

Financial Markets Daily

February 7, 2023

Main drivers for the financial markets today...

- **Mixed stock markets and government bond yields and USD with few changes. The market continues to assimilate the strong US jobs report and comments from Federal Reserve members about the possibility of a higher terminal rate**
- **All eyes will be on Powell's speech at the Economic Club of Washington today. Speaking later will be Vice President of Supervision Michael Barr. This follows comments from Atlanta Fed's Bostic noting that the strong January jobs report opens up the possibility of a higher terminal rate. While Kashkari of Minneapolis said the strength of the labor market makes it clear that they have to continue raising rates**
- **Attention will also be on Biden's State of the Union Address against the backdrop of renewed tensions with China and the lack of agreements with the Republicans to raise the debt ceiling. The president is expected to focus on what has been accomplished in his administration including the infrastructure plan**
- **In Mexico, INEGI published GFI for November at 0.0% m/m (previous: 1.4%), with construction higher (1.4%) but with machinery and equipment lower (-1.0%). In annual terms this implies +6.6%. Moreover, INEGI also released private consumption for the eleventh month of 2022. It backtracked 0.6% m/m (previous: 0.1%), limited by imported goods (-3.7%). This implies a total increase in consumption of 4.1% in annual terms**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Gross fixed investment - Nov	% y/y	5.7	--	6.2
7:00	Gross fixed investment* - Nov	% m/m	-0.5	--	1.4
7:00	Private consumption - Nov	% y/y	3.9	--	5.3
7:00	Private consumption* - Nov	% m/m	-0.8	--	0.2
12:30	Government weekly auction: 1-, 3-, 6-, and 12- month CETES; 30-year Mbono (Jul'53); 20-year Udibono (Nov'35) and 2-, and 5-year Bondes F				
15:30	Survey of expectations (Citibanamex)				
<i>United States</i>					
8:30	Trade balance* - Dec	US\$bn	--	-68.5	-61.5
12:00	Fed Chair Powell Speaks in Washington				
14:00	Fed's Barr discusses financial inclusion				
15:00	Consumer credit* - Dec		--	25.0	28.0
21:00	President Biden delivers his State of the Union speech in Congress				

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	4,121.50	0.0%
Euro Stoxx 50	4,204.74	0.0%
Nikkei 225	27,685.47	0.0%
Shanghai Composite	3,248.09	0.3%
<i>Currencies</i>		
USD/MXN	19.10	-0.4%
EUR/USD	1.07	-0.4%
DXY	103.77	0.1%
<i>Commodities</i>		
WTI	75.15	1.4%
Brent	81.89	1.1%
Gold	1,866.75	0.0%
Copper	402.05	-0.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.65	1pb

Source: Bloomberg

Equities

- **Mixed movements in equity markets as investors digest corporate reports that show resilience, but are cautious as they await Jerome Powell's speech. Thus, in Asia the markets closed mixed. In Europe most stocks advance, but the Eurostoxx registers few changes. In turn, in the US the futures of main indices are mixed and show little change. The IPC will resume trading after yesterday's holiday**
- **In corporatae news, out of the 29 S&P500 companies scheduled to report today, 11 have already updated investors with most outperforming estimates, including Linde. In Mexico, Pinfra reported solid 4Q22 results, although below expectations. Meanwhile, Amx renewed a shareholder agreement with Telekom Austria, securing its leadership and control, and supported the spin-off of Telekom Austria's towers. In turn, Gap and Volar recorded higher passenger growth rates in January, although the latter with an increase in fuel costs m/m**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets adjust +3bps, on average. Meanwhile, the US Treasury curve prints gains of up to 4bps on the short- and mid-end. Last week, the Mbonos' curve register a positive balance, with the 10-year benchmark, May'33, at 8.58% (-15bps). Moreover, the local risk premium fell to 506bps from 522bps the previous week**
- **The dollar trades with few changes amid mixed performance among G10 currencies delimited by AUD (+0.6%) and NOK (-0.5%). In emerging markets, the bias is negative, with PHP (-1.2%) as the weakest. The Mexican peso appreciates 0.4% to 19.10 per dollar, after losing 1.0% yesterday**
- **Crude-oil futures extend rebound as Saudi Arabia bets on more demand in Asia. Saudi Aramco unexpectedly increased most of its prices for customers next month. With this, Brent trades close to 82 \$/bbl (+1.1%)**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,891.02	-0.1%
S&P 500	4,111.08	-0.6%
Nasdaq	11,887.45	-1.0%
IPC	54,049.05	0.0%
Ibovespa	108,721.58	0.2%
Euro Stoxx 50	4,205.45	-1.2%
FTSE 100	7,836.71	-0.8%
CAC 40	7,137.10	-1.3%
DAX	15,345.91	-0.8%
Nikkei 225	27,693.65	0.7%
Hang Seng	21,222.16	-2.0%
Shanghai Composite	3,238.70	-0.8%
<i>Sovereign bonds</i>		
2-year Treasuries	4.47	18pb
10-year Treasuries	3.64	12pb
28-day Cetes	10.84	0pb
28-day TIE	10.84	0pb
2-year Mbono	9.92	0pb
10-year Mbono	8.58	0pb
<i>Currencies</i>		
USD/MXN	19.17	1.1%
EUR/USD	1.07	-0.6%
GBP/USD	1.20	-0.3%
DXY	103.62	0.7%
<i>Commodities</i>		
WTI	74.11	1.0%
Brent	80.99	1.3%
Mexican mix	63.63	0.0%
Gold	1,867.48	0.1%
Copper	403.50	-0.5%

Source: Bloomberg

Corporate Debt

- **PCR Verum affirmed Banco Actinver's ratings at 'AA/M' and '1+/M'. The outlook on the long-term rating remained stable. According to the agency, the ratings reflect the high importance of the bank for Grupo Financiero Actinver, given its relevant operational and financial integration with Actinver Casa de Bolsa**
- **Fitch Ratings affirmed Concesionaria Mexiquense's (Conmex) CONMEX 14U issuance ratings at 'AAA(mex)vra' and 'BBB'. According to the agency, the ratings reflect the credit quality of an asset located in Mexico's largest metropolitan area. The ratings are also supported by Conmex's contractual ability to preserve the real value of the tariffs throughout the concession through inflationary annual increases and an adequate debt structure that is senior and redeemable**

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, 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, Daniel Sebastián Sosa Aguilar and Andrea Muñoz Sánchez, 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
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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