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 in Europe positive, with investors assimilating higher corporate earnings, though S&P500 futures are down after Intel's disappointing outlook. Government bond yields and USD down awaiting inflation related data, still betting the US may avoid a recession and central banks may start cutting interest rates. Asian stocks negative as optimism over China's rescue measures somewhat faded**

- **Else, Joe Biden's administration halted the approval of new licenses to export US liquified natural gas, while it scrutinizes how the shipments affect climate change, the economy and national security**

- **Regarding economic figures, markets will be attentive to the publication in the US of the PCE Core deflator for December –the Fed's preferred measure– for further signs of a sustainable downward trend. In addition, personal income and spending figures will be released, as well as the pending home sales report for December**

- **In Mexico, INEGI released December's trade balance, posting a US$4,242.4 million surplus. Exports rose 1.3% m/m (-0.1% y/y), boosted by oil-related goods. Imports declined 2.3% m/m (-6.9% y/y), noting widespread contractions**

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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	Monetary aggregates (M3)* - Dec	% y/y	--	-0.7	-0.9
Mexico					
7:00	Trade balance - Dec	US$mn	2,182.4	1,552.5	629.9
Brazil					
7:00	Consumer prices - Jan	% m/m	--	0.47	0.40
7:00	Consumer prices - Jan	% y/y	--	4.63	4.72
United States					
8:30	Personal income* - Dec	% m/m	--	0.3	0.4
8:30	Personal spending* - Dec	% m/m	--	0.5	0.2
8:30	Real personal spending* - Dec	% m/m	0.3	0.3	0.3
8:30	PCE Deflator * - Dec	% m/m	0.3	0.2	-0.1
8:30	Core* - Dec	% m/m	0.2	0.2	0.1
8:30	PCE Deflator - Dec	% y/y	2.7	2.6	2.6
8:30	Core - Dec	% y/y	3.0	3.0	3.2

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	4,918.50	-0.1%
Euro Stoxx 50	4,630.94	1.1%
Nikkei 225	35,751.07	-1.3%
Shanghai Composite	2,910.22	0.1%
Currencies		
USD/MXN	17.16	-0.2%
EUR/USD	1.09	0.3%
DXY	103.24	-0.3%
Commodities		
WTI	76.76	-0.8%
Brent	82.03	-0.5%
Gold	2,023.73	0.1%
Copper	386.60	-0.1%
Sovereign bonds		
10-year Treasury	4.11	-1pb

Source: Bloomberg

Equities

- **Futures in the US anticipate a negative opening, on profit-taking after the optimism of the last few days and as corporate earnings continue to be assimilated. We have ~25% of the results of S&P 500 companies and a drop in profits of 1.9% vs +1.2%e has bben achieved. The positive surprise rate stands at 79.3%**

- **The S&P500 is trading 0.1% below its theoretical value after yesterday's new all-time high and the Nasdaq is trading at -0.5%, after Intel provided discouraging forecasts, affecting other companies in the technology sector such as AMD and Nvidia**

- **In Europe, we observe widespread increases after some positive reports such as the case of LVMH (Louis Vuitton) and encouraging prospects in other luxury companies. Asia closed with near-widespread declines, as the optimism of recent days following stimulus measures in China somewhat faded**

Sovereign fixed income, currencies and commodities

- **Mixed balance in sovereign bonds. European 10-year rates decline 2bps while Treasuries curve adjust +1bp in the belly. Yesterday, Mbonos' curve advanced 2bps, on average. The 10-year benchmark closed at 9.30% (-1bp)**

- **Dollar retreats amid a positive performance in all G10 currencies with CHF (+0.4%) leading gains. In EM, the bias is also positive except for RUB (-0.8%) and HUF (-0.3%). Meanwhile, the MXN trades at 17.17 per dollar (+0.3%) outlining its second positive week in a row (+0.5% w/w)**

- **Crude-oil falls but is still heading for the biggest weekly gain (+4.0%) since October supported by lower US stockpiles and the prospect of more government stimulus in China. Metals trade mixed with copper and nickel adjusting -0.2% and +0.4%, respectively**

Corporate Debt

- **Fitch affirmed the CONMEX 14U (Concesionaria Mexiquense) rating at 'AAA(mex)' with a Stable outlook. According to the agency, the rating reflects the highway's strategic location in Mexico's largest metropolitan area, which offers travel efficiencies to a traffic base comprised predominantly of light vehicles. It also noted that the rating is supported by Conmex's contractual ability to preserve the real value of rates over the term of the concession through annual inflationary increases**

- **Moody's Local Mexico assigned a rating of 'AA.mx' to Banco Compartamos' proposed social bond, COMPART 24S, for up to MXN 3.5 billion, maturing in August 2027 and pegged to TIIE-28**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,049.13	0.6%
S&P 500	4,894.16	0.5%
Nasdaq	15,510.50	0.2%
IPC	56,160.07	1.3%
Ibovespa	128,168.73	0.3%
Euro Stoxx 50	4,582.26	0.4%
FTSE 100	7,529.73	0.0%
CAC 40	7,464.20	0.1%
DAX	16,906.92	0.1%
Nikkei 225	36,236.47	0.0%
Hang Seng	16,211.96	2.0%
Shanghai Composite	2,906.11	3.0%
Sovereign bonds		
2-year Treasuries	4.29	-9pb
10-year Treasuries	4.12	-6pb
28-day Cetes	11.29	0pb
28-day TIIE	11.50	0pb
2-year Mbono	9.98	-3pb
10-year Mbono	9.28	-2pb
Currencies		
USD/MXN	17.20	-0.1%
EUR/USD	1.08	-0.4%
GBP/USD	1.27	-0.1%
DXY	103.57	0.3%
Commodities		
WTI	77.36	3.0%
Brent	82.43	3.0%
Mexican mix	72.71	3.3%
Gold	2,020.84	0.3%
Copper	386.90	-0.4%

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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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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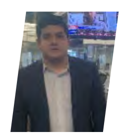

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