

# Financial Markets Daily

March 3, 2023

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



- **Stocks markets positive, government bond yields negative and the USD lower, with investors taking in hawkish comments from various Fed members and data supporting a resilient economy suggesting further interest rate increases**
- **On the monetary front, yesterday Waller (Fed Board) and Bostic (Atlanta) mentioned that stronger economic data could drive rates even higher. Similarly for the Eurozone, Wunsch (ECB Board) declared that the expected 4% rate peak could be reached if inflationary pressures continue. Today we will have comments from Logan (Dallas), Bostic (Atlanta) and Bowman (Board Member)**
- **US imposed import taxes on dozens of Chinese companies, explaining that some of these companies engage in activities contrary to national security or foreign policy goals**
- **On economic figures, the agenda focuses on the services and composite PMIs for February. In the Eurozone these resulted with marginal declines, while in China we saw relevant advances, consistent with its reopening. Later in the day, we will know the US comparable metrics, as well as the ISM for services where we anticipate a moderate downward adjustment**

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Eurozone and UK</i>					
2:00	GER Trade balance - Jan	EURbn	--	11.0	10.0
3:55	GER Services PMI* - Feb (F)	index	--	51.3	51.3
3:55	GER Composite PMI* - Feb (F)	index	--	51.1	51.1
4:00	EZ Services PMI* - Feb (F)	index	--	53.0	53.0
4:00	EZ Composite PMI* - Feb (F)	index	--	52.3	52.3
4:30	UK Services PMI* - Feb (F)	index	--	53.3	53.3
<i>United States</i>					
9:45	Services PMI* - Feb (F)	index	50.5	50.5	50.5
9:45	Composite PMI* - Feb (F)	index	--	--	50.2
10:00	Services PMI* - Feb	index	55.0	54.5	55.2
11:00	Fed's Logan makes opening remarks at event				
12:00	Fed's Bostic Discusses Racial Inequality Research				
15:00	Fed's Bowman chairs panel at conference				

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	3,999.25	0.4%
Euro Stoxx 50	4,278.64	0.9%
Nikkei 225	27,927.47	1.6%
Shanghai Composite	3,328.39	0.5%
<i>Currencies</i>		
USD/MXN	18.09	-0.2%
EUR/USD	1.06	0.2%
DXY	104.70	-0.3%
<i>Commodities</i>		
WTI	77.80	-0.5%
Brent	84.30	-0.5%
Gold	1,848.59	0.7%
Copper	412.30	1.0%
<i>Sovereign bonds</i>		
10-year Treasury	4.00	-5pb

Source: Bloomberg

## Equities

- We conclude the week with widespread gains in the main stock indexes, on dip-buying after recent declines, and while economic figures and corporate earnings seem to support a resilient economy prepared for a backdrop of high rates for longer
- Futures in the US anticipate a positive opening with the S&P500 trading 0.4% above its theoretical value. In Europe the increases average around 1%, while in Asia we also observed positive closures, highlighting the advances in Japan with the Nikkei up 1.6%. In Mexico, the Mexbol Index could approach to 53,500pts
- The reporting season in the US is virtually over. With 99% of the results a 2.9% decrease in profits has been accumulated vs -3.1%e. The positive surprises rate stands at 68.6%

## Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. European assets traded with gains of up to 5bps while the Treasuries yield curve shows gains of 4bps on average. Yesterday, the Mbonos' curve closed with losses of 2bps, which were concentrated on the long-end. The 10-year benchmark closed at 9.38% (+4bps)
- The dollar weakens (DXY -0.3%) while developed currencies trade with gains and EM currencies with mixed movements. In the first group, JPY (+0.5%) leads the gains, while in the second group, KRW (+1.1%) and HUF (-0.3%) are at the ends of the spectrum. The Mexican peso appreciated 0.1% to 18.10 per dollar
- Crude-oil futures lose 0.5% as investors are cautious about the impact that the restrictive monetary policy will have on global demand. On the other hand, metals print gains

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,003.57	1.0%
S&P 500	3,981.35	0.8%
Nasdaq	11,462.98	0.7%
IPC	53,329.53	-0.3%
Ibovespa	103,325.61	-1.0%
Euro Stoxx 50	4,240.59	0.6%
FTSE 100	7,944.04	0.4%
CAC 40	7,284.22	0.7%
DAX	15,327.64	0.1%
Nikkei 225	27,498.87	-0.1%
Hang Seng	20,429.46	-0.9%
Shanghai Composite	3,310.65	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	4.89	1pb
10-year Treasuries	4.06	6pb
28-day Cetes	11.09	0pb
28-day TIIE	11.28	1pb
2-year Mbono	11.15	2pb
10-year Mbono	9.41	5pb
<i>Currencies</i>		
USD/MXN	18.13	0.1%
EUR/USD	1.06	-0.7%
GBP/USD	1.19	-0.7%
DXY	105.03	0.5%
<i>Commodities</i>		
WTI	78.16	0.6%
Brent	84.75	0.5%
Mexican mix	68.68	0.6%
Gold	1,835.87	0.0%
Copper	407.60	-2.0%

Source: Bloomberg

## Corporate Debt

- Grupo Industrial Saltillo (GISSA) reported that it completed the sale of its ceramic tile business (Vitromex) to Mohawk Industries, after having obtained the approval of COFECE and complied with the other conditions agreed in the respective contract. According to the statement, the value of the transaction, after adjustments for Working Capital and Net Debt, amounted to US\$299 million. The net proceeds will be used by the company for debt prepayment, support for expansion projects and other corporate purposes
- Fitch Ratings affirmed Financiera Independencia's ratings on the international scale at 'BB-' and on the national scale at 'A-(mex)'. The outlook on the ratings has been revised to Negative from Stable. According to the agency, the negative outlook reflects the agency's expectation that Findep's liquidity coverage could decrease

## 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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