BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets biased higher, government bond yields down, and USD mixed. We observe a pause after last week's stock market rally led by tech companies, with investors waiting US inflation and more signals about the timing and magnitude of possible rate cuts by the Fed**

- **In geopolitics, Israel launched an attack on the city of Rafah within the Gaza Strip. This happened even after President Biden talked with Israel's prime minister urging him more civilian protection, with tensions among both countries rising recently**

- **Today's agenda is relatively empty. We will listen to comments from Kashkari, Bowman, and Barkin of the Fed. In Mexico, the only release will be ANTAD's same- and total-store sales for January**

- **Attention this week on US inflation in January, key for rate cut expectations from the Fed. We estimate 0.2% m/m, with the annual rate dropping to 2.9% from 3.4% in the previous month. Also, 4Q23 GDP in Japan, the Eurozone, and UK**

- **Scarce information in the monetary policy front. Decisions in Sweden and Russia. Meanwhile, the agenda includes also a series of speeches from Fed and ECB members**

- **Other US releases include housing starts, building permits, retail sales, industrial production, producer prices (Jan), the Philly Fed, Empire Manufacturing, and U. of Michigan confidence (Feb)**

- **In other regions, we highlight industrial production (Dec) and inflation (Jan) in the UK; trade balance and industrial production (Dec) in the Eurozone; the economic activity indicator in Brazil (Dec); and the ZEW survey (Feb) in Germany**

- **There will not be any additional data releases in Mexico this week**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
9:20	Fed's Bowman Speaks at Community Bank Conference				
12:00	Fed's Barkin Speaks at Atlanta Economics Club Event				
13:00	Fed's Kashkari Moderates Economic Club of Minnesota Discussion				
Mexico					
	ANTAD same-store sales - Jan	% y/y	--	--	5.2

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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Winners of the 2023 award for best Mexico economic, forecasters, granted by Focus Economics

Document for distribution among public

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,044.25	0.0%
Euro Stoxx 50	4,727.54	0.2%
Nikkei 225	36,897.42	0.0%
Shanghai Composite	2,865.90	0.0%
Currencies		
USD/MXN	17.06	-0.2%
EUR/USD	1.08	-0.1%
DXY	104.15	0.0%
Commodities		
WTI	75.95	-1.2%
Brent	81.25	-1.1%
Gold	2,022.26	-0.1%
Copper	369.50	0.4%
Sovereign bonds		
10-year Treasury	4.15	-2pb

Source: Bloomberg

Equities

- **Positive bias after last Friday's new S&P500 record as the earnings season progresses and the monetary outlook is updated. The changes to the quarterly rebalancing of MSCI indices wll be announced after the market closes, effective at the close of March 1, so there could be higher volatility in the stock markets as of the netx session**

- **US futures anticipate an unchanged opening. Meanwhile, Europe trades higher, with the Eurostoxx up 0.2%. Tod SpA (+17.9%) is rising in Italy after reporting privatization intentions. Several stock markets in Asia are closed for holidays. In turn, we anticipate a weekly trading range for the Mexbol index between 56,500 and 59,000pts**

- **On the corporate front, 64 S&P500 companies are expected this week, highlighting: Cisco Sytems and Coca-Cola. In Mexico (4 of the Mexbol Index), reports from Amx (Tuesday 13) and Walmex (Wednesday 14) stand out**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. European 10-year rates average gains of 5bps, while the Treasuries' curve adjusting -3bps at the belly. Last week, the Mbonos' curve had a slight steepening bias due to gains at the short- and mid-end (-9bps), and losses at the long-end (+2bps)**

- **Dollar with few changes amid a mixed performance in G10 and EM currencies. In the former, SEK (+0.3%) and NZD (-0.4%) stand at the extremes. In EM, MXN trades as the second strongest at 17.06 per dollar, defensive despite Banxico's dovish tone**

- **Crude-oil declines 1.0%, partially offsetting last week's rally (+6.3%), after Iran's foreign minister flagged that the Israel-Hamas conflict could be moving closer to a diplomatic solution**

Corporate Debt

- **We expect more dynamism this week with Grupo Hycsa and Cemex for MXN 5 billion, The total could increase up to MXN 9.5 billion. It is important to note that these issuers' bonds of have national ratings of 'AA'**

- **Moody's Local Mexico downgraded Operadora de Servicios Mega's rating to 'B+.mx' from 'BB+.mx'. The outlook is negative. According to the agency, the rating action considers the fact that Mega has not materialized any of its strategies to try to smooth its challenging maturity profile. The bulk of its short-term financing is represented by the outstanding principal amount of its international bond for US$352 million maturing in February 2025**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,671.69	-0.1%
S&P 500	5,026.61	0.6%
Nasdaq	15,990.66	1.2%
IPC	57,327.50	-0.8%
Ibovespa	128,025.70	-0.1%
Euro Stoxx 50	4,715.87	0.1%
FTSE 100	7,572.58	-0.3%
CAC 40	7,647.52	-0.2%
DAX	16,926.50	-0.2%
Nikkei 225	36,897.42	0.1%
Hang Seng	15,746.58	-0.8%
Shanghai Composite	2,865.90	0.0%
Sovereign bonds		
2-year Treasuries	4.48	3pb
10-year Treasuries	4.18	2pb
28-day Cetes	11.23	-2pb
28-day TIIE	11.50	0pb
2-year Mbono	10.05	-5pb
10-year Mbono	9.20	-6pb
Currencies		
USD/MXN	17.09	-0.3%
EUR/USD	1.08	0.1%
GBP/USD	1.26	0.1%
DXY	104.11	-0.1%
Commodities		
WTI	76.84	0.8%
Brent	82.19	0.7%
Mexican mix	72.28	1.1%
Gold	2,024.26	-0.5%
Copper	368.15	-0.6%

Source: Bloomberg

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, 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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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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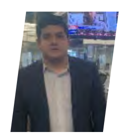

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