

## Financial Markets Daily

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

- Stock markets and government bond yields mixed with the USD slightly up. Eyes on the minutes from the Federal Reserve to be released later today, as well as the quarterly earnings from Nvidia after the close
- We expect the minutes to reaffirm Powell's and other central bank members' cautious message regarding rate cuts in the very short term, waiting for inflation to show a sustained path towards target. Markets have been adjusting their expectations of the first rate cut after the recent inflation reports. We will also focus on discussions about its balance sheet. Today's agenda will also include comments from Bostic (voting member in the FOMC this year)
- Regarding economic figures, consumer confidence for February will be released in the Eurozone
- In Mexico, INEGI published December's retail sales, falling 0.9% m/m (-0.2% y/y). Inside, 5 out of the 9 sectors backtracked, with weakness centered in supermarkets and departmental stores (-3.7% m/m)

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### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Mexico</b>					
7:00	Retail sales - Dec	% y/y	2.4	2.3	2.7
7:00	Retail sales* - Dec	% m/m	0.4	-0.4	0.1
<b>United States</b>					
8:00	Fed's Bostic Gives Welcoming Remarks				
14:00	FOMC Meeting minutes				
<b>Eurozone</b>					
10:00	Consumer confidence* - Feb (P)	index	--	-15.8	-16.1
<b>South Korea</b>					
	Monetary policy decision (C. bank of S. Korea)	%	--	3.50	3.50

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

### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	4,978.25	-0.3%
Euro Stoxx 50	4,776.66	0.3%
Nikkei 225	38,262.16	-0.3%
Shanghai Composite	2,950.96	1.0%
<b>Currencies</b>		
USD/MXN	17.06	0.0%
EUR/USD	1.08	0.0%
DXY	104.06	0.0%
<b>Commodities</b>		
WTI	77.07	-1.4%
Brent	82.35	0.0%
Gold	2,031.05	0.3%
Copper	389.10	0.4%
<b>Sovereign bonds</b>		
10-year Treasury	4.26	-2pb

Source: Bloomberg

## Equities

- Mixed movements in the stock markets as investors digest corporate earnings with diverse results. All attention is focused on Nvidia's figures at market's close, with investors cautious (-1.5% pre-market)
- Futures in the US anticipate a negative opening, falling 0.3% on average. Palo Alto Networks falls 22.5% after cutting its revenue forecast. Amazon rises after the announcement that it will replace Walgreens in the Dow. Meanwhile, Europe falls due to some disappointing results including HSBC, Rio Tinto and Glencore
- In Mexico, Chedraui reported positive figures yesterday, highlighting profitability expansion. Alfa was affected by the weakness in Alpek, while Sigma's profitability improvements stand out; attentive to the 2024 guidance. Genera, Lab, Lacomar and Orbia are expected to report at the afterhours

## Sovereign fixed income, currencies and commodities

- Price action for sovereign bonds under narrow ranges. The USTs curve strengthens by 1-2bps, with the long-end outperforming. European rates experience losses of ~1bp. Yesterday, the Mbonos curve strengthened by 1bp and Udibonos sold-off 3bps
- The USD holds amid narrow ranges as well, on the back of a mixed performance in G10 and EM currencies. For the latter, THB (+0.6%) and CLP (-0.5%) trade at the extremes, while the MXN stands with few variations relative to yesterday's close at 17.06 per dollar
- Commodities slightly negative in the energy space, with oil scoring its second day of consecutive losses. In metals copper rises and gold adds its fifth day of modest gains in a row

## Corporate Debt

- Scotiabank's issuances, SCOTIAB 24 / 24-2, are expected today for a combined amount of MXN 5 billion, which may be increased to MXN 10 billion through an over-allocation. Series 24 will have a 4-year term and will pay a floating rate referenced to the ON-TIIE; while the 24-2 series will have a 7-year term and will pay a fixed rate. Amortization will be carried out in a single payment on the maturity date (bullet). The ratings assigned were 'mxAAA' by S&P Global and 'AAA(mex)' by Fitch Ratings
- PCR Verum ratified Grupo GICSA's ratings at 'B/M' and '4/M' for the long and short term, respectively. The outlook was revised to Stable from Negative. According to the agency, the change in outlook reflects the improvement in its debt maturity profile for the next 24 months

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	38,563.80	-0.2%
S&P 500	4,975.51	-0.6%
Nasdaq	15,630.78	-0.9%
IPC	57,227.67	-0.5%
Ibovespa	129,916.11	0.7%
Euro Stoxx 50	4,760.28	-0.1%
FTSE 100	7,719.21	-0.1%
CAC 40	7,795.22	0.3%
DAX	17,068.43	-0.1%
Nikkei 225	38,363.61	-0.3%
Hang Seng	16,247.51	0.6%
Shanghai Composite	2,922.73	0.4%
<b>Sovereign bonds</b>		
2-year Treasuries	4.61	-3pb
10-year Treasuries	4.28	0pb
28-day Cetes	11.00	-15pb
28-day TIIE	11.49	0pb
2-year Mbono	10.16	-2pb
10-year Mbono	9.30	-2pb
<b>Currencies</b>		
USD/MXN	17.06	0.1%
EUR/USD	1.08	0.3%
GBP/USD	1.26	0.2%
DX	104.08	-0.2%
<b>Commodities</b>		
WTI	78.18	-1.3%
Brent	82.34	-1.5%
Mexican mix	73.07	-1.3%
Gold	2,024.41	0.4%
Copper	387.55	0.6%

Source: Bloomberg

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