

Financial Markets Daily

February 13, 2023

Main drivers for the financial markets today...

- **Stock markets biased higher, government bond yields with few changes, and USD up. Investors are cautious as they wait for inflation data in the US, while evaluating how much higher could interest rates go and geopolitical tensions on the possibility of further 'spy balloons' from China in said country**
- **No relevant economic data for today's trading session, albeit with the release of ANTAD's same store sales in Mexico (Jan). Moreover, Japan will publish 4Q22 GDP later today. Moreover, comments from Bowman of the Fed, and Centeno of the ECB**
- **Market attention this week on January inflation in the US and UK, with both central banks maintaining a hawkish tone. In the former case, we will also know producer prices, retail sales, and industrial production (Jan), among other figures**
- **In monetary policy, decisions in the Philippines, Indonesia, and 1- and 5-year prime loan rates in China. We will also be listening to the comments made by several members from the Fed and ECB**
- **In upcoming events, a couple of meetings between Eurozone finance ministers to discuss issues surrounding energy and the impact of the war in Ukraine. Moreover, the Munich Security Conference, where more armament to Ukraine will be a hot topic**
- **US data includes also housing starts and building permits (Jan), along with manufacturing indicators *Empire* and *Philly Fed* (Feb). In other regions, industrial production, and current account in the Eurozone (Dec), economic activity in Brazil (Dec), and the unemployment rate in the UK (Dec)**
- **In Mexico, only the *Timely Indicator of Eco Activity* (Dec)**

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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>					
	ANTAD same-store sales - Jan	% y/y	--	--	9.0
<i>United States</i>					
8:00	Fed's Bowman speaks at banking conference				
<i>Japan</i>					
18:50	Gross domestic product* - 4Q22 (P)	% q/q	--	0.5	-0.2

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	4,104.75	0.1%
Euro Stoxx 50	4,222.41	0.6%
Nikkei 225	27,427.32	-0.9%
Shanghai Composite	3,284.16	0.7%
<i>Currencies</i>		
USD/MXN	18.64	-0.2%
EUR/USD	1.07	0.0%
DXY	103.72	0.1%
<i>Commodities</i>		
WTI	79.53	-0.2%
Brent	86.22	-0.2%
Gold	1,860.80	-0.3%
Copper	403.05	0.3%
<i>Sovereign bonds</i>		
10-year Treasury	3.74	0pb

Source: Bloomberg

Equities

- **Stock markets mixed, although with a positive bias, reacting to losses of the previous week, while caution among investors continues. US futures see a slightly positive opening with the S&P500 up 0.1% from its theoretical value. Europe trades with widespread gains, while Asia closed mixed**
- **This week corporate earnings will begin to decline in the US, with the figures of only 60 S&P500 companies. Today, 7 results are expected, highlighting Firstenergy and Fidelity. In Mexico, the flow will increase with 9 companies from the Mexbol Index releasing its numbers**
- **Today, Cemex has already reported mixed figures. Lower cash flow and profitability pressures were confirmed, but net losses surprised. Guidance was slightly below expectations, anticipating low single-digit growth for 2023 EBITDA**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds begin the week with few changes. Europe assets print marginal gains. The US Treasuries' curve loses 1bps in the belly and gains 2bps at the long-end. Last week, Mbonos' yield curve averaged pressures of 46bps, triggered by Banxico's surprising 50bps hike. The 2-year benchmark closed at 10.74% (+83bps)**
- **The dollar trades with slight gains amid a positive performance in the developed currencies, excluding JPY (-1.0%) given the uncertainty over monetary policy prospects. Most EM currencies lose, except HUF (+0.5%), RUB (+0.3%) and MXN which trades at 18.64 per dollar with a 0.2% appreciation, after gaining 1.6% the previous week**
- **Widespread losses in commodities on concerns about a higher terminal rate in the US, boosting the dollar. It is worth noting that a stronger USD makes most commodities more expensive**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,869.27	0.5%
S&P 500	4,090.46	0.2%
Nasdaq	11,718.12	-0.6%
IPC	52,482.02	-0.6%
Ibovespa	108,078.27	0.1%
Euro Stoxx 50	4,197.94	-1.2%
FTSE 100	7,882.45	-0.4%
CAC 40	7,129.73	-0.8%
DAX	15,307.98	-1.4%
Nikkei 225	27,670.98	0.3%
Hang Seng	21,190.42	-2.0%
Shanghai Composite	3,260.67	-0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	4.52	4pb
10-year Treasuries	3.73	7pb
28-day Cetes	11.05	2pb
28-day TIIE	11.23	35pb
2-year Mbono	10.65	22pb
10-year Mbono	8.84	3pb
<i>Currencies</i>		
USD/MXN	18.67	-0.5%
EUR/USD	1.07	-0.6%
GBP/USD	1.21	-0.5%
DXY	103.63	0.4%
<i>Commodities</i>		
WTI	79.72	2.1%
Brent	86.39	2.2%
Mexican mix	69.92	2.5%
Gold	1,865.57	0.2%
Copper	401.65	-2.0%

Source: Bloomberg

Corporate Debt

- **Financiera Independencia informed that its Shareholders' Meeting approved the Tender Offer of its Senior Notes 8.00% due 2024 for new Senior Notes 10.00% due 2028 plus a cash payment**
- **Fibra MTY informed that it got the authorization to acquire the real estate portfolio Zeus, composed of 26 buildings. The transaction price totalled approximately US\$662 million (plus taxes)**
- **HR Ratings assigned a 'HR AAA' rating to Fibra Uno's proposed unsecured notes, FUNO 23L / 23-2L. The ratings were based on the Free Cash Flow generation of MXN 21.9 billion in the last twelve months as of 3Q22 (+48.65% y/y)**

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	Reference
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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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