

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets and government bond yields down, with the USD higher. Strong risk aversion remains after President Trump rejected to reconsider the imposition of tariffs, albeit with a modest support at the margin as this situation has increased bets that the Fed will cut rates more
- In the rest of today's session, releases include February's consumer credit in the US and the banking sector survey in our country
- Market attention this week will remain in trade after Trump's announcements on April 2nd, especially on potential retaliatory measures and/or negotiations for several countries
- In addition, economic data includes March's inflation in the US, China, Mexico, and Brazil. In the former, we anticipate 0.0% m/m, with the annual rate at 2.5% from 2.8% previously. If correct, the print would be positive, particularly in the current environment of trade tensions. For Mexico, our forecast stands at 0.39% m/m, with the core reaching 0.45%. Annual rates would be 3.88% and 3.66%, in the same order
- In monetary policy, decisions in Israel, Romania, New Zealand, India, Philippines, and Peru. Minutes from Banxico and the Fed, along with a series of speeches from members of the latter institution
- US data includes producer prices (Mar) and U. of Michigan consumer confidence (Apr). In other regions, trade balance (Mar) in China; economic activity and retail sales (Feb) in Brazil; and industrial production (Feb) in the United Kingdom
- In Mexico, industrial production (Feb) and wage negotiations (Mar)

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
3:00	GER Industrial production* - Feb	% m/m	--	-1.0	2.0
3:00	GER Trade balance - Feb	EURbn	--	18.0	16.0
5:00	EZ Retail sales* - Feb	% m/m	--	0.5	-0.3
United States					
10:30	Fed's Kugler speaks on inflation dynamics and the Phillips curve at a Harvard University				
15:00	Consumer credit* - Feb	US\$bn	--	15.0	18.1
Mexico					
16:30	Citi Survey of Economists				

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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,989.00	-2.4%
Euro Stoxx 50	4,664.95	-4.4%
Nikkei 225	31,136.58	-7.8%
Shanghai Composite	3,096.58	-7.3%
Currencies		
USD/MXN	20.68	1.2%
EUR/USD	1.10	0.2%
DXY	103.06	0.0%
Commodities		
WTI	60.57	-2.3%
Brent	64.07	-2.3%
Gold	3,018.93	-0.6%
Copper	418.35	-5.0%
Sovereign bonds		
10-year Treasury	4.03	4pb

Source: Bloomberg

Equities

- Widespread correction in stocks, extending the losses triggered by tariffs imposed by Donald Trump. On the other hand, investors are preparing for the start of the 1Q25 earnings season in the US on April 11, with the main banks
- US futures anticipate a negative opening, with the Nasdaq trading 3.0% below its theoretical value. In Europe, the Eurostoxx falls 4.4%. Asia closed negative, with Chinese indices seeing the biggest declines (-13.2%), followed by the Nikkei (-7.8%) as trade tensions escalate
- In Mexico, Controladora Alpek (CTALPEK) will start operations today, following its spin-off from Alfa. As a result, the Mexbol sample will now include 36 companies

Sovereign fixed income, currencies and commodities

- Reversal of the significant rate appreciation during the early hours of the Asian market, leading to a steepening of yield curves across nearly all regions. In particular, US Treasuries prints more limited gains at the short-end, with a move of 2bps, more modest relative to 15bps previously. Similarly, the long-end has completely erased gains, with pressure pushing yields up by 7bps
- USD strengthens against most G10 and EM currencies; however, Asia remain in positive territory within both groups. The MXN depreciates by 1.2%, reaching 20.68 per dollar
- Crude-oil futures retreat 2.3% after a significant price cut by the Saudi government on light crude. Metals and grains are negative

Corporate Debt

- Today, CFE will offer three sustainable bonds, CFE 25X / 25-2X / 25UX, for a target amount of MXN 10.0 billion (max. MXN 15.0 billion) and 3-, 9- and 12-year terms, respectively
- The rest of the week, two Orbia Advance Corporation bonds will be auctioned for MXN 4.4 billion
- Grupo Palacio de Hierro informed that it entered into a simple credit line agreement for an amount of up to MXN 3.0 billion with a 3-year term and an early repayment option

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,314.86	-5.5%
S&P 500	5,074.08	-6.0%
Nasdaq	15,587.79	-5.8%
IPC	51,452.73	-4.9%
Ibovespa	127,256.00	-3.0%
Euro Stoxx 50	4,878.31	-4.6%
FTSE 100	8,054.98	-5.0%
CAC 40	7,274.95	-4.3%
DAX	20,641.72	-5.0%
Nikkei 225	33,780.58	-2.8%
Hang Seng	22,849.81	0.0%
Shanghai Composite	3,342.01	0.0%
Sovereign bonds		
2-year Treasuries	3.65	-3pb
10-year Treasuries	3.99	-3pb
28-day Cetes	9.04	2pb
28-day TIIE	9.26	-1pb
2-year Mbono	8.34	3pb
10-year Mbono	9.17	12pb
Currencies		
USD/MXN	20.44	2.5%
EUR/USD	1.10	-0.9%
GBP/USD	1.29	-1.6%
DXY	103.02	0.9%
Commodities		
WTI	61.99	-7.4%
Brent	65.58	-6.5%
Mexican mix	59.57	-7.3%
Gold	3,038.24	-2.5%
Copper	440.20	-8.8%

Source: Bloomberg

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