Economic and Financial Markets Research
Economic Research and Market Strategy

Financial Markets Daily

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Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com


Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com


Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com


Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com

Main drivers for the financial markets today...

- **Stock markets and government bond yields mixed, with the USD with small changes. Investors remain cautious after major US stock indices hit record highs, wondering if the tech rally can be sustainable and extended to other sectors, while bets on rate cuts from the Fed soon have waned somewhat**

- **On economic figures, In Germany, 4Q23 final GDP data came in at -0.3%, in line with preliminary figures. Inside, investment was the main drag. Also in Germany, the business climate according to the IFO survey improved to 85.5pts, although it remains at low levels. In Mexico, Banxico will publish the current account for 4Q23, expecting a surplus in the month**

- **China's housing market showed its first sign of improvement in 10 months, with new and existing home prices moderating their pace of decline in January**

- **On the monetary front we do not have comments from Fed members today, although we highlight remarks from Waller, Cook and Kashkari yesterday that showed a more hawkish tone. In the Eurozone we will have speeches from several members, although a greater divergence has prevailed between keeping the rate at its current level or beginning with cuts, with attention now focused on next meeting on March 7th**

- **In other news, the US and China are discussing new plans to prevent a wave of EM sovereign defaults. While discussions are in their early stages, some actions could include extending loan periods. It is expected that the IMF and the World Bank can join these efforts**

- **The US will impose new economic sanctions on Russia. Specific actions will be published later today, although it is expected to include moves against more than 500 people and entities linked to Russia's military**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Gross domestic product* - 4Q23 (F)	% q/q	--	-0.3	-0.3
4:00	IFO Survey (business climate)* - Feb	index	--	85.5	85.2
Mexico					
10:00	Current account - 4Q23	US$bn	4.9	5.8	2.6

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.
Equity indices		
S&P 500 Futures	5,098.25	0.0%
Euro Stoxx 50	4,868.68	0.3%
Nikkei 225	39,098.68	0.0%
Shanghai Composite	3,004.88	0.6%
Currencies		
USD/MXN	17.11	0.0%
EUR/USD	1.08	0.0%
DXY	103.89	-0.1%
Commodities		
WTI	77.36	-1.6%
Brent	82.45	-1.5%
Gold	2,023.75	0.0%
Copper	386.15	-0.9%
Sovereign bonds		
10-year Treasury	4.33	1pb

Source: Bloomberg

Equities

- **Stock markets mixed, while US futures show small changes, following yesterday´s record highs in the three main indices: Dow, Nasdaq & S&P500. Optimism about technology companies and particularly Artificial Intelligence related ones continues**

- **The reporting season continues to move favorably. With 90% of the results of S&P 500 companies, there is an increase in earnings of 6.6% vs 1.2%e. The positive surprises rate stands at 76.5%. Today's Warner Bros Discovery stands out**

- **In Mexico, FEMSA reports today, prior to the opening. Yesterday afternoon Oma's figures were positive, in line with expectations. However, our recommendation is Hold in the face of short-term challenges. Meanwhile, Televisa showed greater weakness than expected which we believe will not be well received by the market**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. 10-year European rates fluctuate between +/-2bps. Meanwhile, Treasuries' curve loses 1bp on average. Yesterday, Mbonos' curve registered a steepening bias with gains of 4bps at the short- and mid-end, while the long-end adjusted few changes. The 10-year benchmark, Nov'34, closed at 9.22% (-2bps)**

- **The dollar retreats, allowing the developed currencies to trade in positive territory with SEK (+0.3%) leading the gains. In EM, the bias is mostly negative with RUB (-1.4%) as the weakest. The MXN is one of the few with gains trading at 17.04 (+0.1%) per dollar, after losing 0.3% yesterday**

- **Crude-oil futures dilute the gains of the last two sessions; however they remain trading at the upper end of the 2024 trading range. Metals trade negative highlighting copper (-0.8%)**

Corporate Debt

- **Fibra Mty informed that it has successfully concluded the binding agreement to acquire an industrial real estate portfolio for a total amount of approximately US$83.3 million, plus VAT. The transaction consists of the acquisition of 6 class A stabilized industrial buildings located in Querétaro, with a total gross rentable area (GRA) of approximately 93,525 square meters built on a land area of approximately 253,611 square meters, which includes two land reserves for expansions**

- **Fibra Mty has one bond in the long-term debt market, FMTY 20D, with an outstanding amount of US$215 million (MXN 3.67 billion), including a US$115 million tap issue in July 2021. It is important to remember that the issuer has 'AA+' ratings by Fitch and HR Ratings**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,069.11	1.2%
S&P 500	5,087.03	2.1%
Nasdaq	16,041.62	3.0%
IPC	57,148.73	0.2%
Ibovespa	130,240.55	0.2%
Euro Stoxx 50	4,855.36	1.7%
FTSE 100	7,684.49	0.3%
CAC 40	7,911.60	1.3%
DAX	17,370.45	1.5%
Nikkei 225	39,098.68	2.2%
Hang Seng	16,742.95	1.5%
Shanghai Composite	2,988.36	1.3%
Sovereign bonds		
2-year Treasuries	4.71	5pb
10-year Treasuries	4.32	0pb
28-day Cetes	11.20	13pb
28-day TIIE	11.49	0pb
2-year Mbono	10.07	-5pb
10-year Mbono	9.23	-3pb
Currencies		
USD/MXN	17.11	0.4%
EUR/USD	1.08	0.0%
GBP/USD	1.27	0.2%
DXY	103.96	0.0%
Commodities		
WTI	78.61	0.9%
Brent	83.67	0.8%
Mexican mix	74.27	1.1%
Gold	2,024.39	-0.1%
Copper	391.50	0.7%

Source: Bloomberg

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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	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
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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Directory

Research and Strategy

Alejandro Padilla Santana
Chief Economist and Head of Research
alejandro.padilla@banorte.com
(55) 1103 - 4043

Raquel Vázquez Godinez
Assistant
raquel.vazquez@banorte.com
(55) 1670 – 2967

Itzel Martínez Rojas
Analyst
itzel.martinez.rojas@banorte.com
(55) 1670 - 2251

Lourdes Calvo Fernández
Analyst (Edition)
lourdes.calvo@banorte.com
(55) 1103 - 4000 x 2611

María Fernanda Vargas Santoyo
Analyst
maria.vargas.santoyo@banorte.com
(55) 1103 - 4000 x 2586

Economic Research

Juan Carlos Alderete Macal, CFA
Executive Director of Economic Research and Market Strategy
juan.alderete.macal@banorte.com
(55) 1103 - 4046

Francisco José Flores Serrano
Director of Economic Research, Mexico
francisco.flores.serrano@banorte.com
(55) 1670 - 2957

Katia Celina Goya Ostos
Director of Economic Research, Global
katia.goya@banorte.com
(55) 1670 - 1821

Yazmín Selene Pérez Enríquez
Senior Economist, Mexico
yazmin.perez.enriquez@banorte.com
(55) 5268 - 1694

Cintia Gisela Nava Roa
Senior Economist, Mexico
cintia.nava.roa@banorte.com
(55) 1103 - 4000

Luis Leopoldo López Salinas
Economist, Global
luis.lopez.salinas@banorte.com
(55) 1103 - 4000 x 2707

Market Strategy

Santiago Leal Singer
Director of Market Strategy
santiago.leal@banorte.com
(55) 1670 - 1751

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com
(55) 1670 - 1719

Víctor Hugo Cortes Castro
Senior Strategist, Technical
victorh.cortes@banorte.com
(55) 1670 - 1800

José Itzamna Espitia Hernández
Senior Strategist, Equity
jose.espitia@banorte.com
(55) 1670 - 2249

Carlos Hernández García
Senior Strategist, Equity
carlos.hernandez.garcia@banorte.com
(55) 1670 - 2250

Hugo Armando Gómez Solís
Senior Analyst, Corporate Debt
hugoa.gomez@banorte.com
(55) 1670 - 2247

Leslie Thalía Orozco Vélez
Senior Strategist, Fixed Income and FX
leslie.orozco.velez@banorte.com
(55) 5268 - 1698

Isaías Rodríguez Sobrino
Analyst, Fixed Income, FX and Commodities
isaias.rodriguez.sobrino@banorte.com
(55) 1670 - 2144

Gerardo Daniel Valle Trujillo
Analyst, Corporate Debt
gerardo.valle.trujillo@banorte.com
(55) 1670 - 2248

Juan Carlos Mercado Garduño
Strategist, Equity
juan.mercado.garduno@banorte.com
(55) 1103 - 4000 x 1746

Paula Lozoya Valadez
Analyst, Equity
paula.lozoya.valadez@banorte.com
(55) 1103 - 4000

Quantitative Analysis

Alejandro Cervantes Llamas
Executive Director of Quantitative Analysis
alejandro.cervantes@banorte.com
(55) 1670 - 2972

José Luis García Casales
Director of Quantitative Analysis
jose.garcia.casales@banorte.com
(55) 8510 - 4608

Miguel Alejandro Calvo Domínguez
Senior Analyst, Quantitative Analysis
miguel.calvo@banorte.com
(55) 1670 - 2220

José De Jesús Ramírez Martínez
Senior Analyst, Quantitative Analysis
jose.ramirez.martinez@banorte.com
(55) 1103 - 4000

Daniel Sebastián Sosa Aguilar
Senior Analyst, Quantitative Analysis
daniel.sosa@banorte.com
(55) 1103 - 4000 x 2124

Jazmin Daniela Cuautencos Mora
Strategist, Quantitative Analysis
jazmin.cuautencos.mora@banorte.com
(55) 1103 - 4000

Andrea Muñoz Sánchez
Analyst, Quantitative Analysis
andrea.muñoz.sanchez@banorte.com
(55) 1103 - 4000