

# Financial Markets Daily

February 2, 2023

## Main drivers for the financial markets today...

- **Stock markets positive, USD with small changes, and government yields negative, following comments from Powell yesterday regarding progress on the battle against inflation, increasing hopes that the Fed might be nearing the end of its tightening cycle**
- **Today, on the monetary policy front, the BoE increased its reference rate by 50bps to 4.00%, in line with expectations. Later, the ECB will have its own decision, also expecting +50bps to 2.50%, noting Christine Lagarde's press conference after this**
- **In the US, House Speaker Kevin McCarthy (R) mentioned that the discussion with President Biden regarding the debt ceiling was constructive and they hope to reach an agreement soon**
- **On economic data, in the US we will be looking into the weekly jobless claims and December's factory orders. Tonight, we await the release of Caixin PMIs in China, with an expectation of a significant improvement in services**
- **Regarding the war in Ukraine, Russia has intensified its attacks, with the first anniversary of the invasion –on February 24th– nearing. In this context, attention will be on the meeting between EU Commission President, Ursula Von Der Leyen, and Ukrainian President, Volodymyr Zelenskiy, tomorrow**

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Winners of the award for best economic  
forecasters for Mexico in 2021, granted  
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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
2:00	GER Trade balance - Dec	EURbn	--	8.7	10.9
7:00	Monetary policy decision (BoE)	%	4.00	4.00	3.50
8:15	Monetary policy decision (ECB)	%	2.50	2.50	2.00
8:45	President Christine Lagarde Holds Press Conference				
<i>United States</i>					
8:30	Initial jobless claims* - Jan 28	thousands	192	200	186
10:00	Factory orders* - Dec	% m/m	--	2.3	-1.8
10:00	Ex transportation* - Dec	% m/m	--	0.2	-0.8
10:00	Durable goods orders* - Dec (F)	% m/m	--	5.6	5.6
10:00	Ex transportation* - Dec (F)	% m/m	--	-0.1	0.1
<i>China</i>					
20:45	Services PMI (Caixin)* - Jan	index	--	51.6	48.0
20:45	Composite PMI (Caixin)* - Jan	index	--	--	48.3

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	4,148.00	0.4%
Euro Stoxx 50	4,200.57	0.7%
Nikkei 225	27,402.05	0.2%
Shanghai Composite	3,285.67	0.0%
<i>Currencies</i>		
USD/MXN	18.55	-0.3%
EUR/USD	1.10	0.0%
DX	101.21	0.0%
<i>Commodities</i>		
WTI	75.94	-0.6%
Brent	82.19	-0.8%
Gold	1,954.27	0.2%
Copper	414.80	0.9%
<i>Sovereign bonds</i>		
10-year Treasury	3.38	-3pb

Source: Bloomberg

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## Equities

- Stock markets with positive bias, following yesterday's monetary policy decision in the US and with expectations that the central bank could be less restrictive going forward. Also, focus will be on results of major tech companies
- US futures anticipate a higher opening, with the S&P 500 trading up 0.4% on pre-market and the Nasdaq 1.4%, after Meta Platforms beat analysts' expectations. The stock is up more than 20% ahead of the open. Meanwhile, in Europe, the Eutostox advances 0.7% looking ahead to the ECB monetary policy decision later today. Asia closed mixed, with the Hang Seng dropping 0.5%. Finally, in Mexico, the Mexbol Index could hover around 55,300pts
- On the corporate front, 40 S&P 500 companies are expected to release their figures today, highlighting Alphabet, Apple, Amazon, Ford, and Starbucks' results at market close

## Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. European assets gain up to 15bps. The Treasuries' curve adjust -3bps, on average, with the largest moves in the belly. Yesterday, the Mbonos' curve posted gains of 4bps and the 10-year benchmark, May'33, closed at 8.64% (-5bps)
- The dollar retreats, DXY (-0.1%), while developed currencies trade with mixed returns with JPY (+0.4%) and GBP (-0.6%) at the extremes. In EM, the bias is positive with PHP(+1.2%) leading the gains. Meanwhile, MXN appreciates 0.3% reaching levels not seen since the start of the pandemic at 18.55 per dollar, after gaining 1.3% yesterday
- Crude-oil futures register slight losses while investors digested the Fed's latest meeting and the decision of the OPEC+ JMMC on keeping the production policy unchanged. Metals register a positive performance with gold gaining 1.3% reaching levels not seen since the start of the restrictive cycle in US

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,092.96	0.0%
S&P 500	4,119.21	1.0%
Nasdaq	11,816.32	2.0%
IPC	55,018.91	0.8%
Ibovespa	112,073.55	-1.2%
Euro Stoxx 50	4,171.44	0.2%
FTSE 100	7,761.11	-0.1%
CAC 40	7,077.11	-0.1%
DAX	15,180.74	0.3%
Nikkei 225	27,346.88	0.1%
Hang Seng	22,072.18	1.1%
Shanghai Composite	3,284.92	0.9%
<i>Sovereign bonds</i>		
2-year Treasuries	4.11	-9pb
10-year Treasuries	3.42	-9pb
28-day Cetes	10.77	-1pb
28-day TIIE	10.83	1pb
2-year Mbono	9.89	-7pb
10-year Mbono	8.63	-8pb
<i>Currencies</i>		
USD/MXN	18.60	-1.2%
EUR/USD	1.10	1.2%
GBP/USD	1.24	0.5%
DXY	101.22	-0.9%
<i>Commodities</i>		
WTI	76.41	-3.1%
Brent	82.84	-2.0%
Mexican mix	66.61	-3.0%
Gold	1,950.52	1.1%
Copper	411.10	-2.7%

Source: Bloomberg

## Corporate Debt

- S&P Global Ratings has placed the national scale ratings of several project finance issues in Mexico under criteria review following changes in rating methodology. The main projects affected are the issuances CPEXACB 16U, OPI 15U, LPSLCB 14-2U and PAMMSCB 14U
- Moody's Local México rates OMA's proposed issuances at 'AAA.mx'. According to the agency, OMA's rating reflects its solid competitive position in a heavily regulated industry with very high barriers to entry, the recovery in its traffic and revenue levels after the abrupt drop caused by the COVID-19 pandemic, a low level of leverage accompanied with high interest coverage that recorded 1.38x and 6.82x, respectively, as of 3Q22, solid profit margins, strong cash flow generation and liquidity position

## 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>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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