

# Financial Markets Daily

February 8, 2023

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

- **Stock markets positive –albeit with S&P500 futures lower–, government bonds yields mixed, and with the USD weakening, with investors assimilating recent comments from Jerome Powell as well as mixed corporate results**
- **Yesterday, President Biden in his ‘State of the Union’ speech directed challenging comments to Xi Jinping, mentioning that autocrats have lost power and that no one in the world would want his job. Other than that, the speech centered on economic themes, including the discussion over the debt ceiling. Meanwhile, in a speech before members of the communist party, Xi Jinping rejected that China must ‘westernize’, but they must increase self-reliance and improve social justice**
- **In the monetary policy front, Fed Chairman, Jerome Powell, maintained a hawkish tone, arguing that additional rate increases are necessary. Nevertheless, he also mentioned that the disinflationary process has begun, which has fueled markets. Today we highlight comments from several Fed speakers, including Williams (New York), Cook (Fed Board), Barr (Fed Board), Kashkari (Minneapolis) and Waller (Fed Board), all with a vote in the FOMC this year. In India, the central bank moderated its pace of tightening with a 25bps hike to 6.50%. In this context, we do not have relevant economic reports in this session**
- **Ukrainian President, Volodymyr Zelenskiy, traveled to London to meet with Prime Minister, Rishi Sunak, this in order to continue discussions of military support to his country. It is expected he will also address Parliament and talk with King Charles III**

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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
<i>United States</i>					
9:15	Fed's Williams Interviewed at WSJ Live Event				
9:30	Fed's Cook takes part in a discussion in Washington				
10:00	Fed's Barr and Bostic speak to students in Mississippi				
12:30	Fed's Kashkari speaks at Boston Economic Club				
13:45	Fed's Waller discusses the economic outlook				
<i>Mexico</i>					
10:00	International reserves - Feb 3	US\$b	--	--	201.0

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	4,162.75	-0.3%
Euro Stoxx 50	4,227.37	0.4%
Nikkei 225	27,606.46	-0.3%
Shanghai Composite	3,232.11	-0.5%
<i>Currencies</i>		
USD/MXN	18.84	-0.3%
EUR/USD	1.07	0.2%
DXY	103.11	-0.3%
<i>Commodities</i>		
WTI	77.83	0.9%
Brent	84.50	1.0%
Gold	1,882.76	0.5%
Copper	410.95	0.7%
<i>Sovereign bonds</i>		
10-year Treasury	3.64	-3pb

Source: Bloomberg

## Equities

- **Stock markets with a positive bias, where investors are evaluating a more favorable outlook in Europe after recent corporate reports, while in the US, they continue to evaluate Powell's comments regarding the evolution of inflation and the level of interest rates**
- **Futures in the US anticipate a negative opening with the S&P500 trading 0.3% below its theoretical value. Meanwhile, Europe trades with gains, with the Eurostoxx advancing 0.4%, driven by the real estate and materials sectors. In turn, Asia closed mixed**
- **On the domestic corporate front, Oma once again had the highest growth of the sector in January, while Asur's international segment was the driving force. In the US, Chipotle Mexican Grill fell more than 5.0% on pre-market after reporting profitability pressures. In addition, of 24 companies in the S&P500 that will publish their results today, 7 have released their figures, most of them better than expected. At market close, Walt Disney's report is expected**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets register variations from +1bp to -2bps, while the Treasuries yield curve trades with gains of 3bps on average. In the local market, yesterday, the Mbonos' curve closed with losses of 9bps on average and the 10-year benchmark closed at 8.69% (+11bps)**
- **The USD weakens (DXY -0.3%) while developed currencies trade in positive territory and emerging currencies with mixed changes. In the first group NOK (+0.6%) is the strongest while in the second, HUF (+1.0%) and RUB (-0.9%) are at the ends of the spectrum. The Mexican peso extends yesterday's gains by appreciating 0.3% to 18.84**
- **Crude-oil futures are up 0.8% on average on expectations of a recovery in China's oil consumption due to the reopening. In industrial metals, the positive bias prevails, with copper and nickel leading the gains**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,156.69	0.8%
S&P 500	4,164.00	1.3%
Nasdaq	12,113.79	1.9%
IPC	53,335.51	-1.3%
Ibovespa	107,829.73	-0.8%
Euro Stoxx 50	4,209.31	0.1%
FTSE 100	7,864.71	0.4%
CAC 40	7,132.35	-0.1%
DAX	15,320.88	-0.2%
Nikkei 225	27,685.47	0.0%
Hang Seng	21,298.70	0.4%
Shanghai Composite	3,248.09	0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	4.46	-1pb
10-year Treasuries	3.67	3pb
28-day Cetes	10.82	-2pb
28-day TIIE	10.85	1pb
2-year Mbono	9.99	7pb
10-year Mbono	8.69	11pb
<i>Currencies</i>		
USD/MXN	18.91	-1.4%
EUR/USD	1.07	0.0%
GBP/USD	1.20	0.2%
DXY	103.43	-0.2%
<i>Commodities</i>		
WTI	77.14	4.1%
Brent	83.69	3.3%
Mexican mix	67.27	4.4%
Gold	1,873.10	0.3%
Copper	408.05	1.1%

Source: Bloomberg

## Corporate Debt

- **Financiera Independencia informed that it extended the deadline for the Early Tender Offer of its Senior Notes 8.00% due 2024 for new Senior Notes 10.00% due 2028 and a cash payment to February 17, 2023**
- **Also, Financiera Independencia informed that, as of February 3, 2023, the Tender Offer had been validly accepted for a total principal amount of MXN 92.5 million of the Existing Notes, representing approximately 57.25% of the total amount**
- **Fitch Ratings affirmed Grupo Aeroportuario del Centro Norte's (OMA) ratings at 'AAA(mex)' and 'F1+(mex)'. The ratings reflect the risk related to the operation of an airport portfolio with certain volume risk derived from the exposition to small and developing service areas**

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

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