

Weekly commentary

The week concluded with significant losses, as the Dow Jones, S&P 500, and Nasdaq depreciated by 4.44%, 4.55%, and 3.75%, respectively. The decline of Silicon Valley Bank, one of the leading lenders to US technology companies and the 16th largest bank by assets in the USA, has raised concerns about the health of the banking system.

However, over the weekend, there were discussions and statements from the Fed and government to support the financial system and back deposits above the amounts guaranteed by the FDIC (250,000 USD). It is noteworthy that the Fed will hold an extraordinary meeting on Monday, March 13, to address the crisis and provide liquidity support to banks in need.

These announcements have had strong implications for US interest rate expectations. While at the beginning of last week, Fed Chair Jerome Powell warned in his congressional speech that if data indicates the need for a faster tightening, they would be willing to increase the pace of rate hikes. Nevertheless, with the emergency meeting and a potential contagion effect on the financial system, analysts now expect only one more 25 bps rate hike this year or even a total pause while the system stabilizes.

Before the weekend events, the yield on the US 2-year Treasury note surpassed 5% for the first time since 2007. Meanwhile, the yield on the 10-year Treasury note managed to exceed the 4% level. For the start of the week, significant corrections are observed, with levels close to 4.6% and 3.4% for 2 and 10-year yields, respectively.

On the other hand, in China, key economic fundamentals were published. The consumer price index (CPI) sharply slowed its pace of growth, falling from the 2.1% year-on-year rise in January to 1% in February, its slowest pace in a year. Moreover, the government lowered its growth target to 5.0% for 2023 after failing to achieve the 5.5% expected for 2022.

The Bank of Japan kept its interest rates and bond yield control policy unchanged. Additionally, the country's GDP grew at an annual rate of 0.1% in October-December.

For its part, the Bank of Canada left its key overnight interest rate unchanged at 4.50% on Wednesday, as expected, becoming the first major central bank to maintain interest rates.

Finally, WTI fell by 4.08% to US\$76.43 per barrel, while Brent contract fell by 3.89% to US\$82.49 per barrel.

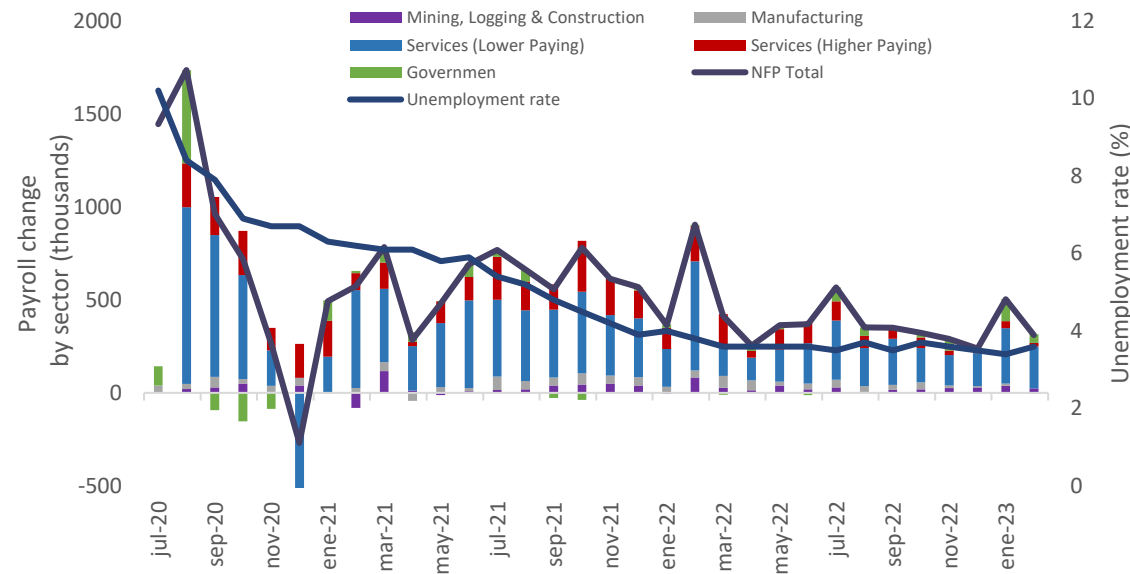
Relevant data and events

This week:

- USA:** Consumer Price Index (IPC) and Producer Price Index (IPP), Retail Sales and Confidence Index U. Michigan.
- Europe:** ECB Monetary Policy Decision, Eurogroup Meeting, Inflation France and Euro Zone (review) and industrial production.
- China:** Industrial Production
- Japan:** Trade Balance.
- Previous week:*
- US:** Powell Fed Speech, Trade Balance, Unemployment Rate, and Nonfarm Payrolls.
- LatAm:** Inflation (Brazil, Colombia, Mexico, and Chile)
- International:** Monetary Policy Decision (Canada and Japan)
- Europe:** Eurozone GDP (revision)

Crisis on Wall Street despite US labor market data.

United States Labor Market

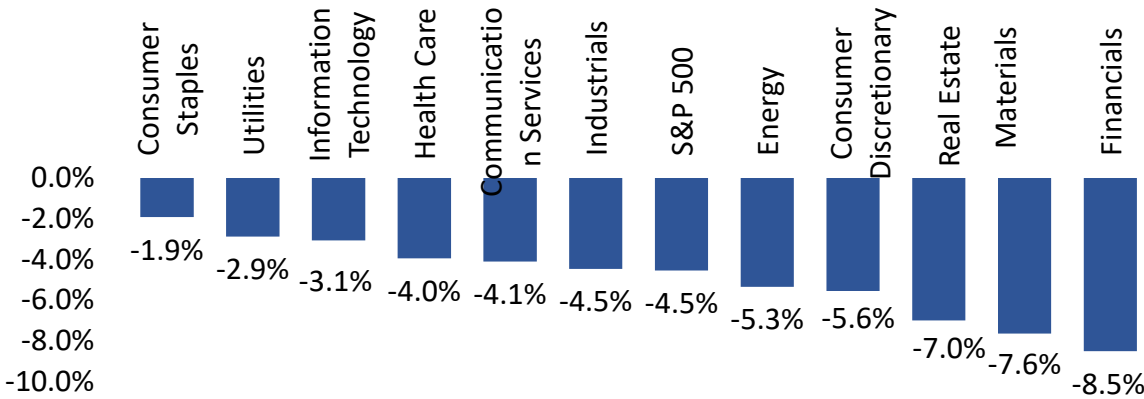


Source: In On Capital Compiled.

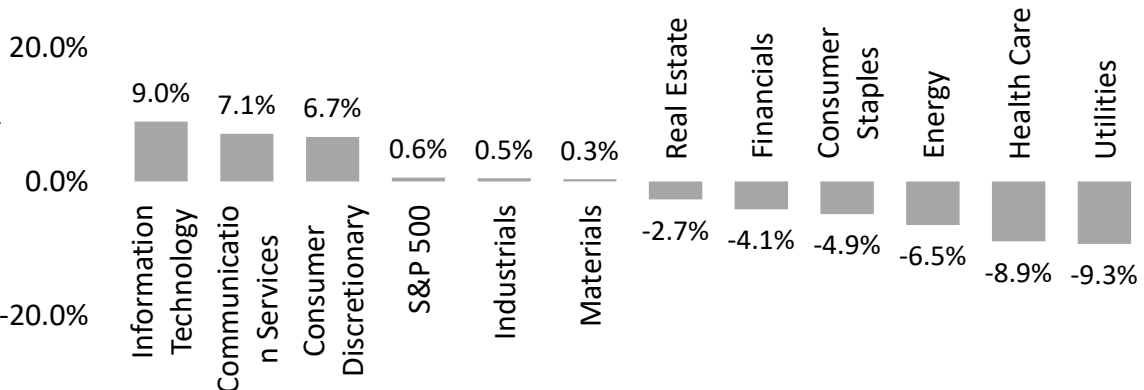
In February, the United States economy experienced a robust pace of employment growth, a development that is likely to prompt the Federal Reserve to prolong its maintenance of high interest rates. Nevertheless, wage-based inflation seems to have moderated. The statistics indicate that non-agricultural payrolls surged by 311,000 positions last month, albeit the figure for January was downwardly revised from 517,000 to 504,000. The unemployment rate climbed from 3.4% in January to 3.6% in February, albeit it remains one of the lowest rates since May of 1969.

Sector performance

Weekly



Annual 2023



In On Financial Markets Monitor

	Level	Price return (%)		Features	
		10/03/2023	1 Week		2022
Equities					
S&P 500	3861.59	▼ -4.55	▼ -15.06	17.60	
Dow Jones 30	31909.64	▼ -4.44	▼ -8.00	16.40	
Nasdaq 100	11830.28	▼ -3.75	▼ -24.62	22.92	
Russell 2000	1772.70	▼ -8.07	▼ -15.39	22.89	
Russell 1000 Growth	2253.13	▼ -4.26	▼ -23.36	22.72	
Russell 1000 Value	1455.77	▼ -5.55	▼ -7.13	14.57	
MSCI Emerging Markets	955.28	▼ -3.31	▼ -19.34	10.69	
MSCI Developed & Emerging World	616.60	▼ -3.61	▼ -15.02	15.39	
MSCI China	63.28	▼ -7.27	▼ -19.47	12.21	
Topix - Japan	2031.58	▲ 0.60	▲ 2.22	13.33	
EuroStoxx 50	4229.53	▼ -1.52	▲ 0.36	12.51	
FTSE 100 - United Kingdom	7748.35	▼ -2.50	▲ 7.38	10.44	

	Yield	Total return (%)		
		10/03/2023	1 Week	2022
Fixed income				
U.S. Aggregate	4.67	▲ 1.17	▼ -12.89	
U.S. Corporate High Yield	8.83	▼ -0.90	▼ -8.40	
Global Aggregate	3.73	▲ 1.31	▼ -16.38	
Global High Yield	9.28	▼ -0.36	▼ -10.30	
Emerging Markets Hard Currency	5.35	▼ -0.33	▼ -22.12	
Emerging Markets Local Currency	0.85	▲ 0.09	▼ -10.28	

	Yield		Change in Basic Points	
	10/03/2023	30/12/2022	1 Week	2022
Interest rate				
2-yr U.S. Treasuries	4.59	4.43	▼ -27.03	▲ 415.39
10-yr U.S. Treasuries	3.70	3.87	▼ -25.30	▲ 244.76
10-yr German Bund	2.50	2.57	▼ -20.70	▲ 292.60

	Levels		Percentage change (%)	
	10/03/2023	30/12/2022	1 Week	2022
Currencies				
Dolar Index	104.58	103.52	▲ 0.05	▲ 9.07
Euro	1.06	1.07	▲ 0.08	▼ -6.06
British pound	1.20	1.21	▼ -0.05	▼ -11.14
Japanese Yen	135.03	131.12	▼ -0.62	▲ 18.12
Yuan renminbi chinese	6.94	6.92	▲ 0.64	▲ 9.33
Mexican peso	18.50	19.50	▲ 3.05	▼ -12.30
Colombian peso	4714.10	4070.00	▼ -1.79	▲ 17.94

	Level	Percentage change (%)		
		10/03/2023	1 Week	2022
Commodities				
Crude oil WTI	76.68	▼ -3.77	▲ 6.98	
Crude oil Brent	82.78	▼ -3.55	▲ 10.80	
Natural Gas	2.43	▼ -19.24	▼ -31.05	
Gold	1868.26	▲ 0.63	▲ 0.97	
Copper	404.55	▼ -0.80	▼ -8.13	
Corn	624.25	▼ -3.25	▲ 8.64	
Coffee (US\$/pound)	1.82	▲ 0.80	▼ -19.31	
Bloomberg Commodity Index	104.55	▼ -3.47	▲ 8.22	

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