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, government bond yields down, and USD with few changes as investors digest US CPI report for February looking for signs on the moment the Federal Reserve will start cutting rates. The market is pricing-in -25bps for June, in line with our call**
- **In the US, February inflation was published at +0.4% m/m, with the annual variation rising from 3.1% to 3.2%. The Core was +0.4% m/m, with which the annual change fell slightly from 3.9% to 3.8% Within the report, the prices of gasoline and used cars rose, while shelter services moderated their pace, while transportation services accelerated. With this, core goods inflation was +0.1% m/m, after three consecutive months of deflation, while that of services slowed its pace from +0.7% m/m to 0.5%**
- **In events, the Republican and Democratic primary elections continue in the US, EU finance ministers meet in Brussels, and Andrew Bailey from the Bank of England attends the UK Financial Policy Committee quarterly meeting**
- **In Mexico, INEGI published industrial production for January at 0.4% m/m (2.9% y/y). Construction rebounded (2.2% m/m), with manufacturing more modest (0.2%) and with a decline in mining (-0.4%)**


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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

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
3:00	Consumer prices - Feb (F)	% y/y	--	2.5	2.7
Mexico					
8:00	Industrial production - Jan	% y/y	3.2	2.2	0.0
8:00	Industrial production* - Jan	% m/m	0.5	0.5	-0.7
8:00	Manufacturing output - Jan	% y/y	1.3	--	-4.0
11:00	International reserves - Mar 8	US$bn	--	--	213.9
13:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Nov'50) and 1-, and 3-year Bondes F				
Brazil					
8:00	Consumer prices - Feb	% m/m	--	0.8	0.42
8:00	Consumer prices - Feb	% y/y	--	4.5	4.51
United States					
8:30	Consumer prices* - Feb	% m/m	0.4	0.4	0.3
8:30	Ex. food & energy* - Feb	% m/m	0.3	0.3	0.4
8:30	Consumer prices - Feb	% y/y	3.1	3.1	3.1
8:30	Ex. food & energy - Feb	% y/y	3.7	3.7	3.9

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	5,213.50	0.5%
Euro Stoxx 50	4,948.27	0.4%
Nikkei 225	38,797.51	-0.1%
Shanghai Composite	3,055.94	-0.4%
Currencies		
USD/MXN	16.79	0.0%
EUR/USD	1.09	0.0%
DXY	102.79	-0.1%
Commodities		
WTI	78.06	0.2%
Brent	82.36	0.2%
Gold	2,175.52	-0.3%
Copper	394.00	0.4%
Sovereign bonds		
10-year Treasury	4.09	-1pb

Source: Bloomberg

Equities

- **Positive bias in equity markets as investors assess the outlook following recent inflation data in the US. Most stock indices advance**

- **In this sense, the futures of the main US equity indices point to a positive opening with an average increase of 0.3%. In corporate news, yesterday Oracle reported earnings that exceeded expectations and its cloud service advanced 12.0%. The share price is up 13% ahead of the open. In Asia, stock markets closed positive. Europe trades higher and the Eurostoxx rises 0.4%. Shares of companies in the Energy and Financial sectors lead gains**

- **In Mexico, the focus will be on any update Walmex may share at today's Investor Day. The Mexbol Index could trade around 55,300 pts**

Sovereign fixed income, currencies and commodities

- **The reaction of sovereign bonds to US CPI report was short-lived, returning to a slightly positive balance. 10-year rates in Europe decrease 3bps on average, while the Treasuries curve shows modest gains. Yesterday, Mbonos lost 4bps, on average, and the 10-year benchmark closed at 9.20% (+3bps)**

- **Dollar trades with few changes amid a mixed performance in developed currencies with SEK (+0.6%) and JPY (-0.2%) at the extremes. In EM, the bias is also mixed. The MXN trades virtually unchanged at 16.79 per dollar, rallying 1.6% so far this month**

- **Crude-oil futures steady as investors await monthly reports from OPEC and IEA, as well as industry figures on US stockpiles. In metals, gold ends its nine-day rally, although it trades very close to record highs**

Corporate Debt

- **GM Financial de México's unsecured bond issue, GMFIN 24, will be offered today for a target amount of MXN 1.0 billion (maximum MXN 2.0 billion) with a three-year term and will pay a floating rate pegged to the 28-day TIIE. The bond national scale ratings are 'AAA' by S&P Global and Fitch Ratings**

- **Also, a social bond from Banco Compartamos, COMPART 24S, will be auctioned for a target amount of MXN 2.5 billion (maximum MXN 3.5 billion) and a 3.5-year term. The issue is rated 'AA' in local scale by Fitch Ratings and Moody's Local**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,769.66	0.1%
S&P 500	5,117.94	-0.1%
Nasdaq	16,019.27	-0.4%
IPC	55,076.12	0.3%
Ibovespa	126,123.56	-0.7%
Euro Stoxx 50	4,930.42	-0.6%
FTSE 100	7,669.23	0.1%
CAC 40	8,019.73	-0.1%
DAX	17,746.27	-0.4%
Nikkei 225	38,820.49	-2.2%
Hang Seng	16,587.57	1.4%
Shanghai Composite	3,068.46	0.7%
Sovereign bonds		
2-year Treasuries	4.54	6pb
10-year Treasuries	4.10	2pb
28-day Cetes	11.22	4pb
28-day TIIE	11.47	-1pb
2-year Mbono	9.99	4pb
10-year Mbono	9.22	2pb
Currencies		
USD/MXN	16.80	-0.1%
EUR/USD	1.09	-0.1%
GBP/USD	1.28	-0.3%
DXY	102.87	0.2%
Commodities		
WTI	77.93	-0.1%
Brent	82.21	0.2%
Mexican mix	72.70	-0.1%
Gold	2,182.75	0.2%
Copper	392.85	1.0%

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, 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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