

Financial Markets Daily

January 26, 2023

Main drivers for the financial markets today...

- **Stock markets higher, with the USD stable and government bond yields positive given a rebound in tech stocks in the US and with corporate earnings from Tesla and other offsetting for recent disappointments. In addition, some reports in China suggest a recovery**
- **In the US, attention on 4Q22 GDP, expecting a 2.1% q/q saar increase, with consumption up 3.0%. In addition, we highlight the release of December's trade balance and durable goods orders, as well as the weekly jobless claims. In the monetary policy front we highlight decision in Chile (expecting 0bps to 11.25%) and South Africa (anticipating +50bps to 7.50%)**
- **In Mexico, December's employment report was published. The unemployment rate fell to 2.76% (-8bps), with a loss of 912 thousand jobs, partly due to holidays. With seasonally adjusted figures we saw an increase to 3.01% (+1bp)**
- **In other news, in the US, NYSE announced that trading issues early in the week were due to human failure, with a programming error in backup systems. It is expected that US and Dutch officials meet to discuss controls on exports of semiconductor manufacturing gear to China**
- **The three major rating agencies (Moody's, Fitch y S&P) expect the US Congress to ultimately raise the debt ceiling, although mentioning that the implications of debt being prioritized in case of emergency could have an impact on the credit rating**

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



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Unemployment rate - Dec	%	2.89	2.86	2.85
<i>United States</i>					
8:30	Gross domestic product** - 4Q22	% q/q	2.1	2.6	3.2
8:30	Personal consumption** - 4Q22	% q/q	3.0	2.7	2.3
8:30	Trade balance* - Dec	US\$bn	--	-88.5	-83.3
8:30	Durable goods orders* - Dec (P)	% m/m	--	2.5	-2.1
8:30	Ex transportation* - Dec (P)	% m/m	--	-0.2	0.1
8:30	Initial jobless claims* - Jan 21	thousands	205	205	190
10:00	New home sales** - Dec	thousands	--	613	640
<i>Chile</i>					
16:00	Monetary policy decision (BCCh)	%	--	11.25	11.25
<i>South African</i>					
	Monetary policy decision (S. African R. Bank)	%	--	7.50	7.00

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	4,050.50	0.5%
Euro Stoxx 50	4,168.73	0.5%
Nikkei 225	27,362.75	-0.1%
Shanghai Composite	3,264.81	0.0%
<i>Currencies</i>		
USD/MXN	18.84	0.3%
EUR/USD	1.09	-0.2%
DX	101.78	0.1%
<i>Commodities</i>		
WTI	81.18	1.3%
Brent	87.17	1.2%
Gold	1,937.14	-0.5%
Copper	425.50	0.2%
<i>Sovereign bonds</i>		
10-year Treasury	3.48	4pb

Source: Bloomberg

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Equities

- **Stock markets with positive bias, soft-landing bets for the US economy drive markets, as investors also weigh mixed results in recent corporate reports**
- **In the US, stocks rebounded, after Tesla beat expectations on sales and earnings, as well as foreseeing a positive guidance on revenue this year. Nasdaq futures traded 0.9% ahead of the open. Meanwhile, in Europe, the Eurostoxx index is up 0.5%, also boosted by good quarterly results in technology companies. Asia closed mixed, the Hang Seng rose 2.4% given favorable economic data in China and after the Lunar New Year break**
- **On the corporate front, in the US, Visa and MasterCard's results will stand out today. In Mexico, GMXT registered a positive year-end, with higher prices and operating efficiencies driving profitability beyond expectations, despite lower volume. At market close, Q's figures are expected**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European assets lose up to 6bps. The Treasuries' curve register a 3bps sell-off, on average, with the largest moves in the belly and long-end. Yesterday, the Mbonos' curve posted slight gains at the short-end, while the rest of the curve adjusted +2bps. The 10-year benchmark, May'33, closed at 8.65% (+1bp)**
- **The dollar advances, DXY (+0.2%), while developed currencies trade with mixed returns with NOK (+0.2%) and SEK (-0.5%) at the extremes. In EM, the bias is also mixed with HUF (-0.8%) as the weakest. Meanwhile, MXN depreciates 0.3% to 18.84 per dollar, after closing with few changes yesterday**
- **Crude-oil futures gain 1.0% on optimism in China and a lower than expected increase in U.S. crude inventories. On the other hand, the gas benchmark in this country trades at the lowest levels since May 2021. Metals register a negative performance with gold losing 0.3%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,743.84	0.0%
S&P 500	4,016.22	0.0%
Nasdaq	11,313.36	-0.2%
IPC	54,871.36	0.0%
Ibovespa	114,270.07	1.1%
Euro Stoxx 50	4,148.11	-0.1%
FTSE 100	7,744.87	-0.2%
CAC 40	7,043.88	-0.1%
DAX	15,081.64	-0.1%
Nikkei 225	27,395.01	0.4%
Hang Seng	22,044.65	0.0%
Shanghai Composite	3,264.81	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.13	-9pb
10-year Treasuries	3.44	-1pb
28-day Cetes	10.80	0pb
28-day TIE	10.80	1pb
2-year Mbono	9.85	5pb
10-year Mbono	8.66	0pb
<i>Currencies</i>		
USD/MXN	18.79	0.0%
EUR/USD	1.09	0.3%
GBP/USD	1.24	0.6%
DXY	101.64	-0.3%
<i>Commodities</i>		
WTI	80.15	0.0%
Brent	86.12	0.0%
Mexican mix	69.82	-1.8%
Gold	1,946.11	0.5%
Copper	424.45	-0.1%

Source: Bloomberg

Corporate Debt

- **S&P Global Ratings downgraded the rating for issuance DMXI 15 (Desarrollos Eólicos Mexicanos de Oaxaca's ABS) to 'D' from 'mxCC', after the absence of the programmed principal coupon payment for around MXN 55 million. In a bondholder's meeting in December 2022, bondholders approved the restructuring of the project's issuance**
- **Tangerine Pomelo Group (previously Mexarrend) informed that on January 24, 2023, the ordinary interest payment of its Senior Notes 10.250% due 2024 did not take place, and confirmed that the company does not expect to make the interest payment within the 30-day grace period**

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, 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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