Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

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

FOCUS ECONOMICS ANALYST FORECAST AWARDS 2023

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Main drivers for the financial markets today...

- **Stock markets negative, government bond yields down and USD slightly negative due to escalating tensions between Israel and Iran last night, albeit with earlier gains in safe-haven assets diminishing after Iranian media appeared to downplay the impact of Israeli strikes**

- **Additionally, investors continue assimilating hawkish comments from Federal Reserve members after strong US economic data, which supports the view that high interest rates could be kept for longer**

- **On scarce economic data, market attention is focused on the Middle East, corporate earnings, and a Q&A session with Goolsbee of the Fed**

- **The House of Representatives will vote this weekend on US$60 billion in new military aid to Ukraine, which could end with months of negotiations over the issue**

- **In Mexico, INEGI published February's retail sales, up 0.4% m/m (3.0% y/y). Inside, 7 out of the 9 sectors fell, with strength centered in online sales (7.7% m/m) and glass and hardware shops (2.5%)**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
8:00	Retail sales - Feb	% y/y	4.2	1.6	-0.8
8:00	Retail sales* - Feb	% m/m	0.7	0.2	-0.6
United States					
10:30	Fed's Goolsbee Participates in Q&A				

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	5,050.50	0.0%
Euro Stoxx 50	4,924.74	-0.2%
Nikkei 225	37,068.35	-2.7%
Shanghai Composite	3,065.26	-0.3%
Currencies		
USD/MXN	17.19	0.7%
EUR/USD	1.07	0.2%
DXY	105.93	-0.2%
Commodities		
WTI	82.28	-0.5%
Brent	86.49	-0.7%
Gold	2,381.83	0.1%
Copper	447.00	0.8%
Sovereign bonds		
10-year Treasury	4.61	-3pb

Source: Bloomberg

Equities

- **Negative movements with investors cautious due to the conflict in the Middle East, while digesting corporate results with a positive bias, although with divergent signals. Netflix (-7% on pre-market) reported yesterday after the market close beating expectations, but its 2Q24 revenue forecast came in lower than anticipated. Today 6 S&P500 companies reported their figures, with most outperforming estimates, including American Express and Procter & Gamble (disappointed in revenue, but raised its earnings forecast)**

- **In Asia the markets closed negative. In Europe stocks decline, the Eurostoxx sheds 0.2%. Shares from energy and industrial sectors lead losses, while those from consumer staples and communication services are the biggest gainers. In turn, in the US the futures of main indices show little changes**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds driven by higher demand for safe-haven assets. The 10-year European rates decline 2bps, on average. Meanwhile, the Treasuries' yield curve records a flattening bias due to gains of 5bps at the long-end and few changes at the short-end. However, the weekly balance is negative, extending month's sell-off to 35bps**

- **Dollar down against most of G10 currencies. In EM, the bias is mixed with MXN standing out as the most sensitive to the geopolitical situation, depreciating up to 7% to 18.21 per dollar last night, its biggest drop in more than four years. However, it managed to reduce the movement quickly, although it remains above the 200-day MA at 17.23 per dollar (-0.9%)**

- **Crude-oil futures jumped with the Brent rallying above 90 $/bbl; however, they erased that advance after Iranian Media downplays Israel's attack**

Corporate Debt

- **Fitch Ratings maintained the Rating Watch Evolving (RWE) on Fibra Uno's 'BBB-' and 'AAA(mex)' ratings. The RWE is linked to the evolution in the development of FUNO's strategy following the REIT offering to consolidate its industrial portfolio with Fibra Terrafina, the additional delay in the regulatory approval of the potential Fibra NEXT/ NEXT Properties transaction, among other developments**

- **Fitch Ratings affirmed Fibra Storage's 'AA-(mex)' rating with a Stable outlook. The rating is based on the portfolio of properties focused on self-storage, the growth strategy through property development and the expectation that the REIT will present a moderate financial profile in the medium term**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,775.38	0.1%
S&P 500	5,011.12	-0.2%
Nasdaq	15,601.50	-0.5%
IPC	55,739.43	0.6%
Ibovespa	124,196.18	0.0%
Euro Stoxx 50	4,936.57	0.5%
FTSE 100	7,877.05	0.4%
CAC 40	8,023.26	0.5%
DAX	17,837.40	0.4%
Nikkei 225	38,079.70	0.3%
Hang Seng	16,385.87	0.8%
Shanghai Composite	3,074.23	0.1%
Sovereign bonds		
2-year Treasuries	4.99	5pb
10-year Treasuries	4.63	5pb
28-day Cetes	11.04	0pb
28-day TIIE	11.25	0pb
2-year Mbono	10.68	0pb
10-year Mbono	9.97	0pb
Currencies		
USD/MXN	17.07	0.6%
EUR/USD	1.06	-0.3%
GBP/USD	1.24	-0.1%
DXY	106.15	0.2%
Commodities		
WTI	82.73	0.0%
Brent	87.11	-0.2%
Mexican mix	76.09	-0.5%
Gold	2,379.04	0.8%
Copper	446.60	2.3%

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, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, 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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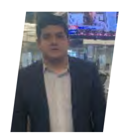

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