

Financial Markets Daily

January 30, 2023

Main drivers for the financial markets today...

- **Stock markets down, government bond yields higher, and USD mixed. Caution ahead of central bank decisions and corporate earnings in coming days. Pressure also after Germany's 4Q22 GDP surprised to the downside, contracting 0.2% q/q**
- **There won't be relevant economic data today. Nevertheless, China will release PMI indicators for January after the trading session ends in an environment of positive expectations about the reopening since late last year**
- **Investors will be focused this week on monetary policy decisions from the Fed, ECB, BoE and BCB. Moreover, employment reports in the US. We expect nonfarm payrolls at 195k, with the unemployment rate at 3.7%**
- **We will also have the *World Economic Outlook* from the IMF, which will be relevant given high uncertainty about a global recession. Ukraine and the European Commission will have a summit to discuss the possible inclusion of Kyiv to the region**
- **Apart from employment, the US data agenda includes housing prices (Nov), factory and durable goods orders (Dec), consumer confidence, ISM manufacturing, vehicle sales, and PMI services (Jan)**
- **In Mexico, releases include public finances, banking credit, family remittances (Dec), 4Q22 GDP, along with IMEF's PMIs, consumer confidence (Jan) and Banxico's expectations survey. The Ordinary period of Congress begins on February 1st**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
8:30	IMF releases its World Economic Outlook				
Eurozone					
5:00	Economic confidence* - Jan	index	--	97.0	95.8
Mexico					
15:30	Public finances (PSBR, year-to-date) - Dec	MXNmn	--	--	-766.9
China					
20:30	Manufacturing PMI* - Jan	index	--	50.1	47.0
20:30	Non-manufacturing PMI* - Jan	index	--	52.0	41.6
20:30	Composite PMI* - Jan	index	--	--	42.6

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	4,043.50	-1.0%
Euro Stoxx 50	4,126.26	-1.2%
Nikkei 225	27,433.40	0.2%
Shanghai Composite	3,269.32	0.1%
<i>Currencies</i>		
USD/MXN	18.79	0.1%
EUR/USD	1.09	0.3%
DX	101.87	-0.1%
<i>Commodities</i>		
WTI	79.70	0.0%
Brent	86.76	0.1%
Gold	1,923.02	-0.3%
Copper	420.40	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.56	5pb

Source: Bloomberg

Equities

- The week kicks off with main stock indexes trading lower, with attention focused not only on monetary policy decisions from various central banks, but also on earnings from major tech companies, which may challenge January's rally
- US futures traded downward ahead of the open, with the S&P500 dropping 1.0% and the Nasdaq -1.3%. Meanwhile, Europe shares decline, with the Eurostoxx index falling 1.2% with the real estate sector leading the reel down. Asia closed mixed, the Hang Seng sliding 2.7%. In Mexico, we consider a weekly trading range for the Mexbol Index between 53,500 and 55,500pts
- On the corporate front, in the US, this week we anticipate figures from 109 S&P500 companies. Specifically, six will release their numbers today. Meanwhile, in Mexico, only GCC's results will highlight

Sovereign fixed income, currencies and commodities

- Sovereign bonds begin the week with widespread losses. European assets print an average 7bps sell-off, while the US Treasuries' curve adjusts up to +5bps in the belly. Last week, Mbonos' yields averaged pressures of 10bps, with the 2-and 10-year benchmarks closing at 10.23% (-2bps) and 8.72% (+12bps), respectively
- The dollar trades with slight losses amid a limited performance in developed currencies. In EM, the bias is also mixed with TWD (+0.8%) and ZAR (-0.7%) at the extremes. Meanwhile, MXN trades at 18.79 per dollar with a 0.1% depreciation, after gaining 0.6% the previous week
- Crude-oil futures trade with few changes after falling 1.5% on average last week as China's return from the Lunar New Year holiday failed to deliver hoped-for gains. In a similar way, copper and aluminum start the week down 0.3%

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,978.08	0.1%
S&P 500	4,070.56	0.2%
Nasdaq	11,621.71	0.9%
IPC	54,774.91	-0.7%
Ibovespa	112,316.16	-1.6%
Euro Stoxx 50	4,178.01	0.1%
FTSE 100	7,765.15	0.1%
CAC 40	7,097.21	0.0%
DAX	15,150.03	0.1%
Nikkei 225	27,382.56	0.1%
Hang Seng	22,688.90	0.5%
Shanghai Composite	3,264.81	0.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.20	2pb
10-year Treasuries	3.50	1pb
28-day Cetes	10.78	0pb
28-day TIE	10.81	1pb
2-year Mbono	9.95	2pb
10-year Mbono	8.73	2pb
<i>Currencies</i>		
USD/MXN	18.77	-0.1%
EUR/USD	1.09	-0.2%
GBP/USD	1.24	-0.2%
DX	101.93	0.1%
<i>Commodities</i>		
WTI	79.68	-1.6%
Brent	86.66	-0.9%
Mexican mix	70.17	-1.3%
Gold	1,928.04	-0.1%
Copper	422.25	-1.1%

Source: Bloomberg

Corporate Debt

- This week, we don't expect long-term corporate debt auctions, closing the first month of the year without placements, as has been the case in each year since 2019
- Moody's Local MX downgraded Operadora de Servicios Mega's ratings to 'BBB+.mx' from 'A-.mx'. The outlook remains Negative. GF Mega's ratings reflect high growth in its credit portfolio that has been absorbing a large share of its own liquidity, and the one received from incremental financings
- Compañía Minera Autlán informed the issuance of short-term unsecured notes for MXN 100 million, with a floating rate of TIE-28 plus 35bps and a 364-day term. Proceeds from the issuance will be used for general corporate expenses

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