

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets down, government bond yields negative, and the USD slightly higher, with concerns on Trump's protectionist policy and how it could deteriorate growth and lead to higher inflation. Investors are also reacting to price data in the US
- On the latter, the PCE price deflator showed a 0.3% m/m uptick, with the core at 0.4%. Thus, annual metrics came in at 2.5%, and 2.8%, respectively. Regarding other figures from that report, personal income moderated to 0.8% m/m, with spending rebounding by 0.4%. Later in the day, we await confidence data from the University of Michigan
- In other economic figures, the final revision to 4Q24 GDP in the UK confirmed that the economy grew 0.1% q/q. Meanwhile, economic confidence in the Eurozone moderated at the margin in March to 95.2pts. In Mexico, the unemployment rate in February decreased to 2.51% (-19bps), with a loss of 276.9k jobs. With seasonally adjusted figures, the rate came in at 2.65% (+4bps). In the afternoon, we will have the public finances report for February.
- On the monetary front, we will be waiting for comments from Barr (Board), which will be very relevant after notes from Collins (Boston) and Barkin (Richmond) signaling that tariffs will boost inflation, so it will probably be appropriate to hold rates steady for longer
- In other news, a 7.7 magnitude earthquake struck Myanmar, Thailand and Vietnam. Collapsed buildings are reported in several cities and the number of injured and dead is expected to be high

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Unemployment rate - Feb	%	2.58	2.59	2.70
16:30	Public finances (PSBR, year-to-date) - Feb	MXNbn	--	--	-23.0
United States					
8:30	Personal income* - Feb	% m/m	--	0.4	0.9
8:30	Personal spending* - Feb	% m/m	0.6	0.5	-0.2
8:30	Real personal spending* - Feb	% m/m	0.3	0.3	-0.5
8:30	PCE Deflator* - Feb	% m/m	0.3	0.3	0.3
8:30	Core* - Feb	% m/m	0.3	0.3	0.3
8:30	PCE Deflator - Feb	%	2.5	2.5	2.5
8:30	Core - Feb	%	2.7	2.7	2.6
10:00	U. of Michigan Confidence* - Mar (F)	index	57.9	57.9	64.7
15:30	Fed's Bostic Moderates Panel on Housing Finance				

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



[@analisis_fundam](http://www.banorte.com/analisiseconomico)

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,729.75	-0.2%
Euro Stoxx 50	5,357.72	-0.4%
Nikkei 225	37,120.33	-1.8%
Shanghai Composite	3,351.31	-0.7%
Currencies		
USD/MXN	20.32	0.1%
EUR/USD	1.08	-0.3%
DXY	104.48	0.1%
Commodities		
WTI	69.90	0.0%
Brent	74.02	0.0%
Gold	3,078.10	0.7%
Copper	512.70	0.6%
Sovereign bonds		
10-year Treasury	4.33	-3pb

Source: Bloomberg

Equities

- This Friday we observed a clearly negative bias in main stock indices. The preference for safe havens continues in the face of the uncertainty surrounding tariffs
- Futures in the US anticipate a negative opening, with the S&P500 trading 0.2% below its theoretical value, making this quarter one of the weakest since 2023. In corporate news, the fall in Lululemon's shares (~13%) stands out after presenting a disappointing outlook for the year. In Europe, we observed modest adjustments, while the banking sector is shaping up to have the highest increases of the quarter. In Asia, the -1.8% Nikkei drop stands out
- In Mexico, yesterday Alfa announced that the shares of 'Controladora Alpek' will start trading on April 7th. The Mexbol may consolidate near 53,500pts

Sovereign fixed income, currencies and commodities

- Modest gains on sovereign bonds. In Europe, 10-year rates decline by 4bps on average. Meanwhile, the Treasuries' curve marks a flattening bias with greater gains at the long-end of 4bps. Yesterday, Mbonos' curve advanced 6bps on average. The 10-year benchmark closed at 9.41% (-4bps)
- The USD strengthens against most developed currencies excluding JPY (+0.2%). In emerging markets, the bias is negative, with CLP (-0.8%) leading the losses. Meanwhile, the Mexican peso fell 0.2% to 20.34 per dollar, scoring four days of losses in a row. With this, it outlines a weekly depreciation of 0.5%
- Crude-oil prices are headed for their third weekly advance as the market braces for more tariffs from the Trump administration. Meanwhile, gold reaches new all-time highs of 3,080 \$/oz t (+0.7%)

Corporate Debt

- S&P Global Ratings affirmed the 'BBB-' issuer credit rating to Cemex with a Stable outlook. It also affirmed its long- and short-term national scale ratings at 'mxAA+' and 'mxA-1+', respectively. The rating action reflects the agency's adjusted EBITDA and FFO-to-debt ratios, were 0.3x higher and 3.4% lower, respectively, than the last reviewed ratios
- PCR Verum affirmed Almacénadora Mercader's long- and short-term corporate ratings at 'AA-/M' with a Stable Outlook and '1/M', respectively. The affirmation reflects the company's industry-leading position, supported by its operating track record

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	42,299.70	-0.4%
S&P 500	5,693.31	-0.3%
Nasdaq	17,804.03	-0.5%
IPC	53,477.74	1.3%
Ibovespa	133,148.75	0.5%
Euro Stoxx 50	5,381.08	-0.6%
FTSE 100	8,666.12	-0.3%
CAC 40	7,990.11	-0.5%
DAX	22,678.74	-0.7%
Nikkei 225	37,799.97	-0.6%
Hang Seng	23,578.80	0.4%
Shanghai Composite	3,373.75	0.1%
Sovereign bonds		
2-year Treasuries	3.99	-3pb
10-year Treasuries	4.36	1pb
28-day Cetes	9.00	-4pb
28-day TIIE	9.76	-1pb
2-year Mbono	8.68	-5pb
10-year Mbono	9.42	-7pb
Currencies		
USD/MXN	20.30	1.0%
EUR/USD	1.08	0.4%
GBP/USD	1.29	0.5%
DX	104.34	-0.2%
Commodities		
WTI	69.92	0.4%
Brent	74.03	0.3%
Mexican mix	67.03	0.3%
Gold	3,057.29	1.3%
Copper	511.95	-2.4%

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.losoya.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