

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, government bond yields mixed and USD with small changes, with investors weighing the TikTok ban and possible effects on other companies, as well as clues on Federal Reserve's monetary policy before next week's meeting
- In terms of economic figures, in the US February retail sales were published, coming in below estimates at +0.6% m/m (consensus: +0.8%; previous: -0.8%). The items that posted the greatest increases were construction materials (+2.2%), car sales (+1.6%) and electronics (+1.5%). The control group stood at 0.0% m/m, below the +0.4% estimated by the consensus
- In addition, producer prices for the same month were released, above estimates at +0.6% m/m (consensus: +0.3%; previous: +0.3%). Excluding food and energy, the increase was +0.4%. With these figures, the annual metric resulted in +1.6% y/y (previous 1.0%). This reflects that inflationary pressures are still high, justifying the hawkish tone that the Fed members have shown in their speeches
- Finally, the initial jobless claims were published for the week ending on March 9, resulting in 209k, below both consensus estimate (218k) and the previous data (210k), reflecting a labor market still very solid
- In Brazil, January retail sales resulted better than expected at 2.5% m/m (consensus: 0.2%). With this, the annual figure stood at 4.1%, above the 1.2% observed the previous month and reflecting signs of a continued recovery in the country

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
8:00	Retail sales - Jan	% y/y	--	1.2	1.3
8:00	Retail sales* - Jan	% m/m	--	0.2	-1.3
United States					
8:30	Advance retail sales* - Feb	% m/m	0.6	0.8	-0.8
8:30	Ex autos & gas* - Feb	% m/m	--	0.3	-0.5
8:30	Control group* - Feb	% m/m	0.2	0.4	-0.4
8:30	Producer prices* - Feb	% m/m	--	0.3	0.3
8:30	Ex. food & energy* - Feb	% m/m	--	0.2	0.5
8:30	Initial jobless claims* - Mar 9	thousands	215	217	217

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	5,242.25	0.2%
Euro Stoxx 50	5,022.81	0.4%
Nikkei 225	38,807.38	0.3%
Shanghai Composite	3,038.23	-0.2%
Currencies		
USD/MXN	16.68	0.1%
EUR/USD	1.09	-0.2%
DXY	102.89	0.1%
Commodities		
WTI	80.55	1.0%
Brent	84.72	0.8%
Gold	2,163.88	-0.5%
Copper	403.30	-0.5%
Sovereign bonds		
10-year Treasury	4.22	3pb

Source: Bloomberg

Equities

- Increases in the main stock indexes, supported by greater optimism among investors after some corporate news. Particularly, telecom companies (Meta and Netflix) rise on the possibility of legislation in the US against Tik Tok. Futures anticipate a positive opening with the Nasdaq rising 0.3% above its theoretical value
- In the same vein, Europe trades mostly higher with the Eurostoxx climbing 0.4%, supported by the consumer discretionary and energy sectors, the latter being boosted by gains in oil prices. Encavis, a renewable energy company, rises more than 25% after a takeover offer from KKR Group. Asia closed mixed
- On the corporate front, Adobe reported solid double-digit sales and indicated that demand remains stable. Tesla falls (1.5%) after analysts' predictions of slower growth

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds. European 10-year rates adjust +/-2bps, while Treasuries' curve records a steepening bias with losses of 2bps at the long-end. Yesterday, Mbonos advanced 2bps and the 10-year reference closed unchanged at 9.19%. Today, MoF will issue through a syndicated auction the new 10-year Udibono Aug'34 to replace the previous reference Udibono Nov'31
- Dollar gains against most G10 currencies with SEK (-0.3%) as the weakest. In EM, the bias is mixed bounded by HUF (+0.4%) and PLN (-0.3%). The MXN trades at its strongest level so far this year at 16.65 per dollar (+0.1%), extending gains from previous session (+0.8%)
- Crude-oil advances for a second day as the International Energy Agency warned of a supply deficit throughout the year and US crude stockpiles shrank. Widespread losses in metals, with copper and gold falling 0.1% and 0.3%, respectively

Corporate Debt

- S&P Global Ratings upgraded Cemex's international rating to 'BBB-' from 'BB+' and its national rating to 'mxAA+' from 'mxAA'. The agency mentions that Cemex has significantly reduced its leverage in recent years, and expects its adjusted leverage to remain below 3.0x and an FFO to debt ratio above 20%
- PCR Verum raised the ratings for issues AERMxCB 17 & 19 (Grupo Aeromexico's ABS) to 'AA+/M (e)' from 'A/M (e)', as Grupo Aeromexico reflects a financial and operational recovery in an orderly manner and with relevant and sustained improvements in its financial metrics

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	39,043.32	0.1%
S&P 500	5,165.31	-0.2%
Nasdaq	16,177.77	-0.5%
IPC	55,848.71	1.7%
Ibovespa	128,006.05	0.3%
Euro Stoxx 50	5,000.55	0.3%
FTSE 100	7,772.17	0.3%
CAC 40	8,137.58	0.6%
DAX	17,961.38	0.0%
Nikkei 225	38,695.97	-0.3%
Hang Seng	17,082.11	-0.1%
Shanghai Composite	3,043.84	-0.4%
Sovereign bonds		
2-year Treasuries	4.63	5pb
10-year Treasuries	4.19	4pb
28-day Cetes	11.17	-1pb
28-day TIIE	11.47	0pb
2-year Mbono	9.97	-3pb
10-year Mbono	9.22	0pb
Currencies		
USD/MXN	16.67	-0.8%
EUR/USD	1.09	0.2%
GBP/USD	1.28	0.0%
DX	102.79	-0.2%
Commodities		
WTI	79.72	2.8%
Brent	84.03	2.6%
Mexican mix	74.37	2.7%
Gold	2,174.41	0.7%
Copper	406.00	3.3%

Source: Bloomberg

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