# Financial Markets Daily

**Main drivers for the financial markets today…**

- Stock markets mixed –with Europe down, positive in Asia and few changes in S&P500 futures–, the USD is showing limited moves while government bond yields are also mixed. Investors are processing negative reports from Tesla and chip makers, awaiting the decision from the ECB and economic figures from the US

- On the monetary front attention will center on the ECB's decision –not expecting adjustments in the reference rates–, particularly on the tone of the press conference from its President Christine Lagarde after comments suggesting that the start of easing could happen during the summer. Earlier, the monetary authority in Turkey hiked rates by 250bps to 45.0%, with Norway standing pat at 4.5%

- Meanwhile, yesterday the Fed announced that the rate of its Bank Term Funding Program –introduced after the bankruptcy of serval banks last year– cannot be lower than the one set for reserve balances, eliminating an arbitrage opportunity for institutions

- Regarding economic data, in the US we will be looking into 4Q23 GDP, expecting a 1.9% q/q saar expansion. In addition we will have durable goods orders (Dec) and the weekly jobless claims. In addition, in Germany, the IFO business climate index fell by 1.1pts in January to 85.2 units. In Mexico, INEGI published December's unemployment rate, standing at 2.61% (nsa). With seasonally adjusted figures the metric came in at 2.79%

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## The most relevant economic data…

| | Event/Period | Unit | Banorte | Survey | Previous |
|---|---|---|---|---|---|
| **Turkey** | | | | | |
| 6:00 | Monetary policy decision (C. Bank Turkey) | % | -- | 45.00 | 42.50 |
| **Mexico** | | | | | |
| 7:00 | Unemployment rate - Dec | % | 2.58 | 2.63 | 2.71 |
| **Eurozone** | | | | | |
| 8:15 | Monetary policy decision (ECB) | % | -- | 4.00 | 4.00 |
| 8:45 | ECB President Christine Lagarde Holds Press Conference | | | | |
| **United States** | | | | | |
| 8:30 | Gross domestic product** - 4Q23 (P) | % q/q | 1.9 | 2.0 | 4.9 |
| 8:30 | Personal consumption** - 4Q23 (P) | % q/q | 2.0 | 2.5 | 3.1 |
| 8:30 | Trade balance* - Dec | USDbn | -- | -88.6 | -89.3 |
| 8:30 | Durable goods orders* - Dec (P) | % m/m | -- | 1.4 | 5.4 |
| 8:30 | Ex transportation* - Dec (P) | % m/m | -- | 0.2 | 0.4 |
| 8:30 | Initial jobless claims* - Jan 20 | thousands | 200 | 200 | 187 |
| 10:00 | New home sales** - Dec | thousands | -- | 649 | 590 |
| **South Africa** | | | | | |
| | Monetary policy decision (S.African Reserve Ba | % | -- | 8.25 | 8.25 |

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 | 4,901.00 | 0.1% |
| Euro Stoxx 50 | 4,548.26 | -0.3% |
| Nikkei 225 | 36,236.47 | 0.0% |
| Shanghai Composite | 2,906.11 | 3.0% |
| **Currencies** | | |
| USD/MXN | 17.24 | 0.1% |
| EUR/USD | 1.09 | 0.1% |
| DXY | 103.21 | 0.0% |
| **Commodities** | | |
| WTI | 75.90 | 1.1% |
| Brent | 80.71 | 0.8% |
| Gold | 2,014.15 | 0.0% |
| Copper | 388.30 | -0.1% |
| **Sovereign bonds** | | |
| 10-year Treasury | 4.17 | -1pb |

Source: Bloomberg

## Equities

- **Cautious sentiment as some reports provide mixed signals for investors. In that sense, US futures anticipate a slightly upward opening. On the one hand, Tesla falls 8.0% in pre-market after disappointing results, as well as indicating lower profitability and warning of slower growth; on the other hand, IBM rises more than 7.0% after offering a positive revenue outlook**

- **Europe trades with losses and the Eurostoxx is down 0.3%. In particular, STMicroelectronics falls more than 3.0% after reporting lower orders. Asia closed mixed, although the Hang Seng advanced 3.0% due to the announcement of greater monetary stimulus in China**

- **Of 24 companies in the S&P500 that release results today, only 6 have already released their figures, most of them better than expected. At the market close, Quálitas' numbers are expected**

## Sovereign fixed income, currencies and commodities

- **Mixed performance in sovereign bonds. 10-year European rates adjust up to +4bps. Meanwhile, the short duration Treasuries adjust +1bp, unlike long-term which gain 1bp. Yesterday, Mbonos' curve lost 2bps at the short- and mid-end, while the long-end adjusted -1bp.**

- **The dollar retreats, allowing the developed currencies to trade in positive domain with SEK (+0.2%) leading the gains. In EM, the bias is mixed with HUF (+0.6%) and IDR (-0.7%) at the extremes. The MXN appreciates 0.1% trading at 17.25 per dollar, after gaining 0.5% yesterday**

- **Crude-oil advances more than 1.0%, after US inventories fell by more than 9 million barrels and China unveiled additional stimulus. In this sense, both Brent and WTI are trading at highs of 2024 at 76 and 81 $/bbl, respectively. Metals with mixed bias highlighting silver (+0.5%) and palladium (-0.8%)**

## Corporate Debt

- **HR Ratings affirmed FHipo's ratings at 'HR AA+' with Stable Outlook and 'HR1+' for the short-term. The ratification is based on the Trust's high solvency position, which closed with a capitalization ratio of 83.2% as of 3Q23, which the agency considers as a level of strength**

- **Yesterday, two long-term bonds of Arca Continental, AC 24 / 24-2, were auctioned for an amount of MXN 6.05 billion and 3- and 10-year terms. The assigned ratings were 'AAA' by Moody's Local and Fitch Ratings. It is worth noting that demand was high at 2.52x, which led to the spreads being placed below expected levels**

### Previous closing levels

| | Last | Daily chg. |
|---|---|---|
| *Equity indices* | | |
| Dow Jones | 37,806.39 | -0.3% |
| S&P 500 | 4,868.55 | 0.1% |
| Nasdaq | 15,481.92 | 0.4% |
| IPC | 55,419.55 | -0.2% |
| Ibovespa | 127,815.70 | -0.3% |
| Euro Stoxx 50 | 4,564.11 | 2.2% |
| FTSE 100 | 7,527.67 | 0.6% |
| CAC 40 | 7,455.64 | 0.9% |
| DAX | 16,889.92 | 1.6% |
| Nikkei 225 | 36,226.48 | -0.8% |
| Hang Seng | 15,899.87 | 3.6% |
| Shanghai Composite | 2,820.77 | 1.8% |
| *Sovereign bonds* | | |
| 2-year Treasuries | 4.38 | 1pb |
| 10-year Treasuries | 4.18 | 5pb |
| 28-day Cetes | 11.29 | 1pb |
| 28-day TIIE | 11.50 | 0pb |
| 2-year Mbono | 10.01 | 2pb |
| 10-year Mbono | 9.29 | 1pb |
| *Currencies* | | |
| USD/MXN | 17.23 | -0.5% |
| EUR/USD | 1.09 | 0.3% |
| GBP/USD | 1.27 | 0.3% |
| DXY | 103.24 | -0.4% |
| *Commodities* | | |
| WTI | 75.09 | 1.0% |
| Brent | 80.04 | 0.6% |
| Mexican mix | 70.39 | 0.7% |
| Gold | 2,013.89 | -0.8% |
| Copper | 388.60 | 2.4% |

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 |
|---|---|
| **BUY** | When the share expected performance is greater than the MEXBOL estimated performance. |
| **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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