

## Financial Markets Daily

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

- Stock markets positive, government bond yields down, and USD with few changes showing small signs of a comeback after the sharp drops triggered by yesterday's hotter than expected US inflation. Meanwhile, market bets are that Federal Reserve may not cut interest rates as soon as expected
- On the monetary policy front, Goolsbee and Barr of the Federal Reserve will speak, and BoE's Bailey testifies to House of Lords economic affairs panel
- NATO and Ukraine hold Ramstein Group meeting to discuss Kyiv's military needs. Moreover, the presidential election will take place in Indonesia with the first three-way ballot in 20 years
- Regarding economic figures, the 4Q23 GDP was published in the Eurozone, posting no growth in the quarter (0.0% t/t, 0.1% y/y) in line with expectations, but with very positive figures on industrial production by the end of 2023
- Meanwhile, annual inflation in the United Kingdom surprised positively, falling faster than estimated at -0.6% m/m (consensus: -0.3%). With this, the annual figure remained at 4.0% in January, below the estimated 4.1%. Later, Japan will publish 4Q23 GDP

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone and UK</b>					
2:00	UK Consumer prices - Jan	% y/y	--	4.1	4.0
2:00	Core - Jan	% y/y	--	5.2	5.1
5:00	EZ Gross domestic product - 4Q23 (P)	% y/y	--	0.1	0.1
5:00	EZ Gross domestic product* - 4Q23 (P)	q/q	--	0.0	0.0
5:00	EZ Industrial Production* - Dec	% m/m	--	-0.2	-0.3
<b>United States</b>					
9:30	Fed's Goolsbee Speaks in Q&A				
16:00	Fed's Barr Speaks at NABE Conference				
<b>Japan</b>					
18:50	Gross domestic product* - 4Q23 (P)	q/q	--	0.3	-0.7

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

February 14, 2024



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

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### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	4,993.00	0.4%
Euro Stoxx 50	4,707.55	0.4%
Nikkei 225	37,703.32	-0.7%
Shanghai Composite	2,865.90	0.0%
<b>Currencies</b>		
USD/MXN	17.15	-0.3%
EUR/USD	1.07	-0.1%
DXY	104.91	0.0%
<b>Commodities</b>		
WTI	77.92	0.1%
Brent	82.88	0.1%
Gold	1,990.22	-0.1%
Copper	371.65	0.1%
<b>Sovereign bonds</b>		
10-year Treasury	4.30	-1pb

Source: Bloomberg

## Equities

- Positive movements in equity markets, except in Asia, as investors weigh the monetary outlook and assimilate corporate reports with a positive bias, although with mixed signals on the outlook
- In Asia most markets closed negative, with some in China still closed for holidays. In Europe stocks rise, the Eurostoxx adds 0.4%. Shares from materials sector lead gains. In turn, in the US the futures of main indices point to a positive opening by rising 0.5% on average
- Out of the 19 S&P500 companies scheduled to report today, 9 have already updated investors with most outperforming estimates. Cisco Systems will release its figures after the markets close. In Mexico, Amx's 4Q23 numbers showed further weakness impacted by extraordinary effects, which could keep pressure on the stock price. Walmex report is expected today after the market closes

## Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. European 10-year rates decline 3bps while Treasuries' curve prints a steepening bias with gains of 4bps at the short-end. Yesterday, Mbonos depreciated 13bps following their US peers that adjusted +20bps at the short-end and +8bps at the long-end
- Dollar with few changes although most of the G10 currencies advance with NOK (+0.7%) as the strongest. In EM, the bias is mixed CLP (+0.5%) and THB (-1.2%) at the extremes. The MXN trades as the second strongest at 17.14 per dollar (+0.3%), after a 0.7% depreciation yesterday
- Crude-oil futures steady after OPEC's top official said global oil demand will continue strong growth this year and a peak in consumption is probably something way far out

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	38,272.75	-1.4%
S&P 500	4,953.17	-1.4%
Nasdaq	15,655.60	-1.8%
IPC	56,906.99	-0.9%
Ibovespa	128,025.70	0.0%
Euro Stoxx 50	4,689.28	-1.2%
FTSE 100	7,512.28	-0.8%
CAC 40	7,625.31	-0.8%
DAX	16,880.83	-0.9%
Nikkei 225	37,963.97	2.9%
Hang Seng	15,746.58	0.0%
Shanghai Composite	2,865.90	0.0%
<b>Sovereign bonds</b>		
2-year Treasuries	4.66	18pb
10-year Treasuries	4.31	14pb
28-day Cetes	11.05	-15pb
28-day TIIE	11.50	0pb
2-year Mbono	10.21	15pb
10-year Mbono	9.34	14pb
<b>Currencies</b>		
USD/MXN	17.20	0.8%
EUR/USD	1.07	-0.6%
GBP/USD	1.26	-0.3%
DX	104.96	0.8%
<b>Commodities</b>		
WTI	77.87	1.2%
Brent	82.77	0.9%
Mexican mix	73.03	1.0%
Gold	1,993.15	-1.3%
Copper	371.10	-0.3%

Source: Bloomberg

## Corporate Debt

- HR Ratings downgraded the rating of TUCACCB 08 (Future Flow of Acapulco Concessioned Tunnels) to 'HR BBB (E)' from 'HR AA (E)' and maintained the Negative Watch. The downgrade was based on the revenue estimate for 2024 derived from the lower traffic in the port of Acapulco as a result of the damage caused by Hurricane Otis in October 2023
- Fitch Ratings upgraded Grupo Collado's long-term rating to 'BB+(mex)' from 'BB(mex)' and revised the outlook to Positive from Stable. The rating action reflects Fitch's increased visibility into the ability of G Collado's (holding company) management and controlling shareholders to carry out the execution of Grupo Collado's business and determine strategic decisions

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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