

Financial Markets Daily

February 15, 2023

Main drivers for the financial markets today...



- **Negative stock markets, government bond yields mixed and USD up with investors weighing US inflation figures and comments from Fed members to assess the effects this will have on upcoming monetary policy decisions as well as economic growth**
- **China is responding to the downing of its balloon by the US a few days ago and commented that the action will have consequences. These comments come at a time when there is talk of a possible meeting between senior diplomats from both countries at the security conferences to be held in Germany towards the end of the week**
- **The US economic agenda includes January retail sales where we estimate a solid advance of 2.0% m/m. For the control group, we expect +0.8% m/m. Manufacturing production for the first month of the year will also be released. We estimate it at +0.6% m/m. Likewise, the New York regional manufacturing indicator for February will be published, the Empire Manufacturing**
- **Regarding interventions by Fed members, attention on Loretta Mester's comments. While in other regions, eyes will be on ECB's Lagarde intervention**
- **The Congressional Budget Office (CBO) will publish today its economic and budget projections, as well as its report on the debt ceiling. It is hoped that the latter will clarify the point at which the US government may exhaust its borrowing authority**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
2:00	UK Consumer prices - Jan	% y/y	--	10.3	10.5
2:00	Core - Jan	% y/y	--	6.2	6.3
5:00	EZ Industrial production* - Dec	% m/m	--	-0.8	1.0
5:00	EZ Trade balance* - Dec	EURbn	--	-16.0	-15.2
<i>United States</i>					
8:30	Empire manufacturing* - Feb	index	-29.0	-18.0	-32.9
8:30	Advance retail sales* - Jan	% m/m	2.0	2.0	-1.1
8:30	Ex autos & gas* - Jan	% m/m	--	0.9	-0.7
8:30	Control group* - Jan	% m/m	0.8	1.0	-0.7
9:15	Industrial production* - Jan	% m/m	0.4	0.5	-0.7
9:15	Manufacturing production* - Jan	% m/m	0.6	0.8	-1.3

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	4,130.00	-0.4%
Euro Stoxx 50	4,267.61	0.7%
Nikkei 225	27,501.86	-0.4%
Shanghai Composite	3,280.49	-0.4%
<i>Currencies</i>		
USD/MXN	18.64	0.6%
EUR/USD	1.07	-0.2%
DXY	103.55	0.3%
<i>Commodities</i>		
WTI	78.29	-1.0%
Brent	84.88	-0.8%
Gold	1,834.76	-1.1%
Copper	401.90	-1.4%
<i>Sovereign bonds</i>		
10-year Treasury	3.75	0pb

Source: Bloomberg

Equities

- **Mixed stock markets, where investors remain cautious, evaluating the US inflation data and its implications for monetary policy, as well as its impact on growth**
- **Futures in US anticipate a negative opening with the S&P500 trading 0.4% below its theoretical value. Meanwhile, Europe trades mainly with gains, with the Eurostoxx advancing 0.7%. In London, Barclays' shares fell more than 10.0% after posting a surprise drop in earnings. Asia closed mixed**
- **On the domestic corporate front, Amx had declines in 4Q22, in line with expectations, although pressure on profitability was lower than expected. Meanwhile, in the US, Airbnb is up more than 9.0% on pre-market after beating estimates. In addition, of 23 companies in the S&P500 that will publish their results today, 7 have released better-than-anticipated figures. At market close, Alfa and Subsidiaries, Lasite, Vesta, and Walmex are expected to report**

Sovereign fixed income, currencies and commodities

- **Sovereign bonds with mixed performance. European assets trade with changes of +2bp except for Gilts (-9bp), while the Treasury curve trades with few changes. Yesterday, the Mbonos' curve closed with losses of 11bp on average**
- **The USD trades with a positive bias (DXY +0.3%) while developed and emerging currencies trade with mixed changes. In the first group, trading is capped by NOK (+0.5%) and AUD (-1.4%) while in the latter THB (-1.5%) is the weakest. The Mexican peso reverses part of yesterday's gains, trading at 18.64 per dollar, representing a 0.6% depreciation**
- **Crude-oil futures fall 0.8% on concerns of lower demand due to the restrictive monetary policy. Metals traded with losses, among which silver falls 1.6%**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	34,089.27	-0.5%
S&P 500	4,136.13	0.0%
Nasdaq	11,960.15	0.6%
IPC	52,663.12	-0.7%
Ibovespa	107,848.81	-0.9%
Euro Stoxx 50	4,238.76	-0.1%
FTSE 100	7,953.85	0.1%
CAC 40	7,213.81	0.1%
DAX	15,380.56	-0.1%
Nikkei 225	27,602.77	0.6%
Hang Seng	21,113.76	-0.2%
Shanghai Composite	3,293.28	0.3%
<i>Sovereign bonds</i>		
2-year Treasuries	4.62	10pb
10-year Treasuries	3.74	4pb
28-day Cetes	11.05	-10pb
28-day TIIE	11.24	0pb
2-year Mbono	10.85	7pb
10-year Mbono	8.99	12pb
<i>Currencies</i>		
USD/MXN	18.53	-0.2%
EUR/USD	1.07	0.1%
GBP/USD	1.22	0.3%
DXY	103.23	-0.1%
<i>Commodities</i>		
WTI	79.06	-1.3%
Brent	85.58	-1.2%
Mexican mix	69.47	-1.2%
Gold	1,854.31	0.0%
Copper	407.50	0.4%

Source: Bloomberg

Corporate Debt

- **Axtel announced the final results of the offer to purchase up to US\$120 million of its senior notes 6.375% due 2024. As of the maturity date, the company received offers from bondholders of US\$88.6 million of principal**
- **Fitch Ratings affirmed Banco Actinver's long and short-term ratings at 'AA(mex)' and 'F1+(mex)' and Corporación Actinver y Arrendadora Actinver at 'AA-(mex)' and 'F1+(mex)'. The outlook on the long-term ratings is Stable**
- **According to the agency, the statement reflects Fitch's opinion that the first instance resolution and conviction handed down by Judge 27 of the CDMX Civil Oral Process on December 14, 2022 for Banco Actinver, does not have immediate effect in the credit profile of the bank and affiliated entities**

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>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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