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 up, government bond yields biased negative, and USD up, as optimism over AI continues boosting appetite for Tech companies, though caution remains on tariff concerns and geopolitical tensions**

- **Investors await German elections next Sunday, hoping the results will allow the Conservative front-runner to forge a coalition that may push economic reforms and loosen borrowing rules**

- **Regarding economic figures, February's preliminary services, manufacturing and composite PMI indicators, January's existing home sales and February's final University of Michigan consumer sentiment will be released in the US**

- **On the monetary policy front attention on comments from Fed's Jefferson**

- **In Mexico, INEGI published 4Q24 final GDP at -0.6% q/q (preliminary: -0.6%). By sectors, primary activities fell 8.5% q/q, with industry at -1.5%, and services at +0.2%. With this, 2024 full-year GDP came in at 1.5%. INEGI also announced December's GDP-proxy IGAE at -1.0% m/m (-0.4% y/y). By sectors, industry fell 1.4% m/m, with primary activities at -2.0%, and with services at -0.8%**


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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
7:00	Gross domestic product - 2024	% y/y	1.4	--	3.3
7:00	Gross domestic product - 4Q24 (F)	% y/y	0.4	0.5	0.6
7:00	Gross domestic product* - 4Q24 (F)	% q/q	-0.7	-0.6	-0.6
7:00	Economic activity indicator (IGAE) - Dec	% y/y	-0.3	0.2	0.5
7:00	Economic activity indicator (IGAE)* - Dec	% m/m	-0.9	-0.7	0.4
United States					
9:45	Manufacturing PMI* - Feb (P)	index	--	51.2	51.2
9:45	Services PMI* - Feb (P)	index	--	53.0	52.9
9:45	Composite PMI* - Feb (P)	index	--	--	52.7
10:00	Existing home sales** - Jan	millions	--	4.1	4.2
10:00	U. of Michigan confidence* - Feb (F)	index	67.8	67.8	67.8

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	6,135.00	0.0%
Euro Stoxx 50	5,481.85	0.4%
Nikkei 225	38,776.94	0.3%
Shanghai Composite	3,379.11	0.8%
Currencies		
USD/MXN	20.33	0.1%
EUR/USD	1.05	-0.3%
DXY	106.64	0.3%
Commodities		
WTI	71.73	-1.2%
Brent	75.72	-1.0%
Gold	2,928.19	-0.4%
Copper	458.20	-0.7%
Sovereign bonds		
10-year Treasury	4.48	-3pb

Source: Bloomberg

Equities

- **Widespread gains in major stock indexes. While there have been some mixed signals in corporate earnings and company outlooks, Alibaba's results support greater optimism about tech and AI stocks**

- **In this context, in Asia, the advance of the stock markets in China stood out, with technology stocks at their highest level since 2022, while the Hang Seng achieved an advance of 4.0%. In Europe, the movements are positive, given some optimistic reports (e.g. Standard Chartered and Air Liquide). Futures in the US show small changes**

- **We already have 86% of the reports of companies in the S&P500 and a cumulative increase in profits of 10.8% vs. 7.5%e has been achieved. In Mexico, Televisa's figures disappointed. Kof's report is expected today, before the opening. The Mexbol could consolidate at 54,000pts**

Sovereign fixed income, currencies and commodities

- **Positive balance in sovereign bonds. The 10-year European rates decline 4bps, on average. Meanwhile, the Treasuries' yield curve flattens due to higher gains at the long-end of 3bps. Yesterday, Mbonos' curve averaged gains of 2bps, with the 10-year benchmark closing at 9.88% (-3bps)**

- **Dollar advances against all G10 currencies, with JPY (-0.5%) as the weakest. In EM, the bias is negative although Asian currencies trade with slightly gains. Meanwhile, the Mexican peso trades at 20.36 per dollar (-0.2%), partially offsetting yesterday's appreciation (+0.6%)**

- **Crude-oil retreats fueled by supply uncertainties. In addition, traders expect OPEC+ to delay a production increase for the fourth time. Widespread losses in metals, with copper and gold falling 0.3% and 0.2%, respectively**

Corporate Debt

- **HR Ratings affirmed SICREA's (Sistema de Crédito Automotriz) long-term rating at 'HR A-' with Stable Outlook and its short-term rating at 'HR2'**

- **The ratification is based on the company's high solvency position, with a capitalization ratio of 94.5% as of 3Q24 (vs. 77.9% as of 3Q23) attributed to lower portfolio origination and the strengthening of its common equity through profits**

- **Banorte announced that it will prepay its structured banking bonds BANORTE 2-24 on February 28 for MXN 229.9 million**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	44,176.65	-1.0%
S&P 500	6,117.52	-0.4%
Nasdaq	19,962.36	-0.5%
IPC	54,303.93	0.4%
Ibovespa	127,600.58	0.2%
Euro Stoxx 50	5,461.03	0.0%
FTSE 100	8,662.97	-0.6%
CAC 40	8,122.58	0.1%
DAX	22,314.65	-0.5%
Nikkei 225	38,678.04	-1.2%
Hang Seng	22,576.98	-1.6%
Shanghai Composite	3,350.78	0.0%
Sovereign bonds		
2-year Treasuries	4.27	0pb
10-year Treasuries	4.51	-3pb
28-day Cetes	9.45	0pb
28-day TIIE	9.76	0pb
2-year Mbono	9.02	0pb
10-year Mbono	9.92	-2pb
Currencies		
USD/MXN	20.32	-0.6%
EUR/USD	1.05	0.7%
GBP/USD	1.27	0.7%
DXY	106.37	-0.7%
Commodities		
WTI	72.57	0.4%
Brent	76.48	0.6%
Mexican mix	68.87	0.5%
Gold	2,938.98	0.2%
Copper	466.60	1.1%

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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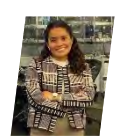

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