

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets positive, government bond yields mixed, and the USD lower given the rally in tech stocks given expectations of a recovery in global chip sales. Investors are weighing economic figures and comments from Fed members, looking for clues regarding upcoming actions from the institution
- Congress in the US approved a temporary spending bill in order to avoid a partial government shutdown this weekend, extending the deadline to March 1st. Meanwhile, regulators in the US are preparing to launch a program that would require banks to use the Fed's discount window at least once a year, this with the goal of reducing the stigma associated with the use of this facility
- Regarding economic data, in the US we await consumer sentiment from the University of Michigan for January along housing sector figures. Meanwhile, economic activity in Brazil during November was unchanged at 0.0% m/m (2.6% y/y)
- On the monetary front, we will have comments from Goolsbee (Chicago), Daly (San Francisco), and Barr (Fed Board). Earlier, ECB President, Christine Lagarde, mentioned that Europe's best defense to a Trump victory is the consolidation of the regional market
- In other news, President Biden canceled US\$5 billion in student loan debt, action that will benefit 74,000 persons
- In China, it is expected that some local governments halt infrastructure projects given excessive debt levels, this in order to avoid a further expansion in the latter, striving for greater fiscal stability. Nevertheless, it is likely that this affects even further the country's growth

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
7:00	Retail sales - Nov	% y/y	3.6	3.5	3.4
7:00	Retail sales* - Nov	% m/m	0.5	0.6	0.8
7:00	Timely Indicator of Economic Activity* - Dec	% y/y	--	--	4.2
United States					
10:00	Existing home sales** - Dec	millions	--	3.8	3.8
10:00	U. of Michigan Confidence*-Jan (P)	index	71.5	70.0	69.7
13:00	Fed's Barr Speaks About Bank Regulation				
16:15	Fed's Daly Speaks in Fireside Chat				

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

January 19, 2024



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

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A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	4,833.75	0.5%
Euro Stoxx 50	4,471.74	0.4%
Nikkei 225	35,963.27	1.4%
Shanghai Composite	2,832.28	-0.5%
Currencies		
USD/MXN	17.13	-0.2%
EUR/USD	1.09	0.1%
DXY	103.33	-0.2%
Commodities		
WTI	73.95	-0.2%
Brent	78.94	-0.2%
Gold	2,033.45	0.5%
Copper	377.45	0.8%
Sovereign bonds		
10-year Treasury	4.13	-1pb

Source: Bloomberg

Equities

- Main stock indices show positive movements, led by the advance in technology companies. The rally continues on expectations of recovery in sales from major chipmakers, with AMD up ~2% and Intel ~1.5%, while TSMC rose ~6% in Taiwan
- Futures in the US anticipate a higher opening, with the S&P 500 trading 0.5% above its theoretical value and the Nasdaq doing the same by 0.8%, near all-time highs. Europe is trading with widespread increases. Asia closed mixed, with stocks in Hong Kong and China lower
- Today, 7 S&P500 companies report, including Huntington Bancshares, Regions Financial, Schlumberger, and Travelers Cos. We have ~9% of the results and a cumulative decrease in profits of -3.9% vs +1.2%. The positive surprise rate stands at 82.2%

Sovereign fixed income, currencies and commodities

- Positive performance in sovereign bonds. 10-year European rates adjust up to -7bps. Meanwhile, the Treasuries' curve registers gains of 1bp on average. Yesterday, Mbonos' curve steepened with mixed performance in the short- and mid-end, while the long-end lost 4bps. The 10-year benchmark closed at 9.25% (+5bps)
- The dollar retreats, allowing the developed currencies to trade in positive domain with NOK (+0.5%) leading the gains. In EM, the bias is also positive with RUB (+1.2%) as the strongest. The MXN appreciates 0.2% trading at 17.12 per dollar, after gaining 0.2% yesterday. However, it is set to close the week with a loss of 1.5%
- Crude-oil futures remain stable and are set to close the week in positive territory. This as pressures in the Red Sea continue despite the US sustaining airstrikes on Houthi targets. Metals trade with positive bias highlighting gold with gains of 0.7%

Corporate Debt

- Fibra Danhos informed that it was notified of a ruling issued by the Investigating Authority of the COFECE, for the alleged commission of monopolistic practices, which will be resolved by the Plenary of the COFECE
- Fitch Ratings assigned a rating of 'AAA(mex)vra' to the proposed issue AUNETCB 24 (Future Flow of the Necaxa - Tihuatlán Highway). The ratings reflect the risk associated with a highway located in a highly dynamic region of Mexico, as well as the project's contractual capacity to update rates annually in line with inflation

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,468.61	0.5%
S&P 500	4,780.94	0.9%
Nasdaq	15,055.65	1.3%
IPC	54,707.89	0.0%
Ibovespa	127,315.74	-0.9%
Euro Stoxx 50	4,453.05	1.1%
FTSE 100	7,459.09	0.2%
CAC 40	7,401.35	1.1%
DAX	16,567.35	0.8%
Nikkei 225	35,466.17	0.0%
Hang Seng	15,391.79	0.8%
Shanghai Composite	2,845.78	0.4%
Sovereign bonds		
2-year Treasuries	4.35	-1pb
10-year Treasuries	4.14	4pb
28-day Cetes	11.26	-14pb
28-day TIIE	11.50	0pb
2-year Mbono	9.98	1pb
10-year Mbono	9.26	4pb
Currencies		
USD/MXN	17.16	-0.2%
EUR/USD	1.09	-0.1%
GBP/USD	1.27	0.2%
DX	103.54	0.1%
Commodities		
WTI	74.08	2.1%
Brent	79.10	1.6%
Mexican mix	69.27	1.9%
Gold	2,023.34	0.9%
Copper	374.50	0.3%

Source: Bloomberg

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