BANORTE

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 positive, with the USD lower and government bond yields negative, with investors awaiting the CPI report in the US, which will provide additional clarity to future Fed actions**

- **Attention will be on December's inflation report in the US, where consensus expects a 0.2% m/m (3.2% y/y) increase in the headline index, with the core at 0.3% (3.8% y/y). If a downside surprise materializes, we believe that market expectations of additional Fed cuts might consolidate further. Regarding other economic figures, tonight we await CPI and trade balance in China. In Mexico, November's industrial production fell 1.0% m/m (2.8% y/y), with declines across all categories albeit noting weakness in construction (-2.9% m/m) and manufacturing (-0.5%)**

- **On the monetary front, we will have comments from Barkin (Richmond) and Mester (Cleveland). IN addition, we will have the decision in Peru, were a 25bps cut is expected, taking the rate to 6.50%. Yesterday, the Bank of Korea left its rate unchanged at 3.50%**

- **In other news, China's President, Xi Jinping commented that he wants to strengthen its ties with the US, this just days before the elections in Taiwan take place. Moreover, the FMI authorized a deal that will provide Argentina with close to US$4.7 billion, 40% more than originally expected**

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Winners of the 2023 award for best Mexico economic, forecasters, granted by Focus Economics

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The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
7:00	Industrial production - Nov	% y/y	4.8	4.9	5.5
7:00	Industrial production* - Nov	% m/m	0.1	0.1	0.6
7:00	Manufacturing output - Nov	% y/y	0.4	--	1.1
United States					
8:30	Initial jobless claims* - Jan 6	thousands	--	213	202
8:30	Consumer prices* - Dec	% m/m	--	0.2	0.1
8:30	Ex. food & energy* - Dec	% m/m	--	0.3	0.3
8:30	Consumer prices - Dec	% y/y	--	3.2	3.1
8:30	Ex. food & energy - Dec	% y/y	--	3.8	4.0
Peru					
18:00	Monetary policy decision (BCRP)		--	6.50	6.75
China					
20:30	Consumer prices - Dec	% y/y	--	-0.4	-0.5
22:00	Trade balance - Dec	USDbn	--	76.2	68.4
22:00	Exports - Dec	% y/y	--	1.6	0.5
22:00	Imports - Dec	% y/y	--	0.0	-0.6

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	4,828.00	0.2%
Euro Stoxx 50	4,486.09	0.4%
Nikkei 225	35,049.86	1.8%
Shanghai Composite	2,886.65	0.3%
Currencies		
USD/MXN	16.99	0.1%
EUR/USD	1.10	0.1%
DXY	102.17	-0.2%
Commodities		
WTI	72.77	2.0%
Brent	78.20	1.8%
Gold	2,031.98	0.4%
Copper	381.85	1.0%
Sovereign bonds		
10-year Treasury	3.99	-4pb

Source: Bloomberg

Equities

- **Investors are increasingly optimistic as they await US inflation data. Most of the major stock indexes are advancing**

- **In the US, futures anticipate a positive opening with the Nasdaq rising 0.4% above its theoretical value. However, Citi is down 1.3% in pre-market after indicating that it will set aside $1.3 billion to cover risks from Argentina and Russia. Europe traded mainly with gains and the Eurostoxx is climbing 0.4%, driven by the materials and technology sectors**

- **Asia closed with gains and the Nikkei rose 1.8% to 35,050pts, representing a 34-year high. Optimism has been driven by the prospect of an end to deflation in Japan, as well as more sustained growth and higher flows into tax-free accounts**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. 10-year European rates adjust up to -7bps. Meanwhile, the Treasuries' curve register gains of 4bps on average. Yesterday, Mbonos' curve steepened with an adjustment of -4bps at the short- and mid-end, while the longest-end only adjusted -1bp. The 10-year benchmark closed at 9.13% (-1bp)**

- **The dollar retreats, allowing all of the developed currencies to trade in positive domain with NZD (+0.4%) leading the gains. In EM, the bias is mixed with RUB (+0.9%) and CZK (-0.3%) at the extremes. The MXN depreciates 0.2% trading at 17.00 per dollar**

- **Crude-oil advances nearly 2.0% given the persistent tensions in the Middle East. Both, Brent and WTI are trading above 78 and 72 $/bbl, respectively. Metals trade with positive bias highlighting gold and copper with gains of 0.5% and 0.6%, respectively**

Corporate Debt

- **S&P Global Ratings confirmed the rating of the CEMEX 23L / 23-2L issues at 'mxAA' in view of the proposal to carry out the first reopening of the first and second issuance, for a target amount of MXN 4.5 billion and with an over-allotment option for up to MXN 4.5 billion additional. According to the agency, Cemex's rating continues to capture its leadership position in the global cement, concrete, aggregates and ready-mixed concrete businesses, and its ability to significantly increase its prices in local currencies in all markets where it operates**

- **Moody's Local México assigned a 'AAA.mx' rating to Sigma with a stable outlook. According to the agency, the rating reflects its unique competitive capabilities in the local and international market**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,695.73	0.5%
S&P 500	4,783.45	0.6%
Nasdaq	14,969.65	0.8%
IPC	55,318.67	0.4%
Ibovespa	130,841.09	-0.5%
Euro Stoxx 50	4,468.98	0.0%
FTSE 100	7,651.76	-0.4%
CAC 40	7,426.08	0.0%
DAX	16,689.81	0.0%
Nikkei 225	34,441.72	2.0%
Hang Seng	16,097.28	-0.6%
Shanghai Composite	2,877.70	-0.5%
Sovereign bonds		
2-year Treasuries	4.36	-1pb
10-year Treasuries	4.03	1pb
28-day Cetes	11.29	1pb
28-day TIIE	11.50	0pb
2-year Mbono	10.01	-5pb
10-year Mbono	9.14	-2pb
Currencies		
USD/MXN	16.97	0.0%
EUR/USD	1.10	0.4%
GBP/USD	1.27	0.3%
DXY	102.36	-0.2%
Commodities		
WTI	71.37	-1.2%
Brent	76.80	-1.0%
Mexican mix	66.87	-1.1%
Gold	2,024.41	-0.3%
Copper	378.10	0.6%

Source: Bloomberg

Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Paula Lozoya Valadez, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cuautencos Mora and Andrea Muñoz Sánchez, 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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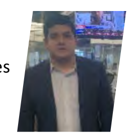

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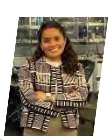

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