

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets lower, government bond yields with a negative bias, and the USD positive. Some disappointing corporate earnings reports have increased concerns about the potential impact of tariffs and a trade war on the global economic outlook
- In the UK, Heathrow airport –the world’s fourth busiest airport– suffered a power outage, which will last for the rest of the day. At least 1,300 flights are estimated to be affected. According to reports the outage was due to a nearby fire
- President Donald Trump invoked emergency powers to boost production of critical minerals with the goal of reducing dependence on China. In addition, the president stated that he will sign a natural resources agreement with Ukraine shortly. Finally, Trump denied a NYT report claiming that Elon Musk would receive information about military plans for a possible war with China
- In the economic agenda, there are no relevant publications in the US or Mexico. In the Eurozone, consumer confidence for March will be released. In Chile, the central bank will have its monetary policy decision, expecting it to keep its rate unchanged at 5.00%. Japan’s inflation slowed to 3.7% in February, although with core inflation rising at a pace not seen in about a year
- The value of small packages shipped from China to the US fell nearly 5% y/y in February. This after Trump said he would end the loophole that allows such items to enter the US without paying tariffs
- In Germany, parliament has approved a debt-financed defense and infrastructure spending package. This ends decades of austerity and paves the way for deficit spending to boost the economy

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Current account* - Jan	EURbn	--	--	38.4
11:00	Consumer confidence* - Mar (P)	index	--	-13.0	-13.6
United States					
9:05	Fed's Williams Speaks in Bahamas				
Chile					
17:00	Monetary policy decision (BCCh)	%	--	5.00	5.00

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

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Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,694.50	-0.3%
Euro Stoxx 50	5,406.32	-0.8%
Nikkei 225	37,677.06	-0.2%
Shanghai Composite	3,364.83	-1.3%
Currencies		
USD/MXN	20.21	0.3%
EUR/USD	1.09	0.1%
DXY	103.84	0.0%
Commodities		
WTI	67.74	-0.8%
Brent	71.66	-0.5%
Gold	3,037.21	-0.3%
Copper	503.00	-1.1%
Sovereign bonds		
10-year Treasury	4.21	-3pb

Source: Bloomberg

Equities

- Widespread losses in main stock indices. We expect high volatility and volumes surging ~4x in today's trading session, as it is the first 'Triple Witching Day' of the year –major expiration of options & futures contracts in the US–. This, coinciding with S&P Dow Jones Indices quarterly rebalancing of benchmark indices, including Mexbol
- Futures in the US anticipate a negative opening, with the S&P500 trading 0.3% below its theoretical value. Fedex shares fall more than 8% as the company cut its growth expectations; Nike also falls by 6% after pointing to pressures in profitability partly attributable to tariffs on products from China and Mexico
- Europe trades with falls averaging -0.6%, while in Asia the -2.2% decline in the Hang Seng stood out. In Mexico, the Mexbol Index could adjust towards 52,800pts

Sovereign fixed income, currencies and commodities

- Modest gains in sovereign bonds. In Europe, 10-year rates decrease 3bps on average. Meanwhile, the Treasury's yield curve gained 3bps at the short-end and 2bps at the long-end. Yesterday, the Mbono's curve steepened due to increased upward pressure at the long-end of up to +9bps. The 10-year benchmark closed at 9.37% (+3bps)
- The dollar records few changes amid a mostly positive trend in developed currencies, with SEK (+0.7%) being the strongest. In emerging currencies, the bias is negative and CLP (-0.6%) led the losses. Meanwhile, the Mexican peso weakens 0.4% to 20.24 per dollar, scoring three consecutive days of losses. With this, it outlines a weekly depreciation of 1.5%
- Crude-oil prices edge lower as investors weighed the first US sanctions over Chinese imports of Iranian crude against a precarious outlook for global growth

Corporate Debt

- Today, the offer of two unsecured bonds of Traton Financial Services Mexico (formerly Navistar Financial), TFSMX 25 / 25-2, will take place for a target amount of MXN 1.25 billion (maximum of MXN 2.5 billion) and terms of 3 and 5 years. The assigned ratings were 'AAA(mex)' by Fitch Ratings and 'HR AAA' by HR Ratings
- HR Ratings affirmed the rating of Traton Financial Services Mexico's issues TFSMX 22-2 / 24 / 24-2 at 'HR AAA' with Stable outlook. The ratification corresponds to the total reform of the bylaws and the modification of the issuer's name

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,953.32	0.0%
S&P 500	5,662.89	-0.2%
Nasdaq	17,691.63	-0.3%
IPC	53,100.83	0.1%
Ibovespa	131,954.90	-0.4%
Euro Stoxx 50	5,450.93	-1.0%
FTSE 100	8,701.99	-0.1%
CAC 40	8,094.20	-0.9%
DAX	22,999.15	-1.2%
Nikkei 225	37,751.88	0.0%
Hang Seng	24,219.95	-2.2%
Shanghai Composite	3,408.95	-0.5%
Sovereign bonds		
2-year Treasuries	3.96	-1pb
10-year Treasuries	4.24	-1pb
28-day Cetes	9.12	2pb
28-day TIIE	9.77	1pb
2-year Mbono	8.67	6pb
10-year Mbono	9.41	6pb
Currencies		
USD/MXN	20.15	0.4%
EUR/USD	1.09	-0.5%
GBP/USD	1.30	-0.3%
DX	103.85	0.4%
Commodities		
WTI	68.26	1.6%
Brent	72.00	1.7%
Mexican mix	65.16	1.8%
Gold	3,044.90	-0.1%
Copper	511.20	0.2%

Source: Bloomberg

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Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and
Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Marcos Saúl García Hernández
Analyst, Fixed Income, FX and Commodities
marcos.garcia.hernandez@banorte.com
(55) 1670 - 2296



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Alejandro Padilla Santana
Chief Economist and Head of
Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1105 - 1438



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Hugo Armando Gómez Solís
Senior Strategist, Equity
hugo.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Senior Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Ana Gabriela Martínez Mosqueda
Strategist, Equity
ana.martinez.mosqueda@banorte.com
(55) 5261 - 4882



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1670 - 2904



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research,
Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Ana Laura Zaragoza Félix
Strategist, Corporate Debt
ana.zaragoza.felix@banorte.com
(55) 1103 - 4000



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000 x 2060



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Strategist, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1105 - 1430