

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, government bond yields negative, and the USD slightly lower, with investors expecting key figures in the US to evaluate the path for rate cuts from the Fed and if the recent rebound in the stock markets has space to continue
- On the monetary front we await the decision in Hungary, with expectations of a 75bps cuts. The minutes in Brazil suggest that the pace of reductions –which so far have been in -50bps clips– could moderate
- Regarding economic figures, in the US we highlight the 1.4% m/m increase in February's durable goods orders, expecting later March's consumer confidence and January's house prices. In Brazil, inflation in 1H-March came in slightly above expectations, albeit with the annual print moderating to 4.14%
- A group of US executives visiting China were invited to meet with a top leader from the country, expected to be Xi Jinping. This action comes on top of other efforts from the Asian nation to continue attracting foreign investment. For a second consecutive day, the PBOC signaled its support for the yuan, setting its fixing stronger by 0.1%
- In other news, a bridge close to the port of Baltimore –one of the most important ones in the US East Coast– collapsed after being hit by a cargo ship. As such, the only entrance to the port was blocked, expecting this to cause important distortions on the region's trade
- Regarding the conflict in the middle east, the US will allow for the UN Security Council to call for a cease fire in Gaza, situation which it had opposed previously. This suggests that the support for Israel continues to lose momentum

The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|----------------------|------------------------------------|--------|---------|--------|----------|
| Brazil | | | | | |
| 7:00 | COPOM minutes | | | | |
| 8:00 | Consumer prices - Mar | % m/m | -- | 0.32 | 0.78 |
| 8:00 | Consumer prices - Mar | % y/y | -- | 4.10 | 4.49 |
| United States | | | | | |
| 8:30 | Durable goods orders* - Feb (P) | % m/m | -- | 1.2 | -6.2 |
| 8:30 | Ex transportation* - Feb (P) | % m/m | -- | 0.4 | -0.4 |
| 9:00 | S&P/CoreLogic housing prices - Jan | % y/y | -- | 6.7 | 6.1 |
| 10:00 | Consumer confidence* - Mar | index | 106.0 | 107.0 | 106.7 |
| Mexico | | | | | |
| 11:00 | International reserves - Mar 23 | US\$bn | -- | -- | 216.5 |

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

March 26, 2024



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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 | 5,296.75 | 0.4% |
| Euro Stoxx 50 | 5,068.88 | 0.5% |
| Nikkei 225 | 40,398.03 | 0.0% |
| Shanghai Composite | 3,031.48 | 0.2% |
| Currencies | | |
| USD/MXN | 16.71 | 0.2% |
| EUR/USD | 1.09 | 0.1% |
| DXY | 104.13 | -0.1% |
| Commodities | | |
| WTI | 82.04 | 0.1% |
| Brent | 86.74 | 0.0% |
| Gold | 2,192.40 | 0.9% |
| Copper | 398.00 | -0.7% |
| Sovereign bonds | | |
| 10-year Treasury | 4.25 | 0pb |

Source: Bloomberg

Equities

- Positive equity markets recovering from the mixed movements recorded during the previous sessions and continuing with the rally that has taken the indexes to all-time highs
- US futures anticipate a positive opening, trading on average 0.4% above their theoretical value. In Europe, markets advance, with the Eurostoxx up 0.5%. Shares of companies in the utilities and financial services sectors lead the gains, while energy companies are the only ones to fall. In Asia, the stock markets closed mostly positive
- In corporate news, UPS is up 3.1% pre-market after presenting a positive revenue outlook for the current year. For its part, Tesla rises 3.0% after the announcement of the potential production of electric trucks for the Italian government

Sovereign fixed income, currencies and commodities

- Modest gains in sovereign bonds. 10-year rates in Europe decrease 3bps on average, while the Treasuries curve records a steepening bias with gains of 3bps at the short-end and few changes at the long-end. Yesterday, Mbonos lost 8bps, on average, and the 10-year benchmark closed at 9.35% (+10bps)
- Dollar weakens against most of the developed currencies, with NZD (+0.3%). In EM, the bias is mixed with HUF (+0.5%) and TRY (-0.1%) at the extremes. The MXN trades at 16.71 per dollar (-0.2%), although it remains as the strongest by rallying 2.1% so far this month
- Crude-oil futures steady after the previous session's gains, with OPEC+ delegates seeing no need to recommend any changes to oil supply policy at a review meeting on April 3rd

Corporate Debt

- Total Play Telecomunicaciones announced an exchange offer of 7.5% senior notes due 2025 for 10.5% senior secured notes due 2028. The bond has an outstanding amount of US\$361.5 million and the exchange will expire on April 18
- PCR Verum downgraded to 'BBB/M' and '3/M' from 'A/M' and '2/M' the long-term and short-term corporate ratings, respectively, of Internacional de Inversiones (IDEI). Additionally, the rating for IDEI 23+V was adjusted to 'A/M' from 'AA/M'. The ratings were placed on 'Negative Watch'. According to the agency, the downgrade and 'Negative Watch' ratings are due to the considerable increase in its leverage levels at the end of 2023, reflecting pressures on its cash flow generation and liquidity due to delays in the completion and delivery of various projects

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| Equity indices | | |
| Dow Jones | 39,313.64 | -0.4% |
| S&P 500 | 5,218.19 | -0.3% |
| Nasdaq | 16,384.47 | -0.3% |
| IPC | 56,552.54 | -0.1% |
| Ibovespa | 126,931.47 | -0.1% |
| Euro Stoxx 50 | 5,044.19 | 0.3% |
| FTSE 100 | 7,917.57 | -0.2% |
| CAC 40 | 8,151.60 | 0.0% |
| DAX | 18,261.31 | 0.3% |
| Nikkei 225 | 40,414.12 | -1.2% |
| Hang Seng | 16,473.64 | -0.2% |
| Shanghai Composite | 3,026.31 | -0.7% |
| Sovereign bonds | | |
| 2-year Treasuries | 4.63 | 4pb |
| 10-year Treasuries | 4.25 | 5pb |
| 28-day Cetes | 10.90 | -14pb |
| 28-day TIE | 11.25 | 0pb |
| 2-year Mbono | 10.07 | 8pb |
| 10-year Mbono | 9.35 | 9pb |
| Currencies | | |
| USD/MXN | 16.67 | -0.5% |
| EUR/USD | 1.08 | 0.3% |
| GBP/USD | 1.26 | 0.3% |
| DX | 104.22 | -0.2% |
| Commodities | | |
| WTI | 81.95 | 1.6% |
| Brent | 86.75 | 1.5% |
| Mexican mix | 77.02 | 1.7% |
| Gold | 2,171.83 | 0.3% |
| Copper | 401.60 | 0.2% |

Source: Bloomberg

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|------|---|
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| 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. |

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