Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets positive, though S&P futures negative, government bond yields up and USD with small changes, as worries on earnings' outlook keep rising after Intel's gloomy quarterly forecast, while attentive to inflation figures that may support a slower pace in Fed's rate hikes**

- **US-China trade tensions intensify with Japan and the Netherlands joining the US in limiting China's access to advanced semiconductor machinery. The three countries will end talks today to set new limits on what can be supplied to Chinese companies**

- **On the monetary policy front, Colombia will announce its decision. Consensus expects a 100bp increase in the reference rate to place it at 13.00%**

- **Regarding economic data, in the US markets will focus on the PCE core deflator (Fed's preferred measure of inflation), personal income and spending figures, and pending home sales for December. Additionally, revised consumer sentiment data from the University of Michigan for January will be published**

- **In Mexico, INEGI released December´s trade balance, posting a US$984.0 million surplus. Exports fell 1.4% m/m (3.4% y/y) while imports rose 2.7% m/m (2.6% y/y). As such, in 2022 the balance had a US$26.4 billion deficit**

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*

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	Monetary aggregates (M3)* - Dec	% y/y	--	4.6	4.8
Mexico					
7:00	Trade balance - Dec	US$mn	1,452.0	885.0	-96.1
United States					
8:30	Personal income* - Dec	% m/m	--	0.2	0.4
8:30	Personal spending* - Dec	% m/m	--	-0.1	0.1
8:30	Real personal spending* - Dec	% m/m	-0.3	-0.2	0.0
8:30	PCE Deflator* - Dec	% m/m	--	0.0	0.1
8:30	Core* - Dec	% m/m	--	0.3	0.2
8:30	PCE Deflator - Dec	% y/y	--	5.0	5.5
8:30	Core - Dec	% y/y	--	4.4	4.7
10:00	U. of Michigan Confidence* - Jan (F)	index	64.6	64.6	64.6
Colombia					
13:00	Monetary policy decision (BanRep)	%	--	13.00	12.00

Source: Bloomberg and Banorte. (P) preliminary data: (R) revised data: (F) final data: * Seasonally adjusted, ** Seasonally adjusted annualized rate.

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,068.50	-0.2%
Euro Stoxx 50	4,186.36	0.3%
Nikkei 225	27,382.56	0.1%
Shanghai Composite	3,264.81	0.0%
Currencies		
USD/MXN	18.77	-0.1%
EUR/USD	1.09	0.0%
DXY	101.81	0.0%
Commodities		
WTI	82.13	1.4%
Brent	88.66	1.4%
Gold	1,929.98	0.0%
Copper	427.20	0.1%
Sovereign bonds		
10-year Treasury	3.56	6pb

Source: Bloomberg

Equities

- **Widespread gains in stock markets, following yesterday's sentiment, although these have moderated as concerns about earnings expectations mount after Intel sharply disappointed in its forecasts for the next quarter**

- **Though futures in the US anticipate a negative opening with the S&P500 trading 0.2% below its theoretical value. In Europe gains average around 0.2%, while in Asia we observe positive closures, highlighting the Hang Seng that rose 0.5%, while China remains closed for the 'Lunar New Year' holiday.**

- **Today we have the results of 6 companies of the S&P500 highlighting Chevron, American Express and Colgate-Palmolive. At the moment we have ~27% of the figures and a drop in profits of 2.5% vs -3.1% is accumulated. The positive surprises rate of stands at 72%**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European assets trade with pressures of up to 11bps while the Treasuries yield curve trades with losses of 4bps on average. Yesterday, the Mbonos' curve closed with pressures of 5bps on average, concentrated in the short- and mid-end, with the 10-year benchmark at 8.70% (+5bps)**

- **The dollar trades with few changes (DXY +0.1%) while developed currencies register losses and emerging currencies show mixed changes. In the first group, GBP (-0.3%) leads the declines and in the second, the trade is capped by RUB (+0.2%) and RON (-0.4%). The Mexican peso trades at 18.77 per dollar, equivalent to an appreciation of 0.1%**

- **Crude-oil futures are up 1.5% on average as optimism for higher demand in China continues. Metals performance is mixed, silver falls 0.7% while copper rises 0.4%**

Corporate Debt

- **HR Ratings placed Financiera Independencia's 'HR A' and 'HR2' ratings Under Review. The rating action follows the announcement of the exchange offer in the international market of its Senior Notes 8.0% due 2024, for a new issuance of Senior Notes 10.0% due 2028 plus a cash payment**

- **HR Ratings downgraded issuance DMXI 15 to 'HR D (E)' from 'HR C- (E)' and changed the Negative Watch to Under Review. The rating action was based on the absence of principal payment on January 25th coupon date**

- **PCR Verum affirmed Total Play Telecomunicaciones' long-term rating at 'A/M' with Stable outlook and its short-term rating at '1/M'. The ratings are based on the competitive advantage provided by the company´s infrastructure**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	33,949.41	0.6%
S&P 500	4,060.43	1.1%
Nasdaq	11,512.41	1.8%
IPC	55,164.01	0.5%
Ibovespa	114,177.55	-0.1%
Euro Stoxx 50	4,173.98	0.6%
FTSE 100	7,761.11	0.2%
CAC 40	7,095.99	0.7%
DAX	15,132.85	0.3%
Nikkei 225	27,362.75	-0.1%
Hang Seng	22,566.78	2.4%
Shanghai Composite	3,264.81	0.0%
Sovereign bonds		
2-year Treasuries	4.18	6pb
10-year Treasuries	3.49	5pb
28-day Cetes	10.78	-2pb
28-day TIIE	10.80	0pb
2-year Mbono	9.93	7pb
10-year Mbono	8.71	5pb
Currencies		
USD/MXN	18.79	0.0%
EUR/USD	1.09	-0.2%
GBP/USD	1.24	0.0%
DXY	101.84	0.2%
Commodities		
WTI	81.01	1.1%
Brent	87.47	1.6%
Mexican mix	71.07	1.8%
Gold	1,929.21	-0.9%
Copper	426.75	0.5%

Source: Bloomberg

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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	Reference
BUY	*When the share expected performance is greater than the MEXBOL estimated performance.*
HOLD	*When the share expected performance is similar to the MEXBOL estimated performance.*
SELL	*When the share expected performance is lower than the MEXBOL estimated performance.*

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Research and Strategy

Name	Title	Email	Phone
Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godinez	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

Name	Title	Email	Phone
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

Name	Title	Email	Phone
Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671

Fixed income and FX Strategy

Name	Title	Email	Phone
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

Name	Title	Email	Phone
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

Name	Title	Email	Phone
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Quantitative Analysis

Name	Title	Email	Phone
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 Domiguez	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

Name	Title	Email	Phone
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.ceballos@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.cor	(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