Economic and Financial Markets Research

Economic Research and Market Strategy

# Financial Markets Daily

March 20, 2025

## Main drivers for the financial markets today…

- **Stock markets negative, USD up and government bond yields down with growing concerns among investors about the possibility of significant rate cuts by the Federal Reserve this year in the face of uncertainty over the impact of tariffs on economic growth and the inflation outlook**
- **The Bank of England decided to keep the benchmark rate unchanged at 4.5%, with central bank members supporting a cautious stance, suggesting that a rate cut at the May meeting is uncertain**
- **Regarding economic data, US initial jobless claims were released at 223k, while the Philadelphia Fed's regional manufacturing indicator stood at 12.5pts. Later, existing home sales will be published**
- **In Mexico, INEGI published aggregate supply and demand for 4Q24, with null growth at 0.0% q/q (1.9% y/y). Consumption (-1.4% q/q) and investment (-1.6%) contracted. On the external front, imports grew 1.2%, with exports higher (3.6%)**
- **INEGI also released February's Timely Indicator of Economic Activity, expecting +0.2% m/m (-0.7% y/y sa). Inside, both industry and services would grow by the same magnitude (0.2% m/m)**
- **The banking sector survey will be released later**


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### The most relevant economic data…

| | Event/Period | Unit | Banorte | Survey | Previous |
|---|---|---|---|---|---|
| ***UK*** | | | | | |
| **3:00** | Unemployment rate* - Jan | % | -- | 4.4 | 4.4 |
| **8:00** | Monetary policy decision (BoE) | % | -- | 4.50 | 4.50 |
| ***Mexico*** | | | | | |
| **8:00** | Aggregate supply and demand - 4Q24 | % y/y | 2.2 | -- | 2.3 |
| **8:00** | Timely Indicator of Economic Activity* - Fe | % y/y | -- | -- | 1.8 |
| **16:30** | Citi Survey of Economists | | | | |
| ***United States*** | | | | | |
| **8:30** | Philadelphia Fed* - Mar | index | 8.0 | 10.3 | 18.1 |
| **8:30** | Initial jobless claims* - Mar 15 | thousands | 225 | 223 | 220 |
| **10:00** | Existing home sales** - Feb | millions | -- | 3.9 | 4.1 |
| ***South African*** | | | | | |
| | Monetary policy decision (S. African Reserve Ba | % | -- | 7.25 | 7.50 |

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 | 5,708.50 | -0.4% |
| Euro Stoxx 50 | 5,441.61 | -1.2% |
| Nikkei 225 | 37,751.88 | 0.0% |
| Shanghai Composite | 3,408.95 | -0.5% |
| ***Currencies*** | | |
| USD/MXN | 20.18 | 0.6% |
| EUR/USD | 1.08 | -0.6% |
| DXY | 103.94 | 0.5% |
| ***Commodities*** | | |
| WTI | 67.17 | 0.0% |
| Brent | 70.85 | 0.1% |
| Gold | 3,041.08 | -0.2% |
| Copper | 508.55 | 0.2% |
| ***Sovereign bonds*** | | |
| 10-year Treasury | 4.19 | -6pb |

Source: Bloomberg

## Equities

- **Mostly negative sentiment in the main stock markets, with investors concerned about the prospects of an economic slowdown as a result of trade tariffs and their inflationary impact**

- **In this regard, U.S. futures trade below their theoretical value, retreating on average 0.4%. Tesla declines after the electric carmaker recalled a batch of Cybertrucks due to safety issues. The Eurostoxx falls 1.2%, with the financials and materials sectors accounting for the biggest declines. In the same line, Asia closed negative with the Hang Seng down 2.2%, while the Nikkei remains closed for a holiday**

- **In Mexico, the Mexbol could follow its international peers to reach around 52,500pts**

## Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. Ten-year rates in Europe decrease by 2bps on average. Meanwhile, the US Treasuries curve prints gains of 3bps to 6bps. Yesterday, Mbonos appreciated by 7bps on average**

- **USD with gains against most of the G10, with NZD (-1.3%) as the weakest. In EM, the bias is also negative, but some Asian currencies are separating from the group by registering gains. The MXN depreciates by 0.6% to 20.18 per dollar, extending the previous day's losses (-0.7%)**

- **Crude-oil futures appreciate slightly, despite uncertainty over a possible escalation in the trade war that threatens to affect energy demand with the imposition of tariffs. Performance in metals is negative, with copper and gold trading at -0.4% and -0.3%, respectively**

## Corporate Debt

- **S&P Global Ratings downgraded Grupo Rotoplas' rating to 'mxA+' from 'mxAA-'. The agency considers that the decline in Rotoplas' credit indicators at the end of 2024 will be difficult to reverse in the next 12 months given the complex economic environment in Argentina, Mexico and the US**

- **HR Ratings affirmed Orbia's rating at 'HR AAA' and changed the outlook from Stable to Negative Watch. The rating action is based on the decrease in free cash flow, which reached US$6 million during 2024 (vs. US$724 million in 2023) as a result of the fall in EBITDA due to the revenue decline**

**Previous closing levels**

| | Last | Daily chg. |
|---|---|---|
| ***Equity indices*** | | |
| Dow Jones | 41,964.63 | 0.9% |
| S&P 500 | 5,675.29 | 1.1% |
| Nasdaq | 17,750.79 | 1.4% |
| IPC | 53,060.76 | 0.5% |
| Ibovespa | 132,508.45 | 0.8% |
| Euro Stoxx 50 | 5,507.36 | 0.4% |
| FTSE 100 | 8,706.66 | 0.0% |
| CAC 40 | 8,171.47 | 0.7% |
| DAX | 23,288.06 | -0.4% |
| Nikkei 225 | 37,751.88 | -0.2% |
| Hang Seng | 24,771.14 | 0.1% |
| Shanghai Composite | 3,426.43 | -0.1% |
| ***Sovereign bonds*** | | |
| 2-year Treasuries | 3.97 | -7pb |
| 10-year Treasuries | 4.24 | -4pb |
| 28-day Cetes | 9.10 | 0pb |
| 28-day TIIE | 9.76 | -1pb |
| 2-year Mbono | 8.62 | -5pb |
| 10-year Mbono | 9.35 | -6pb |
| ***Currencies*** | | |
| USD/MXN | 20.07 | 0.7% |
| EUR/USD | 1.09 | -0.4% |
| GBP/USD | 1.30 | 0.0% |
| DXY | 103.43 | 0.2% |
| ***Commodities*** | | |
| WTI | 67.16 | 0.4% |
| Brent | 70.78 | 0.3% |
| Mexican mix | 64.02 | 0.3% |
| Gold | 3,047.79 | 0.4% |
| Copper | 510.00 | 1.7% |

Source: Bloomberg

## 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, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Ana Laura Zaragoza Félix, 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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| | **Reference** |
|---|---|
| **BUY** | When the share expected performance is greater than the MEXBOL estimated performance. |
| **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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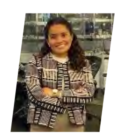

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