Financial Markets Daily

Main drivers for the financial markets today…

- Stock markets mixed, government bond yields biased higher, and USD down. Pause after recent moves, with investors reacting to corporate news in Europe and the possibility of more stimulus in China, along with few developments in the Israel-Hamas conflict

- China maintained its 1-year medium-term facility rate unchanged at 2.50% and injected a small amount of cash to the financial system, in line with expectations and signaling caution amid yuan volatility

- US markets will be closed today in remembrance of Presidents Day. No data in Mexico, so the agenda will be limited. At night, China will announce 1- and 5-year prime loan rates

- Market attention on the minutes of the Fed, ECB, and Banxico. In the former, its relevance has increased after recent data surprises that have raised bets that the rate cut cycle will be delayed and could be more modest. For our country, focus on the reasons behind the latest changes to the forward guidance. In addition, we will strive to identify the stance of each member within the Governing Board

- In data, the main focus will be on PMI manufacturing and services in the Eurozone, US, Germany, and United Kingdom (Feb), both on what they could signal about the economy, as well as about price dynamics

- Apart from what has already been mentioned, monetary policy decisions in Indonesia, Korea, and Turkey. In addition, a series of speeches by Fed members

- Other US releases include only existing home sales (Jan). In other regions, current account (Dec) and consumer confidence (Feb) in the Eurozone, along with the IFO expectations survey (Feb) in Germany

- Figures in Mexico include retail sales, the monthly GDP proxy (Dec), 4Q23 final GDP and current account, inflation (1H-Feb), and the banking sector survey

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,022.50	0.1%
Euro Stoxx 50	4,751.55	-0.3%
Nikkei 225	38,470.38	0.0%
Shanghai Composite	2,910.54	1.6%
Currencies		
USD/MXN	17.05	0.0%
EUR/USD	1.08	0.0%
DXY	104.23	0.0%
Commodities		
WTI	79.06	-0.2%
Brent	83.18	-0.3%
Gold	2,018.77	0.3%
Copper	381.75	-0.5%
Sovereign bonds		
10-year Treasury	4.28	0pb

Source: Bloomberg

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
7:00	Economic activity - Dec	% y/y	--	0.5	2.2
7:00	Economic activity* - Dec	% m/m	--	0.8	0.0
China					
20:15	Rate decision 1-year Loan Prime Rate	%	--	3.45	3.45
20:15	Rate decision 5-year Loan Prime Rate	%	--	4.20	4.20

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

Equities

- **Mixed movements as investors weigh the monetary policy outlook and corporate results. No activity in the US due to the holiday, which might affect trading volumes in other markets**

- **In Asia most indices closed higher. Chinese stocks rose after upbeat travel and tourism data. Europe falls , with the Eurostoxx down 0.3%. Tech shares lead loses, while those from communication services are the biggest gainers. After the Mexbol's closing at 57,132pts last Friday, we expect a trading range between 56,500 - 58,000pts this week**

- **The flow of reports will gradually decrease, with the results from 53 S&P500 companies, highlighting Home Depot, NVIDIA, and Walmart. In Mexico, information will be more abundant with 11 Mexbol Index constituents releasing figures. Bimbo is expected today**

Sovereign fixed income, currencies and commodities

- **We foresee low trading volumes as the US market is closed. European 10-year rates average losses of 2bps. Last week, Mbonos' curve flattened, with the short- and mid-end adjusting +15bps, with few changes at the long-end. The 10-year benchmark closed at 9.27% (+7bps)**

- **Dollar negative amid positive performance in all G10 currencies, with NZD (+0.2%) leading gains. In EM, the bias is mixed with HUF (+0.2%) and ZAR (-0.2%) at the extremes. Meanwhile, the MXN trades virtually unchanged at 17.05 per dollar after three consecutive weeks of gains**

- **Crude-oil down from the highest level in three weeks with lingering concerns about the demand outlook offsetting ongoing Middle East tensions. In metals, gold advances 0.3%, remaining above 2,000 $/oz t**

Corporate Debt

- **This week we expect auction activity to continue, with the first structured issue of the year. The AUNETCB 24U bond will be backed by the toll collection rights of the Avila Camacho - Tihuatlan segment and the availability payments of the Nuevo Necaxa - Avila Camacho segment**

- **We also anticipate continued dynamism in the banking market with the auction of two bonds by Scotiabank, SCOTIAB 24 / 24-3 for an amount of MXN 5.0 billion (max. MXN 10.0 billion)**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,627.99	-0.4%
S&P 500	5,005.57	-0.5%
Nasdaq	15,775.65	-0.8%
IPC	57,132.11	-0.2%
Ibovespa	128,725.88	0.7%
Euro Stoxx 50	4,765.65	0.5%
FTSE 100	7,711.71	1.5%
CAC 40	7,768.18	0.3%
DAX	17,117.44	0.4%
Nikkei 225	38,487.24	0.9%
Hang Seng	16,339.96	2.5%
Shanghai Composite	2,865.90	0.0%
Sovereign bonds		
2-year Treasuries	4.64	7pb
10-year Treasuries	4.28	5pb
28-day Cetes	11.07	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.25	8pb
10-year Mbono	9.31	5pb
Currencies		
USD/MXN	17.06	0.1%
EUR/USD	1.08	0.0%
GBP/USD	1.26	0.0%
DXY	104.28	0.0%
Commodities		
WTI	79.19	1.5%
Brent	83.47	0.7%
Mexican mix	74.05	1.4%
Gold	2,013.59	0.5%
Copper	383.85	2.1%

Source: Bloomberg

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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.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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