

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, government bond yields and USD down, due to favorable corporate earnings results weighing on the latest US inflation data and with investors awaiting more economic data to rethink the outlook for monetary policy, as they see little likelihood of a rate cut in March
- Markets will focus on comments from Waller and Bostic of the Federal Reserve, with the latter speaking about the economic outlook and monetary policy
- Regarding economic figures, in the US the Philly Fed and the Empire Manufacturing regional manufacturing surveys for February will be published. We estimate that both will remain in contraction due to challenges in the sector. In addition, retail sales for January will be released. We expect a moderation in the pace of growth in the control group after the strong increase observed in December. January industrial production and initial jobless claims for the week ending February 10 will also be published
- In the United Kingdom, 4Q23 GDP came in below expectations at -0.3% q/q and -0.2% y/y (consensus -0.1% q/q; 0.1% y/y), reflecting difficulties in the recovery of the region
- In Mexico, the Ministry of Economy released the 4Q23 FDI report. We highlight that in full-year 2023 flows reached US\$36.1 billion, a new historical high. Investment originates mostly from the US, while around 50% went into manufacturing

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone and UK					
2:00	UK Industrial production* - Dec	% m/m	--	-0.1	0.3
2:00	UK Gross domestic product* - 4Q23 (P)	q/q	--	-0.1	-0.1
5:00	EZ Trade balance* - Dec	EURbn	--	15.6	14.8
United States					
8:30	Empire manufacturing* - Feb	index	-15.0	-13.8	-43.7
8:30	Advance retail sales* - Jan	% m/m	-0.2	-0.2	0.6
8:30	Ex autos & gas* - Jan	% m/m	--	0.2	0.6
8:30	Control group* - Jan	0.0	0.3	0.2	0.8
8:30	Philadelphia Fed* - Feb	index	-8.0	-8.2	-10.6
8:30	Initial jobless claims* - Feb 10	thousands	215	220	218
9:15	Industrial production* - Jan	% m/m	0.4	0.2	0.1
9:15	Manufacturing production* - Jan	% m/m	0.1	0.0	0.1
13:15	Fed's Waller Gives Remarks on Dollar's International Role				
19:00	Fed's Bostic Speaks on Outlook, Policy				

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	5,026.00	0.2%
Euro Stoxx 50	4,748.89	0.8%
Nikkei 225	38,157.94	1.2%
Shanghai Composite	2,865.90	0.0%
Currencies		
USD/MXN	17.09	0.0%
EUR/USD	1.07	0.1%
DXY	104.54	-0.2%
Commodities		
WTI	76.22	-0.5%
Brent	81.20	-0.5%
Gold	1,998.75	0.3%
Copper	372.60	0.7%
Sovereign bonds		
10-year Treasury	4.23	-3pb

Source: Bloomberg

Equities

- Investors' optimism prevails and the main indices advance, supported by positive earnings season in the aggregate
- Futures in the US anticipate a slightly positive opening with the average of the 3 major indices rising 0.1% above their theoretical value. In turn, Cisco Systems falls more than 4.8% in pre-market after cutting its growth guidance and indicating that it will cut 5% of its entire workforce. Europe trades higher, with the Eurostoxx climbing 0.8%. Asia closed with gains, highlighting the Shanghai (+1.3%)
- On the corporate front, of the 15 companies in the S&P500 that are due to publish results today, 8 have already released them, with better-than-expected figures. In Mexico, Walmex reported yesterday, where CA operations and higher expenses in Mexico impacted profitability. At the market close, we have Megacable's numbers

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. 10-year European rates gain up to 4bps. Meanwhile, Treasuries' curve adjusts -3bps on average. Yesterday, Mbonos' curve registered gains of 6bps with the biggest adjustments at the long-end. The 10-year benchmark, Nov'34, closed at 9.25% (-7bps)
- The dollar retreats, allowing the developed currencies to trade in positive territory with SEK (+0.5%) leading the gains. In EM, the bias is mixed with RUB (-0.5%) and BRL (+0.2%) at the extremes. The MXN appreciates 0.1% trading at 17.07 per dollar, after gaining 0.6% yesterday
- Crude-oil futures fall about 1.0%, after IEA forecast a surplus in the oil market for 2024 due to lower demand estimate. Additionally, US inventories increased by 12 million barrels, surprising the market. Metals trade with positive bias highlighting silver (+1.3%)

Corporate Debt

- Today, three sustainable bonds issued by Banorte will be auctioned, BANORTE 24X / 24-2X / 24UX, for a target amount of MXN 10 billion (max. MXN 15 billion), with 3-, 7- and 10-year terms. The assigned ratings were 'AAA' by Moody's Local Mexico and Fitch Ratings. The proceeds of the issue will be used to finance or refinance sustainable projects
- S&P Global Ratings affirmed Banca Mifel's 'mxA-' rating and revised its outlook to Positive from Stable. The outlook revision incorporates the gradual improvement of the bank's asset quality indicators, as well as a lower risk appetite following the improvement of its concentration by client and economic sector

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,424.27	0.4%
S&P 500	5,000.62	1.0%
Nasdaq	15,859.15	1.3%
IPC	57,248.47	0.6%
Ibovespa	127,018.29	-0.8%
Euro Stoxx 50	4,709.22	0.4%
FTSE 100	7,568.40	0.7%
CAC 40	7,677.35	0.7%
DAX	16,945.48	0.4%
Nikkei 225	37,703.32	-0.7%
Hang Seng	15,879.38	0.8%
Shanghai Composite	2,865.90	0.0%
Sovereign bonds		
2-year Treasuries	4.58	-8pb
10-year Treasuries	4.26	-6pb
28-day Cetes	11.07	2pb
28-day TIIE	11.50	0pb
2-year Mbono	10.15	-6pb
10-year Mbono	9.27	-6pb
Currencies		
USD/MXN	17.09	-0.6%
EUR/USD	1.07	0.2%
GBP/USD	1.26	-0.2%
DX	104.72	-0.2%
Commodities		
WTI	76.64	-1.6%
Brent	81.60	-1.4%
Mexican mix	72.07	-1.3%
Gold	1,992.33	0.0%
Copper	370.00	-0.3%

Source: Bloomberg

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