

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets and government bond yields mixed, with the USD higher. Caution ahead of the monetary decision from the Federal Reserve today in which we do not expect policy changes
- A call was held yesterday between President Trump and President Putin, where a series of ideas were discussed, including potential developments to end the war in Ukraine. Zelensky is expected to hold talks with Trump today
- On the monetary policy front, focus on the US Federal Reserve's decision. We estimate no changes to the benchmark rate, which will remain in a range between 4.25% and 4.50%. The most relevant aspect will be the dot plot update, where we expect Fed members to continue to anticipate only two rate cuts of -25bps each this year. Also, Powell's tone at the press conference will be very relevant
- In the afternoon, in Brazil, the Copom will also decide on its benchmark Selic rate, where we anticipate an additional 100bps hike. This is in a context where strong upside risks to inflation remain. China will do the same regarding its interest rates for 1- and 5-year prime loans, although no changes are expected
- In economic figures, the Eurozone released its final inflation rate for February, which was revised slightly downwards from 2.4% to 2.3% y/y, with the core inflation remaining at 2.6% y/y

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
6:00	Consumer prices - Feb (F)	% y/y	--	2.4	2.4
6:00	Core - Feb (F)	% y/y	--	2.6	2.6
Mexico					
11:00	International reserves - Mar 14	US\$bn	--	--	235.9
United States					
14:00	FOMC Rate Decision (Upper Bound)	%	4.50	4.50	4.50
14:00	FOMC Rate Decision (Lower Bound)	%	4.25	4.25	4.25
14:00	Interest Rate on Excess Reserves (IOER)	%	--	--	4.40
14:30	Fed Chair Powell Holds Post-Meeting Press Conference				
Brazil					
17:30	Monetary policy decision (C. bank of Brazil)	%	14.25	14.25	13.25
China					
21:00	Rate decision 1-year Loan Prime Rate	%	--	3.10	3.10
21:00	Rate decision 5-year Loan Prime Rate	%	--	3.60	3.60

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	5,677.75	0.1%
Euro Stoxx 50	5,483.66	0.0%
Nikkei 225	37,751.88	-0.2%
Shanghai Composite	3,426.43	-0.1%
Currencies		
USD/MXN	19.95	0.1%
EUR/USD	1.09	-0.3%
DXY	103.55	0.3%
Commodities		
WTI	66.76	-0.2%
Brent	70.49	-0.1%
Gold	3,039.91	0.2%
Copper	505.00	0.7%
Sovereign bonds		
10-year Treasury	4.28	-1pb

Source: Bloomberg

Equities

- Equity markets mixed, with investors showing some caution ahead of the Fed's monetary policy meeting
- US futures indicate a positive open. The S&P 500 is trading 0.2% above its theoretical value, while the Nasdaq is up 0.3%. In Europe, markets are mixed, with the Eurostoxx edging higher. Gains in the consumer discretionary and energy sectors are offsetting declines in materials and communication. In Asia, major indices paused a four-day rally, with the Nikkei falling 0.3%
- In Mexico, Amx announced a proposed dividend of MXN 0.52 per share, reflecting a 3.6% yield at current prices. Additionally, the company unveiled a share repurchase program of up to MXN 10 billion, representing 1.1% of its current market capitalization if fully executed

Sovereign fixed income, currencies and commodities

- Mixed activity in rates within tight ranges, with Europe posting gains of 1-2bps across most regions, while the US Treasury curve sees movements within ± 1 bp. Markets are pricing in the Fed's first 25bps cut in July, with a total of -57bps priced in for 2025
- The USD is strengthening, with virtually all G10 currencies depreciating, led by the NZD (-0.5%). Among EMFX, the TRY underperforms, plunging up to 11% and triggering measures to stabilize it. Performance in LatAm is mixed, also within narrow ranges, with the MXN trading at 19.95 per dollar (-0.1%)
- Oil prices remain little changed, having accumulated losses of ~6% YTD, while industrial metals are advancing, and gold is pushing further into record highs

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,581.31	-0.6%
S&P 500	5,614.66	-1.1%
Nasdaq	17,504.12	-1.7%
IPC	52,773.32	0.6%
Ibovespa	131,474.73	0.5%
Euro Stoxx 50	5,485.01	0.7%
FTSE 100	8,705.23	0.3%
CAC 40	8,114.57	0.5%
DAX	23,380.70	1.0%
Nikkei 225	37,845.42	1.2%
Hang Seng	24,740.57	2.5%
Shanghai Composite	3,429.76	0.1%
Sovereign bonds		
2-year Treasuries	4.04	0pb
10-year Treasuries	4.28	-2pb
28-day Cetes	9.10	-13pb
28-day TIIE	9.77	0pb
2-year Mbono	8.66	-4pb
10-year Mbono	9.41	-7pb
Currencies		
USD/MXN	19.92	-0.2%
EUR/USD	1.09	0.2%
GBP/USD	1.30	0.1%
DX	103.24	-0.1%
Commodities		
WTI	66.90	-1.0%
Brent	70.56	-0.7%
Mexican mix	63.82	0.0%
Gold	3,034.73	1.1%
Copper	501.65	1.2%

Source: Bloomberg

Corporate Debt

- S&P Global Ratings assigned a 'mxAAA' rating to the proposed bond, FEFA 3-25, by Fondo Especial para Financiamiento Agropecuario (FEFA). The rating was assigned based on FEFA's long-term issuer credit rating, as the issue will be equally classified with respect to all of the fund's existing and future unsecured debt
- Red Estatal de Autopistas de Nuevo León announced that it will prepay it's PAMMCB 14U issue on March 31, 2025, which will be made for an amount of 666 million Udis corresponding to the prepay

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