

Financial Markets Daily

January 16, 2023

Main drivers for the financial markets today...

- **Stock markets mixed and little changed, govt bond yields higher and USD biased lower. Markets consolidate after the strong impulse in risk assets seen since the start of the year, waiting for the release of earnings results and monetary policy decisions in a backdrop of lower market liquidity**
- **Specifically, US markets will be closed today in remembrance of Martin Luther King Jr. Day, so no data releases are slated in said country. Later, economic activity figures (Dec) and 4Q22 GDP in China**
- **Investors will be watching inflation for December in Germany, the Eurozone and UK, with producer prices of the same period in the US. Moreover, today kicks off the World Economic Forum with in-person meetings in Davos, Switzerland**
- **In the monetary policy front, decisions in Indonesia, Malaysia, Norway, and Turkey, as well as 1- and 5-year prime loan rates in China. In addition, we will analyze closely the plethora of speeches that will be made by Fed and ECB members**
- **In other events, there's only a Eurozone finance ministers meeting in Brussels and the Atlantic Council's Global Energy Forum 2023 in Abu Dhabi, as well as the release of the monthly reports from OPEC and IEA**
- **The US data agenda also includes retail sales, industrial production, existing home sales, building permits and housing starts (Dec), along with the manufacturing indicators *Empire* and *Philly Fed* (Jan)**
- **In Mexico, we will only know retail sales (Nov), the *Timely Indicator of Economic Activity* (Dec), and the banking sector survey**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
	WEF anual meeting begins in Davos, Switzerland				
United States	Markets closed for Martin Luther King Jr. Day				
China					
21:00	Industrial production - Dec	% y/y	--	0.2	2.2
21:00	Retail sales - Dec	% y/y	--	-9.5	-5.9
21:00	Gross fixed investment (YTD) - Dec	% y/y	--	5.0	5.3
21:00	Gross domestic product - 4Q22	% y/y	--	1.6	3.9

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.
<i>Equity indices</i>		
S&P 500 Futures	4,011.75	-0.2%
Euro Stoxx 50	4,156.44	0.1%
Nikkei 225	25,822.32	-1.1%
Shanghai Composite	3,227.59	1.0%
<i>Currencies</i>		
USD/MXN	18.81	0.2%
EUR/USD	1.08	0.0%
DX	102.24	0.0%
<i>Commodities</i>		
WTI	79.69	-0.2%
Brent	84.99	-0.3%
Gold	1,917.04	-0.2%
Copper	418.35	-0.8%
<i>Sovereign bonds</i>		
10-year Treasury	3.50	0pb

Source: Bloomberg

Equities

- **Mixed movements in equity markets after last week's gains and as investors continue assessing the outlook for economic growth, inflation and corporate earnings. There will be no activity in the US due to the holiday, which might affect trading volumes in the other markets. Meanwhile, the flow of corporate reports will gradually increase, with 26 S&P500 companies slated to release their results this week**
- **Asian markets closed mixed. In Europe, most stocks advance and the Eurostoxx adds 0.1%. Shares from real estate and communication services sectors lead gains, while those from consumer discretionary and technology are the main laggards.**
- **In Mexico, following the Mexbol's closing at 53,577pts last Friday, we expect this week's trading range between 52,800 - 54,700pts**

Sovereign fixed income, currencies and commodities

- **US market closed today so lower liquidity is expected during the session. Europe bonds register a modest sell-off of 3bps on average. Last week, short- and mid-term Mbonos printed a 9bps rally, while long-term tenors lost 5bps. The 10-year reference closed at 8.55% (-6bps)**
- **Dollar starts the week with modest gains amid a mixed performance in developed currencies, with NZD (+0.2%) and JPY (-0.4%) at the extremes. Negative bias in EM, with ZAR (-1.4%) as the weakest. MXN trades at 18.81 per dollar (-0.2%), after a 2.1% weekly appreciation**
- **Crude-oil falls after rallying 8.5% last week driven by China's reopening. In metals, negative performance except for aluminum, which advances 0.7%. Meanwhile, copper and gold adjust lower**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,302.61	0.3%
S&P 500	3,999.09	0.4%
Nasdaq	11,079.16	0.7%
IPC	53,576.72	0.0%
Ibovespa	110,916.08	-0.8%
Euro Stoxx 50	4,150.80	0.6%
FTSE 100	7,844.07	0.6%
CAC 40	7,023.50	0.7%
DAX	15,086.52	0.2%
Nikkei 225	26,119.52	-1.2%
Hang Seng	21,738.66	1.0%
Shanghai Composite	3,195.31	1.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.23	9pb
10-year Treasuries	3.50	6pb
28-day Cetes	10.51	-1pb
28-day TIIE	10.76	-1pb
2-year Mbono	10.05	3pb
10-year Mbono	8.47	-5pb
<i>Currencies</i>		
USD/MXN	18.77	-0.4%
EUR/USD	1.08	-0.2%
GBP/USD	1.22	0.1%
DXY	102.20	0.0%
<i>Commodities</i>		
WTI	79.86	1.9%
Brent	85.28	1.5%
Mexican mix	68.94	2.1%
Gold	1,920.23	1.2%
Copper	421.60	0.5%

Source: Bloomberg

Corporate Debt

- **HR Ratings affirmed the rating for Fovissste's mortgage-backed securities TFOVIS 14U / 14-2U and TFOVICB 15U at 'HR AAA' with Stable outlook. The ratification was based on the observed level of each issuance's excess collateral, which increased in the last twelve months, boosted by prepayments**
- **HR Ratings assigned a 'HR A-' rating to Grupo Hema's proposed issuance, GHEMA 23, with Positive outlook, based on the Free Cash Flow generation which they expect to reach MXN 194 million in 2025**
- **The proposed unsecured note GHEMA 23 is expected to be carried out for MXN 300 million (max. MXN 500 million) with a three-year term. Proceeds from the issuance will be used for the total amortization of Grupo Hema's outstanding bond GHEMA 18**

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 and Daniel Sebastián Sosa Aguilar, 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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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