

# Financial Markets Daily

March 9, 2023

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



- Negative stock markets, USD down and government bond yields mixed with investors still digesting yesterday's comments from Jerome Powell that the Fed is ready to pick up the pace of rate hikes if the data warrants it and awaiting the labor market report in the US on Friday
- Attention will be on the presentation of the budget by President Biden that seeks to increase taxes on those with higher incomes and the largest corporations, as well as reduce part of current spending and strengthen Medicare
- Markets will focus on comments by Fed's Michael Barr. Northwestern University Professor Janice Eberly is the frontrunner in the White House search for a successor to Lael Brainard as vice chair of the Federal Reserve. In the afternoon, monetary policy decisions in Peru and Japan, with both central banks expected to maintain their reference rates unchanged
- Regarding economic figures, jobless claims will be published in the US for the week ending March 4. Consensus estimates them to remain below 200k, reflecting the strength of the labor market
- In Mexico, INEGI published February's inflation at +0.56% m/m, with the core at +0.61%, with both surprising lower. As such, annual inflation moderated to 7.62% (previous: 7.91%), with the core also lower at 8.29% (previous: 8.45%)

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## The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<i>Mexico</i>					
7:00	Consumer prices - Feb	% m/m	0.61	0.62	0.68
7:00	Core - Feb	% m/m	0.66	0.66	0.71
7:00	Consumer prices - Feb	% y/y	7.67	7.68	7.91
7:00	Core - Feb	% y/y	8.35	8.35	8.45
<i>United States</i>					
8:30	Initial jobless claims* - Mar 3	thousands	193	195	190
10:00	Fed's Barr speaks on crypto				
<i>Peru</i>					
18:00	Monetary policy decision (BCRP)	%	--	7.75	7.75
<i>Japan</i>					
	Monetary policy decision (BoJ)	%	--	-0.10	-0.10

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	3,984.25	-0.3%
Euro Stoxx 50	4,269.08	-0.5%
Nikkei 225	28,623.15	0.6%
Shanghai Composite	3,276.09	-0.2%
<i>Currencies</i>		
USD/MXN	17.93	-0.3%
EUR/USD	1.06	0.1%
DX	105.44	-0.2%
<i>Commodities</i>		
WTI	76.68	0.0%
Brent	82.75	0.1%
Gold	1,817.59	0.2%
Copper	403.00	-0.3%
<i>Sovereign bonds</i>		
10-year Treasury	4.00	1pb

Source: Bloomberg

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## Equities

- **Equity markets with negative bias, reflecting concerns about latent recession risks from tighter-than-anticipated monetary policy**
- **US futures anticipate a negative opening with the S&P500 trading 0.3% below its theoretical value. Tesla falls more than 2.8% on pre-market after reports that it is under investigation by US regulators due to complaints about Model Y vehicles. Europe trades with generalized losses, with the Eurostoxx decreasing 0.5%, dragged down by the real estate sector. Asia closed with adjustments, highlighting the Hang Seng with -0.6%**
- **In Mexico, yesterday Lab presented strategies focused on essential brands and productivity, helping to detonate greater value and boosting the positive outlook. Alpek announced a dividend of \$1.35 (US\$0.075) per share, reflecting a yield of 6.0% at current prices and payable on March 16th. Today's focus will be on Liverpool's investor day**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. European assets lose 3bps, on average. The Treasuries' curve adjusts up to -2bps at the short-end, while the long-end registers slight pressures. Yesterday, the Mbonos' curve lost 5bps at the belly, while the 10-year benchmark, May'33, remain unchanged at 9.37%**
- **The dollar retreats, DXY (-0.3%), allowing most G10 currencies to trade in positive territory with JPY (+0.7%) leading the gains. In EM, the bias is also positive with RUB (+0.3%) as the strongest. Meanwhile, MXN appreciates 0.2% at 17.93 per dollar, after gaining 0.7% yesterday**
- **Crude-oil futures post a modest relief, driven by a decline in US inventories of 1.69 million barrels, according to EIA weekly report. Metals trade with mixed bias with palladium falling 0.7% and gold advancing 0.2%**

## Previous closing levels

	Last	Daily chg.
<i>Equity indices</i>		
Dow Jones	32,798.40	-0.2%
S&P 500	3,992.01	0.1%
Nasdaq	11,576.00	0.4%
IPC	53,388.66	0.6%
Ibovespa	106,540.32	2.2%
Euro Stoxx 50	4,288.45	0.2%
FTSE 100	7,929.92	0.1%
CAC 40	7,324.76	-0.2%
DAX	15,631.87	0.5%
Nikkei 225	28,444.19	0.5%
Hang Seng	20,051.25	-2.4%
Shanghai Composite	3,283.25	-0.1%
<i>Sovereign bonds</i>		
2-year Treasuries	5.07	6pb
10-year Treasuries	3.99	3pb
28-day Cetes	11.09	0pb
28-day TIE	11.30	0pb
2-year Mbono	11.25	5pb
10-year Mbono	9.36	-1pb
<i>Currencies</i>		
USD/MXN	17.98	-0.7%
EUR/USD	1.05	0.0%
GBP/USD	1.18	0.1%
DXY	105.66	0.0%
<i>Commodities</i>		
WTI	76.66	-1.2%
Brent	82.66	-0.8%
Mexican mix	66.82	-1.2%
Gold	1,813.80	0.0%
Copper	402.70	1.3%

Source: Bloomberg

## Corporate Debt

- **PCR Verum assigned a 'AA/M' long-term, local scale rating to Grupo Elektra's proposed unsecured note, ELEKTRA 23. The bond is intended to be issued for an amount of up to MXN 500 million with a term of approximately 2.5 years and will pay a floating rate pegged to the 28-day TIE**
- **The ratings contemplate the strong liquidity position held by Grupo Elektra, joined by a delinquency rate in its consolidated portfolio that continues to compare well with sector peers**

## 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
BUY	<i>When the share expected performance is greater than the MEXBOL estimated performance.</i>
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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