

Financial Markets Daily

March 6, 2023

Main drivers for the financial markets today...



- **Stock markets mixed, USD biased higher, and government bond yields down. Investors are evaluating China's 5% GDP growth target for this year, below expectations. Although it could decelerate the global economy, it may also dampen inflation. On the other hand, they are waiting for more information from monetary policy ahead**
- **Figures today include factory orders (Jan) in the US. Tonight, China will publish its trade balance (Feb), important to evaluate its performance after favorable surprises in PMI indicators for the same month**
- **Market attention this week will remain on growth and inflation. Specifically, we will know nonfarm payrolls in the US –we estimate 250k new jobs and the unemployment rate at 3.5%– and Congress' semi-annual hearings of Fed President Jerome Powell**
- **In monetary policy, decisions in Australia, Canada, Poland, Malaysia, Peru, and Japan. Moreover, some speeches from Fed members, along with ECB President Lagarde in the International Women's Day**
- **In upcoming events, we note the National People's Congress in China, where the growth target for this year will be unveiled. In addition, the UN Least Developed Countries Conference, and President Joe Biden will announce his administration's budget proposal for fiscal year 2024**
- **In Mexico, gross fixed investment and private consumption in December stood at 2.7% and 1.0% m/m, respectively. Other releases include inflation, consumer confidence, wage negotiations (Feb) and the banking sector survey**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>United States</i>					
10:00	Factory orders* - Jan	% m/m	--	-1.8	1.8
10:00	Ex transportation* - Jan	% m/m	--	--	-1.2
10:00	Durable goods orders* - Jan (F)	% m/m	--	-4.5	-4.5
10:00	Ex transportation* - Jan (F)	% m/m	--	0.7	0.7
<i>China</i>					
22:00	Trade balance - Feb	USDbn	--	81.8	109.5
22:00	Exports - Feb	% y/y	--	-9.0	16.1
22:00	Imports - Feb	% y/y	--	-5.5	--

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	4,044.50	-0.1%
Euro Stoxx 50	4,301.54	0.2%
Nikkei 225	28,237.78	1.1%
Shanghai Composite	3,322.03	-0.2%
<i>Currencies</i>		
USD/MXN	17.99	0.2%
EUR/USD	1.06	0.0%
DXY	104.60	0.1%
<i>Commodities</i>		
WTI	78.46	-1.5%
Brent	84.52	-1.5%
Gold	1,849.10	-0.4%
Copper	402.30	-1.3%
<i>Sovereign bonds</i>		
10-year Treasury	3.93	-3pb

Source: Bloomberg

Equities

- The week kicks off with mixed equity markets, with investors weighing if valuations already reflect economic risks, while China set a lower-than-expected GDP growth target. In coming days, attention will be on Powell's comments and the monetary outlook
- US futures anticipate an unchanged opening, with the S&P500 down 0.1% from its theoretical value. The Eurostoxx is up 0.1%, supported by the real estate sector. Asia closed mainly higher, with the Nikkei climbing 1.1%
- In Mexico, *S&P Dow Jones Indices* announced the preliminary result of the semi-annual reconstitution for the S&P/BMV sample, reaffirming our forecast with the return of LAB B shares, together with the exit of LASITE B1 and SITES 1. In turn, we anticipate a trading range between 53,000 and 55,300pts for the Mexbol Index this week

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. European rates fall 3bps on average, while Treasuries gain 3bps with the 10-year reference at 3.93% (-3bps). Last week, most Mbonos advanced, except for the 10-year reference which closed at 9.31% (+2bps)
- Dollar with slight gains amid negative performance in DM currencies, with AUD (-0.7%) as the weakest. In EM, the bias is mixed with HUF (+0.4%) and TRY (-0.5%) at the extremes. The MXN stands at 17.99 per dollar (-0.2%), after rallying 2.6% last week
- Widespread losses in commodities, from grains to crude-oil, due to China's cautious growth goal and the prospect of tighter US monetary policy. Crude-oil futures are down 1.5%, while gold and copper fall 0.4% and 1.3%, respectively

Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	33,390.97	1.2%
S&P 500	4,045.64	1.6%
Nasdaq	11,689.01	2.0%
IPC	54,182.27	1.6%
Ibovespa	103,865.99	0.5%
Euro Stoxx 50	4,294.80	1.3%
FTSE 100	7,947.11	0.0%
CAC 40	7,348.12	0.9%
DAX	15,578.39	1.6%
Nikkei 225	27,927.47	1.6%
Hang Seng	20,567.54	0.7%
Shanghai Composite	3,328.39	0.5%
<i>Sovereign bonds</i>		
2-year Treasuries	4.86	-3pb
10-year Treasuries	3.95	-10pb
28-day Cetes	11.09	0pb
28-day TIIE	11.28	0pb
2-year Mbono	11.10	-5pb
10-year Mbono	9.31	-10pb
<i>Currencies</i>		
USD/MXN	17.96	-0.9%
EUR/USD	1.06	0.4%
GBP/USD	1.20	0.8%
DX	104.52	-0.5%
<i>Commodities</i>		
WTI	79.68	1.9%
Brent	85.83	1.3%
Mexican mix	69.88	1.7%
Gold	1,856.48	1.1%
Copper	406.70	-0.2%

Source: Bloomberg

Corporate Debt

- Grupo Radio Centro announced that, on March 10, 2023, it will carry out a mandatory early partial amortization of its bonds. The amount of the early partial amortization of the RCENTRO 16 issue will be MXN 4.5 million; RCENTRO 17 issuance of MXN 6.7 million; and the issue RCENTRO 17-2 of MXN 3.7 million, with the total amount of all partial amortizations being MXN 15 million. The issuer is rated 'SD' and its bonds 'D' by S&P Global Ratings
- Genera reported that its subsidiary, Compartamos Financiera, with operations in Peru, placed the amount of \$44.5 million soles (approximately MXN 212 million), through a public issuance of Negotiable Certificates of Deposit in the Peruvian debt market. The 1-year issuance has a 8.4062% rate and had a 2.3x demand

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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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