

Financial Markets Daily

Main drivers for the financial markets today...

- Stock markets mixed with Europe up, but Asia and US down, government bond yields mixed, and USD slightly down. Investors are awaiting tomorrow's Federal Reserve decision and comments from Powell for clues on the policy outlook, as well as US Big Tech earnings results
- Regarding today events, the US-EU Trade and Technology Council meeting will take place in Washington, while the EU defense ministers' informal meeting in Brussels. For its part, the IMF will publish its World Economic Outlook (WEO)
- On economic figures, in the US the home price index for November and the Conference Board's consumer confidence indicator for January will be released. The jobs opening report JOLTS for December will also be published. Later, China will release January PMI indicators
- In Mexico, INEGI published 4Q23 preliminary GDP at +0.1% q/q (2.4% y/y). By sectors, primary activities fell 1.1% q/q (0.3% y/y), with industry at 0.0% q/q (3.1% y/y), and services at +0.1% q/q (2.1% y/y). As such, GDP grew 3.1% in 2023

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer confidence* - Jan (F)	index	--	--	-16.1
5:00	Economic confidence* - Jan	index	--	96.2	96.4
5:00	Gross domestic product - 4Q23	% y/y	--	0.1	0.0
5:00	Gross domestic product* - 4Q23	% q/q	--	-0.1	-0.1
Mexico					
7:00	Gross domestic product - 4Q23 (P)	% y/y	2.8	3.0	3.3
7:00	Gross domestic product* - 4Q23 (P)	% q/q	0.3	0.4	1.1
10:00	International reserves Jan 26	US\$bn	--	--	212.8
12:30	Government weekly auction: 1-, 3-, 6-, and 24-month Cetes, 3-year Mbono (Sep'26), 20-year Udibono (Nov'43) and 1-, 3-, and 7-year Bondes F				
15:30	Public finances (PSBR, year-to-date) - Dec	MXNbn	--	--	-1,021.3
United States					
9:00	S&P/CoreLogic housing prices - Nov	% y/y	--	5.8	4.9
10:00	Consumer confidence* - Jan	index	113.0	114.0	110.7
10:00	JOLTS job openings - Dec	thousands	8,650	8,700	8,790
China					
20:30	Manufacturing PMI* - Jan	index	--	49.2	49.0
20:30	Non-manufacturing PMI* - Jan	index	--	50.6	50.4
20:30	Composite PMI* - Jan	index	--	--	50.3

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	4,949.50	-0.1%
Euro Stoxx 50	4,665.35	0.6%
Nikkei 225	36,065.86	0.1%
Shanghai Composite	2,830.53	-1.8%
Currencies		
USD/MXN	17.20	-0.2%
EUR/USD	1.08	0.1%
DX	103.44	-0.2%
Commodities		
WTI	76.59	-0.2%
Brent	82.10	-0.4%
Gold	2,035.67	0.1%
Copper	387.75	0.0%
Sovereign bonds		
10-year Treasury	4.06	-1pb

Source: Bloomberg

Equities

- Mixed movements in equity markets as investors focus their attention on corporate results that show a positive bias, although with diverging signals in outlook
- In Asia most markets closed negative. In Europe stocks advance, the Eurostoxx adds 0.6%. Shares from financial and industrial sectors lead gains, while those from communication services and materials superhead losses. In turn, in the US the futures of main indices point to a slightly negative opening by falling 0.1% on average
- Out of the 30 S&P500 companies scheduled to report today, 10 have already updated investors with most outperforming estimates, including Danaher, General Motors, and Pfizer. Two of the 'Magnificent Seven', Alphabet and Microsoft, will publish their figures after the market close. In Mexico, figures from Banco del Bajío and Gcc are expected today

Sovereign fixed income, currencies and commodities

- Mixed balance in sovereign bonds with modest losses in Europe and gains in the US. Longer-term Treasuries gain up to 3bps following that the US Treasury cut its Quarterly Borrowing Estimate to \$760 billion from a previous prediction of \$816 billion
- Dollar slightly negative amid mixed performance in developed and emerging currencies. In the former group, SEK (+0.3%) and AUD (-0.3%) are at the extremes. In the latter, MXN is trading at 17.20 per dollar (+0.2%), partially diluting the losses from the previous session (-0.4%)
- Crude-oil futures fall after Saudi Aramco abandoned a plan to boost its crude-oil output capacity, raising doubts about future demand. Widespread losses in metals, excluding gold that advances 0.1%

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,333.45	0.6%
S&P 500	4,927.93	0.8%
Nasdaq	15,628.04	1.1%
IPC	57,175.73	0.6%
Ibovespa	128,502.66	-0.4%
Euro Stoxx 50	4,639.36	0.1%
FTSE 100	7,632.74	0.0%
CAC 40	7,640.81	0.1%
DAX	16,941.71	-0.1%
Nikkei 225	36,026.94	0.8%
Hang Seng	16,077.24	0.8%
Shanghai Composite	2,883.36	-0.9%
Sovereign bonds		
2-year Treasuries	4.32	-3pb
10-year Treasuries	4.07	-6pb
28-day Cetes	11.31	3pb
28-day TIIE	11.50	0pb
2-year Mbono	10.08	7pb
10-year Mbono	9.31	0pb
Currencies		
USD/MXN	17.23	0.4%
EUR/USD	1.08	-0.2%
GBP/USD	1.27	0.0%
DX	103.61	0.2%
Commodities		
WTI	76.78	-1.6%
Brent	82.40	-1.4%
Mexican mix	72.38	-1.3%
Gold	2,033.23	0.7%
Copper	387.90	0.7%

Source: Bloomberg

Corporate Debt

- Unifin Financiera informed that the Court approved the Bankruptcy Agreement, through which the company finalized its Bankruptcy Procedure as a fully reorganized company
- HR Ratings affirmed the rating of UNIRECB 22 (Unirenta's ABS) at 'HR AAA (E)' with a Stable outlook. The ratification is based on the Maximum Maturity of 22.3% that it supports in a stress scenario
- Fibra Shop announced the acquisition of three malls for an agreed amount of MXN 1.8 billion, which will be covered through Certificates and cash

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