Financial Markets Daily

Main drivers for the financial markets today…

- **Stock markets skewing lower, government bond yields negative and the USD with small changes after disappointing earnings from Apple, Amazon, and Alphabet, with investors awaiting the US labor market report that may show some softening and looking for further clues on the economy's health**

- **In the US, we highlight January's labor market report, expecting a creation of 195 thousand jobs, slowing down marginally. Meanwhile, we expect a 20bps increase in the unemployment rate to 3.7%. Also important, we will have a speech from Mary Daly (San Francisco Fed). In other economic figures, in Mexico, January's consumer confidence came in at 44.2pts (+1.5pts). In Brazil, industrial production fell 1.3% y/y (0.0% m/m) in line with expectations. In China, the Caixin services PMI accelerated to 52.9pts in January (previous: 48.0pts). Finally, we will have final figure for services PMI in the US, as well as the ISM for the same sector**

- **The US government detected a Chinese surveillance balloon flying over Montana, where many of the US nuclear missiles are located. This happens before the expected visit of the Secretary of State, Anthony Blinken, to the Asian nation**

- **On the war in Ukraine, the Ukrainian government expects that the US will announce a new weapons package today and that Germany and Sweden will do the same in the following days or weeks. Regarding the virus, China will fully reopen its border with Hong Kong for the first time in three years, expecting this will give a boost to the region's economy**

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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
Brazil					
7:00	Industrial production - Dec	% y/y	--	-1.1	0.9
7:00	Industrial production* - Dec	% m/m	--	0.1	-0.1
Mexico					
7:00	Consumer confidence* - Jan	index	42.8	--	42.5
United States					
8:30	Nonfarm payrolls* - Jan	thousands	195	190	223
8:30	Unemployment rate* - Jan	%	3.7	3.6	3.5
9:45	Services PMI* - Jan (F)	index	46.6	46.0	46.6
9:45	Composite PMI* - Jan (F)	index	--	--	46.6
10:00	Services ISM* - Jan	index	--	50.5	49.2

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	4,165.50	-0.6%
Euro Stoxx 50	4,221.39	-0.5%
Nikkei 225	27,509.46	0.4%
Shanghai Composite	3,263.41	-0.7%
Currencies		
USD/MXN	18.72	0.3%
EUR/USD	1.09	0.2%
DXY	101.61	-0.1%
Commodities		
WTI	75.84	-0.1%
Brent	82.11	-0.1%
Gold	1,915.67	0.2%
Copper	412.75	0.9%
Sovereign bonds		
10-year Treasury	3.38	-1pb

Source: Bloomberg

Equities

- **Futures in the US anticipate a negative opening, with the S&P500 trading 0.6% below its theoretical value, reacting to disappointing figures from big techs. Apple's sales fell short hurt by supply chain bottlenecks and a poor holiday season. Amazon's cloud division showed significant weakness, and Alphabet was hit by lower demand from advertisers**

- **Europe trades with almost widespread losses, while Asia closed mixed, highlighting the adjustments of the stock markets in China and the Hang Seng of 1.4%**

- **Today, 7 companies of the S&P500 will release its figures, highlighting LyondellBasell and Cigna Corp. We already have ~49% of the results and a drop in profits of 2.9% vs -3.1%e is accumulated. The positive surprises rate stands at 69%. In Mexico, Gmexico's figures positively surprised while prospects have improved, which should be welcomed by the market**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets trade with losses of up to 6bps while the Treasuries yield curve trades with gains of 1bp on average. Yesterday, the Mbonos' curve posted gains of 8bps, mostly concentrated in the mid-end. The 10-year benchmark ended the session at 8.52% (-12bps)**

- **The dollar trades with a negative bias (DXY -0.2%) while G-10 and emerging currencies post mixed movements. In the former, JPY (+0-3%) and AUD (-0.3%) are at the ends of the spectrum and in the latter, INR (+0.4%) leads the gains and BRL (-1.0%) is the weakest. MXN depreciates 0.4% to trade at 18.74 per dollar**

- **Crude-oil futures print losses of 0.2% as optimism about the reopening in China diminishes and inventories rise. Metals prices are predominantly lower, except for copper (+0.6%)**

Corporate Debt

- **S&P Global Ratings ratified VRTCB 23 rating at 'mxAA+ (sf)', an issuance backed with lease contracts originated by Vanrenta. According to the agency, the rating's confirmation is based on its opinion on the levels of credit protection that the transaction will have, which it considers are sufficient to support its rating level**

- **CIBanco (Trustee) informed that on February 15, 2023 a mandatory early amortization payment of the issuance CAMSSCB 13U (Concesionaria de la Autopista Monterrey Saltillo FF) will be made. It currently has an outstanding amount of MXN 212 million and has a scheduled maturity on 2039. It is important to remember that on May 12th, 2022, Fitch Ratings upgraded the issuance to 'AA+(mex)vra' from 'AA(mex)vra'**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	34,053.94	-0.1%
S&P 500	4,179.76	1.5%
Nasdaq	12,200.82	3.3%
IPC	53,874.91	-2.1%
Ibovespa	110,140.64	-1.7%
Euro Stoxx 50	4,241.12	1.7%
FTSE 100	7,820.16	0.8%
CAC 40	7,166.27	1.3%
DAX	15,509.19	2.2%
Nikkei 225	27,402.05	0.2%
Hang Seng	21,958.36	-0.5%
Shanghai Composite	3,285.67	0.0%
Sovereign bonds		
2-year Treasuries	4.10	0pb
10-year Treasuries	3.39	-2pb
28-day Cetes	10.83	6pb
28-day TIIE	10.83	1pb
2-year Mbono	9.81	-8pb
10-year Mbono	8.54	-10pb
Currencies		
USD/MXN	18.67	0.4%
EUR/USD	1.09	-0.7%
GBP/USD	1.22	-1.2%
DXY	101.75	0.5%
Commodities		
WTI	75.88	-0.7%
Brent	82.17	-0.8%
Mexican mix	65.83	-1.2%
Gold	1,912.72	-1.9%
Copper	409.10	-0.5%

Source: Bloomberg

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