

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed with S&P Futures down, government bond yields up and USD with losses with investors awaiting further economic data, especially the PCE deflator, to validate recent comments from Federal Reserve members that there is no rush to ease monetary policy
- Markets will focus on comments from Federal Reserve speakers Bostic, Goolsbee, Mester and Williams looking for further signals on the central bank's next actions
- US Congressional leaders reached a deal to avoid a partial government shutdown on March 2 and fund parts of the government through September 30. The rest of the government, including Defense and National Security, still face a possible shutdown on March 23
- In US the personal income and spending report for January will be published. The attention will be on the price deflators
- In Mexico, INEGI released January's employment report. The unemployment rate rose to 2.85% (24bps). With seasonally adjusted figures the rate came in at 2.76% (-3bps). Later, the bank credit report for January will be published

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
7:00	Unemployment rate - Jan	%	2.83	--	2.61
10:00	Banking credit - Jan	% y/y	5.0	--	5.6
Germany					
8:00	Consumer prices - Feb (P)	% y/y	--	2.6	2.9
United States					
8:30	Personal income* - Jan	% m/m	--	0.3	0.3
8:30	Personal spending* - Jan	% m/m	--	0.2	0.7
8:30	Real personal spending* - Jan	% m/m	0.0	-0.1	0.5
8:30	PCE Deflator* - Jan	% m/m	0.3	0.3	0.2
8:30	Core * - Jan	% m/m	0.3	0.4	0.2
8:30	PCE Deflator - Jan	% y/y	2.3	2.4	2.6
8:30	Core - Jan	% y/y	2.7	2.8	2.9
8:30	Initial jobless claims* - Feb 24	thousands	215	210	201
10:50	Fed's Bostic Participates in Fireside Chat				
11:00	Fed's Goolsbee Gives Remarks on Monetary Policy				
13:15	Fed's Mester Speaks on Financial Stability and Regulation				
20:10	Fed's Williams Participates in Moderated Discussion				

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	5,066.00	-0.3%
Euro Stoxx 50	4,879.50	-0.1%
Nikkei 225	39,166.19	-0.1%
Shanghai Composite	3,015.17	1.9%
Currencies		
USD/MXN	17.09	0.0%
EUR/USD	1.08	-0.1%
DXY	103.98	0.0%
Commodities		
WTI	78.57	0.0%
Brent	83.52	-0.2%
Gold	2,031.28	-0.2%
Copper	383.60	0.2%
Sovereign bonds		
10-year Treasury	4.31	5pb

Source: Bloomberg

Equities

- Mixed movements in equity markets where investors are cautious in weighing the monetary outlook, while assimilating corporate reports with a positive biases
- In Asia the markets closed mixed. In Europe stocks are mixed, although the Eurostoxx remains practically unchanged. Shares from utilities and communication services sectors lead gains, while those from consumer staples and technology superhead losses. In turn, in the US the futures of main indices point to a negative opening by falling 0.3% on average
- On the corporate front, out of the 9 S&P500 companies scheduled to report today, 5 have already updated investors with most outperforming estimates, including Best Buy

Sovereign fixed income, currencies and commodities

- Negative performance in sovereign bonds. 10-year European rates lose up to 6bps. Meanwhile, Treasuries' curve adjusts +4bps, on average, with the main movements at the belly. Yesterday, Mbonos' curve registered gains of 5bps on average. The 10-year benchmark, Nov'34, closed at 9.21% (-5bps)
- The dollar remains stable, while most of developed currencies trade in negative territory with NZD (-0.3%) leading the losses. In EM, the bias is positive with MYR (-0.3%) as the strongest. The MXN appreciates 0.1% trading at 17.08 per dollar, on track of a monthly advance of 0.8%
- Crude-oil futures remain stable and are poised to post their second consecutive month of gains, as investors expect OPEC+ to extend its cuts through 2Q24. Metals trade negative highlighting gold (-0.3%)

Corporate Debt

- HR Ratings assigned Bancomext a 'HR AAA' rating with Stable outlook. The rating is based on the explicit support from the Federal Government under Article 10 of Bancomext's Organic Law, which establishes that it will respond for the bank's operations.
- S&P Global Ratings assigned 'mxAAA' ratings to Grupo Aeroportuario del Pacífico's proposed sustainability-linked bonds, GAP 24L / 24-2L, for up to MXN 3.0 billion. The agency mentioned that despite projecting a decline in aeronautical revenues for 2024, it expects GAP to present an adjusted debt to EBITDA ratio below 3.0x for the next 12 to 24 months

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,949.02	-0.1%
S&P 500	5,069.76	-0.2%
Nasdaq	15,947.74	-0.5%
IPC	55,350.61	-1.6%
Ibovespa	130,155.43	-1.2%
Euro Stoxx 50	4,883.77	0.0%
FTSE 100	7,624.98	-0.8%
CAC 40	7,954.39	0.1%
DAX	17,601.22	0.3%
Nikkei 225	39,208.03	-0.1%
Hang Seng	16,536.85	-1.5%
Shanghai Composite	2,957.85	-1.9%
Sovereign bonds		
2-year Treasuries	4.64	-6pb
10-year Treasuries	4.26	-4pb
28-day Cetes	11.21	21pb
28-day TIIE	11.49	0pb
2-year Mbono	10.03	-7pb
10-year Mbono	9.24	-4pb
Currencies		
USD/MXN	17.09	0.2%
EUR/USD	1.08	-0.1%
GBP/USD	1.27	-0.2%
DX	103.98	0.1%
Commodities		
WTI	78.54	-0.4%
Brent	83.68	0.0%
Mexican mix	73.60	-0.2%
Gold	2,034.55	0.2%
Copper	384.05	-0.3%

Source: Bloomberg

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