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 biased up, government bond yields mixed, and USD lower. Investors waiting for more information on the financial results of the tech sector, reacting to the election in Germany and a more aggressive US trade stance towards China at the margin**

- **Germany's conservative leader Friedrich Merz won the elections yesterday, with his coalition as the only viable option to form a government with the Social Democrats. The far-right party AfD would be the second strongest party in parliament**

- **No further data today in the US and Mexico. By night, Korea's central bank will announce its monetary policy decision**

- **Market attention this week on January's personal income & spending and PCE deflator in the US. This information will be relevant for the growth and inflation outlook. In this backdrop, we also note February's PMIs in China, with optimism about the country on the rise recently**

- **Monetary policy decisions in Israel, Hungary, and Thailand. ECB minutes of its latest decision and its survey of 1- and 5-year inflation expectations. In addition, several speeches from Fed members**

- **The rest of the US agenda includes housing prices (Dec), new home sales, durable goods orders, trade balance (Jan), consumer confidence (Feb) and the second estimate of 4Q24 GDP**

- **In Mexico, inflation in the 1st half of February printed at 0.15% 2w/2w (3.74% y/y). Releases in coming days include the trade balance, banking credit, public finances, unemployment rate (Jan) and 4Q24 current account**

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
4:00	GER IFO Survey (business climate)* - Feb	index	--	85.8	85.1
5:00	EZ Consumer prices - Jan (F)	% y/y	--	2.5	2.5
5:00	Core - Jan (F)	% y/y	--	2.7	2.7
Mexico					
7:00	Consumer prices - Feb 15	% 2w/2w	0.01	0.18	0.12
7:00	Core - Feb 15	% 2w/2w	0.23	0.25	0.22
7:00	Consumer prices - Feb 15	% y/y	3.59	3.77	3.48
7:00	Core - Feb 15	% y/y	3.60	3.61	3.61
South Korea					
	Monetary policy decision (C. bank of South	%	--	2.75	3.00

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	6,056.00	0.4%
Euro Stoxx 50	5,458.69	-0.3%
Nikkei 225	38,776.94	0.0%
Shanghai Composite	3,373.03	-0.2%
Currencies		
USD/MXN	20.42	0.0%
EUR/USD	1.05	0.1%
DXY	106.60	0.0%
Commodities		
WTI	70.49	0.1%
Brent	74.43	0.0%
Gold	2,947.46	0.4%
Copper	453.15	-0.6%
Sovereign bonds		
10-year Treasury	4.44	1pb

Source: Bloomberg

Equities

- **Positive bias in main stock indices, as investors await Nvidia's results and evaluate the latest AI-related news. In this sense, US futures point to a bullish opening, with the S&P500 0.4% above its theoretical value. Apple announced that it will invest USD$500 billion over the next 4 years to develop its AI capacity in the US**
- **In Europe, the Eurostoxx is down 0.3%, pressured mainly by the consumer discretionary and materials sector. Asia closed mixed, with a 0.6% downward adjustment in the Hang Seng**
- **In Mexico, the earnings season will end this week. At today's markets close, the results of Fibrapl and the three airport groups: Asur, Gap and Oma**

Sovereign fixed income, currencies and commodities

- **Negative balance in sovereign bonds. In Europe, ten-year rates rise by 2bps on average. Meanwhile, US Treasuries flatten with losses of 2bps at the short-end, prior to the 2-year note auction, while the long-end adjusts +1bp**
- **USD negative against most G10 currencies, with NOK (+0.4%) as the strongest. In EM, the bias is also positive, with Asian currencies outperforming. The MXN trades little changed at 20.42 per dollar**
- **Crude-oil futures gain slightly despite the outlook for higher supply from Iraq and uncertainty over Trump's tariff plans, along with efforts to end the war in Ukraine. Industrial metals are down, but precious metals are higher. Gold is trading near its historical record**

Corporate Debt

- **This week we expect a return of auction activity in the long-term debt market, with the tap issue of an Arrendamás structured bond, ARRENCB 23, for an amount of up to MXN 323 million**
- **Thus, the issued amount in February would close at MXN 21.3 billion, very positive compared to the same month of 2024, when MXN 7.4 billion were placed, boosted by the significant amount placed by Grupo Bimbo**
- **During the week, two issues of Grupo Collado, COLLAD 08 / 08-2, for $330 million, are scheduled to be prepaid**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	43,428.02	-1.7%
S&P 500	6,013.13	-1.7%
Nasdaq	19,524.01	-2.2%
IPC	53,738.75	-1.0%
Ibovespa	127,128.06	-0.4%
Euro Stoxx 50	5,474.85	0.3%
FTSE 100	8,659.37	0.0%
CAC 40	8,154.51	0.4%
DAX	22,287.56	-0.1%
Nikkei 225	38,776.94	0.3%
Hang Seng	23,477.92	4.0%
Shanghai Composite	3,379.11	0.8%
Sovereign bonds		
2-year Treasuries	4.20	-7pb
10-year Treasuries	4.43	-7pb
28-day Cetes	9.45	0pb
28-day TIIE	9.75	-1pb
2-year Mbono	8.98	-4pb
10-year Mbono	9.81	-12pb
Currencies		
USD/MXN	20.42	0.5%
EUR/USD	1.05	-0.4%
GBP/USD	1.26	-0.3%
DXY	106.61	0.2%
Commodities		
WTI	70.40	-3.0%
Brent	74.43	-2.7%
Mexican mix	67.05	-2.6%
Gold	2,936.05	-0.1%
Copper	461.55	-1.1%

Source: Bloomberg

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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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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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