BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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Main drivers for the financial markets today…

- **Stock markets positive, though S&P500 Futures are negative, government bond yields down and USD with small changes, as investors are cautious after US stock indices ended February with fresh highs, while assimilating economic data and comments from Federal Reserve members**

- **February's inflation in the Eurozone cooled less than expected (2.6% vs 2.5% estimated, Core 3.1% vs 2.9%), supporting the idea that the ECB won't rush into lowering interest rates. Attention is now on next week's monetary policy decision, with special interest in the new staff estimates and Lagarde's press conference**

- **In the US, February's final University of Michigan sentiment figures will be released, as well as the ISM manufacturing for the second month of the year, and January's construction spending in January. Regarding the intervention of Fed members, we highlight comments from Barkin, Waller, Logan, Bostic and Daly**

- **In Mexico, investors await January's family remittances and the public balance report, Banxico's survey of expectations and February's IMEF indicators (manufacturing and non manufacturing). Campaigns for the 2024 presidencial election on June 2nd begin today**

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Winners of the awards as the best economic forecasters in Mexico by LSEG and Focus Economics in 2023

LSEG STARMINE AWARD FOR REUTERS POLLS Best Forecaster Economic Indicators for Mexico 2023

FOCUS ECONOMICS ANALYST FORECAST AWARDS 2023

Document for distribution among public

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer prices - Feb (P)	% y/y	--	2.5	2.8
5:00	Core - Feb (P)	% y/y	--	2.9	3.3
Brazil					
7:00	Gross domestic product* - 4Q23	% q/q	--	0.1	0.1
United States					
9:45	Manufacturing PMI* - Feb (F)	index	51.5	--	51.5
10:00	ISM manufacturing* - Feb	index	49.3	49.5	49.1
10:00	U. of Michigan confidence* - Feb (F)	index	79.2	79.6	79.6
12:15	Fed's Bostic Speaks on Economic Outlook, Real Estate				
13:30	Fed's Daly Participates in Panel Discussion w/ Fed's Schmid				
	Total vehicle sales** - Feb	millions	--	15.5	15.0
Mexico					
10:00	Family remittances - Jan	US$bn	4621.4	4,722.3	5489.7
10:00	Survey of expectations (Banxico)				
13:00	PMI manufacturing (IMEF)* - Feb	index	51.1	--	51.6
13:00	PMI non-manufacturing (IMEF)* - Feb	index	51.8	--	52.0
16:00	Public finances (PSBR, year-to-date) - Jan	MXNbn	--	--	-1363.0

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	5,099.00	-0.1%
Euro Stoxx 50	4,890.91	0.3%
Nikkei 225	39,910.82	1.9%
Shanghai Composite	3,027.02	0.4%
Currencies		
USD/MXN	17.02	-0.2%
EUR/USD	1.08	0.2%
DXY	104.05	-0.1%
Commodities		
WTI	79.49	1.6%
Brent	83.10	-0.6%
Gold	2,054.40	0.5%
Copper	382.00	-0.4%
Sovereign bonds		
10-year Treasury	4.24	-1pb

Source: Bloomberg

Equities

- **Stock markets with positive bias, albeit investors seem cautious after yesterday's fresh highs in the S&P500 and the Nasdaq. Against this backdrop, futures in the US show small changes, with the S&P500 trading 0.1% below its theoretical value**

- **We anticipate volatility due to the quarterly rebalancing of MSCI indices, whose changes will be effective, prior to next Monday's opening. At the close, we await the preliminary announcement by MSE & S&P Dow Jones Indices of the potential changes and the rebalancing in weights for the Mexbol sample that will come into effect at the close on Friday, March 15th**

- **The US reporting season is coming to an end. With ~98% of the figures of companies in the S&P500, there is a cumulative increase in profits of 7.7% vs 1.2%e. The positive surprise rate stands at 75.6% vs. 81.9% in the previous quarter. Dell exceeded expectations in revenues supported by growing demand for AI equipment**

Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. 10-year European rates lose up to 5bps. Meanwhile, Treasuries' curve adjusts -2bps on average. Yesterday, Mbonos' curve registered a flattening bias with gains of 3bps at the short-end, while the long-end adjusted -6bps. The 10-year benchmark, Nov'34, closed at 9.16% (-4bps)**

- **The dollar retreats, allowing most of developed currencies to trade positive with NOK (+0.5%) leading the gains. In EM, the bias is mixed with CLP (+0.6%) and TRY (-0.3%) at the extremes. The MXN apreciates 0.2% trading at 17.02 per dollar, on track of a weekly advance of 0.5%**

- **Crude-oil futures advance more than 1.0% as geopolitical tension remains latent and the market expects OPEC+ to extend its cuts through 2Q24. In this sense, WTI trades at year highs of 79.5 US$/bbl and Brent at 83 US$/bbl. Metals are mixed highlighting gold (+0.5%)**

Corporate Debt

- **Fitch Ratings downgraded Total Play's Long-Term Issuer Default Ratings (IDRs) to 'CCC+' from 'B-' and removed the Rating Watch Negative. The downgrade follows the announcement of a private exchange with a group of investors of US$213.5 million of its US$575 million senior unsecured notes due 2025 for amortizing senior secured bonds due in 2028 with a higher interest rate**

- **HR Ratings affirmed the ratings for issuance CPEXACB 16U at 'HR AA (E)' with a Stable outlook based on the levels of the reported metrics for the structure, which benefited from the increase in the aggregate traffic of both tranches of 10.9% during 2023**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,996.39	0.1%
S&P 500	5,096.27	0.5%
Nasdaq	16,091.92	0.9%
IPC	55,414.00	0.1%
Ibovespa	129,020.02	-0.9%
Euro Stoxx 50	4,877.77	-0.1%
FTSE 100	7,630.02	0.1%
CAC 40	7,927.43	-0.3%
DAX	17,678.19	0.4%
Nikkei 225	39,166.19	-0.1%
Hang Seng	16,511.44	-0.2%
Shanghai Composite	3,015.17	1.9%
Sovereign bonds		
2-year Treasuries	4.62	-2pb
10-year Treasuries	4.25	-1pb
28-day Cetes	11.21	0pb
28-day TIIE	11.49	1pb
2-year Mbono	9.98	-6pb
10-year Mbono	9.17	-7pb
Currencies		
USD/MXN	17.05	-0.2%
EUR/USD	1.08	-0.3%
GBP/USD	1.26	-0.3%
DXY	104.16	0.2%
Commodities		
WTI	78.26	-0.4%
Brent	83.62	-0.1%
Mexican mix	73.40	-0.3%
Gold	2,044.30	0.5%
Copper	384.70	0.2%

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
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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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