

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets down except for China, government bond yields higher, and USD mixed. Investors waiting more data this week, especially US inflation in February, to keep assessing the likely path of global monetary policy, particularly by the Fed
- Daylight Saving Time began yesterday in the US. Hence, the difference between central Mexico and NYC will increase to two hours. Trading in the local stock market will begin at 7:30am and close by 2:00pm (local time) until November 1st
- Today's agenda is relatively limited. No economic data in the US or Fed speakers as the silence period begins ahead of the next policy decision. In Mexico, sales of ANTAD members for February
- Market attention this week on February inflation in the US. We estimate +0.4% m/m for the headline and +0.3% at the core, in line with consensus expectations. If these figures materialize, annual rates would be at 3.1% and 3.7%, in the same order
- No relevant monetary policy decisions in coming days. We will watch comments from ECB (after the decision last week, in which they kept rates unchanged) and BoE members
- After 'Super Tuesday', some more states will hold primary elections in the US. In addition, Eurozone Finance ministers meet in Brussels, China's National People's Congress ends, and elections in Russia
- Additional US releases include retail sales, industrial production, producer prices (Feb) and the *Empire manufacturing* along with U. of Michigan consumer confidence (Mar)
- In other regions, the unemployment rate and industrial production (Jan) in the United Kingdom, with the latter also in the Eurozone. On the other hand, retail sales (Jan) and inflation (Feb) in Brazil. Lastly, Mexico's industrial production (Jan)

The most relevant economic data...

Event/Period	Unit	Banorte	Survey	Previous
Mexico				
ANTAD Same-Store Sales - Feb	% y/y	--	--	3.5

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	5,176.75	-0.3%
Euro Stoxx 50	4,933.14	-0.6%
Nikkei 225	38,820.49	-2.2%
Shanghai Composite	3,068.46	0.7%
Currencies		
USD/MXN	16.80	-0.1%
EUR/USD	1.09	0.0%
DXY	102.67	0.0%
Commodities		
WTI	77.63	-0.5%
Brent	81.72	-0.4%
Gold	2,179.23	0.0%
Copper	390.30	0.5%
Sovereign bonds		
10-year Treasury	4.08	1pb

Source: Bloomberg

Equities

- Caution as investors assess the monetary outlook. We expect strong volatility at the end of the week, as it is the first expiration of index and equity futures and options ('Triple Witching Day')
- US futures anticipate a negative opening, with the average of the 3 major indices down 0.5% relative to its theoretical value. In turn, Europe traded with declines and the Eurostoxx is falling 0.6%, dragged by technology companies. Finally, Asia closed mixed
- In Mexico, trading hours change today, starting and closing one hour earlier until November 1st. In coming days, the focus will be on Walmex and Alsea's Investor Day, as well as FIBRA Monterrey's follow on. In turn, changes in the Mexbol Index sample and weights will be effective at the market closes on Friday. We expect a weekly trading range between 54,000 and 55,600pts

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. European 10-year rates adjust +1bp, while the Treasuries' curve flattens with losses of 3bps at the short-end and 1bp gains at the long-end. Last week, the Mbonos' curve gained around 3bps, excluding the short-end. The 10-year benchmark closed at 9.17%, virtually unchanged vs the previous week
- Dollar with few changes, with most G10 currencies negative except JPY (+0.2%). Meanwhile, most EM gains. The MXN trades at 16.80 per dollar (+0.1%), extending the favorable dynamics seen in the last two weeks
- Crude-oil begins the week with losses as OPEC+ production cuts and Middle East tensions are being offset by rising supply from outside the group. In metals, gold trades at fresh highs with a 6.5% rally so far this month

Corporate Debt

- We anticipate continued activity this week with four bonds from GM Financial de México, Naturgy México and GAP for MXN 7 billion, as well as bank issues from Compartamos and BID Invest for MXN 4.7 billion
- Desarrollos Eólicos Mexicanos de Oaxaca informed that federal authorities - CFE, CRE and CENACE- carried out the necessary actions to reconnect the Power Plant to the National Electric System, reestablishing the rights of the generation permit under the self-supply modality. According to the communiqué, the station is already dispatching electricity to the National Electric System without any limitation or obstacle whatsoever

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,722.69	-0.2%
S&P 500	5,123.69	-0.7%
Nasdaq	16,085.11	-1.2%
IPC	54,935.99	-0.2%
Ibovespa	127,070.79	-1.0%
Euro Stoxx 50	4,961.11	-0.3%
FTSE 100	7,659.74	-0.4%
CAC 40	8,028.01	0.1%
DAX	17,814.51	-0.2%
Nikkei 225	39,688.94	0.2%
Hang Seng	16,353.39	0.8%
Shanghai Composite	3,046.02	0.6%
Sovereign bonds		
2-year Treasuries	4.47	-3pb
10-year Treasuries	4.07	-1pb
28-day Cetes	11.18	-1pb
28-day TIIE	11.48	0pb
2-year Mbono	9.95	-2pb
10-year Mbono	9.20	2pb
Currencies		
USD/MXN	16.81	-0.4%
EUR/USD	1.09	-0.1%
GBP/USD	1.29	0.4%
DX	102.71	-0.1%
Commodities		
WTI	78.01	-1.2%
Brent	82.08	-1.1%
Mexican mix	72.78	-1.0%
Gold	2,178.95	0.9%
Copper	389.15	-0.9%

Source: Bloomberg

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