

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets negative, government bond yields up and USD down. Sharp volatility and risk aversion as reciprocal individualized tariffs from the US to imports from several countries come into effect today**
- **Moreover, sentiment worsens after China retaliated with an increase of tariffs to US imports to 84%, effective on April 10th. This came as a response to the pickup of US tariffs to China to an effective rate of 104%**
- **On the monetary policy front, the Fed's last meeting minutes will be released, where the central bank kept the rate range unchanged at 4.25%-4.50%, highlighting its cautious stance. Barkin is also expected to speak at the Economic Club of Washington, D.C.**
- **Regarding economic figures, Brazil's February retail sales report was released at 0.5% m/m, up from 0.2% previous data, and with the annual metric at 1.5%, up from 3.1%**
- **In Mexico, INEGI released March's inflation at 0.31% m/m –in line with expectations–, with the core at 0.43%. As such, the annual print accelerated to 3.80% from 3.77% in the previous month, with the core at 3.64% (previous: 3.65%). Later in the day, Banorte's Housing Price Index (INBAPREVI) for March will be published**
- **At night, China will publish its March inflation report, which is expected to accelerate slightly after deflation in the previous month**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Retail sales - Feb	% y/y	--	1.4	3.1
8:00	Retail sales* - Feb	% m/m	--	0.5	-0.1
Mexico					
8:00	Consumer prices - Mar	% m/m	0.39	0.31	0.28
8:00	Core - Mar	% m/m	0.45	0.44	0.48
8:00	Consumer prices - Mar	% y/y	3.88	3.79	3.77
8:00	Core - Mar	% y/y	3.66	3.65	3.65
11:00	Banorte's Housing Price Index (INBAPREVI) - Mar				
United States					
11:00	Fed's Barkin Speaks to Economic Club of Washington DC				
14:00	FOMC Meeting Minutes				
China					
21:30	Consumer prices - Mar	% y/y	--	0.1	-0.7

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	4,918.75	-2.0%
Euro Stoxx 50	4,573.89	-4.2%
Nikkei 225	31,714.03	-3.9%
Shanghai Composite	3,186.81	1.3%
Currencies		
USD/MXN	21.03	0.9%
EUR/USD	1.11	1.1%
DXY	101.91	-1.0%
Commodities		
WTI	56.07	-5.9%
Brent	59.28	-5.6%
Gold	3,046.79	2.1%
Copper	414.75	0.1%
Sovereign bonds		
10-year Treasury	4.44	14pb

Source: Bloomberg

Equities

- Negative equity markets, accumulating four consecutive days of declines, driven by the growing uncertainty surrounding tariffs, exacerbated today by China's retaliatory tariffs
- US futures anticipate a negative opening with the S&P 500 trading 2.2% below its theoretical value and the Nasdaq down 1.8%. Notable pre-opening declines of 4% in the healthcare sector, following the announcement of possible tariffs on pharmaceuticals soon. Apple leads the losses in technology, affected by the expectation of higher manufacturing costs due to new tariffs in China
- Europe trades with generalized declines, exceeding 4%. Healthcare, automotive and mining stocks lead losses. Stellantis fell 4%, while German manufacturers Porsche and BMW registered losses of 3%. In Asia, the Nikkei fell by 3.9%

Sovereign fixed income, currencies and commodities

- Marked steepening across sovereign yield curves, with wide trading ranges and losses of up to 30bps at the long-end for UK Gilts. USTs are facing upward pressure on yields, with intermediate tenors rising as much as 17bps, and the 10-year benchmark trading at 4.45% (+15bps)
- The dollar weakens across major indices, dragged by broad-based gains in all G10 currencies, with JPY (+1.5%) and CHF (+1.3%) leading the rally. Among EMFX, the picture is mixed, with BRL (-0.9%) and MXN (-0.9%) under the most pressure. The latter is trading at 21 per dollar
- Bearish momentum in commodities remains amid elevated global volatility. Energy markets stand out, with crude down 5%, extending year-to-date losses to 20%. Gold, on the other hand, is up 2%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,645.59	-0.8%
S&P 500	4,982.77	-1.6%
Nasdaq	15,267.91	-2.1%
IPC	50,316.59	-0.3%
Ibovespa	123,931.89	-1.3%
Euro Stoxx 50	4,773.65	2.5%
FTSE 100	7,910.53	2.7%
CAC 40	7,100.42	2.5%
DAX	20,280.26	2.5%
Nikkei 225	33,012.58	6.0%
Hang Seng	20,127.68	1.5%
Shanghai Composite	3,145.55	1.6%
Sovereign bonds		
2-year Treasuries	3.73	-4pb
10-year Treasuries	4.29	11pb
28-day Cetes	8.80	-31pb
28-day TIIE	9.26	1pb
2-year Mbono	8.39	-1pb
10-year Mbono	9.44	5pb
Currencies		
USD/MXN	20.85	0.7%
EUR/USD	1.10	0.4%
GBP/USD	1.28	0.3%
DX	102.96	-0.3%
Commodities		
WTI	59.58	-1.8%
Brent	62.82	-2.2%
Mexican mix	56.60	-1.9%
Gold	2,983.27	0.0%
Copper	414.40	-1.0%

Source: Bloomberg

Corporate Debt

- HR Ratings affirmed the 'HR AAA (E)' rating to the issue of Firma Car, FMCARCB 23, with Stable outlook. The affirmation is based on the issue's Maximum Delinquency of 26.6% and in its credit improvements
- Fitch Ratings upgraded the ratings of Consorcio del Mayab's issuances, MAYACB 12/12U, to 'AAA(mex)' from 'AA+(mex)', modifying the outlook to Stable from Positive. The ratings upgrade reflects Kantunil-Cancún highway's current financial performance, which is backing the issuances. The outlook modification reflects the highway's volatility due to Cancún economic environment

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