

Financial Markets Daily

February 9, 2023

Main drivers for the financial markets today...

- **Positive stock markets, USD and government bond yields down amid good earnings reports but with investors closely watching US data for clues on monetary policy after several Federal Reserve members reiterated that more rate hikes will be needed to curb inflation**
- **Focus on comments by ECB's Lagarde at the EU leaders summit. Regarding economic figures, attention will be on US jobless claims after January's strong labor market report. While in China inflation for January will be released**
- **In Mexico, INEGI published January's inflation at +0.68% m/m, with the core at +0.71%. Both remain above their 5-year averages. As such, annual inflation accelerated to 7.91% (previous: 7.82%), with the core also higher at 8.45% (previous: 8.35%)**
- **Banxico's decision will be published. We expect a 25bps increase by the central bank, taking the rate to 10.75%, in line with consensus. The decision will likely be unanimous, with the statement maintaining a hawkish tone. This would represent another moderation in the hiking pace after the shift to +50bps in December 2022**

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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>Mexico</i>					
7:00	Consumer prices - Jan	% m/m	0.70	0.67	0.38
7:00	Core - Jan	% m/m	0.77	0.69	0.65
7:00	Consumer prices - Jan	% y/y	7.93	7.90	7.82
7:00	Core - Jan	% y/y	8.51	8.43	8.35
14:00	Monetary policy decision (Banxico)	%	10.75	10.75	10.50
<i>Brazil</i>					
7:00	Consumer prices - Jan	% m/m	--	0.55	0.62
7:00	Consumer prices - Jan	% y/y	--	5.78	5.79
7:00	Retail sales - Dec	% m/m	--	2.4	1.5
7:00	Retail sales* - Dec	% m/m	--	-0.1	-0.6
<i>United States</i>					
8:30	Initial jobless claims* - Feb 4	thousands	190	191	183
<i>Peru</i>					
18:00	Monetary policy decision (BCRP)	%	--	8.00	7.75
<i>China</i>					
20:30	Consumer Prices - Jan	% y/y	--	2.2	1.8

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	4,159.75	0.7%
Euro Stoxx 50	4,266.77	1.4%
Nikkei 225	27,584.35	-0.1%
Shanghai Composite	3,270.38	1.2%
<i>Currencies</i>		
USD/MXN	18.88	-0.3%
EUR/USD	1.08	0.5%
DX	102.91	-0.5%
<i>Commodities</i>		
WTI	78.18	-0.4%
Brent	84.87	-0.3%
Gold	1,881.51	0.3%
Copper	408.15	1.1%
<i>Sovereign bonds</i>		
10-year Treasury	3.59	-2pb

Source: Bloomberg

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Equities

- **Generalized increases in stock markets, as investors weigh the latest batch of corporate reports**
- **US futures anticipate a bullish opening, with the Nasdaq trading 1.1% above its theoretical value and the S&P500 0.7%. In Europe, markets are positive, following strong corporate results, while Asia closed mixed, highlighting the Hang Seng advance of 1.6%**
- **On the corporate front, Disney beat estimates and announced a restructuring plan that includes job cuts and cost savings. The stock is up more than 6.0% on pre-market. PepsiCo also surprised favorably, results were driven by higher prices in snacks and beverages. Today, we expect 28 companies results in the S&P500 index, 6 of which have already released better-than-expected numbers. Finally, in Mexico, Ac will publish its report today prior to the open where we anticipate solid figures**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets gain up to 12bps. The Treasuries' curve fluctuates by +/-1bp. Yesterday, the Mbonos' curve recorded a flattening bias due to 2bps gains at the long-end, while the rest of the curve lost 7bps, on average**
- **The dollar retreats, DXY (-0.4%), allowing all G10 currencies to trade in positive territory with SEK (+2.1%) leading the gains. In EM, the bias is also positive with CZK (+0.8%) as the strongest. Meanwhile, MXN appreciates 0.3% at 18.87 per dollar, after losing 0.2% yesterday**
- **Crude-oil futures remain stable after gaining nearly 7.0% during this week, as investors assess supply disruptions and the interest rate outlook. As a result, Brent trades above 85 \$/bbl. Metals register a positive bias with copper gaining 1.2%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,949.01	-0.6%
S&P 500	4,117.86	-1.1%
Nasdaq	11,910.52	-1.7%
IPC	53,125.01	-0.4%
Ibovespa	109,951.49	2.0%
Euro Stoxx 50	4,209.15	0.0%
FTSE 100	7,885.17	0.3%
CAC 40	7,119.83	-0.2%
DAX	15,412.05	0.6%
Nikkei 225	27,606.46	-0.3%
Hang Seng	21,283.52	-0.1%
Shanghai Composite	3,232.11	-0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	4.42	-4pb
10-year Treasuries	3.61	-6pb
28-day Cetes	10.80	-2pb
28-day TIE	10.86	1pb
2-year Mbono	10.08	9pb
10-year Mbono	8.68	0pb
<i>Currencies</i>		
USD/MXN	18.94	0.2%
EUR/USD	1.07	-0.1%
GBP/USD	1.21	0.2%
DXY	103.41	0.0%
<i>Commodities</i>		
WTI	78.47	1.7%
Brent	85.09	1.7%
Mexican mix	68.60	2.0%
Gold	1,875.49	0.1%
Copper	403.55	-1.1%

Source: Bloomberg

Corporate Debt

- **S&P Global Ratings assigned a 'mxAAA' rating to Grupo Aeroportuario del Pacifico's proposed unsecured notes, GAP 23L / 23-2L, for up to MXN 5.4 billion. The agency mentions that GAP's airports continue to show a better recovery close to pre-pandemic levels compared to several of the region's airports**
- **Moody's Local MX assigned a 'AAA.mx' rating to Bancomext's proposed banking notes, BACMEXT 23X / 23-2X, for up to MXN 10.0 billion. The assigned ratings reflect the good quality of the bank's assets which benefit from an improvement process on its non-performing loans, which stood at 2.2% in 3Q22, below the 2.43% printed in 3Q21**

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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, 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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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
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