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 mixed –but with S&P500 futures down–, government bond yields positive, and the USD with little changes, with caution prevailing due to the difficulty of measuring the possible effects of the US administration's trade policies and awaiting inflation data tomorrow in said country**

- **The European Union promised to implement 'firm' compensatory measures to any tariffs imposed by the US, following the announcement that the country will implement 25% tariffs on all steel and aluminum imports, regardless of their origin. However, Australian Prime Minister, Anthony Albanese, said that Trump agreed to consider exempting his country from such measures**

- **Regarding economic data, in Mexico, industrial production for December was published, surprising to the downside at -1.4% m/m (-2.7% y/y), with generalized weakness inside. In Brazil, January's inflation advanced 0.16% m/m, with the annual metric moderating to 4.56%. On the monetary front, focus will be on Fed Chairman Jerome Powell's appearance before the Senate Banking Committee. We will also have appearances from Hammack, Williams, and Bowman**

- **In other news, President Trump said he has already spoken with his Chinese counterpart, Xi Jinping. However, he did not give further details of when the call took place or what issues were discussed. In addition, the American president called on Israel to withdraw from the ceasefire with Hamas if hostages are not released this weekend**

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Brazil					
7:00	Consumer prices - Jan	% y/y	--	0.18	0.52
7:00	Consumer prices - Jan	% m/m	--	4.59	4.83
Mexico					
7:00	Industrial production - Dec	% y/y	-2.1	-1.6	-1.4
7:00	Industrial production* - Dec	% m/m	-1.0	--	0.1
7:00	Manufacturing output - Dec	% y/y	0.1	--	-0.2
10:00	International reserves - Feb 7	US$bn	--	--	230.8
12:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Feb'30), 20-year Udibono (Nov'43) and 1-, 3- and 7-year Bondes F				
United States					
8:50	Fed's Hammack Speaks on Economic Outlook				
10:00	Fed's Powell Testifies to Senate Banking Committee				
15:30	Fed's Williams Gives Keynote Remarks				

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	6,069.25	-0.3%
Euro Stoxx 50	5,361.72	0.1%
Nikkei 225	38,801.17	0.0%
Shanghai Composite	3,318.06	-0.1%
Currencies		
USD/MXN	20.62	0.0%
EUR/USD	1.03	0.2%
DXY	108.24	-0.1%
Commodities		
WTI	73.32	1.4%
Brent	76.96	1.4%
Gold	2,900.40	-0.3%
Copper	458.10	-2.7%
Sovereign bonds		
10-year Treasury	4.53	4pb

Source: Bloomberg

Equities

- **Negative bias in the major equity markets as uncertainty related to trade issues continues and earnings season advances. Today, changes to the quarterly rebalancing of MSCI indices will be announced after the market close, effective March 3rd, 2025, which could add further volatility as of the next session**

- **In the US, futures anticipate a negative opening, with the Nasdaq 0.5% below its theoretical value. In Europe, mixed movements are seen, of moderate magnitude, held back mainly by mining and consumer discretionary stocks. Asia closed mostly lower, although with Japan closed for a holiday**

- **In the US, out of 16 S&P 500 companies reporting today, 9 have released their results, mostly positive, with Coca-Cola and Marriot standing out. In Mexico, Amx and Gmexico are expected to report their results today**

Sovereign fixed income, currencies and commodities

- **In Europe, 10-year rates rebound 5bps. Meanwhile, the Treasuries' curve steepens due to modest gains at the short-end and losses of 4bps at long-end. Yesterday, Mbonos printed modest gains, with the 10-year benchmark closing at 9.75% (-1bp)**

- **Dollar trades with few changes amid a mixed balance in G10 currencies limited by DKK (+0.2%) and CHF (-0.2%). In EM, CLP (-0.4%) is the weakest following losses in copper (-1.2%). Meanwhile, the MXN trades virtually unchanging at 20.62 per dollar**

- **Energy commodities advance with crude-oil futures gaining 1.5% driven by signs that US sanctions are hitting Russian crude supplies. Widespread losses in metals with industrials leading losses (-1.5%)**

Corporate Debt

- **S&P Global Ratings assigned a 'mxAAA' rating to two proposed banking issuances, BBVAMX 25 / 25-2, by BBVA Mexico, with an auction date scheduled for March 13. The rating reflects that the issues will be equally classified with respect to all of the bank's existing and future unsecured debt**

- **HR Ratings affirmed Bancomext's ratings at 'HR AAA' with Stable outlook. The rating is based on the explicit support of the Federal Government**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,470.41	0.4%
S&P 500	6,066.44	0.7%
Nasdaq	19,714.27	1.0%
IPC	52,926.30	0.2%
Ibovespa	125,571.81	0.8%
Euro Stoxx 50	5,358.30	0.6%
FTSE 100	8,767.80	0.8%
CAC 40	8,006.22	0.4%
DAX	21,911.74	0.6%
Nikkei 225	38,801.17	0.0%
Hang Seng	21,521.98	1.8%
Shanghai Composite	3,322.17	0.6%
Sovereign bonds		
2-year Treasuries	4.27	-1pb
10-year Treasuries	4.50	0pb
28-day Cetes	9.46	1pb
28-day TIIE	9.76	-1pb
2-year Mbono	9.23	6pb
10-year Mbono	9.79	-1pb
Currencies		
USD/MXN	20.61	0.2%
EUR/USD	1.03	-0.2%
GBP/USD	1.24	-0.3%
DXY	108.32	0.3%
Commodities		
WTI	72.32	1.9%
Brent	75.87	1.6%
Mexican mix	68.27	1.7%
Gold	2,908.26	1.6%
Copper	470.70	2.6%

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, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, 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, Ana Laura Zaragoza Félix, 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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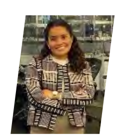

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