

Financial Markets Daily

January 25, 2023

Main drivers for the financial markets today...

- **Stock markets negative, government bond yields down, while the dollar trades with gains amid concerns about a deeper deterioration in the economy by incorporating a negative outlook for technology companies. In addition, geopolitical tensions could be heightened by Germany's approval to send tanks to Ukraine**
- **Microsoft warned yesterday of a further slowdown in its cloud computing services revenue, implying a more negative corporate backdrop than consensus estimate. Markets will be attentive to the investors' conference call for more details**
- **Regarding monetary policy, Canada will have its first decision of the year. Consensus expects it to slow down the pace of hikes to +25bp to place its reference rate at 4.50%**
- **In economic figures, Germany's IFO survey showed an improvement in the expectations of companies, outperforming the consensus estimate, standing at 90.2pts. This is the fourth consecutive month increase. However, the current conditions indicator came in lower than estimated at 94.1pts vs. the previous 94.4pts**
- **In Mexico, INEGI released November's GDP-proxy IGAE, with a decline of 0.5% m/m (+3.3% y/y). By sectors, weakness centered in services (-0.9% m/m), albeit with the industry unchanged (0.0%) and primary activities higher (5.3%)**

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.macal@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

Winners of the award for best economic
forecasters for Mexico in 2021, granted by
Refinitiv



 www.banorte.com
 @ analisis_fundam

The most relevant economic data...

| | Event/Period | Unit | Banorte | Survey | Previous |
|----------------|---|-------|---------|--------|----------|
| <i>Germany</i> | | | | | |
| 4:00 | IFO Survey (business climate)* - Jan | index | -- | 90.3 | 88.6 |
| <i>Mexico</i> | | | | | |
| 7:00 | Economic activity indicator (IGAE) - Nov | % y/y | 3.5 | 4.0 | 4.4 |
| 7:00 | Economic activity indicator (IGAE)* - Nov | % m/m | -0.3 | -0.1 | 0.0 |

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 | 3,999.75 | -0.8% |
| Euro Stoxx 50 | 4,134.16 | -0.5% |
| Nikkei 225 | 27,395.01 | 0.4% |
| Shanghai Composite | 3,264.81 | 0.0% |
| <i>Currencies</i> | | |
| USD/MXN | 18.79 | 0.0% |
| EUR/USD | 1.09 | -0.2% |
| DXY | 102.02 | 0.1% |
| <i>Commodities</i> | | |
| WTI | 80.17 | 0.0% |
| Brent | 86.02 | -0.1% |
| Gold | 1,926.16 | -0.6% |
| Copper | 423.35 | -0.4% |
| <i>Sovereign bonds</i> | | |
| 10-year Treasury | 3.42 | -3pb |

Source: Bloomberg

Equities

- **Negative stock markets, reflecting a more cautious sentiment following a weaker-than-expected earnings season, as well as downward adjustments to company's guidances, while geopolitical tensions from the Russia-Ukraine war escalate.**
- **US futures anticipate a negative open with the S&P500 trading 0.8% below its theoretical value. Microsoft falls more than 2.4% on pre-market after reporting that it expects a slowdown in revenue from cloud services. Meanwhile, Europe trades with losses, the Eurostoxx decrease 0.5%, registering the largest declines in the technology and real estate sectors. In turn, in Asia, several markets remain closed for China's new year, but the Nikkei recorded a variation of 0.4%.**
- **On the corporate front, in the US, of the 33 companies in the S&P500 that will publish their results today, 10 have released their figures, most of them better than expected. In Mexico, only Bbajio's report is expected**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. European assets trade with gains of up to 7bps while the Treasuries yield curve trades with an appreciation of 2bps on average. Yesterday, the Mbonos' curve traded with a flattening bias as a result of 7bps pressures on the short- and mid-end as well as 2bps gains on long-term tenors**
- **The dollar trades with a positive bias (DXY +0.1) as most G-10 currencies decline and EM currencies trade with mixed movements. In the first group, NOK (-0.4%) leads the slumps while in the second, MYR (+0.6%) and IDR (-0.5%) are at the extremes. MXN trades with few changes at 18.79 per dollar**
- **Crude-oil futures are up 0.2% with markets pondering the prospects of higher demand in China vs. global recession risks. Industrial metals are negative, except for nickel, which trades higher by 0.5%**

Previous closing levels

| | Last | Daily chg. |
|------------------------|------------|------------|
| <i>Equity indices</i> | | |
| Dow Jones | 33,733.96 | 0.3% |
| S&P 500 | 4,016.95 | -0.1% |
| Nasdaq | 11,334.27 | -0.3% |
| IPC | 54,870.50 | 1.0% |
| Ibovespa | 113,028.15 | 1.2% |
| Euro Stoxx 50 | 4,153.02 | 0.1% |
| FTSE 100 | 7,757.36 | -0.4% |
| CAC 40 | 7,050.48 | 0.3% |
| DAX | 15,093.11 | -0.1% |
| Nikkei 225 | 27,299.19 | 1.5% |
| Hang Seng | 22,044.65 | 0.0% |
| Shanghai Composite | 3,264.81 | 0.0% |
| <i>Sovereign bonds</i> | | |
| 2-year Treasuries | 4.21 | -2pb |
| 10-year Treasuries | 3.45 | -6pb |
| 28-day Cetes | 10.80 | 22pb |
| 28-day TIIE | 10.79 | 0pb |
| 2-year Mbono | 9.80 | -38pb |
| 10-year Mbono | 8.66 | 5pb |
| <i>Currencies</i> | | |
| USD/MXN | 18.80 | -0.1% |
| EUR/USD | 1.09 | 0.1% |
| GBP/USD | 1.23 | -0.4% |
| DXY | 101.92 | -0.2% |
| <i>Commodities</i> | | |
| WTI | 80.13 | -1.8% |
| Brent | 86.13 | -2.3% |
| Mexican mix | 71.10 | 0.0% |
| Gold | 1,937.36 | 0.3% |
| Copper | 424.85 | -0.2% |

Source: Bloomberg

Corporate Debt

- **Financiera Independencia announced it started a tender offer to exchange all its outstanding senior notes 8.00% due 2024, for new proposed senior notes 10.00% due 2028**
- **Bondholders that accept the tender offer before February 3rd, 2023, will receive new notes for US\$800 of principal and a cash payment of US\$210, for each US\$1,000 of principal of the existing notes**
- **Fitch Ratings assigned a 'BB-(EXP)' rating to Financiera Independencia's proposed senior notes reflecting its business profile, financing liquidity and hedging assessments**

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.

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 |
| 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.cebaldos@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 Roldan Ferrer | Head of Commercial Banking | victor.roldan.ferrer@banorte.com | (55) 1670 - 1899 |