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, government bond yields and USD down with investors focusing their attention on corporate news, highlighting strong performance of chipmakers, and state intervention in Chinese equities, after realizing that rate cuts may be delayed beyond 1Q24**

- **On the monetary policy front, the market will be watching the Fed's Bostic comments on the economic outlook. It should be noted that this member votes this year**

- **Meanwhile, ECB minutes from its last monetary policy decision in December were published, showing that members consider it is too early to be sure the job is done and hope to reach their 2% target in 2025. They also highlight the need to observe incoming data and be patient maintaining a restrictive stance for some time. Additionally, Lagarde will speak at World Economic Forum in Davos**

- **Regarding economic figures, in the US, the January manufacturing report from the Philadelphia region, Philly Fed, will be released. We estimate it will remain in contraction due to downward risks in the sector. In addition, housing starts and construction permits for December and the intial jobless claims for the week ending January 13 will be published**

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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
Eurozone					
4:00	Current account* - Nov	EURbn	--	--	33.8
Brazil					
7:00	Economic activity - Nov	% y/y	--	1.9	1.5
7:00	Economic activity* - Nov	% m/m	--	-0.2	-0.1
United States					
7:30	Fed's Bostic Speaks on Economic Outlook				
8:30	Housing starts** - Dec	thousands	--	1,425	1,560
8:30	Building permits** - Dec	thousands	--	1,475	1,467
8:30	Initial jobless claims* - Jan 13	thousands	210	205	202
8:30	Philadelphia Fed*-Jan	index	-7.0	-7.0	-12.8

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	4,791.25	0.4%
Euro Stoxx 50	4,445.80	1.0%
Nikkei 225	35,466.17	0.0%
Shanghai Composite	2,845.78	0.4%
Currencies		
USD/MXN	17.19	-0.1%
EUR/USD	1.09	-0.1%
DXY	103.38	-0.1%
Commodities		
WTI	72.65	0.1%
Brent	77.83	-0.1%
Gold	2,014.51	0.4%
Copper	373.10	-0.1%
Sovereign bonds		
10-year Treasury	4.09	-1pb

Source: Bloomberg

Equities

- **Positive equity markets, boosted by recent corporate reports that favor investors' outlook**

- **In the US, futures anticipate a positive opening with the Nasdaq rising 0.9% above its theoretical value. Chipmakers (MU and AMD) are up more than 1.5% on pre-market after Taiwan Semiconductor Manufacturing indicated that it expects a return to solid growth this quarter. Meanwhile, Europe trades with gains and the Eurostoxx is climbing 1.0%, supported by technology companies. Asia closed mixed, with the Hang Seng increasing 0.8%**

- **Of the 7 companies in the S&P500 that are due to publish results today, 5 have already released them, with mixed figures. In Mexico, Fibrapl reported yesterday with record occupancy and higher profitability driven by Nearshoring. At the market close, Kimberly-Clark de Mexico's numbers are expected**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. 10-year European rates adjust up to -7bps. Meanwhile, the Treasuries' curve register a steepening bias with gains of 4bps at the short-end, while the long-end adjust -2bps. Yesterday, Mbonos' curve lost 10bps on average. The 10-year benchmark closed at 9.20% (+10bps)**

- **The dollar retreats, allowing the developed currencies to trade in positive domain with AUD (+0.3%) leading the gains. In EM, the bias is also positive with ZAR (+0.8%) as the strongest. The MXN appreciates 0.2% trading at 17.16 per dollar, after gaining 0.1% yesterday**

- **Crude-oil trades with slight changes, while the risk of an escalation in the Middle East conflict remains latent. Both, Brent and WTI are trading above 77 and 72 $/bbl, respectively. Metals trade with positive bias highlighting palladium (+2.6%) and gold (+0.5%)**

Corporate Debt

- **HR Ratings affirmed Financiera Independencia's long-term credit rating at 'HR A' and changed the outlook to Stable from Negative. It also affirmed its short-term rating at 'HR2'**

- **According to the agency, the rating action is based on the restructuring of the maturity profile of the company's short-term debt, through the signing of a new credit line, which allowed Findep to carry out the total prepayment of its unsecured debt securities**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,266.67	-0.3%
S&P 500	4,739.21	-0.6%
Nasdaq	14,855.62	-0.6%
IPC	54,711.70	-0.7%
Ibovespa	128,523.83	-0.6%
Euro Stoxx 50	4,403.08	-1.0%
FTSE 100	7,446.29	-1.5%
CAC 40	7,318.69	-1.1%
DAX	16,431.69	-0.8%
Nikkei 225	35,477.75	-0.4%
Hang Seng	15,276.90	-3.7%
Shanghai Composite	2,833.62	-2.1%
Sovereign bonds		
2-year Treasuries	4.36	14pb
10-year Treasuries	4.10	4pb
28-day Cetes	11.40	10pb
28-day TIIE	11.50	0pb
2-year Mbono	9.97	10pb
10-year Mbono	9.22	11pb
Currencies		
USD/MXN	17.20	-0.1%
EUR/USD	1.09	0.1%
GBP/USD	1.27	0.3%
DXY	103.45	0.1%
Commodities		
WTI	72.56	0.2%
Brent	77.88	-0.5%
Mexican mix	68.00	-0.3%
Gold	2,006.25	-1.1%
Copper	373.30	-0.9%

Source: Bloomberg

Analyst Certification.

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