Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

March 24, 2025

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Main drivers for the financial markets today...

- **Stock markets higher, government bond yields up except for the UK, and USD lower. Risk appetite and dip buying in tech stocks due to a more favorable environment on suggestions that US tariffs would be less generalized than feared**
- **In the Eurozone, the PMI composite stood at 50.4pts, higher than the previous month and consensus. In the UK, manufacturing dipped to 44.6pts, while services inched higher to 53.1pts. Releases today include March's PMIs in the US. At night, the minutes from the BoJ**
- **Market attention this week on Banxico's and other central bank decisions. We expect a 50bps cut to 9.00%, in line with consensus. We will look closely at the institution's forward guidance about possible adjustments ahead. Moreover, decisions in Hungary, Czech Republic, and Norway. On the other hand, the minutes of the latest decision in Brazil, comments from various members of the Fed and ECB, also with the inflation expectations survey of the latter**
- **Plenty of data in the US, among them housing prices (Jan), durable goods orders, new home sales, and trade balance (Feb). Also, personal income & spending, PCE deflator (Feb), consumer confidence and from the U. of Michigan (Mar)**
- **In Mexico, inflation in 1H-March stood at 0.14% 2w/2w (3.67% y/y). In addition, January's IGAE reached -0.2% m/m (-0.1% y/y). Releases this week include retail sales (Jan), unemployment rate, trade balance, and the public finance report (Feb)**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Consumer prices - Mar 15	% 2w/2w	0.18	0.16	0.14
8:00	Core - Mar 15	% 2w/2w	0.26	0.25	0.21
8:00	Consumer prices - Mar 15	% y/y	3.71	3.70	3.81
8:00	Core - Mar 15	% y/y	3.59	3.57	3.66
8:00	Economic activity indicator (IGAE) - Jan	% y/y	-0.2	-0.1	-0.4
8:00	Economic activity indicator (IGAE)* - Jan	% m/m	-0.2	-0.2	-1.1
United States					
9:45	Manufacturing PMI* - Mar (P)	index	52.5	51.5	52.7
9:45	Services PMI* - Mar (P)	index	51.5	51.0	51.0
9:45	Composite PMI* - Mar (P)	index	--	--	51.6
13:45	Fed's Bostic on Bloomberg TV				
15:10	Fed's Barr Speaks in Moderated Discussion				
Japan					
19:50	BOJ minutes				

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	5,784.00	1.1%
Euro Stoxx 50	5,437.44	0.3%
Nikkei 225	37,608.49	-0.2%
Shanghai Composite	3,370.03	0.2%
Currencies		
USD/MXN	20.18	-0.3%
EUR/USD	1.08	0.2%
DXY	103.97	-0.1%
Commodities		
WTI	68.80	0.8%
Brent	72.66	0.7%
Gold	3,025.17	0.1%
Copper	514.55	1.1%
Sovereign bonds		
10-year Treasury	4.30	5pb

Source: Bloomberg

Equities

- **Positive bias in main stock indices on optimism by the expectation that the next round of US tariffs could be more targeted. Technology stocks lead the way higher**

- **US futures anticipate a positive opening, with the Nasdaq rising 1.5% above its theoretical value. Tesla's stock rebounded (+3.9%), after nine consecutive weeks of declines. Meanwhile, Nvidia (+1.8%) and Palantir (+2.8%) rise after news that Ant Group has managed to reduce AI training costs by 20%**

- **Eurostoxx trades with gains. On the other hand, software developer SAP became the most valuable company in Europe, unseating Novo Nordisk. Asia closed mixed, with the Hang Seng up 0.9% and the Nikkei adjusting -0.2%**

Sovereign fixed income, currencies and commodities

- **Faced with greater appetite for risk assets, sovereign bond yields rise. In Europe, 10-year rates adjust an average of +2bps, except for Gilts. Meanwhile, the US Treasuries curve is trading with losses between 2bps and 6bps, with greater adjustments at the belly**

- **USD with losses against most G10 currencies, with NOK (+0.3%) as the strongest. In EM, the bias is mixed, with ZAR (+0.6%) and TRY (-0.7%) at the extremes. MXN appreciates by 0.3% to 20.18 per dollar**

- **Crude-oil futures start the week with gains of 0.7%, boosted by Donald Trump's reciprocal levies on April 2 which may be more specific, according to his advisers, although cautious about the next increase in OPEC+ supply. The performance in metals is positive**

Corporate Debt

- **This week, three auctions of long-term bonds are scheduled: (i) Grupo Elektra, ELEKTRA 25, with an amount of MXN 2.085 billion and a term of 1.3 years; (ii) Toyota Financial Services Mexico, TOYOTA 25 / 25-2, with an amount of MXN 2.0 billion and terms of 3.5 and 4.5 years; and (iii) Molibdenos y Metales, MOLYMET 25, with a target amount of MXN 2.5 billion and a term of 5 years**

- **S&P Global Ratings affirmed Grupo Bimbo's global scale rating at 'BBB+' and revised the outlook to Negative from Stable. The outlook revision reflects the agency's expectation of higher leverage over the next 12 to 24 months**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	41,985.35	0.1%
S&P 500	5,667.56	0.1%
Nasdaq	17,784.05	0.5%
IPC	52,672.42	-0.8%
Ibovespa	132,344.88	0.3%
Euro Stoxx 50	5,423.83	-0.5%
FTSE 100	8,646.79	-0.6%
CAC 40	8,042.95	-0.6%
DAX	22,891.68	-0.5%
Nikkei 225	37,677.06	-0.2%
Hang Seng	23,689.72	-2.2%
Shanghai Composite	3,364.83	-1.3%
Sovereign bonds		
2-year Treasuries	3.95	-2pb
10-year Treasuries	4.25	1pb
28-day Cetes	9.13	1pb
28-day TIIE	9.77	0pb
2-year Mbono	8.64	-3pb
10-year Mbono	9.49	7pb
Currencies		
USD/MXN	20.24	0.4%
EUR/USD	1.08	-0.3%
GBP/USD	1.29	-0.4%
DXY	104.09	0.2%
Commodities		
WTI	68.28	0.0%
Brent	72.16	0.2%
Mexican mix	65.49	0.5%
Gold	3,022.15	-0.7%
Copper	511.35	0.0%

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
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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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