

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets positive, with government bond yields and USD down reacting to Nvidia's strong report yesterday**
- **Markets will focus on comments from Fed's Jefferson, Bowman, Harker, Cook, Kashkari and Waller. ECB minutes explained that the biggest risk is cutting rates too soon**
- **In Mexico, INEGI released inflation for 1H-February at -0.10% 2w/2w – surprising to the downside–, with the core at 0.24%. As such, the annual print moderated to 4.45% from 4.87% in the previous fortnight, with the core at 4.63% (previous: 4.75%). Mexico's 4Q23 final GDP stood at 0.1% q/q. In annual terms (nsa) activity stood at 2.5%. By sectors, primary activities fell 1.0% q/q, with industry at -0.1%, and services at +0.3%. With the revision, the figure for 2023 was adjusted to 3.2%. Later, Banxico's last meeting minutes will be released**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer prices - Feb (P)	% y/y	--	2.8	2.8
5:00	Core - Feb (P)	% y/y	--	3.3	3.3
7:30	ECB Minutes				
Mexico					
7:00	Gross domestic product (annual) - 2023	% y/y	3.1	--	3.9
7:00	Gross domestic product - 4Q23 (F)	% y/y	2.2	2.4	2.4
7:00	Gross domestic product* - 4Q23 (F)	% q/q	0.0	0.1	0.1
7:00	Economic activity indicator (IGAE) - Dec	% y/y	1.0	0.7	2.3
7:00	Economic activity indicator (IGAE)* - Dec	% m/m	-0.6	-0.6	-0.5
7:00	Consumer prices - Feb 15	% 2w/2w	0.27	0.13	0.32
7:00	Core - Feb 15	% 2w/2w	0.26	0.28	0.32
7:00	Consumer prices - Feb 15	% y/y	4.84	4.75	4.87
7:00	Core - Feb 15	% y/y	4.65	4.67	4.75
10:00	Banxico's minutes				
United States					
8:30	Initial jobless claims* - Feb 17	thousands	215	218	212
9:45	Manufacturing PMI* - Feb (P)	index	50.6	50.4	50.7
10:00	Existing home sales** - Jan	millions	--	4.0	3.8
10:00	Fed's Jefferson gives remarks at Peterson Institute				
13:00	Fed's Bowman Speaks to Exchequer Club in Washington				
14:00	Fed's Harker Speaks on Economic Outlook				
17:00	Fed's Cook Speaks at Macrofinance Conference				
17:00	Fed's Kashkari Participates in Panel Discussion on Outlook				
19:35	Fed's Waller speaks on Economic Outlook				

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	5,058.00	1.2%
Euro Stoxx 50	4,848.46	1.5%
Nikkei 225	39,098.68	2.2%
Shanghai Composite	2,988.36	1.3%
Currencies		
USD/MXN	17.06	0.1%
EUR/USD	1.08	0.2%
DXY	103.78	-0.2%
Commodities		
WTI	77.78	-0.2%
Brent	82.86	-0.2%
Gold	2,028.34	0.1%
Copper	388.45	0.2%
Sovereign bonds		
10-year Treasury	4.33	1pb

Source: Bloomberg

Equities

- Optimism prevails as earnings season continue to provide a positive outlook. Nvidia rises in pre-market (+14.5%) after beating estimates and still providing a strong growth forecast. The news drags other techs (AMD +6.4%, INTC +2.6%) and Nasdaq futures is climbing 2.0%
- Europe trades higher with the Eurostoxx up 1.5%. Mercedes-Benz and Rolls Royce shares rise after positive corporate announcements. Asia closed with gains, highlighting the Nikkei (+2.2%), which established a new record high not seen since 1989
- In Mexico, yesterday we had Gentera's report, where the portfolio continues to set a historical record and is shaping up for a solid 2024; La Comer registered higher margin pressure due to economic elements; Lab was impacted by operations in Argentina; and Orbia had negative figures. Cuervo, Kof, Oma and Tlevisa's numbers are expected today

Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds. 10-year European rates fluctuate between +/-4bps. Meanwhile, Treasuries' curve loses 1bp on average. Yesterday, Mbonos' curve registered a steepening bias with gains of 6bps at the short- and mid-end, while the long-end adjusted -2bps. The 10-year benchmark, Nov'34, closed at 9.25% (-4bps)
- The dollar retreats, allowing the developed currencies to trade in positive territory with SEK (+0.6%) leading the gains. In EM, the bias is also positive with KRW (+0.5%) as the strongest. The MXN remains unchanged trading at 17.04 per dollar, after gaining 0.1% yesterday
- Crude-oil futures hold near year highs amid signs of market tightness. In this sense, Brent and WTI are trading at 82.8 and 77.7 \$/bbl, respectively. Metals trade positive highlighting palladium (+2.2%)

Corporate Debt

- Fitch Ratings affirmed Fibra Uno's long-term international ratings at 'BBB-' and long-term national ratings at 'AAA(mex)' on Evolving Watch. According to the agency, the Evolving Watch reflects the substantial risk of execution of the spin-off transaction of its industrial assets through the IPO of Fibra NEXT, the creation of NEXT Properties and the subsequent exchange of bonds
- HR Ratings affirmed the ratings at 'HR DS' for TV Azteca and 'HR D (G)' for the Senior Notes, maintaining them in Review in Process. According to the agency, the ratification is based on the lack of payment corresponding to the seventh, eighth, ninth, tenth, eleventh, twelfth and thirteenth coupons of TV Azteca's Senior Notes for a cumulative amount of approximately US\$115.5 millions

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,612.24	0.1%
S&P 500	4,981.80	0.1%
Nasdaq	15,580.87	-0.3%
IPC	57,021.03	-0.4%
Ibovespa	130,031.58	0.1%
Euro Stoxx 50	4,775.31	0.3%
FTSE 100	7,662.51	-0.7%
CAC 40	7,812.09	0.2%
DAX	17,118.12	0.3%
Nikkei 225	38,262.16	-0.3%
Hang Seng	16,503.10	1.6%
Shanghai Composite	2,950.96	1.0%
Sovereign bonds		
2-year Treasuries	4.67	5pb
10-year Treasuries	4.32	4pb
28-day Cetes	11.07	7pb
28-day TIIE	11.50	0pb
2-year Mbono	10.11	-5pb
10-year Mbono	9.26	-4pb
Currencies		
USD/MXN	17.04	-0.1%
EUR/USD	1.08	0.1%
GBP/USD	1.26	0.1%
DX	104.01	-0.1%
Commodities		
WTI	77.91	-0.3%
Brent	83.03	0.8%
Mexican mix	73.47	0.5%
Gold	2,025.99	0.1%
Copper	388.75	0.3%

Source: Bloomberg

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