BANORTE

Economic and Financial Markets Research

Economic Research and Market Strategy

Financial Markets Daily

January 22, 2024

Main drivers for the financial markets today…

- **Stock markets higher, government bond yields down, and USD mixed. Optimism about upcoming rate cuts in an environment of favorable economic data and good expectations about the earnings season (especially on tech), with an additional tailwind from news of mergers and acquisitions**

- **In China, 1- and 5-year prime loan rates were left unchanged at 3.45% and 4.20%, respectively. The decision was in line with the central bank's unchanged stance announced last week, albeit with speculation that they will be adjusted lower in the future**

- **No further economic data today in the US. In Mexico, the banking sector survey of expectations. Later, Japan's central bank will announce its monetary policy decision**

- **Market attention on economic data, including 4Q23 GDP in the US that we forecast at 1.9% y/y (consensus: 2.0%), along with PMI indicators in the same country, the Eurozone, and United Kingdom. Additionally, the ECB monetary policy decision**

- **In the latter front, central bank decisions also in Malaysia, Canada, Norway, Turkey, and South Africa. No speeches from Fed members because of the silence period ahead of the decision on January 31st**

- **Going to the events, a meeting among Foreign Relations Ministers of the Eurozone will be held to evaluate a possible naval mission in the Red Sea. Moreover, the first presidential primary elections in the US will be held in the state of New Hampshire**

- **On the rest of US data, trade balance, durable goods orders, new home sales, personal income & spending, and the PCE deflator (Dec). In other regions, only consumer confidence in the Eurozone; IFO survey in Germany; and inflation in Brazil (Jan)**

- **In Mexico, figures in coming days include the monthly GDP-proxy IGAE (nov), unemployment rate, trade balance (Dec), and inflation in 1H-Jan**

The most relevant economic data…

	Event/Period	Unit	Banorte	Survey	Previous
Mexico					
15:30	Banamex Survey of Economists				
Japan					
	Monetary policy decision (BoJ)	%	--	-0.10	-0.10

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

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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	4,887.00	0.4%
Euro Stoxx 50	4,470.21	0.5%
Nikkei 225	36,546.95	1.6%
Shanghai Composite	2,756.34	-2.7%
Currencies		
USD/MXN	17.09	0.0%
EUR/USD	1.09	0.0%
DXY	103.23	-0.1%
Commodities		
WTI	73.80	0.5%
Brent	78.88	0.4%
Gold	2,025.50	-0.2%
Copper	376.75	-0.5%
Sovereign bonds		
10-year Treasury	4.09	-3pb

Source: Bloomberg

Equities

- **Positive sentiment as the earnings season favors the outlook. US futures anticipate a higher opening, with the Nasdaq up 0.6% above its theoretical value, towards a new record high**

- **Europe trades higher and the Eurostoxx rises 0.5%, driven by tech companies. Asia closed with a negative bias, although the Nikkei's 1.6% advance continues to stand out. Finally, we anticipate a weekly trading range for the Mexbol index between 54,400 and 56,200pts**

- **On the corporate front, a higher flow of reports with 74 S&P500 companies this week, highlighting: Netflix and Tesla. In Mexico, Gap released its 2024 Guidance, confirming the weakness that will prevail this year in the face of a challenging environment. Finally, only Q has confirmed for this week, and we expect information to accelerate after February 12**

Sovereign fixed income, currencies and commodities

- **Positive performance in sovereign bonds. 10-year European rates adjust up to -6bps. Meanwhile, the Treasuries' curve gains 2bps on average. Last week, the Mbonos' curve bear steepened with losses of 22bps in the short- and mid-end, while the long-end adjusted +28bps. The 10-year benchmark closed at 9.28% (+32bps w/w)**

- **Dollar mixed, with developed currencies trading positive and SEK (+0.4%) leading. In EM, the bias is negative with ZAR (-0.6%) as the weakest. MXN broadly unchanged at 17.09 per dollar after losing 1.3% last week**

- **Crude-oil futures up despite a restart of output at Libya's largest field, with a production capacity of 270 Kbbl/d, after a three-week stoppage. Metals trade with negative bias, highlighting silver with losses of 1.8%**

Corporate Debt

- **CFE formalized strategic alliances with Gasoducto Centauro del Norte (a subsidiary of Grupo Carso) and ArcelorMittal to expand its natural gas transportation and supply capacity in Mexico**

- **Fitch Ratings affirmed OMA's 'AAA(mex)' rating with a Stable outlook. The rating reflects the risk associated with operating a system of 13 airports in northern and central Mexico, which has some volume risk. Revenue presents moderate price risk given the constraints of regulated aeronautical tariffs**

- **Fitch Ratings assigned a 'AAA(mex)' rating to Naturgy Mexico's proposed issuance (NM 24, MXN 3.0 billion). The rating reflects stable gross leverage over the past five years of between 2.0x and 2.5x**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	37,863.80	1.1%
S&P 500	4,839.81	1.2%
Nasdaq	15,310.97	1.7%
IPC	55,452.10	1.4%
Ibovespa	127,635.65	0.3%
Euro Stoxx 50	4,448.83	-0.1%
FTSE 100	7,461.93	0.0%
CAC 40	7,371.64	-0.4%
DAX	16,555.13	-0.1%
Nikkei 225	35,963.27	1.4%
Hang Seng	15,308.69	-0.5%
Shanghai Composite	2,832.28	-0.5%
Sovereign bonds		
2-year Treasuries	4.38	3pb
10-year Treasuries	4.12	-2pb
28-day Cetes	11.24	-2pb
28-day TIIE	11.50	0pb
2-year Mbono	9.97	-1pb
10-year Mbono	9.29	4pb
Currencies		
USD/MXN	17.08	-0.5%
EUR/USD	1.09	0.2%
GBP/USD	1.27	0.0%
DXY	103.29	-0.2%
Commodities		
WTI	73.41	-0.9%
Brent	78.56	-0.7%
Mexican mix	68.90	-0.5%
Gold	2,029.49	0.3%
Copper	378.65	1.1%

Source: Bloomberg

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