

# Financial Markets Daily

March 28, 2023

## Main drivers for the financial markets today...

- Stock markets higher, with government bond yields positive and the USD lower, noting a larger risk appetite as fears of a broader contagion from the banking turmoil eases. Meanwhile, investors are still evaluating future actions from central banks
- In the US, attention on March's consumer confidence –expecting a moderation–, as well as data from the housing sector and February's trade balance. In Brazil, the central bank released the minutes from its latest decision, noting they will remain vigilant on inflation and they do not rule out resuming hikes if necessary
- Attention on the hearing of Michael Barr (Fed VP of supervision) in the Senate's Bankign Panel, where it is expected that his comments will center on the situation on the banking sector. He will be accompanied by functionaries from the Treasury (Nellie Liang) and the FDIC (Martin Gruenberg)
- It is expected that the EU supports a measure that will allow its members to ban shipments of Russian gas without the need to implement new sanctions. This is expected to happen in the framework of the region's Energy Minister's meeting in Brussels. This comes on top of recent comments from several governments which urged energy companies to seek new sources for this fuel
- Yesterday, Phillip Jefferson (Fed's Board) stated that he expects inflation to return to the target soon, but they have to do it in a way that does not damage the economy any more than it is necessary

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## The most relevant economic data...

|                      | Event/Period  | Unit   | Banorte | Survey | Previous |
|----------------------|---|--------|---------|--------|----------|
| <b>Brazil</b>        |   |        |         |        |          |
| 7:00                 | COPOM minutes   |        |         |        |          |
| <b>United States</b> |   |        |         |        |          |
| 8:30                 | Trade balance* - Feb  | US\$bn | --      | -90.0  | -91.5    |
| 9:00                 | S&P/CoreLogic housing prices - Jan  | % y/y  | --      | 2.5    | 4.7      |
| 10:00                | Fed's Barr testifies before the Senate Banking Committee  |        |         |        |          |
| 10:00                | Consumer confidence* - Mar  | index  | 99.0    | 101.0  | 102.9    |
| <b>Mexico</b>        |   |        |         |        |          |
| 11:00                | International reserves - Mar 24   | US\$bn | --      | --     | 202.0    |
| 13:30                | Government weekly auction: 1-, 3-, 6-, and 24- month CETES; 3-year Mbono (Mar'25); 3-year Udbono (Dec'26) and 1-, and 3-year Bondes F |        |         |        |          |

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. |
|------------------------|-----------|------------|
| <b>Equity indices</b>  |           |            |
| S&P 500 Futures        | 3,999.50  | -0.2%      |
| Euro Stoxx 50          | 4,164.75  | 0.0%       |
| Nikkei 225             | 27,518.25 | 0.2%       |
| Shanghai Composite     | 3,245.38  | -0.2%      |
| <b>Currencies</b>      |           |            |
| USD/MXN                | 18.31     | -0.2%      |
| EUR/USD                | 1.08      | 0.3%       |
| DX                     | 102.53    | -0.3%      |
| <b>Commodities</b>     |           |            |
| WTI                    | 72.96     | 0.2%       |
| Brent                  | 78.22     | 0.1%       |
| Gold                   | 1,962.12  | 0.3%       |
| Copper                 | 409.30    | -0.3%      |
| <b>Sovereign bonds</b> |           |            |
| 10-year Treasury       | 3.55      | 2pb        |

Source: Bloomberg

## Equities

- Mixed movements, with a positive bias, and few changes in equity markets as investors focus their attention on developments in the banking sector and the monetary outlook amid fears of a possible recession
- In Asia the markets closed mixed. In Europe stocks advance, the Eurostoxx trades with few changes. In turn, in the US the futures of main indices are little changed. Highlighted the news that Alibaba (ADR was up over 9% on pre-market) plans to split into 6 units that will individually raise funds and explore possible initial public offerings
- In Mexico, Kof's shareholders' meeting approved the payment of a cash dividend of MXN 5.80 per linked unit ("UBL"), as well as an amount for buybacks of up to MXN 5 billion, which together, could achieve a yield of up to 6.0%

## Sovereign fixed income, currencies and commodities

- Pressures in sovereign bonds. European rates increase 5bps, on average, and the Treasuries' curve register few changes with losses of 2bps at the long-end. Yesterday, the Mbonos' curve flattened after a sell-off of 18bps at the short-end, following losses of up to 25bps in the shortest term Treasuries
- USD retreats amid a positive performance in G10 currencies, with JPY (+0.7%) leading gains. In EM, the bias is also positive, with HUF (+1.3%) as the strongest. The MXN trades at 18.31 per dollar, equivalent to a 0.2% appreciation, after gaining 0.5% yesterday
- Crude-oil futures advances for a second day driven by a clash between Iraq and its Kurdish region curtailed exports around 400,000 barrels per day. In addition, metals register widespread gains

## Previous closing levels

|                        | Last      | Daily chg. |
|------------------------|-----------|------------|
| <b>Equity indices</b>  |           |            |
| Dow Jones              | 32,432.08 | 0.6%       |
| S&P 500                | 3,977.53  | 0.2%       |
| Nasdaq                 | 11,768.84 | -0.5%      |
| IPC                    | 52,851.42 | 0.2%       |
| Ibovespa               | 99,670.47 | 0.9%       |
| Euro Stoxx 50          | 4,164.62  | 0.8%       |
| FTSE 100               | 7,471.77  | 0.9%       |
| CAC 40                 | 7,078.27  | 0.9%       |
| DAX                    | 15,127.68 | 1.1%       |
| Nikkei 225             | 27,476.87 | 0.3%       |
| Hang Seng              | 19,567.69 | -1.7%      |
| Shanghai Composite     | 3,251.40  | -0.4%      |
| <b>Sovereign bonds</b> |           |            |
| 2-year Treasuries      | 4.00      | 23pb       |
| 10-year Treasuries     | 3.53      | 15pb       |
| 28-day Cetes           | 11.22     | 0pb        |
| 28-day TIE             | 11.40     | 1pb        |
| 2-year Mbono           | 10.49     | 15pb       |
| 10-year Mbono          | 8.97      | 9pb        |
| <b>Currencies</b>      |           |            |
| USD/MXN                | 18.35     | -0.5%      |
| EUR/USD                | 1.08      | 0.4%       |
| GBP/USD                | 1.23      | 0.4%       |
| DX                     | 102.86    | -0.3%      |
| <b>Commodities</b>     |           |            |
| WTI                    | 72.81     | 5.1%       |
| Brent                  | 78.12     | 4.2%       |
| Mexican mix            | 62.22     | 5.4%       |
| Gold                   | 1,956.67  | -1.1%      |
| Copper                 | 407.85    | 0.1%       |

Source: Bloomberg

## Corporate Debt

- CIBanco (Trustee), following up on the relevant event of March 10, reported the amounts to be paid derived from the full early amortization of the FUNO 18 issue on March 28, 2023. The amount of the total early amortization of the notes is MXN 5.4 billion, plus an early amortization price of MXN 2.71 million
- Grupo Bimbo announced its intention to exercise the option to redeem all of its outstanding USD Subordinated Perpetual Notes. The Perpetual Notes were issued in April 2018 for an amount of US\$500 million at a rate of 5.95%. The redemption will take place on April 17, 2023, on its first repurchase date. Grupo Bimbo is currently rated 'mxAA+' by S&P Global and 'AAA(mex)' by Fitch Ratings

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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, 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.

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

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