

Financial Markets Daily

March 13, 2023

Main drivers for the financial markets today...



- **Stock markets down, government bond yields negative and the USD with a slight depreciation after the announcement by the Fed, FDIC, and Treasury to use extraordinary measures to protect all bank deposits after the failure of SVB Financial and Signature Bank. Hence, investors are betting that the Fed may not be able to raise its interest rate next week because of these financial stability issues. In this backdrop, markets will follow closely today's Fed announcement about the discount rates (11:30am EST)**
- **The US entered Daily Savings Time yesterday. Hence, Mexico's central time will be two hours before New York (EST), with stock markets opening in said country at 7:30am local time. Market attention this week on February inflation in the US and the Eurozone in a more uncertain environment about the terminal rate because of the SVB financial debacle. In this backdrop, we also highlight the ECB monetary policy decision**
- **We will also know the monetary policy decisions in Indonesia, Russia, as well as 1- and 5-year prime loan rates in China. On the other hand, the BoJ minutes, without comments from Fed members due to the silence period. We note also the release of the OECD Economic Outlook, along with the monthly reports from IEA and OPEC**
- **Other US data includes producer prices, retail sales, industrial production, housing starts, construction permits (Feb), regional indicators Empire and Philly Fed, and the University of Michigan's consumer confidence (Mar). In other regions, industrial production, retail sales, and gross fixed investment (Feb) in China; industrial production (Jan) in the Eurozone; and the unemployment rate (Jan) in the UK and Brazil. In Mexico, INEGI released industrial production in January, standing at 0.0% m/m, below expectations. Later today we will have ANTAD sales, with no more relevant economic indicators in the week**

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

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research
and Financial Markets Strategy
juan.alderete.mactal@banorte.com

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

Manuel Jiménez Zaldivar
Director of Market Strategy
manuel.jimenez@banorte.com

 www.banorte.com
 [@analisis_fundam](https://twitter.com/analisis_fundam)

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
	Daylight Saving Time starts in the US				
<i>Mexico</i>					
8:00	Industrial production - Jan	% y/y	5.2	2.4	3.0
8:00	Industrial production* - Jan	% m/m	1.2	0.3	0.7
8:00	Manufacturing output - Jan	% y/y	7.7	3.0	2.7
	ANTAD same-store sales - Feb	% y/y	--	--	10.3

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

This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "Apertura de Mercados Financieros" was released earlier today.

A glimpse to the main financial assets

	Last	Daily chg.
<i>Equity indices</i>		
S&P 500 Futures	3,896.00	0.0%
Euro Stoxx 50	4,117.23	-2.7%
Nikkei 225	27,832.96	-1.1%
Shanghai Composite	3,268.70	1.2%
<i>Currencies</i>		
USD/MXN	18.71	1.1%
EUR/USD	1.07	0.2%
DXY	104.16	-0.4%
<i>Commodities</i>		
WTI	74.87	-2.4%
Brent	80.97	-2.2%
Gold	1,890.42	1.2%
Copper	402.85	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.52	-17pb

Source: Bloomberg

Equities

- We kick off the week with negative equity markets, reflecting caution among investors following the collapse of SVB, although the Fed already announced measures to support it and the sector
- US futures anticipate an opening without clear trend, with the S&P500 trading in line with its theoretical value, where caution prevails. First Republic Bank stands out, falling more than 60% on pre-market due to the expectation of liquidity pressures, even with the support for the industry. In that sense, the Eurostoxx falls 2.7%, dragged down by financial sector. Particularly, in Europe, HSBC's shares registered adjustments of more than 3.0%, as it announced the purchase of SVB's British arm. Asia closed mixed, with the Hang Seng advancing 2.0% and the Nikkei dropping 1.1%
- In Mexico, this week we anticipate a trading range for the Mexbol Index between 51,500 and 53,800pts

Sovereign fixed income, currencies and commodities

- Rally in sovereign bonds. European rates decrease 25bps, on average, while Treasuries' curve correct part of its inversion with gains of up to 50bps at the short-end. The 2s/10s spread stands at -60bps from -90bps on Friday. With this, the market does not expect no more hikes from Fed this year vs +75bps previously. Last week, most Mbonos advanced 19bps and the 10-year reference which closed at 9.03% (-28bps)
- The dollar falls allowing most developed currencies to advance, with JPY (+1.8%) as the strongest. In EM, the bias is mixed with KRW (+1.8%) and MXN (-1.1%) at the extremes. The Mexican peso trades at 18.71 per dollar, diluting YTD gains
- High turbulence in the energy market. Brent trades around 80 \$/bbl, equivalent to losses of 4.3%. In metals, the bias is mixed with aluminum and copper falling, while gold advances 1.2%

Corporate Debt

- Fibra Uno informed that it intends to prepay all its FUNO 18 issuance on March 28, 2023. The bond has an outstanding amount of MXN 5.4 billion
- Moody's Local MX assigned a 'AAA.mx' rating to Banobras' proposed issuances (BANOB 23 / 23X / 23-2X) for up to MXN 10.0 billion. The ratings reflect the bank's adequate capitalization, as well as strong asset quality
- PCR Verum assigned a 'AA/M' rating for Banco Actinver's proposed bonds BACTIN 23 / 23-2. The ratings reflect Banco Actinver's relevance for Grupo Financiero Actinver, given its relevant operative and financial integration with Actinver Casa de Bolsa

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	31,909.64	-1.1%
S&P 500	3,861.59	-1.4%
Nasdaq	11,138.89	-1.8%
IPC	52,794.53	-1.2%
Ibovespa	103,618.20	-1.4%
Euro Stoxx 50	4,229.53	-1.3%
FTSE 100	7,748.35	-1.7%
CAC 40	7,220.67	-1.3%
DAX	15,427.97	-1.3%
Nikkei 225	28,143.97	-1.7%
Hang Seng	19,319.92	-3.0%
Shanghai Composite	3,230.08	-1.4%
<i>Sovereign bonds</i>		
2-year Treasuries	4.59	-28pb
10-year Treasuries	3.70	-20pb
28-day Cetes	11.22	13pb
28-day TIIE	11.31	1pb
2-year Mbono	10.89	-12pb
10-year Mbono	9.06	-10pb
<i>Currencies</i>		
USD/MXN	18.50	0.8%
EUR/USD	1.06	0.6%
GBP/USD	1.20	0.9%
DXY	104.58	-0.7%
<i>Commodities</i>		
WTI	76.68	1.3%
Brent	82.78	1.5%
Mexican mix	66.84	1.3%
Gold	1,868.26	2.0%
Copper	403.05	-0.2%

Source: Bloomberg

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Andrea Muñoz Sánchez, 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.

Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

Last-twelve-month activities of the business areas.

Grupo Financiero Banorte S.A.B. de C.V., through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

Guide for investment recommendations.

	Reference
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.

GRUPO FINANCIERO BANORTE S.A.B. de C.V.

Research and Strategy			
Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000

Economic Research			
Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707

Market Strategy			
Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671

Fixed income and FX Strategy			
Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144

Equity Strategy			
Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Strategist, Equity	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746

Corporate Debt			
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Quantitative Analysis			
Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Daniela Olea Suarez	Senior Analyst, Quantitative Analysis	daniela.olea.suarez@banorte.com	(55) 1103 - 4000
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Andrea Muñoz Sánchez	Analyst, Quantitative Analysis	andrea.munoz.sanchez@banorte.com	(55) 1103 - 4000

Wholesale Banking			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldán Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899