

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets negative, government bond yields positive and the USD higher. Investors digest Trump's victory in the Iowa Republican caucuses, setting the stage for a rematch with Biden in November, while keeping their bets that the Fed will cut in March with a 70% probability
- The winter storm that affects the US has caused Texas' power grid operator to urge people to conserve energy. On Monday, electricity prices increased 75% in peak hours. Another effect of this extreme weather has been in North Dakota, where oil and gas production fell sharply. We will pay attention to the possible consequences of this in terms of gas supply in our country
- Stimulus measures continue in China, where a new debt issuance of US\$139 billion is being weighed to help stabilize markets and with the goal of funding food and energy projects. For his part, Prime Minister Li Qiang announced in Davos that China grew 5.3% in 2023, surpassing the government's official target
- On economic figures, in the US we await January's Empire Manufacturing Index. In Germany, the ZEW expectations index improved marginally to 15.2pts. Later in the day, we expect 4Q23 GDP and other economic activity figures for December for China. In other news, and as expected, Trump won the Iowa caucuses. Ron de Santis finished in a distant second place. It is relevant to mention that participation was the lowest in 25 years

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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
Germany					
2:00	Consumer prices - Dec (F)	% y/y	--	3.7	3.7
5:00	ZEW Survey (Expectations) - Jan	index	--	11.7	12.8
United States					
8:30	Empire manufacturing* - Jan	index	-9.0	-5.0	-14.5
11:00	Fed's Waller Speaks on Economic Outlook and Monetary Policy				
Mexico					
10:00	International reserves - Jan 12	US\$bn	--	--	212.4
12:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 5-year Mbono (Mar'29), 30-year Udibono (Nov'50) and 1-, and 3-year Bondes F				
China					
21:00	Gross domestic product - 4Q23	% y/y	--	5.3	4.9
21:00	Industrial production - Dec	% y/y	--	6.7	6.6
21:00	Retail sales - Dec	% y/y	--	8.0	10.1
21:00	Gross fixed investment (YTD) - Dec	% y/y	--	2.9	2.9

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	4,798.00	-0.4%
Euro Stoxx 50	4,436.91	-0.4%
Nikkei 225	35,619.18	-0.8%
Shanghai Composite	2,893.99	0.3%
Currencies		
USD/MXN	17.04	1.0%
EUR/USD	1.09	-0.6%
DXY	103.19	0.8%
Commodities		
WTI	72.95	0.4%
Brent	78.78	0.8%
Gold	2,038.24	-0.9%
Copper	377.55	0.9%
Sovereign bonds		
10-year Treasury	4.01	7pb

Source: Bloomberg

Equities

- Negative movements in equity markets as investors weigh monetary and growth prospects, while focusing on the corporate earnings season. Today 3 S&P500 companies reported their figures, including Goldman Sachs (+1.3% on pre-market) beating expectations and Morgan Stanley (+1.1%) with revenues exceeding estimates, despite a lower than expected profit
- In Asia the markets closed negative. In Europe stocks decline, the Eurostoxx sheds 0.4%. Shares from consumer discretionary and utilities sectors lead losses. In turn, in the US operations will resume after yesterday's holiday and the futures of main indices point to a negative opening by falling 0.3% on average
- In Mexico, Chdraui's 2024 guidance came in slightly better than expected, underpinning sustained growth

Sovereign fixed income, currencies and commodities

- Negative balance in sovereign bonds. European 10-year rates increase 1bp, on average. Meanwhile, Treasuries record losses of 7bps, with the 10-year benchmark returning to trading above 4.00%. In Mexico, the Mbonos' curve began the week with losses of 4bps, on average, and the 10-year yield rose to 9.01% from 8.96%
- The dollar hit a 1-month high. In G10, AUD (-0.9%) is the weakest, while in EM the losses are limited by ZAR (-1.3%). The MXN depreciates 1.0% to 17.04 per dollar, diluting the gains that had accumulated during the month of 0.5%
- Crude-oil futures rose as the continued Houthi attacks on ships in the Red Sea keep tensions in the Middle East high. Widespread losses in metals, with copper falling 0.2%

Corporate Debt

- HR Ratings affirmed the rating for issues TFOVIS 14U / 14-2U / 15U (Fovissste's BRHs) at 'HR AAA (E)' with a Stable outlook. The rating action is based on the observed collateral level of each issue, which increased in the last twelve months due to early amortizations
- HR Ratings affirmed the rating of issue INVTACB 23 (Arrendadora IL's ABS) at 'HR AAA (E)' with a Stable outlook. The affirmation is based on the Maximum Default of 17.6% that the issuance supports under a stress scenario

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,592.98	0.0%
S&P 500	4,783.83	0.0%
Nasdaq	14,972.76	0.0%
IPC	55,501.11	-0.2%
Ibovespa	131,520.91	0.4%
Euro Stoxx 50	4,454.68	-0.6%
FTSE 100	7,594.91	-0.4%
CAC 40	7,411.68	-0.7%
DAX	16,622.22	-0.5%
Nikkei 225	35,901.79	0.9%
Hang Seng	16,216.33	-0.2%
Shanghai Composite	2,886.29	0.1%
Sovereign bonds		
2-year Treasuries	4.14	0pb
10-year Treasuries	3.94	0pb
28-day Cetes	11.26	5pb
28-day TIIE	11.50	0pb
2-year Mbono	9.86	3pb
10-year Mbono	9.02	5pb
Currencies		
USD/MXN	16.88	0.1%
EUR/USD	1.10	0.0%
GBP/USD	1.27	-0.2%
DX	102.40	0.0%
Commodities		
WTI	72.68	0.0%
Brent	78.15	-0.2%
Mexican mix	68.33	0.0%
Gold	2,056.55	0.4%
Copper	374.05	0.0%

Source: Bloomberg

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