

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets skewed lower, albeit with S&P500 futures positive, government bond yields negative, and USD stronger, with caution and uncertainty on tariff concerns as they may induce a global trade war, affecting US growth and worsening inflation
- After the Mexican security cabinet's meeting with its US counterparts yesterday –where they agreed to improve cooperation on the border– Economy Secretary, Marcelo Ebrard, will hold a meeting with Commerce Secretary, Howard Lutnick, today in Washington
- The US Treasury's cash balance fell to US\$569 billion, the lowest since Sep-23 as the entity navigates the debt ceiling impasse
- In the US, January's personal income and spending figures will be released, as well as the PCE deflator. For the latter, the headline could increase 0.3% m/m (2.5% y/y), with the core unchanged at 0.3% (2.6% y/y). In Japan, February's inflation moderated to 2.2% y/y. In Mexico, January's banking credit and public finances will be published. Finally, on the monetary front, we will be focused a speech from Goolsbee's speech (Chicago Fed)
- Trump will meet with Ukrainian President Volodymyr Zelensky at the White House, where the agreement on minerals is expected to be formalized, with talks on ending the war also on the agenda

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
United States					
8:30	Trade balance* - Jan	US\$bn	--	-116.0	-122.0
8:30	Personal income* - Jan	% m/m	--	0.4	0.4
8:30	Personal spending* - Jan	% m/m	--	0.2	0.7
8:30	Real personal spending* - Jan	% m/m	--	-0.1	0.4
8:30	PCE Deflator* - Jan	% m/m	0.3	0.3	0.3
8:30	Core* - Jan	% m/m	0.3	0.3	0.2
8:30	PCE Deflator - Jan	% y/y	2.5	2.5	2.6
8:30	Core - Jan	% y/y	2.6	2.6	2.8
22:15	Fed's Goolsbee Speaks in Moderated Q&A				
Mexico					
10:00	Banking credit - Jan	% y/y	8.7	--	8.8
15:30	Public finances (PSBR, year-to-date) - Jan	MXNbn	--	--	-1,940.3
China					
20:30	Manufacturing PMI* - Feb	index	--	50.1	49.1
20:30	Non-manufacturing PMI* - Feb	index	--	50.4	50.2
20:30	Composite PMI* - Feb	index	--	--	50.1

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,895.50	0.3%
Euro Stoxx 50	5,450.11	-0.4%
Nikkei 225	37,155.50	-2.9%
Shanghai Composite	3,320.90	-2.0%
Currencies		
USD/MXN	20.41	-0.4%
EUR/USD	1.04	0.0%
DX	107.35	0.1%
Commodities		
WTI	69.28	-1.5%
Brent	73.00	-1.4%
Gold	2,859.44	-0.6%
Copper	451.40	-1.4%
Sovereign bonds		
10-year Treasury	4.25	-1pb

Source: Bloomberg

Equities

- In February's last session, the negative bias prevails in the main stock indices. Nonetheless, futures in the US anticipate a positive opening, with the S&P500 trading 0.3% above its theoretical value, on dip-buying. Nvidia shares rebound ~1%, after yesterday's 8.5% adjustment
- In Europe, almost widespread losses of moderate magnitude are observed, reacting to tariff issues, while the mining and technology sectors are the most affected. In Asia, significant falls were recorded, the most relevant being the Hang Seng with -3.3% and the Nikkei with -2.9%
- In the final stretch of reports in the US we have ~97% of the results and a cumulative increase in profits of 13.4% vs. 7.5%e. In Mexico yesterday afternoon, Liverpool reported, aligned with expectations, without being a catalyst for the share price. The Mexbol Index may drop to 52,200pts

Sovereign fixed income, currencies and commodities

- Slightly positive balance in sovereign bonds. The 10-year European rates decline 2bps, on average. Meanwhile, the Treasuries' yield curve prints few changes with a positive bias. Yesterday, Mbonos' curve flattened due to a 3bps sell-off at the short-end and gains of the same magnitude at the long-end. The 10-year benchmark closed at 9.52% (-2bps)
- Dollar advances against most of the G10 currencies, with NZD (-0.5%) as the weakest. In EM, the bias is negative but MXN overperforms, trading at 20.44 per dollar (+0.2%) offsetting yesterday's depreciation (-0.3%)
- Crude-oil heads for the biggest monthly loss since September as US President Trump escalated tariff threats against major trading partners, clouding the outlook for energy demand. Widespread losses in metals

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	43,239.50	-0.4%
S&P 500	5,861.57	-1.6%
Nasdaq	18,544.42	-2.8%
IPC	52,607.61	-1.3%
Ibovespa	124,798.96	0.0%
Euro Stoxx 50	5,472.56	-1.0%
FTSE 100	8,756.21	0.3%
CAC 40	8,102.52	-0.5%
DAX	22,550.89	-1.1%
Nikkei 225	38,256.17	0.3%
Hang Seng	23,718.29	-0.3%
Shanghai Composite	3,388.06	0.2%
Sovereign bonds		
2-year Treasuries	4.05	-2pb
10-year Treasuries	4.26	0pb
28-day Cetes	9.47	2pb
28-day TIIE	9.75	0pb
2-year Mbono	8.89	4pb
10-year Mbono	9.53	-3pb
Currencies		
USD/MXN	20.49	0.3%
EUR/USD	1.04	-0.8%
GBP/USD	1.26	-0.6%
DX	107.24	0.8%
Commodities		
WTI	70.35	2.5%
Brent	74.04	2.1%
Mexican mix	66.28	2.1%
Gold	2,877.52	-1.3%
Copper	461.85	0.7%

Source: Bloomberg

Corporate Debt

- Traton Financial Services Mexico (formerly Navistar Financial) informed that it will prepay its TFSMX 22 issue on March 7, 2025. The bond has an outstanding amount of MXN 947 million and its legal maturity was scheduled for May 2025
- Fitch Ratings assigned a 'AAA(mex)' rating to Bancomext's proposed sustainable banking bonds (BACMEXT 25X / 25DX / 25-3X) for a target amount of MXN 10.0 billion. The bank's ratings consider the sovereign's adequate capacity to support it, Bancomext's full state ownership, key policy role, and explicitly state-guaranteed funding

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