

# Financial Markets Daily

February 24, 2023

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

- **Stock markets mixed, government bond yields with small changes and USD with gains, with investors cautious ahead of inflation related figures that may have accelerated and could give more clues on next steps from hawkish Fed**
- **China proposed a cease-fire between Russia and Ukraine. It has twelve points that include leaving Russian troops on Ukrainian territory and ending those Russia sanctions that the UN Security Council has not endorsed. It is not expected that the plan will have wide acceptance**
- **The PBoC published its monetary implementation plan. Measures include credit facilities and support to energy and grains supply aiming to price stability, although also indicates possibility of inflationary pressures ahead**
- **In Mexico, INEGI published 4Q22 final GDP, coming in at 0.5% q/q. In annual terms (nsa) activity stood at 3.6%. With this, GDP in 2022 grew 3.1%**
- **In the US, the January's PCE deflator will be released, with the consensus expecting an acceleration. On the monetary policy front, we will have speeches from various Fed members, Mester, Collins, Bullard, Jefferson, and Waller**

Alejandro Padilla Santana  
Chief Economist and  
Head of Research  
alejandro.padilla@banorte.com

Juan Carlos Alderete Macal, CFA  
Executive Director of Economic Research  
and Financial Markets Strategy  
juan.alderete.macal@banorte.com

Alejandro Cervantes Llamas  
Executive Director of Quantitative Analysis  
alejandro.cervantes@banorte.com



Manuel Jiménez Zaldivar  
Director of Market Strategy  
manuel.jimenez@banorte.com

## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Gross domestic product - 2022	% y/y	3.1	--	4.8
7:00	Gross domestic product - 4Q22 (F)	% y/y	3.6	3.5	3.5
7:00	Gross domestic product* - 4Q22 (F)	% q/q	0.5	0.4	0.4
7:00	Economic activity indicator (IGAE)* - Dec	% m/m	0.5	0.3	-0.5
10:00	Current account - 4Q22	% q/q	6.2	--	-5.5
<i>United States</i>					
8:30	Personal income* - Jan	% m/m	--	1.1	0.2
8:30	Real personal spending* - Jan	% m/m	0.5	1.0	-0.3
8:30	PCE Deflator - Jan	% m/m	--	0.5	0.1
8:30	Core - Jan	% m/m	--	0.4	0.3
10:00	U. of Michigan confidence* - Feb (F)	index	66.4	66.4	66.4
10:15	Fed's Jefferson, Mester discuss paper on managing disinflation				
10:15	Fed's Mester, speaks on panel at New York conference				
13:30	Fed's Collins gives recorded remarks at US Monetary Policy For				
13:30	Fed's Waller discusses inflation				

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	3,994.75	-0.6%
Euro Stoxx 50	4,231.34	-0.6%
Nikkei 225	27,453.48	1.3%
Shanghai Composite	3,267.16	-0.6%
<i>Currencies</i>		
USD/MXN	18.45	0.3%
EUR/USD	1.06	-0.2%
DX	104.84	0.2%
<i>Commodities</i>		
WTI	75.73	0.5%
Brent	82.70	0.6%
Gold	1,817.72	-0.3%
Copper	401.60	-1.1%
<i>Sovereign bonds</i>		
10-year Treasury	3.91	3pb

Source: Bloomberg

## Equities

- **Major indices show mixed returns, with investors showing a preference for European markets and value stocks vs the US and China where growth stocks dominate. Futures anticipate a negative opening with the S&P500 trading 0.6% below its theoretical value. China tech stocks lead declines in Asia**
- **In the final stretch of earnings season, we have ~94% of the results of companies of the S&P500 and a 3.2% a decrease in profits has been accumulated, very similar to what was anticipated. The positive surprises rate stands at 68.4%. Today only the figures of Celanese and Evergy are expected**
- **In Mexico yesterday, the results of Asur, who remains in our 'Top Picks', stood out favorably. Meanwhile, on the negative side, Televisa's results disappointed. Today we remain attentive to Femsa's figures**

## Sovereign fixed income, currencies and commodities

- **Sovereign bonds trade with a negative bias. Most European assets register losses of 1bp while the Treasuries yield curve adjusts +3bp on average. Yesterday, the Mbonos curve ended the session with gains of 6bp on average while the 10-year benchmark closed at 9.28% (-13bps)**
- **The dollar strengthens (DXY +0.2%) as most G-10 and emerging currencies lose ground. In the first group AUD (-0.7%) is the weakest and in the second group ZAR (-1.1%) leads the declines. The Mexican peso depreciates 0.3% to trade at 18.44 per dollar**
- **Crude-oil futures are up 0.4% on average as investors await further clues on the Fed's next moves, as optimism over China's reopening has been diluted. Metals are negative, with nickel leading the losses by falling 2.3%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,153.91	0.3%
S&P 500	4,012.32	0.5%
Nasdaq	11,590.40	0.7%
IPC	53,085.71	-0.2%
Ibovespa	107,592.87	0.4%
Euro Stoxx 50	4,258.16	0.4%
FTSE 100	7,907.72	-0.3%
CAC 40	7,317.43	0.2%
DAX	15,475.69	0.5%
Nikkei 225	27,104.32	0.0%
Hang Seng	20,351.35	-0.4%
Shanghai Composite	3,287.48	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	4.70	0pb
10-year Treasuries	3.88	-4pb
28-day Cetes	11.23	14pb
28-day TIIE	11.27	1pb
2-year Mbono	11.09	-6pb
10-year Mbono	9.30	-8pb
<i>Currencies</i>		
USD/MXN	18.39	0.2%
EUR/USD	1.06	-0.1%
GBP/USD	1.20	-0.3%
DXY	104.60	0.0%
<i>Commodities</i>		
WTI	75.39	1.9%
Brent	82.21	2.0%
Mexican mix	65.69	2.3%
Gold	1,822.28	-0.2%
Copper	405.60	-3.1%

Source: Bloomberg

## Corporate Debt

- **Fitch Ratings assigned a 'AAA(mex)' rating to Grupo Aeroportuario del Centro Norte's proposed sustainability-linked bonds, OMA 23L / 23-2L, for an amount of up to MXN 3.2 billion**
- **Series 23L will have a 3.5-year term and will pay a floating rate pegged to the 28-day TIIE and the 23-2L tranche will pay a fixed rate with a 7-year term**
- **The assigned ratings reflect the risk related to the operation of a diversified airport system of 13 airports in north and central Mexico, which has a certain risk derived of the exposure to small and developing service areas, and to low-cost airlines**

## 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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GRUPO FINANCIERO BANORTE S.A.B. de C.V.

**Research and Strategy**

Alejandro Padilla Santana	Chief Economist and Head of Research	alejandropadilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernandez	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000

**Economic Research**

Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707

**Market Strategy**

Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
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**Fixed income and FX Strategy**

Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 1670 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144

**Equity Strategy**

Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortés Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Strategist, Equity	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746

**Corporate Debt**

Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

**Quantitative Analysis**

Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandrocervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Daniela Olea Suarez	Senior Analyst, Quantitative Analysis	daniela.olea.suarez@banorte.com	(55) 1103 - 4000
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Andrea Muñoz Sánchez	Analyst, Quantitative Analysis	andrea.munoz.sanchez@banorte.com	(55) 1103 - 4000

**Wholesale Banking**

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	raul.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899