a bull steepening after the Fed decision, with the 2-year benchmark rallying 14bps w/w. In a similar fashion, Mbonos and TIIE-IRS averaged gains of 9bps, with the short- and mid-end benefiting the most**

- **Dollar weakens against most G10 currencies, with NOK (+0.4%) as the strongest. In EM, the bias is mixed with HUF (+0.6%) and RUB (-0.6%) at the extremes. The MXN trades at 16.74 per dollar (+0.1%), after losing 0.3% last week**

- **Crude-oil futures near year-to-date highs amid rising geopolitical tensions following attacks in Russia. In metals, the balance is mixed with copper falling 0.2% and gold up 0.4%**

Corporate Debt

- **We do not expect dynamism this week due to low volumes in Easter Week ahead of the official holidays, anticipating that it will resume for the second week of April, highlighting AC Bebidas and VW Leasing with up to MXN 9.4 billion**

- **Therefore, the amount placed in the first quarter of the year will close at MXN 42.1 billion (+47.2% y/y), higher than in previous years, with companies anticipating the June 2 federal election, as we had already predicted**

- **Notice was given of the early total amortization of the DESCB 22 bond (ABS of Dalton Efectivo Seguro) on March 26th, 2024. The principal amount to be amortized will be MXN 462.6 million, MXN 2.3 million of interest and MXN 0.17 million of early redemption premium**

Previous closing levels	Last	Daily chg.
Equity indices		
Dow Jones	39,475.90	-0.8%
S&P 500	5,234.18	-0.1%
Nasdaq	16,428.82	0.2%
IPC	56,610.54	-0.1%
Ibovespa	127,027.10	-0.9%
Euro Stoxx 50	5,031.15	-0.4%
FTSE 100	7,930.92	0.6%
CAC 40	8,151.92	-0.3%
DAX	18,205.94	0.1%
Nikkei 225	40,888.43	0.2%
Hang Seng	16,499.47	-2.2%
Shanghai Composite	3,048.03	-0.9%
Sovereign bonds		
2-year Treasuries	4.59	-5pb
10-year Treasuries	4.20	-7pb
28-day Cetes	11.04	2pb
28-day TIIE	11.25	-23pb
2-year Mbono	9.98	1pb
10-year Mbono	9.26	1pb
Currencies		
USD/MXN	16.76	0.1%
EUR/USD	1.08	-0.5%
GBP/USD	1.26	-0.5%
DXY	104.43	0.4%
Commodities		
WTI	80.63	-0.5%
Brent	85.43	-0.4%
Mexican mix	75.75	-0.6%
Gold	2,165.44	-0.7%
Copper	400.75	-1.3%

Source: Bloomberg

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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.

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Directory
Research and Strategy

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

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

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

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

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

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

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

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

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

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

Market Strategy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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