

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets with a negative bias, government bonds positive, and the USD slightly negative. Investors remain cautious, awaiting the latest US CPI figures, which will be key to gauge expectations regarding the Fed's upcoming actions
- Attention on January's CPI report in the US, where we expect a 0.2% m/m increase, which would bring the annual comparison to 2.9%, breaking the 3% metric to the downside for the first time since 2021. In core, we forecast 0.3% m/m (3.8% y/y). The market view is that if a downside surprise materializes, expectations of further cuts by the Fed could gather greater strength. In terms of other economic data, Germany's ZEW expectations index (February) was better than anticipated at 19.9pts. Meanwhile, December's unemployment rate in the UK was better than expected at 3.8%, while wage data showed slower growth
- In other news, in the US, the Senate passed a US\$95 billion aid package for Ukraine, Israel and Taiwan. The legislation required a bipartisan effort, although it will still have to go through the House of Representatives to be authorized
- According to an investor survey conducted by Bank of America, expectations regarding the performance of the global economy have improved, with most respondents not expecting a recession in the US to materialize
- President Biden called for a six-week cease-fire in the Israel-Hamas conflict, which he hopes will lead to the release of hostages and lay the groundwork for a more lasting peace

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
UK and Germany					
2:00	UK Unemployment rate* - Dec	%	--	4.0	--
5:00	ZEW Survey (Expectations) - Feb	index	--	17.5	15.2
United States					
8:30	Consumer prices* - Jan	% m/m	0.2	0.2	0.2
8:30	Ex. food & energy* - Jan	% m/m	0.3	0.3	0.3
8:30	Consumer prices - Jan	% y/y	2.9	2.9	3.4
8:30	Ex. food & energy - Jan	% y/y	3.8	3.7	3.9
Mexico					
10:00	International reserves - Feb 9	US\$bn	--	--	213.5
12:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Nov'50) and 1-, and 3-year Bondes F				

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

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Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com



www.banorte.com/analisiseconomico
[@analisis_fundam](https://twitter.com/analisis_fundam)



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,020.00	-0.4%
Euro Stoxx 50	4,704.50	-0.9%
Nikkei 225	37,963.97	2.9%
Shanghai Composite	2,865.90	0.0%
Currencies		
USD/MXN	17.08	0.1%
EUR/USD	1.08	0.1%
DXY	104.04	-0.1%
Commodities		
WTI	77.45	0.7%
Brent	82.55	0.7%
Gold	2,028.52	0.4%
Copper	374.40	0.5%
Sovereign bonds		
10-year Treasury	4.15	-3pb

Source: Bloomberg

Equities

- Negative sentiment in equity markets that continue to take a breather after the optimism generated earlier by positive corporate reports. Yesterday, changes in the MSCI indices were announced, which could add volatility in today's trading. For Mexico, the exit of Lasite in the small caps index was mentioned
- In Europe declines prevail. Shares of companies in the technology and industrial sectors lead the losses. In Asia, the Nikkei closed 2.9% higher, reaching an intraday peak not seen since 1990. Futures for the main US indices anticipate a negative opening of 0.5%, on average
- In the US, out of 19 S&P 500 companies reporting today, 10 have released results, being mixed, with Coca Cola and Marriott standing out. In Mexico, Amx will release its figures after the market close

Sovereign fixed income, currencies and commodities

- Modest gains in bonds in the world with European rates stronger by ~2bps and pairing initial pressures driven by Gilts. A deceleration below expectations in UK wage growth impacted the pricing for rate cuts from the BoE. USTs are stronger by 1-2bps, with the long-end outperforming. Yesterday, Mbonos closed mixed, with long-term tenors gaining 2bps
- USD in narrow ranges and slightly negative. In the G10 CFH (-0.4%) leads losses, amid expectations on a rate cut in March from the SNB strengthening, as they fade for other developed regions and support GBP (+0.3%). In EM, the balance is also mixed with CLP (-0.5%) underperforming and MXN depreciating 0.1% to 17.08
- Positive commodities in metals and energy. Crude oil rises as the IEA sees an increase in global demand for this year

Corporate Debt

- Fitch Ratings affirmed the rating of issues IPORCB 19 and 19U (Future Flows of the Eastern Highways Package) at 'AAA(mex)vra' with a Stable outlook. The ratings reflect the risk related to a racing portfolio in the centre of the country, a highly dynamic area. In addition, they contemplate a tariff framework that allows for inflation adjustments and a robust debt structure
- S&P Global assigned ratings of 'mxAAA' to Scotiabank's proposed SCOTIAB 24 and 24-2. Scotiabank's ratings reflect its well-diversified funding structure thanks to a large and stable deposit base, as well as a solid market position as the fifth largest bank in the country in terms of loans

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,797.38	0.3%
S&P 500	5,021.84	-0.1%
Nasdaq	15,942.55	-0.3%
IPC	57,418.55	0.2%
Ibovespa	128,025.70	0.0%
Euro Stoxx 50	4,746.35	0.6%
FTSE 100	7,573.69	0.0%
CAC 40	7,689.80	0.6%
DAX	17,037.35	0.7%
Nikkei 225	36,897.42	0.0%
Hang Seng	15,746.58	0.0%
Shanghai Composite	2,865.90	0.0%
Sovereign bonds		
2-year Treasuries	4.47	-1pb
10-year Treasuries	4.18	0pb
28-day Cetes	11.20	-3pb
28-day TIIE	11.50	0pb
2-year Mbono	10.07	2pb
10-year Mbono	9.19	-1pb
Currencies		
USD/MXN	17.07	-0.1%
EUR/USD	1.08	-0.1%
GBP/USD	1.26	0.0%
DX	104.17	0.1%
Commodities		
WTI	76.92	0.1%
Brent	82.00	-0.2%
Mexican mix	72.28	0.0%
Gold	2,020.05	-0.2%
Copper	372.40	1.2%

Source: Bloomberg

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Raquel Vázquez Godínez
Assistant
raquel.vazquez@banorte.com
(55) 1670 - 2967



María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research



Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046



Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Market Strategy



Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751



José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249



Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698



Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Quantitative Analysis



Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972



José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000



Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000



Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043



Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251



Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957



Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000



Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719



Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250



Isaías Rodríguez Sobrino
Analyst, Fixed Income, FX and Commodities
isaias.rodriguez.sobrino@banorte.com
(55) 1670 - 2144



Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000



José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608



Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124



Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611



Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821



Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707



Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800



Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247



Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248



Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220



Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000