

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets with a downward bias, government bond yields negative, and the USD higher. Investors await further data that will help clear up upcoming actions by central banks, as well as some profit taking on the tech sector
- Regarding economic data, in the US we will have the revision to 4Q23 GDP, expecting the figure unchanged at 3.3% q/q saar, with consumption also stable at 2.7%. Meanwhile, in the economic confidence in the Eurozone in February fell at the margin to 95.4pts, with the print for consumers in line with the preliminary figure at -15.5pts
- On the monetary front we await comments from Bostic, Collins, and Williams. Banxico will publish its Quarterly Report for 4Q23, with attention centered on activity forecasts and comments from the Board in the Q&A. In New Zealand, the RBNZ kept its reference rate unchanged at 5.50%. Finally, we will be looking into the G-20 meeting of finance ministers and central bankers in Sao Paulo
- In other news, Chinese regulators warned that they will take actions to reduce the size of a quantitative trading strategy which contributed to heightened volatility in this country's stock market in the last month. It is expected that the rollout will be gradual to avoid another selloff. Meanwhile, China's Premier, Li Qiang, commented that economic ties between his country and the US must be strengthened, this after a visit from a delegation of the US Commerce Chamber to Beijing. Although this does reflect intentions of improving the relationship, tensions persist between both countries

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer confidence* - Feb F)	index	--	--	-15.5
5:00	Economic confidence* - Feb	index	--	96.5	96.2
United States					
8:30	Gross domestic product** - 4Q23	% q/q	3.3	3.3	3.3
8:30	Personal consumption** - 4Q23	% q/q	2.7	2.7	2.8
8:30	Trade balance* - Jan	US\$bn	--	-88.1	-87.9
12:00	Fed's Bostic Participates in Fireside Chat				
12:15	Fed's Collins Gives Remarks, Fireside Chat				
12:45	Fed's Williams Delivers Keynote Remarks				
Mexico					
13:30	Banxico's Quarterly Report				

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	5,072.75	-0.3%
Euro Stoxx 50	4,879.72	-0.1%
Nikkei 225	39,208.03	-0.1%
Shanghai Composite	2,957.85	-1.9%
Currencies		
USD/MXN	17.10	0.2%
EUR/USD	1.08	-0.3%
DX	104.11	0.3%
Commodities		
WTI	78.14	-0.9%
Brent	82.98	-0.8%
Gold	2,029.68	0.0%
Copper	383.05	-0.5%
Sovereign bonds		
10-year Treasury	4.29	-2pb

Source: Bloomberg

Equities

- Negative stock markets driven by profit taking in the technology sector as we enter the final stretch of the earnings season
- US futures anticipate a negative open with the Nasdaq trading 0.5% below its theoretical value. Declines are seen in major AI-related companies, with Qualcomm (-1.1%), Nvidia (-1.0%) and AMD (-0.8%) down pre-market. In Europe stocks retreat, the Eurostoxx falls with the technology sector leading the losses. In Asia, markets closed negative
- In corporate news, the results of 7 S&P500 companies are expected, with Salesforce at market's close. In Mexico, the earnings season concluded yesterday. Liverpool's report exceeded expectations, showing advances in all business lines, while the commercial segment continue to excel. We reiterate the company in our top picks

Sovereign fixed income, currencies and commodities

- Sovereign bonds with modest gains and Europe leading the movement by ~2bps. USTs strengthen by a similar magnitude with yesterday's steepening mostly unchanged. In Mexico Mbonos sold-off 1-4bps yesterday, with the belly underperforming.
- The USD strengthens modestly in hand with some weakness in riskier assets. With this rise it pairs at least 2 sessions of consecutive losses. All G10 currencies fall with NZD (-1.2%) leading. In EM, balance is also negative, although under narrower ranges. The MXN falls 0.2% to 17.10 per dollar
- Crude oil falls after 2 positive days, on the back of a potential increase in US inventories and despite expectations around an extension on production cuts from OPEC+. Iron ore weakness continues amid doubts on Chinese demand

Corporate Debt

- Fitch Ratings assigned a 'AAA(mex)' rating to Bancomext's proposed sustainable bonds, BACMEXT 24X / 24-2X, for an amount of MXN 7.5 billion (maximum MXN 15 billion)
- The series 24X will have a 3.5-year term and will pay a floating rate pegged to the Overnight TIIE, while the series 24-2X will have a term of approximately 10 years and will pay a fixed interest rate (Mbono 34)
- The 'AAA(mex)' ratings for issues BACMEXT 24X / 24-2X reflect the adequate capacity of the sovereign to provide support as well as the full and explicit guarantee established in Bancomext's Organic Law

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,972.41	-0.2%
S&P 500	5,078.18	0.2%
Nasdaq	16,035.30	0.4%
IPC	56,241.03	0.1%
Ibovespa	131,689.37	1.6%
Euro Stoxx 50	4,885.74	0.4%
FTSE 100	7,683.02	0.0%
CAC 40	7,948.40	0.2%
DAX	17,556.49	0.8%
Nikkei 225	39,239.52	0.0%
Hang Seng	16,790.80	0.9%
Shanghai Composite	3,015.48	1.3%
Sovereign bonds		
2-year Treasuries	4.69	-2pb
10-year Treasuries	4.30	2pb
28-day Cetes	11.00	-24pb
28-day TIIE	11.49	0pb
2-year Mbono	10.10	5pb
10-year Mbono	9.28	3pb
Currencies		
USD/MXN	17.06	-0.2%
EUR/USD	1.08	-0.1%
GBP/USD	1.27	0.0%
DX	103.83	0.0%
Commodities		
WTI	78.87	1.7%
Brent	83.65	1.4%
Mexican mix	73.75	1.7%
Gold	2,030.48	0.0%
Copper	385.05	0.4%

Source: Bloomberg

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