

Financial Markets Daily

February 27, 2023

Main drivers for the financial markets today...



- **Stock markets higher, government bond yields up, and USD biased lower. Investors are dip buying after losses accumulated in the last three weeks induced by expectations of higher interest rates globally, along with some support coming from an improvement in companies' earnings estimates**
- **Market attention this week will be on inflation in the Eurozone (Feb P) and #PMI indicators in China (Feb) as key figures to gauge the state of the global economy. Consistent with this, also watching ISM manufacturing and services (Feb) in the US**
- **In monetary policy, the agenda is relatively scarce, with the highlight being the ECB minutes in tandem with speeches from several of its members, along with those from the Fed**
- **In upcoming events, the US Congress returns after recess, and will watch the meeting between President Joe Biden and German Chancellor Olaf Scholz at the White House**
- **Other US data releases include housing prices (Dec), trade balance (Jan), as well as consumer confidence, vehicle sales (Feb) and weekly jobless claims**
- **In Mexico, January's trade balance stood at -US\$4,125.1 million. Other releases include also banking credit, family remittances, unemployment rate (Jan), IMEF's PMI indicators (Feb), and Banxico's Quarterly Report and expectations survey**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
4:00	Monetary aggregates (M3)* - Jan	% y/y	--	3.9	4.1
5:00	Consumer confidence* - Feb (F)	index	--	--	-19.0
5:00	Economic confidence* - Feb	index	--	101.0	99.9
<i>Mexico</i>					
7:00	Trade balance - Jan	US\$m	-4,876.7	--	984.0
<i>United States</i>					
8:30	Durable goods orders* - Jan (P)	% m/m	--	-4.0	5.6
8:30	Ex transportation* - Jan (P)	% m/m	--	0.1	-0.2
10:30	Fed's Jefferson discusses inflation and dual mandate				

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	3,993.50	0.4%
Euro Stoxx 50	4,255.93	1.8%
Nikkei 225	27,423.96	-0.1%
Shanghai Composite	3,258.03	-0.3%
<i>Currencies</i>		
USD/MXN	18.36	-0.3%
EUR/USD	1.06	0.1%
DXY	105.10	-0.1%
<i>Commodities</i>		
WTI	75.97	-0.5%
Brent	82.67	-0.6%
Gold	1,811.34	0.0%
Copper	397.45	0.6%
<i>Sovereign bonds</i>		
10-year Treasury	3.95	1pb

Source: Bloomberg

Equities

- **Equity markets kick off this week with mixed movements, although with a positive bias as they react to losses in the previous week. Nevertheless, investors remain cautious due to the possibility of a restrictive monetary policy that could last longer than expected**
- **US futures anticipate an upward opening, with the S&P500 up 0.4% from its theoretical value. Europe trades with widespread gains, and Asia closed mixed. Finally, for the Mexbol Index, after closing last Friday at 52,686pts; this week we anticipate a trading range between 51,200 and 53,600pts**
- **In the final stretch of the earnings season, only 24 S&P500 companies will release their results this week in the US. In Mexico, today is the last day for companies to publish their 4Q22 figures. Focus will be on Alsea, Pemex, and Peñoles results'**

Sovereign fixed income, currencies and commodities

- **Modest negative balance in sovereign bonds. European rates increase 3bps on average, while Treasuries record few changes with the 10-year trading at 3.95% (+1bps). Last week, Mbonos registered a 21bps sell-off with the 3-year reference losing up to 40bps**
- **The dollar trades with slight losses amid a positive performance in DM currencies, with SEK (+0.3%) as the strongest. In EM, the bias is mixed with RUB (+0.9%) and KRW (-1.4%) at the extremes. The MXN trades as the second strongest in the group at 18.36 per dollar, equivalent to a 0.3% appreciation**
- **Crude-oil futures start in negative territory given prospects for tighter US monetary policy despite supply disruptions in Europe. Poland's largest oil company, PKN Orlen SA, unexpectedly stopped receiving crude via the Druzhba pipeline from Russia**

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,816.92	-1.0%
S&P 500	3,970.04	-1.1%
Nasdaq	11,394.94	-1.7%
IPC	52,686.23	-0.8%
Ibovespa	105,798.43	-1.7%
Euro Stoxx 50	4,178.82	-1.9%
FTSE 100	7,878.66	-0.4%
CAC 40	7,187.27	-1.8%
DAX	15,209.74	-1.7%
Nikkei 225	27,453.48	1.3%
Hang Seng	20,010.04	-1.7%
Shanghai Composite	3,267.16	-0.6%
<i>Sovereign bonds</i>		
2-year Treasuries	4.81	12pb
10-year Treasuries	3.94	7pb
28-day Cetes	11.27	4pb
28-day TIE	11.28	1pb
2-year Mbono	11.18	9pb
10-year Mbono	9.29	0pb
<i>Currencies</i>		
USD/MXN	18.42	0.2%
EUR/USD	1.05	-0.5%
GBP/USD	1.19	-0.6%
DX	105.21	0.6%
<i>Commodities</i>		
WTI	76.32	1.2%
Brent	83.16	1.2%
Mexican mix	66.64	1.4%
Gold	1,811.04	-0.6%
Copper	395.30	-2.5%

Source: Bloomberg

Corporate Debt

- **Today, a partial accelerated amortization will take place for issuance TFOVICB 20U for an amount of MXN 36.5 million (4.72 million udis). The accelerated amortization takes place to reach the target over collateral (25%)**
- **Invex Controladora informed the prepayment of all its unsecured note INVEX 20 on February 24, 2023, for a total amount of MXN 500 million**
- **HR Ratings affirmed FICAPEX's ratings at 'HR BBB' with Stable outlook, and at 'HR3' for the short-term. The ratings are based on the adequate solvency levels of the company**

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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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