

Weekly commentary

Throughout the week, the primary stock indexes presented mixed behaviors. In the United States, the Nasdaq and the S&P 500 experienced increases of 5.83% and 1.48%, respectively, while on average, European stock markets lost 3.89% of their value and Latin American stock markets fell by 4.16%. Market sentiment was influenced by various factors, including the closure of Silicon Valley Bank (SVB) and Signature Bank, the Federal Reserve's (FED) extraordinary meeting to implement measures to support the financial sector, the uncertainty and subsequent funding of Credit Suisse Bank, and the support of large banks to First Republic, who agreed to deposit approximately US\$30B. As a result, Moody's lowered the outlook on the U.S. banking system to negative.

Under these circumstances, some analysts have raised the possibility from the FED increasing its interest rate by 25 bps, lower than the previously proposed 50 bps. Due to this uncertainty, the yields of U.S. and German two-year Treasuries decreased by more than 75 bps, resulting in a yield of 3.80% in the U.S. bond and 2.37% in the German bond. Volatility also extended to the ten-year Treasury, which increased by 26 bps.

Rate hike's expectations were further influenced by U.S. inflation, which rose 6% in February, slightly above expectations, with a monthly rate of 0.4% and core inflation of 5.5% year-on-year. This behavior puts the Fed in a position to contemplate a less aggressive rate hike roadmap than previously established, amid mixed macro data. U.S. retail sales indicate the underlying strength of the economy, and U.S. PPI unexpectedly fell in February.

Over the weekend, it was announced that central banks from six countries (Canada, UK, Japan, Europe, United States, and Switzerland) coordinated actions to improve liquidity provision through dollar swap lines. They agreed to increase the frequency of operations with a maturity of 7 days from weekly to daily, to alleviate tensions in global funding markets and mitigate the effects on credit supply to households and businesses.

The European Central Bank raised interest rates by 50 bps, increasing the deposit rate to 3% and leaving the refinancing and emergency rates at 3.5% and 3.75%, respectively. The ECB has prioritized the fight against inflation over the risk of financial instability. Additionally, it has assured that European entities are completely solid and solvent, and that quantitative tightening (QT) could be revised starting in June. In this sense, the ECB stated that recent tensions in global financial markets make the path ahead for the economy more uncertain but did not signal new rate hikes.

Regarding oil prices, they rose by 2% as Saudi Arabia and Russia met to discuss measures to improve market stability, leading Brent crude to increase by 2.2% to \$75.30 per barrel and West Texas Intermediate (WTI) crude to increase by 2.3% to \$69.14 per barrel.

Relevant data and events

This week:

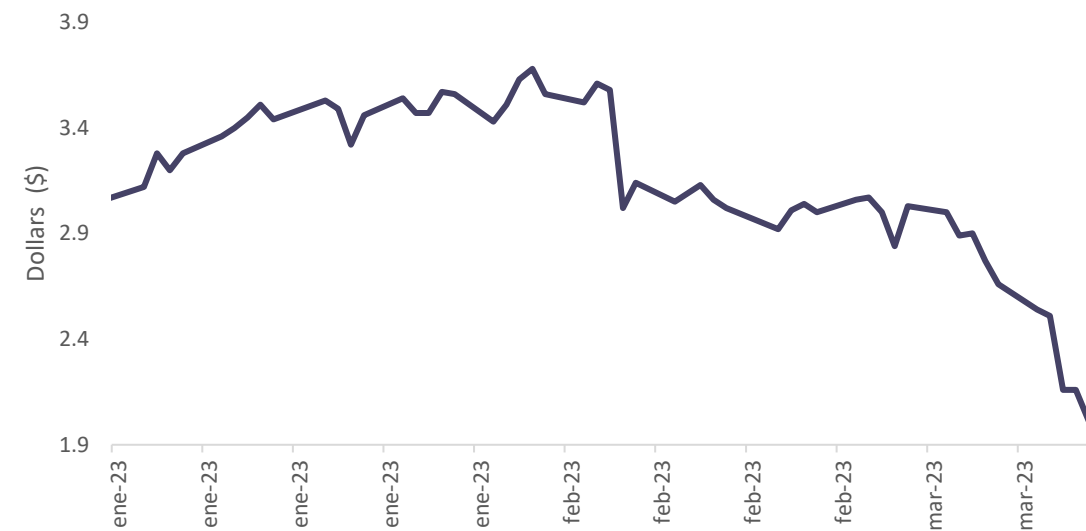
- USA:** Fed Monetary Policy Decision.
- Europe:** PPI Germany, ZEW Confidence Germany and Euro Zone, CPI (United Kingdom). BoE Monetary Policy Decision. Euro Zone PMI.
- International:** IPC (Canada, Japan), China and Russia meeting.
- LatAm: GDP (Chile)
- Global:** China and Russia meeting

Previous week:

- USA:** Consumer Price Index (CPI) and Producer Price Index (PPI), 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.

COORDINATED ACTIONS FROM CENTRAL BANKS

Credit Suisse bank share behavior



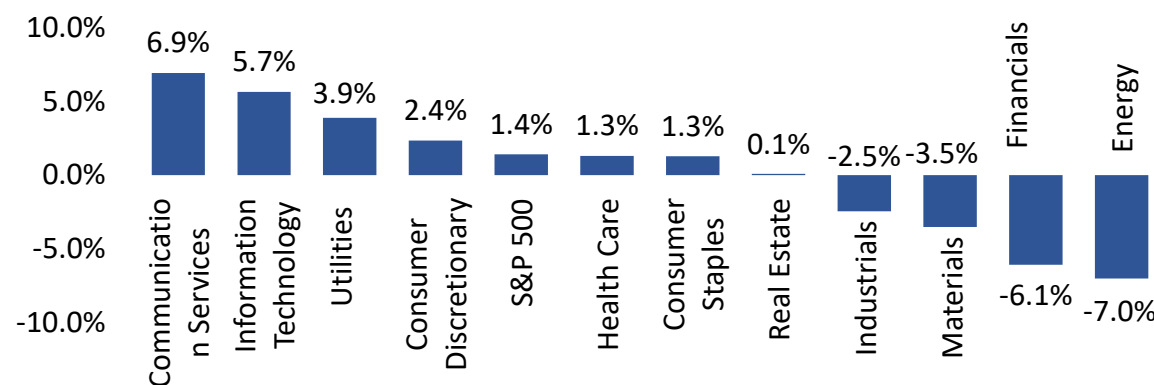
Source: In On Capital Compiled.

On Wednesday, Credit Suisse's shares experienced a significant drop of 24% after the company acknowledged discovering "weaknesses" in its financial report. This announcement triggered a general sell-off in European markets and raised concerns about a potential wider financial crisis. However, the bank's shares rebounded after it announced plans to borrow up to \$54 billion from the Swiss National Bank.

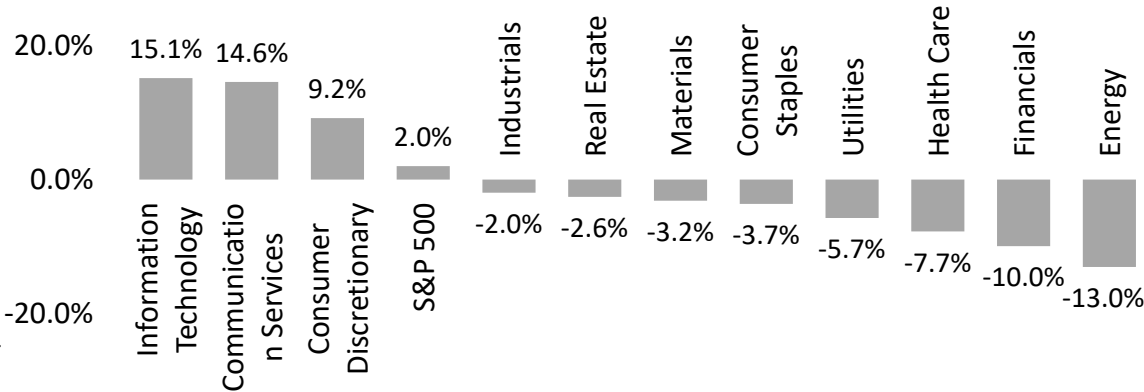
Amid fears of a collapse in the Swiss financial system, UBS Group agreed to acquire Credit Suisse Group AG in a landmark deal with government mediation aimed at containing a crisis of confidence that threatened to spread throughout global financial markets.

Sector performance

Weekly



Annual 2023



In On Financial Markets Monitor

Equities	Level	Price return (%)		Features
	17/03/2023	1 Week	2022	Fwd P/E
S&P 500	3916.64	▲ 1.43	▼ -19.10	17.83
Dow Jones 30	31861.98	▼ -0.15	▼ -12.44	16.38
Nasdaq 100	12519.88	▲ 5.83	▼ -26.94	24.22
Russell 2000	1725.89	▼ -2.64	▼ -22.31	22.48
Russell 1000 Growth	2345.39	▲ 4.09	▼ -26.32	23.70
Russell 1000 Value	1430.99	▼ -1.70	▼ -12.98	14.28
MSCI Emerging Markets	951.56	▼ -0.39	▼ -21.96	11.66
MSCI Developed & Emerging World	616.09	▼ -0.08	▼ -18.63	15.34
MSCI China	64.45	▲ 1.85	▼ -23.34	12.56
Topix - Japan	1959.42	▼ -3.55	▲ 0.43	12.88
EuroStoxx 50	4064.99	▼ -3.89	▼ -4.70	11.99
FTSE 100 - United Kingdom	7335.40	▼ -5.33	▲ 2.22	10.00

Fixed income	Yield	Total return (%)	
	17/03/2023	1 Week	2022
U.S. Aggregate	4.36	▲ 1.43	▼ -11.04
U.S. Corporate High Yield	8.98	▼ -0.42	▼ -9.83
Global Aggregate	3.48	▲ 1.65	▼ -14.48
Global High Yield	9.51	▼ -0.87	▼ -11.31
Emerging Markets Hard Currency	5.40	▼ -0.94	▼ -22.19
Emerging Markets Local Currency	0.86	▼ -0.18	▼ -10.73

Interest rate	Yield		Change in Basic Points	
	17/03/2023	30/12/2022	1 Week	2022
2-yr U.S. Treasuries	3.84	4.43	▼ -74.88	▲ 324.42
10-yr U.S. Treasuries	3.43	3.87	▼ -27.01	▲ 206.31
10-yr German Bund	2.10	2.57	▼ -40.20	▲ 243.50

Currencies	Levels		Percentage change (%)	
	17/03/2023	30/12/2022	1 Week	2022
Dolar Index	103.71	103.52	▼ -0.83	▲ 8.28
Euro	1.07	1.07	▲ 0.25	▼ -5.62
British pound	1.22	1.21	▲ 1.19	▼ -9.97
Japanese Yen	131.85	131.12	▼ -2.36	▲ 15.75
Yuan renminbi chinese	6.89	6.92	▼ -0.77	▲ 7.79
Mexican peso	18.91	19.50	▲ 2.19	▼ -7.87
Colombian peso	4843.97	4070.00	▲ 2.03	▲ 16.65

Commodities	Level	Percentage change (%)	
	17/03/2023	1 Week	2022
Crude oil WTI	66.74	▼ -12.96	▼ -0.55
Crude oil Brent	72.97	▼ -11.85	▲ 3.84
Natural Gas	2.34	▼ -3.79	▼ -30.13
Gold	1989.25	▲ 6.48	▲ 4.62
Copper	391.35	▼ -3.26	▼ -8.83
Corn	634.25	▲ 1.60	▲ 5.27
Coffee (US\$/pound)	1.83	▲ 0.41	▼ -18.97
Bloomberg Commodity Index	102.59	▼ -1.87	▲ 6.01

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