

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets and government bond yields higher, with the USD to the downside. Investors react to European leaders' efforts to increase military defense spending after the bad results from the meeting between Trump and Zelensky last Friday, which helps push higher defense stocks, but also induces higher interest rates given fears of widening fiscal imbalances in some countries
- Today's agenda includes the ISM manufacturing, vehicle sales (Feb), and a speech from the Fed's Musalem. In Mexico, remittances (Jan) IMEF's PMIs (Feb) and Banxico's expectations survey
- Market attention this week on February's non-farm payrolls in the US. We estimate 140k jobs, with the unemployment rate at 4.1% from 4.0%. It will be interesting to evaluate the health of the labor market given recent negative surprises in economic data
- Moreover, the ECB decision will take place. We see another 25bps rate cut, with the deposit rate reaching 2.50%. We will hear closely at the comments from President @Lagarde, which could be more cautious about further reductions going forward
- Other US data includes trade balance, consumer credit, factory orders (Jan), ISM services, ADP (Feb), and the *Beige Book*
- In Mexico, GFI, private consumption (Dec), inflation (Feb), and the banking sector survey. Moreover, the due date for the original extension of 25% tariffs from the US to Mexico and Canada will be on March 4

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Eurozone</b>					
5:00	Consumer prices - Feb (P)	% y/y	--	2.3	2.5
5:00	Core - Feb (P)	% y/y	--	2.5	2.7
<b>United States</b>					
9:45	Manufacturing PMI* - Feb (F)	index	51.6	51.6	51.6
10:00	ISM manufacturing* - Feb	index	50.5	50.5	50.9
12:00	Fed's Musalem Gives Keynote Speech				
	Total vehicle sales** - Feb	millions	--	16.0	15.6
<b>Mexico</b>					
10:00	Family remittances - Jan	US\$bn	4,612.3	4,727.0	5,227.8
10:00	Survey of expectations (Banxico)				
13:00	Manufacturing PMI (IMEF)* - Feb	index	46.3	--	45.6
13:00	Non-manufacturing PMI (IMEF)* - Feb	index	49.3	--	49.1

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.
S&P 500 Futures	5,993.50	0.5%
Euro Stoxx 50	5,541.40	1.4%
Nikkei 225	37,785.47	1.7%
Shanghai Composite	3,316.93	-0.1%
<b>Currencies</b>		
USD/MXN	20.48	-0.4%
EUR/USD	1.05	0.9%
DX	106.87	-0.7%
<b>Commodities</b>		
WTI	70.13	0.5%
Brent	73.05	-0.2%
Gold	2,876.90	0.7%
Copper	456.40	1.1%
<b>Sovereign bonds</b>		
10-year Treasury	4.25	4pb

Source: Bloomberg

## Equities

- March begins with a positive bias in stock indices, with investors evaluating the latest batch of earnings results from the S&P500. This week, the results of 12 companies are expected, highlighting Target, Costco Wholesale and Broadcom
- US futures anticipate a positive opening, with the Nasdaq up 0.5%. In Asia, most stock markets closed with gains, with the Nikkei rising 1.7%. Europe trades higher, mainly driven by defense stocks, including: Rheinmetall (+16%), BAE Systems (+13%) and Saab (+11%)
- In Mexico, we expect a trading range for the Mexbol this week between 51,500 and 53,600pts

## Sovereign fixed income, currencies and commodities

- In Europe, 10-year yields rise by 7bps on average on the prospect of higher supply linked to greater support for Ukraine and improvements in security measures for the continent. Meanwhile, US Treasuries lose between 2bps and 4bps, with more significant adjustments in the belly
- USD negative against most G10, with SEK (+1.2%) as the strongest. In EM, the bias is positive, with European currencies leading. The MXN appreciates 0.4% to 20.48 per dollar
- Crude-oil futures register slight gains as investors assess the outlook of the war in Ukraine, US tariffs, and China's stimulus. Metals are up, with copper and gold rising +1.1% and +0.7%, respectively

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	43,840.91	1.4%
S&P 500	5,954.50	1.6%
Nasdaq	18,847.28	1.6%
IPC	52,325.73	-0.5%
Ibovespa	122,799.09	-1.6%
Euro Stoxx 50	5,463.54	-0.2%
FTSE 100	8,809.74	0.6%
CAC 40	8,111.63	0.1%
DAX	22,551.43	0.0%
Nikkei 225	37,155.50	-2.9%
Hang Seng	22,941.32	-3.3%
Shanghai Composite	3,320.90	-2.0%
<b>Sovereign bonds</b>		
2-year Treasuries	3.99	-6pb
10-year Treasuries	4.21	-5pb
28-day Cetes	9.45	-2pb
28-day TIIE	9.75	0pb
2-year Mbono	8.89	0pb
10-year Mbono	9.51	-2pb
<b>Currencies</b>		
USD/MXN	20.55	0.3%
EUR/USD	1.04	-0.2%
GBP/USD	1.26	-0.2%
DX	107.61	0.3%
<b>Commodities</b>		
WTI	69.76	-0.8%
Brent	73.18	-1.2%
Mexican mix	65.63	-1.0%
Gold	2,857.83	-0.7%
Copper	454.80	-1.5%

Source: Bloomberg

## Corporate Debt

- This week we expect the offering of three sustainable bonds from Bancomext for a target amount of MXN 10.0 billion
- Moody's Local Mexico affirmed the rating for issue TUCACCB 08 at 'BBB+.mx' and changed the outlook to Stable from Negative, reflecting the credit and operational resilience of the Acapulco Tunnel after Hurricane Otis
- HR Ratings affirmed Almacénadora Mercader's ratings at 'HR AA-', placing them on Review in Process. The rating action corresponds to the change in the shareholder control of Almacénadora Mercader, which consisted in the transfer of shares to Grupo Minsa

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