Financial Markets Daily

February 1, 2024

Main drivers for the financial markets today...

- **Stock markets mixed with S&P Futures, government bond yields and the USD up. Investors are bracing for earnings from mega-cap tech companies and resetting their expectations for interest-rate cuts by the Federal Reserve after Jerome Powell's comments yesterday**

- **On the monetary policy front, the BoE kept its reference rate unchanged for the fourth consecutive meeting at 5.25%, while Sweden maintained its rate at 4.00%**

- **Regarding economic figures in the US, Challenger, Gray and Christmas reported a -20.0% y/y drop in job cuts. Manufacturing PMI and ISM data for January will be published. We still see challenges in the sector. Additionally, Wards vehicle sales reports and initial jobless claims are expected**

- **In the Eurozone, inflation was -0.4% m/m in January, in line with the consensus estimate. With this, the annual variation fell to 2.8% (previous: 2.9%) with the Core at 3.3% (previous: 3.4%), still above the ECB's target**

- **In Mexico, attention to Banxico's survey of expectations. Data includes family remittances for December, and IMEF's PMI indicators for January**


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Winners of the 2023 award for best Mexico economic, forecasters, granted by Focus Economics

The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Eurozone					
5:00	Consumer prices - Jan (P)	% y/y	--	2.7	2.9
5:00	Core	% y/y	--	3.2	3.4
5:00	Unemployment rate* - Dec	%	--	6.4	6.4
UK					
7:00	Monetary policy decision (BoE)	%	--	5.25	5.25
United States					
8:30	Initial jobless claims* - Jan 27	thousands	210	210	214
9:45	Manufacturing PMI* - Jan (F)	index	50.3	50.3	50.3
10:00	ISM manufacturing* - Jan	index	47.0	47.0	47.2
	Total vehicle sales** - Jan	millions	15.7	15.7	15.8
Mexico					
10:00	Family remittances - Dec	US$bn	5,613.2	5,350.0	4,908.1
10:00	Survey of expectations (Banxico)				
13:00	PMI manufacturing (IMEF)* - Jan	index	50.7	--	49.8
13:00	PMI non-manufacturing (IMEF)* - Jan	index	51.8	--	52.1

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	4,894.00	0.5%
Euro Stoxx 50	4,654.72	0.1%
Nikkei 225	36,011.46	-0.8%
Shanghai Composite	2,770.74	-0.6%
Currencies		
USD/MXN	17.21	0.0%
EUR/USD	1.08	0.0%
DXY	103.61	0.3%
Commodities		
WTI	76.11	0.3%
Brent	80.84	-1.1%
Gold	2,034.52	-0.2%
Copper	386.25	-1.1%
Sovereign bonds		
10-year Treasury	3.93	2pb

Source: Bloomberg

Equities

- **Mixed stock markets, reflecting caution among investors as they continue to evaluate the results of the major technology companies and the direction of monetary policy**

- **Futures in the US anticipate a positive opening with the Nasdaq rising 0.6% above its theoretical value. In turn, Europe trades mixed, with the Eurostoxx up 0.1%. Adidas shares fall 5.0% after reporting lower-than-expected earnings outlook. Asia closed mixed, with the Hang Seng advancing 0.5% and the Nikkei dropping 0.8%**

- **On the corporate front, of the 33 companies in the S&P500 that will publish their results today, 18 have released their figures, most of them better than expected. In Mexico, yesterday Gmxt reported higher than expected profitability pressures, as well as weakness in prices. At market close, we have the figures from Amazon, Apple and Meta**

Sovereign fixed income, currencies and commodities

- **Negative performance in sovereign bonds. 10-year European rates adjust up to +4bps. Meanwhile, Treasuries lose 3bps on average. Yesterday, Mbonos' curve registered a flattening bias with gains of 6bps at the short-end, while the mid- and long-end adjusted -14bps**

- **The dollar advances, causing the developed currencies to trade in negative domain with AUD (-0.8%) leading the losses. In EM, the bias is also negative with CLP (-1.0%) as the weakest. The MXN depreciates 0.1% trading at 17.23 per dollar, after losing 0.4% yesterday**

- **Crude-oil rises by nearly 1.0% in a context where OPEC+ kept its production policy unchanged and investors are waiting for the US response against a deadly attack in Jordan. In this sense, Brent and WTI are trading at 76 and 81 $/bbl, respectively. Metals with negative bias highlighting copper (-1.1%) and gold (-1.0%)**

Corporate Debt

- **Fitch Ratings downgraded Grupo Televisa's Issuer Default Rating (IDR) to 'BBB' from 'BBB+' and affirmed its national scale rating at 'AAA(mex)'. The outlook was revised to Negative from Stable. The downgrade reflects the decline in revenues and EBITDA generation in 2023, caused by increased competition in Mexico**

- **Moody's Local Mexico downgraded the rating for issue TUCACCB 08 (Túneles Concesionados de Acapulco's Future Flow) to 'BBB+.mx' with Negative outlook from 'A-.mx'. The downgrade reflects the estimated impact on the Acapulco Tunnel revenues and capacity for 2024-2025, as a consequence of the impact of the hurricane Otis, resulting in a lower debt service coverage**

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,150.30	-0.8%
S&P 500	4,845.65	-1.6%
Nasdaq	15,164.01	-2.2%
IPC	57,372.77	-0.3%
Ibovespa	127,752.28	0.3%
Euro Stoxx 50	4,648.40	-0.3%
FTSE 100	7,630.57	-0.5%
CAC 40	7,656.75	-0.3%
DAX	16,903.76	-0.4%
Nikkei 225	36,286.71	0.6%
Hang Seng	15,485.07	-1.4%
Shanghai Composite	2,788.55	-1.5%
Sovereign bonds		
2-year Treasuries	4.21	-13pb
10-year Treasuries	3.91	-12pb
28-day Cetes	11.15	0pb
28-day TIIE	11.50	0pb
2-year Mbono	10.06	-6pb
10-year Mbono	9.17	-15pb
Currencies		
USD/MXN	17.21	0.4%
EUR/USD	1.08	-0.2%
GBP/USD	1.27	-0.1%
DXY	103.27	-0.1%
Commodities		
WTI	75.85	-2.5%
Brent	81.71	-1.4%
Mexican mix	71.55	-1.9%
Gold	2,039.52	0.1%
Copper	390.60	-0.1%

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
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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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