

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed -with S&P500 futures lower-, government bond yields positive, the USD slightly lower, and gold at all-time highs, with concerns over economic growth increasing and events surrounding Gaza and Ukraine weighing on sentiment
- Local markets were closed yesterday due to a holiday. Germany's ZEW survey of expectations showed an improvement to 51.6pts in March from 26.0pts in the previous month. On the other hand, the Eurozone's trade balance narrowed its surplus to €14.0 billion. We will watch housing starts, building permits, and industrial production (Feb) in the US. At night, the BoJ will announce its monetary policy decision
- Market attention this week on the Fed decision. In line with consensus, we expect an unchanged stance, with the Fed funds rate staying at a 4.25% to 4.50% range. They will also update its dot plot and macroeconomic estimates. The former's median estimate shows accumulated cuts of 50bps this year, in line with our call. On the other hand, potential adjustments to growth and inflation forecasts will also be important due to heightened risks to both variables on the back of President Trump's trade policies
- The agenda in this front will be full in other regions, with decisions also in Morocco, Indonesia, Brazil, Switzerland, Sweden, UK, South Africa, Russia, and Chile. China will inform the interest rates for 1- and 5-year prime loans. The rest of the US agenda includes existing home sales (Feb) and the Philly Fed regional manufacturing indicator (Mar). In other regions, final inflation (Feb) and consumer confidence figures (Mar) in the Eurozone. In Mexico, aggregate demand and supply for 4Q24 and the Timely Indicator of Economic Activity (Feb)

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
6:00	GER ZEW Survey (Expectations) - Mar	index	--	50.3	26.0
6:00	EZ Trade balance* - Jan	EURbn	--	14.0	14.6
United States					
8:30	Housing starts** - Feb	thousands	--	1,380	1,366
8:30	Building permits** - Feb	thousands	--	1,450	1,473
9:15	Industrial production* - Feb	% m/m	0.2	0.2	0.5
9:15	Manufacturing production* - Feb	% m/m	0.0	0.3	-0.1
Mexico					
13:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 3-year Mbono (Mar'28), 20-year Udibono (Nov'43) and 2- and 5-year Bondes F				
Japan					
	Monetary policy decision (BoJ)	%	--	0.50	0.50

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.
Equity indices		
S&P 500 Futures	5,717.00	-0.3%
Euro Stoxx 50	5,496.73	0.9%
Nikkei 225	37,845.42	1.2%
Shanghai Composite	3,429.76	0.1%
Currencies		
USD/MXN	20.08	0.6%
EUR/USD	1.09	-0.2%
DX	103.58	0.2%
Commodities		
WTI	68.47	1.3%
Brent	71.98	1.3%
Gold	3,034.36	1.1%
Copper	494.40	0.2%
Sovereign bonds		
10-year Treasury	4.33	3pb

Source: Bloomberg

Equities

- Stock markets mixed, but with a positive bias. Investors are assessing the favorable outlook in Europe derived from public spending in Germany. However, by the end of the week, greater volatility is expected due to the first Triple Witching Day of the year
- In the US, futures anticipate a negative opening and the Nasdaq declines 0.5% below its theoretical value. On the other hand, in Europe, gains predominate and the Eurostoxx rises 0.9%, supported by the rise in technology companies. In addition, the DAX (Germany's index) reached a new all-time high. Asia closed positive, with the Hang Seng climbing 2.5%. BYD shares rise to a record high in Hong Kong after presenting a new line of electric vehicles that could charge faster
- In Mexico, Mexbol trading resumes after yesterday's holiday. We forecast a weekly trading range between 51,500 and 53,300pts

Sovereign fixed income, currencies and commodities

- The Treasuries' curve shows a steepness bias in the face of adjustments of only +1bp at the short-end and losses at the long-end of 4bps. In Europe, 10-year rates also increase by around 4bps. Last week, Mexico's Mbonos curve gained around 10bps
- The dollar advances against developed currencies, with JPY (-0.5%) and AUD (-0.3%) being the most affected. In EM, bias is also negative. MXN ranks as the weakest alongside KRW (-0.6%). The peso depreciates 0.6% to 20.08 per dollar, extending yesterday's losses (-0.1%)
- Energy stocks gained just over 1.0% as rising tensions in the Middle East overshadowed concerns about a potential global supply glut. In metals, gold surpasses \$3,000 per troy ounce for the first time

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,841.63	0.9%
S&P 500	5,675.12	0.6%
Nasdaq	17,808.66	0.3%
IPC	52,484.29	0.0%
Ibovespa	130,833.96	1.5%
Euro Stoxx 50	5,445.55	0.8%
FTSE 100	8,680.29	0.6%
CAC 40	8,073.98	0.6%
DAX	23,154.57	0.7%
Nikkei 225	37,396.52	0.9%
Hang Seng	24,145.57	0.8%
Shanghai Composite	3,426.13	0.2%
Sovereign bonds		
2-year Treasuries	4.04	3pb
10-year Treasuries	4.30	-1pb
28-day Cetes	9.23	0pb
28-day TIIE	9.77	0pb
2-year Mbono	8.71	0pb
10-year Mbono	9.48	0pb
Currencies		
USD/MXN	19.95	0.1%
EUR/USD	1.09	0.4%
GBP/USD	1.30	0.4%
DX	103.37	-0.3%
Commodities		
WTI	67.58	0.6%
Brent	71.07	0.7%
Mexican mix	63.82	0.0%
Gold	3,000.60	0.6%
Copper	495.90	1.3%

Source: Bloomberg

Corporate Debt

- This week, the auction of two proposed bonds by TRATON Financial Services Mexico will take place, TFSMX 25 / 25-2, for a target amount of MXN 1.2 billion and with 3- and 5-year terms. The bonds are rated at 'HR AAA' by HR Ratings and 'AAA(mex)' by Fitch Ratings
- Grupo Traxión announced the acquisition of a secured syndicated loan for up to MXN 10.0 billion with five banks. The loan consists in a simple credit line of MXN 6.5 billion maturing in 2030, a revolving credit line of MXN 1.0 billion, and a committed credit line of MXN 2.5 billion

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