

Financial Markets Daily

February 14, 2023

Main drivers for the financial markets today...

- **Stock markets positive, while government bond yields, crude-oil and the USD are lower, with investors awaiting the inflation report in the US, this in order to evaluate how much could interest rates keep increasing**
- **Regarding economic data, market's attention will center on January's inflation in the US, where we expect a 0.5% m/m increase (6.2% y/y), with the core at 0.4% (5.5% y/y), with annual prints moderating vs. December. Meanwhile, in the Eurozone, 4Q22 GDP remained at 0.1% q/q (1.9% y/y)**
- **On the monetary policy front, it is expected that President Biden nominates Lael Brainard –current Fed Vice-Chair– as her main economic advisor as soon as today, which will leave a vacancy at the central bank. Meanwhile, today we will have speeches from Barkin, Logan, Harker and Williams. In Japan, Kaezo Ueda –former Finance Minister– was nominated as the new BoJ Governor**
- **In the US, the administration announced they will release 26Mbbbl from the Strategic Oil Reserve to try and lower hydrocarbon prices. Meanwhile, Finance Ministers from the European Union will meet to discuss the impact from the war in Ukraine**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Gross domestic product - 4Q22 (R)	% y/y	--	1.9	1.9
5:00	Gross domestic product* - 4Q22 (R)	% q/q	--	0.1	0.1
<i>United States</i>					
8:30	Consumer prices* - Jan	% m/m	0.5	0.5	-0.1
8:30	Ex. food & energy* - Jan	% m/m	0.4	0.4	0.3
8:30	Consumer prices - Jan	% y/y	6.2	6.2	6.5
8:30	Ex. food & energy - Jan	% y/y	5.5	5.5	5.7
11:00	Fed's Logan Takes Part in a Moderated Discussion				
11:30	Fed's Harker discusses the economic outlook				
14:05	Fed's Williams Gives Speech at New York Bankers Conference				
<i>Mexico</i>					
10:00	International reserves - Feb 10	US\$bn	--	--	201.3
12:30	Government weekly auction: 1-, 3-, 6-, and 24- month CETES; 5-year Mbono (Mar'27); 10-year Udi bono (Nov'31) and 1-, 3-, and 7-year Bondes F				

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	4,157.75	0.3%
Euro Stoxx 50	4,263.25	0.5%
Nikkei 225	27,602.77	0.6%
Shanghai Composite	3,293.28	0.3%
<i>Currencies</i>		
USD/MXN	18.58	0.0%
EUR/USD	1.08	0.3%
DX	102.93	-0.4%
<i>Commodities</i>		
WTI	78.98	-1.4%
Brent	85.68	-1.1%
Gold	1,858.30	0.3%
Copper	406.25	0.1%
<i>Sovereign bonds</i>		
10-year Treasury	3.69	-2pb

Source: Bloomberg

Equities

- **Positive movements in equity markets as investors await US inflation data that will be key in determining whether the Fed opts for further monetary policy tightening**
- **In Asia the markets closed mixed. In Europe stocks advance, the Eurostoxx adds 0.5%. Shares from communication services, real estate, and energy sectors lead gains. In turn, in the US the futures of main indices point to a positive open by rising 0.3% on average**
- **In corporate news, out of the 10 S&P500 companies scheduled to report today, 6 have already updated investors with outperforming estimates, including Coca-Cola. In Mexico, Amx and Bolsa will publish their figures after the market closes**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. European assets adjust -2bps, while the US Treasury curve prints gains of 3bps. Yesterday, the Mbonos' curve register a 10bps sell-off at the short-end and few changes at the long end. The 10-year reference closed at 8.84% (+2bps)**
- **The dollar falls (BBDXY -0.2%) amid a favorable performance in most of G10 and EM currencies. In the former, SEK (+0.8%) and NZD (-0.2%) stand at the extremes and in the latter, PLN (+0.8%) leads gains. The Mexican peso trades with few changes at 18.58 per dollar, after rallying 0.5% yesterday**
- **Crude-oil declines more than 1.0% on US requirements to sell 26Mbbbl from reserves to offset Russian output cuts and Chinese demand. Most to the industrial metals advance, with copper gaining 0.5%, and gold (+0.2%) is the only positive in precious metals**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,245.93	1.1%
S&P 500	4,137.29	1.1%
Nasdaq	11,891.79	1.5%
IPC	53,050.83	1.1%
Ibovespa	108,836.47	0.7%
Euro Stoxx 50	4,241.36	1.0%
FTSE 100	7,947.60	0.8%
CAC 40	7,208.59	1.1%
DAX	15,397.34	0.6%
Nikkei 225	27,427.32	-0.9%
Hang Seng	21,164.42	-0.1%
Shanghai Composite	3,284.16	0.7%
<i>Sovereign bonds</i>		
2-year Treasuries	4.52	0pb
10-year Treasuries	3.70	-3pb
28-day Cetes	11.15	10pb
28-day TIE	11.23	1pb
2-year Mbono	10.79	14pb
10-year Mbono	8.87	2pb
<i>Currencies</i>		
USD/MXN	18.57	-0.5%
EUR/USD	1.07	0.4%
GBP/USD	1.21	0.6%
DXY	103.35	-0.3%
<i>Commodities</i>		
WTI	80.14	0.5%
Brent	86.61	0.3%
Mexican mix	70.33	0.6%
Gold	1,853.49	-0.6%
Copper	405.75	1.0%

Source: Bloomberg

Corporate Debt

- **CI Banco (Trustee) informed that on February 15, 2023 a Mandatory Early Amortization Payment of the issuance CAMSSCB 13U (FF of the Monterrey Saltillo Highway Concessionaire) will be made for an amount of MXN 206.2 million**
- **Moody's Investors Service downgraded Operadora de Servicios Mega's long-term global scale rating to 'B2' from 'Ba2'. The outlook has been changed to Negative from Stable. According to the agency, the rating action reflects Mega's highly diminished funding ability and business prospects, stemming from a market confidence crisis that has affected the non-bank financial institutions sector in Mexico. Currently, Operadora de Servicios Mega has a sustainable issuance in the long-term market, GFMEGA 22X, with an outstanding amount of MXN 3.0 billion, scheduled to mature in 2027**

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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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