

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets mixed –with S&P500 futures down–, government bond yields also down, and the USD decreases slightly amid uncertainty about how the new US administration's policies will affect global growth, as well as economic and political alliances**
- **In this regard, Donald Trump reiterated yesterday that tariffs for Mexico and Canada will go into effect as agreed. This has induced further volatility in the markets, with the VIX index reaching its highest levels of the year**
- **In economic data, the final 4Q24 GDP figure in Germany was unchanged at -0.2% q/q. In Brazil, inflation in the 1st half of February was lower than expected, with the annual print at 4.96%. In the US, we are expecting the release of consumer confidence for the second month of the year, as well as December's home prices. In Mexico, we will be following the current account for the last quarter of 2024**
- **On the monetary front, we will have participations from Barr and Barkin, with Logan's earlier comments focusing on the Fed's balance sheet. Meanwhile, in South Korea the central bank cut its reference rate by 25bps to 2.75%, signaling that easing may continue**
- **According to French President Emmanuel Macron, a truce in Ukraine could be reached within 'weeks', this following a meeting with Trump at the White House. He noted, however, that an agreement should not represent a surrender of Ukraine**

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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Gross domestic product* - 4Q24 (F)	% q/q	--	-0.2	-0.2
Brazil					
7:00	Consumer prices - Feb	% m/m	--	1.36	0.11
7:00	Consumer prices - Feb	% y/y	--	5.10	4.50
United States					
4:20	Fed's Logan Speaks at Balance Sheet Conference				
9:00	S&P/CoreLogic housing prices - Dec	% y/y	--	4.4	4.3
10:00	Consumer confidence* - Feb	index	102.5	103.2	104.1
13:00	Fed's Barkin Speaks on Inflation				
Mexico					
10:00	Current account - 4Q24	US\$bn	10.1	--	0.7
10:00	International reserves - Feb 14	US\$bn	--	--	232.7
12:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Mar'28), 30-year Udibono (Oct'54) and 1- and 3-year Bondes F				

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	5,999.00	0.0%
Euro Stoxx 50	5,456.50	0.1%
Nikkei 225	38,237.79	-1.4%
Shanghai Composite	3,346.04	-0.8%
Currencies		
USD/MXN	20.48	0.0%
EUR/USD	1.05	0.3%
DX	106.43	-0.2%
Commodities		
WTI	70.35	-0.5%
Brent	74.49	-0.4%
Gold	2,933.15	-0.6%
Copper	453.00	0.3%
Sovereign bonds		
10-year Treasury	4.31	-9pb

Source: Bloomberg

Equities

- Negative bias in stock markets and increased volatility leading the VIX to touch highs for the year. President Trump's administration reported measures to limit China's semiconductor industry
- US Futures anticipate a negative opening with the Nasdaq falling 0.4% below its theoretical value. Europe trades with gains, although falls in semiconductor companies such as ASML (-3.2%) stood out. Finally, Asia closed with losses. Alibaba fell 10.3% due to fears in China
- In Mexico, Asur had significant growth supported by tariffs, while traffic reached a turning point. Gap is poised to make the greatest advances in the industry with its 2025 Guide, although some risks prevail in the environment. Fibrapl registered significant expansion after the consolidation of Terra, but presented a conservative guidance. The focus will be on Alsea's figures after the market close

Sovereign fixed income, currencies and commodities

- The Treasuries' curve gains around 6bps with adjustments of up to -8bps at the belly. Meanwhile, 10-year European rates fall 1bp. Yesterday, the Mbonos' curve flattened due to bigger gains at the long-end (-8bps). The 10-year Mbono closed at 9.73% (-5bps)
- Dollar retreats modestly against most of the G10 currencies with SEK (+0.5%) as the strongest. In EM, the bias is mixed with Asian currencies leading losses. Meanwhile, the MXN trades virtually unchanged at 20.48 per dollar after two negative days
- Widespread losses in commodities. Crude-oil futures fall, although prices remain supported by expectations that OPEC+ will again delay the activation of production and new sanctions against Iran

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	43,461.21	0.1%
S&P 500	5,983.25	-0.5%
Nasdaq	19,286.93	-1.2%
IPC	53,704.45	-0.1%
Ibovespa	125,401.38	-1.4%
Euro Stoxx 50	5,453.76	-0.4%
FTSE 100	8,658.98	0.0%
CAC 40	8,090.99	-0.8%
DAX	22,425.93	0.6%
Nikkei 225	38,776.94	0.0%
Hang Seng	23,341.61	-0.6%
Shanghai Composite	3,373.03	-0.2%
Sovereign bonds		
2-year Treasuries	4.17	-2pb
10-year Treasuries	4.40	-3pb
28-day Cetes	9.48	3pb
28-day TIIE	9.78	3pb
2-year Mbono	8.98	-1pb
10-year Mbono	9.76	-4pb
Currencies		
USD/MXN	20.48	0.3%
EUR/USD	1.05	0.1%
GBP/USD	1.26	-0.1%
DX	106.60	0.0%
Commodities		
WTI	70.70	0.4%
Brent	74.78	0.5%
Mexican mix	67.14	0.1%
Gold	2,951.73	0.5%
Copper	456.35	-1.1%

Source: Bloomberg

Corporate Debt

- Today, the auction of the tap issue of Arrendamás, ARRENCB 23, will take place for a target amount of MXN323 million with a 3-year term. The issue is rated at 'mxAAA' by S&P Global Ratings and 'HR AAA' by HR Ratings
- HR Ratings assigned a 'HR AAA' rating to three proposed issuances from Bancomext, BACMEXT 25X / 25DX / 25-2X, with Stable outlook. The rating was assigned according to the bank's long-term rating, which is based on the explicit support of the Federal Government

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