

# Financial Markets Daily

March 2, 2023

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

- **Negative stock markets, USD and government bond yields up due to concerns about the terminal rates of central banks after the Eurozone's inflation data - slowed down less than expected- and China's post-Covid economic recovery that could exacerbate global price pressures**
- **Inflation in the Eurozone stood at 8.5% a/a in February (previous 8.6%), exceeding consensus estimate of 8.3%, while the Core CPI rose from 5.3% to 5.6%. The figures support ECB's message that the next increase in rates will be 50pb and Lagarde's comments that the hiking cycle will continue after the March meeting. Last meeting minutes published today stressed that they estimate a soft landing of the economy**
- **In the US, the attention will be on Fed's governor Waller comments and Kashkari of the Minneapolis Fed and in the publication of jobless claims**
- **In Mexico, INEGI released January's employment report. The unemployment rate increased to 3.00% (+24bps), with a gain of 409.3 thousand jobs. With seasonally adjusted figures we saw a decline to 2.92% (-7bps), a new historical low. Later, Banxico will publish its economic expectations survey, and the public finances report will be released**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone</i>					
5:00	Unemployment rate* - Jan	%	--	6.6	6.6
5:00	Consumer prices - Feb (P)	% y/y	--	8.2	8.6
5:00	Core - Feb (P)	% y/y	--	5.3	5.3
<i>Brazil</i>					
7:00	Gross domestic product* - 4Q22	% q/q	--	-0.3	0.4
<i>Mexico</i>					
7:00	Unemployment rate - Jan	%	3.05	3.10	2.76
10:00	Survey of expectations (Banxico)	0.0			
15:30	Public finances (PSBR, year-to-date) - Jan	MXNmn	--	--	-1260.9
<i>United States</i>					
8:30	Initial jobless claims* - Feb 24	thousands	193	195	192
14:00	Fed's Waller discusses the economic outlook				
<i>China</i>					
20:45	Services PMI (Caixin)* - Feb	index	--	54.8	52.9
20:45	Composite PMI (Caixin)* - Feb	index	--	--	51.1

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	3,941.50	-0.4%
Euro Stoxx 50	4,211.25	-0.1%
Nikkei 225	27,498.87	-0.1%
Shanghai Composite	3,310.65	-0.1%
<i>Currencies</i>		
USD/MXN	18.16	0.2%
EUR/USD	1.06	-0.6%
DX	104.87	0.4%
<i>Commodities</i>		
WTI	78.02	0.4%
Brent	84.62	0.4%
Gold	1,832.92	-0.2%
Copper	407.70	-2.2%
<i>Sovereign bonds</i>		
10-year Treasury	4.04	5pb

Source: Bloomberg

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## Equities

- **Main stock indexes register mixed performances, as investors' caution remains determined by the expectation of higher-than-anticipated interest rates, in addition to the continued adjustment in growth prospects**
- **US futures anticipate a negative opening, with the S&P 500 trading 0.4% below its theoretical value. On the other hand, European markets are trading with a negative bias, after the release of the Eurozone inflation data, which slowed by less than expected. Meanwhile, Asian markets closed mixed**
- **On the corporate front, 7 S&P 500 companies will release their results today. Highlighting the following: Broadcom, Best Buy, Hewlett Packard, and Costco. In Mexico, Alpek announced that it closed its PET resin operations at its Cooper River plant in South Carolina. Although we believe that this should not have a material impact on the company's outlook**

## Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. European assets lose 1bp, on average. The Treasuries' curve adjusts up to +4bps at the long-end, while the short-end registers slight pressures. Yesterday, the Mbonos' curve gained 2bps at the short- and long-end, while the 10-year benchmark, May'33, closed at 9.35% (+2bps)**
- **The dollar advances, DXY (+0.3%), making all G10 currencies to trade in negative territory with NOK (-0.6%) leading the losses. In EM, the bias is also negative with KRW (+0.6%) and CZK (-0.9%) at the extremes. Meanwhile, MXN depreciates 0.2% at 18.15 per dollar, after reaching its best intraday level since 2018 of 18.07 and gaining 1.1% yesterday**
- **Crude-oil futures advance 0.5%, on average, as optimism about demand in China offset inflation concerns in the US and Europe. As a result, Brent trades near 85 \$/bbl. Metals trade with negative bias with copper falling 2.2%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,661.84	0.0%
S&P 500	3,951.39	-0.5%
Nasdaq	11,379.48	-0.7%
IPC	53,473.46	1.4%
Ibovespa	104,384.67	-0.5%
Euro Stoxx 50	4,215.75	-0.5%
FTSE 100	7,914.93	0.5%
CAC 40	7,234.25	-0.5%
DAX	15,305.02	-0.4%
Nikkei 225	27,516.53	0.3%
Hang Seng	20,619.71	4.2%
Shanghai Composite	3,312.35	1.0%
<i>Sovereign bonds</i>		
2-year Treasuries	4.88	6pb
10-year Treasuries	3.99	7pb
28-day Cetes	11.09	4pb
28-day TIIE	11.27	-1pb
2-year Mbono	11.13	-2pb
10-year Mbono	9.35	2pb
<i>Currencies</i>		
USD/MXN	18.12	-1.0%
EUR/USD	1.07	0.9%
GBP/USD	1.20	0.1%
DXY	104.48	-0.4%
<i>Commodities</i>		
WTI	77.69	0.8%
Brent	84.31	0.5%
Mexican mix	68.26	1.5%
Gold	1,836.72	0.5%
Copper	416.00	1.7%

Source: Bloomberg

## Corporate Debt

- **CEMEX announced that it has updated its Green Financing Framework to align with its decarbonization goals. The update expands the eligibility criteria to finance decarbonization technologies, including carbon capture, utilization, and storage, a crucial component of achieving carbon neutrality**
- **HR Ratings ratified TV Azteca's ratings at 'HR DS' and 'HR D (G)' for the Senior Notes. Likewise, it maintained the Review in Process. According to the agency, the ratification is based on the fact that, since February 2021, the company has not made the corresponding payment of its seventh, eighth, ninth, tenth and eleventh coupons for an accumulated amount of approximately US\$82.5 million of its Senior Notes**

## Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, 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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