

## Financial Markets Daily

### Main drivers for the financial markets today...

- Stock markets higher, government bond yields mixed, and USD down. The risk-on mood extends amid good corporate reports, mainly from the tech sector, and new stimulus in China. Netflix strong figures were in focus, while the PBoC cut banks' reserve ratios
- Former President Trump won the New Hampshire primary yesterday with 54.5% of the votes, beating his only rival, Nikki Haley, who obtained 43.2%. Some voters express concern that Trump is too radical. Haley led among college graduates and moderates, a possible sign that Trump has yet to expand his political base
- On the monetary policy front, the central bank of Canada will announce its decision today, estimated that it will keep its reference rate unchanged at 5.00%, albeit with a more dovish tone in its statement
- As for economic figures, in the US, the preliminary manufacturing, services and composite PMI indicators for January will be published. We estimate the former still below the neutral level of 50pts
- In Mexico, INEGI released inflation for 1H-January at 0.49% 2w/2w –surprising to the upside–, with the core at 0.25%. The annual print accelerated to 4.90% from 4.86% in the previous fortnight
- INEGI also released November's GDP-proxy IGAE, down 0.5% m/m (2.3% y/y). By sectors, primary activities led the decline (-6.2% m/m), with industry also negative (-1.0%), while services grew at the margin (0.2%)

### The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
<b>Mexico</b>					
7:00	Economic activity indicator (IGAE) - Nov	% y/y	2.7	2.9	4.2
7:00	Economic activity indicator (IGAE)* - Nov	% m/m	-0.2	0.1	-0.1
7:00	Consumer prices - Jan 15	% 2w/2w	0.39	0.38	0.48
7:00	Core - Jan 15	% 2w/2w	0.35	0.25	-0.01
7:00	Consumer prices - Jan 15	% y/y	4.79	4.78	4.86
7:00	Core - Jan 15	% y/y	4.78	4.78	4.98
<b>United States</b>					
9:45	Manufacturing PMI* - Jan (P)	index	--	47.6	47.9
9:45	Services PMI* - Jan (P)	index	--	51.4	51.4
9:45	Composite PMI* - Jan (P)	index	--	51.0	50.9

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

January 24, 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.
<b>Equity indices</b>		
S&P 500 Futures	4,921.50	0.5%
Euro Stoxx 50	4,548.85	1.9%
Nikkei 225	36,226.48	-0.8%
Shanghai Composite	2,820.77	1.8%
<b>Currencies</b>		
USD/MXN	17.20	-0.6%
EUR/USD	1.09	0.5%
DX	103.02	-0.6%
<b>Commodities</b>		
WTI	74.73	0.5%
Brent	79.80	0.3%
Gold	2,033.99	0.2%
Copper	387.95	2.3%
<b>Sovereign bonds</b>		
10-year Treasury	4.10	-3pb

Source: Bloomberg

## Equities

- Positive stock market returns, with investors weighing recent corporate results, especially from technology companies that continue to drive the markets
- US futures anticipate a positive opening, with the Nasdaq trading 0.7% above its theoretical value. Netflix share price rises +9.5% in pre-market, following yesterday's report where it reached a record level in subscribers and after publishing 1Q24 guidance that beat estimates, as well as improving profitability expectation for the year. Europe traded with gains, ASML shares, the most valuable technology company in the region, rise (+6.4%) after orders tripled. Asia closed mixed
- Of 25 S&P500 companies reporting today, 7 have already done so, with mixed results. After the market close, Tesla's report is expected

## Sovereign fixed income, currencies and commodities

- Mixed performance in sovereign bonds, with slight pressures in European rates of 1-3bps, while USTs in the US show a positive bias gaining 2bps on average, with the short-end outperforming. Yesterday Mbonos were under pressure by 2bps, on average
- The USD falls, pairing two days of consecutive gains both for the DXY and the BBDXY. All G10 currencies strengthen with JPY leading, while the balance in EM is also broadly positive with ZAR and CLP as the strongest. MXN appreciates 0.6% to 17.20 per dollar
- Crude oil trades modestly positive and amid relatively narrow ranges relative to recent sessions, with WTI around 74 \$/bbl, slightly above its 50-day MA. DOE inventories are due today, with API expecting a fall. Metals trade with a positive balance with industrials outperforming

## Corporate Debt

- Fibra Storage informed that on January 15th, 2024, it formalized the acquisition in public deed of the property in the commercial area identified as Puerta de Hierro, in Monterrey, Nuevo León. According to the statement, the price of the property acquisition was for a total of MXN 44 million including closing costs
- Desarrollos Hidráulicos de Cancún (DHC) announced the definitive suspension of decree 195 that repealed the decree of the extension of its concessions. With the above, DHC can continue to provide, without impact or interruption, public drinking water, sewage and sanitation services in the Municipalities of Benito Juárez, Solidaridad, Isla Mujeres and Puerto Morelos in the state of Quintana Roo, under the terms and conditions provided for in the concession title

## Previous closing levels

	Last	Daily chg.
<b>Equity indices</b>		
Dow Jones	37,905.45	-0.3%
S&P 500	4,864.60	0.3%
Nasdaq	15,425.94	0.4%
IPC	55,502.90	1.4%
Ibovespa	128,262.52	1.3%
Euro Stoxx 50	4,465.91	-0.3%
FTSE 100	7,485.73	0.0%
CAC 40	7,388.04	-0.3%
DAX	16,627.09	-0.3%
Nikkei 225	36,517.57	-0.1%
Hang Seng	15,353.98	2.6%
Shanghai Composite	2,770.98	0.5%
<b>Sovereign bonds</b>		
2-year Treasuries	4.37	-2pb
10-year Treasuries	4.13	2pb
28-day Cetes	11.28	7pb
28-day TIIE	11.50	0pb
2-year Mbono	9.98	0pb
10-year Mbono	9.28	2pb
<b>Currencies</b>		
USD/MXN	17.31	0.7%
EUR/USD	1.09	-0.3%
GBP/USD	1.27	-0.2%
DXY	103.62	0.3%
<b>Commodities</b>		
WTI	74.37	-1.1%
Brent	79.55	-0.6%
Mexican mix	69.87	-0.6%
Gold	2,029.28	0.4%
Copper	379.35	0.8%

Source: Bloomberg

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