

## Financial Markets Daily

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

- Stock markets mixed, while government bond yields and USD are down. Investors await economic data and comments from Federal Reserve members over coming days that could deliver clues on prospects for interest-rate cuts
- President Biden is expected to call today the top four congressional leaders at the White House to press lawmakers on passing an emergency aid package for Ukraine and Israel, as well as to avoid a government's shutdown before the deadlines to reach an agreement on the budget on March 1 and 8
- Regarding monetary policy, attention to speeches by Barr of the Fed and Bailey of the Bank of England (BoE)
- In events, we highlight primary elections by Republicans and Democrats in Michigan (considered a swing state), as well as the International Energy Week in London through Thursday
- In terms of economic figures, in the US December's Home Price Index, January's durable goods orders, and February's Conference Board consumer confidence will be released
- In Mexico, INEGI published January's trade balance, posting a US\$4,314.7 million deficit. Exports fell 2.5% m/m (-1.5% y/y), dragged by non-oil goods. Imports rebounded 1.5% m/m (-1.0% y/y), noting widespread improvements

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
4:00	Monetary aggregates (M3)* - Jan	% y/y	--	0.3	0.1
<b>Mexico</b>					
7:00	Trade balance - Jan	US\$bn	-3,016.8	-2,250.0	4,242.4
10:00	International reserves - Feb 23	US\$bn	--	--	213.1
12:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43) and 1-, 3-, and 7-year Bondes F				
<b>Brazil</b>					
7:00	Consumer prices - Feb	% m/m	--	0.82	0.31
7:00	Consumer prices - Feb	% y/y	--	4.53	4.47
<b>United States</b>					
8:30	Durable goods orders* - Jan (P)	% m/m	--	-5.0	0.0
8:30	Ex transportation* - Jan (P)	% m/m	--	0.2	0.5
9:00	S&P/CoreLogic housing prices - Dec	% y/y	--	6.0	5.4
10:00	Consumer Confidence* - Feb	index	113.0	115.0	114.8

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

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### A glimpse to the main financial assets

	Last	Daily chg.
<b>Equity indices</b>		
S&P 500 Futures	5,085.25	0.1%
Euro Stoxx 50	4,879.61	0.3%
Nikkei 225	39,239.52	0.0%
Shanghai Composite	3,015.48	1.3%
<b>Currencies</b>		
USD/MXN	17.07	-0.2%
EUR/USD	1.09	0.0%
DXY	103.72	-0.1%
<b>Commodities</b>		
WTI	77.60	0.0%
Brent	82.49	0.0%
Gold	2,036.70	0.3%
Copper	383.40	0.4%
<b>Sovereign bonds</b>		
10-year Treasury	4.27	-1pb

Source: Bloomberg

## Equities

- Mixed performances in the main indices, where investors are awaiting more economic data after mostly positive earnings season
- Futures in the US anticipate a positive opening with the Nasdaq climbing 0.3% above its theoretical value. Meanwhile, Zoom is up more than 12% after reporting better-than-expected guidance and approving a buyback fund. Europe trades mixed and the Eurostoxx rises 0.3%, driven by technology companies
- Locally, yesterday Alsea surprised positively with expansion due to Mexico's performance; Asur was impacted by higher expenses, although growth should continue due to better prices; Gap reported lower profitability and guidance confirmed that weakness will prevail; and Volar closed the year with growth and margin gains. At the market close, Liverpool's numbers are expected

## 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. Yesterday, short-term Mbonos lost up to 10bps and the 10-year benchmark closed at 9.23% (+5bps)
- Slightly negative dollar allowing most developed currencies to advance with JPY (+0.3%) as the strongest. In EM, the bias is positive with ZAR (+0.8%) leading gains. The MXN is trading at 17.07 per dollar (+0.2%) extending yesterday's slight gains (+0.1%)
- Crude-oil futures partially offset yesterday's gains; however, prices are supported by physical markets that show signs of strength. Moreover, analyst expect OPEC+ to extend their production cuts

## Corporate Debt

- Moody's Local Mexico downgraded Petróleos Mexicanos' debt ratings to 'AA+.mx' from 'AAA.mx' and assigned them a Negative outlook. The downgrade reflects the company's high and increasing cost of financing, the limited visibility regarding the liability management plan to be executed by Pemex during the next administration, and its high leverage level
- Moody's Local Mexico assigned a rating of 'AAA.mx' to the proposed issue of BID Invest (BIDINV 1-24X). The rating takes into consideration high liquidity, strong performance of IDB Invest's development assets, and its low leverage

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	39,069.23	-0.2%
S&P 500	5,069.53	-0.4%
Nasdaq	15,976.25	-0.1%
IPC	56,194.72	-0.8%
Ibovespa	129,609.05	0.1%
Euro Stoxx 50	4,864.29	-0.2%
FTSE 100	7,684.30	-0.3%
CAC 40	7,929.82	-0.5%
DAX	17,423.23	0.0%
Nikkei 225	39,233.71	0.3%
Hang Seng	16,634.74	-0.5%
Shanghai Composite	2,977.02	-0.9%
<b>Sovereign bonds</b>		
2-year Treasuries	4.72	3pb
10-year Treasuries	4.28	3pb
28-day Cetes	11.24	8pb
28-day TIIE	11.49	0pb
2-year Mbono	10.05	-3pb
10-year Mbono	9.25	4pb
<b>Currencies</b>		
USD/MXN	17.10	-0.1%
EUR/USD	1.09	0.3%
GBP/USD	1.27	0.1%
DX	103.83	-0.1%
<b>Commodities</b>		
WTI	77.58	1.4%
Brent	82.53	1.1%
Mexican mix	72.53	0.4%
Gold	2,031.24	-0.2%
Copper	383.45	-1.7%

Source: Bloomberg

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