

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed, government bond yields and the USD lower. Trading resumes in the US after the holiday yesterday, while investors await additional information regarding monetary policy, expecting the release of the minutes from the Fed (Wednesday), ECB and Banxico (Thursday)
- Meanwhile, on the monetary front, in China a reduction of 25bps to the 5-year prime loan rate was announced, standing at 3.95%, its first move since last June. Nevertheless, the reference for 1-year loans was unchanged at 3.45%
- BoE Governor, Andrew Bailey, mentioned that it is not necessary for inflation to reach their 2% target to start easing, although 'sustained progress' towards the goal has to be seen
- The ECB reported that wage growth at the end of 2023 came in at 4.5% y/y, moderating relative to the previous 3-month average at 4.7%. The result could be an additional catalyst regarding bets of cuts in the region later in the year
- Day with few releases, expecting in Mexico only the expectations survey from the banking sector. In the Eurozone, December's current account posted a larger-than-expected surplus at EUR 31.9 billion
- In other news, the US proposed a resolution to the UN Security Council warning over an attack from Israel on the city of Rafah in Gaza, calling for a temporary cease fire
- Meanwhile, the Chinese government announced that they will increase their influence in the tech sector. Although no further details were provided, it is expected that they will do so through key investments in sectors such as semiconductors and AI

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	Current account* - Dec	EURbn	--	--	24.6
Mexico					
10:00	International reserves - Feb 16	US\$bn	--	--	213.2
12:30	Government weekly auction: 1-, 3-, 6-, and 12-month Cetes, 30-year Mbono (Jul'53), 3-year Udibono (Dec'26) and 2-, and 5-year Bondes F				
15:30	Banamex Survey of Economists				

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 awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023



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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,004.50	-0.3%
Euro Stoxx 50	4,765.47	0.1%
Nikkei 225	38,363.61	-0.3%
Shanghai Composite	2,922.73	0.4%
Currencies		
USD/MXN	17.02	-0.1%
EUR/USD	1.08	0.2%
DXY	104.11	-0.2%
Commodities		
WTI	78.68	-0.6%
Brent	82.71	-1.0%
Gold	2,027.19	0.5%
Copper	382.40	-0.4%
Sovereign bonds		
10-year Treasury	4.28	0pb

Source: Bloomberg

Equities

- Mixed movements in equity markets as investors digest corporate reports with a positive bias
- In Asia the markets closed mixed. In Europe gains predominate, the Eurostoxx remains stable. In the US, the futures of main indices point to a negative opening by falling 0.4% on average. The announcement that Capital One Financial will acquire Discover Financial Services for ~US\$35.3 billion stood out
- Out of the 15 S&P500 companies scheduled to report today, 5 have already updated investors with most outperforming estimates, including Home Depot (albeit with moderate guidance) and Walmart (it would acquire smart TV maker Vizio for ~US\$3.2 billion). In Mexico, following the spin-off of Televisa's Other Businesses, Ollamania, with the ticker "Aguilas", is expected to be listed on the MSE today. Reports from Alfa and subsidiaries and Chdraui to be released today

Sovereign fixed income, currencies and commodities

- Positive balance in sovereign bonds. 10-year rates in Europe decrease 2bps on average, while the Treasuries curve shows a slight steepening bias with gains of 4bps at the short-end and few changes at the long-end
- Slightly negative dollar allowing most developed currencies to advance with NZD (+0.4%) as the strongest. In EM, the bias is mixed with CLP (+0.3%) and TWD (-0.3%) at the extremes. The MXN is trading at 17.02 per dollar (+0.1%) extending yesterday's slight gains (+0.1%)
- Crude-oil futures are trading near their highest level in three months after another Houthi attack in the Red Sea, with tensions in the key region for crude production and trade continuing to simmer. In metals, gold extends its recovery by gaining 1.8% to US\$2,027/oz t from the lows of the year reached in mid-February

Corporate Debt

- Fitch Ratings ratified Sigma Alimentos' long-term national rating at 'AAA(mex)'. At the same time, it ratified the international default rating (IDR) at 'BBB'. The outlook is stable. According to the agency, the ratings reflect Sigma's solid business position as a producer of refrigerated foods that manages a portfolio of leading brands with an important presence in the markets in which it participates
- PCR Verum affirmed FONDO's short-term program rating at '1+/M'. According to the agency, the rating is based on the support capacity it could receive from the Federal Government as a means of executing economic and financial policy, being part of credit and technical assistance programs focused on the primary sector and related projects

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,627.99	0.0%
S&P 500	5,005.57	0.0%
Nasdaq	15,775.65	0.0%
IPC	57,490.05	0.6%
Ibovespa	129,035.74	0.2%
Euro Stoxx 50	4,763.07	-0.1%
FTSE 100	7,728.50	0.2%
CAC 40	7,768.55	0.0%
DAX	17,092.26	-0.1%
Nikkei 225	38,470.38	0.0%
Hang Seng	16,155.61	-1.1%
Shanghai Composite	2,910.54	1.6%
Sovereign bonds		
2-year Treasuries	4.64	0pb
10-year Treasuries	4.28	0pb
28-day Cetes	11.15	8pb
28-day TIIE	11.50	0pb
2-year Mbono	10.18	-6pb
10-year Mbono	9.32	1pb
Currencies		
USD/MXN	17.04	-0.1%
EUR/USD	1.08	0.0%
GBP/USD	1.26	-0.1%
DX	104.29	0.0%
Commodities		
WTI	79.19	0.0%
Brent	83.56	0.1%
Mexican mix	74.05	0.0%
Gold	2,017.21	0.2%
Copper	385.15	0.0%

Source: Bloomberg

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