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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 higher in the US -with several markets closed in Europe-, government bond yields up and USD biased to the upside. Optimism that the Fed will be able to cut rates soon after last Friday's PCE release, albeit with Powell reaffirming that they are in no rush to do so

- Several markets will be closed today for the holidays, much of them in Europe. Releases for the rest of the trading day include the US ISM manufacturing (Mar), along with family remittances (Feb) and March's PMIs (IMEF) in Mexico

- Market attention this week on March's nonfarm payrolls in the US. We estimate 225k jobs, which would be slightly above consensus. The unemployment rate would remain at 3.9%, albeit still strong

- In monetary policy, several comments from Fed members. Decisions in Chile, India, and Poland. Moreover, the ECB minutes (and the survey of inflation expectations), with the same releases in Colombia, Australia and from Banxico

- Going to the events, a meeting of NATO members in Brussels and of the Monitoring Committee of OPEC and allies to discuss about oil production. The European Union-US Trade and Technology Council will also take place

- Other US releases include factory orders, trade balance, consumer credit (Feb), vehicle sales, ADP employment, and ISM services (Mar)

- Lastly, Mexico's gross fixed investment and private consumption (Jan), consumer confidence (Mar) and the expectations survey from Banxico and the banking sector

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

LSEG STARMINE AWARD FOR REUTERS POLLS
Best Forecaster Economic Indicators for Mexico 2023

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,316.25	0.1%
Euro Stoxx 50	5,083.42	0.0%
Nikkei 225	39,803.09	-1.4%
Shanghai Composite	3,077.38	1.2%
Currencies		
USD/MXN	16.54	-0.1%
EUR/USD	1.08	-0.1%
DXY	104.65	0.2%
Commodities		
WTI	83.20	0.0%
Brent	86.62	-1.0%
Gold	2,250.23	0.9%
Copper	404.45	0.9%
Sovereign bonds		
10-year Treasury	4.24	4pb

Source: Bloomberg

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
9:00	Manufacturing PMI* - Mar	index	--	--	54.1
United States					
9:45	Manufacturing PMI* - Mar (F)	index	--	--	52.5
10:00	ISM manufacturing* - Mar	index	--	48.0	47.8
Mexico					
11:00	Family remittances - Feb	US$bn	4,582.3	--	4,574.6
14:00	PMI manufacturing (IMEF)* - Mar	index	50.7	--	49.9
14:00	PMI non-manufacturing (IMEF)* - Mar	index	53.0	--	52.9

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

Equities

- **Although markets in Europe, Australia and Hong Kong remain closed for holidays, investors are slightly optimistic after the latest economic data. In Mexico, trading resumes after the Mexbol Index last closed at 57,369pts**

- **US futures anticipate a positive opening, with the Nasdaq 0.2% above its theoretical value, reflecting moderate increases in semiconductor companies. On the other hand, AT&T falls more than 2% in pre-market after reporting over the weekend that personal data of current and former customers was leaked on the dark web**

- **Asia closed with a positive bias, highlighting Shanghai's 1.2% gain. In that sense, favorable indicators of manufacturing reinforced hopes that China's economic recovery may be gaining momentum**

Sovereign fixed income, currencies and commodities

- **The Treasuries' yield curve steepens due to few changes at the front-end and a sell-off of up to 5bps at the long-end. With this, the 2s30s spread stands at -22bps from the close of -27bps. Local bonds resume operations after last week's holidays, so we could see a negative bias**

- **Dollar stronger against all G10, with NOK (-0.7%) as the weakest. In EM, the bias is mixed bounded by TRY (+1.0%) and BRL (-0.4%). The MXN trades well close to its best level since the end of 2015 at 16.54 per dollar (+0.1%), after appreciating 3.0% in March**

- **Crude-oil futures closed the first quarter with a solid rebound driven by better-then-expected demand. WTI and Brent rallied 16.1% and 13.6%, respectively. The market will be focused on the OPEC+ Monitoring Committee on April 3rd**

Corporate Debt

- **Fitch Ratings upgraded Fortaleza Materiales' (Fortaleza) long-term international issuer default rating (IDR) to 'BB+' from 'BB' and its long-term national rating to 'A+(mex)' from 'A(mex)'. The long-term rating outlook is Stable. According to the agency, the ratings upgrade reflects the sustainable improvement in operating cash flow generation and credit metrics**

- **Fitch Ratings affirmed ION Financiera's long-term national rating at 'BBB-(mex)'. The rating outlook was revised to Negative from Stable. According to the agency, the revision reflects the company's challenges in reversing losses in recent years, as well as sustaining stable leverage metrics due to the challenges of the prevailing adverse environment**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,807.37	0.0%
S&P 500	5,254.35	0.0%
Nasdaq	16,379.46	0.0%
IPC	57,369.01	0.0%
Ibovespa	128,106.10	0.0%
Euro Stoxx 50	5,083.42	0.0%
FTSE 100	7,952.62	0.0%
CAC 40	8,205.81	0.0%
DAX	18,492.49	0.0%
Nikkei 225	40,369.44	0.5%
Hang Seng	16,541.42	0.0%
Shanghai Composite	3,041.17	1.0%
Sovereign bonds		
2-year Treasuries	4.62	0pb
10-year Treasuries	4.20	0pb
28-day Cetes	11.00	0pb
28-day TIIE	11.25	0pb
2-year Mbono	10.08	0pb
10-year Mbono	9.30	0pb
Currencies		
USD/MXN	16.56	-0.4%
EUR/USD	1.08	0.0%
GBP/USD	1.26	0.0%
DXY	104.49	-0.1%
Commodities		
WTI	83.17	0.0%
Brent	87.48	0.0%
Mexican mix	76.29	0.0%
Gold	2,229.87	0.0%
Copper	400.70	0.0%

Source: Bloomberg

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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.

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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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